

CORPORATE GOVERNANCE STATEMENT

On 1 January 2020, the 2020 Belgian Code on Corporate Governance (the “Code 2020”) and the new Belgian Code on Companies and Associations (the “BCCA”) entered into force and became applicable to Bekaert. The Bekaert Corporate Governance Charter and the Articles of Association of the Company were amended to bring both of them in line with the Code 2020 and the BCCA.

Bekaert complies with the provisions of the Code 2020, except with provisions 7.3 and 7.6.

Contrary to provision 7.3 of the Code 2020 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 did not yet do so. Bekaert waited for the implementation of the European Shareholder Rights Directive II⁽¹⁾ into Belgian law and will submit its remuneration policy to the Annual General Meeting of 12 May 2021.

Contrary to provision 7.6 of the Code 2020 according to which non-executive Directors should receive part of their remuneration in the form of shares in the Company, non-executive Directors of Bekaert are recommended, but not required, to hold the value of one fixed annual fee in Bekaert shares during the period of their tenure. Despite the non-mandatory character of this shareholding principle, Bekaert believes that the long-term view of shareholders is fairly represented at the Board considering that the Chairman is partly remunerated in Bekaert shares subject to a three year lock-up and that the non-executive Directors who are appointed upon nomination by the reference shareholder already hold Bekaert shares (or certificates relating thereto).

The Code 2020 is available at www.corporategovernancecommittee.be.

The Bekaert Corporate Governance Charter is available at www.bekaert.com.

⁽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.

Board of Directors

The Company has adopted the one-tier governance structure: the primary decision-making body is 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 BCCA and provision 3.5 of the Code 2020: Henriette Fenger Ellekrog (first appointed in 2020), Colin Smith (first appointed in 2018), Eriikka Söderström (first appointed in 2020), Jürgen Tinggren (first appointed in 2019) and Mei Ye (first appointed in 2014).

The Board of Directors met on ten occasions in 2020: there were six regular meetings and four 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 2020:

- » the corporate strategy and strategic projects;
- » the budget for 2021;
- » the succession planning at the Board and Executive Management levels;
- » the Covid-19 pandemic: impact on the Group, mitigation measures and specific actions (such as, the Annual General Meeting behind closed doors, the reduction of dividend over financial year 2019);
- » the restructuring process and plan in Belgium;
- » the issuance of 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 ⁽²⁾	Number of regular/extraordinary meetings attended
Chairman				
Jürgen Tinggren ⁽¹⁾	May 2019	May 2023	NV Bekaert SA	10
Chief Executive Officer				
Oswald Schmid	May 2020	May 2022	NV Bekaert SA	7
Matthew Taylor	May 2014	May 2020	NV Bekaert SA	2
Members nominated by the principal shareholder				
Gregory Dalle	May 2015	May 2023	Managing Director, Credit Suisse, division Investment Banking and Capital Markets (UK)	10
Charles de Liedekerke	May 1997	May 2022	Director of companies	9
Christophe Jacobs van Merlen	May 2016	May 2024	Managing Director, Bain Capital Private Equity (Europe), LLP (UK)	9
Hubert Jacobs van Merlen	May 2003	May 2022	Director of companies	10
Caroline Storme	May 2019	May 2023	R&D Finance Lead Neurology at UCB (Belgium)	10
Emilie van de Walle de Ghelcke	May 2016	May 2024	Senior Legal Counsel, Sofina (Belgium)	10
Henri Jean Velge	May 2016	May 2024	Director of Companies	10
Independent Directors				
Celia Baxter	May 2016	May 2020	Director of companies	2
Henriette Fenger Ellekrog	May 2020	May 2021	Chief Human Resources Officer, Ørsted	6
Pamela Knapp	May 2016	May 2020	Director of companies	4
Colin Smith	May 2018	May 2022	Independent director of and advisor to companies	9
Eriikka Söderström	May 2020	May 2021	Chief Financial Officer, F-Secure	6
Mei Ye	May 2014	May 2022	Independent director of and advisor to companies	10

⁽¹⁾ Jürgen Tinggren is an independent Director.

⁽²⁾ 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. His mandate as Director was confirmed by the Annual General Meeting of 13 May 2020.

Committees of the Board of Directors

Since 1 January 2020, the Board of Directors has two advisory Committees.⁽¹⁾

Audit, Risk and Finance Committee

The Audit, Risk and Finance Committee is composed in accordance with Article 7:99 of the BCCA and provision 4.3 of the Code 2020: all of its four members are non-executive Directors and two of its members, Eriikka Söderström and Jürgen Tinggren, are independent. Eriikka Söderström's competence in accounting and auditing is demonstrated by her position as Chief Financial Officer of F-Secure and her former finance roles in Nokia Networks, Nokia Siemens Networks, Oy Nautor ab, Vacon Plc and Kone Corporation. The members of the Committee have a collective expertise relevant to the sector in which the Company is operating. Hubert Jacobs van Merlen has been appointed by the members of the Committee as the chairman.

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	5
Charles de Liedekerke	2022	5
Eriikka Söderström ⁽¹⁾	2021	3
Jürgen Tinggren	2023	5
Pamela Knapp ⁽²⁾	2020	2

⁽¹⁾ As of the Annual General Meeting in May 2020.

⁽²⁾ Until the Annual General Meeting in May 2020.

The Committee had four regular and one extraordinary meeting in 2020. The Statutory Auditor attended two meetings. 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 issuance of retail bonds;
- » the mandatory auditor rotation in 2021;
- » internal control and risks.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is composed as required by Article 7:100 of the BCCA: 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	2023	4
Henriette Fenger Ellekrog ⁽¹⁾	2021	2
Christophe Jacobs van Merlen	2024	4
Celia Baxter ⁽²⁾	2020	2

⁽¹⁾ As of the Annual General Meeting in May 2020.

⁽²⁾ Until the Annual General Meeting in May 2020.

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

The Committee met four times in 2020. In addition to its statutory powers and its powers under the Bekaert Corporate Governance Charter, the Committee discussed the following main subjects:

- » talent, leadership and culture;
- » succession planning at Board and Executive Management levels;
- » the remuneration report;
- » the remuneration policy;
- » the variable remuneration for the Chief Executive Officer and the other members of the Executive Management for their performance in 2019;
- » target setting for 2020;
- » the base remuneration for the Chief Executive Officer and the other members of the Executive Management for 2020.

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.

⁽¹⁾ The Board of Directors decided to abolish its (i) Strategic Committee immediately following the entry into force of the new Articles of Association; and (ii) the BBRG Committee as of 2020, considering the further integration of BBRG in the Bekaert Group.

Mid-2020 a self-assessment was conducted of the Board of Directors, focusing on the role and responsibilities of the Board and the Board Committees, Board meetings, Board composition and teamwork, relationship with management, relationship with shareholders, and overall Board effectiveness.

Executive Management

The Board of Directors has delegated special operational powers to the Bekaert Group Executive (BGE), under the leadership of the Chief Executive Officer. The BGE has sub-delegated certain of these operational powers to individuals within their functional or operational responsibility.

The BGE is composed of members representing the global Business Units and the global functions.

Matthew Taylor retired from his position as Chief Executive Officer with effect as of 12 May 2020. As of 12 May 2020, Oswald Schmid acted as the interim Chief Executive Officer, pending the appointment of a new Chief Executive Officer. On 2 March 2021, the Board of Directors has appointed Oswald Schmid as Chief Executive Officer.

