

CORPORATE GOVERNANCE STATEMENT

Board of Directors and Executive Management

In accordance with the original Belgian Code on Corporate Governance published in 2004, the Board of Directors has adopted the Bekaert Corporate Governance Charter on 16 December 2005. Following the publication of the 2009 Belgian Code on Corporate Governance, the Board of Directors adopted the 2009 Code on 22 December 2009 as the reference code for Bekaert and revised the Bekaert Corporate Governance Charter accordingly.

On 1 January 2020, the 2020 Belgian Code on Corporate Governance and the new Code on Companies and Associations entered into force and became applicable to Bekaert. The Board of Directors revised the Bekaert Corporate Governance Charter and convened the Extraordinary General Meeting of Shareholders of 26 March 2020 (or of 13 May 2020 should the required quorum not be reached on 26 March 2020) to amend the Articles of Association of the Company to bring both of them in line with the 2020 Belgian Code on Corporate Governance and the new Code on Companies and Associations. The new Bekaert Corporate Governance Charter will become effective together with the amended Articles of Association.

During 2019, Bekaert complied in principle with the 2009 Belgian Code on Corporate Governance, and explains in the current Bekaert Corporate Governance Charter and in this Corporate Governance Statement why it departs from some of its provisions.

Bekaert intends to comply with the provisions of the 2020 Belgian Code on Corporate Governance, except with provisions 7.3 and 7.6 as further described in section 2 of the Remuneration Report.

The 2009 Belgian Code on Corporate Governance and the 2020 Belgian Code on Corporate Governance are available at www.corporategovernancecommittee.be.

The current Bekaert Corporate Governance Charter is available at www.bekaert.com. The new Bekaert Corporate Governance Charter will be made available at www.bekaert.com when it becomes effective.

Board of Directors

The Company has adopted the one-tier governance structure, consisting of the Board of Directors. The Board of Directors is authorized to carry out all actions that are necessary or useful to achieve the Company's purpose, except for those for which the General Meeting of Shareholders is authorized by law or by the Articles of Association.

The Board of Directors consists of thirteen members, who are appointed by the General Meeting of Shareholders.

Seven of the Directors are appointed from among candidates nominated by the principal shareholder. The Chairman and the Chief Executive Officer are never the same individual. The Chief Executive Officer is the only Board member with an executive function. All other members are non-executive Directors.

Five of the Directors are independent in accordance with the criteria of Article 7:87, §1 of the new Code on Companies and Associations and provision 3.5 of the 2020 Belgian Code on Corporate Governance: Celia Baxter (first appointed in 2016), Pamela Knapp (first appointed in 2016), Colin Smith (first appointed in 2018), Jürgen Tinggren (first appointed in 2019) and Mei Ye (first appointed in 2014).

Contrary to provision 4.5 of the 2009 Belgian Code on Corporate Governance, according to which non-executive directors should not consider taking on more than five directorships in listed companies, Martina Merz accepted a sixth directorship in a listed company in November 2018 (Chairwoman of the Supervisory Board of thyssenkrupp AG). Therefore, Martina Merz resigned as Director of the Company at the close of the Annual General Meeting of 8 May 2019.

On 8 May 2019, Jürgen Tinggren succeeded Bert De Graeve as Chairman of the Board of Directors.

The Board met on eight occasions in 2019: there were six regular meetings and two extraordinary meetings. In addition to its statutory powers and powers under the Articles of Association and the Bekaert Corporate Governance Charter, the Board of Directors discussed the following matters, among others, in 2019:

- » the corporate strategy and strategic projects;
- » the succession planning at the Board and Executive Management levels;
- » the new organizational structure and segment reporting;
- » the restructuring process and plans in Belgium;

- » the issue of a Schuldschein and retail bonds;
- » the corporate governance structure;
- » the mandatory auditor rotation in 2021;
- » the remuneration and long-term incentives for the Chief Executive Officer and the other members of the Executive Management;
- » governance, risk and compliance;
- » continuous monitoring of the debt and liquidity situation of the Group.

Name	First appointed	Expiry of current Board term	Principal occupation ⁽⁴⁾	Number of regular/extraordinary meetings attended
Chairman				
Jürgen Tinggren ⁽¹⁾	2019	2023	NV Bekaert SA	5
Bert De Graeve ⁽²⁾	2006	2019	NV Bekaert SA	3
Chief Executive Officer				
Matthew Taylor	2014	2022	NV Bekaert SA	8
Members nominated by the principal shareholder				
Leon Bekaert ⁽³⁾	1994	2019	Director of companies	3
Gregory Dalle	2015	2023	Managing Director, Credit Suisse International, Investment Banking and Capital Markets (UK)	8
Charles de Liedekerke	1997	2022	Director of companies	8
Christophe Jacobs van Merlen	2016	2020	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	7
Hubert Jacobs van Merlen	2003	2022	Director of companies	8
Maxime Jadot ⁽³⁾	1994	2019	CEO and Chairman of the Executive Board, BNP Paribas Fortis (Belgium)	3
Caroline Storme ⁽⁴⁾	2019	2023	Head Financial Planning Analyst R&D, UCB S.A. (Belgium)	5
Emilie van de Walle de Ghelcke	2016	2020	Senior Legal Counsel, Sofina (Belgium)	8
Henri Jean Velge	2016	2020	Director of Companies	8
Independent Directors				
Celia Baxter	2016	2020	Director of companies	8
Pamela Knapp	2016	2020	Director of companies	8
Martina Merz ⁽³⁾	2016	2019	Director of companies	3
Colin Smith	2018	2022	Independent director of and advisor to companies	7
Mei Ye	2014	2022	Independent director of and advisor to companies	8

⁽¹⁾ As of the Annual General Meeting in May 2019. Jürgen Tinggren is an independent director.

⁽²⁾ Until the Annual General Meeting in May 2019. Bert De Graeve was first appointed as Board Member in 2006. In 2014, he became Chairman of the Board.

⁽³⁾ Until the Annual General Meeting in May 2019.

⁽⁴⁾ As of the Annual General Meeting in May 2019.

⁽⁵⁾ The detailed résumés of the Board members are available at www.bekaert.com

Matthew Taylor decided to resign from his position as Director of the Company with effect as of 12 May 2020. The Board of Directors co-opted Oswald Schmid as Director with effect as of 12 May 2020 and will submit the mandate of Oswald Schmid as Director for confirmation to the Annual General Meeting of Shareholders of 13 May 2020.

Committees of the Board of Directors

Until the end of 2019, the Board of Directors had four advisory Committees.

Audit and Finance Committee

The Audit and Finance Committee is composed as required by Article 7:99 of the new Code on Companies and Associations (and before 1 January 2020: Article 526bis of the former Companies Code): all of its four members are non-executive Directors and two of its members, Pamela Knapp and Jürgen Tinggren, are independent. Pamela Knapp's competence in accounting and auditing is demonstrated by her former position as Chief Financial Officer of the Power Transmission and Distribution Division of Siemens (from 2004 to 2009) and her position as Chief Financial Officer of GfK SE (from 2009 to 2014). The Committee members as a whole have competence relevant to the sector in which the Company is operating. Hubert Jacobs van Merlen chairs the Committee.

Contrary to provision 5.2/4 of the 2009 Belgian Code on Corporate Governance, according to which at least a majority of the members had to be independent, Bekaert took the view that the Audit and Finance Committee had to reflect the balanced composition of the full Board. Such requirement is no longer applicable under the 2020 Belgian Code on Corporate Governance since as from 1 January 2020.

The Chief Executive Officer and the Chief Financial Officer are not members of the Committee, but are invited to attend its meetings. This arrangement guarantees the essential interaction between the Board of Directors and the Executive Management.

Name	Expiry of current board term	Number of regular and extraordinary meetings attended
Hubert Jacobs van Merlen	2022	6
Charles de Liedekerke ⁽¹⁾	2022	4
Pamela Knapp	2020	6
Jürgen Tinggren ⁽¹⁾	2023	4
Christophe Jacobs van Merlen ⁽²⁾	2020	2
Bert De Graeve ⁽²⁾	2019	2

⁽¹⁾ As of the Annual General Meeting in May 2019.

⁽²⁾ Until the Annual General Meeting in May 2019.

The Committee had four regular and two extraordinary meetings in 2019. In addition to its statutory powers and its powers under the Bekaert Corporate Governance Charter, the Committee discussed the following main subjects:

- » the financing structure of the Group;
- » the debt and liquidity situation;
- » the activity reports of the internal audit department;
- » the reports of the Statutory Auditor;
- » governance, risk and compliance and review of the major risks and the related mitigation plans under Bekaert's enterprise risk management program;
- » the issue of a Schuldschein and retail bonds;
- » the mandatory auditor rotation in 2021.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 7:100 of the new Code on Companies and Associations (and before 1 January 2020: Article 526quater of the former Companies Code): all of its three members are non-executive Directors and the majority of the members is independent. It is chaired by the Chairman of the Board. The Committee's competence in the field of remuneration policy is demonstrated by the relevant experience of its members.

