



ANNUAL CORPORATE GOVERNANCE REPORT 2008 ACCOUNTING PERIOD

1. SUMMARY DESCRIPTION OF GEOX S.P.A.'S CORPORATE GOVERNANCE SYSTEM

During 2008, Geox S.p.A. continued the process for the operative implementation of the *corporate governance* set forth in previous years, making additional improvements to the instruments aimed at protecting investor's interests.

In particular, the Company has continued to effectively observe the recommendations contained in the Code of Best Practice for listed companies drawn up by Borsa Italiana S.p.A.'s Corporate Governance Committee and approved on 14 March 2006 (the "Code").

In compliance with section IA.2.14 of the Instructions to the Regulations for markets organized and run by Borsa Italiana and the New Market, the intention is to provide below complete disclosure on the methods for implementing the *corporate governance* system and on compliance with the Code, in accordance with the guidelines provided by the Assonime Circular No. 5 dated 12 February 2007 and the experimental format drawn up by Borsa Italiana in February 2008, pursuant to Articles 124 *bis* of the FCA, 89 *bis* of the Consob Issuers' Regulations and Article IA.2.6 of the Instructions to the Stock Exchange Regulations.

This report refers to the Company's Articles of Association.

Geox S.p.A.'s corporate bodies are: the General Shareholders' Meeting, the Board of Directors, the Executive Committee, the Internal Auditing Committee, the Emoluments Committee, and the Board of Statutory Auditors. The Committees represent the internal structure of the Board of Directors and have been established with the aim of improving the functioning and strategic policy capability of the Board.

Furthermore, an Ethics Committee is present, comprising Mr. Mario Moretti Polegato, Mr. Joaquín Navarro-Valls and Mr. Umberto Paolucci, for the purpose of directing and furthering the commitment and ethical conduct of the Company.

The aim of the corporate governance system is to ensure the correct functioning of the Company and the Group, in general, as well as the development on a global scale of the reliability of its products and, as a consequence, its name.

2. INFORMATION ON THE OWNERSHIP SET-UPS AS OF 31 DECEMBER 2008

a) Share capital structure

The share capital amounts to Euro 25,920,233 and is divided up into 259,202,331 ordinary shares, of which 71.08% owned by the company L.I.R. S.r.l..

The extraordinary shareholders' meeting held on 18 December 2008 resolved a splitable share capital increase, with progressive efficacy and against payment, for a maximum amount of Euro 1,200,000 (one million two hundred thousand\00), by means of the issue of a maximum number of ordinary shares equating to 12,000,000 ordinary shares, with a par value of Euro 0.10 (nought point ten) each, regular divided rights, with the exclusion of the purchase option, and with the latest deadline for subscription established as of 31 December 2020. The shares relating to the proposed

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increase will, therefore, be reserved for the beneficiaries of the share incentive plans (stock option plans), either already approved or future and possible ones.

You are hereby reminded that, as of 31 December 2008, the deadline expired for the subscription of the previous share capital increase against payment on a splittable basis, with exclusion of the purchase option pursuant to Article 2441, sections 5 and 8, of the Italian Civil Code, resolved by the Company's Extraordinary Shareholders' meeting, on 27 July 2004, for a maximum nominal amount of Euro 800,000, by means of the issue of a maximum of 8,000,000 ordinary shares, to be allocated to serve one or more share incentive plans reserved for the directors, the employees and/or co-workers of the Company and/or its subsidiary companies as per Article 2359.1.1 of the Italian Civil Code, so as to provide incentive for: the pursuit of the medium-term plans by the beneficiaries; increasing loyalty retention vis-à-vis the Company; and encouraging the improvement of corporate relations.

As of the date of this report, three cycles of stock option plans have been approved:

- the first, approved by the BoD on 30 November 2004, envisaged a cycle for the allocation of options to be carried out as from November 2004. 2,850,000 purchase options were allocated, whose exercise price was established as Euro 4.6 equating to the offer price at the time of the listing. Of these 2,850,000 purchase options assigned, the BOD meeting held on 5 December 2005 granted faculty to the managers holding these options to bring forward the exercise of 344,000 options, with respect to the dates originally envisaged by the Plan. The accrual period for the options is five years as from the date of allocation of said options (known as the "*vesting period*") and a maximum period of a further five years for the exercise of said options (known as the "*exercise period*"). The possibility of exercising the Options, which is determined tranche by tranche, is dependent on achieving the performance results, cumulative in the respective vesting periods, with reference to the EBIT economic index (*Earnings Before Interest and Tax*) as emerging from the consolidated business plan of the Geox Group.
- the second, approved by the BoD on 15 December 2005, envisaged a cycle for the allocation of options to be carried out as from December 2005. 898,800 purchase options were allocated, whose exercise price equates to the normal value of the shares at the time of the offer of the purchase options, as established by Article 9 of the T.U.I.R. No. 917/86, equating to Euro 9.17. The expiration date is 31 December 2015. The possibility of exercising the options is dependent on achieving the performance results, cumulative in the respective vesting periods, with reference to the GEOX EBIT. The Regulations are essentially identical to those of the 2004 Plan.
- the third, approved by the Shareholders' Meeting held on 7 April 2008, in favour of the Managing Director and other executives and co-workers of the Company, concerns 3,395,000 purchase options which can be exercised in two tranches after an accrual period lasting respectively three and four years. The exercise of the options is also conditioned by achievement of performance results (EBIT) contained in the business plan approved by the BoD on 27 February last. The allocation took place during the BoD meeting held on conclusion of the shareholders' meeting's business.

Further details on the incentive plans are contained in the financial statements as of 31 December 2008 (page 16 *et seq.*), as well as in the investor relations section on the website www.geox.com.

b) Significant equity investments in the share capital

To-date, the parties who invest directly or indirectly, to an extent greater than 2% of the share capital, in accordance with the information emerging from the communication made in accordance with Article 120 of the FCA, are:

- Mario Moretti Polegato, indirectly via LIR S.r.l., with 71.08%;
- Capital Research and Management Company, with 5.11%.

c) Appointment and replacement of Directors and Article of Association amendments

The provisions applicable for the appointment and replacement of directors are indicated under Article 16 of the Articles of Association:

“The Directors are appointed for the first time in the memorandum of association and subsequently by the ordinary shareholders’ meeting. Undertaking of the office of Director is dependent on possession of the requisites established by the law, the Articles of Association and by other applicable provisions.

Those who cover more than ten appointments as director or statutory auditor in other companies listed on organized markets (also abroad), in financial, banking and insurance companies or those of a significant size, cannot be appointed to the office of Director of the Company and, if appointed, fall from office.

When the Board of Directors is appointed by the Shareholders’ Meeting, the Directors are appointed by the ordinary meeting on the basis of lists presented by the Shareholders, in which the candidates will be listed by means of progressive number.

The lists must be deposited at the registered offices and published in at least one Italian newspaper with national coverage at least fifteen days before the date established for the Shareholders’ Meeting in first calling and promptly published on the Company’s website. Each Shareholder may present or contribute towards presenting just one list and each candidate can present themselves on just one list, on penalty of ineligibility. Each Shareholder, as well as the Shareholders belonging to the same group (this being understood to be the party, not necessarily corporate, which controls the same in accordance with Article 93 of Italian Legislative Decree No. 58/1998 as well as the subsidiary and associated companies of the same party), or who comply with a shareholders’ agreement pursuant to Article 122 of Italian Legislative Decree No. 58/98, cannot present or contribute towards presenting or voting for – directly, via third parties or trust companies – more than one list. Only the Shareholders who alone or together with other Shareholders represent at least one fortieth of the share capital (or a lower threshold determined in accordance with legislation in force as of the date of the shareholders’ meeting) have the right to present lists.

For the purpose of proving ownership of the number of shares necessary for the presentation of the lists, the Shareholders who present or contribute towards presenting lists, must at the same time present and/or deliver to the registered offices, a copy of the certification issued by qualified intermediaries with whom the shares are deposited. The declarations by means of which the individual candidates accept their candidature and declare, at their own liability, the inexistence of the causes of ineligibility and incompatibility envisaged by the law and the Articles of Association, as well as the existence of the requisites which may be laid down by law and by the regulations for the Board of Directors by current legislation for the respective offices, must be deposited together with each list, before the afore-mentioned deadline. A curriculum vitae will be deposited for each candidate, together with the declarations, regarding the personal and professional characteristics and with the eventual indication of the suitability for qualifying as independent in accordance with current legislation and in observance of the limit on the accumulation of offices described earlier in this report.

