

# **Geox S.p.A**

## **Remuneration Report**

Approved by the Board of Directors on 23 February 2018

The Report is published in the “Governance” section of the Company’s website  
([www.geox.biz](http://www.geox.biz))



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**Geox S.p.A.**

Headquarters in Montebelluna (province of Treviso), via Feltrina Centro 16

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## INTRODUCTION

The Remuneration Report (the "**Report**") was prepared by Geox S.p.A. ("**Geox**" or the "**Company**") in compliance with what is provided for by Article 123-ter of Legislative Decree 58/1998 as amended ("TUF") [Consolidated finance Law] and by Article 84-quater and Annex 3A, Table 7-bis of CONSOB Regulation 11971/1999 ("**Issuer Regulation**") as subsequently amended and includes:

- in Section I, a description of the 2018 Remuneration Policy for the members of the Board of Directors (the "**Directors**"), for the General Manager of Administration, Finance, Control, Corporate Legal & IT and for the Executives with strategic responsibilities (the "**Strategic Executives**") of the Company and of the companies it controls pursuant to sec. 2359 of the Italian Civil Code and Article 93 of the FCA (the "**Policy**"), and of the procedures used for the adoption and the implementation of said Policy.
- in Section II, there is a report on the remuneration paid during the 2017 Financial Year.

In addition, the Report includes:

- (i) pursuant to Article 84-*quater* par. 4 of the Issuer Regulation, in specific charts, the data related to the interests held in Geox Spa by the members of the Board of Directors and Auditors, by the General Manager of Administration, Finance, Control, Corporate Legal & IT and by the Executives with strategic responsibilities;
- (ii) pursuant to Article 84-*bis* par. 5 of the Issuer Regulation, the data related to the financial instruments allotted to implement the plans approved pursuant to Article 114-*bis* of the TUF.

This Policy was set out independently by Geox without using criteria adopted by other companies as a reference.

Geox shall adopt the Code of Conduct drawn up by the Committee for the Corporate Governance of Listed Companies as issued by Borsa Italiana S.p.A.

## SECTION I – 2018 REMUNERATION POLICY

### I. GOVERNANCE

#### I.1. BODIES AND PARTIES INVOLVED

The definition of the Policy is the result of a process that involves the Human Resources and Organisation Department, Corporate Services, the Appointment and Remuneration Committee, the CEO, the Board of Directors and the Company Shareholders' Meeting.

The corporate governance of the remuneration policies provides that:

- **The Shareholders' Meeting of the Company**<sup>1</sup> shall resolve, by way of a purely consultation vote, in favour or against Section I of the Report;
- **The Board of Directors** shall examine and approve the Remuneration Policy and Report (pursuant to Article 123-ter of the TUF) to be submitted every year to the Shareholders' Meeting by providing the latter with adequate feedback;
- **The Appointment and Remuneration Committee:**
  - shall submit to the Board of Directors<sup>2</sup>, every year, a proposal related to the Remuneration Policy of the Company;
  - shall assess the adequacy, overall consistency, and actual application of the Remuneration Policy on a regular basis;
- **The CEO** shall validate the contents of the Company's Remuneration Policy and submit it to the Appointment and Remuneration Committee.

Regarding the relevant company departments:

- **The Human Resources & Organisation Department, Corporate Services:**
  - shall draw up a Remuneration Policy plan<sup>3</sup> and submit it to the CEO;
  - shall implement the Remuneration Policy for every single department/employee with reference to the Strategic Executives based on meritocracy principles;
- **The Legal and Corporate Affairs Department** shall make a prior assessment of compliance with the Remuneration Policy in order to verify the consistency with the objectives of compliance with the rules, the bylaws and the Code of Ethics.

#### I.2. APPOINTMENT AND REMUNERATION COMMITTEE

The Appointment and Remuneration Committee, established by the Board of Directors, shall be composed by 3 non-executive Directors, 2 of whom shall be independent.

The Appointment and Remuneration Committee members have been selected from a group of individuals who possess the necessary expertise in relation to the peculiarities of their assignments. Specifically, they were chosen from a group of qualified individuals, expert in legal, accounting or tax issues, with specific skills in inspection, advisory, financial activities as well as in remuneration policies. For the most part, they have the requisites of autonomy and independence set out in the Code of Conduct drafted by the Corporate Governance Committee of Listed Companies promoted by Borsa Italiana S.p.A.

On the date of this Report, the Appointment and Remuneration Committee is composed of:

- Lara Livolsi (Chairman of the Committee), Independent Director;

<sup>1</sup> The Shareholders' Meeting of the Company, called for the approval of the annual financial statements pursuant to sec. 2364, par. 2 of the Italian Civil Code.

<sup>2</sup> By no later than during the meeting of the Board of Directors resolving upon the call of the Shareholders' Meeting asked to approve the annual financial statements and express an opinion on Section I of the Report.

<sup>3</sup> The Human Resources & Organisation Department, Corporate Services, shall avail themselves of the support of independent contractors from among the major consultancy firms specialising in Executive Compensation services.

- Ernesto Albanese, Independent Director;
- Alessandro Antonio Giusti, Director.

#### MAIN DUTIES

- Formulating proposals to the Board of Directors for the remuneration of the CEO and of other Directors who hold particular offices, by monitoring the implementation of the decisions made by the Board of Directors and, upon indication of the CEO, for the determination of the remuneration criteria applied to the Company's top executives, capable of attracting and motivating people with appropriate levels of experience;
- Periodically assessing the criteria adopted for the remuneration of strategic executives, through monitoring their application based on the information given by the CEO and providing the Board with general, pertinent recommendations;
- Making proposals regarding any incentivisation plans in favour of Directors, employees, and associates;
- Setting out proposals to the Board of Directors on performance objectives as concerns the CEO's annual monetary incentive (MBO);
- Providing opinions on remuneration or on any other connected or pertinent issues from time to time submitted by the Board of Directors.

