CORPORATE GOVERNANCE STATEMENT

THIS SECTION INCLUDES CHANGES TO ONTEX GROUP NV'S CORPORATE GOVERNANCE, TOGETHER WITH THE RELEVANT EVENTS THAT TOOK PLACE DURING 2018, SUCH AS CHANGES IN ONTEX GROUP NV'S SHAREHOLDER STRUCTURE, MODIFICATIONS IN ONTEX GROUP NV'S GOVERNANCE AND IN THE COMPOSITION OF THE BOARD OF DIRECTORS OF ONTEX GROUP NV (HEREAFTER THE 'BOARD') AND ITS COMMITTEES, THE MAIN FEATURES OF THE REMUNERATION REPORT, AND THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS OF THE ONTEX GROUP. THIS CHAPTER ALSO INCLUDES EXPLANATIONS, WHERE APPLICABLE, OF ANY DEVIATIONS FROM THE CORPORATE GOVERNANCE CODE.

In accordance with the Belgian Companies Code (Wetboek van Vennootschappen) and the 2009 Belgian Code on Corporate Governance (herafter the 'Corporate Governance Code'), the following section provides information about Ontex Group NV's (also referred to herein as the 'Company') Corporate Governance.

1. REFERENCE CODE

Pursuant to Article 96, § 2 of the Belgian Companies Code and the Royal Decree of June 6, 2010 designating the Corporate Governance Code to be complied with by listed companies, Ontex Group NV has adopted the Corporate Governance Code as its reference code on corporate governance[1].

As appropriate for a Belgian listed company with a commitment to high standards of corporate governance, the Board adopted a Corporate Governance Charter in June 2014 (hereafter the 'Corporate Governance Charter'), as required by the Corporate Governance Code. The Board amended the Corporate Governance Charter on June 28, 2016. The Corporate Governance Charter can be consulted on the Company's website[2].

The Corporate Governance Charter describes the main aspects of Ontex Group NV's corporate governance, including its governance structure and the terms of reference of the Board, as well as those of the Board committees and of the Management Committee. The Corporate Governance Charter is regularly updated and will be annually reviewed by the Board to be in line with applicable laws and regulations, the Corporate Governance Code, and their interpretation.

2. CAPITAL AND SHAREHOLDERS

2.1. Capital and capital evolution during 2018

At December 31, 2018, the capital of Ontex Group NV amounted to €823,587,466.38 and was represented by 82,347,218 shares without nominal value. Each share represents 1/82,347,218th of the capital and carries one vote. The shares are listed on Euronext Brussels.

In addition, the Board approved in 2018 a new grant under the Long-Term Incentive Plan (as defined below) (the 2018 grant being referred to as the 'LTIP 2018'). In 2014, the Company adopted a Long-Term Incentive Plan approved by the Board and the Shareholder Meeting on June 3, 2014 and June 10, 2014 respectively (the 'Long Term Incentive Plan') which consists of a combination of stock options and restricted stock units (hereafter 'RSUs'). The Board has previously approved grants under the Long-Term Incentive Plan, in 2014, 2015, 2016 and 2017 (respectively the 'LTIP 2014', the 'LTIP 2015', the 'LTIP 2016', the 'LTIP

---

1 The '2009 Belgian Code on Corporate Governance' is available on the website of the Belgian Corporate Governance Committee (http://www.corporategovernancecommittee.be).

2 The English version of Ontex's Corporate Governance Charter is available on the Ontex website (http://www.ontexglobal.com/sites/default/files/20170509_ontex_corporate_governance_charter_e.pdf).

2017', and the Long-Term Incentive Plan including the LTIP 2014, the LTIP 2015, the LTIP 2016, the LTIP 2017 and the LTIP 2018 being referred to as the 'LTIP'). The stock options and RSUs granted under the LTIP do not confer any shareholder rights, and the shares to be delivered to participants upon exercise of their stock options or upon vesting of their RSUs are existing shares of the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP and the LTIP 2018 is set out in the Remuneration Report.

The grants made by Ontex under its LTIP provide for a three-year vesting period. Accordingly, the grants that were made in 2015 vested as from 2018. In order to meet its obligations thereunder, Ontex has partially exercised a forward purchase agreement with the characteristics as mentioned below:

The grants that were made in 2015 vested as from 17 June 2018. In order to meet its obligations thereunder, Ontex has partially exercised a forward purchase agreement with the following characteristics:

Date	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 21 July 2015	173,218	€ 27,070	€ 28,685	€ 25,800

In addition, Ontex has entered into the following forward purchase agreements in order to hedge its obligations under grants made under its LTIP in 2016, 2017 and 2018. These consist of (i) one-year forward purchase agreements entered into in 2015, 2016 and 2017 which have been extended on 22 June 2018 to cover its obligations under grants made under its 2016 and 2017 LTIP and (ii) a new one-year forward purchase agreement entered into on 22 June 2018 to cover its obligations under grants made under its 2018 LTIP.

As of today, the following forward purchase agreements are outstanding in respect of Ontex's shares:

Date	Maturity	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 21 July 2015 and extended on 22 June 2018	21 June 2019	36,589	€ 27,070	€ 28,685	€ 25,800
Originally entered into on 1 July 2016 and extended on 22 June 2018	21 June 2019	318,545	€ 28,965	€ 30,515	€ 27,145
Entered into on 22 June 2017 and extended on 22 June 2018	21 June 2019	332,043	€ 32,298	€ 33,405	€ 31,555
Entered into on 22 June 2018	21 June 2019	536,409	€ 22,471	€ 24,240	€ 19,200

More details about the vested Stock Options and RSUs can be found in the Remuneration Report.

More details about the forward purchase agreement can be found in the financial statements, note 7.5.6.

Pursuant to the above, on December 31, 2018, 336,288 shares of the Company were held by the Company.

On December 31, 2018, 16,343,051 shares of the Company were registered shares.

2.2. Shareholder evolution

Pursuant to the Company's Articles of Association and the Corporate Governance Charter, the applicable successive thresholds as regards the application of the Law of May 2, 2007, on the disclosure of significant shareholdings in issuers whose shares are admitted to trading on a regulated market and other provisions (hereafter the 'Law of May 2, 2007') and the Royal Decree of February 14, 2008 on the disclosure of significant shareholdings, are set at 3%, 5%, 7.5%, 10% and any subsequent multiples of 5%.

In the course of 2018, the Company received the following transparency declarations:

On January 22, 2018, Aviva plc, and its affiliated entities, notified Ontex that Aviva plc had, as a result of sales of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On February 18, 2018, Harris Associates LP notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,470,800 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3%.

On February 27, 2018, Black Creek Investment Management Inc. notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 4,120,895 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5%.

On April 5, 2018, SYZ Asset Management (Luxembourg) SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,700,498 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3,28%.

On April 9, 2018, Sycomore Asset Management SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,471,793 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3%.

On May 9, 2018, UBS Group AG notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 5,102,202 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 6,20%.

On May 9, 2018, Sycomore Asset Management SA notified Ontex that Sycomore Asset Management SA has, as a result of sale of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On May 14, 2018, Sycomore Asset Management SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,485,793 shares in Ontex and so has crossed the threshold of 3% of the total number of voting rights in Ontex to 3.02%.

On May 23, 2018, UBS Group AG notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On June 19, 2018, Sycomore Asset Management SA notified Ontex that Sycomore Asset Management SA has, as a result of sale of shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On June 20, 2018, Harris Associates LP notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 4,233,300 shares in Ontex and so has crossed the threshold of 5% of the total number of voting rights in Ontex to 5.14%.

On June 29, 2018, UBS Group AG notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 4,500,306 shares in Ontex and crossed the threshold of 5% of the total number of voting rights in Ontex to 5.47%.

On July 3, 2018, UBS Group AG notified Ontex that it had, as a result of the acquisition of financial instruments treated as voting securities, crossed above the threshold of 5% of the total number of voting rights, 4,137,496 shares in Ontex to 5.02% considering equivalent financial instruments only.

On July 5, 2018, UBS Group AG notified Ontex that it had, as a result of the disposal of financial instruments treated as voting securities, crossed below the threshold of 5% of the total number of voting rights, 4,094,806 shares in Ontex to 4.97% considering equivalent financial instruments only.

On July 9, 2018, Black Creek Investment Management Inc. notified Ontex that Black Creek Investment Management Inc. had, as result of sale of 2,866,686 shares, crossed below the threshold of 5% of the total number of voting rights in Ontex to 3.48%.

On July 12, 2018, SYZ Asset Management (Luxembourg) SA notified Ontex that it had, as a result of sales of 2,206,912 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On July 13, 2018, UBS Group AG notified Ontex that it had, as a result of sales of shares and financial instruments treated as voting securities, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On July 18, 2018, Black Creek Investment Management Inc. notified Ontex that it had, as a result of sale of 2,431,844 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On July 19, 2018, Harris Associates LP notified Ontex that it had, as a result of sale of 4,116,500 shares, crossed below the threshold of 5% of the total number of voting rights in Ontex.

On September 4, 2018, Allianz Global Investors GmbH notified Ontex that it had, as a result of sale of shares and financial instruments treated as voting securities, 2,521,427 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

On October 22, 2018, Black Creek Investment Management Inc notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights 2,493,603 shares in Ontex and so had crossed the threshold of 3% of the total number of voting rights in Ontex to 3.03%.

On December 7, 2018, Groupe Bruxelles Lambert, and its affiliated entities, notified Ontex that it had acquired 16,454,453 shares in Ontex and so had crossed the threshold of 15% of the total number of voting rights in Ontex to 19.98%.Per December 31, 2017, the actual percentage of shares held within Ontex Group NV by Groupe Bruxelles Lambert already added up to 19.98%. The declaration dated December 3, 2018 is due to a change of ownership amongst the affiliated companies of Groupe Bruxelles Lambert.

On December 17, 2018, Harris Associates LP notified Ontex that it had, as a result of sale of 2,456,560 shares, crossed below the threshold of 3% of the total number of voting rights in Ontex.

We refer to our website for transparency declarations received after December 31, 2018.

