### TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Page</th>
<th>Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>08</td>
<td>Who We Are</td>
</tr>
<tr>
<td>18</td>
<td>Sustainability at Bally:</td>
</tr>
<tr>
<td></td>
<td>Our Commitment to Better</td>
</tr>
<tr>
<td></td>
<td>Sustainability Roadmap</td>
</tr>
<tr>
<td></td>
<td>Sustainability Pillars</td>
</tr>
<tr>
<td></td>
<td>Materiality</td>
</tr>
<tr>
<td></td>
<td>Governance</td>
</tr>
<tr>
<td>40</td>
<td>Making Things Better by Making Better Things:</td>
</tr>
<tr>
<td></td>
<td>Our Product &amp; Production</td>
</tr>
<tr>
<td></td>
<td>Swiss Craftsmanship</td>
</tr>
<tr>
<td></td>
<td>Supply &amp; Production</td>
</tr>
<tr>
<td>62</td>
<td>Better Together: Our People</td>
</tr>
<tr>
<td></td>
<td>Bally Code of Conduct</td>
</tr>
<tr>
<td></td>
<td>Taking Care of Our People</td>
</tr>
<tr>
<td></td>
<td>Continuous Education</td>
</tr>
<tr>
<td>90</td>
<td>Better for Our Planet</td>
</tr>
<tr>
<td></td>
<td>Partnerships for Planet</td>
</tr>
<tr>
<td></td>
<td>Reducing Our Footprint</td>
</tr>
<tr>
<td></td>
<td>Our Alpine Heritage</td>
</tr>
<tr>
<td>106</td>
<td>Better for Our Communities</td>
</tr>
<tr>
<td></td>
<td>Bally Shoe Museum</td>
</tr>
<tr>
<td></td>
<td>Bally Archive</td>
</tr>
<tr>
<td></td>
<td>Bally Exhibition</td>
</tr>
<tr>
<td></td>
<td>The Bally Foundation</td>
</tr>
<tr>
<td>120</td>
<td>A Better Future</td>
</tr>
<tr>
<td>122</td>
<td>Appendix</td>
</tr>
</tbody>
</table>
A Better Future

The year 2019 represented a year of important Sustainability developments at Bally. While we laid the groundwork to build upon for years to come, nothing could have prepared us for what would transpire at the start of 2020: a series of cascading crises from the Australian bushfires to an unprecedented global pandemic whose after-effects and economic consequences are still unknown.

As the world begins to heal, and we continue to assess our priorities as human beings, and as a company, these challenging times have sharply highlighted just how critically and immediately we must confront the adverse impact that industries have, not only on our communities and the environment, but on our own health and well-being.

We’ve worked tirelessly to ensure the safety of our clients, partners and employees, providing high-level schemes and services to contribute to their overall protection and care, as well as the future longevity of our business. We’ve nurtured our creativity and talent around the world while staying at home, and when safely allowed, in our offices, being fully transparent with our communications and finding radical solutions through a shared ability to innovate and adapt.

Sustainability has always been a key pillar at Bally, and the cumulative actions that we have taken in 2019 and in mitigating the impact of Covid-19 at the onset of 2020 is a source for inspiration. It has deepened our responsibility to ensure that the climate crisis will no longer be overlooked, since the further erosion of our environment and societies would only lead to disastrous consequences, and to promote social and economic progress in accordance with the United Nations’ Sustainable Development Goals.

Yet I remain hopeful, galvanized by the passion and efforts that Bally’s team has committed to in driving our Sustainability goals across the organization.
In 2019, we reduced plastic use in our offices, improved product packaging, introduced new eco-friendly materials into our collections, switched to a renewable energy source to heat our Caslano headquarters, sponsored a clean-up expedition to Mount Everest that removed two tons of waste from base camp to the peak, supported contemporary artists through our Bally Foundation, and saw a retrospective exhibit detail our company’s past, present and future at the Museum für Gestaltung in Zurich.

We also conducted an internal baseline assessment, publishing a Sustainability Roadmap to chart the course ahead, a necessary step in a journey where much is to be learned. While we don’t have all the answers, we do have an obligation to meet these critical objectives and milestones, and understand the time to act is now- a sentiment that was unanimously shared across our board of directors and all stakeholders of the company.

We recognize that confronting Sustainability head on is a task that’s bigger than any one company. Therefore, in October 2019, we joined the Fashion Pact, a global coalition of fashion and textile companies committed to safeguarding the planet by targeting practical science-based objectives and combating the industry’s adverse effect on the climate. Together, we are stronger, and this collaborative approach represents well over 30% of the industry in terms of volume of products alone.

This Sustainability Report is the first of many for us, and details our activities during the 2019 year in a balanced and relevant way across four Sustainability pillars (Transparency, Quality, Collaboration and Progress) in effort to reach future goals, whether creating greater efficiency in our supply chain, which accounts for nearly 70% of a fashion company’s carbon footprint, to introducing a fully circular product to the market by 2025.

We strengthen our people, culture and core values through collective entrepreneurship, meaningfulness and high performance, also known as the “Bally Way”: playing a crucial role in the communities where we operate by creating jobs, developing talent, using local suppliers, and investing in the arts through The Bally Foundation. We offer internal mentorship and seniority programs and provide continuous education and resources through our Bally Portal, an insightful online learning platform.

Sustainability at Bally is a transformative and transversal mission. It is all about courage in leadership, and our ability to work towards things that have never been achieved. We have given ourselves ambitious yet attainable Sustainability goals, and this is proof of progress, but it also calls attention towards areas of improvement in order to attain our end goal.

We pledge to streamline and enhance reporting to meet the ever-stronger demands for transparency, and to step up efforts on all fronts, maintaining our approach to Sustainability at the heart of our everyday practices that will ultimately help to decarbonize the industry. Today, we are more profoundly committed to our values than ever before.

I thank the company as a whole for making such positive contributions to society and our shared environment, and for organizing the salient contents of this report.

May we all do better by making better things.

Nicolas Girotto,
Bally CEO
Born in Switzerland in 1851, Bally is one of the world’s longstanding luxury brands. Proud to be leather architects, our DNA as skilled shoemakers marries a heritage of craftsmanship with a decidedly contemporary aesthetic.
Founded by Carl Franz Bally, what began as a family-run ribbon factory in Schönenwerd, Switzerland, quickly became a pioneering global brand by the turn of the century as Bally industrialized its processes (1854), built infrastructure and services to support its employees, and expanded stores from Montevideo, Uruguay (1870) to Paris, France (1879).

Today, Bally continues to honor its timeless traditions, subscribing to the belief that quality speaks for itself. Even our most iconic shoes, like the men’s formal Scribe, created by Carl Franz Bally’s grandson Max Bally in celebration of the brand’s 100-year anniversary in 1951, are still handmade in Switzerland, taking 240 artisanal steps to complete.
CRAFTSMANSHIP
Bally dares to be different, always designing with longevity in mind. Our team of multi-generational artisans based in Caslano, Switzerland, handcraft styles with consistency and care, embodying our dedicated approach to making shoes, accessories and ready-to-wear.

INNOVATION
We engineer sustainable, functional fashion that breaks boundaries. Whether it’s Reindeer boots, worn by Tenzing Norgay during the first-ever ascent of Mount Everest in 1953, or technical Curling shoes worn by the Swiss Olympic team, we embrace a multitude of cutting-edge technologies to maximize our possibilities. We use AI (Artificial Intelligence) to help planning and buying, diminishing unsold product, and hence waste.

CREATIVITY
Inspired by modern architecture and the arts, we strive to design beautiful products with relevance and restraint. Using clean lines and a signature edge, our house signifiers, like the classic red-and-white Bally Stripe or the Alpine exploration inspired Bally Grip famously featured on the soles of the boots worn by Sherpa Tenzing Norgay on the first successful summit of Everest, grace our collections and have withstood the test of time.
COLLABORATION

Since the early 20th century, Bally has partnered with the world’s top creative talent, commissioning French illustrator Bernard Villemot to create globally-renowned advertising posters, or the leading architects and interior designers of their time, like the late, legendary Le Corbusier, Karl Moser, Robert Mallet-Stevens and Andrée Putman. More recently, award-winning firm Casper Mueller Kneer Architects designed our Milan Bally Haus flagship concept in 2019. In line with our commitment to reducing our carbon footprint, the concept leverages local artisans and locally-sourced materials, including environmentally-conscious options like travertino, wood and terracotta ceramic.

COMMUNITY

Swiss in spirit, we are open-minded to the world. Equally at home in the city and in nature, our network represents the breadth and depth of our culture, from members of the Bally Collective who champion “The Art of Living Well” to environmental activists and mountaineers like Dawa Steven Sherpa and Jamling Norgay.

ENVIRONMENT

Born in Switzerland, we are profoundly passionate about integrating nature into all that we do, from taking tangible action towards mountain preservation through Bally Peak Outlook to honoring the elements as a primary source of inspiration for our collections.
International Reach

With over 800 points of sales around the world, Bally is one of few true fully omnichannel luxury houses allowing for a seamless customer experience.
SUSTAINABILITY AT BALLY: OUR COMMITMENT TO BETTER
Making Things Better
By Making Better Things.

