

2022 F&F Sustainability Report

Fashion & Forward



About this Report

Overview

As the first sustainability report published by **F&F** Group, this report presents the economic, environmental, social, and governance performances and plans of the holding company **F&F** Holdings and the operating company **F&F**. **F&F** Group intends to communicate transparently with various stakeholders by publishing its annual sustainability report.

Reporting Principle

This report was prepared in accordance with the guidelines of the Global Reporting Initiative (GRI) Standards (2021). Global sustainability initiatives such as UN SDGs (United Nations Sustainable Development Goals), 10 principles of UNGC (United Nations Global Compact), and SASB (Sustainability Accounting Standards Board) standards were also referenced. Value creation process was organized based on the <Integrated Reporting> framework of VRF (Value Reporting Foundation).

Reporting Period

This report covers our economic, environmental, social, and governance activities and performances from January 1, 2021 to December 31, 2021, and the reporting period for some activities and performances is extended to the second quarter of 2022. For quantitative performance, data for the last 3 years are provided to enable time series trend analysis.



INTERACTIVE PDF

This report was published as an interactive PDF with functions such as navigation to related pages and shortcuts to related information.

Reporting Scope

Reporting scope covers business sites and major supply chains of **F&F** Holdings and **F&F**, which are the holding company and a flagship affiliate of **F&F** Group, respectively. Financial data was prepared on the basis of consolidated K-IFRS, and environmental data was collected from both companies' domestic office buildings, logistics centers, and directly managed stores.

Assurance


This report has undergone limited verification by BSI Group Korea, an independent external verification agency, in order to secure the validity of the preparation process and reliability of the information. The verification results can be found through the third-party assurance statement on page 67.

Inquiries and More Information

Department: ESG Cooperation TF Team of **F&F** Group

E-mail: kanggary@fnfcorp.com

Website: **F&F** Holdings  **F&F** 

Social Media: Instagram  YouTube 



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“We intend to share the will and efforts of all employees to practice sustainability management with stakeholders and expand communication with them by transparently disclosing our economic, social, environmental, and social performance and plans through the sustainability report.”

Dear stakeholders,

Despite tough business environment due mainly to the COVID-19 pandemic, **F&F** Group has achieved KRW 1.5 trillion in sales in 2021 and a CAGR of over 30% for the last five years, maintaining solid growth.

With the vision of "Fashion & Forward" that fashion reflects the values of people living in that era and people create values through fashion, we have endeavored to differentiate **F&F**'s own brands and accomplished continuous growth for 30 years since the founding in 1992

Based on this philosophy and experience, we recently participated in the fund to acquire "TaylorMade," a global golf brand, and acquired "Sergio Tacchini," one of the world's top three tennis brands, in 2022. Even amid the COVID-19 pandemic that has put the global fashion industry in crisis, the number of offline MLB brand stores in China has increased from 71 as of the end of 2020 to 680 as of the middle of 2022. As a result, **F&F** China, the Chinese subsidiary of **F&F**, achieved dramatic growth in sales from KRW 11.9 billion in 2019 to KRW 384 billion in 2021, just in three years after entering the Chinese market. We are also accelerating our entry into the global market by steadily investing in businesses that can create synergy in the long perspective through the acquisition of "TaylorMade" and "Sergio Tacchini."

To realize the next 30 years of sustainable growth, **F&F** Group is committed to fulfilling its roles and responsibilities as a corporate citizen based on accumulated experience and human and physical resources for the past 30 years. As part of that, we launched the ESG Committee in June 2022 to establish and implement key policies related to the environment, society, and governance. In addition, by joining the UN Global Compact (UNGC), we are participating in the implementation of the 10 principles of UNGC and UN SDGs (Sustainable Development Goals).

F&F Group published its first sustainability report to share these efforts and achievements. We intend to share the will and efforts of all employees to practice sustainability management with stakeholders and expand communication with them by transparently disclosing our economic, social, environmental, and social performance and plans through the sustainability report. Going forward, we will accumulate reliable performance information in the capital market so that our sustainability management activities can be put into practice, not just a declarative slogan.

We ask for your unwavering interest and encouragement.

Chang-Soo Kim

BOD Chairman of **F&F** Holdings and CEO of **F&F**



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Mission and Vision

Since starting the fashion business in 1992, **F&F** Group has been at the forefront of creating "new lifestyles and cultural values desired by the times." Under the vision of "Digital Fashion Global Leader," we are now growing into a company leading the global fashion culture in the IT era by combining fashion and digital transformation technology for the first time in the industry. As a leader in K-fashion trend, **F&F** Group is proactive in reflecting diverse and new cultures based on the keywords of "sharing, sympathy, and communication" and presents a new paradigm meeting changes in the digital age.

We are creating new values based on unrivaled competitiveness of premium lifestyle brand "DISCOVERY EXPEDITION," street casual brand "MLB & MLB KIDS," athleisure lifestyle brand "STRETCH ANGELS," global premium padding brand "DUVETICA" and premium streetwear brand "SUPRA."



Major Businesses

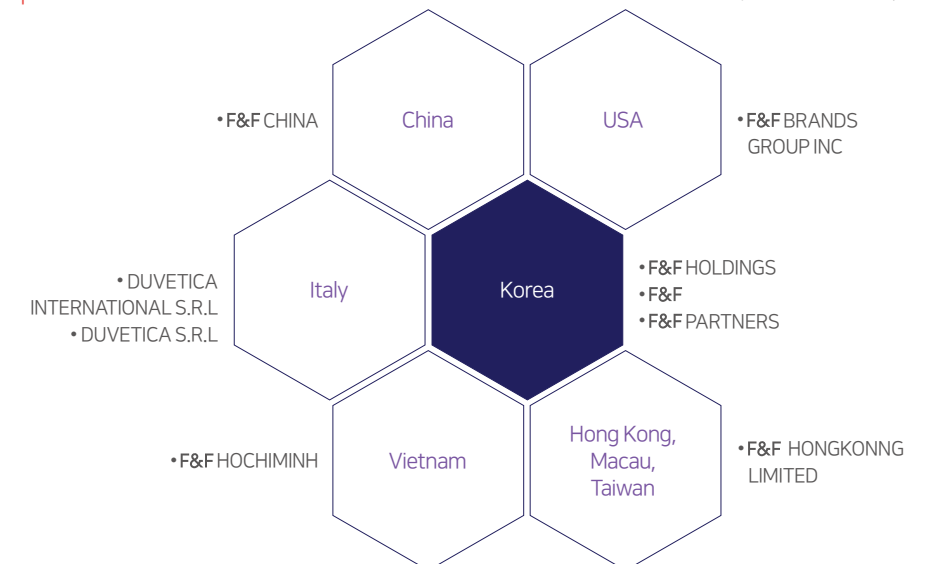
F&F Holdings, the holding company of **F&F** Group, and **F&F**, the key affiliate of **F&F** Group, newly launched **F&F** through a spin-off and the name of the surviving company was changed to **F&F** Holdings as of May 1, 2021.

F&F Holdings is engaged in equity management and investment in subsidiaries and investee companies. Consolidated subsidiaries of **F&F** Holdings conduct domestic and overseas brand operation, investment business, and logistics services.

F&F is focusing on the global fashion business based on brands such as Discovery and MLB. DUVETICA INTERNATIONAL S.R.L, as a local subsidiary in Italy, operates the premium padding brand DUVETICA and also generates royalty income through its brand licenses. **F&F** BRANDS GROUP INC, established in Delaware, USA in July 2020 for global licensing business, acquired the trademark of global brand SUPRA, while **F&F** PARTNERS was launched with the aim of investing in startups in fashion and lifestyle areas in December 2020.

F&F Group's Subsidiaries

(As of December 31, 2021)



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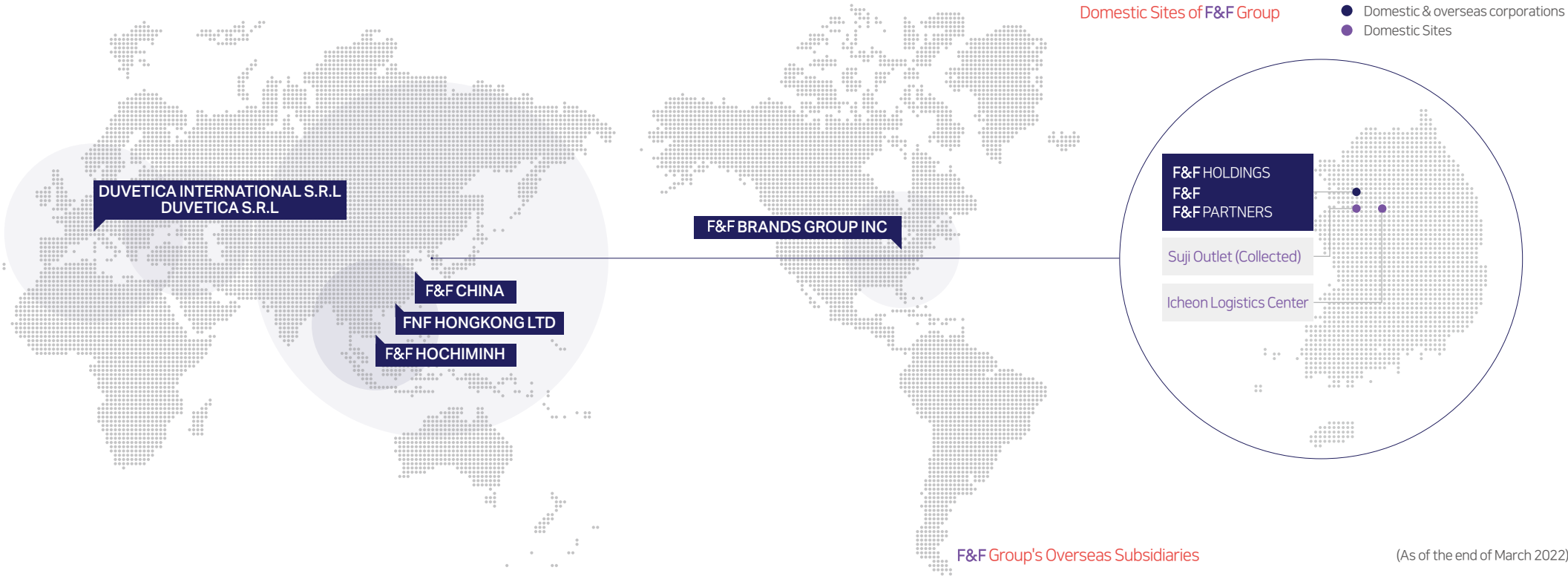
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F&F at a Glance

Global Network



	Company Name	Location	Major Business
Domestic	F&F HOLDINGS*	Gangnam-gu, Seoul	Holding company
	F&F*	Gangnam-gu, Seoul	Apparel and accessories manufacturing
	F&F PARTNERS	Gangnam-gu, Seoul	Investment
Overseas	F&F CHINA	Shanghai, China	Wholesale and retail of apparel
	F&F HONGKONG LTD	Hong Kong	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

* As of the end of December 2021

* Listed company

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F&F at a Glance

Corporate History

1990's
Starting fashion business

- 1992.07.** Founded Van Art Co., Ltd.
- 1996.02.** Launched Renoma Sports brand
- 1997.06.** Launched MLB brand

2000's
Breakthrough fashion business operation

- 2000.02.** Expanded ABOUT and KUHO brands
- 2002.07.** Changed company name to F&F Corporation
- 2002.02.** Launched ELLE GOLF brand
Opened Jukjeon COLLECTED
- 2008.04.** Relocated to **F&F** Yeoksam Tower

2010's
Digitalization of fashion

- 2010.02.** Launched MLB KIDS brand lineup
- 2012.03.** Launched DISCOVERY EXPEDITION brand
- 2014.03.** Built Icheon Logistics Center
- 2014.08.** Launched DISCOVERY KIDS brand
- 2016.03.** Established **F&F** LOGISTICS
- 2018.07.** Launched STRETCH ANGELS brand
- 2018.10.** Acquired an Italian premium brand DUVETICA
- 2019.05.** Entered the Chinese market through strategic alliance with Alibaba
MLB online shopping mall entered "Tmall"

2020's
Globalization of K-fashion

- 2020.12.** Established **F&F** PARTNERS
- 2021.05.** Spin-off
Holding company: **F&F** HOLDINGS
Fashion: **F&F**
- 2021.07.** Participated as a strategic investor in PEF for the purpose of acquiring a global golf brand TaylorMade
- 2022.01.** Launched SUPRA brand

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Affiliates

F&F Holdings

As of May 1, 2021, **F&F Holdings** established **F&F Co., Ltd.** through a spin-off and changed the name of the surviving company to **F&F Holdings Co., Ltd.**

F&F Holdings serves as the holding company of **F&F Group** and manages 13 subsidiaries and 21 affiliates including the flagship subsidiary **F&F Co., Ltd.**

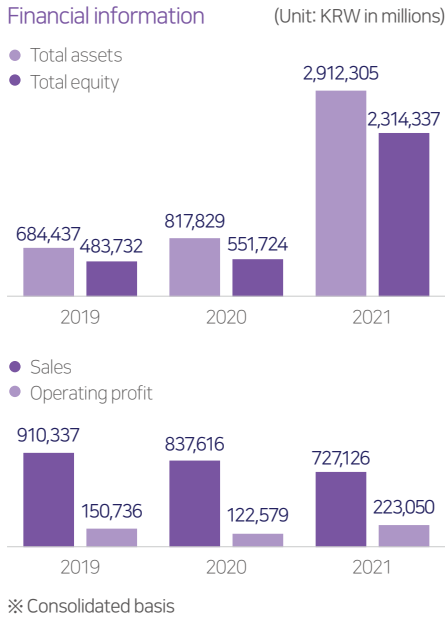
As of the reporting date, **F&F Holdings** is engaged in equity management and investment in subsidiaries and investee companies, and major revenue is generated from dividends from subsidiaries and trademark royalties from **F&F** brand users.

Shareholder Structure

Shareholder Type	Percentage
Largest shareholder, etc.	91.7%
Institutions and individuals	7.0%
Foreigners	1.2%
Treasury shares	0.1%

Overview (As of December 31, 2021)

Name	F&F Holdings Co., Ltd.
CEO	Eui-Hun Park
Established on	February 24, 1972
Listed on	October 4, 1984 (KOSPI)
Issued shares	39,114,367 shares
Employees	47 persons
Website	www.fnfholdings.com
Head office	541, Eonju-ro, Gangnam-gu, Seoul



F&F

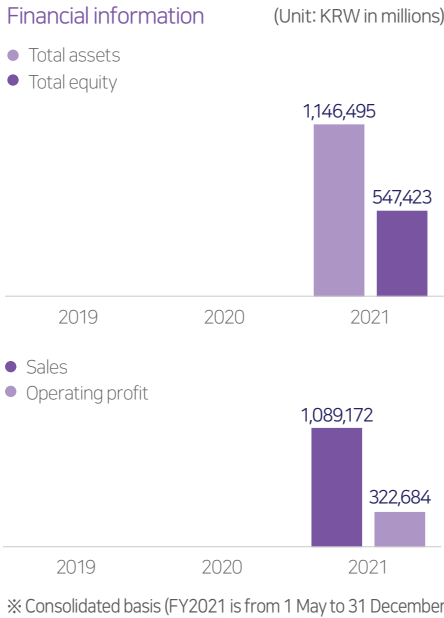
F&F Co., Ltd. was spun off from **F&F Holdings** on May 1, 2021 and completed the registration of establishment on May 3, 2021. The company is operating the fashion business. Since starting the fashion business in 1992, **F&F** has changed the world by creating new lifestyles and cultures desired by the times. Based on capabilities and experiences accumulated over the past 30 years, **F&F** has continued to grow by introducing trend-leading brands such as **DISCOVERY** and **MLB**, and is now creating new values in the global fashion business by strengthening its digital capabilities.

Shareholder Structure

Shareholder Type	Percentage
Largest shareholder, etc.	59.4%
Institutions and individuals	25.3%
Foreigners	15.2%
Treasury shares	0.1%

Overview (As of December 31, 2021)

Name	F&F Co., Ltd.
CEO	Chang-Soo Kim
Established on	May 3, 2021
Listed on	May 21, 2021 (KOSPI)
Issued shares	7,661,415 shares
Employees	483 persons
Website	www.fnf.co.kr
Head office	541, Eonju-ro, Gangnam-gu, Seoul



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Fashion Area

MLB

‘AMERICAN CONTEMPORARY CASUAL’ where trend and classic coexist

MLB is a premium street fashion brand based on the 150-year heritage of Major League Baseball that symbolizes the American sports lifestyle.

MLB is growing into a global NO.1 brand by leading trends with styles that reflect various consumer lifestyles by adding fashion and cultural elements to sports DNA.

Visit the brand website



MLB KIDS

A premium street casual brand for children's free and independent lifestyle

MLB KIDS, a children's clothing brand operated together with MLB, is a leading brand in the kids fashion market, showcasing original styles every season.

Visit the brand website



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Fashion Area



A lifestyle outdoor brand for intelligent and active explorers

Adding sensuous style to functionality!
DISCOVERY EXPEDITION is an "outdoor brand that goes beyond the outdoors."
It creates DISCOVERY's original technical lifestyle wear with progressive technological innovation and trend-leading style that makes our lives more convenient.

Visit the brand website



A premium lifestyle brand born with the motif of athleisure activities

STRETCH ANGELS presents athleisure items that are good for everyday use.
With the motif of athleisure activities including golf, tennis, and skiing, it presents vivid collections every season through various artworks.

Visit the brand website



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Fashion Area

DUVETICA

An Italian premium lifestyle brand

DUVETICA brand was launched in 2002 by Giampiero Vagliano.

DUVETICA's DNA contains the philosophy of Italian people's life "La Bella Vita." It is a brand that reinterprets Italian sensibility in a young and sophisticated way with intense color and unique logo play.

Visit the brand website 



SUPRA[®]

A premium streetwear brand that blurs the boundaries between real and virtual experience

SUPRA, the first Korean fashion brand to set a record of selling out the first quantity using the Non-fungible Token (NFT) method, was established in 2006 based on the skateboarding culture of California, USA.

As a meta-fashion brand that leads the subculture with modern design and innovative aesthetics, SUPRA creates new lifestyles that converge both real and virtual experience.

Visit the brand website 



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Retail Area

COLLECTED

F&F's fashion outlet

COLLECTED is a fashion outlet that handles only famous brands sold in department stores to offer more professional services at reasonable prices.

Visit the brand website



F&B Area

JARDIN PERDU CONTEMPORARY GREEN BAR

Contemporary restaurant pursuing a sophisticated and modern sensibility

Jardin Perdu is a comfortable resting place in the city where anyone can blow away the tiring daily life through the harmony of natural, healthy seasonal ingredients and interior space.

Visit the brand website



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Established F&F and Strengthened Competitiveness in Fashion Business

In May 2021, the surviving corporation F&F Holdings established a subsidiary F&F and spun off the fashion business division. Through this, F&F Holdings, which was converted into a holding company, has established a governance system that enables professional decision-making to focus its capabilities on managing subsidiaries and investment business.

It was conducted with the purpose of reinforcing digital and online business capabilities to respond to the rapidly changing retail market environment and the expertise of each organization's duties and functions.

Through this change, F&F Group plans to reorganize its business structure to focus its capabilities on professional businesses and strengthen management efficiency and transparency, thereby laying the foundation for sustainable growth.

F&F Fashion&Forward

Ranked 1st place in the Brand Evaluation of Listed Companies in Textiles and Apparel

In January 2022, F&F ranked first in the brand reputation analysis of listed textile and apparel companies announced by the Korea Business Reputation Research Institute. It resulted from analyzing 43.8 million big data related to brands of listed textile and apparel companies for a month from December 2021.

The research institute said that brand reputation is identified by analyzing customers' activity related big data in the aspects of participation value, communication value, social value, market value, and financial value while the brand reputation index of listed textile and apparel companies is categorized into participation, media, communication, community, market, and social contribution sectors.

F&F scored 4,882,673 points in the Brand Reputation Index, the highest among the evaluated companies.

Raised Environmental Conservation Fund and Supported Emergency Disaster Recovery

In March 2022, we donated KRW 200 million to the Hope Bridge Korea Disaster Relief Association to provide relief supplies to the victims of forest fires and help recovery from damage in Uljin-gun, Gyeongsangbuk-do, and Samcheok-si, Gangwon-do. The Hope Bridge Korea Disaster Relief Association said that it would do its best to help the victims who lost their livelihoods in a sudden fire to get back up as soon as possible through the warm hands of many businesses and citizens including F&F Holdings.

희망브리지
전국재해구호협회

Contributed to Local Communities through Partnerships

F&F Holdings signed an MOU with Good Neighbors in 2021 to conduct shared growth programs for community members and children. In 2022, we plan to donate KRW 500 million on a cumulative basis.

We are also proactive in supporting care and educational infrastructure for underprivileged children and adolescent in collaboration with Good Neighbors.

In April 2022, we signed an MOU with ChildFund Korea and Sejin Plus for eco-friendly recycling projects and raised a fund of KRW 200 million. By capitalizing on this fund, F&F recycled 15 tons of clothing inventory annually into fiber panels to make eco-friendly furniture needed by ChildFund Korea. Those were donated in June 2022.

Established the BOD-centered ESG Management System

Recognizing the importance of ESG management, F&F Group decided to establish the ESG Committee at the BOD meeting in June 2022. The ESG Committee is responsible for preparing sustainability management policies and plans, internalizing performance evaluation and activities, and deliberating and resolving agendas on disclosing non-financial information. The BOD of both F&F Holdings and F&F has a well-balanced composition of executive and non-executive directors, and deliberates the agendas to improve environmental, social, and governance performances of F&F Group with the support of ESG Cooperation TF Team, a working organization.

Signed to Join the UN Global Compact

F&F Holdings and F&F joined the UN Global Compact (UNGC) in May 2022 and declared their will to comply with the ten principles in terms of human rights, labor, environment, and anti-corruption internally and externally. UNGC is the world's largest voluntary corporate citizenship initiative, in which over 19,000 companies and institutions from 160 countries participate.

