Ontex Group
Public limited Company
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RPR Dendermonde
(the "Company")

BOARD OF DIRECTORS REPORT OF NV ONTEX GROUP TO THE ORDINARY SHAREHOLDERS MEETING OF MAY 24, 2017

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1. General

The Board of Directors presents you the separate annual accounts and reports to you in respect of its management during the financial year started on January 1, 2016 and ended on December 31, 2016.

2. Introduction

The Group - Ontex Group NV

2016 was a year of significant achievements in a challenging environment. From a top line perspective, we outperformed our markets in 4 out of 5 Divisions, including double-digit LFL growth in developing markets. At the end of February we completed the deal with Grupo Mabe, marking our first steps into the Americas, and rapidly integrated the business into the Ontex family. Just before year end, we reached agreement to acquire the personal hygiene business of Hypermarcas, extending our growth platform in the Americas with leading market positions in Brazil.
At the same time, we have remained focused on restoring MMR to growth ahead of its markets while protecting profitability. We achieved further Adjusted EBITDA margin expansion through our efficiency and savings programs, and captured acquisition-related synergies slightly ahead of our expectations, while continuing to invest in the organization.

3. Comments to the statutory accounts per December 31, 2016

3.1 Financial year

The financial year started on January 1, 2016 and ended on December 31, 2016, which is a period of 12 months.

3.2 Balance Sheet

The most important sections are disclosed here below

The section 'Formation expenses' amounts to € 3,772,229 and consist out of the issuance costs of the new shares issued in view of the capital increase realized in 2015 for an amount of € 1,041,608 and costs related to the refinancing of debt for a total amount of € 2,730,621.

The section 'Intangible fixed assets' mainly consists of a merger goodwill resulting from the simplification of the company structure in 2015 for an amount of € 89,099,183. Aside from the merger goodwill, this section also includes the concessions and licenses for the SAP and Microsoft software for an amount of € 9,886,664.

The section 'Tangible fixed assets' amounts to € 1,571,373 and mainly consists out of IT servers and IT related material (€ 1,517,316).

The section 'Financial fixed assets' includes the participation of Ontex Group NV in Ontex BVBA for an amount of € 1,907,965,289. The section 'Financial fixed assets' also includes receivable positions on affiliated companies for an amount of € 855,520,751 and guarantees for an amount of € 150,897 per December 31, 2016.

The section 'Amounts receivable within one year – trade debtors' amounts to € 79,676,108 and consists mainly of factored trade receivables.

The section 'Amounts receivable within one year - Other amounts receivable' amounts to € 14,606,797 per December 31, 2016 and consists mainly of current accounts with other members of the Ontex Group, which are managed on a daily basis and on which monthly interests are charged.

The accrual accounts of the assets mainly include accrued interests of the above mentioned loans.

The section 'Current investments – Own shares' consists out of an amount of € 22,335,195 of own shares. The group implemented a full hedging program through a total return swap on June 1, 2015 for the share bases payments LTIP 2014, LTIP 2015 and LTIP2016. This was extended per June 1, 2016. As a consequence Ontex Group recognized treasury shares for the above mentioned amount.

De section 'Capital' amounts to € 748,715,886, represented by 74,861,108 shares without nominal value.

On February 29, 2016, the Board of Directors decided to increase the capital through a contribution in kind , by the issuance of 2,722,221 new ordinary shares at a share price of €27.8 per share. As a consequence the Board of Directors confirmed a capital increase by contribution in cash for an amount of € 27,226,021 (excluding a sharepremium amounting to € 48,451,721) from €721,489,865 to €748,715,886 represented by 74,861,102 shares.

The 'Share premium' amounts to € 266,773,477 per December 31, 2016 which is an increase compared to December 31, 2015 as a result of the capital increase described above.

The section 'Reserves' amounts to € 359,167,744 per December 31,2016 and consists out of the following reserves:

- Legal Reserve for an amount of € 29,490,184.
  This reserve was established based on art. 616 of the Belgian company code. Each year, the annual shareholders should allocate at least 5% of the net result to a legal reserve. The obligation to provide for this reserve ends when 10% of the issued capital is reached.
- Unavailable reserves for own shares for an amount of € 22,335,195

In view of the recognition of own shares, the company formed an unavailable reserve in accordance with art. 623 of the Belgian company code. An unavailable reserve should be formed equal to the value of the own shares included on the balance sheet of the company.

- Available reserves for an amount of € 307.342.365

The section 'Provisions for other liabilities and charges' amounts to € 6,958,159 and consists of the provision in view of the Long Term Incentive Plan (LTIP), based on a combination of stock options and restricted stock units. For more information on this incentive plan, we refer to chapter 14.5 of this report.

The section 'Amounts payable after more than one year' amounts to € 834,171,545 per December 31, 2016 and is composed of the issued bond (€ 250,000,000), Senior Term Loan Facilities (€ 380,000,000 and €125,000,000); loans received from members of the Ontex Group (€56,836,350) and a loan issued by ING in view of the total return swap (€22,335,195) for share based payments.

The section 'Amounts payable within one year' amounts to €451,883,926 and mainly consists out of the outstanding debt in view of the factoring agreements in place of all the members of Ontex Group (€150,435,348), trade debt (€ 5,239,347), tax payables (€ 690,147) and payables with regard to remuneration and social security (€3,931,720).

The section 'other amounts payable' amounts to € 291,587,364 and mainly consists out of current accounts with other members of the Ontex Group (€ 246,236,241) and the dividend to be paid (€45,290,970).

The accruals and deferred income consists mainly of the accrued interests on the mentioned loans.

3.3 Income Statement

The operational loss amounts to € 30,555,350 at the end of 2016 , aside from the management costs of the group in 2016, it is mainly composed of the depreciation expenses on the merger goodwill for an amount of € 29,481,728.

The financial result at the end of 2016 amounts to a gain of € 25,332,236. This is mainly the result of the receipt of a dividend from Ontex BVBA (€20,000,000) and interests calculated on loans issues to different members of the group (€28,042,700).This gain was partially compensated by the interest charge on the mentioned debt and current account positions with the different members of the Ontex group.

The company closes the year 2016 with a loss of € 6,013,351.

4. Reporting & Analysis required by Article 96 § 1, 1° Belgian Companies Code.

With regard to the analysis & reporting requirement as stated in Article 96 §1, 1° of the Belgian Companies Code, the following can be stated:

Considering the activity of the company, rendering of services within the Ontex group, the company stand alone is not exposed to operational risks other than those applicable for the Ontex Group. For an overview of the risks and uncertainties of the Ontex Group, we refer to chapter 18 of this report.

5. Events after the end of the reporting period ended December 31, 2016 (Article 96 § 1 ,2° Belgian Companies Code)

There are no significant events after the reporting period that could have a significant impact on the annual accounts per December 31, 2016, presented in this report.

On January 25, 2017 a senior facilities agreement, comprised of a euro-denominated Senior Term Loan Facility (Loan Facility D), due December 3, 2019 in an amount of €125.0 million has been entered into. The Loan Facility D in an amount of €125.0 million has an interest rate based on the EURIBOR plus a starting margin of 50 basis points. Borrowings under the Loan Facility D are used for the acquisition of Hypermarcas and paying costs and expenses relating to the acquisition. Borrowings under the senior term loan facility are accounted for at amortized cost.

