FREE TRANSLATION FOR INFORMATIONAL PURPOSES

Ontex Group
Public limited Company
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(the "Company")

BOARD OF DIRECTORS REPORT OF NV ONTEX GROUP TO THE ORDINARY SHAREHOLDERS MEETING OF MAY 25, 2020

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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, 2019 and ended on December 31, 2019.

2. Introduction

Revenue was down -1.0% like-for-like: the solid revenue growth in AMEAA was largely offset by lower sales in Europe. Adjusted EBITDA, impacted by negative currencies impact and persistent high raw material costs in the first three quarters, was down -7% versus prior year (-1% at constant currencies). We delivered strong free cash flow up +51%, driving net debt down when compared with 2018 YE.
T2G was launched in May 2019 with the objective of step-changing our operational efficiency and commercial practices, making Ontex a stronger and more profitable company, delivering growth and creating value for all stakeholders. Implementation of T2G is well on-track with more than 55% of the initiatives well underway. Initial tangible results are already visible and contributed to the improvement of Adjusted EBITDA throughout the second half of 2019. To faster address changing demand trends and accelerate time-to-market of new products, both for retail customers and our local Ontex brands, we redesigned our innovation and industrialization processes, and have invested in an assembly line fully dedicated to baby care innovation and product development.

3. Comments to the statutory accounts per December 31, 2019

3.1 Financial year

The financial year started on January 1, 2019 and ended on December 31, 2019, 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 € 981.811 and consists out of the issuance costs of the new shares issued in view of the capital increases realized in previous years.

The section 'Intangible fixed assets' includes the concessions and licenses for the SAP and Microsoft software for an amount of € 16,021,629.

The section ‘Tangible fixed assets’ amounts to € 1,631,072 and mainly consists out of IT servers and IT related material (€ 1,497,606).

The section ‘Financial fixed assets’ includes the participation of Ontex Group NV in Ontex BVBA for an amount of € 1,907,965,289. This section also includes loans to affiliated companies for an amount of € 1,088,861,887 and guarantees for an amount of € 140,677 per December 31, 2019.

The section ‘Amounts receivable within one year – trade debtors’ amounts to € 54,324,128 and consists mainly of factored trade receivables.

The section ‘Amounts receivable within one year - Other amounts receivable’ amounts to € 33,478,913 per December 31, 2019 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 accrued income and deferred expenses mainly include accrued interests of the above mentioned loans.

The section ‘Current investments – Own shares’ consists out of an amount of € 27,968,513 of treasury shares. The Group implemented a full hedging program through a total return swap on June 1, 2015 for the share-based payments LTIP 2014, LTIP 2015, LTIP 2016, LTIP 2017, LTIP 2018 and LTIP 2019.

This is extended on annual basis. As a consequence, Ontex Group NV recognized treasury shares for the above-mentioned amount.

De section ‘Capital’ amounts to € 823,587,466, represented by 82,347,218 shares without nominal value.

The ‘Share premium’ amounts to € 412,742,142 per December 31, 2019.

The section ‘Reserves’ amounts to € 272,429,779 per December 31, 2019 and consists out of the following reserves:

- Legal Reserve for an amount of € 29,660,184.
  This reserve was established based on art. 7:211 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 € 27,968,513.
  In view of the recognition of own shares, the company formed an unavailable reserve in accordance with art. 7:217 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 € 227.976.637.

The section ‘Provisions for other liabilities and charges’ amounts to € 10,391,936 and consists of the provision in view of the Long Term Incentive Plan (LTIP), based on a combination of stock options, Restricted Stock Units – RSUs and Performance Stock Units – PSUs. For more information on this incentive plan, we refer to chapter 15 of this report.

The section ‘Amounts payable after more than one year’ amounts to € 808,228,726 per December 31, 2019 and is composed of Senior Term Loan Facilities (€ 600,000,000 and € 150,000,000); loans received from members of the Ontex Group (€ 27,000,000) and a loan issued by ING in view of the total return swap (€ 31,228,726) for share-based payments.

The section ‘Amounts payable within one year’ amounts to € 415.781.549 and mainly consists out of the outstanding debt in view of the factoring agreements in place for all the members of the Ontex Group (€ 157,955,489), trade debts (€ 5,413,301), tax payables (€ 427,630) and payables with regard to remuneration and social security (€ 4,656,640).

The section ‘other amounts payable’ amounts to € 247.328.489 and mainly consists out of current accounts with other members of the Ontex Group (€ 247,260,158).

The accrued expenses and deferred income consist mainly of the accrued interests on the above-mentioned borrowings.

3.3 Income Statement

The operational loss amounts to € 60,975,766 at the end of 2019, aside from the management costs of the Group in 2019, it is mainly composed of the depreciation expenses on the merger goodwill for an amount of € 29,699,728.

The financial result at the end of 2019 amounts is a gain of € 3,704,849. This is mainly the result of calculated on loans issued to different members of the Ontex Group (€ 20,056,293) and interest charges on the debt and current account positions with the different members of the Ontex Group.

The company closes the year 2019 with a loss of € 56,547,543.

4. Reporting & Analysis required by Article 3:6§ 1, 1° Belgian Companies Code

With regard to the analysis & reporting requirement as stated in Article 3:6 §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 20 of this report.

5. Events after the end of the reporting period ended December 31, 2019 (Article 3:6§ 1 ,2° Belgian Companies Code)

COVID-19 is the infectious disease caused by the most recently discovered coronavirus. This new virus and disease were unknown before the outbreak began in Wuhan, China, in December 2019. Ontex sales in China and other countries of the Far East are not material, hence the outbreak of the virus in Asia had no significant impact on the financial performance of the Group at the publication date of this report.

However, based on its assessment of the evolution and spreading of the virus, the World Health Organization characterized it as a pandemic on March 11, 2020. We source several raw materials from suppliers all over the world and we deliver our products to customers located in all regions of the world. Further spread of the coronavirus leading to restrictions in the movement of goods and individuals could lead to disruptions to our supply chain and manufacturing organization, increased logistics costs and delayed shipments to customers. At the moment of the publication of these consolidated financial statements, the impact of the current spread of the virus on the financial performance of the Group is limited. We nevertheless will continue to monitor the situation closely as continuing restrictions due to the virus could adversely affect the results of operations, financial

position and performance in 2020. Based on our analysis and modelling using currently available information, as well as discussions with the Management of Ontex, we believe the company has taken the required measures to mitigate the impacts of the pandemic on its operations and strengthened its funding; even though visibility remains limited as the pandemic is still progressing, the going concern is not considered to be at risk.
No other significant events occurred after the end of the reporting date which would affect the information mentioned in these consolidated financial statements.

6. Circumstances that may have a material impact on the development of the company (Article 3:6§ 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 3:6 § 1, 4° Belgian Companies Code)

Given the holding activity of the company, there were no significant expenses related to research and development in 2019.

8. Information in relation to branch offices (Article 3:6 § 1, 5° Belgian Companies Code)

The company does not have any branches.

9. Continuity of the Company (Article 3:6, §1 6° Belgian Companies Code)

Since the results of the financial years as per December 31, 2018 and 2019 close with a loss, the application of the valuation rules on the assumption of continuity, in accordance with article 3: 6, § 1 6° New Companies Code, must be justified.

The company is subject to the same continuity risk as the group as a whole. The Ontex group achieved positive net results in 2019, which is reflected in the budgets and plans for the coming years. The Board of Directors therefore considers it justified to continue to apply the valuation rules in the assumption of continuity.

10. Financial Instruments (Article 3:6 § 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 SWAP’s and cross currency interest rate SWAP’s contracts are used to fix the interest charges on the loans with variable interest rate. During 2019, the Group decided to enter into cross currency 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 has 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.

11. Acquisition own shares

The company has own shares per December 31, 2019 for an amount of € 14,921,745 and were obtained in view of the full hedging of the share-based payments. We refer to paragraph 3.2 of this report.

12. Compliance with the 2009 Belgian Code on Corporate Governance (Article 3:6 §2, 1°& 2° 11. 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 Corporate Governance Code but may deviate from those provisions which are not otherwise contained in the Belgian Companies Code, and provided they disclose the justification for any such deviations in their corporate governance statement included in the Annual Report in accordance with Article 3:6 §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, LTIP 2017, LTIP 2018 and LTIP 2019, as described within the Remuneration Report, provides for a vesting period of three years for the stock options, RSUs and PSUs;
- 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 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.

13. Capital and Shareholders

13.1 Capital and capital evolutions during 2019

At December 31, 2019, the capital of Ontex Group NV amounted to €823,587,466.38 and was represented by 82,347,218 shares without nominal value. Each share represents 1/82,347,218th of the capital and carries one vote. The shares are listed on Euronext Brussels.

In 2014, the Company adopted a Long-Term Incentive Plan approved by the Board and the Shareholder Meeting on June 3, 2014 and June 10, 2014 respectively (the 'Long Term Incentive Plan') which consists of a combination of stock options and restricted stock units (hereafter 'RSUs'). The Board has previously approved grants under the Long-Term Incentive Plan, in 2014, 2015, 2016, 2017 and 2018 (respectively the 'LTIP 2014', the 'LTIP 2015', the 'LTIP 2016', the 'LTIP 2017', the 'LTIP 2018', and the Long-Term Incentive Plan including the LTIP 2014, the LTIP 2015, the LTIP 2016, the LTIP 2017, and the LTIP 2018 being referred to as the 'LTIP'). In 2018, the Company adopted a revised Long Term Incentive Plan, as adopted by the shareholders meeting on 25 May. Going forward, the LTIP consists of 1/3 of stock options, restricted stock units and performance shares each (hereafter referred to as "LTIP 2"). In 2019 the Board has approved a grant under the LTIP 2.

The stock options, performance shares and RSUs granted under the LTIP do not confer any shareholder rights. The grants made by Ontex under its LTIP typically consist of Restricted Stock Units (RSU) and stock options and provided for a three-year vesting period. The shares to be delivered to participants upon exercise of their stock options or upon vesting of their RSUs or performance shares 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 2019 and the LTIP 2 is set out in the Remuneration Report.

The grants made by Ontex under its LTIP provide for a three-year vesting period. Accordingly, the grants that were made in 2016 vested as from 2019. In order to meet its obligations thereunder, Ontex has partially exercised a forward purchase agreement with the following characteristics:

Ontex has exercised the relevant forward purchase agreement in order to meet its obligation to deliver its own shares under grants made under its Long-Term Incentive Plan (LTIP) in 2016.

