

FILA Holdings Corp.



**E**  
Environment

**S**  
Social

**FILA REPORT 2019**  
ESG Value Driven



**G**  
Governance

FILA Holdings Corp.

# ABOUT THIS REPORT

## Overview

This is the first sustainability report published by FILA Holdings Corp. (hereinafter referred to as "FILA") and year 2020 is the first year for FILA to establish its framework for better corporate sustainability management. Henceforth, FILA plans to publish FILA REPORT annually going forward to share the performance and sustainability management activities transparently with 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 and its subsidiaries. FILA conducted internal assessment based on the significance level of each subsidiary and selected five major subsidiaries, collecting environment, social and governance activities as well as performance data for FY 2019. Major subsidiaries include FILA Korea, FILA U.S.A., FILA Luxembourg, FILA Sport (Hong Kong) and Montebelluna.

## Reporting Period

January to December 2019 (partially included the activities in the first half of year 2020)

## 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 62-63.

## Contact

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Address	East Central Tower, Cheonho-daero 1077, Gangdong-gu, Seoul, South Korea
CEO	Keun-Chang (Kevin) Yoon
Establishment Date	July 11, 1991
Stock Market Registration Date	September 28, 2010
Business Type	Holding company, wholesale/retail, import/export/manufacture of home textile products, apparel, footwear, leather goods, watches, cosmetics, and golf equipment
Website	http://www.filaholdings.com

※ 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

We graphically assembled 'ZAGATO', one of FILA's main products, and the sports stadiums of FILA sponsored sports to demonstrate FILA's willingness to grow with its stakeholders.

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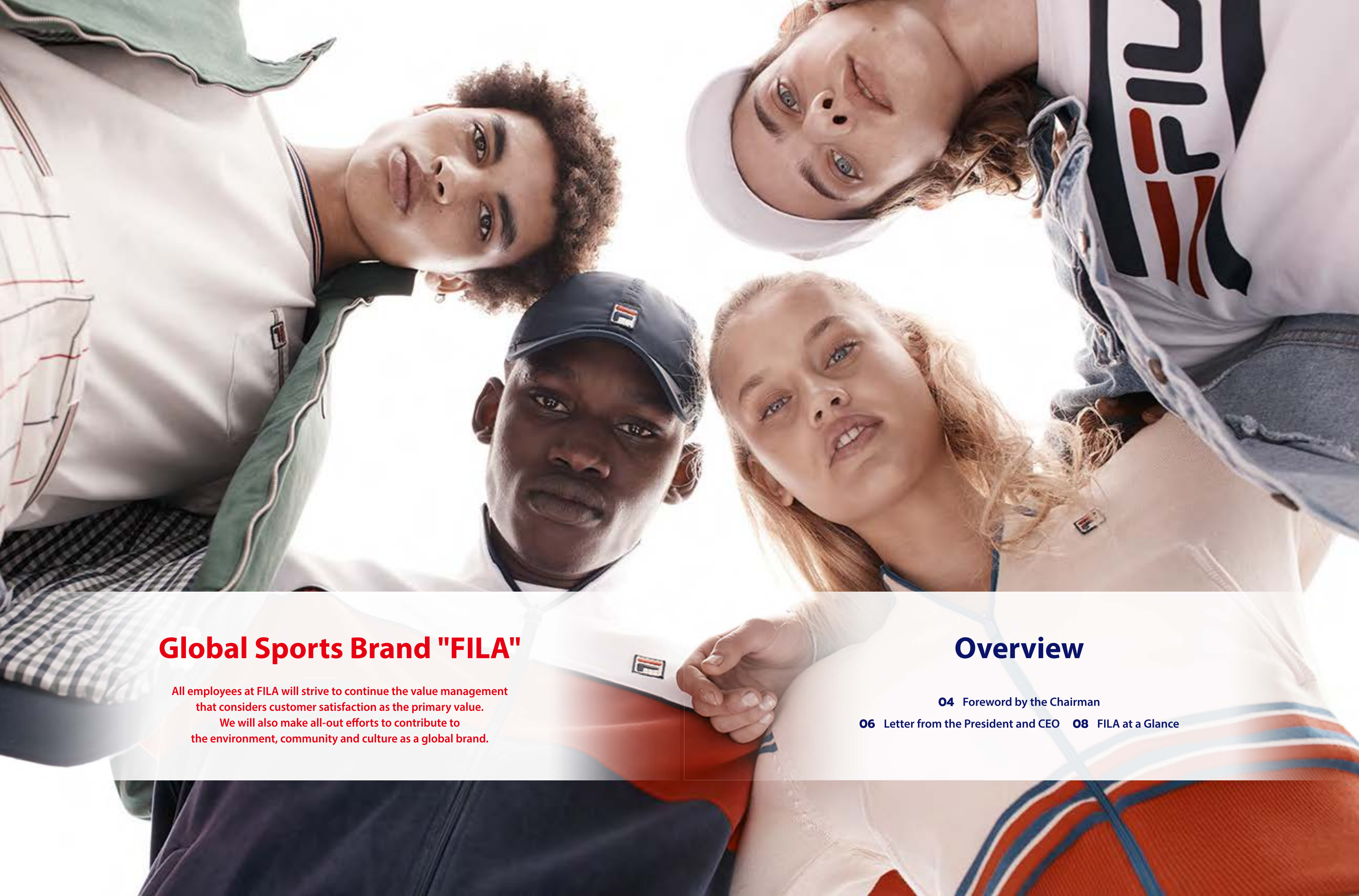
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# Global Sports Brand "FILA"

All employees at FILA will strive to continue the value management that considers customer satisfaction as the primary value. We will also make all-out efforts to contribute to the environment, community and culture as a global brand.

# Overview

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## Foreword by the Chairman



"FILA thrives in being a company that promotes healthy lifestyle for people around the world."

Dear stakeholders,

Founded in 1911 by FILA brothers from Biella Italy, a small town North of Milan, FILA started as a textile manufacturer for the local people. As an authentic sports brand with over 100 years of history, FILA is still adorned by many enthusiasts with its Italian heritage, quality and creativity.

Since 1991, FILA Korea rapidly grew to become the cornerstone of the entire group, which led to the takeover of FILA global in 2007. FILA Korea continued carrying out progressive strategies with thoughtfulness and support of our stakeholders, repositioning the brand worldwide.

Pivoting for operational efficiency, improved corporate governance and sustainable growth, the company underwent structural changes in early 2020, changing its name to FILA Holdings Corp. and establishing a new operating entity under the name of FILA Korea for the Korean domestic market.

Throughout all of these changes, there is one thing we always wanted to make sure of - FILA is not just a brand or product, rather, a group of healthy-minded people that promotes healthy lifestyle for the world. We believe this motto could also be a key to achieving sustainability of our business worldwide.

The Board of Directors and management of FILA Holdings well understand the importance of developing guidelines for various corporate activities to achieve such sustainability.

We will seek out opinions and suggestions as we continue our effort to accomplish this goal. FILA as a whole truly appreciates all of your trust and support.

June 2020,  
FILA Holdings Corp.  
Chairman  
Yoon-Soo (Gene) Yoon



## Letter from the President and CEO



**"FILA Holdings will lay the foundation for strengthening our status as a global company sharing corporate sustainability management initiatives with our stakeholders."**

I extend my heartfelt appreciation and gratitude to all of our FILA stakeholders worldwide.

These are monumental times for FILA Holdings, rearranging the group's sustainability management guideline and publishing this FILA Report for the first time since its IPO in 2010. As a group, our aspiration is transparently disclosing our relevant Environmental, Societal, and Governance-related (ESG) activities on the FILA Report, containing our commitment to being a sustainable business for all stakeholders including its customers, communities, employees, investors and partners.

With recent changes in sustainability management paradigm, a company's non-financials are as important for more a sustainable business as its financial factors. Therefore, FILA Holdings will take aim at developing an integrated approach, implementing a group-wide ESG system.

FILA, today, offers products that are attractive and competitive due to our continuous efforts in improving agility and efficiency in operations.

Business structure enhancements take time in achieving with group-wide efforts. FILA Holdings will assist the group in continuously improving its business model, methodology and framework. We

believe the energetic and flexible corporate culture currently established can strengthen FILA's status and growth as a global company.

We will promote an organizational culture in which all of our employees can freely exchange ideas to achieve our goals. FILA Holdings will support its employees in pursuing work-life balance for better efficiency and productivity, and create a working environment where creativity and expertise can be highly valued.

FILA Holdings aims to create a more formidable sustainability management platform. We believe the three pillars of sustainability management (Caring for Our People, Preserving the Environment and Creating Social Impact) can help FILA establish better platform.

As we understand, achieving a high level of corporate sustainability will take time and there will be challenges ahead. But we are ready to work on improving these critical aspects of our business both patiently and effectively while taking on any challenges lying ahead of us.

As always, your support and encouragement is greatly appreciated and we look forward to hearing your feedbacks and advice.

June 2020,  
FILA Holdings Corp.  
President and CEO

**Keun-Chang (Kevin) Yoon**

# FILA at a Glance

## FY 2019 Highlights

FILA is leading and growing in the global sporting goods market through its efficient business operation and innovative activities such as FILABORATION (FILA+Collaboration).

### Affiliated Companies

**60**

2 domestic, 57 overseas, 1 joint venture

### Countries with Operation

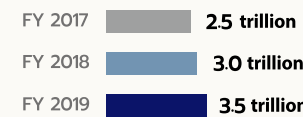
**25**

### FILA Licensees

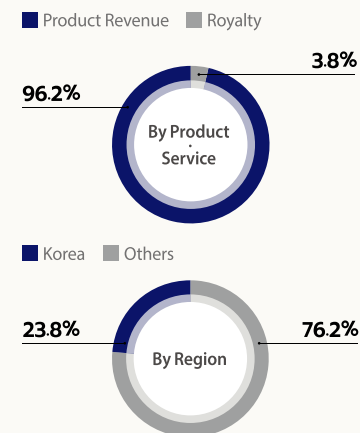
**40**

### Revenue (Consolidated)

KRW **3.5** trillion

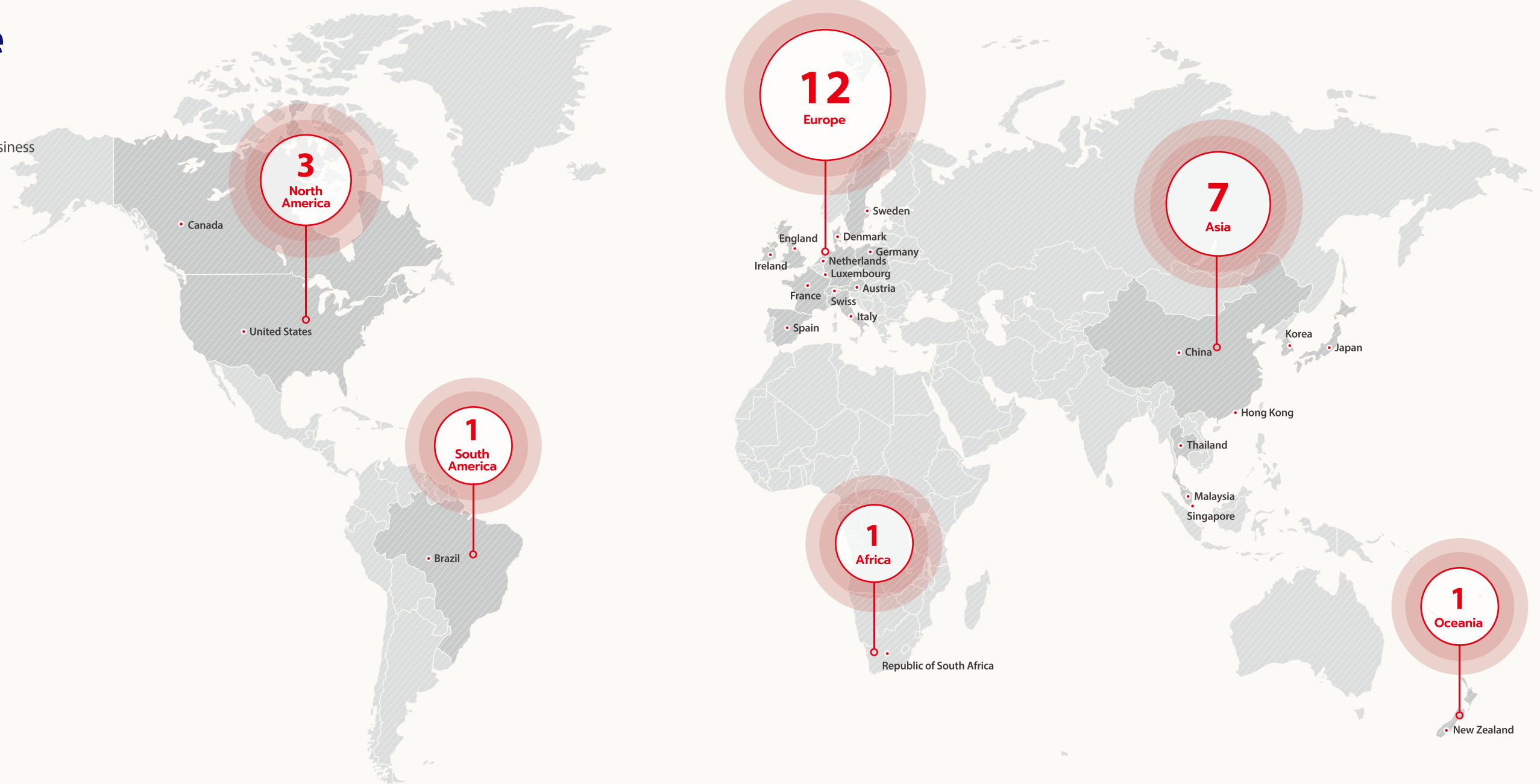


### Revenue Breakdown (Consolidated)



### Operating Profit (Consolidated)

KRW **470.7** billion



### Shareholder Status (As the end of FY 2019)

Total Number of Outstanding Shares	61,115,070 shares
Shareholder Status	20.1% Largest Shareholder, 30.5% Domestic Institutions, 39.5% Overseas Institutions, 9.9% Domestic Individuals

### Major Supply Chains

Subsidiary	Number of Supply Chains	Production Site Location
FILA Sport(Hong Kong)	53	China, Vietnam
Montebelluna	71	South Korea, China, Vietnam

※ The information above is based on the supply chains of two subsidiaries fully responsible for FILA product sourcing.

