

YOUR

FILA

FILA INTEGRATED REPORT 2022 VOLUME 4

IMPACT



About This Report

FILA Holdings Corp. has issued its fourth integrated report to transparently disclose its financial and non-financial performance to stakeholders. We will continue to publish integrated reports on an annual basis to ensure forthright communication on our sustainability achievements and activities.

Reporting Scope

The scope of non-financial performance reporting of this Integrated Report is limited to the activities of FILA group (Hereinafter referred to as "FILA"), which consists of the holding company (FILA Holdings Corp.) and its five major affiliates – FILA Korea Ltd. (Hereinafter referred to as "FILA Korea"); FILA USA Inc. (Hereinafter referred to as "FILA USA"); FILA Luxembourg S.a.r.l. (Hereinafter referred to as "FILA Luxembourg"); FILA Sport (Hong Kong) Ltd. (Hereinafter referred to as "FILA Sport (Hong Kong)"); and Montebelluna Ltd. (Hereinafter referred to as "Montebelluna").

Reporting Period

FY2022 (January to December 2022, and partial inclusion of 2023 Q1 activities and data)

Assurance

To ensure the objectivity and accuracy of the reported content and data, as well as the reporting standards, this report was verified by British Standards Institution (BSI), a third-party assurance provider, on the basis of the AA1000AS audit standard. The results of the verification are presented on page 106 of this report.

Reporting Principles

This report has been prepared in accordance with internationally accepted sustainability reporting standards and framework as below:

- The Global Reporting Initiative (GRI) Standards 2021
- Standards for Apparel, Accessories & Footwear Industry in the Consumer Goods Sector, as defined by Sustainability Accounting Standards Board (SASB) in 2018
- Core elements of the Task Force on Climate-Related Financial Disclosures (TCFD)
- Key disclosure indicators from Carbon Disclosure Project (CDP)
- The United Nations Global Compact Communication on Progress (COP)
- The United Nations Sustainable Development Goals (UN SDGs)

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You can download this report in PDF format from the website of FILA Holdings.



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Cover STORY

The dynamic movement of tennis player Soon-woo Kwon embodies FILA's journey to achieve "YOUR FILA IMPACT", our slogan for sustainability management.

Message from the Chairman



“Looking ahead to the future, we will endeavor to bring positive changes and create shared value for our stakeholders.”

Dear Stakeholders,

As COVID-19 transitions to an endemic phase, the war in Ukraine sparks the energy shortage issue and strains global supply chains, directly affecting not only the business industry but also our personal lives. The current situation serves as a clear reminder that critical challenges that transcend borders are intertwined and collectively shape the world we live in.

I believe our vision “WINNING TOGETHER” is, and will continue to be, an indispensable driver for us at a time when risks exist at all times. A prime example is the climate change issue, which necessitates global efforts. Recognizing this, we attended the 2022 UN Climate Change Conference (COP27) held last November in Sharm El Sheikh, Egypt, and had a precious opportunity to think with many stakeholders about ways to further reduce the environmental impact of the fashion industry.

Ever since FILA declared its commitment to sustainability management in 2019, all our members have made various efforts and attempts to incorporate sustainable management into our business practices. A wide range of initiatives were launched to reduce our carbon footprint, preserve resources and fulfill our social responsibility. We also kept close communication with our stakeholders to better understand their concerns and expectations and embed their feedback in our sustainability management strategy. However, we still have a long way to go, and complex issues, such as climate change and social inequality, require multi-faceted, innovative solutions that rely on cooperation. Understanding this all too well, FILA will continue to work with our stakeholders to devise and execute solutions, and improve our performance in sustainability management.

Sustainability management represents the very foundation of our commitment to resilience in preventing and responding to a myriad of issues that will arise in the future. All members of FILA, including myself, will look ahead to the future and keep focusing on bringing positive changes and creating shared value for our stakeholders. I would like to express my gratitude for your support and partnership in building a sustainable future for FILA, and kindly request your ongoing interest and support as we strive to become a truly sustainable corporation that fulfills its corporate responsibility.

Chairman of FILA Holdings Corp.

Yoon-Soo (Gene) Yoon

CEO's Letter



"In 2022, we became the first Korean fashion company to be included in the Dow Jones Sustainability Indices (DJSI) Korea, and we were also selected as a "Top-Rated ESG Company" by a global ESG rating agency, Sustainalytics."

My name is Kevin Yoon, and I would like to extend my greetings as the CEO of FILA Holdings Corp.

FILA group has consistently promoted sustainability management over the past four years, during which the world has witnessed abrupt and unpredictable changes. The year 2022 was a watershed in our pursuit of sustainability management – we laid out a clear group-wide vision under the slogan "WINNING TOGETHER" and established sustainability strategy "YOUR FILA IMPACT 2025". Throughout the year, we also spared no effort in making progress in all five sub-strategies: Product Circularity, Climate Action, Caring for People, Supply Chain Transparency and Business Commitment.

Starting 2022, we endeavored to create a product circularity model across the end-to-end value chain in a bid to increase supply chain transparency, which is one of the most significant challenges in the global business environment. Going beyond merely manufacturing sustainable products, we attempted to do things differently, by adopting low impact materials and helping suppliers minimize environmental impact in the production process, while running the Supply Chain Task Force to find solutions and facilitate their implementation to address various associated challenges.

In 2022, remarkable achievements were attained in the ESG area. We became the first Korean fashion company to be included in the Dow Jones Sustainability Indices (DJSI) Korea, and we were also recognized as a "Top-Rated ESG Company" by a global ESG rating agency, Sustainalytics. These achievements serve as positive indications that we are on the right track in integrating sustainability into our business practices. We will remain dedicated to driving sustainable growth forward.

At FILA, we regard sustainability as a continued journey and not a one-off project, and understand that there are challenges to address and opportunities to explore. FILA is committed to continuously improving sustainability management performance and seeking new ways to create shared value for stakeholders. Moving forward, we will continue to integrate sustainability management into every aspect of our business operations and effectively communicate our progress and achievements through sustainability reports.

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

President and CEO of FILA Holdings Corp.

Keun-Chang (Kevin) Yoon

Business Highlights

Revenue

KRW **4.2** trillion

Operating Profit

KRW **435.1** billion

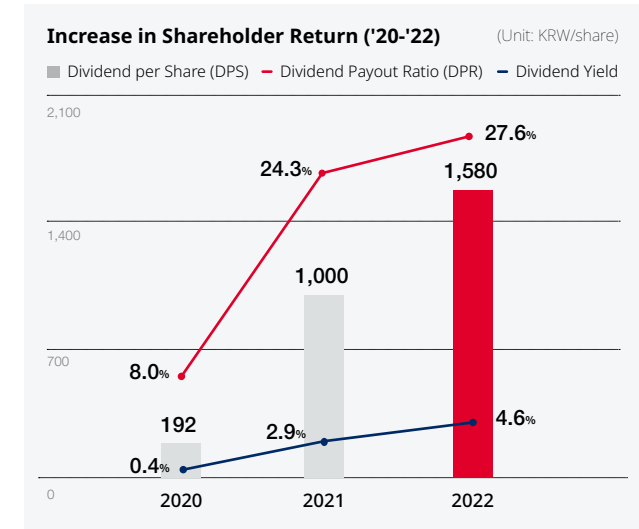
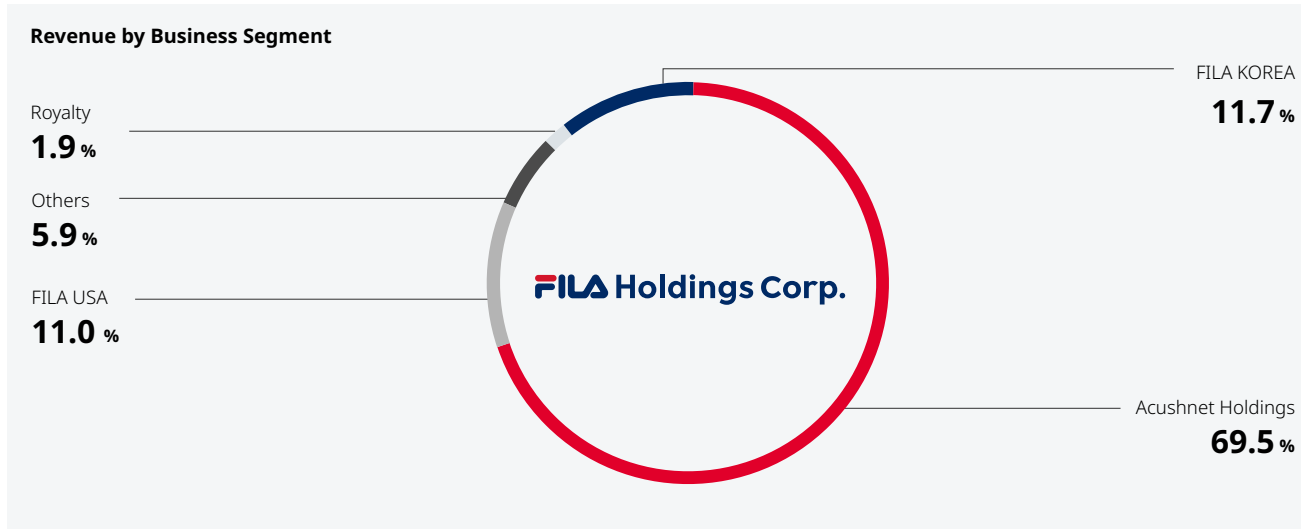
Net Profit

KRW **467.5** billion

First Special

Dividend Payout

2022 Annual DPR* **27.6** %



ROE

19.2 %

EPS

KRW **5,720**

EBITDA

KRW **5,475** billion

YoY DPS**
Increased by
58.0%

Dividend Yield
in 2022
4.6%

Total Dividends
Paid in 2022
KRW 95 billion

* The financial information and metrics presented above are based on consolidated financial statements
 * ROE: Return on Equity * EPS: Earning Per Share * EBITDA: Earnings Before Interest, Taxes, Depreciation and Amortization
 * Dividend Payout Ratio: Calculated by dividing total dividends by consolidated net income attributable to controlling interests
 * Since the figures above are rounded off, the sum of each item and the total may differ

* DPR: Dividend Payout Ratio
 ** DPS: Dividend Per Share

ESG Highlights

Actions for the Planet

Product Circularity

**265%**

YoY increase in the production of sustainable products
(Based on SKU)



Transition to sustainable packaging materials

100%

Footwear packaging
(Shoebox)

70%

Apparel and accessories packaging materials
(Polybag, tag, label, tissue paper)

**58%**

Participation of tier 1 key suppliers in ZERO WASTE program

Climate Action

**COP 27**

UN Climate Change Conference Participation

**Scope 3**

GHG emissions initial disclosure

**CDP Water Security**

First water-related disclosure under CDP

Creating Social Impact

Caring for People

**373%**

YoY increase in training expense per employee at FILA Korea

**0.9%**

Operating profit given back to community
Establishing FILA group CSR strategy



Enhancing communication with FILA Korea consumers

97%

Customer inquiry response rate

100%

Implementation of product recall process

Supply Chain Transparency

**18 meetings**

Establishment of Supply Chain TF with regular meetings in response to critical risks throughout the year

**Supply Chain Transparency**

Tier 1 supplier mapping and key supplier selection

**ESG Audit**

ESG evaluation and audit for tier 1 suppliers

Sound Governance

Business Commitment

**27.6%**

Dividend payout ratio (DPR) and declaration of special dividend for the first time

**Risk Management Principle**

Establishment of risk management policy

**Sustainable Tax Policy**

Declaration of global tax sustainability principles

Awards and Recognition

FILA's commitment to sustainability has garnered widespread recognition from major global ESG rating agencies, acknowledging its outstanding achievements. We will strive to implement our sustainability initiatives so as to create positive ripple effects in the fashion industry and beyond.

ESG Ratings & Awards

<p>Dow Jones Sustainability Indices (DJSI) - Korea</p> <p>Included for the first time among Korean fashion companies</p> <p>Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA</p>	<p>Morgan Stanley Capital International (MSCI)</p> <p>Received A grade</p> 	<p>Sustainalytics</p> <p>The first Korean fashion company to be named in a "2023 Top-Rated ESG Companies" list. (Asia-Pacific region)</p> <p>Received a "Low Risk" ESG rating</p> 	<p>Refinitiv</p> <p>Scored 78/100 on ESG performance</p> 
<p>Institute for Textile and Fashion Policy (ITFP)</p> <p>Recognized as one of the excellent ESG fashion companies in Korea</p> 	<p>Sustinvest</p> <p>Received A grade</p> <p>ESG Information, Analytics & Investment SUSTINVEST</p>	<p>Korea ESG Research Institute</p> <p>Received S grade</p> 	<p>Korea Institute of Corporate Governance and Sustainability</p> <p>Received B+ grade</p> 

Global Initiatives

<p>First among Korean fashion companies to Disclose achievements in Sustainability Accounting Standards Board (SASB)</p> <p>Declare support for Task Force on Climate-Related Financial Disclosures (TCFD)</p> 	<p>Carbon Disclosure Project (CDP)</p> <p>Disclosed achievements in climate change response in "Climate Change" & "Water Security" sectors</p> 
<p>Joined UN Global Compact</p> <p>Declared support for UN Sustainable Development Goals (SDGs)</p> 	<p>FILA Group Global Human Rights Policy</p> <p>Endorsed the human rights standards from International Labour Organization, UN, and OECD</p> 

Stakeholder Engagement

Our primary stakeholders are our customers, employees, suppliers & licensees, shareholders & investors, local communities, and NGOs, with whom we proactively engage and communicate through various channels. We pursue mutually beneficial partnerships with all our stakeholders and create a positive environmental and social impact. To achieve this, we will continue to closely collaborate with diverse stakeholders in the years ahead.

Stakeholders	<h3>Customers</h3> 	<h3>Employees</h3> 	<h3>Suppliers and licensees</h3> 	<h3>Shareholders & investors</h3> 	<h3>Local communities and NGOs</h3> 
	<p>Product safety, data security, expansion of customer engagement</p>	<p>Work-life balance, talent recruitment and development, support for welfare benefits and healthcare, promotion of employee diversity</p>	<p>Fair trade, shared growth with suppliers, environmental & social risk management</p>	<p>Business performance, governance transparency</p>	<p>Fulfillment of corporate social responsibility, support for the socially underprivileged</p>
	<p>Major issues</p> <hr/> <p>Communication Channels and Our Response</p>	<ul style="list-style-type: none"> - Customer service center - Quantitative consumer surveys - Roundtable meetings with store owners - Exhibition of key products for each season 	<ul style="list-style-type: none"> - FILA Ethical Management Newsletters - Labor-Management Council - Staff townhall meetings - Ethics Report Center - Sustainability management interviews (FILA Holdings, FILA Korea, FILA USA, FILA Sport (Hong Kong), Montebelluna, FILA Luxembourg) 	<ul style="list-style-type: none"> - GCM (Global Collaboration Meeting) - Global Strategic Marketing Meetup - Design Camp - FILA Group Global Code of Conduct - FILA Group Global Human Rights Policy - FILA Group Corporate Statement on Forced Labor - Ethics Report Center 	<ul style="list-style-type: none"> - General shareholder meetings - IR (Investor Relations) events and disclosures (Conference calls and company visits) - Annual and quarterly earnings calls (March, May, Aug., Nov.) - Conferences hosted by securities firms - FILA Holdings Corporation Corporate Governance Charter

Material Topics

FILA engaged our stakeholders and conducted materiality assessments to identify the prioritized topics for our sustainability management.

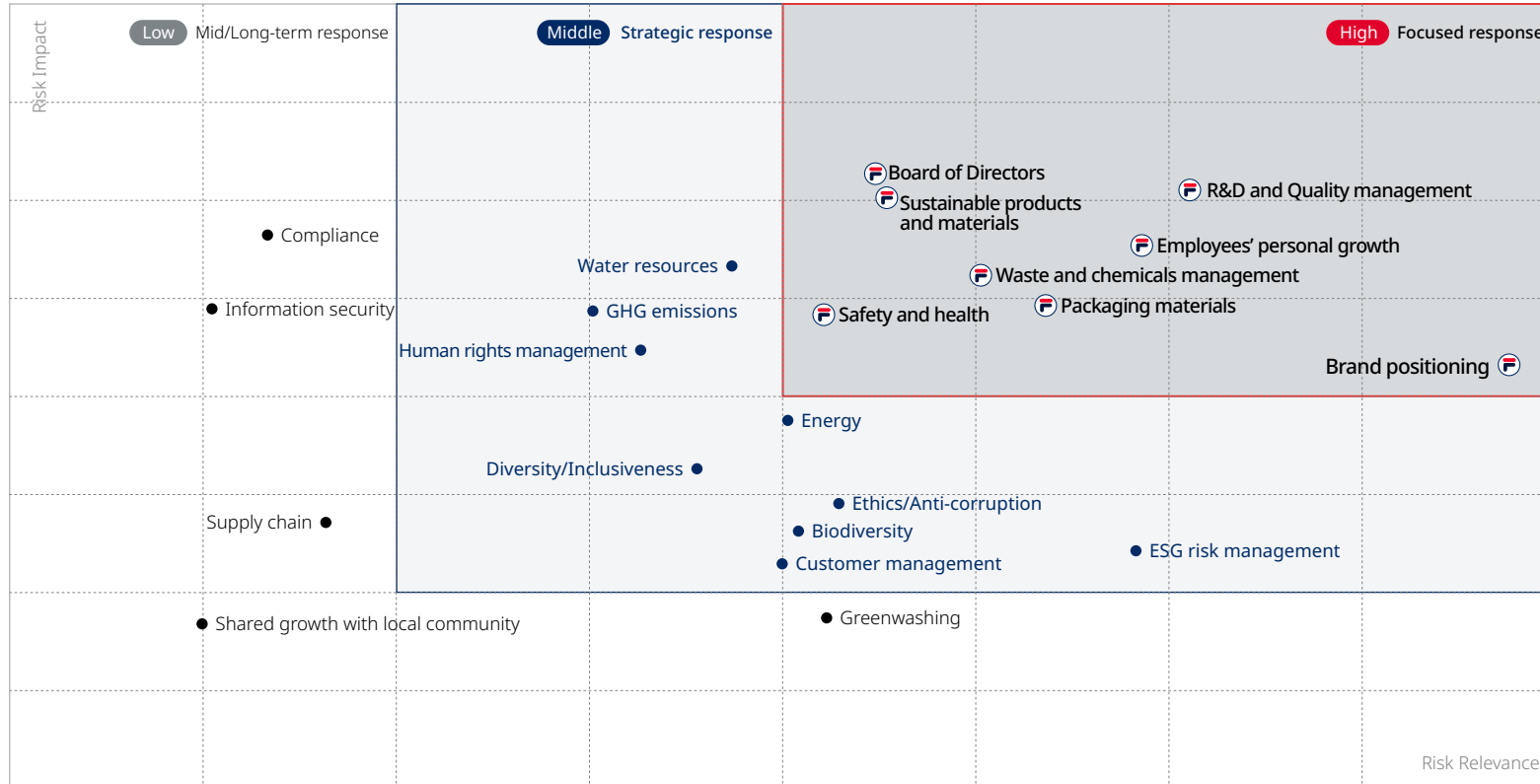
We evaluated the significance of each of these topics through media analyses, benchmarking and stakeholder surveys. In this sustainability report, we have covered the eight final topics chosen as material, along with our relevant activities and achievements.

TOP Eight Topics derived from FY2022 Materiality Assessment

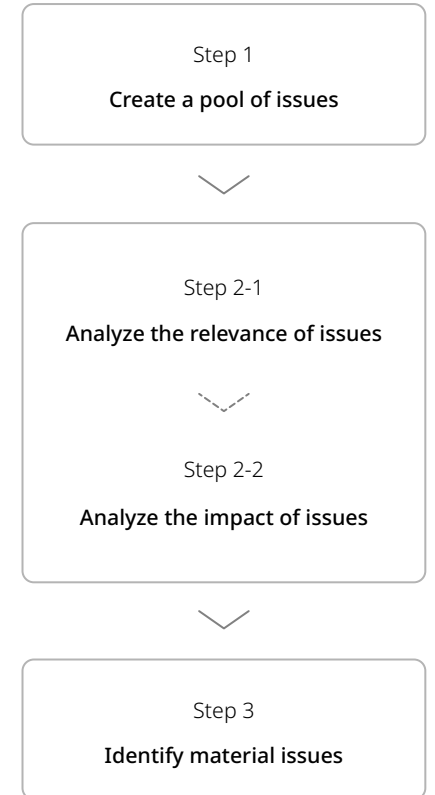
Rank	Topics (Rank YoY change)	FILA Sustainability Themes	Risks and Opportunities	Stakeholders	Pages
1	 Brand positioning (▲2)	Caring for People Business Commitment	- Business performance deterioration due to increased brand competition and unclear target customer selection - Improvement in market share, brand value, and sustainability	Employees, shareholders/investors, customers	15, 57-59, 74
2	 R&D and quality management (▲3)	Product Circularity Caring for People	- Shorter time to market (TTM) of competitors, higher quality expectations - New product development, enhanced product durability, reduced customer dissatisfaction with better quality	Suppliers/licensees, shareholders/investors	30-31, 55-56, 74
3	 Employees' personal growth (▼1)	Caring for People	- Lower work efficiency due to lack of motivation - Securing talented resources by sharpening competitiveness in business and job market	Employees, shareholders/investors	52-53
4	 Transparent and independent BoD (New)	Business Commitment	- Lack of transparency and independence in the BoD resulting in inadequate business supervision - Fair business decision making and vibrant communication across the group	Shareholders/investors, customers	68-73
5	 Sustainable products and materials (▼4)	Product Circularity	- Resource scarcity and environmental degradation because of increased resource use - Sustainable product market expansion and increased sustainability	Customers, employees, suppliers/licensees	32-36
6	 Packaging materials (New)	Product Circularity	- Plastic and paper box packaging materials causing environmental pollution and increased expense such as environmental charges - Increased sustainability with recycled packaging materials	Employees, suppliers/licensees, customers	37
7	 Waste and chemicals management (New)	Product Circularity	- Waste-generated carbon emissions and handling expenses, risks of hazardous substances - Efficient management of raw materials and stocks and enhanced product safety	Customers, suppliers/licensees	31-32, 37-40
8	 Safety and health (New)	Caring for People	- Safety incidents in the workplace, lack of safety awareness for accident prevention - Improved brand reliability and industrial prevention through minimizing safety risks	Employees, suppliers/licensees	55

Material Topics

FY2022 Materiality Assessment Matrix



Assessment Process





About **FILA**

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FILASOPHY

Established in 1911 in the small town of Biella, Italy, FILA has become a premium lifestyle sports brand.

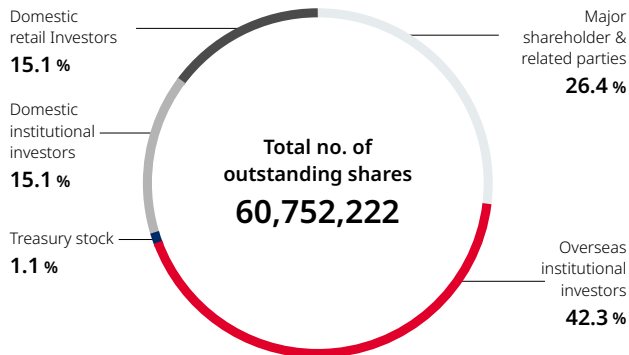
FILA GLOBAL NETWORK

DIRECT BUSINESS

Corporation name	FILA Holdings	FILA Korea	FILA USA	FILA Sport (Hong Kong)	Montebelluna	FILA Luxembourg
Location	Korea	Korea	US	Hong Kong SAR	Hong Kong SAR	Luxembourg
No. of employees	52	272	292	114	90	11
Main business	Holding company	Wholesale & retail of footwear/ apparel/accessories	Wholesale & retail of footwear/ apparel/accessories	Footwear/apparel/accessories sourcing	Footwear/apparel/accessories sourcing	Trademark ownership and licensing management

SHAREHOLDERS

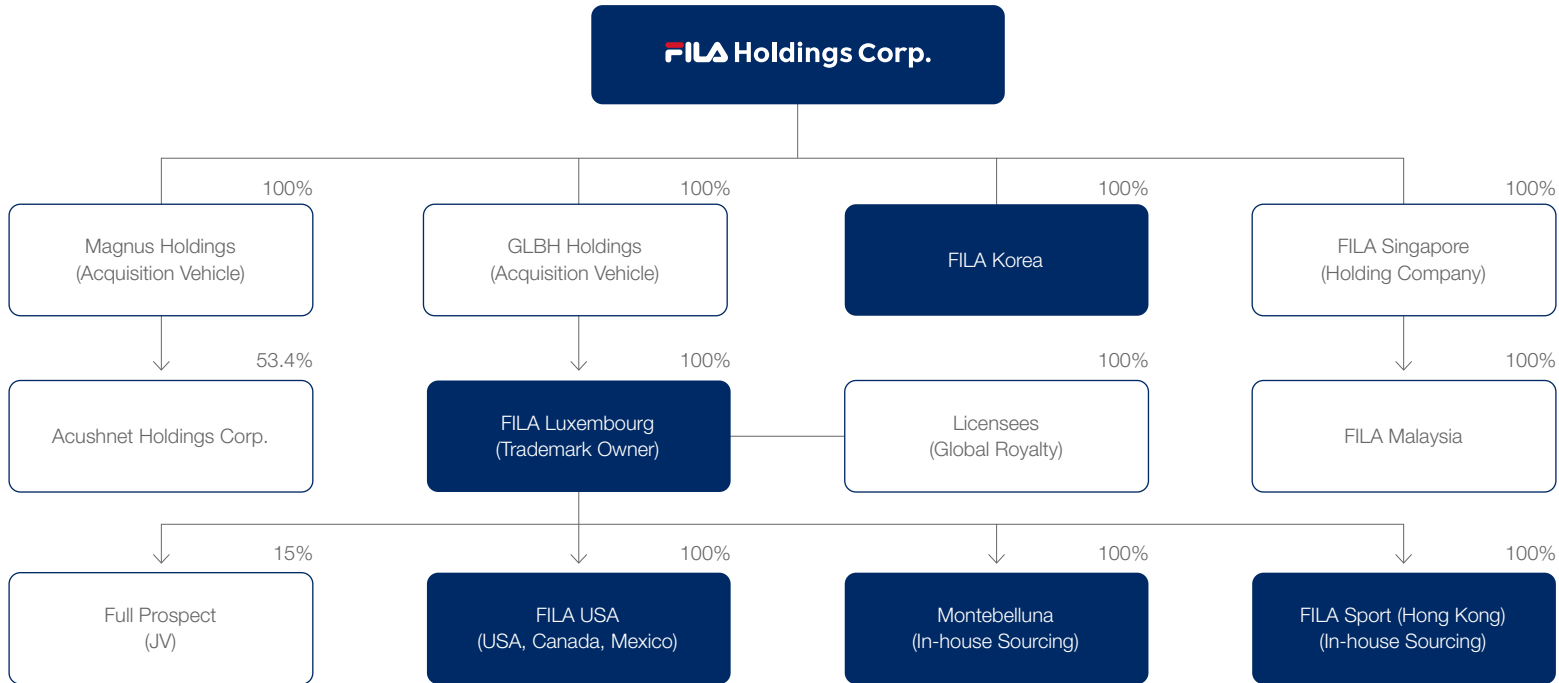
(as of December 31, 2022)



INDIRECT BUSINESS

<p>Global Licensing</p> <p>A total of 42 licensees across Asia, North America, South America and EMEA.</p> <p>Biannual Global Collaboration Meetings (GCM) held to set global strategies among all licensees</p>	<p>Full Prospect</p> <p>JV formed with a Chinese business partner (With FILA Luxembourg owning 15%)</p> <p>It engages in FILA product wholesale business in PCR, Hong Kong SAR, Macau SAR, and Singapore</p>	<p>Acushnet Holdings Corp.</p> <p>A major affiliate listed on NYSE under GOLF (FILA ownership 53.4%)</p> <p>Golf product design, planning, manufacturing and distribution</p> <p>Brands: Titleist, FootJoy, Vokey, Scotty Cameron, Pinnacle, etc.</p>
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The Group Structure of FILA Holdings Corp. and its Major Affiliates*



Affiliates
61

FILA Licensees
42

■ Affiliates included in sustainability management performance disclosure**

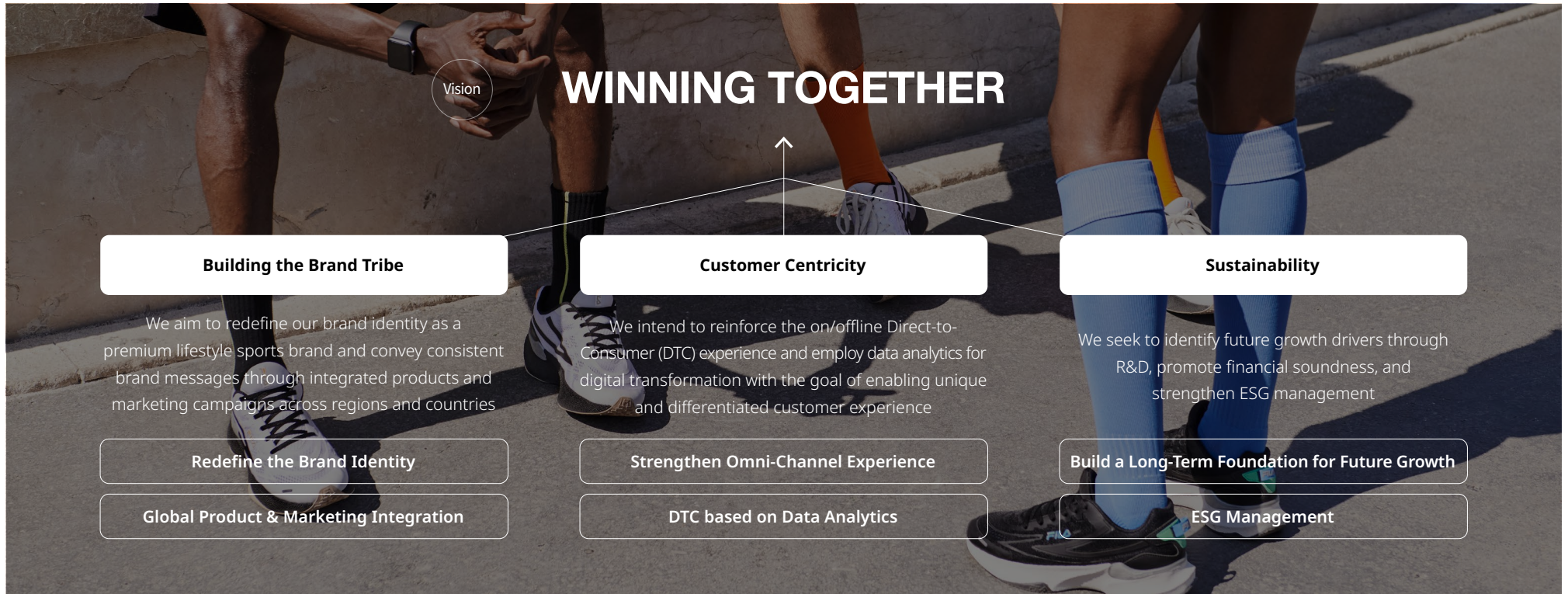


* as of December 31, 2022

** The scope of non-financial performance this Integrated Report discloses covers FILA Holdings, the holding company, and its five major affiliates, whereas the financial performance of FILA group includes consolidated affiliates

FILA Strategy

FILA is committed to a strategic roadmap spanning five years, in the vision of "WINNING TOGETHER." We strive to make bold investments and deliver greater value through focusing on the three pillars – Building the Brand Tribe; Customer Centricity; and Sustainability.



1911

1911 In Biella, Italy, three FILA brothers started a knit and underwear business through manufacturing fabrics using natural materials



2000

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

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

2016 FEB Brand restructuring in Korea
DEC Acushnet listed on the NYSE (Ticker: GOLF) and became an affiliate of FILA Holdings Corp.