On March 6, 2017 Ontex Group NV has completed the acquisition of 100% of the shares of the personal hygiene business of Hypermarcas S.A. (hereafter "HM personal hygiene"). The addition of HM personal hygiene supports the Ontex strategy by extending the growth platform in the Americas to Brazil, increasing revenue from Ontex-owned brands and accessing a fast growing market.
HM personal hygiene is the market leader in the adult care category, and holds a solid number three position in baby care in Brazil, the fourth largest hygiene market in the world.

On March 22, 2017 a capital increase was realized in an accelerated bookbuilt placement. As part of the accelerated bookbuilt placement, 7,486,110 new shares were subscribed at a gross price of € 29.50 per share.
The share capital increased with € 74.9 million and the share premium increased with € 146.0 million, pursuant a capital increase in cash, resulting in a capital of € 823.6 million represented by 82.347.218 shares. Transaction costs that are incremental and direct attributable to the issue of new shares as a result of the accelerated bookbuilt placement are recognized as a deduction of share capital.
The proceeds of the accelerated bookbuilt placement will be used to refinance the business, following the acquisition of the personal hygiene business of Hypermarcas

6. Circumstances that may have a material impact on the development of the company (Article 96 § 1,3° Belgian Companies Code)

Unless mentioned otherwise in this report, no circumstances have occurred that could affect the company's development considerably.

7. Research and Development expenses (Article 96 § 1, 4° Belgian Companies Code)

Given the holding activity of the company, there were no significant expenses related to research and development in 2016.

8. Information in relation to branch offices (Article 96 § 1, 5 Belgian Companies Code)

The company does not have any branches.

9. Financial Instruments (Article 96 § 1, 8° Belgian Companies Code)

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate-, foreign exchange rate- and commodity price risks. Therefore interest rate CAP contracts are used to limit the interest charges on the long term loans with variable interest rate.
During 2016, the group decided to enter into interest rate SWAP's and commodity hedging contracts for the raw material prices. The policy related to the currency risk hedging was followed appropriately.
The group also entered into a full hedging program for the share based payments through a total return swap. The purpose of this financial instrument is to effectively hedge the risk that a price increase of the Ontex shares would negatively impact future cash flows related to the share-based payments.

10. Acquisition own shares

The company has own shares per December 31,2016 for an amount of €22,335,195 and were obtained in view of the full hedging of the share based payments. We refer to paragraph 3.2 of this report.

11. Compliance with the 2009 Belgian Code on Corporate Governance (Article 96 §2, 1°& 2° Belgian Companies Code)

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 Corporat 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 yet made use of such authorization and the LTIP, the LTIP 2014, LTIP 2015 as well as the LTIP 2016, 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 a 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 8.7 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.

12. Capital and Shareholders

12.1 Shareholder evolutions

12.1.1 Capital and capital evolution during 2016

As at December 31, 2016, the capital of Ontex Group NV amounted to €748.715.885,80 and was represented by 74.861.108 shares without nominal value. Each share represents 1/74.861.108th of the capital and carries one vote. The shares are listed on Euronext Brussels.

In addition, the Board approved in 2016 a new grant under the Long Term Incentive Plan (as defined below) (the 2016 grant being referred to as the "LTIP 2016"). 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 and 2015 (respectively the "LTIP 2014" and the "LTIP 2015", the Long Term Incentive Plan including the LTIP 2014, the LTIP 2015 and the LTIP 2016 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 2016 is set out in the Remuneration Report.

On February 29, 2016, the Board resolved to increase the share capital in the framework and within the limits of the authorized capital, through a capital increase in kind as described below.

The Company has entered into a transaction (the "Grupo Mabe Transaction") whereby it, through Ontex BVBA, a wholly-owned subsidiary of the Company, and certain subsidiaries of Ontex BVBA, has directly or indirectly acquired all outstanding shares of Grupo P.I. Mabe, S.A. de C.V., a Mexican company which manufactures disposable hygienic products ("Grupo Mabe").

Of the net consideration payable to the sellers at the closing of the Grupo Mabe Transaction, which occurred on February 29, 2016, an amount equal to € 75,677,743.80 has been paid in the form of a vendor loan note issued by Ontex BVBA (the "Vendor Loan Note") which has been immediately contributed in the Company in exchange for 2,722,221 new ordinary shares of the Company.

The 2,722,221 new shares have been issued to The Pamajugo Irrevocable Trust, dated August 13, 2008, a trust organized and existing under the laws of the State of Delaware, USA, acting through its trustee, the Wilmington Trust Company, as consideration for its contribution to the Company of the Vendor Loan Note.

As a consequence of the above, on February 29, 2016, the Board confirmed the realization of a capital increase in kind in an amount 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, represented by a total number of 74,861,108 shares.

On December 31, 2016, 11,185,038 shares of the Company were registered shares (aandelen op naam).

12.2 Shareholder evolutions

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 2016, the Company received the following transparency declarations:

On January 20, 2016, the Company received a transparency declaration from Groupe Bruxelles Lambert SA, and its affiliated entities, stating that, on November 9, 2015, they held 5,513,182 shares of the Company, representing 7.64% of the total number of voting rights in the Company.

On March 3, 2016, the Company disclosed, in accordance with Article 15, § 1, of the Law of May 2, 2007, the changes to its share capital and the amount of shares such capital represents, as detailed in chapter 2 of this Corporate Governance Statement.

On March 3, 2016, the Company received a transparency declaration from The Pamajugo Irrevocable Trust, stating that, on February 29, 2016, they held 2,722,221 shares of the Company, representing 3.64% of the total number of voting rights in the Company.

On March, 7, 2016, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on March 3, 2016, they crossed the threshold of 7,5% of the total number of voting rights in the Company downwards as a result of the increase in the total number of outstanding ordinary shares of the Company announced on March 3, 2016, , and that, on March 3, 2016, they held 5,456,076 shares of the Company, representing 7.29% of the total number of voting rights in the Company.

On March 16, 2016, the Company received a transparency declaration from Groupe Bruxelles Lambert SA, and its affiliated entities, stating that, on March 15, 2016, they held 7,985,501 shares, representing 10.67% of the total number of the voting rights in the Company.

On May 19, 2016, the Company received a transparency declaration from Groupe Bruxelles Lambert SA, and its affiliated entities, stating that, on May 17, 2016, they held 11,239,897 shares of the Company, representing 15,01% of the total number of voting rights in the Company.

On May 27, 2016, the Company received a transparency declaration from Norges Bank, stating that, on May 26, 2016, they held 3,812,880 shares of the Company, representing 5,09% of the total number of voting rights in the Company.

On May 30, 2016, the Company received a transparency declaration from Norges Bank, stating that, on May 27, 2016, they held 3,616,997 shares of the Company and crossed the threshold of 5% of the total number of voting rights in the Company downwards to 4,83%.

On June 3, 2016, the Company received a transparency declaration from Norges Bank, stating that, on May 31, 2016, they held 3,809,154 shares of the Company, representing 5,09% of the total number of voting rights in the Company.

On June 3, 2016, the Company received a transparency declaration from Norges Bank, stating that, on June 1, 2016, they held 3,620,522 shares of the Company, and crossed the threshold of 5% of the total number of voting rights in the Company downwards to 4,84%.

On October 14, 2016, the Company received a transparency declaration from Allianz Global Investors GmbH, stating that, on October 11, 2016, it crossed the threshold of 5% of the total number of voting rights in the Company downwards to 4,36% as a result of sales of shares.