Date	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 21 July 2015	36,589	€ 27.070	€ 28.685*	€ 25.800*

* The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 1 July 2015 until 21 July 2015 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 27.070 was determined.

Date	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 1 July 2016 and extended on 22 June 2018	26,788	€ 28.965	€ 30.515**	€27.145**

* The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 20 June 2016 until 1 July 2016 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 28.965 was determined.

In addition, Ontex has entered into the following forward purchase agreements in order to hedge its obligations under grants made under its LTIP in 2016, 2017 and 2018. These consist of (i) one-year forward purchase agreements entered into in 2015, 2016 and 2017 which have been extended on 22 June 2018 to cover its future delivery obligations under grants made under its 2016 and 2017 LTIP and (ii) a new one-year forward purchase agreement entered into on 21 June 2019 to cover its future delivery obligations under grants made under its 2018 LTIP.

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

Date	Maturity	Number of shares	Strike Price	Highest Price	Lowest Price
Originally entered into on 1 July 2016 and extended on 21 June 2019	21 June 2020	291,757	€ 28.965	€ 30.515*	€ 27.145*
Originally entered into on 22 June 2017 and extended on 21 June 2019	21 e 2020	332,043	€ 32.2982	€ 33.405**	€ 31.555**

Originally entered into on 22 June 2018 and extended on 21 June 2019	21 June 2019	536,409	€ 22.4709	€ 24.240***	€ 19.200***

** The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 20 June 2016 until 1 July 2016 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 28.965 was determined.*

*** The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 7 June 2017 until 22 June 2017 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 32.298 was determined.*

**** The highest price and lowest price, respectively, reflects the highest price and lowest price of Ontex shares on Euronext Brussels during the period 29 May 2018 until 22 June 2018 during which underlying Ontex shares were bought by its counterparty under the forward purchase agreement and on the basis of which the strike price of € 22.4709 was determined.*

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

More details about the forward purchase agreement can be found in the consolidated financial statements, note 7.5.3.

Pursuant to the above, on December 31, 2019, 335.273 shares of the Company were held by the Company.

On December 31, 2019, 82.218 shares of the Company were registered shares.

13.2 Shareholder Evolution

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

In the course of 2019, the Company received the following transparency declarations:

On February 26, 2019, Axa Investment Managers SA notified Ontex that it has, as a result of sales of shares, crossed below the threshold of 3.00% of the total number of voting rights in Ontex.

On March 13, 2019, Zadig Gestion (Luxembourg) SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 3.00% of the total number of voting rights in Ontex to 3.69%.

On March 25, 2019, Black Creek Investment Management Inc. notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 3.00% of the total number of voting rights in Ontex.

On May 13, 2019, Zadig Gestion (Luxembourg) SA notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 3.00% of the total number of voting rights in Ontex.

On May 14, 2019, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 8.51%.

On May 16, 2019, Bank of America Corporation notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 5.00% of the total number of voting rights in Ontex.

On May 30, 2019, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.52%.

On May 30, 2019, Bank of America Corporation also notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 5.00% of the total number of voting rights in Ontex.

On June 5, 2019, ENA Investment Capital notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 3.00% of the total number of voting rights in Ontex to 3.18%.

On August 2, 2019, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.07%.

On August 5, 2019, Bank of America Corporation notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 3.00% of the total number of voting rights in Ontex.

On August 6, 2019, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.35%.

On August 13, 2019, Black Creek Investment Management Inc. notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, had crossed the threshold of 3.00% of the total number of voting rights in Ontex to 3.02%.

On August 21, 2019, ENA Investment Capital notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.13%.

On September 10, 2019, CIAM notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, had crossed the threshold of 3.00% of the total number of voting rights in Ontex to 3.18%.

On September 18, 2019, Black Creek Investment Management Inc. notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 3.00% of the total number of voting rights in Ontex.

On September 26, 2019, ENA Investment Capital notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.13%.

On October 7, 2019, Assenagon SA notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 3.00% of the total number of voting rights in Ontex to 3.60%.

On October 8, 2019, Assenagon SA notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, has crossed below the threshold of 3.00% of the total number of voting rights in Ontex.

On October 21,2019, Bank of America Corporation notified Ontex that it had, as a result of sales of shares, crossed below the threshold of 5.00% of the total number of voting rights in Ontex.

On November 6, 2019, ENA Investment Capital notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 10.00% of the total number of voting rights in Ontex to 10.19%.

On December 3, 2019, Morgan Stanley notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, has crossed the threshold of 5.00% of the total number of voting rights in Ontex to 5.10%.

On December 24, 2019, Bank of America Corporation notified Ontex that it holds, as a result of the acquisition of voting securities or voting rights, crossed the threshold of 5.00% of the total number of voting rights in Ontex to 7.46%.

On December 27, 2019, Bank of America Corporation notified Ontex that it had, as a result of the disposal of voting securities or voting rights, crossed below the threshold of 5.00% of the total number of voting rights in Ontex.

On December 27, 2019, ENA Investment Capital notified Ontex that it holds, as a result of the disposal of voting securities or voting rights, 1,757,385 shares in Ontex and has so crossed below the threshold of 3.00% of the total number of voting rights in Ontex to 2.13%. ENA Investment Capital also notified Ontex that it holds 8,562,481 equivalent financial instruments in Ontex or 10.40% of the total number of voting rights in Ontex if all the instruments are exercised. Consequently, ENA Investment Capital remained above the threshold of 10.00% of the total number of voting rights in Ontex with 12.53%.

We refer to our website for transparency declarations received after December 31, 2019.

13.3 Shareholder structure

The shareholder structure of the Company on December 31, 2019[1] was, based on the transparency declarations received by the Company, as follows:

Shareholders	Shares	%[2]	Date threshold crossed
Groupe Bruxelles Lambert SA	16,454,453	19.98%	December 3, 2018
ENA Investment Capital	8,562,481	12,53%	November 6, 2019
Morgan Stanley	4,202,626	5,10%	December 3, 2019
Janus Capital Management LLC	3,424,055	4,75%	November 10, 2018
The Pamajugo Irrevocable Trust	2,722,221	3,64%	February 29, 2016
CIAM	2,614,990	3,18%	September 10, 2019

[1] Updates subsequent to December 31, 2019 are described on our website (http://www.ontexglobal.com/ShareInformation).

[2] Percentage based on the outstanding share capital of the Company at the time of the declaration.

14. 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 2009 Corporate Governance Code. The Dealing and Disclosure Code was subsequently amended on April 2, 2015 and most recently on June 28, 2016. 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.

15. Risk management and internal control framework (Article 3:6 § 2, 3° Belgian Companies Code)

15.1 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.

15.2 Control Environment

15.2.1 Three lines of defense

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

First line of defense: line management is the first responsible for assessing risks on a day-to-day basis and implementing controls in response of these risks.

Second line of defense: the oversight functions like Finance and Controlling, Quality, Compliance, Tax and Legal oversee and challenge risk management as executed by the first line of defense. The second line of defense actors provide guidance and direction and develop a risk management framework.

Third line of defense: independent assurance providers like internal audit and external audit challenge the risk management processes as executed by the first and second line of defense.

15.2.2 Policies, procedures and processes

The Ontex Group fosters an environment in which its business objectives and strategy are pursued in a controlled manner. This environment is created through the implementation of different company-wide policies, procedures and processes such as the Ontex values, the Ontex Code of Ethics (and its related policies such as the anti-bribery, anti-money laundering and fair competition policies), the

Quality Management System and the Delegation of Authorities ruleset. The Management Committee fully endorses these initiatives. The employees are regularly informed and trained on these subjects in order to develop sufficient risk management and control at all levels and in all areas of the organization.

15.2.3 Group-wide ERP system

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

15.3 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.

15.4 Control activities

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

Key compliance areas are monitored for the entire Ontex Group by Local Compliance Coordinators, the Compliance Manager, the Head of Compliance, and the Compliance Steering Committee. The Compliance function supports the compliance with the Ontex Code of Ethics and the adoption of clear processes and procedures with respect to the Code policies, such as anti-bribery and corruption, anti-money laundering, economic sanctions, fair competition, personal data and privacy and insider trading. 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 compliance strategy, 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.

15.5 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.

15.6 Monitoring of control mechanisms

Monitoring helps to ensure that internal control systems operate effectively.

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

Internal Audit. The tasks and responsibilities assigned to Internal Audit are defined in the Internal Audit Charter, which has been approved by the Audit and Risk Committee. The key mission of Internal Audit as defined in the Internal Audit Charter is "to add value to the organization by applying a systematic, disciplined approach to evaluating the internal control system and providing recommendations to improve it".

External Audit. In the context of its review of the annual accounts, the statutory auditor focusses on the design and effectiveness of internal controls and systems relevant for the preparation of the financial statements. The outcome of the audits, including work on internal controls, is reported to management and the Audit and Risk Committee and shared with Internal Audit.

Audit and Risk Committee. The Board and the Audit and Risk Committee have the ultimate responsibility with respect to internal control and risk management. For more detailed information on the composition and functioning of the Audit and Risk Committee, see chapter 16.5.1 of this Corporate Governance Statement.

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

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

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

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

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

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

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

16. Remuneration policy and report (Article 3:6 §3 Belgian Companies Code)

The remuneration report provides a comprehensive overview of the remuneration awarded to non-executive Directors and members of the Management Committee of Ontex during 2019. The remuneration report should be read in close conjunction with the remuneration policy, as the remuneration report contains the result of the application of the remuneration policy during financial year 2019.

This remuneration report contains more detailed information on the 2019 remuneration and on our remuneration policy than we have provided in the past. By doing so we wish to become more transparent about the remuneration of the Members of the Management Committee. This is our response to the request from the investor community to increase transparency on the alignment between company performance and executive pay.

16.1. Remuneration for Non-Executive Directors

Non-Executive Directors at Ontex receive an annual fixed fee as well as attendance fee. The amounts paid to non-executive Directors in 2019 are shown in the table below.

