



ANNUAL CORPORATE GOVERNANCE REPORT 2004

In 2004, as part of the process of listing shares on the Electronic Equity Market completed on December 1, 2004, the corporate governance system of GEOX S.p.A. (the "Company") came into line with the principles contained in the Self-Governance Code for Listed Companies prepared by the Committee for Corporate Governance of Listed Companies, reviewed in July 2002 and promoted by Borsa Italiana (the "Code").

In compliance with section IA.2.14 of the Instructions for the Regulations of the markets organized and managed by Borsa Italiana and for the *Nuovo Mercato*, we intend to provide below comprehensive details of procedures used in implementing the corporate governance system and adherence to the Code, in accordance with the guidelines provided by Borsa Italiana in February 2003 and implemented and developed within the framework of the "Guide to compilation of the corporate governance report" issued by Assonime and Emittenti Titoli, after consultation with Borsa Italiana, in February 2004.

This report is based on the Articles of Association approved by the Extraordinary Shareholders' Meeting of July 27, 2004 (the "Articles"), which came into force on December 1, 2004, the date on which Geox ordinary shares were listed on the Electronic Equity Market organized and managed by Borsa Italiana ("MTA"), and which were drawn up taking into consideration the instructions provided in the Code.

Section I.

Brief description of the Geox S.p.A. corporate governance system

The company bodies of Geox S.p.A. are: the Shareholders' Meeting, the Board of Directors (which contains the following committees: the Executive Committee, the Internal Audit Committee, the Remuneration Committee), and the Board of Statutory Auditors. The Committees represent an internal arrangement of the Board of Directors and have been set up with the aim of improving the Board's functionality and strategic capacity.

Moreover, with the decision of the Board of Directors taken on December 9, 2004, the Company set up an Ethics Committee composed of Mario Moretti Polegato, Joaquin Navarro-Valls and Umberto Paolucci, to guide and promote the company's ethical conduct and commitment.

In compliance with the recommendations of the Code, the Company is the subject which manages and coordinates the companies in the Geox S.p.A. Group, also in the field of governance, by recommending the adoption of specific regulations, all of which are published in the relative section of the company's internet site www.geox.com.

The aim of the corporate governance system is that of ensuring the correct functioning of the Company and of the Group, in general, and also the validation on a global scale of the reliability of its products and, consequently, of its name.

The share capital amounts to Euro 25,850,000 and is divided into 258,500,000 shares, of which 71.083% are owned by L.I.R. S.r.l.



Section II.

Detailed description of the Geox S.p.A. corporate governance system and of the extent to which the provisions of the Code of Self-Governance for Listed Companies have been implemented.

1. BOARD OF DIRECTORS

1.1 Composition

Pursuant to article 15 of the Articles, the Company is run by a Board of Directors composed of a minimum of five and a maximum of nine Directors. The Directors may be re-elected.

As decided by the Shareholders' Meetings of October 20, 2004 and November 8, 2004, the Company is run by a Board of Directors composed of nine Directors, six of which have been in office since December 1, 2004. On the basis of this decision, the Directors will remain in office for three years, until the Shareholders' Meeting for the approval of the financial statements as at December 31, 2006.

The Board of Directors is composed as follows:

- Mario Moretti Polegato, Chairman and legal representative of the Company, non-executive director, appointed on July 27, 2004;
- Diego Bolzonello; managing director and legal representative of the Company, executive director, appointed on July 27, 2004;
- Enrico Moretti Polegato; non-executive director, appointed on July 27, 2004;
- Francesco Gianni; independent non-executive director, appointed on October 20, 2004;
- Bruno Barel; independent non-executive director, appointed on October 20, 2004;
- Alessandro Antonio Giusti; independent non-executive director, appointed on October 20, 2004;
- Giuseppe Gravina; independent non-executive director, appointed on October 20, 2004;
- Renato Alberini, independent non-executive director, appointed on October 20, 2004;
- Umberto Paolucci, independent non-executive director, appointed on November 8, 2004.

The Company's Board of Directors is thus composed of nine directors, six of whom are independent. Independent directors are understood as being those who:

- do not have, directly or indirectly or on behalf of third parties, nor have recently had, any significant economic relations with the Company, with its subsidiaries, with the executive Directors or with the majority shareholder, such as may condition their independent judgment;
- do not possess, directly, indirectly or on behalf of third parties, stakes of such a size as to allow them to exercise control or significant influence over the Company, and are not involved in shareholders' agreements for control of the Company;
- are not closely related to executive Directors of the Company, or to persons who are in any of the aforementioned situations.

For the purposes of providing information regarding the director or statutory auditor positions held by the Directors in the companies mentioned in article 1.3 of the Code, it is hereby specified that:

- a) Mario Moretti Polegato has been a director of Siparex Italia, an Italian-French private equity fund, since 2003;
- b) Alessandro Giusti holds (i) the position of statutory auditor of Planetnetwork S.p.A., parent company of ePlanet S.p.A., a company listed on regulated markets, (ii) the position of member of the Statutory Board of Auditors of Firenze Fiera S.p.A., Cooperativa Agricola di Legnaia S.c.a.r.l., Cap Viaggi S.p.A., Fondo Pensione CAP S.c.a.r.l., Fidicontrol S.p.A.,



GIDA - Gestione Impianti Depurazione Acque S.p.A., STB Società delle Terme and Benessere S.p.A., Filpucci S.p.A., Investex S.p.A., San Casciano S.p.A., and also (iii) the position of sole director of Perfect Immobiliare S.r.l.;

