

# HANSSEM SUSTAINABILITY REPORT 2025



# About This Report

## Report Overview

This report is the sixth Sustainability Management Report published by Hanssem Co, Ltd. It has been prepared to transparently share our sustainability direction and achievements with stakeholders, and to foster open and active communication based on this information. The report is published in both Korean and English, and we will continue to actively collect and reflect stakeholder feedback in our sustainability activities.

## Reporting Scope

The financial data in this report is consistent with the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS). The non-financial data includes that from Hanssem's headquarters and domestic business sites. As for the parts where the reporting scope is different, we provided a specific scope in the report.

## Reporting Period

This report covers Hanssem's sustainability management activities and performance from January 1, 2024, to December 31, 2024. To enhance comparability, quantitative performance data from 2022 to 2024 is provided. In addition, certain key achievements include data from the first half of 2025, taking into account the timing of publication.

## Reporting Cycle

Annually  
(last report published: June 2024)

## Reporting Principles and Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards, the international guidelines for sustainability reporting. It also reflects the Sustainability Accounting Standards Board (SASB) indicators to disclose activities according to key issues relevant to our industry's characteristics. The report also reflects global disclosure guidelines and principles, including the United Nations Sustainable Development Goals (SDGs), the Ten Principles of the United Nations Global Compact (UNGC), the Task Force on Climate-related Financial Disclosures (TCFD), and the European Sustainability Reporting Standards (ESRS).

## Third-Party Assurance

To ensure the reliability and fairness of the preparation process and the disclosed information, this report has been subjected to third-party assurance by an independent external professional organization that has no conflict of interest with Hanssem. The results of the assurance can be found in the Third Party Assurance Statement (pages 119-120) in the report.

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# CEO Message

Dear valued shareholders, customers, partner companies, employees, and community stakeholders, Warm greetings. I would like to express my sincere gratitude for your continued interest in and support for Hanssem.

In 2025, we are standing at a major turning point in corporate management. The global economy is more uncertain than ever, the climate crisis is intensifying, and ESG regulations and demands on companies are rapidly tightening. Amid these changing and adverse external conditions, Hanssem is committed to achieving sustainable growth and driving innovation as we prepare for the future.

Despite the challenging market environment last year, Hanssem strengthened its competitiveness in core business areas and laid the foundation for growth. In 2025, we will strive to enhance customer value by innovating our products and processes, as well as fulfilling our corporate social responsibility in line with the increasing demands for ESG management.

**First, we are strengthening specific actions to achieve the 2050 net-zero goal from a long-term perspective and to reduce greenhouse gas emissions from short- and medium-term perspectives.**

Hanssem plans to reduce carbon emissions across its manufacturing processes, continuously expand the use of renewable energy, and increase investment in product development using sustainable materials. We will also refine our net-zero roadmap to achieve sustainability in line with global standards.

**Second, we are promoting projects for resource circulation and biodiversity conservation.**

Given the high use of wood in our business, we are expanding our efforts to protect biodiversity through "Forest Conservation Project". In 2024, we launched a project to develop seed-production forests of nectar sources to provide food for bees, and we will continue to plant and nurture trees under a long-term plan spanning more than five years to create an environment where people and nature can coexist.

**Third, we are committed to improving our human rights management.**

As part of our human rights management system to identify and respond to human rights risks that may arise inside and outside us, we conduct human rights impact assessments, and we operate a grievance resolution channel to promptly identify and resolve human rights issues. We also uphold the Declaration on Human Rights Labor Management to work to ensure that the rights of various stakeholders are respected.

**Fourth, we are pursuing mutual growth with our partners.** In addition to financial support such as the Win-win Fund for partner companies, we also operate a variety of non-financial programs, including support for technology document escrow fees, ESG consulting, recruitment support, and family scholarships. Through these activities, we became the first furniture manufacturer in South Korea to receive the "Excellence" rating in the Fair Trade Agreement Implementation Evaluation, and we will continue to review and advance the level of mutual growth with our partners.

Dear Stakeholders,  
As a leading company in the Korean home interior market, Hanssem embraces its mission with a strong sense of responsibility and is committed to spearheading ESG management at a global standard. Global ESG guidelines, such as the European Union's Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD), strengthen management and regulatory standards for corporate transparency and accountability, but for Hanssem, it is an opportunity, not an obligation, and a long-term competitive advantage, not a short-term strategy. Hanssem will deliver environmental and social value and demonstrate financial performance through transparent and responsible management in order to create a sustainable future. We sincerely ask for your continued interest and support toward Hanssem.

Thank you.

June 2025  
Representative Executive Officer  
Kim Eugene



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# BUSINESS REVIEW

Hanssem connects every space in life and introduces new lifestyles.

What began as a challenge in the kitchen has grown into a total home interior company that encompasses the entire living space—from the living room and bedroom to the bathroom. Through design, quality, distribution, and service optimized for each customer's lifestyle, we offer not just products and spaces, but experiences. Hanssem is building a sustainable future based on unique brand competitiveness, data-driven operational innovation, shared growth with partners, and a people-centered organizational culture.

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# About Hanssem

Founded in 1970 as a kitchen furniture business, Hanssem has grown over the past 50 years into a total home interior company that has led the transformation of residential spaces in Korea. Hanssem offers a wide range of products, including furniture, home appliances, accessories, and building materials for every space in the home, to kitchens, bathrooms, bedrooms, and living rooms. We have recently expanded our building material business into the areas of windows and floor materials to become a global brand beyond South Korea. We also add true space value to our customers' daily lives through comprehensive interior solutions that cover the entire life cycle from planning, design, construction, and follow-up management. Moving forward, we will continue to grow into a company trusted by all by providing unique and sustainable spaces that fit our customers' lifestyles and strengthening ESG management based on our world-class design capabilities and quality.

Mission  
 Create a standard of space for a better life to add value to everyone's daily life

Hanssem's Work Principles

- 1 We work the right way
- 2 The direction of thought is toward customers
- 3 Think hard and execute relentlessly
- 4 Make big decisions carefully, small decisions quickly
- 5 Collaborate without boundaries toward a common goal
- 6 Communicate and share until it's enough for the other person
- 7 Praise makes people grow and Encouragement makes people challenge
- 8 Respect and authority come from competence
- 9 Always strive for excellence

Company Overview

Company Name	Founded in
Hanssem Co. Ltd	September 1970
CEO	HQ Address
Kim Eugene	144, Beonnyeong 2-Ro, Danwon-Gu, Ansan-si
Main Business	ESG Rating <sup>1)</sup>
Total home interior	A <small>1) 2024 Korea ESG Standards Institute (KCGS) Overall Rating</small>
Financial Performance	No. of Employees
Sales KRW 1.9084trillion	2,042
Operating Income KRW 31.2billion	

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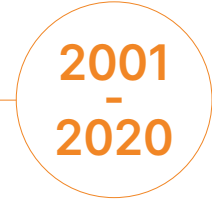
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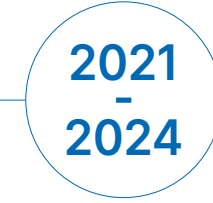
## Company History



- Sep. 1970 Established Hanssem Co. Ltd.
- Sep. 1976 Completed the construction of Suam Plant (Plant 1) in Siheung, Gyeonggi-do Launched "Royal", South Korea's first cabinet style block kitchen
- Jul. 1977 Started exporting kitchen furniture for the first time in South Korea (to USA)
- Dec. 1983 Exports exceeded US\$10 million, and annual sales reached KRW 10 billion
- Nov. 1989 Introduced free kitchen design service and developed HANCAD Secured the No. 1 kitchen furniture market share in South Korea
- Jul. 1990 Established Hanssem Design Research Center
- Apr. 1991 Established a local subsidiary in Japan
- Oct. 1992 Completed the construction of Ansan Sihwa Plant (Plant 3) and won the Korean Architecture Award
- Mar. 1996 Established a local subsidiary in China
- Jan. 1997 Entered the home decor business in full scale



- Jul. 2002 Listed on the Korea Stock Exchange (KOSPI)
- Jan. 2006 Launched premium kitchen furniture brand "KITCHENBACH"
- Feb. 2008 Opened "Hanssem Mall", a vertical portal specializing in home decor
- Sep. 2013 Completed the construction of Oido Logistics Center (Plant 5)
- Dec. 2013 Reached KRW 1 trillion in sales (based on K-IFRS)
- Sep. 2014 Officially sponsored the 2014 Incheon Asian Games for the furniture sector
- Jan. 2018 Signed an official sponsorship agreement with the 2018 Pyeongchang Winter Olympics for the furniture sector
- May 2019 Reorganized and opened the Living Environment Technology R&D Center (organizational structure, functions, facilities)
- Jul. 2020 The Living Environment Technology R&D Center obtained KOLAS accreditation
- Aug. 2020 Started periodic publication of Hanssem Sustainability Report
- Sep. 2020 Declared the vision at the 50th anniversary



- May 2021 Established six sub-committees within the Board of Directors
- Jul 2022 Signed a business agreement for the "2020 Indoor Environment Improvement for Vulnerable Populations" program
- Aug. 2022 Joined the United Nations Global Compact (UNGC)
- Dec. 2022 Won the Minister of Trade, Industry and Energy Award for "2022 Meritorious Sustainability Management"
- Feb. 2023 Officially launched the Integrated Hanssem Mall, an integrated platform for Hanssem.com and Hanssem Mall
- Dec. 2023 Won the Korea Fair Trade Commissioner's Commendation Award (For establishing an order for fair trade and contributing to a culture of win-win cooperation)
- Jan. 2024 Voluntarily signed an agreement for Mattress Collection & Recycling, a program run by the Ministry of Environment
- Feb. 2024 Unveiled Hanssem's new brand identity (BI)
- Aug. 2024 Revised the company's mission and work principles
- Oct. 2024 Received "Excellent" rating for the 5th consecutive year in the Shared Growth Index Evaluation conducted by the Korea Commission for Corporate Partnership
- Dec. 2024 Won the best award for the second consecutive year in the Fair Trade Agreement Implementation Evaluation

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# Our Business

## Business Objectives

In 2024, Hanssem defined its corporate mission and principles of work: "Setting the standard for spaces that enable better lives, adding value to everyday living." Based on this mission, we are pursuing sustainable growth by strengthening core businesses that enhance customer value and improving operational efficiency. In 2025, Hanssem is focusing on five strategic agendas under the initiative ADORE. Looking ahead, Hanssem plans to continue strengthening a sustainable business foundation by achieving a balanced approach to profitability and growth.

<b>A</b>	<b>Affordability by Value</b>	We will provide differentiated customer experience by improving the quality of service at every customer touchpoint, from product development to marketing, sales, construction, and customer service, while strengthening product lines that provide unique and distinctive value. Ultimately, we believe we can take a leap to become a brand preferred by consumers.
<b>D</b>	<b>Data-Driven Problem Solving</b>	Just as one needs a map when traveling, data is an important guide in corporate strategy. By establishing a data-based problem-solving system, we will manage data accurately and timely and respond to market changes proactively.
<b>O</b>	<b>Open Partnership</b>	In order to adapt to the rapidly changing market, we will actively pursue collaborations in various areas such as channels, products, and marketing. This will strengthen our differentiated competitiveness and lead to sustainable growth through synergy with our partners.
<b>R</b>	<b>Reinforce Responsibilities and Rewards</b>	Employees performing at their best and collaborating for organizational performance is an essential condition for the company's survival and growth. Recognizing this, we will provide an environment within Hanssem where our employees can grow into the best in the industry.
<b>E</b>	<b>Effective and Efficient Work Practices</b>	Hanssem intends to respond quickly to market changes by establishing an effective and efficient work system. Various companies, ranging from subsidiaries of large companies to startups, are competing fiercely in the market we operate in. Therefore, we will respond quickly to the changing market environment through an efficient work system and active communication.

## Business Portfolio

Hanssem offers a total home interior solution that encompasses the entire living space, from furniture and household goods to remodeling and B2B interior services. Through our distribution channels linking online and offline stores (O2O) and capabilities for providing customizable designs, we offer spaces optimized for the various lifestyles of customers. We continue to expand customer experience and touchpoints through our O2O strategy, which integrates our dealerships/sales agencies focusing on Rehaus and links Design Park stores and our online platform.

### Major Business Categories

<b>Kitchen/Building Materials</b>	<b>Interior Furniture</b>	<b>B2B</b>
Kitchens, bathrooms, windows, flooring, doors, appliances, lighting, etc.	Beds, mattresses, built-ins closets, portable closets, dressing rooms, dressing tables, chests of drawers, sofas, living room cabinets, dining tables, chairs, desks, bookcases, small furniture, home accessories, fabrics, etc.	Special Sales to Construction Companies, Materials Sales

### Main Distribution Channels

<b>Rehaus/Home Furnishing</b>		<b>B2B</b>
<b>Offline</b>	Directly Operated Stores, Dealerships/Sales Agencies, Partner Resellers	Special Sales to Construction Companies, Materials Sales
<b>Online</b>	Hanssem Mall, Partner Malls	
<b>Others</b>	Home Shopping	

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# Our Business

## Rehaus Business Division

Based on an Integrated Service Covering Design, Construction, and Customer Support, We Provide Customers with Healthy and Comfortable Living Spaces.



Hanssem Rehaus, the business that brought Hanssem into existence, has been making meaningful changes in customers' lives by modernizing outdated kitchens. As a result, Rehaus has held the number one market share in the kitchen furniture sector since 1986. Since 2016, it has expanded its business to include other home improvement areas, such as bathrooms, windows, and floor materials, to build an interior value chain that covers everything from design to construction. Through 41 large showrooms nationwide and a team of over 2,000 professional sales staff, Hanssem provides customized consultation and design services tailored to customers. Each year, approximately 500 new employees are recruited and trained through the RD Academy and on-the-job training (OJT) programs to rapidly develop them into professional Rehaus designers.

Additionally, Rehaus operates a B2B reseller business to distribute furniture and building materials for kitchens, bathrooms, and storage through partnerships with interior companies across the country. One hundred

TRs (Territory Representative) under the headquarters are responsible for expanding the distribution network and supplying products.

Hanssem Service is an interior firm with a construction license and has over 2,700 construction professionals. It provides integrated services, including design, construction, and customer service. The headquarters guarantees quality, and customer service experts quickly respond to customer inconveniences arising after construction in order to increase customer satisfaction.

Currently, Rehaus provides counseling and product experience opportunities to approximately 20,000 customers every month, continuously introducing new products that have been verified for design and quality, and proposing healthy and comfortable living spaces. Leveraging over 50 years of accumulated expertise and trust, Hanssem Rehaus will continue to strengthen its position as Korea's leading interior company and pursue sustainable growth.



Rehaus Division Sales (Unit: KRW 100 million)



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# Our Business

## Home Furnishing Division

We Provide Consistent Buying Experiences and Premium Home Furnishings Solutions based on a Customer-Centric Distribution Transformation that Spans Online and Offline.



Hanssem's Home Furnishing Division launched in 1997 as the Interior Division. Since achieving the number one market share in the home furniture segment in 2001, it has led the market and held the number one spot on the National Brand Competitiveness Index (NBCI) for 17 consecutive years. In 2023, the offline and online business divisions were merged, and in 2024, a sales system called 'Home Furnishing Solution' was introduced by unifying its online and offline products and benefits. This system provides customers with a consistent exploration and purchasing experience across channels, expanding our share in the online and offline markets. The Home Furnishing Division operates based on differentiated product competitiveness and a solid distribution infrastructure, including directly operated stores, dealers/sales agencies, and partner malls. The Home Furnishing Division will continue to strengthen its dominant leadership in the home furnishings market by maximizing synergies between channels based on its online and offline distribution competitiveness.



### Directly Operated Store Business

- The first Bangbae store opened in 1997, and 15 stores are currently in operation as of 2024
- The new Suwon Starfield store opened in 2024, strengthening proposals for spaces based on customer preferences.
- The Nonhyeon store will be renovated in 2025 and redesigned to reflect the brand identity.
- Expanded brand exposure in densely populated shopping areas through the "Shop-in-Mall" strategy.

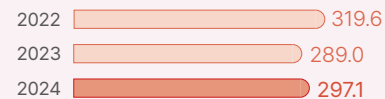
### Dealership/Sales Agency Business

- Since 2016, the large standard store strategy has been implemented to target major shopping areas and promote shared growth
- Internalized the space proposal capabilities of agency staff through regular training sessions
- Increased the number of 150 pyeong stores in small and medium-sized cities with populations of 300,000 or more since 2024

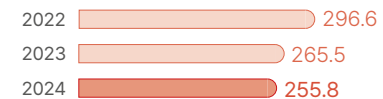
### Online Business

- Launched the "Hanssem Mall" in 2008, securing the foundation with the success of exclusively sold products such as the Sam Bookcase and Sam Kids
- Expanded the product portfolio to include high-priced products, such as electric recliners and built-in closets
- Introduced the "Self Planner" in 2023 to strengthen customized design services
- Launched an upgraded, customer-centered Hanssem Mall app in 2024 to enhance the non-face-to-face shopping experience

Offline Sales (Unit: KRW 100 million)



Online Sales (Unit: KRW 100 million)



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# Our Business

## B2B (Project Sales Division)

We Provide a Premium Solution Trusted by Reconstruction Associations and Homebuyers alike, Offering Quality and Service that Exceeds Imported Products.

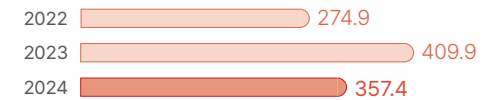


The Special Sales Division focuses on the construction, remodeling, reconstruction, and redevelopment of large-scale apartment buildings. It supplies kitchen and storage furniture, related appliances, and interior building materials to blue-chip construction companies, which are its main customers. Recently, the Division has expanded its B2B items to include office furniture. Expanding its business area to cover the entire interior market. In the bidding market, the division continues to increase its market share by offering differentiated products, construction quality, and customer service as its competitive edge. In particular, Hanssem's premium products are offered to reconstruction and redevelopment associations, offering quality and service that surpass imported products for both construction companies and end consumers (homebuyers).

By incorporating customer feedback, the division continues to enhance and diversify its premium B2B product lineup to strengthen product competitiveness. In response to volatility in the new home sales market, we are expanding our price points and product mix by offering packages consisting of premium countertops, system furniture, hardwood flooring, and hoods to existing B2B customers. We are also expanding our interface points with new blue-chip B2B customers based on our stable logistics system and quality, and diversifying our B2B customer base to expand our market share.

Starting in 2025, Hanssem plans to make a full-scale entry into the office furniture market, leveraging the expertise accumulated in the home furniture business. By collaborating with the R&D department, we will develop product lines optimized for office spaces and actively target key customers in the office market. Through diversifying sales channels, Hanssem aims to reduce its reliance on the residential market and establish a sustainable growth foundation. Moving forward, Hanssem will continue to build a virtuous cycle in the B2B market based on differentiated quality and capabilities for pioneering future markets.

B2B Sales (Unit: KRW 100 million)



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# Our Business

## Hanssem Nexus

Through Premium Products Designed by World-Class Designers, We Offer Living Spaces Optimized for Customers' Lifestyle.



Hanssem Nexus has been a leader in Korea's premium interior market for over 30 years, guided by its mission to "deliver high-quality living spaces to customers through the world's best products and services," and its vision to "become the leader in Korea's luxury high-end home interior market." We have expanded our global brand portfolio to meet the needs of customers ranging from high-end to masstige, and secured domestic distribution rights through exclusive agreements with high-end furniture, kitchen, and building materials brands, such as Molteni&C and Molteni&C Kitchen in Italy, Nolte in Germany, Gessi in Italy, and Scheucher in Austria. Building on this foundation, we introduce and supply premium products designed by world-class designers in South Korea.

In 2019, we invested approximately KRW 50 billion to open the Nexus flagship store in Nonhyeon-dong, Seoul. The store has two basement floors and six ground floors with a total floor area of 1,000 pyeong.

This has enhanced our brand position in the high-end home decor market by providing differentiated space experiences and customized solutions to high-end customers, interior professionals, and B2B customers.

Hanssem Nexus comprises B2B Special Sales and B2C Retail businesses. The B2B division has developers, reconstruction associations, and interior construction companies as main customers and supplies kitchen and storage furniture and building materials for large-scale residential projects, such as apartment and office buildings. The B2C division offers diverse premium products, such as furniture, kitchens, fabrics, lighting, and bathrooms, to high-end customers. It also provides integrated curation services to help customers design living spaces optimized for their lifestyles. Hanssem Nexus will continue to strengthen its position in the premium home decor market based on its differentiated brand portfolio and spatial expertise.



Hanssem Nexus Sales (Unit: KRW 100 million)



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# BUSINESS FUNDAMENTAL

Hanssem's approach to sustainable management is grounded in a solid management foundation.

We are building an ESG-centered management environment through transparent and independent board operations, an internal control system that ensures ethical accountability, and an integrated risk management system that strengthens responsiveness to change. Hanssem strives for balanced decision-making based on expertise and objectivity across all areas, laying the groundwork not only for short-term performance but also for long-term sustainability and the fulfillment of corporate social responsibility.

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# Governance

## Board Composition

### Status of Board Composition

Hanssem's Board of Directors is appointed by the General Meeting of Shareholders in accordance with the Commercial Act and the Articles of Incorporation. Independent directors are selected based on their expertise and sense of responsibility in a wide range of fields. The Independent Director Nomination Committee recommends candidates who possess a deep understanding and practical experience in key business areas. Candidates are carefully reviewed for their independence, expertise, and diversity, and the selection process is conducted in a fair and transparent manner without discrimination based on age, gender, educational background, or place of origin. Since March 2022, Hanssem has appointed a non-executive director as Chair of the Board to separate the roles of the executive team and the Board of Directors, thereby enhancing the Board's independence.

### Board Composition

(As of March 31, 2025)

Classification	Name	Gender	Affiliation Committee	First Appointment Date	Expiration Date
Independent Director	Cha Jae-yeon	Female	Audit Committee, Compensation Committee, Internal Transactions Committee, Independent Director Candidate Recommendation Committee	January 2022	March 2026
	Park Kyu-hee	Male	ESG Committee, Independent Director Candidate Recommendation Committee, Investment Review Committee, Audit Committee	March 2025	March 2027
Other Non-Executive Directors	Lee Hae-joon	Male	Independent Director Candidate Recommendation Committee	January 2022	March 2026
	Song In-jun	Male	-	January 2022	March 2026
	Kim Jung-gyun	Male	Insider Trading Committee, Compensation Committee, CEO Nomination Committee	January 2022	March 2026
	Yoo Heon-seok	Male	ESG Committee, Investment Review Committee	March 2023	March 2026
	Lee Ho-seol	Male	Audit Committee	March 2025	March 2027

### Board Expertise

As of March 2025, Hanssem's Board of Directors is composed of five non-executive directors and two independent directors. Board members possess extensive experience and expertise across a wide range of fields, including business strategy, finance and accounting, taxation, law, ESG, and marketing. Leveraging this diverse expertise, the board supports our sustainable growth and transparent management. In particular, the board plays a key role in setting the strategic direction amid a rapidly changing business environment, deliberating and overseeing key management issues from an independent and balanced perspective, and serving as an effective check on executive management. The board is composed of directors with diverse industry and professional backgrounds, enabling well-rounded, objective, and rational decision-making.

### Board Competency Indicators

(As of March 31, 2025)

Classification	Key Experience and Positions	Competencies				
		Lead-ership	Management/Strategy	Finance/Accounting	Legal	ESG
Independent Director	Cha Jae-yeon Current) Independent Director, KCGI Asset Management Former) Independent Director, NH NongHyup REITs Management Former) Vice President (Executive Director), Head of Corporate Planning, KT Estate Former) Senior Executive Director, Head of Corporate Planning, BC Card		●	●		
	Park Kyu-hee Former) Chairman of the Audit Committee, NongHyup Central Association; Chairman of the Management Committee, Deposit Insurance Fund Former) CEO, NH-Amundi Asset Management Former) Executive Vice President, Corporate Investment & Finance Division, NongHyup Bank Former) Executive Vice President, Credit Review Division, NongHyup Bank	●		●		●
Other Non-Executive Directors	Lee Hae-joon Current) Vice president, IMM Holdings Current) Vice president, IMM Private Equity Former) Fortress Investment Group, New York	●	●		●	
	Song In-jun Current) IMM Holdings CEO Current) IMM Private Equity CEO Certified Public Accountant (Korea)	●	●	●		
	Kim Jung-gyun Current) Vice President, IMM Holdings Former) Samjong KPMG CFA Charterholder		●	●		
	Yoo Heon-seok Current) Vice President, IMM Private Equity Former) Samil Accounting Corporation			●	●	●
	Lee Ho-seol Current) Head of Business Strategy, Lotte Retail Group HQ Former) Head of Planning and Management, Lotte Shopping Department Store Division Former) Head of Metropolitan Area Region 2, Lotte Shopping Department Store Division	●	●	●		

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## Board Composition

### Board Expertise

**Board Education** | Hanssem operates a structured education program to strengthen the expertise and independence of its board. In particular, we support independent directors in enhancing their understanding of business operations and improving their capabilities to effectively fulfill their roles. This ensures that the board can meaningfully contribute to our sustainable growth and the establishment of transparent governance. In 2024, we conducted two board training sessions for independent directors, inviting external experts. The curriculum focused on essential topics for board operations, including the roles and responsibilities of independent directors and current trends in ESG management. These sessions helped enhance the directors' professional competencies and deepened their understanding of sustainable management.

#### Board Education Overview

Organizer	Date	Training Topics	Participants
Korea Listed Companies Association	June 7, 2024	<ul style="list-style-type: none"> <li>Roles and responsibilities of outside directors in listed companies</li> <li>ESG disclosure based on KSSB draft</li> <li>Best practices and standards for independent directors</li> <li>Understanding the guidelines for corporate value enhancement plans</li> </ul>	Cha Jae-yeon, Kim Sang-taek, Choi Choon-seok (All attended)
Samjong KPMG	July 4, 2024	<ul style="list-style-type: none"> <li>Cybersecurity, IT controls, and digital auditing</li> <li>Compliance oversight by directors and audit committee members</li> <li>Corporate value-up programs and the role of the board</li> </ul>	Kim Sang-taek, Choi Choon-seok (2 out of 3 attended)

### Board Independence

**Ensuring Board Independence** | Hanssem appoints independent directors with extensive expertise and practical experience in areas such as management oversight, finance and corporate planning, and risk management to ensure that board members are not biased toward any particular interests. To prevent directors with special interests from exercising voting rights on board matters, the Independent Director Candidate Recommendation Committee thoroughly reviews potential candidates' relationships with us and our affiliates during the nomination process. Candidates with conflicts of interest are excluded from the pool, thereby strengthening the board's independence. Hanssem operates the board based on an independent decision-making framework to ensure that members do not represent specific stakeholders but instead protect the interests of a broad range of stakeholders including customers and shareholders.

**Independent Director Shareholding Policy** | Hanssem considers shareholding requirements as one of the criteria for assessing the independence of independent directors. In accordance with the Commercial Act and relevant regulations for listed companies, holding 1% or more of the company's total issued shares is used as a threshold to determine independence. This policy aims to prevent potential conflicts of interest that may arise from excessive shareholding and to ensure that independent directors can objectively monitor and advise on management. Through this, Hanssem seeks to secure board independence and strengthen corporate governance.

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# Governance

## Board Operation

### Board Operation Status

Hanssem’s Board of Directors, as the highest decision-making body, establishes management goals and makes key decisions in accordance with relevant laws and internal regulations, considering the interests of us and our shareholders. In 2024, the Board convened eight times and deliberated on 14 resolution items and 20 reporting items. Key issues included the approval of financial statements, amendments to the Articles of Incorporation, dividend approvals, and business strategy reports. Discussions also addressed sustainable management topics, such as ESG Committee activity reports. All directors, including independent directors, actively participated, maintaining a high attendance rate. We are committed to strengthening transparent governance and achieving sustainable management through responsible decision-making. To assess and improve board performance, we plan to conduct a comprehensive evaluation at the end of 2025.

### 2024 Board of Directors Operational Performance



### Board of Directors Meeting Status

Meeting Number	Date Held	Agenda Details	Board Attendance Rate
Meeting 1	February 7, 2024	<ul style="list-style-type: none"> <li>Approval of the 51st Business Report and Financial Statements</li> <li>[Special Resolution] Amendment of the Articles of Incorporation</li> <li>Report on Internal Accounting Control System Operations</li> <li>Analysis of Q4 2023 Financial Performance</li> <li>Key Tasks and Updates on Hanssem Value-up</li> <li>Report on the Second Round of Stock Grants</li> <li>2023 Performance and 2024 Plan for CEO Candidate Development</li> <li>Report on Revised Schedule for 2024 Board and Committee Meetings</li> </ul>	100%
Meeting 2	February 22, 2024	<ul style="list-style-type: none"> <li>Approval of Electronic Voting System Introduction</li> <li>Approval of Notice and Agenda for the Annual General Meeting</li> <li>Approval of 2024 Safety and Health Plans</li> </ul>	85.7%
Meeting 3	April 16, 2024	<ul style="list-style-type: none"> <li>Approval of Concurrent Positions</li> <li>Approval of Compensation Limits for Executive Officers</li> <li>ESG Committee Report</li> <li>Report on Revised 2024 Board Meeting Schedule</li> </ul>	100%
Meeting 4	May 9, 2024	<ul style="list-style-type: none"> <li>Approval of Q1 2024 Dividends</li> <li>Q1 2024 Financial Performance Report</li> <li>Business Strategy Progress Report</li> </ul>	100%
Meeting 5	August 9, 2024	<ul style="list-style-type: none"> <li>Approval of Q2 2024 Dividends</li> <li>Q2 2024 Financial Performance Report</li> <li>Business Strategy Progress Report</li> <li>ESG Committee Report</li> </ul>	71.4%
Meeting 6	August 30, 2024	<ul style="list-style-type: none"> <li>Approval of Sale Contract and Investment for Company Headquarters</li> </ul>	85.7%
Meeting 7	November 5, 2024	<ul style="list-style-type: none"> <li>Approval of MOU Contract with China Suzhou Corporation</li> <li>Business Strategy progress report</li> <li>Q3 2024 Financial Performance Report</li> <li>Approval of Q3 2024 Dividends</li> </ul>	85.7%
Meeting 8	December 19, 2024	<ul style="list-style-type: none"> <li>Approval of Extension of Payment Guarantee for China (Suzhou Production Corporation)</li> <li>Approval of Settlement Agreement with Former Management Related to Special Sales Collusion Case</li> <li>Approval of 2025 Business Plan</li> <li>Report on External Auditor Selection Plan</li> <li>ESG Committee Report</li> <li>Report on Follow-up Improvement Measures Related to Fair Trade Commission Sanctions</li> <li>Report on 2025 Board and Committee Meeting Schedule</li> </ul>	100%

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## Board Operation

### Board Committees

To support effective board operations and specialized decision-making, Hanssem has established and operates seven board committees: the Audit Committee, ESG Committee, Compensation Committee, Independent Director Candidate Recommendation Committee, Internal Transactions Committee, Investment Review Committee, and CEO Candidate Recommendation Committee. Except for the Independent director candidate recommendation committee, all committee chairs are outside directors, ensuring independence in the operation and decision-making of each committee. These committees play a critical role in strengthening corporate credibility, formulating sustainable management strategies, and reviewing succession plans. We will continue to benchmark best practices from both domestic and global peers in the industry, and actively incorporate improvements to enhance the operations of the board and its committees.

#### Board Committees

(As of March 31, 2025)

Committee	Roles & Activities	Position	Name	Classification	Gender	No. of meetings in 2024
Audit Committee	<ul style="list-style-type: none"> <li>Performs audit duties independently from the Board, executive bodies, and other departments</li> <li>Approves and reports legally required matters</li> <li>Reports irregular incidents</li> </ul>	Chair	Cha Jae-yeon	Independent Director	Female	6
		Member	Lee Ho-seol	Non-executive Director	Male	
		Member	Park Kyu-hee	Independent Director	Male	
ESG Committee	<ul style="list-style-type: none"> <li>Reviews ESG strategies, policies, and regulations</li> <li>Reviews financial and non-financial risks</li> <li>Reviews ESG Performance</li> </ul>	Chair	Park Kyu-hee	Independent Director	Male	3
		Member	Yoo Heon-seok	Non-executive Director	Male	
Compensation Committee	<ul style="list-style-type: none"> <li>Reviews remuneration limits for directors and auditors submitted to the general shareholders' meeting</li> <li>Reviews stock options for executives and employees</li> <li>Oversees other compensation-related matters</li> </ul>	Chair	Cha Jae-yeon	Independent Director	Female	-
		Member	Kim Jeong-gyun	Non-executive Director	Male	
Independent Director Candidate Recommendation Committee	<ul style="list-style-type: none"> <li>Reviews, screens, and recommends outside director candidates</li> <li>Handles other related matters as needed</li> </ul>	Chair	Park Kyu-hee	Independent Director	Male	-
		Member	Lee Hae-jun	Non-executive Director	Male	
		Member	Cha Jae-yeon	Independent Director	Female	
Internal Transactions Committee	<ul style="list-style-type: none"> <li>Reviews policies on intra-group transactions</li> <li>Reviews and amends standards for selecting transaction counterparts</li> <li>Oversees appointments of people responsible for internal transactions</li> </ul>	Chair	Cha Jae-yeon	Independent Director	Female	-
		Member	Kim Jeong-gyun	Non-executive Director	Male	
Investment Review Committee	<ul style="list-style-type: none"> <li>Reviews investments of KRW 20 billion or more, or those between 3% and 5% of equity capital</li> <li>Reviews other major investments referred by the board</li> </ul>	Chair	Park Kyu-hee	Independent Director	Male	-
		Member	Yoo Heon-seok	Non-executive Director	Male	
CEO Candidate Recommendation Committee	<ul style="list-style-type: none"> <li>Recommends, evaluates, and selects CEO candidates</li> <li>Handles other related matter as delegated by the board</li> </ul>	Chair	Kim Jeong-gyun	Non-executive Director	Male	1
		Member	Park Kyu-hee	Independent Director	Male	

#### Agenda Items of the ESG Committee

Date	Agenda Items	Resolution Status	Attendance Rate
March 12, 2024	Agenda 1: Report on the 2024 Sustainability Report	Reported	100%
	Agenda 2: Report on MSCI Rating Status	Reported	
	Agenda 3: Report on ESG KPI Establishment	Reported	
	Agenda 4: Report on Human Rights Impact Assessment	Reported	
June 19, 2024	Agenda 1: Report on Materiality Assessment for 2024 Sustainability Report	Reported	100%
	Agenda 2: Report on Publication of 2024 Sustainability Report	Reported	
	Agenda 3: Report on Human Rights Management Policy	Reported	
	Agenda 4: Report on Supply Chain Sustainability Management Policy	Reported	
December 18, 2024	Agenda 1: Report on 2024 ESG External Evaluation Results	Reported	100%
	Agenda 2: Report on 2024 ESG Activities	Reported	
	Agenda 3: Report on 2025 ESG Action Plan	Reported	

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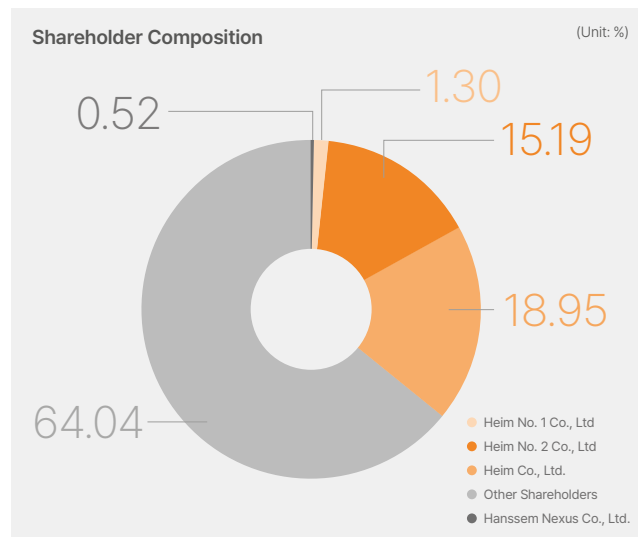
# Governance

## Board Remuneration

### Board Remuneration Policy

Hanssem determines the remuneration ceiling for independent directors through the Remuneration Committee, with final approval by the Annual General Meeting (AGM). The Remuneration Committee reviews the proposed remuneration limits for directors and auditors to be submitted to the AGM and ensures that remuneration is paid within the approved limits. In 2024, director remuneration was executed within the approved ceiling of KRW 500 million, as approved at the AGM. This amount included salaries, severance pay, and performance-based bonuses for independent directors. Beginning in 2025, we plan to introduce an internal evaluation process through the Remuneration Committee for reappointments, assessing directors based on their expertise, engagement, and capabilities in their respective fields. Additionally, the remuneration committee also deliberates on stock options and compensation schemes for executives and employees.