Name	Expiry of current board term	Number of meetings attended
Jürgen Tinggren ⁽¹⁾	2023	3
Celia Baxter	2020	5
Christophe Jacobs van Merlen ⁽¹⁾	2020	3
Bert De Graeve ⁽²⁾	2019	2
Martina Merz ⁽²⁾	2020	1

⁽¹⁾ As of the Annual General Meeting in May 2019.

⁽²⁾ Until the Annual General Meeting in May 2019.

One of the Directors nominated by the principal shareholder and the Chief Executive Officer are invited to attend the Committee meetings without being a member.

The Committee met five times in 2019. In addition to its statutory powers and its powers under the Bekaert Corporate Governance Charter, the Committee discussed the following main subjects:

- » the new organizational structure and the composition of the Bekaert Group Executive;
- » talent review and succession planning at top management levels;
- » the results of a global employee engagement surveys;
- » the succession planning at the Board;
- » the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2018;

- » the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2019;
- » target setting for 2019 and 2020;
- » Directors' compensation.

Strategic Committee

In 2019, the Board of Directors reflected on the role of the Strategic Committee. As a transitional measure, the size of the Committee was reduced to two members, being the Chairman of the Board and the Chief Executive Officer. Eventually, the Board of Directors decided to abolish its Strategic Committee immediately following the entry into force of the new Articles of Association.

Name	Expiry of current board term	Number of meetings attended
Jürgen Tinggren ⁽¹⁾	2023	2
Matthew Taylor	2022	4
Bert De Graeve ⁽²⁾	2019	2
Leon Bekaert ⁽²⁾	2019	2
Charles de Liedekerke ⁽²⁾	2022	2
Maxime Jadot ⁽²⁾	2019	2
Martina Merz ⁽²⁾	2019	1

⁽¹⁾ As of June 2019.

⁽²⁾ Until the Annual General Meeting in May 2019.

The Committee met four times in 2019 and discussed the Bekaert strategy as well as various strategic projects.

BBRG Committee

In the course of 2018, the Board of Directors established an ad hoc advisory committee that focuses on the Bridon-Bekaert Ropes Group ("BBRG"), in accordance with Section II.5.2 of the Bekaert Corporate Governance Charter.

On 14 November 2019, the Board of Directors decided to abolish the BBRG Committee as of 2020, considering the further integration of BBRG in the Bekaert Group. On 1 August 2019, the Divisional CEO BBRG became a permanent member of the Bekaert Group Executive.

The BBRG Committee had three members and was chaired by Gregory Dalle

Name	Expiry of current board term	Number of meetings attended
Gregory Dalle	2023	11
Colin Smith ⁽¹⁾	2022	4
Matthew Taylor ⁽¹⁾	2022	6
Henri Jean Velge ⁽¹⁾	2020	6
Charles de Liedekerke ⁽²⁾	2022	5
Martina Merz ⁽³⁾	2019	4

⁽¹⁾ As of June 2019.

⁽²⁾ Until June 2019.

⁽³⁾ Until the Annual General Meeting in May 2019.

The Committee met eleven times in 2019.

Evaluation

The main features of the process for evaluating the Board of Directors, its Committees and the individual Directors are described in this section and in paragraph II.3.4 of the Bekaert Corporate Governance Charter. The Chairman is in charge of organizing periodic performance appraisals through an extensive questionnaire that addresses:

- » the functioning of the Board or Committee;
- » the effective preparation and discussion of important issues;
- » the individual contribution of each Director;
- » the present composition of the Board or Committee against its desired composition;
- » the interaction of the Board with the Executive Management.

Mid-2019 a self-assessment was conducted of the Board of Directors and the Board Committees, focusing on the processes, practices and effectiveness of the Board of Directors and its Committees.

Executive Management

The Board of Directors has delegated its management and operational powers to the Bekaert Group Executive (BGE), under the leadership of the Chief Executive Officer. In the framework of the amendment of the Articles of Association and the revision of the Corporate Governance Charter to bring them in line with the 2020 Belgian Code on Corporate Governance and the new Code on Companies and Associations, certain changes will be made to the powers and operation of the BGE, including the setting up of a Delegation of Authority.

In the course of 2019, the composition of the BGE changed substantially. Since 1 March 2019, the BGE is composed of members representing the global Business Units and the global functions. Four Executive Managers joined the Company and the BGE: Arnaud Lesschaeve as Divisional CEO Rubber Reinforcement on 3 June 2019, Juan Carlos

Alonso as Chief Strategy Officer on 1 July 2019, Taoufiq Boussaid as Chief Financial Officer on 15 July 2019 and Oswald Schmid as Chief Operations Officer on 2 December 2019. Curd Vandekerckhove was appointed Divisional CEO Bridon-Bekaert Ropes Group, effective 1 August 2019. Since then, the Divisional CEO Bridon-Bekaert Ropes Group is a permanent member of the BGE. Before, the CEO Bridon-Bekaert Ropes Group was invited to attend its meetings without being a member.

Matthew Taylor will retire from his position as Chief Executive Officer with effect as of 12 May 2020. As of 12 May 2020, Oswald Schmid will act as the interim Chief Executive Officer, pending the appointment of a new Chief Executive Officer.

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Taoufiq Boussaid ⁽¹⁾	Chief Financial Officer	2019
Rajita D'Souza	Chief Human Resources Officer	2017
Oswald Schmid ⁽²⁾	Chief Operations Officer	2019
Juan Carlos Alonso ⁽³⁾	Chief Strategy Officer	2019
Curd Vandekerckhove	Chief Operations Officer ⁽⁴⁾ and Divisional CEO Bridon-Bekaert Ropes Group ⁽⁵⁾	2012
Arnaud Lesschaeve ⁽⁶⁾	Divisional CEO Rubber Reinforcement	2019
Jun Liao	Divisional CEO Specialty Businesses	2018
Stijn Vanneste	Divisional CEO Steel Wire Solutions	2016
Lieven Larmuseau ⁽⁷⁾	Divisional CEO Rubber Reinforcement ad interim	2014
Frank Vromant ⁽⁸⁾	Chief Financial Officer ad interim	2011

⁽¹⁾ As of 15 July 2019.

⁽²⁾ As of 2 December 2019.

⁽³⁾ As of 1 July 2019.

⁽⁴⁾ Until 1 August 2019.

⁽⁵⁾ As of 1 August 2019.

⁽⁶⁾ As of 3 June 2019.

⁽⁷⁾ Until 3 June 2019.

⁽⁸⁾ Until 15 July 2019.

Until 1 March 2019, the BGE was composed of members representing the global business platforms, the regional operations and the global functions:

Name	Position	Appointed
Matthew Taylor	Chief Executive Officer	2013
Rajita D'Souza	Chief Human Resources Officer	2017
Frank Vromant	Chief Financial Officer ad interim	2011
Lieven Larmuseau	Executive Vice President Rubber Reinforcement Business Platforms	2014
Jun Liao	Executive Vice President North Asia	2018
Curd Vandekerckhove	Executive Vice President Global Operations	2012
Stijn Vanneste	Executive Vice President Europe, South Asia and South East Asia	2016
Piet Van Riet	Executive Vice President Industrial Products and Specialty Products Business Platforms, Marketing & Commercial Excellence	2014

Diversity

As a truly global company, Bekaert embraces diversity across all levels in the organization, which is a major source of strength for the Company. This applies to diversity in terms of nationality, cultural background, age or gender, but also in terms of capabilities, business experience, insights and views.

Nationality diversity

Bekaert employs people of 50 different nationalities in 44 countries around the world. This diversity is mirrored in all levels of the organization, as well as in the composition of the Board of Directors and the BGE.

	# people	# nationalities	# non-native ⁽¹⁾	% non-native
Board of Directors	13	6	5	38%
BGE	9	8	7	78%

⁽¹⁾ Non-native = nationality other than the one of the Company, i.e. Belgium.

Gender diversity

Since the Annual General Meeting of 11 May 2016, the Company is compliant with the legal requirement that at least one third of the members of the Board of Directors are of the opposite gender.

	# people	% male	% female
Board of Directors	13	62%	38%
BGE	9	89%	11%

By 2025, Bekaert aims to reach a gender diversity ratio of 33% at the Bekaert leadership level (BGE + Management functions B13 and above (Hay classification reference)).

Age diversity

	# people	30-50 years old	over 50 years old
Board of Directors	13	31%	69%
BGE	9	44%	56%

More information on diversity is available in the separate Sustainability Report, issued on 27 March 2020.

Conduct policies

Statutory conflicts of interest in the Board of Directors

In accordance with Article 523 of the former Companies Code (or as from 1 January 2020: Article 7:96 of the new Code on Companies and Associations), a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he has a direct or indirect conflict of interest of a financial nature with the Company, and should refrain from participating in the discussion of and voting on those items. A conflict of interest arose on two occasions in 2019, and the provisions of Article 523 were complied with on such occasions.

On 28 February 2019, the Board had to determine the remuneration of the Chief Executive Officer. Excerpt from the minutes:

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board:

- » resolves that no short-term variable remuneration is paid to the Chief Executive Officer on account of his performance in 2018;
- » approves the proposed base salary increase for the Chief Executive Officer, to apply as from 1 July 2019.

