

GEOX

RESPIRA



ELECTRIC RACING CHAMPIONSHIP



#GEOXSUSTAINABILITY





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CHAIRMAN'S MESSAGE TO STAKEHOLDER



The name GEOX was created with GEA (“GAIA”) - Mother Earth - in mind, thinking also about how to use innovation to make people feel good, hence the “X” in our name.

Geox’s objective is to improve the daily lives of its customers through innovative products that guarantee breathability. The “shoe that breathes” is a notion, an idea and a promise that, from the moment it was created, has become the keystone of Geox’s mission, aimed at well-being and total comfort.

Here at Geox, we’re convinced that it is essential to apply ethical standards and principles focusing on fairness and respect, solidarity, the protection of individuals, sustainability and environmental protection in order for our company, and indeed the world, to achieve long-lasting development.

Over the years, our strong belief that even a simple pair of shoes can improve the well-being of the world and the people in it, has led us to continuously search for new and better ways to create our collections, paying more and more attention to quality and the environment.

Human activity is undermining environmental harmony and does not always guarantee the best quality of life for people: that’s why we believe it is of crucial importance for every company to evolve and put the well-being of the planet and society at the top of their list of priorities.

A successful business in the 21st century has a responsibility to use its potential to contribute to solving today’s environmental and social issues.

That’s why we’ve been working on a Sustainable Innovation initiative for many years now, regarding everything that we do. The time has now come to collectively involve all of you, and we want to help transform our industry, also by using our Non-Financial Consolidated Statement to tell the story of the large and small-scale measures that we’ve successfully implemented. Our aim is to guarantee full transparency for all of our stakeholders.

Mario Moretti Polegato

THE GEOX GROUP

HISTORY

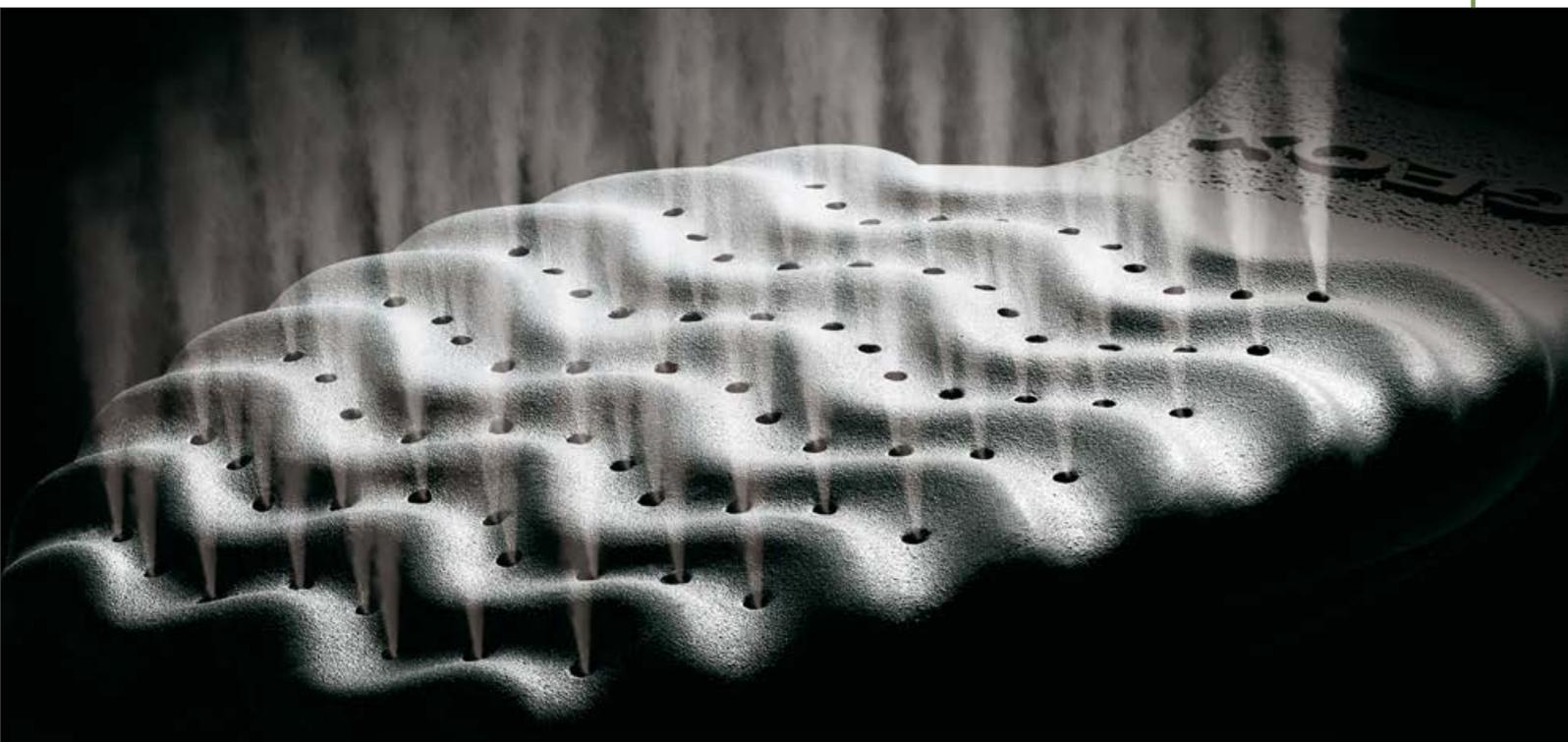
It was almost 25 years ago when Mario Moretti Polegato, founder and chairman of Geox, came up with the revolutionary idea of piercing the rubber soles of his shoes, allowing his feet to breathe during a trip under the hot sun of Reno, in Nevada. So, why not create a product that's as flexible and strong as a normal rubber sole, at the same time as guaranteeing extraordinary performance in terms of breathability and water resistance?

When he got back to Italy, Moretti Polegato decided to develop his idea in a small footwear company belonging to his family, creating a new technology for rubber soles: that's how the first "shoe that breathes" was born, which he immediately patented.

After pitching his invention to well-established footwear companies without success, and, having passed a market test with a range of kids' shoes, Moretti Polegato began manufacturing his Geox shoes independently. He improved and perfected the initial patent and went on to extend the range of products to include not just children's shoes, but men's and women's too.

That's how everyday design encountered avant-garde technology, a project whose very name symbolises its close link with nature and real life. In fact, the word Geox is made up of 'Geo' - the Greek for "earth" - and 'X', the symbol for the most advanced technology, developed in Italian laboratories and exclusively patented throughout the world. This name captures all of the effort and energy of our drive and know-how, our care and attention, using research to support quality and everyday elegance.

"BREATHES" stands for innovation, research and continuous experimentation: a philosophy that unites creativity and performance, style and technology, respect for the environment and for people.



INNOVATION AT THE FOREFRONT

Geox's mission is to develop technology that breathes.

The company constantly invests in research in order to continuously improve its products: innovative shoes and jackets able to provide maximum breathability, comfort and performance at the same time as offering a modern Italian design.

Geox's technology is protected by some 38 patents and 24 recent patent applications.

The initial "shoe that breathes" patent, with the rubber sole integrated with a special membrane that allows vapour to pass through but not water, was extended to shoes with a leather sole, which are also able to repel and disperse water and humidity.

Geox's new generation of wind and rain proof products reached the peak of breathability and heat-regulation technology in Amphibiox, a range of products offering outstanding levels of insulation and protection, reflecting the excellence of the brand.

And that's not all. The main concept of well-being you can wear has been studied, developed and perfected, permeating all of the brand's creations. This concept has been transferred from shoes to clothing collections, allowing outerwear to benefit from the fundamental quality of breathability.



AMPHIBIOX®

the waterproof & breathable shoe

GEOX'S TECHNOLOGICAL SYSTEMS FOR WATER RESISTANCE AND TOTAL BREATHABILITY,
SUITABLE FOR ALL WEATHER CONDITIONS

Amphibiox® is the breathable and waterproof solution to suit all requirements in terms of comfort. This waterproof shoe is perfect for any situation: suitable for all types of weather and environments and whatever degree of water immersion you may need, as well as providing your desired level of heat insulation. A special breathable and waterproof membrane protects both the sole and the upper, preventing water from entering the shoe at the same time as guaranteeing Geox's extraordinary levels of breathability. The inside of the shoe therefore maintains an ideal microclimate for your feet, which stay warm, dry and are free to breathe naturally.



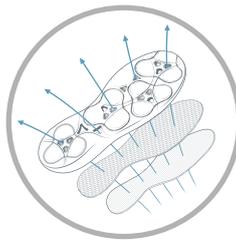
NEBULA™

3D breathing engineering

Nebula™ is made using revolutionary technology, providing excellent performance in terms of breathability and comfort. Bursting with innovation, this shoe is ideal for frequent travellers who want to get around with style and character, without compromising on comfort.



INNER
BREATHING
SYSTEM



NET BREATHING SYSTEM

Perforated sole

Protective layer

Full-size membrane



NEBULA s - NEBULA x

The best and most comfortable shoe for city living

Geox has further developed the Nebula concept with its NebulaTMS and NebulaTMX ranges. These products have different design and performance characteristics but are united by their soles, featuring large holes and the ultra-breathable Net Breathing System technologyTM, and by their iconic 3D performance unit system, ensuring flexibility, cushioning, stability and grip.



DOUBLE FIT



LIGHTWEIGHT
& FLEXIBILITY



3D
BREATHABILITY

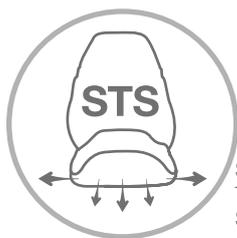


NEXSIDE™: the next breathing side

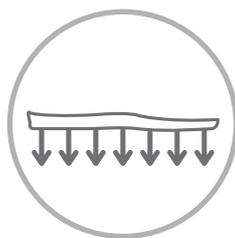
Nexside is the new Geox footwear shoe with Side Transpiration System:
the new technology developed to guarantee a superior level of breathability through additional perforations on the side of the sole.

Side Transpiration System

The grooves between midsole and outsole form air pockets connected to the outside by perforations fashioned along the edge of the outsole and towards the bottom. The effect of walking creates a continuous circulation of air through these small cavities, allowing the membrane to push the humidity out faster from the inside of the shoe.



SIDE
TRANSPARATION
SYSTEM STS



FULL
BREATHABLE
SURFACE

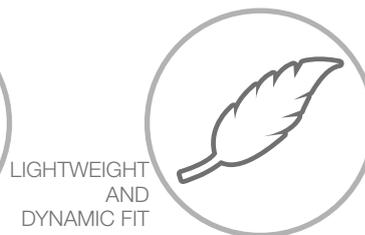
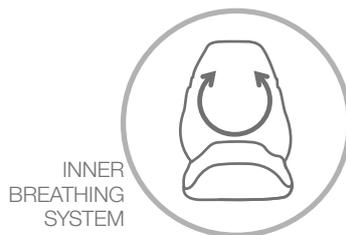


INNER
BREATHING
SYSTEM



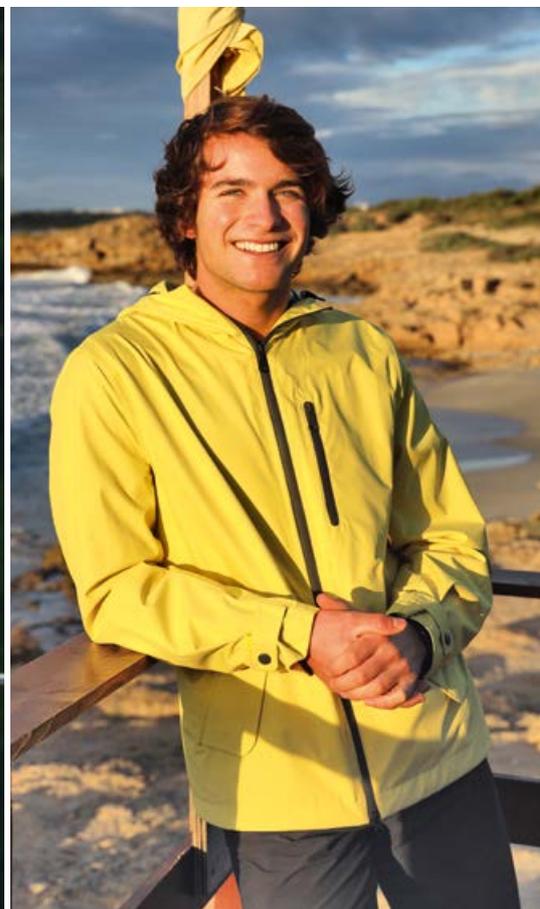
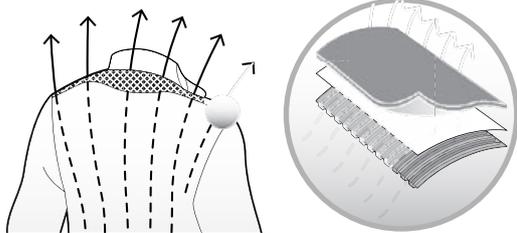
AERANTIS™: Dynamic Breathing System

The AERANTIS™ shoe combines a range of Geox innovations. The Net Breathing System™ breaks down barriers with the outside, thanks to the wide and perforated breathable surface of the sole, the Ventilation System is the engine that maximises air-flow within the shoe, and the Inner Breathing System enhances breathability for the whole foot.



THE JACKET THAT BREATHES

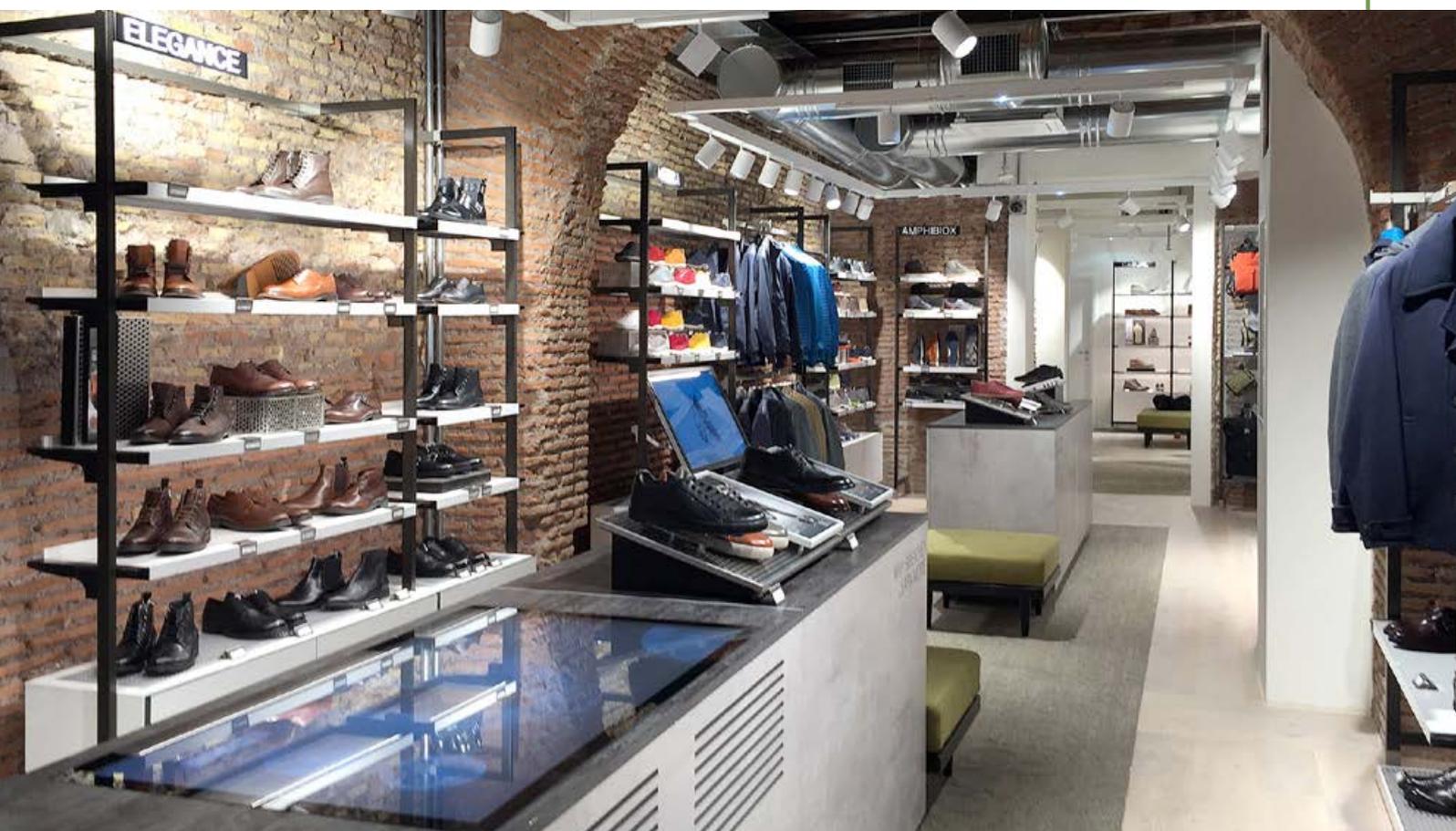
Geox's garments allow the humid air created by the evaporation of sweat to escape through breathing tape, which stretches from one shoulder to the other, a 3D spacer and a special breathable and waterproof membrane inserted inside, which has the dual function of allowing sweat to escape at the same time as preventing water from entering. Thanks to Geox's patented system, the garment stays drier and perceived humidity is reduced.



GEOX WORLDWIDE

Geox was established in Italy, but has a strong international presence: 70% of revenues are generated abroad, across more than 110 countries.

The Group implements a diversified distribution strategy across the individual markets in order to ensure brand promotion is coherent for the end consumers. In 2018, Geox was present in approximately 10,000 wholesale selling points and 1,015 mono-brand stores.



A HIGH-VISIBILITY BRAND

Geox has implemented an effective marketing strategy, based on the benefits of breathability, which covers different media and uses dedicated campaigns to target consumers of both the kids' collections and products for men and women. As a result, consumers of all ages identify the Geox brand with the concept of "letting you breathe".



EVERYDAY COLLECTION

In addition to their innovative solutions guaranteeing water resistance and breathability, Geox collections also stand out for their levels of comfort and modern, versatile style, perfect for everyday wear. The company's in-house design centre analyses new consumer trends, explores materials and ideas, and develops a wide range of shoes and apparel for men, women and children.



GROUP PROFILE

With an extensive distribution network, which includes both wholesale and mono-brand stores, directly operated and franchised, Geox boasts a global leadership position.

Technology, breathability, well-being, Italian style and sustainability are the essence of Geox products.

We believe it is of crucial importance for every company to evolve and put the well-being of the planet and society at the top of their list of priorities.

Over
5,200 employees

25 years
of history and
experience

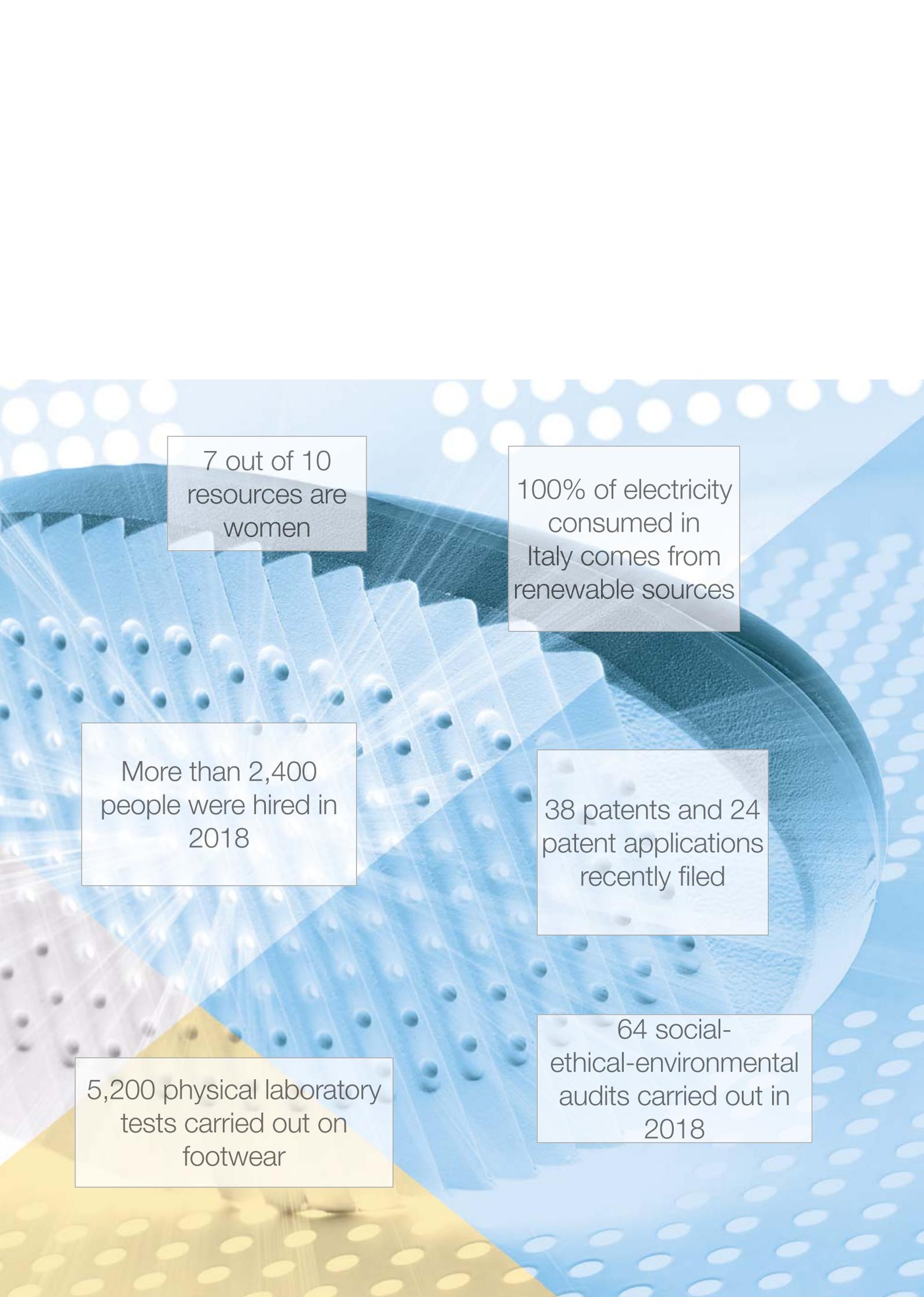
27 legal entities
throughout

\$2.3 mln invested in
Quality and Safety

Over € 827 mln
in net sales
in 2018

More than 1,000
Geox Shops
in Italy and abroad

Geox is one of the
brands that pays a
great deal of attention
to the environmental
sustainability of its
packaging, as part of
the CONAI initiative



7 out of 10
resources are
women

100% of electricity
consumed in
Italy comes from
renewable sources

More than 2,400
people were hired in
2018

38 patents and 24
patent applications
recently filed

5,200 physical laboratory
tests carried out on
footwear

64 social-
ethical-environmental
audits carried out in
2018

Introduction

The Geox Group creates, produces and distributes footwear and apparel, whose main feature is the use of innovative and technological solutions that can guarantee breathability and water resistance.

The success that the group has achieved right from the word go is thanks to the technological characteristics of “Geox” shoes and apparel. Thanks to a technology that is protected by some 38 patents and 24 more recent patent applications, Geox products offer technical performance able to improve foot and body comfort in a way that consumers are able to appreciate immediately.

Geox's innovation, the result of constant investments in Research and Development, is based, with regard to footwear, on the creation and development of special sole structures: thanks to a special membrane that allows vapour to pass through but not water, rubber soles are able to breathe and leather ones remain waterproof. The innovation introduced to the apparel sector, on the other hand, allows for the body's heat to escape naturally, thanks to a spacer between the shoulders, guaranteeing maximum breathability for the body.

Geox is market leader in Italy and is one of the leading global brands in the *International Fashion-Lifestyle Casual Footwear Market* (Source: Shoe Intelligence, 2018).

The Group implements a diversified distribution strategy across the individual markets in order to ensure brand promotion is coherent for the end consumers. As of December 31, 2018, Geox has over 10,000 wholesale sales points and 1,015 mono-brand “Geox Shops”, 444 of which are Directly Operated Stores (“DOS”) and 571 are franchises.

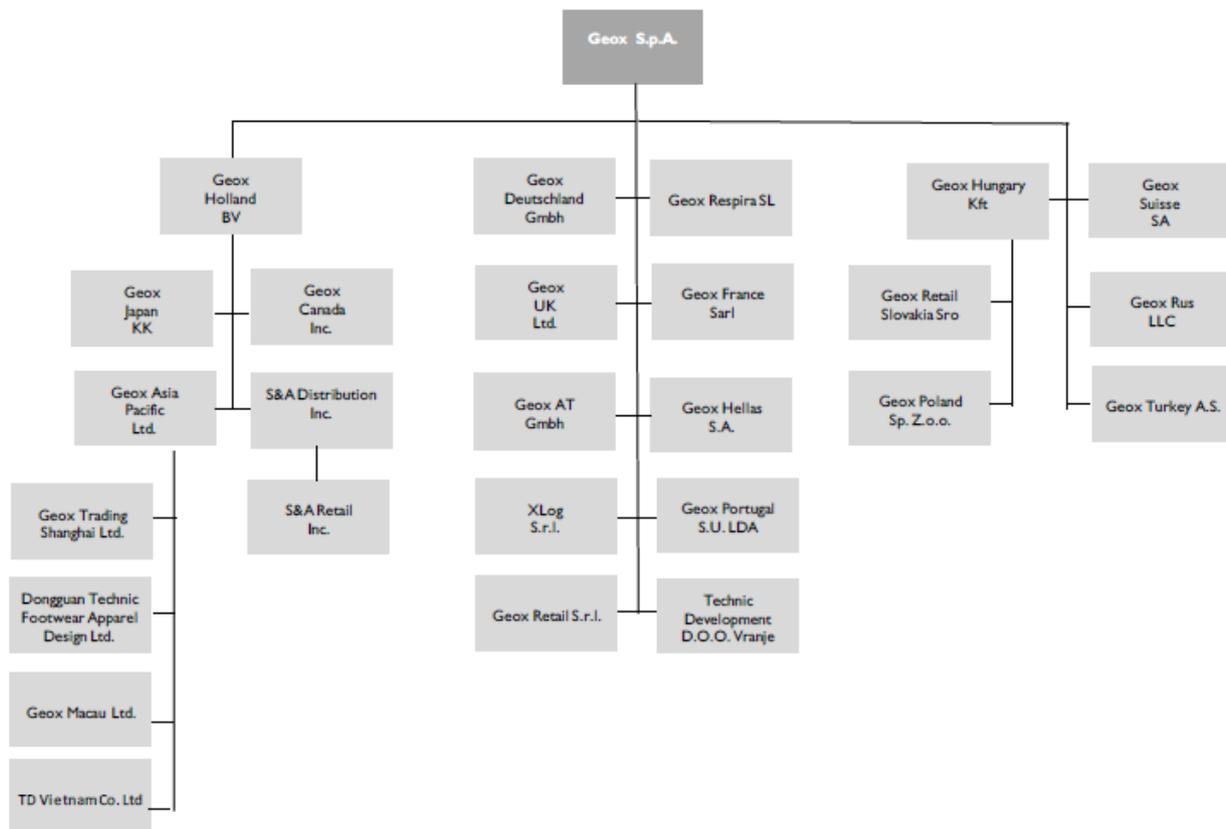


(*) Europe includes: Austria, Benelux, France, Germany, Great Britain, Iberian Peninsula, Scandinavia, Switzerland.

Geox Group, controlled by the operating holding company Geox S.p.A., operates across **three macro-groups of companies**:

- non-EU trading companies, whose role it is to develop and oversee the business in the various markets. They operate through licence or distribution agreements stipulated with the Parent Company;

- EU companies, whose initial role was to provide commercial customer services and coordinate the sales network on behalf of the Parent Company, which directly distributes the products on a wholesale basis. They then started to manage and develop the Group's network of mono-brand stores, again on behalf of the Parent Company;
- European trading companies, whose role it is to develop and oversee their specific area in order to provide better customer service, increasing the direct presence of the Group through localized sales forces and investments in showrooms closer to the market. The trading companies in Switzerland, Russia and Turkey are also responsible for fulfilling the purchasing requirements of a product that can be sold immediately in their country, having already complied with customs procedures.





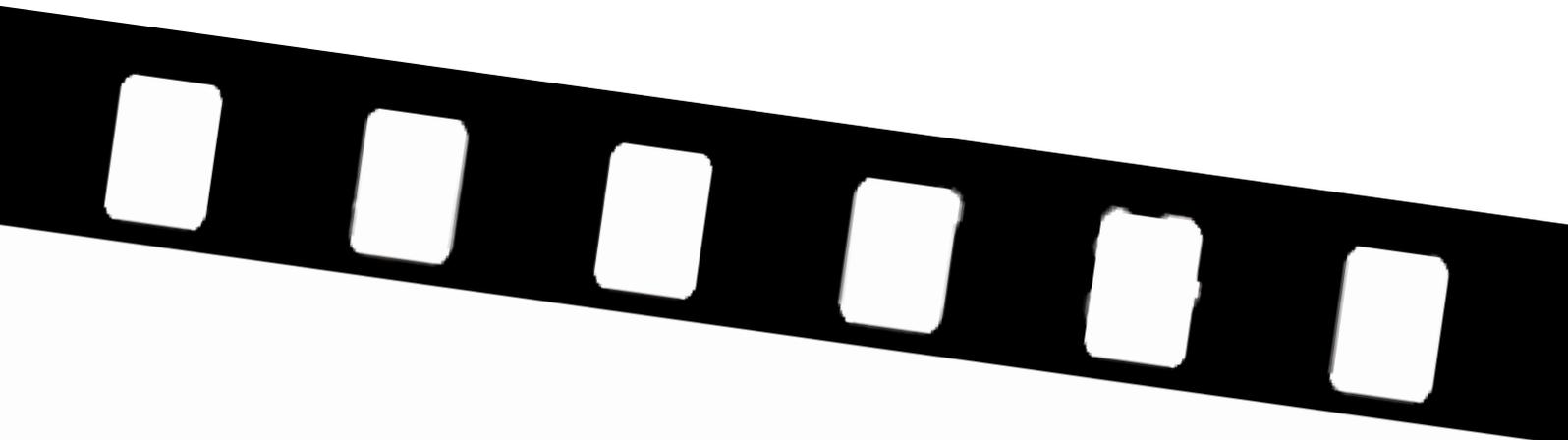
GEOX'S MISSION



TO BE A UNIQUE, RELEVANT
AND POPULAR BRAND
ACROSS ALL GLOBAL
MARKETS, OFFERING A
RANGE OF PRODUCTS
THAT “BREATHE”,
GUARANTEEING
MAXIMUM WELLBEING FOR
CONSUMERS



GEOX'S VALUES

A decorative graphic of a black film strip with white sprocket holes, curving across the top of the page.

INNOVATION

Always open to change and improvement. We use research to identify the most advanced technologies and cutting-edge trends to be incorporated into our unique products.

SUSTAINABILITY

Always taking great care of and fully respecting the people and the environment that surround us. Ethical conduct, equality, diversity, trust.

PASSION

We put our very best into everything we do. We always uphold our values.

WELLBEING

We love everything to do with well-being and we apply this to everything we do.

EXCELLENCE

Quality, safety and reliability. The utmost attention is paid to every single detail.

CUSTOMER CENTRICITY

Our customers are our guide and our reason for being. Customer satisfaction is our objective.

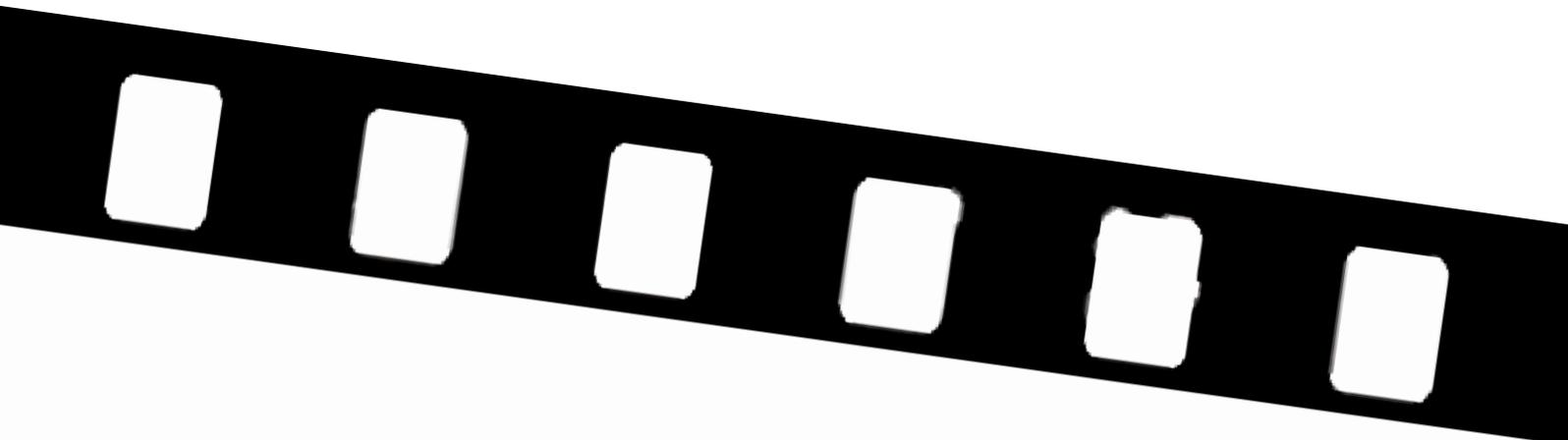
ITALIAN DNA

We're proud to be Italian. We convey the identity of our roots in every single one of our products.

A decorative graphic of a black film strip with white sprocket holes, curving across the bottom of the page.



GEOX'S DISTINCTIVE FEATURES

A black film strip with white sprocket holes, angled diagonally across the top of the page.

TECHNOLOGY AND INNOVATION

Constant focus on the product with innovative and technological solutions developed by Geox and protected by patents.

FOCUS ON THE CONSUMER

Constant focus on product quality and customer satisfaction, offering a wide range of products for men, women and children, representing affordable and democratic luxury.

HIGH LEVELS OF BRAND RECOGNITION

High levels of recognition of the brand and its distinctive features.

EXTENSIVE DISTRIBUTION NETWORK

Over 1,000 mono-brand stores and a widespread network of wholesale clients throughout the world.

FLEXIBLE SUPPLY CHAIN

A business model mainly based on flexible outsourcing, with a fast lane being guaranteed by the company's own production facilities in Serbia. The critical phases of the value chain are constantly overseen in Italy.

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PHILOSOPHY

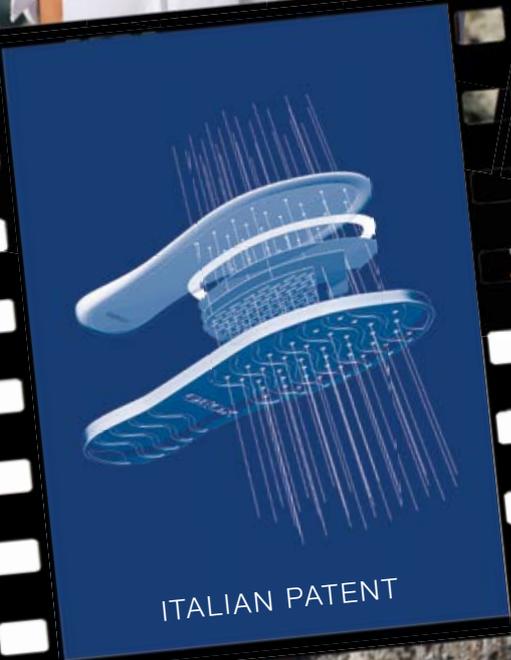
“Geox was born in Italy, the country of creativity and ideas.
Each Geox product is the result of the patented research that we carry out in our laboratories.
Each new collection is created by the best Italian stylists.
Geox Respira™ is now present all over the world thanks to its “double soul”, combining Italian fashion and technology”.

