

# YOUR FILA IMPACT

FILA Integrated Report 2020

FILA Holdings Corp.



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## ABOUT THIS REPORT

### Overview

In 2021, FILA Holdings Corp. published the first integrated report and second sustainability report to ensure that our financial and non-financial performance are disclosed transparently to our stakeholders. By annually publishing the integrated report, FILA Holdings Corp. will make an effort to communicate our performance and sustainability management activities transparently to create values for various stakeholders.

### Reporting Principle

This report is in accordance with the Global Reporting Initiative Standards: Core Option as the global standards for sustainability reporting.

### Reporting Scope

The scope of this report includes activities of FILA Holdings Corp. and its subsidiaries (hereinafter referred to as "FILA"). FILA conducted internal assessment based on the significance level of FILA Holdings and five major subsidiaries, collecting environment, social and governance activities as well as performance data for FY 2020. Major subsidiaries include FILA Korea Ltd. (hereinafter referred to as "FILA Korea"), FILA U.S.A. Inc. (hereinafter referred to as "FILA USA"), FILA Luxembourg S.a.r.l. (here in after 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

January to December 2020 (partially included the activities in the first quarter of year 2021)

### Assurance

For objectivity and accuracy of this report's content, data and reporting criteria of this report, assurance was performed by DNV GL, a third-party verification institution. Matters and opinions regarding the verification can be found on pages 95-97.

### Contact

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

※ FILA changed its name from FILA Korea Ltd. to FILA Holdings Corporation as of January 2, 2020 through vertical demerger to establish a pure holding company structure to convey more transparent corporate governance

## COVER STORY

Capital F, the brand symbol of FILA, is three-dimensional, embodying the following three keywords of FILA's 2020 Sustainability in three different colors: Environment(Green forest), Performance(Red sports grounds), Global(Blue earth).





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# I. OVERVIEW

Message from the Chairman  
CEO's Letter  
2020 Highlights

## Message from the Chairman

“Over the past 110 years, FILA endeavored to build a sports brand culture for healthy lifestyles. Aligned with our new vision, we will continue to strive through spearheading ethical campaigns for eco-friendly lifestyles.”

Dear Stakeholders,

The year 2021 is a meaningful year as it marks our 110th anniversary. Since 1911, FILA has been ceaselessly striving to provide more customers with a healthy lifestyle and an advanced sports culture amid the rapidly changing business environment.

As we look back on 2020, we remember an unprecedented year disrupted by the spread of COVID-19 and the economic downturn. However, we also remember a year filled with our efforts to confront the unprecedented challenges by reinforcing the core values of sustainability, and internalizing strategies and business practices in line with these values. In addition we embraced the challenge presented with confidence by experimenting with new outlets in search of innovative global business strategies that include distribution channel expansion, product portfolio diversification, and unique collaborations.

FILA believes the values of solidarity and collective prosperity will be further highlighted in the post-pandemic era. By prioritizing these two values, we have ramped up efforts to improve the sustainability of our value chain by devising ways to coexist and share mutual benefits with our employees and business partners. In 2021, we will take a step forward to maintain supply chain traceability by securing resilience in the supply chain. In addition, we will establish various communication channels to increase stakeholder engagement in sustainability reporting and develop business relationships that seek solidarity and collective prosperity with our business partners worldwide.

We also strive to internalize environmental, social, and governance (ESG) in our corporate management and make fundamental improvements by having our Boards of Directors pay particular attention to identify and manage ESG-related risks and opportunities. Furthermore, we continue to promote transparent governance structures and secure the expertise and independence of board members by appointing a new independent director with expertise in ESG. We will also put a process in place in which ESG-related risks and opportunities are regularly reviewed by the Board of Directors so that the executives can revisit and effectively manage them. As a holding company of FILA Group, FILA Holdings, assures you that we will continue to strengthen transparency and fairness in governance in order to create a sustainable business environment.

In 2020, we have presented the three pillars of corporate sustainability (Preserving the Environment, Caring for People, and Creating Social Impact). Starting from 2021, we are introducing our first ESG slogan, “YOUR FILA IMPACT” which conveys FILA’s commitments to engaging stakeholders in generating a positive impact on the society and leading change with FILA values.

All along our journey, we have been receiving unwavering support from our stakeholders. As a token of appreciation, we promise to exert our utmost efforts to fulfill our responsibilities and obligations as a global fashion brand that generates sustainable values. We look forward to your continued support for the progress we are making.

Thank you.

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





## CEO's Letter

**"FILA will continue to create value for our stakeholders, considering the environment and the greater community for every stage of our value chain from production through distribution to usage. We will continue to communicate on the direction that we envisage for sustainability management with our stakeholders."**

Dear stakeholders,

I express my sincere gratitude to all of our stakeholders worldwide.

As a global company, FILA strives to build core capabilities and as a result, implemented ESG (Environmental, Social, and Governance) management. Our major subsidiaries are carrying out ESG activities and collecting and managing ESG data to advance our sustainability management system.

Moreover, to reinforce the cycle of sustainability and environmental protection, we were able to identify new approaches to various eco-friendly product designs from fabric selection to manufacturing techniques through our global joint efforts. We will continue to expand our sustainable product portfolios and lead conscious consumerism worldwide to take hold of environmental values.

FILA has identified major ESG risks we face and opportunities we have and reflect them into our sustainability agenda. Furthermore, we have distributed the FILA Group Global Code of Conduct that addresses 11 areas including compliance monitoring, prohibition of forced labor child labor, and occupational safety and health across our supply chain, and we have also continuously managed such risks. Regarding human rights, we have come to recognize our responsibility to protect vulnerable groups. In this light, we have expressed our intent on how our zero-tolerance human rights policy applies to all levels of our supply chain and promptly responded to human rights violations by standing in solidarity with ethnic minorities such as the black community during the Black Lives Matter Movement. We will continue to make every effort to fully understand and engage on social issues that need to be addressed. In addition, we joined the UN Global Compact to comply with international environmental and labor standards, and human rights and anti-corruption regulations in order to foster a culture for sustainability management.

In 2021, FILA plans to strengthen ESG-oriented capabilities and establish an ESG-integrated management system. Moreover, we will develop key performance indicators (KPIs) that are interlinked with ESG activities to ensure our sustainability management system operates systematically. Our efforts will be aimed at internalizing sustainability management strategies and goals in our mid- and long-term plans. Under the motto of 'One World, One FILA', our executives and employees will determine our business direction in terms of sustainability management and maximizing the synergy among all global units and subsidiaries of FILA. Last but not least, FILA will continue to create value for our stakeholders, considering the environment and the greater community for every stage of our value chain from production through distribution to usage. Along this journey, we will continue to communicate the direction that we envisage for sustainability management with our stakeholders.

May I take this opportunity to thank all the members of FILA who are striving for the company at all positions. I also would like to thank all our stakeholders for their support, and I look forward to our journey together.

Thank you.

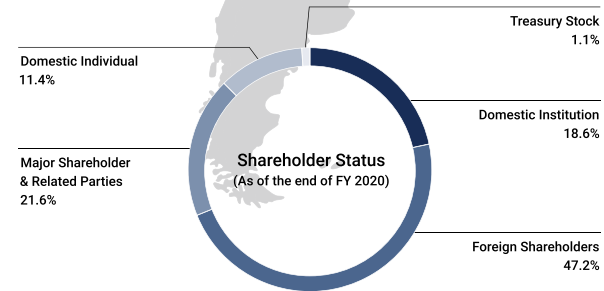
FILA Holdings Corp.  
President and CEO  
Keun-Chang (Kevin) Yoon

## 2020 Highlights



### Business Highlights (FY 2020)

Total Number of Outstanding Shares  
**60,752,222 Shares**

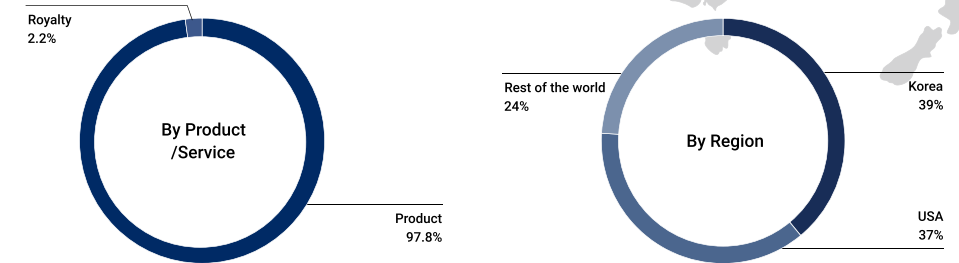


Affiliated Companies	61 (3 domestic, 57 overseas, 1 joint venture)		
Countries with Operation	25		
FILA Licensees	48		
Major Supply Chains	Subsidiary	FILA Sport (Hong Kong)	Montebelluna
	Number of Supply Chains	53	71
	Production Site Location	China, Vietnam	South Korea, China, Vietnam

※ The information above is based on the supply chain of two subsidiaries fully responsible for FILA

### Financial Highlights (FY 2020)

Revenue  
**KRW 3.13 trillion**



Operating Profit (Consolidated)	KRW 341.08 billion					
Affiliated Companies (Unit: KRW mn)	Subsidiary	FILA Korea	FILA USA	FILA Luxembourg	FILA Sport (Hong Kong)	Montebelluna
	Location	Korea	United States	Luxembourg	Hong Kong	Hong Kong
	Main Business	Wholesale, retail of footwear/apparel/others	Wholesale, retail of footwear/apparel/others	Trademark owner (Licensing)	Product sourcing (Footwear/apparel/others)	Product sourcing (Footwear/apparel/others)
	Number of Employees (Unit: People)	261	417	6	136	62

※ Only regional operating profit of the FILA business calculated, excluding sales of Acushnet Holdings Corp

# ESG Highlights

## Environmental

Developed and launched eco-friendly shoes utilizing **10 Eco-friendly Materials**



Material loss rate of eco-friendly product CLASSIC BORDER was **Reduced by 70%**

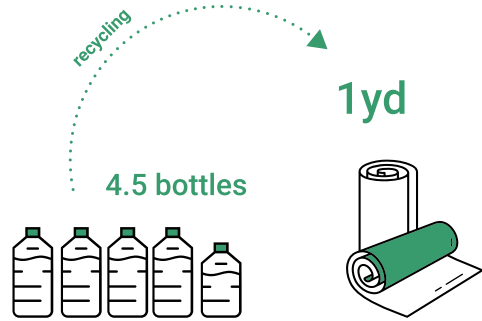


**45% Reduction**

in overall weight by introducing 100% recyclable shoe inserts

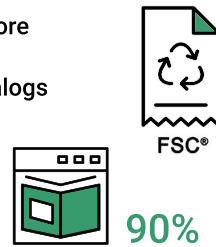
Developed and launched jackets using **100% Recycled Polyester**

and T-shirts with fabric recycled with 4.5 plastic bottles per yard



**Use of FSC-certified Recycled Paper**

in the office and replaced more than 90% of existing paper catalogs with electronic catalogs at FILA USA



**Achieved 90%**

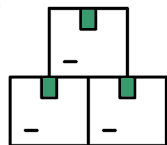
of targets on supplier waste management program



Waste Data Measurement 23% → 98%  
 Waste Recycled 50% → 56%  
 Waste Incinerated 25% → 0%  
 Waste Landfill 0% → 0%  
 Waste to Energy 25% → 44%

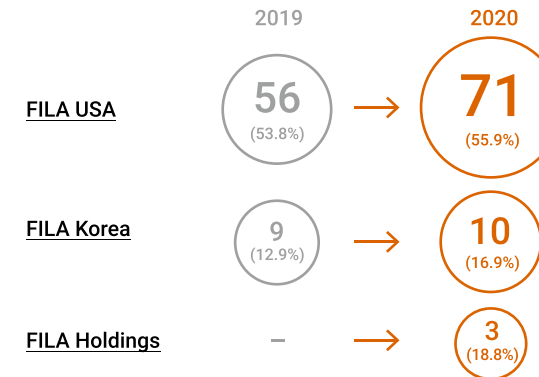


Shoe boxes made with **80% Recycled Paper** at FILA USA



## Social

Women in management roles



※ Due to the vertical demerger of FILA Korea to become a wholly-owned subsidiary of parent company FILA Holdings in January 2020, FILA Holdings' data prior to 2020 is not provided

Brand Power Index (BPI) in Korea: Ranked 4th out of 13 major sports brands



**14** research conducted with Korean and foreign academic institutions

FILA participated in publication of

**5** research papers in the leading scientific journals



Nearly **50%** of the employees have shown effective employee engagement

(2020 employee engagement survey)

All of our suppliers in China rated

**93.4 Points on Average**

(Gold medal) in compliance with the Code of Conduct

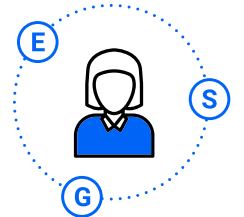


## Governance

Appointed a

**Female Independent Director**

with years of ESG-related experience



Initiation of **Electronic Voting System**

at the 2021 Annual General Shareholders Meeting and disclosed shareholder's proposal rights on website to promote shareholder participation



Established and distributed

**FILA Group Global Code of Conduct**

and

**FILA Group Global Human Rights Policy**



Participated in

**UN Global Compact**

to commit to implement UN Global Compact's ten principles on human rights, labor, environment, and anti-corruption into FILA's sustainability management system



**97.6%** and **98.8%** of the employees participated in ethical and compliance training respectively



※ All 323 employees (100%) whose participation is mandatory took the online training, except for four who were unable to attend in due to parental leave and relocation





# II. ABOUT FILA

- Introduction to FILA
- FILA Value & Vision
- FILA Strategy
- FILA Heritage
- Brand and Products
- Collaboration

# FILA will move forward by embracing sustainability as one of the world's most influential sports brands.

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

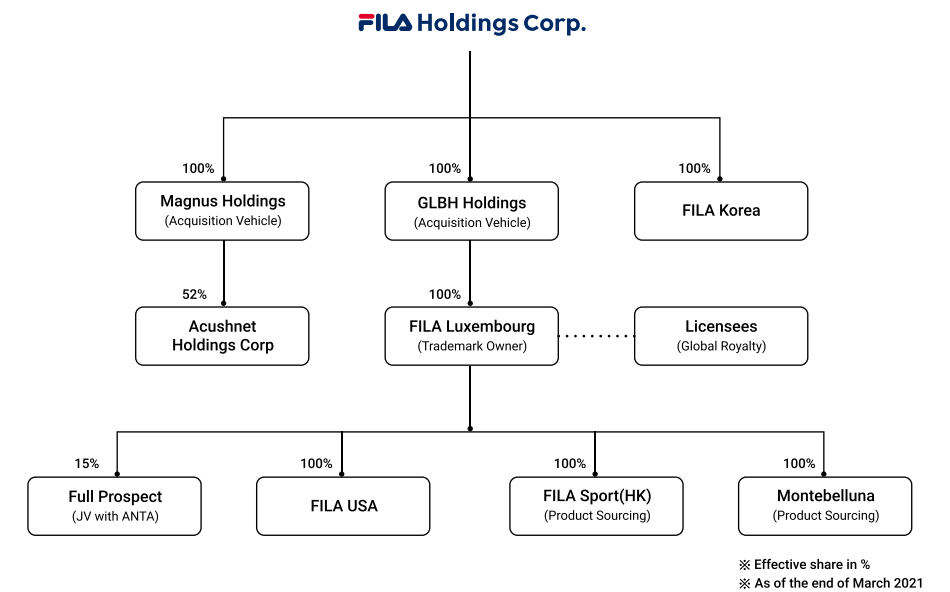


## Introduction to FILA

### Group Structure

On January 2, 2020, FILA Holdings Corp. (hereinafter referred to as "FILA Holdings") became a holding company through a vertical demerger to enhance corporate governance and management efficiency. Through the structural changes within the group, FILA Holdings established a stepping stone to achieving transparent corporate governance and business growth as a global company.

The following is the group structure of FILA Holdings Corp. and the major subsidiaries:



### FILA Group Business Overview

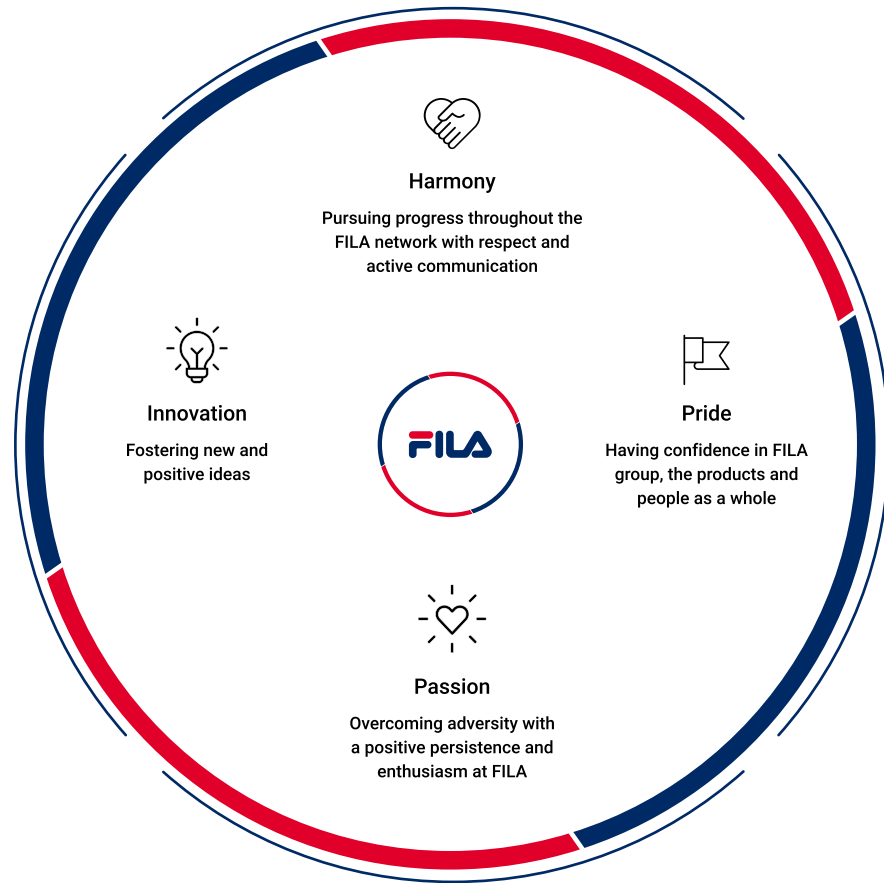
Direct	
FILA Korea	<ul style="list-style-type: none"> <li>Apparel/Footwear-based retail/wholesale distributor in Korea</li> <li>Multi-category: FILA, FILA KIDS, FILA UNDERWEAR, FILA GOLF, Licensing (KEDS, ZOO YORK, STARTER, Creative Recreation)</li> </ul>
FILA USA	<ul style="list-style-type: none"> <li>Apparel/Footwear-based retail/wholesale distributor in North America (U.S.A., Canada, Mexico, FILA Online, ALIFE)</li> </ul>
FILA Sport (Hong Kong)	<ul style="list-style-type: none"> <li>Product sourcing (Footwear, apparel, others)</li> </ul>
Montebelluna	<ul style="list-style-type: none"> <li>Product sourcing (Footwear, apparel, others)</li> </ul>
FILA Luxembourg	<ul style="list-style-type: none"> <li>Trademark ownership and management (licensing)</li> </ul>
Indirect	
FILA Licensee	<ul style="list-style-type: none"> <li>Global licensing business with FILA trademark</li> <li>Revenue and profit contribution from licensee partners that operate the FILA branded products internationally</li> </ul>
Full Prospect	<ul style="list-style-type: none"> <li>Joint venture (15% ownership) with ANTA Sports from 2009</li> <li>Offering sports &amp; lifestyle products in China, Hong Kong, Macau, and Singapore</li> </ul>
Acushnet Holdings Corp.	<ul style="list-style-type: none"> <li>Designing, developing, manufacturing, and distributing golf products worldwide</li> <li>Brands owned: Titleist, FootJoy, Vokey, Scotty Cameron, Pinnacle, Links &amp; Kings, PG Golf, KJUS</li> </ul>

Direct: Direct business operations through retail and wholesale activities  
Indirect: Business management through licensing, joint venture, and brand cooperation

# FILA Value & Vision

## Core Values

Harmony, Innovation, Passion and Pride are four core values for FILA's sustainability. Through integrating core values into the business, we aim to become a sustainable global company.



# Two be Outstanding

## Vision

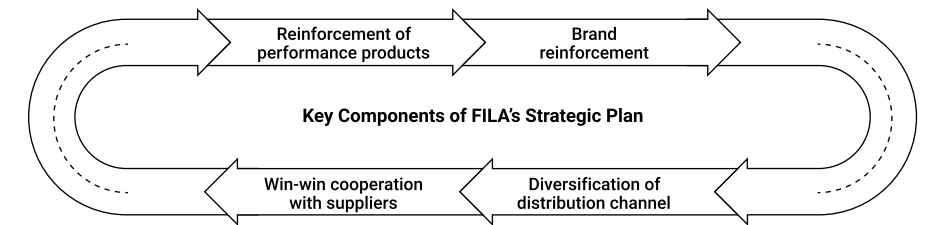
FILA's vision is 'Two Be Outstanding', which incorporates the willingness of executives and employees to achieve common goals and develop in tandem based on a sound organizational culture. It also represents qualitative goals on realizing excellent performance to drive customer value and becoming a good company for employees to work for as well as specific quantitative goals that need to be achieved.

'YOUR FILA IMPACT', the first ESG slogan of FILA, implies FILA's desire and commitment to make a better future by creating new value and generating a positive impact to execute activities to fulfill such value. By announcing an ESG slogan that shows FILA's sustainability management goals every year, we plan to effectively communicate with stakeholders regarding our strong commitments to sustainability management and practice.

# FILA Strategy

## FILA Key Strategy

FILA has been adored by the public for 110 years and has become one of the world's leading sports brands. As a company with various product lines including casual and performance, FILA aims to further emphasize the performance line in order to achieve balanced development of different lines among our products. FILA's core brand strategies are i) diversification of performance products, ii) brand reinforcement, iii) expansion of distribution channel and iv) mutually beneficial partnership with suppliers. FILA is committed to reducing production costs through in-house research and development, consequently benefiting customers.



FILA is transitioning from a mere lifestyle-oriented casual brand to a more stylish performance brand as we reinstate ourselves as a more active global sportswear brand.

Also, we opt for a reasonable pricing policy. By reducing production and distribution costs, we aim to provide our customers with high-quality products at reasonable prices. As our business grows, we are expanding our scale of production.

By analyzing the consumer behavior changes due to COVID-19, we established a foundation to further expand Direct-to-Consumer (DTC) business. As a result, we devised a plan for digitalization by integrating online and offline channel in order to meet consumer's needs and strengthen e-commerce.

Lastly, we are committed to executing a strategy for win-win cooperation in accordance with the proverb: "If you want to go fast, go alone. If you want to go far, go together". To create sustainable supply chains, we work closely with our suppliers and implement various activities for win-win outcomes. In pursuit of creating positive environmental and social impact, we manage the supply chain according to the FILA Group Global Code of Conduct to monitor and supervise the various risks such as human rights issues. Furthermore, we support the supplier environmental management system by implementing the FDRA (Footwear Distributors and Retailers of America) waste management program.

