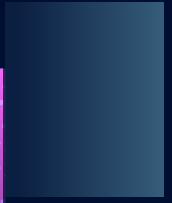
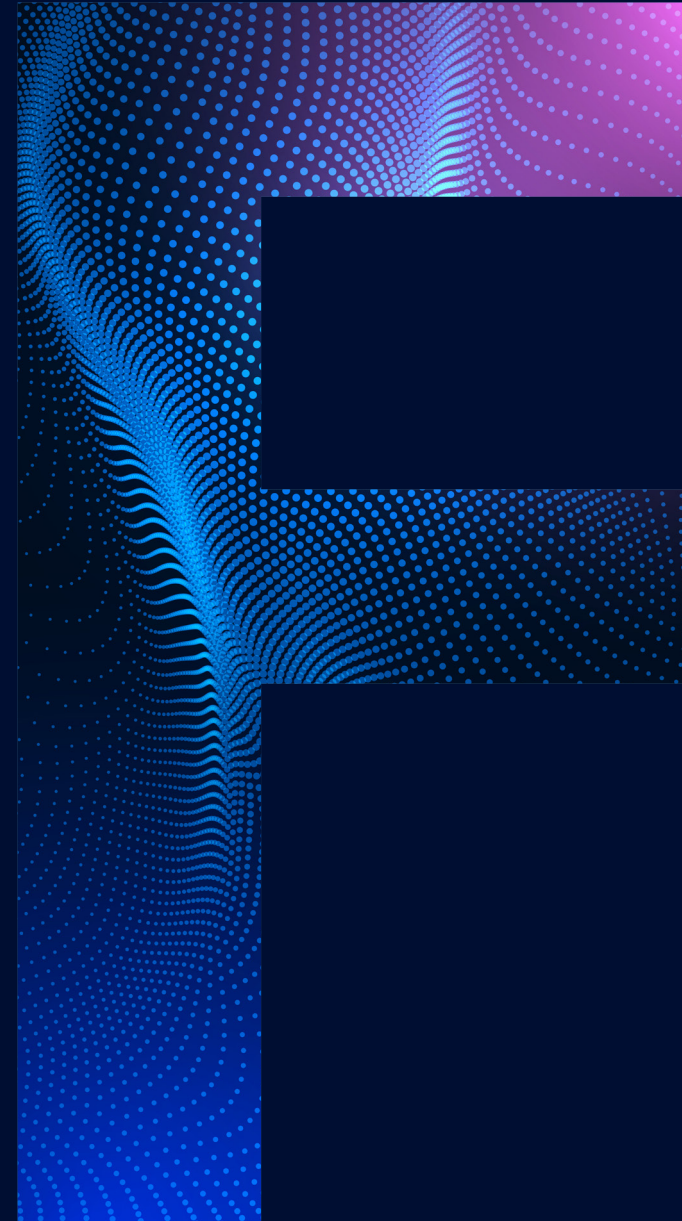


2024 SUSTAINABILITY REPORT

2024 F&F SUSTAINABILITY REPORT

Fashion & Forward





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About This Report

Overview

F&F Group integrates ESG management practices to foster sustainable value and growth. Since 2022, the company has been releasing an annual sustainability report to transparently share its ESG strategy and key achievements with various stakeholders, including shareholders, customers, and employees. The 2024 Sustainability Report was published on June 28, 2024.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, an international sustainability reporting guideline, and also aligns with the <IR> Framework of the International Integrated Reporting Council (IIRC). For sustainability topics specific to the industry, the report adheres to the Sustainability Accounting Standards Board (SASB) standards, and financial information complies with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

This report covers sustainability management activities and financial performance from January 1, 2023, through December 31, 2023. For data requiring trend reporting, the report provides three years of data from 2021 to 2023, and includes some key information up to the first half of 2024.

Report Assurance

The financial and non-financial data in this report have been verified by a third-party organization to ensure the reliability and objectivity of the information, with verification results included on pages 98 to 100.

Reporting Scope

This report covers the environmental, social, and economic performance of the domestic and international business sites of F&F Holdings Co., Ltd., F&F Co., Ltd., and their subsidiaries. However, it excludes certain indicators where data collection was limited. On May 1, 2021, F&F was spun into two entities: a newly created company called F&F and the surviving company, F&F Holdings. Consequently, there may be variations in some data, as collection started in May 2021. Changes in data have been marked separately.

Contact for Inquiry

Address: 541 Eonju-ro, Gangnam-gu, Seoul, F&F Building, F&F Holdings Communications Team

Inquiries: ymryu@fnfcorp.com, sheep0203@fnfcorp.com

Website: F&F Holdings (www.fnfholdings.com), F&F (www.fnf.co.kr)



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Interactive PDF

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

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: Driving the Global Expansion of K-Fashion



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Technology Shifts

: Creating Value with Leadership in Digital Technology



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Sustainable Circularity

: Caring for Our Planet and Pursuing Coexistence



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CEO Message



Our sustainability report aims to provide stakeholders with a transparent overview of our company's economic, environmental, and social performance, as well as our future plans. It also highlights the dedicated commitment and efforts of our employees towards advancing sustainable management.



Dear esteemed stakeholders,

F&F Group is a global lifestyle company at the forefront of the fashion market, known for its compelling brands and content. Under the mission of 'Fashion & Forward,' which aims to cultivate a fashion and lifestyle culture that contributes to global advancement, we nurture global brands and drive the globalization of K-fashion through ongoing innovation and bold initiatives.

Since our establishment in 1992, we have maintained industry leadership, achieving consistent growth over the past 30 years. Despite challenges posed by global economic downturns, in 2023, we successfully achieved revenues of KRW 1,978.5 billion, operating profit of KRW 551.8 billion, and net profit of KRW 425 billion. Last year, we expanded our presence with an increase in MLB stores to 1,100 in Mainland China and expanded into other Asian markets, sustaining steady growth.

This year, our goal is to establish the MLB brand as the leading brand in Asia by expanding into the Middle East and India, leveraging its success in mainland China, Greater China region, and seven Southeast Asian countries. Building on our strategic investment in the world's TOP 3 golf brand, TaylorMade, in 2021, and the acquisition of the world's TOP 3 tennis brand, Sergio Tacchini, in 2022, we continued our expansion into the Chinese market with the DUVETICA and SUPRA brands last year, thereby accelerating our global presence.

With 30 years of experience and our extensive human and material resources, F&F Group is committed to fulfilling its duties and responsibilities as a contributing member of civil society. In June 2022, we took significant strides towards sustainable management by establishing an ESG Committee dedicated to formulating and implementing key policies addressing environmental, social, and governance issues. Additionally, we joined the United Nations Global Compact (UNGC), committing to uphold its Ten Principles of global sustainability and the United Nations Sustainable Development Goals (UN SDGs). In 2023, we developed the group's ESG strategy to guide transparent and equitable decision-making, while also implementing various ESG programs to promote responsible ESG management. These efforts resulted in outstanding performance in the S&P Global ESG evaluation and our inclusion in the Dow Jones Sustainability Index Korea (DJSI Korea).

F&F Group is committed to engaging with stakeholders to ensure that our sustainable management initiatives result in tangible actions, going beyond mere declarations.

We kindly ask for your continued interest and support as we work towards a sustainable future. Thank you.

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

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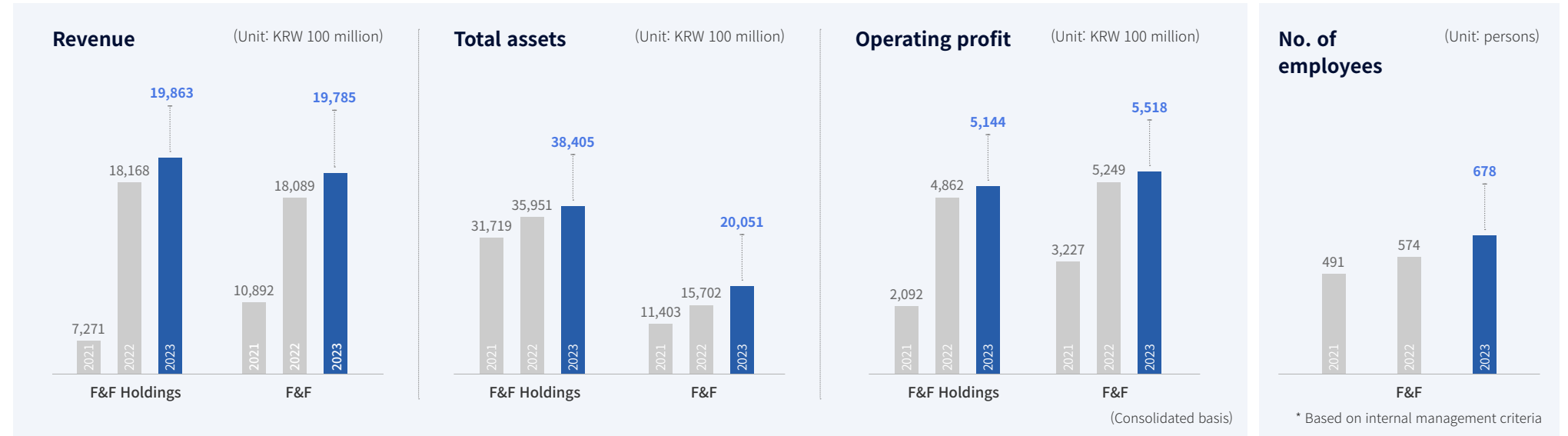
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2023-2024 Business Highlights

Business Performance

Despite challenging global economic conditions, including a downturn in consumer sentiment, F&F remained steadfast in pursuing its management objectives. This commitment resulted in a 9.4% increase in revenue compared to the previous year, amounting to KRW 1,978.5 billion. In mainland China, the largest market in Asia, we expanded MLB stores to 1,100 and successfully entered seven Southeast Asian countries, executing our strategy to diversify overseas markets. Furthermore, we diversified our business into the entertainment and content sector, creating new avenues for growth.


MLB
Global Market Growth

- Expanded the store count in mainland China to 1,100
- Successfully entered the Greater China region (including Hong Kong, Macau, and Taiwan) and seven Southeast Asian countries
- In preparation for entering the markets in India and the Middle East

Business Expansion Through
Global Brands

- Commenced full-scale operations of SUPRA and DUVETICA in the mainland China market (second half of 2023)
- Launched Sergio Tacchini in April 2023, following its acquisition in 2022

F&F, Received the
'Top Taxpayer Award'

- Contributed to national fiscal growth and economic vitality
- Awarded at the 58th Taxpayer's Day Ceremony in 2024
- Recognized for contributing over KRW 100 billion in annual taxes

F&F CHINA, Received the
'2023 Shanghai Consumer
Market Innovation Award'

- The 1st 'Shanghai Consumer Market Innovation Contest' hosted by the Shanghai government
- The sole Korean company to win among 36 global enterprises

F&F Entertainment
Successfully Concluded Global
Audition 'Universe Ticket'

- Girl group UNIS officially debuted in March 2024

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F&F Group at a Glance

F&F Group is a global fashion leader driving innovation through digital transformation (DT). Since its inception in the fashion industry in 1992, F&F Group has introduced fashion integrated with digital technology, constantly pioneering new fashion cultures by leveraging transformative innovations. F&F Group aims to remain at the forefront of the digital era, creating new life values and fostering sustainable growth.

(As of the end of December 2023)

Company name	F&F Holdings Co., Ltd.	F&F Co., Ltd.
CEO	Eui-Hun Park	Chang-Soo Kim
Business area	Holding company	Apparel and accessories manufacturing
Date of establishment	February 24, 1972	May 1, 2021
Date of listing	October 4, 1984 (KOSPI)	May 21, 2021 (KOSPI)
Revenue	KRW 1,986.3 billion	KRW 1,978.5 billion
No. of employees	Executives: 9 persons Employees: 8 persons	Executives: 23 persons Employees: 678 persons
HQ Location	541, Eonju-ro, Gangnam-gu, Seoul (F&F Building)	541, Eonju-ro, Gangnam-gu, Seoul (F&F Building)
Website	www.fnfholdings.com	www.fnf.co.kr



Mission-Vision

Our mission, ‘Fashion & Forward,’ embodies the group dedication to creating fashion and lifestyles that contribute to the advancement of the world. F&F Group offers a modern and progressive approach that transcends the boundaries of street and premium fashion, introducing new lifestyles and cultural experiences to our customers’ lives. Our vision is to become a ‘Digital Fashion Global Leader’ by driving digital transformation across all aspects of our business, introducing a new fashion system to our customers, and leading the global market. Guided by such vision and mission, F&F Group is strengthening brand competitiveness through unique, high-quality designs while maintaining the distinct identity of our brands. We aim to grow as a fashion company that creates sustainable value by advancing ESG management with sincere effort and responsibility.

Mission

Fashion & Forward

Creating fashion and lifestyle innovations conducive to the advancement of the world



Vision

Digital Fashion Global Leader

Leading the global market with a new fashion system underpinned by digital technology



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Company Overview

History

1990s

Global Brand Launch in Korea

- | | |
|----------|---|
| 1992. 7. | Introduced women’s clothing brands such as BENETTON, SISLEY |
| 1996. 2. | Launched RENOMA SPORTS, ELLE SPORTS brands |
| 1997. 6. | Launched MLB brand |

2000s

Diversification of Brand Portfolio

- | | |
|----------|---|
| 2000. 2. | Launched ABOUT, KUHO brands |
| 2002. 2. | Launched ELLE GOLF brand
Opened the COLLECTED in Jukjeon |
| 2002. 7. | Changed the company name to F&F |
| 2008. 4. | Relocated to F&F Yeoksam Tower |

2010s

Strategic Focus

- | | |
|----------|---|
| 2010. 2. | Launched MLB KIDS line |
| 2012. 3. | Launched DISCOVERY EXPEDITION brand |
| 2014. 3. | Completed construction of the Icheon Logistics Center |
| 2014. 8. | Launched DISCOVERY EXPEDITION KIDS line |
| 2016. 3. | Established F&F LOGISTICS |
| 2018.10. | Acquired an Italian premium brand, DUVETICA |
| 2019. 5. | Started overseas business operations |
| 2019. 9. | Established DT Headquarters |

2020s

Digital & Global

- | | |
|--------------|--|
| 2020.12. | Established F&F Partners |
| 2021. 5. | Spun off into:
• Holding company: F&F Holdings
• Fashion company: F&F |
| 2021. 7. | Participated as a strategic investor in a PEF to acquire the global golf brand, TaylorMade |
| 2022. 1. | Launched SUPRA brand |
| 2022. 7. | Acquired the global tennis brand SERGIO TACCHINI |
| 2022.11. | Established F&F Entertainment |
| 2023. 4. | Launched the premium lifestyle sports brand, SERGIO TACCHINI |
| 2023. 8.~ 9. | DUVETICA and SUPRA expanded into the Chinese market |
| 2024. 3. | Received the ‘Top Taxpayer Award’ |

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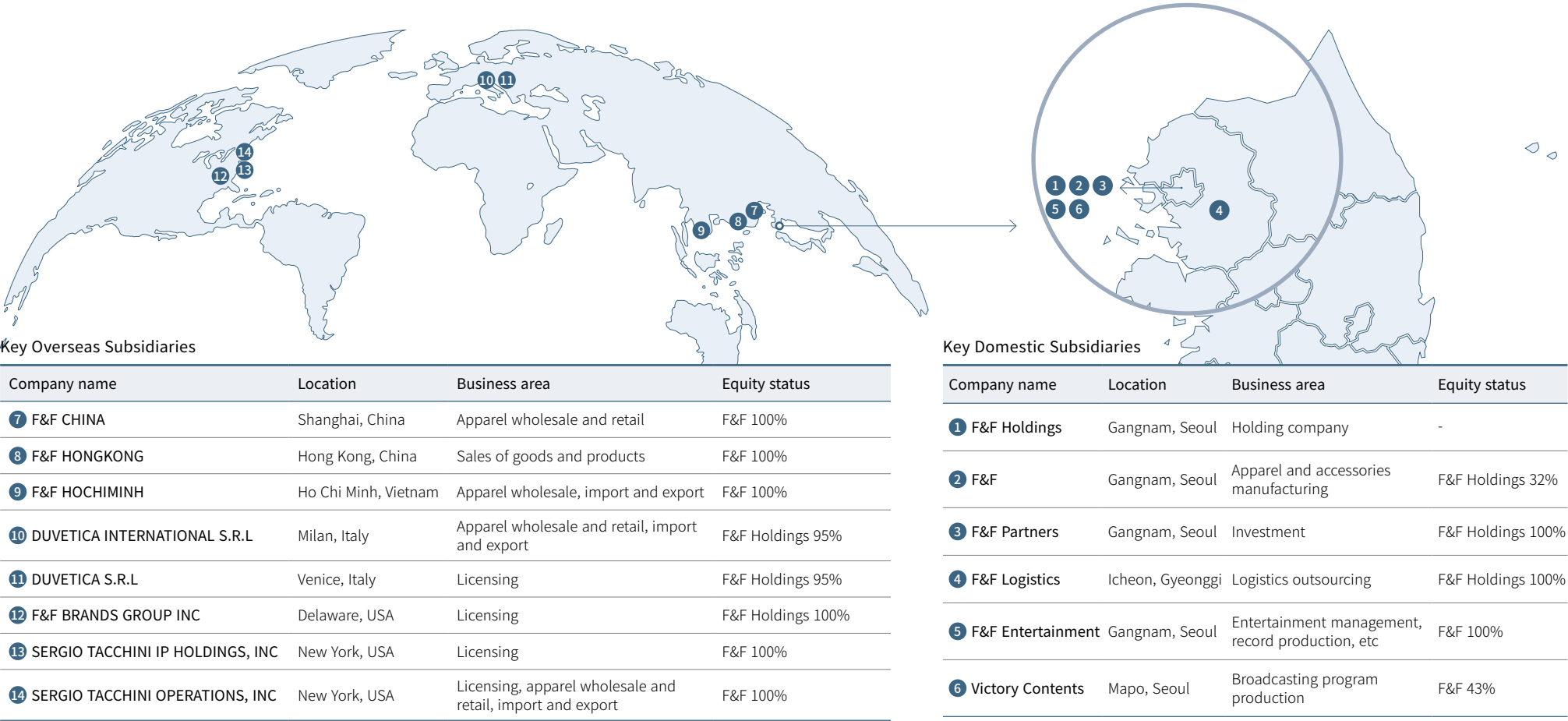
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Overview of Subsidiaries and Global Network

The F&F Group encompasses a range of entities within the fashion and content sectors, with F&F Holdings serving as the parent company and F&F operating as the main subsidiary. F&F Holdings steers the group’s strategic direction for future growth and manages diverse investment activities across the fashion and content industries. The holding company oversees a portfolio of both national and international entities, including F&F, F&F Logistics, F&F Partners, and DUVETICA INTERNATIONAL S.R.L. F&F holds a prominent position in global fashion markets, driven by top brands such as MLB and DISCOVERY EXPEDITION. In addition to its international subsidiaries—F&F CHINA, F&F HONGKONG, F&F HOCHIMINH, and SERGIO TACCHINI OPERATIONS, INC—the group extends its reach into entertainment and content sectors through entities like F&F Entertainment and Victory Contents.



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Brand Overview

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



MLB

Harmonizing Trend with Classic
Global NO. 1 PREMIUM LIFESTYLE FASHION BRAND

MLB stands as a premium lifestyle fashion brand, embodying the 150-year heritage of Major League Baseball and the American sports lifestyle. Combining sports DNA with fashion and cultural elements, MLB leads trends that reflect diverse consumer lifestyles, solidifying its position as the NO. 1 brand in Asia.

Visit the brand website

- MLB sold over **100,000 hats (baseball caps)** in 2023
- MLB **varsity jacket** category **sales increased by 45% in 2023** (*compared to 2022)
- MLB **varsity jacket** category **has achieved an average annual sales growth of over 30%** (*since 2020)
- MLB **footwear** category **has achieved an average annual sales growth of over 50%** (*since 2020)



MLB KIDS

For Free-Spirited and Independent Kids
LIFESTYLE KIDS FASHION BRAND

MLB KIDS is a premium fashion brand for children who embrace a free-spirited and independent lifestyle, drawing on MLB’s 120-year heritage. Partnering with its official supporters, #Superfankids, MLB KIDS presents unique and stylish sporty lifestyle fashion every season.

Visit the brand website

- MLB KIDS sold over **130,000 hats (baseball caps)** in 2023
- MLB KIDS **footwear** category has achieved **an average annual sales growth of over 25%** (*since 2020)
- MLB KIDS **matching sets** category **sales increased by 21% in 2023** (*compared to 2022)



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For Discoverers Finding Joy Through Healthy Movements of Body and Soul PREMIUM OUTDOOR LIFESTYLE BRAND
DISCOVERY EXPEDITION is a ‘premium lifestyle outdoor brand’ that motivates consumers to explore the diverse pleasures of the world through healthy outdoor activities that connect and interact with nature. With innovative and functional designs, DISCOVERY EXPEDITION enhances comfort and enjoyment during outdoor activities.

Visit the brand website

- DISCOVERY EXPEDITION’s **Lester Goose Down Jacket** sold over **1 million PCS** (*since 2016)



DUVETICA

**For a Premium Lifestyle
ITALIAN PREMIUM LIFESTYLE BRAND**

DUVETICA is an Italian premium lifestyle brand established in 2004. DUVETICA embodies the Italian philosophy of ‘La Bella Vita,’ emphasizing enjoyment of life. The brand features stylish and trendy designs inspired by European premium color palettes, while ensuring rigorous management of top-tier quality during production. DUVETICA offers products suitable for both daily life and luxurious leisure activities, enhancing an authentic premium lifestyle.

Visit the brand website

- The Ripina Down Jacket** recorded as DUVETICA’s best-selling item in 2023
- DUVETICA’s newly released **Pioka padding boots** sold out in 2023



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Outdoor Lifestyle with Street Sensibility
PREMIUM STREET OUTDOOR LIFESTYLE BRAND

Established in 2006 on California’s skate culture, SUPRA blends fashion, music, art, and skateboarding to merge street culture with elements of outdoor lifestyle, introducing a fresh lifestyle paradigm. The brand reinterprets its heritage in a modern context, offering trendy designs that are practical yet distinctly stylish, featuring unique color palettes that continue to resonate with customers.

Visit the brand website

- **Vaider series sneakers** recorded as SUPRA’s best-selling item in 2023
- SUPRA’s **sneakers** category achieved a 422% sales increase compared to the previous year (*as of April 2024)
- SUPRA’s **short-sleeve T-shirt category** achieved a 129% increase in sales compared to the previous season, 23FW (*as of May 2024)



For Tennis Enthusiasts Around the World
PREMIUM LIFESTYLE ACTIVE WEAR BRAND

Sergio Tacchini is a fresh, premium lifestyle activewear brand that modernizes the legacy of tennis culture. Drawing from its tennis roots, Sergio Tacchini blurs the lines between everyday life and sports, presenting sporty and stylish looks. Moving beyond the realm of tennis courts into everyday lifestyle, Sergio Tacchini offers a relaxed and premium active lifestyle, fostering true wellness living.

Visit the brand website

- **The Flying Skirt** recorded as Sergio Tacchini’s best-selling item in 2023
- Sergio Tacchini’s newly released **Boston bag and Racket bag** sold out in 2023 (*specific colors)
- Sergio Tacchini’s skirt category achieved a **289% surge in sales** compared to the previous season, 23FW (*as of May 2024)





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Our Businesses For Future

For the past three decades, F&F has been a pioneer in both domestic and global fashion industry, successfully promoting K-fashion on a worldwide scale. Now, we are venturing into the entertainment and content sectors to explore new avenues for growth. F&F has strategically invested in various content businesses via its investment arm. Through the establishment and acquisition of subsidiaries in entertainment and content, our goal is to strengthen our leadership in the thriving K-culture industry.



F&F Entertainment

[Visit the brand website](#)

F&F Entertainment is an entertainment company founded by F&F in November 2022. As its first project after establishment, F&F Entertainment partnered with SBS to produce a girl group audition program called ‘Universe Ticket.’ This expansive global audition program aims to offer opportunities to talented individuals worldwide aspiring to become K-POP stars, while also cultivating global stars through distinctive strategies. The group ‘UNIS,’ emerging victorious from intense audition competition, made their debut in March 2024 and swiftly gained recognition and a dedicated fan base on prominent music charts worldwide. During their first overseas performance in Fukuoka, Japan, in April, UNIS showcased exceptional skills unusual for a newly formed girl group, initiating their Japanese promotions and subsequent tours in the Philippines while actively engaging with fans worldwide. Inspired by UNIS’s accomplishments, F&F Entertainment is gearing up for ‘Universe League,’ the second season of ‘Universe Ticket,’ scheduled for the latter half of 2024. The worldwide interest and enthusiasm for K-POP are captivating global audiences, overcoming cultural barriers. F&F Entertainment is dedicated to discovering talent and providing comprehensive support for the ongoing growth of the K-POP industry, with the goal of nurturing artists with global impact.

Victory Contents

[Visit the brand website](#)

Victory Contents is a renowned drama production company acquired by F&F in March 2022. The company has a legacy of producing acclaimed Korean dramas like ‘Love in Bali,’ which set a record-high viewer rating of 40.4% in 2004, along with ‘War of Money,’ ‘Empress Ki,’ and ‘Big Thing.’ Following its acquisition by F&F, the company targeted home viewership, producing dramas such as ‘Curtain Call’ and ‘The Real Has Come.’ As the principal shareholder, F&F seeks to enhance synergies by expanding Victory Contents’ IP library through overseas hubs in Italy, China, and Vietnam. This initiative aims to create media content with worldwide appeal and position us as a leader in the global cultural content industry.

F&F Partners

[Visit the brand website](#)

F&F Partners focuses on the future potential of the global K-content trend, investing in various content-related companies. Its initial investment, BY4M Studio, operates as a comprehensive content producer across music, films, dramas, and entertainment. Recently, the company invested in successful blockbuster films such as ‘12.12: The Day’ and ‘The Roundup: No Way Out,’ each drawing over ten million viewers. Another investee, Bound Entertainment, is a film and drama production company that achieved the milestone of being the first domestic entity to produce an Apple TV Original drama, ‘Dr. Brain.’ F&F Partners also invested in Why Not Media, which rapidly evolved from a web drama producer to a comprehensive content creator, contributing to the production of TVING Originals like ‘A Bloody Lucky Day’ and Channel A’s ‘Man and Woman.’ F&F Partners continues to enhance its competitiveness by expanding its content business through collaborations with various companies, actively seeking to invest in companies that can create mutual synergies.



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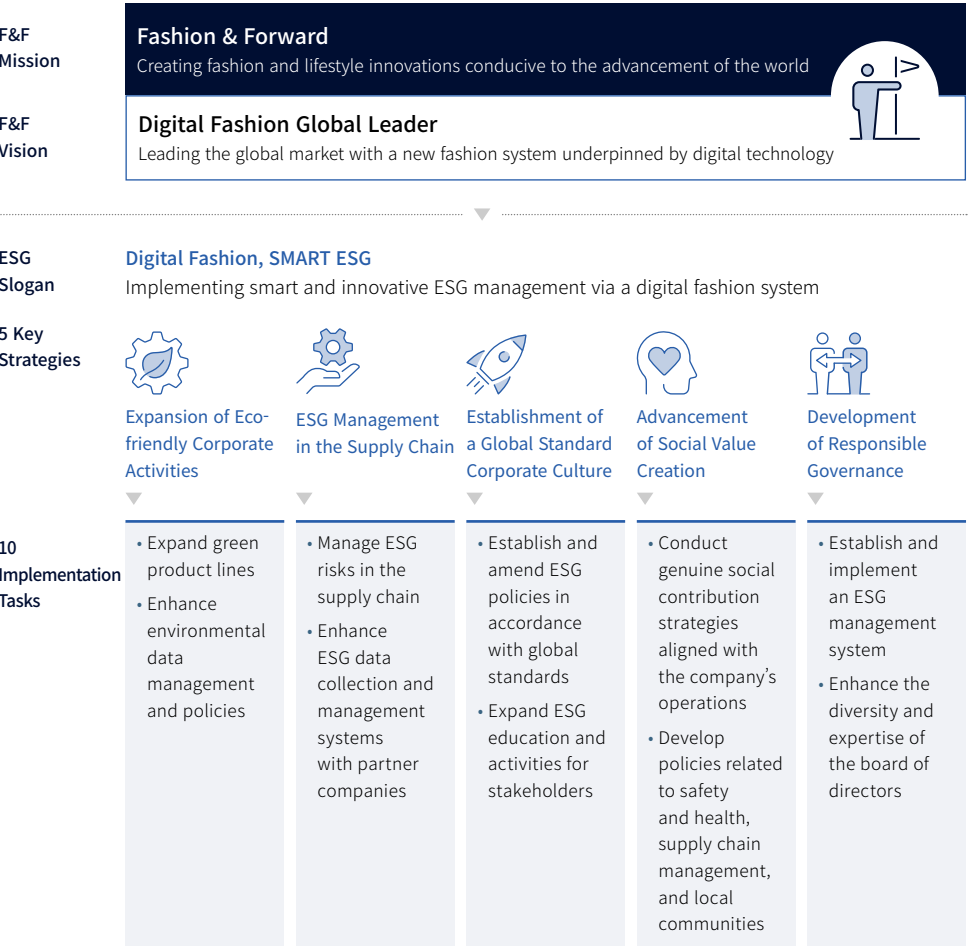
ESG Highlights 2023

<div>ESG Assessment</div> <div></div>	<div>Korea Institute of Corporate Governance and Sustainability (KCGS) A, B+ Rating</div> <div><ul style="list-style-type: none">F&F Holdings Integrated A RatingF&F Integrated B+ Rating</div> <div></div>	<div>First Inclusion in DJSI KOREA</div> <div><ul style="list-style-type: none">F&F S&P Integrated Score 49 points</div> <div></div>	<div>SUSTINVEST Integrated A Rating</div> <div><ul style="list-style-type: none">F&F Integrated A Rating</div> <div></div>	<div>Korea ESG Research Institute Integrated B+ Rating</div> <div><ul style="list-style-type: none">F&F Integrated B+ Rating in the second half of 2023</div> <div></div>
<div>E Environmental</div> <div></div>	<div>Enhancing Greenhouse Gas Management</div> <div><ul style="list-style-type: none">Established a greenhouse gas emission calculation system according to consolidated group standardsInitiated the first calculation and disclosure of Scope 3 emissions</div>	<div>Expanding Resource Circulation Projects</div> <div><ul style="list-style-type: none">Produced and donated recycled furniture from inventory clothes for two consecutive yearsPartnered with DISCOVERY EXPEDITION, Jeju Province Development Corporation, and Hyosung TNC to produce recycled T-shirts</div>	<div>Promoting Eco-Friendly Packaging</div> <div><ul style="list-style-type: none">Introduced FSC-certified paper bagsUtilized eco-friendly subsidiary materials</div>	<div>Acquiring Green Certifications</div> <div><ul style="list-style-type: none">Acquired ISO 14001 certificationAcquired RCS/GRS certificationMaintained RDS certification</div>
<div>S Social</div> <div></div>	<div>Enhancing ESG Assessment System Across the Supply Chain</div> <div><ul style="list-style-type: none">Implemented and executed the ESG assessment system across the supply chain using digital technology</div>	<div>Supporting Local and Global Social Contribution Activities</div> <div><ul style="list-style-type: none">Engaged in the 'Dreaming Girl' campaignInitiated the 'F&F WITH YOU' campaignProvided winter clothing donations to earthquake victims in Turkey</div>	<div>Strengthening Safety and Health Measures</div> <div><ul style="list-style-type: none">Acquired ISO 45001 certificationConducted risk assessment and improvement activities</div>	<div>Strengthening Information Security</div> <div><ul style="list-style-type: none">Acquired ISMS certificationAcquired ISO 27001 certification</div>
<div>G Governance</div> <div></div>	<div>Enhancing ESG Governance</div> <div><ul style="list-style-type: none">Established ESG Council and ESG Working CouncilConducted group-wide ESG education</div>	<div>Strengthening Board Independence and Transparency</div> <div><ul style="list-style-type: none">Established committees including the Independent Director Candidate Recommendation Committee and the Audit Committee</div>	<div>Promoting Board Diversity</div> <div><ul style="list-style-type: none">Appointed two female directors at F&F (one executive director, one independent director) (March 2024)</div>	<div>Improving Shareholder-Oriented Policies</div> <div><ul style="list-style-type: none">Established share buyback trust agreements and implemented medium- to long-term shareholder return policies</div>

ESG Framework

ESG Mission and Direction

F&F Group has embraced the ESG slogan ‘Digital Fashion, SMART ESG’ to implement smart and innovative ESG management practices. In order to enhance management effectiveness, we have developed 5 key strategies and 10 implementation tasks.