Bally was born of Swiss values like this one. From the very beginning, a dedication to social responsibility and respect for the environment have been intrinsic to our identity and evident in our actions, well before terms like “Sustainability” or “Corporate Social Responsibility” existed. At Bally, there was just a strong culture of wanting to do right by our communities, people and planet.

As the world changes around us, so have consumer expectations. People have rightly begun to demand more of the brands they love - Bally included. As a result, we’re strengthening our commitment to transparency, sharing the targets we’ve set related to Sustainability, and the progress we’ve made towards achieving them.

In this Sustainability Report, our first of many, we chronicle those stories. We also communicate the recent steps we’ve taken to benchmark our Sustainability performance to date, setting ambitious yet achievable goals to mitigate our impact on the environment.

We continue to look toward the future, to cultivate Bally’s deeply-embedded ethos to place purpose beyond profit, and to seek new and innovative ways to deliver on that promise: doing better for our customers, communities, employees, partners and planet.
“Sustainability at Bally is a transformative and transversal mission. It is all about courage in leadership, and our ability to work towards things that have never been achieved.”

Nicolas Girotto, Bally CEO
Since our start in 1851, Bally has been a company that cares. About excellence in quality and generations of craft. About the health and well-being of our employees, partners, customers and communities. About the way our work has lasting and positive impact on the people and places around us.

But how does that caring translate to tangible action and meaningful change? How are we really doing from a Sustainability standpoint? And where do we go from here?

That’s what we wanted to discover when we engaged a team of external consultants to conduct a baseline assessment in June 2019. The outcome of their assessment evaluated Bally’s business practices and operations in a sustainability context, and provided recommendations for how we may build upon the comprehensive work we’ve done so far.

Upon those findings and recommendations, we built our Sustainability Roadmap, an ambitious strategy and related action plans that will mitigate our environmental footprint and promote social and economic well-being in accordance with the United Nations’ Sustainable Development Goals (SDGs) and The Fashion Pact, the latter of which Bally is a committed signatory.

Our Sustainability strategy and goals are built upon four pillars that focus and frame our efforts across the company:

Transparency, Quality, Collaboration and Progress.
Transparency

Whether facilitating greater transparency, publishing a Code of Ethics, increasing the cadence of monitoring and reporting, or aligning with global affiliate organizations to drive awareness industry-wide, having open and honest communications will allow for greater corporate accountability and governance. Not only did we publish key portions of our Sustainability Roadmap to communicate our commitment, maintain accountability and follow-up on its progress, we are enacting other objectives towards greater transparency, like the publication of this report and mapping 90% of Tier 1, 2 and 3 suppliers by 2022.

Quality

This pillar demands excellence in design, materials, technology and supply chain, accounting for the most pollutants and waste produced from product to packaging. Besides enacting better purchasing decisions and evolving sourcing and procurement, we plan to develop longevity programs aimed at product care and repair by 2022, and ensure 100% traceability of all leather back to farms, with 75% of leather purchased from certified tanneries by 2025. We will also strive to ensure 95% of raw materials are traceable to farm level by 2025, among other actionable goals to help minimize harm to the environment.
Collaboration

Since Bally’s founding in 1851, the brand has been a leader in supporting creative minds and diverse communities through the Bally Foundation and Bally Crafting Futures, respectively. Bally will continue to strengthen its people, culture and core values through collective entrepreneurship, meaningfulness and high performance (together, the “Bally Way”). In 2020, we will establish the Bally Peak Outlook Foundation, committed to preserving extreme mountain environments, and sponsoring critical cleanups of the base camps of Mount Everest and seven 8,000-meter peaks in the Himalayan region over the course of two years (by 2022). Our ultimate goal is to create a virtuous business model benefiting all: communities, customers, employees and the environment.

Progress

Building on our history of innovation, from processes to materials and design, Bally’s future depends on its ability to accelerate change, and find unique and unprecedented solutions that can bring distant goals within reach, like introducing a fully circular product to the market (2025), reducing single-use plastics in B2B and B2C product packaging by 30% (2025), and by 100% (2030) and founding Bally’s Center of Excellence for education, research and development in sustainability (2022).
We followed our baseline assessment and Sustainability Roadmap with a materiality assessment to determine which issues and topics matter most to Bally as a business, and to the stakeholders upon whom Bally’s success depends.

According to the Global Reporting Initiative (GRI), materiality is defined as “those topics that have a direct or indirect impact on an organization’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large.”

This initial materiality assessment was conducted internally with the involvement of our newly-established Sustainability Operational Committee and the support of the Scuola Universitaria Professionale della Svizzera Italiana (SUPSI). However, future analysis will incorporate external stakeholder input.

Following the recommendations of the GRI, our team developed the following materiality matrix (see next page), which has been approved by our Sustainability Steering Committee, chaired by Bally’s CEO.
Bally Stakeholders

For the materiality assessment, Employees and Shareholders were identified as internal stakeholders. The following external stakeholders were considered: Communities, Distributors, End customers, Media and influencers, Non-governmental organisations (NGOs), Regulatory, government and public administration bodies, Schools and universities, Suppliers and Trade associations.

This matrix underscores the critical importance of Bally being driven by Business Ethics, Occupational Health and Safety, Brand Reputation, Human Rights and Equal Opportunities, Product Quality and Customer-centricity.

More details on our materiality assessment, including our approach, can be found in the Appendix.
Governance

Board of Directors

Our Board of Directors has the primary responsibility for determining and pursuing the strategic objectives of the Company. The current Board of Directors were appointed by the Shareholders’ Meeting and will remain in this position for an undetermined period of time, until resignation or recall of the according appointment. The Board oversees Bally’s activities, establishing broad policies and setting out strategic objectives. The Audit Committee assists the Board in fulfilling its corporate governance duties and overseeing responsibilities in relation to financial reporting, internal control system, risk management system and internal and external audit functions.

The Board of Directors has also set up three board committees providing advisory services and making proposals: the Remuneration Committee, the Brand and Product Strategic Committee, and the Internal Control and Risks Committee.

Sustainability Committees

• Sustainability Steering Committee

The Sustainability Steering Committee (SSC) is in charge of reviewing and endorsing the Sustainability Roadmap and Action Plan(s) as well as all corporate policies and regulations related to sustainability matters. They review and endorse all formal publications of the Sustainability Operations Committee (SOC), such as the Sustainability section of Bally’s corporate website and its annual Sustainability Report, and ensure necessary support for and prioritization of sustainability-related policy and initiatives. The chairman of the SSC is Bally’s CEO.

• Sustainability Operations Committee

The Sustainability Operations Committee (SOC) oversees and supports strategic topics supported operationally by the Sustainability Working Groups. It is in charge of: (i) Preparation and handling of all sustainability related global Corporate policies and regulations on behalf of the SSC and (ii) develop reporting mechanisms and events as well as developing and implementing a communication strategy to ensure increased awareness internally and externally. The SOC is a cross-functional network comprising all functions at different levels of the organization.

• Sustainability Working Groups

Our Sustainability Working Groups are established by the Sustainability Steering Committee as needed to address a specific issue (for instance, improving our packaging, creating a circular product and defining Bally’s Center of Excellence). Their mandate is typically limited and ends with the approval of the requested deliverables, whether that be recommendations or an action plan. Working Groups report to their representative at the SOC (Impact Leaders).
While our Sustainability Roadmap is new, our dedication to operating with responsibility and respect isn’t. Our commitment to Sustainability and Corporate Social Responsibility - to making things better by making better things - goes back to the very beginning of Bally. So while we have much left to do, we have taken formative steps. As the following sections detail, there is much to be proud of, and even more to look forward to in the years ahead.
MAKING THINGS BETTER
BY MAKING BETTER THINGS:
OUR PRODUCT & PRODUCTION
At Bally, we’re not about fleeting trends, but timeless classics built to last.

We’re also proud of our know-how and craftsmanship, made possible by generations of Bally artisans, and the long-standing suppliers who share our obsession for excellence and are committed to our ethical code and the environment.

**OUR COMMITMENT**

- 90% of our Tier 1, 2 and 3 suppliers will be mapped by 2022
- 75% of our leather will be purchased from certified tanneries by 2025
- 95% of raw materials will be traceable to farm level by 2025
Swiss Craftsmanship: Made To Last

Since 1851, we’ve always made products that endure the test of time. Our commitment to quality heralds consistency in craft, performance and value. The longevity of Bally products also have an added benefit: being sustainable, an important contrast to disposable fashion. In fact, we extend the life of Bally products even further with our renewal service, which allows consumers worldwide to return select shoes for repair or resoling. In 2019, 169 pairs of well-loved shoes were revitalized by the service. The shoes our customer gets back look like new, fully rejuvenated by our artisans.

Products That Go The Distance

From sponsoring Switzerland’s Winter Olympic team and early 20th century expeditions, to creating the iconic Reindeer boots worn by Tenzing Norgay during the first-ever successful ascent of Mount Everest in 1953 with Sir Edmund Hillary, Bally’s products have a long history of peak performance.
Made In Switzerland

In Caslano, Switzerland, we have approximately 100 highly-skilled artisans who work at our production facility. Together, they produce 150,000 to 200,000 pairs of shoes per year. Since it takes more than three years of rigorous training to manufacture our shoes, it’s critically important to retain our talent. Last year, during San Crispino, an annual celebration of the patron saint of shoemakers, each of our craftspeople had more than 30 years of dedicated service to Bally.