Name	Mandate	Fixed fee (EUR)	# Board meetings attended	Board attendance fee (EUR)	# N&R Committee meetings attended	N&R Committee attendance fee (EUR)	# A&R Committee meetings attended	A&R Committee attendance fee (EUR)	Total fee for 2019 (EUR)
Revalue BVBA, represented by Luc Missorten	Chairman of the Board, Independent Director	120,000	10/10	5.000	5/5	2,500	4/4	2,500	192,500
Inge Boets BVBA, represented by Inge Boets	Chairwoman of the Audit and Risk Committee, Independent Director	70,000	10/10	2.500			4/4	4,000	111,000
Tegacon Suisse GmbH, represented by Gunnar Johansson	Chairman of the Remuneration and Nomination Committee, Independent Director	70,000	10/10	2.500	5/5	4,000			115,000
Desarrollo	Non-Executiv	60,000	9/10	2.500					82,500

Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero	e Director								
Regina SARL, represented by Regi Aalstad	Independent Director	60,000	10/10	2.500	5/5	2,500			97,500
Michael Bredael	Non-Executive Director	60,000	10/10	2.500	5/5	2,500	4/4	2,500	107,500
Ester Berrozpe (1)	Independent Director	35,000	5/5	2.500					47,500
Aldo Cardoso (1)	Non-Executive Director	35,000	3/5	2.500					42,500

(1) Ester Berrozpe and Aldo Cardoso were appointed as non-executive Director by the AGM on 24 May 2019. Their fixed fee for 2019 has been pro-rated and represents 7/12ths of the annual fixed fee for their Board mandate.

16.2. Remuneration for Members of the Management Committee

16.2.1. Introduction

2019 was marked by a change in the operating model of the company. We moved from 5 to 3 Commercial Divisions, we consolidated manufacturing and supply chain under one head and changed some of the reporting lines. As a result, the composition of the Management Committee, including the CEO, changed from 14 members in 2018 to 11 members in 2019.

16.2.2. 2019 Short-term Incentive

As outlined in the Remuneration Policy, the short-term incentive of the CEO and the other members of the Management Committee is determined based on a set of KPIs including net sales, profitability and cash generation. The Ontex Group results against these targets show a close to on-target performance in terms of net sales, a below target performance against the profitability target, and a significant over-performance on cash generation. The Divisional performance showed a significant variance, with the Europe Division performing close to target on net sales and cash, but underperforming on profitability, while the AMEAA and HealthCare Divisions have been performing on target or above.

The achievement against the 2019 Group and Divisional KPIs driving the 2019 short-term incentive for the CEO and the other members of the Management Committee and the resulting pay-out factors are shown in the table below.

KPI	Metrics	Group	Europe	AMEAA	Healthcare
Revenue	Achievement	99%	99%	98%	102%
	Pay-out Factor	90%	90%	80%	120%
	Weighting	25%	25%	25%	25%
	Corresponding Pay-out Factor	**22.50%**	**22.50%**	**20.00%**	**30.00%**
EBITDA	Achievement	95%	92%	103%	100%
	Pay-out Factor	50%	20%	130%	100%
	Weighting	50%	50%	50%	50%
	Corresponding Pay-out Factor	**25%**	**10%**	**65%**	**50%**
Cash (*)	Achievement	159%	99%	106%	107%
	Pay-out Factor	150%	90%	150%	150%
	Weighting	25%	25%	25%	25%
	Corresponding Pay-out Factor	**38%**	**23%**	**38%**	**38%**
Total	**Total Weighted Bonus Pay-out Factor**	**85%**	**55%**	**122.50%**	**117.50%**

The resulting gross bonus amounts for the CEO and the other members of the Management Committee are reported in the column one-year variable in the total remuneration table below. The short-term incentive is not subject to any claw-back provision.

2019 has also been the year in which the Transform to Grow program (T2G) has been kicked off. To underpin the importance of this transformation program, the Board has approved a specific and temporary incentive plan related to T2G. The first part of the T2G Incentive as described in the Remuneration Policy was delivered in 2019 and is reported in the column extra-ordinary items in the total remuneration table below.

16.2.3. 2019 Long-term incentives

This section contains information on the long-term incentive plan (LTIP) granted in 2019 as well as on former LTIP grants which vested in 2019.

The value of the LTIP grants which vested in 2019 is shown in the total remuneration table below, in the column multi-year variable. The way in which this value has been calculated is explained in note 4 below the table.

The members of the Management Committee also received a new LTIP grant in 2019, which took place on 13 June 2019. The 2019 grant was the first year of the new LITP as approved at the general meeting of shareholders on May 25, 2018. The 2019 grant consisted of a combination of Restricted Stock Units, Stock Options and Performance Shares, each representing one third of the LTIP grant value. This is a change compared to previous LTIP grants, which consisted of Restricted Stock Units (50%) and Stock Options (50%). The performance shares were added to make the LTIP more performance based. Furthermore, it was decided to keep the restricted stock units (with a reduced weight), despite the absence of performance vesting, retaining their presence requirement. As such, they are a counter weight to the financial risk associated with stock options which, for Belgian beneficiaries, such as the CEO and other Belgian residents on the Management Board, are taxed at grant with no possibility to recover taxes in case the options remain below their exercise price.

The 2019 LTIP has a vesting period of 3 years. For the vesting of the Performance Shares granted in 2019, the Board has set targets for the 2019-2021 performance period in terms of like-for-like sales growth (weight 30%), Adjusted EBITDA (weight 35%) and Earnings per share growth (weight 35%). The vesting schedule for these 3 performance measures is shown below.

Achievement vs target	Threshold	80% vesting	100% vesting	200% vesting
Sales Growth	75%	90%	100%	110%
EBITDA	87%	93%	100%	105%
EPS Growth	44%	72%	100%	119%

Because the 3-year targets for the performance shares are commercially sensitive, the Company has opted not to disclose them upfront. However, the Company commits to publish both the targets and the achievement levels for the performance shares KPIs at the end of the 3-year performance period.

The stock options which were granted on 13 June 2019 have a strike price of 14,00 EUR, which is the closing price of the day preceding the grant date.

The tables below provide the details of the 2019 LTIP for the members of the Management Committee. They also provide an overview of share related transactions which occurred during the year.

Shares awarded during the reported financial year

Name of Director	Position	Number of RSUs awarded and accepted	Number of PSUs awarded and accepted	Award date	Vesting date	Share value at the time of the grant	Total value awarded
Agostini, Philippe	Executive VP Procurement	3,986	3,986	13/06/2019	14/06/2022	€14	€111,608
Amselem, Armando	President AMEAA division	4,420	4,420	13/06/2019	14/06/2022	€14	€123,760
Bonnard, Laurent	Executive VP Sales & Marketing	4,518	4,518	13/06/2019	14/06/2022	€14	€126,504
Bouaziz, Charles	Chief Executive Officer	18,414	18,414	13/06/2019	14/06/2022	€14	€515,592
De Lathauwer, Astrid	Executive VP Human Resources	4,766	4,766	13/06/2019	14/06/2022	€14	€133,448
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	4,595	4,595	13/06/2019	14/06/2022	€14	€128,660
Desmartis, Charles (1)	Chief Finance Officer	18,333	18,333	13/06/2019	14/06/2022	€14	€513,324
Lambrecht, Xavier	President Healthcare Division	4,377	4,377	13/06/2019	14/06/2022	€14	€122,556
Loebel, Axel	Executive VP Operations	3,601	3,601	13/06/2019	14/06/2022	€14	€100,828
Navarre, Thierry	CTO	9,167	9,167	13/06/2019	14/06/2022	€14	€256,676
Viale, Thierry	President Europe Division	4,780	4,780	13/06/2019	14/06/2022	€14	€133,840

(1) Charles Desmartis received twice the regular LTIP grant, as part of a sign-on arrangement upon joining the company

Shares vested and sold during the reported financial year

Name of Director	Position	Balance at start of the year			Changes during the year					Balance at end of the year		
		Number of unvested RSUs at start of the year	Number of unvested PSUs at start of the year	Number of vested shares at start of the year	Number of RSUs vested during the year	Number of PSUs vested during the year	Number of Shares sold during the year	Price of sale	Total value of shares sold	Number of unvested RSUs at end of the year (1)	Number of unvested PSUs at end of the year (2)	Number of vested shares at end of the year (3)
Agostini, Philippe	Executive VP Procurement	9,411	-	2,511	2,760	-	-	-	-	10,637	3,986	5,271
Amselem, Armando	President AMEAA division	11,558	-	-	3,526	-	1,134	€15.66	€17,761	12,452	4,420	2,392
Bonnard, Laurent	Executive VP Sales & Marketing	8,697	-	1,744	2,738	-	-	-	-	10,477	4,518	4,482
Bouaziz, Charles	Chief Executive Officer	39,811	-	14.752	14,522	-	-	-	-	43,703	18,414	29,274
De Lathauwer, Astrid	Executive VP Human Resources	9,015	-	1.092	2,723	-	1,449	€15.66	€22,694	11,058	4,766	2,366
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	7,695	-	957	1,989	-	1,058	€15.66	€16,568	10,301	4,595	1,888
Desmartis,	Chief Finance Officer	-	-	-	-	-	-	-	-	18,333	18,333	-

Charles (1)												
Lambrecht, Xavier	President Healthcare Division	9,136	-	1,216	2,524	-	-	-	-	10,989	4,377	3,740
Loebel, Axel	Executive VP Operations	-	-	-	-	-	-	-	-	3,601	3,601	-
Navarre, Thierry	Chief Transformation Officer	17,112	-	5,814	4,641	-	-	-	-	21,638	9,167	10,455
Viale, Thierry	President Europe Division	8,396	-	1,475	3,697	-	1,366	€15.66	€21,392	9,479	4,780	3,806

(1) Number of unvested RSUs at start of the year plus number of RSUs awarded during the year minus number of RSUs vested during the year

(2) Number of unvested PSUs at start of the year plus number of PSUs awarded during the year minus number of PSUs vested during the year

(3) Number of vested shares at start of the year plus number of PSUs and RSUs vested during the year minus number of shares sold during the year

Share options awarded during the reported financial year

Name of Director	Position	Share options awarded during the year					
		Number of options awarded	Number of options accepted	Award date	Vesting date	Exercise period	Strike price of the share
Agostini, Philippe	Executive VP Procurement	13,987	13,987	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
Amselem, Armando	President AMEAA division	15,508	15,508	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
Bonnard, Laurent	Executive VP Sales & Marketing	15,852	15,852	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
Bouaziz, Charles	Chief Executive Officer	64,610	64,610	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
De Lathauwer, Astrid	Executive VP Human Resources	16,722	16,722	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	16,125	16,125	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
Desmartis, Charles (1)	Chief Finance Officer	64,327	64,327	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
Lambrecht, Xavier	President Healthcare Division	15,356	-	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14