# FILA Heritage

A pioneering spirit inspired by sports is the foundation of FILA Heritage  
 FILA Heritage is FILA's history and value established over a century

## 1911

- 1911** Born in Biella, Italy  
 In Biella, three FILA brothers started a knit and underwear business by manufacturing fabrics using natural materials

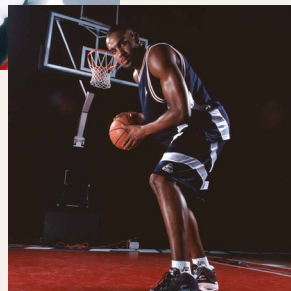


## 1970'

- 1972** Acquired by Italian automobile company "FIAT"  
 FILA became a global sports leisure brand when it was acquired by an Italian automobile company, "FIAT"
- 1973** Became a sports leisure brand by initiating sports marketing  
 By sponsoring the legendary tennis player Björn Rune Borg, FILA penetrated the luxury sports industry, including tennis, ski, golf, and yachting

## 1990'

- 1991** Jul. Established FILA Korea as a subsidiary of FILA Global
- 1992** Mar. Launched FILA brand in Korea
- 1993** Sep. Hosted 1st FILA Women's Open Golf Competition
- 1996** Aug. Hosted 1st FILA Open Golf Competition  
Dec. Invited six countries and hosted FILA International College Basketball All-Star Competition
- 1997** Feb. Hosted '97 FILA Professional Basketball  
Nov. Launched FILA INTIMO brand in Korea



## 2000'

- 2000** Feb. Launched FILA KIDS brand in Korea
- 2001** Jan. Hosted FILA Cup International Snowboard Competition  
Feb. Launched FILA GOLF brand in Korea
- 2005** Feb. FILA Korea became independent from FILA Global through MBO (Management Buyout)
- 2007** Apr. Established GLBH Holdings to acquire FILA Global trademark
- 2008** Jan. Launched FILATIVA brand in Korea

## 2010'

- 2010** Sep. Listed FILA Korea Ltd. on the Korea Stock Exchange (KOSPI: 081660.KS)
- 2011** Jul. Acquired Acushnet Holdings Corp., a golf product company  
Dec. Became an official partner of Korean Sports & Olympic Committee
- 2012** Jul. Sponsored sports uniform to Korean national team for 2012 London Olympic
- 2014** Jan. Sponsored uniforms to the Korean national team for 2014 Sochi Winter Olympics  
Sep. Signed a sponsorship agreement with the Netherlands' national ice-skating team
- 2016** Feb. Brand restructuring in Korea  
Dec. Listed Acushnet Holdings Corp. on New York Stock Exchange (NYSE:GOLF)  
 - FILA became a controlling shareholder of Acushnet Holdings Corp.
- 2017** Feb. Signed a sponsorship agreement with Netherlands' Olympic Committee (NOC)



- 2018** Mar. Appointed Keun-Chang (Kevin) Yoon as the President and CEO of FILA Korea Ltd.  
Sep. Participated in Milan Fashion Week (2019 S/S Collection)  
Dec. Signed an official sponsorship agreement with the skateboard national team under the Korea Roller Sports Federation  
 Signed an official sponsorship agreement with the Korea Bobsleigh & Skeleton Federation
- 2019** May. Started brand licensing with Starter  
July. Started brand licensing with ZOOYORK and Creative Recreation  
Sep. Participated in Milan Fashion Week (2020 S/S Collection)



## 2020'

- 2020** Jan. FILA Korea Ltd. changed its name to FILA Holdings Corp. as of January 2, 2020 through a vertical demerger to establish a pure holding company for enhanced transparent corporate governance  
Mar. Launched a new product line of 'FILA STUDIO'  
Apr. Published the first FILA ESG Report  
Oct. Launched a new addition to our cycling footwear collection, SYNAPSE 5
- 2021** Jan. Started brand licensing with KEDS  
Feb. Held a Milan Fashion Week virtual runway show - 110th Anniversary Collection Katie Grand  
Apr. Launched running footwear collection, NEURON 3, 5

## 2021

## Brand and Products

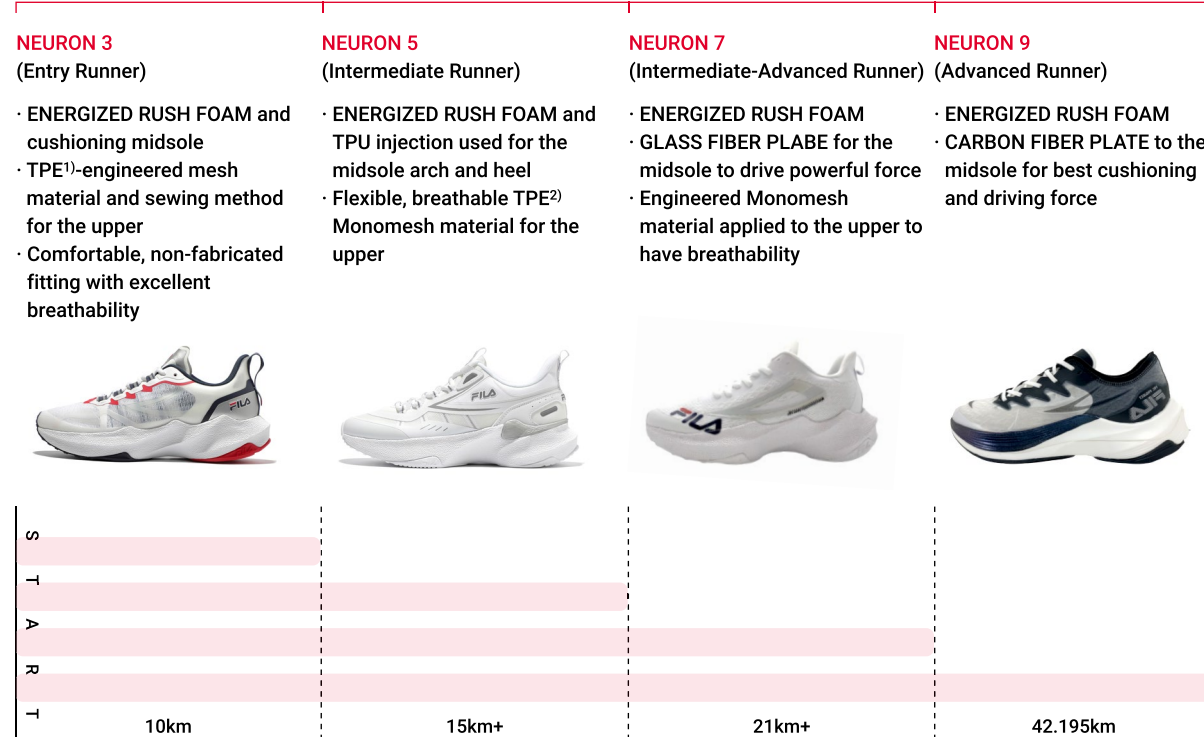
# PERFOR

### Product Portfolio

FILA is leading the global market and delivering value to customers by developing product lines based on FILA's heritage as well as following new trends. In addition, we are increasing our market competitiveness by ensuring that our products are of high quality and reasonable price, and providing products to various customers by diversifying our distribution channels.

### NEURON

'NEURON' is a running footwear collection with the best cushioning ENERGIZED RUSH FOAM that we developed in-house. FILA suggests a wide range of running shoes suitable for entry runners who prefer short-distance, and intermediate to advanced runners who prefer long-distance.



1) Thermoplastic elastomers (TPE) combines thermoplastic that shows high processing efficiency with elastomer that characterizes softness and flexibility  
 2) Thermoplastic polyurethane (TPU) that is elastic, long lasting and resistant to splitting and abrasion is widely used in the production of soles for the safety of shoes

# MANANCE

### SYNAPSE

The 'SYNAPSE' is a pair of device-like cycling shoes, taking the riding performance directly related to safety into account. As SYNAPSE is made by applying a special insole for cycling at a certain height that can properly support the arch, cyclists can experience high adhesion when they wear shoes.



#### SYNAPSE 5

(Entry to Intermediate)

- Dial and ventilation system applied to the upper
- Non-cleat, synthetic rubber for the outsole



#### SYNAPSE 7

(Professional)

- Dial and ventilation system applied to the upper
- Outsole made of light, elastic, and high-intensity carbon fiber materials
- Toe and heel pads fit to provide exceptional comfort and stability during non-riding



#### SYNAPSE 9

(Custom made)

- Personal customizing services optimized for your body
- FILA LAB, located in Busan, Korea, provides professional consulting service using state of the art technique

### AXILUS 2 ENERGIZED

'AXILUS 2 ENERGIZED' is made up of molded heel cup, anti-slide nylon lining and a TPU midfoot stabilizer, and it is regarded as high-quality tennis shoes which is remarkably light and stable. As it doubles stability and flexibility by applying PU<sup>3)</sup> casting method to the upper, where severe friction occurs, it prevents twisting of the foot when contacted on the surface and supports players to reach their maximum performance.



### BUBBLE TR

'BUBBLE TR' is FILA's running shoes with a new lifestyle concept. Inspired by 'BUBBLE RUN' which was one of the representative running shoes of FILA in the past, was reinterpreted with a voluminous outsole.



### FILA RGB FUSE

'FILA RGB FUSE' is an additional lineup of FILA RGB sneakers newly prepared for the 20 S/S season. This light-weight sneaker model uses engineered mesh and midsole. The main feature is the neat and trendy design, created with a combination of a thick outsole and FILA's traditional flag pattern on the side of the product.



3) Polyurethan (PU) is commonly used for producing insoles, midsoles or outsoles to develop robust and sustainable high-quality shoes

# HERITAGE



## FILA HERITAGE 110th ANNIVERSARY

In celebration of FILA Heritage 110th anniversary, we re-released 11 iconic footwear of FILA, which incorporate symbolic meanings throughout the history of more than a century. Starting from the "ORIGINAL TENNIS 1985", which is one of our Heritage shoes, to 'ORIGINAL FITNESS 1988', 'GRANT HILL 1 1995', 'SPAGHETTI 1995', 'DISRUPTOR II 1998', we are planning to present each model, limited to just 110 pairs of shoes, via FILA online shop during 2021. By using VERAPELLE<sup>1)</sup>-certified leather, we added a modern touch to our original products so that they look more luxurious. Also, we highlighted our brand identity by adding the 110th anniversary logo of the FILA Heritage and our signature color combination.



## FUNKY TENNIS

'FUNKY TENNIS' is court shoes that represent FILA's tennis heritage, reminding us of FILA's 'FUNKY TENNIS' released in 1998. The 'F' logo used on the midsole makes the shoes stand out even more, and by designing it as a high profile with a rounded toe cap, the shoes create an overall cute silhouette.

## ZAGATO

'ZAGATO' is a product that features a simple and refined silhouette that modernizes the design elements of the 'FAST WALKER', which was first released in 1993. The product features a wired design and mesh, suede, and synthetic materials, all of which are symbols of the 'FAST WALKER' Heritage model. The filon applied to the midsole provides a more comfortable fit and the reflective material and TPU material used in the upper toecap and heel prevents warping.

## TRIBALRACE 1999

'TRIBALRACE 1999' was first released in 1999 by modern re-interpretation of core design elements of the 'TRIBALRACE' model. Based on the original product's unique streamlined upper design, the overall silhouette is maintained, and the overall details such as outsole and material are modified to fit the current trend. FILA's traditional heritage logo is also used as a design element to convey FILA's unique identity. With a combination of nylon, suede, and synthetic materials, the newly designed high-profile midsole offers a comfortable fit.

## DECYPHER

'DECYPHER' is daily jogger sneakers that embody the modern sensibility of the performance running shoes 'VERDICT' released in 1998. While remaining true to its simple design, 'DECYPHER' boasts its details such as the FLAG logo and trendy patterns which blend with FILA's Heritage sensibility.

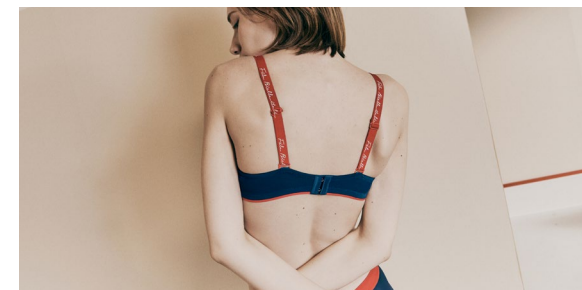


1) The association of 26 tanneries in Italy that produces and certifies the highest-quality vegetable-tanned leather.



## PREMIUM COLLECTION

With respect of the value of individuality, we have been trying to enable individuals to freely express their values and personality. Therefore, we launched our newest gender-neutral apparel and footwear capsule, The Premium Collection, which represents the inclusiveness of diverse gender. The collection is created in ultra-soft French terry and in a soothing color palette of blushes and blues.



## FILA UNDERWEAR

FILA UNDERWEAR is a brand new and differentiated area that adds sports functionality to FILA's basic concept of 'clean and simple'. In 2020, we launched lifewear brands, INFIT and OUTFIT, designed to maximize comfort and FILA Heritage for the consumers who spend a lot of time at home due to COVID-19.



## FILA KIDS

FILA KIDS is a differentiated sports concept brand for children aged 3 to 13, combining FILA's unique and luxurious image, and provides a total combination of shoes, supplies, and apparel.



## FILA GOLF

While concentrating on the performance, FILA GOLF has established two specialized golf lines so that golfers can choose products based on TPO (Time, Place, Occasion). The Active Performance line presents premium golf wear based on the optimized design and functional material, while the Stylish Performance Line presents sportive and stylish looks, adopting the newest fashion trend with functionality.

# Collaboration

## FILABORATION Portfolio

FILABORATION (FILA X Collaboration) is a unique collaboration between FILA and many other cross-industry brands. In 2020, unique collaboration with various partners beyond geographic borders such as select shops, multiple brands, food and cosmetics companies, influencers has received great response from consumers.

- **BAJA EAST** ('17 Feb)  
Launched collaborative items with 'BAJA EAST', a duo-designer brand in New York
- **Gosha Rubchinskly** ('17 Feb)  
Launched items that reinterpreted 1990s street fashion with Russian designer 'Gosha Rubchinskly'
- **PEPSI** ('17 Apr)  
Launched T-shirt, sunglasses, eco-bag, and slipper package with 'PEPSI' logos



- **Merona** ('17 May)  
Launched the shoe collection of 'COURT DELUXE' and 'DRIFTER' with Merona's iconic color
- **Pokemon** ('18 Feb)  
Launched products including 'CLASSIC KICKS B' with 'Pokemon' characters
- **Chupa Chups** ('18 Mar)  
Launched the White Day special collaboration package with FILA KIDS and FILA UNDERWEAR.
- **BATTLEGROUND** ('18 Jun)  
Reflected in-game items on actual products, gave free game items with product purchase
- **FENDI** ('18 Nov)  
Reinterpreted 'FENDI' lettering using FILA logo

- **WOO WAK GOOD 1 & 2** ('18 Aug/Nov)  
Launched the full collection that applied designs suggested by fans of 'WOO WAK GOOD', a YouTube online game streamer
- **Champs Sports** ('19 Feb)  
Launched FILA X Rugrats Collection to celebrate one of the all-time greatest cartoons, Rugrats
- **F-FILA** ('19 Apr)  
Released air refresher 'F-FILA' in F-Killer's signature color with FILA logo

- **VOGMASK** ('19 Apr)  
Released the fine dust mask that added the FILA Heritage to 'VOGMASK's functionality

- **Innisfree** ('19 Apr)  
Launched the 'Sports Day Edition' with FILA apparels and makeup items

- **OUTDOOR PRODUCTS** ('19 May)  
Launched the camping-themed active wear collection

- **Hyundai Motor Company** ('19 Jun)  
Launched 10 types of apparel in collaboration with the high-performance N brand collection

- **Gundam** ('19 Jun)  
Launched the FILA X Gundam Collaboration collection to celebrate the 40th anniversary of 'Mobile Suit Gundam'



- **VAUNCE** ('19 Jul)  
Launched the collection including 'FILA GGUMI Shoes'

- **MSGM** ('19 Aug)  
Launched collaborative item using FILA and 'MSGM' logos

- **Streamer Charming Jo** ('19 Aug)  
Collaborated with Charming Jo, a game streamer, to celebrate his first music and M/V

- **YouTuber Wadi** ('19 Sep)  
Reinterpreted 'RAVAGEMENT PLUS 2000', the representative trail shoes of FILA

- **CORSO COMO Seoul** ('19 Oct)  
Launched T-shirt, hat, and shoes as a second collaboration with 'CORSO COMO' Milan

- **YouTuber Gaming Creator** ('19 Nov)  
Launched collaboration-edition products with five popular YouTube gaming creators (DDDD, Tamtambourine, Sony Show, Kim Left Arm, Agu TV)

- **OUTDOOR PRODUCT Season 2** ('19 Nov)  
Launched various kinds of apparel and accessories under the theme 'LET'S GO OUTDOORS'

- **KROST** ('20 Feb)  
Launch KROST X FILA Renno, made of recycled leather to support 10% of sales to address social issues from nine non-profit organizations, including Food Bank for New York



- **BTS** ('20 Mar, '20 Apr)  
Launched FILA X BTS 'Voyager Collection' 'Love Yourself Collection' is launched with BTS, a global model, incorporating the message: 'Love yourself first and make the world a better place with that love'

- **GROUND PROJECT** ('20 Apr)  
Launched collaboration products with 'Supermarche' and 'Maison des Bougies', combining a unique space and culture



- **Micro Kickboard** ('20 Apr)  
FILA KIDS launched 18 collaboration products including clothing, shoes, and accessories with unique color of micro kickboards

- **Biggie** ('20 May)  
Released the Biggie special collection in honor of legendary rapper 'Biggie'



- **SUBWAY** ('20 May)  
Launched eco-friendly shoes and bags in collaboration with 'SUBWAY'

- **Tennis Player Kwon Soon-woo** ('20 Aug)  
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), representative of Korean tennis



- **YouTube Gaming Creator** ('20 Aug)  
Collaboration with five YouTube gaming creators (Kkwaturup, MadLife, Pupils, Yeondubu, and Jjamtasua) to launch a collaboration edition featuring FILA's Heritage

- **MADE IN SPACE** ('20 Sep)  
Launched an exotic collaboration under the theme of 'Moon Landing'

- **Alife®** ('20 Oct)  
Launched special-edition Alife x FILA Trigate, a reimagined version of the brand's most recent running silhouette

- **Nook Street Market** ('20 Oct)  
Released three classic heritage looks on Animal Crossing: New Horizons in partnership with Nook Street Market

- **A Most Beautiful Thing** ('20 Oct)  
Designed a custom sneaker and long-sleeve tee, with design details that pay homage to the film



- **Paldang Chicken Noodles** ('20 Oct)  
Celebrated the launch of the cycling shoes, 'SYNAPSE' in collaboration with Paldang Chicken Noodles located in one of famous cycling spots

- **Animal Crossing** ('20 Nov)  
Introduced various designs of FILA products in My Design of Animal Crossing New Horizons in collaboration with 'Animal Crossing', allowing game player to make customizing apparel

- **DanceOn** ('20 Nov)  
Hosted the COVID-19 Encouragement Dance Challenge #UpTheBeat with a famous rapper SAINT JHN

- **The Perfect Magazine** ('20 Dec)  
Launched the 'FILA X The Perfect Capsule Collection' with Dover Street Market and The Perfect Magazine, which has gained huge support from fashion icons and followers around the world for its unique style



- **Rowing Blazers** ('20 Dec)  
Translated FILA heritage into winter sports - from skiing to mountaineering - into a modern collection that integrates bold colors and youthful detailing to authentically fuse both brands



# III. BUSINESS & FINANCIAL PERFORMANCE IN 2020



Outlook, Risk & Opportunity  
Business Performance by Segment



## Outlook, Risk & Opportunity

Since the first outbreak of COVID-19 in December 2019, the World Health Organization (WHO) declared COVID-19 a global pandemic on March 11, 2020, as the novel pandemic continued to rapidly spread worldwide. This resulted in consumer sentiment greatly contracted, ultimately, weakening supply chain and restricting trade in 2020. The socioeconomic situation led to changes in consumer perception and behavior, which have resulted in a rapid growth of digital commerce, increased interest in health and well-being, and expanded support for eco-friendly brands and platforms. FILA takes these changes as an opportunity to re-brand and to improve business capacity by implementing following innovations.

Due to its convenience and new influx of middle-aged people using the using the e-commerce virtual-online platforms have become a fast-growing consumer channel. It will continue to flourish as consumer demand is anticipated to increase post COVID-19 and is expected to become a key growth engine for the fashion and retail industry in the future. FILA is actively responding to the digital transformation and diversification of distribution channels by strengthening our wholesale business as well as online mall. In order to respond to these changes, FILA Korea is implementing an aggressive approach by restructuring and expanding the E-commerce team and strengthening the e-commerce channel in order to adapt to changes. In addition, FILA USA plans to expand the DTC channel to enable Generation MZ consumers who are familiar with the digital environment to access FILA's high value-added products more easily.

As COVID-19 continues to affect daily life, consumers' interest in health and well-being has increased. Consequently, in 2021, the demand for health and well-being related brands and products is expected to surge. In particular, the "Athleisure" market, a fashion trend that hybridizes athletic apparel with daily fashion, is likely to grow further as there is increasing interest in health among all age groups. In March 2020, FILA launched 'FILA STUDIO', an athleisure-oriented brand, by renewing our original 'FILA FIT'. In this way, FILA has initiated preemptive preparatory measures in anticipation of changes in consumption trends. Once the COVID-19 crisis ends, FILA will continuously adapt to new consumption trends by diversifying our brand product portfolio through the expansion of the performance lines beyond just Athleisure.

The third change is the increase of consumers' interest on environmental issues. Consumers have become deeply concerned about the environmental issues that directly affect their well-being and health as the uncertainty of COVID-19 persists. Therefore, there has been increased interest in sustainability and sustainable consumption, which contrasts with consumers' original spending patterns. When consumers spend their budget, they have shown preference for more eco-friendly and responsible products. To meet the changed appetite of customers, we have developed green sneakers using 10 different recycled materials including coffee powder, recycled paper and cork; these products are expected to be launched in 2021. We will continue to prioritize developing eco-friendly products to play our part in solving global environmental problems and respond to changes in consumption patterns.

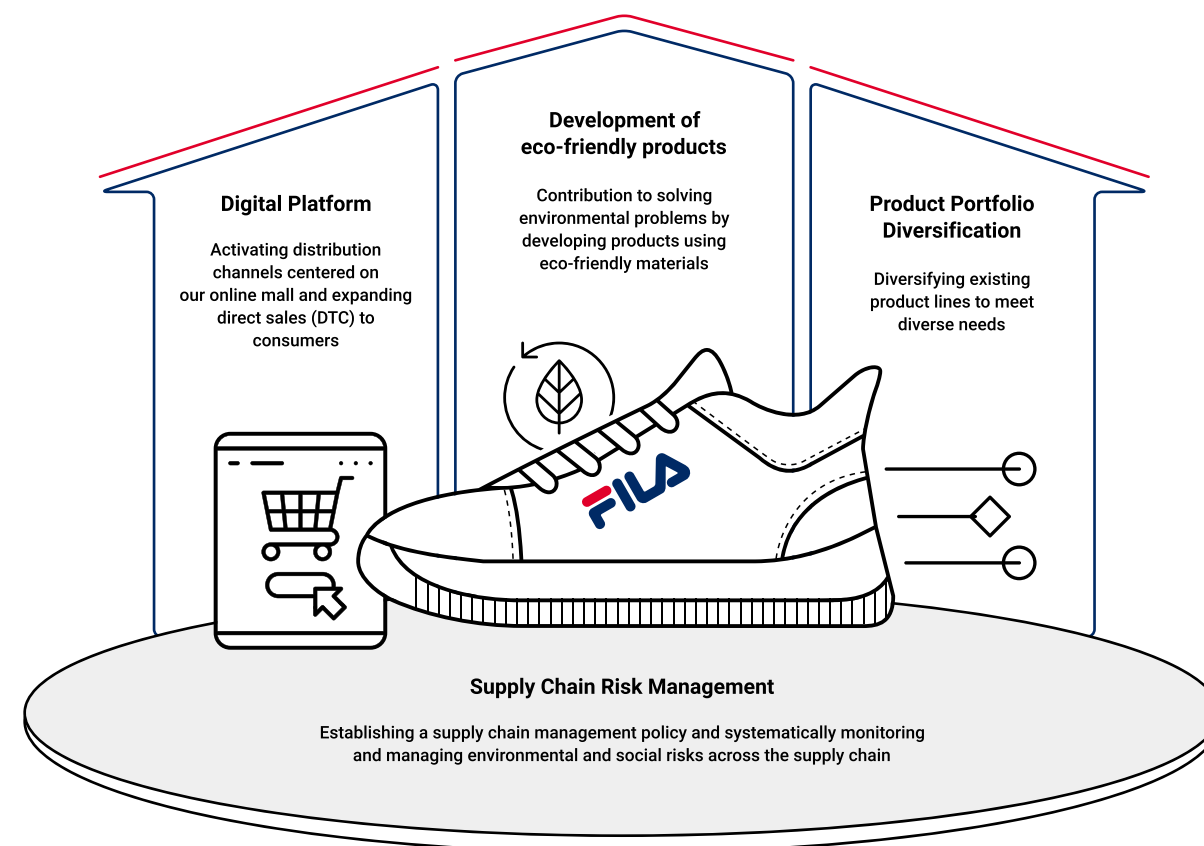
In the midst of changes in consumer awareness and consumption trends caused by the global pandemic, managing environmental and social risks has become more important than ever before. In particular, as a global firm, it is essential to monitor the assurance of human rights and labor rights and to manage and to manage environmental impact from sourcing to production throughout the entire supply chain. FILA believes that we cannot gain global competitiveness and enhance our corporate value without monitoring and managing environmental and social risks. We've demonstrated social and environmental supply chain management by establishing supply chain

1) The Responsible Down Standard (RDS) aims to ensure that down and feathers come from animals that have not been subjected to any unnecessary harm and to reward and influence the down and feather industry to incentivize practices that respect the humane treatment of ducks and geese

management policy and by becoming Responsible Down Standards (RDS)<sup>1)</sup>-certified. In 2021, we plan to establish a monitoring system on environmental and social risks of supply chain to become a more socially responsible and eco-friendly corporation.

