

YOUR FILA IMPACT

FILA INTEGRATED REPORT 2021



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FILA Holdings Corp.



About this Report

Overview

FILA Holdings Corp. has published its second integrated report and third sustainability report to transparently disclose its financial and non-financial performance to stakeholders. FILA Holdings Corp. will regularly publish integrated sustainability reports on an annual basis to ensure forthright communication on its sustainability achievements and activities.

Reporting Principles

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core option, an internationally-recognized sustainability reporting standard.

Reporting Scope

The scope of this report includes the activities of FILA Holdings Corp. and its major subsidiaries (hereinafter referred to as "FILA"). FILA evaluated FILA Holdings Corp. and five major subsidiaries for their ESG (Environmental, Social and Governance) activities and performance data through internal materiality assessments. These major subsidiaries include FILA Korea Ltd. (hereinafter referred to as "FILA Korea"), FILA USA Inc. (hereinafter referred to as "FILA USA"), FILA Luxembourg S.a.r.l. (hereinafter referred to as "FILA Luxembourg"), FILA Sport (Hong Kong) Ltd. (hereinafter referred to as "FILA Sport (Hong Kong)") and Montebelluna Ltd. (hereinafter referred to as "Montebelluna").

Reporting Period

FY2021(January to December 2021, and partial inclusion of Q1 2022 activities and data)

Assurance

To establish the objectivity and accuracy of the report content and data, as well as the reporting standards, this report was assured by DNV, a third-party assurance provider. For details on assurance and its statement, please see p119.

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COVER STORY

The stereoscopic visual of the F-box logo embodies FILA's ESG keywords and its 110th anniversary brand story with FILA's core sports.

- ESG keywords
 - Actions for the Planet
 - Creating Social Impact
 - Sound Governance

illustrator_ Jiyeon Park

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Message from the Chairman

Dear Stakeholders,

COVID-19 has swept into our daily lives and across the global landscape in an unprecedented way. Amid this seemingly insurmountable challenge, FILA continues to stay abreast of emerging trends and successfully reinvigorate its brand in the sports fashion industry.

Despite the challenging market situation, FILA has remained steady and has achieved continuous growth during the pandemic, led by its healthy capital structure and execution capabilities. With FILA's "WINNING TOGETHER" five-year strategic plan, we would like to build a solid foundation for the FILA brand to soar higher with improved sustainability. We will fulfill our responsibilities to future generations with sincere commitment to protect the environment.

Under the vision of "WINNING TOGETHER", FILA announced its five-year strategy on the following three primary pillars: 「Building the Brand Tribe」, 「Customer Centricity」, and 「Sustainability」.

This underpins our commitment to remain agile and relevant amid this rapidly-shifting business landscape. With transcending growth and performance, we pledge to evolve into a company that seeks out ways to become more socially responsible.

At FILA, our sustainable management strategy will continue to drive us forward.

We look forward to your interest and encouragement as we journey ahead.



"WINNING TOGETHER"

FILA Holdings Corp. Chairman
Yoon-Soo (Gene) Yoon

CEO's Letter

'YOUR FILA IMPACT'

As all of us experienced a particularly challenging year in 2021, I would like to begin by extending my heartfelt gratitude for your continuous support and confidence in FILA.

In 2021, we aimed to reinforce and establish an integrated ESG strategy and management system. FILA remained fully committed to laying a solid and systematic foundation for sustainability management by setting the group-wide mid/long-term sustainability target "Your FILA IMPACT 2025".

From this year onwards, we will focus on "Your FILA IMPACT 2025" to gain a better insight on corporate sustainability management. Under the three major pillars of "Actions for the Planet", "Creating Social Impact" and "Sound Governance", FILA has chosen five specific themes - "Product Circularity, Climate Action, Caring for People, Supply Chain Transparency and Business Commitment". These main three pillars and five themes will help us implement relevant action plans across our management and operations.

Our objective here is to align corporate management, production and distribution with our vision "WINNING TOGETHER" to improve both our social value and management performance in the years ahead. FILA will make every effort to achieve this objective by sharing our vision at all levels within the group and with its business partners.

Our ESG-driven management will help us expand the use of environmentally conscious materials throughout the development of our products, as we proactively address climate change by managing our carbon emissions and energy consumption.

Furthermore, FILA will remain focused on the three themes of water, diversity and children in developing our Corporate Social Responsibility (CSR) strategy to deliver a positive social impact. This will represent our pledge to fulfill the roles and responsibilities as a global corporate citizen. Going forward, we will support FILA members and business partners to comply with FILA Group's Global Code of Conduct to improve transparency along our supply chains. FILA will build a sound management system through in-depth assessments on human rights and health & safety.

We commit to secure professional talent and diversity for our Board of Directors and continue to create a workplace that motivates all FILA group members to unleash their full potential, regardless of personal background.

I would like to take this opportunity to extend my deepest appreciation to every FILA member and stakeholder for your continuous interest and encouragement.

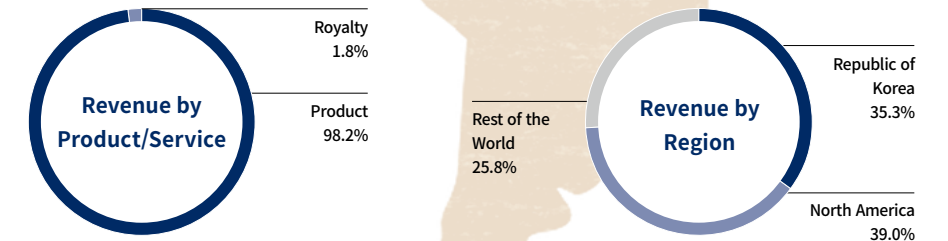
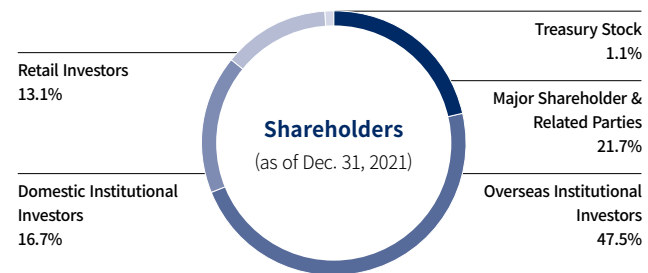
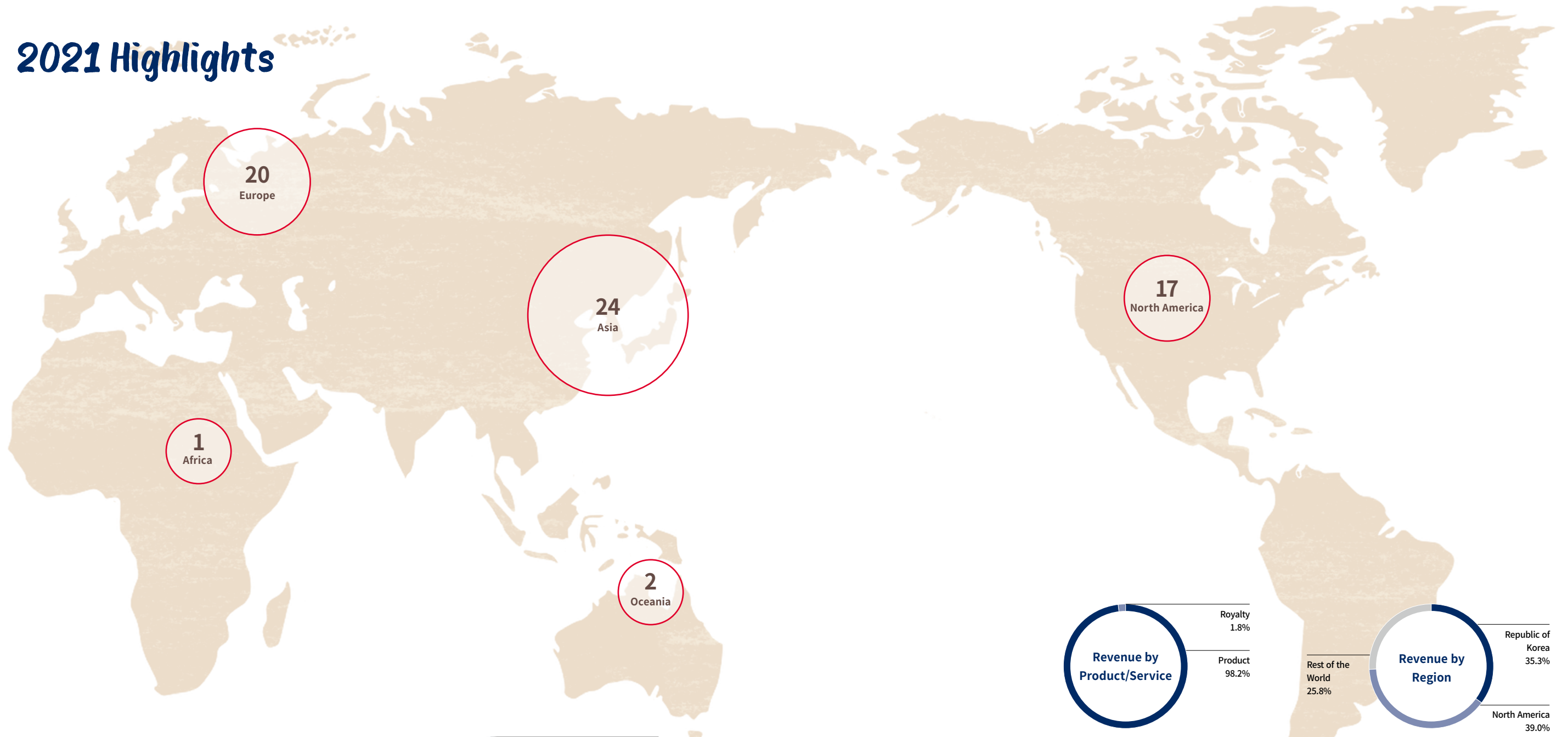
Thank you.

"YOUR FILA IMPACT"

FILA Holdings Corp. President and CEO
Keun-Chang (Kevin) Yoon



2021 Highlights



Business Highlights

Subsidiaries*	64
Affiliates	60
FILA Licensee	46
Total No. of Outstanding Shares	60,752,222

*Numbers in the red circles represent the No. of subsidiaries by region

Financial Highlights

Consolidated Revenue	KRW 3.8 trillion					
Consolidated Operating Profit	KRW 492.8 billion					
Major Subsidiary	FILA Holdings	FILA Korea	FILA USA	FILA Sport (Hong Kong)	Montebelluna	FILA Luxembourg
Location	Republic of Korea	Republic of Korea	USA	Hong Kong SAR	Hong Kong SAR	Luxembourg
Main Business	Holding company	Wholesale & retail of footwear/apparel/accessories	Wholesale & retail of footwear/apparel/accessories	Footwear/apparel/accessories sourcing	Footwear/apparel/accessories sourcing	Trademark ownership and management (licensing)
Employees (Unit: people)	68	258	367	145	56	7

ESG Highlights






Environment

FILA will contribute to develop environmental initiatives within the fashion industry by pursuing resource circularity and establishing a climate change response system

Product Circularity

<p>A product circularity system that takes into account FILA's circular value chain (Environmentally conscious materials, hazardous substance management, manufacturing, environmentally conscious packaging, and waste reduction)</p> 	<p>Engaged in R&D on environmentally conscious materials and systemized the Sustainable Materials Tracking Board</p> 	<p>Certified under the Global Organic Textile Standard (GOTS)</p> 
<p>Launched environmentally conscious apparel, accessories and underwear for the first time in 2021</p> <p>Increased the production of environmentally conscious footwear in 2021 by nine times that of 2020</p> 	<p>Provided suppliers with hazardous substance guidelines and performed regular chemical safety inspections</p> 	<p>Expanded supplier participation in the ZERO WASTE program</p> 

Climate Action





<p>Systemized the climate change management system at FILA group's major subsidiaries</p> 	<p>Endorsed the Task Force on Climate-Related Financial Disclosures (TCFD) and the Carbon Disclosure Project (CDP) and made disclosures accordingly</p> 	
<p>Collected and analyzed data on the consumption of water and the generation of effluents at the offices and worksites of the major subsidiaries</p> 	<p>Reduced carbon emissions by nearly 2.4 tons by implementing a paperless work environment at the distribution center in Korea</p> 	<p>Fully transitioned to EVs at distribution centers in Korea and the US</p> 

* The term "environmentally conscious" shall be used to refer to products or materials with a lower environmental impact compared to existing materials and products.

Social

FILA will set more stringent social goals to deliver on its commitments to its employees and customers.

Caring for People

<p>Provided employees with talent development programs on the topics of leadership, job competency, self-development, ESG, and personalized coaching</p> 	<p>Created the Diversity, Equity, Inclusion & Community Council and hosted relevant workshops</p> 	<p>Achieved ZERO in fatal occupational injuries</p> 
<p>97.7% response rate for consumer inquiry response and 100% implementation of action and recall process</p> 	<p>Donated 0.7% of total sales and 3.4% of operating profits (6.9 times and 4.6 times higher compared to 2020)</p> 	

Supply Chain Transparency

<p>Established the FILA Group Global Code of Conduct and Human Rights Policy and shared them with our suppliers</p> 	<p>Completed mapping on tier 1 suppliers for footwear, apparel, and accessories (FILA Sport (Hong Kong): 22 vendors, Montebelluna: 22 vendors)</p> 	<p>Assessed all candidates for their compliance with FILA group's ESG standards in selecting new suppliers</p> 
<p>Performed ESG assessments on tier 1 key suppliers and defined improvement tasks for high-risk partners</p> 	<p>Supported suppliers with logistics costs amid COVID-19</p> 	<p>Shortened the payment terms for outstanding suppliers to help them achieve improved financial liquidity</p> 

Governance

FILA will engage in transparent communication with its employees and its business partners; journeying together towards sustainable ethical management.

Business Commitment

<p>Set and disclosed FILA's five-year shareholder return policy</p> 	<p>Proposed ESG risks and opportunities for discussion at regular BoD meetings</p> 	<p>100% in responding to global whistleblowing hotlines</p> 
<p>Established the Information Security Committee (ISC) and developed an information security incident response system</p> 	<p>Recorded ZERO information security breach incidents for the past three years</p> 	<p>All FILA Korea employees completed ethical management training</p> 

"ESG Highlights" consists of the key achievements of FILA group in 2021, the corresponding subsidiaries for each achievement are stated in "YOUR FILA IMPACT 2025" (p34-35)

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FILA will pursue win-win partnerships with the stakeholders under its mid/long-term ESG strategy 'YOUR FILA IMPACT 2025' and improve its sustainability as a social citizen.

FILA Holdings Corp.
President and CEO

Keun-Chang (Kevin) Yoon

Introduction to FILA

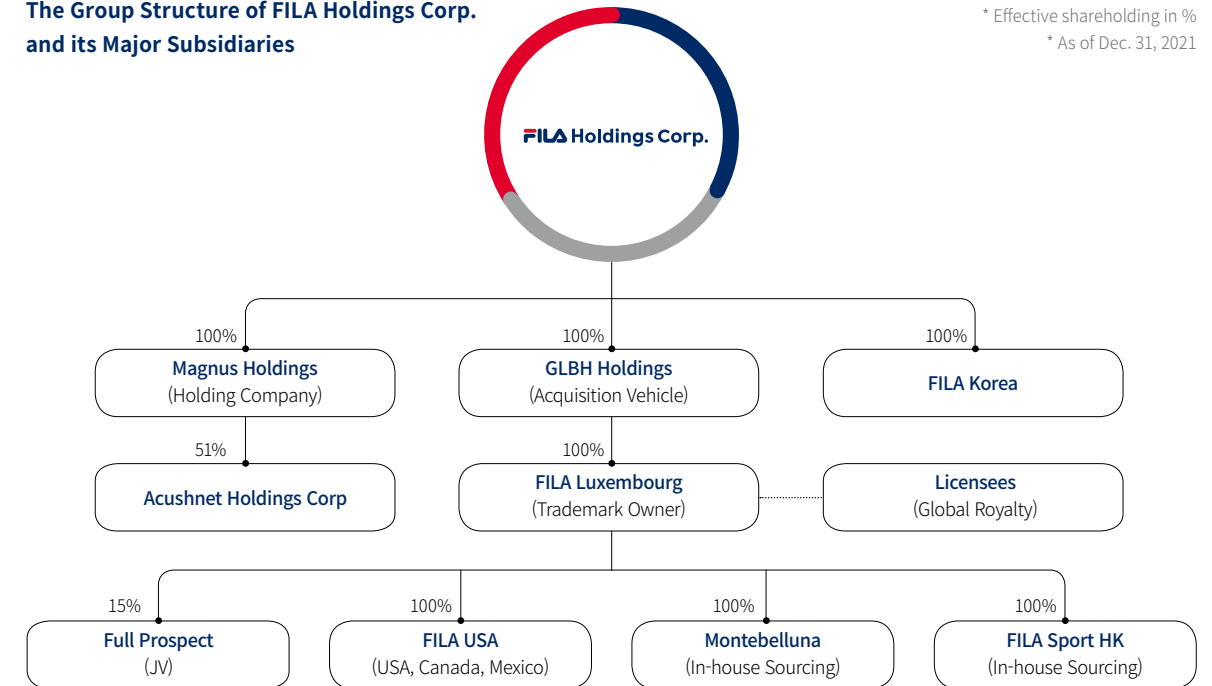
FILA, Value Beyond a Brand

Since its inception in the small city of Biella, Italy, FILA has been transcending borders and generations for the past 111 years to emerge as a leading sports fashion brand. Acquiring a global brand license in 2007 and establishing a holding company in 2020, we further reinforced our robust corporate structure.

We continue to innovate by thoroughly addressing the rapidly-shifting environmental and social landscape. At the intersection of two transformative forces – COVID-19 and the Fourth Industrial Revolution, we will contribute to the betterment of our society on the strength of our sustainable management system.

The Group Structure of FILA Holdings Corp. and its Major Subsidiaries

* Effective shareholding in %
* As of Dec. 31, 2021



FILA group Business Overview

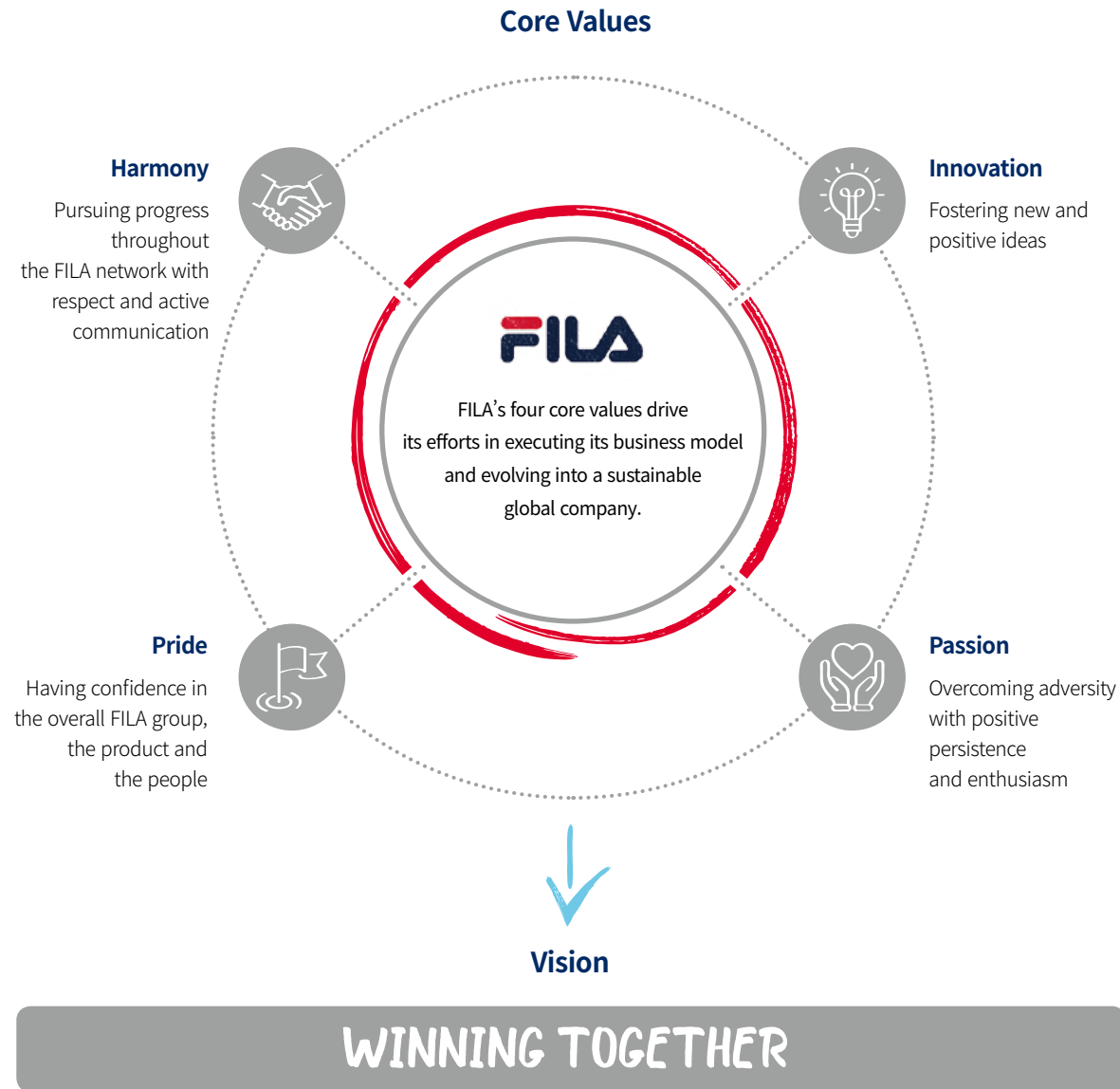
Subsidiary	Main Business
Direct	
FILA Korea	<ul style="list-style-type: none"> Apparel and footwear wholesale/retail distribution in Korea Main business: FILA, FILA KIDS, FILA UNDERWEAR, FILA GOLF, licensing (KEDS, ZOO YORK, Creative Recreation)
FILA USA	<ul style="list-style-type: none"> Apparel and footwear wholesale/retail distribution in North America (US, Canada, Mexico, and online)
FILA Sport (Hong Kong)	<ul style="list-style-type: none"> Product sourcing (footwear, apparel, and accessories)
Montebelluna	<ul style="list-style-type: none"> Product sourcing (footwear, apparel and accessories)
FILA Luxembourg	<ul style="list-style-type: none"> Trademark ownership and management (licensing)
Indirect	
FILA Licensee	<ul style="list-style-type: none"> Licensee business in Asia, North America, Latin America, Europe, the Middle East and Africa
Full Prospect	<ul style="list-style-type: none"> FILA product wholesale business conducted through a joint venture organization of which FILA Luxembourg owns 15% non-controlling minority interest with respect to PRC, Hong Kong SAR, Macau SAR, and Singapore territories
Acushnet Holdings Corp.	<ul style="list-style-type: none"> Golf product design, planning, manufacturing and distribution Brands owned: Titleist, FootJoy, Vokey, Scotty Cameron, Pinnacle, Links & Kings, PG Golf, KJUS, etc.

Direct Direct business operation through retail and wholesale form of business
Indirect Indirect business operation through licensing in-out, joint venture etc.

FILA Value & Vision

Harmony / Pride / Passion / Innovation

FILA's four core values drive its efforts in executing its business model and evolving into a sustainable global company.



FILA's vision "WINNING TOGETHER", embodies its message to move towards a common goal with trust and respect and pursue the mutual growth and development of FILA and its people. Our sustainable goal defined as "YOUR FILA IMPACT" drives our commitment to create a better future through the positive social impact we can provide as a company. At FILA, we unleash our creativity and think outside the box; we are unafraid of change

and remain persistent. Above all, we rise to meet even the most difficult of challenges. We take pride in what we do, encourage one another along the journey, and generate a positive attitude towards mutual development. Under this overarching vision and fueled by our sustainability management goal, we will pursue business performance and continue to make progress in creating social value.

FILA Strategy

Under the five-year strategic framework of "WINNING TOGETHER", we have defined three strategic pillars: 1) Building the Brand Tribe; 2) Customer Centricity; and 3) Sustainability.

The first pillar of this five-year strategy, "Building the Brand Tribe", aims to reestablish our brand identity as a premium lifestyle sports brand and present integrated products and marketing campaigns across regions and countries to convey consistent brand messages. The second pillar, "Customer Centricity", intends to build a business model that centers around the customer experience. Our aim here is to create FILA's unique and differentiated customer experience, leverage our omni-

channel strategy to reinforce the on/offline Direct-to-Consumer (DTC) experience, and implement digital transformation through data analytics. The last pillar, "Sustainability", embodies our commitment to sustainable growth. We will identify future growth drivers in diverse sports categories through R&D, reinforce our financial capabilities over the long term, and strengthen our ESG management as a responsible corporate citizen. Our five-year strategic framework sets our course of action ahead as a brand. Guided by our newly-set five-year strategic directions and vision, we will make bold investments in the three pillars and do our utmost in generating greater value.



FILA Heritage

FILA's 111-year heritage in the history of sports
FILA has been and will be there through all the moments of sweat and honor.

1911

1911 Began in Biella, Italy

In Biella, three FILA brothers started a knit and underwear business through manufacturing fabrics using natural materials



1990

1991 Jul. Established FILA Korea as a subsidiary of FILA Global

1992 Mar. Launched the FILA brand in Korea



1970

1972 FILA became a global sports leisure brand when it was acquired by the Italian automobile company, "FIAT"

1973 Became a sports leisure brand by initiating sports marketing

By sponsoring the legendary tennis player Björn Borg, FILA penetrated the luxury sports industry, including tennis, ski, golf, and yachting

2000

2000 Feb. Launched FILA KIDS in Korea

2001 Feb. Launched FILA GOLF in Korea

2005 Feb. FILA Korea became independent from FILA Global through a MBO (Management Buyout)

2007 Apr. Established GLBH Holdings to acquire the FILA Global trademark



2020

2020 Jan. FILA Korea Ltd. changed its name to FILA Holdings Corp. through a vertical demerger to establish a pure holding company for enhanced transparent corporate governance

Apr. Published the first FILA Sustainability Report

2021 Feb. Held a virtual runway show at Milan Fashion Week 110th Anniversary Collection Katie Grand

Mar. Became a signatory of UN Global Compact

2022 Jan. Signed a sponsorship agreement with Giovanni Soldini, the leader of Maserati's yacht team

Feb. Announced FILA group's five-year strategic plan "WINNING TOGETHER"



2010

2010 Sep. Listed FILA Korea Ltd. on the Korea Exchange (KOSPI: 081660.KS) Opened the Fondazione FILA Museum in Biella, Italy

2011 Jul. Acquired Acushnet Holdings Corp., a golf product company

2016 Feb. Brand restructuring in Korea

Dec. Acushnet listed on the New York Stock Exchange (Ticker: GOLF) and became a subsidiary of FILA Holdings Corp.

2018 Mar. Appointed Keun-Chang (Kevin) Yoon as the President and CEO of FILA Korea Ltd.

Sep. Participated in the Milan Fashion Week (2019 S/S collection)

2019 Sep. Participated in the Milan Fashion Week (2020 S/S collection)

Brand and Products

THE FILASOPHY

The brand identity of FILA is defined as a “premium lifestyle sports brand”. Combining FILA’s unique sensibility inspired by Italian sports fashion with modern sports trends, we aim to redefine ourselves and emerge as a differentiated brand.

KEY BRAND VALUES

Six key brand values: “Italian, Athletic/Aesthetic, Vibrant, Sophisticated, Confident, and Challenging”, define our brand identity originated from FILA’s Heritage which serves as our historical and cultural assets.



*Italian
Athletic·Aesthetics
Vibrant*



*Sophisticated
Confident
Challenging*

PERFORMANCE

We pursue innovation through sustained and focused R&D endeavors on performance products in the sports domain. We will identify Core and Non-core Sports categories through our “selection and concentration” strategy, and focus on expanding our performance product lines. Our Core Sports categories include tennis, water sports, outdoor, and training, and our Non-core Sports categories are motor sports, winter sports, running and soccer.

CORE SPORTS

Tennis

FILA’s sports DNA originates in tennis. Since sponsoring Björn Borg, a Swedish tennis star famous for winning five Wimbledon titles in the 1970’s, we have supported tennis as our representative sport. We have also forged long-term sponsorships with such world-acclaimed players as Karolina Pliskova and John Isner.



Björn Borg, 1979 Wimbledon



John Isner, 2022 Australian Open

Water Sports

In 1996, we initiated our efforts in water sports, a sport known for its history of ambition and innovation, through our partnership with Giovanni Soldini, a legendary yacht sailor. In January 2022, we signed a new sailing apparel sponsorship and other partnership agreements with Soldini, in conjunction with the Italian luxury carmaker Maserati, to reinvigorate our ties with the water sports industry.



Giovanni Soldini

NON-CORE SPORTS

Running

NEURON is powered by “Energized Rush Foam” developed on the strength of our technological expertise gained over the years to simultaneously provide balanced ground reaction force and cushioning. Designed for all levels of runners, this performance running footwear collection provides reliability for both entry runners as well as for intermediate-advanced runners who run 15 km or more.



Cycling

SYNAPSE was designed as technical equipment as it can improve the aspect of riding performance which is directly related to safety. This cycling footwear contains insoles specially designed for cycling, which are highly adhesive and elevated to adequately support the arch. Out of the four SYNAPSE models, Custom-Studio is manufactured to be tailored to consumer preferences through the taking of body measurements with our cutting-edge analysis system, exercise testing and fitting.



HERITAGE



Heritage Logo Capsule Collection

Our Heritage Logo Capsule collection was inspired by FILA's signature Linear logo. This enlivens the identity and heritage of FILA which was founded in Biella, Italy, in 1911, and allows for all-season versatile styling.



PERFORMA COLLECTION

In 2021, FILA USA launched a size-inclusive women's activewear collection, FILA Performa, ranging from XS-4X. From the initial development phase, the collection focused on technology and design. FILA USA's designers and fit experts worked closely to conduct extensive research and roll out a wear testing program to create advanced fabrications that were suitable for working out and beyond. FILA Performa further highlights the brand's legacy in performance and style, and a continued commitment to innovation.



FILA UNDERWEAR

FILA Korea has its own underwear line recognized for its originality and distinctiveness by combining sports functionality with FILA's basic concept of keeping things clean and simple. For consumers who find themselves spending more time at home amid the global pandemic, we launched INFIT and OUTFIT as leisurewear brands designed to deliver comfort and the aspects of FILA's heritage.



FILA KIDS

Leveraging FILA's distinctive luxuriousness, FILA Korea targets children aged 3 to 13 under its differentiated sports concept and produces complete outfits that span footwear, accessories and apparel. FILA KIDS's Performance line showcases daily active performance styles featuring gothic logos, tape graphics, and unicolor shades, made from fabrics and materials that support movement and 'feel cool'.



FILA GOLF

FILA Korea has established two dedicated product lines to help golfers make choices that align with Time, Place and Occasion (TPO), while focusing on their performance. The Active Performance line is designed optimally for golfing and adopts functional materials to present premium golf wear, and the Stylish Performance line reflects global fashion trends based on functionality to feature sportier and more sophisticated looks.



110 ways to play SPORT, a campaign launched in 2021 to celebrate FILA's 110th anniversary

Fondazione FILA Museum

The Fondazione FILA Museum, located in Biella, Italy where FILA first began back in 1911, houses FILA's entire 111-year-long history. Its archive includes more than 30,000 artifacts, from FILA's early-day products to designs, videos and photos, through which the museum serves to convey FILA's brand spirit.



Fondazione FILA Museum

We unveil products with a modern twist, created through the reinterpretation of our archive that spans 111 years of history. Backed by our extensive heritage, we design our materials in new ways and embellish them with new perspectives.



FILA 110th Anniversary Collection

Collaboration

FILABORATION (FILA X COLLABORATION)

FILA is expanding the scope of its customer interaction through exchanging ideas with other brands and creators. In 2021, we added a sense of youthfulness and energy to our brand identity through collaborating with various brands, select shops and creators.

