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Overview

F&F Group publishes its sustainability report to provide various stakeholders, including shareholders, customers, and employees, with a transparent account of our vision, strategies, and progress on its journey towards a sustainable future. We aim to disclose our management philosophy and data to communicate with stakeholders, thereby taking a step further toward sustainable growth.

Reporting Period

This report covers our sustainability activities and financial performance from January 1, 2022, through December 31, 2022. As for the data that requires an understanding of trends, three years of data (2020 ~ 2022) are provided herein while some qualitative data in the first half of 2023 are also included. In 2022, we released our first report detailing our activities in 2021, and plan to publish reports every year. The 2023 Sustainability Report was published on June 30, 2023.

Reporting Scope and Boundaries

This report covers all of our business sites, including the headquarters of F&F Holdings and F&F, local branches, and overseas subsidiaries. However, some societal and environmental indicators are not included for overseas subsidiaries due to difficulties in data collection. On May 1, 2021, F&F was spun into two entities: a newly created company called F&F and the surviving company, F&F Holdings. As a result, some of the data reported in 2021 may have changed and is marked separately to indicate any discrepancies.

Reporting Principles and Framework

This report follows the Global Reporting Initiative (GRI) Standards and the International Integrated Reporting Council's (IIRC) <IR> Framework. Additionally, it adheres to the Sustainability Accounting Standards Board (SASB) for addressing sustainability issues.

Data Assurance

The data in this report have been verified by a third party organization to ensure the reliability and objectivity of the financial and non financial data in this report.

Contact Details

For more details, please contact F&F Holdings Communication Team

E-mail ymyu@fnfcorp.com, sheep0203@fnfcorp.com

Website [F&F Holdings](#) [F&F](#)



INTERACTIVE PDF

This report is published in an interactive PDF format that includes links to related pages or websites.

Overlay the cover

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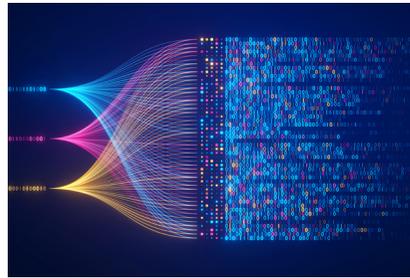
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BRAND MANAGEMENT



DIGITALIZATION



SUPPLY CHAIN

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Key Performance

Fashion & Forward

1.8 trillion Sales KRW

Sales

F&F Holdings 1.8168 trillion

F&F 1.8089 trillion

Operating profit

F&F Holdings 486.2 billion

F&F 524.9 billion

Net profit

F&F Holdings 417.6 billion

F&F 442.7 billion

Total assets

F&F Holdings 3.5951 trillion

F&F 1.5792 trillion

GLOBAL F&F

MLB expanded into a variety of international markets

Great China Region: Mainland China, Hong Kong, Macao, and Taiwan

- Southeast Asia: Thailand, Vietnam, Singapore, Malaysia, and Cambodia

- Plan to enter the Philippines and Indonesia in 2023

Expanded our business through global brand acquisition

Sergio Tacchini: Launched in April 2023

SUPRA: Launched in February 2022

TaylorMade: Participated as a strategic investor (SI) in 2021

F&F ESG Fundamental

ESG vision and strategies established

ESG Committee launched (2022)

ESG Council and ESG launched (2023)

Sustainability reports published for two consecutive years (2022/2023)

Joined the UN Global Compact (UNGC) (2022)

F&F ESG POLICY

Environmental Policy

Biodiversity Commitment

No Deforestation Commitment

Human Rights Policy, OHS Policy

Advertising & Marketing Ehtics Declaration

Non Discrimination & Anti Harassment Declaration

Privacy Policy: Systems/Procedures

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We publish our sustainability report to provide stakeholders with a clear and transparent view of our performance and future plans in the areas of economy, environment, and society. It also highlights the unwavering determination and hard work of our employees in achieving sustainable management.

Dear esteemed stakeholders,

F&F Group is a global lifestyle company that leads the fashion market with its appealing brands and content. Our mission is to embody ‘Fashion & Forward’ by creating new lifestyles and cultures that contribute to the advancement of the world. To unlock the vision, we have continuously challenged and innovated ourselves to develop global brands and bring K fashion to the international stage.

Since our founding in 1992, we have made strides, leading the industry for the past 30 years. Despite facing challenges such as the ongoing COVID-19 pandemic and a sluggish global economy, we achieved remarkable results in 2022, with KRW 1.8089 trillion in sales, KRW 524.9 billion in operating profit, and KRW 442.7 billion in net profit. As of 2022, Our expansion in China led to an increase to 840 MLB brand stores, and our growth extended to other regions in Asia as well.

To keep pace with the digital media era, F&F Group is working to digitize our fashion system to make data driven decisions throughout the entire process, from planning and production to logistics, design, and marketing. Our goal is to continue growing through constant innovation. We are accelerating the global expansion of the MLB brand to establish it as Asia’s number one brand. Additionally, we are expanding globally through the acquisition of Sergio Tacchini, one of the top three tennis garment brands, in 2022 and our strategic investment in the takeover of TaylorMade, one of the top three global golf brands, in 2021.

F&F Group is committed to fulfilling its duties and responsibilities as a corporate citizen, leveraging its 30 years of experience, and human and material resources. In June 2022, we launched an ESG Committee to plan and execute key policies in the areas of environment, society, and governance structure for sustainable management. We have joined the UN Global Compact (UNGC) and are complying with its Ten Principles, and also joined forces in achieving UN SDGs. In 2023, we established our ESG Slogan, ‘Digital Fashion, SMART ESG’ to provide clear direction for our ESG management. Our innovative digital fashion system is integrated into every aspect of our ESG management, enabling us to make transparent and fair decisions and embed smart and innovative ESG practices throughout our company.

F&F Group is dedicated to achieving sustainable management with genuine sincerity, not just in words but in actions. To this end, we will actively engage with our stakeholders to ensure open communication.

We appreciate your continued support as we work towards a more sustainable future. Thank you very much.

Chang-Soo Kim
F&F Holdings Board Chairman and F&F CEO

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F&F at a Glance

Company Overview

F&F Group is a global leader in fashion that integrates new technologies into its business and drives fashion culture. By embracing digital transformation, we have created new value in global fashion history through our advanced digital capabilities. Since we entered into the fashion industry in 1992, we have introduced new lifestyles that meet the changing needs of the times for over 30 years. As we move forward, we will continue to bring change to the world with fresh value and make constant progress as we have done in the past.

Disclosed in business reports (released on Mar. 21, 2023) / consolidated basis

Company name	F&F Holdings	F&F
CEO	Eui-Hun Park	Chang-Soo Kim
Date of establishment	February 24, 1972	May 1, 2021
Date of being listed	October 4, 1984 (KOSPI)	May 21, 2021 (KOSPI)
No. of shares issued	39,114,367	38,307,075
No. of employees	9 executives 44 employees	23 executives 571 employees
Homepage	www.fnfholdings.com	https://fnf.co.kr/
HQ Location	541, Eonju ro, Gangnam gu, Seoul 541 (F&F Building)	541, Eonju ro, Gangnam gu, Seoul 541 (F&F Building)
Total assets	KRW 3.6 trillion	KRW 1.57 trillion
Total equity	KRW 2.89 trillion	KRW 943.17 billion
Sales	KRW 1.82 trillion	KRW 1.81 trillion
Operating profit	KRW 486.23 billion	KRW 524.88 billion

** On March 2, 2022, a decision was made at a board meeting to change the par value of one common share from KRW 500 to 100. This decision was confirmed at the general shareholders' meeting on March 25, 2022, and the share split was completed on April 12, 2022.

Mission and Vision

Our mission is 'Fashion & Forward,' a clear demonstration of our robust will to create fashion and lifestyles conducive to the advancement of the world. F&F Group has pushed back the boundaries of premium fashion, presenting a modern and an advanced direction that creates new lifestyles and cultures permeating the lives of customers. Our vision is to become a 'Digital Fashion Global Leader' by achieving digital transformation across all aspects of our business, leading the global market into a new fashion system.

Based on our vision and mission, our goal is to create unique and high quality designs while maintaining the distinct identity of our brands, giving them a competitive edge. We are also committed to ESG management, as we strive to become a fashion company that brings sustainable value.



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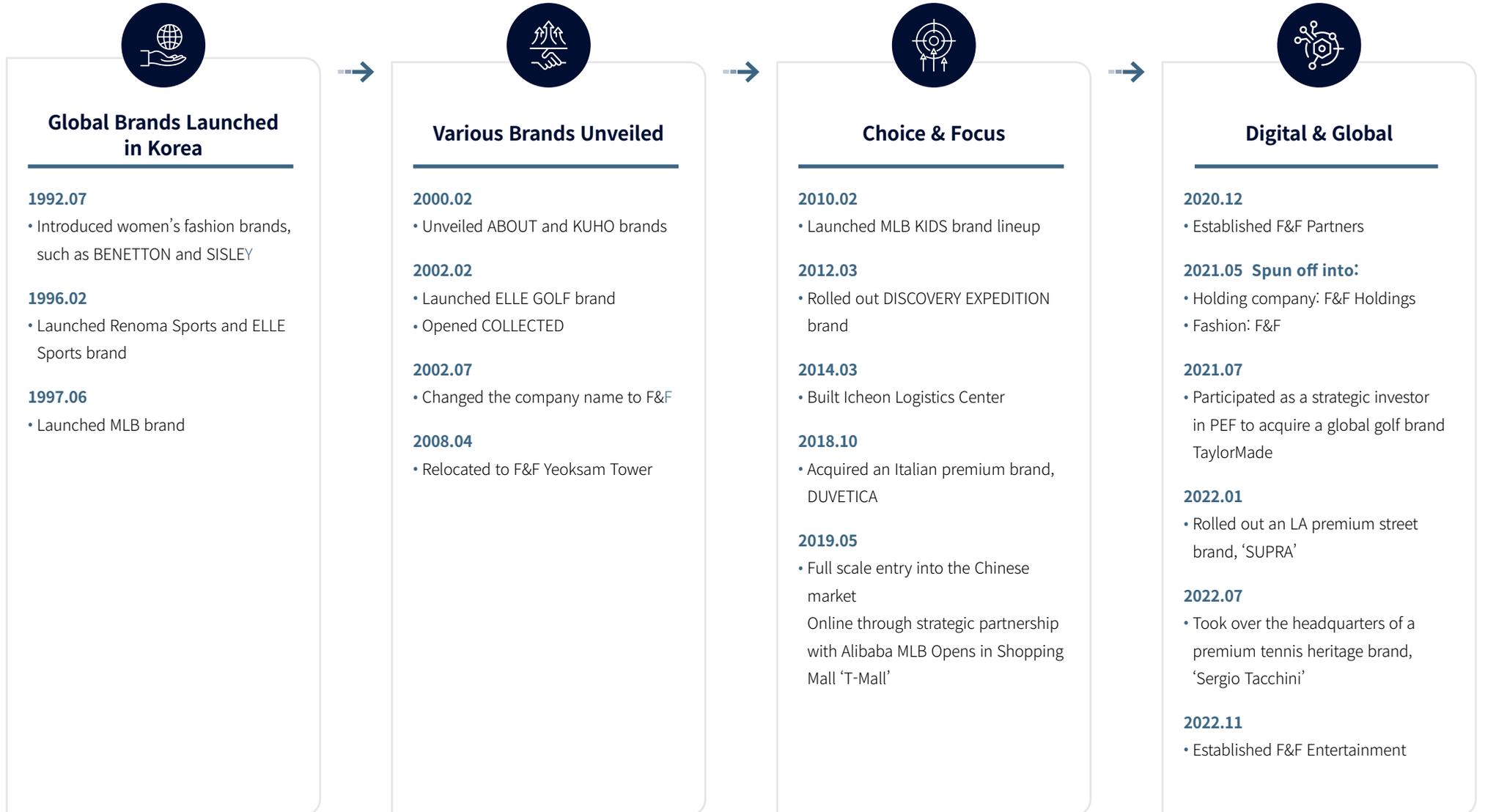
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Since our inception, we have written a new chapter in the Korean fashion industry, giving birth to representative popular brands, including MLB and DISCOVERY EXPEDITION, and leading the digital transformation in fashion.



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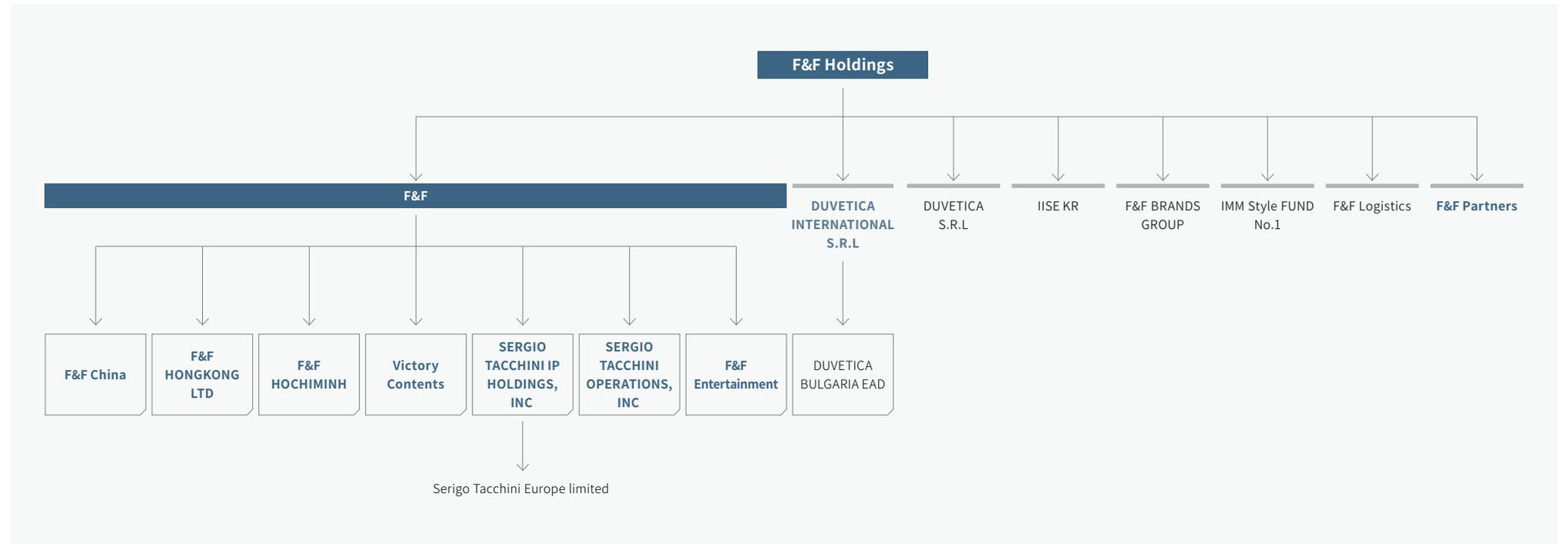
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Key Businesses

In 2021, F&F Group was spun into two separate entities: F&F and F&F Holdings. This was done to streamline our business operations.

F&F Holdings focuses on developing future growth strategies and investing in various fashion businesses as a holding company. Meanwhile, F&F is expanding its presence in both local and international fashion markets with its main brands, MLB, a premium lifestyle brand, and DISCOVERY EXPEDITION, an outdoor brand.

Our subsidiary, DUVETICA INTERNATIONAL S.R.L, operates the premium padded jacket brand DUVETICA in Italy. In the US, our subsidiary F&F BRANDS GROUP INC generates royalty profits through the trademark rights of SUPRA. We also took over SERGIO TACCHINI OPERATIONS, INC last year, which operates the premium lifestyle sports brand 'Sergio Tacchini,' allowing us to make inroads into global markets. Additionally, with the establishment of F&F Entertainment in November 2022, we have diversified our business into entertainment management, record production, distribution, and sales.



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Business Network

F&F Group has a vast network that across many countries, including the USA, Europe, Asia, and beyond Korea. We are actively expanding our network to become a leading global player in the fashion industry and exploring new overseas markets.

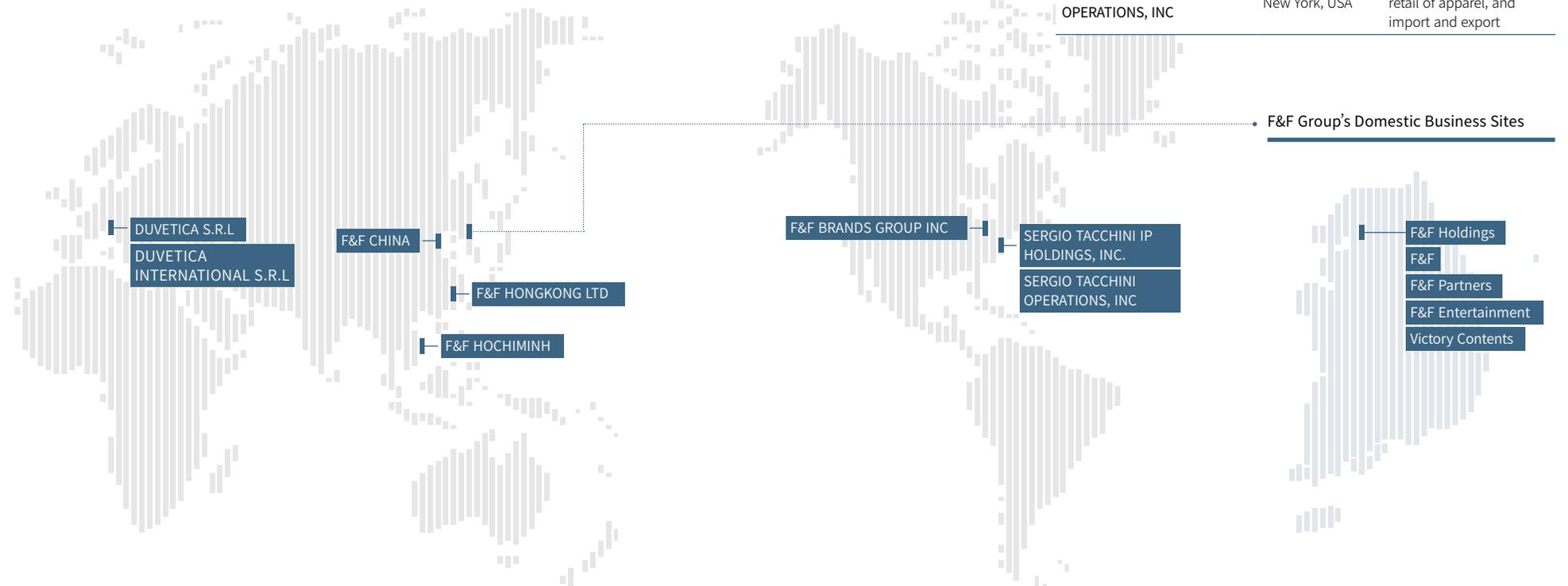
Key Domestic subsidiaries

Company name	Location	Business area
F&F Holdings*	Gangnam, Seoul	Holding company
F&F*	Gangnam, Seoul	Apparel and accessories manufacturing
F&F Partners	Gangnam, Seoul	Investment
F&F Entertainment	Gangnam, Seoul	Entertainment management, record production, etc.
Victory Contents*	Mapo, Seoul	Broadcast program production

* Listed company

Key Overseas Subsidiaries

Company name	Location	Business area
F&F CHINA	Shanghai, China	Wholesale and retail of apparel
F&F HONGKONG LTD	Hong Kong, China	Sales of goods and products
F&F HOCHIMINH	Ho Chi Minh, Vietnam	Apparel wholesale, import and export
DUVETICA INTERNATIONAL S.R.L	Venice, Italy	Apparel and accessories manufacturing
DUVETICA S.R.L	Venice, Italy	License
F&F BRANDS GROUP INC	Delaware, USA	License
SERGIO TACCHINI IP HOLDINGS, INC.	New York, USA	License
SERGIO TACCHINI OPERATIONS, INC	New York, USA	License, Wholesale and retail of apparel, and import and export



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Our Brands

F&F's diverse range of brands brings inspiration and energy to customers in their daily lives.

MLB



Trends with Classic Styles Combined Global NO.1 PREMIUM LIFESTYLE FASHION BRAND

MLB is a premium fashion street brand. MLB is based on the heritage of Major League Baseball, representing a 150-year tradition of American sports lifestyle. By incorporating fashion and culture into its sports DNA, MLB has become a trendsetter and has grown into Asia's number one brand, appealing to a diverse range of consumer lifestyles.

Visit the brand's site

MLB KIDS



For Free and Independent Kids, PREMIUM LIFESTYLE KIDS FASHION BRAND

MLB KIDS is a children's clothing line from the MLB brand. It incorporates the MLB motif and culture code, blending the 'fun & young street' style and MLB's classic heritage. As a leading fashion brand for kids, MLB KIDS releases new and unique styles every season.

Visit the brand's site

Discovery EXPEDITION



For Intellectual Discoverers Exploring the World PREMIUM LIFESTYLE OUTDOOR BRAND

DISCOVERY EXPEDITION is a premium outdoor lifestyle brand that offers stylish and functional clothing for everyday wear and leisure activities. It's designed for those who seek adventure and enjoyment in their daily lives, providing them with innovative and fashionable items for their pursuits.

Visit the brand's site

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DUVETICA



For a Luxurious High end Life ITALY PREMIUM OUTDOOR LIFESTYLE BRAND

DUVETICA is a 'premium outdoor lifestyle' brand that was founded in Italy in 2004, deriving its name from the words 'Duvet' for feather and 'Etica' for ethics. DUVETICA pursues the brand value of 'continuous efforts to make the best products with the best materials', and DUVETICA's DNA embodies the life philosophy of Italians who enjoy life, 'La Bella Vita.' It is expanding into a premium outdoor lifestyle brand for outdoor activities as well as daily life with various categories.

Visit the brand's site

SUPRA[®]



For New Leaders STREET LIFESTYLE CASUAL BRAND

SUPRA is a premium street brand in LA that embodies the skateboarding and hip hop lifestyle that originated in 2006 from California skate culture. It showcases a new street lifestyle for new leaders inspired by fashion, music, art, skateboarding, and overall street culture.

Visit the brand's site

Sergio Tacchini



For Tennis Lovers Around the World SPORTIVE LIFESTYLE BRAND

Sergio Tacchini is a premium lifestyle sports brand that blends tennis and everyday life. It modernizes Italian tennis heritage design to create a premium daily life. Based on its tennis heritage, it offers premium sportswear and is evolving into a global brand.