### Affiliated Companies

(Unit: KRW mn)

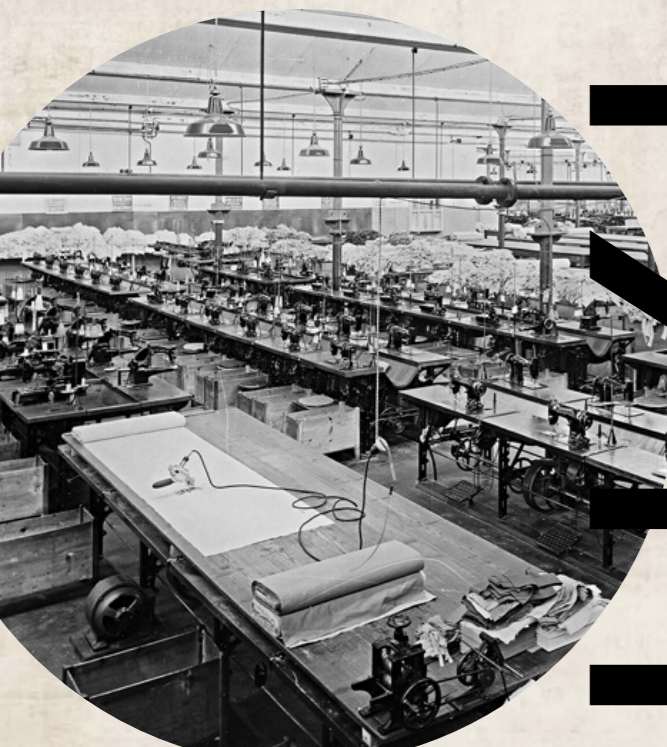
Subsidiary	Location	Main Business	Number of Employees	Revenue in FY 2019
FILA Korea	Korea	Wholesale, retail of footwear/apparel/others	290	612,236
FILA U.S.A.	United States	Wholesale, retail of footwear/apparel/others	421	625,475
FILA Luxembourg	Luxembourg	Trademark owner(Licensing)	5	90,959
FILA Sport(Hong Kong)	Hong Kong	Product sourcing(Footwear/apparel/others)	143	527,107
Montebelluna	Hong Kong	Product Sourcing(Footwear/apparel/others)	69	32,860



Performance & Sophistication

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

# 1911-2020 History of FILA

### • 1911

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

### • 1923

**Started active business operation**  
Built the foundation for current FILA with legitimate business operation



### • 1972

**Acquired by Italian automobile company "FIAT"**  
FILA became a global sports leisure brand when it was acquired by 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 into the luxury sports industry, including tennis, ski, golf, and yacht

# 1911

### • 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

**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

**Sep. Listed FILA Korea Ltd. on the Korea Stock Exchange (KOSPI: 081660.KS)**

# 2000

### • 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 sports uniform to Korean national team for 2014 Sochi Winter Olympic**  
**Sep. Signed a sponsorship agreement with 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 skateboard national team under the Korea Roller Sports Federation**  
**Signed an official sponsorship agreement with Korea Bobsleigh & Skeleton Federation**

### • 2019

**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 vertical demerger to establish pure holding company structure to convey more transparent corporate governance**



## Stylish Performance





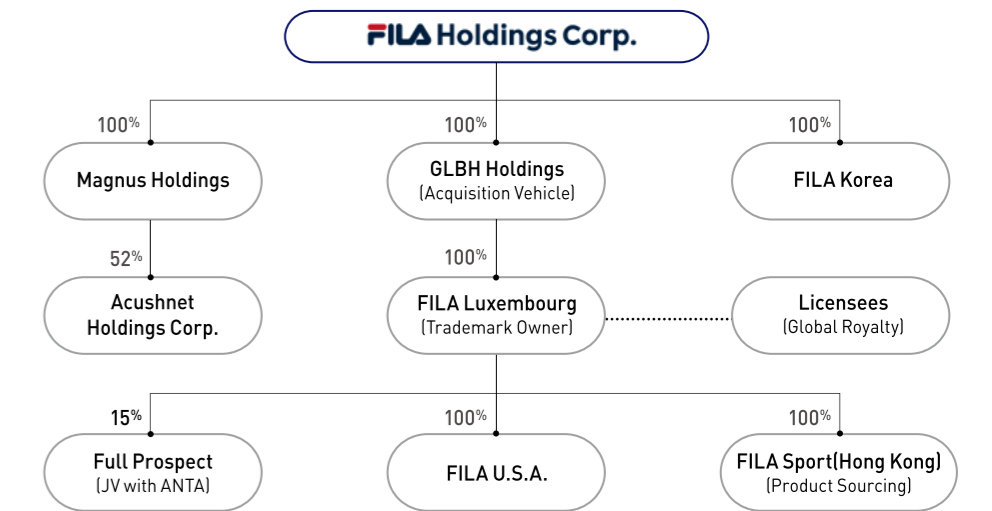
With over a century of heritage, FILA has sustained its sports fashion innovations providing stakeholder-centric value management

## FILA at a Glance

### Group Structure

To enhance corporate governance, FILA Korea completed its vertical demerger to become a wholly owned subsidiary of parent company FILA Holdings Corp. as of January 2, 2020. FILA Holdings Corp. will maximize its operational efficiency and transparency by focusing on the management of subsidiaries as a holding company.

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



※ Effective share in %  
 ※ As of the end of March 2020

### FILA Group Business Overview

Direct	
<b>FILA Korea</b>	<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</li> </ul>
<b>FILA U.S.A.</b>	<ul style="list-style-type: none"> <li>Apparel/Footwear-based retail/wholesale distributor in North America (U.S.A., Canada, Mexico)</li> </ul>
Indirect	
<b>FILA Licensee</b>	<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 globally</li> </ul>
<b>Full Prospect</b>	<ul style="list-style-type: none"> <li>Joint venture (15% ownership) with ANTA Sports from 2009</li> <li>Offering premium sports &amp; lifestyle products in China, Hong Kong, Macau, and Singapore</li> </ul>
<b>Acushnet Holdings Corp.</b>	<ul style="list-style-type: none"> <li>Designs, develops, manufactures, and distributes golf products worldwide</li> <li>Brands owned: Titleist, FootJoy, Vokey, Scotty Cameron, Pinnacle, Links &amp; Kings, PG Golf, KUUS</li> </ul>

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



# FILA at a Glance

## About FILA

### Main Products

FILA is leading the global market by developing product lines based on FILA's heritage as well as following the new trends. The company is diversifying its customer base and enhancing market competitiveness through efficient business operation. Also, FILA has been expanding its sales distribution channels to online, mobile, and multi-brand stores beyond traditional sales channels such as mall based retail stores or roadshops. FILA's main products are described as below.

### 01 DISRUPTOR

'DISRUPTOR II' was launched in 2017 by reinterpreting 'DISRUPTOR' of FILA CROSS TRAINING LINE released initially in 1998 with contemporary mood. This product carries the unique heritage of FILA. The flag pattern symbolizing FILA and the distinctive sawtooth over-sole design of 'DISRUPTOR' created a sophisticated street outlook.



### 02 FILA RAY

'FILA RAY' is one of the FILA's ugly sneakers models that led the fashion trends in 2018 following 'DISRUPTOR'. 'FILA RAY' emphasizes the fashionable aspect through complex patterns and bold out-sole design. This product is available in six different colors including white, pink, silver and the round shape makes the feet look small. The retro-reflective material wrapping around the top of the foot reflects the light and this product is named after the glittering ray details that represent the wit and loveliness of FILA.



### 03 RAY TRACER

Launched in 2019, 'RAY TRACER' is a product with new concept combining ugly trend and the functions of trail running shoes. A distinctive design was created by layering complex patterns. Since the product comes in trendy color tones like beige, white, and black with sensuous point colors, it can be worn as an essential daily item for fashionable styling.



### 04 OAKMONT TR

As one of FILA's best-selling items, 'OAKMONT TR' was developed based on the outdoor mood concept. The combination of bold out-sole that reminds one of trekking shoes and the design with complex patterns stands out. Sensuous point colors have been applied to the neat white and beige color bases.



### 05 COURT DELUXE (Known as 'PANACHE' in the North America Market)

'COURT DELUXE' is the product that reproduced the 1990s trend by emphasizing the unique "CLEAN, SIMPLE, RICH" concept of FILA with retro-concept inspired by 90's tennis shoes. The simple design delivers FILA's sensitivity and matches any style including casual and classic looks. This model is also very popular for couples.



### 06 FILA RGB

FILA released a colorful sneakers line called 'FILA RGB' available in 111 different colors in May 2019. This intuitive color design is motivated by "Red, Green, Blue (RGB)," a term that refers to a method of distinguishing colors based on the blending of three primary colors. In addition to vivid colors, flexible knit material and FILA's special energized mid-sole give exceptional comfort to our customers.





# FILA at a Glance

## About FILA

### 07 GRANT HILL

FILA has sponsored NBA superstar Grant Hill ever since he made his debut in the NBA league. FILA has been making the signature shoes 'GRANT HILL' and providing continuous supports for him until today. Simple cement colors mixed with red and navy logo emphasize its restrained mood. In addition, the leather material used for the upper adds a luxurious concept.



## About FILA

FILA has other product categories including FILA UNDERWEAR, FILA KIDS, and FILA GOLF outside its main brand FILA. FILA offers differentiated and specialized products by considering the fashion trends, age, gender, and taste of different customers.

### FILA UNDERWEAR

FILA UNDERWEAR is a new, differentiated underwear brand that adds the functionality of sports products to FILA's basic concept of clean & simple. Currently, FILA UNDERWEAR is loved by young customers ranging from teenagers to those in their 30s with its simple design, comfort, and reasonable prices.



### FILA GOLF

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



### FILA KIDS

FILA KIDS is a high-end fashion sportive casual brand for kids with functions and fashion trends inherited from FILA's own Clean & Simple design. FILA KIDS has positioned itself as a differentiated kids brand with its distinctive luxurious image aiming at children aged 3 to 13. FILA KIDS offers the products with different options for our customers including footwear, apparel and other accessories.

### 09 CLASSIC BOARDER

The 'CLASSIC BOARDER' features the signature FILA flag with more than 100 years of history. Its canvas and suede materials matching features classic and street mood at the same time.



### 08 BARRICADE XT

Emerged as a powerful CROSS TRAINING line in 1997, 'BARRICADE XT' is a signature model of FILA. FILA logo is delicately embroidered between the four lines across the side. It is a new interpretation of original design lines, maintaining the bulky size and the gorgeous bold sole with platform.



### 10 ZAGATO

'ZAGATO' is a representative item of FILA's 'Daily Jogger' category. The 70s and 80s running shoes concept is reinterpreted with a contemporary style.



# FILA at a Glance

## About FILA

### FILABORATION Portfolio

FILA is expanding the consumer experience through FILABORATION (FILA X Collaboration), a unique collaboration between FILA and many other cross-industry brands. Unique collaborations beyond the boundary of industry and country are attracting many consumers around the world.