#### OPERATIONAL PROCEDURES

The Appointment and Remuneration Committee shall meet whenever necessary to carry out its own functions, when convened by at least one member, and upon request of the Chairman of the Board of Statutory Auditors, in any form, even by telephone or web, normally at least eight days prior to the date set for the meeting, or, in urgent cases, at least three days prior to that date. The Appointment and Remuneration Committee shall be validly established with the majority of members in office present and shall resolve with an absolute majority of those voting. Any member of the Appointment and Remuneration Committee must abstain from voting if he/she-- should find himself or herself in conflict of interest concerning a specific item on the agenda.

#### PERFORMED AND PLANNED ACTIVITIES

During the 2017 financial year, the Appointment and Remuneration Committee met 6 times, to discuss several topics on the Policy contained in the Report approved by the Board of Directors on 2 March 2017. The main items discussed were the following:

- Resignation of the CEO, Giorgio Presca, and termination of the Strategic Executive employment relationship
- Assessment of a new CEO, and the assessment of the proposal relative to the "salary package" and severance agreement;
- Termination of employment relationship of two strategic Executives;
- Report on Remuneration pursuant to Article 123-ter of Legislative Decree No. 58/1998 (as subsequently amended) and pursuant to Article 84-quater and Annex 3A, Article 7-bis of draft CONSOB Regulation No.11971/1999, as amended;
- Variable short-term compensation (MBO) for 2016;
- Monetary Incentive 2014-2016 and the 2014-2016 Stock Option plans;
- The variable component of medium-long term (LTI) and 2016-2018 Stock Option Plan for the CEO;
- Resignation of Strategic Executive and internal reorganisation;
- Proposed confirmation fee paid to the CEO Gregorio Borgo, following the confirmation of the appointment as a Director by the Shareholders' Meeting of 20 April 2017, and the subsequent confirmation of the appointment to CEO by the Board of Directors on the same date;
- Variable short-term compensation (MBO) for 2017 for the CEO;
- Variable short-term compensation (MBO) for 2017 for Strategic Executives;
- Identifying Strategic Executives;
- Periodic Remuneration report of 28 July 2017;
- Proposal to grant Stock Options to a new beneficiary under the 2016-2018 Stock Option Plan;
- Proposals for internal reorganisation and related changes in remuneration.

All of the members of the Appointment and Remuneration Committee attended the meetings held in 2017. These lasted an average of one hour and were documented with minutes. A similar number of meetings is expected to be held this financial year.

Whilst carrying out its functions, the Committee was able to access the information and the corporate departments necessary for the performance of its tasks, as well as availing itself of outside consultants. Should the Committee require a consultant to obtain information on market practices on remuneration policy, it shall have verified in advance that the consultant will not be subject to situations that compromise his/her independence.

Whenever non-members attended any Committee meeting, their participation was upon invitation of the Committee itself and concerned specific items on the agenda.

When covering any expenses, the Committee may make use of monies allocated for contingent requirements.

In 2018, the Appointment and Remuneration Committee shall verify the proper implementation of the Remuneration Policy and report its findings to the Board of Directors.

## 2. GUIDELINES OF THE REMUNERATION POLICY

The Policy sets out standards and guidelines adopted by the Board of Directors to define remuneration for the:

- members of the Board of Directors;
- the General Manager of Administration, Finance, Control, Corporate Legal & IT and the Strategic Executives.

The Policy is developed consistently with the most recent regulatory requirements as well as with Geox Group's mission and principles, and represents a fundamental tool to pursue the targets of the Business Plan.

The Policy is mainly aimed at attracting, motivating, and securing the loyalty of resources with the professional qualities required for successfully pursuing Geox Group's objectives, and aligning the interests of the top management with those of shareholders and investors.

Specifically, through the adoption of the Policy, the Company intends to:

- Ensure that the remuneration policy is fairly and transparently implemented, pursuant to market benchmarks;
- Share the Company's increased value with its top professionals;
- Involve and encourage Directors and top management to achieve the objectives set by Company management;
- Develop a remuneration system in line with the Company policy, comprised of fixed and variable parts correlated to the achievement of results, even over the medium- to long-term;
- Attract, motivate, and secure the loyalty of resources with the professional skills required for successfully pursuing Geox Group's business continuity and success.

The Remuneration Policy proposed to the Board of Directors for approval on 23 February 2018, applicable to the term of office of the current Bodies and their appointment, is in line with the Policy for the 2017 financial year

The mechanisms to incentivize the Person in charge of the Internal Audit function and the Executive in charge of drawing up the corporate accounting documents are consistent with the duties assigned to them<sup>4</sup>.

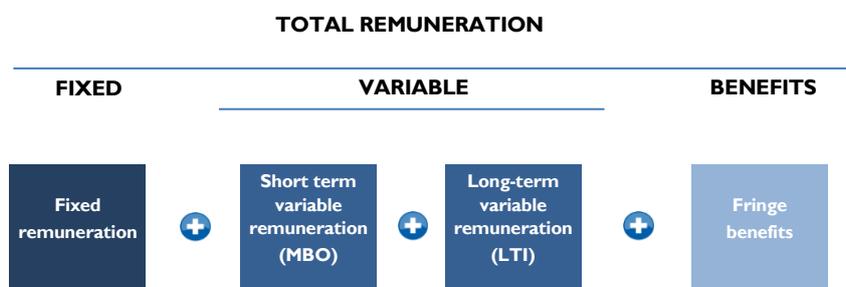
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<sup>4</sup> 6.c.3. Criterion of the Code of Conduct

### 3. COMPONENTS OF REMUNERATION

The remuneration package provided for the Executive Directors, for the General Manager of Administration, Finance, Control, Corporate Legal & IT and for the Strategic Executives shall consist of:

- a fixed component (par. 3.1.);
- a variable component (par. 3.2.);
- fringe benefits (par. 3.3.).