2.3. Shareholder structure

The shareholder structure of the Company on December 31, 2018[3] was, based on the transparency declarations received by the Company, as follows:

Shareholders	Shares	%[4]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	December 3, 2018[5]
Janus Capital Management LLC	3,424,055	4.75%	November 10, 2018
The Pamajugo Irrevocable Trust	2,722,221	3.64%	February 29, 2016
Black Creek Investment Management Inc.	2,493,603	3.03%	October 19, 2018
AXA Investment Managers SA	2,053,236	3.02%	August 7, 2014

2.4. Dealing and Disclosure Code

On June 3, 2014, the Board approved the Ontex Dealing and Disclosure Code (the "Dealing and Disclosure Code") in accordance with provision 3.7 of the Corporate Governance Code. The Dealing and Disclosure Code was subsequently amended on April 2, 2015 and a last time on June 28, 2016. The Dealing and Disclosure Code restricts transactions in Ontex Group NV securities, applicable to the Board, to the Management Committee and to employees. Further, the Dealing and Disclosure Code provides a framework concerning the internal approval of intended transactions, concerning the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority, and includes guidelines on disclosure of inside information. The Corporate Legal Counsel is the Compliance Officer for purposes of the Dealing and Disclosure Code.

3. BOARD AND BOARD COMMITTEES

3.1 Board composition

Pursuant to the Corporate Governance Code, at least half of the directors should be non-executive and at least three directors should be independent in accordance with the criteria set out in Article 526*ter* of the Belgian Companies Code and the Corporate Governance Code. The composition of the Board as at December 31, 2018 complies with these recommendations.

On December 31, 2018, the Board was composed as follows:

Name	Mandate Board	Other Mandates per December 31, 2018	Mandate Since	Mandate Expires
Revalue BVBA, represented by Luc Missorten	Chairman, Independent Director	Barco NV, GIMV, Recticel NV, Scandinavian Tobacco Group, Mateco	2018	2022
Regi Aalstad	Independent Director		2017	2021
Inge Boets BVBA, represented by Inge Boets	Independent Director	Euroclear Holding SA, Econopolis Wealth Management NV, QRF Management NV, Triginta, La Scoperta BVBA, VZW Altijd Vrouw, Van Breda Risk & Benefits	2018	2022
Michael Bredael	Non-Executive Director	Upfield Group BV	2017	2021
Tegacon Suisse GmbH, represented by Gunnar Johansson	Independent Director	Laeringsverkstedet AS	2018	2022
Uwe Krüger[6]	Independent Director	Temasek, SUSI Partners, Aggreko Plc, Swiss Nuclear Commission	2018	2022
Juan Gilberto Marin Quintero	Non-Executive Director		2016	2020

Jonas Deroo was appointed as Corporate Secretary by the Board on May 8, 2015.

3 Updates subsequent to December 31, 2018 are described on our website (http://www.ontexglobal.com/ShareInformation).

4 Percentage based on the outstanding share capital of the Company at the time of the declaration.

5 Per December 31, 2017, the actual percentage of shares held within Ontex Group NV by Groupe Bruxelles Lambert already added up to 19.98%. The declaration dated December 3, 2018 is due to a change of ownership amongst the affiliated companies of Groupe Bruxelles Lambert.

6 Uwe Krüger resigned from the Board of Ontex Group NV, in the light of additional responsibilities he agreed to take up at Temasek International.

The following paragraphs set out the biographical information of the current members of the Board, including information on other director mandates held by these members.

Luc Missorten

Chairman, Independent Director

Luc Missorten was appointed as Independent Director of Ontex Group NV as of June 30, 2014. On April 10, 2015, Luc Missorten was appointed Chairman. On May 26, 2015, Revalue BVBA, with Luc Missorten as its permanent representative, was appointed as Independent Director to replace Luc Missorten who resigned. In the past, Luc Missorten served as a Vice President of Citibank from 1981 to 1990, and held the function of Corporate Finance Director for Interbrew from 1990 to 1995. From 1995 to 1999, he served as CFO for Labatt Brewing Company. Afterwards, Luc Missorten held the function of Chief Financial Officer at Interbrew (now AB InBev) from 1999 until 2003, and of CFO at UCB from 2003 to 2007. Luc Missorten has been the Chief Executive Officer and a Board member of Corelio from 2007. As from September 2014, he resigned as Chief Executive Officer from Corelio. Currently, Luc Missorten is also an Independent Director of Barco, chairs its Audit Committee and is a member of its Remuneration Committee. In addition, he is an Independent Director of GIMV, where he chairs the Audit Committee. Further, Luc Missorten is an Independent Director at Recticel, where he chairs the Audit Committee and is a member of its Remuneration Committee. Luc Missorten is also Independent Director at Scandinavian Tobacco Group and is a member of its Audit and Risk Committee and its Remuneration and Nomination Committee. He is also an Independent Board member at Mateco. Luc Missorten holds a law degree from the Catholic University of Leuven, a Certificate of Advanced European Studies from the College of Europe, Bruges and an LL.M from the University of California, Berkeley.

Regi Aalstad

Independent Director

Regi Aalstad was appointed as Independent Director of Ontex Group NV as of May 24, 2017.Regi Aalstad has extensive leadership experience in global fast moving consumer goods. Ms. Aalstad has held Regional General Manager and Vice President positions with Procter & Gamble in Asia, Europe, Middle East and Africa. She first joined P&G in the Nordics and held leadership roles in emerging markets for almost 20 years. Ms. Aalstad has previous board experience from the Geberit Group, the Telenor Group and as chair of an international NGO. She is an advisor to Private Equity and investor in digital start-ups from Switzerland, where she resides. Ms. Aalstad holds a Master of Business Administration in International Business from University of Michigan, USA.

Inge Boets

Independent Director

Inge Boets BVBA, with Ms. Boets as its permanent representative, was appointed as Independent Director of Ontex Group NV as of June 30, 2014. Ms. Boets is also currently a member of the Audit and Risk Committee. Ms. Boets was a partner with Ernst & Young from 1996 through 2011 where she was the Global Risk leader and held several other roles in audit and advisory. Currently, Ms. Boets is also an Independent Director of Euroclear Holding SA and chairs the Audit and Risk Committee of Euroclear SA, Ms. Boets is an Independent Director at VZW Altijd Vrouw, and Chairs the Board of Econopolis Wealth Management, Triginta and QRF. In addition, Inge Boets BVBA, with Ms. Boets as its permanent representative, is an Independent Board member of Van Breda Risk & Benefits and manager of La Scoperta BVBA. She holds a master degree in applied economics from the University of Antwerp, Belgium.

Michael Bredael

Non-Executive Director

Michael Bredael was appointed as Non-Executive Director of Ontex Group NV as of May 24, 2017. Michael Bredael is Investment Officer at Groupe Bruxelles Lambert (GBL) since 2016. He started his career at Towers Watson as a consultant in the United States (Atlanta and New York) in 2003 before joining the BNP Paribas Group in 2007. Mr. Bredael held various Investment Banking positions at BNP Paribas, across different offices (New York, Paris, Brussels and London), particularly focusing on cross-border M&A transactions. From 2014 to 2016, he was Head of the M&A Execution Group of BNP Paribas London. Mr. Bredael is Director of Upfield Group BV as a representative of Groupe Bruxelles Lambert. Upfield Group BV is a private company incorporated in The Netherlands, active in the consumer goods industry (plant-based nutrition). Mr. Bredael holds a masters degree in applied economics from EHSAL (KU Leuven).

Gunnar Johansson

Independent Director

Gunnar Johansson was appointed as Independent Director of Ontex Group NV as of June 30, 2014. Gunnar Johansson was appointed Chairman of the Remuneration and Nomination Committee on April 10, 2015, replacing Luc Missorten. On May 26, 2015, Tegacon AS, with Gunnar Johansson as its permanent representative, was appointed as Independent Director to replace Gunnar Johansson who resigned. Gunnar Johansson has vast experience in emerging markets, business-to-business and FMCG. Prior to starting Tegacon Suisse GmbH, he held a number of positions within SCA AB, a global company in the tissue, femcare, baby diaper and incontinence care industries. Gunnar Johansson worked with SCA from 1981 to 2009, the last years as Global President of the Hygiene Category. He was also a member of the board of Orkla Brands, the largest FMCG company in Norway. Currently, Gunnar Johansson works as a Senior Executive Advisor at his own company, Tegacon Suisse GmbH. He is also Non-Executive Chairman of Laeringsverkstedet, He holds an MBA from Norges Handelshøyskole in Bergen, Norway.Norway.

Uwe Krüger

Independent Director

Prof. Dr. Krüger was appointed as Non-Executive Director of Ontex Group NV as of June 2, 2014. The appointment of Uwe Krüger as Independent Director was approved by the Annual Shareholders' Meeting held on May 25, 2016. Uwe Krüger is Senior Managing Director and Head Industrials, Business Services, Energy and Resources and Joint Head Portfolio Management Group at Temasek International Pte. Ltd. in Singapore since January 1, 2018. Temasek is a leading globally diversified investment company headquartered in Singapore with a net portfolio of S$275 billion. From June 2011 to July 2017 he was CEO of WS Atkins plc. (London, UK). Uwe Krüger has spent the majority of his career leading engineering and consulting organizations globally. He began his career at AT Kearney, followed by leadership positions at Hochtief AG in central and eastern Europe and at Turner International in Dallas, USA. More recently he was Chief Executive Officer of Swiss company, Oerlikon. Currently, Uwe Krüger is also on the Board of Aggreko plc (Glasgow, UK), SUSI Partners AG (Zurich, Switzerland) and the Swiss Nuclear Commission (Zurich, Switzerland). As an honorary professor of physics he lectures at the University of Frankfurt, Germany. He also holds a Honorary Doctorate at Heriot-Watt University, Edinburgh. In 2016, he won the ACE European CEO of the Year award.). He is a physicist who graduated from the University of Frankfurt, Germany, with a PhD in complex system theory. He also studied at Columbia University (New York, USA), the Ecole Normale Supérieure (Paris, France) and at Harvard (Boston, USA).