2017

- Gosha Rubchinskiy** Feb. 2017
Launched items that reinterpreted 1990s street fashion with the Russian designer Gosha Rubchinskiy
- PEPSI** Apr. 2017
Launched T-shirt, sunglasses, eco-bag, and slipper packages with FILA and PEPSI logo
- Merona** May. 2017
Launched the shoe collection of COURT DELUXE and DRIFTER with Merona's iconic color

2018

- Pokemon** Feb. 2018
Launched products including CLASSIC KICKS B with Pokemon characters
- Chupa Chups** May. 2018
Launched the White Day special collaboration package with FILA KIDS and FILA Underwear
- BATTLEGROUNDS** Jun. 2018
Reflected in-game items on actual products, gave free game items with product purchases
- FENDI** Nov. 2018
Reinterpreted FENDI lettering using the FILA logo

2019

- Gundam** Jun. 2019
Launched the FILA X Gundam Collaboration collection to celebrate the 40th anniversary of Mobile Suit Gundam
- MSGM** Aug. 2019, May 2021
Launched the collection that combines FILA's tennis heritage with MSGM's style



- 10 Corso Como** Oct. 2019
Launched T-shirts, hats, and shoes as the second collaboration with Corso Como Milano

- YouTube Gaming Creator** Nov. 2019, Aug. 2020
Launched collaboration products with five popular YouTube gaming creators

2020

- KROST** Feb. 2020, Feb./Nov. 2021, Feb. 2022
Teamed up with the New York based streetwear label KROST for collaboration to launch FILA Renno sneakers



- BTS** Mar./Apr. 2020, Feb./Sep. 2021
Launched diverse collections along with the global model BTS

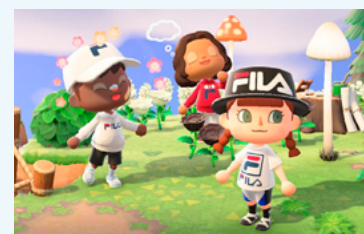
- GROUND PROJECT** Apr. 2020
Launched collaboration products with Supermarche and Maison des Bougies under unique space and culture combination projects

- Biggie** May. 2020
Released the Biggie special collection in honor of the legendary 90's rapper Biggie

- SUBWAY** May. 2020
Launched environmentally conscious shoes and bags in collaboration with SUBWAY, the fast food sandwich brand

- Soon-Woo Kwon** Aug. 2020
Released Kwon Soon-woo Special Edition tennis shoes to support the U.S. Open of the men's professional tennis tour of Kwon Soon-woo (71st in World Raking), a representative Korean tennis player

- Nook Street Market** Oct. 2020
Released three classic heritage looks on Animal Crossing: New Horizons in collaboration with Nook Street Market



- A Most Beautiful Thing** Oct. 2020
Designed custom sneakers and long-sleeve T-shirts, with design details that pay homage to the film A Most Beautiful Thing

- Paldang Chicken Noodles** Oct. 2020
Celebrated the launch of the FILA cycling shoes, SYNAPSE in collaboration with Paldang Chicken Noodles located in one of famous cycling spots in Korea

- The Perfect Magazine** Dec. 2020
Launched the FILA X The Perfect Capsule Collection with Dover Street Market and The Perfect Magazine, which has gained huge support from fashion people around the world for its unique style

- Rowing Blazers** Dec. 2020, Sep./Nov. 2021
Launched a modern collection of winter sports (ski and mountaineering) apparel and shoes that integrates bold colors and youthful detailing in collaboration with Rowing Blazers



2021

- Pink Dolphin** Jan. 2021
Partnered with Pink Dolphin for collaboration to bring back an iconic basketball style silhouette, the Cage, in a new colorway

- APT.4B** Jan. 2021
Partnered with APT.4B, a concept shop that reflects the 90s era in NYC to reintroduce the iconic Original Fitness with more elevated and luxe details

- KATIE GRAND** Feb. 2021
In celebration of the 110th Anniversary, FILA collaborated with the world famous stylist, Katie Grand, to reinterpret the most iconic FILA pieces



- Wood Wood** Feb. 2021
Launched a collection with Danish lifestyle brand Wood Wood

- FAULT BURGER** Apr. 2021
Partnered with Fault Burger, a popular burger restaurant near Seoul to launch a capsule collection using various tennis-related icons as motifs

- Coca-Cola** Apr. 2021
Launched the 49-piece apparel and footwear collection with Coca-Cola

- ACQUA DI PARMA** Apr. 2021
Released 1,100 limited-edition sets in collaboration with ACQUA DI PARMA to celebrate FILA's 110th Anniversary

- Brooks Brothers** May. 2021
Released a limited-edition collaborative collection to retranslate Brooks Brothers' authentic American style with FILA's iconic tennis heritage

- Jeju Island** May. 2021
Launched apparel and accessories using works selected in the Jeju Oreum Utilization Design Contest in collaboration with Jeju Island and Jeju Contents Agency

- Doosan Bears** May. 2021
Launched the FILA X Doosan Bears Collaboration Collection to commemorate the partnership with Doosan Bears for 30 years

- ffroi** Jul. 2021
Launched a bag collection in collaboration with 'ffroi', a fashion leather brand with unique colors and design

- Starbucks** Jul. 2021
Launched beverage-related products and accessories through collaboration with Starbucks



- Y/Project** Sep. 2021
Joined forces with Y/Project, a Paris-based fashion brand, combining FILA's sporty heritage with Martens' signature style, rooted in conceptual constructions and inventive details

- Grant Hill** Sep. 2021
Celebrated the 25th Anniversary of the Grant Hill 2, one of the most iconic signature basketball silhouettes, with a special-edition style

- pushBUTTON** Sep. 2021
Collaborated with pushBUTTON, a brand popular with Gen Z, to launch a collection combining FILA's heritage and pushBUTTON's unique style

- Christopher Bevans** Sep. 2021
Launched the tennis-inspired FILA Renno x Bevans in collaboration with the American fashion designer Christopher Bevans

- Falling in Love Again** Nov. 2021
Launched the campaign and film, Falling in Love Again starring Luke Wilson to celebrate FILA's 110th anniversary

- Dong Wha PHARM. Co., Ltd.** Oct. 2021
Released the limited edition Whal Myung Su, an energy drink in celebration of its 124th anniversary by collaborating with FILA, and donated all proceeds from sales through the Life-saving Water campaign



- Sprite** Oct. 2021
Launched the two-piece capsule in collaboration with Sprite, recreating Grant Hill with the Sprite treatment

- Tashawn Whaffle Davis** Nov. 2021
Launched the eight-piece collection in collaboration with NYC-based creator, Tashawn Whaffle Davis



- PIACENZA 1733** Nov. 2021
Teamed up with Piacenza 1733, an iconic Italian brand based in Biella, for capsule collection marking FILA's 110th Anniversary

- HERITAGE FLOSS** Nov. 2021
Launched the Night Drift Collection, a reinterpretation of motor sports in collaboration with the sports casual wear brand HERITAGE LOSS

- ALESSI** Nov. 2021
Teamed up with an Italian homeware brand ALESSI for collaboration featuring the iconic ALESSI corkscrew in FILA's tennis suit

- POST ARCHIVE FACTION** Nov. 2021
Teamed up with the street fashion brand POST ARCHIVE FACTION to reinterpret FILA's silhouettes

- Dragon Ball Super** Dec. 2021
Launched a limited edition footwear collection featuring Dragon Ball Super's character design by collaborating with the global anime powerhouse Toei Animation



2022

- ROKSANDA** Feb. 2022
ROKSANDA's dramatic shapes and vibrant colors meet the technicality and timelessness of FILA, blending an artistic sense of feminine empowerment with sportstyle sensibility

- SKT Galaxy Z Flip3** Mar. 2022
Launched the limited edition Galaxy Z Flip 3 FILA Edition with SK Telecom, as part of the new semester events for Gen Z customers interested in sports brands



Business & Financial Performance in 2021

Outlook, Risk & Opportunity

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Business Performance by Segment

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Outlook, Risk & Opportunity

While risk has always remained a constant element in our 111-year history and growth trajectory, we have weathered challenges and truly reinvented ourselves through relentless efforts. The COVID-19 pandemic that broke out in January 2020 presented yet another challenge to the global market, and the ensuing supply chain disruptions and trade/mobility restrictions created unprecedented difficulties in the exchange of goods. Socioeconomic conditions are gradually improving, but the time is now ripe for a sort of business development that completely parts from the past. FILA will seize 2022 as the year of opportunity in repositioning its brand and strengthening its business competency and will pursue the following developments.



FILA's Response to Major Risks

Main Theme	Risk & Opportunity	Actions
Supply chain sustainability 	<ul style="list-style-type: none"> Increased uncertainty in supply chains due to restrictions on trade Increased demand for ethical management across supply chains Tightened disclosure regulations on the transparency of sourcing raw materials 	<ul style="list-style-type: none"> Manage suppliers and improve transparency through supply chain screening and mapping Engage with tier 1 key suppliers to conform with the FILA Group Global Code of Conduct to protect the human rights and labor rights of workers
Expanding e-commerce sales channels 	<ul style="list-style-type: none"> Expansion of non-contact distribution channels due to COVID-19 Diversified product accessibility for Millennials and Generation Z 	<ul style="list-style-type: none"> Reinforce customer data analytics through the advancement of the ERP system Build a data privacy system to fundamentally prevent any data leaks Improve FILA USA's Direct-to-Consumer (DTC) CRM*
Climate crisis 	<ul style="list-style-type: none"> Strengthened obligations for businesses to reduce carbon emissions Emerging consumer trend towards responsible/values-based consumption 	<ul style="list-style-type: none"> Establish a carbon management system on the global FILA group level Expand the scope of environmental data measurement and management Launch more products made from recyclable and environmentally conscious materials Research ways to minimize our environmental footprint along each phase of the product lifecycle
Expanding sportswear market 	<ul style="list-style-type: none"> Expanding athleisure market (hybrid clothing combining sportswear with everyday wear) amid the protracted pandemic 	<ul style="list-style-type: none"> Set the direction for strategic investment and R&D across the sports domain over the short/mid/long-term in the Core and Non-core categories

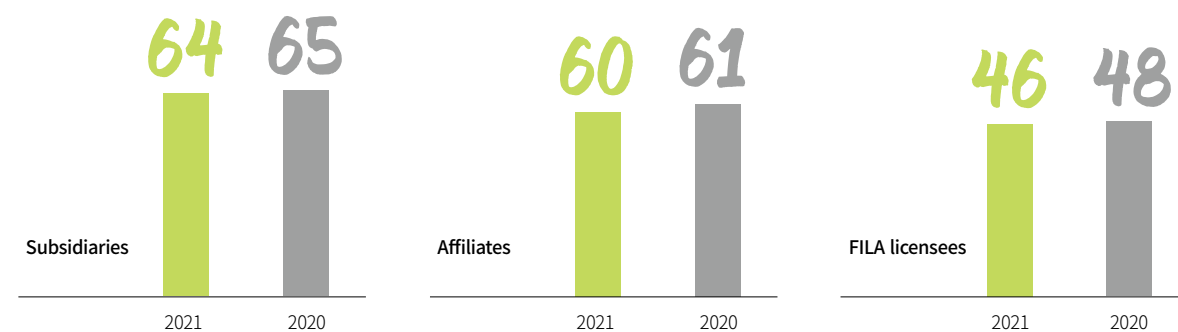
* CRM: Customer Relationship Management

Business Performance by Segment

Business Performance

In 2021, our revenue totaled KRW 3.8 trillion. Both our consolidated revenue and profit recovered from the previous year in line with vaccine roll-outs and the increasing vaccination rates worldwide.

(Unit: KRW)



*The number of subsidiaries includes the subsidiaries of FILA Holdings as stipulated in K-IFRS.

Business Performance by Subsidiaries*

FILA Korea

(Unit: KRW mn)

Areas	2021	2020
Revenue	538,991	528,848
Gross profit	324,719	320,903
Operating profit	106,111	94,284
Net profit	76,995	70,417

In 2021, FILA Korea achieved KRW 539.0 billion in revenue and KRW 106.1 billion in operating profit. Our offline channels were impacted considerably as consumers' outdoor activities were restricted in line with the social distancing mandates of the prolonged COVID-19 pandemic. Meanwhile, the consumer market recovered in line with easing social distancing rules in Q4 of 2021, and our efforts to sharpen the competitiveness of our products drove up our revenue and operating profit from the previous year. As 2022 marks the start of our five-year strategic framework, we will realign our strategy by distribution channel. Our focus for this will be in creating the groundwork for our channel operations by expanding Direct-to-Consumer (DTC) channels to elevate our brand value over the long haul.

FILA USA

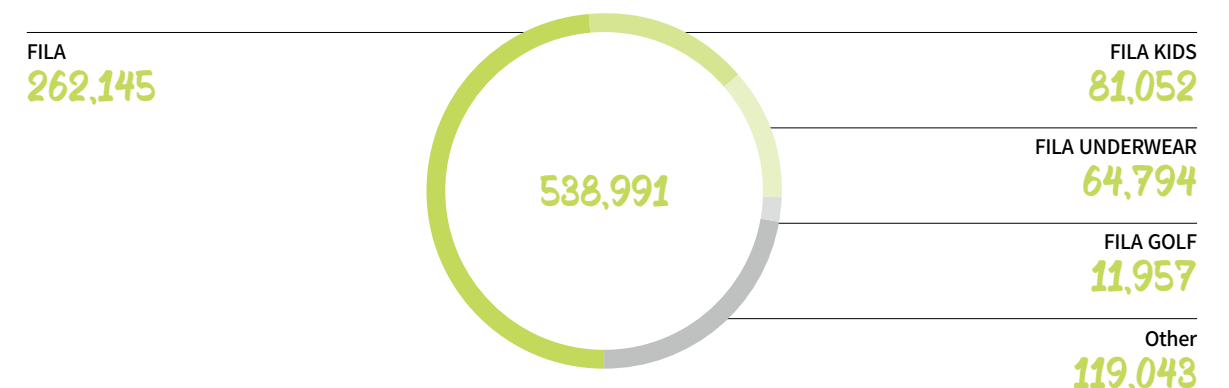
(Unit: USD K)

Areas	2021	2020
Revenue	496,964	432,162
Gross profit	137,862	122,656
Operating profit	13,362	8,350
Net profit	9,054	3,662

In 2021, FILA USA recorded approximately USD 500 million in revenue and USD 13.4 million in operating profits. FILA USA is upgrading its own e-commerce sales channel (FILA.com) to mitigate excessive dependence on its wholesale business and realign its business structure accordingly, and expects to further augment its brand image with the opening of a flagship store in New York.

Business Performance by Product Division**

FILA Korea's 2021 revenue amounted to nearly KRW 539 billion, and its breakdown by product division is as follows: (Unit: KRW mn)



* FILA only discloses the business performance of FILA Korea and FILA USA, which are directly operated
 ** We have disclosed business performance by product division only for FILA Korea.

FILA IMPACT 2025

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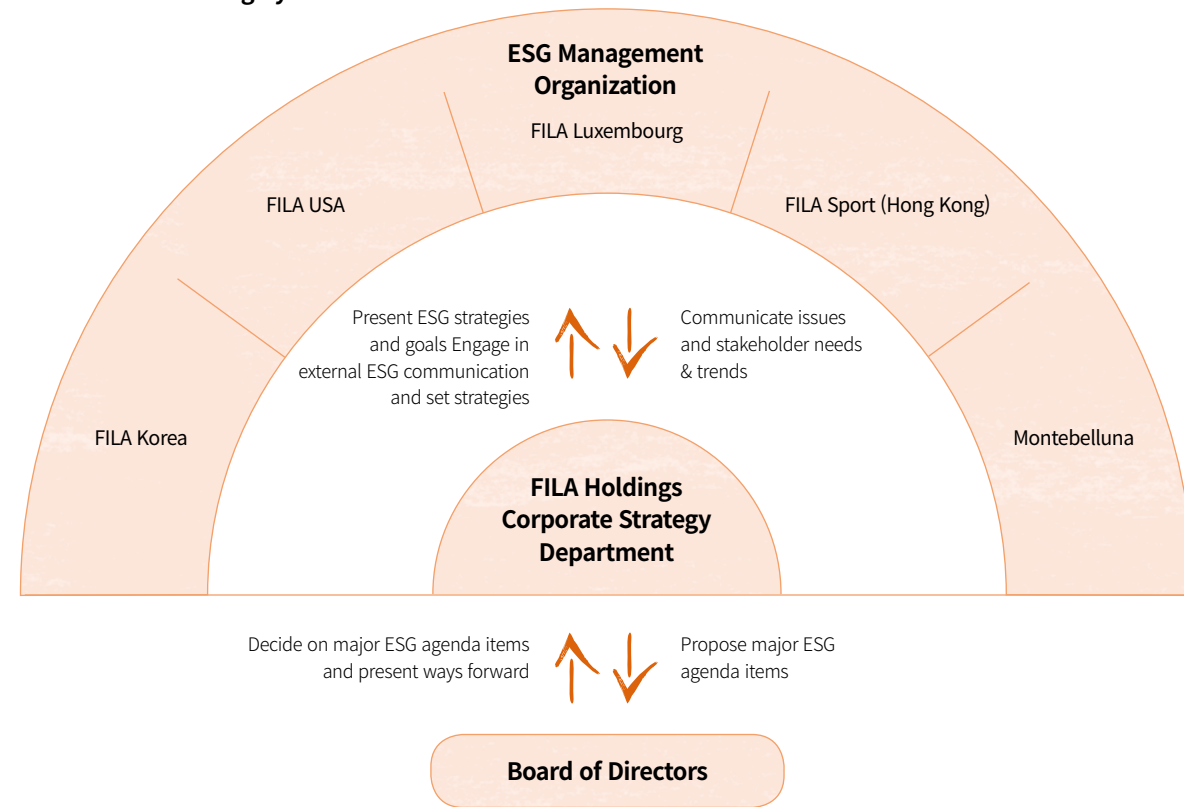
2025 Strategy

ESG Management Organization

FILA's company-wide incorporation of sustainability management into its decision-making system aims to effectively address shifting market conditions and varying consumer expectations. With the Strategic Planning Team under the Corporate Strategy Department at FILA Holdings playing a central role, employees responsible for HR, general affairs, marketing and legal affairs operations at our subsidiaries closely communicate on ESG issues and implementation strategies. This helps us develop our roadmap and further elaborate on the action plans that span our supply chains, operations, product development & manufacturing, and marketing. The monitoring of our ESG outcomes against ESG strategies and goals allows us to better present major agenda items and directions at both management meetings and to the Board of Directors. Ultimately, this process aligns all our subsidiaries towards the common goal of advancing our sustainability management strategy.

In 2021, we set ESG performance management indicators for FILA Holdings employees in manager or above positions, and have extended the scope of ESG-related KPI management to a total of three subsidiaries FILA Holdings, FILA Korea and FILA USA. This will help us in linking mid/long-term ESG goals with their budgets at respective subsidiaries, ultimately resulting in more closely-connected and flexible sustainability management. At FILA, we will do our utmost to generate ESG outcomes and values.

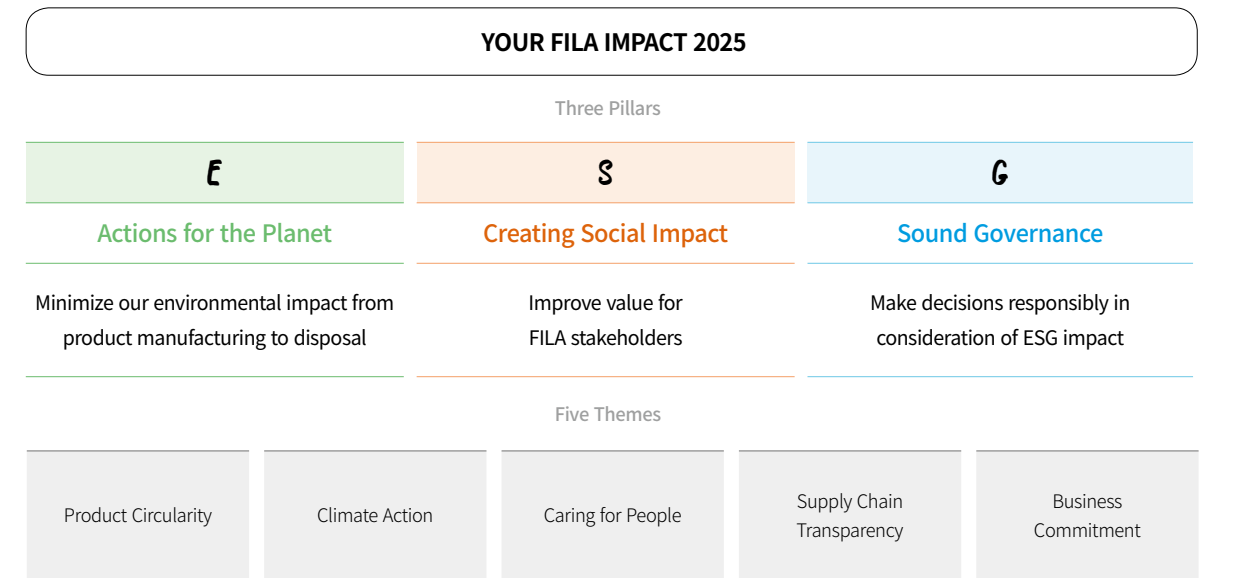
ESG Decision-Making System



Sustainability Management Strategy

FILA has established a mid/long-term sustainability strategic framework that identifies the strengths and necessary improvements of our sustainability management system and by analyzing the ESG management of our major subsidiaries. This led us to define the three pillars: Actions for the Planet, Creating Social Impact, and Sound Governance and the five themes of Product Circularity, Climate Action, Caring for People, Supply Chain Transparency and Business Commitment. Our goal is to integrate these five themes into our entire operations and raise the bar in sustainability management. To this end, we set 10 core targets, and in tandem with these, we will work to meet the UN Sustainable Development Goals (SDGs) and fulfill our social responsibility.

Mid/long-term Sustainability Management Strategic Framework



Sustainability Management Roadmap

Our efforts to establish a responsible decision-making system and elevate values material to stakeholders allowed us to lay the groundwork for ESG management in 2020. We have followed up on this initial step by identifying major ESG-related issues and taking stock of our current conditions to build capacity, which ultimately enabled us to develop our mid/long-term ESG strategy. In 2022, we will begin disseminating our ESG management system, and attain the major goals we set in line with global business trends. We will also work closely with key business partners to manage supply chain risks, and this will help in the establishment of an advanced sustainability management system that befits our status as a truly global brand. Such multi-faceted endeavors will drive the FILA brand to gain a foothold in consistently elevating its value and business competency.

FILA's Sustainability Management Roadmap



YOUR FILA IMPACT 2025

Our mid/long-term sustainability management goal “YOUR FILA IMPACT 2025”, serves to transparently disclose our ESG management strategy and extend its potential in the future. We will strive to ensure that every step we take in attaining “YOUR FILA IMPACT 2025” naturally promotes growth to serve our wide range of stakeholders, and this goes for all issues related to the environment, our employees/customers, supply chains and local communities. As a holding company, FILA Holdings will also assist all FILA subsidiaries in any way possible to attain their set sustainability goals under the united vision of “WINNING TOGETHER.”

● FILA Holdings ● FILA Korea ● FILA USA ● FILA Sport (Hong Kong) ● Montebelluna

2025 Target	2021 Performance	Subsidiary
Product Circularity		
Lay the foundation for Life Cycle Assessments to achieve product circularity	Established a product circularity system in consideration of FILA's value chain (environmentally conscious materials, hazardous substance management, manufacturing, environmentally conscious packaging, and waste reduction)	●●●●●
Increase the ratio of environmentally conscious materials used by product category	Engaged in R&D on environmentally conscious materials and systemized the Sustainable Materials Tracking Board	●●●●●
	Achieved the Global Organic Textile Standard (GOTS)	●●●●●
	Adopted apparel materials certified under the Responsible Down Standard (RDS) and the Organic Content Standard (OCS)	●●
	Adopted 100% biodegradable recycled paper, materials made from shredded tires, sheets made from used cork, recyclable synthetic leather, recycled polyester, recycled Phylon, and Tyvek materials for footwear	●●●
	Adopted Sorona, SOLARball, recycled POLARTEC, recycled polyester, and recycled nylon for apparel products	●●
Reach 10% or above in the ratio of environmentally conscious product lines for footwear, apparel and accessories	Adopted MIPAN regen, VEGEA vegan leather, materials made from recycled leather waste for accessories	●●
	Adopted ECOLON and Tencel materials for underwear products	●●
	Launched environmentally conscious apparel, accessories and underwear products for the first time in 2021	●●●
	Increased the production of environmentally conscious footwear in 2021 by nine times that of 2020	●●
Reduce hazardous substances contained in materials and products to ZERO	Reached 16.9% in environmentally conscious adult apparel and 10.9% in environmentally conscious children's apparel out of the total apparel production in 2021	●●
	Reached 1.7% in environmentally conscious accessories out of the total accessories production in 2021	●●
	Reached 1.7% in environmentally conscious underwear out of the total underwear production in 2021	●●
Switch to environmentally conscious materials for packaging and subsidiary materials	Reviewed the adoption of Drydye, environmentally conscious fabric dyeing technology	●●
	Increased the use of water-based adhesives for footwear in 2021 by 2.5 times that of 2020	●●●
	Distributed hazardous substance guidelines to suppliers and performed regular chemical safety inspections	●●●●●
Expand the resource circularity driven waste reduction system	Increased the use of 100% recyclable materials for shoeboxes by 1.5 times and switched to biodegradable plastic bags for apparel - accessories	●●●●●
	Reduced paper consumption by 50% through the use of recyclable paper and the adoption of environmentally conscious printing technology in producing labels, tags and other subsidiary materials	●●●●●
Climate Action	Expanded the scope of major subsidiaries subject to the waste management system and reviewed the integration of suppliers	●●●●●
	Expanded supplier participation in the ZERO WASTE program	●●●●●
	Identified climate-related risks and necessary countermeasures and laid the basis for environmental management	●●●●●
Develop climate change response strategies and set mid/long-term carbon emissions reduction targets	Systemized the climate change management system for major FILA group subsidiaries	●●●●●
	Endorsed the TCFD and the CDP and made disclosures accordingly	●●●●●
	Extended the scope of global subsidiaries subject to carbon emissions disclosures (from two to five subsidiaries)	●●●●●
	Improved our methodology in accordance with the Greenhouse Gas Protocol, while also disclosing carbon intensity data	●●●●●

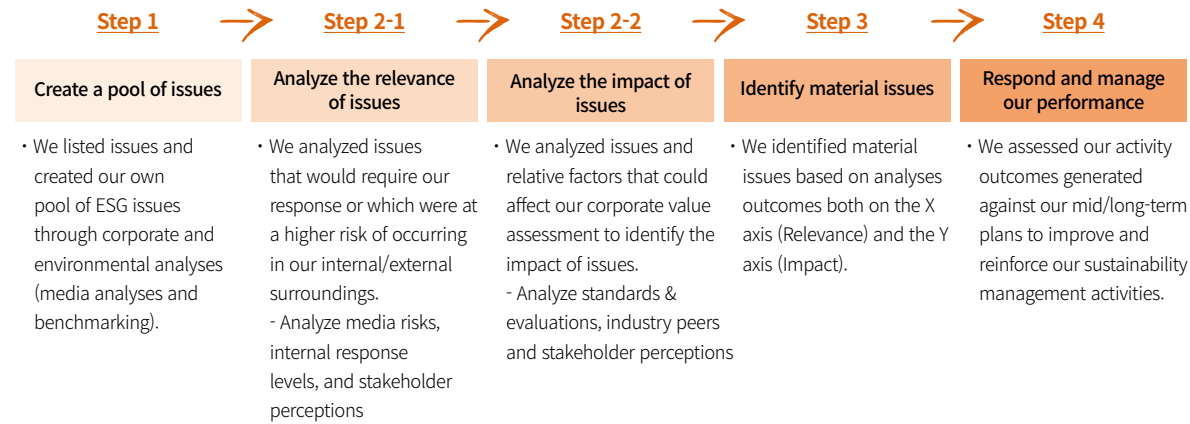
2025 Target	2021 Performance	Subsidiary
Climate Action		
Reduce carbon emissions at directly-operated subsidiaries and worksites	Reduced nearly 2.4 tons of carbon emissions by going completely paperless at the distribution center in Korea	●
	Recycled nearly 543 tons of packaging waste at distribution centers in Korea and the US	●●
	Fully transitioned to EVs at distribution centers in Korea and the US	●●
	Provided employees with training on actionable carbon emission reduction measures	●●●
Prepare a strategic water management system	Collected and analyzed data on water consumption and effluent generation at the offices and worksites of our major subsidiaries	●●●●●
Caring for People		
Expand support with a focus on global talent management	Provided employees with talent development programs on the topics of leadership, job competency, self-development, ESG and personalized coaching	●●●●●
	Created a virtual work environment and disseminated a horizontal corporate culture	●●●●●
	Improved working conditions for female employees and provided maternity protection and welfare benefits	●●●
Prevent human rights-related issues and fully respond to such issues	Provided all employees with human rights infringement prevention training and launched in-house campaigns	●●●●●
	Created the Diversity, Equity, Inclusion & Community Council and held relevant workshops	●
ZERO health & safety incident	Achieved ZERO in fatal occupational injuries	●●●●●
	Provided regular health and safety training and monitored workplace health and safety against the checklist	●●●●●
Strengthen communication with consumers	97.7% response rate for consumer inquiry response and 100% implementation of action and recall process	●
Create impact through the implementation of FILA's global CSR strategy	Chose the major global CSR themes of “Water, Diversity, Children” and reinforced the system	●●●●●
	Donated 0.7% of total sales and 3.4% of operating profits (6.9 times and 4.6 times higher than 2020)	●
	Donated 10% of the sale proceeds derived from the Black History Month collection	●
	Hosted FILA KIDS Safety Class (Provided training to 55,000 children on a cumulative basis since its launching in 2009)	●
Supply Chain Transparency		
Implement sustainability management principles across FILA group's supply chains	Established the FILA Group Global Code of Conduct and Human Rights Policy and shared them with our suppliers	●●●●●
Improve transparency across supply chains and complete mapping on all our suppliers	Completed mapping of tier 1 suppliers for footwear, apparel, and accessories (FILA Sport (Hong Kong): 22 vendors, Montebelluna: 22 vendors)	●●●
Fully comply with sustainability standards across FILA group's supply chains	Assessed all candidates for their compliance with FILA group's ESG standards in selecting new suppliers	●●
	Assessed tier 1 key suppliers for their ESG performance and defined improvement tasks for high-risk suppliers	●●
Provide win-win support to our suppliers	Supported suppliers with logistics costs amid COVID-19	●
	Shortened the payment terms for outstanding suppliers to help support their financial liquidity	●
Business Commitment		
Implement FILA's five-year strategic plan and shareholder return policy	Set and disclosed FILA's five-year shareholder return policy	●
Advance sustainability management and respond to climate crisis under the BoD leadership	Proposed ESG risks and opportunities for discussion at regular BoD meetings	●
Follow up on all whistleblowing reports submitted globally to FILA group	100% in responding to global whistleblowing hotlines	●●
	Established the Information Security Committee (ISC) and developed an information security incident response system	●●
Reduce personal data breaches to ZERO	Recorded ZERO occurrences of online data security breaches at FILA over the past three years	●●
	All FILA Korea employees completed ethical management training	●●

Material Topics

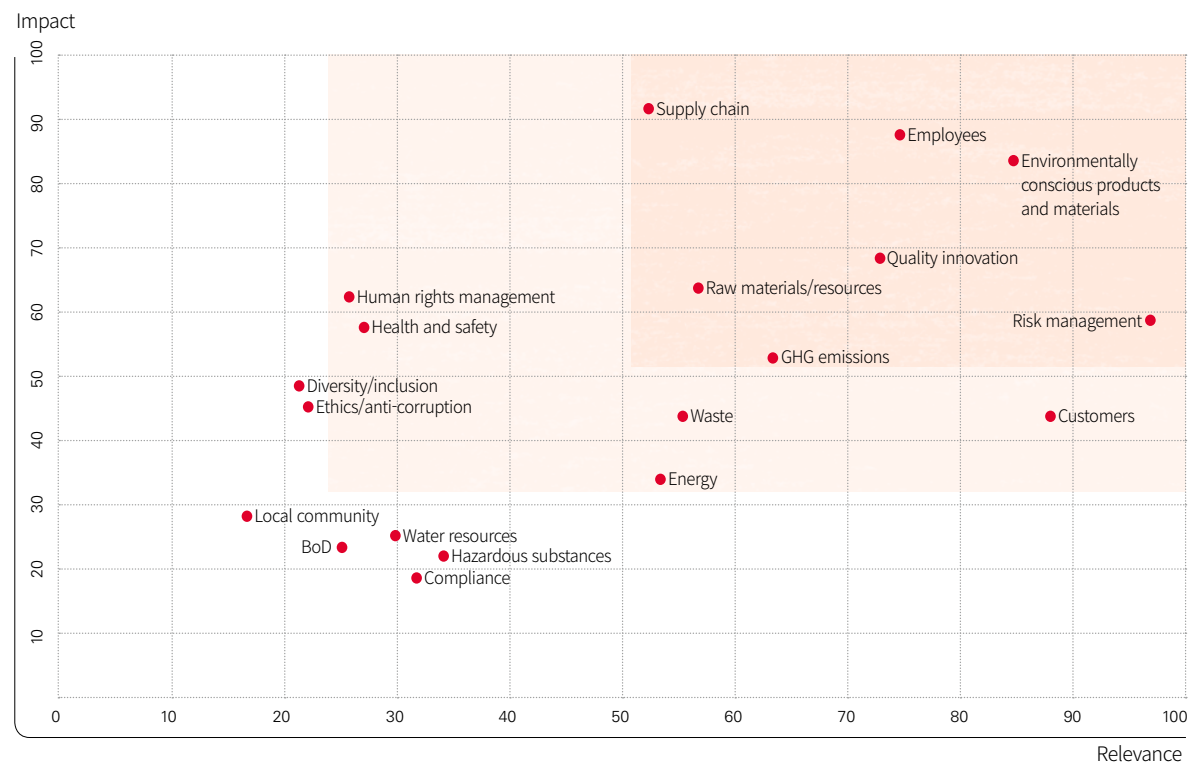
Materiality Assessment

In advancing sustainability management, we performed materiality assessments to identify material topics that require intensive management. Each of these topics was evaluated for their significance through media analyses, benchmarking and stakeholder surveys, and the seven finalists chosen as material topics are presented in our sustainability report along with our relevant activities and achievements.

Materiality Process



Materiality Matrix



Material Issues

No.	Issue	FILA's ESG Strategy		Stakeholder	Page
		Area	Theme		
1	Environmentally conscious products and materials	Actions for the Planet	Product Circularity	Customers, employees, supply chains, shareholders & investors, and local communities	p44-53
2	Employee satisfaction	Creating Social Impact	Caring for People	Employees	p64-77
3	Risk management	Sound Governance	Business Commitment	Customers, employees, and shareholders & investors	p84-93
4	Sustainable supply chains	Creating Social Impact	Supply Chain Transparency	Employees, supply chains, and customers	p78-83
5	R&D and quality management	Creating Social Impact	Caring for People	Customers, employees, supply chains, and shareholders & investors	p64-65
6	Raw materials/resources management	Actions for the Planet	Product Circularity	Employees, supply chains, and local communities	p44-45
7	GHG emissions reduction	Actions for the Planet	Climate Action	Employees, supply chains, shareholders & investors, and local communities	p54-63

Stakeholder Engagement

Our primary stakeholders are our customers, employees, supply chains, shareholders & investors, and local communities, of which we proactively communicate with through various channels. In particular, we conduct annual ESG-related interviews on these groups and host ESG workshops for our major subsidiaries to consistently promote group-wide consensus on the need for sustainability management and ESG performance management. Not only do we improve shareholder value, but we also aim to pursue mutually-beneficial partnerships with all our stakeholders and create a positive environmental and social impact. To this end, we will inch ever closer to diverse stakeholders in the years ahead.