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the proposed short-term variable remuneration objectives for the Chief Executive Officer in respect of 2019.

On 14 November 2019, the Board discussed and had to decide on the performance metrics and targets with respect to the performance share units that were granted in January 2020. The targets are also applicable to the Chief Executive Officer. Excerpt from the minutes:

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the proposed performance metrics and targets with respect to the performance share units that will be granted in January 2020.

Other transactions with Directors and Executive Management

The Bekaert Corporate Governance Charter contains conduct guidelines with respect to direct and indirect conflicts of interest of the members of the Board of Directors and the BGE that fall outside the scope of Article 523 of the former Companies Code (or as from 1 January 2020: Article 7:96 of the new Code on Companies and Associations). Those members are deemed to be related parties to Bekaert and have to report, on an annual basis, their direct or indirect transactions with Bekaert or its subsidiaries. Bekaert is not aware of any potential conflict of interest concerning such transactions occurring in 2019 (cf. Note 7.5 to the consolidated financial statements).

Code of Conduct

The Board of Directors has approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and last updated on 14 November 2019.

The Bekaert Code of Conduct describes how the Bekaert values (We act with integrity – We earn trust – We are irreplaceable!) are put into practice. It provides principles to follow when confronted with ethical choices and compliance matters.

The Bekaert Code of Conduct is included in its entirety in the Bekaert Corporate Governance Charter as Appendix 3.

Market abuse

In accordance with provision 3.7 of the 2009 Belgian Code on Corporate Governance, the Board of Directors has, on 27 July 2006, promulgated the Bekaert Dealing Code. Because of the EU Market Abuse Regulation, the Board of Directors has adopted a new version of the Bekaert Dealing Code, which became effective on 3 July 2016. The Bekaert Dealing Code is included in its entirety in the Bekaert Corporate Governance Charter as Appendix 4.

The Bekaert Dealing Code restricts transactions in Bekaert financial instruments by members of the Board of Directors, the BGE, senior management and certain other persons during closed and prohibited periods. The Code also contains rules concerning the disclosure of executed transactions by leading managers and their closely associated persons through a notification to the Company and to the Belgian Financial Services and Markets Authority (FSMA). The Company Secretary is the Dealing Code Officer for purposes of the Bekaert Dealing Code

Remuneration Report

1. Description of the procedure used in 2019 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 and the remuneration for the 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 and the remuneration 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, and does not take part in the voting nor the deliberations in this regard. The Nomination and Remuneration 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 and the remuneration 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 2019 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 an additional attendance 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 the 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.

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 of Directors subject to approval by the Annual General Meeting. In making its proposal, the Nomination and Remuneration 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 the Board of Directors or any Board Committees, will not be entitled to any additional attendance fee or other remuneration as this is deemed to be included in his global remuneration package.

Executive managers

Remuneration policy

The main elements of the Group's 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 Management is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international references.

A performance driven culture is important for achieving the Group's growth aspirations. The following performance processes underpin remuneration decisions:

- » Enterprise Performance Management (EPM), a process managing the Group's business cycle, including the planning and monitoring of targets and resources, value creation and team accountabilities; and
- » People Performance Management (PPM), a process focusing on the clear alignment of team and individual targets with business priorities, including frequent performance steering and coaching.

The Group's short-term variable remuneration program is designed to motivate Executive Managers to support and drive the Company's short-term goals over a one-year performance horizon. Group performance, business unit performance and individual performance drive the ultimate payout. Business performance is measured and monitored by the EPM process, whilst individual performance is measured and monitored by the PPM process.

The Group's long-term variable remuneration program rewards Executive Managers for their contribution to the achievement of the long-term materialization of the Company's strategy. The long-term variable remuneration program is 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 three-year performance horizon.

Executive Managers are required to build up a personal investment in Company shares and maintain it throughout their assignment as a member of the BGE (in compliance with principle 7.9 of the 2020 Belgian Code on Corporate Governance).

In order to facilitate such personal investment in Company shares, Executive Managers are eligible to participate in a voluntary share-matching plan. A personal investment in Company shares, up to 15% of the gross annual short term variable pay, in year x is matched by the Company with a direct grant of Company shares at the end of year $x + 2$ provided the Executive Manager holds on to the personal shares.

Remuneration Chief Executive Officer

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 Chief Executive Officer is entitled to participate in the voluntary share-matching plan for building a personal investment in Company shares.

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 of Directors. 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 actual amount of the remuneration of the Chief Executive Officer in his capacity as Executive Manager is determined by the Board of Directors acting on a reasoned recommendation from the Nomination and Remuneration Committee.

Remuneration other members of the BGE

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 BGE members are entitled to participate in the voluntary share-matching plan for building a personal investment in Company shares.

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. Objectives are directly derived from the business plan and take 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. The objectives include Group, business unit and individual targets - both financial and non-financial - and are measured and monitored over a predetermined time period (up to three years) through the EPM and PPM performance processes.

The actual amount of the remuneration of BGE members other than the Chief Executive Officer is determined by the Board of Directors acting on a reasoned recommendation from the Nomination and Remuneration Committee.

Future changes to the remuneration policy

Remuneration policy

Contrary to provision 7.3 of the 2020 Belgian Code on Corporate Governance according to which the Board of Directors should submit the Company's remuneration policy for non-executive Directors and Executive Management to the General Meeting of Shareholders, the Company will not submit its remuneration policy for approval to the Annual General Meeting of 13 May 2020.

In light of the upcoming implementation of the European Shareholder Rights Directive II⁽¹⁾ into Belgian law, the Board of Directors will submit the Company's remuneration policy when the impact of this new Belgian law will be fully known.

(1) Directive (EU) 2017/828 of the European Parliament and of the Council of 17 May 2017 amending Directive 2007/36/EC as regards the encouragement of long-term shareholder engagement.

Proposed changes in remuneration for non-executive Directors

The Board will submit a proposal to change the remuneration mechanism of non-executive Directors to the upcoming Annual General Meeting of 13 May 2020.

The changes include:

- » a proposal to remunerate non-executive Directors with a fixed annual fee, without additional attendance fees, for the performance of the duties as a member of the Board or as a member of a Board Committee;
- » a proposal to offer non-Executive Directors, other than the Chairman, the option to receive part of their fixed annual fee in Company shares.

Contrary to provision 7.6 of the 2020 Belgian Code on Corporate Governance according to which non-executive Directors should receive part of their remuneration in the form of shares in the Company, non-executive Directors will be recommended (but not required) to hold the value of one fixed annual fee in Company shares. Despite the non-mandatory character of this share-holding principle, the Company believes that the long-term view of shareholders is fairly represented at the Board considering that:

- » the Chairman is partly remunerated in Company shares subject to a three year lock-up; and
- » seven of the twelve non-executive Directors are appointed upon nomination by the reference shareholder and already hold Company shares (or certificates relating thereto).

3. Remuneration of the Directors in respect of 2019

The amount of the remuneration and other benefits granted directly or indirectly to the Directors, by the Company or its subsidiaries, in respect of 2019 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 set as follows:

- » a one-time welcome award of € 150 000;
- » a fixed amount of € 200 000 per year;
- » 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.

The remuneration of each Director, except the Chairman, 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 Chairman of the Audit and Finance Committee, in the capacity as Chairman 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 (other than the BBRG Committee) was an amount of € 3 000 for each Committee meeting attended in person.

The remuneration of each Director, except the Chairman of the Board and the Chief Executive Officer, for the performance of the duties as Chairman or member of the BBRG Committee was an amount of € 3 000 for each BBRG Committee meeting held in person and € 1 500 for each BBRG Committee meeting held per conference call (with a maximum of € 21 000 per year).

in €	Fixed amount	Amount for board attendance	Amount for committee attendance	Total
Chairman				
Bert De Graeve (until May 2019)	104 167			104 167
Jürgen Tinggren (as of June 2019) ⁽¹⁾	466 666 ⁽²⁾			466 666 ⁽²⁾
Chief Executive Officer				
Matthew Taylor	42 000	25 200	0	67 200
Other Board members				
Celia Baxter	42 000	25 200	12 000	79 200
Leon Bekaert	21 000	12 600	3 000	36 600
Gregory Dalle	42 000	25 200	21 000	88 200
Charles de Liedekerke	42 000	25 200	25 500	92 700
Christophe Jacobs van Merlen	42 000	25 200	15 000	82 200
Hubert Jacobs van Merlen	42 000	25 200	24 000	91 200
Maxime Jadot	21 000	12 600	3 000	36 600
Pamela Knapp	42 000	25 200	17 000	84 200
Martina Merz	21 000	12 600	15 000	48 600
Colin Smith	42 000	25 200	7 500	74 700
Caroline Storme	21 000	21 000	0	42 000
Emilie van de Walle de Ghelcke	42 000	25 200	0	67 200
Henri Jean Velge	42 000	25 200	12 000	79 200
Mei Ye	42 000	25 200	0	67 200
Total Directors' Remuneration				1 607 833⁽²⁾

⁽¹⁾ Combination of a fixed fee, a one-time welcome award of € 150 000 and a share grant of € 300 000.

