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NON-FINANCIAL CONSOLIDATED
STATEMENT 2017

GEOX
R E S P I R A



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CHAIRMAN'S MESSAGE TO STAKEHOLDER





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 mission 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 believe that it is essential to apply ethical principles, 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 the quality of our products, to the environment and to people.

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 all aspects of everything that we do. The time has now come to collectively involve all of you, and we want to help transform our industry by using our first 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 you, our stakeholder.

Mario Moretti Polegato



THE GEOX GROUP

HISTORY

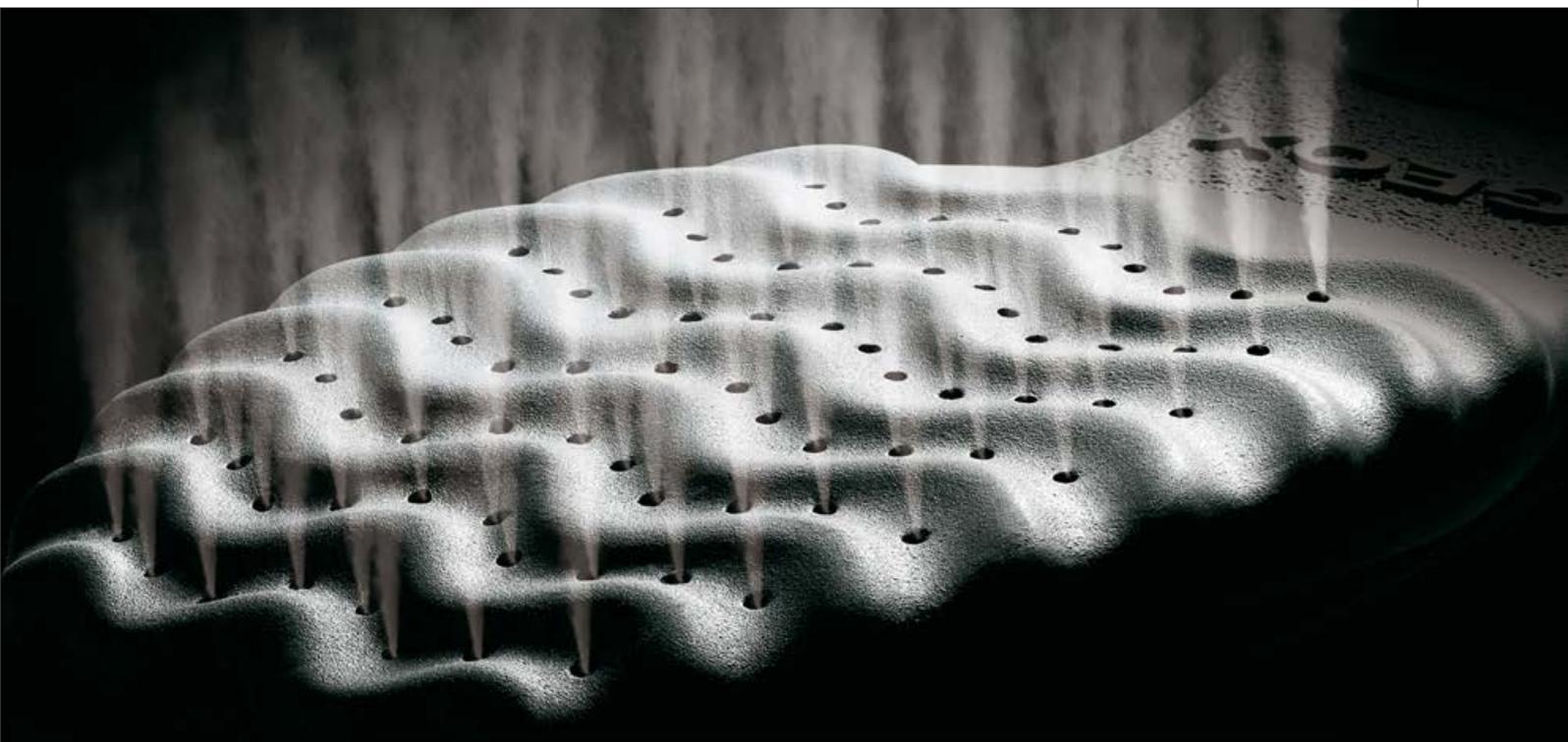
It was almost 25 years ago when Mario Moretti Polegato, founder and chairman of Geox, came up with the revolutionary idea of piercing the rubber soles of his shoes, allowing his feet to breathe during a trip under the hot sun of Reno, in Nevada. So, why not create a product that's as flexible and strong 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 39 patents and 10 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. In addition to this, there's the unique Xand cushioning system, the anatomical softness of Xense, Nebula's lightness and flexibility of use, the Side Transpiration System and the Net Breathing System, guaranteeing super-breathability across the entire surface of the foot.

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.



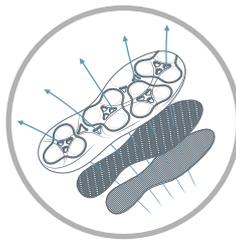
NEBULA™

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 Nebula™S and Nebula™X 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 technology™, and by their iconic 3D performance unit system, ensuring flexibility, cushioning, stability and grip.

DOUBLE FIT



LIGHTWEIGHT
& FLEXIBILITY

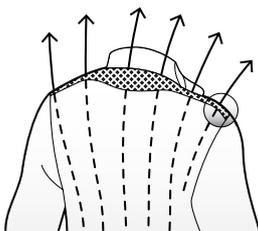


3D
BREATHABILITY



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 2017, Geox was present in approximately 10,000 wholesale selling points and 1,095 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
5,300 people

25 years
of history and
experience

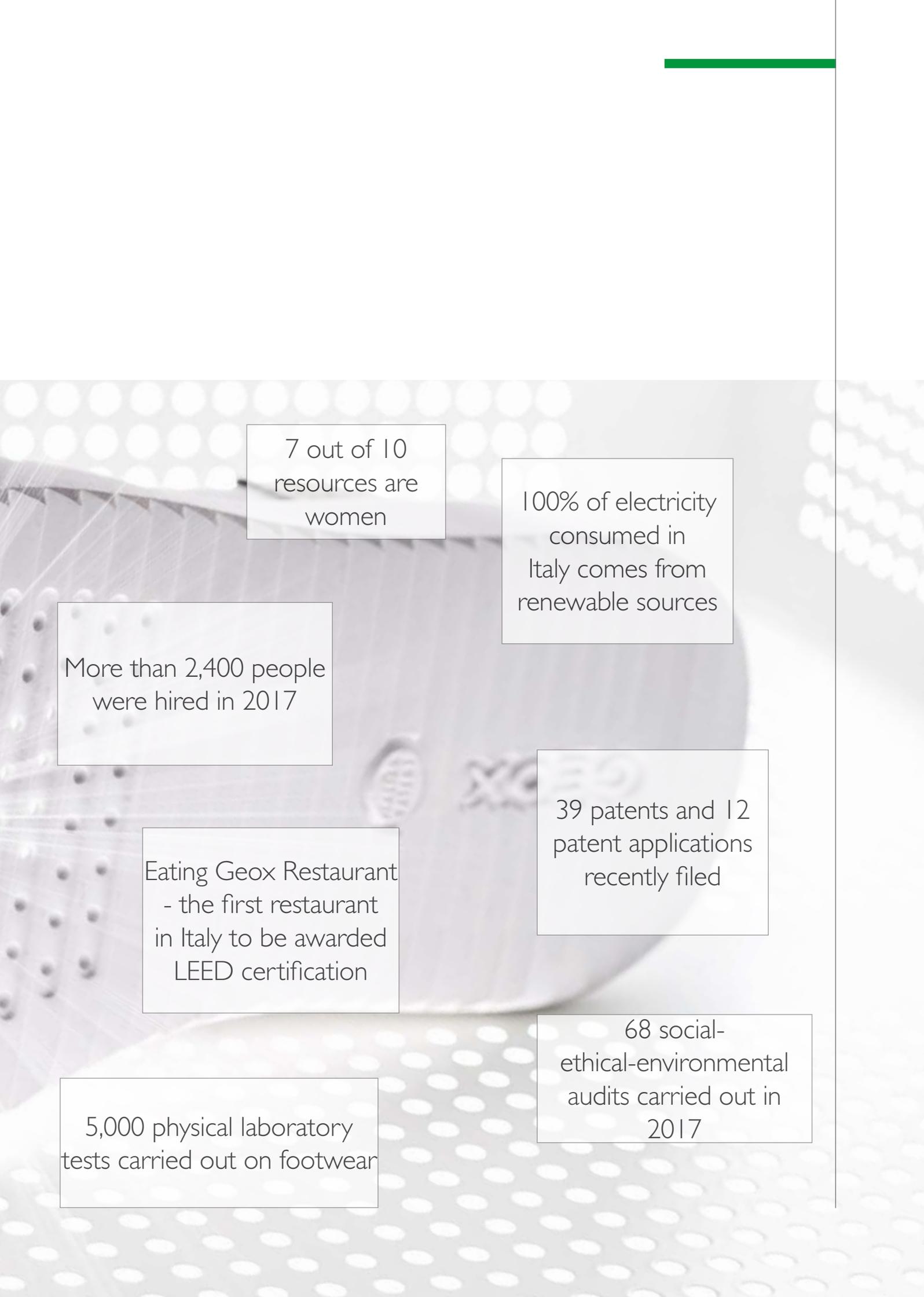
28 legal entities
throughout

\$2 mln invested in
Quality and Safety

Net sales of over €
884 mln in 2017

More than 1,000
Geox Shops in Italy
and abroad

In 2017,
682,000 new customers
signed up for Benefeet
for a total of 4.6 mln
registered
customers



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 2017

39 patents and 12
patent applications
recently filed

Eating Geox Restaurant
- the first restaurant
in Italy to be awarded
LEED certification

5,000 physical laboratory
tests carried out on footwear

68 social-
ethical-environmental
audits carried out in
2017

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 39 patents and 12 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 apparel, on the other hand, allows for the body's heat to escape naturally, thanks to a spacer and waterproof breathing tape in the shoulder section, 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, 2017).

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, 2017, Geox was present in approximately 10,000 wholesale selling points and 1,095 mono-brand “Geox Shops”, 439 of which are Directly Operated Stores (“DOS”) and 656 are franchises.

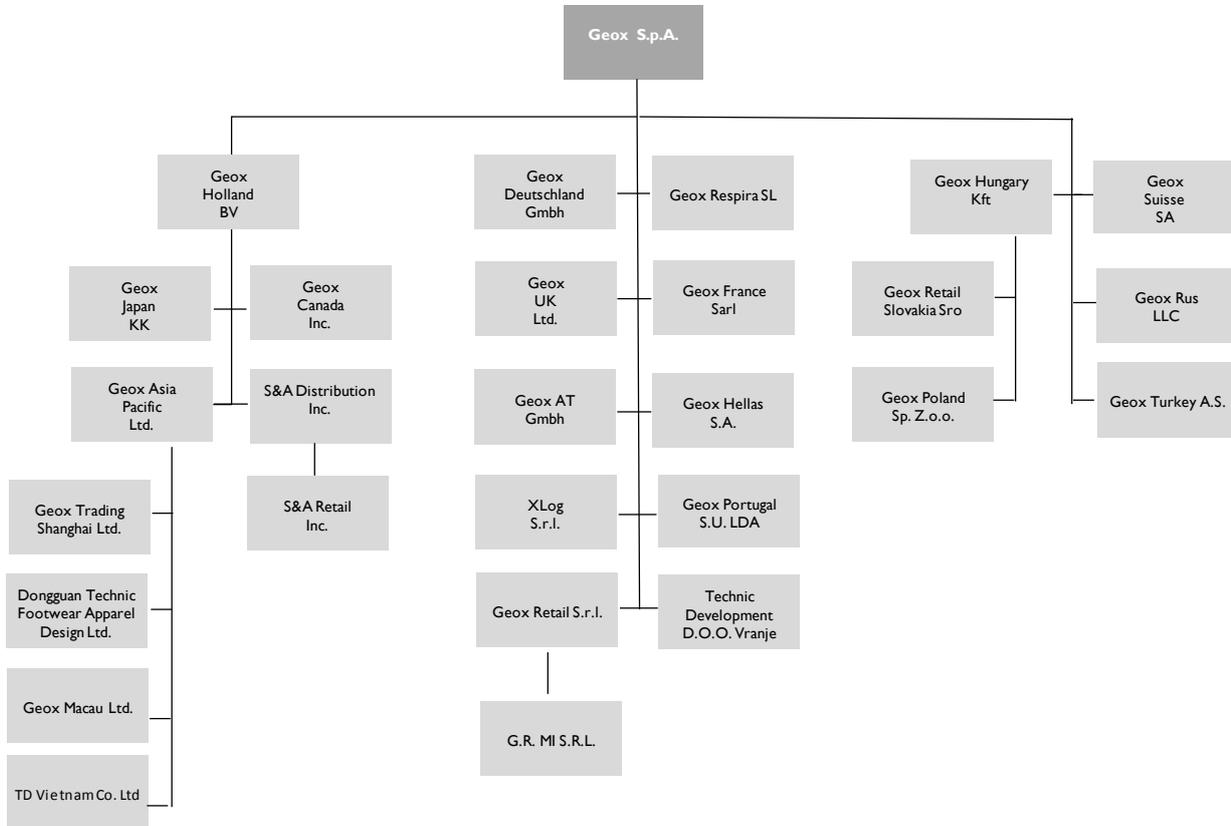


(*) Europe includes: Austria, Benelux, France, Germany, Great Britain, Iberian Peninsula, Scandinavia, Switzerland.