After the world's first vaccination in December of 2020 and its respective global distribution, it is anticipated that consumer sentiment will likely recover in 2021. Along with the recovery changes in consumption patterns due to COVID-19 are likely to continue in 2021.

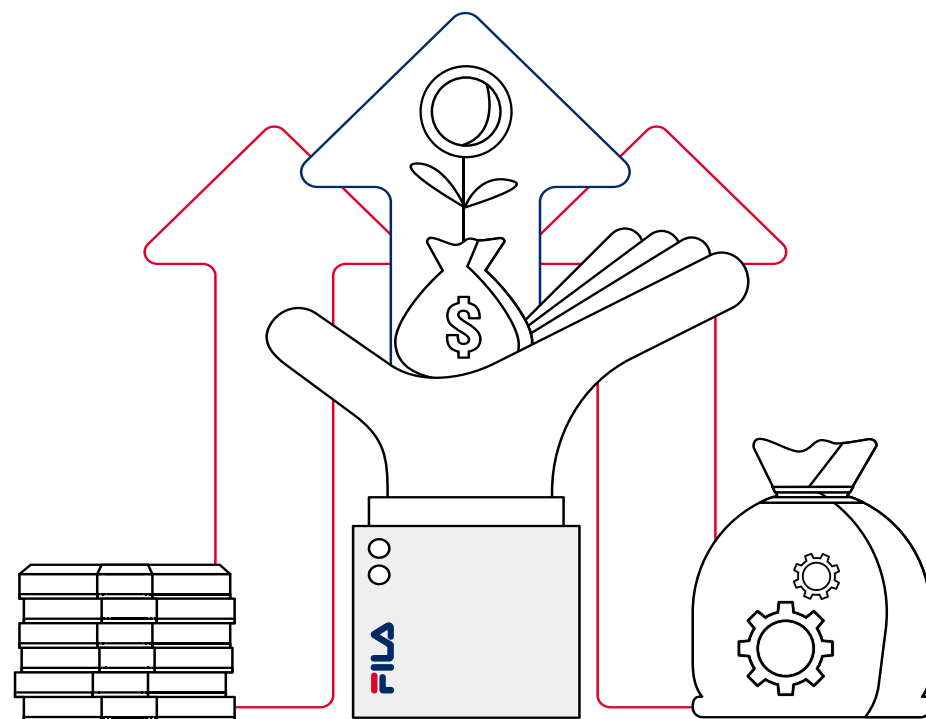
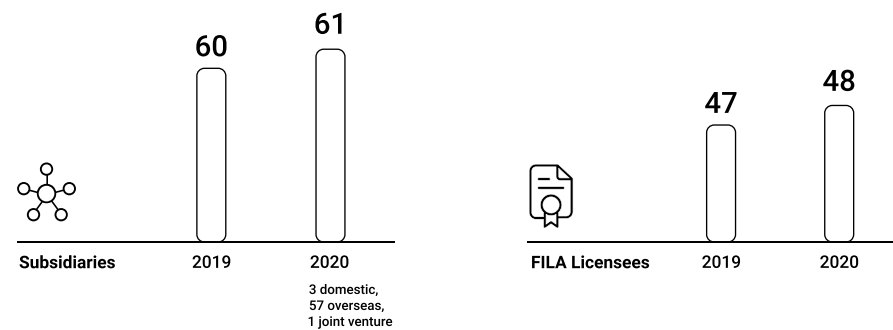
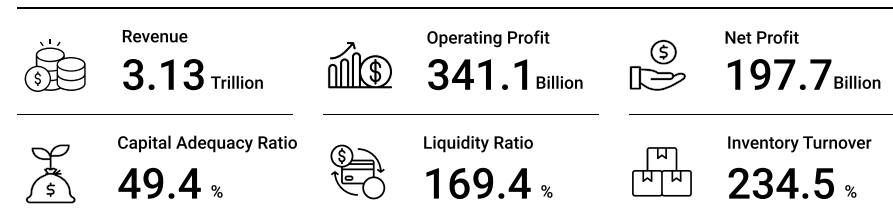
Starting from 2020, FILA will enhance the resilience to uncertainty and changes by reviewing sustainability risk and opportunity at the Board of Directors meeting. In addition, FILA intends to preemptively plan for the changes and various potential risks and opportunities and will continue our effort for sustainable growth.



## Business Performance by Segment

### Global Revenue Development

FILA Holdings recorded 3.13 trillion won revenue based on a consolidated financial statement. This year we saw a decrease in sales and profits compared to last year due to low consumer confidence. As COVID-19 vaccination began globally, a gradual recovery in performance is expected.



### Business Performance by Subsidiaries<sup>1)</sup>

FILA KOREA	(Unit: KRW mn)	
	2020	2019
Revenue	528,848	612,236
Gross Profit	320,903	385,365
Operating Profit	94,284	112,224
Net Profit	70,417	108,121

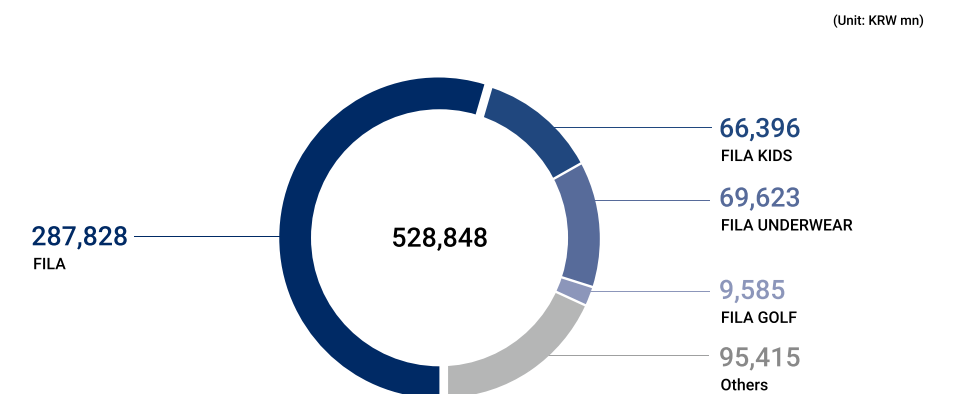
FILA Korea achieved 528.8 billion won in sales revenue in 2020 and generated about 94 billion won in operating profit. In case of domestic sales activities, our main offline sales channels were restricted due to COVID-19. In 2021, we are looking forward to expanding our customer base by strengthening our digital commerce activities and further balancing our portfolio by expanding our performance lines.

FILA USA	(Unit: 000' USD)	
	2020	2019
Revenue	432,162	536,589
Gross Profit	122,656	169,677
Operating Profit	8,350	32,310
Net Profit	3,662	21,368

FILA USA achieved \$432 million (USD) in sales revenue in 2020 and generated approximately \$8 million (USD) in operating profit. We expect that DTC business, which has consistently contributed to increasing business performance and profitability, to be one of the driving force driving force for business growth in 2021.

### Business Performance by Product Divisions<sup>2)</sup>

FILA business category consists of FILA for sportswear, FILA UNDERWEAR for sports underwear, FILA KIDS for children's sportswear and casual apparel, and FILA GOLF for professional golf clothing and apparel. In Korea, the total sales of FILA Korea is approximately 528.8 billion won, and the sales by each brand are as follows.



<sup>1)</sup> FILA only discloses business performance of FILA Korea and FILA USA, which are directly operated  
<sup>2)</sup> We have only disclosed FILA Korea's business performance by product division

# IV. FILA'S APPROACH TO SUSTAINABILITY



Fundamentals  
Value Chain and Risk Management  
Materiality Assessment

# Fundamentals

## Sustainability Framework


### FILA's Sustainability Strategies

In an effort to cope with rapidly changing market trends and consumers' value standards, FILA started to make business decisions in line with the sustainability framework. FILA will establish a transparent governance system for both ethical and social responsibility management and manage the business to realize sustainable values throughout the whole business process.

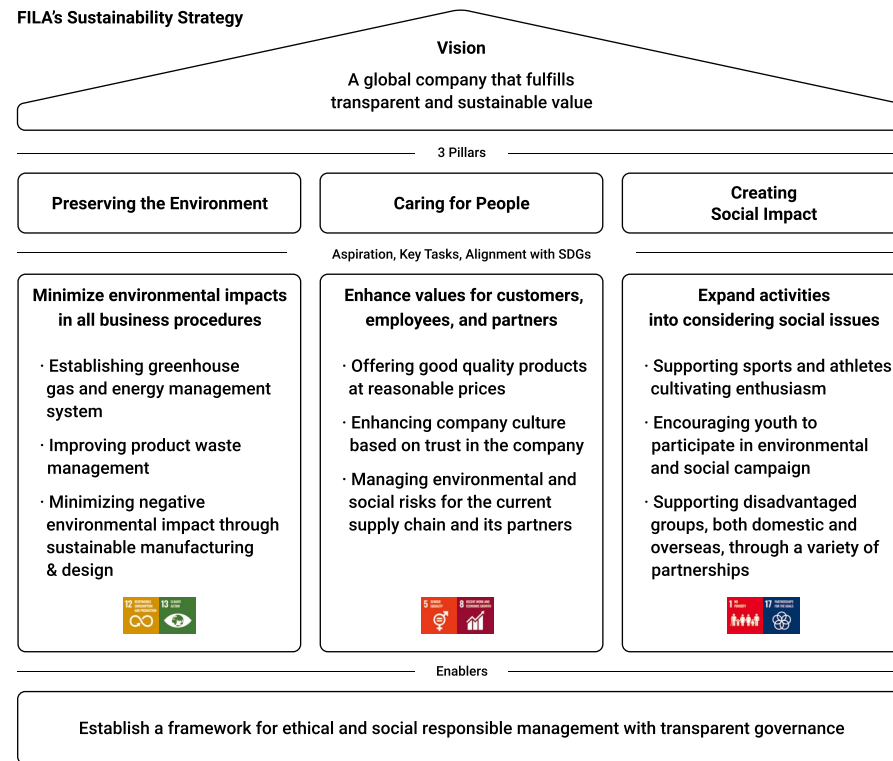
“  FILA's sustainability management is doing right by the environment, employment and the world. ”  
 – Jennifer Estabrook, President, FILA USA

### Sustainability Achievement

FILA has reviewed the achievement of the three pillars of sustainability management in 2020, Preserving the Environment, Caring for People, and Creating Social Impact, and has set up main tasks for 2021. In upcoming future, the company plans to support the settlement of ESG objectives of each subsidiary and manage sustainability performance for a mid to long term perspective in order to comprehensively implement groupwide ESG activities and performance management.

“  FILA Holdings firmly supports FILA affiliates to achieve their sustainability goals under the motto of 'One World, One FILA'. ”  
 – Aaron Lee, Head of Corporate Strategy Office, FILA Holdings Corp.

FILA's Sustainability Strategy



### Alignment with SDGs

As a signatory of the UN Global Compact, FILA advocates the UN Agenda and endeavors to achieve the UN Sustainable Development Goals (UN SDGs). Among 17 UN SDGs, FILA selected 6 goals that we can create the most impact on.



Pillar	Area	2020 Achievement	2021 Plan
Preserving the Environment	Action for Climate Change	<ul style="list-style-type: none"> <li>Established standards for energy use and greenhouse gas emissions management</li> <li>Collected and managed the greenhouse gas emission data (Korea/USA)</li> <li>Implemented office waste and recycling management system and managing the data</li> <li>Implemented suppliers' waste management program</li> </ul>	<ul style="list-style-type: none"> <li>Expanding management of greenhouse gas emissions data</li> <li>Planning and implementing energy reduction campaigns</li> <li>Planning the waste and recycling management program for workplace</li> <li>Expanding suppliers' waste management program</li> <li>Establishing FILA supply chain map for traceability</li> </ul>
	Environmental Management	<ul style="list-style-type: none"> <li>Developed and launched eco-friendly products</li> <li>Expanded the use of eco-friendly materials for packaging</li> <li>Managed the use of raw materials and eco-friendly materials</li> <li>Obtained Responsible Down Standard (RDS) certification (2021.4)</li> </ul>	<ul style="list-style-type: none"> <li>Planning eco-friendly products and "small success" by each business unit</li> <li>Considering additional participation in environmental initiatives</li> </ul>
Caring for People	FILA Customers	<ul style="list-style-type: none"> <li>Launched FILA Cycle Custom Service: FILA Ciclista (2021.4)</li> <li>Established the FILA information security manual and strengthened customer privacy protections</li> </ul>	<ul style="list-style-type: none"> <li>Delivering innovative customer experience through the expansion of DTC</li> <li>Obtaining the Information Security Management System (ISMS) Certification to improve the effectiveness of our information security</li> </ul>
	FILA Workforce	<ul style="list-style-type: none"> <li>Increased female employees proportion in management positions</li> <li>Integrated ESG factors into KPIs for employees above manager level</li> <li>Established and distributed FILA Group Global Human Rights Policy (2021.2)</li> <li>Participated in the UN Global Compact as a signatory (2021.3)</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring implementation of FILA Group Global Human Rights Policy</li> </ul>
	FILA Supply Chain	<ul style="list-style-type: none"> <li>Established and distributed FILA Group Global Code of Conduct (2021.4)</li> <li>Examined suppliers' performance based on the Code of Conduct</li> <li>Prepared 1st tier suppliers list and monitored their operations</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring implementation of FILA Group Global Code of Conduct and managing its performance</li> <li>Establishing and monitoring key environmental and social risk management indicators for suppliers</li> </ul>
Creating Social Impact	Sports Sponsorship	<ul style="list-style-type: none"> <li>Sponsored professional sports teams and associations as well as national tennis and pickleball players worldwide to scale up social impacts</li> </ul>	<ul style="list-style-type: none"> <li>Promoting community sports development activities</li> </ul>
	Community Engagement	<ul style="list-style-type: none"> <li>Carried out various CSR programs</li> </ul>	<ul style="list-style-type: none"> <li>Establishing the FILA Group CSR policy related to business theme</li> <li>Creating a win-win partnership with suppliers and providing support</li> </ul>

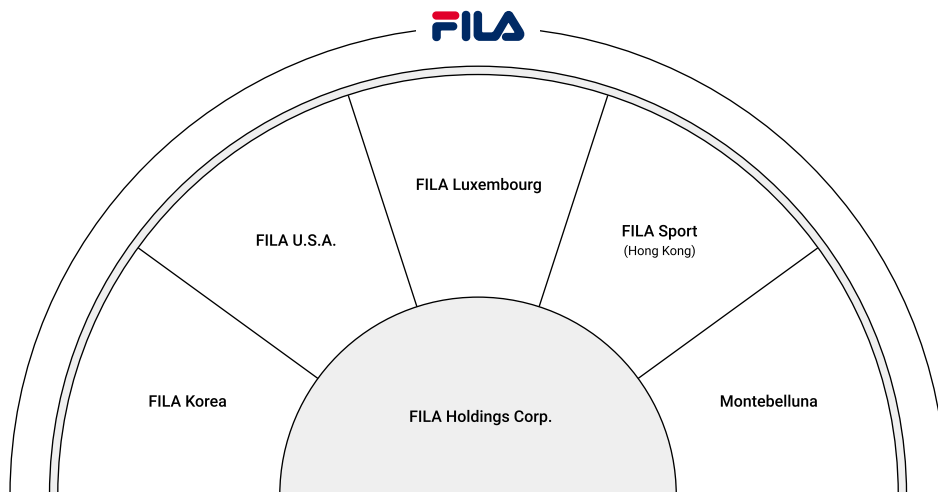
**Sustainability Management Organization**

FILA Holdings and main subsidiaries (FILA Korea, FILA USA, FILA Luxembourg, FILA Sport (Hong Kong), Montebelluna) formed a global Task Force Team (TFT) to effectively implement sustainability management. The global TFT consists of human resources, general affairs, and marketing teams of main subsidiaries to facilitate cooperation in order to establish and implement the sustainability management system. Led by the FILA Holdings Strategic Planning Team, the representatives of main subsidiaries in the global TFT have co-operated closely to confirm the meaning of sustainability management for FILA, and a sustainability management roadmap and action plans that need to be taken in the supply chain, operations, product development and marketing. Also, the global TFT established a system for managing ESG-related data and monitoring the sustainability performance and incorporated ESG factors into the corporate decision-making process by reporting to the management as well as the board of directors. In doing so, FILA manages to effectively promote and facilitate the implementation of sustainability management activities in our group.

“ We will definitely need a united front on implementing sustainability management. ”  
 - Cristiana Maggiora, Senior Director of Compliance, FILA USA

To begin with, we established Key Performance Indicators (KPIs) to carry out ESG performance evaluation for FILA Holdings' executives and employees above the manager level in 2021. From 2022, we will also apply KPIs to executives and employees above the manager level in other main subsidiaries and align this with their mid to long-term ESG goals by allocating budgets for each subsidiary to enable them to actively engage in sustainability management activities. In the future, FILA Holdings and the global TFT aspire to establish and assess mid to long-term goals in all areas of ESG and support their implementation within each department.

Sustainability Management Organizational Structure



**Governance**

**Governance Principle and Policy**

FILA secures transparency, soundness, and stability to enhance shareholder values and protect shareholders' rights. At the same time, FILA aims to realize healthy governance that reflects organizational culture with leading customer values, selecting and focusing on key elements, and strengthening core competencies.

FILA assists the stakeholders in understanding the operation of governance via public disclosures and the establishment of internal regulations such as the Articles of Association and the Board of Directors Regulations to secure transparent governance. Moreover, the Board of Directors consists of experts in different areas to ensure that members' backgrounds and occupations are balanced out. FILA delegates authority to the Board of Directors and the management respectively for making decisions regarding the business operation to achieve stable governance through checks and balances. Under the system, the management discusses ESG issues in meetings every year and reports the status to the Board of Directors. From 2021, FILA also integrates ESG into the Key Performance Indicators (KPIs) of employees above or at the managerial level at FILA Holdings to ensure the visibility of ESG performance and to encourage ESG achievements. From 2020, We expect to apply ESG KPIs to the employees above or at the managerial level throughout major subsidiaries. FILA is making efforts to enhance understanding and awareness of ESG management in the organization and to establish a transparent decision-making channel for ESG management.

**Composition of the Board of Directors**

As the highest decision-making body of FILA, FILA's Board of Directors has the authority to appoint and dismiss the CEO. The Board of Directors currently consists of four directors and three independent directors. To increase the diversity and professionalism of the Board of Directors, two directors and two independent directors were appointed in March 2021.

Board Composition (As of the end of March 2021)

Category	Name	Gender	Initial Appointment Date	Roles	Profile
Directors	Yoon-Soo (Gene) Yoon	Male	Mar. 2011	Chairman of the Board of Directors (Director)	· (Present) Chairman of the Board of Directors, FILA Holdings · (Present) Chairman of the Board of Directors, Acushnet Holdings
	Keun-Chang (Kevin) Yoon	Male	Mar. 2016	President and CEO (Director)	· (Present) President and CEO, FILA Holdings · Chief Strategy Officer, FILA Korea · Chief Financial Officer, FILA USA
	Myoung-Jin Yun	Male	Mar. 2021	Director	· (Present) Managing director, Global Planning Office of FILA Holdings · Management Planning Team, CEWIT Korea · Strategic Planning Team, Woongjin Poly Silicon
	Seung-Yug Chung	Male	Mar. 2021	Director	· (Present) COO of FILA Korea · Global Business Unit, Cheil Worldwide · Management Strategy Headquarter, KOLON Group
Independent Directors	Suk Kim	Male	Mar. 2019	Independent Director	· CEO and President, Samsung Securities · CEO and President, Samsung Asset Management · Vice President, Samsung Card
	Hae-Sung Kim	Male	Mar. 2021	Independent Director	· Advisor, E-Mart · Vice President, E-Mart · President, Shinsegae Group Strategy · CEO, Shinsegae International
	Young-Mi Yun	Female	Mar. 2021	Independent Director	· (Present) Non-executive Director, National Pension Service(NPS) · (Present) Council Member, The National Council on Climate and Air Quality(NCCA) · (Present) Committee Member, Committee for Green Seoul Citizen · (Present) Committee Member, Committee of Consumer Policy of Seoul · (Present) Committee Member, Committee of Social Contribution of Korean Teachers Credit Union(KTCU)

### The Board of Directors

At FILA Holdings, the Board of Directors' meetings are held quarterly, and special Board of Directors' meetings are held as necessary. In 2020, 16 meetings were held to resolve and report 37 agendas. In February 2021, ESG-related agendas were first introduced to the Board of Directors and the Board of Directors will actively review and manage ESG risks and opportunities to integrate ESG factors into all business areas.

#### BOD Operation Status (Jan. 2020~Mar. 2021)

Session	Date	Agenda
FY 2020		
1	02 Jan. 2020	Approval on announcement that substitutes the vertical demerger report on the general meeting and five other items
2	14 Feb. 2020	Approval on preliminary financial results of FY 2019 and six other items
3	28 Feb. 2020	Approval on retirement of treasury stocks and one other item
4	19 Mar. 2020	Report on audited financial statements of FY 2019
5	23 Mar. 2020	Approval on treasury stock buyback and one other item
6	31 Mar. 2020	Approval on execution of general loan from Shinhan Bank and one other item
7	08 Apr. 2020	Approval on execution of limit loan from Korea Development Bank
8	14 Apr. 2020	Approval on execution of working capital loan from Woori Bank
9	22 Apr. 2020	Approval on execution of general loan from NH Bank
10	15 May. 2020	Report on business performance of FY 2020 Q1
11	22 Jun. 2020	Approval on execution of foreign currency loan from Shinhan Bank and one other item
12	27 Jul. 2020	Approval on Standard Chartered Bank of Korea to extend the expiration of foreign currency loans
13	12 Aug. 2020	Report on business performance of FY 2020 Q2 and two other items
14	24 Sep. 2020	Approval on extension of maturity of treasury stock acquisition trust contract
15	12 Nov. 2020	Report on business performance of FY 2020 Q3 and three other items
16	16 Dec. 2020	Budget Review on FY 2021 and one other item
FY 2021		
1	15 Feb. 2021	Approval on preliminary financial results of FY 2020 and 11 other items
2	26 Feb. 2021	Approval on settlement agreement between FILA Holdings and FILA Korea
3	19 Mar. 2021	Report of financial statements finalized for FY 2020 and two other items

### Transparency, Independence and Professionalism

The Board of Directors recommends a nominee after reviewing qualifications and suitability considering the relevant laws. Information including the nominee's name, profile, referee, his/her relationship with the biggest shareholder, his/her transactions with FILA is notified and publicly announced before the general meeting of shareholders under the relevant statutes.