Rajita D'Souza left the Company per 31 December 2020. Kerstin Artenberg joined the Company as new Chief Human Resources Officer on 8 February 2021.

On 1 April 2021, Yves Kerstens will join Bekaert as Divisional CEO Specialty Businesses and Chief Operations Officer. Jun Liao will take up the role of China CEO and lead the China Transformation Office in addition to his current responsibilities as country manager for China.

Name	Position	Appointed
Matthew Taylor ⁽¹⁾	Chief Executive Officer	2013
Oswald Schmid	Chief Executive Officer ⁽²⁾ and Chief Operations Officer	2019
Taoufiq Boussaid	Chief Financial Officer	2019
Rajita D'Souza ⁽³⁾	Chief Human Resources Officer	2017
Kerstin Artenberg ⁽⁴⁾	Chief Human Resources Officer	2021
Juan Carlos Alonso	Chief Strategy Officer	2019
Curd Vandekerckhove	Divisional CEO Bridon-Bekaert Ropes Group	2012
Arnaud Lesschaeve	Divisional CEO Rubber Reinforcement	2019
Jun Liao	Divisional CEO Specialty Businesses	2018
Stijn Vanneste	Divisional CEO Steel Wire Solutions	2016

⁽¹⁾ Until 12 May 2020.

⁽²⁾ Interim Chief Executive Officer as of 12 May 2020 and Chief Executive Officer as of 2 March 2021.

⁽³⁾ Until 31 December 2020.

⁽⁴⁾ As of 8 February 2021.

Diversity

At Bekaert, we believe in working together to achieve better performance. As a truly global company, we embrace diversity across all levels in the organization, which is a major source of strength for our 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 68 different nationalities in 42 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	8	7	54%
BGE	8	7	6	75%

⁽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.

Bekaert adopts a recruitment and promotion policy that aims to gradually generate more diversity, including gender diversity.

	# people	% male	% female
Board of Directors	13	62%	38%
BGE	8	87%	13%

By 2030, 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	8	50%	50%

More information on diversity is available in the separate [Sustainability Report](#), issued on 26 March 2021.

Conduct policies

Statutory conflicts of interest in the Board of Directors

In accordance with Article 7:96 of the BCCA, a member of the Board of Directors should give the other members prior notice of any agenda items in respect of which he/she 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 2020. The provisions of Article 7:96 of the BCCA were complied with.

On 3 March 2020, the Board discussed and had to vote on the short-term variable remuneration of the Chief Executive Officer on account of his 2019 performance (€ 623 102), his base salary and his individual targets for 2020.

Excerpt from the minutes:

RESOLUTION

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

- » *approves the proposed short-term variable remuneration payable to the Chief Executive Officer on account of his 2019 performance;*
- » *resolves not to increase the base salary for the CEO.*

RESOLUTION

On the motion of the Nomination and Remuneration Committee, the Board approves the proposed short-term variable remuneration objectives for the CEO in respect of 2020.

On 19 November 2020, the Board of Directors discussed and had to vote on a discretionary bonus for the interim Chief Executive Officer.

Excerpt from the minutes:

RESOLUTION

Upon the recommendation of the Nomination and Remuneration Committee, the Board approves a discretionary bonus of € 155 000 to be paid to the interim CEO after one year of service as interim CEO (to be prorated if his role as interim CEO will actually be shorter or longer than one year).

The Board of Directors discussed the succession of the Chief Executive Officer at several occasions. The Chief Executive Officer and the interim Chief Executive Officer refrained from participating at these discussions.

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 7:96 of the BCCA. Those members are deemed to be related parties to Bekaert and have to report 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 2020 (cf. Note 7.4 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 in October 2020.

The Bekaert Code of Conduct describes how the Bekaert values (We act with integrity – We earn trust – We are irrepensible!) 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

The Board of Directors has adopted the Bekaert Dealing Code on 28 July 2016, 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

In accordance with article 7:89/1 of the BCCA, the Board of Directors will submit a remuneration policy for the members of the Board of Directors and the Executive Management (members of the BGE), applicable as from 1 January 2021, to the vote of its shareholders at the General Meeting of Shareholders on 12 May 2021.

The Company will publish its remuneration policy on its website after the vote, together with the results of the vote. Any material change to this policy will then have to be approved by the General Meeting of Shareholders, on the motion of the Board of Directors, acting upon proposal from the Nomination and Remuneration Committee ("NRC").

Therefore, any reference to "remuneration policy" in the text below is covering the description of the procedure used in 2020 for developing and setting the remuneration of the members of the Board of Directors and the BGE; and should not be seen as the formal implementation of the remuneration policy in accordance with article 7:89/1 of the BCCA.

1. Description of the procedure used in 2020 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 has been determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the NRC. The policy was approved by the Annual General Meeting of 10 May 2006 and amended by the Annual General Meetings of 11 May 2011, 14 May 2014 and of 13 May 2020.

The remuneration policy and the remuneration for the Chief Executive Officer has been determined by the Board of Directors, acting upon proposals from the NRC. The Chief Executive Officer is absent from this process, and does not take part in the voting nor the deliberations in this regard. The NRC 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 has been determined by the Board of Directors acting upon proposals from the NRC. The Chief Executive Officer has an advisory role in this process. The NRC 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 2020 for the Board of Directors and members of the BGE

Board of Directors

PURPOSE AND LINK TO STRATEGY

Remuneration is set at a level that is sufficient to attract non-executive Directors with competences required to match the Company's international ambition. They are set to reward non-executive Directors for their role as Board member and specific role as Chairman of the Board, or Chairman or member of the Board Committees, as well as their resulting responsibilities and commitments in time.

OPERATION

Chairman of the Board of Directors

- » The remuneration of the Chairman is determined at the beginning of his term of office, and is in principle set for the duration of such term.
- » The remuneration of the Chairman is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the NRC.
- » Fees are paid partly in cash and partly in Company shares, subject to a three-year holding period from grant date.

Other non-executive Directors

- » The remuneration of the other non-executive Directors is determined for the running financial year.
- » The remuneration of the other non-executive Directors is determined by the General Meeting of Shareholders on the motion of the Board of Directors, acting upon proposals from the NRC.
- » Fees are paid in cash, but with the option each year to receive part (0%, 25% or 50%) in Company shares.

The remuneration of the Chairman and of the other non-executive Directors is regularly benchmarked with a selected panel of relevant publicly traded industrial Belgian and international companies of similar size and complexity.

Executive Director

Without prejudice to his remuneration in his capacity as Executive Manager, the Chief Executive Officer is not entitled to receive remuneration for his mandate as executive Director.

FEE STRUCTURE

A modular fee structure is applied for non-executive Directors to ensure that the remuneration fairly reflects their role as Board member and specific role as Chairman of the Board of Directors, or Chairman or member of the Board Committees, as well as their resulting responsi-

bilities and commitment in time.

The remuneration of the Chairman of the Board of Directors is set as follows:

- » 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 are granted on the last trading day of May of the relevant year and are blocked for a period of three years as from the grant date.

The remuneration of each non-executive Director, except the Chairman, is set as follows:

- » a fixed amount of € 70 000 for the performance of the duties as a member of the Board;
- » a fixed amount of € 20 000 for the performance of the duties as member or Chairman of a Board Committee, and an additional fixed amount of € 5 000 for the Chairman of the Audit, Risk and Finance Committee.
- » The fixed amounts for Board Committee membership or Board Committee chairing are paid on top of the fixed amount for performance of duties as a member of the Board.