Loebel, Axel	Executive VP Operations (01/02/2019)	12,636	12,636	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14
Navarre, Thierry	CTO	32,164	32,164	13/06/2019	14/06/2019	Start 14/06/2022 – end 13/06/2017	€14
Viale, Thierry	President Europe Division	16,771	16,771	13/06/2019	14/06/2022	start 14/06/2022 - end 13/06/2027	€14

(1) Charles Desmartis received twice the regular LTIP grant, as part of a sign-on arrangement upon joining the company

Share options vested, exercised or lapsed during the reported financial year

		Balance at start of the year	Changes during the year							Balance at end of the year	
Name of Director	Position	Number of unvested options at the start of the year	Number of vested options at the start of the year	Number of options vested during the year	Number of options exercised during the year	Exercise date	Exercise price	Gross gain	Number of options lapsed during the year	Number of unvested options at the end of the year (1)	Number of vested options at the end of the year (2)
Agostini, Philippe	Executive VP Procurement	43,176	11,618	11,826	-	N/A	N/A	N/A	-	45,337	23,444
Amselem, Armando	President AMEAA division	53,181	-	15,106	-	N/A	N/A	N/A	-	53,583	15,106
Bonnard, Laurent	Executive VP Sales & Marketing	40,047	11,650	11,730	-	N/A	N/A	N/A	-	44,169	23,380
Bouaziz, Charles	Chief Executive Officer	182,386	67,591	62,220	-	N/A	N/A	N/A	-	184,776	129,811
De Lathauwer, Astrid	Executive VP Human Resources	41,666	10,929	11,666	-	N/A	N/A	N/A	-	46,722	22,595
De Poorter, Annick	Executive VP R&D, Quality & Sustainability	35,769	9,657	8,522	-	N/A	N/A	N/A	-	43,372	18,179
Desmartis, Charles	Chief Finance Officer	-	-	-	-	N/A	N/A	N/A	-	64,327	-

Lambrecht, Xavier	President Healthcare Division	42,230	12,134	10,813	-	N/A	N/A	N/A	-	31,417	22,947
Loebel, Axel	Executive VP Operations (01/02/2019)	-	-	-	-	N/A	N/A	N/A	-	12,636	-
Navarre, Thierry	CTO	79,340	26,839	19,886	-	N/A	N/A	N/A	-	91,618	46,725
Viale, Thierry	President Europe Division	38,158	11,196	15,839	-	N/A	N/A	N/A	-	39,090	27,035

(1) Number of unvested options at the start of the year minus number of options vested during the year plus number of options accepted during the year

(2) Number of vested options at the start of the year plus number of options vested during the year minus number of options exercised and lapsed during the year

16.2.4. Total 2019 remuneration for the CEO and Members of the Management Committee

The table below set out the total 2019 remuneration for the CEO and the other Members of the Management Committee.

All amounts in EUR	Fixed Remuneration		Variable Remuneration				
	Base Salary (1)	Other Benefits (2)	One-year Variable (3)	Multi-year Variable (4)	Extraordinary items (5)	Pension expense (6)	Total Remuneration (7)
CEO	1,031.169	83,189	886,805	225,091	344,000	-	2,570,254
Other Members of the Management Committee	4,188,480	334,573	2,376,284	381,269	1,134,873	642,146	9,057,625

(1) This represents the annual base salary on a full year basis.

(2) Other benefits include the cost of medical, life and disability insurance, company car and school fees, on a full year basis.

(3) This represents the short-term incentive for performance year 2019.

(4) This represents the value, at the day of vesting, of the long-term incentives granted in previous years and vested during 2019. For the Restricted Stock Units (RSUs) vested in 2019, the value reported is the number of RSUs vested times the share price at the time of vesting. For the stock options vested in 2019, the value reported is the number of options vested times the difference between the share price at the time of vesting and the exercise price, if positive.

(5) This represents the first part of the T2G Incentive paid in 2019.

(6) This represents the company contributions towards a defined contribution pension plan, on a full-year basis.

(7) This is the sum of items 1 through 6.

16.3. Remuneration Policy

The remuneration policy describes the principles and policies that determine the composition and level of remuneration for Non-Executive Directors and members of the Management Committee of Ontex. The Board of Directors sets the principles and policies following recommendation by the Remuneration and Nomination Committee.

The principles and policies governing the remuneration for Non-Executive Directors and for members of the Management Committee address the following topics:

- The way in which the Remuneration Policy contributes to the strategy, the long-term ambitions, performance and sustainability of Ontex
- A description of the different remuneration components and their respective weights in the total remuneration package.

For the variable components of remuneration, the policy defines the performance criteria that are used to determine the variable compensation. It also sets out the minimum performance threshold required for any variable compensation to pay out, as well as the performance level at which the maximum bonus pay out is reached.

For equity-based components, the policy addresses the nature of the equity compensation, the vesting criteria and the performance criteria linked to the grant or the vesting of equity instruments. It also covers how these performance criteria contribute to the strategy and the long-term ambitions and sustainability of Ontex.

- Whether the measurement of performance, base pay evolution, short-term variable pay and long-term variable pay for members of the Management Committee is the same as for other managers in the company
- The principle terms of appointment of Non-Executive Directors and members of the Management Committee and the applicable end-of-contract provisions.

16.3.1. Remuneration Policy for Non-Executive Directors

As per the Corporate Governance Charter, the Board of Directors exercises the powers expressly reserved to the Board of Directors by law, addresses matters pertaining to the general policy of the company, and acts in a supervisory capacity with regard to the Management Committee.

It is believed that, in order to fulfil these tasks, Ontex must be able to attract a rich spectrum of Board Member profiles that mirror the company’s diverse customer and consumer bases and its geographical footprint. Furthermore, the composition of the Board needs to embody a thorough knowledge of the business dynamics and markets in the personal hygiene sector.

With this ambition in mind, the Non-Executive Directors at Ontex are rewarded through a combination of a fixed annual fee and attendance fees. The total annual remuneration paid to Non-Executive Directors is aligned with remuneration levels for similar positions reported by BEL20 companies.

The Chairpersons of the Board and the Board Committees receive a higher fixed fee than the other members of the Board, given the broader time commitment required of these roles. The fixed fees are *pro-rata* based so that Board and/or Board Committee membership may start or end in the course of a calendar year.

In addition to fixed remuneration, Board members also receive a fee for every Board and Board Committee meeting they attend.

The fixed remuneration and attendance fees for Non-Executive Directors are shown in the table below.

Role	Fixed Fee	Attendance Fee
Non-Executive Director	60,000 EUR	2,500 EUR
Board Chairperson	+ 60,000 EUR	+ 2,500 EUR
Committee Chairperson	+ 10,000 EUR	+ 2,500 EUR
Committee Member		+ 1,500 EUR

An analysis is being conducted whether, going forward, a part of the remuneration for Non-Executive Directors will be paid in shares. Should that be the case, the remuneration policy will be updated accordingly.

Non-Executive Directors are appointed for a period of 4 years, in accordance with the guidance laid down in the corporate governance charter.

16.3.2. Remuneration Policy for Members of the Management Committee

General reward principles and alignment with the company's strategy

Ontex aspires to be the preferred company for its consumers, customers, employees and investors, as well as a socially responsible company.

In order to attract, motivate and retain people who are committed to helping Ontex realize its commitments towards its consumers, customers, employees and investors, we have built our remuneration policy on the following pillars:

- We reward the successful implementation of strategy. This is done by linking a significant part of remuneration to the achievement of financial goals which reflect our commitment to our consumers, customers and investors.
- We reward performance by making a significant portion of remuneration dependent on both individual contribution and collective (Group and divisional) achievements.
- We foster a bias towards long-term shareholder value creation through granting share-based remuneration to employees who have an important influence on the company's success.
- Our pay practices are aligned with local market practices for the talent pools we are recruiting from.

16.3.3. Executive Remuneration Policy

Decision-making process

The remuneration policy for members of the Management Committee is decided on by the general meeting of shareholders upon recommendation by Board of Directors and the Remuneration and Nomination Committee. Within the confines of the remuneration policy as approved by the general meeting of shareholders, the Board of Directors:

- Evaluates and reviews the appropriate market positioning of the rewards offered to the members of the Management Committee compared with the relevant benchmarks.
- Determines the individual compensation levels of the members of the Management Committee taking into consideration their role and contribution to the business.
- Evaluates and determines the appropriate pay mix.
- Sets and reviews the financial targets for the performance-based remuneration components.

The Board evaluates the effectiveness of the remuneration policy for members of the Management Committee. As and when needed, the Board calls upon the help of reputable external compensation consultants to assist them in this task.

Competitive Positioning

To attract, motivate and retain talented executives with the necessary knowledge, skills and values to deliver Ontex' growth ambitions, our levels of remuneration and the various instruments at our disposal need to be aligned with those of companies who are recruiting from the same talent pool. For that reason, Ontex periodically benchmarks its total compensation against a peer group of companies with the following characteristics:

- Active in FMCG
- Headquartered in Europe
- Internationally present
- Mix of publicly traded and privately held companies

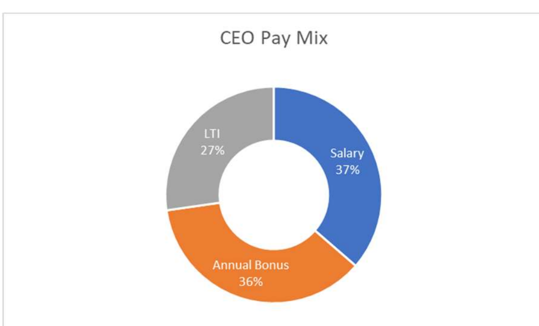
In terms of cash and equity-based compensation elements, the targeted competitive positioning is the median pay level in the peer group. Where there is a significant difference in scope and size between Ontex and the peer group companies, appropriate adjustments are being made. For pensions and fringe benefits, the target is the median of local general industry practices. The company aims for individual compensation levels to be within a competitive range around this benchmark, taking into consideration an individual's tenure, experience and contribution to the business.

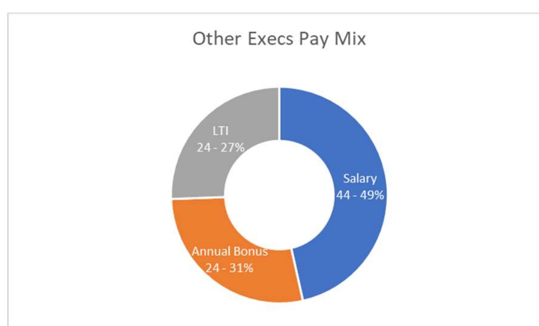
Compensation components and mix

Members of the Management Committee are compensated for their responsibilities as well as individual and company performance, both short and long-term. The total compensation of executives consists of:

- A fixed compensation component: base salary
- Variable compensation components: annual bonus and a long-term incentive plan

The charts below show the weight of these elements in the total target compensation for the CEO and for other members of the management committee.