As the member of UNGC, both companies will participate in the implementation of the SDGs (Sustainable Development Goals) in addition to the 10 principles, and will fulfill the obligation to submit the execution report that discloses sustainability management performances in accordance with the guidelines presented.

WE SUPPORT



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Value Creation Process

F&F Group creates sustainable value through its fundamental business. To explain this effectively, this report describes how core capital can be transformed into economic, social and environmental values through the unique business model of F&F Group based on the Value Creation Process that constitutes the <Integrated Reporting> framework of VRF (Value Reporting Foundation).

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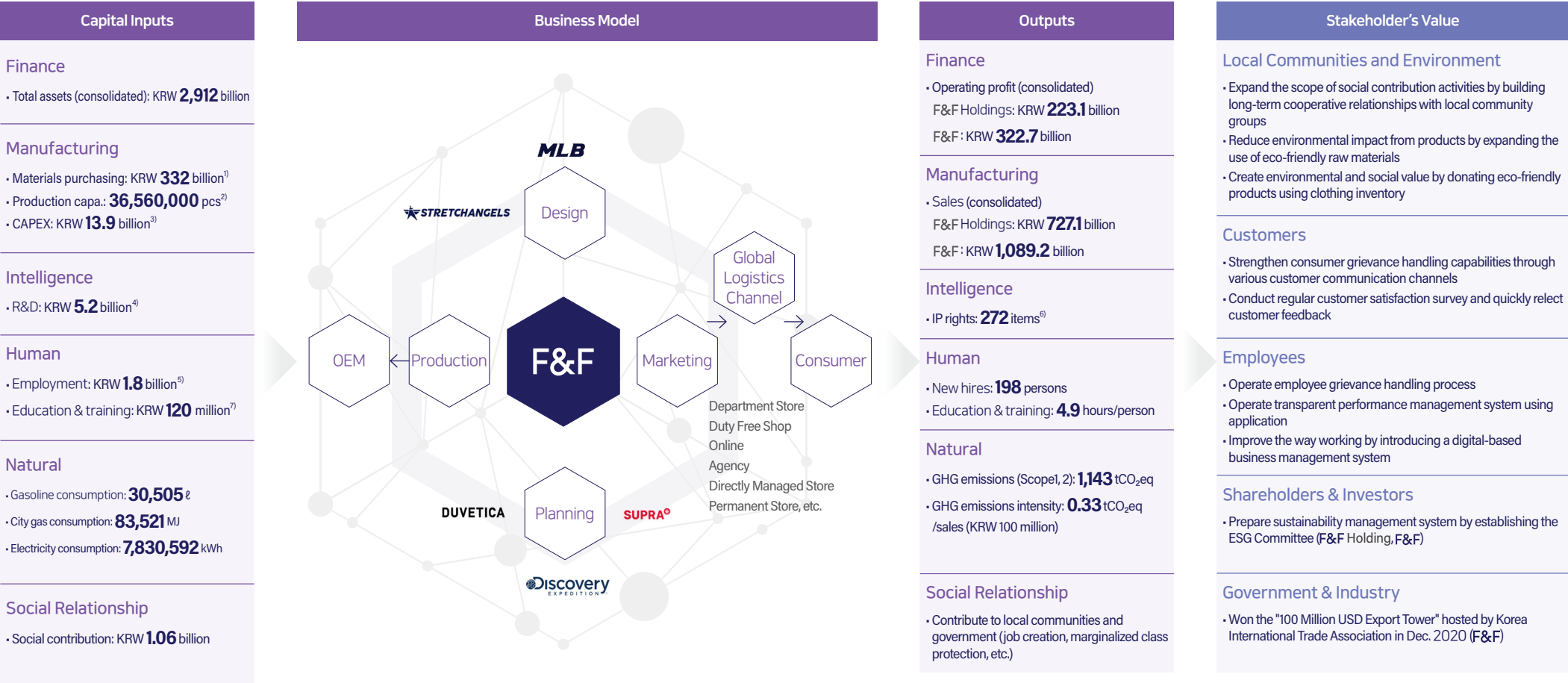
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¹⁾Total purchasing amount from May 2021 when establishing F&F to the end of December of the same year

²⁾F&F Fashion Division commissions OEMs for all products without its own production facilities, and OEMs carry out raw materials sourcing, processing, manufacturing, and supply of finished products.

³⁾Total acquisition value of tangible and intangible assets of F&F as of the end of December 2021

⁴⁾Total R&D investment of F&F Holdings and F&F in 2021

⁵⁾Including payment to search firms and talent search portals of F&F Holdings and F&F in 2021

⁶⁾Cumulative revenues from trademark rights, design rights, patent rights, and license of F&F Holdings (22 items) and F&F (250 items) as of the end of December 2021

⁷⁾Total amount of outsourced education expenses excluding development and operation expenses of in-house education platforms

Sustainability Management System

Based on the management vision of "developing the world by creating new lifestyles and cultures," F&F Group maintains the identity of fashion & beauty, street & premium brands, while embracing modern and evolving ideas without borders on thinking.

We understand that ESG (Environmental, Social, and Governance) presents criteria that can become a useful 'perspective' for companies pursuing sustainable growth to identify and manage business opportunities and risks.

With this recognition, F&F Group has set its strategic directions for sustainable management at "redefining governance," "fulfilling social responsibility," and "pursuing eco-friendly management." The strategic directions were set as focus areas for F&F Group to use as a milestone in promoting sustainable management and as a standard for stakeholder communication and ESG information disclosure.



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Sustainability Management System

ESG Committee

Considering the importance of ESG management, **F&F** Group declared 2022 as the first year of implementation, and established an ESG committee under the board of directors of each affiliate in June. Each company's ESG committee consists of one executive director and two non-executive directors, and is convened once a year on a regular basis and ad hoc meeting is also held when necessary.

The ESG Committee deliberates and decides on issues related to ESG policy and plan establishment, sustainability management performance evaluation, internalization support, and ESG information disclosure reported from the ESG Cooperation TF Team.

-  View **F&F** Holdings ESG Committee Rules
-  View **F&F** ESG Committee Rules

F&F Group's ESG Committee

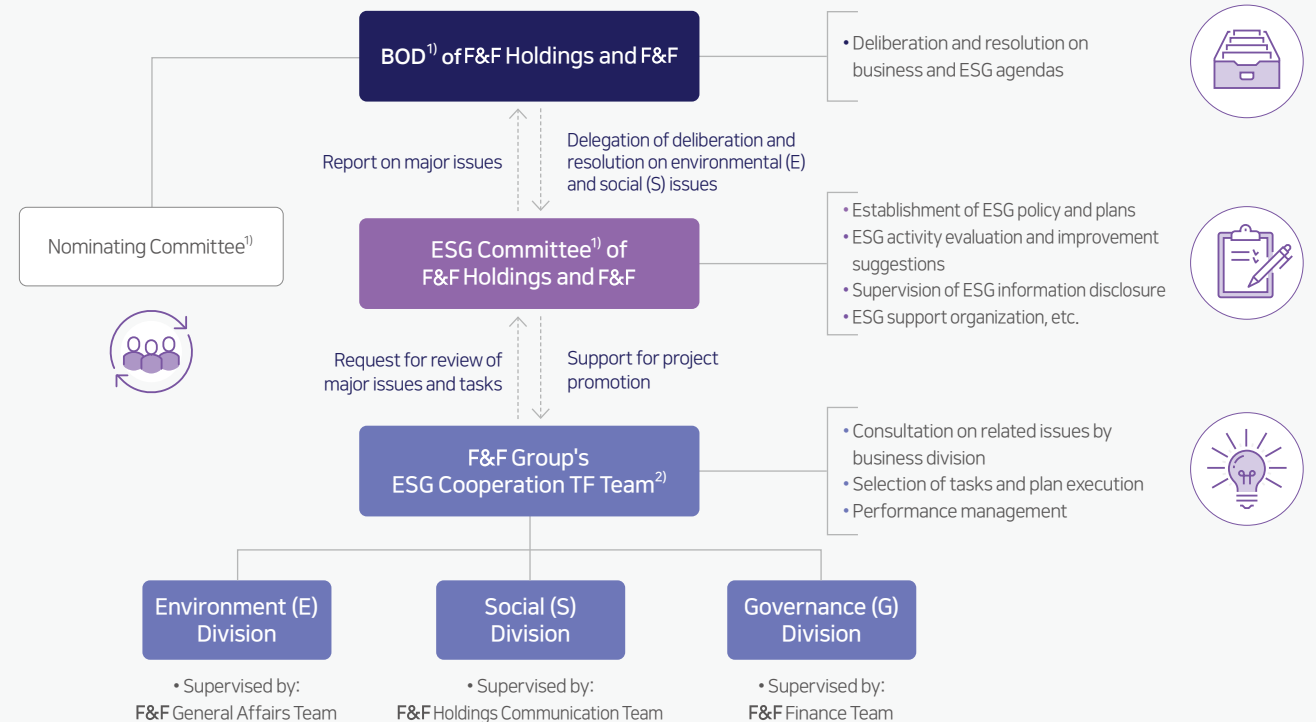
Company	Classification	Name
F&F Holdings	Executive Director (Chairperson)	Eui-Heon Park
	Non-executive Director	Sung-Deok han
	Non-executive Director	Dong-Il Kim
F&F	Executive Director (Chairperson)	Chang-Soo Kim
	Non-executive Director	Hae-Sik Park
	Non-executive Director	Joon-Keun Bae



ESG Cooperation TF Team

The ESG Cooperation TF Team was newly established as a working organization that can plan and support ESG tasks required in the field. The team serves as the secretary of each company's ESG committee, and can request information collection and collaboration from all business divisions of the Group. The ESG Cooperation TF Team, consisted of members directly related to the environment, society, and governance, analyzes pending issues in each field, derives improvement plans, and evaluates implementation results. The leader of each ESG division reviews the action plan and evaluation results and reports them to the ESG Committee to manage the information on entire sustainability management activities of **F&F** Group. They are also responsible for ESG information disclosure including the publication of sustainability report in accordance with the plan approved by the ESG Committee.

Decision-Making Structure of the BOD and ESG Committee



¹⁾ Individual operation by **F&F** Holdings and **F&F**

²⁾ Operating as a common organization of **F&F** Group

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Materiality Assessment

Materiality Assessment

In 2022, **F&F** Group identified 112 internal and external topics related to sustainability management during the reporting period, and selected 29 topics for materiality assessment among them. Those topics were prioritized through stakeholder surveys in the materiality assessment process and were condensed into 22 major topics that are linked to focus areas through feasibility reviews by ESG and sustainability management experts and internal reporting of the Group.

The 22 major topics were used as the basis for **F&F** Group's first sustainability report, and will be the top priority in the process of carrying out the company's ESG management tasks in the future.

Going forward, we will conduct materiality assessment every year to make major management tasks be promoted in connection with both stakeholder impact and interest and business risk and opportunity factors.

Stakeholder Survey Overview

Surveyee	<ul style="list-style-type: none">Identified and defined internal and external stakeholders who have impacts on F&F Group's sustainability management and selected surveyeesInternal (employees): Team leaders and members, executives excluding the CEOExternal: Shareholders and investors, partners, local communities (NGOs and beneficiaries)
Survey period and channels	<ul style="list-style-type: none">June 7 to 10, 2022Used an online survey platform
Measuring method	<ul style="list-style-type: none">Quantified the degree of impact on F&F Group's sustainability based on 29 topics in the aspects of ESGUsed a 5-point Likert scale
Number of effective samples	221 in total

Assessment Process

The materiality assessment was conducted in a three-step process consisting of Issue identification Prioritization Validation.

● Issue Identification

Impact Topic

We identified 17 impact topics in terms of sustainability by analyzing FY2021 business report of **F&F** Holdings and F&F, news articles from 2021 to 1Q 2022, and domestic and global ESG evaluation standards.

Trend Topic

To check global sustainability topics in the fashion industry, we reviewed issues in the apparel, accessories, and footwear business of MSCI and SASB indices. We also referred global sustainability initiatives including UN SDGs and topics of peer groups at home and abroad. A total of 95 trend topics were identified through this process.

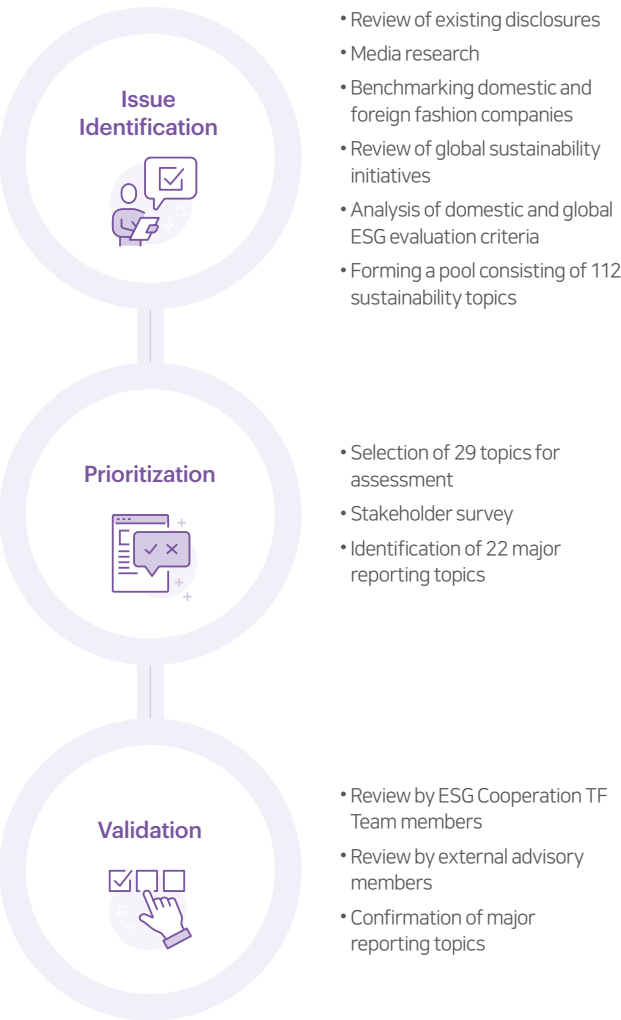
● Prioritization

We selected 29 major topics by categorizing the above topics by ESG area and removing duplicate factors. A survey was conducted for employees of **F&F** Group and external stakeholders from June 7 to 10, 2022. 22 major reporting topics were derived by applying internal and external weights 6:4, respectively, to the survey results.

● Validation

The ESG Cooperation TF Team and advisory members for ESG and sustainability management reviewed the results of prioritization of 22 major reporting topics and the procedural feasibility of materiality assessment.

Materiality Assessment Process

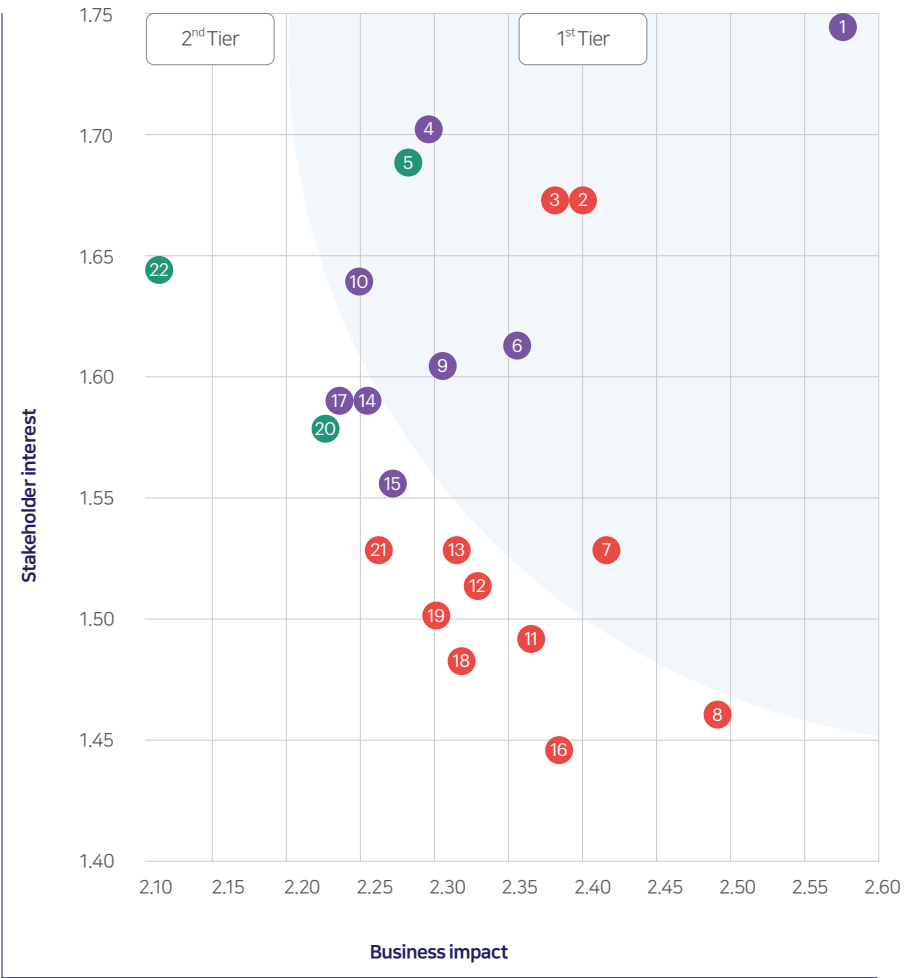


Materiality Assessment

Assessment Result

Prioritized major reporting topics were reviewed for validity, and 22 topics were classified into 1st Tier (Very High) and 2nd Tier (High) groups according to their importance.

● Materiality Matrix



● Major Reporting Topics and Stakeholder Impact Scope

The 10 topics in the 1st Tier suggest corporate management directions that pursue both business competitiveness and social responsibility, and are intensively located in governance (G) and social (S) areas. The performances, goals, and case studies of 10 topics were disclosed throughout this report, and other sustainability management results can be found in the GRI Standards Index.

Area	Reporting Issue	Tier	No.	Stakeholder Impact Scope					Location
				Employ-ees	Custom-ers	Partners	Shareholder & Investors	Local Commu-nities	
Governance (G)	Brand Reputation Management	1	1		●	●	●		F&F at a Glance
	Strengthening Financial Soundness and Profitability	1	4	●			●		F&F at a Glance
	Improving Governance Transparency	1	6	●			●		Focus Area 1
	Enhancing Ethics and Compliance Management	1	9	●	●	●	●		Focus Area 1
	Stakeholder Engagement and Communication	1	10	●	●	●	●	●	Appendix
	Information Protection Activities	1	12	●	●	●			Focus Area 1
	Enhancing Shareholder Value	1	14				●		Focus Area 1
	Establishing Integrated Risk Management System	2	15				●		Focus Area 1
	Establishing ESG Management System	2	17	●	●	●	●	●	Sustainable Framework
	Enhancing the Eco-friendliness of Products and Services	1	5		●	●			Focus Area 3
Environmental (E)	Building Environmental Management System	2	20	●	●	●	●		Focus Area 3
	Building Eco-friendly Worksites	2	22	●	●	●	●	●	Focus Area 3
	Establishing CSR Management System	2	2	●	●	●		●	Focus Area 2
Social (S)	Establishing Customer Satisfaction Management	1	3	●	●	●			Focus Area 2
	Increasing Employee Satisfaction	1	7	●					Focus Area 2
	Employee Health and Safety Management	1	8	●			●		Focus Area 2
	Fair Opportunity and Compensation	1	11	●					Focus Area 2
	Establishing Fair Operation Practice	1	13		●	●			Focus Area 2
	Supporting Employee Competence Development	2	16	●					Focus Area 2
	Expanding Diversity and Inclusiveness	2	18	●					ESG Databook
	Promoting Human Rights Management	2	19	●	●	●		●	Focus Area 2
	Creating a Shared Growth Ecosystem	2	21		●	●	●		Focus Area 2, 3
		2							



FOCUS AREAS

-
- 22** Focus Area 1. Redefining Governance
 - 35** Focus Area 2. Fulfilling Social Responsibility
 - 48** Focus Area 3. Pursuing Eco-friendly Management

Focus Area 1

Redefining Governance

: Comply with Principles

Why is this Important?

F&F Group recognizes the importance of governance as the driving force behind sustainable management. Governance drives economic, environmental and social performance as a structure for making strategic decisions to achieve corporate objectives.

How to Approach?

The BOD of F&F Holdings and F&F has the authority to supervise matters delegated by the shareholders' meeting, supervise business execution, and appoint and dismiss the CEO. Non-executive directors are appointed through professionalism and independence verification. Moreover, the BOD enhances independence, professionalism, and efficiency by operating the Audit Committee, Investment Review Committee, Nominating Committee, and ESG Committee. Each company guarantees the exercise of shareholder rights in accordance with due process and effectively manages business risks by operating internal accounting management system and integrated risk management activities. Furthermore, we present employees' behavior guidelines based on the Code of Ethics and encourage the participation of our business partners.

Link to UN SDGs

- 4. Quality Education
- 16. Peace, Justice and Strong Institutions



Material Topics

Tier 1

- Brand Reputation Management
- Strengthening Financial Soundness and Profitability
- Improving Governance Transparency
- Enhancing Ethics and Compliance Management
- Stakeholder Engagement and Communication

Tier 2

- Information Protection Activities
- Enhancing Shareholder Value
- Establishing Integrated Risk Management System
- Establishing ESG Management System

Key Performance

Audit Committee

established

F&F Holdings



Nominating Committee

established

F&F Holdings and F&F



ESG Committee

established

F&F Holdings and F&F



Integrated Legal Management System

Opened 'New E-Law'

F&F Holdings



What's Next?

To ensure governance with transparency and expertise and to provide better value to stakeholders, we intend to continuously improve the operation of the BOD and board committees, internal control and risk management, protection of shareholder rights, and ethics and compliance management system.

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Governance Principles and Policies

Governance Status

F&F Group strives to create a rational and professional governance structure while ensuring transparency, soundness and stability for sustainable growth and enhancement of shareholder value. Moreover, to establish a transparent governance structure, we disclose the articles of incorporation, BOD activities, BOD regulations, and the status of governance-related works on the website and DART in a transparently manner.