2018 MAR Appointed Keun-Chang (Kevin) Yoon as the President and CEO of FILA Korea Ltd.
SEP Participated in the Milan Fashion Week (2019 S/S collection)

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

2020



FILA Heritage

Without beauty, there is no performance

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

1973 Became a sports leisure brand by initiating sports marketing
By sponsoring the legendary tennis player Björn Borg, FILA penetrated the luxury sports industry, including tennis, ski, golf, and yachting

1991 JUL Established FILA Korea as an affiliate of FILA Global

1992 MAR Launched the FILA brand in Korea

1990

2000 FEB Launched FILA KIDS in Korea

2001 FEB Launched FILA GOLF in Korea

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

2007 APR Established GLBH Holdings to acquire the FILA Global trademark



2020 JAN FILA Korea Ltd. changed its name to FILA Holdings Corp. through a vertical demerger to establish a pure holding company for enhanced transparent corporate governance
APR Published inaugural Sustainability Report

2021 FEB Held a virtual runway show at Milan Fashion Week 110th Anniversary Collection
MAR Became a signatory of UN Global Compact

2022 JAN Signed a sponsorship agreement with Giovanni Soldini, leader of Maserati's yacht team
FEB Announced FILA group's five-year strategic plan "WINNING TOGETHER"
SEP Participated in ATP Korea Open as official tennis clothing sponsor
OCT Unveiled a global campaign starring fashion icon Hailey Bieber
NOV Global organization restructuring under FILA Luxembourg
Launched universal/global line products
DEC FILA Holdings included in Dow Jones Sustainability Indices Korea for the first time

2023 FEB Revamped the FILA Korea official online store

FILA Brand OUR STORY

FILA has always believed that sports is more than just athleticism and competition. Sports is mindset; the pursuit of excellence for its own sake.

Over the last half-century, FILA has been worn by extraordinary athletes at the most iconic moments in sports. Chosen by those who courageously challenge limits and defy expectations, FILA has come to stand for the perfect balance of power and grace.

From our humble beginnings in the foothills of Biella, Italy to the summit of Mt. Everest and the historic introduction of color to tennis, FILA has built an enduring reputation for shattering conventions with a design sensibility that is as bold and breakthrough as the people who wear it.

Today FILA continues to inspire through a relentless drive to bring beauty to performance.



Brand Vision

To be the leading authentic performance sports brand inspired by the style, elegance, and passion of our Italian heritage

Brand Mission

To make performance beautiful

Brand Value

Without beauty, there is no performance

FILA Brand Core Sports Categories

At FILA, we pursue innovation through sustained R&D endeavors on performance products in various sports domains. We carefully select core categories (Tennis, training, sportstyle, and outdoor) and sub-core categories (Motor sports, winter sports, running, and soccer) to streamline our product lines on those categories.

Core Categories

Sub-core Categories



Tennis



Motor sports



Winter sports



Training



Sportstyle



Running



Soccer



Outdoor

Collaboration

FILABORATION (FILA × COLLABORATION)

In 2022, FILA once again demonstrated its position as a premium lifestyle sports brand through collaborations with various fashion brands, designer labels, and global celebrities.



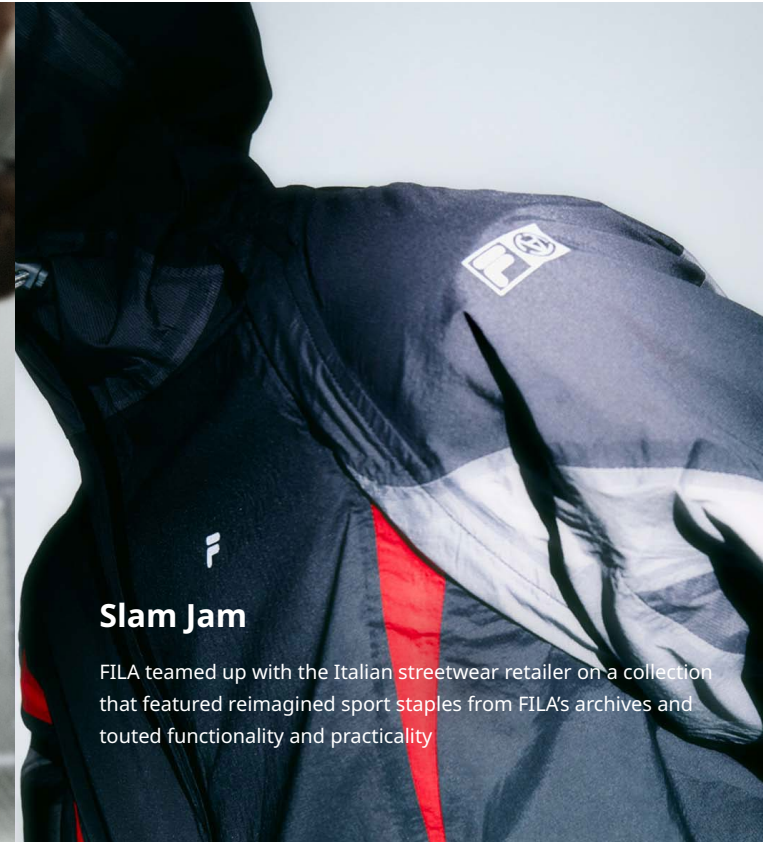
ROKSANDA

ROKSANDA's signature romanticism met with FILA's active sports style to create an artistic yet sporty collection



Y/PROJECT

Y/PROJECT placed its kaleidoscope of distortion over the FILA archive. The capsule collection highlighted the distinct identities and design aesthetics of the two brands



Slam Jam

FILA teamed up with the Italian streetwear retailer on a collection that featured reimagined sport staples from FILA's archives and touted functionality and practicality

Collaboration

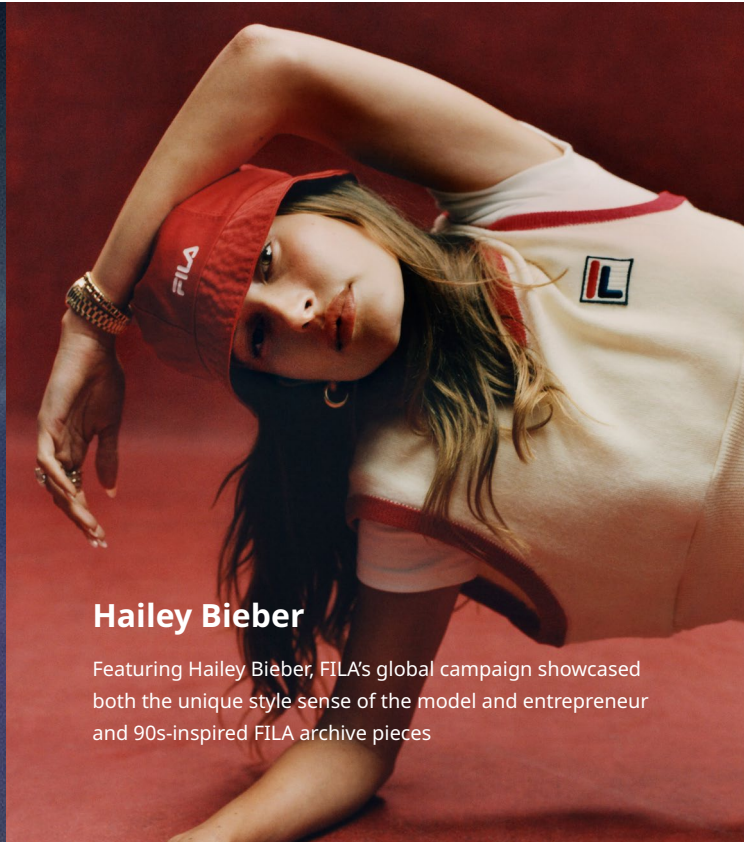
FILABORATION (FILA × COLLABORATION)

In 2022, FILA once again demonstrated its position as a premium lifestyle sports brand through collaborations with various fashion brands, designer labels, and global celebrities.



Aries

Collaboration with Aries, a non-gendered fashion brand designed by Italian designer Sofia Prantera, brought about an inspiring collection inspired by Greek myth of Theseus and the Minotaur, and with a stress on Italian classical references and attention to detail



Hailey Bieber

Featuring Hailey Bieber, FILA's global campaign showcased both the unique style sense of the model and entrepreneur and 90s-inspired FILA archive pieces



Haider Ackermann

Haider Ackermann's modern and sensual designs were merged with the FILA heritage in sports to create a collection brimming with passion and energy

FILA IMPACT 2025

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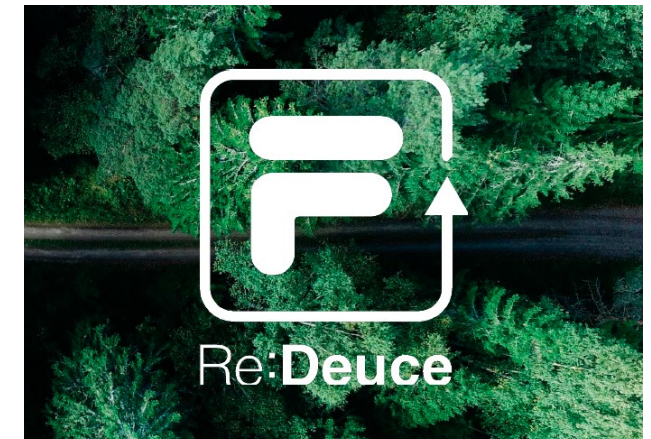
2025 Strategy

Sustainability Organization

FILA's company-wide incorporation of sustainability management into its decision-making system aims to effectively address shifting market conditions and varying consumer expectations. With the Strategic Planning Team under the Corporate Strategy Division at FILA Holdings playing a central role, employees responsible for HR, general affairs, marketing and legal affairs operations at our affiliates closely communicate on ESG issues and implementation strategies. This helps us develop our roadmap and further elaborate on the action plans that span our supply chains, operations, product development & manufacturing, and marketing. The monitoring of our ESG outcomes against ESG strategies and goals allows us to better present major agenda items and directions at both management meetings and to the Board of Directors. Ultimately, this process aligns all our affiliates towards the common goal of advancing our sustainability strategy. In 2021, for the first time in our history, we set ESG performance management indicators for FILA Holdings employees in manager or above positions, and in 2022, we extended the scope of ESG-related KPI management to FILA Holdings and FILA Korea. In 2023, the scope was expanded significantly to include working-level members responsible for ESG management of the two companies. This will help us in linking mid/long-term ESG goals with their budgets at respective affiliates, ultimately resulting in more closely-connected and flexible sustainability management. At FILA, we will do our utmost to generate ESG outcomes and values.

FILA Re:Deuce

In 2023, FILA announced a new sustainability initiative called FILA Re:Deuce, a term coined combining "Reduce" and tennis term "Deuce". The announcement signifies our commitment to sustainability by aligning our business and strategies with sustainable management development and minimizing our negative impact on the environment and society. FILA Re:Deuce aims at presenting a shared vision that empowers our stakeholders to move forward together, and embodies our sustainability management in various campaigns, sustainable product lines, and marketing materials.



2025 Strategy

Sustainability Management Strategy

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

Sustainability Management Roadmap

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

Mid/long-term Sustainability Management Strategic Framework

YOUR FILA IMPACT

Three Pillars

E **Actions for the Planet**
Minimize our environmental impact from product manufacturing to disposal

S **Creating Social Impact**
Improve value for FILA stakeholders

G **Sound Governance**
Make decisions responsibly in consideration of ESG impact

Five Themes

Product Circularity

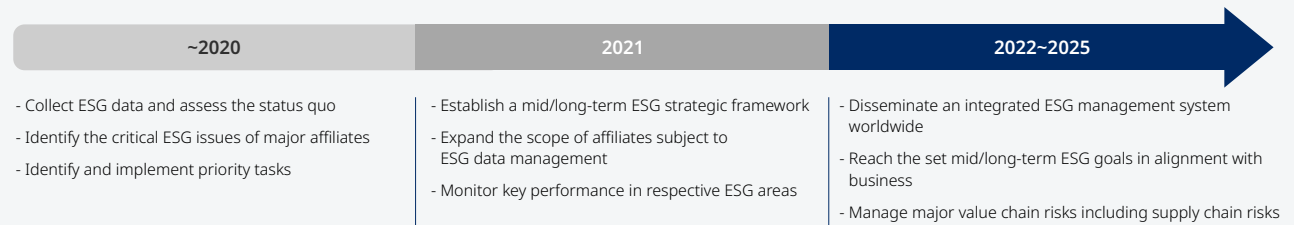
Climate Action

Caring for People

Supply Chain Transparency

Business Commitment

FILA Sustainability Management Roadmap



YOUR FILA IMPACT 2025

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

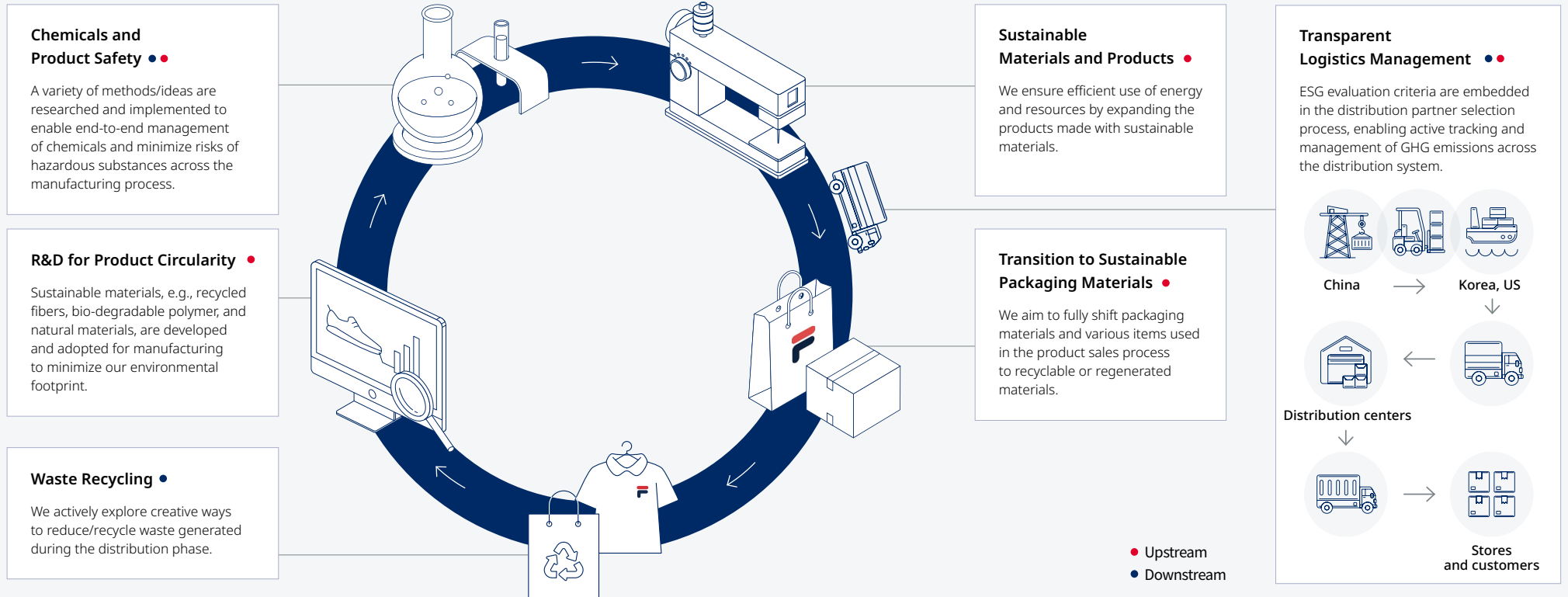
2025 Target		2022 Performance	FILA Holdings	FILA Korea	FILA USA	FILA Sport (Hong kong)	Monte belluna	FILA Luxembour
Product Circularity	Lay the foundation for Life Cycle Assessment to achieve product circularity	Initiated FILA group PLM (Product Lifecycle Management) and SCM (Supply Chain Management) systems implementation project	●	●	●	●	●	●
	Increase the ratio of sustainable materials	Adopted additional sustainability standards (Responsible Down Standard, Global Organic Textile Standard, Global Recycled Standard, and Organic Content Standard 100)		●	●	●	●	
		Adopted new sustainable materials for apparel and accessories			●	●		●
		Adopted new sustainable materials (Bamboo modal yarn (Bambusel) and recycled polyester fiber (Repreve))			●			●
	Reach 10% or above in the ratio of sustainable product lines	Launched R&D for sustainable performance products through establishing Futura Lab			●			●
		Increased the production of sustainable products by 265% compared to the previous year (Based on SKU)			●	●	●	●
		Switched to sustainable materials for FILA's signature footwear products (Disruptor, Rayflide, Zagato)			●		●	
		Reached 36.2% in sustainable products out of all tennis line apparel production				●		●
	Reduce hazardous substances contained in products to ZERO	Increased the use of water-based adhesives for footwear in by 1.8 times compared to the previous year			●	●	●	
		Distributed hazardous substance guidelines to suppliers and performed regular chemical safety inspections			●	●	●	
		Prepared for revision of Restricted Substance List of FILA group		●	●	●	●	●
	Switch to sustainable materials for packaging and subsidiary materials	Utilized 100% recyclable materials for footwear packaging (Shoebox)			●	●	●	
		Utilized recycled materials to about 70% of apparel and accessory packaging (Polybag, tag, label and tissue paper)			●	●		●
	Expand the resource circularity driven waste reduction system	Applied regenerated midsoles made from 9,000 pieces of recycled sample waste material to 10,000 pairs of footwear			●		●	
		58% of tier 1 suppliers participated in the ZERO WASTE program, which represented a 500% increase compared to the previous year (Nine footwear suppliers and two apparel suppliers)				●		●
		Signed on a recycled textile production R&D project using fabric waste from suppliers after chemical treatment			●			●

		2025 Target	2022 Performance	FILA Holdings	FILA Korea	FILA USA	FILA Sport (Hong kong)	Monte belluna	FILA Luxembour
Climate Action	Develop climate change response strategies and set mid/long-term carbon emissions reduction targets		Specified climate-related risks and necessary countermeasures and strengthened the group-wide environmental management structure	●	●	●	●	●	●
			Participated in UN Climate Change Conference (COP27)	●					●
			Disclosed Scope 3 GHG emissions and expanded the scope of GHG management	●	●	●	●	●	●
			Systemized FILA group's GHG inventory	●	●	●	●	●	●
			Commissioned independent verification on GHG emissions	●	●	●	●	●	●
	Reduce carbon emissions at directly-operated affiliates and worksites		Included ESG factors in the logistics company selection criteria as way to achieve sustainability in logistics operation			●		●	●
			Fully transitioned to EVs at distribution centers in Korea and the US			●	●		
			Achieved emissions reduction of around 124.7kgCO ₂ e through upcycling used coffee cups at office	●					
			Achieved emissions reduction of around 10.2kgCO ₂ e through introducing electric business cards	●					
	Initiate a strategic water management system		Disclosed water security data for the first time under Carbon Disclosure Project	●	●	●	●	●	●
		Monitored water risks at all business sites around the globe	●	●	●	●	●	●	
Caring for People	Expand support with a focus on global talent management		Increased the training expenses per employee by 373% compared to the previous year		●				
			Held Global Design Camp to align product designs and strategies across directly-operated affiliates and licensees		●	●			●
	ZERO health & safety incident		Achieved ZERO case of major industrial accident or violation of Occupational Safety And Health Act	●	●	●	●	●	●
			Appointed Chief Safety Officer (CSO)		●				
			Revised Health and Safety Policy and Checklist		●	●			
	Create impact through the implementation of FILA's global CSR strategy		Established CSR Strategy for FILA group	●	●	●	●	●	●
			Donated 0.1% of total sales and 0.9% of operating profits	●	●	●			
			Donated KRW 1.5 billion (Cash and products) in Türkiye and Syria earthquake relief fund	●	●	●			
			Reinforced the CSR aspect of Fondazione FILA Museum	●					
			Expanded programs associated with FILA's CSR themes (Water, diversity, and children)		●	●			
Prevent and effectively address human rights-related issues		Provided all employees with human rights infringement prevention training and launched in-house campaigns	●	●	●				
Strengthen communication with consumers		97% response rate for consumer inquiry response and 100% implementation of action and recall process		●					

	2025 Target	2022 Performance	FILA Holdings	FILA Korea	FILA USA	FILA Sport (Hong kong)	Monte belluna	FILA Luxembour
Supply Chain Transparency	Implement sustainability management principles across FILA group's supply chain	Enabled effective response to major risks at all times through Supply Chain TF comprised of decision makers from the group's six key entities	●	●	●	●	●	●
		Received pledges to FILA Group Global Code of Conduct and Human Rights Policy from suppliers of directly-operated affiliates and licensees	●			●	●	●
		Consolidated the operation of licensee management platform and associated data management	●					●
	Improve transparency across supply chains and map suppliers by product and manufacturing phase	Identified and selected key suppliers through supplier mapping	●	●	●	●	●	
		Classified and defined supplier tiers	●	●	●	●	●	
		Mapped tier 1 and tier 2 suppliers of directly-operated affiliates (86 tier 1, 64 tier 2 suppliers)	●	●	●	●	●	
		Reinforced the key supplier selection criteria	●	●	●	●	●	
	Integrate sustainability issues (Climate change, human rights, and health and safety) in the supply chain	Conducted ESG evaluation and audit for all tier 1 suppliers of directly-operated affiliates	●	●	●	●	●	
		Prepared for third-party audit on key suppliers	●	●	●	●	●	
		Screened for FILA group ESG criteria compliance for new supplier selection and contract signing	●	●	●	●	●	
		Received the denied party screening results for all tier 1 suppliers of licensees	●					●
	Sound Governance	Implement FILA's five-year strategic plan and shareholder return policy	Expanded shareholder return and paid first special dividend (For 2022, a total of KRW 95 billion in dividend, 4.6% dividend yield, 27.6% DPR, 58% increase in DPS)	●				
Advance sustainability management and respond to climate crisis under the BoD leadership		Tabled ESG risks and opportunities at regular BoD meeting for deliberation	●					
		Established risk management standards and process	●					
		Established FILA Group Tax policy	●					
		Published "FILA Sustainability Index"	●					
		Laid the groundwork for the introduction of management remuneration program linked to mid/long-term performance	●					
		Conducted evaluation of Board of Directors and adopted Board Skill Matrix	●					
Follow up on all whistleblowing reports submitted globally to FILA group		ZERO ethical violations and 100% response to global whistleblowing hotlines	●	●				
	All employees completed ethical management training	●	●					
Reduce personal data breaches to ZERO	ZERO information security breach incidents for the past four years	●	●					

ESG Value Chain

At FILA, our sustainability strategy encompasses both the upstream and downstream value chains within our business structure. We seek to further refine our approach to include various stakeholders and the environment going forward.



A man and a woman are featured in a close-up shot on a tennis court. The man, in the foreground, is wearing a white and blue striped polo shirt with a dark blue turtleneck collar and a FILA logo on the chest. The woman, slightly behind him, is wearing a red and blue FILA jacket and glasses. The background shows a green tennis court with white lines. The text 'FILA FOCUS' is overlaid in large white letters on the right side of the image.

FILA FOCUS

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Product Circularity

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

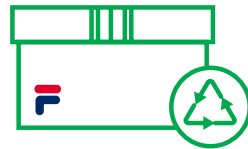
Highlights from 2022



Expanded sustainable product lines

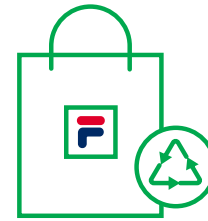
Sustainable products from FILA Korea and FILA USA increased by **265% year-on-year**

(Based on SKUs at the end of 2022)



Transition to sustainable footwear packaging materials

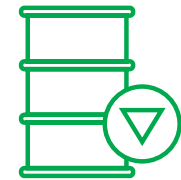
Utilized **100% recycled materials** for footwear packaging (Shoebox)



Transition to sustainable apparel and accessory packaging materials

Utilized **recycled materials for about 70%** of apparel and accessories packaging

(Poly bag, tag, label and tissue paper, etc.)



Expansion of waste reduction system

58% of tier 1 key suppliers participated in the **ZERO WASTE program** Participation rate increased by **500%** compared to the previous year

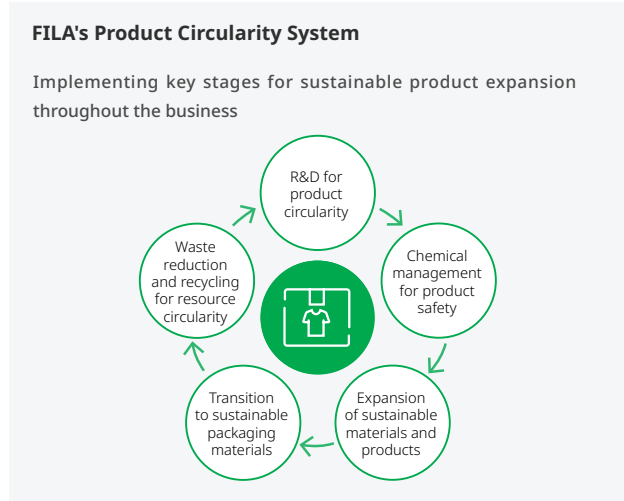
(Nine footwear suppliers and two apparel suppliers)

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Product Circularity

FILA's Product Circularity System

FILA is shifting from a linear to circular product cycle, achieving small and big milestones along the way. In 2022 we made progress in all five phases of the circularity, building on the achievements from the previous year. Understanding too well that we still have a long way to go to make a real difference and fulfill our environmental responsibility as a product manufacturer and provider, we will continue to fine-tune the circularity system and make it more concrete and complete, while not losing sight of the forest for the trees along the way.



Establishing Product Lifecycle Management System

Laying the foundation of Life Cycle Assessment (LCA) is included in our group-wide mid/long-term sustainability target "YOUR FILA IMPACT 2025," as it is integral to achieving product circularity.

Every company in the consumer goods industry would ultimately want to achieve a complete product lifecycle management, which involves clearly identifying a product's end-to-end journey from planning to disposal and optimizing each step of the process. This requires extensive and intensive changes that amount to a complete organizational transformation. It is a difficult yet highly rewarding goal, and we have decided to make investments in solutions that will play a crucial role in achieving the goal.

In 2022, FILA initiated a mid/long-term project of implementing systems for integrated global Product Lifecycle Management (PLM) and global Supply Chain Management (SCM) for integrated brand operations from a group-wide perspective. Through this multi-year project, we will be able to incorporate data-driven decision making, remediate work inefficiencies caused from operating separate systems for each subsidiary, and build a solid foundation for enhanced brand competitiveness and sustainable success. The system, when fully implemented, will avail complete quality data from the operational status of suppliers and factories down to the raw material level for product LCA, and accelerate our transition to sustainable products.

R&D Efforts for Product Circularity

At FILA, the R&D and planning stages are the first step where sustainability comes into play and set the tone for the rest. Launching products with less impact on the environment requires a new way of doing things, often breaking away from the conventional. To facilitate this change, we have created an organic cross-functional collaborative structure that taps the expertise of respective departments. In addition, we have further strengthened our R&D capabilities to provide safe, sustainable, and high-quality products.

Futura Lab

We created a new global organization Futura Innovation Team to position ourselves as a brand that draws on its 112 years of iconic heritage while looking to innovation, sustainability and identity. With a special focus on developing the footwear category, the Futura Innovation Team aims to build brand momentum, advance tennis products and associated marketing, and drive sustainability management. With the opening of R&D center Futura Lab in Portland, Oregon, which is the capital of the global footwear industry, we are accelerating research and development efforts for new sustainable performance products.

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FAST CENTER

Located in Busan, South Korea, our footwear R&D center FILA Advanced Science & Technology Center (FAST CENTER) was established in 2013 and has since been conducting research and development based on industry-academia partnerships with domestic and overseas universities. In 2021, we created the Sustainable Materials Tracking Board to serve as the bridge between product planning and sourcing, and conduct research as well as verification & validation of sustainable materials and innovation trends for their applicability to our footwear products. Through collaboration with the newly established Futura Lab, FAST CENTER explores ways to enhance sustainability of the overall processes; and engages in technical research, including biomechanical experiments, mechanical testing, performance product design, mold development, and physical property testing of new materials, providing a foundation for innovation across the group.



Chemical Management

We are researching and implementing diverse ways to manage chemicals used in the manufacturing process and minimize the handling of hazardous substances. We focus on enabling real time monitoring of recent developments and strengthening our system to be compliant with global standards, given that the chemicals regulatory landscape constantly evolves with new scientific discoveries of hazardous chemicals or additional regulations enforced by countries around the world.

Strengthening Global Chemical Management

To assure the safety of FILA-branded products in any market around the world, we are expanding the coverage of chemicals management to include our licensees' supply chains. To this end, we are currently drafting a Restricted Substances List (RSL) that conforms to industry standards that go beyond meeting the legal requirements of the countries in which our affiliates operate. We also intend to further tighten our chemical test manual development, test cycles and levels, and obtain third-party validation testing reports including chemical management status from all our tier 1 suppliers.

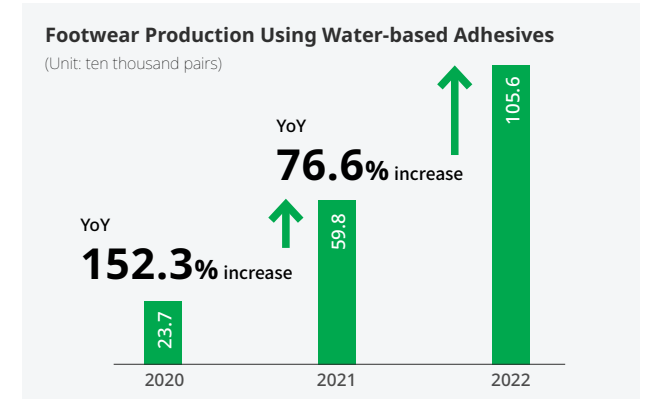
Supplier Chemical Management System

We assess and manage the risks or hazards associated with chemicals in our products through Quality Control Teams of sourcing entities Montebelluna and FILA Sport (Hong Kong). We provide chemical management guidelines to the suppliers of our affiliates and supervise their compliance with local laws. In addition, regular chemical safety inspections are conducted as part of our chemical monitoring system. Prior to placing orders for products, we share hazardous substance information with our suppliers and work together to eliminate such substances early on from the design phase. Even after manufacturing, we undertake a second inspection of the finished products and a third

inspection before shipping, sparing no effort to ensure product safety. In addition, the evaluation criteria we set for our suppliers include legal compliance, safety and quality aspects, and we rigorously supervise their actual fulfillment.

Expanding Use of Water-based Adhesives

To reduce the generation of harmful substances and chemicals, we are shifting from solvent-based adhesives to water-based ones in producing the upper portion of our footwear. The number of footwear products made with water-based adhesives increased 1.8 times from 598,000 pairs in 2021 to 1,056,000 pairs in 2022. This helped reduce the consumption of such hazardous chemicals as Benzene, Toluene, and Styrene that are contained in solvent-based adhesives as well as the environmental load generated in the disposal of such substances.



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Responding to Hazardous Substance Issues

We take deep responsibility for the recent product safety issue have been made public, and we are working on fundamental solutions to ensure that we do not repeat the same mistakes in the future. In parallel, we will also proactively respond to chemical substances whose hazards have not yet been legally declared, but which are garnering attention in some countries and organizations.

Sustainable Materials and Products

We are gradually expanding to phase-in more and more products that use sustainable materials and processes, and are preparing for the transition into a low-carbon era. After launching the first sustainable line of products in 2020, we established a framework for developing sustainability transition scenarios, by redefining our definition of sustainable products and analyzing their share in the overall product portfolio and sales.