(As of December 31, 2024)



## Shareholder

### Shareholder Status

As of December 31, 2024, Hanssem had a total of 23,533,928 shares issued, of which 6,933,606 shares were treasury shares. The largest shareholder is Haim LLC, whose major contributor is IMM Rose Gold 4 Private Equity Fund, holding 4,459,324 shares. Including related parties, the largest shareholder holds a 35.97% equity stake. Hanssem grants one voting right per share to all shareholders and has not issued any classes of shares with differentiated voting rights.

### Protection of Shareholder Rights

Hanssem operates a range of systems to protect shareholder rights and promote active participation in corporate governance. To facilitate convenient voting, we introduced an electronic voting system and proxy voting in 2022. In addition, shareholders are encouraged to exercise proxy voting in alignment with the record date to ensure quorum requirements are met. We also guarantee the right to propose agenda items, allowing shareholders to submit specific proposals for discussion at the General Meeting. For instance, at the 2023 Annual General Meeting, T Capital Partners proposed a candidate for independent director and audit committee member, demonstrating the meaningful impact of shareholders on board composition and corporate governance. Hanssem remains committed to safeguarding shareholder participation, strengthening transparent governance, and enhancing shareholder value.

### Shareholder Return Policy

Hanssem operates a quarterly dividend policy to enhance shareholder value, with dividends determined through resolutions by the Board of Directors and the General Shareholders' Meeting. We establish our dividend policy based on a comprehensive assessment of cash flow, financial structure, and dividend stability. All decisions are disclosed through the electronic disclosure system and our website. In line with the mid- to-long-term shareholder return policy announced in November 2021, Hanssem maintains a baseline policy of distributing at least 50% of net income as dividends. In cases where free cash flow (FCF) exceeds net income, additional dividends may be considered. The dividend level is maintained based on a minimum annual payout ratio of 50%, and where annual FCF exceeds net income, dividends above the 50% payout ratio may be issued. In 2024, Hanssem executed three rounds of cash dividends, totaling KRW 141.601 million, with a consolidated payout ratio of 93.7%.

### Dividend Payment Summary

Payment Date	Dividend Per Share (KRW)	Total Dividend (KRW million)
May 17, 2024	750	12,450
August 23, 2024	1,580	26,229
November 22, 2024	6,200	102,922

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# Business Ethics

## Ethical Management System

Hanssem has established the "Hanssem Employee Pledge" to support employees in making ethical and sound decisions based on core values. This guideline is accessible at all times through our internal groupware and outlines key principles including basic ethics, customer satisfaction, mutual growth with partners, and environmental protection. The Hanssem Employee Pledge, established in 2016, was revised in August 2024 to include six new ethical codes and practices. Moreover, we introduced the Zero Tolerance Policy (Z.T.P.) pledge to reinforce its stance against ethical violations in order to heighten ethical awareness and enhance corporate value.

### Hanssem Employee Pledge

#### 01. We, Employees of Hanssem, Comply with Laws and Ethical Standards.

- We adhere to all laws and regulations.
- We uphold a high standard of ethics as members of society.
- We conduct our work with fairness and honesty.

#### 02. We Strive for Customer Satisfaction.

- We provide the best products and services.
- We respect our customers' opinions and honor our commitments.
- We prioritize customer safety and trust.

#### 03. We Respect the Dignity, Values, and Capabilities of Employees.

- We do not engage in any form of coercion.
- We cultivate a corporate culture of mutual respect.
- We respect individual capabilities and encourage growth.

#### 04. We Seek Mutual Growth with Our Partners.

- We respect our partners and maintain active communication.
- We support the growth of our partners with the goal of mutual growth.
- We comply with fair trade laws and honor our commitments to our partners.

#### 05. We Protect the Rights and Interests of Investors.

- We manage and disclose business performance and information transparently.
- We listen to investors' requests and opinions.
- We maintain financial soundness through strict internal controls and legal compliance.

#### 06. We Contribute to Environmental Protection and Social Development.

- We comply with international standards, laws, and regulations related to environment and safety.
- We pursue sustainable growth through eco-friendly management.
- We actively contribute to improving the community through social contribution initiatives.

### Z.T.P (Zero Tolerance Policy)

- I will treat others with respect, recognizing that my words and actions, even if unintentional, may cause sexual discomfort to others.
- I will treat colleagues and professional contacts as human beings with the same human rights as myself, and I will never sexually objectify or harass them.
- I will refrain from using language or conduct that constitutes sexual grievances (sexual discrimination, sexual harassment, or sexual violence) not only in the workplace but also in private settings.
- I will not make false reports about company business.
- I will not engage in conduct that damages Hanssem's assets, such as embezzlement or misappropriation.
- I will not seek personal profit in matters related to Hanssem business.
- I will not use abusive language or give unfair instructions to partner companies or related parties.
- I will not use my position to take advantage of partner companies or related parties, such as demanding money, entertainment, or hospitality.
- I will comply with applicable laws and regulations, such as the Subcontracting Act, the Fair Trade Act, and the Fair Agency Transactions Act.



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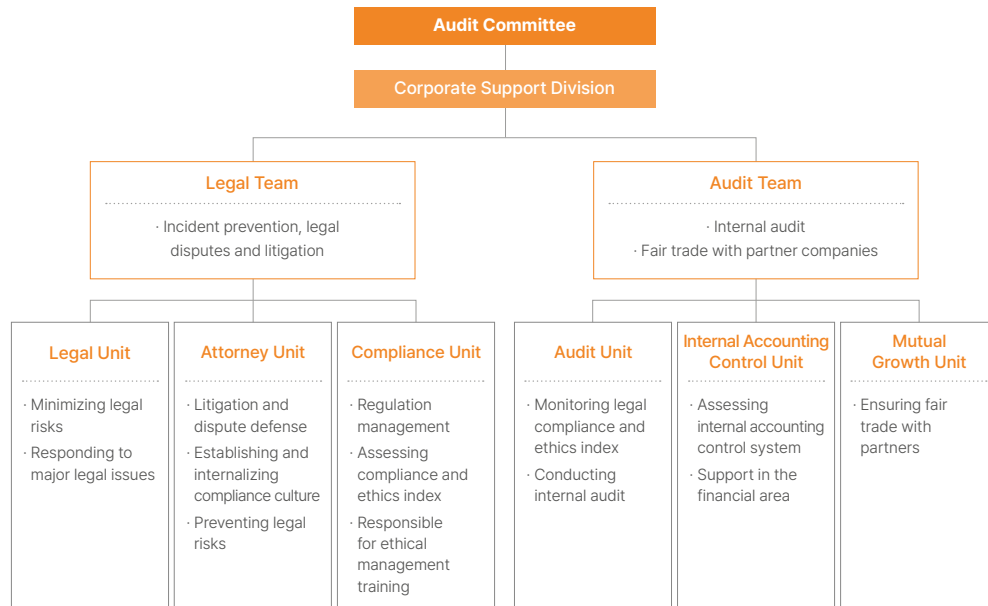
# Business Ethics

## Ethical Management System

### Ethical Management Implementation Body

Hanssem operates a Legal Team and an Audit Team under the Management Support Division, which are responsible for overseeing ethical management. The Legal Team is responsible for handling legal disputes, reviewing contracts, and providing legal advice. A full-time in-house lawyer serves as the compliance officer for prompt legal response. The Audit Team manages internal controls and risks through independent audit activities, conducts ad-hoc, regular, and planned audits, while monitoring compliance with the internal accounting control system and the Fair Trade Act. It also investigates whistleblowing cases and supports fair transactions with partners to enhance corporate transparency. In addition, Corporate Support Division provides training on legal risk prevention and fair trade to establish a culture of ethical management, and reports major issues and results of activities to the Audit Committee of the Board of Directors four times a year, thereby strengthening the structure and transparency of ethical management.

Organization Chart for Ethical Management Implementation






## Ethical Management Activities

### Ethics Audit

Hanssem conducts three types of ethics audits: regular, ad-hoc, and planned audits. These audits focus on early identification of risks and prevention of incidents. Since 2022, we have introduced and systematically implemented the Compliance and Ethics Index Assessment to proactively prevent violations of laws and ethical regulations by enhancing employee awareness. This company-wide assessment covers all employees and departments, evaluating four core areas: Legal Affairs, Audit, Shared Growth, and Internal Regulations. It comprehensively reviews compliance, legal risks, and ethical awareness. The results of the assessment are utilized in employee training, counseling, and monitoring activities to enhance compliance and ethical awareness. In addition, we have continued to report the status of internal accounting operations, the activities of the internal audit department, and evaluations of internal accounting systems to the Audit Committee. In 2024, we remained committed to strengthening internal controls and practicing ethical management through these efforts.

### Hanssem Ethics Audit

<p><b>Regular Audit</b> (Compliance &amp; Ethics Index Check)</p> 	<ul style="list-style-type: none"> <li>Review past incidents or assess inherent risks</li> <li>Examine approximately 40 key business areas monthly or quarterly</li> <li>Improve processes and enhance incident prevention training</li> </ul>
<p><b>Ad-hoc Audit</b></p> 	<ul style="list-style-type: none"> <li>Investigate reported issues or risks/incidents identified by the Audit Team</li> <li>Performed irregularly, the policy is to complete investigations within a specific time frame</li> <li>The scope of the audit is escalated to a planned audit when significant issues are found</li> </ul>
<p><b>Planned Audit</b></p> 	<ul style="list-style-type: none"> <li>Conducted when the scope of audit is expanded when significant risks are identified, or conducted as preventive measures</li> <li>Review and anticipate risks by department or task, and suggest improvements</li> <li>Analyze the causes of occurred risks, predict potential risks, and suggest improvements</li> </ul>

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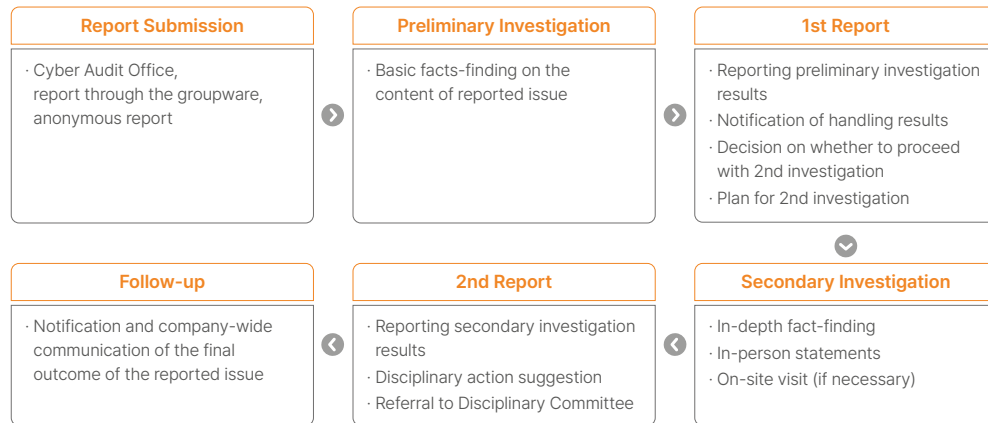
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## Ethical Management Activities

### Ethics Reporting

Hanssem operates an ethical reporting channel called the Cyber Audit Office, open to all stakeholders including customers, employees, partners, and distributors. This platform enables the prompt reporting and resolution of grievances related to unethical conduct. The Cyber Audit Office is accessible to both internal and external stakeholders for reporting and seeking counseling on unfair acts, human rights violations, workplace harassment, sexual harassment, etc. We also operate an anonymous reporting channel for employees to report violations of company policies, sexual harassment, violence, and workplace harassment through internal groupware to create an environment where employees can freely express their opinions.

#### Ethics Report Handling Process

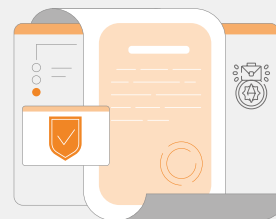


**Whistleblower Protection Policy** | Hanssem places the greatest priority on the protection of whistleblowers, as stated in Article 13 (Protection of Whistleblowers and Reporters), Sections 1 and 2 of the Reward and Penalty Regulations. The Audit Team strictly adheres to this regulation, and the Cyber Audit Office operates in a highly secure environment to protect the identity of whistleblowers. Access to reported content is restricted to designated computers, and all related data is securely managed through an internal closed network. Furthermore, a whistleblower can file a report anonymously, and the information provided cannot be seen by the Audit Team. If the whistleblower chooses not to disclose his/her identity, the information will not be shared with anyone other than the head of the Corporate Support Division, and his/her privacy will be strictly protected. These safeguards comply with legal requirements and are systematically implemented under Hanssem's Ethics Management Policy.

### FOCUS ISSUE

Hanssem applies the principle of zero-tolerance for unethical behavior to establish ethical management as a corporate culture. In response to the Korea Fair Trade Commission's discovery of bid-rigging for special-sales furniture from 2012 to 2022, we took full responsibility and issued a public apology. External legal experts were appointed to conduct an internal investigation to prevent a recurrence. Furthermore, a forensic investigation and interviews were conducted within the Special Sales Division to analyze the cause of the problem. As part of our efforts to strengthen ethics management, the Corporate Support Division was established in April 2024, and the head of the Corporate Support Division was appointed as the Compliance Support Officer. This Office is supported by the Legal Team and Audit Team.

Hanssem is actively strengthening its ethical management framework and risk management systems to prevent crises and ensure swift and effective responses when issues arise. As the importance of ethical management continues to grow, we are reinforcing our management approach based on ① legal compliance, ② moral responsibility, ③ social responsibility, and ④ transparency. Hanssem promotes sustainable growth by fostering a culture of compliance internally and building trust and reputation externally. Violations of laws and regulations can result in financial losses and harm corporate trust. Moreover, stricter accountability may be demanded because of the increased scrutiny by regulatory bodies such as the Korea Fair Trade Commission. For this reason, we have established a compliance system through internal control checks, compliance support, and the establishment and revision of corporate regulations, and regularly conducts ethical management training for employees. We also practice ethical management through the "Hanssem Pledge" and implementation of "Z.T.P." and continuously strives to ensure long-term competitiveness by ① building trust and reputation, ② managing risk, ③ strengthening internal loyalty, and ④ achieving sustainable growth.



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# Business Ethics

## Internalization of Ethical Management

### Ethics Education

Since 2023, Hanssem has been conducting company-wide ethical management training, led by the Compliance Unit of the Legal Team. Moving beyond previous training based on internal audit cases, we now offer more effective ethics education by implementing a structured system of regular and ad-hoc training. Regular education has been extended to include employees of affiliated companies in 2024 to strengthen compliance and ethics awareness among new and experienced employees and newly appointed managers. Ad-hoc training was also extended to affiliates and now covers not only internal control and fair trade (e.g., collusion), but also practical laws and procedures such as the Fair Agency Transactions Act and intellectual property rights. In addition, cases are studied and measures to prevent recurrence are shared through anti-corruption and integrity training, legal training on the Fair Trade Act and the Subcontracting Act are conducted, and violation cases are studied. In 2025, we plan to offer department-specific training focused on issues such as trade secret infringement and the Act on Fair Labeling and Advertising, aiming to deepen understanding of job-specific laws and procedures and further embed ethical management throughout the organization.

### Status of Ethics Training in 2024

Category	Education	Education Description	Education Targets	Sessions	No. of People
Legal Affairs	Fair Trade (Collusion)	Legal training on the Fair Trade Act (collusion) and cases studies of violations	Employees of Special Sales Division, Employees of Special Sales Department in affiliated companies	3	95
	Fair Trade (Fair Agency Transactions Act)	Legal training on fair trade (Fair Agency Transactions Act) and training on agency/dealer transaction contracts	All sales management staff	4	88
	Intellectual Property Rights	CI/BI compliance, patent acquisition procedures, cases of abuse, and countermeasures	R&D Division (product development staff)	3	100
	Zero Claims	Education on the details of defects found at remodeling sites and legal standards for defects	After-sales staff (including affiliates)	11	157
Mutual Growth	Subcontracting Act	Legal training on fair trade (Subcontracting Act), prohibitions, and violation cases	All sales management staff	6	37
Audit	Internal Control	Case studies and education on measures to prevent recurrence to enhance awareness and promote internalization	All employees (including affiliates)	29	1,139
Compliance	Ethical Management	Education on the Hanssem Pledge, department-specific regulations, and work processes	All employees	12	215



Company-wide Team Leader Training on Ethical Management and Internal Control



Internal Control Training for Affiliated Companies



Fair Trade Training (Fair Agency Transactions Act)

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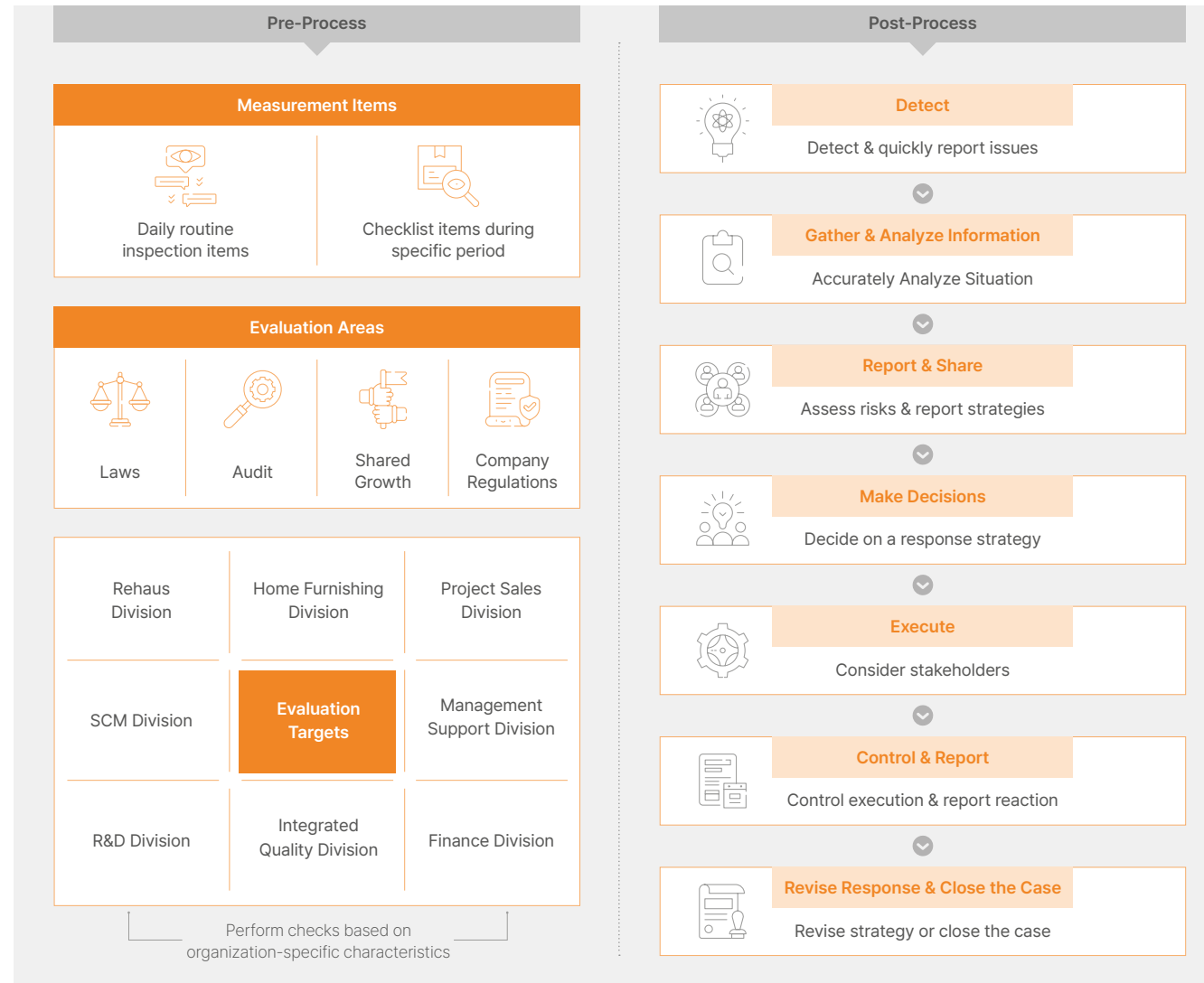
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# Integrated Risk Management

## Integrated Risk Management System

Hanssem operates an integrated risk management process that encompasses preventive and reactive measures to effectively manage various risks arising from all business activities. This process is structured into two key components: a pre-assessment system and a post-response system, both tailored to reflect the organization's characteristics and level of risk exposure. Through pre-assessment, potential risks are systematically identified and evaluated in advance. In parallel, a post-event response system is in place to take prompt and precise measures for actual risks. This prevents the spread of risks and continuously strengthens our company-wide response capabilities.

### Integrated Risk Management Process



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# Integrated Risk Management

## Response by Risk Type

Hanssem categorizes major risks by type, including production, environmental, policy, IT, and financial risks, and also define incident types and risk factors for each type of risk in order to manage them systematically. In line with this approach, we have established response strategies and dedicated teams to address core risks, including safety accidents, environmental regulations, consumer claims, information leakage, and policy changes. We continuously strengthen our company-wide response capabilities to prevent the spread of risks based on the prevention and response systems tailored to our business characteristics.

## Emerging Risks

In an increasingly uncertain and complex business environment, Hanssem is proactively identifying emerging risks that may affect our mid- to long-term growth and systematically strengthening our capabilities to respond to them. In particular, according to our analysis, rapid changes in climate and environmental regulations, expansion of environmental, social, and governance (ESG) risks in the supply chain, and information protection issues arising due to accelerating digital transformation are key risks that directly affect our business operations and stakeholder trust. Accordingly, we have clearly defined key emerging risks and established and implemented a response strategy for each risk. We also plan to continuously upgrade the applicable monitoring systems as risk levels change in the future.

### Emerging Risk Response Strategies

Category	Risk Type	Key Description	Response Strategy
Environment	Stronger regulations on climate change and environment	<ul style="list-style-type: none"> <li>Amendments to the Act on the Promotion of Saving and Recycling of Resources, which will be enforced in 2025, will mandate a percentage of recycled materials in furniture products</li> <li>Expanded application of the EU CBAM may lead to carbon costs being transferred to certain exported goods</li> <li>Concerns about increased manufacturing costs due to the proposed greenhouse gas emissions-based electricity pricing system</li> </ul>	<ul style="list-style-type: none"> <li>Increase the share of recycling by switching product materials</li> <li>Expand energy-efficient facilities at our sites</li> <li>Enhance Scope 1 and 2 emissions measurement and improve the reporting system</li> </ul>
Supply Chain	ESG Risks in Supply Chain	<ul style="list-style-type: none"> <li>Increased cases of non-compliance with environmental and labor laws by small- and medium-sized partners</li> <li>Increased frequency of demanding partner ESG assessment results when collaborating with global brands</li> <li>Contract restrictions for non-ESG-compliant partners and possible delivery delays</li> </ul>	<ul style="list-style-type: none"> <li>Regularize ESG due diligence for strategic and key partners</li> <li>Enhance ESG diagnostic tools for partners and use scores</li> <li>Provide customized training for low-rated partners and assist in establishing improvement plans</li> </ul>
Technology	Personal Information Protection and Cyber-security	<ul style="list-style-type: none"> <li>Adoption and expansion of smart home services lead to an expanded scope of collecting and using customer data</li> <li>Increased hacking attempts on internal security infrastructure</li> <li>The government's strengthening of My Data guidelines complicates data retention and processing standards</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen personal data encryption and user consent procedures</li> <li>Maintain and enhance the Information Security Certification System (ISMS)</li> <li>Provide privacy policy notices to customers and transparently disclose the use of their data</li> </ul>

### Response Measures by Risk Type

Risk Type	Main Risk Factors	Response Strategies	Responsible Parties
Production/ Construction Site 	Safety accidents and worksite accidents	<ul style="list-style-type: none"> <li>Compliance with safety and emergency response manuals for production and logistics plants</li> <li>Compliance with the logistics and construction safety management manuals; the health and safety management policy</li> </ul>	SCM Division, Health & Safety Office
Environment 	Environmental regulatory issues	<ul style="list-style-type: none"> <li>Use of 100% eco-friendly (EO) raw materials</li> <li>Establishment of chemical testing standards for all products that surpass domestic environmental laws and regulations</li> </ul>	Integrated Quality Division
Public Relations/ Reputation 	Exaggerated report, misinformation, and false report	<ul style="list-style-type: none"> <li>Establishment of a crisis response &amp; communication process and media response scenarios</li> </ul>	PR Strategy Team
Quality/ Consumer 	Consumer claims, store/product safety accidents	<ul style="list-style-type: none"> <li>Compliance with the consumer claims response manual</li> <li>Compliance with the store management manual</li> </ul>	CX Department
Policy/ Market 	Intense market competition due to policy changes	<ul style="list-style-type: none"> <li>Establishment of an annual business plan based on market analysis</li> <li>Improvement of the execution strategy based on daily, weekly, monthly, and quarterly performance analyses</li> <li>Regular monitoring of policies</li> </ul>	Each Business Division
IT 	Personal information leakage, system hacking	<ul style="list-style-type: none"> <li>Information protection management system certification audit</li> <li>Compliance with the Personal Information Protection Manual (15 management guidelines)</li> <li>Implementation of Information protection training</li> </ul>	Information Security Office
Finance/ Accounting 	Internal control incidents, misappropriation of budget, financial incidents	<ul style="list-style-type: none"> <li>Implementation of an internal accounting system</li> <li>Compliance with financial regulations</li> <li>Compliance with the approval procedures for budgets, funds, and accounting</li> </ul>	Finance Division
Legal/ Audit 	Internal control violations, fair trade violations	<ul style="list-style-type: none"> <li>Revising company rules and internal regulations for each area</li> <li>Implementation of ongoing, periodic, and planned audits</li> <li>Prevention of unfair trade with suppliers</li> </ul>	Management Support Division
Human Resources/ Labor 	Labor law violations, workplace harassment	<ul style="list-style-type: none"> <li>Compliance with the 52-hour work per week</li> <li>Workplace harassment prevention training and operation of a reporting system</li> </ul>	Management Support Division

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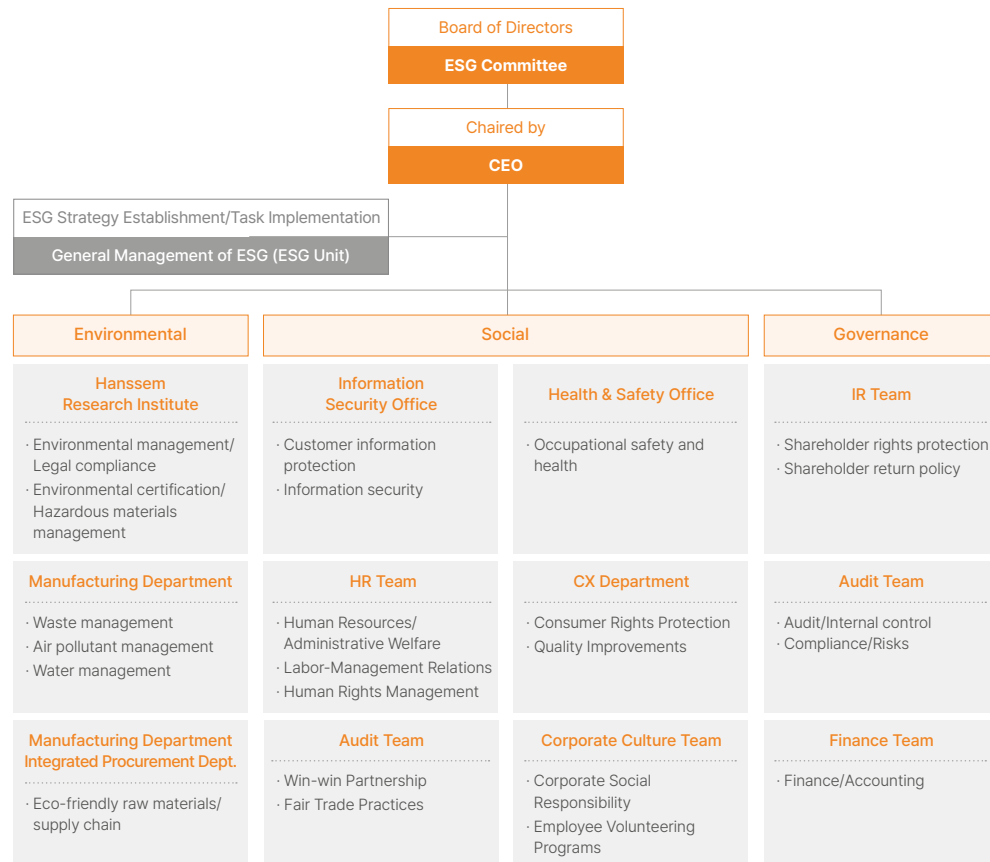
# Sustainability Management Strategy

## Sustainability Management Implementation System

### Internal Organization for Sustainability Management

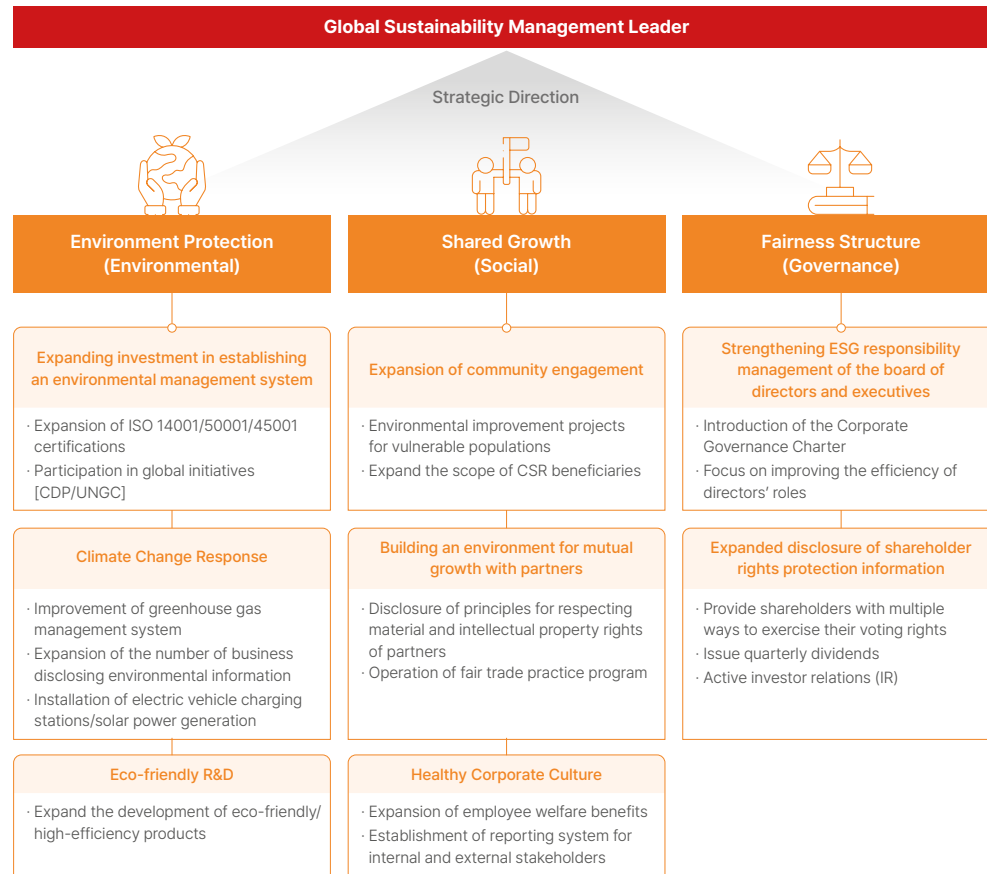
To implement ESG-based management strategies, Hanssem established the ESG Committee in 2021, followed by the establishment of the ESG management department and ESG Task Force, thereby laying the groundwork for the implementation of ESG strategies in various ways. Furthermore, ESG-related objectives have been incorporated into the KPIs of C-level executives, team leaders, and working-level staff reinforcing a company-wide ESG management environment and ensuring accountability at all organizational levels.

### Internal Organization for Sustainability Management



### Strategy and Goals

Hanssem identifies material issues in each area through a double materiality assessment and bases its ESG strategy on these issues. We also enhance transparency and strengthen trust with stakeholders by annually disclosing its major activities and performance in the Sustainability Report. Going forward, we will continue to consider global ESG management trends to strengthen our ESG management competitiveness and create sustainable value. We will also continue to expand activities that have a positive impact on the environment and society.