PERFORMANCE MEASURES

The Chairman and the other non-executive Directors do not receive any performance-related remuneration that is directly related to the results of the Company. They are not entitled to participate in any of the Company's incentive plans and do not receive stock options or pension benefits.

SHAREHOLDING

Contrary to provision 7.6 of the Code 2020 according to which non-executive Directors should receive part of their remuneration in the form of shares in the Company, non-executive Directors are recommended, but not required, to hold the value of one fixed annual fee in Company shares during the period of their tenure.

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).

OTHER ITEMS

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.

Members of the BGE

PURPOSE AND LINK TO STRATEGY

The Company 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. Remuneration is set to reward Executive Managers for performance that creates positive short-term and long-term business results and value creation for the Company.

Executive remuneration consists out of fixed pay, benefits and allowance, short-term incentives and long-term incentives. In addition, Executive Managers are required to build and retain a minimum personal holding in Company shares.

- » Fixed pay is the fixed remuneration paid to an Executive Manager for responsibilities of the job. The Company aims to ensure fixed pay is competitive compared with median market practice. The Executive Manager's potential for further growth, as well as sustained past performance, drive how fixed pay evolves over time.
- » Short-term incentives aim to motivate Executive Managers to support and drive the Company's short-term goals considering a one-year performance horizon. Company overall performance, business unit performance and individual performance drive the ultimate outcome.
- » Long-term incentives reward Executive Managers for contributing to the achievement of the Company's long-term strategy considering a three-year performance horizon. Performance metrics are objective financial metrics aligned with the Company strategy.
- » Benefits and allowance are aligned with local practice and local policies; they are designed to be competitive and cost effective. This includes pension benefits aiming to support Executive Managers in their retirement planning.
- » A minimum personal shareholding requirement aims to align the interest of the Executive Managers with those of the long-term shareholders by creating a link between their personal wealth and the Company's long-term performance. This is facilitated by a voluntary share-matching program.

The remuneration of the Executive Management is benchmarked periodically, but not annually, with a selected panel of relevant publicly traded industrial Belgian and international references.

Executive remuneration is aligned with the remuneration policy of the Group.

REMUNERATION STRUCTURE

Executive remuneration consists out of fixed pay, benefits and allowance, short-term incentives and long-term incentives. In addition, Executive Managers are required to build and retain a minimum personal holding in Company shares.

OPERATION

The remuneration of both the Chief Executive Officer (in his capacity as Executive Manager) and the other BGE members is determined by the Board of Directors acting on a reasoned recommendation from the NRC.

Fixed pay

- » Fixed pay is set by the Board on the recommendation of the NRC with reference to a selected peer group.
- » Annual increases are decided by the Board on the recommendation of the NRC, and are generally aligned with the average salary increases applying to the broader employee population unless there were significant changes to an individual's role and/or responsibilities during the year.

Short-term incentives ("STI")

- » STI for Executive Managers are fully aligned with the Bekaert Variable Pay Plan for all managers worldwide.
- » STI is earned by reference to performance from 1 January to 31 December, and is paid after the year-end of the financial year to which it relates.
- » Objectives are set by the Board of Directors at the beginning of the year upon the recommendation of the NRC. 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.

Long-term incentives ("LTI")

- » Executive Managers participate in the Bekaert Performance Share Plan for all senior managers worldwide.
- » Performance share units are granted each year and represent a conditional Company share that vests after three years upon achievement of pre-set performance conditions.
- » At the beginning of each three-year performance period, the NRC recommends a set of performance criteria based on objective financial metrics derived from the long-term business plan. Those three-year performance criteria are documented and submitted by the NRC to the full Board of Directors for approval.
- » 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.

- » Vested performance share units are delivered in the financial year following the performance period. In Europe, this is delivered in Company shares whereas in the rest of the world this is paid in cash.
- » 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.

PERFORMANCE MEASURES

- » The set of performance criteria used to evaluate the STI is a basket of financial targets (gross profit, underlying EBITDA 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 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.

OPPORTUNITY

- » The target value of the STI 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 target value of the LTI 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 three years.

MINIMUM SHAREHOLDING REQUIREMENT

The Chief Executive Officer and the other members of the BGE are required to build a personal shareholding in Company shares within five years from the time of appointment, and to maintain this level for the full period of appointment.

In order to facilitate this, the Company offers a voluntary share-matching plan. The Company matches a personal

investment in Company shares in a given year (up to a maximum 15% of actual gross STI) with a direct grant of Company shares in the third calendar year following this investment, provided the Executive Manager holds on the personal shares.

In case the BGE member leaves the Company before the end of the holding period, the Company will match 1/3rd per started calendar year. No matching occurs in case of resignation or termination for cause.

The retention period for matching shares expires three years after granting these shares in so far the minimum shareholding requirement has been met.

3. Remuneration of the non-executive Directors in respect of 2020

The amount of the remuneration granted directly or indirectly to the non-executive Directors, by the Company or its subsidiaries, in respect of 2020 is set forth on an individual basis below. The non-executive Directors only receive fixed remuneration, partially paid out in cash and partially in shares (cfr. section 4).

in €	Period covering fixed amount	Fixed amount for performance of duties as a member of the Board	Fixed amount for Board Committee membership and/or chairing	Total
Jürgen Tinggren ⁽¹⁾	01.01.2020 - 31.12.2020	450 000 ⁽²⁾	n.a.	450 000
Charles de Liedekerke ⁽³⁾	01.01.2020 - 31.12.2020	63 000	20 000	83 000
Hubert Jacobs van Merlen ⁽⁴⁾	01.01.2020 - 31.12.2020	63 000	25 000	88 000
Mei Ye	01.01.2020 - 31.12.2020	63 000 ⁽²⁾		63 000
Gregory Dalle	01.01.2020 - 31.12.2020	63 000 ⁽²⁾		63 000
Emilie van de Walle de Ghelcke	01.01.2020 - 31.12.2020	63 000 ⁽²⁾		63 000
Christophe Jacobs van Merlen ⁽⁵⁾	01.01.2020 - 31.12.2020	63 000 ⁽²⁾	20 000	83 000
Henri Jean Velge	01.01.2020 - 31.12.2020	63 000 ⁽²⁾		63 000
Colin Smith	01.01.2020 - 31.12.2020	63 000		63 000
Caroline Storme	01.01.2020 - 31.12.2020	63 000		63 000
Henriette Fenger Ellekrog ⁽⁵⁾	13.05.2020 - 31.12.2020	31 500	10 000	41 500
Eriikka Söderström ⁽³⁾	13.05.2020 - 31.12.2020	31 500	10 000	41 500
Celia Baxter ⁽⁵⁾	01.01.2020 - 13.05.2020	31 500	10 000	41 500
Pamela Knapp ⁽³⁾	01.01.2020 - 13.05.2020	31 500	10 000	41 500
Total Directors' Remuneration				1 248 000

⁽¹⁾ Chairman, Chairman of the Nomination and Remuneration Committee, member of the Audit, Risk and Finance Committee.

⁽²⁾ Combination of a cash payment and a share grant, reference is made to section 4 for more details

⁽³⁾ Member of the Audit, Risk and Finance Committee

⁽⁴⁾ Chairman of the Audit, Risk and Finance Committee

⁽⁵⁾ Member of the Nomination and Remuneration Committee

Upon proposal of the Board of Directors, the fixed amount with respect to 2020 for performance of duties as a member of the Board was reduced with 10% in light of the possible impact of the Covid-19 pandemic, and in line with the salary reduction implemented for the Executive and Senior Management. Also for the Chairman the 10% reduction was applied in calendar year 2020. This reduction is already reflected in the table above.