In addition, FILA appointed directors who are professionals in various fields, including global business management, finance and sustainability. In 2021, FILA also appointed an independent director who has multiple years of experience in sustainability management to increase the effectiveness of the decision-making process and accelerate the implementation of ESG-related factors into all business decision making processes. In February 2021, the company revised the operation of the Board of Directors to introduce a clause that external experts can be utilized when requested by independent directors to maintain a high level of ESG expertise. Before the Board of Directors or the committee meetings, people in charge provide materials and explanation if necessary, to give them enough time to review the details of agendas, and frequently share information on other major issues.

### Internal Auditor

FILA has one internal auditor who attends all annual general shareholders' meeting, board meetings, and management meetings to supervise the engagements of directors and to monitor the decision-making process in the overall business aspect. In addition, the auditor is regularly trained to understand the operational performance and current business status of FILA, in addition to FILA's management and industry trends.

Category	Name	Gender	Initial Appointment Date	Roles	Profile
Internal Auditor	Young-Sun Yoon	Male	Mar. 2018 (Re-appointed in Mar. 2021)	Independent Auditor	- (Present) Advisor, Lee & Ko - Vice Chairman, KPMG Samjong Accounting Corp. - Commissioner, Korean Customs Service

### Annual General Shareholders' Meeting

FILA Holdings holds the annual general shareholders meeting within three months from the end of each fiscal year, and an extraordinary general meeting of shareholders when necessary. The annual general meeting of shareholders for 2021 was held in March to approve the financial statements of the fiscal year 2020, resolve the appointment of executive and independent directors and appointment of internal auditor and limits on the remuneration of directors and internal auditor. As part of our efforts to promote shareholder participation, we have initiated electronic voting system starting from 2021 and disclosed shareholders' proposal rights on our website.

#### Results of the 31th Annual General Meeting in FY 2021

No.	Agenda	Result	No. of affirmative shares (ratio)	No. of opposing shares or abstention (ratio)
1	Approval on FY 2020 Consolidated Financial Statements (Jan. 1, 2020~Dec. 31, 2020)	Passed	40,831,756 (93.6%)	2,808,227 (6.4%)
2	Appointment of Directors			
2-1	Appointment of Executive Director (Myoung-Jin Yun)	Passed	42,991,286 (98.5%)	648,568 (1.5%)
2-2	Appointment of Other Executive Director (Seung_Yug Chung)	Passed	41,948,184 (96.1%)	1,691,716 (3.9%)
2-3	Appointment of Independent Director (Hae-Sung Kim)	Passed	43,347,472 (99.3%)	292,511 (0.7%)
2-4	Appointment of Independent Director (Young-Mi Yun)	Passed	43,548,698 (99.8%)	45,643 (0.2%)
3	Appointment of Internal Auditor (Young-Sun Yoon)	Passed	26,020,510 (92.9%)	1,976,260 (7.1%)
4	Approval of a Limit on Remuneration of Directors	Passed	37,426,240 (85.8%)	6,231,743 (14.2%)
5	Approval of Limit on Remuneration of Internal Auditor	Passed	43,578,672 (99.9%)	61,311 (0.1%)

※ In case of the second agenda, the average number of affirmative shares and opposing or abstention share for the four sub-agendas of the second agenda is calculated  
 ※ In case of the third agenda, only 3% of the voting rights were recognized for shareholders of 3% or more, and the remaining shares are not included in the number of shareholders' voting rights

#### Results of the 30th Annual General Meeting in FY 2020

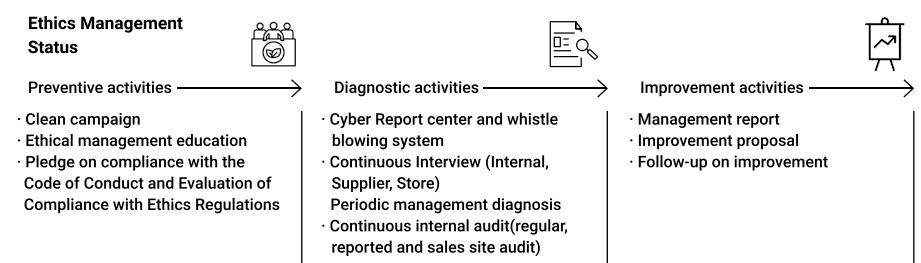
No.	Agenda	Result	No. of affirmative shares (ratio)	No. of opposing shares or abstention (ratio)
1	Approval on FY 2019 Consolidated Financial Statements (Jan. 1, 2019~Dec. 31, 2019)	Passed	39,113,311 (90.82%)	3,952,487 (9.18%)
2	Appointment of Directors (Yoon-Soo Yoon, Jeong-Mi Kim)	Passed	41,906,907 (97.31%)	1,158,891 (2.69%)
3	Approval of Limit on Remuneration of Directors	Passed	42,079,990 (97.71%)	985,808 (2.29%)
4	Approval of Limit on Remuneration of Internal Auditor	Passed	42,940,990 (99.71%)	124,808 (0.29%)

## Ethics and Compliance

### Ethics Management

The Corporate Ethics Office established and implements an interactive system that includes preventive, diagnostic, and improvement phases. Besides the office runs education programs on compliance and ethics to raise employees' awareness. Also, it conducts periodic inspections according to compliance guidelines established, and the office recommends and issues corrective action plans regarding violations found during periodic inspections. The inspections are conducted twice a year, and we are planning to reinforce education programs on compliance. We are determined to internalize the corporate ethics of employees by providing education related to ethics and compliance, conducting campaigns related to ethical management, and publishing newsletters on a regular basis.

“ We will build a culture for ethical management in which all employees participate. ”  
 - Holly Kwon, Head of Corporate Ethics Office, FILA Holdings Corp.



### Code of Conduct

In February 2021, FILA has established the FILA Group Global Code of Conduct to actively practice transparent management and corporate social responsibility management. The Code of Conduct contains comprehensive guidelines, including basic principles, prohibitions, and recommended actions to be followed by FILA Group members, to build sound organizational culture.

#### FILA Group Global Code of Conduct

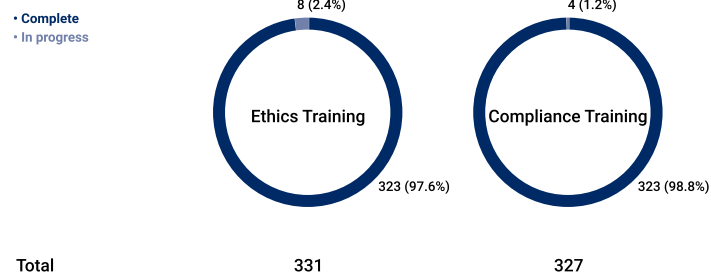
Section	Article
Section I Introduction	Article 1 (Purpose and Scope) Article 2 (Applicability) Article 3 (FILA Group Entity Policies)
Section II Human Rights	Article 1 (Non-discrimination) Article 2 (Harassment) Article 3 (Forced Labor) Article 4 (Child Labor) Article 5 (Hours of Work) Article 6 (Fair 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 (Antitrust 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 IV 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)



**Precautionary Measures**

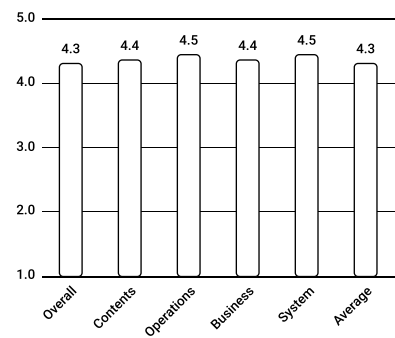
FILA takes precautionary measures to align employees' business performance with our Code of Conduct and raise their awareness of compliance through annual workplace training. From October 5th to 23rd, 2020, all employees of FILA Holdings, FILA Korea and the Montebelluna Korea branch participated in the online ethics training sessions regarding anti-corruption and employee confidentiality. They were also required to sign both ethics in practice and non-disclosure agreements. In addition, FILA conducted compliance training for employees for a month from October 14th to November 13th, 2020 to raise their awareness about compliance and fair-trade obligations. Since 2013, the company has been implementing the Clean Campaign to prevent employees from receiving any types of bribery from suppliers and promoting our anti-corruption policies to suppliers, as well as informing that violation of the policies may incur penalties such as suspension of contracts. FILA is committed to improve and strengthen the precautionary approach regarding ethics and compliance management.

**Training Results in 2020**



※ The education rate decreased by 1.2% in 2020, but this was due to maternity and parental leaves and relocation

**Compliance Training evaluation**



**Assessment and Corrective Action Plans**

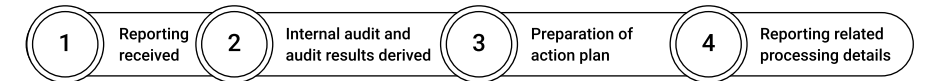
As part of FILA's anti-corruption program, directors of all 15 departments are required to carry out a self-monitoring system twice a year. Through this self-monitoring system, directors can review whether their department's business practices have been compliant with the Code of Ethics. This process is anticipated to improve their awareness of compliance and motivate them to voluntarily comply with the relevant codes. The compliance officer who receives the result of this inspection reports it to the board of directors so that the management can be informed of the FILA's compliance status. By operating this self-assessment program, the importance and awareness of compliance within the firm are highlighted and improved, respectively, and employees' motivation to apply such compliance program to their daily practice is strengthened. Through this, we aim to establish a transparent management system throughout FILA.

The Ethics Report Center provides multiple options such as our website, email, phone call and postal mail to report corruptions and illegal acts that hinder ethical management. This process is open to all stakeholders, including employees, buyers, stores, suppliers, customers, and their subsidiaries; ensuring that information remains confidential. Aside from the report center, we have received reports through other channels, such as interviews and regular business assessment, and executed corrective action plans after conducting designated audits and reporting the matter to the management.

Along with the Ethics Report Center, in 2021, we introduced a whistleblower reporting system, operated by a third party to strengthen ethics in management. All stakeholders of FILA including employees, business partners and customers, can submit an anonymous report on all forms of misconduct, such as corruption through an online whistleblowing platform 24/7 available. FILA will operate an online whistleblower reporting system and hotline in different languages including Korean, English, Chinese and Vietnamese for stakeholders worldwide to report their concerns with ease. From 2021,

the company will operate both Ethics Report Center and whistleblower reporting system to enhance transparency and ethics in management, manage sustainability risks, and create long-term value.

**Report processing procedure**



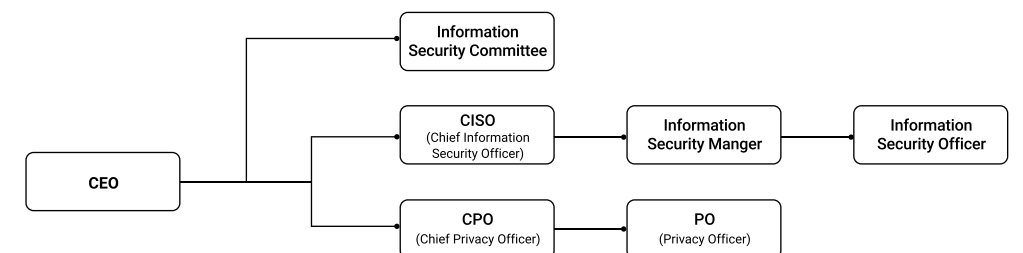
**Information Security**

In January 2020, FILA established our very first information security manual. Adhering to the manual, we organized a group responsible for information security and appointed the Chief Information Security Officer (CISO) as well as departmental information protection officers. The company has also reviewed major security issues and countermeasures in the Information Security Committee, which is held twice a year. Also, we have continued to manage the consistency in our security operations based on security incident response and internal guidelines for data breach investigation and incident response. Furthermore, FILA has extended our efforts to maintain consistency in our security operations, aiming to obtain Information Security Management System (ISMS) certification by August 2021.

As maintaining the privacy and protecting the personal information of the customers and employees is important, we are preparing various ways to tackle the issue. In response, FILA USA established a privacy policy in December 2019 and FILA Korea did the same in December 2020, along with a history of revisions of the policy on each website. To protect customer information stored on our website both during transaction and after the completion of such transaction, we monitor and detect abnormal activities for 24 hours a day through the installation of the Intrusion Detection System (IDS), a network security solution, along with privacy encryption and firewalls. In addition, we have separated the network of personal information managers to prevent illegal access and internal information leakage, and strengthened supervision and monitoring of consigned companies. FILA receives reports from them to examine the status of personal information management every month and to monitor whether they immediately delete personal information that has expired and separate the information that has already been processed.

The company receives information security pledges from all employees who handle customer information and conducts training on personal information protection every year to raise their capabilities and awareness of information security. In addition, all employees who are involved in information systems are required to participate in information security conferences and complete additional information protection training. Furthermore, we are currently developing a training plan on personal information management and supervision in order to conduct in-depth training for personnel who handle personal information in the foreseeable future.

**Organizational Chart of Information Security Management**





## Stakeholder Engagement

### Stakeholder Involvement and Communication

FILA has identified customers, employees, supply chain, shareholders, investors, and communities as the primary stakeholders with respect to sustainability management. We have been collecting opinions and providing feedback through internal and external communication channels. In 2020, we conducted ESG seminars for major subsidiaries and interviewed major stakeholders about ESG and sustainability. The company formed a consensus on the need for sustainability and ESG performance management within the group. Furthermore, we ensure comprehensive engagement of all relevant stakeholders to better communicate our environmental and social issues and activities in a more transparent manner. In the mid- to long-term, FILA will communicate with various stakeholders linking positive social and environmental impacts with financial ones.

Stakeholders	Related Issues	Interaction/Communication
Customers	Increase of product safety, protection of customer information, expansion of customer engagement	<ul style="list-style-type: none"> <li>Customer service center</li> <li>Quantitative survey among consumers</li> <li>Roundtable meeting with consumers and store owners</li> <li>FILA archive exhibition</li> </ul>
Employees	Enhancement of work-life balance, talent acquisition and development support for welfare benefits and health management, increase in employee diversity	<ul style="list-style-type: none"> <li>GCM (Global Collaboration Meeting)</li> <li>FILAGRAM (Internal newsletter)</li> <li>FILA Ethical Management Newsletter</li> <li>Ethics Report Center</li> <li>ESG workshop (FILA Korea and FILA USA)</li> <li>ESG interviews (interviews with key stakeholders from FILA Korea, FILA USA and FILA Sport (Hong Kong))</li> </ul>
Supply Chain	Compliance with purchasing ethics, fair selection of partners, management of environmental and social risks	<ul style="list-style-type: none"> <li>FILA Group Global Code of Conduct</li> <li>FILA Group Global Human Rights Policy</li> <li>Ethics Report Center</li> </ul>
Shareholders and Investors	Improvement of management performance, increase in governance transparency	<ul style="list-style-type: none"> <li>General Shareholders Meeting</li> <li>IR activities and disclosure (conference calls and company visits)</li> <li>Annual and quarterly performance reviews (March, May, August, November)</li> <li>Investor conference</li> </ul>
Communities	Fulfillment of corporate social responsibility, support for socially marginalized groups	<ul style="list-style-type: none"> <li>Social contribution activities</li> </ul>

### IR Communication

In order to enhance investors' understanding on FILA, we actively engage in IR communication for the shareholders and investors such as conference calls and company visits. We actively communicate with individual investors about the company's business performance and strategies as well as autonomous disclosure on key matters other than mandatory disclosures legally stipulated to provide sufficient information to all stakeholders. In order to prevent information asymmetry, FILA discloses crucial information both in Korean and English (13 materials published in 2020) and shares relevant information such as ESG report publication through public disclosure.

FILA has established 'Disclosure Information Management Regulations' to ensure that all information is disclosed fairly and accurately on a timely manner. Furthermore, we also identify risks arising from disclosure information, and regularly examine operations according to three criteria: accuracy, timeliness, and legitimacy. Last but not least, The company discloses the purposes and intentions of the shareholders' proposal on the corporate website to promote shareholder participation. FILA plans to come up with various measures to protect and promote shareholders' rights and interests.

### GCM (Global Collaboration Meeting)

Every year FILA holds Global Collaboration Meetings (GCMs) where our global subsidiaries and partners including licensees gather for business discussions. The employees and partners share ideas on product design and fashion trends for the upcoming seasons as well as exchange opinions on materials and product-sourcing strategies. To help them raise awareness of ESG, we explained the overview and importance of ESG, and shared FILA's sustainability management system, goals and roadmap to form a consensus on our sustainability management system.



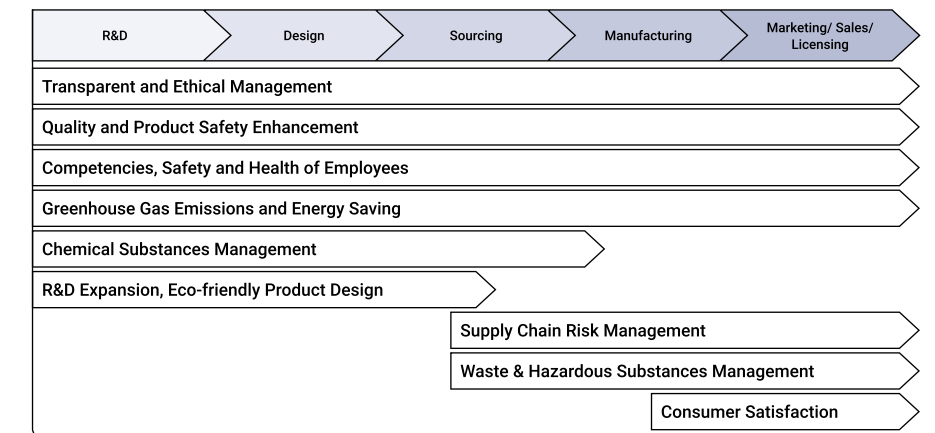
## Value Chain and Risk Management

### Value Chain Analysis

FILA identifies and manages environmental and social opportunities and risks that may arise from our value chain, encompassing the entire process from product design to sales. In 2020, our major subsidiaries had multiple conference calls to discuss the ESG-related issues and reached a consensus on the importance of ESG.

The following are the Environmental and Social issues of FILA selected in FY 2020, which are relevant to each phase of the value chain.

#### ESG Issues



### Risk Management

FILA is committed to prevent and respond to environmental and social risks that may arise from our value chain from product design to sales. Since 2020, FILA started an integrated risk monitoring program twice a year (first and second half) to analyze ESG issues of major subsidiaries.

In 2020, we requested our suppliers to comply with the FILA Code of Conduct, and visited them to manage and supervise their compliance. When selecting a new partner, we visited to prospective suppliers to evaluate their compliance with our Code of Conduct.

To respond to environmental and social issues identified within the supply chain in a timely manner, we discussed our countermeasures to the risks in the management meetings and controlled and managed the risks beforehand. In November 2020, in an effort to support ethical sourcing and production, FILA issued a statement on the prohibition of forced labor. Through this statement, we informed key stakeholders, including all our suppliers, of the seriousness of the violation of human rights issue and expressing FILA's position not to tolerate it.

In 2021, starting with FILA USA, we plan to establish a system for risk identification and management in value chain by transparently managing the products from sourcing to selling through supply chain mapping. Afterward, by expanding and strengthening traceability in the supply chain to other subsidiaries, we will make an effort to make a system to preemptively respond to environmental and social risks in the value chain.

“ We have been managing environmental and social risks throughout the supply chain by introducing RDS and evaluating suppliers' adherence to the FILA Group Global Code of Conduct. In the future, we will establish a supply chain ESG management system to expand our sustainability management throughout the value chain. ”

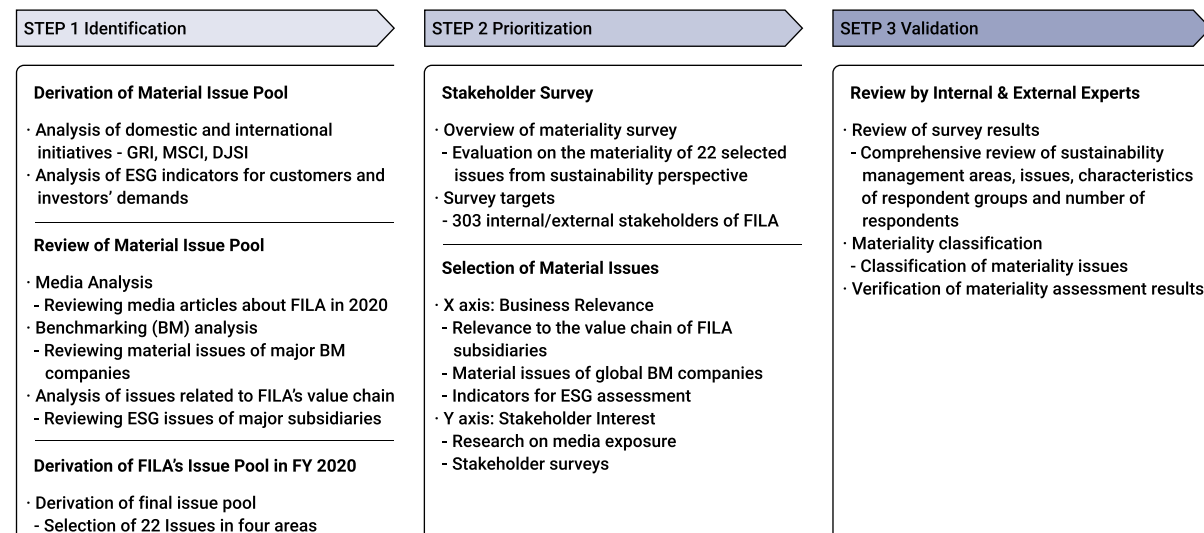
- J.W. Sung, Director of FILA Sport (Hong Kong)

# Materiality Assessment Process

## Materiality Assessment

### Materiality Assessment Process

FILA has comprehensively identified issues within the global business and industry environment, collected internal and external opinions through an online survey, and derived core issues regarding sustainability management.



### Selection of Reporting Issues

FILA selected 8 material topics from the FY 2020 sustainability management perspective and 4 reporting topics to be continuously managed. In 2020, various environmental issues were selected as material topics. As the importance of environmental issues grows, we make various efforts to reduce greenhouse gas emissions and minimize the impact that a product and service have on the environment.

Type	Topic	Influence					Reporting Area	GRI STANDARDS
		Customers	Employees	Suppliers	Shareholders/Investors	Local community		
Material Topic	1 Managing energy use		●	●	●	●	Preserving the Environment	Energy (302-1)
	2 Managing GHG emissions		●	●	●	●	Preserving the Environment	Emission (305-1, 305-2)
	3 Managing social and environmental issues in supply chain			●	●		Caring for People	Child labor (408-1), Forced or compulsory labor (409-1)
	4 Promoting product quality and innovation	●	●	●	●		Caring for People	Safety and health of customers (416-2)
	5 Sourcing sustainable materials	●	●	●	●		Fundamentals, Caring for People	Non-GRI
	6 Improving governance transparency		●	●	●		Fundamentals	Non-GRI
	7 Protecting employee's safety and health		●	●			Caring for People	Industrial safety and health (403-8)
	8 Increasing diversity & inclusion		●				Caring for People	Diversity and equal opportunity (405-1)
Reporting Topic	9 Expanding community development program and social investment					●	Creating Social Impact	Indirect economic effect (203-1)
	10 Providing employee training & development		●				Caring for People	Employment (401-1, 401-2, 401-3), Training and education (404-1)
	11 Strengthening ethics management and compliance		●	●	●		Fundamentals	Non-GRI
	15 Designing environmentally friendly products	●	●	●	●		Preserving the Environment	Non-GRI

## Material Issues

### Materiality Assessment Result in FY 2020

FILA selected the 8 most material topics of FY 2020 and derived 22 important ESG issues by analyzing the impact on business and stakeholders as follows.