Since the spin-off on May 1, 2021, the surviving company **F&F Holdings** has been focusing on managing subsidiaries and investing in new businesses as a holding company while newly established **F&F** has been specializing in fashion business, which contributes to enhancing the business competitiveness of **F&F** Group and adding soundness and stability to our governance structure.

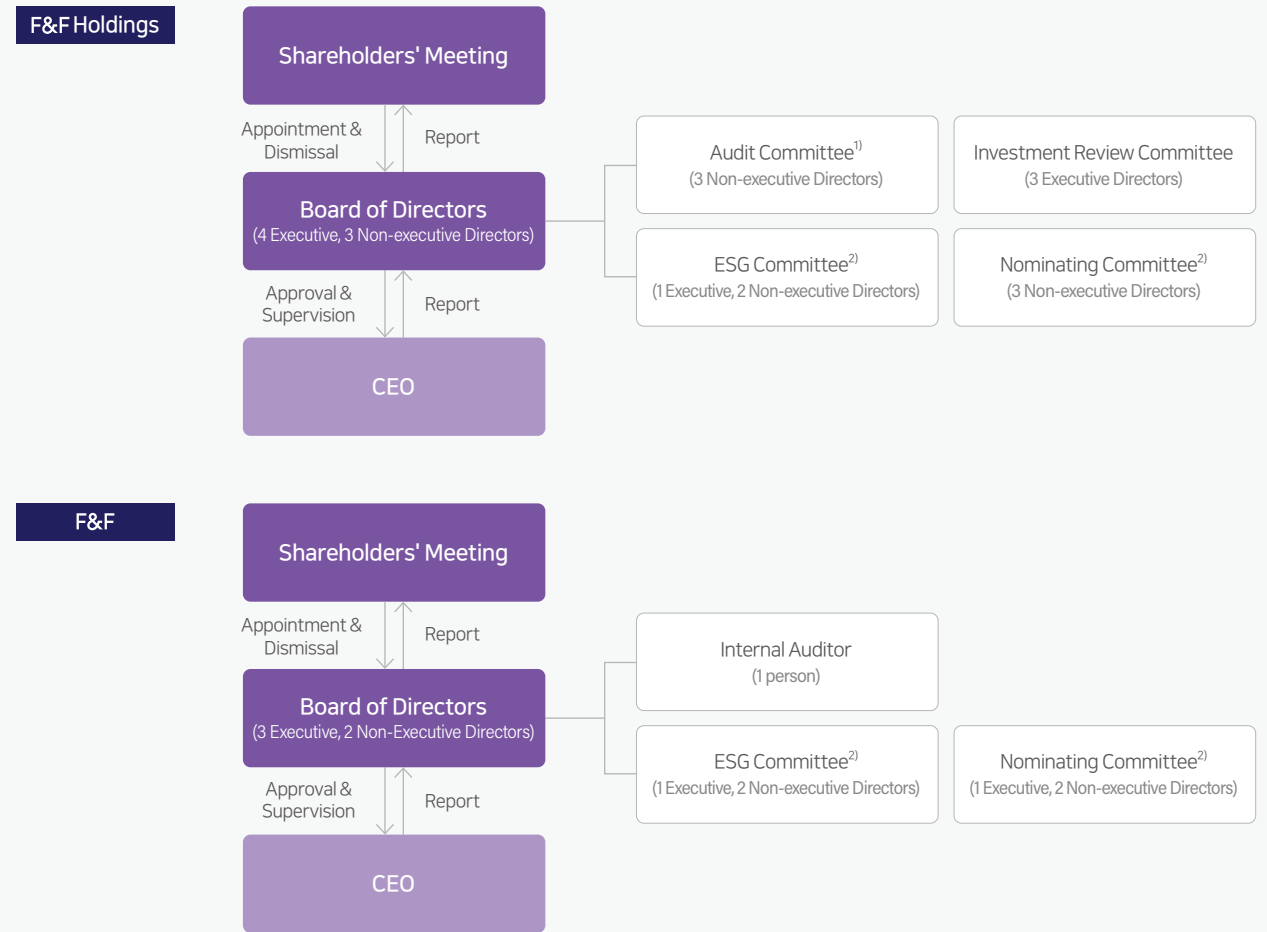
Feature of Our Governance

F&F Holdings was approved the establishment of the Audit Committee at the general shareholders' meeting in March 2022 and appointed two additional non-executive directors. The Audit Committee is composed of three non-executive directors who are experts in accounting, finance, and law. The committee utilizes its expertise to make rational decisions from various perspectives and strengthens its role for checking the management through independent non-executive directors. The company's decision-making and business execution are delegated to the BOD and the management, respectively, and the management's business execution status is reported to the BOD, which ensures the check and balance among the BOD, the management, and non-executive directors.

The BOD of **F&F** consists of three executive directors and two non-executive directors. Board members with independence and expertise improve decision-making efficiency and faithfully carry out the function of checking the management.

Decision-making Structures of F&F Holdings and F&F

(As of the end of June 2022)



¹⁾ Established on March 25, 2022

²⁾ Established on June 30, 2022

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Strengthening the BOD Leadership

BOD Composition and Operation

F&F Holdings

The Board of Directors (BOD) of **F&F Holdings**, as the highest decision-making body, has the authority to resolve matters delegated by the general shareholders' meeting, supervise the company's management, and appoint and dismiss the CEO. To enhance the independence of the BOD, the CEO cannot concurrently serve as the chairman of the BOD. As of March 31, 2022, the BOD consists of 4 executive and 3 non-executive directors. At the general shareholders' meeting in March 2022, **F&F Holdings** appointed the CEO of **F&F** Chang-Soo Kim and a Managing Director Seung-Bum Kim as executive directors and a CPA Sung-Deok Han and an attorney Jong-Mun Kim as non-executive directors. The BOD guarantees the tenure of directors in order to maintain their expertise in each field and the function of checking the management.

BOD Composition of **F&F Holdings** (As of the end of March 2022)

Category	Name	Gender	Position	Expertise	Major Careers	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 Holdings	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
Non-executive Director	Sung-Deok han	Male	Audit Committee Chairman	Accounting, Audit	• CEO of U Ace Tax & Consulting • Former Non-executive 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

BOD Meeting Results of **F&F Holdings**

Category	Meetings	Agendas	Attendance rate	Resolution
BOD meetings in 2021	15 times	21 items	100%	• Approval of a spin-off plan (change) • Capital increase through in-kind investment • TOB (Take Over Bid) according to in-kind investment • Merger with a subsidiary (F&F Logistics)

F&F

The Board of Directors (BOD) of **F&F**, as the highest decision-making body, has the authority to resolve matters delegated by the general shareholders' meeting, supervise the company's management, and appoint and dismiss the CEO. The Company appointed the CEO Chang-Soo Kim as the BOD Chairman in consideration of the characteristics of its business. As of March 31, 2022, the BOD consists of 3 executive and 2 non-executive directors. **F&F** appointed Joon-Keun Bae as a non-executive director at the general shareholders' meeting in March 2022. The BOD guarantees the tenure of directors in order to maintain their expertise in each field and the function of checking the management.

BOD Composition of **F&F** (As of the end of March 2022)

Category	Name	Gender	Position	Expertise	Major Careers	Date of Appointment	Date of Expiration
Executive Director	Chang-Soo Kim	Male	CEO	General Management	• BOD Chairman of F&F Holdings • CEO of F&Co	2021.05.03	2024.05.02
	Jung-Man Ma	Male	Senior Director	Finance	• Finance Director of F&F • Former Managing Director of CJ CheilJedang	2021.05.03	2024.05.02
	Min-Ho Chung	Male	Managing Director	HR	• HR Director of F&F • Former Senior Director of Aon Hewitt	2021.05.03	2024.05.02
Non-executive Director	Hae-Sik Park	Male	-	Legal Affairs	• Attorney of Yulchon Law Firm • Former Chief Justice of the Supreme Court	2021.05.03	2024.05.02
	Joon-Keun Bae	Male	-	Investment	• Former Managing Director of Hanwha Investment & Securities	2022.03.25	2025.03.24

BOD Meeting Results of **F&F**

Category	Meetings	Agendas	Attendance rate	Resolution
BOD meetings in 2021	11 times	17 items	100%	• Announcement of the inaugural meeting • Investment in the PEF for acquiring TaylorMade • TAdditional takeover of PEF shares for acquiring TaylorMade

Strengthening the BOD Leadership

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Professionalism and Independence of Non-executive Directors

F&F Holdings and F&F established the Nominating Committee on June 30, 2022 to strengthen the independence of non-executive directors and enhance governance transparency. The Nominating Committee of each company manages non-executive candidates by checking their qualifications and expertise as stipulated in Articles 382 and 542-8 of the Commercial Act and recommends them to the BOD to help the BOD propose the appointment of candidates to the general shareholders' meeting.

Each company enhances professionalism by appointing persons with extensive experience and expertise in each field of law, accounting, finance, and management as non-executive directors, and supports various tasks through the department in charge of serving the BOD so that they can effectively perform their duties. Non-executive directors have the right to request information from the CEO and, if necessary, can seek training and assistance from external experts through the company's financial aids. F&F Group provides new non-executive directors with trainings including factory tour and invitational lectures to help them better perform their duties.

Non-executive directors are allowed to hold up to maximum one position at another company in accordance with the Enforcement Decree of the Commercial Act. We submit the "Confirmation of Qualifications for Non-executive Directors" and the "Confirmation of Proper Qualifications for Non-executive Directors" to the Korea Exchange, including share ownership of the company and affiliates.

Evaluation and Compensation for Non-executive Directors

F&F Holdings and F&F evaluate independence, professionalism, ethics, and fidelity in accordance with relevant laws and regulations when selecting non-executive director candidates. Remuneration

for non-executive directors is not linked to job evaluation to maintain independence, but is determined by comprehensively judging the contribution level and cases of other companies within the limits set at the annual general shareholders' meeting. Each company plans to prepare standards for objectively evaluating the independence, responsibility, and risk of non-executive directors through in-depth discussion at the BOD.

CEO Succession Policy

F&F Holdings and F&F stipulate 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 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 a variety of training programs to improve their management leadership, vision and strategy, and risk management capabilities.

Strengthening the BOD Leadership

Board Committees

F&F Group can establish board committees under the BOD in consideration of the BOD's expertise and efficiency in accordance with the articles of incorporation and BOD rule.

In accordance with Articles 542-8 and 542-11 of the Commercial Act, F&F Holdings and F&F are not obligated to establish the Audit Committee and Nominating Committee under the BOD. Nevertheless, F&F Holdings is operating the Audit Committee and Investment Review Committee by stipulating the establishment base in the articles of incorporation according to the voluntary decision of the BOD.

Both companies also established the Nominating Committee and ESG Committee through deliberation and resolution at the regular BOD meeting in June 2022, enhancing the independence, professionalism, and efficiency of the BOD operation.

Board Committees Operation at F&F Holdings (As of the end of June 2022)

Committee	Composition	Chaired by	Major Functions and Roles
Audit Committee	3 non-executive directors	Sung-Deok han (Non-executive)	<ul style="list-style-type: none">• Audit on financial statements• Inspection and approval of audit activities• Appointment of independent auditors
Investment Review Committee	3 executive directors	Chang-Soo Kim (Executive)	<ul style="list-style-type: none">• Deliberation on investment in financial investment products of the Group
ESG Committee	1 executive director, 2 non-executive directors	Eui-Hun Park (Executive)	<ul style="list-style-type: none">• Establishment of ESG policy and plans• Evaluation of ESG activities and suggestions for improvement• Establishment of ESG support organizations
Nominating Committee	3 non-executive directors	Sung-Deok han (Non-executive)	<ul style="list-style-type: none">• Recommendation of non-executive director candidates

Board Committees Meetings at F&F Holdings (As of the end of June 2022)

Committee	Meetings	Agenda	Attendance Rate	Major Resolutions
Audit Committee	1	2 items	100%	<ul style="list-style-type: none">• Appointment of the Audit Committee Chairman• Approval of annual internal accounting plan for 2022
Investment Review Committee	5	5 items	100%	<ul style="list-style-type: none">• Deliberation of investment
ESG Committee	1	1 item	100%	<ul style="list-style-type: none">• Appointment of the ESG Committee Chairman
Nominating Committee	1	1 item	100%	<ul style="list-style-type: none">• Appointment of the Nominating Committee Chairman

Board Committees Operation at F&F (As of the end of June 2022)

Committee	Composition	Chaired by	Major Functions and Roles
ESG Committee	1 executive director, 2 non-executive directors	Chang-Soo Kim (Executive)	<ul style="list-style-type: none">• Establishment of ESG policy and plans• Evaluation of ESG activities and suggestions for improvement• Establishment of ESG support organizations
Nominating Committee	1 executive director, 2 non-executive directors	Hae-Sik Park (Non-executive)	<ul style="list-style-type: none">• Recommendation of non-executive director candidates

Board Committees Meetings at F&F (As of the end of June 2022)

Committee	Meetings	Agenda	Attendance Rate	Major Resolutions
ESG Committee	1	1 item	100%	<ul style="list-style-type: none">• Appointment of the ESG Committee Chairman
Nominating Committee	1	1 item	100%	<ul style="list-style-type: none">• Appointment of the Nominating Committee Chairman

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Internal Audit Organization

F&F Group's internal audit organization faithfully conducts audits independently from the management and controlling shareholders.

F&F Holdings established the Audit Committee by the resolution at the general shareholders' meeting on March 25, 2022. The Audit Committee is composed of only three non-executive directors in accordance with the Commercial Act and the articles of incorporation. One of the Audit Committee members is appointed as an accounting or finance expert in accordance with relevant laws.

F&F Holdings' Audit Committee members are also subject to the same compensation policy for outside directors. In addition, the Audit Committee has a separate support organization to secure independence according to roles and responsibilities and to ensure faithful performance of duties.

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.

Internal Audit Organization of F&F Group

Company	Internal Audit Organization	Member	Position	Auditing Related Experience and Qualifications
F&F Holdings	Audit Committee	Sung-Deok han (Non-executive)	Audit Committee Chairman	• CEO of U Ace Tax & Consulting (CPA) • Former Non-executive Director & Audit Committee Member of Halla Corp.
		Dong-Il Kim (Non-executive)	Audit Committee Member	• CEO of DK Value Solution • Former CEO of Franklin Templeton Investment
		Jong-Mun Kim (Non-executive)	Audit Committee Member	• Representative Attorney of Damheon Law Firm • Auditor of Boim Technology
F&F	Standing Auditor	Jae-Kyu Ryu*		• Former Head of Accounting System Department, Financial Supervisory Service • Served at Seongdo Accounting Firm, Hoyeon Accounting Firm, and Seowoo Accounting Firm • Former non-executive 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)

Independent Auditor

F&F Group secures the objectivity, reliability and transparency of accounting information through regular audits by independent auditors. Independent auditors attend the general shareholders' meeting to answer questions from shareholders about the audit report submitted to the general shareholders' meeting.

For F&F Holdings, in accordance with relevant laws and regulations and the Securities and Futures Commission, EY Hanyoung accounting firm was designated as an independent auditor from fiscal 2020 to fiscal 2022, and the firm was finally appointed through the resolution of the Auditor Appointment Committee.

F&F, as a company established through spin-off in May 2021, held an abbreviated Auditor Appointment Committee and appointed EY Hanyoung accounting firm as the company's first independent auditor. The accounting firm was also re-appointed as the independent auditor for fiscal year 2022.



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Enhancing Shareholder Value

Exercise of Shareholder Rights

F&F Holdings abides by the legal deadline by making a resolution to convene a general shareholders' meeting three weeks before and by issuing notices and announcements two weeks before. The company introduced the electronic voting system at the 51st general shareholders' meeting (2022) to protect investors' rights and provide convenience for exercising their voting rights. In addition, a shareholder who owns at least 3% of the total number of voting shares of F*F Holdings or who has continuously held 1% or more from 6 months before the date of the general shareholders' meeting can propose items as the agendas at the shareholders' meeting through documents or electronic notice up to 6 weeks before the meeting.Going forward, the company plans to provide sufficient information to shareholders on a more leisurely schedule by improving related work process.

F&F, as a corporation newly established through spin-off on May 1, 2021, sent a notice of convocation two weeks prior to the date of the general meeting of shareholders to shareholders holding 1% or more ahead of the first general shareholders' meeting. We also posted an announcement of the convocation of the general shareholders' meeting through the electronic disclosure system and our website.

Regular General Shareholders' Meeting Results of F&F Group

Classification	51st Fiscal Year (2022) of F&F Holdings	1st Fiscal Year (2022) of F&F
Date of resolution of convocation	March 2, 2022	March 2, 2022
Date of announcement of convocation	March 10, 2022	March 10, 2022
Date of holding general shareholders' meeting	March 25, 2022 (Friday)	March 25, 2022 (Friday)
Period between the date of announcement and the date of general shareholders' meeting	15 days before the shareholders' meeting	15 days before the shareholders' meeting
Place	3F, F&F Building Annex, 541 Eonju-ro, Gangnam-gu, Seoul	3F, F&F Building Annex, 541 Eonju-ro, Gangnam-gu, Seoul
Notification method	• Send a notice of convocation (shareholders holding 1% or more) • Disclosure on our website and DART	• Send a notice of convocation (shareholders holding 1% or more) • Disclosure on our website and DART
Whether and how to notify the convocation at a level that foreign shareholders can understand	-	-
Details	Attendance of Board Members	7 out of 7 members
	Attendance of auditors or Audit Committee members	3 out of 3 members
	Major remarks from shareholders	1) Shareholders who spoke: 2 personal shareholders 2) Main point of remarks: Statement in favor of the agenda
		1) Shareholders who spoke: 1 personal shareholder 2) Main point of remarks: Statement in favor of the agenda

Shareholder Return and Protection Policy

F&F Holdings pays dividends to enhance shareholder value. We decided "gradually expand based on the total amount of cash dividends" as a mid-to long-term dividend plan in consideration of net income, dividend yield, dividend payout ratio, financial structure, cash flow from operating activities, and investment plan. The cash dividend for fiscal year 2021 was KRW 170, and the total dividend was KRW 6.64 billion. The market dividend yield was 0.5%.

F&F paid out about 18% of the net profit of controlling shareholders in FY2021 as cash dividends. The company plans to pursue a "gradual expansion of dividend policy based on total cash dividends" in consideration of net income, dividend yield, and dividend payout ratio.

Each company's dividend is determined through resolutions at the BOD and general shareholders' meeting as a major means of maximizing shareholder value. The amount of dividends will be determined within the range of dividends available in consideration of investment for sustainable growth of the company, business performance, and cash flow.

F&F Holdings and F&F grant equal voting rights to shareholders according to the type and quantity of stock they hold. All shareholders exercise one voting right by one common share. In addition, we introduced the "Corporate Governance Charter" to ensure that the basic rights of shareholders are not infringed as stipulated by the Commercial Act and related laws and to protect the rights of shareholders, including minority shareholders.

Each company controls internal transactions and self-transactions aimed at creating private income creation of the management or controlling shareholders in accordance with relevant laws and regulations and BOD rule. Internal transactions must be approved by the BOD, and it is stipulated that directors who have an interest in the matter cannot exercise their voting rights.

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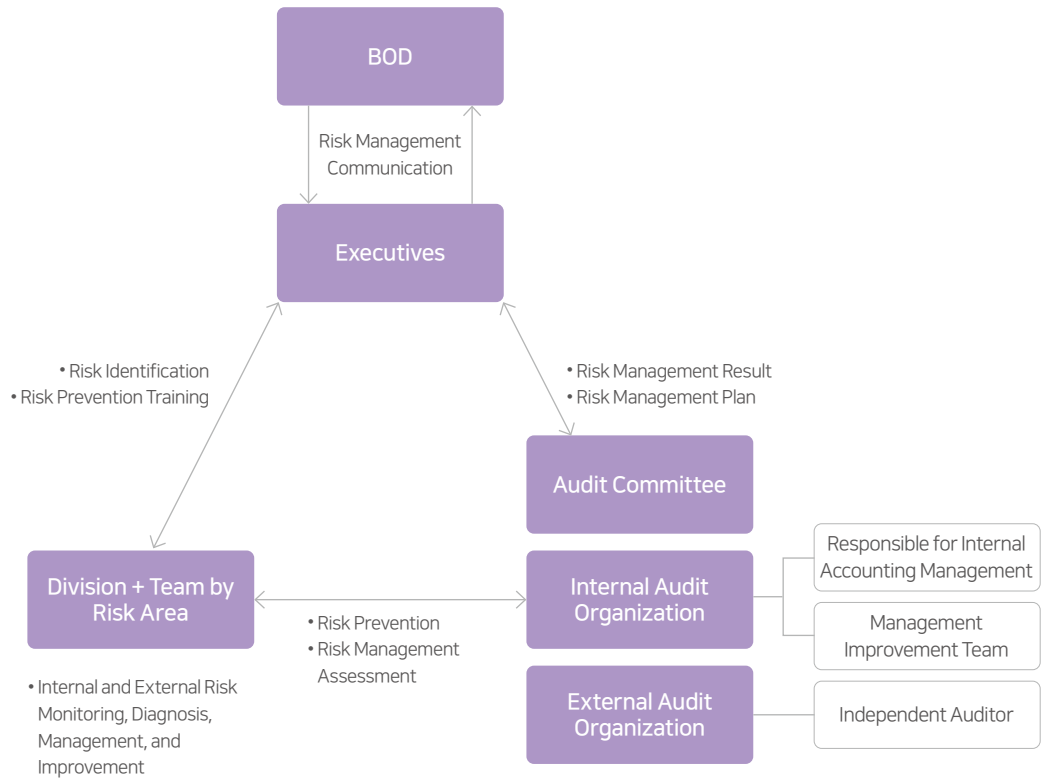
Risk Management

Internal Control System

F&F Group enacted internal accounting management regulations to prepare and disclose reliable accounting information, and operates the internal accounting management part, a dedicated organization. Each company conducts annual evaluation on the operating status of internal accounting management system, and the CEO and internal accounting manager report the results to the BOD and general shareholders' meeting, thereby securing transparency and reliability in accounting information.