4. Share-based remuneration for non-Executive Directors

The fixed fee of the Chairman is paid partly in cash and partly in Company shares, subject to a three-year holding period from grant date.

For the other non-executive Directors, the fixed fee for performance of duties as a member of the Board are paid in cash, but with the option each year to receive part (0%, 25% or 50%) in Company shares.

Set out below are the number of Company shares granted to non-executive Directors in 2020.

Non-executive Director	Percentage shares	Gross amount in €	Number of shares after taxes	End retention period
Chairman				
Jürgen Tinggren	60%	270 000	6 627	29/05/2023
Non-executive Directors nominated by the principal shareholder				
Gregory Dalle	50%	31 500	943	n.a.
Charles de Liedekerke	0%	0	0	n.a.
Christophe Jacobs van Merlen	50%	31 500	912	n.a.
Hubert Jacobs van Merlen	0%	0	0	n.a.
Caroline Storme	0%	0	0	n.a.
Emilie van de Walle de Ghelcke	25%	15 750	393	n.a.
Henri Jean Velge	50%	31 500	786	n.a.
Independent non-executive Directors				
Celia Baxter	Not applicable			
Henriette Fenger Ellekrog	0%	0	0	n.a.
Pamela Knapp	Not applicable			
Collin Smith	0%	0	0	n.a.
Eriikka Söderström	0%	0	0	n.a.
Mei Ye	25%	15 750	375	n.a.
Total		396 000	10 036	

5. Remuneration of the Chief Executive Officer in respect of 2020 in his capacity as executive Director

Without prejudice to their remuneration in their capacity as Executive Manager, the Chief Executive Officer and the Interim Chief Executive Officer did not receive remuneration for their mandate as executive Director.

6. Remuneration of the Chief Executive Officer in respect of 2020

The amount of the remuneration and other benefits granted directly or indirectly to the Chief Executive Officer and the Interim Chief Executive Officer, by the Company or its subsidiaries, in respect of 2020 for his (Interim) Chief Executive Officer role is set forth below:

	Chief Executive Officer	Interim Chief Executive Officer	Total	Comments
	Matthew Taylor	Oswald Schmid		
Period	01.01.2020 12.05.2020	12.05.2020 31.12.2020		
Fixed pay	316 538	353 026	669 564	Includes base remuneration as well as foreign director fees and the extra responsibility premium for the Interim CEO
STI	0	312 500	312 500	Annual variable remuneration, based on 2020 performance
LTI	0	0	0	Value of vested performance share units (performance period 2017-2019) and vested stock options.
Pension	70 088	49 212	119 300	Defined Contribution and Cash Balance pension plans
Share-matching	83 829	0	83 829	2020 Company matching of 2018 personal investment in Company shares (4 634 units matched)
Other remuneration elements	20 923	19 411	40 334	Includes company car and risk insurances
Total remuneration	491 378	734 149	1 225 527	
Variable remuneration expressed as % of total	17%	43%	32%	Sum of STI, LTI and Share-Matching
Fixed remuneration expressed as % of total	83%	57%	68%	Sum of Fixed Pay, Pension and Other

Fixed pay of Executive and Senior Management, including the Chief Executive Officer and the Interim Chief Executive Officer, was reduced with 10% in the context of Covid-19 as an act of solidarity with employees impacted by unemployment following the pandemic. This reduction is already reflected in the above table.

The evaluation of STI performance criteria over 2020 leads to a payout of 145% versus target for the Interim Chief Executive Officer. The underlying performance measures for 2020 were linked with financial targets (gross profit, underlying EBITDA, working capital), non-financial targets (improvement on engaged and empowered teams) combined with specific individualized objectives. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information. In accordance with the plan rules of the variable pay plan, no STI has been paid to the former Chief Executive Officer in relation to 2020.

The vesting criterion with regard to the performance share units issued in December 2017, in relation to the 2018-2020 performance horizon, did not meet the threshold level. As a consequence none of the performance share units granted in December 2017 vested in 2020. The underlying performance measures were linked with EBITDA growth targets and a cumulative cash flow target. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information.

The exercise price of stock options in relation to the previous long-term incentive plans which vested in 2020 was lower than the closing price of a Company share upon vesting date.

7. Remuneration of the other members of the BGE in respect of 2020

The amount of the remuneration and other benefits granted directly or indirectly to the BGE members other than the Chief Executive Officer and the Interim Chief Executive Officer, by the Company or its subsidiaries, in respect of 2020 is set forth below on a global basis.

	Remuneration	Comments
Fixed pay	2 814 284	Includes base remuneration as well as foreign director fees
STI	2 224 981	Annual variable remuneration, based on 2020 performance
LTI	0	Value vested performance share units (performance period 2017-2019) and vested stock options or stock appreciation rights
Pension	626 099	Defined Contribution, Defined Benefit and Cash Balance pension plans
Share-matching	91 307	2020 Company matching of 2018 personal investment in Company shares (3 206 units matched)
Other remuneration elements	401 391	Includes company car, risk insurances, school fees and housing allowance
Total remuneration	6 158 062	
Variable remuneration expressed as % of total	38%	Sum of STI, LTI and Share-Matching
Fixed remuneration expressed as % of total	62%	Sum of Fixed Pay, Pension and Other

The remuneration of Oswald Schmid in his capacity of Chief Operations Officer up to 12 May 2020 is included in the above table, whilst his remuneration in his capacity as Chief Operations Officer and Interim Chief Executive Officer as of 12 May 2020 is included in section 6 above.

Fixed pay of Executive and Senior Management was reduced with 10% in the context of Covid-19 as an act of solidarity with employees impacted by unemployment following the pandemic. This reduction is already reflected in the above table.

The evaluation of STI performance criteria over 2020 leads to a payout of 125% (weighted average) versus target for the other members of the BGE. The underlying performance measures were linked with financial targets (gross profit, underlying EBITDA, working capital), non-financial targets (improvement on engaged and empowered teams) combined with specific individualized objectives. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information.

The vesting criterion with regard to the performance share units issued in December 2017, in relation to the 2018-2020 performance horizon, did not meet the threshold level. As a consequence, none of the performance share units granted in December 2017 vested in 2020. The underlying performance measure was linked with the increase of the share price. The Company does not disclose the actual targets per criterion, as this would require the disclosure of commercially sensitive information.

The exercise price of stock options in relation to the previous long-term incentive plans which vested in 2020 was lower than the closing price of a Company share upon vesting date.

The pension expense captures a combination of several pension arrangements in place in the different work locations of the BGE members; being Belgium, France and China. The amount mentioned in the above table represents the annual employer contribution for the relevant defined contributions plans, the accrued pay credit for the relevant cash balance plan, the employer contribution into the mandatory second pillar arrangements and IAS19 service cost for defined benefit plans with a collective funding basis.

8. Share-based remuneration for members of the BGE

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.

Performance Share Units

Performance share units related to the performance period 2020-2022 have been granted to the Executive Management on 21 January 2020. Company financials retained as performance targets covering the 2020-2022 performance period are EBITDA Underlying growth and elements of cumulative cash flow.

Because of the exceptional circumstances caused by Covid-19, the Board of Directors has amended the long-term incentive targets for the period 2020-2022 with respect to the performance share units that have been granted in January 2020.