Mario Moretti Polegato
Geox S.p.A. Chairman



GEOX

R E S P I R A



ALESSIA ZECCHINI
26 YEARS OLD
APNEA WORLD CHAMPION

#GEOXPERIENCE



GEOX'S STRATEGY

2019-2021 STRATEGIC BUSINESS PLAN



AN OMNICHANNEL APPROACH AND RETAIL EXCELLENCE

In-depth organisational review in order to make our range of products and customer services increasingly rapid and accurate, across all points of contact.

CUSTOMER FOCUS

New customer relationship model with more advanced use of modern engagement, CRM and clienteling techniques.

DISTRIBUTION NETWORK

Converting the entire mono-brand store network to the new concept by the end of the plan and focusing on the quality of the wholesale channel, both online and offline, strengthening the most important strategic partnerships.

COMMUNICATIONS

Accelerating the evolution of communications strategies, with a greater focus on digital media and the role of social media, to attract target customers who, as of today, are not yet loyal to the brand.

PRODUCT RANGE

Redesigning the range, with collections made up of “core” products that are continuously reviewed and updated, combined with more frequent releases of innovative capsule collections.

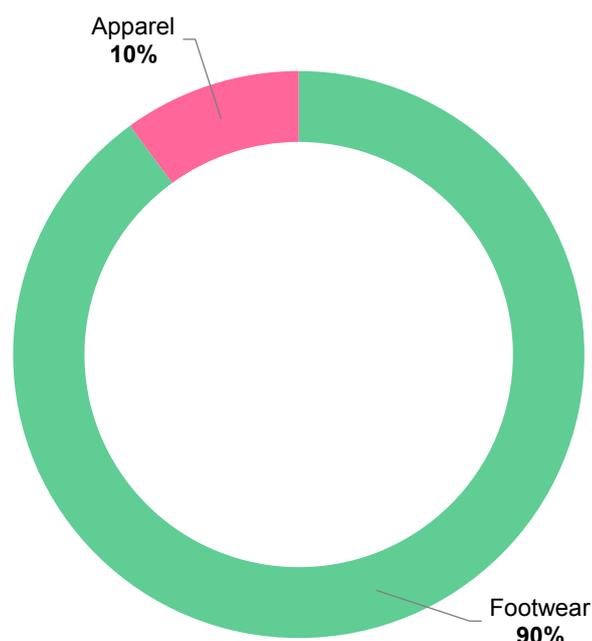
EFFICIENCY AND SUSTAINABILITY

Continuation and acceleration, with a lean approach, of all plans to reduce operating costs, and a strong focus on business sustainability, as part of the Group's DNA, with responsible initiatives regarding products and processes.

Economic performance: creating value for stakeholders

Consolidated sales in 2018 amounted to Euro 827.2 million, down -6.5% compared with the previous year. Positive performance was recorded in the last quarter of the year (+2%), mainly thanks to the good performance of the e-commerce channel.

Footwear sales represented approximately 90% of consolidated sales, amounting to Euro 744.0 million, with a decrease of -6.6% compared with 2017. Apparel accounted for 10% of consolidated sales, amounting to Euro 83.2 million compared with Euro 87.9 million in 2017, and recorded double-digit growth in the fourth quarter thanks to customers' positive reactions to the new collection.

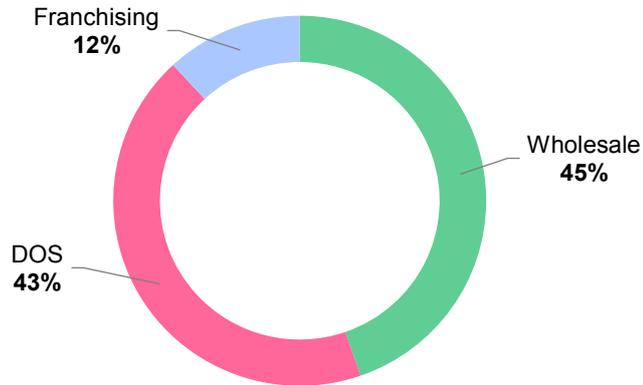


Sales generated by wholesale stores, representing 44.7% of Group revenues (45% in 2017), amounted to Euro 369.9 million. This decline is mainly down to: order cancellations resulting from a more selective approach to partners and markets aimed at reducing business risk; fewer reorders owing to the unusual weather conditions experienced both at the start of the spring-summer season and at the start of the autumn-winter season; fewer sales of discounted goods from previous seasons; a more unfavourable exchange rate effect.

Sales generated by directly-operated stores (DOS), representing 43.4% of Group sales, declined to Euro 359.1 million. The network effect is slightly positive as the new openings and taking over the direct management of previously franchised stores substantially compensated for the closures planned as part of the completion of the rationalization programme. The negative performance is therefore mainly due to the unusual weather conditions in March and September, which had an impact on footfall and sales volumes in stores.

Sales of the franchising channel, which account for 12% of Group sales, amounted to Euro 98.3 million, reporting a decline of 19%. Dynamics reflect those highlighted above and performance in the franchising channel is due to the planned rationalization of the store network in the last quarters, with a net reduction of 55 stores in 2018 (over 10% of the network at the end of 2017) due to closures and, above all, conversions into DOS, combined with comparable sales performing slightly below the levels recorded by directly-operated stores.

Sales by channel



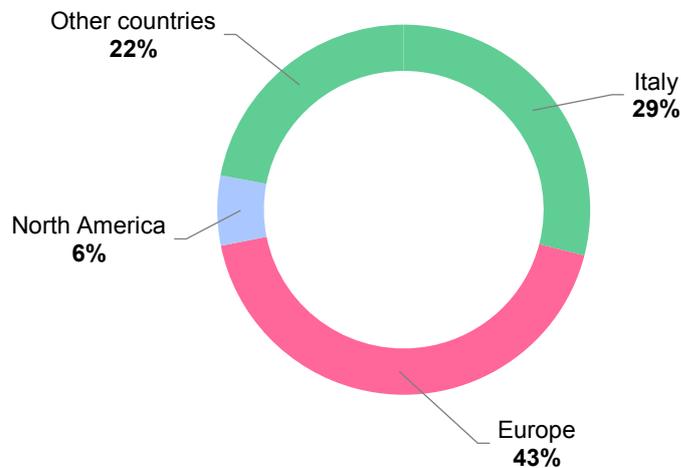
With regard to the breakdown of sales by region, those generated in Italy, representing 29% of Group sales (as was the case in 2017), amounted to Euro 239.8 million, compared with Euro 257.5 million in 2017. This trend is mainly due to the aforementioned optimization of the mono-brand store network (18 net closures in 2018) and to the unusual weather conditions (above all in March and September), with subsequent effects on reorders and comparable sales. Positive performance was recorded in the fourth quarter with comparable sales generated by directly-operated stores developing well (+4.8%).

Sales generated in Europe, representing 42.9% of Group revenues, amounted to Euro 354.7 million, compared with Euro 382.9 million in 2017, recording a decline of -7.4%. As was the case in Italy, this performance was mainly due to the planned rationalization of the mono-brand store network (25 net closures in 2018) and to the unusual weather conditions at the start of the spring and autumn seasons. Performance in the fourth quarter was substantially flat, with comparable sales generated by directly-operated stores increasing.

North America recorded a turnover equal to Euro 50.5 million, reporting a decline of -11.2% due to the wholesale channel undergoing a careful review and selection process for partners, with a focus on players more in line with the Group's planned strategy to improve brand perception.

The Rest of the World recorded a 2.6% decline in turnover compared with 2017, with an increase (*low to mid-single-digit*) in LFL sales generated by directly-operated stores and the wholesale channel.

Sales by geographic area



EBITDA amounted to Euro 38.4 million, equal to 4.6% of sales, compared with Euro 64.0 million in 2017 (equal to 7.2% of sales).

The Group's balance sheet shows a positive financial position of Euro 2.3 million, improving from Euro -5.4 million at December 31, 2017, after fair value adjustment of derivatives, which had a positive effect for Euro 9.1 million (Euro -20.5 million at December 31, 2017).

Over the course of the year, investments equal to Euro 37.4 million were made, up Euro 6.5 million compared with the previous year. The investments mainly regarded new openings and revamps of Geox Shops (Euro 21.2 million), industrial machinery and equipment (Euro 2.8 million), the logistics plant in Signoressa (TV) (Euro 2.3 million) and IT (Euro 6.8 million).

The economic value generated and distributed represents the company's potential to create wealth and share it among its stakeholders. In 2018, Geox Group generated an economic value equal to approximately Euro 862,622 thousand. The economic value distributed by the Group was equal to Euro 850,481 thousand. Over 98% of the economic value generated by the Group was distributed to stakeholders, both internal and external.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (Euro/000)

	2017	2018
Economic value generated by the Group	932,172	862,622
Sales	884,529	827,220
Other income	42,922	33,917
Financial income	7,374	3,920
Value adjustments to financial assets	-	-
Write-down of receivables	(2,402)	(2,211)
Exchange rate differences	(253)	(224)
Income/expenses from the sale of tangible and intangible assets	-	-
Value adjustments to tangible and intangible assets	-	-
Economic value generated by the Group	888,127	850,481
Operating expenses	713,770	670,646
Remuneration for collaborators	146,881	149,526
Remuneration for lenders	10,514	8,489
Remuneration for investors	5,184	15,552
Remuneration for public administration ¹	11,367	5,858
Community (*)	410	410
Economic value kept within the Group	28,662	17,432
Amortization and depreciation	(33,846)	(32,984)
Other reserves (dividends)	5,184	15,552
Reserves	15,383	(5,291)

(*) The item "Community" also includes contributions relating to the childcare centre.

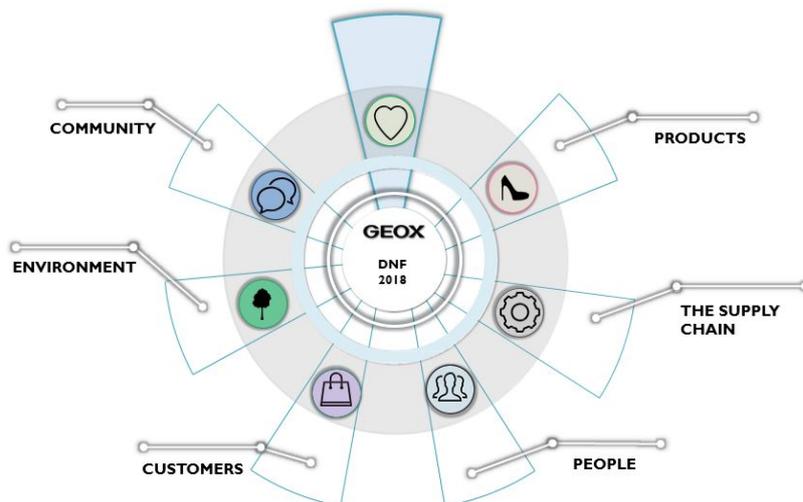
For further information on the Group's economic performance, balance sheet and financial position, please refer to the Consolidated Financial Statements for the Group.

¹ Remuneration for public administration also includes deferred taxes.



**RESPONSIBLE
GOVERNANCE**

RESPONSIBLE GOVERNANCE



**€863 mln of
economic
value
generated**

**Over 98%
of value
distributed**

2019-2021 strategic business plan and sustainability strategy

- **Global compliance program**
- **Anti-corruption policy**
- **Whistleblowing**
- **Launch of activities to obtain ISO 37001 certification**
- **Procedure to draw up the Non-Financial Consolidated Statement**
- **CSR training**
- **Launch of stakeholder engagement activities**

Group Governance

Since 2004, Geox S.p.A., has had listed shares on a regulated market managed by Borsa Italiana (*Italian Stock Exchange*).

Geox S.p.A. is controlled by LIR S.r.l. which has a shareholding of 71.10%. LIR S.r.l., with registered offices in Montebelluna (TV), Italy, is an investment holding company that belongs entirely to Mario Moretti Polegato and Enrico Moretti Polegato (who respectively own 85% and 15% of the share capital). The share capital of Geox amounts to Euro 25.9 million and is made up of 259,207,331 ordinary shares, each with a par value of Euro 0.10.

Geox has implemented a corporate governance system that aims at ensuring the correct general functioning of the Company and the Group, as well as further boosting the reliability of its products and, as a result, of the brand, on a global scale. The governance system adopted by the Group complies with the principles set forth in the latest version of the Corporate Governance Code issued by Borsa Italiana (July 2018), which Geox endorses.

The Company's governance structure, based on the traditional administration and control system, is made up of the following company bodies: the Shareholders' Meeting, the Board of Directors, the Executive Committee, the Audit, Risk and Sustainability Committee, the Appointment and Remuneration Committee, the Board of Statutory Auditors and the Supervisory Board. An Ethics and Sustainable Development Committee has also been created with the aim of guiding and promoting the company's commitment and ethical conduct. The Committees represent an internal structure of the Board of Directors and have been established to improve the functioning and strategic guidance capability of the Board, in line with the recommendations of the Corporate Governance Code issued by the Corporate Governance Committee of Borsa Italiana S.p.A.

- The **Shareholders' Meeting** expresses the will of the company by passing resolutions in ordinary and extraordinary sessions. The Shareholders' Meeting is responsible for approving the matters required by Law and the Articles of Association, including appointing and removing members of the Board of Directors and Board of Statutory Auditors and their relative remuneration, approving the financial statements and appointing the independent auditor;
- The **Board of Directors** is currently made up of 11 members who were appointed on the basis of lists presented by the Shareholders (one presented by the majority shareholder, LIR S.r.l., owning 71.10% of the subscribed and paid-in share capital, and a minority one presented by a group of asset management companies and institutional investors, whose total shareholding is equal to 1.13% of the subscribed and paid-in share capital). Since the Board of Directors was last appointed, on April 19th, 2016, its composition has changed following the co-optation of Matteo Carlo Maria Mascazzini as Chief Executive Officer on February 1st, 2018. For further details, please refer to the Corporate Governance report, available on the company website: www.geox.biz.

The Board of Directors has sole responsibility for managing the company and carries out all activities necessary for the implementation and achievement of the company's goals. The only aspects that do not fall under the responsibility of the Board of Directors are those assigned peremptorily to the Shareholders' Meeting by law and by the Articles of Association.

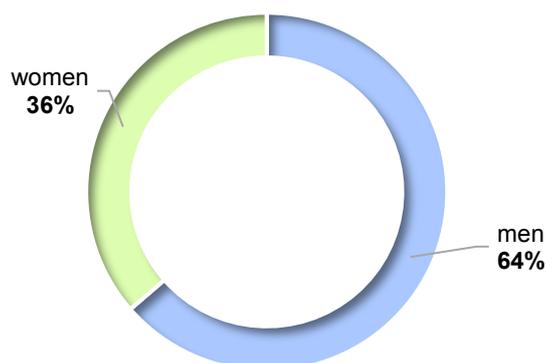
Geox's Articles of Association puts the Board of Directors in charge of decisions on acts concerning, for any reason and of any type, trademarks, patents and other intellectual property rights. The Board of Directors also has sole responsibility for all decisions, based on the proposals put forward by the Chairman of the Board of Directors, regarding the definition of strategic development guidelines and the direction of company management, also on a long-term basis, as well as decisions regarding the annual business and economic-financial plan and long-term forecast plans along with the related investment plans. Said decisions cannot be delegated.

As Geox has adopted the Corporate Governance Code for listed companies, it is under the obligation to carry out an assessment of the Board of Directors, taking into consideration its size and composition, the professional characteristics, experience and category of its members and how long they have been in office.

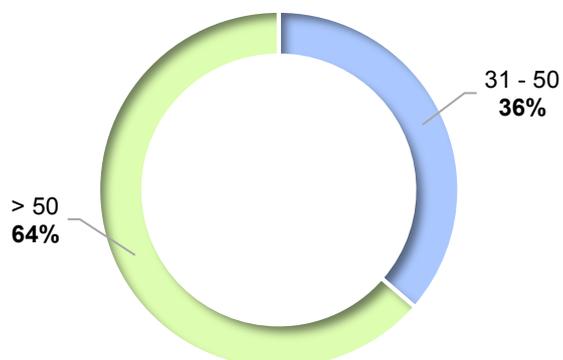
Board of Directors as of 31.12.2018:

Mario Moretti Polegato	<i>Not independent</i>	<i>Chairman, Executive director</i>
Enrico Moretti Polegato	<i>Not independent</i>	<i>Vice Chairman, Executive director</i>
Matteo Carlo Maria Mascazzini	<i>Not independent</i>	<i>Chief Executive Officer, Executive director</i>
Claudia Baggio	<i>Not independent</i>	<i>Non-executive director</i>
Alessandro Antonio Giusti	<i>Not independent</i>	<i>Non-executive director</i>
Duncan Niederauer	<i>Independent</i>	<i>Non-executive director</i>
Lara Livolsi	<i>Independent</i>	<i>Non-executive director</i>
Francesca Meneghel	<i>Independent</i>	<i>Non-executive director</i>
Livio Libralesso	<i>Not independent</i>	<i>Non-executive director</i>
Manuela Soffientini	<i>Independent</i>	<i>Non-executive director</i>
Ernesto Albanese	<i>Independent</i>	<i>Non-executive director</i>

BoD composition by gender



BoD composition by age



- The **Executive Committee** is made up of three members and has the powers for the ordinary and extraordinary running of the Company, with the exception of specific matters reserved for the Board of Directors.

Executive Committee:

Mario Moretti Polegato (Chairman)
 Enrico Moretti Polegato
 Matteo Carlo Maria Mascazzini

- The **Audit, Risk and Sustainability Committee** is made up of three members, and more specifically of three non-executive directors, the majority of whom are independent. The role of this committee is to support the assessments and decisions made by the Board of Directors regarding the Internal Audit and Risk Management System, in accordance with article 7.C1 and 7.C.2 of the Corporate Governance Code. Following the resolution passed by the Board of Directors on January 18, 2018 and in accordance with the recommendations made by the Corporate Governance Code, this Committee has also been assigned the specific task of supervising issues regarding sustainability.

Audit, Risk and Sustainability Committee:

Francesca Meneghel (Chairman) ***
 Alessandro Antonio Giusti
 Manuela Soffientini ***

*** Independent Directors

- The **Appointment and Remuneration Committee** is made up of three members, and more specifically of three non-executive directors, the majority of whom are independent. The role of this committee is to express its opinions and put forward proposals to the Board of Directors regarding the size and composition of the Board of Directors itself, as well as to regularly assess whether the remuneration policy for directors and executives with strategic responsibilities is appropriate and correctly applied.

Appointment and Remuneration Committee

Lara Livolsi (Chairman) ***
 Alessandro Antonio Giusti
 Ernesto Albanese ***

*** Independent Directors

- The **Board of Statutory Auditors** is made up of three standing auditors and two substitute auditors. The role of this Board is to ensure that the Law and the Articles of Association are duly followed, that the principles of sound administration are respected, and that the Company has an adequate organisational structure, for those aspects falling under its responsibility, and an adequate internal audit system and administrative and accounting system in place. The Board of Statutory Auditors also checks the reliability of said administrative and accounting system to correctly represent operations. It is also the role of the Board of Statutory Auditors to ensure that the Company issues appropriate instructions to its controlled companies. The Board of Statutory Auditors must also oversee compliance with the provisions of (Italian) Legislative Decree no. 254/2016 and makes reference to this in its annual report to the Shareholders' Meeting.

Statutory auditors are appointed, ensuring gender equality within the Board and the independence of each member, based on lists presented by the Shareholders.

Name	Role
Sonia Ferrero	Chairman of the Board of Statutory Auditors
Francesco Gianni	Statutory Auditor
Fabrizio Colombo	Statutory Auditor
Giulia Massari	Substitute Statutory Auditor
Fabio Buttignon	Substitute Statutory Auditor

- The **Supervisory Board** is made up of three members and is responsible for overseeing the application of control procedures provided for by the Organization and Management Model pursuant to (Italian) Legislative Decree no. 231/2001, updated in 2018 and approved by the Board of Directors on April 17, 2018.

Name	Role
Marco Dell'Antonia *	Chairman
Renato Alberini *	Member
Fabrizio Colombo	Member / Statutory Auditor

(*) members not belonging to the Board of Directors/Board of Statutory Auditors

- The **Ethics and Sustainable Development Committee** is made up of three members. The Company created an Ethics Committee, which was renamed the "Ethics and Sustainable Development Committee" on April 19, 2016. The aforementioned Committee is currently made up of Dott. Mario Moretti Polegato, Ing. Umberto Paolucci and Avv. Renato Alberini and its aim is to guide and promote the company's commitment and ethical conduct.

Name	Role
Mario Moretti Polegato	Chairman
Umberto Paolucci *	Member
Renato Alberini *	Member

(*) members not belonging to the Board of Directors

For further details on Corporate Governance, please refer to the Report on Corporate Governance and Ownership Set-Ups, available on the company website www.geox.biz.

THE GEOX DIVERSITY POLICY

In 2017, Geox adopted the **Diversity policy for members of administrative, management and supervisory bodies**, the aim of which is to guarantee the smooth functioning of company bodies by regulating their composition and making sure that their members meet the personal and professional requirements to grant the highest level of diversity and expertise possible. This Policy promotes corporate social responsibility insofar as inclusion, integration and non-discrimination, with the aim of appreciating diversity, can help to remove the economic and social obstacles that otherwise limit individual freedoms. This policy applies the principle of substantive equality and respects the dignity of individual people.

Diversity is seen as a strength as it allows an administrative or supervisory body to include a range of different values, points of view, skills and ideas. These differences aid and enrich debate and reduce the risk of non-differentiated collective thinking. Geox takes the following aspects of diversity into account with regard to the composition of its board of directors and supervisory board:

- gender diversity, meaning a balanced representation of gender;
- professional diversity, meaning diversified contributions from different professionals. This guarantees the contribution of financial expertise, regarding sectors that are relevant for the Company, international experience, leadership, risk management, and the planning and implementation of corporate strategies;
- geographical diversity, meaning the different places that the members of the board of directors and supervisory board come from. This allows for better knowledge of the specific characteristics of the different markets in which the Company operates.

The **Appointment and Remuneration Committee** ensures that Geox correctly complies with the Policy. In particular, this Committee has the task of:

- carrying out an annual assessment of the activities completed by the board of directors in order to identify any requirements in terms of the balance of skills and expertise, and the protection and enhancement of diversity;
- flagging up any critical issues that arise from the aforementioned assessment;
- expressing an opinion on the candidates for the role of director, specifying whether the lists comply with the aforementioned recommendations.

Candidates are selected by taking into consideration diversity in terms of gender, professional experience and place of origin.

For further details on Corporate Governance, please refer to the Report on Corporate Governance and Ownership Set-Ups, available on the company website www.geox.biz.

Internal Control and Risk Management System

The Internal Control and Risk Management System is a process put in place by the Board of Directors, the management team and other professionals working within the Geox corporate structure. This is made up of a collection of rules, procedures and organisational structures to allow for the identification, measurement, management and monitoring of the main risks. This process also helps the business to be run in a way that is coherent with the company's goals and helps to safeguard company assets, the efficiency and effectiveness of business processes, the reliability, precision, trustworthiness and timeliness of financial information and compliance with laws and regulations, as well as with the articles of association and internal procedures.

Geox has adopted an **integrated company risk management model**, inspired by international best practices, which involves the various governance bodies, each contributing their own area of expertise. The main objective is to ensure that the risks faced by the company are properly **identified, measured, managed and monitored**.

The integrated company risk management model takes into consideration all types of risk which may jeopardise strategic objectives being met, compromise the value of corporate assets, or of the brand, etc. The model is integrated into strategic decisions and significant decision-making processes. The risks identified may be in-house or outside of the Company. In particular, the latter may be linked to the industry and market environment, as well as to how all stakeholders perceive the work carried out by Geox.

The **main risks** identified following the risk assessment are as follows:

- **business risks**, including: the impact of the macroeconomic, political and social context, in terms of changes in the purchasing power of consumers, their level of confidence and their propensity to consume; changes to national and international regulations; climatic conditions; changes in customers' tastes and preferences in the different geographical areas in which the Group operates; the image, perception and recognition of the Geox brand by its consumers; uncertainty about management's ability to define and successfully implement its business, marketing and distribution strategy; uncertainty about the ability to maintain the current distribution network, as well as the ability of the Geox Group to further expand its network of mono-brand stores by acquiring new premises; uncertainty about the ability to retain, attract and provide incentives to qualified resources; competitive policies implemented by competitors and the possible entry of new players into the market;
- **financial risks**, including: credit risk, interest rate risk, risks connected with exchange rate fluctuations, liquidity risk;
- **compliance risks**, such as: existing risks relating to the financial reporting process, risks regarding workers' health and safety, risks linked to the administrative liability of legal entities pursuant to (Italian) Legislative Decree no. 231/2001, etc. Furthermore, it should be noted that, following in-depth analysis, so-called **non-financial risks** have been assessed and mapped, such as: risks relating to active and passive corruption, environmental risks, human rights risks, etc. Some of these are specifically referred to by the recent Global Compliance Program, approved in the second half of 2018.

Since (Italian) Law no. 262/2005 came into force, the Company has therefore implemented a number of procedures aimed at increasing the transparency of company information and making its internal audit system more efficient, especially in relation to financial information.

In accordance with the operating principles of the Internal Control and Risk Management System for the financial reporting process, the Chief Executive Officer and the Financial Reporting manager prudently and scrupulously identify the main risks involved on an annual basis (so-called 'scoping' activities). The risk identification process involves identifying the Group companies and operating flows that are susceptible to material errors or fraud, with reference to the economic data included in the statutory financial statements of Geox S.p.A. and/or in the consolidated financial statements. Quantitative analysis and qualitative analysis are used to identify the companies and processes that are considered significant with reference to the financial reporting process. Risks are identified by classifying them based on the main risk sources which are periodically identified by the Director in Charge of the Internal Control and Risk Management System. Audit activities mainly consist of the policies and procedures that guarantee to management that risk response measures are being implemented correctly. Audit activities are implemented throughout the company's organisation, at all hierarchical and functional levels.

The audit activities are assessed by analysing whether said audit activities have been designed correctly and whether they are effectively and efficiently implemented over time. In relation to the financial reporting process, audit activities are assessed in two semi-annual sessions, which are followed by the necessary follow-up phases should any critical issues be identified.

To sum up, the **key players** in the Internal Control and Risk Management System in relation to the financial reporting process are as follows:

- The Financial Reporting Manager pursuant to art. 154-bis of the 'TUF' (*Italian consolidated law on finance*), who is responsible for defining and assessing the effective implementation of specific audit procedures that protect against the risks involved with the preparation of accounting documents.
- The Internal Audit department, which remains objective and independent and provides advice concerning the methods for checking the suitability and effective implementation of the audit procedures defined by the Financial Reporting Manager. As part of the broader assessment activities of the Internal Control and Risk Management System, the Internal Audit department also flags up any significant facts/circumstances of which it becomes aware to the Audit, Risk and Sustainability Committee as well as to the Financial Reporting Manager should the issue in question refer to the financial reporting process.
- The Director in charge of supervising the Internal Control and Risk Management System, being a key player in the initiatives to assess and manage company risks.
- The Audit, Risk and Sustainability Committee, which analyses the results of the audit activities regarding the Internal Control and Risk Management System and regularly reports to the BoD on any action to be taken.
- The Supervisory Board pursuant to (Italian) Legislative Decree no. 231/01, which intervenes as part of its duties to look out for the corporate offences provided for by (Italian) Legislative Decree no. 231/01, identifying risk scenarios and personally checking compliance with control measures. The Supervisory Board also monitors compliance with and implementation of the Group's Code of Ethics.

Some time ago, the Group adopted its own organization, management and control model pursuant to (Italian) Legislative Decree no. 231/01 which it has constantly integrated with new types of offences to be considered relevant for the purposes of (Italian) Legislative Decree no. 231/01, with the last update completed on April 17, 2018. In particular, the financial reporting process is overseen by specific audit activities regarding the company processes that contribute to the recording of financial statement values. These activities refer to both the more business-related departments (sales processes, purchasing, warehouse management, etc.) and the departments that support accounting management (processes to close the financial statements, IT system management, etc.). The aforementioned audit procedures are defined by the Financial Reporting Manager, who also regularly checks that they are being effectively implemented. The results of the assessments carried out by the Financial Reporting Manager are reported in the certification referred to by paragraph 5 and paragraph 5-bis of art. 154-bis of the 'TUF' (*Italian consolidated law on finance*).

The Board of Directors of Geox S.p.A. also recently approved the "Global Compliance Program", a document addressed to the Group's foreign companies. This is a governance tool aimed at strengthening the Company's ethical and professional commitment and preventing offences from being committed abroad (such as offences against the public administration, fraudulent accounting, money laundering, offences committed in violation of workplace health and safety regulations, environmental crimes), which may otherwise lead to criminal liability for the company and subsequent reputation risks.

The "Global Compliance Program" was drawn up in accordance with the main and most authoritative international regulations in this field (i.e. the main international conventions on combating corruption, UK Bribery Act 2010, Good Practice Guidance on Internal Controls, Ethics and Compliance 2010, etc.), also taking into account the Group's current organisational structure and the specific reference legislation applicable in the legal systems in which Group companies operate.

Lastly, it should be noted that, in compliance with (Italian) Law no. 179/2017, regarding "Provisions to protect individuals who report offences or irregularities of which they become aware as part of their public or private work" (the so-called "Whistle-blowing Law"), the Company has implemented a suitable global Whistleblowing

system that is integrated at group level. The aim of this system is to verify and promptly manage any unlawful conduct and/or violations regarding suspicious behaviour and breaches of the Company's Code of Ethics. The internal whistle-blowing process has been structured with a dedicated channel, run by a third-party specialist, which includes an online platform and a multilingual helpline able to ensure that the whistle-blower remains anonymous.

For further information regarding the Internal Control and Risk Management System, please refer to the Report on Corporate Governance pursuant to article 123-bis of the TUF (*Italian Consolidated Law on Finance*) and to the Directors' Report included in the Geox Group Consolidated Financial Statements. For further information, please also refer to the subsequent sections of this document which look at a number of the more significant risks, such as those relating to workers' health and safety, the supply chain, customers' health and safety, and product safety, in more detail.

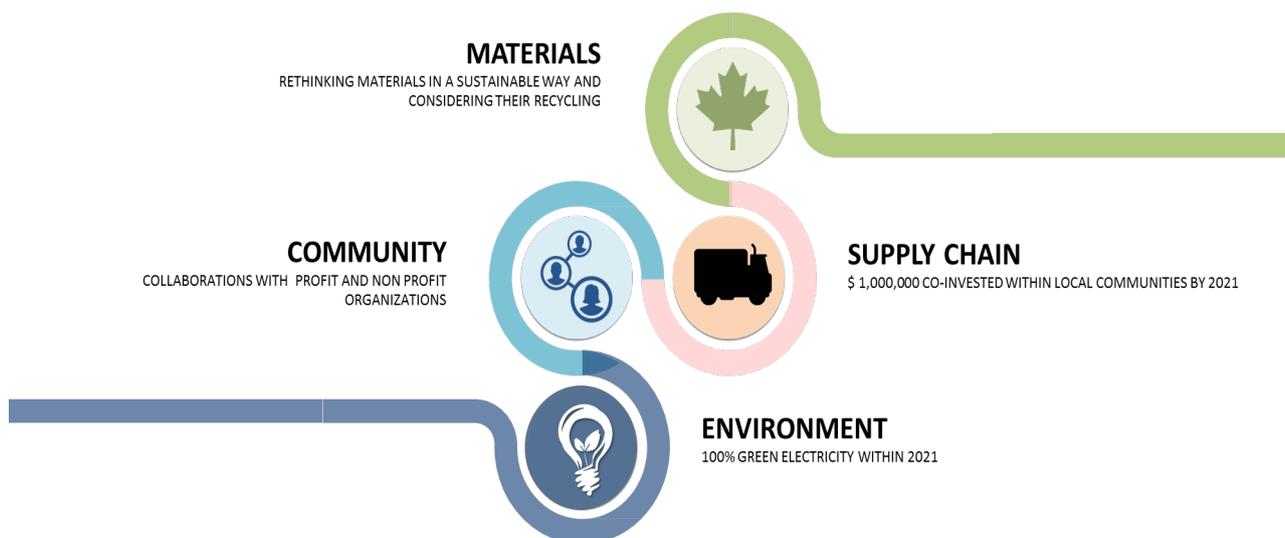
Sustainability policies and commitments

In 2005, Geox Group implemented its own **Code of Ethics** to guide and promote the Group's commitment and ethical conduct in all its daily activities. This Code of Ethics contains the principles that all addressees must abide by, namely the company bodies and their members, employees, temporary workers, consultants, collaborators of any kind, agents, lawyers and anyone who comes into contact with the Geox company. The Code was last reviewed and updated in 2017 and was approved by the Board of Directors on February 23, 2018. To further strengthen this approach, and in relation to the fact that responsible supply chain supervision is of great importance to the Group, Geox adopted the **Suppliers' Code of Conduct** in 2014, the latest version of which was also approved by the Board of Directors on February 23, 2018.

The Code of Ethics and the Suppliers' Code of Conduct are structured according to three main areas:

- **human capital:** in this regard, the Codes explicitly formalise the principles of protecting workers and human rights, such as the ban on under-age employment, forced labour and any form of employee discrimination. They state that it is strictly forbidden to resort to any practice which involves humiliation or debasement of individuals, such as mobbing, exploitation, abuse, intimidation, harassment or threats. They also guarantee workers' freedom of association and their right to join trade unions, order the payment of a minimum wage as defined by the law of the country of reference or by applicable collective bargaining agreements, and impose the respect of the maximum working hours permitted by law, including overtime. The Codes also require rules to be implemented to better protect minors, such as the ban on carrying out dangerous tasks and overtime;
- **health, safety and the environment:** in this regard, the Codes require the definition of specific plans to protect employees' health and safety, emergency plans for fires and other disasters, first aid plans and measures to check the appropriateness of buildings, implementing work hours and procedures that do not compromise individuals' private lives or their ability to meet their basic needs. The Codes also state the need to respect applicable environmental legislation by promoting processes and activities that are safe and respectful of the environment, using energy from renewable sources, implementing initiatives aimed at making structures more energy efficient, constructing environmentally sustainable buildings, assessing the environmental impact of all company processes and activities, working together with stakeholders to optimize the management of environmental issues, using logistics services with a low environmental impact, reducing the amount of waste and using responsible waste disposal procedures, and implementing suitable management and monitoring systems;
- **business conduct:** the Codes also regulate the Group's relations with the various stakeholders, including suppliers, sub-suppliers and subcontractors, customers, the financial market, competitors and the community. Said relations must be based on compliance with legal provisions and applicable regulations, including those relating to the confidentiality and protection of personal data, anti-money laundering, anti-corruption, antitrust, and management of privileged information. To ensure that stakeholders adhere to Geox's values, the Group requires all suppliers with whom it works continuously to sign both Codes.

The Code of Ethics and the Suppliers' Code of Conduct are adopted by all Group companies, with regard to the management and coordination activities carried out by the Parent Company. Please refer to the subsequent sections of the present document for more information on the commitments, policies and approaches contained in the Code of Ethics.



