

## **GEOX S.P.A.**

with registered office in Biadene di Montebelluna (province of Treviso), Via Feltrina Centro no. 16, registered with the Business Register of Treviso under no. 03348440268, Tax Identification and VAT Number 03348440268.

EXPLANATORY REPORT OF THE DIRECTORS ON THE ITEMS ON THE AGENDA FOR THE ORDINARY SHAREHOLDERS' MEETING CONVENED ON 19 APRIL 2016 IN A SINGLE CALL

Drafted pursuant to article 125-ter of Italian Legislative Decree no. 58/1998, as subsequently amended

#### **Board of Directors**

Mario Moretti Polegato
Giorgio Presca
Enrico Moretti Polegato
Duncan Niederauer
Alessandro Antonio Giusti
Roland Berger
Fabrizio Colombo
Claudia Baggio
Lara Livolsi

### **Board of Statutory Auditors**

Francesco Gianni Francesca Meneghel Valeria Mangano Giulia Massari Andrea Luca Rosati

## **Auditing Company**

Deloitte & Touche S.p.A.

#### Dear Shareholders,

the Board of Directors of Geox S.p.A. (hereinafter, the "Company") hereby announces that the agenda of the Ordinary Shareholders' Meeting convened by notice published in the newspaper "Italia Oggi" on 10 March 2016, to be held at "Villa Sandi", via Erizzo no. 105, Crocetta del Montello, Treviso on 19 April 2016 at 10:00 a.m., is as follows:

- Approval of the Separate Financial Statements as at 31 December 2015; presentation of the Board of Directors' Report on Operations, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors. Presentation of the Consolidated Financial Statements as at 31 December 2015; Resolutions relating to the result for the year.
  - 1.1. Approval of the Separate Financial Statements as at 31 December 2015; presentation of the Board of Directors' Report on Operations, the Report of the Board of Statutory Auditors and the Report of the Independent Auditors. Presentation of the Consolidated Financial Statements as at 31 December 2015:
  - **1.2.** Allocation of the result for the year.
- 2. Remuneration Report; resolutions relating to the first section pursuant to Article 123-ter, paragraph 6, of Legislative Decree No. 58/1998.
- **3.** Appointment of the Board of Directors' members.
  - **3.1.** Determination of the number of members.
  - 3.2. Term of office.
  - **3.3.** Appointment of members of the Board of Directors.
  - **3.4.** Appointment of the Chairman of the Board of Directors.
  - **3.5.** Determination of the overall remuneration due to the Directors, including those with special offices.
- **4.** Appointment of the Board of Statutory Auditors.
  - **4.1.** Appointment of the members of the Board of Statutory Auditors.
  - **4.2.** Appointment of the Chairman of the Board of Statutory Auditors.
  - **4.3.** Determination of the relevant annual remuneration.
- 5. Approval of a new stock option plan "2016-2018 Stock Option Plan"; relevant and resulting resolutions.

This report has the objective of illustrating the reasons for the proposals referred to in item 5 of the agenda for the Shareholders' Meeting pursuant to Article 125-ter of Legislative Decree No. 58/1998 as subsequently amended (the "Consolidated Law on Finance").

# 5. APPROVAL OF A NEW STOCK OPTION PLAN "2016-2018 STOCK OPTION PLAN"; RELEVANT AND RESULTING RESOLUTIONS.

Dear Shareholders,

On 7 March 2016, the Board of Directors, upon the proposal of the Remuneration Committee, resolved to submit for your approval a stock option plan entitled "2016-2018 Stock Option Plan" (the "2016-2018 Plan" or the "Plan") intended for the Managing Director, key management personnel and other key executives and employees of Geox or other companies in the Group (the "Group") and the conferral of all necessary powers to the Board of Directors for the implementation thereof.

The 2016-2018 Plan shall be implemented through the free allocation of valid options for the subscription of newly issued ordinary shares of Geox, made available by the capital increase, with the exclusion of option rights, resolved by the Extraordinary Shareholders' Meeting on 18 December 2008.