Expansion of Eco-friendly Corporate Activities

In pursuit of business sustainability, F&F Group aims to expand its eco-friendly business activities. This includes protecting the environment, improving energy efficiency, reducing carbon emissions, and using renewable energy.

ESG Management in the Supply Chain

F&F Group recognizes potential ESG risks within the supply chain and is enhancing collaboration with its partners. By introducing diverse supply chain ESG management systems, the group shares social and environmental responsibilities with its suppliers, fostering sustainable business relationships.

Establishment of a Global Standard Corporate Culture

F&F Group is structuring its corporate culture to align with global standards. Through various policies, we aim to cultivate a corporate culture in partnership with stakeholders and evolve into a sustainable company.

Advancement of Social Value Creation

F&F Group endeavors to generate social value. We aspire to be recognized as a company that fulfills its social responsibilities by collaborating with local communities, supporting vulnerable social groups, ensuring employee safety and health, and providing educational opportunities.

Development of Responsible Governance

F&F Group ensures transparent and effective decision-making and ethical corporate operations through responsible governance. To achieve this, we have enhanced internal controls and audit systems to maintain the company's sound operation.

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ESG Governance

F&F Group has established a structured organizational framework to systematically and responsibly manage ESG initiatives.

ESG Committee

To enhance ESG-focused corporate governance, F&F Holdings and F&F have formed the ESG Committee within their board of directors. Each company’s ESG Committee consists of one executive director and two independent directors, convening regular annual meetings and ad-hoc interim meetings as necessary. The ESG Committee deliberates and decides on matters related to ESG issues, including ESG policies and planning, the assessment of sustainable management performance, and the disclosure of ESG information. In 2023, each company held three meetings to discuss and address topics such as climate change adaptation, safety and health, human rights, and materiality issues.

ESG Committee Composition (As of the end of March 2024)

Company	Name	Name
F&F Holdings	Eui-Hun Park	Executive Director (Chairperson)
	Sung-Deok Han	Independent Director
	Dong-Il Kim	Independent Director
F&F	Chang-Soo Kim	Executive Director (Chairperson)
	Young-Jin Lim	Independent Director
	Joon-Keun Bae	Independent Director

ESG Committee Operation Status

Company	Committee Name	Date of Meeting	Agenda
F&F Holdings, F&F	ESG Committee	June 14, 2023	[Resolution] Revision and enactment of ESG-related policies - 5 ESG-related policies (including declarations, codes, etc.) revised, 7 enacted
			[Report] 2023 materiality assessment results for F&F Group
			[Report] 2023 ESG management strategy report for F&F Group
		August 10, 2023	[Report] Publication of 2023 Sustainability Report
		December 27, 2023	[Report] 2023 ESG assessment results
			[Report] Major ESG-related activities of F&F Group in 2023

ESG Council

In 2023, we established an ESG Council to implement ESG management strategies and initiatives. Led by executives, the ESG Council sets comprehensive ESG strategic objectives and reviews the progress and outcomes of ESG initiatives. It has enhanced efficiency through regular meetings and communication with the ESG Working Council.

ESG Working Council

F&F Group has established an ESG Working Council to internalize ESG management. The ESG Working Council consists of specialists responsible for managing ESG tasks, participating in discussions on critical issues, and advancing practical initiatives. The Communications team manages secretarial duties and supervises the operations of the Working Council.

ESG Working Council Structure



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Stakeholder Communication

F&F Group prioritizes stakeholder communication to support sustainable growth and enhance social value creation. This involves identifying and managing critical stakeholders, including customers, employees, shareholders, investors, partners, and the local communities. The group also actively assesses and addresses major concerns and issues. Through dedicated communication channels tailored to each group, F&F Group effectively grasps and responds to the diverse demands and expectations of stakeholders. Insights gathered through these channels are incorporated into business operations under the oversight of relevant departments.

Stakeholder Communication Channels

Stakeholders	Communication Channels	Communication Frequency	Key ESG Issues	Reflection in Management Activities (2023-2024)
Customers	Company and brand websites	Ongoing	<ul style="list-style-type: none">Customer satisfaction management activitiesBrand valueProduct and service quality	<ul style="list-style-type: none">Implemented KakaoTalk and ChannelTalk chatbot services to provide rapid responses and drive active after-sales service
	Customer satisfaction survey	Once a month		
	Customer service (call center, chatbot service, bulletin board, etc.)	Ongoing		
	Social media	Ongoing		
Employees	Internal communication channels (MS Teams, JIRA)	Ongoing	<ul style="list-style-type: none">Organizational cultureCareer developmentEvaluation and compensationWelfare benefitsHR education (human rights education, safety and health education, etc.)	<ul style="list-style-type: none">Increased the volume of internal content on the intranet that includes organizational culture, management vision, philosophy, etc., to enhance communication among employees
	Intranet internal content (F&F NEWS)	Ongoing		
	Education platform (Futube)	Regular/Occasional		
	Performance management application Finstagram (OKR)	Regular/Occasional		
	Employee satisfaction survey	Annual		
Shareholders and investors	General shareholders' meeting	Regular	<ul style="list-style-type: none">Risk managementDisclosure of management informationDisclosure of business performance and plansProtection of shareholders' interests	<ul style="list-style-type: none">Announced increased dividends and an interim dividend policy (announced in February 2024)
	Reports (Annual Report, Corporate Governance Report, Sustainability Report)	Regular		
	Website (disclosure of investor information)	Regular/Occasional		
	IR events	As needed		
Partner companies	Ethics campaign	Biannual	<ul style="list-style-type: none">Mutual growthFair trade	<ul style="list-style-type: none">Organized a global trade show for global retail partnersConducted supply chain ESG assessments using digital platforms
	Regular surveys for partner companies	At least once a year		
	Meeting with partner companies (hotline system)	Ongoing		
	Cyber petition	Ongoing		
Local communities	Meetings for collaborative business	As needed	<ul style="list-style-type: none">Community engagement and donation activitiesEcosystem conservation	<ul style="list-style-type: none">F&F: Supported the 'Dreaming Girl' project for vulnerable young girls and shared the results in reportsF&F Holdings: Donated eco-friendly furniture and shared the results in reports
	Disclosure on project result reports	As needed		

Value Distribution to Stakeholders

Category	2023	
Shareholders and investors (total dividends paid)	F&F Holdings	KRW 15.627 billion
	F&F	KRW 64.842 billion
Employees (employee salary)	F&F Holdings	KRW 721 million
	F&F	KRW 48.260 billion
Local communities (donation)	F&F Holdings	KRW 401 million
	F&F	KRW 360 million
Government (corporate tax)	F&F Holdings	KRW 3.248 billion
	F&F	KRW 126.116 billion

* Amounts below KRW 1 million are rounded down

* Based on separate financial statements



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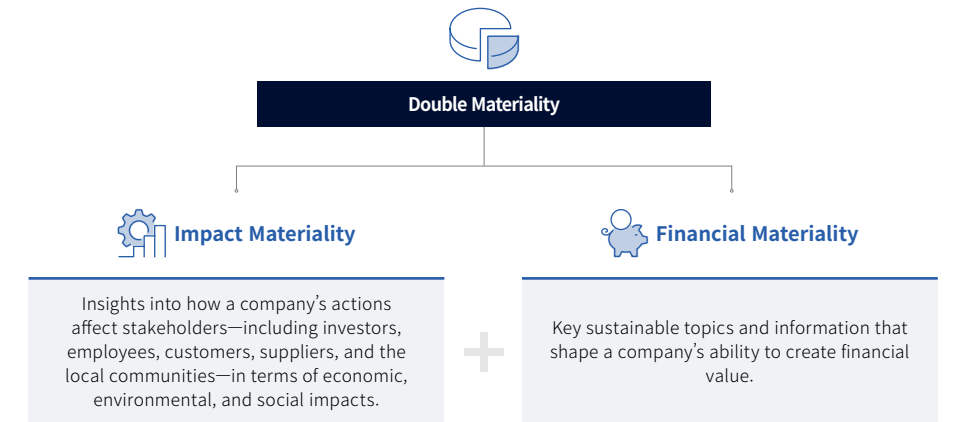
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Double Materiality Assessment

Since 2022, F&F has conducted an annual materiality assessment to identify key sustainability issues. Building on the previous year’s initiatives, we implemented a double materiality assessment in 2024. This approach assesses not only the company’s impact on external factors like the environment and society but also how external factors influence the company’s financial standing. F&F integrates the key issues derived from the double materiality assessment into its ESG strategy, reflecting them in management activities, and transparently disclosing related performance.

*** Double Materiality**
Double Materiality refers to an approach outlined in the EU Corporate Sustainability Reporting Directive (CSRD) and GRI, which assesses sustainability factors impacting the company as well as the company’s influence on the environment, society, and human rights.



Double Materiality Assessment Process

In 2024, 13 topics were selected for the double materiality assessment to evaluate their environmental and social significance as well as financial importance. This assessment involved participation from various stakeholders, including F&F employees, partner company employees, external investment stakeholders, and ESG experts. The reliability of the assessment was verified through third-party verification.

Step 1. Topic Selection

Formation of Topic Pool

- Analysis of internal and external management environments
- Benchmarking analysis (identifying industry issues)
- Analysis of ESG assessment and guidelines (GRI Standards 2021, SASB, MSCI, S&P Global CSA, IFRS, etc.)
- Review of alignment with management strategies and corporate specificity
- Review of significant topics from the previous year

Topic Selection

- Integration and elimination of similar topics
- Consultation with responsible teams and experts

Step 2. Identification of Topic Influence

Environmental and Social Impact Identification

- Identification of actual and potential impacts
- Review of domestic and international regulations and guidelines
- Identification of recent industry controversies and issues
- Key stakeholder expectations and grievance handling details

Financial Impact Identification

- Identification of actual and potential impacts
- Review of domestic and international regulations and guidelines
- Identification of opportunities and risks
- Key Financial Group research reports

Step 3. Assessment of Influence

Double Materiality Assessment

- Measuring the influence by conducting 2 separate assessments for the identified 13 topics
- Adopting global guideline methodologies such as GRI, SASB

Impact Materiality Assessment

- Conducting an online survey to measure the environmental and social impact on a 5-point scale
- Survey participants: stakeholder group
 - F&F employees, external stakeholders (NGOs, partner companies, etc.)
- Survey period: February 20 - March 5, 2024
- Survey content: assessment of environmental and social aspects
- Likelihood of occurrence, severity of impact

Financial Materiality Assessment

- Conducting an online survey to measure the financial impact on a 5-point scale
- Survey participants: financial group
 - F&F finance department employees, external investment stakeholders
- Survey period: February 20 - March 5, 2024
- Survey content: financial evaluation
 - Direct impact, regulations and policies, industry standards and competitive factors, stakeholder perspectives, business innovation opportunities

Step 4. Prioritization

Decision on Priorities

- Reviewing the validity of the assessment results
- Establishing double materiality rankings based on the results of the environmental and social impact assessments, and the financial impact assessment

Step 5. Approval and Review

Final Reporting and Approval

- Final report to the board and senior management (materiality assessment process, results, etc.)
- Approval by the board and senior management

Double Materiality Assessment

Double Materiality Assessment Results

Based on the double materiality assessment, F&F has prioritized key issues. ‘Brand value enhancement’ has consistently ranked as the top priority for three years, followed by ‘Sustainable resource circulation’ and ‘Supply chain management’ as significant areas of focus. These leading priorities have yielded comparable outcomes to the prior year, underscoring stakeholder consensus that continuous enhancement of brand value, environmental contributions through sustainable resource circulation, and systematic development of supply chain management are crucial for F&F’s value growth.

Additionally, ‘Digital transformation,’ ‘Development of sustainable business models,’ and ‘Customer satisfaction management’ are recognized as influential issues. These 13 topics are integrated into F&F’s business strategy and group-wide risk management system.

● Very High Impact ● High Impact ● Medium Impact

2024 Topic	Environmental and Social Impact	Financial Impact	Relative to 2023 Rankings	Reporting Page
1 Brand value enhancement	●	●	-	24-27
2 Sustainable resource circulation	●	●	↑ 2	21-22, 32-33, 43-46
3 Supply chain management	●	●	↓ 1	34-35, 63-64
4 Digital transformation	●	●	↓ 1	28-31
5 Sustainable business model development	●	●	New	16
6 Customer satisfaction management	●	●	-	21, 58-60
7 Climate change mitigation and adaptation	●	●	↓ 2	21-22, 40-42, 95
8 Organizational culture improvement and talent growth	●	●	New	48-53
9 Ethics and compliance	●	●	↓ 2	77-79
10 Data privacy and information security	●	●	New	68-69
11 Minimizing product environmental footprint	●	●	New	43-46
12 Governance transparency	●	●	↓ 4	70-76
13 Expanding diversity and inclusion	●	●	↓ 4	49-51, 70-73, 79



Double Materiality Assessment

Strategic Management of Key Issues

F&F strategically manages critical issues identified through materiality assessments, aligning them with business strategies to foster sustainable value creation. Specifically, issues such as ‘Sustainable resource circulation,’ ‘Customer satisfaction management,’ and ‘Climate change mitigation and adaptation,’ which are emerging as significant concerns in the fashion industry, are addressed as follows:

Category	Sustainable Resource Circulation	Customer Satisfaction Management	Climate Change Mitigation and Adaptation
Issue Importance	As environmental awareness continues to grow worldwide, there is an increasing demand for global companies to transition to a circular economy. The EU is enhancing environmental regulations, including initiatives like Extended Producer Responsibility (EPR), Eco-design for Sustainable Products Regulation (ESPR), and Digital Product Passport (DPP). To thrive and maintain competitiveness in the global market, fashion companies must proactively respond to these evolving international regulations. Moreover, with increasing consumer preference for eco-friendly products and value-driven consumption, embracing sustainable fashion is becoming imperative rather than optional.	In the fiercely competitive fashion industry, customer satisfaction plays a crucial role in shaping a company’s brand value and sustainability. Therefore, companies must prioritize customer satisfaction management by delivering products and services that align with consumer needs and expectations, and promptly addressing any issues or concerns raised by customers. Protecting consumer rights and building trust relationships will increase repurchase rates and ensure a consistent revenue stream over time.	As the global climate crisis escalates, stakeholders including governments, consumers, and NGOs are urging fashion companies to reduce greenhouse gas emissions. Governments worldwide are introducing and refining carbon-related frameworks, such as carbon emission trading systems, and expanding requirements for environmental information disclosure. Meanwhile, the fashion industry faces sustainability challenges exacerbated by climate change. Extreme weather events such as floods, heatwaves, and droughts disrupt raw material supply chains and manufacturing processes, while energy issues and water scarcity drive up costs for product raw materials and production processes.
Key Risks	<ul style="list-style-type: none">• Rising costs and restricted market access due to shifts in international regulations• Failure to meet consumer demand for eco-friendly products• Risk to brand reputation	<ul style="list-style-type: none">• Decline in brand value due to loss of consumer trust• Loss of market opportunities due to negative reputation	<ul style="list-style-type: none">• Rising costs of raw materials and supply instability caused by abnormal weather conditions• Rising costs and restricted market access due to shifts in international regulations• Increasing costs associated with carbon emissions
Business Strategies	<ul style="list-style-type: none">• Enhancing the use of eco-friendly raw materials and subsidiary materials through partnership• Launching projects to reduce and recycle clothing waste• Streamlining inventory management through digital innovations• Manufacturing recycled T-shirts from waste PET bottles	<ul style="list-style-type: none">• Establishing ethical advertising and marketing policies• Implementing consumer rights protection policies• Conducting customer satisfaction surveys and managing VOC• Enhancing consumer communication through chatbot technology	<ul style="list-style-type: none">• Establishing environmental management policies• Developing a mid- to long-term roadmap for greenhouse gas reduction• Managing Scope 3 greenhouse gas emissions across the supply chain
Targets and Progress	<ul style="list-style-type: none">• Mid- to long-term target : achieve a 50% reduction in waste emissions by 2040 compared to 2020 levels• Waste emissions in 2023: 1,041.40 ton	<ul style="list-style-type: none">• Mid- to long-term target : maintain a customer satisfaction survey ‘satisfied’ response rate of over 90% by 2030• Customer satisfaction survey ‘satisfied’ response rate in 2023: 92%	<ul style="list-style-type: none">• Mid- to long-term target : reduce greenhouse gas emissions by 50% by 2040 compared to 2020 levels• Greenhouse gas emissions (Scope 1+2) in 2023: 3,893.8tCO₂eq

Double Materiality Assessment

Measuring the Impact on External Stakeholders

‘Sustainable resource circulation’ and ‘Climate change mitigation and adaptation’ are central themes garnering global focus in sustainable business practices. F&F acknowledges the significance of these issues and has conducted assessments to gauge their environmental and external stakeholder impacts. Moving forward, F&F is dedicated to monitoring and addressing issues identified through materiality assessments that may impact the environment and external stakeholders, with the goal of minimizing any negative effects.

Category	Sustainable Resource Circulation	Climate Change Mitigation and Adaptation
External Impact	Greenhouse gas emissions and pollutants generated during the handling of surplus clothing, used clothing, and waste negatively impact the environment and nearby residents. F&F strives to minimize environmental impacts from waste and promote a circular economy. Specific efforts encompass recycling surplus clothing, integrating recycled plastics into clothing manufacturing, and advocating for paper recycling to deter the landfilling and incineration of waste materials, thereby actively engaging in resource circulation.	The climate crisis poses serious challenges across various aspects of daily life, including water scarcity, food crises, and economic losses. Globally, efforts are underway to reduce carbon emissions, a major cause of the climate crisis. F&F acknowledges the reduction of carbon emissions as a critical objective. While F&F does not directly manufacture products, its upstream and downstream activities contribute significantly to carbon emissions. Therefore, we are striving to reduce carbon emissions in the course of our business operations, and as part of this effort, we are encouraging the use of sustainable materials in packaging.
Materiality Metrics	Output Metric Amount of waste diverted from landfill (recycled)	Output Metric Amount of carbon reduction/avoidance
	Impact Metric Social cost of waste / Import costs for waste paper production	Impact Metric Social cost of carbon emissions
Impact Valuation	F&F recycles surplus clothing and inventory to produce furniture and donates it to welfare facilities, reducing carbon emissions and harmful substance emissions from clothing incineration and landfill. Through this activity, F&F reduced 0.87 tons of carbon emissions from processing 3 tons of clothing. Efforts are also made to recycle waste paper generated during business operations to reduce environmental impacts and costs associated with incineration and landfill. The social cost savings from recycling 940.47 tons of waste paper in 2023 are estimated at KRW 244,517,193.	F&F is transitioning to sustainable materials for packaging to reduce its carbon footprint. As part of these efforts, F&F purchases eco-friendly paper shopping bags certified by FSC. The carbon footprint of 2,917,591 eco-friendly shopping bags ordered for MLB and DX in 2023 is estimated at approximately 382.88 tons. Assuming the equivalent in disposable plastic bags would generate an estimated 569.92 tons of carbon emissions, this transition is estimated to have avoided 187.04 tons of carbon emissions, translating to a social cost saving of KRW 10,362,049.17.

* The social cost of waste is calculated based on the average price per ton of paper imported by the country in 2023.

* The social cost of carbon is based on a per-ton estimate of KRW 55,400 from the first government commissioned report on carbon tax published in 2022.



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: Driving the Global Expansion of K-Fashion

Key Achievements

The recent economic slowdown has suppressed consumer spending, impacting fashion consumption and stalling growth in the fashion industry. To address these challenges, the industry is increasingly recognizing the importance of pursuing new growth strategies, including the digital transformation of marketing and sales, personalizing consumer experiences through data analysis, and expanding into international markets. F&F has notably taken proactive steps in these areas, leveraging its leadership in the domestic lifestyle market to successfully enter global markets and boost its market share through effective marketing strategies. Our focus on integrating fashion with digital technology has demonstrated its value, navigating challenges like the COVID-19 pandemic and shaping trends across Asia. As a result, F&F has cemented its position as a flagship brand in K-Fashion. Looking ahead, F&F remains committed to further growth, aiming to extend its reach beyond Asia and spearhead the globalization of K-Fashion.



Key Highlights

**Approximately
KRW 1,700 billion**

Overseas retail sales in Asian countries including mainland China, Greater China region, Thailand, Vietnam, and Indonesia (in 2023).

1,137 stores

Number of MLB, SUPRA, and DUVETICA stores in Mainland China (as of Q1 2024).

**Expansion into 7
Southeast Asian countries**

Thailand, Vietnam, Singapore, Malaysia, Cambodia, Indonesia, and the Philippines (as of the end of 2023)

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Brand Power Captivating the Global Market

‘MLB,’ the Beginning of K-Fashion Globalization

Reborn as a domestic fashion brand in 1997, MLB modernizes the traditional American sports lifestyle with an Eastern sensibility. Today, it stands as a premier sports casual brand across Asia, exemplifying the influence of K-Fashion. Despite facing various internal and external challenges, such as the impact of the COVID-19 pandemic, MLB has swiftly adapted to market changes through proactive digital transformation (DT). This strategy has driven remarkable success in international markets, solidifying MLB as a standout in the globalization of K-Fashion.

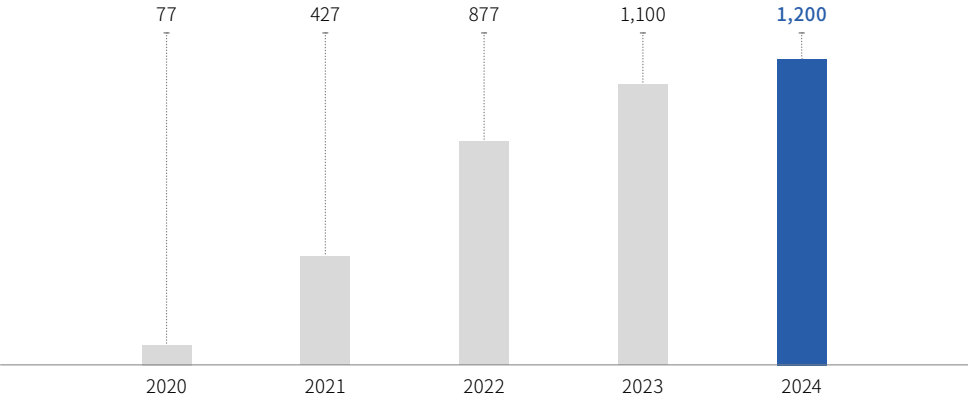
MLB initially entered the Chinese market through its debut on prominent online shopping platforms Alibaba and Tmall in 2019. Following the opening of two offline stores, MLB witnessed rapid expansion, operating 1,100 stores by the end of 2023 and aiming to increase to 1,200 stores by 2024, thereby substantially boosting F&F’s core revenue.

The Global Prestige of MLB Powered by Digital Transformation

The recent rapid growth of MLB in China occurred during the COVID-19 pandemic, a time when the entire country was essentially in lockdown, halting economic activities. While many companies in China struggled with economic uncertainties, F&F successfully navigated the crisis through its proactive digital transformation (DT) strategy. Since 2017, F&F has been actively pursuing DT, effectively leveraging digital tools by the peak of the COVID-19 pandemic in 2021. This enabled active business communication and collaboration with influencers across various online platforms for brand marketing. This strategy of promoting MLB on various Chinese social media platforms based on digital communication resulted in significant growth, driving increased purchases integrated into Chinese consumers’ lifestyles.

Total No. of MLB Stores in Mainland China

(Unit: number of stores)



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

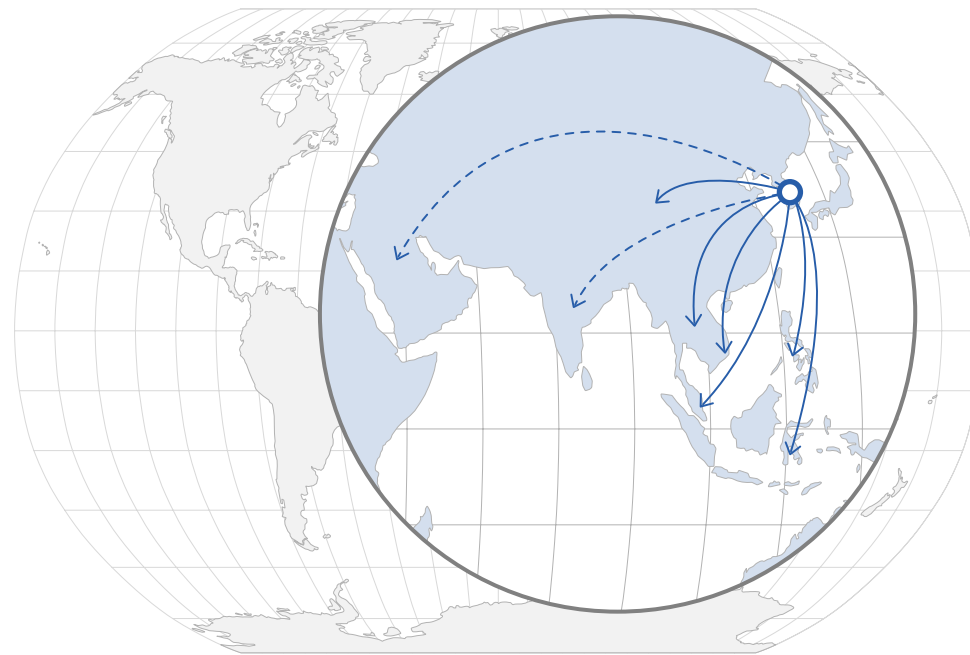
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MLB's Growth Expanding Across Pan-Asia

Building on its success in China, F&F has swiftly extended MLB's presence to seven countries by the end of 2023, encompassing Singapore, Vietnam, Thailand, Malaysia, and Indonesia. Recently, F&F has acquired licenses to enter promising markets in the Middle East and India, targeting new consumer demographics. Moving forward, F&F will continue to explore new countries for further market expansion and actively pursue global strategies to spread the influence of K-Fashion worldwide beyond Asia.

MLB's Global Expansion Status and Plans



→ **Current markets:** Greater China (Mainland China, Hong Kong, Macau, Taiwan), Singapore, Vietnam, Thailand, Malaysia, Indonesia, the Philippines, Cambodia

---→ **Planned markets:** India and the Middle East

Amplifying the Influence of K-Fashion

In addition to MLB, several other fashion brands under F&F are strengthening their foothold in the global market. **SUPRA**, a street outdoor brand inspired by California's skate culture, launched its first store in China in September 2023. Within just three months, by the end of December, the number of stores had increased to 16. During the September launch of its inaugural store, SUPRA also held a global trade show in China to showcase its brand strategy and new products. Local franchisees in China, impressed by the event, expressed high expectations, highlighting SUPRA's appeal to young consumers with trendy products and its potential to succeed globally, following MLB as F&F's next-generation brand. This positive response led to substantial results, with the first order conference for the 24SS season achieving an order volume of KRW 30 billion. Leveraging SUPRA's growing popularity in China, F&F plans to further expand into major Chinese cities such as Guangzhou and Beijing by 2024.

DUVETICA, a premium lifestyle brand established in Italy in 2004, is also accelerating its expansion into global markets. In August 2023, DUVETICA officially entered the Chinese market by opening 16 stores in five cities, including Shanghai and Hangzhou. Additionally, in the same month, the brand participated in the '2024SS Milan Fashion Week' presentation, captivating attendees with its global strategy and vision.

In 2023, F&F revitalized **Sergio Tacchini**, a premium lifestyle brand that modernizes the essence of tennis tradition. With its redefined brand identity, Sergio Tacchini has been experiencing steady growth in the US and Europe, while also gaining significant popularity in South Korea. Within just one year of its relaunch, Sergio Tacchini has shown rapid growth, and F&F plans to further strengthen its brand presence in the global market.



