

GEOX

REPORT
ON CORPORATE GOVERNANCE AND OWNERSHIP SET-UPS
pursuant to Article 123-*bis* of the FCA

GEOX S.p.A.

www.geox.com

2011 ACCOUNTING PERIOD

Approved on 8 March 2012



INDEX

1. ISSUER PROFILE	4
2. INFORMATION ON THE OWNERSHIP SET-UPS AS OF 31/12/2011	5
3. COMPLIANCE	9
4. BOARD OF DIRECTORS	10
5. HANDLING OF CORPORATE INFORMATION	23
6. COMMITTEES WITHIN THE BOARD	23
7. DIRECTORS' REMUNERATION	25
8. INTERNAL AUDITING COMMITTEE	25
9. INTERNAL AUDIT SYSTEM	27
10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES	31
11. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS	33
12. STATUTORY AUDITORS	35
13. DEALINGS WITH THE SHAREHOLDERS	36
14. SHAREHOLDERS' MEETINGS	36
15. ADDITIONAL CORPORATE GOVERNANCE PRACTICES	37
16. CHANGES SINCE THE END OF THE ACCOUNTING PERIOD IN QUESTION	37

GLOSSARY

Code/Code of Best Practice	The Code of Best Practice of listed companies approved in March 2006 (and amended in March 2010) by the Corporate Governance Committee and issued by Borsa Italiana S.p.A. Where not specified otherwise, the references to Principles, Criteria and Comments refer solely to the Code of 2006.
Code/Code of Best Practice 2011	The Code of Best Practice of listed companies approved in December 2011 by the Corporate Governance Committee and issued by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confindustria.
Civil Code/c.c.	The Italian civil code.
Board	The Issuer's Board of Directors.
Issuer/Company	GEOX S.p.A.
Accounting period	The fiscal year which refers to the period ended on 31 December 2011.
Consob Issuers' Regulations	The Regulations issued by CONSOB under resolution no. 11971/1999 (as subsequently amended) regarding issuers.
Consob Market Regulations	The Regulations issued by CONSOB under resolution no. 16191/2007 (as subsequently amended) regarding markets.
Consob RPT Regulations	The Regulations issued by CONSOB under resolution no. 17221 of 12 March 2010 (as subsequently amended) regarding related party transactions.
Report	This report on corporate governance and ownership set-ups that companies are required to draw up pursuant to Article 123-bis of the FCA.
FCA/Finance Consolidation Act	Italian legislative decree no. 58 of 24 February 1998, as subsequently amended.

GEOX

1. ISSUER PROFILE

MISSION AND VALUES

The footwear and clothing market is extremely competitive.

Geox distinguishes itself from its competitors by allowing its products to “breathe.” The name of the brand Geox derives from the combination of the words “geo” (earth in Greek) on which we all walk and “x” a letter/element that symbolizes technology.

The origin of the Geox name underlines the vocation and DNA of a company that started from a revolutionary idea and made comfort, well being and health corporate must-haves. The company looks forward by “breathing” internally as well, through the practical application of very strong values of the typically Venetian “do it” culture, but always with respect for interpersonal relationships and corporate ethics.

Geox’s mission: to offer well being to people from their head to their toes, by continuously developing new technologies and by complying with corporate ethics.

The principles of our mission

Geox’s mission derives from the application of values that are fundamental to the company:

Technology

Constant focus on the product through application of patented innovative and technological solutions invented by Geox.

Focus on the consumer

Cross positioning of our products for men, women and children in the broader medium and medium/high segment of the market (family brand) and promotion of the direct relation with consumers through a widespread retail network.

Brand recognition

The Geox brand enjoys a high level of recognition, thanks to an effective communication strategy and its identification by consumers with the “breathable” concept.

Internationalisation

A growing presence in international markets thanks to the replicability of the business model established in Italy.

The values of people

Each day, Geox staff absorb its fundamental values:

- To work with enthusiasm and dynamically
- To believe in their own ideas and in innovative projects
- Common sense
- Honesty and integrity
- Temperance in conduct (and costs)
- Responsibility towards employees, customers, partners and shareholders
- Recognition of the importance of training
- Respect for the code of conduct
- Sensitivity with regard to environmental pollution
- Trust in the management.

It has been proven that respect for these principles reinforces the value of Geox’s corporate culture and our trust in the company’s future.

SUMMARY DESCRIPTION OF GEOX S.P.A.’S CORPORATE GOVERNANCE SYSTEM

During 2011, the Company fully abided by the recommendations included in the Code.

The Company intends to provide full disclosure on the methods for implementing its own corporate governance system and on compliance with the Code, pursuant to the guidelines provided by the

GEOX

Assonime Circular no. 5 of 12 February 2007, the experimental format developed by Borsa Italiana in February 2010 and pursuant to art. 123-bis of L.D. 58/98, as amended.

The Company's Articles of Association, which were adapted on 28 October 2010 to the new laws introduced by Italian Legislative Decree 27/2010 on shareholders' rights and the Consob RPT Regulations on transactions with related parties, serve as the reference for this report.

Furthermore, on 28 October 2010, the Company's Board of Directors approved the Company's internal regulations which identify the principles which GEOX abides by in order to ensure the transparency and essential and procedural correctness of transactions with related parties, in application and compliance with Consob's RPT Regulations.

Geox S.p.A.'s corporate bodies are: the Shareholders' Meeting, the Board of Directors, the Executive Committee, the Internal Auditing Committee, the Remuneration 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.

An Ethics Committee is also in operation composed of Mr. Mario Moretti Polegato, Mr. Joaquìn Navarro-Valls and Mr. Umberto Paolucci, to direct and promote 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 31/12/2011

a) Share capital structure

The share capital, fully subscribed and paid-in, amounts to Euro 25,920,733.10 and it is divided into 259,207,331 ordinary shares, each with a par value of Euro 0.10 (nought point ten).

The Issuer's share capital structure is shown in the table below.

SHARE CAPITAL STRUCTURE				
	No. of shares	% of share capital	Listed (indicate markets)/not listed	Rights and obligations
Ordinary shares	259,207,331	100%	MTA	Each share is entitled to one vote. The rights and obligations of the shareholders are those laid down by articles 2346 and subsequent articles of the Italian civil code.
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-

The Extraordinary Shareholders' Meeting held on 18 December 2008 resolved a splittable 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

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

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

- the first, approved by the BoD in December 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 Board of Directors' meeting held on 5 December 2005 allowed 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 (Earnings Before Interest and Tax) economic index 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, is in favour of the Managing Director and other executives and associates of the Company and of the companies in the Group. A total of 3,395,000 purchase options have been assigned as part of the execution of this plan, the exercise price of which is equal to the normal value of the shares at the time of the purchase option offer, as defined by article 9 of the T.U.I.R. (Income Tax Consolidation Act) no. 917/86, or Euro 9.62. The purchase options can be exercised in two tranches after an accrual period of three and four years respectively. The exercise of the options is also conditioned by achievement of the performance results (EBIT) as set forth in the business plan approved by the BoD on 27 February 2008. The allocation took place during the Board of Directors' meeting held on conclusion of the shareholders' meeting's business;
- the fourth, approved by the Shareholders' Meeting held on 21 April 2009, is in favour of the Managing Director and other executives and associates of the Company and of the companies in the Group. A total of 3,690,000 purchase options have been assigned as part of the execution of this plan, the exercise price of which is equal to the normal value of the shares at the time of the purchase option offer, as defined by article 9 of the T.U.I.R. (Income Tax Consolidation Act) no. 917/86, or Euro 5.19. Exercise of the options is also conditional on achievement of the performance results (EBIT) contained in the Group's industrial plan of the year 2009-2011 approved by the BoD on 21 April 2009;
- the fifth, approved by the Shareholders' meeting held on 22 December 2011, is in favour of the Directors with proxies and the other employees and co-workers of the Company and the companies in the Group. The object of this plan is a maximum number of options equal to 2,830,000 and envisages two cycles of option allocations, one in 2011 and the other in

GEOX

2012. In execution of this plan, 1,730,000 purchase options have been allocated, the exercise price of which is equal to the normal value of the shares at the time of the purchase option offer, as defined by article 9 of the T.U.I.R. (Income Tax Consolidation Act) no. 917/86, equal to Euro 2.29. Exercise of the options is conditional on achievement of the performance results (EBIT) contained in the Group's industrial plan of the year 2012-2015 approved by the BoD on 13 February 2012;

Further details on the incentive plans are contained in the financial statements as of 31 December 2011, as well as in the investor relations section on the website www.geox.com.