- c) Francesco Gianni holds (i) the position of director of SO.FIN.IND S.p.A., Cassa di Risparmio di Ravenna S.p.A., Sara Lee Branded Apparel Italia S.p.A. and Prada Holding N.V., (ii) the position of sole director of Full Services S.r.l., Outsourcing Network S.r.l., and also (iii) the position of chairman of the board of directors of Fideroutsourcing S.r.l., Fiderservizi S.r.l., "Lan 2 Lan S.r.l." and Oppidum S.r.l.; and is also a member of the supervisory board of Harry's SCA;
- d) Bruno Barel holds the position of chairman of the board of directors of Numeria SGR S.p.A., a company formally established but not yet trading, insofar as it awaits a license from Banca d'Italia;
- e) Umberto Paolucci holds (i) the position of director of Aeffe S.p.A., Datalogic S.p.A. and Gidsi S.p.A., (ii) the position of Senior Chairman of the board of directors of Microsoft Europe Middle East Africa, (iii) the position of chairman of the board of directors of Microsoft Italia, and also the (iv) position of vice chairman of Microsoft Corporation.

Last year, since listing (December 1 2004), the Board, called in accordance with the procedures provided for by the Articles, met once in the month of December 2004. All the directors took part in this meeting.

This year, the Board of Directors is expected to hold 6-8 meetings.

1.2 Role

The running of the company is the exclusive task of the Board of Directors, who perform all actions necessary for the actuation and achievement of the company purposes, with the sole exception of those tasks which must be performed by the Shareholders' Meeting in accordance with law and the Articles.

Pursuant to article 2365, paragraph 2, Italian Civil Code, the Board of Directors also has the task of: (a) deciding on mergers as provided for by articles 2505 and 2505-b Italian Civil Code; (b) establishing and closing branch offices; (c) reducing the share capital in the event of the withdrawal of a shareholder; (d) amending the Articles to ensure compliance with legislative measures; (e) transferring the company headquarters to another council district within Italy (article 15 of the Articles).

The issue of bonds is also the duty of the Board of Directors, with the exception of the issue of bonds convertible into Company shares or in any case backed by warrants for the underwriting of Company shares, which is decided on by the Extraordinary Shareholders' Meeting (article 2410 Italian Civil Code and article 8 of the Articles).

Pursuant to the Articles, the Board of Directors alone is entitled to make provisions regarding trademarks, patents and other intellectual property rights, for any reason and of any kind (article 17 of the Articles). Moreover, it is the exclusive duty of the Board of Directors, which is not subject to proxy, upon proposal of the Chairman of the Board of Directors, to take decisions regarding the strategic development and direction of company management, also on a long-term basis, and also regarding the annual industrial and economic-financial plan (budget) and long-term plans with relative investment plans (article 15 of the Articles).

Without prejudice to the tasks thus attributed which, as illustrated above, may not be delegated by law or by provision of the Articles, the Board of Directors, in compliance with the recommendations of paragraph 1 of the Code of Self-Governance for Listed Companies, has



specified further matters over which it holds exclusive decisional power, considering the particular significance of the relative transactions.

In particular, the Board of Directors currently has exclusive decisional power regarding, amongst other matters:

- i)* takeovers or sales, also by means of underwriting or assignment, of equity investments and/or companies and/or company branches, if the overall value of the individual transaction exceeds €10m;
- ii)* the granting of loans, if the aggregate value for the year exceeds €5m;
- iii)* the granting of collateral and/or personal security, if the aggregate value for the year exceeds €5m;
- iv)* the issue of bonds or financial instruments, if the overall value of each individual issue exceeds €10m;
- v)* the obtaining of loans and/or other financial debt transactions, if the overall value of the individual transaction exceeds €2.5m for each company;
- vi)* transactions as set forth in the points (i), (iii), (iv) and (v) above with companies in the Group, if they should exceed 50% of the respective threshold levels set forth above, and the granting of loans to companies in the Group, if the aggregate value per year exceeds €2.5m for each company;
- vi)* all transactions with related parties outside the Group which are not typical or usual transactions to be dealt with according to standard conditions;
- vii)* verification of the adequacy of the organizational and overall administrative structure of the company and of the group as established by the managing directors;
- viii)* the task of reporting to the shareholders in shareholders' meetings.

Save the decisions made by the Managing Director and the Executive Committee, on the basis of the provisions and decisions referred to above and the powers delegated to it, the Board of Directors of Geox S.p.A., in particular: decides on the Company's strategic, industrial and financial plans (as recommended in subsection a), article 1.2 of the Code), on proxies to Directors (see subsection b), article 1.2 of the Code), on the remuneration of the Directors (see subsection c), article 1.2 of the Code); supervises management of the company (see subsection d), article 1.2 of the Code); examines and approves transactions of significant economic, property and financial importance, with particular reference to transactions with related parties (subsection e), article 1.2 of the Code); verifies the adequacy of the organizational and overall administrative structure of the company and of the group as established by the managing directors (subsection f), article 1.2 of the Code); reports to the shareholders at shareholders' meetings (subsection g), article 1.2 of the Code).

In line with the recommendations of art. 1 of the Code, the board of directors thus has a central role in the Company's Corporate Governance system.

The Board of Directors meets on a regular basis, organizing itself and working in such a way as to ensure the effective and efficient performance of its functions. In the period leading up to the board meetings, the company, in the person of the Chairman of the Board, provides Directors with the documentation necessary to ensure that they are adequately informed on the items on the agenda, in compliance with article 17 of the Articles.

The Chairman calls the Board meetings, also when this is requested in writing by at least two Directors or Statutory Auditors or by a Managing Director (art. 19 of the Articles).