The sustainability of the business is one of Geox's main development guidelines, as indicated in the 2019-2021 Strategic Business Plan, involving a number of responsible initiatives regarding products, processes, communications and charity work. In particular, four macro areas have been identified: environment, materials, supply chain and community,

With regard to the environment, the goal is to use 100% green energy by 2021, also by increasing the use of solar panels. A number of initiatives involving customers have also been planned, such as the "Walk for the Environment", aimed at encouraging consumers to walk with Geox shoes, thereby helping to reduce their environmental impact. Another focus is on the environmental impact of the materials used. In this context, Life Cycle Assessment studies and certifications (FSC, etc.) play a particularly important role. With regard to materials, various recycling and/or material recovery initiatives and programmes will also be implemented, also through partnerships and capsule collections. In particular, recycled materials will be studied for uppers, soles, linings and paddings, with the aim of transforming waste into a secondary raw material, thereby avoiding the need to use materials of animal origin.

With regard to supplier relations, Geox Group will give a new impulse to the supplier pre-selection and audit process in accordance with social and environmental criteria, providing the supply chain with ad hoc training to improve social-environmental performance. The aim of this is to develop side-by-side, making Geox's suppliers in turn become a "driver" for social and economic development in their local areas.

Lastly, with regard to the community, partnerships will be launched with non-profit organisations in order to support social initiatives to help the local community.

Business integrity and anti-corruption measures

Geox is actively committed to preventing and combating corruption through control measures that form an integral part of the Internal Control and Risk Management System and the Group's corporate governance framework. Legality, honesty, integrity, correctness and transparency are some of the general principles expressed in the Group's Code of Ethics, inspiring how company activities are run.

Up until 2017, Geox Group's approach to preventing and combating corruption was based on the implementation of three main tools: i) the Organization, Management and Control Model pursuant to (Italian) Legislative Decree no. 231/2001 (which includes the Group's Code of Ethics), ii) the guidelines for the management of conflicts of interest, and iii) staff training. In order to strengthen its commitment to preventing and combating corruption, Geox introduced an additional ad hoc document in 2018, defining specific principles and guidelines also for foreign companies: the "Global Compliance Program", which was approved by the Board of Directors of Geox S.p.A. on November 13, 2018. As a further example of its commitment in this regard, Geox also drew up an Anti-Corruption Policy in 2018.

The first measure to mitigate the risk of corruption, with regard to both the public administration and private individuals, is represented by the **Organization, Management and Control Model pursuant to (Italian) Legislative Decree no. 231/2001** (hereafter "Model 231"), adopted with reference to specific documents from the Italian companies belonging to Geox Group in order to ensure, as far as possible, that the crimes provided for by said Decree are prevented.

One of the main procedures used to implement the organizational model and the Internal Control and Risk Management System is the **Code of Ethics**. Geox uses the Group's Code of Ethics to formalise its commitment to **combating all forms of corruption in all the countries in which it operates**. For this reason, within the sphere of relations with third parties, whether public or private, individuals working with Geox Group are expected to abstain from offering, even indirectly, money or other benefits to the subjects involved, their family members or persons connected to them in any way, and they must not seek or establish relations with the aim of directly or indirectly influencing choices and activities. It should also be noted that all those operating in the name and on behalf of Geox Group are forbidden from receiving gifts or favourable treatment, unless they fall within the limits of normal business courtesy and have a modest value, even in those countries where it is customary to offer high value gifts.

A **Supervisory Board** is responsible for overseeing the suitability of the Model 231, and for making sure that it is followed and that it functions correctly. With the support of the Group's Internal Audit department, this Board constantly checks compliance with the control measures provided for by the Model in relation to the potential crimes that the Company is exposed to. The Supervisory Board is also responsible for monitoring whether the Group's Code of Ethics is respected and correctly applied, as well as receiving any information requests and/or notifications of violations of the Model 231 or of the Code of Ethics.

The "Global Compliance Program" is a governance tool aimed at strengthening the Group's ethical and professional commitment and preventing offences from being committed abroad, certainly including also the offence of corruption. In fact, for Geox, preventing corruption is more than a legal obligation - it is also, and above all, one of the key principles that underpins how the Group operates.

Based on these principles, during the reporting period, Geox defined its Anti-Corruption Policy which organically integrates the existing rules on preventing and combating corruption. The aim of this policy is to further raise awareness of the rules and conduct that must be respected, and is the result of a targeted risk assessment process together with legal recognition of corruption offences in the countries in which the Group operates. The areas that are theoretically at risk of corruption were identified - such as relations with the Public Administration, with suppliers and with external consultants, the management of donations, sponsorships, gifts and presents - and controls were introduced to mitigate the risk of corruption in said areas, identified as being particularly susceptible.

In order to monitor and prevent the risk of corruption, Geox Group has also adopted specific procedures and control measures, including a system of delegation of authority and powers of attorney, which the Supervisory Body may also inspect. This set of procedures includes the particularly important **Guidelines for the management of conflicts of interest**, aimed at promptly managing all potential situations of conflict between the personal interests of any individual with whom Geox comes into contact as part of its activities, and the interests of the Company. In particular, this document requires that the conduct of said individuals must protect and promote the best interests of the Group and they should behave with the utmost honesty when managing relations with both Group employees and third parties. In this context, there is also the requirement for any situation presenting even only a potential conflict of interest to be promptly flagged up to the Head of Internal Audit, the Head of Legal and Corporate Affairs and the Head of Human Resources, Organisation and Corporate Services.

Geox's commitment to preventing and combating corruption can also be seen through its planning and provision of **training courses** aimed at raising awareness among the Group's members of staff. In fact, training is an important way to make employees more aware and to develop their ability to recognise and manage any suspected cases of corruption.

The Code of Ethics and the Model 231 provide for the possibility to flag up any situation of potential conflict with the principles of business integrity and corruption through the channels and methods set forth by the operating procedures published on the company website www.geox.biz.

In addition to these reporting channels, Geox also began implementing a global **whistleblowing system** in 2018, which is integrated at Group level. The aim of this system is to promptly and scrupulously manage any unlawful conduct and/or violations regarding suspicious behaviour and breaches of the Group's Code of Ethics. The Code represents a cornerstone of the whistleblowing system, but this must be read and interpreted together with the other documents that are considered of fundamental importance for the development and circulation of Geox's core values, i.e.: the Organization, Management and Control Model, the Suppliers' Code of Conduct and all policies, procedures, guidelines and, more in general, legislation applicable to the Company. In accordance also with recent Italian legislation in this regard, the internal whistleblowing process has been structured using a dedicated channel, run by a third-party specialist, which includes an online platform and a multilingual helpline.

Reports can be made anonymously or the person in question may indicate their details. In any case, the confidentiality of the person making the report will be guaranteed as will the confidentiality of any information received.

All reports are received and managed by the Group's Internal Audit department, which then assesses and examines their legitimacy together with the Geox S.p.A. Whistleblowing Committee. This Committee is specifically appointed and is made up of the Head of Internal Audit, the General Counsel and the Head of HR.

Geox Group pays a great deal of attention towards the individuals involved in this process, which is why any form of retaliation against those making reports, or referred to by reports, is not tolerated in any way. For this reason, as a further protection measure, an ad hoc "Non-Retaliation Policy" has also been drawn up.

Further, detailed information can be found on the Company's website www.geox.biz.

During 2018, no cases of corruption were recorded within the Group.

Lastly, as further confirmation of the Group's commitment to preventing and combating unlawful practices and as part of its Global Compliance Program, Geox has also embarked on a process to obtain ISO 37001 certification (Anti-bribery management systems).

The roadmap towards sustainability

Geox launched its roadmap towards sustainability and innovation many years ago, involving different areas of the company: materials, products, environment and supply chain.

In order to ensure that sustainability issues are managed properly, Geox established an Ethics Committee on December 9, 2005, which was subsequently renamed in 2016, becoming the **Ethics and Sustainable Development Committee**. The role of this committee is to manage and promote the Group's commitment to running the business based on principles of professional ethics and integrity.

With regard to sustainability management, the **Internal Audit, Risk and Sustainability Committee** also plays an important role, as it has been tasked with overseeing the sustainability issues linked with company activities, as per the resolution passed by the Board of Directors on January 18, 2018. This committee is also responsible for analysing and assessing the present Non-financial Consolidated Statement before being submitted to the Board of Directors for approval.

The Head of the Group's **Internal Audit** department has been put in charge of overseeing and ensuring that the Non-financial Consolidated Statement is drawn up in accordance with the legislation regarding non-financial information (Italian Legislative Decree no. 254/2016).

The Internal Audit department manages and coordinates the areas of Corporate Social Responsibility, together with the other Group structures involved, for whatever reason, in the various activities.

In 2018, Geox Group formalised its non-financial reporting process in an ad hoc procedure, identifying the company structures involved and the activities carried out in order to draw up the Non-Financial Consolidated Statement, including the checks into the data and qualitative information collected for this purpose.

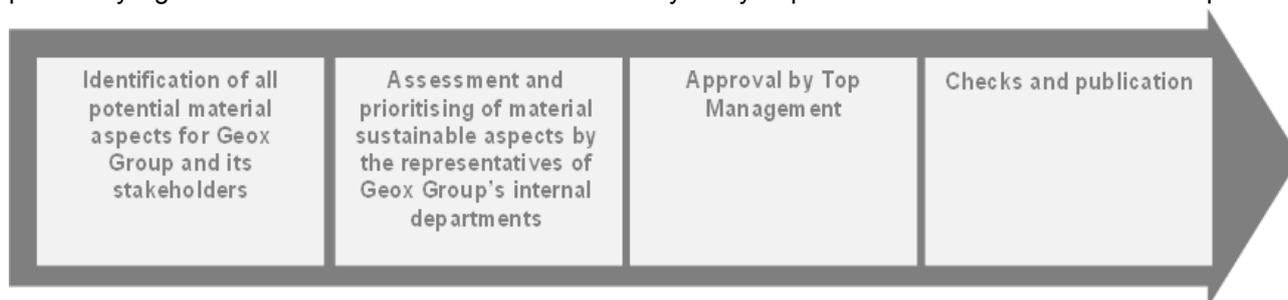
Furthermore, training was launched to raise awareness among the various company employees involved in the non-financial reporting process, regarding the importance of CSR issues and the accuracy of the data and information contained in the statement. In particular, a 4-hour training session involving 29 employees was held in January 2019, during which the context of reference for Corporate Social Responsibility issues was illustrated together with the main content of the GRI Standards, i.e. the guidelines adopted by the Group in order to report on its social-environmental performance.

Geox's sustainability priorities

In 2017, Geox launched a process of materiality analysis in order to identify the most significant non-financial issues for the Group and its stakeholders. The purpose of this was to be able to understand the issues that require particular attention and a constant focus, as well as to be able to define the contents of the present document in line with GRI Standards.

This process was used to define a materiality matrix which identifies the issues that are most likely to have an economic, social and environmental impact, and which represent priorities in terms of social and environmental management and reporting as they have an influence over stakeholders' expectations, decisions, judgement and actions.

This analysis was coordinated by the Internal Audit department with the support of a specialist company, using a structured assessment process involving the members of the Group's management team responsible for potentially significant non-financial issues. The materiality analysis process was structured across four phases:



During the **identification phase**, potential material issues were selected by analysing various sources. The main sources used were:

- the GRI Standards (guidelines for sustainability reporting), and the provisions of Non-Financial Information legislation (Italian Legislative Decree no. 254/2016 which implements EU Directive 2014/95/EU, guidance for the communication of non-financial information provided by the European Commission);
- company documents such as the Code of Ethics, the Suppliers' Code of Conduct and the public commitments undertaken;
- international multi-stakeholder standards/initiatives, such as the Global Compact;
- external documents such as the change analysis report by a number of organisations including the World Economic Forum, the Sustainability manifesto for Italian fashion, international reports and studies on sustainability topics and trends in the fashion industry, evaluation questionnaires by rating agencies for admission to responsible investment indexes;
- benchmarking analysis carried out on the main competitors;
- media research activities.

During the **assessment and prioritization** phase, representatives from company departments verified, analysed and gave importance and priority to every single issue. In order to complete Geox Group's first materiality analysis, these representatives, providing a global vision of Geox Group's processes and activities, assessed each issue from the point of view of both the company and the stakeholders. All aspects were assessed, from both of these points of view, on the basis of a range of criteria: alignment with the company strategy, economic and environmental impact, risks and impacts on company reputation, coherence with company policies, commitments undertaken and the Code of Ethics.

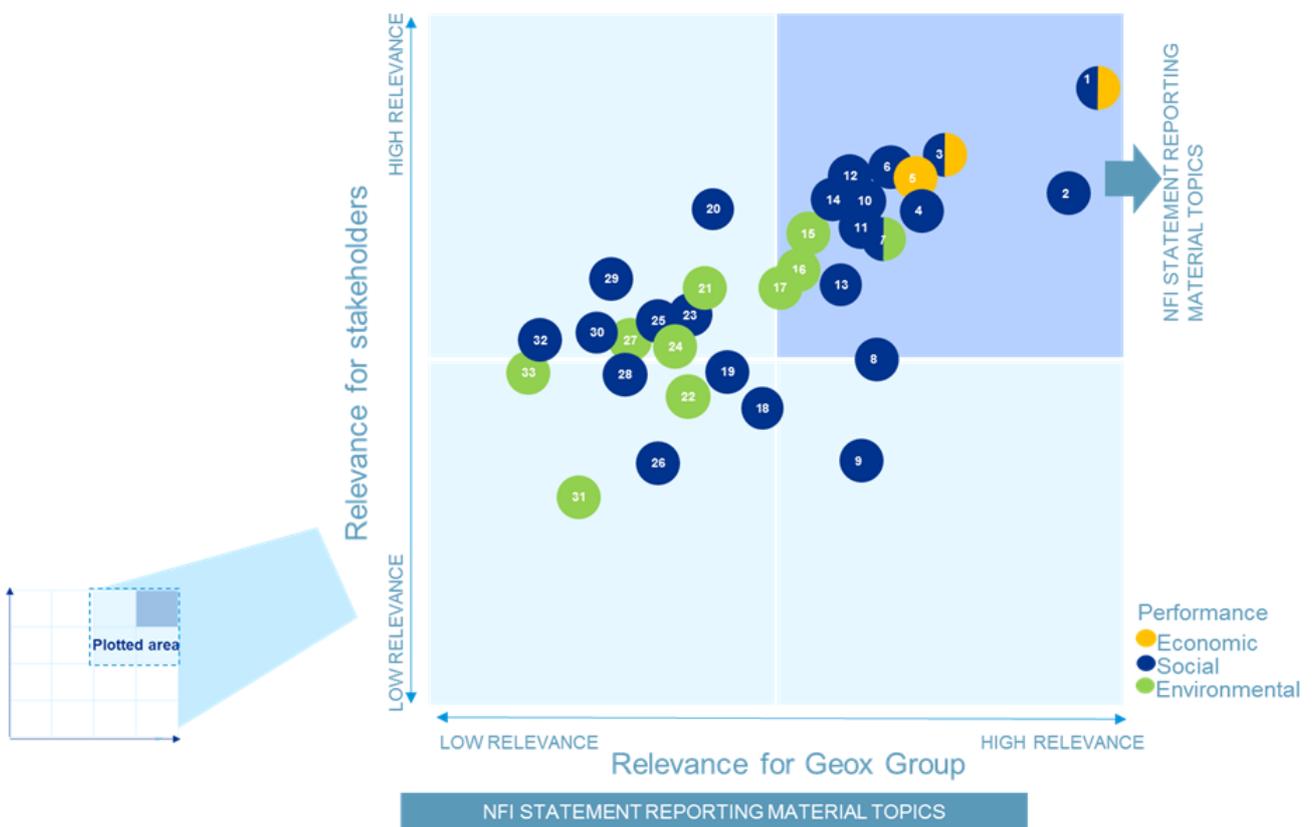
In 2018, the Group decided to launch a structured stakeholder engagement process, which will be completed in 2019, in order to directly gather the main stakeholders' assessments as to the relevance of the various sustainability issues. For further information, please refer to the "Stakeholder engagement" section.

Once the stakeholder engagement process is complete, the relative results will be taken into consideration in order to update the materiality matrix, which will be published in the 2019 Non-Financial Consolidated Statement.

This process of analysis and assessment flagged up 33 issues, 16 of which are considered to have the greatest significance. These issues have been presented in a materiality matrix, identifying three pre-conditions that form the basis of the sustainability model:

- creating sustainable economic value over time;
- adopting an efficient and transparent governance system to support the business;
- a constant focus on compliance with applicable legislation and regulations.

This matrix was validated by top management and presented to the Internal Audit, Risk and Sustainability Committee.



The table below presents the most significant issues for Geox Group and its stakeholders, which are reported on in this Statement. With reference to the other issues included in the matrix, the present Statement also provides brief descriptions of the approaches adopted by the Group, in consideration of their level of significance and social value.

1	Focus on technology and product innovation	17	Eco-design of stores
2	Combating corruption	18	Using and valorising local suppliers
3	Product quality and safety	19	Remuneration, incentive schemes and benefits
4	Data security and protection	20	Well-being and work-life balance
5	Protecting and strengthening brand reputation	21	Responsible procurement and use of materials (using recycled paper or paper from responsibly-managed forests)
6	Protecting workers' health and safety	22	Focus on the product life cycle
7	Selecting and supervising suppliers/third party companies regarding their ability to protect and deal with human rights, workers' health and safety and correct environmental management	23	Helping the community to develop
8	Fight against counterfeiting	24	Animal welfare
9	Creating and protecting employment	25	Clear, transparent and effective internal communications
10	Respecting human rights and workers' rights	26	Protecting and valorising craftsmanship
11	Building stable commercial relationships and equal pay for suppliers	27	Sustainable products and processes
12	Involving, listening to and satisfying customers and providing an excellent service	28	Attracting and developing talent
13	Involvement and dialogue with suppliers, transfer of competencies and supplier training	29	Satisfying employees
14	Traceability, product information and labelling	30	Skills training and development
15	Reducing energy consumption and greenhouse gas emissions	31	Reducing water consumption and monitoring waste water
16	Reducing the amount of waste produced and using responsible disposal procedures	32	Diversity, equal opportunities and inclusion
		33	Promoting sustainable consumption, changes to consumption habits and consumer education

(the issues that matter most to Geox Group and its stakeholders, which will therefore be reported on, are highlighted in green)

Stakeholder engagement

Geox Group's responsible approach to its social setting can be seen through the relationship it has with its stakeholders, a relationship based on constant dialogue and active involvement. The Group pays a lot of attention to its relationship with stakeholders, both inside and outside the company, endeavouring to understand their different points of view, their expectations and their needs in order to adapt its service model accordingly. This can be seen in the company's proactive approach to the many stakeholders with whom it interacts on a daily basis through the various points of contact.

In fact, Geox Group is fully aware that these moments of dialogue and involvement, representing opportunities for mutual growth and development, are essential in order to create value in the long term.

For Geox, promoting awareness of and compliance with the Code of Ethics and the principles of sustainability within the company represents a fundamental corporate governance initiative, as does the promotion of specific training and communication activities aimed at circulating the principles stated by the Code of Ethics and ensuring they are respected on a day-to-day basis.

This commitment also extends to external stakeholders, with training and awareness-raising initiatives. In accordance with the strategic business plan presented to the financial community in November 2018, Geox will continue to monitor its stakeholders with a view to ensuring constant dialogue and attention towards sustainability issues. In this context, Geox Group updated its stakeholder map, based on its own analysis and benchmarks, in order to take into consideration the interested parties, whether they be people or legal entities, who are most influenced by company activities. After identifying the list of the Group's main stakeholders, Geox decided to launch a structured stakeholder engagement process in 2018, which will be completed in 2019. The purpose of this process is to directly gather the main stakeholders' assessments as to the relevance of non-financial issues. In particular, the Group has identified a number of dedicated communication channels, such as market analysis with reference to consumers and internal communication initiatives. Over the next few years, the Group will plan and implement various engagement initiatives for its stakeholders (e.g. employees, customers, suppliers, etc.), by planning and carrying out workshops and/or surveys to gather their opinions on the most relevant material topics. Moreover, Geox Group intends to regularly update its stakeholder engagement approach, at least once every three years.

Please find below the summary of the main channels and tools used to interact with the main stakeholders identified:

STAKEHOLDER	INTERACTION TOOLS AND CHANNELS
People	Ongoing dialogue and feedback with the HR, Organization and Corporate Services management team General analysis of resource requirements and training needs Development of a structured training system (<i>Geox Learning System</i>) Induction programmes for new recruits Regular Performance & Behaviour Education meetings to discuss professional growth paths, set targets and assess personal performance Company welfare initiatives Company intranet Internal newsletter
Trade unions, employee representatives	Regular meetings with trade union representatives
End customers and wholesale clients	Interaction with sales staff in stores and online <i>Benefeet</i> loyalty scheme

	<p>Customer service department</p> <p>Company website, social media, e-mails, post and dedicated freephone number</p> <p>Informative newsletters</p> <p>Meetings</p>
Suppliers, laboratories and business partners	<p>Continuous dialogue and sharing good practices and expertise</p> <p>Defining and sharing standards</p> <p>“Geox Procurement” portal</p> <p>Seasonal visits and sharing the results of social audits (co-evolution programme)</p> <p>Supplier assessment and ranking</p> <p>Sustainability analysis of materials and co-planning of multi-functional innovation workshops to identify the best technological solutions</p>
Investors and analysts	<p>Shareholders’ Meeting</p> <p>Conference Calls</p> <p>Daily dialogue</p> <p>Company website</p> <p>Seminars, meetings and industry conferences</p>
Media	<p>Interviews with top management</p> <p>Press conferences</p> <p>Events</p> <p>Company website</p> <p>Dedicated appointments</p>
Authorities and Institutions (local authorities, public administration, regulators, trade associations)	<p>Meetings with representatives from local institutions</p>
Community and Future Generations (local communities and NGOs, schools and universities)	<p>Meetings with representatives from local associations and non-profit organisations</p> <p>Supporting social initiatives (“Live without Barriers”)</p> <p>Relations with academia and schools</p> <p>Company visits</p>

Geox Group endorses and takes part in many round tables and organisations at both national and international level. The Group takes part in the following organisations/associations:

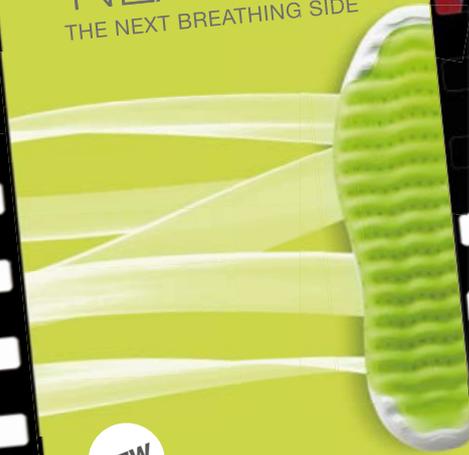
- Confindustria: the main association representing manufacturing and service companies in Italy, whose aim is to represent companies and their values before institutions at all levels in order to contribute to social well-being and progress. Geox's Chairman is a member of the Advisory Board of this association.
- Assocalzaturifici: national association representing industrial shoemakers in Italy, acting as an ambassador for the excellence of Italian footwear.
- Assindustria Venetocentro: an association that represents industrial companies, formed by the merger between Confindustria Padova and Unindustria Treviso.
- University Cardenal Herrera: a private university in Valencia forming part of the CEU Foundation, in which Geox holds the presidency of the International Advisory Board.
- European Patent Office: part of the European Patent Organisation, the European patent office is responsible for issuing European patents, under the supervision of the Board of Directors. The Chairman of Geox is on the panel of judges for the "International Awards" organised by this organisation.
- Aspen Institute: international non-profit organization, established in 1950. One of its goals is to encourage enlightened leadership, ideas and timeless values, and discussion on modern-day problems.
- World Economic Forum: non-profit foundation established in 1971 thanks to the initiative of the economist and academic Klaus Schwab. This foundation regularly organises meetings between leading international experts in politics and economics, intellectuals and selected journalists in order to discuss the most urgent issues faced by the world today, also with reference to sustainability.

GEOX

R E S P I R A



NEXSIDE™
THE NEXT BREATHING SIDE



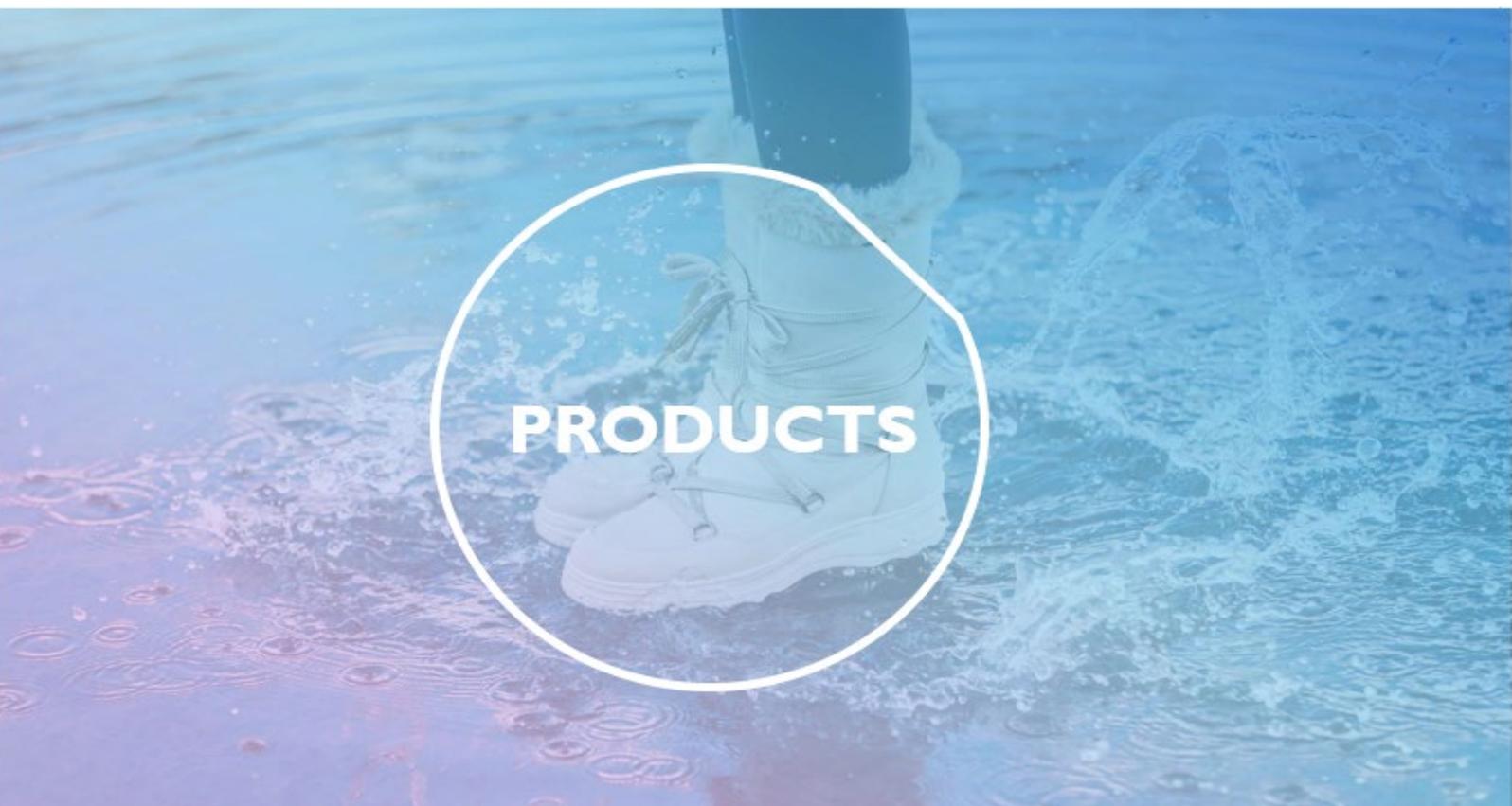
NEW

ITALIAN PATENT



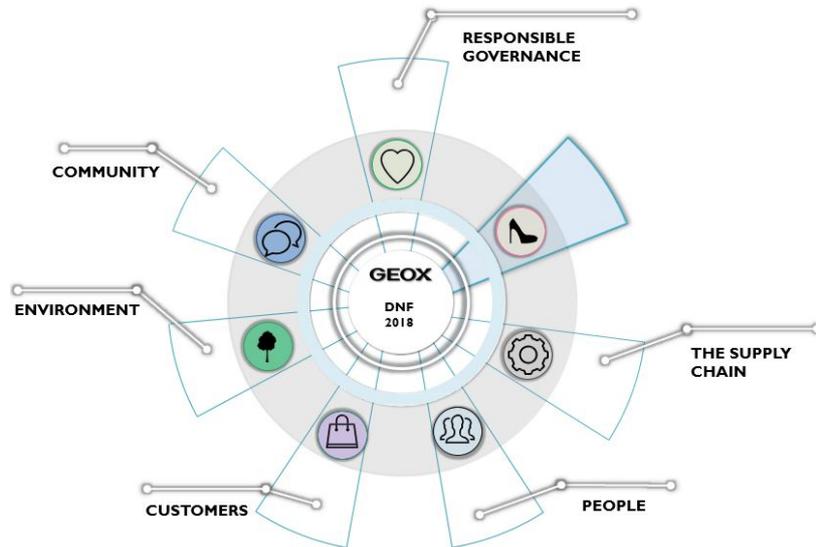
RICCARDO MARCA
21 YEARS OLD
WINDSURF FREESTYLE CHAMPION

#GEOXPERIENCE



PRODUCTS

PRODUCTS



38 patents and
24 patent
applications
recently filed

+ 15%

Over \$2.3 m
invested in
Quality and
Safety

- **Sustainable NEBULA:** upper made from a material produced using recycled plastic
- **AERANTIS:** footwear and apparel line featuring the revolutionary *Ventilation System*
- Over \$2.3 million invested in quality and safety
- Over 4,000 finished product test reports (footwear)
- No non-conformities reported for chemical tests on apparel

Focus on technology and product innovation

Geox's mission is to develop **technology that breathes**, improving the daily lives of its customers through innovative products that guarantee breathability. The company constantly invests in innovation, research and development in order to continuously improve its products and achieve high standards of quality: innovative shoes and jackets able to provide maximum breathability, comfort and performance at the same time as offering modern Italian style. For Geox, innovation not only represents a fundamental aspect of its business strategy, but also underpins the Group's Code of Ethics. In fact, this document promotes an approach that is based on constantly developing innovative ideas through study and experimentation, which must be oriented towards continuously improving performance in terms of sustainability and product excellence.

Geox's strategy in this field, with regard to both footwear and apparel, has been developed to integrate innovation into new processes too, not just into new technologies. The aim is to improve quality and reduce time frames by increasing **production automation**. The goal is to provide customers with a broad and diversified range of products as this represents a critical factor in a context in which customisation and diversification are a plus.

In fact, Geox wants to achieve **responsible innovation**, ensuring that the innovative solutions of today don't create problems for tomorrow. In particular, when designing new solutions to cater for the requirements of end consumers, research and innovation activities are focused on creating products that not only meet the required standards of quality, but also comply with new product and process development paths, which often merge together. The goal is to guarantee technological improvements and progress and an excellent level of service, generating not just economic benefits but a positive impact on the environment (e.g. greater project sustainability in relation to carbon footprint and water footprint) and society too.

Geox's innovation, the result of constant investments in Research and Development, is based, with regard to footwear, on the creation and development of special sole structures: thanks to a special membrane that allows vapour to pass through but not water, rubber soles are able to breathe and leather ones remain waterproof. This improves foot and body comfort in a way that consumers are able to appreciate immediately.

Over recent years, new application solutions have been developed for **footwear**, characterised by a high level of flexibility, breathability, lightness and cushioning. The innovative project strategy supports the product departments, updating materials and processes for the old and new technologies belonging to Geox.

The high level of innovative technology used can be seen in the *NEBULA* range, a shoe that boasts 3D breathability thanks to the combined effect of the *Net Breathing System* and the *Inner Breathing System*, as well as the *3D Performance Unit* system used for the sole. *NEBULA* shoes are characterised by flexibility, cushioning, stability and grip, making this shoe more comfortable and easier to use than any other shoe before it.



The technological innovations used for the Amphibiox range are another example: a breathable yet waterproof membrane is also present in the upper part of the shoe, making it water resistant and breathable all over.

The “**sole that breathes**” is the very essence of what makes Geox shoes so unique. The strategic importance of this key footwear feature has given rise to the creation of a “technology room” which allows, and shall continue to allow, the necessary studies to be carried out into the production engineering of the shoe's support structure (moulds and sole). More specifically, a structured-light 3D scanner has been purchased that can measure the volume of the moulds and soles, allowing for this data to be accessed digitally. This allows for the streamlining of prototype storage warehouses, facilitates the production engineering of prototypes made by hand during the brainstorming phase, and allows documentation to be sent in digital format instead of the physical moulds that used to be sent to suppliers in order to produce the soles. All of these benefits reduce production time frames and costs and increase the product's sustainability rating.

With regard to **apparel**, over the course of 2018, Geox continued to pursue numerous innovation projects regarding breathability systems for garments. These projects build on the studies carried out into the dynamic breathability system, based on the original breathability system already applied to Geox jackets, which allows for heat to naturally escape thanks to a spacer in the shoulder section, thereby guaranteeing maximum breathability for the body. The aim of the new system is to offer even better performance in terms of breathability. By exploiting the physical principle of convection, whereby hot air tends to rise, as sweat evaporates it moves up through a spacer underneath the lining, and escapes through the aerators along the shoulders. Thanks to a revolutionary breathable and waterproof membrane inserted underneath the *Breathing Tape* (a special strip of aerators placed along the shoulders), the body can breathe more freely.

The winter collection features technological, advanced and extremely light thermal padding, designed to withstand intensive use and ensure a high level of insulation. This helps to keep the body at a normal temperature and makes the clothing as light as a feather.

Geox's technological innovations are protected by 38 patents and 24 patent applications. In particular, 12 patent applications for inventions have been filed, including:

- a sole with optimised cushioning without the need for a midsole, making it more sustainable as it only uses one material;
- for apparel, an adaptive, thermal wadding made from 100% rPET (using mechanical treatment), which is GRS-certified (Global Recycle Standard) and Bluesign™-approved, allowing for dynamic management of breathability depending on the temperature/level of humidity, thereby creating customised thermoregulation;
- an internal breathing tape for apparel allowing hot, humid air to escape better from hooded garments, even if the hood is down, without the need for any protective membrane;
- a ribbed lining for apparel and footwear which allows for greater dissipation of hot air thanks to the use of a material with high levels of thermal conductivity (polyethylene) and a 3D structure. For the coloured version, both the polyester and polyethylene yarns of the material are dyed without using any water (0%), thanks to DOPE DYED technology.

Research, continually coming up with new ideas and implementing innovative solutions play a significant role in the Group's strategy. This is because the innovation of products is key in order to consolidate their competitive advantage. Within the Parent Company, a management team has been set up that is responsible for coordinating the Group's Innovation and Research and Development activities. More specifically, three corporate functions operate within **Innovation, Research and Development Management**: Footwear Innovation, Apparel Innovation and Research & Development. These functions work together with the heads of the various business units based on an annual innovation schedule, put forward by the **Brand & Product** department. During these periodic meetings between the heads of the business units and the Innovation Management team, market requirements are discussed

As of 2018,
38 patents and
24 patent
applications filed

together with the time frames needed to satisfy them and the definition of price levels. Following coordination meetings between these areas of company management, a presentation meeting is organised with the CEO/Chairman, and subsequently, before the beginning of each season, with the Marketing and Sales Management teams in order to define the implementation plan. For each season, the Brand & Product department also provides a merchandising plan which lists both the new and ongoing lines.