Stakeholder	Relevant Issue	Communication Channel and Our Response
Customers	Product safety, data security, expansion of customer engagement	<ul style="list-style-type: none"> Customer service center Roundtable meetings with store owners Quantitative consumer surveys FILA archive
Employees	Work-life balance, talent recruitment and development, support for welfare benefits and healthcare, promotion of employee diversity	<ul style="list-style-type: none"> GCM (Global Collaboration Meeting) FILAGRAM (internal newsletters) FILA Ethical Management Newsletters Ethics Report Center ESG workshops (one time at FILA Korea, one time at FILA USA) ESG interviews (on key stakeholders at FILA Holdings, FILA Korea, FILA USA, FILA Sport (Hong Kong), and Montebelluna)
Supply chains	Compliance with ethics in procurement, fair selection of suppliers, environmental & social risk management	<ul style="list-style-type: none"> FILA Group Global Code of Conduct FILA Group Global Human Rights Policy 24 Hour Multi-lingual Ethics Report Center (NAVEX) FILA Group Corporate Statement on Forced Labor
Shareholders & investors	Business performance, governance transparency	<ul style="list-style-type: none"> General shareholder meetings IR (Investor Relations) events and disclosures (conference calls, company visits, and Non-Deal Roadshows) Annual and quarterly earnings calls (Mar., May., Aug., Nov.) Conferences hosted by securities firms
Local communities	Fulfillment of corporate social responsibility, support for the socially underprivileged	<ul style="list-style-type: none"> Corporate Social Responsibility (CSR) activities

Stakeholder Dialogue

As a premium lifestyle sports brand, FILA finds it beneficial to understand the opinions of its stakeholders and reflect their candid feedback into its operations as a way to create value for society, the economy and the environment. As we embark on this journey towards YOUR FILA IMPACT 2025, we will remain committed to a win-win approach in our partnerships with customers, employees, supply chains, shareholders & investors, and local communities.

Employees	Brandon Shin Business Manager, Sourcing Division (Montebelluna) Salla Lee Assistant Manager, Apparel Merchandising Team (FILA Korea)	Experts	Jin Soo Yoon Chief Analyst (Korea Corporate Governance Service) Martin Lee Managing Director (Control Union Korea Co., Ltd.) Haesu Lee Investment Analyst (Robeco Asset Management)
Supply Chains (apparel & footwear)	Chen Zhi Lei Business Manager (Guoshi Footwear Co., Ltd) Sam Xu Vice General Manager (Seduno Group Co., Ltd)	Customers	Jong Hyun Lim Store owner (FILA Seoul Branch) Sang Woo Park Store owner (FILA Suncheon Yeonhyang Branch)


What does ESG management mean to FILA and what are FILA's unique strengths?



Employees
Brandon Shin
Business Manager,
Sourcing Division
(Montebelluna)

It seems to me that FILA's commitment to genuinely 'care for people' has remained steadfast. From the employees of group subsidiaries and business partners to the whole of its customer base, FILA is always willing to put others first and is extremely dedicated to following just the right approach. FILA cuts no corners in pursuing what is just and fair and gladly sacrifices monetary gain for the sake of customer satisfaction. Its philosophy that tends to its customers as it would its own family, effectively produces only the best apparel. Such a mindset places people at the helm of its commitment to reach ever closer to superior ESG management.


Today's global brands place great emphasis on ESG management, and companies within the fashion industry are following suit with products made from environmentally conscious/recycled materials that help mitigate their environmental footprint. New emerging technologies, along with Drydye, a fabric dyeing technique that eliminates the consumption of water, are showing great promise in this regard. FILA is working to become the forerunner on the technology front, discovering functional, environmentally conscious materials.



Employees
Salla Lee
Assistant Manager,
Apparel Merchandising
Team
(FILA Korea)

FILA, in its effort to keep pace with the ESG agenda as a global sports brand, is playing a pivotal role in the fashion industry. Under the theme of Actions for the Planet, FILA is unveiling environmentally conscious products. We are also expanding product lines that adopt Sorona, which is a corn-derived material, along with materials certified under the Responsible Down Standard (RDS), and other recyclable materials. Recently, we used recycled paper to produce shoeboxes and biodegradable plastic bags to make our packaging even more environmentally conscious. Our ongoing discovery of environmentally conscious materials certified under applicable international programs will help us gain credibility with our consumers and deliver greater social value. In addition to the RDS, we will add the Global Organic Textile Standard (GOTS) and other varying global standards in choosing materials that go to produce a variety of lineups. We hosted a design competition under the theme 'Jeju Oreum' a rising small dormant volcano on Jeju Island, Korea, in connection with FILA's brand identity to reinforce our social involvement. Not only did this event enliven the local community, the competition's outcomes yielded results that we integrated into our actual apparel designs. This led to product sales that consequently took full advantage of FILA's business characteristics.

What are the risks and opportunities in the fashion industry as a whole and what role should FILA play in the evolving landscape?



Experts & Investors
Martin Lee
Managing Director
(Control Union Korea
Co., Ltd.)

As a global brand, FILA is expected to deliver non-financial performance as required of other textile and fashion companies. FILA will need to take a broader and more intensive overall approach to ESG management, including in terms of its environmental/ethics management, along with responsible cooperation with and procurement from suppliers. If such activities are aligned with FILA's brand promotion, it will be helpful in communicating FILA's commitment to sustainability management and setting itself apart from the competition.

We believe that FILA will develop long-term strategies in reflection of the feedback it receives from diverse social groups and stakeholders. It will respond to consumer needs and socially/environmentally-responsible management in a swift and flexible manner. FILA also should sense market condition trends/requirements and communicate with its employees to integrate the insights it learns into its management policy. For example, as a sports brand, FILA inevitably uses functional fabric. With this comes the need to heed to environmentally conscious practices and resource circularity. One of FILA's key priorities in the future will be to launch products catering to consumers who pursue value-driven consumption.



Experts & Investors
Jin Soo Yoon
Chief Analyst
(Korea Corporate
Governance Service)

FILA has been making noteworthy progress in integrating ESG considerations in its business operations for the past two years. In particular, FILA improved in the social domain, which is positively perceived outside the company, and the soundness of its corporate governance has also been welcomed. Moreover, FILA is practicing environmental management through environmentally conscious product development and supply chain management, and is reinforcing supplier management to maintain its high level of quality. FILA is also known for its success in protecting the human rights of its workforce and is consistently ensuring high standards in customer satisfaction. Such endeavors have led us to believe that FILA is well ahead of its industry peers in establishing exceptional ESG management practices.



Experts & Investors
Haesu Lee
Investment Analyst
(Robeco Asset Management)

The most important factors for consumer brands and retail businesses like FILA are customer relationship management, distribution networks and human capital management. Additionally, product planning and management, environmental impact within supply chains, product safety, and brand capital are considered critical elements and any failure to properly manage such areas will inevitably incur significant risk. As FILA is heavily exposed to retail markets through direct/indirect and online sales, even more thorough management is required. Given FILA's global presence, it also needs to manage a variety of geopolitical risks that could potentially affect its supply chains.

What should FILA do across its overall supply chains to improve its brand value and reinforce ESG management?



Supply Chains (apparel & footwear)
Chen Zhi Lei
Business Manager
(Guoshi Footwear Co., Ltd.)

As a supplier producing footwear for FILA, we have also recently come to realize the importance of ESG. We have joined hands with FILA in mitigating environmental pollution through our use of recycled leather and water-based glue, in sorting waste, and in adopting machine-cutting techniques to save materials. We believe that by using fewer raw materials and more recyclable ones, and through transitioning to more environmentally conscious packaging materials, FILA could make meaningful contributions to the conservation of the planet.



Supply Chains (apparel & footwear)
Sam Xu
Vice General Manager
(Seduno Group Co., Ltd)

Seduno Group, as FILA's supplier, pursues environmental management, low-carbon production, and product innovation in line with its sustainable development strategy that prioritizes high-quality work and environmental protection. We have established a significant degree of trust with FILA, and respect it as a fashion sports lifestyle brand with over 100 years of history. We will fully cooperate with FILA in reinforcing its lead in the sports apparel market and fulfilling its social responsibility in the areas of human rights, the environment and sustainability. All our apparel factories produce environmentally conscious materials and recycled products, and are capable of sourcing the materials from our suppliers. We will leverage such capabilities to create a resource circulation system through novel materials and technology innovation, and build a sustainable future in conjunction with FILA. As a strategic partner for FILA, we will provide high-quality products and services and join in giving back to society so that we make a unified attempt to aim higher and achieve more.

What improvements should FILA make to deliver greater customer value and sharpen its competitiveness as a premium lifestyle sports brand?



Customers
Jong Hyun Lim
Store owner
(FILA Seoul Branch)

FILA regularly checks in on its stores to understand the conditions and difficulties that the owners may be contending with. It then reflects this data in delivery, re-order and inventory management while sharing its group-wide goals concerning branding and product planning with its stores. It is my expectation that FILA will continue to endeavor and progress with its computer system and after-sales service so that we can place greater focus on sales. Making several attempts to implement diverse activities to deliver new products capitalizing on FILA's accumulated strengths, makes it bound to eventually lead to customer satisfaction. Along with a variety of ESG activities, we hope that FILA will go the extra mile so that our retail stores (mono-shops) can proudly stand behind FILA and generate confident sales.



Customers
Sang Woo Park
Store owner
(FILA Suncheon
Yeonhyang Branch)

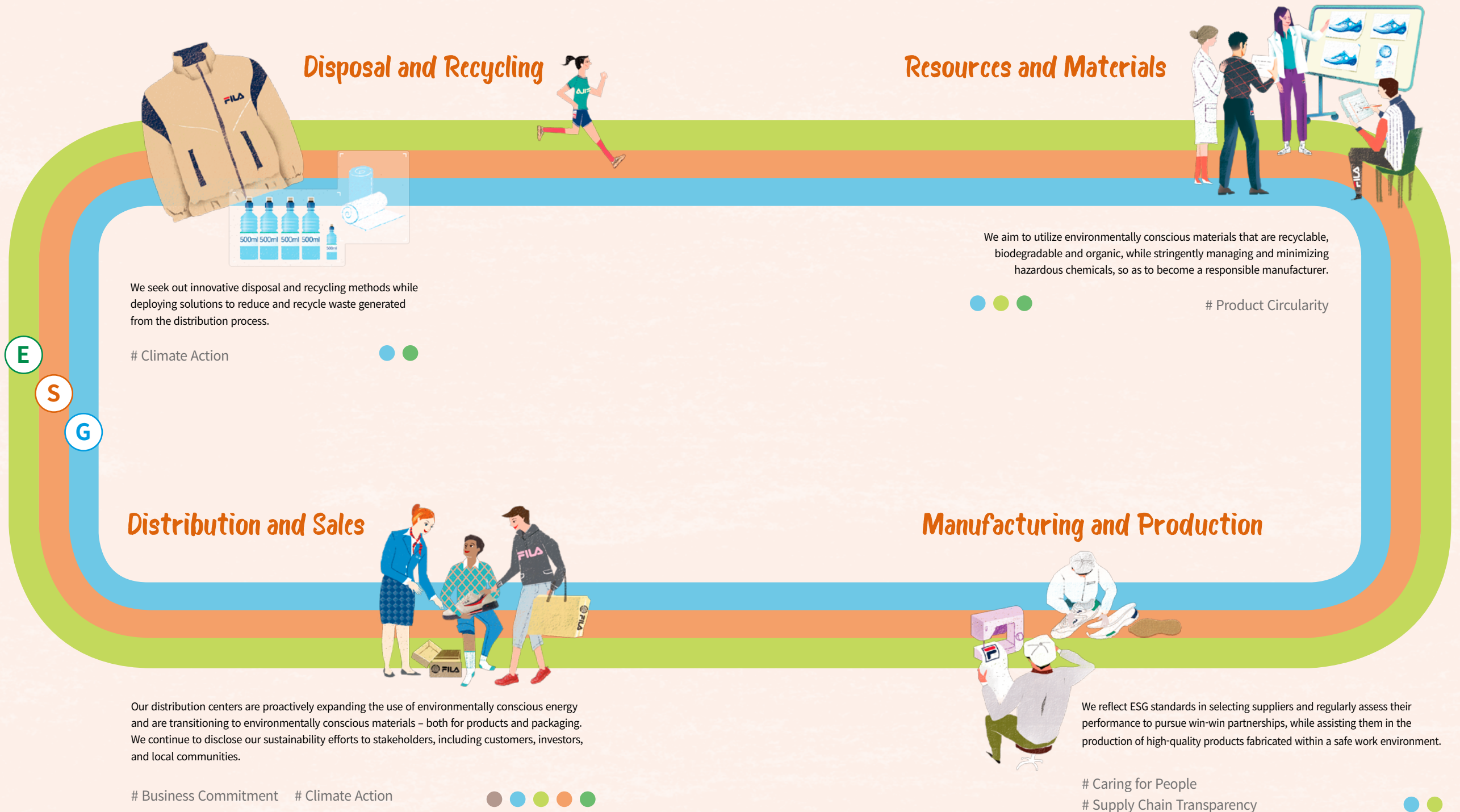
Today's customers consider environmental protection when purchasing products. They would like to do their part as environmental stewards through supporting the sales for companies who participate in environmental conservation or through choosing environmentally conscious products. Beyond the emotion of "retail therapy" satisfaction, such customers feel empowered to advocate for a good cause. Therefore, FILA should fully cater to the altruistic interests of its customers in this regard and demonstrate its substantial contributions and sincerity in protecting the planet.

ESG Value Chain

FILA's Circular Value Chain

FILA is committed to promoting circularity and to generating economic, social and environmental value throughout our business operations. From the selection of materials, manufacturing, and distribution to sales, marketing, disposal and recycling, we will collaborate with our stakeholders to improve our sustainability.

● Customers ● Employees ● Supply Chains ● Shareholders & Investors ● Local Communities





FILA FOCUS

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Product Circularity

Sustainability Context

Severe climate change and resource depletion have made environmental issues determining factors for business resilience, while the role of company adherence to applicable laws and regulations is becoming much more significant. As consumers increasingly consider the environmental impact of the products they select and along their entire production lifecycle - such as environmentally conscious materials and waste management - resource circularity is emerging as an essential factor for business competitiveness.

Strategic Approach

FILA engages in a wide spectrum of activities to optimize its use of resources and its environmental footprint across the entire product lifecycle. We develop environmentally conscious materials to use in our products, and work to reduce the creation of waste and discharge of hazardous substances. We always strive to consider the best ways to create business opportunities and to disseminate a positive social and environmental impact through the development and commercialization of new materials.



[12.3]

By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impact on human health and the environment



Target and Performance

Established a product circularity system in consideration of FILA's value chain (environmentally conscious materials, hazardous substance management, manufacturing, environmentally conscious packaging, and waste reduction)



by 2025 Lay the foundation for the Life Cycle Assessments performed to achieve product circularity

Launched environmentally conscious apparel, accessories and underwear products for the first time in 2021

Increased the production of environmentally conscious footwear by nine times in 2021, compared to 2020



by 2025 Reach 10% or above in the ratio of environmentally conscious product lines for footwear, apparel and accessories

Provided suppliers with hazardous substance guidelines and performed regular chemical safety inspections



by 2025 Reduce hazardous substances contained in materials and products to ZERO

Expanded support for suppliers to join the ZERO WASTE program



by 2025 Expand the resource circulation-driven waste reduction system

Engaged in R&D on environmentally conscious materials and systemized the Sustainable Materials Tracking Board



by 2025 Increase the ratio of environmentally conscious materials used by product category

Achieved the Global Organic Textile Standard (GOTS)



FILA FOCUS on E

Product Circularity

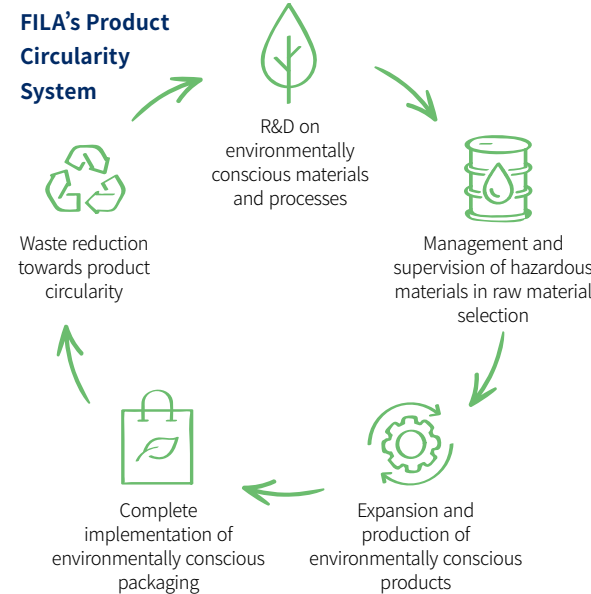
FILA is committed to integrating resource circularity into its production process through developing environmentally conscious materials and recycling resources for the preservation of the planet and the next generation. We also strive to minimize our environmental impact throughout the product lifecycle, from product development to production and disposal.

R&D into Environmentally Conscious Materials and Processes

We believe that the product planning phase is the very first step towards sustainability and this phase constitutes the most important part of determining a product's lifecycle. To produce environmentally conscious products, we are cooperating closely across departments and researching the materials and their corresponding production methods that best deliver the intended performance and environmental characteristics. We also seek to ensure that materials are sourced in a non-destructive and ethical way.

We are improving our competitiveness in sustainability by systemizing our production-related R&D for environmentally conscious materials and processes as a way to expand our product lines. In 2021, we created the Sustainable Materials Tracking Board for the development of the environmentally conscious footwear materials. At the FILA Advanced Science Technology Center (FAST CENTER) located in Busan, Korea, R&D is conducted on the footwear materials and processes. Studies are underway to utilize several varieties of waste including leather scraps, cork, and coffee grounds as raw materials. In addition to resource recycling, we also look into such natural organic materials as hemp, sea weed varieties, and plant husks as potential bio-materials. Based on such research outcomes, our Footwear Merchandising Team and Footwear Development Team collaborate to select the best materials for our footwear products. After that, our Global Sourcing Center in Jinjiang, China directly visits the suppliers to secure raw materials and review issues in need of further consideration for actual manufacturing. This whole process allows us to develop environmentally conscious products and advance our

manufacturing expertise and become even more reliable. To launch the apparel corresponding to new seasons, our Apparel Product Team works with the Sourcing Team under the Global Sourcing Center in China to produce environmentally conscious products. The most suitable materials are selected and used depending on functionality and environmental performance, which require different attributes from our main product categories of Performance and Heritage. We must pay special attention to safety in sourcing materials for our children's products. As such, we take a multifaceted approach in the way we research and production to deliver environmentally conscious products.



FILA's Raw Materials and Processes Improved for Sustainability

Raw Material	Process
Bio Degradation	Waste is completely degraded into water, carbon dioxide and methane gas by way of microorganisms.
Recycling & Upcycling	New added value is created beyond the original material and the product is reinvented as such.
Environmentally conscious	Natural resources are used for manufacturing.
	Develop recyclable materials while fully leveraging existing ones
	Streamline the process through improving the molding process
	Develop methods for using material scraps and waste

* The term "environmentally conscious" shall be used to refer to products or materials with a lower environmental impact compared to existing materials and products.

Effort to Minimize the Discharge of Harmful Substances

We are clearly aware of the environmental impact caused by hazardous chemicals contained within products, and are researching and implementing diverse ways to minimize the use of such substances. We thoroughly comply with global hazardous chemical standards and conduct regular safety requirement inspections on all our products.

We prohibit the use of harmful dyes or fabrics as the FILA mindset encourages us to imagine that the products we are manufacturing should be suitable even for our own families. From this perspective, we provide all of our suppliers with hazardous substance guidelines each year. Safety tests are performed on raw materials, and manufactured products are inspected twice and subject to a third prior to being shipped. To prevent the risk of releasing harmful substances into the environment when waste is incinerated, we are searching for environmentally conscious ways of processing, including the use of shredding instead of incineration

Implementing Diverse Ways to Reduce Harmful Substances

To reduce the generation of harmful substances and chemicals, we are shifting from solvent-based adhesives to water-based ones in producing the upper portion of our footwear. The number of footwear products made with water-based adhesives increased 2.5 times from 237,000 pairs in 2020 to 598,000 pairs in 2021. This helped reduce the consumption of such hazardous chemicals as Benzene, Toluene, and Styrene that are contained in solvent-based adhesives as well as the environmental load generated in the disposal of such substances.

We also set a goal to increase the use of renewable energy to 10% at our suppliers to reduce the air pollutants released from the use of internal combustion engines in the production phase. With social awareness of and responsibility for the environmental impact brought on by our manufacturing supply chains, we will team up with our suppliers to fully commit to addressing this issue.

Reviewing the Adoption of Drydye

As we are fully aware of the serious concerns raised over water consumption in the textile industry, we are reviewing the adoption of Drydye technology, an environmentally conscious alternative that eliminates the need for water and chemicals to dye fabric. The traditional method for fabric dyeing consumes a large amount of water and solvents along the washing, bleaching, dyeing, rinsing and finishing processes. Meanwhile, Drydye technology leverages the two different phases of gas and liquid when heat and pressure is imposed on carbon dioxide: the liquid properties are used for solvents and the gaseous properties for complexion and drying inducers. Currently, some of our suppliers in Vietnam are testing this innovative technology on our products. The application of

Drydye is expected to result in a dramatic reduction in water consumption and a significant reduction in effluents. As surfactants and other chemicals used in conventional dyeing are no longer used, the environmental impact will be mitigated, and the removal of the drying step that had once followed the dyeing process will also reduce energy consumption by more than 50%.

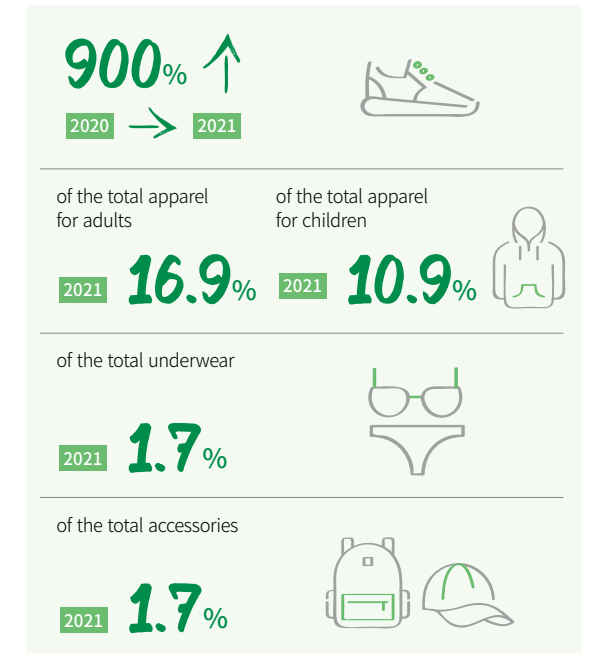
Expansion of Environmentally Conscious Products

We are gradually expanding to phase-in more and more products that use environmentally conscious materials and processes, and are preparing for the transition into a low-carbon era. We first began launching environmentally conscious products in earnest in 2020, and we extensively overhauled the product lines in 2021. Specifically, FILA Korea introduced its EARTH TOGETHER line consisting of EARTH TOUCH for footwear and EARTH FEEL for apparel and accessories. The logo for our EARTH line was created as a result of the reinterpretation of our FILA Heritage logo which embodies the historic value of our brand and its sustainable future forward.

Logo history of the EARTH, FILA Korea's Environmentally Conscious Product Line



Expansion of Environmentally Conscious Products at FILA Korea









*Based on the annual production volume of FILA Korea, environmentally conscious products were first launched in 2021 in the apparel, underwear and accessories categories

EARTH TOUCH

The First Step in Caring for the Planet

Environmentally Conscious Materials for EARTH TOUCH

<p>Tyvek</p> 	<p>Recycled Synthetic</p> 	<p>Recycled Grind Cork</p> 
<p>100% recyclable environmentally conscious materials that do not discharge any harmful substances when incinerated or landfilled</p>	<p>Recycled faux leather made from 85% recycled polyester and 15% polyurethane</p>	<p>Cork sheets made from recycled cork</p>
<p>Recycled Canvas</p> 	<p>Recycled Phylon</p> 	<p>Recycled Grind Rubber</p> 
<p>Canvas fabric made from 100% recycled polyester</p>	<p>Soles made through the recycling of shredded material</p>	<p>Recycled rubber material made through the shredding of rubber waste</p>

Footwear

Since footwear products consist of a number of components including the upper, the midsole and the outsole relative to the apparel or accessories, it is critical to find our own optimal approach in planning and producing environmentally conscious products. To this end, we are developing new materials conducive to the adjustment of upper patterns and the reinforcement of midsole durability. Our aim in this was to reduce the consumption

of materials as well as to choose the right materials to begin with. EARTH TOUCH, the environmentally conscious footwear collection FILA Korea first launched in 2020 on the back of such efforts, is diversifying its designs and models every year. Its production volume also increased and its 2021 production surged nine times from that of 2020, which is a tribute to our steady commitment to increasing the availability of environmentally conscious products.











<p>EARTH TOUCH Classic Kicks B v2</p> 	<p>EARTH TOUCH Euro Jogger 93/21</p> 	<p>EARTH TOUCH Court Plumpy</p> 
<p>Upper portion made from 100% recycled biodegradable paper materials Dissolved into only water and carbon upon incineration Environmentally conscious materials that discharge no harmful substances when landfilled</p>	<p>Recycled used cork Used to produce cork sheets Developing a method to wrap the midsole of the shoe with these recycled materials</p>	<p>Recycled faux leather serves as environmentally conscious waterproof material Employing environmentally conscious materials including recycled cork for over 65% of the upper portion</p>



EARTH FEEL

Empathy for the Earth

Environmentally Conscious Materials for EARTH FEEL

<p>SOLARball</p> 	<p>Sorona</p> 	<p>Polartec</p> 	<p>MIPAN regen</p> 	<p>Coolmax</p> 
<p>Synthetic insulation that equals goose/duck feathers in fill power</p>	<p>Environmentally conscious nylon yarn made from corn</p>	<p>Biodegradable fiber made from 100% recycled materials</p>	<p>Recycled nylon made from pre-consumer waste</p>	<p>Fabric made from recycled textile waste and PET bottles</p>
<p>Organic Cotton</p> 	<p>Vegan Leather</p> 	<p>Recycled Leather</p> 	<p>ECOLON</p> 	<p>Tencel</p> 
<p>Organic pure cotton cultivated in an organic way</p>	<p>Synthetic leather made from plant materials</p>	<p>Leather made by recycling leather scraps</p>	<p>Environmentally conscious PE yarn made from recycled PET bottles</p>	<p>Regenerated fiber extracted from environmentally conscious wood</p>

RESPONSIBLE RDS
동물 복지를 준수한 RDS(Responsible Down Standard) 다윈의 재취득(사망) 폐로에 사용되기까지의 모든 유통과정을 추적하고, 깃털을 재취득하는 우리의 기원에 대한 공개입식, 도축 전 무모 제거 등 대우가의 동업을 확대하는 행위를 하지 않도록 관리하며 생산되기까지의 모든 공정은 투명성이 확보되어 지속 가능한 시스템으로 관리
*21 FW DOWN 산물 중 68% 적용

RECYCLED MIPAN REGEN
MIPAN regen 필사를 사용
100% 리사이클 소재로 우수한 품질과 에너지 절감, 이산화탄소 배출을 절감해주는 친환경 소재
*21 FW에 대해 적용률 25% 적용

ECO FUR
동물보호를 위해 진짜 모피를 사용하지 않고 부드러운 가죽 털을 넣어 만든 패딩 치목 합성 섬유등을 사용하여 진짜 모피처럼 만든 인조 모피
패러디지 퍼 다분자겟 전상품 적용

RDS
책임 있는 다운 기준
제품을 생산하는 전체 과정에서 동물 복지 시스템을 준수했음을 인증

GOTS
글로벌 유기농 섬유 사용
유기농 섬유의 품질과 사용에 대한 국제적 인증

OCS100
유기농 원료 기준
제품의 95% 이상의 유기농 원료가 사용되었음을 인증

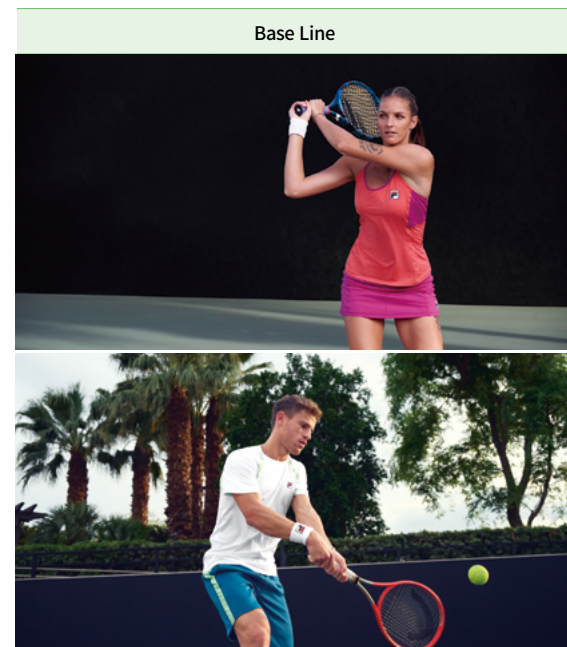
Apparel

We launched our first environmentally conscious products in the apparel category in 2021. Our focus in apparel is on choosing the right environmentally conscious materials that also deliver the intended performance and trend requirements in the planning phase. Currently, we are sourcing Sorona, SOLARball, and Recycled POLARTEC materials as well as materials certified by the Responsible Down Standard (RDS), a standard that safeguards animals from cruelty in the apparel manufacturing process. We are planning to gradually expand our production of environmentally conscious apparel products in the mid to long-term, to comprise 20% of all our apparel products by 2025. FILA Korea first showcased its apparel products made from environmentally conscious materials in 2021. As of the end of 2021, the ratio of environmentally conscious products to the

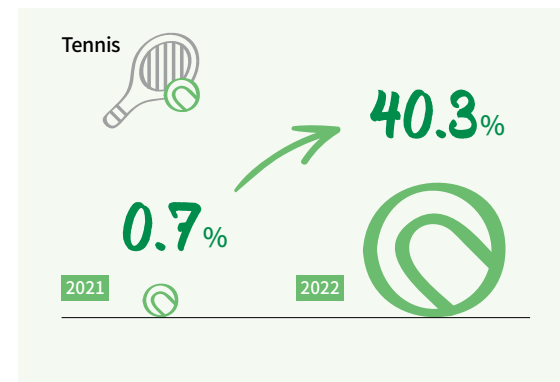
total apparel production volume was 16.9% in adult apparel and 10.9% in children's apparel. We are especially mindful to use safe materials in our children's apparel and products. In March 2022, the screening process to obtain the Global Organic Textile Standard (GOTS) certification was completed, and we will unveil our family product line that includes both adult and kid's apparel in Q3 2022.

FILA USA is also proactively adopting environmentally conscious apparel materials for its tennis line that belongs to our core sports category. Our tennis line made from such environmentally conscious materials as recycled polyester and nylon accounted for 0.7% of the total tennis product styles in 2021 and 40.3% in Q3 2022.

Environmentally conscious apparel made from recycled nylon in the tennis line



Expansion of Environmentally Conscious Materials for Tennis Apparel at FILA USA



*Based on the number of tennis line product quantities at FILA USA

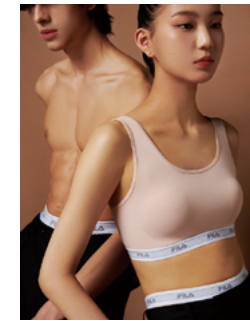


Studio hybrid vest containing SOLARball synthetic fill

Kids' four-toned mid-down jacket containing down fill produced in conformity with the RDS which endorses animal welfare

Underwear

FILA Korea launched its environmentally conscious underwear collection for the first time in 2021. The underwear products are made of 50% high-functional yarn and 50% environmentally conscious materials (ECOLON and Tencel) to employ environmental aspects while delivering functional performance. ECOLON, which is made from recycled PET bottles, has been certified by the Global Recycled Standard (GRS) and reduces the generation of waste and the use of energy and petroleum resources, all while mitigating carbon emissions. Tencel fibers are extracted from beechwood taken from sustainable forests, and have been certified under the EU Ecolabel and the United States Department of Agriculture (USDA) BioPreferred programs as well as under biodegradability certification programs.



FILA Underwear Eco Line Collection made from environmentally conscious Tencel and recycled polyester spandex

Accessories

FILA Korea has been releasing products by applying the use of environmentally conscious materials for its bags, caps and other accessories since 2021. We aim to continue expanding our environmentally conscious products, which we expect to rise by nearly 4.6 times from just about 13,000 units in 2021 to more than 60,000 units in 2022. Around a quarter of the total eco-bags we produced were made from MIPAN regen, which is made from a 100% recycled nylon material that helps reduce CO2 emissions. MIPAN regen is not recycled from discarded products, but is reclaimed from pre-consumer waste.



FILA eco bag made of MIPAN regen, 100% recycled nylon

We will also launch products using vegan leather and leather scraps in August 2022. Vegea, the vegan leather that will be used for these products, is a totally vegetal raw material consisting of grape skin and stalks derived from wine production. Every year, 27 billion liters of wine are produced globally, and 7 billion liters of marc are left behind in the process. Unlike natural leather that requires large quantities of water to be conditioned, water is not necessary to the production of Vegea, nor does it use the chemical treatment that is typically performed for tanning animal leather. Manufactured in a way that respects animal rights, such materials fit right in with FILA's pursuit for environmentally conscious manufacturing.



FILA's Environmentally Conscious Packaging

Sustainability Communication

FILA Korea created a new 'SUSTAINABILITY' tab on its directly operated e-commerce sales channel to elaborate on its EARTH products. This aims to provide consumers with a wider spectrum of environmentally conscious product options and contribute to the ultimate goal of achieving product circularity. In addition, we will also be extremely wary of green washing risks and try to provide transparent and accurate information on the environmental performance of our products.