Visit the brand's site

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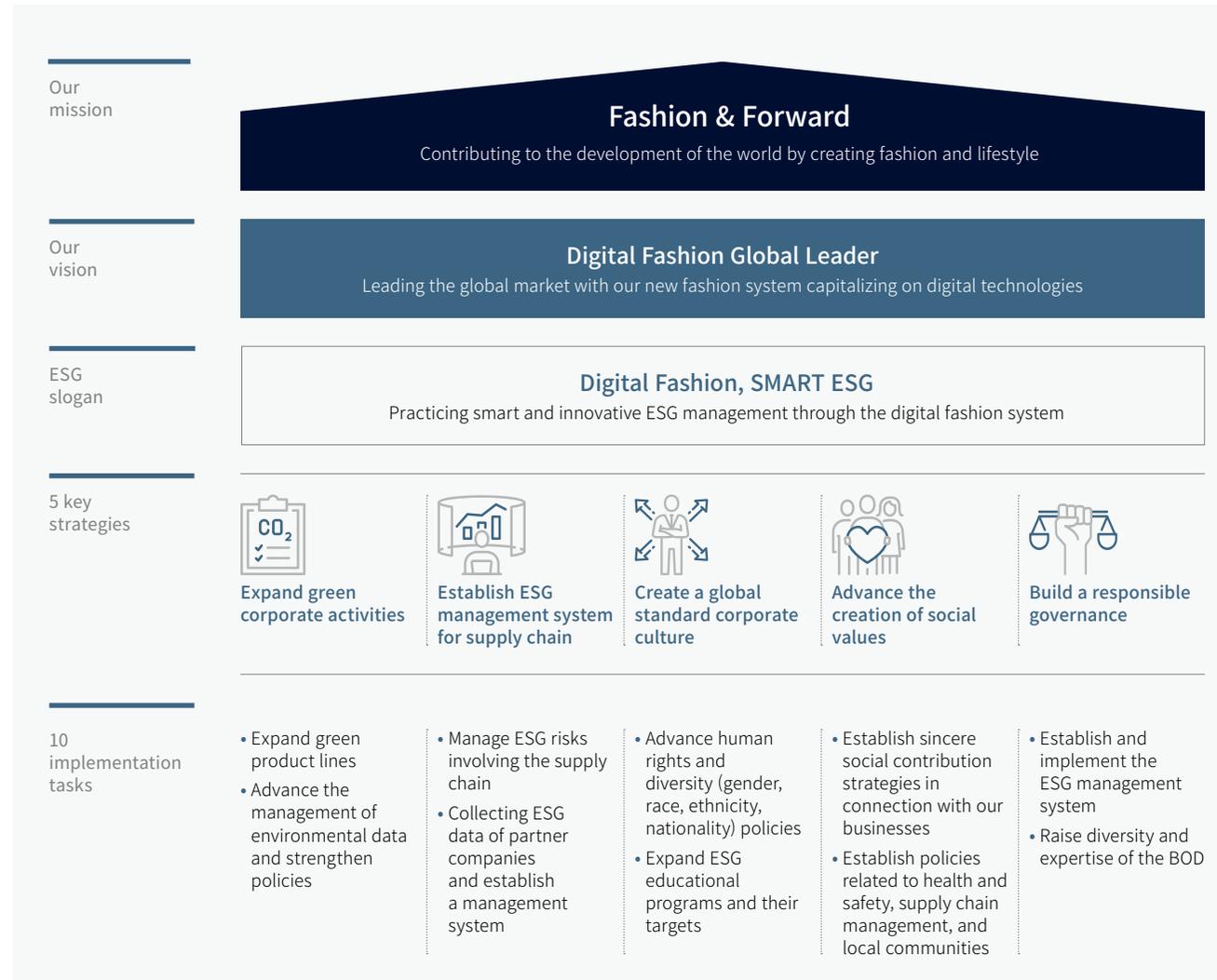
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F&F Group aims to adopt the ESG slogan of 'Digital Fashion, SMART ESG' in 2023 and implement smart and innovative ESG management. To enhance management effectiveness, we have developed 5 key strategies and 10 implementation tasks.



Expand Green Corporate Activities In pursuit of sustainability in our business operations, we have expanded our eco friendly activities. To this end, we seek eco friendly business directions including enhancing environmental protection and energy efficiency, lowering carbon emissions, and using renewable energy.

Establish ESG Management System for Supply Chain We have established a risk management system to enhance the ESG aspect of the supply chain. This enables us to solidify our partnerships with partner companies within the supply chain, sharing societal and environmental responsibilities, and seek sustainable business relations.

Create a Global Standard Corporate Culture We have systemized our corporate culture that meets global standards. To this end, we pursue human rights management and respect for diversity to evolve into a socially respected and sustainable company.

Advance the Creation of Social Values Our objective is to generate a beneficial social value in society. We endeavor to be a company that attains social esteem and confidence by collaborating with the local community, assisting the disadvantaged, safeguarding health and safety, and providing educational opportunities.

Build a Responsible Governance We uphold responsible governance to guarantee clear and efficient choices and honorable conduct of the company. For this purpose, we preserve the stable operation of the company by setting up a fortified internal oversight and audit system.

Through these approaches and tasks, F&F Group will build a lasting business model and spearheading the creation of social and environmental values.

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ESG Governance

We are augmenting holistic governance, including dedicated organizations, consultative bodies, and decision making bodies, aiming to systematically and responsibly foster ESG management.

ESG Committee

In 2022, we newly established the ESG Committee under F&F Holdings and the F&F Board of Directors (BOD) to enhance our responsible management based on ESG principles. The ESG Committee of each company comprises one executive director and two independent directors, and convenes regular meetings annually and ad-hoc meetings as needed. The ESG Committee deliberates and decides on matters of ESG policy and plan formulation, sustainability management performance assessment, internalization support, and ESG information disclosure. The ESG Committee received reports on health and safety, human rights, climate change response, materiality issues, and other topics in 2022, and based on the improvements identified through the board of directors review, we are actively pursuing ESG initiatives.

ESG Committee Composition

Company	Category	Name
F&F Holdings	Executive Director (Chairperson)	Eui-Heon Park
	Independent Director	Sung-Deok Han
	Independent Director	Dong-Il Kim
F&F	Executive Director (Chairperson)	Chang-Soo Kim
	Independent Director	Hae-Sik Park
	Independent Director	Joon-Keun Bae

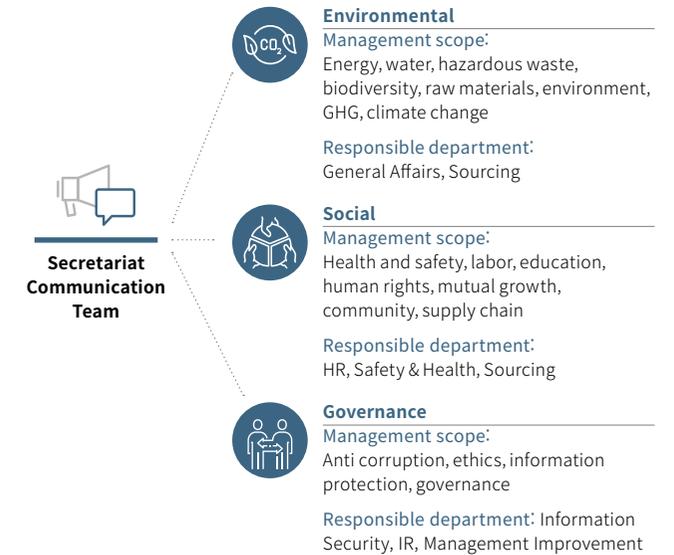
ESG Council

In 2023, we established the ESG Council to execute ESG management strategies and tasks. The council, consisting of executive level members, defines strategic tasks for a company wide ESG management and evaluates the status and performance of ESG tasks. The ESG Council has increased efficiency through regular meetings and communication with the ESG Working Council.

ESG Working Council

Aiming to internalize ESG management, F&F Group newly established and operated the ESG Working Council, which is composed of working level employees who implement ESG tasks, and deliberates on communication and practical initiatives related to major issues. The Communication Team serves as the Secretariat and takes full charge of the operation of the subcommittee.

ESG Working Council Structure



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F&F Group strives to accurately grasp the needs and demands from diverse stakeholders. We identify both our positive and negative impact on the environment and society, communicating them with our stakeholders to address them. Going forward, we will be committed to bringing values to stakeholders, such as customer value creation, local community growth, and prosperity with partner companies, and discharging our social and environmental responsibilities through reinforced communication and collaboration with stakeholders, thereby accomplishing sustainable growth.

Stakeholder Communication Channels

We have established various communication channels to engage with our key stakeholders, including customers, employees, shareholders and investors, partner companies, and local communities. Through these channels, we have discussions on a wide range of topics related to the economy, environment, and society. This has helped us build consensus and strengthen our cooperative relationships.

The opinions and feedback we receive through these channels are carefully reviewed and incorporated into our business operations under the management of each organization in charge. For example, we conduct monthly customer satisfaction surveys and hold regular board meetings. F&F Holdings' board meets seven times a year, while F&F's board convenes 17 times a year and conducts an annual supplier survey. We also ensure that other channels are always available for quick and agile communication. In the future, we will continue to listen closely to our stakeholders and expand our communication channels to make them more convenient and efficient.

Value Distribution to Stakeholders

Category		2022
Shareholders and investors (total dividends paid)	F&F Holdings	KRW 13.67 billion
	F&F	KRW 61.02 billion
Employee salary	F&F Holdings	KRW 2.59 billion
	F&F	KRW 42.17 billion
Local community (donation)	F&F Holdings	KRW 1.04 billion
	F&F	KRW 29 million
Government (corporate tax / consolidated basis)	F&F Holdings	KRW 162.95 billion
	F&F	KRW 162.53 billion

	Customers	Employees	Shareholders and investors	Partner companies	Local communities
Major ESG issue	Customer satisfaction management activities, brand value, product and service quality	Organizational culture, career development, evaluation and compensation, welfare benefits, HR training (human rights training, safety and health training, etc.)	Risk management, management information disclosure, business performance and plan disclosure, shareholder interest protection, governance, ethical management	Shared growth, fair trade	Community participation, ecosystem conservation, donation activities
Communication channel	Corporate website, customer satisfaction survey on brands, customer center, call center, counseling talk on Kakao Talk, social media	E-mail, collaboration platforms in intranet (MS Teams, JIRA), education platform (Futube), performance management application (OKR), F&F Instagram	Board meeting, general shareholders' meeting, Business Report, Governance Report, website (disclosure of investment information), IR	Ethics training, regular survey for partner companies, meeting with partners (Hotline system), Cyber Petition	Meeting for collaborative businesses, sharing business result reports

Risk Management

F&F Group identifies risks and opportunities posed by a variety of uncertainties that have an impact on business operation, and comes up with countermeasures, and reflects them in all aspects of its businesses. All our employees are well cognizant of the significance of risk management, and manage risks defined by business area. In addition, we assess risk situations at proper levels through constant monitoring to take control to manage their impact efficiently.

Risk Type

Risk area	Risk type	Our management activities
Finance	Liquidity	Establishment of short-term and mid-to long-term fund management plans / Continuous analysis of cash flow / Portfolio management including financial liabilities and financial assets
	Exchange rate	Regular exchange risk monitoring / Exchange rate volatility management
	Interest rate	Prediction of interest cost due to interest rate fluctuations / Monitoring of costs by investment institution / Proper composition and management of fixed and variable interest rates
	Price risk	Monitoring and prediction of price increase factors such as raw material, logistics cost, and labor cost / Maintaining and managing brand value
	Tax	Tax expenditures accompanying corporate activities, such as corporate tax and value added tax and compliance with tax related laws
	Accounting criteria	Compliance with International Financial Reporting Standards (K-IFRS) and response to external audits
Internal accounting management	Accounting transparency	Prevention and inspection of factors impeding reliability in the preparation and disclosure of accounting information
	Internal process	Accident prevention and corporate credit management through internal control activity and control activity design
Disclosure information management	Shareholder value	Ensuring information users' rights and enhancing shareholder value by preventing the use of internal information and disclosing appropriate information
	Disclosure criteria	Training and organization operation to comply with the Capital Market Act and Securities Management Regulations
Legal affairs	Compliance control	Organizational operation and process establishment to prevent legal risks such as lawsuits and contracts
	Patents and trademarks	Strengthening the competitiveness of patents and trademarks / Prevention of theft of rights
	Personal information protection	Monitoring of domestic and foreign personal information protection policies and compliance with related regulations / Maintenance and management of security systems for information protection
Safety and health	Safety management	Safety accident prevention activities through education and inspection / Compliance with related laws such as the Industrial Safety and Health Act and the Serious Accident Punishment Act
	Fire and disaster	Fire and disaster prevention education / Raising safety awareness / Building infrastructure to prevent damage
	Employee health	Implementation of an integrated program to promote employee health, such as operating a health management room
Business	Domestic and overseas economy	Establishment of a communication system to identify real time situations in domestic and overseas business sites
	Consumption propensity	Channel diversification according to changes in consumption propensity such as offline and online, mobile consumption response, and expansion of single person households
	Government policy and regulation	Monitoring of consumer market policies / Establishment of labor management relations / Expansion of shared growth with partners / Compliance with Fair Trade Act
	Brand value	Establishment of response process in case of company wide issues in production, quality, marketing, distribution, customer, etc.
	Ethical awareness	Education to establish employees' awareness of ethics / Expression of the management's will for ethical management
Environment	Environmental laws and regulations	Response to international laws and regulations related to the environment, such as plastic regulation, carbon border tax, etc.
	Climate change	Management of financial impacts and other risks and opportunities derived from climate change
	Water resource	Water consumption and pollution risk management
	Resource circulation	Establishment of waste clothing disposal and recycling process
	Biodiversity	Monitoring of the impact of business operations on biodiversity
Labor/human rights risk	Labor practice	Management of labor practice risks such as long working hours, workplace safety and health, and others
	Human rights violation	Monitoring of human rights violation risks such as forced labor, child labor, etc.
	Human rights management within the supply chain	Implementation of human rights risk management programs at the supply chain level

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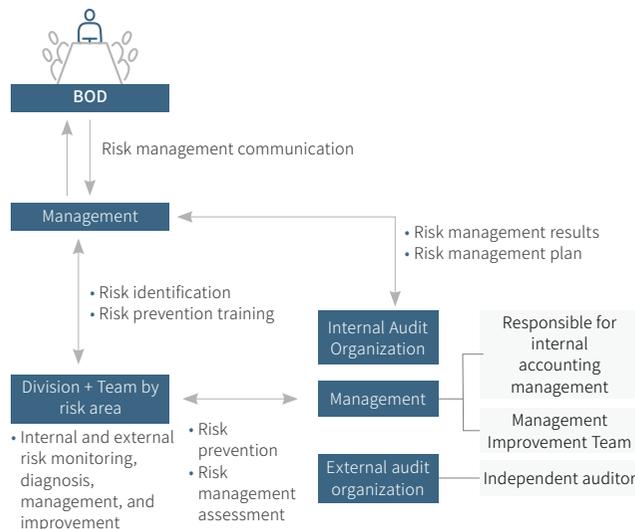
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Risk Management System

F&F manages and responds to risks systematically at the company level. In departments involved with finance, internal accounting management, disclosure information management, law, safety and health, and others as well as the business division heads are intensively engaged in risk prevention and response. These departments operate their risk management system and are responsible for monitoring and managing risks that may arise within the organization. Through this, we reinforce the risk management by capitalizing on the expertise and responsibility of each department, and foster risk prevention and response throughout the organization.

For integrated risk management, each company’s field department independently performs risk monitoring and diagnosis. Risk diagnosis results are routinely reported to the management and the BOD, and when deemed substantial, they are reported incessantly.

Risk Management Structure



Potential Risk

Risk definition	Potential impact on business	Our response activities
Digital transformation risk	To effectively address potential risks associated with digital transformation, it is imperative to incorporate DT strategies in all aspects of product planning, production, logistics, and design. Securing digital competitiveness through the acquisition of proficient manpower, advanced IT technology, and robust infrastructure is also vital for a successful expansion into the online business sector. Failure to take proactive measures may result in significant financial risks stemming from a decline in the competitiveness of online enterprises. It is also important to consider the consequences of potential data breaches and service disruptions, which may result in legal repercussions, fines, and damage to brand’s reputation.	Since 2017, F&F has implemented a company wide digital transformation strategy that includes the implementation of digital systems for product production, management, logistics, and marketing. We established a dedicated organization in 2019 to professionally manage the entire process from data creation to distribution, disposal, and information protection.
Risks derived from climate action	<p>1) Physical risk impact Climate change issues can wreak havoc on the fashion industry with various physical risks. Climate change entails frequent natural disasters, which can disrupt production facilities, warehouses, and logistics networks within the supply chain. This can interrupt transportation and increase sourcing costs. They may also jeopardize the availability of raw materials. In particular, there is a risk of price spikes and supply crises of raw materials such as cotton and hemp, which are vulnerable to climatic conditions. Moreover, they may have a disastrous impact on the production of feed necessary for raising livestock, which provides leather.</p> <p>2) Transition risk impact If the government neglects to actively reinforce domestic carbon emission related regulations and laws to achieve the long-term goal of the Paris Agreement, risks may escalate. In addition, we should monitor climate change related market trends and changes in customer preferences and avert risks by striving to seize opportunities to cope with rapid shifts in products and services due to environmental changes caused by climate change risks.</p>	We endeavor to minimize damage to companies, customers, and supply chains by responding to climate change risks. From a mid-to long-term perspective, we have applied environmental management policies to overall corporate management aiming to cope with possible risks. We also strive to reduce environmental impacts from material discovery to design, sourcing, and sales. In terms of raw materials, we are making efforts to raise the proportion of sustainable materials, eco friendly packaging, product recycling, and increase sales of green products.

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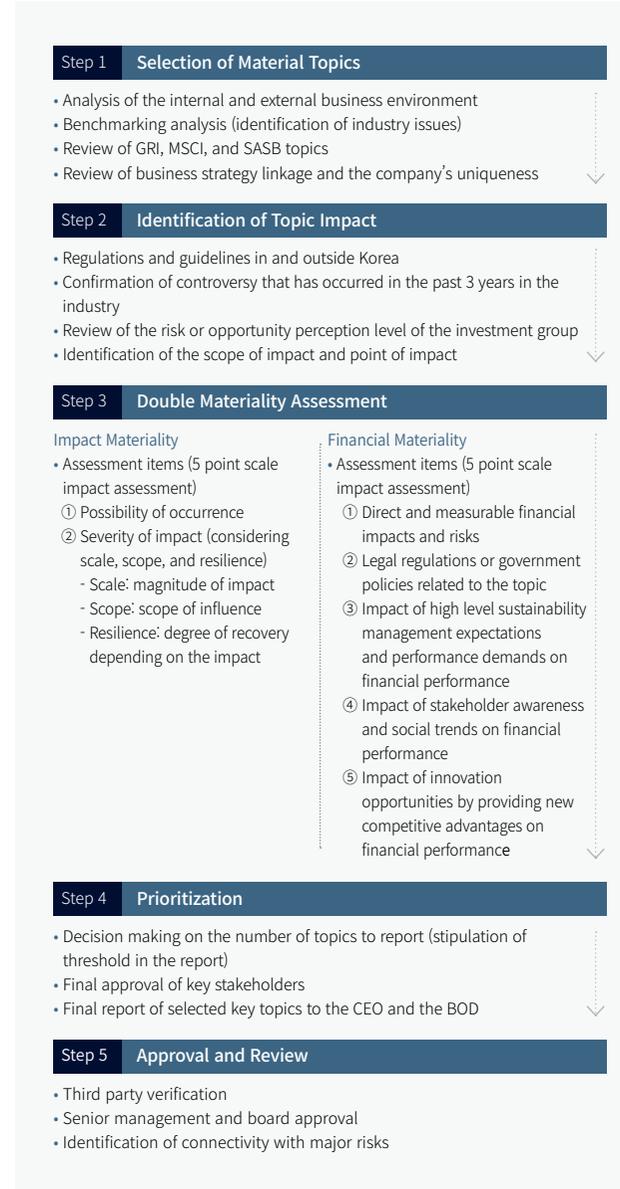
Double Materiality Assessment

F&F has been conducting materiality assessments since 2022 to identify external and internal risks and opportunities from an ESG perspective and incorporate them into its business operations. Starting in 2023, we adopted the concept of double materiality assessment to consider our impact on the outside world.

Double materiality assessment, as presented by the EU's CSRD and GRI, focuses on both elements that can impact corporations and the impact of corporations on society, the economy, and the environment. To conduct our first double materiality assessment this year, we established a process that meets the requirements of GRI, CSRD, and SASB. Based on this process, we analyzed ESG assessments, guidelines, and similar industries to identify 9 material topics. These topics were then reviewed and approved by the ESG Committee under the board.

Assessment Process

For a more precise double materiality assessment, we organized internal stakeholders by position, and we also adequately proportioned the proportion of external interests to reflect them evenly. External stakeholders include members of the local community, such as NGOs, investors, and ESG expert groups. Furthermore, the reliability of the materiality assessment has been verified through a third party assurance provider.



Materiality Assessment Results

As a result of the materiality test, 'brand reputation management' was selected as the most material issue, followed by supply chain management, digital fashion management, sustainable resource circulation, climate change response, and customer satisfaction management. Particularly, the issues of 'supply chain management' and 'sustainable resource circulation' were recognized as having a considerable influence on external stakeholders, which enabled us to understand the material factors from their standpoint.