**'17 Feb. BAJA EAST**

Launched collaborative items with 'BAJA EAST', a duo-designer brand in New York

**'17 Feb. Gosha Rubchinskiy**

Launched items that reinterpreted the street fashion of the 1990s with Russian designer 'Gosha Rubchinskiy'

**'17 Apr. PEPSI**

Launched T-shirt, sunglasses, eco-bag, and slipper package using FILA 'PEPSI' logos

**'17 May. Merona**

Launched the shoe collection of 'COURT DELUXE' and 'DRIFTER' with 'Merona's' iconic color (Merona is an ice cream brand in Korea)



**'20 Feb. SPECTRUM**

Launched various products under the theme 'La moda nella vita di strada (Street Fashion)'

**'20 Mar. BTS**

Launched FILA X BTS 'Voyager Collection'

**'20 Apr. GROUND PROJECT**

Launched collaboration products with 'Supermarche' and 'Maison des Bougies' as a unique space and culture combination project

**'20 May. Biggie**

Released the Biggie special collection in honor of legendary rapper 'Biggie'

**'20 May. SUBWAY**

Launched eco-friendly shoes and bags in collaboration with 'SUBWAY'

**'19 Apr. F-FILA**

Released air refresher 'F-FILA' in 'F-Killer's signature color with the FILA logo ('F-Killer' is a mosquito repellent brand in Korea)

**'19 Apr. VOGMASK**

Released the fine dust mask that added the FILA Heritage to 'VOGMASK's functionality

**'19 May. Innisfree**

Launched the 'Sports Day Edition' with FILA apparels and makeup products including blusher and pouch

**'19 May. OUTDOOR PRODUCTS**

Launched the camping-themed active wear collection in collaboration with 'OUTDOOR PRODUCTS'

**'19 Jun. Hyundai Motor Company**

Launched 10 types of apparel in collaboration with the high-performance N brand collection of 'Hyundai Motor Company'

**'19 Jul. VAUNCE**

Launched the collection including 'FILA GGUMI Shoes' in collaboration with 'VAUNCE', an indoor sports theme park

**'19 Aug. MSGM**

Launched collaborative item using the FILA and 'MSGM' logos (luxury streetwear brand)

**'19 Oct. 10 CORSO COMO Seoul**

Launched T-shirt, hat, and shoes as a second collaboration in addition to collaboration with 'CORSO COMO' Milan

**'19 Nov. OUTDOOR PRODUCTS Season 2**

Launched various kinds of apparel and accessories under the theme 'LET'S GO OUTDOORS'



**'18 Feb. Pokémon**

Launched products including 'CLASSIC KICKS B' that applied 'Pokémon' characters

**'18 Mar. Chupa Chups**

Launched the White Day special package with FILA KIDS, FILA UNDERWEAR products, and collaboration goods

**'18 Jun. BATTLEGROUND**

Reflected in-game items on actual products, gave free game items with product purchase

**'18 Nov. FENDI**

Launched collaborative item that reinterpreted 'FENDI' lettering using FILA logo

**'18 Aug. WOO WAK GOOD**

Launched the full collection that applied designs suggested by fans of 'WOO WAK GOOD', a YouTube online game streamer

**'18 Nov. WOO WAK GOOD Season 2**

Launched the full collection including FILA's new products, continuing the initial success of initial 'WOO WAK GOOD' collaboration

**'19 Aug. Streamer Charming Jo**

Launched the collaboration product to celebrate the first music and MV of game streamer 'Charming Jo'

**'19 Sep. YouTuber Wadi**

Reinterpreted 'RAVAGEMENT PLUS 2000', the representative trail shoes of FILA, with sneakers collector 'Wadi'

**'19 Nov. YouTube Gaming Creator**

Launched collaboration-edition products with five popular YouTube gaming creators



## Path to Future Growth

Globally, FILA has taken steps to grow into a strong entity now preparing to become more transparent by demonstrating social responsibility based on its ethical management standards. FILA strives to continue delivering the messages of corporate sustainability management for our stakeholders.

## FILA's Approach to Sustainability

22 Fundamentals 29 Value Chain Analysis 30 Materiality Assessment



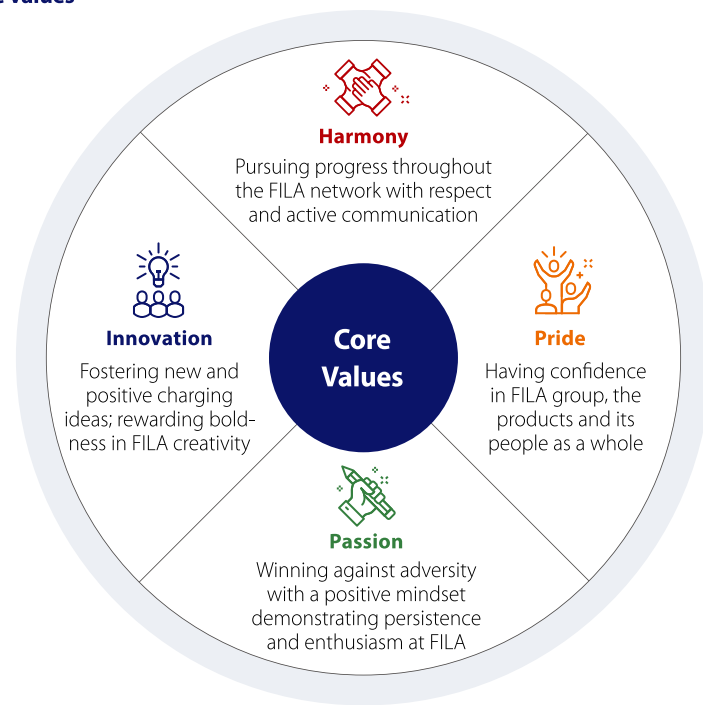
# Fundamentals

## Value & Vision

### Core Values

Core values have been established to help guide FILA in becoming a better defined sustainable group: Harmony, Innovation, Passion and Pride.

#### Four core values



### Sustainability Management Organization

FILA has organized a Global Task Force Team (TFT) with the Strategic Planning Team of FILA Holdings as a central organization to establish the corporate sustainability management framework in 2019. The Global TFT consists of human resources, general affairs, and marketing teams of major subsidiaries (FILA Korea, FILA U.S.A., FILA Luxembourg, FILA Sport (Hong Kong), and Montebelluna). The TFT conducted the study on current status and gathered quantitative and qualitative data related to the environment, society, and governance. The company is designing a corporate sustainability management organization that can periodically plan and systematically execute sustainability management activities.

## Sustainability Framework

### Three Pillars of Sustainability Management

FILA aims to execute sustainable value management for people, environment, and society to ensure growth as a global company.

#### FILA's Sustainability Strategy



### Alignment with SDGs

FILA advocates the UN Agenda and endeavors to achieve the UN Sustainable Development Goals (UN SDGs). Among 17 UN SDGs, FILA has identified 6 goals where the company can create impact and contribute the most.





# Fundamentals

## Governance & Ethics

### 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 its 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 establishment of internal regulations such as the Articles of Association and the Board of Directors Regulations for its transparent governance. Moreover, the Board of Directors consists of experts in different areas to ensure that members are not biased with certain background or occupation.

The company delegates authorities to the Board of Directors and the management for making decisions regarding business operation respectively to achieve stable governance through checks and balances among members. The management reports the business operation status to the Board of Directors on a regular basis.

### Composition of the Board of Directors

As the highest decision-making body of the company, FILA's Board of Directors has the authority to appoint and dismiss the CEO. The Board of Directors currently consists of four executive directors and three independent directors. To enhance the independence and reliability of the Board, FILA increased the number of independent directors from two to three. Moreover, to enhance gender diversity, the company appointed the first female director during the annual general meeting of shareholders in March 2020.

**Board Composition** (As the end of March 2020)

Category	Name	Gender	Initial Appointment Date	Roles	Career
Executive Directors	Yoon-Soo (Gene) Yoon	Male	Mar. 2011	Chairman of the Board of Directors	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors of FILA Holdings Corp.</li> <li>Chairman of the Board of Directors of Acushnet Holdings Corp.</li> </ul>
	Keun-Chang (Kevin) Yoon	Male	Mar. 2016	President and CEO of FILA Holdings Corp. President of FILA Korea	<ul style="list-style-type: none"> <li>President and CEO of FILA Holdings Corp.</li> <li>Chief Strategy Officer of FILA Korea</li> <li>Chief Financial Officer of FILA U.S.A.</li> </ul>
	Seung-Wook Jung	Male	Sep. 2017	Head of Marketing at FILA Korea	<ul style="list-style-type: none"> <li>Global Division of Cheil Worldwide</li> <li>Corporate Strategy Division of the Kolon Group</li> </ul>
	Jeong-Mi Kim	Female	Mar. 2020	Head of Product Planning at FILA Korea	<ul style="list-style-type: none"> <li>Director of Global Sourcing, Fashion Division, Samsung C&amp;T</li> <li>Eight Seconds, women's apparel, Cheil Industries</li> </ul>
Independent Directors	Yeong-Jae Cho	Male	Mar. 2014	Independent Director	<ul style="list-style-type: none"> <li>Secretary-General (CEO) of the ASEAN-Korea Centre</li> <li>Director of the Planning and Management Office, Ministry of Foreign Affairs and Trade</li> </ul>
	Jun-Ho Kang	Male	Mar. 2013	Independent Director	<ul style="list-style-type: none"> <li>Professor of Physical Education, Seoul National University</li> <li>Director of the Center for Sports Industry</li> </ul>
	Seok Kim	Male	Mar. 2019	Independent Director	<ul style="list-style-type: none"> <li>CEO and President of Samsung Securities</li> <li>CEO and President of Samsung Asset Management</li> </ul>

## Governance & Ethics

### Operation of the Board of Directors

Regular Board of Directors' meetings are held quarterly, and special Board of Directors meetings are held as necessary. In 2019, 11 meetings were held to resolve and report 34 agendas. From 2021, the Board of Directors will proactively review and manage ESG (Environment, Social, Governance) risks and opportunities to internalize ESG factors in all businesses.

**BOD Operation Status** (Jan. 2019 ~ Mar. 2020)

Session	Date	Agenda
<b>FY 2019 (before vertical demerger)</b>		
1	11 Jan. 2019	Approval on disposition of headquarter building of FILA Korea
2	26 Feb. 2019	Report on operation of the internal accounting management system and eight other items
3	19 Mar. 2019	Report on audited financial statements of FY 2018 and one other item
4	27 Mar. 2019	Approval on reappointment of the CEO and one other item
5	14 May. 2019	Report on business performance of FY 2019 Q1 and one other item
6	13 Jun. 2019	Approval on change in headquarter address and four other items
7	09 Aug. 2019	Report on business performance of FY 2019 Q2 and one other item
8	28 Aug. 2019	Approval on treasury stock buyback
9	02 Oct. 2019	Approval on vertical demerger plan and three other items
10	08 Nov. 2019	Report on business performance of FY 2019 Q3
11	18 Dec. 2019	Approval on FY 2020 business plan and four other items
<b>FY 2020 (after vertical demerger)</b>		
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

### Committees within the Board of Directors

FILA Holdings is able to establish various committees within the Board of Directors based on Article 47 of the Articles of Association. Details regarding each committee including the composition, authorities and operation of the committees can be resolved by the Board of Directors. FILA is considering the establishment of an audit committee in FY 2021 to further enhance transparency in corporate governance.



# Fundamentals

## Governance & Ethics

### Operation of General Meeting of Shareholders

According to FILA's Articles of Association, FILA holds the annual general meeting of shareholders within three months from the end of each fiscal year, and an extraordinary meeting of shareholders as necessary. The annual general meeting of shareholders for 2019 was held in March to approve the financial statements of fiscal year 2018 and resolve the appointment of executive and independent directors and remuneration of directors and internal auditor.

#### Results of Annual General Meeting in FY 2019

No.	Agenda	Result	No. of affirmative shares (ratio)	No. of opposing shares or abstention (ratio)
1	Approval on audited financial statements and consolidated financial statements of FY 2018	Passed	36,360,094 (91.4%)	3,402,390 (8.6%)
2	Appointment of executive directors	Passed	39,361,467 (99.0%)	401,017 (1.0%)
3	Appointment of independent directors	Passed	30,409,335 (76.5%)	9,353,149 (23.5%)
4	Approval on remuneration of directors	Passed	37,871,767 (95.2%)	1,890,717 (4.8%)
5	Approval on remuneration of internal auditor	Passed	37,786,310 (95.0%)	1,976,174 (5.0%)

#### Results of Extraordinary Meeting of Shareholders in FY 2019

No.	Agenda	Result	No. of affirmative shares (ratio)	No. of opposing shares or abstention (ratio)
1	Approval on vertical demerger plan	Passed	43,183,955 (99.8%)	100,536 (0.2%)
2	Revision of the Articles of Association	Passed	43,189,521 (99.8%)	94,970 (0.2%)

### Compliance / Ethical Management

FILA is operating the Corporate Ethics Office under the CEO. The office establishes internal compliance standards and conducts periodic inspections accordingly. Regarding the violations found during the inspections, the office prepares and suggests corrective action plans. Furthermore, the office strives to instill a law-abiding spirit among employees via continuous education, campaigns and ethical management newsletters.