The definition of remuneration packages shall be informed by the following principles:

- balancing of the fixed and variable components of the remuneration on the basis of the Company's strategic objectives and its risk management policy, taking also into account the business sectors in which it operates;
- with reference to the variable component of the remuneration:
  - adequately weighting the annual variable pay and the long-term variable pay;
  - relating the payment of the remuneration to short- and medium/long-term performance targets to be pre-determined, measurable, and strictly connected with the creation of value;
  - providing for a maximum amount of variable pay;
  - considering a three-year vesting for the variable long-term portion;
- supplementing the remuneration package through the offer of fringe benefits, in relation to the role/duty occupied;
- monitoring and analysing remuneration practices and the practices adopted in the relevant market, with the aim of ensuring a comprehensive remuneration package in line with the market.

#### 3.1. FIXED COMPONENT

The gross yearly fixed component of the remuneration shall reflect the complexity of the roles and characteristics of eligible individuals (professionalism, experience, level of responsibility, distinctive competences, performances, organisational conduct).

The verification of the levels of adequacy shall take place on the basis of the assessments related to the internal and external market of reference, and in the case of relevant changes to the roles and responsibilities assigned, according to differentiation criteria and meritocracy.

#### 3.2. VARIABLE COMPONENT

The variable component of the remuneration shall reward the achievement of the short- and medium-long term targets and is strictly connected with the Company's performance and to the staff members' individual performances; it shall decrease remarkably until zeroing in the case of underperformance.

The Company can evaluate the payment of extraordinary or one-off bonuses in favour of the CEO, the General Manager for the Administration, Finance, Control, Corporate Legal & IT and the Strategic Executives on the basis of considerations relating to individual performance or the efforts made during the reference financial year, or in order to

incentivize the implementation of the Targets of the strategic plan.

### 3.2.1. SHORT-TERM VARIABLE PAY (MBO)

The annual monetary incentive aims to reward the achievement of the company targets, both quantitative and qualitative, also in relation to matters of management and leadership, by relating company performance to individual performance.

The tool used to pursue this purpose is the Management by Objectives (“MBO”), which represents the only formal annual incentive tool in the Group.

There are some caps to the amount payable as MBO depending on the role occupied by the individual within the companies of the Group, his/her ability to affect the results and the relevant market.

The target incentive values are:

- for the Chairman and the Vice Chairman of the Company: no variable short-term remuneration is provided for;
- for the CEO of the Company: max. 50% of the fixed pay;
- for the General Manager for the Administration, Finance, Control, Corporate Legal & IT and for the Strategic Executives of the Company: max. 40% of the fixed pay.

The Company shall assess the achievement of performance targets for the purposes of assigning the variable components in the annual monetary incentive plans (MBO), if possible during the first meeting of the Board of Directors of the financial year following the year being considered. Such variable components shall then be promptly allocated following the foregoing Board resolution.

No specific deferred payment systems are provided for.

### 3.2.2. MEDIUM- TO LONG-TERM VARIABLE PAY (LTI)

The Company has in place a medium to long-term incentive plan (LTI) represented by the 2016-2018 Stock Option Plan that provides for variable compensation through the allocation of financial instruments, represented by the Stock Option.

The percentage of Stock Options exercisable within the 2016-2018 Stock Option Plan ranges from 100% to 66.66% of the Stock Options allotted, determined on the basis of the achievement of certain portions (expressed as percentages) of cumulated NET PROFIT (understood to be profit after taxes and after the result of financial management as emerging from the consolidated financial statements of the Group) compared to the targets indicated in the 2016-2018 Business Plan.

The rights carried by the Stock Options and the medium- to long-term monetary portion, representing the variable component of the remuneration, may be exercised only after a vesting period that ends following the approval, by the Board of Directors of Geox, of the consolidated financial statements related to the financial year ended on 31 December 2018.

The Policy provides that the rights carried by the Stock Options and the medium- to long-term monetary portion, representing the variable component of the remuneration, may be exercised only after a vesting period, to be determined consistently with the expected results of the Group and with the market situation in the allotment period which, in general, is no less than 3 years (except for the LTI, whose vesting period is slightly less than 3 years in view of the timelines of approval of said plan in 2016).

The 2016-2018 Stock Option Plan provides for performance targets in connection with the cumulated consolidated Net Profit with a minimum threshold of 80%, subject to verification only at the end of the vesting period.

The above-mentioned plan was established to incentivize and encourage the retention of the *management*, by promoting the increase in the Company’s value and the spread of a value creation culture in all strategic and operational decisions.

No specific deferred payment systems are provided for.

Additional information on the 2016-2018 Stock Option Plan is publicly available on the Company’s Website ([www.geox.biz](http://www.geox.biz)) in the Governance section.

### 3.2.3. RELATION BETWEEN THE COMPANY PERFORMANCE AND THE VARIABLE COMPONENT

The Company believes that the overall remuneration system is consistent with the objective of creating value for all shareholders and investors.

In particular, in order to encourage the Company's key resources to pursue strategies aimed at medium- to long-term results, the Policy provides that part of the variable component of the remuneration of the CEO, of the General Manager of Administration, Finance, Control, Corporate Legal & IT and of the Strategic Executives may be represented by the allotment of variable components (MBO) and elements represented by financial instruments (2016-2018 Stock Option Plan). In the context of the plan already approved or others to be approved in the future by the Company, any payments and exercises shall be connected to the achievement of company performance results to be identified on the basis of economic indices.

As regards the short-term variable component (MBO), in the instant case, the CEO, the General Manager for the Administration, Finance, Control, Corporate Legal & IT and the Strategic Executives shall have access to an individual bonus in view of the achievement of economic indicators, currently being identified, to be formalised by the Board of Directors upon the proposal of the Appointment and Remuneration Committee approximately by April 2018.