On October 17, 2016, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that (1) on October 11, 2016, they crossed the threshold of 5% of the total number of voting rights in the Company downwards as a result of sales of shares, (2) Blackrock Investment Management (UK) Limited, on October 11, 2016, held 2,511,638 shares of the Company, representing 3,36% of the total number of voting rights in the Company and that (3) Blackrock (Luxembourg) SA, on October 11, 2016, crossed the threshold of 3% of the total number of voting rights in the Company downwards as a result of sales of shares.

On October 18, 2016 the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on October 12, 2016, they held 3,743,771 shares of the Company, representing 5 % of the total number of voting rights in the Company.

On October 19, 2016 the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on October 13, 2016, they crossed the threshold of 5% of the total number of voting rights in the Company downwards to 4,997% as a result of sales of shares.

On October 20, 2016 the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on October 17, 2016, they held 3,743,649 shares of the Company, representing 5 % of the total number of voting rights in the Company.

On October 21, 2016 the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that, on October 19, 2016, they crossed the threshold of 5% of the total number of voting rights in the Company downwards to 4,94% as a result of sales of shares.

On November 17, 2016, the Company received a transparency declaration from BlackRock, Inc., and its affiliated entities, stating that November 15, 2016 Blackrock Investment Management (UK) Limited crossed the threshold of 3% of the total number of voting rights in the Company downwards as a result of sales of shares.

On December 22, 2016, the Company received a transparency declaration from Ameriprise Financial, Inc., and its affiliated entities, stating that, on December 20, 2016 they crossed the threshold of 3% of the total number of voting rights in the Company downwards as a result of sales of shares.

We refer to our website for the most recent updates on transparency declarations received in 2017.[1]

12.3 Shareholder structure

Based on the transparency declarations received by the Company, the shareholder structure of the Company as at December 31, 2016, was as follows:

Shareholders	Shares	%(1)	Date threshold crossed
Groupe Bruxelles Lambert SA (and its affiliated entities)	11,239,897	15.01%	May 17, 2016
BlackRock (and its affiliated entities)	4,058,234	5.42%	November 15, 2016
Allianz Global Investors GmbH	3,267,061	4.36%	October 11, 2016
Aviva Plc (and its affiliated entities)	3,384,626	4.97%	May 8, 2015
Janus Capital Management LLC	3,424,055	4.75%	November 10, 2015
Norges Bank	3,620,522	4.84%	June 1, 2016
AXA Investment Managers SA	2,053,236	3.02%	August 7, 2014
The Pamajugo Irrevocable Trust	2,722,221	3.64%	February 29,2016

(1) Percentage based on the outstanding share capital of the Company at the time of the declaration.

12.4 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 most recently on June 28, 2016. The objective of the most recent revision was to bring the Dealing and Disclosure Code in accordance to the new Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("MAR"). The Dealing and Disclosure Code restricts transactions in Ontex Group NV securities by members of the Board and of the Management Committee, and by certain senior employees of the Ontex Group during closed and prohibited periods. The Dealing and Disclosure Code also contains rules concerning the internal approval of intended transactions, as well as the disclosure of executed transactions through a notification to the Belgian Financial Services and Markets Authority, and disclosure of inside information. The Corporate Legal Counsel is the Compliance Officer for purposes of the Dealing and Disclosure Code.

1 http://www.ontexglobal.com/ShareInformation

13. Risk management and internal control framework (Article 96 § 2, 13° Belgian Companies Code)

13.1 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.

13.2 Control Environment

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.

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, Ontex Code of Conduct, the Anti-Bribery Policy, the Antitrust Policy, 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.

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.

13.3 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.

13.4 Control activities

Control measures are in place to minimize the effect of risk on the 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 2016, an Internal Controls Manager was appointed to facilitate the further development of control activities in a structured way. Key legal compliance areas are monitored for the entire Ontex Group by Local Compliance Coordinators, the Head of Compliance, the Legal Compliance Manager and the Compliance Steering Committee. The Legal Compliance function supports the adoption of clear processes and procedures with respect to (i) the Code of Conduct and the Anti-Bribery Policy (ii) Antitrust Policy, and (iii) insider trading, the Dealing and Disclosure Code, and other listing obligations. The Compliance Steering Committee is composed of the COO, the CFO, the Group HR Director, the Group General Counsel and the Head of Compliance and meets regularly to discuss and decide on legal compliance issues and action plans. The Compliance Steering Committee reports on its activities to the Management Committee.

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.

13.5 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.

13.6 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 focuses 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 15.5.1 of this Corporate Governance Statement.

13.7 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-wide 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 www.ontexglobal.com/calendar.

14. Remuneration Report (Article 96 §3 Belgian Companies Code)

14.1 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, described under chapter 14.6 of this Corporate Governance Statement.

The remuneration of the Executive Directors is described below under chapter 14.6 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

2016 Non-Executive Director remuneration overview (by member, in Euros)

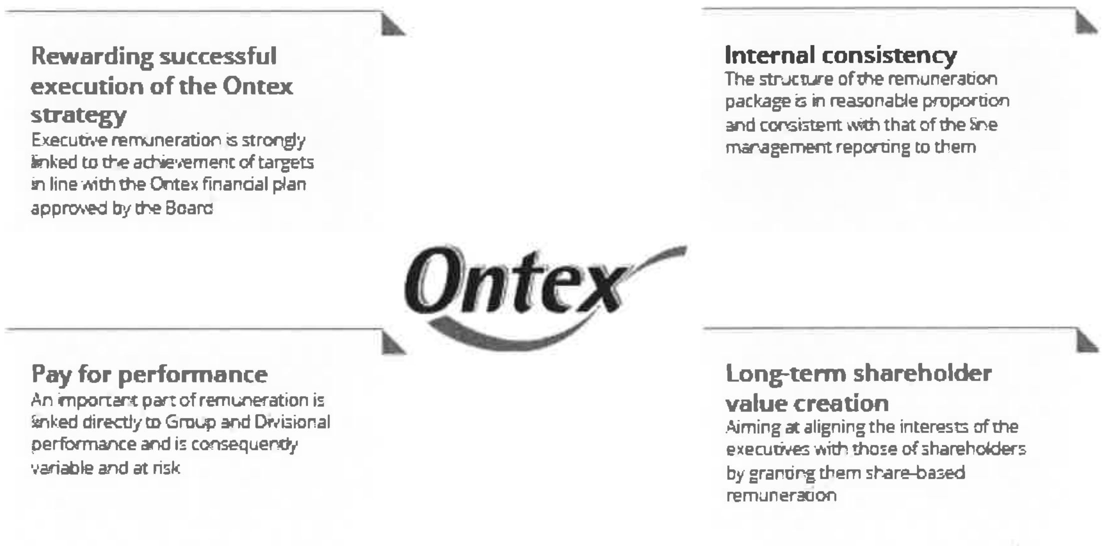
Name	Function	Paid Fee
Revalue BVBA, represented by Luc Missorten	Chairman of the Board Independent Director	172,500
Inge Boets BVBA, represented by Inge Boets	Chairman of the Audit and Risk Committee Independent Director	110,500
Tegacon AS, represented by Gunnar Johansson	Chairman of the Remuneration and Nomination Committee Independent Director	106,500
Uwe Kruger	Independent director	82,500
Juan Gilberto Marín Quintero[(1)]	Non-Executive Director	45,000

(1) Upon recommendation of the Remuneration and Nomination Committee and proposal of the Board, the annual shareholders' meeting of May 25, 2016 appointed Juan Gilberto Marín Quintero Non-Executive Director

14.2 Remuneration policy and procedure for the Executive Management Team

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

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 Executive Management Team 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. The shareholders' meeting 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 7 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 2016, the targets were revenue, EBITDA and 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. Below 90% of the achievements 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%.