⁽²⁾ **Erratum:** The fixed fee paid to Chairman Jürgen Tinggren in 2019 amounted to € 566 666 (instead of € 466 666). Consequently, the amount of € 466 666 needs to be replaced by € 566 666 and the amount next to 'Total Directors' Remuneration' needs to be replaced by € 1 707 833.

4. Remuneration of the Chief Executive Officer in respect of 2019 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 of Directors. Those objectives include a weighted average of Group, business unit and individual targets, both financial and non-financial, 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 of Directors. 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 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 2019 performance criteria used to evaluate the short-term remuneration is a basket of financial targets (sales, underlying EBITDA, capital expenditure 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 long-term remuneration 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 2019

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 2019 for his Chief Executive Officer role is set forth below.

Matthew Taylor	Remuneration ⁽¹⁾	Comments
Base remuneration	822 265	Includes base remuneration as well as foreign board fees ⁽²⁾
Short-term variable remuneration	623 102	Annual variable remuneration, based on 2019 performance
Long-term variable remuneration	32 671	Number of performance share units granted (performance period 2019-2021)
Pension	168 203	Defined Contribution Plan
Share-matching	4 581 units	2019 Company matching of 2017 personal investment in Company shares
Other remuneration elements	52 880	Includes company car and risk insurances

⁽¹⁾ In respect of 2019, in €.

⁽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 2019

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 2019 is set forth below on a global basis.

	Remuneration ⁽¹⁾	Comments
Base remuneration	2 610 542	Includes base remuneration as well as foreign board fees
Short-term variable remuneration	1 535 147	Annual variable remuneration, based on 2019 performance
Long-term variable remuneration	104 935 units	Number of performance share units granted (performance period 2019-2021)
Pension	392 043	Defined Contribution and Defined Benefit Plan
Share-matching	7 668 units	2019 Company matching of 2017 personal investment in Company shares
Other remuneration elements	377 273	Includes company car, risk insurances, school fees and housing allowance

⁽¹⁾ In respect of 2019, in €.

The above table includes pro rata remuneration reflecting changes in the composition of the BGE as described in an earlier section of this Corporate Governance Statement.

8. Stock Options and Performance Share Units for Executive Management granted in 2019

As of 2018, the long-term incentives are delivered solely 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.

Up to 2017 long-term incentives have been based on a combination of stock options (or, outside of Europe, stock appreciations rights) and performance share units.

The Chief Executive Officer and the other members of the BGE participate in a voluntary share-matching plan, whereby a personal investment in Company shares in year x is matched by the Company in year x+2 provided the Executive Manager holds on to the personal shares.

Performance Share Units

The 2018-2020 Performance Share 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.

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.

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.

Performance share units related to the performance period 2019-2021 have been granted to the Chief Executive Officer and the other members of the BGE in February 2019. BGE members appointed during the year were granted performance share units during the mid-year grant in July 2019.

The vesting criterion with regard to the performance share units issued in December 2016, in relation to the 2017-2019 performance horizon, did not meet the threshold level. Consequently, none of the performance share units granted in December 2016 vested.

Name	Number of performance share units granted in 2019 (performance period 2019-2021)	Number of performance share units vested in 2019 (performance period 2017-2019)
Matthew Taylor	32 671	-
Juan Carlos Alonso ⁽¹⁾	9 391	-
Taoufiq Boussaid ⁽¹⁾	10 478	-
Rajita D'Souza	11 897	-
Arnaud Lesschaeve	6 142	-
Jun Liao	12 663	-
Oswald Schmid	-	-
Curd Vandekerckhove	11 962	-
Stijn Vanneste	9 321	-
Lieven Larmuseau ⁽²⁾	10 503	-
Piet Van Riet ⁽²⁾	10 612	-
Frank Vromant ⁽²⁾	11 966	-

⁽¹⁾ Grant in 2019 includes a one-time sign on award.

⁽²⁾ The table includes Executive Managers who were a member of the BGE prior to year-end 2019. Changes in the composition of the BGE are disclosed in an earlier section of this Corporate Governance Statement.

Stock Options

Set out below are the number of stock options exercised or forfeited in 2019 in relation to the previous long-term incentive plans.

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.

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 2019 are based on the grants of the Stock Option Plan 2015-2017 and on the predecessor plans to the Stock Option Plan 2015-2017.

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 were entitled to acquire existing shares.

Name	Number of stock options exercised in 2019	Number of stock options forfeited in 2019
Matthew Taylor	-	0
Rajita D'Souza	-	0
Jun Liao ⁽¹⁾	-	0
Curd Vandekerckhove	-	5 400
Stijn Vanneste	-	0
Lieven Larmuseau ⁽²⁾	-	0
Piet Van Riet ⁽²⁾	-	0
Frank Vromant ⁽²⁾	-	5 400

⁽¹⁾ Stock Appreciation Rights.

⁽²⁾ The table includes Executive Managers who were a member of the BGE prior to year-end 2019. Changes in the composition of the BGE are disclosed in an earlier section of this Corporate Governance Statement.

Share-matching Plan

The Chief Executive Officer and the other members of the BGE are required to build and maintain a personal shareholding in Company shares. In order to facilitate this, the Company offers a voluntary share-matching plan.

The share-matching plan matches a personal investment in Company shares in year x with a direct grant of Company shares at the end of year x + 2 provided the Executive Manager holds on to the personal shares.

The table below sets forth the number of shares matched by the Company in December 2019 in relation to the personal investment in Company Shares in March 2017:

Name	Number of matched shares
Matthew Taylor	4 581
Rajita D'Souza	1 254
Curd Vandekerckhove	1 421
Stijn Vanneste	1 043
Lieven Larmuseau ⁽¹⁾	1 266
Piet Van Riet ⁽¹⁾	1 383
Frank Vromant ⁽¹⁾	1 301

⁽¹⁾ The table includes Executive Managers who were a member of the BGE prior to year-end 2019. Changes in the composition of the BGE are disclosed in an earlier section of this Corporate Governance Statement.

9. Severance pay for Executive Management

All Executive Managers' contractual arrangements provide for a notice period of twelve months except for the Divisional CEO Steel Wire Solutions and the Divisional CEO BBRG. These two Executive Managers entered into a labor contract before their appointment as Executive Manager and therefore existing labor law forms the basis for their severance arrangement.

10. Departure of Executive Managers

No member of the Executive Management has left the Company during 2019.

11. Company's right of reclaim

The Board has discretion to adjust (malus) or reclaim (claw back) some or all of the value of awards of performance related payments to the Executive Management 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.

Shares

The Bekaert share in 2019

The Bekaert share gained almost 26% in 2019 when comparing the year-end close price of 2019 with 2018, slightly below the performance of our reference index, Euronext Brussels BEL Mid. Where Bekaert's share price initially surged in the run-up to the full-year results 2018 announcement - to reach €25 on 22 February 2019 - the share dropped below €21 at the end of March, following the Bekaert 2018 results and Belgian restructuring announcements. The share steadily recovered after the dividend distribution in May 2019, to reach a year-high of €28 on 12 November 2019. The share was volatile throughout the year with strong reactions to announcements and policy changes related to US-China trade tensions and to profit warnings and restructuring announcements in sectors relevant to Bekaert.



Share identification

The Bekaert share is listed on NYSE Euronext Brussels as ISIN BE0974258874 (BEKB) and was first listed in December 1972. The ICB sector code is 2727 Diversified Industrials.

Share performance

in €	2013	2014	2015	2016	2017	2018	2019
Price as at 31 December	25.72	26.34	28.38	38.48	36.45	21.06	26.50
Price high	31.11	30.19	30.00	42.45	49.92	40.90	28.26
Price low	20.01	21.90	22.58	26.56	33.50	17.41	19.38
Price average closing	24.93	27.15	26.12	37.06	42.05	28.21	23.96
Daily volume	126 923	82 813	120 991	123 268	121 686	154 726	96 683
Daily turnover (in millions of €)	3.1	2.1	3.1	4.5	5.0	4.4	2.3
Annual turnover (in millions of €)	796	527	804	1 147	1 279	1 121	592
Velocity (% annual)	54	35	52	53	51	65	41
Velocity (% adjusted free float)	90	59	86	88	86	109	68
Free float (%)	59.9	55.7	56.7	59.2	59.6	59.3	59.3

Volumes traded

The average daily trading volume was about 97 000 shares in 2019. The volume peaked on 21 June, when 399 611 shares were traded.



On 31 December 2019, Bekaert had a market capitalization of € 1.6 billion and a free float market capitalization of € 1 billion. The free float was 59.31% and the free float band 60%.

In connection with the entry into force of the Act of 2 May 2007 on the disclosure of significant participations (the Transparency Act) Bekaert has, in its Articles of Association, set the thresholds of 3% and 7.50% in addition to the legal thresholds of 5% and each multiple of 5%. An overview of the notifications of participations of 3% or more, if any, can be found in the Parent Company Information section of this Annual Report cf. page 193 (Interests in share capital).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.28% of the shares, while institutional shareholders are estimated to hold 35% of the shares. Retail represents 11.08%, Private Banking 13.16% and treasury shares 6.41%.