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.



Values and philosophy

Values

Geox was created from an innovative idea that aims to ensure quality and well-being. Here at Geox, we believe that it is necessary to apply ethical principles, and principles focusing on solidarity and environmental sustainability in order for our company, and indeed the world, to achieve long-lasting development. Just as we guarantee the quality of our products, we are also committed to ensuring that the thousands of people all over the world, who help to create, produce and distribute those products, receive fair pay and have their civil rights respected. We also undertake to ensure that our production processes are not only innovative but also sustainable and that they fully respect the health and safety of workers and ecosystems. Geox bases its success on the values that have been formalised in the Group's Code of Ethics, which is shared with all company officers, employees and external collaborators:



DILIGENCE

INTEGRITY

CONCRETENESS

TRANSPARENCY

RESPONSIBILITY

FAIRNESS

HONESTY

BELIEVING IN ONE'S OWN IDEAS
AND INNOVATIVE PROJECTS

IMPARTIALITY

SERIOUSNESS

ENTHUSIASM AND DYNAMISM

ENVIRONMENTAL PROTECTION

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
Chairman of Geox S.p.A.





Geox owes its success to a number of strengths that, when combined, really make the company stand out in the Italian and global footwear industry.

TECHNOLOGY

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

CUSTOMER FOCUS

“Cross-market” positioning of products, with a vast range of footwear for men, women and children, in the market's large medium and medium/high price segment (family brand).

BRAND RECOGNITION

Strong recognition of the Geox brand thanks to an effective marketing strategy and customers identifying the brand with the concept of “letting you breathe”.

DISTRIBUTION

A network of mono-brand Geox stores that has been developed according to each country's distribution structure and coordinated with the widespread network of wholesale clients. The goal of both networks is to optimize market penetration and, at the same time, promote the Geox brand to the end consumers in a coherent way.

SUPPLY CHAIN

A flexible business model based on delocalization and outsourcing, able to efficiently manage the production and logistics cycle, while the Company continues to oversee the critical phases of the value chain in order to ensure product quality and timely deliveries.

Strategy

Geox Group's strategic plan, focused on sustainable and profitable growth, is based on several key elements, including:

PRODUCT INNOVATION

Product innovation is fundamental for the consolidation of Geox's competitive advantage. In particular, the Group aims to constantly strengthen its competitive advantage which comes from the uniqueness of the product and the innovation applied to both footwear and clothing, leveraging on the strengths that have always distinguished the Group, first and foremost the well-being created by breathability.

INTERNAZIONALE EXPANSION

Geox Group is focused on well-balanced sales from a geographic point of view, focusing on "core" markets and developing new markets with high growth potential.

SALES CHANNELS

The Geox distribution channel is focused on:

- sustainable growth in the wholesale channel, mainly through the specialization of the sales force, increased market penetration and increasing the loyalty of wholesale customers, by using the "corner" and "shop-in-shop" format;
- rationalization and development of the retail channel, closing stores that are not in line with the expected standards of profitability and opening new stores with strict profitability criteria;
- growth of the e-commerce channel which has significant growth potential.

PRODUCTS AND SUPPLY CHAIN

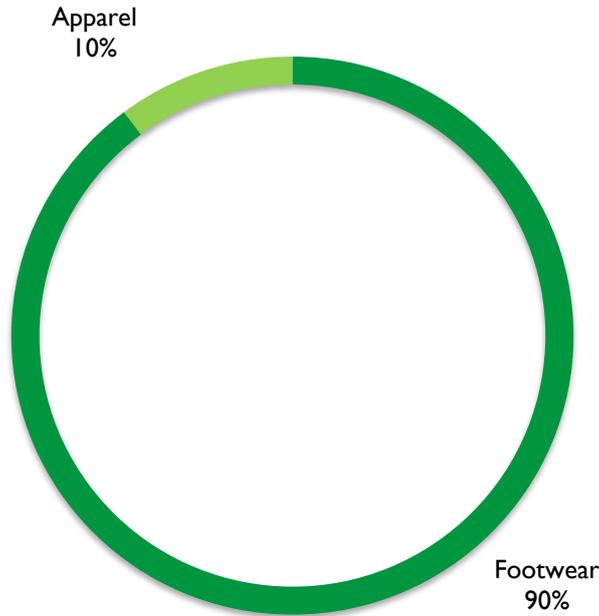
With regard to the management of production processes, Geox has the objective of:

- monitoring processes and the various stages of production with a view to continuously improve delivery times and quality;
- implementing projects to improve the efficiency of the supply chain;
- reducing the complexity of the product range, with regard to both footwear and clothing, and developing new products;
- improving company processes in order to reduce structural costs and increase Group profitability.

Economic performance: creating value for stakeholder

Consolidated sales reached Euro 884.5 million in 2017, substantially in line with the previous year, with the growth of the wholesale channel partially compensating for the planned rationalization of the mono-brand store network.

Footwear sales represented 90% of consolidated sales, amounting to Euro 796.7 million, with a decrease of 2.3% compared with 2016. Apparel sales represented 10% of consolidated sales, amounting to Euro 87.9 million compared with Euro 85.2 million in 2016.

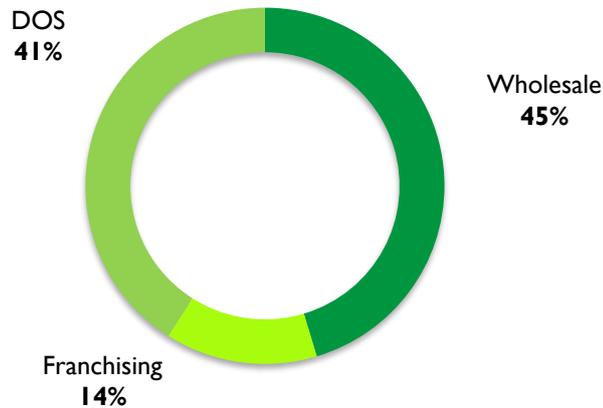


Sales generated by wholesale stores, representing 45% of Group sales (44% in 2016), amounted to Euro 401.0 million, in line with expectations. This reflects the substantially stable performance in Italy and the rest of Europe and the double-digit growth recorded in Russia, Eastern Europe and China and by the e-commerce channel.

Sales generated by directly-operated stores, DOS, representing 41% of Group sales, declined to Euro 362.1 million. This trend is due to the planned optimization of the store network mainly in Europe and the expansion in more dynamic countries such as Russia, Eastern Europe and China (-16 net closures), as well as to the stable like-for-like sales recorded by stores that had been open for at least twelve months.

Sales of the franchising channel, which account for 14 % of Group sales, amounted to Euro 121.4 million, reporting a decline of 9.8%. This trend reflects the dynamics reported above, with performance of the franchising channel also being explained by the planned store network rationalization (62 net closures) and the slight decline in like-for-like sales in stores that had been open for at least twelve months.

Sales by type of store



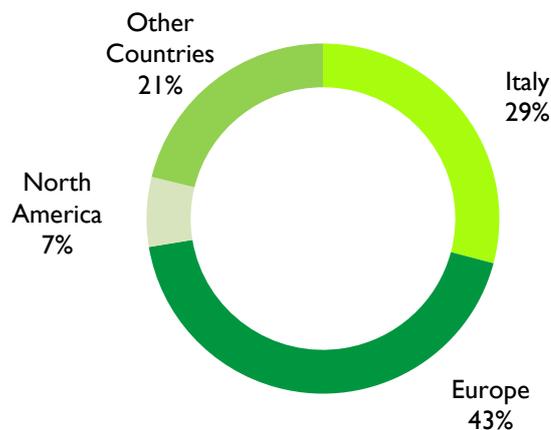
With regard to the breakdown of sales by region, those generated in Italy, representing 29% of Group sales (30% in 2016), amounted to Euro 257.5 million, compared with Euro 270.1 million in 2016. This trend is mainly due to the planned rationalization of the mono-brand store network (-48 net closures) and to the slight decline in like-for-sales recorded by directly operated stores. The wholesale channel, on the other hand, remained in line with the previous year.

Sales generated in Europe, equal to 43% of Group sales, amounted to Euro 382.9 million, compared with Euro 396.6 million in 2016. This 3.4% decrease is mainly due, as is the case in Italy, to the planned rationalization of the mono-brand store network (-36 net closures), the slight increase in LFL sales recorded by directly operated stores and stable sales performance in the wholesale channel.

North American sales amounted to Euro 56.9 million, down 6.2% due to the performance on the Canadian market, the stable like-for-like sales recorded by directly operated stores, and the 6 net closures completed.

Sales in Other Countries reported an increase of 8.0% compared with 2016, showing positive performance in both the wholesale and DOS channel, with particularly strong growth in Russia, Eastern Europe and China.

Sales by region



EBITDA amounted to Euro 64.0 million, equal to 7.2% of sales, compared with Euro 47.6 million in 2016 (equal to 5.3% of sales).

The Group balance sheet shows a negative financial position of Euro -5.4 million strongly improving from Euro -35.9 million as of December 31, 2016, after fair value adjustment of derivatives, which negatively affected 2017 for Euro -20.5 million (+15.7 million as of December 31, 2016). This result is mainly due to the improvement in profitability and the strict control over net working capital, in particular the reduction in inventories.

Over the course of the year, capex of Euro 30.8 million were made, in line with the previous year. The investments mainly regarded the opening and revamp of Geox Shops (Euro 16.4 million), industrial machinery and equipment (Euro 3.4 million), the logistics plant in Signoressa (Euro 3.1 million) and IT (Euro 6.7 million).

The economic value generated and distributed represents the company's potential to create wealth and share it among its stakeholder. In 2017, Geox Group generated an economic value equal to Euro 932,171,672.68. The economic value distributed by the Group was equal to Euro 888,126,591.27. 95% of the economic value generated by the Group was distributed to stakeholder, both internal and external, with the remaining 5% being kept within the Company.

ECONOMIC VALUE GENERATED AND DISTRIBUTED (Euro/000)

	2017
Economic value generated by the Group	932.172
Sales	884.529
Other income	42.922
Finalcial income	7.374
Value adjustments to financial assets	-
Write-down of receivables	(2.402)
Exchange rate differences	(253)
Income/expenses from the sale of tangible and intangible assets	-
Value adjustments to tangible and intangible assets	-
Economic value distributed by the Group	888.127
Operating expenses	713.770
Remuneration for collaborators	146.881
Remuneration for lenders	10.514
Remuneration for investors	5.184
Remuneration for public administration ¹	11.367
Community (*)	410
Economic value kept within the Group	28.662
Amortization and depreciation	(33.846)
Other reserves (dividends)	5.184
Reserves	15.383

(*) 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 include deferred taxes.

Responsible Governance



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 2015), 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 and Risk 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.

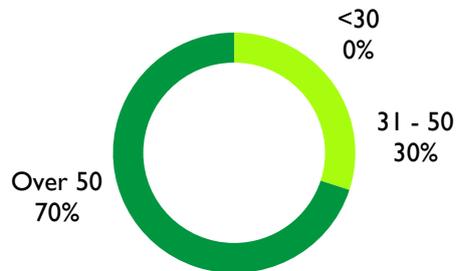
Please note that, as of the date of the present Statement, following the resolution passed by the Board of Directors on January 18, 2018, the Audit and Risk Committee has also been given the specific task of supervising sustainability issues, in line with the recommendations of the Corporate Governance Code. As a result, the name of this Committee has been changed to "Audit, Risk and Sustainability Committee".

- The **Shareholders' Meeting** expresses the will of the company by passing resolutions in ordinary and extraordinary meetings. 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 10 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 19, 2016, its composition has changed following the co-optation of Matteo Mascazzini as Chief Executive Officer on February 1, 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 31.12.2017:

Mario Moretti Polegato	<i>Non independent</i>	<i>Chairman, Executive director</i>
Enrico Moretti Polegato	<i>Non independent</i>	<i>Vice Chairman, Executive director</i>
Gregorio Borgo (*)	<i>Non independent</i>	<i>Chief Executive Officer, executive</i>
Claudia Baggio	<i>Non independent</i>	<i>Non-executive director</i>
Alessandro Antonio Giusti	<i>Non 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>
Manuela Soffientini	<i>Independent</i>	<i>Non-executive director</i>
Ernesto Albanese	<i>Independent</i>	<i>Non-executive director</i>

BoD composition by age range



BoD composition by gender



(*) On January 18, 2018, the Board of Directors of Geox S.p.A. acknowledged the resignation of Mr. Gregorio Borgo as Chief Executive Officer with immediate effect, and his resignation as an employee with effect from January 31, 2018. On the same date, the Board of Directors of Geox S.p.A. appointed Mr. Matteo Mascazzini as Board member, with the favourable opinion of the Board of Statutory Auditors. In the subsequent meeting held on February 1, 2018, the Board of Directors acknowledged the acceptance of Matteo Mascazzini as a member of the Board of Directors and subsequently appointed him as the Company's new Chief Executive Officer and Executive Committee member.

- 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
Gregorio Borgo (*)

(*) In the meeting held on February 1, 2018, the Board of Directors appointed Matteo Mascazzini Chief Executive Officer and member of the Executive Committee.