The **Research & Development** department supports the Footwear Innovation and Apparel Innovation teams in defining the innovation guidelines included in the Business Plan, by researching advanced technological solutions that can be applied to footwear and apparel products and accessories. The objective of this department is to ensure:

- the continuous development and implementation of breathability systems (Respira™) in all their product applications. In particular, researching, selecting and characterising waterproof and breathable membranes for possible applications (e.g. sole, upper, outerwear) and defining procedures to inspect their compliance, carrying out acceptance controls;
- research and validation of new technologies and new materials applicable to both footwear and apparel products, objectively identifying levels of performance in terms of breathability, well-being and comfort, thermoregulation, ergonomics and sustainability, checking technical compatibility with the Geox sole and outerwear system;
- that Geox maintains its technical expertise by working with the Product department, Technical Department and Production/Sourcing department to define the standards, specifications and procedures required to develop and control products and processes;
- support for the work carried out by the Footwear Innovation, Apparel Innovation, Product, Technical, Production/Sourcing and Marketing departments, applying the know-how and skills of the company's laboratory for the physical tests regarding research into materials for footwear, apparel and accessories, conformity tests for the most innovative projects and breathability tests for footwear (e.g. Amphibiox™, WaterFriendly, Lights and Nebula™);
- support for the definition of assembly and sealing structures and procedures for the footwear sole-membrane system, working with the Soles and Moulds department, Technical department and Production department and checking implementation in the manufacturing process, through site visits and laboratory assessment;
- support for the Product, Footwear Innovation and Apparel Innovation departments to identify the state of the art relating to new products for their patentability or freedom of execution;
- collaboration with the Legal and Corporate Affairs department, and in particular with the Intellectual Property team, to draw up, review and obtain patents and defend Geox's industrial and intellectual property.

The **Footwear Innovation** and **Apparel Innovation** teams work on specific, highly innovative projects (Engineering and Industrial manufacturing), in line with the objectives of the strategic business plan and based on consumer centric design. By researching advanced technological solutions that can be applied to footwear and apparel products and accessories, the purpose of these functions is to continuously improve products and processes in order to satisfy the explicit needs of the business units (men's, women's and children's footwear and apparel) and anticipate the latent needs of the company or the market, through new solutions and technologies which may be patentable.



Product innovation activities have been applied to AERANTIS™ footwear and apparel, Nexside™ footwear and XLED™ children's footwear. In particular:

- AERANTIS™ footwear brings together different technologies and stands out for its revolutionary *Ventilation System*, which acts like an engine: it is activated by movement and maximises inner air circulation, improving breathability around the entire foot. AERANTIS™ is incredibly light, flexible and cushioned, thanks to the midsole which absorbs stress from the ground and any impacts;
- in apparel products, AERANTIS™ integrates three different technologies in one single garment: a 3D fabric in the areas with the most heat exchange allows for better dissipation of hot, humid air (*Inner Breathing System*); revolutionary, adaptive, thermal wadding combined with a polymer - making it sensitive to changes in temperature - allows for customised thermoregulation (*Ventilation System*); breathing tape along the shoulders facilitates steam escaping, creating more efficient breathability (*Breathing System*) when the hood is up, while an internal breathing tape around the neck allows for breathability when the hood is down. Geox pays close attention to sustainable innovation, which has led it to introduce a 100% recycled and GRS-certified (Global Recycle Standard) wadding into this garment, as well as using a Bluesign®-approved polymer;
- The Nexside™ shoe, on the other hand, features the *Side Transpiration System*. This technology ensures high levels of breathability and comfort thanks to both the open holes also to the side of the sole and the synergy with the full-size membrane. An incredibly light midsole is combined with a wave-shaped tread, creating internal air chambers that ensure a customised cushioning effect with every step taken. The breathability of these innovative sneakers is optimised by the *Inner Breathing System*, a special inner lining that allows for air to circulate around the entire foot;
- XLED™ has also been created: children's footwear featuring an electronic device that allows for personalised messages and drawings to be created on a 180-LED screen around the sole, using a personalised app. This is a wireless and rechargeable system.

Building on the actions taken previously, the Group continued work on various **process innovation** activities, with the aim of raising awareness of how to acknowledge market requirements with reference to innovative solutions, thanks to the use of virtuous materials and technologies. The in-house technology used for apparel is continuously redesigned in order to improve it further and meet ever changing market requirements in terms of lightness, wearability and comfort.

Furthermore, Geox's **awareness of sustainability** issues has led the company to pay increasing attention to using fewer resources and designing shorter processes that consume less energy. In this context, the Research and Development department is implementing research programmes to create **footwear** using recycled materials, as well as implementing measures to simplify the structure of the shoes, with soles being made from just one material (rubber), which doesn't require any foam midsole thanks to its special shape with a cushioning effect.

With regard to apparel, on the other hand, as well as filing new patents, there has been a focus on increasing the sustainability of the patented solutions already in the portfolio. In particular, the "Inner Breathing System", which is a ribbed lining, has been developed using a "DOPE DYED" technique to colour the yarns (0% water consumption). For the FW 2019 AERANTIS capsule collection, the "Breathing Tape" patent, which is an outside breathability system, has been redesigned in order to optimise the positioning of the membrane, thereby reducing waste by an average of 20%.

R&D activities have also continued to reduce the use of PTFE, with research being carried out into new and more sustainable materials that can be used to create the waterproof and breathable membranes. In particular, a PTFE membrane has been successfully developed for footwear which uses 30% less of the material, without affecting the main physical-mechanical characteristics.

In 2018, 3% of the collections delivered to stores, represented by the Amphibiox capsule collection, contained materials with specific sustainability characteristics, in this case a padding made using recycled plastic bottles.

For the development of the upcoming 2019 collections, a completely new approach has been taken, analysing all the various components of the products and identifying the ones with a significant impact in terms of the environment and the quantity of materials used. In this case, the padding used for garments is one of the most significant components, not only in relation to the use of materials coming from the oil life cycle but also regarding the use of materials of animal origin (feathers). It was therefore decided to reduce the number of feathers in the product range, replacing them with a product that is 100% recycled from plastic bottles, called "E-warm". Over the course of the next year, 25% of the men's collection and 44% of the women's collection will feature this new kind of padding.

The same approach to developing and replacing materials is now being studied for outer materials and linings.

Product quality and safety

A key element of Geox's strategy is its strong commitment to ensuring the quality and safety of its products. Quality is essential in order to offer end consumers a product that guarantees them style, functionality and safety.

Geox aims at offering its customers products that can also provide them with **responsible quality**. In fact, the goal is to build harmonious relationships with both the environment and people, aiming to eliminate toxic substances from the product and production chain as well as improving employee and consumer health and safety. Following these principles has an influence over customer satisfaction and protects brand reputation. To mitigate any potentially negative social and environmental impacts, Geox has focused on the search for new, highly technological materials, products with reduced CO₂ emissions and less use of natural resources. The choice of materials has the greatest influence on the overall impact of the product. That's why Geox directly involves its suppliers in its sustainability analysis of the various materials and works with them to plan multi-functional innovation workshops in order to identify the best solutions.



In order to guarantee that its products meet all applicable safety requirements and its own technical specifications, Geox carefully selects its suppliers, regardless of where the products are produced. In fact, responsibility for the quality and compliance of materials is delegated, first and foremost, to the suppliers who are required to manufacture products in accordance with all applicable laws and regulations in the countries of reference. Geox's production philosophy can nonetheless be defined as "controlled selling", as the majority of production activities, despite not being directly carried out by Geox itself, are constantly supervised by the Group's team of shoemaking technicians and Quality Department. In this context, the Quality Department not only supports and works with the other company departments, but also interacts and cooperates with players both upstream (suppliers) and downstream (customers).

The Geox Quality Department carries out the following activities:

1. **Collecting Confirmation Samples (CFS):** a reference sample to check quality for all production processes is approved by Geox technicians and then inspected once again by the certification department in Italy, where it is also archived. The process of receiving and inspecting the CFS is monitored throughout the production season.
2. **Managing checks on the final product, pre-delivery and inbound:** the Quality Department is constantly called upon to define the standards of acceptability and tolerance for the product, as well as to provide technical support to solve process issues. Product inspections are carried out at the end of the production line by Geox personnel, in accordance with the Quality Control Manual. Finished products are statistically inspected upon arrival to the central warehouse in Signoressa (TV). If non-conformities are found as a result of this inspection, the batch may be blocked or appropriate corrective actions may be taken; if, on the other hand, the inspection is successful, then the products can be sent to the customers.
3. **Directly checking the fit of the shoes:** a representative selection of new models is taken directly from the first production batch and their sizing and fit are inspected in Italy. Any issues are flagged up to the factory and to the company departments in charge, in order to improve production.
4. **Analysis of returned goods and technical support for the Customer Service department and stores:** the analysis carried out on returns allows the Quality Control team, working together with the Customer Service department, to understand more about market response, check the results of improvement measures, and focus future corrective actions on further improving the level of customer service. For this reason, in 2016, faulty returned goods began to be collected at the main headquarters, in order for them to be directly analysed by the Quality Control technicians.

Geox's challenge of constantly respecting its commitment to product **quality and safety** has increased over time, as the Group has had to expand its supply chain and the number of companies supplying materials and the finished product, in order to satisfy customer requirements.

These dynamics have meant that Geox has had to implement increasingly strict quality control systems and supervision in order to ensure that its products meet all applicable safety requirements. The main risks faced by Geox products regarding its customers are related to safety issues, i.e. not managing to guarantee safety for the end consumer when using the product, including also children.

Other impacts may have short or long-term effects on health due to prolonged exposure to harmful toxic substances. The latter may represent a potential risk factor for consumers, workers and, last but not least, for the environment, with direct and indirect consequences.

The aforementioned negative impacts may harm the Group's image and reputation, causing a reduction or even a ban on sales due to media coverage, legal consequences and/or warnings on official websites (RAPEX, CPSIA, etc.) issued by the competent health and safety authorities.

In order to prevent these negative impacts, consumer health and safety issues are monitored and guaranteed through the various Quality control processes. It is in Geox's interest to maintain high standards of quality, aimed at safeguarding the comfort and performance of its shoes, so much so that the Manufacturing Agreement includes both Attachment L (version 5.0 regarding chemical-physical requirements) and the Quality Control Manual. The requirements imposed by the Manufacturing Agreement (in force for FW18) include, for example, slip resistance and the resistance of small parts for products for children aged between 0 and 36 months.

Through the Manufacturing Agreement and the relative attachments, Geox asks its production partners to also respect the limits of the RSL (Restricted Substances List) and to operate in full compliance with applicable international legislation regarding dangerous or potentially dangerous chemical substances, including the European REACH regulation. Documents have been drawn up containing the RSL and physical-mechanical requirements for raw materials and finished shoes, apparel and accessories, as they have an impact during the material research and manufacturing stages.

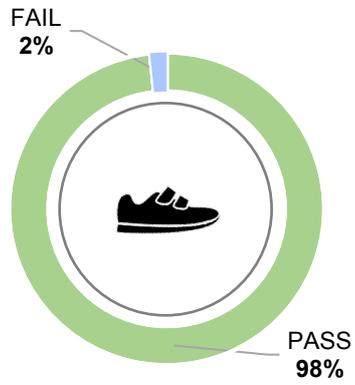
Version 5.0 of the chemical-physical requirements for apparel has introduced the reduction of fluorinated waterproofing treatment for outerwear, after specifications on perfluorocarbons were integrated. The Research & Development department has analysed linings for both footwear and outerwear made from recycled, synthetic materials that are dope dyed, meaning that the dye is added before extrusion. This technique saves on the water that would otherwise be necessary for traditional dyeing.

Chemical-physical tests on raw production materials and chemical tests on finished products are managed by the **Research and Development** department. The purpose of this is:

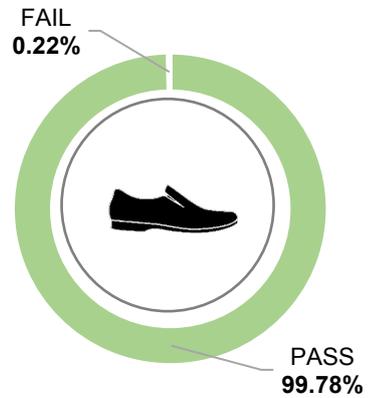
- to work closely with suppliers of raw materials and finished products and with external certification laboratories;
- to collect and assess the chemical-physical tests carried out by suppliers on raw materials;
- to manage the chemical-physical tests on raw materials (i.e. Random Pick-Up - *RPU* - procedures) and the chemical tests on finished products, for inspection and control purposes, carried out by Geox;
- to work closely with the Production department to manage the non-conformity procedures linked to the inspection activity described above.

Chemical safety tests, in addition to respecting the law, increase customer confidence in the safety of Geox products, thereby strengthening the company's competitive position.

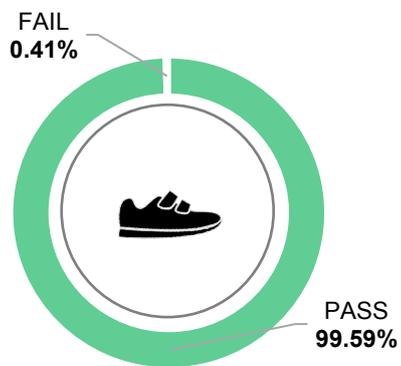
KID Footwear Test SS 18



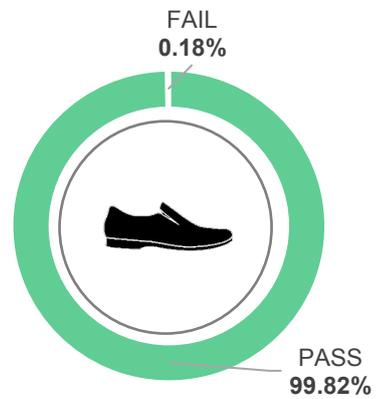
Adult Footwear Test SS 18



KID Footwear Test FW 18



Adult Footwear Test FW 18



In 2018, Geox's investments in testing were planned with an objective of over 4,000 test reports on finished products, more than double the amount in 2017, and with approximately 3,600 raw material components being tested for the SS18 and FW18 collections, corresponding to a total investment in footwear product quality and safety of over USD 2.3 million.

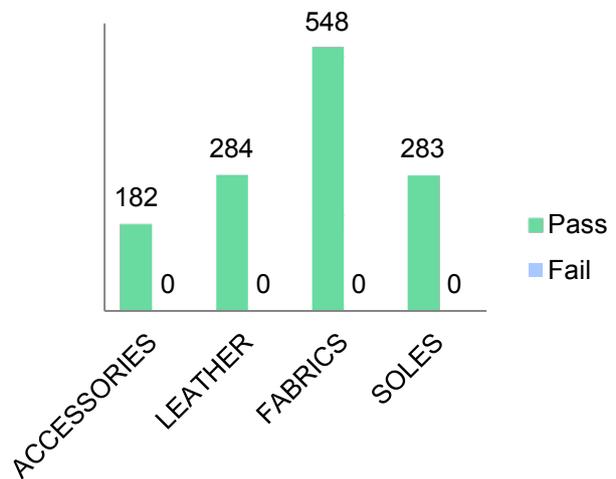
Over \$2.3 million invested in Quality and Safety

Furthermore, over 5,200 physical laboratory tests were carried out in-house, in addition to tests aimed at directly verifying the water resistance of around 600 pairs of shoes and assessing the breathability of approximately 600 pairs (SS18 and FW18). Tests to measure the slip resistance of soles were carried out on approximately 100 models, with the aim of reporting back to the Soles and Moulds department on the performance of the treads and guaranteeing that products are safe to use for the end customers. If a non-conformity (FAIL) is found, the appropriate corrective actions are implemented based on the stage of production reached, with the incriminated material being replaced or the finished product being destroyed; subsequently, the product is tested again in order to validate its conformity.

Material tests SS18

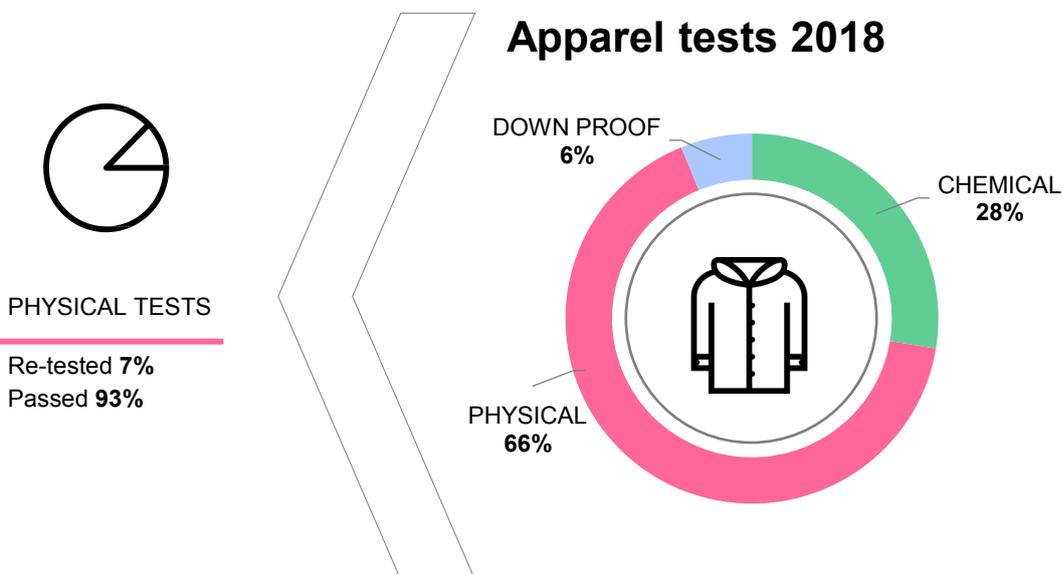


Material tests FW18

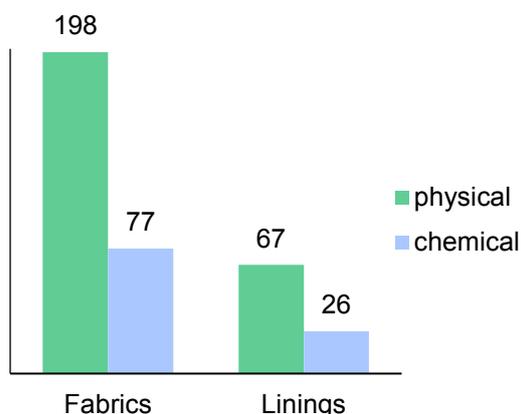


Chemical and physical tests on clothing products are instead managed by the **Apparel Business Unit**.

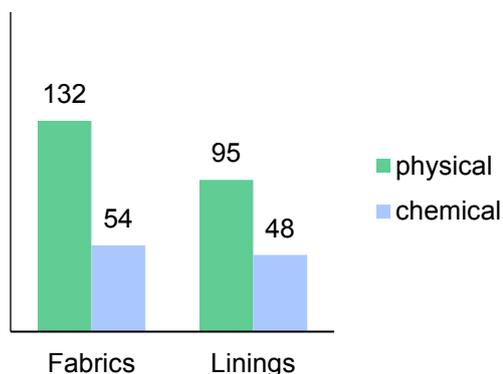
With the support of a third-party company, Geox carried out a total of 492 physical tests, 205 chemical tests and 46 down proof tests in 2018. The below diagram shows the apparel tests carried out in 2018, broken down by type, with details of successful physical tests and retests. With regard to chemical and down proof tests, no non-conformities (FAILs) were found.



Material tests SS18



Material tests FW18



518 additional tests were also carried out directly by suppliers, with the support of a third-party company (up by more than 12% compared with 2017), of which 272 were physical tests for the SS18 collection and 246 were physical tests for the FW18 collection.

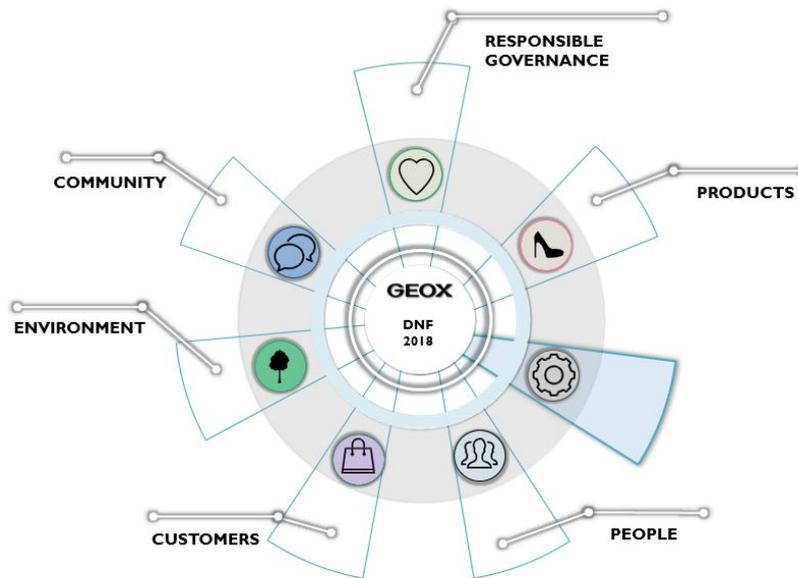
In response to new market demands, the Group has also joined the **Leather Working Group**, an association of manufacturers and distributors in the leather industry that promotes the adoption of sustainable and responsible practices. Geox also respects the international **Fur Free Alliance** standards, forbidding the use of any type of animal fur in products. In order to further improve the sustainability profile of the leather used in its products, Geox has experimented with a new type of light tanning, successfully implemented in the NEW:DO™ collections and being increasingly used in other Geox products, especially for the children's ranges. Geox Group has defined an index to categorize leather based on its level of sustainability, assigning different degrees of priority for use during the product development phase. Furthermore, in 2018, research continued into alternative materials to animal leather, which may have features that are similar to real leather, but with the added benefit that they can be produced in reels and not in irregular pieces, thereby reducing the amount of scraps during the cutting phase.

Geox's ongoing commitment to health and safety is also confirmed by the fact that no cases of non-conformity with applicable product health and safety regulations were recorded during the two-year period of 2017-2018. Furthermore, in relation to the aim of constantly improving customer satisfaction, a new monitoring system for returns and complaints was implemented in 2018, based on reporting and indicators. This will allow the company to identify which returns and complaints are directly linked to health and safety risks.



THE SUPPLY CHAIN

THE SUPPLY CHAIN

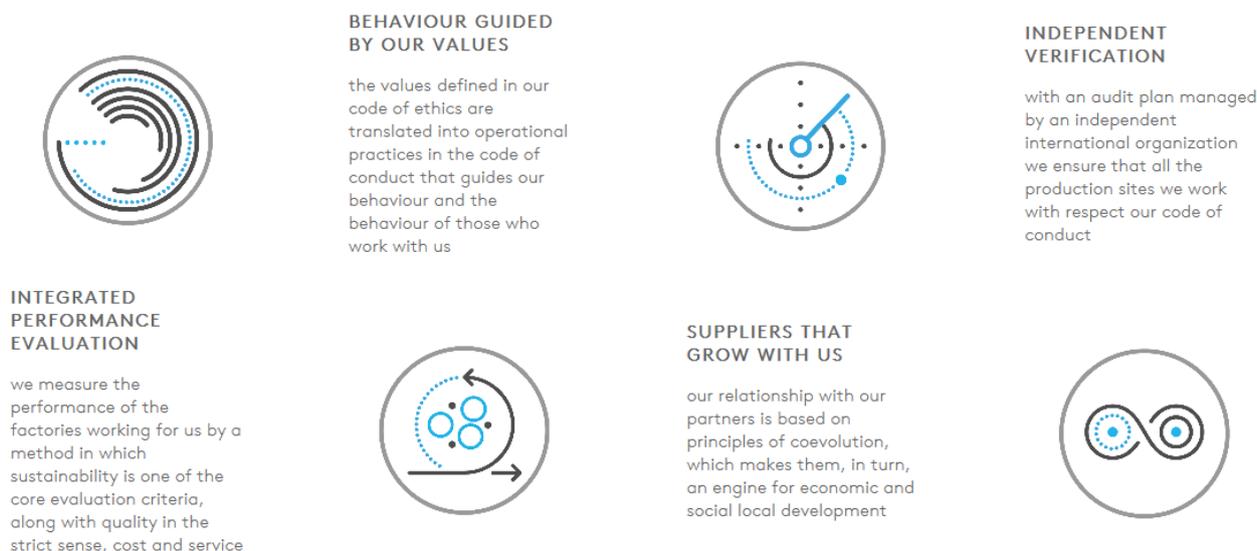


**64 social-
ethical-
environmental
audits carried
out in 2018**

- **Operating framework for social audits updated (new checklists, automation of flows for corrective and improvement actions, training for suppliers in critical areas)**
- **New “ID Factory” online platform to monitor the performance of Authorised Vendors**

Supply chain profile

Geox undertakes to build and maintain its relationships with suppliers based on trust. The company is fully aware of the strategic importance of maintaining sound relationships with its suppliers, not only to create value for customers by offering them the best in terms of quality and style, but also to protect all those who work in the supply chain and the environment. That's why relationships with suppliers go beyond the simple business sphere and are instead based on sharing the necessary elements to promote and pursue responsible and sustainable business development. With regard to the **management of supplier relationships**, Geox has defined an evolutionary model based on **4 pillars**, reported below.



Geox demands high performance from all of its suppliers, in terms of costs, quality, service levels and sustainability.

The Group's relationships with suppliers are underpinned by its Code of Ethics, which outlines **Geox's sustainable business approach**, and the Suppliers' Code of Conduct. These documents are shared with suppliers when they sign their contract and are available on the company website, with the aim of sharing best practices and aligning suppliers' activities with the Group's ethical values and commitments. The purpose of these codes is to ensure that all the Group's suppliers respect the rules of conduct provided therein, in order to guarantee minimum requirements regarding legal compliance, ethics and integrity in business management, human rights and rights for employees, workers' health and safety, environmental protection and social impacts, for all structures in which these suppliers operate.

Geox's suppliers can be broken down into three macro categories:

- direct suppliers, meaning suppliers of finished products (shoes, apparel, bags and moulds) (so-called *Manufacturers*);
- indirect suppliers, meaning appointed suppliers of raw materials (leather, packaging, soles, accessories, fabrics / synthetic and membranes) (so-called *Authorised Vendors*);
- other suppliers (so-called *Subcontractors*).

The Manufacturers use a chain of suppliers appointed by Geox (Authorised Vendors), for each category of materials. In fact, Geox selects the materials to be used in the production process by carefully selecting suppliers who guarantee quality, service levels, sustainability and competitive prices. In particular, the careful search for sustainable materials has led Geox to create an application (GAPP), which categorizes materials based on their sustainability rating, referring to both the materials themselves and their production cycle. Increasing attention is being paid to finding materials that are available where manufacturing takes place, thereby supporting the local community and also minimising the environmental impact involved with transporting the necessary raw materials. In this context, Geox Group, by means of example, uses leather tanned without heavy metals (vegetable tanning, synthetic tanning), synthetic materials made with recycled

components and packaging produced with recycled or recyclable paper, thereby gradually reducing the weight of paper used.

Furthermore, with specific reference to the material used to produce soles, a strategic component for the performance of Geox footwear, if a supplier is not able to guarantee the quality of the materials produced in-house, due to a lack of skills or equipment, then Geox shall develop and certify producers of the material in order to supply the sole factories that it uses.

All materials selected from Authorised Vendors are tested by the TÜV SÜD certification body, guaranteeing the absence of toxic substances as required by the REACH regulation. During the production cycle, these raw materials are tested again through random checks carried out at the factories, as well as at the end of the production cycle through Stock Keeping Unit (SKU) tests on the finished products.

Geox's supply chain counts around 200 suppliers, of which 35% are direct and 65% are indirect. Roughly speaking, 95% of production volumes relate to the footwear division, with the remaining percentage referring to the production of apparel.

Indirect suppliers include tanneries, sole factories, suppliers of fabrics and suppliers of packaging and metal accessories. In addition, there are also the 250 suppliers for the Serbian factory in Vranje, providing finished products, raw materials, work, transport and portorage services and various materials.

In 2018, **20.8 million shoes** were produced (SS18/FW18) across 40 production sites (Manufacturers) in 11 different countries. 90.1% were produced in Asia (Vietnam 28.3%, Cambodia 15.7%, Indonesia 15.2%, India 14.0%, Myanmar 10.0%, China 3.9%, Philippines 3.0%), and 9.9% in Europe/North Africa (Serbia 7.1%, Morocco 2.5%, Spain 0.2%, Italy 0.1%).

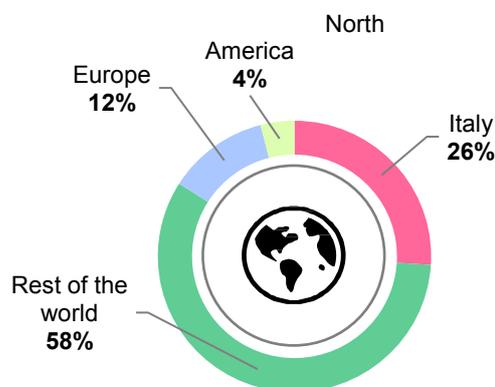
For the SS18/FW18 seasons, the supply chain used, as Authorised Vendors: 29 appointed tanneries, 33 fabric suppliers, 7 metal accessory suppliers, 11 packaging suppliers, 40 sole factories and 7 mould providers.

With regard to the apparel business unit, for the SS18/FW18 seasons, 1.1 million Men's-Women's outerwear items were produced across 27 production sites (Manufacturers) in 6 different countries. 98.5% were produced in Asia (30.3% in Vietnam, 7.3% in Indonesia, 60.8% in China, 0.1% in India), 0.8% in Turkey and 0.7% in Italy.

In order to mitigate the business risk potentially arising from situations in which Geox becomes too dependent on its own suppliers, as well as to valorise local suppliers, Geox distributes its annual purchasing expenditure in the various counties in which the Group operates.

More specifically, with regard to the distribution of expenditures by geographic area², which remained substantially in line with the previous year, 4% was allocated to North America, 12% to Europe, 26% to Italy and 58% to the rest of the world.

Purchases by geographic area



² For "significant locations of operation" exclusive reference is made to Italy.

Developing a responsible supply chain

The **evolutionary model** defined by Geox to develop a responsible and sustainable supply chain shows how Geox's relationship with its suppliers goes beyond the simple business sphere, aiming instead at a constant sharing of good practices, which are formalised in the definition of a series of operating procedures based on the **Suppliers' Code of Conduct** and inspired by the values of the Group's **Code of Ethics**, which all partners are contractually obliged to respect. A supply chain that respects the standards imposed by both national and international laws is of fundamental importance, as is Geox's commitment to selecting suppliers who are also focused on promoting policies that respect **workers' rights, human rights, animal rights** and the **environment**. In order for Geox to evolve, all of the suppliers who have an influence over final product performance must also evolve.

Even during the scouting phase, all suppliers are asked to fill out a specific questionnaire relating to sustainability issues.

In order to ensure that it works with responsible partners, Geox assesses the sustainability profile of its suppliers, during the selection phase and throughout the partnership, also using an independent, third-party company. All suppliers must undergo an audit by a third-party firm and must take part in a continuous improvement programme, with dedicated action plans and planned re-audits.

Suppliers are selected based on the principles of objectivity, impartiality, expertise, competition and value for money, as well as the principles of transparency, correctness and excellence, fully respecting the highest quality, environmental and social standards. Each supplier relationship is bound by the need to respect the laws and regulations regarding employment, human rights, health and safety, the environment, anti-corruption, data protection and the health and well-being of animals that are applicable in the country of reference, and all members of the supply chain must apply the principles stated by the Code of Ethics, Suppliers' Code of Conduct and the ten principles of the Global Compact. Each supplier is also asked to guarantee adequate working conditions and ensure respect for basic human rights and the principles of equal treatment and non-discrimination, as well as the prevention of child labour, rejection of forced labour and freedom of association.

All manufacturers are required to sign the "Manufacturing Agreement" which regulates all contractual terms and conditions (such as quality specifications, chemical-physical tests, compliance with the RSL, acceptance of the Code of Ethics and Suppliers' Code of Conduct, acceptance of social audits, etc.).

Suppliers that are appointed in accordance with the "Authorised Vendor Agreement" are advised by Geox and provide raw materials to the Manufacturers. They are required to sign the Code of Ethics, the Suppliers' Code of Conduct and the RSL.

Subcontractors, on the other hand, are selected directly by the factories producing the finished products, having obtained prior written consent from Geox to do so. In this case, it is up to the factories themselves to ensure that the Code of Ethics and Suppliers' Code of Conduct is duly respected.

In order to pre-assess new suppliers, also with regard to sustainability, Geox requires them to register with the "Geox Procurement" portal, which includes three assessment forms: one registration form, one form asking for general information about the supplier, their acceptance of the Code of Ethics and Suppliers' Code of Conduct, and information on compliance with quality, hygiene, environmental and health and safety standards (by indicating any certificates obtained), and, lastly, specific forms regarding the specific type of product or service and aspects related to human capital, the environment and health and safety in the workplace. In some cases, judged to be of greater risk, a preventive audit may be required. In particular, during 2018, on a total of four new Manufacturers in the Footwear business unit, 50% were assessed according to social-environmental criteria.

Based on the results of the pre-assessment and following a site visit, a rating is attributed to the supplier and it is decided whether or not they have the right characteristics to become a Geox supplier. After two seasons of production, the Manufacturer is assessed according to four assessment pillars (Sustainability, Quality, Service, Costs), using 20 KPIs. Based on their performance, they are classified according to five different categories: Platinum, Gold, Silver, Bronze and Iron. Performance is discussed with the supplier on a yearly basis and the "Best Factory Awards" are assigned.

In 2018, the same four-pillar assessment (previously only for direct suppliers) also started to be applied to Authorised Vendors, thanks to the use of a new online platform called "ID Factory". This allows for Authorised Vendors' performance to be monitored vis-à-vis the Manufacturers. By using this portal, Manufacturers can

place orders with the Authorised Vendors who then publish the delivery dates for the goods in question. This portal can also be used to open and negotiate claims regarding the goods delivered.

Based on the performance levels recorded, a ranking is also assigned to the Authorised Vendors, with the winner receiving an award. To this end, an annual “Global Vendors Meeting” is currently being planned, to which all suppliers (Manufacturers and Authorised Vendors) will be invited in order to get a global vision of the supply chain’s performance and to share improvement targets and actions.

Geox’s suppliers are involved in a structured audit programme in order to identify any critical issues involving them, and to guide them towards the necessary corrective actions in order to be able to continue their partnership with the Group. If necessary, these corrective actions are then monitored through follow-up audits. This audit programme is carried out across three main areas:

- social impact;
- health and safety;
- environmental impact.

Most shoes are produced, and most materials are supplied, in developing countries, based on market performance, where there are high political and social risks and risks regarding eco-sustainability. The main social risks refer to the exploitation of workers in terms of minimum wages not being guaranteed, overtime not being paid, child labour, discrimination, safety in the workplace. To this end, Geox spreads production across different countries, avoiding becoming dependant on one country in particular, in order to manage the different types of risk.

The first step in defining the procedure to assess whether local laws and the Suppliers’ Code of Conduct are being respected was to draw up the operating framework: a **risk analysis** that takes a range of factors into consideration, including the economic value of the orders made, the type of good and/or service provided, the geographic location and other parameters. The main aims of the audit are therefore to:

- protect brand reputation;
- mitigate the country risk resulting from supply chain delocalization in countries with better costs but higher risks;
- independently check health and safety, environmental and working-social conditions;
- ensure that there are no “Zero Tolerance” issues within the supply chain;
- implement a continuous improvement process in order to identify and resolve any so-called “Major” issues.

This framework was updated and reviewed in 2018 after a new provider was appointed to carry out supply chain auditing. The aim was to customise the audit checklist in order to include a higher number of questions regarding health and safety and the environment and to automate the management of flows for corrective actions through a dedicated management software. Development of an ongoing training service has also been planned in the areas that are identified, on a case-by-case basis, as being the most critical for each supplier during the audit.