On 8 December 2007, Stichting Administratiekantoor Bekaert disclosed in accordance with Article 74 of the Act of 1 April 2007 on public takeover bids that it was holding individually more than 30% of the securities with voting rights of the Company on 1 September 2007.

Capital structure

As of 31 December 2019 the registered capital of the Company amounts to € 177 793 000, and is represented by 60 408 441 shares without par value. The shares are in registered or dematerialized form. All shares have the same rights.

Authorized capital

The Board of Directors has been authorized by the General Meeting of Shareholders of 11 May 2016 to increase the Company's registered capital in one or more times by an aggregate maximum amount of € 176 000 000 (before any issue premium). The authority is valid for five years from 20 June 2016 and can be renewed in accordance with the

applicable statutory provisions. Pursuant to this authorization, the Board of Directors may, among others, effect a capital increase under the authorized capital by means of issuing ordinary shares, subscription rights or convertible bonds and may limit or disapply the preferential subscription right of the Company's shareholders in accordance with the new Code on Companies and Associations.

Furthermore, the Board of Directors has been authorized, for a period of three years from 14 June 2018, to make use of the authorized capital upon receipt by the Company of a notice from the FSMA of a public takeover bid for the Company's securities.

The Board of Directors will propose to the Extraordinary General Meeting of Shareholders of 26 March 2020 (or of 13 May 2020 should the required quorum not be reached on 26 March 2020) the renewal of the above authorities as part of the amendment to the Articles of Association.

Convertible bonds

The Board of Directors has made use of its powers under the authorized capital when it resolved on 18 May 2016 to issue senior unsecured convertible bonds due June 2021 for an aggregate amount of € 380 000 000 (the "Convertible Bonds"). These Convertible Bonds carry a zero-coupon and their conversion price amounts to € 50.71 per share.

In connection with the issuance of the Convertible Bonds, the Board of Directors resolved to disapply the preference subscription right of existing shareholders set forth in Articles 596 and following of the former Companies Code applicable at that time. The terms of the Convertible Bonds allow the Company, upon the conversion of the bonds, to either deliver new shares or existing shares or pay a cash alternative amount.

In order to mitigate dilution for existing shareholders upon conversion of the Convertible Bonds, the Board of Directors intends where possible, to repay the principal amount of the Convertible Bonds in cash and, if the then prevailing share price is above the conversion price, pay the upside in existing shares of the Company. The conversion of the Convertible Bonds would then have no dilutive effect for existing shareholders.

Furthermore, the terms of the Convertible Bonds allow the Company to redeem the bonds at their principal amount together with accrued and unpaid interest in certain circumstances, for example on or after 30 June 2019, if the Company's shares trade at a price higher than 130% of the conversion price during a certain period.

Stock option plans, performance share plans and share-matching plan

The total number of outstanding subscription rights under the Stock Option Plan 2005-2009 and convertible into Bekaert shares is 173 570. In 2019, no subscription rights were exercised under the Stock Option Plan 2005-2009.

On 31 December 2018, the Company held 3 902 032 treasury shares. Of these 3 902 032 treasury shares, 13 787 shares were transferred to the Chairman of the Board of Directors as part of his fixed remuneration and 13 670 shares were transferred to members of the BGE pursuant to the Company share-matching plan. In addition, 1 500 stock options were exercised under the Stock Option Plan 2015-2017 and 1 500 treasury shares were used for that purpose. The Company did not purchase any shares in the course of 2019 and no treasury shares were cancelled. As a result, the Company held an aggregate 3 873 075 treasury shares on 31 December 2019.

A first grant of 178 233 equity settled performance share units under the Performance Share Plan 2018-2020 was made on 15 February 2019. In addition, a mid-year grant of 35 663 performance share units was made on 26 July 2019 under the Performance Share Plan 2018-2020. Each performance share unit entitles the beneficiary to acquire one performance share subject to the conditions of the Performance Share Plan 2018-2020.

These performance share units will vest following a vesting period of three years, conditional to the achievement of a preset performance target. 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.

Detailed information about capital, shares, stock option plans and performance share plans is given in the Financial Review (Note 6.12 to the consolidated financial statements).

Dividend policy

The Board of Directors will propose that the Annual General Meeting to be held on 13 May 2020 approve the distribution of a gross dividend of € 0.70 per share, unchanged from last year.

The Board reconfirms the Dividend Policy which foresees, insofar as the profit permits, a stable or growing dividend while maintaining an adequate level of cash flow in the Company for investment and self-financing in support of growth. Over the longer term, the Company strives for a pay-out

ratio of 40% of the result for the period attributable to equity holders of Bekaert.

in €	2014	2015	2016	2017	2018	2019 ⁽¹⁾
Total gross dividend	0.850	0.900	1.100	1.100	0.700	0.700
Net dividend ⁽²⁾	0.638	0.657	0.770	0.770	0.490	0.490
Coupon number	6	7	8	9	10	11

⁽¹⁾ The dividend is subject to approval by the General Meeting of Shareholders 2020.

⁽²⁾ Subject to the applicable tax legislation.

General Meeting of Shareholders 2019

The Annual General Meeting was held on 8 May 2019. An Extraordinary General Meeting was held on the same day. A second Extraordinary General Meeting was held on 3 July 2019. The resolutions of the meetings are available at www.bekaert.com.

Investor Relations

Bekaert is committed to providing transparent financial information to all shareholders.

All shareholders can count on access to information and on our commitment to share relevant updates on market evolutions, performance progress and other relevant information. All such updates can be found online in the investors section of the website and are presented live in meetings with analysts, shareholders, and investors. The calendar of investor relations conferences, roadshows and group visits to our premises is published on our website.

On Friday 15 November 2019 Bekaert hosted a Capital Markets Day at its headquarters in Zwevegem, Belgium. Such event is organized to provide financial stakeholders the opportunity to meet the executive management of the company, get more information on the company in general, and an update on the strategy.

The event comprised a series of presentations by Bekaert's Executive Management providing insights on performance, outlook and strategy. 16 analysts and fund/portfolio managers attended the live meeting. The Capital Markets event coincided with the day of Bekaert's third quarter trading update.



Elements pertinent to a take-over bid

Restrictions on the transfer of securities

The Articles of Association contain no restrictions on the transfer of Company shares, except in the case of a change of control, for which the prior approval of the Board of Directors has to be requested in accordance with Article 11 of the Articles of Association.

Subject to the foregoing, the shares are freely transferable.

The Board is not aware of any restrictions imposed by law on the transfer of shares by any shareholder.

Restrictions on the exercise of voting rights

According to the Articles of Association, each share entitles the holder to one vote. The Articles of Association contain no restrictions on the voting rights, and each shareholder can exercise his voting rights provided he was validly admitted to the General Meeting and his rights had not been suspended. The admission rules to the General Meeting are laid down in the new Code on Companies and Associations and in the Articles of Association. Pursuant to the Articles of Association, the Company is entitled to suspend the exercise of rights attaching to securities belonging to several owners.

No person can vote at General Meetings of Shareholders using voting rights attaching to securities that had not been timely reported in accordance with the law.

The Board is not aware of any other restrictions imposed by law on the exercise of voting rights.

Agreements among shareholders

The Board of Directors is not aware of any agreements among shareholders that may result in restrictions on the transfer of securities or the exercise of voting rights.

Appointment and replacement of Directors

The Articles of Association and the Bekaert Corporate Governance Charter contain specific rules concerning the (re)appointment, induction and evaluation of Directors.

Directors are appointed for a term not exceeding four years by the General Meeting of Shareholders, which can also dismiss them at any time. An appointment or dismissal requires a simple majority of votes. The candidates for the office of Director who have not previously held that position in the Company must inform the Board of Directors of their candidacy at least two months before the Annual General Meeting.

Only if and when a position of Director prematurely becomes vacant, can the remaining Directors appoint (co-opt) a new Director. In such a case, the next General Meeting will make the definitive appointment.

The appointment process for Directors is led by Chairman and the Nomination and Remuneration Committee, which submits a reasoned recommendation to the full Board. On the basis of such recommendation, the Board decides which candidates will be nominated to the General Meeting for appointment. Directors can, as a rule, be reappointed for an indefinite number of terms, provided they are at least 30 and at most 66 years of age at the moment of their initial appointment and they have to resign in the year in which they reach the age of 69.

Amendments to the Articles of Association

The Articles of Association can be amended by an Extraordinary General Meeting in accordance with the new Code on Companies and Associations. Each amendment to the Articles requires a quorum of at least 50% of the share capital (if the quorum is not met, a second meeting with the same agenda should be called, for which no quorum requirement applies) and a qualified majority of 75% of the votes cast at the meeting (a majority of 80% applies for changes to the corporate purpose and the transformation of the legal form of the company).