The lists in relation to which these provisions have not been observed, will not be considered as presented.

At least one of the members of the Board, if the Board of Directors is made up of a number of members ranging up to seven, or two members of the Board if the Board of Directors is made up of more than seven members, must possess the independence requisites described above. Independent directors who, subsequent to appointment, lose the afore-mentioned independence requisites, must inform the Board of Directors immediately and, in any event, fall from office.

The Board periodically assesses the independence and uprightness of the directors. In the event that the independence and uprightness requisites do not exist or cease to exist and in the event that the minimum number of directors established in these Articles of Association ceases to exist, the Board

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declares the fall from office of the Directors lacking said requisite and sees to the replacement of the same.

Each party entitled to vote, may vote for just one list. Each list will have to include a number of candidates equating to the maximum number of members of the Board of Directors indicated in Article 15 and, among these, at least two candidates in possession of the independence requisites mentioned above.

The election of the directors is carried out as follows:

- a) eight tenths of the directors to be appointed will be taken in the progressive order with which they are listed in the list which has obtained the majority of the votes expressed by the Shareholders, with rounding down, in the event of a fractional number less than the unit;
- b) the remaining directors will be taken from the other lists, it being understood that at least one director will have to be taken from a list which is not associated in any way, even indirectly, with the shareholders who have presented or voted for the list as per point a) and emerges as in first place with regard to number of votes; for such purposes, the votes obtained by said lists will be divided subsequently by one, two, three and so on according to the progressive number of the directors to be appointed. The ratios thus obtained will be assigned progressively to the candidates on each of the lists, according to the order envisaged respectively by the same. The ratios thus assigned to the candidates of the various lists will be arranged in a single decreasing classification. Those who have obtained the highest ratios will be elected. In the event that several candidates have obtained the same ratio, the candidate on the list which has not yet appointed any directors or which has elected the lowest number of directors, will be elected. In the event that none of the lists has appointed as director yet or all the lists have appointed the same number of directors, the candidate on that which has obtained the greatest number of votes will be elected from among these lists. In the event of lists receiving equal votes and again the ratio being equal, steps will be taken to get the entire Shareholders' Meeting to vote again and the candidate who obtains the simple majority of the votes will be appointed.

If, via the candidates elected on the basis of the formalities indicated above, the appointment of a Director in possession of the independence requisites mentioned above is not ensured, the non-independent candidate elected as the last in progressive order on the list which has received the majority of the votes, as per point a) above, will be replaced by the independent candidate not elected by the same list according to the progressive order.

For the purposes of the allocation of the directors to be appointed, account will not have to be taken of the lists which have not achieved a percentage of votes at least equal to half of those required by the Articles of Association for the presentation of the same lists.

In the event that just one list is presented or in the event that no list is presented, the Shareholders' Meeting resolves via the legal majorities, without observing the procedure envisaged above, it being understood that the minimum number of independent directors established by these Articles of Association will have to be observed.

The duration of the office of the Directors is established at the time of appointment by the Shareholders' Meeting and cannot exceed three accounting periods. The Directors fall from office as of the date of the Shareholders' Meeting called for the approval of the financial statements relating to the last accounting period of their office.

Without prejudice to the matters envisaged by the subsequent section, if one or more of the directors fall from office for any reason during the three-year period, the Board of Directors will take steps in accordance with Article 2386 of the Italian Civil Code to make the related replacement. If one or more of the directors who have fallen from office came from a list also containing names of candidates not elected, the Board of Directors will make the replacement appointing, according to progressive order, individuals taken from the same list to which the outgoing Director came from and who are still eligible and willing to accept the appointment. If the Director who has fallen from office was independent, the replacement will take place, as far as is possible, by appointing the first of the independent Directors not elected on the list from which the outgoing Director was taken

from; the election of the Directors, appointed in accordance with Article 2386 of the Italian Civil Code, is carried out by the Shareholders' meeting adopting the legal majorities, appointing the replacement on the basis of the same criteria as per the previous paragraph, and the directors thus appointed will fall from office together with those in office at the time of their appointment. If there are no candidates on the afore-mentioned list who have not been elected before or the replacement formalities previously indicated do not permit observance of the minimum number of independent Directors or, further still, just one list has been presented or no list has been presented, the Board of Directors takes steps to replace the outgoing Directors in accordance with Article 2386 of the Italian Civil Code without observing the afore-mentioned criteria, just as the Shareholders' Meeting takes steps again with the legal majorities, without prejudice to the observance of the minimum number of independent Directors, and the Directors thus appointed will fall from office together with those in office at the time of their appointment. If, during the course of the mandate, the majority of the Directors appointed by the Shareholders' Meeting fall from office, for any reason whatsoever, the entire Board of Directors will be understood to have fallen from office, and the Shareholders' Meeting must be called urgently by the Directors who have remained in office so as to re-establish the new Board of Directors.

It is understood that if, during the course of the accounting period, one or more Directors fall from office, provided that the majority is always made up of Directors appointed by the Shareholders' Meeting, the Shareholders' Meeting in any event has the faculty to resolve a reduction in the number of Board members to that of the Directors in office for the residual duration of their mandate, provided that the minimum number of directors endowed with the requisites of independence mentioned above is observed and provided that there is at least one Director taken from the minority lists (if previously elected).

If the number of Directors has been established to a lower extent than the maximum envisaged by Article 15 above, the Shareholders' Meeting, also during the period the Board remains in office, may increase this number within the maximum limit as per the afore-mentioned Article. With regard to the appointment of additional members of the Board of Directors, the Board proceeds as follows: the additional Directors are taken from the list which has obtained the greatest number of votes expressed by the Shareholders at the time of the appointment of the members in office at that moment, from among the candidates who are still eligible, and the Shareholders' Meeting resolves by means of the legal majorities, observing this principle; if, by contrast, there are no candidates left on the afore-mentioned list who have not been elected previously or just one list has been presented or no list has been presented at all, the Shareholders' Meeting takes step to make the appointment without observing the matters indicated above, by means of the legal majorities. The Directors thus appointed fall from office together with those in office at the time of their appointment.

The Shareholders' Meeting establishes the total fee due to the Directors, including those vested with particular responsibilities. Subject to the opinion of the Board of Statutory Auditors, the Board of Directors divides the total fee established by the Shareholders' Meeting among its members. The Directors are also due the reimbursement of the expenses incurred for the performance of their functions”.

d) Powers to increase the share capital

On 18 December 2008, the extraordinary Shareholders' Meeting resolved a splitable share capital increase, with progressive efficacy and against payment, for a maximum amount of Euro 1,200,000 (one million two hundred thousand/00), by means of the issue of a maximum number of ordinary shares equating to 12,000,000 ordinary shares, with a par value of Euro 0.10 (nought point ten) each, regular divided rights, with the exclusion of the purchase option, and with the latest deadline for subscription established as of 31 December 2020. The shares relating to the proposed increase will, therefore, be reserved for the beneficiaries of the share incentive plans (stock option plans), either already approved or future and possible ones.

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The exclusion of the purchase option is, therefore, justified by the Company's interest in providing incentive, via the stock option mechanism, to the directors, the employees and/or co-workers of the Company and/or its subsidiary companies as per Article 2359.1.1 of the Italian Civil Code. In fact, the need to provide incentive for productivity and increase the loyalty retention of the individuals who benefit from the afore-mentioned plans, as well as contribute to an improved posturing of corporate relations, is still considered to exist.

With reference to the issue price of the shares, in compliance with the matters envisaged in the approved and/or possible stock option plans, the Board of Directors proposes to establish the price on a consistent basis for both the shares which will be issued against a portion of the share capital increase reserved for the employees, and for the shares which will be issued against the portion of the share capital increase reserved for the managers. Furthermore, it is considered advisable not to establish the final issue price as yet during the meeting, but, in line with best practices, that the shares be issued at a value equating to the arithmetic average of the official prices reported by the Geox stock on the On-line Stock Market, organized and run by Borsa Italiana S.p.A., during the month prior to the allocation date/s (the prior month being understood to be the period which runs from the allocation date/s of the subscription rights to the same day in the previous month, and it being understood that this period, for the purposes of the arithmetic calculation, will only take into account the open Stock Market days when ordinary Geox S.p.A. shares have been effectively traded), in observance of the minimum price per share which comes to Euro 1.20.