● High Impact ● Medium Impact ● Low Impact

2023 Topic	Impact		Stakeholder			
	Environment / social	Financial	Employees	Customers	Investors	Community and NGO
1. Brand reputation management	●	●	●	●	●	●
2. Supply chain management	●	●	●	●	●	●
3. Digital fashion management	●	●	●	●	●	●
4. Sustainable resource circulation	●	●	●	●	●	●
5. Climate change response	●	●	●	●	●	●
6. Customer satisfaction management	●	●	●	●	●	●
7. Ethics and compliance	●	●	●	●	●	●
8. Governance transparency improvement	●	●	●	●	●	●
9. Diversity and inclusion expansion	●	●	●	●	●	●

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Material Topic Management

Category	Digital fashion management	Sustainable resource circulation	Climate change response
Business cases	COVID-19 has propelled the shift to a digital society. Online growth through digital transformation is vital for fashion companies as the consumption method is swiftly shifting from offline stores to the web or mobile. To cope with the swift transformations of the digital era, the fashion industry requires DT for overall activities, encompassing product planning, production, logistics, and design, in addition to sales channel matters. Recently, fashion companies are actively expanding their online businesses. To this end, we are also endeavoring to secure digital competitiveness such as professional manpower, IT technology and infrastructure.	The structure of the fashion industry unavoidably generates a large amount of clothing waste throughout the product life cycle. There are challenges in supplying raw materials due to climate change and supply chain issues, and the issue of reducing waste, which was previously the responsibility of consumer, is being intensified in countries such as the EU with producer responsibility recycling to regulate fast fashion. Efforts are being intensified to minimize discarded and wasted fabric waste and to recycle discarded clothing as resources.	As the crisis caused by climate change becomes a reality, companies are requiring reductions in GHG emissions as well as consideration of climate factors throughout the supply chain. The scarcity of energy and water resources may result in higher expenses for raw materials and production processes, which can adversely affect the sales performance of fashion companies. Fashion companies currently focus on building a system to mitigate GHG emissions throughout their value chain.
Major risks	<ul style="list-style-type: none"> • Reduced competitiveness of online business and decreased sales • Litigation and financial impact of insufficient information protection • Operational risks due to web and mobile service failures 	<ul style="list-style-type: none"> • Issues with supply and demand of natural raw materials • Expansion of producer responsibility recycling system • Changes in consumer awareness and preferences 	<ul style="list-style-type: none"> • Reinforced climate change related regulations in each country • Increased sourcing costs • Rising supply chain management costs
Business strategies	F&F has been promoting consistent and methodical digital transformation across the business process since 2017. We have devised a distinct DT advancement strategy to strategically foster digitalized management operations, enhanced digital based processes for global logistics & inventory, and digital communication with consumers. Moreover, we created the Digital Division, a specialized digital organization.	F&F announced eco friendly fashion implementation in August 2022 to enhance the sustainability of fashion and established a circular fashion value chain that considers environmental factors in all processes from material acquisition to production and sales. By adopting the declaration on the preservation of biodiversity and the prohibition of deforestation, we are taking a proactive approach to solving the problem. In addition, we consult with suppliers to introduce eco friendly raw and subsidiary material, and carry out projects to reduce and recycle stocked clothing.	F&F has updated its environmental management policy and incorporated it into its management activities to actively address climate change issues. We are preparing for Scope 3 management to extend the scope of GHG management to the supply chain and customers. We have set and are executing a 50% emissions reduction target by 2040 compared to 2020.
External impact	If a customer's personal information is leaked, damage can lead to various levels. Information such as phone number and e-mail can be utilized for crimes such as voice phishing and malicious mail. And if electric failure happens, customers cannot access the services they desire at their preferred time, which will result in damage.	Garment waste is often discarded in landfills or incinerated, which causes soil and groundwater contamination problems, exposure to emissions and harmful substances from the incineration process, and negative impacts on land and marine ecosystems.	Due to the nature of companies that procure and sell finished products, emissions from the supply chain or customer's use of products are higher than their carbon emissions. It is essential to actively participate in greenhouse gas reduction based on the influence it has on the upstream and downstream.
External impact measurement	Damage cost caused by personal information leakage	Pollution in the clothing disposal process, disposal of harmful substances	<ul style="list-style-type: none"> • Scope 3 emissions • Carbon social cost

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Issue Background

In the fashion business, a brand is the value and identity of a product. It is not an exaggeration to say that the power of a brand influences the sales performance of a product, so brand management in the fashion business is the most vital concept in marketing strategy. From this point of view, brand management can become enterprise risk management. As the world is in a hyper-connected era, even a minor risk can harm the brand image and, the damage can be fatal as it spreads through the media.

Our Approach

F&F believes that 'fashion is the expression of the values that a brand pursues through clothing'. We offer a new lifestyle with a story in its brand, and based on this, it has gained customer trust. Lately, we have been enhancing our global presence by penetrating foreign markets with a brand strategy that leverages digital media such as social media. Furthermore, we have strengthened our brand management by activating customer communication and striving for customer satisfaction.



A journey towards the No.1 Fashion Brand

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Overseas Expansion

Since its foundation, F&F has been a leader in the fashion industry for 30 years. In addition to the domestic fashion market, we have recently achieved success in expanding our presence overseas and have grown into a global fashion group. We began our entry into the overseas market with the opening of our first MLB store in the Greater China region (Hong Kong) in September 2017. In 2019, we formed a strategic partnership with Alibaba and made a full scale entry into the mainland China, with MLB entering the online shopping mall 'Tmall'. Since then, we have opened and expanded MLB offline stores in China. As of 2022, just three years after entering the mainland China, the retail sales from Chinese consumers surpassed KRW 1 trillion. The number of stores has also exceeded 840, rapidly expanding our market share within China. Global investment bank Goldman Sachs has recognized this achievement as the highest growth rate among Korean

consumer goods in China and predicts a 30% compound annual growth rate (CAGR) for MLB in China over the next five years.* The success of MLB in the Asian market is underpinned by our excellent market positioning based on close collaboration with local distributors along with prepared DT capabilities. We have secured prime locations in key Asian countries by partnering with outstanding local retail companies. Moreover, we have digitalized the entire fashion business process, being fully prepared for digital transformation (DT). As a result, we have achieved rapid global market expansion, along with high operating profits, leading to excellent business performance. As of the first half of 2023, MLB entered the Greater China region (mainland China, Hong Kong, Macau, and Taiwan) and five Southeast Asian countries (Thailand, Vietnam, Singapore, Malaysia, and Cambodia), with plans to expand to the Philippines and Indonesia within 2023.

Our notable global expansion achievements have been recognized, as we won the "USD 400 million Export Tower Award" on the 59th Trade Day in 2022. Additionally, we have been selected for the Brand Tower award, which is given to a single consumer goods brand that achieves exports of over USD 10 million, further validating our value as a global brand. We are proud to be the first fashion brand to receive the Brand Tower award.

Looking ahead, we will accelerate our global expansion. To this end, we have strategically participated as a strategic investor (SI) in the fund for the acquisition of TaylorMade, one of the world's top three golf equipment companies, and acquired the US headquarters of the global tennis brand Sergio Tacchini. Building upon the successful global expansion of MLB, our aim is to become a global fashion company, going beyond the Greater China region and the Asian market.

* Source: Analysis of F&F by Goldman Sachs on September 5, 2022.

MLB Global Expansion Status



MLB flagship store located in Mosaic Huaihai shopping mall on Nanjing East Road in Shanghai, China.



MLB store in Metro city, Shanghai, China, the first store in the country. It reopened after expanding to three times its original size, due to the high demand and popularity in China.

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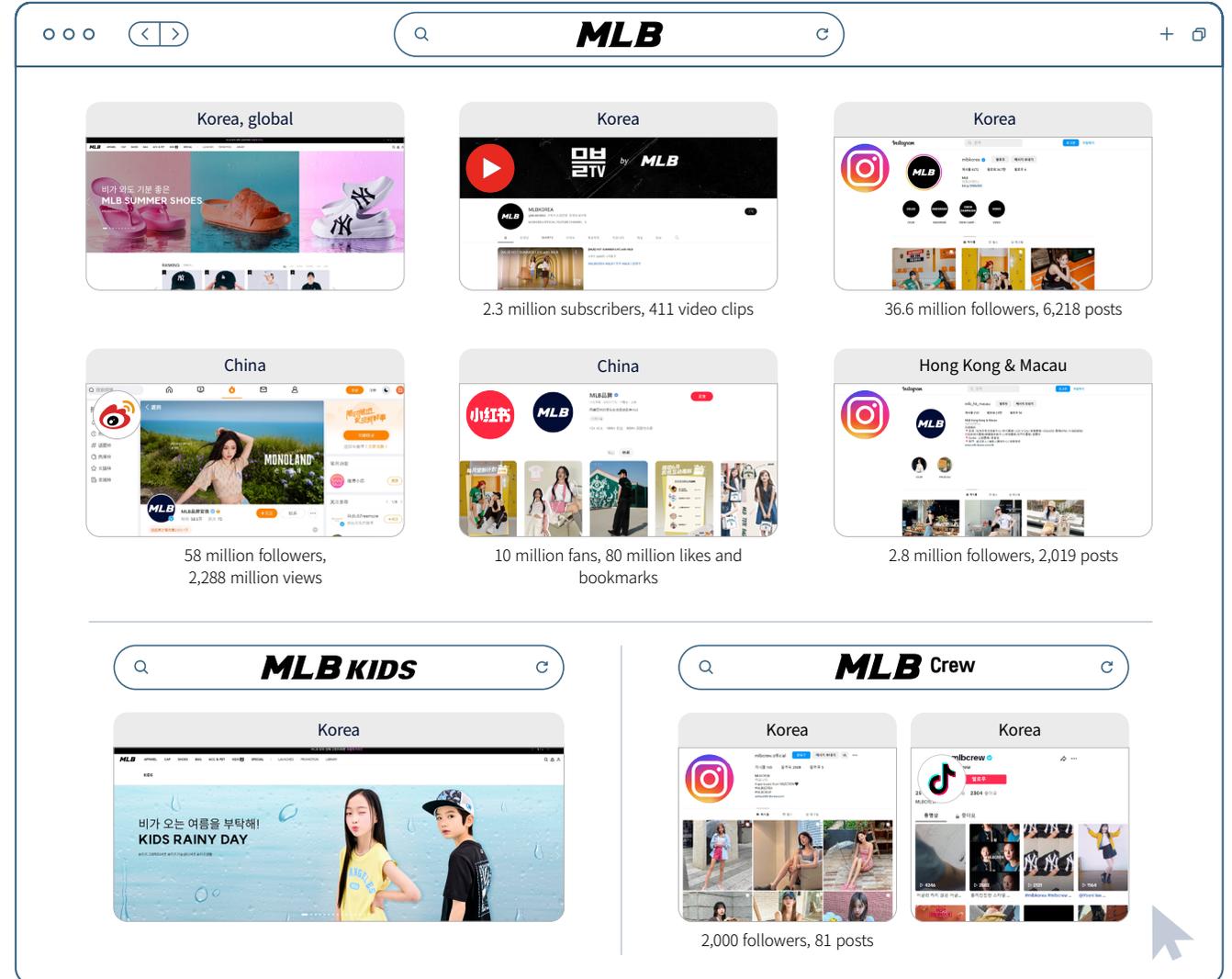
Communication with Customers

The successful globalization of K Fashion can be attributed to our brand marketing strategies, which leverage the expertise gained over 30 years in the fashion industry. In particular, our focus has been on effective customer communication and building strong relationships. To achieve this, we have implemented targeted digital communication campaigns aimed at the Millennial and Generation Z (MZ), creating a transnational community of brand enthusiasts.

The MLB brand website offers information about our brand and products in multiple languages, including Korean, English, and Chinese. Additionally, we actively engage with our customers through various social media platforms, such as Instagram and YouTube.

MLB's presence on Chinese social media platforms Weibo and Xiaohongshu has garnered a substantial following, with over 50,000 followers and more than 100,000 fans respectively as of May 2023. Since the mid-2010s, MLB has also launched numerous campaigns in collaboration with the MLB Crew, a dedicated supporters' group, further strengthening our trendy brand image.

Communication Channels (as of May 2023)



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Customer Satisfaction Management

Customer Interaction

To ensure a prompt response to customer feedback, F&F operates various communication channels. We regularly conduct customer satisfaction surveys to gather feedback on our products and services. Additionally, we have established a 1:1 bulletin board on our official websites and affiliate malls, enabling direct communication with customers. Furthermore, we run official accounts on various social media platforms to enhance customer convenience.

Our goal is to incorporate the insights gained from this communication process into our business operations, ultimately providing greater satisfaction to our customers.

Our Commitment to Enhancing Customer Satisfaction

We strive to enhance customer satisfaction by providing various benefits. These include offering mileage rewards for a new sign ups, thank you coupons upon the first purchase, free shipping, and offline store exchange services. Additionally, we operate an integrated membership system to support customers in safely and conveniently exploring our family brands. Furthermore, we have implemented an RFID based authentication system to prevent consumer damage and ensure product authenticity.

To swiftly address customer complaints and grievances, we have established a Voice of Customer (VOC) response procedure. VOC feedback received through various channels such as the call center, mobile applications, website customer centers, and social media consultation chats are handled within 24 hours on business days. The operation supports part and service planning parts, responsible for customer satisfaction, analyzing the causes and discussing measures to prevent recurrence based on VOC data. Efforts are made to fundamentally solve VOCs from a long-term perspective.



Ranked First in Brand Reputation Analysis among Listed Textile and Apparel Companies

In January 2023, we secured the top position in the brand reputation analysis conducted by the Korea Business Reputation Research Institute among listed textile and apparel companies. The Brand Reputation Index evaluates both negative and positive reviews, media interest, consumer engagement and communication volume, as well as social media conversations. The results are derived through comprehensive big data analysis. In this evaluation, we achieved a score of 3.38 million, surpassing approximately 66 listed companies and obtaining the highest score.

Customer Rights Protection

Customer Information Protection

F&F works diligently to protect customer information and ensure prompt and efficient handling of related tasks. Firstly, we operate a dedicated information security team to ensure comprehensive customer information protection. We have made our information security policies and relevant regulations are publicly available on our intranet, enabling not only the dedicated department but all employees are to adhere to customer information protection practices. Additionally, under the guidelines of the Personal Information Security Committee, we have applied labeling to our privacy policy, making it understandable and accessible for consumers to grasp our personal information security policies.

Ethical Marketing

As a leading company in the fashion industry, we prohibit deceptive practices and unfair transactions against consumers. In particular, we adhere to the F&F Ethical Advertising and Marketing Policy, which encompasses five principles: truthful information disclosure, prohibition of exaggeration and omission, protection of child consumers, fair attitude, and dignified communication. We engage in communication with customers in accordance with these principles. Moving forward, we will continue to implement responsible marketing communication and make every effort to ensure ethical advertising and marketing practices.

Customer Compensation

Through strict quality and process management, we strive to provide customers with excellent quality products. Our products undergo visual, specification, and performance inspections during the manufacturing stage to ensure their quality. Product defects are handled in the order of repair, exchange, or refund according to the consumer compensation criteria. Our exchange principle is to provide the same price and the same product. In the event of a compensation request for damages, we will notify the customer of the compensation decision and details within 7 days.

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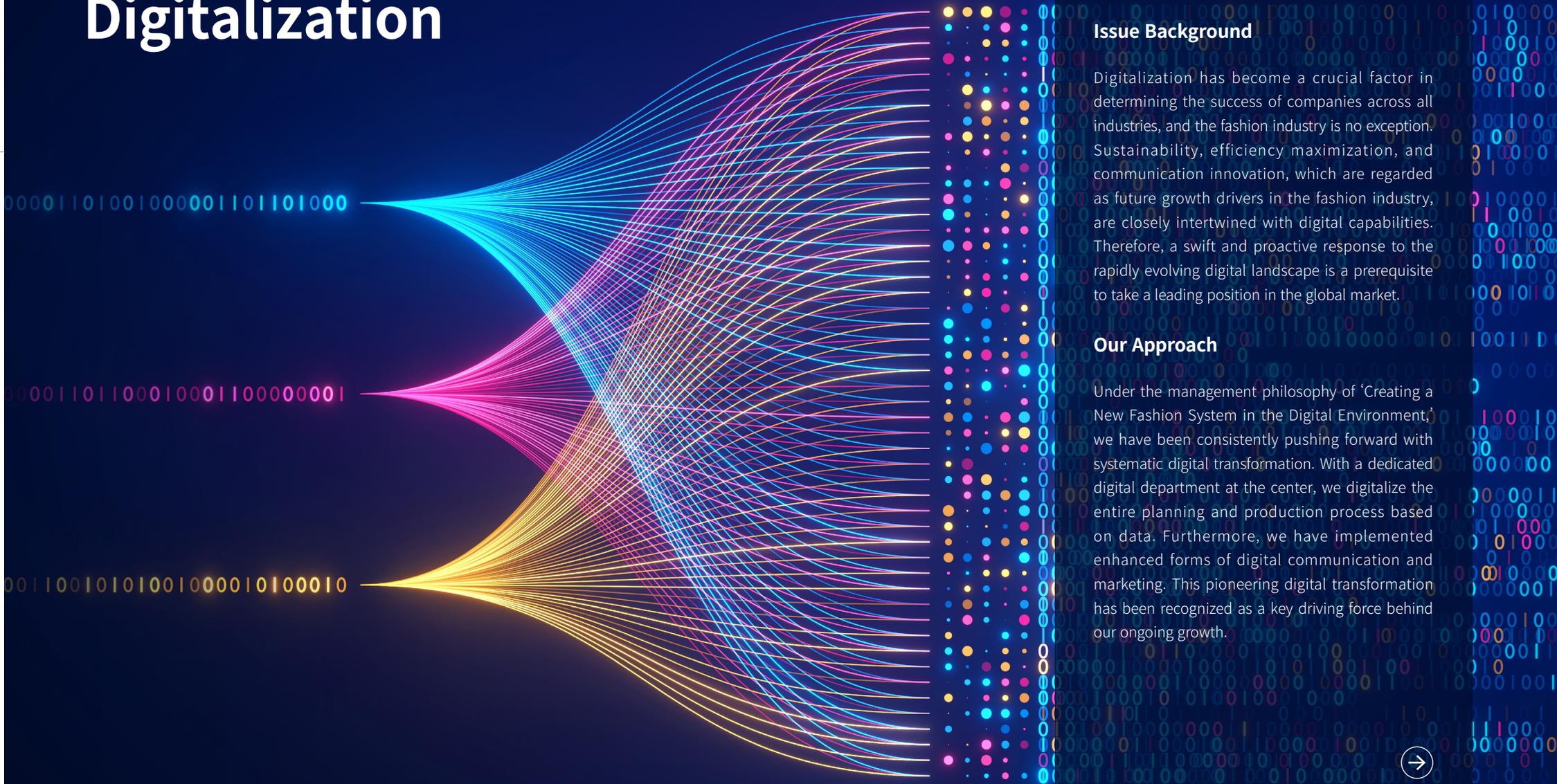
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#02

Digitalization



Issue Background

Digitalization has become a crucial factor in determining the success of companies across all industries, and the fashion industry is no exception. Sustainability, efficiency maximization, and communication innovation, which are regarded as future growth drivers in the fashion industry, are closely intertwined with digital capabilities. Therefore, a swift and proactive response to the rapidly evolving digital landscape is a prerequisite to take a leading position in the global market.

Our Approach

Under the management philosophy of 'Creating a New Fashion System in the Digital Environment,' we have been consistently pushing forward with systematic digital transformation. With a dedicated digital department at the center, we digitalize the entire planning and production process based on data. Furthermore, we have implemented enhanced forms of digital communication and marketing. This pioneering digital transformation has been recognized as a key driving force behind our ongoing growth.



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Boosting Digital Competitiveness

Digital Integration

DT Strategy



Digital Communication with Consumers

- By leveraging the analysis of online content such as hashtags and images, we enable quick analysis of the lifestyle of the target consumer groups and predict their preferences.
- We create customized communication contents based on real time trend analysis to expose it to consumers, aiming to drive purchases.



Digitalized Business Operations

- We establish specialized digital systems for every process of the fashion business, including planning, design, production, logistics, and marketing. These systems serve as the foundation for our business operations and decision making.
- We drive innovation in our work processes by extending digital transformation to our work environment, utilizing tools such as Notion, MS Teams, Jira, and more.



Highly Digitalized Global Logistics & Inventory Processes

- We gather real time data on orders and sales from the global market and immediately apply it to production and logistics processes.

Full Digitalization of the Entire Business Process

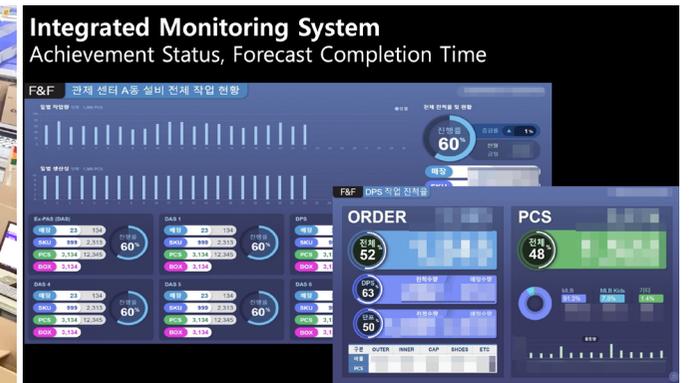
We predicted that digitalization would become an essential competitive advantage in the future and have been proactively driving company wide digital transformation (DT) since 2017. Through the establishment of a dedicated digital department and significant investment in infrastructure, we have successfully integrated DT processes into various aspects of our fashion business, including planning, production, logistics, design, and marketing, resulting in excellent outcomes. We have integrated communication within the DT process, engaging with partner companies to consumers. We are also innovating our work methods by utilizing the smart work system, which features messengers for internal communication and various digital tools for work collaboration. In this way, F&F's DT transcends the boundaries of individual departments with high relevance, and extends its applicability to all members and various stakeholders.

Strengthening Competitive Advantage through DT Utilization

The conventional production process in the fashion industry used to be determined solely by product design. However, in our new fashion system established through DT, we analyze the diverse data accumulated through the DT process to understand trends and changes in consumers' lifestyles. Based on these results, we simultaneously determine production volume, design, and marketing methods. Through efficient and reasonable data based on decision making and business promotion, we have been able to see a rapid rise in product hit rate and operating margin. Additionally, due to the enhanced digital marketing efforts, an increasing number of customers who encounter F&F brand products online are visiting our offline stores, resulting in a significant increase in sales per square meter in our stores.



F&F warehouse



F&F's logistics system

Boosting Digital Competitiveness

Leveraging Various Digital Systems

In pursuit of fundamental changes in our work processes, we have actively introduced and leveraged various digital systems. Key systems, such as Product Lifecycle Management (PLM) for governing product planning and design, Order Management System (OMS) for collecting and managing global orders, and Enterprise Resource Planning (M-ERP) for overseeing production

in global sourcing bases, have been implemented. Additionally, we utilize Warehouse Management System (WMS) for logistics management, influencer and PPL marketing systems, and integrated dashboards for analyzing trends and search patterns. These systems empower us to drive efficient business operations and enhance productivity.

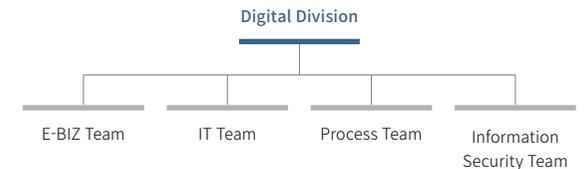
Digital Systems

Production and management	Logistics	Marketing	Smart working
<p>PLM (Product Lifecycle Management)</p> <p>A system supporting the management of all product information</p> <p>M-ERP (Manufacture Enterprise Resource Planning)</p> <p>A System for accessing multiple product related information on a single webpage</p>	<p>OMS (Order Management System)</p> <p>Real time order aggregation system for orders received worldwide</p> <p>GOMS (Global Order Management System)</p> <p>An expanded OMS for monitoring and managing the status of export import and logistics</p> <p>S-ERP (Supply Enterprise Resource Planning)</p> <p>A System for real time monitoring of global sales data to prevent missed sales opportunities due to stockouts</p> <p>WMS (Warehouse Management System)</p> <p>A system for streamlining logistics flow and minimizing manpower requirements</p>	<p>Influencer system</p> <p>A system for collecting SNS related data, including data measurement, gathering information on new influencers, and analyzing hashtags</p> <p>CMS (Contents Management System)</p> <p>A System for managing approval and distribution of digital content produced by the headquarters to branches within a single webpage</p>	<p>Integrated dashboards</p> <p>A dashboard provides an integrated data required for various tasks, utilizing both internal and external big data</p>

Digital Division: Dedicated Organization for Digital Excellence

Recognizing the significance of digitalization, we established the 'Digital Transformation Team (DT Team)' in 2019. The DT Team was later renamed as the 'Digital Division' and has been committed to enhancing the company's digital capabilities at a corporate level. The division consists of the E-BIZ Team, IT Team, Process Team, and Information Security Team. The division not only manages the entire process of data generation, processing, distribution, and disposal but also tracks and governs data usage. In other words, a wide range of data, including weather, day of the week, community trends, and search keywords, are analyzed to be utilized in production. With the Digital Division leading the way in data driven digital transformation, we have achieved continuous growth, even in challenging market conditions, and recorded the highest ever performance in 2022.