#### Ethical management status



## Governance & Ethics

### Code of Ethics

FILA has enacted the Code of Ethics as the highest ethics regulation to actively practice transparent management and corporate social responsibility management. The Code of Ethics contains comprehensive guidelines to be followed by employees, including basic principles, prohibitions and sound organizational culture. Moreover, each employee signs the Code of Ethics Pledge every year to assure their compliance with the Code of Ethics.

#### FILA Holdings Corp. Code of Ethics (Revised and implemented from January 2020)

Chapter	Article / Details
<b>Chapter 1</b> Value Maximization of Customers, Shareholders and Employees	Article 1 (Value Maximization of Customers) Article 2 (Value Maximization of Shareholders) Article 3 (Value Maximization of Employees)
<b>Chapter 2</b> Fair Trade and Legal Compliance	Article 1 (Compliance with the Monopoly Regulation and Fair Trade Act) Article 2 (Pursuit of Fair Trade and Mutual Improvement) Article 3 (Maintenance of Accounting Transparency According to Accounting Principles) Article 4 (Political and International Involvement of the Company)
<b>Chapter 3</b> Basic Ethics of Employees	Article 1 (Basic Principles) Article 2 (Prohibition of Illegal Acts) Article 3 (Prohibition of Side Business Activities) Article 4 (Property, Information and Security Management) Article 5 (Prevention of Sexual Harassment at Work and Sound Organizational Culture) Article 6 (Self-improvement) Article 7 (Non-smoking Pledge and Compliance)
<b>Chapter 4</b> Environmental Management, Safety and Health	Article 1 (Environmental Management) Article 2 (Safety and Health)
<b>Chapter 5</b> Responsibility for Country and Society	Respect for the values of the country and society and efforts to improve the community
<b>Chapter 6</b> Compliance with the Code of Ethics	Knowledge of and compliance with the Code of Ethics by employees
<b>Chapter 7</b> Reporting and Audit of Suspected Violations of the Code of Ethics	Article 1 (Reporting of Violations) Article 2 (Internal Audit on Reported Matters) Article 3 (Rewarding and Protecting Informants)

### Ethics Report Center

FILA is operating the Ethics Report Center to get reports on corruptions and illegal acts that hinder ethical management via company website, email, phone call and postal mail. Any stakeholder can be informants including employees, buyers, stores, partners and customers. The identity and privacy of the informants are strictly protected by the company.



# Fundamentals

## Stakeholder Engagement

### IR Communication

FILA Holdings actively hosts more than seven conference calls and meetings with domestic and overseas institutional investors per week on average to enhance the understanding of the company. The company holds annual and quarterly earnings calls in February, May, August and November every year for sell-side analysts on a regular basis. FILA also engages actively in IR activities such as participating in conferences and corporate days held by banks.

### GCM (Global Collaboration Meeting)

Every year the company holds semi-annual Global Collaboration Meetings (GCMs) where global FILA subsidiaries and the partners including licensees gather for business discussions. The 2019 GCMs took place in New York, U.S.A. in May and in Biella, Italy in September. The employees and the partners share product design ideas and fashion trends for the upcoming seasons as well as exchange opinions on materials and product sourcing strategies.

### Stakeholder Involvement and Communication

FILA has identified customers, employees, supply chain, shareholders, investors and communities as the primary stakeholder group when executing its corporate sustainability management. FILA collects opinions and offers feedback via diverse internal and external communication channels. Starting with the publication of the FILA Report this year, the company plans to disclose financial and non-financial information required by our stakeholders transparently on a regular basis.

### Issues and Communication Channels for Stakeholders

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>Round-table meeting with consumers and store owners</li> <li>FILA archive exhibition</li> </ul>
Employees	Enhancement of Work-Life balance, 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> </ul>
Supply chain	Compliance with purchase ethics, fair selection of partners, management of environmental and social risks	<ul style="list-style-type: none"> <li>Business Code of Conduct</li> </ul>
Shareholders and investors	Improvement of management performance, increase in governance transparency	<ul style="list-style-type: none"> <li>General meeting of shareholders</li> <li>IR activities and disclosure</li> <li>Investment presentation</li> </ul>
Communities	Fulfillment of corporate social responsibility, support for socially neglected groups	<ul style="list-style-type: none"> <li>Social contribution activities</li> </ul>

# Value Chain Analysis

## Value Chain Analysis

### Value Chain Analysis & Risk Management

FILA captures and manages environmental and social opportunities and risks that may arise from the value chain, encompassing the entire process from product design to sales. Since the latter half of FY 2019, major FILA subsidiaries have conducted frequent conference calls to discuss ESG-related issues and reach a consensus on the importance of ESG. Starting from FY 2020, FILA is planning to review the ESG issues of domestic and overseas subsidiaries twice a year (first half, second half) and advance the framework for integrated monitoring and management of the relevant risks.

The following is the ESG issues of the major FILA subsidiaries selected in FY 2019, which are relevant to each phase of the value chain;

ESG Issues by Value Chain of Major Subsidiaries

Value Chain	
Process	Value Chain
R&D	Design
Sourcing	Manufacturing
Marketing/Sales/Licensing	
ESG Issues	Transparent and Ethical Management
	Quality and Product Safety
	Diversity and Inclusivity of Employees, Competencies, Safety and Health
	Greenhouse Gas Emissions and Energy Saving
	Chemicals and Hazardous Substances Control
	Product Design Considering the Environmental Factors
	Partner/Supply Chain Risk Management
	Waste Management
	Responsible Sales & Marketing
	Reinforcement of Customer Information

※ Major subsidiaries selected in FY 2019 include FILA Korea, FILA U.S.A., FILA Luxembourg, FILA Sport(Hong Kong), Montebelluna.

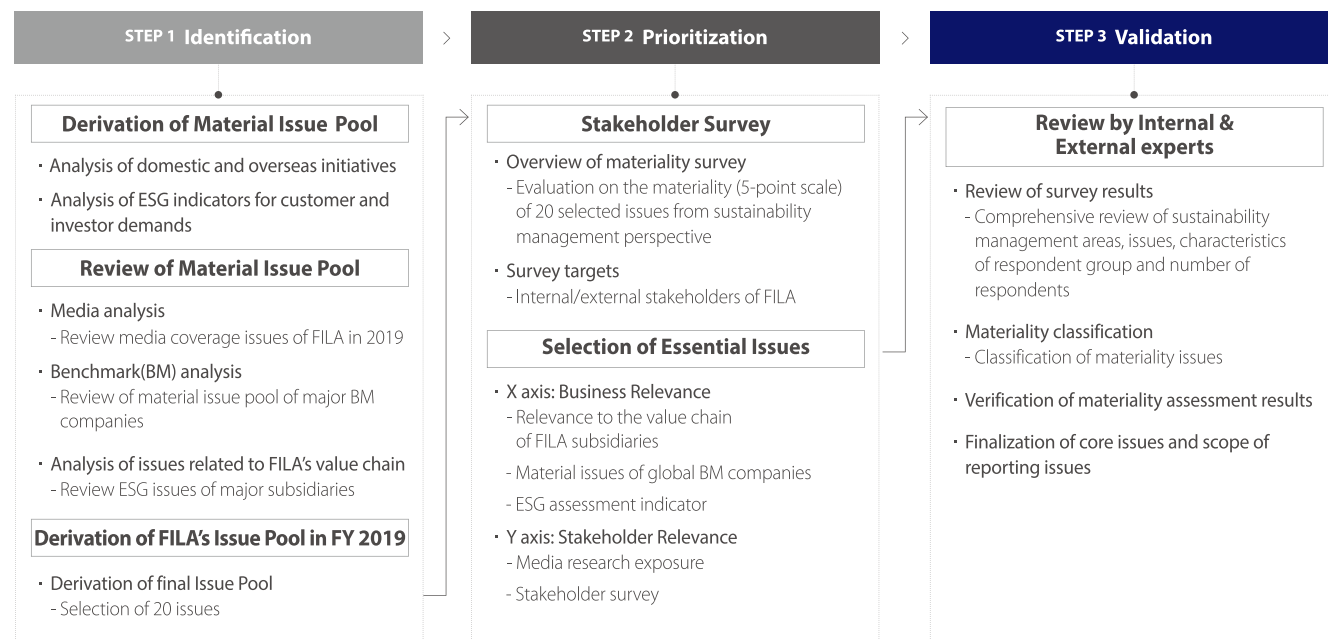


# Materiality Assessment

## Materiality Assessment Process

### Materiality Assessment Process

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



### Selection of Reporting Issues

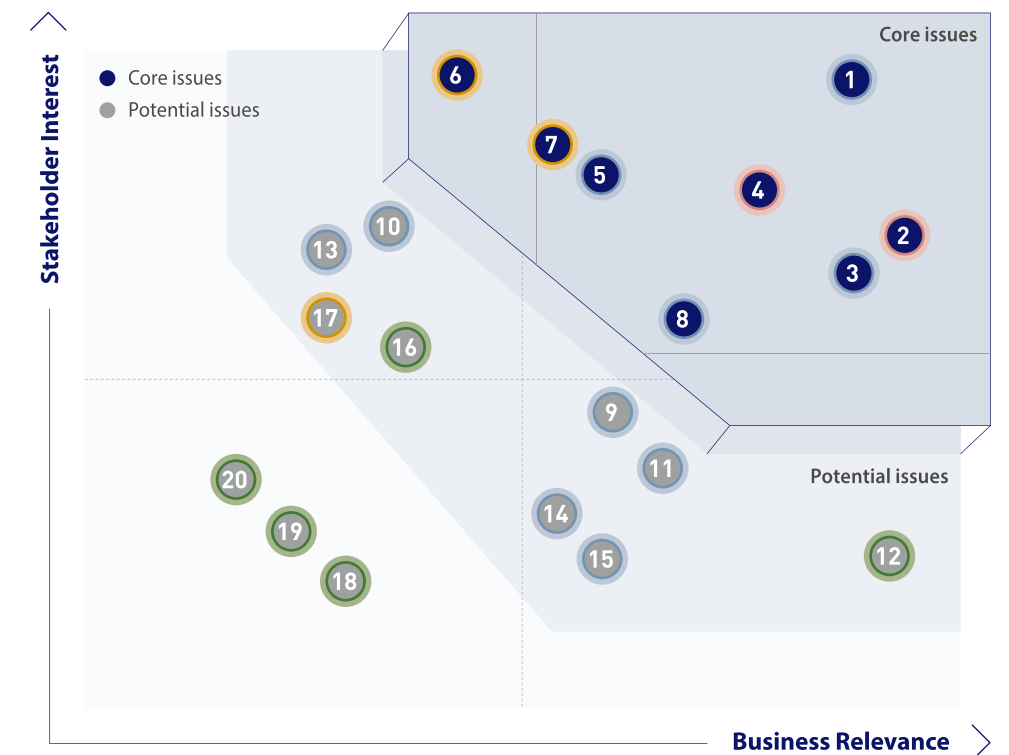
FILA selected 8 core issues and 4 reporting issues to be continuously managed going forward from the FY 2019 sustainability management perspective.

Type	Issues	Influence				3 Pillars	GRI STANDARDS
		Finance	Operation	Strategy	Reputation		
Core issues	1 Enhancement of quality and safety of products		●	●		Caring for Our People	Safety and health of customers (416-2)
	2 Reinforcement of ethical management		●			Caring for Our People	Non-GRI
	3 Enhancement of diversity and inclusivity		●			Caring for Our People	Diversity and equal opportunity (405-1)
	4 Improvement of transparency of governance		●			Fundamentals	Non-GRI
	5 Enhancement of competencies of employees and welfare benefits		●			Caring for Our People	Employment (401-1, 401-2, 401-3), Training and education (404-1)
	6 Reinforcement of brand positioning	●		●	●	FILA at a Glance	Non-GRI
	7 R&D investment expansion			●		Creating Social Impact	Non-GRI
	8 Management of environmental and social risks of partners		●			Caring for Our People	Child labor (408-1), Forced or compulsory labor (409-1)
Reporting issues	9 Safety and health of employees		●			Caring for Our People	Industrial safety and health (403-8)
	11 Support for communities / expansion of social contributions				●	Creating Social Impact	Indirect economic effect (203-1)
	12 Greenhouse gas emissions and energy saving		●			Preserving the Environment	Energy (302-1), Emission (305-1, 305-2)
	16 Product design considering environmental factors			●		Preserving the Environment	Non-GRI

## Material Issues

### Materiality Assessment Result in FY 2019

FILA derived the most essential issues of FY 2019 by analyzing the impact on businesses and stakeholders as follows.