Authority of the Board of Directors to issue or buy back shares

The Board of Directors is authorized by Article 44 of the Articles of Association to increase the registered capital in one or more times by a maximum amount of € 176 000 000. The authority is valid for five years from 20 June 2016, but can be extended by the General Meeting.

Within the framework of that authority the Board can also, during a period of three years from 14 June 2018, increase the registered capital, upon receipt by the Company of a notice from the FSMA of a public takeover bid, and provided that:

- » the shares to be issued are fully paid up upon issue;
- » the issue price of such shares is not lower than the price of the bid; and
- » the number of shares to be issued does not exceed 10% of the issued shares representing the capital prior to the capital increase.

This authority can also be extended by the General Meeting.

The Board of Directors is authorized by Article 12 of the Articles of Association to acquire a maximum number of own shares that, in the aggregate, represent no more than 20% of the issued capital, during a period of five years from 20 June 2016 (that can be extended by the General Meeting), at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of the Bekaert share during the last thirty trading days preceding

the Board's resolution to acquire. The Board is authorized to cancel all or part of the purchased shares during such five-year period.

The Board is also authorized by Article 12 of the Articles of Association to acquire own shares, if required to prevent a threatened serious harm to the Company, including a public takeover bid. Such authority is granted for a period of three years from 5 September 2019 and can be extended by the General Meeting.

Articles 12bis and 12ter of the current Articles of Association provide rules for the disposal of purchased shares and for the acquisition and disposal of Company shares by subsidiaries.

The Board of Directors will propose to the Extraordinary General Meeting of Shareholders of 26 March 2020 (or of 13 May 2020 should the required quorum not be reached on 26 March 2020) the renewal of the above authorities as part of the amendment of the Articles of Association.

The powers of the Board of Directors are more fully described in the applicable legal provisions, the Articles of Association and the Bekaert Corporate Governance Charter.

Change of control

The Company is a party to a number of significant agreements that take effect, alter or terminate upon a change of control of the Company following a public takeover bid or otherwise.

To the extent that those agreements grant rights to third parties that affect the assets of the Company or that give rise to a debt or an obligation of the Company, those rights were granted by the Special General Meetings held on 13 April 2006, 16 April 2008, 15 April 2009, 14 April 2010 and 7 April 2011 and by the Annual General Meetings held on 9 May 2012, 8 May 2013, 14 May 2014, 13 May 2015, 11 May 2016, 10 May 2017, 9 May 2018 and 8 May 2019 in accordance with Article 556 of the former Companies Code; the minutes of those meetings were filed with the Registry of the Commercial Court of Gent, division Kortrijk on 14 April 2006, 18 April 2008, 17 April 2009, 16 April 2010, 15 April 2011, 30 May 2012, 23 May 2013, 20 June 2014, 19 May 2015, 18 May 2016, 2 June 2017, 7 February 2019 and 23 May 2019 respectively and are available at www.bekaert.com.

Most agreements are joint venture contracts (describing the relationship between the parties in the context of a joint venture company), contracts whereby financial institutions, retail investors or other investors commit funds to the Company or one of its subsidiaries, and contracts for the supply of products or services by or to the Company. Each of those contracts contains clauses that, in the case of a change of control of the Company, entitle the other party, in certain cases and under certain conditions, to terminate the contract prematurely and, in the case of financial contracts, also to demand early repayment of the loan funds. The joint

venture contracts provide that, in the case of a change of control of the Company, the other party can acquire the Company's shareholding in the joint venture (except for the Chinese joint ventures, where the parties have to agree whether one of them will continue the joint venture on its own, whereupon that party has to purchase the other party's shareholding), whereby the value for the transfer of the shareholding is determined in accordance with contractual formulas that aim to ensure a transfer at an arm's length price.

Other elements

- » The Company has not issued securities with special control rights.
- » The control rights attaching to the shares acquired by employees pursuant to the long-term incentive plans are exercised directly by the employees.
- » No agreements have been concluded between the Company and its Directors or employees providing for compensation if, as a result of a takeover bid, the Directors resign or are made redundant without valid reason or if the employment of the employees is terminated.

Control and ERM

Internal control and risk management systems in relation to the preparation of the consolidated financial statements

The following description of Bekaert's internal control and risk management systems is based on the Internal Control Integrated Framework (1992) and the Enterprise Risk Management Framework (2004) published by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO").

The Board of Directors has approved a framework of internal control and risk management for the Company and the Group set up by the BGE, and monitors the implementation thereof. The Audit and Finance Committee monitors the effectiveness of the internal control and risk management systems, with a view to ensuring that the main risks are properly identified, managed and disclosed according to the framework adopted by the Board of Directors. The Audit and Finance Committee also makes recommendations to the Board of Directors in this respect.

Control environment

The accounting and control organization consists of three levels: (i) the accounting team in the different legal entities or shared service centers, responsible for the preparation and reporting of the financial information, (ii) the controllers at the different levels in the organization (such as plant and region), responsible inter alia for the review of the financial information in their area of responsibility, and (iii) the Group Finance Department, responsible for the final review of the financial information of the different legal entities and for the preparation of the consolidated financial statements.

Next to the structured controls outlined above, the Internal Audit Department conducts a risk based audit program to validate the internal control effectiveness in the different processes at legal entity level to assure a reliable financial reporting.

Bekaert's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS), which have been endorsed by the European Union. These financial statements are also in compliance with the IFRS as issued by the International Accounting Standards Board.

All IFRS accounting principles, guidelines and interpretations, to be applied by all legal entities, are grouped in the Bekaert Accounting Manual, which is available on the Bekaert intranet to all employees involved in financial reporting. Such manual is regularly updated by Group Finance in the case of relevant changes in IFRS, or interpretations thereof, and the users are informed of any such changes. IFRS trainings take place in the different regions when deemed necessary or appropriate. E-learning modules on IFRS are also made available by Group Finance to accommodate individual training.

The vast majority of the Group companies use Bekaert's global enterprise resource planning ("ERP") system, and the accounting transactions are registered in a common operating chart of accounts, whereby accounting manuals describe the standard way of booking of the most relevant transactions. Such accounting manuals are explained to the users during training sessions, and are available on the Bekaert intranet.

All Group companies use the same software to report the financial data for consolidation and external reporting purposes. A reporting manual is available on the Bekaert intranet and trainings take place when deemed necessary or appropriate.

Risk assessment

Appropriate measures are taken to assure a timely and qualitative reporting and to reduce the potential risks related to the financial reporting process, including: (i) proper coordination between the Corporate Communication Department and Group Finance, (ii) careful planning of all activities, including owners and timings, (iii) guidelines which are distributed by Group Finance to the owners prior to the quarterly reporting, including relevant points of attention, and (iv) follow-up and feedback of the timeliness, quality and lessons learned in order to strive for continuous improvement.

A quarterly review takes place of the financial results, findings by the Internal Audit Department, and other important control events, the results of which are discussed with the Statutory Auditor.

Material changes to the IFRS accounting principles are coordinated by Group Finance, reviewed by the Statutory Auditor, reported to the Audit and Finance Committee, and acknowledged by the Board of Directors of the Company.

Material changes to the statutory accounting principles of a Group company are approved by its Board of Directors.

Control activities

The proper application by the legal entities of the accounting principles as described in the Bekaert Accounting Manual, as well as the accuracy, consistency and completeness of the reported information, is reviewed on an ongoing basis by the control organization (as described above).

In addition, all relevant entities are controlled by the Internal Audit Department on a periodic basis. Policies and procedures are in place for the most important underlying processes (sales, procurement, investments, treasury, etc.), and are subject to (i) an evaluation by the respective management teams using a self-assessment tool, and (ii) control by the Internal Audit Department on a rotating basis.

A close monitoring of potential segregation of duties conflicts in the ERP system is carried out.

Information and communication

Bekaert has deployed in the majority of the Group companies a global ERP system platform to support the efficient processing of business transactions and provide its management with transparent and reliable management information to monitor, control and direct its business operations.

The provision of information technology services to run, maintain and develop those systems is to large extent outsourced to professional IT service delivery organizations, which are directed and controlled through appropriate IT governance structures and monitored on their delivery performance through comprehensive service level agreements.

Together with its IT providers, Bekaert has implemented adequate management processes to assure that appropriate measures are taken on a daily basis to sustain the performance, availability and integrity of its IT systems. At regular intervals the adequacy of those procedures is reviewed and audited and where needed further optimized.

Proper assignment of responsibilities, and coordination between the pertinent departments, assures an efficient and timely communication process of periodic financial information to the market. In the first and third quarters, a trading update is released, whereas at midyear and year-end all relevant financial information is disclosed. Prior to the external reporting, the sales and financial information is subject to (i) the appropriate controls by the above-mentioned control organization, (ii) review by the Audit and Finance Committee, and (iii) approval by the Board of Directors of the Company.

Monitoring

Any significant change of the IFRS accounting principles as applied by Bekaert is subject to review by the Audit and Finance Committee and approval by the Company's Board of Directors.