The audits are carried out by a global leader in auditing services regarding compliance in the fields of Health and Safety, the Environment and Social Responsibility, based on a pre-defined checklist. This checklist is drawn up in accordance with sustainability parameters based on the SA8000® standard, the social responsibility and workers’ rights policy, the OSHAS 18001 standard regarding workers’ health and safety, the ISO 14001 standard regarding the environment and Geox’s Code of Ethics, in compliance with the Group’s sustainability provisions signed by the suppliers themselves.

The new checklist breaks down the three macro-areas mentioned above into 15 different sections, with H&S in turn being represented by 9 subsections, as this was highlighted in previous years as being the most critical area, for a total of 386 questions. The 15 sections making up the audit are shown above.



Audits may be fully announced, semi-announced or unannounced based on how well Geox knows the supplier and how long they have been a supplier for.

Audits may form part of an annual timetable that follows periodic rotation or may be requested after previous audits highlighted certain issues that required the definition and implementation of corrective actions. Geox has launched a process to increase the accountability of its supply chain regarding the time required to implement corrective actions, introducing the possibility to charge suppliers for the cost of the audit should the agreed corrective actions not be implemented. Company procedures provide for the possibility to carry out more than one re-audit with a view to supporting the supplier in the process of continuous improvement. There is nonetheless the possibility to suspend relations with any supplier that underestimates the importance of social and environmental issues and health and safety in the workplace.

Audit results therefore represent an important driver for selecting and keeping on suppliers.

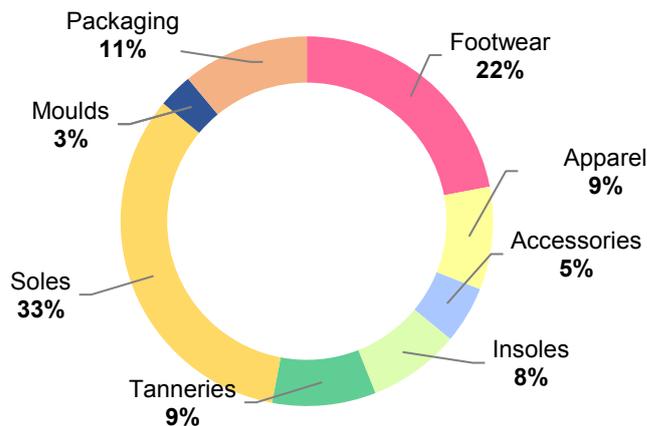
Following audit activities, any non-conformities are reported using a corrective action plan. The implementation of corrective actions is checked by requesting documentation or through a re-audit (in the case of negative audit results), or as part of a three-year audit plan (in the case of positive audit results).

64 social-ethical-environmental audits were carried out in 2018, involving 64 suppliers, broken down between suppliers of footwear (14), apparel (6), tanning services (6), soles (21), insoles (5), packaging (7), moulds (2) and accessories (3). The number of audits carried out is substantially in line with those completed during the previous reporting period.

Audit activities are planned according to a “risk-based” logic, with priority being given to the type of supply (direct or indirect), brand protection, and the intrinsic level of environmental risk within the production process. With regard to audit results, a negative trend is to be noted compared with the previous reporting period: whereas in 2017, 78% of suppliers obtained a positive result with room for improvement being identified in 22% of cases, in 2018, on the other hand, areas requiring improvement were identified for around half of the suppliers audited. This trend is due to the fact that more areas were audited, and a different rating system was applied, and not to the findings being more severe.

*In 2018,
64 Social-
Ethical
Audits were
carried out*

Audit by type



(*) Percentages calculated on the total of 64 social-ethical-environmental audits.

Once again, the audit results flagged up workplace health and safety as being the area with the most non-conformities. In order to respond to this critical issue, specific training will be provided in this field during 2019. The Suppliers' H&S manual will also be delivered, to be used as guidelines in line with the management system applied in the Company's factory in Serbia, which already has OHSAS 18001 certification.

In 2018, Geox also implemented a global whistleblowing system that is integrated at Group level. The aim of this system is to allow all stakeholders to report any unlawful conduct and/or violations regarding suspicious behaviour and breaches of the Group's Code of Ethics and to manage them in a prompt and scrupulous manner.

Over the next few years, Geox Group will continue to monitor its supply chain and its business activities in order to identify any risks and implement any necessary policies, procedures and training to ensure that ethical principles, workers' rights and environmental protection are appropriately safeguarded within its business and supply chain, with a view to making continuous improvements.

Engaging and listening to suppliers and ensuring stable business relationships

Geox creates its products based on a "controlled selling" production philosophy, meaning that it is of fundamental importance to instigate and engage in **continuous dialogue and share good practices and expertise** with its suppliers.

The Manufacturers and the Headquarters begin to interact during the initial project development phase, when the Product Department communicates with the factories' sample rooms in order to develop the first prototypes based on the technical specifications provided. The R&D department, supporting technicians, works directly with factories' Sample Rooms in order to develop new technologies. In this regard, new manuals and requirements are promptly issued which are signed by the factories themselves in order to ensure that they have been understood and will be kept confidential.

Manufacturers then interact with the various Geox representatives, who vary depending on the various phases of product manufacturing. More specifically, the Manufacturers interact with:

- the Technical Department for product development and approval of samples;
- the Product Department to develop the collection;
- the Purchasing Department to define costs;
- the Production Department for technical support regarding the production lines;
- the Quality Department for pre-delivery checks on each consignment;
- the Logistics Department to plan deliveries;
- the R&D department for constant supervision of chemical, physical/mechanical and patent requirements;
- the Internal Audit department to organise social audits and to monitor corrective actions.

The "sole that breathes" concept is the essence of what makes Geox shoes so unique, which is why it is so important to correctly **manage relationships with the suppliers of forms, moulds and soles**. In this regard, the **Structures Department** within the Parent Company provides the high-calibre design for these components, organising the local sourcing necessary to guarantee quality footwear.

More specifically, Geox has selected and works together with form manufacturers who are able to offer constant growth in line with new sector studies, guaranteeing production engineering of the shoe support structure. This ensures high quality production at the same time as safeguarding the initial design.

The moulds, which are used to produce the soles, are made by external suppliers with whom Geox shares its patented know-how through on-site training. The purpose of this is to ensure that the soles meet the necessary requirements to create the Geox membrane “that breathes”. Any sensitive information provided to suppliers is managed through supplier and technical/intellectual agreements, in line with the Code of Ethics and Suppliers’ Code of Conduct. An ongoing relationship is also established with Geox’s technical team through site visits, exchanging digital files containing design elements and regular visits, particularly when new sole projects are launched. Supplier loyalty is recognised as being of fundamental importance in order to have the guarantee that moulds will be delivered according to the company schedule. Wherever possible, mould providers are located in the areas where the soles and shoes are produced in order to optimise transport and create a local activity hub that can maximise the relative services.

The soles complete and enrich the shoes based on the choice of style and technical characteristics of the material. The Operations Department is in charge of choosing which material to use, in collaboration with the Style Department, which weighs up the benefits of the final product, such as: lightness, cushioning, durability and cost. Appropriate laboratory tests are carried out to determine whether the materials used for the finished product comply with physical, mechanical and chemical parameters. As a sign of the importance that Geox attributes to each new sole product, after carrying out all the necessary technical assessments, together with the various bodies involved, it certifies mass production after issuing a “sole identity card”.

Also with regard to **apparel** products, Geox is in daily contact with its suppliers, with constant visits by technicians and individuals in charge of quality control who are local, speak the local language and are employed by Geox. Suppliers are provided with the material and technical support necessary to guarantee suitable performance for the garment. Wherever possible, Geox turns to its trusted suppliers, also for new developments, applications and production requirements.

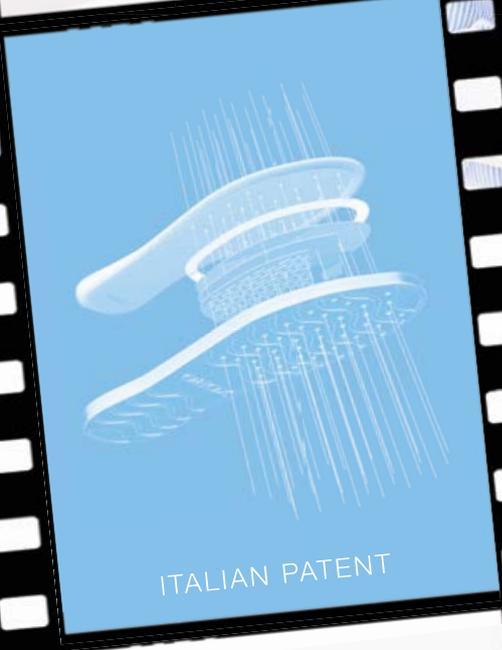
To remain fully informed and to ensure appropriate management of relations with its suppliers, Geox has mapped out its supply chain. Constantly monitoring social audit results and sharing the relative improvement measures with a view to achieve continuous improvements, means that Geox continuously interacts with all its production chain on a daily basis for operations issues. This guarantees maximum technical support and provides the know-how necessary to prevent any kind of qualitative problem.

Furthermore, meetings with Production and Operations managers are organised every six months in order to agree upon the sourcing strategy. These meetings provide an opportunity to share Vendor performance (with regard finished products and raw materials), issue Vendor Rankings, discuss future business possibilities and negotiate new production sites in order meet the objectives set by the Board.

In this regard, Geox has been measuring the results achieved by its production partners for more than four seasons and sharing the results with them during specific seasonal visits. More specifically, Geox analyses, together with each supplier, the results achieved in the various areas covered by the social audits, using the inspections carried out in previous seasons. This analysis allows focus areas for improvement measures to be identified, thereby defining a plan of action that is specific for each season. In this way, the Group endeavours to encourage the identification of mutual areas of improvement in order to foster the co-evolution programme. The co-evolution programme aims at transforming Geox’s suppliers into “drivers” for social development and the local economy.

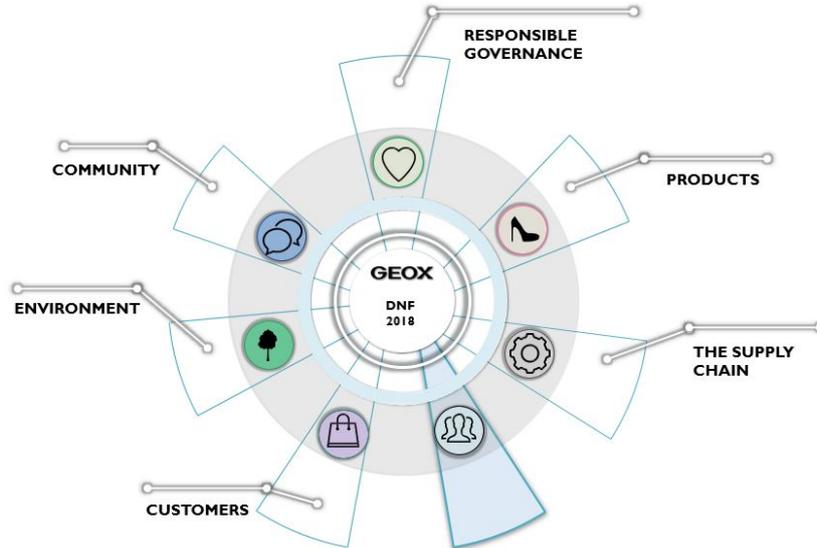
GEOX

R E S P I R A





PEOPLE



More than 2,400
people hired in 2018



Absences due
to
injury
- 60%



Over 5,200
people

7 out of 10
resources are
women

- **“Geox Lab”** employee engagement initiative with multi-disciplinary workshops
- Introduction of a **Results Bonus** for co-workers
- **BS OHSAS 18001** certification achieved for the plant in Serbia
- A convention for employees to share the **Group’s** performance and **Strategic Business Plan**

Human Resources

Geox Group recognises the central role played by human resources, firmly believing that the main success factor of any organisation lies in the professional, human and creative contribution made by the people who work there. In particular, Geox is fully aware that growth is driven by the contribution made by each and every person, in the work that they do every day. That's why it recognises the value and the dignity of people as being a fundamental requisite for the healthy running of the business. Geox respects and valorises People, and their diversity, by respecting their basic human rights, by protecting their physical, cultural and moral integrity and by continually developing their technical and professional skills.

As of December 31, 2018, Geox Group counted a total of 5,246 employees, down slightly (around -2%) compared with December 31, 2017. More generally, Geox Group's total workforce, including not only employees but also interns and temporary workers, amounts to 5,295.

The most represented professional category refers to store employees (57% of the total), followed by factory workers (24% of the total), office staff (16% of the total), middle managers ³(2% of the total) and senior managers (1% of the total).

Number of employees by professional category and by gender ⁴

	2017			2018		
	Men	Women	Total	Men	Women	Total
Senior managers	39	3	42	40	5	45
Middle managers ⁵	118	102	220	82	48	130
Office staff	237	404	641	295	504	799
Store employees	572	1,997	2,569	509	1,975	2,484
Factory workers	419	936	1,355	343	891	1,234
Total	1,385	3,442	4,827	1,269	3,423	4,692

Percentage employees by professional category and by ⁴

	2017		2018	
	Men	Women	Men	Women
Senior managers	93%	7%	89%	11%
Middle managers	54%	46%	63%	37%
Office staff	37%	63%	37%	63%
Store employees	22%	78%	20%	80%
Factory workers	31%	69%	28%	72%

With regard to the geographical breakdown of Group employees, 30% are employed in Italy, 22% in the rest of Europe, 11% in North America and the remaining 37% in the rest of the world.

³ The middle manager category includes those who report directly to senior management.

⁴ The figures included in the breakdown of personnel by gender and by age refer to Geox Group employees, excluding employees in North America (518 in total for 2017 and 554 for 2018). Said figures are not available for the categories in question, in accordance with local practices.

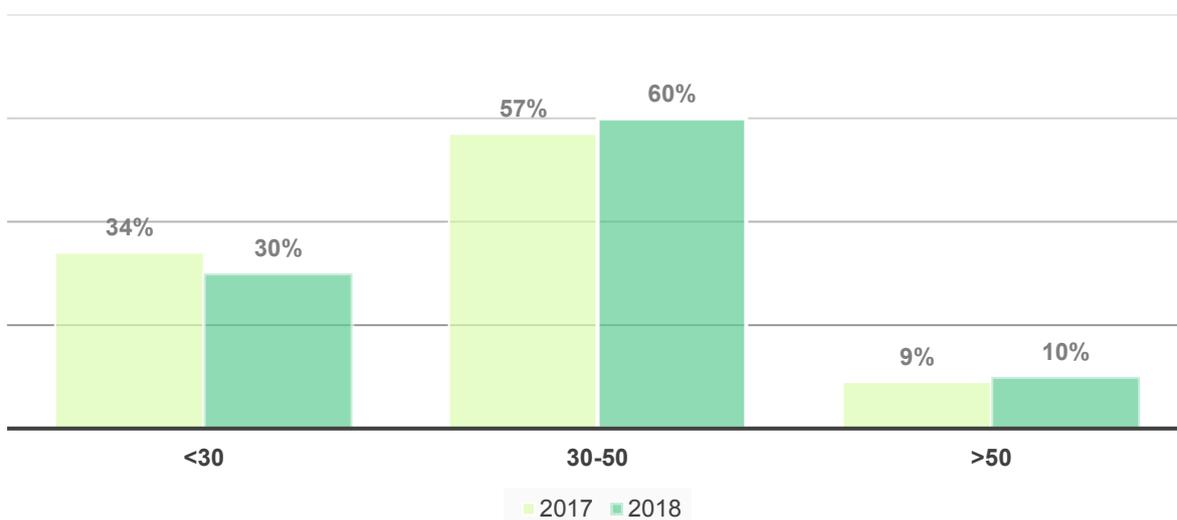
⁵ The fewer number of middle managers compared with 2018 is due to the in-house classification of employees being updated.

Number of employees by geographic area and by gender ⁶

	2017			2018		
	Men	Women	Total	Men	Women	Total
Italy	440	1,120	1,560	425	1,172	1,597
Europe	364	941	1,305	319	860	1,179
North America	-	-	-	-	-	-
Rest of the world	581	1,381	1,962	525	1,391	1,926
Total	1,385	3,442	4,827	1,269	3,423	4,692

The majority of Geox employees (60%) are aged between 30 and 50, with the average age at Group level being 36 for both men and women.

Employees by age group ⁶



Percentage employees by professional category and by age group ⁶

	2017			2018		
	<30	30-50	>50	<30	30-50	>50
Senior managers	0%	52%	48%	0%	62%	38%
Middle managers	6%	70%	24%	2%	78%	20%
Office staff	13%	76%	11%	14%	72%	14%
Store employees	47%	48%	6%	40%	53%	7%
Factory workers	26%	65%	9%	22%	66%	12%

⁶ Excluding employees in North America (518 in 2017 and 554 in 2018).

The Company is committed to building **stable and lasting relationships**, which is confirmed by the high percentage of employees hired with a permanent contract (over 83% of the total) and their length of service. In fact, 18% of all employees have been with the company for “between 6 and 10 years”. Use of interns and temporary workers is limited. In 2018, Geox Group used 11 interns and 38 temporary workers.

Number of employees by type of contract and by gender

	2017								
	Permanent contract (PERM. CT.)			Fixed-term contract (FT. CT.)			Total		
	M	W	Tot	M	W	Tot	PERM. CT.	FT. CT.	Tot
Italy	389	958	1,347	51	162	213	1347	213	1,560
Europe	239	608	847	125	333	458	847	458	1,305
North America	-	-	515	-	-	3	515	3	518
Rest of the world	448	1,093	1,541	133	288	421	1541	421	1,962
Total	1,076	2,659	4,250	309	783	1,095	4,250	1,095	5,345

	2018								
	Permanent contract (PERM. CT.)			Fixed-term contract (FT. CT.)			Total		
	M	W	Tot	M	W	Tot	PERM. CT.	FT. CT.	Tot
Italy	385	1,019	1,404	40	153	193	1,404	193	1,597
Europe	251	591	842	68	269	337	842	337	1,179
North America	-	-	551	-	-	3	551	3	554
Rest of the world	464	1,100	1,564	61	291	352	1,564	352	1,916
Total	1,100	2,710	4,361	169	713	885	4,361	885	5,246

Number of workers with other types of contract

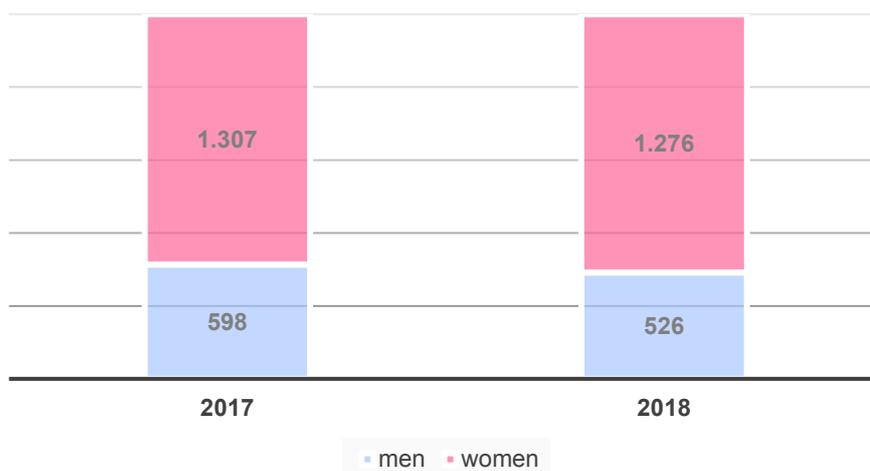
	2017			2018		
	Men	Women	Total	Men	Women	Total
Intern	1	5	6	4	7	11
Temporary work	11	27	38	12	26	38
Total	12	32	44	16	33	49

During 2018, **more than 2,400 people were hired**⁷, mostly women (71% of the total⁸). With regard to the breakdown by age group⁸, 64% of new recruits are aged under 30: this confirms Geox’s commitment and investment in the younger generations. 32% of new recruits are aged between 30 and 50. With regard to the geographic breakdown: 16% of new recruits were hired in Italy, 44% in Europe, 25% in North America and the remaining 15% in the rest of the world.

⁷ Employees who had more than one contract during 2018 have only been counted once.

⁸ Excluding employees in North America (561 in 2017 and 604 in 2018).

Number of employees hired by gender⁹



Percentage turnover by gender and by age group 2017¹⁰

	Gender			Age group		
	M	W	Tot	<30	30-50	>50
Hiring rate	43.18	37.97	46.14	79.56	19.20	15.11
Rate of employees leaving	33.36	33.41	40.13	58.04	19.56	27.58

Percentage turnover by gender and by age group 2018¹⁰

	Gender			Age group		
	M	W	Tot	<30	30-50	>50
Hiring rate	41.45	37.28	45.86	83.06	20.59	15.05
Rate of employees leaving	46.89	34.91	44.28	79.98	21.71	14.85

Percentage turnover by geographic area 2017

	Geographic area					
	Italy	France	Spain	Germany	UK	Rest of the world
Hiring rate	26.36	92.32	110.31	69.49	89.93	41.43
Rate of employees leaving	18.66	74.22	94.33	73.90	68.35	38.72

⁹ Excluding employees in North America (561 in 2017 and 604 in 2018).

¹⁰ The turnover rates by gender and by age group do not include employees in North America. The number of employees in North America who were hired and who left the Group (561 in 2017 and 604 in 2018 with regard to new recruits; 533 in 2017 and 533 in 2018 with regard to employees leaving) are included in the total turnover rates.

Percentage turnover by geographic area 2018

	Geographic area					
	Italy	France	Spain	Germany	UK	Rest of the world
Hiring rate	24.55	109.58	106.45	56.61	122.73	41.26
Rate of employees leaving	22.48	107.04	110.22	64.05	116.67	39.14

In 2018, 2,323 resources left the company (of which over 66% were women¹¹), mainly referring to retail staff, which is considered normal in the context of the industry's competitive dynamics. The majority of employees leaving the Group were aged under 30 (approximately 62% of the total¹¹). 34% of the total¹¹, on the other hand, were aged between 30 and 50. With regard to the geographic breakdown: 16% of employees leaving Geox were based in Italy, 45% in Europe, 23% in North America and the remaining 16% in the rest of the world.

With regard to the dynamics that affect its personnel, Geox has developed a **structured Recruitment, Selection and Hiring process** which falls under the responsibility of the HR, Organization and Corporate Services Director. This process normally involves a general and widespread analysis covering all company departments, which is carried out during the last quarter of the year. The purpose of this analysis is to understand the resources that are needed to implement company development plans over the course of the following year. The recruitment, selection and hiring of new staff may also arise following a careful review of development plans, projects and organisational structures carried out over the year. Staff are selected based on the professional profile of the candidates, meaning: skills and experience, people skills, a favourable approach to the Company's culture and development potential.

Staff are hired in accordance with the delegation plan and, with regard to pay and benefits, the Group's remuneration policies are followed.

Diversity, equal opportunities and protecting human rights and workers' rights

As specified in the Code of Ethics, Geox Group respects different ideas and points of view. In fact, the diversity of the Group's workforce enables it to fully understand different markets and customers, enrich skills and achieve goals in the best way possible. This is the reason why Geox does not tolerate any form of violence or discrimination, especially regarding gender, disability, health, sexual orientation, age, political opinions, religion, race, ethnic group or social and cultural conditions.

Geox encourages a team spirit and cooperation, and expects all members of staff to work together in order to maintain a climate of mutual respect. In particular, the Group endeavours to ensure that company policies allow people to work in environments that respect their dignity and that guarantee their safety, refusing any practices that may humiliate or degrade them or their role, including mobbing, exploitation, abuse, intimidation, harassment or threats.

The position of those who find themselves in a situation whereby they have limited ability to work (pregnancy, maternity leave, young age, accident, disability, etc.) is protected thanks to measures to maintain their physical and moral integrity, also in compliance with applicable legislation.

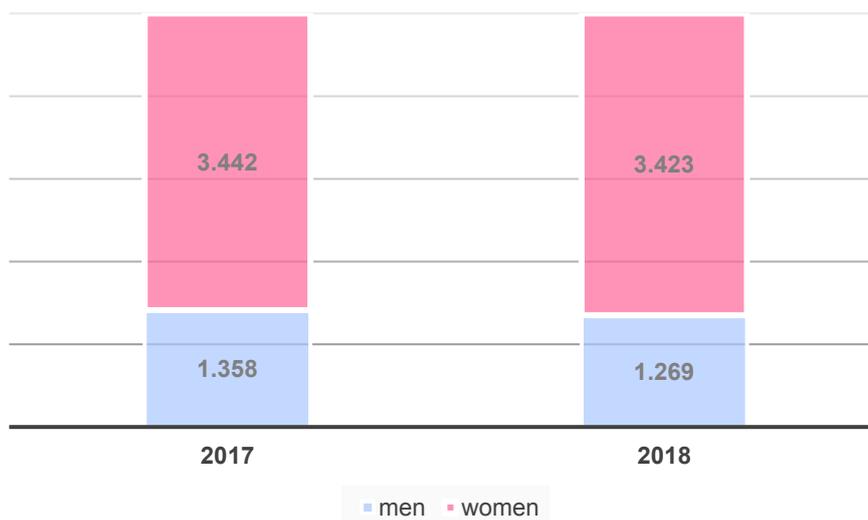
Geox also strongly condemns any form of forced labour or exploitation, whether it be in the form of child labour, or the exploitation of people with disabilities or pregnant women, or anyone who has not given their consent. The use of under-age workers is only permitted in the context of applicable legislation being correctly applied and in compliance with the UN Convention on the Rights of the Child. More generally, the respect of human rights and of the rights of workers is of fundamental importance for Geox Group. That's why, as part of its work, it takes inspiration from the International Labour Standards (ILS) covered by the fundamental International Labour Organisation (ILO) conventions.

During 2018, no cases of discrimination were recorded within the Group. Furthermore, no complaints were received relating to working practices and/or respect of human rights.

¹¹ Excluding employees in North America (533 in 2017 and 533 in 2018).

With regard to gender balance at Geox, **7 out of 10 resources are women**: the share of women within the workforce is in fact equal to approximately 73%. The percentage of female workers is high in all geographic areas and across all professional categories.

Number of employees by gender¹²



As of December 31, 2018, the Group counted 36 employees with disabilities, of which 27 women and 9 men.

Remuneration, incentive schemes and benefits

In order to develop the skills and expertise of its workforce, Geox Group adopts objective, transparent and verifiable criteria based on merit, guaranteeing equal opportunities for all, without any form of discrimination. In particular, staff are recruited, hired and then assessed based on objective criteria which ensure that each candidate's professional profile, skills and performance respect company requirements, all in full respect of equal opportunities among individuals.

With these principles in mind, Geox has developed an efficient and effective performance management process aimed at attracting new talents and retaining employees. More specifically, in order to value its employees, Geox began implementing a Performance & Behaviour Evaluation system a number of years ago. This system allows the company to compare the level of results achieved with the objectives assigned, closely observe skills and organisational behaviour, identify the company departments that show excellent or improving performance and thereby encourage new development measures, training and remuneration policies based on merit. This process is made up of an initial stage which allows for the assessment of the skills and experience that the employee has developed as part of their role. This is followed by a careful feedback process in order to encourage free discussion between the employee and their supervisor. In 2018, this system allowed the company to identify a number of Key People within the various departments and define specific development plans for them (in terms of training and their career paths).

Geox gives each worker the right to fair and regular pay and suitable compensation for any overtime. The salaries and benefits received by Geox Group employees respect the legal requirements in each country of reference.

With a view to **attracting new talents** and **retaining its employees**, Geox Group has defined the starting salaries and the Company Pay Package in full respect of the minimum amounts provided for by law or national collective bargaining agreements, considering remuneration to be a strategic factor in managing and developing its personnel. The Head of the Human Resources, Organization and Corporate Services Department and the Chief Executive Officer are responsible for ensuring that the employee remuneration process is correctly and appropriately managed.

¹² Employees in North America are excluded (518 in 2017 and 554 in 2018).

As Geox is a listed company, it has defined a Remuneration Policy for board members and executives with strategic responsibilities, in compliance with the recommendations provided by the Corporate Governance Code issued by Borsa Italiana (*Italian Stock Exchange*). This policy is developed by the Company's Human Resources, Organization and Corporate Services Department, Appointment and Remuneration Committee, Chief Executive Officer, Board of Directors and the Shareholders' Meeting (for further details, please refer to the Remuneration Report available on the website www.geox.biz, under the section "Governance").

On an annual basis, Geox rewards its best-performing resources and those who have contributed to achieving company results, in terms of internal development and according to merit-based criteria taking into consideration the skills and conduct required of the role held.

In particular, there is a short and medium/long-term, variable **incentive scheme** in place for the management team. The short-term variable incentive scheme is based on an MBO reward system, which differs based on the type of employee, divided into "structure" and "retail". For "structure" personnel, the variable annual incentive is based on quantitative and qualitative objectives, linked to individual performance and Group results. For retail personnel, an MBO reward system is in place which is defined by quantitative, individual and collective objectives, differing based on the role and the type of sales point managed. The medium-long term incentive process, on the other hand, involves stock options being granted to top management and a number of key figures. Monetary incentive schemes are also provided, albeit to a lesser extent.

In 2018, a Memorandum of Agreement was signed between the Group's Italian companies and the Trade Union Organisations, with the aim of achieving the predefined sustainable and profitable growth objectives, significantly involving employees in business processes. As part of this agreement, the most suitable tool for achieving these objectives was identified as being the **Results Bonus**. This bonus is subject to the company reaching a profitability objective and may be paid in the form of money or other goods, services and benefits (so-called "corporate welfare"). For 2018, the Memorandum of Agreement also stated that an amount in the form of goods and services (so-called "corporate welfare") shall be attributed to all factory workers and office staff, by assigning "rights" (so-called shopping/fuel vouchers), used through a dedicated online platform.

The **Company Pay Package** offered to employees includes a wide range of benefits, which are linked to and vary depending on the role held. All Group managers have a supplementary insurance package with respect to the provisions of the applicable national collective bargaining agreement (supplementary healthcare insurance, life insurance, personal accident insurance) and a car for business and personal use. Middle managers also have a healthcare plan and, should their role require it, a company car.

Benefits for the employees working at Geox Group's main headquarters include:

- **Eating Geox Restaurant:** the company restaurant has been built using state-of-the-art techniques and materials in full compliance with sustainability principles in order to have a limited impact on the environment. A great deal of attention is paid to the ingredients selected, how dishes are prepared and to the reduction of waste. The in-house *Eating Geox Restaurant* is a large communal area dedicated to employees in the heart of Geox Group, offering them information and everything they need for a healthy diet, thereby improving their well-being.
- **Geox Childcare Centre:** the "Mondo Piccino" Childcare Centre was created in February 2008 to support the needs of many parents working for the Company. Geox makes a monetary contribution and supports families by providing an educational service for their children that "fosters well-balanced and harmonious psychological-physical development", in accordance with the principles of respect, a warm welcome and solidarity. Each year, the centre caters for 50 to 60 children aged between 0 and 3, and its aim is to meet all of their needs and those of their parents in the best way possible.
- **Diadora Fit and Gran Teatro Geox:** employees get a range of discounts with organisations that are able to create benefits for their health and well-being, such as the courses offered by the Diadora Fit gym.

There is also a partnership in place with the Gran Teatro Geox arena, meaning that employees can purchase tickets for all scheduled events and shows at a reduced price. Furthermore, four tickets for every show are up for grabs through a company competition.

Other discounts are available with a range of local companies, guaranteeing reduced prices for the purchase of certain goods and services. Special promotions are also available for the purchase of Geox footwear and apparel.

Work-life balance

In its Code of Ethics, Geox confirms its commitment to ensuring that company policies allow people to work in environments that respect their dignity and guarantee their safety, with working hours and procedures that do not compromise their private lives or their ability to satisfy their basic needs. In fact, the value and dignity of people represent fundamental requirements to run a healthy business.

In order to ensure its employees have a good work-life balance and maintain their professional commitment, Geox Group offers the possibility to use part-time contracts. Approximately 34% of company personnel are hired under a **part-time work contract**.

In order to allow employees to balance their family and professional responsibilities, the company also grants a maximum of 2.5 flexible hours per day, regarding the time of arrival and departure.

Number of employees by type of employment¹³

	2017			2018		
	Men	Women	Total	Men	Women	Total
Full-time	1,084	2,242	3,326	1,011	2,272	3,283
Part-time	301	1,200	1,501	258	1,151	1,409
Total	1,385	3,442	4,827	1,269	3,423	4,692

Staff training and development

Geox believes that training is an **essential and strategic tool** for personal development and, as such, promotes a culture of ongoing learning with a view to innovation, also through the use of new learning environments.

Geox Group manages, trains and helps its employees to develop, supporting them with their professional growth and constantly updating their managerial and technical skills. This allows each employee to carry out their role in the best way possible, with a view to achieving the company's goals. To this end, Geox clearly defines roles, responsibilities and objectives for each employee, based on their position and level within the organisation chart. This avoids situations of stress caused by ambiguity and conflict between role and responsibility, and also helps with merit-based development.

The structure of Geox's training system, called the **Geox Learning System**, is based on the types of courses and the relative addressees. Training schemes and activities are defined following careful analysis of training needs together with business requirements. The aim is to develop and perfect employees' technical and managerial skills in order to fill gaps in knowledge, improve performance and invest in the professional growth of co-workers.

The Geox Learning System involves external consultants and instructors, as well as in-house experts, who all contribute to the professional growth of employees by sharing their specialist know-how.

In 2018, the main training initiatives focused on the following areas: Induction training for new recruits, Management Training, Technical-Specialist Training and Health & Safety Training.

The **management training courses** took an in-depth look into developing soft skills such as accountability, project management and change management.

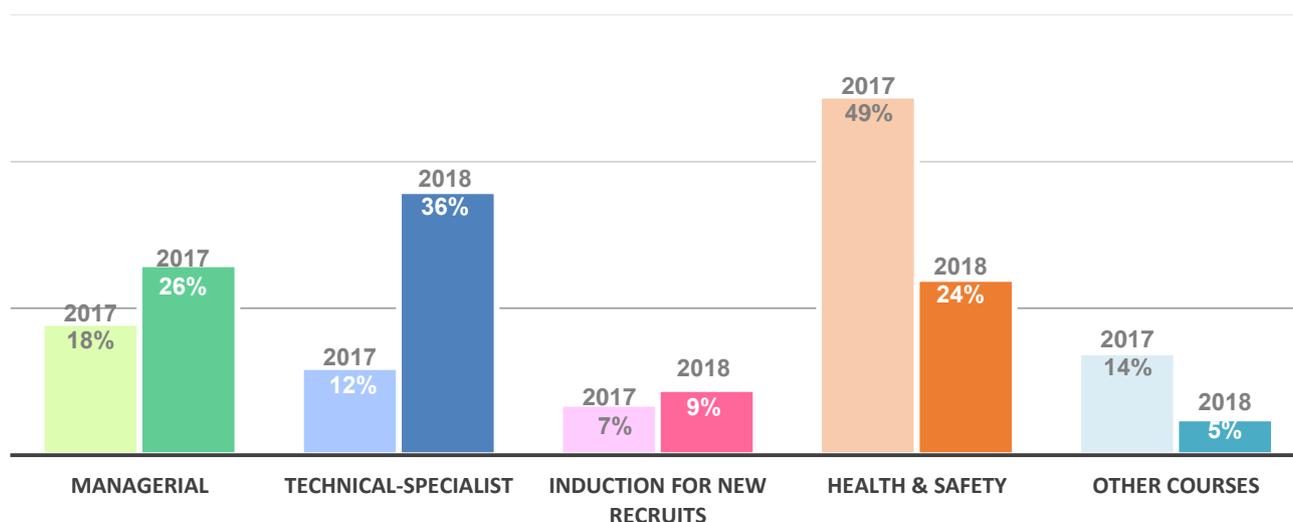
¹³ Excluding employees in North America (518 in 2017 and 554 in 2018).