The Board of Directors, (or the members of the same which the body may wish to entrust) was entrusted the task of executing the authority granted by the shareholders identifying, as and when necessary, the issue price of the shares, on the basis of the afore-mentioned criteria and in compliance with the matters laid down by Article 2441.6 of the Italian Civil Code.

In conclusion, said Board of Directors was reserved the task of proceeding, on one or more occasions, with the exact identification of the beneficiaries of the plan, the determination of the tranches of shares to be allocated, the identification of the exercise periods as well as the issue price of the shares (in observance of the minimum as subsequently indicated), and the other conditions and terms for the implementation of the plans/s, informing itself using meritocratic and remunerative criteria, established by said Board, which encourage and reward the individual contribution to productivity, the Company profitability, the growth of the corporate image and the loyalty and continuity in the relationship.

3. COMPLIANCE

The Company had formally adopted the Code of Best Practice for listed companies drawn up by Borsa Italiana S.p.A.'s Corporate Governance Committee, as approved on 14 March 2006 (the "Code") by means of the BoD meeting held on 22 January 2007.

4. MANAGEMENT AND CO-ORDINATION ACTIVITIES

The Company is the party which exercises management and co-ordination activities for the Geox S.p.A. Group companies, also with regard to the subject of governance, by means of recommendation of the adoption of specific regulations on the subject, all published in the related section of the Company's website www.geox.com. Despite it being controlled by another company, Geox S.p.A. does not consider itself to be subject to the management and co-ordination activities of third parties, since the decision-making bodies and the management headquarters of the entire Group are concentrated within Geox S.p.A.'s structure.

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5. BOARD OF DIRECTORS

5.1 Composition

Pursuant to Article 15 of the Articles of Association, the Company is managed by a Board of Directors (hereinafter also the “BoD”) made up of a minimum of five and a maximum of nine Directors. They can be re-appointed.

The directors currently in office were appointed by the Shareholders during the general meeting held on 12 April 2007, until the general shareholders’ meeting called to approve the financial statements as of 31 December 2009, on the basis of the list presented by the majority shareholder LIR S.r.l..

Name	Office	In office since	List	Exec.	Non-exec.	Indep.	Indep. FCA	% BoD	Other offices
Mario Moretti Pologato	Chairman	12 April 2007	M	X				100	-
Diego Bolzonello	Managing Director	12 April 2007	M	X				86	-
Enrico Moretti Pologato	Deputy Chairman	12 April 2007	M	X				100	-
Francesco Gianni	Director	12 April 2007	M		X	X	X	100	7
Bruno Barel	Director	12 April 2007	M		X	X	X	86	2
Alessandro Antonio Giusti	Director	12 April 2007	M		X	X	X	100	8
Giuseppe Gravina	Director	12 April 2007	M		X	X	X	100	-
Renato Alberini	Director	12 April 2007	M		X	X	X	100	-
Umberto Paolucci	Director	12 April 2007	M		X	X	X	71	8

Name	Office	Executive Committee	% EC	Emoluments Committee	% R.C.	Internal Auditing Committee	% IAC
Mario Moretti Pologato	Chairman	P	94				
Diego Bolzonello	Managing Director	M	100				
Enrico Moretti Pologato	Director	M	76				
Francesco Gianni	Director					M	100
Bruno Barel	Director			M	100	M	100
Alessandro Antonio Giusti	Director			M	100	P	100
Giuseppe Gravina	Director						
Renato Alberini	Director			M	100		
Umberto Paolucci	Director						

By means of resolution dated 22 January 2007, the BoD established to set the maximum number of appointments as director or statutory auditor in other companies listed on organized markets (also abroad), in financial banking or insurance companies or those of significant size, which can be covered by each Geox S.p.A. director, as ten. This provision has also been included in Article 16 of the Articles of Association.

The current composition of the Board respects this general approach.

The personal and professional qualities of the individual directors are included in their *curricula vitae* published on the Company website www.geox.com in the investor relations-corporate governance-corporate bodies section.

5.2 Role of the Board of Directors

During 2008, seven meetings of the BoD were held with an average duration of an hour each, called in accordance with the formalities envisaged by the Articles of Association. The participation of the Directors at these meetings was more or less total. With regard to the current accounting period, a number of meetings equating to seven-ten is envisaged.

The management of the Company is the exclusive responsibility of the BoD, which carries out all the activities necessary for the implementation and achievement of the corporate purposes, with the sole exclusion of the acts assigned peremptorily to the Shareholders' Meeting by law and by the Articles of Association.

In accordance with Article 2365.2 of the Italian Civil Code, the following are also the responsibility of the BoD: (a) the merger resolution pursuant to Articles 2505 and 2505 *bis* of the Italian Civil Code; (b) the establishment and closing down of secondary offices; (c) the reduction of the share capital in the event of withdrawal of the shareholder; (d) the adaptation of the Articles of Association to legislative provisions; (e) the transfer of the registered offices to another Municipality in Italy (Art. 15 of the Articles of Association).

The issue of bonds is also the responsibility of the BoD, with the exception of the issue of bonds convertible into shares of the Company or in any event backed by warrants for the underwriting of Company shares, which is resolved by the extraordinary Shareholders' Meeting of the Company (Art. 8 of the Articles of Association).

The Articles of Association reserve the following for the BoD: decisions concerning acts of provision, for any purpose and of any nature, for trademarks, patents and other intellectual property rights, which are the exclusive competence of the BoD (Art. 17 of the Articles of Association). Furthermore, the following are the exclusive responsibility of the BoD and cannot be delegated: decisions to be adopted, upon the proposal of the Chairman of the BoD, regarding the definition of the growth and policy strategies for corporate management, also on a long-term basis, as well as regarding the annual business and economic-financial plan (budget) and the long-term forecast plans with the related investment plans (Art. 15 of the Articles of Association).

Without prejudice to the powers which, as illustrated above, cannot be delegated by law or in any event Article of Association provisions, the BoD has identified additional matters reserved for its exclusive competence, taking into account the particular significance of the related transactions.

In detail, as of today's date the following decisions are reserved for the responsibility of the BoD, concerning:

- a) transactions for the purchase or sale, also by means of subscription and conferral, of equity investments and/or companies and/or business segments, if the total value of the individual transaction is greater than Euro 10 (ten) million;
- b) the granting of loans, if the aggregate value for the accounting period is greater than Euro 5 (five) million;

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- c) the issue of unsecured and/or secured guarantees, if the aggregate value for the accounting period is greater than Euro 5 (five) million;
- d) the issue of bonds or financial instruments, if the overall value of the individual transaction is greater than Euro 10 (ten) million;
- e) the raising of loans and/or other financial debt transactions, if the overall value of the individual transaction is greater than Euro 40 (forty) million;
- f) the transactions pursuant to the previous points (a), (c), (d) and (e) entered into with Group companies in the event of exceeding half the thresholds respectively indicated in the aforementioned points, as well as the granting of loans to Group companies, if the aggregate value for the accounting period is greater than Euro 2.5 (two point five) million for each company;
- g) all the transactions with related parties outside the Group which are not typical or usual transactions to be concluded under standard conditions;
- h) checking of the adequacy of the general organizational and administrative set-up of the Company and the Group arranged by the Managing Directors.

During 2008, on the basis of the Article of Association provisions referred to above and without prejudice to the decisions adopted by the Managing Director and Executive Committee, with reference to the delegated powers and in line with the provisions of Article 1.C.1. of the Code, Geox S.p.A.'s Board of Directors discussed the industrial and financial strategic plans of Geox S.p.A. and the Group, the corporate governance system, the general organizational, administrative and accounting set-up, with particular reference to the internal audit system and the handling of conflicts of interest, the general operational trend, taking into consideration the information received from the appointed bodies and via periodic comparison of the results achieved with those scheduled, and the Group's structure. Furthermore, the BoD examined and approved the transactions of significant strategic importance for the Parent Company and its subsidiaries, and confirmed minor transactions between related parties approved by the Executive Committee.

Assessment of the adequacy of the general organizational, administrative and accounting set-up of the subsidiary companies with strategic importance, with particular reference to the internal audit system and the handling of conflicts of interest, forms the subject matter of the Plan for the adaptation of the internal audit system within the non-EU companies, drawn up in compliance with Article 39 of the new Consob Markets Regulations, as deposited with Consob in May 2008.