Type	Issues
Social	1 Enhancement of quality and safety of products
	3 Enhancement of diversity and inclusivity
	5 Enhancement of competencies of employees and welfare benefits
	8 Management of environmental and social risks of partners
	9 Safety and health of employees
	10 Expansion of customer participation programs
	11 Support for communities / expansion of social contributions
	13 Practice of responsible sales and marketing
Environmental	12 Greenhouse gas emissions and energy saving
	16 Product design considering environmental factors
	18 Prevention of water pollution
Governance	19 Waste management and increase of recycling
	20 Management of chemicals and hazardous substances
Economic	2 Reinforcement of ethical management
	4 Improvement of transparency of governance
	6 Reinforcement of brand positioning
	7 R&D investment expansion
	17 Diversification of partnership/collaboration

Type	Issues
Environmental	12 Greenhouse gas emissions and energy saving
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	19 Waste management and increase of recycling
Governance	20 Management of chemicals and hazardous substances
	2 Reinforcement of ethical management
Economic	4 Improvement of transparency of governance
	6 Reinforcement of brand positioning
	7 R&D investment expansion
	17 Diversification of partnership/collaboration





## Care and Support

Transparency is one of the key hallmarks of corporate sustainability management. FILA will continue to increase value for our customers, people and partners to help minimize environmental impact as well as help settle social issues for communities where we are engaged.

## ESG Performance in 2019

34 Caring for Our People 42 Preserving the Environment 46 Creating Social Impact



FILA pursues activities to enhance the value of customers, employees and partners. To enhance the value of customers, FILA conducts product stability assessment and quality management. Also, the company strictly complies with laws and systems related to the safety and health of products and services (GRI 416-2). Based on these activities, FILA desires to offer high-quality products to our customers through efficient business operation continuously.

FILA aims to practice ethical and transparent management within our value chain. FILA will disclose and continuously reinforce its legal compliance and ethics training for our employees (GRI 412-2). Furthermore, FILA strives to become a more innovative company by establishing a system for employment, education, diversity and equal opportunity for employees and forming trust-based corporate culture (GRI 401-1, 401-2, 401-3, 404-1). By implementing the Business Code of Conduct, FILA systematically prevents partners from facing environmental and social risks including child labor and forced or compulsory labor. The company will continue managing these risks over time (GRI 408-1, 409-1).

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

# Caring for Our People

**Our Customer**

**Our Workforce**

**Our Workplace**

**Our Supply Chain**



[8.3] Promote development-oriented policies that support productive activities, create job opportunities, 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 women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.



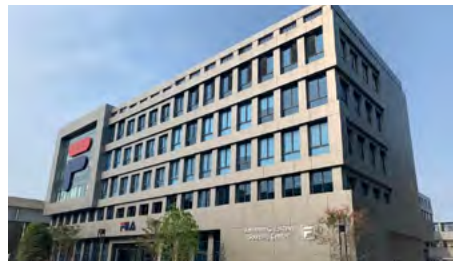
# Caring for Our People

## Our Customer

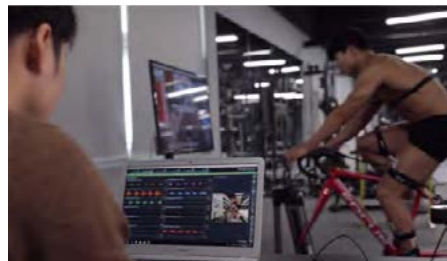
FILA has been growing with the business philosophy 'Customer Satisfaction' as the primary value. FILA constantly reinforces to manufacture and develop safe products through efficient business operation and innovative corporate structure.

### Consumer-friendly Policy

FILA focuses on providing consumers quality products through its efficient business operation. In May of 2009, FILA established its Global Sourcing Center in Jinzhang, China. This center is responsible for developing FILA's own footwear samples. In 2013, FILA established its own R&D Center, known as FILA LAB in Busan, South Korea, location renowned in the industry as the mecca for footwear manufacturing. The lab has been conducting research in co-work with the global sourcing center over the years since its establishment to make and develop a new sample product line. With these self-developed samples, FILA encourages vendor-partners to take part in footwear bid/tender offers. This process has improved FILA's cost structure and completeness of design. Thanks to this process, the company has been able to supply products into the market at reasonable prices maintaining its quality. This process was initially implemented by FILA U.S.A. later adopted by FILA Korea.



↑ JONATHAN G. EPSTEIN SOURCING CENTER



↑ FILA LAB

### Chemical Safety

At FILA, product safety is of utmost importance. To check and secure the safety of products, FILA conducts inspection on hazardous substances in compliance with the regulations and standards of the country, such as Korea Certification (KC) and Korea Apparel Testing Research Institute (KATRI). The company also conducts internal inspection on raw materials and finished products to make sure that products are safe for our customers.

### Brand Power Management

FILA Korea examines the Brand Power Index (BPI) twice a year to check the brand status and review the growth potential based on the customer values. FILA was ranked fourth in BPI among 13 global sports brands in FY 2019. The indices such as purchasing experience, intention to repurchase and brand preference are improving consistently.

FILA conducts interviews with FILA store owners and managers to understand customers' needs.

The interview results showed that customers in their age between 10s to 20s tend to prefer diverse heritage product line, whereas customers in their 20s to 30s are partial to performance product lines with great function and reasonable prices.

FILA will strive to meet the needs of customers constantly through balanced product line-up.

## Our Workforce

FILA aims to grow as a sustainable global company by protecting human rights and diversity of our employees and training young talents to achieve our goals. FILA is making efforts to provide employees with opportunities for continuous growth by implementing systematic management policies and programs throughout the entire employment process including performance management and training.

### FILA People

FILA people are cooperative, creative, passionate and positive based on FILA's four core values (harmony, innovation, passion, pride).

### Recruitment of Diverse Talents

FILA ensures the fairness, diversity and transparency of recruitment procedures with the establishment of diverse and structured recruitment process. In particular, the company works together with young talents through industry-academy cooperation and internship programs to give more chance for young and various FILA talents. In 2019, FILA hired an undergraduate who designed 'OAKMONT TR', one of FILA's popular shoes, as a full-time employee. FILA will continue to recruit and foster talented individuals to create an open organizational culture free of discrimination.

### Respect for Employees

FILA complies with the laws of respective countries where it operates and applies strict standards to protect the labor rights and human rights of employees. The employment policy is based on equality, and a performance management process is in place for fair assessment. Basic salaries and remunerations are determined solely based on the performance regardless of gender. FILA has established the standards for human resource management system and we are trying to enhance the competencies of employees as well.

### Employment Status of Major Subsidiaries

Major Subsidiaries	Total number of employees in FY 2019	Number of female employees in FY 2019	Number of male employees in FY 2019
FILA Korea	290	117	173
FILA U.S.A.	421	191	230
FILA Luxembourg	5	4	1
FILA Sport(Hong Kong)	143	96	47
Montebelluna	69	47	22

FILA's BPI in FY 2019

4<sup>th</sup>

(Among 13 global sports brands)



# Caring for Our People

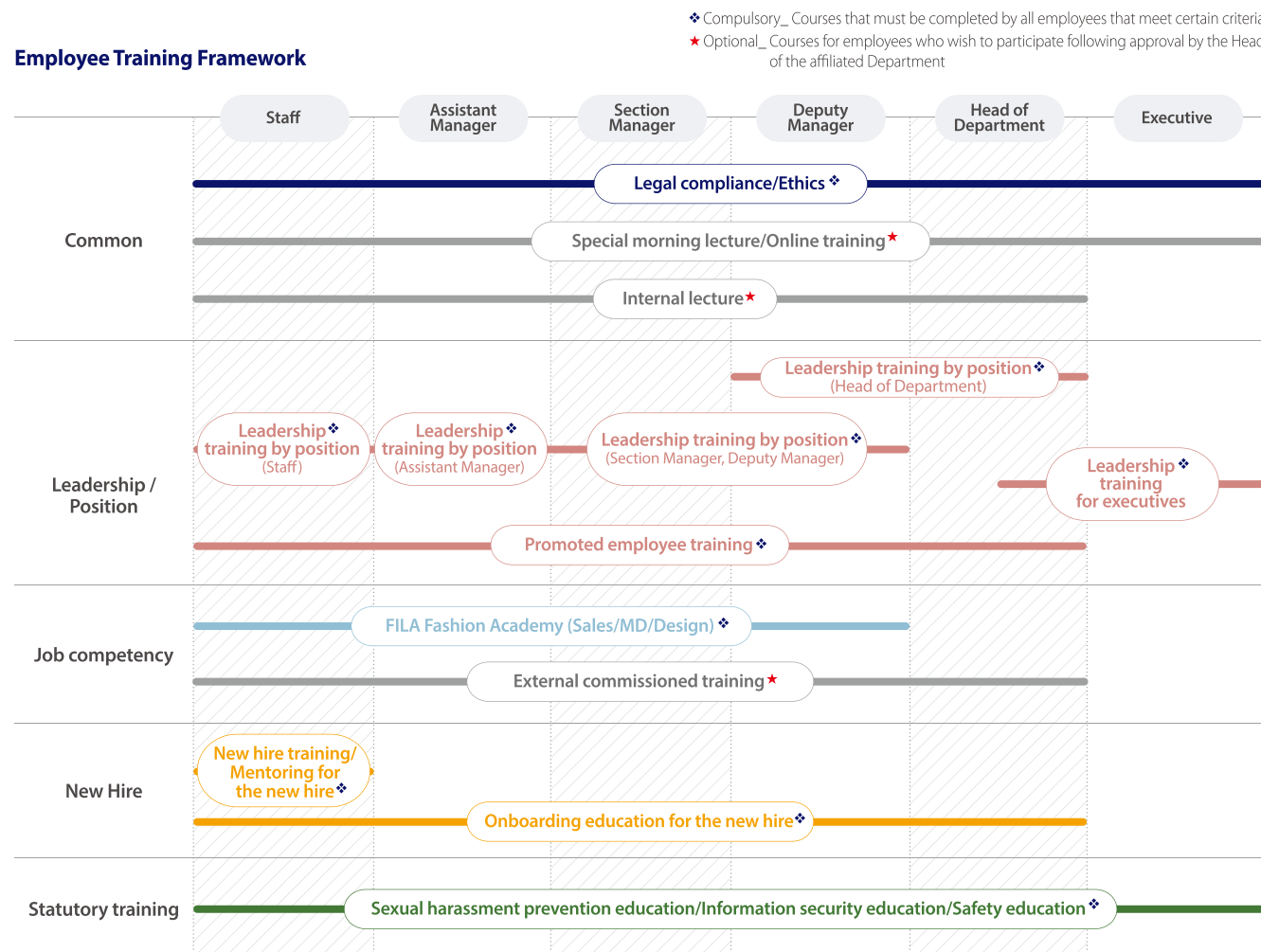
## Our Workforce

### Women's Leadership Reinforcement

FILA respects women's leadership and the value of diversity. To achieve this, the company strives to increase diversity within the group by fostering future female leaders. The number and ratio of women in leadership are constantly increasing both in executives and in team leader positions.

### FILA's Employee Training Program

FILA has established systematic employee training programs tailored to each position, roles and responsibilities of employees. Compulsory programs include legal compliance and ethics training, leadership training by position, competency training of employees in sales, MD and design, new hire training and statutory training. Employees can freely participate in optional training programs such as special morning lectures, online training, internal lectures and external commissioned training.



## Our Workplace

FILA believes that business growth based on the trust of stakeholders derives from the right mindset of the people and the well-organized culture of the company. FILA will continue to champion business ethic of the company's people through regular education/training programs and continue to endorse top-level business culture of FILA employees. FILA places high priority on the improvement of safety and health of each employee and tries to build a flexible work environment and expand the horizontal organizational culture.

### Formation of Trust-based Organizational Culture

FILA encourages individual employees to have pride and self-determination as members of FILA by creating a trust-based organizational culture. To achieve this, the company supports open communication and horizontal organizational culture actively. The company sublates vertical decision-making structure and encourage our employees to make effective and independent decision within each team for the operational level work based on trust-based flexible organizational culture. Such organizational culture became the driving force to promote various innovative activities like 'FILABORATION (FILA + Collaboration)'.

### Reinforcement of Ethics and Legal Compliance Training

FILA provides systematic ethics training to help employees internalize FILA's ethical management philosophy. Employees who have worked for less than a year are trained on basic ethical knowledge such as ethical management policy and the internal processes so they can utilize the system when issues arise within the organization. Meanwhile, employees who worked more than a year in FILA are trained on the concept and cases of preventing conflict of interest with the company, Workplace Harassment Prevention Act and the practical business etiquette of FILA, which can be applied on daily business operations.

### Work Environment

- Legal working hours

**40** hours a week

- Maternity leave

**90** days

- Childcare leave

**10** days

- Parental leave

**1** year

### Flexible Work Environment

FILA increases the work efficiency and employee satisfaction by encouraging to build a flexible work environment. FILA has actively supported to create an environment where the legal working hours of 40 hours a week are observed and complied by incorporating compliance with the working hours into the managers' KPI. The company grants maternity leave to female employees before and after their childbirth. Employees can go on maternity leave for the childbirth of their spouse and family care as well. Employees who have a child under 8 years or second grade in elementary school are eligible for one-year parental leave per child. Employees are stably returning to work after their parental leave.