Technical-specialist training, on the other hand, focused on the development of professional technical skills, linked, for example, to the use of computing devices and demand planning methods and supply chain planning.

During 2018, the **retail training** programme continued, providing both managerial and technical-specialist training. The aim of this programme is to take an in-depth look at issues relating to the development of skills regarding products, sales and team management.

Geox Group has always played an active role in promoting a **culture of health and safety** within the work environment, providing training courses for all categories of workers. Geox is committed not only to respecting legal requirements, but also to significantly raising employee awareness of this issue.

Hours of training by type of course provided (%)



In 2018, a total of 19,498 hours of training were provided, equal to an average of approximately 4 hours of training per employee.

Hours of training by professional category and by gender ¹⁴

	2017			2018		
	Men	Women	Total	Men	Women	Total
Senior managers	707	59	766	271	48	319
Middle managers	1,656	1,703	3,359	851	439	1,290
Office staff	1,155	3,174	4,328	2,070	2,839	4,908
Store employees	2,629	6,970	9,598	2,793	8,480	11,273
Factory workers	2,261	1,598	3,859	549	1,022	1,571
Total	8,407	13,503	21,910	6,533	12,828	19,361

¹⁴ Excluding the hours of training provided to employees in North America (126 hours in 2017 and 137 in 2018).

Average hours of training by professional category

	2017			2018		
	Men	Women	Total	Men	Women	Total
Senior managers	18.1	19.7	17.9	6.8	9.6	6.8
Middle managers	14.0	16.7	14.9	10.4	9.1	9.5
Office staff	4.87	7.86	6.42	7	5.6	6.0
Store employees	4.60	3.49	3.16	5.5	4.3	3.8
Factory workers	5.40	1.71	2.85	1.6	1.1	1.3

Over the course of the year, activities carried out as part of the “**Geox Lab**” initiative were particularly significant. With a view to involving employees more and getting them to play a more direct role in improving company life, Geox organised three technical workshops in 2018. These gave people the opportunity to work together to gather useful tips and share new ideas and projects on how to improve the organisation.

The relationships developed with academia and schools continued. As in the past, Geox welcomed numerous visits from schools and universities in 2018, with the aim of giving young people the chance to get closer to the world of work in order to understand its main aspects. In particular, Geox took part in the “Career Day” initiative organised by the University of Padova in November. During this event, the company had the opportunity to enter into direct dialogue with university students, giving them an insight into the Brand and the company.

Protecting workers’ health and safety

The Group Code of Ethics expresses Geox's commitment to providing a working environment able to guarantee workers’ health and safety. In fact, the health and safety of employees is of fundamental importance for the Group as they represent the heart of the business. That’s why an appropriate working environment, suitable equipment, employee training and everything else necessary to fulfil safety requirements, all have a crucial role to play.

In particular, Geox Group believes that workplace health and safety represents a basic right for its workers and a key element for the Group’s sustainability performance, which is why it guarantees safe and healthy working environments in compliance with applicable workplace health, safety and hygiene legislation in every country where it operates. To this end, the company undertakes to promote and consolidate a culture of workplace health and safety by raising awareness of risks, providing adequate resources and training, and asking all staff, at all levels, to ensure they behave in a responsible way and follow the safety management system in place, including all the company procedures contained therein. More specifically, Geox Group is fully aware that safety is the result of the actions of the entire organisation, from the top management right down to each worker, each with their own level of responsibility. This awareness has led Geox Group to commit to continuously improving the health and safety of its workplaces, by involving the departments in charge and by defining and sharing development objectives and the relative plans being implemented.

With regard to the main headquarters, the responsibility for ensuring that the working environment is safe and complies with applicable legislation, and therefore carrying out the activities involved with implementing Italian health and safety laws for the workplace, is assigned, first and foremost, to the Employer (Chief Executive Officer) and to all other figures involved in organising safety (Individual appointed by the Employer - Head of HR, Organization and Corporate Services, Health and Safety Officer, Senior Managers and Appointed Employees). It is also the responsibility of the Employer, whether the Parent Company or its subsidiaries, to regularly update the procedures following any new legislation or organisational changes.

Geox Group fully complies with the requirements of the specific local legislation applicable in the various countries in which it operates. In particular, for its operations outside of Italy, Geox Group is supported by a Health & Safety (H&S) consultant in order to carry out the activities necessary to comply with local legislation.

At group level, specific budgets have been set aside in order to ensure that the defined H&S programmes are implemented properly. Having said that, in consideration of the fact that Geox considers health and safety to be a priority issue for its operations, the company also admits that previously agreed budgets may be exceeded should the Employer believe that it is necessary to implement specific improvement measures.

Although the Group's international presence means that it is subject to many different sets of laws and regulations at local country level, the Parent Company has defined a number of guidelines containing specific rules of conduct. The purpose of these guidelines, approved by the Head of the Retail Channel, is to reduce

and eliminate the likelihood of accidents and/or injuries occurring, and they have been shared all over the world, with each store in Europe and across the various Business Units.

The entire Geox Group follows the procedures provided for by the international standard BS OHSAS 18001. Geox Retail S.r.l. DOS Italy was already awarded this certification back in 2013. In 2018, the production plant in Serbia also obtained this certification. The procedures required for this standard are issued by the assigned departments, reviewed by Internal Auditors, and checked and approved by the Employer.

The integrated Workplace Health and Safety Management System that goes along with this certification defines and regulates:

- hazard identification and risk assessment procedures and the definition of relative controls;
- the training, development and communication process;
- the control of documents, data and registrations;
- inspections and audits;
- the speed and ability to react to an emergency;
- the management of accidents, near misses, non-conformities and corrective and preventive actions;
- the management of service contracts;
- The definition of objectives and programmes, and the review by senior management;
- the procedure to coordinate and manage change and special activities.

It is of fundamental importance to Geox to reduce to a minimum the risk of possible accidents, occupational diseases and emergency situations, by implementing appropriate preventive measures. With specific reference to risks, it should be noted that Geox Group's workforce is mainly characterised by workers using display screen equipment, salespeople and, lastly, conveyor belt workers in the Serbian factory. More specifically, the main activity carried out at the Geox S.p.A. headquarters and its representative offices across the various Business Units and in Europe, is office work, implying the use of display screen equipment. It is therefore possible to conclude that the risk of the Group can be considered low. It is nonetheless necessary to consider that the Group has a significant number of employees who travel and live abroad: this may cause risks linked to road accidents or accidents involving other modes of transport, as well as possible risks deriving from terrorist attacks, violence or robberies given the current geopolitical situation. In order to address these risks, Geox has implemented a new system that tracks and monitors crisis and emergency situations in the various countries, allowing it to assess any necessary travel in an informed and responsible way, for the safety of those going abroad. With specific reference to the activities carried out at mono-brand stores, due to the service model in place, employees are constantly going into the warehouse and using portable step ladders, which statistically represent the biggest cause of accidents. There are, on the other hand, several potential risks deriving from the activities carried out on the shoe production lines in the Serbian factory. These include risks associated with the use of machinery and the use of chemical substances.

In order to correctly manage these types of risks, Geox Group has defined a model based on preventive measures. In general, each worker is required not to expose themselves or other workers to hazards that may cause injuries or damage to themselves or others, implementing the preventive measures defined by the Group in order to protect health and safety. Specific company documents (e.g. guidelines, operating instructions), as well as training and information notices, are used to communicate said measures. In this regard, Geox regularly organises training courses and carries out preventive actions and periodic inspections in order to protect workers' health and safety.

Before opening a new place of work, whether an office or a point of sale, a careful health and safety risk assessment is always carried out. Internal audits are then carried out on a regular basis in order to check compliance in the workplace, the effectiveness of the procedures defined, and the training activities carried out. These audits are based on document analysis and site visits (inspection of the work environments and work equipment). These regular inspections are currently carried out for Geox S.p.A., Xlog S.r.l., Geox Retail S.r.l., and TDV d.o.o. and one-off checks are also planned for a number of stores in Europe. In order to continuously improve the management of these issues, above all with reference to workplaces outside of Italy, follow-up audits are also carried out with the support of external consultants. The purpose of these is to check the correct implementation of any corrective actions identified following negative findings from previous audits.

In Italy, Geox organises an annual meeting on the topic of workplace health and safety, attended by the Employer, the officially appointed doctor, the Health and Safety Officer and the Worker's Health and Safety Representative. During this meeting, for which minutes are drawn up, the attendees share and discuss

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Special committees, made up of the Employer, workers' representatives and the HR manager, have been set up in a number of foreign countries, especially in Serbia. These committees meet regularly with the same purposes as stated above.

Also during 2018, workplaces were carefully managed and there were continuous communications and awareness raising activities aimed at preventing as well as monitoring the correct implementation of improvement plans. These measures helped to limit the number of workplace injuries. In particular, 92 accidents were reported in 2018, of which 72 in the workplace and 20 during the commute to/from work. This reduction (-11% compared with 2017) shows the positive result of the actions implemented by Geox Group to improve health and safety conditions for all its co-workers. In 2018, there were approximately 60% less days of absence due to injury compared with the previous year, with a subsequent drop in the severity index. In particular, the overall severity index dropped by almost 80% compared with 2017, when it was 0.47, whereas the frequency index was almost half that of the previous year, when it amounted to 18.61. Accident statistics are examined on an annual basis in order to monitor performance and to identify, implement and activate any necessary corrective actions to eliminate the root cause. All indicators relating to accident indices are also monitored and assessed.

No fatal accidents were reported. However, it should be noted that, in Europe, there was one case of occupational disease which originated during the relative employee's previous role outside of the Geox Group. As a result, the Group's overall occupational disease rate is equal to 0.02%.

Number of accidents by gender and by geographic area

	2017			2018		
	Men	Women	Total	Men	Women	Total
In the workplace	29	48	77	15	57	72
Italy	4	10	14	3	19	22
Europe	11	29	40	5	21	26
North America	1	0	1	5	10	15
Rest of the world	13	9	22	2	7	9
During the commute home	5	21	26	6	14	20
Italy	5	6	11	5	7	12
Europe	-	9	9	1	3	4
North America	-	-	-	-	-	-
Rest of the world	-	6	6	-	4	4
Total	34	69	103	21	71	92

Days of absence due to injury

	2017			2018		
	Men	Women	Total	Men	Women	Total
In the workplace	901	1,268	2,169	104	575	679
During the commute home	32	383	415	133	210	343
Total	933	1,651	2,584	237	785	1,022

Accident indices and absenteeism rate 2018

	Men	Women	Total
Severity index¹⁶	0.09	0.10	0.10
Italy	0.03	0.23	0.16
Europe	-	0.12	0.03
North America	0.38	0.01	0.02
Rest of the world	0.02	0.08	0.06
Frequency index¹⁷	7.67	9.41	8.95
Italy	11.04	17.95	15.65
Europe	6.93	84.55	26.09
North America	30.00	2.85	4.08
Rest of the world	2.04	4.78	3.96
Absenteeism rate¹⁸	2.68	2.29	2.37
Italy	2.22	3.78	3.26
Europe	0.34	4.84	1.45
North America	1.39	0.23	0.28
Rest of the world	3.33	4.18	3.93

¹⁶ Severity index: (number of days lost due to injury at work/total number of hours worked) x 1,000.

¹⁷ Frequency index: (number of injuries/total number of hours worked) x 1,000,000.

¹⁸ Absenteeism rate: (total number of days of unplanned absence/total number of days worked) x 100. (Working days have been estimated based on the number of hours worked, dividing by 8 hours worked/day).

There are also specific health procedures that are developed based on the risk assessment findings which define the periodic health inspections that workers must undergo in relation to the general risks they are exposed to.

Lastly, staff training on workplace health and safety represents an integral part of the preventive measures implemented by Geox. The purpose of this training is to encourage each worker to change their behaviour, with a view to improving all employees' perception of risk. During 2018, the Company provided more than 4,700 hours of training dedicated to health and safety through courses involving all categories of workers.

Dialogue and internal communications

Geox Group pays a great deal of attention to its co-workers and promotes a series of initiatives to make employees more involved within the company, thereby boosting their sense of belonging.

Communication is an effective tool to create a shared culture and a relaxed and positive environment within the Group.

In particular, during 2018, two important meetings were held in July and December to demonstrate to all employees of the Parent Company how the business is going, and the main projects and initiatives undertaken, as well as the Group's strategic business plan.

The so-called "**Geox Labs**" held over the course of the year represented a particularly important tool to involve employees and listen to their feedback. These themed workshops gave people the opportunity to work together to gather useful tips and share new ideas and projects in order to continuously improve the organisation.

During the reporting period, work began to update and enrich the **company's intranet**, in order to ensure that Group employees are kept constantly updated on the services made available by the company, as well as the company's results, organised events, advertising campaigns and new products. To this end, the **newsletter** initiative also continued in 2018, mainly addressed to the retail channel. The purpose of the newsletter is to share Geox's main news and initiatives and to give all those working within the Group a greater sense of belonging.

Industrial relations

In all countries where Geox Group operates, it has always endeavoured to build and maintain successful dialogue with trade unions in order to find the best solutions to balance the needs of single workers or specific categories of workers, with those of the company.

Geox Group guarantees the protection of workers' rights, including their freedom to join trade unions and take part in collective bargaining, in full compliance with the regulations imposed by applicable legislation, by national and local collective bargaining agreements and, if present, by individual bargaining agreements. Workers' rights are also protected pursuant to the policies and general guidelines of reference issued by the Parent Company.

Should an employment relationship not be covered by a national bargaining agreement, then the individual's employment contract must be drawn up in such a way as to ensure the clear identification of all regulations protecting workers and the company's compliance with them, in terms of both personal rights and pay issues.

Employees covered by national collective bargaining agreements

	2017	2018
Number of employees covered by a national collective bargaining agreement	2,746	2,640
Percentage of total employees	51% ¹⁹	50% ¹⁹

With a view to maintaining relationships based on mutual recognition, dialogue and collaboration, Geox organises regular meetings to discuss with trade union and company representatives.

With regard to the management of labour relations in the main countries where Geox operates, there were only a limited number of disputes recorded in 2018: these disputes mainly regarded appeals following lawful dismissals for misconduct. For employees who left in agreement with the company, trade union representatives were involved in order to define a fair solution for both the individual and the company through a process of conciliation.

The company also has a series of policies and regulations in place in order to protect clear and transparent labour relations. In particular, for Geox Retail, a set of regulations and policies has been introduced in all stores in order to regulate relationships with customers, fellow store employees and supervisors, and to ensure that company procedures are followed. In some countries (France and Belgium), company regulations have also been introduced to implement specific aspects of local legislation.

¹⁹ In certain countries where Geox Group operates, there are no national collective bargaining agreements in place.

Production facilities in Serbia



Geox decided to invest in a socially disadvantaged and economically depressed area in southern Serbia, on the border with Kosovo, by building modern production facilities in the municipality of Vranje, in collaboration with a famous local studio. This production plant employs over 1,300 people and covers a surface area of more than 20,000 square meters. The structure built allowed for a real urbanisation process to develop, which is still continuously evolving. The total investment was equal to approximately Euro 20 million, of which around Euro 11 million were provided by the Serbian government as funding for foreign settlements generating local jobs and subsequent development of the local community. This amount will be paid back through tax and social contributions. Unlike other local or foreign enterprises operating in Serbia, Geox Group does not benefit from privileged tax treatment.

In the past, Vranje had already been home to a shoe production plant. That's why Geox decided to invest in rebuilding that production sector, using some of the existing local know-how and generating positive knock-on effects by creating jobs in an area that had been affected by years of unemployment and social crisis. Geox's efforts have also focused on increasing the culture of quality shoe manufacturing, by using modern and sophisticated processing technologies. In particular, a Pilot Centre has been created at the Serbian production plant to develop and implement new technologies and to experiment with new materials. As of today, production in Serbia covers approximately 8% of the Group's requirements.

Thanks to the production facilities in Serbia, Geox Group can cover production peaks arising from sales of bestsellers, creating the advantage of being able to reduce initial order quantities, with the ultimate aim of reducing overall waste. The activities carried out in the Serbian production plant involve the entire production process, which is gradually evolving in accordance with the logic of lean production.

Human resources and salaries

As of December 31, 2018, there were 75 new employees working at the Vranje production facilities. As part of the agreement signed with the Serbian government, Geox Group has undertaken to make new investments of no less than approximately Euro 16 million and to reach a level of employment of at least 1,250 people with permanent contracts. These conditions were already met and exceeded during November 2016. Furthermore, Geox was asked to maintain a level of employment of at least 1,250 people for at least three

years after completion of the project (November 2016), and a minimum wage for employees with a permanent contract that is 20% more than the legal minimum.

All employees at the Serbian production plant with a permanent contract, currently 1,236 out of the 1,270 working there, receive a salary that is 20% above the minimum wage provided for by Serbian law. Workers with fixed-term contracts are hired on a case-by-case basis to cover peaks in demand, which are inevitable given the seasonality of production activities. These workers are never paid below the legally required minimum wage.

In accordance with the law, overtime is paid at a rate that is 26% higher than the basic hourly wage and a maximum of 32 hours are permitted per month.

Following this positive result in terms of Geox fulfilling its commitments, the Serbian Government has given the go-ahead for the contributions necessary to finance the investment.

Health, safety and the environment

The main aim of the Management is to guarantee a safe and healthy working environment in order to ensure the Health and Safety of its workers. To this end, over the years, the Health and Safety Department has been reinforced with company resources and external consultants, in order to continuously improve the level of employee Health and Safety. Various initiatives have also been implemented to improve the working environment. These include the significant investment made to improve the existing air-conditioning system.

This approach led to Geox obtaining OHSAS 18001 certification in 2018. Compliance with this standard ensures that the requirements of the Workplace Health and Safety Management Systems are met, allowing the organisation to control risks in this field and improve its performance.

With a view to achieving sustainable development in the area in which it works, the Group is also committed to promoting responsible conduct and practices in order to reduce the direct and indirect impacts of its business activities. This is also achieved by working together with stakeholders, both inside and outside the company, with the aim of optimising the management of environmental issues. To this end, the company constantly monitors the environmental impacts of its activities, also for the production plant in Serbia. It does this, for example, by regularly analysing the company's microclimate, the fumes released by the chimneys and the waste disposed of. With specific reference to waste disposal, a recycling point has been planned next to the production facilities in order to facilitate waste collection and disposal. Specific training has also been planned to ensure that waste is correctly managed.

Community support

Geox Group presents itself as an active component of the local community and undertakes to contribute to social, economic and environmental development as well as to the well-being of the population. In particular, its commitment at the production plant in Serbia can be seen through its promotion and financing of a series of initiatives to the benefit of the local community and its employees, such as social support activities (e.g. contributing to initiatives for cultural, recreational and sports activities, etc.), building a first aid room and holding information seminars for employees to raise awareness about healthy living.

It also helps to develop the local community by using local suppliers. In fact, Geox Group recognises the high social value of building sound and long-lasting relationships with these suppliers: that's why over 40% of suppliers for the Serbian production plant come from the local community. This represents an excellent growth opportunity for the craftsmen and small-medium enterprises based near to the production facilities, also allowing the group to minimise the environmental impact involved with transporting the materials used. Furthermore, in accordance with the lean production logic adopted by the company, using local suppliers allows for direct contact with them, thereby ensuring a reduction in stock levels and a higher quality service, both upstream and downstream of the supply chain.

GEOX

R E S P I R A



ITALIAN PATENT

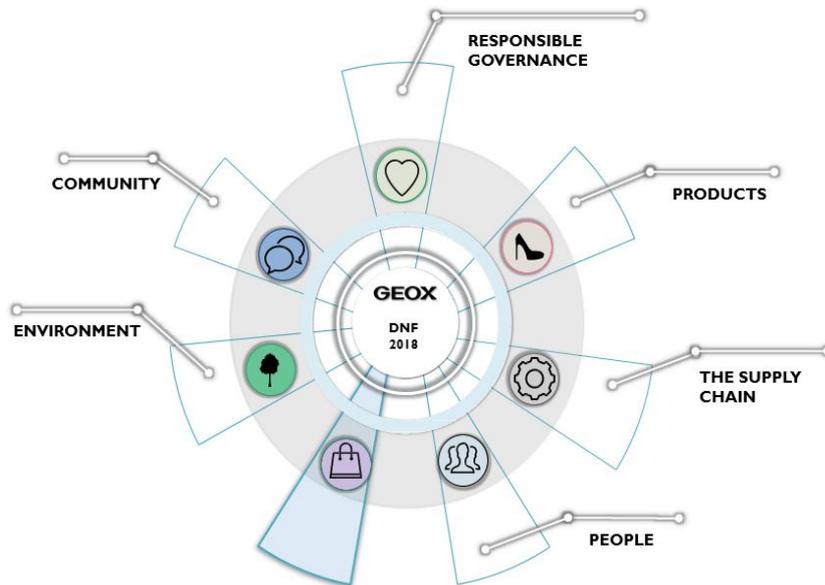


SARA CROCE
22 YEARS OLD
TALENT

#GEOXPERIENCE



CUSTOMERS



Over 1,000
Geox
Shops in
Italy and
abroad

OMNICHANNEL
RETAIL
EXCELLENCE

5.1 mln customers
registered with the
Benefeet loyalty
scheme



Social media presence
Instagram

+28% followers
1 mln reactions/week



Facebook

+ 11k followers

- **New store concept: *How to be relevant***
- **Geox Retail Excellence training programme for sales staff**
- **Customer satisfaction survey**
- **Mystery shopper**
- **Adapting to the GDPR**
- **True Omnichannel Approach**
- **Social media presence and Digital marketing**

Customer focus and excellent service

In order to achieve long-lasting development for the company, Geox's strategy is based on: a constant focus on technology and product innovation to provide the well-being created by breathability - a basic requirement for the health of people and of the planet-, the quality of its products, made by workers who are treated fairly; sustainable, innovative production processes that respect the health and safety of workers and ecosystems, and the continuous **focus on its customers**.



FAMILY



MATURE



FOLLOWER



JUNIOR



FASHION

That's why Geox has put its customers at the heart of its value chain, taking them into consideration as part of every action and decision taken. The goal is to proactively anticipate their needs and desires and to quickly respond to their requests and expectations. In particular, Geox's Code of Ethics states that one of the Group's main objectives is to fully satisfy the needs of its customers and to create a solid relationship with them based on the general values of correctness, honesty, integrity, efficiency, reliability, professionalism and transparency. The Code of Ethics also affirms the Group's commitment to providing its customers with products that stand out for their high quality, safety and excellent levels of service. In particular, Geox ensures that its products fulfil market expectations and requirements, also in terms of the safety of the materials and chemical substances used to make them. When carrying out its activities, Geox pursues high levels of quality and continuous improvements.

In this regard, **sales staff** play a crucial role, as does the customer's buying experience in general. Geox continuously invests in carefully planning moments of customer interaction through the various sales channels, whether physically in-store or online.

In particular, during 2018, Geox Group worked on developing its digital channels, strengthening, with a view to inclusion, its social media presence, in order to communicate using the same language as its new target customer base (25+).

At the same time, in response to the question "*How to be relevant?*", Geox Group revamped its physical stores in line with a philosophy that sees them as being more than just places to shop, but also places to enjoy different experiences and emotions: customers are recognised as being unique people, respecting their individual habits and behaviour, the study of which has allowed for the service on offer to be customised as much as possible.



In particular, Geox’s stores now have new window displays in line with the X-Store concept, developed to offer customers an innovative buying experience, featuring minimalist walls and furnishings able to evoke a sense of lightness and airiness, in perfect Geox style. As of today, around one hundred stores have undergone this restyling process, with the aim of revamping all mono-brand stores across the world over the coming years, as well as reviewing the restyling of Geox corners and “shop-in-shops”. The new Geox stores have been designed as “Brand Media” and are tools to engage with the customers, also through the installation of integrated digital screens and interactive information points that allow shoppers to discover the details and unique characteristics of Geox products.

Customer engagement is also implemented through the continuous improvement of the **Geox Service Model**, which will be renewed during 2019. The current model is based on four core elements:



GREET: this is essential in order to make Geox customers feel “at home”, thereby creating a welcoming atmosphere;



INVOLVE: although customers must be left alone for long enough to browse the in-store collections themselves, Geox personnel should also provide them with information on the products and the brand, sparking even more interest in the Group;



OFFER: once they have understood the customer’s needs, Geox personnel should propose at least three different models to help them pick the best shoe to meet their requirements;



TECHNOLOGY: customers should always be told about Geox’s unique patents. This reinforces their purchasing decision and reassures them of the benefits and comfort that they’ll be getting from a pair of Geox shoes.

All sales personnel are also given specific instructions on how to display products inside the store.

The efficiency and functioning of the Service Model is monitored by each store supervisor on an ongoing basis, by providing continuous training courses to sales staff. With regard to sales team training, a particularly important role is played by the store manager who, thanks to the “**Geox retail excellence**” programme, is regularly involved in training sessions aimed at ensuring that guidelines defining how to display and sell products are being correctly followed. All training course materials are loaded up onto a dedicated portal that can be accessed by store managers. They must then ensure that these materials are circulated among sales staff during their morning briefing.

The **Benefeet loyalty scheme** is one of the best ways to interact and share with customers and to gather information on them. This is a loyalty scheme whereby customers can collect points linked to how much they spend. The points that they collect during a given year can be spent in Geox Shops, participating franchises, or online at www.geox.com.

For all those who sign up to the Benefeet scheme, Geox guarantees dedicated, multi-level customer service, available in Italy, Spain, France, Benelux, the Netherlands, Germany, Austria, Portugal and Great Britain. In particular, members of the Benefeet loyalty scheme can contact the Geox Customer Service team using any one of the available channels (e-mail, telephone, the contact details provided on the website www.geox.com under the “customer service” section, or the company’s social media sites), or by visiting one of the participating Geox Shops in person, and ask for information on their Benefeet profile (to change or cancel the personal details provided upon registration, check the number of points collected as part of the Benefeet “Every step brings a benefit” initiative, ask about the benefits dedicated to them and any other information relating to the Benefeet loyalty scheme).

Thanks to this loyalty scheme, Geox is able to gather a range of information about customers and their purchasing behaviour, allowing it to create a substantial database. This allows the company to better understand its customers and thereby offer them a more suitable service. Based on the analysis carried out on this wealth of information, Geox Group has also defined a series of initiatives to communicate with customers: sending catalogues, newsletters, invitations to in-store events, etc. One such initiative involved sending over 40 million messages via SMS and e-mail to Benefeet members, with the aim of reaching customers who signed up to the programme on their mobile devices.

Geox is therefore able to use this scheme to remain in constant contact with millions of people. At the end of 2018, the scheme had reached a total of **5.1 million registered customers**. As proof of the success of this loyalty scheme, research was carried out in 2018 into a panel of 20,000 registered customers, with the aim of assessing how they view the Geox brand within the market and the loyalty scheme itself. The outcome was that customers appreciate the Benefeet loyalty scheme mainly for the benefits it offers and for the chance to remain up to date on collections, products, promotions and events.

During 2018, another two surveys were carried out to assess brand reputation and the quality of the Service Model.

The **Mystery Shopper** survey involved 250 stores with the lowest conversion rates (lower performance and sales) located in Italy, France, Germany, Spain, Austria, the UK, Belgium, Portugal, Poland, Luxembourg and Canada. A mystery shopper visited the stores in question a number of times over a short period, focusing on assessing three main aspects: appearance (e.g. whether the store was clean and tidy, etc.), visuals (e.g. product displays, etc.) and level of service. The overall result was equal to 68% (with sufficient being 80%), mainly down to the low level of service (especially in franchised stores), which was partially compensated for by positive performance in terms of the store's appearance. Specific actions will therefore be defined and implemented in order to optimise the management of franchised stores.

Another international survey was carried out, with the support of a third-party specialist, to investigate buying behaviour and the level of brand awareness. This telephone survey involved a pool of 732 potential customers who were not registered with the Benefeet loyalty scheme, across 8 different countries (Italy, France, Germany, Spain, Austria, the UK, Belgium and Portugal). This sample was made up of 60% women and 40% men, aged between 30 and 60, of which at least 20% had children and an average annual income of at least Euro 20,000. The results show that Geox is a strongly-recognised brand among consumers, in terms of both adults’ and children’s products. It also emerged that Geox is seen as being a brand of reference in the “Brown Shoes” segment. Out of the topics covered by the survey, good results were recorded under customer satisfaction and the intention to buy Geox products and/or buy them again, as well as more technical aspects such as product quality, wearability and durability. Room for improvement, on the other hand, was identified in the areas of design/style and unfavourable value for money, which leads customers to buy online also from other

**“EVERY STEP BRINGS
A BENEFIT”**

**In 2018
the Benefeet Loyalty
Scheme reached a
total of
5.1 mln
registered
customers**

websites that offer bigger discounts. It also emerged that the brand is mainly recognised for its footwear, preferably the children's and work time/casual ranges, whereas it is not identified as being a brand for formal shoes.

Geox Group's customer focus can also be seen through its **Customer Service** department, which is on hand to handle any issues regarding the management of customer relations, including promptly replying to any customer complaints, especially regarding the quality of Geox products. Considering that European law allows two years to complain about any defects with a pair of shoes, Geox is particularly keen to satisfy its customers. That's why it recognises an unlimited guarantee for all disputes regarding Geox products. Each client is also given the opportunity to change their mind about their purchase, replacing the product they first bought with another, within 15 days from the initial purchase.

In order to further improve customer satisfaction, the **CLAIM** programme was also introduced in 2017 allowing customers to describe what they like about the products, list the reasons why they didn't buy a particular product (e.g. size, style, missing colours, etc.), and/or provide possible improvement suggestions.

Data security and protection

In 2018, in order to implement European data protection regulation no. 679/2016 ("GDPR"), Geox Group, with the help of two external consultants, structured a mapping and gap analysis process regarding the personal data processing that it carries out. This process involved all departments and all Group companies.

From an organisational point of view, the Group appointed (duly notifying the data protection authority) a Data Protection Officer (DPO) and created a Privacy Committee in charge of providing support for data protection impact analysis and assessment (DPIA) supervising the security of data processing, providing instructions for the processes and activities carried out by the various departments involved, overseeing staff training and supporting the DPO to manage any data breaches.

The gap analysis did not flag up any specific critical issues, whereas the mapping suggested that procedures be updated in accordance with applicable data protection legislation, following a "by design and by default" approach. The Group is committed to implementing and optimising adequate technical and organisational measures, aimed at efficiently applying data protection principles and integrating the necessary guarantees into its data processing activities, in order to fulfil the requirements of the GDPR and protect the rights of data subjects.

Being well aware of the dramatic increase in global cyber-attacks and the rapid development of ways to gain unlawful access and steal data from IT systems, Geox Group has implemented modern security systems to protect the personal data processed and sets itself the objective of optimising these systems, ensuring they are state of the art. The Group believes that the importance of the wealth of data acquired, also to support the growth strategies approved as part of the Business Plan presented on November 14, 2018, depends largely on strictly protecting the confidentiality of the data belonging to people who buy Geox products or who work with the Group.

The main database containing personal information is represented by the Benefeet loyalty programme. This programme collects data from Geox's customers, both electronically and on paper, subject to specific consent being granted beforehand. This data is then stored, in full compliance with applicable legislation, on a database that has high security standards. In order to ensure that customers' rights are fully respected, procedures to protect confidentiality have been implemented as part of the Benefeet programme. These procedures include training for staff in-store, whereby employees can access a manual with the details of the programme and the procedures to be followed. In particular, sales staff are provided with ad hoc information notices with details of new initiatives before they are launched. Reminders on the customer privacy policy are also sent out to guarantee maximum transparency with regard to data processing.

During 2018, no reports were received from the various national data protection authorities. It should also be noted that, during the reporting period, there were no cases of data being leaked outside the company, stolen and/or lost.

It should also be noted that, out of over 573,500 new registrations, the following were managed:

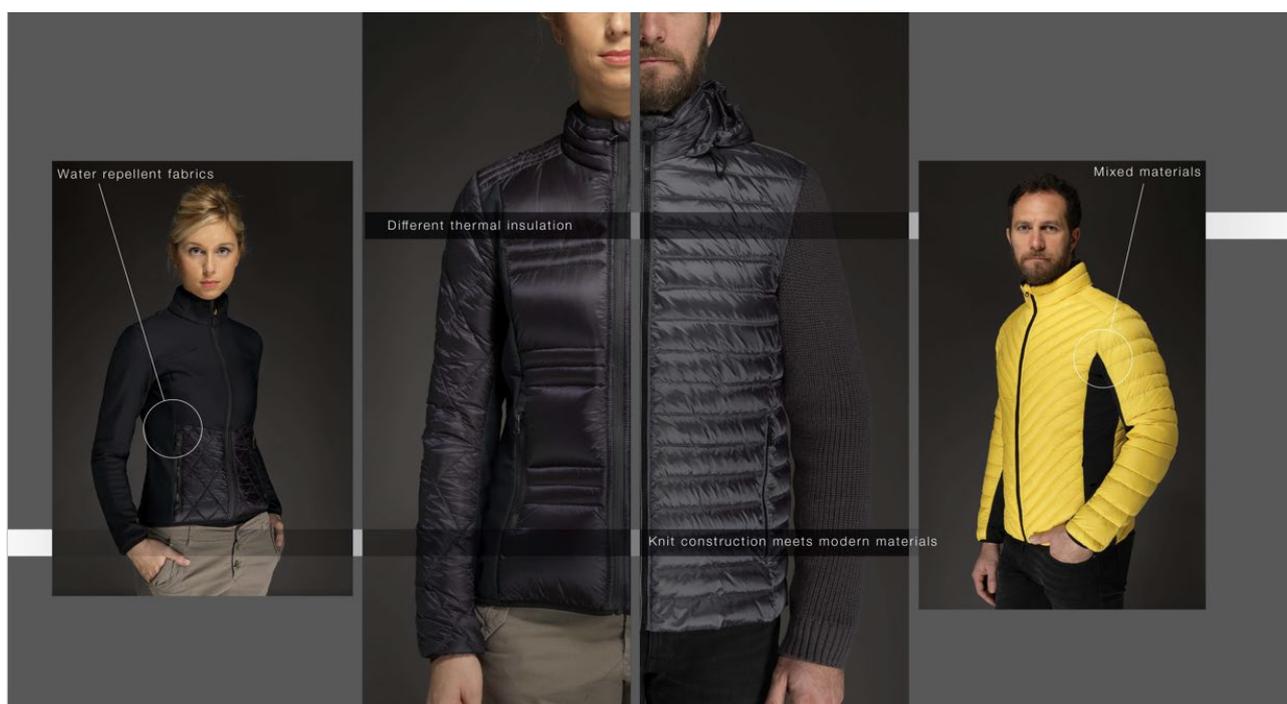
- 4,724 requests to completely cancel customers' personal data from the Benefeet loyalty scheme;
- 53,292 requests to no longer receive marketing material via e-mail/sms.

Brand protection and the fight against counterfeiting

Geox owes the success of its brand to the constant focus on the product, characterised by the use of innovative and technological solutions able to guarantee breathability and water resistance. Its future growth strategies are also based on continuous **technological innovation**.

Historically, the Geox brand has always represented innovation, reliability, practicality, pragmatism, quality, health and well-being for all the family. Over recent years, the brand strategy has evolved by developing aspects relating to social responsibility and considering concepts such as dynamism and the improvement of services, also in terms of comfort.

In this context, the “**Lets you breathe**” concept represents the essential component of Geox's brand strategy and underpins how consumers perceive the brand: marketing campaigns therefore express the benefit of the product by clearly stating the “Geox breathes” slogan and by showing the characteristic puff of steam escaping from the sole of the shoe. Breathability and water resistance, guaranteed by Geox's innovative technology, help to improve the customer's daily well-being thanks to a reliable product, characterised by modern and versatile Italian style.