The tables below set forth the overview of share-based remuneration granted to BGE members, including the main characteristics of each plan.

Plan Name	Performance Period	Performance Measures	Grant Date	Vesting Date	Number of PSU granted	Number of unvested PSU start of year	Granted	Forfeited/Expired	Delivered	Number of unvested PSU end of year
Matthew Taylor - Chief Executive Officer										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	6 500	6 500	0	(6 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	32 671	32 671	0	(10 890)	0	21 781
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	27 683	0	27 683	(18 455)	0	9 228
					TOTAL	39 171	27 283	(35 846)	0	31 008
Oswald Schmid - Interim Chief Executive Officer (as of 12 May 2020) and Chief Operations Officer										
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 957	0	10 957	0	0	10 957
					TOTAL	0	10 957	0	0	10 957
Taufiq Boussaid - Chief Financial Officer										
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	26/07/2019	31/12/2021	10 478	10 478	0	0	0	10 478
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	9 810	0	9 810	0	0	9 810
					TOTAL	10 478	9 810	0	0	20 288
Rajita D'Souza - Chief Human Resources Officer										
PSP 2015-2017	2018-2020	Share price	01/09/2017	31/12/2020	5 000	5 000	0	(5 000)	0	0
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	2 500	2 500	0	(2 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	11 897	11 897	0	(11 897)	0	0
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 271	0	10 271	(10 271)	0	0
					TOTAL	19 397	10 271	(29 668)	0	0
Juan Carlos Alonso - Chief Strategy Officer										
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	26/07/2019	31/12/2021	9 391	9 391	0	0	0	9 391
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	8 409	0	8 409	0	0	8 409
					TOTAL	9 391	8 409	0	0	17 800
Curd Vandekerckhove – Div. CEO BBRG										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	2 500	2 500	0	(2 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	11 962	11 962	0	0	0	11 962
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 447	0	10 447	0	0	10 447
					TOTAL	14 462	10 447	(2 500)	0	22 409
Stijn Vanneste – Div. CEO SWS										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	2 500	2 500	0	(2 500)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	9 321	9 321	0	0	0	9 321
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	8 378	0	8 378	0	0	8 378
					TOTAL	11 821	8 378	(2 500)	0	17 699

Plan Name	Performance Period	Performance Measures	Grant Date	Vesting Date	Number of PSU granted	Number of unvested PSU start of year	Granted	Forfeited/Expired	Delivered	Number of unvested PSU end of year
Arnaud Lesschaeve – Div. CEO RR										
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	26/07/2019	31/12/2021	6 142	6 142	0	0	0	6 142
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	9 428	0	9 428	0	0	9 428
					TOTAL	6 142	9 428	0	0	15 570
Jun Liao – Div. CEO SPB										
PSP 2015-2017	2018-2020	Share price	21/12/2017	31/12/2020	1 250	1 250	0	(1 250)	0	0
PSP 2018-2020	2019-2021	EBITDA-U & Cum. CF	15/02/2019	31/12/2021	12 663	12 663	0	0	0	12 663
PSP 2018-2020	2020-2022	EBITDA-U & Cum. CF	21/01/2020	31/12/2022	10 997	0	10 997	0	0	10 997
					TOTAL	13 913	10 997	(1 250)	0	23 660

Stock Options

Set out below are the number of stock options exercised or forfeited in 2020 in relation to the previous long-term incentive plans for BGE members. Where applicable, the table includes grants made prior to BGE appointment.

The options have been 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 2020 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.

Plan Name	Main plan characteristics						Movement over 2020			
	Offer date	Grant date	Vesting Date	End exercise period	Number of options granted	Exercise price (in €)	Number of SOP start of year	Forfeited/Expired	Exercised	Number of SOP end of year
Matthew Taylor – Chief Executive Officer										
SOP 2010-2014	19/12/2013	17/02/2014	01/01/2017	18/12/2023	80 000	25.380	60 000	0	0	60 000
SOP 2010-2014	18/12/2014	16/02/2015	01/01/2018	17/12/2024	86 000	26.055	86 000	0	0	86 000
SOP 2015-2017	17/12/2015	15/02/2016	01/01/2019	16/12/2025	25 000	26.375	25 000	0	0	25 000
SOP 2015-2017	15/12/2016	13/02/2017	01/01/2020	14/12/2026	30 000	39.426	30 000	0	0	30 000
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	20 000	34.600	20 000	0	0	20 000
TOTAL							241 000	0	0	241 000
Oswald Schmid – Interim Chief Executive Officer and Chief Operations Officer										
None										
Taufiq Boussaid – Chief Financial Officer										
None										
Rajita D'Souza – Chief Human Resources Officer										
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	20 000	34.600	10 000	0	0	10 000
TOTAL							10 000	0	0	10 000
Juan Carlos Alonso – Chief Strategy Officer										
None										
Curd Vandekerckhove – Div. CEO BBRG										
SOP 2010-2014	29/03/2013	28/05/2013	01/01/2017	28/03/2023	15 000	21.450	15 000	0	0	15 000
SOP 2010-2014	19/12/2013	17/02/2014	01/01/2017	18/12/2023	14 000	25.380	14 000	0	0	14 000
SOP 2010-2014	18/12/2014	16/02/2015	01/01/2018	17/12/2024	15 000	26.055	15 000	0	0	15 000
SOP 2015-2017	17/12/2015	15/02/2016	01/01/2019	16/12/2025	10 000	26.375	10 000	0	0	10 000
SOP 2015-2017	15/12/2016	13/02/2017	01/01/2020	14/12/2026	15 000	39.426	15 000	0	0	15 000
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	9 000	34.600	9 000	0	0	9 000
TOTAL							78 000	0	0	78 000
Stijn Vanneste – Div. CEO SWS										
SOP 2010-2014	20/12/2012	18/02/2013	01/01/2016	20/12/2022	2 400	19.200	1 200	0	0	1 200
SOP 2010-2014	19/12/2013	17/02/2014	01/01/2017	18/12/2023	3 200	25.380	3 200	0	0	3 200
SOP 2010-2014	18/12/2014	16/02/2015	01/01/2018	17/12/2024	7 500	26.055	7 500	0	0	7 500
SOP 2015-2017	17/12/2015	15/02/2016	01/01/2019	16/12/2025	6 250	26.375	6 250	0	0	6 250
SOP 2015-2017	15/12/2016	13/02/2017	01/01/2020	14/12/2026	12 500	39.426	12 500	0	0	12 500
SOP 2015-2017	21/12/2017	20/02/2018	01/01/2021	20/12/2027	10 000	34.600	10 000	0	0	10 000
TOTAL							40 650	0	0	40 650
Arnaud Lesschaeve – Div. CEO RR										
None										
Jun Liao – Div. CEO SPB										
None, see overview stock appreciation rights										

Stock Appreciation Rights

Set out below are the number of stock appreciation rights exercised or forfeited in 2020 in relation to the previous long-term incentive plans for BGE members outside Europe.

The stock appreciation rights (or "SARs") have been granted to the beneficiaries free of charge. Each SAR entitles the holder the right to receive an amount in cash equal to the excess of the closing price of one Company share on the date of exercise over 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 thirty days prior to 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, SARs 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.

SARs that were exercisable in 2020 are based on the grants of the SAR Plans 2015-2017 and on the predecessor plans to the SAR Plans 2015-2017. All grants mentioned below have been made prior to Jun Liao's BGE appointment.