# Caring for Our People

## Our Workplace

### Enhancement of Employee Safety and Health

FILA is operating a variety of systems to enhance employees safety and health. The company supports group insurance covering the employee, their spouse and children to help employees manage their health and provide them with financial support in case of injuries. Since 2018, FILA has been subsidizing 75% of the health insurance expenses for employees who sign the Non-smoking Pledge and commit the pledge. Furthermore, FILA operates a well-being club to promote employee's health promotion and enjoy sports-related hospitality which fits the healthy brand image.

### Employees Participation Activities

FILA hosts various activities and events to invigorate the participation of employees and form a positive organizational culture. The company held FILA Day in July 2019 to celebrate its 28th foundation anniversary of FILA Korea, with executives and employees watching sponsored baseball team game. All employees spent time communicating with each other and expressing company's gratitude while making a fresh resolution with a new start in Gangdong after moving the headquarter office building for the first time in 20 years. The FILA Halloween Party was held in the office building in October 2019 with all of employees participating. The company prepared about 120 different costumes and held various team events to share gifts, making the occasion all the more special.

In addition to diverse activities and events, the company is supporting the operation of in-house clubs (small group gathering) to encourage employees to enjoy leisure activities and create a lively organizational culture. Each of the soccer, baseball, tennis and basketball clubs consists of 15 ~ 40 members regularly takes part in amateur leagues. Each sports club invites a professional coach and participates in competitions held by local communities.



↑ FILA Day



↑ FILA Halloween Party

### Employees Satisfaction Evaluation

FILA has been evaluating the effectiveness of global employees every year since 2016 to create a sound organizational culture. Thanks to the company's consistent efforts, evaluation results including employee satisfaction has been continuously improved every year. An online survey was conducted among the 324 employees of FILA KOREA in March 2020. The survey result showed that our company presents a clear direction and improves remuneration and Work-Life balance for employees.

## Our Supply Chain

FILA strives to establish a transparent corporate eco-system together with our partners. We proactively manage potential issues within our supply chain by implementing the Code of Business Conduct and reinforce the monitoring system for quality and information management.

### Partnership Management Reinforcement

FILA established the Code of Business Conduct and a designated team in charge in October 2019. The Code of Business Conduct consists of 11 categories requiring all partners (FILA license owners, sellers and suppliers of FILA license owners) to meet the minimum criteria and enhance the management and supervision of each of the 11 categories. FILA protects the safety of its global production environment and the human rights of partners' employees.

#### FILA's Code of Business Conduct

Category	Description
<b>Compliance with Laws and Regulations</b>	Compliance with regulations on age, working hours, minimum wage, overtime work, wage, leaves and public holidays
<b>Forced Labor</b>	Prohibition of forced labor as punishment for political or religious preference
<b>Child Labor</b>	Prohibition on employing persons below 15 years-old or the minimum legal working age
<b>Safety and Health</b>	Provision of safe and healthy work environment by respecting workers and treating them with dignity
<b>Equal Opportunity</b>	Prohibition of discriminatory employment practices in hiring, salary, benefits, advancement, discipline, termination or retirement
<b>Freedom of Association</b>	Guarantee of the workers' right to establish and join organizations
<b>Disciplinary Practices</b>	Prohibition of physical, sexual, psychological, verbal abuse or harassment on any of their employees
<b>Worker's Insurance</b>	Encouragement of its vendors and suppliers to provide appropriate health insurance, workers' compensation and life insurance for their employees
<b>Environment</b>	Strict compliance with local environmental laws and regulations and FILA's environmental principles
<b>Security</b>	Implementation of cargo security plans that conform to the requirements of foreign customs authorities
<b>Documentation and Inspection</b>	Storage of documents proving compliance with the Code of Business Conduct

### Product Quality and Information Management

FILA systematically manages product quality within its manufacturing process by dispatching FILA's quality management team to our partners. In 2019, FILA set up a domestic and foreign supply chain information management system to examine and monitor the address, number of employees, product category, partnership contract period and purchasing rate of major suppliers.



FILA manages the data on energy usage and greenhouse gas emissions to minimize the environmental impact (GRI 302-1, 305-1).

In the future, FILA plans to further advance environmental management system and engage in energy-saving activities. The company makes the best efforts to minimize the product incineration in order to cope with climate change. FILA is diversifying and expanding opportunities to increase the use of eco-friendly materials on our products through diverse product collaboration activities.

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

# Preserving the Environment

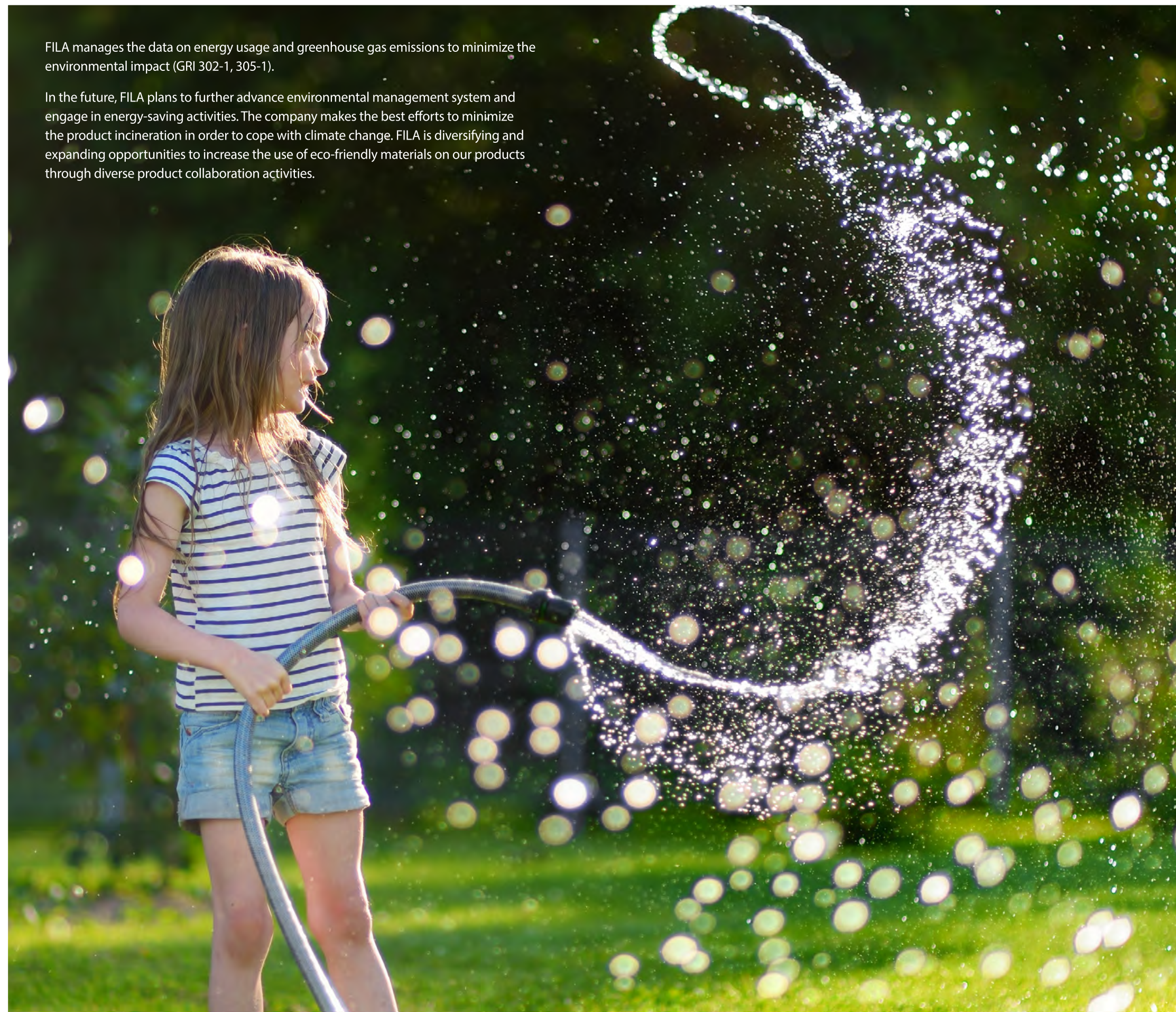
Action for Climate Change  
Environmental Management



[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.





# Preserving the Environment

## Action for Climate Change

FILA strictly complies to the relevant laws and international standards to preserve the clean environment. From planning to disposal, FILA manages greenhouse gas emissions and minimize the environmental impact throughout the entire product life cycle.

### Greenhouse Gas Emissions Management

FILA Korea and FILA U.S.A. started to manage data on greenhouse gas (GHG) emissions from FY 2019. Two operating entities calculated the direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2). Based on the GHG emissions data of FY 2019 as the baseline, FILA is planning to constantly monitor the amount of GHG emissions and set the GHG reduction target to achieve.

Category	Corporation	Scope	Emission facility	FY 2019
Greenhouse gas emissions	FILA Korea	Direct emissions (Scope1)	Buildings, Vehicles	72.4
		Indirect emissions (Scope2)	Electricity usage	366.4
		Subtotal		438.7
	FILA U.S.A.	Direct emissions (Scope1)	-	-
		Indirect emissions (Scope2)	Electricity and steam usage	3,576.5
		Subtotal		3,576.5

※ FILA Korea: Relocated the headquarter office building from Seocho-dong to Cheonho-dong in July 2019.  
 ※ FILA U.S.A.: NYC(HQ), NY(1 place) / Sparks, MD(1 place) / Brandon Woods(3 places)

### Efforts to Minimize Product Incineration

FILA tries its best to minimize the amount of product incineration. The company utilizes advanced distribution systems and various retail channels to minimize unnecessary inventory and waste of resources. As a result, the absolute volume of incinerated products in FY 2019 was reduced by 52% compared to FY 2018 despite the business expansion. In addition, unsold products are utilized in our community support programs for vulnerable groups worldwide.

#### Product Incineration

Reduced by **52%**  
 (Compared to FY 2018)

## Environmental Management

Recently, there are increasing demand and interest in eco-friendly products within fashion industry. In keeping with this trend, FILA is considering launching more products with eco-friendly materials. Besides, the company strives to uphold environmental values by conducting various activities including community support.

### Eco-friendly Products

In May 2020, FILA launched the 'FILA X SUBWAY Collection' featuring sneakers with recycled paper and bags with eco-friendly material in collaboration with sandwich brand 'SUBWAY®'. FILA is planning to apply eco-friendly materials on underwear products as they are the compulsory items in our daily life. The company will try to encourage customers to take part in the virtuous cycle of resources through consumption on FILA's eco-friendly items.

#### [ FILA x SUBWAY ]



### Efforts to Protect Animals

As an effort to protect animals, FILA replaced real animal fur to fake fur for FILA KIDS products. FILA will constantly try our best to expand the use of synthetic fabric materials or alternative material in FILA products.

### Environmental Events and Organizations Sponsorship

FILA sponsors environmental events and organizations to protect environmental values and contribute to build a cohabitant eco-system. FILA sponsored the Seoul International Music Festival held in October 2019 under the theme "Human and Environment." The company also delivered FILA products and donation to support the "Charity Night" event hosted by the Green Consumer Network in Korea. FILA will continue to support communities for environment and cohabitation values.





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

# Creating Social Impact

**Sports Promotion**

**Community Engagement**

FILA aims to fulfill its corporate social responsibility by supporting sports industry utilizing our core competencies (GRI 302-1).

FILA aims to provide products to socially vulnerable communities worldwide and expand the scope of environmental and social campaigns engaging teenagers, as a means of expressing gratitude for the support they have shown to the brand.



[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

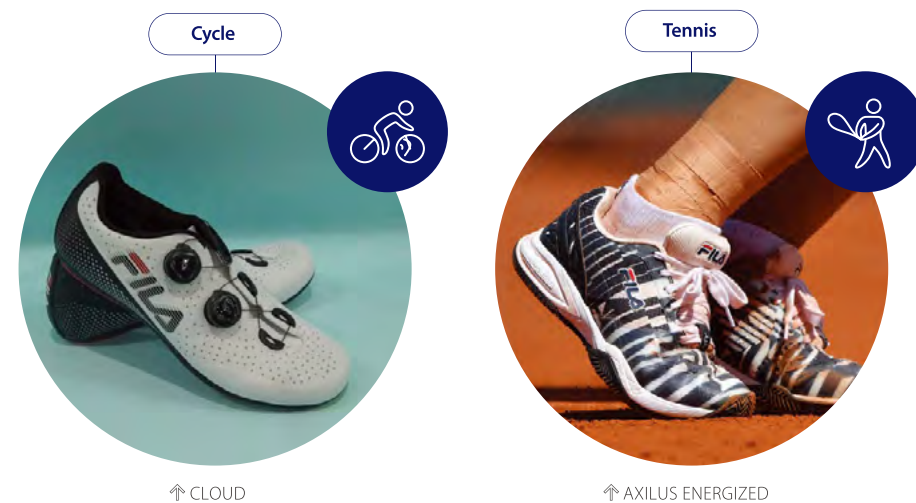
## Sports Promotion

FILA develops sports products and sponsors athletes based on its expertise in the sports industry. The company endeavors to expand the positive impacts in our society by sponsoring athletes in a wide spectrum ranging from professional and national sports team members to amateurs.