- The **Audit and Risk 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 articles 7.C1 and 7.C.2 of the Corporate Governance Code. Please note that, as of the date of the present Statement, following the resolution passed by the Board of Directors on January 18, 2018, the Audit and Risk Committee has also been given the specific task of supervising sustainability issues, in line with the recommendations of the Corporate Governance Code. As a result, the name of this Committee has been changed to “Audit, Risk and Sustainability Committee”.

Audit and Risk 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 2015 and approved by the Board of Directors on November 12, 2015.

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 reappointed on April 19, 2016, in compliance with the new Code of Ethics adopted by the Board of Directors on December 20, 2012, called the "Ethics and Sustainable Development Committee". As Prof. Joaquin Navarro-Valls passed away on July 5, 2017, this Committee is currently made up of Dott. Mario Moretti Polegato, Ing. Umberto Paolucci and Avv. Renato Alberini. The aim of this Committee 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

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 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 board of statutory auditors:

- gender diversity, meaning a balanced representation of men and women;
- 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 board of statutory auditors 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 System and Risk Management

The Internal Control System and Risk Management 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 faced by the Company. This process also helps the business to be run in a way that is coherent with the company's goals, with a view to the medium and long-term sustainability of Company activities, ensuring that company assets and the efficiency and effectiveness of business processes are safeguarded. The Internal Control System and Risk Management is used to formulate strategies throughout the organisation, and is also designed to identify the potential events that may affect company activities, to manage risk within the limits of what is classed as acceptable risk, and to provide a reasonable degree of certainty that company objectives will be met, such as reliability, precision, trustworthy information being promptly provided to company bodies and to the market, and compliance with the law and regulations, as well as 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 stakeholder perceive the work carried out by Geox.

The **key players** in the Internal Control System and Risk Management are as follows:

- the Board of Directors;
- the Audit and Risk Committee;
- the Director in charge of supervising the correct functioning of the Internal Audit and Risk Management System;
- the Board of Statutory Auditors;
- the Independent Auditor;
- the Supervisory Board;
- the Group's Internal Audit Department;
- the Financial Reporting Manager pursuant to art. 154-bis of the TUF (*Italian Consolidated Law on Finance*).

The **main risks** identified by 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 the 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, environmental risks, risks linked to the administrative liability of legal entities pursuant to (Italian) Legislative Decree no. 231/2001, etc.

For further information regarding the Internal Control System and Risk Management, please refer to the Report on Corporate Governance and Ownership Set-Ups 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 addresses 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 child labour, 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 stakeholder 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 its various stakeholder, 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 stakeholder adhere to Geox's values, the Group requires all suppliers with whom it works on a continuous basis 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 following sections of the present document for more information on the commitments, policies and approaches contained in the Code of Ethics.

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 Audit and Risk Management System and of the Group's corporate governance framework. Legality, honesty, integrity, correctness and transparency are some of the general principles that form the basis of the Group's Code of Ethics and how company activities are run.

Geox Group's approach to preventing and combating corruption is 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.

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 Audit 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, the Addressees 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.

The Model 231 is part of Geox S.p.A.'s wider corporate governance policy, which is attentive to ethical principles for company management, and is made up of a set of rules and principles of conduct, operating procedures and disciplinary sanctions, aimed at preventing offences from being committed and at guaranteeing ethical conduct by all those who operate on behalf of the Company, respecting the principles of legality, correctness and transparency. Geox's Model 231 was fully updated in 2015 following a process of risk assessment, which identified the sensitive processes according to the Decree and included the latest types of offences to be introduced by the legislation.

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.

In order to monitor and prevent the risk of corruption, Geox Group has also adopted specific procedures, 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 that 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, Organization 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. Over the course of 2017, Geox provided 105 hours of specific training to ensure that employees know about applicable legislation and the Company's Model 231.

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. During 2017, there were no cases of corruption within the Group.

Moreover, the administrative bodies (e.g. the Board of Directors, Internal Audit, Risk and Sustainability Committee, etc.) tasked with assessing the Internal Audit and Risk Management System, with the support of the Group's Internal Audit Department, consider the risk of corruption to be a contributing factor to the more general risk of fraud (internal/external) as part of their periodic company risk assessment activities.

The roadmap towards sustainability

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

In order to ensure that sustainability issues were managed properly, Geox established an Ethics Committee on December 9, 2005, which was subsequently renamed in 2012 after the Code of Ethics was updated, 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 it is 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 recent legislation regarding non-financial information (Italian Legislative Decree no. 254/2016).

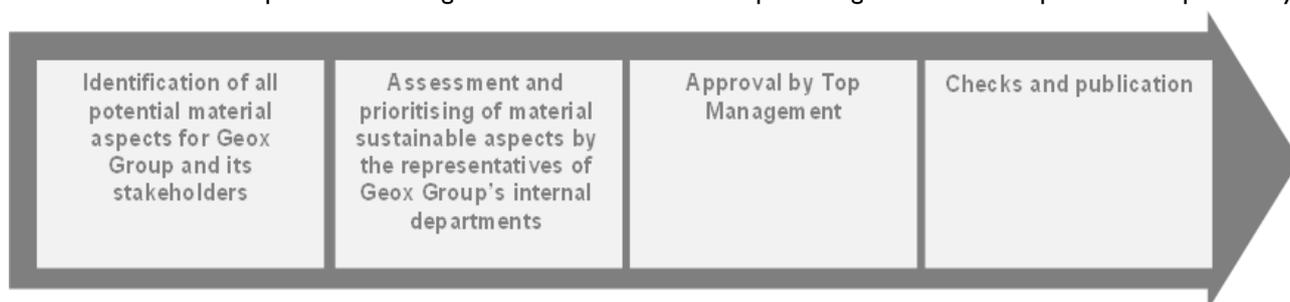
The Internal Audit department manages and coordinates the areas of Corporate Social Responsibility, together with the other Group structures involved, for whatever reason, in the various activities.

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 stakeholder. 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:



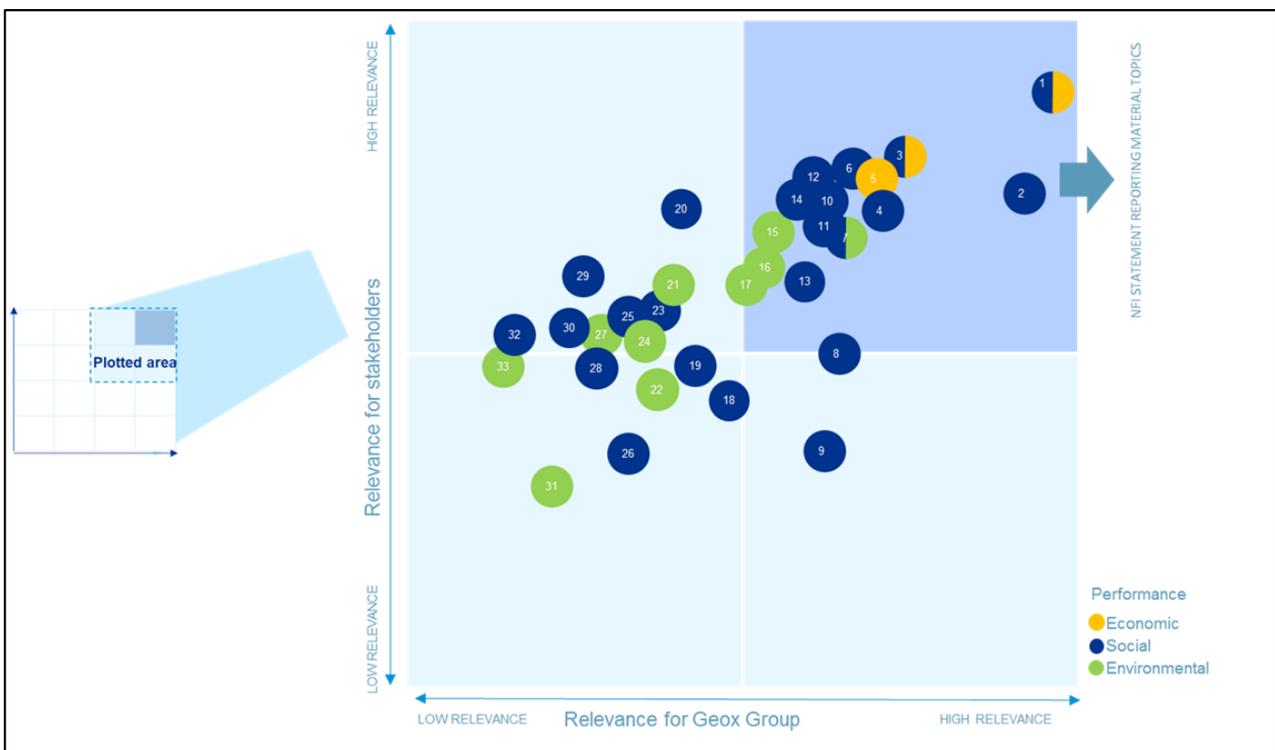
During the **identification phase**, potential material issues were selected by analysing various sources. The main sources used were:

- the GRI Standards (guidelines for sustainability reporting), and the provisions of the 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. 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 stakeholder. In fact, during this initial materiality analysis, the representatives who are in daily contact with the various stakeholder also represented the perspective of said stakeholder. 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. This process of analysis and assessment flagged up 33 issues, 17 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.



NFI STATEMENT REPORTING MATERIAL TOPICS

The table below presents the most significant issues for Geox and its stakeholder, 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	Engaging, listening to and satisfying customers and providing an excellent service	28	Attracting and developing talent
13	Engagement 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, and therefore are reported on, are highlighted in blue).

Stakeholder engagement

Geox Group's responsible approach to its social setting can be seen through the relationship it has with its stakeholder, a relationship based on constant dialogue and active engagement. The Group pays a lot of attention to its relationship with stakeholder, 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 stakeholder 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 engagement, representing opportunities for mutual growth and development, are essential in order to create value in the long term.

In 2017, Geox 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.

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

STAKEHOLDER	INTERACTION TOOLS AND CHANNELS
People	<p>Ongoing dialogue and feedback with the HR, Organization and Corporate Services department</p> <p>General analysis of resource requirements and training needs</p> <p>Development of a structured training system (Geox Learning System) Induction programmes for new recruits</p> <p>Regular Performance & Behaviour Education meetings to discuss professional growth paths, set targets and assess personal performance</p> <p>Company welfare initiatives Company intranet</p> <p>Internal newsletter</p>
Trade unions, employee representatives	<p>Regular meetings with trade union representatives</p>
End customers and wholesale clients	<p>Interaction with sales staff in-store and online</p> <p>Benefeet loyalty scheme</p> <p>Customer service department</p> <p>Company website, social media, e-mails, post and dedicated freephone number</p> <p>Newsletters</p> <p>Meetings</p>
Suppliers, laboratories and 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>Investor Day</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 Dedicated appointments</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>Working together on social actions or projects (“Telefono Azzurro” helpline for children and youngsters)</p>

Supporting social initiatives Relations with academia and schools Company visits
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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.
- Unindustria Treviso: association representing industrial companies in the province of Treviso. It is one of Italy's largest associations in terms of the number of members (more than 2,500 companies) and is in turn a member of the Confindustria System.
- University Cardenal Herrera: private university in Valencia which is part of the CEU Foundation.
- European Patent Office: European patent office, part of the European Patent Organisation, which 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" issued 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 Shwab. 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.

Product



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**.

In fact, Geox wants to achieve **responsible innovation**, ensuring that the innovative solutions of today don't create problems for the future. 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 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. For example, some new models, inspired by athletic shoes and with a dynamic and sophisticated design, have taken the traditional concept of breathability one step further. The exclusive *Net Breathing System* technology and the innovative *Inner Breathing System*, created using an interior lining with spacers that create free space between the foot and the upper, ensure exceptional breathability for the entire foot, in every direction. The technological innovations used for the Amphibiox range are another example: a breathable and waterproof membrane is present not only in the sole, but also in the upper part of the shoe, making it water resistant and breathable all over.

Geox's technological innovations are protected by some 39 patents and 12 patent applications, filed in Italy and extended internationally.

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 (forms and soles). More specifically, a structured-light 3D scanner has been purchased that can measure the volume of the forms 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 forms and 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**, Geox studied a dynamic breathability system during 2017, 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.

Research, continually coming up with new ideas and implementing innovative solutions play a significant role in the Group's strategy. This is because product innovation is key in order to consolidate Geox's 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, the **Innovation, Research and Development Department** is made up of three teams: Footwear Innovation, Apparel Innovation and Research & Development. These teams 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 Department, market requirements are discussed 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 Management 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. New models normally represent around 70% of the collection, with ongoing models accounting for the remaining 30%.

**As of 2017,
39 patents and
12 patent
applications have
been filed**

The **Research & Development** team 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. This team's objective is to ensure:

- the continuous development and implementation of breathability systems (Respira™) in all their product applications;
- the research and validation of new technologies and new materials that can be used for both footwear and apparel products;
- that Geox maintains its technical expertise in defining the standards, specifications and procedures required to develop, and control products and processes;
- support for 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, Nebula™, NEW:Do™);
- support in defining the structures and procedures for assembling and sealing the sole-membrane system for footwear;
- support in identifying the state of the art relating to new products for their patentability or freedom of execution;
- support in drawing up, reviewing and obtaining patents and in defending 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 role of these teams 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 latest needs of the company or the market, through new solutions and technologies which may be patentable.

The following activities have been carried out in the field of **product innovation**: *Fresh in motion*, a technology aimed at improving levels of comfort during the hottest times of year through a natural ventilation system for both footwear and apparel. This will be launched as a capsule in the SS19 collection; *Air Footbed* which includes the production engineering of two new types of insole using the Respira™ technology, allowing for greater breathability.