Defining and Communicating Sustainable Products

Sustainable products are difficult to define in a single word. There is no specific and clear global standard that has yet been legislated, and the various elements that constitute the definition of sustainability include not only the type of material, but also environmental aspects in the production process, ethical aspects such as human rights and safety, and evolving technology. At present, we are in the process of co-creating an industrial order through trial and error. We believe the solution to the problem is to set up reasonable internal standards, label products that strictly comply with them as sustainable products, and communicate them in a transparent manner. Since 2021, we, led by the Product Planning Division, have set and continuously refined internal standards for sustainable products, taking into account the characteristics of each product segment—apparel, footwear, and accessories—and comprehensively considering the material content and type of manufacturing methods applied. Additionally, we have developed principles to ensure that our discussions are about the product itself and that we communicate this without misrepresentation. Greenwashing entails misleading consumers about the environmental benefits of a product through exaggeration, and poses a significant risk to our business. As such, we have established internal standards to accurately state our environmental benefits and train employees in communications to avoid overstating the value of our ESG activities.

Global Regulatory Trends against Greenwashing

Country	Standard
UK	Competition & Markets Authority Green Claim Code
EU	European Green Deal, EU Circular Economy Action Plan, EU Ecolabel
US	Federal Trade Commission Green Guides
Korea	Environmental Labeling and Advertisement Management System

BPA (Bisphenol A)

In October 2022, the Center for Environmental Health (CEH), a US-based non-profit organization, claimed that bisphenol A (BPA) was found in FILA USA's sports bras in amounts exceeding the California state limit of 3µg. BPA is an industrial chemical used widely in the manufacturing of polyester apparel containing spandex, as well as plastic packaging and straws. There are no official laws or standards governing the use of BPA, despite concerns about its potential to release environmental hormones. Since eliminating the use of synthetic fibers altogether is not a feasible solution for the functionality of athletic apparel, we plan to strengthen our oversight by listing BPA on our chemical screening criteria.

SCCPs (Short-chain Chlorinated Paraffins)

In March 2023, the Voice for Consumers Chungnam-Daejeon branch, a South Korean non-profit organization, revealed that a yoga mat from FILA Korea contained SCCPs at higher levels than the European Union (EU) standard of 1,500 mg/kg. Used in the production of rubber, paint, and leather coatings, the chemical is classified as a persistent organic pollutant by the EU and its content in products is regulated. Although no applicable legislation exists in South Korea, where the product was marketed, we have recalled the affected products from the market. Going forward, we will ensure that we stay compliant at a global level.

PFAS (Perfluoroalkyl and Polyfluoroalkyl Substances)

The EU and some states in the US will soon impose regulations banning the use of PFAS. PFAS have wide applications in automobiles, medical equipment, and more for their resistance to heat and corrosion, but controversy exists over their long-term risk of accumulating in the human body and possibly causing various diseases. For apparel and footwear products, PFAS are used to make products waterproof. To preemptively respond to regulations and deliver safe products, we have checked for the presence of PFAS in FILA Korea and FILA USA products. For FILA Korea's footwear products, PFAS were identified in children's waterproof boots, and we adopted an alternative material and eliminated the chemicals from our products starting in 2023.

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Guidelines for Producing and Marketing Sustainable Products

We intend to develop a well-defined approach to product sustainability and provide direction to our internal and external stakeholders. In March 2023, we formed the Sustainable Product & Marketing Guidelines Task Force, bringing together representatives from production, product planning, marketing, and strategy from the group's major affiliates. The task force is responsible for reviewing and enhancing the sustainable product and marketing standards that we currently follow internally, with the goal of publishing the group's global sustainability guidelines publicly and externally within 2023. We will ensure that our supply chain, product characteristics, sustainability trends in the fashion industry, laws and regulations in different countries, and the global standards are taken into consideration to create a comprehensive set of standards.

FILA Re:Deuce

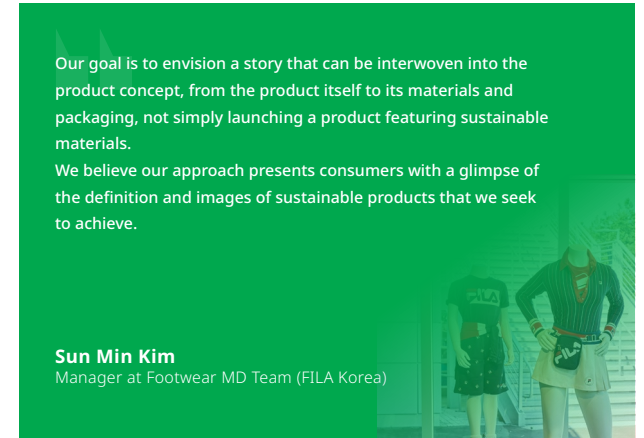
In 2021 and 2022, FILA's sustainable products were branded under the EARTH TOUCH / EARTH FEEL lines for FILA Korea products only, but starting in 2023, they will be aligned at the global group level and communicated as FILA Re:Deuce*. FILA Re:Deuce is FILA's sustainability management initiative that will be applied across the entire strategy, including not only products but also marketing and various activities.



* More information on FILA Re:Deuce can be found in 2025 Strategy (page.22)

Accelerating Transition to Sustainable Products

We choose the most appropriate materials for our products by considering functionality and environmental benefits, which are distinctly differentiated depending on our main product categories: Performance and Lifestyle. Tapping the three years of experience in launching sustainable products as well as accumulated data on product share and sales performance, we deep-dive our analysis by segment (Footwear, apparel, kids footwear/apparel, underwear, and accessories). In 2022, sustainable products of our affiliates accounted for 4.6% of total products, which represents a 265% increase from the previous year. While it is a small percentage in our portfolio, we are making significant quantitative and qualitative improvements each year. We view 2022 as a period of solid groundwork and preparation for future momentum. We will demonstrate significant improvements each year as we follow through our YOUR FILA IMPACT 2025 sustainability strategy.



Expansion of Sustainable Products in 2022 (Unit: SKU)



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Footwear

Since footwear products consist of more components than apparel or accessories including the upper, the midsole and the outsole, it is critical to find our own optimal approach in planning and producing sustainable products. While footwear is the smallest segment in our portfolio, we have put together a solid transition model.

In the footwear category, we succeeded in replacing existing materials with sustainable ones for our signature and best-selling models—Disruptor, Rayflide, and Zagato—without sacrificing design or production costs. For the midsole, we used regenerated materials from our own sample waste. By enhancing the environmental benefits of well-loved products while maintaining their functionality and aesthetics, we anticipate this will catalyze the expansion of sustainable products in the future. The principle applied to all three products is that they contain at least 40% sustainable materials by the area of the upper, and 20.1%, 16.3%, and 13.4%* by the combined weight of all sustainable materials used in the products, respectively. In the future, we intend to adopt the



principle of sustainable material weight standards through technical improvements and launch products that adhere to this principle. FILA USA has adopted Ortholite insoles, which are made from recycled rubber, for some of its footwear products. We will continue to take a two-pronged approach, gradually phasing in sustainable materials and components as we transform our products.

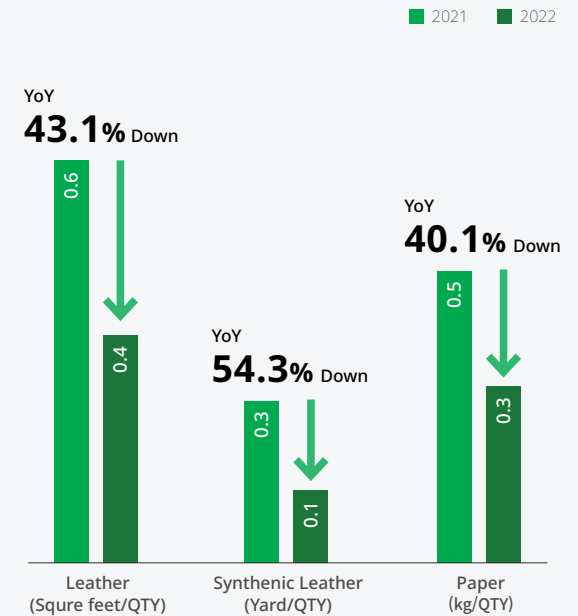
Sustainable Transition of Steady-selling Footwear Products



Reducing Material Consumption

We are working to reduce material consumption by avoiding unnecessary waste. Most notably, FILA Korea and FILA USA effectively lowered the amounts of materials such as leather, synthetic leather, and paper required to produce footwear products in 2022 compared to 2021. By material, we reduced the amount of leather used to produce one footwear by about 43.1%. Synthetic leather was reduced by approximately 54.3% and paper by about 40.1%.

Footwear Material Consumption Reduction*



* The sustainable material content of a footwear product is measured by disassembling all the materials that form the product and comparing the combined weight of existing and sustainable materials

* The amount of materials required for the production of a pair of shoes (QTY) varies depending on the characteristics of the materials used

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Apparel

In planning our apparel products, we look for materials with improved environmental performance, such as Sorona, SOLARbALL, and POLARTEC, as well as materials certified to the Responsible Down Standard (RDS), which ensures cruelty-free practices in apparel production.

FILA USA is proactively adopting sustainable apparel materials such as recycled polyester and nylon for its tennis line that belongs to our core sports category. Our tennis line made from such sustainable materials accounted for 36.2% in 2022 up from 0.7% in 2021, and its share is expected to reach 67.1% in 2023.*

Kids

We are especially mindful to use safe materials in our children's apparel and products. The share of sustainable products in our kids' apparel portfolio grew from 8.3% in 2021 to 13.7% in 2022. We are encouraged by the results of our efforts to broaden choices for consumers, and we will continue to move in the right direction as we look ahead.

Underwear

We launched the Outfit Eco collection for 2022 using ECOLON and Tencel, two high performance sustainable yarns that blend strength and functionality, given that underwear comes in direct contact with the skin. ECOLON is certified by the Global Recycled Standard (GRS) and Tencel fibers are made with beechwood extract sourced from sustainably managed forests, and have been certified by the EU Ecolabel, Biodegradability Certification and the United States Department of Agriculture (USDA) BioPreferred Program. Sustainable products comprised 11.5% of all underwear products in 2022, which is expected to grow to 16.0% by 2023.



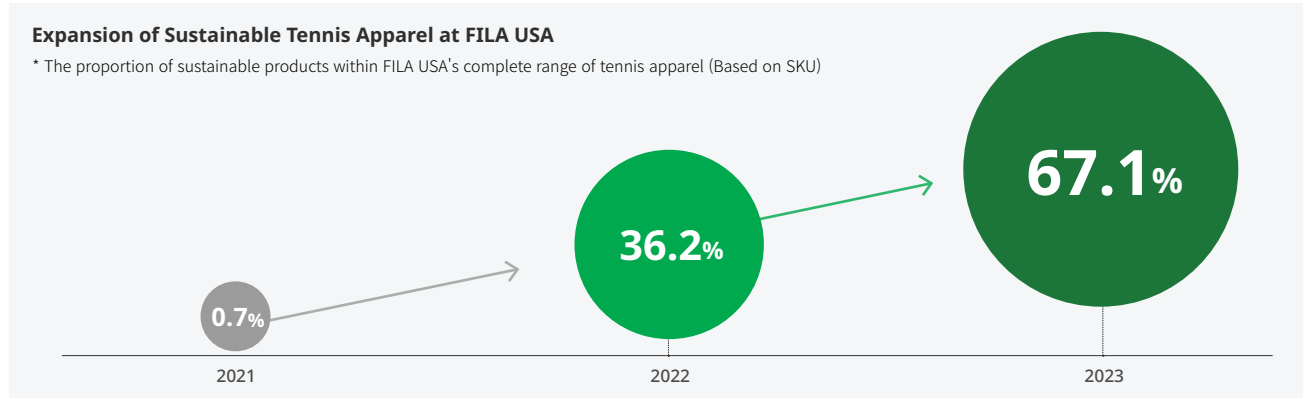
Apparel



Kids



Underwear



* 2022 FILA sustainable products were tallied using Stock Keeping Units (SKUs) as the basis

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Accessories

The sustainable accessories in 2022 were made from a wider range of materials, and their share of the total accessories category increased from 0.3% in 2021 to 8.8% in 2022. Among other things, we have adopted Repreve, a material made from post-consumer plastic bottles, for the lining of our bags to reduce their environmental impact. We also launched products using vegan leather VEGEA, which is a totally vegetal raw material consisting of grape skin and stalks derived from wine production and manufactured in a way that respects animal rights. Vegan leather does not use the chemical treatment that is typically performed for tanning animal leather, nor does it require large quantities of water, making it an ideal choice for sustainable production. For some of our bag products, we have also reinforced the suspender joints with extremely strong bar-tack stitching for added durability.

Sustainable Materials used in FILA's Apparel and Accessories



SOLARball

Synthetic insulation that equals goose/duck feathers in fill power



Sorona

Nylon yarn made from corn



POLARTEC

Biodegradable fiber made from 100% recycled materials



Vegan Leather

Synthetic leather made from plant materials



Recycled Leather

Leather made by recycling leather scraps



ECOLON

PE yarn made from recycled PET bottles



MIPAN regen

Reclaimed nylon yarn made by recycling pre-consumer waste



Coolmax

Fabric made from recycled textile waste and PET bottle



Organic Cotton

Organic pure cotton cultivated in an organic way



Tencel

Regenerated fiber extracted from wood



Bambusel

Sustainable modal yarn made with natural bamboo ingredients



Repreve

Recycled polyester made from post-consumer PET plastic bottles

Product Sustainability Certifications

Sustainability-certified materials guarantee that they have undergone a sustainable process from the raw material, purchasing, and procurement stages of a product. We strive to build trust by steadily expanding the percentage of certified materials among all sustainable materials we use.

Sustainable Textile Standards



Responsible Down Standard (RDS)

a certification that ensures humane treatment of animals throughout the entire down and feather supply chain



Global Organic Textile Standard (GOTS)

a leading global manufacturing standard for textiles made from organic fibers



Global Recycled Standard (GRS)

a standard that certifies products obtained from recycled materials



Organic Content Standard (OCS) 100

a standard that certifies products containing 95-100% organic materials

FILA FOCUS | E

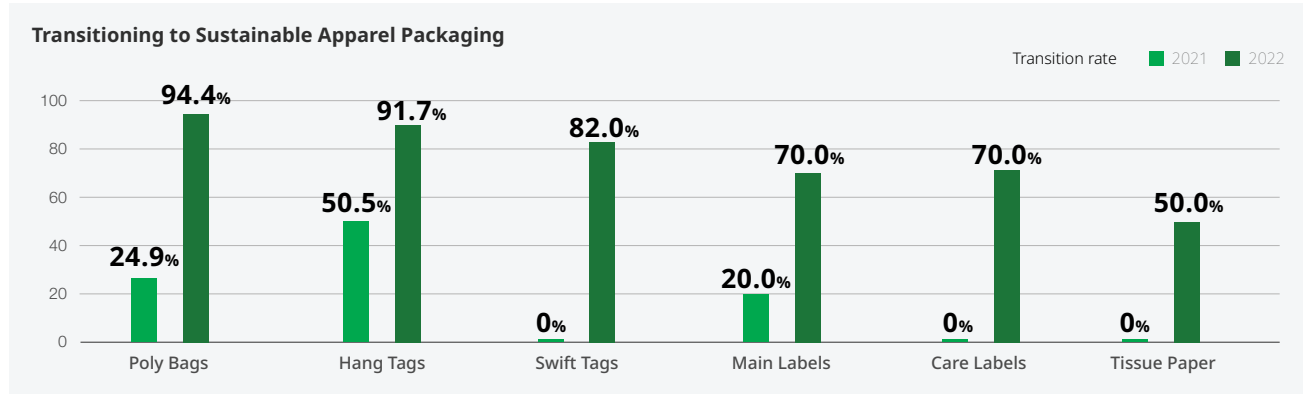
Packaging Materials

We have been gearing up for a long time to entirely replace the packaging and other ancillary materials used in the sale with recycled or recyclable materials. In 2022, we made substantial improvements to eliminate virgin materials from our packaging, while also creating a system to collectively track and manage all packaging materials used by our direct affiliates within the group.

Footwear packaging (Shoebox) transitioning to **100% sustainable**

Transitioning to Sustainable Packaging

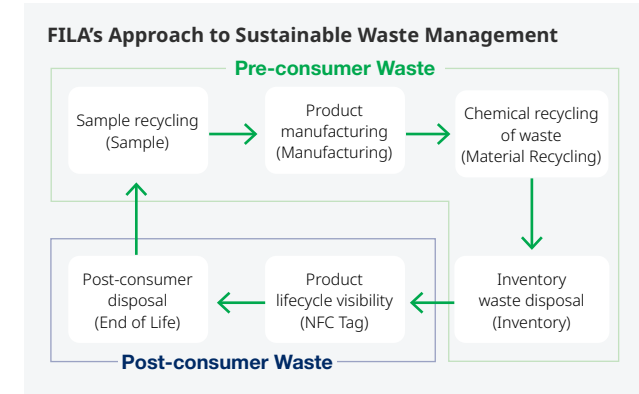
There are mainly three types of packaging for footwear products: shoeboxes, tissue paper, and hangtags. In 2022, FILA Korea and FILA USA made all their footwear packaging from recycled materials, and reduced the amount of recycled material required from the previous year. Recycled paper used to produce shoeboxes was approximately 8,000 tonnes in 2021 and 5,600 tonnes in 2022, a 29.7% reduction in materials; tissue paper was reduced by 26.6% from 225 tonnes in 2021 to 165 tonnes in 2022; and hang tags reduced by 45.8% from 55 tonnes to 30 tonnes during the same period. Starting in 2024, we will also replace all paper used in our shoeboxes with FSC (Forest Stewardship Council) certified ones that are harvested from sustainable forests. For apparel packaging, we have also accelerated the transition to sustainability, recording 94.4% transition rate by using poly bags containing 50% recycled materials, which make up the majority of our apparel packaging, up from 24.9% the year before. Other packaging materials such as hang tags, main labels, care labels, swift tags, and tissue paper have also been converted to recycled or recyclable materials, with an average transition rate of more than 70%, and are on track to reach 100% by 2023.



Tissue paper: a thin paper wrapper for packaging footwear in shoebox

Waste Management & Recycling

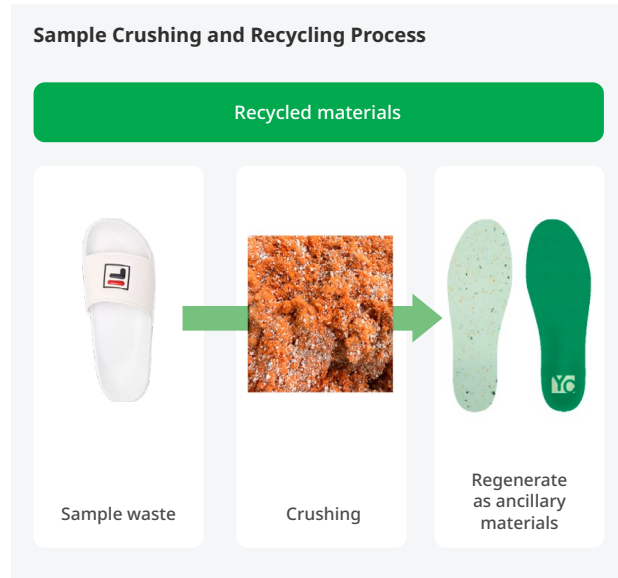
The most optimal product circularity, in our view, is the one that utilizes resources as efficiently as possible and produces as little waste as possible. In 2022, we made it our mission to design our own circularity model that is both actionable and meaningful to the various waste-related issues that may arise across our entire value chain.



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Sample Recycling

Samples are made to see how a design will look and feel as an actual product before it goes into mass production. They are not intended for sale and therefore discarded when they have served their purpose. We have crushed 9,000 discarded footwear samples to produce 10,000 footwear midsoles, which were then applied to three sustainable footwear product models in 2022. Starting in 2023, we are conducting research and development to diversify the types of components that can be produced with regenerated samples, and eventually make an entire footwear with regenerated materials. We view the production of these ancillary materials as a desirable achievement for product circularity, and we will continue to expand our efforts in the future.



Supplier Waste Management Program

Reducing the waste generated in supplier factories at the production stage is a critical part of the entire value chain. We encourage our suppliers to make self-sustaining changes by cutting waste and saving on waste management costs through efficient operations. To support this, we invite our suppliers to participate in the ZERO WASTE Program, which is sponsored by the Footwear Distributors and Retailers of America (FDRA) and run by business sustainability solutions provider ELEVATE. Starting with one footwear supplier in 2019, nine footwear suppliers joined the program in 2022, and the first two apparel suppliers joined the Zero Manufacturing Waste Program run by the Apparel Impact Institute (Aii) in 2022, which focuses more specifically on apparel manufacturing

processes, with a plan to expand the scope of our waste management program to include all of our tier 1 suppliers over time.

We analyzed the participating suppliers' status and results against six major criteria and detailed evaluation indicators and found that in 2022, the participants displayed exceptional performance in the Waste Management System category and, with the biggest room for improvement identified in the area of greenhouse gas (GHG) management. We prioritized the issues requiring improvement in each criteria into four ratings (Top, High, Medium, and Low) and provided guidelines to address the various issues suppliers face even after the program.

Results of the 2022 Supplier ZERO WASTE Program*



Waste types**
5 → 6



Percentage of waste landfilled and incinerated
74% → 39%



Recycling of waste
27% → 51%



Waste types reused/recycled**
4 → 5

Waste Management System	Training and Communication	Upstream & Downstream Management	Excellent Operation	Waste Data Management	GHG Management
<ul style="list-style-type: none"> Establish and distribute waste management guidelines, procedures and policies 	<ul style="list-style-type: none"> Implement waste management training programs and set training plans 	<ul style="list-style-type: none"> Categorize waste according to recyclability, install separate collection boxes and manage accordingly 	<ul style="list-style-type: none"> Install waste containers within the establishment and regularly manage them 	<ul style="list-style-type: none"> Manage solid waste data and recyclable waste data 	<ul style="list-style-type: none"> Identify the source of GHG emissions
<ul style="list-style-type: none"> Conduct internal/external evaluations and monitoring on the waste management system 	<ul style="list-style-type: none"> Document waste training outcomes in reports 	<ul style="list-style-type: none"> Use recycled materials in producing packaging materials 	<ul style="list-style-type: none"> Give precedence to recycled materials in developing samples 	<ul style="list-style-type: none"> Categorize waste according to recyclability and manage their data 	<ul style="list-style-type: none"> Measure GHG emissions (Scope 1 & Scope 2) and set reduction targets
<ul style="list-style-type: none"> Set the regular target for waste generation 	<ul style="list-style-type: none"> Develop communication and training materials based on waste management policy 	<ul style="list-style-type: none"> Discuss transitioning to recyclable packaging materials with upstream/downstream suppliers 	<ul style="list-style-type: none"> Establish and operate ways to use material scraps and molds 	<ul style="list-style-type: none"> Utilize waste data in the product R&D phase 	<ul style="list-style-type: none"> Conduct training on factoring waste reduction and recycling into GHG emissions calculation

* The average of the nine footwear suppliers that participated in the 2022 ZERO WASTE program is shown as an indicative measure of improvement from baseline over the course of the program
 ** The following waste classification pertains solely to general waste, whereas hazardous waste is categorized and managed separately

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Enhancing Distribution Center Waste Diversion

As distribution centers generate larger amounts of waste when compared to corporate offices, we manage these facilities with high priority. We seek to reduce the amount of waste generated by streamlining our business operations and increase our waste diversion rate by using low-impact methods such as recycling. FILA Korea and FILA USA run distribution centers in Icheon, Gyeonggi and Baltimore, Maryland, respectively, and their respective waste diversion rates in 2022 were approximately 39.9% and 78.8%. We have been recycling 100% of the cardboard boxes used for shipping in the Icheon Distribution Center since 2018, creating a virtuous cycle to generate revenue. In 2022, about 192 tonnes of wastepaper was recycled, amounting to about KRW 17.7 million. The distribution center in the US also generates revenue through wastepaper recycling and recorded about 240 tonnes of wastepaper recycling in 2022. We are conducting R&D on various solutions to eliminate distribution center waste that is currently incinerated and landfilled, and will come up with solutions in the near future to contribute to carbon reduction.

Energy Recovery from Inventory Waste Cogeneration

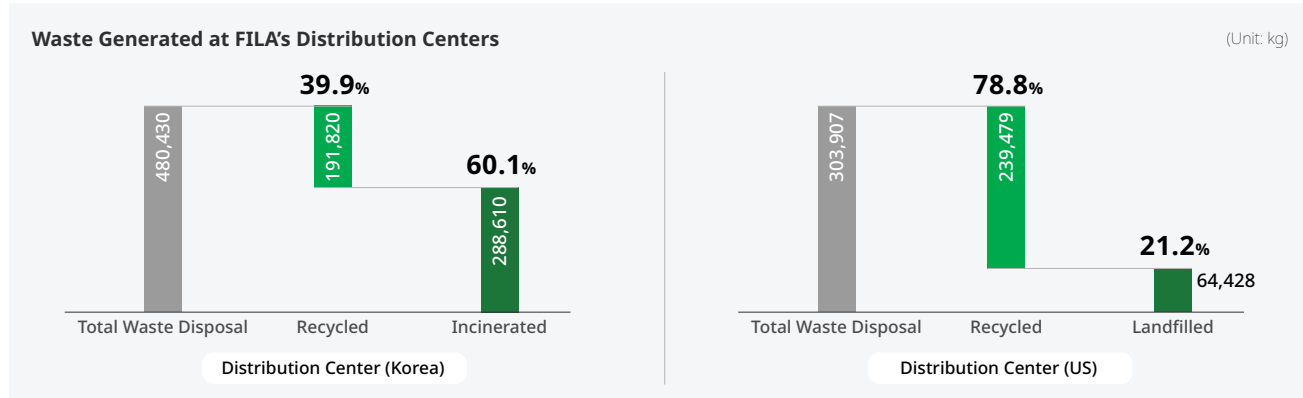
FILA Korea currently stores unsold products at its Icheon distribution center for a certain period of time before incinerating them. As we carry a heavy responsibility for the environmental pollution caused by incineration, we have been contemplating ways to improve this process. While this may not be a fundamental solution, starting in the second half of 2023, we will be utilizing all our waste destined for incineration to generate energy at a cogeneration power plant, contributing to resource circularity. Looking ahead, we will continue to endeavor to devise ways to reduce our inventory waste volumes.

Textile Material Recycling through Chemical Recycling

Through mid/long-term agreements with chemical companies, we are conducting an R&D project where we collect fabric scraps from our apparel suppliers' factories and regenerate textile yarns through chemical recycling. Chemical recycling relies on chemical processes to break down the plastic molecular structure and restore the material to its virgin state, allowing the recycled material to be recycled repeatedly, and even colored and contaminated waste can be made recyclable. Additionally, compared to conventional mechanical recycling, the chemical recycling process involves less energy and lower carbon emissions. In contrast, mechanical recycling offers limited circularity as only clear plastic water bottles are recycled, which are then crushed, washed, and turned into recycled pallets to make yarn. We aim to complete the product circularity loop by 2025 by using regenerated fiber yarn through chemical recycling for the production of our products.

Revamping Waste Management System

We have restructured the waste management system at the Icheon distribution center to enable real-time monitoring of waste status and the treatment & transportation process. This will further contribute to streamlining our waste management.



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Tracking Product Lifecycle with NFC Tags

In order to create a circular fashion model, we focus our efforts on the product planning and production stages, where we have a direct impact, but we also believe that we should be able to offer solutions to post-consumer waste. We break this down into the concepts of pre-consumer and post-consumer in order to better understand the lifecycle of a product, encompassing both the production and consumer stages, with the help of technologies.

In 2022, FILA teamed up with Swedish eSports team Ninjas-in-Pyjamas to roll out NFC (Near Field Communication)-tagged apparel. This project, in which NFC tags trace the life of a product from raw materials to disposal, was undertaken in collaboration with the Fashion Innovation Center in Sweden, and represents a significant achievement in extending product lifecycles.

Post-consumer Disposal

We have plans to launch an in-store waste take-back program for post-consumer waste, which refers to waste generated at the end of a product's lifecycle after being consumed. Although we made extensive efforts regarding waste management in 2022, we fully recognize that we still have a long way to go to address the issue completely. We ask for your support as we continue our journey toward sustainability with our consumers.



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Climate Action

Since 2020, we have fully implemented an environmental management system to join the global efforts to address the climate crisis.

Building on this, our affiliates and suppliers around the world collectively discuss the way forward, maintain organic collaborative relationships, and explore solutions by consulting on the most viable options.

Highlights from 2022



Respond to climate change

Participated in the UN Climate Change Conference (COP27) in a panel for "Fashion & Technology" agenda



Implement mid/long-term GHG reduction initiatives

Expanded GHG inventory and declared Scope 3 GHG emissions data for the first time



Embark on sustainable logistics

Embedded ESG factors in the distribution supplier selection criteria for FILA Korea



Initiate a strategic water management system

Disclosed water security data for the first time under Carbon Disclosure Project

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Climate Action

Climate Change

Climate Change Response Strategy

At FILA, we ensure environmental management is given appropriate consideration in the key decision-making process, with the Board of Directors regularly discussing climate change during meetings. In our response to climate change, we are introducing changes to the primary areas of products and manufacturing process. Our ultimate goal is to establish a circular cycle that integrates our activities within these two domains and to make our business model more sustainable. We are shifting the focus of our product portfolio for footwear and apparel in a more sustainable way, while working on reducing the use of resources in the processes and driving innovative changes in GHG management, water and energy consumption, and effluent treatment.

Climate Change Risks and Response

We recognize the impact of climate change risks on all aspects of our business in the future as well as the present. Periodic analyses are conducted to assess associated risks and divide them into two groups: physical risks (Acute and chronic) and transition risks (Legal, market, reputation, and technology). This allows us to come up with well-thought-out response measures that are tailored to FILA. FILA group has managed ZERO environmental violations over the past three years and has been monitoring rapidly changing global environmental regulations.

Climate-related Risks and Response

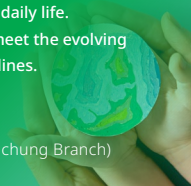
Risk type	Risk factor	Description	Response
Physical risks	Acute	Risks posed by the increase in frequency and intensity of event-driven weather events, such as hurricanes, typhoons, or floods	<ul style="list-style-type: none"> Drive R&D investment and technological innovation Shift the focus of product portfolio to sustainability
	Chronic	Risks associated with longer-term shifts in climate patterns (E.g., sea level rise or chronic heat waves)	<ul style="list-style-type: none"> Continuously monitor global regulations and institutions
Transition risks	Legal	All climate-related litigation claims, regulations and policies	<ul style="list-style-type: none"> Establish a group-wide climate change response system
	Market	All shifts in supply and demand for certain commodities, products, and services	<ul style="list-style-type: none"> Review possible physical asset damages and develop preventive measures
	Reputation	All risks tied to changing customer or community perceptions of an organization's contribution to or detraction from the transition to a lower-carbon economy	<ul style="list-style-type: none"> Diversify commodity suppliers
	Technology	All risks associated with technological improvements or innovations that support the transition to a lower-carbon, energy-efficient economic system	

Environmental violations over the past three years

0 case

I expect to see a growing number of customers who are more sensitive to the environmental impacts of their shopping decisions, now that the impact of climate change is felt in our daily life. As such, FILA will need to make a sincere effort to meet the evolving customer needs by expanding sustainable product lines.

Min Jung Kim
Store owner (FILA Hyundai Department Store Chungchung Branch)



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Participation in 2022 UN Climate Change Conference (COP 27)

We attended the 27th United Nations Framework Convention on Climate Change Conference of the Parties (UNFCCC COP 27) held in November 2022 in Sharm El Sheikh, Egypt, and reaffirmed our commitment to global climate action. Joining the “Fashion & Technology” agenda session as a speaker, FILA introduced our sustainability management and convergence areas for sustainability and technology and discussed future directions for further improvement. Participating in the COP 27 first-hand allowed us to form a deep rapport with like-minded companies, NGOs, and individuals working to address climate change, and we will continue to act proactively to implement the agreements reached at the conference.