Juan Gilberto Marín Quintero

Non-Executive Director

Juan Gilberto Marín Quintero was appointed as Non-Executive Director of the Ontex Group as from May 25, 2016. Juan Gilberto Marín Quintero is the founder and former chairman of Grupo Mabe. Formerly, Juan Gilberto Marín Quintero has been the President of the National Council of Foreign Trade, Conacex, former President of the Advisory Board of Citibanamex in Puebla, and former President of the Advisory Board of NAFINSA in Puebla and Tlaxcala, member of the Advisory Board of Telmex and Bancomext. In addition, Juan Gilberto Marín Quintero is a member of the World Economic Forum and has been president at the Latin America Entrepreneur Council, and has been president of the Board of Universidad de las Americas. Furthermore, Juan Gilberto Marín Quintero currently also develops Eolic Energy, consumer products, restaurants, textile industry and real estate in Mexico. He holds a degree in Business Administration from Universidad Iberoamericana, Mexico City, Mexico, an MBA from Instituto Panamericano de Alta Direccion, Mexico City and a postgraduate in International Business from the British Columbia University, Vancouver, Canada as well as a diploma in Mergers and Acquisitions from Stanford University.

3.2. Board: evolution in composition during 2018

On December 31, 2018, the Board of the Company was composed of seven members. All Board members are non-Executive Directors.

There are currently five Independent Directors within the meaning of Article 526*ter* of the Belgian Companies Code: Revalue BVBA (with Luc Missorten as its permanent representative), Tegacon Suisse GmbH (with Gunnar Johansson as its permanent representative), Inge Boets BVBA (with Inge Boets as its permanent representative), Uwe Krüger and Regi Aalstad. Further there are currently two Non-Executive Non-Independent Directors: Gilberto Marin Quintero and Michael Bredael.

3.3. Gender diversity

As at December 31, 2018, the Company had two female Board members, *ie,* Inge Boets, as permanent representative of Inge Boets BVBA, and Regi Aalstad. Since its establishment, the Remuneration and Nomination Committee evaluates the composition of the Board on a yearly basis and formulates suggestions to the Board, among other things taking into account the gender composition, in order to obtain at least one-third of the members of the Board is of the opposite gender as the gender of the majority of the Board in accordance with Article 518*bis*, §3, of the Belgian Companies Code. Companies whose securities are admitted for the first time for offering for negotiation on a regulated market should meet the quota from the first day of the sixth financial year beginning after this admission). Nevertheless, Ontex already complies with the applicable criteria.

Second, the Company has developed a diversity policy, more details can be found on page 19.

3.4. Functioning of the Board

During 2018, the Board met 18 times. The attendance rate was as follows:

Name	Board Attendance	Attendance Rate
Revalue BVBA, represented by Luc Missorten	18/18	100.0%
Regi Aalstad	18/18	100.0%
Inge Boets BVBA, represented by Inge Boets	18/18	100.0%
Michael Bredael	18/18	100.0%
Tegacon Suisse GmbH, represented by Gunnar Johansson	17/18	94.4%
Uwe Krüger	17/18	94.4%
Juan Gilberto Marin Quintero	18/18	100.0%
Charles Bouaziz	5/5	100.0%
Cepholli BVBA, represented by Jacques Purnode	5/5	100.0%
Artipa BVBA, represented by Thierry Navarre[7]	5/5	100.0%

Major matters reviewed by the Board during 2018 include, among others:

- The financial and overall performance of the Ontex Group;
- The approval of the half-year and quarterly financial results and corresponding financial reports;
- Detailed follow-up of the progress made in the Brazilian business;
- Various investments;
- The assessment of review of the business and possibilities to accelerate the delivery of value;
- The assessment of the informal approach from PAI Partners; and
- General strategic, financial and operational matters of the Company.

On June 28, 2016 the Board established a management committee (the “Management Committee”) to which it has delegated all its management powers, except (i) those powers expressly reserved to the Board of Directors by law, (ii) matters belonging to the general policy of the Company, and (iii) the supervision of the Management Committee, such powers being further described under chapter 3.5 of this Corporate Governance Statement.

7 Charles Bouaziz, Cepholli BVBA, represented by Jacques Purnode and Artipa BVBA, represented by Thierry Navarre opted not to be re-elected as Board member by the General Meeting of Shareholders of May 25, 2018. Before that date, the Board has convened only 5 times.

3.5. Board Committees

3.5.1. Audit and Risk Committee

In compliance with Article *526bis¸*§2 of the Belgian Companies Code and the Corporate Governance Code, all members of the Audit and Risk Committee are Non-Executive Directors and at least one Director is independent in accordance with the criteria set out in Article 526t*er* of the Belgian Companies Code and the Corporate Governance Code.

On December 31, 2018, the Audit and Risk Committee was composed as follows:

Name	Mandate A&R Committee	Mandate Since	Mandate Expires
Inge Boets BVBA, represented by Inge Boets	Chairwoman of the Committee, Independent Director	2018	2022
Revalue BVBA, represented by Luc Missorten	Member, Independent Director	2018	2022
Michael Bredael[8]	Member, Non-Executive Director	2017	2021

During 2018, the Audit and Risk Committee met 6 times. The attendance rate was as follows:

Name	A&R Committee Meetings Attended	Attendance Rate A&R Committee
Inge Boets BVBA, represented by Inge Boets	6/6	100.0%
Tegacon Suisse GmbH, represented by Gunnar Johansson	3/3	100.0%
Revalue BVBA, represented by Luc Missorten	6/6	100.0%
Michael Bredael	3/3	100.0%

All members attended all meetings. Marc Gallet, Corporate Finance Director, is appointed as Secretary of the Audit and Risk Committee.

The Audit and Risk Committee is entrusted with the tasks set out in Article 526*bis*, §4, of the Belgian Companies Code. It decided on the agenda, frequency and topics of its meetings, and reviewed the external and internal audit plan, the half year financial statements and the external review on the half-year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates, the key risks, and their role and responsibility.

As required by the Belgian Companies Code, Ontex Group NV confirms that (i) the Audit and Risk Committee is composed of Non-Executive Directors only and (ii) the Audit and Risk Committee possesses the adequate expertise and experience in the field of the activities of the Company and (iii) Inge Boets, as permanent representative of Inge Boets BVBA, Chairman of the Audit and Risk Committee, is an Independent Director and possesses the adequate expertise and experience in the field of accounting and audit. Reference is made to her biography under chapter 3.1. of this Corporate Governance Statement.

The mandate of PricewaterhouseCoopers Bedrijfsrevisoren BV CVBA (“PwC”) as statutory auditor of the Company has been renewed in 2017, on the date of the Company’s ordinary shareholders’ meeting.

3.5.2. Remuneration and Nomination Committee

In compliance with Article *526quater*,§2 of the Belgian Companies Code and the Corporate Governance Code, all members of the Remuneration and Nomination Committee are Non-Executive Directors and the majority of the members are independent in accordance with the criteria set out in Article 526t*er* of the Belgian Companies Code and the Corporate Governance Code.

On December 31, 2018, the Remuneration and Nomination Committee was composed as follows:

Name	Position	Mandate Since	Mandate Expires
Tegacon Suisse GmbH, represented by Gunnar Johansson	Chairman of the Committee, Independent Director	2018	2022
Revalue BVBA, represented by Luc Missorten	Independent Director	2018	2022
Regi Aalstad	Independent Director	2017	2021
Michael Bredael	Non-Executive Director	2017	2021

8 Michael Bredael has been appointed as member of the Audit and Risk Committee on 27/06/2018 and only 2 meetings of the Audit and Risk Committee occurred after that date.

During 2018, the Remuneration and Nomination Committee met 7 times. The attendance rate was as follows:

Name	R&N Committee Meetings Attended	Attendance Rate R&N Committee
Tegacon Suisse GmbH, represented by Gunnar Johansson	4/4	100.0%
Inge Boets BVBA, represented by Inge Boets[9]	3/4	75.0%
Revalue BVBA, represented by Luc Missorten	4/4	100.0%
Regi Aalstad[10]	1/1	100.0%
Michael Bredael[11]	1/1	100.0%

All members attended all meetings. Astrid De Lathauwer, Group HR Director, is appointed as Secretary of the Remuneration and Nomination Committee. Charles Bouaziz attended all meetings.

The Remuneration and Nomination Committee is entrusted with the tasks set out in Article 526*quater*, §5, of the Belgian Companies Code. It decided on the agenda, frequency and topics of the meetings, and reviewed the context and history with respect to Board composition, executive remuneration and terms and conditions of employment. The Remuneration and Nomination Committee also reviewed the performance of the Ontex Group against the key performance indicators ("KPI's") and targets determined for the 2018 performance year.

As required by the Belgian Companies Code, Ontex Group NV confirms that (i) the Remuneration and Nomination Committee is composed of Non-Executive Directors only and a majority of Independent Directors, and (ii) Luc Missorten, Gunnar Johansson, Regi Aalstad and Michael Bredael possess the adequate expertise and experience in the field of remuneration. Reference is made to their biography under chapter 3.1. of this Corporate Governance Statement.

3.5.3. Management Committee

On June 28, 2016, the Board decided to establish a Management Committee (*directiecomité*) within the meaning of Article 524*bis* of the Belgian Companies Code to be effective as of July 1, 2016 which has the power to perform all actions that are necessary or useful for the realization of the Company's purpose, except for those actions that are, by law or pursuant to the Articles of Association or the Corporate Governance Charter, reserved to the shareholders' meeting or to the Board, including (i) matters belonging to the general policy of the Company, and (ii) the supervision of the Management Committee, or to other management bodies. [12]

Accordingly, the powers of the Management Committee include, without limitation, the operational management and organization of the Company, developing or updating on a yearly basis the overall strategy and business plan of the Company and submitting it to the Board for approval, monitoring the implementation of the overall strategy and business plan of the Company, supporting the CEO in the daily management of the Company and the exercise of his responsibilities, preparing the Company's financial statements and presenting accurate and balanced evaluations of the Company's financial situation to the Board and providing the Board with the information it needs in order to properly fulfil its duties, setting up and maintaining policies related to the risk profile of the Company and systems to identify, assess, manage and monitor financial and other risks within the framework set out by the Board and the Audit and Risk Committee.

The size and composition of the Management Committee is determined by the Board acting on a proposal of the CEO, who chairs the Management Committee. Members of the Management Committee are appointed by the Board based on a proposal of the CEO and upon recommendation of the Remuneration and Nomination Committee. Members of the Management Committee are appointed for an indefinite period and can be dismissed by the Board at any time or cease to be a member of the Management Committee if their management agreement with the Company terminates.