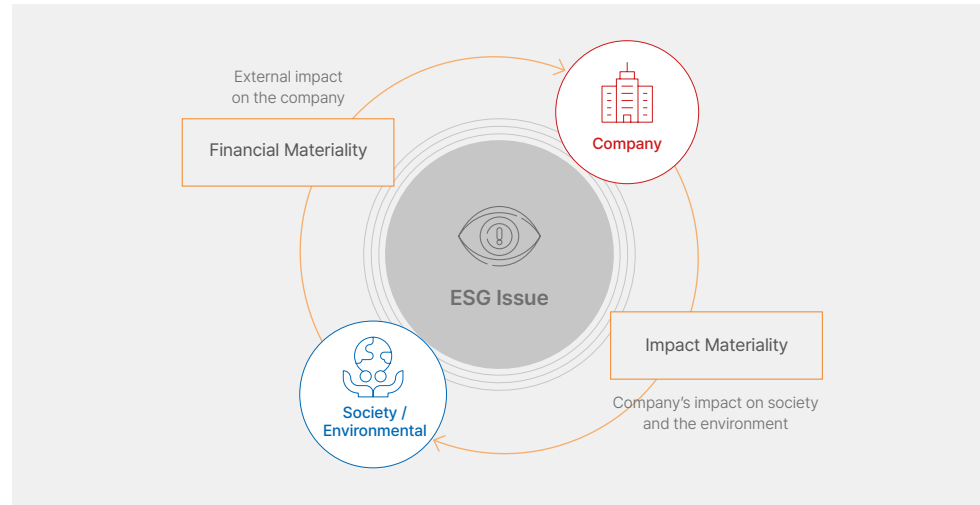
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# Sustainability Management Strategy

## Double Materiality Assessment

Every year, we conduct a double materiality assessment to identify sustainability issues to focus on and manage. The material issues are selected by comprehensively considering the impact of social and environmental factors on our financials and the impact of our business activities on society and the environment. We conducted the 2025 assessment based on the ESRS<sup>1</sup> and EFRAG<sup>2</sup> IG 1's guidance on implementing double materiality assessments. In particular, unlike previous reporting periods, the assessment was conducted on an individual IRO<sup>3</sup> basis rather than on individual issues, and in the assessment process, opinions of stakeholders, including external experts, were gathered and then used to select key IROs and identify material issues. The final materiality assessment results were reported to and approved by the Board of Directors.

1) ESRS: European Sustainability Reporting Standards  
 2) EFRAG: European Financial Reporting Advisory Group  
 3) IRO: refers to Impact, Risk, and Opportunity related to corporate business activities



## Materiality Assessment Process



### Derive an Issue Pool

A long list of issues was composed based on ESRS 1 and IG 1. In addition, a total of 19 issues were derived for the short-list by reflecting Hanssem's existing material issues, ESG disclosure standards, assessment agency's management indicators, and issues of benchmarked companies.

- Constructed a long-list of 93 issues based on ESRS
- Reviewed the linkages between each issue and the value chain (upstream, own worksite, downstream)
- Considered Hanssem's business environment, benchmarking companies, ESG standards, etc.
- Finalized a short-list of 19 issues



### Identify IRO

For each issue in the short-list, we identified the risks and opportunities faced by the company in terms of financial materiality and the positive and negative impacts of the company on society and the environment in terms of impact materiality (i.e., social and environmental materiality). In the identification process, we selected IROs with high relevance to Hanssem after having stakeholders, including employees of relevant departments and external experts, review them to enhance consistency.



### Assess IRO

Internal and external stakeholders were surveyed to assess the identified IROs. For financial and impact materiality, the likelihood of occurrence and the impact of occurrence were assessed on a five-point scale. The survey included not only internal employees but also partner companies and external experts in the environmental, social, and governance fields.

[Assessment Factors]

Financial Impact	
<b>Risks</b> Scale, likelihood of occurrence	<b>Opportunities</b> Scale, likelihood of occurrence
Social & Environmental Impact	
<b>Positive</b> Scale, scope, likelihood of occurrence	<b>Negative</b> Scale, scope, likelihood of occurrence, irremediable character



### Select Material Issues

Based on the IRO assessment results, we identified a total of eight issues that exceeded the threshold for at least one financial or impact materiality and chose them as material issues. The threshold was set at 10% of the average of the financial and impact materiality scores.

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## Double Materiality Assessment

### Stakeholder Engagement

Hanssem enhanced the objectivity of the assessment by strengthening the participation of both internal and external stakeholders and reflected their input in the selection of material issues. In the IRO identification stage, we held a meeting with employees in the applicable departments to select IROs highly relevant to the shortlist. Then, internal employees and external stakeholders participated in the IRO assessment to evaluate financial and social/environmental impacts. Based on the assessment results, the selected material issues were reported to the management for final review and confirmation.

### Stakeholder Engagement Methods

Stage	Method	Target Stakeholders	Engagement Description
Identify IRO	Interviews with working-level employees	Working-level employees in relevant departments	Review the validity of positive/negative impacts, risks, and opportunities related to the short-list
Assess IRO	Stakeholder survey	Internal/external stakeholders - Relevant department employees, partners, customers, analysts, external experts in each ESG field	Assess and prioritize the materiality of identified impacts, risks, and opportunities; collect opinions on managing material issues and improving sustainability management
Select Key IROs and Material Issues	Executive meeting	Executives	Report materiality assessment results, including IRO identification and assessment, and discuss responses aligned with business model and management strategy

### Materiality Assessment Results

Based on our double materiality assessment, all eight High and Medium-level issues that exceeded the thresholds for at least one of financial or impact materiality were designated as material issues. The following issues were carried over as material issues from the previous year: climate change mitigation, sustainable product design, workplace conditions, human rights management, shared growth with partners, and product safety and quality. On the other hand, fair trade was added as a new material issue to reflect industry characteristics, trends, regulatory changes, and stakeholder demands.



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## Double Materiality Assessment

### Stakeholder Engagement

#### 2025 Material Issues

Category	Issue	Compared to Last Year	Reason for Selecting as Material Issue
 <span>E</span>	Climate change mitigation	Same as last year	It poses a financial risk since the risk and cost of securing wood raw materials are expected to increase because regulations on logging are tightened and REDD+ is activated due to the growing importance of forests as carbon sinks.
	Responsible sourcing	Newly added	The positive impact of expanding the procurement of responsible raw materials such as eco-friendly packaging materials, wood, and leather in the supply chain, contributes substantially to conserving resources and reducing environmental impact.
	Sustainable product design	Same as last year	It was selected as a material issue for the following reasons: (1) due to increased consumer awareness of resource protection and value-based consumption, it is expected that the demand for interior design and products using eco-friendly, upcycled, and durable materials will increase, which will in turn increase sales; (2) applying eco-friendly materials and improving durability is expected to extend the life cycle of products, which will have a positive impact on reducing environmental burdens.
 <span>S</span>	Worksite working conditions	Same as last year	It was selected as a material issue due to the strengthening of labor-related laws such as limiting working hours, raising the minimum wage, and strengthening worker benefits, which have increased the burden on labor costs and administrative expenses, thus acting as financial risk factors.
	Human rights management	Same as last year	It is expected to contribute positively to the stability and sustainability of the organization (e.g., ensuring worker rights and preventing employee churn) through a prompt and systematic response to employee grievances.
	Shared growth with partners	Same as last year	ESG consulting and online/offline self-development education programs to strengthen the job competencies of employees of partners are expected to contribute to retaining talented employees and creating local jobs.
	Product safety and quality	Same as last year	In the event of a product defect or recall under the Framework Act on the Safety of Products, the brand value will decrease and financial risk will rise.
 <span>G</span>	Fair Trade	Newly added	Violations of the Subcontracting Act or the Fair Trade Act may result in legal liability, including fines imposed by the Korea Fair Trade Commission and lawsuits for damages, which may lead to financial losses.

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## Double Materiality Assessment

### IROs by Material Issue<sup>1)</sup>

Type	Issue	Key IRO	Materiality <sup>2)</sup>		Occurrence Period <sup>3)</sup>	Impact Area <sup>4)</sup>	Response Measures	Goals	Report Area
			Occurrence Likelihood	Impact Level If Occurred					
 Environment	Climate change mitigation	<b>R</b> The increasing importance of forests as carbon sinks results in the active implementation of REDD+ and stronger regulations on logging, which leads to shortages and rising costs of wood raw materials	3.57	4	Mid-term	Upstream	· Establish a climate risk response strategy and enhance the integrated management system to respond to abnormal climate and the net-zero carbon policy · Reduce production costs and mitigate resource risks by developing energy-efficient products and adopting low-carbon raw materials	· Achieve carbon neutrality by 2050 · Completion of Response Plan based on climate risk scenarios	Climate Change Response
	Responsible Sourcing	<b>P</b> Responsible sourcing of raw materials such as eco-friendly packaging materials, wood, and leather in the supply chain contributes to resource conservation	4.50	3.17	Short-term	Upstream	· Establish a green procurement system based on global standards such as FSC and PEFC and strengthen supply chain due diligence for key suppliers · Minimize environmental impact and secure competitiveness for sustainable sourcing by increasing the use of recycled packaging materials and low-carbon materials	· Achieve LWG Gold rating or higher by 2030 (all leather suppliers)	Raw Material Sourcing Principles
	Sustainable Product Design	<b>O</b> Changing consumer awareness that emphasizes resource conservation and value-based consumption results in higher demand for interior design/products using eco-friendly, upcycled, and durable materials, thereby increasing sales	3.86	3.71	Mid-term	Own	· Adopt a life cycle assessment (LCA)-based product development system to preemptively address the demand for eco-friendly consumption · Increase accessibility and reach new markets with universal design and user-based customized design	· Develop at least two LCA-based low-carbon product lines · Increase green product line revenue by more than 15% year-over-year	Product Life Cycle
		<b>P</b> The lifetime of furniture products is extended by utilizing eco-friendly materials and improving durability	4.33	3.50	Mid-term	Own, Down-stream	· Establish design standards with recycled, upcycled, and low-carbon materials · Improve resource efficiency through structural design for long-term use, including ease of component replacement and improved durability	· Increase the number of products with recycled/upcycled materials to at least 20%	

1) R: Risk, O: Opportunity, P: Positive Impact, N: Negative Impact  
 2) Out of 5 points  
 3) Short-term: within one year; Mid-term: 2 to 5 years; Long-term: Over 5 years  
 4) Potential occurrence location of the IRO

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## Double Materiality Assessment

### IROs by Material Issue<sup>1)</sup>

Type	Issue	Key IRO	Materiality <sup>2)</sup>		Occurrence Period <sup>3)</sup>	Impact Area <sup>4)</sup>	Response Measures	Goals	Report Area
			Occurrence Likelihood	Impact Level If Occurred					
 Society	Worksite Working Conditions	<b>R</b> Stricter labor laws (e.g., limiting working hours, raising minimum wages, and enhancing worker benefits) put pressure on labor and administrative costs	4	3.50	Short-term	Own	· Enhance HR systems to improve employee satisfaction: flexible work arrangements, welfare programs, etc. · Diversify systems such as childcare support and selective work hours to improve human risk response capabilities and retain outstanding employees	· Achieve an average score of 90 or higher in employee satisfaction and workplace environment surveys	Employee Satisfaction
	Human Rights Management	<b>P</b> Ensure workers' human rights and prevent employee churn by responding quickly to employee grievances	4.13	3.63	Short-term	Own	· Strengthen the human rights protection system within the company through prevention-oriented human rights risk identification and grievance procedures · Build a sustainable workplace by internalizing an organizational culture based on inclusion and respect between various members regardless of roles, genders, and generations	· Maintain zero reports of human rights violations · Achieve 94% completion of human rights impact assessments	Respect for Human Rights & Diversity
	Shared Growth with Partners	<b>P</b> ESG consulting and online/offline self-development training programs are actively provided to enhance the job competencies of employees of our partners, which contributes to retaining outstanding employees and creating local jobs	4	4	Mid-term	Upstream	· Create sustainable supply chains and gain competitive advantage by assessing partners' ESG levels and providing customized training and consulting · Expand strategic partnerships (e.g., sharing plans for key materials and co-developing technology) to create a foundation for mid- and long-term win-win cooperation	· Ensure over 80% participation of partner companies in ESG evaluations · Achieve 100% implementation of training and on-site inspections for partner companies	Shared Growth with Partners
	Product safety and quality	<b>R</b> In the event of a product defect or recall under the Framework Act on the Safety of Products, the brand value will decrease and financial risk will rise	3.33	4.83	Short-term	Own, Downstream	· Enhance the quality management system across the entire product lifecycle, from planning to design, manufacturing, and customer touchpoints, and strengthen preventive measures · Rebuild customer trust and increase brand value with VOC analysis, improved customer complaint touchpoints, and expert CS personnel	· Reduce the number of VOC claims by more than 50% year-over-year · Maintain zero violations of product quality-related regulations	Protection of Consumer Rights, Quality Control
 Governance	Fair Trade	<b>R</b> Violations of the Subcontracting Act or the Fair Trade Act may result in fines imposed by the Korea Fair Trade Commission and lawsuits for damages	4.20	4.40	Short-term	Own	· Diagnose risks for partner contracting processes in advance and establish a compliance framework based on fair trade laws and regulations · Strengthen preventive internal controls, including fair trade training and anonymous reporting channels, to ensure transparency and trust in transactions	· Reduce reports of unfair trade practices by 40% year-over-year	ESG Management in Supply Chain, Fair Trade

1) R: Risk, O: Opportunity, P: Positive Impact, N: Negative Impact  
 2) Out of 5 points  
 3) Short-term: within one year; Mid-term: 2 to 5 years; Long-term: Over 5 years  
 4) Potential occurrence location of the IRO

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# SUSTAINABILITY PERFORMANCE

Hanssem strategically promotes a wide range of ESG initiatives grounded in a people-centered management philosophy, including climate change response, the establishment of a resource circulation system, human rights protection, and community contribution. We are steadily implementing phased carbon reduction measures to achieve carbon neutrality by 2050, advancing long-term forest creation projects for biodiversity preservation, enhancing its human rights management system, and driving customer-centric quality innovation efforts. These initiatives represent the core of the sustainable value Hanssem strives to create, as well as our promise to grow together with all stakeholders.

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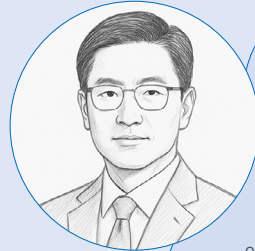
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# For • Our • Planet •

As a company that designs living spaces, Hanssem is also practicing its responsibility to consider the environment. We consider sustainability in the entire process from product planning to disposal, including climate change response, resource-saving, and eco-friendly product development, and are making tangible results.

## STAKEHOLDER DIALOGUE



Hanssem has contributed to reducing greenhouse gas emissions by replacing energy-intensive air compressors in its wood furniture manufacturing process with high-efficiency equipment. At Plant 3, we consolidated five outdated compressors into a single high-efficiency inverter model, reducing electricity consumption by approximately 31% and greenhouse gas emissions by about 5%. This upgrade also helped lower peak electricity demand, improve operational efficiency, and reduce facility management costs.

Moving forward, we plan to expand the use of high-efficiency equipment to Plant 4. In addition, we will continue our efforts to reduce carbon emissions and promote resource circularity by investing in solar energy systems across large site areas, recycling solid recovered fuel (SRF) from wood waste generated in production, and reusing dismantled equipment across our operations.

**\_Ki-Jong Ko, General Manager of the Manufacturing Technology Team**



Hanssem has strengthened its eco-management by introducing reusable pouches for mattress packaging—collected and reused after delivery—and by switching our internal packaging films to renewable naphtha-based materials, thereby reducing waste and closing resource loops.

As of 2024, we have secured 15 environmental labelling certifications for products such as windows, toilets, and flooring, continuously expanding our eco-friendly product portfolio. On the ground, these initiatives are regarded as a fundamental responsibility. We will further elevate our eco-performance by developing products designed for durability, ease of repair, and recyclability. Moving forward, we plan to scale our sustainability management capabilities globally by deepening cooperation with our suppliers.

**\_Yong-Tae Kim, General Manager of the Environmental Safety Assurance Team**




Hanssem produces furniture that is closely integrated into consumers' everyday lives, and as such, expectations and responsibilities related to the environmental performance of our products are steadily growing. Recently, we've seen increasing demand for interior solutions that incorporate eco-friendly, upcycled, and highly durable materials—reflecting a broader trend toward reducing product replacement cycles.


As these shifts may directly impact sales, we believe it is time to deeply consider a sustainable business model centered on enhancing product durability and extending life cycles.

**\_Sung-Yong Park, Partner at THE CSR**


Key Accomplishments

31% Reduction in Electricity Usage Approx  
5% Reduction in GHG Emissions 

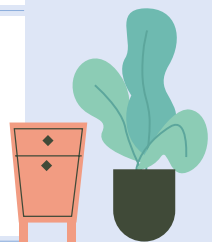
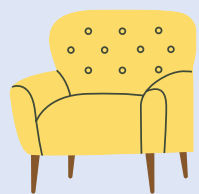
### Replacing with High-Efficiency Equipment



### Transition to Eco-Friendly Packaging Materials

As of 2024 

### Products with Eco-Friendly Certification 15 Cases



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# Environmental Management

## Environmental Management Implementation Framework

### Environmental Management Policy

Hanssem has established an environmental management framework to systematically manage environmental risks and opportunities and operates a company-wide environmental management policy based on this structure. This policy covers key environmental issues such as responding to climate change, expanding resource circulation, and reducing hazardous substances, and aims to minimize environmental impacts throughout the product life cycle. To this end, we apply sustainable methods to the entire product life cycle process and conduct preliminary environmental safety assessments to verify compliance with the standards prior to product launch. We also practice environmental reduction from the product design stage, including the use of recycled materials, eco-friendly design, and waste recycling. Hanssem strengthens its execution capabilities by training employees, investing in eco-friendly facilities, and expanding ESG standards for partners, and continues to make systematic improvements by setting environmental goals, monitoring performance, and verifying compliance with laws and regulations. In addition, we disclose environmental information transparently by communicating with stakeholders and practice responsible environmental management.

### Environmental Management Activities of Hanssem

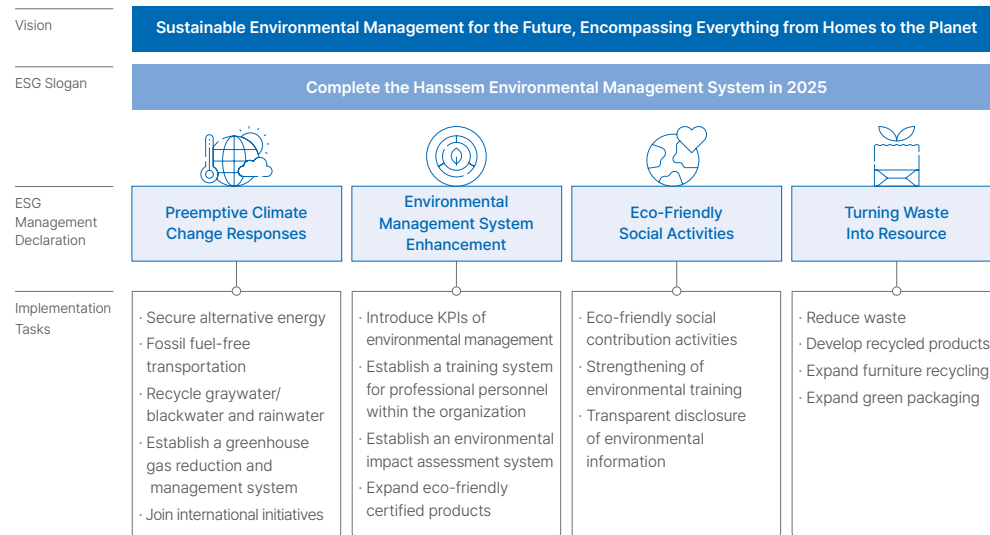
Category	Description
Environmental Management System	Establishing policies and operating the implementation system to respond to environmental risks and opportunities
Life Cycle Management	Minimizing environmental impacts throughout the entire process from procurement to production, logistics, sales, and disposal
Preliminary Assessment and Mitigation Activities	Conducting preliminary assessment of environmental safety before product launch and applying waste/low-carbon materials
Organizational Culture and Training	Expanding investment in employee training, eco-friendly facilities, and technology development
Supply Chain Management	Expanding the application of ESG standards to partners
Performance Management	Setting environmental goals, monitoring performance, and operating an internal audit system
Stakeholder Communication	Enhancing trust through communication and information disclosure with customers, partners, and local communities

[Environmental Management Policy](#)

### Environmental Management Strategy

Hanssem has established a strategy based on the Environmental Management Implementation Framework and operates a performance management system to implement it. Key Performance Indicators (KPIs) are set to align our environmental management policy with the objectives of the organization's members. The KPIs are designed around key environmental issues such as climate change response, compliance with environmental laws and regulations, chemical management, and biodiversity conservation. These KPIs are assigned to relevant key personnel, and regular performance evaluations are conducted based on the level of implementation. Through this strategic performance management system, we identify environmental risks in advance and internalize environmental management by creating tangible environmental results.

### Environmental Management Implementation Framework



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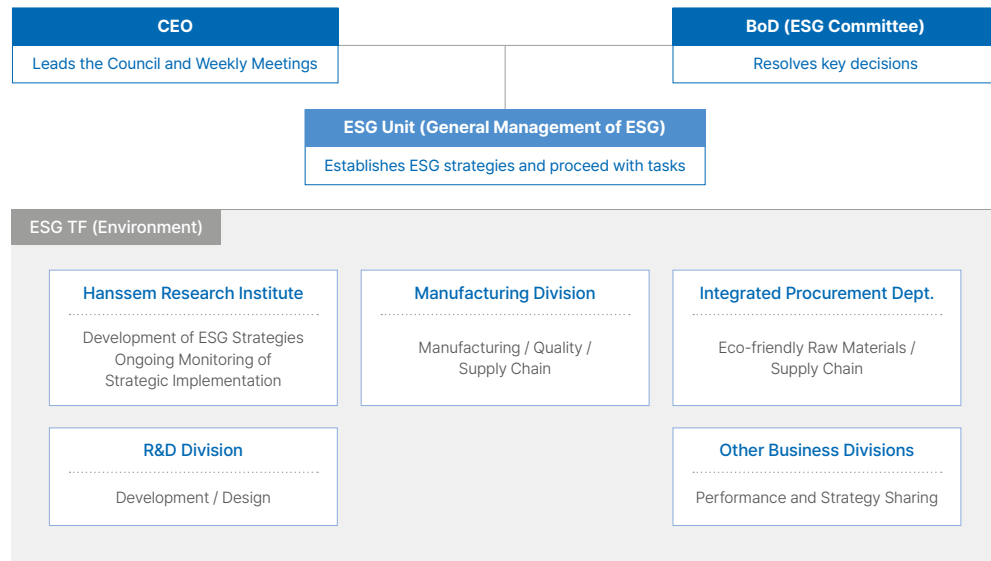
# Environmental Management

## Environmental Management Implementation Framework

### Internal Organization for Environmental Management Implementation

Hanssem has established a dedicated organization for the implementation of environmental management and has institutionally clarified the responsibilities and authority of the top management team for environmental management to strengthen execution at the company-wide level. Major environmental safety and quality improvement decisions are discussed monthly in the Integrated VOC (Voice of the Customer) Council, which is chaired by the CEO. The council comprehensively reviews various environmental safety issues, such as product safety accidents, construction site management, and environmental safety and quality improvement, and derives practical measures to respond to current issues. In addition, to internalize ESG management, we regularly hold a “Weekly ESG Meeting” to comprehensively review the environmental safety issue response status and recurrence prevention strategies from an ESG perspective. Final decisions on key environmental issues are made at the ESG TF meeting led by the management and the ESG Committee under the Board of Directors. On this basis, the implementation of environmental management policies is systematically managed and supervised.

### Organizational Chart for Environmental Management Implementation



### Hanssem Achieves Environmental Management Certification

Hanssem has systematically established and operates an environmental management system based on ISO 14001 certification, an international standard for environmental management systems. We have been continuously renewing our certification since 2006, the year we were first certified. In 2024, the certification scope was expanded from Plant 3, a key manufacturing facility, to include Plant 4 and the headquarters, thereby achieving certification across all business sites. With this expansion, all of our business areas, including design, development, production, sales, and construction/installation of home furnishings and sinks, design, and construction of interior decoration and remodeling, and sales of household goods and consumables, have been included in the scope of certification, which has helped us to refine the scope of the environmental management system and strengthen its effectiveness. Furthermore, we review the operating system through regular audits every year and reflect improvements to maintain the system's suitability and effectiveness. We will continue to practice environmental management by systematically managing environmental risks, reducing resource consumption, and minimizing the environmental impact of our products and business based on ISO 14001 standards.

### Hanssem's Environmental Management Certification (ISO 14001)

<b>Standard</b>	KSI ISO 14001:2015 / ISO 14001:2015
<b>Scope of Certification</b>	<ul style="list-style-type: none"> <li>· Design, development, production, sales, and construction/installation of home living furniture and sinks</li> <li>· Interior decoration and remodeling design and construction</li> <li>· Sale of household goods and consumables</li> </ul>
<b>Effective Period</b>	May 30, 2024 ~ May 29, 2027



Management System Certificate



2024 Sangam Office Building Certification Audit

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# Environmental Management

## Environmental Incidents and Regulatory Response

### Environmental Compliance Management

Hanssem manages environmental regulations systematically to strengthen the implementation of environmental management. To this end, we operate "legal compliance checklist" that reflects the applicability of relevant environmental laws and regulations. Changes in laws and regulations are reflected from time to time, and changes are reported to the head of the research center and applied to work guidelines. To improve employees' understanding of regulations, we conduct regular training on environmental regulations, and since 2023 we have been revising and distributing the Quality Standard to make it easier to understand and apply product-related laws and regulations in practice. Moreover, we operate an environmental law and regulation management process to systematize the entire process from the acquisition of regulatory information to its internal review, approval, registration, distribution, and training, thereby preventing legal risks in advance.

#### Environmental Regulation Management Process



### Training on Environment

Hanssem provides regular training for employees to proactively prevent environmental incidents and respond effectively to regulatory changes. Through these training programs, two strengthen both regulatory awareness and response capabilities across the organization. In 2024, we held two trainings on environmental regulations and quality/environmental management related to product quality, and we plan to continue providing employee training to comply with laws and regulations and strengthen our environmental management system.

#### Status of Environment Training

Training Title	Training Schedule	Key Training Description
Internal Training on SCM Competency Building	November 2024	<ul style="list-style-type: none"> <li>Introduction to product quality-related laws, regulations, and certifications</li> <li>Equipment quality laws, regulations, and certification processes</li> </ul>
Internal Auditor Training for ISO 9001 / 14001	December 2024	<ul style="list-style-type: none"> <li>Basic concept of quality and environmental management</li> <li>Roles and preparation of internal auditors for certification</li> </ul>

#### Hanssem Legal Compliance Checklist

Obligations	Regulatory Items	South Korean Government Ministry/ Agency in Charge	Law
Obligatory	Labeling, Safety Standards	Ministry of Trade, Industry and Energy	Electrical Appliances and Consumer Products Safety Control Act
			Foreign Trade Act
			Special Act on the Safety of Children's Products
			Energy Use Rationalization Act
		Korea Forest Service	Act on the Sustainable Use of Timbers
		Ministry of Environment	Water Supply and Waterworks Installation Act
			Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles
			Chemical Substances Control Act
			Indoor Air Quality Control Act
			Ministry of Food and Drug Safety
		Special Act on Imported Food Safety Control	
	Korea Fair Trade Commission	Framework Act on Consumers	
	Ministry of Land, Infrastructure, and Transport	Housing Act	
	Ministry of Science and ICT	Radio Waves Act	
Handling Standards		Ministry of Trade, Industry and Energy, Ministry of Environment, Ministry of Employment and Labor, Ministry of Justice, Ministry of Land, Infrastructure, and Transport, Korea Fair Trade Commission	Serious Accidents Punishment Act
			Wastes Control Act
			Act on the Promotion of Saving and Recycling of Resources
			Environmental Technology and Industry Support Act
Water Quality	Ministry of Environment		Article 22 of the Enforcement Decree of the Water Supply and Waterworks Installation Act
			Article 6 of the Regulations on Waterworks Facility Cleaning and Sanitation Management
			Article 33 (3) of the Enforcement Decree of the Water Supply and Waterworks Installation Act
Air Quality	Ministry of Environment		Article 11 of the Enforcement Decree of the Indoor Air Quality Control Act
Infection Prevention	Ministry of Environment		Article 24 of the Enforcement Decree of the Infectious Disease Control and Prevention Act
Arbitrary Certification	Obtaining Certifications	Ministry of Environment	Environmental Technology and Industry Support Act
		Korea Air Cleaning Association	Voluntary standards of the association under the Industrial Standardization Act
		Ministry of Trade, Industry and Energy	Industrial Standardization Act

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# Climate Change Response

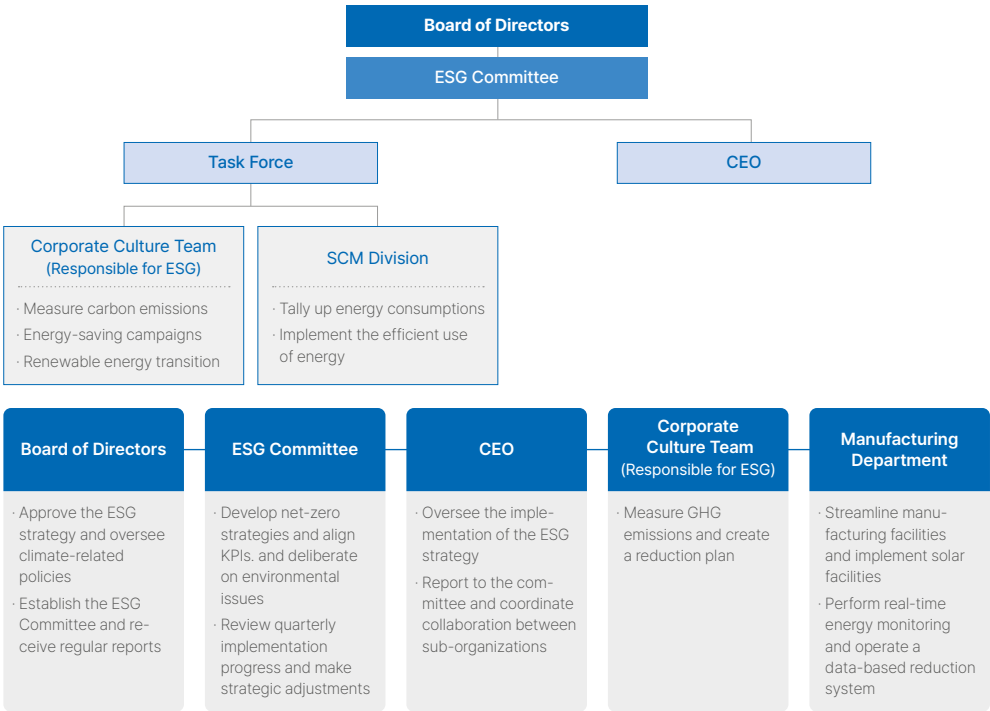
## Governance

### Governance

Recognizing the seriousness of climate change and its threat to human survival, we are actively participating in achieving the government’s 2050 carbon neutrality goal. As the first company in the home decor industry in South Korea to participate in the support declaration for the TCFD<sup>1)</sup>, we have established a company-wide management system and organization to respond to climate change. Since 2021, we have operated an ESG Committee under the Board of Directors, serving as the highest decision-making body for climate strategy and related initiatives. Through this committee-led governance and a collaborative structure that clearly defines interdepartmental roles, Hanssem responds systematically to climate-related risks. The ESG Committee functions as the top decision-making for reviewing key climate strategies and monitoring implementation. The Chief Executive Officer oversees the execution of strategies in close coordination with the Task Force. The implementation body consists of the ESG team within the Corporate Support Division and the Supply Chain Management (SCM) Division. These teams are responsible for specific action items such as company-wide carbon emissions measurement, energy-saving campaigns, transition to renewable energy, enhancement of manufacturing efficiency, and tracking of energy consumption. Through clearly defined roles and a well-coordinated system of collaboration, Hanssem is strengthening its capacity to achieve carbon neutrality. We will continue to advance its climate response efforts through a robust and systematic governance framework.

1) TCFD: the Task Force on Climate-related Financial Disclosure

Organization Chart for Carbon Emission Reduction Management System



Key Agenda Items for ESG Committee

Round	Meeting Date	Agenda Items	Decision	Attendance Rate
1	March 12, 2024	<ul style="list-style-type: none"> <li>Reporting the 2024 Sustainability Report</li> <li>Reporting the MSCI rating status</li> <li>Reporting the establishment of ESG KPIs</li> <li>Progress reporting on the Human Rights Impact Assessment</li> </ul>	Report	100%
2	June 19, 2024	<ul style="list-style-type: none"> <li>Reporting the double material assessment for the 2024 Sustainability Report</li> <li>Reporting the publication of the 2024 Sustainability Report</li> <li>Reporting the Human Rights Management Policy</li> <li>Reporting the supply chain sustainability management policy</li> </ul>	Report	100%
3	December 18, 2024	<ul style="list-style-type: none"> <li>Reporting the external assessment results for ESG in 2024</li> <li>Reporting the ESG activities in 2024</li> <li>Reporting the ESG implementation plan for 2025</li> <li>Report on focused activities to respond to the climate crisis</li> </ul>	Report	100%

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# Climate Change Response

## Strategy

### Climate Change Risks and Opportunities

**Climate Change Risks** | Hanssem identifies and systematically analyzes the risks posed by climate change across its entire business value chain. Specifically, we identified applicable risk factors by referring to global climate change disclosure frameworks and peer companies' response status. Then, we prioritized each type of risk through an in-depth analysis that incorporated input from relevant departments and external experts. Additionally, we conducted a more precise risk diagnosis by examining the impact on the business value chain as well as the financial and non-financial impacts, likelihood of occurrence, and timing from various angles.

#### Risk Factors and Their Potential Financial Impact

	Category	Risk Factor	Potential Financial Impact	Size of Financial Impact (KRW 100 million)	Temporal Scope			Response Measures
					Short-term	Mid-term	Long-term	
Transition Risks	Policies and Regulations	Assuming a 2% increase in electricity prices due to carbon regulations	Production cost increase, cost burden	2	●	●		High-efficiency facilities and power-saving campaigns
	Policies and Tax Regulations	Higher land transportation costs and emissions costs under the government's transportation roadmap	Domestic transportation cost increases and delivery delays	10		●		Use electric freight vehicles, optimize logistics
	Technology	Increased costs when switching to 100% renewable energy in comparison to the 2024 electric power	Higher operating costs and lower profitability	30	●			Adopt solar power, implement RE100 strategy
		MDF/PB supply instability and sales losses due to insufficient supply of renewable energy materials in South Korea	Production delays, delivery disruptions	40		●		Supply chain diversification, inventory management
	Market	Increased ocean transportation costs and logistics costs due to increased environmental investment by shipping companies	Increased logistics costs and a burden on import and export costs	15		●		Expand the eco-friendly logistics network
			Decrease in sales of uncertified products and decrease in brand value due to increasing market share of eco-friendly certified products	Decreased brand value, declined sales	25		●	
Reputation	Reputational risk due to overall ESG ratings, resulting in opportunity cost to market capitalization if ESG ratings fail to improve	Impediment to investment attraction, damage to reputation	50	●	●		Strengthen ESG performance, improve external disclosure	
Physical Risks	Acute	Reflecting the declining timberland based on RCP4.5 and 8.5 scenarios	Difficulty securing raw materials, price increases	20			●	Diversify import sources, research on alternative materials
		Reduced production land areas and lower supply due to sea level rise	Risks of supply chain disruption and production interruption	35			●	Long-term contracts, risk-diversified procurement
	Chronic	Increased demand for cooling energy based on SSP scenarios	Higher operating costs, increased power usage	5		●	●	High-efficiency air conditioning and insulation

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# Climate Change Response

## Strategy

### Climate Change Risks and Opportunities

**Climate Change Opportunities** | Hanssem manages climate-related opportunities through a process similar to its climate risk identification procedures. We identified potential opportunities, focusing on economic opportunities arising from the process of transitioning to a low-carbon economy. By referencing global climate disclosure frameworks and benchmarking industry peers, Hanssem conducted in-depth analyses of opportunity categories. This process incorporated input from relevant departments and external experts to assess feasibility and prioritize opportunities with the highest potential for realization. Hanssem plans to gradually capture these opportunities step by step by improving energy efficiency in our workplaces, introducing eco-friendly vehicles, expanding eco-friendly product lines, and strengthening ESG management. We will continue to leverage these opportunities as engines for sustainable growth.