FILA's Environmentally Conscious Packaging

- Hang tag made from recycled paper
- Biodegradable plastic bags
- Shoeboxes made out of FSC-certified paper
- 100% recyclable shoe inserts, footwear subsidiary materials

Increased Use of Environmentally Conscious Packaging

We are extending the scope for the environmentally conscious transition for packaging and other varying materials in the product sales process. FILA Korea reduced the thickness of the plastic bags used for packaging from 0.045 mm to 0.035 mm, reducing the consumption of polypropylene. Subsequently, the raw material component of the existing plastic bag was converted into a single polyethylene material in consideration that it was not easily recyclable due to the combination of polypropylene and polyethylene. Once these plastic bags are all depleted, we will halt any further production of them and plan to adopt packaging materials containing 50% recycled polyester from July 2022 onwards. We expect to reduce the consumption of unsustainable materials while increasing the use of environmentally conscious materials. Meanwhile, FILA USA is replacing subsidiary packaging materials with environmentally conscious alternatives, and has succeeded in developing and certifying non-toxic biodegradable plastic bags. FILA USA plans to increase the use of biodegradable packaging to 50% of its total packaging in 2022 and extend further to reach 100% by 2023.

Subsidiary Materials and Shoeboxes Made from Environmentally Conscious Materials

FILA Korea and FILA USA are using 100% recycled paper certified by FSC to produce footwear product box packing materials. The recycled paper consumed as such amounted to nearly 7,900 tons in 2019, 5,300 tons in 2020 and 8,000 tons in 2021.

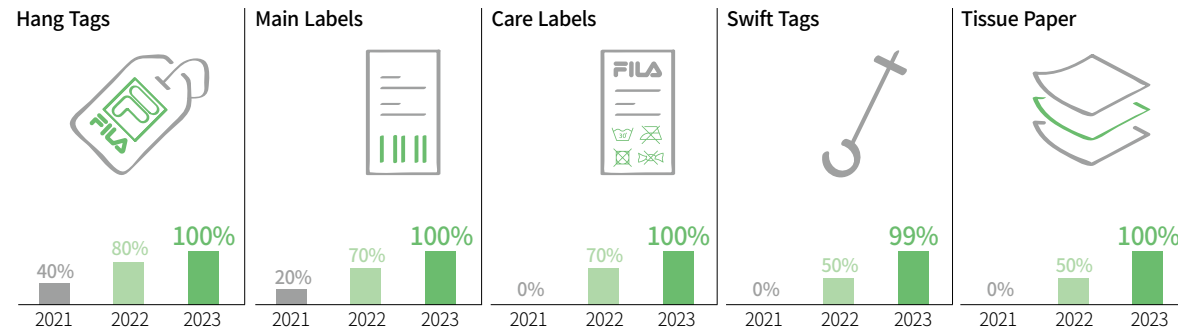
While conventional footwear and apparel product tags have traditionally been made of printed laminate paper and therefore not recyclable, FILA Korea pursued an environmentally conscious transition to recyclable UV-print paper. This not only resulted in a 50% weight reduction per tag - from 900 GSM (Gram per Square Meter) to 450 GSM - but also saved paper equivalent to 184.3 million GSM through the application of this new material to 4.1 million tags.

FILA USA is also shifting to environmentally conscious materials for product tags, and aims to replace them 100% by 2023. We plan to make the same transition to environmentally conscious materials for the thin tissue paper used for the interior packaging that wraps around the footwear, quality certificates, apparel care labels, and swift tags (tags used for attaching product labels and information). We used 100% recyclable materials for shoe inserts, a footwear subsidiary material used to support the shape of the toe within the shoe, and reduced the unit-based

weight by 45% from 59g to 32g, which will be expanded to all the footwear products for FILA USA by 2022. In addition to retail sales packaging, we produced meaningful outcomes in minimizing the consumption of virgin materials even for the packaging used in the manufacturing process. Out of 68,000 tons of plastic packaging used annually for apparel manufacturing in 2021, recyclable plastics and biodegradable plastics accounted for 60% and 40% respectively, and nearly 30,000 tons or 45% of total were recycled.



FILA USA's Plan to Expand Environmentally Conscious Packaging Materials



Waste Reduction for Resource Circulation

Our concept of the ideal product circulation structure is one which makes the best use of the resources available while minimizing the generation of waste. This is why we assist our suppliers that have a relatively higher rate of waste generation within the value chain to play an important role in achieving product circularity through reducing their waste and increasing recycling. We are continuously providing such suppliers with an opportunity to reduce their waste generation and waste management expenses more efficiently by connecting them with local waste management companies.

Introduction of the Waste Management System

We offer our suppliers full financial and administrative support to join the ZERO WASTE Program sponsored by the Footwear Distributors and Retailers of America (FDRA) and operated by ELEVATE, a business sustainability solutions provider. Such investments will help us participate in the environmentally conscious movement of the fashion industry and lay the foundation for shared growth with our suppliers.

We initiated FDRA's ZERO Waste Program in 2019 and successfully completed its pilot operation with one major footwear supplier (GS) in Fujian, China, in 2020. We were able to significantly lower

its waste landfill rate, incineration rate, and GHG emissions as well as improve its business profitability by connecting the supplier and local waste recycling companies. In 2021, the scope of the pilot operation was expanded to include two major footwear suppliers (JM, DA) operating in the same region. While COVID-19 gave rise to partial delays, we will gradually broaden the application of this program to cover all footwear suppliers in China in 2022 and apparel suppliers in Vietnam in 2023.

In 2021, we analyzed the current progress of our suppliers and made improvements in numerous areas according to the six major standards and detailed evaluation indicators. Issues in

need of improvement for each criterion were prioritized as Top, High, Medium or Low priority to set the course ahead for these suppliers in resolving various issues that could arise even after the program ends. For JM, which produced particularly noteworthy improvement outcomes out of the two program participants, opportunities were identified for more efficient waste reduction and management, and the program allowed the Company to improve its waste landfill and incineration from 77% to 0% and its waste recycling from 23% to 100%.

Waste Management System



*2021 outcomes of JM (Jialaimeng)

ZERO WASTE Program Management Framework and Major Outcomes

Waste Management System	Training and Communication	Upstream & Downstream Management	Excellent Operation	Waste Data Management	GHG Management
- Establish and distribute waste management guidelines, procedures and policies	- Implement waste management training programs and set training plans	- Categorize waste according to recyclability, install separate collection boxes and manage accordingly	- Install waste containers within the establishment and regularly manage them	- Manage solid waste data and recyclable waste data	- Identify the source of GHG emissions
- Conduct internal/ external evaluations and monitoring on the waste management system	- Document waste training outcomes in reports	- Use recycled materials in producing packaging materials	- Give precedence to recycled materials in developing samples	- Categorize waste according to recyclability and manage their data	- Measure carbon emissions (Scope 1 & Scope 2) and set reduction targets
- Set the regular target for waste generation			- Establish and operate ways to use material scraps and molds		

Climate Action

Sustainability Context

The international community has encountered a profound paradigm shift towards an environmentally conscious low-carbon economy. As countries tighten their environmental regulations to reduce carbon emissions and the EU works to implement a carbon border adjustment mechanism, companies increasingly realize that their preemptive response to climate-related risks is absolutely instrumental in ensuring their sustainable growth. The fashion industry is no exception: sourcing environmentally conscious raw materials, mitigating carbon emissions along the production and logistics process, and shifting to new energy sources are quickly becoming critical issues.

Strategic Approach

FILA is keenly aware of the importance of its climate change response, which is precisely why it has fully implemented its GHG emissions reduction management since 2020. In 2021, we focused on identifying targets and goals based on systematic evidence and establishing a global carbon management system to lay the groundwork in achieving carbon neutrality over the long haul. Our aim is to extend the scope of carbon management to all major subsidiaries and business partners to monitor GHG emissions across the entire value chain. The Company will explore optimal solutions and closely cooperate with respective stakeholders to achieve Carbon Net Zero.



[13.3] Improve education, awareness-raising and human/institutional capacity on climate change mitigation, adaptation, impact reduction and early warning



Target and Performance

Systemized the climate change management system for major FILA group subsidiaries



Endorsed the TCFD and the CDP and made relevant disclosures

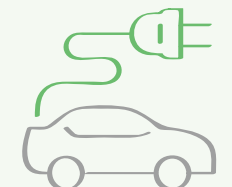


by 2025 Develop climate change response strategies and set mid/long-term carbon emissions reduction targets

Reduced nearly 2.4 tons of carbon emissions by going completely paperless at the distribution center in Korea



Fully transitioned to EVs at distribution centers in Korea and the US



by 2025 Reduce carbon emissions at directly-operated subsidiaries and worksites

Collected and analyzed data on water consumption and effluent generation at the offices and worksites of our major subsidiaries



by 2025 Prepare a strategic water management system

FILA FOCUS on E

Climate Action

Mitigating the consequences of climate change is a difficult task for all of us. To help resolve this global challenge, FILA has fully committed to establishing its environmental management system since 2020. We build upon such endeavors to closely cooperate with our major subsidiaries and business partners across the world to ensure we are all aligned towards a common course of action and can move forward accordingly. This also allows us to facilitate discussions to discover the most optimal action among stakeholders.

Sustainable Environmental Management

As a member of the UN Global Compact (UNGC), FILA abides by the 10 principles of the UNGC. Specifically, we integrated UNGC principles in our environmental management system. FILA group has managed ZERO environmental violations and has been monitoring rapidly changing domestic and international environmental regulations. FILA supports the Task Force on Climate-Related Financial Disclosure (TCFD), a global standard for disclosing climate-related financial information, and transparently discloses its data on governance, strategy and risk management in accordance with the TCFD recommendations. We will continue with our mid/long-term commitment to identifying Science Based Targets (SBT) as an instrumental guide for corporate climate action and achieving Net Zero on the group-wide level.

UNGC's "Environment" principle in FILA's environmental management system



Principle 7
Businesses should support a precautionary approach to environmental challenges;

Principle 8
Undertake initiatives to promote greater environmental responsibility; and

Principle 9
Encourage the development and diffusion of environmentally friendly technologies.

primary areas of products and manufacturing process. Our ultimate goal is to establish a circular cycle that integrates our activities within these two domains and to make our business model more sustainable. To this end, FILA considers environmental management essential to our major decision-making bodies such as the Board of Directors. We are shifting the focus of our product portfolio in a more environmentally conscious way. In addition, the Company has been working on reducing the use of resources such as energy and water consumption in the process and the emission of environmental pollutants such as waste, chemicals, and wastewater.

The sports fashion industry is fully aware of the high level of consumer environmental awareness and how the increasing demand for sustainability can affect our market edge. To fulfill our environmental responsibilities and become a trustworthy brand, it is critical we accurately analyze where we stand and choose achievable action items. Since 2020, FILA has conducted 'ESG materiality assessments' to identify the risks requiring preemptive management and set the key course of action forward. 'GHG emissions' has been identified as a material topic in terms of the likelihood of its occurrence and impact for two consecutive years. Such regular analyses enable us to understand climate-related internal/external risks and implement action plans optimized for our specific conditions.

Climate Change Risks and Response

RISKS	RESPONSES
Transition Risk <ul style="list-style-type: none"> Structural technology innovation Climate change policy 	<ul style="list-style-type: none"> R&D investment and pursue technology innovation Shift the focus of the product portfolio to sustainability Continuously monitor global regulations and systems
Physical Risk <ul style="list-style-type: none"> Natural disasters caused by abnormal weather conditions Environmental change 	<ul style="list-style-type: none"> Establish a group-wide climate change response system Review the possibility of physical asset damages and develop preventive measures while diversifying raw material suppliers

* Materiality Assessment: A survey conducted on FILA group's internal/external stakeholders to identify material issues in ESG areas.
 (2021): Three climate change issues out of seven material issues: Environmentally conscious products and materials (ranked first), Raw materials/resources (ranked sixth), GHG emissions (ranked seventh)
 (2020): Two climate change issues out of eight material issues: Managing energy use (ranked first), Managing GHG emissions (ranked second)

FILA's Commitment to Carbon Neutrality

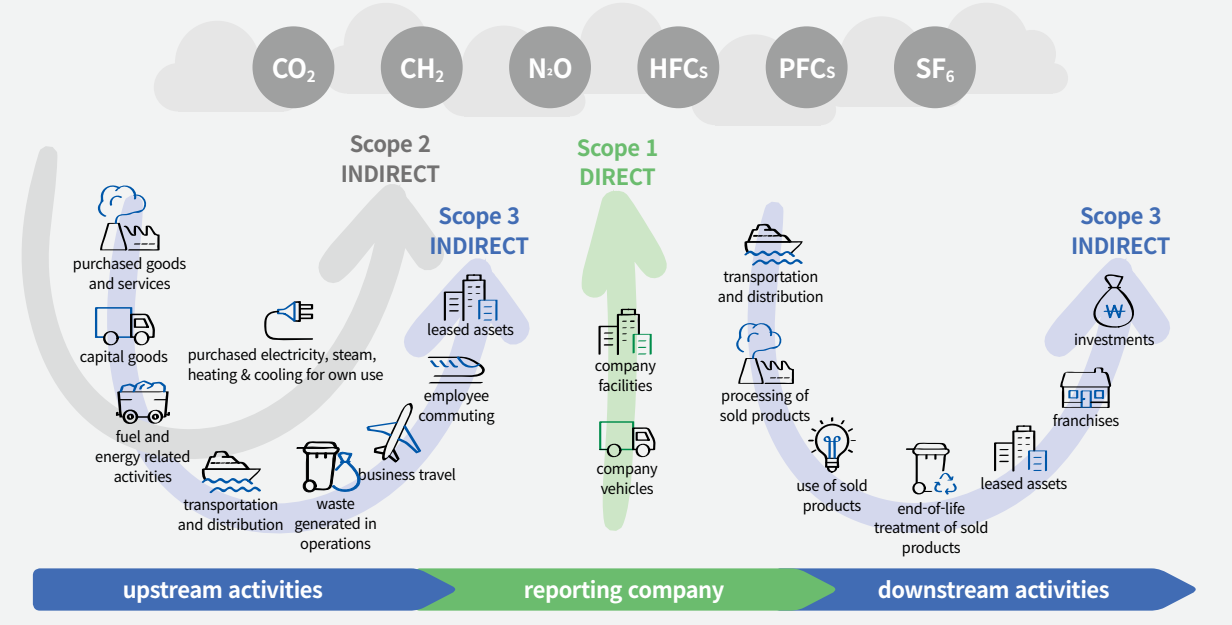
In 2021, FILA laid the groundwork to achieve carbon neutrality. Rather than rushing to announce a declamatory promise to drastically reduce our carbon emissions over a span of several years, we focused on establishing an accurate measurement and global management system to identify science-based targets.

A Global Carbon Management System

At the 26th United Nations Climate Change Conference (COP 26) held in Glasgow, UK, in November 2021, the international community reached a new agreement relating to global greenhouse gas emissions and other related matters. In order to limit the global average temperature rise to below 1.5°C above pre-industrial levels, the community declared its goal of reducing global greenhouse gas emissions to 45% by 2030 and reaching carbon neutrality by 2050. Since fully initiating our GHG emissions reduction management in 2020, we focused on establishing a global carbon management system in 2021. As a global group, FILA has worldwide presence, from directly-operated subsidiaries, to suppliers along the supply chain. As a company within the fashion industry, it is imperative we improve the sustainability of our supply chains, along which raw materials are sourced and products are manufactured. As such, we clearly understand the need to include even Scope 3 emissions in our carbon emissions measurement and management. FILA places the utmost importance on accurately and transparently

communicating negative environmental impacts that its internal or external business operations may have caused. This prompted us to establish a clear internal implementation methodology in full compliance with the Greenhouse Gas Protocol, an internationally-recognized GHG emissions accounting and reporting standard. We are very careful to ensure that the outcome does not cause irrelevant results due to distortion of methodology. This is why we aim full transparency disclosing not only our carbon emissions in absolute terms but also our carbon intensity data so that we report carbon management performance in alignment with our business results. FILA is gradually expanding its scope for carbon measurement and management. For our directly-operated subsidiaries, we have extended our data management scope from two to five subsidiaries since last year while designating personnel to effectively fulfill relevant roles at respective organizations and providing training on standards and other indicators. In particular, we include distribution centers in Republic of Korea and the US that carry high levels of environmental load in the scope of our establishments in analyzing carbon mitigation solutions. From the supply chain perspective, we have selected some in our tier 1 suppliers as major suppliers for intensive management, and have taken the first step in 2021 for monitoring emissions and provided management methodology training. Our goal is to broaden the scope of our carbon measurement and management to all directly operated subsidiaries and suppliers as quickly as possible and successfully mitigate GHG emissions along with the entire value chain to contribute to a better environment.

GHG Emission Classification by Greenhouse Gas Protocol



* Greenhouse Gas Protocol: This standardized global framework classifies GHG emissions into the following three scopes to measure GHG emissions:
 Scope 1: Direct emissions from the Company's owned or controlled sources
 Scope 2: Indirect emissions from the consumption of purchased electricity, heat or steam
 Scope 3: Other indirect emissions from the activities of the reporting organization

GHG Emissions at FILA's Affiliated Entities

FILA group	Scope	Unit	2021	2020	2019
FILA group	Direct emissions (Scope 1)	tCO ₂ e	1,245.9	1,796.2	1,771.0
	Indirect emissions (Scope 2)	tCO ₂ e	3,005.5	2,831.4	3,020.7
	Total	tCO ₂ e	4,251.3	4,627.7	4,791.7
	Intensity	tCO ₂ e/KRW bn	1.1	1.2	1.3
Affiliated Entity					
FILA Holdings	Direct emissions (Scope 1)	tCO ₂ e	7.5	7.1	N/A
	Indirect emissions (Scope 2)	tCO ₂ e	130.8	61.7	N/A
	Subtotal	tCO ₂ e	138.3	68.9	N/A
FILA Korea	Direct emissions (Scope 1)	tCO ₂ e	9.1	13.3	60.9
	Indirect emissions (Scope 2)	tCO ₂ e	1,267.6	1,123.8	992.0
	Subtotal	tCO ₂ e	1,276.7	1,137.1	1,052.9
FILA USA	Direct emissions (Scope 1)	tCO ₂ e	1,159.8	1,775.8	1,710.1
	Indirect emissions (Scope 2)	tCO ₂ e	1,571.1	1,645.9	2,028.7
	Subtotal	tCO ₂ e	2,730.9	3,421.7	3,738.8
FILA Sport (Hong Kong) · Montebelluna	Direct emissions (Scope 1)	tCO ₂ e	69.4	N/A	N/A
	Indirect emissions (Scope 2)	tCO ₂ e	36.0	N/A	N/A
	Subtotal	tCO ₂ e	105.4	N/A	N/A

* The GHG emissions and intensity data disclosed as FILA group's data were calculated by aggregating GHG emissions generated by major group subsidiaries falling into the reporting scope of this report - FILA Holdings, FILA Korea, FILA USA, FILA Sport (Hong Kong), and Montebelluna.

* Due to the vertical demerger of FILA Korea and FILA Holdings in January 2020, FILA Holdings' data is available from 2020 (this applies to all following data).

* We comply with the Greenhouse Gas Protocol in calculating GHG emissions, but observe the standards of the 'GHG and Energy Target Management System under the Low Carbon Green Growth Act' in calculating power consumption at our offices and establishments located in Republic of Korea.

* As the scope of GHG emissions calculation was extended from the previous year, data over the past three years was recalculated by retroactively applying the revised scope and criteria, and thus 2019/2020 emissions data may vary from the previous year's disclosures.

* GHG intensity was calculated based on FILA Holding's consolidated revenue.

* Scope of calculating the emissions of GHG:

- FILA Holdings: office in Seoul and FAST Center office in Busan, Republic of Korea

- FILA Korea: office in Seoul and a distribution center in Icheon, Republic of Korea

FILA Holdings and FILA Korea were relocated to its current office in Cheonho-dong, Seoul, Republic of Korea in July 2019. Since the two subsidiaries share the same building, their data was calculated in proportion to the floor areas they occupy (this applies to the following energy/water resources/waste data).

Sparks Glencoe Korea, Magnus Holdings and Montebelluna's Korean branch are located in the same building but they do not constitute major subsidiaries that fall into the scope of reporting of this report, and thus their data was not separately disclosed (this applies to the following energy/water resources/waste data).

- FILA USA: offices in New York, Maryland, and a distribution center in Baltimore, USA

- FILA Sport (Hong Kong) & Montebelluna: Global Sourcing Center in Jinjiang, China

Both these subsidiaries are located within our Global Sourcing Center in Jinjiang, China, and are included in our disclosure since they share offices, lounges and amenities within the center.

Carbon Disclosure Project (CDP)

Publicly disclosing a company's environmental impact is important in responding to the present status and outlook of climate change.

Along with more than 13,000 companies, FILA joined the CDP* in 2021 to fully disclose its efforts to address climate change.

* CDP (Carbon Disclosure Project): A non-profit charity that runs the global environmental information disclosure system for investors, companies, regions and other stakeholders to help manage environmental impacts

Carbon Emissions Reduction Activity

While we solidify our carbon management system, we are also taking a range of near-term actionable measures to reduce carbon emissions. FILA is trainings its employees to establish a culture where employees become IMPACT MAKERS who are self-directed in their own desire to protect the environment. In addition to individual employees' efforts, we also ensure that our reduction measures bring change on a group-wide level and are exploring mid/long-term solutions to this end.

Environmentally Conscious Design of Distribution Centers and Waste Recycling

Our distribution center in Korea was constructed with environmentally conscious factors, even from the design phase. In order to reduce energy costs and increase efficiency, LED lights that consume 50% less power than regular light bulbs were installed, and the center was designed to utilize 100% groundwater for industrial/domestic water usage. To prevent environmental pollution from effluent discharge, we installed sewage treatment facilities. Furthermore, we have adopted an advanced

Membrane Bio Reactor (MBR) process to ensure the degree of water pollution in discharged water is purer than the legal Biological Oxygen Demand threshold (5mg/l) while the daily water discharge volume (m³) is strictly monitored. FILA continues to raise awareness for the environment by regularly providing training on environmental management at workplaces for employees of suppliers working at our distribution centers. FILA has been fully recycling cardboard shipping boxes from our distribution center in Icheon, Republic of Korea since 2018, and have created a virtuous cycle for generating profit out of this activity. For the past four years (2018-2021), we recycled 790 tons of cardboard and posted nearly KRW 79 million in proceeds generated through recycling. Our US distribution center is also creating profits from recycling of paper scraps, and recycled nearly 343 tons (756,700 pounds) of paper scraps in 2021. We are currently engaging in R&D to develop solutions that can reduce the pollution caused by product inventory disposal to improve on the environmental aspect of our operations, and we will be able to identify viable solutions to contribute to carbon mitigation very soon.

Waste Generated at FILA's Distribution Centers

Category	Affiliated Entity	Unit	2021	2020	2019
Distribution Center (Republic of Korea)	Total Waste Disposal	ton	414	478	344
	Recycled	ton	200	231	279
	Incinerated	ton	214	248	66
Distribution Center (USA)	Total Waste Disposal	ton	411	360	460
	Recycled	ton	343	297	374
	Landfill	ton	68	62	86

* Scope of calculating the generation of waste:

- While domestic waste is generated from the offices of major subsidiaries, it is not possible to accurately calculate the generation of waste as waste is managed on a building-wide level. Therefore, data is disclosed for distribution centers which produce a significant amount of waste compared to offices, and our distribution centers in Republic of Korea and USA belong to FILA Korea and FILA USA respectively.

Water Resources Consumed at FILA's Affiliated Entities

Affiliated Entity	Subcategory	Unit	2021	2020	2019
FILA Holdings	Municipal Water Consumption	m ³	845	695	N/A
	Municipal Water Consumption	m ³	5,010	4,116	3,038
FILA Korea	Ground Water Consumption	m ³	578	578	578
	Municipal Water Consumption	m ³	7,647	N/A	N/A
FILA USA	Municipal Water Consumption	m ³	7,647	N/A	N/A
FILA Sport (Hong Kong) · Montebelluna	Municipal Water Consumption	m ³	25,965	N/A	N/A

* Scope of calculating the water consumption:

- FILA Holdings: office in Seoul, Republic of Korea

- FILA Korea: office in Seoul and a distribution center in Icheon, Republic of Korea

Our distribution center in Icheon, Republic of Korea is provided with underground water to meet all its industrial water/domestic water needs and it's impossible to accurately measure its water consumption. Therefore, its annual water consumption is measured based on its water tank capacity as water contained in the tank is completely drained and discharged for tank cleaning.

- FILA USA: offices in New York, Maryland, and a distribution center in Baltimore, USA

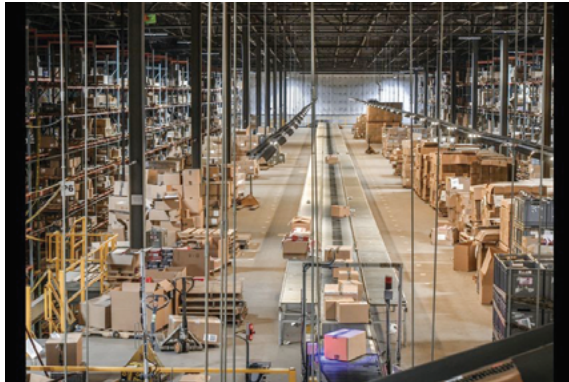
- FILA Sport (Hong Kong) & Montebelluna: Global Sourcing Center in Jinjiang, China

Switching to EVs

FILA's distribution centers in Korea and the US have fully transitioned from internal combustion engines (ICE) to all-electric for forklifts, order pickers and other modes of logistical transport within the center (25 units in Korea, 40 in the US). Corporate vehicles with ICE owned by FILA Holdings and FILA Korea will also



be converted to EVs after a certain period of service. To reduce and manage carbon emissions from the ICE corporate vehicles currently under operation, we transparently log their mileage and fuel costs.



A distribution center in the US

Creating a Paperless Workplace

FILA has had a paperless work environment since 2019 and migrated into the Google G-Suite work system by distributing Google Chromebooks. The Chromebook distribution rate has risen from 25% of the total employees in the initial year of 2019 to 49% in 2021. Going paperless enables us to work more efficiently and create IT innovation while protecting the environment.

A prime example of this can be found at the distribution center in Republic of Korea which fully computerized their in-house goods receipt/issue slips in 2021. This alone resulted in a savings of KRW 7.60 million and nearly 840,000 sheets of paper. Ultimately, it added up to more than 2.4 tons in carbon emission reductions.

Paper consumption during the past three years has continuously declined in Korea (FILA Holdings, FILA Korea office) and the US (New York, Maryland office, and distribution center) has been purchasing FSC certified paper since 2022.

Paper Consumption Data at Major Subsidiaries

Item	Unit	2021	2020**	2019
Paper consumed	sheets	1,937,250	903,000	2,110,306

* Scope of calculating the paper consumption: Korea (FILA Holdings, FILA Korea, distribution center), USA (FILA USA and distribution center)
 ** We used much less paper in 2020 as our employees worked from home during the pandemic.



A distribution center in Icheon, Republic of Korea

* Annual carbon emissions reduced as a result of digitalization of receipt/issue slips at our distribution center in Icheon, Republic of Korea.
 : 2.9 g (carbon emissions per 1 sheet of A4 size paper) x 840,000 sheets = 2.4 tons

Energy-Saving Campaigns and Regular Environmental Training

The offices of FILA Holdings, FILA Korea, FILA USA and the distribution center in Korea only turn on the lights during working hours. <FILAGRAM>, the corporate newsletter published in Korea, provides regular training content on various aspects of ESG. Our internally designated Energy Day is observed to help us reduce our power consumption, and plan and launch annual energy saving campaigns. <FILA M.O.V.E.> campaign encourages employees to reconsider their actions on multiple fronts, and another "GREEN" themed campaign helped to

highlight the importance of energy conservation. The FILA M.O.V.E. GREEN campaign was designed to reduce 100W of electricity per person and promote recycling and the use of eco products. This truly helped us understand just how great a difference each person could make in his or her daily routines through voluntary efforts and sincere employee engagement. The FILA welcome kit that is provided to new employees includes reusable cups to encourage reducing personal waste.

Caring for People

Sustainability Context

At the 2019 Business Roundtable (BRT) attended by CEOs of leading global companies to discuss pending issues across the world each year, businesses held to their commitment in upholding stakeholder intent to clearly state that the ultimate aim of businesses lies not in promoting shareholder capitalism but in serving the interest of each and every stakeholder and fulfilling their social responsibility. At FILA, we deeply understand that it is from people that the most meaningful value springs and this belief in “people first” will drive our steadfast endeavors to invest in employees, deliver customer value, engage in fair and ethical trade with our business partners and generate positive outcomes for local communities.

Strategic Approach

FILA nurtures employees as its partners with fairness and transparency while respecting the diversity of each individual and pursuing mutual growth. We also provide safe, high-quality products and services and abide by applicable laws and regulations to build trust with our customers. As we inch ever further into a sustainable future, we aim to create social value that manifests our identity as a sports fashion brand that proactively contributes to addressing social challenges.



[1.5]
By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters

[10.2]
By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.



Target and Performance

Provided employees with talent development programs in leadership skills, job competency, self-development, ESG, and personalized coaching



by 2025 Increase support with a focus on global talent management

Created the Diversity, Equity, Inclusion & Community Council and hosted relevant workshops



by 2025 Prevent and fully address human rights issues

Achieved ZERO in fatal occupational injuries



by 2025 ZERO health & safety incident

97.7% response rate for consumer inquiry response and 100% implementation of action and recall process



by 2025 Strengthen communication with the customers

Donated 0.7% of total sales and 3.4% of operating profits (6.9 times and 4.6 times higher, compared to 2020)



by 2025 Create a positive impact with FILA's global CSR strategy

FILA FOCUS on S

Caring for People

FILA values the needs and future of its employees, customers and communities. This is why FILA is committed to creating a positive impact and fulfilling our corporate social responsibility so that we present the right way forward for people, families, and ultimately our society.

Task Force for Sustainability Management

We operate the Global Task Force Team (TFT) to systematically advance sustainability management with our major subsidiaries – FILA Holdings, FILA Korea, FILA USA, FILA Luxemburg, FILA Sport (Hong Kong) and Montebelluna – playing key roles. Employees overseeing human resources, general affairs, marketing and legal affairs at major subsidiaries attend the TFT to help establish a sustainability management system both at the group-wide and subsidiary levels. With FILA Holdings’ Strategic Planning Team, global TFT members closely communicate the core values of sustainability management and develop and implement sustainability management policies and action plans for the operations within the FILA group from the product development, manufacturing and marketing processes. The global TFT also monitors our ESG management and performance across the group and proposes relevant agenda items, which are then discussed at management and BoD meetings and are integrated in their decision-making process to ensure better sustainability management.

We defined ESG-related Key Performance Indicators (KPIs) in 2021 for employees in manager positions at FILA Holdings, and plan to expand their application to our major global subsidiaries from 2022 onwards and pursue sustainability management on the basis of our mid/long-term ESG strategy. Both FILA and its global TFT will set mid/long-term goals across all ESG areas and will do their utmost to assist major subsidiaries in generating ESG performance and values.

Talent Recruitment Philosophy

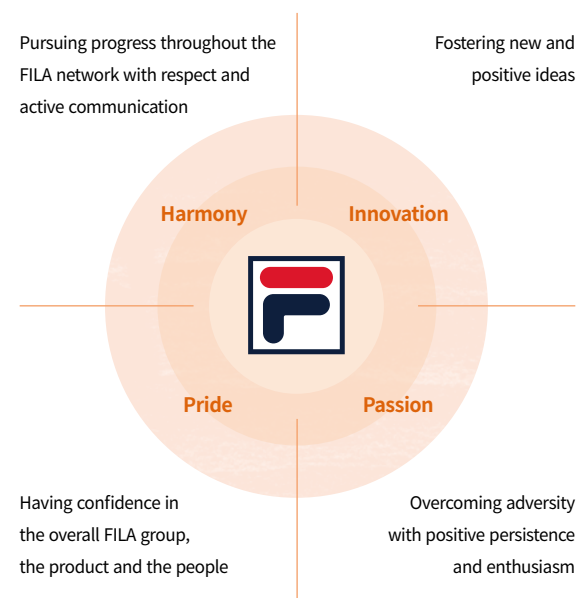
We have defined our ideal employee in line with our four core values of harmony, innovation, passion and pride, and have established a transparent HR system. FILA Korea conduct personality tests and professional interviews to verify that applicants would be successful in their ability to pursue harmony, work as a team and grow through challenges. Upon being hired, our new recruits are provided with a customized training program to expedite their onboarding. This greatly assists new hires in developing their own unique career path and evolving into talented employees able to significantly contribute to the

continuity of our organizational value. We have also published an HR handbook for new hires so that our rules of employment and welfare policies can be spelled out clearly and easily referenced. The Company will continue to ensure fairness in our recruitment policy and procedures to seek sustainable growth with all our employees.

Support for and Promotion of Outstanding Talents

The driving force behind FILA’s growth is found within our employees who faithfully fulfill their roles and creatively engage in their work. We are committed to promoting talented individuals who think outside the box and take pride in their work to pursue collective development.

When it comes to footwear, FILA Korea selects outstanding candidates for scholarship benefits and provide them with internship opportunities that are aligned with recruitment. This program enabled us to hire three individuals in 2020 and five in 2021 who are expected to serve as our core talent. We will ever be on the lookout for leaders who will continue to pioneer the history of the fashion industry.



Support for Female Leadership

We are reinforcing female leadership based on diversity and inclusion. As of 2021, the proportion of females above the manager level accounts for approximately 27.3% and 18.6% of all executives and employees above the manager level, respectively. FILA USA has had a female President since 2019, and

54.4% of all its employees above the manager level are women. Going forward, we will continue to build a wholesome corporate culture that empowers even more leaders to unleash their potential based on their performance, regardless of gender-based limitations or conditions.