The CEO leads and chairs the Management Committee and decides on the allocation of responsibilities among the members of the Management Committee. The CEO is vested with the day-to-day management of the Company and the execution of the resolutions of the Board and the resolutions of the Management Committee, unless decided otherwise by the Management Committee. In addition, he exercises the special and limited powers assigned to him by the Board or the Management Committee. The CEO reports regularly to the Board, including on the actions taken by the Management Committee.

9 Inge Boets resigned as member of the Remuneration and Nomination Committee on 27/06/2018, and only 3 meetings of the Remuneration and Nomination Committee have been held before that date.

10 Regi Aalstad was appointed as member of the Remuneration and Nomination Committee on 27/06/2018 and only 1 meeting of the Remuneration and Nomination Committee has been held after that date.

11 Michael Bredael was appointed as member of the Remuneration and Nomination Committee on 02/10/2018 and only 1 meeting of the Remuneration and Nomination Committee has been held after that date.

12 The specific powers as well as the composition and functioning of the Management Committee are further described in the Corporate Governance Charter.

On December 31, 2018, the Management Committee, consisted of the following members:

Name	Position	Member of the Management Committee Since	Appointed To Management Committee
Charles Bouaziz	Chairman of the Management Committee – Chief Executive Officer	2013	2016
Philippe Agostini	Group Chief Procurement and Supply Chain Officer	2013	2016
Özgür Akyildiz	General Manager – Middle East and North Africa Division	2008	2016
Armando Amselem	President of the Americas Retail Division	2016	2016
Laurent Bonnard	Group Sales Director	2013	2016
Astrid De Lathauwer	Group HR Director	2014	2016
Annick De Poorter	Group R&D and Quality Director	2009	2016
Martin Gärtner	Group Manufacturing Director	2009	2016
Marex BVBA with Xavier Lambrecht as its permanent representative	General Manager – Healthcare Division	2013	2016
Artipa BVBA with Thierry Navarre as its permanent representative	Executive Director – Chief Operating Officer	2009	2016
Oriane Perreaux	Group Marketing Director	2013	2016
Cepholli BVBA with Jacques Purnode as its permanent representative	Executive Director – Chief Financial Officer	2013	2016
Mauricio Troncoso	General Manager – Mature Market Retail Division	2017	2017
Thierry Viale	General Manager – Growth Markets Division and Strategic Development	2013	2016

During 2018, the Management Committee met monthly and discussed strategic, business, financial and operating matters and Group projects.

Changes within the Management Committee composition in 2019

Following a reorganization, the actual Management Committee is structured per 01/01/2019 as follows:

Name	Position
Charles Bouaziz	Chairman of the Management Committee – Chief Executive Officer
Philippe Agostini	Executive VP Procurement
Armando Amselem	President Americas, Middle East, Africa and Asia
Laurent Bonnard	Executive VP Commercial
Charles Desmartis	Executive VP Finance, Legal & IT and Chief Financial Officer
Astrid De Lathauwer	Executive VP HR
Annick De Poorter	Executive VP R&D and Quality
Marex BVBA with Xavier Lambrecht as its permanent representative	President Healthcare
Axel Löbel	Executive VP Operations
Artipa BVBA with Thierry Navarre as its permanent representative	Chief Transformation Officer
Thierry Viale	President Europe

The following paragraphs set out the biographical information of the members of the Management Committee, including information on other Director mandates held by these members.

Charles Bouaziz

Chairman of the Management Committee and Chief Executive Officer

Charles Bouaziz was appointed Chief Executive Officer of the Ontex Group in early 2013. Prior to this, he held a number of senior positions during his 25 years in the consumer goods industry. He spent his early career at Michelin and Procter & Gamble. In 1991, he joined PepsiCo as Marketing Director for France & Belgium and held a range of senior positions until 2008, when he became President of PepsiCo Western Europe. In 2010, he left to become CEO of Monoprix, then in 2010 joined PAI Partners as member of the Food & Consumer Goods sector team and later as head of the Portfolio Performance Group. Charles is a supervisory board member at PAI Partners since 2013 and also holds position at Les Amis de Vaulserre et du Trieves. Charles graduated from Ecole Supérieure des Sciences Economiques et Commerciales (ESSEC 1985).

Philippe Agostini

Executive VP Procurement

Philippe Agostini previously held various senior positions in Purchasing and Supply Chain for 30 years, at Mars, McDonald's, Lactalis, Pechiney-Alcan, JohnsonDiversey, and most recently Famar, where he held the position of Group Purchasing VP. Philippe holds a degree from the Engineer School École Nationale Supérieure des Arts et Métiers and a degree of Purchasing Master Management des Achats Industriels.

Armando Amselem

President AMEAA

He joined the Ontex Group from Vita Coco where he served as Global Chief Financial Officer. Prior to Vita Coco, Armando Amselem held various management positions in Europe and the US during his 20-year career with PepsiCo, including General Manager of Tropicana North America and General Manager of PepsiCo France. He also worked for Santander Investment Bank, and Alella Vinicola. Armando holds an MBA from New York University Leonard Stern School of Business, USA, and a master's degree in Enology and a bachelor's degree in Agronomic Engineering and Food Sciences from Universidad Politecnica de Barcelona in Spain.

Laurent Bonnard

Executive VP Commercial

Laurent Bonnard was appointed Group Sales Director for the Ontex Group on September 9, 2013. He has previously held various senior positions within Sales and Marketing in Mars and Quaker. Subsequently he joined PepsiCo, as Sales Director France, and last he held the function as VP Business Development for Europe.

Astrid De Lathauwer

Executive VP HR

Astrid De Lathauwer joined the Ontex Group after holding a number of leading human resources functions. Astrid held international HR leadership roles at AT&T in Europe, at their US headquarters and at Monsanto. For 10 years, Astrid was the Chief HR Officer of Belgacom. Before joining the Ontex group, she was Managing Director of Acerta Consult. Astrid holds degrees in Political & Social Science and History of Art. Astrid chairs the Remuneration Committee of Colruyt and Immobel.

Annick De Poorter

Executive VP R&D and Quality

Annick De Poorter joined the Ontex Group in 2003 as the R&D Manager of Feminine Hygiene and was promoted to R&D and Quality Director in January 2009. Before joining the Group, she worked at Libeltex NV in Belgium, and prior to that, she was a Scientific Researcher at University of Ghent, Belgium. Annick holds a master's degree in Civil Engineering in Textiles from the University of Ghent, Belgium.

Charles Desmartis

Executive VP Finance, Legal & IT and Chief Financial Officer

Charles Desmartis joined the Ontex Group in January 2019. Prior to joining the Ontex Group, Charles Desmartis has held senior finance and CFO positions at Schlumberger, Gemalto and subsequently Europcar before joining Carrefour as Group Financial Controller. Most recently, he held the CEO position for the Carrefour Group in Brazil, where he led the preparation and execution of the IPO of the company. He serves as Non-Independent Member of the Board of Directors at Atacadão S.A. Charles Desmartis holds an MBA from the Ecole des Hautes Etudes Commerciales in Paris and a Master of Science in Management from Stanford University, US.

Xavier Lambrecht

President Healthcare

Xavier Lambrecht, permanent representative of Marex BVBA, joined the Ontex Group in early 2009 as Sales & Marketing Director of the Healthcare Division. Prior to that, he held different roles within Sales Development, Marketing and Business Planning at Imperial Tobacco. Xavier holds a master's degree of Commercial Engineering from the University of Leuven, Belgium.

Axel Löbel

Executive VP Operations

Axel Löbel joined the Ontex Group in February 2019. Prior to joining the Ontex Group, Axel has held various positions within Procter and Gamble Baby Care evolving from electrical support to production, logistics and then leading the development and implementation of global product upgrades. In 2008, he led a green field start-up of a Procter & Gamble diaper plant in Cairo, Egypt. In 2013 he joined Melitta as COO, leading the end-to-end supply chain of their consumer goods business. Most recently, he held the General Manager position of one of the key fulfilment centers of Amazon, based in Prague. He holds a master's degree in Electrical Engineering - subject area communications, and has more than twenty-five years of professional experience in operations.

Thierry Navarre

Chief Transformation Officer

Thierry Navarre, permanent representative of Artipa BVBA, joined the Ontex Group in 2006 as the Group Supply Chain Director and was appointed Chief Operating Officer in 2009. Before 2006, he was Director of Strategy & Development at InBev in France (now, AB InBev), and held other senior management positions in supply and distribution at InBev between 2001 and 2005. Prior to this, between 1997 and 2001 he held various roles in logistics and distribution at Fort James (now Georgia Pacific), and between 1991 and 1997 at Jamont (now Georgia Pacific).

Thierry Viale

President Europe

Thierry Viale was appointed as General Manager of the Growth Markets Division and Strategic Development on October 1, 2013. Prior to joining the Ontex Group, Thierry held a number of senior positions at Procter & Gamble in Western Europe, Russia, Nigeria/West Africa, Greater China, the Balkans and in India. Thierry holds a Master degree from the Saint Cyr Military Academy, a Bachelor degree from the Neoma Business School, and a MBA from ESCP Europe.

4. RELEVANT INFORMATION IN THE EVENT OF A TAKEOVER BID

Article 34 of the Royal Decree of November 14, 2007 on the obligations of issuers of securities which have been admitted to trading on a regulated market, requires that listed companies disclose certain items that may have an impact in the event of a takeover bid.

4.1. Capital Structure

A comprehensive overview of our capital structure as at December 31, 2018 can be found in chapter 2. of this Corporate Governance Statement.

4.2. Restrictions on transfers of securities

The Company's Articles of Association do not impose any restrictions on the transfer of shares in the Company. Furthermore, the Company is not aware of any such restrictions imposed by Belgian law except in the framework of market abuse rules.

4.3. Holders of securities with special control rights

There are no holders of securities with special control rights.

4.4. Employee share plans where the control rights are not exercised directly by the employees

The Company's shares to be delivered to participants upon exercise of the stock options or vesting of the RSUs in the framework of the LTIP are existing ordinary shares in the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP is set out in the Remuneration Report.