### Opportunity Factors and Their Potential Financial Impact

Category	Risk Factor	Potential Financial Impact	Size of Financial Impact (KRW 100 million)	Temporal Scope			Response Measures
				Short-term	Mid-term	Long-term	
Opportunities	Technology	Potential to improve workplace energy efficiency by switching to high-efficiency green products	Reduced power use, improved profitability	10	●	●	Increase the adoption of high-efficiency and eco-friendly equipment
		Possibility to reduce fuel costs by switching workplace vehicles to eco-friendly (electric) vehicles	Lower fuel costs, lower operating costs	5	●	●	Phase out internal combustion engine vehicles and build EV infrastructure
	Market	Increase sales and strengthen ESG brand image by expanding eco-friendly product lines in order to enhance competitiveness of premium products at home and abroad	Sales increase, brand differentiation	30	●		Expand the use of eco-friendly materials and strengthen the development of eco-certified products
		Reputation	Possibility of increasing corporate value by actively engaging in ESG management	Increased company value, easier to attract investment	40		●

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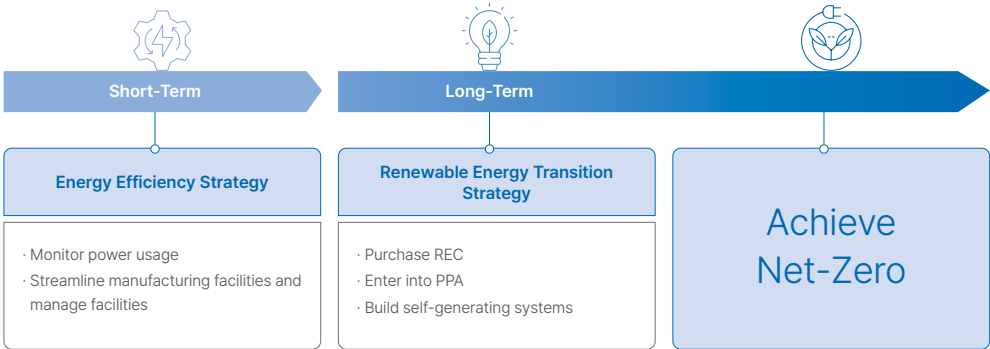
## Strategy

### Carbon Emission Reduction Measures

Hanssem is closely analyzing national carbon neutrality policies and global climate change trends, and is continuously strengthening its execution framework in response. To enhance the effectiveness of its climate risk response, we are advancing its internal assessment and evaluation systems, while refining its strategies through financial impact analysis related to climate change. Moreover, we have set mid- and long-term reduction goals based on the IPCC 1.5°C scenario and prepared detailed implementation plans, which will be executed step by step. Specifically, we are implementing a systematic roadmap to achieve net zero emissions by moving forward with energy efficiency strategies in the short term and renewable energy transition strategies in the long term.

**Energy Efficiency Strategy** | As a short-term strategy to reduce carbon emissions, Hanssem is pursuing activities focused on energy efficiency. As part of this strategy, we have adopted the Korea Electric Power Corporation's Power Planner System at all our business sites to systematically manage electricity usage, except in leased places. We monitor real-time usage on an hourly, daily, monthly, and yearly basis and analyze optimal usage patterns for each business site. If abnormal power usage is detected, we analyze the cause immediately and take follow-up measures to minimize energy waste. Improving the efficiency of our manufacturing equipment is also one of our key strategies. At Plant 3, for example, we replaced five existing air compressors with one high-efficiency unit, reducing power usage by about 31% and greenhouse gas (GHG) emissions by about 5%. Besides this, we are implementing daily energy-saving activities, such as operating an automatic light switch-off system during lunchtime and replacing lighting fixtures with LEDs. In the future, we plan to expand equipment improvements to major facilities, such as business sites, factories, and distribution centers, to strengthen our integrated management system that can achieve both energy efficiency and GHG reduction.

### Carbon Emission Reduction Strategy



**Renewable Energy Transition Strategy** | We are taking a proactive stance against climate change by setting renewable energy transition as a key goal of our long-term strategy. Given that more than 95% of our GHG emissions come from electricity use, our reduction strategy focuses on renewable energy. We plan to transition to 100% renewable energy for all our electricity use by 2050 through power purchase agreements (PPAs) for renewable energy and the purchase of renewable energy certificates (RECs), as well as by establishing self-power generation systems. As part of this strategy, we introduced a 202 kW solar power generation system at Hanssem Plant 1 and applied it to optimal manufacturing equipment considering the amount of sunlight and the time of day when electricity is used. Moving forward, we plan to gradually expand solar power generation systems at manufacturing facilities and logistics centers to increase the proportion of eco-friendly energy use.

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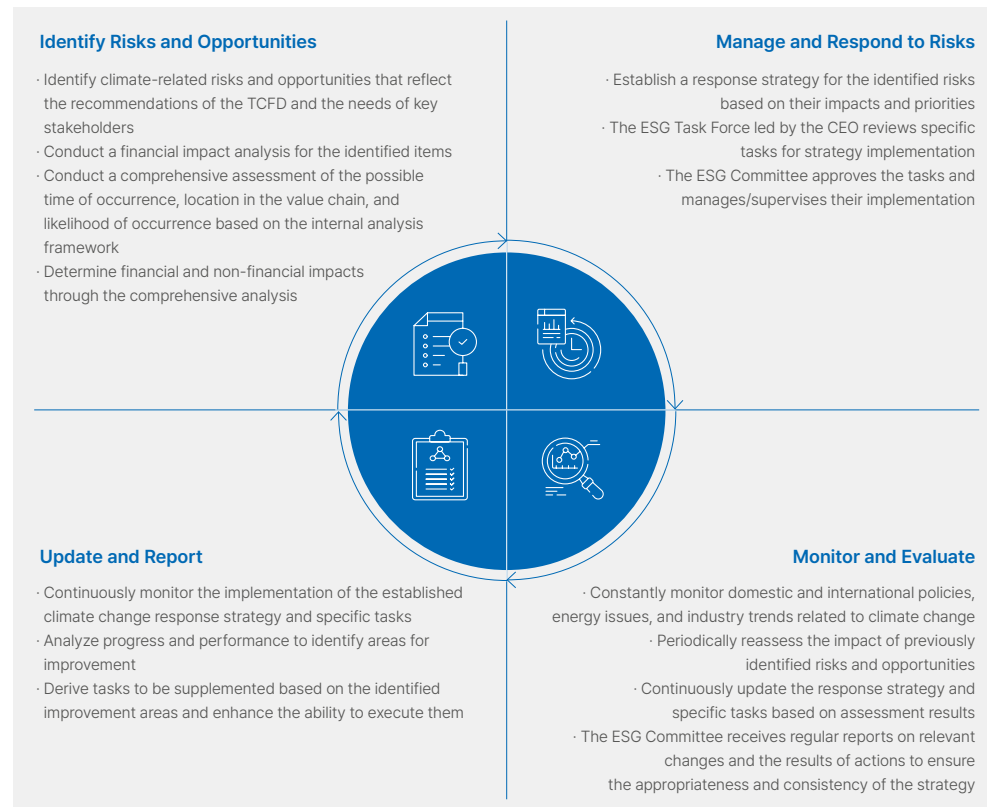
# Climate Change Response

## Risk Management

### Risk Management

Hanssem has established a risk management process to systematically manage the impact of climate change-related risks on the business value chain. The process consists of four steps: ① identify risks and opportunities, ② establish response strategies, ③ monitor and evaluate, and ④ update and report. Through this framework, Hanssem analyzes the likelihood and potential impact of climate risks and develops viable response measures. Furthermore, we enhance our climate response system continuously by checking it regularly and supplementing our strategy.

#### Climate Change Risk Management Process



## Metrics and Targets

### Climate-Related Metrics

In alignment with national carbon neutrality policies and global climate response efforts, Hanssem is systematically managing its greenhouse gas emissions and energy consumption. In 2020, we established a GHG inventory and began verifying Scope 1 and 2 emissions. In 2021, we expanded the scope of management to include Scope 3 emissions, such as indirect emissions from the supply chain. We ensure the reliability of the data through third-party verification every year. Hanssem is pursuing phased implementation of mid- to long-term reduction targets to achieve carbon neutrality by 2050. Given our business structure, which has a high proportion of greenhouse gas emissions stemming from energy use, we continuously monitor company-wide energy consumption. We are actively working to reduce emissions from energy sources by introducing high-efficiency equipment. In 2024, Hanssem's Scope 1 and 2 emissions totaled 18,714 tCO<sub>2</sub>eq, successfully outperforming the original target of 18,996 tCO<sub>2</sub>eq, achieving a 4% reduction beyond the goal.

#### Greenhouse Gas Emissions Status

Classification	Unit	2022	2023	2024
<b>Total Emissions (Scope1+2)</b>		20,102	19,788	18,714
<b>Scope1</b>		1,301	998	825
<b>Scope2</b>		18,801	18,790	17,889
<b>Total</b>		208,888	109,982	77,663
<b>Goods and Services Purchased</b>		168,577	67,416	47,149
<b>Capital Goods</b>		80	62	2,025
<b>Other Indirect Emissions</b>	tCO <sub>2</sub> eq	26	789	2,633
<b>Scope3</b>				
<b>Upstream Transportation / Logistics</b>		31,512	31,105	18,199
<b>Business Waste Disposal</b>		1,769	1,391	1,192
<b>Employee Business Trip</b>		441	364	215
<b>Employee Commute</b>		1,576	2,829	1,508
<b>Rent<sup>1)</sup></b>		2,088	3,641	2,895
<b>Investment</b>		2,819	2,385	1,847

1) Hanssem Sangam and Bangbae office building

#### Energy Consumption Status

Classification	Unit	2022	2023	2024
<b>Energy Consumption</b>	TJ	413	409	470

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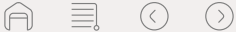
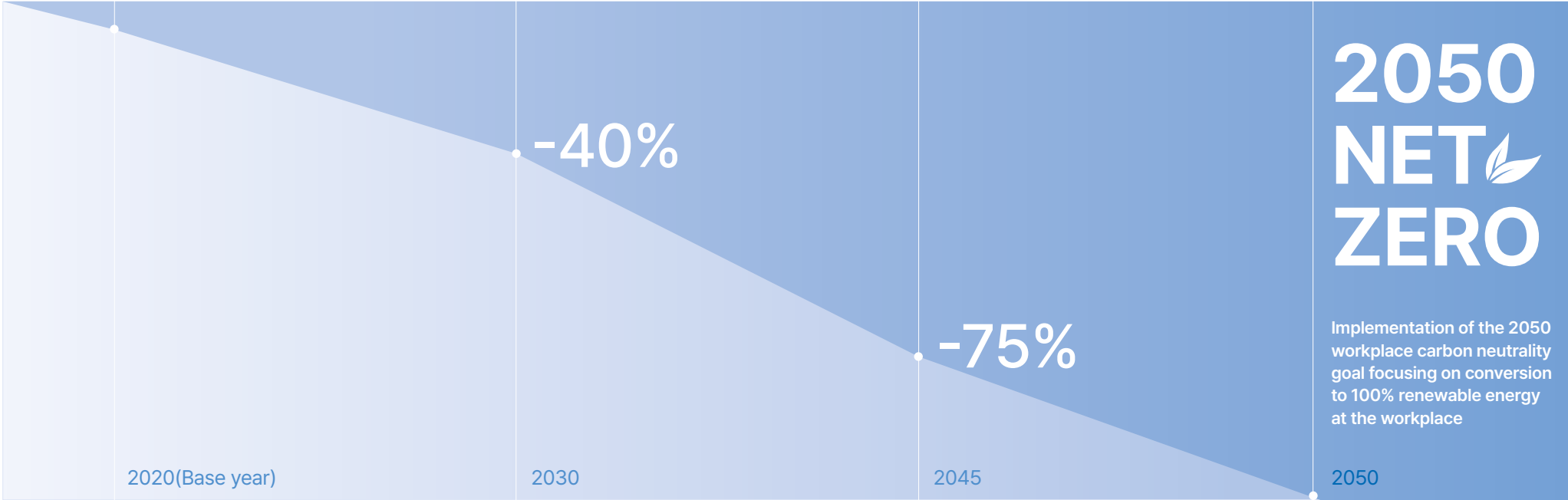
# Climate Change Response

## Metrics and Targets

### Net-Zero Goal

In line with the international community’s climate goal of limiting the increase in the global average temperature to below 2°C compared to pre-industrial levels, and even to 1.5°C or lower, Hanssem aims to achieve net-zero emissions from its business sites by 2050. We have adopted 2020 as the base year for this initiative and is pursuing a renewable energy-focused reduction strategy, recognizing that over 95% of its total greenhouse gas emissions originate from electricity consumption. Hanssem plans to transition to 100% renewable energy for electricity use on our business sites by 2050 through various means, including renewable power purchase agreements (PPAs), the purchase of renewable energy certificates (RECs), and the establishment of self-power generation systems. In line with the government’s net-zero policy, we also aim to reduce GHG emissions by 40% by 2030 and 75% by 2045.

2050 Net-Zero Roadmap



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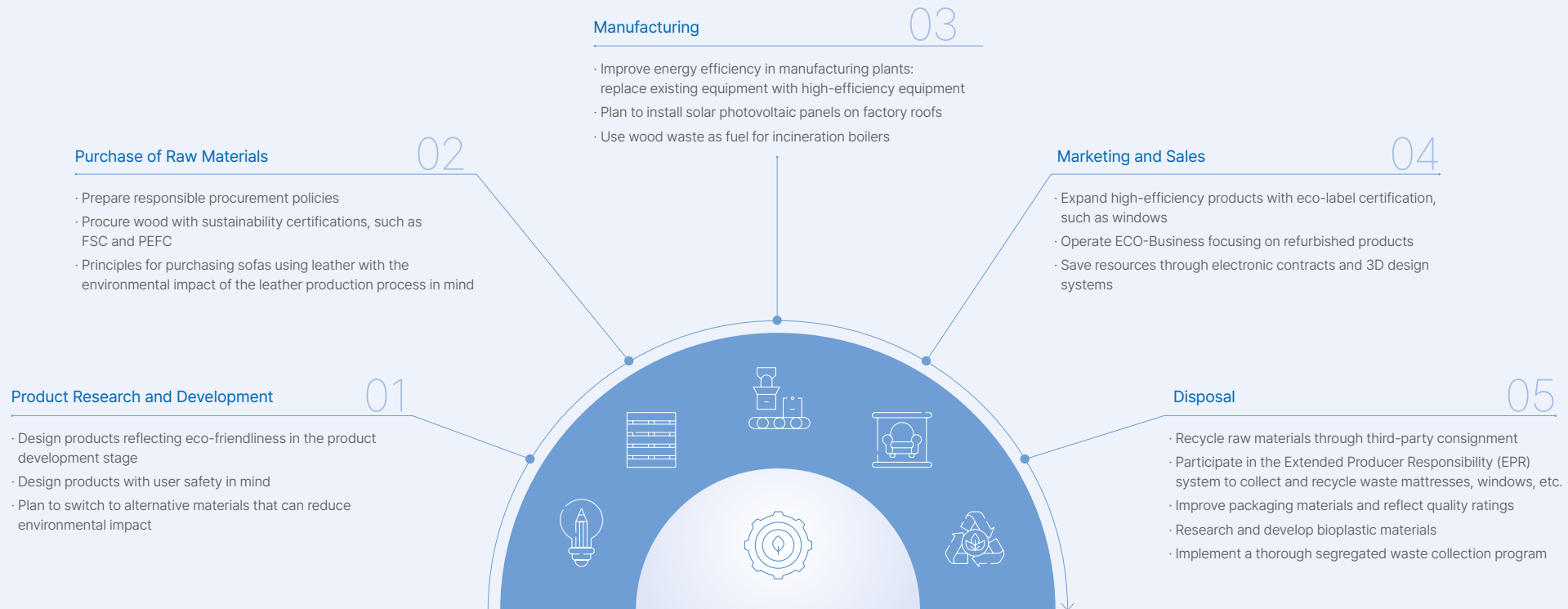
# Product Life Cycle (PLC)

## PLC-Based Environmental Management

### PLC-Based Environmental Management Process

Hanssem has established and operates a PLC-based environmental management system to systematically manage the environmental impact of products at all stages, from procurement to disposal. This enables us to effectively manage the environmental footprint of our products, including indirect carbon emissions (Scope 3) while reducing environmental risks at the product level and developing sustainable products. The environmental management system is implemented company-wide in cooperation with the ESG Committee and the ESG Task Force under the CEO and is continuously improved in response to policy and regulatory changes. In particular, the product life cycle is divided into five stages: R&D, procurement, manufacturing, distribution/sales, and disposal. At each stage, implementation strategies are in place to reduce environmental impact.

#### Product Environmental Impact Management



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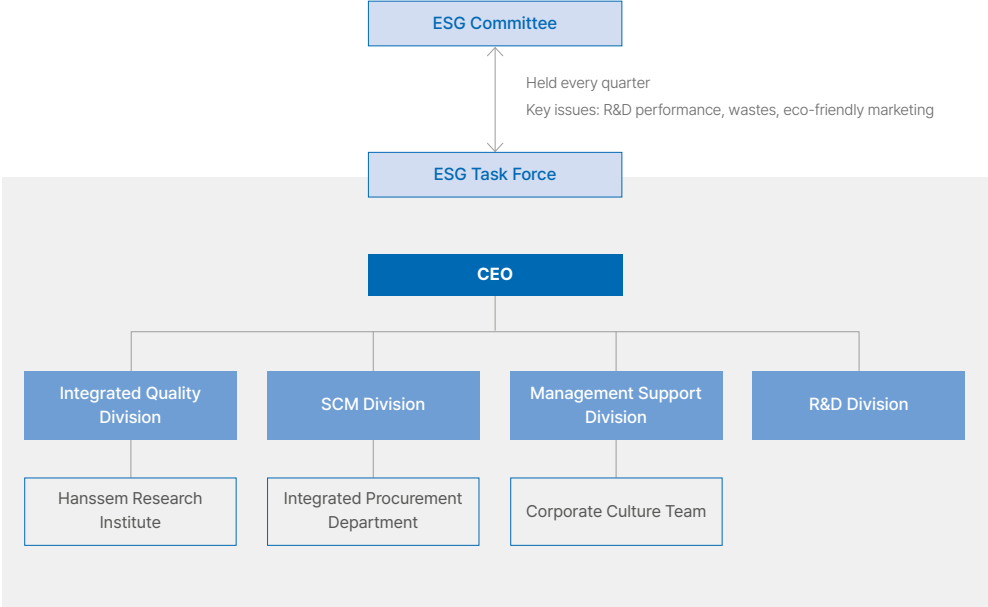
# Product Life Cycle (PLC)

## PLC-Based Environmental Management

### Internal Organization for PLC-Based Environmental Management

Hanssem operates a dedicated internal organization to systematically manage the environmental impacts of its products throughout their life cycle. Based on a collaborative system directly under the CEO, the ESG Committee and ESG Task Force play a central role in reviewing major environmental issues at each stage, including R&D, raw material procurement, manufacturing, and disposal, every quarter, and establishing response strategies. The ESG Committee supports the strengthening of environmental management, and in 2024, it decided to expand the procurement of eco-friendly raw materials and develop alternatives to polyvinyl chloride (PVC) materials. As a result, we reduced the number of items requiring improvement in the ISO 14001 certification audit by one compared to the previous year. The ESG Task Force involves key departments, including the Integrated Purchasing Department, to strengthen R&D performance, waste management, and eco-friendly marketing activities. Furthermore, the SCM (Supply Chain Management) Division manages suppliers to procure raw materials with green certifications and promotes the internalization of eco-friendly procurement policies at the local site level through staff training. The Manufacturing Division minimizes the environmental impact of the production process by properly disposing of waste and segregating and recycling waste wood. In addition, the R&D Division carries out product design to extend the useful life of products and development with the aim of reducing waste generation. Meanwhile, the Corporate Culture Team oversees ESG activities to strengthen cooperation among departments and raise ESG awareness among employees. We will continue to proactively manage the environmental impact of our products based on this integrated management system.

Organizational Chart and Key Roles for Environmental Management Across the Entire Product Lifecycle



ESG Committee	ESG Task Force	Integrated Procurement Department	Manufacturing Department	R&D Division	Corporate Culture Team
Establish eco-friendly management strategies and approve major policies	Discuss environmental issues for each sector on a quarterly basis and establish/reflect response strategies	Procure eco-friendly raw materials and manage the supply chain	Reduce the environmental impact of the manufacturing process and manage wastes	Design and develop products with the environment in mind	Support the operation and internalization of ESG activities

### Key Agenda Items for the ESG Committee in 2024

Category	Key Agenda Items
Reporting Items	<ul style="list-style-type: none"> <li>Expansion of eco-friendly raw materials sourcing.</li> <li>Implementation of the research and development of PVC alternatives.</li> <li>Signing an agreement with a benefit society to promote mattress collection and recycling</li> <li>Reviewing progress on material ESG issues in 2024 (including the disclosure of policies of applying environmental and consumer health factors in product design)</li> <li>Reviewing responsible raw material sourcing declaration</li> <li>Reporting on ISO 14001 certification audit results in 2024</li> </ul>

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# Product Life Cycle (PLC)

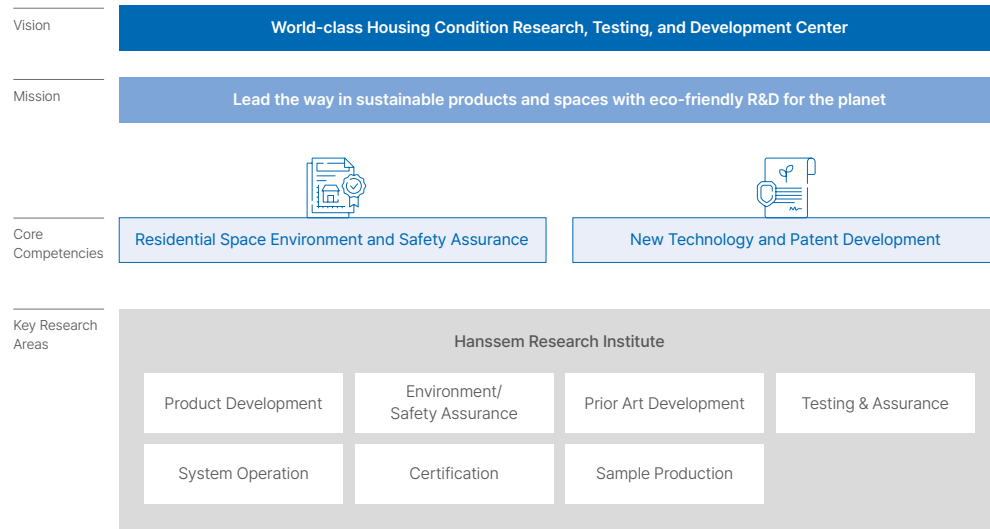
## Eco-Friendly Research and Development

### Hanssem Research Institute

Hanssem Research Institute was established in 1991 as the Production Technology Development Team and officially registered as a corporate-affiliated research institute in 2005. It is the first specialized research institute in the South Korean furniture industry to obtain internationally recognized accreditation as a testing laboratory. It conducts hazardous substance testing for various products, including wallpapers, wallboards, and other household materials. Through this process, Hanssem Research Institute manages the number of hazardous substances emitted by products to the E0<sup>1)</sup> rating level, which is stricter than the legal standard, to enhance product safety. Based on the Hanssem Research Institute's strict shipment approval process, we manage the environmental impact of new products effectively. Clear goals reflecting customer needs and social issues are set at the product planning stage, and various preliminary verification procedures are used to ensure the eco-friendliness and safety of products. These procedures include material selection, manufacturing processes, and environmental and mechanical testing. In addition, Hanssem Research Institute conducts research across a wide range of areas, including material and process development, prototype production, testing and certification, new technology development, as well as specification and equipment development. Going forward, Hanssem is committed to advancing sustainable product development through systematic testing and research, further strengthening its commitment to eco-friendly management.

1) Wood grades with average formaldehyde emissions of 0.5mg/l or less

### Hanssem Research Institute's sustainable R&D strategy



### Key Research Areas and Patent Accomplishments

Year	Research Areas	Key Accomplishments
2019	Healthcare Solutions, Energy Savings	<ul style="list-style-type: none"> <li>Secured multiple patents for an integrated healthcare solution system.</li> <li>Developed a mobile device-based lighting control system</li> <li>Developed an eco-friendly clothes drying rack and a functional desk</li> </ul>
2020	Housing Convenience Improvement	<ul style="list-style-type: none"> <li>Registered patents for customized storage organizers and Hanssem Rehaus solutions</li> <li>Improved the sanitary environment by improving drainage holes</li> </ul>
2021	Energy Efficiency, Home Safety Improvement	<ul style="list-style-type: none"> <li>Secured technology for water-heated/heated mattresses</li> <li>Developed an ultraviolet sterilization block for the kitchen</li> <li>Improved bathroom structure safety and developed furniture tip-over prevention devices</li> </ul>
2022	Home Safety Improvement	<ul style="list-style-type: none"> <li>Improved furniture structure safety</li> <li>Enhanced furniture usability and extensibility</li> </ul>
2024	Environmental Impact Mitigation, Housing Convenience Improvement	<ul style="list-style-type: none"> <li>Strengthened furniture's structural strength and secured waste reduction technologies</li> <li>Developed desks suitable for study rooms and studying environment in children's rooms</li> </ul>

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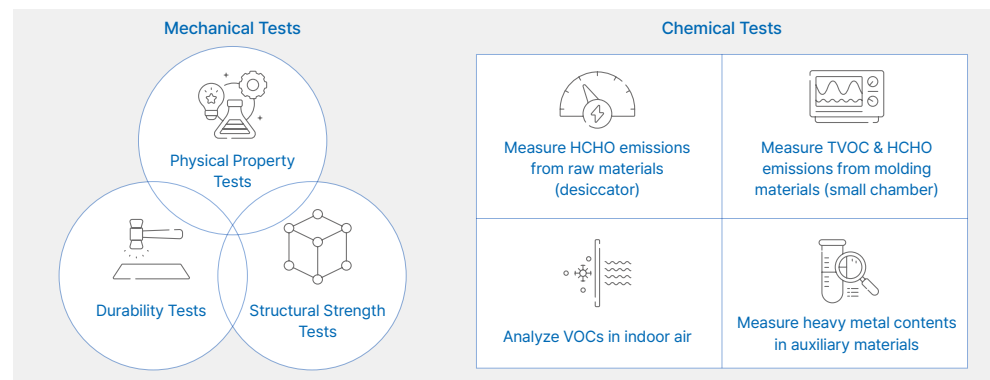
## Eco-Friendly Research and Development

### R&D Activities

**Eco-Friendly R&D** | Hanssem Research Institute is optimizing resource usage by product and enhancing component compatibility to simultaneously achieve resource conservation, improved energy efficiency, waste reduction, and greater consumer convenience. To reduce PVC usage, we are replacing conventional packaging materials with easily recyclable paper and eco-friendly materials and improving product materials. For the Steady Comfy Family Bed, launched in 2024, we developed a version with PU leather in addition to the existing PVC model to minimize environmental impact. The PU material reduces harmful chemical emissions as it does not contain phthalate-based plasticizers. It is also highly recyclable, which contributes to reducing environmental burdens. We plan to continue researching and developing products to provide consumers with safer, more sustainable options.

**Eco-Friendliness Testing System of R&D Center** | Hanssem Research Institute conducts rigorous mechanical and chemical testing to ensure the quality and safety of its products. Mechanical tests evaluate physical properties, durability, and structural integrity, while chemical tests verify the presence of any hazardous substances. Based on our unique quality standards, which exceed legal standards, we promote innovation in materials and design. In particular, we contribute to spreading a culture of sustainable consumption, protecting environments, and saving resources by developing durable products that extend their service life and reduce waste generation. To ensure the reliability of our test results, we obtained testing laboratory accreditation from the Korea Laboratory Accreditation Scheme (KOLAS) in July 2020. Hanssem has maintained this accreditation to date, continuously strengthening its quality verification systems.

### Quality and Safety Test System



### Manufacturing

**Changing Product Materials: Sofas, Beds, Desks, Chairs** | Hanssem improves the materials of its main furniture products to extend their lifespan and reduce waste. We have improved durability by replacing nonwoven fabric previously used in the bottom finishes of sofas and beds with high-durability fabric materials, enabling longer product use. Non-woven fabrics wear out over time, which reduces the product's lifespan. In contrast, our new fabric materials can minimize environmental impact based on their excellent durability. This material improvement extends beyond sofas to a wide range of products, including desks and chairs for study rooms and children's rooms, contributing to the development of sustainable home furnishings.

**Product Design Changes: Bed Springs** | Hanssem has introduced a "Black T-spring" design to strengthen the durability of its mattresses and extend their lifespan. The Black T-Spring is made of a material that resists repeated loads while maintaining its elasticity and support capability over time. This reduces mattress deformation providing a stable feel. Additionally, we applied the "Gradation Design" which supports body flexion in a balanced manner, and the "Inner Tufting Method" which prevents deformation of the inner material. This reduces the sinking phenomenon and enhances product durability. These design improvements extend the mattress's service life, reducing product replacement cycles and waste.

**An Alternative to Single-Use Plastic Bags: Hanssem Tarpaulin Bags** | To reduce plastic usage in stores, Hanssem has developed its reusable tarpaulin bags featuring the Hanssem signature CI (corporate identity). These durable bags can be used repeatedly and have a larger storage capacity than conventional single-use bags, thus being more convenient for customers. This initiative helps minimize unnecessary plastic waste and promotes a culture of sustainable consumption. We encourage our customers to participate in eco-friendly consumption practices voluntarily and plan to continue spreading these practices in our daily lives.

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# Product Life Cycle (PLC)

## Product Sales

### Eco-Friendly Product Sales Goals

To expand the number of products certified with environmental labels, Hanssem is taking various measures to increase resource efficiency and reduce carbon emissions throughout the production and supply processes. In particular, we reuse and recycle artificial marble waste, which has a high proportion of Scope 3 emissions, through a chemical waste disposal company after demolition. This contributes to the realization of a circular economy. Additionally, we are strengthening the development of eco-friendly products by improving their environmental performance through the use of eco-friendly paints, expanding products that reduce hazardous substances, and obtaining environmental label certifications. We have currently obtained environmental label certifications for our major product lines, including InnoPlus, Hanssem Windows, and Hanssem Baths & Toilets. These products are designed and manufactured with comprehensive consideration for eco-friendliness, durability, and performance, and we are also expanding our eco-friendly product portfolio. Looking ahead, Hanssem plans to extend certification scope to include to furniture, in addition to building materials, by 2025 and complete Eco-label certification for all furniture products by 2026. We will also continue to expand certification to new product lines, including mattresses and furniture, to strengthen our sustainable product lineup. Furthermore, we will ceaselessly minimize the negative environmental impact of our products throughout the entire process, from production to disposal, by applying eco-friendly materials to our product packaging.

### Environmental Certifications of Products

2024 Status	2025 Goals	2026 Goals
<ul style="list-style-type: none"> <li>· 11 types of windows</li> <li>· 3 types of toilets</li> <li>· 1 type of flooring material</li> </ul>	<ul style="list-style-type: none"> <li>· Mattresses and wallpapers</li> <li>· Increase the number of certified items for toilets</li> </ul>	<ul style="list-style-type: none"> <li>· Expand the scope of furniture certifications for student desks and chairs</li> </ul>

### Eco-Friendly Products

**Expanding Eco-Friendly Packaging Materials** | Hanssem has classified the following product groups as eco-friendly: InnoPlus, Hanssem Windows, and Hanssem Baths & Toilets. These products are designed and manufactured with comprehensive consideration of eco-friendliness, durability, and performance, and these products have obtained environmental label certifications. Based on this, we plan to expand certification to additional product groups, such as mattresses and furniture, by 2025 and strengthen our sustainable product portfolio. We will also strive to minimize negative environmental impacts throughout the entire process by using eco-friendly materials for our product packaging.

**Changing the Packaging Material of Mattresses: Renewable Naphtha** | Hanssem is implementing a project to replace the polyethylene (PE) packaging material used to package mattresses and bedding with 100% cotton or renewable naphtha<sup>1)</sup>-based packaging materials. Renewable naphtha is an eco-friendly packaging material certified by ISCC<sup>2)</sup>, offering a sustainable alternative to conventional PE packaging, which has been associated with slow biodegradation and limited recyclability—factors that contribute to increased waste generation. For this reason, we have adopted reusable fabric packaging materials to reduce waste and minimize the environmental impact of product packaging. Currently, 5% of all products are packaged using fabric materials.

- 1) It is an eco-friendly plastic raw material made from plant-based biomaterials, such as palm oil and waste cooking oil.
- 2) International Sustainability & Carbon Certification (ISCC): international sustainability and carbon certification in line with the European Union's Renewable Energy Directive.



ISCC Certificate for Renewable Naphtha

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# Product Life Cycle (PLC)

## Resource Circulation and Waste

### Virtuous Cycle of Waste

Hanssem is committed to a virtuous cycle that goes beyond waste management and reuses waste as resources. Approximately 80% of the waste generated during the manufacturing process consists of wood by-products, such as waste wood originating from key product materials like particle board (PB) and medium-density fiberboard (MDF). We incinerate waste wood at our facilities using incinerators that meet environmental standards and use the heat energy generated in the process as an energy source for the manufacturing plant. Additionally, surplus thermal energy is sold to cogeneration plants, further enhancing energy efficiency. Hanssem also manage other wastes, such as waste synthetic resin, scrap metal, plastic, and boxes, by legitimate incinerating or recycling them through a contractor certified under the Framework Act on Resources Circulation to reduce waste generation and use the recycled resources for energy.