As regards the medium- to long-term variable component (LTI), reference shall be made to the regulation of the plan made available to the public on the Company's Website ([www.geox.biz](http://www.geox.biz)) in the Governance section.

The Policy is such that it will not, in any manner whatsoever, induce the Directors, the General Manager of Administration, Finance, Control, Corporate Legal & IT or the Strategic Executives to assume any risks greater than the risk level provided for by applicable Company strategies. This, with particular reference to risk management, shall also take into account the various levels of control carried out by responsible Corporate bodies.

### 3.3. FRINGE BENEFITS

The CEO, the General Manager of Administration, Finance, Control, Corporate Legal & IT and the Strategic Executives shall be provided with certain fringe benefits, including tax withholding in compliance with the law, for discretionary use, some of which are ordinary fringe benefits generally provided to people in similar positions in joint stock companies, similar in size and qualitatively comparable to the Company.

In particular, the aforementioned individuals shall be provided with a vehicle and, as required, based on an individual agreement, housing. Note also that all employees, therefore Directors who are employees of the Company, as well as the General Manager for the Administration, Finance, Control, Corporate Legal & IT and the Strategic Executives, may use the company crèche, whose places are allocated on the basis of availability and priority based on the application date.

The CEO, the General Manager of Administration, Finance, Control, Corporate Legal & IT and the Strategic Executives shall receive the following insurance coverage, in addition to what is compulsory:

- Supplementary medical insurance for themselves and their families;
- Life insurance for causes other than occupational accident and disease, which is more advantageous than what is specified in Article 12 paragraph 5 of the National Collective Contract for Executives of Industrial Companies. The capital insured for each individual is equal to a maximum of EUR 1,000,000.00;
- Medical check-up.

It should also be noted that the CEO shall also benefit from further insurance coverage in the case of death and accidents at work.

#### **4. POLICIES ON PROVISIONS FOR TERMINATION OF AN APPOINTMENT OR EMPLOYMENT**

In general, the Company does not enter into agreements regulating, in advance, the economic aspects relating to the early termination of employment relationships with the management, without prejudice to the duties provided by the law and the applicable collective agreement for the category. Nonetheless, in relation to the CEO and other top figures, in consideration of the specific professional skills and the retention purposes connected to the role held, the Company can provide for specific clauses regulating in advance the effects of a possible termination of the employment relationship, in line with the strategies, the values and the long-term interests of the Group, as determined by the Board of Directors.

Specifically, the Company, having made careful considerations, can determine, with reference to Strategic Executives, specific indemnities in case of early termination of the directorship relationship or resignation and/or dismissal from the subordinate employment contract, without prejudice to the legal and/or contractual obligations and except for just cause.

Such indemnities are in any case determined in relation to the added value and the contribution given to the development and maintenance of the business, as well as the retention purposes of the person in the interest of the company.

The Company shall set out its own internal criteria, which the other companies in the Group shall also adopt, for the management of agreements of early termination of executive positions and/or of Directors vested with special assignments.

In general, the Company does not provide payment for any indemnities, extraordinary payments or remunerations for a Non-Compete Clause linked to termination.

No succession plans are currently provided for executive Directors<sup>5</sup>.

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<sup>5</sup>Criterion 6.c.8, paragraph d) of the Code of Conduct.

## **5. POLICIES APPLICABLE TO THE REMUNERATION OF THE DIRECTORS AND STRATEGIC EXECUTIVES**

### **5.1. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD OF DIRECTORS**

The remuneration of the Chairman and of the Vice Chairman shall only consist of an annual fixed pay to be determined pursuant to Article 2389 of the Italian Civil Code.

### **5.2. NON-EXECUTIVE DIRECTORS**

Non-executive Directors' remuneration is composed of a fixed annual compensation commensurate with their workload. All non-executive Directors currently receive the same compensation. Non-executive Directors' remuneration is set at a fixed amount, as it is felt that linking it to results might compromise the quality of their work.

In addition, for the participation of non-executive Directors in the activities of each internal committee and/or supervisory body pursuant to Legislative Decree 231/2001, they shall receive an additional fixed payment, which is currently the same amount for all members of the committees and/or supervisory bodies, unless the Director has the role of Chair of the Committee. In the latter case, compensation shall be twice the annual fixed amount paid to a normal member of the committee.

### **5.3. CHIEF EXECUTIVE OFFICER**

The remuneration of the CEO consists of:

- a fixed annual salary;
- an annual monetary incentive plan (MBO);
- A variable medium- to long-term component (LTI) made up of a bonus comprised in the rights to options on Company stock (Stock Options);
- fringe benefits.

The fixed pay shall be determined by the Board of Directors, further to a proposal of the Appointment and Remuneration Committee.

The MBO component shall be based on targets set by the Appointment and Remuneration Committee and proposed to the Board of Directors.

The individual targets for the CEO, currently being calculated, shall be formalised by April 2018.

The characteristics of the short-term variable component (MBO) and the variable medium to long-term component (LTI) are respectively described in paragraphs 3.2.1 and 3.2.2.

The Company may grant extraordinary or one-off bonuses to the CEO based on considerations related to the individual's performance or commitment in the reference year or to encourage the implementation of the strategic plan's targets.

Note that the current CEO also holds office as:

- Strategic Executive of the Company in his capacity as Innovation, Research and Development Manager;
- Chairman and CEO of the subsidiaries Geox Retail S.r.l. and XLOG S.r.l. and G.R. MI S.r.l. In relation to such offices the CEO does not receive any compensation.

The 2018 remuneration policy guidelines provide for a pay mix consistently with the managerial position occupied, to be calculated by considering the value of the short-term and medium- to long-term incentives in the case of achievement of target results:

- CEO of Geox S.p.A.: fixed remuneration (59%), short-term variable remuneration (30%), medium- to long-term variable remuneration (11%);
- Strategic Executive: fixed remuneration (67%), short-term variable remuneration (33%).