On 27 February 2008, the BoD appointed the director Enrico Moretti Polegato to the office of Deputy Chairman of the Company, by virtue of his growing commitments within the Company and, above all else, the eventual need to replace the Chairman in the event of his absence or unavailability.

In relation to this new appointment, which has also been joined by the task of supervising the internal audit division and the functioning of the internal audit system (as per Article 8.C.1 of the Code of Best Practice), the BoD – having consulted the Emoluments Committee- proposed before the Shareholders' Meeting held on 7 April 2008, to assign Enrico Moretti Polegato an annual fee of Euro 150,000, subsequently assigned definitively by the BoD meeting held on 7 April 2008.

The Board of Directors is reserved the examination and prior approval of Geox S.p.A. transactions and those of its subsidiaries, in observance of the procedure for transactions with related parties. Specifically, this procedure envisages that before making decisions with regard to a transaction with related parties, the competent body must avail of adequate information on the nature of the correlation, on the executive formalities of the transactions, on the conditions, including economic, for its achievement, on the valuational process followed, on the interest and the underlying reasons and on any risks for the Company, and when the nature, value or other features of a transaction with

related parties require as such, in order to avoid that said transaction is carried out under conditions other than those which would have been likewise negotiated between non-related parties, the competent body requests the assistance of one or more independent experts who express an opinion, depending on the circumstances, on the economic conditions and/or on the legitimacy and/or on the technical aspects of the transaction.

Any interests of the directors in corporate transactions have always been highlighted to the BoD or to the Executive Committee. All the transactions with related parties are indicated in the financial statements as of 31 December 2008.

On 4 March 2009, the BoD carried out a positive assessment of the current dimension, composition and functioning of said Board and of its committees, appreciating the variety of the spheres of competence of each director and the consequent diverse contribution which each one has been able to make during their period in office. These features, combined with the elevated professional level of each director, has permitted the directors to act and resolve in full awareness of the facts and autonomously, pursuing the priority aim of the creation of value for the Shareholders. Furthermore, it has been possible to focus on a varied composition of the internal committees, so as to avoid– in as far as it is possible– the concentration of the offices in the hands of just a few individuals.

In line with the matters recommended by Article 1 of the Code, the management body is assigned a central role in the Company's Corporate Governance system. The Board of Directors meets at regular intervals, organizing itself and operating so as to ensure an effective and efficient performance of its functions. In proximity to the Board meetings, the Company takes steps to provide the Directors – via the Chairman of the BoD – with the documentation necessary for ensuring adequate disclosure with regard to the business on the agenda (Art. 17 of the Articles of Association).

The Chairman calls the Board meetings, and thus also when written request is made in this connection by at least two Directors or Statutory Auditors or by a managing Director (Art. 19 of the Articles of Association).

The presence of the majority of the Directors in office is necessary for the validity of the resolutions; the Board resolutions are adopted by means of absolute majority of the Directors present. In the event equal votes are cast, the Chairman's vote prevails. With regard to decisions on acts of provision, for any purpose and of any nature, for trademarks, patents and other intellectual property rights, the BoD resolves with the favourable vote of five sevenths of its members, with rounding up to the unit (Art. 19 of the Articles of Association).

5.3 Decision-making bodies

a) Managing Director

Availing itself of the faculty pursuant to Article 17 of the Articles of Association, on 12 April 2007 the Board of Directors confirmed Mr. Diego Bolzonello in the role of Managing Director of the Company, revoking the powers originally granted to the same and granting him new authority, subsequently partially amended by the BoD on 29 July 2008.

Within the limits of the law and the Articles of Association, in observance of the reservations of responsibility of the General Shareholders' Meeting, the Board of Directors and the Executive Committee and the limits specifically indicated in relation to each power, the BoD granted the Managing Director the following powers of ordinary and extraordinary business:

- (i) with full decision-making autonomy and responsibility, the overseeing of the production, technological, commercial and technical plant engineering sectors, co-ordinating every aspect of the Company's production activities, within the limits of the pre-established production and expenditure programmes, as well as the overseeing and

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co-ordination of the Company's administrative and finance sector, establishing the rules for the organization and functioning of the same, also ensuring the connection with outside workers;

- (ii) taking steps so that the plant which the Company is endowed with, also by means of on-going maintenance, repairs and replacements, is fully compliant with the provisions directed at containing emissions or inflows of fumes, gas, powders, vapours, liquid and solid residues within the limits prescribed by Italian legislation, so that it does not contribute to polluting the atmosphere, the ground, the waterways and does not exceed the limit of normal tolerability for those nearby;
- (iii) the undertaking of commitments on subjects relating to corporate activities, in particular finalizing contracts with customers, including franchising agreements, and suppliers of products, raw materials and services for external processing, selling Company products, finalizing the related deeds and also granting payment extensions and discounts, agreeing prices and payment methods provided that, as far as contracts with suppliers are concerned, the total amount does not exceed Euro 1,000,000 (one million) per single contract;
- (iv) finalizing contracts relating to the purchase and/or sale of machinery, equipment, vehicles and other movable assets, also those recorded in Public Registers, finalizing the related deeds, agreeing the related prices and payment methods, granting payment extensions and discounts, provided that the total amount does not exceed Euro 500,000 (five hundred thousand) per single contract;
- (v) acquiring services of any type necessary for the performance of the corporate activities, with the express faculty to finalize the related contracts, including insurance agreements, and/or finalize contracts for work and/or consultancy of any kind, agreeing prices and payment methods, provided that the total amount does not exceed Euro 500,000 (five hundred thousand) per single contract;
- (vi) finalizing rental, free loan, hire and lease agreements for movable assets and real estate property, necessary for the performance of the corporate activities, provided that the total value does not exceed Euro 500,000 (five hundred thousand) per single contract;
- (vii) opening bank and post office current accounts in the name of the Company, both in national and foreign currency, agreeing credit facilities, opening safety deposit boxes, renting them and exercising all the related rights;
- (viii) carrying out, in relation to the Company's commitments, the following transactions on the Company's accounts, in Italy and abroad, within the limit of Euro 3,000,000 (three million) per individual transaction:
 - drawing current account cheques also for the use of overdraft amounts, within the limits of the credit facilities granted;
 - drawing postal giros;
 - endorsing bank current account cheques, postal or telegraphic orders and any other credit instrument in favour of the Company or credit transfers in favour of third parties;
 - making withdrawals;
 - making payments by means of any technical form;
 - opening letters of credit and seeing to their payment.

With regard to fund transfers between banks, the afore-mentioned limit rises to Euro 20,000,000 (twenty million); the afore-mentioned limit of Euro 3,000,000 (three million) relating to this point (viii) is not applicable for the payment of taxes, dues and social security and welfare contributions payable by the Company on the basis of current legislation.

- (ix) exclusively for the purpose of, and within the limits of that which is necessary for, setting up hedging transactions relating to exchange and/or interest rate risks, purchasing and selling and in general finalizing any transaction concerning foreign currency, as well

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as entering into and terminating contracts on interest and exchange rates; all of which in observance of the monetary provisions in force, as well as those which may be introduced in the future, up to the limit of Euro 20,000,000 (twenty million) per individual transaction, signing jointly together with Mr. Luciano Santel;