Plan Name	Main plan characteristics					Movement over 2020			
	Grant date	Vesting Date	End exercise period	Number SAR granted	Exercise price (in €)	Number of SAR start of year	Forfeited/Expired	Exercised	Number of SAR end of year
Jun Liao – Div. CEO SPB									
SAR Asia 2010-2014	18/12/2014	01/01/2018	17/12/2024	6 000	26.055	6 000	0	0	6 000
SAR Asia & Latam 2015-2017	17/12/2015	01/01/2019	16/12/2025	5 000	26.375	5 000	0	0	5 000
SAR Asia & Latam 2015-2017	15/12/2016	01/01/2020	14/12/2026	7 000	39.426	7 000	0	0	7 000
SAR Asia & Latam 2015-2017	21/12/2017	01/01/2021	20/12/2027	6 250	34.600	6 250	0	0	6 250
					TOTAL	24 250	0	0	24 250

Share-matching Plan

The table below sets forth the number of shares matched by the Company in 2020 in relation to the personal investment in Company Shares in March 2018 for BGE members:

Plan Name	Date personal investment	End holding period	Number of acquired shares	Number of PSR start of year	Acquired	Matched	Forfeited	Number of PSR end of year
Matthew Taylor – Chief Executive Officer								
PSR 2016	14/05/2018	31/12/2020	4 634	4 634	0	(4 634)	0	0
Oswald Schmid – Interim Chief Executive Officer, Chief Operations Officer								
PSR 2016	31/03/2020	31/12/2022	210	0	210	0	0	210
Taufiq Boussaid – Chief Financial Officer								
PSR 2016	31/03/2020	31/12/2022	1 038	0	1 038	0	0	1 038
Rajita D'Souza – Chief Human Resources Officer								
PSR 2016	14/05/2018	31/12/2020	441	441	0	(441)	0	0
PSR 2016	31/03/2020	31/12/2022	1 000	0	1 000	0	(1 000)	0
Juan Carlos Alonso – Chief Strategy Officer								
PSR 2016	31/03/2020	31/12/2022	971	0	971	0	0	971
Curd Vandekerckhove – Div. CEO BBRG								
PSR 2016	14/05/2018	31/12/2020	1 588	1 588		(1 588)	0	0
PSR 2016	31/03/2020	31/12/2022	2 413	0	2 413	0	0	2 413
Stijn Vanneste – Div. CEO SWS								
PSR 2016	14/05/2018	31/12/2020	1 177	1 177	0	(1 177)	0	0
PSR 2016	31/03/2020	31/12/2022	1 608	0	1 608	0	0	1 608
Arnaud Lesschaeve – Div. CEO RR								
PSR 2016	31/03/2020	31/12/2022	1 270	0	1 270	0	0	1 270
Jun Liao – Div. CEO SPB								
PSR 2016	31/03/2020	31/12/2022	2 256	0	2 256	0	0	2 256
TOTAL				7 840	10 766	(7 840)	(1 000)	9 766

9. Departure of Executive Managers

Matthew Taylor, former Chief Executive Officer, retired from the Company on 12 May 2020. In accordance with the contractual agreement, a payment in lieu of notice based on twelve months of remuneration has been paid by the Company whereby the remuneration basis includes fixed pay, final 2-year average of STI and the annual pension contribution.

Rajita D'Souza, former Chief Human Resources Officer, has decided to leave Bekaert as of 31 December 2020.

10. *Company's right of reclaim*

The Board of Directors 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 the Bekaert Code of Conduct or any other Bekaert compliance policies,
- » breach of restrictive covenants by which the individual has agreed to be bound,
- » fraud, gross misconduct or gross negligence by the individual, which results into significant losses or serious reputation damage to Bekaert.

The Board did not make use of this right in 2020.

11. *Executive remuneration in a wider context*

The main difference in remuneration policy between the Executive Management and employees in general, is the balance between fixed and performance-related remuneration such as short-term and long-term incentives. Overall, the percentage of performance related remuneration, in particular longer-term incentives, is greater for the Executive Management. This reflects that Executive Managers have greater freedom to act and the consequences of their decisions are likely to have a broader and more far-reaching time span of effect.

The remuneration for Executive Managers is however aligned with the remuneration structures of the broader group of employees:

- » The Group's managers share the same scorecard as the Executive Management for measuring the Group and business unit performance.
- » In addition, around 100 of the Group's senior managers receive performance share awards on terms that are similar to the conditions that apply to the members of the BGE.

The ratio of the highest remuneration of the members of the Board of Directors and the Executive Management to the lowest remuneration of the employees of NV Bekaert SA in Belgium (excluding BGE members) is 1:30.

The table below sets forth the average remuneration of the members of the Board of Directors and the Executive Management, the average remuneration of other employees (on a full-time equivalent basis) and some key financial Company metrics over the last 5 calendar years.

	2016	2017	2018	2019	2020
Company remuneration					
Non-executive Directors⁽¹⁾					
Average remuneration (€)	88 844	86 671	95 768	121 629	104 000
Year-on-year difference (%)	-4.9%	-2.4%	+10.5%	+27.0%	-14.5%
CEO					
Average remuneration (€)	1 773 510	1 562 907	1 135 011	1 787 480	1 225 527
Year-on-year difference (%)	+15.9%	-11.9%	-27.4%	+57.5%	-31.4%
Other BGE members					
Average remuneration (€)	824 562	901 307	609 540	748 023	839 736
Year-on-year difference (%)	+22.7%	+9.3%	-32.4%	+22.7%	+11.9%
Other employees⁽²⁾					
Average remuneration (€)	70 471	72 406	76 067	77 757	79 859
Year-on-year difference (%)	0%	+2.7%	+5.1%	+2.2%	+2.7%
Key Company metrics					
EBITDA-underlying					
Amount in million €	513	497	426	468	479
Year-on-year difference (%)	+17.7%	-3.1%	-14.3%	+9.9%	+2.4%
Sales					
Amount in million €	3 715	4 098	4 305	4 322	3 772
Year-on-year difference (%)	+1.2%	+10.3%	+5.1%	+0.4%	-12.7%
Working Capital					
Amount in million €	843	888	875	699	535
Year-on-year difference (%)	+3.7%	+5.3%	-1.5%	-20.1%	-23.5%
Company share price (as at 31 Dec)					
Share price (€)	38.48	36.45	21.06	26.50	27.16
Year-on-year difference (%)	+35.6%	-5.3%	-42.2%	+25.8%	+2.5%

(1) Through 2019, the remuneration of the Directors was based on the number of attended Board meetings

(2) Based on the average gross annual income of all employees of NV Bekaert SA in Belgium, excluding BGE members.

The average remuneration variations for BGE members are mainly driven by short-term, long-term and share programs, underlying fixed pay variation for BGE over a five-year period amounts to 1.1% per year.

12. Derogations from the procedures for implementing the remuneration policy

Because of the exceptional circumstances caused by Covid-19, the Board of Directors derogated from the remuneration policy in 2020 on the following elements of remuneration:

- » Fixed remuneration of both non-executive Directors and Executive Management was reduced with 10%;
- » The long-term incentive targets for the period 2020-2022 have been amended with respect to the performance share units that were granted in January 2020.

Contrary to the plan rules of the Stock Option Plan 2015-2017 whereby unvested SOPs can only be exercised in the first 12 months after vesting date, the unvested SOP grant as of 21 December 2017 for the former Chief Executive Officer will remain fully exercisable until 20 December 2027.