The Company has not set up employee share plans where control rights over the shares are not exercised directly by the employees.

4.5. Restriction on voting rights

The Articles of Association of the Company do not contain any restrictions on the exercise of voting rights by the shareholders, provided that the shareholders concerned comply with all formalities to be admitted to the shareholders' meeting and their voting rights are not suspended in one of the events set out in the Articles of Association or the Belgian Companies Code. Pursuant to Article 11 of the Company's Articles of Association, the Board is entitled to suspend the exercise of rights attaching to shares belonging to several owners.

The Company is not aware of any restrictions imposed by Belgian law on the exercise of voting rights by the shareholders.

4.6. Rules on appointment and replacement of members of the Board

The term of office of directors under Belgian law is limited to six years (renewable) but the Corporate Governance Code recommends that it be limited to four years. The appointment and renewal of directors is proposed by the Board, based on a recommendation of the Remuneration and Nomination Committee and is subject to approval by the shareholders' meeting.

4.7. Rules on amendments to the Articles of Association

Save for capital increases decided by the Board within the limits of the authorized capital or a change of the registered office of the Company (such change not triggering the application of different rules on the use of languages by companies than those that currently apply to the Company), only an extraordinary shareholders' meeting is authorized to amend the Company's Articles of Association. A shareholders' meeting may only deliberate on amendments to the Articles of Association if at least 50% of the share capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will validly deliberate regardless of the portion of the share capital represented at the shareholders' meeting. As a general rule, amendments to the Articles of Association are only adopted if approved by at least 75% of the votes cast. The Belgian Companies Code provides for more stringent majority requirements in specific instances, such as for modifications of the Company's corporate purpose clause.

4.8. Authorized capital

On June 10, 2014, the extraordinary shareholders' meeting authorized the Board, subject to and with effect as from the closing of the IPO, to increase the capital of the Company in one or several times by an (aggregate) amount of maximum 50% of the amount of the registered capital (€340,325,414) as such amount was recorded immediately after the closing of the IPO. Within the framework of the authorized capital, the Board is authorized to proceed with a capital increase in any form, including, but not limited to, a capital increase in cash or in kind and by issuance of shares, convertible bonds, warrants or other securities.

The Board is authorized to limit or cancel the preferential subscription rights of the shareholders within the limits and in accordance with the provisions set out in the Company's Articles of Association and the Belgian Companies Code.

This authorization includes the limitation or cancellation of the preferential subscription rights for the benefit of one or more specific persons and in connection with capital increases in the event of a public takeover bid.

The authorization is valid for a term of five years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette (*Belgisch Staatsblad*), *ie,* five years from July 9, 2014.

On November 9, 2015, the Company recorded the realization of a capital increase in cash, within the limits of the authorized capital, resulting in a capital increase of €40,839,036.68 (excluding issue premium in an amount of €73,902,592.52), from €680,650,828 to €721,489,864.68.

On February 29, 2016, the Company recorded the realization of a capital increase in kind, within the limits of the authorized capital, resulting in a capital increase of €27,226,021.12 (excluding issue premium in an amount of €48,451,722.68), from €721,489,864.68 to €748,715,885.80.

On March 22, 2017, the Company recorded the realization of a capital increase in kind, within the limits of the authorized capital, resulting in a capital increase of €74,871,580.58 (excluding issue premium in an amount of €145,968,664.42), from €748,715,885.80 to €823,587,466.38.

On May 25, 2018, the extraordinary general meeting of shareholders renewed the authorization to the Board with respect to authorized capital under the following conditions;

The Board of Directors may increase the registered capital of the company in one or several times by an amount cumulated over 5 years of maximum 50% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders,

This authorization may be renewed in accordance with the relevant legal provisions. The Board of Directors can exercise this power of a period of five (5 years) as from the date of publication in the Annexes to the Belgian State Gazette of the amendment to these articles of association approved by the shareholders' meeting on 25 May 2018.

4.9. Acquisition of own shares

On May 25, 2018 the Extraordinary Shareholders’ meeting renewed the authorization towards the Board with respect to the acquisition of own shares subject to the following conditions:

The company may, without any prior authorisation of the shareholders' meeting, in accordance with Articles 620 ff. of the Companies Code and within the limits set out in these provisions, acquire, on or outside the stock market, up to 10% of its own shares, profit-sharing certificates or associated certificates for a price which will respect the legal requirements, but which will in any case not be more than 10% below the lowest closing price in the last thirty trading days preceding the transaction and not more than 5% above the highest closing price in the last thirty trading days preceding the transaction. This authorisation is valid for five years from 25 May 2018. This authorisation covers the acquisition on or outside the stock market by a direct subsidiary within the meaning and the limits set out by Article 627, indent 1 of the Companies Code. If the acquisition is made by the company outside the stock market, even from a subsidiary, the company shall comply with Article 620, §1, 5° of the Companies Code.

For more detailed description of the purchase of own shares, cfr. 2.1.

4.10. Material agreements to which Ontex is a party containing change of control provisions

4.10.1. Senior Facilities Agreement

The Company, and certain of its subsidiaries as guarantors, entered into a new 5-year multicurrency credit facilities agreement dated November 26, 2017 (the “Senior Facilities Agreement 2017”) for an amount of €900,000,000, comprising a term loan of €600,000,000 and a revolving credit facility of €300,000,000, for the purpose of among others repaying the Senior Facilities Agreement 2014 as amended and/or restated from time to time, and for general corporate purposes.

The Senior Facilities Agreement 2017 contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Senior Facilities Agreement provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders’ meeting (“Change of Control”) may lead to a mandatory prepayment and cancellation under the Senior Facilities Agreement.

4.10.2. Facilities Agreements

The Company, and certain of its subsidiaries as guarantors, entered into a new 7-year multicurrency credit facilities agreement dated December 4, 2017 (the “Facilities Agreement 2017”) for an amount of €250,000,000, comprising a term loan of €150,000,000 and an accordion of €100,000,000, for the purpose of among others repaying the Senior Secured Notes, and for general corporate purposes.

The Facilities Agreement 2017 contains contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Senior Facilities Agreement provides, among others, that any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued capital of the Company having the right to cast more than 50% of the votes capable of being cast at a shareholders’ meeting (“Change of Control”) may lead to a mandatory prepayment and cancellation under the Facilities Agreement.

4.10.3. Factoring Agreement

The Company entered into a Factoring Agreement dated February 21, 2018, with BNP Paribas Fortis Factor N.V. and KBC Commercial Finance N.V. (‘Factoring Agreement’); The Factoring Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Factoring Agreement provides, among others, that in the event the effective control of any party is transferred to others, the other party has the right to terminate the Factoring Agreement.

4.10.4. Hedging Agreement

The Company entered into a ISDA FX Hedging Agreement dated March 12, 2018 Crédit Agricole Corporate and Investment Bank (“CACIB”) (“Hedging Agreement”). The Hedging Agreement contains provisions that may be triggered in the event of a change of control over the Company. More specifically, the Hedging Agreement, provides, among others, a change control, defined as any person or group of persons acting in concert acquiring, directly or indirectly, beneficial ownership of the issued share capital of the Company (“Change of Control”), provides CACIB the right to terminate the Hedging Agreement.

All Change of Control provisions as listed above are subject to shareholders’ consent in accordance with article 556 of the Belgian Companies Code, and such approval has been obtained during the annual shareholders’ meeting on May 25, 2018.

4.11. Severance pay pursuant to termination of contract of Board members or employees pursuant to a takeover bid

The Company has not concluded any agreement with its Board members or employees which would result in the payment of a specific severance pay if, pursuant to a takeover bid, the Board members or employees resign, are dismissed or their employment agreements are terminated.

Please see chapter 8.7. of this Corporate Governance Statement on termination provisions of the members of the Board and the Management Committee in general.

5. CONFLICTS OF INTERESTS

Each Board member should arrange his or her personal and business affairs in such a way as to avoid any conflict of interests of a personal, professional or financial nature with the Company, directly or through relatives (including spouse or life companion, or other relatives (by blood or marriage) up to the second degree and foster children).

In accordance with Article 523 of the Belgian Companies Code, if a Board member has a direct or indirect patrimonial interest in a decision or transaction which is the responsibility of the Board, he/she must inform the other Board members before any decision by the Board is taken and the statutory auditor must also be notified. For companies that are making or have made a public call on savings (such as Ontex Group NV), the conflicted Board member cannot be present during the deliberations of the Board relating to these transactions or decisions and cannot vote.

Conflict of interests within the meaning of Article 523 of the Belgian Companies Code arose on the following occasion in 2018, and the provisions of Article 523 Belgian Companies Code were complied with:

5.1. Remuneration of the members of the Executive Management Team/Management Committee

On March 5, 2018, the Board resolved on the remuneration (incl. LTIP 2018) for the members of the Management Committee. Prior to discussing this item, Charles Bouaziz, Cepholli Bvba, with Jacques Purnode as permanent representative, and Artipa Bvba, with Thierry Navarre as permanent representatives, declared to have a conflict of interest in accordance with Article 523 of the Belgian Companies Code. The relevant section of the minutes can be found below in its entirety:

“Prior to discussing this item on the agenda, Charles Bouaziz, director, Jacques Purnode and Thierry Navarre, permanent representatives of their respective management companies, Cepholli BVBA and Artipa BVBA, directors of the Company, declared to have an interest of a patrimonial nature which is conflicting with the decisions that fall within the scope of powers of the board of directors.

This conflict of interest results from the fact that Charles Bouaziz,Jacques Purnode and Thierry Navarre are, either in personal name or via their management company, both directors of the Company and members of the Executive Committee.

The remuneration proposals will have financial consequences for the Company that have been set out in the file submitted to the Remuneration and Nomination Committee and as set out below.

In accordance with Article 523 of the Companies Code, Charles Bouaziz, Cepholli BVBA (represented by its permanent representative Jacques Purnode) and Artipa BVBA (represented by its permanent representative Thierry Navarre) refrained from taking part in the deliberations and from voting on the resolutions.