The Extraordinary Shareholders' Meeting of Geox held on 18 December 2008 resolved to increase share capital by a maximum nominal amount of Euro 1,200,000.00, through the issue of a maximum number of ordinary shares equal to 12,000,000, with par value of Euro 0.10 each, excluding option rights pursuant to Article 2441, paragraphs V, VI and VIII of the Italian Civil Code, servicing one or more stock option plans in favour of directors and/or employees and/or collaborators of the company and/or subsidiaries of the company pursuant to Article 2359, paragraph I, number I), of the Italian Civil Code (the "2008 Resolution" as subsequently amended by the Extraordinary Shareholders' Meeting of 22 December 2014). This resolution provides that the issue price of the shares is determined by the Board of Directors, and must be equal to the arithmetic average of the official prices recorded by Geox on the MTA, organised and managed by Borsa Italiana S.p.A., during the month prior to the grant date/s, in accordance with the minimum price per share equal to Euro 1.20, of which Euro 1.10 as share premium. The issue price may not, in any case, be lower than that determined in compliance with the provisions of Article 2441, paragraph 6, of the Italian Civil Code, based on the value of the shareholders' equity of the Company resulting from the last financial statements approved prior to the date of assignment of subscription rights, also taking into account the trend of the share price over the last six months.

The rights of the Recipients of the 2016-2018 Plan may be fulfilled, at the discretion of the Board of Directors, also by granting any treasury shares acquired and/or held by Geox.

The information document of the 2016-2018 Plan, prepared pursuant to Article 84-bis, Annex 3A, Scheme 7, of the Issuers' Regulation, shall be made available to the public as provided by law and shall be available on the website of the Company www.geox.biz, under the Section "Governance", together with this report.

#### 1. Reasons for the adoption of the 2016-2018 Plan

Remuneration plans based on shares, according to the best market practices adopted by companies listed on a national and international level, represent an effective incentive and retention tool for individuals holding key positions and for employees to maintain and improve performance and contribute to increasing the growth and success of the company.

The adoption of remuneration plans based on shares also meets the recommendations of the Corporate Governance Code for Listed Companies, Article 6 of which recognises that such plans represent an appropriate tool aligning the interests of the company's key personnel with those of the shareholders, making it possible to pursue the primary goal of creating value in the medium to long term.

By implementing the 2016-2018 Plan, Geox intends to promote and pursue the following goals:

- to link the remuneration of key personnel to the actual yield of the Company and to the creation of new value for the Geox Group, as also indicated by the Corporate Governance Code of listed companies;
- aligning the Company's key personnel with strategies for achieving medium/long-term results;
- aligning the interests of the Top Management with those of shareholders and investors;
- introducing retention policies for key employees, inducing them to stay with the Company or the Geox Group.

#### 2. Scope and implementing procedures of the 2016-2018 Plan

The 2016-2018 Plan provides for the free allocation to each of the Recipients indicated in Paragraph 3 below, of options (the "**Options**") that confer the right to subscribe ordinary shares according to the ratio of I (one) ordinary share for each I (one) Option exercised.

The 2016-2018 Plan provides for the granting of a total maximum of 4,000,000 Options.

As indicated in the introduction, the 2016-2018 Plan is implemented through the free allocation of valid options for the subscription of newly issued ordinary shares in Geox, arising from the paid capital increase, with the exclusion of option rights, resolved by the Extraordinary Shareholders' Meeting with Resolution 2008 as subsequently amended and supplemented by the Extraordinary Shareholders' Meeting of 22 December 2014.

The exercise rights of the Options of the Recipients of the 2016-2018 Plan may be fulfilled, at the discretion of the Board of Directors, including by the allocation of any treasury shares acquired and/or held by Geox.

The Company's ordinary shares assigned to the recipient following exercise of the Options shall carry the same dividend rights as the Company's ordinary shares as at the Option Exercise date, and shall therefore be cum dividend.