A quarter of our shoe production takes place in Switzerland, with almost three quarters shared between Switzerland and Italy. The remainder comes from China. However, the “Made in Switzerland” seal is so admired worldwide, signifying such exemplary quality and craftsmanship, that we’re working to gradually increase its proportion. We can think of no better way to honor Bally’s heritage and past, and to return the loyalty our long-serving local artisans have shown us.

750 pairs of shoes are produced per day in our Caslano factory

3+ years of training are required to produce our shoes

46 number of years our current, longest-serving artisan has been crafting Bally products
Our Partners

While a quarter of our products are completed in our own Caslano (Switzerland) factory, we also rely on a global team of suppliers and partners who contribute to the finished product. We don’t compromise on quality, and handpick partners who can meet the exacting standards we are known for, and build trusting relationships with them. In fact, among our top ten suppliers, the average duration of our partnerships is 9.3 years.

**9.3 YEARS**

the average duration of our partnerships

**10+**

partnership duration for finished goods

**5+**

partnership duration for raw materials

<table>
<thead>
<tr>
<th>SUPPLIER</th>
<th>LOCATION</th>
<th>REVENUE (CHFm)</th>
<th>RELATIONSHIP TENURE</th>
<th>CATEGORY</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Campania, Italy</td>
<td>7.2</td>
<td>9 years</td>
<td>Women’s Shoes</td>
</tr>
<tr>
<td>Supplier 2</td>
<td>China</td>
<td>6.6</td>
<td>10 years</td>
<td>Leather Goods</td>
</tr>
<tr>
<td>Supplier 3</td>
<td>China</td>
<td>5.5</td>
<td>8 years</td>
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<tr>
<td>Supplier 4</td>
<td>Marche, Italy</td>
<td>5.0</td>
<td>8 years</td>
<td>Women’s and Men’s Sneakers</td>
</tr>
<tr>
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<td>5.0</td>
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<td>4.7</td>
<td>4 years</td>
<td>Leather Goods</td>
</tr>
<tr>
<td>Supplier 7</td>
<td>Marche, Italy</td>
<td>4.3</td>
<td>16 years</td>
<td>Women’s and Men’s Sneakers and Drivers</td>
</tr>
<tr>
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<td>3.8</td>
<td>3 years</td>
<td>Leather Goods</td>
</tr>
<tr>
<td>Supplier 9</td>
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<td>Men’s Driving Shoes</td>
</tr>
<tr>
<td>Supplier 10</td>
<td>Florence, Italy</td>
<td>3.3</td>
<td>30 years</td>
<td>Accessories (Belts)</td>
</tr>
</tbody>
</table>
What We Expect Of Our Partners

In addition to upholding our quality standards, our partners function as an extension of the Bally team. That means they also adhere to and share our values and ethics. As a company, we exercise a high degree of oversight with all of our suppliers to ensure that they meet the highest ethical standards related to child labor, forced labor, health and safety, and the environment.

In compliance with the European Union’s REACH legislation, we require our suppliers to sign a Restricted Substances List and to comply with our ethical standards. Included in our Suppliers Code of Conduct are environmental provisions which dictate that our partners must be able to provide information regarding mapping to source, resource consumption, pollution prevention, waste minimization, basic environmental protection, chemical and product safety requirements.

As part of our ongoing Sustainability mandate, we’re committed to supply chain traceability and accountability, mapping our supply chain at Tier 1 and Tier 2 levels. These facilities are audited on both environmental and social standards by our third-party partner, Bureau Veritas.
Where Bally’s Source Material Comes From

RAW MATERIALS
Accessories
- Italy 63%
- Europe 2%
- Asia 35%

Shoes
- Italy 94%
- Europe 1%
- Asia 4%

Ready-to-wear
- Italy 82%
- Europe 10%
- Asia 8%

MADE IN
Accessories
- Italy 45%
- China 45%
- Europe 10%

Shoes
- China 39%
- Italy 37%
- Switzerland 24%

Ready-to-wear
- Italy 67%
- Asia 11%
- Europe 20%
- Madagascar 2%
According to a 2020 report from McKinsey, 70% of fashion’s total greenhouse gas emissions came from upstream operations in 2018. To reduce our footprint and meet our Sustainability targets, Bally must continually improve and streamline our production processes. At present, we have organized our ongoing efforts into three areas of focus, as follows.
FOCUS 1

Optimize Sourcing Model

In order to improve procurement processes and limit our environmental footprint, Bally is working to establish a well-defined production setup that takes advantage of the flexibility and know-how of the European supplier network.

We have implemented a flexible sourcing model, adapting our supply chain to meet the required volume thresholds while maintaining long-lasting and trusted relationships with our main suppliers. At the same time, the recent introduction of new suppliers has allowed us to continuously improve the quality and conditions of supply.
FOCUS 2

Improve Organizational Efficiency

We have focused our efforts on improving the efficiency of in-house production at our Caslano factory, allowing us to keep more production in Switzerland. The concept of product design has been expanded, and new styles have been added, including sneakers, women’s flats, and our heritage Animals collection.

Our global logistics platform has also been organized to provide a high degree of operational efficiency. Primary warehouses in Switzerland and Hong Kong are outsourced and handle orders according to a “pick and pack” technique for stores in Australia, China, Europe, Hong Kong, Malaysia, Singapore and the U.S.A. Warehouses also perform value-added services, including quality control, labeling and tracing.

We also have strategically located regional hubs in the Australia, China, Hong Kong, Japan, Malaysia, Singapore and the U.S.A. These warehouses are now all outsourced.

Matching demand and production in early stages allows us to cross-dock products from Central distribution centers in Switzerland or Hong Kong through regional hubs to stores with shortened storage time and reduced handling of goods.

Finally, we have reduced our carbon footprint by introducing a “China-Hong Kong-China” model.

For products sold in China, when sourcing and production happens within the region, we don’t needlessly fly products from China to Europe, only to send them back to China.
Improve Production Quality

At Bally, it always comes back to quality. We have established a rigorous approach to product quality, using specific techniques for processing raw materials and components and systematically testing materials, from the development phase to the finished product. Continuous quality control is carried out by inspectors within the company on the finished product and, in addition, a final check on all production before shipping the goods to customers, both in the retail and wholesale markets.

Bally’s exhaustive quality controls have become the industry standard for leather goods and footwear. “The Bally Test” is performed at every stage of the process, including during development and prototyping, throughout production (raw materials and components), manufactured factory, warehouse and final “secondary” control of specific products.

The quality management process has been further optimized and refined to create a specialized team.

An experienced and knowledgeable after-sales support team is available for any post-purchase quality concerns; however, our thorough testing process ensures a very low percentage of after-sales claims. We stand by our products until the end, so we also have a guarantee policy across both retail and wholesale that can be adapted to specific regions.

100% of Bally items produced in China are checked by our local Technical Office dedicated to Development, Industrialization and Quality Control.

For items produced in Italy, 30% are checked by the local supplier, then 100% are checked at the Bally warehouse.

With regards to in-house production, 100% of the items produced in our Caslano headquarters are checked in the factory.
BETTER TOGETHER:
OUR PEOPLE
To deliver on our brand vision and live our values, we need the support and participation of each and every team member, from factory floor to executive level. And because our people work so hard to support our company’s success, we do the same for them. In the early days of the company, founder Carl Franz Bally pioneered an employee benefit program, which included onsite facilities like a canteen and children’s daycare, as well as a community park that exists to this day.
The people who make up our company are at the heart of what we do, and they’ve been so since our founding in 1851. Making sure that they’re supported in growth, development and overall well-being has been of primary importance. It has also made the difference, allowing us to retain talent for generations, like our Bally artisans, or being an engine for innovation, further driving our success as a business.
The Bally Way

The Bally Way is what we call our unique way of doing business, the guiding principles and values that have helped us build a company that’s not just responsible and respectful, but also commercially successful. Bally has proven that it’s possible to be both, and The Bally Way is how we do it.

All initiatives at Bally are developed in accordance with this internal mantra, which is centered around three pillars:

- **Collective Entrepreneurship** is focused on fostering creativity. We want our people to explore new business opportunities, or come up with brand-new possibilities. In addition to creativity, the working principles within Collective Entrepreneurship are speed and agility of execution, decision making, risk taking and co-creation.

- **Meaningfulness** is about balancing profit with purpose, creating a complete business model that benefits shareholders, employees, clients and community. It’s about acting with integrity and care for the Bally brand, our products, and all our people, from customers and clients to employees to our communities.

- **High Performance** is the pillar dedicated to attaining worldwide healthy success, because we believe it’s possible to be both high-performing and responsible. Our working principles around performance are measurement, financial discipline, team performance and long-term value creation.
## The Bally Way

### Pillars

<table>
<thead>
<tr>
<th>Collective Entrepreneurship</th>
<th>Meaningfulness</th>
<th>High Performance</th>
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</thead>
</table>

### Goals

| Share vision and objectives to discover and exploit new business opportunities | Create a complete business model benefiting shareholders, employees, clients and community | Attain worldwide healthy success |

### Working Principles

<table>
<thead>
<tr>
<th>Creativity</th>
<th>Integrity</th>
<th>Performance measurements</th>
</tr>
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<tr>
<td>Speed and agility of execution</td>
<td>We care for Bally</td>
<td>Financial discipline</td>
</tr>
<tr>
<td>Decision making</td>
<td>We care for each other</td>
<td>Team performance</td>
</tr>
<tr>
<td>Risk taking</td>
<td>We care for our clients</td>
<td>Long term value creation</td>
</tr>
<tr>
<td>Co-creation</td>
<td>We care for our community</td>
<td></td>
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<tr>
<td></td>
<td>We care for our products</td>
<td></td>
</tr>
</tbody>
</table>
Bally Code of Conduct

Our company Code of Conduct establishes clear expectations for how employees at every level should conduct themselves as members of our team and representatives of our brand. It also allows us to create healthy and safe work environments for all our team members by establishing standards for how our people interact with one another.