### Recycling and Reuse

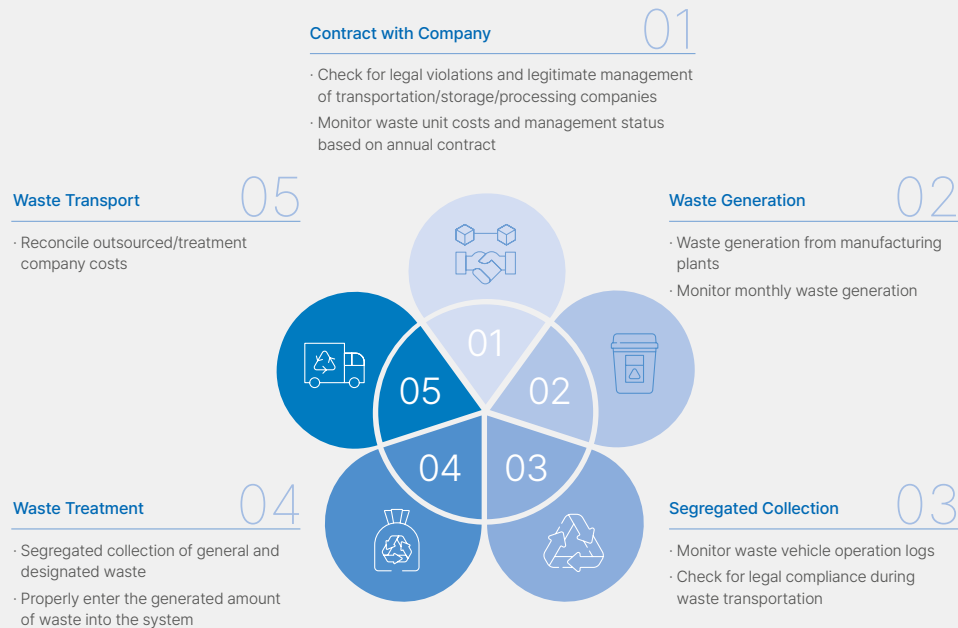
**Refurbished Products** | Hanssem is implementing a business model to recycle products that were returned due to a simple change of heart or shipping damage. These products otherwise be disposed of, but Hanssem sells them again as refurbished products. Refurbished products are selected from returned items or items damaged during the manufacturing, shipping, or selling process but that are still functional. They are inspected, graded, and offered at reasonable prices. With the recent economic recession, consumer demand for value for money has increased, as has interest in eco-friendly products. Therefore, the market demand for refurbished products is expected to grow. Hanssem aims to minimize its environmental impact by reducing waste and using resources efficiently while ceaselessly increasing customer satisfaction.

**Mattress Collection and Recycling** | Hanssem is strengthening its commitment to social responsibility to solve the mattress recycling problem and is actively working to reduce waste and promote resource circulation. Since mattresses are made of different materials that make them difficult to recycle, we are working with the Korea Public Resource Circulation Association to create a systematic collection and recycling system. This initiative involves partnerships with more than 8 mattress manufacturers and importers, and with more than 11 collection and recycling firms. The goal is to raise the mandatory mattress recycling rate to 30% by 2026, establishing a more sustainable resource management system.



HANSSEM Refurbished Product\_Recliner

### Legitimate Handling Process for Manufacturing Plant Waste Recycling



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# Raw Materials

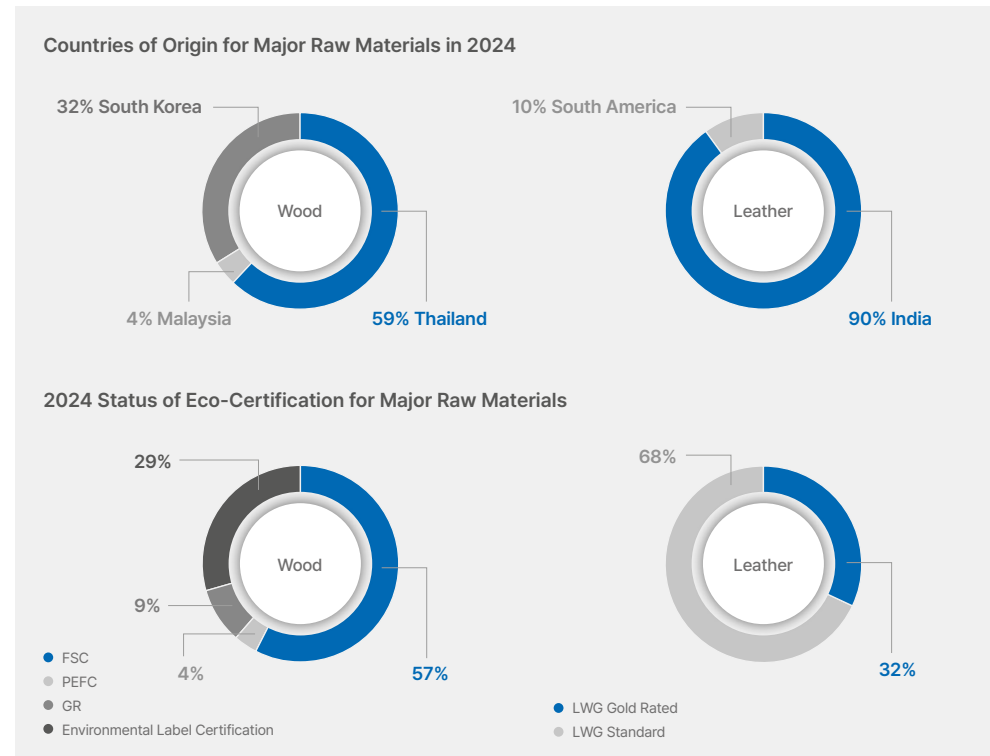
## Raw Material Procurement

### Raw Material Procurement Principles

Hanssem has a responsible procurement policy aimed at promoting sustainability through its supply chain, which goes beyond the use of environmentally friendly raw materials. To this end, we have established the Hanssem Partner Code of Conduct and requires all sales partners to comply with environmental and social standards. These requirements are formally embedded into supplier contracts to ensure enforceability and effectiveness. In line with international standards, Hanssem avoids the use of conflict minerals such as tin, tungsten, tantalum, and gold, and strictly prohibits the use of illegally harvested timber. Suppliers are encouraged to use certified sustainable materials and recycled resources to support environmentally responsible procurement. In fact, main wood materials, such as PB<sup>1)</sup> and MDF<sup>2)</sup>, are FSC<sup>3)</sup> or PEFC-certified<sup>4)</sup> wood and GR-certified<sup>5)</sup> recycled materials, and we only procure leather products from partners with LWG<sup>6)</sup> certification.

- 1) PB (Particle Board): Engineered wood made by compressing finely shredded wood particles with adhesive
- 2) MDF (Medium Density Fiberboard): Artificial wood made by compressing wood fibers under high temperature and pressure.
- 3) FSC (Forest Stewardship Council): An international certification granted to products that meet sustainable forest management.
- 4) PEFC (Programme for the Endorsement of Forest Certification): An international certification granted to products that meet sustainable forest management standards.
- 5) GR (Good Recycled): A certification granted to products made from recycled materials that meet environmental and quality standards.
- 6) LWG (Leather Working Group): A certification granted to companies that meet environmental responsibility and sustainability standards in the leather manufacturing process.

**Origin of Raw Materials** | Hanssem operates an environmentally sound and traceable sourcing system to strengthen environmental and social responsibility in its supply chain and to increase transparency and sustainability in raw material sourcing. This system allows proactive identification and systematic management of environmental and social risks in Hanssem's supply chain. Currently, Hanssem's sustainable procurement policy is primarily applied to wood and leather materials, with plans to gradually expand its scope to include all raw materials and packaging. For leather in particular, buffalo from India and bull from South America are the main rawhides, which are processed locally in Italy and China before they are supplied to Hanssem. To ensure transparency in procurement routes and sources, Hanssem receives purchase records and origin information for crust leather (raw hides prior to finishing) from its leather suppliers.



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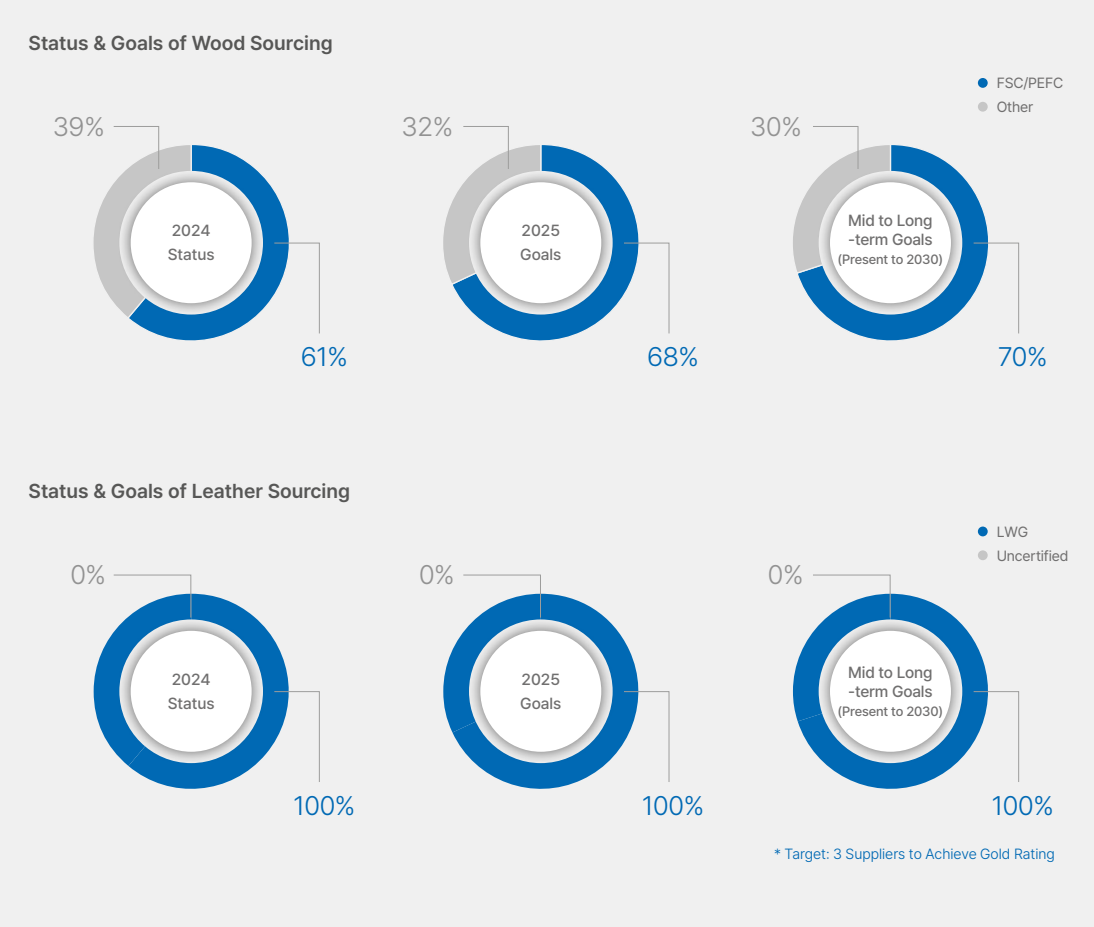
# Raw Materials

## Raw Material Procurement

### Procurement Management

**Green Material Procurement Management** | Hanssem has established and operates an environmentally responsible and traceable raw material procurement system to strengthen the integrity and sustainability of its supply chain. This system aims to proactively identify and manage environmental and social risks that may arise at the material procurement stage, thereby practicing responsible operations throughout the supply chain. Currently, Hanssem applies its sustainable sourcing policy focused on wood and leather and plans to extend this policy to all raw materials and packaging materials to reduce environmental impact throughout the entire production process. Furthermore, in order to achieve sustainable win-win cooperation with partner companies, Hanssem established a Partner Code of Conduct, which has been effectively applied in purchase contracts starting in the second half of 2023, recommending partners to also adhere to responsible sourcing and environmental and social standards.

**Procurement Status and Goal Measurement** | Hanssem conducts an annual review of eco-certification status for its suppliers based on the annual purchase amount of wood materials (PB, MDF) and leather products (sofas), establishes procurement goals, and monitors the progress toward these goals. Wood materials are primarily sourced from South Korea, Thailand, and Malaysia, where rubber trees are processed into raw materials. Hanssem plans to increase the proportion of materials with global certifications such as FSC and PEFC by another 10% by 2025, with the mid-to the long-term goal of achieving a certification rate of more than 70%. For leather, as of January 2024, all of the main suppliers (one in Italy and two in China) are LWG certified, and Hanssem plans to maintain this status through 2025. Furthermore, by 2030, all leather suppliers will have obtained the LWG Gold level or higher to build a 100% green-certified leather sourcing system.



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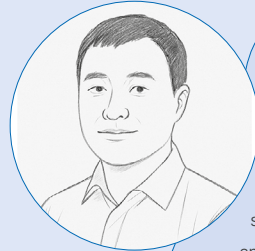
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# For • Our • Customers •

As a company closely tied to the daily lives of our customers, Hanssem places the highest value on product safety and reliability, customer satisfaction, and personal information protection. We strive ceaselessly to provide experiences and services designed from the perspective of customers at the product development stage. Through safe and trustworthy living environments, Hanssem is committed to enhancing the quality of life for its customers.

## STAKEHOLDER DIALOGUE



Hanssem reduced VOC (Voice of Customer) cases—customer complaints—by approximately 40% compared to the previous year, leading to higher customer satisfaction. This improvement is more than a number; it reflects our company-wide efforts to enhance quality at customer touchpoints and strengthen our ability to respond proactively. Cross-functional collaboration has enabled us to address issues quickly and systematically. In particular, we've focused on sales and installation-related complaints through field-centered training and knowledge sharing to prevent recurrence. We have also overseen structured diagnosis, root cause analysis, process improvement, and manual updates through our Claims Deliberation Committee. This company-wide, prevention-oriented approach has not only strengthened the frontline capabilities of our employees, but also reinforced customer trust. Moving forward, we will continue to advance customer satisfaction and loyalty through a customer-centric approach to management.

\_Yang-Yeol Ko, General Manager of the Customer Protection Team

Hanssem introduced a "labeling" system to its privacy policy in 2024 to enhance customers' data self-determination and improve clarity in information delivery. We visually present key elements such as the purpose of data processing, items collected, and retention period, enabling customers to intuitively understand how their personal information flows. This has significantly improved both accessibility and comprehension of our data practices. In addition, through tools such as the e-Privacy Clean Service, we support customers in recognizing and managing when, how, and to what extent their personal data is collected, used, and shared. We are continuously strengthening our policies to protect data subjects' rights and to build a responsible and transparent data management environment.

\_Mu-Kwon Jeon, Head of Information Security Office



After a furniture delivery, I noticed a scratch during assembly. I reported it through the mobile app and received a call from a representative within 24 hours. The response was quick and clear, with guidance on the resolution process, including a site visit and product exchange. After the issue was resolved, they even followed up to confirm my satisfaction. I was impressed by the structured process and the genuine care in their service. In a recent remodeling project, I also appreciated Hanssem's use of eco-certified materials, the thorough pre-construction environmental checks, and clear communication about pipe conditions. There was little to no odor or irritation after the work was completed, and I could see their commitment to sustainability and customer-centered service throughout the experience. It reinforced my trust in Hanssem.

\_Customer

Key Accomplishments

### KOLAS International Accreditation

Over last year 

Number of VOCs Received for Customer Complaints

Reduced by **40%**

As of 2024 

Customer Satisfaction

Reached **88%**



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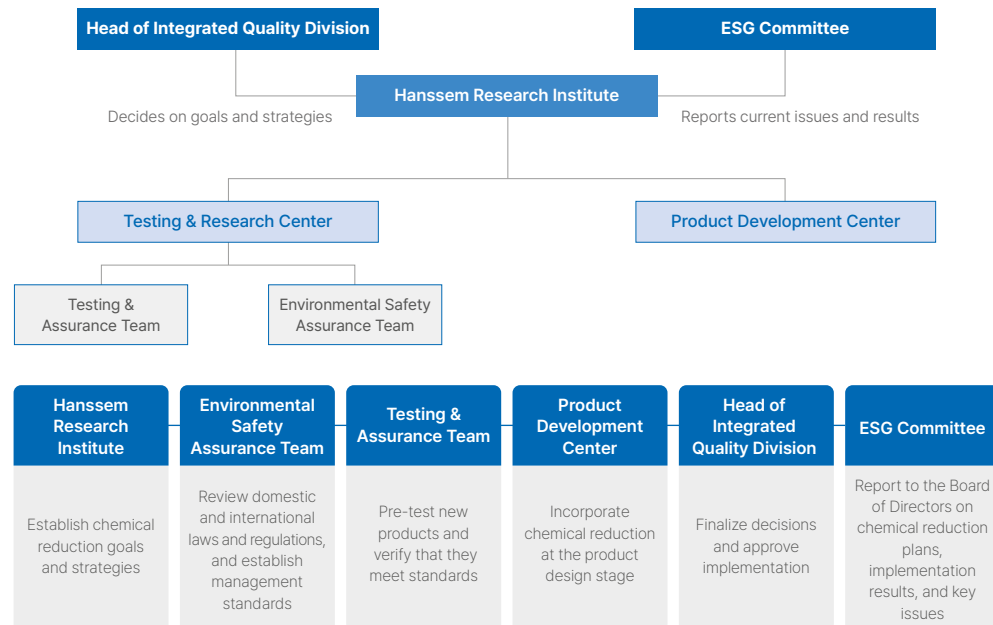
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# Product Safety

## Chemical Management System

Hanssem has established a management system to safely manage and reduce hazardous chemicals contained in its products and transparently discloses chemical-related information. The Hanssem Research Institute plays a central role in setting goals for managing hazardous chemicals, preparing strategies to comply with domestic and international laws and regulations, and running an implementation system that considers both product safety and environmental impact. The Environmental Safety Assurance Team and the Product Development Center closely analyze domestic and international hazardous substance regulations and establish our chemical management standards based on these analyses. Before launching a new product, we rigorously test and verify that it meets our management standards. There is an approval process in place to ensure that only products that meet our standards are released to the market. The head of the Hanssem Research Institute approves the established goals and strategies, which are then executed with the final approval of the Chief Quality Officer (CQO, Head of Integrated Quality Division). In addition, we regularly report the results of hazardous chemical reduction and major implementation status to the Board of Directors through the ESG Committee.

### Chemical Management Organization Chart



## Chemical Substance Regulatory Management

Hanssem systematically monitors and manages the registration and use of chemical substances regulated under relevant laws, such as the Special Act on Safety of Children’s Products, the Electrical Appliances and Household Products Safety Control Act, and the Act on the Sustainable Use of Wood. To ensure compliance, we thoroughly reviews applicable regulations using a Regulatory Compliance Checklist, regularly verifying whether chemical substances require registration, whether they are restricted or prohibited, and whether they meet the control standards set by each regulation. These efforts aim to proactively prevent business risks such as operational suspensions or liability for damages due to legal violations, while continuously striving to provide safe and reliable products to customers.

### Chemical Substance Management List by Regulation

Applicable regulation	Regulated Chemical Substances	Details
Special Act on Safety of Children’s Products – General Safety Requirements	Heavy Metal Leachates	Antimony (Sb), Arsenic (As), Barium (Ba), Cadmium (Cd), Chromium (Cr), Lead (Pb), Mercury (Hg), Selenium (Se)
	Heavy Metal Content	Total Lead (Pb), Total Cadmium (Cd)
	Phthalate Plasticizers	DEHP, DBP, BBP, DINP, DIDP, DnOP, DIBP
	Nitrosamines and Nitrosamine Precursors	DEHP, DBP, BBP, DNIP, DIDP, DnOP, DIBP
	Formaldehyde	Formaldehyde <sup>1)</sup>
	Aryl Amines	Aryl Amines
	pH	pH
Prohibited Substances	Asbestos	
Electrical Appliances and Household Products Safety Control Act – Annex 5: Furniture	Wood Materials	Formaldehyde, Toluene, TVOC <sup>2)</sup>
	Leather Materials	Formaldehyde, Chlorophenols (PCP), Hexavalent Chromium, Dimethyl Fumarate, Aryl Amines, Organotin Compounds TBT (tributyltin)
Act on Sustainable Use of Wood	Wood Material	Formaldehyde

1) Formaldehyde (Desiccator Method): Our internal standards are more stringent than regulatory requirements, managing at E0 grade (0.5 mg/L or less)  
 2) TVOC (Small Chamber Method): Our internal standards are stricter than regulatory standards, managing at 2 mg/m<sup>2</sup>-h, reduced from the regulatory limit of 4 mg/m<sup>2</sup>-h

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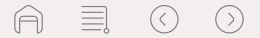
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# Product Safety

## Chemical Management System

### Management of High-Risk Chemicals

Hanssem has established its management standards for major high-risk chemicals, such as radon (Rn) and formaldehyde, that directly impact customer safety. Our standards are stricter than relevant domestic and international laws, regulations, and recommended standards. This helps us minimize our products' exposure to harmful substances, providing consumers with peace of mind. We also set management standards for hazardous substances related to dyes, such as aryl amines, that exceed industry standards to strengthen the chemical safety of our furniture and textile products. We will continue to monitor regulatory trends for major high-risk chemicals and respond proactively at the international standard level or higher to provide safe, sustainable products.

#### Status of High-Risk Chemicals Management

Chemical Substance	Regulations/International Standards	Internal Management Standards	Remarks	
Radon	Korea <sup>1)</sup> , USA	Less than or equal to 148 Bq/m <sup>3</sup>		
	Canada, Sweden	Less than or equal to 200 Bq/m <sup>3</sup>	Less than or equal to 148 Bq/m <sup>3</sup>	
	Belgium, Czech Republic	Less than or equal to 400 Bq/m <sup>3</sup> (existing buildings)		
		Less than or equal to 200 Bq/m <sup>3</sup> (new buildings)		
	EU Proposed Standard	Radioactivity Concentration Index (I) <sup>2)</sup> less than or equal to 1	-	
	Korea	Less than or equal to 1 mSv/year		
Formaldehyde	Korea	Less than or equal to 300 mg/kg	Less than or equal to 300 mg/kg	Electrical Appliances and Consumer Products Safety Control Act, Appendix 1: Household Textile Products (Standards for Clothing and Bedding)
Aryl Amines	Korea	Less than or equal to 30 mg/kg	Less than or equal to 30 mg/kg	

1) Indoor Air Quality Management Act — Recommended Radon Levels for New Apartment Buildings

2) Radioactivity Concentration Index (I) Calculation Formula: (CRa/300) + (CTh/200) + (CK/3000)

3) Safety Control Act on Radiation around Living Environments — Radiation Exposure Dose for Processed Products

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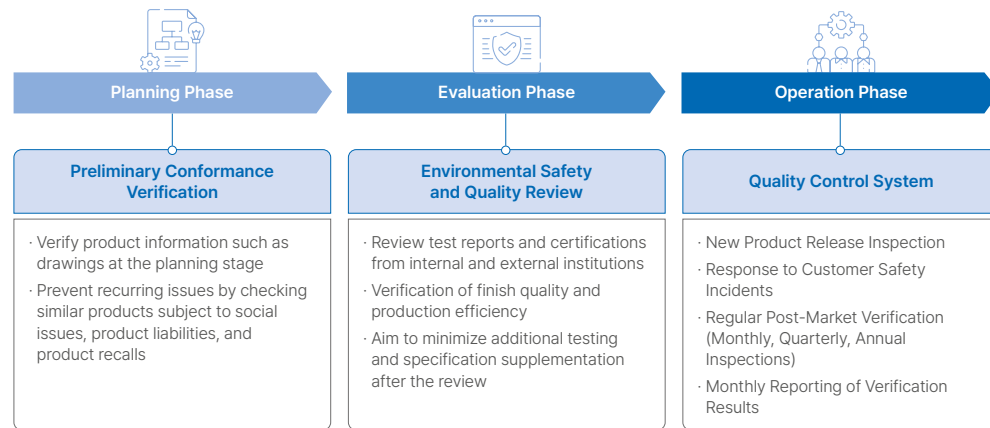
# Product Safety

## Chemical Management

### Preliminary Safety Assessment

Hanssem operates a preliminary safety assessment system to minimize the potential harm of chemicals in products from the earliest stages of development. Before launching a product, we only use materials whose safety has been scientifically verified. We comply with applicable laws and regulations by thoroughly reviewing registration requirements and restrictions on the use of regulated chemicals. Furthermore, we conduct multi-layered mechanical tests based on structural safety, hazard, and quality items to check for the release of harmful substances in advance. This allows us to release products that customers can use with confidence.

#### Preliminary Safety Assessment System



#### Status of Preliminary Safety Assessments in 2024

Test Category	Total Number of Test Cases	Number of Unconforming Cases	Preliminary Test-based Action Rate
Total	220	22	10.00%
Desiccator	71	2	2.82%
Small Chamber	149	20 <sup>1)</sup>	13.42%

1) The number of cases is 20 based on the Special Act on the Safety of Children's Products, but it is 31 when calculated based on Hanssem's own standards.

### Product Reliability Verification

To ensure the chemical safety and quality of its products, Hanssem operates a regular assurance system and an incoming inspection (also known as receiving inspection) system, with the Testing and Assurance Team at the Hanssem Research Institute playing a central role. These systems allow us to identify the presence of hazardous substances and possible quality degradation in advance and effectively manage consumer safety risks. The regular assurance system categorizes products into three risk levels—high, medium, and low—based on accumulated test data. Then, we apply customized testing cycles according to the risk level. In particular, Hanssem focuses on items with higher concentrations of hazardous substances or greater potential for quality issues, thereby enhancing both the efficiency and effectiveness of inspections. We also operate an incoming inspection system to conduct sampling inspections of key raw materials, such as particleboard (PB), when they are received. This system enables us to verify compliance with applicable regulations, such as the Act on the Sustainable Use of Timbers, and prevent harmful chemicals from harming our customers.

#### Regular Assurance and Incoming Inspection Procedure

Test Plan	Test Request	Regular Testing	Follow-Up Management
<ul style="list-style-type: none"> <li>Evaluate the quality conformance of operational products</li> <li>Establish a regular test plan for each operational product</li> <li>Set testing cycles by risk grade</li> <li>Set testing cycles by analyzing past quality incident data</li> </ul>	<ul style="list-style-type: none"> <li>Procure samples and request a test</li> <li>Procure samples based on mass-produced products (Use samples manufactured with existing specifications, materials, and processes)</li> </ul>	<ul style="list-style-type: none"> <li>Conduct the test according to product characteristics</li> <li>Proceed according to the KS certification standards and Hanssem test standards</li> <li>Comply with KOLAS and ISO/IEC 17025 procedures</li> <li>Process the request after receiving the test request document and samples</li> </ul>	<ul style="list-style-type: none"> <li>Quality Control System</li> <li>Report in accordance with testing work regulations</li> <li>In case of non-conformity, take action according to the non-conformity management regulations (identify the cause and take improvement measures)</li> </ul>

#### Regular Assurance Test Results in 2024

Test Category	Total Number of Test Cases	Number of Unconforming Cases	Preliminary Test-based Action Rate
Total	495	18	3.64%
Desiccator	204	6	2.94%
Small Chamber	291	12 <sup>1)</sup>	4.12%

1) The number of cases is 12 based on the Special Act on the Safety of Children's Products, but it is 21 when calculated based on Hanssem's own standards.

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# Product Safety

## Reducing High-Risk Chemicals

### Managing Chemical Improvement Goals

**High-Risk Chemical Improvement Goals** | Hanssem has established a roadmap to systematically phase out the use of high-risk hazardous chemicals in its products. The main target substances are adhesives and paints. We are working to transition from oil-based products to water-based products in our manufacturing processes and products supplied by our partners. In 2024, we completed process improvements and pilot tests to transition from oil-based adhesives to water-based adhesives verifying their feasibility for mass production. Additionally, we switched from oil-based to water-based paints for some door products, raising the proportion of water-based paints to 30%. By the end of 2025, we plan to stop using oil-based adhesives altogether, apply water-based adhesives to all targeted items, and increase the proportion of door products with water-based paints to 50%. Hanssem’s ultimate goal is zero use of oil-based adhesives and paints, and we will continue our company-wide efforts according to the phase-out action plan to achieve this goal.

### Hazardous Chemical Phase-out Roadmap

Category	Adhesives	Paints
2024 Outcome	The pilot test and mass production verification of the water-based adhesives has been completed for items that use oil-based adhesives.	The goal of transitioning from oil-based to water-based paints for doors: raised the proportion of doors with water-based paints to 30%
2025 Goal	Zero use of oil-based adhesives by fully applying water-based adhesives to items that use oil-based adhesives	The goal of transitioning from oil-based to water-based paints for doors: raise the proportion of doors with water-based paints to 50%
2027 Goal	Zero use of oil-based adhesives	Zero use of oil-based paints for doors

### Adopting Less Harmful Alternatives

**Expanding the Use of Water-based Paints** | Since introducing four doors with water-based veneer coatings for the first time in the industry in January 2021, Hanssem has continuously expanded the use of water-based paints across its product line. These paints are eco-friendly because they use water instead of organic solvents, which reduces volatile organic compounds (VOCs) and carbon emissions while improving product safety. As part of our efforts to reduce our chemical footprint and respond to climate change, we are strategically expanding our transition to water-based paints. Furthermore, we are developing water-based paints for furniture that meet high-quality functional standards, such as heat, stain, and scratch resistance. To this end, we signed the first memorandum of understanding (MOU) for the development of “water-based paints for furniture” in South Korea with NOROO Paint & Coating, and we are working with related technology companies to apply for joint patents. Currently, we are gradually expanding the scope of applying water-based paint to color-painted and high-gloss doors. We will continue strengthening the foundation for sustainable production and consumption by developing products that are both functional and eco-friendly.

### Status of Expanding the Use of Water-based Paints

Category	Key Description
When Introduced	Launched four doors with water-based veneer coatings for the first time in the furniture industry in January 2021
Environmental Effects	<ul style="list-style-type: none"> <li>· Water is used instead of organic solvents</li> <li>· Reduction of VOCs and carbon emissions</li> <li>· Improvement of product safety</li> </ul>
Technology Development	<ul style="list-style-type: none"> <li>· Development of water-based paints that meet heat, stain, and scratch resistance standards</li> <li>· Focusing research on high-functional water-based paints</li> </ul>
Industrial Cooperation	<ul style="list-style-type: none"> <li>· Signed MOU with NOROO Paint &amp; Coating</li> <li>· Working with related technology companies to apply for joint patents</li> </ul>
Expanded Application	<ul style="list-style-type: none"> <li>· Expanding the application of water-based paints to the entire product range, including color-painted doors and high-gloss doors</li> </ul>

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## Reducing High-Risk Chemicals

### Adopting Less Harmful Alternatives

**Expanding the Use of Eco-Friendly Adhesives** | Hanssem has been pursuing the green transformation of its adhesive processes to reduce the use of harmful chemicals in producing molded materials. These materials are produced by bonding plastics, such as ASA, PET, and PP, to wood panels, such as PB and MDF. In the past, oil-based adhesives were primarily used for this process. Since 2021, we have gradually reduced our use of oil-based adhesives by adopting PUR hot melt laminating equipment. In 2023, we developed a water-based adhesive process using T-RLP equipment, which reduced the use of oil-based adhesives to 500 kg per month. In 2024, we verified a variety of equipment and processing methods to meet the environmental, safety, and quality standards required for water-based adhesive application. This allowed us to achieve process stability and consistent quality. Based on this progress, we plan to implement the step-by-step transition to an eco-friendly process, to achieve zero oil-based adhesives and 100% water-based adhesives by 2027.

#### Step-by-Step Transition to Eco-Friendly Adhesives



### Activities to Reduce High-Risk Chemicals

Hanssem prioritizes customer safety and is actively pursuing improvement initiatives aimed at phasing out the use of hazardous chemical substances and reducing high-risk chemicals. For this purpose, we identify and implement improvement tasks based on the results of preliminary safety assessments, regular assurance and incoming inspection results, and customer feedback gathered through company-wide VOC meetings. In 2024, toluene was detected in some furniture doors met legal standards but exceeded Hanssem's internal standards. In response, we swiftly implemented measures to change the cleaning agent and strengthen quality standards.

#### Activities to Reduce High-Risk Chemicals by Year

2019	All polyvinyl chloride (PVC) packaging materials were eliminated.
2021	During an inspection, it was found that the formaldehyde content exceeded the legal standards → The material was discontinued.
2022	During an incoming particleboard (PB) inspection, it was found that the formaldehyde content exceeded the legal standards → The relevant production line was stopped.
2023	It was found that the standards were exceeded in some surface materials during a regular assurance test for building materials. → Improvement action was taken regarding toluene.
2024	It was found that the strengthened standard was exceeded in some furniture and doors (though the legal standard was met) → Improvement action was taken by changing the cleaning agent.

**PVC Hazard Review** | Hanssem strictly complies with legal standards for synthetic resin products and verifies product safety by setting higher hazard and quality standards. In particular, we conduct safety verification through an accredited testing laboratory for hazardous substances, including seven types of phthalate plasticizers, harmful elements, and asbestos. The Special Act on the Safety of Children's Products restricts these substances from use in children's furniture. In 2024, we restricted the use of polyvinyl chloride (PVC) materials in children's furniture to reduce exposure to harmful substances, such as phthalate plasticizers, and to apply stricter child safety standards. In 2025, we plan to develop and use vegan materials and biodegradable natural alternatives to replace artificial leather in all furniture products, including children's furniture. To support this transition, we will thoroughly evaluate product safety in terms of physical properties, durability, and toxicity.

### Improving Consumer Awareness of Chemicals

Hanssem uses various channels to communicate clearly and transparently with consumers about the chemical substances contained in our products and how we manage them. In particular, we are strengthening communication to improve consumer awareness by providing easy-to-understand information on chemical composition, safety testing, certification procedures, and user safety through official social media channels such as YouTube and Instagram. Through these efforts, we aim to address vague concerns about chemicals and enhance consumer trust.



Hanssem's Official YouTube Channel



Hanssem's Official Instagram Channel

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# Customer Satisfaction

## Protection of Consumer Rights

Hanssem practices consumer-centric management principles throughout the process of product and service delivery, with a strong focus on preventing the recurrence of customer complaints through preventive improvement activities based on root causes. In 2024, we strengthened its criteria for major claims, improved related processes, and established management standards to reduce non-recurring incidents. By 2025, Hanssem plans to establish claims advisory and similar case-search systems and improve the service quality management processes and systems with the aim of increasing the accuracy and efficiency of customer responses. Moreover, a data-based prevention management system was established to reduce the number of customer safety incidents (product liability incidents) by up to 50% in the medium- to long term. At Hanssem, fair and objective dispute resolution is a top priority when customers experience inconvenience, injury, or damage while using its products, and we actively reference decisions made by the Dispute Mediation Committee of the Korea Consumer Agency for prompt resolution through mediation. This approach helps save customers' time and money and ensures substantial protection of consumer rights.