#### Social

- 3 Managing social and environmental issues in supply chain
- 4 Promoting product quality and innovation
- 5 Sourcing sustainable materials
- 7 Protecting employee's safety and health
- 8 Increasing diversity & inclusion
- 9 Expanding community development program and social investment
- 10 Providing employee training & development
- 13 Improving product safety
- 14 Expanding consumer engagement programs
- 20 Expanding employee welfares and benefits
- 22 Improving customer satisfaction

#### Governance

- 6 Improving governance transparency
- 11 Strengthening ethics management and compliance

#### Environmental

- 1 Managing energy use
- 2 Managing GHG emissions
- 15 Designing environmentally friendly products
- 16 Managing chemicals and its discharge
- 19 Managing water usage
- 21 Managing waste and hazardous substances

#### Business

- 12 Strengthening brand positioning
- 16 Diversifying partnerships/collaborations
- 17 Expanding investment in research and development

○ :1st Tier Issues



# V. ESG PERFORMANCE IN 2020

Preserving the Environment  
Caring for People  
Creating Social Impact



1

## Action for Climate Change Environmental Management

We strive to minimize environmental impact throughout the entire product life cycle.

As a global company, FILA believes that it is critical to strive to minimize environmental impact throughout the entire product life cycle. To respond actively to climate change, we manage greenhouse gas emissions as well as waste and promote the development of eco-friendly products using recycled materials. (GRI 301-2, 302-1, 305-1, 305-2)

# Preserving the Environment



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



[12.5] By 2030, substantially reduce waste generation through prevention, reduction, recycling, and reuse

# Action for Climate Change

FILA strictly complies with the relevant laws and international standards to preserve the environment for the future generation. From planning to disposal of products, FILA manages greenhouse gas emissions and minimizes the environmental impact throughout the entire product life cycle.

## Greenhouse Gas Emissions Management

As a global fashion company, FILA is committed to reducing greenhouse gas (GHG) emissions and responding to climate change to join a global effort to reduce the effects of climate change. From 2019, we started managing GHG emissions, and in near future, FILA is planning to constantly monitor the amount of GHG emissions and set the GHG reduction targets to achieve. We will also link activities to reduce GHG emissions throughout the value chain with securing sustainable raw materials and reducing the environmental impact of our manufacturing process.

FILA Holdings, FILA Korea, and FILA USA calculated the direct greenhouse gas (GHG) emissions (Scope 1) and indirect GHG emissions (Scope 2) in 2020.

Category	Corporation	Scope	Emission Facility	2020
Greenhouse gas emissions	FILA Holdings	Direct emissions (Scope 1)	Buildings, Vehicles	24.9
		Indirect emissions (Scope 2)	Electricity usage	48.6
		Subtotal		73.4
	FILA Korea	Direct emissions (Scope 1)	Buildings, Vehicles	86.7
		Indirect emissions (Scope 2)	Electricity usage	287.9
		Subtotal		374.6
	FILA USA	Direct emissions (Scope 1)	Buildings, Vehicles	1,007.9
		Indirect emissions (Scope 2)	Electricity and steam usage	1,627.2
		Subtotal		2,635.1

※ FILA Holdings and FILA Korea: Calculated GHG emissions at headquarters in Seoul according to the emission calculation standards of the GHG emission trading system  
 ※ FILA USA: Calculated GHG emissions at NYC (HQ), NY (1 location) / Sparks, MD (1 location) / Brandon Woods (2 locations) office according to GHG Protocol and ISO 14064-1

## Energy Management

FILA is aware that GHG emissions, which are the cause of climate change, occur in the process of energy use. We are committed to conserving energy by monitoring energy use and improving efficiency. For instance, FILA USA has implemented late-night lights-out to save energy, and other policies have been implemented to save energy.

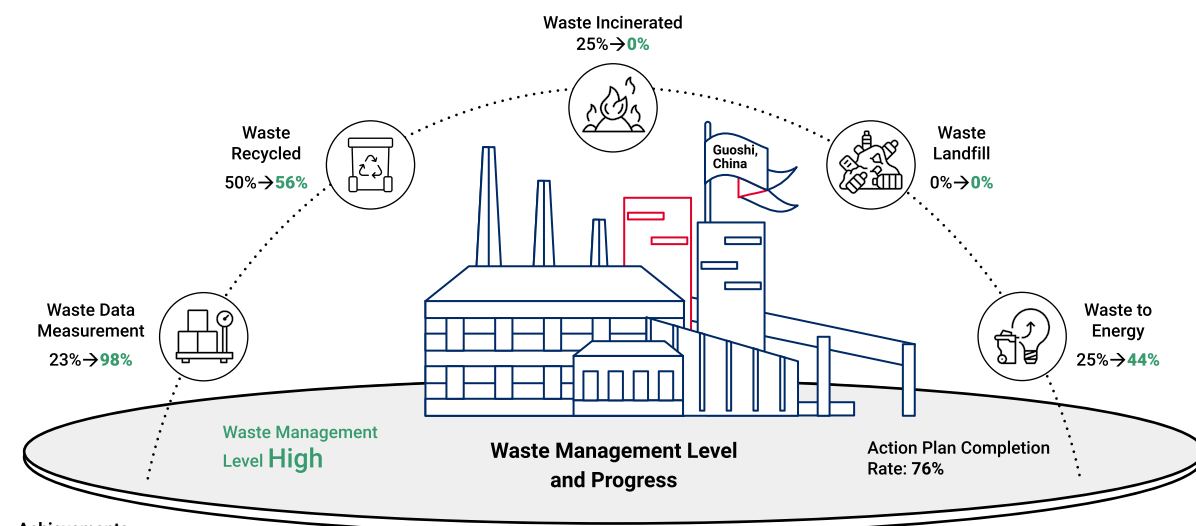
Category	Corporation	Scope	Type of Fuel	2020
Energy use	FILA Holdings	Direct emissions (Scope 1)	Gasoline, Diesel, Natural Gas (LNG)	0.4
		Indirect emissions (Scope 2)	Electricity	1.0
		Subtotal		1.4
Energy use	FILA Korea	Direct emissions (Scope 1)	Gasoline, Diesel, Natural Gas (LNG)	1.5
		Indirect emissions (Scope 2)	Electricity	6.0
		Subtotal		7.5

## Reducing Waste and Recycling in the Supply Chains

FILA is aware of serious waste problems in the fashion industry and supports our suppliers that generate a large portion of waste throughout the value chain to play an important role in reducing GHG emissions by reducing waste and expanding recycling. Since 2019, FILA USA has actively participated in environmental movements within the fashion industry through the implementation of the FDRA (Footwear Distributors and Retailers of America) Waste Management Program for our suppliers. The program was sponsored by FDRA and executed by ELEVATE, which is the leading business risk and sustainability solutions provider. By investing in the program, we took measures to reduce our contribution to climate change and GHG emissions and create positive environmental impacts in the supply chains, which lead to a win-win situation for us and our suppliers.

From 2019 to 2020, FILA implemented a waste management program for a shoe factory named Guoshi located in Fujian, China. FILA USA and ELEVATE have established a baseline for waste disposal and recycling practices of suppliers, and strengthened their capabilities in waste reduction to improve the baseline. We have also been constantly monitoring the implementation of the program every six months. Furthermore, the company formed partnerships between suppliers, local waste handlers and recyclers to help suppliers reduce waste, recycle waste, divert waste from landfill/incineration and ultimately, reduce the cost of waste handling/recycling. The waste management level of the plant was low in 2019, but this program has raised profitability as well as the level of waste management. The plant recorded high scores in every criteria and achieved around 90% of total target rate. Consequently greenhouse gas emissions has been dramatically cut especially because waste landfill rate has been remained as 0% and waste incinerated rate has dropped from 25% to 0%. Also waste data measurement rate has increased from 23% to 98% and waste utilized to energy production has increased from 25% to 44%.

In 2021, FILA will expand our waste management programs to two factories in Jinjiang and Dajin in China, aiming to carry out the program for all our suppliers in China by 2022. In 2023, we are planning to gradually cover all factories in Vietnam, thereby delivering impactful results. In the near future, the company will actively take part in minimizing the environmental impact in our supply chain in a bid to promote sustainability and develop long-term engagement with our partners.



Policies and Procedures	Training	Site Management	Data Management
<ul style="list-style-type: none"> <li>- A mature waste management system was established and implemented. Waste management policies and procedures were formally documented and disclosed</li> <li>- Management review was conducted to establish targets and identify the improvement areas.</li> </ul>	<ul style="list-style-type: none"> <li>- Training program was implemented, and training material and training plan were established as well.</li> <li>- Training was conducted according to the schedule and training records with trainees' signature were collected.</li> </ul>	<ul style="list-style-type: none"> <li>- Adequate waste containers were provided to workers and in the workplace.</li> </ul>	<ul style="list-style-type: none"> <li>- Handwritten daily waste weighing records were maintained for recyclable and hazardous wastes.</li> <li>- Electronic weighing records for non-recyclable wastes were maintained.</li> </ul>

※ Criteria for action plan completion rate: High (more than 75%), Medium (more than 51% less than 74%), Low (more than 34% less than 50%), Very Low (less than 33%)

# Environmental Management

Recently, more consumers are becoming interested in eco-friendly products in the fashion industries. In line with this trend, we strive to consider applying eco-friendly materials on FILA products and reinforce environmental values through a variety of activities to create an eco-friendly work environment.

## Eco-friendly Products

### FILA's first step toward eco-friendly products

In recent years, eco-friendly products have been a global trend in various industries, including the sports industry. To many businesses, an action for climate change is no longer an optional choice, but a mandatory step. Global companies around the world are trying to minimize negative environmental impact from production to end-of-lifecycle. In the future, FILA will develop and release products using more diverse eco-friendly materials not only to keep pace with changing global trends to minimize environmental impact but also to actively respond to climate change.

Researching eco-friendly materials made from various wastes such as recycled leather, cork, coffee powders etc., FILA LAB has worked to speed up the development of eco-friendly materials. In this process, we have exchanged related knowledge, developed research, and strengthened product sustainability through industry-academic cooperation. FILA will continue to make ceaseless efforts to produce products with samples developed through an application of various eco-friendly materials and strengthen our product competitiveness.

“ Sustainability do not focus on one aspect, meaning it includes environment, product and people. It covers all those areas in many ways of manifesting. ”  
 - Joe Passio, Senior Director of Global Sourcing, FILA USA

### FILA's Eco-friendly Shoes

In an effort to launch eco-friendly footwear, FILA introduced sneakers using recycled paper in 2020. To expand the application of eco-friendly materials, we have developed eco-friendly footwear using various recycled materials such as recycled rubber, leather, cork, coffee bag and coffee grounds. In 2021, we will introduce eco-friendly footwear made with 10 different recycled materials. In the first half of 2021, we are planning to release eco-friendly footwear, which includes the upper made of paper that is 100% decomposable and outsole made from Sustainability Grind TPU. For products that will be released in the second half of the year, FILA utilized 58% recycled leather, using leather dust generated, and applied it on the upper part of the shoe. We have developed ways to make the most out of eco-friendly materials, for example, by adding adding coffee grounds to the midsole and outsole or wrapping recycled cork sheets into the midsole.

More importantly, FILA USA currently uses recycled leather, rubber and EVA to produce some footwear products, but plans to expand the coverage to 5% of the product portfolio in 2021. FILA also plans to develop materials using bio-organic materials such as coffee, hemp, algae and plant husks to increase environmental value creation. FILA USA has also been replacing existing insoles with recycled EVA, an eco-friendly material, and planning to apply them on up to 60% of all shoes by 2022. Moreover, one of their business partners that acquired ISO 9001 and 14001 certifications uses 100% eco-friendly water-based bonds instead of oil-based adhesives for the upper part of 237,000 shoes, equivalent to 8.7% of all shoes produced in the factory located in Putian, China. As part of our endeavor to reduce the use of harmful substances, we decreased Benzene and Toluene by 17% and 68%, respectively. FILA will continue to comply with environmental pollutant regulations and reduce the adverse environmental impact.

FILA LAB produced RGB Flex, which reduces the tailoring process by the Fly-Knit method, and Kids Belt Lab, which adopts a press-molding method so that glue is not needed. As such, we have achieved a reduction in material loss rate by simplifying the work process. Among those, ZAGATO, one of the eco-friendly products introduced in 2020, had more than 40% lower material loss rate per pair of shoes while CLASSIC BORDER reduced the loss rate by 70% per pair of shoes. If we expand the production of eco-friendly products in the future, we expect to use product materials more efficiently to reduce the material loss rate.

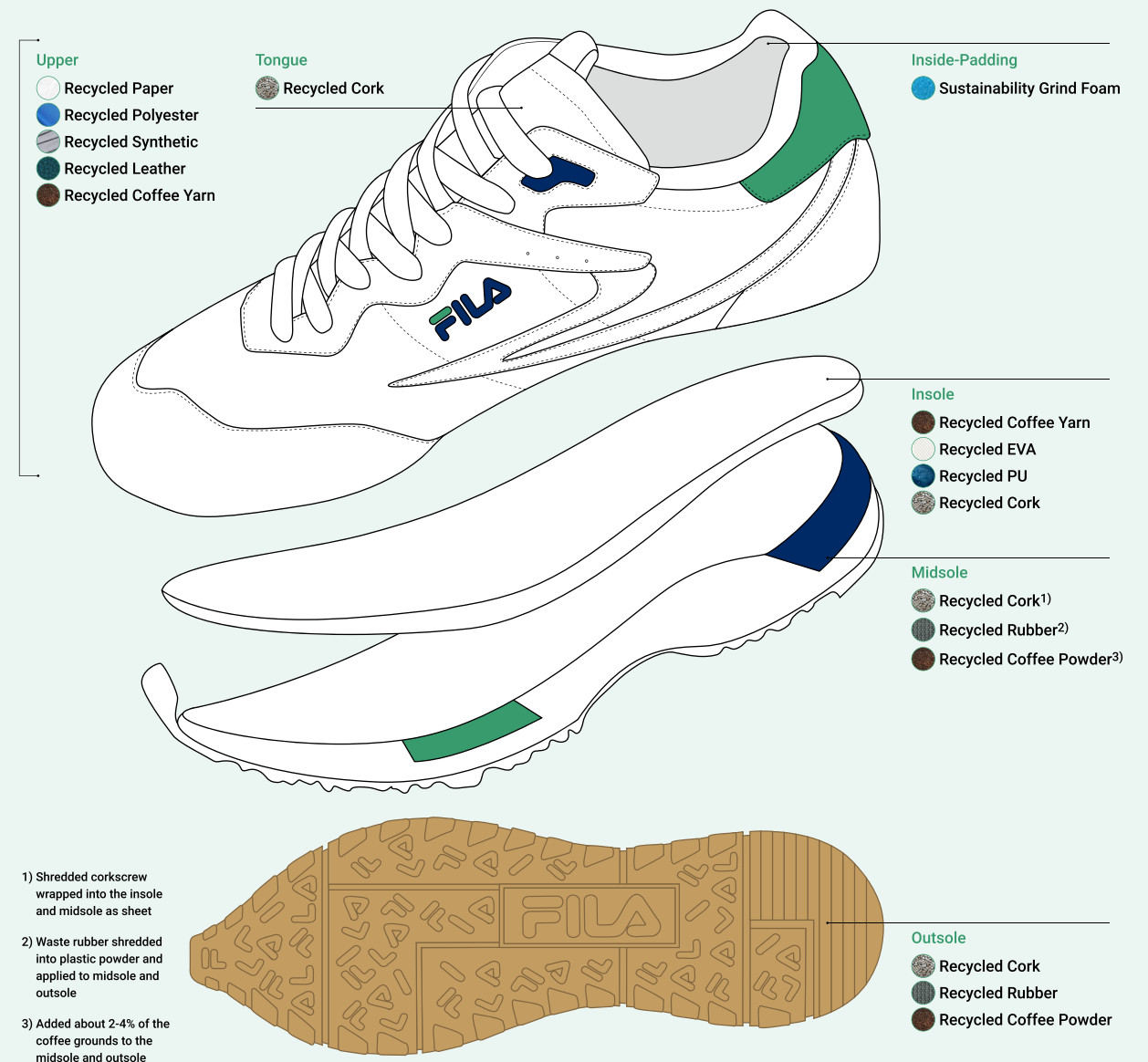
Use of eco-friendly materials

	2020	2021
Number of Products:	2	8
Number of recycled materials:	1	10
Production Quantity: (Unit: Pair)	1,000	2,000

material loss rate decreased per pair of shoes



## Eco-friendly materials applied to FILA shoes



※ The recycled materials indicated in the illustration above are applied to our various footwear products, and only recycled paper and Sustainability Grind TPU are applied to the product, PROJECT 7 MODULUS

Product Name	PROJECT 7 MODULUS	Disruptor II	Krost X Renno
Materials	- Recycled Paper - Sustainability Grind TPU	- Threads made 100% from coffee grounds - 3-5% coffee grounds - Recycled polyester	- Recycled leather - Recycled rubber - Recycled EVA



**PROJECT 7  
BACK TO NATURE**

**FILA's Eco-friendly Apparel**

Producing not only eco-friendly shoes but also apparel using recycled materials, FILA is committed to expanding our eco-friendly products by starting from where we are. The company developed light and comfortable Project 7 T-shirts using COOLMAX® EcoMade, a fabric reproduced from 4.5 recycled plastic bottles per yard which will be released in 2021. We have also increased the value of upcycling by applying MIPAN regen<sup>1)</sup>, recycled nylon with Global Cycle Standard (GRS)<sup>2)</sup> certification, to the caps and bags of the Project 7 product line. A variety of reversible jackets using 100% recycled polyester were produced in Montebelluna. Likewise, FILA USA has also released tennis apparels made of 100% recycled polyester and training apparels made of 100% organic cotton. In order to prevent environmental damage and minimize resource depletion, FILA will continue to expand the use of recycled materials and take the lead in the sustainable sports apparel industry.

To prevent animal cruelty when processing and using raw material for apparel, FILA has introduced various types of eco-friendly synthetic fillings such as PRIMALOFT, SOLARball and Dupont Comformax to increase the temperature with solar energy, and Dupont Comformax that is a moisture-proof material to minimize heat loss as a substitute for down. In 2020, we launched Project 7 Monster Parka and Short Padding, which used PRIMALOFT as a filling material, in collaboration with BTS, a world-famous K-pop group, to raise global awareness on the issue of environmental protection and animal ethics. In 2021, we desire to produce down in an ethical and eco-friendly way, instead of simply using down substitutes. Therefore, we obtained a Responsible Down Standard (RDS) certification, which is a global standard for best practices in animal welfare across a brand's entire supply chain. Consequently, we will continue to cooperate with our suppliers to promote animal rights and practice sustainable production.

**Use of eco-friendly products and eco-friendly raw materials**



Product Name	FILA Polatech Reversible Jacket	FILA KIDS Polatech Reversible Jacket	FILA Popcorn Down Jacket
Materials	100% Recycled Polyester	100% Recycled Polyester	100% Recycled Polyester
Product Quantity(pcs)	10,279	2,574	5,948
Total weight of use of eco-friendly materials(g)	2,962,948	423,978	333,088

**FILA's Eco-friendly Packaging**

FILA introduced eco-friendly packaging materials and eco-friendly shopping bag straps so that consumers can participate in the virtuous cycle of resource management in more diverse outlets. We reduced the amount of raw materials used for PP polybag production by curtailing the materials from 0.045mm to 0.035mm to the minimum thickness possible while maintaining its function. More prominently, FILA USA reduced the weight of the shoe insert by approximately 45% by applying eco-friendly materials that can be recycled 100%, which is planned to be applied to all our footwear products by 2022. FILA USA has produced hang tags and shoe boxes with 80% recycled paper and 20% wood pulp, with plans to produce all shipping boxes using recycled cardboards by July 2021. Through this effort, FILA USA aims to contribute positively and proactively to environmental sustainability in business. Furthermore, we will introduce an eco-friendly package exclusively for online use, consisting of organic cotton t-shirts produced without pesticides and chemical fertilizers for three years, eco-friendly polybags, eco-friendly paper packaging, seed pencils, and organic tags. We consider environmental sustainability not only in products but also packaging and other subsidiary materials. We will continue to reduce the volume of packaging materials and use minimal resources to contribute to creating a positive environmental impact.



1) MIPAN regen is a reclaimed nylon yarn made by recycling pre-consumer waste, such as discarded fishing nets, ropes, and fabric scraps  
 2) Global Recycled Standard (GRS): A standard certifying that the content of recycled raw materials in finished products and the product manufacturing process are in compliance with environmental, social and chemical requirements

**Eco-friendly Workplace**

FILA has been making an earnest effort to perform responsibilities and roles to establish a healthy and environmentally friendly society through the establishment of an eco-friendly culture and work environment. We will continue to carry out environmental campaigns to raise employees' environmental awareness and expand environmental practices through environmental education.



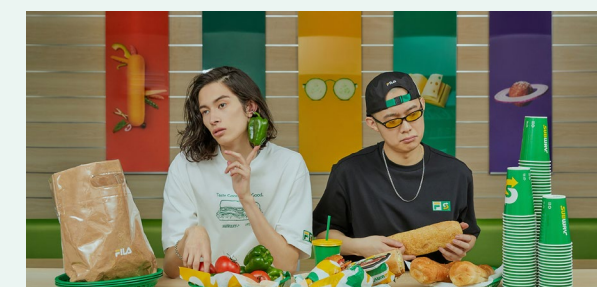
Paperless Office	Environmental Campaigns	Environmental Education
<p>FILA Korea has created a paperless office environment by providing Google Chromebook to all managers and introducing Google G-Suite.</p> <p>FILA Korea's Paper Usage</p> <p><b>43%</b> ↓ approx.</p> <p>2019: 560,306 sheets → 2020: 318,733 sheets</p> <p>FILA USA uses only FSC-certified recycled paper and has replaced more than 90% of existing paper catalogs with electronic catalogs.</p> <p>FILA USA's Paper Consumption</p> <p><b>94%</b> ↓ approx.</p> <p>2019: \$17,660 → 2020: \$1,137</p> <p>※ NY Office: Reduction by 91%, Brandon Woods Office: Reduction by 22%, Sparks Office: Reduction by 27%</p>	<p>To encourage employees to practice eco-friendly activities once a day, we held a one day one green M.O.V.E campaign. By using eco-friendly products instead of disposable products and properly recycling them, we have increased the recycling rate so that we can save the environment in our daily lives.</p> <p>FILA USA discourages employees from using disposable products and introduced a system that separates organic waste and recyclables. Likewise, FILA Sport (Hong Kong) established waste management regulations and held a video competition on waste classification. Furthermore, in 2021, FILA Sport (Hong Kong) plans to reinforce the waste classification system and carry out activities for environmental protection in which all employees participate together.</p>	<p>Starting in 2021, we are planning to provide environmental education to all employees with series of special morning lectures. FILA will be selecting various environmental-related special lecture topics such as 'Zero Waste'.</p> <p>Also, the company will include environmental-related contents such as harmful substances in our ethics and compliance training. We hope to bring about positive changes to employees and partners on environmental awareness and attitude.</p>



One day one green M.O.V.E campaign

**Eco-Friendly Advertising and Promotion**

FILA launched the "FILA X Subway Collaboration Collection" in collaboration with Subway, a global sandwich brand, to showcase eco-friendly sneakers and bags made of recycled paper. We introduced the collection with various YouTube creators and met with customers directly through online and offline contact promotions to encourage consumption of eco-friendly products and increase the awareness about environmental protection. In order to reduce the percentage of disposable products, FILA has continued environmentally friendly activities by presenting 'reusable tumblers' to customers who purchase them. In this way, we are creating a virtuous cycle of resources to create environmental values for customers who value eco-friendly and valuable consumption. Furthermore, the company works with influential environmental organizations, influencers, and upcycling brands every year to deliver environmental messages that are embedded in our shoe products that have been selling steadily and we also plan to launch those in the second half of 2021. Through these various projects, FILA would like to convey the messages to the consumers to show our commitment to sustainability and deliver eco-friendly messages.



Advertisement for FILA X Subway Collection

### FILA Customers FILA Workforce FILA Supply Chain

FILA strives to enhance the value of customers, employees and suppliers.

FILA believes that building trust with our customers, employees and suppliers and striving to enhance their values is the key to sustainability management. FILA is committed to providing safe and innovative products through quality improvement (GRI 416-2). In addition, we respect human rights and diversity and inclusion of employees and goes out of our way to ensure a safe workplace. By establishing the FILA Group Global Code of Conduct, we aim to effectively manage environmental and social risks throughout the supply chain (GRI 403-8, 405-1, 408-1, 408-1)



[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.