Without prejudice to the matters indicated above in relation to the stock option plans, the Company has issued no financial instruments that grant the right to subscribe newly-issued shares.

b) Restrictions on transfer of securities

The Company's ordinary shares are freely transferable and contain no restrictions with regard to their transfer. Moreover, there is no limit on ownership of securities and the Company or other securities' holders confer no approval requirements in relation to the transfer of said shares.

The purchase options that were assigned by the Issuer as part of the stock option plans described in paragraph a) above are non-negotiable and cannot be transferred. It is noted that the settlement of the third 2008 stock option plan mentioned in paragraph a) above provides that, for a period of five years from the assignment of the shares, the parties to whom they are assigned shall not dispose of a number of shares equal to the ratio of the normal value of the shares (as defined by Article 9 of the T.U.I.R. no. 917/86) on the exercise date and the price paid for the shares.

c) Significant equity investments in the share capital

As of the date of approval of the Report, 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:

<i>SIGNIFICANT EQUITY INVESTMENTS IN SHARE CAPITAL</i>			
Party	Direct shareholder	% of ordinary share capital	Quota % on voting capital
Mario Moretti Polegato	LIR S.r.l.	71.10%	71.10%
Columbia Wanger Asset Management LLC	Columbia Wanger Asset Management LLC	2.177	2.177

d) Securities with special rights

The Issuer has issued no securities that grant special control rights.

e) Shareholding participation of employees: exercise of voting rights mechanism

There is no mechanism providing for the exercise of employee voting rights.

f) Restrictions on the right to vote

There is no restriction on the right of shareholders to vote.

g) Shareholders' agreements

To the best of the Company's knowledge, there exist no agreements between the Company's shareholders pursuant to article 122 FCA.

h) Change of control clauses and provisions of the articles of association concerning the PPO

The Group has not concluded significant agreements that will enter into effect, become amended or be extinguished in the event of a change of control within the contracting company.

The Articles of Association of Geox do not contain any provisions which depart from the provisions on the passivity rule laid down by art. 104, paragraphs 1 and 2, of the CFA nor do they envisage the application of the neutralisation rules laid down in art. 104-bis, paragraphs 2 and 3 of CFA.

i) Proxies to increase the share capital and authorisations to purchase treasury shares

Powers to increase the share capital

As of the date of approval of the Report, the Extraordinary Shareholders' Meeting did not grant the Board of Directors authority to increase the share capital pursuant to Articles 2420-ter and 2443 of the Civil Code.

Authorisation to purchase treasury shares

On the date of approval of this Report, the authorisation exists of the Shareholders' Meeting of the Company on 22 December 2011 to purchase own shares in compliance with art. 2357 and subsequent articles of the Italian civil code.

In particular, on 22 December 2011 the Shareholders' Meeting authorised, pursuant to art. 2357 I.c.c. and art. 132 of the FCA, the purchase, in one or more transactions, of a maximum, on a rotation basis (meaning by this the maximum number of own shares held each time in the portfolio), of 25,000,000 ordinary Geox shares with a par value of Euro 0.10 each and in any case, within the limits of 10% of the Company's share capital. The shares may be purchased until the end of the eighteenth month and starting from the date of the resolution. The purchase may be made, according to one of the methods laid down by the joint provision as per art. 132 of the FCA and art. 144-bis, paragraph 1, letter b) and c) of the Issuers Regulations. The unit payment for the purchase of the shares may be made at a maximum and minimum unitary price equal to the price of the Geox share at closure of the stock exchange recorded in the working day prior to the purchase date, plus or minus 10% respectively for the maximum and the minimum price. In any case, the payment may not exceed any limits envisaged by applicable legislation or, if recognised, by allowed market practices. Finally, the maximum purchase volumes shall not be more than 25% of the average of the daily volumes of the 20 sessions of the Stock Exchange prior to the date of the purchase operation. In compliance with art. 5 of Regulation EC 2273/2003, such a limit may be exceeded, in the event of extremely low liquidity in the market, at the conditions laid down in the mentioned provision; in any case the maximum number of own shares which can be purchased daily as part of the program

GEOX

shall not be over 50% of the average daily volume as calculated above. In any case, the volumes shall not exceed the limits which may be provided by applicable legislation or, if recognised, by the allowed market practices.

As at 31 December 2011, the Issuer held no treasury shares.

j) MANAGEMENT AND CO-ORDINATION ACTIVITIES

The Company manages and coordinates the companies belonging to Geox Group S.p.A., including in matters of governance. 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.

With reference to the information relating to the agreements between the company and the Directors which envisage indemnities in the event of resignations or dismissal without just cause or if their employment relationship should cease following a public purchase offer, please refer to the contents of the remuneration report published in compliance with art. 123-ter of the FCA (see Section 7 of this Report).

The information relating to the rules applicable to the appointment and replacement of the Directors and amendments to the Articles of Association, if other than the additional legislative and regulatory rules applicable on a supplementary basis, are set forth in Section 4.1 of the Report.

3. COMPLIANCE

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

Note that the Code of Best Practice was amended in March 2010 in the part relating to the remuneration of Directors and executives with strategic responsibility.

With reference to the amendments made to the Code of Best Practice in December 2011, note that the issuers were invited by the same Code 2011 to apply such amendments within the FY 2010 and to justify it in the report on corporate governance which will be published during 2013. Concerning this, a document summarising the above-mentioned amendments was already presented to the Board of Directors during the first meeting of 2012. The resolutions regarding such amendments will be the subject of future meetings of the Board of Directors, in respect of the timescales indicated by the Code 2011 and the same will be acknowledged in the report which will be published in 2013 referring to the FY 2012.

Neither the Issuer nor its strategically significant subsidiaries are subject to the provisions of non-Italian laws that influence the Issuer's corporate governance structure.

Please note that the Board of Directors' 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.

4. BOARD OF DIRECTORS

4.1 Appointment and replacement of Directors and Article of Association amendments

The provisions applicable for the appointment and replacement of Directors are indicated under Article 17 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 lodged at the registered offices of the company at least twenty-five days before the date established for the Shareholders’ Meeting in first call and must be put at the disposal of the public at the registered offices, on the Internet site and with the other procedures laid down by laws and regulations at least twenty-one days before such a meeting.

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.

Ownership of the aforesaid minimum shareholding requirement necessary to present the lists is calculated taking into account the shares registered in the shareholders’ name as at the date when the shares are lodged at the Company’s registered offices.

In order to prove ownership of the number of shares necessary for presentation of the lists, Shareholders who present or contribute to the presentation of the lists, must present and/or send to the company headquarters a copy of the relevant certificate issued by a broker authorised by law, at least twenty-one days before the Shareholders’ Meeting called to deliberate on the appointment of the members of the Board of Directors. 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 respective offices, must be deposited together with each list. 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

GEOX

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.

Periodically, the Board will assess the independency and honourable nature 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 declares the fall from office of the Directors lacking said requisite and sees to the replacement of the same.

Each holder of voting rights can 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 16 and, among these, at least two candidates in possession of the independence requisites mentioned above.

The election of the Directors will take place as follows:

a) from the list that has obtained the majority of the votes of the Shareholders the eight tenths of the Directors to be appointed with a rounding down in case of fractions less than one unit shall be taken in the progressive order with which they are listed on said list;

b) the remaining Directors shall be drawn from the other lists, it being clear that at least one director must be taken from a list that is no way connected, even indirectly, with the members that have presented or voted the list referred to in point a) and that came first in terms of number of votes; for this purpose, the votes obtained from the 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 quotients obtained in this way will be progressively assigned to the candidates in each of these lists, following the relevant order. The quotients attributed in this way to the candidates on the various lists will constitute a single ranking list in a decreasing order. Those who have obtained the highest quotients will be elected. If more than one candidate has obtained the same quotient, the candidate of the list that has not yet elected any director or that has elected the lower number of Directors shall be elected. In cases where none of these lists have elected a director yet or all have elected the same number of Directors, the candidate of the list that has obtained the greatest number of votes shall be elected. If the votes on the list are tied and with tie in the quotients, a new vote will be cast by the entire Shareholders' Meeting and the candidate obtaining the simple majority of the votes will be elected.

If with the candidates elected with the above-mentioned proceedings the appointment of a Director with the independence requirements referred to above is not guaranteed, the last non-independent candidate elected, following the progressive order on the list, with the greatest number of votes referred to in previous point a), shall be replaced by the independent not elected candidate on the same list in accordance with the progressive order.