Implementing Global Initiatives on Climate Change Response

As a member of the UN Global Compact (UNGC), FILA abides by the ten principles of the UNGC, and integrates UNGC principles in our environmental management system. FILA is also the first in the Korean fashion industry to have supported the Task Force on Climate-Related Financial Disclosure (TCFD), a global standard for disclosing climate-related financial information, and transparently disclosed its data on governance, strategy and risk management in accordance with the TCFD recommendations. Under the Carbon Disclosure Project (CDP), we disclose our performance in the climate change and water security areas, and also submit environmental performance reports as part of the Korea Environmental Information Disclosure System. We will continue with our mid/long-term commitment to identifying Science Based Targets (SBT) as an instrumental guide for corporate climate action and achieving Net Zero on the group-wide level.



Environmental Principles of the UN Global Compact

- Principle 7** Businesses should support a precautionary approach to environmental challenges;
- Principle 8** undertake initiatives to promote greater environmental responsibility;
- Principle 9** encourage the development and diffusion of environmentally friendly technologies.



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Green House Gases (GHG)

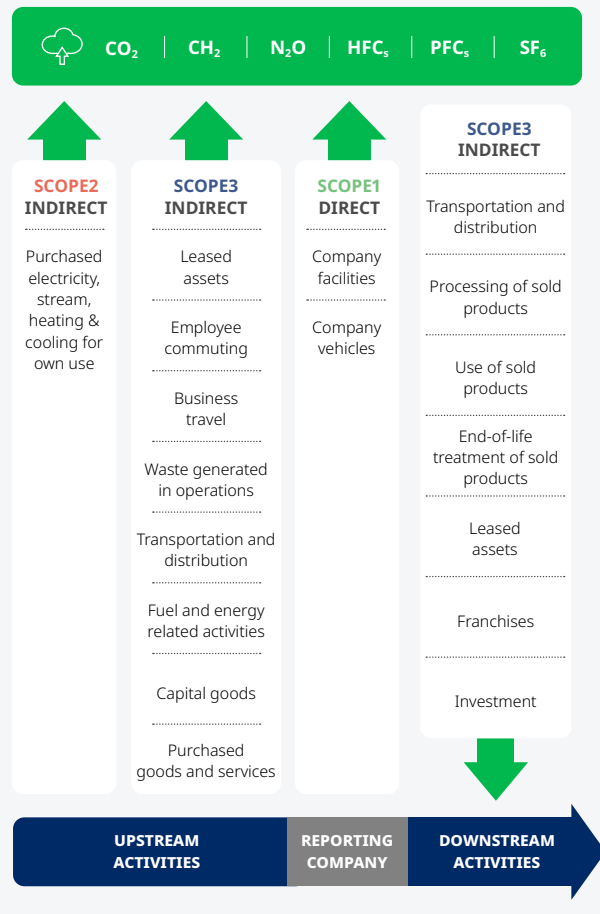
Expanding Global GHG Management

After starting GHG reduction management in 2020, FILA expanded its global carbon management scope to 14 business sites of 5 corporations in 5 countries in 2022 and focused on establishing a more structured GHG inventory. FILA has a global footprint, from directly-operated entities to suppliers along the supply chain, and therefore, given the nature of the fashion industry, it is imperative that we enhance the sustainability of our supply chains, along which raw materials are sourced and products are produced. As such, we began including even Scope 3 emissions in our carbon emissions measurement and management for the first time in 2022, and conducted voluntary verification of GHG emissions.

FILA places the utmost importance on accurately and transparently communicating negative environmental impacts that its internal or external business operations may have caused. This prompted us to establish a clear internal implementation methodology in full compliance with the Greenhouse Gas Protocol, an internationally recognized GHG emissions accounting and reporting standard. We are very careful to ensure that the outcome does not cause irrelevant results due to distortion of methodology. This is why we aim full transparency disclosing not only our carbon emissions in absolute terms but also our carbon intensity data so that we report carbon management performance in alignment with our business results.

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

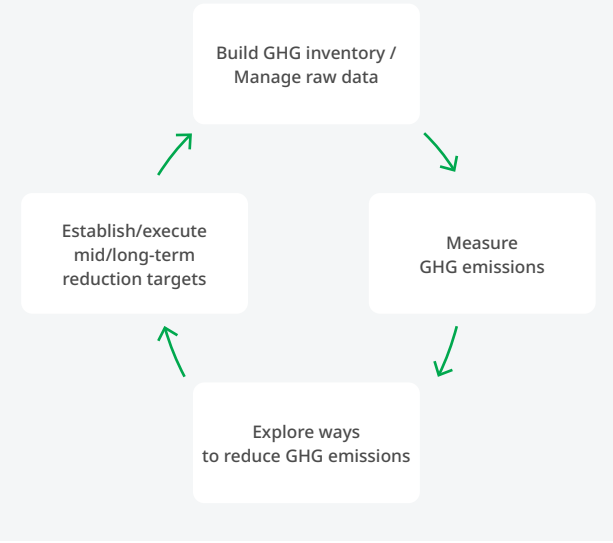
GHG Emission Classification by Greenhouse Gas Protocol



As a clothing manufacturer we accept FILA's value, which is to have a positive impact on the environment, and actively participate in carbon emissions reduction and energy transition initiatives.

Alex Lee
 General Manager (Hefei Xingji Garment Co., Ltd.)

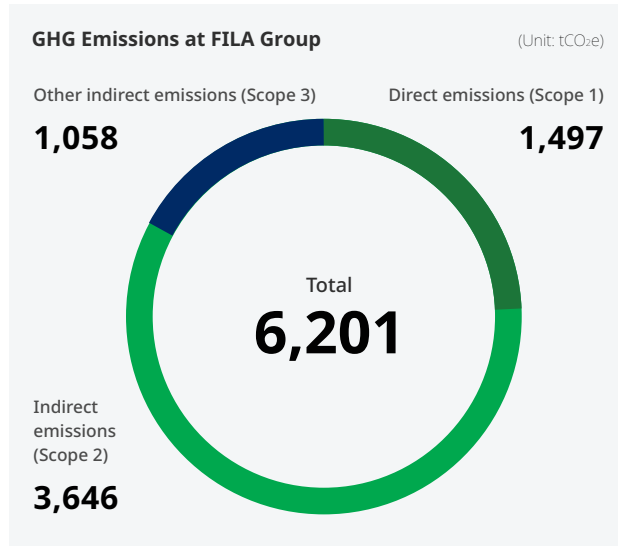
FILA GHG Emissions Management Process



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Carbon Footprint of FILA Group

FILA is gradually expanding its scope for carbon measurement and management. For our directly-operated affiliates, we have had our data management scope from six entities since last year while designating personnel to effectively fulfill relevant roles at respective organizations and providing training on standards and other indicators. In particular, we include distribution centers in the Republic of Korea and the US that carry high levels of environmental load in the scope of our establishments in analyzing carbon mitigation solutions. Our goal is to broaden the scope of our GHG measurement and management to all indirect emissions including suppliers, and successfully mitigate GHG emissions along with the entire value chain to contribute to a better environment.



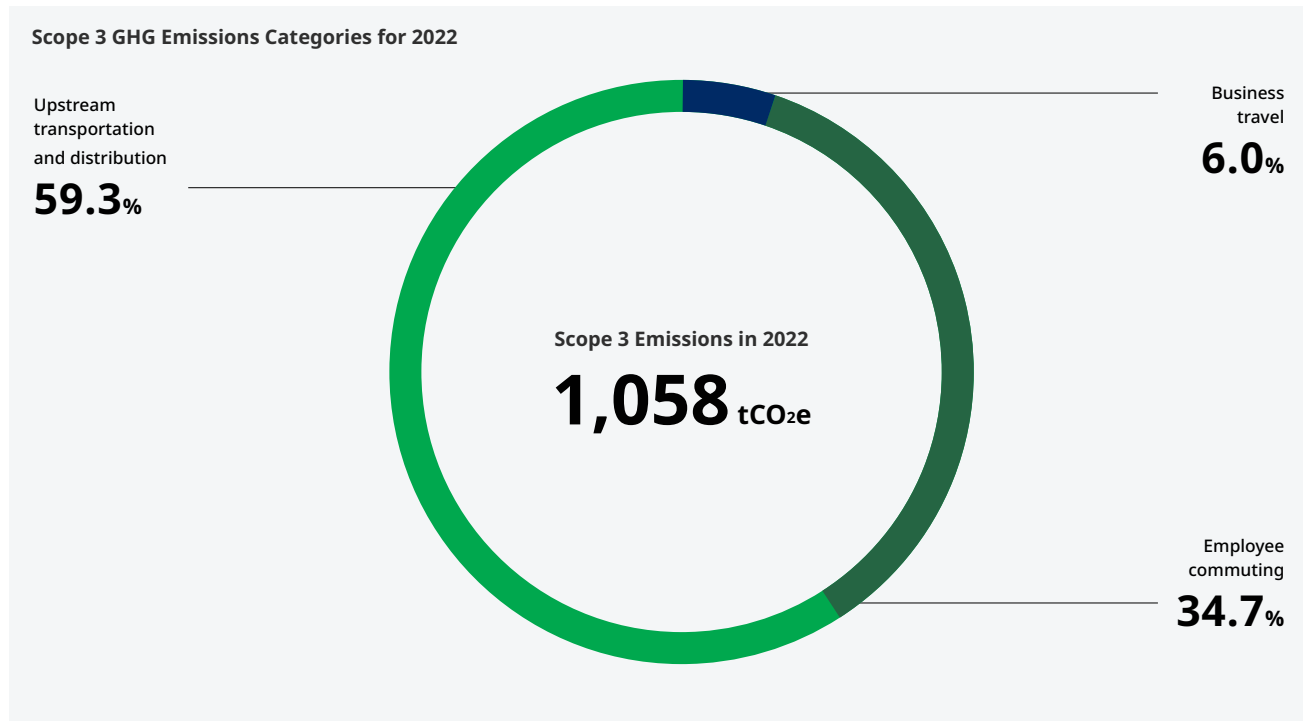
GHG Emissions at FILA Group

Corporation	Scope	Unit	2022	2021	2020	2019	
FILA group	Direct emissions (Scope 1)	tCO ₂ e	1,497	1,392	1,405	1,358	
	Indirect emissions (Scope 2)	tCO ₂ e	3,646	4,434	2,289	2,392	
	Other indirect emissions (Scope 3)	tCO ₂ e	1,058	N/A	N/A	N/A	
	Total	tCO₂e	6,201	5,826	3,694	3,750	
	Intensity	tCO ₂ e/KRW bn	1.47	1.54	1.18	1.09	
Entity	FILA Holdings	Direct emissions (Scope 1)	tCO ₂ e	10	10	9	N/A
		Indirect emissions (Scope 2)	tCO ₂ e	44	129	61	N/A
		Other indirect emissions (Scope 3)	tCO ₂ e	90	N/A	N/A	N/A
		Total	tCO₂e	144	139	70	N/A
		FILA Korea	Direct emissions (Scope 1)	tCO ₂ e	27	34	115
Indirect emissions (Scope 2)	tCO ₂ e		756	1,249	1,107	977	
Other indirect emissions (Scope 3)	tCO ₂ e		781	N/A	N/A	N/A	
Total	tCO₂e		1,565	1,282	1,222	1,035	
FILA USA	Direct emissions (Scope 1)		tCO ₂ e	1,354	1,299	1,282	1,301
	Indirect emissions (Scope 2)	tCO ₂ e	1,176	1,250	1,121	1,415	
	Other indirect emissions (Scope 3)	tCO ₂ e	179	N/A	N/A	N/A	
	Total	tCO₂e	2,709	2,549	2,402	2,716	
	FILA Sport (Hong Kong)	Direct emissions (Scope 1)	tCO ₂ e	71	26	-	-
Indirect emissions (Scope 2)		tCO ₂ e	1,234	1,249	-	-	
Other indirect emissions (Scope 3)		tCO ₂ e	N/A	N/A	N/A	N/A	
Total		tCO₂e	1,305	1,275	-	-	
Montebelluna		Direct emissions (Scope 1)	tCO ₂ e	34	24	-	-
	Indirect emissions (Scope 2)	tCO ₂ e	436	557	-	-	
	Other indirect emissions (Scope 3)	tCO ₂ e	9	N/A	N/A	N/A	
	Total	tCO₂e	479	581	-	-	

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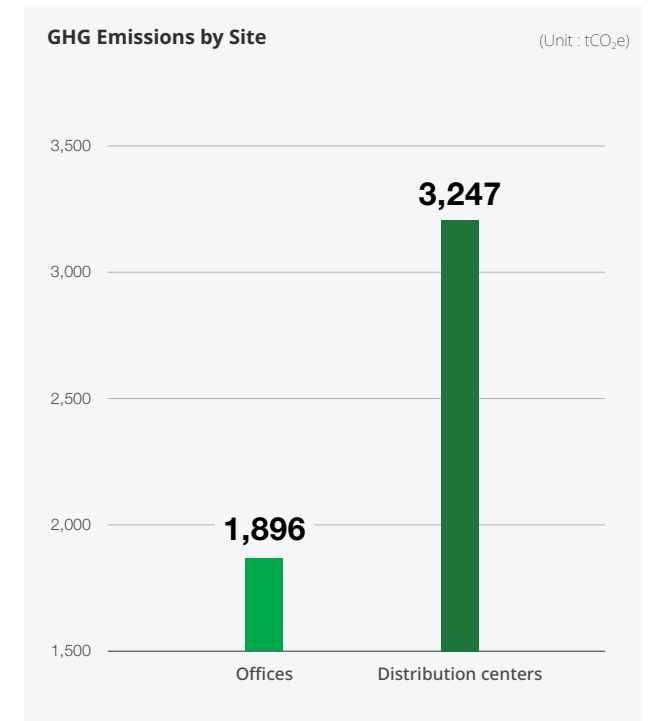
Managing Scope 3 GHG Emissions

The year 2022 marked a significant milestone in that we began managing and disclosing our indirect GHG emissions (Scope 3). Of the 15 sub-categories of Scope 3, we conducted internal review across FILA group and only calculated emissions for the three categories selected (Upstream transportation and distribution, business travel, and employee commuting), for which we could fetch reliable data. Going forward, FILA group will continue to calculate GHG emissions and be transparent about the process.



Site-specific Approach for GHG Emissions Management

Our analysis shows that the level of GHG emissions varies greatly depending on the nature of the business site, and therefore, our emissions control strategy needs to be tailored for each site. We will develop and implement tactical and strategic plans in consideration of the nature of business activities at our offices and distribution centers.



* Scope 3 GHG Emissions calculation criteria
 - (Upstream Transportation and Distribution) Limited to domestic road transportation of FILA Korea products and both maritime and road transportation of footwear products
 - (Business Travel) The data is based on the internal groupware records of FILA Holdings and FILA Korea for employee business travel from October to December 2022
 - (Employee Commuting) The commuting distances were calculated through a survey that encompassed all employees of the six entities (FILA Holdings, FILA Korea, FILA USA, FILA Luxembourg, FILA Sport (Hong Kong), and Montebelluna)

* GHG emissions were calculated for six offices and two distribution centers operated during the reporting period by the six entities covered by this report (FILA Holdings, FILA Korea, FILA USA, FILA Luxembourg, FILA Sport (Hong Kong), and Montebelluna)

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Water

Water Security Strategy

At global level, climate change exacerbates water-related risks, such as droughts and floods. The world is increasingly interconnected, and our offices, farms where we grow our cotton, and partner factories where our products are manufactured spread across the globe. As a company in the fashion industry that is heavily reliant on water across the value chain, we fully recognize our responsibility to make the best possible effort to address the issue. To reduce our negative impact on water resources, we are taking a systematic approach and expanding the scope of our actions. Our management, including the Board of Directors, considers water security one of the top priorities the Group faces in its pursuit of sustainability management, and supports the UN Sustainable Development Goals (SDGs) Goal 6 – Clean Water and Sanitation. That is why we have chosen water as one of the three themes* to channel our CSR efforts through a Board of Directors’ decision. We will continue our endeavor in the hope that our CSR programs will have a positive, albeit indirect, influence on global water sustainability.

At the same time, we aim to deliver more direct changes by taking stock of our current situation, come up with a multi-pronged solution, accurately measure its effectiveness, and continue to implement and refine it over time. In this regard, 2022 was a year in which we laid the foundation for fundamental changes to reduce our impact both on water quantity and water quality. We transparently disclosed water management for the first time in line with the Carbon Disclosure Project (CDP) Water Security Questionnaire, and also worked to identify water stress risk factors, ways to measure and reduce water consumption, solutions for effluent treatment, and support for supply chain capacity building.

FILA Group's Water Security Strategy

Risks

- Water quality degradation
- Water scarcity
- Increased water stress
- Draughts and floods

Solutions

- Incorporating CDP Water Security questionnaire
- Designating Water as a CSR theme of FILA group

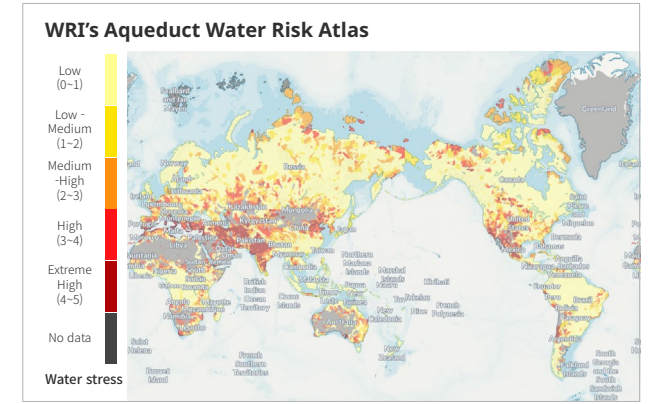
Managing water stress

Municipal water		Wastewater	
Measure water consumption	Develop water conservation solutions	Manage effluent quality/safety	Manage effluent treatment facilities

- Vitalizing supply chain engagement training programs
- Monitoring water resources management across supply chain

Water Stress

We use the World Resources Institute (WRI)'s Aqueduct Water Risk Atlas to understand our water risk exposure in the regions where affiliated entities, research centers, and partner factories are located around the world. With the help of the tool that ranks the severity of water stress into five categories Low, Low-Medium, Medium-High, High, Extremely-High, we develop crisis management plans for business sites located in high-risk areas. In the case of FILA Korea’s distribution center, it is located in Icheon, Gyeonggi-do, which faces “high” water stress. We took it on board early on from the design phase and ensured that groundwater is drawn for all industrial and domestic use, and no municipal water is used in the facility.



*More information on FILA group's three themes of CSR: Water, Diversity, and Children can be found in Caring for People section (page.56)

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Water Consumption and Management

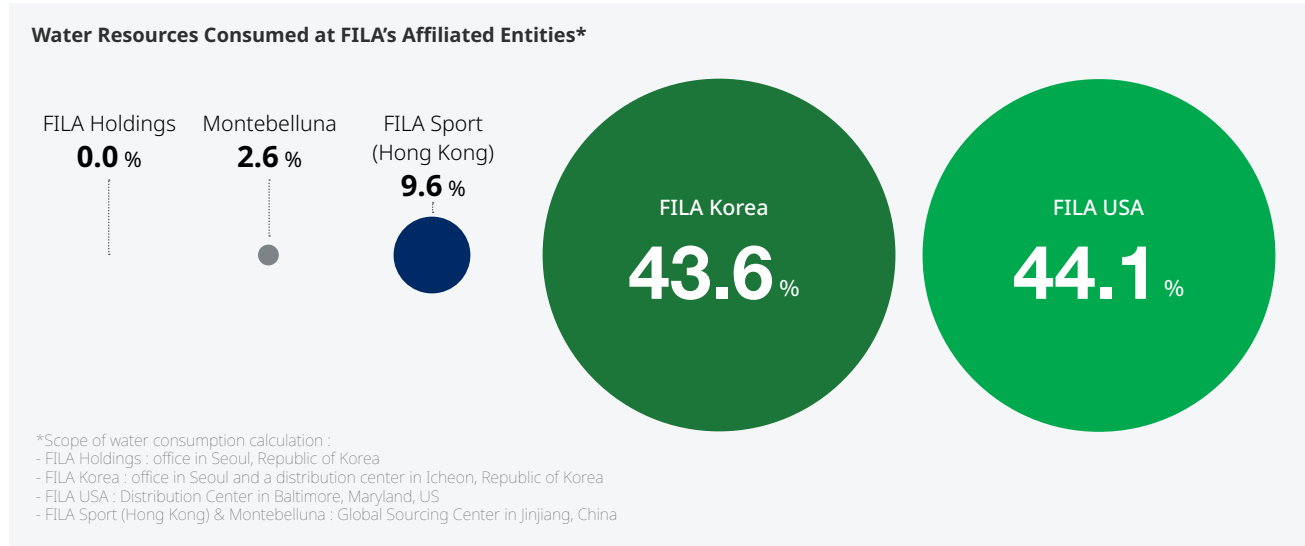
At FILA, we monitor water consumption of our affiliates and are working to devise various water saving solutions in the office as well as at business sites. Going forward, we plan to expand the scope of water management to include our suppliers as well.

Reviewing the Adoption of Drydye

As an option to reduce water usage, we are in the process of reviewing the adoption of Drydye technology that eliminates the need for water and chemicals to dye fabric. This is considered an alternative to the traditional method for fabric dyeing that consumes a large amount of water and solvents along the washing, bleaching, dyeing, rinsing and finishing processes. Currently, pilot testing has been completed on our products by some of our suppliers in Vietnam. The application of Drydye is expected to result in a dramatic reduction in water consumption and a significant reduction in effluents and remove the need for surfactants and other chemicals used in conventional dyeing as well. Furthermore, the removal of the drying step that had once followed the dyeing process will also reduce energy consumption by more than 50%.

Wastewater

Our distribution centers meet all necessary requirements for safe and legally complaint discharge of effluents, including installing sewage treatment facilities. In case of our distribution center in Icheon, we have adopted an advanced Membrane Bio Reactor (MBR) process to ensure the degree of water pollution in discharged water is purer than the legal Biological Oxygen Demand threshold (below 5mg/l) while the daily water discharge volume (m³) is strictly monitored.



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Efforts for Saving Energy and Other Resources Sustainable Logistics

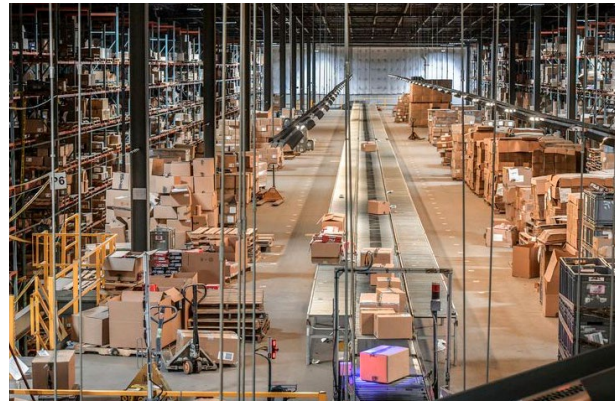
On a global scale, the transport sector is one of the largest contributors to GHG emissions requiring drastic measures. We aim to practice sustainability management across our value chain, including the logistics phase that encompasses product transport. For FILA Korea, products are shipped by sea from production sites in China and Vietnam to the ports in Busan and Incheon, where products are then distributed by land transport to various sales outlets. As a large part of our sea transport is carried out by shipping suppliers under free on board (FOB) conditions, we review the sustainability performance when selecting a shipping supplier. The current supplier that takes care of our product shipment holds various sustainability certifications and has a dedicated ESG organization that helps us accurately track and calculate the volume of shipment, energy consumption, and carbon emissions.

Sustainability Certifications held by FILA Korea's Shipping Partner



EVs at Distribution Centers

FILA's distribution centers in Korea and the US have fully transitioned from internal combustion engines (ICE) to all-electric for forklifts, order pickers and other modes of logistical transport within the center (25 units in Korea, 40 in the US). Corporate vehicles with ICE owned by FILA Holdings and FILA Korea will also be converted to EVs after a certain period of service. To reduce and manage carbon emissions from the ICE corporate vehicles currently under operation, we transparently log their mileage and fuel costs.



CupCycling Campaign

FILA Holdings and FILA Korea launched the CupCycling campaign to collect and upcycle disposable paper cups that would otherwise be thrown away as trash. The disposable paper cups are made from paper and a layer of plastic to make the cup waterproof. But this lining makes them difficult to recycle, and most of the used cups end up in the incinerator. In 2022, we collected 8,800 paper cups and provided them to a company that regenerates notepads and notebooks, reducing carbon emissions by 124.7kgCO₂e.

Through Cupcycling

Carbon emissions **124.7** kgCO₂e↓

The infographic features a green background with white and yellow text. At the top, it says 'FILA Joopda' and '줍다 수거함 사용법' (How to use the CupCycling collection bin). Below this are three numbered steps: 1. Open the lid and place the cup inside. 2. Sort other waste like trash and paper separately. 3. Place the cup in the collection bin. In the center, there is a recycling symbol and the text '폐종이컵을 재활용하면 소각·매립 대비 탄소배출이 54% 감소됩니다.' (When recycling disposable paper cups, carbon emissions are reduced by 54% compared to incineration and landfilling). At the bottom, it notes that the recycled cups are used to make notepads and notebooks. To the right, there is a photo of a brown collection bin and a photo of a recycled notepad.

FILA FOCUS | E

Recycled Notepad Purchase

For the first time in 2022, the yearly business planners we distribute to employees at around New Year's were purchased considering environmental impact. The product FILA Holdings purchased is mineral paper notebooks made of stone, that are 100% recyclable and reduces carbon emissions by 39.9% compared to conventional paper notebooks. We will continue to integrate sustainable purchasing practices into our organization going forward.

Through Recycled Notepad Purchase

Carbon emissions

36.1 kgCO₂e↓



Electronic Business Cards

With an aim to reduce our carbon footprint with the participation of employees, we introduced electronic business cards as an alternative to traditional paper cards. This enabled us to cut GHG emissions by 10.2kgCO₂e in 2022. We plan to expand such programs where we can decrease negative environmental impact through employee participation.

Through Electronic Business Cards

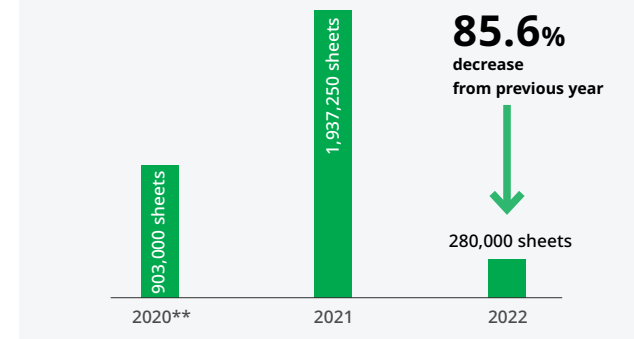
Carbon emissions

10.2 kgCO₂e↓

Creating a Paperless Workplace

FILA has implemented a paperless work environment. As part of the initiative, we migrated into the Google G-Suite work system, and the distribution center in the Republic of Korea fully computerized its in-house goods receipt/issue slips in 2021, achieving zero paper consumption in 2022. Paper consumption during the past three years has been on a downward trend for major entities, including FILA Holdings, FILA Korea, FILA USA and both distribution centers, and we have also been purchasing FSC certified paper.

Paper Consumption at Major affiliates



* Scope of calculating the paper consumption : Korea (FILA Holdings, FILA Korea, distribution center), USA (FILA USA and distribution center)

** We used much less paper in 2020 as our employees worked from home during the pandemic

FILA FOCUS | S

Caring for People

At FILA, we deeply understand that it is from people that the most meaningful value springs. We are committed to investing in our employees, delivering value to our customers, engaging in fair and ethical business relationships with our suppliers, and creating value for our communities.

Highlights from 2022



Increase support with a focus on global talent management

Increased average training expense per employee at FILA Korea by **373% from previous year**



Create a positive impact with CSR programs

Established FILA group CSR strategy



Create a positive impact with CSR programs

Donated 0.1% of total sales and 0.9% of operating profits
(FILA Holdings, FILA Korea and FILA USA)



Strengthen communication with consumers

Recorded **97%** response rate for consumer inquiry response and **100% implementation** of action and recall process

FILA FOCUS | S

Caring for People

Training

FILA strives to create a positive environment where our employees can develop and grow their capabilities and careers. We provide tailored training programs to help employees effectively fulfill their roles and grow their expertise in their respective job functions. To this end, we listen to our employees to identify their training needs, assess post-training effectiveness and satisfaction, and proactively incorporate the results back in the planning for successive training programs.

Training Programs for 2022	
Leadership Course	Strategic goal setting, objective performance evaluation, and various other subjects for capacity building of managers in leadership position
Onboarding Course (With/without previous work experience)	Onboarding training to acclimate new hires to FILA, support for organizational adjustment, and team-building training
Individual In-house Coaching	Individual coaching on job competency, development and work target attainment
Design Camp	Training provided to those in job lines of design, MD, and product planning
Social Responsibility Training	Regulatory training for workplace harassment prevention and improved awareness for the disabled
ESG Training	ESG activities related to respective job functions, global trend training and discussion workshops
Job-Related Expertise Training	Support for training provided by external trainers (Primarily in law, accounting, taxes, sales, design, and MD)
Health and Safety Training For Suppliers	Periodic health and safety training provided to supplier employees at FILA Korea's distribution Center in Icheon

ESG Training

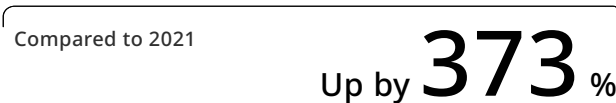
In order to raise ESG awareness on multiple fronts, we distributed ESG training materials regularly through in-house magazines and newsletters. Going beyond the one-way communication of information, the Strategic Planning Team, Corporate Strategy Office at FILA Holdings interviewed all 36 ESG-associated departments within our global major affiliates. These in-depth department-level interviews allowed us to communicate FILA group's sustainability strategy and discuss the sustainability performance and activity targets set by respective departments on an annual basis.

FILA Korea's Employee Training Status

Training for the past three years (2020-2022)



Average training expense per employee in 2022



FILA Design Camp

In 2022, we hosted FILA Design Camp twice in Biella, Italy, where our brand was born, attended by FILA's global product and marketing directors, as well as product planning (Design and merchandiser) representatives from affiliated companies and licensees around the world. The event served as a new form of training for the participants who had the opportunity to share market trends in their respective countries, discuss product planning for the next year's seasons, explore potential integration of sustainability elements in products, and exchange their insights on establishing global brand value. Going forward, we plan to make the Design Camp a regular semiannual event and refine it as a differentiated training program that only we can offer.



FILA FOCUS | S

Talent Recruitment

FILA operates a non-discrimination policy for all human resources processes from recruitment, remuneration, promotion, discipline, termination and to retirement. When it comes to recruitment, we define our ideal employee in line with our four core values (Harmony, innovation, passion and pride), and conduct personality tests and interviews to verify that applicants would be successful in their ability to pursue harmony, work as a team and grow through challenges. For 2023, we plan to introduce an AI-based interview system, enhance competency tests and build a new hire mentoring program designed to provide valuable support and increase their job satisfaction. We also work to fulfill our responsibility in providing work to the employees who wish to work after reaching retirement age, by extending employment under a 1-year renewable consignment contract. For vacancies, we consider internal hiring first so as to provide opportunities for employees to develop new careers.

Internship Program

Footwear department provides internship opportunities selecting outstanding candidates for scholarship benefits. In particular, the Fast Center, FILA's footwear research institution located in Busan, hires local talent and grows together with the community.