For decisions to be deemed valid, the majority of the Directors in office must be present. The decisions of the Board of Directors are taken by absolute majority vote of the Directors present. In the case of a tied vote, the decision for which the Chairman voted prevails. For decisions regarding the provision of trademarks, patents and other intellectual property rights, for any reason and of any kind, the Board of Directors decides with the favorable vote of five sevenths of its members, rounded up to the next highest number (article 19 of the Articles).

1.3 Executive positions

a) Managing Director

Availing itself of its right as set forth in article 17 of the Articles, on October 20, 2004 the Board of Directors confirmed Diego Bolzonello in the position of Managing Director of the Company, originally given to him by the Board of Directors on August 9, 2004, revoked the powers delegated to him under the decision of August 9, 2004 and conferred upon him a new proxy. The proxy conferred by the Board of Directors on October 20, 2004 and in subsequent decisions on January 31, 2005 and February 28, 2005 currently covers the duties hereinafter illustrated in brief.

Within the limits of law and the Articles, in compliance with the duties performed exclusively the Shareholders' Meeting, the Board of Directors and the Executive Committee, in compliance with the limitations, save point (ii) of the following list regarding the quarterly budget forecast approved by the Board of Directors of the Company, and in compliance with any further limitations specifically mentioned regarding each power attributed (specifying that if a limit is established for a certain power both by the budget and by the specific provisions below, the Managing Director shall respect the lower of the two limits), the Board of Directors conferred upon the Managing Director the following powers of ordinary and extraordinary administration:

- (i) with complete decisional independence and responsibility, to supervise the production, technological, commercial and technical sectors, to coordinate all aspects of the Company's productive activity, within the limits of the pre-established production and expenditure programs, as well as to supervise and coordinate the Company's administrative and financial sector, establishing rules for its organization and functioning, moreover ensuring coordination with independent contractors;
- (ii) to ensure compliance with all measures and legislation relative regarding health and safety at work, social security, fire prevention, antipollution with regard to outlets, environmental protection and similar matters. The Managing Director is authorized to demand that all managers and workers, within their single categories and in performance of their duties, observe such regulations and to take measures to ensure this. In consideration of his specific ability and experience, and of his responsibility in the technical and production field and in the fields of accident prevention and environmental protection, he is authorized to perform whatever action, expenditure or control may be necessary for ensuring system security and the safety of all those working in the company premises. His authorization extends to cover all the Company's sectors and units, and environmental safety. To this end he may directly use cash on hand. By virtue of this proxy he will – with complete and absolute discretion – direct, stimulate and coordinate the activities of the company's employees, in view of the achievement of the industrial objectives, ensuring that these objectives comply with the needs of protection of public and private health. Moreover, he will issue suitable instructions so that all employees are informed of the risks to which they are exposed, observe safety regulations, and are provided with and use suitable means of protection. He will apply sanctions to those who do not observe such procedures. The delegation of powers as set forth in this section (ii) is not subject to any limit of expenditure or duties, including, in particular, the limit as set forth in the quarterly budget forecast approved by the Company;

- (iii) to ensure also by means of constant maintenance, repairs and replacements, that the systems with which the Company is equipped are entirely compliant with the provisions aimed at containing the emissions/introduction of smoke, gases, dusts, fumes, liquid and solid residues within the limits laid down by national legislation, so that these do not contribute to pollution of the atmosphere, soil and water and to do not exceed the limits of normal tolerability for those living nearby;
- (iv) to assume commitments in matters regarding company activity, in particular concluding contracts with customers, including franchising contracts, and with suppliers of products, raw materials and services; to sell Company products, drawing up the relative documents and also granting extensions of payment and discounts, negotiating prices and payment methods, provided that, as far as concerns contracts with suppliers, the overall sum does not exceed a €1,000,000 (one million) per individual contract;
- (v) to enter into contracts regarding the purchase and sale of machinery, equipment, vehicles and other movables, also registered in Public Registers, drawing up the relative documents, negotiating the relative prices and payment methods, and granting extensions of payments and discounts, provided that the overall sum does not exceed € 500,000 (five hundred thousand) per individual contract;
- (vi) to purchase the services of any type necessary for performance of the company activity, with express faculty to conclude the relative contracts, including contracts of insurance cover and/or to conclude work and/or consultancy contracts of any kind, to negotiate prices and payment methods, provided that the overall sum does not exceed € 500,000 (five hundred thousand) per individual contract;
- (vii) to conclude lease, *comodato* (gratuitous loan for use), hire and leasing contracts regarding movables and real estate necessary for the performance of the company activity, provided that the overall value does not exceed € 500,000 (five hundred thousand) per individual contract;
- (viii) to open bank and postal current accounts in the name of the Company, both in national and foreign currency, arrange overdrafts, open safety deposit boxes, rent them and exercise any relative rights;
- (ix) to perform, with regard to Company commitments, the following transactions on the accounts of the Company, in Italy and abroad, up to the limit of € 3,000,000 (three million) per individual transaction:
 - to draw current-account checks also for use of overdrawn sums, within the limits of the overdrafts granted;
 - to draw giros;
 - to endorse current-account bank checks, postal orders or telegraphic orders and any other instrument of credit in favor of the Company, or banker's drafts in favor of third parties;
 - to make withdrawals ;
 - to issue letters or credit and provide for their payment.As far as regards transfers of funds between banks, the aforementioned limited is raised to € 10,000,000, provided that the transactions are authorized by the additional signature of Diego Bolzonello and that of Luciano Santel or, alternatively, of Livio Libralesso.