For the purposes of the division concerning the Directors to be elected, account must not be taken of the lists that have not obtained a percentage of votes equivalent to at least half of those required by the Articles of Association for their presentation.

If a single list is presented or if no list at all is presented, the Shareholders' Meeting shall pass resolutions with the majority required by the law, without complying with the above described procedure, without prejudice to the requirement of the minimum number of independent Directors specified in these Articles of Association.

GEOX

The Directors' term of office is determined upon appointment by the Shareholders' Meeting and cannot exceed three financial years. The Directors' term of office comes to an end on the date of the Shareholder's Meeting convened for the approval of the financial statements for their last year in office.

Without prejudice to the provisions of the next paragraph, if one or more Directors should cease to be present for any reason during the three-year period, the Board of Directors shall proceed with the relevant replacement pursuant to Article 2386 of the Italian Civil Code. If one or more Directors who have ceased to fill their office have been drawn from a list that also contains the names of candidates who have not been elected, the Board of Directors will make the replacement by appointing, in accordance with the progressive order, people drawn from the same list to which the Director who is no longer filling his or her office belongs, who are still eligible and agree to accept the office. Where an independent Director ceases to fill his or her office, the substitution will occur wherever possible by appointing the first of the independent not elected Directors on the list from which the Director no longer filling his or her office has been taken; pursuant to Article 2386 of the Italian Civil Code the election of the Directors is carried out by the Shareholders' Meeting with the majority required under the law by appointing the replacements on the basis of the same criteria mentioned in the previous paragraph and the terms of office of the Directors appointed in this way will expire together with those of the Directors in office when they were appointed. If no previously non-elected candidates are present on the list mentioned above or the ways of replacement previously indicated do not comply with the requirement of the minimum number of independent Directors or, again, if a single list has been presented or no list has been presented, the Board of Directors shall manage the replacement of Directors no longer filling their office pursuant to Article 2386 of the Italian Civil Code without compliance with the criteria mentioned above, in the same way as the Shareholders' Meeting acts with respect to the majority required by the law, without prejudice to the requirement of minimum number of independent Directors, and the Directors appointed in this way will leave office together with those who were in office at the time of their appointment. If during the mandate, the majority of Directors appointed by the Shareholders' Meeting should for any reason cease their offices, the entire Board of Directors will be considered to have ceased the office, and the Shareholder's Meeting must be called urgently by the remaining Directors for the appointment of the new Board of Directors.

If during the financial year, one or more Directors cease to fill their office, providing that the majority is still made up of Directors appointed by the Shareholders' Meeting, the Shareholders' Meeting is anyway entitled to reduce the number of the members on the Board of Directors to that of the Directors in office for the remainder term of office, providing that the minimum number of Directors with the requirements of independence mentioned above is respected and provided that there is at least one of the Directors elected from the minority lists (if previously elected).

If the number of Directors is lower than the maximum provided for in Article 16 above, the Shareholders' Meeting, even during the term of office of the Board of Directors, will be able to increase this number up to the maximum limit specified in said article. For the appointment of further members of the Board of Directors the procedure is as follows: the further Directors are taken from the list that has obtained the greatest number of votes of the Shareholders on the occasion of the appointment of the members currently in office among the candidates that are still eligible, and the Shareholders' Meeting shall resolve based on the legally-required majority, respecting this principle; if, however, no previously non-elected candidates are still on the previously-mentioned list or a single list or no list at all has been presented, the Shareholder's Meeting shall proceed with the appointment without complying with what has been indicated above, with the legally-required majority. The Directors elected in this way shall cease their office together with those in office at the time of their appointment.

The Shareholders' Meeting shall determine the overall remuneration due to the Directors including those with special offices. After consulting the Board of Statutory Auditors, the Board of Directors

shall split the overall remuneration determined by the Shareholders' Meeting among its members. The Directors are entitled to be reimbursed for expenses incurred while carrying out their functions".

By means of Resolution no. 18083 published on 25 January 2012, Consob established the shareholding required for presentation of the lists of candidates for election to the administration and control bodies that closed the accounting period ended on 31 December 2011, unless a lower quota is envisaged by the Articles of Association. In particular, the quota set for GEOX S.p.A. is the following:

CRITERIA FOR THE DETERMINATION OF THE SHAREHOLDING			SHAREHOLDING QUOTA
CAPITALISATION CATEGORY	FLOATING QUOTA %	MAJORITY QUOTA %	
> € 375 million and <=€750 million	Not material	Not material	2.5%

4.2 Composition

Pursuant to Article 16 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.

Upon termination of their three-year term of office, on the approval date of the financial statements as at 31 December 2009, the Directors in office as at 31 December 2011 were appointed by the Shareholders present at the Shareholders' Meeting held on 21 April 2010, up to the Shareholders' Meeting for approval of the financial statements as at 31 December 2012, based on the single list presented by the majority shareholder LIR S.r.l. and approved by the majority of the shareholders at the Shareholders' Meeting, who represented 99.88% of the voting shares.

There has been no change to the composition of the Board of Directors since the last one. The following tables show the structure of the Board of Directors and the Committees as at 31 December 2011:

Name	Office	In office since	In office until	List (M/m) *	Exec.	Non-exec.	Indep. CODE	Indep. FCA	% BoD **	Other offices ***
Mario Moretti Polegato	Chairman	21.04.2010	Approval of the financial statements as at 31.12.12	M	X				100	1
Diego Bolzonello	Managing Director	21.04.2010	Approval of the financial statements as at 31.12.12	M	X				86	-
Enrico Moretti Polegato	Deputy Chairman	21.04.2010	Approval of the financial statements as at 31.12.12	M	X				86	-
Francesco Gianni	Director	21.04.2010	Approval of the financial statements as at 31.12.12	M		X	X	X	100	5
Bruno Barel	Director	21.04.2010	Approval of the financial statements as at	M		X	X	X	100	4

GEOX

			31.12.12							
Alessandro Antonio Giusti	Lead Independent Director	21.04.2010	Approval of the financial statements as at 31.12.12	M		X	X	X	100	6
Lodovico Mazzolari	Director	21.04.2010	Approval of the financial statements as at 31.12.12	M	X				86	-
Renato Alberini	Director	21.04.2010	Approval of the financial statements as at 31.12.12	M		X	X	X	100	-
Umberto Paolucci	Director	21.04.2010	Approval of the financial statements as at 31.12.12	M		X	X	X	100	2

*This member was elected from the list voted by the majority.

** Percentage of participation in the Board of Directors' and Committees' meetings.

*** Total number of offices covered by Geox S.p.A.'s Directors or statutory auditors in other companies listed on regulated markets (in Italy and/or abroad), in financial, banking and insurance companies or large-scale companies

Name	Office	Executive Committee	% EC	Remuneration Committee	% Em.C.	Internal Auditing Committee	% IAC
Mario Moretti Polegato	Chairman	Chairman	100				
Diego Bolzonello	Managing Director	Member	100				
Enrico Moretti Polegato	Deputy Chairman	Member	100				
Francesco Gianni	Director					Member	100
Bruno Barel	Director			Member	100	Member	100
Alessandro Antonio Giusti	Lead Independent Director			Member	100	Chairman	100
Lodovico Mazzolari	Director						
Renato Alberini	Director			Member	100		
Umberto Paolucci	Director						

The following table indicates the number of meetings held by the Board of Directors, the Executive Committee, the Remuneration Committee and the Internal Auditing Committee during the accounting period ended on 31 December 2011:

	Board of Directors	Executive Committee	Remuneration Committee	Internal Auditing Committee

GEOX

Number of meetings	7	14	3	5
--------------------	---	----	---	---

The list of offices covered by the Company's Directors in other companies listed on regulated markets (in Italy and/or abroad), in financial, banking and insurance companies or large-scale companies is presented in an attachment to this Report.

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 regulated markets (in Italy and/or abroad), in financial, banking or insurance companies or those of significant size, which can be covered by each Geox S.p.A.'s director, as ten. This provision has also been included in Article 17 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.

There were no changes to the composition of the Board of Directors from 31 December 2011 to the date of approval of this Report.

4.3 Role of the Board of Directors

During 2011, seven meetings of the Board of Directors were held with an average length 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. For the current accounting period, an equal number of meetings has been established. We specify furthermore that during the current accounting period one meeting of the Board of Directors has already taken place.

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 compliance with art. 2365, paragraph 2, Italian Civil Code, the following also fall within the areas of competence 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. 16 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 (Article 8 of the Articles of Association).