14.3 Fixed and short term variable remuneration 2016 of the CEO (total cost)

- Fixed base remuneration: €881,093.
- 2016 short term variable remuneration (paid out in 2017): €1,154,232.
- Aggregate other elements of remuneration (medical insurances, car perks): €45,478.

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 for the Long Term Incentives Plan grant described under chapter 14.5 of this Corporate Governance Statement and the D&O Policy described under chapter 14.6 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 clawback provision in case such variable remuneration would have been granted on the basis of inaccurate financial data. The remuneration increase from 2015 to 2016 is due to a salary increase. In addition, and following the benchmarking exercise described in point 14.8, a medical insurance as well as a car benefit have been
added to the remuneration of the CEO.

14.4 Fixed and short-term variable remuneration 2016 for the members of the Management Committee (excluding the CEO)

- Aggregate fixed base remuneration: €4,492,544
- Aggregate 2016 short-term variable remuneration (paid out in 2017): €3,015,799.
- Aggregate pension entitlements (defined contribution plan structure) and life and disability insurance contributions: €95,586.
- Aggregate other elements of remuneration (medical insurance, company cars, etc): €165,392.

In addition, the members of the Management Committee benefit from the D&O Policy, described under chapter 14.6 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 clawback 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 2015 to 2016 is due to salary increases as well as the fact that Armando Amselem joined in the course of 2016. In addition, and following the benchmarking exercise described in point 14.8, benefits and perks, such as pension plan entitlements, company cars and a medical insurance have been added to the remuneration of Executive Team members.

14.5 Long Term Incentives

In 2016 the Company implemented the LTIP 2016, 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 2016 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 2016 and the aggregate amount of outstanding options and RSUs for the LTIP can be summarized as follows:

Name	Number of RSU's		Number of Stock Options	
	LTIP 2016	Total 2014 -2016	LTIP 2016	Total 2014 - 2016
Charles Bouaziz	14,522	29,274	62,220	129,811
Philippe Agostini	2,760	5,271	11,826	23,444
Özgür Akyildiz	1,433	4,757	6,140	21,409
Amselem,Armando	3,526	3,526	15,106	15,106
Laurent Bonnard	2,738	5,255	11,730	23,380
Astrid De Lathauwer	2,723	5,084	11,666	22,595
Annick De Poorter	1,989	4,058	8,522	18,179
Arnauld Demoulin	3,328	7,168	14,260	32,028
Martin Gärtner	2,103	4,009	9,008	17,826
Xavier Lambrecht	2,524	5,156	10,813	22,947
Thierry Navarre	4,641	10,455	19,886	46,725
Oriane Perreaux	1,922	3,628	8,236	16,106
Jacques Purnode	4,112	9,961	17,618	44,308
Thierry Viale	3,697	6,117	15,839	27,035

To date, no stock options or RSUs were exercised and no stock options or RSUs lapsed under the LTIP.

14.6 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.

14.7 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 (three for Cepholli) 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	3 months	12 months
Arlipase BVBA (Arnauld Demoulin)	12 months	12 months
Annick De Poorter	3 months	15 months
Martin Gärtner	12 months	6 months
Özgür Akyildiz	NA	6 months
Armando Amselem	90 calendar days	9 months

14.8 Information about the remuneration policy in the coming two years

In 2015 and 2016, the Remuneration and Nomination Committee reviewed the competitiveness of the total remuneration for the different levels in the organization.
The Committee reviewed and discussed an extensive benchmark study by Mercer, a global benefits consulting firm, with respect to medical, death and disability and pension benefits for all employees and all countries in the Ontex Group. Based on the results of this study, a roadmap was developed for those countries where our current benefits coverage is below the median of the local market.

At the end of 2015, the Remuneration and Nomination Committee also contracted with Willis Towers Watson, a global advisory for executive reward, to benchmark the Ontex remuneration practices. This study reviewed the competitiveness of the total remuneration levels of the members of the Management Committee at Ontex, in comparison to:

a) A sample of European companies or European divisions of multinational corporations which are active within the FMCG sector and which are comparable in size (measured in terms of revenues and number of employees) for total direct compensation (total target cash compensation plus the expected value of long-term incentives).

b) BEL20 and major BELMID companies (exclusive of the financial sector) as a validation of the market levels resulting from the international peer comparison group and as a frame of reference for the main perquisites and retirement and related risk benefits.

On a total compensation basis this benchmarking study showed that Ontex was lagging behind the benchmark due to lower levels of long-term incentives and benefits. The Committee therefore has decided to recommend an enhancement with respect to the level of the LTIP and benefits to the Board, in order to align the remuneration levels with the median of the market.
This adaptation will be implemented over a two-year period, and the Company will continue to monitor the competitiveness of the executive remuneration practices in the coming period, as we further expand into new territories and businesses.

15. Board and Board Committees (Article 96 §2, 5° Belgian Companies Code)

15.1 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 526ter of the Belgian Companies Code and the Corporate Governance Code. The composition of the Board as at December 31, 2016 complies with these recommendations.

On December 31, 2016, the Board was composed as follows:

Name	Mandate Board	Other mandates as per March 30, 2016	Mandat e since	Mandat e expires
Revalue BVBA, represented by Luc Missorten	Chairman, Independent Director	Barco NV,Corelio NV, GIMV, Recticel NV, Scandinavian Tobacco Group	2014	2018
Charles Bouaziz	Chief Executive Officer	ESSEC Business School, Les Amis de Vaulserre et du Trieves, PAI partners	2014	2018
Cepholli BVBA, represented by Jacques Purnode	Chief Financial Officer	John Martin's Breweries	2014	2018
Artipa BVBA, represented by Thierry Navarre	Chief Operating Officer	None	2014	2018
Inge Boets BVBA, represented by Inge Boets	Independent Director	Euroclear plc, Econopolis Wealth Management NV, QRF Management NV, La Scoperta BVBA, VZW Altijd Mooi, Van Breda Risk & Benefits	2014	2018

Tegacon AS, represented by Gunnar Johansson	Independent Director	Laeringsverkstedet AS, Hilding Anders AB, Askona Vek	2014	2018
Uwe Krüger	Independent Director	WS Atkins plc, SUSI Partners, , Aggreko plc, Swiss Nuclear Commission	2014	2018
Juan Gilberto Marín Quintero	Non-Executive Director	Member of the World Economic Forum and G50	2016	2020

Jonas Deroo was appointed as corporate secretary by the Board on May 8, 2015.

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, Independent Director, Chairman. 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, in replacement of Paul Walsh. On May 26, 2015, Revalue BVBA, with Luc Missorten as its permanent representative, was appointed as Independent Director to replace Luc Missorten who resigned. 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. 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 CFO 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 but remains a board member of Corelio to date. 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 an Independent Director at Scandinavian Tobacco Group.