SUPRA (left) and DUVETICA (right) stores located in Shanghai, China



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The Pinnacle of Global Fashion Business: GLOBAL TRADE SHOW

F&F's global business operates on a wholesale sales structure (B2B), partnering with top-tier local retailers. In mainland China, F&F collaborates with prominent distribution companies known as 'franchisees,' which possess extensive sales networks across the Chinese market. This strategy leverages the franchisees' expertise in local conditions and their well-established distribution infrastructure to facilitate rapid growth in overseas markets. The global trade show serves as a platform where these franchisees are briefed on market strategies and key products for the upcoming season. Through this event, franchisees can forecast market trends six months to a year in advance and place pre-orders. F&F ensures that the products showcased at the global trade show will be commercialized as presented.

F&F's regular global trade shows, initially held in mainland China, have evolved into major international fashion events with the participation of leading retail companies across Southeast Asia. As these global trade shows continue to expand in scale, F&F is enhancing its fashion product planning and global sales capabilities, thereby elevating its brand value.

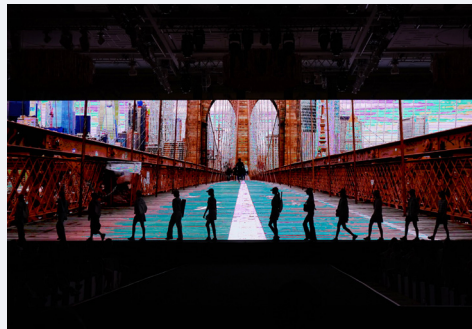
Notably, in June 2024, MLB's 25SS Global Trade Show was held in South Korea for the first time. This event marked a significant milestone by shifting the venue from China to Korea, underscoring the prominence of K-Fashion. The global trade show reflected on MLB's five-year journey of global expansion and highlighted the essence of K-Fashion to Chinese franchisees, global buyers, and other stakeholders.

With over 600 participants from 10 countries, including China and Southeast Asian nations like Singapore, Malaysia, and the UAE from the Middle East, the event generated strong expectations for MLB's future growth.

Scenes from F&F's Global Trade Show



25SS Global Trade Show



Fashion show at the 25SS Global Trade Show



SUPRA strategy presentation at the 24SS Global Trade Show



DUVETICA convention space at the 24SS Global Trade Show

Technology Shifts

: Creating Value with Leadership in Digital Technology

Key Achievements

In today’s fast-evolving digital landscape, survival hinges on companies’ adept understanding and effective use of relevant technologies. This imperative holds true for the dynamic fashion industry, where strategic deployment of digital technology now defines a fashion company’s competitiveness. Foreseeing these shifts, F&F has been digitally transforming (DT) its entire business processes since 2017, pioneering a digital ecosystem unprecedented in the fashion industry. Through a dedicated digital team and ongoing infrastructure investments, the company has systematically enhanced its organizational framework across areas such as work environment, design, production, and marketing, thereby enhancing its operational efficiency. Recently, in response to the rapid advancement of AI technology, F&F has been strengthening its employees’ AI capabilities and implementing AI systems optimized for the fashion business. This shift from digital transformation (DT) to AI transformation marks a new era of innovation in the fashion industry.



Key Highlights

DT Framework

F&F’s specialized DT for the fashion value chain

AI Transformation

Implementing an AI-driven fashion paradigm following digital transformation (DT)

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Digitalization of Business Operations

The Beginning and End of Business: End-to-End Digital System

In 2017, F&F announced its commitment to enhancing company-wide digital communication and established a dedicated IT system and Digital Transformation (DT) team in 2019. In 2020, upon entering the Chinese market, F&F implemented a DT-driven Supply Chain Management (SCM) system. In 2021, the company had undergone an entire digital transformation process, from planning and production to logistics and marketing, significantly boosting operational efficiency. This proactive strategy has positioned F&F as a pioneer in integrating digital technology into fashion and achieving global success through DT, thereby creating new value in the fashion industry.

DT Framework Optimized for the Fashion Value Chain

F&F has developed a DT framework and customized systems tailored specifically for the needs of fashion company. Unlike a singular ERP system, F&F’s DT system operates through specialized pipelines for each work unit, perfectly aligned with the company’s operational environment and facilitating swift adaptation to the changing business landscape.

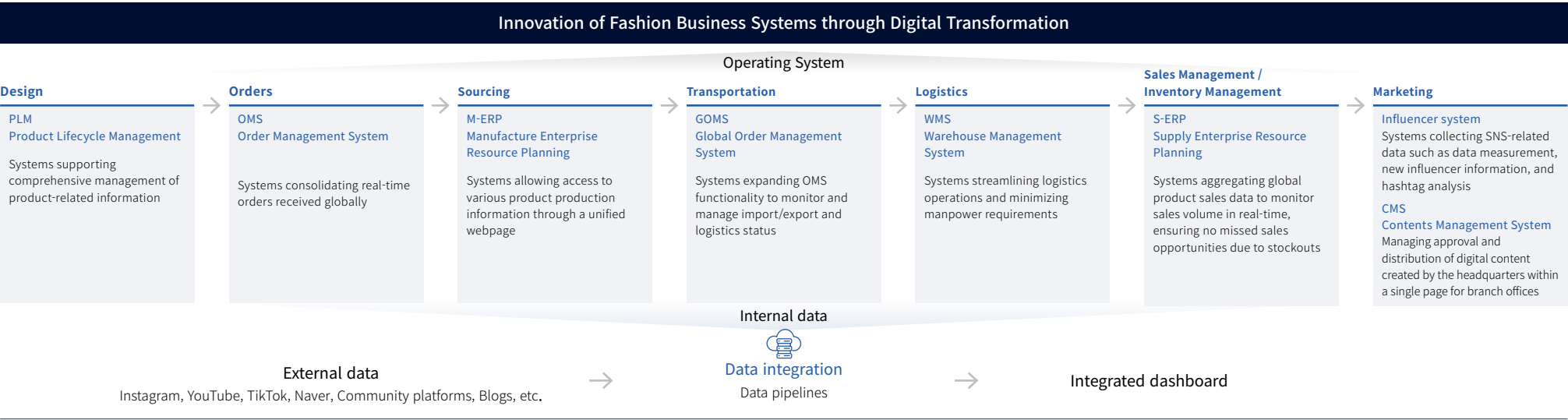
The primary systems encompass PLM for processing product data, OMS for global order management, M-ERP for sourcing and production, GOMS for visualizing processes up to logistics warehousing, and S-ERP for managing distribution and sales. Data from each of these systems is interconnected or integrated to enable informed decision-making and seamless collaboration.

* ERP: Enterprise Resource Planning, an integrated information system that assists in managing business processes across the entire enterprise

A Comprehensive Digital Division with Integrated Digital Capabilities

F&F’s Digital Division enhances company-wide digital capabilities, enabling a rapid response to market changes. The division is comprised of the e-BIZ team, Performance Marketing team, IT department, Process department, and Information Security team. Each department performs tasks based on its respective specialties, including data-driven product production, digital marketing, improving customer experience, and data protection. F&F aims to further bolster the Digital Division, integral to its operations, and sustain its leadership in the fashion industry through ongoing innovation.

F&F DT Framework





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Strengthening Business Competitiveness via DT

Enhancing Global Communication through CMS

To streamline communication with global consumers and foster collaboration across overseas subsidiaries or distributors, F&F launched the Content Management System (CMS) in March 2024. CMS platform enables F&F to approve or request modifications for content targeted at the global market, while overseas subsidiaries or distributors can upload finalized content directly within the CMS. This centralized approach allows for the creation, distribution, and approval of various content types organized by region, country, and department, all in one location. Compared to conventional methods, such as messaging or email, the CMS facilitates swift transfer of large content files and offers tailored feedback on specific content, significantly boosting the efficiency of global business operations.

Customized Communication Platform: Chatbot

F&F employs digital technology to provide a range of personalized customer services, with the chatbot serving as a direct and personalized communication channel. This enables F&F to promptly address customer inquiries anytime, anywhere.

By automating responses to frequently asked questions through the chatbot, F&F has reduced routine queries and increased the efficiency of customer service operations. Customers can input keywords related to delivery, returns, and more to receive accurate responses in a conversational manner.

Notably, MLB and DISCOVERY EXPEDITION plan to introduce personalized service features in the second half of this year, allowing customers to write product reviews directly via the chatbot after completing purchases on the online store. F&F aims to further develop its chatbot service and utilize accumulated data to offer even more personalized and satisfying customer experiences.

Managing Product Lifecycle using RFID

RFID (Radio Frequency Identification), also referred to as ‘wireless identification,’ is a technology that stores information on an RFID tag, which consists of an antenna and a chip, and is then attached to the target object. An RFID reader is utilized to identify items or individuals. Since the FW season of 2020, F&F has implemented the RFID system across all stages, including production, warehousing, shipping, sales, and repair/returns, for comprehensive product lifecycle management. Beyond basic attributes such as style, color, and size, details such as manufacturer, distribution store, and sales stage information (receipt store, sales date, sales outlet, etc.) are encoded in the RFID, assigning a unique key to each product for individualized tracking. F&F’s efficient use of RFID has significantly enhanced both customer satisfaction and operational productivity.

RFID Process from Production to Utilization

Production and Attachment



- Insertion of RFID chips during the label production stage
- Labels with RFID chips are delivered to clothing manufacturers and attached to products



Warehouse Receipt



- Products with attached RFID chips undergo packing registration by the manufacturer and are received at the logistics center
- The logistics center verifies the RFID data to ensure the accurate delivery of products



Distribution and Sales



- Detailed tracking of each product’s distribution to stores, sales status, and repair/return status



Repair and Returns



- Verification of the authenticity of products requested for repair/return through RFID
- Products identified as counterfeit may be denied repair services

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Creating a New Chapter in Fashion with ‘AI Transformation’

F&F’s Innovation Driven by AI

Building on its successful digital transformation (DT), F&F has swiftly integrated generative AI systems to support creative processes in design and marketing. A standout example is seen in SUPRA’s 2023 SS season photoshoot, where AI technology was utilized to sensibly and meticulously create a surreal premium resort look, garnering high praise for its sophistication. Furthermore, F&F has employed image-generating AI technology to conceptualize DISCOVERY EXPEDITION footwear, creating diverse designs based on search trends and data-driven commands.



SUPRA’s 2023 SS season photoshoot, infused with AI technology, encapsulates the ideal summer getaway ambiance



DISCOVERY EXPEDITION footwear designed using image-generating AI technology

Business Oversight Enabled by AI Systems

F&F actively leverages AI systems across diverse business sectors. In the online realm, the company rigorously monitors potential intellectual property infringements of its products. Through AI-based monitoring, unauthorized uses of F&F products or content are identified not only in Korea but also in China and Southeast Asia, prompting appropriate action upon detection of violations. In the offline sphere, F&F is testing an ‘Early Warning Signal’ system employing AI to analyze transaction records and detect anomalies. This system supports robust and transparent business operations by preemptively identifying and addressing issues.

AI Competence as a Core Skill for F&F Employees

F&F operates comprehensive programs to equip all employees with digital skills necessary to thrive in rapidly evolving environments. Following extensive training, F&F employees have attained advanced proficiency in using AI tools for marketing, visual merchandising (VMD), content creation, and design, yielding significant achievements in their respective domains. In addition to training, F&F holds seminars on digital utilization cases and provides experiential platforms like the ‘AI Design Platform’ to continually enhance individual AI competencies, fostering a culture of knowledge sharing and personal growth.

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Key Achievements

In line with trends across various industries, the fashion sector is increasingly embracing the principles of the circular economy, aiming to foster sustainable consumption practices. Many companies are striving to minimize waste throughout the entire lifecycle of their products—from production and use to disposal—while implementing efficient resource circulation systems. These initiatives by companies also impact consumers’ lives, prompting efforts aimed at addressing global warming through environmental protection and resource conservation. Corporate social responsibility extends beyond environmental issues alone. In today’s competitive landscape, establishing a sustainable business ecosystem has become crucial for securing long-term success. ‘Sustainable supply chain management,’ which emphasizes collaborative growth with partners, plays a pivotal role in achieving this goal. F&F is dedicated to developing an ESG ecosystem that supports the continuous growth of its partners, focusing on fostering ‘mutual growth.’



Key Highlights

10,000 Shirts

The number of T-shirts created by recycling 2 tons of waste PET collected from the Jeju coastline

Resource Circulation and Donation Campaign for Two Consecutive Years

Donated recycled furniture crafted from surplus clothing inventory





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Resource Circulation Initiative

Recycled T-Shirts Made to Preserve the Jeju Coastline

F&F has introduced the DISCOVERY EXPEDITION's 'Jeju Recycle Edition' eco-friendly T-shirts, manufactured from recycled waste PET bottles collected from the Jeju coastline. The decision to source materials from the Jeju coastline stems from the significant environmental challenges posed by waste PET bottles in Jeju's pristine waters. As waste PET bottles from the coastline is carried into the sea by wind or waves, it disintegrates into microplastics, which accumulate in marine organisms like plankton and fish, eventually re-entering our ecosystem. Recognizing this, F&F emphasizes the importance of collecting waste PET bottles before it reaches the ocean to mitigate the proliferation of underwater microplastics. To maximize the use of this waste, F&F has chosen to produce the Jeju Recycle Edition T-shirts.

The T-shirts are produced using 2 tons of waste PET bottles collected from the Jeju coastline, processed into eco-friendly yarn for material. These T-shirts, offered in four designs, vividly depict Jeju's landscapes, activities, and recycling initiatives like plogging, highlighting the importance of environmental conservation. This project was particularly significant as it involved collaboration with the local graphic artist group 'MANECREW,' promoting the value of regional cooperation. F&F remains dedicated to ongoing resource circulation efforts, repurposing materials into diverse items instead of using them once and discarding.



RECYCLE By. Jeju Province Development Corporation

Collecting and sorting waste PET bottles from the Jeju coastline



REUSE By. Hyosung TNC

Producing and distributing recycled yarn through high-quality FLAKE manufacturing



RECYCLE T-SHIRTS WITH DISCOVERY By. F&F

Manufacturing four varieties of short-sleeve T-shirts from recycled fabrics

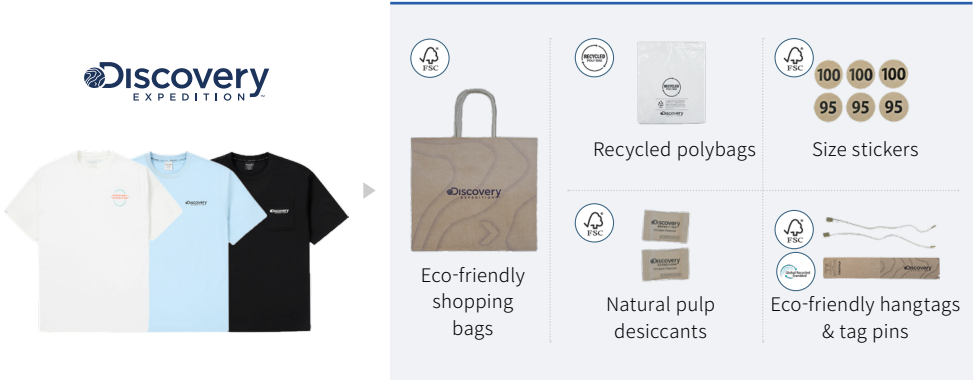
Two Consecutive Years of Recycled Furniture Production and Donation

F&F has been tackling inventory challenges by producing environmentally friendly furniture and making ongoing donations. These furnishings are crafted from textile panels reprocessed from surplus clothing, ensuring safety for all users. In 2022, F&F donated a total of 240 pieces of furniture, including desks, bookshelves, and cabinets, to 23 children's facilities and residential centers. Continuing this effort, F&F produced and donated 226 bookshelves in two different designs to six children's facilities and residential centers in 2023. Additionally, we crafted 54 stools in two designs, placing them in the company's lobby and lounge or offering them free to employees, thereby enhancing internal resource circulation efforts. F&F remains committed to proactive resource circulation, continuously producing a variety of items utilizing textile panels.

Progressive Adoption of Eco-friendly Materials

F&F is committed to minimizing the environmental impact of various materials used to provide information or protection for fashion items. Notably, hangtags, size stickers, desiccants, and tag pins used in DISCOVERY EXPEDITION products have earned certifications from the Forest Stewardship Council (FSC) and the Global Recycled Standard (GRS), certified by Control Union. Starting with the 2024 SS season, all short-sleeve T-shirts feature these eco-friendly packaging materials. Starting from the FW season, this initiative will encompass all DISCOVERY EXPEDITION products.

Examples of Utilizing Eco-Friendly Materials



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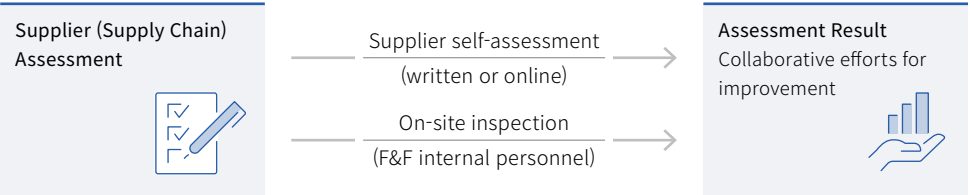
Sustainable Supply Chain

Supply Chain ESG Assessment

In its pursuit of a robust and responsible supply chain, F&F implements a range of management strategies. Central to these efforts is the annual ESG assessment of its supply chain, aimed at fostering sustainable relationships and achieving mutual growth with our ‘sourcing partners,’ who are integral to our production network.

F&F categorizes all its suppliers into two groups: ‘sourcing partners,’ who manufacture products, and ‘STAFF partners,’ comprising other collaborating firms. Within these groups, sourcing partners are defined as our supply chain. They are further classified into Tier-1 and Tier-2 suppliers based on transaction methods, with significant suppliers identified and managed within each category. In the future, we plan to gradually expand the management scope to include suppliers beyond the Tier-2 suppliers. F&F also assesses the ESG performance levels based on the supply chain ESG evaluation system and partner ESG evaluation criteria, covering areas such as environmental impact, safety and health, and labor and human rights.

F&F Supply Chain Management Process



Key On-site Inspection Information for Suppliers

Category	
Business-Related	<ul style="list-style-type: none">• Workflow/line layout• Production capacity, machinery, and other volume management infrastructure• Safety and health (working environment, cleanliness, etc.)• Level of digitalization
ESG-Related	<ul style="list-style-type: none">• Human resources management• ESG-related certifications and details (ISO, Higg, Control Union certifications, etc.)• Assessment of potential ESG risks

Support Activities for Suppliers

The results of supplier assessment drive improvements in our supply chain ESG practices. For suppliers identified as high-risk during assessment, we implement measures such as offering ESG support and conducting on-site inspections, aiming to foster mutual growth and development.

Category	
Quality and Technical Management Support	<ul style="list-style-type: none">• Guidance on sewing techniques and quality control• Sample quality management and technical guidance for factory lines• Quality inspection of brightness/received samples• Recommendations for sewing methods suitable for styles and fabrics• Oversight of inspection agencies including FITI/KOTTI/KATRI
Support for ESG Initiatives	<ul style="list-style-type: none">• Information and assistance with eco-friendly certification systems• Guidance on ESG certification details (ISO, Higg, Control Union, etc.)

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Supply Chain ESG Risk Assessment

F&F has implemented a ‘Supply Chain ESG Risk Assessment Indicator’ that aligns with industry-specific characteristics to effectively manage ESG risks associated with our suppliers. Based on indicators consisting of environmental, safety and health, labor and human rights, and ESG management areas, we conduct evaluations and continue efforts to build a stable supply chain based on the collected results. To mitigate ESG risks stemming from the supply chain and their impact on our business, F&F will continuously enhance and refine the supply chain ESG risk assessment indicators.

Supply Chain ESG Risk Assessment Indicators

Environment	Safety and Health	Labor and Human Rights	ESG Management
<ul style="list-style-type: none">• Environmental management system• Energy and greenhouse gases• Water resources• Hazardous materials	<ul style="list-style-type: none">• Safety and health management system• Emergency response (e.g., emergency exits)• Accident and disaster management• Safety inspections	<ul style="list-style-type: none">• Human resources management• Wages and benefits• Working hours• Prohibition of child labor• Humanitarian treatment	<ul style="list-style-type: none">• ESG information disclosure• ESG information management• ESG-related certifications

Supply Chain ESG Risk Management

Based on the results of the supply chain ESG assessment, F&F classifies its suppliers into three levels: ‘Excellent,’ ‘Satisfactory,’ and ‘Needs Improvement.’ Initially, we incentivize excellent suppliers during contract renewals for the upcoming season. For satisfactory suppliers, we promote enhanced ESG management through education and support initiatives. For suppliers needing improvement, we prioritize education targeting the highest priority areas identified in the assessment and strive to develop tailored support measures. By continually refining our management of high-risk suppliers based on annual assessment results, F&F aims to not only bolster supply chain risk management but also enhance product competitiveness.

Fostering Win-Win Management through Enhanced Communication

F&F actively practices win-win management to ensure fair trade and promote mutual growth. One key initiative is the regular supplier survey conducted annually, where we gather feedback on our ethical standards from sales-related firms, manufacturers, and other suppliers. This survey assesses criteria such as ‘communication and trust,’ ‘work handling capability,’ ‘fairness,’ ‘integrity,’ ‘win-win management,’ and ‘improvements and suggestions.’ Based on these insights, we collaborate closely with our suppliers to enhance our ethical management practices. Another aspect of our win-win management approach is the hotline interview program conducted with sourcing partners(supply chain) within our network of suppliers. This program allows us to proactively address potential issues that may arise during collaboration, ensuring early intervention. In 2023, we conducted regular surveys with 847 companies and conducted interviews with 51 of them. F&F remains dedicated to strengthening mutual communication to build a more robust win-win system with our suppliers.

Status of Win-Win Management Survey Implementation *

Category	2022	2023
Number of suppliers participating in the win-win management survey	733 companies	847 companies
Number of suppliers participating in interviews	84 companies	51 companies

* Scope of suppliers
1) Regular survey: sales, production (sourcing), other suppliers
2) Hotline interviews: apparel and goods manufacturers among production (sourcing) companies



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Environmental Management

Strategy

Environmental Policy

F&F recognizes the environment as ‘natural capital borrowed from future generations’ and strives to become a ‘Going Green with Fashion’ company by creating new eco-friendly fashion trends through green management. To enhance its management, F&F established an [Environmental Policy](#) in 2021 and reviews it at least once a year, incorporating domestic and international regulations and global initiatives into its revisions. This environmental policy is applied across the entire value chain including R&D, design, production, investment, and the processes of mergers and acquisitions both domestically and internationally. Furthermore, the supply chain and service providers, along with other key business partners (such as joint venture partners, licensees, and outsourcing partners), are included in the scope of application.

Vision



Going Green with Fashion
A company that creates new eco-friendly fashion trends through green management



Target

Recognizing the importance and value of environmental conservation and practicing environmental management through continuous improvement of environmental performance

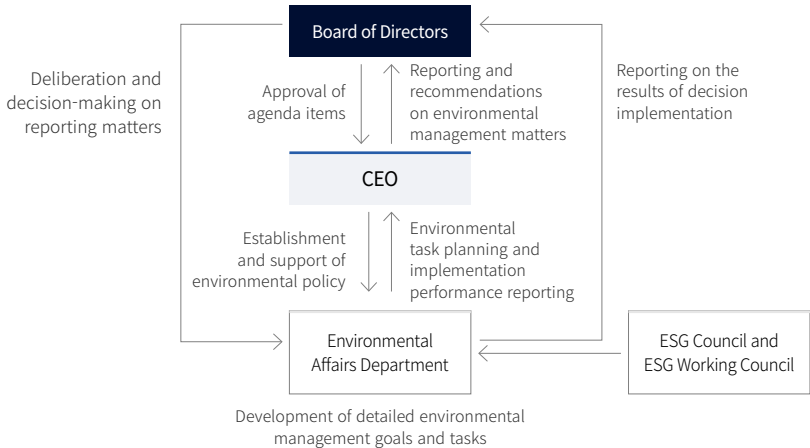
Mid- to Long-term Strategies and Key Priorities

	Target	Key tasks	Strategy
 Carbon neutrality	50% reduction in greenhouse gas emissions by 2040 (compared to 2020)	<ul style="list-style-type: none">Low-carbon and recycled materials purchase expansionIntroduction of eco-friendly vehiclesSecuring eco-friendly supply chains	<ul style="list-style-type: none">Setting phased goals / Internal employee trainingEco-friendly charging infrastructure establishment / Corporate vehicle transitionSupply chain evaluations enhancement / Supply chain ESG-related education support
 Resource circulation	50% reduction in waste emissions by 2040 (compared to 2020)	<ul style="list-style-type: none">Waste recycling rate improvementOperation of product recycling programsEco-friendly packaging materials introduction	<ul style="list-style-type: none">Waste separation systems improvement / Expansion of partnerships with recycling companiesProduct collection bins installation / Expansion of certifications for recycled productsR&D of eco-friendly packaging (expanding recyclable packaging) / Minimization of packaging material usage

Governance

F&F’s Board of Directors (BOD) reviews and deliberates on strategies and policies concerning various environmental issues such as climate change, biodiversity, and waste. They oversee the implementation of environmental goals and monitor performance. Final decisions regarding environmental policies and strategies are made by the BOD. To systematize this process, responsibilities and roles (R&R) have been assigned to the BOD (ESG Committee), the General Affairs Department (environmental affairs department), ESG Council, and ESG Working Council to ensure accountable decision-making on environmental and climate change-related matters. The ESG Committee convenes regularly at least once a year to review and decide on various environmental issues. Our CEO is ultimately responsible for environmental management, while the General Affairs Team handles all environmental initiatives. This team focuses on managing energy use, reducing greenhouse gas emissions, and improving workplace environments, including office enhancements. Additionally, working alongside the ESG organization, they implement mid- to long-term environmental policies, including carbon emission reduction plans and the establishment of greenhouse gas inventories.

Environmental Management Organization Chart



Environmental Management

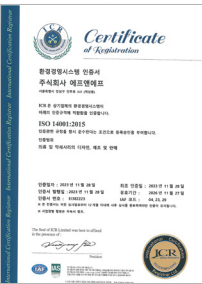
Assessment

Environmental Risk Assessment

F&F has established an environmental risk management process to regularly monitor and assess environmental risks. This assessment applies across all products and services. F&F analyzes the environmental impacts such as product and service hazardousness, water, air, and soil pollution, and waste. Additionally, F&F refines risk analysis from a business perspective including legal regulations, technological advancements, and economic factors. For identified significant risks, we develop prevention and mitigation measures, integrating them into our risk response processes. The ESG Council monitors the status of risk occurrence when issues arise.

Environmental Management System Certification

F&F has established and operates an environmental management system that complies with international standards to minimize internal and external environmental risks and enhance environmental performance. In November 2023, F&F achieved international certification ISO 14001 for its environmental management system. Moving forward, F&F will maintain this certification and continuously enhance its environmental management system to further improve environmental performance.



ISO14001 Certificate

Certification coverage

Category		Unit	2021	2022	2023
Environmental Management Certification	ISO 14001 applied employee ratio	%	-	-	100

Target

Obtain additional environmental certifications by 2025	Introduce eco-friendly poly bags across all brands by 2026	Expand the proportion of products incorporating eco-friendly materials to 15% or more by 2027
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Performance

Green Initiatives Participation

F&F participates in the ‘Eco-Friendly Fashion Declaration’ initiative organized by the Korea Fashion Industry Association, involving over 50 major domestic fashion brands. This initiative aims to achieve social value and establish a circular economy system within the fashion industry through activities such as expanding the use of eco-friendly materials, promoting recycling and upcycling, and contributing to carbon neutrality efforts.

Efforts to Reduce Hazardous Substances

F&F inspects and eliminates hazardous substances such as formaldehyde, nonylphenol, allergenic dyes, and arylamines during the product manufacturing process. Additionally, hazardous substances are monitored through testing and inspection of individual products, and management measures are being implemented to reduce their presence.

Green Procurement

F&F actively engages in procurement activities that consider environmental impact to minimize energy and resource consumption, as well as reduce greenhouse gases and pollutants. This approach extends across raw materials, subsidiary materials, packaging materials, and office supplies used in F&F group facilities. Within each brand division of F&F, there is a priority on using materials certified with recycled content standards like RCS for product manufacturing. F&F has transitioned subsidiary materials such as main tags, size stickers, desiccants, and fasteners to eco-friendly materials certified by organizations like FSC, and produces heel counters and shoe boxes using recycled paper. Since January 2023, F&F has implemented eco-friendly shopping bags certified by FSC for packaging, and uses recycled poly bags for individual product packaging. F&F utilizes shipping boxes and carton boxes made entirely from recycled paper. Additionally, within employees’ office spaces, F&F prioritizes the purchase of environmentally certified products, including computer equipment, office supplies, and general consumables, emphasizing items that are recycled and energy-efficient.



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Environmental Management

Green Investments and Costs

Category		Unit	2021	2022	2023
Green investment	Environmental education and facilities	KRW 100 million	3.52	0.2	0.22
Green procurement	Green procurement amount	KRW 100 million	1,988	3,460	2,814
	- Eco-friendly clothing and products	KRW 100 million	1,689	2,939	2,385
	- Eco-friendly materials	KRW 100 million	298	518	419
	- Eco-friendly packaging	KRW 100 million	2	3	10
	Proportion of green procurement	%	13	24	22

* Eco-friendly product standards: based on revised internal criteria in 2023, calculations for 2021 and 2022 data have been adjusted
** Calculations are based on limited brands with established eco-friendly product management systems ensuring data reliability

Environmental Technologies and Products

Category		Unit	2021	2022	2023
Eco-friendly products	Total sales of eco-friendly products	KRW 100 million	1,188	1,824	1,656
	- Low carbon / carbon-avoidance products	KRW 100 million	0	0	0
	- Environmentally certified products	KRW 100 million	0	0	0
	- Revenue from environmental investments	KRW 100 million	0	0	0
	- Others	KRW 100 million	1,188	1,824	1,656
	Total sales ratio	%	13	21	23

* Eco-friendly product standards: Calculated according to internal standards changed in 2023
** Calculations are based on limited brands with established eco-friendly product management systems ensuring data reliability

Expansion of Environmental Management

F&F conducts annual group-wide environmental education for employees to promote eco-friendly values throughout the organization. The main contents include climate change, air pollution prevention, energy efficiency, water efficiency management, soil pollution prevention, waste reduction, chemical management, biodiversity conservation, and resource recycling activities. Particularly in 2023, a new online ESG education program was introduced, overcoming the limitations of offline training with restricted participant numbers and significantly increasing the reach of education.