The Articles of Association reserve the following for the BoD: decisions concerning disposal, for any purpose and of any nature, of trademarks, patents and other intellectual property rights, which are the exclusive competence of the BoD (Article 18 of the Articles of Association). Furthermore, the following are the exclusive responsibility of 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 (Article 16 of the Articles of Association).

Without prejudice to the powers which, as illustrated above, cannot be delegated by law or in any event Articles 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;
- 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 2011, on the basis of the Articles 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 and assessed the adequacy of the corporate governance system, the general organizational, administrative and accounting set-up of Geox S.p.A. and of the strategically significant subsidiaries, with particular reference to the internal audit system and the handling of conflicts of interest and 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.

In accordance with the provisions of Article 36 of the CONSOB Market Regulations and after having identified the scope of application of the regulations within the Group, the Company acknowledged that the administrative, accounting and reporting systems of the Group allow for disclosure to the public of the accounting schedules prepared for the purposes of drafting the consolidated financial statements and appropriately provide the Parent Company's management and auditors with the information necessary for the purposes of drafting the consolidated financial

statements themselves. Similarly, the information flow towards the central auditor, coming from various levels along the chain of corporate control and active throughout the entire accounting period and used for the auditing of the Parent Company annual and interim financial statements, was considered to be effective. Finally, the Company maintains itself updated in regard to the subsidiaries' corporate bodies through lists of the offices held and provides for the centralized collection of official documents relating to the Articles of Association and the assignment of powers thereto, which it updates regularly.

On 21 April 2010, 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.

On 28 October 2010, the Company's Board of Directors approved the new regulation for governing related-party transactions (the "**Related-Party Transaction Regulation**"), in force since 1st January 2011 and published in the corporate governance section of the internet website www.geox.com. In addition to governing in the Related-Party Transactions Regulation possible transactions with related parties which can exclude situations in which a director has a personal interest or an interest exercised on behalf of others, the Board of Directors has assessed and adopted with the Code of Ethics operating solutions designed to make it easier to identify and manage adequately situations in which a director has a personal interest or an interest exercised on behalf of others. Any personal interests of the Directors or interests exercised on behalf of others in corporate transactions have always been highlighted to the Board of Directors or to the Executive Committee.

On 8 March 2012, 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 items on the agenda (Article 17 of the Articles of Association).

The Chairman convenes Board meetings, also when a written request to do so has been received from at least two Directors, from the Board of Auditors or from a Statutory Auditor or from a CEO (art. 20 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 concerning disposal, for any purpose and of any nature, of trademarks, patents and other intellectual property rights, the Board of Directors resolves with the favourable vote of five sevenths of its members, with rounding up to the unit (Article 18 of the Articles of Association).

4.4 Decision-making bodies

a) Managing Director

Enforcing the right as per art. 18 of the Articles of Association, the Board of Directors, on 21 April 2010, appointed Mr. Diego Bolzonello as CEO of the Company, repealing the powers attributed previously to the same and granting him a new mandate.

Within the limits of the law and the Articles of Association, in observance of the reservations of responsibility of the 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 powers of ordinary and extraordinary business illustrated below.

In regard to the statutory limitations on the powers of delegation, it is noted that pursuant to Article 18 of the Articles of Association, the Board of Directors has exclusive competence with regard to the decisions concerning disposal, for any purpose and of any nature, of trademarks, patents and other intellectual property rights belonging to the Company.

The following are the powers granted to the Managing Director, Mr. Diego Bolzonello

- (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 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;

GEOX

- (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 aforementioned limit rises to Euro 20,000,000 (twenty million); the aforementioned limit of Euro 3,000,000 (three million) relating to this point (viii) is not applicable for the payment of taxes, duties and social security and welfare contributions payable by the Company pursuant to 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 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 the corporate director or the administration, finance and control director;
- (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.

GEOX

- (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 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 of the Board of Directors

The Chairman of the Board of Directors, Mr. Mario Moretti Polegato 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, is the chairman of the Executive Committee and is the Sole Director of LIR S.r.l., Geox S.p.A.'s controlling shareholder.

c) Executive Committee

The Board of Directors meeting held on 21 April 2010 confirmed the assignment of the power of ordinary and extraordinary business granted to the Executive Committee by the Board of Directors 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 disposal, for any purpose and of any nature, of 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.

The Executive Committee is currently composed of the Directors Mr. Mario Moretti Polegato (Chairman); Mr. Diego Bolzonello and Mr. Enrico Moretti Polegato.

During 2011, the Executive Committee met 14 times. The average duration of the meetings was thirty minutes. For the current accounting period, 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.

4.5 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 supervisory role in the Internal Audit system.

In accordance with Article 2.C.2. of the Code, the Chairman encourages the participation of the Directors in Board of Directors meetings and Shareholders' Meetings and other initiatives aimed at increasing their awareness of the situation and the corporate dynamics via, for example, direct dialogue with certain key executives, visits to the Group companies, etc.

4.6 Independent Directors

The Board of Directors assessed the independence of its five non-executive members both before their appointment and during presentation of the lists by the majority shareholder, where the individual declarations were also attached and, finally, also following their appointment, on an annual basis and last of all in March 2011.

In making its own assessment, the Board of Directors first of all indicated that to date, no specific provisions exist in the sector relating to the characteristics of Independent Board Members; in assessing independence *ex lege*, and in applying all the criteria of the Code of Best Practice, the Board of Directors did not consider it necessary to adopt further assessment criteria in addition to those already utilised.

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

During 2011 the independent Directors met once without the other Directors in order to pursue the analysis of the laws governing transactions between related parties and to express their opinion on the relative adjustments to the Articles of Association and the Regulations.

4.7 Lead independent director

The Board of Directors of 21 April 2010 appointed the independent board member Mr. Alessandro Antonio Giusti as lead independent director. During the financial year, Mr. Giusti ensured that the Directors received the information flows and particularly the proposals for legislative amendments

referring to transactions with related parties that concerned the independent Directors themselves, pursuant to Consob RPT Regulations.

This role took the form of mapping all the already existing related-party transactions, supplying a support to the Board of Directors in assessing related-party transactions in the approval phase and through encouraging revisitation of the Regulation governing Related-Party Transactions relating to the governing of related-party transactions, approved by the Board of Directors on 28 October 2010.

5. HANDLING OF CORPORATE INFORMATION

In line with the provisions of Article 4 of the Code, the Company – via the Board of Directors 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 “Regulation concerning privileged information and the institution of a Registry of persons having access”, and setting up the specific Registry (the “**Registry**”). Subsequently, the other Group companies also adopted the aforementioned regulation, guaranteeing observance thereof and delegating Geox S.p.A. with the establishment, handling and keeping of the Registry, for the purpose of permitting a co-ordinated management of the circulation of privileged information.

In particular, the Regulation for the management of privileged information and the institution of a Registry of persons having access provides, *inter alia*, for:

- rules of conduct (which essentially refer to confidentiality obligations, the treatment of privileged information with due care and the prohibition of disclosing privileged information unless necessary within the environment of one's work, profession or duties carried out, to carry out transactions, directly or indirectly, for one's own account or that of third parties, in the name and/or on behalf of the Company, which involve financial instruments which the privileged information refers to) and to recommend or lead others to carry out such transactions;
- the roles and responsibilities of the corporate bodies and/or corporate functions and/or managers in regard to the assessment on the relevance of the information and the speed with which price sensitive information concerning the Company and its subsidiaries is disclosed to the public;
- specific rules to follow in the event of a delay in disclosure to the public pursuant to Article 114.3 of the FCA;
- rules for the management of relations with the press and rumours and for meetings with financial analysts or other market operators;
- a specific flow of information from the subsidiaries to the Company.

For further details, the regulation in question can be viewed on the Company's website, in the corporate governance section.

The procedure for the management of privileged information and the institution of a Registry of persons having access, was always observed during 2011.

6. COMMITTEES WITHIN THE BOARD

a) Appointments Committee

The Board of Directors 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) Remuneration Committee

The Board of Directors meeting held on 21 April 2010 confirmed the establishment of a Remuneration Committee and assigned it the tasks pursuant to Article 7 of the Code.

Every year, the Remuneration Committee, at the latest during the Board of Directors Meeting called to deliberate to call the Shareholders Meeting to approve the annual financial statements and to vote on Section 1 of the report illustrating the general remuneration policy for executive directors, other directors invested with special offices and executive with strategic responsibilities, makes a proposal to the Board of Directors concerning the above-mentioned policy adopted by the Company, representing any need to amend or integrate the policy itself. Periodically, the Remuneration Committee assesses the adequacy, overall fairness and positive application of said policy, making use, for the remuneration of strategic executives, of the information provided by the CEO. Also during the financial year, the Remuneration Committee reports to the Board of Directors, every time it considers it necessary, any need to amend or integrate the policy and also any failure to implement the policy itself and/or any breach of any of the principles it contains.