Shares

The Bekaert share in 2020

The Bekaert share gained 2.5% in 2020 when comparing the year-end closing price of 2020 with 2019, 9% above the performance of the reference index, Euronext Brussels BEL Mid. The Bekaert share outperformed the market indices since the publication of the third quarter trading update on 20 November 2020, which included a positive outlook on the company's performance for the full fiscal year 2020.



indexed view Bekaert versus Bel Mid

Share identification

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

Share performance

	2013	2014	2015	2016	2017	2018	2019	2020
Price as at 31 December (in €)	25.72	26.34	28.38	38.48	36.45	21.06	26.50	27.16
Price high (in €)	31.11	30.19	30.00	42.45	49.92	40.90	28.26	28.50
Price low (in €)	20.01	21.90	22.58	26.56	33.50	17.41	19.38	13.61
Price average closing (in €)	24.93	27.15	26.12	37.06	42.05	28.21	23.96	19.95
Daily volume	126 923	82 813	120 991	123 268	121 686	154 726	96 683	72 995
Daily turnover (in millions of €)	3.1	2.1	3.1	4.5	5.0	4.4	2.3	1.5
Annual turnover (in millions of €)	796	527	804	1 147	1 279	1 121	592	386
Velocity (% annual)	54	35	52	53	51	65	41	31
Velocity (% adjusted free float)	90	59	86	88	86	109	68	52
Free float (%)	59.9	55.7	56.7	59.2	59.6	59.3	59.3	59.5

Volumes traded

The average daily trading volume was about 73 000 shares in 2020. The volume peaked on 20 November, when 531 100 shares were traded.



On 31 December 2020, Bekaert had a market capitalization of € 1.6 billion and a free float market capitalization of € 1 billion. The free float was 59.51% 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 182 (Interests in share capital).

Stichting Administratiekantoor Bekaert (principal shareholder) owns 34.19% of the shares, while institutional and non-identified shareholders hold 36.69% of the shares. Retail represents 10.45%, Private Banking 12.36% and treasury shares 6.31%.

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 2020, the capital of the Company amounts to € 177 812 000 and is represented by 60 414 841 shares without par value. The shares are in registered or non-material form. All shares have the same rights.

Authorized capital

The Board of Directors has been authorized by the General Meeting of Shareholders of 13 May 2020 to increase the capital, in one or more times, with a maximum amount of

€ 177 793 000 (exclusive of the issue premium). The Board of Directors may use this authorization until 23 June 2025.

The Board of Directors is also expressly authorized to increase the capital, even after the date that the Company receives the notification from the Belgian Financial Services and Markets Authority (FSMA) that it has been informed of a public take-over bid for the Company's securities, within the limits authorized by the applicable legal provisions. This authorization shall be valid with regard to public takeover bids of which the Company receives the aforementioned communication at most three years after 13 May 2020.

Convertible bonds

The Board of Directors has made use of its powers under the authorized capital applicable at that time 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 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, 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 63 820. A total of 6 400 subscription rights were exercised in 2020 under the Stock Option Plan 2005-2009, resulting in the issue of 6 400 new Company shares, and an increase of the capital by € 19 000 and of the share premium by € 133 288.

On 31 December 2019, the Company held 3 873 075 own

shares. Of these 3 873 075 own shares, 63 541 shares were transferred in the course of 2020 (see table below). The Company did not purchase any shares and no own shares were cancelled in 2020. As a result, the Company held an aggregate 3 809 534 own shares on 31 December 2020.

Date	Number of treasury shares	Purpose	Transferee	Price per share (€)
31 March 2020	10 766	Personal shareholding requirement	BGE members	15.290
14 May 2020	5 948	Share-matching plan	BGE members	0
29 May 2020	10 036	Remuneration non-executive Directors	Chairperson and other non-executive Directors	0
4 December 2020	6 000	Exercise options under SOP 2010-2014	Employees	26.055
4 December 2020	1 500	Exercise options under SOP 2010-2014	Employees	21.450
15 December 2020	2 400	Exercise options under SOP 2010-2014	Employees	26.055
17 December 2020	5 000	Exercise options under SOP 2010-2014	Employees	21.450
18 December 2020	7 491	Share-matching plan	BGE members	0
21 December 2020	6 000	Exercise options under SOP 2010-2014	Employees	26.055
23 December 2020	2 400	Exercise options under SOP 2010-2014	Employees	26.055
29 December 2020	6 000	Exercise options under SOP 2010-2014	Employees	26.055

A first grant of 182 900 equity settled performance share units under the Performance Share Plan 2018-2020 was made on 21 January 2020. In addition, a mid-year grant of 12 580 performance share units was made on 17 August 2020 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 6.13 to the consolidated financial statements).

Dividend policy

The Board of Directors will propose that the Annual General Meeting to be held on 12 May 2021 approve the distribution of a gross dividend of € 1.00 per share.

The Board of Directors 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	2020 ⁽¹⁾
Total gross dividend	0.850	0.900	1.100	1.100	0.700	0.350	1.000
Net dividend ⁽²⁾	0.638	0.657	0.770	0.770	0.490	0.245	0.700
Coupon number	6	7	8	9	10	11	12

(1) The dividend is subject to approval by the General Meeting of Shareholders 2021.

(2) Subject to the applicable tax legislation.

General Meetings of Shareholders 2020

The Annual General Meeting was held on 13 May 2020. An Extraordinary General Meeting was held on the same day. 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 of the Company 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.

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 9 of the Articles of Association.

Subject to the foregoing, the shares are freely transferable.

The Board of Directors 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 that 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 BCCA 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 a General Meeting of Shareholders using voting rights attached to securities that had not been timely reported in accordance with the law.

The Board of Directors 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 the Nomination and Remuneration Committee, which submits a reasoned recommendation to the full Board of Directors. On the basis of such recommendation, the Board of Directors 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 BCCA. Each amendment to the Articles requires a quorum of at least 50% of the 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, acquire and transfer shares

The Board of Directors is authorized by Article 40 of the Articles of Association to increase the capital in one or more times with a maximum amount of € 177 793 000. The authority is valid for five years from 23 June 2020, but can be extended by the General Meeting.

The Board of Directors is expressly authorized by Article 40 of the Articles of Association to increase the capital, even after the date that the Company receives the notification from the FSMA that it has been informed of a public take-over bid for the Company's securities, within the limits authorized by the applicable legal provisions. This authorization is valid with regard to public takeover bids of which the Company receives the aforementioned communication at most three years after 13 May 2020.

The Company may acquire and accept in pledge its own shares or certificates relating thereto in compliance with the applicable conditions prescribed by law. The Board of Directors is authorized by Article 10 of the Articles of Association to acquire and accept in pledge its own shares or certificates relating thereto in compliance with the applicable conditions prescribed by law, without the total number of own shares or certificates relating thereto held or accepted in pledge by the Company pursuant to this authorization exceeding 20% of the total number of shares, at a price ranging between minimum € 1.00 and maximum 30% above the arithmetic average of the closing price of

the Company's share during the last thirty trading days preceding the Board of Directors' resolution to acquire or to accept in pledge. This authorization is granted for a period of five years beginning on 23 June 2020.

The Board of Directors is also authorized by Article 10 of the Articles of Association to acquire and to accept in pledge own shares and certificates relating thereto, in compliance with the applicable conditions prescribed by law, when such acquisition or acceptance in pledge is necessary to prevent a threatened serious harm for the Company, including a public take-over bid for the Company's securities. This authorization is granted for a period of three years beginning on 23 June 2020.