- (x) taking steps to recapitalize and finance the subsidiary companies in the form considered to be the most appropriate up to the limit of Euro 2,000,000 (two million) per individual transaction;
- (xi) carrying out payments into current accounts, endorsing bank cheques, promissory notes, certificates of credit, bills of exchange and postal orders for discount and for collection, payable at credit agencies, post and telegraph offices, and in general with any individual or corporate entity, endorsing payment orders, including warrants on State, Regional, Provincial and Municipal Authority Treasury Offices and on any public banks, endorsing bankers' drafts, and in any event issuing the corresponding receipts;
- (xii) finalizing and terminating any other contract which appears useful or necessary for the pursuit of the corporate purpose, including agency, representation, mediation and business canvassing contracts, also with exclusive rights, as well as in any event those pertaining to the distribution of Company products, provided that the value and/or overall expenditure commitment (also when the contracts are long-term) does not exceed Euro 250,000 (two hundred and fifty thousand) in total per individual contract, if a quantification is possible in relation to the nature of the contract. Licence and distribution agreements must be subject to the assessment of the Executive Committee.
- (xiii) granting guarantees and/or sureties, collecting sums lent, in full or in part, and providing receipt for the same; these transactions can be carried out up to a value equating to Euro 250,000 (two hundred and fifty thousand) per individual transaction;
- (xiv) opening bank and finance credit facilities in general;
- (xv) looking after relations with any public and governmental body, none excluded, including therein by way of example and not limited to Chambers of Commerce, the Register of Commercial Concerns and public registers, finalizing any document, application, or receipt in the name of the Company;
- (xvi) looking after relations with any tax or customs office, governmental or local, also abroad, performing any procedure relating to taxes, dues and contributions, challenging rolls and assessments, issuing declarations relating to direct and indirect taxation, including the declarations and any other fulfilment envisaged by the norms on Value Added Tax, certificates, forms and questionnaires, presenting petitions, appeals and claims, briefs and documents before any tax office or Commission, collecting rebates and interest from tax collection agents, and issuing receipt in the name of the Company;
- (xvii) performing any act and fulfilling any task in the field of social welfare, seeing to relations with all the social security welfare and insurance institutes, seeing to the matters required by current provision regarding labour matters, especially with regard to insurance, contributions, indemnities and taxes;
- (xviii) looking after relations with any authority, body, institute regarding labour matters, vis-à-vis the trade unions, both of employers and workers, as well as dealings with the employment bureaus and conciliation and arbitration boards, with the faculty to come to terms on disputes, to carry out any other act and to accomplish any other task in the field of labour relations, considered appropriate in the Company's interests;
- (xix) looking after relations with the postal authorities and with railway, maritime, air and land-based transport companies, with the faculty to draw up any document and application, receive registered and insured letters, envelopes and letters of any other kind, collect reimbursements and sums of any kind, issuing receipt;
- (xx) in relation to the matters listed in the previous points from (i) to (xix), and within the limits envisaged above for each one of them, representing the Company in dealings with

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any third party, public and/or private, acting in the name and on behalf of the Company, signing any deed and/or document;

- (xxi) signing the correspondence and documents in general;
- (xxii) representing the Company before any judicial authority at any level, venue or type of jurisdiction, for all types of litigation or proceedings of any kind, brought by and furthered vis-à-vis the Company, and also before the Tax Commissions at any level, with the power to appoint lawyers, *ad lites* and *ad negotia* legal counsel, arbitrators, and experts, removing and/or replacing them, in Italy and abroad, with the power to elect domicile, come to terms and conciliate the disputes and in any event to avail of their purpose, and to sign the necessary powers of attorney for such purposes;
- (xxiii) raising protests and serving injunctions, seeing to preventive and executive acts, if necessary seeing to the revocation of the same, intervening in bankruptcy proceedings, agreements with creditors, receivership and further the declaration thereof, making and accepting effective offers;
- (xxiv) carrying out, with the faculty to sub-delegate and with the exclusion of the procedures relating to company executives, all the transactions concerning employees such as, by way of example but by no means a complete list:
 - the employment of Geox S.p.A. employees;
 - contractual transformations (for example: from part-time to full time, from temporary to permanent, etc.);
 - reprimands and disciplinary measures;
 - disciplinary dismissals, due to just cause and justified reasons;
 - promotions and various wage/salary increases;
 - the granting of one-off bonuses and management by objective bonuses;
 - work location transfers and secondment/mission contracts abroad for employees;
 - project work contracts and related changes.
- (xxv) appointing, within the sphere of the powers indicated above, *ad acta* legal representatives or general proxies, assigning them the related powers, as well as revoking said appointments

b) Chairman

The Chairman has not received any operating power of attorney, apart from the signature of documents relating to company executives. However, he covers a specific role in the drawing up of the company strategies and is the Sole Director of LIR S.r.l., Geox S.p.A.'s controlling shareholder.

c) Executive Committee

The BoD meeting held on 12 April 2007 confirmed the assignment of the power of ordinary and extraordinary business granted to the Executive Committee by the BoD on 9 December 2004. In detail, the Committee is granted the powers of ordinary and extraordinary business of the Company, with the exception of the following indicated below:

- (i) the powers indicated in Articles 2420 *ter* 2423, 2443, 2446, 2447, 2501 *ter*, 2506 *bis* of the Italian Civil Code; and
- (ii) the matters reserved for the Board of Directors by the Articles of Association— these, in particular, include the acts of provision, for any purpose and of any nature, for trademarks, patents and other intellectual property rights of the Company as well as the growth and policy strategies for corporate management, also on a long-term basis, and the annual business and economic-financial plan (budget) and the long-term forecast plans with the related investment plans, and;

- (iii) the additional matters, identified by, and reserved for, the Board of Directors taking into account, as already illustrated above, the recommendations of the Code of Best Practice.

During 2008, the Executive Committee met seventeen times. The average duration of the meetings was thirty minutes. For the accounting period underway at present, a precise number of meetings has not been established. To-date, two have been held.

d) Disclosure to the Board

The Managing Director has reported to the Board regarding the activities carried out when exercising the powers granted, during the first profitable meeting.

5.4 Other executive directors

The Chairman Mr. Mario Moretti Polegato is considered to be an executive director, despite the absence of specific operational powers, in consideration of his specific role when drawing up company strategies (Article 2.C.1 of the Code).

Mr. Enrico Moretti Polegato is also considered to be an executive director, by virtue of his appointment as member of the Executive Committee and his systematic involvement in the current management of the company.

In accordance with Article 2.C.2. of the Code, the Chairman encourages the participation of the directors in BoD meetings and general Shareholders' meetings and other initiatives aimed at increasingly their awareness of the situation and the corporate dynamics via, for example, direct dialogue with certain key executives, visits to the Group production plants, etc.

5.5 Independent directors

The BoD assessed the independence of six non-executive members both before their appointment and at the time of the presentation of the lists by the majority shareholder, to which the individual declarations were attached and, in conclusion, also after their appointment by the general Shareholders' Meeting, on 12 April 2007. When carrying out its assessments, the BoD applied all the criteria envisaged by the Code.

The Board of Statutory Auditors also ascertained the correct application of the criteria and the assessment procedures adopted by the Board for assessing the independence of its members.

During 2008, the independent directors met once to assess the CONSOB consultation document dated 9 April 2008 relating to transactions with related parties and in particular the innovations introduced by said document.

5.6 Lead independent director

Considering the role of the Chairman of the BoD, a lead independent director has been identified in the person of Giuseppe Gravina, who represents a point of reference and co-ordination of the requests for the contributions of the non-executive directors and, in particular, the independent directors, improving the activities and functions of the BoD.

During 2008, the lead independent director was able to act as a stimulant among the other independent directors so as to highlight the proposed legislative changes which in particular concerned the role of the independent directors themselves with reference to specific types of corporate transactions, starting up discussion, subject to a brief presentation of the above document and providing, on the fringe of subsequent meetings, news regarding legislative change underway. The discussion did not however give rise to any observations or proposals formally transmitted to CONSOB.

6. HANDLING OF CORPORATE INFORMATION

In line with the provisions of Article 4 of the Code, the Company – via the BoD meeting held on 20 April 2006 – completed the organizational adaptation to the legislation regarding “market abuse” as per Consob Resolution No. 15232 dated 29 November 2005, approving the “Regulations concerned privileged information and the establishment of the Register of individuals who have access to it”, and setting up the specific Register. Subsequently, the other Group companies also adopted the afore-mentioned Regulations, guaranteeing observance thereof and delegating Geox S.p.A. with the establishment, handling and keeping of the Register, for the purpose of permitting a co-ordinated management of the circulation of privileged information.

The procedure for handling privileged information and the Register of individuals who have access to it, was always observed during 2008.

7. COMMITTEES WITHIN THE BOARD

a) Appointments Committee

The BoD meeting held on 22 January 2007 resolved that it did not deem it appropriate to proceed with the establishment of an Appointments Committee since, in as far as this Committee may ensure adequate identification of the candidates for the office of director, it complied with the comment of the Code which acknowledges its fundamental role in companies featuring, other than Geox S.p.A., a high degree of dispersion of the body of shareholders, so as to ensure an adequate level of independence of the directors with respect to management.

b) Emoluments Committee

The Board of Directors meeting held on 12 April 2007 confirmed the establishment of an Emoluments Committee and assigned it the tasks pursuant to Article 7 of the Code.