On 7 March 2016, the BoD granted, with effectiveness absolutely conditional on the approval by the Shareholders' Meeting of 19 April 2016 – part of the Options of the 2016-2018 Plan, equal to no. 3,383,375 Options, to certain Recipients of the Plan. The remaining no. 616,625 Options provided for by the 2016-2018 Plan shall be granted by the BoD at its discretion, upon proposal of the Remuneration Committee, subsequent to the approval of the 2016-2018 Plan by the Shareholders' Meeting of 19 April 2016.

#### 3. Recipients of the Plan

The 2016-2018 Plan is intended for the Managing Director and part of the Top Management of the Group, represented by Key Management Personnel and other Key Executives and Employees of Geox or other companies in the Group, to be identified at the discretion of the Board of Directors, subsequent to the approval of the 2016-2018 Plan by the Shareholders' Meeting of Geox.

The recipients of the Options shall be identified at the discretion of the Board of Directors, upon proposal by the Remuneration Committee, subject to indication by the Managing Director.

The Managing Director is granted Options at the proposal of the Remuneration Committee and upon prior approval of the BoD. He abstains from voting on the relevant resolution.

On 7 March 2016, the BoD, upon proposal of the Remuneration Committee dated 4 March 2016, approved, with the exclusion of the vote of the Managing Director, the granting to certain Recipients represented by the Managing Director, of no. 1,007,368 Options, by Key Management Personnel of no. 1,872,316 Options, by other Key Executives and Employees of Geox or other companies in the Group of no. 503,691 Options, with effectiveness absolutely conditional on the approval by the Shareholders' Meeting of 19 April 2016.

#### 4. Duration of the 2016-2018 Plan and conditions for the exercise of Options

The 2016-2018 Plan provides for a single grant cycle of Options. This cycle began on 7 March 2016 – grant date of no. 3,383,375 Options to certain recipients of the Plan with effectiveness absolutely conditional on the approval by the Shareholders' Meeting of 19 April 2016 – and shall end no later than 31 December 2017.

The Options may be exercised provided that the performance targets provided for by the regulation of the 2016-2018 Plan have been met.

The Options may be exercised as of the date of notification to the Recipient, by the Company, of the exercisable Options, following the recognition carried out based on the figures of the consolidated financial statements for the year ended 31 December 2018 approved by the BoD.

The recipient shall exercise all Exercisable Options no later than 31 December 2020 ("**Expiration Date**"). All Options not exercised by the Expiration Date shall be considered expired for all intents and purposes, relieving the Company from any obligation towards the Recipient under the Plan. The BoD, at the proposal of the Remuneration Committee, may extend the Expiration Date.

The Recipient may not exercise the Options granted under the 2016-2018 Plan:

- in the fifteen days prior to the meeting of the BoD for the approval of the interim report;
- in the thirty days prior to the meeting of the BoD for the approval of the half-yearly financial report and draft financial statements.

In addition, the BoD may suspend the exercise of the Options for additional periods for all or part of the Recipients, provided said periods are not established in the six months prior to the Expiration Date.

Each Recipient may exercise the Options granted to him or her if and when the specific performance targets referring to Geox's consolidated net profit as described below are met.

On 25 February 2016, the BoD of Geox approved the Business Plan for the 2016-2018 period, which established the performance targets related to the consolidated Net Profit of Geox for the 2016-2018 period. These represent the parameter for identifying the percentage of Exercisable Options for the Recipients.

Specifically, the number of Options exercisable conditional on the meeting of the performance targets is calculated using the table below:

Accumulated Net Profit achieved	Exercisable Options
120%	100%
100% (Plan Amounts)	83.33
80%	66.66%
< 80%	0

If net profit falls between the two above amounts, the number of Exercisable Options will be determined using the linear interpolation method.

If the minimum performance target (i.e. 80% of net profit accumulated over the period) is not met, the Recipient may not exercise the Options, which will be considered expired.