The evaluation result of F&F Holdings' internal accounting management system operation for fiscal year 2021 were reported to the auditor by the internal accounting manager in March 2022, and the auditor reported it to the BOD in March 2022. The CEO also reported the result to the general shareholders' meeting held in March 2022.

F&F Group's Internal Control System



Risk Management Organization

For company-wide risk management, we conduct monitoring and diagnosis for each business unit vulnerable to risk generation. The management and the BOD of each company operates risk management processes utilizing internal and external control systems to minimize potential risks.

Risks in terms of finance, internal accounting management, disclosure information management, legal affairs, safety and health, and business execution that may occur in overall business operation are intensively managed by the relevant organizations and directors of the business division. The management communicates at all times on major risk management issues and improvement plans, and discusses pending issues through regular or ad hoc board meetings.

F&F Group's Risk Management Organization



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Risk Management

Integrated Risk Management Activities

Risk Area	Type	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 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 communication system to identify real-time situation 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

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Ethics & Compliance Management

Ethical Management

Code of Ethics

F&F Group has established the Code of Ethics to present standards for employees' ethical behaviors toward stakeholders. The Code of Ethics includes practical guidelines for "attitude toward shareholders and investors," "attitude toward customers," "attitude toward competitors and business partners," "responsibility to employees," "responsibility to society," and "basic ethics of employees."

F&F's Code of Ethics

Direction of Practice	Practice Guidelines
Attitude toward shareholders and investors	<ul style="list-style-type: none">• Pursuit of increasing shareholder value• Fair provision of investment information• Calculation and provision of transparent financial information
Attitude toward customers	<ul style="list-style-type: none">• Realization of customer satisfaction• Creation of customer value• Securing customer trust
Attitude toward competitors and partners	<ul style="list-style-type: none">• Establishment of mutual trust• Promotion of shared growth with business partners• Support for the continuous development of business partners
Responsibility to employees	<ul style="list-style-type: none">• Pursuit of work-life balance• Provision of opportunities for education and growth• Fair evaluation and compensation• Creation of a healthy organizational culture
Responsibility to society	<ul style="list-style-type: none">• Role and attitude as a corporate citizen• Contribution to national and social development• Environmental protection and ecosystem conservation• Compliance with environmental laws and improvement of environmental impact
Basic ethics of employees	<ul style="list-style-type: none">• Establishment of a healthy corporate culture• Prohibition of conflicts of interest• Prohibition of using internal information• Protection of company property and important information• Prevention of sexual harassment• Prohibition of involvement in political activities• Prohibition of giving or receiving money or entertainment• Compliance with the Code of Ethics

Major Activities

F&F Group has been conducting ethical management activities for all employees and business partners. Those include ethics education, pledge on ethics, and whistleblowing system for employees, and pledge on integrity, incentive & penalty, survey, and hotline system for partners. Externally, we operate cyber Shinmungo and ethics campaigns. These activities allow us to prevent corruption in advance and grow into a transparent company fulfilling responsibilities for society and customers.

F&F Group's Ethical Management Activities

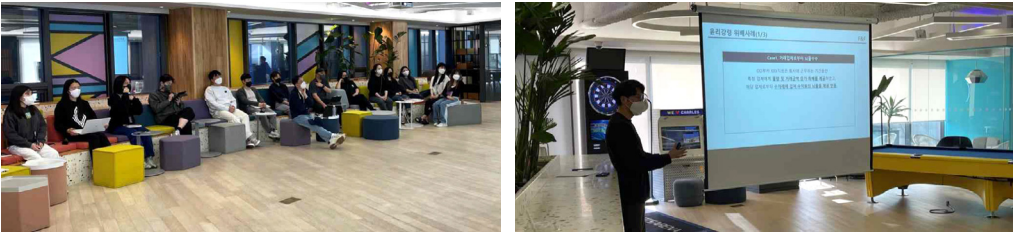
Target	Activities
Employees	<ul style="list-style-type: none">• Ethics training for employees (regular, new employees, specific departments, etc.)• Pledge to practice the Code of Ethics (once a year)• Reporting and reward system for employees
Partners	<ul style="list-style-type: none">• Incentive & Penalty system for business partners (based on compliance with the Code of Ethics)• Regular survey of business partners (check of fairness, transparency, and compliance with ethics)• Hotline system (regular meetings, listening to grievances and suggestions)
Common	<ul style="list-style-type: none">• Operation of cyber Shinmungo (ethics reporting channel)• Internal and external ethical campaigns (not giving and receiving holiday gifts, ethics letters, etc.)

Ethics Training

F&F shares the Code of Ethics, anti-corruption policies, and ethics violation cases across the company through ethics trainings. In particular, special ethics training is provided for purchasing department workforce to ensure transparency and fair trade with business partners.

Ethics training for purchasing department workforce at F&F

(March 2022)



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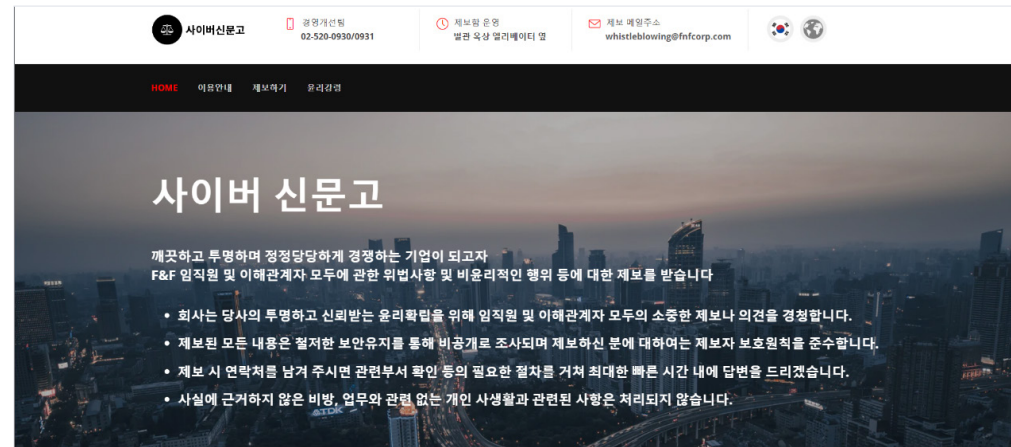
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Ethics & Compliance Management

Cyber Shinmungo

F&F operates a cyber Shinmungo so that stakeholders can report unfair practices of employees. Stakeholders can report acts that violate the Code of Ethics, such as unreasonable demands, bribes, and sexual harassment experienced in the course of transaction with our employees. For the protection of the whistleblower, the contents are kept confidential, and disadvantageous actions against the whistleblower are prohibited.

Cyber Shinmungo Screen



Regular Survey of Partners

F&F conducts an annual "Win-Win Management Survey" for business partners to improve transparency in the supply chain and manage risks of unfair trade. The questionnaire consists of "communication and trust," "work processing ability," "fairness," "integrity," "win-win management," "improvement and suggestions."

Hotline System for Partners

The hotline system is used as a valuable opportunity to directly listen to opinions on F&F's ethical management and win-win management from partners. Interviews are also conducted with suppliers every year. In 2022, we interviewed major partners by brand (84 firms) from March to April.

Compliance Management

At F&F Group, Legal Affairs Team, where lawyers work, diagnoses legal risks and supports the management and employees to comply with relevant laws. In addition, we conduct legal advice, contract review, and litigation management through E-LAW, an integrated legal affairs management system.

An Integrated Legal Affairs Management System "E-LAW"

WELCOME
NEW E-LAW
OPEN

법무통합관리시스템 New E-LAW가
2021. 08. 17.(화요일) 오픈됩니다.

* 접속링크 : <https://fnf.buptle.app/>
- 인트라넷 하단 E-Law 링크 클릭

* 접속 방법 : 인트라넷과 SSO 연결되어 있어 별도의 로그인 절차 없음

1. 신규 시스템 소개

- 계약서 검토부터 체결까지 Non-Stop
- 인트라넷 품의와 New E-LAW 연동을 통한 편의 제공
- 계약서 보관을 통한 히스토리 추적, 관리
- 기능 업그레이드를 통한 업무 효율성 극대화

2. 업무 프로세스

계약 검토	법률 자문	공문 수발신
계약 검토요청	자문 요청	공문양식 Search
↓	↓	↓
팀장 승인	팀장 승인	공문 작성
↓	↓	↓
법무팀 검토	법무팀 검토	공문 검토요청
↓	↓	↓
법무팀장 승인	자문 회람	공문 발송
↓	↓	↓
계약서 날인	자문 완료	E-LAW 업로드

****상세한 프로세스는 첨부문서를 참고해주세요.**

Information Protection

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Information Security System

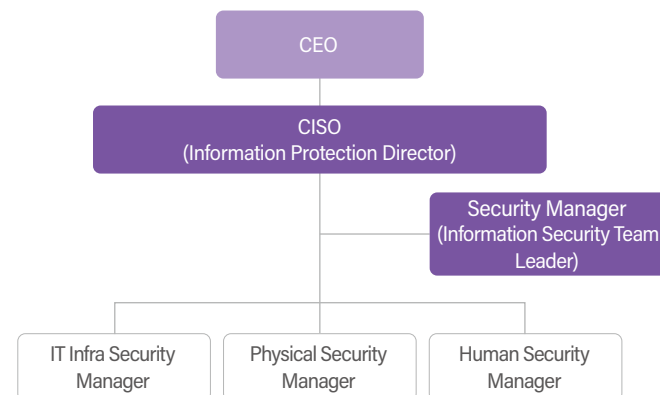
Information Security Policy

F&F established policies and regulations to be followed by all employees for information security and customer information protection and disclosed them on the intranet system so that employees can refer in their daily life. In accordance with the information security principle in the security regulations, F&F ensures that all company information is processed only in-house by employees with legitimate rights and according to appropriate procedures. We are preparing for ISMS (Information Security Management System) certification examination with the goal of acquiring in 2023 to carry out information security tasks more systematically.

Information Security Organization

Based on the internal information management regulations, F&F is building an information security system and procedures led by the Business Support HQ, and designated the information security director as the Chief Information Security Officer (CISO). The CISO has the authority and responsibility for IT infrastructure security, physical security, and human security.

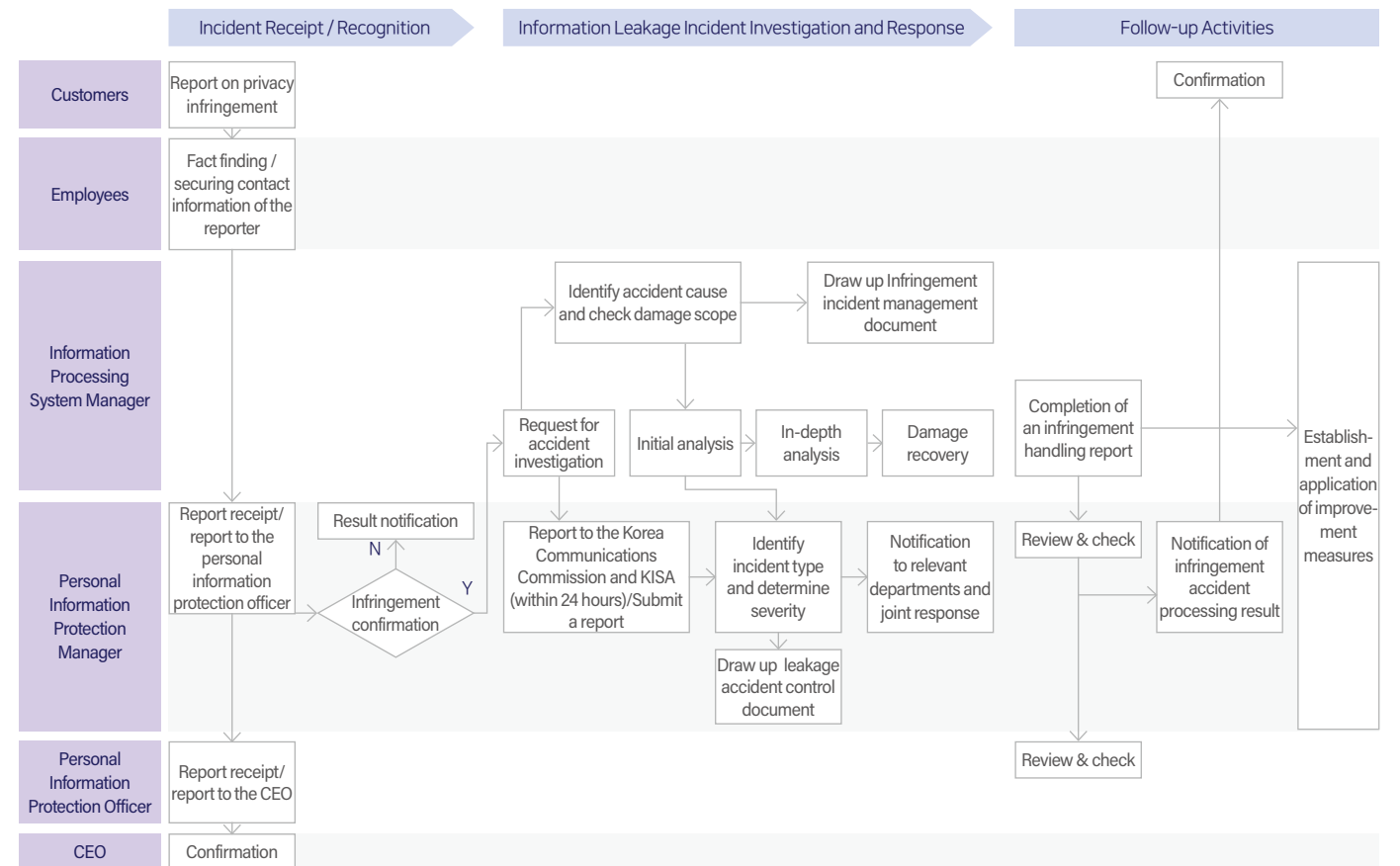
Information Security Management Organization



Information Security Activities

Based on the internal management plan for personal information protection, F&F conducts an internal inspection before the end of April and prepares the inspection report by the end of July every year. Inspection is conducted through the personal information checklist, and if any violations are found, measures are taken in accordance with the relevant regulations. In addition, to raise employees' awareness of information security, we establish an annual personal information protection training plan and conducts trainings led by the security manager twice a year. Training is conducted either collectively or through an in-house online training platform, and if necessary, consigned training is carried out through external professional organizations.

Personal Information Leak Response Process



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Faithful Tax Payment

Tax Policy

Considering faithful tax reporting, fulfillment of tax obligations, and evaluation and management of various tax risks that may occur in the course of business activities as core values in corporate management, F&F Group establishes and strictly complies with tax strategies.

The company does not enter into transactions or contracts aimed at transferring income between countries to take advantage of differences in tax laws between countries or loopholes in the international tax system. We are also distributing taxable income to be consistent with the economic value generated in the country in which we do business.

F&F Group operates a transparent tax and accounting system and submits legal evidence when requested by the tax authorities. In addition, tax officers maintain a transparent relationship with tax authorities and conduct prior tax reviews before making important decisions to minimize tax risks. If necessary, we are deriving optimal response plans through consultation with external tax experts.

All transactions are processed in accordance with K-IFRS. In particular, transactions with overseas subsidiaries are based on normal prices based on OECD transfer pricing guidelines and the laws of each country. The transfer price report related to transactions with related parties abroad is prepared according to the advice of external tax experts.

Corporate tax is calculated and paid based on the above principles and tax laws, and other taxes are also calculated based on accounting standards and related tax laws.



Tax Risk Management Activities

F&F Group manages tax risks at the corporate and operational level. At the corporate level, tax laws are interpreted from a conservative point of view to calculate and pay taxes, and this principle also applies to each affiliate. At the operational level, each department reviews compliance with accounting standards and tax laws by consulting with the finance department in advance for new transactions or large transactions. Revenue and expenses are reported and paid after tax adjustments are made in accordance with corporate tax regulations, and the data that is the basis for calculating corporate tax are linked to the internal computer system to ensure the accuracy and reliability of the information.

External tax experts verify whether the company complies with the corporate tax law, and all affiliates calculate, report, and pay corporate tax with expert advice. External tax experts are selected from a pool of experts within the region and country. Main accounting treatment underlying the calculation of corporate tax is carried out on the advice of external experts.

Tax Risk Management Organization

Organization	Position	Role
CFO	Senior Director	• General tax risk management • Report to the management and BOD
	Team Leader	• Diagnosis and prevention of tax risks • General tasks including tax policy monitoring
Accounting Team	Working Staff	• Responsible for international tax • Responsible for corporate tax and local tax • Responsible for VAT and withholding tax



Tax Payment Status

In 2021, F&F Holdings' consolidated profit before tax was KRW 331.5 billion and nominal tax amount was KRW 91.2 billion, representing a nominal tax rate of 27.50%. F&F's consolidated profit before tax was KRW 322.5 billion and nominal tax amount was KRW 95.6 billion, recording a nominal tax rate of 29.63%.

F&F Holdings achieved real tax of KRW 95.4 billion and real tax rate of 28.77%. Real tax of F&F was KRW 90.6 billion, representing a real tax rate of 28.09%.

The difference between the nominal tax amount and the real tax amount of each company resulted mainly from the effects of non-deductible expenses, tax credits and reductions, and corporate tax payment under the investment and win-win cooperation promotion tax system.



Focus Area 2

Fulfilling Social Responsibility

: Growth with Stakeholders

Why is this Important?

F&F Group's vision "Fashion & Forward" contains our will to develop the world by creating new lifestyles and cultures. To realize the vision, responsibility for local communities, customers, and employees is a prerequisite. "Learning and Growth" and "Respect and Trust" are inherent in the F&F Group's management philosophy, and our employees are taking "challenge and action" to solve social problems by using "knowledge and technology."

Link to UN SDGs

- 2. Zero Hunger
- 4. Quality Education
- 8. Decent Work and Economic Growth
- 10. Reduced Inequalities



How to Approach?

F&F Group is actively engaged in social contribution activities through community participation, ecosystem conservation, and donations. F&F Holdings has established a long-term cooperative relationship with social welfare organizations to improve the quality of life of the underprivileged, restore disaster areas, and support the victims. Moreover, we protect the rights and interests of consumers through various and effective communication channels and operate programs to ensure employees' psychological and physical safety, respect for human rights, and individual growth in terms of organizational culture.

Material Topics

Tier 1

- Establishing CSR Management System
- Establishing Customer Satisfaction Management
- Increasing Employee Satisfaction
- Employee Health and Safety Management

Tier 2

- Fair Opportunity and Compensation
- Establishing Fair Operation Practice
- Supporting Employee Competence Development
- Expanding Diversity and Inclusiveness
- Promoting Human Rights Management
- Creating a Shared Growth Ecosystem

Key Performance

'The Good Dream School'

Completed the 1st project and conducting the 2nd project

Around **0.4** bn KRW



'Dreaming Girl Project'

Completed the 1st project and conducting the 2nd project

Around **100** mn KRW



Donation of eco-friendly furniture through business alliance

204 units



MOU to raise Environmental Conservation Fund and Emergency Disaster Recovery

Hope Bridge



What's Next?

We plan to diversify community participation, ecosystem conservation, and donation programs, and expand the scope of beneficiaries. We will improve consumer rights and interests by introducing product safety verification programs and activating customer communication channels. Moreover, we intend to internalize human rights management as a central element of organizational culture by preparing human rights management guidelines of F&F Group, conducting regular impact assessment, and raising employee awareness.

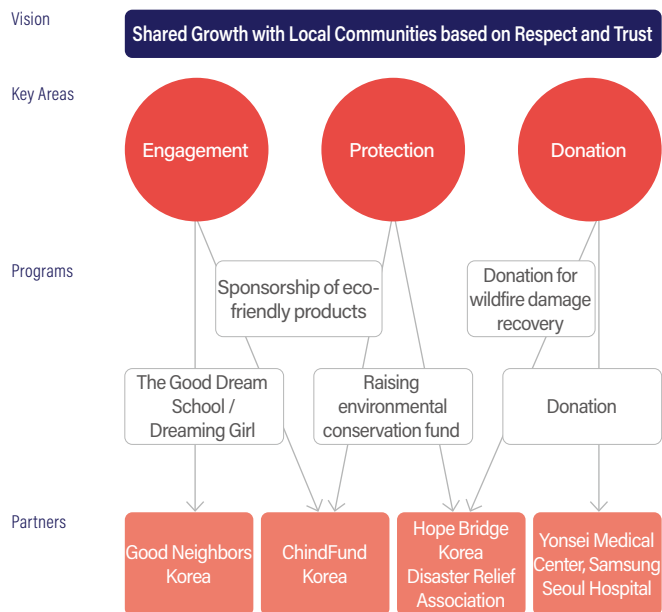
Contribution to Local Communities

Social Contribution Activity System

F&F Group has been conducting joint efforts to increase social value in solidarity with NGOs and beneficiary organizations with “Engagement,” “Protection,” and “Donation” as a core area of social contribution activities. F&F Holdings Communication Team, which has been leading the Group's social contribution focused on donation since 2019, expanded the scope of solidarity to Good Neighbors Korea in 2021 and ChildFund Korea and National Disaster Relief Association in 2022. We aim to donate more than KRW 1.5 billion to social contribution every year.

At the end of social contribution activities, we analyze quantitative and qualitative performance with each partner organization, measure the social value created, and reflect it in the plan setup for the next year.

F&F Social Contribution Activity System



Social Contribution Programs

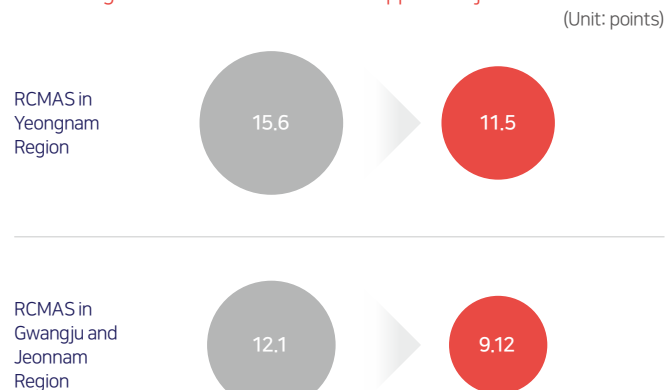
The Good Dream School

With Good Neighbors Korea as a partner, we completed the first session of "The Good Dream School with **F&F**" project in 2021. It was focused on "caring support" and "education support" for the welfare of children from the underprivileged during the COVID-19 pandemic.

