

## **“Modern Slavery Statement” for financial year 2018**

### **Introduction**

This statement, approved by the Board of Directors of the company Geox UK Limited (hereinafter the Company) on 29/07/2019, describes the measures adopted by Geox Group (hereinafter also "the Group" or "Geox") aimed at ensuring, as required by UK law "Modern Slavery Act 2015 - Section 54", the absence of any form of "modern slavery, forced labour and human trafficking" within itself and along its supply chain.

This statement refers to the fiscal year ended December 31, 2018.

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.

### **Group profile**

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).



Moreover, 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.

At December 31, 2018, the total number of employees was 5,246 (7 out of 10 resources are women).

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 well-being for consumers”.*

## **Geox’s values**

**INNOVATION:** We are always open to changing and improving. We identify, through constant research, the most advanced technologies and the latest trends, so that we can eventually incorporate them in our unique products.

**SUSTAINABILITY:** Constant attention and utmost respect for all individuals and for the environment. Ethical behavior, equality, diversity, trust.

**PASSION:** We put our absolute best in everything we do. We always support our values.



WELLBEING: We love everything about comfort and health. We put this love behind everything we do.

EXCELLENCE: Quality, safety, reliability. The greatest attention to every detail.

CUSTOMER CENTRICITY: Our client is our guide and the very reason we exist. Her or his satisfaction is our only goal.

ITALIAN DNA: We are immensely proud of being Italian. We leverage on our roots and embed our identity in each and every product.

## **Our Human Rights commitment**

Slavery and human trafficking can occur in many forms, such as forced labor, child labor, domestic servitude and related forms of workplace abuse.

Geox is committed to fighting modern slavery in all its manifestations, both within its organisation and along its supply chain, in line with the principles set out in the Universal Declaration of Human Rights and the United Nations Guiding Principles on Business and Human Rights.

Geox is committed to maintaining and improving systems and processes to help ensure that there are no human rights violations related to our business operations or supply chain. For these reasons we have collaborated with stakeholders, like suppliers and associations to develop and implement programs designed to prevent slavery and human trafficking.

## **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.

The Code is inspired by the main existing national and international rules and regulations on corporate social responsibility and human rights. That's why, as part of its work, it takes inspiration from the International Labour Standards (ILS) covered by the fundamental International Labour Organization (ILO) conventions.

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.

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 purpose of Code of Conduct is to establish and to ensure that all Geox suppliers comply with the company's minimum requirements in terms of compliance with the law, business ethics and integrity, **human rights**, working conditions, health and safety and environmental issues in all facilities in which Geox suppliers operate. In particular, this Code aims to promote fair working conditions and responsible management of social issues throughout the supply chain.

The Code of Ethics and the Suppliers' Code of Conduct are structured according to three main areas: human capital, health, safety and the environment and business conduct.

In order to be fully compliant to Geox values, the Group requires to all suppliers to formally accept both these Codes. Moreover, any violation of the principles set out herein constitutes a breach of contract and entitles Geox to terminate the contract in place.

## Supply chain profile

Over the years, Geox has rationalised its supply chain, in an effort to gain greater control over supply and develop stronger and more profitable synergies and partnerships with those who share the Company's values and expectations, also in terms of ethical and social standards.

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*).

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 refer to the production of apparel.

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, **more than 20.8 million shoes** were produced (SS18/FW18) across 40 production sites (Manufacturers) in 11 different countries. 90.1% were produced in Asia (Vietnam, Cambodia, Indonesia, India, Myanmar, China and Philippines) and 9.9% in Europe/North Africa (Serbia, Morocco, Spain and Italy).

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 (Vietnam, Indonesia, China and India), 0.8% in Turkey and 0.7% in Italy.

**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 aimed to 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 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.

Geox suppliers are involved in a structured **socio-ethical-environmental audit** program that aims to assess, among other things, the performance of suppliers in relation to human rights and ethics in conducting business. In the event that during these inspections detected areas of non-compliance were found, the supplier is required to define, after identifying the causes of what happened (Root Cause Analysis), a corrective action plan aimed at resolving these deficiencies .

In this case, the Group verifies that corrective measures are implemented by an agreed deadline through follow-up audits. Geox has a zero tolerance policy against major compliance breaches, which can lead to immediate contract termination. That being said, the Group is committed to raising awareness and driving continuous improvement within its supply chain.

In line with previous years, also in 2018, the audits were conducted by a qualified and experienced independent body to ensure maximum impartiality.

In particular, **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).