Organizational Chart of Digital Division



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#03

Sustainable Fashion & Supply Chain

Issue Background

The fashion industry has embarked on a new era centered around keywords like ‘eco friendly,’ ‘resource circulation,’ and ‘sustainability.’ In the global fashion market, the importance of eco friendly fashion is rising due to stricter environmental regulations in advanced countries, the increasing awareness of eco conscious consumers, and the pursuit of sustainable development by global fashion companies. However, the presence of eco friendly fashion in the domestic market lags significantly behind that of advanced countries. Given the situation that the fashion cannot ignore environmental issues any longer, the domestic fashion industry must adopt a strategy that places a strong emphasis on environmental elements to attain global competitiveness.

Our Approach

With the declaration of the ‘Green Fashion Initiative,’ in August 2022, we have been reinforcing our eco friendly production system. We consider environmental factors at every stage of the value chain, from material sourcing to production and sales. We closely collaborate with our partners to promote the expansion of eco friendly raw materials and improve production processes. Furthermore, we are actively involved in recycling projects, such as creating eco friendly products using inventory garments, to foster a sustainable fashion culture.



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Circular Fashion

Green Purchasing

To minimize environmental impact, we strive to utilize eco friendly materials and components in our manufacturing process. Representative materials that have eco friendly features include fabrics and fillings for clothing, midsoles for footwear, fabrics, dyes, adhesives used in hats and bags, and packaging materials such as poly bags, inner paper, shoe heel counters, and plastic fasteners. We prioritize the purchase of eco friendly certified materials and components when they meet the same quality standards. Additionally, for computer systems, office supplies, and general consumables, we preferentially purchase the products certified by the Ministry of Environment. Starting from January 1st, 2023, we have introduced recyclable paper bags in line with our commitment to green purchasing principles.

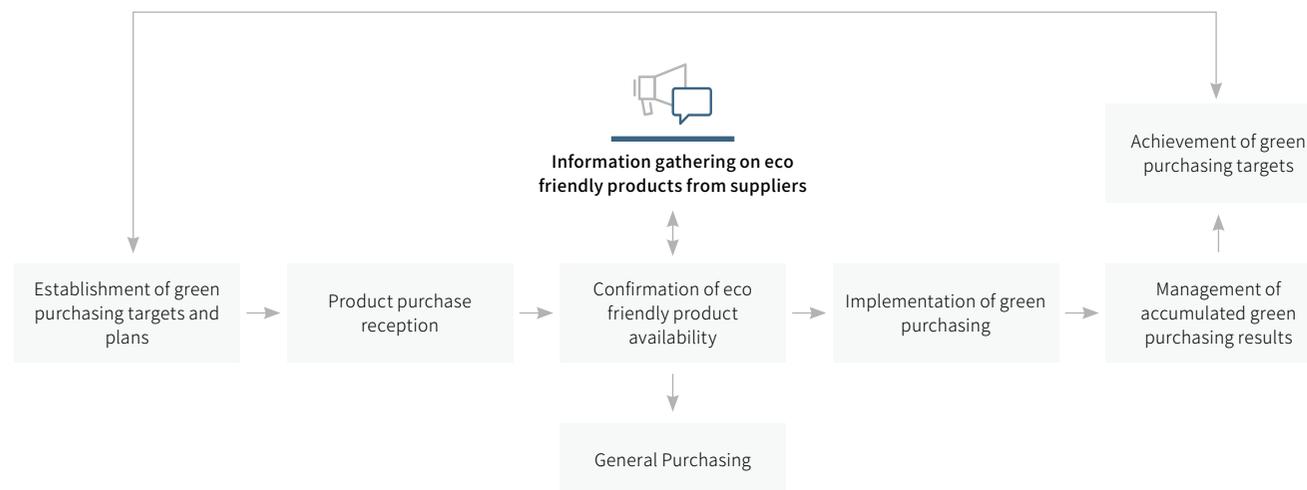
Value Chain of Circular Fashion

We strive to minimize the environmental impact at every stage of the value chain, from R&D to design, production, and sales. To achieve this, we are actively developing recyclable materials and expanding the utilization of eco friendly materials, components, and packaging. Additionally, we are making dedicated efforts to enhance logistics conditions, aiming for increased energy efficiency and GHG reduction.

Value Chain of Circular Fashion



Green Purchasing Process



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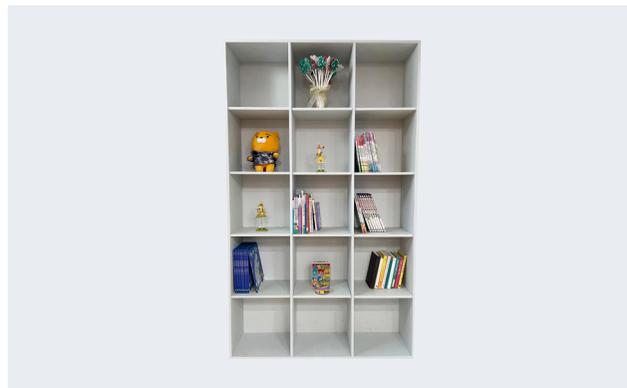
Circular Fashion

Resource Circulation

Transforming Surplus Clothing into Eco Friendly Furniture

F&F initiated a green recycling project in 2022 by signing an MOU with Sejin Plus and the Child Fund Korea. The project involves donating eco friendly furniture, made from clothing in stock, to child welfare centers.

Through this project, we repurposed 14 tons of surplus clothing to create 240 eco friendly furniture items, including desks, bookshelves, and storage cabinets. These furniture pieces were distributed to 23 childcare and residential facilities across the country. Notably, these furniture items are made from non toxic and safe materials, ensuring the well being of both children and the environment.



Eco friendly furniture made from upcycled surplus clothing

Introduction of FSC certified Paper Shopping Bags

From February 2023, we have implemented the use of eco friendly paper shopping bags in all MLB, MLB KIDS, and DISCOVERY EXPEDITION stores nationwide, as well as on our online platforms. These shopping bags are created by blending materials sourced from FSC certified* suppliers and recycled paper. This change was made in response to the challenges associated with recycling the previous bags, which had different colors, coatings, and handles that needed to be disposed of separately. F&F is improving such problems by actively introducing eco friendly paper shopping bags. In addition, we are committed to gradually providing eco friendly paper shopping bags as the existing bags are depleted.

* FSC certification: Awarded by the Forest Stewardship Council (FSC), an organization that promotes responsible forest management practices.



FSC certified paper shopping bags

Recycled Poly Bags with Eco Friendly Certification

The fashion industry inevitably utilizes a variety of materials to provide product information and protect merchandise. One significant material in use is the poly bag, which serves to safeguard clothing items. However, poly bags are commonly composed of polyethylene, a non biodegradable plastic that contributes to environmental pollution and endocrine disruption. To address these concerns, we have implemented the use of recycled poly bags for MLB, MLB KIDS, and DISCOVERY EXPEDITION since the 2021 S/S season. These poly bags are sourced from suppliers certified by globally recognized eco friendly certification organizations. We uphold stringent quality control measures, conducting regular inspections to ensure product excellence.



Product packaged in recycled poly bag

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Supplier Code of Conduct

We have established a [Supplier Code of Conduct](#) that all suppliers must abide by. The F&F Supplier Code of Conduct consists of categories such as human rights and labor, health and safety, environmental protection, and business ethics. It clearly states that all suppliers engaged in business activities with F&F must comply with and uphold social and environmental standards in their business processes, products, and services.

Item	Content
Human rights and labor	Voluntary labor, prohibition of child labor, compliance with working hours, prevention of unfair dismissal, wages and benefits, humanitarian treatment, prohibition of discrimination, freedom of labor movement
Health and safety	Industrial safety, emergency preparedness, prevention of industrial accidents and diseases, workplace hygiene, prevention of physical overexertion, maintenance of machine safety, clean food, and residential environment, health and safety education
Environmental protection	Environmental permits and reporting, pollution prevention and resource conservation, hazardous substance management, solid waste, and wastewater management, air pollution control, regulation and proper labeling of product ingredients, stormwater pollution management, energy consumption, and GHGs management, biodiversity, management of palm oil and palm oil derived raw materials
Business ethics	Maintaining business integrity, financial transparency, fair trade, shared growth, conflict of interest management, information disclosure, intellectual property protection, personal data protection

ESG Assessment of Suppliers

To ensure fair and systematic management of suppliers we have established the ‘Supplier Management Regulations.’ Following these regulations, we conduct ESG assessment of our suppliers twice a year, focusing on indicators such as safety, health, and potential ESG risks. The assessment process includes self assessment and on site inspections. Self assessment is conducted by suppliers at any time or upon request from F&F, and F&F internal personnel visit the site to conduct on site due diligence for new and existing suppliers. Based on the assessment results, we collaborate with our suppliers to make joint efforts for improvement. The assessment outcomes serve as criteria for incentives or penalties, which can influence future contract decisions. We actively share ESG related information with our suppliers to encourage their active involvement in ESG risk management. Additionally, we regularly monitor the ESG management status of our suppliers by requesting certification reports from domestic and international assessment organizations regarding environmental, safety, and quality aspects. For overseas manufacturers, we conduct seasonal on site inspections to inspect production lines and request necessary improvements.

On Site Inspections and Supports



Key assessment indicators

- Human resources
- Workflow and line arrangement
- Production capacity and infrastructure for production including machinery
- ESG related certifications (ISO, Higg, Control Union certifications)
- Digitization status
- Safety and health (work environment, cleanliness)
- Potential ESG risks



Major supports

- Guidance on sewing technique and quality management
- Guidance on sample quality management and technique for the production line
- Confirming initial / receiving sample quality
- Proposing sewing methods suitable for styles and fabrics
- Management of inspection agencies such as FITI / KOTITI / KATRI
- Provision of information and support for eco friendly certification systems
- Guidance on ESG related certification information and processes (ISO, Higg, Control Union certifications.)

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Addressing ESG Risks of suppliers

Amidst the circumstances where the significance of supply chain risk management is rising due to the recent increase in non financial risks, we are actively engaged in managing the ESG risks of our suppliers by proactively identifying factors that may threaten their business activities and develop appropriate countermeasures. Our criteria for choosing new suppliers companies prioritize global and large scale companies that have effective strategies in place to address ESG risks. For our existing suppliers, we conduct on site inspections twice a year to assess and identify any potential ESG risks. Furthermore, we gather data related to the ESG management of our business suppliers, including certifications for eco friendly facilities, to effectively monitor and manage their ESG performance and associated risks. We are also in the process of developing an ESG status management program within our digital system, which will serve as a foundation for strengthening our supplier ESG risk management.

Enhancing Communications with Suppliers

We conduct an annual Win Win Management Survey with our suppliers to enhance transparency in the supply chain and manage the risks associated with unfair trade. The survey questionnaire covers various aspects such as communication and trust, work processing ability, fairness, integrity, win win management, and improvement suggestions. By leveraging the survey results, we gather diverse opinions from our suppliers and evaluate their performance. Additionally, we have established a hotline system as a valuable platform to directly listen to our suppliers' feedback on ethical management and win win management. This allows us to address any issues that may arise during our cooperative processes. In 2022, we conducted interviews with 84 suppliers across the clothing, accessory, fabric, and component sectors.

Safety And Health Management of Suppliers

We continue to make various efforts to strengthen the safety and health capabilities of our suppliers. We have established safety and health management regulations, as well as laboratory safety management regulations. We provide training on safety and health management, accident reporting, and response standards, and conduct risk assessments to ensure the safety and health of our suppliers. We also provide guidelines for hazardous work safety management, personal protective equipment distribution and management, and guidelines for building facade cleaning safety precautions containing accident prevention laws. Regular safety training and inspections are conducted to minimize human and material damage for our suppliers. Moving forward, we plan to develop a digital safety management system to enhance systematic safety and health management within our supply chain.



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Strategy

In 2023, we updated [Environmental Policy](#) to complement our existing approach. We apply our environmental policy across all aspects of our business operations, including raw material procurement, final product sales and service processes, business facilities, products and services, distribution and logistics, waste management, and more. Our policy covers all domestic and foreign business sites, suppliers, service providers, contractors, and customers. We have established an environmental value chain process that examines all stages from research to manufacturing and sales from an environmental perspective, with the goal of minimizing our impact on the planet. F&F is committed to reducing our environmental impact across all aspects of our operations, from material selection to design, sourcing to sales. By doing so, we aim to contribute to environmental protection and drive the eco friendly product market through effective environmental management.

Risk Management

F&F is taking steps to combat climate change by incorporating it into our internal risk management system. We assess the risks posed by climate change and their impact on our management. Additionally, we analyze the environmental impact of our activities, products, and services, and have established criteria for risk management processes.

All of our products and services undergo environmental risk management. This includes analyzing their impact on the environment, such as toxicity, water pollution, air pollution, soil contamination, and waste generation. From a business perspective, we also identify risks related to laws and regulations, technology, and the economy in a more detailed manner.

Governance

Our Board of Directors (BOD) is responsible for making decisions on environmental policy and performance, including issues such as climate change, energy, biodiversity, and water management. To ensure effective management, we have established BOD ESG Committee-ESG Council-ESG Working Council with clearly defined roles and responsibilities for making decisions on climate related matters. ESG Council is held regularly once a year to review and determine on various environmental issues. Our CEO is ultimately responsible for environmental management, while the General Affairs Team handles all environmental issues. This includes developing plans for achieving net-zero emissions, creating and verifying a greenhouse gas (GHG) inventory, formulating strategies to reduce carbon emissions, and conducting external environmental assessments over the mid-to long-term. The ESG Committee regularly reviews and determines on various environmental issues twice a year.

The ESG Working Council is a working group that implements decisions made by the ESG Committee. The Environment Division and General Affairs Team are responsible for setting specific environmental management goals, developing and executing related tasks, and tracking progress in collaboration with the headquarters, the Suji business site, and the sourcing and marketing teams of each brand.

Target

Mid-to long-term Roadmap for GHG Emissions Mitigation

Being cognizant of our responsibility for climate change, we have set up our mid-to long-term roadmap for GHG mitigation to transition to a net-zero society as a leading company on the eco friendly fashion scene. By 2040, we plan to mitigate our emissions by 50% compared to the level of 2020, thereby moving towards carbon neutrality step by step.

Climate Risk Management System



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Greenhouse Gases

Category	Unit	2020	2021	2022	
GHG emissions	Total emissions (Scope 1&2)	tCO ₂ eq	4,077.2	3,887.0	3,776.9
	Direct emissions (Scope 1)	tCO ₂ eq	224.1	273.8	211.7
	Indirect emissions (Scope 2)	tCO ₂ eq	3,853.1	3,613.3	3,565.2
	GHG emission intensity (Scope 1&2)	tCO ₂ eq / KRW 100 million	19.79	0.53	0.21
	Rate of emissions reduced (intensity)	%		97.30	60.85

- * Scope 1 and 2 data were different from the previous year due to the expansion of subject and criteria.
- * The calculation formula for direct emissions was changed in 2022 based on the guidelines on the operation of the Emissions Trading Scheme (Ministry of Environment Notification No. 2022-279).
- * 2022 Scope 1+2 emissions target : 3873.4 tCO₂eq
- * 2022 Scope1 emissions target : 260.1 tCO₂eq
- * 2022 Scope 2 emissions target : 3,613.3 tCO₂eq

Energy

Category	Unit	2020	2021	2022	
Energy consumption	Total consumption	TJ	83.77	79.68	78.06
	Electricity	TJ	80.04	75.17	74.11
	Gasoline	TJ	0.51	1.00	0.56
	LNG	TJ	3.22	3.51	3.38
	Energy intensity	TJ / KRW 100 million	0.407	0.011	0.004
	Rate of energy reduced (intensity)	%		97.31	60.79
Renewable energy power generation	Solar power generation	TJ	0.433	0.303	0.355

- * Some data are different from 2021 due to subject and criteria expansion. The data are based on F&F, and the energy consumed in our building is combined data of F&F and F&F Holdings.
- * Our target energy consumption in 2022 is 75.7TJ.

Environmental Engagement

Campaigns for Environmental Protection and Carbon Neutrality F&F has launched several green initiatives to involve its employees in the company's goal of reaching net-zero. These campaigns aim to raise awareness about climate change. In addition, in 2022, we implemented activities such as celebrating Earth Day, turning off lights, and reducing water usage on World Water Day. Additionally, F&F has created a rooftop vegetable garden for employees, organized events to promote environmental protection in connection with the garden, and carried out net-zero activities.

EV Charging Station F&F has taken steps to encourage its employees to use electric vehicles (EVs) by installing charging stations in the underground parking lot of its office building. This initiative aims to reduce GHG emissions and air pollution.

Activities for Energy Consumption Reduction

We make an effort to maintain the appropriate temperature when cooling and only turn on every other light in the underground parking lot and public spaces. Our employees are encouraged to put their monitors in sleep mode and turn off the lights after work. We also prohibit our brand stores from keeping their doors open while in operation to improve energy efficiency. Additionally, we have reduced the operating hours of air conditioning equipment and exhaust fans in our office.



Employee Environmental Engagement Campaign



Guide how to practice carbon emissions reduction

Sustainable Resource Management

Strategy

F&F has established an organization that is fully responsible for managing resource use and mitigating pollution. This includes integrating data on soil contamination, air pollution, and waste management. Performance is reported to the ESG Council chairman twice a year, and overarching issues, such as resource consumption and pollution reduction, are discussed at ESG Committee meetings. For sustainable water management, F&F has set goals for water use and recycling, and monitors 100% of water withdrawal by source and quality. Water management at all business sites is reviewed by the ESG Management Committee annually.

Target

For the sake of sustainable resource management, we will reduce our waste generation by 50% by 2040 compared to the level of 2020.

Performance

Waste Generation Management and Mitigation Activities

With the accelerating transition into a low carbon society, a circular economy has grown to prominence. Being well aware of the environmental gravity of apparel surplus stocks generated during our business operations, F&F has established basic principles for the management of raw materials, waste, and waste products aligned with our environmental management policy to manage natural capital that is input into product and service manufacturing, and ensure that waste and waste products are properly disposed and recycled across every stage of our value chain. And we comply with the laws with regard to waste to minimize our waste generation, as well as to facilitate recycling to reduce our environmental footprint. As part of the efforts to promote recycling, we put in place garbage baskets for separation and restrict the use of single use products (spoons / dishes). Along with this, a paperless system has been adopted.

Waste Management Process

F&F is committed to minimizing its environmental footprint by using recyclable materials in product design and manufacturing. We upcycle apparel waste and surplus stock into green materials for interior design, creating a cycle of resource circulation. Our waste disposal process includes planning, collection, separation and storage, measurement, and disposal by specialized waste management companies. We outsource disposal to legitimate agencies and closely manage and supervise them to ensure proper disposal. This process is linked to the Korea Environment Corporation’s system for transparency. In 2022, we generated a total of 1,072 tons of waste, 96.5% of the waste, which is 1,034 tons, has been recycled.

Waste

Category	Unit	2020	2021	2022	
Generation	Total generation	ton	1,184	1,046	1,072
	General waste	ton	171	117	99
	Recyclable waste	ton	1,013	928	972
Recycling	Total amount of waste recycled	ton	1,119	1,001	1,034
	Rate of waste recycled	%	94.5	95.7	96.5
Disposal	Total amount of waste disposed	ton	65	44	38
	Incineration (energy recovery excluded)	ton	42.6	29.2	24.8
	Landfill	ton	22.1	15.1	12.8

* Target total waste generation for 2022 is 1,124.8 tons.

* Target total waste disposal for 2022 is 40 tons.

Water Resource Reduction Activities

We acknowledge the significance of water resources for the apparel industry and the urgency of the global water scarcity issue. We strive to minimize water consumption and maximize reuse in all business processes. We run a water management program based on environmental policies, and we promote water conservation among employees by installing sensor type sink faucets and water saving devices.

On top of that, we identify water related regulatory trends and national and global policies to constantly check on potential water resource risks.

Water

Category	Unit	2020	2021	2022	
Withdrawal	Total withdrawal	ton	17,610	19,298	17,448
Consumption	Total consumption	ton	17,610	19,298	17,448

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Biodiversity

Strategy

Declaration of Biodiversity Commitment

F&F recognizes the importance of protecting and preserving biodiversity for a sustainable future. We have identified risks that may harm biodiversity throughout our business operations and declared our [Biodiversity Commitment](#). This policy applies to all of our business sites and supply chain. We aim to minimize the loss of biodiversity in all aspects of our business, and when there is a loss, we will work to restore and offset it. We will also comply with legal requirements when operating in World Heritage areas and IUCN Category I-IV protected areas. This declaration, along with additional rules, has been approved by the ESG Committee and is reviewed annually, with amendments made as needed.

Declaration of No Deforestation Commitment

F&F has thoroughly examined its business processes to minimize deforestation related risks and preserve forests during wood based textile manufacturing. As part of this effort, we have declared a [No Deforestation Commitment](#) and are committed to minimizing the use of fabrics and raw materials that could harm forests. Our efforts extend beyond first tier suppliers.

Governance

Our ESG Committee under the board manages and supervises biodiversity related risks, with the top decision maker or key decisions makers participating in reviewing the risks to come up with countermeasures. And in-depth discussions on the preservation, restoration, and expansion of biodiversity are made at ESG Council’s meetings. The council responds to the laws and regulations in the biodiversity sector that have a great impact on our business operations, formulates plans for biodiversity assessment and protection, and looks into and deliberates on investments.

The ESG Working Council takes on the roles of assessing the headquarters and business sites in terms of biodiversity and reviewing relevant risks. The Communication Team, the Secretariat, is in full charge of internal and external activities to educate our employees on biodiversity to raise their awareness. And it also accepts and handles grievances with regard to biodiversity, and works with external stakeholders and partner companies.

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Environmental Engagement

Performance

Green Procurement

F&F is working on converting to green raw and subsidiary materials used for wear, footwear, accessories, and packaging materials through all its brands in consideration of the environmental impact of its products. This includes textiles for clothing, filling materials, shoe midsoles, fabric, dyes, and glues for hats and bags, as well as poly bags for packaging, inner paper, heel counters, and plastic fasteners. F&F has also purchased FSC certified eco friendly bags according to the target through its green product procurement process. By working with OEM partners, F&F has expanded the use of environmentally friendly raw and subsidiary materials.

F&F prioritizes the purchase of eco friendly raw and subsidiary materials. When purchasing computer and office supplies, as well as general consumable goods, products certified by the Ministry of Environment for recycling and high energy efficiency are preferred.