The aforementioned limit of € 3,000,000 (three million) regarding this subsection (ix) is not applied for the payment of duties, taxes and social security contributions owed by the company pursuant to current legislation;

- (x) exclusively for the purposes of arranging cover for risks involved in exchange and/or interest rates, and only to the extent necessary for this, to purchase, sell and in general to perform any transaction involving foreign currency, and also to conclude and cancel contracts on interest rates and exchange rates. Such transactions must comply with current currency regulations, and with any further regulations which may be introduced in the future, and must not exceed the limit of € 5,000,000 (five million) per individual transaction;
- (xi) to proceed with the recapitalization and financing of subsidiaries in the form considered most suitable, up to the limit of € 2,000,000 (two million) per individual transaction;
- (xii) to make deposits in current accounts, endorse for discount and for collection bank checks, postal orders, certificates of credit, bills of exchange and postal orders, payable by credit agencies, post and telegraph offices, and in general by any natural person or corporation; to endorse orders of payment, including orders from the Treasuries of the State, the Regions, the Provinces, the Municipal authorities and any State Banking Institution; to endorse bank drafts, issuing in each case the corresponding receipts;
- (xiii) to conclude and cancel any other contract (not necessarily exclusive in nature) which seems necessary for the pursuit of the company purpose, including licensing, agency, distribution, representation, intermediation and business procurement contracts and any other contracts which in any case regard distribution of the company's products, provided that the overall value and/or expenditure (even when the contracts are long-term) does not exceed € 250,000 (two hundred and fifty thousand) per individual contract;
- (xiv) to grant securities and/or sureties, collect the loaned sum, entirely or in part, and issue receipts for the same. These transactions may be performed up to a value of euro 250.000 (two hundred and fifty thousand) per individual transaction;
- (xv) to take out bank and financial credit lines in general;
- (xvi) to deal with relations with any public or governmental body, none excluded, including by way of example but not limitation, Chambers of Commerce, Business Registries and Public Register Offices, and draw up any relative documents, applications or receipts in the name of the Company;
- (xvii) to deal with the relations with any fiscal, customs, central government or local government office, also abroad, and to perform any transaction regarding taxes, duties and social security contributions; to contest registrations and inspections; to provide direct or indirect tax statements, including statements and any other requirements provided for by VAT legislation, certificates, forms and questionnaires; to present applications, complaints and claims, memorandums and documents before any office or Tax Court, to collect reimbursement and interest from tax collection agencies, issuing relative receipts in the name of the Company;

- (xviii) to take any action and deal with any matter in the field of social security, and to deal with the relations with social security, welfare and insurance institutions, providing for the requirements laid down by current labor legislation, especially as far as regards insurance, contributions, indemnities and taxes;
- (xix) to deal with the relations with any authority, body, and institution which deals with labor matters, and with trade union organizations (both of employers and employees); to appear before industrial tribunals and conciliation and arbitration boards; to settle disputes, to perform any other act and to deal with any situation in the field of working relationships, which may be considered in the best interests of the Company;
- (xx) to deal with the relations with the postal Administration and with companies of rail, sea, air and land transport, draw up any document and application, receive recorded delivery and insured mail, packages and letters of any type, collect reimbursement and sums of any type, and issue receipts for the same;
- (xxi) with regards to the matters listed in the points above from (i) to (xx), and within the respective limits provided for above, to represent the Company with regards to any third party, whether public and/or private, acting in the name of and on behalf of the Company, signing any document;
- (xxii) to sign correspondence and documents in general;
- (xxiii) to represent the Company before every Judicial Authority of any order, degree and type of jurisdiction, in any disputes or proceedings of any kind, whether as plaintiff or defendant, and also before Tax Courts of every degree, with the power to appoint attorneys, proxies *ad lites* and *ad negotia*, referees or arbitrators, consultants or experts, withdrawing and/or replacing their appointments, in Italy and abroad, with the power to elect domicile, settle disputes and make recourse to conciliation and in any case deal with related matters, and to sign any proxies necessary for such purposes;
- (xxiv) to issue protests and injunctions for non-payment, to proceed with preventive measures and execution proceedings, to withdraw them where necessary, to participate in bankruptcy proceedings, composition, receivership and apply for their declaration, to make and accept tenders of performance;
- (xxv) to the exception of dealings with company middle management and executives, to perform, or delegate, any action regarding employees such as, by way of example but not limitation:
 - hiring employees of Geox S.p.A.;
 - transforming labor contracts (for example, from part-time to full-time, from temporary contract to permanent contract, etc.);
 - disciplinary warnings and measures;
 - disciplinary dismissals, for a justified and motivated reason;
 - promotions and various salary increases;
 - granting one-off bonuses and management-by-objective bonuses;
 - transferal of the office and contracts of transfer/mission abroad regarding employees;

- contracts for collaboration on specific projects and relative variations.

(xxvi) to appoint, within the framework of the powers conferred above, proxies *ad acta* or general proxies, attributing relative powers to them, and to withdraw such appointments.

b) Executive Committee

Pursuant to a specific provision of the Board of Directors of October 20, 2004, the first Board Meeting held within the first week subsequent to the issue of the Company shares on the MTA (December 9, 2004), decided, without prejudice to the duties expressly given to the Managing Director and Special Proxies of the Company:

(A) to set up a Executive Committee composed of 3 (three) members, namely Mario Moretti Polegato - who by virtue of being Chairman of the Board of Directors takes the position of Chairman of the Committee, as is specified in the working procedures set forth in the relative decision -, Enrico Moretti Polegato and Diego Bolzonello, conferring on this Committee the powers of ordinary and extraordinary administration of the Company, with the following exceptions:

- (i) the duties specified in articles 2420-c 2423, 2443, 2446, 2447, 2501-c, 2506-b Italian Civil Code; and
- (ii) the matters reserved for the Board of Directors under the Articles – being, in particular: the provision, for any reason and of any kind, of trademarks, patents and other intellectual property rights of the Company; the development and direction of company strategy, also on a long-term basis; the annual industrial and economic-financial plan (budget); the long-term plans and relative investment plans; and
- (iii) the further following matters, identified by and reserved for the Board of Directors, taking into consideration, as illustrated above, the recommendations of the Code of Self-Governance:
 - (a) the examination and approval of Company strategic, industrial and financial plans and the structure of the group;
 - (b) the attribution and withdrawal of proxies to the Managing Directors and to the Executive Committee; establishing the limits, working procedures and frequency with which the executives must report to the Board on the activity performed in exercising the proxies conferred upon them;
 - (c) establishing (according to the procedures set down by law) the remuneration of the managing directors and of those holding particular positions, and also, if the Shareholders' Meeting has not already provided for this, the subdivision of the overall remuneration attributed to the members of the Board of Directors and of the Executive Committee;
 - (d) supervision of general company progress, with particular attention to situations of conflict of interests, in consideration, in particular, of information received from the Executive Committee, from the Managing Directors and from the Internal Audit Committee, and in the light of the periodical comparison of results achieved with those planned;
 - (e) takeovers or sales, also through underwriting and assignment, of equity investments and/or companies and/or company branches, if the overall value of the individual transaction exceeds € 10 (ten) million;
 - (f) the granting of loans, if the aggregate value for the year exceeds € 5 (five) million;

- (g) the granting of collateral and/or personal security, if the aggregate value for the year exceeds €5 (five) million;
- (h) the issue of bonds or financial instruments, if the overall value of each individual issue exceeds € 10 (ten) million;
- (i) the obtaining of loans and/or other financial debt transactions, if the overall value of the individual transaction exceeds € 40 (forty) million;
- (j) transactions as set forth in the points (e), (g), (h) and (i) above with companies in the Group, if they should exceed 50% of the respective threshold levels set forth above, and the granting of loans to companies in the Group, if the aggregate value per year exceeds €2.5m for each company;
- (k) any transactions with related parties outside the Group which are not typical or usual transaction to be dealt with according to standard conditions (typical or usual transaction are intended as being those transactions which, due to their subject matter or nature, fall within the realms of normal Company business and do not present particular difficulties linked to their characteristics or risks involved in the nature of the other party, or in terms of the time required for their completion);
- (l) the approval of the Company's quarterly budget forecast¹;
- (m) the verification of the adequacy of the company and group's organizational and overall administrative structure as established by the managing directors;
- (n) the task of reporting to the shareholders in shareholders' meetings;

and additionally:

(B) to establish that the activity of the Executive Committee will be regulated by the following particular provisions:

- (i) the Committee may meet, in Italy or abroad any time the Chairman of the committee considers it opportune, and will be called by telephone or e-mail, registered mail, fax or telegram with prior notice of at least 24 hours;
- (ii) participation in Committee meetings may also take place using telecommunications (for example by teleconference and videoconference), according to procedures which allow all the participants to be identified and permit them all to follow the discussion and intervene in real time in discussion of the topics being dealt with. When these requirements are satisfied, the meetings of the Committee are deemed held in the place in which the Chairman of the Executive Committee and the Secretary of the meeting are present;
- (iii) the position of the Chairman of the Executive Committee is held by the Chairman of the Board of Directors, if the same has been elected from the members of the Executive Committee. Otherwise, the position of the Chairman of the Executive Committee is given to the most senior of the Directors elected in the Committee on which proxies have not been conferred;
- (iv) the meetings of Executive Committee are chaired by the Chairman of the Executive Committee or, in the case of his absence, by another member of the Committee appointed by those present;
- (v) the Secretary of the meetings of the Executive Committee is chosen by the person chairing the meeting of the Committee, and may also be a person who

- is not a member of the Executive Committee. The person chairing the meeting may not also assume the position of Secretary;
- (vi) decisions will be taken with the favorable vote of the majority of the members in office and, in the case of a tied vote, the vote of the Chairman of the Executive Committee will prevail;
 - (vii) the decisions must be recorded in the minutes signed by the person chairing the meeting and by the Secretary;
 - (viii) in the event of one or more members of the Executive Committee ceasing to hold office, a meeting of the Board of Directors shall be called without delay to take suitable measures;
 - (ix) the members of the Company's Board of Statutory Auditors are invited to the meetings of the Executive Committee.

The Executive Committee and the Managing Directors report with all due haste and in any case, at least on a quarterly basis, both to the Board of Directors and to the Board of Statutory Auditors on the activity performed, the general progress of the company, its forecast development, and also on the most significant transactions, in terms of value and characteristics, performed by the Company and by its subsidiaries, on atypical or unusual transactions and on those with related parties. Moreover, the Directors report comprehensively and with all due haste and, in any case, at least on a quarterly basis, both to the Board of Directors, and to the Board of Statutory Auditors, on the activity performed, on the transactions of greatest economic, financial and property significance performed by the Company and by its subsidiaries, as well as on transactions with related parties or in which they have an interest, either personally or on behalf of third parties. Lastly, the Directors report comprehensively and with all due haste both to the Board of Directors and to the Board of Statutory Auditors on the transactions influenced by any person who manages and coordinates Company activity (article 18 of the Articles).

During 2004, the Executive Committee met once in order to decide on various transactions of a financial, commercial and contractual nature.

1.4 Appointment and remuneration of the directors

The Directors are appointed for the first time in the articles of association and subsequently by the Ordinary Shareholders' Meeting. Before proceeding with the appointment of the Directors, the Ordinary Shareholders' Meeting establishes their number within the aforementioned limits and the duration of their office, which may not exceed three years. The Directors cease to hold office on the date of the Shareholders' Meeting called for the approval of the financial statements regarding the last year of office. If during the course of office there should cease to be, for whatever reason, a majority of the Directors as appointed by the Shareholders' Meeting, the entire Board of Directors is deemed suspended from office, and a Shareholders' Meeting must be called urgently by the remaining Directors to appoint a new Board of Directors (art. 16 of the Articles).