Furthermore, the Remuneration 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, monitoring implementation of the Board's decisions and, upon the indication of the Managing Director, determining the criteria for that remuneration of the Company's senior management which would be capable of attracting and motivating individuals of an adequate level and experience; (ii) periodically assessing the criteria adopted for the remuneration of managers with strategic responsibilities, monitoring their implementation based on information provided by the managing Directors and providing general recommendations on the subject to the Boards; (iii) making proposals relating to any incentive plans in favour of the Directors, employees and co-workers; (iv) providing opinions on matters submitted from time to time before the Board of Directors concerning remuneration or any other inherent or associated matter.

The members of the Remuneration Committee are selected from individuals possessing the necessary competences in relation to the special nature of their powers, In particular, they are selected from individuals qualified and expert in the legal, accounting or fiscal field, with specific expertise in inspection and consultation activities, in possession of the requisites of autonomy and independence laid down by the Code of Best Practice.

The Committee is composed of three non-executive independent Directors: Messrs. Renato Alberini, Bruno Barel and Alessandro Antonio Giusti.

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

During 2011 the Remuneration Committee met three times in order to discuss certain top management remuneration policies, the possibility of exercising the existing stock option tranches, the distribution of the total compensation due to the Board of Directors, the Stock Option Plan Regulation for 2011-2012 and the exceptions to the provisions of the Stock Option Plan Regulations for 2004, 2005, 2008 and 2009. Minutes were regularly taken for these meetings which

last approximately one hour. All the members of the Committee have participated in the 3 meetings held during the accounting period. For the current accounting period a highest number of meetings has been established. To date the Committee has already met twice.

Should it make use of the services of a consultant in order to obtain information on market practices in the area of remuneration policies, the Committee verifies in advance that the consultant is not in a situation which could compromise his ability to reach an independent opinion.

The Remuneration 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.

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 specific items 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.

7. DIRECTORS' REMUNERATION

In March 2012, the Remuneration Committee presents the Board of Directors with a proposal referring to the general policy for the remuneration of directors, including therein the remuneration of executive directors, and executives with strategic responsibilities for the financial year 2012 (the "**Remuneration Policy**"). In presenting its own proposal, the Remuneration Committee observed that the same is in line and coherent with the practice of the Company already existing and is such that it allows a correct definition of competitive remuneration levels and the promotion of internal fairness and transparency.

After being favourably assessed by the Directors, said proposal of the Remuneration Committee is presented, together with the remuneration report as per art. 123-ter of the FCA (the "**Remuneration Report**"), for the approval of the Board of Directors.

The Shareholders' Meeting of the Company, called to approve the financial statements for FY 2011, as per art. 2364, paragraph 2 of the Italian Civil Code, was also convened to deliberate, with a purely advisory vote, for or against section I of the Remuneration Report.

During the current financial year, the Remuneration Committee will verify the correct implementation of the Remuneration Policy referring fully to the Board of Directors.

Information on the Remuneration Policy and on the remuneration of directors and strategic executives in the financial year, are provided through reference to the Remuneration Report available to the public at the registered offices of the Company, at Borsa Italiana S.p.A. (www.borsaitaliana.it) and also on the Company website (www.geox.com).

The regulations of the 5 stock option plans of Geox which are valid and effective on the date of this Report (Plan 2004, 2005, 2008, 2009 and 2011) are available on the Company website (www.geox.com) in the section entitled Investor Relations.

The incentives mechanisms of the internal auditing body and the executive appointed to draft the company's accounting documents, are in line with the duties assigned to them.

8. INTERNAL AUDITING COMMITTEE

The Internal Auditing Committee was established by the Board of Directors meeting held on 9 December 2004 and confirmed by the Board of Directors meetings held on 12 April 2007 and on 21 April 2010. The Committee is assigned the tasks pursuant to Article 8 of the Code.

The Internal Auditing Committee is made up exclusively of non-executive (Article 8.P.4.) and independent Directors: Messrs. Francesco Gianni, Bruno Barel and Alessandro Antonio Giusti. Furthermore, the Committee is attended both by the Chairman of the Board of Statutory Auditors, or another auditor designated by the Chairman of the Board of Statutory Auditors, and the Executive Director tasked with overseeing the functioning of the Internal Audit System.

One of the members, Mr. Alessandro Antonio Giusti, a chartered accountant, has proven experience in accounting and finance which the Board of Directors considered to be appropriate at the time of his appointment.

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.

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

During 2011, the Committee met five times. Minutes were regularly taken for these meetings which last approximately one hour. Some meetings were attended by individuals who are not members of the Committee, their participation took place upon the invitation of said Committee and with regard to specific items on the agenda. All the members of the Committee have participated in the five meetings held during the accounting period.

A total of five meetings are planned for the current accounting period. It is specified furthermore that the Committee has already had one meeting this year.

During 2011, in observance of the provisions pursuant to the Code of Best Practice for listed companies, Article 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;
- assessment of the adequacy, efficacy and effective functioning of internal auditing.

Pursuant to the aforementioned Article 8.C.1. of the Code, during 2008 the Committee had already supported the Board of Directors in identifying the Executive Director tasked with overseeing the functioning of the Internal Audit System.

The Committee also monitored the activities for checking the control protocols envisaged by the Management and Organisation 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 (Article 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 external auditor, 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 2012 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 2011 and the stage of completion of the work relating to the 2011 Internal Audit plan.

In observance of the provisions pursuant to the Code of Best Practice for listed companies (Article 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.

Moreover, in fulfilment of the provision contained in the Code of Best Practice for listed companies art. 8.C.3, letter e), the Internal Auditing Committee supervised the effectiveness of the auditing process.

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

The Committee also expresses opinions on specific aspects inherent in the identification of the major corporate risks and the planning, realisation and management of the internal audit system, upon the request of the competent executive director.

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

The Company's Internal Auditing Committee carried out the functions attributed to the relevant committee concerning related-party transactions (Lesser RPT Committee and Larger RPT Committee) laid down by the **Related-Party Transactions Regulation** concerning the governing of related-party transactions approved by the Board of Directors with resolution of 28 October 2010 (see paragraph 10 below) in compliance with the CONSOB regulation on RPTs.

9. INTERNAL AUDIT SYSTEM

The Board of Directors defines the guidelines 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 2011, the Board of Directors 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 functioning of the internal audit system.

9.1 Main features of the existing risk management and internal audit systems in relation to the financial disclosure process

Introduction

Pursuant to the Code, the internal audit system is the total rules, procedures and organisational structures that ensure, through an appropriate process of identification, gauging, management and monitoring of major risks, the running of a healthy, correct business that is in coherence with the objectives that have been set.

The definition provided in 1992 by the Committee Of Sponsoring Organizations of Treadway Commission (COSO) identifies the Internal Audit System as a process designed to provide

reasonable assurance regarding the achievement of objectives in effectiveness and efficiency of operations, reliability of financial reporting, and compliance with applicable laws and regulations.

In line with this definition, the existing risk management system in relation to the financial disclosure process within Geox falls within the group's broader Internal Audit System.

Description of the main features of the existing risk management and internal audit systems in relation to the financial disclosure process

a) General Principles concerning the operations of the Internal Auditing System

In exercising its activity of managing and coordinating subsidiary companies, Geox S.p.A. establishes the general principles concerning the operations of the Internal Auditing System for the whole group. It is understood that each subsidiary implements these principles in line with local regulations through organisational structures and operating procedures that are appropriate to the specific context.

Geox's Internal Audit System is based on the following elements:

- The Group's Code of conduct;
- A clear corporate organisation and well defined, formalised responsibilities;
- Corporate policies and procedures;
- Disclosure Systems (mainly in relation to the objectives of a correct segregation of functions);
- Management control and the management reporting system;
- The plan of powers granted to management;
- The internal communication process;
- Continuous training of company staff;
- A structured, controlled external communication process.

Given the definitions of the Internal Audit System provided in the introduction, the audit is intended as an action undertaken by a manager for increasing the probabilities that the pre-established objectives will be achieved or for reducing the impact of any risks on said objectives.

These audits can take place *ex-ante* (to avoid the occurrence of undesired events) or *ex-post* (to recognise and correct the undesired events that occurred).