Environmental Education Program

Category		Unit	2021	2022	2023
Environmental Education	No. of participants	Persons	125	120	643
	Training hours per person	Hours	2.00	2.00	1.45
	Completion rate	%	25	21	97

Compliance with Environmental Laws and Regulations

F&F acknowledges the strengthening of environmental laws and regulations both domestically and internationally and proactively prepares for associated risks. F&F regularly monitors amendments and policy trends in environmental legislation to anticipate and mitigate potential impacts on their operations. We continuously monitor the Act on the Allocation and Trading of Greenhouse Gas Emission Permits, expected to have the greatest impact on F&F’s operations, and have established enhanced internal standards beyond anticipated regulatory requirements to apply and operate them. Additionally, we undertake measures such as assessing the financial impact of potential risks associated with regulatory inclusion.

Compliance with Environmental Regulations

Category		Unit	2021	2022	2023
Environmental laws and regulations violations	No. of violations	Cases	0	0	0
	Fines and penalties	KRW million	0	0	0

Expansion of Environmentally Friendly Vehicle Ratio

As of April 2024, F&F has expanded the ratio of environmentally friendly vehicles to 6.9%. Out of a total fleet of 29 vehicles, F&F owns one electric vehicle and one hydrogen vehicle. We remain committed to increasing the proportion of environmentally friendly vehicles in our business, mindful of the greenhouse gas emissions from aging or fossil fuel-powered vehicles.



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Action on Climate Change

Strategy

F&F integrates climate change-related issues into its internal risk management system to proactively and systematically address climate risks. We identify these risks, analyze their financial impacts, and incorporate them into our business strategies. Additionally, we assess environmental risks and impacts associated with our activities, products, and services, establishing criteria for risk management processes.

Climate Risk Management System

Identify risks and opportunities

- Analyze internal and external business environment changes and trends
- Identify risks and opportunities due to climate change



Understand financial impact

- Evaluate internal management and collect expert advice
- Review financial impacts from climate change risks and opportunities



Establish directions for climate action

- Explore measures to mitigate climate change risks and realize opportunities
- Associate climate change response directions and strategies
- Strengthen the roles of management and working level organization



Monitor progress status

- Compile group-wide quantitative performance
- Evaluate progress towards goals and analyze results



Review material issues

- Deliberate and make decisions on main issues by the ESG Committee



Establish directions for management

- Draw up and execute strategies in response to climate change over the short-, mid-, and long-term periods

Governance

F&F is developing strategies to address climate change, with final decisions on climate change-related matters handled by the Board of Directors (ESG Committee). The ESG Committee convenes regularly at least once a year to deliberate and decide on climate change-related issues. In 2023, the ESG Committee deliberated on agenda items such as 'Operation of Eco-friendly Programs for Climate change Mitigation and Adaptation.' As the top officer responsible for environmental management, the CEO evaluates and manages initiatives reviewed and advanced by the environmental affairs department, ESG Council, and ESG Working Council.

Assessment

F&F integrates climate risks into its group-wide risk management system, earning ISO 14001 certification for its robust environmental management practices.

Target

Mid- to Long-term Roadmap for Greenhouse Gas Reduction

F&F, a leader in eco-friendly fashion trends, acknowledges its responsibility towards climate change. To transition towards a carbon-neutral society, we have established and are implementing a mid- to long-term roadmap for reducing greenhouse gas (GHG) emissions. By 2040, our goal is to achieve a 50% reduction in GHG emissions compared to 2020 levels. We are actively reviewing and pursuing a range of initiatives to meet this target.

50% reduction in GHG by 2040
(Based on scope 1+2 / compared to 2020)

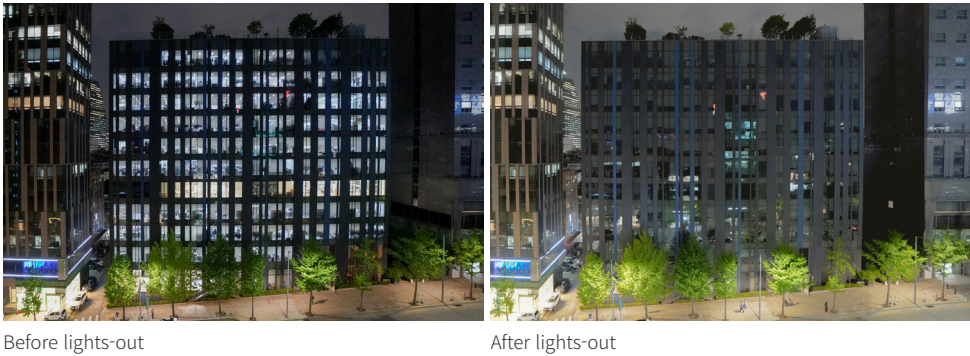


Action on Climate Change

Performance

Internal Greenhouse Gas Reduction Campaign

F&F is actively promoting a culture of environmental practices within the company through various greenhouse gas reduction campaigns. On April 22nd, Earth Day, we participated in an Earth Hour event to raise awareness of the importance of environmental protection and to demonstrate our commitment to sustainability. Through the participation of all employees, we turned off indoor and outdoor lighting for 10 minutes from 8 PM, symbolizing our responsibility towards environmental protection and our dedication to a sustainable future.



Eco-friendly Facilities On-Site

F&F has taken steps to encourage its employees to use electric vehicles (EVs) by installing charging stations in the underground parking lot of its office building. This initiative aims to reduce GHG emissions and air pollution. Additionally, F&F has created rooftop gardens where employees can directly manage plants, encouraging their participation in GHG reduction and energy conservation efforts.

Activities for Energy Consumption Reduction

To achieve carbon neutrality in our daily operations, we implement several energy-saving practices. This includes using reduced lighting in common areas and the underground parking lot, maintaining optimal cooling temperatures, and promoting energy conservation such as putting monitors in sleep mode or turning them off during lunch breaks and after work hours. We also enhance cooling energy efficiency by prohibiting the opening of retail store doors during hot seasons. Additionally, we reduce energy consumption by minimizing the operation times of office air conditioning and exhaust fans.

Greenhouse Gas

Category			Unit	2021	2022	2023
Scope 1	Subtotal		tCO ₂ eq	335.8	352.3	438.8
	- Stationary combustion	LNG	tCO ₂ eq	220.6	212.9	210.2
	- Mobile combustion	Gasoline	tCO ₂ eq	91.4	113.6	198.2
		Diesel	tCO ₂ eq	23.8	25.8	30.4
Scope 2	Subtotal		tCO ₂ eq	3,706.3	3,670.0	3,455.0
	- Electricity		tCO ₂ eq	3,706.3	3,670.0	3,455.0
Total emissions (Scope 1+2)			tCO ₂ eq	4,042.0	4,022.3	3,893.8
Scope 3	Subtotal		tCO ₂ eq	-	-	745.1
	- 1) Purchased goods and services (partially)		tCO ₂ eq	-	-	76.3
	- 5) Waste generated during operation		tCO ₂ eq	-	-	116.0
	- 6) Business trip (partially)		tCO ₂ eq	-	-	17.2
	- 7) Commuting		tCO ₂ eq	-	-	306.7
	- 8) Upstream leased assets		tCO ₂ eq	-	-	228.9
Total emissions (Scope 1+2+3)			tCO ₂ eq	-	-	4,638.9
GHG emission intensity (Scope 1+2)			tCO ₂ eq/KRW 100 million	0.56	0.22	0.20

* Reporting scope: Assets owned by F&F and F&F Holdings (headquarters building, Yongin/Icheon shopping malls, Icheon logistics center).

* The Scope 1 and Scope 2 data for 2020, 2021, and 2022 differ from the previous year’s report due to the addition of mobile combustion (gasoline/diesel) items and changes in the calculation methodology.

- The Scope 1, 2 and 1+2 data for 2020 are 486.8, 3,752.9 and 4,239.7 respectively.

* Calculated by applying the IPCC (2006) emission coefficient and calorific value.

* For waste disposal at business sites, emissions were calculated according to the Ministry of Environment DB.

* Emissions from employee commuting were calculated in accordance with UBA and FRA Ademe.

* Some Scope 3 categories have been calculated based on reliable partial data, rather than the entire dataset.

* The 2023 Scope 1+2 target is 3921.74tCO₂eq.



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Energy					
Category		Unit	2021	2022	2023
Total energy (non-renewable+renewable)	Total energy usage (non-renewable+renewable)	TJ	80.2	79.3	78.3
	Energy intensity (per unit of revenue)	TJ/KRW million	1.10	0.44	0.39
	Renewable energy ratio	%	0.38	0.45	0.44
Non-renewable energy	Total non-renewable energy usage	TJ	79.9	79.0	77.9
	Total direct energy usage	TJ	4.7	4.9	5.7
	- LNG	TJ	3.5	3.4	3.4
	- Gasoline	TJ	0.9	1.2	2.0
	- Diesel	TJ	0.3	0.3	0.4
	Total indirect energy usage	TJ	75.2	74.1	72.2
	- Electricity	TJ	75.2	74.1	72.2
Renewable energy	Total renewable energy usage	TJ	0.30	0.36	0.35
	- Solar power	TJ	0.30	0.36	0.35
	Total renewable energy generation	TJ	0.30	0.36	0.35
	- Solar power	TJ	0.30	0.36	0.35

* Reporting scope: Assets owned by F&F and F&F Holdings (headquarters building, Yongin/Icheon shopping malls, Icheon logistics center).

* Due to changes in the energy data calculation method, the energy data differ from the figures in the previous year's report.

* Energy consumption was calculated based on the Energy Calorie Conversion Standard of the Enforcement Rules of the Energy Act [Appendix 1].

* Renewable energy (solar energy) usage measurement range: Icheon Logistics Center

* The total non-renewable energy consumption target for 2023 is 76.84TJ.

Integration of Employee Evaluation and Incentives

F&F integrates climate change performance into employee evaluations as part of our commitment to embedding environmental management and achieving tangible result. Our executive management oversees targets for establishing eco-friendly facilities, with success in reducing resource consumption such as water and energy influencing promotions and salary negotiations. The General Affairs Department, responsible for environmental management implementation, ensures that environmental information gathering, disclosure, employee environmental education, and the execution of environmental campaigns are all linked to evaluations and incentives. Additionally, we provide monetary rewards through bonuses to employees who excel in participating in eco-friendly campaigns and those who propose innovative ideas related to environmental sustainability.

Investment in New Facility Equipment

In 2023, F&F decided to purchase a new office building to accommodate the growing staff due to increased sales. The new F&F headquarters, currently under construction, is designed with various eco-friendly facilities aimed at conserving energy and mitigating environmental impacts. Additionally, to promote the use of eco-friendly transportation among employees, we are installing bicycle parking facilities and electric vehicle charging stations. We also plan to introduce an in-house car-sharing program.

Eco-friendly facilities (planned)

- New renewable energy facility (fuel cell)
- Solar power equipment (fixed panel)
- Facility to use rainwater

Eco-friendly certification

- Green Building Certification Excellent (Green 2) grade
- LEED GOLD rating
- Energy efficiency level 1+

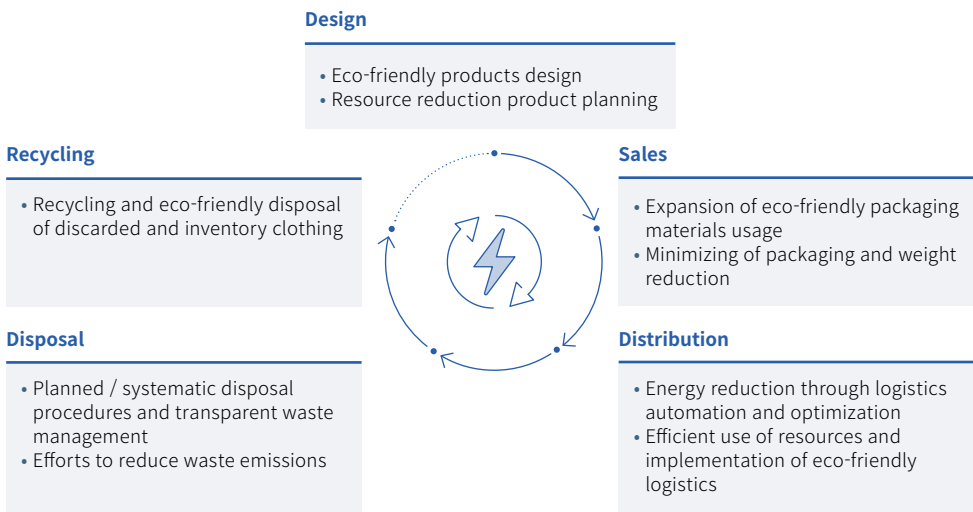
Sustainable Resource Management

Strategy

Circular Economy Establishment

F&F is committed to minimizing the negative environmental impacts of its products and operations at every stage of the value chain. Recognizing the impact of waste on the environment, we have established processes to build a circular economy, aiming to prevent resource wastage and reduce waste. To achieve this, we are transitioning to sustainable materials for our products and packaging. We also design products with repairability, recyclability, and durability in mind to reduce textile waste. Moving forward, F&F will continue to use resources as efficiently as possible to reduce waste, and will implement clothing collection bins in stores to recover used items, thereby advancing the circular economy and leading the market.

Circular Economy Implementation Process



Waste Management

F&F manages and supervises waste through a systematic process: 'planning → collection → separation and storage → measurement → disposal by specialized waste management companies.' This process is linked to the Korea Environment Corporation's Allbaro system to enhance transparency in waste management and ensure regulatory compliance.

Governance

Final decisions on key environmental issues such as resource usage, pollution reduction, and waste management are made by the Board of Directors (ESG Committee). The ESG Committee reviews and resolves related agendas at least once a year.

Assessment

Sustainable Raw Material Certification

F&F holds certifications for recycling-related standards such as the GRS (Global Recycled Standard) and RCS (Recycled Claim Standard). Additionally, we possess the RDS (Responsible Down Standard) certification, which ensures that our down products come from ducks and geese that are raised in hygienic and healthy environments and are not subjected to unnecessary harm from breeding to slaughter.



Global Recycled Standard (GRS)



Recycled Claim Standard (RCS)



Responsible Down Standard (RDS)

Sustainable Resource Management

Target

50% reduction
in waste emissions by 2040
compared to 2020

**A total of 20 tons of
clothing will be recycled**
over three years until 2025

Clothing collection boxes
installed in some F&F stores
by 2025

Performance

Clothing Inventory Recycling

F&F is committed not only to minimizing inventory and waste through digital transformation, which includes demand forecasting, optimal production, and inventory management, but also to investing in R&D to reduce waste. After exploring various options for recycling discarded garments, we launched a project in 2022 to recycle clothing into textile panels instead of disposing of them. These panels are then used to create furniture, which is donated to children’s welfare facilities. Additionally, some of the furniture is distributed to employees or utilized within our premises. These practices in circular resource management have resulted in approximately 0.87 tons of carbon emissions reduction.

Production of Clothing Using Ocean Waste PET Bottles

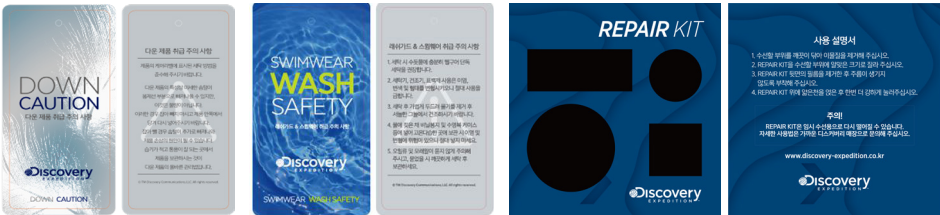
F&F entered into a business agreement with the Jeju Special Self-Governing Province Development Corporation and Hyosung TNC in September 2023. They launched the Jeju Recycle Edition T-shirts in April 2024, using waste PET bottles collected from the Jeju coastline as raw materials. This project not only reduces the inflow of waste PET bottles into the ocean but also achieves resource circulation by transforming it into clothing.

Raw Material Program

F&F is expanding sustainable raw material usage to reduce environmental and social impacts during the raw material production phase. We have established a system capable of tracking and segregating recycled materials from receipt to production and shipment. Through labeling stickers on incoming and outgoing boxes, we can identify eco-friendly certified products packed with recycled materials. This raw material management system has been validated through the acquisition of GRS and RCS certifications.

Efforts to Extend Product Lifespan

F&F strives to reduce unnecessary consumption by creating durable and long-lasting products. We achieve this by collaborating with suppliers to adopt appropriate materials and production methods. Additionally, we provide consumers with proper care and maintenance instructions through product labeling to help them keep their purchased items in good condition. We also supply extra buttons and fabric so consumers can repair their products themselves. For products purchased within one year, we offer free after-sales service to ensure quality and extend product lifespan.



Down product tag Swimwear tag Repair Kit

Packaging Material

Category	Total Weight of Packaging Material (kg)	Percentage of Eco-certified Materials (%)	Coverage (% of cost of goods sold)
Wood/Paper Fiber Packaging	907,106	24.12%	0.42%
Plastic Packaging	152,573	99.56%	0.10%

* Certifications for Wood/Paper Fiber Packaging: FSC (Forest Stewardship Council)
* Certifications for Plastic Packaging: K-eco (Packaging Material Evaluation and Structure Assessment System)

Promoting Eco-Friendly Packaging

F&F is dedicated to reducing the environmental impact of packaging used in logistics and consumer convenience. We are actively transitioning to recyclable and reusable materials for our packaging solutions and reducing unnecessary packaging. In our nationwide stores and online platforms for brands such as MLB, MLB KIDS, and Discovery Expedition, we proudly offer shopping bags made from FSC-certified materials. Furthermore, through our in-house R&D initiatives, we have developed ‘Recycled Poly bags’ that have earned a commendable recycling rating in the packaging material structure evaluation conducted by the Korea Environmental Industry & Technology Institute. These poly bags are now used to package products across our diverse range of brands, including MLB, MLB KIDS, Discovery Expedition, Supra, and Sergio Tacchini.

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Sustainable Resource Management

Waste Disposal Management and Reduction Initiatives

F&F strives to comply with waste-related regulations and minimize environmental impacts from waste disposal. We set waste reduction targets and implement various activities to achieve them by analyzing the amount and types of waste generated during our operations. For example, we include tumblers in the gift kits provided to new employees to reduce their use of disposable cups. Additionally, we have embraced digital communication to significantly cut down on paper usage. Document sharing among employees is done via Teams and email, and we have introduced an electronic approval system across all group companies to foster a paperless work environment.

Waste					
Category		Unit	2021	2022	2023
Generation	Total amount of waste generated	ton	1,046.0	1,072.0	1,041.4
	- General waste	ton	97.3	99.0	67.9
	- Waste at business sites	ton	20.0	10.7	33.1
	- Recyclable waste	ton	928.3	961.5	940.5
	Waste generation intensity (per unit of revenue)	ton/KRW 100 million	0.144	0.059	0.052
	Reduction rate (intensity)	%	-	59.0	11.1
Disposal	Total amount of waste disposed	ton	1,046.0	1,072.0	1,041.4
	General waste	ton	97.3	99.0	67.9
	- Incineration (energy recovery technology included)	ton	0.0	0.0	0.0
	- Incineration (energy recovery technology excluded)	ton	26.8	33.7	27.1
	- Landfill	ton	6.4	49.5	21.7
	- Recycling	ton	59.2	8.9	10.9
	- Others	ton	4.9	6.9	8.1
	Waste at business sites	ton	20.0	10.7	33.1
	- Incineration (energy recovery technology included)	ton	20.0	0.0	0.0
	- Recycling	ton	0.0	10.7	33.1
Recycling	Total amount of waste recycled	ton	987.5	981.1	984.4
	Rate of waste recycled	%	94.4	91.5	94.5

* Reporting scope: Assets owned by F&F and F&F Holdings (headquarters building, Yongin/Icheon shopping malls, Icheon logistics center).

* Due to changes in the waste data calculation method, the waste data differ from the figures in the previous year’s report.

* For 2023, our total waste generation target is 1,095.2 tons.

* The amount of general waste disposed is calculated based on the treatment method ratios within the ‘Waste from Business Facilities - Mixed Emissions’ category in the yearly Resource Circulation Information System.

* The amount of waste disposed was calculated including the amount of disposed and recycled in accordance with Article 2, Section 6 of the Waste Management Act.

Water Conservation Initiatives

F&F, as a company that does not own or operate manufacturing factories, has minimal direct water usage. However, we are acutely aware of the water consumption associated with clothing production and the severity of global water scarcity issues. Therefore, we are committed to reducing water usage and expanding reuse throughout our entire business process.

To achieve sustainable water management, we engage in activities such as assessing water intake, setting recycling plans and targets, and managing water resource risks through monitoring water quantity and quality by source. We also operate a water management program based on environmental policies. Additionally, we promote water conservation among our employees through campaigns that include installing sensor faucets and water-saving devices in washrooms to encourage responsible water usage.

Water Risk Analysis

F&F conducts water risk assessments to understand the level of water risk and stress in the regions where our operations are located, and we develop response strategies accordingly. We integrate management techniques provided by organizations like WWF and WRI, considering both global standards and the specific characteristics of F&F’s business. Our approach involves analyzing water risks, preparing mitigation strategies, and evaluating measures to mitigate potential impacts arising from these risks.

Current Status of Water Resource Risks at Facilities

Company	Business site	Region	Water stress	Water risk assessment results	Note
F&F Holdings, F&F	Yeoksam Headquarters	Seoul	Medium High	Low	According to the WWF Risk Filter, the regional water risk is classified as medium. However, due to the low water usage in our business operations, the actual risk is determined to be low.
F&F Holdings	Icheon Logistics Center	Icheon	Medium High	Low	
F&F	Suji fashion outlet ‘Colleted’	Yongin	Medium High	Low	
F&F	Icheon Factory Outlet	Icheon	Medium High	Low	



Sustainable Resource Management

Water

Category	Unit	2021	2022	2023
Total withdrawal	ton	19,298	17,448	21,396
Total consumption	ton	19,298	17,448	21,396
Total discharge	ton	0	0	0

Water Status by Business Site

Company	Business site	Category		Unit	2023
F&F Holdings, F&F	Yeoksam Headquarters	Withdrawal	Total withdrawal	ton	15,290
			- Water supply	ton	15,290
		Consumption	Total consumption	ton	15,290
F&F Holdings	Icheon Logistics Center	Withdrawal	Total withdrawal	ton	3,835
			- Water supply	ton	3,835
		Consumption	Total consumption	ton	3,835
F&F	Suji fashion outlet 'Colleted'	Withdrawal	Total withdrawal	ton	2,061
			- Water supply	ton	2,061
		Consumption	Total consumption	ton	2,061
F&F	Icheon Factory Outlet	Withdrawal	Total withdrawal	ton	210
			- Water supply	ton	210
		Consumption	Total consumption	ton	210

* There is no water usage from groundwater, surface water, or other water sources.



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Biodiversity

Strategy

Declaration of Biodiversity Commitment

F&F recognizes biodiversity conservation and preservation as crucial tasks for sustainable development. Therefore, in 2023, we have officially declared [🔄Biodiversity Commitment](#), aimed to minimize biodiversity destruction resulting from our business operations. Under this declaration, we commit to minimizing biodiversity impacts throughout our operations and taking proactive measures for restoration and offsetting in case of biodiversity-related issues. Furthermore, we pledge to comply with local and national legal requirements in all locations where we operate and applicable international agreements* on biodiversity conservation.

* World Heritage areas, IUCN Category I-IV protected areas

Declaration of No Deforestation Commitment

F&F recognizes forests as vital resources for greenhouse gas absorption and biodiversity conservation within ecosystems. Understanding the risks associated with forest destruction related to our business operations, we strive to minimize these impacts. In 2023, we announced [🔄No Deforestation Commitment](#). We aim to collaborate with suppliers within our supply chain to minimize the use of materials and resources that may contribute to forest degradation or deforestation risks.

Governance

F&F manages and supervises biodiversity risks and decides response measures through the ESG Committee under the Board of Directors. Additionally, the ESG Council is in charge of identifying and responding to biodiversity-related risks and opportunities with management participation. We also have established a department responsible for overseeing both internal and external activities related to biodiversity. This department collaborates with stakeholders, conducts biodiversity-related education, and manages grievance handling and resolution.

Target

Enhancement of **Risk/ Opportunity** Assessment for Dependency Evaluation

Measurement of Impact on Biodiversity Conservation Activities

Expansion of Scope for Dependency Evaluation
• Region • Business

Assessment

F&F actively participates in addressing biodiversity challenges by conducting regional and business-specific dependency assessments using TNFD’s LEAP methodology for our headquarters and logistics centers in Korea. This assessment process has helped us prioritize our initiatives. To ensure alignment with global standards and local contexts, we utilized UNEP’s ‘Encore’ and national environmental data from the Ministry of Environment in our evaluations. Going forward, we plan to advance our biodiversity conservation efforts based on these assessments.

Development of Biodiversity Strategies Using the LEAP Methodology



Dependency Evaluation Results (Summary)

Category	Region	Ecosystem services	Scope of influence	Evaluation results	Priority	Note
			Environmental assets			
Headquarters	Gangnam, Seoul	Regulation Service	Habitat	Low		
			Terrain Change	Low		
			Soil	Low		
			Biodiversity	Moderate		
			Air	High	4	Air control zones
		Culture Service	Cultural Heritage	Moderate		
Logistics Center	Icheon, Gyeonggi Province	Regulation Service	Air	High	2	Low-sulfur oil-supplied areas_Diesel
			Habitat	High	1	Level 2 endangered species (eagle owl) feeding area near the business site
			Terrain Change	Moderate		
			Soil	High		
			Biodiversity	High		
		Culture Service	Water	High	3	Clean area based on emission permit
			Cultural Heritage	Low		

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Strategy

Talent Management

At F&F, we are committed to fostering a workplace environment where every individual feels happy and secure. We uphold the fundamental principles of the United Nations Global Compact (UNGC) and the core conventions of the International Labour Organization (ILO). F&F strictly adheres to labor and employment laws in all regions where our operations are based to ensure optimal working conditions. Furthermore, we have implemented policies on diversity, inclusion, and the prevention of discrimination and harassment. These initiatives are designed to promote a corporate culture centered on growth and mutual respect. F&F unequivocally prohibits discrimination based on gender, age, nationality, race, disability, or any other characteristic without justifiable grounds, and we maintain a zero-tolerance stance towards any incidents related to such behavior.

Talent Acquisition and Development

F&F has established a mid-to-long-term talent development plan aimed at securing and nurturing exceptional talent aligned with business strategies and changes in the internal and external environment. Our ongoing revenue growth and business expansion necessitate continuous recruitment. To effectively adapt to the dynamic business landscape, we have introduced flexible strategies, including an employee redeployment system, on-demand hiring, and an employee referral program.

Governance

Labor-Management Council

F&F operates a Labor-Management Council consisting of three worker representatives and three management representatives to facilitate mutually cooperative communication between labor and management. Regular quarterly meetings are held to address various issues related to company management direction and improvement of working conditions. Proposals must receive approval from more than two-thirds of the members present to be adopted.

Labor-Management Council

Category		Unit	2021	2022	2023
Labor-Management Council	% of employees represented	%	100	100	100
	No. of meetings held	Times	4	4	4

Assessment

Employee Satisfaction Survey

Since 2022, we have conducted annual surveys to assess employee satisfaction, with the goal of identifying factors that influence their work-life satisfaction and improving overall satisfaction levels. Key survey metrics encompass job satisfaction, goal setting and motivation, happiness derived from work, and stress levels.

Satisfaction Survey Results

Category		Unit	2021	2022	2023
Satisfaction (out of 5 points)	All employees	Points	-	4.6	4.2

Human Resources Performance Measurement

F&F measures the Human Capital Return on Investment (HCROI) to evaluate the efficiency of its human capital resources. The HCROI for 2023 was recorded at 14.64. Despite a decline in the HCROI ratio due to a rise in employee numbers following business expansion and revenue growth—leading to an 18% increase in staff from 2022 to 2023—our efficiency remains significantly high compared to other companies.

Human Capital Return on Investment (HCROI)

Category		Unit	2021	2022	2023
Human Capital	HCROI	%	22.02	18.54	14.64

* HCROI (Human Capital Return on Investment) = {Total revenue - (Operating expenses - Employee-related expenses)} / Employee-related expenses
* Employee-related expenses include salaries, retirement benefits, and employee welfare benefits.



Labor

Target

Achieve female representation of **50%** in managerial positions by 2030

Maintain employee satisfaction at or above **4.5** points

Performance

Employees

Category		Unit	2021	2022	2023
Employees	Total	Persons	491	574	678
Employment Type	Regular	Persons	447	554	656
	Non-regular	Persons	44	20	22
Age Group	Under 30	Persons	142	139	170
	30 to under 50	Persons	330	415	481
	50 and above	Persons	19	20	27
Job Position Level	Executives	Persons	12	18	19
	Middle management	Persons	56	57	62
	Junior management	Persons	149	293	264
	Staff	Persons	274	206	333

* This employee profile pertains to F&F (based on internal management standards).
* The total employee count includes 17 non-registered executives but excludes 6 registered executives.
* Non-regular employees include administrative assistants, maternity leave replacements, and candidates transitioning to regular employment.
* Middle management refers to team leaders, while junior management refers to managerial positions at the level of manager and above (excluding team leaders).

Employee Diversity

F&F has set diversity goals to promote gender equality and enhance talent diversity. By 2030, our goals include achieving a total female representation of 62%, with 50% in management positions, 50% in junior-level management roles, 70% in revenue-generating departments, and 60% in STEM-related departments. Looking ahead to 2050, we aim to increase the proportion of women in executive positions to 30%. Additionally, we are committed to consistently creating high-quality job opportunities for veterans and individuals with disabilities.