Care support was focused on providing them with psychological and emotional stability and a healthy diet made from domestic agricultural products. Education support was offered to improve the learning environment and career activities of the underprivileged children.

This project also includes specialized psychotherapy to alleviate the care gap for vulnerable children. To measure the effectiveness of this program, the "Revised Children's Manifest Anxiety Scale (RCMAS)" was conducted and it was confirmed that their emotional anxiety decreased significantly.

Measuring the Effectiveness of Care Support Project



* The higher the score, the higher the degree of anxiety.
- 25-34 points/total 37 points: moderate anxiety, over 35 points: need professional help

Dreaming Girl

In 2021, with Good Neighbors Korea, we conducted "Girl Support Project with **F&F**, Dreaming Girl" project. Safe and eco-friendly organic sanitary pads are expensive, making it difficult for girls in crisis families* to purchase. The project aims to provide them with sanitary products for a long period of time.

F&F selected 200 beneficiaries with recommendations from schools, local governments, and social welfare-related organizations in Gangwon and Yeongnam, and delivered the “Dreaming Girl Kit”. The kit consists of feminine products, health food, and disposable cups.

Delivery of the Dreaming Girl Kit



* Families with less than 60% of the median income, single-parent/grandparents families announced by the Ministry of Health and Welfare in 2021

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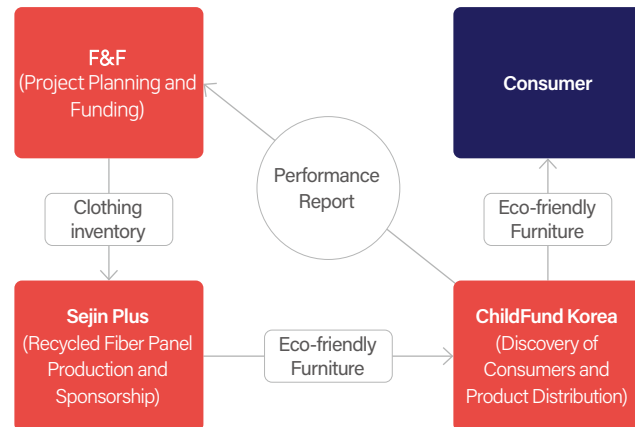
Contribution to Local Communities

Sponsorship of eco-friendly products

In Korea, an average of 416.9 tons* of textile waste is generated per day. Incineration or landfilling of the textile waste generates dioxins, nitrogen oxides, toxic substances, leachate, and greenhouse gases. Based on this recognition, **F&F** signed a three-party business agreement with Childfund Korea and Sejin Plus in April 2022 for eco-friendly recycling of stock clothing generated by the company. Through this, 204 eco-friendly furniture was produced and supplied to child care facilities and living facilities. **F&F** provided project costs and stocked clothing to Sejin Plus, while Sejin Plus was in charge of producing recycled fiber panels and eco-friendly furniture such as desks, bookcases, and lockers. ChildFund Korea identified consumers and distributed furniture received from Sejin Plus to them.

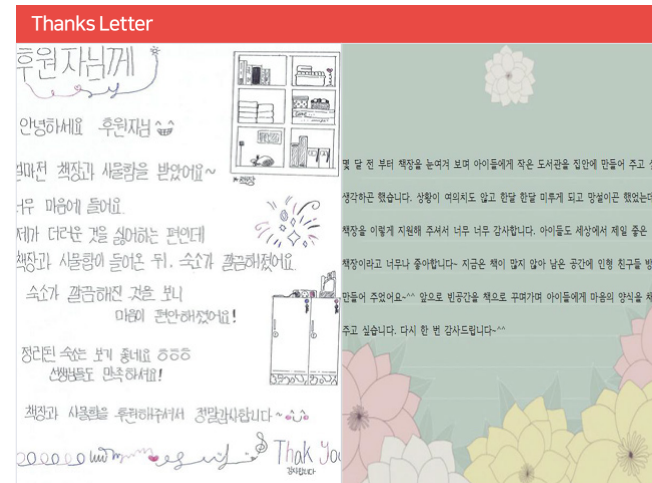
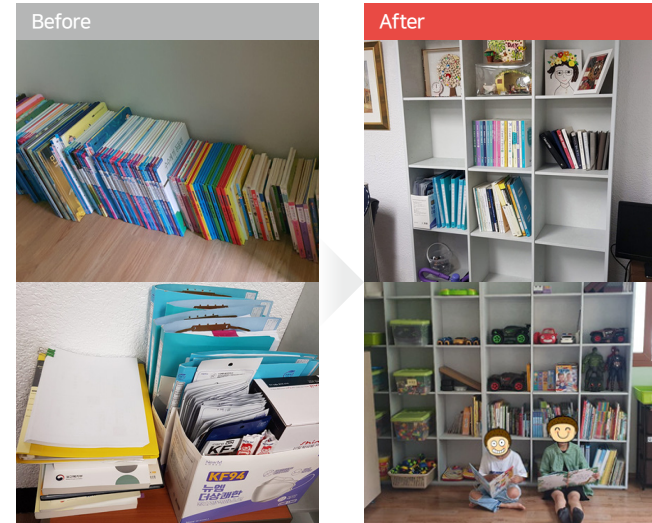
The production of recycled fiber panels not only solved the environmental pollution problem caused by the disposal of **F&F**'s clothing inventory, but also contributed to the improvement of Sejin Plus's social reputation. Eco-friendly furniture contributes to improving the living environment of consumers and increasing operational efficiency.

Eco-friendly Furniture Sponsorship Project Structure



* Based on the announcement by the Ministry of Environment in 2019

Eco-friendly Furniture Sponsorship Performance



Environmental Conservation Fundraising and Recovery of Emergency Damage

F&F signed an MOU on environmental conservation and disaster relief activities with Hope Bridge Korea Disaster Relief Association in June 2022, and agreed to create a joint project budget of approximately KRW 300 million for the next one year.

Prior to this, **F&F** donated KRW 200 million to Hope Bridge Korea Disaster Relief Association to help recover the damage and support the victims from the Ulsan and Samcheok wildfires occurred in March 2022. Remaining KRW 100 million will be also used for disaster recovery in the second half of 2022.

Donation

To help neighbors who had difficulties in living due to COVID-19 pandemic, in April 2020, we supported operating expenses and rental fees at our franchise stores in Daegu and Gyeongbuk, and donated around 900 cleanser and moisturizing cream products to local medical staff through affiliate F&Co. In addition, the company donated all of the proceeds from the voluntary donations of its employees at the 28th anniversary celebration in 2020 to Good Neighbors' economic support project.

In addition, **F&F** formed a partnership with Bear Better, a social enterprise for the developmentally disabled, and has been spending about KRW 400 million since 2016 to purchase employee welfare products such as in-house welfare products, breakfast, and flowers. Other programs include sponsorship of events aimed at supporting the vulnerable and spreading the culture of sharing, Yonsei Medical Center Cancer Center development fund, Samsung Seoul Hospital development fund, and donation of revenue from in-house beverage sales to encourage employees voluntarily participation.

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Customer-centered Management

Customer Satisfaction Management

F&F is proactive in listening to the voice of customers through diverse channels. Satisfaction surveys are conducted through bulletin boards on each brand site to receive customer opinions on products and services. Inquiries and complaints that can be resolved immediately are answered through call center agents, and issues that require judgment are quickly forwarded to the relevant brand division. F&F lives up to customer expectations by discovering opportunities to improve product and service quality in the process of handling customer grievances.

Customer Communication Channels

F&F operates various channels to proactively identify the cause of product and service-related problems and to promptly handle consumer complaints. Customers can check notices and proceed with procedures such as exchange, return, delivery, cancellation, and refund through the mobile application or the customer center for each brand connected to the F&F website. Real-time counseling is also available through the KakaoTalk channel.

Real-time Counseling on the KakaoTalk

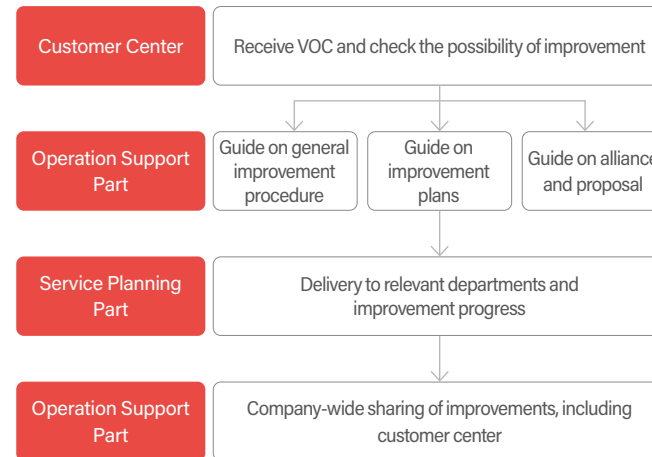


VOC Management and Response

To enhance customer satisfaction, we are strengthening VOC (Voice of Customer) response activities. VOCs are received through various channels such as call centers, mobile applications, and website customer centers, and in principle, they are processed within 24 hours. Call center and website customer center operate as contact channels for identifying customer complaints, and deliver incoming reports on daily and monthly customer inquiries to E-BIZ Team. E-BIZ Team shares the results with members, draws improvement tasks, and reflects them in improving product, quality, and service.

The operation support part and service planning part, which are in charge of customer satisfaction, analyze causes and discuss measures to prevent recurrence through VOC data, and strive to fundamentally solve VOCs from a long-term perspective. F&F resolved more than 86% of the 203,538 complaints and inquiries received through call centers and customer centers in 2021.

VOC Handling Process



Consumer Rights Protection

F&F manufactures products through strict quality and process control, and sells only products that have passed the appearance, standard, and physical properties tests. Nevertheless, if the product is defective, it will be processed in the order of repair-exchange-refund. In principle, when exchanging, it is exchanged for the same product at the same price.

F&F is seeking ways to protect consumer rights and interests in various ways with the goal of ensuring that high-quality products are safely delivered to customers. In addition, we are trying to achieve customer satisfaction by building a more sophisticated system for protecting consumer rights and interests.

Consumer Damage Compensation Criteria

Damage Type	Compensation Criteria
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 Notification of compensation possibility and content within 7 days from the date of request
Exchanges and refunds	<ul style="list-style-type: none"> 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.



Human Rights Management

Respect for Human Rights

F&F Group operates training and grievance handling processes to respect the human rights of employees. Going forward, we plan to expand the scope of human rights management to all stakeholders and introduce more diverse programs.

Human Rights Training

F&F Group offers trainings on sexual harassment prevention, workplace harassment prevention, eradication of power abuse, and awareness improvement of the disabled. Trainings are conducted at least once a year for all employees through on/offline platforms, and 1:1 leadership coaching is provided for leaders above the team leader if necessary.

Grievance Handling Process

To identify and address human rights issues, we appoint the grievance handling member among laborer members and grievances are received through ER/OD staff of HR Team and VOE channel. In case of human rights violations, prompt and reasonable measures are taken. Grievances received through the hotline are jointly handled by Management Improvement Team, Legal Affairs Team, and HR Team.

Human Rights Grievance Handling Process

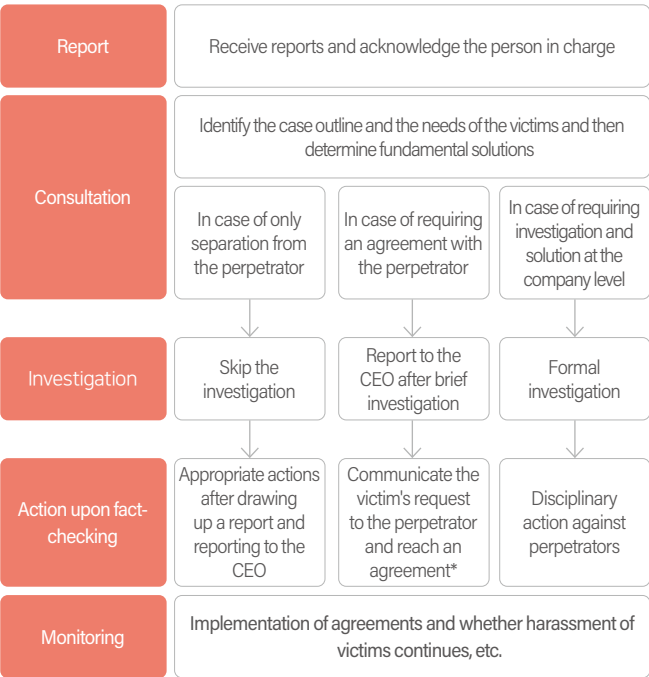


* From 2019 to 2021, a total of 11 cases were received through VOE, and grievances were entirely completed

Workplace Harassment Report & Handling Process

With regard to workplace harassment, F&F fully listens to the opinions of victims, taking special consideration of the seriousness of the matter and its impact on human rights, and conducts consultation, investigation, action, and monitoring processes.

Workplace Harassment Report & Handling Process



* If the agreement is broken, reconsult the victim and confirm the victim's intention, such as requesting a formal investigation

Protection of Employee Rights

F&F operates the labor-management council consisting of 3 laborer members and 3 executive members to protect employees' rights and promote mutual benefits between the labor and management. The labor-management council elected new laborer members through an election in January 2022. The council is convened every quarter to report and discuss management status and major issues related to the promotion of the rights and interests of both labor and management.

Labor-Management Council Members (As of February 2022)

Classification	Department	Position
Laborer member	General Affairs Team	Senior Manager
	MLB Clothing Planning	Manager
	Process Team	Manager
Executive member	-	CEO
	CFO	Senior Director
	HRO	Managing Director



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Human Resource Development

Talent Recruitment

F&F is making various efforts to respect the human rights of applicants and to manage a positive experience throughout its recruitment activities. Discrimination based on nationality, religion, social status, and gender is prohibited when hiring in accordance with the employment rules and company regulations. Persons with disabilities and veterans are given preferential treatment in the recruitment process in accordance with relevant laws and regulations. F&F has contributed to job creation and job stability by hiring an average of 160 full-time employees for the past three years.

Internship Program

F&F operates an internship program to provide career design opportunities for young people and to recruit excellent and proven talent. During the internship period, we provide participants with opportunity to have on-the-job experience and evaluate their qualification as full-time employees through task practice. Interns who receive excellent evaluations are hired as full-time employees of F&F.

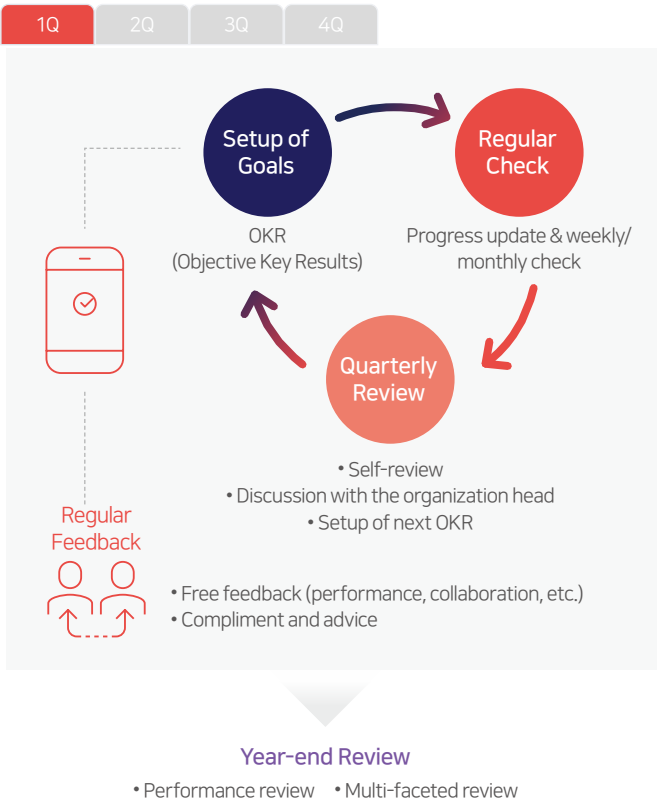
Onboarding Program

F&F operates an onboarding program for new employees based on communication. Even when face-to-face activities are limited due to the recent pandemic, we are using the online education and training system to support new hires so that they can settle into company life stably.

Performance Management

F&F operates an application that allows employees to share their performance management status with all colleagues at all times. Employees can set and manage key goals on a quarterly basis through OKR (Object Key Results), a performance management application, and regular and frequent management is also possible. Moreover, OKR allows users to freely give and receive feedback, contributing to enhancing the transparency of performance management.

F&F Performance Management System



Reward System

"Performance-oriented," "Collaboration to achieve common goals," and "Activation of recognition among colleagues" are set as reward principles, and a variable performance pay program is being operated to implement them.

F&F Variable Performance Pay Program

	Type	Criteria	Cycle
Performance	Salary Increase	• Job performance and competency	Once a year
	Performance Incentive	• Operating performance of the business unit	
Collaboration / Recognition	Viral Incentive	• Recommendations by colleagues and contribution to performance	Twice a year (By season)
	Compliment Award	• Number of compliments received (Regular feedback on intranet)	

Talent Cultivation

F&F's employee competency improvement program focuses on preemptively nurturing future core resources in consideration of business direction and market characteristics.

Team leaders and part leaders conduct annual assessments for each area on the skills and personal characteristics required to perform their roles. We provide feedback on diagnosis results to them and set up coaching sessions for self-reflection and awareness-based leadership development.

Other programs include job expertise improvement course, participation in domestic and foreign academic seminars and conferences, digital curation-based business management and leadership development program using "FUTUBE", an education platform, and personalized self-directed learning. We also subsidize a small monthly training fee for our employees through a "level up" program for certification and competency development.

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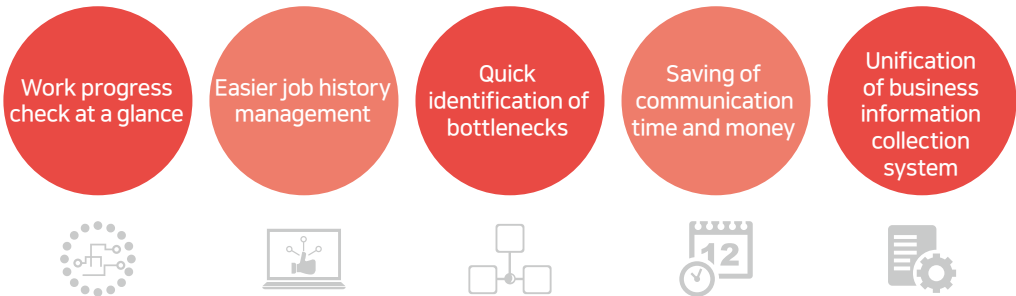
Organizational Culture

Improving the Way of Working

F&F Group digitized its in-house work environment using Salesforce solution, a global customer management (CRM) platform, and Microsoft 365 system. We provided various data analysis tools to help all employees efficiently monitor fashion trends and changes in consumption patterns, and made purchasing process intelligent. This change in working method facilitates communication between departments and provides a basis for sharing the decision-making process from employees to the CEO by enabling them to check the sales and inventory status of each brand in real time.

Digital technologies enable technical analysis of consumer reactions. F&F utilizes big data analysis technology in product development and marketing to enhance the effectiveness of advertising and promotions and predict sales flow more precisely. In addition, the company has a process to treat orders received from all over the world in real time through digital technology for timely delivery to the global market.

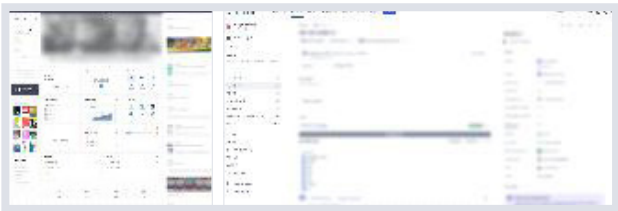
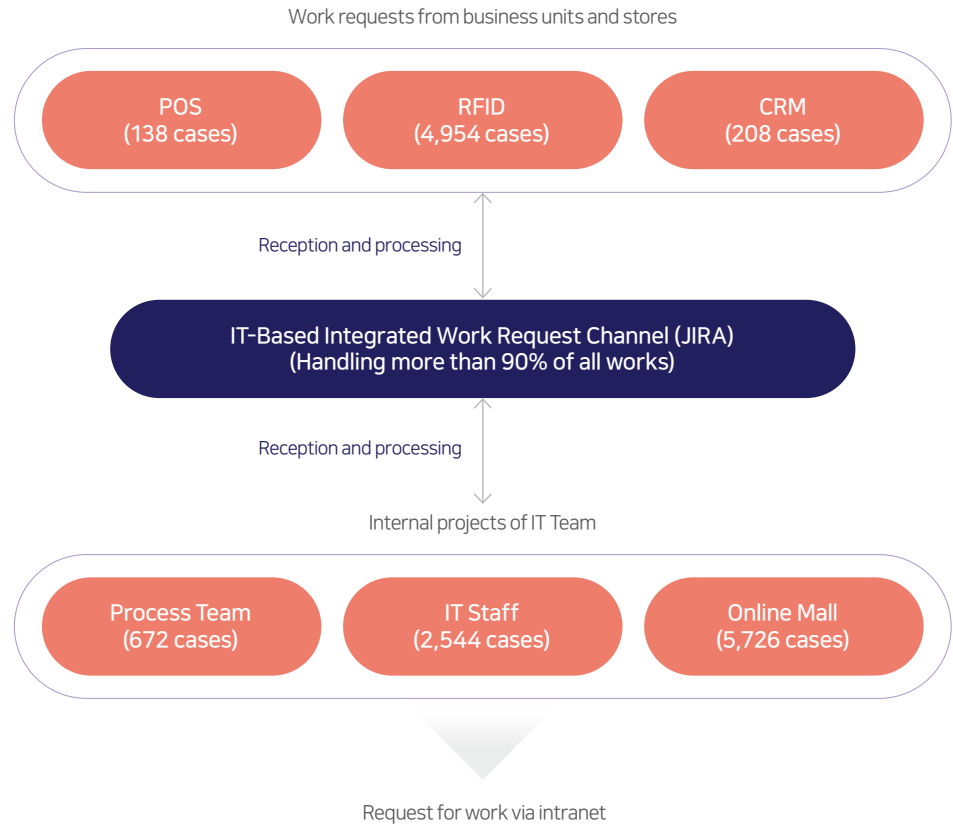
The IT-based integrated work request channel named JIRA, introduced in 2022 with the goal of spreading a horizontal organizational culture, improving transparency in business, and promoting synergy among users, contributes to effectively receiving IT-related requests and promoting projects within the IT Team as a single platform. As a "digital fashion company" that requires quick judgment and collaboration, F&F expects the following effects through its new work methodology.