Consumer Rights Protection Policy

## Consumer Rights Protection Organization

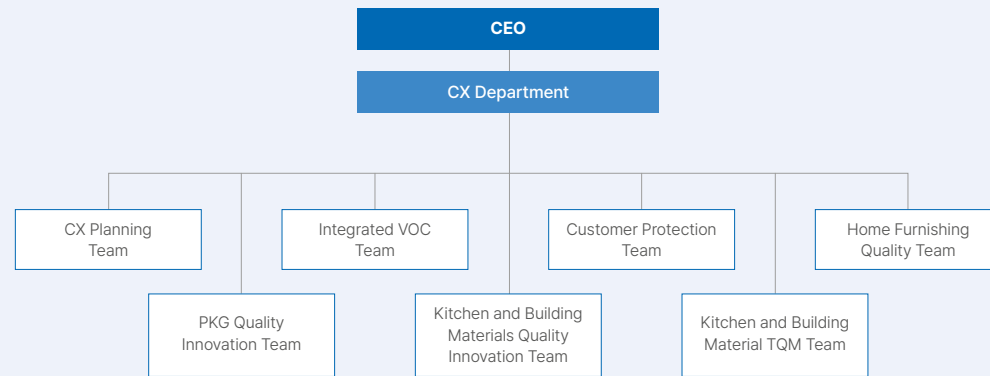
Hanssem has established a company-wide strategy and implementation system for consumer rights protection, with the CEO serving as the final decision maker who approves relevant policies and regularly reviews implementation performance. The Customer Experience (CX) Division, the core execution unit, was established in March 2022 to systematically manage the entire customer experience. It is responsible for improving quality across all stages of the customer journey, preventing customer-related issues, and managing VOC (Voice of Customer) feedback. Comprising seven teams, the CX Division closely collaborates with service operations teams to carry out consumer protection activities in an integrated and effective manner. Hanssem will continue to improve customer perspective-based experience management and data-based prevention systems, thereby contributing to the protection of consumer rights and the enhancement of customer satisfaction and trust.

### Consumer Rights Protection: Goals and Performance Management



1) PL incident: An accident in which a defect in a product causes injury or damage to the body or property of a person.

### Organization Chart for Consumer Rights Protection



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# Customer Satisfaction

## Protection of Consumer Rights

### Consumer Rights Protection Organization

**Claims Review and Conciliation Committee** | Hanssem operates the Claims Review and Conciliation Committee every week to prevent customer claims and complaints in advance and promptly address them. The Committee consists of nine executive members from sales, construction, CX, and after-sales service, including the Committee chairperson. Non-executive members participate on a case-by-case basis. The Committee is operated to ensure effective claims response based on expertise in each area. The Committee prioritizes urgent, field-related claims and externally sensitive cases. Through problem diagnosis and root cause analysis, the Committee prepares measures to improve the system and prevent recurrence. It also considers both the customer demands and the opinions of field personnel to develop realistic and feasible improvement measures. Serious issues are reported to management through the Division Heads' Conference, contributing not only to improving customer satisfaction but also to improving internal processes and enhancing the company-wide response system. The Committee handles a wide range of claims related to various areas, including after-sales service, product quality, product development, customer protection, procurement, and logistics, and functions as a channel to realize customer-centered management.

Number of Claims Handled by the Claims Review and Conciliation Committee in 2024

(Unit: number of claims)

Jan	Feb	Mar	Apr	May	Jun	Total
46	4	9	5	17	6	156
Jul	Aug	Sept	Oct	Nov	Dec	
10	13	12	17	9	8	

### Consumer-Centered Management Certification

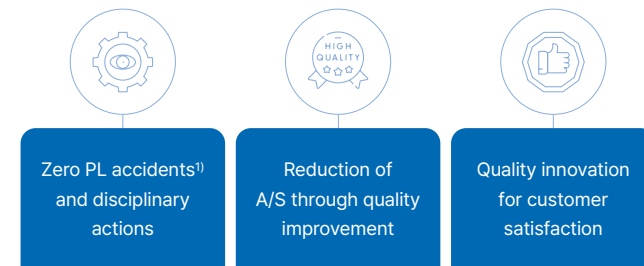
In 2023, Hanssem was awarded its seventh Consumer-Centered Management (CCM) certification. CCM certification is a national certification system that evaluates whether a company's overall management is consumer-centric. It is assessed by the Korea Consumer Agency and certified by the Korea Fair Trade Commission. Since first certified in 2010, Hanssem has continued to strengthen its CCM system and maintain its certification. During the 2023 recertification process, Hanssem received an excellent evaluation, scoring over 800 points out of possible 1,000 across 48 indicators in four key areas: Leadership, CCM Framework, CCM Operations, and performance management. We were recognized for its proactive efforts to prevent consumer inconvenience and promote systematic customer-centric management under the leadership of the Chief Customer Officer (CCO). Hanssem will continue to strive to provide services and quality that exceed customer expectations and strengthen its consumer-centered management to receive its eighth CCM certification in 2025.

## Quality Management

### Quality Management System

**Quality Management Objectives** | In line with its corporate mission —“Setting the standard for spaces that enable better living and adding value to everyday life for all”— Hanssem has established a company-wide quality management system. Based on this framework, we have defined three key quality management objectives and is actively implementing systematic quality improvement initiatives. Strict quality management is a top priority in the product development and production stages, and a preliminary environmental and safety impact assessment is conducted before product launch, while regular follow-up inspections are conducted after launch to continuously monitor product safety and performance. Hanssem is committed to enhancing the prevention-focused quality management system to further increase customer satisfaction and product reliability.

### Quality Management Objectives



1) PL accident: An incident in which a defect in a product causes damage to a person or property

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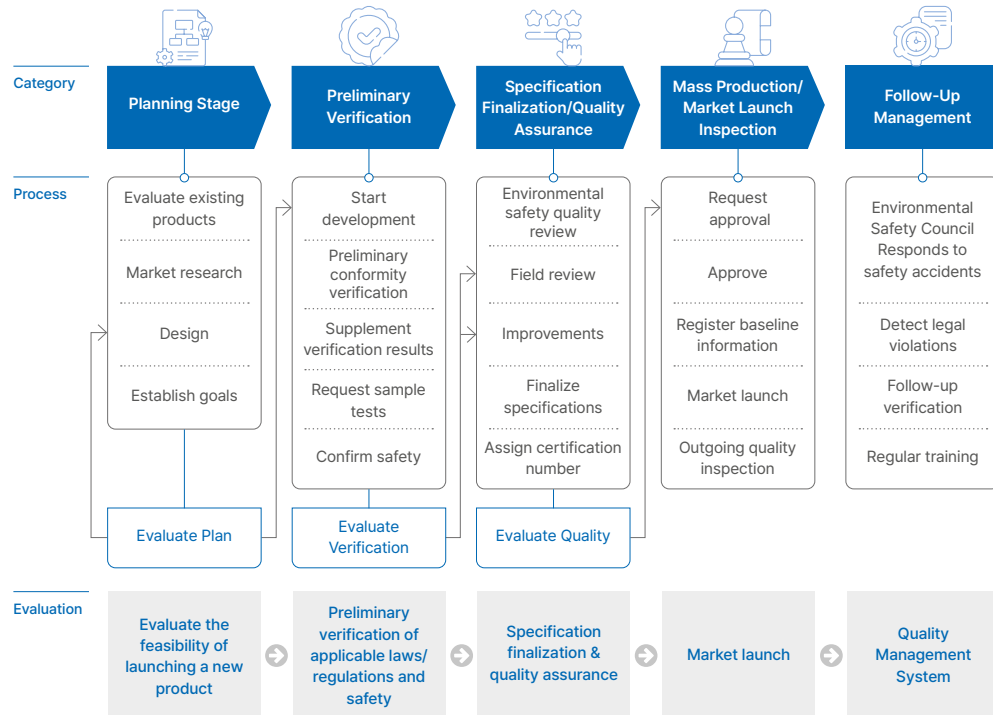
# Customer Satisfaction

## Protection of Consumer Rights

### Quality Verification Process

Hanssem has established a company-wide quality verification process to systematically manage the quality of new products and applies strict quality verification procedures at all stages of product development. Prior to launch, all new products undergo testing at the Hanssem Research Institute, which is accredited by the Korea Laboratory Accreditation Scheme (KOLAS). These tests evaluate various aspects, including materials, construction methods, environmental safety, and mechanical performance, ensuring objective and scientific quality verification. From the initial planning stage, we set quality goals based on previous product assessments and market research. After product launch, we continuously monitor compliance with quality standards through warranty testing, assembly evaluation, mass production inspection, and on-site monitoring.

#### Quality Verification Process for a New Product



### Quality Management Activities

Based on the company-wide quality management system, Hanssem conducts thorough quality control activities before and after product launch. Prior to launch, we verify the safety and reliability of products through various preliminary tests, including preliminary environmental and safety impact assessment, and only releases products that meet the standards. In particular, Hanssem's R&D Center, accredited by KOLAS, conducts objective and scientific quality verification on various criteria. After launch, the follow-up quality inspection system detects quality problems early and responds proactively. In addition, through the Quality Competency Enhancement Program, Hanssem manages the quality verification process throughout the product's life cycle, from new product planning to follow-up management. Through these efforts, Hanssem ensures the delivery of safe and reliable products to its customers and remains committed to continuous improvement and innovation in quality management, contributing to enhanced customer satisfaction.

**Quality Management Certification** | Hanssem has obtained the international quality management system certification ISO 9001, officially demonstrating that its quality management system meets global standards. This certification covers all company sites, including the Hanssem R&D Center and the headquarters, and plays a key role in building a quality management infrastructure and establishing a standardized operating system. Furthermore, the Hanssem R&D Center was certified as an accredited testing institution by KOLAS in July 2020 and has maintained the certification to date. This ensures the objectivity and international trust of test results from the product development stage, and its scientific verification-based quality management system contributes to the improvement of product safety and technical reliability. In addition, Hanssem mandates KC (Korea Certification) as a prerequisite to ensure product safety and legal compliance. The KC Certification is a national integrated certification system that applies to a wide range of products—including electrical and electronic appliances, furniture, and building materials—and serves as a key standard for consumer protection and product safety. We verify compliance with technical standards in accordance with relevant laws for each applicable product category. This process is managed systematically by the Environmental Safety Assurance Team within the Integrated Quality Division, which oversees certification acquisition, maintenance, and post-certification management. As of June 2025, Hanssem holds and maintains KC certification for over 440 items, and through these certification management activities, we continue to advance its internal verification system to ensure product safety and reliability prior to launch.

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# Customer Satisfaction

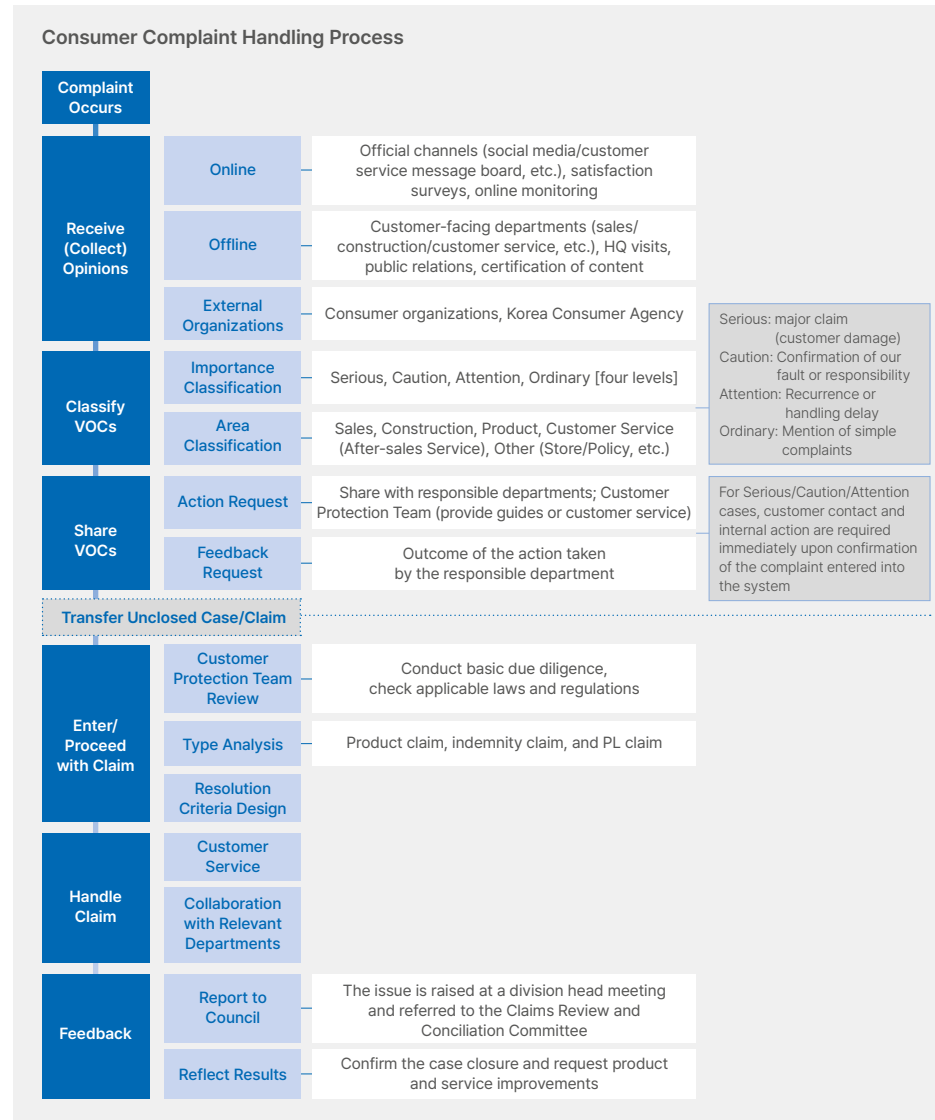
## Customer Satisfaction Management

### Handling Consumer Complaints

At Hanssem, VOCs are collected through various channels, such as online platforms, after-sales service bulletin boards, customer service centers (inbound), satisfaction surveys (outbound), and external organizations (such as the Korea Consumer Agency). Upon receipt, the relevant departments review the facts and regulations for prompt resolution. Received VOCs are categorized by type, including product replacement, compensation, and product liability (PL), for handling. To prevent recurrence, information is shared among relevant departments, and improvement measures are implemented. Depending on the importance of the issue, it is referred to the Claims Review and Conciliation Committee for discussion and, if necessary, the final decision and subsequent compensation are handled through the company-wide VOC meeting body. Hanssem regularly analyzes VOC data through a weekly executive meeting led by the CEO, from which improvement tasks are identified and reflected in policy enhancements and quality improvements. In 2024, 10 major agenda items related to product quality and construction quality were discussed at the meetings, including consumer issues related to safety incidents. For example, in response to the fall of a lighted bathroom mirror reported in July 2024, Hanssem conducted a cause analysis and implemented prompt improvement measures, including a full inspection, changes to product specifications, and reinforcement of the support frame. Through this company-wide VOC response and quality improvement activities, consumer complaints decreased by more than 40% in 2024 compared to the previous year. Going forward, Hanssem will continue to conduct VOC-based quality improvements and strengthen measures to prevent recurrence.

#### Major Agenda Items Discussed at the Company-wide VOC Meetings in 2024

Period	Area	Agenda Item Summary	Measures Taken
Jan	Product Quality	Faulty mattress heating pad needs improvement	Identified the cause of defect, improved the product
Feb	Product Quality	After-sales service problems with Hanssem food waste processor vendors	Hanssem's preemptive actions (after-sale service, refund)
Apr	Product Liability	Upper cabinet above sink fell	Incident information shared, conducted on-site B/S with the construction professional
May	Product Liability	Sink hood fell	Incident information shared, conducted on-site B/S with the construction professional
Jun	Construction Quality	Renolit film lifted	Ensured enhanced construction capability
Jul	Product Quality	Lighted bathroom mirror fixture problem	Conducted complete inspection of product and product's tensile strength test, and reinforced adhesive strength
Aug	Construction Quality	Water leak in wall pipes	Planning to introduce a device to detect pipes inside walls
Sept	Non-compliance with Manual	Complaint about construction professional's poor phone etiquette	Determined actions after reviewing the phone call and investigating the construction professional's past incident records
Oct	Sales Claims	Delay in repairing defects after dealership owner absconded	HQ provided advanced reparations to resolve customer inconvenience
Nov	Construction Quality	Vehicle damage due to an object falling out of window	Mandatory installation of safety nets and mobile registration



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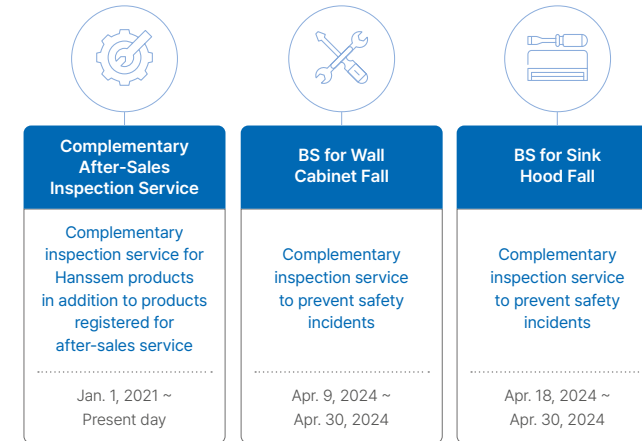
## Customer Satisfaction Management

### Handling Consumer Complaints

**VOC Collection and Improvement Process** | Hanssem regards the Voice of Customer (VOC) as a core asset for improving its products and services, and operates a swift and systematic response process specifically for issues classified as critical claims. Upon receipt of a claim, the Customer Protection Team works with relevant departments to find a solution and take specific action steps to prevent recurrence. All significant VOCs are documented in VOC reports, which are shared with the relevant departments and discussed at the weekly division head meeting. This allows us to not only resolve problems but also establish preventive systems and ensure that the measures taken are quickly applied to products and services. In 2024, there were a total of two serious product-related claims, and root cause analyses, product improvements, and safety verifications were completed for each. Also, all corrective measures were implemented within three months of the incident.

**Visiting Service (Before Service)** | Hanssem goes beyond handling complaints post-occurrence. We operate a proactive visiting service program known as Before Service (hereinafter referred to as BS) to proactively help our customers prevent dissatisfaction. BS analyzes VOCs and quality data collected through various channels to identify risk factors that may cause customer dissatisfaction in advance and takes immediate action by visiting the site to resolve the problem.

### Before Service in 2024



### CASE

#### Structural Improvements and Recurrence Prevention Measures for a VOC Case

In June 2024, an incident occurred at a house in Ulju-gun, Ulsan, in which a mirror with lights installed in the bathroom fell. Although no one was injured, the mirror, a model launched in August 2022, and the customer's personal belongings were damaged, causing inconvenience. The incident was reported to Hanssem Service Center on June 24, and a partner installation team immediately visited the site to identify the product defect and referred the case over to the After-sales Service Team (AS Team). The next day, the AS Team conducted a detailed inspection and found that the installation work had been performed properly, but there was a defect in the structural riveting part of the product. On June 28, the Customer Protection Team formally apologized to the customer and agreed to replace the product and compensate for the damage. The replacement was completed on July 3. The issue was on the formal agenda of the company-wide VOC meeting, and the Product Development Team and SMC R&D Center worked together to conduct a technical review for structural improvements. After carefully analyzing the cause of the fall, Hanssem redesigned and improved the mounting structure, conducted usability checks and sample tests, and fully implemented the revised specification in October 2024. This case reflects how Hanssem has gone beyond mere responsive measures to fundamentally improve the product's structure and strengthen the VOC-based proactive risk management system. Hanssem will continue to commit to quality management that prioritizes customer safety and practice sustainable and responsible product management.



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# Customer Satisfaction

## Customer Satisfaction Management

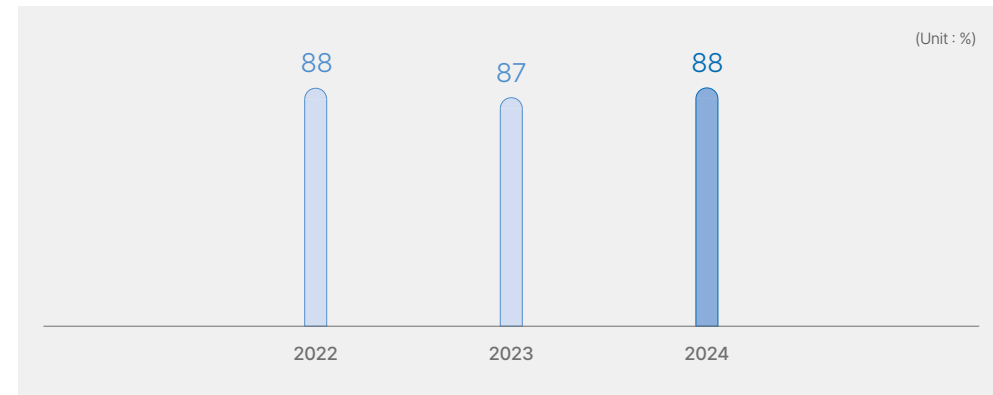
### Customer Satisfaction Survey

Hanssem conducts text message surveys for customers who are using our products after installation to gather their opinions on the overall purchase experience. The survey is conducted by categorizing customers into package customers, single-item customers, and after-sales service request customers. Customer satisfaction is rated on a scale of 0 to 10. Survey results with low satisfaction are categorized into three levels (Serious, Caution, and Attention) depending on the importance of the issue, such as potential damage to brand image, violation of internal policies, long processing delays, and simple usage complaints. The issues are immediately shared with the relevant departments, where root cause analysis is conducted and prompt corrective actions are requested.

#### Customer Satisfaction Survey Assessment Items

Survey Type	Survey Date	Assessment Items	Rating Method
Package Satisfaction	5 days after customer handover date	Sales, construction/installation, product, policy	[Scale of 0-10 points] 9-10: Satisfied 7-8: Average (Neutral) 0-6: Dissatisfied
Single-item Satisfaction	Product installation date		
After-sales Support Satisfaction	2 days after AS completion date	Request, action taken, and comprehensive (including assessment of service professionals and customer support representatives)	

#### Customer Satisfaction Survey Results in Last Three Years



#### Classification of Importance of Customer Satisfaction



Serious

VOCs that have a high potential to damage brand image and require quick review and decision-making (e.g. critical product liabilities)



Caution

VOCs that could influence public opinion or that have a high possibility of recurrence of similar cases (e.g. internal policy violations and long processing delays)



Attention

VOCs that are less critical but require monitoring and management within the CX Office (e.g., simple usage complaints)

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# Information Protection

## Information Protection Management System

### Information Protection Policy

Hanssem has established an Information Protection Policy and an Internal Management Plan consisting of 17 guidelines to protect customers' personal information. An internal organization committed to information protection is also in place and plays a central role in regularly reviewing and revising the policy. For instance, we updated our policy and plan by applying amendments regarding the collection, use, and overseas collection/transfer of personal information to our policy by the 2024 revisions to the Personal Information Protection Act and its Enforcement Decree. The policy is shared with our distributors and affiliate stores to expand the scope of information security management and maintain a company-wide security system. To ensure our customers' right to informational self-determination, we promptly and accurately process consent withdrawal and information deletion requests, as well as membership cancelation requests and personal information access/correction/deletion/processing suspension requests made through the E-Privacy Clean Service<sup>1)</sup>. We will continue to strengthen our information security management system and enhance our cyber crisis response capabilities to further protect our customers' valuable personal information.

1) e-Privacy Clean Service: A service that allows you to search for websites to which you have subscribed through your authentication record and helps you unsubscribe from unnecessary websites.

**Privacy Policy** | Hanssem is committed to ensuring that customers can use its services with confidence by safeguarding personal data and upholding the right to informational self-determination. In March 2024, we implemented labeling by the privacy policy and inserted label images into the personal information processing system as outlined by the Personal Information Protection Commission's Personal Information Processing Indication System. This allows our customers to easily understand how their personal information is processed. Moreover, we present the privacy policy in an easy-to-understand manner and provide the details of managing personal information. We categorize the status of personal information collection, deletion, provision to third parties, and consignment (domestic and overseas) and post this information. We also provide detailed information on our ongoing personal information protection activities.

[Privacy Policy](#)

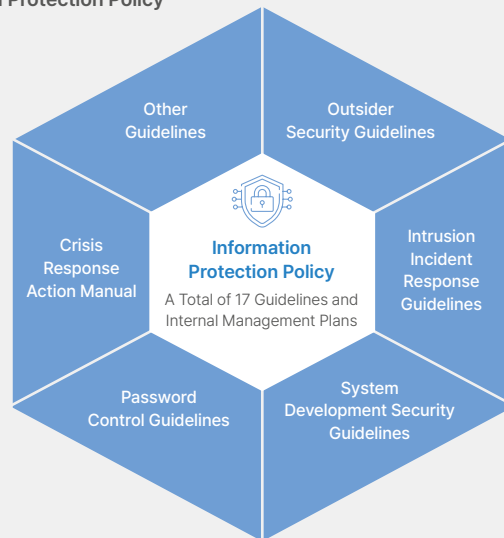
### Information Security Management System (ISMS) Certification

Hanssem obtained ISMS (Information Security Management System) certification in 2014, establishing a comprehensive information security governance framework. Since then, we have continuously pursued activities to ensure compliance with security regulations, manage security risks, and protect information assets. The scope of the ISMS certification has been expanded to include Hanssem's official website, service centers, and partner companies. By maintaining this certification, Hanssem is consistently enhancing its physical, administrative, and technical security measures, thereby building a more robust and secure information protection environment.

#### Hanssem Information Security Management System (ISMS)

<b>ISMS Certification Scope</b>	Official website, Hanssem Mall, Hanssem Service Center, Hanssem Mall partner companies
<b>Certified Systems</b>	153 systems
<b>Certification Period</b>	December 26, 2022 ~ December 25, 2025

Hanssem's Information Protection Policy



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## Information Protection Management System

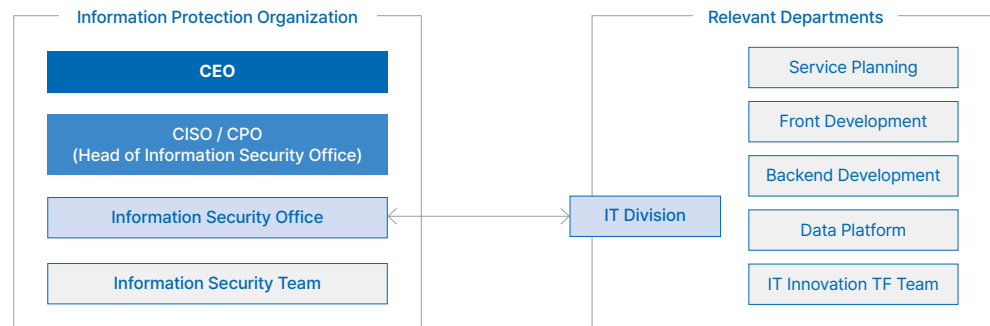
### Internal Organization for Information Protection Implementation

Hanssem operates an internal organization committed to implementing information protection in accordance with the Information Protection Policy. Centered on the Information Security Office, an internal organization, works closely with the IT Division to conduct information protection-related activities, such as audits, training, awareness-raising, vulnerability diagnosis, and mock drills, to strengthen the company-wide information protection system. The Information Security Office operates directly under the CEO, which enables it to make independent decisions and establish and implement effective information protection strategies without external interference. In addition, the Chief Information Security Officer (CISO) has over 17 years of experience in information security and more than 7 years in the information technology field. Serving concurrently as the Chief Privacy Officer (CPO), the CISO leverages this expertise to systematically manage security risks.

#### Major Activities and Outcomes in 2024

Category	Major Activities and Outcomes	Category	Major Activities and Outcomes
Compliance	<ul style="list-style-type: none"> <li>Revising policies and guidelines</li> <li>Conducting internal audits of information security</li> <li>Checking outsourced personnel security</li> <li>Subscribing to privacy liability insurance</li> </ul>	Awareness Improvement	<ul style="list-style-type: none"> <li>Providing offline (personal) information protection training to employees</li> <li>Operating Hanssem's Information Protection Day</li> <li>Sending malicious code warning throughout Hanssem</li> </ul>
Management System Operation	<ul style="list-style-type: none"> <li>Renewing the ISMS certification</li> <li>Disclosing information protection information</li> </ul>	Training Enhancement	<ul style="list-style-type: none"> <li>Announcing the provision of phishing prevention guides throughout Hanssem</li> <li>Announcing the provision of ransomware prevention guides throughout Hanssem</li> <li>Conducting malicious mail mock drills</li> <li>Conducting disaster recovery mock drills</li> </ul>
Information Protection & Prevention	<ul style="list-style-type: none"> <li>Diagnosing system vulnerabilities</li> <li>Participating in KISA cyber crisis response mock drills</li> </ul>		

### Internal Organization for Information Protection Implementation



## Information Protection Activities

### Information Security Risk Management

**Information Security Training** | Hanssem conducts legally mandated training for all employees every year to raise awareness of information security and has achieved a 100% training completion rate. Additionally, under the topic of 'Cybercrime Prevention Training,' Hanssem has conducted intensive online and offline training on recent cybercrimes, such as privacy violations, ransomware attacks, and email trade fraud. This training also addresses the issue of personal information breaches in the era of artificial intelligence. Through continuous information security training, Hanssem helps employees recognize and respond to security threats, creating a safer work environment.

#### Information Privacy Training in 2024

Category	Description	No. of Participants
Online Information Privacy Training	The changing data privacy laws, information protection and information security management system, the artificial intelligence era and personal information breaches/exposures	1,674 people
Offline Police Cybercrime Prevention Training	Privacy violations, ransomware attacks, and email trade fraud	53 people

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## Information Protection Activities

### Information Security Risk Management

**Cyber Crisis Prevention Drills** | Hanssem conducts cyber crisis response drills regularly to proactively respond to cyber threats and strengthen its security capabilities. In 2024, we participated in the KISA<sup>1)</sup> cyber crisis response simulation drill to detect vulnerabilities in our security equipment and evaluate our response capabilities. Additionally, we conducted a web vulnerability diagnosis of Hanssem Mall. During the security equipment drill, ten vulnerability patterns were applied to major security systems, such as IPS<sup>2)</sup> and WAF<sup>3)</sup>, to determine if they could be detected. Improvements were made for the undetected items. The web vulnerability assessment for Hanssem Mall was conducted through ethical hacking by a top-ranking participant in international hacking competitions. This allowed the identification and correction of weakness, significantly enhancing website security. We expanded the scope of vulnerability diagnosis from customer service systems to internal management systems and increased the precision of web and app vulnerability diagnosis, which was performed once a year, by subdividing it into 28 diagnosis items. Moreover, in 2024, we performed vulnerability diagnoses on 18 services in addition to customer service to strengthen system stability even further. We will continue to expand cyber crisis response drills to prevent security incidents and safeguard the information assets of our customers and company.

1) KISA: Korea Internet & Security Agency  
 2) IPS: Intrusion Protection System  
 3) WAF: Web Application Firewall

### Cyber Crisis Prevention Drills in 2024

Category	Description
Web/App Vulnerability Diagnosis	<ul style="list-style-type: none"> <li>Diagnosis of 28 items based on major information and communication infrastructure vulnerability analysis and evaluation criteria</li> <li>1) Regular diagnosis of vulnerabilities in customer services (Hanssem Mall, Hanssem's main website, Hanssem Service Center, etc.).</li> <li>2) Diagnosis of internal system vulnerabilities</li> </ul>
KISA Cyber Crisis Response Mock Drill and Diagnosis	<ul style="list-style-type: none"> <li>Security equipment vulnerability detection and response</li> <li>Website vulnerability diagnosis (penetration testing): Practical mock penetration of the website by winners of international hacking competitions</li> </ul>

**Information Protection Day Campaign** | Hanssem designates an Information Protection Day to raise employees' awareness of information protection and promote security rules and practices, encouraging voluntary participation. Employees are informed of information protection compliance through in-house banners, screensavers, and computer pop-ups. Outstanding employees are rewarded, and more training is provided to those who need help. When personal information of customers and employees is provided to an external company, we manage and supervise us to ensure the safe handling of personal information and notify and deliver the personal information processing consignment agreement to the Information Security Team. In November 2024, we introduced two-step authentication for work accounts. This includes an additional verification step through registered Google mobile numbers to prevent the distribution of malware and unauthorized leakage of internal confidential information. Through these efforts, we will continue to strengthen information security and privacy protection.



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## Information Protection Activities

### Information Security Risk Management

**Information Protection Campaigns** | Hanssem conducts Clean Desk and Email Security Campaigns to raise information security awareness among employees. The Clean Desk Campaign encourages employees to store important documents in locked filing cabinets and to immediately shred unnecessary documents. This prevents document leaks and improves workplace security. The campaign runs twice in the first half of the year and every month in the second half, rewarding outstanding employees with commendation cards for good behavior and providing improvement items to those who need help developing better security habits. The Email Security Campaign promotes the mock drill program for malicious emails: seven mock drills are conducted every year to prevent ransomware and malware email infections. Five of the drills are conducted in-house, and two additional KISA cyber crisis response drills are conducted to strengthen our practical response capabilities. We also create malicious email patterns reflecting topics of high interest to employees, and we monitor open and click rates to raise security awareness. When security vulnerabilities are discovered during drills, we respond swiftly and implement remedial measures. Through continuous security campaigns, we will continuously strive to raise employees' sensitivity to security and to create a safe work environment.

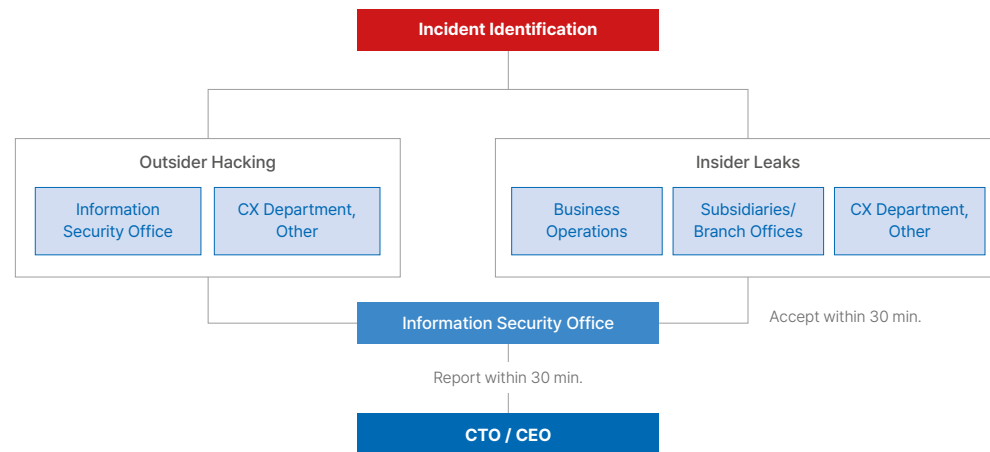
### Information Protection Campaigns in 2024

Category	Schedule	Description
Clean Desk	· Feb, Mar, Jul, Aug, Sep, Oct, Nov, and Dec (8 times a year)	<ul style="list-style-type: none"> <li>· The Clean Desk Campaign is conducted twice in the first half of the year and every month in the second half to raise security awareness among employees.</li> <li>· This campaign aims to prevent breaches of data, including information assets and documents.</li> </ul>
Malware Email Mock Drill	<ul style="list-style-type: none"> <li>· Jan, Sep, Oct, Nov, and Dec (5 times a year)</li> <li>· Nov (two additional drills)</li> </ul>	<ul style="list-style-type: none"> <li>· Training is provided continuously by using various templates.</li> <li>· Various templates are used, including simplified year-end tax adjustments, Starbucks Rewards, welfare points, and affiliate events.</li> <li>· By participating in the KISA cyber crisis response mock drills (hacking email drills), two additional drills are carried out in November.</li> </ul>

### Security Incident Response Procedure

Hanssem has established a systematic information security response system to prepare for potential data breaches that may occur during the handling of personal information. To effectively respond to various types of security incidents, including outsider hacking and insider leaks, we have thoroughly trained our employees to notify an incident within 30 minutes of recognizing it, which is then reported to the top management within an additional 30 minutes, for a total of 60 minutes. Once the incident is reported to the top management, we respond quickly and efficiently. If necessary, we set up a situation room to respond systematically to the incident until it is resolved.