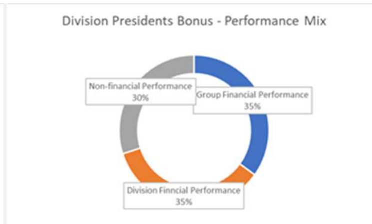


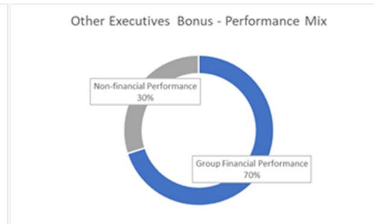
Fixed Compensation Component – Base Salary

The target base salary for members of the Management Committee is within a competitive range of the median base salary for comparable positions in the peer group mentioned above. The actual salary reflects the individual's tenure, experience and contribution to the business. Base salary levels are reviewed annually, and their development depends on the individual's performance and salary in relation to the said benchmark. Where there is a considerable gap between the actual base pay and the benchmark, the Board of Directors may consider a multi-year catch-up programme to bring the base pay level up to a competitive range of the benchmark.

Variable Compensation Component – Annual Bonus

The annual bonus programme is designed to reward executives for individual and collective performance over a one-year horizon. The table below sets out the weight of the financial and non-financial performance indicators in the bonus calculation for the different executive positions.

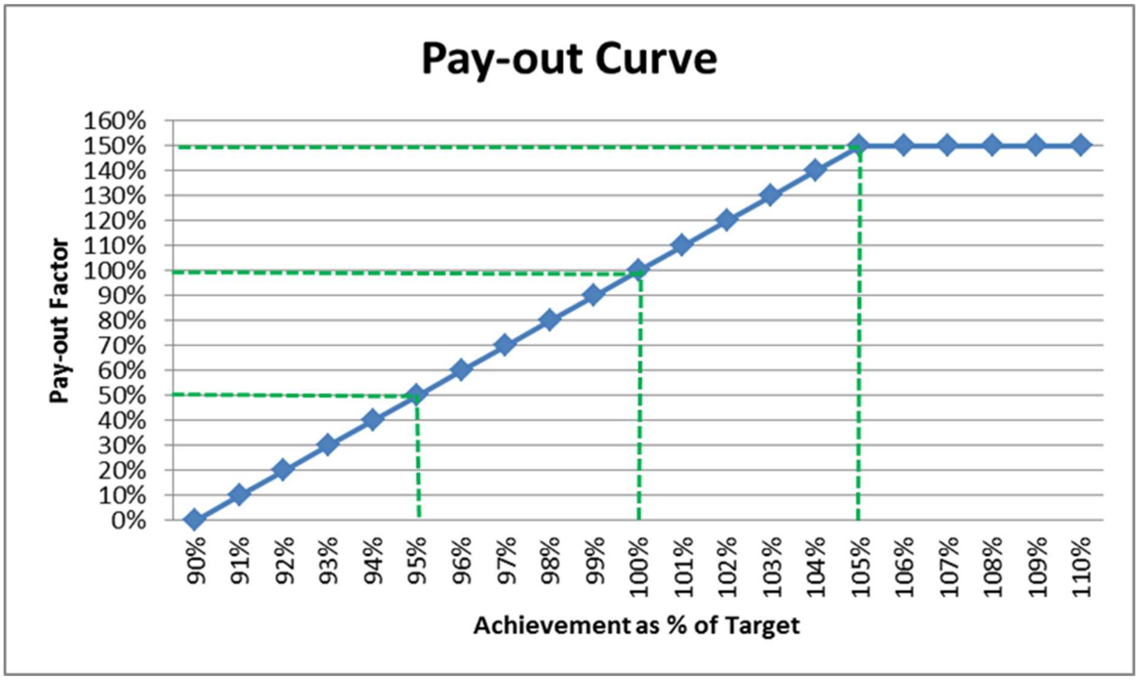




The metrics used for the assessment of the ***Group Financial Performance*** reflect Ontex' ambition to focus on business growth, profitability and the generation of sufficient cash to allow us to continuously fuel R&D, innovation, organic expansion and strategic acquisitions. The group financial performance KPIs and their respective weights are shown in the table below.

KPI - Group	KPI Definition	KPI Weight
Net Sales	Actual Group revenue, adjusted for exchange rate fluctuations vs budgeted Group revenue	25%
EBITDA	Actual Group EBITDA, adjusted for exchange rate fluctuations vs budgeted Group EBITDA	50%
OFCF	Actual Group Operating Free Cash Flow vs budgeted Group OFCF	25%

The targets for each of the Group financial performance KPIs are set annually by the Board of Directors. As these targets are commercially sensitive, they are not being disclosed ex ante. However, both targets and actual achievements will be published ex post. The weighted Group financial performance score (based on the table above) is subsequently translated into a pay-out curve which has a threshold and a cap. The threshold is set at the minimum acceptable level of performance to trigger the Group financial performance part of the bonus. For each of the above-mentioned KPIs at least 91% of the objective needs to be achieved for any bonus to be paid. At 91% performance, bonus pay-out is only 10%. 95% achievement yields a bonus pay-out of 50%. The cap reflects a considerable over-achievement of the targets. This achievement level is set at 105% of target, resulting in a bonus pay-out of 150%. The pay-out curve for the Group financial performance is shown below.



The KPIs, KPI definition and respective weights for the ***Division Financial Performance*** are shown in the table below. The targets for each of the Division financial performance KPIs are set annually by the Board of Directors. The performance threshold, cap and pay-out curve for the Division financial performance are the same as for the Group financial performance.

KPI - Division	KPI Definition	KPI Weight
Net Sales	Actual Division revenue, adjusted for exchange rate fluctuations vs budgeted Division revenue	25%
EBIT	Actual Division EBIT, adjusted for exchange rate fluctuations vs budgeted Division EBIT	50%
DSO	Actual days of sales outstanding vs targeted days of sales outstanding	25%

The ***non-financial Performance*** of each executive is assessed against a set of quantitative and qualitative objectives, including sustainability targets, employee engagement, succession, quality of leadership and others.

The non-financial performance criteria for the CEO are set and assessed annually by the Board of Directors. The non-financial performance criteria for the other executives are set and assessed annually by the Board of Directors based on recommendations by the CEO. The degree to which the non-financial objectives have been achieved and the corresponding pay-out levels are shown in the table below.

Non-financial performance assessment	Pay-out factor
Consistently exceeded	150%
Frequently exceeded	115% - 140%
Met	90% - 115%
Partially met	50% - 90%

Not met	0%

The target bonus for the CEO is set at 100% of base salary. For other members of the Management Committee, the target bonus ranges from 50% to 70% of base salary.

The KPIs, KPI weights and pay-out curves that are used to calculate the annual bonus for the members of the Management Committee also apply to the bonus calculation of other management positions in the organization. However, the balance between the financial and the non-financial performance indicators may be different.

In line with the dominant practice in Belgium, the annual bonus is not subject to any deferrals or claw-back provisions as it is unclear whether such clauses would be enforceable. Moreover, some of the customary triggers included in claw-back provisions, such as fraud or gross misconduct can be addressed in other ways such as dismissal (for cause), recovery, exclusion from D&O insurance coverage and others.

Variable Compensation Component – Long-term Incentive

With a view to fostering long-term sustained performance, and aligning the interests of senior management with those of the shareholders, a significant proportion of the variable compensation of the members of the Management Committee is linked to tenure and financial goals measured over a three-year period, and is delivered in the form of equity instruments.

The long-term incentive plan was approved by the shareholders in May 2018 for a five-year period, starting in 2019. Long-term incentives are delivered in the form of restricted stock units, stock options and performance shares, all vesting over a three-year period.

The long-term incentive target for the members of the Management Committee is expressed as a percentage of base salary. The target incentive for the CEO represents 80% of base salary. For the other members, the target incentive amounts to 55% of base salary. These target incentive levels are aligned with the benchmark as described in the section on competitive positioning above.

The weights, vesting term and vesting conditions of the 3 LTIP instruments are specified in the table below.

LTIP Instrument	Weight in total grant	Vesting Term	Vesting Conditions
Performance Shares	33,33%	3 years	Performance vesting (threshold – target – cap)
Stock Options	33,33%	3 years	Performance vesting (share price performance) + upfront tax investment (*)
Restricted Stock Units	33,33%	3 years	Time vesting

Restricted stock units remain part of the LTIP despite the absence of performance vesting. As such, they are a counter-weight for the financial risk and upfront cash investment associated with the grant of stock options to Belgium based executives. Taxes on stock options granted to Belgium based executives are payable up-front, at the time of grant, with no refund in case the options remain out of the money.

Stock Options

A stock option gives the beneficiary 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.

Stock options at Ontex vest three years after the grant and are valid eight years from the date of grant. They lapse automatically if they have not been exercised by the ninth anniversary of the grant date. The exercise price is the share price on the date of grant. Stock options will only deliver value if, between the vesting date and the expiry of the options, the share price exceeds the value of the share at grant. This focuses the efforts of members of the Management Committee on increasing the value of the Ontex share over the vesting period.

The number of stock options awarded to members of the Management Committee is determined by dividing one third of the total long-term incentive grant value by the value of one stock option. The value of a stock option is calculated using the Black and Scholes valuation methodology based on the share price on the grant date.

Members of the Management Committee who are subject to income taxes in Belgium need to pay the income tax on the value of the stock options at the time of the grant. These taxes may not be claimed back if the options cannot be exercised, and therefore represent a substantial financial risk.

Ontex does not facilitate the entering into derivative contracts related to stock options, nor the hedging of the risks associated with these instruments.

Restricted Stock Units (RSUs)

A restricted stock unit entitles the beneficiary to receive from the company for no consideration one share in the company per vested restricted stock unit.

The number of restricted stock units awarded to members of the Management Committee is determined by dividing one third of the total long-term incentive grant value by the value of the Ontex share on the grant date.

Restricted stock units at Ontex vest three years after the grant provided the member of the Management Committee is still working for Ontex at that time.

In 2019, the company has reduced the share of RSUs in the overall value of the long-term incentive grant from 50% to 33%, in response to concerns in the investor community about the perceived deficit in performance-based pay.