The ethical standards at the heart of the Code of Conduct are as follows:

- Integrity
- Loyalty
- Respect
- Responsibility

In 2020, we will replace our Code of Conduct with our new Code of Ethics, which may be found on our website.
Taking Care of Our People

Maternity and Paternity Policy

On October 1, 2019, Bally rolled out our new Maternity and Paternity Leave Policy. The measure was part of Bally’s ongoing efforts to support employee well-being and work-life balance.

Bally announced that all employees with at least 24 months of service would enjoy:

- A Maternity Leave of 14 weeks, paid at 80%
- A Paternity Leave of four days, fully paid

Each employee’s parental leave entitlement is dependent on the legislation in their country of employment. If local legislation provides for less paid leave than Bally’s minimum allowance, then Bally’s policy applies. If local legislation provides more paid leave than Bally’s policy allows for, the local policy takes precedence.

The new policy provides both parents the opportunity to bond with their new baby, an important way to give the child the healthiest possible start in life.

Christelle Seynaeve
HR Projects & Engagement Manager

“The first months of parenthood are full of emotions and love but are also challenging as you need the time to listen, recognize and understand your baby’s needs. Every additional day of maternity leave was a gift that I enjoyed and that helped me to develop a deep connection with my baby boy. I truly appreciated and cherished the time spent with him and thank the company for giving me the opportunity to focus on my new role as a mother.”
**Mentorship Program**

2019 saw the conclusion of Bally’s first Mentorship Program, which gave the company’s Young Talents an opportunity to learn from a member of our Executive Committee. The program was created to foster and facilitate Collective Entrepreneurship, Meaningfulness and High Performance—the three pillars of The Bally Way—while also helping the Young Talents to further hone their communication and networking skills. Challenged to address business problems in fresh and innovative ways, they developed new competencies, an adaptive mindset and an entrepreneurial spirit.

---

**Ester Jihye Lee**

Men’s Accessories Merchandising Manager

*Mentee*

“We are in continual evolution, and never stop growing and learning. At each milestone achieved there has always been someone who acted as a mentor. Indeed, the Mentorship Program has been an important initiative for my personal growth as an evolving career woman. I had the great opportunity to ask for guidance in diverse themes that impact not just my professional life, but also as a woman - sometimes books, papers and TED talks aren’t enough! Having the opportunity to discuss subjects as diverse as building self-confidence, developing communication skills, diversity management and the pursuit of dreams with an executive has been extremely gratifying.”

---

**Simona Bertinotti**

EVP Global Human Resources

*Mentor*

“I have really loved my experience as a mentor. It was not simply the opportunity to share knowledge and learn, but more about feeling useful to someone else, like a way of giving back. During the mentoring meetings I was exposed to new perspectives, ideas and approaches and, at the same time, I had the chance to reflect on my own objectives and practices. I have enjoyed the deep exchange with younger colleagues, their freshness and curiosity and I look forward to the new edition of the program.”

---

**PROGRAM SATISFACTION**

- **94%** of respondents were happy with the time the mentor dedicated to their mentorship session and confirmed that they spoke freely to their mentor.
- **88%** of respondents confirmed that their mentorship sessions were purposeful and confirmed that they received good quality feedback.
- **82%** would like to continue the Mentorship journey.
“Over the 39 years of my employment with Bally, I have had the privilege to work predominantly in the Finance Department. In my earlier years I was able to learn many new functions and helped out where needed. I am the kind of person who likes diversity in what I do and Bally has given me the option to train and put into practice the new skills I have learned. I have enjoyed my time here (and am continuing to do so!) and meeting and working with many wonderful people both past and present. I am happy to still be in contact with many of them.”

Pat Hedmann
AR/AP Coordinator

Seniority Program

Bally values longevity. When employees stay with us long-term, we let them know how much we appreciate their loyalty. EMEA based staff members with five, 10, 25 and 40 years of service are compensated as follows:

<table>
<thead>
<tr>
<th>SENIORITY RECOGNITION PROGRAM</th>
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<tbody>
<tr>
<td>5 YEARS</td>
</tr>
<tr>
<td>CHF 500 gross</td>
</tr>
<tr>
<td>EUR 420 gross</td>
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<tr>
<td>GBP 370 gross</td>
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<tr>
<td>10 YEARS</td>
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<tr>
<td>CHF 900 gross</td>
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<tr>
<td>EUR 750 gross</td>
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<tr>
<td>GBP 670 gross</td>
</tr>
<tr>
<td>25 YEARS</td>
</tr>
<tr>
<td>CHF 2,200 gross</td>
</tr>
<tr>
<td>EUR 1,850 gross</td>
</tr>
<tr>
<td>GBP 1,650 gross</td>
</tr>
<tr>
<td>40 YEARS</td>
</tr>
<tr>
<td>CHF 4,500 gross</td>
</tr>
<tr>
<td>EUR 3,750 gross</td>
</tr>
<tr>
<td>GBP 3,350 gross</td>
</tr>
</tbody>
</table>
Health & Safety

The health, safety, and well-being of our employees, as well as our customers, suppliers and visitors to Bally, is of paramount importance. As a company, we are committed to reducing situations that may negatively affect the health of staff and third parties to a sustainable level.

In Switzerland, MSSL stands for “use of occupational doctors and other occupational safety specialists.” The MSSL summarizes in a valid system the essential requirements of safety and protection of health at work. An essential prerequisite is the employer’s declared willingness to guarantee safe and healthy workplaces and to apply the MSSL provisions in the company’s everyday reality. Pursuant to the MSSL directive, Bally developed a Workplace Health and Safety Manual, which lists the guidelines and commitments that we have undertaken in compliance with the ordinances of the Swiss Confederation. The Manual is available in hard copy to all members of our team, as is occupational health and safety training.

More details on occupational health and safety are available in the appendix of this report (see GRI 403 sections).

Hazard Assessment & Prevention

To assess the safety of our production building, we conducted a hazard study to inform the development of a hazard prevention, mitigation and removal program.

The objective of this study was to identify the measures and actions that management must take in order to ensure the protection of workers in compliance with current legislation.

Our analysis led to the identification of four areas in which intervention is required:

• Replacement of the main dangerous substances, which was done immediately after the study was completed.

• Implementation of an air extraction system at the source for each process involving the use of hazardous substances.

• Measurement of the presence of hazardous substances in the air after adopting the technical measures indicated.

• Possible integration of personal measures, such as wearing masks when appropriate.

In 2019, we also invited a security expert to assess the security of our Caslano factory. Though the results of the analysis were overwhelmingly positive, it was recommended that we provide additional training to production shift leaders to ensure continuous, facility-wide compliance with safety and security measures.
Continuous education

Bally invests in its employees’ growth and development by creating opportunities for continuous learning-like training that lasts well past their first weeks with the company, and extends far beyond their geographic location.

In the last few years, a range of new initiatives has been put in place to offer employees, regardless of their role, the opportunity to acquire new skills and knowledge and to develop expertise and professionalism.
Bally Portal

Launched in 2017, the Bally Portal is our online training platform. The Portal has a unique culture that the company has taken great care to nurture, allowing it to become an accessible, stable training and communication tool that Bally employees actually use in stores, offices and warehouses, at home in Switzerland and around the world.

In 2019, the Bally Portal was further enriched with new features, training and resources, including a new repository of useful documents, policies and information that makes it easier for our people to do their work.

- **56+ new courses added in 2019**
- **11,321 HOURS spent on the Bally Portal by retail and office teams**
- **98 courses offered on the Bally Portal**
Bally Sneaker Contest

In conjunction with a new advertising campaign, we ran our first global contest to welcome the new sneaker collection. Within the Bally Portal, members of our team were asked to tell us what their idea of a champion was by uploading a single photo. Participants also voted for their favorites among other entries. The six most-liked photos were rewarded with a pair of Bally sneakers.

- **230** photos uploaded during the contest
- **2,414** photo likes recorded
- **422** contest participants
Virtual Tour

Being an international brand, our team spans across the globe. Launched in 2019, the Bally Archive Virtual Tour was created to remove geographic distance by transporting each Bally employee to where it all began: Schönenwerd, Switzerland. Thanks to this vanguard technology, employees are able to retrace the impressive evolution of Bally craftsmanship throughout the most important eras in fashion, from 1851 to today.

The virtual tour pushes the boundaries of reality, immersing employees in Bally’s heritage and values. It also allows team members to fully appreciate the finer details of our craft by showing more than 100 of our most iconic shoes in 360-degree view.