Pursuing Work-Life Balance

F&F pursues work-life balance of employees. To ease temporal and spatial constraints in working, we provide diverse working environment such as telecommuting, flex-time work, discretionary work, and compensation leave.

Use of IT-Based Integrated Work Request Channel (JIRA) at F&F



* Based on the cumulative number of work requests from April 2020 to June 2021

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Organizational Culture

Welfare Benefit Programs

F&F is operating various welfare benefit programs to create a happy organizational culture.

Support for Growth

We help our employees grow and develop their careers. The level-up program provides support for job-related certification courses and tuition fees for language courses. Employees can use the online education platform FUTUBE to access unlimited educational content necessary to improve their leadership and job professionalism, and they can satisfy their intellectual curiosity with book coupons.

Pleasant Workplace

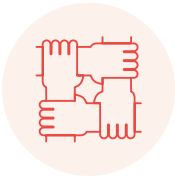
The company strives to create an environment where employees can work happily. Twice a year, we hold "YEAR END PARTY" as a cultural event that employees can enjoy together. In 2021, it was held non-face-to-face due to the COVID-19 pandemic. In addition, we support club activities to promote exchanges among members of the organization.

Family Support

F&F provides "Happy Mom Service" for maternity protection. We are striving to provide a stable working environment, such as "Mom Gift" for female employees for healthy childbirth, a female-only parking lot, and unlimited support for prenatal examinations. Other supports for families include gifts to congratulate children on entering kindergarten and school, support for college tuition, and meal tickets at luxury hotels, overseas resort coupons, and vacation expenses for employees with more than one year of service.

Employee Health

We are also committed to promoting the health of our employees and their families and providing a safe working environment. Breakfast and coffee are provided to the employees every day, and group accident insurance ensures that they can recover safely from various accidents and injuries. Employees and their spouses can receive a comprehensive health checkup every year.



F&F Employee Welfare Benefit Service L.I.F.E STYLE

Classification	Welfare Benefit Service	Details
LEARNING PLAFORM : Self-development program that supports the growth of employees	Level up Program (Offline)	Support for acquiring qualifications and language course expense
	FuTube Program (Online)	Access to statutory duty, leadership, and job training content
	F& Library – Book Coupon	Support for purchasing books tailored to individual tastes
INSTAGRAMMABLE ACTIVITIES : Supporting various activities aimed at a fun company, F&F's unique collaborative culture	FLUNCH DAY	Extended lunch break twice a month
	Happy Hour	Sharing the "Fun" culture through various events twice a year
	Recharge Option	Up to 1 month of refresh leave
	F&F&CO Anniversary / YEAR END PARTY	Party twice a year (foundation anniversary and year-end)
	Support for Club Activities	Support for monthly club activity expenses
FAMILY-CARE : Attentive family care service that connects company, family, and employees	Resort Facilities	Use of corporate resorts nationwide at member prices
	Happy Mom Service	Pregnancy check and care during pregnancy and after childbirth
	Admission Gift and Tuition Fees	Kindergarten and elementary, middle and high school admission gift, university tuition support for up to two children
	Comprehensive Health Checkup	Comprehensive health checkup support for employees and their spouses once a year
	Family Event	Congratulatory and condolence money, leave, and goods support
	Award for Long-term Employees	Refreshment leave for long-term employees
	Group Accident Insurance	Stable life against various diseases and injuries
EMPLOYEE CARE : Service that considers employees attentively in all aspects of company life	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 Present	Birthday gifts and early leave from work on birthdays
	Breakfast	Providing a variety of breakfast and morning coffee by Jardin every morning
	Holiday Gift	Offering gifts twice a year (New Year's Day and Chuseok holidays)

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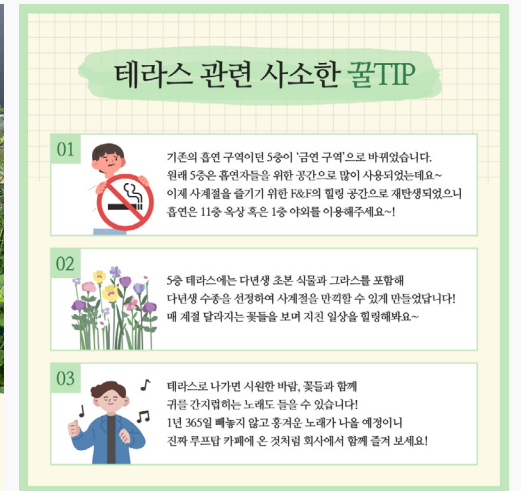
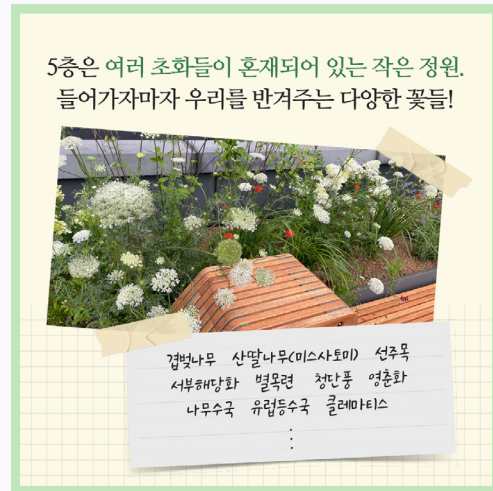
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Healing Spot for F&F Employees, Terrace

F&F has renovated the roof of the annex connected to the 5th floor of the main building in Yeoksam-dong into a "small garden in the city" and is providing it as a resting place for employees.



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Safety and Health

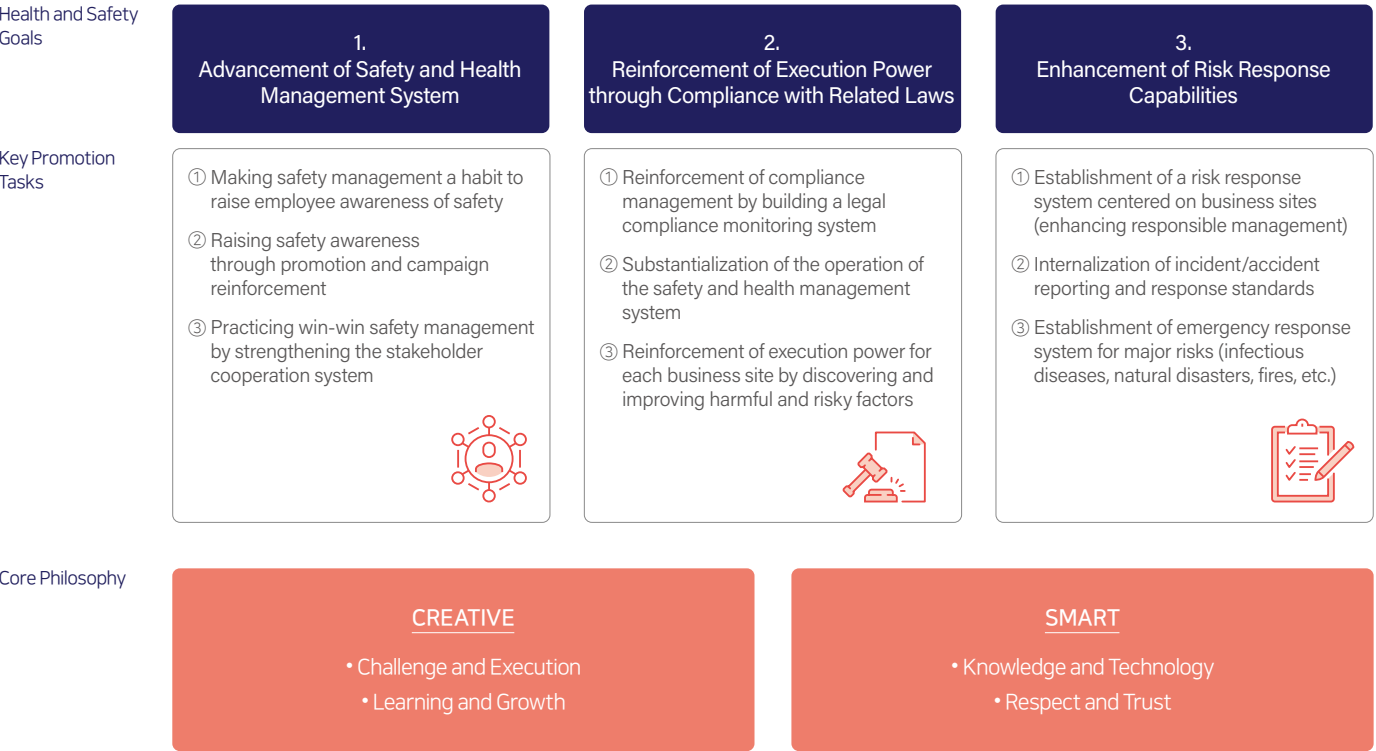
Safety and Health Strategies and Policies

Workplace safety and health are critical issues that may directly lead to human damage and a decline in corporate reputation. Accordingly, the government is continuously reinforcing safety policies and regulations through the enactment of the Severe Accident Punishment Act and the revision of the Occupational Safety and Health Act.

F&F has established and operated a safety and health management system based on the core values of “Creative” and “Smart.” Our employees proactively discover harmful and risky factors to induce prompt and accurate improvement, and reinforce safety and health risk response capabilities through repeated education and training.

F&F has established a new mid- to long-term safety and health strategy to protect employees by creating a safe and healthy working environment. To implement the strategy and take a preemptive response to safety and health regulations, we established an organization dedicated to safety and health and prepared safety and health management policies, thereby protecting our employees from harmful and risky factors and complying with relevant laws and regulations.

Mid- to Long-term Safety and Health Strategy



Safety and Health Management Policy

All F&F employees **actively practice the following commitments** to provide a **healthy and pleasant future** to colleagues, customers, and stakeholders by **observing the safety and health management policy** through challenge and implementation based on **respect and trust**.

1.

We establish and operate a safety and health management system based on CREATIVE and SMART, the core values of F&F.

2.

We strictly comply with safety and health-related laws and regulations, continuously discover harmful and risky factors through active participation of all employees, and improve the level of risk management through prompt and accurate improvement.

3.

We continuously improve the safety and health management system and reinforce risk response capabilities by repeatedly conducting safety and health education and emergency response training.

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Safety and Health

Strengthening Safety and Health Management System

F&F is building a safety and health management system based on mid-to long-term plans and digital transformation with the Occupational Health and Safety Team (Common) dedicated to health and safety management. In particular, logistics centers have independent staff so that they can identify possible safety and health issues in the entire business process in advance.

Safety and Health System

F&F established the "Occupational Safety and Health Committee" in accordance with Article 24 of the Occupational Safety and Health Act in January 2022 to deliberate and decide on major safety and health issues on a quarterly basis. Our "Safety and Health Management Regulation" provides safety and health standards to be followed for a safe working environment for all workers in the company. The "Safety and Health Working Group," in which safety and health supervisors and key stakeholders participate, is held monthly to address opinions raised by worksites and partners, including plan setup for occupational incident prevention, safety and health improvement trainings, and cross-check of work environment improvement tasks.

Safety and Health Management System Certification

To prevent risks that may arise in the course of business operation, we are operating 17 safety and health-related regulations and guidelines, including safety and health management regulations, accident reporting and response standards, work safety guidelines, and hazardous work safety management guides. Based on this, F&F is verifying its system suitability to acquire the safety and health management system (ISO 45001) certification for Icheon Logistics Center in 2023 and promoting the advancement of the system at each worksite, along with strengthening the safety and health competency of employees working at the head office and logistics centers.

Safety and Health Management Regulations and Guidelines of F&F

Classification	Regulation and Guideline
Regulation	Safety and Health Management Regulation
	Lab Safety Management Regulation
Criteria	Safety and Health Training Criteria
	Incident Reporting and Response Criteria
	Risk Assessment Practice Criteria
	Employee Health Management Criteria
Guideline	Basic Work Safety Guidelines
	General Workplace Facility Safety Management Guidelines
	Fire Education and Training Guidelines
	Occupational Safety and Health Committee Operation Guidelines
	Safety and Health Council Operation Guidelines
	Confined Space Management Program Operation Guidelines
Guide	Guides for Writing and Posting the Summary of the Occupational Safety and Health Act
	Personal Protective Equipment Distribution and Management Guide
	Hazardous Work Safety Management Guide
	Forklift Safety Management Guide
	Heavy Product Handling (Transport) Guide

Safety and Health Risk Management

To identify and analyze safety and health risks in advance, we check and manage safety and health-related issues from the business planning stage by identifying harmful and risk factors and conducting risk assessments.

In particular, logistics centers are regularly inspecting in connection with external specialized agencies to block risk factors caused by facilities such as machinery and equipment in advance, and are improving the identified hazardous and risk factors. In addition, based on risk assessment standards and safety management guidelines, potential risks are identified and impacts are analyzed to improve promptly and accurately.

As for sales agencies (stores), which a major stakeholder of F&F, we provide the "safety management guide for hazardous work," including high-risk work and fire that may occur during the interior construction process, to manage safety risks within the supply chain. F&F is currently developing its own more effective safety management system based on digital technology.

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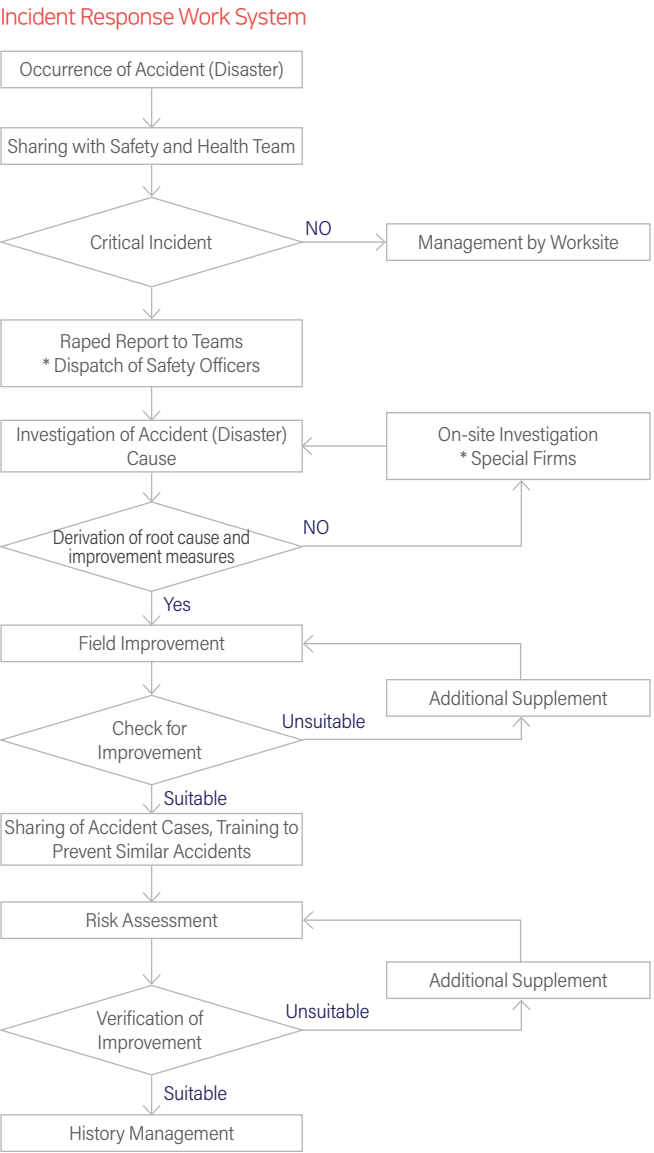
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Safety and Health Management Activities

Strengthening Basic Safety Rules

F&F establishes and manages action plans and goals based on safety and health management policies to achieve safety and health management goals and to raise employees' safety awareness. Moreover, we designate high-risk factors by analyzing accident cases of peer groups and partners and tighten inspection standards and conduct regular safety evaluations. If a problem is found, it is reported to the management immediately. To raise employee safety awareness, publicity through intranet and e-mail and training for field workers including supervisors and partners are conducted.

Health and Safety Audit

F&F Safety and Health Team (Common) conducts safety and health audits at the group level. For distribution centers and COLLECTED (outlets), audit is implemented centered on three items of safety and health measures, compliance with laws and regulations, and safety awareness. In preemptive response to changes in government-led safety policies and laws, Safety and Health Team (Common) quantifies the level of safety and health for each business site and uncovers shortcomings. The team als plans to continue conducting audits to improve the safety management capabilities of site managers and supervisors and to raise the overall level of safety management throughout the organization.

Support for Supply Chain Safety and Health

F&F conducts regular safety training (living safety, industrial safety, firefighting) and safety and health inspections for partners to minimize their human and physical damages. To create a safer and more pleasant working environment, we will continue to carry out diverse activities and campaigns every year.

Improving Health and Safety Environment

Safety and Health Activities

To ensure safer and healthier working environment, F&F installed a healthcare room in 2022 and provides personalized counseling, health condition check, and first aid function. Furthermore, we identify the degree of labor loss by utilizing industrial accident status and accident rate indicators in the supply chain and strive to improve safety and health conditions.

Safety and Health Training

We conduct regular safety and health training and quarterly online training to improve workplace managers' awareness and strengthen safety and health management capabilities, which are the basis for safety and health implementation. For logistics centers with relatively high safety risks, we receive regular consulting from specialized agencies to raise safety awareness and improve management capabilities, and provide customized safety training for each job. In addition, we provide workers with a variety of safety training materials tailored to the characteristics of worksites through an external professional company.

Safety and Health Training Status

Classification	Details	Expectation
Training contents and execution method	- Regular safety and health training through online • Trainee history management and legal training • Check of trainee safety awareness through evaluation	Efficient training regardless of time and place
Training contents	- Providing training contents using external specialized companies • Training materials management through external experts' advice	Offering of training materials suitable for business characteristics
Training history and time management	- Proceeding beyond legal training hours • At least 3 hours training for all employees (quarterly) • Regular training for 2 hours per month for non-office workers	Training time history management of trainees

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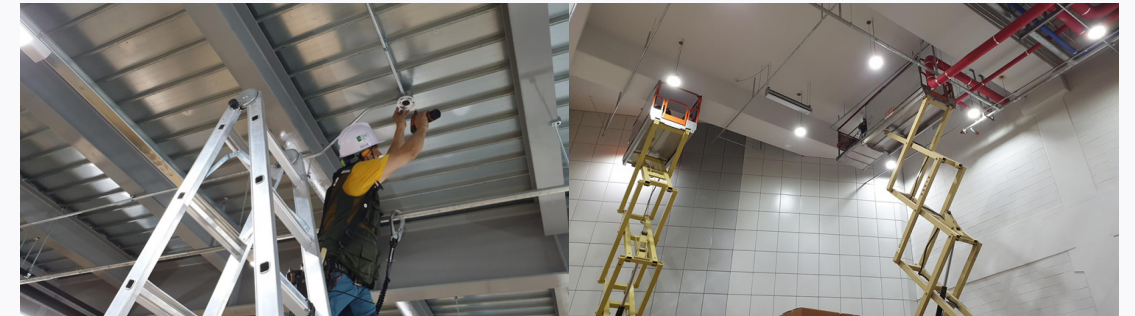
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Comprehensive Safety Plan Implementation in Logistics Centers

✔ Precision Diagnosis of Fire Safety

F&F conducted a precision diagnosis of fire safety in Icheon Logistics Center for about 4 months from September 2021 by benchmarking other companies' accident cases. Through the diagnosis, we evaluated fire safety and human safety, identified on-site risks and reviewed the safety and health management system. For the identified risks, improvement plans have been established, and improvement is expected to be completed in the second half of 2022. Going forward, the company will ensure that safety and health management is internalized in the workplace through continuous audit activities such as risk assessment, investigation of harmful factors in the musculoskeletal system, and detailed safety diagnosis in the laboratory.

Precise Diagnosis of Fire Safety in Logistics Center



✔ Worker Safety Protection Measures

F&F is improving working environment in consideration of the characteristics of business sites. In addition to safety facilities such as fire detectors, fire extinguishing facilities, and evacuation facilities, our logistics centers have strengthened safety devices such as conveyor protective covers and additional emergency stop devices. In addition, we distributed safety management guidelines to prevent harmful and risk factors in the workplace, improved protective devices for forklifts, and took various measures such as providing personal protective equipment.

In particular, for dangerous machines and equipment such as forklifts, conveyors, and pressure vessels in the logistics center, we managed the durability of the equipment, improved charging facilities, and installed additional protective devices. We also provided personal protective equipment to field workers and made the wearing compulsory. Moreover, to prevent safety accidents, we separated forklifts and workers' movement passages and aligned safety personnel who control incoming and outgoing vehicles and dedicated forklift signalers. The entry/exit time of vehicles has been adjusted, and training on vehicle one-way traffic is provided repeatedly. The company is also planning specialized training for smooth communication between incoming and outgoing vehicles and traffic signalers.

Improvement of Facilities and Personal Protective Equipment





Focus Area 3

Pursuing Eco-friendly Management

: Think of the Planet

Why is this Important?

As **F&F** is engaged in fashion business, we cannot be free from environmental impacts that occur throughout its business activities. Although our products are indirectly manufactured through OEM partners, it is necessary to consider the eco-friendliness and resource efficiency of raw and subsidiary materials, which are input factors, and to find eco-friendly methods in terms of inventory and disposal.

How to Approach?