Ratio of Female Employees at FILA’s Affiliated Entities

(Unit: %)

Affiliated Entity	Category	2021	2020	2019
FILA Holdings	All Employees	42.7	37.7	N/A
	Above the manager level	16.7	18.8	N/A
FILA Korea	All Employees	48.3	45.6	40.3
	Above the manager level	18.6	16.9	13.0
FILA USA	All Employees	47.4	45.6	45.4
	Above the manager level	54.4	55.9	53.8
FILA Sport (Hong Kong)	All Employees	64.1	66.9	67.1
	Above the manager level	48.5	42.3	47.8
Montebelluna	All Employees	69.6	83.9	68.1
	Above the manager level	50.0	41.7	37.5

Talent Management

We take a strategic approach to talent management to help our employees achieve their aspiration for growth through the work they do. In hiring and relocating employees, we fully leverage our accumulated internal HR data that has been optimized for our organization for several years and which relates to team-specific job descriptions, personality test results and qualifications. We have our employees prepare self-reports to independently assess their level of satisfaction with their department and job. In 2022, we plan to conduct comparative analyses on personality test results and characteristics by job category and use the data in recruitment and relocation.

Employee Training

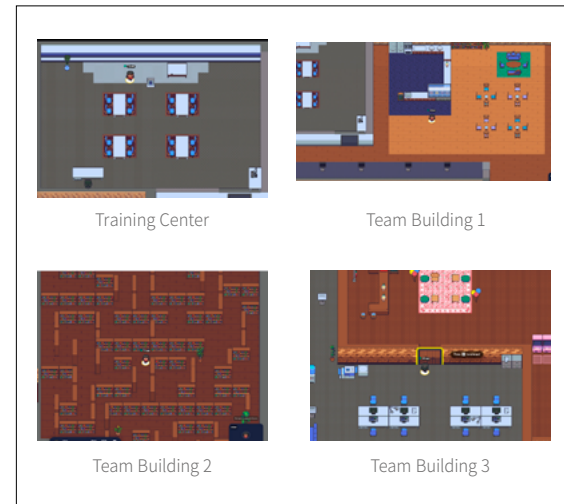
FILA uses training programs to support the growth of our employees as we believe excellent work performance is achieved when the employees continue to develop their individual careers through self-development. As part of such training, we survey employees on their training needs and provide internal leadership and expert coaching programs. In 2021, we developed an online training system to minimize any training gaps amid COVID-19, and further strengthened ESG-related training from 2020. FILA employees at major global subsidiaries were provided with ESG training sessions and ESG training materials were distributed regularly through in-house magazines and newsletters to improve ESG understanding on multiple fronts. Aside from training, the Strategic Planning Team at FILA Holdings interviewed all ESG-associated departments within our global major subsidiaries. These in-depth department-level interviews allowed us to communicate FILA group’s sustainability strategy and discuss the sustainability performance and activity targets set by respective departments on an annual basis.

Employee Training Programs for 2021

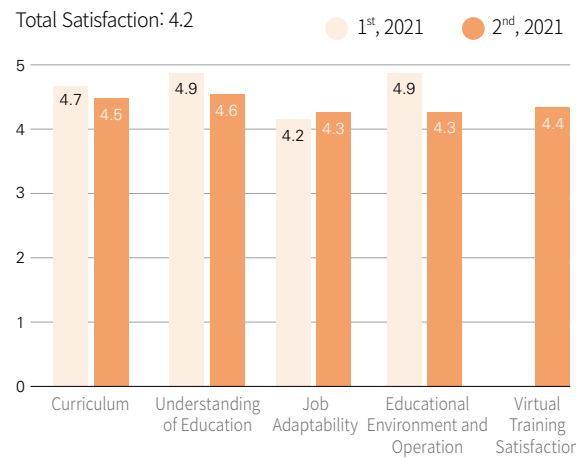
Training by position	Training to develop leadership core values
Training for promoted employees	Training to strengthen capabilities for the new position
Training by function	Improve working-level capabilities for respective functions (MD, design, accounting, etc.)
Expertise training	Job training provided by external trainers (primarily in law, accounting and taxes)
FILA Fashion Academy	Training provided to employees performing design, MD and sales work
Training for new hires with/without previous work experience	Onboarding training to acclimate employees to FILA, support for organizational adjustment, and team-building training
Special morning lecture/online training	Theme-specific special lectures on self-development, the environment, and various subjects
Social responsibility training	Regulatory training for workplace harassment prevention and improved awareness for the disabled
ESG training	ESG activities related to respective job functions, global trend training and discussion workshops
Individual in-house coaching	Individual coaching on job competency, development and work target attainment

In September 2021, FILA Korea initiated metaverse onboarding training on two occasions to reflect shifting work conditions and build flexibility into our work environment. This also helped our employees learn to better communicate on the virtual team-building platform and adapt to the protracted pandemic and the ensuing ecosystem changes.

Metaverse Onboarding Training



Employee Satisfaction Results



Comments from the Participants

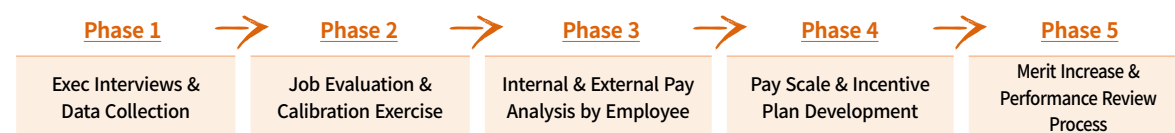
"It was my first experience with virtual training. I could focus more than I thought and the training provided on the metaverse platform, which was also a first for me, was extremely fascinating."

"It was great that I could get a sense of overall content. It was not long enough, though, to understand further details."

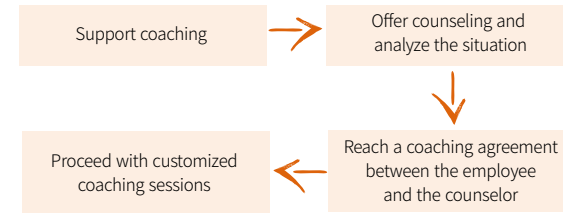
"At first, it was a bit awkward but I was able to get relaxed playing games and it was great that I've got to know new people."

At FILA USA, in-house coaching experts provide counseling to any employee facing difficulties in reaching their work goals. They may request professional and/or personalized counseling sessions to deepen both their own understanding of who they are and develop necessary work competencies.

FILA USA's Performance Indicator Development Process



Personalized In-house Coaching



Flexible Labor Management for Employment Security

FILA strives to fulfill its roles and responsibilities for the security of our employees even past their retirement. FILA Korea extends annual part-time contracts to employees who have reached their retirement age and yet are still vital to our business operations. We plan to introduce a 'wage peak system' through consultations to improve efficiency in manpower management.

We operate discrimination-free policies in recruitment, payment, promotion, sanctions, dismissal and retirement, and apply these policies across the board in a fair and equitable manner. When/if a position becomes vacant and available, we give precedence to our internal employees so as to optimize flexibility in internal workforce management.

*Wage peak system: Employees nearing retirement age will receive declining salaries during their last few years of work in exchange for the retirement age being raised

Performance and Compensation

Our employees are assessed for their performance and contribution to the business on a semi-annual basis and are compensated based on criteria outlined in advance. We use the Management by Objective (MBO) tool to systematically manage the performance of all our employees and have integrated ESG-related KPIs into the performance evaluation process for employees above the manager level since 2020. To establish a multi-layered compensation system, we reflect both the data from comparative analyses performed on industry peers as well as market conditions. We ensure that we provide motivation to our employees through such a performance-based compensation system. Furthermore, FILA Korea and FILA USA pay living wages that exceed the minimum wage for all non-regular positions including ones that are part-time, and additionally pay for other expenses such as healthcare insurance assistance and welfare & meal expenses as part of our perks considered as wage-like compensation.

FILA USA engaged in market research as part of its annual 2021 review to standardize its compensation and base pay. FILA USA also conducted expert third-party interviews and developed performance indicators with the advice of an expert consultancy.

Employee Welfare & Benefits

FILA provides sports-related welfare and benefits in reflection of our brand identity to help our employees maintain their health. Considering our identity as a sports fashion brand, FILA USA provides Class Pass memberships for its employees who may have to scramble to balance between their career life and personal health care. This supports employees in accessing a range of sports facilities so that they can easily golf, swim, climb, or bowl, along with the cultural facility access which host performances and exhibitions. Furthermore, FILA USA provides access to mental health benefits to promote the mental well-being of its employees. We aim to extend such welfare & benefits beyond FILA USA and offer them at other subsidiaries.

We fully support maternity-related welfare & benefits. Our employees are eligible for pre/post-maternity leave and work hour reduction during pregnancy is carefully considered depending on the role. We encourage male employees to take maternity leave as well as family care leave, and FILA Korea and FILA USA have created in-office nursing rooms for mothers and their babies. All FILA Korea employees with children in the second grade or below are entitled to a one-year parental leave per child. We publish and distribute an HR handbook outlining our welfare & benefits and overall HR operations to make doubly sure that our employees efficiently take advantage of our HR policy offers.

Stringent Compliance with and Management of the Occupational Safety and Health Act

FILA Holdings and FILA Korea have stipulated the Occupational Safety and Health Management Regulations to promote the health and safety of its stakeholders, and such regulations apply to suppliers and visitors as well. We provide monthly safety training in line with the set annual training plan to raise safety awareness among our employees, and hold regular fire drills for employees to build preparedness in case of an emergency. In the event that a disaster does strike, we take time afterwards to analyze what caused it and assess the conditions of the concerned department so that we can swiftly reflect relevant countermeasures to prevent a recurrence. We also operate the Occupational Safety and Health Committee to directly engage employees in deliberating and deciding on safety and health issues.

In particular, the Company performs ongoing safety checks on our distribution centers to develop work manuals for the prevention of falls along with other matters requiring preventive measures. We also operate separate elevators to move heavy equipment. Such efforts have allowed our establishments, distribution centers and suppliers in Korea and the US to post ZERO in the occurrence of fatal injuries.

In February 2022, FILA Korea appointed a professional safety and health management organization to solidify our safety and health

management system that spans the creation and operation of the Occupational Safety and Health Committee along with health and safety training.

Creating a Horizontal Organizational Culture

We believe that ensuring our employees feel comfortable in freely expressing their ideas and in openly communicating amongst each other is the very first step towards a better corporate culture. To empower our employees to take the lead in creating such a horizontal culture on each and every level, FILA Korea has launched the <M.O.V.E. Change Management Campaign> to provide an environment to promote cross-functional understanding and synergy generation through communication and empathy. We host regular workshops using the facilitation technique that enables employees to discuss any given topic regardless of what position they hold as part of our commitment to further embed youthfulness and energy into our organization.

Strengthening Health Management for Employees

FILA is preemptively responding to the ongoing pandemic to care for the health of our employees and normalize the work environment. To respond to COVID-19 promptly and safely, we engage in real-time communication with employees through the company-wide notice board and e-mail, and require all employees to complete a self-administered COVID-19 questionnaire prior to coming to the office. Any employee with symptoms is scheduled to work from home. We comply with applicable regulations to provide a safe and pleasant workplace, and supply PPE supplies - such as hand sanitizer, thermometers and face masks to all, to help mitigate the risk of infectious spread.

In 2021, FILA USA set up measures to cope with the pandemic by retaining third party medical services to provide on-site testing at the distribution center. Employees at the distribution center in the US were administered weekly COVID-19 tests, and were provided with test kits as well as our COVID-19 policy and practice guidelines. We have established a new health and safety policy for employees working from home.

FILA supports group injury insurance, medical insurance, and dental insurance (FILA USA) for its employees and their spouses and children, and has continued to manage its employees' health in cooperation with professional hospital institutions. In 2022, FILA Korea plans to conduct more active health management through consignment to specialized third party institutions.

Since 2018, FILA Holdings and FILA Korea have been supporting its employees who sign a smoking cessation pledge and quit smoking accordingly by subsidizing a portion of their health insurance premium.

Well-Being Wednesday (WBW) Newsletters in 2021

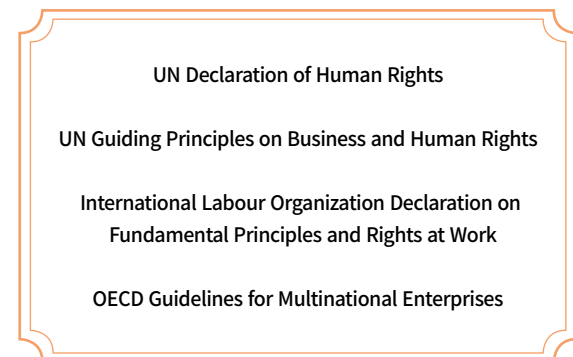


Date of Publication	Key Topics
Jan. 2021	<ul style="list-style-type: none"> · Finding hope in one's daily life · Finding the power to deal with concern and anxiety
Feb. 2021	<ul style="list-style-type: none"> · Black History Month · Make yourself healthy in 2021 · CDC's COVID-19 guidelines
Mar. 2021	<ul style="list-style-type: none"> · Women's History Month · Update on COVID-19 vaccines · Mental Health Month
Apr. 2021	<ul style="list-style-type: none"> · Earth Day · Minority Health Month · Alcohol Addiction Awareness Month · The Power of hope
May 2021	<ul style="list-style-type: none"> · Mental Health Awareness Month · Prevention of COVID-19 at the workplace · Tips for your work life
Jun. 2021	<ul style="list-style-type: none"> · Men's Health Month · Expanding a culture of kindness
Jul. 2021	<ul style="list-style-type: none"> · Importance of rest during the work day · Practicing daily safety amid COVID-19 · Vaccination and summer vacation
Aug. 2021	<ul style="list-style-type: none"> · Information on COVID-19 vaccines and the Delta variant · Adapting to the evolving work environment · The healing power of nature
Sep. 2021	<ul style="list-style-type: none"> · Information on flu vaccines and COVID-19 booster shots · Responding to the quickly-evolving work environment
Feb. 2022	<ul style="list-style-type: none"> · Black History Month · Black Health & Wellness · Secrets to staying healthy during the winter months · American Heart Month

Respect for Human Rights

In February 2021, we stipulated the FILA Group Global Human Rights Policy and have done our part in securing it firmly within our corporate culture. The Policy follows major international human rights and labor standards, and its 10 human rights principles apply to FILA group and all its employees and business partners who stringently abide by them.

International Human Rights and Labor Standards that the FILA Group Global Human Rights Policy Refers to



In March 2021, FILA joined the UN Global Compact (UNGC) and has since fully complied with the 10 UNGC principles. We discuss and manage human rights risks through regular/ad hoc meetings, and heed all applicable regulations, changing external conditions and employee feedback. In the event that a human rights issue happens to negatively affect our corporate reputation, we respond to the concerned incident in line with the clear standards established to manage such risks.

FILA is keenly aware of the positive function and the social responsibility it is able to perform as a corporation in improving human rights. We will do our utmost to respect and endorse the human rights of employees and this extends to all FILA and supplier locations.

Key Human Rights Principles

Respect	We respect the human rights of our employees, our communities and other stakeholders. We are committed to upholding human rights and addressing adverse human rights impacts when they occur.
No Discrimination	We have zero tolerance of any type of discrimination on the grounds of gender, gender identity, sexual orientation, maternity, marital status, age, nationality, race, color, religion, ethnicity, political association, educational background and disability or any other classification protected by applicable laws.
No Forced Labor	We prohibit the use of all forms of forced labor.
No Child Labor	We do not employ anyone younger than the applicable minimum employment age.
Fair Wages	We evaluate and compensate employees fairly according to their performance and provide fair opportunities for self-development.
Safe and Healthy Workplace	We provide a safe and healthy work environment and comply with applicable safety and health laws and regulations as well as internal regulations.
No Harassment	We prohibit corporal punishment or a ny other forms of abuse or harassment directed at any person.
Privacy	We do not demand excessive information from our employees or customers and take measures to ensure data privacy.
Community Responsibility	We are aware of our responsibility for the development of the local communities in which we do business and actively participate in the promotion of initiatives improving the wellbeing of such communities.
Environmental Responsibility	We consider the environmental and social impacts of our business decisions and projects.

Operation of the Labor Union

FILA Holdings and FILA Korea hold quarterly meetings for the labor union led by the Company and employee representatives to fully reflect the opinions of our employees in major corporate decisions. Details of each meeting, including the agenda items and participants are all documented in the minutes and are fairly managed. The Council handles a wide array of issues from employee engagement and diversity & inclusion to welfare & benefits, health & safety, leadership and compensation. In 2021, FILA updated our employees on relevant information with agenda discussions on the status of COVID-19 along with the response and the development of office regulations.

FILA USA hosts quarterly Town Hall Meetings to regularly communicate its organizational way forward with all its employees. Also, employees are surveyed on their level of satisfaction with the training each year, and external training and workshops are supported to meet the most urgent needs of our employees. We heed to internal communication to ensure that all employees can freely express their opinion and that we can firmly establish a discrimination-free and better corporate culture. Looking ahead, we will continue to sincerely accept the feedback from our employees and work to create an ever more inclusive culture.

Employee Satisfaction Survey

FILA Holdings and FILA Korea perform annual employee satisfaction surveys on the basis of voluntary employee participation. In 2021, the survey score improved from the previous year to 62.1 points, which put us in the high-performing organization category. To refine our understanding on survey outcomes, we conduct detailed analyses by gender and age group, and ensure that we appropriately respond to any areas in need of attention.

Stabilizing Work from Home and Flexible Work Arrangements

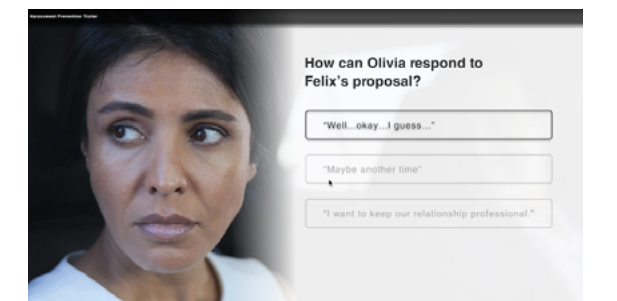
FILA has been extensively exploring efficient ways of working during the prolonged pandemic. We have shifted from desktop PCs to laptops to enable employees to work from home and work remotely while supporting the work environment on multiple fronts through the installation of the VPN and the hosting paperless virtual meetings. In addition, we have introduced flexible work hours to help employees strike a healthy work-life balance. FILA Korea has flexible annual leave system that allows employees to draw from their annual leave time for the following year as they wish. To date, our employees can opt for a hybrid work arrangement if the situation calls for it, and we will maintain a reliable work system through such flexible schedules.

Improving Internal Diversity

Respecting and embracing diversity is an integral part of the advanced cultural awareness that is expanding exponentially throughout the world. We have long been endorsing and supporting an organizational culture where all are fairly evaluated and recognized for their capacity regardless of gender, ethnicity or race. To keep pace with the quickly-evolving fashion industry, FILA USA has have arranged awareness improvement activities and workshops and generated substantial outcomes on the basis of our belief in the importance of promoting cultural diversity. The <Diversity and Inclusion Survey> performed in 2020 revealed that 72% of our employees 'feel free and comfortable in expressing their identities' and 75% responded that they 'have the opportunity to work with diverse colleagues', providing a glimpse into the cultural diversity and solidarity of FILA.

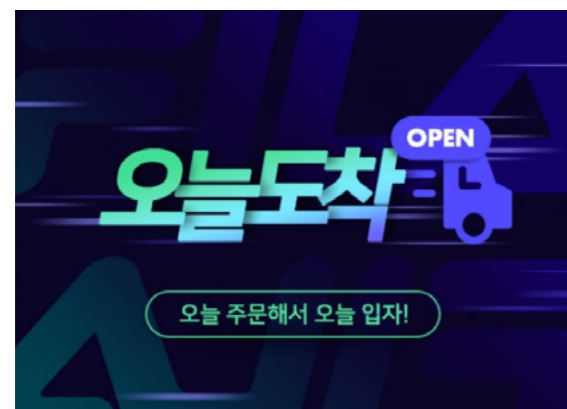
FILA USA launched the Diversity, Equity, Inclusion & Community Council and has zero tolerance for any and all forms of discrimination against employees, and takes stringent HR measures in the event of any act of discrimination. In 2021, FILA USA hosted 19 workshops on the topic of inclusion, and initiated an anti-harassment training program through the 'FILA Diversity & Inclusion Task Force' and commissioned an expert organization capable of conducting third-party verifications. The Task Force operates on the cooperation of three employees representing respective regions, two leading-position executives (SVP HR & Manager), along with the Talent and Wellness department. Ultimately, the Task Force will be both employee-driven and employee-led to share positive messages on diversity and inclusion and build upon our discrimination-free corporate culture.

A Screenshot from the Anti-discrimination Training Video

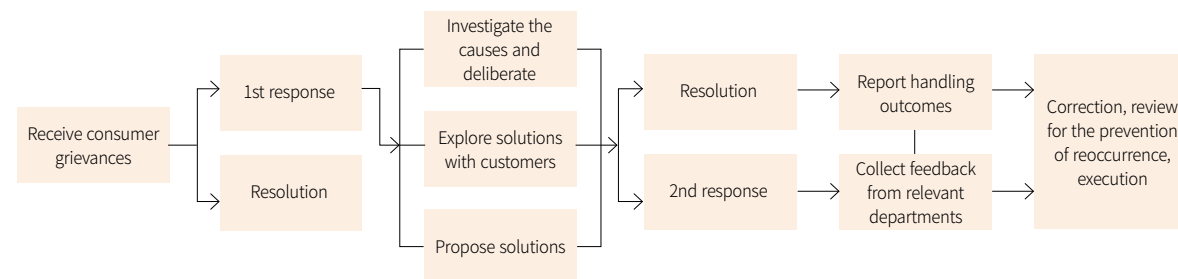


Commitment to Customer Satisfaction

We sincerely hope that our products would bring more to the world than a mere act of consumption; we wish to deliver satisfaction and contentment to our customers. FILA Korea has conducted semi-annual Brand Power Index (BPI) surveys since 2015 through a third party agency to identify consumer-led fashion trends. This serves to reinforce Korean customers' preference for global sports brands as reflected in its status: FILA ranked 4th out of 13 major global sports brands operating in Korea in 2020 and 2021, consistently placing in the top league in the index indicative of consumers' brand awareness. While the standard product manufacturing processes focus on reducing quality defects within production sites with the producers playing a key role, FILA has reestablished an accurate quality defect prevention process throughout the entire value chain - from planning to product inspection to improve quality management and customer satisfaction. To heed the voice of our customers, FILA Korea regularly reviews our customer complaint procedure and have developed solutions for repeated inquiries. While transparently operating the product recall process, the Company has also put together a product defect manual with a case study, a repair guidebook, and a customer counseling manual which we distribute to store owners for training. In the event that a product continues to have the same reoccurring issues, we recall all the products in question for repair or disposal as a way to advance quality management. Since February 2022, FILA Korea has been operating the 'Same Day Delivery' service to meet consumer needs for express delivery and has strengthened customer communication.



Consumer Grievance Handling Process



ESG Interview Responses from the Customers

Top 5 ESG Issues Identified by Customers

- 1 Information security
- 2 Governance and transparency
- 3 Supply chain
- 4 Diversity and inclusion
- 5 Employees

FILA's ESG Activities Positively Received

- Sustainable products
- Employees
- Diversity/equality

Insights

- Need for proactive strategies and disclosures on our sound governance
- Relatively low awareness on the importance of environmental issues compared to awareness on FILA's social activities
- Somewhat low awareness on ESG-related performance

*Seven customers from FILA USA

Better Customer Communication

FILA Korea operates an integrated call center and bulletin board on its website to increase customer access to products and services. General consumer complaints are handled at the call center as the first line of support, and major issues are referred to the customer support team for their second review and full resolution. We have created a counseling manual with customer inquiries by type to facilitate even more expedient customer service.

We provide guidance materials and counseling training to FILA store managers located at key locations across the nation who are in direct contact with the customers, which helps expand our primary lines of customer communication.

FILA USA has improved its Business-to-Customer Customer Relationship Management (CRM) system to efficiently manage its customer database. This has led to the development of a real-time customer behavior change analysis system and service quality improvements.

Handling of Complaints and Inquiries at FILA Korea

Channel	No. of Inquiries Raised	No. of Inquiries Handled	Handling Rate
Call center/ bulletin board	144,082	140,822	97.7%

Customer Health & Safety

We deliver safe products and services to our customers and reinforce reliable brand reputation. By improving the quality and safety of our products, we continuously commit to ensuring customer health and safety.

Based on the sourcing subsidiaries FILA Sports (Hong Kong) and Montebelluna, FILA has developed detailed quality management manuals for manufacturing footwear, apparel, and accessories to fully promote customer health and safety. Our efforts to maintain excellent quality extend from the raw materials, fabrics, and product manufacturing lines to the random products we sample on the market to test for harmful substances.

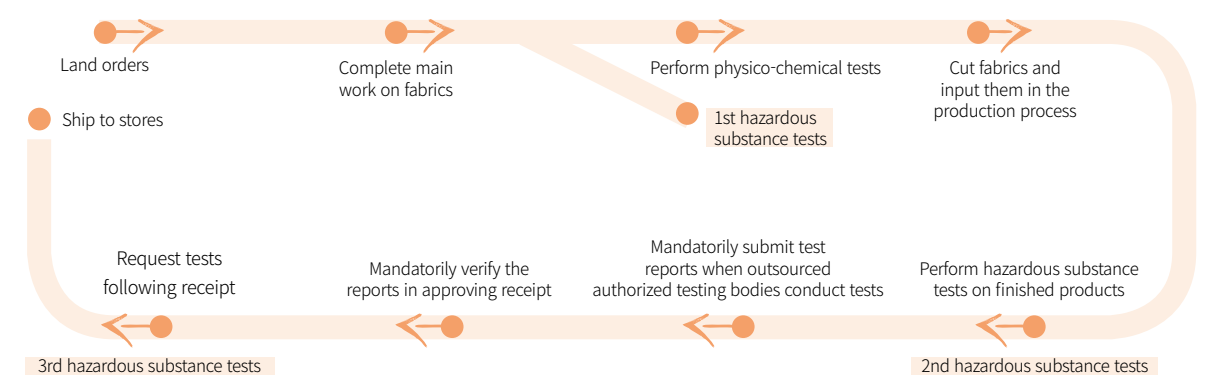
FILA USA demands that its suppliers meet the requirements under the Proposition 65 List of California. FILA USA also performs tests on fabric flammability and non-slip functionality in conformity

with industrial safety standards.

In the event of product recalls, FILA Korea sends informative texts to our customers whose phone number is made available as a preliminary measure. This is followed by a recall announcement we post on the website along with its details and the compensation provided. Product exchanges and refunds are made possible regardless of the recall period. This recall process is specified in customer service guidelines and is strictly adhered to.

Our goal is to identify the often-elusive customer preferences that are subject to change across generations and reflect them in our brand. We also aspire to respond to after-sales issues with flexibility to deliver the greatest-possible customer satisfaction.

Chemical Substance Test Process for FILA Products



Customer-centric R&D Activities



The FAST Center (FILA Advanced Science & Technology Center) engages in cutting-edge R&D to provide a wide spectrum of products to consumers as well as athletic-grade sports products by forming industry-academic partnerships with domestic and international universities, including the University of Calgary in Canada.

Teaming up with Korea National Sport University, our long-term collaborator, we have internalized special footwear technology and successfully commercialized such technology. These R&D endeavors enabled us to not only present products powered by state-of-the-art technology, but also deliver high-quality products at reasonable prices through production cost savings. The FAST Center is also looking into products made of environmentally conscious materials, along with methods to improve sustainability from the process system unit and into the overall process level.

R&D Categories in FAST Center

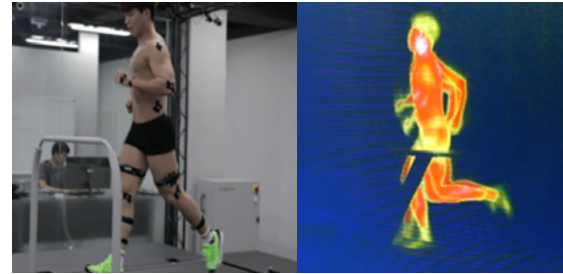
Product Validation	Stability test, athletic shoe fitting test, issue examination, optimization
Applied Research	Shoe structure research, materials research, special shoe research, application phenomenon research, idea verification
Basic Research	Sports movement research, human research, phenomenal research, evaluation methodology research, theoretical research
Investigation	Trend research, new tech research, social change research, new ideas

Commercialization of R&D Outcomes

The FAST Center develops new technology processes and explores the latest research trends applicable to the products. This process helps us discover new ideas and engage in additional research on reliably creating molds for shoe manufacturing. Quality and other dynamic issues go through the certification process to ensure the credibility of our product evaluations. Customers who visit our FAST Center are provided with the FILA Cycle Custom Service to provide personalized footwear made exclusively for cycling.

The motion test performed on the 3-dimensional motion system helps analyze body and foot shapes/types to create the perfect fit. Professional coaching is even provided to enhance the

customers' cycling performance. We plan to widen the breath of our professional products optimized for both variances in body/foot types and sports categories.



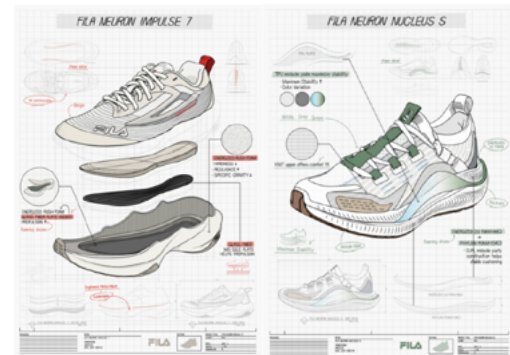
FAST Center's R&D Status and Outcomes by Major Sports Category



Tennis



- Scheduled to launch 'SPEEDSERVE', a tennis shoe with a reduced weight of 10g along with an improved cushioning of 20% and an energy return of 8% against our existing model, 'AXILUS 2 ENERGIZED'
- Conducted research on herringbone (zizag) tread sole patterns in collaboration with Korea National Sport University (improving court grip while sprinting, stopping, or changing directions)



Running



- Launched the running shoe models Neuron 3, 5, and 7 which deliver reinforced stability and reaction force balance with the application of Energized Rush Foam
- Analyzed the flexion angle effectiveness of carbon plates for midfoot running footwear (Midfoot Running Innovation Project)



Cycling



- Launched the cycling shoe models SYNAPSE 5, 7, and 9 which deploy a carbon fiber outsole, a fixed mounted cleat, and an upper ventilation system
- Provide custom cycling shoe service tailored to individual body shapes on the strength of our technological prowess

CSR Strategy Development for a Sustainable Future

As we belong to an industry that comes only second to the petroleum industry in terms of generating adverse environmental impact, we naturally feel a strong sense of responsibility. Our gaze is set beyond the primary roles we play as a company that produces high-quality products and services, to one that extends even beyond what we can presently deliver. For us, the simple number 970L, which represents the amount of water required in producing a single T-shirt, carries with it a weighted and social clarion call for change. We have chosen <Water, Diversity, Children> as our main Corporate Social Responsibility themes in 2021 and will fully support related activities. We plan to strengthen our programs to protect children and improve human rights for children and advance our activities that support the broader international community including the socially-underprivileged. We take our corporate social responsibility seriously, and vow to contribute to the betterment of society.

Water Project

From 2020-2021, FILA USA partnered with Charity: Water, in an effort to help provide clean water to vulnerable communities in developing countries. FILA's donation of USD 100,000 helped to fund 10 projects designed to provide clean water in Malawi as Charity: Water partners with World Vision in the Ntcheu District of Malawi to implement new wells, mechanized pipe systems, and water points and sanitation projects in schools to improve the water resource environment for African regions suffering water shortages.



Support for Greater Diversity

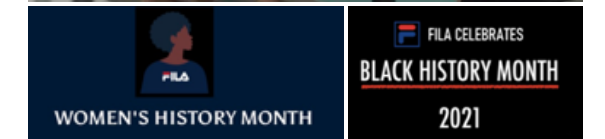
As a member of the global community, FILA feels responsible for its role in ensuring that diversity is better recognized and embraced. FILA USA, as the official footwear and apparel partner for <A Most Beautiful Thing (AMBT)>, a documentary film about America's first-ever African American high school rowing team. As part of the sponsorship, FILA designed custom products in celebration of the film, and available through the production company's e-commerce store and in support of the A Most

Beautiful Thing Inclusion Fund, which support education, scholarship and mentorship programs to promote diversity and inclusion in rowing sports.

Following the tragic death of George Floyd in 2020, FILA USA made donations and proactively endorsed and participated in the Black Lives Matter (#BlackLivesMatter) movement which sprung out of the elevated awareness on human rights for African Americans. FILA USA also announced statements in support of communities of color, including Stop Asian Hate (#StopAsianHate) through social network media outlets. FILA USA designates annual anniversaries to keep a close watch on emerging cultural topics and ensures it participates in such important dialog. Every February, FILA USA celebrates Black History Month to collaborate with African American creators on social platforms: donations are made to the organization chosen by these collaborators, and 100% of the proceeds go to the United Negro College Fund (UNCF).

As part of its efforts to promote the rights of LGBTQ+ individuals, FILA USA teamed up with the New York-based magazine PAPER to unveil its capsule collection. An imaginary PAPER Volleyball Club was created and inspired by the idea that "We are one team". This concept and corresponding capsule collection were highlighted in the magazine, featuring a range of LGBTQ+ influencers and creators. USD 10,000 was donated to a selection of charities as designated by the participating influencers and creators.

FILA will contribute to greater diversity and inclusion across the global community and take steps to fulfill its role in creating a flourishing and harmonious world for all.



FILA KIDS Safety Class

<FILA KIDS Safety Class> is FILA Korea’s leading educational campaign for child safety which has been run for 13 years since 2009. In partnership with the Korea Federation of Life Safety, professional lecturers visit child-related institutions to address topics that cater to different age groups and emerging trends. The class is provided in a way to help children better understand safety from a child’s perspective through role-play, puppet shows and safety equipment demonstrations. Upon completion of the safety training, we send the children home with safety play kits and rule guidebooks. This year’s class theme piggybacked onto last year’s safety topics relating to COVID-19 and instructed students on how to properly wash their hands and effectively wear face coverings.

First initiated at 10 institutions back in 2009, Safety Class is currently operated at 50 institutions each year. A total of 564 organizations and 55,263 children on a cumulative basis received training on how to respond to emergencies that are most relevant to their specific situations including “stranger danger” tips, practices to help prevent them from becoming lost, sports/water safety, and measures to take in the case of a disaster.