Performance & Compensation

Our employees are assessed for their performance and contribution regularly and are compensated based on criteria outlined in advance. We use the Management by Objective (MBO) tool to systematically manage the performance of all our employees. Furthermore, FILA Holdings, FILA Korea and FILA USA pay living wages that exceed the minimum wage for all non-regular positions including ones that are part-time, and additionally pay for other expenses such as healthcare insurance assistance and welfare & meal expenses as part of our perks considered as wage-like compensation.

Employee Welfare & Benefits

We publish and distribute an HR handbook outlining our welfare & benefits and overall HR operations to make doubly sure that our employees efficiently take advantage of our HR policy offers. Along with a fair human resources policy, we offer a wide range of benefits to create a positive work environment.



Maternity Support

All entities under FILA group fully guarantee maternity and parental leave in accordance with the local laws and regulations. Our employees are eligible for pre/post-maternity leave and work hour reduction during pregnancy. Employees with children in the second grade or below are entitled to a one-year parental leave per child, and they are encouraged to take maternity leave as well as family care leave. In-office nursing rooms are available at FILA Korea and FILA USA, and we also revamped the female break room in our Seoul Office, where FILA Holdings and FILA Korea are located, to provide a rest area for mothers and their babies.



FILA FOCUS | 5

Diversity

We stay committed to creating a healthy organizational culture where all members fully unleash their potential based on diversity and inclusiveness. We will provide institutional support and raise awareness to ensure that all are fairly evaluated and recognized for their capacity regardless of gender or any other characteristic.

FILA USA's Well-Being Wednesday Newsletters in 2022

Feb. 2022
- Black History Month
- Black Health & Wellness

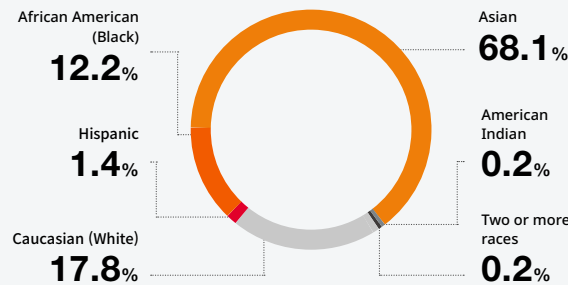
Mar. 2022
- Women's History Month

May 2022
- Asian Pacific American Heritage Month

Gender Diversity



Ethnic Diversity



Human Rights

In 2021, FILA group declared its support for the UN Global Compact and stipulated the FILA Group Global Human Rights Policy. The Policy follows major international human rights and labor standards, including UN's Universal Declaration of Human Rights and International Labor Organization's Declaration on Fundamental Principles and Rights at Work, and its 10 human rights principles apply to FILA group and all its employees and business partners who stringently abide by them.

FILA Group Global Human Rights Policy

[READ MORE](#) →

10 Core Human Rights Principles from FILA Group Global Human Rights Policy

- | | |
|---------------------------------|-------------------------------------|
| Respect | No Discrimination |
| No Forced Labor | No Child Labor |
| Fair Wages | Safe and Healthy Workplace |
| No Harassment | Privacy |
| Community Responsibility | Environmental Responsibility |

* The ethnic and gender composition as of the end of December 2022 for the six entities subject to sustainability report disclosures
 * Managerial employees are defined as team lead and manager positions and above
 * Totals may not add up due to decimal rounding

FILA FOCUS | S

Safety and Health

In 2022, we made significant progress in improving safety and health management and managed zero industrial accidents through thorough risk prevention and management. FILA Korea appointed a Chief Safety Officer (CSO) and working-level safety and health personnel and is planning to revise the internal policy on industrial safety and health management to reflect the industry-specific characteristics. Efforts were made to list up the tasks that need to be done to create a safer workplace and amend the safety checklist for FILA Korea's distribution center in Icheon. On a quarterly basis, we conducted safety and health training for all office workers and partner employees, and safety and health assessment for partner employees delivering products at the distribution center. The Safety and Health Council regularly received reports on the safety management status and discussed areas for improvements. FILA USA has also strengthened safety management, especially at its distribution center. FILA Health, Safety, Environment Guideline was made available to lay out a checklist for the distribution center, audit cycle, remediation measures for audit findings, job safety analysis, and

FILA's Safety Management Highlights for 2022

2022

Industrial Accidents

0 case

2022 Safety and Health Training

FILA Korea Employees' 12-hour Annual Training

Completion Rate **100%**

safety management plan. Monthly inspections were also carried out on electric trucks and forklifts used at the distribution center to check for deficiencies and address them in time. We set up a nurse hotline for an emergency situation, and revisited actions required to promptly transport the injured in workplace accidents. Safety training was carried out on a periodic basis for our employees and supplier workers at the distribution center, and safety orientation was offered to new hires. We surveyed employees' satisfaction with the training, and designated every Thursday as "Safety Thursday" to foster a culture of workplace safety.

Improving Customer Communication

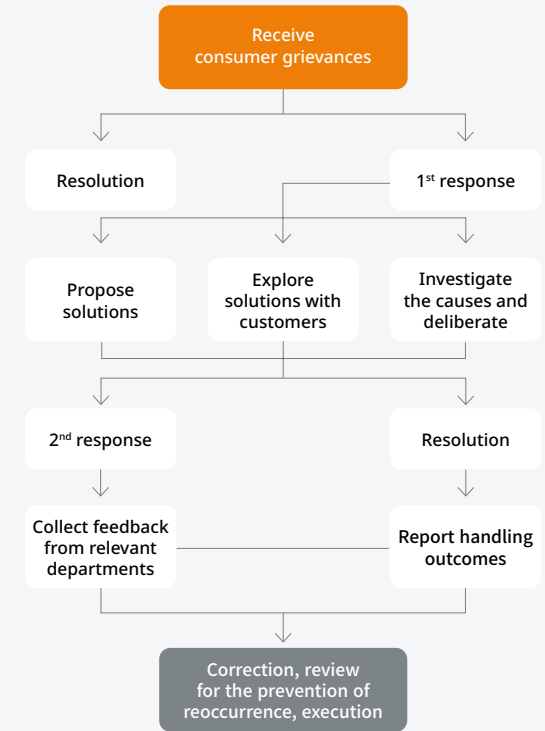
We periodically review the customer grievance handling process and implement solutions for recurring inquiries to better listen to the voice of our customers. Starting 2022, we made webchat and chatbot available on FILA Korea's official website and bolstered the operation of the KakaoTalk channel to enable real-time response to customer inquiries. The 2022 customer satisfaction survey conducted in January 2023 among store owners and staff recorded an average score of 80.3, with "Communication" receiving the highest scores among all categories.

FILA takes a preemptive approach to workplace accident prevention by laying the groundwork for a safety and health management system and implementing relevant programs designed to raise safety awareness among employees.

Michael Powell

Director of Environmental Health and Safety (FILA USA)

Consumer Grievance Handling Process



Customer Grievance and Inquiry Response Rate at FILA Korea

Call center · Bulletin board	No. of inquiries received 125,019	No. of inquiries handled 120,771	Response rate 96.6%
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FILA FOCUS | S

Ensuring Product Quality for Customer Satisfaction

While transparently operating the product recall process, we have also put together a product defect manual with a case study, a repair guidebook, and a customer counseling manual which we distribute to store owners for training. In the event that a product continues to have the same recurring issues, we recall all the products in question for repair or disposal as a way to advance quality management.

We calculate product defect rates every month, and distribute Quality Newsletters biannually to employees engaged in product quality, and regularly hold exhibitions where employees from the production, planning, and sales functions meet and discuss their respective roles in preventing recurrence. There was a recall in 2022, which was a voluntary decision by the company upon identifying risk to prevent customer damage, not ordered by a government agency or triggered by a customer grievance.



YOUR FILA IMPACT

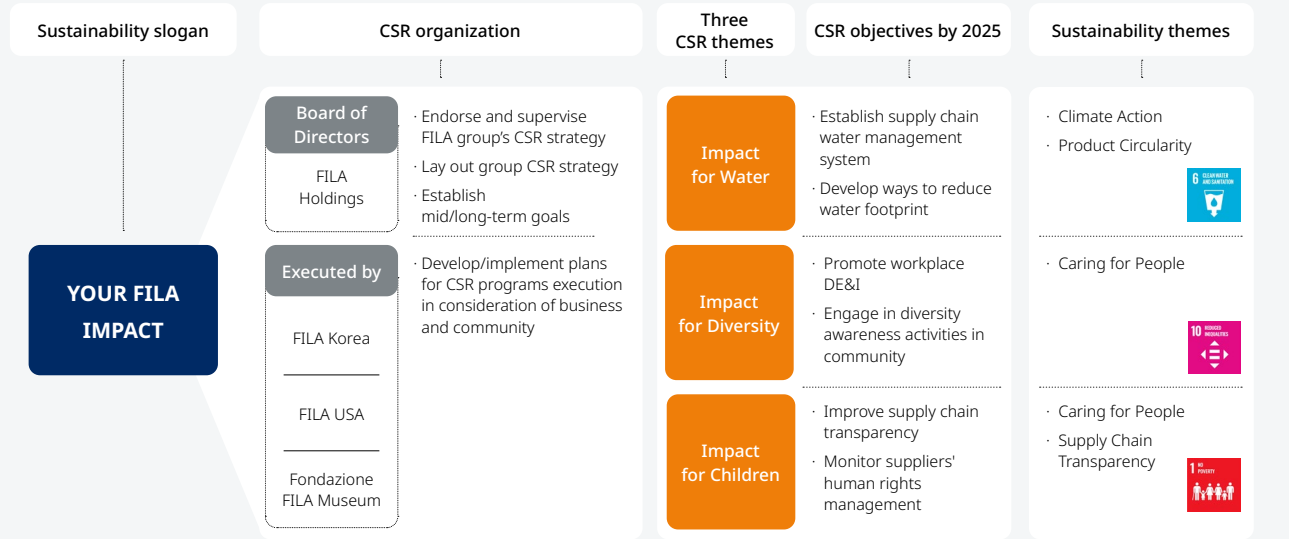
YOUR FILA IMPACT, the slogan of FILA's sustainability management and the title of this report, means that only when stakeholders' (YOUR) efforts are combined, the true impact (FILA IMPACT) can be achieved.

Going forward, we will ensure through active communication and strategic approaches our CSR programs contribute to realizing sustainability value.

CSR Strategies

To us, fulfilling CSR is not an auxiliary function, but an ongoing process to do our part as a responsible corporate citizen in alignment with our business and brand philosophy. In 2022, we systematized the CSR structure and teams and developed mid/long-term goals for effective execution of our CSR programs. Among various sustainability issues, we chose three themes – water, diversity and children – as the areas to concentrate our efforts on for optimal impact. Starting 2023, we plan to engage in more sincere CSR practices that encourage employee participation, on top of the existing donation support programs.

FILA's CSR Framework

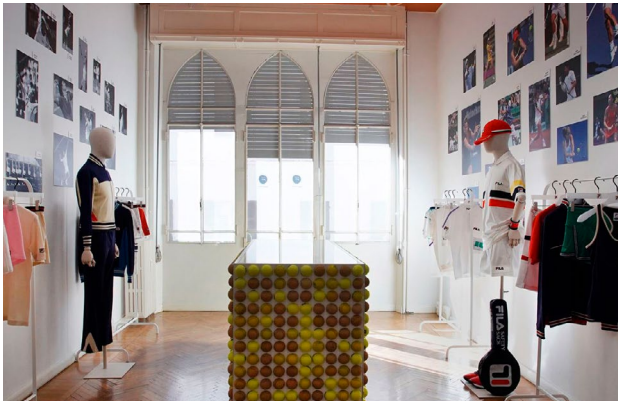


FILA FOCUS | S

Fondazione FILA Museum

The Fondazione FILA Museum, located in Biella, Italy where FILA first began back in 1911, houses FILA's entire 111-year-long history. Its archive includes more than 30,000 artifacts, from FILA's early-day products to designs, videos and photos, through which the museum serves to convey FILA's brand spirit. Today, the Fondazione FILA Museum not only preserves and exhibits the brand's heritage, but expands its role to co-exist with local communities through exchanges. The general public can participate in the museum tour program through registration. We are actively communicating with the local community and all those who love FILA.

Fondazione FILA Museum READ MORE [arrow]

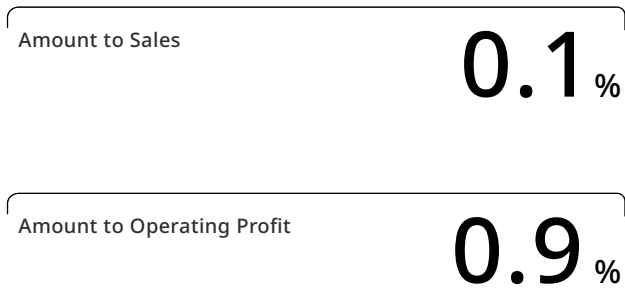


Donations

Along with its CSR programs, FILA group continues to donate to academia and disaster relief organizations as a way of giving back to the community. FILA Holdings donated a total of KRW 30 million in 2022, and FILA Korea has made both cash and in-kind donations worth KRW 5 billion on more than 35 occasions over the past three years. FILA Korea's donation in 2022 represents approximately 0.2% of its total sales and 1.3% of its operating profits.

In the wake of the massive earthquake in Türkiye and Syria in February 2023, FILA group teamed up with international humanitarian NGO Good Neighbors to provide KRW 1.5 billion worth of winter clothing to help surviving victims recover from the earthquake. Additionally, we donated KRW 20 million in funds raised by employees of FILA Holdings and FILA Korea.

Donations made by FILA Holdings, FILA Korea and FILA USA in 2022*



* Ratio to the combined revenue and operating profit of the three entities

IMPACT FOR WATER

We fully understand that water scarcity could emerge in the production process, and that effluent discharge could negatively affect the environment. And we resort to all resources available to us, direct and indirect, to minimize our environmental footprint. We have been working with some of our apparel suppliers since 2021 to pilot the DryDye method of dyeing fabrics without using water, and for the first time in our history, in 2022, we transparently disclosed our water management data through CDP on water security. We intend to extend further to include water consumption and effluent discharge by suppliers in the scope of our systematic management. Along with our direct efforts in the areas of our business, we also focus on delivering on the indirect solution of providing support to local communities. From 2020-2021, FILA partnered with international NGO World Vision to improve the water resource environment for African regions suffering water shortages. Our donation of USD 200,000 helped to fund projects designed to implement new wells, pipe systems and water points in Malawi. We will be launching other CSR programs helping to create a positive water impact starting in 2023.



FILA FOCUS | S

IMPACT FOR DIVERSITY

In FILA Family, diversity is celebrated and our employees and business partners reflect the consumers and communities we proudly serve around the world. FILA embraces and champions diversity, equity and inclusion (DE&I) and contributes to creating a culture where social minorities including LGBTQ+ and people with disabilities are respected and not discriminated against.

We also ensure all employees are fairly evaluated and recognized for their performance and capacity, regardless of gender, ethnicity or race.

Supporting Women's Sports

We actively engage in activities to promote women's sports and empower female athletes. FILA Korea has sponsored tennis apparel and supplies to a domestic professional female tennis team, and provided our products to the Jeju International University Women's Soccer Club.

**Sponsoring Charity Paddle Tennis for Hematologic Cancer Patients**

In October 2022, the Fondazione FILA Museum participated as a sponsor in a charity paddle tennis* event hosted by AIL Biella, a research association for lymphoma and multiple myeloma, to raise awareness and fund for hematologic diseases. The foundation sponsored various products as prizes, and the fund raised at the event went to a hospital in Biella, Italy, in support of patients with hematologic diseases.



* Paddle tennis: a racket sport that combines elements of tennis, squash, table tennis and badminton

Efforts to advance LGBTQIA+ rights

As part of the ongoing efforts to promote the rights of LGBTQIA+ individuals, FILA USA actively engages in community outreach programs. In 2022, USD 20,000 was donated to gender minority support groups and organizations, and we hosted a workshop to raise awareness on, and stand in solidarity for, LGBTQIA+, offering a yoga session led by members of the LGBTQIA+ community and creating a space for open discussion.

2022 Seoulim Festival for Students with Disabilities

In November 2022, FILA Korea celebrated as an official sponsor the Seoulim Festival co-organized by the Sports Chosun and Seoul Sports Association for the Differently Able. Aimed at creating positive attitudes toward people with disabilities and promoting a sound sports culture, the festival was attended by about 160 middle and high school students with and without disabilities, volunteers and officials. FILA Korea sponsored uniform shirts and prizes worth about KRW 10 million for the event participants.



FILA FOCUS | S

Supporting Social Enterprise that Creates Jobs for the Disabled

FILA Korea's office staff coffee machines are not just an employee perk; they also contribute to a virtuous cycle as the coffee beans are purchased from Bear Better, a social enterprise that creates jobs for people with disabilities through providing various products and services, including coffee, bakery and printing. Since 2019, FILA Korea has purchased coffee beans from Bear Better, and purchased around KRW 10 million worth of beans in 2022.



Supporting Veterans

In November 2022, a presentation session was held at FILA USA to express our gratitude and thanks to veterans in the local community. We also shared volunteer opportunities with employees and encouraged their participation in the ongoing effort to engage and support those who served. Additionally, FILA USA also covered the registration fees for employees participating in a virtual race and raised USD 750 in support of the Maryland Center that provides veterans training and support.

Efforts for Practicing Diversity and Inclusion

FILA USA has endeavored to bring attention to issues faced by various ethnic and racial groups in our society, in a bid to find collective solutions. In 2022, a workshop was organized to highlight racial diversity and inclusion and spark a meaningful discussion among employees. Also, we actively engaged in community outreach, donating a total of USD 46,000 to a number of organizations and groups supporting ethnic minorities.



Championing Gender Equality

In March 2022, FILA USA marked Women's History Month with various programs aimed at promoting women's well-being and quality of life. In 2022, we donated a total of USD 15,000 to Dress for Success, a non-profit that empowers low-income women to achieve economic independence by providing a network of support, and two other groups supporting underprivileged youth.

At the BNP Paribas Open, FILA USA hosted a live talk show with female tennis players as panelists who shared their experiences as female athletes, and we committed to donating USD 12,500 to two tennis charities, Rosie Canals Foundation and Love & Love Tennis Foundation.



FILA FOCUS | S

IMPACT FOR CHILDREN

At FILA, we strongly believe and are committed to protecting children as social minority and promoting their rights. We require our suppliers who produce our products to comply with the FILA Group Global Policy on Human Rights and, in doing so, help to forbid the use of child labor around the world. For the past three years, ensuring a transparent supply chain has always been a top priority and one of the pillars of our sustainability management. Our understanding of transparency is about eliminating grey areas and guaranteeing a fair process so as to prevent any injustices from occurring. And to this end, in 2022, we carried out a variety of activities, with a special focus on children and sports.

Tennis Scholarship for Underserved Students



Together with the United States Tennis Association, FILA USA launched the Spirit of Tennis scholarships in support of student-athletes in the National Junior Tennis and Learning network. Through the initiative, FILA has contributed USD 180,000 over the course of four years, and provided additional funds to support athletes and product offerings.

Donating Product Collaboration Proceeds for Local Children

Since 2020, FILA USA has launched products in collaboration with the New York-based streetwear brand KROST, where 10% of every purchase from the KROST X FILA collection is donated to Good Sports Inc., an organization that helps to support millions of kids across America that do not have access to sporting goods and equipment. Over the past two years, we have raised a total of USD 17,500 through sales of the KROST collection products, leveling the playing field for 875 children.

Supporting Youth Tennis Teams

FILA Korea has signed an official sponsorship contract with the 14-year old Cho Se-hyuk, who became the champion of the boys' 14 & Under singles title at Wimbledon in 2022, in an effort to discover and nurture junior athletes. On the sidelines of the contract signing ceremony, we also donated KRW 50 million to the Korea Tennis Association for youth development funds for tennis dreamers. In addition, we conducted various activities designed to encourage youth to engage in sports activities, such as providing one-point tennis lessons to youth and supporting youth teams from the national teams we regularly sponsor.



Providing Sports Training for Underprivileged Children

The Fondazione FILA Museum runs various programs aimed at making sports welfare more accessible for underprivileged children. In 2022, the foundation launched the "Muse o Olimpia" project together with the Biella Savings Bank Foundation to offer various sports training for disadvantaged children in the community. In June and July 2022, we opened soccer schools for about 300 children in three Italian cities of Biella, Subiaco, and Arezzo. In addition, we sponsored a youth basketball association in Biella and a soccer tournament in the Valle d'Aosta, among other sports outreach programs.



FILA FOCUS | S

Supply Chain Transparency

Business partners are our key allies along with the entire operation process - from material sourcing to manufacturing and distribution. FILA is committed to building a sound ecosystem through sincere shared growth with our suppliers by proactively managing potential risks across the supply chain and advancing our monitoring system for quality and environmental management.

Highlights from 2022



Enhance supply chain risk response

Responded to major supply chain risks through Supply Chain Task Force



Implement sustainability management principles across FILA group's supply chain

Received the pledge to practice the FILA Group Global Code of Conduct and Human Rights Policy from all tier 1 suppliers of FILA affiliates and licensees



Improve transparency across supply chain

Mapped tier 1 suppliers of directly-operated affiliates and selected key suppliers



Integrate sustainability issues in supply chain

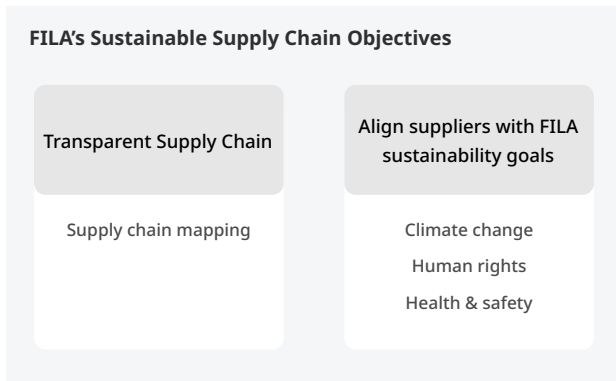
Conducted ESG assessment and inspection for tier 1 suppliers of FILA affiliates

FILA FOCUS | S

Supply Chain Transparency

Strategies for a Sustainable Supply Chain

At FILA, we are making an all-out effort to improve supply chain sustainability. If fruits of a plant are much like the products of a company, then its supply chain will be the root of the plant, supporting the whole systems. Many issues arising from the supply chain are complex in their nature. FILA is working to enhance the visibility along the supply chain and effectively manage its sustainability. Two objectives we set out for supply chain operation are as follows: 1) We aim to enhance end-to-end product transparency, which we believe is the single most important driver of change; and 2) we aim to align suppliers with FILA sustainability goals, such as climate change, human rights and safety and health. We recognize the two objectives are not separate, and will require mid/long-term commitment and collaboration within and across the group.



FILA Group Supply Chain Governance

The six entities whose ESG performance is disclosed through this report collectively play an essential role in FILA group's supply chain. As supply chain management is business critical in securing sustained growth and brand value, we are keen to maintain strong communication channels and clearly define roles and responsibilities to enable seamless collaboration across the group. FILA Holdings, as the holding company, is responsible for developing the optimal supply chain strategy and mid/long-term objectives to enhance FILA group's competitiveness and overseeing global compliance risks. The company also monitors and supervises the performance of each affiliate, and establishes group-wide policies through board-level decision making.

FILA Korea and FILA USA engage in a wide range of business activities associated with product planning and wholesale and retail distribution in respective markets. These entities also operate distribution centers to deliver products to consumers, while ensuring supplier management as part of distribution center operation is aligned with the group's sustainability goals. FILA Sport (Hong Kong) and Montebelluna are sourcing entities for footwear and apparel/accessories, respectively, and directly manage their supply chains so as to ensure alignment with FILA's sustainability strategy, in terms of supplier selection, due diligence and evaluation. We do not own any manufacturing factories, and the two sourcing entities operate offices in the key countries where their supplier factories are located.

FILA Luxembourg manages all licensees that operate under the FILA brand in markets outside the countries FILA directly operates.

As we work to expand the scope of supply chain management, FILA Luxembourg communicates with the licensees to verify their supply chain management performance and enforce our standards.



FILA FOCUS | S

FILA Global Sourcing Center

FILA Sport (Hong Kong) and Montebelluna, our sourcing entities, play key roles in managing FILA's supply chain management, which centers around the Jonathan G. Epstein Sourcing Center in Jinjiang, China. The sourcing entities also have offices in Ho Chi Minh, Vietnam, and Hong Kong. In February 2023, we opened a new sourcing branch in Shanghai specializing in apparel and accessories, and we expect diversifying sourcing centers will enable us to take advantages in the local markets.



Forming Supply Chain Task Force

In July 2022, we created a Supply Chain Task Force made up of key decision makers and working-level staff involved in supply chain management across FILA group. The task force is a goal-oriented project organization that specialists in devising and quickly implementing effective solutions to various issues associated with the supply chain. This was instrumental in accelerating the implementation of improvements and monitoring progress against our targets. In 2022, we focused on addressing prioritized supply chain issues that pose a risk to our brand value. From July 2022 to April 2023, a total of 18 regular meetings were convened, and we plan to continue operating the task force with the aim of aligning mid/long-term goals and details targets for supply chain management across all affiliates in the group.

For FILA, it is critical to reflect, manage, and communicate its response to material issues throughout the value chain. This requires expanding the management scope to the entire supply chain, from the current focus group of the company and tier 1 suppliers, as well as ambitious goal setting for the use of raw materials and components, looking ahead to the next decade to come.

Soe Ja Kim Hoogendam
Managing Director, Control Union Korea

Supply Chain Task Force Operation Process



FILA FOCUS | S

Major Improvements for Sustainable Supply Chain

In 2022, we took a leap forward in achieving our supply chain sustainability goals. While each step is challenging, we believe the process of identifying and solving issues, when performed repeatedly, makes us stronger and more competent.

Assessing and Mitigating Supply Chain Risks

In order to attain our supply chain management goals of transparency and supplier alignment on sustainability issues (Climate change, human rights and safety & health), we analyzed our supply chain for risk factors and came up with mitigation measures accordingly. The operation of Supply Chain Task Force will focus on addressing the risks based on their priority and creating a sustainable supply chain.

Identifying and Responding to Sustainability Risks in Supply Chain

Category	Risks	Mitigation Measures
Transparency	<ul style="list-style-type: none"> · Difficulty in identifying supplier business structure or innate risks due to lack of disclosure · Violation of ethics and anti-corruption principles by suppliers 	<ul style="list-style-type: none"> · Complete mapping of tier 1 and tier 2 suppliers and disclose their factory information · Conduct Denied Party Screening for tier 1 suppliers and make it mandatory to submit results · Conduct third-party audit for some key suppliers (scheduled for 2023)
Climate change	<ul style="list-style-type: none"> · Legal sanctions due to non-compliance with climate-related laws/regulations, negative impact on corporate reputation 	<ul style="list-style-type: none"> · Recommend some key suppliers to participate in training programs on waste/GHG management
Human rights	<ul style="list-style-type: none"> · Use of raw materials from regions where workers' human rights are likely to be violated with forced labor or child labor practices 	<ul style="list-style-type: none"> · Obtain pledge to practice FILA Group Global Code of Conduct and establish Global Human Rights Policy · Conduct regular ESG assessment and audit for all tier 1 suppliers · Operate a reporting channel for supply chain issues
Safety & Health	<ul style="list-style-type: none"> · Failure to meet supplier factory safety assessment standards or violation of safety regulations · Use of banned or hazardous chemicals leading to product safety issues and non-compliance with related laws and regulations 	<ul style="list-style-type: none"> · Obtain pledge to practice FILA Group Global Code of Conduct · Conduct regular ESG assessment and audit for all tier 1 suppliers · Share chemicals management guidelines and conduct regular chemicals safety inspections

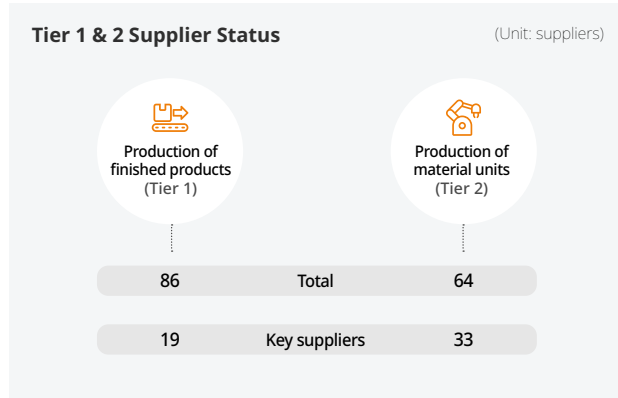
Major Improvements Made in Supply Chain Sustainability in 2022



FILA FOCUS | S

Supply Chain Transparency

Transparency is the starting point for addressing sustainability issues, and ultimately, a driver for positive changes. We are in the process of updating the information on suppliers in our licensees' supply chains, as well as those of our directly operated affiliates to improve transparency. The supply chain for products distributed through FILA Korea, FILA USA, and FILA Malaysia consists of 86 tier 1 and 64 tier 2 suppliers as of the end of 2022. Among them, 19 tier 1 and 33 tier 2 suppliers are selected as key suppliers for long-term partnership.



Defining Suppliers in Supply Chain by Tier

Recognizing complex supply chain challenges in the fashion industry, we maintain visibility of our supply chain by categorizing suppliers into tiers. Tier 1 suppliers produce and supply finished products under a direct contract with us, while tier 2 suppliers are material unit suppliers. In the medium to long term, we plan to expand the management scope to include farmers that grow the raw materials for our products, achieving an end-to-end visibility of a product until eventually it reaches its final consumer.

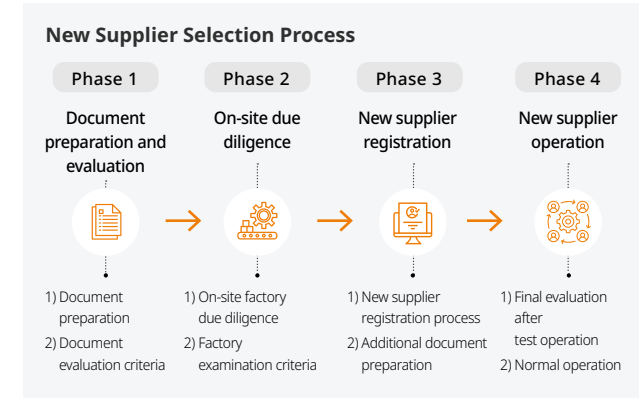
Refining Key Supplier Selection Criteria and Strengthening Partnerships

We recognize 19 tier 1 suppliers and 33 tier 2 suppliers as key suppliers as a way to strengthen our long-term partnerships. In 2022, we revamped the key supplier selection criteria and embedded sustainability factors into the process, further improving our supplier management.



New Supplier Selection Process

FILA conducts evaluation processes as per the Supplier Selection and Approval Policy and its internal checklist in selecting new suppliers to work with us. The suppliers with intent to newly register as our suppliers are assessed for their production capacity, size, history, and production/financial/operational stability. Upon satisfying the set criteria, we perform on-site factory due diligence to verify the accuracy of their disclosures. During the inspection, we examine the factory for its size, equipment, sewing quality, and work environment to assess whether the factory meets and/or exceeds our requirements. In signing any contract, we demand that our ESG requirements concerning ethics and the environment be satisfied and we do our utmost to build collaborative partnerships for sustainability management.



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ESG Evaluation and Audit on Our Suppliers

Led by the Compliance Team of FILA Sport (Hong Kong) and Montebelluna, a group wide exercise is conducted to ensure all its suppliers sign the pledge to abide by the FILA Group Global Code of Conduct, and annual due diligence is conducted on all tier 1 suppliers as part of the supplier evaluation. We use 11 monitoring criteria for supplier evaluations, which reflect the ESG standards we intend to emphasize. These include such issues as human rights, health & safety and child labor, and suppliers earn additional points when submitting the results of their environmental or human rights audit from a global auditor, such as BSCI (Business Social Compliance Initiative) or WRAP (Worldwide Responsible Accredited Production). Our ESG assessment for 2022 was conducted on 20 tier 1 suppliers, and the overall average score was 87.9 points. Supplier evaluation outcomes are rated – GOLD, SILVER or BRONZE – based on their evaluation results. Suppliers demonstrated exceptional results in the Forced Labor, Child Labor, Equal Opportunity, Freedom of Association, and Disciplinary Actions categories, while several discrepancies were found in the Industrial Safety & Health and Security categories.