Category	Unit	2020	2021	2022	
Green investment	Environmental education and facilities	KRW 100 million	0	3.52	0.2
Green procurement	Eco friendly clothing	KRW 100 million	157.4	318.8	362
	Eco friendly materials	KRW 100 million	118.023	232.333	265.652
	Eco friendly packaging materials	KRW 100 million	0.43	1.76	2.7
Green business sales	Sales from green businesses	KRW 100 million	332	1,055	951

Joining Green Initiatives

In August 2022, we joined an initiative the Implementation of Eco Friendly Fashion Initiative led by the Korea Fashion Industry Association. Along with 50 other domestic fashion brands, we participated in a declaration ceremony to expand the use of green materials, promote recycling and upcycling, and contribute to achieving carbon neutrality.

Environmental Education and Law Violation

Category	Unit	2020	2021	2022	
Employee	No. of participants	Persons	-	125	120
	Educational hours per employee	Hours	-	2	2
	Rate of employees who received education	%	-	25	21
Environmental law violation	Law violation	Cases	-	0	0
	Fines and penalties	KRW million	-	0	0

Green Certification

In our efforts to become a more environmentally friendly business, we have obtained several eco friendly certifications. For example, we are certified by the Organic Content Standard (OCS) and the Responsible Down Standard (RDS). The RDS certification ensures that we do not engage in any unethical practices, such as extracting down from living animals or animal abuse. Our manufacturing process, from raising ducks and geese to slaughtering and down manufacturing, is safe and free from animal abuse. At F&F, we manage all stages of our value chain to ensure ethical and eco friendly production. Additionally, the acquisition of the Global Recycle Standard (GRS) certification for product recycling and the Recycled Claim Standard (RCS) certification for the content of recycled materials is being under review.



OCS
(Organic Content Standard) Mark



RDS
(Responsible Down Standard) Mark

Labor

Strategy

To attract and retain the talent necessary for our business strategies, we have created a long-term plan for talent development that takes into account the rapidly changing internal and external environments. As our sales grow and our business expands, we are continually hiring new talents and have implemented an employee relocation system to adapt to changing business needs. In addition to regular hiring, we also recruit as needed and use an employee referral system to attract top talents. We are committed to creating a corporate culture that values diversity and inclusion, and prohibits workplace bullying, to ensure that our employees grow with us and are treated with respect. Through these efforts, we promote greater diversity and fairness in opportunities.

Target

By 2030, we will raise the ratio of female managers to 50% to promote diversity in employee composition.

Governance

In order to increase public interest in labor and management, as well as to improve the right to work, a Labor Management Council was formed in January 2022. The council is made up of three employee representatives and three management representatives, who were elected through an in house election. The council holds regular meetings every quarter to discuss key issues related to management and labor. If more than two-thirds of the council members vote in favor of an issue, it is passed.

Members of Labor Management Council (As of December 2022)

Category	Department	Job Position
Laborer member	General Affairs Team	Senior Manager
	MLB DATA Planning Team	Manager
	Process Team	Manager
Executive member	-	CEO
	CFO	Senior Director
	HRO	Managing Director

Performance

Recruitment

Category	Unit	2020	2021	2022	
Total no. of employees	Male	Persons	166	188	223
	Female	Persons	236	303	351
	Total	Persons	402	491	574
By contract	Regular	Persons	380	447	554
	Non-regular	Persons	22	44	20
By age	Below 30	Persons	111	142	139
	30-49	Persons	275	330	415
	Above 50	Persons	16	19	20

* Total no of employees includes registered executives.

* Non-regular positions include clerical assistants, employees hired for those on maternity leave, and employees supposed to convert to regular position, and contracts are renewed every year.

Employee Diversity

Category	Unit	2020	2021	2022	
Gender balance	Total no. female employees	%	58.7	61.7	61.1
	Female employees in managerial position	%	-	-	43
	Female executives	%	-	-	20
	Female employees in sales generating departments	%	-	-	70
	New female hires	%	-	-	63
	Female employees in STEM-related departments (science, technology, engineering, and mathematics)	%	-	-	57

* Managerial position includes managers or above, and team leaders.

** By 2030, we will extend our diversity with a goal of 62% of women in total, 50% of women in managerial position, 70% of women in sales generating departments, 60% of women in STEM-related departments, and 30% of women in executives by 2050.

Labor

Employee Diversity

Category		Unit	2020	2021	2022
Diversity in nationality	Total no. of employees	Persons	-	-	3
	New Zealand	Persons	-	-	1
	China	Persons	-	-	2
Employees with disabilities	Total no. of employees	Persons (%)	-	2(0.41%)	2(0.34%)
Employees of national merit	Total no. of employees	Persons (%)	-	-	1(0.17%)

Hiring and Years of Services

To ensure fairness and transparency in our recruitment procedures, we manage the entire process with our related departments taking the lead in job based hiring to recruit experts. We train our interviewers to improve their skills and conduct structured interviews. All recruitment is conducted on an ad hoc basis to minimize vacancies, and AI interviews are introduced to increase hiring efficiency.

New Hires

Category		Unit	2020	2021	2022
Gender	Male (ratio)	%	42	31	37
	Female (ratio)	%	58	69	63
Job position	Executives (ratio)	%	2.6	2.7	2.8
	Senior managers (ratio)	%	2.1	5.9	3.2
	Junior managers (ratio)	%	33.0	22.2	34.7
	Staff (ratio)	%	62.4	69.2	59.3
Recruitment costs	Total	KRW	344,625,000	880,802,409	1,307,750,800
	Recruitment costs per employee	KRW	1,749,365	3,880,187	5,148,625
	Male	KRW	144,742,500	273,048,747	479,860,173
	Female	KRW	199,882,500	607,753,662	827,890,627

Employee Turnover

Category		Unit	2020	2021	2022
Gender	Male	Persons	-	23	56
	Female	Persons	-	54	116
	Total	Persons	-	77	172
Job position	Executives	Persons	-	-	1
	Senior managers	Persons	-	-	11
	Junior managers	Persons	-	-	51
	Staff	Persons	-	-	109
	Total	Persons	-	-	172

Employee Voluntary Turnover

Category		Unit	2020	2021	2022
Gender	Male	Persons	-	23	56
	Female	Persons	-	54	116
	Total	Persons	-	77	172
Job position	Executives	Persons	-	-	1
	Senior managers	Persons	-	-	11
	Junior managers	Persons	-	-	51
	Staff	Persons	-	-	109
	Total	Persons	-	-	172

* Voluntary retirement does not include dismissal or regular retirement.

Performance Appraisal

F&F has implemented a 360 degree assessment and feedback system. Our employees can access their feedback at any time through the Finstagram and Work tok systems. We also offer performance based incentives twice a year to reward our employees for their hard work and dedication. Our Variable Performance Pay Program evaluates both individual job performance and departmental performance.

Labor

Our Variable Performance Pay Program

Type	Criteria	Cycle
Performance	Salary Increase	Job performance and competency
	Performance Incentive	Operating performance of business unit
Collaboration	Viral Incentive	Recommendations by colleagues and contribution to performance
	Compliment Award	No. of compliments received (regular feedback on intranet)

Remuneration

Category	Unit	2020	2021	2022	
Employees	Average Pay	KRW million	-	-	73.9
	Male	KRW million	-	-	90.0
	Female	KRW million	-	-	63.9
Managers	Male	KRW million	-	-	237
	Female	KRW million	-	-	224
Non managers	Male	KRW million	-	-	72
	Female	KRW million	-	-	54
Gender equal pay	All employees	%	-	-	71
	Employees in managerial position	%	-	-	94
	Employees in non managerial positions	%	-	-	67
	Executives	%	-	-	37

Performance Evaluation

Category	Unit	2020	2021	2022
Rate of employees who received a regular performance evaluation	%	-	100	100
No. of employees subject to regular performance evaluation	Persons	-	-	454

Labor Management Council

Category	Unit	2020	2021	2022
Rate of employees subject to collective agreement	%	100	100	100
Labor Management Council meetings convened	Times	4	4	4

Welfare Benefits

F&F is committed to promoting work life balance for our employees. We offer a variety of flexible work arrangements, including remote work, staggered hours, flexible schedules, and discretionary work, as well as a reward based leave system. Our goal is to help our employees enjoy their work. To this end, we organize cultural events such as the 'YEAR END PARTY' and support club activities that encourage social interaction and camaraderie among our staff.

'Happy Mom Service' is one of our representative programs designed for maternity protection. In addition, we provide childcare leave, and exclusive perks such as 'Mom Gifts', reserved parking spaces, and unlimited prenatal tests. We also cover college tuition for our employees' children and celebrate their entry into kindergarten or school with gifts. In addition to these family oriented benefits, we offer all employees who have worked with us for more than a year meal tickets, accommodation vouchers for overseas resorts, and vacation money.

Our employees can also enjoy free breakfast and morning coffee. We have group accident insurance to ensure that our employees can recover from any accidents or injuries in a stable manner, and we provide free annual health check ups for all employees. F&F has implemented the 'Employee Assistance Program (EAP),' a specialized psychological counseling service, to provide support to employees in addressing various difficulties and concerns they may encounter during work, as well as personal psychological issues. This program aims to help employees resolve their worries and stress, allowing them to focus on their tasks effectively.

Category	Unit	2020	2021	2022	
Welfare benefits	Welfare benefit costs	KRW 100 million	-	40.46	89.96
Work life balance	Rate of employees using flexible work hours	%	100	100	100

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Our Welfare Services for Employees, L.I.F.E STYLE

Category	Welfare program	Service descriptions
LEARNING PLATFORM Self directed program that supports the growth of employees	Level up Program (offline)	Financial support for acquiring job related qualifications and language courses
	FuTube Program (online)	Access to statutory education, leadership, and job training content
	F& Library – Book Coupon	Support for purchasing books tailored to individual tastes
INSTAGRAMMABLE ACTIVITIES Supporting various activities to create our own fun and collaborative culture	FLUNCH DAY	Extended lunch break twice a month
	Happy Hour	Sharing a Fun culture through various events twice a year
	Recharge option	Up to 1 month of refresh leave
	F&F Anniversary / YEAR END PARTY	Parties twice a year for the foundation anniversary and year end
	Support for club activities	Support for monthly club activity expenses
	Resort facilities	Use of corporate resorts nationwide at member prices
FAMILY CARE care service that connects company, family, and employees	Happy Mom Service	Pregnancy check and care during pregnancy and after childbirth
	Support for childcare expenses for toddlers	Support the childcare subsidy for children Under the Age of 5 in Kindergartens
	Admission gift and tuition fees	Kindergarten and elementary, middle and high school admission gift, support for college tuition fees for up to 2 childrens
	Comprehensive health check up	Comprehensive health check ups for employees and their spouses once a year
	Support for family occasions	Congratulatory and condolence money, leave, and goods support
	Award for long-term Employees	Refreshment leave for long-term employees
EMPLOYEE CARE Service that considers employees attentively in all aspects of company life	Group accident insurance	Stable life against various diseases and injuries
	EAP(Employee Assistant Program)	Specialized Psychological Counseling Service for Employees
	Vehicle maintenance cost	Monthly vehicle maintenance support
	Telecommunication cost	Monthly support for telecommunication expenses for all employees
	Welcome gift	A welcome gift for new hires (Welcome Kit)
	Birthday gift	Birthday gifts and early leave from work on birthdays
	Breakfast	Providing a variety of breakfast and morning coffee at Jardin every morning
	Holiday Gift	Offering gifts twice a year (New Year’s Day and Chuseok holidays)

Childbirth and Childcare

Category	Unit	2020	2021	2022	
No. of employees on childcare leave	Total employees	Persons	4	7	16
	Male	Persons	0	1	1
	Female	Persons	4	6	15
No. of employees returning to work after the childcare leave	Male	Persons	0	1	0
	Female	Persons	0	2	3
No. of employees who work more than 12 months after the return	Male	Persons	0	1	1
	Female	Persons	0	1	0

* No. of employees on childcare leave: The figure is only applicable for each year

* No. of employees returning to work after the childcare leave: This includes employees who return to work for at least one day after their leave

Employee Development

F&F is committed to supporting its employees in their career growth and development. One of our key initiatives is the Level Up Program, which covers the costs of job related certification courses or language classes. Additionally, our employees have unlimited access to educational resources to enhance their leadership skills and professional knowledge. We also provide book vouchers to encourage intellectual curiosity.

Education

Category	Unit	2020	2021	2022	
Educational hours	Educational hours per employee	Hours	-	-	14.7
	Male	Hours	-	-	16
	Female	Hours	-	-	13.92
	Regular	Hours	-	-	15.35
	Non-regular	Hours	-	-	5.28
Educational expenses	Educational expenses per employee	KRW 1,000	-	-	320
Educational satisfaction level (out of five)	Points	-	-	-	3.10

Satisfaction Level

Category	Unit	2020	2021	2022
Employee satisfaction level (out of five)	Points	-	-	4.6

Health and Safety

Strategy

In 2023, F&F systemized its safety management system based on the [OHS Policy](#). This policy applies to all of our business sites where risks could occur, both local and overseas, as well as our employees, subsidiaries, suppliers, and contractors. It is aligned with OHS international standards and regulations, as well as our collective agreement. We review this policy annually to address new safety and health concerns and adapt to changing regulations.

To prevent serious accidents and disasters, we have established a proactive prevention system. In response to stricter regulations under the Serious Accidents Punishment Act and the Occupational Safety and Health Act, F&F has strengthened its safety and health management by implementing various measures to prevent serious accidents and disaster type accidents.

We have segmented into 17 safety and health regulations and guidelines, including regulations on safety management and guidelines for high risk tasks, to proactively address potential risks. Our Icheon Logistics Center has continuously evaluated and improved its systems to meet the standards of the ISO 45001 safety and health management system.

Mid-to long-term Safety and Health Strategies



Target

To embed a safety culture into every corner of value chain, we will raise the number of safety and health training programs by 25%p by the year 2030. The programs include special education on safety and education for our employees, and also training for our partner companies.

Governance

Safety and Health System

In January 2022, F&F established an Occupational Safety and Health Committee in accordance with Article 24 of the 「Occupational Safety and Health Act」. The committee meets quarterly to discuss and make decisions on important safety and health issues, working towards the development of a comprehensive risk management system. A Safety and Health Working Group, composed of safety and health supervisors and key stakeholders, addresses critical safety concerns such as workplace disaster prevention and work environment improvement.

F&F has implemented an effective management system based on its mid-to long-term safety and health plan and DT, overseen by the Safety and Health Team. This system strengthens safety functions throughout the entire company. The logistics center has staff dedicated to ensuring safety at the business site, creating a safety system that covers all work processes.

Risk Management

Safety and Health Risk Management

To ensure safety and health from the initial stages of business planning, we conduct risk assessments. Our logistics center identifies its risk factors using its criteria and guidelines, and regularly consults with external specialized agencies to mitigate risks. We also take corrective measures to prevent potential accidents.

Additionally, we provide safety guidelines for high risk tasks during interior work to manage risks within our supply chain. F&F's safety and health risk management system will increase its efficiency through DT (Digital Transformation), which is currently being upgraded throughout the company.

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Health and Safety

Performance

Category	Unit	2020	2021	2022	
Employees	Fatalities	Persons	0	0	0
	Death rate	%	0	0	0
	Lost Time Incident (LTI)	Cases / 1 million working hours	0	0	0
	Lost Time Injuries Frequency Rate (LTIFR)	%	0	0	0
	Industrial accident victims	Persons	0	0	0
	Rate of industrial accidents	%	0	0	0
	Serious accident victims	Persons	0	0	0
	Rate of serious accidents	%	0	0	0
	Employee of partner companies	Fatalities	Persons	0	0
Death rate		%	0	0	0
Lost Time Incident (LTI)		Cases / 1 million working hours	0	0	0
Lost Time Injuries Frequency Rate (LTIFR)		%	0	0	0
Industrial accident victims		Persons	0	0	0
Rate of industrial accidents		%	0	0	0
Rate of serious accidents		%	0	0	0

* Partner companies mean key suppliers in Korea

Category	Unit	2020	2021	2022
Safety management	Risk assessment	V	V	V
	Management of partner companies' safety & prevention	V	V	V
Health management support	Physical fitness support	V	V	V
	Mental fitness support	V	V	V

In 2022, our company established a healthcare room to promote a safe and healthy work environment for our employees. This room offers individualized health counseling, routine health check ups, and emergency assistance to ensure the well being of our staff.

In addition, we look into the records of industrial accidents that happened in our company and also suppliers, and relevant indicators to figure out the status of lost time due to the accidents, and use these data to remedy the problems. By doing so, we minimize loss time arising from workplace accidents and make all out efforts to become a safe work environment.

As part of our commitment to safety and health, we provide our employees with more than three hours of training on a quarterly basis. Additionally, office workers receive regular training for two hours each month. In 2022, we engaged an external specialized educational agency to provide special education on safety and health, including cardiopulmonary resuscitation (CPR), and conducted a safety perception diagnosis for our employees. We also provided safety and health training to some of our suppliers that are at risk of industrial accidents.

Category	Unit	2020	2021	2022	
Violation of safety relate laws	No. of violations	Cases	0	1	0
	Penalties	KRW 1,000	0	3,200	0
	Fines	KRW 1,000	0	0	0

Customer Management

Strategy

At F&F, we are committed to creating a fair market environment where our customers' rights and interests are protected. To achieve this, we have established a 'Advertising & Marketing Ethics Declaration' This policy aims to provide our customers with balanced information about the impact of our products on the environment and society, enabling them to make informed and rational decisions. We ensure that the information we provide about our product quality is accurate and reliable, and we do not denigrate our competitors' products or provide false information about them. We also take special care to protect children by using appropriate language and ensuring that our promotions and marketing campaigns targeting children comply with relevant laws in terms of content and methods.

By adhering to this policy, we provide our customers with the information they need to make informed choices, thereby safeguarding their right to know and promoting a healthy market environment.

Policy to Safeguard Consumers' Rights and Interests

We are committed to providing our customers with the highest quality products and services. To ensure this, we have implemented a comprehensive quality management system that covers all aspects of our operations, from manufacturing to processing. In the event of a product defect, we take corrective measures such as repair, exchange, or refund. For product exchanges, we follow a policy of exchanging the product for one of the same type and price, and we work hard to ensure that our customers can exchange their products for the ones they want. We are continually improving our consumer rights protection system to provide our customers with outstanding quality products.

Target

Our goal is to increase the percentage of customers who report being 'satisfied' in our satisfaction surveys to 90% or higher by 2030, in order to protect their rights and interests in our business operations.

Performance

VOC Management and Responses

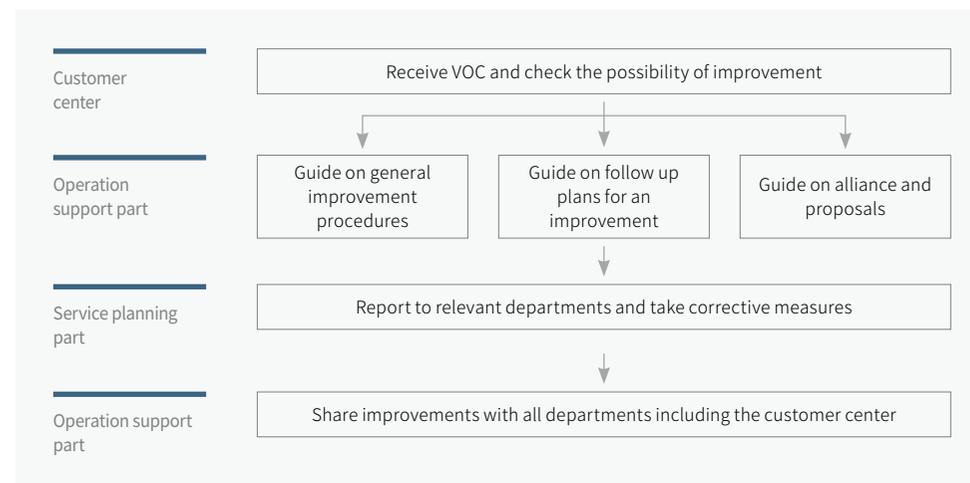
In order to better serve our customers, we have redoubled our efforts to gather feedback through our Voice of Customer (VOC) program. We use a variety of channels to collect opinions and feedback from our customers. In 2022, we received 74,188 complaints and inquiries through our call center and customer service centers, and successfully resolved more than 86% of them.

Customers can access notifications and manage their orders, such as exchange, return, or delivery, through our mobile application, website, and brand customer centers. We also offer real time support through Counseling Talk on Kakao Talk. All inquiries received through these channels are addressed within 24 hours.

Our call center and customer centers report customer inquiries to the E-BIZ Team on a daily and monthly basis. The E-BIZ Team then works to improve our products, quality, and services based on this feedback. Our operation support and service planning parts, responsible for customer care and satisfaction, analyze the feedback to identify root causes and prevent recurrence. They also work to develop long-term solutions to address any issues.

F&F values its customers' opinions. And we are committed to continuously improving our products, services, and quality based on our customers' feedback to better satisfy our customers.

VOC Handling Process



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Consumer Damage Compensation

We have established a set of criteria for compensating customers for any damages they may have experienced. Our goal is to listen to our customers and provide them with fair compensation for any losses they may have incurred. To achieve this, we have implemented a seamless management system that ensures the quality and functionality of our products. We also have a return and refund policy in place that takes into account the convenience of our customers. If a customer requests a return or refund, we promptly process their request using our streamlined exchange and refund procedures. This is one of the ways we strive to increase customer satisfaction.

Criteria for Consumer Damage Compensation

	Poor fabric, subsidiary materials, and sewing <ul style="list-style-type: none"> • Free repair, exchange, or refund for products within 1 year from the date of purchase • Free repair of defective sewing even after one year has elapsed
	Dimensional inaccuracy, dissatisfaction with design and color <ul style="list-style-type: none"> • In principle, if there is no damage to the product within 7 days from the date of purchase, exchange for the same product at the same price
	Exchanges and refunds <ul style="list-style-type: none"> • Notification of compensation possibility and content within 7 days from the date of request • Compensation action within 14 days of notification • Not responsible for product damage due to consumer negligence or improper washing, or product quality that has passed the warranty period of one year. Paid repair is possible

Online Sales Strategies and Status*

Category	Unit	2020	2021	2022
Online service platform users**	Persons	9,590,898	23,222,077	23,424,226
Ratio of online sales	%	-	7	9

* Based on MLB, MLB KIDS, and DISCOVERY EXPEDITION

** Based on customers of brand shopping malls

Customer Satisfaction Survey

F&F strives to refine its services by collecting and reflecting opinions from customers through customer satisfaction surveys. Every month, we conduct a customer survey on their satisfaction, and the findings are reflected in our service. And the feedback we earn through the surveys is utilized as significant materials to enhance our products and services.

We have never relented in our efforts to better satisfy our customers, which has resulted in more than 90% of our customers being satisfied with our products. Going forward, our dedication to mainlining high level of customer satisfaction will carry on. And we will always pay close attention to our customers and reflect their thoughts and feedback.