To strictly observe safety guidelines during the course of training, class sizes were limited, face masks and gloves were worn throughout the classes, and teaching materials were disinfected. Consequently, there were no COVID-19 related issues following the class completion. FILA will continue its campaign to boost the emergency preparedness of children and fulfill its role as a company for future generations to come.



Support for Children’s Sports Activities

In line with the main CSR theme of “children”, we engaged in a wide variety of CSR activities. FILA Korea opened a youth mentoring program to contribute to the balanced growth of sports across different regions, which supported underprivileged young athletes and teams in respective regions. FILA Korea also provides one-point tennis lessons to youth, supports youth teams from the national teams it regularly sponsors, and donates special products on Children’s Day by way of professional sports teams. Also, FILA Korea sponsored a sports creative idea competition to encourage youth to engage in sports activities.

From 2020-2022, FILA launched a collaboration in partnership with the New York-based streetwear brand KROST, where 10% of every purchase from the KROST X FILA collaboration was donated to Good Sports Inc., an organization that helps to support millions of kids across America that do not have access to sporting goods and equipment.

FILA USA supports the National Junior Tennis & Learning (NJTL) Team Fame program hosted by the International Tennis Hall of Fame which is a youth development program providing free or low cost tennis lessons to children in under-served communities. FILA USA provided Team Fame branded FILA uniforms to the participants of the program. At the BNP Paribas Open, FILA USA donated USD 10,000 to two tennis charities in Southern California as part of its “Women in Sport”. FILA USA also created a round up program for event attendees to donate directly to those tennis charities by rounding up their purchase at the point of sale. In partnership with the Junior Tennis Champions Center (JTCC), FILA USA provides a Tennis Development Fund of USD 15,000 which helps players who do not have the financial means, travel to high level junior tournaments. FILA USA also donates product to JTCC’s “Game On” program which offers free tennis lessons to children in Washington, DC metropolitan area.



Improving the Sports Culture in Local Communities

We hope to contribute to establishing a salutary sports culture within the local communities and help more people thrive and improve their health through sports. As part of this commitment, we renovate outdated sports facilities in local communities so that people can play sports in improved conditions.

FILA USA partnered with the Tamia & Grant Hill Foundation in April 2019 to renovate the basketball court at Durham Hillside Park, North Carolina. As a result of this project, the city of Durham received a “North Carolina Great Places Award” for the “Hillside Basketball Courts Renovation Project”. Hillside Park was awarded in the “Public Art Category” granted by the North Carolina Chapter of the American Planning Association.

In 2021, such efforts were expanded to Detroit, Michigan to create a positive impact as FILA USA repaired two basketball courts in Chandler Park. Initially, this was to be accompanied by

a basketball clinic to help local children build confidence and capability, but was temporarily postponed due to the COVID-19 pandemic. FILA USA launched collaboration products with Sprite, using the Chandler Park Courts as a backdrop, to continue to tell the store of the court refurbishment program.

FILA Korea is preparing campaigns involving regular cycle rides along with the Cycling Academy that customers can join in 2022. In so doing, we will provide our full support in contributing to the development of both local communities and a robust sports culture.



Donations

FILA continues to donate to cultural and arts associations, academia, disaster relief organizations and to any initiative where our help is needed. We have made both cash and in-kind donations on more than 40 occasions over the past three years, returning approximately 0.7% of FILA Korea’s total sales and 3.4% of its operating profits back to society as of 2021.

In addition to financial support, we have also donated our products, which amounted to a total of KRW 5 billion over the past three years.

Donations Made by FILA Korea over the Past Three Years

Year	2021	2020	2019
Amount to Sales (%)	0.7%	0.1%	0.2%
Amount to Operating Profit (%)	3.4%	0.7%	1.0%

Scope of disclosure: FILA Korea

Job Creation Support for Social Enterprises

FILA Korea’s office staff coffee machines are not just an employee perk; they also contribute to a virtuous cycle as the coffee beans are purchased from a social enterprise that creates jobs for people with disabilities. Since 2019, FILA Korea has purchased coffee beans from this social enterprise, Bear Better, and has purchased nearly KRW 8.2 million worth of beans as of 2021. Eighty percent of the employees from Bear Better struggle with developmental disabilities and the company provides services related to coffee, baked goods and printing. Even down to such

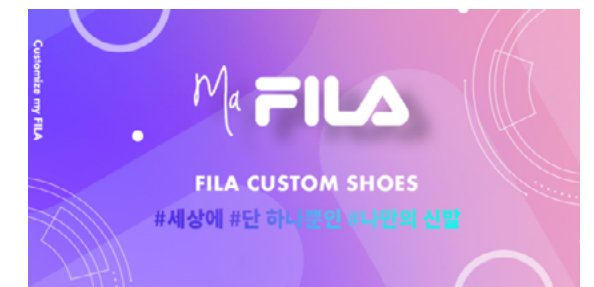
details, FILA will promote value creation in every aspect of its business operations, vowing to move forward accordingly.

Footwear with Social Value

FAST Center offers customized footwear to those who find it difficult to get the right fit due to the limited size ranges and foot shapes of ready-made products in the market.

One prime example is in the special footwear we developed and successfully commercialized for diverse groups and the socially disadvantaged. For those who are flat-footed and account for 20% of the total population, we developed footwear that prevents the ankle arch from collapsing while improving energy efficiency. This shoe proved to be beneficial not only in preventing injuries during exercise, but also in helping form the arch for infants and growing children. Through continued R&D endeavors, we present ways for FILA products to create better social value.

We also worked on footwear that provides walking assistance through compensating for foot drops, which can often be a symptom of a brain injury. This helped patients with such conditions extend the boundary of their physical activity. As such, we will remain focused on our R&D while keeping close and current on social issues and continue with our technology development efforts. Our sustained commitment to developing products for the socially disadvantaged and minority groups will help us fulfill our roles to improve the society.



Apparel That Conveys Care for Our Communities

To broadly convey our respect for nature amongst our customers and promote win-win partnerships with local communities, we hosted a design competition themed around Jeju Oreum, a rising small dormant volcano in Jeju Island.

The creations of the four winners were combined with our apparel designs, which were then commercialized and marketed. This competition provided a new perspective in visualizing the beauty of nature that surrounds us and promoted individual creators and locally-based content as a result.



At the Fondazione FILA Museum located in Biella, Italy, where FILA first began, an exhibition interior idea competition was held for local students as part of its creativity education program. Nearly 30 students attending Istituto Europeodi Design (IED), a prestigious design school in the nation, were chosen to participate in the 4-month-long competition that ran from November 2020 to March 2021. Submissions were comprehensively evaluated for their creativity, expertise and other criteria, and the four finalists were awarded with prize money. This supported the creative activity of design students and contributed to the development of the local community.

Sports Sponsorship Strategy

FILA is reinforcing its differentiated brand identity by nurturing its core and non-core sports categories. As a sports fashion brand, we help promote and sponsor the athletes in tennis and running, the leading sports categories that we proudly sponsor, and were able to raise our brand recognition. FILA is elevating the brand value as a sponsor for world competitions such as the Olympics and Asian Games.

Reinforcing FILA's Brand Identity within the Sports Market

Strengthen a differentiated brand individuality by promoting FILA's signature sports

Core Sports

- Tennis
- Water sports
- Outdoor
- Training

Promote growth as a sustainable sports brand through mid/long-term technology development and investment

Non-Core Sports

- Motor sports
- Winter sports
- Running
- Soccer



Reilly Opelka

Commitment to Supporting Sports Teams and Popularizing All Sports

FILA actively supports global athletes in many different sports categories. We hope that athletes in every sports category, whether it be a well-known sport or not, are able to push past their personal limits. In our capacity as a sports sponsor, we aim to contribute to infrastructure development so that athletes can fully unleash their potential and broaden their social perceptions and experiences regarding sports.

Sponsorship for the Olympics and Other World Competition

FILA proudly sponsors a variety of national teams and athletes who compete at the world competition and the Olympics.

- Korea National shooting team (2013~2016, 2018~present)
- Korea National handball team (2015~present)
- Korea National skateboard/skeleton teams (2018~present)
- Korea National fencing team (2019~present)

In addition, we are sponsoring national teams under the Royal Dutch Skating Association (KNSB) and National Olympic Committees (NOCs) to support winter sports athletes. FILA is also planning to sponsor the Asian Games Hangzhou 2022, the Summer Olympics Paris 2024, and the Winter Olympics Milan 2026.

Sports Product R&D for Optimized Performance

FILA presents professional sports equipment to ensure that athletes perform at their best in their respective competitions. We leave no stone unturned in improving the performance and durability of our products and in identifying the characteristics of each specific sport to help athletes perform at their fullest potential. In analyzing the aspects of motion and stability required for optimal performance in soccer, tennis and cycling among others, we deliver the optimal fit and generate meaningful outcomes for athletes of all sports categories.

The Company initiated R&D on skeleton footwear in 2018 as we became a sponsor for this winter sport. We developed skeleton footwear with improved traction based on our cumulative technology, and we leveraged our independent technological capabilities in equipping this footwear with pin plates that better transfer energy and with midsole plates that maximize the starting momentum on the product. In the men's skeleton event at the 7th 2020-2021 Skeleton World Cup hosted by the International Bobsleigh and Skeleton Federation, Sung-bin Yun wore this footwear and recorded the fastest initial sprint and took second place. At the Beijing 2022 Winter Olympics, we also supported the Korea national skeleton team with uniforms and footwear to help them optimize their performance.



Support for the Balanced Development of Diverse Sports

Along with the four major professional sports of baseball, basketball, volleyball and soccer, we also support cycling, fencing, shooting, skateboarding, handball and tennis so as to take the lead in diverse sports.

In tennis, FILA has continued to work on multiple fronts to help global top-tier tennis players unlock their world-class talents. Ashleigh Barty, former world No.1 in women's singles and whom we sponsor, won the Wimbledon Open title in 2021, and Reilly Opelka, a male tennis player, made it to the finals at the Canadian Open. In Korea, we are sponsoring Soon-woo Kwon who ranks first as a male tennis player in Korea, along with Na-Lae Han and four Korean business teams. Kwon specifically made

outstanding achievements in reaching the second round of the US Open 2020 and participating at the Tokyo Olympics 2020, along with winning his first ATP Tour title in 2021. While competing at these events, he wore the 'AXILUS 2 ENERGIZED' tennis shoes we customized for him to improve his performance at the competition. FILA plans to initiate the <FILA Global Tennis Academy> from 2023 onwards through the discovery of promising Korean tennis players. Moreover, FILA USA, as a sponsor for the Professional Pickleball* Association (PPA), supports pickleball players across the US with necessary products under the partnership signed with the PPA.

*Pickleball is a paddle sport that combines the elements of tennis, table tennis and badminton.



In the cycling category, the 'FILA CICLISTA Project' was carried out in line with the release of the personalized cycling footwear 'SYNAPSE' in 2021. Korean national cycling athletes served as FILA CICLISTA ambassadors to traverse between Seoul and Busan. We also opened the 'regular riding program' for advanced cyclists working in community-based cycling clubs and the 'FILA CICLISTA Academy' that targets beginners, which added another layer of experience for the FILA brand.



Supply Chain Transparency

Sustainability Context

Business partners are our key allies along with the entire operation process - from material sourcing to manufacturing and distribution. Amid the intensifying competition across the global market, companies must pursue harmonious growth with business partners to strengthen their competitiveness. It is vitally essential that we improve sustainability across the supply chains and support business partners with stable operations so as to become a sustainable global sports fashion company.

Strategic Approach

FILA is committed to building sustainable supply chains in conjunction with its business partners. By establishing the FILA Group Global Code of Conduct (CoC), we are proactively managing potential risks along the supply chain and advancing our monitoring system for quality and environmental management. In addition, when selecting new suppliers, we assess them against our own checklist and manage the potential environmental and/or social impacts along our supply chains.



[17.17] Encourage and promote effective public, public-private, and civil society partnerships, building on the experience and resourcing strategies of partnerships



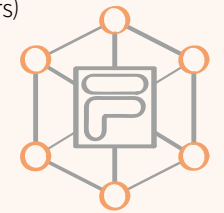
Target and Performance

Established the FILA Group Global Code of Conduct and Human Rights Policy and shared them with our suppliers



by 2025 Implement sustainability management principles across FILA group's supply chains

Completed mapping on tier 1 suppliers for footwear, apparel, and accessories (FILA Sport (Hong Kong): 22 vendors, Montebelluna: 22 vendors)



by 2025 Improve transparency across supply chains and complete mapping on all our suppliers

Assessed all candidates for their compliance with FILA group's ESG standards in selecting new suppliers

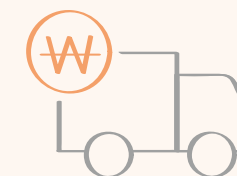


by 2025 Fully comply with sustainability standards across FILA group's supply chains

Assessed tier 1 key suppliers for their ESG performance and defined improvement tasks for high-risk suppliers



Supported suppliers with logistics costs amid COVID-19



by 2025 Provide win-win support to our suppliers

Shortened the payment terms for outstanding suppliers to help improve their financial liquidity



FILA FOCUS on S

Supply Chain Transparency

Building healthy relationships with business partners is an important factor in strengthening a company's competitiveness. We share our management philosophy with business partners and advance ESG management along with the entire supply chain to establish a sustainable ecosystem in the fashion industry.

Creating More Sustainable Supply Chains

We are committed to managing our environmental and social impact along with our entire process – from raw material sourcing to product manufacturing. FILA is currently systematically mapping our supply chains to increase transparency in the manufacture of our products. We do our utmost in this regard by disclosing information internally/externally and fully communicating the direct link between FILA's sustainability and the proper realization of such key values as business ethics, social and environmental sustainability, and data & asset protection across the whole of our circular value chain. To this end, the Company distributed the FILA Group Global Code of Conduct and the Human Rights Policy in 2021 throughout our global supply chains, including FILA group's business partners, including but not limited to the contractors, suppliers and licensees.

Global Sourcing Center

The Jonathan G. Epstein Sourcing Center in Jinjiang, China, FILA Sport (Hong Kong) and Montebelluna, play key roles in managing FILA's supply chain management.

FILA Sport (Hong Kong) and Montebelluna manage our footwear, apparel and accessories suppliers mainly located in China and Vietnam, and are responsible for selecting key suppliers while assessing and managing them.

In 2022, we created an ESG Compliance Task Force, and our Global Sourcing Center not only manages the sourcing of materials and products locally, but is also capable of independently producing samples to simultaneously enable both new technology development and product commercialization.



FILA Global Code of Conduct for FILA Business Partners

Human Rights	Ethical Business Operations	Responsible Business Operations and Sourcing of Goods	Asset & Data Protection	Procedures
<ul style="list-style-type: none"> • Non-discrimination • Harassment • Forced Labor • Child Labor • Hours of Work • Fair wages and Terms of Employment • Freedom of Association and Collective Bargaining • Safety and Health 	<ul style="list-style-type: none"> • Compliance with Laws and Regulations • Anti-bribery and Anti-corruption • Antitrust and Competition • Trade Controls • Conflicts of Interest • Accuracy of Representation and Reporting 	<ul style="list-style-type: none"> • Safety of Products and Services • Environment and Sustainability • Animal Welfare • Subcontracting 	<ul style="list-style-type: none"> • Intellectual Property • Facility & Equipment • Confidential Information • Consumer Data Care and Protection 	<ul style="list-style-type: none"> • Responsibility • Communication of this Code of Conduct • Documentation and Inspection • Reporting Concerns and Potential Violations • Non-Retaliation • Consequences of Violations

Supplier Selection and Management Process

FILA conducts evaluation processes with its internal checklist in selecting new suppliers to work with us. The suppliers with intent to newly register as our suppliers are assessed for their production capacity, size, history, and production/financial/operational stability. Upon satisfying the set criteria, we perform on-site factory due diligence to verify the accuracy of their disclosures. During the inspection, we examine the factory for its size, equipment, sewing quality, and work environment to assess whether the factory meets and/or exceeds our requirements. Once all such procedures are adequately cleared, the supplier becomes eligible to attend our bidding in its candidate status. For these candidates, we provide them with small volume orders to assess their processes for their first year with us. In signing any contract, we demand that our ESG requirements concerning ethics and the environment be satisfied and we do our utmost to build collaborative partnerships for sustainability management.

We categorize all our suppliers into tier 1, tier 2, and tier 3 suppliers, and select key suppliers to strengthen the level of management. The selection criteria for key suppliers vary by product. For footwear, suppliers are categorized accordingly with manufacturing process phases. As of 2021, we had a total of 22 tier 1 footwear suppliers (15 in China, 7 in Vietnam) six of which were selected as key suppliers. For apparel and accessories, suppliers are tiered based on transaction volume. As of 2021, all three tier suppliers (three in China) in these product categories were designated as key suppliers. Montebelluna, which is in charge of sourcing apparel and accessories, is also operating a branch in Korea.

Product Quality Management within the Supply Chain

FILA is fully committed to quality management in compliance with the laws and regulations related to product safety in order to deliver safe products and services to our customers. In particular, we are proactively responding to quality-related issues by ensuring our manufacturing partners conduct product assessments.

All of our suppliers comply with guidelines for chemicals management to ensure their production avoids incidents involving hazards and/or toxicity, and they use only the materials that meet the requirements specified in the existing regulations. In addition to legal thresholds and industry standards, tests are performed in accordance with the validation methodologies that we propose or by way of third-party organizations to strengthen quality management. We have also established a chemical monitoring system to share information on harmful substances prior to landing product orders and exclude such materials from the design phase. Once placing an order, inspections are conducted on three occasions as part of our meticulous product management to ensure that only quality goods are shipped out to stores.

Supply Chain Safety Management

FILA is currently monitoring our suppliers' operation in our distribution center in Republic of Korea in accordance with our compliance management checklist. FILA's internal assessment team engages in regular due diligence to examine their use of personal protective equipment and compliance with safety guidelines. The logistics checklist is used to fully address occupational safety risks such as safety incidents and fires. Specifically, environmental inspections have been conducted at on all necessary occasions and relevant work manuals were developed to prevent falls, which is an essential health & safety factor in distribution center operations. Elevators are also separately operated to move heavy equipment. Such endeavors enabled us to achieve ZERO occurrences of fatal occupational injuries at our establishments and distribution centers in Republic of Korea, the US and at the locations of our major suppliers.

New Supplier Selection Process

1 Document Preparation and Supplier Evaluation	2 On-site Due Diligence	3 New Supplier Registration	4 New Supplier Operation
<ul style="list-style-type: none"> 1) Document preparation 2) Document evaluation criteria 	<ul style="list-style-type: none"> 1) On-site factory due diligence 2) Factory examination criteria 	<ul style="list-style-type: none"> 1) New supplier registration process 2) Additional document preparation 	<ul style="list-style-type: none"> 1) Final evaluation after the test operation 2) Normal operation

Support for ESG Capacity Building and Win-Win Partnerships with Our Suppliers

The company is engaging in positive activities with its suppliers to maintain professional business relationships and forge sustainable win-win partnerships. We support our outstanding suppliers with bi-monthly payments to provide them with greater financial flexibility, and our transparent and clear payment process has received positive feedback from our suppliers. FILA directly covered air transportation expenses to help ease the burden on our suppliers when the logistics chain was disrupted due to COVID-19 in 2021.

To ensure fairness and sustainability in all the transactions we make with our suppliers, whom we consider our key stakeholders, we perform supplier satisfaction surveys. The Company makes it clear that we cannot accept any valuables or gifts of entertainment/conveniences from our suppliers through the 'Clean Campaign' and the 'No Gift Campaign'. FILA has been running such campaigns since 2013, and we send regular reminders outlining our strong commitment to eliminate all forms of unjustified practices via e-mail and other publications.

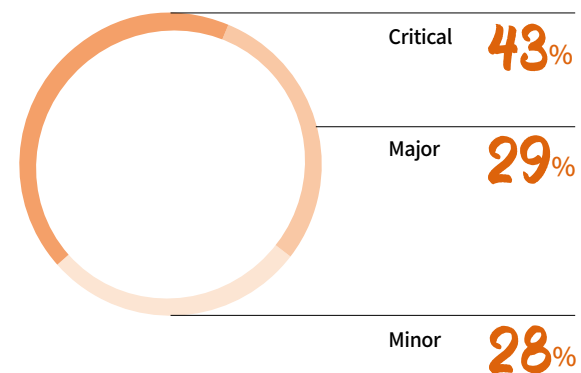
We are operating global communication channels to heed the difficulties of our suppliers and actively solve any problems/issues. We have been operating our whistleblower hotlines in four languages: Korean, English, Chinese and Vietnamese, since 2021 to minimize any language barriers.

ESG Evaluation on Our Suppliers

FILA ensures all its suppliers sign the pledge to abide by the FILA Group Global Code of Conduct, and conducts annual due diligence on all tier 1 suppliers as part of the supplier evaluation. Key suppliers in the footwear, apparel and accessories categories have a particularly significant impact on our business. As such, their evaluation outcomes are managed more strictly, and are rated – GOLD, SILVER or BRONZE – based on their evaluation results. We use 11 monitoring criteria for supplier evaluations, which reflect the ESG standards that we intend to emphasize. These include such issues as human rights, health & safety and child labor. The 11 criteria are further segmented into 75 sub criteria to further delineate the ESG risks that our suppliers could potentially face. These sub criteria factors are categorized as Critical, Major or Minor according to issue-specific risk significance and prioritized based on improvement needs. Suppliers are then evaluated for their responses to each of these sub criteria and for the improvements they made. All such outcomes are aggregated to calculate the final score. Our 2021 evaluation revealed that from the 75 sub criteria, Critical, Major and Minor categories accounted for 43%, 29% and 28% respectively.

FILA's key supplier evaluation for 2021 was conducted on six footwear and three apparel/accessories suppliers in China and Vietnam. The overall average score was 86.2 points for footwear and 90.2 points for apparel and accessories. Eight out of the nine key suppliers are categorized into GOLD, SILVER or BRONZE. Out of the 11 monitoring criteria, all key suppliers scored 100 points in the Freedom of Association and Disciplinary Practices categories, and demonstrated exceptional results in the Child Labor and Documentation and Inspection categories. FILA will continue to develop the detailed analysis of the ESG performance of our suppliers and cooperate through the regular training and exercises.

75 Monitoring Criteria by Significance of Each Risk



2021 Key Supplier Evaluation Results

Evaluation Criteria*	Footwear						Apparel and Accessories		
	DA	GR	GS	HT	JM	XSC	JD	NS	WH
Compliance of Laws and Regulations	●	●	●	●	●	●	●	●	●
Forced Labor	●	●	●	●	●	●	●	●	●
Child Labor	●	●	●	●	●	●	●	●	●
Safety and Health	●	●	●	●	●	●	●	●	●
Equal Opportunity	●	●	●	●	●	●	●	●	●
Freedom of Association	●	●	●	●	●	●	●	●	●
Disciplinary Practices	●	●	●	●	●	●	●	●	●
Worker's Insurance	●	●	●	●	●	●	●	●	●
Environment	●	●	●	●	●	●	●	●	●
Security	●	●	●	●	●	●	●	●	●
Documentation and Inspection	●	●	●	●	●	●	●	●	●
Score	89.2	95.6	88.3	88.4	82.5	73.2	91.5	89.1	89.9
Rating**	SILVER	GOLD	SILVER	SILVER	BRONZE	-	GOLD	BRONZE	GOLD

*Evaluation criteria: ● 90-100 points ● 70-90 points ● under 70 points
 **Rating criteria: GOLD (90 points or above) SILVER (85.1-89.9 points) BRONZE (80.1-85 points)

Business Commitment

Sustainability Context

Transparent and sound governance is instrumental in determining a company's sustainable growth. As corporate governance structures and their risk factors become increasingly influential in how investors make decisions, the importance of professional and independent governance becomes even more critical. Furthermore, failure on the part of businesses to follow ethical business practices and/or breach customer/private data could easily undermine the Company's value and make a fatal blow to its brand image.

Strategic Approach

FILA is fully aware of the importance of sound governance and reinforcing its sustainability management on the basis of sound governance. We operate an independent and professional Board of Directors (BoD) for logical and transparent decision-making, by stipulating FILA Group's Global Code of Conduct and operate an ethics report center to enhance transparency in corporate management. To prevent security incidents both on a company-wide and individual level, we have obtained the Information Security Management System (ISMS) certification for the thorough management and supervision of our information security operations.



[8.3]

Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.



Target and Performance

Set and disclosed FILA's five-year shareholder return policy



by 2025 Implement FILA's five-year strategic plan and shareholder return policy

Proposed ESG risks and opportunities for discussion at regular BoD meetings



by 2025 Advance sustainability management and respond to climate crisis under the leadership of the BoD

100% in responding to global whistleblowing hotlines



by 2025 Follow up on all whistleblowing reports submitted globally to FILA group

Established the Information Security Committee (ISC) and developed an information security incident response system

Recorded ZERO occurrences of online data security breaches at FILA over the past three years



by 2025 Reduce personal data security breaches to ZERO

All FILA Korea employees completed ethical management training



by 2025 Disseminate an employee-engaging ethical corporate culture

FILA FOCUS on G

Business Commitment

FILA pursues sound governance driven by our expertise and diversity. We abide by our Company's Code of Conduct for ethical management and share our ethical management philosophy with the global subsidiaries and business partners.

Composition of the BoD

The FILA Holdings' Board of Directors (hereinafter referred to as "BoD"), as an independent group of experts, serves as FILA's highest decision-making body. The BoD is authorized to appoint and/or dismiss the CEO and is committed to the balanced promotion of the rights and interests of all stakeholders. At the regular general shareholders' meeting held in March 2022, one non-executive director was newly appointed and two existing directors – one executive director and one independent director – were reappointed so that our current BoD now has three directors, one non-executive director and three independent directors.

BoD Composition at FILA Holdings

Director	Name	Gender	Role	Career	Tenure
Executive director	Yoon-Soo (Gene) Yoon	Male	Chairman of the BoD	(Present) Chairman of the Board of Directors, FILA Holdings (Present) Chairman of the Board of Directors, Acushnet Holdings	Jun. 1991 ~ Mar. 2023
	Keun-Chang (Kevin) Yoon	Male	President & CEO	(Present) President & CEO, FILA Holdings Chief Strategy Officer, FILA Korea Chief Financial Officer, FILA USA	Jul. 2015 ~ Mar. 2025
	Myoung-Jin Yun	Male	Executive director	(Present) Managing Director, Global Planning Office, FILA Holdings Management Planning Team, CEWIT Korea Strategic Planning Team, Woongjin Poly Silicon	Mar. 2021 ~ Mar. 2024
	Hak-Woo Lee	Male	Non-executive director	(Present) General Manager of Digital Business, FILA Korea Business Manager of E-BIZ, FILA Korea	Mar. 2022 ~ Mar. 2025
Independent director	Suk Kim	Male	Independent director	CEO & President, Samsung Securities CEO & President, Samsung Asset Management Vice President, Samsung Card Director, Samsung Group	Mar. 2019 ~ Mar. 2025
	Hae-Sung Kim	Male	Independent director	Advisor, E-Mart Vice President, E-Mart President, Shinsegae Group Strategy CEO, Shinsegae International	Mar. 2021 ~ Mar. 2024
	Young-Mi Yun	Female	Independent director	(Present) Member, Presidential 2030 Carbon Neutrality Committee (Present) Member, ESG Committee, Korea Credit Guarantee Fund (Present) Member, Committee for Green Seoul Citizen (Present) Member, Committee of Consumer Policy of Seoul (Present) Member, Committee of Seoul Contribution of Korean Teachers Credit Union	Mar. 2021 ~ Mar. 2024

as of the end of Q1 2022

Governance Principles and Policies

At FILA, we are committed to establishing sound governance that reflects our management philosophy to lead customer value and strengthen core competencies on the basis of expertise, diversity and independence.

Our directors are appointed for their diverse knowledge and industry experience that span law, finance, accounting, business administration and economics, all of which are essential to corporate management. We also ensure balanced representation in the backgrounds and professions of our directors.

Improving the diversity of the BoD is highly vital in elevating our corporate competitive edge. FILA appointed an independent female director for the first time in 2020 and has zero tolerance for discrimination on the grounds of gender, race, or nationality in the process of appointing the directors.

In order to secure the independence of the BoD, the chairman of the board and the representative director are separated, and any conflicts of interest and qualifications are carefully reviewed to ensure that the individuals holding these two positions share no specific common background or represent specific interests. The BoD and top management are responsible for making decisions and executing business, and senior management is obliged to report the status of the business issues being executed to the BoD. This renders our governance reliable through mutual checks and balances among the BoD, top management and independent directors.

To pursue transparency in our governance and the business environment, we disclose the operational status of the BoD, the Corporate Governance Charter, the Articles of Incorporation, the BoD Regulations and all other governance-related policies and regulations on our website.

Excellent Rating Awarded in Corporate Governance Evaluation

As our management is firmly committed to sustainability management, we engage in detailed communication on our sustainability management performance with ESG rating agencies that assess companies on their non-financial performance. FILA's ESG ratings have been steadily improved over the past three years, and we will provide accurate information to proactively respond to such evaluations in the years ahead. In fact, the Korea Corporate Governance Service (KCGS) awarded FILA Holdings an overall grade A (B+ in Environmental, A+ in Social and A in Governance) on our 2021 ESG assessments.

Major Improvements Made in Governance

Introduced an electronic voting system for the general shareholder meeting

Purchased an executive liability insurance plan

Stipulated the Corporate Governance Charter and the Global Code of Conduct

ESG Ratings Awarded by KCGS

Rating	2021	2020	2019
Overall ESG Rating	Grade A	Grade B+	Grade C

Operation of the BoD

The BoD reviews and approves on the basic policies of the Company and on major issues of business execution based on sufficient deliberations. The BoD meets regularly every quarter and on an as-needed basis. In 2021, a total of 12 BoD meetings were held (four regular and eight special meetings) to decide and report on 31 agendas. The agendas are reported to the directors no later than one week (on average) prior to the meeting, and relevant materials and training sessions are provided to help the independent directors sufficiently understand the agendas.

In September 2021, the Company signed up for an executive liability insurance plan to provide a greater sense of security for FILA employees, senior management and the BoD. This plan provides compensation in the case that any unforeseen injuries/damages and other events occur during the course of their work.

BoD Meetings Held over the Past Three Years

Category	2021	2020	2019
BoD meetings (No. of meetings)	12	16	11
Agendas deliberated by the BoD (No. of agendas)	31	37	34
Average BoD attendance (%)	97.2	95.8	89.8

ESG Issue Management within the BoD

Our BoD critically considers ESG factors during the decision-making process to strengthen sustainability management. FILA has established a system to propose ESG-related agenda items at the BoD meetings each year and report major issues to the BoD accordingly. Over the past two years, our BoD discussed the stabilization of the ESG system along the supply chains (in February 2021) and the development of our mid/long-term ESG strategy and climate change response system (in February 2022). It also held a special meeting in June to approve the FILA Corporate Governance Charter. Going forward, our BoD will be responsible for managing major issues and non-financial risks in relation to sustainability management.

To ensure the visibility of our ESG performance and encourage the generation of ESG outcomes, we added ESG elements to the Key Performance Indicators (KPIs) for positions of manager and/or higher at FILA Holdings in 2021, which will also be extended for the same positions at other group subsidiaries. Through this, we will build consensus on the importance of ESG management across the board, and ensure that all our employees are aligned towards the establishment of a transparent ESG management system.

Operational Status of the BOD (Feb. 2021 ~ Apr. 2022)

FY2021

No.	Meeting Date	Agenda
1	Feb. 15, 2021	Report on the ESG operations & risks and 11 other items
2	Feb. 25, 2021	Approval on the settlement agreement between FILA Holdings and FILA Korea
3	Mar. 19, 2021	Report on the audited financial statements for FY 2020 and 2 other items
4	Apr. 23, 2021	Approval on the issuance of commercial paper by FILA Holdings
5	May 12, 2021	Report on Q1 2021 business results
6	Jun. 16, 2021	Approval on the establishment of the Corporate Governance Charter of FILA Holdings and 2 other items
7	Jul. 8, 2021	Approval on the issuance of commercial paper by FILA Holdings and 2 other items
8	Aug. 11, 2021	Report on Q2 2021 business results and 1 other item
9	Oct. 5, 2021	Approval on new revolving credit facility for FILA Holdings
10	Oct. 13, 2021	Approval on equity investment in a real estate investment company and 1 other item
11	Nov. 10, 2021	Report on Q3 2021 business results
12	Dec. 22, 2021	Approval on the extension of term loan for FILA Holdings

FY2022

No.	Meeting Date	Agenda
1	Jan. 06, 2022	Decision on budget execution for 2022
2	Feb. 14, 2022	Report on the operational status of the internal accounting control system and 10 other items
3	Mar. 21, 2022	Report on audited financial statements for FY 2021 and 3 other items
4	Mar. 29, 2022	Appointment of the CEO of FILA Holdings
5	Apr. 20, 2022	Approval on new loan limits for FILA Holdings

Statutory Auditor

FILA appoints a statutory auditor to ensure fairness and transparency in our operations. The auditor attends regular general shareholder meetings, BoD meetings and management meetings to supervise the work of the directors and to monitor

the transparent and ethical execution of Company management and the decision-making process. As of March 2022, we have one auditor and the Company provides this auditor with regular training on its latest management data and industry trends.

Auditor Information

Category	Name	Gender	Role	Career	Tenure
Statutory Auditor	Young-Sun Yoon	Male	Statutory auditor	(Present) Advisor, Lee & Ko Vice Chairman, KPMG Samjong Accounting Corp. 24th Commissioner, Korean Customs Service	Mar. 2018 ~ Mar. 2024

Fair Evaluation and Remuneration

All our directors are compensated within the limit of the remuneration approved at the annual general shareholders meeting, and this is disclosed on our public reports. Our executive and independent directors are paid by comprehensively considering their contribution to the BoD and practices generally accepted by other companies. The director's severance package is designed in accordance with our executive severance package regulations.

Total Remuneration for Directors and Auditors

(Unit: KRW mn)

2021	2020	2019
4,434	4,218	3,346

General Shareholders Meeting Operations

To protect the rights of all our shareholders, we operate proxy solicitation rules to ensure that the general shareholders'

meeting proceeds smoothly and that the meeting reaches its set quorum.