Workforce Diversity

Category		Unit	2021	2022	2023
Female Ratio	Total female employees	%	62	61	62
	Female employees in managerial position	%	40	59	50
	- Executives	%	8	22	16
	- Middle management	%	36	39	37
	- Junior management	%	44	65	56
	Female employees in revenue-generating departments	%	65	65	65
	Female employees in STEM-related departments	%	55	57	58
Minority Ratio	Employees with disabilities	%	0.41	0.34	0.30
	Employed national veterans	%	-	0.17	0.15
Nationality (All employees)	Foreign nationals	%	-	0.52	0.44
	- China	%	-	0.34	0.30
	- New Zealand	%	-	0.17	0.15
Nationality (Management)	Foreign nationals	%	-	0	0
	- China	%	-	0	0
	- New Zealand	%	-	0	0

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Talent Recruitment

F&F is recruiting ‘Creative’ and ‘Smart’ individuals poised to lead the fashion industry and drive future challenges and innovations. Throughout our hiring process, we uphold non-discrimination principles based on gender, religion, place of origin, or any other factors, prioritizing respect for human rights. To ensure a systematic and reliable recruitment process, we provide training to enhance interviewer skills, while operational departments oversee each stage of the examination process to recruit outstanding talent focused on job-specific skills. Moreover, we maintain continuous recruitment efforts to minimize workforce gaps and have implemented AI competency assessments to enhance the efficiency and objectivity of our hiring procedures.

Hiring

Category		Unit	2021	2022	2023
New Hires	Total	Persons	146	259	255
Job Position Level	Executives	Persons	3	6	2
	Middle management	Persons	11	16	21
	Junior management	Persons	35	82	75
	Staff	Persons	97	155	157
Gender	Male	Persons	37	85	96
	Female	Persons	109	174	159
Internal Hiring (including department transfers)*	Internal hiring	Persons	16	23	19
	Internal hiring rate	%	7	9	8
Hiring Cost	Total hiring cost	KRW million	880.8	1,307.8	1,987.9
	- Male	KRW million	273.0	479.9	753.5
	- Female	KRW million	607.8	827.9	1,234.4
	Average hiring cost per employee	KRW million	3.9	5.1	7.2

* Transfers resulting from organizational restructuring are not counted as internal hires.

Employee Turnover

Category		Unit	2021	2022	2023
Employee Turnover	Total	Persons	78	177	153
Gender	Male	Persons	24	60	54
	Female	Persons	54	117	99
Job Position Level	Executives	Persons	2	1	4
	Middle management	Persons	1	11	12
	Junior management	Persons	16	55	44
	Staff	Persons	59	110	93
Voluntary Turnover	Total	Persons	76	163	141
Gender	Male	Persons	23	53	44
	Female	Persons	53	110	97
Job Position Level	Executives	Persons	2	1	2
	Middle management	Persons	1	9	7
	Junior management	Persons	14	46	40
	Staff	Persons	59	107	92

* Due to changes in our internal calculation methods, the data for 2021 and 2022 has been partially updated.

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Performance

Appraisal and Compensation

F&F employs a comprehensive performance management system that integrates multidimensional performance appraisals and feedback evaluations. We utilize the Objective and Key Result (OKR) framework to empower team members to establish and pursue their own goals, fostering continuous growth. Every quarter, all employees set key objectives using OKRs and conduct Self Reviews at quarter-end. Team leaders review their team members’ OKRs, and executives assess team leaders’ OKRs, providing evaluations and feedback on performance for each quarter.

Employees also engage in open feedback exchanges through the Finstagram and work-tok systems, ensuring that individuals can check feedback continuously. Both regular and contract employees undergo ongoing multidimensional performance appraisals using Finsta Web. To ensure quality interactions, we provide a feedback guideline outlining performance criteria and principles. Employees who receive numerous praise badges seasonally are eligible for Finsta Awards.

F&F acknowledges employee dedication by offering biannual incentives based on individual evaluations and operates a variable incentive program that evaluates job performance, business unit management performance, collaboration levels.

F&F Variable Incentive Programs

Type		Criteria	Operating Cycle
Performance	Salary Increase	Job performance and skills	Annual
	Performance Incentive	Business unit management performance	Biannual (per season)
Collaboration	Viral Incentive	Peer recommendations and performance contributions	Biannual (per season)
	Praise Award	Number of praises received (intranet)	Biannual (per season)

Performance Appraisal

Category		Unit	2021	2022	2023
Regular Performance Appraisal	Ratio of employees who have undergone regular performance appraisals	%	100	100	100
	Gender	Male	142	177	214
		Female	232	277	349
	Job Position Level	Executives	12	18	19
		Managerial positions (team leaders)	47	55	61
		Non-managerial positions	315	381	483

* Regular performance appraisals are conducted twice a year for regular employees. Due to the cyclical nature of the fashion industry, these appraisals are carried out after the SS/FW seasons, which may cause discrepancies with the total workforce count.

** In the regular performance appraisal process, agile conversations and feedback with supervisors are conducted, and multidimensional performance appraisals carried out continuously using digital systems are also used as reference.

Remuneration

Category		Unit	2021	2022	2023
Salary	Average salary of all employees	KRW million	-	74	71
	- Male	KRW million	-	90	87
	- Female	KRW million	-	64	62
	Average salary of employees in executive positions	KRW million	217	234	263
	- Male	KRW million	220	237	269
	- Female	KRW million	194	224	231
	Average salary of employees in managerial positions	KRW million	116	134	145
	- Male	KRW million	122	143	158
	- Female	KRW million	101	113	118
	Average salary of employees in non-managerial positions	KRW million	54	57	61
	- Male	KRW million	61	66	68
	- Female	KRW million	50	53	57
Equal Pay	All employees	%	-	71	71
	- Executives	%	88	95	86
	- Managerial positions	%	-	79	75
	- Non-managerial positions	%	-	80	84



Labor

Welfare Benefits

F&F is committed to fostering a secure and joyful workplace by promoting work-life balance among its members.

✓ Work-Life Balance F&F implements various flexible working arrangements such as staggered commuting and flexible hours to create an adaptable and autonomous work environment for employees. Recently, we introduced a half-day leave system (2-hour leave) to enhance efficiency of working hours. We also offer various rewards based on years of service. Employees receive meal vouchers after one year of service, and long-term employees of three years or more receive annual refresh leave (compensatory leave), domestic and international resort vouchers, and differentiated vacation subsidies. Beginning in 2024, we are expanding the number of refresh leave days to provide employees with more time for rejuvenation. We also offer paid leave and celebratory funds for parents’ 60th and 70th birthdays, extending this benefit to the 80th birthday to align with a family-friendly welfare system suited to the era of increased longevity. To enhance global competitiveness, our Level up Program now includes expanded language courses with options for telephone, video, and online learning, allowing employees to improve their skills at their convenience.

✓ Health Promotion Support F&F provides annual comprehensive health check-ups for employees and their spouses, including stress tests and addressing various work-related challenges, as well as personal psychological aspects through the introduction of the ‘Professional Psychological Counseling Service EAP (Employee Assistance Program).’ This service helps employees manage concerns and stress effectively, allowing them to focus on their work. We also operate an in-house health management office that provides basic medications and emergency treatments, thereby taking care of our employees’ health. Beginning in 2024, we will offer a paid day off for comprehensive health examinations to ensure employees have ample rest before and after their check-up.

✓ Maternity Protection Measures F&F strictly adheres to maternity and parental leave laws while also providing additional support through various maternity protection welfare programs. This includes initiatives like the ‘Happy Mom Service,’ offering ‘Mom Gift’ and providing dedicated parking spaces for pregnant employees. During the early stages of pregnancy, when stability is crucial, we offer reduced working hours and support for prenatal examinations. Additionally, we support childcare expenses for nurseries and college tuition fees for employees’ children, as well as entrance gifts for elementary, middle, and high school to ensure that employees and their families have strong support. We have increased overall satisfaction among our members by encouraging male employees to utilize spouse childbirth leave, alongside the one-year paid parental leave available for maternity. Furthermore, we operate a dedicated rest area for female employees, providing a comfortable space for rest during pregnancy or menstruation.

F&F Employee Welfare Services L.I.F.E STYLE

Category	Welfare Services	Service Details
LEARNING PLATFORM Programs for self-development aimed at supporting employee growth	Level up Program	Support for obtaining job-related certifications, language course tuition assistance, and more
	FuTube Program (online)	Access to statutory education, leadership training, and job training content
	F& Library – Book Coupon	Support for purchasing a variety of books tailored to individual preferences
INSTAGRAMMABLE ACTIVITIES Support for various activities to foster fun and collaborative culture at F&F	FLUNCH DAY	Extended lunch break twice a month
	Happy Hour	Sharing of fun culture through various events
	F&F Anniversary/ YEAR END PARTY	Biannual celebrations, including a company anniversary and a year-end party
	Support for club activities	Monthly support for club activities
FAMILY-CARE Family care services that connect the company, family, and employees	Provision of corporate resorts	Access to national corporate resorts at member rates
	Happy Mom Service	Provision of a Mom Gift and prenatal and postnatal care for employees and spouses
	Support for childcare expenses for toddlers	Support for childcare fees for individual nurseries for children under five years old
	Support for school entrance gifts and educational funds	Gifts for kindergarten and primary, middle, and high school admissions, and college tuition support for up to two children
	Support for comprehensive health check-ups	Annual comprehensive health check-ups for employees and their spouses
	Support for family events	Congratulatory and condolence money, leave, and goods support
	Long-term service awards	Support for refreshment leave based on length of service
EMPLOYEE CARE Services that attentively support employees throughout their careers at the company	Group accident insurance enrollment	Coverage for various diseases and injuries
	EAP (Employee Assistant Program)	Professional psychological counseling services for employees
	Vehicle maintenance support	Fixed monthly vehicle maintenance allowance
	Telecommunication expense support	Monthly telecommunication expense support for all employees
	Welcome gifts for new hires	Provision of a welcome kit for new employees
	Birthday gifts	Birthday gifts for employees and early dismissal from work on their birthdays
	Breakfast support	Daily provision of various breakfast options and morning coffee
	Holiday gifts	Gifts provided for Lunar New Year and Korean Thanksgiving Day, twice a year
	Operation of a health management office	Provision of over-the-counter medications and basic medical care
	Operation of women’s employee lounge	Exclusive rest area provided for female employees

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Welfare Benefits

Category		Unit	2021	2022	2023
Welfare Benefits	Welfare benefit cost	KRW 100 million	40.46	89.96	130.97

Work-Life Balance

Category		Unit	2021	2022	2023
Work-Life Balance	Participation rate in flexible work arrangements	%	100	100	100

Parental Leave

Category		Unit	2021	2022	2023
No. of employees on parental leave	Total employees	Persons	7	16	21
	- Male	Persons	1	1	2
	- Female	Persons	6	15	19
No. of employees returning to work after parental leave	Male	Persons	1	0	0
	Female	Persons	2	3	6
No. of employees working 12 months or more after their return	Male	Persons	1	1	0
	Female	Persons	1	0	0

* No. of employees on parental leave : No. of employees currently on leave during the year.
* No. of employees returning to work after parental leave: Employees who have returned from parental leave and worked for at least one day within the year.

Talent Development

F&F is dedicated to fostering the career growth and skill development of its employees. Through the Level up program, we support employees by covering expenses for job-related certification courses and language classes. We also provide unlimited access to educational content aimed at enhancing leadership and job-specific expertise via our online education platform, Futube. Additionally, we support employees in purchasing books for their personal development. As a pioneer in the digital transformation of fashion, we offer customized AI training sessions tailored to the specific needs of each department to bolster our employees’ digital skills.

Key Competency Development Programs

Type	Description
AI Digital Training Program	<ul style="list-style-type: none">• Training objective: To increase creativity and productivity in design and marketing areas• Participants: Employees from the in-house planning, design, marketing, and VMD departments (approximately 150 individuals)
Leadership Training	<ul style="list-style-type: none">• Training objective: Understanding of performance management systems to create high-performing organizations and acquisition of feedback skills• Participants: All company team leaders (approximately 60 individuals)

Education

Category		Unit	2021	2022	2023
Training Hours per Employee		Hours	4.22	14.7	20.71
Gender	Male	Hours	5.09	16	21.42
	Female	Hours	3.69	13.92	20.29
Employment Type	Regular	Hours	4.27	15.35	20.77
	Non-regular	Hours	3.42	5.28	19.03
Age Group	Under 30	Hours	3.63	14.9	18.77
	30 to under 50	Hours	4.28	16.3	21.33
	50 and above	Hours	4.97	21.4	22.08
Education Costs	Education cost per employee	KRW 1,000	37	320	279
Education Outcomes	Satisfaction (out of 5 points)	Points	-	3.1	3.1

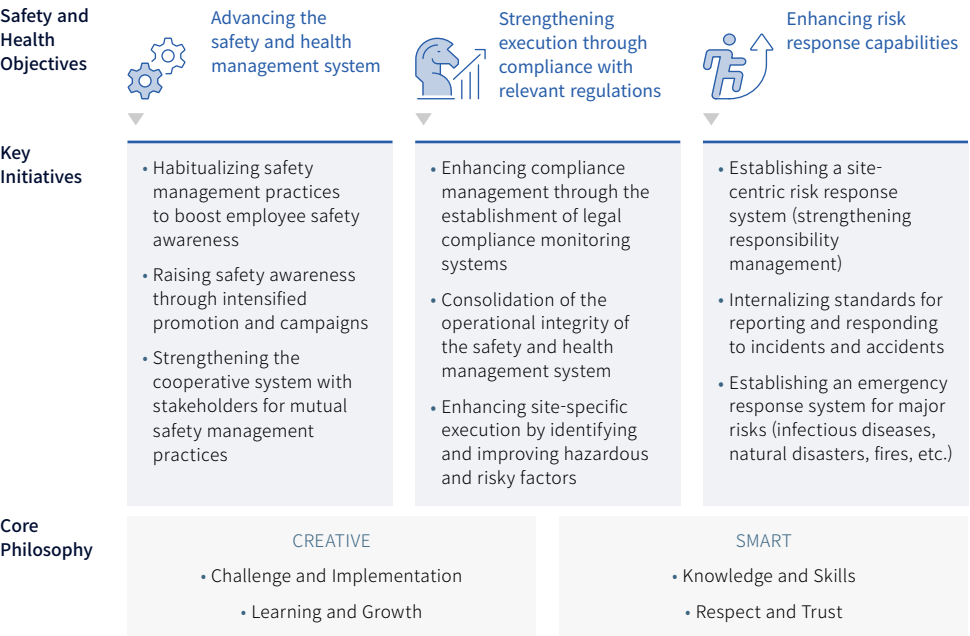
Safety and Health

Strategy

Safety and Health System

F&F recognizes safety and health as the highest priority and obligation in corporate management, continuously enhancing our safety management system. We have established a safety and health management system based on ISO 45001, and in 2023, we enacted an [OHS Policy](#) applicable across our domestic and international business operations, employees, subsidiaries, suppliers, and contractors. This policy adheres to international OHS standards, regulations, and collective agreements, reviewed annually to adapt to evolving safety and health challenges and industry regulations. Additionally, we have developed 17 detailed safety and health regulations and guidelines, including safety management regulations and safety guides for hazardous operations, to prevent risks that may arise during business operations.

Mid- to Long-Term Safety and Health Strategy



Safety and Health Management Guidelines

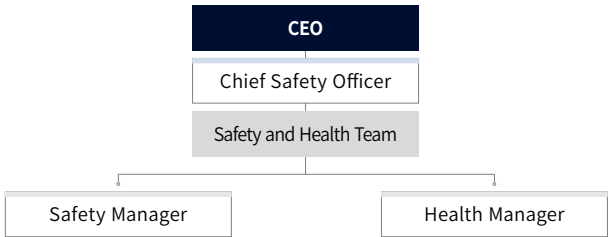
At F&F, all employees actively engage in the following initiatives to foster a healthy and secure environment for workers, customers, and stakeholders. We uphold our safety and health management policy through proactive implementation and continuous improvement, rooted in principles of respect and trust.

- Establish and operate the safety and health management system aligned with our core values of CREATIVE and SMART.
- Strictly adhere to safety and health laws and regulations, continuously identifying and managing hazardous risks through the active participation of all employees, and promptly implementing effective risk mitigation measures.
- Sustain our safety and health management system through ongoing education and emergency response training, enhancing our readiness to address potential risks.

Governance

Dedicated Safety and Health Organization

F&F is enhancing its corporate safety framework through an efficient management system guided by its mid-to-long term safety and health strategy and DT (Digital Transformation) initiatives under the Safety and Health Team. The Safety and Health Team focuses on solidifying the safety and health system, identifying and eliminating risk factors, and fostering a culture of safety and health across the organization. The team conducts semi-annual inspections in accordance with the Severe Accident Penalty Act, reporting compliance rates and improvement measures to the CEO. Key issues such as safety and health management goals and activity plans are presented to the Board of Directors for approval, with safety and health measures and workplace inspection findings shared weekly. In logistics centers, dedicated personnel are assigned to establish a comprehensive safety system throughout all work processes.



Safety and Health

Occupational Safety and Health Committee

F&F has established and operates an Occupational Safety and Health Committee in accordance with Article 24 of the Occupational Safety and Health Act. As of 2023, the Committee comprises one management representative, two members from the safety and health team, and three worker representatives. Quarterly meetings focus on major safety and health issues, including occupational accident prevention plans, safety and health education, worker health management, and emergency evacuation training.

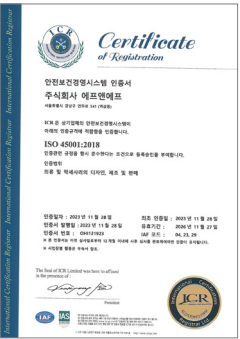
Safety and Health Council

The Safety and Health Council convenes monthly, involving safety supervisors and key stakeholders to discuss significant safety matters such as occupational accident prevention plans and workplace environment enhancements. In 2023, the Safety and Health Council included one management representative from F&F, along with two safety and health team members and three partner representatives.

Assessment

Certification

F&F has implemented a safety and health management system that adheres to global standards and obtained ISO 45001 certification for safety and health management systems in 2023.



ISO45001 Certificate

Safety and Health Risk Management

F&F conducts annual risk assessments to scrutinize safety and health concerns from the business planning phase, encompassing chemical hazards and workplace evaluations. Identified risk factors are comprehensively managed and continually enhanced through risk assessments and inspections. Based on the outcomes of these safety and health risk management practices, mitigation measures are established and implemented. In the case of F&F’s logistics center, risk factors are identified using internal risk assessment standards and safety management guidelines. Regular risk inspections are conducted by external professional firms to preemptively eliminate risk factors from facilities. Safety and health risk management extends to partner companies, with joint safety inspections conducted quarterly to oversee worker environments, fire prevention facilities, and overall conditions.

Safety and Health Evaluations of Partner Companies

F&F performs annual evaluations of its contracting partners’ safety and health standards, assessing management systems, implementation levels, operational practices, and occupational accident records.

Target

Increase the number of specialized safety and health education sessions for employees and partner companies **by 25%p** by 2030

Safety and Health

Performance

Safety and Health Indicator Management

F&F analyzes the accident rate indicators for employees and partner companies to gauge work loss stemming from accidents across the supply chain, aiming for continual improvement. We remain committed to reducing work loss due to accidents and fostering a safer workplace environment.

Occupational Accident

Category		Unit	2021	2022	2023
Employees	Lost Time Incident (LTI)	Cases	0	0	0
	Lost Time Injuries Frequency Rate (LTIFR)	No. of cases per 1 million hours worked	0	0	0
	No. of occupational accident victims	Persons	0	0	0
	Occupational accident rate	%	0	0	0
	No. of serious accident victims	Persons	0	0	0
	Serious accident rate	%	0	0	0
	No. of fatalities	Persons	0	0	0
	Fatality rate	%	0	0	0
Contractors	Lost Time Incident (LTI)	Cases	0	0	0
	Lost Time Injuries Frequency Rate (LTIFR)	No. of cases per 1 million hours worked	0	0	0
	No. of occupational accident victims	Persons	0	0	0
	Occupational accident rate	%	0	0	0
	No. of serious accident victims	Persons	0	0	0
	Serious accident rate	%	0	0	0
	No. of fatalities	Persons	0	0	0
	Fatality rate	%	0	0	0

Accidents and Violations

Category		Unit	2021	2022	2023
Legal Violations	No. of violations	Cases	1	0	0
	Fines	KRW 1,000	3,200	0	0
	Penalties	KRW 1,000	0	0	0

Safety and Health Initiatives

F&F implements various safety and health initiatives to ensure a safe and healthy environment for its employees. We actively promote employee health and safety through regular health check-ups and personalized consultations for employees and their spouses. We also operate a health management office where employees can monitor their health status and receive emergency care. Additionally, we provide rest areas for both employees and partner staff to take breaks. In 2023, as part of our efforts to prevent safety incidents, we installed non-slip tape on the stairs of the F&F office building and installed collision prevention sensors on emergency doors.



Implementation of non-slip measures on emergency staircases



Installation of collision prevention sensors on fire doors



Safety and Health

Occupational Safety and Health Management

Category		Unit	2021	2022	2023
Safety Accident Prevention and Management	Risk assessment	Y/N	Y	Y	Y
	Physical health management support	Y/N	Y	Y	Y
Health Support	Mental health management support	Y/N	Y	Y	Y

Support for Strengthening Partner’s Safety Management

F&F places safety management as a top priority in corporate governance and extends support to foster a strong safety culture among its partner companies. To provide effective support, we have established safety and health management regulations along with laboratory safety management guidelines. Utilizing these frameworks, we assist our partners in enhancing their safety management through education on safety and health, incident and accident reporting protocols, and initial risk assessments. Additionally, comprehensive safety guides are provided to partners, covering topics such as ‘Safety Management Guide for Hazardous Work,’ ‘Distribution and Management Guide for Personal Protective Equipment,’ and ‘Safety Rules and Measures for Cleaning Building Exteriors.’ Regular safety education sessions and safety inspections are conducted to minimize human and material damage for partner companies. F&F plans to implement a Digital Transformation (DT) system for safety management in the near future to enhance risk detection and prevention capabilities.

Partner Occupational Safety and Health Management

Category		Unit	2021	2022	2023
Safety Accident Prevention and Management	Partner safety prevention management	Y/N	Y	Y	Y

Safety and Health Education

F&F conducts quarterly safety and health education sessions totaling more than three hours for all employees. New hires receive safety and health education upon joining, and office workers undergo a monthly two-hour training session. In 2023, external professional firms conducted regular safety and health education, specialized health education, and CPR training, with employee evaluations confirming their safety awareness. CPR training, comprising both theoretical and practical sessions, is offered annually to employees who opt to participate, involving a total of 63 employees. Additionally, semi-annual emergency evacuation drills are conducted to enhance employees’ evacuation skills and mitigate potential damage to life and property during emergencies. These drills prepare all office building employees for scenarios like fires and earthquakes. Fire training encompasses instruction on using fire suppression equipment, evacuation protocols during fires, and administering first aid for injuries. Safety education for preventing accidents is continuously conducted for staff working in the company cafeteria.

Safety and Health Education

Category		Unit	2021	2022	2023
General Employees	No. of participants	Persons	-	574	678
	Training hours	Hours	-	6,888	8,985
	Training hours per employee	Hours	-	12	13.25
	Participation rate in training	%	-	100	100

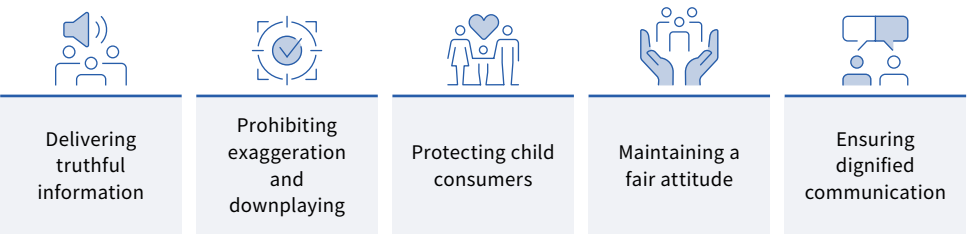
Customer Management

Strategy

Advertising and Marketing Ethics Policy

F&F endeavors to foster a healthy market environment by providing customers with the knowledge and accurate information necessary for informed purchasing decisions, guiding them towards rational choices. In order to safeguard customer rights, we have established an [Advertising and Marketing Ethics Policy](#) and uphold responsible marketing communications in accordance with the principles outlined in the policy.

Summary of Advertising and Marketing Ethics Policy



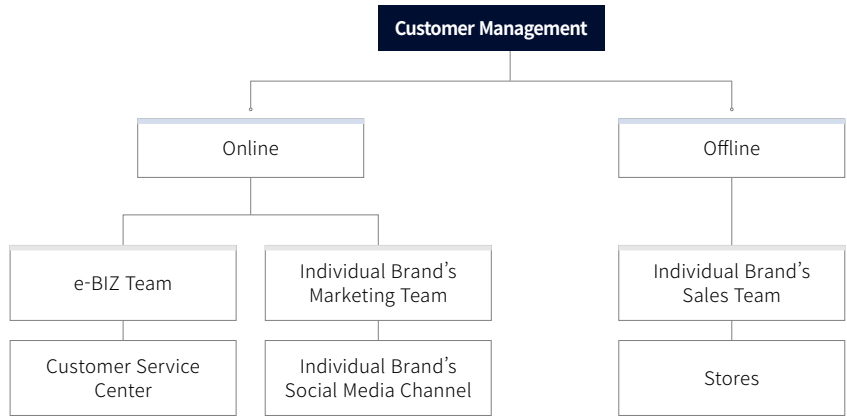
Consumer Rights Protection Policy

F&F actively strives for quality control to protect customer rights and achieve customer satisfaction. In case of product defects, we adhere to established regulations by offering remedies such as repair, exchange, or refund. Our exchange policy aims to replace defective products with identical items at the original price, and we assist customers in exchanging for desired products. F&F remains committed to advancing its consumer rights protection system to ensure the delivery of high-quality products to customers.

Governance

For customer management, F&F has implemented both online and offline systems. The e-BIZ team oversees online customer management through a centralized 'Customer Consultation Center' that integrates and oversees VOC (Voice of the Customer) initiatives throughout the company. Additionally, each brand's sales team collaborates closely with offline store owners and operational staff to listen to and address customer feedback. Each brand's marketing team also actively communicates with consumers by sharing brand updates through their social media channels, thereby playing a crucial role in consumer communication.

Management Organization



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Customer Management

Assessment

Customer Satisfaction Survey

F&F conducts monthly customer satisfaction surveys to identify customer needs and areas where they may be dissatisfied. The feedback collected through these surveys serves as valuable data for product improvements and service enhancements. As a result of continuous efforts to increase customer satisfaction, over 90% of customers who purchased products reported high levels of satisfaction. We will continue to analyze customer satisfaction, address areas of concern, and strive to maximize customer satisfaction.

Customer Satisfaction

Category		Unit	2021	2022	2023
Customer Satisfaction	Percentage of satisfied customers compared to survey respondents	%	-	91	92
	Percentage of respondents compared to total customers	%	-	13	12

Target

Maintain a customer survey ‘satisfied’ response rate of **over 90%** by 2030

Performance

VOC Management and Response Initiatives

F&F continuously strengthens its Voice of Customer (VOC) activities to enhance customer satisfaction. We gather customer feedback and requests through various communication channels, including call centers, mobile applications, and the customer service section on our website. Customers can access announcements and manage transactions such as exchanges, returns, deliveries, cancellations, and refunds through brand-specific customer centers linked to our mobile app and the F&F website. F&F also offers diverse service channels to enhance customer convenience and satisfaction, particularly by leveraging digital technology for personalized communication. For instance, we utilize chatbot-based 1:1 communication to assist customers in resolving inquiries and accessing real-time information. MLB and DISCOVERY EXPEDITION offer KakaoTalk chatbot services, while Sergio Tacchini, DUVETICA, and SUPRA utilize Channel Talk chatbot services on their websites. Requests received through these channels are processed within 24 hours as our standard practice. Daily and monthly customer inquiry reports from the call center and website customer service section are forwarded to the e-BIZ team. Based on these reports, the e-BIZ team identifies improvement tasks and incorporates them into enhancements for products, quality, and services. The Operations Support Team and Service Planning Team, responsible for ensuring customer satisfaction, analyze VOC data to pinpoint root causes and discuss preventive measures for addressing underlying VOC issues over the long term.

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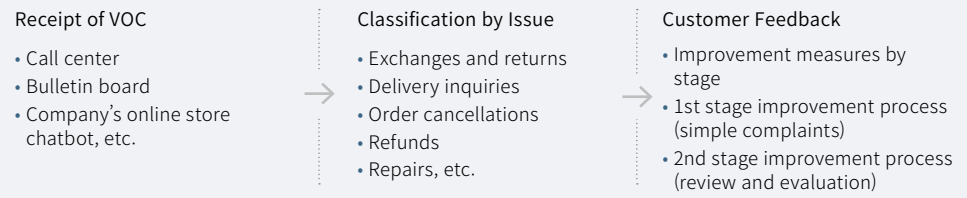
VOC Handling Procedures

Customers

Product Purchase (online/offline)



Customer Center



Corrective and Improvement Actions to Prevent Recurrence

- Communicate relevant matters to related departments and proceed with improvements
- Communicate completed improvements to the customer center and other relevant departments

Number of Inquiries and Complaints Handled (2023)

No. of Inquiries	No. of Cases Handled	Handling Rate
68,452 cases	64,824 cases	94.70%

Consumer Compensation Handling

F&F has established consumer compensation standards to address feedback regarding product defects, design dissatisfaction, and other concerns, ensuring compensation for any losses incurred by consumers. Moreover, we maintain exchange and refund policies aimed at enhancing consumer convenience. When consumers request an exchange or refund, F&F processes their requests promptly and accurately. The exchange and refund procedures are designed to be as straightforward as possible to maximize consumer satisfaction.

Consumer Compensation Standards

Fabric, Subsidiary Materials, and Sewing Defects	<ul style="list-style-type: none">• Products purchased within one year are eligible for free repairs, exchanges, or refunds at the purchase price.• Sewing defects are eligible for free repair even after one year.
Incorrect Size, Design or Color Dissatisfaction	<ul style="list-style-type: none">• Requests for exchange of undamaged products must be made within 7 days of purchase, and follow the principle of exchanging for the same product at the same price.
Exchanges and Refunds	<ul style="list-style-type: none">• Compensation decisions and details will be communicated within 7 days of the request date.• Compensation actions will be taken within 14 days from the notification date.• Damage due to consumer negligence, improper washing, or quality issues beyond the one-year warranty period are not covered. Repair services may be offered if feasible, with charges applicable.