F&F Holdings and **F&F** operate the Environmental Management Committee in which the management and executives in charge of brand management participate. In the case of **F&F**, the environmental management working group, which includes key personnel from the head office, business sites, and purchasing and marketing departments by brand, implements the decisions made by the Environmental Management Committee. **F&F** identifies environmental performance management points for each stage of value chain from R&D, design, sourcing, distribution, and sales to improve eco-friendly performance, and strives to resolve environmental issues by input, operation, and emission processes.

Link to UN SDGs

- 7. Affordable and Clean Energy
- 12. Responsible Consumption and Production
- 13. Climate Action



Material Topics

Tier 1

- Enhancing the Eco-friendliness of Products and Services

Tier 2

- Building Environmental Management System
- Building Eco-friendly Worksites

Key Performance

F&F Procurement Partners for Eco-friendly Raw Materials

95 firms
FY 2021



GHG Reduction of F&F Group in 2021

5.2%↓
Compared with 2020



GHG Emission Intensity of F&F Group in 2021

0.33 tCO₂eq
100 million KRW sale



What's Next?

F&F Group will conduct various training programs and campaigns to re-establish the environmental management system and raise employees' awareness of environmental management. Moreover, we plan to improve the level of our environmental management by building an eco-friendly supply chain management system and preparing guidelines for environmental performance evaluation.

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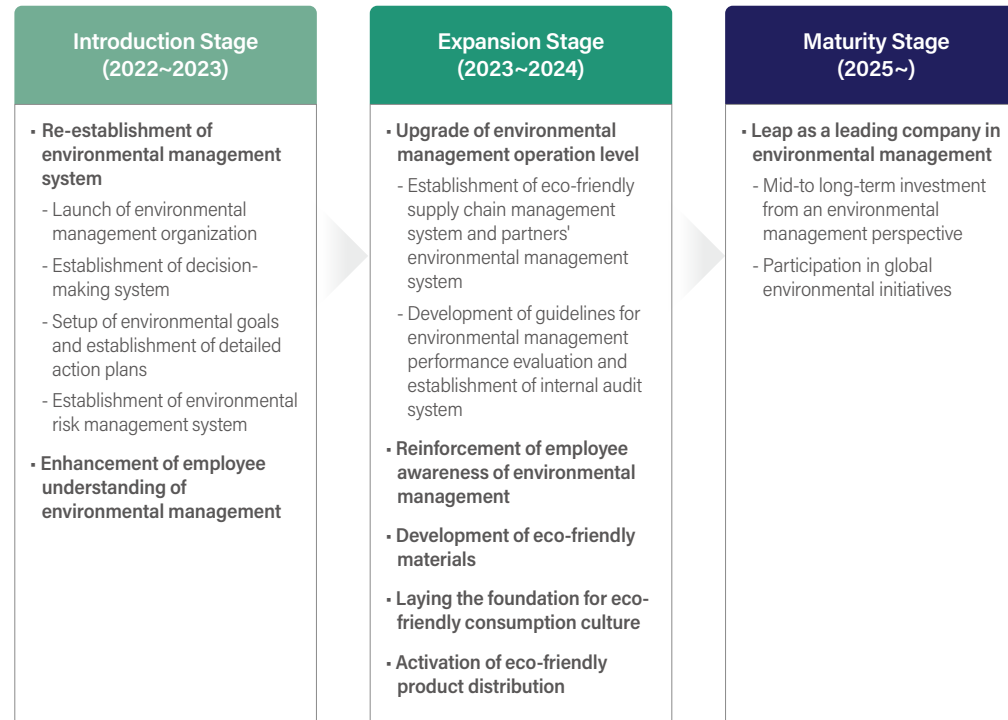
Environmental Management System

Environmental Management Policy

With the recognition that environment is "natural capital borrowed from future generations," F&F strives to become "a company that creates a new eco-friendly fashion trend through green management (Going Green with Fashion)." To realize this, we have established environmental management policy and launched the Environmental Management Committee in 2021, internalizing the importance and value of environmental preservation.

Mid-to Long-term Roadmap for Environmental Management

F&F intends to establish mid- to long-term plans for environmental management and improve the operating system in stages.



Eco-friendly Value Chain

We will identify environmental performance management points by each stage of the value chain from R&D to production and sales, minimize the environmental impacts in the entire process of fundamental activities of F&F, and seek opportunities to improve business performance in the future by commercializing them.



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Environmental Management Organization

Cooperation Part of Environment Division

Major environmental management issues are presented to the ESG Committee of each company through ESG Cooperation TF Team, a consultative body that discusses performance management and plans for F&F Group's environmental management strategy and policy implementation.

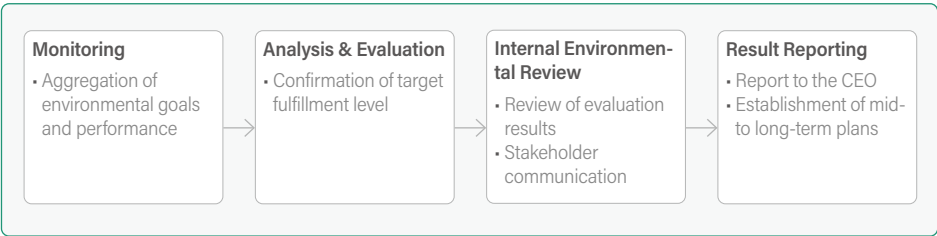
Working Organization for Environmental Management

The role of working organization is to plan and implement the decision-making matters of the Environmental Management Committee. With the General Affairs Team as the center, key personnel from the head office, Suji business site, and brand sourcing and marketing departments cooperate to identify detailed environmental management goals and tasks in terms of business and operation, and take charge of task execution and performance management.



Environmental Management Performance Evaluation Process

The Environmental Management Evaluation Committee conducts environmental performance evaluation at least once a year to monitor the progress of the goal implementation and the performance of activities. The committee carries out a process consisting of monitoring, analysis and evaluation, internal environmental review, and results reporting. The evaluation results are reflected in the mid- to long-term environmental management plan of F&F, thereby establishing an effective environmental management system.



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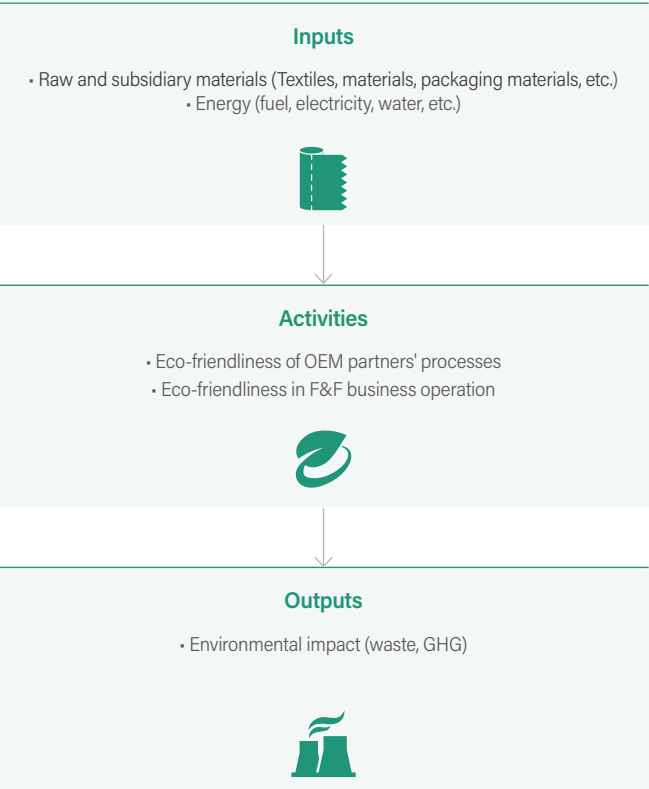
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Building Eco-friendly Worksites

Eco-friendly Workplace Operating System

F&F has established an eco-friendly workplace operation system to reduce the environmental impact that occurs in the aspects of inputs, activities, and outputs. In terms of input, we pursue the introduction of eco-friendly raw and subsidiary materials, the use of new and renewable energy, and energy efficiency. In the activity aspect, we will promote environmental management of OEM partners and strengthen F&F's environmental management activities. The output aspect focuses on measuring and controlling environmental impacts such as waste and GHG which are included in the responsibility of F&F.



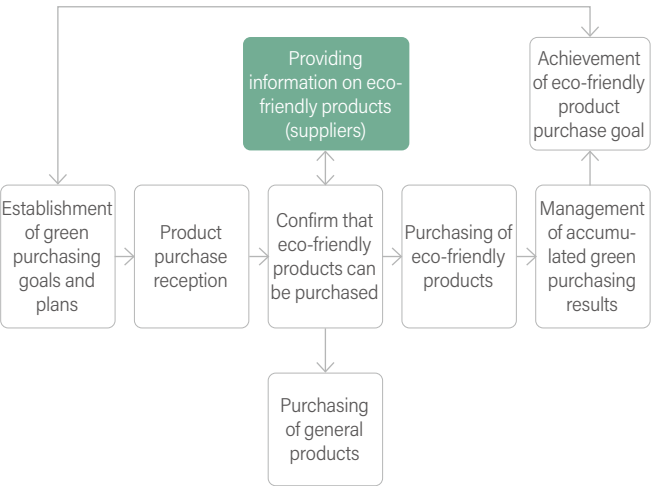
Inputs

Green Purchasing

To reduce the environmental impact of products, F&F is expanding the raw and subsidiary materials used in the production and packaging of clothing, shoes, and supplies by brand to eco-friendly elements.

Eco-friendly materials currently in use include fabrics and fillings for clothing, midsoles for footwear products, fabrics for hats and bags, dyes, adhesives, polybags and inner paper for packaging, heel counter, and plastic fasteners. These activities are carried out according to the goals established through green purchasing process, and we are expanding the introduction and application of eco-friendly raw and subsidiary materials to OEM partners in charge of production based on close communication and cooperation. F&F makes priority purchasing of eco-friendly raw and subsidiary materials a rule and also preferentially purchases products certified by the Ministry of Environment (recycled, energy-efficient) for computers, office supplies, and general consumables.

Green Purchasing Process



Use of Eco-friendly Raw and Subsidiary Materials by Product

Product	Eco-friendly Materials
Clothing	• Recycled poly bag (60% recycled resin + 40% new resin)
Shoes	• Midsole using recycled paper and recycled polyester • FSC certified paper and eco-friendly inner paper printed with soybean ink • Heel counter produced by ISO14001:2015 certified firms • Recyclable shoe inbox
Others (hats, bags, etc.)	• Recycled poly bag (60% recycled resin + 40% new resin) • Biodegradable plastic fasteners



Partners Subject to Green Purchasing (Unit: firms)

Brand	2021 (Result)	2022 (Plan)
MLB	79	106
MLB KIDS	9	8
DISCOVERY	4	4
STRETCH ANGELS	2	2
DUVETICA	1	1
Total	95	121

* Some of the suppliers of eco-friendly raw materials and subsidiary materials were counted as duplicates for brands and products.

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Use of Resources and Energy

Electricity consumption in 2021 decreased 6.1% compared to the previous year due to increased telecommuting caused by COVID-19 pandemic. However, it is anticipated that energy consumption will increase again on the strength of growing operating performance and endemic situation. Accordingly we are replacing lighting fixtures in the headquarters building and Icheon logistics center with LEDs to improve energy efficiency.

Moreover, out Icheon Logistics Center also supplies an average of 49,000 kWh of electricity annually through 30kW solar power generation facilities, replacing some of the electricity with eco-friendly energy.

In the case of the F&F head office building, touchless washbasin faucets and water-saving devices were installed to reduce water use. In addition, we are encouraging employees to save energy through internal campaigns to reduce the use of lighting, electricity, and heating and cooling energy.

Energy Saving Activities at the Head Office

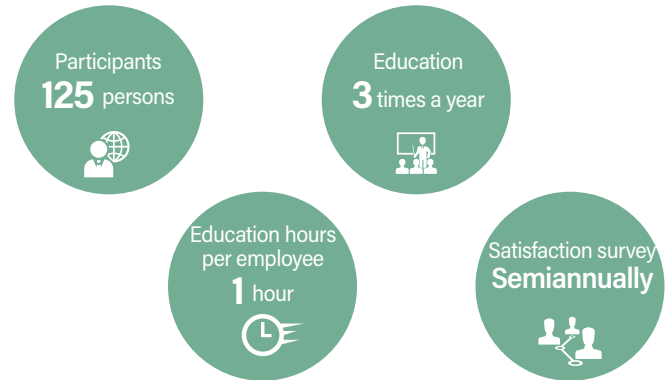
Classification	Saving Activities
lighting fixtures	Turning off lights in high-rise elevator halls during the daytime
	Turning off office lights at lunch time
	Flexible operation of underground parking lot lighting (50% off during the day)
Office equipment	Setting up screensavers on PCs at lunchtime
	Priority introduction of high-efficiency energy equipment
Air conditioning equipment	Turning off air conditioners at lunch time
	Maintaining an appropriate office temperature in summer and winter (compliance with indoor standard temperature)

Activities

Environmental Education

F&F Group invites external instructors for its employees to conduct offline environmental education twice a year. We plan to raise the environmental awareness of our employees through continuous education.

Environmental Education in 2021



Environmental Campaign

The company is running a campaign to encourage employees to participate in environmental management. We created environmental content that employees could be interested in and distributed it on the intranet bulletin board and offices throughout 2021.

On-Offline Environmental Campaign



F&F&CO와 함께하는

재활용 용품 【플라스틱 & 병 & 캔】

“분리배출 방법”

첫번째

종이 흘더는 분리 후 아래 작은 휴지통에 버려주세요.

두번째

용기 안에 들어 있는 내용물을 깨끗이 행군 후 버려주세요.

세번째

플라스틱 (투명 / 유색) & 병 & 캔을 구분하여 버려주세요.

네번째

음식물 쓰레기는 반드시 별관 4F 음식물 처리기에 버려주세요.

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Outputs

Reduction of Waste Emission

Some of the clothing products sold by F&F remain in stock. Inventory clothing is both an economic loss for the company and an environmental burden. Therefore, F&F is collaborating with "Sejin Plus," a manufacturer of recycled fiber panels, to upcycle inventory clothing, which accounts for most of the waste generated by each business site, into eco-friendly interior materials.

Eco-friendly furniture made of recycled fiber panels contributes to improving the living environment of the underprivileged through social welfare organizations.

In addition, F&F Group employees are actively participating in reducing waste in daily life by using separate collection recycle bins and umbrella rainwater removers installed in the office.



Reduction of GHG Emission

At F&F Group GHG is generated from direct and indirect energy use at the head office building, an outlet in Suji, and Icheon logistics center. The main direct and indirect sources of emissions are fuels (mobile combustion) of corporate vehicles, city gas for heating and cooling of the head office building (stationary combustion), and electricity purchased from outside.

Through steady energy saving activities and the use of new and renewable energy, GHG emissions of F&F Group decreased 5.2% from the previous year to 3,668tCO₂eq in 2021. Despite sales increase in 2021, the intensity of GHG emissions decreased 28.3% from the previous year to 0.33.

Direct & Indirect GHG Emissions		(Unit: tCO ₂ eq)		
Classification	2019	2020	2021	
Total GHG emissions (Scope 1, 2)	3,656	3,868	3,668	
- Direct emissions (Scope 1)	42	38	71	
- Indirect emissions (Scope 2)	3,614	3,830	3,597	
Sales of F&F Group (KRW 100 million)	9,103	8,376	10,890	
GHG emission intensity of F&F Group (tCO ₂ eq/KRW 10 billion sales)	0.40	0.46	0.33	

Transformation of stock clothing

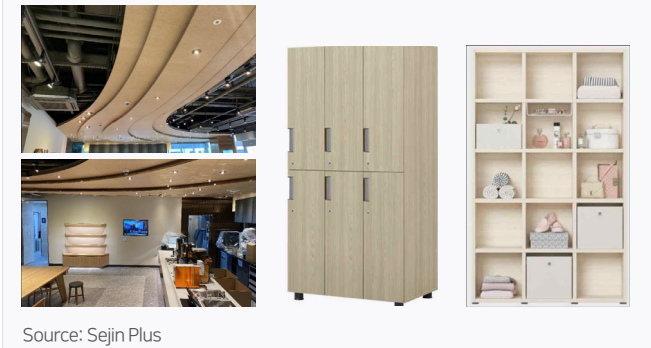
✓ Recycled Fiber Panels

The recycled fiber panels (Plusnel) produced by Sejin Plus are produced by mixing, drying, heating and cooling compression of discarded raw materials such as old clothes, waste fabrics, banners, non-woven fabrics, and plastic bottles.



✓ Eco-friendly Interior Materials

Plusnel is reborn as a finishing material for construction, flooring, board for indoor and outdoor facilities, and eco-friendly furniture through a professional processing company.





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Classification		Unit	2019	2020	2021	Remark
Energy consumption	Gasoline (vehicle)	liters (ℓ)	17,448	15,618	30,505	Corporate vehicles owned by F&F Holdings and F&F headquarters
	City gas (LNG)	MJ	77,372	75,353	83,521	Air conditioning equipment of F&F Holdings and F&F headquarters
	Electricity	kWh	7,866,792	8,337,745	7,830,592	Electricity purchased from outside
	- Head office	kWh	1,607,697	1,566,324	1,663,874	
	- Suji	kWh	1,028,043	928,512	868,712	
	- Icheon	kWh	5,231,052	5,842,909	5,298,006	
	Energy (electricity) intensity	kWh/KRW 10 billion in sales	8.6	10.0	7.2	
GHG emissions ¹⁾	Total GHG emissions (Scope 1, 2)	tCO ₂ eq	3,656	3,868	3,668	
	- Direct emissions (Scope 1)	tCO ₂ eq	42	38	71	Emissions from gasoline and city gas use ²⁾
	- Indirect emissions (Scope 2)	tCO ₂ eq	3,614	3,830	3,597	Emissions from electricity use
	GHG emission intensity	tCO ₂ eq/KRW 10 billion in sales	0.40	0.46	0.33	
Water consumption	Water consumption (waterworks) ³⁾	ton	18,017	17,772	19,375	
	- Head office	ton	10,905	11,536	13,592	
	- Suji	ton	3,291	2,550	2,243	
	- Icheon	ton	3,821	3,686	3,540	
	Water consumption intensity	ton/KRW 10 billion in sales	1.98	2.12	1.78	
Waste discharge	Total waste generated ⁴⁾	ton	1,004	1,114	1,025	
	- General waste	ton	86	101	97	Head office + Suji
	- Recyclable waste	ton	918	1,013	928	Icheon (waste box)
Purchasing of raw and subsidiary materials	Amount of purchasing raw and subsidiary materials ⁵⁾	KRW in millions	285,587	178,969	332,205	-
	Eco-friendly certified raw and subsidiary material suppliers	firms	-	-	65	
Renewable energy	Solar power generation	kWh	32,043	49,234	34,420	Icheon Logistics Center
	- Ratio of solar power generation to electricity purchase	%	0.4	0.6	0.5	Solar power generation/electricity consumption
	Number of business sites introducing renewable energy	places	1	1	1	Solar power generation facility at Icheon Logistics Center
Environmental investment plan	Environmental investment plan	KRW in millions	-	-	91,689	
	- Environmental education and facilities	KRW in millions	-	-	30	Environmental education, installation of water-saving devices
	- Eco-friendly finished clothing product	KRW in millions	-	-	89,461	
	- Eco-friendly materials	KRW in millions	-	-	402	Purchase of yarn and dyes, biodegradation experiments on clothing
	- Eco-friendly packaging	KRW in millions	-	-	1,796	Packaging materials, shipping instructions, shipping box

1) Calculated using the "EG-TIPS Greenhouse Gas Calculator" of the Korea Energy Agency's Energy Greenhouse Gas Information Platform

2) Application of the highest calorific value (MJ/Nm3=44.4) of "City gas calorific system improvement since July 2012" announced by Korea Gas Corporation

3) Since all products are manufactured by the OEM method, the amount of water taken from tap water and the amount of water actually consumed are managed as the same.

4) The amount of general waste is counted based on the volume-based waste bag usage measured by the building management company, and the amount of recyclable waste is counted based on the transaction statement of the specialized collection company.

5) F&F manages data based on the purchase amount due to the characteristics of raw and subsidiary materials for manufacturing clothes, accessories, and shoes.