Supplier Audit Findings Analysis and Follow-up Actions

For discrepancies found from the supplier due diligence, we record them in the Corrective Action Plan (CAP), and conduct a follow-up due diligence to ensure the issues are adequately addressed. The CAP reports not only describe non-compliance items, root causes, and preventive and corrective actions, but include signatures and photographic evidence of management’s endorsement, providing a solid basis for improvement.

2022 Tier 1 Key Supplier ESG Evaluation Results

**Evaluation criteria: ● 90-100 points ● 70-90 points ● under 70 points

Tier 1 supplier	Evaluation criteria											Score	Rating
Supplier name	Compliance of laws and regulations	Forced labor	Child labor	Industrial safety and health	Equal opportunity	Freedom of association	Disciplinary measures	Worker's insurance	Environment	Security	Documentation and inspection		
WINDESON	●	●	●	●	●	●	●	●	●	●	●	95.8	GOLD
SUNSEA	●	●	●	●	●	●	●	●	●	●	●	93.6	GOLD
SLJ	●	●	●	●	●	●	●	●	●	●	●	93.6	GOLD
JIUDINE	●	●	●	●	●	●	●	●	●	●	●	92.8	GOLD
YUNTING	●	●	●	●	●	●	●	●	●	●	●	91.8	GOLD
HODO	●	●	●	●	●	●	●	●	●	●	●	91.2	GOLD
HWANGMING	●	●	●	●	●	●	●	●	●	●	●	91.1	GOLD
TALENT	●	●	●	●	●	●	●	●	●	●	●	89.5	SILVER
SEDUNO	●	●	●	●	●	●	●	●	●	●	●	89.1	SILVER
VOBO	●	●	●	●	●	●	●	●	●	●	●	88.7	SILVER
ELITE	●	●	●	●	●	●	●	●	●	●	●	86.7	SILVER
WANGLEE	●	●	●	●	●	●	●	●	●	●	●	86.7	SILVER
STYLLA	●	●	●	●	●	●	●	●	●	●	●	86.4	SILVER
ECLAT	●	●	●	●	●	●	●	●	●	●	●	86.2	SILVER
HELA	●	●	●	●	●	●	●	●	●	●	●	86.1	SILVER
WANCHENG	●	●	●	●	●	●	●	●	●	●	●	86.0	SILVER
JLM	●	●	●	●	●	●	●	●	●	●	●	85.6	SILVER
BOCHENG	●	●	●	●	●	●	●	●	●	●	●	85.1	SILVER
DISCHANG	●	●	●	●	●	●	●	●	●	●	●	82.5	BRONZE
MAGIC AXE	●	●	●	●	●	●	●	●	●	●	●	80.4	BRONZE

* The ESG evaluation results in the table above are limited to tier 1 key suppliers of FILA's direct operating affiliates (FILA Korea, FILA USA)

** Rating criteria: GOLD (90 points or above) SILVER (85.1-89.9 points) BRONZE (80.1-85 points)

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Third-party Audit

We always seek to improve the ways we assess and manage the risks in our supply chain to ensure that we can reliably prevent and respond to them. Towards this end, we start using third-party organizations to conduct audits of some of our key suppliers starting in 2023. We expect that using a professional auditor will not only enhance the fairness of the process, but also help us fully comply with the ever-changing requirements of major countries, the fashion industry, and global organizations.

Supplier ESG Capacity Building

Empowering suppliers to drive their own change is important. In a bid to strengthen their climate change management capabilities, we invite some of our key suppliers in China and Vietnam to participate in a training program on waste management at production facilities. A total of 16 suppliers have joined the program from 2020 to 2022, and we plan to expand the scope to all tier 1 suppliers going forward.*

* More information on the supply chain climate change support program can be found in the Climate Action section (page.38)

Support for Win-Win Partnerships with Suppliers

FILA is engaging in positive activities with its suppliers to maintain professional business relationships and forge sustainable win-win partnerships. We support our outstanding suppliers by splitting payments from once a month to twice a month to provide them with greater financial flexibility, and our transparent and clear payment process has received positive feedback from our suppliers. To ensure fairness and sustainability in all the transactions we make with our suppliers, Montebelluna Korea conducts supplier satisfaction surveys. We make it clear that we cannot accept any valuables or gifts of entertainment/conveniences from our suppliers through the “Clean Campaign” and the “No Gift Campaign”. FILA has been running such campaigns since 2013, and we send regular reminders outlining our strong commitment to eliminate all forms of unjustified practices via e-mail and other publications.

Implementing Licensee Management System

Another focus area we started in 2022 is to build a supply chain management system for our licensees. Not only our affiliates, such as FILA Korea and FILA USA, but our licensees also produce and sell FILA-branded products in their respective markets around the globe. In the case of suppliers that manufacture products for FILA affiliates, contracts are directly signed and managed by our sourcing entity, while the supply chains of licensees have less operational visibility. To remediate this issue, from 2022, we initiated a process to require licensees to register their supply chain information on our IT platform and to validate key compliance, such as Supplier Code of Conduct Certification. In doing so, all of our licensees' tier 1 suppliers in the Americas, Europe, Africa, and Asia have pledged to adhere to FILA Group Global Code of Conduct, thereby ensuring that FILA products reach consumers around the world through a fair process.

Undertaking Global Sanctions Screening of Suppliers

Non-compliance with various global economic, trade, and human rights sanctions represents a material risk that could lead to significant consequences for our business. That is why we have mandated denied party screenings and submission of results for all tier 1 suppliers of all affiliates and licensees to make sure that we, as well as our counterparts or transactions, comply with international norms. In the event of a confirmed or suspected violation, we immediately suspend transactions or substantiate with specific evidence. These strengthened procedures will help mitigate material risks and ensure we take responsible and appropriate actions.

Grievance Handling Mechanism

FILA group has in place an integrated grievance report channel for all stakeholders, including suppliers. The operation of the channel is entrusted to a third-party organization to ensure the safety and independence of the informants, and we inform suppliers about the grievance report channel when signing or renewing contracts with them. In particular, we provide support in Chinese and Vietnamese for employees working in our suppliers' factories to express their opinions on unfair treatment and conditions without language barriers. In 2022, there were no reports received relating to our supply chain.*

Grievance Report Channel

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* All reports received in 2022 and our responses can be found in the Business Commitment section (page.73)

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Business Commitment

FILA understands the importance of sound governance. We lay the groundwork for rational decision-making and sustainable growth by establishing FILA Group Global Code of Conduct and operating a reporting channel in a transparent manner, among others.

Highlights from 2022



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

Expanded shareholder return and paid its first special dividend (For 2022, a total of **KRW 95 billion** in dividend, **4.6%** dividend yield, **27.6%** DPR, **58%** increase in DPS)



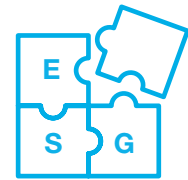
Advance sustainability management led by the BoD

Established risk management standards and process



Declare global tax sustainability principles

Established FILA Group Tax policy



Incorporate sustainability management into day-to-day business

Published "FILA Sustainability Index"

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Business Commitment

Governance Policies and Principles

To pursue transparency in our governance, we disclose the status of the Board of Directors (BoD), the Corporate Governance Charter, the Articles of Incorporation, the BoD Regulations and all other governance-related policies on our website. By doing so, we convey to our stakeholders, including employees and suppliers, the overarching principles of transparent management and responsible management. Company decisions and execution are regularly reported to the BoD, which renders our governance reliable through mutual checks and balances among the top management, BoD, and independent directors.

In addition, we take out Directors and Officers Liability Insurance to provide a safety net against losses that may occur in the course of business for our executives and directors.

Composition of the BoD

FILA Holdings' BoD, serves as FILA's highest decision-making body. The BoD is authorized to appoint and/or dismiss the CEO and is committed to the balanced promotion of the rights and interests of all stakeholders. At the regular general shareholders' meeting held in March 2023, one executive director was reappointed so that our current BoD now has three executive directors, one non-executive director and three independent directors.

FILA Group Global Code of Conduct

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FILA Holdings Corporate Governance Charter

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BoD Composition

Director	Name	Gender	Title/Role	Tenure	Career
Executive director	Yoon-Soo (Gene) Yoon	Male	Chairman/ Chairman of the BoD	Jun. 1991 ~ Mar. 2026	(Present) Chairman of the Board of Directors, FILA Holdings (Present) Chairman of the Board of Directors, Acushnet Holdings
	Keun-Chang (Kevin) Yoon	Male	President & CEO /General management	Jul. 2015 ~ Mar. 2025	(Present) President & CEO, FILA Holdings Chief Strategy Officer, FILA Korea Chief Financial Officer, FILA USA
	Myoung-jin Yun	Male	Executive director /Global planning	Mar. 2021 ~ Mar. 2024	(Present) Managing Director, Global Planning Office, FILA Holdings Management Planning Team, CEWIT Korea Strategic Planning Team, Woongjin Poly Silicon
Non-executive director	Hak-Woo Lee	Male	Non-executive director /Digital Business	Mar. 2022 ~ Mar. 2025	(Present) General Manager of Digital Business, FILA Korea Business Manager of E-BIZ, FILA Korea
Independent director	Suk Kim	Male	Independent director	Mar. 2019 ~ Mar. 2025	CEO & President, Samsung Securities CEO & President, Samsung Asset Management Vice President, Samsung Card
	Hae-Sung Kim	Male	Independent director	Mar. 2021 ~ Mar. 2024	Advisor, E-Mart Vice President, E-Mart President, Shinsegae Group Strategy CEO, Shinsegae International
	Young-Mi Yun	Female	Independent director	Mar. 2021 ~ Mar. 2024	(Present) Non-standing director, National Pension Service (Present) Member, Presidential Council on Climate and Environment (Present) Member, Committee for Green Seoul Citizen (Present) Member, Committee of Consumer Policy of Seoul (Present) Member, Committee of Seoul Contribution of Korean Teachers Credit Union

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Expertise, Independence, and Diversity of the BoD

FILA endeavors to foster sound governance based on the expertise, independence and diversity of its Board of Directors. Our directors are appointed for their diverse knowledge and industry experience. We also ensure balanced representation in the backgrounds and professions of our directors. In order to secure the independence of the BoD, the chairman of the board and the CEO are separated. We thoroughly assess qualifications and conflicts of interest when nominating independent directors to comply with domestic laws. This ensures that they do not advocate for specific interests. Improving the diversity of the BoD is highly vital in elevating our corporate competitive edge. FILA appointed an independent female director for the first time in 2020 and has zero tolerance for discrimination on the grounds of gender, race, or nationality in the process of appointing the directors.

Board Skill Matrix

In order to enhance governance transparency, FILA Holdings adopted the Board Skill Matrix for the first time in 2022. Consisting of six categories, the Matrix is designed to assess the competencies of directors from various angles so that the BoD can make substantial contributions to the management of the company. We expect that this will give investors and other stakeholders insight into the competencies of the BoD and help them to exercise their voting rights in a rational manner. We will also utilize the matrix for future director nominations to ensure that our board has diversity, a strong industry understanding, experience and expertise in finance, accounting, and global markets.

Operational Regulation of Board of Directors

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FILA Group's Board Skill Matrix

Director's experience, expertise & qualifications	Executive director			Non-executive director	Independent director		
	Yoon-Soo (Gene) Yoon	Keun-Chang (Kevin) Yoon	Myoung-Jin Yun	Hak-Woo Lee	Suk Kim	Hae-Sung Kim	Young-Mi Yun
Business management	●	●	●		●	●	
Global business	●	●	●				
Finance/Accounting	●	●			●		
Risk Management	●	●		●	●	●	●
Sales/Marketing	●			●		●	
ESG		●					●

Operation of the BoD

The BoD meets regularly every quarter and on an as-needed basis. In 2022, a total of nine BoD meetings were held (four regular and five special meetings) to decide and report on 30 agendas. The agendas are reported to the directors no later than one week on average prior to the meeting, and relevant materials and training sessions are provided to help the independent directors sufficiently understand the agendas.

BoD Meetings Held over the Past Three Years

Category	2022	2021	2020
BoD meetings held (No. of meetings)	9	12	16
Agendas deliberated by the BoD (No. of agendas)	30	31	37
Average attendance (%)	100	97.2	95.8

ESG Issue Management within the BoD

Our BoD keeps ESG factors at the center of its decision-making to strengthen sustainability management and has established a system to propose ESG-related agenda items at the BoD meetings on a regular basis and report key issues to the BoD accordingly. Over the past two years, our BoD discussed FILA group's key achievements in sustainability management and future initiatives (February 2022), the publication of the sustainability report and our response to global ESG rating agencies and initiatives (May 2022), and FILA group sustainability risk management plans (February 2023), and approved the Risk Management Policy (November 2022). Going forward, our BoD will be responsible for managing major issues and non-financial risks in relation to sustainability management.

Operational Status of the BoD (Jan. 2022 ~ Mar. 2023)

FY2022	Meeting date	Agenda
1	Jan 6, 2022	Resolution on 2022 budget
2	Feb 14, 2022	Report on the operation of the internal accounting control system and 10 other items
3	Mar 21, 2022	Report on the audited financial statements for FY2021 and three other items
4	Mar 29, 2022	Appointment of CEO of FILA Holdings
5	Apr 20, 2022	Approval on new revolving credit facility for FILA Holdings
6	May 12, 2022	Report on 2022 Q1 business results and one other item
7	Aug 11, 2022	Report on 2022 Q2 business results and three other items
8	Sep 14, 2022	Approval on closing of shareholder register and record date fixing to confirm entitled shareholders for quarterly dividend payments
9	Nov 9, 2022	Report on 2022 Q3 business results and four other items

FY2023	Meeting date	Agenda
1	Jan 20, 2023	Resolution on 2023 budget
2	Feb 13, 2022	Report on the operation of the internal accounting control system and nine other items
3	Mar 21, 2022	Report on the audited financial statements for FY2022 and four other items

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Board Evaluation

Eight personnel who served as executive, non-executive, and independent directors and statutory auditor on FILA Holdings' BoD in 2022 were evaluated on the annual Board performance. The evaluation was conducted through a self-assessment questionnaire consisting of a total of 36 questions on the BoD's role, responsibilities and duties, operating procedures, leadership, and independence, each on a five-point scale. We have compiled the results and formulated recommendations for improvement, and will conduct annual assessments on a regular basis in the future. This will drive changes for more effective operation of the board and promote advanced governance through board-centered management.

2022 BoD Evaluation Criteria and Results

Category	Evaluation indicators (No.)	Average score (Five-point scale)
BoD's role	3	4.8
BoD's responsibilities and duties	7	4.9
BoD's composition	5	4.4
BoD's independence	5	4.2
BoD's leadership	2	3.4
BoD's operating procedure	4	4.5
BoD's agenda	3	4.8
Information collection	2	4.4
BoD evaluation	3	4.4
Plans to improve board operations	2	4.5
Total	36	4.4

General Shareholders Meeting Operations

To protect the rights of all our shareholders, we operate proxy solicitation rules to ensure that the general shareholders' meeting proceeds smoothly and that the meeting reaches its set quorum.

Statutory Auditor

FILA appoints a statutory auditor to ensure fairness and transparency in our operations. The auditor attends regular general shareholder meetings, BoD meetings and management meetings to supervise the work of the directors and to monitor the transparent and ethical execution of company management and the decision-making process. The auditor also reviews and approves the internal audit team's audit plans and any non-audit services contracted with an external auditor. As of March 2023, we have one auditor with tax expertise, and the company provides this auditor with regular training on its latest management data and industry trends. And the establishment of an internal accounting control system in 2022 further enhanced the reliability of accounting data prepared and disclosed in accordance with corporate accounting standards.

Results of the Annual General Meeting

No.	Agenda	Result	No. of affirmative shares (Ratio)	No. of opposing shares or abstention (Ratio)
1	Approval on FY 2021 Consolidated Financial Statements	Passed	37,443,614 (91.3%)	3,579,502 (8.7%)
2	Appointment of Directors			
2-1	Appointment of Executive Director (Yoon-soo Yoon)	Passed	39,395,817 (96.0%)	1,627,299 (4.0%)
3	Approval of Limit on Remuneration of Directors	Passed	41,001,058 (99.9%)	22,058 (0.1%)
4	Approval of Limit on Remuneration of Statutory Auditor	Passed	41,003,434 (100%)	19,682 (0.0%)

Auditor Information

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

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Management's Remuneration Tied to Company's Mid/Long-term Performance

We intend to introduce an executive long-term incentive plan (LTIP) starting in 2023 to link the company's long-term performance with executive rewards. The plan is expected to attract key talent by motivating executives to contribute to shareholder value and growth of the company's business performance, facilitate strategic decision-making with long-term significance for the company, and align shareholder-executive interests to maximize corporate value and shareholder value. All our directors are compensated within the limit of the remuneration approved at the annual general shareholders meeting, and their severance packages are calculated in accordance with our executive severance package regulations.

Total Remuneration for Directors and Auditors (Unit: KRW mn)

2022	2021	2020
3,845	3,695	4,218

FILA's Long-Term Incentive Plan



Long-Term Incentive Plan (LTIP)

- Compensation system that encourages continuous contribution to the company's mid/long-term growth and development
- Target: Designated executives and employees
- Payment ratio calculation: Differentiated compensation for each individual based on long-term management performance and long-term contribution

* Cap on directors' and auditors' remuneration approved by the 33rd general meeting of shareholders: KRW 5,620 million

Compensation Linked to Sustainability Performance

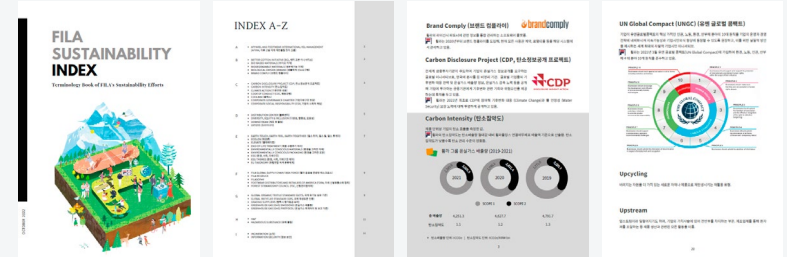
In 2021, we applied ESG-related key performance indicators (KPIs) for managers and above at FILA Holdings, and expanded them to two entities – FILA Holdings, FILA Korea – from 2022. Our goal is to internalize our sustainability management capabilities by defining mid/long-term ESG targets that are optimized by affiliate as well as by business area and aligning them with regular monitoring and compensation.

I believe that transparent disclosure is vital. When a company discloses its current achievements, areas for improvement and plans for the future, and reliable information to back them up, we as investors can make informed decisions with confidence about a company's ESG performance, both now and in the future. In this sense, it is a step in the right direction for FILA to disclose its mid/long-term goals for 2025 alongside its performance for each year. I would like to see a clearer picture of FILA's progress in achieving its sustainability goals going forward.

Se-Won Park
ESG Strategy Team Head (Kiwoom Asset Management)

Publishing FILA Sustainability Index

In October 2022, we released the "FILA Sustainability Index", a sustainability glossary in both English and Korean, aiming to enable FILA employees to better understand and integrate sustainability into their day-to-day work. The glossary provides definitions of each term, as well as relevant actions and future plans. It has been circulated to employees of our major affiliates and will be updated on an annual basis.



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Ethical Management System

FILA endeavors to fulfill its social and ethical roles and responsibilities and become a trusted company. At the group level, we are committed to complying with important ethical management principles, such as human rights and anti-corruption, based on the FILA Group Global Code of Conduct. FILA Korea also has in place a voluntary reporting system for all departments, and has established employee ethics practice guidelines and conducted associated campaigns in order to maintain transparent relationships with suppliers.

Ethical Management Framework

Prevention

- Clean Campaign
- Ethical management training
- Pledge on and evaluation of the compliance with the Code of Conduct

Assessment

- Report Center
- Whistleblowing hotlines
- Ongoing interviews
- Periodic management assessments
- Ongoing internal audits
- On-site audits

Improvement

- Management report
- Improvement recommendations
- Follow-up on improvements

Clean Campaign for Sound Coprosperity

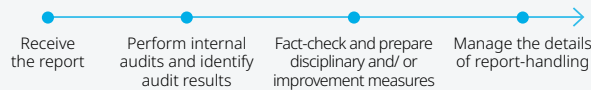
Guided by the FILA Code of Ethics, FILA Holdings, FILA Korea and Montebelluna Korea Branch engage in healthy business relationships with suppliers. We do not take benefits such as money, entertainment, or convenience from our suppliers and have been implementing the “No Gift Clean Campaign” since 2013 to eradicate any forms of unjustified practices.

Operating Global Ethics Reporting Channels

We receive anonymous reports 24/7 through a wide range of channels including from our website, e-mail, phone and post concerning any corruptive or unjustified acts that undermine our credibility and ethics as a company. In particular, the online reporting platform, which is

operated by a third party to guarantee anonymity, enhances the fairness of the reporting system and is available to all stakeholders, including company employees working around the world, business partners, store employees, and customers. The reporting platform supports four languages (Korean, English, Chinese, and Vietnamese), and we verify all reports received for authenticity based on evidence, conduct an audit, and take necessary measures and improvements.

Ethics Report Handling Procedures



Unethical Reports and Actions Taken

Category	No. of reports	Actions taken	
		No violations	Corrective action completed
Confidential information leak	0	-	-
Breach of trust	0	-	-
Wages/payments	0	-	-
Discrimination	0	-	-
Accounting and auditing	0	-	-
Workplace harassment/violence	0	-	-
Health and safety	0	-	-
Sexual harassment	0	-	-
Conflict of interest	0	-	-
Other	3	3	0
Total	3	3	0

* Reports falling into the “Other” category include business-related inquiries other than ethics issues

Ethics Training for Non-Compliance Prevention

We strive to raise ethical awareness among employees by publishing a legal newsletter to effectively communicate the ethical values our employees must uphold. Ethics and compliance training was provided to all employees of FILA Holdings, FILA Korea, and Montebelluna Korea Branch, covering topics closely related to their work, such as prohibition of illegal solicitation and acceptance of money, prohibition of improper collaborative behavior and unfair trade practices, important pointers on the Subcontracting Act, and duties and responsibilities of online sales businesses. Following the training, employees signed a pledge to practice ethical management and a pledge to keep trade secrets to make sure that the training is translated into practice.

Ethical Management Training for 2022

Topics	No. of trainees	Satisfaction
Basic concepts and highlights of the Serious Accident Punishment Act	100% of the required 75 trainees	85 points
Embezzlement and breach of trust in business as a case study	100% of the required 225 trainees	83 points

2022 Legal Newsletters

FEB · Capital Market Act (Insider trading) · Labeling and Advertising Act (False advertising) · Criminal Law (Embezzlement) · Serious Accident Punishment Act (Risk communication) · Subcontracting Act (Confidentiality agreement)	JUN · Anti-Graft Act · Fair Trade Act (Related to transactions with distributors) · Prevention of Conflict of Interest Act · Labeling and Advertising Act (Greenwashing cases)
APR · Fair Trade Act · Criminal Law (Embezzlement) · Serious Accident Punishment Act (Accident case communication) · Personal Information Protection Act (Risk in case of leakage)	SEP · Copyright Act (Cases related to modeling photos) · Personal Information Protection Act (Accident cases) · Labeling and Advertising Act (False advertising cases) · Legal Review Manual · Guidance on winning cases related to trademarks

Ethics Complaint Response Rate

100%

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Risk Management System

At FILA, the risks derived in relation to ESG are proposed to the Board of Directors for company-wide management and the Strategic Planning Team at FILA Holdings is responsible for analyzing issues that require risk management at the group level. In 2022, we established the Risk Management Policy to identify various financial and non-financial risks and to coordinate integrated responses to them.

The policy divides key risks into four categories (Strategic, financial, operational, and environmental) and defines the management organization, purpose, targets, and principles for each risk. We will swiftly respond to unpredictable events and threats in our business landscape and systematically manage them.



Risk Management Processes

FILA has established an company-wide risk management process to minimize negative impacts of risks and promptly respond to risk situations. Moreover, we aim to build an operational framework to systematically manage risks as per our mid/long-term plans.

Financial/Non-Financial Key Risks and Management Areas

Key risks	Management areas
Strategic risks	industrial policies, consumer behavior, competitive environment, changes in corporate ownership (i.e., mergers, acquisitions, and spinoffs), and business and investment activities.
Financial	liquidity, interest rates and currency exchange rates, financial soundness, contingent liabilities, asset and liability transactions, credit ratings, and accounting controls.
Operational risks	human resources (Workforce diversity, health and safety, etc.), ethics (Fair trading, compliance training, etc.), customer reputation (Consumer grievance handling), disclosures, information security (Privacy breaches, etc.)
Non-Financial	pollutant (GHG, effluent, waste, etc.) emissions, resource (Energy, water, etc.) usage, sustainable materials use, and sustainable products.

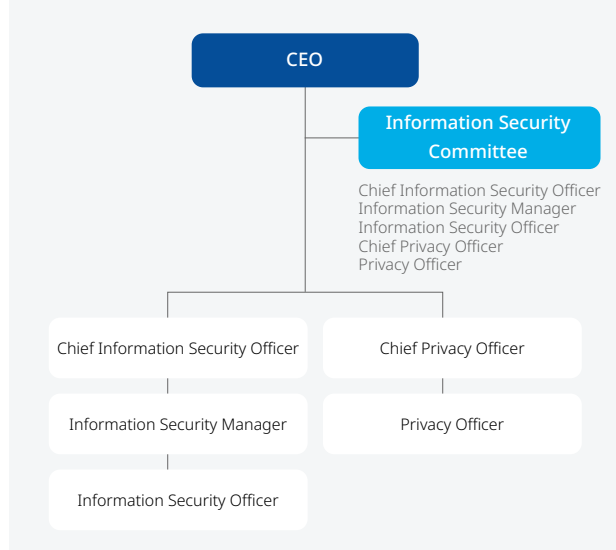


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Information Security System

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

Information Security Organizational Structure




Information Security Incidents by Severity

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

ISMS Certification

We have acquired and are retaining the Information Security Management System (ISMS) certification from the Korea Internet & Security Agency (KISA) under the Ministry of Science and ICT. Vulnerabilities identified during the certification renewal process are systematically planned and handled by the Information Protection Committee.

ISMS Certification



Scope
Online shopping mall service operation

Valid period
July 21, 2021 ~ July 20, 2024

Information Protection Committee Activities in 2022

Information Protection Committee

- Reviewed personal information management practices and drew recommendations for improvement
- Revised the Privacy Policy and Guidelines
- Created an information security management plan
- Established an information security training plan

Promoting a Culture of Security Awareness

FILA engages in continuous security awareness activities for its employees with the aim of actively strengthening information security. Through malicious email simulations and job-specific information protection training, we continue to deliver the latest trends in cyberattacks and how to deal with them. FILA has not had any online information security incidents over the past three years, and we will continue to reinforce our employee's security awareness in the future.

Information Security Incidents

Occurrence of information security incidents over the past three years (2020-2022)

0 case

Customer Data Protection

FILA respects the privacy and rights of its customers and makes various efforts such as security enhancement and education to deliver reliable services. To this end, we have developed and are implementing affiliate-specific data privacy handling policies, and keep a watchful eye on any abnormal activity 24/7 through personal data encryption, firewall installation, and implementation of control systems such as intrusion detection systems (IDS) and server access control (IAM) solutions. For FILA Korea's online shopping mall, which collects customer data, we reinforce the management and supervision of our suppliers and offer professional training on personal information management to raise the security awareness of employees in charge. To date, we have not received any complaints regarding customer data privacy. FILA will do its utmost to maintain the trust we have earned from our customers as such through the continuous management of our personal information security network.

* ISMS : Information Security Management System
 * IDS : Intrusion Detection System
 * IAM : Identity and Access Management

FILA FOCUS | G

Tax Policy

In 2023, FILA published the FILA Group Tax Policy, which sets out our commitment to fair and transparent fulfillment of our tax obligations. As a principle, in international transactions, we faithfully comply with tax reporting and payment obligations as required by the laws and regulations of each country where we conduct business in and maintain a transparent relationship with tax authorities in each country. We also adhere to the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations 2022, and ensure the fairness of our transfer pricing transactions with foreign related parties by consulting external experts and submitting Base Erosion and Profit Shifting (BEPS) reports to the respective tax authorities. For transactions with affiliates, we observe the arm's length principle (applying normal transaction price between unrelated third parties) to set transaction prices.

FILA Group Tax Policy

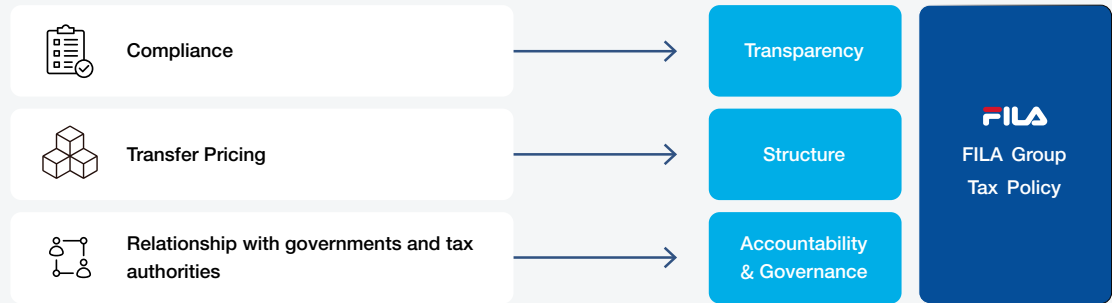
READ MORE 

Tax Risk Management Process

We acknowledge that proactive management of tax risks is fundamental to our ability to conduct business and maximize shareholder returns. Moreover, we contribute to the community development of each country in which we operate by creating economic value and employment and paying taxes such as corporate and withholding taxes.

FILA Holdings' Global Tax Team is responsible for filing and paying taxes for the Group and takes major decisions through the CFO reporting and BoD decision-making processes. The team also closely monitors newly revised tax laws and precedents to avoid tax risks in all transactions related to our business, while ensuring compliance by proactively reviewing risks that may arise.

FILA's Sustainable Tax Strategy



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82 UN Global Compact

83 GRI Content Index

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105 Greenhouse Gas Verification Statement

106 Third Party Assurance Statement

Reporting Methodology & Assurance



TCFD·CDP

In recognizing the actual and potential financial impacts of climate change, FILA has developed a strategic direction and management framework for the company. Following our participation in the Carbon Disclosure Project (CDP) for the first time in July 2021, we announced our support for the Task Force on Climate-Related Financial Disclosures (TCFD) in March 2022. We disclose our climate change response in a transparent manner in line with the recommendations of the TCFD and CDP to strengthen communication with our stakeholders.