Online Sales Strategy

Customer Data

Category		Unit	2021	2022	2023
Online Service	Number of customers using online services	Persons	23,222,077	23,424,226	21,645,965
	Ratio of online sales	%	7	8	11.6

* No. of customers using in-house online services

Human Rights

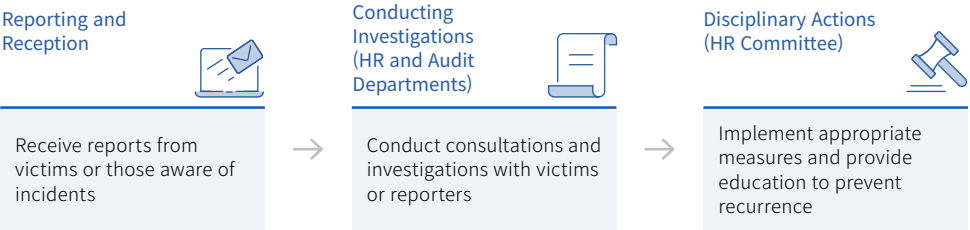
Strategy

Human Rights Management

F&F adheres to and supports universal human rights principles outlined in internationally recognized standards and guidelines, including the UN Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Business Conduct. Our [Human Rights Policy](#) applies not only to employees but also extends to stakeholders in business relationships, such as suppliers, partners, and joint ventures. Additionally, F&F has implemented [Non Discrimination & Anti Harassment Declaration](#), fostering a safe and respectful work environment with a zero-tolerance approach.

Human Rights Violation Reporting Process

F&F is committed to preventing human rights violations and minimizing associated risks in its business operations. Acts such as human trafficking, forced labor, child labor, and inhumane treatment are strictly prohibited, while special attention is given to protect vulnerable stakeholders such as pregnant women and individuals with disabilities. To address human rights violations and protect victims, F&F has established and operates a human rights violation reporting process. When a human rights violation occurs, an investigation is conducted to resolve the issue, ensuring the strict confidentiality and protection of both victims and informants throughout the investigative process. Upon verifying human rights violations, remedial actions are taken with utmost consideration for the victims' perspectives. Depending on the severity of the violation, appropriate measures such as reprimands, suspensions, or dismissals are applied to the perpetrators.



Governance

F&F's human rights management efforts involve organic collaboration among relevant divisions to proactively prevent and mitigate human rights risks that may arise in business operations.

Human Rights Management System

Human Resources	Operations focused on human rights that uphold worker equality, including diversity and the elimination of discrimination within the organization
Legal Affairs	Review of legal issues related to the prevention and mitigation of human rights risks
Management Improvement	Mitigation of human rights risks for employees and partners
Labor-Management Council	Ongoing monitoring and reporting on employee welfare and human rights issues

Target

Increase human rights education hours by **40%p** by 2030

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Human Rights

Performance

Grievance Handling Process

F&F addresses workplace human rights issues and mitigates associated risks through designated grievance handlers and the operation of the Labor-Management Council. Grievances are received through dedicated Employee Relations (ER)/Organization Development (OD) personnel within the HR team and the Voice of Employee (VOE) system. The grievance handling process allows employees to report issues such as personnel systems, organizational culture, bullying, and sexual harassment. Upon receiving grievances, swift and appropriate actions are taken if human rights violations are indicated. The grievance handling process involves three stages: proposal → reception and processing → notification of results. All reports are treated anonymously, ensuring that no personnel experience disadvantages or discrimination as a result of reporting. Grievances are prioritized based on urgency and importance, and feedback on the results and follow-up actions is promptly communicated. Grievances received through hotlines and other channels are managed collaboratively by the management improvement team, legal team, and HR team.

Grievance Handling

Category		Unit	2021	2022	2023
Grievance Handling	Grievance processing rate	%	100	100	100
	No. of grievances received	Cases	8	6	14
	No. of grievances handled	Cases	8	6	14

Reporting and Handling Process for Workplace Bullying

The process for handling workplace bullying incidents involves the following steps: reporting and consultation → investigation → action → monitoring. During the reporting and handling process, we provide consultation services to ensure that the victim can safely express their difficulties and fully voice their opinions. An objective investigation is then conducted to verify the facts, followed by the appropriate actions. Continuous monitoring is carried out afterward to protect the victim and identify areas for improvement.

Human Rights Reporting

Category		Unit	2021	2022	2023
Human Rights Reporting	No. of human rights-related reports	Cases	8	1	4
	No. of human rights-related cases handled	Cases	8	1	4

Human Rights Education

F&F operates various educational programs aimed at promoting a culture that respects human rights. These programs utilize both online and offline platforms to deliver annual human rights education to all employees. Topics covered include the prevention of sexual harassment and bullying, elimination of abusive practices, and improvement of perception toward the disabled. Team leaders and above also receive personalized 1:1 leadership coaching sessions. Additionally, we have developed a versatile training platform accessible anytime and anywhere, leveraging cutting-edge digital technology. This smart learning system encompasses 20 categories and over 46,000 customized content pieces directly applicable to everyday work scenarios.

Human Rights Education

Category		Unit	2021	2022	2023
Training Hours	Human rights training hours per employee	Hours	-	4.4	3.6
	- Sexual harassment prevention training	Hours	-	1.2	1.2
	- Workplace bullying prevention training	Hours	-	1.2	1
	- Training on improvement of perception toward the disabled	Hours	-	1.2	1.2
	- Others	Hours	-	0.8	0.2
	Training participation rate	%	-	100	100

Legal Violations

Human Rights Violations

Category		Unit	2021	2022	2023
Violations of Human Rights-Related Laws	Total No. of violations	Cases	0	0	0
	Fines	KRW 1,000	0	0	0
	Penalties	KRW 1,000	0	0	0



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Supply Chain Management

Strategy

F&F is developing a sustainable supply chain ecosystem through an integrated supply chain management system. We carry out supply chain ESG management activities based on the [Supplier Code of Conduct](#), encompassing standards for human rights, labor practices, safety and health, environmental protection, and business ethics. When screening and selecting suppliers, we evaluate country-specific, industry-specific, and product-specific risks alongside ESG criteria. Suppliers undergo assessments according to our management regulations to identify those with elevated ESG risks, and the results of these evaluations are used to determine the contract ratio for the upcoming season.

Governance

The ESG Committee under the Board of Directors deliberates on important supply chain ESG issues and monitors implementation of the supplier ESG program. Each brand’s sourcing team manages a network to procure materials that align with the brand’s identity. Furthermore, F&F employs a unique digital system to facilitate transparent and timely communication with suppliers, thereby enhancing the stability of the supply chain.

Assessment

Supply Chain Risk Management

In order to ensure business continuity and sustainability, F&F has implemented a supply chain risk management inspection system. We classify risks specific to the fashion textile industry and develop strategies to mitigate these risks. The ESG dedicated department conducts training for the supply chain management department to prevent ESG risks within the supply chain and collaborates with them to provide ESG-related education to suppliers. To manage supply chain ESG risks, we have established a digital system for communication with suppliers and regularly monitor their ESG status by exchanging data from domestic and international evaluation and certification bodies. Additionally, through on-site inspections, we assess and request improvements in ESG practices, particularly concerning labor issues in overseas manufacturing production lines.

Supply Chain ESG Assessment

In order to proactively address potential risks within our supply chain, F&F has implemented a ‘Global Supply Chain Management Process’ and conducts annual ESG assessments of our suppliers. In 2023, we conducted ESG assessments for 80 (including 12 significant suppliers) out of our 120 active suppliers. We aim to steadily increase supplier participation in assessments and enhance the supply chain ESG evaluation process by progressively improving ESG assessment criteria and extending support to high-risk suppliers, thus fostering a stable and responsible supply chain.

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Supply Chain Management

Performance

Supplier Selection Process

F&F utilizes a Competitive Evaluation to transparently select suppliers aligned with our business directions and requirements. During the supplier selection process, we conduct fair evaluations based on criteria such as technology, quality, price, delivery, management, and finance. Additionally, on-site inspections are carried out to review the suppliers’ ESG management system and financial status, which are then reflected in the selection results.

Status of Suppliers in the Supply Chain

Category		Unit	2023
Supplier Management	Significant supplier monitoring	Y/N	Y
	Annual frequency of regular ESG assessments for suppliers	Times	1
No. of Tier-1 Suppliers	Total Tier-1 Suppliers	No.	120
	Domestic	No.	108
	Overseas	No.	12
	Significant suppliers	No.	13
No. of Tier-2 Suppliers	Significant suppliers	No.	3

* In 2023, the number of Tier-2 significant suppliers decreased due to changes in our supply chain management direction

Proportion of Tier-1 Supplier Purchase Amount

Category		Unit	2021	2022	2023
Domestic and Overseas	Domestic	%	99	99	96
	Overseas	%	1	1	4
Significant Suppliers	Ratio of purchases from significant suppliers	%	-	-	30.2
	Ratio of purchases from other suppliers	%	-	-	69.8

Significant Supplier Management

F&F identifies sourcing partners that significantly impact business sustainability as significant suppliers and manages them closely. To cultivate a sustainable supply chain, we plan to continue selecting and managing significant suppliers based on a variety of diverse criteria crucial to our operations.

Significant Supplier Selection Criteria

Key material suppliers	Replaceability	Experience in global fashion business	Revenue size	Growth potential
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Regular Surveys for Suppliers

F&F conducts an annual ‘Win-Win Management Survey’ for suppliers aimed at enhancing relationships and fostering transparency within the supply chain. The survey assesses aspects such as ‘Communication and Trust,’ ‘Business Operations Efficiency,’ ‘Fairness,’ ‘Integrity,’ ‘Win-Win Management,’ and ‘Suggestions and Improvements.’ The results are utilized to promote a fair and transparent business environment in collaboration with our suppliers.

Hotline System for Suppliers

F&F operates a hotline for suppliers to directly gather opinions on ethical and win-win management practices. Each year, the F&F ethics management department conducts direct interviews with key suppliers.

Supplier Grievance Handling

Category		Unit	2021	2022	2023
Supplier Grievance Handling Process	Grievance handling in the Safety and Health Council	%	100	100	100
	Handling of reports received in supplier communication channels*	%	100	100	100

* The number of cases received is based on regular supplier surveys and the hotline system.



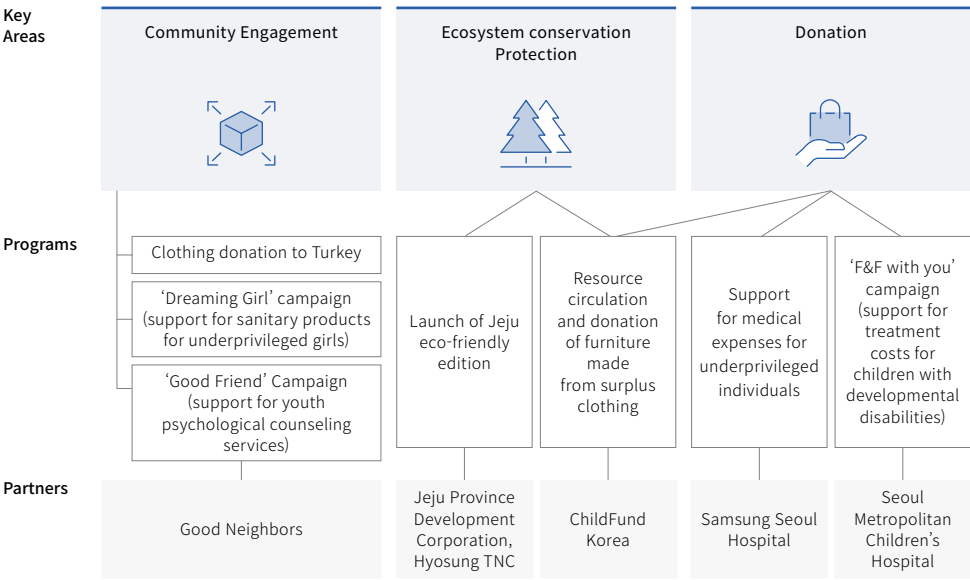
Community Relations

Strategy

Social Contribution System

F&F aims to contribute to fostering a healthy community and sustainable environment through social initiatives focused on three areas: ‘Community Engagement,’ ‘Resource Circulation and Ecosystem Conservation,’ and ‘Donations.’

Social Contribution Framework



Social Contribution Strategy

Since 2024, F&F has implemented a new strategy for systematic social contribution activities centered on the goal of ‘cultivating a healthy community and environment with F&F’s unique authenticity.’ Spearheaded by the Communication Team, our efforts focus on social initiatives closely tied to our core business and encompass a range of signature CSR programs aimed at benefiting the community and environment. Core business-linked projects include MLB KIDS’s ‘F&F with You’ campaign and DISCOVERY EXPEDITION’s eco-friendly T-shirt launch program. Activities contributing to the community and environment include creating and donating furniture from surplus clothing, supporting sanitary products for young women through the ‘Dreaming Girl’ campaign, and providing psychological counseling for disadvantaged youth via the ‘Good Friend’ campaign.

Assessment

Social Contribution Performance Appraisal

F&F endeavors to assess the impact of its initiatives on the community and mitigate any adverse effects. In tackling corporate waste issues that affect the local environment, we’ve introduced a resource circulation social contribution model and launched projects aimed at enhancing the health and welfare of vulnerable community groups. These efforts extend beyond mere support; we systematically evaluate our projects to sustain and advance our community-oriented endeavors.

✓ **Resource Circulation Project** In 2023, F&F repurposed surplus clothing into eco-friendly furniture made from recycled fiber panels instead of incinerating it, and donated the furniture to welfare institutions. The satisfaction score for the resource circulation project among six institutions in 2023 averaged 95 points out of 100.

✓ **‘Dreaming Girl’ Campaign** In 2023, we distributed sanitary product support kits to 312 young women from underprivileged families. A satisfaction survey was conducted afterward, with all respondents expressing 100% satisfaction with the kits. Additionally, feedback indicated that the educational brochure on menstruation provided valuable information.

Community Relations

Target

Implement community contribution programs linked to core businesses and major brands **at least once a year** by 2030

Conduct **impact assessments** on the community for new program developments by 2030

Performance

Support for the Healthy Living of Underprivileged Girls

Female adolescents from low-income and vulnerable families often face challenges in acquiring accurate information about menstruation or accessing hygiene products. To alleviate these issues, F&F supports the healthy living of female adolescents from low-income and vulnerable families through the ‘Dreaming Girl’ campaign. In 2023, we produced support kits for girls consisting of essential items to address menstrual and hygiene issues, including organic sanitary pads, hot water bottles, feminine tissues, hand mirrors, and informational brochures. A total of 312 female adolescents received these support kits.



‘Dreaming Girl’ kit



Recycled stools placed in the office

Establishing and Operating the ‘Resource Circulation & Donation’ Model for Clothing

F&F recognizes that harmful substances such as dioxins and nitrogen oxides, produced during the incineration and landfill of textile waste, cause air, water, and soil pollution. To address this issue, in April 2022, we launched a project in collaboration with the ChildFund Korea and Sejin Plus to transform surplus clothing into eco-friendly furniture. In 2023, we continued supplying surplus clothing and funding to Sejin Plus, enabling the production of 226 eco-friendly bookshelves, desks, lockers, and more from recycled fiber panels. This furniture was distributed to 187 children through child welfare centers, with some also used for employee sharing and office use. Through this ‘Resource Circulation & Donation’ model, F&F not only addressed environmental issues but also contributed to improving the living conditions of underprivileged children.

Resource Circulation & Donation Structure



Community Relations

Support for Medical Expenses of Vulnerable Groups

In 2023, F&F launched the ‘F&F WITH YOU’ campaign, embodying the motto ‘Always With You,’ aimed at promoting the well-being of vulnerable children and adolescents. As part of this initiative, a percentage of the sales revenue generated from the MLB KIDS Heart Collection at MLB KIDS stores nationwide and the official online shopping mall was contributed to Seoul Metropolitan Children’s Hospital. This donation aimed to support medical expenses for children from vulnerable groups. The ‘F&F WITH YOU’ campaign, dedicated to supporting child patients, will continue in 2024.

Support for the Mental Health of Children and Adolescents

Children and adolescents from vulnerable and abused backgrounds often face emotional challenges such as depression and anxiety. In order to enhance their psychological and emotional well-being, as well as promote social development, F&F has partnered with Good Neighbors to launch the ‘Good Friend’ mental health support program. Through this initiative, F&F facilitates psychological assessments and therapy for 100 vulnerable children and adolescents nationwide who are grappling with psychological and emotional difficulties.

Emergency Disaster Relief and Recovery Support

In response to the devastating earthquake in Turkey in February 2023, F&F, in collaboration with Good Neighbors, swiftly provided approximately KRW 1 billion worth of winter clothing to support rescue and recovery efforts in the affected areas.

Major Donation Activities

Company	Donation/Collaboration Organization	Period	Beneficiary	Details
F&F Holdings	Samsung Seoul Hospital	January 2023	Vulnerable patients	Medical expense support
	Arumjigi Culture Keepers Foundation	May 2023	-	Preservation of traditional culture
	Yeonkyung Scholarship Foundation	May 2023	Yonsei University students	Overseas research visits
	ChildFund Korea	December 2023	Child welfare facilities	Donation of recycled furniture from surplus clothing
	Good Neighbors	December 2023	Abused and vulnerable youth	Support for youth psychological counseling
F&F	Good Neighbors	February 2023	Turkey earthquake victims	Donation of winter clothing
	Good Neighbors	September 2023	Vulnerable young girls	Support for sanitary products
	Seoul Metropolitan Children’s Hospital	December 2023	Children with developmental disabilities	Medical expense support

Social Investment

Social Investment Expense

Category		Unit	2021	2022	2023
Investment Expense	Total amount	KRW 100 million	5.41	10.11	7.5
	Total charitable donations	KRW 100 million	5.41	10.11	7.5
	- Cash donation	KRW 100 million	3.41	5.11	2.3
	- In-kind donation	KRW 100 million	-	2.00	2.9
	- Social contribution operating expense	KRW 100 million	2.00	3.00	2.3

* Integrated activities of F&F Holdings and F&F

Major Association Fees and Contributions

In 2022, F&F allocated a total of KRW 11,790,000 on major association fees. In the following year, 2023, this expenditure increased to KRW 19,730,000. F&F adheres strictly to domestic political funding and anti-bribery laws, which prohibit corporate donations to political funds. The company has not engaged in any form of political campaign donations, lobbying, or other related expenditures within the past three years.

Major Association Fees in 2023

Category	Amount (KRW)
UNGC	8,000,000
Korea Listed Companies Association	5,780,000
Korea Fashion Industry Association	2,500,000
The Institute of Internal Auditors Korea	2,200,000
Korea Brand Fashion Association	1,250,000



Information Security

Strategy

F&F adheres to the Personal Information Protection Act and related regulations to uphold the freedoms and rights of individuals regarding their information. We review and update our personal information protection policy and internal management plan at least once a year. In 2023, we updated our [Privacy Policy: Systems/Procedures](#) to strengthen the protection of customer information and rights.

To safeguard both customer information and information assets, F&F has implemented a range of security measures, including NAC*, DLP**, server/DB access control, and DB encryption. We also monitor our systems using a 24-hour firewall security monitoring service. Furthermore, we conduct an annual mock virus email drill to prepare incident response and promote awareness through information security training.

We perform annual third-party vulnerability analysis on our infrastructure assets and conduct simulated hacker attacks on our web pages to analyze security risks, identify areas for improvement, and implement necessary measures. To ensure the continuity of key systems, we conduct regular backups and an annual disaster recovery drill.

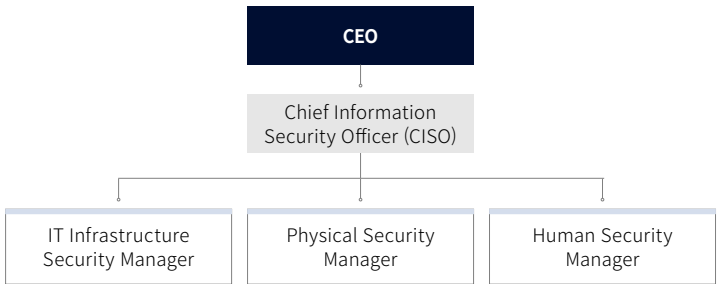
* NAC (Network Access Control): A solution for controlling network access

** DLP (Data Loss Prevention): A solution for preventing data loss

Governance

The digitalization of the fashion industry, shifts in service methods, and the evolving global market landscape have underscored the importance of enhancing corporate responsibility and response capabilities in information security. Led by the Information Security Team as the central department, F&F has implemented comprehensive security procedures and systems integrating IT infrastructure, physical security, and personnel security to enhance our security management system. F&F has appointed a Chief Information Security Officer (CISO) with over 15 years of experience in information security and IT, who regularly reports to the CEO to ensure clear accountability and drive continuous improvement and responsiveness in information protection. Additionally, an Information Security Council has been established to share key information security matters, with executive decisions made at least once a year.

Information Security Management Organization



Assessment

F&F conducts an independent external audit each year to assess its information protection management system, while internally preventing compliance risks through inspections of personal information processing systems. In 2023, F&F demonstrated its information security capabilities by obtaining the Information Security Management System (ISMS) certification and the international standard ISO 27001 certification. The 2024 ISMS certification follow-up audit is anticipated to focus on in-depth evaluations of the security systems initially inspected during certification and the AWS cloud security domain. The F&F Information Security Team plans to collaborate closely with security specialists in each area to enhance security levels. We remain committed to maintaining ISMS and ISO 27001 certifications and strengthening our information security capabilities.



ISMS Certificate



ISO27001 Certificate



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Performance

F&F continuously strengthens information security by recruiting additional personnel and systematizing and refining the roles and responsibilities (R&R) within the organization. With the increased staff, we have implemented and upgraded security systems (such as NAC and DLP) and minimized security risks when launching new systems through a pre-security review process. To foster employee awareness of information security, we implement an annual training plan focused on personal information protection, conducting sessions biannually under the supervision of the security officer. Training is delivered via our in-house online education platform, supplemented by external professional organizations as needed. For companies entrusted with handling personal information, we conduct biannual inspections and training sessions on personal data security. Additionally, we perform biannual checks on web vulnerabilities and infrastructure for websites accessed by customers, identifying and addressing areas for improvement. As a result of these initiatives, we have maintained a 0% information security incident rate over the past three years. We remain committed to safeguarding customer information through ongoing protection activities and regular inspections.

Certification

Category		Unit	2021	2022	2023
Certification and Application Rates	ISO 27001 certification rate	%	0	0	100

Investment

Category		Unit	2021	2022	2023
Investment in Information Security	Ratio of investment in information security	%	6.4	5.7	3.0

Total No. of Complaints Received Related to Customer Personal Information Protection Violations

Category		Unit	2021	2022	2023
No. of Complaints	No. of cases verified by the company	Cases	-	0	0
	No. of cases verified by regulatory authorities	Cases	-	0	0

Information Leakage

Category		Unit	2021	2022	2023
Legal Violations	Total No. of information protection violations	Cases	-	0	0
	No. of customer information protection violations	Cases	-	0	0
	Fines for information security violations	KRW 1,000	-	0	0

Information Security Education

Category		Unit	2021	2022	2023
General Employees	No. of participants	Persons	-	561	678
	Training hours	Hours	-	841.5	1,251.5
	Training hours per employee	Hours	-	1.5	1.8
	Training participation rate	%	-	100	100



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Board of Directors

Strategy

Approach to Corporate Governance

F&F Group acknowledges the importance of governance in advancing sustainable management practices. Governance serves as the framework through which strategic decisions are made to achieve the company’s objectives, driving economic, environmental, and social performance. To ensure continuous company growth and maximize shareholder value, we are committed to upholding fairness, transparency, and independence within our governance framework. In 2022, we established the Corporate Governance Charter to lay a solid foundation for transparent and robust governance practices. The Charter outlines the composition, qualifications, appointment and recommendation processes, duties and responsibilities of the Board of Directors (BOD), audit mechanisms, and stakeholder rights.

Policy on Board Diversity Criteria

F&F Group has implemented a [Diversity Policy for the BOD](#) aimed at enhancing the diversity of the Board of Directors. Our approach emphasizes diversity across gender, religion, country of origin, and nationality, actively seeking candidates who can bring new perspectives to the Board. We prioritize the inclusion of qualified individuals from diverse professional backgrounds to avoid any bias towards specific fields or industries. Presently, our BOD offers a well-rounded representation encompassing expertise in various areas, including accounting, finance, law, and digital.

Policy on Internal Transactions and Self-Dealing Control

In order to safeguard against conflicts of interest during BOD decisions, we have enacted an Internal Transactions and Self-Dealing Control Policy. This policy ensures strict compliance with relevant regulations such as the Commercial Act and mandates that transactions between the company and directors or major shareholders require BOD approval. Such transactions are also disclosed in our [Corporate Governance Report](#).

CEO Succession Policy

F&F Holdings and F&F define the appointment of the CEO as the authority of the BOD according to the respective Articles of Incorporation and BOD regulations. The succession policy and its operational guidelines are outlined in the CEO succession regulations. The HR team is responsible for the CEO succession tasks for both companies, with HR executives and personnel officers overseeing the management, development, verification, and evaluation of CEO candidates. Should the need for succession procedure arise, it is reported to the CEO and coordinated with the department in charge of the BOD. In cases of CEO incapacity or emergencies, succession follows the hierarchy stipulated in the Articles of Incorporation: Chairman, President, Vice President, Senior Director, and Managing Director. CEO candidates are selected based on their ability to execute visions and strategies that align with company and shareholder interests, supported by extensive knowledge, experience, and strong leadership qualities. F&F Holdings and F&F offer diverse training programs aimed at enhancing leadership, vision, strategic proposal, and risk management skills for potential CEO candidates and executives.

Target

Achieve **over 50%** increase in proportion of independent directors by 2025 (both F&F Holdings and F&F)

Appoint **at least 1** female independent director by 2025 (F&F Holdings)

Board of Directors

Composition and Operation

Composition of the Board of Directors

The Board of Directors (BOD) of F&F Holdings and F&F is composed of executive and independent directors with no more than nine members, in accordance with Article 27 of the Articles of Incorporation. As the company’s highest permanent decision-making body, the BOD holds authority delegated by the general meeting of shareholders, including overseeing management and the execution of company affairs, as well as the appointment and dismissal of the CEO. The Board of Directors (BOD) guarantees the term of office for directors during their tenure to maintain expertise in their respective fields and to uphold the check-and-balance role over management. The term of office for executive directors is set at three years, while independent directors are limited to a maximum six-year term in accordance with the Commercial Act.

F&F Holdings

As of the end of March 2024, F&F Holdings’ Board consists of a total of seven directors: four executive directors and three independent directors.

BOD Composition (As of the end of March 2024)

Category	Name	Gender	Position	Career Background	Term Expiration Date
Executive Director	Chang-Soo Kim	Male	Chairman of the Board	• CEO of F&F • Executive Director of F&Co	March 25, 2025
	Eui-Hun Park	Male	CEO	• CEO of F&F Holdings • Former CEO of Meritz Financial Group	March 28, 2027
	Jung-Man Ma	Male	Senior Director	• Finance Director of F&F Holdings • Former Managing Director of CJ CheilJedang	March 28, 2027
	Seung-Bum Kim	Male	Managing Director	• Director of the Digital Division at F&F • CEO of F&Co	March 25, 2025
Independent Director	Sung-Deok Han	Male	Audit Committee Chairperson	• CEO of U Ace Tax & Consulting • Former Independent Director and Audit Committee Member of Halla Corporation	March 25, 2025
	Dong-Il Kim	Male	Audit Committee Member	• CEO of DK Value Solution • Former CEO of Franklin Templeton Investments	March 28, 2027
	Jong-Mun Kim	Male	Audit Committee Member	• Representative Attorney at Damheon Law Firm • Former Representative Attorney at Jiwoo Law Firm	March 25, 2025

F&F

As of the end of March 2024, F&F’s Board comprises seven directors: four executive directors and three independent directors. The average tenure of the Board members is 7.7 years.

BOD Composition (As of the end of March 2024)

Category	Name	Gender	Position	Career Background	Term Expiration Date
Executive Director	Chang-Soo Kim	Male	CEO, Chairman of the Board	• Chairman of the Board of Directors at F&F Holdings • Executive Director of F&Co	March 28, 2027
	Jung-Man Ma	Male	Senior Director	• Finance Director of F&F • Former Managing Director of CJ CheilJedang	March 28, 2027
	Min-Ho Chung	Male	Managing Director	• HR Director of F&F • Former Senior Director of Aon Hewitt	March 28, 2027
	Su-Jeong Jeong	Female	Senior Director	• Director of Business Operations Support at F&F • Former CEO of E-Land World	March 28, 2027
	Jong-Won Yoon	Female	Audit Committee Chairperson	• Accountant at Grant Thornton Daejoo	March 28, 2027
Independent Director	Joon-Keun Bae	Male	Audit Committee Member	• Former Managing Director of Hanwha Investment & Securities	March 24, 2025
	Young-Jin Lim	Male	Audit Committee Member	• Former Vice President of Shinhan Financial Group • Former CEO and President of Shinhan Card	March 28, 2027

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BOD Transparency and Independence

To ensure the transparency of BOD operations, major BOD regulations and activities are disclosed on the company website and in the corporate governance report. Furthermore, our substantial representation of independent outside directors fosters an environment in which the oversight functions of the BOD and management are effectively carried out.