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 currently also serves as Chairman of the Audit and Risk Committee. She holds a master degree in applied economics from the University of Antwerp, Belgium. 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 at Euroclear, Econopolis Wealth Management, Van Breda Risk & Benefits, and Chairs the Board of QRF. Finally, Inge Boets BVBA, with Ms. Boets as its permanent representative, is manager of La Scoperta BVBA and board member of VZW Altijd Vrouw.

Charles Bouaziz, Chief Executive Officer. Charles Bouaziz joined the Ontex Group in January 2013, and was appointed as an Executive Director of Ontex Group NV as of April 24, 2014. Charles Bouaziz graduated from École Supérieure des Sciences Economiques et Commerciales (ESSEC). Prior to joining the Ontex Group, Charles Bouaziz held a number of senior positions during his 25 years in the consumer goods industry. He spent his early career at Michelin (in Canada) and Procter & Gamble before joining PepsiCo in 1991. Charles Bouaziz joined PepsiCo as Marketing Director of France & Belgium and in 1996 became General Manager for France. In 2006, he became General Manager of a group of countries including France, Germany, Italy, Switzerland and Austria. In 2008, Charles Bouaziz was appointed President of PepsiCo Western Europe. In 2010, he left PepsiCo and became CEO of Monoprix. Charles Bouaziz joined PAI Partners in 2010 as member of the Food & Consumer Goods sector team and later as head of the Portfolio Performance Group. In addition, Charles Bouaziz is President of the ESSEC Business School Alumni and also holds a position at Les Amis de Vaulserre et du Trieves.

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. He holds an MBA from Norges Handelshøyskole in Bergen, Norway. Gunnar Johansson has vast experience in emerging markets, business-to-business and fast moving consumer goods ("FMCG"). Prior to starting Tegacon AS, he held a number of positions within SCA AB, a global company in the tissue, feminine care, 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 AS. He is also Non-Executive Chairman of Laeringsverkstedet, Norway and a member of the board of Hilding Anders in Sweden, and Askona Vek in Russia.

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 has been Chief Executive Officer of WS Atkins plc (Atkins) since August 2011. 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). Uwe Krüger has spent the majority of his career leading engineering and consulting organisations 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. He joined Atkins from Texas Pacific Group and Cleantech Switzerland. Currently, Uwe Krüger is also on the board of Aggreko plc (Glasgow, UK), SUSI Partners (Zurich, Switzerland) and the Swiss Nuclear Commission (Zurich, Switzerland). As an honorary professor of physics he lectures at the University of Frankfurt, Germany.

Thierry Navarre, Chief Operating Officer. Thierry Navarre joined the Ontex Group in May 2006 as the Group Supply Chain Director and was appointed Chief Operating Officer in February 2009. Artipa BVBA, with Thierry Navarre as its permanent representative, was appointed as an Executive Director of Ontex Group NV as of April 24, 2014.

Thierry Navarre holds a degree in Business Administration from École Supérieure de Commerce de Nantes (AUDENCIA), France, and also has a master's degree in Industrial Logistics from the Institut Supérieur de Logistique Industrielle (Groupe École Supérieure de Commerce), Bordeaux, France. Before joining the Ontex Group, he was Director of Strategy & Development at InBev in France (now AB InBev), between July 2005 and May 2006, and held other senior management positions in supply and distribution at InBev, between 2001 and 2005. Prior to that, he held various roles in logistics and distribution at Fort James (now Georgia Pacific), between 1997 and 2001, and at Jamont (now Georgia Pacific) between 1991 and 1997.

Jacques Purnode, Chief Financial Officer. Jacques Purnode joined the Ontex Group in August 2013, and Cepholli BVBA, with Jacques Purnode as its permanent representative, was appointed as an Executive Director of Ontex Group NV as of April 24, 2014. Jacques Purnode holds a degree of Civil Engineer in metallurgy and a Master of Business Administration from the Université de Liège, Belgium. Prior to joining the Ontex Group, Jacques Purnode held a number of senior positions at AB InBev in various roles in finance as well as in information technology. From 2007, he worked for Coca Cola Enterprises, Inc. in London, where he most recently held the position of CFO for Europe. Currently, Jacques Purnode also holds a position at John Martin's Breweries.

Juan Gilberto Marín Quintero, non-executive director. Juan Gilberto Marín Quintero is the founder and chairman of Grupo Mabe. 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 Merges and Acquisitions from Stanford University. Formerly, Mr. Marín Quintero has been the President of the National Council of Foreign Trade, Conacex, a member of the Advisory Council of Banamex City Bank and a director at Bancomext. In addition, Mr. Marín Quintero has been president at the Latin America Entrepreneur Council, and has been president of the board of Universidad de las Americas. Furthermore, Mr. Marin Quintero currently also develops Eolic Energy, consumer products, restaurants, textile industry and Real Estate in Mexico..

15.2 Board: evolutions in composition during 2016

On December 31, 2016, the Board of the Company was composed of eight members. With the exception of the CEO, COO and CFO, all Board members are Non-Executive Directors.
There are currently four Independent Directors within the meaning of Article 526ter of the Belgian Companies Code: Revalue BVBA (with Luc Missorten as its permanent

representative), Tegacon AS (with Gunnar Johansson as its permanent representative), Inge Boets BVBA (with Inge Boets as its permanent representative) and Uwe Krüger.
The annual shareholders' meeting held on May 25, 2016 appointed Juan Gilberto Marín Quintero as Non-Executive Director of the Company upon recommendation of the Board and the Remuneration and Nomination Committee. As it was established that Uwe Krüger meets the requirements to qualify as an Independent Director according to the criteria set forth in Article 526ter of the Belgian Companies Code, the annual shareholders' meeting held on May 25, 2016, appointed Uwe Krüger as an Independent Director of the Company upon recommendation of the Board and the Remuneration and Nomination Committee.

15.3 Gender diversity (Article 96 §2, 6° Belgian Companies Code)

As at December 31, 2016, the Company had one female Board member, ie Inge Boets, as permanent representative of Inge Boets BVBA, representing around 12,5% of the Board members. 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 that by January 1, 2020 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 518bis, §3, of the Belgian Companies Code (stating that 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).

15.4 Functioning of the Board

During 2016, the Board met 14 times. The attendance rate was as follows:

Name	Board attendance	Attendance rate
Revalue BVBA, represented by Luc Missorten	14/14	100%
Charles Bouaziz	14/14	100%
Cepholli BVBA, represented by Jacques Purnode	14/14	100%
Artipa BVBA, represented by Thierry Navarre	14/14	100%
Inge Boets BVBA, represented by Inge Boets	14/14	100%
Tegacon AS,represented by Gunnar Johansson	13/14	93%
Uwe Krüger	14/14	100%
Juan Gilberto Marín Quiltero	8/8[1]	100%

(1) Eight meetings of the Board were held since the appointment of Juan Gilberto Marín Quintero on May 25, 2016.

Pursuant to article 522 of the Belgian Companies Code, the Board invested with the power to perform all acts that are necessary or useful for the realization of the Company's purpose, except for those actions that are specifically reserved by law or by the Company's Articles of Association to the shareholders' meeting or other management bodies. As permitted by the Company's Articles of Association in accordance with Article 524bis of the Belgian Companies Code, the Board may delegate part of its powers to a management committee.
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 3.6 of this Corporate Governance Statement.