It is the responsibility of the Directors and managers of the Company, each within his/her own sphere of competence, to:

- Identify and evaluate the risks of corporate operations;
- Define and establish policies, operating rules, procedures, systems or other instruments for reducing the probability and/or impact of any risks to a minimum;
- Give operating instructions that contain control processes and encourage associates to carry out their tasks in a controllable and controlled manner;
- Maintain the adequacy and efficiency of the control processes that have been established.

The four fundamental objectives of the control operations that every Company manager must ensure are:

1. To protect Company resources, including human and economic resources;
2. To ensure the reliability of information and data used internally or communicated externally;
3. To promote effective and efficient actions;

4. To ensure that the guidelines for top management (including budgets, plans, policies and procedures, etc.) are abided by and carried out in compliance with the laws and regulations based on which the Company operates.

b) The Internal Audit System in the Financial Disclosure process

Of the four goals mentioned at the end of point a), the second and the fourth are closely linked to the financial information process which is mainly governed by the CEO and by the Executive appointed to draft the company's accounting documents as per Art. 154-*bis* of the FCA.

Pursuant to the principles of operation of the group Internal Audit System, the Managing Director and aforementioned Executive will each year identify the major risks of the financial disclosure process in a prudent and scrupulous manner. The risk identification process involves identification of the group companies and the operating flows liable to material errors or fraud, in relation to the economic values presented in the items of Geox S.p.A.'s financial statements and/or the consolidated financial statements.

In response to the risks identified and assessed according to probability of occurrence and materiality of the event in relation to the financial statements, adequate control procedures have been set up which are periodically assessed in terms of their design and operation. The assessment of the design of the control procedures contributes to guaranteeing their adequacy in relation to the risks for which the procedure was designed. The assessment of the operation over time ensures that the adequacy of the procedures is maintained over the period to which the disclosure refers.

c) Roles and responsibilities in the Internal Audit System

Without prejudice to the responsibility of every company Manager as described in point a), the main players in the Internal Audit System in the financial disclosure process are:

- The Managing Director and the Executive tasked with drawing up the company accounting documents pursuant to Article 154-*bis* of the FCA, who are in charge of defining and evaluating specific control procedures for protection against risks when drawing up the accounting records;
- The Internal Auditing Department which, objectively and independently, provides method-based advice during the activities for verifying the adequacy and effective application of the control procedures defined by the Executive tasked with drawing up the company accounting documents. As part of this Internal Auditing activity, any significant circumstance is reported to the Internal Auditing Committee and the aforementioned Executive himself;
- The Executive Director tasked with overseeing the functioning of the Internal Audit System, as the major player of initiatives involving the assessment and management of corporate risks;
- The Internal Auditing Committee, which analyses the results of the audit activity on the Internal Audit System and periodically reports to the BoD on any actions to be taken;
- The Supervisory Authority pursuant to Italian Legislative Decree 231/01, which intervenes through its supervisory activities on the corporate offences listed in Legislative Decree 231/01, identifying risk scenarios and personally verifying compliance with the audit measures. Furthermore, the Supervisory Authority monitors compliance with and application of the group's Code of conduct.

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

During 2008, the Board of Directors identified and confirmed during the meeting held on 21 April 2010, an executive director tasked with overseeing the functioning of the internal audit system (Article 8.C.1. of the Code): Mr. Enrico Moretti Polegato (Attorney), the Deputy Chairman.

Mr. Polegato saw to the identification of the main company risks (strategic, operative, financial and compliance), 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 guidelines defined by the Board, aimed at an on-going adjustment of the internal audit system and its management, by designing, implementing and managing the internal audit system and constantly verifying its 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.

9.3 Individual in charge of Internal Auditing

The Individual in charge of internal auditing, appointed by the Board of Directors during 2010, performed his duties coherently and within the limits of a formal mandate which guarantees that he has free and direct access to all the information considered useful for implementation of his own office. Furthermore this Individual had at his/her disposal an appropriate expense budget for the activities anticipated for the accounting period.

The Individual in charge of Internal Auditing reports directly to the Deputy Chairman of the Board of Directors in the latter's capacity as the Executive Director tasked with overseeing the functioning of the Internal Audit System and reports to the Internal Auditing Committee.

This Individual is not in charge of any department and does not report to any department manager, including the administration and finance departments.

During the year, the Individual in charge of Internal Auditing reported periodically on his/her work to the Executive Director tasked with overseeing the functioning of the Internal Audit System, the Internal Auditing Committee and the Board of Statutory Auditors.

The Individual in charge of Internal Auditing is, pursuant to criterion 8.c.7 of the Code of Best Practice, the Manager of the Internal Auditing Department, Mr. Simone Colombo.

The Internal Auditing function is not assigned to third party individuals, but the Company can occasionally use external professionals for specialised consulting services if these should be required during operations.

9.4 Organisation model pursuant to Italian Legislative Decree No. 231/2001

For some time now, the Group has adopted its Model for Organisation, Management and Control in compliance with the Legislative Decree no. 231/01, the general part of which is available on the corporate governance section of the website www.geox.com.

A Supervisory Body has been appointed to supervise the correct operation of the Model, which comprises an external attorney, Mr. Marco Cardia (who is the chairman), the Chairman of the Committee for Internal Auditing, Mr. Alessandro Antonio Giusti (an independent director) and the Individual in charge of Internal Auditing, Mr. Simone Colombo.

The Supervisory Body also executed its own annual 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.

9.5 Independent auditing firm

The Shareholders' Meeting held on 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.

9.6 Executive tasked with drawing up the company accounting documents

Mr. Mr. Livio Libralesso, Geox S.p.A.'s administration, finance and control 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 on 21 April 2010.

Article 18 *bis* of the Articles of Association 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 honourability requisites envisaged by current legislation.

For the performance of his duties, the executive is provided with an annual expenditure budget and, subject to the agreement of the Company, may avail himself of the advice of the Internal Auditing Department.

10. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

In fulfilment of the application Criterion 9.C.1 of the Code and pursuant to art. 2391-*bis* of the Italian Civil Code, and the CONSOB RPT Regulations, the Board of Directors of 28 October 2010 approved the Regulation governing Related-Party Transactions concerning the governance of related-party transactions, in force since 1st January 2011 and published in the corporate governance section of the company website www.geox.com.

In drafting the contents of the Regulation governing Related-Party Transactions, the Board established the criteria for identifying transactions which must be approved by the Board subject to the opinion of a special Committee coinciding with the Internal Auditing Committee and, where necessary, the advice of independent experts.

The Regulation governing Related-Party Transactions identifies the principles which GEOX abides by in order to ensure the transparency and essential and procedural correctness of transactions with related parties, in application and compliance with CONSOB RPT Regulations.

The Regulation governing Related-Party Transactions defines, among other things, the "material" transactions that require approval by the Board of Directors in advance, upon the documented and binding opinion (notwithstanding the provisions of the Articles of Association concerning shareholders' meeting authorisation) of a committee composed exclusively of independent, unrelated Directors and the committee must be identified within the Internal Auditing Committee while the transactions must be disclosed to the public.

Other transactions, unless they fall within the categories of exclusion or exemption pursuant to art.6 of the Regulation governing Related-Party Transactions, are defined as "Less Relevant RTPs" and may be approved by the Board of Directors or by any bodies which may be appointed, subject to the motivated and non-binding opinion of the same committee.

The Regulation governing Related-Party Transactions identifies the cases in which the procedures can be excluded or which are exempted from them, including, among other things, transactions involving a low amount (with a value lower than Euro 20,000), the ordinary transactions concluded

under standard or market conditions, the transactions with or between subsidiaries and those with associated companies, provided that parties related to the Company do not have significant interests in them, other transactions relating to the remuneration of the Directors and the managers with strategic responsibilities and urgent transactions carried out under specific conditions.

The provisions of the Articles of Association governing transactions with related parties were adapted to the CONSOB RPT Regulations. In particular, on 28 October 2010 the Extraordinary Shareholders' Meeting resolved to add a new section to the Articles of Association named "Related-Party Transactions" (which entailed renumbering of the current articles of the Articles of Association), containing the three articles below:

- Article 24 of the Articles of Association is an introductory article which provides that the Company must approve the transactions with related parties in compliance with current legal and regulatory provisions, as well as with its own Articles of Association requirements and relevant procedures adopted by the Company.
- art. 25 of the Articles of Association which allows the Regulation governing Related-Party Transactions to envisage approval by the Board of Directors of the more relevant RPTs despite the adverse opinion of the independent directors, as long as implementation of such transactions is authorised by the Shareholders' Meeting, pursuant to art. 2364, paragraph 1, number 5) of the Italian Civil Code. In the case indicated in the previous paragraph and also if a proposed resolution to be submitted to the Shareholders' Meeting concerning a material transaction is approved despite the independent Directors' adverse opinion, the Shareholders' Meeting resolves with legally established majorities, as long as – if the unrelated shareholders present at the Shareholders' Meeting account for at least 10% of voting share capital – the aforesaid legal majorities are achieved with the favourable vote of the majority of the unrelated shareholders voting at the Shareholders' Meeting.
- art. 26 of the corporate Articles of Association which allows the Regulation governing Related-Party Transactions to exclude urgent transactions from their area of application, even if pertaining to the Shareholders' Meeting, within the limits of that are allowed by applicable laws and regulations.