Specifically, the Emoluments Committee has the task of (i) making proposals to the Board for the remuneration of the Managing Director and that of the other Directors who cover particular offices, as well as, upon the indication of the Managing Director, for the determination of the criteria for the remuneration of the Company’s senior management, capable of attracting and motivating individuals of an adequate level and experience; (ii) making proposals relating to any incentive plans in favour of the Directors, employees and co-workers; (iii) providing opinions on matters submitted from time to time before the Board of Directors concerning remuneration or any other inherent or associated matter.

The Committee is made up of three independent, non-executive directors, Renato Alberini, Bruno Barel and Alessandro Antonio Giusti.

When carrying out its functions, the Emoluments Committee may avail itself of outside consultants, at the Company’s expense.

During 2008, the Emoluments Committee met twice, so as to draw up suggestions regarding stock options and assess the additional fee to be paid to the director Enrico Moretti Polegato. Minutes were duly taken of these meetings.

The Emoluments Committee’s Regulations envisage that each member of the Committee be obliged to refrain from voting in the event they find themselves in a situation of conflict of interests with respect to the business placed on the agenda.

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When carrying out its functions, it was possible for the Committee to access the information and corporate functions necessary for the performance of its tasks, as well as avail itself of outside consultants. During all the meetings which were attended by individuals who are not members of the Committee, participation took place upon the invitation of said Committee and with regard to the business on the agenda.

When meeting any costs, the Committee may avail itself of financial resources which are set aside on the basis of contingent needs.

10. DIRECTORS' REMUNERATION

The Board directors are due – in addition to the reimbursement of any costs incurred for the performance of their functions – the annual fee to the extent established by the Board of Directors meeting held on 12 April 2007, within the limits of the total amount established by the Shareholders' Meeting held on 12 April 2007 in favour of the Board, including the Directors entrusted with particular appointments (Art. 16 of the Articles of Association).

Furthermore, after a specific resolution adopted by the Shareholders' Meeting, the BoD held on 7 April 2008 granted the director Enrico Moretti Polegato an additional fee for the undertaking of the new office of Deputy Chairman and the supervision of the internal audit function and the functioning of the internal audit system (as per Article 8.C.1 of the Code of Best Practice).

The remuneration of the executive directors is established to a fixed extent, since it is considered the most appropriate method for the correct acknowledgement of the quality involved when performing the role covered. One of them is the beneficiary of share-based incentive plans.

The remuneration of the non-executive directors is also determined to a fixed extent, since it is considered that reference to the results could compromise the quality of their activities. The determination of their remuneration is based on the commitment of the individuals both within the BoD and in the activities of the various internal Committees.

Name	Emolument for the office (Euro)	Non-monetary benefits	Bonuses and other incentives	Other remuneration	Total
Mario Moretti Polegato	1,800,000				1,800,000
Diego Bolzonello	400,000	7,314		742,714	1,150,028
Enrico Moretti Polegato	118,750				118,750
Francesco Gianni	35,000				35,000
Bruno Barel	45,000				45,000
Alessandro Antonio Giusti	65,000				65,000
Giuseppe Gravina	25,000				25,000
Renato Alberini	35,000				35,000
Umberto Paolucci	35,000				35,000

11. INTERNAL AUDITING COMMITTEE

The Internal Auditing Committee was established by the BoD meeting held on 9 December 2004 and confirmed by the BoD meeting held on 12 April 2007. The Committee is assigned the tasks pursuant to Article 8 of the Code.

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The Internal Auditing Committee is made up exclusively of non-executive (Art. 8.P.4.) and independent directors: Messrs. Francesco Gianni, Bruno Barel and Alessandro Antonio Giusti; furthermore, both the chairman of the Board of Statutory Auditors, or another Auditor appointed by the Chairman of said Board, and the Company's Managing Director, participate in the work of the Committee.

One of the members, Mr. Giusti, a business accountant, has acknowledged experience regarding accounting and financial matters.

During 2008, the Committee met seven times. Minutes were duly taken of these meetings. During the meetings which were attended by individuals who are not members of the Committee, participation took place upon the invitation of said Committee and with regard to the business on the agenda. When carrying out its functions, it was possible for the Committee to access the information and corporate functions necessary for the performance of its tasks, as well as avail itself of outside consultants.

The Internal Auditing Committee, in its reports to the BoD, deemed the internal audit situation of the Company as adequate.

When meeting any costs, the Committee may avail itself of financial resources which are set aside on the basis of contingent needs.

During 2008, in observance of the provisions pursuant to the Code of Best Practice for listed companies, Art. 8.C.1., the Internal Auditing Committee assisted the Board of Directors with regard to the following activities:

- definition of the lines of policy of the internal audit system, so that the main risks pertaining to the Company and its subsidiaries are correctly identified, as well as adequately gauged, handled, monitored, and compatible with a sound and correct management of the Company;
- identification of the Executive Director appointed to oversee the functioning of the Internal audit system;
- assessment of the adequacy, efficacy and effective functioning of internal auditing.

The Committee also monitored the activities for checking the control protocols envisaged by the Management and Organization model pursuant to Italian Legislative Decree No. 231/2001 in certain significant company processes, performed by Geox's supervisory body with the support of the company's Internal Audit division. In observance of the provisions pursuant to the Code of Best Practice for listed companies Art. 8.C.3., letter a), the Internal Auditing Committee met and assessed, together with the executive tasked with drawing up the accounting documents and the auditors, the correct use of the accounting standards and their consistency for the purposes of drawing up the consolidated financial statements.

In observance of the provisions pursuant to the Code of Best Practice for listed companies Art. 8.C.3., letter c), the Internal Auditing Committee examined and approved the Audit plan for the 2009 accounting period drawn up by the Party in charge of Internal Auditing, as well as the periodic reports drawn up in relation to the audit activities carried out during 2008 and the stage of completion of the work relating to the 2008 Audit plan.

With regard to the overall profile of the internal audit system, the Committee assessed the work carried out by the Internal Audit divisions which, in turn, availed itself of the contribution of external resources.

In observance of the provisions pursuant to the Code of Best Practice for listed companies Art. 8.C.3., letter d), the Internal Auditing Committee assessed the work plan drawn up for the audit carried out by the independent auditing firm Reconta Ernst & Young Spa, in co-ordination with the activities of the Board of Statutory Auditors.

Furthermore, in observance of the provisions pursuant to the Code of Best Practice for listed companies Art. 8.C.3., letter e), the Internal Auditing Committee oversaw the efficacy of the accounting audit process.

The Committee evaluated the state of implementation of the internal procedures defined and disclosed so far.

In conclusion, in observance of the provisions pursuant to the Code of Best Practice for listed companies Art. 8.C.3., letter g), the Internal Auditing Committee reported periodically to the Board of Directors on the activities carried out and the adequacy of the Internal Audit System.

12. INTERNAL AUDIT SYSTEM

Geox S.p.A.'s internal audit system is understood to be a process which involves all the company divisions, aimed at protecting efficacy and efficiency when carrying out corporate transactions, the reliability of the financial information, the observance of applicable legislation and the safeguarding of the company assets.

The Board of Directors defines the lines of policy of the internal audit system by means of the coordination of the dedicated internal bodies and the evaluation of their periodic reports, so that the main risks pertaining to the Company and its subsidiaries are correctly identified, as well as adequately gauged, handled and monitored, also determining criteria of compatibility of these risk with a sound and correct management of the Company.

During 2008, the BoD assessed the adequacy of the internal audit system at the time of the interim report on the activities of the Internal Auditing Committee, the Supervisory Body and the executive director tasked with overseeing the functions of the internal audit system.

12.1 Executive director tasked with overseeing the functioning of the internal audit system

During 2008, the BoD identified an executive director tasked with overseeing the functioning of the internal audit system (Art. 8.C.1. Code): Mr. Enrico Moretti Polegato, the Deputy Chairman.

Mr. Polegato saw to the identification of the main company risks, taking into account the characteristics of the activities performed by the company and by its subsidiaries, submitting them periodically to the Board. He also executed the policies defined by the Board, aimed at an on-going adaptation of the internal audit system and internal management of the same, constantly verifying the overall adequacy, efficacy and efficiency.

In conclusion, he saw to the adaptation of this system to the dynamics of the operating conditions and the legislative and regulatory context

His activities were carried out together with the Internal Auditing Committee.