#### **5.4. OTHER EXECUTIVE DIRECTORS OR DIRECTORS VESTED WITH SPECIAL ASSIGNMENTS WITHOUT EXECUTIVE POWERS**

The remuneration of other Executive Directors or Directors vested with special assignments without executive powers is established exclusively as a fixed monetary component, since it is considered to be the most suitable method for properly recognising the quality of the work done by the person in that office.

On the date of this Report, the actual remuneration of Executive Directors or Directors vested with special assignments without executive powers is composed exclusively of fixed components.

#### **5.5. INDEPENDENT DIRECTORS**

The Company has not provided for a specific remuneration policy for non-executive and independent Directors.

For participation in a Committee in the Board of Directors, being a member of the same, Directors shall receive a fixed annual salary. The amount of the fixed annual salary shall be the same, regardless of any participation in any specific internal committee. Should the Director be Chairman of the Committee, that Director shall receive twice the annual fixed salary of a normal member of the committee.

#### **5.6. COMPENSATION FOR POSITIONS IN SUBSIDIARY COMPANIES**

Directors and Strategic Executives who are also members of management Bodies in GEOX Group subsidiaries, pursuant to section 2359 of the Italian Civil Code and Article 93 of the TUF, do not generally receive any remuneration for their post in the subsidiary.

#### **5.7. GENERAL MANAGER OF ADMINISTRATION, FINANCE, CONTROL, CORPORATE LEGAL & IT AND STRATEGIC EXECUTIVES**

For the purposes of identifying the individuals who fall within the category of “Strategic Executives”, the Company refers to the definition of “*dirigenti (executives) with strategic responsibilities*” of Annex I of Consob Regulation No. 17221/2010 as subsequently amended, excluding the Directors. Annex I of Consob Regulation No. 17221/2010 provides that: “*The executives with strategic responsibilities shall be those who directly or indirectly have the power and responsibilities connected with the planning, management, and control of the company’s activities, including the (executive or non-executive) directors of the company.*”

The individuals included in the definition of Strategic Executives shall be identified by the Board of Directors or by the CEO and shall be employed, within the general classification of the Company’s positions, as “Strategic Executives”.

Note also that the Appointments and Remuneration Committee, the Chairman of the Board of Statutory Auditors, the Chairman of the Audit, Risks and Sustainability Committee and of the Human Resources and Organisation Department have selected seven Strategic Executives for the year 2018. [number not inclusive of the CEO, who also has the role of Strategic Executive].

The remuneration of the General Manager for the Administration, Finance, Control, Corporate Legal & IT and of the Strategic Executives shall consist of:

- an annual fixed pay;
- an annual monetary incentive plan (MBO);
- A variable medium- to long-term component (LTI) made up of rights to options on Company stock (Stock Options);
- fringe benefits.

The fixed pay shall be determined on the basis of the role and responsibilities assigned by considering the remuneration payable in the national and international executive markets for roles requiring the same level of responsibility and managerial complexity.

The remuneration may be periodically reviewed within the annual wage review process involving all executives.

The annual monetary incentive (MBO) component is connected to the targets formulated by the CEO, to be approved by the Appointment and Remuneration Committee and subsequently submitted to the Board of Directors.

The individual targets for the General Manager for the Administration, Finance, Control, Corporate Legal & IT and for the Strategic Executives (excluding the CEO), currently being calculated, shall be disclosed and formalised by April 2018.

The characteristics of the variable component (MBO) and of the LTI are described in paragraph 3.2.

The 2018 Remuneration Policy Guidelines provide, in favour of the General Manager of Administration, Finance, Control, Corporate Legal & IT, for pay mix consistently with the managerial position occupied, to be calculated by considering the value of the short-term and medium- to long-term incentive (Stock Options) in the case of achievement of target results:

- Fixed pay: 70%;
- Short-term variable pay: 21%;
- Medium- to long-term variable pay: 9%.

The 2018 Remuneration Policy Guidelines provide, in favour of the Strategic Executives, for pay mix consistently with the managerial position occupied, to be calculated by considering the value of the short-term and medium to long-term incentive (Stock Options) if target results are achieved:

- Fixed pay: 67%;
- Short-term variable pay: 25%;
- Medium to long-term variable pay: 8%.

## **SECTION II – DETAILS OF REMUNERATION**

This section, divided into two parts, illustrates the remuneration paid to the management and audit bodies, as well as to the CEO, General Manager of Administration, Finance, Control, Corporate Legal & IT and an aggregate compensation of the Company's seven Strategic Executives as of 31 December 2017.

The reason the Strategic Executive's compensation may be aggregated is that during the 2017 financial year, none of them received total compensation greater than the overall highest compensation paid to any member of the Management and Audit bodies or to the General Manager for the Administration, Finance, Control, Corporate Legal & IT (specifically the Chairman of the Board of Directors' remuneration).

Remuneration paid to Directors and Strategic Executives in 2017, including the economic indemnities provided for in case of resignation or termination, were consistent with the 2017 remuneration policy.

### **I. DETAILS OF THE REMUNERATION OF THE MANAGEMENT AND AUDIT BODIES**

#### **I.1. CHAIRMAN AND VICE CHAIRMAN OF THE BOARD OF DIRECTORS**

Compensation received, during the 2017 financial year, by the Chairman of the Board of Directors, member of the Executive Committee and member of the Ethics Committee of Geox S.p.A., is represented by a fixed annual salary of EUR1,800,000.

The compensation received, during the 2017 financial year, by the Vice Chairman of the Board of Directors, member of the Executive Committee, is represented by a fixed annual salary of EUR150,000.