In accordance with Article 523 of the Companies Code, the auditor of the Company, PricewaterhouseCoopers Bedrijfsrevisoren BV CVBA, permanently represented by Peter Opsomer BV BVBA, in turn represented by its permanent representative Peter Opsomer, has been informed of the existence of the conflicts of interest. Furthermore, the relevant sections of these minutes will be included in the annual report of the board of directors.”

5.2. Project Spiral – 2017 Earn-out

On June 27, 2018, the Board had a discussion on the Project Spiral (the acquisition of the Ontex Mexican Business) 2017 Earn-out. Prior to discussing this item on the agenda Juan Gilberto Marin Quintero declared to have a conflict of interest in accordance with Article 523 of the Belgian Company Code. The relevant section of the minutes can be found below in its entirety:

“Prior to discussing the concerned agenda item, Mr. Juan Gilberto Marin Quintero declared a personal conflict of interest of a financial nature, within the meaning of Article 523 of the Belgian Companies Code, in respect of this agenda item, which relates to amounts of 2015 and 2016 deferred consideration payable to him, among other sellers, with respect to the acquisition of Grupo Mabe by the Company (through its subsidiaries).

Mr. Juan Gilberto Marin Quintero left the meeting and did not participate in the deliberation or the decision regarding this agenda item. He will inform the Company’s auditor of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code, and a copy of the relevant extract of these minutes will be included in the relevant annual report.

The Chairman reminded the Board that Sellers and Buyers, subsidiaries of the Company (as defined in the Amended and Restated Master Purchase Agreement for Project Spiral dated February 28, 2016, as further amended on April 29, 2016, the “Master Purchase Agreement”), have engaged in discussions regarding the amounts of deferred consideration due with respect to the year 2017.

The Audit and Risk Committee has reviewed a proposal to reach an agreement with respect to the deferred consideration for the year 2017 (the "Proposed Agreement"). Pursuant to the Proposed Agreement, the Company, through its subsidiaries, would agree to pay certain amounts in full and final settlement of any and all claims, disputes or discussions with respect to the 2017 deferred consideration, on the following main terms:

- the pay-out of the 2017 Maximum Peso Deferred Consideration Amount (MXN 387,500,000) subject to/conditional upon:
    - Sellers relinquishing any right in relation to the 2017 Euro Deferred Consideration
    - Deducting by way of set-off from the 2017 Maximum Peso Deferred Consideration Amount the various costs and expenses already incurred by Buyers (approximately MXN 16 mio) to be reimbursed by Sellers to Buyers under the Transaction Documents

- As security for any future Losses that may result from the pending indemnity Claims, the balance of the 2017 Maximum Peso Deferred Consideration Amount (after such deduction) being credited and blocked into an escrow account to be opened in the name of Sellers with a financial institution acceptable to Buyers or alternatively a pledge being created over a securities account containing a portfolio of securities acceptable to the Buyers having a collateral value equal to such balance, it being understood that (i) the pledge agreement will contain arm's length collateral substitution provisions and (ii) sellers will undertake to maintain the collateral value of the securities credited to the securities account at all times to a level not lower than the collateral value of the initial portfolio of securities (expressed in MXN);

- to grant a mandate to the CEO and the CFO, each individually and with the power to subdelegate, to negotiate and execute with the Buyers a settlement agreement and an escrow agreement (as well as any ancillary agreement or document) reflecting the above terms and conditions.

Upon discussion and deliberation; the Board considers the entry into the Proposed Agreement to be in the interest of the Company and its subsidiaries, and unanimously approves the proposed decisions as recommended by the Audit & Risk Committee."

5.3. Extention of Maquinsa LTSA agreement for Non-Wovens

On November 6, 2018, the Board decided on the extention of the Long Term Supply Agreement for Non-Wovens entered into with Maquinsa. Prior to discussing this item on the agenda Juan Gilberto Marin Quintero declared to have a conflict of interest in accordance with Article 523 of the Belgian Company Code. The relevant section of the minutes can be found below in its entirety:

"Prior to discussing this item, Juan Gilberto Marin Quintero declared to have a conflict of interest in accordance with Article 523 of the Belgian Company Code. Prior to discussing the concerned agenda item, the Chairman informed the members that Mr. Juan Gilberto Marin Quintero had prior to the meeting declared a personal conflict of interest of a financial nature, within the meaning of Article 523 of the Belgian Companies Code, in respect of the agenda item, which relates to the extention of the Long-Term Supply Agreement with Maquinsa as far as the supply of non-woven materials is concerned. In light of this conflict of interest Mr. Juan Gilberto Marin Quintero did not participate in the meeting. He will inform the Company's auditor of his conflict of interest, in accordance with Article 523 of the Belgian Companies Code, and a copy of the relevant extract of these minutes will be included in the relevant annual report. The Chairman of the ARC reminded the Board that the long-term supply agreement was entered into originally at the closing of the acquisition of the Mexican business. The parties have been able to reach an agreement on the extention of that contract in relation to the supply of non-woven materials. The extention with two years (2019 and 2020) for an annual volume ranging between 6 and 10 mio €, was considered in the best interest of the Company as it secures the supply of specialties & commodities items not available easily outside Maquinsa at market-competitive pricing and other conditions and the renewal includes improved rebates. The provisions assuring market-competitive terms and periodic price revisions have been maintained. Upon discussion and deliberation the Board unanimously ratified the entry into of the contract extention."

6. RELATED PARTY TRANSACTIONS

During 2018, Ontex Group NV has not entered into transactions with related parties within the meaning of Article 524 of the Belgian Companies Code.

7. COMPLIANCE WITH THE 2009 BELGIAN CODE ON CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance and relies on the Corporate Governance Code as a reference code. The Corporate Governance Code is based on a "comply or explain" approach. Belgian listed companies must comply with the Corporate Governance Code but may deviate from those provisions which are not otherwise contained in the Belgian Companies Code, and provided they disclose the justification for any such deviations in their corporate governance statement included in the Annual Report in accordance with Article 96 §2, 2°, of the Belgian Companies Code.

The Company complies with all provisions of the Corporate Governance Code, except in respect of the following:

- The Company's Articles of Association allow the Company to deviate from all provisions of Article 520ter of the Belgian Companies Code and hence to grant shares, stock options and other share-based incentives vesting earlier than three years after their grant. However, the Company has not made use of such authorization and the LTIP, the LTIP 2014, LTIP 2015, LTIP 2016, LTIP 2017 as well as the LTIP 2018, as described within the Remuneration Report, provides for a vesting period of three years for the stock options and RSUs;

- The CEO and certain other members of the Management Committee are entitled, in certain circumstances, to severance pay which is higher than 12 or 18 months of remuneration if the Company decides to apply the non-competition clauses in their respective agreements to the fullest extent provided by such agreements (see chapter 8.8. of the Remuneration Report for a detailed description thereof). In accordance with Article 554, 4th indent, of the Belgian Companies Code, with respect to Charles Bouaziz and Artipa BVBA, with Thierry Navarre as its permanent representative, the annual shareholders' meeting of May 26, 2015 approved a severance payment exceeding 18 months, in certain circumstances. The Company deems such deviations from the Corporate Governance Code necessary to attract and retain competent executive directors and managers in the competitive environment in which the Company operates.

8. REMUNERATION REPORT

8.1. Remuneration policy and procedure for the Board of Directors

The remuneration of the Non-Executive members of the Board was amended by approval of the shareholders' meeting of May 25, 2016 as proposed by the Board of Directors, upon recommendation of the Remuneration and Nomination Committee. It took into account the responsibilities and the commitment of the Board members to develop the Ontex Group and was intended to attract and retain individuals who have the necessary experience and competencies for this role.

Pursuant to this shareholders' resolution the following remuneration policy was approved:

- Non-Executive Board member retainer: € 60,000 paid out annually to each Non-Executive member of the Board of Directors, other than the Chairperson of the Board of Directors;
- Non-Executive Board member attendance fee: € 2,500 paid out to each Non-Executive member of the Board of Directors, other than the Chairperson of the Board of Directors, for each Board meeting attended;
- Board Chairperson retainer: € 120,000 paid out annually to the Chairperson of the Board of Directors;
- Board Chairperson attendance fee: € 5,000 paid out to the Chairperson of the Board of Directors for each Board meeting attended;
- Committee member attendance fee (with respect to the Remuneration and Nomination Committee respectively Audit and Risk Committee): € 2,500 paid out to each Non-Executive Committee member, other than the Chairperson of the relevant Committee, for each Committee meeting attended;
- Committee Chairperson retainer (with respect to the Remuneration and Nomination Committee respectively Audit and Risk Committee): € 10,000 paid out annually to the Chairperson of each Committee; and
- Committee Chairperson attendance fee (with respect to the Remuneration and Nomination Committee respectively Audit and Risk Committee): € 4,000 paid out to the Chairperson of each Committee for each Committee meeting attended in his or her capacity of Chairperson of such Committee.

These amounts are excluding any applicable VAT. In addition, Non-Executive Directors benefit from the D&O Policy.

The remuneration of the Executive Directors is described below under chapter 8.2 of this Corporate Governance Statement. None of the Executive Directors received any director fee.

Going forward, the remuneration policy will be reviewed on a regular basis by the Remuneration and Nomination Committee in line with prevailing market conditions for listed companies in Belgium and companies of similar size in an equivalent FMCG market.