These insoles are removable, and one is a "memory air" product allowing for even greater comfort. Lastly, the results of the project relating to a new patent application entitled "breathable garment and breathable insert for garments" were validated, which will be launched with a capsule in the SS18 collection.



In 2017, 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 technology used for apparel was redesigned in 2017 to improve it further and meet new market requirements in terms of lightness, wearability and comfort. The related production process for the “breathable garment and breathable insert for garments” was automated, going from 30 down to just 2 manual stages for the new patent. This made it possible to confirm up to 40% more breathability compared to a traditional garment

Furthermore, Geox’s **awareness** towards **sustainability** issues led the company to pay increasing attention to using fewer resources and designing shorter processes that consume less energy. In this context, the Research & Development team is implementing research programmes in order to create **footwear** with recycled materials, such as the project to make uppers out of recycled leather. This team is also implementing programmes to simplify shoe structures.

With regard to the **apparel** sector, on the other hand, in addition to the simplification of processes, Geox is also focusing on the progressive elimination of perfluorocarbons (PFCs) from the finishes and membranes applied to its garments. In particular, with regard to the water resistance of garments, alternative, PFC-free membranes are currently being tested that guarantee an effective water barrier at the same time as allowing full breathability. This technology will be inserted in a capsule in the SS18 collection. Furthermore, the PFC-free water resistance treatments being studied would allow for easier and more sustainable maintenance of the garment over time (due to the lower consumption of detergents). One of the various alternatives to fluorinated compounds is Plasma technology, which creates an invisible and waterproof coating on the garment’s surface that does not rub off. Over time, this technology would make the production process more environmentally friendly as well as offering the benefit of being able to control the process electronically, helping to increase production automation.

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 products and the 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.



Geox's sustainable innovation philosophy is perfectly expressed in the NEW:DO™ footwear range, representing a revolution in terms of style and production. Every aspect of this shoe, from its design right through to the materials used, has been designed to guarantee and optimise product sustainability. Some of its unique features include: its breathable sole made from natural rubber that's 100% recyclable, metal-free leather, the use of natural waxes, and a simplified design in terms of the number and types of components required. More generally, in order to make its production processes more efficient and reduce their environmental impact, Geox Group also reuses its manufacturing scraps: on average, all soles contain at least 5% of recycled material, and even the waste materials that are no longer suitable for the production process are put to good use by companies specialised in their recycling.

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 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. In fact, 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 Manufacturer Agreement includes both Attachment L regarding physical-mechanical requirements and the RSL (new version 4.0 dated 2017), and the Quality Control Manual. The requirements imposed by the Manufacturer Agreement (in force for FW18) include, for example, slip resistance, the commitment to eliminate the use of nails and staples as part of insole assembly, and the resistance of small parts in products for children aged between 0 and 36 months.

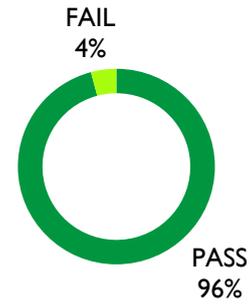
In fact, Geox asks its production partners to respect the limits of the RSL (Restricted Substances List) and to operate in full compliance with applicable international legislation regarding dangerous or potentially dangerous chemical substances, including the European REACH regulation. Documents have been drawn up containing the RSL and physical-mechanical requirements for raw materials and finished shoes, apparel and accessories. These documents are used during the research for materials and production phases. To this end, the chemical-physical requirements have been included in the Manufacturer Agreement, which must be signed by all finished product suppliers.

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:

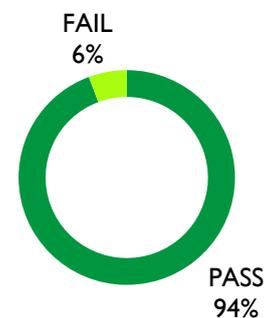
- to work closely with suppliers of raw materials and finished products and with external certification laboratories;
- to collect and assess the chemical-physical tests carried out by suppliers on raw materials;
- to manage the chemical-physical tests on raw materials and the chemical tests on finished 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. Geox has planned its investment in tests for the SS17 and FW17 seasons, with an objective of 2,000 finished product test reports for SS17, and 3,200 raw materials tested for the SS17 and FW17 seasons. In 2017, Geox with external partners invested more than USD 2 million in the quality and safety of its shoe products. Furthermore, approximately 5,000 physical laboratory tests were carried out in-house, directly testing the water resistance of around 400 pairs of shoes and assessing the breathability of approximately 360 pairs (SS17 and FW17 seasons). Tests to measure the slip resistance of soles on various types of surfaces involved around 90 different models. 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.

KID Footwear Test SS17

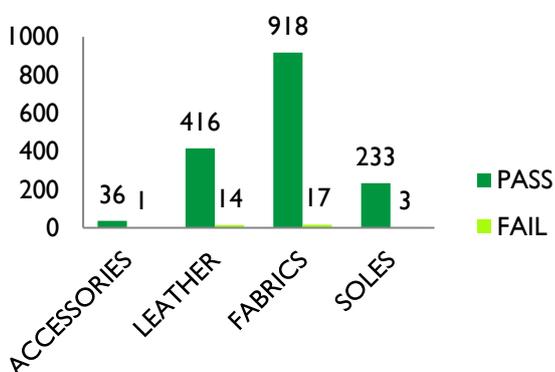


ADULT Footwear Test SS17

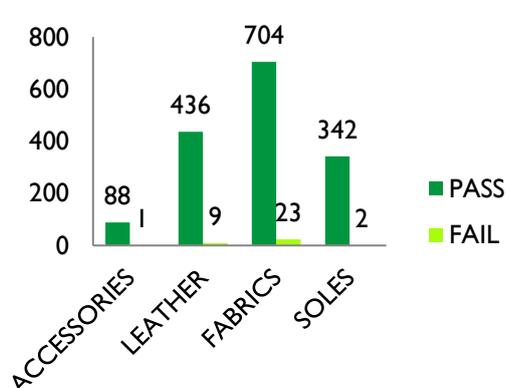


Over \$ 2 million invested in Quality and Safety

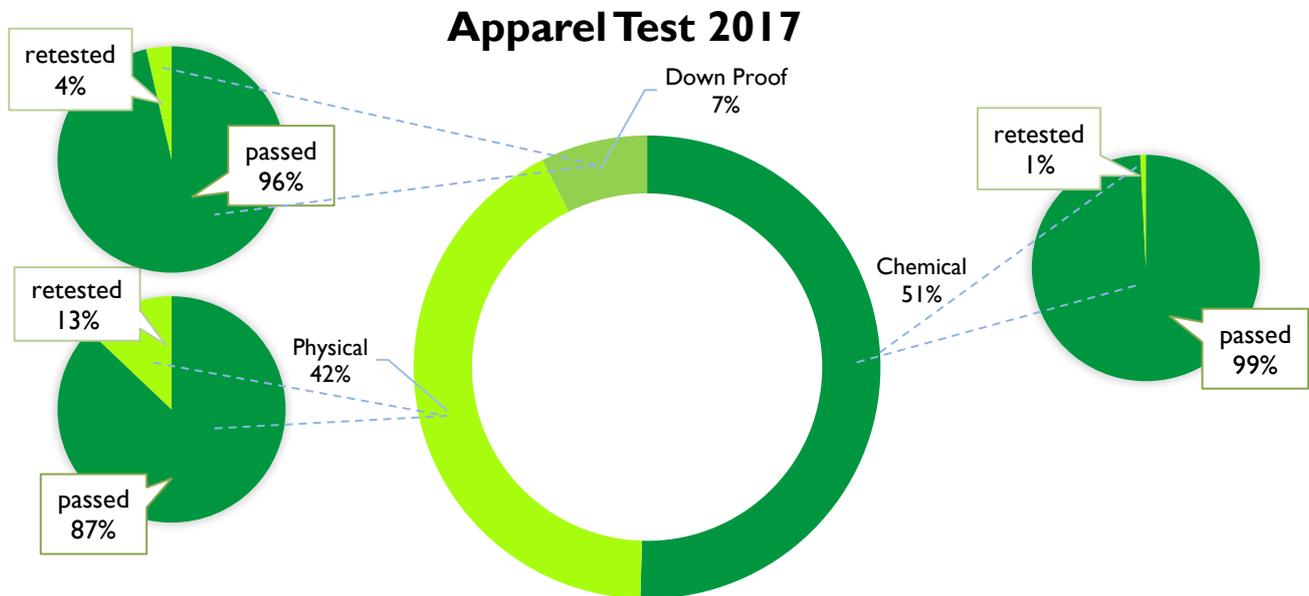
Material Test FW17



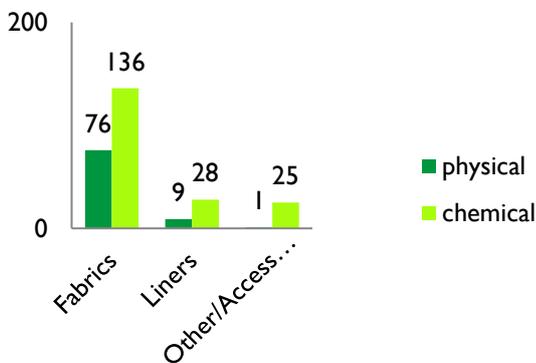
Material Test SS17



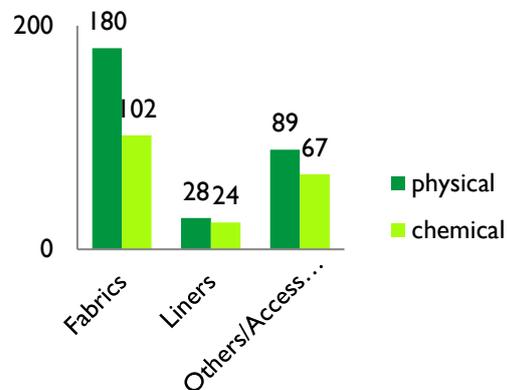
Chemical and physical tests on clothing products are instead managed by the **Apparel Business Unit**. With the support of a third-party company, Geox carried out a total of 319 physical tests, 382 chemical tests and 56 down proof tests in 2017. The below diagram shows the apparel tests carried out in 2017 broken down by type, with details of successful tests and retests.



Material Test SS17



Material Test FW17



Additional 451 tests were also carried out directly by suppliers with the support of a third-party company, of which 189 were physical tests for the SS17 collection and 262 were physical tests for the FW17 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 is experimenting with a new type of light tanning, already 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 2017, research began 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.

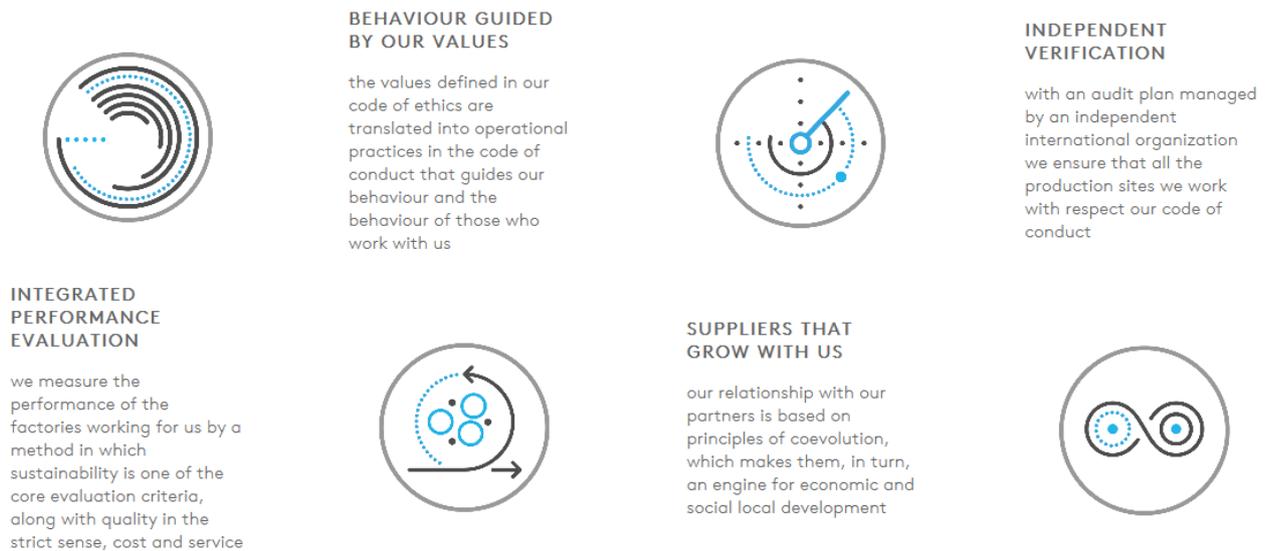
Geox's ongoing commitment to health and safety is also confirmed by the fact there were no cases of nonconformity with applicable product health and safety regulations during 2017. Furthermore, with the aim of further improving customer satisfaction, a new monitoring system for returns and complaints will be 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



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, in any case, 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 Geox's 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);
- indirect suppliers, meaning appointed suppliers of raw materials (leather, packaging, soles, accessories, fabrics / synthetic and membranes);
- other suppliers (known as subcontractors).

The manufacturers, meaning the direct suppliers, also 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. 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.

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.