Results of the Annual General Meeting

No.	Agenda	Result	No. of affirmative shares (ratio)	No. of opposing shares or abstention (ratio)
1	Approval on FY 2021 Consolidated Financial Statements (Jan. 1, 2021 ~ Dec. 31, 2021)	Passed	35,646,282 (91.0%)	3,518,286 (9.0%)
2	Appointment of Directors			
2-1	Appointment of Executive Director (Keun-Chang Yoon)	Passed	38,477,449 (98.2%)	687,119 (1.8%)
2-2	Appointment of Other Executive Director (Hak-Woo Lee)	Passed	37,942,460 (96.9%)	1,222,108 (3.1%)
2-3	Appointment of Independent Director (Suk Kim)	Passed	33,477,020 (85.5%)	5,687,548 (14.5%)
3	Approval of Limit on Remuneration of Directors	Passed	38,963,808 (99.5%)	200,760 (0.5%)
4	Approval of Limit on Remuneration of Statutory Auditor	Passed	38,980,664 (99.5%)	183,904 (0.5%)

FILA Group Global Code of Conduct and Corporate Governance Charter

All FILA employees, regardless of their location in the world, abide by ethical principles of business conduct. By systemizing group-wide governance management, we established the FILA Group Global Code

of Conduct in February 2021 and the Corporate Governance Charter in June 2021. This enables us to communicate the absolute principles that all FILA stakeholders – our employees and suppliers – should abide by.

FILA Group Global Code of Conduct

Section	Provisions
Section I Introduction	Article 1 (Purpose and Scope) Article 2 (Applicability) Article 3 (FILA group Entity Policies)
Section II Human Rights	Article 1 (Non-discrimination) Article 2 (Harassment) Article 3 (Forced Labor) Article 4 (Child Labor) Article 5 (Hours of Work) Article 6 (Fair Wages and Terms of Employment) Article 7 (Freedom of Association and Collective Bargaining) Article 8 (Safety and Health)
Section III Ethical Business Operations	Article 1 (Compliance with Laws and Regulations) Article 2 (Anti-bribery and Anti-corruption) Article 3 (Anti-trust and Competition) Article 4 (Trade Controls) Article 5 (Conflicts of Interest) Article 6 (Accuracy of Representation and Reporting) Article 7 (Political, Community, Charitable and Other Outside Activities)
Section V Responsible Business Operations and Sourcing of Goods	Article 1 (Safety of Products and Services) Article 2 (Environment and Sustainability) Article 3 (Animal Welfare) Article 4 (Community Service)
Section V Asset & Data Protection	Article 1 (Intellectual Property) Article 2 (Facility & Equipment) Article 3 (Confidential Information) Article 4 (Consumer Data Care and Protection)
Section VI Procedures	Article 1 (Responsibility) Article 2 (Communication of This Code of Conduct) Article 3 (Documentation and Inspection) Article 4 (Reporting Concerns and Potential Violations) Article 5 (Non-retaliation) Article 6 (Consequences of Violations)

FILA Holdings Corporate Governance Charter

Section	Provisions
Section I Shareholders	Article 1 (Shareholder Rights) Article 2 (Fair Treatment of Shareholders) Article 3 (Shareholder Responsibility)
Section II Board of Directors	Article 4 (Function of the Board of Directors) Article 5 (Composition of the Board of Directors and Appointment of Directors) Article 6 (Independent Directors) Article 7 (Operation of the Board of Directors) Article 8 (Committees under the Board of Directors) Article 9 (Director's Duty and Responsibility) Article 10 (Evaluation and Remuneration)
Section III Audit	Article 11 (Statutory Auditor) Article 12 (External Auditor)
Section IV Stakeholder	Article 13 (Protection of Stakeholder Rights)
Section V Management Supervision by Market	Article 15 (Disclosure)

Ethical Management System

FILA endeavors to fulfill its social and ethical roles and responsibilities and become a trusted company. We promote ethical management through the 'FILA Code of Ethics', the 'self-report system' and the 'self-administered compliance control survey' and have developed practical action guidelines for employees to maintain transparent relationships with business partners along with implementing relevant campaigns. We established and have been operating an internal accounting control system since 2022 to further improve the credibility of our accounting data that we prepare and disclose in conformity with corporate accounting standards.

Prevention	Assessment	Improvement
<ul style="list-style-type: none"> Clean Campaign Ethical management training Pledge on and evaluation of the compliance with the Code of Conduct 	<ul style="list-style-type: none"> Report Center Whistleblowing hotlines Ongoing interviews Periodic management assessments Ongoing internal audits On-site audits 	<ul style="list-style-type: none"> Management report Improvement recommendations Follow-up on improvements

Risk Prevention through Ethics Training

We provide annual ethics and compliance training to establish a common set of ethical values for our employees. In 2021, ethical management training was offered virtually due to COVID-19 prevention protocols to employees at FILA Holdings, FILA Korea Montebelluna's Korea branch to prevent risks in relation to anti-corruption and fair trade. The training content was highly relevant to the work of the employees and focused on the bans of the following: improper solicitation/bribe-taking, unjustified cartels/unfair transactions, along with precautionary measures to take concerning subcontract regulations, and the duty and responsibility of online sellers. All 330 employees from relevant departments (excluding those currently on leave) completed the training. The training was followed by a quiz to improve the trainees' understanding on applicable legislations as well as the signing of the ethical management pledge and the non-disclosure agreement to further raise their compliance awareness.

Ethical Management Training at FILA

FILA's Ethical Management Training		
100% of mandated trainees completed the course	Ethical management/ non-disclosure agreements signed	83% were satisfied with the training

Clean Campaign for Sound Mutually Beneficial Partnerships

FILA Holdings, FILA Korea and the Montebelluna's Korea branch

all maintain business relationships with their business partners through positive practices in accordance with FILA's ethics guidelines. We do not accept gifts in the form of valuables, entertainment or conveniences from our business partners, and have been launching the 'Clean Campaign' since 2013 to prohibit all forms of inappropriate practices.

Compliance Management Checklist and Self-Assessment

We perform self-assessments on ethical management through the use of the compliance management checklist. FILA Holdings' legal affairs team reviews applicable laws and regulations - Labor Standards Act, the Personal Information Protection Act, the Trade Secret Protection Act, the Intellectual Property Rights Act, the Foreign Trade Act, the Serious Accidents Publication Act, the Agency Act and general fair-trade provisions - for Korean subsidiaries (FILA Holdings, FILA Korea, and Montebelluna's Korea branch) and develops checklists based on review outcomes. These checklists are then distributed to heads of 16 organizations in Department Head-level positions and are used to perform reviews twice a year. In so doing, we aim to ensure regulatory compliance and ethical management while establishing transparent management.

Operation of Global Ethics Whistleblowing Hotlines

We receive anonymous whistleblowing reports 24/7 through a wide range of channels including from our website, e-mail, phone and post concerning any corruptive or unjustified acts that undermine our credibility and ethics as a company. These channels are open to all our stakeholders, from our employees working across the world to personnel at our business accounts, store staff, and customers. In 2021, we adopted NAVEX, a 24 hour multi-lingual online and phone whistleblowing platform operated by a third-party to increase the fairness of our whistleblowing system. This platform runs the whistleblowing system, and its hotline is available in four languages: Korean, English, Chinese and Vietnamese, in reflection of our characteristics as a global company with a multinational business network. This facilitates the process for our global stakeholders to report on any non-compliance with ethical regulations. Furthermore, provisions were set for rewards, confidentiality and identity protection. The factual grounds for each whistleblowing report are examined based on evidence, and audits are performed and necessary measures and improvements are made. Looking ahead, we will engage in diverse self-review activities and internal assessments and duly receive whistleblowing reports to embed transparent and fair ethics management into our cultural DNA.

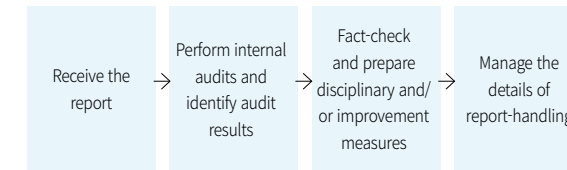
FILA's Response to Whistleblowing Hotlines in 2021

100% response to the whistleblowing reports submitted

100%



Whistleblowing Report Handling Procedures



IR Communication

We actively engage in IR communication with institutional investors through conference calls and company visits to help institutional investors deepen their understanding of FILA. We also reach out to retail investors to present our future course of action and address any questions they may have. To provide stakeholders with sufficient information, we not only comply with legally mandatory disclosure obligations, but also voluntarily disclose information on key issues. To ensure information symmetry among both domestic and international investors and facilitate communication, we make our major disclosures available in Korean and English (25 English disclosures made in 2021). Pursuant to our Information Disclosure Management Policy, we manage our disclosure materials in a fair and organized manner and identify potential risks that may arise due to disclosed information. FILA regularly evaluates the information management operation status according to the three criteria of disclosure: accuracy, timeliness, and legitimacy. To facilitate shareholder proposals, we make such proposals openly available on our website so that shareholders are better informed of the intentions behind these proposals. We plan to develop diverse measures to protect and expand the rights and interests of shareholders.

FILA Global Collaboration Meeting (GCM)

Each year, FILA holds the Global Collaboration Meeting (GCM) to gather FILA's licensees and business partners from across the world to discuss a wide array of topics in relation to our brand. The GCM allows our global business partners to share their product design ideas and fashion trends for the upcoming season, provide licensees in different regions with new and fresh information, and exchange ideas on product materials and manufacturing methodology. In 2021, the GCM was hosted virtually twice in May and November amid the global pandemic and served to emphasize the importance of sustainability trends and responsible supply chain management for FILA group and build consensus on sustainability management.

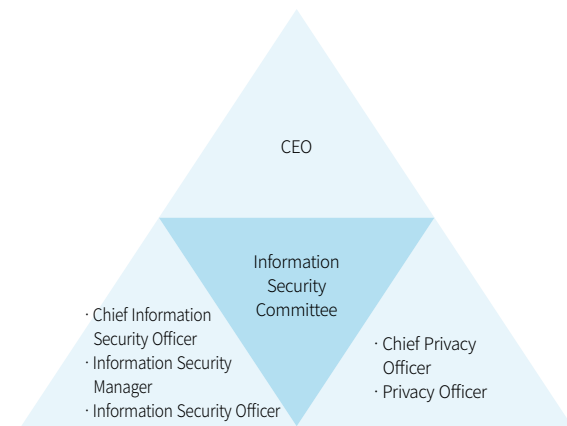
Risk Management

We immediately respond to unexpected threats and situations and systematically perform follow-ups as a way to manage the risks. FILA Holdings is responsible for analyzing issues requiring group-wide risk management and risks identified in relation to ESG are proposed to the Board of Directors for discussion at all levels. FILA and its major suppliers comply with the FILA Group Global Code of Conduct to address diverse types of risks, spanning crises along the manufacturing/distribution process, global environmental regulations, data breaches, safety incidents, natural disasters, environmental pollution, and power outages. Since 2020, we have monitored ESG issues at our major subsidiaries twice a year to manage the relevant risks. We ensure the immediate and constant response and management of risks that occur across diverse aspects of our business, including those in production, logistics and customer service. In 2021, when COVID-19 posed challenges in supply chain due to the national lockdowns of our suppliers, we supported air transportation logistics to help them mitigate the risks associated with supply chain disruptions. To prevent customer data leakage, we further advanced our Order Management System (OMS) and mandated our information security department to oversee our data protection and security operations. The Company has also developed the distribution center inspection manuals and have conducted constant safety checks to prevent fatal accidents at our logistics sites. FILA continues to develop our preemptive response capabilities to address a range of risks that affect our reliable business performance in the areas of market liquidity, global finance, and tariffs.



Information Security System

FILA has a strong sense of responsibility for information security and protects important information assets. To fundamentally prevent any loss of such invaluable assets, we have provided the operational guidelines for the information security organization, and have assigned a dedicated organization and organizational-specific management staff to establish a systemic information security system while managing and improving this system. FILA Holdings and FILA Korea have developed a system to respond to data breaches according to their severity with the information security incident response manuals distributed in January 2020.



Information Security Incidents by Severity

Serious	Security incidents raise concerns over the direct loss of internal information, making it impossible for the corporate information system to smoothly provide services and resulting in the leak of confidential corporate assets
Alert	While the direct loss of internal information did not occur, signs of such losses were detected
Warning	Security incidents either occurred partially or there were attempted data breaches
Observation	Simple misuse gave rise to security issues which are excluded from the scope of security incidents

ISMS Certification

In August 2021, FILA received the ISMS* certification awarded by the Korea Internet & Security Agency (KISA) under the Ministry of Science and ICT. This indicates that our information security management system is operated reliably across all our e-commerce sales channel service domains, including our websites and computer systems. We have taken a step further to reinforce information security management and supervise all our suppliers who jointly conduct online business. For the necessary improvements identified as a result of the ISMC certification process, FILA's Information Security Committee will develop

plans and make improvements for the successful renewal of the certification in the years ahead.

*ISMS: Information Security Management System



ISMS Certification Achieved

- Systematize internal security operations
- Manage and supervise online business partners
- Unification of policy compliance for external communication
- Cyber security reinforcement

Information Security Training for Employees

FILA ensures that its employees improve their security awareness to reinforce our overall information security. We conduct regular simulation training to block online phishing and malicious e-mails. The training includes information on the new variations of cyber attacks and prevention methods. We provide continuous training on reporting and response methods through information security training that corresponds to the job position. FILA has not had any online information security incidents over the past three years, and we will continue to reinforce our employee's security awareness in the future.

Information Security Training by Position

Chief Information Security Officer (CISO)	Customized training for CISO (on/offline), online ISMS training, etc.
Chief Privacy Officer (CPO)	Customized training for CPO (on/offline), online ISMS training, etc.
Information Security Manager	(Privacy) information security conferences, information security qualifications, online ISMS training, etc.
Information Security Officer	(Privacy) information security conferences, information security qualifications, online ISMS training, etc.
Privacy Officer	ISMS-related training provided on/offline
IT Infrastructure Officer	AWS training, infrastructure-related training (server, DB, network, security equipment, etc.)
Developer	Secure coding training

Information Security Incidents

Occurrence of information security incidents over the past three years (2019-2021)



Nominated for "Excellent Company" in Response to Cyber Risks

The Company's efforts to conduct simulations to strengthen our own cyberattack response capabilities earned us the title of 'Excellent Company' in three categories out of 235 companies at the regular private sector cyber crisis response mock exercise hosted in the second half of 2021 by the Korea Internet & Security Agency (KISA).

Evaluation Categories where FILA's Excellence was Recognized in Responding to Cyber Crisis

E-mail hacking 	DDoS 	Penetration simulation
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Customer Data Protection

To cater to the rapidly-shifting online market environment, FILA USA and FILA Korea have developed and are implementing subsidiary-specific data privacy handling policies. To protect customer data, we keep a watchful eye on any abnormal activity 24/7 through the encryption of personal data and the installation of firewalls along with the Intrusion Detection System (IDS). For FILA Korea's e-commerce sales channel which collects customer data, we are also tightening our business partners' management and supervision system.

We provide our employees, who handle personal data, with professional training on customer data management concerning the Personal Information Protection Act, the position-based information security and data privacy management system, and phase-specific data privacy management regulations. Our employees also attend relevant conferences, receive additional information security training, and sign the security pledge upon completing such training to reinforce their security awareness. To date, we have not received any complaints regarding customer data privacy. FILA will do its utmost to maintain the trust we have earned from our customers as such through the continuous management of our personal information security network.

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ESG Data

Category	Affiliated Entity	Subcategory	Unit	2021	2020	2019
Greenhouse Gas (GHG)						
FILA group		Direct emissions (Scope 1)	tCO ₂ e	1,245.9	1,796.2	1,771.0
		Indirect emissions (Scope 2)	tCO ₂ e	3,005.5	2,831.4	3,020.7
		Total	tCO ₂ e	4,251.3	4,627.7	4,791.7
		Intensity	tCO ₂ e/KRW bn	1.1	1.2	1.3
Major Subsidiaries						
FILA Holdings		Direct emissions (Scope 1)	tCO ₂ e	7.5	7.1	N/A
		Indirect emissions (Scope 2)	tCO ₂ e	130.8	61.7	N/A
		Subtotal	tCO ₂ e	138.3	68.9	N/A
FILA Korea		Direct emissions (Scope 1)	tCO ₂ e	9.1	13.3	60.9
		Indirect emissions (Scope 2)	tCO ₂ e	1,267.6	1,123.8	992.0
		Subtotal	tCO ₂ e	1,276.7	1,137.1	1,052.9
FILA USA		Direct emissions (Scope 1)	tCO ₂ e	1,159.8	1,775.8	1,710.1
		Indirect emissions (Scope 2)	tCO ₂ e	1,571.1	1,645.9	2,028.7
		Subtotal	tCO ₂ e	2,730.9	3,421.7	3,738.8
FILA Sport (Hong Kong) · Montebelluna		Direct emissions (Scope 1)	tCO ₂ e	69.4	N/A	N/A
		Indirect emissions (Scope 2)	tCO ₂ e	36.0	N/A	N/A
		Subtotal	tCO ₂ e	105.4	N/A	N/A

* The GHG emissions and intensity data disclosed as FILA group's data were calculated by aggregating GHG emissions generated by major group subsidiaries falling into the reporting scope of this report - FILA Holdings, FILA Korea, FILA USA, FILA Sport (Hong Kong), and Montebelluna.

* Due to the vertical demerger of FILA Korea and FILA Holdings in January 2020, FILA Holdings' data is available from 2020 (this applies to all following data).

* We comply with the Greenhouse Gas Protocol in calculating GHG emissions, but observe the standards of the 'GHG and Energy Target Management System under the Low Carbon Green Growth Act' in calculating power consumption at our offices and establishments located in Republic of Korea.

* As the scope of GHG emissions calculation was extended from the previous year, data over the past three years was recalculated by retroactively applying the revised scope and criteria, and thus 2019/2020 emissions data may vary from the previous year's disclosures.

* GHG intensity was calculated based on FILA Holding's consolidated revenue.

* Scope of calculating the emissions of GHG:

- FILA Holdings: office in Seoul and FAST Center office in Busan, Republic of Korea

- FILA Korea: office in Seoul and a distribution center in Icheon, Republic of Korea

FILA Holdings and FILA Korea were relocated to its current office in Cheonho-dong, Seoul, Republic of Korea in July 2019. Since the two subsidiaries share the same building, their data was calculated in proportion to the floor areas they occupy (this applies to the following energy/water resources/waste data). Sparks Glencoe Korea, Magnus Holdings and Montebelluna's Korean branch are located in the same building but they do not constitute major subsidiaries that fall into the scope of reporting of this report, and thus their data was not separately disclosed (this applies to the following energy/water resources/waste data).

- FILA USA: offices in New York, Maryland, and a distribution center in Baltimore, USA

- FILA Sport (Hong Kong) & Montebelluna: Global Sourcing Center in Jinjiang, China

Both these subsidiaries are located within our Global Sourcing Center in Jinjiang, China, and are included in our disclosure since they share offices, lounges and amenities within the center.

Category	Affiliated Entity	Subcategory	Unit	2021	2020	2019	
Energy							
FILA group		Total	GJ	81,503.9	61,323.5	68,819.8	
		Intensity	GJ/KRW bn	21.5	16.2	18.1	
Major Subsidiaries							
FILA Holdings		Gasoline	GJ	107.0	102.0	N/A	
		Diesel	GJ	4.0	N/A	N/A	
		LNG	GJ	82.0	87.0	N/A	
		LPG	GJ	N/A	N/A	N/A	
		Electricity	GJ	2,695.0	1,271.0	N/A	
		District Steam	GJ	N/A	N/A	N/A	
		FILA Korea	Gasoline	GJ	5.0	44.0	566.0
FILA Korea		Diesel	GJ	124.0	144.0	186.0	
		LNG	GJ	486.0	519.0	173.1	
		LPG	GJ	N/A	N/A	N/A	
		Electricity	GJ	26,113.0	23,151.0	16,464.4	
		District Steam	GJ	N/A	N/A	N/A	
		FILA USA	Gasoline	GJ	N/A	N/A	N/A
		FILA USA		Diesel	GJ	N/A	N/A
LNG	GJ			35,358.2	19,887.0	31,494.7	
LPG	GJ			18.2	24.7	N/A	
Electricity	GJ			14,825.2	14,708.9	17,985.0	
District Steam	GJ			603.5	1,384.9	1,950.6	
FILA Sport (Hong Kong) · Montebelluna	Gasoline			GJ	930.2	N/A	N/A
FILA Sport (Hong Kong) · Montebelluna				Diesel	GJ	N/A	N/A
		LNG	GJ	N/A	N/A	N/A	
		LPG	GJ	N/A	N/A	N/A	
		Electricity	GJ	152.6	N/A	N/A	
		District Steam	GJ	N/A	N/A	N/A	

* The energy consumption and intensity data disclosed as FILA group's data were calculated by aggregating energy consumption generated by major group subsidiaries falling into the reporting scope of this report - FILA Holdings, FILA Korea, FILA USA, FILA Sport (Hong Kong), and Montebelluna.

* Energy intensity was calculated based on FILA Holding's consolidated revenue.

* Scope of calculating the energy consumption:

- FILA Holdings: office in Seoul and FAST Center office in Busan, Republic of Korea

- FILA Korea: office in Seoul and a distribution center in Icheon, Republic of Korea

- FILA USA: offices in New York, Maryland, and a distribution center in Baltimore, USA

- FILA Sport (Hong Kong) & Montebelluna: Global Sourcing Center in Jinjiang, China

Category	Affiliated Entity	Subcategory	Unit	2021	2020	2019
Water						
FILA Holdings		Municipal Water Consumption	m ³	845	695	N/A
		Municipal Water Consumption	m ³	5,010	4,116	3,038
FILA Korea		Ground Water Consumption	m ³	578	578	578
		Municipal Water Consumption	m ³	7,647	N/A	N/A
FILA USA		Municipal Water Consumption	m ³	7,647	N/A	N/A
FILA Sport (Hong Kong) · Montebelluna		Municipal Water Consumption	m ³	25,965	N/A	N/A

* Scope of calculating the water consumption:

- FILA Holdings: office in Seoul, Republic of Korea

- FILA Korea: office in Seoul and a distribution center in Icheon, Republic of Korea

Our distribution center in Icheon, Republic of Korea is provided with underground water to meet all its industrial water/domestic water needs and it's impossible to accurately measure its water consumption. Therefore, its annual water consumption is measured based on its water tank capacity as water contained in the tank is completely drained and discharged for tank cleaning.

- FILA USA: offices in New York, Maryland, and a distribution center in Baltimore, USA

- FILA Sport (Hong Kong) & Montebelluna: Global Sourcing Center in Jinjiang, China

Category	Affiliated Entity	Subcategory	Unit	2021	2020	2019
Waste						
Distribution Center (Republic of Korea)		Total Waste Disposal	ton	414	478	344
		Recycled	ton	200	231	279
		Incinerated	ton	214	248	66
Distribution Center (USA)		Total Waste Disposal	ton	411	360	460
		Recycled	ton	343	297	374
		Landfill	ton	68	62	86

* Scope of calculating the generation of waste:

- While domestic waste is generated from the offices of major subsidiaries, it is not possible to accurately calculate the generation of waste as waste is managed on a building-wide level. Therefore, data is disclosed for distribution centers which produce a significant amount of waste compared to offices, and our distribution centers in Republic of Korea and USA belong to FILA Korea and FILA USA respectively.

Category	Subcategory	Unit	2021	2020	2019
Employees					
Total	FILA Holdings	person	68	61	N/A
	FILA Korea	person	261	259	290
	FILA USA	person	367	354	363
	FILA Luxembourg	person	7	6	5
	FILA Sport (Hong Kong)	person	145	136	143
	Montebelluna	person	56	62	69
Male	FILA Holdings	person	39	38	N/A
	FILA Korea	person	135	141	173
	FILA USA	person	193	187	200
	FILA Luxembourg	person	1	1	1
	FILA Sport (Hong Kong)	person	52	45	47
Female	Montebelluna	person	17	10	22
	FILA Holdings	person	29	23	N/A
	FILA Korea	person	126	118	117
	FILA USA	person	174	167	163
	FILA Luxembourg	person	6	5	4
20s	FILA Sport (Hong Kong)	person	93	91	96
	Montebelluna	person	39	52	47
	FILA Holdings	person	9	4	N/A
	FILA Korea	person	42	28	23
	FILA USA	person	49	53	73
	FILA Luxembourg	person	1	1	0
30s and 40s	FILA Sport (Hong Kong)	person	22	23	23
	Montebelluna	person	12	18	15
	FILA Holdings	person	55	51	N/A
	FILA Korea	person	203	216	245
	FILA USA	person	192	175	168
	FILA Luxembourg	person	5	4	5
50s and older	FILA Sport (Hong Kong)	person	114	104	104
	Montebelluna	person	42	52	42
	FILA Holdings	person	8	8	N/A
	FILA Korea	person	13	17	28
	FILA USA	person	126	126	122
50s and older	FILA Luxembourg	person	1	1	0
	FILA Sport (Hong Kong)	person	9	9	9
	Montebelluna	person	2	11	12

Category	Affiliated Entity	Unit	2021	2020	2019
Full-Time and Temporary Employees					
Full-Time	FILA Holdings	person	62	55	N/A
	FILA Korea	person	248	246	274
	FILA USA	person	366	351	361
	FILA Luxembourg	person	7	6	5
	FILA Sport (Hong Kong)	person	144	136	136
	Montebelluna	person	56	61	66
Temporary	FILA Holdings	person	6	6	N/A
	FILA Korea	person	13	13	16
	FILA USA	person	1	3	2
	FILA Luxembourg	person	0	0	0
	FILA Sport (Hong Kong)	person	1	0	7
	Montebelluna	person	0	1	3

Category	Affiliated Entity	Unit	2021	2020	2019
New Employee Hires					
Total number of new employees	FILA Holdings	person	11	10	N/A
	FILA Korea	person	39	22	32
	FILA USA	person	167	60	165
	FILA Luxembourg	person	2	2	2
	FILA Sport (Hong Kong)	person	19	15	19
	Montebelluna	person	21	21	34
Male	FILA Holdings	person	6	3	N/A
	FILA Korea	person	14	5	12
	FILA USA	person	105	29	101
	FILA Luxembourg	person	1	0	1
	FILA Sport (Hong Kong)	person	5	8	8
	Montebelluna	person	6	7	14
Female	FILA Holdings	person	5	7	N/A
	FILA Korea	person	25	17	25
	FILA USA	person	62	31	64
	FILA Luxembourg	person	1	2	1
	FILA Sport (Hong Kong)	person	14	7	11
	Montebelluna	person	15	14	20
20s	FILA Holdings	person	7	1	N/A
	FILA Korea	person	23	7	11
	FILA USA	person	44	16	54
	FILA Luxembourg	person	1	1	0
	FILA Sport (Hong Kong)	person	6	4	0
	Montebelluna	person	5	3	2
30s and 40s	FILA Holdings	person	4	9	N/A
	FILA Korea	person	16	15	20
	FILA USA	person	90	33	77
	FILA Luxembourg	person	1	1	2
	FILA Sport (Hong Kong)	person	13	11	0
	Montebelluna	person	16	32	22
50s and older	FILA Holdings	person	0	0	N/A
	FILA Korea	person	0	0	1
	FILA USA	person	33	11	34
	FILA Luxembourg	person	0	0	0
	FILA Sport (Hong Kong)	person	0	0	0
	Montebelluna	person	0	1	1

Category	Affiliated Entity	Unit	2021	2020	2019
Retired Employees					
Male	FILA Holdings	person	3	4	N/A
	FILA Korea	person	16	3	6
	FILA USA	person	4	0	1
	FILA Luxembourg	person	1	0	0
	FILA Sport (Hong Kong)	person	0	9	7
	Montebelluna	person	0	3	3
Female	FILA Holdings	person	0	2	N/A
	FILA Korea	person	14	11	5
	FILA USA	person	4	1	0
	FILA Luxembourg	person	0	1	0
	FILA Sport (Hong Kong)	person	0	7	9
	Montebelluna	person	0	10	7

Category	Affiliated Entity	Subcategory	Unit	2021	2020	2019
Employee Diversity						
Employees with disabilities	FILA Holdings		person	0	0	N/A
	FILA Korea		person	1	1	1
	FILA USA		person	N/A	N/A	N/A
	FILA Luxembourg		person	0	0	0
	FILA Sport (Hong Kong)		person	0	0	0
	Montebelluna		person	0	0	0
Ethnic group	FILA Holdings	Asian	person	68	61	N/A
	FILA Korea	Asian	person	261	259	290
	FILA USA	Asian	person	29	26	24
		Black or African American	person	139	113	127
		Hispanic	person	13	15	15
		Indian	person	2	2	2
		White	person	176	194	193
		Two or more races	person	5	4	2
	FILA Luxembourg	Asian	person	1	1	0
		Black or African American	person	1	1	0
		White	person	5	4	5
	FILA Sport (Hong Kong)	Asian	person	145	136	143
Montebelluna	Asian	person	56	62	69	

* FILA USA does not collect data on employees' disabilities for reasons of privacy protection.

Category	Affiliated Entity	Unit	2021	2020	2019
R&D					
R&D expenses	FILA Holdings	000' KRW	3,863,000	4,130,000	3,769,000
Ratio of R&D expenses against sales	FILA Holdings	%	0.1	0.1	N/A
	FILA Korea	%	N/A	N/A	0.1
No. of R&D professionals	FILA Holdings	person	19	19	N/A
	FILA Korea	person	N/A	N/A	15

* R&D expenses and the ratio of R&D expenses against sales were calculated based on FILA Holding's consolidated financial statement, and include design and R&D-related expenses by business division.

* The number of R&D employees was calculated as employees working at FAST Center, FILA group's R&D organization. FAST Center was moved from FILA Korea to FILA Holdings following the vertical demerger of FILA Korea and FILA Holdings in January 2020.

Category	Affiliated Entity	Unit	2021	2020	2019
Female Leadership					
Number of female employees in management position	FILA Holdings	person	3	3	N/A
	FILA Korea	person	11	10	9
	FILA USA	person	62	71	56
	FILA Luxembourg	person	1	1	1
	FILA Sport (Hong Kong)	person	16	11	11
	Montebelluna	person	10	5	3
Number of employees in management position	FILA Holdings	person	18	16	N/A
	FILA Korea	person	59	59	69
	FILA USA	person	114	127	104
	FILA Luxembourg	person	1	1	1
	FILA Sport (Hong Kong)	person	33	26	23
	Montebelluna	person	20	12	8
Ratio of female employees in management position	FILA Holdings	%	16.7	18.8	N/A
	FILA Korea	%	18.6	16.9	13.0
	FILA USA	%	54.4	55.9	53.8
	FILA Luxembourg	%	100	100	100
	FILA Sport (Hong Kong)	%	48.5	42.3	47.8
	Montebelluna	%	50.0	41.7	37.5
Ratio of female employees	FILA Holdings	%	42.7	37.7	N/A
	FILA Korea	%	48.3	45.6	40.3
	FILA USA	%	47.4	45.6	45.4
	FILA Luxembourg	%	85.7	83.3	80.0
	FILA Sport (Hong Kong)	%	64.1	66.9	67.1
	Montebelluna	%	69.6	83.9	68.1

* Employees in manager positions are defined as employees in team leader/manager or above positions for all subsidiaries making disclosures.

Category	Affiliated Entity	Unit	2021	2020	2019
Parental Leave					
Male	FILA Holdings	person	0	0	N/A
	FILA Korea	person	0	0	0
	FILA USA	person	0	0	0
	FILA Luxembourg	person	0	0	0
	FILA Sport (Hong Kong)	person	3	0	1
	Montebelluna	person	1	0	0
Female	FILA Holdings	person	2	2	N/A
	FILA Korea	person	11	10	10
	FILA USA	person	5	6	2
	FILA Luxembourg	person	0	0	0
	FILA Sport (Hong Kong)	person	2	1	4
	Montebelluna	person	0	2	1
Ratio of reinstatement	FILA Holdings	%	100	100	N/A
	FILA Korea	%	100	100	100.0
	FILA USA	%	80	83	0
	FILA Luxembourg	%	N/A	N/A	N/A
	FILA Sport (Hong Kong)	%	100	100	N/A
	Montebelluna	%	100	100	100

Category	Affiliated Entity	Unit	2021	2020	2019
Employee Training					
Total training hours for employees	FILA Holdings	hour	259	349	N/A
	FILA Korea	hour	1,022	1,671	6,588
	FILA USA	hour	927	328	196.5
	FILA Luxembourg	hour	100	36	9
	FILA Sport (Hong Kong)	hour	34	36	44
	Montebelluna	hour	34	N/A	44
	Average training hours per employee	FILA Holdings	hour	3.8	5.7
FILA Korea		hour	3.9	6.5	22.7
FILA USA		hour	0.4	1.2	2.1
FILA Luxembourg		hour	14.3	12	3
FILA Sport (Hong Kong)		hour	34	N/A	11
Montebelluna		hour	15	28	66
Percentage of employees who received training		FILA Holdings	%	100	100
	FILA Korea	%	100	100	98
	FILA USA	%	100	100	100
	FILA Luxembourg	%	100	100	100
	FILA Sport (Hong Kong)	%	100	100	100
	Montebelluna	%	91	N/A	90
	Total training expenses	FILA Holdings	KRW	351,346	4,390,079
FILA Korea		KRW	10,397,440	18,220,961	184,544,949
FILA USA		USD	82,023	24,651	44,502
FILA Luxembourg		USD	2,914	5218	949
FILA Sport (Hong Kong)		USD	4,500	N/A	3,750
Montebelluna		USD	1,300	N/A	700
Training expenses per employee		FILA Holdings	KRW	139,228	21,311
	FILA Korea	KRW	36,482	61,498	281,433
	FILA USA	USD	224	61	110
	FILA Luxembourg	USD	416	1,739	316
	FILA Sport (Hong Kong)	USD	31	N/A	26
	Montebelluna	USD	23	N/A	26

* While FILA USA engages in a wide array of training, it manages the number of trainees and training hours just for workplace harassment and diversity training, and data are disclosed for such training only.