In regard to the procedure for the approval of the proposed resolution to the Shareholders' Meeting concerning the aforementioned amendments to the Articles of Association on transactions with related parties (or which are connected to the introduction of the provisions on this issue), it is noted that on 22 September 2010 the Board of Directors met to discuss the adoption of procedures for transactions with related parties as provided by the CONSOB Regulations and, as part of this investigation and discussion, it decided to propose to the shareholders' meeting the aforementioned amendments to the Articles of Association, upon the favourable opinion of the committee specifically established for this purpose and comprised of independent Directors (coinciding with the Internal Auditing Committee composed of Mr. Alessandro Antonio Giusti, Mr. Bruno Barel (Attorney) and Mr. Francesco Gianni (Attorney)).

In addition to governing, in the Regulation governing Related-Party Transactions, cases of related-party transactions which may include situations in which a director has a personal interest or an interest on behalf of others, the Board of Directors assessed and adopted with the Code of Ethics operating solutions designed to make it easier to identify and manage appropriately situations in which a director has a personal interest or an interest on behalf of others (Application criterion 9.C.2.).

In particular, the Board of Directors in its meeting of 13 May 2005 approved a Code of Ethics for corporate bodies and their members, staff, temporary employees, consultants and associates of any type, agents, attorneys and any other entity acting for or on behalf of Geox S.p.A. and, in general, all those with whom Geox S.p.A. and other Group companies come into contact while carrying out their activities. This Code of conduct, which is a fundamental part of the organisation model pursuant to Legislative Decree 231/2001 and the Group's internal audit system, attaches great importance to prevention and the management of conflicts of interest. In particular, Article 3, par. 2 of the Code establishes that *“any task undertaken on behalf of Geox S.p.A. shall be exclusively carried out in the interests of the Company. Therefore any conflict between personal interests and the interests of Geox S.p.A. shall be avoided or shall at least be made known immediately”*. Pursuant to Article 11 of the Code of conduct, specific penalties are provided for in the event of failure to comply with the principles contained in the Code of Ethics (including those involving the prevention and disclosure of conflicts of interest): *“with regard to Directors and Auditors, any violation of the Code shall entail action by the Board of Directors or Board of Statutory Auditors. Such action shall be proportionate to the gravity of the violation or to whether it is a first time or a repeat offence or to the degree of negligence involved, and could result in a proposal to the General Meeting for the dismissal for just cause of the person involved”*.

11. APPOINTMENT OF THE BOARD OF STATUTORY AUDITORS

The rules applicable to the appointment and replacement of the Board of Statutory Auditors are envisaged by Article 22 of the Articles of Association and presented below.

“When the Auditors are appointed and before they accept the office, the administration and control tasks carried out in other companies are made known to the Shareholders' Meeting.

Persons holding office as standing statutory auditors in more than seven companies issuing securities listed in regulated markets cannot be appointed as the Company's Statutory Auditors (without prejudice to any other limit introduced according to Article 148-*bis* of Legislative Decree no. 58/1998).

Statutory auditors are appointed for the first time in the Articles of Incorporation and thereafter by the ordinary Shareholders' Meeting, which also appoints from among them the Chairman of the Board of Statutory Auditors, according to the procedures indicated hereunder. Before appointing the Statutory Auditors, the Shareholders' Meeting determines the Statutory Auditors' remuneration for their entire term of office.

Statutory Auditors are appointed on the basis of lists presented by Shareholders, in which candidates must be listed in progressive order.

Each Shareholder can present or take part in the presentation of just one list. Only those Shareholders who, alone or together with other Shareholders presenting the same list, account for at least a fortieth of the share capital (or any other lower limit provided by the law in force at the date of the Shareholders' Meeting) can present or take part in presentation of the lists.

The minimum shareholding requirement necessary to present the lists is calculated taking into account the shares registered in the shareholders' name as at the date when the shares are lodged at the Company's registered offices. In order to prove ownership of the number of shares necessary to present the lists, the Shareholders who present, or contribute to the presentation of, the lists must present and/or deliver to the Company's registered offices, a copy of the specific certification issued by a legally qualified intermediary by the deadline established for publication of the lists.

Each Shareholder as well as the Shareholders belonging to the same group (i.e. the controlling party, even if it is not a corporate entity, pursuant to Article 93 of Legislative Decree no. 58/1998 as

well as its subsidiaries and affiliates), i.e. that are party to a shareholders' agreement pursuant to Article 122 of Legislative Decree no. 58/98, cannot present or participate in presenting or vote directly, through third parties or financial services companies, for more than one list. Each list shows a number of candidates not exceeding the maximum number of members of the Board of Statutory Auditors.

The lists presented by Shareholders must be lodged at the Company's registered offices at least 25 (twenty-five) days before the date fixed for the Shareholders' Meeting convened to appoint the Statutory Auditors and are made available to the public, at least 21 (twenty-one) days before the meeting, at the Company's registered offices, on its website and in the other ways envisaged by applicable legal and regulatory requirements.

The lists must include (i) any information related to the identity of the Shareholders presenting the lists, the percentage of shareholding held, and a certification proving their ownership and (ii) a declaration from the Shareholders who do not hold a controlling or relative majority shareholding, neither on a joint basis, stating that they do not have any relation provided by Article 144-*quinquies* of the Consob Issuers' Regulations.

Each candidate can appear on one list only on pain of ineligibility. At the same time when lists are lodged at the Company's registered offices, the declarations must be lodged with which individual candidates accept their candidacy and certify, under their own responsibility, the absence of causes of ineligibility and of incompatibility, as well as the existence of the requirements envisaged by applicable regulations and by the Articles of Association including the limit of the number of accumulated offices previously described. Together with these declarations a curriculum vitae is lodged for each candidate concerning the latter's personal and professional characteristics as well as the indication of the suitability to qualify as an independent.

When just one single list is presented within the above mentioned twenty-five days term, or if only lists from shareholders subject to the relations provided by Article 144-*quinquies* of the Consob Issuers' Regulations are presented, other lists can be presented up to the fifth day after that date. In that case, the minimum shareholding requirement for shareholders presenting the lists is cut by half.

Lists for which the previous requirements are not observed, are not considered to have been presented.

Each holder of voting rights can vote for just one list.

Two standing auditors and one substitute auditor are taken from the list obtaining the highest number of Shareholders' votes, in the progressive order with which they are listed in the list concerned. The remaining standing auditor and substitute auditor are taken from the lists having obtained the second highest number of votes. In the case of a tie vote between two or more lists obtaining the highest number of votes, the youngest candidates (in terms of age) will be elected as standing and substitute auditors up to the number of offices to be assigned, in any case ensuring that standing auditors are taken from at least two different lists.

For the purpose of implementing the provisions of this article, the lists presented by minority shareholders that are directly or indirectly connected with shareholders that have presented or voted for the list that has obtained the highest number of votes shall not be included.

The chairmanship of the Board of Statutory Auditors is assigned to the standing auditor indicated as the first candidate on the list that at the Shareholder's Meeting has obtained most votes after the first one.

The above-mentioned provisions for the appointment of the Board of Statutory Auditors are not applicable to Shareholders' Meetings appointing the Board of Statutory Auditors following replacement or cease of office of members of the Board, in compliance with legal requirements, or

to Shareholders' Meetings appointing the Board of Statutory Auditors whom, for any reason whatsoever, including non-presentation of several lists, it was not possible to elect using the list vote approach. In such cases, the Shareholders' Meeting decides with the majorities established by law.

Statutory auditors hold office for three financial years and cease their office on the date of the Shareholders' Meeting convened to approve the financial statements for the last financial year of their term of office. Statutory auditors' ceasing of office takes effect when the Board of Statutory Auditors has been re-elected. If a standing Statutory auditor ceases his/her office for any reason, the substitute auditor belonging to the same list as the auditor leaving office takes his/her place. The new auditors holds office until the next Shareholders' Meeting, which then reconstitutes the Board of Statutory Auditors as per legal requirements".