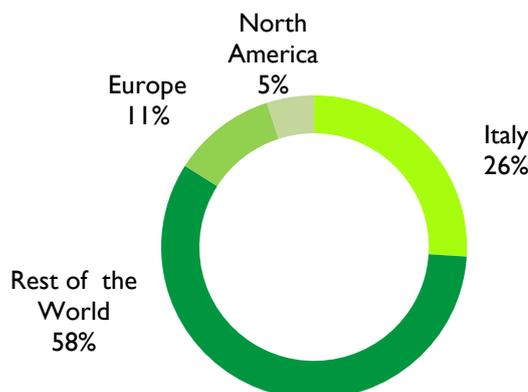
Indirect suppliers include the tanneries, sole factories, suppliers of fabrics and suppliers of packaging and metal accessories. In addition, there are also the 217 suppliers for the Serbian factory in Vranje, of which finished product, raw materials, work, transport and portering services and various materials.

With regard to the production of shoes, 87.3% are produced in Asia and 12.7% in Europe/North Africa.

With regard to the apparel business unit, approximately 48% of garments are produced in China, with the remaining part being produced in Southeast Asia.

In order to mitigate the business risk potentially arising from the creation of 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 countries in which the Group operates. More specifically, with regard to the distribution of turnover by geographic area, 5% was allocated to North America, 11% to Europe, 26% to Italy and 58% to the rest of the world.

Sales by region



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.

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 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 and Suppliers' Code of Conduct. Each supplier is also asked to ensure respect for basic human rights and the principles of equal treatment and non-discrimination, as well as the prevention of child labour and forced labour.

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 “Authorized 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 are 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 that are judged to be of greater risk, a preventive audit may be required.

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 22 KPIs. Performance is discussed with the supplier on a yearly basis and the “Best Factory Awards” are assigned. Suppliers are involved in the 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

In addition, Geox trains the process and quality technicians to ensure that ethical principles are correctly monitored, and human rights and health and safety procedures are duly respected in the work place during their continuous visits to suppliers. In fact, 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 its 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.

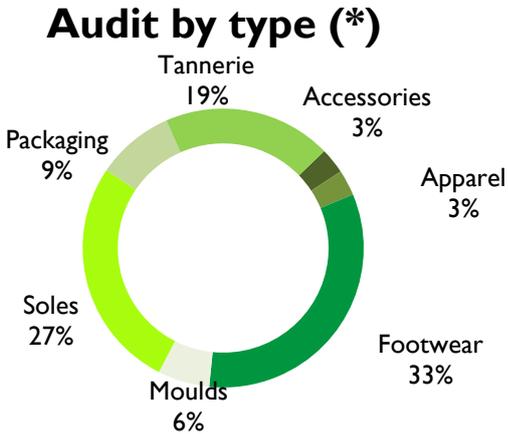
Nel 2017

68 Social Ethical Audits were carried out

Three macro areas are assessed as part of the audit: human capital (meaning the social impact of business activities, such as the respect of human rights and the rights of workers), health and safety and the environment. The audit is made up of a total of 338 questions. These questions are defined on the basis of the Workplace Conditions Assessment (WCA) programme coordinated with the Suppliers' Code of Conduct. 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. In 2017, Geox 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. With a view to providing the supply chain with ongoing and increasing support, operating manuals on health and safety procedures are provided in line with the OSAHS 18001 certification process, which is currently underway at the company's factory in Serbia. 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 and with the support of production and quality technicians who are present at the supplier's premises, 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). If the factories are not able to independently manage the non-conformities flagged up during the audit activities, then they shall be asked to turn to external consultants for support.

In 2017, **68 social-ethical-environmental audits were carried out, of which 50 normal audits and 18 re-audits**, which involved 64 suppliers broken down between suppliers of footwear, apparel, tanneries, packaging, accessories, moulds and soles.



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. The audits carried out in 2017 involved, in order, direct suppliers (manufacturers) to cover supplier turnover, tanneries, soles and moulds, packaging and accessories. With regard to audit results, 78% of suppliers received a positive result, with areas of improvement being found in the remaining 22% of cases. There have nevertheless been continuous improvements over the years with regard to the management of aspects covered by the audit activities. This is thanks to the continuous improvement measures that require each supplier to implement a plan of corrective actions in all areas where issues have been flagged up. In the majority of cases, significant improvements were found during the Re-Audit phase.

(*) Percentages calculated on the total of 68 social-ethical-environmental audits, of which 50 audits and 18 re-audits.

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 sharing 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.

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. Every six months, strategic meetings are also organised with managers in order to discuss future business opportunities and to negotiate new production sites.

In this regard, Geox has already been measuring the results achieved by its production partners for the last 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, the average values of the country in which the supplier is based and the average values among all Geox's suppliers as points of reference. This analysis allows the focus areas of 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.

People



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, 2017, Geox Group counted a total of 5,345² employees, representing an increase of around 1% compared with December 31, 2016. More generally, Geox Group's total workforce, including not only employees but also interns and temporary workers, amounts to 5,389.

The most represented professional category refers to store employees (57% of the total), followed by factory workers (25% of the total), office staff (13% of the total), middle managers³ (4% of the total) and senior managers (1% of the total).

Number of employees by professional category and by gender (*)

	Men	Women	Total
Senior managers	39	3	42
Middle managers	118	102	220
Office staff	237	404	641
Store employees	572	1997	2,569
Factory workers	419	936	1,355
Total	1,385	3,442	4,827

(*) Excluding employees in North America (518 in total).

Percentage employees by professional category and by gender

	Men	Women
Senior managers	93%	7%
Middle managers	54%	46%
Office staff	37%	63%
Store employees	22%	78%
Factory workers	31%	69%

(*) Excluding employees in North America (518 in total).

With regard to the geographical breakdown of Group employees, 29% are employed in Italy, 24% in the rest of Europe, 10% in North America and the remaining 37% in the rest of the world.

² The figures included in the breakdown of personnel by gender and by age refer to Geox Group employees excluding employees of North America (518 in total). Said figures are not available for the categories in question, in accordance with local practices.

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

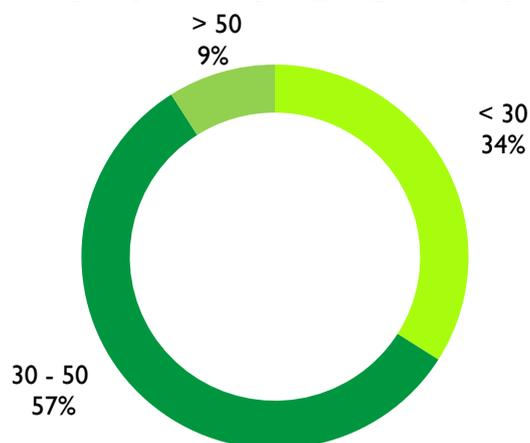
Number of employees by geographic area and by gender (*)

	Men	Women	Total
Italy	440	1,120	1,560
Europe	364	941	1,305
North America	0	0	0
Rest of the world	581	1,381	1,962
Total	1,385	3,442	4,827

(*) Excluding employees in North America (518 in total).

The majority of Geox employees (57%) are aged between 30 and 50, with the average age at Group level being 36 for men and 35 for women. With regard to the breakdown of employees by professional category and age group, the majority of store employees are aged under 30 (47%), whereas there is an almost equal number of senior managers who are aged between 30 and 50 and over 50.

Employees by age group (*)



(*) Excluding employees in North America (518 in total)

Percentage employees by professional category and by age group (*)

	<30	30-50	>50
Senior managers	0%	52%	48%
Middle managers	6%	70%	24%
Office staff	13%	76%	11%
Store employees	47%	48%	6%
Factory workers	26%	65%	9%

(*) Excluding employees in North America (518 in total)

The Company is committed to building **stable and lasting relationships**, which is confirmed by the high percentage of employees hired with a permanent contract (80% of the total) and their length of service. In fact, 14% of all employees have been with the company for “between 6 and 10 years”. Use of interns and temporary workers is limited. In 2017, Geox Group used 6 interns and 38 temporary workers.

Number of employees by type of contract and by gender

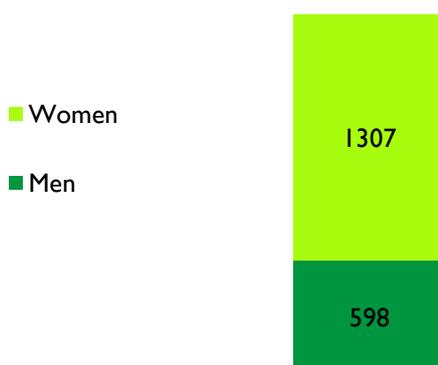
	Permanent contract (PERM. CT.)			Fixed-term contract (FT. CT.)			Total		
	M	W	Tot	M	W	Tot	PERM. CT.	FT CT.	Tot
Italy	389	958	1.347	51	162	213	1347	213	1.560
Europe	239	608	847	125	333	458	847	458	1.305
North America	-	-	515	-	-	3	515	3	518
Rest of the world	448	1.093	1.541	133	288	421	1541	421	1.962
Total	1.076	2.659	4.250	309	783	1.095	4.250	1.095	5.345

Number of workers with other types of contract

	Men	Women	Total
Intern	1	5	6
Temporary work	11	27	38
Total	12	32	44

During 2017, **more than 2,400 people** were hired⁴, mainly women (69% of the total). 69% of new recruits are aged under 30: this confirms Geox's commitment and investment in the younger generations. With regard to the geographic breakdown: 17% of new recruits were hired in Italy, 44% in Europe, 23% in North America and the remaining 16% in the rest of the world.

Number of employees hired by gender (*)



(*) Excluding employees in North America (518 in total)

⁴ Employees who had more than one contract during 2017 have only been counted once.

Percentage turnover by gender and by age group (*)

	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

(*) Excluding employees in North America (518 in total)

Percentage turnover by geographic area

	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

In 2017, 2,145 resources left the company, mainly referring to retail staff, which is considered normal in the context of the industry's competitive dynamics. Overall, staff turnover is equal to 46.14% with regard to employees joining the Group, and 40.13% with regard to employees leaving the Group.

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 teamwork 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.

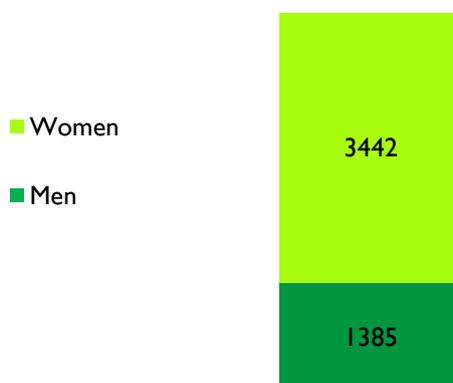
The position of those who find themselves in a situation whereby they have limited ability to work (pregnancy, maternity leave, young age, accident, disability, etc.) is protected thanks to measures to maintain their physical and moral integrity, also in compliance with applicable legislation.

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.

In 2017, there were no cases of discrimination within the Group.

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 71%. The percentage of female workers is high in all geographic areas and across all professional categories. In particular, 40% of managers (senior and middle managers) are women.

Number of employees by gender (*)



(*) Excluding employees in North America (518 in total).

As of December 31, 2017, the Group counted 35 employees with disabilities, of which 26 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.

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.

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 variable incentive scheme is mainly made up of a stock option plan, whose beneficiaries are Top Managers and a number of resources who are considered to be of key importance for Geox or other companies belonging to the Geox Group.

The **Company Pay Package** offered to employees also 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. In 2017, a total of 1,355 reduced-price tickets were purchased using the company intranet. Over 212 tickets were given away for free.

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

	Men	Women	Total
Full-time	1084	2242	3.326
Part-time	301	1.200	1.501
Total	1.385	3.442	4.827

(*) Excluding employees in North America (518 in total).

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 2017, the main training initiatives focused on the following areas: Induction training for new recruits, Management Training, Technical-Specialist Training and Health & Safety Training.

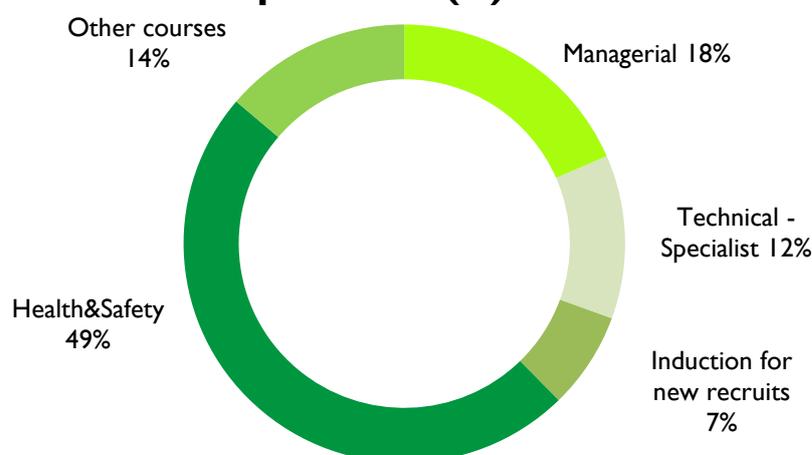
The **management training courses** took an in-depth look into developing soft skills such as teamwork, leadership and effective communication, and employee management.

The **technical-specialist training**, on the other hand, focused on developing language skills, technical skills, IT skills and product expertise, as well as the development of sales skills through a "training on the job" method.