Major matters reviewed by the Board during 2016 include, among others:

- The integration of Grupo Mabe;
- The acquisition of the personal hygiene business of Hypermarcas (Brazil);
- The approval of the half-year and quarterly financial statements and corresponding financial reports;
- The financial and overall performance of the Ontex Group;
- Various investments and M&A projects; and
- General strategic, financial and operational matters of the Company.

In accordance with the Corporate Governance Charter, the Board assesses, under the lead of its Chairman, regularly its scope, composition and performance and that of the Board Committees
A formal assessment process was conducted in 2016 during a dedicated meeting held on November 7, 2016, followed up by a report and actions presented to the Board on December 7, 2016. Areas of the assessment covered the role of the Board and its interaction with the Management Committee, the actual functioning of the Board and its effectiveness, and the composition of the Board in term of suitable size as well as profiles of Directors.

15.5 Board Committees

15.5.1 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 and at least one Director is independent in accordance with the criteria set out in Article 526ter of the Belgian Companies Code and the Corporate Governance Code.

On December 31, 2016, 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	Chairman of the Committee, Independent Director	2014	2018

Revalue BVBA, represented by Luc Missorten	Member, Independent Director	2014	2018
Tegacon AS, represented by Gunnar Johansson	Member, Independent Director	2014	2018

During 2016, the Audit and Risk Committee met four 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	4/4	100%
Revalue BVBA, represented by Luc Missorten	4/4	100%
Tegacon AS, represented by Gunnar Johansson	4/4	100%

All members attended all meetings. All meetings were also attended by Marc Gallet, Secretary of the Audit and Risk Committee and by Charles Bouaziz, Jacques Purnode (except for the meeting of May 2, 2016) and Thierry Navarre.

The Audit and Risk Committee is entrusted with the tasks set out in Article 526bis, §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.

A reform of statutory audit was recently conducted at the European level, namely through (i) the Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities and repealing Commission Decision 2005/909/EC and (ii) the Directive 2006/43/EC of the European Parliament and of the Council of May 17, 2006 on statutory audits of annual accounts and consolidated accounts, amending Council Directives 78/660/EEC and 83/349/EEC and repealing Council Directive 84/253/EEC (the "European Audit Reform"). The European Audit Reform was implemented into Belgian law by the act of December 7, 2016 on the organization of the profession of and public oversight over statutory auditors (Wet tot organisatie van het beroep van en het publiek toezicht op de bedrijfsrevisoren) that entered into force on December 31, 2016 and among other things amended the Belgian Companies Code. The Audit and Risk Committee has duly reviewed the European Audit Reform, more specifically the impact on the audit activities and reporting within the Company, as well as the responsibilities and functioning within the Audit and Risk Committee.

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) 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 15.1. of this Corporate Governance Statement.

The engagement of PricewaterhouseCoopers Bedrijfsrevisoren B CVBA ("PwC") as statutory auditor of the Company will expire in 2017 on the date of the upcoming Company's ordinary shareholders' meeting. The Audit and Risk Committee has, on November 7, 2016, recommended after having conducted a competitive selection process that PwC be re-appointed as statutory auditor of the Company, and the Board decided, on December 7, 2016, to propose upon the Audit and Risk Committee's recommendation, to the upcoming shareholders' meeting of the Company the re-appointment of PwC as statutory auditor of the Company for a second term of three years.

15.5.2 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 and the majority of the members are independent in accordance with the criteria set out in Article 526ter of the Belgian Companies Code and
the Corporate Governance Code.

On December 31, 2016, the Remuneration and Nomination Committee was composed as follows:

Name	Position	Mandate since	Mandate expires
Tegacon AS, represented by Gunnar Johansson	Current Chairman of the Committee, Independent Director	2014	2018
Revalue BVBA, represented by Luc Missorten	Independent Director, former Chairman of the Committee	2014	2018
Inge Boets BVBA, represented by Inge Boets	Independent Director	2014	2018

During 2016, the Remuneration and Nomination Committee met five times. The attendance rate was as follows:

Name	N&R Committee meetings attended	Attendance Rate N&R Committee
Tegacon AS, represented by Gunnar Johansson	5/5	100%
Revalue BVBA,	5/5	100%

represented by Luc Missorten		
Inge Boets BVBA, represented by Inge Boets	5/5	100%

All members attended all meetings. All meetings were also attended by Astrid De Lathauwer, Group HR Director and Secretary of the Remuneration and Nomination Committee and by Charles Bouaziz (except for the meeting of March 25, 2016).

The Remuneration and Nomination Committee is entrusted with the tasks set out in Article 526quater, §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 2016 performance year.

The Remuneration and Nomination Committee also reviewed the remuneration for Non-Executive Directors, as further described in chapter 14.1.

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, all its members being Independent Directors, and (ii) Luc Missorten, Gunnar Johansson and Inge Boets possess the adequate expertise and experience in the field of remuneration.

15.5.3 Management Committee

Until June 28, 2016, the operational management of the Company was led by the Executive Management Team under the leadership of the CEO and in accordance with the general policy orientations determined by, and under the supervision of, the Board.

On June 28, 2016, the Board has decided to establish a Management Committee within the meaning of Article 524bis 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.

The reason for doing so was twofold. The Company has, since its initial public offering, further evolved in terms of internal decision-making from a private equity owned company to a listed company. Moreover, the Company has always valued entrepreneurship and has been working within a diversified geography, combined with a high degree of local autonomy.

Aiming to maintain this entrepreneurial spirit, and the geographical and functional autonomy, the creation of a formal Management Committee was considered to be the best solution.

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.

On December 31, 2016, the Management Committee, consisted of the following members:

Name	Position	Member of the Management Team since	Appointed to Managemen t committee (2)
Charles Bouaziz	Executive Director — Chief Executive Officer	2013	2016
Jacques Purnode	Executive Director — Chief Financial Officer	2013	2016
Thierry Navarre	Executive Director — Chief Operating Officer	2009	2016
Philippe Agostini	Group Chief Procurement and Supply Chain Officer	2013	2016
Laurent Bonnard	Group Sales Director	2013	2016
Oriane Perreaux	Group Marketing Director	2013	2016
Annick De Poorter	Group R&D and Quality Director	2009	2016
Martin Gärtner	Group Manufacturing Director	2009	2016
Astrid De Lathauwer	Group HR Director	2014	2016
Özgür Akyıldız	General Manager — Middle East North Africa Division	2008	2016
Arnauld Demoulin[1]	General Manager — Mature Market Retail Division	2013	2016
Xavier Lambrecht	General Manager — Healthcare Division	2013	2016
Thierry Viale	General Manager — Growth Markets Division and Strategic Development	2013	2016
Armando Amsalem	General Manager – Growth Markets Division	2016	2016

and Strategic Development

(1) Note that Arnauld Demoulin will be leaving the Company in May 2017.

(2) Management Committee was created effective July 1,2016

The following page sets out the biographical information of the current members of the Management Committee, including information on other Director mandates held by these members.
During 2016, the Management Committee met monthly and discussed strategic, business, financial and operating matters and Group projects.

Charles Bouaziz, Chief Executive Officer. We refer to chapter 15.1 of this report.

Jacques Purnode, Chief Financial Officer. We refer to chapter 15.1 of this report.

Thierry Navarre, Chief Operating Officer. We refer to chapter 15.1 of this report.