- The year the oldest shoe in our virtual tour dates back to 1,860
- Bally shoes presented in 360-degree view to appreciate their unique details
- Images of historical pictures, renowned posters and logos are also available to view
We are a brand with a profound love for the outdoors, and mountains in particular. Our connection to nature is evident in our heritage, collections and designs. Not only are we committed to reducing our broader environmental impact, we are passionate about increasing our efforts at home to do even better in our offices, factories, warehouses and stores (and every point in-between). We have partnered with pioneering organizations and collectives, like The Fashion Pact and Loomish, that will also help to keep us accountable in reaching our goals.

**OUR COMMITMENT**

By 2022, we will establish Bally’s Center of Excellence of education research and development in sustainability.

By 2022, we will use 50% of renewable energy for our own operations.

By 2025, we will introduce a fully circular product to market.

By 2025, we will reduce single-use plastic in our product packaging by 30% in both B2B and B2C.

By 2030, we will no longer allow any use of single-use plastic in our packaging.
Partnerships for Planet

Reshaping the future through Sustainability and responsible innovation is a strategic priority for Bally. It is also a significant undertaking that will require the right partners to challenge us, support us, and hold us accountable along the way. Our collaborators at The Fashion Pact and Loomish will do exactly that.

The Fashion Pact

“One year ago, chief executives from across fashion began a collaborative effort to transform our industry - to bend the curve away from environmental crisis, and towards a more just, durable, and ecologically responsible fashion industry in which all parties are able to thrive.”

Bally is proud to be part of The Fashion Pact, a global coalition of companies in the fashion and textile industry. Together, we’re working across continents and cultures to improve the Sustainability performance of our individual businesses and of the industry as a whole.

The Pact includes global brands like Bally, as well as small businesses and up-and-comers from every part of the fashion supply chain. The Fashion Pact believes that only through multi-sector collaboration can we change the fashion industry at the required scale.

We’re united around a common agenda with three major priorities: mitigating climate change, restoring biodiversity and protecting the oceans. As seen in this report, these focus areas are aligned with Bally’s Sustainability Roadmap.
portion of the fashion industry represented in The Fashion Pact

60+

competitors and partners included in The Fashion Pact

The Fashion Pact: Our Common Agenda

1 common agenda across 3 pillars

Climate
Implementation of Science Based Targets for Climate to achieve net-zero by 2050

Ongoing implementation of principles of UN Charter for Climate Action

2025: 25% of our key raw materials are lower climate impact

2030: 100% renewable energy across own operations

Biodiversity
Development and implementation of strategies and Science Based Targets for Nature

2020: Develop individual biodiversity blueprints

2025: Support zero deforestation and sustainable forest management

Oceans
Reduction of negative impact the fashion industry has on the ocean environment

2025: Elimination of problematic and unnecessary plastic in B2C packaging by 2025, and B2B by 2030

2030: Ensure at least half of all plastic packaging is 100% recycled content, by 2025 for B2C and by 2030 for B2B

Additional actions to be developed

Source: The Fashion Pact
Sustainable Innovation

Tackling the challenges our industry faces is going to take new ways of thinking. Since 2018, we have partnered with Loomish, a Swiss-based investment management firm specialized in lifestyle tech, with a focus on fashion, food, travel and design. Loomish delivers expert guidance and facilitates investments in the Lifestyle Tech arena, focusing primarily on the disruptive technologies offered by medium-sized international start-ups.

Loomish’s annual Innovation Awards is an open innovation program where mature start-ups and scale-ups come to do business. The Fashion Innovation Awards is part of Fashion Innovation Week, organized by Loomish’s partner NetComm Suisse. In 2019, the theme was AI (Artificial Intelligence) for fashion’s value chain including production, inventory management, marketing, customer experience and logistics. Bally was a main sponsor and juror alongside Google and Accenture Interactive.

We have since partnered with one of the finalists to support our merchandise buying and planning processes with predictive analytics, which helps to limit unsold products and thus reduce waste.

Bally will sponsor the event again in 2020, for which the theme will be Sustainable Innovation in the fashion industry.
Reducing Our Footprint

Carbon Footprint Reduction

Bally’s signing of The Fashion Pact in September 2019 reinforced our commitment to reducing our environmental footprint, including our carbon emissions, which remains one of the major priorities articulated in our Sustainability Roadmap.

As an important first step, we are working to identify the best international practices in the management, measurement and verification of data and information related to greenhouse gas emissions, across all of Bally’s regional offices and plants. Specifically, for the upstream stage, information was collected relating to the movement from raw material suppliers to the raw materials warehouse. Collecting this baseline data will allow us to establish ambitious but achievable targets for carbon emission reduction in the years to come.

While that study is in progress, initial steps we have taken to reduce our footprint are as follows:

• Since 2019, we have promoted the reuse of secondary cardboard boxes in our network, reducing carbon emissions from the production and disposal of new cardboard.

• We have reviewed our secondary box formats to optimize shipping volumes and reduce empty spaces.

• We increased our use of renewable energy sources.

### ESTIMATED ENERGY CONSUMPTION
AT OUR CASLANO, SWITZERLAND, FACTORY IN 2019.

<table>
<thead>
<tr>
<th>KPI</th>
<th>UOM</th>
<th>(ESTIMATED) MWH FROM RENEWABLE SOURCES</th>
<th>(ESTIMATED) MWH FROM NON-RENEWABLE SOURCES</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of fuel (excluding feedstock)</td>
<td>MWh</td>
<td>1097</td>
<td>1097</td>
<td>1097</td>
</tr>
<tr>
<td>Consumption of purchased or acquired electricity</td>
<td>MWh</td>
<td>1309</td>
<td>1362</td>
<td>2671</td>
</tr>
<tr>
<td>Consumption of other purchased or acquired energy</td>
<td>MWh</td>
<td>888</td>
<td>888</td>
<td>888</td>
</tr>
<tr>
<td>Consumption of self-generated non-fuel renewable energy</td>
<td>MWh</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>MWh</td>
<td>2197</td>
<td>2459</td>
<td>4656</td>
</tr>
</tbody>
</table>
Waste Reduction

Sustainable packaging and efficient management of waste are two of Bally’s material matters. We are deeply committed to reducing the consumption of materials, including paper and plastic.

In 2018, we spearheaded an assessment of our use of materials in B2B packaging, with a view to replacing the materials with the greatest environmental impact, particularly plastic. For instance, as of 2019 we purchased no new plastic bubble wrap. Once our current stocks are depleted, we will use exclusively plastic-free alternatives.

Paper

In 2019, Bally enhanced its use of Forest Stewardship Council (FSC) and post-consumer paper and is making every effort to extend its use across all of product categories.

FSC paper is favored because its seal comes with the following promises:

- Proper forest management practices were used in production
- The paper is fully traceable
- The paper is made entirely of raw materials harvested from forests managed according to sustainable principles
- The paper is fully recyclable and biodegradable.

Bally is pleased to display the FSC mix seal on our outlet and retail red shopping bags. As of this year, we have started producing 100% FSC outlet shopping bags and developed a new red paper 100% FSC-40% PWC (Post Consumer Waste) that will be used in 2020 for the production of shoe boxes. After using up our existing inventory of red shopping bags, we will switch to FSC-40%PCW; this is expected to occur in 2021.

Of course, even better than using the right paper is using less paper. For non-packaging materials including catalogs, invitations, leaflets, stationery and other printed materials, Bally places increased emphasis on ensuring that paper is used as sparingly as possible. We are increasingly striving to shift to a paperless office. For instance, in 2019 we adopted an IT policy allowing for the digital storage of our paper archives.

Single-Use Plastics

The reduction of single-use plastics is a major priority of The Fashion Pact, which aims to lead to the complete elimination of unnecessary and problematic plastics in B2C packaging by 2025 and in B2B packaging by 2030. To align our own operations with this imperative, Bally initiated a review to assess our use of plastics.
Our Alpine Heritage

The Bally Peak Outlook Initiative

Born in the Swiss Alps, Bally’s alpine heritage is significant, and includes the sponsoring of the Swiss Winter Olympics team and early 20th century Swiss expeditions, to creating the iconic Reindeer boots worn by Tenzing Norgay during the first-ever successful ascent of Mount Everest with Sir Edmund Hillary in 1953.

Our company’s deep reverence for the environment, and mountains in particular, inspired the introduction of our Bally Peak Outlook initiative in 2019. Motivated by the critical need to protect the world’s fragile mountain environments, these ecosystems and their surrounding communities are facing the negative effects of climate change and overtourism.

Bally Peak Outlook demonstrates our commitment to Sustainability through the education and preservation of the world’s extreme mountain environments. Bally Peak Outlook goes beyond the first layer, nurturing authentic experiences that bridge local and global communities.

Our first step was a return to Everest, where we launched the initiative by organizing a crucial cleanup from base camp to the peak. Led by environmental activist and mountaineer Dawa Steven Sherpa and his team of expert climbers, the cleanup removed two tons of waste from “The Roof of the World”, and returned the sacred mountain to a more pristine condition. The initiative also consulted with best-selling author and climber Jamling Norgay, the son of Tenzing Norgay, as an important figurehead and cultural liaison.

Honoring Tenzing Norgay

Bally also supports the Tenzing Norgay Sherpa Foundation which gives back to the Sherpa community of the high Himalayas through a series of important educational projects and environmental initiatives.

“I think that the world is going to change by normal people doing small things.”