During 2017, an important **retail training** programme was also launched, providing both managerial and technical-specialist training. This programme took an in-depth look at issues relating to customer management, storytelling for the collections, visuals, stores 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 2017, a total of 22,036 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 (*)

	Men	Women	Total
Senior managers	707	59	766
Middle managers	1.656	1.703	3.359
Office staff	1.155	3.174	4.328
Store employees	2.629	6.970	9.598
Factory workers	2.261	1.598	3.859
Total	8.407	13.503	21.910

(*) Excluding the hours of training provided to employees in North America (126 hours in total).

Average hours of training by professional category (*)

	Men	Women	Total
Executives	18,1	19,7	17,9
Middle managers	14,0	16,7	14,9
Office staff	4,87	7,86	6,42
Store employees	4,60	3,49	3,16
Factory workers	5,40	1,71	2,85

(*) The breakdown of the average number of training hours by gender does not include employees in North America. The hours of training provided to employees in North America (126 in total) are included in the total average hours.

The relationships held with academia and schools are of particular importance. Geox welcomes numerous visits from schools, universities and business schools, with the aim of giving young people the chance to get closer to the company in order to understand its main aspects. In 2017, over 300 people had the chance to visit 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 represent 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 allows previously agreed budgets to 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. These procedures are issued by the assigned departments, reviewed by Internal Auditors, and checked and approved by the Employer. In 2017, Geox Retail S.r.l. DOS Italy had this certification renewed. 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.

Geox has also implemented the procedures provided by the Parent Company, both technical (e.g. instructions on how to use extractor hoods, how to use machines safely, etc.), and operational (e.g. how to manage procurement, how to manage documents, safe conduct, etc.), at its production facilities in Serbia.

Preparation activities are also underway to obtain OSHAS 18001 certification for the production facilities in Serbia.



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. 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 to implement the preventive measures defined by the Group in order to protect their own 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. Each worker is also requested not to expose themselves or other workers to dangers which may cause injury and/or harm themselves or others.

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 defined procedures 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 TD Vranje and one-off checks are also planned for a number of stores in Europe. A third-party audit was carried out for Geox Retail S.r.l. only, as part of the BS OHSAS 18001 certification process. 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 company's 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 analyses and results regarding risk assessments, health inspections, accident statistics, personal protective equipment and training and information provided to workers.

Special committees, made up of the Employer, workers' representatives and the HR manager, have also been set up in a number of foreign countries, especially in Serbia. These committees meet regularly with the same purposes as stated above. No H&S Committees are present in the other foreign countries. 100% of Italian and Serbian workers are therefore represented within formal company-worker health and safety committees.

During 2017, 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, 103 accidents were reported in 2017, of which 77 in the workplace and 26 during the commute to/from work. 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 and no cases of occupational disease have been recorded.

Number of accidents by gender and by geographic area

	Men	Women	Total
In the workplace	29	48	77
Italy	4	10	14
Europe	11	29	40
North America	1	0	1
Rest of the world	13	9	22
During the commute home	5	21	26
Italy	5	6	11
Europe	-	9	9
North America	-	-	-
Rest of the world	-	6	6
Total	34	69	103

Days of absence due to injury

	Men	Women	Total
In the workplace	901	1.268	2.169
During the commute home	32	383	415
Total	933	1.651	2.584

Accident indices

Severity index ⁵	0.47
Frequency index ⁶	18.61

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 2017, the Company provided more than 10,690 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.

To this end, employees are provided with a company intranet, which includes information on all company services. Employees are also kept constantly up to date on company performance, organised events, marketing campaigns and new products through various means of communication.

The Geox **newsletter** is another way of sharing information and news about the company and is mainly addressed to the retail channel. The purpose of the newsletter is to share the Company's main news and initiatives with employees and to give all those working within the Group a sense of involvement and participation.

⁵ Severity index: (number of days lost due to injury at work/total number of hours worked) x 1,000.

⁶ Frequency index: (number of injuries/total number of hours worked) x 1,000,000.

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

Number of employees covered by a national collective bargaining agreement	2.746
Percentage of total employees	51% ⁷

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 2017: 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

⁷ In certain countries in which Geox Group operates, there are no national collective bargaining agreements in place.

Production facilities (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 from scratch in the town of Vranje. These facilities employ more than 1,300 people.

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.

The total investment was equal to approximately Euro 20 million, of which around Euro 11 million were provided by the Serbian government. This amount will be paid back through tax and social contributions over the next three years. Unlike other local or foreign enterprises operating in Serbia, Geox Group does not benefit from privileged tax treatment.

Human Resources and Salaries

As of 31.12.2017, there were 1,351 employees working at the Vranje production facilities.

The production facilities were opened in 2016. The agreement signed between Geox Spa and the Serbian Government has two main requirements:

- new investments for no less than approximately Euro 16 million and employment of at least 1,250 people with permanent contracts. These conditions were met and exceeded in November 2016;
- a guarantee that the level of employment of at least 1,250 people will be maintained 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.

The audit company "BDO" checked and certified compliance with the conditions provided for by the agreement between Geox Group and the Serbian Government. Following the positive feedback regarding the commitments undertaken by Geox being duly respected, the Serbian Government gave the go-ahead for the financing of the investment. All employees of the Serbian factory with a permanent contract, currently 1,252 out of 1,351, receive a salary that is 20% higher than then legally required minimum wage in Serbia. 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.

Health and Safety

The Management's main aim is to guarantee a safe and healthy working environment in order to ensure the Health and Safety of its workers.

That's way the Health and Safety Department was reinforced with company resources and external consultants, in order to continuously improve the level of employee Health and Safety. The main focus has been on training and the correct use of all machinery and equipment; secondly, all machinery and equipment have been duly inspected and appropriately maintained.

In 2017, an additional investment of Euro 250,000 was made in order to improve the existing air-conditioning system, making it able to also deal with very high temperatures.

Community support

In order to increasingly support the integration of the factory in the local area, the Management has promoted a series of social initiatives in order to nurture culture and well-being among people.

One such noteworthy initiative is the ongoing investment to open a Public Medical Clinic in the area.

Customers



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**.

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, Geox Group provides its sales force with continuous training in order to ensure that they comply with the Geox Customer Service Model, the running and efficiency of which must be constantly monitored by the supervisor of each store. This 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 3 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. In 2017, sales staff in the main stores across Europe were involved in a new specific training programme called TAKE CARE. The aim of this programme was to reinforce their knowledge of the uniqueness of the brand and the comfort created by Geox technology. Thanks to this programme, Geox managed to make its NEBULA 4X4 line a bestseller.

Over the course of 2017, the **MEET OUR CUSTOMERS - WIN WIN EXPERIENCE** programme was implemented in order to further assess the performance of Geox stores. This involved 80 office workers from the general headquarters and the various legal entities across Europe spending a weekend as store employees, being actively involved in all activities. The purpose of this initiative was to reduce the distance between the headquarters and the single stores where on-the-ground sales take place, and to identify the key strengths and weaknesses of the stores themselves.

The **Benefeet loyalty scheme** is one of the best ways to interact and share with customers and to gather information on them. This is 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 on the website 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. In fact, during 2017, **682,000 new customers** signed up to the scheme, taking the total number of **registered members up to 4.6 million** at the end of the year. As part of a promotion reserved for customers buying products from the kids’ collection, a survey was carried out to assess levels of customer satisfaction. This survey revealed a very high level of satisfaction among this cluster of customers regarding products for kids, further highlighting the success of the loyalty scheme.

In 2017
682.000 new
customers
signed up to Benefeet
for a total of
4,6 Mln *registered*
customers

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 patents. 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

The data collected from the Benefeet loyalty scheme represents a valuable wealth of information that can be analysed in order to guarantee excellent customer relations management and to define initiatives to boost customer engagement (sending newsletters, invitations to in-store events, etc.). However, this set of information must also be managed correctly, protecting the identity of members and respecting their privacy. In fact, Geox Group recognises that keeping personal data confidential and protected is an essential and necessary rule of conduct in its relationships with stakeholder. As a result, it guarantees the confidentiality of the information and personal data in its possession and refrains from using confidential data for any purpose, unless it has informed and explicit authorisation to do so. In any case, confidential data is only ever used in strict compliance with applicable data protection legislation.

For this reason, the data collected as part of the Benefeet loyalty scheme, whether in digital or paper format, are stored in particularly secure databases, in compliance with applicable legislation. Furthermore, data can only enter said databases if the customer has filled in the specific form to sign-up to the aforementioned scheme. In particular, a customer who wishes to sign-up to Benefeet has to fill in a registration form, providing a mandatory set of personal details and opting whether or not to provide additional voluntary information. Customers also have to give their consent to the processing of the data that they have provided for the specific purposes stated on the form itself.

The form specifies that any data provided by the customer will not be subject to dissemination but may be brought to the attention of third parties who have been appointed by Geox as external data controllers. Data protection legislation is nonetheless respected at all times. In order to ensure that customer rights are respected, with regard to the Benefeet loyalty scheme, sales staff have been provided with manuals containing all the relative details and procedures to follow. 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.

In this regard, it is to be noted that an issue was flagged up by the German Data Protection Authorities in 2017. It is also to be noted that, with regard to customers, 12,195 complaints were received, mainly relating to:

- requests to completely cancel customers' personal data from the Benefeet loyalty scheme;
- 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 always 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 39 patents and 12 more recent 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. 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 2017, Geox was the subject of only one dispute in relation to a specific design used for a children’s shoe, which was considered to be a trademark infringement. Geox replied to this objection by putting forward arguments in its defence, which were sufficient to convince the owner of the trademark in question to withdraw from the dispute.

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 2017, Geox Group spent around 30% of its total investments in press advertising (in paper format and online) for the launch of the sustainability project and the new X-Store concept.

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 also 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. In particular, in 2017, 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.

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 digital communication channels in order to reduce the amount of waste deriving from printing promotional material. The number of printed catalogues has also been partially reduced and replaced with catalogues available online and via apps. 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.

Furthermore, Geox ensures that adequate dialogue and listening procedures are in place, undertaking to respond to suggestions and complaints in order to consolidate its trust-based relationship with customers over 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. 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.

In 2017, there was only one complaint received from an anonymous English consumer, relating to a TV advert and information provided by retailers participating in the initiative referred to by the advert. This issue was resolved in 2018 without any sanctions.

Geox's presence on social networks



Instagram

Over **400** posts published, **30** of which specific to New Do

441.000 likes

2.130 comments



Facebook

198 posts published globally, of which **18** specific to New Do

42.608.136 views

320.000 likes

3.500 comments

11.000 shares

in **89%** of cases, Geox Group **replied to messages** from users **on the same day** that they were sent

average reply time to user messages is **1 hour**

Environment



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 stakeholder, 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 assess 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**) 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 infrastructure and company practices** in order to **reduce energy consumption** by replacing traditional light fittings with LED technology;
- 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 degree of recycled content are favoured, as are those coming from the local area. In the near future, Geox Group plans to only use shopping bags made from recycled paper;
- it has introduced a **highly efficient fleet of company cars** (over 80% of vehicles emit less than 140 g/km of CO₂), with the aim of opting for increasingly modern cars with lower emissions;
- 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 trees⁸;
- 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.

⁸ 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 through its restructuring of the Geox Restaurant (**Eating Geox Restaurant**), which used 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 significantly limit the impact on the environment. The new Geox Restaurant, Italy's first to obtain **LEED certification** (Leadership in Energy and Environmental Design), was in fact built using materials that were selected with the aim of completely eliminating emissions of potentially harmful substances, using only LED lights controlled by an advanced automation system to ensure the best lighting throughout



the day, and it is equipped with a highly energy-efficient air conditioning system which recovers the heat generated by the cooling process during the summer to create hot water.

The meals served are managed in such a way as to guarantee maximum efficiency and reduce waste. All materials are top quality and, where possible, locally sourced. Nutritional information is also provided for food, along with the number of calories and any allergens it may contain.

With regard to the inside environment, air coming from the outside is filtered and purified, and levels of humidity, temperature and carbon dioxide are monitored and optimised. There are also large

windows allowing for more natural light. During the construction phase, all glues, silicone and paint used had a low environmental impact and, where possible, recycled materials were used.

There are also communal areas to encourage collaboration, sharing ideas and innovation.

As further evidence of Geox Group's ongoing commitment and attention to environmental issues, during 2017 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 (retail showroom, company restaurant), through the use of LED fixtures, reducing electrical energy consumption by 50%. In particular, in 2017, the initiative to make lighting systems more efficient led to a total saving of 218.64 GJ of electricity, with a subsequent saving of 21 tonnes of CO₂ from emissions;
- the **modernisation of climate chambers** in the Research & Development laboratory, introducing an A+ energy class which has led to significant savings in terms of electricity consumption;
- installation of a new, high-performance **heating /cooling system** in the retail showroom. This system has an A+ energy class and has led to significant savings in terms of electricity consumption.
- 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 and the time needed to recharge the batteries;

- monthly monitoring of **electricity and gas meters** in order to check consumption and their correct functioning;
- a new **hot water production system** in the changing rooms with an air / water pump that reduces the consumption of electricity.

In line with Geox's focus on saving energy, an employee training/information programme has begun with regard to the correct use of lights and the heating / cooling system.

In 2017, Geox Group's energy consumption, both direct and indirect, amounted to approximately 107.6 thousand Gj. 88% of energy directly consumed came from non-renewable sources, with the remaining 12% coming from renewable sources. 41% of energy indirectly consumed came from non-renewable sources, with the remaining 59% coming from renewable sources. CO₂ emissions linked to total energy consumption (direct and indirect) were equal to approximately 4,500 tonnes of CO₂.