On a periodic basis, the members of the Board of Directors are updated on the evolution and important changes in the underlying IFRS standards. All relevant financial information is presented to the Audit and Finance Committee and the Board of Directors to enable them to analyze the financial statements. All related press releases are approved prior to communication to the market.

Relevant findings by the Internal Audit Department and/or the Statutory Auditor on the application of the accounting principles, as well as the adequacy of the policies and procedures, and segregation of duties, are reported to the Audit and Finance Committee.

In addition, a periodic treasury update is submitted to the Audit and Finance Committee.

A procedure is in place to convene the appropriate governing body of the Company on short notice if and when circumstances so dictate.

General internal control and ERM

The Board of Directors has approved the Bekaert Code of Conduct, which was first issued on 1 December 2004 and last updated in November 2019. The Code of Conduct sets forth the Bekaert mission and values as well as the basic principles of how Bekaert wants to do business.

Implementation of the Code of Conduct is mandatory for all companies of the Group. The Code of Conduct is included in the Bekaert Corporate Governance Charter as Appendix 3 and available at www.bekaert.com.

More detailed policies and guidelines are developed as considered necessary to ensure consistent implementation of the Code of Conduct throughout the Group.

Bekaert's internal control framework consists of a set of group policies for the main business processes, and applies Group-wide. Bekaert has different tools in place to constantly monitor the effectiveness and efficiency of the design and the operation of the internal control framework.

The Internal Audit Department monitors the internal control performance based on the global framework and reports to the Audit and Finance Committee at each of its meetings. The Governance, Risk and Compliance Department reports to the Audit and Finance Committee at each of its meetings on risk and compliance matters.

The BGE regularly evaluates the Group's exposure to risk, the potential financial impact thereof and the actions to monitor, mitigate and control the exposure.

At the request of the Board of Directors and the Audit and Finance Committee, management has developed a permanent global enterprise risk management ("ERM") framework to assist the Group in managing uncertainty in Bekaert's value creation process.

The framework consists of the identification, assessment and prioritization of the major risks confronting Bekaert, and of the continuous reporting and monitoring of those major risks (including the development and implementation of risk mitigation plans).

The risks are identified in five risk categories: strategic, operational, legal, financial, and country risks. The identified risks are classified on two axes: probability and impact or consequence.

Decisions are made and action plans defined to mitigate the identified risks. Also the risk sensitivity evolution (decrease, increase, stable) is evaluated.

Below are the main risks included in Bekaert's 2019 ERM report, which has been reported to the Audit and Finance Committee and the Board of Directors.

Strategic risks	<ul style="list-style-type: none"> • Like many global companies, Bekaert is exposed to risks arising from global economic trends. Strategically, Bekaert defends itself against economical and cyclical risks by being active in different regions and different sectors. Bekaert operates manufacturing sites and offices in 44 countries and its markets can be clustered in seven sectors. This sectorial spread is an advantage as it makes Bekaert less sensitive to sector-specific trends. Nevertheless, a global economic crisis can impact the most important sectors in which Bekaert is active, i.e., tire and automotive, energy and utilities, and construction. For example, in tire and automotive and construction markets, a global recession can lead to a significant demand decline driven by weak consumer confidence and postponed investments. The resulting upstream and downstream overcapacity can lead to price erosion across the supply chain. In oil and gas markets, the oil price level and trend has an influence on demand for Bekaert's products related to those markets. Most important for Bekaert's flat and shaped wire activity and for Bridon-Bekaert Ropes Group's offshore steel ropes activity are the actual investments in offshore oil extraction. Such investments have been postponed or put on hold as a result of the steep oil price drop in 2015. Although the Company is in process of making the activities less oil-dependent and better aligned with the market reality (restructuring in flat and shaped activity at Bekaert Bradford, UK and restructuring in the ropes footprint of Bridon-Bekaert Ropes Group in Brazil) and although, Bekaert will be ready to seize opportunities from a reactivation of investments in oil extraction in the future, it cannot be excluded that the current oil price level will continue to have an influence on the demand for Bekaert's products and hence on its results. • Wire rod price volatility may result in further margin erosion Wire rod, Bekaert's main raw material, is purchased from steel mills from all over the world. Wire rod represents about 45% of the cost of sales. In principle, price movements are passed on in the selling prices as soon as possible, through contractually agreed pricing mechanisms or through individual negotiation. If Bekaert is unsuccessful in passing on cost increases to the customers in due time, this may negatively influence the profit margins of Bekaert. Also the opposite price trend entails profit risks: if raw materials prices drop significantly and Bekaert has higher priced material in stock, then the profitability may be hit by (non-cash) inventory valuation corrections at the balance sheet date of a reporting period. • Globalizing competition could have an adverse impact on the results of Bekaert The competitive landscape consists of international, regional and local actors, which can be integrated or independent and active in several sectors or in one specific product/market segment. Local actors becoming global competitors can have a negative impact on Bekaert's profit margins. In some markets, customers or suppliers can also be competitors. Previously local steel cord competitors like Xingda (China) and Hyosung (South Korea) have become active on the international market through investments in steel cord production capacity abroad. Examples of other competitors are: KIS-Wire (South Korea, internationally active in steel cord, bead wire, hose reinforcement wire and steel ropes); WireCo (ropes) and Teufelberger who acquired Redaelli in 2017 (ropes); Davis Wire (USA: galvanized steel wire for industrial needs and spring wire); Keystone Steel & Wire (USA, integrated steel mill (wire rod producer) and steel wire maker: fencing products, PC strand, welded mesh); and Gerdau (Americas: integrated player: wire rod, vineyard wire, galvanized wire, ...). To face the future and ever-stronger competition, Bekaert invests significantly in Research and Development (R&D) for an amount of around € 65-70 million each year. • Bekaert is exposed to certain labor market risks A competitive labor market can increase costs for Bekaert and as such decrease profitability. The success of Bekaert depends mainly on its capacity to hire and to retain talent at all levels. Bekaert competes with other companies on its markets for hiring people. A shortage of qualified people could force Bekaert to increase wages or other benefits in order to be effectively competitive when hiring or retaining qualified employees or retaining expensive temporary employees. An increasingly mobile, young population in emerging markets further enhances the people continuity risk. It is uncertain that higher labor cost can be compensated by efforts to increase effectiveness in other activity areas of Bekaert. • Adverse business performances or changes in underlying economic climate may result in impairment of assets In accordance with the International Accounting Standards regarding the impairment of assets (i.e. IAS36), an asset must not be carried in a company's financial statements at more than the highest recoverable amount (i.e. by selling or using the asset). In the event the carrying amount (i.e. book value) exceeds the recoverable amount, the asset is impaired. Bekaert regularly examines its groups of assets that do not generate cash flows individually (i.e. Cash Generating Units (CGUs)) and more specifically CGUs to which goodwill is allocated. Nevertheless, Bekaert may also be required to recognize impairment losses on other assets due to (external) unexpected adverse events that may have an impact on its expected performance. Although impairment charges do not have an impact on Bekaert's cash position, impairment losses are indicators of a potential shortfall in Bekaert's (expected) business plan, which might have an indirect impact on the expected profit generating capability of Bekaert. For further information on Bekaert's goodwill on the balance sheet (and impairment losses relating thereto), please refer to the note 6.2 (Goodwill) of this Report. More specifically, this note describes in more detail the impairment testing findings on goodwill arising from the Bridon-Bekaert Ropes Group business combination, which represents the majority of the goodwill amount carried at the balance sheet. A strict execution and implementation of the various initiatives included in the Bridon-Bekaert Ropes Group profit restoration plan is key to not incurring an impairment loss.
Operational risks	<ul style="list-style-type: none"> • Source dependency might impact Bekaert's business activities and profitability Trade policy changes in the US have forced Bekaert to turn to alternative sourcing for all of its US wire rod needs that cannot be sourced locally in the US (in particular wire rod for rubber reinforcement products, as this quality is not available in the US), corresponding to approximately half of the wire rod needs of the Group in the US, which represents about 7% of the Group's total wire rod needs. While this risk has been mitigated in 2019 (as Bekaert can source duty-free from Brazil again and has received exemptions from all other, relevant countries), the US has increased the import tariff (to 25 per cent.) on finished (tire cord) product imported from China. Further escalation of the US China trade war may lead to even higher import duties.