No opinion was given of the function of the individual in charge of internal auditing, since the activities performed so far by the latter were judged positively.

12.2 Individual in charge of Internal Auditing

The Individual in charge of internal auditing, Mr. Stefano Romito, when carrying out his functions, had direct access to all the information useful for the performance of his office and periodically reported on his activities to the Chairman of the Board of Directors, to the Internal Auditing Committee and to the Statutory Auditors.

The Managing Director (who saw to his appointment) deemed his remuneration as consistent with the Company remuneration policies.

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The activities for appraising the internal audit system also availed of the company Internal Auditing division, a separate entity to the Individual in charge of internal auditing.

When meeting any costs, the Individual in charge of internal auditing may avail himself of financial resources which are set aside on the basis of contingent needs

The activities for appraising the internal audit system carried out during 2008 took on the form of the execution of an audit plan which involved various company areas and which created a reporting flow towards the Internal Auditing Committee.

The Supervisory Body also executed its own audit plan aimed at detecting observance of the audit protocols in relation to the risks pursuant to Italian Legislative Decree No. 231/2001, availing itself during its activities of the Internal Auditing division as well.

12.3 Organization model pursuant to Italian Legislative Decree No. 231/2001

The general part of Model 231, adopted in 2005, is available in the investor relations section on the website www.geox.com.

12.4 Independent auditing firm

The general Shareholders' Meeting held in 12 April 2007 granted a new appointment for the auditing of the accounts to the firm Reconta Ernst&Young S.p.A., for the accounting periods as from 31 December 2007 until 31 December 2012.

12.5 Executive tasked with drawing up the company accounting documents

Mr. Luciano Santel, Geox S.p.A.'s corporate director, was appointed as executive tasked with drawing up the company accounting documents by the Board of Directors, upon the proposal of the Managing Director and in agreement with the Chairman, subject to the opinion of the Board of Statutory Auditors.

Article 17 *bis* envisages that the executive in question is chosen from among the executives who have carried out, for a suitable period of time, administration, management or auditing activities and who are in possession of the honorability requisites envisaged by current legislation.

For the performance of his appointment, the executive avails of an annual expenditure budget and may avail himself of the activities and resources of the Steering Committee mentioned above.

13. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

Article 18 of the Articles of Association represents an initial form of adaptation of the Company's corporate governance model when compared with that suggested by Article 9 of the Code, since it envisages, in particular, the obligation of the Directors to report adequately and promptly, and in any event at least quarterly, to both the Board of Directors and the Board of Statutory Auditors, on transactions with related parties or in which they have an interest, on their own account or on behalf of third parties; also envisaging that if said interest, on their own account or on behalf of third parties, exists with regard to the Managing Director, the latter must refrain from carrying out the transaction, vesting the Board of Directors with the same.

14 APPOINTMENT OF THE STATUTORY AUDITORS

The norms applicable to the appointment and replacement of the statutory auditors are envisaged by Article 21 of the Articles of Association and presented below.

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“At the time of appointment and before acceptance of the office, the management and audit appointments covered in other companies are made known to the general Shareholders’ Meeting.

Those who cover the office of acting Auditor in more than seven companies which issue listed securities on organized markets (subject to the application of more restrictive limits which may be introduced as per Article 148 *bis* of Italian Legislative Decree No. 58/1998) cannot be appointed as Statutory Auditors.

The Statutory Auditors are appointed for the first time in the memorandum of association and subsequently by the ordinary shareholders’ meeting, which also takes steps to appoint, from among these, the Chairman of the Board of Statutory Auditors, in accordance with the formalities indicated below. Before proceeding with the appointment of the Statutory Auditors, the shareholders’ meeting establishes the remuneration of the Statutory Auditors for the entire duration of their office.

The Statutory Auditors are appointed on the basis of lists presented by the Shareholders, in which the candidates will be listed by means of progressive number.

Each Shareholder may present or contribute towards presenting just one list and each candidate can present themselves on just one list. Only the Shareholders who alone or together with other Shareholders who present the same list represent at least one fortieth of the share capital (or a lower threshold determined in accordance with legislation in force as of the date of the shareholders’ meeting) have the right to present lists or contribute towards presenting lists.

Each Shareholder, as well as the Shareholders belonging to the same group (this being understood to be the party, not necessarily corporate, which controls the same in accordance with Article 93 of Italian Legislative Decree No. 58/1998 as well as the subsidiary and associated companies of the same party), or who comply with a shareholders’ agreement pursuant to Article 122 of Italian Legislative Decree No. 58/98, cannot present or contribute towards presenting or voting for – directly, via third parties or trust companies – more than one list. Each shareholder who presents or contributes towards presenting lists, must at the same time deliver to the registered offices, at least fifteen days in advance with respect to the date fixed for the Shareholders’ Meeting in first calling, certification issued by the intermediaries in compliance with legal and regulatory provisions, proving legitimation to exercise the rights.

Each list includes a number of candidates no higher than the maximum number of members of the Board of Statutory Auditors.

The lists presented by the Shareholders must be deposited at the registered offices and published in at least one Italian newspaper with national coverage at least fifteen days before the date established for the Shareholders’ Meeting in first calling and promptly published on the Company’s website.

The lists must be accompanied (i) by the information relating to the identity of the shareholders who have presented the lists, with indication of the equity investment held in total, and certification which bears witness to the ownership of said equity investment and (ii) a declaration of the shareholders other than those who hold, also jointly, a related controlling or majority investment, bearing witness to the absence of the relationships envisaged by Article 144 *quinques* of the Consob Issuers’ Regulations.

Each Shareholder may present just one list, on penalty of ineligibility. The declarations by means of which the individual candidates accept their candidature and declare, at their own liability, the inexistence of the causes of ineligibility and incompatibility, as well as the existence of the requisites prescribed by applicable legislation and the Articles of Association, including therein the limit on the accumulation of offices described previously, must be deposited at the same time as the list at the registered offices. A curriculum vitae will be deposited for each candidate, together with the declarations, regarding the personal and professional characteristics of the same, with the eventual indication of their suitability for qualifying as independent.

In the event that within the expiry date of the afore-mentioned deadline of fifteen days, just one list is deposited, or only lists presented by shareholders who emerge as linked as per Article 144 *quinques* of the Consob Issuers’ Regulations, lists can be presented up until the fifth day after this



date. In this case, the minimum investment threshold in the share capital by the shareholders who present the lists is reduced by half.

The lists in relation to which the above provisions have not been observed, will not be considered as presented.

Each individual with the right to vote may vote for just one list.

Two acting Auditors and an alternate Auditor will be taken from the list that has obtained the greatest number of votes expressed by the Shareholders, in the consecutive order by means of which they were listed on said list; the remaining acting Auditor and alternate Auditor will be taken from the second among the lists, ordered by decreasing number of votes obtained. In the event equal votes are obtained between two or more lists which have obtained the greatest number of votes, the youngest candidates in age will be elected as Auditors, acting and alternate, up until the extent of the places to be assigned, in any event making sure that the acting Auditors are taken from at least two different lists.

For the purposes of the application of the provisions of this article, lists presented by the minority shareholders who are linked in any way, also indirectly, with the shareholders who have presented or voted for the list which is first due to the number of votes, will in any event be excluded.

The Chairmanship of the Board of Statutory Auditors goes to the acting Auditor indicated as the first candidate on the list which during the shareholders' meeting received the greatest number of votes after the first.

The above provisions on the appointment of the Board of Statutory Auditors do not apply to either Shareholders' Meeting which must see to the appointments necessary in accordance with the law for the integration of the Board of Statutory Auditors following replacement or forfeiture of the Auditors, or for the appointment of the Auditors who, for any reason, including therein the failure to present a plurality of lists, it has not been possible to elect via list voting. In such cases, the Shareholders' Meeting resolves with the legal majorities.

The Auditors remain in office for three accounting periods, and fall from office as of the date of the Shareholders' Meeting called for the approval of the financial statements relating to the last accounting period of their office. The termination of the Auditors due to expiry of the term is effective as from the moment the Board of Statutory Auditors is re-established. In the event of termination for any reason of an acting Auditor, the alternate Auditor belonging to the same list as the outgoing one takes his/her place. The new Auditors remain in office until the following Shareholders' Meeting, which takes steps to supplement the Board of Statutory Auditors in accordance with the provisions of the law".