Direct and indirect energy consumption (Gj)

	2017
Direct energy consumption⁹	29.152,25
From non-renewable sources:	25.600,72
Natural gas	18.136,66
Diesel (including consumption by the fleet of company cars)	7.464,07
From renewable sources:	3.551,52
Solar panels (self-generated)	3.551,52
Indirect energy consumption¹⁰	78.458,84
Electricity from non-renewable sources	31.786,22
Electricity from renewable sources	46.672,61
Total energy consumption	107.611,08
Total energy consumption/number of employees	20,13

Direct and indirect CO₂ emissions (tonnes of CO₂)

	2017
Direct emissions (scope 1)⁹	1.436,25
From non-renewable sources:	1.436,25
Natural gas	927,81
Diesel (including consumption by the fleet of company cars)	508,44
From renewable sources:	-
Solar panels (self-generated)	-
Indirect emissions (scope 2)¹⁰	3.094,48
Electricity from non-renewable sources	3.094,48
Electricity from renewable sources	-
Total emissions¹¹	4.530,73
Total emissions/number of employees	0,85

⁹ Include the energy consumed in offices and stores in Italy.

¹⁰ Include the electricity consumed by offices and stores for Italy and for the most significant foreign countries.

¹¹ The conversion factors used to calculate emissions were published by the *Department for Business, Energy & Industrial Strategy* (BEIS) in 2017.

Geox Group has also estimated the environmental impacts of employees travelling for work. In 2017, CO₂ emissions resulting from air and train travel amounted to approximately 1.5 thousand tonnes.

Emissions resulting from employee travel (tonnes of CO ₂)	
	2017
Emissions resulting from air travel (scope 3)	1.468
Short distance	14
Medium distance	227
Long distance	1.227
Emissions deriving from train travel (scope 3)	38
National railway lines	35
International railway lines	3
Total emissions¹¹	1.506

In 2017, emissions of hydrofluorocarbons (HFCs) amounted to 82.5 kg.

Sourcing materials¹²

The Group pays close attention to the paper and cardboard used to package Geox products, with particular reference to where it comes from and what it is made of.

Over the course of 2017, total consumption of paper/cardboard for packaging purposes amounted to 2,449 tonnes, 68% (1,665 t) of which was recycled material. Furthermore, the Group's focus on minimising the environmental impacts of its business activities can be seen through its use of 100% recyclable materials, including the shopping bags for stores.

Geox has focused operations so that packaging material given to the customer (out) is FSC certified.

Furthermore, paper is used for normal office activities, including any (minimal) use in stores. During 2017, a total of 49.7 t of paper¹³ were used for these activities.

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 2017, several initiatives were introduced to achieve these objectives. In particular, training was provided for employees to ensure correct waste management, a direct audit was carried out to check whether waste disposal is being managed correctly, and activities were launched for a third-party company to come and carry out an environmental assessment and for a company procedure to be defined aimed at regulating the waste management process.

Correct waste management is encouraged through several initiatives aimed at raising awareness for environmental issues, such as sorting waste for recycling purposes. 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

¹²The consumption of materials includes:

- the consumption of paper in offices and stores in Europe;
- the consumption of cardboard for the delivery of goods in Italy, Canada and the United States of America. The cardboard used for shoeboxes is not included

¹³ This paper does not come from recycled materials.

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.

In 2017, Geox Group produced a total of approximately 1,994 tonnes of waste, of which 3.6 tonnes can be classed as hazardous waste. With regard to disposal methods, 89% of waste produced was sent for recycling, with the remaining 11% going to a landfill.

Waste produced (t) ¹⁴	
	2017
Hazardous waste	3,60
Electronic devices	0,55
Fluorescent tubes	0,64
Chemical laboratory products	0,32
Spray cans	0,48
Glues and sealants	1,14
Others	0,47
Non-hazardous waste	1.990,99
Paper / Cardboard	1.500,10
Plastic	3,10
Wood	111,54
Fabrics	102,16
Others ¹⁵	274,09
Total	1.994,59

Disposal method (t)	
	2017
Recycling	1.783,38
Landfill	211,21
Total	1.994,59

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 to cool down some machinery and equipment at its manufacturing locations.

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.

¹⁴Including the waste produced in Italy managed directly by Geox Group and not through municipal companies.

¹⁵Other waste' includes toners as Geox Group uses toners classified as non-hazardous waste, electronic devices, iron and steel, slurry from septic tanks, biowaste, etc.

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 2017, the Group's total water consumption¹⁶ was equal to approximately 14 thousand cubic meters.

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.

With this objective, Xlog S.r.l., the Geox Group company that deals with transportation and warehousing in the logistics centre in Signoressa (TV), has embarked on a path to implement a series of projects aimed at reducing the environmental impact of certain areas of activity, such as storage and distribution. Another area of interest is certifications, enabling the company to place greater emphasis on its initiatives and the results achieved.

In this regard, Geox Group has involved its **logistics providers**, raising their awareness and helping them to find **sustainable** solutions that they too could implement, from not only an environmental but also an economic point of view. Given that modernising the fleet is a key factor in reducing CO₂ emissions, Xlog requests and monitors the following aspects with its partners on a six-monthly basis:

- checks into whether Geox traffic is being managed with a modern and technologically advanced fleet, with Euro 5 and Euro 6 engines being implemented to modernise the fleet, together with the use of vehicles that use alternative fuel to diesel;
- use of software to support drivers 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 of tools to optimise the planning of logistics flows and minimise travel, at both a central level (XLog) and with regard to distribution providers;
- evaluation of rest areas in order to favour exclusive, safe and well-equipped parking networks complete with connections to an electricity supply for overnight stays;
- request to record CO₂ emissions, where possible.

Partners are also carefully selected, and not chosen purely based on cost criteria. In this context, Geox Group favours providers that have more modern and technologically advanced fleets and, more in general, that have already adopted increasingly sustainable and certified management systems and procedures. For example, among the Group's logistics service providers, there are companies that use LNG (Liquid Natural Gas) vehicles which, compared with traditional diesel vehicles, reduce harmful emissions of particulates by 95% and emissions of nitrogen oxide and nitrogen promoters by 35%. Other providers are using the first electric trucks.

The main warehousing services provider in Italy has BS OHSAS 18001 certification.

¹⁶ Includes consumption in Italy excluding stores.



There have also been numerous initiatives regarding the logistics centre in Signoressa (TV). Since December 2012, a **photovoltaic system** has been in use at this centre, made up of 3,906 solar panels covering an area of 6,367 square metres. In 2017, this system fulfilled 20% of the energy needs of the entire area.

In warehouse B of the logistics hub, the neon lighting system was replaced with 3,000 LED lights already back in 2014. This has generated an annual saving of 50% on the electricity

previously used for lighting. Warehouses A and E have been completely renovated with the installation of **LED lighting** to replace old neons, thereby guaranteeing appropriate lighting in compliance with applicable CEI legislation, as well as improving working conditions and reducing electricity consumption significantly.

In Warehouse E, the existing **electrical system of the uninterruptible power sources (UPS)** has also been **streamlined**, eliminating and reducing the size of existing machines (going from three UPS to just one). The new uninterruptible power source is smaller and performs better, reducing electricity consumption and the time needed to recharge the batteries (UPS consume around 10% of their available power).

These important savings have allowed the company to invest in improving the working conditions of warehouse staff. In particular, investments have been made in the heating systems for the main warehouses and the air-conditioning system for the two warehouses where there are more workers.

Other measures have also been taken to **improve the working and safety conditions** of the logistics hub in Signoressa (TV). These include the review of road signs, the implementation of horizontal signage for warehouses C and F, the maintenance of resin coated flooring in warehouses B and C, and the installation of safety netting on shelving and mezzanines in warehouses A-B-C-E.

In 2017, after completing the relative tests in 2016, a project to streamline **apparel packaging** was implemented to improve how packaged goods are sent to customers, reducing the number and volume of packages to be moved around and transported. This project involved switching from “small case” style packaging to “box with lid” style packaging, allowing for more compactness, better use of volumes and savings on packaging costs as well as improved waste disposal performance, as this new packaging solution has no plastic supports. This project has also led to a double-digit saving on transport costs for the ready-to-wear line. A final analysis has revealed that, using the same garments, “box with lid” packaging saves approximately 30% more cubic metres of space during transportation. Furthermore, since 2016, the supplier of packaging material for all lines of goods only uses FSC-certified inks.

In 2016, the initiative was launched to **digitalise transport documents**. During the first season of implementation, this approach was adopted for more than 95% of all deliveries, saving over 2 tonnes of paper compared with the previous season. Furthermore, in May 2016, 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.

In 2018, activities launched in 2016 will be continued with regard to modernising the fleet of vehicles and services using different modes of transport will also be tested for the routes that allow transit time to be respected.

Thanks to its partnerships with logistics service providers, Geox Group has begun to monitor the CO₂ emissions involved with the transportation of finished products. In 2017, it is estimated that these emissions amounted to approximately 15.6 million tonnes of CO₂.

Emissions from logistics (tonnes of CO ₂ e)	
	2017
Total “Export” emissions from road haulage¹⁷	4.288,80
Total emissions from “Import” logistics (tonnes of CO ₂ e)	
Road	490,55
Sea	2.086,00
Air	8.707,11
Total “Import” emissions¹⁸	11.283,66
Total emissions from logistics	15.572,46

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. This new concept, labelled “X”, was launched in London (Covent Garden), Rome (via del Corso), Milan (corso Vittorio Emanuele), Toronto and Kuala Lumpur in 2016 and was extended to 30 other locations throughout the world in 2017.

The aim is nonetheless to revamp all mono-brand stores across the world, and to implement a *restyling* of Geox corners and “shop-in-shops”.

¹⁷ Export emissions only refer to road haulage (excluding km from road 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). Emissions have been estimated based on specific reports provided by logistics partners and, if not available, using the average emission factor published by the BEIS (Department for Business, Energy & Industrial Strategy).

¹⁸ Import emissions relate to air, sea and road transport. Emissions have been estimated based on specific reports provided by logistics partners with regard to air freight, whereas emissions from sea haulage have been estimated based on the TEUs transported and the km completed. An average emission factor published by the BEIS (Department for Business, Energy & Industrial Strategy) was used to estimate emissions from road haulage.

The X-Store concept 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 store design 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 - all stores will also be fitted with a



system to monitor energy consumption-, using recycled, recyclable and LEED certified materials. The exclusive finishes used, on the other hand, reflect the quality and craftsmanship that only “Made in Italy” can offer. These include the finish on the main door, using FSC certified wood, which is carved to feature 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 that are LEED certified, resting on FSC certified wooden flooring.

As part of Geox Group's focus on sustainability, in 2017, a “restoring” process was carried out on its network of existing stores, involving an important relamping initiative, switching traditional bulbs to LED.



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. Features 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.

Community



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 2017, Geox donated more than Euro 240 thousand to supporting the community.

In 2017, the most important social and cultural initiative supported by Geox Group was the sponsoring of Gran Teatro Geox, for a total of Euro 93.5 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 for 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.

For some years now, Geox has also been contributing to the projects and initiatives put forward by the non-profit “Più di un Sogno” (“More than a Dream”) Foundation, created in 2007 by six families with children with Down syndrome. Their aim is to promote and organise activities aimed at improving the quality of life and social integration of people with intellectual disabilities. The non-profit Più di un Sogno Foundation bases its activities on the principles of sharing, voluntary work and subsidiarity, using a network of organisations and people who work together to accomplish the main mission.

One of the operating arms of the Foundation is Valemour, a “social label” whose mission is to provide people suffering from intellectual disabilities with a Life Project that can help them to become more independent and better integrated into society and the world of work. In particular, Valemour products have been created through co-branding with important companies in the fashion and accessories industry, with proceeds from sales going to supporting training courses and personalised integration schemes. Real Training Hubs are provided where people with disabilities can learn about different skills, jobs and workers' obligations.



Geox is one of the brands that decided to make a real contribution to this project. That's how "Geox for Valemour" came about, a social entrepreneurship project designed to create real work opportunities for people with intellectual disabilities, through Limited Edition collections.

As part of the "Geox for Valemour" project, for the launch of each collection, one or more different shopping bags were created dedicated to raising money for projects that provide young people with intellectual disabilities with training and work integration possibilities.

Geox is well aware of the strong potential of this model and, as such, decided to help it become more widespread, opting to work together with other non-profit companies and organisations. In this regard, Geox launched the first "Geox for Valemour Competition" in December 2015. This competition aims at financing long-term projects that show an innovative approach to the non-profit world, favouring models of social entrepreneurship with social care-type management. The projects must focus on supporting people with intellectual disabilities and the activities carried out by non-profit organisations to help them integrate better in society and the world of work. The competition was held in the countries in which the shopping bags were distributed for the Geox for Valemour FW2015 collection: Italy, Spain, Germany, France and the UK. 98 non-profit organisations from Italy and Spain entered the competition. Four projects were declared winners, which were awarded the proceeds from sales of the "Geox for Valemour" shopping bags (€100,000):

- "La Piccola grande impresa, LA CERERIA" ("the small but great WAX company") by the Friends of Gigi San Mauro Pascoli (FC), Italy - helping people with intellectual disabilities to become independent by making scented candles;
- "La pasta per l'autismo" ("Pasta for autism") by Angsa La Spezia, Italy - creating greater independence through the production of fresh and dried pasta;
- "Prove di volo" ("Flight tests") by Ca Leido of Altivole (TV), Italy - creating a complete and integrated life project, dedicated to people with autism;
- "Integra 21" ("Integrate 21") by Down Lleida, Spain - training youngsters with disabilities and preparing them for work thanks to specific programmes and methods.