The authorizations set forth above do not affect the possibilities, pursuant to the applicable legal provisions, for the Board of Directors to acquire or accept in pledge own shares and certificates relating thereto if no authorization in the Articles of Association or authorization of the General Meeting is required.

The Board of Directors is authorized by Article 10 of the Articles of Association to cancel all or part of the acquired own shares or certificates relating thereto.

The Company may transfer its own shares, profit-sharing bonds or certificates relating thereto only in compliance with the applicable conditions prescribed by law.

The Board of Directors is authorized by Article 11 of the Articles of Association to transfer own shares, profit-sharing bonds or certificates relating thereto to one or more specified persons other than personnel, in compliance with the applicable conditions prescribed by law.

The Board of Directors is authorized by Article 11 of the Articles of Association to transfer own shares, profit-sharing bonds or certificates relating thereto to prevent a threatened serious harm to the Company, including a public take-over bid for the Company's securities, in compliance with the applicable conditions prescribed by law. This authorization is granted for a period of three years beginning on 23 June 2020.

The authorizations set forth above do not affect the possibilities, pursuant to the applicable legal provisions, for the Board of Directors to transfer own shares, profit-sharing bonds and certificates relating thereto, if no authorization in the Articles of Association or authorization of the General Meeting is required.

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 significantly affect the assets of the Company or that give rise to a significant debt or 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, 8 May 2019 and 13 May 2020 in accordance with Article 7:151 of the BCCA; 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, 23 May 2019 and 23 June 2020 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, Risk 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, Risk 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, Risk 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 respec-

tive 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 mid-year 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, Risk 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, Risk 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, Risk 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, Risk and Finance Committee.

In addition, a periodic treasury update is submitted to the Audit, Risk 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 October 2020. 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 subsidiaries of the Group and all managerial and salaried employees renew their commitment annually. The Raising Integrity Concern (whistleblowing) procedure enforces and underpins its implementation. 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, Risk and Finance Committee at each of its meetings. The Governance, Risk and Compliance Department reports to the Audit, Risk 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, Risk 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 six risk categories: strategic, people/organization, operational, legal/compliance, financial and geopolitical/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 2020 ERM report, which has been reported to the Audit, Risk 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 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. <p>Nevertheless, a 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 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. The tire and automotive and the constructions sector, were heavily affected by the Covid-19 pandemic in the first half of 2020 (for example, sales in the rubber reinforcement business were 30% lower compared to the first half of 2019). Further and lasting effects of the pandemic may continue to influence demand in certain markets.</p> <p>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. Although Bekaert is in process of making its activities less oil-dependent and better aligned with the market reality 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.</p> <ul style="list-style-type: none"> 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. Expansion projects are exposed to risks of delivery of the anticipated return Bekaert regularly carries out expansion projects. These projects are subject to risks of delay and cost overruns due to unforeseen roadblocks and as such the anticipated return of the project might not be reached. Also assumptions used for the business case (changed market conditions, competitor moves, ...) may impact the achieved return of the project.
People / Organization	<ul style="list-style-type: none"> 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.
Operational risks	<ul style="list-style-type: none"> Source dependency might impact Bekaert's business activities and profitability Bekaert is concerned about the continuous changes in trade policy as induced by the trade tensions between each of the US, Europe or India on the one side and China on the other. While Bekaert has now to a large extent been able to adapt to the every changing trade policies and duties through adjusted pricing measures (passing on higher, duty-affected, raw materials prices), alternative supply sources, alternative technologies enabling domestic sourcing, and effective lobbying to obtain exemptions, the change in trade policy has been affecting the results of Bekaert's North American operations in past reporting periods. <p>Bekaert might in the future also be cut off from raw material supplies or become dependent on alternative suppliers for its raw material, which may charge higher prices for such raw material. This could be, for example, because of changes in trade policy, the insolvency of its existing suppliers or the Covid-19 pandemic. Increased source dependency might have an impact on Bekaert's business activities (because it would have to implement necessary supply chain changes) and on its profitability (because of the increased prices to be paid for its raw materials).</p> <p>Bekaert's pro-active supplier risk management approach should reduce the probability or impact of such situations.</p> <ul style="list-style-type: none"> 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. <p>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.</p> <p>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 known environmental liabilities.</p> <p>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.</p>

Operational risks	<p>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. 87% 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.</p> <p>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.</p> <ul style="list-style-type: none"> 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. Bekaert is implementing a cyber-security roadmap to reduce the risk.
Legal / Compliance 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 and California Consumer Privacy Act), intellectual property laws, labor 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, health and safety 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. <p>Bekaert is also training the organization in legal awareness and a Compliance Committee monitors and steers the actions that are needed to ensure compliance. Bekaert has a Code of Conduct and Raising an Integrity Concern procedure in place. Management and white collars worldwide go through an annual mandatory acceptance process with the principles of the Code of Conduct.</p> <p>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.</p> <p>It is Bekaert's practice to recognize provisions (per entity) for certain identified regulatory and compliance risks.</p> <ul style="list-style-type: none"> Failure to adequately protect 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 2020, Bekaert (including Bridon-Bekaert Ropes Group) had a portfolio of 1 828 patent rights (i.e. patents, patent applications, utility models and applications for utility models). 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.
Financial risks	<ul style="list-style-type: none"> Bekaert is exposed to a currency exchange risk which could materially impact its results and financial position 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. Bekaert is exposed to tax risks, in particular by virtue of the international nature of its activities in a rapidly changing international tax environment 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. 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

Financial risks	<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> <ul style="list-style-type: none"> Bekaert is exposed to a credit risk on its contractual and trading counterparties 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 that 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>The Covid-19 pandemic increased the likelihood of the materialization of such risk, as the liquidity position of certain customers has been affected by the consequences of the pandemic and the payment behavior of certain customers changed. Some of the top-10 customers of Bekaert had delayed payments in the months April and May, but overdue rates returned to normal from June onwards. In addition, credit insurance companies have lowered the credit limits or have excluded credit insurance on certain third parties.</p> <p>Due to this increased risk, Bekaert has implemented measures to early detect, avoid and cover the arising risks. At present, Bekaert has not been confronted with increased bad debt provisions or customer bankruptcies leading to write-offs of bad debts, but the risk could materialize if the impact of the pandemic leads to failure in collecting outstanding receivables from customers going into bankruptcy.</p> <ul style="list-style-type: none"> Bekaert is exposed to the political and economical instability in Venezuela 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>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 2020, the cumulative translation adjustments amount to \$ 59,8 million, which - in the case of loss of control - would be recycled to income statement.</p> <ul style="list-style-type: none"> 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.
Geopolitical/ Country risks	<ul style="list-style-type: none"> Bekaert faces asset and profit concentration risks in China 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 case another risk would materialize, such as a political, social, 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. The Covid-19 pandemic impact on the longer term on Bekaert's business and profitability depends on a broad range of factors, including the duration and scope of the pandemic, the geographies impacted, social impact, its impact on economic activity (e.g. hardening insurance markets) and the nature and severity of measures adopted by governments to restrict the further spread of the virus, including restrictions on business operations and travelling, restrictions on large gatherings and orders to self-isolate. Bekaert implemented a crisis management plan and governance to manage the Covid-19 pandemic crisis focusing on safeguarding health & safety of our employees, protecting our customers and our business, ensuring financial strength, identifying and pursuing opportunities arising from the crisis and enabling the organization to deal with ambiguity and keeping engagement level up - <i>better together.</i>

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.