#### Security Incident Response Procedure



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# For • Our • People •

At Hanssem, we pursue sustainable growth with people at the center. We respect the human rights and diversity of our employees, support the acquisition and growth of talented individuals, and strive to create a self-directed and engaging work environment. We also foster an atmosphere where everyone can work with peace of mind by implementing systematic management and prevention-oriented health and safety culture to ensure a safe and healthy workplace.

## STAKEHOLDER DIALOGUE



Hanssem operates family-friendly programs that reflect the life cycles of our employees and their families, earning high levels of satisfaction through initiatives such as reduced working hours during pregnancy (with full wage compensation), extended parental leave, company-operated daycare centers, and family medical expense support. In 2024, we established a human rights due diligence process and conducted our first Human Rights Impact Assessment, achieving an average completion rate of 94.7%. Building on this, we are enhancing our human rights practices by preparing to launch a Human Rights Management Committee, expanding training to raise awareness, and institutionalizing regular due diligence while gradually broadening its scope. We remain committed to advancing people-centered sustainable management.

\_Man-Seung Yoo, Deputy Senior Manager of the HR Team

Hanssem is committed to building a sustainable future by strengthening communication between the company and its employees, while fostering genuine relationships with society. We hold monthly company-wide town hall meetings and CEO dialogues to share our direction and key achievements with all employees, which helps build empathy and engagement across the organization. Each department's Change Agents also lead discussions on strategic initiatives with their teams and promote change management efforts to create a better organizational culture. Building on this foundation of internal communication, our Corporate Culture Team connects employee-led social contribution activities with ESG initiatives to establish a more robust and sustainable management system. We will continue to strengthen the authenticity of our sustainability practices through positive and meaningful engagement with all stakeholders.

\_Yeon-Eui Kim, General Manager of the Corporate Culture Team



In 2024, Hanssem identified a total of 1,347 hazards and risk factors through internal risk assessments and completed 100% of the corresponding improvement actions. We operate a management system that addresses immediate improvement items within seven days and construction-related items within 30 days. We share weekly and monthly performance updates with safety officers and general managers across business units, which has helped secure the attention and engagement of top management. As a result, we achieved a hazard resolution rate of over 97% during the reporting period. Over the past three years, we have addressed a total of 4,095 risk factors through internal assessments, helping raise safety awareness among our employees. However, challenges remain at some sites, where safety is still viewed as the responsibility of a specific department or risks are underestimated. We will continue to make company-wide efforts to build an accident-free workplace through ongoing risk assessments, practical safety training, and the promotion of a safety-first organizational culture.

\_Shin-Heung Kim, General Manager of the Health and Safety Office



Key Accomplishments

Five consecutive years 

### Outstanding Family-Friendly Company Certification

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Human Rights Impact Assessment 

### Achieved 94.7%

(8 areas, conducted for the first time)

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Health & Safety 

### Risk Assessment-Based Action Rate 100%

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# Respect for Human Rights and Diversity

## Human Rights Management

### Human Rights Policy

**Hanssem Declaration of Human Rights and Labor Management Declaration** | Hanssem places the dignity of all its members as a top priority and supports international human rights and labor principles, including those of the United Nations (UN) and the International Labor Organization (ILO), and strictly complies with applicable laws and regulations. Based on this, we have established the “Declaration of Human Rights and Labor Management” and practice management that protects and respects the rights of members and stakeholders throughout our management. We have also established a system to prevent and promptly respond to human rights violations, and the declaration includes the protection of human and labor rights, the prohibition of forced and child labor, the prohibition of discrimination, and the protection of human rights in the supply chain. In addition, Hanssem has joined the United Nations Global Compact (UNGC) to strengthen its human rights management and complies the human rights principles among the ten principles of the UNGC. We will continue to respect the human rights of various stakeholders and ceaselessly strive to prevent violations.

### Hanssem Declaration of Human Rights and Labor Management

**Article 1 Protection of Human Rights**

All members shall be respected as individuals, shall enjoy freedom and rights, and shall be fully protected in their fundamental rights.

**Article 2 Protection of Basic Labor Rights**

All members shall be protected by the rights guaranteed by the Constitution and the labor relations laws. They shall also have the right to equal remuneration for equal work in accordance with national labor relations laws and regulations and the ILO.

**Article 3 Prohibition of Forced Labor**

Members shall not be subjected to inhuman treatment, punishment, or discrimination, including forced labor and human trafficking, and shall have the right to physical freedom and security.

**Article 4 Child Labor Prohibition, Minor Labor**

We shall not tolerate any form of child labor. Minors who are interns, trainees, apprentices, etc. shall be excluded from high-risk work and night work, and the labor relations laws and regulations shall be strictly applied to ensure that they are not disadvantaged.

**Article 5 Strengthening Member Welfare**

We shall expand and operate internal welfare programs that reflect the diversity of its members, including family-friendly workplace and maternity protection programs, and all members shall have the right to receive them without discrimination.

**Article 6 Respect for Diversity and Prohibition of Discrimination**

All members shall be protected in their right to work in a safe, healthy, and optimal environment without discrimination based on origin, race, region (nationality), gender, religion, age, disability, etc.

**Article 7 Protection of Stakeholders' Human Rights**

We shall strive to respect the international human rights and labor principles of stakeholders with whom we have direct or indirect cooperation and business relationships, including manufacturers, suppliers, distributors, customers, and local communities.

**Article 8 Respect for Stakeholders' Freedom of Expression**

We shall guarantee and support the rights of stakeholders to freedom of expression and the rights of members to freedom of peaceful assembly and association.

**Article 9 Protection of Stakeholders' Personal Information**

To strictly protect stakeholders' personal information, we shall collect only the minimum information and thoroughly manage the information security system to prevent it from being leaked to the outside world.

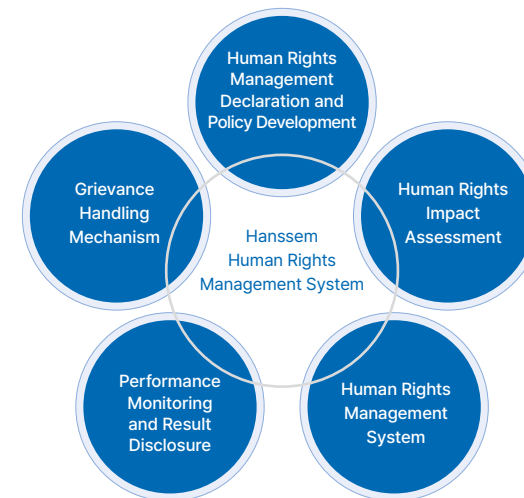
**Article 10 Supply Chain Management**

We shall contribute to the expansion of human rights and labor management and the procurement of environmentally friendly raw materials through supply chain management of business partners with whom we have cooperative relationships.

### Human Rights Management System

Hanssem has a human rights management system in place to identify and respond to various human rights risks that may arise within and outside the organization. Based on the human rights due diligence process set forth by the United Nations Global Compact (UNGC), we strive to systematically manage the entire process, including human rights management declaration and policy development, human rights impact assessment, the establishment of a human rights management system, grievance handling, performance monitoring, and result disclosure. Specifically, we identify potential human rights issues in advance through human rights impact assessment and promptly accept actual issues by activating grievance handling channels. For identified human rights issues, we take immediate corrective action and transparently disclose the results internally and externally to prevent recurrence.

### Hanssem Human Rights Management System



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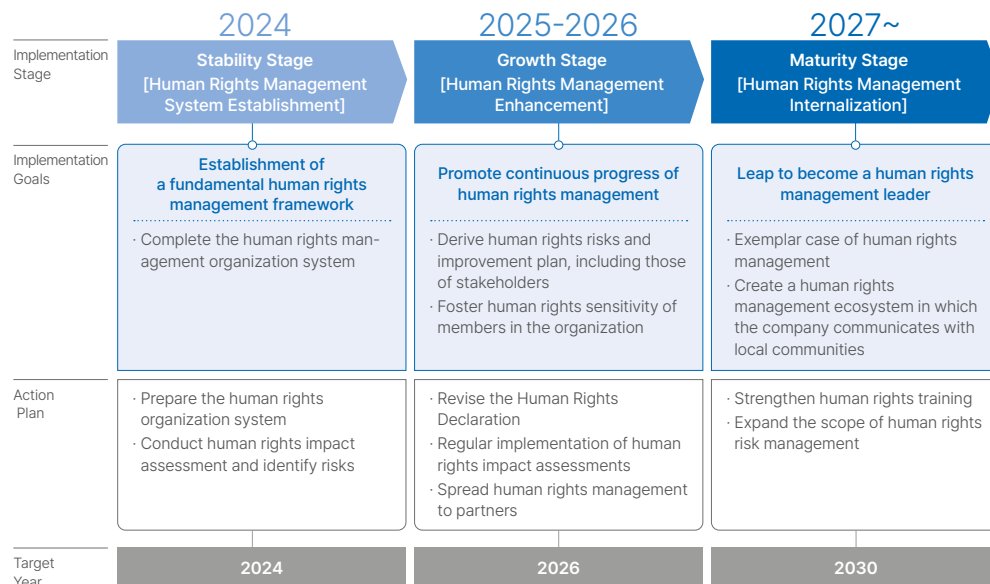
# Respect for Human Rights and Diversity

## Human Rights Management

### Human Rights Management System

**Human Rights Management Roadmap** | Hanssem has prepared a mid to long-term roadmap for human rights management and is implementing it step by step in order to create a corporate culture in which the human rights of all stakeholders are respected. In 2024, we focused on establishing a human rights management system and stabilizing related policies. We established an internal organization committed to managing human rights and conducted human rights impact assessments to identify potential human rights risks within us. The key issues identified are organized into improvement tasks and reflected in the action plan. In 2025 and beyond, we plan to further improve our human rights management and make it a natural part of our work culture. We will revise our human rights declaration, strengthen human rights training for all employees, and conduct human rights impact assessments regularly to raise company-wide awareness of human rights. We will also extend the scope of human rights management to our partners and local communities to ensure that human rights are respected throughout our supply chain. In addition, we will regularly review the implementation of improvement tasks and establish a follow-up management system to prevent risks from recurring in order to improve the practical effectiveness of human rights management.

### Mid to Long-Term Roadmap for Human Rights Management



### Human Rights Management Governance

Hanssem has established an organizational structure for human rights management, in which the Human Resources Team plays a central role. Its purpose is to identify and proactively respond to human rights risks that may arise throughout our value chain. To this end, a Human Rights Management Task Force is operated in cooperation with relevant departments, and a system for regular discussion of issues is in place to respond quickly when human rights issues arise. Additionally, the Human Rights Management Committee is in operation, which is responsible for comprehensive discussions and decision-making on human rights management at Hanssem. The committee discusses cases of human rights violations both within and outside us, as well as suggests improvement directions for major human rights issues, including sexual harassment, gender discrimination, and workplace bullying. The Human Rights Management Committee consists of six members and is chaired by the head of Management Support Division. Internal members include worker representatives and executives/employees with high sensitivity to human rights, and external members include experts in related fields, such as gender equality, law, and labor. The Committee deliberates and takes action on grievance cases, deliberates and decides on recommendations, and strives to improve the human rights culture within us.

### Organizational Chart for Human Rights Management



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# Respect for Human Rights and Diversity

## Activities for Human Rights and Diversity

### Activities for Human Rights and Diversity

**Gender Sensitivity Training** | In addition to the legally mandated sexual harassment prevention training, Hanssem provides gender sensitivity training to raise the level of gender awareness among all employees. This training is conducted regularly according to the characteristics of each job and position and aims to create a healthy organizational culture by improving the level of gender sensitivity of each employee.

**Operating a Sports Team for People with Disabilities** | Hanssem is actively committed to the employment and support of individuals with disabilities. To achieve the value of diversity, we operate a sports team composed of athletes with disabilities and go beyond providing them with simple financial support: we have formal employment contracts with them and provide various employee benefits. In addition to the same benefits as regular employees, such as special family event support, welfare points, and medical checkups, we also provide rewards, uniforms, and sports equipment based on their performance in competitions. Moreover, some employees with disabilities are provided with assistive technology devices. The Hanssem sports team participates annually in the National Para Games. At the 2024 National Para Games, seven athletes won medals in three sports. We plan to continue to actively support our athletes so that they can grow with pride in the best possible environment.

**Recruiting and Developing Female Talent** | Hanssem promotes the recruitment and development of female talent and runs various programs to create an equal work environment regardless of gender. Currently, the proportion of female employees is 39% and that of female managers is 28%, which is above the large company average<sup>1)</sup> of 24%. The proportion of managers at the team leader level and above is 20%, and there are nine female executives, representing 30% of all executives. On average, 52% of our new hires are women, and our commitment to developing female talent is conveyed throughout us in our annual job promotion announcements, fostering an organizational culture that encourages growth regardless of gender. In addition, we provide maternity protection and various family-friendly support programs to prevent career interruptions due to childbirth and childcare, and to help female employees continue their careers.

1) Source: Top 10 Companies by Revenue by Industry in 2021, Korea CXO Institute

## Human Rights Risk Management

### Human Rights Survey

Hanssem regularly conducts a Human Rights Management Survey to help prevent and detect human rights risks at an early stage to improve its human rights management system. In 2024, the survey consisted of 76 questions, and 514 employees participated in the survey. The survey was conducted to identify and minimize actual and potential human rights risks that may arise from Hanssem's business activities. In particular, the survey focused on the systematic management of human rights risks and the preparation of practical improvement measures, considering the government's emphasis on strengthening human rights management and the international community's demand for implementation. The results of the survey were analyzed according to various criteria, such as gender, age, position, length of service, and type of employment. Key human rights issues identified through this analysis have been addressed through effective and actionable solutions, which are currently being implemented on the ground. Hanssem will continue to strive to develop a healthy corporate culture where all employees can communicate based on mutual respect and fairness.

### 2024 Human Rights Survey Results and Improvement Measures

Type	Human Rights Violation Risk	Improvement Measures
Gender	Sexual harassment	Thoroughly examine and identify types of gender-based sexual harassment and develop tailored response measures accordingly
Age	Violation of three labor rights	Establish an institutional foundation and implement effective operational measures to guarantee the three labor rights
Position	Workplace harassment	Establish a careful management system for supervisor-subordinate relationships and coworker relations to prevent job position-based harassment
Length of Service	Verbal abuse	Establish a culture of mutual respect and fair communication regardless of job positions and lengths of service
Type of Employment	Discrimination based on employment type	Eliminate unreasonable discriminatory factors based on the type of job (research, technical, administrative, etc.) and provide fair treatment according to the type of employment.

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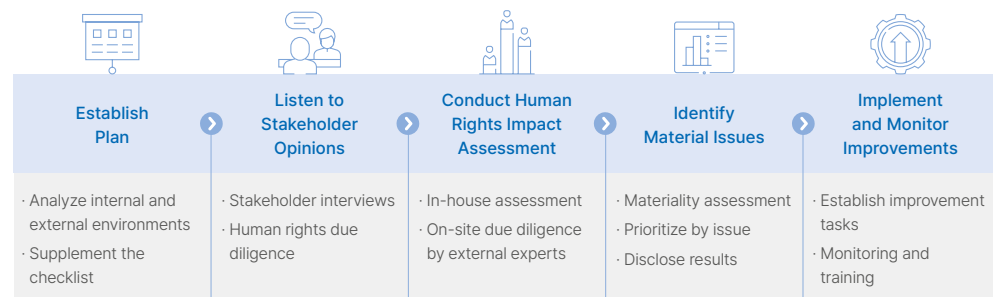
# Respect for Human Rights and Diversity

## Human Rights Risk Management

### Human Rights Impact Assessment

In 2024, Hanssem established a human rights due diligence process and conducted its first human rights impact assessment to systematically identify and remediate human rights risks that may arise throughout its operations. Based on the National Human Rights Commission's Human Rights Management Guidelines and Checklist, the assessment was conducted through media research, stakeholder interviews, and surveys of organizational and work conditions. Using approximately 170 detailed indicators in eight major areas, including child labor, occupational health and safety, and customer rights protection. As a result of the assessment, we scored 322 out of a total of 340 points, achieving a high level of performance with an average score of 94.7% in eight areas. In particular, we received excellent ratings achieving perfect scores in five areas, including prohibition of child labor and forced labor, freedom of assembly and association, occupational health and safety, protection of customer human rights, and working environment. On the other hand, we found that we need to make relative improvements in the areas of human rights management system and redress procedures, and responsible supply chain management. Based on the results of the assessment, we plan to identify key human rights issues and establish specific action plans for their mitigation, which will enable us to continue managing human rights risks.

### Human Rights Impact Assessment Process



### Key Areas of Human Rights Impact Assessment

<b>Human Rights Management System &amp; Redress Procedure</b> Human rights management policy, dedicated internal organization, committee, stakeholders, human rights management due diligence, documents to be maintained, awareness and training, reporting channels, redress procedure, monitoring, human rights management performance, information disclosure	<b>Prohibition of Child and Forced Labor</b> Prohibiting the employment of minors, taking action if we become aware of the employment of minors, prohibiting forced labor, and preventing forced labor by subsidiaries and partners	<b>Freedom of Assembly and Association</b> Freedom of assembly/ association and collective bargaining, prohibition of penalizing trade union activities, guarantee and good-faith implementation of collective bargaining, alternative arrangements in the absence of trade unions	<b>Humane Treatment of Workers</b> Compliance with labor standards, non-discrimination in employment, non-discrimination between men and women in employment, non-discrimination of irregular workers, prevention of workplace harassment, prohibition of sexual harassment in the workplace, protection of workers with disabilities
<b>Responsible SCM</b> Preventing human rights violations by partners, monitoring, considering disconnection of business phases, fair trade	<b>Occupational Health &amp; Safety</b> Occupational health & safety measures, workplace safety, protection of pregnant women and people with disabilities, provision of essential equipment and training, and support for workers affected by industrial accidents	<b>Protection of Customer Human Rights</b> Product liability, compliance with laws to protect customers, taking actions in case of product defects, and protecting customer information	<b>Working Environment</b> Ensuring the right to health

### Results of Human Rights Impact Assessment

No	Area	Result		
		Point Allocation	Score	Achievement Rate
1	Human Rights Management System and Redress Procedure	80	67	83.8%
2	Prohibition of Child and Forced Labor	30	30	100%
3	Freedom of Assembly and Association	36	36	100%
4	Humane Treatment	72	70	97.2%
5	Responsible Supply Chain Management	36	33	91.7%
6	Occupational Health and Safety	48	48	100%
7	Protection of Customer Human Rights	38	38	100%
8	Working Environment	6	6	100%
Total		340	322	94.7%

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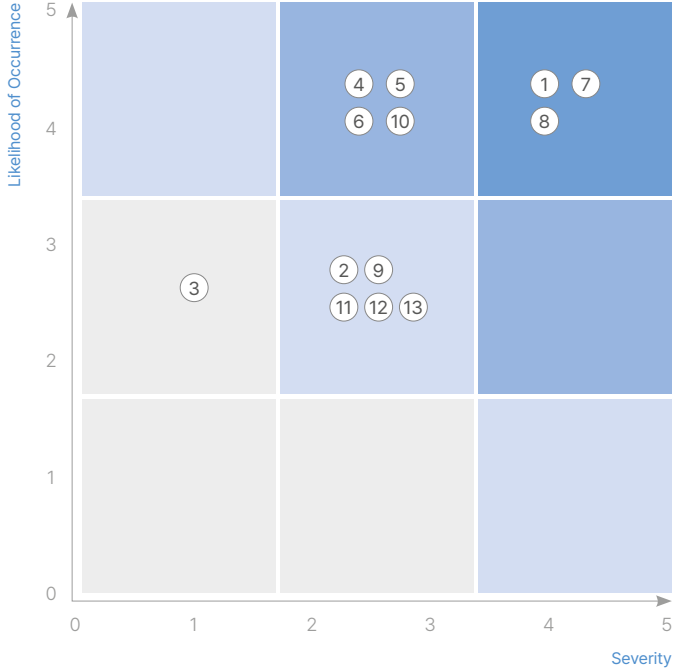
## Human Rights Risk Management

### Human Rights Impact Assessment

**Human Rights Impact Assessment-Based Identified Issues and Responses** | Hanssem conducted a materiality assessment to select the issues that require priority company-wide responses among the various human rights issues identified through the Human Rights Impact Assessment. The assessment focused on a systematic analysis of the impact and priority of each issue on us and stakeholders. First, we assessed the “severity of impact” of each issue by comprehensively considering the degree of impact on business performance, the potential for financial loss, and the impact on stakeholders. In parallel, the likelihood of occurrence was assessed based on historical frequency and projected future risk. Based on the level of implementation, severity of impact, and likelihood of occurrence for each issue identified through the Human Rights Impact Assessment, we identified key tasks that require prompt and effective responses and established remediation plans.

NO	Issue Areas
1	Human Rights Management System & Redress Procedure
2	Prohibition of Child and Forced Labor
3	Freedom of Assembly and Association
4	Humane Treatment
5	Non-discrimination between Men and Women in Employment
6	Non-discrimination of Irregular Workers
7	Prevention of Workplace Harassment
8	Prohibition of Sexual Harassment in the Workplace
9	Protection of Workers with Disabilities
10	Responsible SCM
11	Occupational Health & Safety
12	Protection of Customer Human Rights
13	Working Environment

Issues Identified for Human Rights Impact



- Low Risk: Issues that require minimal monitoring due to low levels of both human rights risk and likelihood of occurrence.
- Medium Risk: Next-level priority management issues that require ongoing monitoring or preparation of measures to minimize losses if they occur.
- Medium – High Risk: Issues with low severity but high likelihood of occurrence that require preparation of measures to minimize losses.
- High Risk: Issues with high levels of both human rights risk and stakeholder sensitivity that need to be prioritized for management.

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# Respect for Human Rights and Diversity

## Human Rights Risk Management

### Management of Key Issues for Human Rights Impact

Key Issue	Sub-item	Identified Risk	Those Subject to Impact	Prevention and Improvement Activities
Human Rights Management System and Redress Procedure	Operation of Human Rights Management Committee	No human rights management committee	Stakeholders, including employees, customers, partners, and communities	<ul style="list-style-type: none"> <li>Establish a Human Rights Management Committee</li> <li>Establish governance to protect and promote the human rights of stakeholders</li> </ul>
	Stakeholder Management	Failure to identify key human rights issues	Company-wide stakeholders	<ul style="list-style-type: none"> <li>Systematically identify key issues from a human rights management perspective</li> <li>Establish safeguards for each stakeholder</li> </ul>
	Awareness Raising and Training	Lack of human rights management training system	Employees	<ul style="list-style-type: none"> <li>Plan tailored training for each job position level (new hires, staff, managers, executives)</li> <li>Provide education and training regularly</li> </ul>
Workplace Harassment	Prevention of Workplace Harassment	Lack of effectiveness of prevention training	Employees	<ul style="list-style-type: none"> <li>Provide effective prevention training that reflects the characteristics of the workplace</li> <li>Raise human rights sensitivity among employees</li> </ul>
Sexual Harassment in the Workplace	Prohibition of Sexual Harassment in the Workplace	Lack of expertise of grievance counselors	Employees	<ul style="list-style-type: none"> <li>Strengthen human rights knowledge and skills of grievance counselors through specialized training</li> </ul>

**Whistleblowing on Human Rights Violations** | Hanssem operates a human rights violation whistleblowing/ reporting system to protect the human rights of internal and external stakeholders and to resolve cases of human rights violations promptly and fairly. We have established a redress channel to review whether human rights have been violated and take appropriate action and have strengthened the accessibility for both internal and external stakeholders to report through the “Cyber Audit Office” on the official website. In addition, we operate the “Whistleblowing/Reporting” message board in the groupware as a separate channel for internal employees and strive to provide practical support through a structure divided into types such as “General”, “Sexual Grievance”, “Workplace Harassment”, and “Anonymous Reporting”, as well as guidance on handling procedures. In addition, Hanssem has launched a dedicated non-face-to-face consultation channel for sexual misconduct concerns via KaKao Talk, titled “Hanssem Sexual Harassment Counseling Channel,” improving both accessibility and user convenience. These initiatives are also integrated into regular training sessions for employees to ensure awareness and engagement. We will continue to effectively operate the system to handle cases of human rights violations, protect the human rights of all stakeholders, and strengthen the foundation for preventing recurrence and building a healthy corporate culture.

 [Hanssem Cyber Audit Office \(Whistleblowing/Reporting Message Board\)](#)

### 2024 Performance on Handling Stakeholder Human Rights Grievances



1) Number of counseling cases received for sexual grievances/workplace harassment at Hanssem.  
 2) Number of cases closed with action taken, such as disciplinary action (as of year-end 2024, excluding cases under investigation or in progress)

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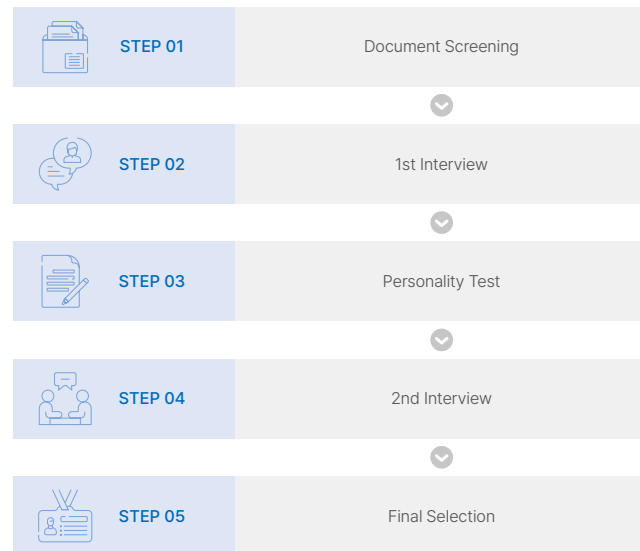
# Talent Acquisition and Development

## Talent Acquisition

### Talent Acquisition

Hanssem operates an open recruitment system without discrimination in terms of education, age, nationality, disability, religion, and gender to provide a wide range of opportunities for applicants and strives to attract competitive talent. The recruitment process is conducted in five stages, and we comprehensively evaluate job skills, organizational adaptability, and aptitude to hire the best talent for the organization. Throughout the year, we recruit as needed for various positions in IT, marketing, sales, etc., and provide detailed information about each position on the Hanssem recruitment website. Meanwhile, we operate an internal recruitment system regularly to provide employees with different work experiences and growth opportunities.

### Talent Recruitment and Screening Procedure



## Talent Development

### Talent Development Strategy

Hanssem actively supports the growth and capability development of its employees through a strategic talent development framework. Employee training is structured into three main pillars: Hanssem Employee Development, Leadership & Successor Development, and Job-Specific Expertise Development. Each strategy is designed to strengthen professional skills and leadership capabilities, with programs flexibly adapted to evolving external conditions and business needs. The Hanssem Employee Development strategy includes onboarding programs that instill our core values and DNA in new hires, as well as tiered development programs tailored for team-level employees to help them grow into uniquely qualified talent. The leadership and successor development strategy focuses on enhancing leadership competencies aligned with managerial roles, targeting current leaders and high-potential candidates for advancement. The Job-Specific Expertise Development strategy comprises in-depth training courses tailored to specific functions and a continuous, self-directed learning platform that empowers employees to independently expand their professional knowledge.

In 2024, key programs included promotion training for assistant managers and managers to help them understand their evolving roles and responsibilities, as well as company-wide leadership training and specialized coaching programs for team leaders and high-performing leaders. In-depth sales management training and ongoing self-directed learning opportunities were also offered. Through these multifaceted talent development initiatives, Hanssem enables its employees to fully engage in their roles, deliver strong performance, and contribute to our overall competitiveness.

### Human Resource Development Strategy

Training Category	Hanssem Employee Development	Leadership / Successor Development	Job-Specific Expert Development
Job Level / Focus Area	Core Competency		Functional / Job Competency
Executives	· Onboarding	-	-
Department Head / Senior Manager	-	· CEO Candidate Program · Executive Leadership Program (Division / Unit / Department Heads) · New executive onboarding program	-
Deputy General Manager / Manager	· Ad-Hoc / Experienced hire onboarding program	-	<b>[Job-specific in-depth training]</b> · Marketing · Product development · Sales management · Supply Chain Management (SCM) · Business support · Others  <b>[Ongoing self-directed learning]</b> · Ongoing job training · General external courses · AI/Digital Transformation (DX) training · Language training · Other learning programs
Section Manager / Assistant Manager	· High-potential team member training	· Future Department Head Development Program · High-performing leader program · Company-wide team leader program	
Associate Manager / Senior Associate	-	· New team leader training · Underperforming team leader coaching program	
Staff/ Associate / Entry-level Employee	-	· Assistant manager promotion training · Associate manager promotion training	-
	-	· New employee onboarding program	-

# Talent Acquisition and Development

## Talent Development

### Training Programs

**Hanssem Employee Development** | Hanssem provides tailored training programs aligned with each employee's job level and career stage, enabling them to quickly adapt to their roles and strengthen the necessary competencies. In particular, the Hanssem Employee Development program includes onboarding for new, ad hoc, and experienced hires, as well as promotion training and high-potential team member development. These initiatives are designed to deepen employees' understanding of their roles while helping them internalize Hanssem's unique philosophy and values. In 2024, Hanssem delivered onboarding programs for ad hoc and experienced hires, along with promotion training for associate and assistant manager levels. These programs support employees in embracing their responsibilities as industry leaders and contribute meaningfully to both individual growth and our competitive advantage.

#### 2024 Hanssem Employee Development

Category	Program Name	Program Description	Training Outcomes
New Hire Onboarding Program	Ad Hoc / Experienced Hire Onboarding Program	<ul style="list-style-type: none"> <li>Onboarding program designed for ad hoc and experienced new hires</li> <li>'Welcome Session' on the first day to introduce company process and systems</li> <li>Offline training to improve job understanding and facilitate internal networking</li> <li>Continued support for peer networking after program completion</li> </ul>	First-year turnover rate among new hires: 1.96%
Promotion Training	Associate / Assistant Manager Promotion Training	<ul style="list-style-type: none"> <li>Training to equip promoted employees with the roles and competencies required at the next level</li> <li>Support for strengthening self-leadership and career development planning</li> <li>Networking opportunities through various internal exchange programs</li> </ul>	Training recommendation Score: 79.7/100 Satisfaction Rating: 4.51/5

**Leadership and Talent Development** | Hanssem operates a systematic training program aimed at strengthening the leadership capabilities of internal leaders. This program is divided into executive training for department heads and above, and training for team leaders. The executive training provides a comprehensive business perspective, enabling participants to grasp both company operations and external environments. Team leader training focuses on enhancing expertise within each department through a variety of specialized courses. In addition to current position holders, the program also systematically develops potential future leaders. In 2024, training sessions were conducted for CEO candidates as well as for outstanding, company-wide, and underperforming team leaders, significantly contributing to the enhancement of leadership competencies.

#### 2024 Hanssem Leadership and Talent Development

Category	Training Program	Training Content	Training Outcomes
Executive Training (Department Heads and Above)	CEO Candidate Development Program	<ul style="list-style-type: none"> <li>Cultivation of key talents with expertise in corporate management and management of CEO candidate pool</li> <li>Support for participation in external training programs and workshops related to required competencies</li> <li>Learning through business reviews and microlearning on management, leadership, trends, and innovation</li> </ul>	Development of CEO candidates
Team Leader Training	Outstanding Leader Training (for Department Head Candidates)	<ul style="list-style-type: none"> <li>Development of business and organizational management competencies required for executive candidates</li> <li>Enhancement of financial, strategy, marketing capabilities from a business perspective, along with performance management and problem-solving skills</li> </ul>	General team leader leadership score: 4.09 / 5 Outstanding team leader leadership score: 4.23 / 5
	Company-wide Team Leader Training	<ul style="list-style-type: none"> <li>Leadership competency development for all team leaders across Hanssem</li> <li>Methodology training to improve problem-solving skills tailored to each organization, with planning and execution guidance</li> </ul>	Company-wide team leader problem-solving leadership score: 4.13 / 5
	Underperforming Team Leader Training	<ul style="list-style-type: none"> <li>Diagnosis of causes behind low performance and leadership skill improvement programs</li> <li>Microlearning and one-on-one coaching to address competency gaps</li> <li>Personalized roadmap provision for leadership competency enhancement</li> </ul>	43% improvement rate post-training

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# Talent Acquisition and Development

## Talent Development

### Training Programs

**Development of Job Experts** | Hanssem operates advanced job-specific training programs and continuous self-directed learning initiatives to strengthen the professional expertise of its employees. In 2024, job-specific advanced training focused on enhancing the competencies of sales management personnel, alongside providing a variety of ongoing self-directed learning opportunities. These efforts support employees in improving practical skills and adapting flexibly to industry changes, while continuously expanding educational opportunities in line with the evolving business environment. Additionally, Hanssem offers customized programs that can be immediately applied in the workplace to solidify the foundation for employee growth. Through diverse learning opportunities—including external training, online job courses, language education, and AI/DX training—employees are empowered to proactively enhance their capabilities anytime and anywhere.

#### 2024 Hanssem Job Expert Development

Category	Training Program	Training Content	Training Effectiveness
Job-Specific Advanced Training	Training by Job Role	<ul style="list-style-type: none"> <li>· Customized training programs tailored to the characteristics of each job role</li> <li>· Curricula designed to enhance practical skills and enable flexible response to industry changes</li> <li>· Roles covered include Sales, Sales Management, Marketing, Product Development, SCM, and Business Support</li> </ul>	On-the-job application rate: 82.1 / 100
		<ul style="list-style-type: none"> <li>· Online Job Training</li> <li>· General External Training</li> <li>· Language Training</li> <li>· Other Training</li> </ul>	<ul style="list-style-type: none"> <li>· Open participation for employees seeking to improve job competencies</li> <li>· Support for various training courses to enhance job skills</li> <li>· Various formats including offline, online, seminars, workshops, and conferences</li> <li>· Integrated education platform accessible to both employees and partner company staff</li> </ul>
Ongoing Self-Directed Learning	AI / DX Training	<ul style="list-style-type: none"> <li>· Developing digital capabilities to lead in a changing business environment</li> <li>· Understanding smart workflows for effective use of AI tools in work</li> <li>· Hands-on practice with AI tool application</li> </ul>	On-the-job application rate: 79.2 / 100
		A total of 1,025 training sessions offered annually	

### Managing the Effectiveness of Employee Training

Hanssem systematically manages the practical effectiveness of employee training programs. Since each training course has distinct objectives and content, customized effectiveness measurement indicators are established and applied for each program. Effectiveness is assessed through surveys conducted with participating employees and separate evaluations after the training. These assessments serve to verify the actual contribution of the training to job performance. The results are used as critical feedback to continuously improve the content and delivery methods of the training programs.