Performance Shares

A performance share provides the beneficiary with the right to receive from the company one share in the company per vested performance share, where the vesting is subject to a three-year period as well as the achievement of performance conditions measured over the three-year period.

Performance shares at Ontex are subject to performance criteria and targets set by the Board of Directors at the time of grant. The performance criteria are chosen to foster long-term value creation and alignment with shareholder interests. As the performance targets for the Performance shares are commercially sensitive, the performance targets are not disclosed upfront. However, the performance targets and actual achievements will be disclosed at the end of the 3-year performance period.

The number of performance shares awarded to members of the Management Committee is determined by dividing one third of the total long-term incentive grant value by the value of the Ontex share on the grant date.

The number of performance shares that vest is adjusted according to the achievement of the performance goals over the three-year performance period. If the actual performance is below a specified threshold, no shares are awarded. The vesting is also subject to a 200% cap, at a performance level which exceeds the original targets in a significant way. The performance threshold and cap are set by the Board at the time of grant.

Members of the Management Committee are not required to hold a minimum value in company stock. It is the company's belief that, through successive annual grants, at any given time they will have a sufficiently important equity stake in the company (even though not vested) to focus their efforts and attention on the creation of long-term shareholder value.

The long-term incentive instruments, vesting periods, performance conditions and other plan features applicable to the members of the Management Committee are the same as those that apply to other Ontex staff who qualify for long-term incentive participation.

Variable Compensation – Specific and temporary incentive related to the Transform to Grow Transformation programme

In 2019, Ontex launched a comprehensive transformation programme called 'Transform to Grow' (T2G). The T2G programme is a key enabler of Ontex' strategy to accelerate value creation by step-changing its operational and commercial excellence. The programme is targeted to generate an incremental recurring EBITDA as well as a margin improvement between 125 and 175 basis points at the end of 2021 versus 2018.

To underpin the importance of this transformation programme, the Board has approved a specific and temporary incentive plan related to T2G ("temporary T2G incentive plan"). Participation in this plan is limited to restricted number of people, across all functions and levels in the organization, who are accountable for important levers in the transformation plan. The temporary T2G incentive plan for this restricted number of people is in addition to the annual bonus and long-term incentive plans to which they are normally entitled, and which continue to apply as per the rules described above during the T2G programme.

The temporary T2G incentive plan consists of two parts. The first part has been paid in 2019 upon delivery of a pipeline of initiatives the value of which is equivalent to the targeted margin improvement.

The large majority of the temporary T2G incentive plan is eligible to be paid in 2021 and 2022, subject to a strict evaluation by the Remuneration and Nomination Committee of the delivery of the financial objectives of the T2G programme, expressed as an incremental recurring EBITDA and the above-mentioned margin improvement. The temporary T2G incentive plan cannot be altered or extended, and will end after the evaluation performed in Q1 2022.

Other remuneration elements

Members of the Management Committee participate in the benefits plans applicable to this category of staff in the country of their contract. These usually include a company contribution to a pension plan, life insurance, disability insurance and health benefits. Members of the Management Committee may also be entitled to certain executive benefits such as company cars and other benefits in kind. The value of these elements is disclosed in the annual Remuneration Report.

Terms of Contract and Termination Provisions

The rights and obligations related to the office of 'Member of the Management Committee' at Ontex are formalized in a contract of indefinite duration. These contracts include the principle terms of office as well as clauses covering the protection of intellectual property of the company, confidentiality (both during and after employment) regarding information to which members of the Management Committee have access, as well as termination and non-compete provisions. The termination and non-compete provisions for the current members of the Management Committee are shown in the table below.

Function & Name	Contractual Notice	Contractual Non-Compete and/or Additional Termination Indemnity
CEO – C. Bouaziz **CTO – Artipa BVBA, represented by T. Navarre**	12 months	12 months fixed fee
EVP R&D, Quality, Sustainability – A. De Poorter	3 months	15 months fixed fee
All other Management Committee members	3 months	9 months fixed fee

17. Board and Board Committees (Article 3:6 §2, 5° Belgian Companies Code)

17.1 Board and Board Committees (Article 3:6 §2, 5° Belgian Companies Code)

Pursuant to the 2009 Corporate Governance Code, at least half of the directors should be non-executive and at least three directors should be independent in accordance with the criteria set out in Article 526*ter* of the Belgian Companies Code and the 2009 Corporate Governance Code. The composition of the Board as at December 31, 2019 complies with these recommendations.

On December 31, 2019, the Board was composed as follows:

Name	Mandate Board	Other Mandates per December 31, 2019	Mandate Since	Mandate Expires
Revalue BVBA, represented by Luc Missorten (1)	Chairman, Independent Director	Barco NV, GIMV, Recticel NV, Scandinavian Tobacco Group, Mateco	2015	2022
Regina SARL, represented by Regi Aalstad (2)	Independent Director	A drop in the ocean	2017	2021
Esther Berrozpe	Independent Director	Fluidra, Pernod Ricard, Roca, Tasty Bidco	2019	2023
Inge Boets BVBA, represented by Inge Boets	Independent Director	Euroclear SA, Econoholding NV, QRF Management NV, Triginta, La Scoperta BVBA, VZW Altijd Vrouw	2014	2022
Michael Bredael	Non-Executive Director	Upfield Group BV	2017	2021

Aldo Cardoso	Non-Executive Director	Bureau Veritas, Imerys, Worldline, DWS (Deutsche Wealth Management)	2019	2023
Tegacon Suisse GmbH, represented by Gunnar Johansson	Independent Director	Laeringsverkstedet AS, Laeringsverkstedet Gruppen AS, CK CreKids Germany GmbH, CreaKids GmbH	2017	2022
Desarrollo Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero	Non-Executive Director	Member of the World Economic Forum	2016	2020

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

(1) As communicated in our press release of March 3,2020, Luc Missorten will resign from it position as Independent Director as of the General Meeting of 25 May 2020. The Board has decided, upon recommendation of the Remuneration and Nomination Committee, to propose to the general meeting to appoint Hans Van Bylen as Independent Director. Subsequent and subject to the approval of the appointment by the general meeting, the Board has expressed the intention to appoint Mr. Hans Van Bylen as Chairman.

(2) On 27/06/2019 the Board has resolved, by way of cooptation, on the replacement of Regi Aalstad by her management company, Regina SARL. The said replacement will be submitted for ratification at the ordinary general meeting of shareholders on 25 May 2020.

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

Luc Missorten

Chairman, Independent Director

Luc Missorten was appointed as Independent Director of Ontex Group NV as of June 30, 2014. On April 10, 2015, Luc Missorten was appointed Chairman, as replacement for 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 Chief Financial Officer at Interbrew (now AB InBev) from 1999 until 2003, and of CFO at UCB from 2003 to 2007. Luc Missorten has been the Chief Executive Officer and a Board member of Corelio from 2007. As from September 2014, he resigned as Chief Executive Officer from Corelio. Currently, Luc Missorten is also an Independent Director of Barco, chairs its Audit Committee and is a member of its Remuneration Committee. In addition, he is an Independent Director of GIMV, where he chairs the Audit Committee. Further, Luc Missorten is an Independent Director at Recticel, where he chairs the Audit Committee and is a member of its Remuneration Committee. He is also Independent Director at Scandinavian Tobacco Group and is a member of its Audit and Risk Committee and its Remuneration and Nomination Committee. He is also an Independent Board member at Mateco.

Regi Aalstad

Independent Director

Regi Aalstad has over 25 years of experience in global FMCG. Ms. Aalstad has held Regional General Manager and Vice President positions with Procter & Gamble in Asia, Europe, Middle East and Africa. She joined P&G in the Nordics in 1988 and from 1996 to 2014 held leadership roles in emerging markets. Regi chairs the humanitarian organization 'A Drop in the Ocean', supporting refugees in Greece. She advises and helps to found digital start-ups from Switzerland, where she resides. Regi has Non-Executive Director experience with public industry-leading companies operating globally in telecom, digital services and sanitary sector. She holds a Master of Business Administration in International Business from University of Michigan, USA.

Esther Berrozpe

Independent Director

Esther Berrozpe was appointed on May 24, 2019 as an Independent Director. Esther has over 25 years of experience in the consumer goods area through marketing roles within FMCG at Paglieri (personal care), Sara Lee (underwear) and Wella (cosmetics) and senior P&L leadership roles at Whirlpool (BTC and BTBTC) in Europe and in the USA. In her last role at Whirlpool, Esther was member of the Global Executive Committee as EVP and President of Europe, Middle East and Africa, having the full P&L responsibility for its $5 billion business in EMEA, with 24M employees across 35 countries, 15 production sites and distribution to more than 140 countries. Esther is currently a member of the Board of Directors of Pernod Ricard, Fluidra, Roca and Tasty Bidco.

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. Inge currently chairs the Audit and Risk Committee. She holds a master degree in applied economics from the University of Antwerp, Belgium. She 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, Inge is also an Independent Director and chairs the Audit and Risk Committee of Euroclear SA, She chairs the Board of the Econopolis Group and of QRF City retail. In addition, Inge Boets BVBA, with Ms. Boets as its permanent representative, is the manager of La Scoperta BVBA.

Michael Bredael

Non-Executive Director

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

Aldo Cardoso

Non-Executive Director

On May 24, 2019, Aldo Cardoso was appointed as a Non-Executive Director. Aldo Cardoso is the Chairman of the Board of Directors at Bureau Veritas and a Senior Advisor to CVC. Aldo is a member of the Board of Directors of Imerys, Worldline and DWS (Deutsche Wealth Management – Francfort). Aldo spent 24 years with Arthur Andersen, joining as a junior staff member and rising to Senior Partner, with various audit and consulting assignments, and then multinational and multicultural management roles. Subsequently, Aldo held the functions of Non-Executive Chairman of Andersen Worldwide from 2000 to 2003, President of Andersen for the Western European region from 1998 to 2002, and President of Andersen France from 1993 to 2002. Aldo has been Senior Advisor at Deutsche Bank (Global Banking – Paris) from 2010 to 2014 and then at Deutsche Bank infrastructure fund in London from 2015 to 2018. Further, he has been a member of the Lehman Brothers European Advisory Committee (2004 to 2008), and has served on the Boards of various listed companies such as: Orange, Accor, Rhodia, Gecina, Mobistar, as well as numerous private companies in various countries.