#### **I.2. CHIEF EXECUTIVE OFFICER**

##### **I.2.1. FIXED REMUNERATION**

The aggregate amount of fixed remuneration received by the CEO, Mr Gregorio Borgo, in 2017 shall be equal to EUR1,148,296.39, broken down as follows:

- 51% as CEO of Geox S.p.A.;
- 48% as Strategic Executive;
- 1% fringe benefits.

##### **I.2.2. VARIABLE REMUNERATION**

In consideration of the termination of the employment relationship with Mr Gregorio Borgo and the cessation of his position as CEO, which took place on 31 January 2018, no payment related to variable short-term (MBO) bonuses are provided for.

#### **I.3. GENERAL MANAGER FOR THE ADMINISTRATION, FINANCE, CONTROL, CORPORATE LEGAL & IT AND STRATEGIC EXECUTIVES**

Compensation paid to the General Manager for the Administration, Finance, Control, Corporate Legal & IT and to Strategic Executives is represented by a Gross Annual Salary, variable Bonuses to be paid upon the achievement of predetermined short-term corporate objectives (MBO) and medium- to long-term corporate objectives (LTI), as well as fringe benefits.

Remuneration paid to the General Manager for the Administration, Finance, Control, Corporate Legal & IT in 2017 amounted to EUR359,391, broken down as follows:

- 98% Gross Annual Pay;

- Since the 2017 performance targets in connection with the NET PROFITS of the Group, to which the variable component is strictly related, were not achieved, please note that no payment of short-term variable bonuses (MBO) are provided for;
- 2% Fringe benefits.

A one-off premium was paid in 2017 to the General Manager of Administration, Finance, Control, Corporate Legal & IT for a total gross amount of EUR 53,051.

The total aggregate remuneration earned by Strategic Executives in 2017 amounted to EUR 1,981,616, broken down as follows:

- 95% Gross Annual Pay;
- Since the 2017 performance targets in connection with the NET PROFITS of the Group, to which the variable component is strictly related, were not achieved, please note that no payment of short-term variable bonuses (MBO) are provided for;
- 5% Fringe benefits.

One-off premiums were paid in 2017 in favour of the Strategic Executives for a total gross amount of EUR 185,784.

With reference to the 2016-2018 Stock Option Plan, considering that the achievement of the targets is not quantifiable, and which will be verified only after the end of the vesting period, the Company decided not to consider any cost for accrual in 2017.

#### **1.4. REMUNERATIONS FOR TERMINATION OF OFFICE OR TERMINATION OF EMPLOYMENT RELATIONSHIP**

The Company entered into agreements with the CEO, the General Manager of Administration, Finance, Control, Corporate Legal & IT and certain Strategic Executives, providing for indemnities in the case of early termination of the relationship.

On the basis of a severance agreement, the CEO and Strategic Executive, Mr Matteo Carlo Maria Mascazzini has the right to receive a total sum in gross equal to 18 months of his gross remuneration paid to the Executive at the time of termination of the employment relationship, including both the remuneration for the post of Strategic Executive as well as the remuneration for the office of Director, if the Company terminates the agreement, or the powers delegated to the Executive and/or CEO are withdrawn or if the Executive resigns for just cause pursuant to Article 2119 of the Italian Civil Code.

The General Manager for the Administration, Finance, Control, Corporate Legal & IT has entered into a severance agreement that provides for the right to receive, in case of termination of the employment agreement without just cause, an indemnity between a minimum of 18 and a maximum of 24 months of the gross salary.

For the other Strategic Executives, in the event of termination of employment with the Group for reasons other than just cause, the policy is to seek an agreement to terminate the relationship consensually. In such cases, notwithstanding any legal and/or contractual obligations, the agreements for termination of employment with the Group shall follow the applicable benchmarks on the issue as well as standard procedures, jurisprudence, and collective parameters.

On the contrary, the Company has not entered into agreements providing for the allocation or continuation of fringe benefits in favour of persons that have terminated their office, or the execution of consulting agreements for a period following termination of the relationship.

With reference to possible effects of the termination of the relationship on the rights allocated in the context of incentive plans, the 2016-2018 Stock Option Plan provides that the beneficiary of the Stock Options must immediately exercise the options that are exercisable (but will have no right to exercise the Options not yet due) in case of termination of the relationship in the following cases: (a) dismissal of the beneficiary by Geox or another company of the Group, if the beneficiary is an employee; (b) revocation of the office by Geox or another company of the Group, if the

beneficiary is a Director; (c) resignation of the beneficiary, if the beneficiary is an employee; (d) resignation from the office, if the beneficiary is a Director in Geox or in another company of the Group; (e) consensual termination of the employment relationship.

\*\*\*\*\*

Below is a summary of the remuneration paid during the 2017 financial year for any reason and in any form whatsoever by the Company and by the Companies in the Geox Group, using the tables drawn up according to the provisions of the Issuer Regulation. The information is provided separately with reference to the positions in the Company and for those carried out in subsidiaries and associated companies, whether listed and unlisted, in the Geox Group.

Note that table 3A provided for by the Issuer Regulation Annex is missing since the Company has no current plan based on financial instruments other than Stock Options.

The Report includes a table indicating shareholdings, held in Geox and in its subsidiaries, by members of the Management and Audit bodies and by the Strategic Executives as well as by legally separated spouses and minor children, directly or through subsidiaries, trust companies or through third parties, on the basis of information from the shareholders ledger, communications received, or information obtained from the same members of the Management and Audit bodies and from the Strategic Executives.