Customer Satisfaction

Category	Unit	2020	2021	2022	
Satisfied customers	Rate of customers who answered they were satisfied	%	-	-	91
	Ratio of respondents to total customers	%	-	-	13
	Disclosure of grievance and opinion handling	V	-	-	V

Handling by Call Center & Bulletin Board

No. of inquires	No. of cases handled	Handling rate
228,328	217,424	95.2%

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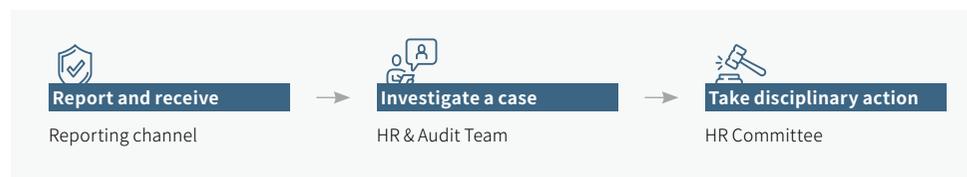
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Strategy

We support international standards and guidelines on human rights and labor, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business & Human Rights, and the OECD Due Diligence Guidance for Responsible Business Conduct. In addition, by establishing its own ‘[Human Rights Policy](#)’, all employees and stakeholders in business relationships are encouraged to respect the Human Rights Charter.

We are committed to preventing human rights violations caused by business operations and mitigating risks associated with them. By specifying the human rights violation reporting process, damages are minimized in the event of human rights violations. We strictly prohibit acts such as human trafficking, forced labor, child labor, and inhumane treatment, and protect stakeholders with vulnerable human rights, such as pregnant women and the disabled, and comply with local labor regulations where our business sites are located.

We have established the ‘[Non Discrimination & Anti Harassment Declaration](#)’ with zero tolerance for discrimination and harassment so that all members can work in a safe and respectful environment. Sexual harassment and bullying in any form are strictly prohibited, discrimination for any reason is excluded, and company wide training is conducted for internalization. In the event of a human rights violation, the identity of the victim will be thoroughly protected, and the perpetrator will be given appropriate corrective action or disciplinary action.



Target

With the objective to promote a human rights friendly corporate culture, we will increase human rights educational hours by 40%p. To this end, we will further develop educational programs, and engage more employees in this effort.

Performance

Grievance Handling Process

We have appointed personnel in charge of grievance handling among labor workers of the Labor Management Council as part of the efforts to identify and remedy human rights issues. Within the HR Team, employees responsible for employee relation (ER) and organization development (OD) receive reports from employees on their complaints and grievances along with the Voice of Employee (VOE). Various work related issues ranging from personnel system, corporate culture, workplace bully, sexual harassment and other problems can be reported. An investigation comes after the report, and when there is human rights abuse, immediate and rational measures are taken to resolve the case.

The process consists of three stages: suggestion, reception and handling, and result notification. Throughout the process, the identity of the whistleblower is kept confidential to ensure that they do not face any disadvantages. The reported cases are handled based on their severity and urgency, with results and follow up feedback being delivered promptly. The Management Improvement Team, Legal Affairs Team, and HR Team jointly handle grievances received through the hotline.

Workplace Bully Reporting Process

When addressing reports of workplace bullying, we take into account the severity of the situation and its impact on human rights. We listen carefully to the victims and follow a process that includes counseling, investigation, taking appropriate measures, and monitoring.

We inform victims about the counseling procedures to help them feel at ease and express their experiences and difficulties. An investigation is conducted to understand the situation, followed by appropriate measures for resolution. Throughout the process, we monitor developments and improvements to ensure that the situation is resolved effectively.

Grievance Handling Channel

Category	Unit	2020	2021	2022
Rate of grievances handled	%	-	100	100

Reporting and Handling

Category	Unit	2020	2021	2022
No. of human rights related cases reported	Cases	-	8	1
No. of human rights related cases handled	Cases	-	8	1

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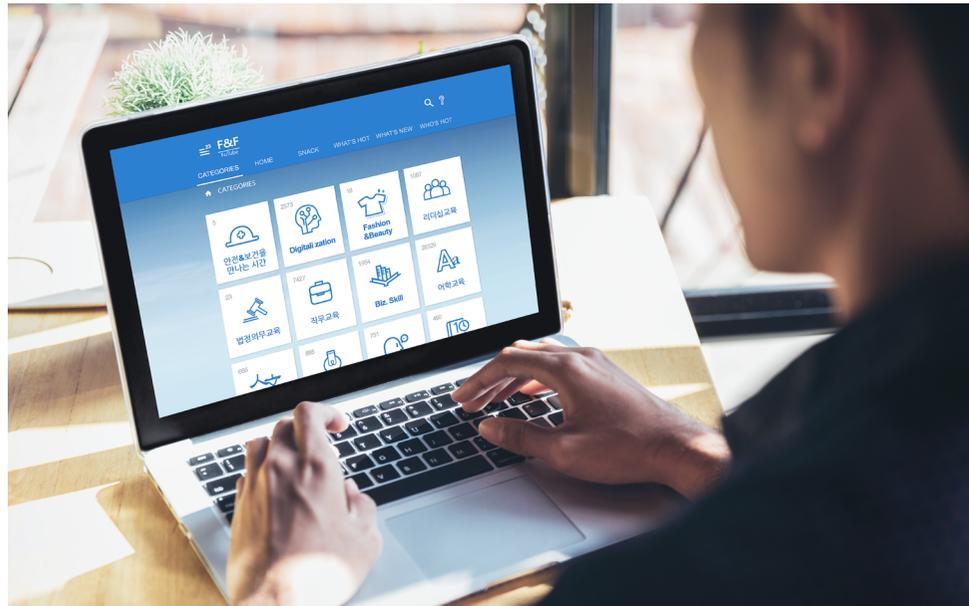
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Human Rights

Human Rights Education

F&F is committed to promoting human rights and has implemented various educational programs to prevent sexual harassment, workplace bullying, and abuse of power, as well as to raise awareness about people with disabilities. Our employees receive human rights education through both online and offline platforms more than once a year. For team leaders and above, we offer one on one leadership coaching.

In addition, we have developed a platform that provides customized content for 20 different sectors, which can be applied to 46,000 real world situations. Our digital technology based smart learning system allows our employees to access educational content anytime, anywhere.



Category	Unit	2020	2021	2022
Human rights educational hours per employee	Hours	-	-	4.4
Hours of education on the prevention of sexual harassment per employee	Hours	-	-	1.2
Hours of education on raising awareness about the disabled per employee	Hours	-	-	1.2
Hours of education on the prevention of workplace bully per employee	Hours	-	-	1.2
Others	Hours	-	-	0.8
Rate of employees who received human rights education	%	-	-	100

Law Violation

Category		Unit	2020	2021	2022
Violation of human rights related laws	No. of violations	Cases	-	0	0
	Penalties	KRW 1,000	-	0	0
	Fines	KRW 1,000	-	0	0

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Supply Chain Management

Strategy

F&F strives to create a sustainable supply chain to fulfill its environmental and social responsibilities arising from product production and services. To this end, we have developed a [Supplier Code of Conduct](#) that reflects ESG factors for all suppliers transacting with F&F and affiliates.

We established supplier management regulations and set clear evaluation criteria that reflect ESG factors to promote productivity improvement and competitiveness enhancement. Evaluations are conducted twice a year, focusing on factors such as quality, cost, and delivery. We evaluate both the quantitative part and the qualitative part. The evaluation results are utilized to determine the contract weight of the suppliers for the next season.

For ESG risk management, we are relentlessly strengthening relationships with key suppliers while gathering data, such as eco friendly business site certification from due diligence. Aiming to promote systematic ESG management, we have advanced a supplier ESG status management program within our own digital system.

Risk Management

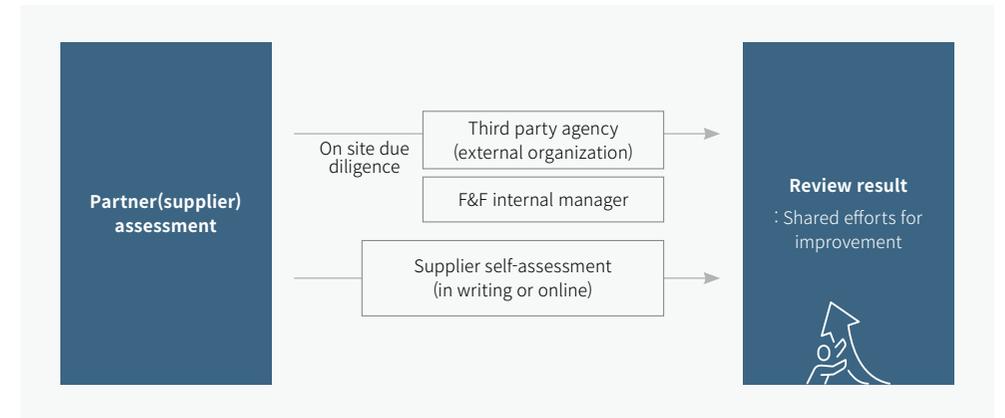
F&F established an internal responsible supply chain risk management inspection system to comply with ESG risk management requirements and domestic and international esg related regulations in harmony with the growth of our global business. To this end, we are categorizing risks that may occur in the fashion textile industry and seeking various ways to eradicate them.

We communicate with our suppliers by creating an internal digital system that major suppliers can access to manage ESG risks. On top of that, we regularly monitor the ESG status of our partners by sharing data from domestic and overseas evaluation and certification institutions. Moreover, through on site due diligence, we check the current status of overseas manufacturing production lines, including labor issues, and request improvements.

Performance

Supplier Selection Process

F&F conducts the competitive evaluation to transparently and fairly select partner companies that meet business directions and requirements. Through this process, we evaluate the business competitiveness of suppliers in terms of technology, quality, price, delivery, management, and finance. In addition, through on site inspection, we review the ESG management system and financial status of our suppliers, followed by reflecting them in the partner selection results.



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Regular Surveys Targeting Suppliers

F&F conducts a ‘win win management survey’ on a regular basis every year targeting suppliers in business relations with the company to enhance supply chain transparency and manage unfair trade risks. The survey consists of questionnaires regarding ‘communication and trust’, ‘work capability’, ‘fairness’, ‘integrity’, ‘win win management’, and ‘improvement and suggestions’. And we are actively utilizing it to create a fair and transparent trade environment with our suppliers.

Hotline System for Suppliers

Our hotline system serves as a valuable opportunity to directly listen to the opinions concerning F&F’s ethical management and win win management from our partner companies. Every year, the department responsible for ethical management directly interviews with major partner companies for this.

Suppliers Classification

Category	Unit	2020	2021	2022
Total no. of suppliers	Number	88	115	119
No. of 1st tier suppliers	Total	119	146	159
	Domestic	118	145	157
	Overseas	1	1	2
	Key suppliers	12	16	15
No. of 2nd tier suppliers	Number	28	28	25

Ratio of Supplier Purchase Amount

Category	Unit	2020	2021	2022	
Ratio of 1st tier suppliers	Total 1	%	100	100	100
	Domestic	%	99	99	99
	Overseas	%	1	1	1

ESG Evaluation

Category	Unit	2020	2021	2022	
Key suppliers monitoring	No. of regular ESG evaluations conducted per year	Number	1	1	1

Grievance Handling for Suppliers

Category	Unit	2020	2021	2022
Grievance handling in the Safety and Health Working Council	%	100	100	100

Complaint Handling for Suppliers

Category	Unit	2020	2021	2022
Handling of reports received in supplier communication channels	%	100	100	100

* Based on the number of cases received through the regular survey / hotline system for partner companies.

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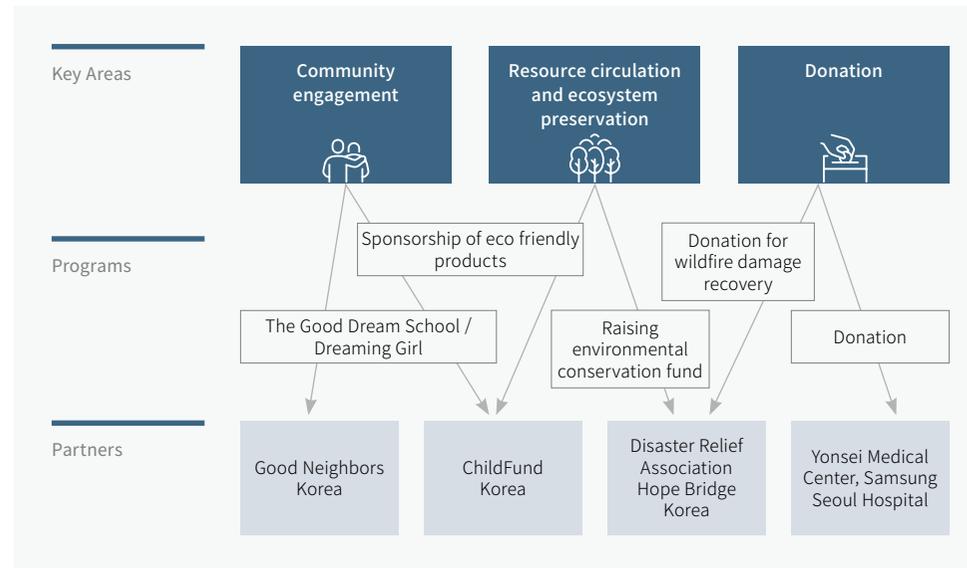
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Strategy

F&F aims to contribute to a safe, free, and sustainable life through its social contribution activities. As part of our efforts, we have reorganized our social contribution system focusing on three areas; ‘community engagement’, ‘resource circulation and ecosystem preservation’, and ‘donation,’ advancing the overall business.

Social Contribution System



Our vision for 2023 and beyond is to create a smart and healthy society and environment with a digital fashion system. Based on this vision, we have established a new strategy for systematic social contribution activities. Our goal is to contribute to protecting the environment and society’s important values and mitigating negative impacts by developing programs aligned with our ‘business’ and ‘key brands.’ With an annual budget of KRW 1.5 billion in social contribution, we aim to design and implement programs that adhere to global standards. We will also contribute to the development of local communities by developing and operating our own programs rather than relying on simple donations.

Social Contribution Strategies



F&F Holdings Communication Team assumes a role of carrying out various social contribution activities. We are engaged in community participation, resource circulation, ecosystem preservation, and donation. We collaborate with various organizations, such as Good Neighbors Korea, ChildFund Korea, and Disaster Relief Association, to expand the scope of these activities. After each activity, we conduct a performance analysis and evaluate the actual effectiveness of the business plan by an external professional organization.

Target

By 2030, we will implement community contribution programs linked to core businesses and major brands at least once a year, and conduct impact assessments on local communities when developing new programs.

Risk Management

We are dedicated to identifying the impact of our corporate activities on local communities and minimizing negative effects. To address the issue of corporate waste that directly affects the local environment, we have established a resource circulation social contribution model. We have signed an MOU with Good Neighbors Korea for balanced development of the local community and have carried out several support activities to enhance the quality of life for vulnerable groups such as children with educational gaps, low income families, and young people preparing for self reliance. On top of that, we are continuously pushing forward our activities for the local community in a further advanced way by evaluating the projects that have been carried out, rather than simply supporting them.

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Performance Social Investment

Category	Unit	2020	2021	2022
Total amount	KRW 100 million	-	5.41	10.11
Charitable donation	KRW 100 million	-	5.41	10.11
Cash donation	KRW 100 million	-	3.41	5.11
In kind donation	KRW 100 million	-	0.00	2.00
Social contribution operating expenses	KRW 100 million	-	2.00	3.00
Political contributions*	KRW 100 million	-	-	-

* F&F strictly complies with domestic political funds act and improper solicitation and graft act that prohibit donations of political funds by corporations or organizations, and does not provide any political funds.

Major Activities during 2022-2023

Organization name	Period	Details
Good Neighbors Korea	Mar. 2022	Support for youth preparing for self reliance
	Jul. 2022	Support for The Good Dream School, a care and education business for children from vulnerable groups
	Feb. 2023	Support Türkiye earthquake stricken areas with winter clothing and damage restoration
ChildFund Korea	Jun. 2022	Donation activities for eco friendly furniture made from clothing inventory
Hope Bridge Korea	Aug. 2022	Fund support for the restoration of ecosystems damaged by forest fires, the conservation of biodiversity, and the assistance to damages from torrential rains
Icheon Fire Station	Oct. 2022	Designated donation through the Korea Fire Insurance Association in October 2022 (Icheon is the area where our distribution center is located)
Samsung Seoul Hospital	Jan. 2023	Patient Happiness Fund (support patients from difficult families with medical expenses)
Arumjigi Culture Keepers Foundation	May. 2023	Preservation of Korean traditional culture and support for its global PR activities

Our Efforts for Local Communities, The Good Dream School

Program	Target	Details
Care support project	The vulnerable	Delivery of lunch boxes and monitoring of dietary habits
Learning support project	Children with educational gaps	One on one mentoring for children
Girl support project	Girls from low income families	Delivery of women's essential product kits
Youth self-reliance preparation support project	Young people leaving child welfare facilities	Delivery of goods for self-reliance

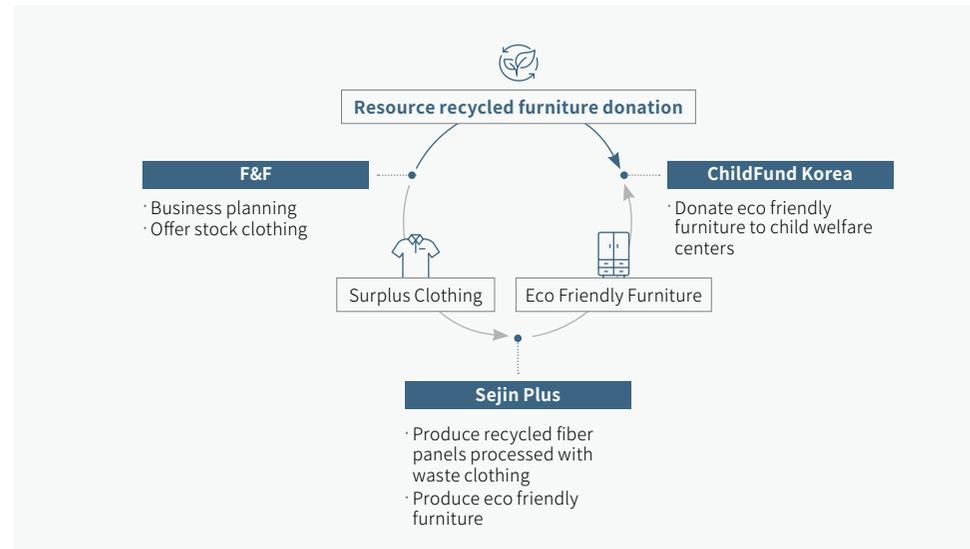
Community Relations

Clothing Resource Circulation & Donation Model

F&F acknowledges and takes responsibility for the environmental impact of the fashion industry. Incineration or landfill during the clothing disposal process is a significant cause of air, water, and soil pollution, causing dioxins, nitrogen oxides, toxic substances, leachate, and GHG emissions. To address this issue, we launched a project in April 2022 to transform clothing inventory into eco friendly furniture in collaboration with ChildFund Korea and Sejin Plus.

When we provided 14 tons of clothing in stock and business expenses to Sejin Plus, Sejin Plus transformed them into eco friendly fiber panels and manufactured them into approximately 240 eco friendly furniture pieces such as bookcases, desks, and storage boxes. ChildFund Korea delivered eco friendly furniture to 23 child welfare institutions nationwide through a demand survey. Through this 'resource circulation & donation' model, we addressed environmental issues and contributed to improving the academic environment for underprivileged children. As a result, we were able to cut down about 4.1 tons of carbon through this process.

Resource Circulation & Donation Structure



Emergency Disaster and Damage Recovery Support

F&F entered into an MOU with Hope Bridge Korea Disaster Relief Association in June 2022, with the aim of promoting environmental conservation and disaster relief initiatives in the face of climate change. The parties agreed to jointly raise approximately KRW 300 million for the implementation of a one year project. Prior to that, we donated KRW 200 million to Hope Bridge Korea in March 2022 to assist in the recovery efforts and support the victims of the forest fires that occurred in the Uljin and Samcheok areas. We used our remaining KRW 200 million to help those affected by the sudden floods in Seoul, Incheon and other metropolitan areas caused by heavy rainfall in August 2022.

Through our partnership with Good Neighbors Korea, we delivered F&F's winter clothing items, including padded jackets valued at approximately KRW 1 billion, to the earthquake stricken region in Türkiye in February 2023. Furthermore, we contributed to the relief efforts and recovery of the Turkish people who endured severe losses from the earthquake.

Assistance of Treatment Expenses For the Vulnerable

In January 2023, we donated a total of KRW 100 million to the Patient Happiness Fund at Samsung Seoul Hospital. Through this donation, we helped in the treatment and rehabilitation of vulnerable patients, gifting hope and independence to our neighbors in need.

Social Contribution Performance Evaluation

We are conducting an assessment of the beneficiaries after the completion of the care area project to measure the impact of our social contribution. The assessment includes questions about the level of satisfaction with the support and the improvement in the overall quality of life. The results show that 94.1% of the participants were satisfied (88.2% very satisfied) and 96% reported that it was beneficial for their family life.

Major Association Fees and Contributions

Category	Unit	2020	2021	2022
Korea Listed Companies Association	KRW	-	-	5,780,000
Korean Academic Society of Business Administration	KRW	-	-	3,000,000
Korea Fashion Industry Association	KRW	-	-	2,500,000
Korea Industrial Safety Association	KRW	-	-	360,000
Korea International Trade Association	KRW	-	-	150,000

Information Security

Strategy

In compliance with the Personal Information Protection Act and relevant legislation, we safeguard the freedom and rights of information subjects, and we handle personal information securely. In 2023, we updated our [Privacy Policy: Systems/Procedures](#) to enhance the protection of customers' personal information and rights. Our policy covers the purpose and current status of personal information processing, issues related to the processing of children's personal information, procedures and methods for destroying personal information, and measures to ensure the safety of personal information. Furthermore, we have introduced methods for remedies for the infringement of customer rights, disciplinary measures for violations, and audit matters for compliance with the privacy policy. Relevant information is accessible on the intranet system so that members can apply it at all times, and it is stipulated that only employees with legitimate authority can access and process information within the company in accordance with appropriate procedures and information security principles. On top of that, we are preparing to acquire an information security management system, ISMS certification, in accordance with global standards in August 2023.

Governance

The digitalization of the fashion industry and service types, as well as changes in the global market environment, have heightened corporate information protection responsibilities and the need to respond to information risks. We are strengthening our security management system by establishing a company wide security procedure and system that integrates IT infrastructure, physical security, and human security, under the leadership of the Information Security Team. We appointed a Chief Information Security Officer (CISO) with 15 years of experience in information security and IT. And the CEO receives periodic reports to clarify responsibilities for information protection and promote continuous improvement and response to information protection.

Information Security Management Organization



Performance

Based on the personal information protection internal management plan, we conduct internal audits before the end of April each year and prepare audit reports by the end of July. If we detect any violations, we take measures in accordance with relevant regulations.