Geox's technological innovation strategy, protected by some 38 patents and 24 patent applications, filed in Italy and extended internationally, makes it a priority for the Group to protect not only the brand but also the technology behind Geox's innovative products that are characterised by “breathability”. That's why Geox Group has a continuous commitment to the fight against counterfeiting, in order to protect the **authenticity of its brand** and its image, as well as the rights of its end customers.

In this context, Geox has established a **company department specialising in Intellectual Property**, within the Legal and Corporate Affairs Department, which deals with the management of patents, trademarks, designs, know-how and work protected by copyright and domain name rights. This is of key importance for the protection and strengthening of the company's intangible assets.

The fight against counterfeiting comes in a number of forms. Geox protects its intellectual property rights primarily through the **targeted monitoring of specific channels and competitors**. In particular, each season, the Intellectual Property Department carries out constant checks into large-scale wholesale stores that sell shoes and websites that sell products of competitors, against whom Geox has exercised its intellectual property rights in the past.

Activities linked to protecting intellectual property are also boosted, on the one hand, by notifications received from various players involved with selling Geox-branded products or from third parties (e.g. armed forces personnel, departments in charge of checking for counterfeiting in various countries and customs officials), and, on the other hand, by dedicated online and offline investigations carried out directly by the company's own IP department.

If any issues are flagged up, the Intellectual Property Department starts carrying out the necessary research and analysis of the case in question, deciding upon which strategy to follow. Normally, Geox opts for a conciliatory approach, aimed at settling any disputes out of court. This avoids having to deal with lengthy and costly legal proceedings. Should it not be possible to reach a settlement agreement, the Intellectual Property Department identifies an external professional who can support Geox through the legal proceedings, and then coordinates and supervises their work.

Geox not only fights counterfeiting to protect its own intangible assets, but also takes an **active role in the fight against counterfeiting of industrial property rights belonging to others (private individuals or legal entities)**. In fact, Geox Group's operations fully comply with the industrial and intellectual property rights belonging to the Company itself and to third parties, as well as with the laws, regulations and national, EU and international conventions regarding the protection of said rights. In this context, Geox Group has imposed a general ban for all addressees of its Code of Ethics on any behaviour aimed, in general, at counterfeiting, altering, duplicating, copying or disseminating, in any form and without trademark rights, distinguishing marks and features, technical solutions, patents, designs, models and the work of others. Furthermore, it has defined a series of initiatives and company procedures aimed at avoiding, to the extent possible, any conduct by Geox that could be seen as interfering with the industrial property rights of third parties. More specifically, Geox has provided training courses for personnel working in the Product Department, and prior checks and controls are carried out on products destined for the new collections, on names, distinguishing marks and features and the labels used relating to the products, and, more in general, on all information and communications provided on packaging, promotional material and as part of marketing campaigns.

With regard to specific patent rights, the Intellectual Property Department actively works together with the Research and Development Department in order to ensure that the technology used in the various Geox products does not interfere with patents belonging to third parties.

As a sign of how important it is for Geox Group to protect intellectual property, it should be noted that the Chairman and founder, Mario Moretti Polegato, is on the panel of judges for the "International Awards" organised by the European Patent Office.

In 2018, Geox was not involved in any legal proceedings in relation to violations of third-party intellectual property rights.

Marketing, communication and product information strategy

Marketing and communications also form an integral part of Geox's Sustainable Innovation programme, which puts the well-being of people and the planet at the heart of all its decisions, ensuring that not only Geox products, but also all people and the world itself, can breathe. The company's marketing and communication strategy takes its inspiration from this firm belief, and is implemented based on the principles of transparency, clarity and respect for people, above all its clients and end customers.

In 2018, Geox Group spent around 30% of its total investments in "sustainable" content, published only online, for the launch of its campaigns.

Geox Group's **marketing and communication strategies** are defined with extreme care and awareness to ensure they are in line with company values and that they are simple, clear and complete, avoiding any misleading, elusive and/or incorrect content. Products and services offered to customers are guaranteed to correspond with the commitments and obligations undertaken by Geox, also through the aforementioned communications. In particular, the company's web platforms have been re-engineered to ensure maximum transparency, with a view to sharing data and information relating to the product.

Thanks to the expansion of its digital channels, it has been possible to develop a continuous dialogue with customers, making it even easier for them to contact Geox however they prefer: a dedicated freephone number, a specific e-mail address, the company website and social media. With specific reference to the new target customer base (25+), the Group is trying to further strengthen its digital communication channels (*mobile first*), by developing all-year-round content and advertising campaigns through high-impact images and messages based on storytelling.

The Group has also launched a number of events through social media including the partnership between Geox and Dragon Formula E, the new "Pokémon" product lines for children and XLED - "*the shoe that transforms your emotions into luminous messages*" - whose technological design allows you to create customised messages or drawings by connecting to the Geox XLED app. In 2019, additional projects and sustainable products will be launched, such as: a partnership with **WWF** for the launch of a new collection for children and families, with part of the proceeds from sales going to WWF conservation activities throughout the world; **Nebula** produced with an upper made from recycled fibres; jackets with padding made from recycled materials.

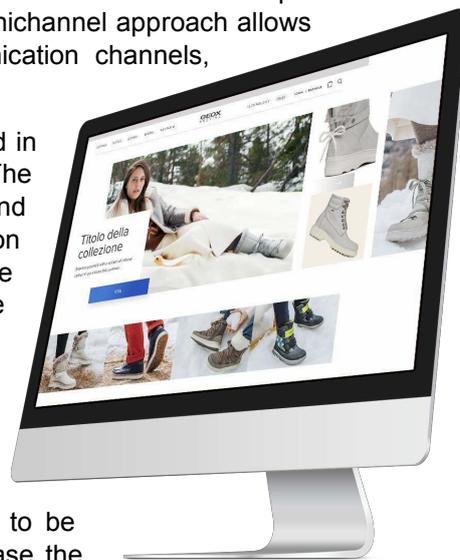
Also in 2018, Geox dedicated a lot of energy in terms of resources and investments to creating a multi-channel infrastructure, for business purposes but also with regard to customer relations. In fact, this development has improved the customers' buying experience, making it easier to make purchases and return goods, if necessary. It has also boosted efficiency and reduced the need for customers to move around.



The “*True Omnichannel Approach*” was made possible during 2018 by first insourcing the website www.geox.com, the e-commerce platform and CRM, allowing the Group to develop personalised relationships with its customers through services and messages provided through both online and offline points of contact. In fact, by introducing digital platforms as points of contact, the omnichannel approach allows the Group to complete its existing range of traditional communication channels, combining both digital and physical worlds.

The website www.geox.com is continuously developed and updated in order to improve the customer experience on an ongoing basis. The website’s strategic content has been developed to integrate the brand and products in a more efficient way, focusing on product presentation and providing accurate information. In addition, there is also the intention to develop integrated logistics based on a single storage warehouse, thereby guaranteeing a wider assortment for e-commerce and reducing “out of stock” issues.

The omnichannel approach allows the Group to collect data and information about its customers, also to guarantee better service levels and prompt turnaround times in response to their needs. This new approach has also allowed for the Benefeet loyalty scheme to be reviewed in order to better manage the customer base and increase the value of each individual shopper.



When defining its communication campaigns, Geox pays particular attention to respecting people’s dignity and safeguarding diversity, avoiding any form of discrimination. Particular attention is paid to communications regarding children’s lines, which always fully and strictly comply with applicable child protection legislation in all countries in which the Group operates.

With regard to marketing and communication strategies, thanks to the digital evolution, Geox has also been able to focus on improving the efficiency of its processes, aiming also at **reducing the environmental impact** of the activities involved. More specifically, the Group has strengthened its range of digital channels, setting itself the objective of using them for 60% of its communications, in order to reduce the amount of waste produced by printing advertising material. The number of printed catalogues has also been partially reduced and replaced with catalogues available online and via asps. This approach focused on content sharing has also allowed for an optimised use of digital material (photos, videos, etc.), using them for a range of different advertising campaigns. An e-commerce platform is also being developed which will guarantee zero emissions.

With regard to responsible customer communications, **product labels** also play an important role in sharing clear, transparent and accurate information. Within its Code of Ethics, Geox Group affirms its commitment to providing its customers with accurate, true and comprehensive information regarding its products and services, allowing them to make well-informed decisions. It also states Geox’s commitment to ensuring there are suitable methods in place to communicate with and listen to customers and replying to suggestions and complaints in order to further strengthen this trust-based relationship in the long term. In this regard, Geox undertakes to guarantee product traceability and maximum transparency through the Stock Keeping Unit (SKU) code, which traces back to the supplier that manufactured the product, as each SKU is only ever produced by one factory. Furthermore, Geox sells its products complete with a label that includes all information regarding where the product was made and its specific characteristics, including the materials used, for which a certificate of origin is required, and the processes used during the various production stages. The possibility of adding also the factory code to the information currently reported on labels is also being considered.

During 2018, two complaints regarding labelling were received in the Chinese market. One complaint referred to the fact that labels did not include the code identifying the style. This was remedied by introducing this code starting from the 2018 spring-summer collection. The second complaint referred to a non-conformity relating to a physical requirement of the relative GB Standard. GB standards are applied and can only be inspected by government laboratories in China. Geox Group now fully complies with the Chinese requirements and, to this end, it has decided to hire an independent, external entity (TÜV SÜD) to help it carry out footwear testing in accordance with the GB standards.

During 2018, a formal warning was also received from the Advertising Standards Authority (ASA) in the UK, with reference to the Geox Music promotion linked to a 2018 autumn-winter Geox Junior collection. In particular, in relation to this campaign that was also publicised on TV, the ASA asked Geox to publish the list of British cities where the multi-brand stores taking part in the promotion were located on the website geox.com (in addition to the list of mono-brand Geox Shops).

DIGITAL WORLD



Instagram

Over **210 K** followers

Over **500** items published, launch of the IG

stories **+28%** followers since June 2018

602,000 likes

Over **1 mln** reactions per week on average



Facebook

1,5 mln followers

380 posts published globally

+1 k followers since June 2018

300,000 average reactions per post

480,000 likes

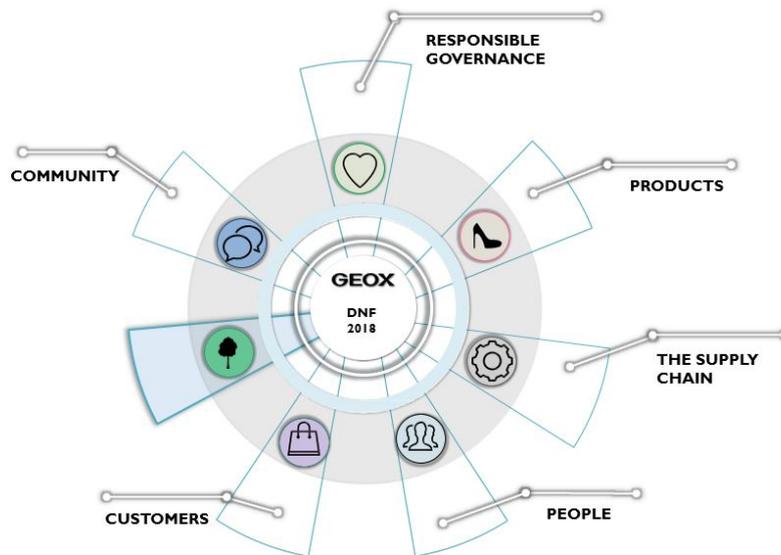
14,000 shares

in **80%** of cases, Geox Group **replied to messages** from users on the same day that they were sent



ENVIRONMENT

ENVIRONMENT



58% of electricity consumed comes from renewable sources



Waste produced - 4.5%

- Increased reporting criteria (e.g. consumption and emissions in the Serbian production plant, consumption of materials such as leather and fabrics, etc.)
- Collaboration with the Treviso-Belluno Chamber of Commerce to implement electronic Certificates of Origin
- Logistics: SDGs included in the logistics management strategy
- 2018 CONAI award for the most innovative and environmentally-friendly packaging solutions on the market

Commitment to protecting the environment

In order to achieve sustainable business development, Geox Group is committed to planning its activities in such a way as to guarantee the best balance possible between economic initiatives and environmental protection, safeguarding the rights of both present and future generations, and in any case ensuring compliance with all applicable national and international legislation. In particular, Geox Group believes environmental protection to be of the utmost importance in order to achieve sustainable development in the areas in which it operates, taking into consideration also the rights of the local community and future generations. That's why the company is committed to promoting a culture of respect for the environment by encouraging responsible conduct and practices in order to reduce the direct and indirect impacts of its business activities. This is also achieved by working together with stakeholders, both inside and outside the company, with the aim of optimising the management of environmental issues.

Within its Code of Ethics, Geox Group affirms its responsibility for ensuring that its business activities or practices do not directly or indirectly lead to the irreversible alteration of natural ecosystems. In order to do this, the company seeks solutions that limit as much as possible the pollution of the air, water or soil, the accumulation of substances extracted from the subsoil or produced by the Company, and the waste of natural resources (water, plants, animals, minerals, etc.) and energy. Geox is committed to scrupulously respecting applicable legislation regarding environmental protection and to adopting, wherever possible, more stringent criteria than said legislation and, when opportune to do so, to following international guidelines.

Geox Group assesses the environmental impacts of all company processes and activities, with a view to minimising environmental risks and with the aim of achieving high standards of environmental protection by implementing adequate management and monitoring systems. As a result, Geox pays particular attention to developing processes and activities that are as safe and as respectful of the environment as possible, by using advanced criteria and technology in the field of environmental protection, energy efficiency and the sustainable use of resources. In particular:

- it preferably uses **energy from renewable sources**, generated by its own production plants (**solar panels at the logistics centre in Signoressa - TV**) and purchased from third parties;
- it implements initiatives aimed at making its buildings more energy efficient. In particular, a programme is in place to **continuously update older infrastructure** in order to **reduce energy consumption**, also by replacing traditional light fittings with LED technology;
- it plans **training courses** and **awareness-raising initiatives among personnel** (sustainability ambassadors) in order to encourage everyone working within the Group to behave in a responsible way and reduce waste to a minimum;
- it **reduces water consumption** through the installation of flow reducers on taps in sinks and washbasins, and the use of dual-flush toilets or toilets that require less water. Furthermore, plants with limited evapotranspiration have been chosen in order to reduce the amount of water needed to irrigate green areas;
- it has set up free filtered water dispensers to **reduce the consumption of disposable, plastic bottles**;
- it has endeavoured to **reduce waste and recycle any rubbish**: as of today, the main headquarters and logistics hub recycle 100% of their rubbish thanks to a partnership with a company dedicated to collecting and sorting waste;
- it pays full attention to **reducing the amount of packaging used** and to **recycling**, as well as to using recycled and recyclable materials. When selecting materials, those with a higher content of recycled content are favoured, as are those coming from the local area;
- it has launched a **company carpooling** scheme, reserving a number of parking spaces for employees who share their car with one or more colleagues. This has led to great environmental and economic advantages: on average, it saves 484 km per day, which, over a year, is the equivalent of replanting a small forest containing 1,500 trees.²⁰;
- it has promoted **the use of bicycles** to get to work, introducing dedicated bike park areas and making a changing room with shower available to employees.

²⁰ This calculation was carried out using the Treedom calculator - lemon trees 50 kg / tree.

Geox's commitment to protecting the environment can also be seen in its ***Eating Geox Restaurant***, Italy's first restaurant to obtain **LEED certification** (Leadership in Energy and Environmental Design), which uses the most advanced solutions in terms of energy saving and system efficiency. The *Eating Geox Restaurant* was developed according to green building procedures, i.e. operational guidelines on how to integrate environmental and social sustainability principles into building techniques. As a result, less extracted raw materials and polluting substances are consumed, resources are used more efficiently and the well-being of the people in the building has been increased. The building itself, the meals on offer, the rooms inside and the use of the restaurant have all been designed to have a positive impact on people and a significantly reduced impact on the environment.

As further evidence of Geox Group's ongoing commitment and attention to environmental issues, also during 2018, no significant fines or non-monetary sanctions were imposed for failing to comply with environmental regulations and laws, and there were no complaints regarding environmental impacts that needed to be dealt with and resolved through formal complaint management mechanisms.

Resource management

Energy consumption and emissions

Most of Geox Group's energy consumption is linked to the Main Headquarters in Biadene di Montebelluna (TV), the logistics hub in Signoressa (TV) and the network of Geox Shops. In particular, Geox Group mainly consumes energy for lighting, heating and cooling buildings, production activities, sales areas and goods warehouses.

The Group's approach to reducing environmental impacts is based on continual improvement, achieved thanks to careful planning of sequential activities and measures, such as:

- the **relamping** carried out at the Main Headquarters in Biadene di Montebelluna, through the use of LED fixtures, reducing electrical energy consumption by 50% and guaranteeing a level of lighting that complies with IEC regulations, with subsequent improvement to working conditions. In particular, in 2018, the initiative to make lighting systems more efficient led to a total saving of 55 GJ of electricity, with a subsequent potential saving ²¹ of 5 tonnes of CO₂ emissions;
- improved temperature control in the offices of the style department thanks to the installation of room sensors that allow for more precise and real-time recordings of the temperature and humidity in the rooms, thereby optimising how the air-conditioning systems work by avoiding any excess consumption of thermal energy;
- improving the efficiency of one of the central **heating / cooling systems** (no. 3), with variable-speed electric pumps considerably reducing the consumption of electricity;
- improving the efficiency of the **electrical system** of the uninterruptible power sources (UPS) at the main headquarters in Biadene di Montebelluna (TV), introducing smaller UPS with better performance, thereby reducing consumption of electricity, equal to 27 GJ or 2.7 t of potential CO₂²¹, and the time needed to recharge the batteries. The machine has a remote management system that allows levels of consumption to be monitored and sends an e-mail in the case of any anomalies;
- monthly monitoring of **electricity and gas meters** in order to check consumption and their correct functioning.

In 2018, Geox Group's energy consumption, both direct and indirect, amounted to approximately 120 thousand GJ. 89% of energy directly consumed came from non-renewable sources, with the remaining 11% coming from renewable sources. 42% of energy directly consumed came from non-renewable sources, with the remaining 58% coming from renewable sources. CO₂ emissions linked to total energy consumption (direct and indirect) were equal to approximately 5,200 tonnes of CO₂. To give an overview of energy consumption, Geox Group has calculated its own energy intensity index compared to the number of employees: this is equal to 22.92 GJ/employee and corresponds to emissions of approximately 1t CO₂ e/employee, if compared with the number

²¹ The saving in terms of emissions is potential as 100% of electricity used in Italy comes from renewable sources. The emissions factor used to calculate emissions was published by the UK Department for Environment, Food & Rural Affairs (DEFRA) in 2015.

of employees. The increase in consumption and relative emissions compared with the previous reporting period is due to the fact that more data criteria have been used and the calculation methods have been refined.

Direct and indirect energy consumption and energy intensity (Gj)

	2017	2018
Direct energy consumption.²²	29,152.25	31,372.21
From non-renewable sources:	25,600.72	27,896.15
Natural gas	18,136.66	19,039.77
LPG	n.a.	601.47
Diesel (including consumption by the fleet of company cars)	7,464.07	8,156.90
Petrol (including consumption by the fleet of company cars)	n.a.	98.01
From renewable sources:	3,551.52	3,476.06
Solar panels (self-generated)	3,551.52	3,476.06
Indirect energy consumption.²³	78,458.84	88,848.81
Electricity from non-renewable sources	31,786.22	37,299.27
Electricity from renewable sources	46,672.61	51,549.54
Total energy consumption	107,611.08	120,221.02
Energy intensity (GJ/dip)	20.13	22.92

Direct and indirect emissions and carbon intensity (t CO₂e)

	2017	2018
Direct emissions (scope 1)²²	1,436.25	1,576.51
From non-renewable sources:	1,436.25	1,576.51
Natural gas	927.81	972.94
LPG	-	35.83
Diesel (including consumption by the fleet of company cars)	508.44	561.47
Petrol (including consumption by the fleet of company cars)	-	6.27
From renewable sources:	-	-
Solar panels (self-generated)	-	-
Indirect emissions (scope 2)²³	3,094.48	3,631.19
Electricity from non-renewable sources	3,094.48	3,631.19
Electricity from renewable sources	-	-
Total emissions.²⁴	4,530.73	5,207.70
Carbon intensity (tCO ₂ e/employee)	0.85	0.99

²² Includes electricity consumed by offices and stores for Italy and for the most significant foreign countries. After introducing more data criteria, consumption figures now include LPG consumption in the Serbian production plant and the petrol used by the fleet of company cars. In 2017, these figures were not available (n.a.).

²³ Includes electricity consumed by offices and stores for Italy and for the most significant foreign countries.

²⁴ The conversion factors used to calculate emissions were published by the UK *Department for Environment, Food & Rural Affairs (DEFRA)* and the *Department for Business, Energy & Industrial Strategy (BEIS)* in 2018. For the emissions factor relating to electricity, please refer to DEFRA 2015.

Geox Group has also estimated the environmental impacts of employees travelling for work. In 2018, CO₂ emissions deriving from business travel amounted to over 1.9 thousand tonnes, up by around 21% compared with the previous year. This increase is partly due to more data criteria being used which, compared to 2017, now also include emissions deriving from rental car journeys.

Emissions resulting from employee travel (tonnes of CO_{2e})

	2017	2018
Emissions resulting from air travel (scope 3)	1,468	1,864
Short distance	14	15
Medium distance	227	254
Long distance	1,227	1,595
Emissions deriving from train travel (scope 3)	38	32
National railway lines	35	27
International railway lines	3	5
Emissions deriving from car rental (scope 3)	n.a.	26
Total emissions ²⁴	1,506	1,922

In 2018, emissions of hydrofluorocarbons (HFCs) amounted to 73.5 kg. These emissions report a decrease of approximately 11% compared with the previous year.

Sourcing materials

The main materials used by Geox Group are fabrics, leather and the material used to make footwear soles, the consumption of which was analysed and processed in 2018, allowing for data also from the previous year to be reported, as can be seen in the table below. In this regard, Geox requires production processes to be structured in such a way as to optimise the use of materials, thereby avoiding waste.

In addition to these raw materials, there is also the paper used for normal office and store activities and the paper and cardboard used for the packaging of Geox products, which the Group is particularly focusing on with specific reference to where these materials come from and what they are made of.

Over the course of 2018, total consumption ²⁵ of fabrics amounted to 2,908,685 m², of which 0.5% came from recycled material. The amount of leather used, on the other hand, was equal to 2,633,364 m². The materials used to produce soles amounted to 6,073 tonnes. The increase in the consumption of fabrics, leather and materials used to make soles compared with 2017 was due to approximately 2 million more pairs of shoes being produced (from 18.9 to 20.8), and more Authorised Vendors being used in the fabric sector.

Total consumption of paper/cardboard for packaging ²⁶ purposes amounted to a total of over 10,400 tonnes, almost half of which was made up of recycled material.

Paper ²⁷ used as part of normal office and store activities amounted to a total of approximately 488 t compared with the previous year. This figure includes the paper used for shopping bags (470 tonnes), which are 100% made from recycled and FSC-certified paper thanks to the Group's focus on minimising the environmental impacts of its business.

²⁵ Total consumption of fabrics, leather and materials used to make soles refer to Authorised Vendors for the SS17/FW17 and SS18/FW18 seasons.

²⁶ In 2017, the consumption of cardboard included consumption relating to deliveries of goods in Italy, Canada and the United States of America. Cardboard used for shoeboxes was not included. In 2018, consumption figures included the paper used to produce the SS18 and FW18 and for delivery to Geox S.p.A. and its representative offices. The cardboard boxes for the Geox S.p.A. headquarters and the Signorissa warehouse were also included as was the cardboard used at the production site in Serbia.

²⁷ Paper consumption includes consumption relating to offices and stores in Italy, Switzerland, Germany, Austria, Spain, Great Britain, Japan, Asia-Pacific, Indonesia, Vietnam e Shanghai. The increase in paper consumption recorded in 2018 is due to more criteria being used which, unlike 2017, also include the paper for shopping bags used in stores in Europe, North America and Hong Kong.

Materials used

	u.m	2017	2018
Paper for offices/stores and shopping bags	t	49.7	488
<i>of which recycled and FSC-certified (%)</i>		-	96%
Paper/cardboard for packaging	t	9,857	10,415
<i>of which recycled (%)</i>		62%	47%
Fabrics	m ²	2,113,254	2,908,685
<i>of which recycled (%)</i>		7.1%	0.5%
Leather	m ²	2,774,900	2,633,364
<i>of which recycled (%)</i>		-	-
Composite materials for soles	t	5,532	6,073
<i>of which recycled (%)</i>		10.0%	10.0%

Waste

The waste generated by Geox Group mainly refers to packaging materials (paper/cardboard, plastic, wood), iron and steel, office waste and production scraps (fabrics). The main producers of waste within the Group are the Main Headquarters in Biadene di Montebelluna (TV) and the logistics hub in Signoressa (TV).

Geox has the objectives of reducing the amount of waste generated and optimising recycling, also by using responsible waste disposal methods, as well as reducing the costs of waste disposal. To do this, it has defined a plan aimed at correctly separating and disposing of waste and reducing costs, by improving the disposal of recyclable waste and, above all, material used for store window displays (e.g. display units, mannequins, etc.), through a more careful analysis of its composition.

In order to make sure waste is managed properly, a number of awareness-raising initiatives are implemented, such as training courses to make sure that waste is managed and sorted correctly. In fact, all waste is separated according to the different EWC (*European Waste Catalogue*) codes. Rubbish that has already been sorted into the various categories is then returned to market according to the different methods available, promoting the reuse of materials and a subsequent reduction of waste. More specifically, all paper/cardboard, PVC film, iron and moulds and forms made from plastic-coated resin, are reused as these materials are all sold on. Glass, plastic bottles and cans are all sent for recycling. In any case, waste disposal is only handled by authorised suppliers.

Furthermore, in order to better manage and gain better control over the entire chain, Geox has entrusted an intermediary authorised by the Environment Ministry to manage waste. This is a category 8 operator that works throughout Italy. This intermediary will carry out audits on all Group suppliers, such as carriers, waste disposal facilities, intermediate plants, etc. This company will also help to ensure that EWC codes are correctly assigned to the various types of waste and that documents are correctly managed. In particular, during 2019, a management software will be implemented to record and archive all the necessary documentation to comply with applicable legislation (e.g. forms, environmental declaration form, integrated environmental authorisation, etc.).

Lastly, Geox S.p.A. is part of the project run by the Treviso and Belluno Chamber of Commerce aimed at converting certificates of origin into electronic format, meaning that the document can be printed directly by the companies. This is only a first step as the process cannot be fully dematerialised at the moment because customs authorities still only accept paper documents.

In 2018, there was a significant reduction in the total amount of waste produced by Geox Group compared with 2017 (-4.5%). In fact, this was equal to approximately 1,908 tonnes of waste, of which 3.4 tonnes can be classed as hazardous waste. With regard to disposal methods, 93% of waste produced was sent for recycling, with the remaining 7%, made up of septic tank sludge, going to a landfill after stabilisation.

Waste produced (t).²⁸		
	2017	2018
Hazardous waste	3.60	3.43
Electronic devices	0.55	0.86
Fluorescent tubes	0.64	-
Chemical laboratory products	0.32	-
Spray cans	0.48	1.03
Glues and sealants	1.14	-
Others	0.47	1.54
Non-hazardous waste	1,990.99	1,905.07
Paper / Cardboard	1,500.10	1,397.80
Plastic	3.10	7.32
Wood	111.54	222.36
Fabrics	102.16	82.2
Others ²⁹	274.09	195.39
Total	1,994.59	1,908.50

Disposal method (t)		
	2017	2018
Recycling	1,783.38	1,770.86
Landfill	211.21	137.64
Total	1,994.59	1,908.50

²⁸ Including the waste produced in Italy managed directly by Geox Group and not through municipal companies.

²⁹ 'Other' waste includes toners as Geox Group uses toners classified as non-hazardous waste, electronic devices, iron and steel, slurry from septic tanks, biowaste, etc.

Water

Geox Group's water consumption is mainly linked to the use of drinking water at its offices, to run certain cooling systems in stores and for the production process.

Geox Group, and in particular Geox S.p.a. And Xlog S.r.l. promote a sustainable use of water resources, to satisfy today's needs without jeopardising the ability to satisfy the needs of future generations too. To this end, ongoing analysis is carried out into the systems that can be used to reduce the consumption of drinkable and non-drinkable water.

Geox S.p.A.'s commitment to the responsible use and recycling of water can be seen through the following initiatives:

- **monthly monitoring of meters** for drinkable water in order to check consumption and their correct functioning, both for the headquarters and for Xlog S.r.l.;
- **rainwater harvesting** in underground tanks in the area of the company restaurant, to be used to water green areas. The rest of the water needed for this purpose is taken from the local "Consorzio di Bonifica" (*land reclamation and drainage authority*) irrigation channels;
- installation of **water flow reducers** on taps in the toilet facilities near the company restaurant.

In 2018, the Group's total water consumption³⁰ recorded an increase of around 34% compared with the previous year and amounted to approximately 21 thousand cubic metres. This increase is due to wider criteria being used.

In order to pursue predefined objectives in terms of reducing the consumption of drinkable water, in 2019, water flow reducers will be installed on taps in the toilet facilities of the Biadene headquarters and in the logistics hub in Signoressa.

³⁰ In 2017, consumption figures only included Italy, excluding stores. 2018 consumption figures include: Italy (excluding stores), Spain, Austria, Great Britain, Serbia, Japan, Asia-Pacific and the United States.

Logistics



Transporting goods from production processes to every single point of sale has a significant impact on the environment, as well as being a strategic part of the business. That's why Geox focuses on and is committed to implementing, to the extent possible, logistical solutions able to ensure operating efficiency and reliable delivery times on the one hand, and environmental protection on the other. In particular, in the Group's Code of Ethics, Geox affirms its commitment to using logistics services with a low environmental impact, opting for providers who pay attention to the energy efficiency of their activities and offsetting atmospheric emissions.

In this regard, Xlog S.r.l., the Geox Group company providing transport and warehouse services in the logistics hub in Signoressa (TV), has demonstrated its willingness to be a sustainable company, integrating environmental and social issues into its strategic business decisions. Where possible, Xlog S.r.l. bases its activities on sustainable development goals as part of the various aspects that characterise transport and storage processes. This focus can be seen through the various measures implemented during 2018 in order to improve operating efficiency and environmental sustainability of processes, both inside the Signoressa logistics hub and throughout the distribution network.

Choosing partners and monitoring emissions

Partners, in particular transport service providers, are selected following careful and constant analysis of the various factors that allow Xlog to minimise the environmental impact of transport activities, without compromising on operating efficiency and cost reduction. In this context, Geox Group favours providers that have more modern and technologically advanced fleets and, more in general, that have already adopted sustainable and certified management systems and procedures. In particular, Xlog prefers partners who:

- invest in using alternative fuels and vehicles with advanced technologies and who show that they are geared towards increasingly environmentally-friendly solutions (e.g. vehicles fuelled by liquid natural gas, hybrid lorries, etc.);
- use software to support the driver to drive in such a way as to reduce emissions as much as possible. In this context, Xlog promotes and supports transport providers who organise regular training and driving courses on how to drive in a "green" and safe way;
- use tools to optimise the planning of logistics flows and minimise travel, at both a central level (Xlog) and with regard to distribution providers;

- carefully select rest areas in order to favour exclusive, safe and well-equipped parking networks complete with connections to an electricity supply for overnight stays;
- record CO₂ emissions associated with transport activities, where possible.

These selection criteria have led to different providers being chosen compared with 2017, with the network of transporters being updated as a result. In particular, new suppliers have been hired to replace others who do not meet required sustainability standards. Furthermore, as planned in 2017, tests were carried out on a number of intermodal sections, such as in Poland and Portugal, in order to check compliance with Geox's logistics requirements. For Poland, results were not in line with the service levels expected, meaning the section could not be consolidated, whereas the result was satisfactory in Portugal, allowing this section to continue to be used also in 2019.

Thanks to the support of its logistics service providers, in 2017, Geox Group began to monitor the CO₂ emissions involved with the transportation of finished products. During 2018, more criteria were used to calculate emissions, also including those deriving from "export" logistics relating to returns, those regarding road transport and those deriving from sea and air freight. Furthermore, in 2018, the method used to calculate emissions was improved compared with the previous reporting period and a univocal emissions factor was identified that is more in line with the type of vehicles used by logistics partners. This means that figures from the two years are not comparable. In 2018, it is estimated that these emissions amounted to approximately 31.8 million tonnes of CO₂. Net of the improvement to the method used to calculate emissions, a significant increase in emissions should be noted relating to the import of Geox goods by air. This is due to the higher inbound and outbound volumes in addition to a strong growth in air freight.

Emissions from logistics (t CO₂e)

	2017	2018
Emissions from "Export" logistics³¹	4,288.80	5,478.61
Road	4,288.80	3,211.24
Sea	n.a.	106.35
Air	n.a.	2,161.02
Emissions from "Import" logistics³²	11,283.66	26,280.14
Road	490.55	237.54
Sea	2,086.00	2,342.60
Air	8,707.11	23,700.00
Total	15,572.46	31,758.75

In order to make emissions estimates more accurate, the feasibility of introducing an IT tool to calculate emissions is currently being assessed. Those being considered include "Net Mover", which allows CO₂ emissions linked to each delivery to be tracked, based on the specific number of kilometres involved.

³¹ Export emissions refer to air, sea and road freight (excluding km from haulage relating to "mixed" transport, i.e. carried out with different modes of transport, for which it is impossible to distinguish the number of km completed by road and using other methods). CO₂ e emissions relating to road freight have been estimated using the average emissions factor published by the BEIS (*UK Department for Business, Energy & Industrial Strategy*) or, if available, based on the certified reports provided by logistics partners (e.g. UPS). CO₂e emissions relating to sea freight have been estimated considering an average emissions factor equal to 450.5 kg of CO₂e per TEU. CO₂e emissions relating to air freight have been estimated considering an average emissions factor equal to 15.8 kg of CO₂e per kg of goods transported.

³² Import emissions relate to air, sea and road transport. CO₂e emissions relating to road freight have been estimated considering the average emissions factor published by the BEIS (*UK Department for Business, Energy & Industrial Strategy*). CO₂e emissions relating to sea freight have been estimated considering an average emissions factor equal to 450.5 kg of CO₂e per TEU. CO₂e emissions relating to air freight have been estimated considering an average emissions factor equal to 15.8 kg of CO₂e per kg of goods transported.

E-commerce

An important milestone reached in 2018 was the insourcing of **e-commerce** management, bringing it under the control of the logistics hub in Signoressa. This represented an important development driver with a view to making environmental performance more efficient. In particular, managing these activities in-house has allowed the group to increase the storage capacity of the various warehouses in compliance with health and safety regulations, to improve the sustainability of packaging and to optimise the movement of goods both during the pick-up stage at the logistics hub and as part of deliveries to the end customers (the so-called “last mile”). In fact, with reference to transportation, in order to reduce the CO₂ emissions linked with handling e-commerce goods, the decision was made to centralise these activities, opting for a single supplier, who is one of the first in Italy to use electric vehicles for the so-called “last mile” in Italian cities.

Furthermore, Geox has tried to raise awareness among its customers regarding environmental sustainability issues by incentivising, through free returns, use of a dedicated “access point” for the collection, delivery and return of goods, allowing them to remain in a single hub. This method generates considerable savings in terms of energy, and therefore emissions, as well as reducing stock levels, waste and the energy necessary to light and cool the physical spaces dedicated to retail. In this regard, one of Geox’s future objectives is to achieve a higher level of digitalisation and automation with regard to the process of managing returns.