Together with the "Più di un Sogno Foundation", Geox has monitored the progress of the aforementioned projects, which were completed during 2017.



Another social initiative supported in 2017 was the “**Telefono Azzurro**” helpline. This is a project implemented in partnership with the non-profit “SOS Il Telefono Azzurro” Association, which, for the last thirty years, has been promoting the full respect of young people during their early education and throughout their developmental years by constantly providing information and raising awareness, as well as by sharing their knowledge. This association safeguards the natural growth potential of children and protects them from any form of physical or psychological abuse, also involuntary, which may stop them from realizing this potential, even from their earliest years. With regard to what’s offered by the Civil Service in terms of educating young people and, in particular, the development of support networks as part of the “Non stiamo zitti: stop al bullismo” (“We won’t keep quiet: stop to bullying”) campaign, promoted by the Association in the area of Treviso, Geox committed to carrying out training sessions to make it easier for regional civil service volunteers to find work, also creating possible paths of social and corporate responsibility.

Methodological Note

The logo for GEOX RESPIRA is centered on a dark gray rectangular background. The word "GEOX" is written in a large, bold, white, sans-serif font. Below it, the word "RESPIRA" is written in a smaller, white, sans-serif font, with each letter spaced out.

GEOX
RESPIRA

Reporting standards applied

The 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 95-99 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 36-38 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 stakeholder.

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, 2017. 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. Any restrictions on this scope of reporting have been duly indicated within the document. Furthermore, as provided for by the Decree, as this is the first year of implementation of the legislation, only a brief and qualitative comparison with previous years has been provided.

Reporting process

The Geox Group's Non-financial consolidated statement for 2017 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 2017 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 2017 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 stakeholder 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 stakeholder, 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 stakeholder 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 stakeholder to get a comprehensive view of the Group's main economic, social and environmental impacts.
Balance between positive and negative	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 stakeholder.

Table linking GEOX material topics with the 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 stakeholder</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>Engaging, 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>Engagement 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 and product information and labeling</u>	<u>Marketing and Labeling (GRI 417)</u>	<u>The entire Group</u>	<u>Suppliers, End customers</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			
I02-1	Name of the organisation	Pag. 28	
I02-2	Activities, main brands, products and/or services	Pag. 7-15	
I02-3	Location of the organisation's main headquarters	Back cover	
I02-4	Number of countries in which the organisation	Pag. 18-19	
I02-5	Ownership structure and legal form	Pag. 28	
I02-6	Markets served	Pag. 18-19	
I02-7	Size of the organisation	Pag. 16	
I02-8	Number of employees by type of contract, gender, origin, age, membership of "protected categories"	Pag. 58-64	
I02-9	Supply chain description	Pag. 51-52	
I02-10	Significant changes during the reporting period regarding the Group's size, structure, ownership or supply chain	There were no significant changes.	
I02-11	Method of applying the principle or a prudent	Pag. 33	
I02-12	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.	
I02-13	Membership to national or international associations and support organisations	Pag. 40	
STRATEGY			
I02-14	Message from the Chairman and Chief Executive	Pag. 5	
ETHICS AND INTEGRITY			
I02-16	Values, principles, standards and rules of conduct within the company	Pag. 19-22	
I02-18	Corporate governance structure	Pag. 28-31	
I02-23	Indicate whether the Chairman also has an	Pag. 29	
I02-24	Processes and relative criteria to appoint and select members of the highest governance boards and committees	Pag. 32	
I02-25	Description of the processes used to ensure that there are no conflicts of interest	Pag. 34-35	
STAKEHOLDER ENGAGEMENT			
I02-40	List of engaged stakeholder	Pag. 39-40	
I02-41	Percentage of employees covered by a national collective bargaining agreement	Pag. 69	

I02-42	Process to identify and select the stakeholder to	Pag. 38
I02-43	Approach to engaging stakeholder	Pag. 38
I02-44	Key and critical issues arising from stakeholder engagement and the relative actions	Pag. 38-40

REPORTING PRACTICE

I02-45	List of the companies included in the consolidated financial statements and indication of the companies not included in the report	Pag. 92
I02-46	Process to define the content of the report and the scope of each aspect	Pag. 36-37, 92
I02-47	List of aspects identified as being material	Pag. 38
I02-48	Explanation of the effects of any amendments to information included in previous statements and reasons for said amendments	This is the first Non-financial consolidated statement.
I02-49	Significant changes compared to the previous reporting period	This is the first Non-financial consolidated statement.
I02-50	Reporting period	Pag. 92
I02-51	Release date of the most recent statement	This is the first Non-financial consolidated statement.
I02-52	Frequency of reporting	Pag. 92
I02-53	Contacts and useful addresses to request information on the statement and its contents	Pag. 103
I02-54 / I02-55	GRI content index and selection of the "inaccordance" option	Pag. 92 and the present GRI content index
I02-56	Third-party certification	Pag. 100 - 102

ECONOMIC PERFORMANCE: TOPIC SPECIFIC STANDARDS

GRI 201: ECONOMIC PERFORMANCE 2016

GRI 103	Management approach 2016	Pag. 24-26
201-1	Direct economic value generated and distributed	Pag. 26

GRI 204: PROCUREMENT PRACTICES 2016

GRI 103	Management approach 2016	Pag. 51-52
204-1	Percentage of expenses focused on local suppliers with regard to the most significant operating headquarters	Pag. 52

GRI 205: ANTI-CORRUPTION 2016

GRI 103	Management approach 2016	Pag. 34-35
205-2	Providing information and training on policies and procedures to prevent and combat corruption	Pag. 35
205-3	Any cases of corruption identified and corrective actions implemented	Pag. 35

ENVIRONMENTAL PERFORMANCE: TOPIC SPECIFIC STANDARDS

GRI 301: MATERIALS 2016

GRI 103	Management approach 2016	Pag. 81, 84
301-1	Materials used, broken down by weight and	Pag. 81
301-2	Percentage of materials used that come from	Pag. 81

GRI 302: ENERGY 2016

GRI 103	Management approach 2016	Pag. 78-80
302-1	Energy consumed inside the organisation	Pag. 80
302-2	Energy consumed outside the organisation	Pag. 80
302-3	Energy Intensity	Pag. 80
303-4	Reduction of energy consumption	Pag. 79, 84

GRI 303: WATER 2016

GRI 103	Management approach 2016	Pag. 82-83
303-1	Total water drawn by source of supply	Pag. 83

GRI 305: EMISSIONS 2016

GRI 103	Management approach 2016	Pag. 79-80, 83
305-1	Direct greenhouse gas emissions (Scope 1)	Pag. 80
305-2	Greenhouse gas emissions generated by energy consumption (Scope 2)	Pag. 80
305-3	Other indirect greenhouse gas emissions (Scope 2)	Pag. 81, 85
305-4	Greenhouse gas (GHG) emissions intensity	Pag. 80
305-5	Reduction of greenhouse gas emissions	Pag. 79
305-6	Emissions of ozone depleting substances (ODSs)	Pag. 81

GRI 306: EFFLUENTS AND WASTE 2016

GRI 103	Management approach 2016	Pag. 81-82
306-2	Waste produced by type and disposal method	Pag. 82

GRI 307: ENVIRONMENTAL COMPLIANCE 2016

GRI 103	Management approach 2016	Pag. 78
307-1	Monetary value of any significant fines and number of non-monetary fines received for failure to comply with environmental regulations and laws	Pag. 79

GRI 308: SUPPLIER ENVIRONMENTAL ASSESSMENT 2016

GRI 103	Management approach 2016	Pag. 52-54
308-1	Percentage of new suppliers who have been assessed according to environmental criteria	Pag. 52-53
308-2	Current and potential significant negative environmental impacts within the supply chain and actions taken	Pag. 53-54

SOCIAL PERFORMANCE: TOPIC SPECIFIC STANDARDS

GRI 401: EMPLOYMENT 2016

GRI 103	Management approach 2016	Pag. 58-61
401-1	Total number of new recruits and hiring rate and	Pag. 60-61

GRI 403: OCCUPATIONAL HEALTH AND SAFETY 2016

GRI 103	Management approach 2016	Pag. 66-68
403-2	Type of accidents, accident rate, occupational disease, work days lost and absenteeism, and number of fatal accidents linked to work, broken down by region and by gender	Pag. 68

GRI 404: TRAINING AND EDUCATION 2016

GRI 103	Management approach 2016	Pag. 64
404-1	Average annual hours of training per employee, by gender and by category	Pag. 65

GRI 405: DIVERSITY AND EQUAL OPPORTUNITY 2016

GRI 103	Management approach 2016	Pag. 58, 61-62
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. 29, 58-59, 62
GRI 406: NON-DISCRIMINATION 2016		
GRI 103	Management approach 2016	Pag. 61-62
406-1	Any cases of discrimination identified and corrective actions implemented	Pag. 62
GRI 408: CHILD LABOR 2016		
GRI 103	Management approach 2016	Pag. 61-62
408-1	Identification of operations with a high risk of child labour and the measures adopted to help eliminate this	Pag. 53-54, 61-62
GRI 409: FORCED OR COMPULSORY LABOR 2016		
GRI 103	Management approach 2016	Pag. 61-62
409-1	Activities with a high risk of using forced or compulsory labour and the measures taken to contribute to its abolition	Pag. 53-54, 61-62
GRI 412: HUMAN RIGHTS ASSESSMENT 2016		
GRI 103	Management approach 2016	Pag. 53-54
412-1	Number and percentage of companies that are subject to an assessment on the respect of	Pag. 53-54
GRI 414: SUPPLIER SOCIAL ASSESSMENT 2016		
GRI 103	Management approach 2016	Pag. 52-54
414-1	Percentage of new suppliers assessed based on criteria regarding the impacts on the company	Pag. 52-53
414-2	Current and potential significant negative impacts on the company within the supply chain and actions taken	Pag. 53-54
GRI 416: CUSTOMER HEALTH AND SAFETY 2016		
GRI 103	Management approach 2016	Pag. 44-48
416-1	Percentage of product and service categories for which impacts on health and safety are assessed	Pag. 47-48
416-2	Total number of cases of non-conformities with voluntary regulations and codes regarding impacts on the health and safety of products and services during their life cycle	Pag. 49
GRI 417: MARKETING AND LABELING 2016		
GRI 103	Management approach 2016	Pag. 75-76
417-1	Type of information relative to products and services required by procedures, and percentage of significant products and services that are subject to these information requirements	Pag. 75-76
417-2	Total number of cases on non-conformities with voluntary regulations or codes regarding information and labeling on products/services	During the reporting period, there were no non-conformities with voluntary regulations or codes regarding product information and labeling.

417-3	Total number of cases on non-conformities with voluntary regulations or codes regarding marketing activities, including advertising, promotion and sponsorship	Pag. 76
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GRI 418: CUSTOMER PRIVACY 2016

GRI 103	Management approach 2016	Pag. 73-74
418-1	Number of written complaints relating to violations of data protection regulations and loss of customer data	Pag. 74

Third-party Certification



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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

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, 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, 2017 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on March 08, 2018 (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.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for identifying and managing 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

Our independence is based on the principles of ethics and independence expressed within the Code of Ethics for Professional Accountants (the "Code"), which has been released by the International Ethics Standards Board for Accountants. The Code is based on the principles of integrity, objectivity, competency, confidentiality and professional behaviour. Our auditing firm applies the International Standard on Quality Control 1 (ISQC Italia 1) and it maintains a system of quality control that includes directives and procedures concerning the compliance to ethics and professional principles and regulations of the applicable laws.

Bari, Bergamo, Bologna, Brescia, Cagliari, Firenze, Genova, Milano, Napoli, Padova, Palermo, Pescara, Potenza, Roma, Torino, Treviso, Trieste, Verona, Vicenza

BDO Italia S.p.A. - Sede Legale: Viale Abruzzi, 94 - 20131 Milano - Capitale Sociale Euro 1.000.000 i.v.

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Iscritta al Registro dei Revisori Legali al n. 167911 con D.M. del 15/03/2013 G.U. n. 26 del 02/04/2013

BDO Italia S.p.A., società per azioni italiana, e membro di BDO International Limited, società di diritto inglese (company limited by guarantee), e fa parte della rete internazionale BDO, network di società indipendenti.

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Auditors' responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards. We conducted 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. The standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance whether the report is free from material misstatement. The procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with *ISAE 3000 Revised*, and, therefore, do 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 NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of 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 art. 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 information included in the NFS with data and information included in the 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 specified by article 3 of the Decree;
 - Policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - Main risks, generated and/or undertaken, in connection with the topics specified by article 3 of the Decree.

With reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 5, letter a) of this report.

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

In particular, we carried out interviews and discussions with the management of GEOX S.p.A. and with the employees of Pollini S.p.A. and Moschino S.p.A. We therefore carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of



the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at parent company's level and subsidiaries:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence.
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in 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. e Geox Retail S.r.l.), which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the GEOX Group as of December 31, 2017 is not prepared, in all material respects, in accordance with article 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" established by GRI - Global Reporting Initiative ("GRI Standards").

Other matters

The comparative information included in the non financial statement for the year ended December 31, 2016, was not examined by auditors.

Padova, March 23, 2018

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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Tax code/Registration no. with the Treviso Companies Register: 03348440268

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