The Company prefers not to use list votes in the appointment of the Directors, but rather to encourage unitary company management in order to better pursue its industrial strategy. However, the company intends to comply with the provisions of the Code regarding non-executive and independent Directors, as set forth in section 1.1 above.

Moreover, despite the lack of an express statutory or regulatory provision, the Company intends to implement the procedure whereby, on the occasion of the appointment of a new Director or of the Board as a whole, the CV of each candidate, indicating where appropriate their suitability to be qualified as independent, shall be filed at the Company Head offices at least 10 days prior to the Shareholders' Meeting called for the relative appointment. This procedure was followed for the



appointments made at the Shareholders' Meeting of October 20 2004, but was not possible for the appointment made at the Shareholders' Meeting of November 8 2004, since on that occasion it was necessary to replace with all possible haste a director whose appointment had been revoked by the Shareholders' Meeting itself. Consequently, the meeting made no declarations regarding the independence of this director, and relative assessments were made by the Board of Directors in the board meeting of April 6, 2005.

In addition to reimbursement of expenses sustained in the performance of their duties, Directors are entitled to an annual indemnity whose amount will be established by the Board of Directors, within the limits of the overall Board remuneration established by the Ordinary Shareholders' Meeting, including those Directors with particular duties (art. 16 of the Articles).

It should further be mentioned that on November 30, 2004, the Board of Directors approved the stock option plan and relative regulations, and assigned options. The Plan regards 2,850,000 shares and is offered to the Top and Middle Management and Key people of the GEOX group, i.e., those who have a key role in achieving GEOX's strategic objectives. Rights of option may be exercised according to the following schedule:

- on 1/3 of the option (first tranche), as from the date of approval of the financial statements as at December 31, 2007;
- on a further 1/3 (second tranche), as from the date of approval of the financial statements as at December 31, 2008;
- on the remaining 1/3 (third tranche), as from the date of approval of the financial statements as at December 31, 2009.

The expiration date is 31 December 2014. The possibility to exercise options is subordinated to the performance results achieved in the respective vesting periods, with reference to GEOX's EBIT. The share underwriting price is equal to the sale price established in the open tender procedure for the purposes of listing the Company on the MTA.

On December 9, 2004, the Board of Directors decided to set up a Remuneration Committee, in line with the provisions of article 8 of the Code of Self-Governance. In particular, the Remuneration Committee has the task of (i) formulating proposals to the Board for the remuneration of the Managing Director and of those other directors who hold particular positions, and also, when instructed by the Managing Director, of establishing the criteria for the remuneration of the Company's top management, which should be such as to attract and motivate persons of adequate level and experience; (ii) making proposals for any incentive plans for the directors, employees and independent contractors; (iii) providing opinions on issues from time to time presented to it by the Board of Directors regarding remuneration or any other inherent or related matter.

The Committee is composed of Mario Moretti Polegato, Bruno Barel and Alessandro Antonio Giusti. In the performance of its duties, the Remuneration Committee may avail itself of external consultants, at the expense of the Company. The Remuneration committee has so far met only once, on February 25 this year, to assess the suitability of the directors' remuneration to be proposed at the next Shareholders' Meeting. In fact, the annual salary of the Directors is established by the Board of Directors, within the limits of the overall Board remuneration established by the Shareholders' Meeting, which also covers those Directors holding particular positions (art. 16 of the Articles).

2. THE INTERNAL AUDITING SYSTEM

Regarding the compliance of the Company's corporate governance model with that suggested in articles 9 and 10 of the Code, on December 9, 2004 the Company's Board of Directors decided to



set up a specific Internal Audit Committee, to provide consultancy and make proposals, and with the tasks of (i) assisting the Board of Directors in the activities of establishing, verifying and assessing the internal auditing system; (ii) assessing the work plan prepared by those responsible for internal auditing and receiving their periodic reports; (iii) assessing the proposals made by the independent auditors to win the contract, their predisposed auditing plan and the results shown in the reports and in the letter of suggestions; (iv) reporting to the Board, at least every six months, on the occasion of approval of the financial statements and of the half-yearly report, on the activity performed and on the adequacy of the internal auditing system; (v) evaluating together with the executives of the Company and with the statutory auditors, the adequacy and uniformity of the accounting principles adopted for the purposes of drawing up the consolidated financial statements; (vi) supervising the state of compliance with the Code of Self-Governance; and (vii) performing any further tasks requested of the Committee by the Board of Directors.

Pursuant to the Code of Self-Governance, the Internal Audit Committee is composed of non-executive directors, the majority of which are independent: Francesco Gianni, Bruno Barel and Alessandro Antonio Giusti. Moreover, the chairman of the Board of Statutory Auditors, or another Statutory Auditor chosen by the Chairman of the Board itself, and the Managing Director of the Company also take part in the work of the Committee.

During 2004, the Committee had the possibility to meet to collect information on the state of the internal auditing system and to begin mapping out the company risks and the analysis of the Model as set forth in Legislative Decree no. 231/01. In fact, in 2004 the Company began a process aimed at the creation of a Organizational and Management Model compliant with Legislative Decree no. 231/2001, in order to establish a structured and organic system of control procedures and activities, aimed at preventing, as far as possible, conduct constituting the offences set forth in the Decree itself. In concrete terms, this process began with the appointment of an external consultancy company to perform a detailed analysis of Geox S.p.A.'s processes, risks and internal audits, as a useful starting point for the drawing up of a draft Organizational Model.