Recommendations	FILA Status	CDP Reporting Section	Reporting Page
Governance			
a) Describe the board's oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> · Tabling climate change issues at the BoD meetings on a regular basis thereby ensuring associated risks are considered as an integral part of the decision-making process. 	C1.1b	42
b) Describe management's role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> · Providing supervision over the management of climate change-related risks and opportunities and the establishment of a climate change response framework · Participation as a speaker in the "Fashion & Technology" agenda of the UN Climate Change Conference of the Parties (COP 27) · Engaged in discussions on climate change management for suppliers through the launch of the Supply Chain Task Force in 2022 	C1.2, C1.2a	41, 61-63
Strategy			
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	<ul style="list-style-type: none"> · Expanding global carbon management scope and gradually scaling up GHG inventory coverage · Formulating water management strategies/risk response strategy 	C2.1, C2.2b, C2.3, C2.4, C2.4a	44
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	<ul style="list-style-type: none"> · Building a sustainable business model in product production in response to climate change 	C2.5, C2.6, C3.1, C3.1c	42
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> · Strengthening global GHG management by defining a GHG emissions management process · Commencing Scope 3 GHG emissions measurement and tracking in 2022 	C3.1a, C3.1d	43, 46

Recommendations	FILA Status	CDP Reporting Section	Reporting Page
Risk Management			
a) Describe the organization's processes for identifying and assessing climate-related risks	· Segmenting climate change risks into physical and transition risk types and factors	C2.2b, C2.2c	42
b) Describe the organization's processes for managing climate-related risks	· Climate Change Risks and Response 1) Risk type identification: physical risk, transition risk 2) Risk factor analysis: (Physical) short/long-term, (Transition) regulations/market/reputation/technology 3) Review of major risks for each risk factor 4) Plan responses	C2.2c, C2.2d	42
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	· Incorporating climate change risks and responses into enterprise-wide risk management processes to enable swift response to unpredictable situations and threats from climate change.	C2.2	42, 74
Metrics and Targets			
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	· Voluntary calculation and tracking of GHG emissions at domestic and overseas business sites · Calculating and tracking energy usage at domestic and overseas business sites	C4.2	85-86, 87
b) Disclose Scope 1, Scope 2, and Scope 3 (If appropriate) GHG emissions and the related risks	· Disclose Scope 1, 2, 3* - Scope 1 : 1,497 tCO ₂ e - Scope 2 : 3,646 tCO ₂ e - Scope 3 : 1,058 tCO ₂ e**	C6.1, C6.3, C6.5	85-86
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	· Voluntary verification of GHG emissions from 14 sites across 5 affiliates in 5 countries	C4.1, C4.1a, C4.2b	85-86

* Emissions calculation coverage: FILA Holdings, FILA Korea, FILA USA, FILA Sport (Hong Kong) and Montebelluna

** Scope 3 calculation scope: Upstream transportation and logistics, business travel and employee commuting

Sustainability Accounting Standard Board








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

Category	Accounting Metric	Code	Measurement Unit	Reporting Page
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	CG-AA-250a.1	N/A	31-32
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products	CG-AA-250a.2	N/A	32
Environmental Impacts in the Supply Chain	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 in compliance with wastewater discharge permits and/or contractual agreement	CG-AA-430a.1	%	65
	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	CG-AA-430a.2	%	66
Labor Conditions in the Supply Chain	Percentage of (1) tier 1 supplier facilities and (2) supplier facilities beyond tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	CG-AA-430b.1	%	66
	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	CG-AA-430b.2	%	66
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	CG-AA-430b.3	N/A	64
Raw Materials Sourcing	(1) environmental and/or social factor(s) most likely to threaten sourcing, (2) discussion on business risks and/ or opportunities associated with environmental and/or social factors, and (3) management strategy for addressing business risks and opportunities	CG-AA-440a.3	N/A	32-36
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental and/or social standard, by standard	CG-AA-440a.4	ton	-

Activity Metric	Code	Measurement Unit	Reporting Page
Number of (1) tier 1 suppliers and (2) suppliers beyond tier 1	CG-AA-000.A	No.	65

United Nations Sustainable Development Goals

Adopted in 2015 as part of the 70th session of the UN General Assembly, the 17 Sustainable Development Goals (SDGs) are universal targets for global development set to be achieved by 2030. FILA is committed to contributing to the achievements of the SDGs by linking its sustainability management strategy and activities to seven SDGs.

Goal	Targets	FILA Sustainability Key Topics	FILA Sustainability Themes
	[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	Shared growth with local community	Caring for People
	[8.3] Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	Brand positioning R&D/Quality management	Business Commitment
	[10.2] By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	Human rights management Diversity/Inclusiveness	Caring for People
	[12.4] By 2030, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	Sustainable products and materials Waste and chemicals management Packaging materials	Product Circularity
	[13.3] Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	GHG emissions Energy	Climate Action
	[16.5] Substantially reduce corruption and bribery in all their forms	Ethics/Anti-corruption Compliance	Business Commitment
	[17.17] Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	Supply chain	Supply Chain Transparency

United Nations Global Compact

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

UNGC 10 Principles and FILA's Performance

Principles			FILA Major Performance	Reporting Section and Associated Sustainability Theme
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and	In 2021, FILA stipulated the FILA Group Global Human Rights Policy, which follows major international human rights and labor standards, including UN Declaration of Human Rights and International Labour Organization Declaration on Fundamental Principles and Rights at Work.	Caring for People
	Principle 2	make sure that they are not complicit in human rights abuses.		
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	FILA operates the Labor-Management Council to fully reflect the opinions of our employees in major corporate decisions.	Caring for People
	Principle 4	the elimination of all forms of forced and compulsory labour;	We prohibit the use of child/forced labor and any forms of discrimination in our business sites as well as across our value chain, and verify this through annual due diligence on our tier 1 suppliers.	Caring for People
	Principle 5	the effective abolition of child labour; and		Supply Chain Transparency
	Principle 6	the elimination of discrimination in respect of employment and occupation.		
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;	We engage in activities to minimize the environmental impact of our business operations, and research the materials and their corresponding production methods that best deliver the intended performance and environmental characteristics.	Product Circularity
	Principle 8	undertake initiatives to promote greater environmental responsibility; and		Climate Action
	Principle 9	encourage the development and diffusion of environmentally friendly technologies		
Anti-corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	We enhance transparency in corporate management through stipulating FILA Group Global Code of Conduct and operating an ethics report center.	Business Commitment

GRI Content Index

General Disclosures

Category	Index	Description	Page	Remarks
GRI 2: General Disclosures 2021	2-1	Organizational details	13	
	2-2	Entities included in the organization's sustainability reporting	2, 14	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	85-87	Following validation by a third-party, the GHG emissions and energy usage data from past years underwent a reassessment utilizing consistent standards
	2-5	External assurance	103	
	2-6	Activities, value chain and other business relationships	27	Refer to P. 3-15 of 2022 Business Report
	2-7	Employees	88	
	2-8	Workers who are not employees	Information incomplete	Data is not maintained for reasons of the global business nature and applicable country laws
	2-9	Governance structure and composition	69	
	2-10	Nomination and selection of the highest governance body	70	
	2-11	Chair of the highest governance body	69	See Articles of Incorporation, Chapter 5, Directors, Board of Directors: https://www.filaholdings.com/en/invest/governance.asp
	2-12	Role of the highest governance body in overseeing the management of impacts	22, 70	
	2-13	Delegation of responsibility for managing impacts	22, 70	

(GRI content index in accordance)

- Statement of use: FILA Holdings has published FILA INTEGRATED REPORT 2022 in accordance with the GRI Standards for the period from January 1, 2022 to December 31, 2022

- GRI 1 used: GRI 1: Foundation 2021

- Applicable GRI Sector Standard(s): N/A

Category	Index	Description	Page	Remarks
GRI 2: General Disclosures 2021	2-14	Role of the highest governance body in sustainability reporting	70	
	2-15	Conflicts of interest	-	See Articles of Incorporation, Chapter 5, Directors, Board of Directors: https://www.filaholdings.com/en/invest/governance.asp
	2-16	Communication of critical concerns	70, 74	
	2-17	Collective knowledge of the highest governance body	70	
	2-18	Evaluation of the performance of the highest governance body	71	
	2-19	Remuneration policies	72	
	2-20	Process to determine remuneration	72	
	2-21	Annual total compensation ratio	Confidentiality constraints	The information is deemed confidential and cannot be disclosed
	2-22	Statement on sustainable development strategy	4-5	
	2-23	Policy commitments	-	https://www.filaholdings.com/en/sustainability/fila_impact.asp#report
	2-24	Embedding policy commitments		
	2-25	Processes to remediate negative impacts	74	
	2-26	Mechanisms for seeking advice and raising concerns	55, 67, 73	
2-27	Compliance with laws and regulations	93		
2-28	Membership associations	-	Korea Enterprises Federation, Korea-America Association, The Korea Society, Institute For Global Economics	
2-29	Approach to stakeholder engagement	9		
2-30	Collective bargaining agreements	N/A	There are no formal collective bargaining agreements, but internal protocols ensure that agreements apply to all employees	

Material Topics

Category	Index	Description	Page	Remarks
GRI 3 : Material Topics 2021	3-1	Process to determine material topics	10-11	
	3-2	List of material topics	10	
Brand positioning				
GRI 3 : Material Topics 2021	3-3	Management of material topics	15-18	
Organization-specific metrics		Mid/long-term 5-year Strategy	15	
GRI 203: Indirect Economic Impacts 2016	203-2	Significant indirect economic impacts	57-58, 60	
R&D and quality management				
GRI 3 : Material Topics 2021	3-3	Management of material topics	30-31	
Organization-specific metrics		R&D	30-31	Newly established Futura Innovation Team, a FILA global organization
Employees' personal growth				
GRI 3 : Material Topics 2021	3-3	Management of material topics	52-53	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	91	FILA group plans to report employee training hours by gender and position in the future
Transparent and independent BoD				
GRI 3 : Material Topics 2021	3-3	Management of material topics	69-72	
GRI 205 : ANTI-CORRUPTION 2016	205-2	Communication and training about anti-corruption policies and procedures	73, 92	
	205-3	Confirmed incidents of corruption and actions taken	73	

Category	Index	Description	Page	Remarks
Sustainable materials and products				
GRI 3 : Material Topics 2021	3-3	Management of material topics	30-36	
Organization-specific metrics		Expand the mix of sustainable products	33-36	Sustainable products from FILA Korea and FILA USA up by 265% from 2021 (based on SKUs)
Packaging materials				
GRI 3 : Material Topics 2021	3-3	Management of material topics	37	
Organization-specific metrics		Transition to sustainable packaging	37	Utilized 100% recyclable materials for shoebox packaging
Waste and chemicals management				
GRI 3 : Material Topics 2021	3-3	Management of material topics	31-32, 37-40	
GRI 306: Waste 2020	306-2	Management of significant waste-related impacts	37-40	
	306-3	Waste generated	87	
	306-5	Waste directed to disposal	87	
GRI 416 : Customer Health and Safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	93	
Safety and health				
GRI 3 : Material Topics 2021	3-3	Management of material topics	55	
GRI 403 : Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	55	
	403-6	Promotion of worker health	53	
	403-9	Work-related injuries	55, 93	

ESG DATA

Aggregated GHG Emissions

Corporation	Scope	Unit	2022	2021	2020	2019
FILA group	Direct emissions (Scope 1)	tCO ₂ e	1,497	1,392	1,405	1,358
	Indirect emissions (Scope 2)	tCO ₂ e	3,646	4,434	2,289	2,392
	Other indirect emissions (Scope 3)	tCO ₂ e	1,058	N/A	N/A	N/A
	Total	tCO ₂ e	6,201	5,826	3,694	3,750
	Intensity	tCO ₂ e/KRW bn	1.47	1.54	1.18	1.09
Entity FILA Holdings	Direct emissions (Scope 1)	tCO ₂ e	10	10	9	N/A
	Indirect emissions (Scope 2)	tCO ₂ e	44	129	61	N/A
	Other indirect emissions (Scope 3)	tCO ₂ e	90	N/A	N/A	N/A
	Total	tCO ₂ e	144	139	70	N/A
FILA Korea	Direct emissions (Scope 1)	tCO ₂ e	27	34	115	57
	Indirect emissions (Scope 2)	tCO ₂ e	756	1,249	1,107	977
	Other indirect emissions (Scope 3)	tCO ₂ e	781	N/A	N/A	N/A
	Total	tCO ₂ e	1,565	1,282	1,222	1,035
FILA USA	Direct emissions (Scope 1)	tCO ₂ e	1,354	1,299	1,282	1,301
	Indirect emissions (Scope 2)	tCO ₂ e	1,176	1,250	1,121	1,415
	Other indirect emissions (Scope 3)	tCO ₂ e	179	N/A	N/A	N/A
	Total	tCO ₂ e	2,709	2,549	2,402	2,716

* The sum of the totals may not add up because of decimal rounding (And this applies to all other data)

* For the purposes of data presentation, the following are defined as follows (And this applies to all other data)

- N/A: Not applicable
- -: Applicable but data not maintained
- 0: Data value is zero

* Voluntary verification of GHG emissions for 2022 has been obtained, and a comprehensive review and retrospective correction of prior year data was performed as part of the verification process (See page 105).

* Methods applied for calculating GHG emissions:

- Intergovernmental Panel on Climate Change (IPCC) guidelines
- Global Warming Potential (GWP) based on AR5
- Greenhouse Gas Protocol
- GHG intensity was calculated as a ratio to revenue as in FILA Holdings' consolidated financial statements
- For calculating calorific values and electricity emissions factors for each fuel type, we followed the standards of respective countries where our business sites are located

* Scope of GHG emissions calculation

[Direct emissions (Scope 1)/Indirect emissions (Scope 2)]

- FILA Holdings: (Korea) Cheonho Office in Seoul, FAST CENTER Office in Busan
- FILA Korea: (Korea) Cheonho Office in Seoul, Distribution Center in Icheon
- FILA USA: (USA) New York Office, Distribution Center in Baltimore, Maryland
- FILA Sport (Hong Kong): (China) Jinjiang Global Sourcing Center, Hong Kong Office
- Montebelluna: (Korea) Cheonho Office in Seoul, (China) Jinjiang Global Sourcing Center, Hong Kong Office, (Vietnam) Ho Chi Minh Office

Corporation	Scope	Unit	2022	2021	2020	2019
Entity FILA Sport (Hong Kong)	Direct emissions (Scope 1)	tCO ₂ e	71	26	-	-
	Indirect emissions (Scope 2)	tCO ₂ e	1,234	1,249	-	-
	Other indirect emissions (Scope 3)	tCO ₂ e	N/A	N/A	N/A	N/A
	Total	tCO ₂ e	1,305	1,275	-	-
Montebelluna	Direct emissions (Scope 1)	tCO ₂ e	34	24	-	-
	Indirect emissions (Scope 2)	tCO ₂ e	436	557	-	-
	Other indirect emissions (Scope 3)	tCO ₂ e	9	N/A	N/A	N/A
	Total	tCO ₂ e	479	581	-	-

Other Indirect GHG Emissions (Scope 3) Breakdown

Corporation	Scope	Unit	Total	Upstream transport and distribution	Business travel	Employee commuting
FILA group	Other indirect emissions (Scope 3)	tCO ₂ e	1,058	628	64	367
Entity	FILA Holdings	Other indirect emissions (Scope 3)	90	N/A	23	66
	FILA Korea	Other indirect emissions (Scope 3)	781	628	32	122
	FILA USA	Other indirect emissions (Scope 3)	179	N/A	N/A	179
	Montebelluna	Other indirect emissions (Scope 3)	9	N/A	9	N/A

[Other Indirect Emissions (Scope 3)]

- For Scope 3 GHG emissions, emissions were calculated for only three of the 15 subcategories where reliable data could be obtained through internal screening
- (Upstream Transportation and Distribution)
GHGs were calculated for domestic road transportation of FILA Korea's products and maritime and road transportation of footwear and for transportation sections with the following regions as origin→destination.
: Xiamen, Ningbo, Shanghai, Dalian, Weihai, Yantai, Qingdao, China / Hochiminh, Haiphong, Vietnam
→Incheon, Busan, Icheon, Korea
- (Business Travel)
A function to log employee business travels was added to the in-house groupware of FILA Holdings and FILA Korea starting October 2022, and emissions were calculated based on the means of transportation and total distance traveled by employees for business trips for the specific time period and entities
- (Employee Commuting)
Commuting distances were aggregated by surveying all employees of the six entities covered in this report (FILA Holdings, FILA Korea, FILA USA, FILA Luxembourg, FILA Sport (Hong Kong), and Montebelluna). The survey was carried out anonymously for privacy reasons, and the survey results were used as is, as it was determined that the response rate and number of responses were sufficient but not representative of the population in a sampling format

GHG Emissions by Business Site

Function	Country	Unit	Subtotal (Scope 1+2)	Direct Emissions (Scope 1)	Indirect Emissions (Scope 2)
Office	Korea	tCO ₂ e	96	39	57
	US	tCO ₂ e	26	0	26
	China	tCO ₂ e	1,748	87	1,661
	Vietnam	tCO ₂ e	25	17	8
	Subtotal	tCO ₂ e	1,896	143	1,753
Distribution center	Korea	tCO ₂ e	743	0	743
	US	tCO ₂ e	2,504	1,354	1,150
	Subtotal	tCO ₂ e	3,247	1,354	1,893

Water Consumption

Entity	Scope	Unit	2022	2021	2020	2019
FILA Holdings	Municipal water consumed	m ³	3	5	5	N/A
FILA Korea	Municipal water consumed	m ³	33	30	33	3,314
	Ground water consumed	m ³	3,794	2,934	578	578
FILA USA	Municipal water consumed	m ³	3,869	7,647	-	-
FILA Sport (Hong Kong)	Municipal water consumed	m ³	845	25,965	N/A	N/A
Montebelluna	Municipal water consumed	m ³	231	N/A	N/A	N/A

* Scope of calculating the water consumption:

- FILA Holdings : office in Seoul, Republic of Korea

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

The Icheon Distribution Center in Korea sources all of its industrial and domestic water from groundwater. Until 2020, accurate water usage measurement was not available, so water usage was assumed to be the amount of water discharged when cleaning the tank, but since 2021, water usage has been measured through the installation of flow meters

- FILA USA : Distribution Center in Baltimore, Maryland, US

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

Energy Consumption

Corporation	Category	Scope	Unit	2022	2021	2020	2019	
FILA group	Direct consumption		GJ	26,186	37,115	20,808	32,420	
	Indirect consumption		GJ	38,188	49,518	40,516	36,400	
	Intensity		GJ/KRW bn	15.2	22.8	19.6	19.9	
Entity	FILA Holdings	Direct consumption	Gasoline	GJ	70.5	107	102	N/A
			Diesel	GJ	15.9	4	N/A	N/A
		LNG	GJ	91	82	87	N/A	
		LPG	GJ	N/A	N/A	N/A	N/A	
	Indirect consumption	Electricity	GJ	915.2	2,695	1,271	N/A	
		District steam	GJ	N/A	N/A	N/A	N/A	
	FILA Korea	Direct consumption	Gasoline	GJ	24	5	44	566
			Diesel	GJ	84.1	124	144	186
			LNG	GJ	390.7	486	519	173.1
LPG			GJ	N/A	N/A	N/A	N/A	
Indirect consumption		Electricity	GJ	15,816.1	26,113	23,151	16,464.4	
	District steam	GJ	N/A	N/A	N/A	N/A		
FILA USA	Direct consumption	Gasoline	GJ	N/A	N/A	N/A	N/A	
		Diesel	GJ	N/A	N/A	N/A	N/A	
		LNG	GJ	23,990.7	35,358.2	19,887	31,494.7	
		LPG	GJ	63.7	18.2	24.7	N/A	
	Indirect consumption	Electricity	GJ	14,253.4	14,825.2	14,708.9	17,985	
		District steam	GJ	N/A	603.5	1,384.9	1,950.6	

> Energy consumption

* Energy use intensity was calculated as a ratio to the revenue as in the consolidated financial statements of FILA Holdings

* Energy consumption calculation scope:

- FILA Holdings: (Korea) Cheonho Office in Seoul, FAST CENTER Office in Busan
- FILA Korea: (Korea) Cheonho Office in Seoul, Distribution Center in Icheon
- FILA USA: (USA) New York Office, Distribution Center in Baltimore, Maryland
- FILA Sport (Hong Kong): (China) Jinjiang Global Sourcing Center, Hong Kong Office
- Montebelluna: (Korea) Cheonho Office in Seoul, (China) Jinjiang Global Sourcing Center, Hong Kong Office, (Vietnam) Ho Chi Minh Office

Corporation	Category	Scope	Unit	2022	2021	2020	2019	
Entity	FILA Sport (Hong Kong)	Direct consumption	Gasoline	GJ	977	930.2	N/A	N/A
			Diesel	GJ	N/A	N/A	N/A	N/A
			LNG	GJ	N/A	N/A	N/A	N/A
		LPG	GJ	N/A	N/A	N/A	N/A	
		Indirect consumption	Electricity	GJ	5,454	5,281	N/A	N/A
			District steam	GJ	N/A	N/A	N/A	N/A
	Montebelluna	Direct consumption	Gasoline	GJ	340	N/A	N/A	N/A
			Diesel	GJ	118	N/A	N/A	N/A
			LNG	GJ	20	N/A	N/A	N/A
		Indirect consumption	LPG	GJ	N/A	N/A	N/A	N/A
			Electricity	GJ	1,749	N/A	N/A	N/A
			District steam	GJ	N/A	N/A	N/A	N/A

Waste Discharge

Corporation	Category	Unit	2022	2021	2020	2019	
FILA group	Total waste disposed	kg	784,337	825,263	837,921	804,477	
	Recycled	kg	431,299	543,403	527,981	652,917	
	Incinerated	kg	288,610	213,880	247,670	65,520	
	Landfill	kg	64,428	67,980	62,270	86,040	
Entity	Distribution Center (Korea)	Total waste disposed	kg	480,430	414,050	478,380	344,260
		Recycled	kg	191,820	200,170	230,710	278,740
		Incinerated	kg	288,610	213,880	247,670	65,520
	Distribution Center (US)	Total waste disposed	kg	303,907	411,213	359,541	460,217
		Recycled	kg	239,479	343,233	297,271	374,177
		Landfill	kg	64,428	67,980	62,270	86,040

* Scope of calculating the generation of waste:

- While domestic waste is generated from the offices of major affiliates, it is not possible to accurately calculate the generation of waste as waste is managed on a building-wide level.

Therefore, data is disclosed for distribution centers which produce a significant amount of waste compared to offices, and our distribution centers in Republic of Korea and USA belong to FILA Korea and FILA USA respectively

Employees

Category	Entity	Unit	2022	2021	2020	2019
Total	FILA Holdings	Person	52	68	61	N/A
	FILA Korea	Person	272	261	259	290
	FILA USA	Person	292	367	354	363
	FILA Luxembourg	Person	11	7	6	5
	FILA Sport (Hong Kong)	Person	114	145	136	143
	Montebelluna	Person	90	56	62	69
Male	FILA Holdings	Person	35	39	38	N/A
	FILA Korea	Person	135	135	141	173
	FILA USA	Person	150	193	187	200
	FILA Luxembourg	Person	5	1	1	1
	FILA Sport (Hong Kong)	Person	38	52	45	47
	Montebelluna	Person	26	17	10	22
Female	FILA Holdings	Person	17	29	23	N/A
	FILA Korea	Person	137	126	118	117
	FILA USA	Person	142	174	167	163
	FILA Luxembourg	Person	6	6	5	4
	FILA Sport (Hong Kong)	Person	76	93	91	96
	Montebelluna	Person	64	39	52	47
20s	FILA Holdings	Person	4	9	4	N/A
	FILA Korea	Person	43	42	28	23
	FILA USA	Person	39	49	53	73
	FILA Luxembourg	Person	0	1	1	0
	FILA Sport (Hong Kong)	Person	10	22	23	23
	Montebelluna	Person	11	12	18	15

Category	Entity	Unit	2022	2021	2020	2019
30s and 40s	FILA Holdings	Person	41	55	51	N/A
	FILA Korea	Person	217	203	216	245
	FILA USA	Person	152	192	175	168
	FILA Luxembourg	Person	8	5	4	5
	FILA Sport (Hong Kong)	Person	94	114	104	104
	Montebelluna	Person	61	42	52	42
50s and older	FILA Holdings	Person	7	8	8	N/A
	FILA Korea	Person	12	13	17	28
	FILA USA	Person	101	126	126	122
	FILA Luxembourg	Person	3	1	1	0
	FILA Sport (Hong Kong)	Person	10	9	9	9
	Montebelluna	Person	18	2	11	12
Full-time	FILA Holdings	Person	46	62	55	N/A
	FILA Korea	Person	265	248	246	274
	FILA USA	Person	292	366	351	361
	FILA Luxembourg	Person	9	7	6	5
	FILA Sport (Hong Kong)	Person	114	144	136	136
	Montebelluna	Person	88	56	61	66
Temporary	FILA Holdings	Person	6	6	6	N/A
	FILA Korea	Person	7	13	13	16
	FILA USA	Person	0	1	3	2
	FILA Luxembourg	Person	2	0	0	0
	FILA Sport (Hong Kong)	Person	0	1	0	7
	Montebelluna	Person	2	0	1	3

New Hires

Category	Entity	Unit	2022	2021	2020	2019
Total	FILA Holdings	Person	5	11	10	N/A
	FILA Korea	Person	63	39	22	32
	FILA USA	Person	143	167	60	165
	FILA Luxembourg	Person	6	2	2	2
	FILA Sport (Hong Kong)	Person	4	19	15	19
	Montebelluna	Person	16	21	21	34
Male	FILA Holdings	Person	4	6	3	N/A
	FILA Korea	Person	21	14	5	12
	FILA USA	Person	87	105	29	101
	FILA Luxembourg	Person	3	1	0	1
	FILA Sport (Hong Kong)	Person	2	5	8	8
	Montebelluna	Person	7	6	7	14
Female	FILA Holdings	Person	1	5	7	N/A
	FILA Korea	Person	42	25	17	25
	FILA USA	Person	56	62	31	64
	FILA Luxembourg	Person	3	1	2	1
	FILA Sport (Hong Kong)	Person	2	14	7	11
	Montebelluna	Person	9	15	14	20
20s	FILA Holdings	Person	0	7	1	N/A
	FILA Korea	Person	26	23	7	11
	FILA USA	Person	50	44	16	54
	FILA Luxembourg	Person	0	1	1	0
	FILA Sport (Hong Kong)	Person	2	6	4	0
	Montebelluna	Person	1	5	3	2

Category	Entity	Unit	2022	2021	2020	2019
30s and 40s	FILA Holdings	Person	5	4	9	N/A
	FILA Korea	Person	36	16	15	20
	FILA USA	Person	75	90	33	77
	FILA Luxembourg	Person	5	1	1	2
	FILA Sport (Hong Kong)	Person	2	13	11	0
	Montebelluna	Person	11	16	32	22
50s and older	FILA Holdings	Person	0	0	0	N/A
	FILA Korea	Person	1	0	0	1
	FILA USA	Person	18	33	11	34
	FILA Luxembourg	Person	1	0	0	0
	FILA Sport (Hong Kong)	Person	0	0	0	0
	Montebelluna	Person	4	0	1	1

Employee Turnover

Category	Entity	Unit	2022	2021	2020	2019
Turnover rate	FILA Holdings	%	48.1	4.4	9.8	N/A
	FILA Korea	%	26.5	11.5	5.4	3.8
	FILA USA	%	1.7	2.2	0.3	0.3
	FILA Luxembourg	%	27.3	14.3	16.7	0
	FILA Sport (Hong Kong)	%	19.3	0	11.8	11.2
	Montebelluna	%	40.0	0	21.0	14.5

Employee Diversity (Disability, Race & Ethnicity)

Category	Entity	Scope	Unit	2022	2021	2020	2019
Employees with disabilities	FILA Holdings		Person	0	0	0	N/A
	FILA Korea		Person	1	1	1	1
	FILA USA		Person	0	0	0	0
	FILA Luxembourg		Person	0	0	0	0
	FILA Sport (Hong Kong)		Person	0	0	0	0
	Montebelluna		Person	0	0	0	0
Ethnic-racial minorities	FILA Holdings	Asian	Person	52	68	61	N/A
	FILA Korea	Asian	Person	272	261	259	290
	FILA USA	Asian	Person	34	29	26	24
		African American	Person	101	139	113	127
		Hispanic	Person	12	13	15	15
		American Indian	Person	2	2	2	2
		Caucasian	Person	141	176	194	193
		Two or more races	Person	2	5	4	2
		FILA Luxembourg	Asian	Person	4	1	1
	FILA Sport (Hong Kong)	African American	Person	0	1	1	0
		Caucasian	Person	7	5	4	5
	FILA Sport (Hong Kong)	Asian	Person	114	145	136	143
	Montebelluna	Asian	Person	90	56	62	69

Employee Diversity (Gender)

Category	Entity	Unit	2022	2021	2020	2019
Ratio of female employees	FILA group	%	53.2	51.7	51.9	49.1
	FILA Holdings	%	32.7	42.6	37.7	N/A
	FILA Korea	%	50.4	48.3	45.6	40.3
	FILA USA	%	48.6	47.4	47.2	44.9
	FILA Luxembourg	%	54.5	85.7	83.3	80.0
	FILA Sport (Hong Kong)	%	66.7	64.1	66.9	67.1
	Montebelluna	%	71.1	69.6	83.9	68.1
	Ratio of female employees in management position	FILA group	%	51.4	42.0	41.9
FILA Holdings		%	18.2	16.7	18.8	N/A
FILA Korea		%	27.8	18.6	16.9	13.0
FILA USA		%	66.0	54.4	55.9	53.8
FILA Luxembourg		%	N/A	100	100	100
FILA Sport (Hong Kong)		%	70.8	48.5	42.3	47.8
Montebelluna		%	31.3	50.0	41.7	37.5

* Managerial employees are defined as team lead and manager positions and above

Parental Leave Status

Category	Entity	Unit	2022	2021	2020	2019
Male	FILA Holdings	Person	0	0	0	N/A
	FILA Korea	Person	1	0	0	0
	FILA USA	Person	1	0	0	0
	FILA Luxembourg	Person	0	0	0	0
	FILA Sport (Hong Kong)	Person	5	3	0	1
	Montebelluna	Person	1	1	0	0
Female	FILA Holdings	Person	2	2	2	N/A
	FILA Korea	Person	14	11	10	10
	FILA USA	Person	6	5	6	2
	FILA Luxembourg	Person	1	0	0	0
	FILA Sport (Hong Kong)	Person	8	2	1	4
	Montebelluna	Person	9	0	2	1
Rate of return to work	FILA Holdings	%	0	100	100	N/A
	FILA Korea	%	50.0	100	100	100
	FILA USA	%	100	80.0	83.0	0
	FILA Luxembourg	%	N/A	N/A	N/A	N/A
	FILA Sport (Hong Kong)	%	100	100	100	N/A
	Montebelluna	%	100	100	100	100

R&D

Category	Entity	Unit	2022	2021	2020	2019
R&D expenses	FILA group	000' KRW	14,786,000	12,142,000	10,434,000	10,141,000
Ratio of R&D expenses against sales	FILA group	%	0.4	0.3	0.3	0.3
No. of R&D professionals	FILA Holdings	Person	19	19	19	N/A

* The share of R&D expenses in FILA group's R&D expenses and revenue is calculated based on the consolidated financial statements of FILA Holdings

* The number of research personnel is calculated based on the number of employees of FAST CENTER, the R&D division of FILA group

* The number of trainees may differ from the total number of people in each entity depending on participants' eligibility (And this applies to all other data)

Employee Training

Category	Entity	Unit	2022	2021	2020	2019
Total training hours for employees	FILA Holdings	Hour	1,296	259	349	N/A
	FILA Korea	Hour	2,097	1,022	1,671	6,588
	FILA USA	Hour	581	927	328	196.5
	FILA Luxembourg	Hour	20	100	36	9
	FILA Sport (Hong Kong)	Hour	664	34	36	44
	Montebelluna	Hour	239	34	-	44
Average training hours per employee	FILA Holdings	Hour	24.9	3.8	5.7	N/A
	FILA Korea	Hour	5.7	3.9	6.5	22.7
	FILA USA	Hour	1.5	0.4	1.1	1.8
	FILA Luxembourg	Hour	20	14.3	12	3
	FILA Sport (Hong Kong)	Hour	0.2	34	-	11
	Montebelluna	Hour	0.2	15	28	66
Percentage of employees who received training	FILA Holdings	%	100	100	100	N/A
	FILA Korea	%	100	100	100	98.0
	FILA USA	%	100	100	100	100
	FILA Luxembourg	%	100	100	100	100
	FILA Sport (Hong Kong)	%	28.0	100	100	100
	Montebelluna	%	13.0	91.0	-	90.0
Total training expenses	FILA Holdings	KRW	27,000,000	351,346	4,390,079	N/A
	FILA Korea	KRW	53,111,210	10,397,440	18,220,961	184,544,949
	FILA USA	USD	5,765	82,023	24,651	44,502
	FILA Luxembourg	USD	1,953	2,914	5,218	949
	FILA Sport (Hong Kong)	USD	1,261	4,500	-	3,750
	Montebelluna	USD	1,261	1,300	-	700
Training expenses per employee	FILA Holdings	KRW	519,231	139,228	21,311	N/A
	FILA Korea	KRW	136,055	36,482	61,498	281,433
	FILA USA	USD	20	224	61	110
	FILA Luxembourg	USD	1,953	416	1,739	316
	FILA Sport (Hong Kong)	USD	11	31	-	26
	Montebelluna	USD	14	23	-	26