Dawa Stephen Sherpa,
Leader of Eco Everest Expedition and Managing Director of Asian Trekking
In Bally’s early days, our founder established a precedent for engaging with communities. That tradition lives on to this day. In recent years, we’ve organized our efforts around three key categories: promoting the arts by supporting new generations of creative talent through The Bally Foundation, providing educational opportunities, and helping to preserve the mountains with our Bally Peak Outlook initiative, which further reflects our environmental mandate.

To learn more about our efforts to safeguard the world’s mountains, please see the “Better for Our Planet” section of this report.
To date, our longest-standing Corporate Social Responsibility (CSR) legacy is in the arts and culture. Our iconic Bally posters are best reflective of this collaborative tradition that has been deeply connected with the arts, having been created in partnership with some of the world’s most celebrated artists, photographers and graphic designers like Werner Bischof, Gunther Sachs and Bernard Villemot. Our factories and stores have also engaged pioneering architects and interior designers, including Robert Mallet-Stevens, Sir David Chipperfield and Andrée Putman. As champions of creativity, we continue to inspire our communities and support the success of new generations of artistic talent.
Bally Shoe Museum

By 1942, Bally had long outgrown its headquarters. As the company moved to a larger space, the Bally family decided to turn the Zum Felsengarten estate, where Carl Franz Bally was born, into a museum celebrating the art of shoemaking and its significance to humankind.

From the start, the vision for the Bally Shoe Museum was to display an expansive collection that spanned shoes of historical and creative importance, and everyday international footwear worn throughout history, further detailing how they were produced.

The permanent collection provides insight into how the function, design, style and craftsmanship of shoes have evolved over the last five millennia, from antiquity through to modern day. It also takes visitors back in time to the birth of Bally in 1851.

number of visitors to the Bally Shoe Museum in 2019

years of shoemaking and history are represented in the museum
Bally Archive

In addition to the collection on display at the Bally Shoe Museum, Bally maintains a private archive of over 35,000 pairs of shoes and other salient artifacts related to the art and business of shoemaking.

The items in the Bally Archive are available to our designers, who draw inspiration from the collection, which is also maintained as a means to preserve the heritage of our company, and of the shoemaking craft as a whole.

- 1,000+ posters designed by some of the most prominent graphic designers in history
- 35,000+ shoes with various kinds of soles, wooden lasts, heels, metal accessories, buckles, bows and embroidery
- 15,000+ photos of stores, factories, machines, exhibitions, and social events from around the world
- 3,000+ logos and metal stamps
- 4 number of Swiss academic institutions involved in studying Bally's history
Bally Exhibition at the Museum Für Gestaltung Zürich

In 2019, pieces from the Bally Archive were displayed to the public for the very first time. The interactive “Bally - Swiss Shoes Since 1851” exhibit at Zurich’s Museum Für Gestaltung (Zurich’s Design Museum) allowed visitors to explore the rich history of our company’s shoemaking, including our innovation in materials, design and production. The exhibition was a resounding success among shoe enthusiasts and other avid fans of Swiss design and craft.

15,000
number of visitors to the exhibition in 6 months

700
items and shoes from Bally’s historical archives presented during the exhibition
The Bally Foundation

In our longstanding history as one of the world’s first luxury brands, we’ve proudly collaborated with some of the most respected artists, designers and architects of their time. We leverage this storied association with the arts by promoting and supporting artists and creative programs of various disciplines, whether fine art, street art, graphic design, industrial design or architecture.

In 2006, we founded The Bally Foundation, allowing us to support talented creatives in new ways. Specifically, we work with promising artists connected to Ticino, the Italian region of Switzerland, home to the brand, by providing grants, funding and additional opportunities to exhibit and acquiring their work.

Our Bally Artist of the Year Award, which recently celebrated its eleventh anniversary, also comes with a monetary prize, as well as regional and international exposure. Winning artwork is also shown at Bally’s headquarters and various international retail locations.

In 2019, The Bally Foundation partnered with national Swiss museum MASI (Museo d’arte della Svizzera italiana) to shortlist artists for the award. From 2020 onwards, the winners will also be given the opportunity to display their work at the Palazzo Reali in Lugano.

Swiss Francs have been dedicated to supporting Ticino’s artistic talent since 2007

Bally Artist of the Year awards given out so far
Bally has a rich legacy as a respectful and responsible business. We are a company that cares, and while we remain proud of our storied past, our focus has shifted to what needs to be done in creating a better, brighter future for the mutual benefit of all, people and planet, for generations to come.
**GRI INDEX**

The GRI content in this chart has been integrated into the report itself. Pages are indicated below.

<table>
<thead>
<tr>
<th>SECTION</th>
<th>GRI TOPICS</th>
<th>PAGE NUMBER</th>
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<tbody>
<tr>
<td>01 Who We Are</td>
<td>GRI 102-2</td>
<td>9</td>
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<td>GRI 102-3</td>
<td>16-17</td>
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<td>GRI 102-6</td>
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<td></td>
<td>GRI 102-17</td>
<td></td>
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<tr>
<td>02 Sustainability at Bally: Our Commitment To Better</td>
<td>GRI 102-11</td>
<td>36-37</td>
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<td>GRI 102-14</td>
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<td>GRI 102-47</td>
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<td>GRI 206-1</td>
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<td>04 Better Together: Our People</td>
<td>GRI 102-12</td>
<td>111-121</td>
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<td>GRI 102-16</td>
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<td>GRI 403-1</td>
<td>80-81</td>
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<td></td>
<td>GRI 404-1</td>
<td>84-85</td>
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<tr>
<td>05 Better for Our Planet</td>
<td>GRI 102-13</td>
<td>94-97</td>
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<tr>
<td>06 Better for Our Communities</td>
<td>GRI 102-12</td>
<td>104-105</td>
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<td>GRI 413-1</td>
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<tr>
<td></td>
<td>GRI 413-2</td>
<td>110-121</td>
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</tbody>
</table>
BALLY INTERNATIONAL AG, via Industria 1, 6987 Caslano, Switzerland is the parent company for Bally Schuhfabriken AG, via Industria 1, 6987 Caslano, Switzerland and related affiliates (dba “Bally”). Bally is a luxury shoe maker and accessories brand since 1851, bringing effortless chic thanks to its functional, modern and refined design, positioned at an entry luxury level. Bally has a global presence, with a footprint of over 800 doors across 70 countries.

Via Industria 1, 6987 Caslano, Switzerland
Bally operates simultaneously in 70 countries worldwide.

Bally International AG is a Swiss stock corporation. Bally International AG and its commercial subsidiaries form the Bally Group. The Bally group of companies is wholly owned by JAB Luxury GmbH.*

*JAB Luxury GmbH held 97%, Management Shares completed the stock.

With over 800 points of sales around the world, Bally is one of a few true fully omnichannel luxury houses allowing for a seamless customer experience with:
- 158 directly managed stores
- 684 doors (wholesale and travel retail)
- Presence in 70 countries around the world
In order to be more flexible and optimal from a procurement point of view, the company seeks to establish a well-defined production footprint that takes advantage of the flexibility and know-how of the European supplier industry, accompanied by a strategic supply in more competitive areas.

At the same time, the recent introduction of new suppliers has allowed us to continuously improve the quality and conditions of supply.

We carry out a high degree of control over all our suppliers to ensure that they meet the highest ethical standards for child labor, forced labor, health and safety and the environment.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 48 to 61.
Bally does not publish financial statements.

The sustainability data related to the material aspects in this report cover activities from Bally’s headquarters and selected offices (internal/organizational boundary). The data perimeter is indicated where relevant, or other than ‘total’. Bally has undertaken a first analysis of its material sustainability risks and on how the organization should operate. The outcome was an overview of material topics according to Bally’s own activities, objectives and expectations, taking into account stakeholders’ views. These topics have been placed in an initial materiality matrix, which has then been validated through a first workshop with SUPSI’s (Scuola Universitaria della Svizzera Italiana) specialists, who have helped qualify and prioritize each topic according to its organizational and/or operational impact. Further understanding and validation was achieved through a workshop with the Sustainability Steering Committee. The workshop helped refine and combine a final list of material topics, including its definitions and boundaries.

Bally’s material topics adapted from the GRI Standards are (in alphabetical order):
- Animal welfare (GRI 103-1, GRI 102-2, GRI 102-3)
- Brand reputation (GRI 206-1, GRI 102-43, GRI 102-2, GRI 102-6)
- Business ethics and integrity (GRI 102-16)
- Corporate governance (GRI 102-18)
- Culture of material sustainability (GRI 102-16)
- Customer centrality (GRI 416-2, GRI 418-1)
- Efficient management of waste (GRI 306-2)
- Employee involvement and training (GRI 404-1)
- Employee welfare (GRI 401-1, GRI 401-2, GRI 401-3, GRI 202-1)
- Human rights and equal opportunities (GRI 405-1, GRI 405-2, GRI 411-1)
- Innovation culture (GRI 103-1, GRI 103-2, GRI 103-3)
- Occupational health and safety (GRI 403-2, 403-2, 403-4, 403-5, 403-8, 403-9)
- Product quality (GRI 416-2)
- Program for local communities (GRI 102-12, GRI 413-1, GRI 413-2)
- Responsible handling of chemicals (GRI 306-2)
- Responsible sourcing (GRI 102-9, GRI 102-10, GRI 204-1, GRI 308-1)
- Sustainable packaging (GRI 301-1)

No restatements have been given.