15. AUDITORS

In pursuance of Article 21 of the Articles of Association, the Board of Statutory Auditors is made up of three acting members and two alternate ones.

The Auditors currently in office were appointed by the Shareholders during the Shareholders' Meeting held on 12 April 2007 on the basis of the list presented by the majority shareholder LIR S.r.l., and will remain in office until the meeting for the approval of the financial statements as of 31 December 2009.

Following the resignation of the acting Auditor Mr. Achille Frattini, received by the Company via letter dated 29 August 2008, Ms. Francesca Meneghel took over the office, the first alternate Auditor belonging to the list originally presented by the shareholder LIR S.r.l., in accordance with the provisions of Article 21 of the Articles of Association. The Board of Statutory Auditors was supplemented by the subsequent Shareholders' Meeting held on 18 December 2008, by means of the appointment of the acting Auditor Ms. Francesca Meneghel and another alternate Auditor Mr. Davide Attilio Rossetti, in accordance with the applicable provisions of the law and Articles of Association.

During 2008, the Board of Statutory Auditors held ten meetings.

Name	Office	In office since	List	Indep. as per Code	% equity inv. in capital	Other offices
Fabrizio Colombo	Chairman	12 April 2007	M	X	100	4
Francesco Mariotto	Acting Auditor	12 April 2007	M	X	100	-
Francesca Meneghel	Acting Auditor	18 December 2008	M	X	-	4
Davide Attilio Rossetti	Alternate Auditor	18 December 2008	M			
Laura Gualtieri	Alternate Auditor	12 April 2007	M	X	-	-

Observance of the independence criteria was ascertained at the time of appointment both in accordance with Article 148.3 of Italian Legislative Decree No. 58/1998 and Article 10 of the Code of Best Practice. Furthermore, the Board of Statutory Auditors has assessed the independence of its members on the first available occasion after their appointment and the permanence of the requisites during 2008, applying all the criteria envisaged by the Code with reference to the independence of the directors.

Responsibility for promptly and thoroughly informing the other Auditors and the Chairman of the Board of Statutory Auditors of any interests in a specific Company transaction, specifying the nature, terms, origin and purport, is left to the initiative of each Auditor.

The Board of Statutory Auditors has overseen the independence of the independent auditing firm, checking both observance of the legislative provisions on the subject and the entity of the services differing from the accounts auditing provided to the Company and to its subsidiaries by the same independent auditing firm and the bodies belonging to the network of the same.

When performing its activities, the Board of Statutory Auditors co-ordinated with the internal audit division and with the Internal Auditing Committee, by means of the periodic participation in meetings providing up-dates on internal audit matters.

The acting Auditor Mr. Achille Frattini ceased to cover his office during 2008.

Name	Office	In office from/to	List	Indep. As per Code	% equity inv. in capital	Other offices
Achille Frattini	Acting Auditor	12 April 2007 until 29 August 2008	-	X	100	6

16. DEALINGS WITH THE SHAREHOLDERS

In line with the matters recommended by Article 11 of the Code, in the corporate governance section of the website www.geox.com, significant information is made available to the shareholders with particular reference to the methods envisaged for participation in and exercise of the right to vote during shareholders meetings, along with the documentation relating to the business placed on the agenda.

The lists of the candidates for appointment as Director and Statutory Auditor have also been included with indication of the related personal and professional characteristics.

Attention has continued to be paid to the fact that participation in general shareholders' meetings always involves the directors who, in relation to the offices covered on the Board or in the committees, may provide a useful contribution to the meeting's discussions.

The investor relations function is handled by the operations director Mr. Luciano Santel and by Ms. Marina Cargnello.

17. GENERAL SHAREHOLDERS' MEETINGS

Article 12 of the Articles of Association envisages that the following shareholders can take part in general shareholders' meetings: those in relation to whom the communication envisaged by the last section of Article 2370.2 of the Italian Civil Code has been received by the Company, within two days prior to the calling of the Meeting, and who, as of the date of the Meeting, are in possession of suitable certification issued by the intermediary.

Intervention during Meetings by means of telecommunications facilities is permitted, via methods which allow the identification of all the participants and permit the latter to follow the discussion and intervene in real time when handling the business dealt with.

The course of the Meeting is disciplined by specific regulations for general shareholders' meeting business, available in the investor relations section, corporate governance, general shareholders' meeting on the website www.geox.com.

Article 6 of the general shareholders' meeting Regulations envisages the possibility for each shareholder to request the floor on any of the matters being discussed, requesting information and making any proposals.

During the general shareholders' meetings held on 7 April 2008 and 18 December 2008, the Board reported on the activities carried out and scheduled and took action so as to ensure the shareholders adequate disclosure regarding the elements necessary in order that they may adopt, in full awareness of the facts, decisions which are the responsibility of the meeting.

18. CHANGES SINCE THE END OF THE ACCOUNTING PERIOD IN QUESTION

The BoD resolved the exercise of the second tranche of options deriving from the stock option plan in favour of the Company's executives, approved in November 2004 and the first tranche of options deriving from the stock option plan approved in December 2005.

Furthermore, the BoD decided to submit a new stock option plan for the approval of the next Shareholders' Meeting, in favour of the Company's executives and collaborators. The plan concerns a block of shares included within the sphere of the share capital increase resolved by the Shareholders' Meeting in December 2008.

Today, 9 March 2009

On behalf of the Board of Directors
The Chairman
Mr. Mario Moretti Polegato

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Attachment to the Annual Corporate Governance Report for 2008

List of offices covered by Geox S.p.A.'s Directors and Statutory Auditors in other companies listed on organized markets (also abroad), in finance, banking and insurance companies or those of a significant size

Board of Directors

Name	Office	Other offices
Francesco Gianni	Director	Director of: <ul style="list-style-type: none"> - Cassa dei Risparmi di Milano e della Lombardia S.p.A. (CARIMILO) - SO.FIN.IND S.p.A. - Cassa di Risparmio di Ravenna S.p.A. - Sara Lee Branded Apparel Italia S.r.l. - Maggioli S.p.A. - Pantheon.it S.r.l. Sole Director of : <ul style="list-style-type: none"> - Full Services S.r.l.
Bruno Barel	Director	<ul style="list-style-type: none"> - Chairman of the Board of Directors of Numeria SGR S.p.A. - Independent Director on the board of directors of IRCA S.p.A. and SIPA S.p.A.
Alessandro Antonio Giusti	Director	Acting Auditor of: <ul style="list-style-type: none"> - Toscana Finanza S.p.A., company listed on organized markets - STB Società delle Terme e del Benessere S.p.A. - E-VIA S.p.A., company subject to the management and co-ordination of Retelit Spa, listed on organized markets - Fidicontrol S.p.A. - Intercontinental S.p.A. - Province of Prato Director of: <ul style="list-style-type: none"> - Eurofly S.p.A., company listed on organized markets
Umberto Paolucci	Director	<ul style="list-style-type: none"> - Chairman of Enit-Ente Nazionale Italiano Turismo, Microsoft S.r.l., Immobiliare AmCham S.r.l., American Chamber of Commerce in Italy - Director of Aeffe S.p.A., Datalogic S.p.A., Coesia S.p.A., Fondazione Collegio San Carlo

Board of Statutory Auditors

Name	Office	Other offices
Fabrizio Colombo	Chairman	<ul style="list-style-type: none"> - Independent director of Brioschi Sviluppo Immobiliare S.p.A., company listed on organized markets; - Acting Auditor of Realty Vailog S.p.A., company listed on organized markets;

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		<ul style="list-style-type: none"> - Acting Auditor of Finavedi S.p.A.; - Acting Auditor of Acciaieria Arvedi S.p.A.; - Chairman of the Board of Statutory Auditors of LIR S.r.l.
Achille Frattini	Acting Auditor	Acting Auditor: <ul style="list-style-type: none"> - Delmi S.p.A. - Edipower S.p.A. - Mediaste Investimenti S.p.A. - Mediolanum Assicurazioni S.p.A. - Mediolanum Vita S.p.A. - Robert Bosch S.p.A.
Francesca Meneghel	Acting Auditor	Acting Auditor: <ul style="list-style-type: none"> - Avon Cosmetics S.r.l. - Deutsche Asset Management Italy S.p.A. - Mediolanum Distribuzione Finanziaria S.p.A. - Sumitomo Corporation Italia S.p.A.