* The total training expenses and training expenses per employee may not be divided arithmetically

Human Rights Training

Category	Entity		Unit	2022	2021	2020	2019
Sexual harassment prevention	FILA Holdings	No. of trainees	Person	46	68	61	N/A
		Participation rate	%	100	100	100	N/A
	FILA Korea	No. of trainees	Person	262	261	259	290
		Participation rate	%	100	100	100	100
	FILA USA	No. of trainees	Person	292	367	-	-
		Participation rate	%	100	100	-	-
Workplace harassment prevention	FILA Holdings	No. of trainees	Person	46	68	61	N/A
		Participation rate	%	100	100	100	N/A
	FILA Korea	No. of trainees	Person	262	261	259	290
		Participation rate	%	100	100	100	100
Disability awareness raising	FILA Holdings	No. of trainees	Person	46	68	61	N/A
		Participation rate	%	100	100	100	N/A
	FILA Korea	No. of trainees	Person	262	261	259	290
		Participation rate	%	100	100	100	100

Ethics Training

Category	Entity	Unit	2022	2021	2020	2019
No. of trainees ethics and compliance	FILA Holdings	Person	46	61	61	N/A
	FILA Korea	Person	255	252	259	325
	FILA USA	Person	N/A	309	168	296
	FILA Luxembourg	Person	0	0	0	0
	FILA Sport (Hong Kong)	Person	0	145	-	-
	Montebelluna	Person	0	50	-	-

Whistleblowing Response

Category	Entity	Unit	2022	2021	2020	2019
Whistleblowing response rate	FILA Holdings	%	100	100	100	100

* The number of trainees may differ from the total number of people in each entity depending on participants' eligibility (And this applies to all other data)

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

* For whistleblowing response rate, it is listed as the response rate of FILA Holdings as it manages the reporting channels of the FILA group

Industrial Safety and Health

Category	Entity	Unit	2022	2021	2020	2019
No. of industrial accidents	FILA Holdings	Case	0	0	0	N/A
	FILA Korea	Case	0	0	0	0
	FILA USA	Case	0	0	0	0
	FILA Luxembourg	Case	0	0	0	0
	FILA Sport (Hong Kong)	Case	0	0	0	0
	Montebelluna	Case	0	0	0	0
Fatalities – Employees	FILA Holdings	Person	0	0	0	N/A
	FILA Korea	Person	0	0	0	0
	FILA USA	Person	0	0	0	0
	FILA Luxembourg	Person	0	0	0	0
	FILA Sport (Hong Kong)	Person	0	0	0	0
	Montebelluna	Person	0	0	0	0
Fatalities – Suppliers	FILA Holdings	Person	0	0	0	N/A
	FILA Korea	Person	0	0	0	0
	FILA USA	Person	0	0	0	0
	FILA Luxembourg	Person	N/A	N/A	N/A	N/A
	FILA Sport (Hong Kong)	Person	0	0	0	0
	Montebelluna	Person	0	0	0	0

Product Safety

Category	Entity	Unit	2022	2021	2020	2019
Total no. of incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products and services	FILA Holdings	Case	0	0	0	0
	FILA Korea	Case	0	1	1	0
	FILA USA	Case	0	0	0	0
	FILA Luxembourg	Case	0	0	0	0
	FILA Sport (Hong Kong)	Case	0	0	0	0
	Montebelluna	Case	0	0	0	0

Environmental Laws and Regulations

Category	Entity	Unit	2022	2021	2020	2019
No. of Violations of Environmental Laws and Regulations	FILA Holdings	Case	0	0	0	0
	FILA Korea	Case	0	0	0	0
	FILA USA	Case	0	0	0	0
	FILA Luxembourg	Case	0	0	0	0
	FILA Sport (Hong Kong)	Case	0	0	0	0
	Montebelluna	Case	0	0	0	0

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

* Sanctions are disclosed through business reports and other disclosure channels

Information Security

Category	Entity	Unit	2022	2021	2020	2019
No. of annual information security trainings	FILA Holdings	Time	1	1	1	1
	FILA Korea	Time	1	1	1	1
	FILA USA	Time	2	1	1	13
	FILA Luxembourg	Time	0	0	0	0
	FILA Sport (Hong Kong)	Time	0	0	0	0
	Montebelluna	Time	0	0	0	0
No. of information security breaches	FILA Holdings	Case	0	0	0	0
	FILA Korea	Case	0	0	0	0
	FILA USA	Case	0	0	0	0
	FILA Luxembourg	Case	0	0	0	0
	FILA Sport (Hong Kong)	Case	0	0	0	0
	Montebelluna	Case	0	0	0	0

Board of Directors

Entity	Category	Unit	2022	2021	2020	2019
FILA Holdings	No. of board meetings convened	Time	9	12	16	11
	No. of agenda items resolved	Case	30	31	37	34
	No. of agenda items objected or suggested to be amended	Case	0	0	0	0
	Attendance ratio of independent directors	%	100	97.2	95.9	89.8
	Total no. of directors	Person	7	7	7	7
	No. of executive directors	Person	4	4	4	4
	No. of independent directors	Person	3	3	3	3
	Ratio of independent directors	%	42.9	42.9	42.9	42.9
	No. of female directors	Person	1	1	1	N/A

Social Contribution Activities

Category	Entity	Unit	2022	2021	2020	2019
Total donation	FILA Holdings	000' KRW	30,000	0	0	N/A
	FILA Korea	000' KRW	1,137,669	3,361,907	517,548	1,134,501
	FILA USA	USD	153,440	335,611	625,565	599,657
	FILA Luxembourg	USD	4,129	0	91,308.0	0
	FILA Sport (Hong Kong)	USD	0	0	0	0
	Montebelluna	USD	0	0	0	0

Donations Made by FILA Holdings, FILA Korea, and FILA USA

Category	Unit	2022
Contributions	KRW	1,365,906,682
Revenue	KRW	1,110,521,680,876
Operating Profit	KRW	157,532,001,331
Donation as a Percentage of Revenue	%	0.1
Donation as a Percentage of Operating Profit	%	0.9

* CSR activities are being carried out by three (FILA Holdings, FILA Korea, and FILA USA) of the six entities that are subject to disclosure in this Report. Hence, the figures (%) are calculated based on the combined revenue and operating income of the three entities

Independent Auditor's Report

Based on a report originally issued in Korean

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

Opinion

We have audited the accompanying consolidated financial statements of FILA HOLDINGS CORP. and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to consolidated financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("K-IFRS").

Basis for Opinion

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

Key Audit Matter

The key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements as of and for the year ended December 31, 2022. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Acushnet Holdings Corp. Goodwill Impairment Testing

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

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

The Group performs annual goodwill impairment testing by estimating the recoverable amounts of cashgenerating units of Acushnet Holdings Corp., a subsidiary which was recognized in the past as a result of a business combination. Acushnet Holdings Corp.'s total goodwill amounts to KRW 448,990 million, as disclosed in Note 15 to the consolidated financial statements and is determined to be significant as it accounts for about 9.3% of total consolidated assets of the consolidated financial statements. Estimation of the recoverable amount involves assumptions and judgements of the Group's management, and as there is a possibility that management bias may be involved, we identified the assessment of goodwill impairment related to Acushnet Holding Corp.as a key audit matter.

How the matter was addressed in our audit

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

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

Other matter

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

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability

to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibility of the Audit of the Consolidated Financial Statements

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

Seoul, Korea

March 21, 2023

KPMG Samjong Accounting Corp.

This report is effective as of March 21, 2023, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying consolidated financial statements, resulting in a revision of the audit report.

Consolidated Financial Statements

Consolidated Statements of Financial Position

As of December 31, 2022

As of December 31, 2021

(Unit: KRW)

Description	December 31, 2022	December 31, 2021
Assets		
I. Current assets		
Cash and cash equivalents	407,410,625,942	699,203,590,783
Trade and other receivables	480,835,761,794	471,299,961,375
Inventories	1,290,516,995,550	757,797,014,936
Other financial assets	2,606,114,764	2,856,203,608
Financial assets at fair value through profit or loss	15,293,658,394	6,661,066,104
Derivative financial assets	9,369,588,488	7,492,318,875
Current tax assets	1,774,060,185	9,830,343,357
Other current assets	85,513,297,400	85,989,892,772
Total current assets	2,293,320,102,517	2,041,130,391,810
II. Non-current assets		
Trade and other receivables	19,623,753,412	17,301,711,873
Other financial asset	4,000,000	329,028,011
Property, plant and equipment	499,818,525,417	418,218,322,008
Intangible assets	1,740,937,927,075	1,552,788,149,077
Investments in associates	178,437,945,435	155,037,097,758
Financial assets at fair value through other comprehensive income	6,589,360,000	7,021,500,000
Derivative financial assets	1,698,816,398	1,767,776,285
Deferred tax assets	53,390,046,244	72,137,123,470
Other non-current assets	16,093,150,213	8,991,334,533
Net Defined Benefit Assets	11,887,751,077	14,134,380,589
Total non-current assets	2,528,481,275,271	2,247,726,423,604
Total assets	4,821,801,377,788	4,288,856,815,414

Description	December 31, 2022	December 31, 2021
Liabilities		
I. Current liabilities		
Trade and other payables	529,204,708,331	536,945,250,754
Borrowings	377,004,043,078	285,865,529,108
Other financial liabilities	35,994,461,142	31,189,783,156
Derivative financial liabilities	6,030,638,057	578,903,941
Financial liabilities at fair value through profit or loss	8,282,666,161	9,275,280,360
Other current liabilities	42,098,392,349	48,395,817,475
Contract liabilities	40,950,719,779	48,449,711,666
Provisions	4,206,701,891	4,076,343,896
Current tax liabilities	48,905,512,256	86,612,063,670
Total current liabilities	1,092,677,843,044	1,051,388,684,026
II. Non-current liabilities		
Trade and other payables	14,605,568,936	13,030,976,340
Borrowings	766,903,581,257	421,067,869,136
Other financial liabilities	108,982,674,372	84,710,565,048
Derivative financial liabilities	436,168,998	-
Financial liabilities at fair value through profit or loss	5,860,278,847	-
Net defined benefit liabilities	107,577,925,671	126,060,817,564
Deferred tax liabilities	125,235,370,189	268,303,092,865
Other non-current liabilities	5,859,878,824	5,019,943,147
Contract liabilities	6,863,353,894	6,712,181,099
Provisions	2,756,840,156	875,171,345
Non-current income tax liabilities	9,478,558,798	5,198,278,518
Total non-current liabilities	1,154,560,199,942	930,978,895,062
Total liabilities	2,247,238,042,986	1,982,367,579,088

Description	December 31, 2022	December 31, 2021
Equity		
I. Equity attributable to owners of the Company		
Ordinary shares	61,115,070,000	61,115,070,000
Capital surplus	53,239,997,250	108,088,401,752
Capital adjustment	(29,410,811,836)	(29,410,811,836)
Accumulated other comprehensive income (loss)	141,702,675,969	65,158,275,664
Retained earnings	1,649,916,522,756	1,405,994,416,335
Total equity attributable to owners of the Company	1,876,563,454,139	1,610,945,351,915
II. Non-controlling interests	697,999,880,663	695,543,884,411
Total equity	2,574,563,334,802	2,306,489,236,326
Total liabilities and equity	4,821,801,377,788	4,288,856,815,414

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Unit: KRW)

Description	December 31, 2022	December 31, 2021
I. Revenue	4,221,750,126,628	3,793,958,639,955
II. Cost of sales	2,192,444,715,835	1,913,708,628,704
III. Gross profit	2,029,305,410,793	1,880,250,011,251
IV. Selling and administrative expenses	1,594,233,038,559	1,387,398,857,082
V. Operating profit	435,072,372,234	492,851,154,169
VI. Other income	13,052,083,925	6,443,585,817
VII. Other expenses	8,345,751,810	6,156,542,969
VIII. Finance income	53,901,963,790	25,319,348,174
IX. Finance costs	86,145,835,789	54,216,920,708

Description	December 31, 2022	December 31, 2021
X. Share of net profit of associates accounted for using the equity method	45,602,284,721	48,559,846,950
XI. Profit before income tax	453,137,117,071	512,800,471,433
XII. Income tax expense	(14,406,723,975)	174,991,141,719
XIII. Profit for the year	467,543,841,046	337,809,329,714
XIV. Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability	20,655,916,762	6,659,934,594
Gain on valuation of fair value-other comprehensive income financial instruments	(332,315,660)	2,625,666,520
Items that are or may be reclassified subsequently to profit or loss		
Change in equity method investees with accumulated comprehensive income(expense) for affiliated companies	(14,532,606,872)	2,399,351,233
Currency translations differences	119,698,909,838	130,990,965,578
Gain (loss) on valuation of derivative financial assets	(599,178,714)	12,109,661,761
XV. Other comprehensive income for the year, net of tax	124,890,725,354	154,785,579,686
XVI. Total comprehensive income for the year	592,434,566,400	492,594,909,400
XVII. Profit attributable to		
Owners of the Controlling Company	343,729,858,864	235,231,954,419
Non-controlling interests	123,813,982,182	102,577,375,295
XVIII. Total comprehensive income attributable to:		
Owners of the Controlling Company	430,441,892,096	329,187,427,888
Non-controlling interests	161,992,674,304	163,407,481,512
XIX. Basic earnings per share	5,720	3,914

Consolidated Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Unit: KRW)

Description	Attributable to owners to the Company						Non-controlling interests	Total
	Ordinary share	Capital Surplus	Capital Adjustments	Other comprehensive income (loss)	Retained earnings	Sub-total		
Balance at January 1, 2021	61,115,070,000	107,157,109,019	(28,919,048,322)	(26,258,559,358)	1,179,341,553,684	1,292,436,125,023	564,891,681,962	1,857,327,806,985
Total comprehensive income for the year								
Profit for the year	-	-	-	-	235,231,954,419	235,231,954,419	102,577,375,295	337,809,329,714
Gain on valuation of fair value-other comprehensive income financial instruments	-	-	-	2,625,666,520	-	2,625,666,520	-	2,625,666,520
Remeasurements of net defined benefit liability	-	-	-	-	2,538,638,447	2,538,638,447	4,121,296,147	6,659,934,594
Change in equity method investees with accumulated comprehensive income(expense)	-	-	-	2,399,351,233	-	2,399,351,233	-	2,399,351,233
Loss on valuation of derivative financial assets	-	-	-	5,951,253,175	-	5,951,253,175	6,158,408,586	12,109,661,761
Currency translations differences	-	-	-	80,440,564,094	-	80,440,564,094	50,550,401,484	130,990,965,578
Transactions with owner of the Company								
Share-based payment	-	-	-	-	-	-	35,873,340,418	35,873,340,418
Changes in noncontrolling interests	-	931,292,733	(491,763,514)	-	-	439,529,219	(37,802,888,871)	(37,363,359,652)
Annual dividend paid	-	-	-	-	(11,117,730,215)	(11,117,730,215)	(30,825,730,610)	(41,943,460,825)
Balance at December 31, 2021	61,115,070,000	108,088,401,752	(29,410,811,836)	65,158,275,664	1,405,994,416,335	1,610,945,351,915	695,543,884,411	2,306,489,236,326
Balance at January 1, 2022	61,115,070,000	108,088,401,752	(29,410,811,836)	65,158,275,664	1,405,994,416,335	1,610,945,351,915	695,543,884,411	2,306,489,236,326
Total comprehensive income for the year								
Profit for the year	-	-	-	-	343,729,858,864	343,729,858,864	123,813,982,182	467,543,841,046
Gain on valuation of fair value-other comprehensive income financial instruments	-	-	-	(332,315,660)	-	(332,315,660)	-	(332,315,660)
Remeasurements of net defined benefit liability	-	-	-	-	10,167,632,927	10,167,632,927	10,488,283,835	20,655,916,762
Change in equity method investees with accumulated comprehensive income(expense)	-	-	-	(14,532,606,872)	-	(14,532,606,872)	-	(14,532,606,872)
Loss on valuation of derivative financial assets	-	-	-	(740,944,105)	-	(740,944,105)	141,765,391	(599,178,714)
Currency translations differences	-	-	-	92,150,266,942	-	92,150,266,942	27,548,642,896	119,698,909,838
Transactions with owner of the Company								
Share-based payment	-	-	-	-	-	-	12,592,623,278	12,592,623,278
Changes in noncontrolling interests	-	(54,848,404,502)	-	-	-	(54,848,404,502)	(138,320,088,090)	(193,168,492,592)
Annual dividend paid	-	-	-	-	(109,975,385,370)	(109,975,385,370)	(33,809,213,240)	(143,784,598,610)
Balance at December 31, 2022	61,115,070,000	53,239,997,250	(29,410,811,836)	141,702,675,969	1,649,916,522,756	1,876,563,454,139	697,999,880,663	2,574,563,334,802

Consolidated Statements of Cash Flows

For the years ended December 31, 2022 and 2021

Description	December 31, 2022	December 31, 2021
I. Net cash provided by operating activities	(138,674,509,037)	524,557,784,342
1. Cash generated from operations	(5,811,361,359)	641,874,868,311
2. Income taxes paid	(123,078,677,163)	(105,495,126,072)
3. Interest paid	(30,809,257,933)	(21,397,043,420)
4. Interest received	4,678,051,030	1,597,930,054
5. Dividends received	16,346,736,388	7,977,155,469
II. Net cash used in investing activities	(202,791,657,912)	(39,590,774,783)
Purchases of property, plant and equipment	(85,414,716,132)	(50,164,962,875)
Proceeds from sale of property, plant and equipment	6,178,954,525	562,365,961
Purchases of intangible assets	(122,948,043,964)	(6,470,459,416)
Purchases of financial assets	(232,269,035)	(16,674,193)
Proceeds from sale of financial assets	565,936,114	17,514,663,676
Increase in guarantee deposits	(2,263,658,478)	(2,625,473,987)
Decrease in guarantee deposits	730,231,767	682,500,000
Collection of short-term loans	36,570,487	418,048,696
Decrease in net investment in the lease	555,817,150	522,185,689
Increase in right-of-use assets	(480,346)	(12,968,334)

(Unit: KRW)

Description	December 31, 2022	December 31, 2021
III. Net cash used in financing activities	29,358,383,930	(297,171,221,326)
Dividends paid to shareholders	(109,975,385,370)	(11,117,730,215)
Dividends for non-controlling interests	(36,252,863,317)	(30,825,730,610)
Repayments of borrowings	(1,850,484,473,434)	(554,520,985,155)
Proceeds from borrowings	2,268,341,659,181	288,187,774,601
Issuance of bonds	-	70,000,000,000
Bond issuance costs	-	(175,000,000)
Decrease in other finance liabilities	(37,965,065,720)	(32,229,126,881)
Changes in non-controlling interests	(204,305,487,410)	(26,490,423,066)
IV. Net increase in cash and cash equivalents	(312,107,783,019)	187,795,788,233
V. Cash and cash equivalents at the beginning of the year	699,203,590,783	470,647,552,525
VI. Effects of exchange rate changes on cash and cash equivalents	20,314,818,178	40,760,250,025
VII. Cash and cash equivalents at the end of the year	407,410,625,942	699,203,590,783

Separate Financial Statements

Separate Statements of Financial Position

As of December 31, 2022

As of December 31, 2021

(Unit: KRW)

Description	December 31, 2022	December 31, 2021
Assets		
I. Current assets		
Cash and cash equivalents	69,908,817,808	58,395,752,786
Trade and other receivables	1,423,547,788	1,689,345,816
Other financial assets	131,797,261	97,975,338
Financial assets at fair value through profit or loss	200,000,000	-
Other current assets	167,656,408	168,573,823
Current tax assets	1,247,381,711	8,728,801,593
Total current assets	73,079,200,976	69,080,449,356
II. Non-current assets		
Long-term trade and other receivables	159,159,688	158,659,688
Other long-term financial asset	4,000,000	4,000,000
Property, plant and equipment	584,186,900	1,468,848,688
Intangible assets	2,799,354,028	2,649,434,819
Investments in subsidiaries	691,353,052,411	693,740,508,411
Financial assets at fair value through other comprehensive income	6,589,360,000	7,021,500,000
Net Defined Benefit Assets	362,445,193	-
Deferred tax assets	-	261,852,877
Other non-current assets	20,738,636	-
Total non-current assets	701,872,296,856	705,304,804,483
Total assets	774,951,497,832	774,385,253,839

Description	December 31, 2022	December 31, 2021
Liabilities		
I. Current liabilities		
Trade and other payables	7,040,538,677	7,701,478,891
Borrowings	180,359,840,000	194,079,700,000
Income tax payable	-	9,759,522,492
Financial liabilities at fair value through profit or loss	-	157,882,744
Other financial liabilities	363,391,192	413,374,386
Total current liabilities	187,763,769,869	212,111,958,513
II. Non-current liabilities		
Long-term trade and other payables	69,092,141	82,669,165
Borrowings	69,913,119,950	69,855,429,926
Other financial liabilities	86,495,615	435,312,391
Net defined benefit liabilities	-	891,430,226
Income tax payable	1,190,848,171	710,620,942
Deferred tax liabilities	645,731,566	-
Total non-current liabilities	71,905,287,443	71,975,462,650
Total liabilities	259,669,057,312	284,087,421,163
Equity		
I. Capital stock	61,115,070,000	61,115,070,000
II. Capital surplus	117,766,679,366	117,766,679,366
III. Capital adjustment	(19,939,269,300)	(19,939,269,300)
IV. Accumulated other comprehensive income (loss)	2,640,181,340	2,972,497,000
V. Retained earnings	353,699,779,114	328,382,855,610
Total equity	515,282,440,520	490,297,832,676
Total liabilities and equity	774,951,497,832	774,385,253,839

Separate Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

(Unit: KRW)

Description	December 31, 2022	December 31, 2021
I. Operating revenues	150,464,018,094	106,259,523,685
II. Operating expenses	13,004,859,755	10,844,756,861
III. Operating profit	137,459,158,339	95,414,766,824
IV. Other income	1,694,082,264	20,005,818
V. Other expenses	37,000,081	19,620,008
VI. Finance income	1,955,936,394	1,308,660,070
VII. Finance costs	12,668,934,011	9,094,427,910
VIII. Profit before income tax	128,403,242,905	87,629,384,794
IX. Income tax expense	(6,093,026,238)	(3,272,490,449)
X. Profit for the year	134,496,269,143	90,901,875,243
XI. Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Remeasurements of net defined benefit liability	796,039,731	(27,176,473)
Gain on valuation of fair value-other comprehensive income financial instruments	(332,315,660)	2,625,666,520
XII. Total comprehensive income	134,959,993,214	93,500,365,290
XIII. Basic earnings per share	2,238	1,513

Separate Statements of Changes in Equity

For the years ended December 31, 2022 and 2021

(Unit: KRW)

Description	Ordinary share	Capital Surplus	Capital Adjustments	Accumulated other comprehensive income (loss)	Retained earnings	Total
Balance at January 1, 2021	61,115,070,000	117,766,679,366	(19,939,269,300)	346,830,480	248,625,887,055	407,915,197,601
Total comprehensive income for the year						
Profit for the year	-	-	-	-	90,901,875,243	90,901,875,243
Remeasurements of net defined benefit liability (asset)	-	-	-	-	(27,176,473)	(27,176,473)
Gain on valuation of fair value-other comprehensive income financial instruments	-	-	-	2,625,666,520	-	2,625,666,520
Transactions with the owner directly reflected in the capital:						
Annual dividend	-	-	-	-	(11,117,730,215)	(11,117,730,215)
Balance at December 31, 2021	61,115,070,000	117,766,679,366	(19,939,269,300)	2,972,497,000	328,382,855,610	490,297,832,676
Balance at January 1, 2022	61,115,070,000	117,766,679,366	(19,939,269,300)	2,972,497,000	328,382,855,610	490,297,832,676
Total comprehensive income for the year:						
Profit for the year	-	-	-	-	134,496,269,143	134,496,269,143
Remeasurements of net defined benefit liability (asset)	-	-	-	-	796,039,731	796,039,731
Gain on valuation of fair value-other comprehensive income financial instruments	-	-	-	(332,315,660)	-	(332,315,660)
Grand total of comprehensive income	-	-	-	(332,315,660)	135,292,308,874	134,959,993,214
Transactions with the owner directly reflected in the capital:						
Annual dividend	-	-	-	-	(109,975,385,370)	(109,975,385,370)
Balance at December 31, 2022	61,115,070,000	117,766,679,366	(19,939,269,300)	2,640,181,340	353,699,779,114	515,282,440,520

Separate Statements of Cash Flows

For the years ended December 31, 2022 and 2021

(Unit: KRW)

Description	December 31, 2022	December 31, 2021
I. Net cash provided by operating activities	137,132,151,709	67,024,954,067
1. Cash generated from operations	(11,698,544,745)	(7,875,894,188)
2. Income taxes refund(paid)	4,977,122,709	(25,183,764,406)
3. Interest paid	(7,365,848,554)	(5,975,558,537)
4. Interest received	1,007,142,299	240,171,198
5. Dividends received	150,212,280,000	105,820,000,000
II. Net cash used in investing activities	2,910,967,882	(135,462,614,548)
Increase in financial instruments	-	(4,000,000)
Increase in guarantee deposits	(500,000)	(10,000,000)
Decrease in guarantee deposits	10,000,000	15,000,000
Purchases of property, plant and equipment	(597,400,000)	(437,914,548)
Purchases of intangible assets	(164,794,783)	(25,700,000)
Acquisition of financial assets at fair value through profit or loss	(200,000,000)	-
Acquisition of investments in subsidiaries	-	(135,000,000,000)
Proceeds from sale of investments in subsidiaries	3,863,662,665	-
III. Net cash used in financing activities	(128,407,605,340)	93,687,506,588
Proceeds from borrowings	215,000,000,000	141,451,200,000
Repayments of borrowings	(233,033,420,000)	(106,130,640,000)
Issuance of bonds	-	70,000,000,000
Bond issuance costs	-	(175,000,000)
Decrease in lease liabilities	(398,799,970)	(340,323,197)
Dividends paid to shareholders	(109,975,385,370)	(11,117,730,215)
IV. Net increase in cash and cash equivalents	11,635,514,251	25,249,846,107
V. Cash and cash equivalents at the beginning of the year	58,395,752,786	33,090,823,478
VI. Effects of exchange rate changes on cash and cash equivalents	(122,449,229)	55,083,201
VII. Cash and cash equivalents at the end of the year	69,908,817,808	58,395,752,786

Greenhouse Gas Verification Statement

Scope

Scope 1,2,3 GHG emissions of FILA group's domestic and overseas business sites in the calendar year of 2022.

The verification calculated GHG emission based on the activity data from the Scope1,2,3 GHG Emission Report for business sites of FILA group.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- Scope 1,2 GHG emissions were calculated based on fixed combustion emissions, mobile combustion emissions and indirect emissions.
- Scope 3 GHG emissions related to upstream transportation and distribution, business travel, employee commuting.

Assurance level of verification

Limited Level of Assurance

Materiality

Moderate

For material discrepancies (errors, omissions, or false records), the threshold for quantitative determination is 5% of the total emissions.

Data Verified

GHG emissions of FILA group's business sites in from 2022 are as follows:

(Unit: ton CO₂-e/yr)

Category	Scope1	Scope2	Scope3	Total
FILA Holdings	10	44	90	144
FILA Korea	27	756	781	1,565
FILA USA	1,354	1,176	179	2,709
FILA Sport (Hong Kong)	71	1,234	-	1,305
Montebelluna	34	436	9	479
Annual Emissions in 2022	1,497	3,647	1,058	6,201

* The total emissions can differ to a cut-off decimal point

Scope3 Category	Upstream Transportation and Distribution	Business Travel	Employee Commuting	Total
FILA Holdings	-	23	67	90
FILA Korea	628	31	122	781
FILA USA	-	-	179	179
FILA Sport Hong Kong	-	-	-	-
Montebelluna	-	9	-	9
Annual Emissions in 2022	628	63	368	1,058

GHG Criteria & Protocols used for Verification

This verification was performed at the request of FILA group applying the following criteria and guidelines:

- ISO14064-1:2018 & ISO 14064-3:2019
- WBCSD/WRI GHG Protocol
- IPCC GHG Guidance – Revised 2006
- Guideline for Reporting and Certification of Amounts of Emissions in the Greenhouse Gas Emission Permits Trading Scheme (Notification No. 2022-279 of the Ministry of Environment of Korea)
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above, it is the opinion of BSI that:

- The verification was conducted with activity data and evidences provided by FILA group based on a limited level of assurance
- No material misstatement in the GHG emission calculations were detected, and relevant records were maintained appropriately
- The data quality was considered to be corresponding to the international key principles for GHG emissions verification

bsi.

26/04/2023
Managing Director Korea **SeongHwan Lim**

Third Party Assurance Statement

To: The Stakeholders of FILA Holdings Corp.

Introduction and Objectives of Work

BSI Group Korea (hereinafter "the Assurer") was requested to verify FILA Holdings Integrated Report 2023 (hereinafter "the Report"). This assurance statement applies only to the relevant information included in the scope of the assurance. FILA Holdings is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide FILA Holdings Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of FILA Holdings

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018.

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assesion included in the report, such as sustainability management policies and strategies, goals, projects, key performance indicators and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI
- Other related additional information such as the website, business annual report.

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible department
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

AA1000 AP (2018)

· Inclusivity: Stakeholder Engagement and Opinion

FILA Holdings defined customers, employee, suppliers and licensees, shareholder/investors and local communities/NGOs as key stakeholder groups, and operated communication channels for each stakeholder group for engagement. FILA Holdings reflected key issues derived from stakeholder channels to sustainability management decisions and disclosed the process in the Report.

· Materiality: Identification and reporting of material sustainability topics

FILA Holdings established the strategy related to sustainability management and established the process to derive reporting issues. FILA Holdings identified social/environmental impacts and derived 8 material topics based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

· Responsiveness: Responding to material sustainability topics and related impacts

FILA Holdings established the management process for material topics determined by the materiality assessment, and implemented a response plan for each topic to appropriately respond to the derived material topics that reflects the expectations of stakeholders. FILA Holdings disclosed the relevant process including establishing policy and indicators, activity and response performance on material topics in the Report.

· Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

FILA Holdings established the process to identify and evaluate the impact on organizations and stakeholders related to material topics. FILA Holdings used impacts, risk and opportunity factor analysis results for material topics to make decisions to develop response strategies for each topic, and disclosed the process in the Report.

Key areas for ongoing development

- Filia Holdings has established "Your Impact 2025" to disclose sustainability achievements and goals by themes. It may be helpful to advance the sustainability management system by specifying the subject-specific approach strategy and disclose performance metrics.
- It may be helpful to advance the sustainability management system by specifying sustainability strategies of each major affiliate for Global sustainability initiatives.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with FILA Holdings. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by FILA Holdings, the sector standard was not applied.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

203-2, 205-2, 205-3, 306-2, 306-3, 306-5, 403-5, 403-6, 403-9, 404-1, 416-2

FILA Holdings Corp.

FILA INTEGRATED REPORT 2022 VOLUME 4

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



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