Philippe Agostini, Group Chief Procurement & Supply Chain Officer
Appointed 2013. Philippe Agostini previously held various senior positions in Purchasing and Supply Chain for 25 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. Philippe was appointed as a manager of Ontex BVBA as of September 1, 2013.

Laurent Bonnard, Group Sales Director. Appointed 2013. 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 for France, and last held the function as VP Business Development for Europe.

Oriane Perreaux, Group Marketing Director. Appointed 2013 Prior to joining the the Ontex Group, Oriane Perreaux was Brand Building Director at Carrefour Group, in charge of Baby & Kids Retailer brands for Western Europe. From 1998 to 2010, she held a number of Marketing positions at Procter & Gamble, in France first, and as of 2005 in Switzerland, working on Central Eastern Europe and Middle East and Africa regions. Oriane graduated in 1998 from ESCP Europe Business School, Paris, France. Oriane was appointed as a manager of Ontex BVBA as of June 1, 2013.

Annick De Poorter, Group R&D & Quality Director. Appointed 2009, 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 2009. Before joining the Group, she worked at Libeltex NV in Belgium, and prior to that, she was a Scientific Researcher at the University of Ghent, Belgium. Annick holds a master's degree in Civil Engineering in Textiles from the University of Ghent, Belgium. She also holds a certificate "Internal Auditor ISO 9000:2000" from Lloyd's Register.

Martin Gärtner Group Manufacturing Director. Appointed 2009 Martin Gärtner joined the Ontex Group in 1997 as an Assistant Production Manager and was promoted to Group Manufacturing Director in 2009. Before becoming Group Manufacturing Director, Martin held the positions of Production Manager, Plant Manager and General Manager of the Ontex Group. Prior to joining the Ontex Group, Martin spent two years as a trainee at Wirths J. Hygiene GmbH in Germany. Martin holds a Diploma–Kfm. In Production Technique and Industrial Controlling from the Technical University in Aachen, Germany.

Özgür Akyıldız General Manager of the Middle East North Africa Division
Appointed 2008 Özgür Akyıldız joined the Ontex Group in 2002 as an Assistant Sales and Marketing Manager and was appointed General Manager of the Middle East North Africa Division in May 2008. Before joining the Ontex Group, Özgür was Product Manager at Digiturk A.S in Istanbul, between May 2001 and August 2002, and Sales Supervisor, between October 1999 and May 2001. Özgür holds a degree in Business Administration from Boğaziçi University, Istanbul, Turkey.

Arnauld Dumoulin General Manager of the Mature Markets Retail Division
Appointed 2013 Arnauld Demoulin, permanent representative of [Arlipase] BVBA, joined the Ontex Group in 2002 as Retail Brand Manager. He was appointed General Manager of the Healthcare Division in 2010, and subsequently appointed General Manager of the Mature Retail Division in 2014. Arnauld was previously Ontex's General Manager of the FBSI (France, Benelux, Nordic, Spain Portugal, Italy and Greece) Division and Category Director. Before joining the Ontex Group, he was a Division Manager at Robert Half International in Belgium. Between 1993 and 2000 he worked in various positions in Sales and Marketing at Procter & Gamble, Belgium. Arnauld holds a degree in Economic Sciences from Institut Catholique des Hautes Etudes Commerciales, Brussels, Belgium.

Xavier Lambrecht General Manager of the Healthcare Division
Appointed 2014 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 in Commercial Engineering from the University Leuven, Belgium. Xavier was appointed as a manager of Ontex BVBA as of February 1, 2014.

Thierry Viale General Manager of the Growth Market Division and Strategic Development
Appointed 2013 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 degree of the Saint Cyr Military Academy, a degree from the Neoma Business School, and a degree from ESCP Europe. Thierry was appointed as a manager of Ontex BVBA as of October 1, 2013.

Astrid De Lathauwer Group Human Resources Director
Appointed 2014 .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 was

appointed as a manager of Ontex BVBA as of October 1, 2014.

Armando Amselem President of the Americas Retail Division
Appointed 2016. Armando Amselem, President of the Americas Retail Division. He joined the Ontex Group from Vita Coco where he served as Global Chief Financial Officer. Prior to Vita Coco, Armando 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.

16. 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 take-over bid.

16.1 Capital Structure

A comprehensive overview of our capital structure as at December 31, 2016 can be found in chapter 12 of this report.

16.2 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 restrictions imposed by Belgian law except in the framework of market abuse rules.

16.3 Holders of securities with special control rights

There are no holders of securities with special control rights

16.4 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's 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.

16.5 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 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.

16.6 Rules on appointment and replacement of members of the Board and amendments to the Articles of Association

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.

The Articles of Association of the Company provided for certain nomination rights in favor of Whitehaven B S.à r.l. However, given that Whitehaven B S.à r.l. has transferred its remaining shares in the Company on March 10, 2015, these nomination rights were no longer applicable and the extraordinary shareholders' meeting of May 25, 2016 approved the amendment of the relevant provisions in the Articles of Association of the Company to remove the references to the nomination rights of Whitehaven B S.à r.l.

16.7 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 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 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.

16.8 Authorized capital – Acquisition of own shares

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 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"), i.e., five years from July 9, 2014. In connection with capital increases in the event of a public takeover bid, the authorization is only valid for a term of three years from the date of the extraordinary shareholders' meeting of June 10, 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 as described in chapter 12.1.1. of this report.

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 as described in chapter 12.1.1 of this report.

Acquisition of own shares

On June 10, 2014, the extraordinary shareholders' meeting authorized the Board, in accordance with Article 620 and following of the Belgian Companies Code and within the limits set out in that article, to purchase, on or outside the stock market, up to 20% of the Company's own shares, profit-sharing certificates or associated certificates, for a price not more than 10% below the lowest closing price in the last 30 trading days preceding the transaction and not more than 5% above the highest closing price during the last 30 trading days preceding the transaction. This authorization is valid for five years from June 10, 2014.

This authorization is also valid if the acquisition is made by one of the subsidiaries directly controlled by the Company, as set out in Article 627 of the Belgian Companies Code.

The Board is also authorized to acquire for the Company's account the Company's own shares, profit-sharing certificates or associated certificates, if such acquisition is necessary to prevent a serious and imminent harm to the Company. This authorization is valid for three years as from the date of the publication of the authorization in the Annexes to the Belgian State Gazette, i.e. three years from July 9, 2014.

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

The Company and certain of its subsidiaries entered into a five-year multicurrency credit facilities agreement dated November 10, 2014 as amended and/or restated from time to time (the "Senior Facilities Agreement") with, among others, the Original Lenders as set out therein and Wilmington Trust (London) Limited as Security Agent, for an initial amount of €480,000,000.

The Company also issued €250,000,000 4.75% senior secured notes due 2021 (the "Senior Secured Notes") pursuant to a senior secured notes indenture dated November 14, 2014 (the "Senior Secured Notes Indenture").

The Senior Facilities Agreement, as well as the Senior Secured Notes Indenture, contain provisions that may be triggered in the event of a change of control of the Company.

The relevant clauses in the Senior Facilities Agreement, among other things, provide that, in case any person or group of persons acting in concert (other than the Initial Investors and Management defined therein) 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 of the Company, this may lead to a mandatory prepayment and cancellation under the Senior Facilities Agreement.

The relevant clauses in the Senior Secured Notes Indenture, among other things, grant the holders of the notes the right to require the repurchase of all or any part of the notes at a purchase price in cash in an amount equal to 101% of the principal amount thereof, plus accrued and unpaid interest, in the event of a change of control of the Company as defined in the offering memorandum.