BOD Independence

Category		Unit	2021	2022	2023
F&F Holdings	Ratio of independent directors	%	25	42.9	42.9
F&F	Ratio of independent directors	%	40	40	42.9

BOD Expertise, Diversity, and Efficiency

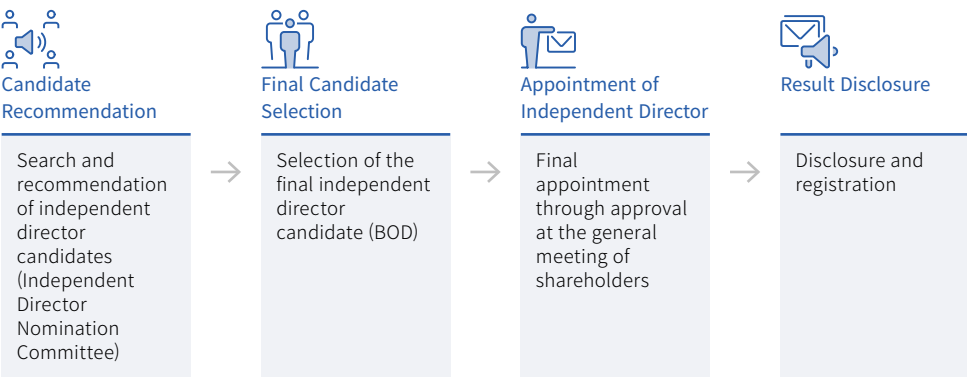
F&F Holdings and F&F strategically structure their BODs with a focus on expertise and diversity. This approach enables the BOD to consider the needs of various stakeholders comprehensively and to respond effectively to the evolving business environment when making critical decisions. In March 2024, F&F further enhanced BOD diversity and expertise by appointing one female executive director and one female independent director.

F&F Holdings and F&F have set a minimum meeting attendance rate of 85% for BOD members to encourage their participation. In 2023, the BOD members of both companies achieved a 100% meeting attendance rate. Additionally, the number of other positions that independent directors can hold is limited to one, ensuring they can perform their duties diligently.

Procedure for Appointing Independent Directors

F&F Holdings and F&F have established an Independent Director Nomination Committee to ensure the fair and transparent selection of independent directors. Comprising solely of independent directors, the Committee enhances fairness and independence in the selection process. The Committee reviews the qualifications and suitability (experience, expertise, diversity, etc.) of candidates according to relevant laws and regulations, then recommends candidates for independent director positions. Directors are appointed following a resolution by the general meeting of shareholders, and all directors, including independent directors, are elected individually.

Procedure for Appointing Independent Directors





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F&F Holdings

Board Skills Matrix

Category	Executive Director				Independent Director		
	Chang-Soo Kim (male)	Eui-Hun Park (male)	Jung-Man Ma (male)	Seung-Bum Kim (male)	Sung-Deok Han (male)	Dong-Il Kim (male)	Jong-Mun Kim (male)
Management	●	●		●			
Finance		●	●		●	●	
Risk Management		●	●				
Investment	●	●	●			●	
Accounting, Audit			●		●		
Law							●
Digital				●			
Industry Experience	●	●					

Expertise, Diversity, and Efficiency

Category		Unit	2021	2022	2023
Expertise	Ratio of directors with industry experience	%	50	28.6	28.6
	No. of financial experts	Persons	3	4	4
	No. of risk management experts	Persons	2	2	2
Diversity	BOD diversity policy	Y/N	Y	Y	Y
	Ratio of female directors	%	-	-	-
Efficiency	No. of BOD meetings held	Times	15	7	5
	BOD meeting attendance rate	%	100	100	100
	No. of reports and resolutions at BOD meetings	Items	21	12	14
	Limitation on the number of other positions held by independent directors	Positions	1	1	1

F&F

Board Skills Matrix

Category	Executive Director				Independent Director		
	Chang-Soo Kim (male)	Jung-Man Ma (male)	Min-Ho Chung (male)	Su-Jeong Jeong (female)	Joon-Keun Bae (male)	Jong-Won Yoon (female)	Young-Jin Lim (male)
Management	●			●			●
Finance		●			●	●	●
Risk Management		●					
Investment	●	●			●		●
Accounting, Audit		●				●	
Human Resources			●				
Industry Experience	●			●			

Expertise, Diversity, and Efficiency

Category		Unit	2021	2022	2023
Expertise	Ratio of directors with industry experience	%	20	20	20
	No. of financial experts	Persons	2	2	2
	No. of risk management experts	Persons	1	1	1
Diversity	BOD diversity policy	Y/N	Y	Y	Y
	Ratio of female directors	%	-	-	-
Efficiency	No. of BOD meetings held	Times	11	17	8
	BOD meeting attendance rate	%	100	100	100
	No. of reports and resolutions at BOD meetings	Items	17	21	21
	Limitation on the number of other positions held by independent directors	Positions	1	1	1

Board of Directors

Committees

F&F Holdings and F&F have established and manage committees within the BOD for systematic and efficient decision-making and operations. Each committee functions according to its specific regulations, which are detailed and disclosed in the corporate governance report every May.

F&F Holdings

Committee Composition				(As of March 2024)
Committee	Composition	Chairperson	Major Functions and Roles	
Audit Committee	3 Independent directors	Independent director Sung-Deok Han	1. Supervision of the work of directors and management 2. Approval of the selection of external auditors 3. Other matters related to audit work as stipulated by the Articles of Incorporation or internal regulations	
Investment Review Committee	3 Executive directors	Executive director Chang-Soo Kim	1. Establishment of basic policies and strategies for investment 2. Determination of the level of investment risk the company can bear	
ESG Committee	1 Executive director 2 Independent directors	Executive director Eui-Hun Park	1. Establishment of ESG policies and plans 2. Formation of an ESG support organization 3. Evaluation of ESG activities and setting of improvement measures	
Independent Director Nomination Committee	3 Independent directors	Independent director Dong-Il Kim	1. Recommendation of independent director candidates to the general meeting of shareholders 2. Management and verification of independent director candidates	

Committee					
Committee	Details	Unit	2021	2022	2023
Audit Committee	Ratio of independent directors	%	-	100	100
	Financial expertise of the chairperson	Y/N	-	Y	Y
	No. of financial experts	Persons	-	2	2
	No. of meetings held	Times	-	2	4
	Attendance rate	%	-	100	100
	No. of reports and resolutions	Items	-	3	4
Investment Review Committee	No. of meetings held	Times	4	6	0
	Attendance rate	%	100	100	-
	No. of reports and resolutions	Items	4	6	0
ESG Committee	No. of meetings held	Times	-	2	3
	Attendance rate	%	-	100	100
	No. of reports and resolutions	Items	-	4	6
Independent Director Nomination Committee	Ratio of independent directors	%	-	100	100
	No. of meetings held	Times	-	1	0
	Attendance rate	%	-	100	-
	No. of reports and resolutions	Items	-	1	0



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F&F

Committee Composition				(As of March 2024)
Committee	Composition	Chairperson	Major Functions and Roles	
Audit Committee	3 Independent directors	Independent director Jong-Won Yoon	1. Supervision of the work of directors and management 2. Approval of the selection of external auditors 3. Other matters related to audit work as stipulated by the Articles of Incorporation or internal regulations	
Independent Director Nomination Committee	3 Independent directors	Independent director Young-Jin Lim	1. Recommendation of independent director candidates to the general meeting of shareholders 2. Management and verification of independent director candidates	
ESG Committee	1 Executive director 2 Independent directors	Executive director Chang-Soo Kim	1. Establishment of ESG policies and plans 2. Formation of an ESG support organization 3. Evaluation of ESG activities and setting of improvement measures	

Committee					
Committee	Details	Unit	2021	2022	2023
Independent Director Nomination Committee	Ratio of independent directors	%	-	66.7	66.7
	No. of meetings held	Times	-	1	1
	Attendance rate	%	-	100	100
	No. of reports and resolutions	Items	-	1	1
ESG Committee	No. of meetings held	Times	-	1	3
	Attendance rate	%	-	100	100
	No. of reports and resolutions	Items	-	1	6

Performance

Education and Professional Advisory Support for Independent Directors

Independent directors are entitled to request information from the CEO and, if necessary, can seek education and assistance from external experts at the company’s expense. F&F Holdings and F&F offer tailored education programs to enhance the expertise and capabilities of independent directors, ensuring they can perform their duties effectively.

Status of Education for Independent Directors in 2023

Company	Education Date	Conducting Entity	Participated Independent Directors	Main Education Content
F&F Holdings	May 25, 2023	Samil PwC	Sung-Deok Han, Dong-Il Kim, Jong-Mun Kim	Future management and governance seminar
	September 4, 2023	Samil PwC	Sung-Deok Han	Accounting transparency seminar
F&F	June 14, 2023	F&F	Joon-Keun Bae	Company business environment and structure education

Evaluation and Compensation

F&F Holdings and F&F evaluate the diligent performance of duties by independent directors in accordance with relevant laws. They assess whether each director fulfills their responsibilities based on internal criteria such as integrity, responsibility, and independence. While the compensation of independent directors is not directly tied to performance evaluations to uphold independence, both companies annually determine compensation levels by assessing contributions within the limits set by shareholder resolutions, along with benchmarks from comparable cases. Both companies plan to establish objective criteria through thorough discussions in future BOD meetings to assess the independence, responsibility, and risk management of independent directors. Additionally, individual compensation amounts and calculation methods for directors receiving more than KRW 500 million are transparently disclosed in the annual reports.

Board of Directors

Enhancing Shareholder Rights

F&F Holdings and F&F have introduced proxy voting and electronic voting systems to safeguard shareholder rights, alongside establishing and disclosing their medium- to long-term dividend policy. Shareholders are notified of meeting agendas and dates four weeks in advance through written or electronic notifications.

Shareholder Value

Category		Unit	2021	2022	2023
Shareholder Engagement	Introduction of proxy voting	Y/N	Y	Y	Y
	Introduction of electronic voting	Y/N	Y	Y	Y
	Introduction of cumulative voting	Y/N	N	N	N
	Encouragement of voting rights delegation for all shareholders	Y/N	N	Y	Y
	Advance notice of agenda items	Y/N	Y	Y	Y
Dividends	Establishment and disclosure of medium- to long-term dividend policy	Y/N	Y	Y	Y

Status of Major Shareholders

Category		Unit	2023
F&F Holdings	Director and CEO Shareholdings	%	71.12
	Government Shareholdings	%	-
	Founder and Family Shareholdings	%	88.45
	Controlling Shareholder Shareholdings	%	64.42
F&F	Director and CEO Shareholdings	%	24.50
	Government Shareholdings	%	6.96
	Founder and Family Shareholdings	%	60.51
	Controlling Shareholder Shareholdings	%	31.67

Audit

The internal audit organization within the F&F Group conducts audit tasks independently from the management and controlling shareholders. F&F Holdings established an Audit Committee through a resolution at the general meeting of shareholders on March 25, 2022. The Audit Committee is composed of three members in accordance with the Commercial Act and the company’s Articles of Incorporation, all of whom are independent directors. One of the Audit Committee members is appointed as an expert in accounting or finance. These committee members, serving as independent directors, adhere to the same compensation policy as other independent directors. F&F also established an Audit Committee to ensure the independence of the internal audit organization and enhance internal control functions, thereby increasing transparency. The Audit Committee receives reports on ‘Codes of Conduct Violations and Actions Taken,’ reviews the appropriateness of actions taken, and assesses their effectiveness. Additionally, the committee may receive reports on business matters from the company and access management information if necessary. The F&F Group ensures the objectivity, reliability, and transparency of accounting information through regular audits conducted by an independent external auditor, who attends the general meeting of shareholders to respond to inquiries regarding the Auditor’s Report submitted at the meeting.

Composition of the Internal Audit Organization (As of March 2024)

Company	Internal Audit Organization	Member	Position	Audit-Related Experience and Qualifications
F&F Holdings	Audit Committee	Sung-Deok Han (Independent director)	Audit Committee Chairperson	• CEO of U Ace Tax & Consulting (Certified public accountant) • Former Independent Director and Audit Committee Member of Halla Corporation
		Dong-Il Kim (Independent director)	Audit Committee Member	• CEO of DK Value Solution • Former CEO of Franklin Templeton Investments
		Jong-Mun Kim (Independent director)	Audit Committee Member	• Representative Attorney at Damheon Law Firm • Auditor at Voim Technologies
F&F	Audit Committee	Jong-Won Yoon (Independent director)	Jong-Won Yoon (Independent director)	• Independent Director at GS Retail • Accountant at Grant Thornton Daejoo
		Young-Jin Lim (Independent director)	Audit Committee Member	• Former CEO and President of Shinhan Card • Former Vice President of Shinhan Financial Group
		Joon-Keun Bae (Independent director)	Audit Committee Member	• Current Independent Director at No Brand • Former Managing Director of Hanwha Investment & Securities

* Experience in financial institutions, government, or securities-related institutions as specified in Article 37, Paragraph 2, Item 4 of the Enforcement Decree of the Commercial Act (Type 4)

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Ethics and Compliance

Strategy

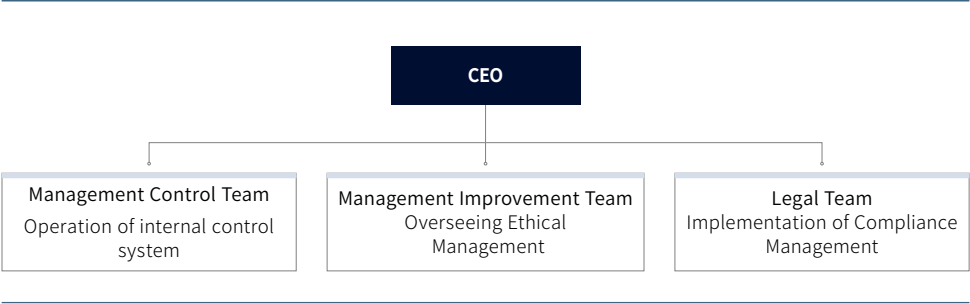
Codes of Conduct

F&F is dedicated to fostering a corporate culture grounded in legal compliance, ethics, and social responsibility. To achieve this goal, we have implemented a [Codes of Conduct](#) for our employees, outlining the principles and guidelines for transparent management. The Codes of Conduct serves as a benchmark for ethical decision-making and conduct, applicable to all regular, contract, and dispatched employees of F&F and its subsidiaries. All employees are responsible for upholding and embodying the Codes of Conduct, with violations potentially leading to disciplinary measures. Furthermore, compliance with the Codes of Conduct and ethical management principles is reflected in the performance evaluation and compensation systems.

Key Contents of the Codes of Conduct

Relationship with Shareholders and Investors <ul style="list-style-type: none">• Safeguarding shareholders' rights and interests• Ensuring equal treatment• Proactive information provision	Relationship with Customers <ul style="list-style-type: none">• Respecting customers• Ensuring customer protection	Relationship with Competitors and Partners <ul style="list-style-type: none">• Promoting fair competition• Conducting fair transactions with partner companies
Responsibilities towards Employees <ul style="list-style-type: none">• Ensuring fair treatment• Fostering a positive work environment	Responsibilities towards Society <ul style="list-style-type: none">• Compliance with local and international Laws• Contributing to national economic and social development• Environmental protection	Fundamental Ethics for Employees <ul style="list-style-type: none">• Cultivating a sound corporate culture• Prohibiting conflicts of interest• Preventing insider trading• Safeguarding company assets and confidential information• Preventing sexual harassment• Restricting political involvement• Prohibiting receipt of gifts and entertainment• Adhering to the Codes of Conduct

Governance



The Management Improvement Team undertakes various initiatives to foster a culture of ethical compliance and enhance employees' ethical awareness. These initiatives include monitoring violations of the Codes of Conduct, timely investigation and handling of violations, establishing measures to prevent recurrence and streamline processes, and reporting to management and the BOD. Additionally, within the Management Control Team's Internal Accounting Management division, they enforce regulations to bolster the reliability of disclosed accounting information. Each year, they evaluate the operation of the internal accounting management system of each company, with the CEO and internal accounting manager presenting findings to the BOD and shareholders at the annual general meeting. The Legal Team, which supports the Compliance Officer appointed by the BOD, aids in overseeing compliance activities across departments. The Legal Team provides preemptive compliance education and training to employees, continuously reviews and advises on legal risks in business operations and transactions to mitigate potential legal risks throughout the business landscape. Its efforts not only uphold business competitiveness but also ensure comprehensive compliance management throughout the organization.

Target

Maintain 100% response rate to stakeholder reports	Maintain 100% commitment rate to the Codes of Conduct by employees
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Ethical Management Initiatives

To promote an ethical culture, F&F implements a range of ethical management initiatives for employees and partner companies. These initiatives encompass employee ethics training to ensure adherence to the Codes of Conduct, and the establishment of a reporting and reward system. For partner companies, we implement an Incentive & Penalty system, conduct regular surveys, and maintain a hotline system. Moreover, we enhance our ethical management framework through a cyber petition system, as well as internal and external ethical campaigns.

F&F Group Ethical Management Initiatives

Employees	Partner companies	Common
<ul style="list-style-type: none">Employee ethics training (Regular, new employees, specific departments, etc.)Commitment to practice the Codes of Conduct (Signing a pledge once a year)Employee reporting and reward system	<ul style="list-style-type: none">Partner incentive & penalty system (Incentives and penalties based on compliance with the Codes of Conduct)Regular partner surveys (Assessment of fairness, transparency, and ethical compliance)Hotline system (Regular consultations, addressing issues and receiving suggestions)	<ul style="list-style-type: none">Operation of a cyber petition system (ethics reporting channel)Internal and external ethical campaigns (Campaigns such as ‘No Gifts Exchange During Holidays’ and Ethics Letters, etc.)

Publication of Ethics Letters

In our efforts to promote ethical management and foster greater ethical awareness, we distribute Ethics Letters. In 2023, these were sent to all employees during the Lunar New Year and Korean Thanksgiving Day, emphasizing our commitment to integrity. Additionally, similar letters were sent to our sourcing and purchasing teams to highlight the importance of ethical business practices in establishing a transparent and healthy network with our partner companies.

Ethics and Compliance Training

F&F provides mandatory legal ethics training (sexual harassment prevention, disability awareness improvement, personal information protection), as well as integrity education and occupational safety and health training to all employees. In 2023, we further strengthened our compliance training by conducting subcontracting law education for 30 members of each brand’s sourcing department in the first half of the year. During the second half, training on agency law and internal transactions was provided for 16 members from each brand’s sales department and accounting team. Participants in these sessions included 2 department heads, 5 deputy department heads, 7 managers, and 2 assistant managers, achieving a 100% completion rate.

Status of Ethics and Compliance Training

Category		Unit	2021	2022	2023
Ethics Training	Ethics training hours per employee	Hours	1	1	1.2
	Percentage of employees who received ethics training	%	100	100	100
	Percentage of part-time and contract employees	%	9	4	3
Compliance Training	Fair trade/Anti-corruption training for employees -Training content: Subcontracting Law, Agency Law, etc.	Hours	1	1	6

* Compliance training is conducted for selected employees who are relevant to the job (100% completion rate)



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Ethics and Compliance

Cyber Petition

F&F operates a cyber petition system enabling employees and stakeholders to report illegal and unethical activities. Stakeholders can use this system to report unethical conduct experienced during business interactions, such as unfair demands, bribery, or sexual harassment, via internet, email, phone, or mail. All reports are handled confidentially, and any retaliation against the reporter is strictly prohibited.

Codes of Conduct Violations

Category		Unit	2021	2022	2023
Codes of Conduct Application	Application rate by business sites	%	100	100	100
Codes of Conduct Violations	Total no. of violations	Cases	10	5	7
	- Corruption or bribery	Cases	1	2	0
	- Discrimination or harassment	Cases	7	1	2
	- Conflict of interest	Cases	0	0	0
	- Customer personal data	Cases	0	0	0
	- Money laundering or insider trading	Cases	0	0	0
	- Others	Cases	2	2	5
Actions Taken for Violations	Total no. of actions taken	Cases	10	5	11
	- Dismissal	Cases	1	1	0
	- Suspension	Cases	0	1	1
	- Salary Reduction	Cases	0	2	2
	- Reprimand	Cases	6	1	6
	- Warning	Cases	3	0	2
	- Caution	Cases	0	0	0
	- Others	Cases	0	0	0

Audit

Category		Unit	2021	2022	2023
Ethics Audit	Audit on reporting and disciplinary actions	Y/N	Y	Y	Y

Compliance Management

The Legal Team at F&F Group, comprising legal experts, identifies legal risks and supports management and employees in complying with relevant regulations. Additionally, through the integrated legal management system, E-LAW, we efficiently manage tasks such as legal consultations, contract reviews, and litigation through a digital system.

✓ Establishment and Operation of Compliance Support System The Compliance Control Standards, designed to promote company operations based on legal compliance, set out the standards and procedures for compliance that the company and its employees must follow. Established at the end of 2023, these Compliance Control Standards guide our ongoing compliance support activities.

✓ Establishment and Operation of Compliance Inspection System We are in the process of establishing a compliance inspection system to identify and ensure adherence to all relevant laws related to F&F Group’s business activities and to report the findings to the BOD. Through these efforts, we aim to continuously enhance the expertise and compliance awareness of our employees, fostering advanced enterprise-wide compliance management.

Legal Violations

Category		Unit	2021	2022	2023
Legal Violations	No. of non-monetary sanctions related to anti-corruption	Cases	0	0	0
	Fines and settlement amounts for anti-trust and anti-competitive practices	KRW 100 million	0	0	0



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Tax Policy

Strategy

Tax Policy

The F&F Group has implemented a  [Tax Policy](#) to ensure accurate tax reporting and compliance with legal tax obligations, as well as to evaluate and manage tax risks that may arise during business activities. We are committed to adhering to national tax laws in each country and conducting our business operations transparently in line with the spirit of these laws. The F&F Group does not partake in improper income shifting or tax avoidance by leveraging differences in tax laws across countries, exploiting international tax system loopholes, or using tax havens. We ensure that taxable income is lawfully allocated based on the value and commercial substance created in each country where we operate. Additionally, we transparently disclose information to tax authorities by providing legitimate supporting documents through our tax accounting system upon request. All internal and external transactions are managed according to Korean International Financial Reporting Standards (K-IFRS), and transactions with overseas subsidiaries adhere to the arm’s length principle in accordance with the OECD Transfer Pricing Guidelines and the laws of each respective country. Transfer pricing reports for transactions with overseas related parties are continuously reviewed with input from external experts, and corporate taxes and other taxes are calculated and paid accurately according to the aforementioned principles and tax regulations.

Governance

The F&F Group meticulously manages tax risks across the organization by consulting with the finance department in advance regarding compliance with accounting standards and tax laws during business operations. Additionally, in accordance with corporate tax regulations, revenue and expenses are reported and paid through tax adjustments, with related documentation registered in the internal electronic system to ensure transparent management of accounting and tax information.

Assessment

Subsidiaries within the F&F Group undergo annual tax evaluations through third-party verification by accounting and tax firms. This tax-related information is transparently disclosed in Auditor’s Reports and sustainability reports.

Performance

Reporting by Region

(Unit: KRW million)

Category	No. of employees	Revenue	Profit before tax	Corporate tax	Calculated tax amount	Unpaid corporate tax
Korea	758 persons	1,773,081	566,444	129,380	133,664	84,835
Mainland China	245 persons	813,256	30,748	7,008	14,079	5,648
Taiwan	13 persons	22,812	2,687	538	509	510
Hong Kong	12 persons	46,941	-1,173	-199	-	-
Italy	11 persons	42,327	24,949	2,230	-	2,232
USA	25 persons	25,109	-1,094	-1,314	-	-163
Others	7 persons	25,577	2,261	-63	-	518

* Others: UK, Macau, Vietnam, etc.

* The final reporting period could differ depending on the country, thus the data may be subject to change.

* Based on the entire group

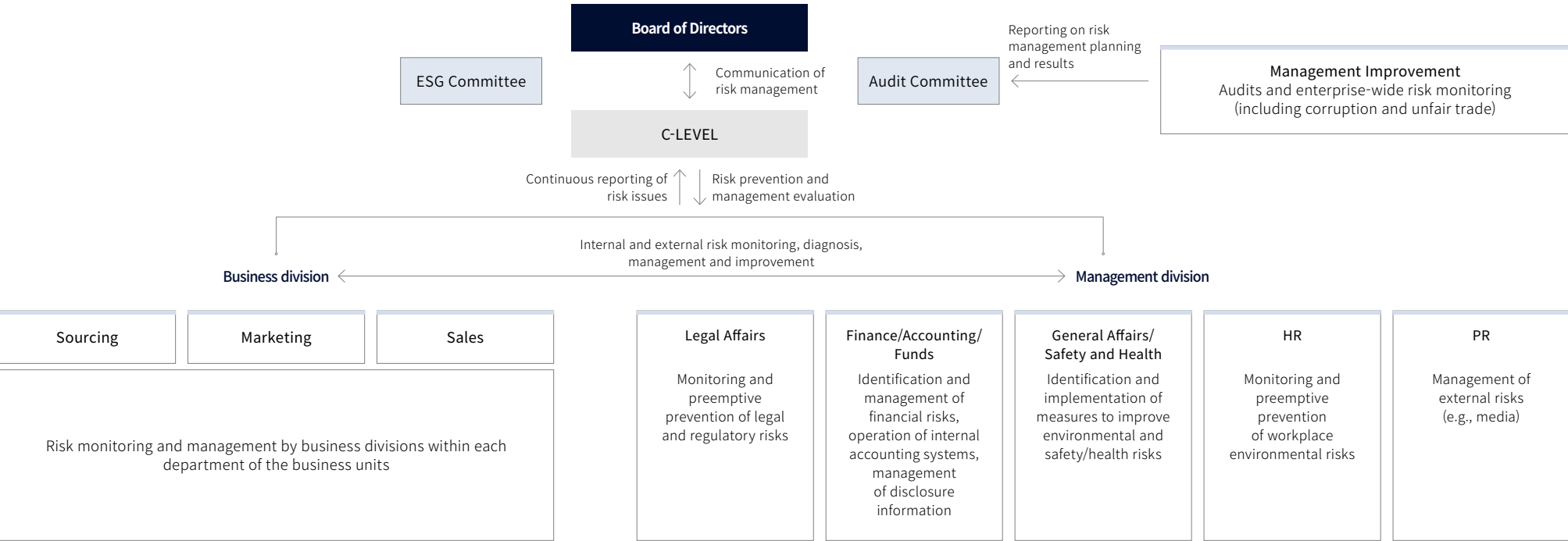
Risk Management

The F&F Group proactively identifies and addresses risk and opportunity factors stemming from various uncertainties affecting corporate operations, integrating them comprehensively into management practices. All employees acknowledge the significance of risk management and manage the types of risks defined within their respective business areas. Through continuous monitoring, risk situations are evaluated and controlled appropriately to efficiently manage their impact on corporate value.

Risk Management System

F&F systematically manages and responds to risks across the organization. Departments such as finance, internal accounting management, disclosure information management, legal, and health and safety are deeply involved in the prevention and response to risks, led by their respective department and business unit heads. These departments operate dedicated risk management systems, ensuring oversight and management of potential risks within the organization. F&F strengthens its risk management efforts by leveraging departmental expertise and accountability, proactively preventing and effectively addressing risks that may arise across the organization. Furthermore, operational departments conduct independent risk monitoring and assessments, regularly reporting results to management and the Board of directors, with critical risks reported as needed.

Risk Management Organization Chart



Risk Management

F&F aims to cultivate an effective risk management culture throughout the organization. The risk management areas are broadly categorized into ‘Finance, Internal Accounting Management, Disclosure Information Management, Legal, Safety and Health, Business, Environment, Labor, and Human Rights.’ F&F assesses risks by evaluating both the likelihood and the scale of potential impact based on their respective categories.

Risk Area	Type	Management Activities
Finance	Liquidity	Establishing 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 monitoring of exchange rate risks / Managing exchange rate volatility
	Interest rate	Predicting interest expenses due to interest rate fluctuations / Monitoring costs by funding institutions / Appropriate composition and management of fixed and variable interest rates
	Price risk	Monitoring and predicting price increase factors such as raw materials, logistics costs, and labor costs / Maintaining and managing brand value
	Taxes	Managing tax expenditures associated with corporate activities such as corporate tax, value-added tax, etc., and ensuring compliance with tax laws
	Accounting standards	Compliance with International Financial Reporting Standards (K-IFRS) and responding to external audits
Internal Accounting Management	Accounting transparency	Prevention and inspection of factors that undermine the reliability of the preparation and disclosure of accounting information
	Internal processes	Internal control activities / Prevention of incidents and management of corporate credit through the design of control activities
Disclosure Information Management	Shareholder value	Ensuring the rights of information users and enhancing shareholder value through the prevention of insider trading and appropriate information disclosure
	Disclosure criteria	Education and organizational operation to comply with the Capital Markets Act, securities management regulations, etc.
Legal Affairs	Compliance control	Operation of organizations and processes to prevent legal risks related to litigation, contracts, etc.
	Patents and trademarks	Strengthening the competitiveness of patents and trademarks / Preventing infringement of rights
	Personal information protection	Monitoring domestic and international personal information protection policies and complying with related regulations / Maintaining and managing security systems for information protection
Safety and Health	Safety management	Activities to prevent safety incidents through education and inspections / Compliance with the Occupational Safety and Health Act, Serious Accidents Punishment Act, and other relevant laws and regulations
	Fire and disaster	Education on fire and disaster prevention / Raising safety awareness / Building infrastructure to prevent damage
	Employee health	Implementing integrated programs to promote employee health, such as operating health management offices

Risk Area	Types	Management Activities
Business	Domestic and international economy	Establishing a communication system to monitor real-time trends in domestic and overseas business operations
	Consumer trends	Diversifying channels to respond to changes in consumer trends, such as offline, online, mobile consumption, and the increase in single-person households
	Government policies and regulations	Monitoring consumer market policies / Building cooperative labor-management relations / Expanding shared growth with partner companies / Complying with the Fair Trade Act
	Brand value	Establishing response processes for company-wide issues related to production, quality, marketing, distribution, and customers
	Ethical awareness	Providing education to establish ethical awareness among employees / Expressing the commitment to ethical management by executives
Environment	Environmental laws and regulations	Responding to international environmental laws and regulations such as plastic regulations and carbon border taxes
	Climate change	Managing the financial impacts and other risks and opportunities related to climate change
	Water resources	Managing risks related to water use and pollution
	Resource circulation	Establishing processes for the disposal and recycling of waste clothing
Labor / Human Rights Risks	Biodiversity	Monitoring the impact of business operations on biodiversity
	Labor practices	Managing risks related to labor practices such as long working hours, workplace safety and health, freedom of association, collective bargaining rights, and equal pay
	Human rights violations	Monitoring risks of human rights violations such as forced labor, human trafficking, child labor, and discrimination (based on gender, region, employment type, etc.)
	Management of human rights in the supply chain	Implementing human rights risk management programs at the supply chain level



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Risk Management

Types of Risks and Management Activities

✓ **Financial Risks** Financial risk refers to the risk of changes in the fair value of financial instruments due to fluctuations in market prices, affecting future cash flows. Currently, F&F manages three types of market risk factors: exchange rate risk, interest rate risk, and other price risks. Exchange rate risk is the risk that the fair value of financial instruments will fluctuate due to changes in exchange rates. F&F is exposed to exchange rate risk through sales and purchases. Internally, the company manages this risk by regularly monitoring exchange rate fluctuations and managing exchange rate volatility. Interest rate risk refers to potential variations in the fair value or future cash flows of financial instruments due to changes in market interest rates. F&F is exposed to market interest rate fluctuation risks related to variable interest rate borrowings. F&F actively manages interest rate risk to minimize fluctuations in the value of financial instruments resulting from interest rate changes.