2018 Non-Executive Director remuneration overview (by member)

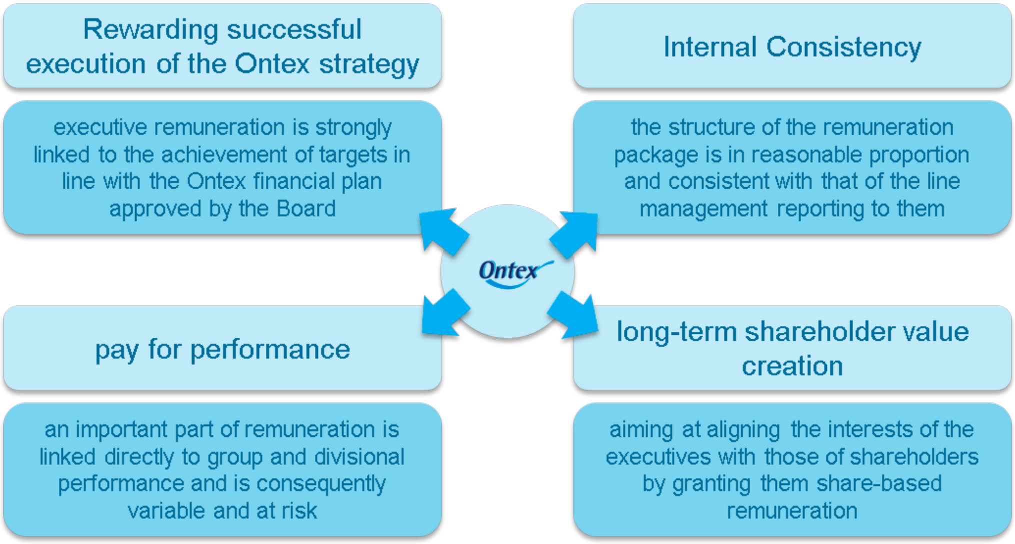
Name	Function	Paid Fee (in EUR)
Revalue BVBA, represented by Luc Missorten	Chairman of the Board, Independent Director	217,500.00
Inge Boets BVBA, represented by Inge Boets	Chairwoman of the Audit and Risk Committee, Independent Director	135,000.00
Tegacon Suisse GmbH, represented by Gunnar Johansson	Chairman of the Remuneration and Nomination Committee, Independent Director	128,500.00
Uwe Krüger[13]	Independent Director	95,000.00
Juan Gilberto Marin Quintero	Non-Executive Director	97,500.00
Regi Aalstad	Independent Director	100,000.00
Michael Bredael	Non-Executive Director	105,000.00

8.2. Remuneration policy and procedure for the Management Committee

The Company's remuneration policy for the Management Committee was developed in order to attract, motivate and retain talented executives, who have the necessary drive to deliver results towards our growth ambitions. The remuneration policy aims at creating a high performance culture to achieve long-term profitable growth. Growth is defined by financial growth, but also in terms of organizational transformation and people development. To achieve this goal, the Management Committee members are evaluated against business objectives and people development objectives.

13 As from 01/01/2018 the remuneration to which Uwe Krüger is entitled is not transferred to his account but the equivalent net-amount is being donated of 95.000,00 euro is being donated to African Parcs Organisation.

The structure of the executive remuneration package is based upon the following principles:



Base salaries for the members of the Management Committee are reviewed annually by the Remuneration and Nomination Committee. The salary adjustments, following approval by the Board, become effective as of January 1 each year. As part of this annual exercise, the Remuneration and Nomination Committee considers:

- the average salary increase in the country in which the executive is employed;
- the market positioning of the executive's compensation package;
- the different tenure and experience of each executive;
- changes in the scope and responsibility of the executive; and
- the executive's individual performance.

The target short-term variable remuneration ("bonus") of the members of the Management Committee is at least 50% of their fixed base salary. The target percentage is based on the level of each executive. An important part of the bonus is linked to the Group performance and the Divisional performance and achievement of the growth targets. Per June 30, 2014, the General Meeting of Shareholders has granted the Company the authority to deviate from the requirements in relation to variable remuneration included in Article 520ter of the Belgian Companies Code, as recorded in Article 30 of the Articles of Association and as further described under chapter 0 of this Corporate Governance Statement.

The composition of the bonus is as follows:

- a 70% (or 80% for the CEO) collective part determined by financial objectives that are required to achieve the Company's long-term plan and growth ambition. For the General Managers of Divisions, the 70% is split into 35% Group and 35% Divisional objectives. In 2018, the targets were revenue, EBITDA and operational free cash flow. These targets are decided by the Board. The payout of this part of the bonus is based on the achievements of the business targets. If the achievement is below 90% of the targets, no bonus is paid out. In addition, this part of the bonus is capped at a maximum of 150%.
- a 30% (or 20% for the CEO) individual part determined by the achievement of the individual business and people development objectives. Every member of the Management Committee agrees these objectives with the CEO and the Chairman of the Board at the start of the performance year. The objectives for the CEO are agreed with the Chairman of the Board. This part of the bonus is calculated based on the performance evaluation of each executive at the end of the year. The evaluation scores are recommended by the CEO and approved by the Board, upon recommendation of the Remuneration and Nomination Committee. The performance score for the CEO is recommended by the Chairman, upon consultation with the Remuneration and Nomination Committee and approved by the Board. The payout of this part of the bonus is also capped at 150%.

8.3. Fixed and short-term variable remuneration 2018 of the CEO

- Fixed base remuneration: 937,427 €;
- 2018 short-term variable remuneration (paid out in 2019): 656,199 €;
- Aggregate other elements of remuneration (medical insurances, car perks): 52,017 €.

There are no pension contributions or other elements of remuneration within the meaning of Article 96, §3, 6°, c) and d), of the Belgian Companies Code, except as specified within chapter 8.5., 8.6. and 8.7. of this Corporate Governance Statement.

The assessment of performance is based on audited results and the evaluation of the Board of the individual performance of the CEO. There is no deferral with respect to the variable remuneration or claw-back provision in case such variable remuneration would have been granted on the basis of inaccurate financial data. The remuneration increase from 2017 to 2018 is due to a 2.4% salary increase and a higher pay-out on the short-term variable remuneration.

8.4. Fixed and short-term variable remuneration 2018 for the members of the Management Committee (excluding the CEO)

- Aggregate fixed base remuneration: 4,743,935 €
- Aggregate 2018 short-term variable remuneration (paid out in 2019): 1,945,098 €.
- Aggregate pension entitlements (defined contribution plan structure) and life and disability insurance contributions: 567,085 €.
- Aggregate other elements of remuneration (medical insurance, company cars, etc): 274,598 €.

In addition, the members of the Management Committee benefit from the D&O Policy, described under chapter 8.6. of this Corporate Governance Statement.

The assessment of performance is based on audited results and the recommendation of the CEO with respect to his evaluation of the individual performance of the Management Committee members. There is no claw-back provision or deferral with respect to the variable remuneration in case such variable remuneration has been granted on the basis of inaccurate financial data. The figures are based on real remuneration paid, taking into account entry date in the Company. The increase from 2017 to 2018 is due to salary increases and a higher pay-out of the short-term variable remuneration.

8.5. 2018 Long Term Incentive Plan

Upon the recommendation of the Board, a new LTIP plan has been approved at the Annual General Shareholder meeting on May 25, 2018. The new LTIP has been approved for a 5-year period, starting in 2019. Under the new plan, performance shares will be introduced as a third equity-based instrument, alongside RSU's and stock options. The performance shares will vest after 3 years, depending on the achievement against performance targets. The performance measures and targets will be decided by the Board for each LTIP grant. For the 2019 grant, these performance measures will include top line sales, EBITDA and earnings per share.

In 2018 the Company implemented the LTIP 2018, which consists of a combination of stock options and RSUs.

A RSU is the right to receive from the Company one share in the Company per vested restricted stock unit, for no consideration. The RSUs vest not less than three years after the grant date.

A stock option gives the right to purchase from the Company one share in the Company per vested stock option, during a predetermined timeframe, by paying a predetermined exercise price. A stock option can only be exercised not less than three years after the grant date, in accordance with the principle set out in Article 520ter of the Belgian Companies Code.

The vesting of the stock options and RSUs is subject to certain conditions, such as the participant remaining in service until the vesting date. The evolution of the share price between grant and vesting or exercise has been considered to be the relevant performance indicator and the vesting of the LTIP 2018 award is thus not subject to specific performance conditions.

The number of RSUs and stock options granted to the members of the Management Committee in 2018 as well as the number of RSUs and stock options which vested in 2018 can be summarized as follows:

Name	# RSU's		Stock Options	
	Granted in 2018	Vested in 2018	Granted in 2018	Vested in 2018
Charles Bouaziz	14,921	6,884	75,114	28,661
Philippe Agostini	3,553	1,027	17,887	4,275
Özgür Akyildiz	3,908	1,502	19,676	6,251
Armando Amselem	4,607	0	23,193	0
Laurent Bonnard	3,516	1,026	17,701	4,271
Astrid De Lathauwer	3,862	962	19,441	4,007
Annick De Poorter	3,562	740	17,931	3,081
Martin Gärtner	2,719	782	13,688	3,257
Xavier Lambrecht	3,901	1,134	19,638	4,720
Thierry Navarre	7,643	2,455	38,475	10,219
Oriane Perreaux	2,688	726	13,533	3,021
Jacques Purnode	0	2,869	0	11,943
Mauricio Troncoso	4,762	2,627	23,974	0
Thierry Viale	2,757	993	13,879	4,135

8.6. D&O Policy

Ontex Group NV has entered into a Directors and officers insurance policy (the "D&O Policy") covering claims that would be made against any of the insured persons, subject to certain exceptions. Insured persons are, among others, natural persons who qualify as (i) a director or officer or (ii) an employee while acting in a managerial or supervisory capacity, of Ontex Group NV and/or of any of its subsidiaries.

8.7. Termination Provisions

Charles Bouaziz, Artipa BVBA (Thierry Navarre) and Cepholli BVBA (Jacques Purnode) may claim a termination indemnity in lieu of notice of up to 12 (3 for Cepholli BVBA) months' fixed remuneration plus bonus and a non-compete (and/or additional termination) indemnity of up to 12 months' fixed remuneration.

The other members of the Management Committee have different contractual termination provisions depending on their personal situation and (where applicable) employment location, whereby contractual termination compensation is however (contractually) capped within the limits of article 554 of the Belgian Company Code. The maximum total contractual non-compete provision combined with applicable contractual termination indemnit(y)(ies) is 18 months. Hence all contractual termination provisions, as set out below are fully in line with Belgian corporate governance regulations.

Name	Contractual Notice Entitlement	Contractual Non-Compete And/Or Additional Termination Indemnity
Astrid De Lathauwer, Laurent Bonnard, Marex BVBA (Xavier Lambrecht), Oriane Perreaux, Philippe Agostini, Thierry Viale, Mauricio Troncoso, Özgür Akyildiz	3 months	12 months
Annick De Poorter	3 months	15 months
Martin Gärtner	12 months	6 months
Armando Amselem	90 calendar days	9 months

Upon recommendation by the Remuneration and Nomination Committee the Board has approved a severance package for Mauricio Troncoso slightly in excess of 12 month's basic and variable remuneration. The Board believes such severance package is justified and acceptable, given the position occupied by Mr. Troncoso, the importance of a proper transition of his duties and the importance of protecting the interests of the company by enforcing the non-compete clause.