The relevant change of control provisions have been approved by the shareholders' meeting of May 26, 2015, in accordance with Article 556 of the Belgian Companies Code.

The Senior Facilities Agreement was amended and restated pursuant to an amendment and restatement agreement dated February 25, 2016 to provide for an additional amount of €125,000,000 (or the equivalent thereof in any other currency) and for certain other amendments to the Senior Facilities Agreement. The Senior Facilities Agreement has been supplemented by means of an additional facility notice from the Company dated January 25, 2017 to establish a new additional bridge facility for an additional aggregate amount equal to €125,000,000.

16.10 Severance pay pursuant to termination of contract of Board members or employees pursuant to a take-over 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 14.7 of this report on termination provisions of the members of the Board and the Management Committee in general.

17. Conflicts of interests (Article 523 Belgian Companies Code)

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 2016, and the provisions of Article 523 Belgian Companies Code were complied with:

Remuneration of the member of the Executive Management Team/Management Committee

On February 29, 2016, the Board resolved on the remuneration (incl. LTIP 2016) for the members of the Executive Team/Management Committee. Prior to discussing this item, Charles Bouaziz, Cepholli BVBA, with Jacques Purnode as its permanent representative, and Artipa BVBA, with Thierry Navarre as its permanent representative, 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

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."

18. Risks and uncertainties

We view managing risk with various stakeholders, in order to satisfy consumer and customer expectations, as an inherent part of doing business. The following summary provides the main risks we have identified and manage; however, this is not an exhaustive list, and there may be additional risks which we are not aware of.

Although for most of these risks we have set up mitigating efforts, these efforts are no guarantee that risks will not materialize. The order in which these risks are listed is not an indication of their importance or probability.
For more information about our risk management framework and internal control framework, please refer to section 9 of the Corporate Governance report. For details related to financial risk management, please refer to section 7.4 of the financial statements.

Market competition
The personal hygiene industry is very competitive and features local, regional and global suppliers. For all Divisions, we face competition from branded product manufacturers who sell products under their own names or brands. In the Divisions Mature Markets Retail and, to a lesser extent, Growth Markets, we also compete with retailer brand manufacturers who mainly or exclusively supply products to national and international retailers, who then sell the products under their own brands or labels.
We also face competition from competing manufacturers in product innovation. Rapid time-to-market is key to our competitiveness. If we are unable to develop innovative products, or are unable to obtain and license such proprietary rights, we may lose market share.

Economic Environment
Revenue for our Healthcare Division is related to government spending. Governments may reduce their spending on healthcare, which could adversely affect the business that we do with public institutions.

External events
We sell in more than 110 countries worldwide, and as a result are subject to risks associated with operating internationally. Recent and ongoing political instability in some of the countries in which we operate may adversely affect our business.

Customer retention

We may not be successful at retaining our key customers. Our customers range from distributors to large international retailers to institutional channels such as government healthcare organizations. Our total sales are the results of gains and losses of contracts, which are on a non-exclusive basis. Our customers' policies and requirements may change at any time, which can impact our sales.

Manufacturing and logistics

Our ability to serve our customers depends on our 17 manufacturing operations. We may experience disruptions at our production facilities or in extreme cases, our production facilities may be shut down. Should a disruption occur in one of our production facilities, we could experience temporary shortfalls in production and/or an increase in our cost of sales. We may also be subject to losses that might be completely or partially uninsured (specific cases resulting from terrorist activities and wars).

If we are unable to maintain our on-time delivery record, this could adversely affect our ability to attract new customers and retain existing customers.

Sourcing and supply chain

We are dependent upon the availability of raw materials for the manufacture of our products. Raw materials and packaging costs account, on average, for between 75% and 80% of our cost of sales. The key raw materials we use are fluff, superabsorber and non-woven fabrics. Furthermore, the raw materials we use 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 demand in the market.

Information Technology

The quality and reliability of our information systems and software are vital to our success, and any failure of these systems and software could adversely affect our operations.

Health, safety and environment

Health, safety and environmental regulations may subject us to significant costs and liabilities.

Employees and labor relations

We rely on our employees to execute our strategy. Our ability to attract, retain and develop people is critical to the Group's success.

Our business could be adversely affected if we are unable to extend, renew or renegotiate our collective bargaining agreements or if our relationship with our employees or trade unions deteriorates.

Financial

The majority of our customers' contracts are based on fixed pricing models and do not contain raw materials price indexation clauses. We make substantial sales in currencies other than Euros, which exposes us to risks resulting from exchange rate fluctuations. We also make purchases of certain raw materials, primarily fluff, in US Dollars (USD). As detailed in section 7.4 of the financial statements, the Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk.

We are subject to obligations, restrictions and covenants under our external borrowings. If we are unable to meet our obligations, restrictions or covenants, this might have a material adverse effect on our business, financial condition and results of operations. Changes in tax rates, tax legislation, tax liabilities or accounting rules could affect future results.
Changes in assumptions underlying the carrying value of our assets, including as a result of adverse market conditions, could result in impairment of such assets, including intangible assets such as goodwill. Increasing labor costs may adversely affect our profitability

Acquisitions
We may fail to realize the anticipated business growth opportunities, revenue benefits, cost synergies, operational efficiencies and other benefits anticipated from, or may incur unanticipated costs associated with, potential future acquisitions.

Intellectual property
Although we are monitoring changes in intellectual property rights, our products may comprise features that are protected by third party intellectual property rights and as such we may face legal claims and have to pay royalties which erode our profit margins.

Publicity and reputation
Although we are monitoring changes in intellectual property rights, our products may comprise features that are protected by third party intellectual property rights and as such we may face legal claims and have to pay royalties which erode our profit margins.

Legal compliance
We are subject to the laws of the countries we do business in, including certain competition and antitrust laws. Failure to comply in full with these laws can have a significant impact on our financial position.

19. Proposal for the resolution of the Ordinary Shareholders Meeting on May 24, 2017.

The Board of director proposes, amongst others, the following to the Ordinary shareholders meeting:

- Acknowledge the Board of Directors report and the report of the statutory auditor for the year ending December 31, 2016
- Approval of the separate annual accounts of December 31, 2016
- To appropriate the loss of the period as follows:

  The Board of directors proposes to carry forward the loss of the period amounting to € 6,013,351 to next year:

Profit (Loss) brought forward from last year	€ 497,551,594
Profit (Loss) to be appropriated	(€ 6,013,351)
Profit carried forward	€ 491,538,243

Allocation Legal Reserves	€ 0
Dividend through withdrawal available reserves	€45,290,970

- Discharge for the directors for their mandate exercised in the financial year ended December 31, 2016.

- Discharge for the auditor PwC Bedrijfsrevisoren BCVBA, represented by its liable partner Peter Opsomer BV BVBA, represented by Peter Opsomer for the financial year ended December 31, 2016.

Board of Directors, March 27, 2017

Erembodegem,

Artipa sprl Director Represented by Thierry Navarre	Cepholli bvba Director Represented by Jacques Purnode
Inge Boets BVBA Director Represented by Inge Boets	Tegacon AS Director Represented by Gunnar Johansson
Uwe Krüger Director	Charles David Bouaziz Director
Revalue BVBA Director Represented by Luc Missorten	Gilberto Marín Quintero Director