23 February 2018

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On behalf of the Board of Directors

The Chairman

Mr Mario Moretti Polegato

**TABLE 2: Stock-options allocated to the members of the management body, general managers and other executives with strategic responsibilities**

A	B	(1)	Options held at the beginning of financial year			Options allocated during the financial year						Options exercised during the financial year			Expired options during financial year	Options held at the end of financial year	Options relating to the financial year
			(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15) = (2) + (5) - (11) - (14)	(16)
Name and surname	Office	Plan	Number of options	Exercise price	Period of possible exercise (from - to)	Number of options	Exercise price	Period of possible exercise (from - to)	Fair Value at the date of the allocation	Date of allocation	Market price of the shares underlying the allocation of options	Number of options	Exercise price	Market price of the underlying shares on the date of exercise	Number of options	Number of options	Fair Value
<b>Gregorio Borgo</b>	<b>CEO from 12/01/2017 to 18/01/2018</b>																
(I) Remuneration within the company that drafts the financial statements		LTI Plan 2016-2018 (19.04.2016)				572,905	1.99514	100% from the 1.4.2019 until 31.12.2020	0.40660	02/03/2017	2.07						572,905
(II) Remuneration from subsidiaries and affiliates		Plan A (date of relevant resolution)															
		Plan B (date of relevant resolution)															
(III) Total			-			572,905			0.40660			-			-		572,905

<b>Livio Libralesso</b>	<b>General Manager for Administration, Finance and Control, Corporate Legal &amp; IT</b>																
(I) Remuneration within the company that drafts the financial statements		LTI Plan 2016-2018 (19.04.2016)	222,316	2.86	100% from the 1.4.2019 until 31.12.2020												222,316
(II) Remuneration from subsidiaries and affiliates		Plan A (date of relevant resolution)															
		Plan B (date of relevant resolution)															
(III) Total			222,316			-			-			-			-		222,316

**TABLE 2: Stock-options allocated to the members of the management body, general managers and other executives with strategic responsibilities**

Executives with strategic responsibilities <input type="checkbox"/> (n. 7)																	
(I) Remuneration within the company that drafts the financial statements	LTI Plan 2016-2018 (19.04.2016)	1,194,947	2.86	100% from the 1.4.2019 until 31.12.2020											1,194,947		
(II) Remuneration from subsidiaries and affiliates	Plan A (date of relevant resolution)																
	Plan B (date of relevant resolution)																
(III) Total		1,194,947			-			-			-			-	1,194,947		-

**Notes:**  
 Point 16 plan 2016-2018: allocation took place on 19.04.2016 and 02.03.2017; No value shown in the accounts.  
 Gregorio Borgo: ceased as CEO on 18.01.2018 and the termination of the employment relationship occurred on 31.01.2018

**TABLE 1: Remuneration paid to the members of the management and audit bodies, general managers and other executives with strategic responsibilities.**

(A)	(B)	(C)	(D)	(1)	(2)	(3)		(4)	(5)	(6)	(7)	(8)
Name and surname	Office	Office term	Expiry of the office	Fixed Remuneration	Remuneration for participation in committees	Variable non-equity remuneration		Fringe benefits	Other Remuneration	Total	Fair Value of equity remuneration	Remuneration for end of term of office or termination of employment relationship
						Bonuses and other incentives	Share in profits					
<b>Mario Moretti Polegato</b>	<b>BoD Chairman</b>	from 01.01.2017 to 31.12.2017	31.12.2018									
(I) Remuneration within the company that drafts the financial statements				1,800,000.00						1,800,000.00		
(II) Remuneration from subsidiaries and affiliates				-						-		
(III) Total				1,800,000.00						1,800,000.00		
<b>Enrico Moretti Polegato</b>	<b>BoD Vice Chairman</b>	from 01.01.2017 to 31.12.2017	31.12.2018									
(I) Remuneration within the company that drafts the financial statements				150,000.00						150,000.00		
(II) Remuneration from subsidiaries and affiliates				-						-		
(III) Total				150,000.00						150,000.00		
<b>Gregorio Borgo</b>	<b>CEO</b>	from 12.01.2017 to 31.12.2017	31.01.2018									
(I) Remuneration within the company that drafts the financial statements				1,137,555.12		5,969.00		10,741.27		1,154,265.39		
(II) Remuneration from subsidiaries and affiliates				-						-		
(III) Total				1,137,555.12		5,969.00		10,741.27		1,154,265.39		
<b>Livio Libralesso</b>	<b>General Manager for Administration, Finance and Control, Corporate Legal &amp; IT</b>	from 01.01.2017 to 31.12.2017										
(I) Remuneration within the company that drafts the financial statements				352,241.00		53,051.00		7,150.00		412,442.00		
(II) Remuneration from subsidiaries and affiliates				-		-		-		-		
(III) Total				352,241.00		53,051.00		7,150.00		412,442.00		





**Mario Moretti Polegato - Notes:**

Remuneration relating to the office of Chairman of the Board of Directors, Member of the Executive Committee and a Member of the Ethics Committee of Geox S.p.A.

**Enrico Moretti Polegato - Notes:**

Remuneration relating to the office of the Vice Chairman of the Board of Directors and Member of the Executive Committee of Geox S.p.A.

**Gregorio Borgo - Notes:**

Remuneration in his capacity as Strategic Executive EUR 555,948.45; fringe benefits EUR 10,741.27; variable remuneration EUR 0; in 2017, a one-off premium for a total of EUR 5,969 was paid. The employment relationship ceased on 31.01.2018

Remuneration in his capacity as CEO and a Member of the Executive Committee of Geox S.p.A. EUR 581,606.67; variable remuneration EUR 0. The expiry of the office of CEO took place on 18.01.2018

**Livio Libralesso - Notes:**

Remuneration relates to both to the office of Strategic Executive as well as to the office of General Manager for Administration, Finance, Control and Corporate Legal & IT

Term of the office is subject to removal or resignation

Fixed remuneration EUR 352,241; fringe benefits EUR 7,150; variable remuneration EUR 0; in 2017, a one-off premium for a total of EUR 53,051 was paid

**Duncan Niederauer - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in his capacity as an Independent Director of Geox S.p.A. EUR 25,000