## **Ethical principles**

The principles that the Group is inspired by and constantly monitor are the following:

- **Protection of child labour**

Geox does not tolerate any kind of child labour in its supply chain. Suppliers must avoid any kind of child labour in their business activities in accordance with the founding rules of the ILO (International Labour Organization) and the principles of the United Nations Global Compact.

- **Refusal of forced labour**

Geox rejects all forms of exploitation of workers, as well as any form of abuse or psychological constraint of its workers. The suppliers of Geox undertake not to use forced, constrained or forced labour and not to resort to the voluntary work of prisoners.

- **Non Discrimination**

The fair treatment of all employees must be one of the fundamental principles of company policy. Discriminatory treatment takes into account - consciously or unconsciously - the irrelevant characteristics of an employee such as race, nationality of origin, sex, age, physical characteristics, social origin, disability, membership of a trade union, religion, marital status, pregnancy status, sexual orientation, gender identity, gender expression or any other illegal standard under the applicable law. Suppliers are required to ensure that their employees are not subjected to any kind of harassment.

- **Appropriate working conditions**

Geox promotes a work environment based on trust, dialogue and mutual respect and protects its workers by ensuring decent economic conditions and sustainable working hours. Geox suppliers undertake to ensure that no harsh and inhumane treatment is implemented in the workplace and that employees do not suffer harassment, sexual abuse, torture or corporal punishment, mental or physical constraints, verbal abuse, and - much less - the threat of applying such treatments. The working hours of supplier employees may not exceed the maximum limit set by national laws in force. Their salary must comply with current national legislation on wages and must ensure an adequate standard of living.

- **Freedom of association**

Geox employees have the right to choose to belong or not belong to a union or any type of organization of workers and to collectively negotiate. In accordance with local laws, suppliers must respect the right of their employees to associate freely, join trade unions, have representatives, join the workers' works councils and participate in collective bargaining.

- **Health and safety at work**

Geox takes a proactive role in maintaining a safe, healthy work environment by adopting high standards of protection and risk prevention. Suppliers are committed to protect employees from chemical, biological and physical hazards and from arduous tasks in the workplace, as well as from the risks associated with the infrastructures used by employees. A safe and

healthy work environment also provides for the presence of drinking water, adequate lighting, temperature, ventilation and sanitary facilities and, where possible, safe and healthy dormitory.

## **Risk assessment and due diligence**

Geox bases its activities taking into considerations the respect of human rights as an essential value of its culture and industrial strategy and works to manage and reduce potential risks through continuous monitoring of the supply chain.

In the last years, Geox placed particular focus on the identification and evaluation of the enterprise risks, as well as on the improvement of a system of procedures aimed at mitigating and managing the risks consistently with Group's objectives.

Specifically, in its relations with suppliers, Geox actively seeks to assess its ethical, technical and economic reliability. Moreover, for ethical issues, the maintenance of a supplier's qualification process is based on the collection of documents and declarations that ensure compliance with the law on remuneration, taxation, health and safety, the environment and human rights.

Geox's attention to ethical and social aspects along the supply chain starts from the supplier selection phase, continues in the contract definition phase with the acceptance of the Code of Ethics and the Supplier Code of Conduct and includes systematic awareness raising and on-site audits. Knowledge, sharing of best practices and inspection are crucial not only to limit risk situations, but also and above all to generate culture and foster responsible and sustainable growth of the business, to the benefit of the entire supply chain.

Moreover, recently Geox introduced a **Whistleblowing** platform, available to all stakeholders, managed by a specialized third party, which includes a dedicated online portal (website) and a telephone helpline, available in multiple languages (call center) with the purpose of receiving reports that may represent a violation of the above-mentioned Codes.

## **Human Rights training**

Geox pays particular attention to the process of continuous training of their employees. Specifically, in relation to the issue of human rights, production technicians are involved and periodically receive specific training in order to be able to monitor the application of the principles on site and to report any non-conformities. Furthermore, with the support of the independent third-party company appointed to carry out the audits, "training pills" are available in e-learning mode based on the non-conformities arisen during audits carried out in 2018 in order to support the supplier in defining precise corrective actions and facilitate its completion. All this with a view to co-evolution aimed at making suppliers being the driving force of local social and economic development.



## **Our Commitment for the future**

Geox will continue to monitor and improve the training process, procedures and activities to prevent any form of human rights violation and to ensure adequate protection of ethical principles, workers' rights and environmental protection within their business and their supply chain aiming to a continuous improvement.

This statement was approved by the Board of Directors of Geox UK Limited on the date 29/07/2019 and signed by

Livio Libralesso  
(Chairman of the Board of Directors)