This is the first report for Bally and hence no changes have been made.

The Sustainability Report and GRI Content Index 2019 cover the period from 1 January 2019 to 31 December 2019.

This is the first report.

The report is published on an annual basis.

For more information or questions, please contact Bally via email: sustainability@bally.ch.

This report has been prepared in accordance with the GRI Standards: Core option.

This document is the detailed GRI Content Index accompanying Bally’s Sustainability Report.

Bally is fully owned by JAB Holdings. Bally has adopted a traditional management approach by having a Shareholders’ meeting, a Board of Directors and an Auditing Firm. The Board of Directors has furthermore set up three committees with advisory and policy-making duties. The management approach has at its core a five-year Strategic Plan. The Plan is supported by budget estimates that outline how resources will be allocated to implement the first part of the Plan, as well as a management results framework which forms the results-based budgeting element. The management results framework is translated into annual target agreements for all organizational units. The performance against the ambitions is reported on an annual basis and subject to business reviews.

The benefit plan indicated below corresponds to Bally’s headquarter in Castelnuovo di Nona, Italy.

Bally is not subject to material tax risks, geographical concentration risks, or political risks.

The report has not been externally assured.

No funding received.

59.3% of our employees are paid above the minimum guaranteed by the local state in the relevant countries.

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</tr>
</thead>
<tbody>
<tr>
<td>GRI 202</td>
<td>102-55</td>
<td><strong>GRI Content Index</strong></td>
<td></td>
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</tr>
</tbody>
</table>
In 2019, there were no incidents of fraud nor financial irregularities reported.

In 2019, no legal actions were neither pending nor completed. Bally continues to update its policies and procedures related to anti-competitive behavior to minimize risk. Currently no risks have been identified.

In 2019, no legal actions were neither pending nor completed. Bally continues to update its policies and procedures related to anti-competitive behavior to minimize risk. Currently no risks have been identified.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 52, 54.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 52, 54.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 92, 93.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 92, 93.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 92, 93.
MATERIAL TOPIC: ENERGY
BOUNDARY: ORGANIZATIONAL/OPERATIONAL

STANDARD DISCLOSURE 2019 RESPONSE

GRI 301 Management approach 2016

301-2 Energy consumption outside of the organization

Omission: Information unavailable. Working to have results available in 2022 as a pilot while the methodology for organization-wide reporting is being developed.

301-3 Water withdrawal

Omission: Information unavailable.

STANDARD DISCLOSURE 2019 RESPONSE

GRI 201 Management approach 2016

103-1
103-2
103-3
Management approach disclosures

See management approach under GRI 301: Materials 2016.

GRI 302 Energy 2016

302-1 Energy consumption within the organization

Partial information. The information reported corresponds to our Headquarters and production plant in Caslano, Switzerland. The direct energy consumed by the organization in its HQ and production plant in Caslano, Switzerland, in 2019 was 4,657 MWh.

<table>
<thead>
<tr>
<th>KPI</th>
<th>UEM</th>
<th>MWh consumed</th>
<th>MWh acquired</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumption of own renewable electricity</td>
<td>MWH</td>
<td>1,987</td>
<td>1,987</td>
<td>1,987</td>
</tr>
<tr>
<td>Consumption of non-renewable electricity</td>
<td>MWH</td>
<td>1,097</td>
<td>1,097</td>
<td>1,097</td>
</tr>
<tr>
<td>Consumption of fuel (excluding feedstock) (ESTIMATED) MWH</td>
<td>UOM</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Conservation of non-fuel renewable energy (estimated)</td>
<td>UOM</td>
<td>2,097</td>
<td>2,097</td>
<td>2,097</td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
<td>5,181</td>
<td>5,181</td>
<td>5,181</td>
</tr>
</tbody>
</table>

GRI 302-1 - Energy consumption within the organization (Stores)

<table>
<thead>
<tr>
<th>KPI</th>
<th>UEM</th>
<th>MWh consumed</th>
<th>MWh acquired</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan</td>
<td>12,295,090</td>
<td>882,878</td>
<td>13,177,968</td>
<td></td>
</tr>
<tr>
<td>China</td>
<td>7,945,760</td>
<td>816,902</td>
<td>8,762,662</td>
<td></td>
</tr>
<tr>
<td>Hong Kong</td>
<td>181,233</td>
<td>0</td>
<td>181,233</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td>48,830</td>
<td>0</td>
<td>48,830</td>
<td></td>
</tr>
<tr>
<td>Malta</td>
<td>306,204</td>
<td>0</td>
<td>306,204</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>205,081</td>
<td>0</td>
<td>205,081</td>
<td></td>
</tr>
</tbody>
</table>

Omission: Information unavailable. Working to have results available in 2022 as a pilot while the methodology for organization-wide reporting is being developed.

302-2 Reduction of energy consumption

Omission: Information unavailable.

302-3 Reductions in energy requirements of products and services

Omission: Information unavailable.

302-4 Reducing to energy consumption

Omission: Information unavailable.

302-5 Reducing to energy requirements of products and services

Omission: Information unavailable.

MATERIAL TOPIC: WATER
BOUNDARY: ORGANIZATIONAL/OPERATIONAL

STANDARD DISCLOSURE 2019 RESPONSE

GRI 103 Management approach 2016

103-1
103-2
103-3
Management approach disclosures

See management approach for material topic: Materials (301).

GRI 303 Water and Effluents 2018

303-1 Interactions with water as a shared resource

Water is withdrawn, consumed and discharged by Bally through both its facilities and its operations. At present, there is not yet a systematic methodology for analyzing Bally’s water-related impacts. As 2019 is the first year that Bally is reporting on these standards, the data are to be considered estimates until the water reporting methodology is further strengthened in future inventories.

<table>
<thead>
<tr>
<th>KPI</th>
<th>UEM</th>
<th>CUBIC METERS OF WATER CONSUMED</th>
</tr>
</thead>
<tbody>
<tr>
<td>China</td>
<td>4,094</td>
<td>4,094</td>
</tr>
<tr>
<td>Milano</td>
<td>3,218</td>
<td>3,218</td>
</tr>
<tr>
<td>France</td>
<td>2,948</td>
<td>2,948</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,560</td>
<td>9,560</td>
</tr>
</tbody>
</table>

303-2 Management of water discharge-related impacts

Omission: Information unavailable.

303-3 Water withdrawal

Omission: Information unavailable.

303-4 Water discharge

Monitoring for water discharge has not yet been established. Bally expects to report on this in 2022.

303-5 Water consumption

Omission: Information unavailable.
GRI 103
Management approach 2016

STANDARD DISCLOSURE 2019 RESPONSE

GRI 305
Emmissions 2016

STANDARD DISCLOSURE 2019 RESPONSE
Bally is a global organization, with an international and diverse workforce, across a broad range of roles (including leadership, technical specialists, artisans and administration). Bally is committed to identifying and retaining talent, developing internal talent, and attracting the best-qualified talents to work with us. Bally has a responsive workforce, to ensure we have the right skills available to deploy where needed. Bally places a strong focus on supporting leadership skills and strengthening diversity in its workforce, as well as maintaining corporate excellence.

In 2019, Bally did not receive any fines for non-compliance with environmental laws and regulations.

All suppliers are expected to adhere to the principles contained in Bally’s Supplier Code of Conduct, which includes considerations for freedom of association, forced and child labor, human rights, environment, fundamental principles, rights at work and corruption. Acknowledgement of the Code is a requirement in every supply agreement, and the Supplier Code sets forth the standards for our Suppliers to adhere to all applicable laws and regulations and in particular to comply with international and industry standards and best practices. These expectations extend to their parent, subsidiary or affiliate entities, as well as all others third parties they operate with.

### Environmental Compliance

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<tr>
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</thead>
<tbody>
<tr>
<td>306-2</td>
<td>Waste by type and disposal methodology</td>
<td>307-1</td>
<td>Non-compliance with environmental laws and regulations</td>
<td>308-1</td>
<td>New suppliers that were screened using environmental criteria</td>
</tr>
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### Supplier Environment

<table>
<thead>
<tr>
<th>GRI 103 Management approach 2016</th>
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<th>GRI 103 Management approach 2016</th>
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<th>GRI 103 Management approach disclosures</th>
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### New Employee Hires and Employee Turnover

<table>
<thead>
<tr>
<th>GRI 401 Employment 2016</th>
<th>New employee hires and employee turnover</th>
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</tbody>
</table>

### New hires and employee turnover (Turnover In): 312 females, 160 males. This means that 68 per cent of all new hires were women. The distribution of new hires (turnover in) was as follows: 208 were younger than 30, 246 were between 30-50 and the remaining 20 were over 50 years of age. In terms of turnover, Bally’s personnel turnover (Turnover In) in 2019 was 33 per cent. 2019 is being considered as the baseline year. The below tables show new employee hires and employee turnover (Turnover In) by age category and region, including a split by women and men.
**STANDARD DISCLOSURE 2019 RESPONSE**

**GRI 401**

**Employment 2016**

New employee hires and employee turnover

The tables below show new employee hires and employee turnover (Turnover Out) by age category and region, including a split by gender.