[5.5] Ensure full participation in leadership and decision-making. UN definition: Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



# FILA Customers

FILA endeavors to provide innovative quality products through continuous product research and development, and ensure product safety through quality control and improvement processes based on our management philosophy for customer value first, FILA will constantly build rapport with our customers to understand their needs and improve customer satisfaction.

## Product Quality Management and Innovation

FILA established FILA LAB, our sports technology R&D center in Busan, Korea to strengthen technological and research capabilities, and continues to invest in research and development of a variety of products. FILA LAB has been conducting a number of researches on running stabilization, arch support for flat foot, injury/disorder, and body stiffness and low back pain, through industry-academic cooperation with various universities at home and abroad such as University of Calgary. As a result, we were able to publish five research papers in internationally renowned academic journals, commercialize our products, and internalize our technology with Korea National Sports University, which has been our partner for a long time.

“ We will pursue industry-academic cooperation in technology development that can create positive impacts on the community by reflecting ESG factors in our technology and know-how. ”  
 - JH Shin, Head of FILA LAB

In addition, FILA LAB has been conducting research for the footwear industry in coordination with the Jonathan G. Epstein Sourcing Center<sup>1)</sup> located in Jinjiang, China, and has the capacity to efficiently develop and produce product samples. As an R&D center, FILA LAB carried out research on improving physical functions of the product, and improved practicality and applicability of products by developing innovative items with a focus on commercialization. This has enabled FILA LAB to reduce production costs and offer better products to FILA's customers at a more reasonable price.

FILA LAB operates a customized service called FILA Cycle Custom Service (FILA Ciclista), which produces cycling shoes that perfectly fit customers' feet with their desired design. FILA LAB strives to improve customer satisfaction by customizing products through body measurements and exercise tests utilizing 3D motion system in addition to professional coaching sessions to improve cycling skills. Furthermore, researchers from FILA LAB cycled themselves in order to improve the performance of cycling shoes by checking slight differences in the performance of their products. With such passion, FILA LAB has launched highly reliable and competitive cycling shoes, SYNAPSE 9, and provides customized services for customer personalization of the product. FILA will continue to develop a range of trustworthy, high-quality products to provide customers with items optimal for an array of designated sporting environment and types of sport.

### Outline of Research Achievements through Industry-Academic Cooperation

Running Stabilization	Arch Support for Flat foot	Injury/disorder	Body stiffness	Back Pain
<ul style="list-style-type: none"> <li>-Movement control during walking and running</li> <li>-Running Speed and Its Correlation with Ankle Joint Motion</li> <li>-Tibial accelerations in two different age groups of runners</li> </ul>	<ul style="list-style-type: none"> <li>-Arch Support Shoes to Improve Gait balance for Children</li> <li>-Effects of Corrective Taping on Balance and Gait in Patients With flat foot</li> <li>-Arch support insole during stair descent in elderly with flatfoot</li> </ul>	<ul style="list-style-type: none"> <li>-Active gait training and the quantitative evaluation for patients with gait disorder</li> </ul>	<ul style="list-style-type: none"> <li>-The relationship between shoe cushioning and body-stiffness</li> <li>-Body-stiffness between shoe hardness and shock absorption</li> </ul>	<ul style="list-style-type: none"> <li>-Impact and back pain during running</li> </ul>

1) FILA's Johnathan G. Epstein Sourcing Center, established in May 2009 in Jinjiang, China, develops 100% of its own shoe samples



Jonathan G. Epstein Sourcing Center

FILA Cycle Custom Service

## Customer Satisfaction Management

The company believes that brand growth is only possible when customer value is prioritized. Keeping this in mind, we are actively making efforts to develop stable and secure products while managing customer satisfaction. We measure brand awareness and analyze consumers' preferences by conducting the Brand Power Index (BPI) research twice a year. In 2020, FILA was ranked fourth in Korea among 13 global sports brands and our indices are consistently improving. In addition, we conducted interviews with FILA store owners and managers to identify customers' needs. Taking these into consideration, we review our brand strategy to determine FILA's effective brand positioning and meet the needs of customers constantly through balanced product line-up.

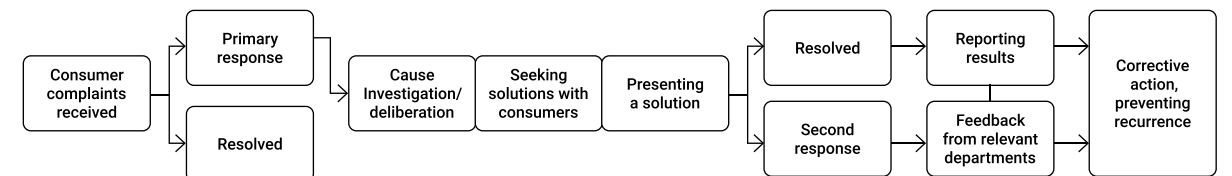


Brand Power Index (BPI) in Korea: Ranked 4th out of 13 major sports brands

We also operate a consumer complaints mechanism to proactively identify and expedite product and service issues. We have checked consumer's complaints through various channels such as integrated call centers, and website bulletin. The call center responds to all consumer claims first, but for matters requiring significant judgment, the customer support team conducts a second round of complaints review. As of 2020, we solved a total of 186,748 cases through call centers and bulletin boards, and over 95% of such cases have been resolved. In accordance with FILA consumer dispute resolution standards, we have taken follow-up measures and prepared plans to resolve inconveniences quickly and prevent the reoccurrence of similar issues.

In June 2020, we effectively responded to the recall for a particular product of FILA KIDS, GGUMI SD KD, which has been found to contain harmful substances. We recalled all other similar products which were sold in the previous year (FY 2019). We will continue to capture and analyze customer feedback to optimize the customer journey and keep them satisfied with our products and services and to gain customers' trust.

### Consumer Service Complaints Procedure



# FILA Workforce

FILA continuously endeavors to provide employees with opportunities for personal development and growth through systematic human resource management and programs ranging from recruiting talent to employee performance management and training. We also respect human rights, diversity, and safety of employees, and strive to create a safe and flexible working environment and promote a horizontal organizational culture.

### Talent Management and Development

FILA is always willing to work with top talents based on their job competencies and work experiences to secure and maintain outstanding talents in the athletic apparel and footwear industry, where creativity and passion from all personnel are crucial. We also strive to select talents suitable for FILA through personality tests, and we plan to upgrade the recruitment process via continuously training interviewers and reviewing application forms. We are making efforts to proactively secure highly qualified and talented candidates by providing scholarships and internships to students in the field of footwear research and development. Through the internship program, three students were hired as permanent employees in 2020, and five more students are expected to be permanent employees in 2021.

FILA has also established systematic training programs based on positions and duties to help employees improve their skills and expertise. In addition, we have conducted a survey on the demand for training in order to identify each employee's willingness to develop, and introduced customized job training programs that reflect their needs. Moreover, in 2020, we have provided support for 20 employees to pursue a Master's degree related to sports from leading universities in Korea and abroad. In 2020, there were many difficulties in conducting employee training due to COVID-19. Taking this into account, in 2021, we are going to conduct online training to minimize the adverse effects of COVID-19 on employee training. We also strive to improve the effectiveness of education by utilizing various teaching methods such as micro-learning and blended learning.

List of training programs for employees

Training by position	Providing training on leadership, common competencies and core value (on/offline lecture and microlearning that is less than five minutes long)
Promoted employee training	Strengthening capabilities required for the new positions (on/offline)
Training by function	Improve capabilities for each function (MD, design, accounting, etc.) (on/offline)
External commissioned training	Participating in job training for external institutions focusing on legal, accounting and tax-oriented
FILA Fashion Academy	Fashion Academy for personnel in design, MD, salesforce
Onboarding training for the new hire	Introducing FILA, Teambuilding Activities (on/offline)
New hire training	Strengthening organizational adaptability and loyalty (offline)
Special morning lecture/ Online training	As one of the special lecture topics, training on environmental topics will be conducted for members. (Ex. 'Zero Waste')
Legal compliance	Online training (prevention of sexual harassment, improve awareness of the disabled, and harassment in the workplace)



M.O.V.E Campaign

### Effective Employee Communication

To create a trust-based organizational culture, FILA has implemented campaigns called M.O.V.E to effectively create changes in the workplace and has established various communication platforms so that employees can actively participate in internal communications. In addition, we regularly conducted workshops using facilitation techniques that lead to a more active discussion depending on the subject and situation. This created an opportunity to facilitate communication and information exchanges between departments and strengthen the bonds by providing an opportunity for employees to discuss and share concerns as well as think about possible solutions together. FILA also implemented a Community of Practice (CoP) program where employees with common interests form a learning group, choose a course for learning, and communicate with each other. We envisage various ways to improve our members' understanding of each other and create work synergy by facilitating communication and rapport.

Since 2016, the company has conducted a regular employee satisfaction survey once a year to continuously diagnose our workforce satisfaction level and identify the needs of employees. Since 2016, the results of the employee effectiveness survey have continuously improved, reaching 48% in 2020, indicating that FILA is on par with high-performing companies. Specifically, employee effectiveness has steadily improved to 48% in 2020, exceeding an average of 46%, and there is only a small difference in comparison to high-performing global companies (55%). In the future, we will continue to conduct periodic employee satisfaction surveys to produce more accurate and meaningful results and to create a positive organizational culture for employees.



### Diversity and Inclusion

FILA has a fair organizational culture in which all members are not discriminated against by gender, nationality, race, and so on. As of 2020, women above managerial level occupy 19% and 17% of the entire employee respectively in FILA Holdings and FILA Korea. As the company has continuously tried to promote more women and increase the diversity of our leadership, the number of women in management has been increasing. Besides FILA Holdings recently appointed a female independent director to bring more diverse experiences and perspectives into the board. Since 2019, FILA USA has been operated by Jennifer Estabrook, a female president alongside 71 female managers, accounting for nearly 60% of all employees in management positions.





Acknowledging the importance of building a diverse and inclusive culture within the workplace, FILA USA has carried out a variety of activities, including book-reading sessions and seminars on diversity and inclusion, to promote workplace diversity and engagement. In 2020, we conducted a survey to diagnose perceptions of diversity and engagement among all members. We found out that 72% of our employees felt comfortable expressing their identity, 75% said they had the opportunity to work with diverse colleagues, and collaborated effectively with colleagues from various countries, cultures, and backgrounds. In February 2021, in commemoration of Black History Month, we celebrated the achievements and history of African Americans by showing a different series of the lives of Black CEOs, inventors, artists, famous sports figures, and scientists every week. Furthermore, we will continue to exercise different activities such as Leadership Visioning Session to promote diversity as well as employees' inclusiveness and create a culture of open communication and participation.

“ We have taken a bottom-up approach to inclusion and diversity to listen closely to our employees and to create a truly inclusive work environment. ”  
 - Linda Layne, Senior Vice President of Human Resource, FILA USA

**Promoting Human Rights in the Workplace**

To protect and promote human rights, in February 2021, FILA established FILA Group Global Human Rights Policy in accordance with the UN Guiding Principles on Business and Human Rights, International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work and OECD Guidelines for Multinational Enterprises. This policy applies to the FILA group, FILA group members, and FILA group business partners. Along with our participation in the UN Global Compact in March 2021, we aim to become a more sustainable company while fulfilling our social responsibility to protect and promote human rights across our value chain. We believe our commitment to promoting a set of human rights principles will realize social values in all our management activities and further encourage our business partners to share our commitment to respecting human rights and preventing human rights violations.

**Key Principles of Human Rights**

	<b>Respect</b>	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
	<b>No Discrimination</b>	We have a zero tolerance of any type of discrimination based on gender, gender identity or expression, sexual orientation, maternity, marital status, age, nationality, race, color, nationality, religion, social or ethnic origin, political beliefs, education level and disability or any other classification protected by applicable law.
	<b>No Forced Labor</b>	We prohibit the use of all forms of forced labor.
	<b>No Child Labor</b>	No person shall be employed at an age younger than the applicable legal minimum age.
	<b>Fair Wages</b>	We evaluate and compensate employees fairly according to their performance and provide fair opportunities for self-development.
	<b>Safe and Healthy Workplaces</b>	We provide safe and healthy work environments and comply with applicable safety and health laws and regulations as well as internal requirements.
	<b>No Harassment</b>	We prohibit corporal punishment or any other forms of abuse or harassment directed at any person.
	<b>Privacy</b>	We do not demand excessive information from our employees or customers and we take measures to ensure privacy protection
	<b>Community Responsibility</b>	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 promoting the wellbeing of such communities.
	<b>Environmental Responsibility</b>	We consider the environmental and societal effects of our large-scale business decisions and projects.

**Creating a Flexible Work Environment**

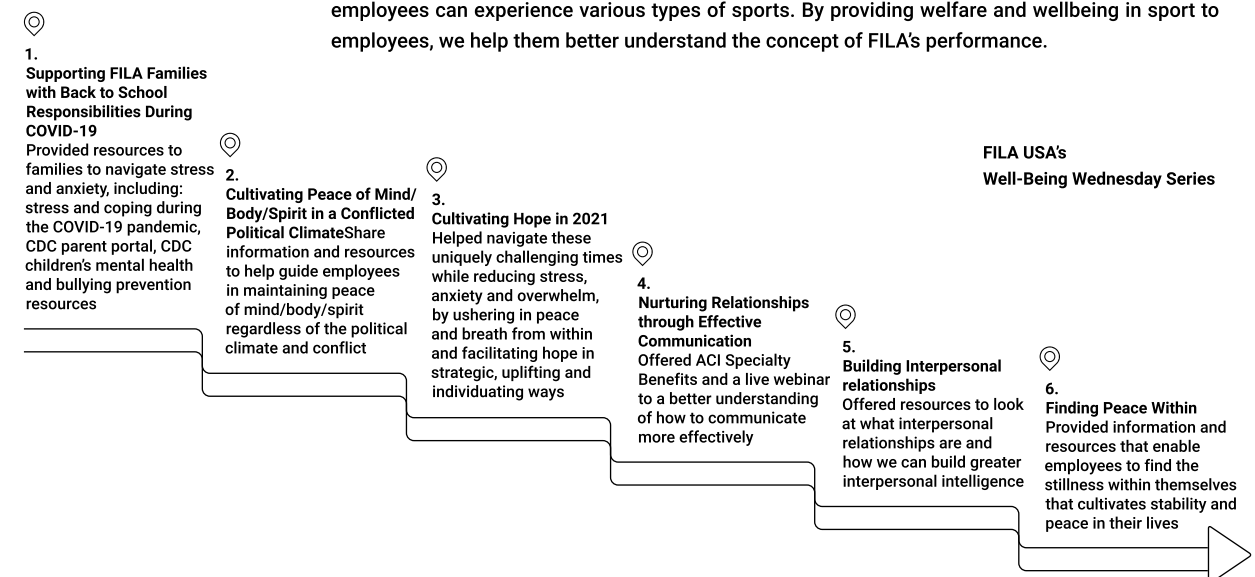
FILA strives to enable employees to work in a better environment while maintaining the compatibility of family life and work to spend time for their personal development and family care. In order to improve the work efficiency and job satisfaction of employees, we create an advanced work environment by introducing flexible working hours system and encouraging employees to take annual leave as well as to pre-use their annual leave scheduled for the following year if there is insufficient annual leave. Moreover, employees qualify for parental leave and childcare leave system, in addition to maternity leave before and after childbirth and employees with children under the age of 8 or under the second grade of elementary school can use one year of parental leave per child. We support spousal parental leave – for instance, a male employee working at Montebelluna started one year of parental leave in 2021. Furthermore, amid COVID-19, FILA has supported our employees working from home to ensure their health and safety by providing laptops, tablet PCs, VPN for external access to intranet, virtual meetings and so forth.

FILA USA promotes equal employment, anti-harassment and non-discrimination, disability and pregnancy accommodation, and an open-door policy to create a better workplace for every employee. In order to increase awareness on our policies related to human resources, the company distributes integrated HR handbook to newly hired employees. The HR handbook not only introduces various policies that FILA USA has, but also describes benefits and welfares that employees can enjoy, rules and regulations of communications and conduct that employees should follow. From such activity, FILA USA to effectively communicate with employees. To make flexible work better, we will continue to communicate with our employees in order to establish and implement a work environment and system that reflect their needs.

**Enhancement of Employee Safety and Health**

According to the Occupational Safety and Health Management Regulations, FILA has been managing them to maintain and promote the safety and health of major stakeholders and improve work efficiency. Our major stakeholders include all employees, visitors, and business partners, meaning that we are committed to creating an optimal working environment for every individual in our supply chain. Also, we provide monthly safety training and regular fire drills in accordance with our annual education plan. The purposes of training are to enhance employees' safety awareness and safety management capacity and to prevent disasters by promptly responding to emergencies. In order to create a safe working environment in case of disaster, FILA is equipped with a process where the cause and type of a disaster are analyzed, and appropriate measures are taken to prevent recurrence. The company operates an occupational safety and health committee where executives and employees participate to review and resolve safety and health issues, and periodically share safety and health information through bulletin boards, newsletters, and regular inquiries. Through these various safety activities, we have raised the level of safety management of all employees and we regularly inspect facilities and equipment to prevent common workplace accidents.

To support our employees to maintain a healthy and happy lifestyle, we provide group health and life insurance plans to all employees as well as their spouses and children of FILA Korea and FILA USA, and additionally, dental plan is provided to FILA USA employees. Since 2018, FILA Korea has been partially subsidizing the health insurance expenses for employees who sign and commit the non-smoking pledge. We also operate a well-being club and provide sports-related benefits to promote the health of our employees. Similarly, FILA USA operates a 24-hour counseling center for mental and physical stability and stress management of our employees. We have set every Wednesday as Well-Being Wednesday to provide health care information and activities to encourage employees to live an active and healthy lifestyle. In addition, FILA USA supports Class Pass membership so that employees can experience various types of sports. By providing welfare and wellbeing in sport to employees, we help them better understand the concept of FILA's performance.



# FILA Supply Chain

FILA is working with suppliers to create a sustainable supply chain. Based on FILA Group Global Code of Conduct, we are proactively managing possible risks within the supply chain and improving the monitoring system for quality and environment management.

## Supplier Management Reinforcement

In February 2021, FILA has established and distributed the FILA Group Global Code of Conduct (CoC)<sup>1)</sup> for FILA's business partners worldwide, complying with ten key principles of the United Nations Global Compact. This CoC applies to all FILA's business partners directly contracting with FILA Group, including FILA Group's contractors, suppliers, subcontractors, distributors licensees and their respective suppliers, subcontractors, and other vendors engaged in FILA-related business. The company will adhere to the principles of FILA Group Global Human Rights Policy, as well as the principles of human rights, ethical behavior, social and environmental sustainability, data and asset protection and compliance with applicable law set forth in the CoC raising business partners' awareness of these principles that are equally important to our brand consumers.

### FILA Group Global Code of Conduct for Business Partners

Human Rights	Ethical Business Operations	Responsible Business Operations and Sourcing of Goods	Asset & Data Protection	Procedures
<ul style="list-style-type: none"> <li>Non-discrimination</li> <li>Harassment</li> <li>Forced labor</li> <li>Child labor</li> <li>Hours of work</li> <li>Fair wages and terms of employment</li> <li>Freedom of Association and Collective Bargaining</li> <li>Safety and health</li> </ul>	<ul style="list-style-type: none"> <li>Compliance with laws and regulations</li> <li>Anti-bribery and anti-corruption</li> <li>Antitrust and competition</li> <li>Trade controls</li> <li>Conflicts of interest</li> <li>Accuracy of representation and reporting</li> </ul>	<ul style="list-style-type: none"> <li>Safety of products and services</li> <li>Environment and sustainability</li> <li>Animal welfare</li> <li>Subcontracting</li> </ul>	<ul style="list-style-type: none"> <li>Intellectual property</li> <li>Facility &amp; Equipment</li> <li>Confidential information</li> <li>Consumer data care and protection</li> </ul>	<ul style="list-style-type: none"> <li>Responsibility</li> <li>Communication of this Code of Conduct</li> <li>Documentation and inspection</li> <li>Reporting concerns and potential violations</li> <li>Non-retaliation</li> <li>Consequences of violations</li> </ul>

Based on the CoC the audit team has evaluated and monitored prospective and existing suppliers' compliance with the CoC in 11 criteria. In July 2020, the company evaluated the compliance of the Code of Conduct of our six suppliers located in China. Our suppliers achieved an average score of 93.4 compliance across all areas. With all suppliers scoring more than 90 points, they have attained the 'Gold' prize. We found out that all six suppliers received 100 points in the following four areas – the prohibition of child labor, fair opportunities, freedom of association and disciplinary action and no critical issues were identified, according to the risk levels (Critical, Major, Minor). The supplier factory named Guoshi (GS) in Fujian, China reported the fewest number of critical issues scoring 100 in most areas. We also have established a system to prevent various types of potential risk factors that may occur in the supply chain by establishing countermeasures according to the risk levels. In addition, FILA implemented the FDRA Waste Management Program for the supplier to address existing environmental problems. The company plans to expand the scope of suppliers participating in the program sequentially and will further promote the sustainability of suppliers through close monitoring and management. In order to improve areas with low overall evaluation scores, such as health and safety, moreover, we will continue to seek to expand and improve our supplier-collaboration efforts as well as to identify new growth opportunities with our suppliers.

FILA also operates a hotline and an ethical reporting center to deal with the complaints of our suppliers and vendors. In the near future, we will establish an ethical reporting department within FILA Sport (Hong Kong) to maintain the highest standards of ethical conduct in all its dealings with suppliers. In the long run, the company will further reinforce supply chain management to fulfill our social and environmental responsibilities in the process of selecting and operating suppliers in order to enhance transparency and fairness in our supply chain.

<sup>1)</sup> FILA has established the FILA Group Global Code of Conduct, which encompasses the FILA Code of Conduct (CoC), and applied it to our subsidiaries

### Supplier Evaluation Results

Factory Name	GS	DA	HT	XSC	JM2	GR
Compliance with laws and regulations	●	●	●	●	●	●
Forced labor	●	●	●	●	●	●
Child labor	●	●	●	●	●	●
Safety and health	●	●	●	●	●	●
Equal opportunity	●	●	●	●	●	●
Freedom of association	●	●	●	●	●	●
Disciplinary action	●	●	●	●	●	●
Worker insurance	●	●	●	●	●	●
Environment	●	●	●	●	●	●
Security	●	●	●	●	●	●
Documentation and reporting	●	●	●	●	●	●
Average	93.4	93.5	94.0	92.0	91.0	96.5
Prize	GOLD	GOLD	GOLD	GOLD	GOLD	GOLD

※ Criteria: Gold (more than 90), Silver (more than 85 and less than 90), Bronze (more than 80 and less than 85)

“ If we treat them well, they treat us well. It's a question of partnership, not in a one way. ”  
 – Gary Wakley, Executive Vice President of Footwear, FILA USA

### Product Quality and Environment Management

In order to improve the quality of our products, FILA is working hard to evaluate and improve quality levels of our partners. FILA's CoC audit team constantly checks and monitors not only the process and product quality but also the work environment and procedures. The company reviewed the quality of raw materials and finished products in terms of product quality and stability. We then confirmed that we meet the requirements for the use of harmful substances prescribed by the law through the analysis of product components. Moreover, as a part of quality control, FILA has always checked the lighting conditions (above 1,200 LUX), weight limit per box (less than 15 kg), cleanliness and hygiene of work and storage areas. In order to reduce air pollution, outsole manufacturers have replaced coal with gasoline and air conditioning facilities are installed and operated inside the factory.

FILA USA has been directly managing the operation status of our suppliers by visiting their factories in China eight times a year for two weeks. Unfortunately, in 2020, we were unable to visit and inspect the operation site due to restrictions on movement due to COVID-19, but FILA has been briefed on the operation status of our partners online and reviewed it periodically. Nevertheless, we continue to systematically manage the quality and environmental risks of our partners to enhance their sustainability. FILA also continues to communicate with our partners as well as FDRA (Footwear Distributors and Retailers of America) on sustainability issues.