✓ **Non-Financial Risks** F&F monitors and identifies a range of non-financial risks, encompassing environmental, safety and health risks, alongside financial risks. Among these, the company places a priority on managing risks associated with labor practices and climate change.

✓ **Emerging Risks** F&F identifies emerging risks that present new threats to the company and is actively preparing strategies to mitigate these risks.

Category	Risk Definition and Description	Potential Business Impact	Risk Response Activities
Global Regulatory Risks for Promoting Circular Economy Transition	Recent years have seen tightening global regulations on product circularity, notably in the EU and the United States, with initiatives like Extended Producer Responsibility (EPR) gaining prominence. The EU has introduced regulations such as the Ecodesign for Sustainable Products Regulation (ESPR) and the Digital Product Passport (DPP), bolstering sustainability standards for market products.	Failure to proactively address the growing regulatory landscape related to the circular economy across various countries could impede market entry into global markets, weakening our position and competitiveness in the global fashion industry. Non-compliance could lead to financial penalties and administrative sanctions.	<ul style="list-style-type: none">• Expansion of recycled material usage• Monitoring international trends in circular economy regulations
Geopolitical Risks	Ongoing conflicts such as the Russia-Ukraine war and escalating tensions in the Middle East have increased global instability, highlighting geopolitical risks.	Persistent geopolitical conflicts may lead to soaring logistics costs along the supply chain and disrupt raw material supply. Experts foresee these geopolitical risks potentially slowing down the global fashion market in regions like China, Europe, and the United States.	<ul style="list-style-type: none">• Strengthening management and collaboration with suppliers• Monitoring geopolitical risks



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Financial Performance

F&F Holdings

Condensed Consolidated Statement of Financial Position

(Unit: KRW million)

Category	53rd period (End of December 2023)	52nd period (End of December 2022)
Current assets	838,491	705,797
Cash and cash equivalents	278,014	146,749
Short-term financial instruments	53,894	60,395
Short-term investment securities	353	8,807
Trade receivables and other current receivables	150,629	170,240
Other current assets	15,206	20,682
Inventories	340,394	298,924
Non-current assets	3,002,034	2,889,321
Long-term financial instruments	654	553
Long-term investment securities	110,478	95,360
Investments in associates	676,411	671,708
Other non-current receivables	23,137	14,014
Investment properties	0	73
Tangible assets	288,421	233,187
Intangible assets	1,788,674	1,813,788
Right-of-use assets	109,564	50,828
Other non-current assets	4,671	6,523
Deferred income tax assets	25	3,288
Total assets	3,840,525	3,595,118
Current liabilities	493,721	582,271
Non-current liabilities	151,747	123,816
Total liabilities	645,468	706,086

Category	53rd period (End of December 2023)	52nd period (End of December 2022)
Capital stock	19,557	19,557
Other capital components	(574,930)	(551,836)
Retained earnings	2,691,263	2,583,177
Non-controlling interests	1,059,166	838,134
Total equity	3,195,056	2,889,032

Condensed Consolidated Statement of Comprehensive Income

(Unit: KRW million)

Category	53rd period (January 1 to December 31, 2023)	52nd period (January 1 to December 31, 2022)
Revenue	1,986,297	1,816,815
Operating profit	514,392	486,232
Net income from continuing operations	393,578	417,456
Income from discontinued operations	25	104
Net income	393,603	417,560
Net income attributable to controlling interest	122,294	132,198
Net income attributable to non-controlling interests	271,309	285,362
Other comprehensive income	2,974	(2,771)
Total comprehensive income	396,577	414,789
Basic earnings per share (KRW)	3,130	3,384
Basic earnings per share from continuing operations (KRW)	3,129	3,381
Number of companies included in consolidation	18	18

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Financial Performance

F&F

Condensed Consolidated Statement of Financial Position

(Unit: KRW million)

Category	3rd period (End of December 2023)	2nd period (End of December 2022)
Current assets	745,614	601,205
Cash and cash equivalents	219,990	101,981
Short-term financial instruments	21,077	16,395
Trade receivables and other current receivables	149,097	165,713
Inventories	341,072	297,478
Other current assets	14,378	19,638
Non-current assets	1,259,484	968,974
Long-term financial instruments	536	434
Long-term investment securities	19,639	8,283
Other non-current receivables	25,299	16,821
Investment in subsidiaries	633,927	635,973
Tangible assets	135,168	77,194
Right-of-use assets	225,390	61,654
Goodwill and intangible assets	177,692	132,876
Defined benefit assets	-	360
Deferred income tax assets	37,267	29,636
Other non-current assets	4,565	5,743
Total assets	2,005,098	1,570,179
Current liabilities	486,850	575,926
Non-current liabilities	200,506	51,081
Total liabilities	687,357	627,007

Category	3rd period (End of December 2023)	2nd period (End of December 2022)
Capital stock	3,831	3,831
Other capital components	298,909	292,287
Retained earnings	987,776	625,362
Non-controlling interests	27,226	21,692
Total equity	1,317,741	943,172

Condensed Consolidated Statement of Comprehensive Income

(Unit: KRW million)

Category	3rd period (January 1 to December 31, 2023)	2nd period (January 1 to December 31, 2022)
Revenue	1,978,496	1,808,895
Operating profit	551,835	524,883
Consolidated net income	425,018	442,665
Net income attributable to controlling interest	425,074	441,758
Net income attributable to non-controlling interests	-56	906
Other comprehensive income	-727	-4,100
Total comprehensive income	424,290	438,564
Earning per share (Unit: KRW)	11,144	11,571
Number of companies included in consolidation	8	8

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Auditor’s Report

To the Shareholders and Board of Directors of F&F Holdings Co., Ltd. and its subsidiaries

Opinion

We have audited the consolidated financial statements of F&F Holdings Co., Ltd. and its subsidiaries (“the Group”), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes, comprising of material accounting policy information and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects in accordance with the applicable financial reporting framework, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with Korean International Financial Reporting Standards (“K-IFRS”).

We also have audited, in accordance with Korean Standards on Auditing (KSAs), the Group’s Internal Control over Financial Reporting (“ICFR”) as of December 31, 2023 based on the criteria established in Conceptual Framework for Designing and Operating Internal Control over Financial Reporting issued by the Operating Committee of Internal Control over Financial Reporting in the Republic of Korea, and our report dated March 20, 2024 expressed an unmodified opinion on the effectiveness of the Group’s internal control over financial reporting.

Basis for Opinion

We conducted our audits in accordance with KSAs. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Republic of Korea, and we have fulfilled our other ethical responsibilities in accordance with 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 as of and for the year ended December 31, 2023. 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.

(1) Testing for impairment of cash-generating units (CGUs) to which goodwill has been allocated

The carrying amount of F&F’s goodwill in the Group’s consolidated statement of financial position is KRW 1,377,945 million, representing approximately 35.9% of total assets. As discussed in Note 16 to the consolidated financial statements, the Group performed an impairment assessment of the CGUs to which goodwill was allocated.

We selected this item as a key audit matter given the significance of the amount of F&F goodwill and the uncertainty of management’s judgment and estimates in estimating the recoverable amount.

Our procedures to address the key audit matters included:

- Understanding the Group’s processes and testing internal controls related to the valuation of goodwill
- Evaluating the qualifications and objectivity of external experts utilized by the Group
- Assessing the appropriateness of valuation models and assumptions used in performing the impairment test
- Testing the accuracy of the underlying data used in the valuation
- Evaluating the reasonableness of key assumptions used in estimating future cash flows, such as sales growth rates and discount rates; and
- Assessing the accuracy of the calculation of goodwill impairment losses.

(2) Cut-off of Retail sales and wholesale

In addition to individual consumers, the Group sells apparel products to wholesale and retailers for the purpose of retail sales (hereinafter referred to as “Retail sales and wholesale”). Compared to individual consumer transactions, regarding Retail sales and wholesale, the Group may be involved in the control of the goods at the transfer, and the revenue is likely to be recognized in an improper period because the Group is unable to reconcile the related revenue with the external system of the distribution channel (department stores, duty-free shops, etc.). Therefore, we selected the cut-off of the Retail sales and wholesale as a key audit matter considering the significance of the Group’s revenue and the possibility of errors in the cut-off of the revenue.

Our procedures to address the key audit matters included:

- Understanding and evaluating the Group’s revenue recognition accounting policies
- Assessing the timing of revenue recognition in sales contracts for each major customer
- Testing documentation for a sample of purchased sales transactions before and after the end of the reporting period



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Other Matter

The consolidated financial statements of the Group for the year ended December 31, 2022 were audited by another auditor who expressed an unmodified opinion on those statements on March 21, 2023.

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

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

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

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with KSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or 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 KSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used in the preparation of the consolidated financial statements and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partner on the audit resulting in this independent auditors' report is Tae-Jun Kim.

152, Teheran-ro, Gangnam-gu, Seoul
(27th floor, Gangnam Finance Center, Yeoksam-dong)
Samjong KPMG CEO Kyo-Tae Kim



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F&F Co., Ltd.

The Shareholders and Board of Directors

Opinion

We have audited the consolidated financial statements of F&F Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the consolidated statements of profit or loss and other 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the Republic of Korea (“K-IFRS”).

Basis for opinion

We conducted our audit in accordance with KSA. Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the 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.

Cut-off of sales transactions with wholesalers and retailers

The Group conducts transactions to sell clothing products not only to individual consumers but also to wholesalers and retailers for the purpose of distributing and selling clothing. Compared to individual consumer transactions, the Group may be involved in the timing of transfer of control of goods, and the revenue may be recognized in an improper period because the Group is unable to reconcile the related revenue with the external system of the distribution channel (department stores, duty-free shops, etc.). Therefore, we selected the cut-off of sales transactions with wholesalers and retailers as a key audit matter, considering the significance of these transactions in the Group’s profits and the possibility of errors in cut-off of sales transactions with wholesalers and retailers.

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

- Understanding and evaluating the Group’s revenue recognition accounting policies
- Review of the timing of revenue recognition in revenue contracts for each major customer
- Analytical procedures for the sales transactions with wholesalers and retailers
- Document inspection through sampling of sales transactions with wholesalers and retailers that occurred before and after the end of the reporting period

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 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 KSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the 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 Hyung-Beom Kim.

111, Yeouido Park-ro, Yeongdeungpo-gu, Seoul
EY Hanyoung Korea
CEO Yong-Geun Park

GRI Index

Statement of use	F&F Group has reported in accordance with the GRI Standards 2021 for the period from January 2023 to December 2023.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(S)	The applicable GRI Sector Standards for textiles and apparel are scheduled to be released in the first quarter of 2026, and as of June 2024, they are not yet available for use.

General Disclosures

Topic	Disclosure	Indicators	Page/Additional information
GRI 2: General Disclosures 2021	2-1	Organizational details	7
	2-2	Entities included in the organization’s sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	39, 41, 50 (indicated in the footnotes)
	2-5	External assurance	98-100
	2-6	Activities, value chain and other business relationships	9-13
	2-7	Employees	49
	2-8	Workers who are not employees	49
	2-9	Governance structure and composition	71-76
	2-10	Nomination and selection of the highest governance body	70, 72-76
	2-11	Chair of the highest governance body	71
	2-12	Role of the highest governance body in overseeing the management of impacts	17

Topic	Disclosure	Indicators	Page/Additional information
GRI 2: General Disclosures 2021	2-13	Delegation of responsibility for managing impacts	17
	2-14	Role of the highest governance body in sustainability reporting	17, 19
	2-15	Conflicts of interest	70
	2-16	Communication of critical concerns	19, 74-75
	2-17	Collective knowledge of the highest governance body	75
	2-18	Evaluation of the performance of the highest governance body	75
	2-19	Remuneration policies	75
	2-20	Process to determine remuneration	75
	2-21	Annual total compensation ratio	Business Report
	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	61, 77
	2-24	Embedding policy commitments	61-62, 77-79
	2-25	Processes to remediate negative impacts	58-62, 64
	2-26	Mechanisms for seeking advice and raising concerns	61-62, 64, 76
	2-27	Compliance with laws and regulations	39, 56, 62, 69, 79
	2-28	Membership associations	67
	2-29	Approach to stakeholder engagement	18
	2-30	Collective bargaining agreements	48

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Material Topics

Topic	Disclosure	Indicators	Page/Additional information
GRI 3: Material Topics 2021	3-1	Process to determine material topics	19
	3-2	List of material topics	20
Brand value enhancement			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 24-27
Sustainable resource circulation			
GRI 3: Material Topics 2021	3-3	Management of material topics	20-22, 32-33, 43-46
GRI 301 : Materials 2016	301-1	Materials used by weight or volume	44
	301-2	Recycled input materials used	39, 43-44
	301-3	Reclaimed products and their packaging materials	44
GRI 306 : Waste 2020	306-2	Management of significant waste-related impacts	43-45
	306-3	Waste generated	45
	306-4	Waste diverted from disposal	45
	306-5	Waste directed to disposal	45
Supply chain management			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 34-35, 63-64
GRI 308 : Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	63
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	64
	414-2	Negative social impacts in the supply chain and actions taken	63-64

Topic	Disclosure	Indicators	Page/Additional information
Digital transformation			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 28-31
Sustainable business model development			
GRI 3: Material Topics 2021	3-3	Management of material topics	16, 20
Customer satisfaction management			
GRI 3: Material Topics 2021	3-3	Management of material topics	20-21, 58-60
Climate change mitigation and adaptation			
GRI 3: Material Topics 2021	3-3	Management of material topics	20-22, 40-42, 95
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	95
GRI 302: Energy 2016	302-1	Energy consumption within the organization	42
	302-2	Energy consumption outside of the organization	41
	302-3	Energy intensity	42
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	41
	305-2	Energy indirect (Scope 2) GHG emissions	41
	305-3	Other indirect (Scope 3) GHG emissions	41
	305-4	GHG emissions intensity	41
	305-5	Reduction of GHG emissions	41



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Topic	Disclosure	Indicators	Page/Additional information
Organizational culture improvement and talent growth			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 48-53
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	50
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	52-53
	401-3	Parental leave	53
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	53
	404-2	Programs for upgrading employee skills and transition assistance programs	53
	404-3	Percentage of employees receiving regular performance and career development reviews	51
Ethics and compliance			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 77-79
GRI 205 : Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	78
	205-3	Confirmed incidents of corruption and actions taken	79
GRI 206 : Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	79
Data privacy and information security			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 68-69
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	69
Minimizing product environmental footprint			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 43-46
GRI 303 : Water and Effluents 2018	303-1	Interactions with water as a shared resource	45-46
	303-3	Water withdrawal	46
	303-4	Water discharge	46
	303-5	Water consumption	46

Topic	Disclosure	Indicators	Page/Additional information
GRI 304 : Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas ad areas of high biodiversity value outside protected areas	47
	304-2	Significant impacts of activities, products and services on biodiversity	47
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	47
Governance transparency			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 70-76
Expanding diversity and inclusion			
GRI 3: Material Topics 2021	3-3	Management of material topics	20, 49-51, 70-73, 79
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	49, 70-73
	405-2	Ratio of basic salary and remuneration of women to men	51
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	79

Other Topics

Topic	Disclosure	Indicators	Page/Additional information
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	54
	403-2	Hazard identification, risk assessment, and incident investigation	55
	403-4	Worker participation, consultation, and communication on occupational health and safety	55
	403-5	Worker training on occupational health and safety	57
	403-6	Promotion of worker health	52, 57
	403-8	Workers covered by an occupational health and safety management system	54-55
	403-9	Work-related injuries	56

Appendix

UNGC

Since joining the United Nations Global Compact (UNGC) in 2022, F&F has been integrating the UNGC’s Ten Principles into its business operations and management strategies. Our commitment to following the Ten Principles, which cover human rights, labor, environment, and anti-corruption, remains strong as we strive to become a socially responsible fashion company.

Category	Ten Principles	Activities and Progress	Reporting Page
Human Rights	Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and	Joined and declared UNGC, established human rights policy	61-62
	Principle 2: make sure that they are not complicit in human rights abuses.	Operated grievance handling system and workplace harassment reporting system, conducted employee human rights training	
Labour	Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;	Established human rights policy, held labor-management council	48, 61-62
	Principle 4: the elimination of all forms of forced and compulsory labour;	Established human rights policy	
	Principle 5: the effective abolition of child labour; and	Established human rights policy	
	Principle 6: the elimination of discrimination in respect of employment and occupation.	Established human rights policy, declared prohibition of sexual harassment and workplace bullying	
Environment	Principle 7: Businesses should support a precautionary approach to environmental challenges;	Environmental policy, declared prohibition of deforestation, declared biodiversity conservation	37, 47
	Principle 8: undertake initiatives to promote greater environmental responsibility; and	Established and implemented environmental policy	37-39
	Principle 9: encourage the development and diffusion of environmentally friendly technologies.	Expanded support for eco-friendly activities	
Anti-Corruption	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	Established Codes of Conduct for employees	77

UN SDGs

F&F supports the Sustainable Development Goals (SDGs) adopted at the UN General Assembly in 2015 to create a sustainable society and global environment and is carrying out various activities to implement the 17 SDGs. F&F prioritizes and manages 12 of the 17 goals that closely resonate with our business, categorizing them into core and related objectives. To achieve the UN SDGs by 2030, we will adopt the SDGs as a core value of our corporate management and integrate them into our business objectives and activities, contributing to the achievement of these goals.

Category	SDGs	Activities and Progress	Reporting Page
Core	 	Social contribution activities for vulnerable and marginalized groups, employee volunteer activities	65-67
		Provision of an effective learning environment	65-66
		Dissemination of local cultures, sustainable job creation	50
		Gender equality in hiring and personnel systems, child-rearing support	48-53
Related	 	Environmental policy	37-47
	  	Giving back to local communities, partnerships with welfare organizations	65-67
		Advertising & Marketing Ethics Policy	58
		Consumer protection and privacy policy	58-60, 68-69

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F&F discloses its approach to governance, strategy, risk management, metrics and targets for addressing climate change, following the guidelines of the Task Force on Climate-related Financial Disclosures (TCFD).

TCFD Recommendations	F&F Response
Governance	
a) Describe the board’s oversight of climate-related risks and opportunities	At F&F, the Board of Directors holds ultimate responsibility for decisions concerning climate change. We incorporate and oversee our internal risk management system to address both challenges and opportunities related to climate issues, reporting identified concerns to the Board. In 2022, F&F established an ESG Committee under the Board of Directors to enhance the Board’s oversight and responsibilities in managing ESG matters, including climate change. The ESG Committee conducts annual reviews and resolves issues pertaining to climate change.
b) Describe management’s role in assessing and managing climate-related risks and opportunities	F&F’s leadership is enhancing its framework to promptly address business challenges and opportunities associated with climate change. As the CEO is ultimately responsible for environmental management, CEO oversees and directs initiatives reviewed and executed by the ESG Working Council and the dedicated departments.
Strategy	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	To assess the business impacts of climate change, F&F has conducted analyses on both physical and transition risks. Using MAGICC modeling, we’ve projected scenarios under different greenhouse gas reduction policies (RCP2.6, SSP1-2.6) and continued emission trends (RCP8.5, SSP5-8.5). Through peer group analysis, we’ve identified key issues, evaluated the financial implications of these risks and opportunities, and assessed their impact over various timeframes (long, medium, short-term). F&F evaluates climate change risks and opportunities as follows:
b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	<p>Climate change risk factors</p> <p><u>Transition Risks</u></p> <ul style="list-style-type: none">Regulatory Risk (Mid- to Long-term): F&F currently operates outside of greenhouse gas emissions trading systems but anticipates potential inclusion in the future. We estimate financial risks by applying current emission permit prices to projected greenhouse gas emissions.Reputation Risk (Short- to Long-term): Growing corporate and individual customer expectations regarding climate change may impact future purchasing decisions. To address this, we assess the financial risk by factoring in the the social costs associated with greenhouse gas emissions. <p><u>Physical Risks</u></p> <ul style="list-style-type: none">Chronic Risks: F&F has utilized RCP2.6 and RCP8.5 scenario modeling to forecast annual typhoon frequencies and assess potential financial impacts. <p><u>Opportunities</u></p> <ul style="list-style-type: none">Market Opportunity Factors (Short- to Long-term): F&F aims to reduce waste generation to minimize environmental impact. Through the reduction of waste emissions, decreased incineration and landfill usage, and enhanced recycling rates, F&F anticipates financial opportunities by lowering waste treatment expenses. <p><u>F&F’s Response and Plan</u></p> <ul style="list-style-type: none">F&F actively monitors domestic and international climate policies. Over the mid to long-term, we’ve established goals to reduce greenhouse gas and waste emissions. Our strategy includes transitioning to a circular economy, enhancing eco-friendly product offerings through sustainable material sourcing, design improvements, and procurement practices. Additionally, we plan to increase the use of sustainable materials, improve eco-friendly packaging, promote product recycling, and expand sales of environmentally friendly products.
c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	F&F conducted scenario analyses to assess the tangible business risks of climate change. This included examining scenarios with substantial greenhouse gas reduction policies (RCP2.6, SSP1-2.6) alongside those reflecting current emission trends (RCP8.5, SSP5-8.5). To pinpoint transition risks, we referenced the IEA NZE 2050 and national greenhouse gas reduction targets (Nationally Determined Contributions, NDC). Using this analysis, we prioritized the financial impact and likelihood of both risks and opportunities.



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TCFD Recommendations	F&F Response
Risk Management	
a) Describe the organization’s processes for identifying and assessing climate-related risks	F&F systematically identifies and assesses physical and transition risks associated with climate change in collaboration with dedicated departments such as ESG, environmental, and risk management, integrating them into our internal risk management system. Through risk identification and financial impact analysis, we incorporate these insights into our management strategy and are pursuing ISO 14001 certification for our environmental management system.
b) Describe the organization’s processes for managing climate-related risks	To effectively manage these risks, F&F’s ESG and environmental departments establish management indicators and KPIs for each risk category. These indicators guide our efforts in mitigating climate change risks.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	F&F communicates identified climate change risks, along with their assessments, to the CEO and the ESG Committee. The committee oversees and monitors the implementation of strategies and plans to address these risks from an enterprise-wide perspective.
Metrics and Targets	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	F&F maintains its own inventory to monitor greenhouse gas emissions. This inventory tracks company-wide greenhouse gas emissions, waste emissions (including unit intensity), energy consumption, and energy-saving initiatives.
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	Based on the assets of F&F Holdings and F&F, the total greenhouse gas emissions in 2023 amounted to 4,638.9tCO ₂ eq. <ul style="list-style-type: none">• Scope 1: 438.8tCO₂eq• Scope 2: 3,455.0tCO₂eq• Scope 3: 745.1tCO₂eq
c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	Since 2020, F&F has established and managed greenhouse gas emission reduction targets spanning different time periods (short-term, mid-term, long-term). Using 2020 as a benchmark, the company aims to achieve a reduction of more than 50% by 2040. Regarding waste emissions, F&F has set mid-term reduction targets: reducing emissions by more than 25% by 2030, more than 50% by 2040, and more than 14% by 2030, all relative to 2020 levels. Furthermore, F&F intends to create key performance indicators (KPIs) to monitor these achievements, driven by forthcoming improvements in policies and systems.

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SASB

According to SASB Industry Standards, we have disclosed metrics relevant to the Apparel, Accessories & Footwear industry sector in this report and on our website.

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Topic	Metric	Unit	Code	F&F Response
Management of Chemicals in Products	Discussion of processes to maintain compliance with restricted substances regulations	n/a	CG-AA-250a.1	F&F has implemented a procurement system that prohibits the purchase of restricted materials and promotes the use of environmentally friendly raw materials. Related information is disclosed in the Safety and Health Management Policy section on our website.
	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	n/a	CG-AA-250a.2	F&F is discussing processes to manage risks related to chemicals in products. The details are available in the Safety and Health Management Policy section on our website.
Environmental Impacts in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements	%	CG-AA-430a.1	n/a
	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition’s Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	CG-AA-430a.2	n/a
Labor Conditions in the Supply Chain	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	CG-AA-430b.1	n/a
	(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers’ labour code of conduct audits	%	CG-AA-430b.2	n/a
	Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	n/a	CG-AA-430b.3	F&F takes responsibility for environmental, labor, and safety standards across its network of suppliers to establish a sustainable supply chain environment. Relevant details are disclosed in this report on pages 63-64.
Raw Materials Sourcing	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	n/a	CG-AA-440a.3	n/a
	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	ton	CG-AA-440a.4	n/a
Activity Metrics	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Number	CG-AA-000.A	The relevant information is disclosed on page 64 of this report.

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To: The Stakeholders of F&F Group.

Overview

The British Standards Institution (hereinafter referred to as the “Assurer”) was requested to verify the F&F Group’s 2024 Sustainability Report (hereinafter referred to as the “Report”). The Assurer is independent to and has no major operational financial interest other than the assurance of the Report.

This assurance opinion statement is intended to provide information related to the assurance of the F&F Group’s report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the F&F Group. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

F&F Group is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to F&F Group only.

The Assurer is responsible for providing F&F Group’s management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of F&F Group. The Assurer will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with F&F Group includes the following:

- Report contents during the period from January 1st to December 31st 2023 included in the Report, some data of 2024 are included.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.

- Confirmation of the Report’s compliance with the AA1000 Accountability Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

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

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

Assurance Level and Type

The assurance level and type are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by F&F Group.

[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]

201-2, 205-2&3, 206-1, 301-1~3, 302-1~3, 303-1,3,4&5, 304-1,2&4, 305-1~5, 306-2~5, 308-2, 401-1~3, 403-1,2,4,5,6,8&9, 404-1~3, 405-1&2, 406-1, 414-1&2, 418-1



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Methodology

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

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of F&F Group’s reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018).
- Visit of the HQ of F&F Group to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by F&F Group. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. 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 an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group’s assurance standard methodology.

Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain F&F Group’s approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards.

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. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out as below.

Inclusivity: Stakeholder Engagement and Opinion

F&F Group has selected shareholders and investors, employees, customers, partner companies, local community and NGOs, etc. as key stakeholders. F&F Group operate communication channels for each stakeholder and gather various opinions and expectations of key stakeholder groups through the stakeholder participation process. The main issues derived are reflected in decisions related to sustainability, and this process is disclosed through reports.

Materiality: Identification and reporting of material sustainability topics

F&F Group has established strategies related to sustainable management and built a process to identify and report issues. Based on the results of internal and external management environment analysis, benchmarking, and ESG evaluation and guideline analysis (GRI Standards, SASB, MSCI, S&P Global CSA, IFRS, etc.), along with reviews of management strategy relevance and corporate uniqueness, the F&F Group considered both environmental-social importance (Impact materiality assessment) and financial importance (Financial materiality assessment) evaluations. Through this dual materiality assessment, they selected 13 material issues and disclosed them in the report.



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ESG Overview

Focus on Sustainable Future

ESG Fact Book

Appendix

Financial Performance

Auditor's Report

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UNGC/UN SDGs

TCFD

SASB

Third-Party Assurance Statement

Third-Party Assurance Statement

Responsiveness: Responding to material sustainability topics and related impacts

F&F Group has reported its key issues in connection with business strategies for the creation of sustainable business value. F&F Group is disclosing through reports the response results, including understanding the issues and importance based on the results of the dual severity assessment, business strategies, goals, and implementation status for major risks, policy, task performance status, activity results, and improvements.

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

F&F Group has established a process to understand and evaluate the impact on organizations and stakeholders related to core issues. The results of the analysis of the impact, risks, and opportunities of core issues are used in decision-making for the establishment of response strategies for each issue, and this disclose this process through reports.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, an assurance Type 2 were conducted against the following disclosurers based on the information and data provided by F&F Group. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the Report were not found through assurance processes. The F&F Group manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance.

Errors and unclear expressions found during the assurance process were corrected and the Assurer confirmed the final version of the Report prior to its final publication.

- GRI Topic standards: 302-1, 303-3&5, 305-1~3, 306-3~5, 403-9, 405-2

Recommendations and Opportunity for improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion;

- F&F Group's report covers various topics, considering stakeholders' issues and sustainability. However, to more clearly reflect the social concerns of the fashion industry, it is necessary to

strengthen stakeholder participation and issue selection criteria. Incorporating sustainable issues identified by stakeholders into management strategy plays an important role in promoting F&F Group's sustainable management and achieving its goals. Therefore, it is recommended to enhance communication with stakeholders and actively incorporate their opinions into governance and management strategies.

- The F&F Group recognizes the preservation and maintenance of biodiversity as an important task for sustainable development. Accordingly, the F&F Group announced the Biodiversity Conservation Declaration in 2023 and included the assessment results on dependency and impact in the report. Based on these assessment results, it is recommended to report long-term response and improvement strategies for major risks as well.
- The F&F Group has established a "Global Supply Chain Management Process" and written a report on the ESG evaluation of the supply chain. By reporting the results of the ESG evaluation of the supply chain, including major issues and improvement measures, the responsiveness to supply chain ESG can be improved.

GRI-reporting

F&F Group has self-declared compliance with GRI Standards. Based on the data and information provided by F&F Group, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 17/06/2024

For and on behalf of British Standards Institution (BSI):

BSI representative

Sang-Woo Nam, Lead Assurer

Seong-Hwan Lim, Managing Director of BSI Korea



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