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 FMCG. Prior to starting Tegacon Suisse GmbH, he held a number of positions within SCA AB, a global company in the tissue, femcare, baby diaper and incontinence care industries. Gunnar Johansson worked with SCA from 1981 to 2009, the last years as Global President of the Hygiene Category. He was also a member of the board of Orkla Brands, the largest FMCG company in Norway. Currently, Gunnar Johansson works as a Senior Executive Advisor at his own company, Tegacon Suisse GmbH. He is also Chairman of the Board of Laeringsverkstedet AS, Laeringsverkstedet Gruppen AS, CK CreKids Germany GmbH and CreaKids GmbH.

Juan Gilberto Marín Quintero

Non-Executive Director

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

17.2 Board: evolution in composition during 2019

On December 31, 2019, the Board of the Company was composed of eight members. All Board members are Non-Executive Directors.

There are currently five Independent Directors within the meaning of Article 526*ter* of the Belgian Companies Code: Revalue BVBA (with Luc Missorten as its permanent representative), Tegacon Suisse GmbH (with Gunnar Johansson as its permanent representative), Inge Boets BVBA (with Inge Boets as its permanent representative), Regina SARL (with Regi Aalstad as its permanent representative) and Esther Berrozpe. Further there are currently three Non-Executive Non-Independent Directors: Desarrollo Empresarial Joven Sustentable SC (with Juan Gilberto Marin Quintero as its permanent representative), Michael Bredael and Aldo Cardoso.

17.3 Gender diversity

As at December 31, 2019, the Company had 3 female Board members, *ie,* Inge Boets, as permanent representative of Inge Boets BVBA, Regi Aalstad, as permanent representative of Regina SARL and Esther Berrozpe, representing 37.5% 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, while, among other things, taking into account the gender composition. The Company does comply with the requirement that 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 Art. 7:86. of the Belgian Code of Companies and Associations.

Second, the Company has developed a diversity policy.

17.4 Functioning of the Board

During 2019, the Board met ten times. The attendance rate was as follows:

Name	Board Attendance	Attendance Rate
Revalue BVBA, represented by Luc Missorten	10/10	100%
Regina SARL, represented by Regi Aalstad	10/10	100%
Esther Berrozpe	5/5(1)	100%
Inge Boets BVBA, represented by Inge Boets	10/10	100%
Michael Bredael	10/10	100%
Aldo Cardoso	3/5(2)	60%
Tegacon Suisse GmbH, represented by Gunnar Johansson	10/10	100%
Desarrollo Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero	9/10	90%

(1) Esther Berrozpe has been appointed as a member of the Board of Directors on 24/05/2019 and only 5 meetings of the Board of Directors occurred after that date.

(2) Aldo Cardoso has been appointed as a member of the Board of Directors on 24/05/2019 and only 5 meetings of the Board of Directors occurred after that date.

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

Major matters reviewed by the Board during 2019 include, among others:

The monitoring and review of the implementation of the T2G program to accelerate the delivery of value;

- 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 assessments of M&A projects; and
- General strategic, financial and operational matters of the Company.

17.5 Board Committees

17.5.1 Audit and Risk Committee

In compliance with Article 7.99, §2 of the Belgian Code of Companies and Associations and the 2009 Corporate Governance Code, all members of the Audit and Risk Committee are Non-Executive and at least one Director is independent.

On December 31, 2019, the Audit and Risk Committee was composed as follows:

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

During 2019, 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%
Michael Bredael	4/4	100%

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

The Audit and Risk Committee is entrusted with the tasks set out in Article 7.99, §4 of the Belgian Code of Companies and Associations. It decided on the agenda, frequency and topics of its meetings, and reviewed the external and internal audit plan, the half year financial statements and the external review on the half-year financial statements, the quarterly financial information contained in the Q1 and Q3 trading updates, the key risks, and their role and responsibility.

As required by the 2009 Belgian Companies Code, Ontex Group NV confirms that (i) the Audit and Risk Committee is composed of Non-Executive Directors only and (ii) the Audit and Risk Committee possesses the adequate expertise and experience in the field of the activities of the Company and (iii) Inge Boets, as permanent representative of Inge Boets BVBA, Chairman of the Audit and Risk Committee, is an Independent Director and possesses the adequate expertise and experience in the field of accounting and audit. Reference is made to her biography under chapter 3.1 of this Corporate Governance Statement.

The mandate of PricewaterhouseCoopers Bedrijfsrevisoren BV ("PwC") as statutory auditor of the Company will be proposed to be renewed at the upcoming shareholders meeting of 25 May 2020 and the replacement of the representative of PricewaterhouseCoopers Bedrijfsrevisoren BV ("PwC") will be submitted for approval.

17.5.2 Remuneration and Nomination Committee

In compliance with Article *526quater*,§2 of the Belgian Code of Companies and Association and the 2009 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 526t*er* of the Belgian Code of Companies and Associations and the 2009 Corporate Governance Code.

On December 31, 2019, the Remuneration and Nomination Committee was composed as follows:

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

During 2019, the Remuneration and Nomination Committee met five times. The attendance rate was as follows:

Name	R&N Committee Meetings Attended	Attendance Rate R&N Committee
Tegacon Suisse GmbH, represented by Gunnar Johansson	5/5	100%
Revalue BVBA, represented by Luc Missorten	5/5	100%
Regina SARL, represented by Regi Aalstad	5/5	100%
Michael Bredael	5/5	100%

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

The Remuneration and Nomination Committee is entrusted with the tasks set out in Article 526*quater*, §5, of the Belgian Code of Companies and Associations. 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 2019 performance year.

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

17.5.3 Management Committee

On June 28, 2016, the Board has decided to establish a Management Committee (*directiecomité*) within the meaning of Article 524*bis* of the Belgian Companies Code to be effective as of July 1, 2016 which has the power to perform all actions that are necessary or useful for the realization of the Company's purpose, except for those actions that are, by law or pursuant to the Articles of Association or the Corporate Governance Charter, reserved to the shareholders' meeting or to the Board, including (i) matters belonging to the general policy of the Company, and (ii) the supervision of the Management Committee, or to other management bodies. [3]

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.

In the framework of bringing the Articles of Assocation and governance of the Company in accordance with the Belgian Code of Companies and Assocations, the Board has thoroughly reviewed the available options, and will submit to the general meeting a proposed governance model for approval.

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

On December 31, 2019, the Management Committee, consisted of the following members:

Name	Position	Member of the Management Committee Since	Appointed to Management Committee
Charles Bouaziz	Chairman of the Management Committee – Chief Executive Officer	2013	2016
Philippe Agostini	Executive Vice-President Procurement	2013	2016
Armando Amselem	President of the AMEAA Division	2016	2016
Laurent Bonnard	Executive Vice-President Sales & Marketing	2013	2016
Astrid De Lathauwer	Executive Vice-President Human Resources	2014	2016
Annick De Poorter	Executive Vice-President R&D, Quality & Sustainability	2009	2016
Charles Desmartis	Chief Financial Officer and Executive Vice-President Finance, Legal & IT	2019	2019
Marex BVBA with Xavier Lambrecht as its permanent representative	President Healthcare Division	2013	2016
Axel Löbel	Executive Vice-President Operations	2019	2019
Artipa BVBA with Thierry Navarre as its permanent representative	Chief Transformation Officer	2009	2016
Thierry Viale	President Europe Division	2013	2016

During 2019, the Management Committee met monthly and discussed strategic, business, financial and operating matters and Group projects.

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

Charles Bouaziz

Chairman of the Management Committee and Chief Executive Officer

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

Philippe Agostini

Executive Vice-President Procurement

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

Armando Amselem

President of the AMEAA Division

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

Laurent Bonnard

Executive Vice-President Sales & Marketing

Laurent Bonnard was appointed Group Sales Director for the Ontex Group on September 9, 2013. As from 1 January 2019, he took up the function of Group Sales and Marketing Director for the Ontex Group NV. He has previously held various senior positions within Sales and Marketing in Mars and Quaker. Subsequently he joined PepsiCo, as Sales Director France, and last he held the function as VP Business Development for Europe.

Astrid De Lathauwer

Executive Vice-President Human Resources

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. Astrid chairs the Remuneration Committee of Colruyt and Immobel.

Annick De Poorter

Executive Vice-President R&D, Quality and Sustainability

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

Charles Desmartis

Chief Financial Officer and Executive Vice-President Finance, Legal & IT

Charles Desmartis joined the Ontex Group in November 2018. Charles Desmartis holds an MBA from the Ecole des Hautes Etudes Commerciales in Paris and a Master of Science in Management from

Stanford University, US. Prior to joining the Ontex Group, Charles Desmartis has held senior finance and CFO positions at Schlumberger, Gemalto and subsequently Europcar before joining Carrefour as Group Financial Controller. Most recently, he held the CEO position for the Carrefour Group in Brazil, where he led the preparation and execution of the IPO of the company.

Xavier Lambrecht

President of the Healthcare Division

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

Axel Löbel

Executive Vice-President Operations

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

Thierry Navarre

Chief Transformation Officer

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

Thierry Viale

President of the Europe Division

Thierry Viale was appointed President Europe on January 1, 2019, prior to that, Thierry was General Manager of the Growth Markets Division and Strategic Development since October 1, 2013. Prior to joining the Ontex Group, Thierry held a number of senior positions at Procter & Gamble in Western Europe, Russia, Nigeria/West Africa, Greater China, the Balkans and in India. Thierry holds a Master degree from the Saint Cyr Military Academy, a Bachelor degree from the Neoma Business School, and a MBA from ESCP Europe.

Changes within the Management Committee composition within 2019

Following an international reorganization, effective January 1, 2020, the actual Management Committee is structured as follows:

Name	Position
Charles Bouaziz	Chairman of the Management Committee – Chief Executive Officer
Philippe Agostini	Executive Vice-President Procurement
Armando Amselem	President AMEAA
Laurent Bonnard	President Europe
Charles Desmartis	Chief Financial Officer and Executive Vice-President Finance, Legal & IT
Astrid De Lathauwer	Executive Vice-President Human Resources
Annick De Poorter	Executive Vice-President R&D, Quality and Sustainability
Marex BVBA with Xavier Lambrecht as its permanent representative	President Healthcare
Axel Löbel	Executive Vice-President Operations
Artipa BVBA with Thierry Navarre as its permanent representative	Chief Transformation Officer

18. Relevant information in the event of a takeover bid

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

18.1 Capital Structure

A comprehensive overview of our capital structure as at December 31, 2019 can be found in chapter 2 of this Corporate Governance Statement.

18.2 Restrictions on transfers of securities

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

18.3 Holders of securities with special control rights

There are no holders of securities with special control rights.