“ Sustainable sourcing and supply chain management are a marathon, not a sprint. So, we have started with small things and we will move on. ”  
 –Danny Lieberman, Executive Vice President of Apparel, FILA USA



3

Sports Sponsorship  
Community Engagement

We expand impact activities that can positively contribute to settle social issues.

Expanding the impact activities that can contribute to social development is one of critical factors to sustainability management. As a sports brand, FILA pursues sustainable development and aims to create social values through various sports sponsorships and CSR activities. (GRI 203-1)



[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.



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

Creating Social Impact

# Sports Sponsorship

FILA develops professional sports equipment based on knowledge and technologies accumulated through continuous research and development. We strive to deliver positive impact on society by sponsoring professional athletes in various spectra and creating healthy sporting environments in local communities.

### Technology Reinforcement and Sport Product Development

FILA is committed to enhancing the product performance and durability of our products through research and development (R&D). To reinforce technology and develop sports products, we promote internal collaborations among our R&D groups in pursuit of the optimal fit, functionality, and stability of our various brand performance footwear such as running shoes and cycling shoes. From 2019 to 2020, the FILA headquarters, FILA Global Footwear Sourcing Center located in China, and FILA LAB collaborated to develop specialized, height-adjusted insoles with arch support for cycling shoes and a wire system that maximizes workout efficiency. These technological advances enabled us to launch "Synapse", our new cycling shoes that are optimized for fit, stability, and functionality.



Soon after FILA decided to sponsor skeleton athletes at the end of 2018, the FILA Global Development Center that is located in Quánzhōu, China began to develop footwear for skeleton athletes. Based on our R&D experiences in developing world-class athletes' footwear, we were able to develop new high-traction, lightweight Skeleton spikes. These products come with pin plates that maximize energy transfer and midsoles to boost up the starting momentum during the initial sprint phase of skeleton. The 2020-2021 Skeleton World Cup was an opportunity to showcase our know-how and technological advancements acquired throughout numerous years of performance footwear development. Sung-bin Youn, the runner-up of Skeleton championship, recorded the fastest initial sprint in the game with our products. Such achievements are the results of our consistent efforts to develop and improve our performance shoes. We will continue to develop products that enable professional athletes to perform at their best.

### Balanced Support for Sports Development

Tennis

Sponsoring professional athletes and sports teams has been our priorities. As we believe in the positive impacts that sports bring about within our society, we have sought to expand such impacts by supporting a wide range of sports, from mainstream to lesser-known sports.

FILA has been dedicated to provide best performing tennis players with various types of support. We are sponsoring Ashleigh Barth the World's No. 1 in the Women's Tennis Association (WTA) and the Grand Slam Champion. Soon-woo Kwon, who is ranked No.1 in South Korea, was able to advance to the second round at the U.S. Open with our tennis shoes 'AXILUS 2 ENERGIZED', which was exclusively designed to improve his performance.



Ashleigh Barty (Tennis)      Soon-woo Kwon (Tennis)      Sofia Kenin (Tennis)      Lucy Kovalova (Pickleball)

Handball  
Fencing  
Shooting  
Skateboard  
Bobsleigh  
Skeleton

To promote sport at all levels around the world, we sponsor elite sports and athletes by producing top-notch quality sportswear using our technology. We have been officially sponsoring handball since 2015, fencing since 2019, shooting from 2013 to 2016 and since 2018, and skateboarding and bobsleigh since December 2018. In particular, we developed and provided fencing shoes optimized for the national fencing team that had been wearing fencing shoes imported from other countries to help them achieve their National Olympic dreams. We will continue sponsorship with the national team of the Netherlands Ice Skating Association (KNSB) and Olympic Committee (NOC), a winter sports powerhouse by 2022. We have developed our technology through sports sponsorship and offered sportswear that applies air resistance-related technology so that athletes can win gold at the 2022 Beijing Winter Olympics.

### Sponsorship Status



Handball  
2015~



Fencing  
2019~



Shooting  
2013~2016,  
2018~

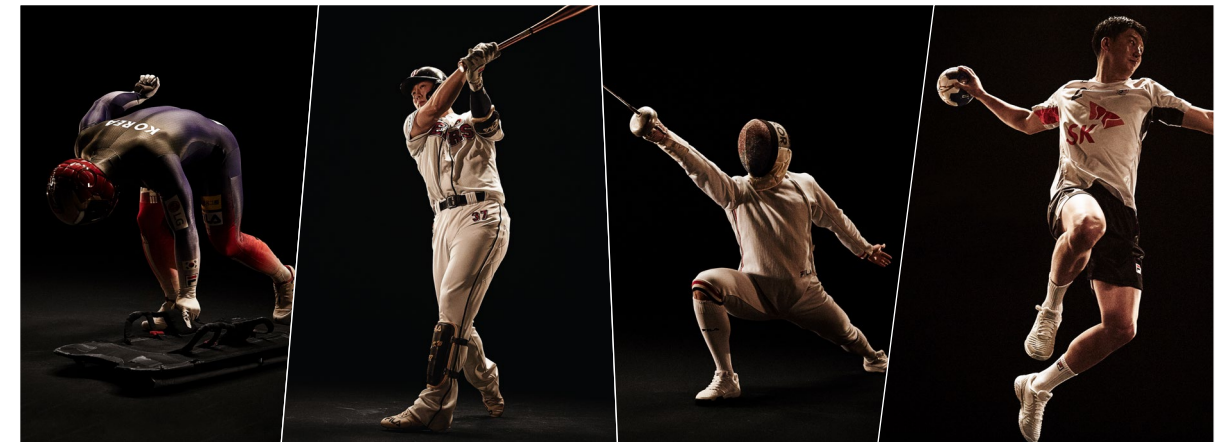


Skateboard, Bobsleigh,  
Skeleton  
2018~

Pickleball

FILA USA is sponsoring the Professional Pickleball Association (PPA) in to create impact in new sports areas and to support lesser-known sports. Pickleball is a paddle sport combined with tennis, table tennis, and badminton. Through the partnership with PPA, FILA USA provided our specially-designed products to pickleball players of all ages, levels and abilities across the country and sponsored Lucy Kovalova, four-time USA Pickleball National Champion.

As such, we are dedicated to developing performance products that contain our brand spirit and technology so that athletes can perform their best beyond just providing sports equipment and apparel. In doing so, we aim to achieve balanced sports development and expand the domestic sports base.



Sungbin Yun (Skeleton)      Kun Woo Park (Baseball)      Park Sangyoung (Fencing)      Eui-Kyung Jeong (Handball)

### Support for Community Sports

Besides providing support to professional and national sports teams, FILA is also reaching out to local communities to promote healthy sporting culture by improving relevant facilities and the environment. Our goal is to deliver a positive impact throughout society by ensuring opportunities for more people to participate in sports activities. In April 2019, FILA USA partnered with the Tania & Grant Hill Foundation to renovate a basketball court and renew fencing and landscaping in Hillside Park in Durham, North Carolina. FILA has helped to transform and revitalize the park with the fusion of sport and art. The refurbishment has improved the quality of the court, offering a cleaner and safer environment for the community. For this project, the city was awarded a Great Places for Public Art award from the NC Chapter of the American Planning Association.

In order to prevent the spread of COVID-19, we were unable to promote any sporting events in 2020. However, in 2021, we plan to renovate old basketball courts in Detroit and Orlando, and support capacity and self-esteem building clinics by providing basketball lessons to underprivileged children in the cities. FILA will make continuous efforts to create a safe and reassuring environment for communities to enjoy sports as well as helping their daily lives return to normal.



Refurbished basketball court in Durham Hillside Park

## Community Engagement

FILA invests our assets and core competencies to undertake CSR programs in order to create social values and empower local communities.

### Connecting with Our Consumers during COVID-19

FILA USA has supported our consumers to overcome stress and anxiety induced by COVID-19. FILA USA has designed a platform called FILA Fridays Social Series, where various types of content creators are invited to create and develop ideas to entertain their audiences. We have donated to a charity designated by each creator.

Moreover, FILA USA launched a dance challenge #UpTheBeat with Danceon<sup>1)</sup> in order to help our consumers break free, at least for a moment, from the emotional toll of COVID-19. #UpTheBeat challenge features SAINT JHN's new single "Gorgeous" as well as choreography developed by Williams Family for people to show their dance moves on a range of social media. Celebrities including Avani Gregg, Alfonso Ribeiro, Tyshawn Johnson, Kaycee Rice and Ava Michelle have also joined the challenge. Furthermore, in order to promote the use of a mask to slow down the spread of the pandemic, FILA USA has utilized the message, "I wear a mask for" with a hashtag of #Staysafe on our social accounts to encourage our followers/audience to fill in the blank and tag their friends/family to do the same. We have worked with famous influencers to help kick off this effort and amplify the message. We also have produced and distributed #wearmask T-shirts and put our efforts together to secure people's health and safety.



"I wear a mask for"

In addition, FILA Korea has donated for medical institutions and social facilities in Biella, Italy, the birthplace of the brand in 1911, in order to assist the city's COVID-19 responses. FILA Korea has made another donation to Korean Red Cross in order to aid its COVID-19 responses in Daegu, Korea. In particular, we have provided functional wear worn inside medical protective apparel, for medical teams in Daegu to provide better pandemic responses in a more reassuring environment. FILA USA has also issued a grant to World Central Kitchen (WCK) #ChefsforAmerica program, which provides food to those that are currently unemployed. Moreover, FILA USA plans to provide financial support to WCK to extend food assistance to people suffering from mobility restrictions under lockdown due to COVID-19. FILA will continue to support COVID-19 responses of local communities and our consumers in various ways.



#UpTheBeat



<sup>1)</sup> Dance entertainment platform and the largest digital community of influential dancers and choreographers

**Pursuing Diversity and Inclusion**

As a responsible member of the international community, FILA is aware of the importance of promoting diversity and inclusiveness within society. As part of this endeavor, FILA USA became the official shoe and apparel partner of a documentary film on the first African-American high school rowing team, "A Most Beautiful Thing (AMBT)". In addition to financial contribution to production and sales, we took a step further by donating a portion of its sales proceeds that came from collaborative products with AMBT. The donation was made directly to the AMBT Inclusion Fund in hopes of fostering diversity and inclusion in rowing.

On a similar note, FILA USA stands in solidarity with the Black Lives Matter (BLM) movement, which was emboldened by the George Floyd case, and made a donation to the cause to demonstrate our support. In order to honor the efforts of African Americans to overcome discrimination and find legitimate rights in American history, we produced a Black History Month capsule collection named My Voice, My Power, and donated 100% of our sales revenue to UNCF (United Negro College Fund). As such, FILA will continue to promote diversity and inclusiveness within society in order to create a world where everyone can live together in harmony, regardless of race.



'My Voice, My Power'



**Promotion of Child Safety**

We have been carrying out a campaign called 'FILA KIDS Safety Class' in partnership with the Korea Federation of Life Safety for 12 years. Starting with 10 institutions in 2009, we are now supporting 50 institutions with the program. The total number of beneficiaries has reached 52,380 children in 514 institutions. Since 2009, FILA KIDS and professional instructors from the association have been providing education to preschool and elementary students by demonstrating real-life situations where their safety might be threatened.



In 2020, the education included children's road safety, which is an emerging social issue, and water safety that often occurring during summer vacations. It was composed of dance games, such as pre-swim warm-up exercises and life jacket demonstrations, and it demonstrated examples of situations using animation to induce children's interest. Observing the COVID-19 guidelines, we secured enough distance among small groups of children by carrying out the educational sessions in open areas.



FILA KIDS Safety Class

**Support for Underprivileged Teens**

FILA USA has partnered with Business of Sports School (BOSS), a sports management public school, to support the growth and development of underprivileged teenaged students. The staff members of FILA USA participate in the BOSS' committee in order to manage a mentoring program for a small group of students. The students either get to meet with the sports industry experts online, or are invited to FILA USA to get a glimpse of their dream industry. At the end of 2020, FILA USA donated to a public school fund to furnish them with digital gadgets for online classes during COVID-19. In 2021, we plan to launch iMento, a mentoring program that connects mentors who have received college education and mentees who are expected to seek guidance regarding their dreams and personal growth.

**Rediscovering and Sharing Values**

As a part of our Hope Sharing Project, we have launched the FILA Family Photo Contest to reflect the importance of family amid the pandemic. Through the contest, we provided an opportunity for our customers to look back on their personal time spent with their families and rediscover the value of family love. As a token of appreciation, we sent family photo magnets and FILA Family Bags to 4,000 participating families across the country along with some letters of hopeful messages handwritten personally by our employees.



We then set up the FILA Family Photo Studio at Shinsegae Department Store Times Square in Seoul, Korea in September 2020 to help families complete one of the most common items on bucket lists – taking a family photo shoot. We prepared an exhibit to display family photos sent to the FILA Family Photo Contest and invited the families to share and reflect on their memories. At the exhibition, a professional photographer was invited to take family photos, which were framed and delivered to the families after the exhibition.



FILA Family Photo Contest

As a means to contemplate international issues such as child labor and value of sharing, FILA took a part in a family picture letter-writing contest hosted by Good Neighbors, an international humanitarian development NGO. Vanessa, who lives in Malawi, Africa, works at a brick factory to make a living despite her dream of becoming a teacher. Under our campaign, many children in Korea sent her friendly letters of support with pictures. We have delivered our school bags to 700 children who shared their letters of support, and will deliver the same bags to 700 children in Malawi. FILA USA partnered with the Charity: Water and launched the 'Capsule' collections to provide clean drinking water to residents in developing countries. In 2021, FILA USA will continue effort to provide more people access to clean and safe drinking-water in 2021 and create values that go beyond our sponsorship.





# ESG Data

## Greenhouse Gas Emissions (Unit: tCO<sub>2</sub>e)

Category	Corporation	Scope	2020	2019	2018	GRI
Greenhouse Gas Emissions	FILA Holdings	Direct emissions (Scope 1)	24.9	N/A	N/A	305-1
		Indirect emissions (Scope 2)	48.6	N/A	N/A	305-2
		Subtotal	73.4	N/A	N/A	N/A
	FILA Korea	Direct emissions (Scope 1)	86.7	72.1	90.0	305-1
		Indirect emissions (Scope 2)	287.9	361.8	333.8	305-2
		Subtotal	374.6	433.8	423.8	N/A
	FILA USA	Direct emissions (Scope 1)	1,007.9	1,338.9	1,161.2	305-1
		Indirect emissions (Scope 2)	1,627.2	2,240.5	2,243.4	305-2
		Subtotal	2,635.1	3,579.4	3,404.6	N/A

※ Due to the vertical demerger of FILA Korea to become a wholly-owned subsidiary of parent company FILA Holdings in January 2020, FILA Holdings' data is available from 2020. It also applies to the tables below

※ As the surface area can be calculated after the relocation to the Cheonho office in Seoul in July 2019, only the data after July 2019 has been calculated according to the surface areas

※ As the FILA Holdings and FILA Korea are located in the same building, the data is calculated relative to their surface areas. However, as Montebelluna, Sparks Glencoe and Magnus Holdings are not the major subsidiaries for data disclosure, their data is not disclosed despite their presence in the same office building. It also applies to the tables below

## Energy (Unit: TJ)

Category	Corporation	Scope	Fuel Type	2020	2019	2018	GRI
Energy Use	FILA Holdings	Direct emissions (Scope 1)	Gasoline	0.3	N/A	N/A	302-1
			Diesel Oil	N/A	N/A	N/A	
			Natural Gas (LNG)	0.1	N/A	N/A	
	FILA Korea	Direct emissions (Scope 1)	Gasoline	0.8	0.5	0.8	302-1
			Diesel Oil	0.2	0.2	0.1	
			Natural Gas (LNG)	0.5	0.5	0.6	
	FILA USA	Indirect emissions (Scope 2)	Electricity	1.0	N/A	N/A	302-1
			Electricity	6.0	7.6	7.0	

## Employees (Unit: Person)

Category	Corporation	2020	2019	2018	GRI
Total	FILA Holdings	69	N/A	N/A	102-8
	FILA Korea	261	294	305	
	FILA USA	417	421	299	
	FILA Luxembourg	6	5	3	
	FILA Sport (Hong Kong)	136	143	136	
	Montebelluna	62	69	43	
	Male	FILA Holdings	46	N/A	
FILA Korea		146	177	193	
FILA USA		227	230	156	
FILA Luxembourg		1	1	0	
FILA Sport (Hong Kong)		45	47	42	
Montebelluna		10	22	12	
Female		FILA Holdings	23	N/A	N/A
	FILA Korea	115	117	112	
	FILA USA	190	191	143	
	FILA Luxembourg	5	4	3	
	FILA Sport (Hong Kong)	91	96	94	
	Montebelluna	52	47	31	

## Full-Time and Temporary (Unit: Person)

Category	Corporation	2020	2019	2018	GRI
Full-Time	FILA Holdings	60	N/A	N/A	102-8
	FILA Korea	254	287	299	
	FILA USA	404	404	291	
	FILA Luxembourg	6	5	3	
	FILA Sport (Hong Kong)	136	136	129	
	Montebelluna	61	66	39	
Temporary	FILA Holdings	9	N/A	N/A	102-8
	FILA Korea	7	7	6	
	FILA USA	13	17	8	
	FILA Luxembourg	0	0	0	
	FILA Sport (Hong Kong)	0	7	7	
	Montebelluna	1	3	4	

## Newly Hired Employees (Unit: Person)

Category	Corporation	2020	2019	2018	GRI
Male	FILA Holdings	5	N/A	N/A	404-1
	FILA Korea	11	12	26	
	FILA USA	29	96	37	
	FILA Luxembourg	0	1	0	
	FILA Sport (Hong Kong)	8	8	13	
	Montebelluna	7	14	4	
Female	FILA Holdings	7	N/A	N/A	404-1
	FILA Korea	17	23	25	
	FILA USA	31	61	30	
	FILA Luxembourg	2	1	0	
	FILA Sport (Hong Kong)	7	11	30	
	Montebelluna	14	20	16	

## Retired Employees (Unit: Person)

Category	Corporation	2020	2019	2018	GRI
Male	FILA Holdings	4	N/A	N/A	102-8
	FILA Korea	14	15	9	
	FILA USA	42	39	26	
	FILA Luxembourg	0	0	0	
	FILA Sport (Hong Kong)	9	7	1	
	Montebelluna	3	3	4	
Female	FILA Holdings	2	N/A	N/A	102-8
	FILA Korea	12	10	19	
	FILA USA	27	35	15	
	FILA Luxembourg	1	0	0	
	FILA Sport (Hong Kong)	7	9	7	
	Montebelluna	10	7	7	

**Minority Groups** (Unit: Person)

Category	Corporation	2020	2019	2018	GRI	
Employees with disabilities	FILA Holdings	0	N/A	N/A	401-1	
	FILA Korea	1	1	1		
	FILA Sport (Hong Kong)	0	0	0		
Minority race/ethnic group	FILA Holdings	1	N/A	N/A	405-1	
	FILA Korea	0	1	1		
	FILA USA	Asian	27	26		15
		Black or African American	147	152		91
		Hispanic	17	17		13
		Indian	2	3		2
		White	220	223		169
	Two or more races	4	0	9		
FILA Sport (Hong Kong)	1	1	2			
Montebelluna	4	2	1			

※ FILA USA does not collect data related to the disabilities of employees on grounds of personal information protection

**Female Executives** (Unit: Person, %)

Category	Corporation	2020	2019	2018	GRI
Number of female employees in management position	FILA Holdings	3	N/A	N/A	405-1
	FILA Korea	10	9	9	
	FILA USA	71	56	48	
	FILA Luxembourg	2	1	1	
Total number of employees in management position	FILA Sport (Hong Kong)	11	11	9	405-1
	FILA Holdings	16	N/A	N/A	
	FILA Korea	59	70	69	
	FILA USA	127	104	93	
	FILA Luxembourg	2	1	1	
Ratio of female employees in management position	FILA Sport (Hong Kong)	26	23	21	405-1
	FILA Holdings	18.8	N/A	N/A	
	FILA Korea	16.9	12.9	8.7	
	FILA USA	55.9	53.8	51.6	
	FILA Luxembourg	100.0	100.0	100.0	
FILA Sport (Hong Kong)	42.0	47.8	42.9		

※ The criteria for "management position" of each corporation is above Manager Level

**Parental Leave** (Unit: Person)

Category	Corporation	2020	2019	2018	GRI
Male	FILA Holdings	0	N/A	N/A	401-3
	FILA Korea	0	0	0	
	FILA USA	80	33	26	
	FILA Sport (Hong Kong)	0	1	1	
Female	FILA Holdings	2	N/A	N/A	401-3
	FILA Korea	10	10	7	
	FILA USA	46	27	22	
	FILA Sport (Hong Kong)	1	4	3	

※ FILA Korea manages the total number of employees that returned to work during the reporting period after parental leave. The return rate is 100% during the period from 2018 to 2020

**Education** (Unit: Time, %)

Category	Corporation	2020	2019	2018	GRI
Average hours of training per year per employee	FILA Holdings	6	N/A	N/A	404-1
	FILA Korea	5.9	27	29	
	FILA Luxembourg	12	3	0	
	FILA Sport (Hong Kong)	36	44	32	
	Montebelluna	28	66	50	
Percentage of total employees who received regular performance and career development review	FILA Holdings	100.0	N/A	N/A	404-3
	FILA Korea	100.0	100.0	100.0	
	FILA Luxembourg	100.0	100.0	100.0	
	FILA Sport (Hong Kong)	100.0	100.0	100.0	
	Montebelluna	100.0	100.0	100.0	
Total number of hours devoted to the training on human rights policies or procedures	FILA Holdings	4	N/A	N/A	412-2
	FILA Korea	4	4	3	
Percentage of employees trained on human rights policies or procedures	FILA Holdings	100.0	N/A	N/A	412-2
	FILA Korea	100.0	100.0	100.0	

※ FILA USA has been offering human rights training regarding policies and procedures related to the businesses, but has not been tracking the number of employees who completed the training

**Product Safety** (Unit: Case)

Category	Corporation	2020	2019	2018	GRI
Total number of incidents of noncompliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	FILA Holdings	0	0	0	416-2
	FILA Korea	0	0	0	
	FILA USA	0	0	0	
	FILA Luxembourg	0	0	0	
	FILA Sport (Hong Kong)	0	0	0	
Montebelluna	0	0	0		

- Participation in Associations and Memberships**
- Korea Enterprises Federation (KEF)
  - Korea-America Association
  - Korea International Trade Association (KITA)
  - United States Air Force Association
  - Korea Mecenat Association
  - Korea Fashion Industry Association
  - Institute for Global Economics
  - United Nations Global Compact (UNGC)

**Process on Selection of Major Subsidiaries**

FILA conducted its own subsidiary importance assessment for the FILA REPORT 2020. Among the 61 affiliates, we reviewed the total assets, sales, number of executives and employees, value chain, major customers and partners, and environmental, social issues for the affiliates with effective equity ratio of 100% in FILA as of December 31, 2020. Accordingly, five subsidiaries (FILA Korea, FILA U.S.A., FILA Luxembourg, FILA Sport(Hong Kong), and Montebelluna) have been selected as major subsidiaries. FILA plans to gradually expand the scope of subsidiaries subject to the reporting.

# Independent Auditors' Report

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 (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as at December 31, 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (Korean IFRS).

## Basis for Opinion

We conducted our audits in accordance with Korean Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's 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 of the Republic of Korea that are relevant to our audit of the consolidated financial statements 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 Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### (1) Goodwill Impairment Assessment Related to a Subsidiary

#### Reasons why the Matter is Determined to be a Key Audit Matter

As disclosed in Note 15 to the consolidated financial statements, goodwill balance related to Acushnet Holdings Corp., a subsidiary, amounting to ₩ 369,604 million as at December 31, 2020, is significant. The Group performed an impairment test of goodwill calculating value-in-use based on discounted cash flow model by engaging objective external experts.