**Alessandro Antonio Giusti - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in his capacity as Non-Independent Director charged with overseeing the Audit and Risk System of Geox S.p.A. EUR 80,000

Remuneration in his capacity as Member of the Appointment and Remuneration Committee of Geox S.p.A. EUR 10,000

Remuneration in his capacity as Member of the Audit and Risk Committee of Geox S.p.A. EUR 10,000

**Claudia Baggio - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in her capacity as Non-Independent Director of Geox S.p.A. EUR 25,000

**Lara Livolsi - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in her capacity as an Independent Director of Geox S.p.A. EUR 25,000

Remuneration in her capacity as Chairperson of the Appointment and Remuneration Committee of Geox S.p.A. EUR 20,000

**Francesca Meneghel - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in her capacity as an Independent Director of Geox S.p.A. EUR 25,000

Remuneration in her capacity as Chairperson of the Audit and Risk Committee of Geox S.p.A. EUR 20,000

**Emanuela Soffientini - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in her capacity as an Independent Director of Geox S.p.A. EUR 25,000

Remuneration in her capacity as Member of the Audit and Risk Committee of Geox S.p.A. EUR 10,000

**Ernesto Albanese - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in his capacity as an Independent Director of Geox S.p.A. EUR 25,000

Remuneration in his capacity as Member of the Appointment and Remuneration Committee of Geox S.p.A. EUR 10,000

**Sonia Ferrero - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in her capacity as Chairperson of the Board of Statutory Auditors of Geox S.p.A. EUR 75,000

**Fabrizio Colombo - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in his capacity as Standing Statutory Auditor of Geox S.p.A. EUR 50,000

**Francesco Gianni - Notes:**

Remuneration for the period from 01.01.2017 until 31.12.2017

Remuneration in his capacity as Standing Statutory Auditor of Geox S.p.A. EUR 50,000

**Executives with strategic responsibilities - Notes:**

Remuneration for Executives with Strategic Responsibilities EUR 1,885,956; fringe benefits EUR 95,660; variable remuneration EUR 0; in 2017, a one-off premium for a total of EUR 185,784 was paid.

This table does not include the remuneration of Mr Giorgio Presca who held the CEO office until 11 January 2017. Mr Presca, in consequence of the termination by mutual agreement of the director relationship and of the employment contract as well as his waiver of all claims in respect of Geox, has received EUR 4,350,000 gross as a voluntary redundancy incentive.

**TABLE 3B: Monetary incentive plans in favour of the members of the management body, general managers and other executives with strategic responsibilities**

A Surname and name	B Office	(1) Plan	(2) Bonus for the year			(3) Bonus for the previous years			(4) Other Bonuses
			(A) Payable/Paid	(B) Deferred	(C) Deferral period	(A) No longer payable	(B) Payable/Paid	(C) Deferred further	
<b>Gregorio Borgo</b>	<b>Managing Director</b>								
(I) Remuneration within the company that drafts the financial statements	Plan A 2016		5,969.00	-	from 01.01.2017 to 31.12.2017				
	Plan B (date of relevant resolution)								
	Plan C (date of relevant resolution)								
(II) Remuneration from subsidiaries and affiliates	Plan A 2014								
	Plan B (date of relevant resolution)								
(III) Total			5,969.00	-					

<b>Livio Libralesso</b>	<b>General Manager for Administration, Finance and Control, Corporate Legal &amp; IT</b>							
(I) Remuneration within the company that drafts the financial statements	Plan A 2016		53,051.00	-	from 01.01.2017 to 31.12.2017			
	Plan B (date of relevant resolution)							
	Plan C (date of relevant resolution)							
(II) Remuneration from subsidiaries and affiliates	Plan A 2014							
	Plan B (date of relevant resolution)							
(III) Total			53,051.00	-				

<b>Executives with Strategic Responsibilities (n. 7)</b>								
(I) Remuneration within the company that drafts the financial statements	Plan A 2016		185,784.00	-	from 01.01.2017 to 31.12.2017			
	Plan B (date of relevant resolution)							
	Plan C (date of relevant resolution)							
(II) Remuneration from subsidiaries and affiliates	Plan A (date of relevant resolution)							
	Plan B (date of relevant resolution)							
(III) Total			185,784.00	-				

**TABLE 4:****- Equity stake of the members of management and audit bodies**

Surname and name	Office	Subsidiary	Number of Shares held at the end of Previous financial year	Number of Shares Purchased	Number of Shares Sold	Number of Shares Held at the end of current financial year
<b>Mario Moretti Polegato</b> ( * )	BoD Chairman	Geox S.p.A.	156,873,917	0	0	156,873,917
<b>Duncan Niederauer</b>	BoD Member	Geox S.p.A.	100,000	0	0	100,000

( \* )

Directors **Mario Moretti Polegato** and **Enrico Moretti Polegato** respectively hold an equity stake of 85.12% and 14.88% of the share capital.

LIR S.r.l., with registered office in Treviso (TV), Italy owns the controlling interest in Geox S.p.A.'s capital with an equity stake of 71.10%.

**- Equity stake of the General Manager for Administration, Finance, Control**

Surname and name	Office	Subsidiary	Number of Shares held at the end of Previous financial year	Number of Shares Purchased	Number of Shares Sold	Number of Shares Held at the end of current financial year
<b>Livio Libralesso</b>	<b>General Manager for Administration, Finance and Control, Corporate Legal &amp; IT</b>	Geox S.p.A.	0	0	0	0

**- Equity stake of executives with strategic responsibilities**

Surname and name	Office	Subsidiary	Number of Shares held at the end of Previous financial year	Number of Shares Purchased	Number of Shares Sold	Number of Shares Held at the end of current financial year
<b>Executives with Strategic Responsibilities</b> (n. 7)		Geox S.p.A.	0	10,000	10,000	0