18.4 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 or Performance Shares in the framework of the LTIP are existing ordinary shares in the Company with all rights and benefits attached to such shares. A more detailed description of the LTIP is set out in the Remuneration Policy and report.

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

18.5 Restriction on voting rights

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

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

18.6 Rules on appointment and replacement of members of the Board

The term of office of directors under Belgian law is limited to six years (renewable) but the 2009 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.

18.7 Rules on amendments to the Articles of Association

Save for capital increases decided by the Board within the limits of the authorized capital or a change of the registered office of the Company (such change not triggering the application of different rules on the use of languages by companies than those that currently apply to the Company), only an extraordinary shareholders' meeting is authorized to amend the Company's Articles of Association. A shareholders' meeting may only deliberate on amendments to the Articles of Association if at least 50% of the share capital is represented. If the above attendance quorum is not reached, a new extraordinary shareholders' meeting must be convened, which will validly deliberate regardless of the portion of the share capital represented at the shareholders' meeting. As a 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.

18.8 Authorized capital

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

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

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

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

On November 9, 2015, the Company recorded the realization of a capital increase in cash, within the limits of the authorized capital, resulting in a capital increase of €40,839,036.68 (excluding issue premium in an amount of €73,902,592.52), from €680,650,828 to €721,489,864.68 as described in chapter 2.1.1. of this Corporate Governance Statement.

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 2.1.2 of this Corporate Governance Statement.

On March 22, 2017, the Company recorded the realization of a capital increase in kind, within the limits of the authorized capital, resulting in a capital increase of €74,871,580.58 (excluding issue premium in an amount of €145,968,664.42), from €748,715,885.80 to €823,587,466.38 as described in chapter 2.1.2 of this Corporate Governance Statement.

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

The Board of Directors may increase the registered capital of the Company in one or several times by an amount cumulated over 5 years of:

- maximum 50% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, of which maximum 20% of the amount of the registered capital as such amount is recorded immediately after the general meeting of shareholders of 25 May 2018, in the event of a capital increase with cancellation or limitation of the preferential subscription rights of the shareholders,

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

18.9 Acquisition of own shares

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

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

On May 13, 2019, the Company bought 63,377 own shares, as further described above, cfr chapter "capital and capital evolutions".

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

18.10.1 Senior Facilities Agreement

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

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

18.10.2 Facilities Agreements

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

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

18.10.3 Factoring Agreement

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

18.10.4 Hedging Agreement

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

18.10.5 Guarantee Agreement

The Company entered into a guarantee agreement dated 6 November 2018 its subsidiary Hygiene Medica SAS and Euler Hermes NV (hereinafter "Guarantee agreement"), with respect to the guarantee issued by Euler Hermes SA to Land Rheinland, Finanzamt Mayen, dated 13 November 2018. The guarantee agreement includes provisions that may be trigged in the case of a change of control. More specifically, the guarantee agreement provides for acceleration in case Ontex Group NV has leased a substantial part of her assets to a third party, or the Client merges or decides to merge, splits or decides to split, or Ontex Group NV is absorbed by a third Party.

All Change of Control provisions as listed above are subject to shareholders' consent in accordance with article 556 of the Belgian Companies Code, and were approved during by the general meeting of shareholders.

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

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

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

19. Conflicts of interests

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

In accordance with Article 7.96 of the Belgian Code of Companies and Associations, 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. The conflicted Board member cannot be present during the deliberations of the Board relating to these transactions or decisions and cannot vote.

No conflicts of interest within the meaning of Article 7.96 of the Belgian Code of Companies and Associations arose in 2019.

20. Risk and uncertainties

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

The Board considers these to be the most significant risks faced by the Group that may impact the achievement of our strategic drivers as set out on page 10. They do not comprise all risks associated with our business and are not set out in priority order.

Description Risk		Main Potential Impact
Infectious diseases of epidemic and pandemic potential	As Ontex is operating around the globe, a global epidemic or pandemic outbreak may affect our business contingency.	Global epidemic or pandemic outbreaks may have an impact on raw material availability & unavailability of

		employees. This could negatively impact our service level.
Competitive Environment	All Divisions face competition from branded product manufacturers and retailer brand manufacturers. We also face competition from competing manufacturers in production innovation. Rapid time-to-market is key to our competitiveness.	The fact that we would fail to deliver our value proposition and/or to adapt to the customer’s needs could affect our performance, and could entail price and volume pressure, loss of market share or margin erosion.
Reputation and Stakeholder Management	As a public company, Ontex has stakeholders with various needs, and Ontex is subject to high transparency standard and periodic reporting obligations. Ontex may be subject to adverse publicity.	Such adverse publicity may adversely impact our reputation, and indirectly our business and financial condition.
Product Quality and Safety	Our reputation as a business partner relies heavily on our ability to supply quality products.	In case of quality issues, this may lead to adverse effects to consumer health, loss of market share, financial costs and loss of turnover as well as putting the Company reputation at stake.
Intellectual Property	Although we are monitoring changes in intellectual property rights, we may inadvertently infringe intellectual property rights owned by others. Secondly, the Company may fail to register intellectual property rights in a timely manner.	As a potential consequence thereof, the Company may face legal claims or have to pay royalties which erode our profit margins.
Manufacturing and Logistics	Our ability to serve our customers depends on the operation of our 18 manufacturing sites. We may experience disruptions at our production facilities or in extreme cases, our production facilities may shut down.	Such temporary shortfalls in production could affect our on-time delivery record, which could in turn adversely affect our ability to acquire new customers and retain existing customers.
Sourcing and Supply Chain	We are dependent upon the availability of raw materials for the manufacture or our products. On average the main raw materials and packaging costs account for between 75% and 80% of our cost of sales. Our raw materials are subject to price volatility due to a number of factors that are beyond our control, including but not limited to, the availability of supply, general economic conditions,	The price volatility of the underlying commodities can affect the cost and availability of our products. We may not always succeed in passing on these costs to the customer/consumer through pricing.

	commodity price fluctuations and market demand.	
Acquisitions	From time to time, we evaluate possible acquisitions that would complement our existing operations and enable us to grow our business. The success of any acquisition depends on our ability to integrate acquired businesses effectively. The integration of acquired businesses may be complex and expensive and may present a number of risks and challenges. Furthermore, there can be no assurance that we will realize any or all of the anticipated benefits of any future acquisitions, including the expected business growth opportunities, revenue benefits, cost synergies and other operational efficiencies.	In case we would not be able to realise the objectives of the acquisition, the integration may lead to additional unforeseen difficulties or liabilities, failure to deliver on financial goals and internal disruption.
Information Technology, Data Security and Cyber Attack	We are increasingly reliant on IT systems and information management to run our business. There is a risk of disruption of our IT systems and that sensitive data may be compromised by malicious cyber-attack or technology failure.	A disruption of our IT systems could affect our sales, production and cash flows, ultimately impacting our results. Unauthorized access and misuse of sensitive information could interrupt our business and/or lead to loss of assets. It could also lead to negative reputational impact.
Legal and Regulatory	Ontex is subject to applicable laws and regulations in the global jurisdictions in which it operates.	Failure to comply with laws and regulations could expose us to civil and/or criminal actions, and changes to laws and regulations could have an impact on the cost of doing business.
Economical and Political Instability	Ontex operates around the globe, and as a result is subject to risks associated with operating internationally. Recent and ongoing instability in some of the countries in which we operate may adversely affect our business, including but not limited to Brexit.	Any such conditions or instability could impact our operations and result in additional expenditure and other commercial and financial impacts incurred in order to comply or adapt to such conditions and consequently have a material adverse effect on our business.
Recruitment and Retention	A skilled workforce and agile organization are essential for the continued success of our business. Failure to identify, attract, develop and retain talents to satisfy current and future needs of the business may affect our ability to compete.	In case of failure to recruit and retain adequately, this may result in a decline in business performance.

Financial	As detailed in section 7.4 of the financial statements, the Group's activities expose it to a variety of financial risks including currency risk, interest rate risk and liquidity risk as well as counterparty default.	These risks may have a material adverse effect on our business, financial condition and results of operations.
Occupational Health and Safety	As Ontex is operating around the globe, it may fail to provide for the personal safety of employees in production and other facilities and during travel to high-risk locations.	This may lead to reputational damage and difficulties in hiring people.
Climate and Environment	Ontex risks not to be able to respond timely to the climate and environmental expectations and requirements from consumers, governments and other stakeholders. Ontex requires certain sensitive raw materials such as paper pulp and plastics to manufacture its products and Ontex produces disposable finished products.	Ontex risks losing market share if stakeholder expectations cannot be met at a competitive price. New regulations might increase the cost of doing business.

21. Reporting non-financial information (Article 3:6, §1, 9th Company Code)

In accordance with 3:6, §1, 9th Companies Code, Ontex Group NV is required to prepare a non-financial information statement.

Ontex Group NV hereby refers to the non-financial information statement as described in the consolidated annual report of the Company. Ontex Group NV furthermore declares that, with regard to the matters that are included in the non-financial information statement, no other policies, procedures, performance indicators or risks apply than those stated in the consolidated annual report of the Company.

22. Proposal for the resolution of the Ordinary Shareholders Meeting on May 25, 2020.

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, 2019
- Approval of the separate annual accounts of December 31, 2019
- To appropriate the loss of the period as follows:

The Board of directors proposes to carry forward the loss of the period amounting to € -56,547,543 to next year:

Profit carried forward from last year:	472,147,918 €
Loss of the year to be appropriated:	-56,547,543 €

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Profit to be appropriated:	€ 415,600,375
Accumulated profits:	€415,553,607
Allocation to reserves:	€ 46,768
Allocation to legal reserves	€ 0

- Discharge for the directors for their mandate exercised in the financial year ended December 31, 2019.
- Discharge for the auditor PwC Bedrijfsrevisoren BV, represented by its liable partner Peter Opsomer BV, represented by Peter Opsomer for the financial year ended December 31, 2019.

Board of Directors, March 23, 2020
Erembodegem,

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Revalue BVBA, represented by Luc Missorten, Director

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Inge Boets BVBA, represented by Inge Boets, Director

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Regina SARL, represented by Regi Aalstad, Director

____

Esther Berrozpe, Director

____

Desarrollo Empresarial Joven Sustentable SC, represented by Juan Gilberto Marin Quintero, Director

____

Tegacon Suisse GmbH, represented by Gunnar Johansson, Director

____

Michael Bredael, Director

____

Aldo Cardoso, Director