The Managing Director has appointed a person responsible for internal auditing, who is obliged to report on his work to the Chairman of the Board of Directors, to the Internal Audit Committee and to the Statutory Auditors. He is hierarchically independent of the managers for the operational areas subject to his auditing.

3. TRANSACTIONS WITH RELATED PARTIES

The aforementioned article 18 of the Articles represents an initial form of adaptation of the Company's corporate governance model in order to comply with the suggestions in article 11 of the Code, insofar as it obliges the Directors to report sufficiently and with all due haste, and in any case at least on a quarterly basis, both to the Board of Directors and to the Board of Statutory Auditors, on any transactions with related parties or in which they have an interest, themselves or on behalf of third parties. Furthermore, if the person with a vested interest for himself or on behalf of third parties is the Managing Director, he must abstain from performing the transaction, and delegate its performance to the Board of Directors.

Moreover, on December 9, 2004, the Board of Directors approved a procedure to regulate the performance of transactions with related parties, in order to ensure compliance with the criteria of substantial and procedural correctness in the examination and approval of such transactions. This procedure foresees, in particular, that before assuming decisions regarding a transaction with related



parties, the competent body must provide adequate information on the nature of the relation, on the executive procedures of the transaction, on the conditions, also economic, of its performance, on the assessment procedure followed, on the underlying interest and motivations and on any risks for the Company. Where the nature, the value or other characteristics of a transaction with related parties require it, in order to prevent the transaction being performed at conditions different to those which would probably have been negotiated between unrelated parties, the competent body requests the assistance of one or more independent experts. Such experts are called upon to express their opinion on the economic conditions and/or legitimacy and/or technical aspects of a given transaction.

4. TREATMENT OF RESERVED INFORMATION

4.1 Regulations for the divulgence of reserved information

At the Board Meeting of December 9, 2004, the Company approved, amongst other things, regulations governing the procedures for the internal management and divulgation of documents and reserved information (for example, strategic plans, work projects, data on results and progress, results forecasts, procedures and operational strategies, investments and disinvestments and relative projects, lists of shareholders, suppliers, etc) regarding the Company, with particular reference to price sensitive information (intended as information regarding the activity of the Company and its subsidiaries which is not in the public domain and which could, if made public, significantly influence the company's share prices). These regulations, in particular, lay down that the Directors and the Statutory Auditors of the Company are obliged to observe the strictest confidentiality regarding documents and information acquired in the performance of their duties and must distribute such information only through authorized channels, adopting all necessary precautions to ensure that the circulation of such documents within the company may take place without prejudice to the reserved nature of the information.

4.2 Discipline of Internal Dealing

Regarding the compliance of the Company's corporate governance model with that suggested in article 6 of the Code, the Company, at the Board Meeting of July 27, 2004, approved the Code of Conduct as set forth in article 2.6.3 of the Regulations of Markets organized and managed by Borsa Italiana. In particular, the Code of Conduct disciplines the transactions performed using financial instruments of the Company by all those subjects who, by virtue of their position, have access to information such as may cause significant variations in the Company's economic prospects and which may, if made public, significantly influence the price of the relative listed financial instruments issued by the Company. The aforementioned subjects are obliged to deliver communications regarding each transaction using Company financial instruments, to the person thus appointed pursuant to the Code of Conduct, by the end of the fifth day of stock market trading following the end of each calendar quarter. Such communications may however be avoided if the overall value (established on the basis of procedures set forth in the Code of Conduct) of the transactions performed within each quarter is less than € 50,000. However, communication must be performed without delay by the end of the first day of stock market trading following the day on which the transaction is completed, if the value of the transaction exceeds € 250,000. The person with the job of receiving these communications will, in turn, provide for publishing the information received on the market, in accordance with established procedures. If this Code of Conduct is violated by Company employees, this will be assessed as a possible infringement requiring disciplinary action. When violations are made by subjects holding the position of director or statutory auditor, they will be evaluated as possible infringements of the bond of trust.



5. RELATIONSHIPS WITH INSTITUTIONAL INVESTORS AND WITH OTHER SHAREHOLDERS

In the Board Meeting of July 27, 2004, the Company decided, in compliance with article 13 of the Code, to present a document containing regulations for meetings for the approval at the first Ordinary Shareholders' Meeting of the Company called after the listing of Company shares on the MTA. The regulations ensure that the meetings are held in an ordered and efficient manner, ensuring the right of each shareholder to speak on the topics under discussion.

The responsibility for investor relations lies with the corporate director Luciano Santel and the administration manager Livio Libralesso.

6. AUDITORS

The appointment of the Auditors takes place on the basis of lists which must be deposited at the company headquarters and published in at least one national Italian daily newspaper at least 10 days before the date established for the first call of the Shareholders' Meeting (art. 21 of the Articles).

On the occasion of the appointment of the Board of Statutory Auditors, and at the same time as depositing the lists, there shall also be deposited statements in which the individual candidates accept their candidature and declare, under their own responsibility, that there are no impediments to their eligibility or compatibility, and that they are in possession of the requirements set forth under relevant legislation and in the Articles. Together with these declarations, a CV for each candidate shall be deposited, detailing his personal and professional characteristics (article 21 of the Articles).

At the Ordinary Shareholders' Meeting of October 20, 2004, the Company appointed the new Board of Statutory Auditors, which is currently composed of three statutory auditors and two alternate auditors, in the persons of:

1. Fabrizio Colombo, chairman of the board;
2. Achille Frattini, statutory auditor;
3. Andrea Luca Rosati, statutory auditor;
4. Giulia Massari, alternate auditor;
5. Laura Gualtieri, alternate auditor.