Operational risks	<p>On 1 July 2019, the second year of safeguard measures by the EU on imported steel products started. These safeguard measures include a risk of duties when tax free volume quota are reached. This entails a risk of higher raw material costs for Bekaert, if and when the quota are surpassed. Bekaert imported about 3% of its wire rod needs in the EU in 2018-2019. This represents 1 per cent of the total wire rod purchases of the Group, on a consolidated basis. This share may increase in the case of higher market demand and of Brexit (since British Steel is one of Bekaert's suppliers in the EU).</p> <ul style="list-style-type: none"> Failure to adequately protect the Bekaert's intellectual property could substantially harm its business and operating result Bekaert is a global technology leader in steel wire transformation and coatings and invests intensively in continued innovation. It considers its technological leadership as a differentiator versus the competition. Consequently, intellectual property protection is a key concern and risk. Intellectual property leakages can harm Bekaert and help the competition, both in terms of product development, process innovation and machine engineering. By the end of 2019, Bekaert (including Bridon-Bekaert Ropes Group) had a portfolio of 1 795 patent rights. Bekaert also initiates patent infringement proceedings against competitors in the case infringements are observed. Bekaert cannot assure that its intellectual property will not be objected to, infringed upon or circumvented by third parties. Furthermore, Bekaert may fail to successfully obtain patent authorization, complete patent registration or protect such patents, which may materially and adversely affect our business, financial position, results of operations and prospects. Bekaert is subject to stringent environmental laws Bekaert is subject to environmental laws, regulations and decrees. Those laws, regulations and decrees (which are becoming more stringent all over the world) could force Bekaert to pay for cleaning up and for damages at sites where the soil is contaminated. Under the environmental laws, Bekaert can be liable for repairing the environmental damage and be subject to related costs in its production sites, warehouses and offices as well as the soil on which they are located, irrespective of the fact that Bekaert owns, rents or sublets those production sites, warehouses and offices and irrespective of whether the environmental damage was caused by Bekaert or by a previous owner or tenant. Costs for research, repair or removal of environmental damage can be substantial and adversely affect the Group's business, financial condition and results of operations. It is Bekaert's practice to recognize provisions (per entity) for potential environmental liabilities. Prevention and risk management play an important role in Bekaert's environmental policy. This includes measures against soil and ground water contamination, responsible use of water and worldwide ISO14001 certification. Bekaert's global procedure to ensure precautionary measures against soil and ground water contamination (ProSoil) is continuously monitored in relation to regulations, best practices and actual implementation. Responsible use of water is also an ongoing priority. Bekaert constantly monitors its water consumption and has implemented programs that aim to reduce water usage in the long term. 93.7% of the Bekaert plants worldwide are ISO 14001 certified. ISO 14001 is part of the ISO 14000 internationally recognized standards providing practical tools to companies who wish to manage their environmental responsibilities. ISO 14001 focuses on environmental systems. Bekaert's full worldwide certification is an ongoing goal; it is an element in the integration process of newly acquired entities and of companies that are added to the consolidation perimeter. Bekaert also received a group-wide certification for ISO 14001 and ISO 9001. The ISO 9000 family addresses various aspects of quality management. Bekaert complies with the European RoHS regulation on hazardous substances. <p>Bekaert is subject to cyber security risks Many operational activities of Bekaert depend on IT systems, developed and maintained by internal and external experts. A cyber attack in one of these IT systems could interrupt Bekaert's activities, which could result in a negative influence on its sales and profitability.</p>
Legal risks	<ul style="list-style-type: none"> Bekaert is exposed to regulatory and compliance risks As a global company, Bekaert is subject to many laws and regulations across all of the countries where it is active. Such laws and regulations are becoming more complex, more stringent and change faster and more frequently than before. These numerous laws and regulations include, among others, data privacy requirements (such as the European General Data Protection Regulation), intellectual property laws, labour relation laws, tax laws, anti-competition regulations, import and trade restrictions (for example the trade policies in the US and the EU), exchange laws, anti-bribery and anti-corruption regulations. Compliance with those laws and regulations could lead to additional costs or capital expenditures, which could negatively impact the possibilities of Bekaert to develop its activities. In addition, given the high level of complexity of these laws, there is also the risk that Bekaert may inadvertently breach some provisions. Violations of these laws and regulations could result in fines, criminal sanctions against Bekaert, cessation of business activities in sanctioned countries, implementation of compliance programs and prohibitions on the conduct of Bekaert's business. Bekaert has developed a GRC framework (Governance, Risk, Control) to anticipate and cope with different aspects of compliance. Bekaert is also training the organization in legal awareness and a Central Compliance Committee and Compliance Workgroup monitor and steer the actions that are needed to ensure compliance. Bekaert has a Code of Conduct in place. Management and white collars worldwide go through an annual mandatory acceptance process with the principles of the Code of Conduct. Bekaert could further also become subject to government investigations (including by tax authorities). Such investigations have in the recent years become much more regular in the emerging markets such as China and India and could require significant expenditures and result in liabilities or governmental orders that could have a material adverse effect on Bekaert's business, operating results and financial condition. It is Bekaert's practice to recognize provisions (per entity) for certain identified regulatory and compliance risks.

Financial risks	<ul style="list-style-type: none"> <p>Bekaert is exposed to a currency exchange risk which could materially impact its results and financial position</p> <p>Bekaert's assets, income, earnings and cash flows are influenced by movements in exchange rates of several currencies. The Group's currency risk can be split into two categories: translational and transactional currency risk. A translational currency risk arises when the financial data of foreign subsidiaries are converted into the Group's presentation currency, the euro. The main currencies are Chinese renminbi, US dollar, Czech koruna, Brazilian real, Chilean peso, Russian ruble, Indian rupee and pound sterling. The Group is further exposed to transactional currency risks resulting from its investing (the acquisition and disposal of investments in foreign companies), financing (financial liabilities in foreign currencies) and operating (commercial activities with sales and purchases in foreign currencies). Bekaert has a hedging policy in place to limit the impact of currency exchange risks.</p> <p>Bekaert is exposed to tax risks, in particular by virtue of the international nature of its activities in a rapidly changing international tax environment</p> <p>As an international group operating in multiple jurisdictions, Bekaert is subject to tax laws in many countries throughout the world. Bekaert structures and conducts its business globally in light of diverse regulatory requirements and Bekaert's commercial, financial and tax objectives. As a general rule, Bekaert seeks to structure its operations in a tax efficient manner, while complying with the applicable tax laws and regulations. Although it is anticipated that these are likely to achieve their desired effect, if any of them were successfully challenged by the relevant tax authorities, Bekaert and its subsidiaries could incur additional tax liabilities, which could adversely affect its effective tax rate, results of operations and financial condition. Furthermore, given that tax laws and regulations in the various jurisdictions in which Bekaert operates often do not provide clear-cut or definitive guidance, Bekaert and its subsidiaries' structure, business conduct and tax regime is based on Bekaert's interpretations of the tax laws and regulations in Belgium and the other jurisdictions in which Bekaert and its subsidiaries operate.</p> <p>Although supported by tax consultants and specialists, Bekaert cannot guarantee that such interpretations will not be questioned by the relevant tax authorities or that the relevant tax and export laws and regulations in some of these countries will not be subject to change (in particular in the context of the rapidly changing international tax environment), varying interpretations and inconsistent enforcement, which could adversely affect Bekaert's effective tax rate, results of operations and financial condition. It is Bekaert's practice to recognize provisions (per entity) for certain potential tax liabilities.</p> <p>Bekaert is exposed to a credit risk on its contractual and trading counterparties</p> <p>Bekaert is subject to the risk that the counterparties with whom it conducts its business (including in particular its customers) and who have to make payments to Bekaert are unable to make such payment in a timely manner or at all. While Bekaert has determined a credit policy which takes into account the risk profiles of the customers and the markets to which they belong, this policy can only limit some of its credit risks. If amounts that are due to Bekaert are not paid or not paid in a timely manner, this may not only impact its current trading and cash-flow position but also its financial and commercial position. Bekaert has a credit insurance policy in place to limit such risks.</p>
Country risks	<ul style="list-style-type: none"> <p>Bekaert faces asset and profit concentration risks in China</p> <p>While Bekaert is a truly global company with a global network of manufacturing platforms and sales and distribution offices, reducing the asset and profit concentration to a minimum, it still faces a risk of asset and profit concentration in certain locations (such as Jiangyin, China). In the case another risk would materialize, such as a political, social or pandemic risk, or an environmental risk with major damage, then the risk of asset and profit concentration could materialize. As part of a business continuity plan, Bekaert has measures in place to reduce this risk through back-up scenarios and delivery approvals from other locations. For example, in highly regulated sectors such as the automotive sector, Bekaert aims to have more than one production plant approved to supply the tire makers.</p> <p>Bekaert is exposed to the political and economical instability in Venezuela</p> <p>In Venezuela, Bekaert's activities have been affected in the past years due to shortages of raw material, power supply, and the extreme devaluation of the currency. Bekaert has over the past years downsized the business in Venezuela and the assets on Venezuelan soil have been impaired since 2010 in order to minimize any outstanding risk.</p> <p>In spite of the political and monetary instability, management was able to keep the company operational and hence concluded that it is still in control. At year-end 2019, the cumulative translation adjustments amount to € -59.7 million, which - in the case of loss of control - would be recycled to income statement.</p>

An effective internal control and ERM framework is necessary to reach a reasonable level of assurance related to Bekaert's financial reports and in order to prevent fraud. Internal control on financial reporting cannot prevent or trace all errors due to limits peculiar for control, such as possible human errors, misleading or circumventing controls, or fraud. That is why an effective internal control only generates reasonable assurance for the preparation and the fair presentation of the financial information. Failure to pick up an error due to human errors, misleading or circumventing controls, or fraud could negatively impact Bekaert's reputation and financial results.

This may also result in Bekaert failing to comply with its ongoing disclosure obligations.