By means of Resolution no. 18083 published on 25 January 2012, Consob established the shareholding required for presentation of the lists of candidates for election to the administration and control bodies that closed the accounting period ended on 31 December 2011, unless a lower quota is envisaged by the Articles of Association. In particular, the quota set for GEOX S.p.A. is the following:

CRITERIA FOR THE DETERMINATION OF THE SHAREHOLDING			SHARE-HOLDING QUOTA
CAPITALISATION CATEGORY	FLOATING QUOTA %	MAJORITY QUOTA %	
> € 375 million and <=€750 million	Not material	Not material	2.5%

12. AUDITORS

Pursuant to Article 22 of the Articles of Association, the Board of Statutory Auditors is made up of three standing members and two substitute ones.

The Auditors currently in office were appointed by the Shareholders during the Shareholders' Meeting held on 21 April 2010 on the basis of the single list presented by the majority shareholder LIR S.r.l. and approved by the majority of the Shareholders' attending the meeting; they will remain in office until the meeting for the approval of the financial statements as of 31 December 2012.

During 2011, the Board of Statutory Auditors held 11 meetings with an average length of two hours each.

The structure of the Board of Statutory Auditors as at 31 December 2011 is shown in the table below.

Name	Office	In office since	List	Indep. as per Code	As per Code % equity inv. in capital	Other offices
Fabrizio Colombo	Chairman	21.04.2010	M	X	100	17
Francesco Mariotto	Standing Auditor	21.04.2010	M	X	100	4
Francesca Meneghel	Standing Auditor	21.04.2010	M	X	100	9
Davide Attilio Rossetti	Substitute Auditor	21.04.2010	M	X	-	46
Laura Gualtieri	Substitute Auditor	21.04.2010	M	X	-	1

The list of administration and control offices covered by the Company Auditors in companies pursuant to Book V, Title V, Chapters V, VI and VII of the Italian Civil Code, is enclosed with this Report. The complete list of offices is published by CONSOB on its own Internet site pursuant to art. 144-quinquiesdecies of the Issuers Regulation. The personal and professional characteristics of each auditor are reported in their respective curriculum vitae in the corporate governance section of the company website www.geox.com.

Observance of the criteria of independence was verified at the time of appointment i.e. in compliance with art. 148, paragraph 3 of the FCA and with art. 10 of the Code. Furthermore, the Board of Statutory Auditors has assessed the independence of its members as soon as possible after their appointment and checked whether the requirements continued to be fulfilled in 2010 and 2011.

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 department and with the Internal Auditing Committee, by means of the periodic participation in meetings providing updates on internal audit matters.

13. 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 investor relations' function is handled by Mr. Massimo Stefanello, Mr. Livio Libralesso and Ms. Marina Cargnello.

14. SHAREHOLDERS' MEETINGS

Article 12 of the Articles of Association provides that parties qualifying as owners of shares are entitled to intervene and to vote on the seventh open market day prior to the Shareholders' Meeting date and provided they have announced their wish to intervene in the Shareholders' Meeting through a duly authorised intermediary, pursuant to the provisions of the law and applicable regulations.

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. In this case, the meeting will be considered to have been held where the chairman of the Meeting and the secretary are located. The method of telecommunication used must be mentioned in the minutes.

Those who are entitled to vote may exercise this right electronically via certified email (PEC) pursuant to the laws, regulatory provisions on this issue and the provisions within the shareholders' meeting regulations. This provision of the Articles of Association shall enter into effect as from the

shareholders' meeting resolution that approves the amendments to the shareholders' meeting regulations which govern the ways in which a vote can be placed electronically.

Individuals who are entitled to participate and vote in the Shareholders' Meeting may be represented by another natural or legal person, including non-shareholders, via a written authorisation in the cases and within the limits set by the applicable law and regulatory provisions. The authorisation may be sent electronically via certified email and through any other methods provided for in the convocation notice, according to the procedures allowed by the applicable provisions of the law and the regulations.

Pursuant to article 127-ter of the FCA, shareholders can ask questions on the agenda items even prior to the Shareholders' Meeting, via a registered letter with return receipt to be addressed to Geox S.p.A. Direzione Affari Legali e Societari, via Feltrina Centro no. 16, 31044 Biadene di Montebelluna (TV), Italy or by certified email to societario@pec.geox.com. These questions will be answered at the latest during the Meeting, while the Company is entitled to provide a joint response to questions having the same content.

Pursuant to Article 10 of the Articles of Association, within 10 days of publication of the convocation notice, unless a different time period is indicated by the law, shareholders who alone or jointly represent at least forty percent of the share capital can request that additional issues be added to the agenda and they must indicate the issues they are proposing, within the terms and conditions set by the law and applicable regulations, via a signed letter to be addressed to the Geox S.p.A. Department of Legal and Corporate Affairs, together with a report on the issues which are to be discussed. Addition is not allowed for issues that the shareholders' meeting deliberates about, pursuant to the law, upon the proposal of Directors or based on a project or report prepared by them. Any list of additional issues to be discussed at the shareholders' meeting will be published following the same terms and conditions as for this notice, at least fifteen days prior to the Shareholders' Meeting.

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 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 21 April 2011, 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.

15. OTHER PRACTICES PERTAINING TO CORPORATE GOVERNANCE

The Company has established an Ethics Committee composed of Mr. Mario Moretti Polegato, Mr. Joaquín Navarro-Valls and Mr. Umberto Paolucci, to direct and promote the commitment and ethical conduct of the company.

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

As at the closing date, no changes in the corporate governance structure took place in respect to those indicated in the specific sections.

GEOX

Today, 8 March 2012

On behalf of the Board of Directors

The Chairman

Mario Moretti Polegato

Attachment to the Annual Corporate Governance Report for 2011

List of offices covered by Geox S.p.A.'s Directors and Statutory Auditors in other companies listed on regulated markets (in Italy and/or abroad), in financial, banking and insurance companies or large-scale companies

Board of Directors

Name	Office	Other offices
Mario Moretti Polegato	Chairman	Sole Shareholder of LIR S.r.l., parent company of Geox S.p.A.
Francesco Gianni	Director	Director of: <ul style="list-style-type: none"> - Cassa dei Risparmi di Milano e della Lombardia S.p.A. (CARIMILO) - Cassa di Risparmio di Ravenna S.p.A. - Maggioli S.p.A. - Finanza & Futuro Banca S.p.A. - IDeA FIMIT SGR S.p.A.
Bruno Barel	Director	<ul style="list-style-type: none"> - Director of Numeria SGR S.p.A. - Independent Director on the board of Directors of IRCA S.p.A. - Independent Director on the board of Directors of SIPA S.p.A. - Independent Director of RICA S.p.A (Gruppo Zoppas Industries).
Alessandro Antonio Giusti	Director	Standing Auditor of: <ul style="list-style-type: none"> - Fast Finance S.p.A.. - Fidicontrol S.p.A. - Marzotto S.p.A. - Investex S.p.A. Chairman of the Board of Statutory Auditors of: <ul style="list-style-type: none"> - STB S.p.A. - X Capital Sp.A.
Umberto Paolucci	Director	<ul style="list-style-type: none"> - Director of Coesia S.p.A. - Director of Banca Profilo S.p.A.

Board of Statutory Auditors

Name	Office	Other offices
Fabrizio Colombo	Chairman	<ul style="list-style-type: none"> - Member of the Board of Directors of Brioschi Sviluppo Immobiliare S.p.A. - Standing Auditor of Finavedi S.p.A. - Standing Auditor of Acciaieria Arvedi S.p.A.; - Chairman of the Board of Statutory Auditors of LIR S.r.l., parent company of Geox S.p.A.

GEOX

		<ul style="list-style-type: none">- Chairman of the Board of Statutory Auditors of Diadora Sport S.r.l.- Standing Auditor of F.C. Internazionale Milano S.p.A.- Standing Auditor of Industria e Innovazione S.p.A.- Standing Auditor of Sistemi Informativi S.r.l.;
Francesca Meneghel	Standing Auditor	Standing Auditor: <ul style="list-style-type: none">- Avon Cosmetics S.r.l.- Immobiliare Idra S.p.A.- Key Client Cards & Solutions S.p.A.- Mondadori Pubblicità S.p.A.- Mediolanum Assicurazioni S.p.A.- Mediolanum Gestione Fondi SGR S.p.A.- Finanza & Futuro Banca S.p.A.