<table>
<thead>
<tr>
<th>Age Category</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 30</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30-50</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>&gt;50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

401-2

Benefits provided to full-time employees that are not provided to temporary or part-time employees

All Bally personnel have a range of benefits and entitlements. The table below reflects discretionary benefits provided to selected staff.

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company Car</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discretionary pension</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discretionary health</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transportation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crafting</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discretionary life insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Discretionary disability insurance</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data notes:
- Meal: excludes the canteen inside Caslano (reduced price compared to local services).
- Discretionary Pension: excludes the private pension fund in Switzerland which covers about 340 HCs but is mandatory.
- Relevant Countries: Includes the countries where the various offices are present.
- HCs: Headcounts updated in December 2019.

401-3

Parental leave

Bally rolled out its Group Maternity and Paternity Leave policy effective from October 1st, 2019 as part of Bally’s commitment to well-being at work and work-life balance.

The Group Maternity and Paternity Leave policy is about supporting our employees with the birth of a child by integrating countries’ national/legislations to ensure that all Bally Employees with at least 24 months’ seniority enjoy:
- A Maternity Leave of minimum 14 weeks paid at 80%.
- A Paternity Leave of minimum 4 days fully paid.

Information in response to this GRI disclosure can also be found in the Sustainability Report on page 74.

403-1

Occupational Health and Safety

**OCCUPATIONAL HEALTH AND SAFETY**

**STANDARD DISCLOSURE**

**UNOPS TOPIC:** Occupational Health and Safety

**BOUNDARY:** Organizational

**OBJECTIVE 1: COMPLETE AND UPGRADE SECURITY MANUAL**

1st Action: Implementation of procedures for the manual and check-list of internal managers. Achieved through vignettes.

2nd Action: Completed training for Maintainers and Department heads about their role and the dangers associated with their work and their reports making them aware of their responsibilities and the checks they need to perform.

**OBJECTIVE 2: TRAINING**

1st Action: Completed training for Maintainers and Department heads about their role and the dangers associated with their work and their reports making them aware of their responsibilities and the checks they need to perform.

2nd Action: Collaborated with third-party companies: module upgrade, procedures, and application. As a result, the existing model was retained.

**OBJECTIVE 3: IMPLEMENTATION OF TECHNICAL MEASURES**

1st Action: Completed training for Maintainers and Department heads about their role and the dangers associated with their work and their reports making them aware of their responsibilities and the checks they need to perform.

2nd Action: Collaborated with third-party companies: module upgrade, procedures, and application. Retained the previous model.

403-2

Hazard identification, risk assessments and incident investigation

A study of the dangers within the factory was carried out and a program of prevention, mitigation and removal of hazards was defined indicating the measures/decisions that management must adopt in order to ensure the protection of workers by complying with the requirements of current legislation.

A study of the dangers present in the Caslano, Switzerland, factory was carried out and a program of prevention, mitigation and removal of hazards was defined. Said study led to the identification of four fronts of intervention by 2020:

1) Replacement of the main dangerous substances.
2) Implementation of an air aspiration system at source for each work station involving the use of hazardous substances.
3) Measurement of the presence of hazardous substances in the air after adopting the technical measures indicated.
4) Possible integration with personal protection measures.
A specific course has been organized for the Swiss production site in order to raise the awareness and responsibility of department heads on the subject of security. In accordance with national law, safety is the responsibility of the department head and manager.

Bally aims at having a more comprehensive international overview on this topic in future reports, at the latest by 2022.

### GRI 403-3

<table>
<thead>
<tr>
<th>Location</th>
<th>FATAL INCIDENTS</th>
<th>SEVERE INJURIES</th>
<th>SUPERFICIAL INJURIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Greater China</td>
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<td>0</td>
<td>0</td>
</tr>
<tr>
<td>OSEA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Switzerland</td>
<td>0</td>
<td>0</td>
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<tr>
<td>Italy</td>
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<td>0</td>
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<tr>
<td>Greater China</td>
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<tr>
<td>OSEA</td>
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<td>Switzerland</td>
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<td>Italy</td>
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</tr>
<tr>
<td>Greater China</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>OSEA</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### GRI 403-4

### GRI 403-5

### GRI 403-6

### GRI 403-7

### GRI 403-8

### GRI 403-9
Bally relies on its personnel’s knowledge, skills and expertise to achieve its mandates and to continuously adapt to new challenges in a changing environment. Therefore, the aim of Bally’s investment in learning and development is to ensure that it provides its employees with knowledge and skills to improve individual and organizational performance as well as personal and professional growth. Bally offers a broad range of learning opportunities, such as online resources, face-to-face workshops and training, internal and external certifications through cross-functional and practice-specific curricula. Bally’s corporate learning investment is coordinated centrally in order to ensure alignment to Bally’s strategy, and strategic and fair allocation of resources across regions and practices.

To ensure a continuous development of our workforce, Bally provides varied development opportunities across the organization. In order to ensure the continuity of Bally Craftsmanship knowledge, dedicated training is offered on the production site of Caslano. In 2019, 13 craftsmen successfully achieved the Factory Training and gained new skills and competencies. A total of 1,855 training hours were provided. Continuous training on technical know-how of key production steps is fundamental to guarantee the quality of Bally’s products and maintain our unique savoir faire.

In 2019, we received no allegation of discrimination. See management approach under GRI 205: Anti-corruption 2016.
**STANDARD TOPIC: CHILD LABOUR**  
**BOUNDARY: ORGANIZATIONAL/OPERATIONAL**  
**UNOPS TOPIC: CHILD/FORCED/COMPULSORY LABOUR**

**GRI 103**  
Management approach 2016

- 103-1  
- 103-2  
- 103-3

These issues are captured as part of the supply chain risk and compliance programme. For more information, please see the management approach under GRI 308: Supplier Environmental Assessment 2016. Child labor is covered by the Bally Supplier Code of Conduct. For more information, please see the management approach under GRI 308: Supplier Environmental Assessment 2016.

**GRI 408**  
Child Labor 2016

- 408-1

Operations and suppliers at significant risk for incidents of child labor. These issues are captured as part of the supply chain risk and compliance programme. For more information, please see the management approach under GRI 308: Supplier Environmental Assessment 2016. The Supplier Code of Conduct states: “The Supplier shall not employ individuals below the age of 18, except if allowed by local law and such exception is consistent with ILO Convention 138 on the Minimum Age, and Convention 182 on the Elimination of the Worst Forms of Child Labour. If the Supplier employs young workers, it must demonstrate that the employment of young people does not expose them to undue physical risks that can harm physical, mental or emotional development.” None of the suppliers revealed any concerns regarding child labor.

**STANDARD TOPIC: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING**  
**BOUNDARY: ORGANIZATIONAL/OPERATIONAL**

**GRI 407**  
Freedom of Association and Collective Bargaining 2016

- 407-1

Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk. These issues are captured as part of the supply chain risk and compliance programme. For more information, please see the management approach under GRI 308: Supplier Environmental Assessment 2016. In 2019, none of the suppliers revealed any concerns regarding workers’ rights, freedom of association or collective bargaining.

**STANDARD TOPIC: SECURITY PRACTICES**  
**BOUNDARY: ORGANIZATIONAL/OPERATIONAL**

**GRI 410**  

- 410-1

Security personnel trained in human rights policies or procedures. This indicator is not applicable to Bally. Bally security personnel are not specifically trained on human rights issues. Bally security personnel are advisers and do not perform any physical security or “policing” duties.

**STANDARD TOPIC: RIGHTS OF INDIGENOUS PEOPLES**  
**BOUNDARY: OPERATIONAL**

**GRI 411**  
Rights of Indigenous Peoples 2018

- 411-1

Incidents of violations involving rights of indigenous peoples. Bally did not receive reports of incidents of violations involving rights of indigenous peoples.

**STANDARD TOPIC: LOCAL COMMUNITIES**  
**BOUNDARY: ORGANIZATIONAL/OPERATIONAL**

**GRI 413**  
Local Communities 2018

- 413-1  
- 410-2

Operations with significant actual or potential negative impacts on local communities. In 2022, Bally will work on strengthening its data collection system and expects reporting on operations with significant actual or potential negative impacts on local communities to be piloted in the 2023 reporting cycle.

- Omission: Information Unavailable. Information in response to this GRI disclosure can also be found in the Sustainability Report on page 104-105, 110-121.
### GRI 103: Management approach 2016

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>2019 Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>See management approach under GRI 308: Supplier Environmental Assessment 2016.</td>
</tr>
<tr>
<td>103-2</td>
<td>Management approach disclosures</td>
</tr>
<tr>
<td>103-3</td>
<td></td>
</tr>
</tbody>
</table>

### GRI 414: Supplier Social Assessment 2016

<table>
<thead>
<tr>
<th>Disclosure</th>
<th>2019 Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>414-1</td>
<td>In 2019, no projects reported inclusion of social sustainability criteria in tender and/or contract documents.</td>
</tr>
<tr>
<td>414-2</td>
<td>New suppliers that were screened using social criteria</td>
</tr>
<tr>
<td>419-1</td>
<td>Non-compliance with laws and regulations in the social and economic area</td>
</tr>
</tbody>
</table>

In 2018, Bally did not receive any fines for non-compliance with laws and regulations in the social and economic area.

For any questions, comments and suggestions about our performance and our GRI Content Index, please send an email to: sustainability@bally.ch