* Since the number of trainees for each type of training is different from the total number of employees per affiliated entity and the cost of each type of training is different, the total training expenses and training expenses per employee may not be divided arithmetically.

Category	Affiliated Entity	Subcategory	Unit	2021	2020	2019
Human Rights Training						
Sexual harassment prevention	FILA Holdings	Number of trainees	person	68	61	N/A
		Participation Rate	%	100	100	N/A
	FILA Korea	Number of trainees	person	261	259	290
		Participation Rate	%	100	100	100
Workplace harassment prevention	FILA Holdings	Number of trainees	person	68	61	N/A
		Participation Rate	%	100	100	N/A
	FILA Korea	Number of trainees	person	261	259	290
		Participation Rate	%	100	100	100
Training to improve awareness to disability	FILA Holdings	Number of trainees	person	68	61	N/A
		Participation Rate	%	100	100	N/A
	FILA Korea	Number of trainees	person	261	259	290
		Participation Rate	%	100	100	100

* FILA USA has provided employees with training on human rights policies and procedures related to its business operations, but is not tracking the number of employees attending such training.

Category	Affiliated Entity	Unit	2021	2020	2019
Ethics and Compliance					
Training on ethics and compliance	FILA Holdings	person	61	61	N/A
	FILA Korea	person	252	259	325
	FILA USA	person	309	168	296
	FILA Luxembourg	person	0	0	0
	FILA Sport (Hong Kong)	person	145	N/A	N/A
	Montebelluna	person	50	N/A	N/A
	Whistleblowing Response Rate	FILA Holdings	%	100	100

* The workplace harassment and diversity-related training arranged by FILA USA includes ethics and compliance training

* As to the rate of handling whistle-blower reports submitted in relation to ethics, the data is for FILA Holdings only as FILA Holdings is responsible for managing all whistleblowing channels across FILA group

Category	Affiliated Entity	Unit	2021	2020	2019
Workplace Safety Management					
Number of accidents	FILA Holdings	case	0	0	N/A
	FILA Korea	case	0	0	0
	FILA USA	case	0	0	0
	FILA Luxembourg	case	0	0	0
	FILA Sport (Hong Kong)	case	0	0	0
	Montebelluna	case	0	0	0
	Fatalities-Employees	FILA Holdings	person	0	0
FILA Korea		person	0	0	0
FILA USA		person	0	0	0
FILA Luxembourg		person	0	0	0
FILA Sport (Hong Kong)		person	0	0	0
Montebelluna		person	0	0	0
Fatalities- Suppliers		FILA Holdings	person	0	0
	FILA Korea	person	0	0	0
	FILA USA	person	0	0	0
	FILA Luxembourg	person	0	0	0
	FILA Sport (Hong Kong)	person	0	0	0
	Montebelluna	person	0	0	0
	Montebelluna	person	0	0	0

* The scope of disclosing supplier fatality data at FILA Sport (Hong Kong) and Montebelluna is set for tier 1 suppliers

Category	Affiliated Entity	Unit	2021	2020	2019
Product Safety					
Total number of incidents of noncompliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	FILA Holdings	case	0	0	0
	FILA Korea	case	1	1	0
	FILA USA	case	0	0	0
	FILA Luxembourg	case	0	0	0
	FILA Sport (Hong Kong)	case	0	0	0
	Montebelluna	case	0	0	0
	Montebelluna	case	0	0	0

Category	Affiliated Entity	Unit	2021	2020	2019
Environmental Laws and Regulations					
Violation of Environmental Laws and Regulations	FILA Holdings	case	0	0	0
	FILA Korea	case	0	0	0
	FILA USA	case	0	0	0
	FILA Luxembourg	case	0	0	0
	FILA Sport (Hong Kong)	case	0	0	0
	Montebelluna	case	0	0	0

Category	Affiliated Entity	Unit	2021	2020	2019
Information Security					
The number of annual information security trainings	FILA Holdings	time	1	1	1
	FILA Korea	time	1	1	1
	FILA USA	time	1	1	13
	FILA Luxembourg	time	0	0	0
	FILA Sport (Hong Kong)	time	0	0	0
	Montebelluna	time	0	0	0
Information security breaches	FILA Holdings	case	0	0	0
	FILA Korea	case	0	0	0
	FILA USA	case	0	0	0
	FILA Luxembourg	case	0	0	0
	FILA Sport (Hong Kong)	case	0	0	0
	Montebelluna	case	0	0	0

Category	Affiliated Entity	Unit	2021	2020	2019
Social Contribution Activities					
Total Donation	FILA Holdings	000' KRW	0	0	N/A
	FILA Korea	000' KRW	41,023	233,143	815,476
	FILA USA	USD	335,611	625,565	599,657
	FILA Luxembourg	USD	0	91,308	0
	FILA Sport (Hong Kong)	USD	0	0	0
	Montebelluna	USD	0	0	0

Category	Affiliated Entity	Unit	2021	2020	2019
Board of Directors					
Number of board convened	FILA Holdings	time	12	16	11
The number of agendas resolved	FILA Holdings	case	31	37	34
The number of agendas objected or suggested to be amended	FILA Holdings	case	0	0	0
Attendance ratio of Independent Directors	FILA Holdings	%	97.2	95.9	89.8
Total number of directors	FILA Holdings	person	7	7	7
Number of directors	FILA Holdings	person	4	4	4
Number of independent directors	FILA Holdings	person	3	3	3
Ratio of independent directors	FILA Holdings	%	42.9	42.9	42.9
Number of female directors	FILA Holdings	person	1	1	N/A

Independent Auditor's Report

Based on a report originally issued in Korean

To the Board of Directors and Shareholders of
FILA HOLDINGS CORP.

Opinion

We have audited the accompanying consolidated financial statements of FILA HOLDINGS CORP. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to consolidated financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

We conducted our audit in accordance with Korean Standards on Auditing ("KSAs"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with the ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Key Audit Matter

The key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2021. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Acushnet Holdings Corp. Goodwill Impairment Testing

Management performs impairment testing of goodwill, which has an indefinite useful life, by estimating the recoverable amount at the end of each reporting period. As disclosed in Note 3 (10) to the consolidated financial statements, impairment loss is recognized when the carrying amount of the asset exceeds its recoverable amount.

Reasons why the Matter is determined to be a Key Audit Matter

The Group performs annual goodwill impairment testing by estimating the recoverable amounts of cash-generating units of Acushnet Holdings Corp., a subsidiary which was recognized in the past as a result of a business combination. Acushnet Holdings Corp.'s total goodwill amounts to KRW 395,805 million, as disclosed in Note 15 to the consolidated financial statements and is determined to be significant as it accounts for about 9.2% of total consolidated assets of the consolidated financial statements. Estimation of the recoverable amount involves assumptions and judgements of the Group's management, and as the possibility of management bias may be involved, we identified the assessment of goodwill impairment related to Acushnet Holding Corp. as a key audit matter.

How the matter was addressed in our audit

The primary procedures we performed to address this key audit matter included the following:

- Assessment of the suitability and independence of external expert hired by the Group for impairment assessment;
- Engaging our valuation specialists to assist us in evaluating the appropriateness of the assumptions applied to key inputs such as valuation method, discount rates and others;
- Comparing the estimates prepared in prior year with the current year's performance to assess the Company's ability to accurately forecast;
- Comparison of financial data used in impairment testing with the management business plan;
- Testing certain internal controls over the process related to impairment testing.

Other matter

The consolidated financial statements of the Group for the year ended December 31, 2020 were audited by another auditor, whose report dated March 19, 2021 expressed an unmodified opinion.

The procedures and practices utilized in the Republic of Korea to audit such consolidated financial statements may differ from those generally accepted and applied in other countries.

Responsibility of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with K-IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities of the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Korean Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or on the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Korean Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Dong-Hyun Chi.

Seoul, Korea
March 21, 2022

This report is effective as of March 21, 2022, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements, resulting in a revision of the audit report.

Consolidated Financial Statements

Consolidated Statements of Financial Position
As of December 31, 2021 and 2020

(Unit: KRW)

	December 31, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	699,203,590,783	470,647,552,525
Trade and other receivables	471,299,961,375	518,469,298,078
Inventories	757,797,014,936	615,551,915,344
Other financial assets	2,856,203,608	3,376,195,077
Financial assets at fair value through profit or loss	6,661,066,104	5,614,267,136
Contract assets	9,438,025,435	14,162,389,496
Derivative financial assets	7,492,318,875	1,268,799,488
Current tax assets	9,830,343,357	3,160,842,368
Other current assets	76,551,867,337	53,812,962,766
Total current assets	2,041,130,391,810	1,686,064,222,278
Non-current assets		
Trade and other receivables	17,301,711,873	10,215,389,696
Other financial assets	329,028,011	19,267,530,948
Property, plant and equipment	418,218,322,008	405,235,647,374
Intangible assets	1,552,788,149,077	1,450,746,613,697
Investments in associates	155,037,097,758	100,788,492,416
Financial assets at fair value through other comprehensive income	7,021,500,000	3,557,560,000
Derivative financial assets	1,767,776,285	32,171,072
Deferred tax assets	72,137,123,470	76,390,962,631
Other non-current assets	23,125,715,122	6,142,658,688
Total non-current assets	2,247,726,423,604	2,072,377,026,522
Total assets	4,288,856,815,414	3,758,441,248,800
Liabilities		
Current liabilities		
Trade and other payables	536,945,250,754	407,880,923,687
Borrowings	285,865,529,108	355,990,470,781
Other financial liabilities	31,189,783,156	30,749,848,690
Derivative financial liabilities	578,903,941	8,672,731,968
Financial liabilities at fair value through profit or loss	9,275,280,360	655,074,455
Other current liabilities	35,534,253,257	34,101,638,344
Contract liabilities	65,387,619,780	34,854,798,229

Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020

(Unit: KRW)

	December 31, 2021	December 31, 2020
Current tax liabilities	86,612,063,670	122,554,246,617
Total current liabilities	1,051,388,684,026	995,459,732,771
Non-current liabilities		
Trade and other payables	13,030,976,340	12,307,419,358
Borrowings and bonds	421,067,869,136	507,116,631,655
Other financial liabilities	84,710,565,048	108,655,819,427
Derivative financial liabilities	-	1,072,132,608
Net defined benefit liabilities	126,060,817,564	130,684,023,874
Deferred tax liabilities	268,303,092,865	131,453,490,442
Other non-current liabilities	5,895,114,492	7,321,377,280
Contract liabilities	6,712,181,099	7,042,814,400
Tax liabilities	5,198,278,518	-
Total non-current liabilities	930,978,895,062	905,653,709,044
Total liabilities	1,982,367,579,088	1,901,113,441,815
Equity		
Equity attributable to owners of the Company		
Ordinary shares	61,115,070,000	61,115,070,000
Capital surplus	108,088,401,752	107,157,109,019
Capital adjustment	(29,410,811,836)	(28,919,048,322)
Accumulated other comprehensive income (loss)	65,158,275,664	(26,258,559,358)
Retained earnings	1,405,994,416,335	1,179,341,553,684
Total equity attributable to owners of the Company	1,610,945,351,915	1,292,436,125,023
Non-controlling interests	695,543,884,411	564,891,681,962
Total equity	2,306,489,236,326	1,857,327,806,985
Total liabilities and equity	4,288,856,815,414	3,758,441,248,800

	December 31, 2021	December 31, 2020
Revenue	3,793,958,639,955	3,128,805,852,797
Cost of sales	1,913,708,628,704	1,584,164,454,400
Gross profit	1,880,250,011,251	1,544,641,398,397
Selling and administrative expenses	1,387,398,857,082	1,203,563,514,116
Operating profit	492,851,154,169	341,077,884,281
Other income	6,443,585,817	8,220,398,778
Other expenses	6,156,542,969	22,246,207,938
Finance income	25,319,348,174	38,600,605,960
Finance costs	54,216,920,708	68,349,474,469
Share of net profit of associates accounted for using the equity method	48,559,846,950	42,601,175,038
Profit before income tax	512,800,471,433	339,904,381,650
Income tax expense	174,991,141,719	142,165,662,552
Profit for the year	337,809,329,714	197,738,719,098
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability	6,659,934,594	(11,540,992,690)
Gain on valuation of fair value-other comprehensive income financial instruments	2,625,666,520	90,702,280
Items that are or may be reclassified subsequently to profit or loss		
Change in equity method investees with accumulated comprehensive income(expense)	2,399,351,233	6,345,334,060
Currency translations differences	130,990,965,578	(71,789,805,520)
Gain (loss) on valuation of derivative financial assets	12,109,661,761	(6,292,637,739)
Other comprehensive income for the year, net of tax	154,785,579,686	(83,187,399,609)
Total comprehensive income for the year	492,594,909,400	114,551,319,489
Profit attributable to		
Owners of the Controlling Company	235,231,954,419	139,029,603,129
Non-controlling interests	102,577,375,295	58,709,115,969
Total comprehensive income attributable to:		
Owners of the Controlling Company	329,187,427,888	81,481,209,150
Non-controlling interests	163,407,481,512	33,070,110,339
Basic earnings per share	3,914	2,306

Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020

(Unit: KRW)

	Total Equity							
	Attributable to owners to the Company						Non-controlling interests	Total
	Ordinary shares	Capital Surplus	Capital Adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Sub-total		
Balance at January 1, 2020	61,115,070,000	108,826,726,445	(25,356,340,102)	25,053,811,764	1,080,014,306,274	1,249,653,574,381	551,290,043,444	1,800,943,617,825
Total comprehensive income for the year	Profit for the year	-	-	-	139,029,603,129	139,029,603,129	58,709,115,969	197,738,719,098
	Gain on valuation of fair value-other comprehensive income financial instruments	-	-	-	90,702,280	90,702,280	-	90,702,280
	Remeasurements of net defined benefit liability	-	-	-	(6,388,291,384)	(6,388,291,384)	(5,152,701,306)	(11,540,992,690)
	Change in equity method investees with accumulated comprehensive income(expense)	-	-	-	6,345,334,060	6,345,334,060	-	6,345,334,060
	Loss on valuation of derivative financial assets	-	-	-	(2,601,606,546)	(2,601,606,546)	(3,691,031,193)	(6,292,637,739)
	Currency translations differences	-	-	-	(54,994,532,389)	(54,994,532,389)	(16,795,273,131)	(71,789,805,520)
	Share-based payment	-	-	-	-	-	19,870,694,310	19,870,694,310
Transactions with owner of the Company	Acquisition of treasury shares	-	-	(23,490,842,800)	-	(23,490,842,800)	(8,326,428,129)	(31,817,270,929)
	Cancellation of treasury shares	-	-	19,993,594,100	(19,993,594,100)	-	-	-
	Changes in non-controlling interests	-	(1,669,617,426)	(65,459,520)	(152,268,527)	(1,887,345,473)	1,887,345,473	-
	Annual dividend paid	-	-	-	-	(13,320,470,235)	(13,320,470,235)	(32,900,083,475)
Balance at December 31, 2020	61,115,070,000	107,157,109,019	(28,919,048,322)	(26,258,559,358)	1,179,341,553,684	1,292,436,125,023	564,891,681,962	1,857,327,806,985
Balance at January 1, 2021	61,115,070,000	107,157,109,019	(28,919,048,322)	(26,258,559,358)	1,179,341,553,684	1,292,436,125,023	564,891,681,962	1,857,327,806,985
Total comprehensive income for the year	Profit for the year	-	-	-	235,231,954,419	235,231,954,419	102,577,375,295	337,809,329,714
	Gain on valuation of fair value-other comprehensive income financial instruments	-	-	-	2,625,666,520	2,625,666,520	-	2,625,666,520
	Remeasurements of net defined benefit liability	-	-	-	-	2,538,638,447	4,121,296,147	6,659,934,594
	Change in equity method investees with accumulated comprehensive income	-	-	-	2,399,351,233	2,399,351,233	-	2,399,351,233
	Gain on valuation of derivative financial assets	-	-	-	5,951,253,175	5,951,253,175	6,158,408,586	12,109,661,761
	Currency translations differences	-	-	-	80,440,564,094	80,440,564,094	50,550,401,484	130,990,965,578
	Share-based payment	-	-	-	-	-	35,873,340,418	35,873,340,418
Transactions with owners	Changes in non-controlling interests	-	931,292,733	(491,763,514)	-	439,529,219	(37,802,888,871)	(37,363,359,652)
	Annual dividend paid	-	-	-	-	(11,117,730,215)	(11,117,730,215)	(41,943,460,825)
Balance at December 31, 2021	61,115,070,000	108,088,401,752	(29,410,811,836)	65,158,275,664	1,405,994,416,335	1,610,945,351,915	695,543,884,411	2,306,489,236,326

Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020

(Unit: KRW)

	December 31, 2021	December 31, 2020
Net cash provided by operating activities	524,557,784,342	445,004,105,903
Cash generated from operations	641,874,868,311	584,138,082,440
Income taxes paid	(105,495,126,072)	(112,020,913,613)
Interest paid	(21,397,043,420)	(35,851,909,458)
Interest received	1,597,930,054	1,229,513,395
Dividends received	7,977,155,469	7,509,333,139
Net cash used in investing activities	(39,590,774,783)	(55,171,203,714)
Purchases of property, plant and equipment	(50,164,962,875)	(39,291,565,178)
Proceeds from sale of property, plant and equipment	562,365,961	832,085,608
Purchases of intangible assets	(6,470,459,416)	(10,025,185,339)
Proceeds from sale of intangible assets	-	110,132,166
Purchases of financial assets	(16,674,193)	(69,119,725,598)
Proceeds from sale of financial assets	17,514,663,676	61,063,554,667
Increase in guarantee deposits	(2,625,473,987)	(637,343,640)
Decrease in guarantee deposits	682,500,000	1,414,627,020
Increase in short-term loans	-	(100,000,000)
Collection of short-term loans	418,048,696	-
Decrease in net investment in the lease	522,185,689	582,216,580
Increase in right-of-use assets	(12,968,334)	-
Net cash used in financing activities	(297,171,221,326)	(134,509,388,822)
Dividends paid to shareholders	(11,117,730,215)	(13,320,470,235)
Dividends for non-controlling interests	(30,825,730,610)	(32,900,083,475)
Repayments of borrowings	(554,520,985,155)	(921,459,690,639)
Proceeds from borrowings	288,187,774,601	963,828,316,273
Issuance of bonds	70,000,000,000	-
Bond issuance costs	(175,000,000)	-
Repayments of bonds	-	(63,679,000,000)
Decrease in other finance liabilities	(32,229,126,881)	(35,255,713,193)
Acquisition of treasury shares	-	(23,490,842,800)
Changes in non-controlling interests	(26,490,423,066)	(8,231,904,753)
Net increase in cash and cash equivalents	187,795,788,233	255,323,513,367
Cash and cash equivalents at the beginning of the year	470,647,552,525	232,032,424,388
Effects of exchange rate changes on cash and cash equivalents	40,760,250,025	(16,708,385,230)
Cash and cash equivalents at the end of the year	699,203,590,783	470,647,552,525

GRI Index

Universal Standards

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Reporting practice	102-49	Changes in reporting	p36-37	
	102-50	Reporting period	-	About this Report
	102-51	Date of most recent report	-	About this Report
	102-52	Reporting cycle	-	About this Report
	102-53	Contact point for questions regarding the report	-	About this Report
	102-54	Claims of reporting in accordance with the GRI Standards	-	About this Report
	102-55	GRI Content Index	p112-114	
	102-56	External assurance	p119-120	

Topic Specific Standards

Standard	GRI Index	Description	Page	Remarks
Material Issues				
Environmentally Conscious Products and Materials				
Environmentally conscious products and materials	103-1, 2, 3	Management Approach	p44-45	
	-	Production of environmentally conscious products and development of sustainable materials	p46-53	
Employee Satisfaction				
Employment	103-1, 2, 3	Management Approach	p62-63	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	p67	
Training and Education	103-1, 2, 3	Management Approach	p62-63	
	404-1	Average hours of training per year per employee	p102	
	404-2	Programs for upgrading employee skills and transition assistance programs	p65	
Risk Management				
Risk Management and Brand Positioning	103-1, 2, 3	Management Approach	p84-85	
	-	Establishing and presenting the mid/long term five-year strategy	p15	
		Risk Management	p26-27, p91	
Establishment of Sustainable Supply Chains				
Supplier Social Assessment	103-1, 2, 3	Management Approach	p78-79	
	414-1	New suppliers that were screened using social criteria	p82-83	
R&D/Quality Management				
R&D and Quality Management	103-1, 2, 3	Management Approach	p62-63	
	-	R&D	p71-72	
Raw Materials/Resources Management				
Materials	103-1, 2, 3	Management Approach	p44-45	
	301-2	Recycled input materials used	p48-49	
	301-3	Reclaimed products and their packaging materials	p48-52	
GHG Emissions Reduction				
Emissions	103-1, 2, 3	Management Approach	p54-55	
	305-1	Direct (Scope 1) GHG emissions	p58, p96	
	305-2	Energy indirect (Scope 2) GHG emissions	p97	
	305-4	GHG emissions intensity	p96	
General Reporting Topics				
Economic				
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	p73-77	

Standard	GRI Index	Description	Page	Remarks
Environmental				
Energy	302-1	Energy consumption within the organization	p97	
	302-3	Energy intensity	p97	
Water and Effluents	303-2	Management of water discharge-related impacts	p97	
	303-5	Water consumption	p59, p97	
Waste	306-2	Management of significant waste-related impacts	p52-53, p59	
	306-3	Waste generated	p59, p98	
Social				
Occupational Health and Safety	403-1	Occupational health and safety management system	p67-68	
	403-2	Hazard identification, risk assessment, and incident investigation	p67-68	
	403-3	Occupational health services	p67-68	
	403-4	Worker participation, consultation, and communication on occupational health and safety	p67-68	
	403-5	Worker training on occupational health and safety	p67-68	
	403-6	Promotion of worker health	p67-68	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p67-68	
	403-8	Workers covered by an occupational health and safety management system	-	100%
	403-9	Work-related injuries	-	0 case
	403-10	Work-related ill health	-	0 case
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	p98-101	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	p68, p80-83	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	p68, p80-83	
Human Rights Assessment	412-1	Operations that have been subject to human rights reviews or impact assessments	p80-83	
	412-2	Employee training on human rights policies or procedures	p68-69, p102	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	p47, p72	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	p103	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	p92, p104	

UN Global Compact

FILA joined the UN Global Compact (UNGC) in March 2021 and has since abided by its 10 principles in the 4 areas of the environment, labor, human rights, and anti-corruption. We will faithfully fulfill our corporate social responsibilities and roles and embed it into the fabric of our sustainability management strategy to help create a better tomorrow.



UNGC 10 Principles		Page
Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	p68
Principle 2	make sure that they are not complicit in human rights abuses.	p81
Labour		
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	p69
Principle 4	the elimination of all forms of forced and compulsory labour;	p68
Principle 5	the effective abolition of child labour; and	p68
Principle 6	the elimination of discrimination in respect of employment and occupation.	p68
Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges;	p68
Principle 8	undertake initiatives to promote greater environmental responsibility; and	p68
Principle 9	encourage the development and diffusion of environmentally conscious technologies.	p46-53
Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	p90-91

TCFD · CDP

FILA is committed to increased disclosure on climate-related financial risk both actual and potential, and setting the foundation to increase our measurement and reporting with clear strategic direction. We joined the Carbon Disclosure Project (CDP) in July 2021, and announced our endorsement for the Task Force on Climate-Related Financial Disclosures (TCFD) in March 2022. To reach closer to our stakeholders, we will transparently disclose our climate change responses in accordance with the TCFD and CDP recommendations.

Governance

FILA's climate change response system is supervised by the Company's BoD. Regular BoD meetings serve to discuss the agenda on the ESG operations and risks, the management oversight on climate-related risks and opportunities, and the establishment of a climate change response system. The BoD and management are responsible for proposing detailed solutions to the climate-related agendas and making major decisions accordingly.

Strategy

FILA fully understands the impact of climate change issues on the market economy and reflects such impact in its organizational management goals and strategies. We develop and manage item-specific response strategies concerning GHG emissions reduction, the risk of potential changes in the supply and demand of raw materials, R&D investment, and the development of environmentally conscious materials. Through multi-faceted scenario analyses, we instantly address climate-related risks and preemptively abide by applicable laws and regulations. Going forward, we will pursue transformation and face challenges proactively to advance sustainability management and generate profits.

Risk Management

FILA identifies, evaluates and manages climate-related risks in accordance with the procedures specified in its company-wide risk management system. We categorize such risks as either transition risks or physical risks. Transition risks are defined as risks that could occur due to policy changes, structural technology innovation or reputation issues in the course of responding to climate change. Physical risks refer to business risks, both acute and chronic, that are caused by climate change and the abnormal weather conditions it produces.

Risk	Type	Response Direction
Transition Risk	Structural technology innovation	<ul style="list-style-type: none"> Invest in R&D and pursue technology innovation Shift to an environmentally conscious product portfolio
	Climate change policy	<ul style="list-style-type: none"> Continuously monitor global regulations and systems Build a group-wide climate change response system
	Reputation	<ul style="list-style-type: none"> Reduce the consumption of resources within processes and the discharge of environmental pollutants
Physical Risk	Natural disasters and environmental changes caused by abnormal weather conditions	<ul style="list-style-type: none"> Review the possibility of damage to physical assets and develop preventive measures Diversify the supply/demand of raw materials

Quantitative Metrics and Reduction Targets

FILA considers GHG emissions (tCO₂e), energy consumption (GJ) and carbon/energy intensity as metrics used to assess climate-related risks and opportunities. Since 2020, we have disclosed our Scope 1 & 2 GHG emissions to systematically manage direct/indirect GHG emissions generated across all our business operations. In 2021, we focused on the development of our global carbon management system, and are extending the scope of our GHG emissions management from five directly-operated subsidiaries to distribution centers and key suppliers. Currently, we are working to establish an accurate measurement and management system to identify science-based GHG emissions reduction targets.

Areas	TCFD Recommendations	CDP Reporting Page	Details
Governance	a) Describe the board's oversight of climate-related risks and opportunities	C1.1 b	<ul style="list-style-type: none"> Host regular BoD meetings to oversight climate-related risks and opportunities (quarterly)
	b) Describe management's role in assessing and managing climate-related risks and opportunities	C1.2, C1.2a	<ul style="list-style-type: none"> Oversee the management of climate-related risks and opportunities and the development of a climate change response system Propose detailed solutions to climate-related agenda items and make major decisions
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	C2.1, C2.2b, C2.3, C2.4, C2.4a	<ul style="list-style-type: none"> Increasing international pressure to reduce GHG emissions Climate-induced risks in the supply and demand of raw materials Increasing R&D investments in the development of environmentally conscious materials and relevant areas
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	C2.5, C2.6, C3.1, C3.1c	<ul style="list-style-type: none"> Integrate identified risks into the organization's management goals and strategies
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios	C3.1a, C3.1d	<ul style="list-style-type: none"> Perform multifaceted scenario analyses to ensure instant response and preemptively respond to applicable laws and regulations
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	C2.2b, C2.2c	<ul style="list-style-type: none"> Identify climate-related risks in accordance with the procedures set in the company-wide risk management system
	b) Describe the organization's processes for managing climate-related risks	C2.2c, C2.2d	<ul style="list-style-type: none"> Manage climate-related risks in accordance with the procedures set in the company-wide risk management system
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	C2.2	<ul style="list-style-type: none"> Identify and manage company-wide risks to integrate into the group's short/mid/long-term goals
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities	C4.2	<ul style="list-style-type: none"> GHG emissions (tCO₂e) Energy consumption (GJ)
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions	C6.1, C6.3, C6.5	Disclose Scope 1 & 2 emissions <ul style="list-style-type: none"> FILA Holdings FILA USA Montebelluna FILA Korea FILA Sport (Hong Kong)
	c) Describe the targets used by the organization to manage climate-related risks and opportunities	C4.1, C4.1a, C4.2b	<ul style="list-style-type: none"> Extend the scope of GHG emissions management from five directly-operated subsidiaries to distribution centers and key suppliers

SASB

FILA aims to provide information to the wide range of stakeholders, including investors, which can be used to help them make decisions through the disclosure of relevant data in conformity with the Sustainability Accounting Standards Board (SASB) framework, a voluntary sector-specific sustainability disclosure standard developed by the SASB. Our SASB Standards Table has been prepared based on the Sustainable Industry Classification System (SICS) in accordance with guidance on the Apparel, accessories & footwear industry in the Consumer Goods sector.

Topic	Code	Accounting Metric	Measurement Unit	Page
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	N/A	p47
	CG-AA-250a.2	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	N/A	p71
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	%	p81
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	p82-83
	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	p82-83
Raw Materials Sourcing	CG-AA-430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	%	p82-83
	CG-AA-430b.3	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	N/A	p80-83
Raw Materials Sourcing	CG-AA-440a.1	Description of environmental and social risks associated with sourcing priority raw materials	N/A	p27
	CG-AA-440a.2	Percentage of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	%	p48-52

Memberships

Korea Enterprises Federation (KEF)	Korea-America Association	Korea International Trade Association (KITA)
Korea Mecenat Association	Korea Fashion Industry Association	Institute for Global Economics

Third Party Assurance Statement

FILA Holdings Corp. ("the Company" or "FILA") commissioned DNV Business Assurance Korea, Ltd. ("DNV", "we" or "us"), part of DNV Group, to undertake independent assurance of its FILA Integrated Report 2021, 'YOUR FILA IMPACT' (the "Report").

Our Opinion: On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe FILA's adherence to the Assurance Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. We believe that the Report adopts the 'Core' option of the GRI Standards.

Based on non-financial data, sustainability activities and performance data of 2021 generated from the Company, DNV has assessed the adherence to the Reporting Principles for defining report content set forth in the GRI Sustainability Reporting Standards 2020 and assessed the quality of sustainability performance information. DNV has found that the material topics which are identified by the Company's materiality assessment process are linked to relevant topic-specific disclosures of GRI Standards 2020 as follows:

No.	Material Issue	Topic Standard	No.	Material Issue	Topic Standard
1	Sustainable products and materials	Non-GRI	5	R&D and quality management	Non-GRI
2	Employee satisfaction	401-2, 404-1~3	6	Raw materials/resources management	301-2~3
3	Risk management	Non-GRI	7	GHG emissions reduction	305-1~2, 305-4
4	Establishment of sustainable supply chains	414-1			

Without affecting our assurance opinion, we also provide the following observations:

Stakeholder Inclusiveness

The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.

FILA defined customers, employees, suppliers, investors and shareholders, and local communities as their major stakeholder groups. The definition of each stakeholder and the approaches to engage with selected stakeholders are introduced in the report, and stakeholder interests are reflected in the materiality assessment process. FILA conducted interviews with a total of 9 stakeholders from each stakeholder group during the materiality assessment process and their feedback is introduced in the report. DNV confirmed that the results of the interview were reflected in the process of composing reporting content and improving management activities.

Materiality

The process for determining the issues that are most relevant to an organization and its stakeholders.

FILA has conducted the materiality assessment to prepare the Report. Based on the pool of 19 issues, a total of 7 material issues were selected by analyzing the likelihood and impact. DNV noted relevant material topics prioritized from the process are addressed in the report.

Sustainability Context

The presentation of the organization's performance in the wider context of sustainability.

FILA has established a company-wide five-year strategy, 'Fila Strategy' under the slogan of 'WINNING TOGETHER', which is based on three pillars: 1) Building the Brand Tribe, 2) Customer Centricity, and 3) Sustainability. In particular, to effectively achieve 'Sustainability', one of the three pillars, the company established an ESG integration strategy 'YOUR FILA IMPACT 2025' and solidified its management system. Information related to this is disclosed in detail through the report, and each report content in the report is consistent with the main tasks of the company-wide strategy.

Completeness

How much of all the information that has been identified as material to the organization and its stakeholders is reported.

FILA discloses in detail the background of issue selection and progress on material topics that reflect stakeholders' interests and expectations. The company has made efforts to expand the management scope of environmental performance data and promote related activities. DNV recommends that FILA strengthen balanced reporting of negative content and/or performance trends as well as positive performance. The assurance team confirm that the material topics selected through the materiality assessment were fully reflected to the report, based on the physical and periodic reporting boundaries.

Reliability and quality

The accuracy and comparability of information presented in the Report, as well as the quality of underlying data management systems.

The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company. We interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.

Scope and Approach

We performed our work using DNV's assurance methodology VeriSustain™ Principles which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"). We evaluated the Report for adherence to the Principles of stakeholder inclusiveness, materiality, sustainability context, completeness, and reliability. We used the GRI Quality of Information Principles (Balance, Clarity, Accuracy, Reliability, Timeliness and Comparability) as criteria for evaluating performance information, together with FILA's data protocols for how the data are measured, recorded and reported. The engagement excludes the sustainability management, performance and reporting practices of FILA's subsidiaries, associated companies, suppliers, contractors and any thirdparties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is crosschecked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as FILA's website (www.filaholdings.com). The review of financial data taken from these sources is not within the scope of our work. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.

Basis of our opinion

The assurance was carried out from March to April 2022. We undertook the following activities as part of the assurance process:

- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
- Site visits to FILA HQ in Seoul, Korea to review process and system for preparing sustainability data and implementation of sustainability strategy.
- Conducted interviews with representatives from the various departments;
- Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
- Reviewed the process and the result of materiality assessment.

For and on behalf of DNV Business Assurance Korea Ltd.

Seoul, Korea

April 22, 2022



Responsibilities of the Directors of FILA and DNV

The Directors of FILA have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Competence and Independence

DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintained by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.

DNV - Business Assurance

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FILA Holdings Corp.

FILA INTEGRATED REPORT 2021

Company Name	FILA Holdings Corp.
Address	1077, Cheonho-daero, Gangdong-gu, Seoul, Republic of Korea
President/CEO	Keun-Chang (Kevin) Yoon
Incorporation Date	July 23, 1991
Stock Market Registration Date	September 28, 2010
Business Type	Holding company, manufacturing/wholesale/retail/import/export of home textile products, licensor, apparel, footwear, leather goods, watches, cosmetics, and golf equipment
Website	http://www.filaholdings.com



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