The aforementioned members of the Board of Statutory Auditors will remain in office until the date of the approval of the financial statements as at December 31, 2006.

It is specified that the Achille Frattini also holds the position of statutory auditor in the following listed companies: Arnoldo Mondadori Editore -S.p.A. (Chairman of the Board of Statutory Auditors), Mediaset S.p.A. (Chairman of the Board of Statutory Auditors) and Mediolanum S.p.A.. Lastly, the Chairman of the Board of Statutory Auditors, Fabrizio Colombo, up until December 31 2004 held the position of statutory auditor for Bastoni S.p.A. and Brioschi Finanziaria S.p.A., both listed companies.



For the Board of Directors
the Chairman
Mario Moretti Polegato

TABLE 1: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

Board of Directors							Internal Audit Committee ●		Remuneration Committee ◆		Appointments Committee ◇ <i>where appl.</i>		Executive Committee <i>where appl.</i>	
Post	Members	Executive	Non-executive	Independent	****	Number of other posts**	***	****	***	****	***	****	***	****
Chairman	Mario Moretti Polegato		X		100%	1			X	100%			X	100%
Managing director	Diego Bolzonello	x			100%	-							X	100%
Director	Enrico Moretti Polegato		X		100%	-							X	100%
Director	Francesco Gianni		X	X	100%	11	x	100%						
Director	Bruno Barel		X	X	100%	1	X	100%	X	100%				
Director	Alessandro Antonio Giusti		X	X	100%	12	X	100%	X	100%				
Director	Giuseppe Gravina		X	X	100%	-								
Director	Renato Alberini		X	X	100%	-								
Director	Umberto Paolucci		x	x	100%	6								
Number of meetings held during the year			Board of Directors: 1		Internal Audit Committee: -		Remuneration Committee: -		Appointments Committee: -		Executive Committee: 1			

NOTE

* An asterisk indicates that the director was appointed by means of lists presented by the minority shareholders.

** This column shows the number of director or auditor posts held by the person in question in other companies listed in regulated markets, also abroad, in financial, banking, insurance companies or other companies of a significant size. In the corporate governance report the posts are specified in full.

***In this column, an "X" indicates that the director is a member of the Committee.

**** This column shows the directors' percentage of participation in the Board and Committee meetings respectively.

TABLE 2: BOARD OF STATUTORY AUDITORS

Post	Members	Percentage of participation in Board meetings	Number of other posts**
Chairman	Fabrizio Colombo	100%	2
Statutory Auditor	Achille Frattini	100%	3
Statutory Auditor	Andrea Luca Rosati	100%	-
Alternate auditor	Giulia Massari	-	-
Alternate auditor	Laura Gualtieri	-	-
Number of meetings held during the year of reference: 1			
Specify the quorum necessary for the presentation of the lists by the minorities for the election of one or more statutory auditors (as provided for by article 148 Consolidation Finance Act): 1%			

NOTES

* An asterisk indicates that the auditor was appointed by means of lists presented by the minority shareholders.

** This column shows the number of director or auditor posts held by the person in question in other companies listed in Italian regulated markets. In the corporate governance report the posts are specified in full.

TABLE 3: OTHER PROVISIONS OF THE CODE OF CORPORATE GOVERNANCE

	YES	NO	Summary of the reasons for any departure from the recommendations of the Code
System of proxies and transactions with correlated parties			
Has the Board appointed proxies, and established relative:			
a) limits	X		
b) exercise methods	X		
c) reporting frequency?	X		
Is the Board of Directors in charge of examining and approving transactions with particular economic, equity and financial importance (including transactions with related parties)?	X		
Has the Board of Directors defined guidelines and criteria for identification of the "significant" transactions?	X		
Are the above-mentioned guidelines and criteria described in the report?	X		
Has the Board of Directors defined the appropriate procedures for examination and approval of transactions with related parties?	X		
Are the procedures for approval of transactions with related parties described in the report?	X		
Procedure for the most recent appointment of directors and auditors			
Did the filing of nominations for the position of director take place at least ten days in advance?		X	The nominations were expressed informally, on the basis of professional and personal assessments of those selected.
Were the nominations for the position of director accompanied by complete information?	x		
Were the nominations for the position of director accompanied by an indication of eligibility to qualify as independent?	x	x	The nominations were expressed informally, on the basis of professional and personal assessments of those selected.
Did the filing of nominations for the position of auditor take place at least ten days in advance?		x	The nominations were expressed informally, on the basis of professional and personal

			assessments of those selected.
Were the nominations for the position of auditor accompanied by comprehensive information?	x		
Meetings			
Has the company approved Shareholders' Meeting Regulations?		x	The Shareholders' Meeting Regulations will be approved by the first shareholders' meeting after listing on the stock market.
Are these Regulations enclosed with the report (or is it specified where they may be obtained/downloaded)?		x	The Shareholders' Meeting Regulations will be enclosed with the directors' report on the items of the agenda of the Shareholders' Meeting adopting them, and will subsequently be available on the internet site www.geox.com
Internal audit			
Has the company appointed a person responsible for internal auditing?	x		
Are the auditors hierarchically independent of those managing operational areas?	x		
Organizational unit responsible for internal auditing (as provided for by art. 9.3 of the Code)	Internal auditor		
Investor relations			
Has the company appointed an investor relations manager?	x		
Organizational unit and references (address/telephone/fax/e-mail) of the investor relations manager	Luciano Santel / Livio Libralesso tel +39.0423.2822 c/o Geox S.p.A., via Feltrina Centro n. 16, 31030 Biadene di Montebelluna (TV)		