### Technology Reinforcement through R&D

FILA promotes various Research and Development (R&D) activities. For one, the item called 'CLOUD' was launched in June 2019 as professional cycling shoes. All the internal R&D organizations of FILA including headquarter, global footwear sourcing center in Jinjiang, China and FILA LAB in Busan have co-worked since early 2018 to develop the cycling shoes. This gave FILA an opportunity to expand its R&D scope to the professional sports footwear and explore new areas by securing a wide range of technologies encompassing R&D, sample development, sourcing and production. Cycling shoes requires more advanced level of technologies compared to ordinary sports footwear as they must be light-weight with enhanced driving stability. Since cycling shoes are directly related to the safety of riders during high-speed riding, FILA has increased the stability and completeness of products by actively reflecting feedbacks from experts and testing with athletes and members of sports clubs repeatedly.

FILA LAB Biomechanic Center and the University of Calgary co-worked to develop the tennis shoes called 'AXILUS ENERGIZED' featuring light-weight, comfortness and superior design. The use of Energized form allows to reduce the weights, facilitated ventilation and enhanced the stability of the ankles as the most important part of the tennis shoes. Tennis players Ashleigh Barty and Tímea Babos won women's singles and doubles title respectively at the French Open held in Paris in 2019, while they wore FILA's tennis shoes. It proclaimed FILA's remarkable technologies and potential in the sports industry.



↑ CLOUD

↑ AXILUS ENERGIZED

## Sports Promotion

### Professional Sports and Elite Sports Teams Sponsorship

By supporting professional sports teams and associations, FILA expects the positive synergy and social impacts to be spread out. In 2018, FILA custom-tailored and sponsored technology engineered tracksuits for the national bobsleigh and skeleton teams, which impressed people by winning the very first medals at the PyeongChang Winter Olympic. These tracksuits were made utilizing the technologies developed with the sponsorship of the Dutch Skating Association (KNSB) and National Olympic Committee (NOC) of the Netherlands, a country of winter sports. FILA will continue sponsoring the current athletes until 2022 to help them perform in their best conditions.

FILA is sponsoring national tennis players. In February 2020, Sofia Kenin, a tennis player sponsored by FILA, won the women's singles title at the Australian Open and won a grand slam. In Korea, FILA is sponsoring Doosan Bears, a professional baseball team that achieved the V6 by winning the Korea Baseball Championship (KBO) in 2019, and Korean Air Jumbos, a volleyball team that won the V league and won the KOVO Cup three times. FILA has been striving for the revitalization of the sports industry through the active and wide range of sponsorships globally.



### Less-popular and Amateur Sports Teams Sponsorship

Besides professional and national sports teams, FILA has been also sponsoring less-popular sports, amateur sports and sports players in their teens and 20s to enhance the positive impact in society. FILA strongly believes this gives chances to more people to participate in less-popular sports. The company sponsors leagues of less-popular sports such as the Korea Fencing Federation, Korea Curling Federation, Korea Shooting Federation and Korea Handball Association as well as the Korea Little League Baseball Federation for amateur baseball. FILA also sponsors a skateboard team under the Korea Roller Sports Federation to reinvigorate the skateboard, which is becoming popular among those in their teens and 20s. The company will contribute to create an environment where more people can enjoy sporting sports in the community.

### Support on Sports



↑ Durham Hillside Park

### Support for Community Sports

FILA helps community members to maintain healthy lifestyle by supporting diversified sports activities. In 2019, we sponsored Seocho-gu Football Association, Seocho-gu Seoripul Foot Volleyball Society, Seocho-gu Badminton Association and Korea Elderly Health Association. As part of the multi-city program, FILA U.S.A. forged a partnership with Tania & Grant Hill Foundation and carried out the full refurbishment of three basketball courts at Hillside Park in Durham, NC. FILA U.S.A. also offered a day of activities and donation for the community including basketball clinics for kids and young adults. The company will continue to encourage community members to enjoy sports and maintain healthy lifestyle with FILA.



# Creating Social Impact

## Community Engagement

FILA has been promoting campaigns to raise recognition of environmental and social issues. FILA supports vulnerable communities by sharing our products and positive influence.

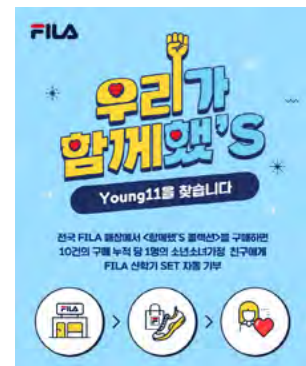
### Enhancing Teenager Engagement

FILA held 2019 'Teen-fluencer Certificate Conferment Ceremony' in the hope that the courage, compassionate mind and positive energy of teenagers spread throughout society. 'Teen-fluencer' is a compound word combining teenager and influencer, referring to any of the individuals in their teens or 20s who are the role model for society through their good deeds. The first 'Teen-fluencer Certificate Ceremony' was held in January 2019 to award three middle school students who found a lost wallet and returned it to its owner in Busan. The second Ceremony in August awarded five high school students who rescued a driver in his 50s whose foot was stuck under a car wheel. The winners received the 'Teen-fluencer' certificate and a prize. By coordinating the 'Teen-fluencer' event, FILA would re-strengthen the meaning of goodwill to the teenagers and motivate the spread of positive impact.

Teenager Engagement



↑ Teen-fluencer Certificate Ceremony



↑ We Are Together

### FILA's Value Sharing Campaign

FILA has been promoting a special school event called 'We Take Photos' every year since 2017 to communicate with teenagers. Classmates and teachers take photos or videos together to participate in the event. This event has contributed to encourage inter-generational communication and harmony.

FILA held another value sharing campaign called 'We Are Together' in 2018. With Child Fund Korea, FILA donated back to school package to one teenage breadwinner for every ten products sold and we donated around 3,100 backpacks in results.

### Improvement of Disability Awareness

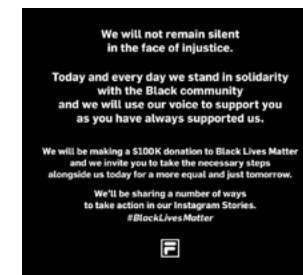
'The FILA KIDS Blue Campaign' first started in 2016 to encourage the engagement of communities by turning on the blue light, a color that symbolizes attention and understanding of autism at many of the world-renowned attractions. As a part of this campaign, FILA has delivered 4,221 FILA KIDS products with donation for the past three years. FILA has been sponsoring an event to find hope for premature babies hosted by the Korean Society of Neonatology since 2018. Premature babies refer to babies with bodyweight below 2.5kg at birth or who were born before 37 weeks of pregnancy. Families of premature babies and doctors come together during this event to exchange information and deliver messages. By encouraging this event, FILA could help successful socialization of groups in needs and enhance understanding on those groups in our community.

## Community Engagement

Improve Social Awareness



↑ Participated 'Making Strides Against Breast Cancer Walk'



↑ Joined 'Black Lives Matter (BLM)'

### Social Awareness Campaign

FILA participates and sponsors various campaigns to improve social awareness. In 2019, employees of FILA U.S.A. participated 'Making Strides Against Breast Cancer' and delivered donation for the cause.

In June 2020, FILA U.S.A. joined 'Black Lives Matter (BLM)' campaign and declared its opposition to racism. We have used our platform to post ways through which people can participate in the campaign together.

### Support for Vulnerable Communities Abroad

Since 2017, FILA has been donating relief supplies to 17 provinces in Laos to help the residents suffering from the extremely cold weather due to climate change. FILA was honored in recognition of its contributions by the President of Laos in 2017. FILA co-worked with the Sharing Culture & Arts Association to supply goods and the amount of donated apparel, footwear and other supplies has been constantly increased every year from 18,910 in 2017 to 234,851 in 2018 and 420,744 in 2019. Through such efforts, FILA shared and conveyed its message of warmth and support to the students and organizations for disabled children in Laos.



↑ Donation activity in Laos

### Support for COVID-19 Damage Relief

FILA understands and sympathizes the hardships and pain of medical team and patients caused by COVID-19 in 2020. Thus, FILA joined in efforts to console residents in Daegu and Gyeongbuk areas to prevent infections by making donations to Daegu Branch of Korean Red Cross. FILA donated 2,000 pieces of FILA UNDERWEAR to be worn by medical team underneath the protective clothing as well as monetary support.



A photograph of three people in a meeting around a wooden table. A laptop in the center shows a bar chart with 10 bars of increasing height. One person on the right is pointing at the chart with a pen. Another person on the left is holding a pencil over a notebook. A coffee cup is on the table. The background is a blurred office setting with a plant.

## Sustainability Management

FILA aims to grow with the communities.  
We strive to become a global company that fulfills sustainable value  
through diverse interaction and appreciation.

## Reporting Methodology & Assurance

54 ESG DATA 60 GRI Content Index 62 Assurance



# ESG DATA

## Financial Performance

### Consolidated Financial Statement

(Unit: KRW mn)

Category	FY 2019	FY 2018	FY 2017
[Current Assets]	1,586,810	1,337,878	1,154,081
· Quick Assets	851,329	705,641	575,714
· Inventories	735,481	632,237	578,367
[Non-current Assets]	2,183,439	1,966,462	1,924,843
· Investment Assets	66,211	43,806	26,562
· Tangible Assets	439,052	310,716	323,527
· Intangible Assets	1,547,923	1,491,948	1,440,427
· Other Non-current Assets	130,253	119,992	134,327
<b>Total Assets</b>	<b>3,770,249</b>	<b>3,304,340</b>	<b>3,078,924</b>
[Current Liabilities]	867,356	672,316	694,581
[Non-current Liabilities]	1,101,950	1,125,530	1,150,014
<b>Total Liabilities</b>	<b>1,969,306</b>	<b>1,797,846</b>	<b>1,844,594</b>
[Capital]	61,115	61,115	61,115
[Paid-in Capital in Excess of Par Value]	117,767	117,767	117,767
[Other Components of Equity]	(34,296)	(9,060)	(13,089)
[Other Capital Reserves]	25,054	(583)	(46,461)
[Retained Earnings]	1,080,014	822,439	679,659
[Minority Shareholder Interests]	551,290	514,816	435,340
<b>Total Capital</b>	<b>1,800,943</b>	<b>1,506,494</b>	<b>1,234,330</b>

### Summary of Consolidated Statement of Comprehensive Income

(Unit: KRW mn)

Category	FY 2019	FY 2018	FY 2017
Revenue	3,450,422	2,954,643	2,530,324
Operating Profit	470,676	357,102	217,466
Net income	338,144	210,050	108,110
Companies Included in Consolidated Statement (Number)	59	53	51

## Environmental & Social Performance

### Greenhouse Gas Emissions

(Unit: tCO2e)

Category	Corporation	Scope	FY 2019	FY 2018	FY 2017	GRI
Greenhouse Gas Emissions	FILA Korea	Direct emissions (Scope1)	72.4	90.0	100.3	305-1
		Indirect emissions (Scope2)	366.4	333.8	327.5	305-2
		Subtotal	438.7	423.8	427.8	-
	FILA U.S.A.	Direct emissions (Scope1)	-	-	-	305-1
		Indirect emissions (Scope2)	3,576.5	3,396.9	2,887.5	305-2
		Subtotal	3,576.5	3,396.9	2,887.5	-

### Energy

(Unit: TJ)

Category	Corporation	Fuel Type	FY 2019	FY 2018	FY 2017	GRI
Energy Use	FILA Korea	Gasoline	26.2	28.4	28.2	302-1
		Gas/Diesel Oil	34.3	53.8	72.1	
		City Gas (LNG)	11.8	6.8	-	
		Electricity	366.4	333.8	327.5	

### Employees

(Unit: Person)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Total	FILA Korea	290	306	300	102-8
	FILA U.S.A.	421	299	253	
	FILA Luxembourg	5	3	3	
	FILA Sport(Hong Kong)	143	136	101	
	Montebelluna	69	43	30	
Male	FILA Korea	173	192	185	102-8
	FILA U.S.A.	230	156	131	
	FILA Luxembourg	1	0	0	
	FILA Sport(Hong Kong)	47	42	28	
	Montebelluna	22	12	9	
Female	FILA Korea	117	114	115	102-8
	FILA U.S.A.	191	143	122	
	FILA Luxembourg	4	3	3	
	FILA Sport(Hong Kong)	96	94	73	
	Montebelluna	47	31	21	