Packaging

Over recent years, product quality and the efficiency of logistics services have begun to play an increasingly important role from a strategic point of view. In this regard, many measures have been implemented to improve the efficiency of logistics and the functionality of packaging, optimising loads and reducing the volumes handled.

In particular, with regard to e-commerce goods, only packaging made from cellulose coming from a sustainable supply chain is used, for both apparel and footwear products. Furthermore, Geox is assessing the possibility to introduce paper tape due to the fact that it is environmentally friendly and easy to dispose of. With a view to reducing waste, the e-commerce website also encourages customers to reuse the original packaging in case of returns.

With specific reference to apparel, the objective to streamline packaging was achieved in the 2016/2017 two-year period thanks to the switch from “small case” style packaging to “box with lid” style packaging, which is more compact and beneficial in terms of cost-saving and disposal. This improved how packaged goods are sent, thereby maximising the total number and volume of packages to be moved around and transported. Geox’s commitment to using increasingly sustainable packaging was recognised in 2018 when the company was included in the list of brands that take environmental sustainability into consideration in their packaging, as part of the “**CONAI - the Italian Packaging Consortium - contest for prevention and packaging sustainability**”. Companies that wish to take part in the CONAI contest use a dedicated “eco tool” to assess the sustainability of their packaging, by comparing the environmental impact of packaging BEFORE and AFTER the actions taken. This tool uses a simplified LCA analysis (“from cradle to cradle”) to calculate the effects of the prevention measures implemented by companies on their own packaging. The result of this analysis is expressed in terms of reductions in energy consumption, water consumption and emissions, as can be seen in the figure below. Both CONAI’s Eco Tool and the methods used to determine the list of award-winning companies were subject to the validation of DNV GL, a third-party certification body.

In this regard, one of Geox’s future objectives is to introduce reusable packaging, especially for internal logistic flows.

In 2016, a scheme was launched to **digitalise transport documents**, which continues to guarantee consistent savings in terms of paper consumption. Furthermore, new RF terminals were introduced, getting rid of the need to print picking lists relating to package composition and flows. This allowed for a high level of automation of the handling process for both individual items and packages, with regard to picking and packing operations.

External warehouses and the Signoressa logistics hub

There have also been numerous initiatives regarding the logistics centre in Signoressa (TV). The main actions taken in 2018 primarily involved increasing storage capacity, in accordance with health and safety regulations. More specifically, between 2016 and 2018, the storage capacity of the Signoressa logistics hub was increased thanks to a new organisation of the spaces available. This allowed activities to be centralised, closing the external warehouses in Altivole, Cusignana, Biadene, Paese and Tombolo, with a subsequent reduction in the need for road haulage between the various sites. As of today, Geox footwear is managed in the Signoressa logistics centre and in just one modern, external hub that best meets energy saving criteria.

The optimisation measures in question were studied and implemented taking into consideration the ergonomics of the workplace and the spaces needed to manage new types of packaging. A number of measures were also implemented to automate processes. In warehouse A, a new, semi-automatic picking system was installed (Industry 4.0), with a structure to move goods and cutting-edge vertical order pickers with navigation software integrated with the map of the warehouse and the physical allocation of goods. This solution maximises the storage of the goods by making the best use of the volume permitted by the building and reduces turnaround times for the internal handling cycle. Inside warehouse E, the structure used to store packages was optimised and an automatic sorting line was installed on four bays, with a connection piece for unloading and loading from the flaps. The control logic developed for this system has improved the flexibility of the logistics hub and reduced the time needed to receive goods, process shipments and complete customisation work for the various customers. In warehouse C, a structure with upper levels was introduced, making the most of the building's height. The space dedicated to loose pairs was designed in order to optimise storage volumes. The sections were mapped out to improve picking operations and cutting-edge terminals were given to staff, allowing them to reduce errors and get suggestions on the optimal picking route. New algorithms are being studied to further reduce picking routes.

The **photovoltaic system**, made up of 3,906 solar panels covering the roofs of the logistics hub for a total surface area of 6,367 square metres, has been in operation since 2012. In 2018, a water system was installed to wash the solar panels in order to make them more efficient. Approximately 90% of the electricity generated by the system on building B is consumed by the company, whereas the excess is made available to the national grid as renewable power. In the future, Geox would like to expand its photovoltaic system, making greater use of solar energy by increasing its nominal power.

Relamping was carried out in warehouses A, B and hub E, replacing approximately 700 lights with LED alternatives. This led to an electricity saving of 318 GJ with a subsequent potential saving of³³ 31 t of CO₂ emissions.

These important savings have allowed the company to invest in improving the working conditions of warehouse staff. In particular, measures taken to **improve working and health and safety conditions** in the logistics hub in Signoressa (TV), include: increasing the efficiency of heating systems in warehouses and offices, installing extra safety ladders in warehouses A, C, D and F, installing anchor lines in warehouses D and E and 67 smoke and heat vents in building E.

³³ The saving in terms of emissions is potential as 100% of electricity used in Italy comes from renewable sources. The emissions factor used to calculate emissions was published by the UK Department for Environment, Food & Rural Affairs (DEFRA) in 2015.

Eco-design of stores

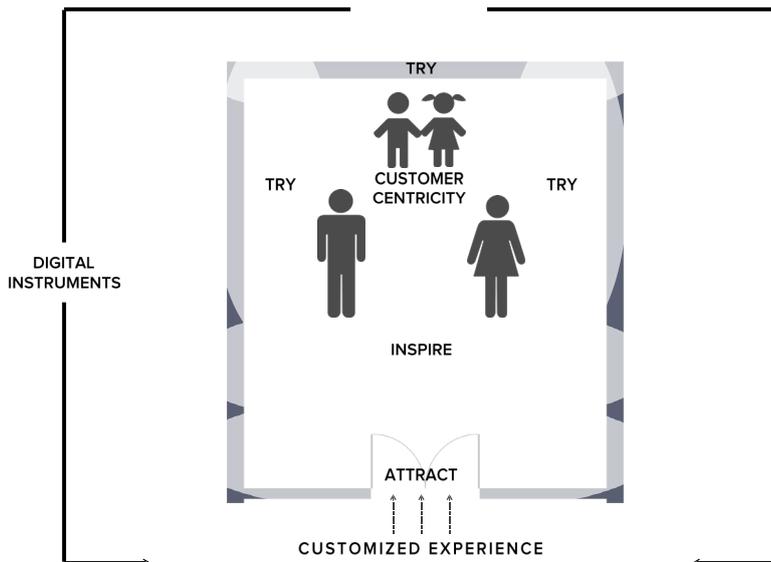
“Combining style and innovation, clearly conveying product technology, emphasising the value of “Made in Italy” quality and sustainability, and devoting plenty of space to digital content”.



That's how Mario Moretti Polegato, chairman and founder of Geox, summed up the new Geox store concept.

The new store concept, labelled “X”, has been developed to offer customers an innovative buying experience, featuring minimalist walls and furnishings able to evoke a sense of lightness and airiness, in perfect Geox style.

The architectural design of the stores brings to mind the concept of breathability and fully complements the surrounding building, especially if historical, in line with the principles of sustainability. In particular, the X-Store concept was created and has been developed in order to achieve high-performance in terms of the sustainable use of materials. In fact, the design of each store maintains and enhances any original architectural features such as windows, columns, ceilings and exposed bricks, integrating them into the new concept. To fully respect the environment, stores are only built with wood, metal, tiles made from natural ceramic, non-painted plasterboard walls with a cement finish, and LED lighting, using recycled materials (rugs), FSC certification (wood) and Green Building certification (tiles, plasterboard panels). Particular attention has also been paid to minimising the environmental impacts of the process to demolish old stores. The aim, by 2021, is to create stores that only use recycled and FSC-certified materials in order to obtain LEED certification for each “X-store”. In the short term (by 2019), it is planned to obtain this certification for at least one store.



The exclusive finishes used reflect the quality and craftsmanship that only “Made in Italy” can offer. These include the finish on the main door, which features the typical holes of Geox brand soles, a symbol of breathability. In addition to these holes, the doors are also fitted with ventilators and air purification systems to guarantee a rewarding shopping experience characterised by a sense of well-being. The stores also feature rugs made from recycled fishing nets resting on FSC-certified wooden flooring.

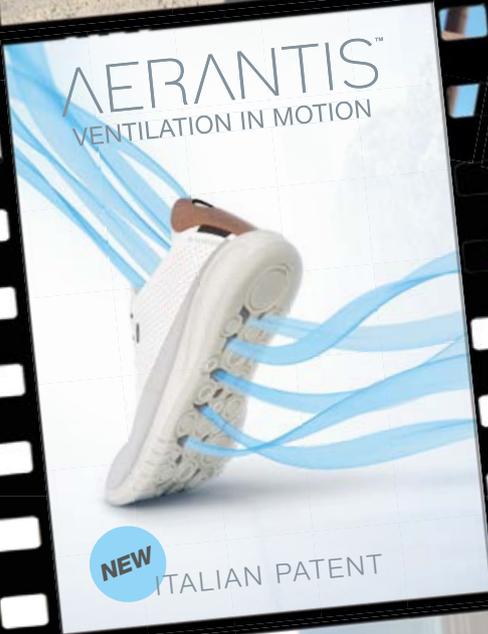
Starting from 2017, Geox stores began to be involved in a process of relamping, again with a view to improving sustainability performance. This “re-store” process for existing stores involved replacing lights with LED alternatives.

During 2018, the lighting systems in over 70 stores underwent a real restyling process. This allowed for in-store temperature to be significantly reduced, thereby reducing consumption of air-conditioning systems. Energy consumption monitoring systems were also installed. The aim is to extend this restyling process throughout the entire network by 2021.

Digital content also plays an incredibly important role at a time when the company, which currently enjoys strong brand awareness among 30 to 50-year olds, wants to attract younger consumers. That’s why the new concept targets Millennials, featuring the installation of integrated digital screens and interactive info points that allow visitors to access detailed information and check out the unique characteristics of Geox products. Functions available to customers include screens where they can order products and have them delivered to their home, or, vice versa, the “click and collect” option, allowing them to pick up their online purchases in-store. X-Stores also offer free Wi-Fi, mobile phone charging points and fast pay services.

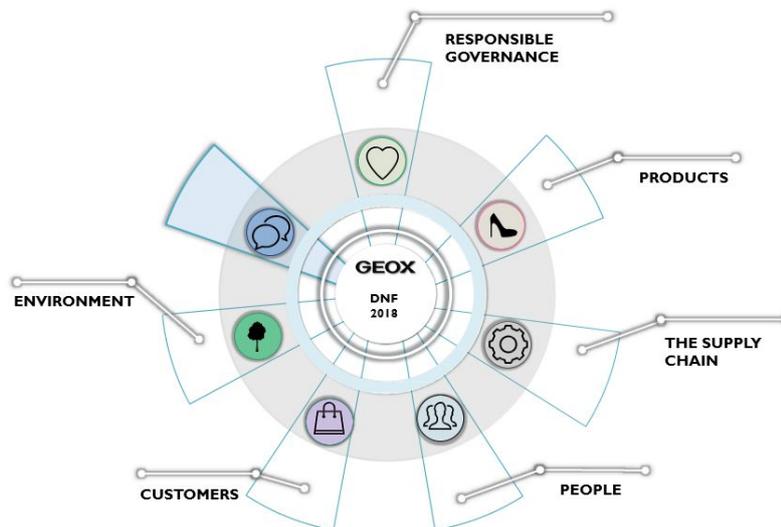
GEOX

R E S P I R A





COMMUNITY



- **Team Geox in the Formula E World Championship, also supplying technical apparel to drivers**
- **Creation of sustainable footwear capsule collections, aimed at children and families, to be launched in FW 2019 in partnership with the WWF. In fact, part of the proceeds from sales will go to the conservation of various species throughout the world.**

Helping the community to develop

Geox Group is an active member of the local community and undertakes to contribute to social, economic and environmental development as well as to the well-being of the population. In particular, Geox replies positively to requests for sponsorships and donations, as long as they offer guarantees in terms of quality and reliability, can help to develop the product or make it more innovative with regard to style, functionality or technology, are aimed at improving social and environmental issues, or if they are received from organisations promoting culture / social well-being. This commitment can be seen through its promotion of and financial contributions to initiatives and projects that are aimed at supporting national and international charity organisations and local communities.

This commitment takes the form of donations made to initiatives to benefit **social care** and **integration**, the **environment** and the **development of local communities** and **culture**. In 2018, Geox donated more than **Euro 239 thousand** to supporting the community.

Once again in 2018, and with the commitment to continue in 2019, an important social and cultural initiative supported by Geox Group was the sponsoring of **Gran Teatro Geox, for a total of Euro 170 thousand**. The Gran Teatro Geox arena is one of the most important theatres in Italy and in Europe. This arena was created to host various types of events, from famous musicals to rock concerts, from private events to classical music concerts, and is an innovative space that takes great care in its programming, offering a very high-quality service.

Established as a place to entertain young people and families, the Gran Teatro Geox offers a “new live experience”, with incredibly varied programming to suit all tastes. A point of reference for the entertainment industry in north-east Italy, this arena offers a unique programme of events in Italy, in terms of how often events are held and how varied they are: from musicals to theatre plays, from ballets to classical music concerts, from rock bands to alternative music. This arena also stands out its exceptional technical standards, the flexibility of its simple and elegant interiors, its logistics and its professional staff, able to offer high-level support, from catering requirements to technological solutions, right through to the management of electronic equipment and audio-visual aids.

The reasons why Geox sponsors this arena can be found in the structure of the Theatre itself: it has been defined as being “the most innovative of its kind in Italy”, thanks to its advanced technology and special features designed to improve the welcome, comfort and well-being of the spectators, the real special guests at every event. **Innovation, Well-Being and a Cross-Market Positioning** are therefore the values that make Gran Teatro Geox stand out, as is the case for the Geox brand.

Since it was opened in 2009, Gran Teatro Geox has hosted some of the most famous artists from Italy and abroad, becoming Italy's no. 1 arena in terms of the number of events held each year and the average number of spectators, which is surprising when considering that it is not located in a major city.

In April 2014, the “**Live senza Barriere**” (“*Live without Barriers*”) project was launched, which provides a simultaneous interpreting service for people with hearing difficulties, reserved car parking spaces and specially adapted seating to suit people with a range of disabilities, services dedicated to small children and parents (nursery area with baby changing facilities, bottle warmers and armchairs with footrests for breastfeeding mothers), as well as a catering service that is able to meet people's various needs and choices when it comes to food. “*Live senza Barriere*” is a unique project in Italy which aims at making all live performances more accessible to everyone. As such, it received a special Award from the President of the Italian Republic in recognition of the social value of the services provided.



In 2018, a new sustainability project was presented regarding Geox's iconic footwear, which will be launched on the market during FW19. In partnership with the **WWF**, a project has been developed to launch a new collection aimed at children and families in 2019. This project involves part of the proceeds from sales going to wildlife conservation activities throughout the world. This collection will use sustainable packaging and materials, such as recycled cotton, recycled leather and LWG-certified leather.



“Sustainability and respect for the environment are fundamentally important values for Geox, which is why it was such a natural step for us to enter the world of Formula E - this can be considered the future of car racing as it unites major competitions, cutting-edge technology and a global sustainable approach”.

Mario Moretti Polegato
Chairman of Geox S.p.A.

In the second semester 2018, Geox signed a multi-year agreement with Dragon Racing, one of the most experienced teams in the Formula E world championship, a competition which stands out for its single-seaters powered exclusively by electric motors that race around city circuits.

The Formula E championship is famous for its teams' commitments to developing renewable energy technologies in order to contribute to the creation of a more environmentally sustainable sport. In fact, the competition between the teams requires a strong focus on innovation and constant research into new technologies, from both a strategic and energy management point of view.

Thanks to Geox's constant commitment to investing in technological research to develop innovations aimed at sustainability and respect for the environment, and in order to reflect the deep strategic integration between the two organisations, the team will be taking part in the next season of the Formula E championship with the name “Geox Dragon”, bringing values such as innovation, technology and sustainability to the track. The main aims of this partnership are to:

- experiment with innovation at the next level;
- push the boundaries of technology;
- enjoy a new generation of sustainable entertainment.

The team was officially presented at the Allianz Tower in Milan, during the Geox Investor Day held on November 14, 2018.



The championship developed according to a calendar that includes n. 13 races, in 12 cities on 5 continents as described below:

calendar			
Round	City	Country	Date
1	Ad Diriyah*	Saudi Arabia	15 December 2018
2	Marrakesh	Morocco	12 January 2019
3	Santiago	Chile	26 January 2019
4	Mexico City	Mexico	16 February 2019
5	Hong Kong	China	10 March 2019
6	Sanya	China	23 March 2019
7	Rome	Italy	13-apr-19
8	Paris	France	27-apr-19
9	Monaco*	Monaco	11 May 2019
10	Berlin	Germany	25 May 2019
11	Bern	Switzerland	22 June 2019
12	New York	U.S.A.	13 July 2019
13	New York	U.S.A.	14 July 2019

Geox has always been a synonym for the most cutting-edge, patented technology in the footwear and apparel industry, designed to guarantee the highest levels of breathability, performance and comfort.

Geox's patented breathability technology offers heat regulation benefits that are widely appreciated by consumers all over the world. Geox's range of footwear and outerwear is fundamentally important to team members' performance. Thanks to Geox's breathability technology, the team will be able to always maintain an optimal temperature when travelling and competing in cities across five continents with incredibly different climates, throughout the entire ABB FIA Formula E championship.

In particular, Geox is committed to researching solutions that allow expected temperature levels to be kept under control, as both the driver, as an athlete practising their sport, and the car itself generate heat.

The extreme conditions and characteristics of Formula E car racing therefore represent the perfect testing ground for Geox to experiment with new breathable technologies, aimed at improving performance and destined to become wellness products for everyday life.

In particular, Geox, the only Italian company among the teams taking part in the Formula E World Championship, will be providing drivers and the entire team with breathable footwear and tracksuits to guarantee maximum comfort in all situations, both on and off the track, when travelling and during competitions. These will be suitable for the different weather conditions in the cities where the circuit races will be held, all over the world. The extreme conditions faced by Formula E drivers will represent the best environment to test new technologies, to be applied to everyday products.

MORE THAN A CAR, MORE THAN A *SHOE*.



*TECHNOLOGY.
PASSION.
SUSTAINABILITY.*

Geox and Dragon Formula E have joined together to give life to the **Geox Dragon** team, bringing positive values to the track.

To experience innovation to the next level.

To go beyond the boundaries of technology.

To breathe a new generation of sustainable entertainment.

Methodological Note

GEOX
RESPIRA

Reporting standards applied

Geox Group's Non-financial consolidated statement (hereafter also referred to as the "Statement"), written in compliance with art. 4 of (Italian) Legislative Decree no. 254/2016 (hereafter also "Decree"), contains information relating to environmental and social issues and issues relating to employees, the respect of human rights and the fight against corruption. This information is useful in order to better understand the activities carried out by the Group, its performance, its results and its impact.

The present Statement, which will be issued once a year, is written pursuant to (Italian) Legislative Decree no. 254/2016 and in accordance with the GRI Standards (Core option), which have been used as reference. These standards were published in 2016 by the Global Reporting Initiative and, as of today, represent the most widespread and well-known global standards for non-financial reporting. The GRI Content Index is included on pages 101-105 to make it easier for readers to track the information included in this document.

The non-financial reporting presented by the Statement reflects the principle of materiality or relevance, as provided for by the legislation of reference, which also characterises the GRI Standards: the topics covered by the Statement are those that, following the materiality analysis and assessment described on pages 29-31 of the present document, are considered to be the most relevant as they are able to best reflect the Group's social and environmental impacts or to influence the decisions of its stakeholders.

Scope of reporting

The qualitative and quantitative data and information contained in the GEOX Group's Non-financial consolidated statement refer to the performance of GEOX Group (hereafter also "the Group") during the financial year ending December 31, 2018. As provided for by art. 4 of (Italian) Legislative Decree no. 254/2016, the present Non-financial consolidated statement includes the data of the parent company (Geox S.p.A.) and its subsidiaries, fully consolidated. For further details on the list of companies that are subject to consolidation, please refer to Geox Group's 2018 consolidated financial statements. Any restrictions on this scope of reporting have been duly indicated within the document. A comparison with the previous financial year has also been provided. No restatements were made compared with the previous year, unless specifically stated otherwise.

Reporting process

The Geox Group's Non-financial consolidated statement for 2018 has been drawn up based on a structured reporting process, as follows:

- All company structures/Departments in charge of the relevant areas and the relevant data and information included in the Group's non-financial reporting. These individuals were asked to help identify and assess the topics and the significant projects/initiatives to include in the document. They were also asked to help collect, analyse and consolidate the data, with the task of verifying and validating all information reported in the Statement, each dealing with their own area of expertise. In particular, the data and information included in the present Statement come from the company's administration and accounting computer system, and from a non-financial reporting system (data collection tables), implemented especially to satisfy the requirements of (Italian) Legislative Decree no. 254/2016 and the GRI Standards. Data was processed through careful extraction and accurate calculations and, where specifically stated, through estimates. Economic-financial figures were taken from the 2018 Financial Statements;
- After being assessed by the Internal Audit, Risk and Sustainability Committee, the Statement will be submitted for the Board of Directors for approval, during the meeting called to approve the 2018 Financial Statements;
- BDO Italia S.p.A. shall pass its judgement on the compliance of the Statement by carrying out a limited examination;
- The Statement will be published on the corporate website in order to make it available to all stakeholders in a transparent way.

Reporting principles

The content of the Non-financial consolidated statement has been identified and reported on in consideration of the following principles provided for by the GRI Standards:

Relevance	The Statement describes the main economic, social and environmental impacts of GEOX's activities which have the most significance for the Group and its stakeholders, both inside and outside of the company, who are involved with the company's activities.
Inclusiveness	GEOX takes into consideration the expectations and interests of all subjects who are involved in or influenced by company activities. The Statement provides a description of the Group's main stakeholders and the main channels of dialogue that are used to identify their interests and expectations.
Context of sustainability	Non-financial results have been reported on taking into consideration the social-economic context in which the Group operates, and the most relevant topics for its industry, also by analysing the information on sustainability provided by national and international groups operating in the sector of reference.
Completeness	The choices made in terms of the topics reported on and the scope of the Statement allow stakeholders to get a comprehensive view of the Group's main economic, social and environmental impacts.
Balance between positive and negative aspects	The Statement present the Group's main non-financial performance, reporting the positive results and trends achieved by the Group and any room for improvement identified.
Comparability	The indicators used in the document have been chosen and structured to allow for them to be reused and developed over time. This ensures the possibility for Group performance to be monitored over the years.
Accuracy	To guarantee that the information reported is accurate and uniform, data has been reported on using direct recordings, using as few estimates as possible. If necessary, these estimates have been duly highlighted in the text and are based on the best calculation methods currently available.
Promptness	The GEOX Statement is drawn up once a year and is made available to the general public at the same time as the annual financial statements.
Reliability	All data and information reported have been validated by the heads of the company departments in charge and have been processed based on documentary evidence able to prove their existence, completeness and accuracy.
Clearness	The information contained in the GEOX Statement has been presented in an understandable way that is accessible to all stakeholders.

Table linking GEOX material topics with the GRI Standards

MATERIAL TOPICS IDENTIFIED BY GEOX	TOPIC-SPECIFIC GRI STANDARDS OF REFERENCE	SCOPE OF THE IMPACTS	
		IMPACTS INSIDE THE GROUP	IMPACTS OUTSIDE THE GROUP
<u>Focus on technology and product innovation (*)</u>		<u>The entire Group</u>	<u>End customers, Investors, Future generations</u>
<u>Combating corruption</u>	<u>Anti-corruption (GRI 205)</u>	<u>The entire Group</u>	<u>Organisations and Institutions, Community</u>
<u>Product quality and safety</u>	<u>Customer Health and Safety (GRI 416)</u>	<u>The entire Group</u>	<u>End customers</u>
<u>Data security and protection</u>	<u>Customer Privacy (GRI 418)</u>	<u>The entire Group</u>	<u>End customers, Suppliers, People</u>
<u>Protecting and strengthening the brand, also with reference to sustainability (*)</u>		<u>The entire Group</u>	<u>All stakeholders</u>
<u>Protecting workers' health and safety</u>	<u>Occupational Health and Safety (GRI 403)</u>	<u>The entire Group</u>	<u>People, Trade unions, Community, Investors, Suppliers</u>
<u>Selecting and supervising suppliers/third party companies regarding their ability to protect and deal with human rights, workers' health and safety and correct environmental management</u>	<u>Supplier Environmental Assessment (GRI 308)</u> <u>Child Labor (GRI 408)</u> <u>Forced or Compulsory Labor (GRI 409)</u> <u>Supplier Social Assessment (GRI 414)</u>	<u>The entire Group</u>	<u>Suppliers, Investors, Future generations</u>
<u>Fight against counterfeiting (*)</u>		<u>The entire Group</u>	<u>End customers, Investors</u>
<u>Respecting human rights and workers' rights</u>	<u>Non discrimination (GRI 406)</u> <u>Child Labor (GRI 408)</u> <u>Forced or Compulsory Labor (GRI 409)</u>	<u>The entire Group</u>	<u>People, Community, Investors, Trade unions</u>
<u>Building stable commercial relationships and equal pay for suppliers (*)</u>		<u>The entire Group</u>	<u>Suppliers</u>
<u>Involving, listening to and satisfying customers and providing an excellent service</u>	<u>General Disclosure (GRI 102-43)</u>	<u>The entire Group</u>	<u>End customers</u>
<u>Involvement and dialogue with suppliers, transfer of competencies and supplier training</u>	<u>General Disclosure (GRI 102-43)</u>	<u>The entire Group</u>	<u>Suppliers</u>
<u>Traceability, product information and labelling</u>	<u>Marketing and Labeling (GRI 417)</u>	<u>The entire Group</u>	<u>Suppliers, End customers</u>
<u>Reducing energy consumption and greenhouse gas emissions</u>	<u>Energy (GRI 302)</u> <u>Emissions (GRI 305)</u>	<u>The entire Group</u>	<u>Community and Future generations, Investors</u>
<u>Reducing the amount of waste produced and using responsible disposal procedures</u>	<u>Effluents and waste (GRI 306)</u>	<u>The entire Group</u>	<u>Community and Future generations, Investors</u>
<u>Eco-design of stores</u>	<u>Energy (GRI 302)</u>	<u>The entire Group</u>	<u>End customers, Future generations</u>

(*) With regard to the topic in question (not directly linked to a Topic-Specific GRI Standard), GEOX reports on the management approach adopted and the relative indicators in the document.

GRI Content Index

GRI Content Index			
Disclosure	Indicator description	Page number/Note	Omissions
GRI 102: GENERAL DISCLOSURES 2016			
ORGANIZATIONAL PROFILE			
102-1	Name of the organisation	Pag. 36	
102-2	Activities, main brands, products and/or services	Pag. 7-18	
102-3	Location of the organisation's general headquarters	Back cover	
102-4	Number of countries in which the organisation operates	Pag. 20-21	
102-5	Ownership structure and legal form	Pag. 36	
102-6	Markets served	Pag. 20-21	
102-7	Size of the organisation	Pag. 17-18	
102-8	Employees by type of contract, gender, origin, age, membership of "protected categories"	Pag. 82, 87	
102-9	Supply chain description	Pag. 70-76	
102-10	Significant changes during the reporting period regarding the Group's size, structure, ownership or supply chain	There were no significant changes.	
102-11	Method of applying the principle or a prudent approach	Pag. 42-44	
102-12	Adoption of codes and external standards with regard to economic, social and environmental performance	The Group does not endorse codes and standards outside of its organisation. Having said that, the Group takes its inspiration from the International Labour Standards covered by the fundamental International Labour Organisation (ILO) conventions.	
102-13	Membership to national or international associations and support organisations	Pag. 55	
STRATEGY			
102-14	Message from the Chairman and Chief Executive Officer	Pag. 4	
ETHICS AND INTEGRITY			
102-16	The company's internal values, principles, standards and rules of conduct.	Pag. 25-26, 46-47	
GOVERNANCE			
102-18	Corporate governance structure	Pag. 36-39	
102-23	Indicate whether the Chairman also has an executive role	Pag. 37	
102-24	Processes and relative criteria to appoint and select members of the highest governance boards and committees	Pag. 40	
102-25	Description of the processes used to ensure that there are no conflicts of interest	Pag. 46-47	

STAKEHOLDER ENGAGEMENT		
102-40	List of engaged stakeholders	Pag. 52-53
102-41	Percentage of employees covered by national bargaining agreements	Pag. 93
102-42	Process to identify and select the stakeholders to be engaged	Pag. 52
102-43	Approach to engaging stakeholders	Pag. 52
102-44	Key and critical aspects arising from stakeholder engagement and the relative actions taken	Pag. 52-53
REPORTING PRACTICES		
102-45	List of the companies included in the consolidated financial statements and indication of the companies not included in the report	Pag. 132
102-46	Process to define the contents of the report and the scope of each aspect	Pag. 49-50, 132
102-47	List of aspects identified as being material	Pag. 51
102-48	Explanation of the effects of any amendments to information included in previous statements and reasons for said amendments	Pag. 132
102-49	Significant changes compared to the previous reporting period	Pag. 132
102-50	Reporting period	Pag. 132
102-51	Release date of the most recent statement	Non-financial consolidated statement 2017
102-52	Frequency of reporting	Pag. 132
102-53	Contacts and useful addresses to request information on the financial statements and their contents	Pag. 143
102-54 / 102-55	GRI content index and selection of the "in accordance" option	Pag. 132 and the present GRI content index
102-56	Third-party certification	Pag. 140-142
ECONOMIC PERFORMANCE: TOPIC SPECIFIC STANDARDS		
GRI 201: ECONOMIC PERFORMANCE 2016		
GRI 103	Management approach 2016	Pag. 30-33
201-1	Direct economic value generated and distributed	Pag. 32-33
GRI 204: PROCUREMENT PRACTICES 2016		
GRI 103	Management approach 2016	Pag. 70-71
204-1	Percentage of expenses focused on local suppliers with regard to the most significant operating headquarters	Pag. 71
GRI 205: ANTI-CORRUPTION 2016		
GRI 103	Management approach 2016	Pag. 46-47
205-3	Any cases of corruption identified, and corrective actions implemented	Pag. 47
ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS		
GRI 301: MATERIALS 2016		
GRI 103	Management approach 2016	Pag. 111, 114, 120
301-1	Materials used, broken down by weight and volume	Pag. 114-115
301-2	Percentage of materials used that come from recycling	Pag. 114-115

GRI 302: ENERGY 2016		
GRI 103	Management approach 2016	Pag. 111-112
302-1	Energy consumed inside the organisation	Pag. 112-113
302-2	Energy consumed outside the organisation	Pag. 112-113
302-3	Energy Intensity	Pag. 113
303-4	Reduction of energy consumption	Pag. 112, 122
GRI 303: WATER 2016		
GRI 103	Management approach 2016	Pag. 111, 117
303-1	Total water drawn by source of supply	Pag. 117
GRI 305: EMISSIONS 2016		
GRI 103	Management approach 2016	Pag. 111-112,118,119
305-1	Direct greenhouse gas emissions (Scope)	Pag. 112-113
305-2	Greenhouse gas emissions generated by energy consumption (Scope 2)	Pag. 112-113
305-3	Other indirect greenhouse gas emissions (Scope 3)	Pag. 114, 119
305-4	Greenhouse gas (GHG) emissions intensity	Pag. 113
305-5	Reduction of greenhouse gas emissions	Pag. 112, 122
305-6	Emissions of ozone depleting substances (ODSs)	Pag. 114
GRI 306: EFFLUENTS AND WASTE 2016		
GRI 103	Management approach 2016	Pag. 115
306-2	Waste produced by type and disposal method	Pag. 116
GRI 307: ENVIRONMENTAL COMPLIANCE 2016		
GRI 103	Management approach 2016	Pag. 111-112
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GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

GRI 103	Management approach 2016	Pag. 80-85
405-1	Composition of governance bodies and breakdown of employees by category with regard to gender, age, membership to “protected categories” and other diversity indicators	Pag. 37, 80-81,85

GRI 406: NON-DISCRIMINATION 2016

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GRI 408: CHILD LABOR 2016

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GRI 409: FORCED OR COMPULSORY LABOR 2016

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GRI 412: HUMAN RIGHTS ASSESSMENT 2016

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Independent Auditors' Report

on the consolidated non-financial statement pursuant to article 3, paragraph 10 of Legislative Decree no. 254 of December 30, 2016 and of art. 5 of CONSOB Regulation n. 20267 of January 18, 2018

To the Board of Directors of GEOX S.p.A.

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 ("Decree") and to article 5 of the CONSOB Regulation n. 20267 of January 18, 2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of GEOX S.p.A. and subsidiaries (the "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on February 27, 2019 (hereinafter the "NFS").

Directors' and Board of Statutory Auditors' responsibility on the Consolidated Non-Financial Statement

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and with "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards"), identified as a reporting standard.

The Directors are also responsible, within the terms established by law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the Directors are responsible for the identification of the content of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the Group' business and characteristics, to the extent necessary to ensure an understanding of the Group's business, performance, results and the related impacts.

Finally, the Directors are responsible to design a business management model for the organisation of the Group's activities, as well as, with reference to the topics identified and reported in the NFS, for the policies for the identification and management of the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, compliance with the provisions set out in the Decree.

Auditors' Independence and quality check

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control that includes directives and procedures concerning compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the requirements of the Decree and the GRI Standards. We carried out our work in accordance with the criteria established in the *International Standard on Assurance Engagements 3000 (Revised) ~ Assurance Engagements Other than Audits or Reviews of Historical Financial Information ("ISAE 3000 Revised")*, issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with *ISAE 3000 Revised*, and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and include inquiries, primarily of the company's personnel responsible for the preparation of the information presented in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence, as appropriate.

Specifically, we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the process in place for the selection process in the light of the provisions of article 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance to the Decree.
3. If applicable: comparison of data and financial economic disclosures presented in the NFS with those included in the Group's consolidated financial statements.
4. Understanding of the following matters:
 - Business management model of the Group's activity, with reference to the management of the topics set out in article 3 of the Decree;
 - Policies adopted by the entity in connection with the topics set out in article 3 of the Decree, achieved results and related key performance indicators;
 - Main risks, generated and/or undertaken, in connection with the topics set out in article 3 of the Decree.

With reference to these matters, we compared them with the disclosures presented in the NFS and carried out the procedures described in point 5, letter a).

5. Understanding of the processes underlying the origination, recording and management of significant qualitative and quantitative information disclosed in the NFS.

Specifically, we carried out interviews and discussions with the management of GEOX S.p.A. and with the employees of XLog s.r.l. e Geox Retail s.r.l. We also performed limited documentary verifications, in order to gather information on the processes and procedures supporting the collection, aggregation, processing and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, with respect to significant information, taking into consideration the Group's business and characteristics:

- at parent company's and subsidiaries level:

- a) with regards to qualitative information included in the NFS, and specifically with reference to the business model, policies applied and main risks, we carried out interviews and gathered supporting documentation to check for consistency with available evidence.
- b) with regards to quantitative information, we carried out both analytical and limited procedures to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, divisions and sites, (GEOX S.p.A., XLog S.r.l., Geox Retail S.r.l), selected on the basis of their business, their contribution to the key performance indicators at consolidated level and location, we carried out site visits, to meet their management and gather supporting documentation with reference to the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of GEOX Group as of December 31, 2018 has not been prepared, in all material respects, in accordance with the requirements of article 3 and 4 of the Decree and the Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards").

Padova, March 22, 2019

BDO Italia S.p.A.

Stefano Bianchi
Socio

*This report has been translated into English language
Solely for the convenience of international readers.*

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Company information

Share capital: Euro 25,920,733.1 fully paid-in
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(Investor Relations Section)