In order to raise employees' awareness of information security, we set up an annual personal information protection training plan, providing training at least twice a year under the guidance of a CISO. Personal information protection training is delivered through group training or an in house online training platform, and if necessary, outsourced training is delivered through an external professional organization. In addition, personal information inspection and training are carried out at least once a year for consignees for personal information work. We also carry out inspections of web vulnerabilities and infrastructure for websites accessed by customers at least once a year.

Category	Unit	2020	2021	2022
No. of grievances involving customer privacy violations	No. of cases F&F directly verified	-	-	0
	No. of cases verified by the regulation authority	-	-	0
No. of information security violations	Total no. of information security violations	-	-	0
	No. of customer information security violations	-	-	0
	Amount of penalty involving information security violations	KRW thousand	-	-

Information Security Training

Category	Unit	2020	2021	2022
No. of participants	Persons	-	-	561
Training hours	Hours	-	-	841.5
Training hours per employee	Hours	-	-	1.5
Participation ratio	%	-	-	100

Information Security Investment

Category	Unit	2020	2021	2022
Ratio of investment to total IT budget	%	-	6.42	5.7

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Strategy

On May 1, 2021, F&F Group was split into F&F Holdings, a surviving corporation, and F&F, a newly established corporation as part of an effort to secure professional capabilities for each business area and improve the stability of governance. In order to enhance the soundness of governance, we have made internal regulations such as articles of incorporation, current status of BOD activities, and operating regulations available on our website and in our business reports in a transparent manner.

In 2022, we established the Corporate Governance Charter to lay the foundation for establishing a transparent and sound governance structure. The charter specifies the composition, qualifications, appointment and recommendation of the board of directors, duties and responsibilities, and the rights of the audit body and stakeholders. In 2023, we established a separate [Diversity Policy for the BOD](#). We form the BOD in consideration of diversity factors such as gender, religion, country of origin, and nationality. And we actively consider personnel who can bring a new perspective to the board as director candidates. In particular, we ensure that the BOD is composed of qualified people with diverse expertise to ensure that the board is not skewed towards specific backgrounds or job groups. Currently, the BOD is composed of experts in various areas, including accounting, finance, finance, and law, in a balanced way.

In order to eliminate conflicts of interest when making decisions at the board of directors, we have implemented policies to regulate internal transactions and self transactions. We adhere to relevant regulations such as the Commercial Act, and the approval of transactions between directors, controlling shareholders, and other companies is established as a matter for resolution by the board of directors, and is transparently disclosed in the corporate governance report.

Composition and Operation

F&F Holdings

As the company’s highest permanent decision making body, the BOD of F&F Holdings, has the authority to oversee the management of the company management and business execution, and to appoint and remove the representative director, as well as matters entrusted by the general shareholders’ meeting. To increase the independence of the board, the chairman of the BOD and the CEO were separated. As of May 31, 2023, the BOD consists of four executive directors and three independent directors. F&F Holdings limits the number of other concurrent positions on the BOD to two or fewer. At the shareholders’ meeting in March 2022, F&F CEO Chang-Soo Kim and Managing Director Seung-Bum Kim was appointed as executive director. We also appointed Sung-Deok Han, a certified public accountant and Jong-Mun Kim, a lawyer as independent directors. In 2022, board meeting attendance was 100% while the minimum meeting attendance required for all directors is 85%.

(as of May 31, 2023)

Category	Name	Gender	Position	Expertise	Career background	Date of appointment	Date of expiration
Executive Director	Chang-Soo Kim	Male	BOD Chairman	General management	• CEO of F&F • CEO of F&Co	2022.03.25	2025.03.25
	Eui-Hun Park	Male	CEO	Investment	• CEO of F&F Holdings • Former CEO of Meritz Financial Group	2021.03.26	2024.05.03
	Jung-Man Ma	Male	Senior Director	Finance	• Finance Director of F&F Holdings • Former Managing Director of CJ CheilJedang	2018.03.16	2024.03.26
	Seung-Bum Kim	Male	Managing Director	Digital technology	• Digital Div. Director of F&F • Managing Director of F&Co	2022.03.25	2025.03.25
Independent Director	Sung-Deok Han	Male	Audit Committee Chairman	Accounting, audit	• CEO of U Ace Tax & Consulting • Former Independent Director & Audit Committee • Member of Halla Corp.	2022.03.25	2025.03.25
	Dong-Il Kim	Male	Audit Committee Member	Investment, finance	• CEO of DK Value Solution • Former CEO of Franklin Templeton Investment	2021.03.26	2024.03.26
	Jong-Mun Kim	Male	Audit Committee Member	Law	• Representative Attorney of Damheon Law Firm • Former Representative Attorney of Jiwoo Law Firm	2022.03.25	2025.03.25

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Board of Directors

Category	Meetings held	Agenda items	Participation rate (%)	Resolution
BOD meetings in 2022	7	12	100	<ul style="list-style-type: none"> • Convening the 51st regular general shareholders' meeting • Introduction of electronic voting system • Introduction of the ESG Committee and the Nominating Committee and enactment of committee regulations, etc. • Report on Audit Committee and ESG activities • Approval of amendment to internal accounting management regulations • Approval of amendment to ESG Committee regulations • Establishment of a subsidiary (logistics outsourcing corporation)

F&F

The BOD of F&F ensures the tenure of directors during their term in order to maintain their expertise and control and check over the management. As the highest decision making body, the BOD has the authority for the items entrusted by the general shareholders' meeting as well as the right to appoint or remove the CEO while playing a role of overseeing the management on its corporate management and execution of work. The company appointed CEO Chang-Soo Kim as the chairman of the BOD in recognition of his unique expertise of working in the fashion industry for 30 years.

F&F restricts the number of other concurrent positions of directors to two or less. In March 2022, independent director Joon-Keun Bae was appointed at the general shareholders' meeting. As of May 31, 2023, the BOD consisted of three executive directors and two independent directors. The BOD ensures the directors' term of office during their tenure in order to maintain expertise in each role and the ability to monitor management. Board meeting attendance in 2022 was 100%, and the minimum meeting attendance required for all directors is 85%.

(as of May 31, 2023)

Category	Name	Gender	Position	Expertise	Career background	Date of appointment	Date of expiration
Executive Director	Chang-Soo Kim	Male	CEO	General management	<ul style="list-style-type: none"> • BOD Chairman of F&F Holdings • CEO of F&Co 	2021.05.03	2024.05.02
	Jung-Man Ma	Male	Senior Director	Finance	<ul style="list-style-type: none"> • Finance Director of F&F • Former Managing Director of CJ CheilJedang 	2021.05.03	2024.05.02
	Min-Ho Chung	Male	Managing Director	HR	<ul style="list-style-type: none"> • HR Director of F&F • Former Senior Director of Aon Hewitt 	2021.05.03	2024.05.02
Independent Director	Hae-Sik Park	Male	-	Legal affairs	<ul style="list-style-type: none"> • Attorney of Yulchon Law Firm • Former Chief Justice of the Supreme Court 	2021.05.03	2024.05.02
	Joon-Keun Bae	Male	-	Investment	<ul style="list-style-type: none"> • Former Managing Director of Hanwha Investment& Securities 	2022.03.25	2025.03.24

Category	Meetings held	Agenda items	Participation rate (%)	Resolution
BOD meetings in 2022	17	23	100	<ul style="list-style-type: none"> • Agenda item for stock split • Internal accounting manager's evaluation report on the operation status of the internal accounting management system and evaluation report by the auditor • Introduction of the ESG Committee and the Nominating Committee and enactment of committee regulations, etc. • Establishment of F&F Entertainment

BOD Composition

Category	Unit	2020	2021	2022	
Independence	Ratio of independent directors in the BOD	%	-	40	40
	Limited number of other positions	Number	-	2	2
	BOD Diversity Policy	V	-	V	V
	Ratio of female directors	%	-	0	0
Expertise	Ratio of directors with industry experience	%	-	60	60
	Risk experts	Persons	-	0	0
	Finance experts	Persons	-	2	2
	ESG experts	Persons	-	0	0
Efficiency	Average BOD tenure years	Years	-	1.0	1.8
	Board attendance rate	%	-	100	100

Board of Directors

Committee

F&F Holdings and F&F established the Nominating Committee on June 30, 2022 to enhance the independence of independent directors and improve governance transparency. In accordance with Articles 382 and 542-8 of the Commercial Act, the Nominating Committee of each company verifies the qualifications and expertise of independent directors and manages the candidate pool. It recommends candidates for independent director positions and submits their appointment to the shareholders' meeting upon the expiration or resignation of independent directors. Then, the BOD proposes an agenda item for the appointment of candidates at the general shareholders' meeting. Each company enhances expertise by appointing independent directors with long experience and expertise in business fields, such as law, accounting, finance, and management. We are supporting the BOD's role through responsible departments so that independent directors can effectively perform their duties.

The ESG Committee, established in 2022, is composed of one executive director and two independent directors. It deliberates on major issues for ESG management, such as ESG policies and plans, climate change, human rights, and health and safety.

F&F Holdings

F&F Holdings has the Audit Committee, Nominating Committee, Investment Review Committee, and ESG Committee under the BOD in accordance with the Articles of Incorporation and the BOD regulations. Each committee is operated in line with its own regulations.

(as of the end of May 2023)

Committee	Composition	Chairman	Major functions and roles
Audit Committee	3 independent directors	Sung-Deok Han	1. Supervision of the work of directors and management 2. Approval of selection of external auditors 3. Other matters stipulated by the articles of incorporation or by laws in relation to audit
Investment Review Committee	3 executive directors	Chang-Soo Kim	1. Establishment of basic policies and strategies for investment 2. Determination of the level of investment risk that a company can bear
ESG Committee	1 executive director, 2 independent directors	Eui-Hun Park	1. Establishment of ESG policies and plans 2. Establishment of an ESG support organizations 3. Evaluation of ESG activities and set up improvement items
Nominating Committee	3 independent directors	Sung-Deok Han	1. Recommendation of independent director candidates to the general shareholders' meeting 2. Management and verification of independent director candidates

Committee Meetings

(as of the end of May 2023)

Committee	Meetings held	Agenda items	Participation rate (%)	Resolution
Audit Committee	4	11	100	<ul style="list-style-type: none"> Appointment of Audit Committee Chairman Approval of the annual internal accounting plan for 2022 F&F Holdings 2022 internal accounting performance evaluation report
Investment Review Committee	6	6	100	<ul style="list-style-type: none"> Deliberation of fund investment agenda Deliberation of transfer of financial products Deliberation on the purchase of financial products
ESG Committee	2	4	100	<ul style="list-style-type: none"> Appointment of ESG Committee Chairman Approval of 2023 ESG improvement plans
Nominating Committee	1	1	100	<ul style="list-style-type: none"> Appointment of the Nominating Committee Chairman

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F&F

F&F has the ESG Committee and the Nominating Committee under the BOD in accordance with the Articles of Incorporation and the BOD regulations. Each committee is operated in accordance with the regulations of each committee. And each committee’s regulations are annually disclosed in the corporate governance report every May.

(as of the end of May 2023)

Committee	Composition	Chairman	Major functions and roles
ESG Committee	1 executive director, 2 independent directors	Chang-Soo Kim	<ul style="list-style-type: none"> • Matters related to strategic direction, planning, management and implementation, such as the establishment of the company’s ESG policy • Matters discussed by other committees as it was judged necessary for deliberation in relation to sustainability management, such as the publication of a sustainability report
Nominating Committee	3 independent directors	Hae-Sik Park	<ul style="list-style-type: none"> • Recommendation of independent director candidates • Matters necessary for recommendation, such as management of other independent director candidates

Committee Meetings (as of the end of May 2023)

Committee	Meetings held	Agenda items	Participation rate (%)	Resolution
ESG Committee	2	4	100	<ul style="list-style-type: none"> • Appointment of ESG Committee Chairman • Approval of the revision of the ESG Committee regulation • Approval of 2023 ESG improvement plans
Nominating Committee	1	1	100	<ul style="list-style-type: none"> • Appointment of the Nominating Committee Chairman

Education for Independent Directors

Independent directors have the right to request information from the CEO and, if necessary, seek training and assistance from outside experts with the company’s resources. In 2022, We provided education twice a year for independent directors to help them faithfully perform their duties. In March, education on the management environment and business structure was delivered, participated by independent director Hae-Sik Park. In August, directors Hae-Sik Park and Joon-Keun Bae joined the education programs on ESG understanding and ESG trends at home and abroad.

Category		Unit	2020	2021	2022
Director training	Participation in internal and external education	V	-	V	V

Evaluation and Remuneration

F&F Holdings and F&F assess whether independent directors faithfully perform their duties in accordance with relevant laws and regulations. We verify whether the BOD members are performing well based on internal standards such as fidelity, responsibility, and independence. The remuneration of independent directors is not linked to job evaluation for the purpose of maintaining independence. However, the level of compensation is determined by comprehensively judging the level of contribution and cases of other companies within the limit of director remuneration, which is determined by the resolution of the annual general shareholders’ meeting. Each company plans to prepare criteria to objectively evaluate the independence, responsibility, and risks of independent directors through sufficient discussions at board meetings in the future.

Category	Unit	2020	2021	2022
Disclosure of individual remuneration standards and remuneration amount	V	-	V	V

CEO Succession Policy

F&F Holdings and F&F stipulated that the BOD has the authority to appoint the CEO in the articles of incorporation and BOD rule. Both companies also define the establishment of the CEO succession policy and its operation in the succession rule. HR Team is responsible for managing the CEO succession rule at both companies, and HR executives and managers are in charge of managing, nurturing, verifying, and evaluating the candidates. If a cause for initiating the succession process occurs, it is reported to the CEO and tasks to be submitted to the BOD are carried out in consultation with the department in charge of the BOD. In the event of an absence of the CEO or an emergency, the Chairman, President, Vice President, Senior Director, and Managing Director may act on behalf of the CEO in due order in accordance with Article 33 of the Articles of Incorporation. The CEO candidates are required to have a wealth of business knowledge, experience, and outstanding leadership to articulate their vision and strategy in a way that is in the interests of the company and its shareholders. To this end, F&F Holdings and F&F provide them with various training programs to enhance their management leadership, vision and strategy, and risk management capabilities.

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Audit

F&F Group’s internal audit organization conducts audits as an independent position from management and controlling shareholders. F&F Holdings established an Audit Committee following a resolution at the general shareholders’ meeting on March 25, 2022. The Audit Committee consists of three audit committee members in accordance with the Commercial Act and the Company’s Articles of Incorporation, being fully composed of independent directors. We appoint one member of the committee as an accounting or finance expert. Members of the Audit Committee are appointed as independent directors, and we apply the same compensation policy for independent directors. At F&F, one standing auditor appointed by the resolution at the general shareholders’ meeting performs regular, ad-hoc, and daily audits. The standing auditor can independently supervise the work of directors by attending the BOD meeting and may request the company to submit materials and documents related to all tasks. Moreover, if necessary, the standing auditor can receive business reports from the company and access management information.

F&F Group ensures the objectivity, reliability and transparency of accounting information through regular audits by independent auditors. Independent auditors attend the general shareholders’ meeting to respond to questions from shareholders about the audit report submitted to the general shareholders’ meeting. F&F Holdings designated EY Hanyoung Korea as an external auditor from the 2020 business year to the 2022 business year, and finally appointed it through the resolution of the Auditor Appointment Committee. F&F, as a company established through spin off in May 2021, held a shortened Auditor Appointment Committee and appointed EY Hanyoung accounting firm as the company’s first independent auditor. The accounting firm was also reappointed as the independent auditor for fiscal year 2022.

Internal Audit Organization of F&F Group

Company	Internal audit organization	Member	Position	Audit related experience and qualifications
F&F Holdings	Audit Committee	Sung-Deok Han (independent director)	Audit Committee Chairman	<ul style="list-style-type: none"> • CEO of U Ace Tax & Consulting (CPA) • Former Independent Director & Audit Committee Member of Halla Corp.
		Dong-Il Kim (independent director)	Audit Committee Member	<ul style="list-style-type: none"> • CEO of DK Value Solution • Former CEO of Franklin Templeton Investment
		Jong-Mun Kim (independent director)	Audit Committee Member	<ul style="list-style-type: none"> • Representative Attorney of Dam-heon Law Firm • Auditor of Boim Technology
F&F	Standing auditor	Jae-Kyu Ryu*		<ul style="list-style-type: none"> • Former Head of Accounting System Department, Financial Supervisory Service • Served at Seongdo Accounting Firm, Hoyeon Accounting Firm, and Seowoo Accounting Firm • Former independent director of Jeongsang JLS

* Persons with experience in financial institutions, governments, securities related institutions subject to the Clause 4 of Article 37-2 of the Enforcement Decree of the Commercial Act (Type 4)

Strengthened Shareholder Rights

Category	Unit	2020	2021	2022
Facilitation of voting rights	Introduction of written voting system	V	-	V
	Introduction of electronic voting system	V	-	V
	Recommendation to exercise voting rights by proxy for all shareholders	V	-	V
Protection of shareholder rights	Introduction of cumulative voting system	V	-	-
	Disclosure of dividend policy (mid-to long-term, 3 years or more)	V	-	V
	Notice of agenda items before general meetings	V	-	V

Ethics and Compliance

Strategy

In 2023, F&F revised its [Code of Conduct](#) to enhance its commitment to environmental and social responsibility, and to articulate more explicitly the obligations of its executives and employees in a broader context. This code is binding for all F&F employees, and prescribes the optimal standards of ethical conduct. The Code of Conduct encompasses practical guidelines for the following aspects: relations with shareholders and investors, relations with customers, relations with competitors and suppliers, responsibility toward employees, responsibility toward society, and fundamental ethics for employees.

Performance

Internal Control System

F&F ensures the credibility of its accounting information disclosure by implementing internal accounting management regulations under the supervision of a specialized organization, the Internal Accounting Management Department. We conduct annual assessments of the performance of each company’s internal accounting control system, and the CEO and the internal accounting manager present the outcomes to the BOD and the general shareholders’ meeting.

F&F fosters ethical management practices among all its employees and partner companies. We offer ethical training programs for employees, require them to pledge to follow the Code of Conduct, and establish a reporting reward system. Moreover, we obtain a written commitment for integrity from partner companies, and apply incentives and sanctions, periodic surveys, and a hotline system for partner companies. Furthermore, we are strengthening our corporate wide ethical management system through the operation of cyber Petition and ethics campaigns.

Ethical Management Activities of F&F Group

Employees

- Ethics training for employees (regular, new employees, specific departments, etc.)
- Pledge to practice the Code of Conduct (once a year)
- Reporting and reward system for employees



Partner companies

- Incentive & Penalty system for business partners (based on compliance with the Code of Conduct)
- Regular survey of business partners (check of fairness, transparency, and compliance with ethics)
- Hotline system (regular meetings, listening to grievances and suggestions)



Common

- Operation of cyber Petition (ethics reporting channel)
- Internal and external ethical campaigns (not giving and receiving holiday gifts, ethics letters, etc.)



Ethics and Compliance Training

F&F disseminates cases of ethical management breaches within the company through employee training while sharing the Code of Conduct and anti corruption policies. For transparent and fair transactions with partner companies, we offer specialized ethics training to employees in the sourcing, purchasing, and sales departments. Additionally, with the assistance of a law firm, we delivered employee training on key issues pertaining to subcontracting law.



Ethics training for the Sales department (November 2022)



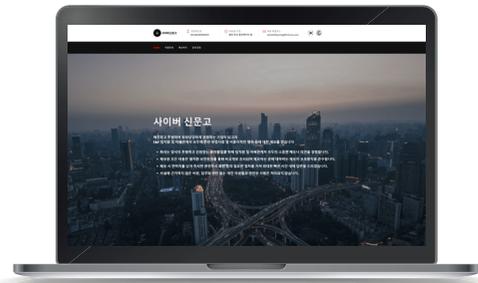
Ethics training for the Purchasing department (March 2022)

Category	Unit	2020	2021	2022	
Ethics training	Ethics training hours per employee	Hours	-	1	1
	Ratio of employees who received ethics training	%	-	100	100
	Ratio of part time and contract workers who received ethics training	%	-	9	4
Education	Education hours on fair trade / anticorruption for employees	Hours	-	1	1

Ethics and Compliance

Cyber Petition

We operate a Cyber Petition, which is a platform in which stakeholders can report unethical conduct of employees. Stakeholders can report acts that breach the Code of Conduct, such as improper requests, bribes, and sexual harassment encountered in the course of transaction with our employees. For the protection of the whistleblower, the contents are kept confidential, and adverse actions against the whistleblower are forbidden.



Cyber Petition webpage screen

Compliance Management

At F&F Group, the Legal Affairs Team, composed of lawyers, identifies legal risks and assists the management and employees to abide by relevant laws. Moreover, we provide legal advice, contract review, and litigation management through E-LAW, a comprehensive legal affairs management system.

Violations of Laws

Category	Unit	2020	2021	2022
Number of anti-corruption related non monetary sanctions	Cases	-	0	0
Fines and settlements involving antitrust and anticompetition	KRW 100 million	-	0	0

Code of Conduct

Category	Unit	2020	2021	2022	
Application of Code of Conduct	Rate of application to workplace	%	-	100	100
Code of Conduct violations	Corruption or bribery	Cases	-	1	2
	Discrimination or harassment	Cases	-	7	1
	Customer privacy data	Cases	-	0	0
	Conflict of interest	Cases	-	0	0
	Money laundering or insider trading	Cases	-	0	0
	Reporting and disclosure of violations	Cases	-	2	2
Violation measures	Dismissal from office	Cases	-	1	1
	Work suspension	Cases	-	0	1
	Pay cut	Cases	-	0	2
	Reprimand	Cases	-	6	1
	Warning	Cases	-	3	0
	Caution	Cases	-	0	0
	Others	Cases	-	0	0
Audit	Reporting and implementation of disciplinary audits	V	-	V	V

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Strategy

Tax Policy

F&F adopted a [tax policy](#) under the approval of the ESG Committee in 2023 to assess and manage various tax risks that may emerge from business activities. We aim to establish and adhere to tax strategies for accurate tax reporting and fulfillment of tax payment obligations in accordance with the law, and assessment and management of various tax risks that may occur in the course of business activities.

We refrain from transferring income and evading taxes between countries by exploiting differences in tax laws between countries, gaps in the international tax system, and tax havens. We also ensure that taxable income is allocated legally according to the value generated in each country in which we operate business. Furthermore, through the tax accounting system, when requested by the tax authority, details are transparently disclosed through the submission of legal evidence. All internal and external transactions are conducted based on the Korean International Financial Reporting Standards (K-IFRS), and transactions with overseas subsidiaries comply with the OECD Transfer Pricing Guidelines and arm’s length transaction principles in accordance with each country’s laws. Reports prior to transactions with overseas related parties are consulted by external experts and reviewed at all times. Additionally, corporate tax and other taxes are precisely calculated and paid in accordance with the above principles and tax laws.