# ESG DATA

## Environmental & Social Performance

### Full-Time and Temporary

(Unit: Person)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Full-Time	FILA Korea	274	306	289	102-8
	FILA U.S.A.	404	291	253	
	FILA Luxembourg	5	3	3	
	FILA Sport(Hong Kong)	136	129	93	
	Montebelluna	66	39	29	
Temporary	FILA Korea	16	0	11	102-8
	FILA U.S.A.	17	8	0	
	FILA Luxembourg	0	0	0	
	FILA Sport(Hong Kong)	7	7	8	
	Montebelluna	3	4	1	

### Newly Hired Employees

(Unit: Person)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Male	FILA Korea	12	26	18	404-1
	FILA U.S.A.	96	37	28	
	FILA Luxembourg	1	0	0	
	FILA Sport(Hong Kong)	8	13	0	
	Montebelluna	14	4	2	
Female	FILA Korea	23	25	26	404-1
	FILA U.S.A.	61	30	27	
	FILA Luxembourg	1	0	0	
	FILA Sport(Hong Kong)	11	30	8	
	Montebelluna	20	16	8	

### Retired Employees

(Unit: Person)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Male	FILA Korea	15	9	35	102-8
	FILA U.S.A.	39	26	17	
	FILA Luxembourg	0	0	0	
	FILA Sport(Hong Kong)	7	1	0	
	Montebelluna	3	4	0	
Female	FILA Korea	10	19	32	102-8
	FILA U.S.A.	35	15	10	
	FILA Luxembourg	0	0	1	
	FILA Sport(Hong Kong)	9	7	4	
	Montebelluna	7	7	0	

### Minority Groups

(Unit: Person)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI	
Employees with disabilities	FILA Korea	1	1	1	401-1	
	FILA Sport(Hong Kong)	0	0	0		
Minority race/ ethnic group	FILA Korea	0	1	1	405-1	
	FILA U.S.A.	Asian	26	15		12
		Black or African-American	152	91		81
		Hispanic	17	13		8
		Indian	3	2		1
		White	223	169		151
	Not documented	0	9	0		
FILA Sport(Hong Kong)	1	2	2			

※ FILA U.S.A. does not collect data related to the disabilities of employees on grounds of personal information protection.

### Female Executives

(Unit: Person, %)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Number of female employees in management position	FILA Korea	1	1	1	405-1
	FILA U.S.A.	56	48	42	
	FILA Sport(Hong Kong)	11	9	8	
Total number of employees in management position	FILA Korea	10	12	11	405-1
	FILA U.S.A.	104	93	85	
	FILA Sport(Hong Kong)	23	21	11	
Ratio of female employees in management position	FILA Korea	10.0	8.3	9.1	405-1
	FILA U.S.A.	53.8	51.6	49.0	
	FILA Sport(Hong Kong)	47.8	42.9	72.7	

※ The criteria for "management position" of each corporation is as follows: FILA Korea - Above Director Level, FILA U.S.A. and FILA Sport(Hong Kong) - Above Manager Level.

### Parental Leave

(Unit: Person)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Female	FILA Korea	10	7	6	401-3
	FILA U.S.A.	27	22	19	
	FILA Sport(Hong Kong)	4	3	4	
Male	FILA Korea	0	0	0	401-3
	FILA U.S.A.	33	26	27	
	FILA Sport(Hong Kong)	1	1	0	

※ 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 2017~2019.



# ESG DATA

## Environmental & Social Performance

### Occupational Health and Safety

(Unit: %)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Percentage of workers covered by an occupational health and safety management system	FILA Korea	100.0	100.0	100.0	403-8
	FILA U.S.A.	100.0	100.0	100.0	
	FILA Sport(Hong Kong)	100.0	100.0	100.0	

※ FILA U.S.A. conducts a third-party inspection regularly on the safety and health and human rights of suppliers.

### Education

(Unit: Time, %)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Average hours of training per year per employee	FILA Korea	27	29	15	404-1
	FILA Sport(Hong Kong)	44	32	8	
Percentage of total employees who received regular performance and career development review	FILA Korea	100.0	100.0	100.0	404-3
	FILA Sport(Hong Kong)	100.0	100.0	100.0	
Total number of hours devoted to the training on human rights policies or procedures	FILA Korea	4	3	1	412-2
Percentage of employees trained on human rights policies or procedures	FILA Korea	100.0	100.0	100.0	412-2

※ FILA U.S.A. conducted training in 2017 and 2018 for 1-5 employees regarding human rights policies and procedures related to the business.

### Product Safety

(Unit: Case)

Category	Corporation	FY 2019	FY 2018	FY 2017	GRI
Total number of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	FILA U.S.A.	0	0	1	416-2

※ No noncompliance incident concerning product safety has occurred in FILA Korea, FILA Luxembourg, FILA Sport(Hong Kong), and Montebelluna during the period FY 2019~FY 2019.

### 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

### Process on Selection of Major Subsidiaries

FILA conducted its own subsidiary importance assessment for the FILA REPORT 2019 reporting. Among the 60 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, 2019. 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.

# GRI Content Index

Standard	GRI Index	Description	Page	Remarks	
Organizational Profile	102-1	Organization name	1		
	102-2	Activities, primary brands, products and services	14-19		
	102-3	Location of headquarters	1		
	102-4	Number of countries where the organization operates, and the names of countries	8-9		
	102-5	Nature of ownership and legal form	13		
	102-6	Geographic locations where products and services are offered; sectors served, types of customers and beneficiaries	8-9		
	102-7	Scale of the organization (total number of employees; total number of operations, net sales, total capitalization broken down in terms of debt and equity, quantity of products or services provided)	8-9, 54		
	102-8	Information on employees and other workers	37, 55-57		
	102-9	Supply chain	8		
	102-10	Significant changes to the organization and its supply chain	41		
	102-11	Precautionary principle or approach	26-27		
	102-12	List of externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or which it endorses	23		
	102-13	Memberships of industry or other associations, and national or international advocacy organizations	59		
General Disclosure	Strategy	102-14	Statement from senior decision-maker	5, 7	
	Ethics and Integrity	102-16	Values, principles, standards, and norms of behavior	22	
		102-17	Mechanisms for advice and concerns about ethics	26-27	
	Governance	102-18	Governance structure	24-25	
		102-22	Composition of the highest governance body and its committees	24-25	
		102-33	Procedure for reporting major matters to the supreme governance body	24-25	
	Stakeholder Engagement	102-40	List of stakeholder groups related to the organization	28	
		102-41	Percentage of total employees covered by collective bargaining agreements	-	There is a Labor-Management Council
		102-42	The basis for identifying and selecting stakeholders with whom to engage	28-30	
		102-43	Approach to stakeholder engagement	28-30	
102-44		Key topics and concerns that have been raised through stakeholder engagement	28-30		
Report Profile	102-45	Entities included in the consolidated financial statements	54		
	102-46	The process for defining report content and topic boundaries	30-31		
	102-47	List of material topics finalized in processes for defining the content of report	31		
	102-48	The effect of any restatements of information given in previous reports, and the reasons for such restatements	-	Initial publication of the report	
	102-49	Major changes from previous reporting periods in terms of list and boundary	-	Initial publication of the report	
	102-50	Reporting period for the information provided (fiscal year or calendar year)	1		
	102-51	Date of the most recent report	1		

# GRI Content Index

Standard	GRI Index	Description	Page	Remarks	
General Disclosure	102-52	Report cycle (annual, biennial, etc.)	1		
	102-53	Contact point for questions regarding the report or its contents	1		
	102-54	Claims of reporting in accordance with the GRI Standards	1		
	102-55	GRI content index, which specifies each of the GRI Standards used and lists all disclosures included in the report	60-61		
	102-56	External assurance	62-63		
Economic	Indirect Economic Impacts	203-1	Development and effects of Infrastructure investments and services supported (positive and negative impacts where relevant, donation, etc.)	48-51	
Environment	Energy	302-1	Energy consumption within the organization	55	
	Emissions	305-1	Direct (Scope 1) GHG emissions	44,55	
			Energy indirect (Scope 2) GHG emissions	44,55	
Social	103	Management Approach	37, 39, 40		
	401-1	New employee hires and employee turnover	56		
	Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39-40	
		401-3	Parental leave	57	Manage 'the number of employees on parental leave'
	103	Management Approach	38		
	Training and Education	404-1	Average hours of training per year per employee	58	
		404-2	Programs for upgrading employee skills and transition assistance programs	58	
		404-3	Percentage of employees receiving regular performance and career development	58	
	Diversity and Equal Opportunity	103	Management Approach	38	
		405-1	Diversity of governance bodies and employees	24, 55-57	Management based on 'Gender' and 'Minority Group'
Child Labor	103	Management Approach	41		
	408-1	Operations and suppliers at significant risk for incidents of child labor	-	Management of partners based on the Code of Business Conduct	
Forced or Compulsory Labor	103	Management Approach	41		
	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	Management of partners based on the Code of Business Conduct	
Customer Health and Safety	103	Management Approach	36		
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	58		
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	No incidents of non-compliance	



# Assurance

## INDEPENDENT ASSURANCE STATEMENT

### Introduction

FILA Holdings Corp. ("FILA Holdings") commissioned DNV GL Business Assurance Korea Ltd. ("DNV GL"), part of DNV GL Group, to undertake independent assurance of the FILA REPORT 2019 ESG Value Driven (the "Report"). The directors of FILA Holdings have the sole responsibility for the preparation of the Report. The responsibility of DNV GL in performing the assurance work is to the management of FILA Holdings in accordance with the terms of reference. DNV GL'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 2019 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	No.	Material Topic	GRI Topic Specific Disclosure
1	Enhancement of quality and safety of products	416-2	5	Enhancement of competencies of employees and welfare benefits	401-1, 401-2, 401-3, 404-1
2	Reinforcement of ethical management	-	6	Reinforcement of brand positioning	-
3	Enhancement of diversity and inclusivity	405-1	7	Increase of R&D investment	-
4	Improvement of transparency of governance	-	8	Management of environmental and social risks of partners	408-1, 409-1

We performed our work using DNV GL's assurance methodology VeriSustain<sup>TM2</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 from May to June 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.

### 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 U.S.A., 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 GL expressly disclaims any liability or co-responsibility for any decision a person or an entity may make based on this Assurance Statement.

<sup>1</sup> FILA conducted its own corporate importance assessment for reporting and total five corporations (FILA KOREA, FILA U.S.A., FILA Luxembourg, FILA Sport(Hong Kong), Montebelluna) have been selected for the Report. Process on selection of Major corporation<sup>1</sup> is available in the Report.

<sup>2</sup> 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))

### 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. FILA Holdings expresses its commitment to the responsibilities of stakeholders through a message from management level. In addition, FILA Holdings has formed a Global TFT(Task Force Team) to overlook the management of material economic, social and environmental topics involved in the entire process from project design to sales. FILA Holdings could include various stakeholders by expanding the scope of the corporation subject 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 sustainable value management', FILA Holdings introduces the company's sustainable key tasks aligned with the UN Sustainable Development Goals (SDGs) in order to execute sustainable value management for people, environment and society. In addition, FILA Holdings has identified ESG-related issues from its value chains and disclosed key performance on material topics in terms of sustainability during the reporting period. The assurance team recommends that the company's sustainability issues identified from materiality assessment will be managed in conjunction with company's sustainability key tasks. Also, FILA Holdings could report measurable targets for short- and medium-term sustainability aspects in the future reporting and the progress.

#### Materiality

FILA Holdings has conducted the materiality assessment to prepare the Report. The relevant 20 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 presented the business influence of FILA Holding's financial, operational, strategic and reputation aspects in the Report.

#### Completeness

The Report has covered the sustainability management approach and sustainability performances of FILA Holdings for the reporting period. 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 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 GL 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, despite of the Report is the first sustainability report of FILA holdings, the Report provides the last three years performance on material topics, which helps stakeholders understand the changes over years in organizational performance. FILA Holdings could issue the Report yearly to provides stakeholders with material sustainability information timely.

### Competence and Independence

DNV GL 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 GL Code of Conduct<sup>3</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 GL was not involved in the preparation of statements or data included in the Report except for this Assurance Statement. DNV GL maintains complete impartiality toward stakeholders interviewed during the assurance process. DNV GL did not provide any services to FILA Holdings in 2020 that could compromise the independence or impartiality of our work.

June 2020, Seoul, Korea  
**Jang Sup Lee**  
 Country Representative



DNV GL Business Assurance Korea Ltd.



<sup>3</sup> DNV GL Code of Conduct is available from DNV GL website ([www.dnvgl.com](http://www.dnvgl.com))

## **FILA REPORT 2019** **ESG Value Driven**

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