8.8. Information about the remuneration policy in the coming two years

In the context of the comprehensive review of the business that the Company is conducting, a performance related incentive scheme will be deployed.

9. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9.1. Introduction

The Ontex Group operates a risk management and control framework in accordance with the Belgian Companies Code and the Corporate Governance Code.

The Ontex Group is exposed to a wide variety of risks within the context of its business operations that can result in its objectives being affected or not achieved. Controlling those risks is a core task of the Board (including the Audit and Risk Committee), the Management Committee and all other employees with managerial responsibilities.

The risk management and control system has been set up to reach the following goals:

- Achievement of the Ontex Group objectives;
- Achieving operational excellence;
- Ensuring correct and timely financial reporting; and
- Compliance with all applicable laws and regulations.

9.2. Control Environment

9.2.1. Three lines of defense

The Ontex Group applies the “three lines of defense model” to clarify roles, responsibilities and accountabilities, and to enhance communication within the area of risk and control. Within this model, the lines of defense to respond to risks are:

- First line of defense: line management is the first responsible for assessing risks on a day-to-day basis and implementing controls in response of these risks.
- Second line of defense: the oversight functions like Finance and Controlling, Quality, Compliance, Tax and Legal oversee and challenge risk management as executed by the first line of defense. The second line of defense actors provide guidance and direction and develop a risk management framework.
- Third line of defense: independent assurance providers like internal audit and external audit challenge the risk management processes as executed by the first and second line of defense.

9.2.2. Policies, procedures and processes

The Ontex Group fosters an environment in which its business objectives and strategy are pursued in a controlled manner. This environment is created through the implementation of different company-wide policies, procedures and processes such as the Ontex values, the Ontex Code of Ethics (and its related policies such as the anti-bribery, anti-money laundering and fair competition policies), the Quality Management System and the Delegation of Authorities ruleset. The Management Committee fully endorses these initiatives. The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

9.2.3. Group-wide ERP system

The main portion of the Group entities operate the same group-wide ERP systems which are managed centrally. These systems embed the roles and responsibilities defined at the Ontex Group level. Through these systems, the main flows are standardized and key controls are enforced. The systems also allow detailed monitoring of activities and direct access to data.

9.3. Risk management

Sound risk management starts with identifying and assessing the risks associated with the Company’s business and external factors. Once the relevant risks are identified, the Company strives to prudently manage and minimize such risks, acknowledging that certain calculated risks are necessary to ensure that the Ontex Group achieves its objectives and continues to create value for its stakeholders.

All employees of the Ontex Group are accountable for the timely identification and qualitative assessment of the risks within their area of responsibility.

The Ontex Group has identified and analyzed its key corporate risks as disclosed under the Strategic Report of this Annual Report. These corporate risks are communicated to the various levels of management.

9.4. Control activities

Control measures are in place to minimize the effect of risk on Ontex Group’s ability to achieve its objectives. These control activities are embedded in the Ontex Group’s key processes and systems to assure that the risk responses and the Ontex Group’s overall objectives are carried out as designed. Control activities are conducted throughout the organization, at all levels and within all departments.

In addition to these control activities, an insurance program is being implemented for selected risk categories that cannot be absorbed without material effect on the Company’s balance sheet.

9.5. Information and communication

The Ontex Group recognizes the importance of timely, complete and accurate communication and information both top-down as well as bottom-up. The Ontex Group therefore put several measures in place to assure amongst others:

- Security of confidential information;
- Clear communication about roles and responsibilities; and
- Timely communication to all stakeholders about external and internal changes impacting their areas of responsibility.

9.6. Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively.

The quality of the Ontex Group's risk management and control framework is assessed by the following actors:

- Internal Audit. The tasks and responsibilities assigned to Internal Audit are defined in the Internal Audit Charter, which has been approved by the Audit and Risk Committee. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it".
- External Audit. In the context of its review of the annual accounts, the statutory auditor focusses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the Audit and Risk Committee and shared with Internal Audit.
- Audit and Risk Committee. The Board and the Audit and Risk Committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the Audit and Risk Committee, see chapter 3.5 of this Corporate Governance Statement.

9.7. Risk management and internal control with regard to the process of financial reporting

The accurate and consistent application of accounting rules throughout the Ontex Group is assured by means of a Finance and Accounting Manual.

On a quarterly basis, a bottom-up risk analysis is conducted to identify risk factors. Action plans are defined for all key risks. Specific identification procedures for financial risks are in place to assure the completeness of financial accruals.

The accounting teams are responsible for producing the accounting figures, whereas the controlling teams check the validity of these figures. These checks include coherence tests by comparison with historical and budget figures, as well as sample checks of transactions according to their materiality.

Specific internal control activities with respect to financial reporting are in place, including the use of a periodic closing and reporting checklist. This checklist assures clear communication of timelines, completeness of tasks, and clear assignment of responsibilities.

Uniform reporting of financial information throughout the Ontex Group ensures a consistent flow of information, which allows the detection of potential anomalies. The Group's ERP systems and management information tools allow the central controlling team direct access to disaggregated financial and non-financial information.

An external financial calendar is planned in consultation with the Board and the Management Committee, and this calendar is announced to the external stakeholders. The objective of this external financial reporting is to provide Ontex stakeholders with the information necessary for making sound business decisions. The financial calendar can be consulted on http://www.ontexglobal.com/calendar

The table below sets out our principal risks and examples of relevant controls and mitigating factors.

The Company considers these to be the most significant risks faced by the Group that may impact the achievement of our strategic drivers as set out on page 12. They do not comprise all risks associated with our business and are not set out in priority order.

Risk	Description Risk	Main Potential Impact
Competitive Environment	All Divisions face competition from branded product manufacturers and retailer brand manufacturers. We also face competition from competing manufacturers in production innovation. Rapid time-to-market is key to our competitiveness.	The fact that we would fail to deliver our value proposition and/or to adapt to the customer's needs could affect our performance, and could entail price and volume pressure, loss of market share or margin erosion.
Reputation and Stakeholder Management	As a public company, Ontex has stakeholders with various needs, and Ontex is subject to high transparency standard and periodic reporting obligations. Ontex may be subject to adverse publicity.	Such adverse publicity may adversely impact our reputation, and indirectly our business and financial condition.
Product Quality and Safety	Our reputation as a business partner relies heavily on our ability to supply quality products.	In case of quality issues, this may lead to adverse effects to consumer health, loss of market share, financial costs and loss of turnover as well as putting the Company reputation at stake.
Intellectual Property	Although we are monitoring changes in intellectual property rights, we may inadvertently infringe intellectual property rights owned by others. Secondly, the Company may fail to register intellectual property rights in a timely manner.	As a potential consequence thereof, the Company may face legal claims or have to pay royalties which erode our profit margins.
Manufacturing and Logistics	Our ability to serve our customers depends on the operation of our 19 manufacturing sites. We may experience disruptions at our production facilities or in extreme cases, our production facilities may shut down.	Such temporary shortfalls in production could affect our on-time delivery record, which could in turn adversely affect our ability to acquire new customers and retain existing customers.
Sourcing and Supply Chain	We are dependent upon the availability of raw materials for the manufacture or our products. On average the main raw materials and packaging costs account for between 75% and 80% of our cost of sales. Our raw materials are subject to price volatility due to a number of factors that are beyond our control, including but not limited to, the availability of supply, general economic conditions, commodity price fluctuations and market demand.	The price volatility of the underlying commodities can affect the cost and availability of our products. We may not always succeed in passing on these costs to the customer/consumer through pricing.
Acquisitions	From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. The success of any acquisition depends on our ability to integrate acquired businesses effectively. The integration of acquired businesses may be complex and expensive and may present a number of risks and challenges. Furthermore, there can be no assurance that we will realize any or all of the anticipated benefits of any future acquisitions, including the expected business growth opportunities, revenue benefits, cost synergies and other operational efficiencies.	In case we would not be able to realise the objectives of the acquisition, the integration may lead to additional unforeseen difficulties or liabilities, failure to deliver on financial goals and internal disruption.
Information Technology, Data Security and Cyber Attack	We are increasingly reliant on IT systems and information management to run our business. There is a risk of disruption of our IT systems and that sensitive data may be compromised by malicious cyber-attack or technology failure.	A disruption of our IT systems could affect our sales, production and cash flows, ultimately impacting our results. Unauthorized access and misuse of sensitive information could interrupt our business and/or lead to loss of assets. It could also lead to negative reputational impact.
Legal and Regulatory	Ontex is subject to applicable laws and regulations in the global jurisdictions in which it operates.	Failure to comply with laws and regulations could expose us to civil and/or criminal actions, and changes to laws and regulations could have an impact on the cost of doing business.

Risk	Description Risk	Main Potential Impact
Economical and Political Instability	Ontex operates around the globe, and as a result is subject to risks associated with operating internationally. Recent and ongoing instability in some of the countries in which we operate may adversely affect our business, including but not limited to the Brexit.	Any such conditions or instability could impact our operations and result in additional expenditure and other commercial and financial impacts incurred in order to comply or adapt to such conditions and consequently have a material adverse effect on our business.
Recruitment and Retention	A skilled workforce and agile organization are essential for the continued success of our business. Failure to identify, attract, develop and retain talents to satisfy current and future needs of the business may affect our ability to compete	In case of failure to recruit and retain adequately, this may result in a decline in business performance.
Financial	As detailed in section 7.4 of the financial statements, the Group's activities expose it to a variety of financial risks including currency risk, interest rate risk and liquidity risk as well as counterparty default.	These risks may have a material adverse effect on our business, financial condition and results of operations.
Occupational Health and Safety	As Ontex is operating around the globe, it may fail to provide for the personal safety of employees in production and other facilities and during travel to high-risk locations.	Reputational damage and difficulties in hiring people.
Climate Change	Climate change continues to be a focus for government legislators working within the sustainability agenda.	Climate change legislation (e.g. the introduction of a carbon tax) could result in making our products less affordable or less available resulting in reduced growth and profitability.