We determined this area as a key audit matter because the goodwill comprises a material portion of the Group's consolidated financial statements, and the assessment of the value-in-use involves significant management's judgement in discount rates, growth rates, and future cash flow forecast.

#### How our Audit Addressed the Key Audit Matter

In order to address the key audit matter, we conducted the audit procedures as follows; - We evaluated the competence of external experts engaged by management.

- We assessed the appropriateness of the valuation model used by management to estimate value-in-use.
- We compared the future cash flow forecast to the business plan approved by the Board of Directors.
- We tested whether the revenue growth rate, operating margin, and investment activities used in future cash flow forecast of the cash-generating unit (CGU) are consistent with historical performance and current market conditions.
- We assessed whether discount rate is reasonable by comparing it to available external data.
- We examined the appropriateness of CGU determination and the net assets allocation into each CGU.
- We verified the mathematical accuracy of the calculation and adequacy of their sensitivity analysis.

### (2) Assessment of the feasibility of deferred tax assets

#### Reasons why the Matter is Determined to be a Key Audit Matter

As disclosed in Note 3, 20 to the consolidated financial statements, deferred tax assets amount is ₩ 76,391 million as at December 31, 2020.

The business plan of the Group is used to prove that the tax effect on deferred tax assets can be realized in the future, and it requires well-formed internal process & estimator of the group. We determined the feasibility of deferred tax assets as a key audit matter, considering the risks of not being properly estimated in the business plan and high possibility of errors in estimation process of the realization of deferred tax requiring considerable tax knowledge

#### How our Audit Addressed the Key Audit Matter

In order to address the key audit matter, we conducted the audit procedures as follows;

- We inquired and assessed the business plan used by management in evaluating the feasibility of deferred tax assets
- We compared P&L estimation data used by management in evaluating the feasibility of deferred tax assets to the business plan approved by the Board of Directors.
- By independent Tax review, we verified the validity of deferred tax asset recognition logic presented by management.

## Other Matter

The consolidated financial statements of Fila Holdings Corp. and its subsidiaries for the year ended December 31, 2019 were audited in accordance with auditing standards generally accepted in the Republic of Korea by Samil PricewaterhouseCoopers who expressed unqualified opinion on those consolidated financial statements on March 19, 2020.

## Responsibilities 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 Korean 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.

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

## Auditor's Responsibilities for 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 auditor's 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 in 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 auditor's 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 auditor's 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 financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 auditor's report is An-Woo Chang, Certified Public Accountant.

Seoul, Korea  
March 19, 2021

This report is effective as at March 19, 2021, 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 and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

## FILA Holdings Corp. and Subsidiaries Consolidated Financial Statements

### FILA Holdings Corp. and Subsidiaries Consolidated Statements of Financial Position December 31, 2020 and 2019

Consolidated Statements of Financial Position		(Unit: KRW)
	2020	2019
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	470,647,552,525	232,032,424,388
Trade and other receivables	518,469,298,078	521,046,723,030
Inventories	615,551,915,344	735,481,062,571
Other financial assets	3,376,195,077	7,133,991,707
Financial assets at fair value through profit or loss	5,614,267,136	7,027,759,165
Contract assets	14,162,389,496	13,090,454,980
Derivative financial assets	1,268,799,488	5,266,761,574
Current tax assets	3,160,842,368	692,483,335
Other current assets	53,812,962,766	65,038,162,502
	<u>1,686,064,222,278</u>	<u>1,586,809,823,252</u>
<b>Non-current assets</b>		
Trade and other receivables	10,215,389,696	21,152,138,991
Other financial assets	19,267,530,948	23,581,763,662
Property, plant and equipment	405,235,647,374	439,052,048,066
Intangible assets	1,450,746,613,697	1,547,923,372,827
Investments in associates	100,788,492,416	66,210,958,086
Financial assets at fair value through other comprehensive income	3,557,560,000	3,437,900,000
Derivative financial assets	32,171,072	1,284,246,811
Deferred tax assets	76,390,962,631	74,558,115,739
Other non-current assets	6,142,658,688	6,238,761,027
	<u>2,072,377,026,522</u>	<u>2,183,439,305,209</u>
<b>Total assets</b>	<u>3,758,441,248,800</u>	<u>3,770,249,128,461</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade and other payables	407,880,923,687	413,004,383,530
Borrowings	355,990,470,781	236,394,330,219
Bonds	-	63,568,318,209
Other financial liabilities	30,749,848,690	28,841,201,387
Derivative financial liabilities	8,672,731,968	5,120,776,887
Financial liabilities at fair value through profit or loss	655,074,455	6,574,668,133
Other current liabilities	34,101,638,344	21,742,332,869
Contract liabilities	34,854,798,229	32,400,303,811
Current tax liabilities	122,554,246,617	59,709,693,855
	<u>995,459,732,771</u>	<u>867,356,008,900</u>

<b>Non-current liabilities</b>		
Trade and other payables	12,307,419,358	13,655,988,563
Borrowings	507,116,631,655	611,690,244,829
Other financial liabilities	108,655,819,427	117,220,949,035
Derivative financial liabilities	1,072,132,608	1,046,122,086
Post-employment benefit obligation	130,684,023,874	147,455,572,322
Deferred tax liabilities	131,453,490,442	187,117,025,264
Other non-current liabilities	6,779,937,280	12,589,522,390
Contract liabilities	7,042,814,400	10,632,637,247
Provisions for make good obligation	541,440,000	541,440,000
	<u>905,653,709,044</u>	<u>1,101,949,501,736</u>
<b>Total liabilities</b>	<b>1,901,113,441,815</b>	<b>1,969,305,510,636</b>
<b>Equity attributable to owners of the Parent Company</b>		
Share capital	61,115,070,000	61,115,070,000
Share premium	117,766,679,366	117,766,679,366
Other components of equity	(39,528,618,669)	(34,296,293,023)
Other reserves	(26,258,559,358)	25,053,811,764
Retained earnings	1,179,341,553,684	1,080,014,306,274
	<u>1,292,436,125,023</u>	<u>1,249,653,574,381</u>
<b>Non-controlling interest</b>	<b>564,891,681,962</b>	<b>551,290,043,444</b>
<b>Total equity</b>	<b>1,857,327,806,985</b>	<b>1,800,943,617,825</b>
<b>Total liabilities and equity</b>	<b>3,758,441,248,800</b>	<b>3,770,249,128,461</b>

FILA Holdings Corp. and Subsidiaries  
Consolidated Statements of Comprehensive Income  
Years ended December 31, 2020 and 2019

	2020	2019
<b>Consolidated Statements of Comprehensive Income</b>		
		(Unit: KRW)
<b>Revenue</b>	<b>3,128,805,852,797</b>	<b>3,450,421,529,936</b>
<b>Cost of sales</b>	<b>1,584,164,454,400</b>	<b>1,720,714,487,680</b>
<b>Gross profit</b>	<b>1,544,641,398,397</b>	<b>1,729,707,042,256</b>
Selling and administrative expenses	1,203,563,514,116	1,259,030,549,610
<b>Operating profit</b>	<b>341,077,884,281</b>	<b>470,676,492,646</b>
Other income	8,220,398,778	33,715,807,124
Other expenses	22,246,207,938	10,799,613,846
Finance income	38,600,605,960	24,312,061,030
Finance costs	68,349,474,469	81,271,283,587
Share of net profit of associates accounted for using the equity method	42,601,175,038	
<b>Profit before income tax</b>	<b>339,904,381,650</b>	<b>471,255,031,995</b>
Income tax expense	142,165,662,552	133,111,233,147
<b>Profit for the year</b>	<b>197,738,719,098</b>	<b>338,143,798,848</b>
<b>Other comprehensive income (loss)</b>		
<b>Items that will not be reclassified to profit or loss</b>		
Remeasurements of net defined benefit liability	(11,540,992,690)	(16,631,658,037)
Gain (loss) on valuation of equity instruments at fair value through other comprehensive income	90,702,280	1,310,172,880
<b>Items that may be subsequently reclassified to profit or loss</b>		
Exchange differences	(71,789,805,520)	39,792,517,579
Share of other comprehensive income of associates	6,345,334,060	(1,350,388,721)
Gain (loss) on valuation of derivative financial assets	(6,292,637,739)	(5,391,625,863)
<b>Other comprehensive income for the year, net of tax</b>	<b>(83,187,399,609)</b>	<b>17,729,017,838</b>
<b>Total comprehensive income for the year</b>	<b>114,551,319,489</b>	<b>355,872,816,686</b>
<b>Profit is attributable to:</b>		
Owners of the Parent Company	139,029,603,129	266,778,723,988
Non-controlling interests	58,709,115,969	71,365,074,860
<b>Total comprehensive income attributable to:</b>		
Owners of the Parent Company	81,481,209,150	287,118,314,398
Non-controlling interests	33,070,110,339	68,754,502,288
<b>Earnings per share attributable to the equity holders of the Parent Company</b>		
Basic earnings per share	2,306	4,382
Diluted earnings per share	2,306	4,382

FILA Holdings Corp. and Subsidiaries  
Consolidated Statements of Cash Flows  
Years ended December 31, 2020 and 2019

Consolidated Statements of Changes in Equity

(Unit: KRW)

	Attributable to owners of the Parent Company						Non-controlling interest	Total equity
	Share capital	Share premium	Other components of equity	Other reserves	Retained earnings	Total		
Balance at January 1, 2019	61,115,070,000	117,766,679,366	(9,060,116,061)	(583,013,337)	822,439,222,053	991,677,842,021	514,816,034,138	1,506,493,876,159
Changes in accounting policy	-	-	-	-	617,453,727	617,453,727	-	617,453,727
Total comprehensive income	-	-	-	-	266,778,723,988	266,778,723,988	71,365,074,860	338,143,798,848
Profit for the year								
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	1,310,172,880	-	1,310,172,880	-	1,310,172,880
Remeasurements of net defined benefit liability	-	-	-	-	(6,765,339,994)	(6,765,339,994)	(9,866,318,043)	(16,631,658,037)
Share of other comprehensive income of associates	-	-	-	(1,350,388,721)	-	(1,350,388,721)	-	(1,350,388,721)
Gain (loss) on valuation of derivative financial assets	-	-	-	(3,570,669,580)	-	(3,570,669,580)	(1,820,956,283)	(5,391,625,863)
Exchange differences	-	-	-	30,715,815,825	-	30,715,815,825	9,076,701,754	39,792,517,579
Total comprehensive income for the year	-	-	-	27,104,930,404	(6,765,339,994)	20,339,590,410	(2,610,572,572)	17,729,017,838
Transactions with owners								
Share-based payment	-	-	(8,555,721,346)	(1,468,105,303)	-	(10,023,826,649)	13,432,957,956	3,409,131,307
Acquisition of treasury shares	-	-	(16,442,020,600)	-	-	(16,442,020,600)	(17,588,993,728)	(34,031,014,328)
Changes in non-controlling interests	-	-	(238,435,016)	-	-	(238,435,016)	238,435,016	-
Annual dividend paid	-	-	-	-	(3,055,753,500)	(3,055,753,500)	(28,362,892,226)	(31,418,645,726)
Total transactions with owners	-	-	(25,236,176,962)	(1,468,105,303)	(3,055,753,500)	(29,760,035,765)	(32,280,492,982)	(62,040,528,747)
Balance at December 31, 2019	61,115,070,000	117,766,679,366	(34,296,293,023)	25,053,811,764	1,080,014,306,274	1,249,653,574,381	551,290,043,444	1,800,943,617,825
Balance at January 1, 2020	61,115,070,000	117,766,679,366	(34,296,293,023)	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								
Profit for the year	-	-	-	-	139,029,603,129	139,029,603,129	58,709,115,969	197,738,719,098
Gain (loss) on valuation of financial assets at fair value through other comprehensive income	-	-	-	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)
Share of other comprehensive income of associates	-	-	-	6,345,334,060	-	6,345,334,060	-	6,345,334,060
Gain (loss) on valuation of derivative financial assets	-	-	-	(2,601,606,546)	-	(2,601,606,546)	(3,691,031,193)	(6,292,637,739)
Exchange differences	-	-	-	(54,994,532,389)	-	(54,994,532,389)	(16,795,273,131)	(71,789,805,520)
Total comprehensive income for the year	-	-	-	(51,160,102,595)	132,641,311,745	81,481,209,150	33,070,110,339	114,551,319,489
Transactions with owners								
Share-based payment	-	-	-	-	-	-	19,870,694,310	19,870,694,310
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	-	-	(1,735,076,946)	(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)	(46,220,553,710)
Total transactions with owners	-	-	(5,232,325,646)	(152,268,527)	(33,314,064,335)	(38,698,658,508)	(19,468,471,821)	(58,167,130,329)
Balance at December 31, 2020	61,115,070,000	117,766,679,366	(39,528,618,669)	(26,258,559,358)	1,179,341,553,684	1,292,436,125,023	564,891,681,962	1,857,327,806,985

Consolidated Statements of Cash Flows

(Unit: KRW)

	2020	2019
Cash flows from operating activities		
Cash generated from operations	584,138,082,440	426,977,174,459
Income taxes paid	(112,020,913,613)	(74,925,031,068)
Interest paid	(35,851,909,458)	(46,681,149,195)
Interest received	1,229,513,395	1,412,700,183
Dividends received	7,509,333,139	12,354,449,420
Net cash inflow from operating activities	445,004,105,903	319,138,143,799
Cash flows from investing activities		
Purchases of property, plant and equipment	(39,291,565,178)	(46,717,335,853)
Proceeds from sale of property, plant and equipment	832,085,608	43,844,311,648
Purchases of intangible assets	(10,025,185,339)	(11,766,983,553)
Proceeds from sale of intangible assets	110,132,166	2,149,459
Proceeds from sale of derivative financial instruments	-	10,457,251,806
Purchases of financial instruments	(69,119,725,598)	(20,064,190,177)
Proceeds from sale of financial assets	1,894,956,151	3,921,031,992
Proceeds from sale of other financial assets	59,168,598,516	18,942,020,600
Increase in guarantee deposits	(637,343,640)	(2,827,264,372)
Decrease in guarantee deposits	1,414,627,020	239,378,773
Acquisition of investments in subsidiaries	-	(32,759,414,160)
Increase in short-term loans	(100,000,000)	(500,000,000)
Decrease in short-term loans	-	500,000,000
Decrease in net investment in the lease	582,216,580	968,968,722
Increase in right-of-use assets	-	(107,973,000)
Net cash outflow from investing activities	(55,171,203,714)	(35,868,048,115)
Cash flows from financing activities		
Dividends paid to shareholders	(13,320,470,235)	(3,055,753,500)
Dividends for non-controlling interests	(32,900,083,475)	(28,362,892,226)
Repayments of borrowings	(921,459,690,639)	(604,708,240,648)
Proceeds from borrowings	963,828,316,273	509,897,682,777
Repayments of bonds	(63,679,000,000)	-
Decrease in other finance liabilities	(35,255,713,193)	(31,459,848,984)
Acquisition of treasury shares	(23,490,842,800)	(16,442,020,624)
Decrease in non-controlling interests	(8,231,904,753)	(16,056,659,066)
Net cash outflow from financing activities	(134,509,388,822)	(190,187,732,271)
Net increase in cash and cash equivalents	255,323,513,367	93,082,363,413
Cash and cash equivalents at the beginning of the year	232,032,424,388	149,001,324,731
Effects of exchange rate changes on cash and cash equivalents	(16,708,385,230)	(10,051,263,756)
Cash and cash equivalents at the end of the year	470,647,552,525	232,032,424,388

# GRI Index

Standard	GRI Index	Description	Page	Remarks	
Organizational Profile	102-1	Organization name	1		
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	Governance	102-22	Composition of the highest governance body and its committees	39, 43	
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	102-33	Procedure for reporting major matters to the supreme governance body	40-41		
	102-40	List of stakeholder groups related to the organization	46		
	Stakeholder Engagement	102-41	Percentage of total employees covered by collective bargaining agreements	-	100%
		102-42	The basis for identifying and selecting stakeholders with whom to engage	46	
		102-43	Approach to stakeholder engagement	46	
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Report Profile	102-45	Subsidiaries included in the consolidated financial statements	80		
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	102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	81	FILA Holdings and FILA Korea's data are disclosed separately due to the vertical demerger	
	102-49	Major changes from previous reporting periods in terms of list and boundary	48		
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	Occupational Health and Safety	403-1	Occupational health and safety management system	-	
		403-2	Hazard identification, risk assessment, and incident investigation	-	
		403-3	Occupational health services	-	
		403-4	Worker participation, consultation, and communication on occupational health and safety	-	Stated in the Occupational Safety and Health Management Regulations of FILA Holdings
		403-5	Worker training on occupational health and safety	-	
		403-6	Promotion of worker health	-	
		403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	-	
Training and Education	403-8	Workers covered by an occupational health and safety management system	-	100%	
	403-9	Work-related injuries	-	0	
	403-10	Work-related ill health	-	0	
	404-1	Average hours of training per year per employee	84		
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# UN Global Compact

In March 2021, FILA joined the UN Global Compact as a signatory to fulfill its corporate social responsibilities and roles. We will comply with the UN Global Compact's ten basic principles on human rights, labor, environment, anti-corruption and create shared value by embedding them in our sustainability strategy.



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Principle 2	Make sure that they are not complicit in human rights abuses.	43, 66, 68-69
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Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	43, 66, 68
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Principle 9	encourage the development and diffusion of environmentally friendly technologies.	56-59
<b>Anti-corruption</b>		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	43-45

# Assurance

## Introduction

FILA Holdings Corp. ("FILA Holdings") commissioned DNV Business Assurance Korea Ltd. ("DNV"), part of DNV Group, to undertake independent assurance of the FILA Integrated Report 2020, YOUR FILA IMPACT (the "Report"). The directors of FILA Holdings have the sole responsibility for the preparation of the Report. The responsibility of DNV in performing the assurance work is to the management of FILA Holdings in accordance with the terms of reference. 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.

## Scope and Basis of assurance

Based on non-financial data, sustainability activities and performance data of 2020 generated from FILA Holdings and its subsidiaries<sup>1)</sup>, we have evaluated the adherence to the Reporting Principles for defining report content set forth in the GRI (Global Reporting Initiative) Sustainability Reporting Standards 2016 and assessed the quality of sustainability performance information. We have reviewed that the Topic-specific disclosures of GRI Standards which are identified in the materiality assessment process;

No.	Material Topic	GRI Topic Specific Disclosure
1	Managing energy use	302-1
2	Managing GHG emissions	305-1, 305-2
3	Managing social and environmental issues in supply chain	408-1, 409-1
4	Promoting product quality and innovation	416-2
5	Sourcing sustainable materials	-
6	Improving governance transparency	-
7	Protecting employee's safety and health	403-8 <sup>2)</sup>
8	Increasing diversity & inclusion	405-1

We performed our work using DNV's assurance methodology VeriSustain<sup>TM3)</sup>, which is based on our professional experience, international assurance best practice including International Standard on Assurance Engagements 3000 (ISAE 3000). We applied the limited level and assurance on reporting principles in the assurance engagement. The verification was carried out on April 2020. The site visits were made to FILA Holdings's Head Office in Seoul. 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;
- interviewed representatives from the various departments;
- conducted document reviews, data sampling and interrogation of supporting databases and associated reporting systems as they relate to selected content and performance data;
- reviewed the materiality assessment report.

1) FILA conducted its own corporate importance assessment for reporting and total five corporations (FILA KOREA, FILA USA, FILA Luxembourg, FILA Sport (Hong Kong), Montebelluna) with an effective equity ratio of 100% of FILA Holdings have been selected for the Report. 'Process on selection of Major corporation' is available in the Report.

2) GRI Standard 2018: GRI 403: Occupational Health and safety 2018

3) The VeriSustain protocol is available upon request at DNV GL website. ([www.dnvgl.com/assurance/reporting/verification.html](http://www.dnvgl.com/assurance/reporting/verification.html))

**Limitations**

The engagement excludes the sustainability management, performance and reporting practices of FILA Holdings's subsidiaries except FILA Holdings and 5 major subsidiaries (FILA KOREA, FILA USA, FILA Luxembourg, FILA Sport (Hong Kong), Montebelluna), associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this Assurance Engagement. Economic performance based on the financial data is cross-checked 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 Holdings's website ([www.filaholdings.com](http://www.filaholdings.com)). These documents, financial statements and the announcements are not included in this Assurance Engagement. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization 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. DNV expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

**Conclusion**

On the basis of the work undertaken, nothing comes to our attention to suggest that the Report does not properly describe the adherence to the Reporting Principles for defining report content defined in GRI Standards. Further opinions with regards to the adherence to the following Principles are made below;

Stakeholder Inclusiveness

FILA Holdings has identified internal and external stakeholder groups such as Customers, Employees, Supply chain, Shareholders/ Investors and Communities. FILA Holdings engages with the stakeholders at the company and business unit levels through various communication channels. The approaches to engage with selected stakeholders and relevant issues are described in the Report. In particular, FILA Holdings made efforts to expand communication channels by conducting ESG-related workshops and interviews with stakeholders in the reporting period. FILA Holdings expresses its commitment to the responsibilities of stakeholders through a message from management level. FILA Holdings has formed a Global sustainable TFT(Task Force Team) targeting 5 major subsidiaries to communicate a sustainability management roadmap and action plans throughout the entire process from supply chain to marketing. FILA Holdings could include more stakeholders of the corporate being reported in future reporting.

Sustainability Context

The Report shows the FILA's Sustainability Strategy. Based on the company's vision of 'A global company that fulfils transparent and sustainable value', FILA Holdings has chosen three pillars: 'Preserving the Environment', 'Caring for People' and 'Creating Social Impact' and introduces the company's sustainable key tasks aligned with the UN Sustainable Development Goals (SDGs) . FILA Holdings has identified Economic, Social and Environmental risks from the value chain and disclosed 2020 performance and 2021 goals in conjunction with corporate's sustainability key tasks. FILA Holdings could report measurable targets for sustainability performance and goals in the future reporting.

Materiality

FILA Holdings has conducted the materiality assessment to prepare the Report. The relevant 22 issue pool has been derived by analysing the material topics from the global sustainability initiatives and standards, media research, benchmarking in the same industry, the ESG-related issues raised from major subsidiary, supply chain and investors. The issue pools are evaluated by the internal and external stakeholders' survey, expert evaluation, and internal review and subsequently 8 core issues are prioritized. FILA Holdings has selected these 8 core issues as Material topics and the assurance team noted relevant Material topics from the process are addressed in the Report.

**Competence and Independence**

Completeness

The Report has covered the sustainability management approach, 2020 sustainability performances and 2021 goals of FILA Holdings. The reporting boundary has been set to include FILA Holdings and 5 major subsidiaries with an effective equity ratio of 100% of FILA Holdings. The assurance team recommends that the performance results on material topics could be gradually disclosed in a complete manner within the reporting boundary.

Further opinions with the principles of report quality of GRI Standards as follows;

Report quality: Accuracy, Balance, Clarity, Comparability, Reliability and Timeliness

DNV has sampled data and tested accuracy and reliability. The assurance team interviewed the data owners and reviewed the data gathering process with the supporting documents and records. The depth of data verification is limited to the aggregated data level. Based on the test, the intentional error or misstatement is not noted from the data and information disclosed in the Report. Data owners were able to demonstrate the origin and interpretation of the data in a reliable manner. The data was identifiable and traceable. In addition, the Report provides the last three years performance on material topics, which helps stakeholders understand the changes over years in organizational performance. FILA Holdings issues the Report yearly to provides stakeholders with material sustainability information timely.

DNV applies its own management standards and compliance policies for quality control, in accordance with ISO/IEC 17021:2015 - Conformity Assessment Requirements for bodies providing audit and certification of management systems, and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We have complied with the DNV Code of Conduct<sup>4</sup>) during the assurance engagement and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. DNV was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV did not provide any services to FILA Holdings in 2021 that could compromise the independence or impartiality of our work.

April 2021  
Seoul, Korea



Jang Sup Lee  
Country Representative  
DNV Business Assurance Korea Ltd.



<sup>4</sup>) DNV Code of Conduct is available from DNV website ([www.dnv.com](http://www.dnv.com))