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	Classification	Unit	2019	2020	2021	Remark
Employee status	Total number of employees	persons	342	402	491	As of domestic companies of F&F Holdings and F&F
	By gender (total)	persons	342	402	491	
	- Male	persons	128	166	188	
	- Female	persons	214	236	303	
	By employment type (total)	persons	342	402	491	
	- Full-time	persons	302	380	447	Workers with no fixed period
	- Contract	persons	40	22	44	fixed-period workers
Employment of the disabled	Number of employees with disabilities	persons	1	1	2	
	Disabled employment rate	%	0.33	0.26	0.45	Ratio of the number of disabled persons to full-time workers
Employment	New hires (total)	persons	105	180	198	Domestic companies, full-time and experienced workers
	- Male	persons	39	77	59	
	- Female	persons	66	103	139	
	New hires by age	persons	105	180	198	
	- 20s	persons	38	79	96	
	- 30s~40s	persons	64	99	97	
	- 50s and older	persons	3	2	5	
Turnover / retirement	Turnover/retired persons (total)	persons	125	141	126	As of domestic companies of F&F Holdings and F&F
	- Male	persons	45	43	43	
	- Female	persons	80	98	83	
	Voluntary turnover/retired persons (total)	persons	113	120	118	
	- Male	persons	37	38	37	
	- Female	persons	76	82	81	
	Involuntary turnover/retired persons (total)	persons	12	21	8	
	- Male	persons	8	5	6	
	- Female	persons	4	16	2	
Parental leave	By gender (total)	persons	1	4	7	Counting on an annual basis with the date of application and return
	- Male	persons	0	0	1	
	- Female	persons	1	4	6	
	Returnees after parental leave (total)	persons	1	0	3	
	- Male	persons	0	0	1	
	- Female	persons	1	0	2	
	Employees whoking for over 12 months after parental leave (total)	persons	0	0	0	
	- Male	persons	0	0	0	
	- Female	persons	0	0	0	

	Classification	Unit	2019	2020	2021	Remark
Wage	Average wage per employee	KRW	59,374,000	58,812,000	74,770,000	Based on the business report of F&F Holdings and F&F in 2021
	Ratio of new employee wages to local legal minimum wage	%	162	158	169	Average starting salary for new employees, equal for male and female employees
	Ratio of wages between male and female employees	%	77	81	81	Ratio of average female salary to male average salary
Education and training	Total employee education and training expenses	KRW	13,171,479	21,631,495	22,323,425	Excluding in-house training platform operating costs
	- Education and training expenses per person	KRW	38,513	53,810	45,465	
	Number of trainees	persons	-	-	564	Based on the annual number of participants (including duplicate participants)
	- Male	persons	-	-	233	
	- Female	persons	-	-	331	
	Total training hours	hours	-	-	2,423	
	- Average annual training hours per person	hours			4.9	
Welfare benefits	Welfare benefit expenses	KRW 1,000	2,073,819	1,138,575	3,882,752	
	Welfare benefit expenses to sales	%	0.22	0.13	0.35	
Safety and health ¹⁾	Number of industrial accidents	cases	0	0	0	Number of workers subject to industrial accidents
	Industrial accident rate	%	0	0	0	Number of injured workers / number of workers subject to industrial accident * 100
Customer communication	Number of customer complaints received (total)	cases	104,049	86,647	152,432	
	- Phone consultation	cases	74,664	53,255	102,803	
	- 1:1 bulletin board	cases	29,385	33,392	49,629	
	Number of customer grievance resolved (total)	cases	89,645	78,307	124,702	
	- Phone consultation	cases	60,316	44,915	75,073	
	- 1:1 bulletin board	cases	29,329	33,392	49,629	
	Customer complaint handling rate (total)	%	86.2	90.4	81.8	
	- Phone consultation	%	80.8	84.3	73.0	
Social contribution	- 1:1 bulletin board	%	99.8	100.0	100.0	
Social contribution	Total donations	KRW 1,000	349,183	223,097	341,163	
	Ratio of donations to sales	%	0.04	0.03	0.03	

1) Based on domestic business headquarters, an outlet in Suji, and Icheon Logistics Center, partner companies of F&F Holdings and F&F. Excluding partners (OEM companies, raw and subsidiary material suppliers, sales affiliates, etc.).

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	Classification	Unit	2019	2020	2021	Remark
Ethical management education	Number of employees who completed training by gender (total)	persons	n/a	n/a	493	As of domestic companies of F&F Holdings and F&F
	- Male	persons	n/a	n/a	194	
	- Female	persons	n/a	n/a	299	
	Number of employees who completed training by position (total)	persons	n/a	n/a	493	
	- CEO and executives	persons	n/a	n/a	15	
	- Employees	persons	n/a	n/a	478	
Compliance with laws	Number of cases of corruption-related lawsuits against companies and employees	cases	0	0	0	
	Number of violations of fair trade laws	cases	0	0	0	
	Number of violations of labor laws	cases	0	0	0	
	Number of violations of the Act on Product Information Display	cases	0	0	0	
	Number of violations of safety and health related laws for products and services	cases	0	0	0	
	Number of violations of the information protection related laws	cases	0	0	0	
	Number of violations of environmental laws	cases	0	0	0	
	Payment of environmental fines and penalties	KRW in millions	0	0	0	
ESG evaluation ratings	KCGS' comprehensive rating	rating	C	D	B+	As of domestic companies of F&F Holdings

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Summarized Consolidated Financial Position

(Unit: KRW in millions)

Classification	2019	2020	2021
[Current assets]	400,051	522,198	683,167
· Cash and cash equivalents	44,903	75,357	71,088
· Short-term financial instruments	62,688	11,185	7,110
· Short-term investment securities	15,284	174,654	27,802
· Trade receivables and other current receivables	90,542	99,684	131,167
· Other current assets	4,998	3,787	6,705
· Inventory	175,941	157,531	243,751
· Assets held for sale	5,695	-	195,544
[Non-current assets]	284,386	295,631	2,229,138
· Long-term investment securities	39,018	32,256	109,152
· Long-term financial instruments	900	900	903
· Investments in subsidiaries and associates	4,863	11,869	375,713
· Other non-current receivables	12,359	9,288	11,489
· Investment real estate	6,056	5,942	5,201
· Tangible assets	160,563	165,901	170,059
· Intangible assets	11,470	25,659	1,501,958
· Right-of-use asset	37,989	32,406	28,930
· Other non-current assets	2,737	20	95
· Deferred tax assets	8,431	11,390	25,638
Total assets	684,437	817,829	2,912,305
[Current liabilities]	161,362	242,822	573,601
[Non-current liabilities]	39,343	23,283	24,367
Total liabilities	200,705	266,105	597,968
[Capital stock]	7,700	7,700	19,557
[Other capital components]	-4,293	-6,463	-548,301
[Retained earnings]	479,624	550,092	2,462,509
[Non-controlling interest]	701	395	380,572
Total equity	483,732	551,724	2,314,337

Summarized Consolidated Income Statement

(Unit: KRW in millions)

Classification	2019	2020	2021
Sales	910,337	837,616	727,126
Operating profit	150,736	122,579	223,050
Consolidated net income from continuing operations	-	85,358	166,650
Profit from discontinued operation	-	-	1,851,316
Net profit	109,943	85,358	2,017,967
Net Income from equity of the parent company	110,200	85,795	1,912,062
Net income from non-controlling interest	-257	-436	105,905
Other comprehensive income	-1,203	-441	17,227
Total comprehensive income	108,740	84,917	2,035,194
Basic earnings per share (KRW)	7,157	5,599	88,031
Basic earnings from continuing operations per share (KRW)	-	5,599	2,797
Number of companies included in the consolidation	10	11	14

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Summarized Consolidated Financial Position

(Unit: KRW in millions)

Classification	2021
[Current assets]	584,010
· Cash and cash equivalents	14,565
· Short-term financial instruments	6,622
· Trade receivables and other current receivables	118,762
· Inventory	242,297
· Other current assets	6,221
· Current assets held for sale	195,544
[Non-current assets]	562,484
· Long-term financial instruments	903
· Long-term investment securities	17,805
· Other non-current receivables	14,218
· Investment in subsidiaries	356,932
· Tangible assets	71,509
· Right-of-use asset	58,028
· Intangible assets	16,983
· Deferred tax assets	26,105
Total assets	1,146,495
[Current liabilities]	563,665
[Non-current liabilities]	35,407
Total liabilities	599,072
[Capital stock]	3,831
[Other capital components]	311,414
[Retained earnings]	232,178
[Non-controlling interest]	-
Total equity	547,423

Summarized Consolidated Income Statement

From May 1 to December 31, 2021

(Unit: KRW in millions)

Classification	2021
Sales	1,089,172
Operating profit	322,684
Consolidated net income	231,926
Net Income from equity of the parent company	231,926
Net income from non-controlling interest	-
Other comprehensive income	1,307
Total comprehensive income	233,233
Earnings per share (KRW)	30,303
Number of companies included in the consolidation	3



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Independent Auditors' Report

The Shareholders and Board of Directors of
F&F Holdings Co., Ltd. (former F&F Co., Ltd.) and its subsidiaries

OPINION

We have audited the consolidated financial statements of F&F Holdings Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards ("KIFRS").

BASIS FOR OPINION

We conducted our audit in accordance with Korean Auditing Standards ("KGAAS"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

SPIN-OFF RELATED ACCOUNTING TREATMENT

As described in Note 32 to the financial statements, the Company completed the spin-off of the fashion business division on May 1, 2021, and the gains and losses from the fashion business division up to the date of the spin-off were classified as discontinued operating gains and losses. As of the spin-off date, the assets and liabilities of the fashion

business segment transferred were KRW 528,598,675,000 and KRW 207,416,471, respectively. The fair value of the related dividend payable was valued at KRW 2,103,008,000, and a gain on disposal of discontinued operations of KRW 1,781,825,796,000 was recognized. Considering that the amount related to the spin-off is significant, accounting is complicated, and the management's judgment and uncertainty are involved in estimating the fair value of dividend payable, we selected this item as a key audit item. In this regard, the main audit procedures we conducted are as follows.

- Review the spin-off plan to understand the conditions of the spin-off and review the impact on the evaluation of discontinued operations and dividend payable
- Evaluate the competence, experience and expertise of external experts from the company and confirm objectivity and independence
- Review the fair value evaluation report of the company's dividend payable through the use of internal evaluation experts
- Compare the financial forecasts used to measure value in use with those approved by the management
- Review the period attribution of profit and loss accrued in the fashion business prior to the date of spin-off and review the classification of discontinued business

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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



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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated 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
Ernst & Young Hanyoung Corp.
CEO **Yong keun Park**

March 17, 2022

This audit report is effective as of March 17, 2022, the independent auditor's report date. Accordingly, certain material subsequent events or circumstances may have occurred during the period from the date of the independent auditor's report to the time this report is used. Such events and circumstances could significantly affect the accompanying consolidated financial statements and may result in modifications to this report.

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Disclosure		Details	Page and Description
Universal Standards			
GRI 2: General Disclosures 2021			
The organization and its reporting practices	2-1	Organizational details	6~14
	2-2	Entities included in the organization's sustainability reporting	2, 9
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	Not Applicable (First Report)
	2-5	External assurance	68
Activities and workers	2-6	Activities, value chain and other business relationships	16
	2-7	Employees	56
	2-8	Workers who are not employees	Information Unavailable (Outsourcing members who are security staff at the head office and security staff and drivers at Icheon Logistics Center)
Governance	2-9	Governance structure and composition	23~24, 26~27
	2-10	Nomination and selection of the highest governance body	23~24, 26~27, F&F Holdings' 2022 Semi-Annual Report (p.209), F&F's 2022 Semi-Annual Report (p.167)
	2-11	Chair of the highest governance body	24
	2-12	Role of the highest governance body in overseeing the management of impacts	18, 23
	2-13	Delegation of responsibility for managing impacts	18, 26
	2-14	Role of the highest governance body in sustainability reporting	18, 26
	2-15	Conflicts of interest	25
	2-16	Communication of critical concerns	28 (F&F Holdings and F&F announced in advance to the Financial Supervisory Service and the Korea Exchange on the spin-off completed on May 1, 2021.)
	2-17	Collective knowledge of the highest governance body	25, F&F Holdings 2021 Governance Report (p.21), F&F 2021 Governance Report (p.22)
	2-18	Evaluation of the performance of the highest governance body	25
	2-19	Remuneration policies	25
	2-20	Process to determine remuneration	25
	2-21	Annual total compensation ratio	F&F Holdings 2021 Business Report (p.301-302), F&F 2021 Business Report (p.226-228)
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	5, 31, 66
	2-24	Embedding policy commitments	31
	2-25	Processes to remediate negative impacts	32 38~39
	2-26	Mechanisms for seeking advice and raising concerns	19, 31~32, 34
	2-27	Compliance with laws and regulations	32, 57, F&F Holdings 2021 Business Report (p.308), F&F 2021 Business Report (p.233)
	2-28	Membership associations	Information Incomplete
	2-29	Approach to stakeholder engagement	19, 28, 31~32, 36, 38~40, 67
Stakeholder engagement	2-30	Collective bargaining agreements	F&F operates a labor-management council, but does not sign collective bargaining or collective agreements. We have employment rules in accordance with the law.
GRI 3: Material Topics 2021			
Guidance to determine material topics	3-1	Process to determine material topics	19
	3-2	List of material topics	20
	3-3	Management of material topics	22, 35, 48

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Disclosure		Details	Page and Description
Topic Standards			
GRI 201: Economic performance 2016	201-1	Direct economic value generated and distributed	16, 58~59
GRI 203: Indirect economic Impacts 2016	203-1	Infrastructure investments and services supported	36~37
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	31, 57
	205-3	Confirmed incidents of corruption and actions taken	57
GRI 206: Anti-competitive behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	57
GRI 207: Tax 2019	207-1	Approach to tax	34
	207-2	Tax governance, control, and risk management	34
	207-3	Stakeholder engagement and management of concerns related to tax	34
	207-4	Country-by-country reporting	34
GRI 301: Materials 2016	301-1	Materials used by weight or volume	55
GRI 302: Energy 2016	302-1	Energy consumption within the organization	55
	302-4	Reduction of energy consumption	52
GRI 303: Water and effluents 2018	303-3	Water withdrawal	55
	303-5	Water consumption	55
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	55 (Energy consumption is divided into vehicle oil, electricity, and city gas, but GHG emissions are managed in an integrated way.)
	305-2	Energy indirect (Scope 2) GHG emissions	55 (Energy consumption is divided into vehicle oil, electricity, and city gas, but GHG emissions are managed in an integrated way.)
	305-4	GHG emissions intensity	55
	305-5	Reduction of GHG emissions	53
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	53
	306-2	Management of significant wasterelated impacts	37, 51~53
	306-3	Waste generated	53, 55

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Disclosure		Details		Page and Description
Topic Standards				
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	56	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	42	
	401-3	Parental leave	56	
GRI 403: Occupational health and safety 2018	403-1	Occupational health and safety management system	45~46	
	403-2	Hazard identification, risk assessment, and incident investigation	45~46	
	403-3	Occupational health services	46~47	
	403-4	Worker participation, consultation, and communication on occupational health and safety	45~46	
	403-5	Worker training on occupational health and safety	46	
	403-6	Promotion of worker health	42, 46	
	403-8	Workers covered by an occupational health and safety management system	45	
	403-9	Work-related injuries	56	
	403-10	Work-related ill health	56	
	GRI 404: Training and education 2016	404-1	Average hours of training per year per employee	56
404-2		Programs for upgrading employee skills and transition assistance programs	40	
GRI 405: Diversity and equal opportunity 2016	405-1	Diversity of governance bodies and employees	56	
	405-2	Ratio of basic salary and remuneration of women to men	56	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	No discrimination cases received during the reporting period	
GRI 412: Human rights assessment 2016	412-2	Employee training on human rights policies or procedures	39	
GRI 413: Local communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	36~37, 67	
GRI 415: Public policy 2016	415-1	Political contributions	In accordance with Article 31 of the Political Funds Act (Restrictions on Donation), corporations and organizations cannot donate political funds.	
GRI 416: Customer health and safety 2016	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No cases of legal sanctions or fines for the violation during the reporting period	
GRI 417: Marketing and labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	No cases of legal sanctions or fines for the violation during the reporting period	
	417-3	Incidents of non-compliance concerning marketing communications	No cases of legal sanctions or fines for the violation during the reporting period	
GRI 418: Customer privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No complaints regarding customer privacy and data loss	

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Joined the UN Global Compact

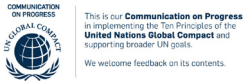
F&F Holdings and F&F joined the UN Global Compact (UNGC), a global sustainability initiative, on May 19, 2022 and expressed our will to implement UNGC 10 Principles and Sustainable Development Goals (SDGs).

Implementation of UNGC 10 Principles (COP)

The 10 principles of the UN Global Compact on human rights, labor, environment and anti-corruption are established through global consultation processes such as the Universal Declaration of Human Rights, the Declaration on Rights and Basic Principles in Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption. F&F Holdings and F&F will disclose our efforts to implement the 10 principles to stakeholders through the submission of an annual COP (Communication on Progress).

F&F Holdings and F&F's Implementation of UNGC 10 Principles

Category	Principle	Reporting Area
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Focus Area 2
	Principle 2: make sure that they are not complicit in human rights abuses.	Focus Area 2
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Focus Area 2
	Principle 4: the elimination of all forms of forced and compulsory labour;	Appendix
	Principle 5: the effective abolition of child labour; and	Appendix
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Focus Area 2
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Focus Area 3
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Focus Area 3
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Focus Area 3
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Focus Area 1



Supporting the UN Sustainable Development Goals

With the participation in the UN Global Compact as a momentum, F&F Holdings and F&F plan to link the Sustainable Development Goals to corporate strategies and activities and to minimize negative impacts from corporate activities.

F&F홀딩스 및 F&F의 SDGs 참여 현황



SDGs		Reporting Area
2. Zero to Hunger		Focus Area 2
4. Quality Education		Focus Area 1, 2
7. Affordable and Clean Energy		Focus Area 3
8. Decent Work and Economic Growth		Focus Area 2
10. Reduced Inequalities		Focus Area 2
12. Responsible Consumption and Production		Focus Area 3
13. Climate Action		Focus Area 3
16. Peace, Justice and Strong Institutions		Focus Area 1

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● Stakeholder Communication

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Stakeholder Communication

F&F Group defines customers, employees, shareholders and investors, partners, and local communities that affect each other in the course of business activities as major stakeholders, and forms a consensus on sustainability topics with them through various communication channels and establishes a cooperative relationship with them. We will listen to the interests and concerns of our stakeholders and continue to expand economic, environmental and social values to meet their expectations.

F&F Group's Stakeholder Communication Channels

Stakeholder	Primary Interest	Communication Channels and Activities		Communication Cycle
Customers	Customer satisfaction management activities, brand value, product and service quality	Corporate website		Frequently
		Customer satisfaction survey on brands		Once a year
		Customer center and call center		Frequently
		Counseling Talk on Kakao Talk		Frequently
		Social media		Frequently
Employees	Organizational culture, career development, evaluation and compensation, welfare benefits	E-mail		Frequently
		Collaboration platforms in intranet (MS Teams, JIRA)		Frequently
		Education platform (Futube)		Frequently
		Performance management application (OKR)		Quarterly
Shareholders and Investors	Risk management, management information disclosure, business performance and plan disclosure, shareholder interest protection	Board of Directors		Twice a year (regular), when an incident occurs (temporary)
		General shareholders' meeting		Once a year (regular), when an incident occurs (temporary)
		Business report		4 times a year (including quarterly and semi-annually)
		Governance report		Once a year
Partners	Fair trade, shared growth	Ethics training		Once a year
		Regular survey for partners		Once a year
		Meeting with partners (Hotline system)		Once a year
		Cyber Shinmungo		Frequently
Local Communities	Community participation, ecosystem conservation, donation activities	Meeting for collaborative businesses		When signing an agreement, when an issue arises (frequently)
		Business result report and performance sharing meeting		At the end of business



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To: The Stakeholders of F&F Group

Introduction and objectives of work

BSI Group Korea (hereinafter "the Assurer") was asked to verify 2022 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

This assurance was based on the AA1000AS v3 (2020) Assurance Standard and confirmed that the report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. The assurance level was based on the Type 1 that confirmed compliance with the four principles of AA1000 AP (2018) in accordance with the AA1000 AS.

Scope of Assurance

The scope of assurance applied to this report is as follows;

- Based on the period from January 1st to December 31st 2021 included in the report
- Major assertion included in the report such as sustainability management policies, strategies, objectives, business and performance
- Information related to material issues determined as a result of materiality assessment
- Appropriateness and consistency of processes and systems for data collection, analysis and review

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

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

Methodology

As part of its independent assurance, the assurer has used the methodology developed to collect relevant evidence to comply with the verification criteria and to reduce errors in the reporting, and has performed the following activities;

- To determine verification priorities, review of materiality issue analysis process and verification of the results
- System review for sustainability strategy process and implementation

- Review the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

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 (2018)

Inclusivity: Stakeholder Engagement and Opinion

F&F Group defined customers, employees, shareholder, local communities and government as key stakeholder groups, and operates communication channels for each group for stakeholder engagement. F&F Group conducted a survey on internal and external stakeholders and collected various opinions and expectations of stakeholders based on the response results, and reflected the derived material issues in decision-making on sustainability management.

Materiality: Identification and reporting of material sustainability topics

F&F Group derived the issue pool of 29 topics through the risk assessment process and communication with stakeholders, based on the results of media research, benchmarking global advanced companies, analysis of major global initiatives related to sustainability, and opinions collected from communication channels of each stakeholder group. F&F Group conducted a materiality assessment that comprehensively considered stakeholder interest and business impact, and selected the 22 material reporting issues identified. (based on materiality, Tier1 10 issues and Tier2 12 issues).

Responsiveness: Responding to material sustainability topics and related impacts

F&F Group established and implemented a response plan for each issue to appropriately respond to the derived material issues that reflects the expectations of stakeholders, and discloses detailed response activities and performance for them in the report.



2022

F&F Sustainability Report

INTRODUCTION

Chairman Message

F&F at a Glance

2021-2022 ESG Highlights

SUSTAINABILITY FUNDAMENTAL

Value Creation Process

Sustainability Management System

Materiality Assessment

FOCUS AREAS

Focus Area 1. Redefining Governance

Focus Area 2. Fulfilling Social
Responsibility

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ESG DATABOOK

Environmental

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Governance

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APPENDIX

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GRI Standards 2021 Index

UNGC

Stakeholder Communication

● Third-Party Assurance Statement

Third-Party Assurance Statement

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

F&F Group implemented the process to identify and evaluate the impact on organizations and stakeholders related to material issues. F&F Group make decisions on operations and management of impacts that could arise from each material topic by identifying and assessing the impacts, risks and opportunities regarding selected material topics. The results of impact, risk, and opportunity factors analysis on material issues are used for decision-making to respond to each issue, and the process is disclosed in the report.

Key areas for ongoing development

- F&F Group published its first sustainability report, including the performance and planning of the holdings sector and business sectors. It may be helpful upgrade the sustainability management to consider the characteristics of each sector, concrete achievements and plans related to sustainability in the environment and social sectors of the business sector.
- It may be helpful to disclose establishing an organization in charge of sustainability issues and disclosing the related plans and achievements to advance the sustainability management system.
- It may be helpful to specify environmental ESG objectives and plans for greenhouse gas emissions and waste related to major business sectors and to disclose their achievements

Statement of independence and competence

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

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]

201-1, 203-1, 205-2, 205-3, 206-1, 207-1~4, 301-1, 302-1, 302-4, 303-3, 303-5, 305-1, 305-2, 305-4, 305-5, 306-1~3, 401-1~3, 403-1~10, 404-1~2, 405-1~2, 406-1, 412-2, 413-1, 415-1, 416-2, 417-2~3, 418-1



30 August 2022

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