In the event of extraordinary operations concerning Geox, legal or regulatory amendments, or other events that may affect the performance targets, the Options, the Shares, or the Plan, the Board of Directors may amend and/or supplement the Regulation and the relevant documents as necessary and/or appropriate, including revising the Exercise Price to keep the substance of the Plan as unchanged as possible.

#### 5. Criteria for determining the exercise price

The Exercise Price and, consequently, the issue price of the newly issued ordinary shares of Geox, resulting from the capital increase serving the 2016-2018 Plan, is determined by the BoD based on the arithmetic average of the official prices recorded by Geox on the MTA, organised and managed by Borsa Italiana S.p.A., during the

month prior to the grant date, in accordance with the minimum price per share equal to Euro 1.20, of which Euro 1.10 as share premium.

In view of the grant date of no. 3,383,375 Options carried out on 7 March 2016, with effectiveness absolutely conditional on the approval by the Shareholders' Meeting of 19 April 2016, the Exercise Price with regard to such Options is equal to Euro 2.86 per share, corresponding to the arithmetic average of the official prices recorded by Geox on the MTA during the month prior to 7 March 2016.

With regard to the remaining Options, the Exercise Price shall be determined on the grant date based on the criteria illustrated above.

It is also understood that the Shares shall be entirely paid up at the time Recipients subscribe for them.

#### 6. Restrictions on the transfer of Options

The Options and all relevant rights are strictly personal to and registered in the name of the Recipient, and may not be transferred or assigned (without prejudice to transfers mortis causa, albeit subject to the limitations set forth in the 2016-2018 Plan); therefore, they may not be seized or pledged as collateral for debts or agreements entered into by each of the recipients with Geox or third parties.

There are no restrictions on the transfer of Shares of the Company subscribed following the exercise of the Options.

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Dear Shareholders,

In light of the foregoing in relation to the fifth item on the Agenda, we invite you to adopt the following resolutions:

"The Ordinary Shareholders' Meeting of Geox S.p.A.

- having examined the explanatory report of the Board of Directors, prepares pursuant to Articles 114-bis and 125-ter of Legislative Decree No. 58 of 24 February 1998, as subsequently amended;
- having examined the information document prepared pursuant to Article 84-bis of CONSOB Regulation No. 11971 of 14 May 1999, as subsequently amended (the "Information Document"),

#### resolves

- I. to approve, pursuant to and in accordance with Article II4-bis of Legislative Decree No. 58 of 24 February 1998, the adoption of a plan entitled "2016-2018 Stock Option Plan", with the characteristics (including the implementation conditions and requirements) indicated in the explanatory report of the Board of Directors and in the Information Document (the "2016-2018 Plan");
- 2. to confer to the Board of Directors, with the express option to delegate, the broadest powers necessary or appropriate for the full implementation of the 2016-2018 Plan and thus, in particular and among other things, including but not limited to, in order to identify the Recipients, upon proposal by the Remuneration Committee, determine the number of Options to be granted to each of these, proceed with the grant to Recipients, as well as undertake any actions, observe any requirements or formalities or make the communications which are deemed necessary and/or appropriate for the purposes of the management and/or implementation of the 2016-2018 Plan, including the preparation and approval of the implementing regulation of the 2016-2018 Plan and any amendments/integrations thereof, with option to delegate its powers, duties and responsibilities with regard to the implementation and application of the 2016-2018 Plan to the Managing Director of the Company provided that any decisions related to and/or concerning the grant of Options to the Managing Director as Recipient (as for any other decisions related to and/or concerning the management and/or implementation of the plan in regard thereof) shall remain the exclusive responsibility of the Board of Directors;
- 3. to confer to the Managing Director, all powers, with the option to delegate, to fulfil all legislative and regulatory requirements resulting from the resolutions adopted."

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7 March 2016
On behalf of the Board of Directors
The Chairman
Mario Moretti Polegato