Tax Risk Management Activities

F&F Group rigorously manages tax risks at the company level in case of new transactions or large scale transactions by consulting with the finance department in advance on compliance with accounting standards and tax laws. We report profits and expenses and pay them through tax adjustments in accordance with corporate tax regulations. And related information is disclosed transparently by registering evidence in the company’s electronic system. Additionally, all subsidiaries in the Group are certified for compliance with the corporate tax law through third party verification such as accounting and tax firms.

Performance

Reporting by Country

Reporting item		Unit	2020	2021	2022
Korea	No. of employees	Persons	-	491	574
	Operating revenue	KRW million	-	1,111,703	1,688,244
	Profit(Loss) before tax	KRW million	-	381,056	546,770
	Unpaid corporate tax	KRW million	-	85,259	93,409
	Corporate tax	KRW million	-	110,451	144,493
China	No. of employees	Persons	-	154	191
	Operating revenue	KRW million	-	383,956	581,076
	Profit(Loss) before tax	KRW million	-	13,037	15,632
	Unpaid corporate tax	KRW million	-	2,329	2,524
	Corporate tax	KRW million	-	3,525	3,893
Taiwan	No. of employees	Persons	-	9	13
	Operating revenue	KRW million	-	10,833	16,707
	Profit(Loss) before tax	KRW million	-	1,671	2,080
	Unpaid corporate tax	KRW million	-	325	406
	Corporate tax	KRW million	-	329	368
Hong Kong	No. of employees	Persons	-	9	10
	Operating revenue	KRW million	-	31,333	34,080
	Profit(Loss) before tax	KRW million	-	859	-49
	Unpaid corporate tax	KRW million	-	25	0
	Corporate tax	KRW million	-	549	163
Bulgaria	No. of employees	Persons	-	49	1
	Operating revenue	KRW million	-	1,200	-
	Profit(Loss) before tax	KRW million	-	-1,793	-223
	Unpaid corporate tax	KRW million	-	82	71
	Corporate tax	KRW million	-	-	-

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F&F Holdings

Summarized Consolidated Financial Statement [Unit: KRW million]

Category	2022	2021
[Current assets]	705,797	487,623
Cash and cash equivalents	146,749	71,088
Short-term financial instruments	60,395	7,110
Short-term investment securities	8,807	27,802
Trade receivables and other current receivables	170,240	131,167
Other current assets	20,682	6,705
Inventory	298,924	243,751
[Non current assets]	2,889,321	2,684,316
Long-term investment securities	95,360	109,152
Long-term financial instruments	553	903
Investments in subsidiaries and associates	671,708	563,038
Other non current receivables	14,014	11,488
Investment real estate	73	5,201
Tangible assets	233,187	226,826
Intangible assets	1,813,788	1,736,385
Right of use asset	50,828	28,930
Other non current assets	6,523	95
Deferred tax assets	3,288	2,299
Total assets	3,595,118	3,171,939
[Current liabilities]	582,271	573,601
[Non current liabilities]	123,816	94,429
Total liabilities	706,086	668,030

Category	2022	2021
[Capital stock]	19,557	19,557
[Other capital components]	(551,836)	(548,301)
[Retained earnings]	2,583,177	2,457,451
[Non controlling interest]	838,134	575,202
Total equity	2,889,032	2,503,909

Summarized Consolidated Income Statement [Unit: KRW million]

Category	2022	2021
Sales	1,816,815	727,126
Operating profit	486,232	209,187
Consolidated net income from continuing operations	417,456	150,088
Profit from discontinued operation	104	1,851,316
Net profit	417,560	2,001,404
Net Income from equity of the parent company	132,198	1,907,003
Net income from non controlling interest	285,362	94,401
Other comprehensive income	(2,771)	17,227
Total comprehensive income	414,789	2,018,632
Basic earnings per share (KRW)	3,384	87,798
Basic earnings from continuing operations per share (KRW)	3,381	2,564
Number of companies included in the consolidation	18	14

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F&F

Summarized Consolidated Financial Statement [Unit: KRW million]

Category	2022	2021
[Current assets]	601,205	388,467
Cash and cash equivalents	101,981	14,565
Short-term financial instruments	16,395	6,622
Trade receivables and other current receivables	165,713	118,762
Inventory	297,478	242,297
Other current assets	19,638	6,221
[Non current assets]	968,974	751,863
Long-term financial instruments	434	903
Long-term investment securities	8,283	17,805
Other non current receivables	16,821	14,218
Investment in subsidiaries	635,973	544,256
Tangible assets	77,194	71,509
Right of use asset	61,654	58,028
Intangible assets	132,876	16,983
Defined benefits assets	360	-
Deferred tax assets	29,636	28,160
[Non current liabilities]	5,743	-
Total assets	1,570,179	1,140,330
[Current liabilities]	575,926	563,665
[Non current liabilities]	51,081	35,407
Total liabilities	627,007	599,072

Category	2022	2021
[Capital stock]	3,831	3,831
[Other capital components]	292,287	311,414
[Retained earnings]	625,362	226,013
[Non controlling interest]	21,692	-
Total equity	943,172	541,258

Summarized Consolidated Income Statement [Unit: KRW million]

Category	2022	2021
Sales	1,808,895	1,089,172
Operating profit	524,883	322,684
Consolidated net income	442,665	225,761
Net Income from equity of the parent company	441,758	225,761
Net income from non controlling interest	906	-
Other comprehensive income	-4,100	1,307
Total comprehensive income	438,564	227,068
Earnings per share (KRW)	11,571	5,900
Number of companies included in the consolidation	8	3

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The Shareholders and Board of Directors

Opinion

We have audited the separate financial statements of F&F Holdings Co., Ltd. (the “Company”), which comprise the separate statements of financial position as of December 31, 2022 and 2021, and the separate statements of profit or loss and other comprehensive income, separate statements of changes in equity and separate statements of cash flows for the years then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“KIFRS”).

We also have audited the Company’s internal control over financial reporting as of December 31, 2022, based on criteria established in Internal Control – Design and Operation Integrated Framework in accordance with Korean Standards on Auditing (“KSA”) issued by the Committee of Internal Control Operations, and our report dated March 21, 2023 expressed an unqualified opinion thereon.

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the separate financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the separate financial statements in the Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Investments in subsidiaries, associates and joint ventures

As described in Note 9 to the separate financial statements, the carrying amount of investments in subsidiaries, associates and joint ventures is \1,711,106,696 thousand and it accounts for 88.6% of total assets as of December 31, 2022.

The Company measures the recoverable amount of investments in subsidiaries, associates and joint ventures if there is any indication that investments in subsidiaries, associates and joint ventures may be impaired, and performs impairment test by estimating value in use based on discounted cash flow methods. As the value in use involves significant judgments and estimates of the Company’s management, such as discount rate, growth rate, and future cash flow forecast, we selected the review of recoverable amount as a key audit matter.

The key audit procedures performed to address the key audit matter are as follows:

- Reviewing the indication that investments in subsidiaries, associates and joint ventures may be impaired and the recoverable amount
- Reviewing the appropriateness of the valuation model and discount rate used to estimate value in use by engaging internal experts
- Comparing the financial forecasts used to measure value in use with those approved by management
- Comparing the current year performance with the prior year estimates to determine whether the estimates indicated possible management bias
- Evaluating the reasonableness of key assumptions used in estimation of value in use, such as sales growth rate, operating profit ratio, and growth rate
- Evaluating the results of sensitivity analyses on the perpetual growth rate to assess the impact of changes in key assumptions on the impairment assessment

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Responsibilities of management and those charged with governance for the separate financial statements

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

In preparing the separate financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the separate financial statements

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

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

- Identify and assess the risks of material misstatement of the separate 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
- 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

The engagement partner on the audit resulting in this independent auditor's report is Bok-Han, Lee.
 111, Yeouigongwon ro, Yeongdeungpo gu, Seoul, Republic of Korea
 EY Hanyoung Korea
 President, Park Yong Keum

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Topic	No	Disclosure	Page
GRI 2 : General Disclosures 2021			
The organization and its reporting practices	2-1	Organizational details	7
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	36
	2-5	External assurance	73
Activities and workers	2-6	Activities, value chain and other business relationships	To be disclosed next year due to difficulties in collecting it.
	2-7	Employees	40
	2-8	Workers who are not employees	40
Governance	2-9	Governance structure and composition	56-60
	2-10	Nomination and selection of the highest governance body	56-60
	2-11	Chair of the highest governance body	56-57
	2-12	Role of the highest governance body in overseeing the management of impacts	56-59
	2-13	Delegation of responsibility for managing impacts	57, 19
	2-14	Role of the highest governance body in sustainability reporting	57, 19
	2-15	Conflicts of interest	56
	2-16	Communication of critical concerns	57
	2-17	Collective knowledge of the highest governance body	59
	2-18	Evaluation of the performance of the highest governance body	59
	2-19	Remuneration policies	59, page 271 (business report)
2-20	Process to determine remuneration	Page 271 - 272 (business report)	
2-21	Annual total compensation ratio	42	

Topic	No	Disclosure	Page
GRI 2 : General Disclosures 2021			
Strategies, policies and practices	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	35, 38, 44, 46, 48, 55, 56, 61, 63
	2-24	Embedding policy commitments	49, 55, 61
	2-25	Processes to remediate negative impacts	46, 47
	2-26	Mechanisms for seeking advice and raising concerns	46, 47
	2-27	Compliance with laws and regulations	39, 45, 49, 55, 62
	2-28	Membership associations	54, 69
	Stakeholder Engagement	2-29	Approach to stakeholder engagement
2-30		Collective bargaining agreements	40
Disclosure on material topics	3-1	Process to determine material topics	19
	3-2	List of material topics	20
	3-3	Management of material topics	19
Topic Standard			
GRI 205: Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	61
	205-3	Confirmed incidents of corruption and actions taken	62
GRI 206: Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	62
GRI 303: Water	303-3	Water withdrawal	37
	303-5	Water consumption	37
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	36
	305-2	Energy indirect (Scope 2) GHG emissions	36
GRI 306: Waste	306-3	Waste generated	37
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	40
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	55

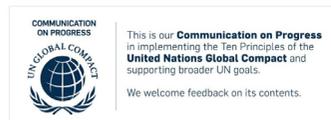
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UNGC

In 2022, F&F joined the UN Global Compact (UNGC), a voluntary initiative that encourages companies to fulfill their social responsibilities. We are committed to following the Ten Principles in four areas: human rights, labor, environment, and anti corruption. By implementing these universal and sustainable principles and working towards the goals set by the UN, we aim to reinvent ourselves as a fashion company that creates social value.

Category	Ten Principles	Activities and Progress	Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Established our human rights policy	48-49
	Principle 2: make sure that they are not complicit in human rights abuses.	Established our human rights policy, and carried out relevant activities	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Established our human rights policy	48-49
	Principle 4: the elimination of all forms of forced and compulsory labour;	Established our human rights policy	
	Principle 5: the effective abolition of child labour; and	Established our human rights policy	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Established our human rights policy	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Established our environmental policy	48
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Established our environmental policy, and carried out related activities	35
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Provided more support for eco friendly activities	37
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Established the Codes of Conduct for Employees	61



UN SDGS

F&F has identified and selected areas out of 17 UN SDGs that are related to its business and it is able to contribute to, and associated them with its key goals and targets. In the years to come, we will track our performance every year, and redouble our efforts to achieve the goals.

Category	SDGs	Activities and Progress	Page
Core		Social contribution activities for the vulnerable and marginalized, and employee volunteer works	52-54
		Provision of efficient learning environments	53
		Dissemination of local unique cultures, and sustainable job creation	40
Related		Gender equitable recruitment and promotion, and support for childcare	40-41
		Environmental policy	35-39
		Giving back to local communities, and partnerships with welfare organizations	53
		Ethical advertising and marketing policy	46-47
		Consumer protection and data privacy policy	55

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TCFD

Countries that participated in the Paris Agreement in 2015 established GHG emission reduction targets and resolved to implement global efforts to prevent global warming. In response to global social movements and demands, the Financial Stability Board (FSB) instituted the Task Force on Climate related Financial Disclosures (TCFD) in December 2015 to disclose financial information related to climate change. TCFD recommends that companies directly ascertain risks and opportunities related to climate change, and disclose the financial implications of such risks and opportunities.

TCFD recommendations	Our response
Governance	
a. Describe the board’s oversight of climate related risks and opportunities.	The ultimate decision making on climate change at F&F is undertaken by the board of directors (BOD). In order to address climate risks and opportunities, the internal risk management system is integrated and managed, and issues identified therein are reported to the BOD. We instituted the ESG Committee under the BOD in 2022 to enhance the role and responsibility of the Board in managing ESG, including climate change. The ESG Committee regularly reviews and determines on climate change issues twice a year.
b. Describe management’s role in assessing and managing climate related risks and opportunities.	Our management is enhancing the corporate system to swiftly respond to business risks and opportunities related to climate change. As the chief environmental management officer, EO assesses and manages tasks reviewed and advanced by the ESG environment division and the dedicated department.
Strategy	
a. Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term.	<p>Climate change risks F&F classifies climate change risks into physical risks and transition risks. Climate change can pose various physical risks to the fashion industry. By intensifying the occurrence of natural disasters, they can impact production facilities, warehouses, and logistics networks in the supply chain, resulting in production and transportation breakdowns and increased sourcing costs. It may also affect the availability of raw materials. Especially, there is a risk of price volatility and supply scarcity of raw materials such as cotton and hemp, which are susceptible to climatic conditions. Moreover, it may have a detrimental impact on the production of feed essential for raising livestock, which provides leather.</p> <p>Transition risks that may emerge from policy changes, technological innovations, and reputation factors that appear in the process of transitioning to a low carbon economy may impair a company’s financial stability.</p> <p>Our response and plan F&F closely observes domestic and foreign policies related to climate change. From a mid-to long-term perspective, environmental management policies have been integrated into overall corporate management in order to address possible risks, and we are striving to minimize environmental impacts from material discovery to design, sourcing, and sales. In terms of raw materials, we are making efforts to increase the proportion of sustainable materials, adopt eco friendly packaging, reuse products, and increase sales of green products.</p>
b. Describe the impact of climate related risks and opportunities on the organization’s businesses, strategy, and financial planning.	
c. Describe the resilience of the organization’s strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario.	To assess the business impact of climate change, we compare scenarios that project the physical risks under different levels of GHG mitigation: one with ambitious policy action (RCP1.9) and one with continued emissions growth (RCP8.5). Moreover, given our business model that does not involve direct production, we recognize the importance of managing GHG emissions in our supply chain and will enhance our Scope 3 management accordingly.

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TCFD recommendations	Our response
Risk Management	
a. Describe the organization's processes for identifying and assessing climate related risks.	F&F systematically identifies and analyzes physical risks and transition risks related to climate change through collaboration with the departments dedicated to ESG, environment, and risks, managing them by incorporating them into the internal risk management system. The results of risk identification and financial impact analysis are reflected in our management strategy. In addition, we plan to introduce an environmental management system by acquiring ISO 14001 certification.
b. Describe the organization's processes for managing climate related risks.	
c. Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organization's overall risk management.	The BOD at F&F has the ultimate responsibility for risk management. The BOD's ESG Committee reviews the risks that it identifies as a reporting item, after verifying the outcomes of the materiality assessment. We also conduct materiality assessments to prioritize the risk factors based on their financial and non financial impact, management strategy, and stakeholder evaluation.
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.	We manage indicators, such as GHG emissions, energy consumption, and waste disposals, to evaluate risks and opportunities derived from climate change.
b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	We report GHG emissions and energy data through sustainability reports. Going forward, we plan to calculate and report Scope 3 emissions in the future through sustainability reports. <ul style="list-style-type: none"> • Scope 1 : 237.1tCO₂eq • Scope 2 : 3,565.2tCO₂eq • Energy : 78.06TJ
c. Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets.	We established climate related goals by constantly monitoring domestic and international environmental regulations and market and industry trends. We have set our 50% reduction target compared to the level of emissions in 2020 by 2004.

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Topic	Accounting Metric	Unit	Code	F&F
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations		CG-AA-250a.1	F&F has implemented a procurement system that prohibits the purchase of restricted materials and promotes the use of environmentally friendly raw materials. More information about this can be found in the Safety and Health Management Policy section on our website.
	Discussion of processes to assess and manage risks and/or hazards associated with chemicals in products		CG-AA-250a.2	We have been making decisions on the ways of managing risks posed by chemical products. The details are available in the Safety and Health Management Policy section on our website.
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	N/A
	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	N/A
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	N/A
	Priority non conformance rate and associated corrective action rate for suppliers’ labor code of conduct audits	%	CG-AA-430b.2	N/A
	Description of the greatest (1) labor and (2) environmental, health, and safety risks in the supply chain	n/a	CG-AA-430b.3	F&F takes its full responsibility for environment, labor, and safety across all our partner companies, thereby creating a sustainable supply chain. For more information, please refer to pages 50-51.
Raw Materials Sourcing	Description of environmental and social risks associated with sourcing priority raw materials.		CG-AA-440a.1	The fashion industry’s supply chain can have negative effects on both the environment and society. These effects can include the exploitation of workers in developing countries and the release of microplastics into the environment. F&F will strive to use trackable raw materials in key raw material sourcing.
	Percentage of raw materials third party certified to an environmental and/ or social sustainability standard, by standard.	%	CG-AA-440a.2	7%
Activity Metrics	Number of (1) tier 1 suppliers and (2) suppliers beyond tier 1.	±	CG-AA-000.A	(1) 135 (2) 63

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To: The Stakeholders of F&F Group

Introduction

BSI Group Korea (hereinafter “the Assurer”) was asked to verify 2023 F&F Group sustainability report (hereinafter “the Report”). This assurance statement applies only to the relevant information contained in the scope of the assurance. F&F Group is solely responsible for all information and assertion contained in the report. The responsibility of the assurance is to provide independent assurance statement with expert opinions to F&F Group by applying the verification methodology and to provide this information to all stakeholders of F&F Group.

Assurance Standards and Levels

The assurance process was conducted based on the AA1000AS v3 (2020) Assurance Standard, confirming the report’s alignment with the GRI Standards, which are internationally recognized guidelines for sustainability reporting. The verification was carried out at a moderate level of assurance. Our Assurance Team performed Type 1 verification to assess adherence to the four principles of AA1000AP (2018), and Type 2 verification was conducted to verify the quality and reliability of the disclosed information in the report. Type 2 verification specifically evaluated the following reporting items based on the GRI Standards Topic Standards:

Topic Standards: 205-2&3 (Anti corruption), 305-1&2 (Emissions), 405-1 (Diversity and equal opportunity), 418-1 (Customer privacy protection).

Scope of Assurance

The scope of assurance for this report is as follows:

- Reported data spanning from January 1st to December 31st, 2022. However, certain data also include the first half of 2023.
- Major assertions such as sustainability management policies, strategies, objectives, business and performance, and information related to material issues.
- The appropriateness and consistency of processes and systems for data collection, analysis, and review.

The following contents are not included in the scope of assurance:

- Financial information
- Disclosures in the international standards, regulations, and initiatives index, excluding GRI.
- Other additional information such as the website and business report presented in the report.

Methodology

As part of the independent assurance process, the assurer has employed a methodology to gather relevant evidence in line with verification criteria and minimize reporting errors. The following activities were carried out:

- Reviewed the sustainability strategy process and its implementation system.
- Reviewed the materiality assessment and verification process to establish verification priorities.
- Conducted interviews with individuals involved in material topics or senior managers within the responsible department to validate the adequacy of evidence supporting the reported issues.
- Verified the processes of data generation, collection, and reporting for each performance indicator.

Limitations

The assurer conducted a limited verification based on the data and information provided by the reporting organization within a specific period. As a result, no significant errors were identified during the verification process. However, it is important to acknowledge that there may be inherent limitations, especially concerning unavoidable risks. The assurer does not provide assurance on future impacts that cannot be predicted or verified during the verification process, including any related additional aspects.

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.
- The assurance opinion on the four principles presented by the AA1000 AP (2018) is as follows.

AA1000 AP

Inclusivity: Stakeholder engagement and opinion

F&F Group has identified customers, employees, shareholders, local communities, and the government as key stakeholder groups and has established communication channels for each group to facilitate stakeholder engagement. The company has implemented a stakeholder engagement process to gather diverse opinions and expectations from stakeholders, based on the feedback received. The outcomes of this process have been taken into account in the decision making process for sustainability management. Details of the stakeholder engagement process are disclosed in the report.

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Materiality: Identification and reporting of material sustainability topics

F&F Group has developed sustainable management strategies and established a process to identify material topics. This process involves media research analysis, benchmarking against leading global companies, analysis of key global sustainability initiatives, and evaluation of ESG indicators. Through the assessment of financial and socio environmental impacts, the company has identified nine material topics and disclosed them in the report.

Responsiveness: Responding to material sustainability topics and related impacts

F&F Group has established a management process for each material issue to effectively address the identified material topics that align with stakeholder expectations. The company discloses detailed response activities in the report, including relevant policies, progress on implementation tasks, performance results, and improvement measures.

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

F&F Group has implemented a process to identify and assess the impacts of material issues on the organization and stakeholders. The company evaluates the impacts, risks, and opportunities associated with selected material topics and incorporates the findings into decision making processes. This enables F&F Group to establish response measures and strategies. The details of this process are disclosed in the report.

Recommendations

The assurer provides the following opinions within the scope that does not affect the verification results:

- F&F Group has identified supply chain management as a key issue through materiality assessment. To address this, F&F Group has established Supplier Codes of Conduct and implemented regular ESG evaluations of its business partners. This demonstrates the company's commitment to ESG management in the supply chain. F&F Group can enhance its long-term sustainable business performance by reviewing the results of supplier ESG evaluations, identifying key issues, and developing strategic response measures in close collaboration with business partners.
- F&F Group's report provides information on communication channels with stakeholders and their corresponding response activities. The assurance team has confirmed that F&F Group has appropriately addressed key issues raised by stakeholders. To further enhance responsiveness to material issues, F&F Group can expand engagement with suppliers, local communities, and NGOs and integrate the outcomes of stakeholder engagement into decision making and the development of sustainability strategies.
- F&F Group operates the ESG Committee within its BOD to strengthen the sustainable governance structure. To ensure more effective ESG management, it is recommended to establish top level policies and objectives for sustainable management and clearly allocate responsibilities for the development and reporting of

operational strategies and performance. This will enable more effective management practices within the organization.

Independence and Competence

The assurer is an independent professional institution with a history of nearly 120 years, specializing in quality, environment, health and safety, energy, and anti corruption. None of the members of the assurance team have any business relationship with F&F Group, ensuring their independence. The verification was conducted independently by the assurer, and no conflicts of interest were identified. All participating assurers hold qualifications as AA1000AS assurers, possess extensive experience in various management system fields including environmental, health and safety, as well as sustainability fields such as social responsibility and corporate ethics. They are also well versed in the assurance standard methodology of the BSI Group.

Evaluation against GRI 'In Accordance' Criteria

The assurer confirmed that this report is 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 F&F Group, 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]

- 205-2&3, 206-1, 303-3, 303-5, 305-1, 305-2, 405-1, 418-1

June 26, 2023

S. H. Lim / BSI Group Korea, Managing Director



Fashion & Forward