#### Key Cases of Training Effectiveness Measurement in 2024

Training Name	Training Objective	Effectiveness Measurement Method	Training Outcome
Outstanding Leader Training	Develop Competencies in business and organizational management	Leadership competency evaluation scores conducted twice a year	General Team Leader Score: 4.09 / 5 Outstanding Team Leader Score: 4.23 / 5
Company-wide Team Leader Training	Strengthen leadership competencies for all team leaders company-wide	Comparison between target and actual scores in the problem solving area of leadership evaluation	Target Score: 4.35 Actual Score: 4.21 Achievement Rate: 94%
Underperforming Leader Training	<ul style="list-style-type: none"> <li>· Identify root causes of low leadership</li> <li>· Performance and enhance leadership skills</li> </ul>	Comparison of leadership evaluation scores before and after training	Improvement Rate: 43%

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# Talent Acquisition and Development

## Performance Evaluation and Compensation

### Performance Evaluation and Compensation

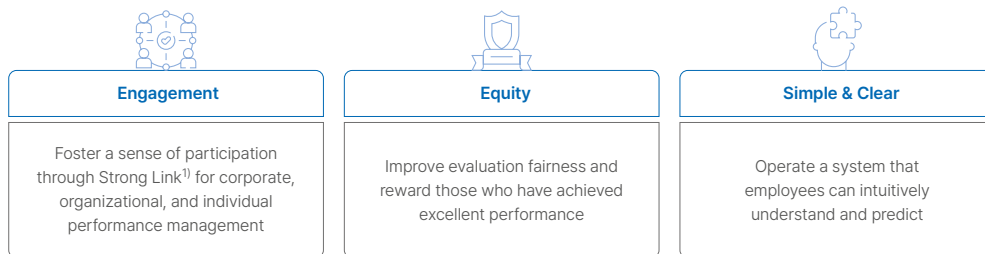
Hanssem’s performance evaluation and compensation system is based on three principles: Engagement, Equity, and Simple & Clear. The system aligns individual goals with corporate goals to help achieve organizational performance (Engagement), ensures fairness and objectivity through a system rather than an evaluator (Equity), and increases the predictability of performance and compensation/incentives by making goal setting simple and clear (Simple & Clear). Performance is directly linked to compensation, reinforcing fairness, while ongoing feedback on goals and outcomes supports employee development. In 2023, we started to use a refined performance rating scale and introduced an appeals and review process to strengthen the credibility of our ratings and give employees the opportunity to grow in a fairer environment.

**Performance Evaluation System** | Hanssem's performance evaluation system is based on the Key Performance Indicator (KPI) system, which aligns corporate goals with individual goals. When setting the KPIs, we consult with the relevant departments to set consistent goals for each internal organization, and we apply a Balanced Score Card (BSC) perspective to include evaluation items that enhance long-term value, including not only financial performance but also customers, internal processes, and learning and growth. Employees are evaluated at the end of the year based on their achievement of KPI goals. They also receive feedback through an ongoing performance management process to review their performance and discuss how they can make improvements. For those in positions of authority, performance and leadership skills are assessed, and their leadership levels are examined through multifaceted peer reviews conducted by supervisors and subordinates to strengthen the collaborative culture. Evaluation results are utilized in promotion reviews and serve as key inputs of internal audits.

#### Key Employees Subject to Evaluation and Schedule

Evaluated Employees	Evaluation Scheme	Schedule
All executives and employees	Year-end evaluation	Once a year (year-end to beginning of the following year)
	Ongoing performance evaluation	Once a year (year-end to beginning of the following year)
Those in positions of authority	Leadership competency evaluation	Twice a year (first and second half)
	Multifaceted peer reviews	Twice a year (first and second half)

**Compensation System** | Hanssem operates a reasonable compensation system based on fair evaluation results. With the exception of hourly factory workers, all employees are placed under an annual salary system, and compensation is structured to reflect both organizational and individual performance. Annual salary increases are determined based on the results of personnel evaluations, and performance bonuses are paid differently based on corporate, organizational, and individual performance to reward outstanding performers. We promote a culture of business process improvement and knowledge sharing by sharing and rewarding best practices for outstanding projects proposed by individuals and internal organizations. Furthermore, in 2023, Hanssem introduced an equity compensation policy that awards company shares to employees who achieve a certain level of recognition. By aligning organizational goals with individual goals, we aim to increase employee engagement and drive performance.



1) Strong Link: Key Performance Indicator (KPI) goal establishment and evaluation system

# Employee Satisfaction

## Employee Benefits

### Flexible Work Arrangements

Hanssem operates flexible work arrangements that are tailored to the nature of the job and the employee’s working conditions, allowing them to maximize their work efficiency and maintain a healthy work-life balance. Employees can choose a work environment that suits their work style, which has had a positive impact on job satisfaction improvement.

#### Hanssem’s Flexible Work Arrangement Types

Worker Type	Applied Work Arrangement	Key Characteristics
On-site Workers	Selective Working Hours	<ul style="list-style-type: none"> <li>One can choose his/her own start and end times; 6-hour mandatory work</li> <li>One can work overtime within the legal limit of 52 hours per week</li> </ul>
Store Workers	Flexible Working Hours	<ul style="list-style-type: none"> <li>Working hours can be adjusted flexibly depending on store operations</li> </ul>
Off-site Workers	Deemed Working Hours	<ul style="list-style-type: none"> <li>One can start and finish work directly at an off-site location (i.e., outside our office); autonomous hours for each individual</li> </ul>

### Family-Friendly Policies

Hanssem has various maternity programs and family-friendly management policies to help employees balance work and family life. During pregnancy, we offer congratulatory welfare points to employees and their spouses and allow pregnant employees to reduce their working hours by two hours without any loss of pay. After the birth of a child, we provide an additional year of statutory parental leave to one year of statutory parental leave to ensure a total of two years of parental leave. In addition, we offer a reduced work schedule during the child-rearing period and have a policy for family care vacation/leave of absence. During the child-rearing period, we provide high-quality childcare environments and educational programs through our directly managed kindergartens. As a result of these efforts, Hanssem was certified as an outstanding family-friendly company in 2020 and re-certified in 2023, making it a family-friendly company for over five years. In the 2023 certification assessment, we scored 98.7 points, above the average for large companies and public institutions, and was particularly recognized for its excellent parental leave utilization rate and return-to-work rate. In preparation for recertification in 2025, Hanssem plans to further improve its family-friendly system, actively support employees’ work-family balance, and strengthen its family-friendly work environment.

### Employee Benefits Programs

Hanssem operates various employee benefits programs to ease the financial burden on employees and to create a stable and healthy work environment. These programs are designed to support employees’ financial security and enhance overall well-being, with a strong focus on improving quality of life and promoting personal growth. Through these initiatives, we actively support our employees in maintaining work-life balance, building positive relationships with colleagues, and growing in a healthy workplace culture.

#### Employee Benefits Programs

<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Home Purchase and Rental Loan Assistance</div> <ul style="list-style-type: none"> <li>Interest support for the portion of loan interest exceeding 3% for 5 years with a limit of KRW 2 million per year</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Child Care Cost Assistance</div> <ul style="list-style-type: none"> <li>KRW 100,000 per month for each preschool child</li> <li>Assistance is provided after the first application until the year before the child enters school</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Child Education Cost Assistance</div> <ul style="list-style-type: none"> <li>Support for school expenses from elementary school to university</li> <li>The amount of support increases as the child enters higher school grades</li> </ul>
<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Welfare Point Program</div> <ul style="list-style-type: none"> <li>Paid out to all employees throughout the year</li> <li>Can be used like cash in online and offline stores</li> <li>Different amounts are paid depending on job position (up to KRW 1.2 million per year)</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Pregnancy and Childbirth Gift</div> <ul style="list-style-type: none"> <li>Welfare points are given to pregnant employees and their spouses</li> <li>KRW 1 million is paid as a childbirth gift, including maternity leave</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Company Counseling Office</div> <ul style="list-style-type: none"> <li>To deal with work stress and psychological problems</li> <li>Non-face-to-face counseling (face-to-face, video, phone, chat) is provided</li> <li>Counseling services are also provided to immediate family members</li> </ul>
<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Family Day Vacation</div> <ul style="list-style-type: none"> <li>Employees with at least one year of service</li> <li>2 days of family vacation each in the first and second half of the year</li> <li>Vacation reimbursement of KRW 200,000 when taking a vacation</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Health Checkup for Employees and Family</div> <ul style="list-style-type: none"> <li>Comprehensive health checkup every year</li> <li>Employees’ family members can also receive a checkup at the same price</li> <li>Health checkup days are treated as an excused absence</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Company Clubs</div> <ul style="list-style-type: none"> <li>Support for running and participating in various clubs</li> <li>Over 600 participants in 27 clubs (crafts, reading, cooking, etc.)</li> <li>Providing communication bulletin boards and encouraging advertising</li> </ul>
<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Medical Expense Assistance</div> <ul style="list-style-type: none"> <li>Employees: Applied to group insurance, including actual expense insurance, cancer diagnosis and treatment, surgery, and death</li> <li>Immediate family members of employees with at least one year of service: Partial reimbursement of medical expenses through our Social Club fund</li> <li>In the event of a work-related injury or illness, it is considered an occupational disease, and medical expenses are covered</li> </ul>	<div style="background-color: #0056b3; color: white; padding: 5px; text-align: center; font-weight: bold;">Outplacement Program</div> <ul style="list-style-type: none"> <li>Employees age 50 and older with at least one year of service</li> <li>Career preference testing, start-up assistance, financial planning, and guidance on government assistance policies</li> <li>Interpersonal conflict resolution and communication skills training</li> </ul>	

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# Employee Satisfaction

## Communication & Collaboration

### Diagnosis of Organizational Culture

Since 2015, Hanssem has conducted annual Organizational Culture Diagnosis to review and improve its direction for change, systems, and processes. In 2024, we refined and enhanced the diagnosis items to more accurately diagnose the factors that promote or hinder organizational performance. In addition to "organizational commitment," which measures employee satisfaction, pride, and sense of growth, Hanssem measures four sub-factors that significantly affect organizational performance: mission alignment, adaptability, involvement, and consistency. These measurements are used as the basis for organizational development initiatives. Notably, the positive response rate of "understanding our mission,"<sup>1)</sup> increased to 55.4% compared to the previous year, which is analyzed as a positive effect of the "Hanssemness Project," in which our mission and working principles were redefined based on employee-led initiatives. Moving forward, Hanssem will continue to foster a positive employee experience by conducting regular organizational culture assessments and implementing activities that enhance organizational effectiveness.

1) Positive response rate: The level of positive perception was measured based on the percentage of respondents who answered 5 (strongly agree) and 4 (agree).

#### Organizational Culture Diagnosis Questionnaire

Organizational Performance	Human Resource Management	Organizational Commitment
<ul style="list-style-type: none"> <li>Mission alignment</li> <li>Adaptability</li> <li>Involvement</li> <li>Consistency</li> </ul>	<ul style="list-style-type: none"> <li>Evaluation fairness</li> <li>Compensation adequacy</li> </ul>	<ul style="list-style-type: none"> <li>Satisfaction</li> <li>Pride</li> <li>Sense of growth</li> <li>Willingness to recommend</li> <li>Willingness to stay</li> </ul>


### CASE

#### Organizational Culture: Hanssemness

For over 50 years, Hanssem has played a leading role in the furniture and interior design industry. This history is a testament to our management philosophy and core values consistently pioneering new markets and striving toward ambitious goals. Even today, all Hanssem employees are doing their best in their respective positions, committed to creating the best spaces that suit customers' lives, setting standards, and adding value to everyone's daily lives. This way of working, built and upheld across decades beyond ranks and titles, is Hanssem's most powerful asset. The Hanssemness Project is an effort to reinterpret Hanssem's long-standing assets and experience to fit the current business environment, communicating in a language befitting Hanssem that all employees can relate to and put into practice. Through a new "Mission" and nine "Operating Principles", created with direct employee participation, Hanssem aims to build a foundation for strengthening the organization's core, responding more flexibly to changes in the external environment, and providing better values to customers and the market.

한샘다움 : 미션과 일하는 원칙

### 더 나은 삶을 위한 공간의 기준을 만들어, 모두의 일상에 가치를 더한다



1 우리는 출발하게 일한다	2 생각의 방향은 고객을 향한다	3 문제의 본질을 지열하게 고민하고 집요하게 실행한다
4 큰 결정은 신중하게 적은 결정은 신속하게	5 공동의 목표를 향해 경계없이 협업한다	6 소통과 공유는 상대방의 입장에서 종분할 때까지
7 칭찬은 상징하게 하고 격려는 도전하게 한다	8 존경과 권위는 실력으로부터 나온다	9 언제나 탁월함에 도전한다

HANSSEM-1111

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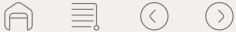
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# Employee Satisfaction

## Communication & Collaboration

### Town Hall Meeting

Since 2022, Hanssem has held company-wide Town Hall Meetings to provide a platform for sharing business plans, key achievements, and success stories across the organization. The Meetings are streamed online for all employees to participate. Questions submitted in advance and real-time comments increase member participation and understanding and foster positive interaction and communication, thereby promoting collaboration and synergy across the organization. Since 2024, Hanssem introduced "Conversations with the CEO," a forum where individuals and units can directly ask the CEO questions about our direction and discuss current issues from the field, further strengthening transparency and alignment across the organization.

### Change Agents

Hanssem's "Change Agents" play a key role in facilitating communication between us and employees and in driving change in the ways of work. Comprised of talented deputy and manager-level employees from across departments, these individuals gather and present organizational feedback prior to the implementation of new policies or tools, helping to shape the direction of change. In 2024, they led the Hanssemness Project, defining Hanssem's mission and operating principles, and in 2025, they plan to create a concrete guide for these principles, facilitate communication within us, address employee concerns, and drive real change.

### Internal Bulletin Board System

Hanssem operates a variety of internal bulletin boards to promote communication among employees and gather a broader range of opinions from staff. The "Free Board", which was launched in 2021, is used as a space for employees to share knowledge and communicate freely, while the "Suggestion Board" is a place for employees to propose ideas for company advancement and exchange opinions through comments. The department or team that receives suggestions will review them and provide a formal response. Since 2023, both the Free Board and Suggestion Board have been opened to employees of Hanssem's affiliates, further expanding the scope of internal communication. In 2024, a total of eight suggestions related to facilities and equipment were registered on the Suggestion Board, and 99 posts were made on the Free Board. The Free Board has become a place where employees actively interact with each other on a variety of topics, including restaurant recommendations and item exchanges. The bulletin board is used to post the topics and presentations from the monthly town hall meetings and to gather employee opinions and ideas on the posted information.

## Labor-Management Relations

### Labor-Management Relations

Hanssem maintains transparent and stable labor-management relations by communicating with trade unions and the Labor-Management Council based on mutual respect and cooperation. The unions represent the employees' opinions and take the lead in negotiating wages and working conditions. We carefully check compliance with labor laws and related regulations and strive to create a fair working environment and increase employee engagement and satisfaction by providing regular training and information. Hanssem's Labor-Management Council is the official channel for gathering the opinions of non-unionized employees and operates transparently in accordance with the Labor-Management Council's operation regulations. The council is composed of three employee representatives, selected through direct, secret, and anonymous voting. The labor representatives also gather employee opinions through various channels and incorporate them into our systems and policies. In 2024, major issues discussed included expanding the eligibility and application period for the loan interest assistance program and increasing the overtime meal allowance. Based on these discussions and agreements, Hanssem is working to strengthen employee welfare and continuously improve the work environment.

### Labor-Management Council's Major Agenda in

Date	Major Agenda	Result
Q1 2024: March	Expanding the eligibility and application period for the loan interest assistance program	Reviewed current operations and identified areas for improvement
Q2 2024: June	Increasing the overtime meal allowance	Increased budget by 25% over previous year
Q3 2024: September	Electing 2023 Labor-Management Council's Labor Committee Members and Labor Representatives	Elected to serve consecutive terms
Q4 2024: December	Reviewing the progress on the agenda items for the first quarter of 2024	Expanded the eligibility and application period <sup>1)</sup>

1) The 2025 revision is reflected.

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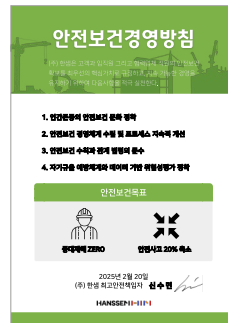
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# Workplace Health & Safety

## Health & Safety Management System

### Health & Safety Management Policy

Hanssem places the highest priority on protecting the health and safety of its customers and employees, based on its 'Occupational health and safety management policy.' We are committed to creating a safe working environment that prevents accidents and illnesses. In alignment with four core principles, Hanssem systematically identifies and manages potential risks, ensuring compliance with legal requirements and fostering a safety culture throughout us. Furthermore, Hanssem developed an internal health and safety manual with the goal of establishing a self-regulated prevention system, as part of its efforts to spread the safety culture.



### Health and Safety Promotion Strategy

Hanssem has established a health and safety promotion strategy with the goals of "achieving zero major accidents" and "reducing safety incidents by 20%" and is actively working to achieve them. We invest annually in the improvement of old facilities and work environments, with plans to allocate KRW 1.51 billion in 2025 after KRW 1.57 billion in 2024. In addition, major accident response manuals were developed for each workplace, and education and training were conducted at least once every six months to strengthen safety awareness. In manufacturing and logistics facilities, Hanssem implemented a continuous risk assessment system, and weekly risk assessments and countermeasure meetings were conducted to minimize risks. Moreover, a system has been introduced for reporting all safety incidents within 24 hours. Also, in the event of an accident, an investigation is conducted and the resulting countermeasures are then applied to all workplaces to prevent recurrence.

### Detailed Implementation Tasks and Phased Implementation Plan to Achieve the Goals

Strategic Direction	Implementation Tasks	Implementation Outcomes		Medium-to Long-term	
		2024 Outcomes	Short-term Goals	2025 Plan	2028 Goals
Goal	Establishment of company-wide health & safety management system	Industrial accident reduction: 15 accidents → 8 accidents Lost Time Injury Frequency Rate (LTIFR): 3.5% → 2.0%	Establishment of company-wide health & safety management system	Industrial accident reduction: 8 accidents → 4 accidents LTIFR: 2.0% → 1.0%	Establishment of autonomous health & safety management system
Health & Safety Management System	System construction	Establishment of an integrated system for ISO (ISO45001 + ISO9001 + ISO14001)	Enhancement of ISO45001	ISO 45001 expert development (examiner qualification)	KOSHA MS certification
Health & Safety Training	Training on-site workers and providing support to obtain certificates/ licenses	Providing training by visiting all workplaces such as manufacturing plants, logistics centers, and stores (on-site health & safety training)  Conducting introductory health and safety education for new executives and employees	Customized health and safety training for each business division	In-house safety and health training in each department  Incident investigation and improvement result report for each business division	Strengthening effective in-house training system (Development of safety experts)
Securing Expertise	Health & safety expert development	Industrial Safety Engineer license obtained: 1 person (7 persons in total)  Ergonomics Engineer license obtained: 1 person (1 person in total)	Improvement of management capacity by developing internal experts  Increasing the number of personnel responsible for health and safety in business divisions	Obtaining Industrial Safety Engineer license: 2 persons  Obtaining Occupational Safety Guide or Safety Engineer license: 1 person;	Raising health & safety standards in each organization unit
Strengthening Site Safety	Establishment of daily autonomous safety checks	Strengthening inspection capabilities (joint inspection with electric/firefighting companies, semi-annually)	Health and safety management tailored for each business division	Establishment of "self-regulated prevention system" in each business division	Health & safety management by each business site
		Establishing and implementing health & safety code of conduct for each business division	Establishment of high-risk task (factor) management system	Identification and evaluation of near-miss incidents by business division	Establishment of autonomous safety inspections
		Adding more manufacturing, logistics, and special sales partners subject to internal review for health and safety	Introduction of smart safety technology	Establishment of ongoing risk assessment	Establishment of near-miss incident identification and management system
Establishing Safety Culture	Health & safety campaigns with worker participation	Expanding offline exposure of safety culture campaigns (restrooms, meeting rooms, break rooms, etc.)	Participatory safety culture activities	Implementation of data-based safety culture campaigns	Establish a self-directed safety culture
		The walking 150,000 steps challenge (+ safety whistleblowing system): 435 participants		Company-wide health and safety and quiz event	Internalization of health & safety awareness among all employees
		Detailed response manual in place in case of a major industrial (civil) accident		Expansion of the scope of critical incidents and education/training (chemicals, confined spaces, etc.)	

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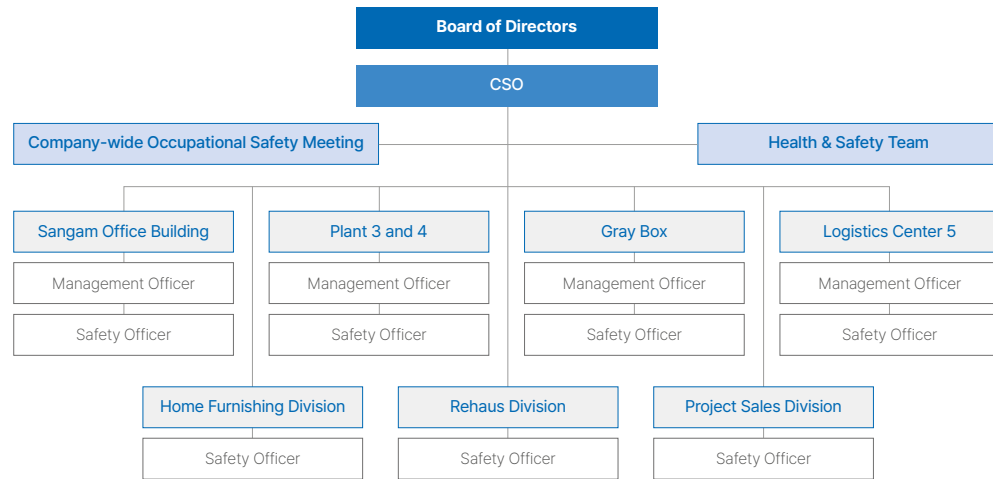
# Workplace Health & Safety

## Health & Safety Management System

### Health & Safety Promotion Organization

Hanssem has established department-specific health and safety management system, centered on the Health & Safety Team under the Board of Directors and the Chief Safety Officer (CSO), and is promoting the spread of an autonomous safety culture. Each business site appoints a person in charge of management and a person in charge of the department to actively collect opinions from the field. Discussions are also promptly conducted through various meetings such as Occupational Safety Meetings, Occupational Health & Safety Committees, and Health & Safety Council. Key health and safety goals and plans are approved and overseen by the Board of Directors, which receives annual reports on relevant issues and sets and announces annual goals.

### Organizational Structure for Health & Safety Implementation



CSO	Health & Safety Personnel	Management Officer	Safety Officer and Others
Responsible for establishing and implementing a health & safety management system, including personnel, budget, and inspections necessary to prevent accidents.	Exclusively responsible for health and safety work *2 dedicated organization units, 3 safety managers, 2 health managers	As the general manager of a core business site, they plan, manage, and approve health and safety issues of the business site *Sangam Office, Manufacturing Plants, Gray Box, Logistics Center 5	As the departmental safety officer or supervisor, they inspect, prepare for, and respond to on-site health and safety issues

### Occupational Health and Safety Management System Certification (ISO 45001)

Hanssem obtained the ISO 45001 (Occupational Health and Safety Management System) certification in 2022. Based on the annual surveillance audits, we are making improvements in recommendations and effectively managing health and safety risks. In addition, Hanssem is expanding the scope of certification beyond the manufacturing plants to all business sites, including the Sangam Office, research center, and construction (installation) operations. We are also strengthening its health and safety management by expanding into various areas, including manufacturing, design and development, sales, and construction. Beginning in 2024, an integrated safety, health, quality, and environmental audit was implemented to establish a system that ensures compliance with international standards at all business sites.

### Occupational Health & Safety Management System-Certified Business Sites

Business Site	Effective Period
Divisions (Design, Development, Sales, Construction)	2025.05.30 ~ 2028.05.29
Manufacturing Plant 3 (Production)	2025.05.30 ~ 2028.05.29
Manufacturing Plant 4 (Production)	2025.05.30 ~ 2028.05.29



Fire Drill



On-site Inspection by the Health and Safety Council



On-site Inspection by the Construction Project Owner

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# Workplace Health & Safety

## Health and Safety Risk Management

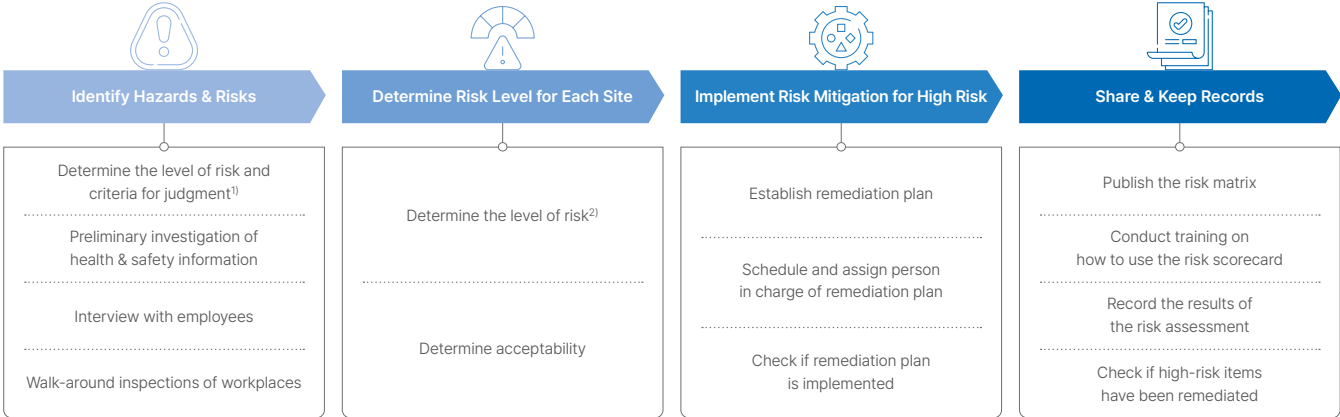
### Health and Safety Assessment System

**Internal Health & Safety Evaluation** | Hanssem performs internal evaluations at all business sites by its own health and safety standards. These internal evaluations check compliance with relevant laws and regulations, such as the Serious Accidents Punishment Act, the Occupational Safety and Health Act, the Firefighting Systems Act, the Act on the Establishment of Safe Laboratory Environment, and the Child Care Act, and identify and improve risk factors through detailed inspections to prevent accidents involving employees and customers. In 2024, we conducted internal evaluations twice in the first and second halves of the year at 77 sites and improved 100% of the 925 issues identified. Hanssem manages the identified issues to complete improvements within 7 days (93%) for simple cases and 1 month (97%) for construction cases.

**Construction Site Inspection System** | Hanssem monitors compliance with laws and regulations related to construction companies (safety management cost accounting, accident prevention technology guidance, health and safety level evaluation, etc.) through electronic approval, and has achieved a 100% compliance rate by implementing an approval process in the legal affairs system since 2024. In addition, we conduct safety inspections at construction sites at least once a week and actively implement improvement measures for all risk factors identified during the inspection process. In 2024, Hanssem conducted safety inspections at a total of 12 sites and took immediate action to address the risks found at each site to create a safe working environment.

**Risk Assessment** | To prevent safety accidents, Hanssem conducts semi-annual inspections of the work environment and health & safety information, systematically managing hazard and risk factors. Workplaces are categorized into low-risk and high-risk workplaces based on their characteristics and appropriate assessment techniques (frequency-severity method, three-step method, and checklist method) are applied accordingly. These assessments are conducted twice a year at all sites, and improvement measures are implemented immediately for hazard/risk factors identified through the risk assessments. In 2024, when a worksite was assessed as having a tripping or slipping hazard due to unclear demarcation of a specific area, yellow-black warning markings and anti-slip measures were added to enhance accident prevention. Hanssem will continue to create work environments that prioritize worker safety through continuous inspections and improvement efforts.

### Risk Assessment Process



1) Manufacturing is evaluated using the frequency-intensity method, while logistics and stores are assessed using the checklist method.  
 2) Manufacturing is assessed on a scale from grades 1 to 16, while logistics and stores are evaluated as either appropriate or requiring improvement.

### 2024 Risk Assessment<sup>1)</sup> Results

Business Division (No. of Sites)	Manufacturing(1)	Logistics(2)	Stores(49)
<b>Assessment Method</b>	Frequency-severity method	Checklist method	Checklist method
<b>Identified Risk Factors</b>	116 cases	151 cases	64 cases
<b>Resolution rate</b>	89% (103 cases)	98% (148 cases)	100% (64 cases)
<b>High-risk Factors</b>	Risk of pedestrian collision when operating a forklift	Risk of material tipping due to poor stacking	Trip hazard due to ground level differences
<b>Improvement Results</b>	Separation of pedestrian line, forklift inspections	Establishment of loading/stacking standards and frequent inspections	Installation of ramps, posting signs about different ground levels

1) Manufacturing/logistics sites conduct weekly risk assessments and continuously update their processes to comply with relevant laws and regulations.

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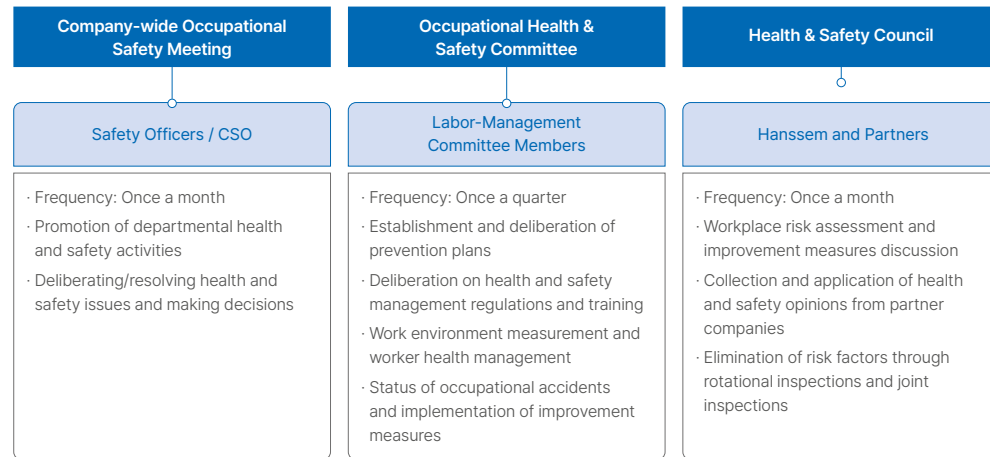
# Workplace Health & Safety

## Health and Safety Risk Management

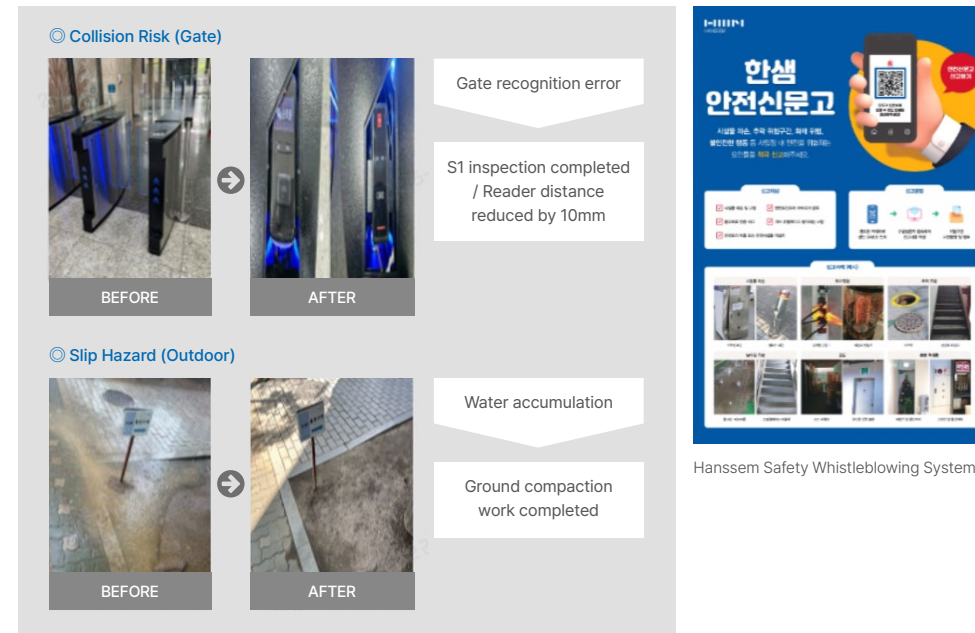
### Health and Safety Grievance Redress System

**Operation of a Health and Safety Meeting Groups** | Hanssem implements systematic health and safety management through the operation of dedicated health and safety committees. Through group regularly reviews health and safety activities, discusses occupational accident prevention and workers' health management, and implements risk assessment and improvement work with partner companies to create a safe working environment.

#### Health & Safety Council



**Safety Whistleblowing System** | Hanssem operates a 'Safety Whistleblowing System' to protect the health and safety of its employees. Employees can freely and anonymously report workplace risk factors or issues that need improvement, and we promptly review and act on the suggestions received and share the results to build employee trust. In 2024, a total of 53 reports were received, leading to proactive improvements across various workplace risks and the creation of a safer working environment. A key improvement case involved the report of employee collisions and entrapment risks caused by gate recognition errors, prompting inspections and corrective measures by the responsible vendor. Additionally, following reports of slip hazards due to water accumulation outside the building during rainy weather, floor compaction work was carried out to ensure a safer walking environment. Hanssem plans to continue to actively use the Safety Whistleblowing System to reflect employee feedback and to conduct systematic correction efforts to cultivate a safe working environment.



Examples of Improvements Made Based on the Safety Whistleblowing System in 2024

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# Workplace Health & Safety

## Cultivating a Culture of Safety

### Health and Safety Education

Hanssem strives to prevent accidents and cultivate a culture of safety by providing health and safety education tailored to the work environment and job characteristics. Education on each hazard and risk factor is provided and fire and major accident response training is conducted twice a year for employees in high-risk workplaces. On-site training and risk assessment exercises are also provided to strengthen practical competence. In 2025, Hanssem plans to raise safety awareness through introductory training for new employees and in-house training for each business division and establish a “self-regulatory prevention system” and institutionalize continuous risk assessments by enhancing accident prevention through accident investigations and improvement result reporting.

#### 2024 Health and Safety Education

Basis	Category	Training Target Personnel	Training Frequency	Training Hours	No. of Trainees
Industrial Safety and Health Act	Health & safety personnel training	Safety managers/ health managers	Biennial	24 hours	7 health & safety managers
		Management Officer	Biennial	6 hours	4 health & safety officers
	New hire training	Newly hired workers	As needed	8 hours	80 persons
	Periodic safety training	All employees	Every quarter	3 hours	1,313 persons
			Every quarter	6 hours	553 persons
	Supervisor training	Supervisors	Annual	16 hours	72 persons
Special Safety training	39 types, including forklifts and hazardous chemicals	As needed	16 hours	42 persons	
Serious Accidents Punishment Act	Major accident response education and training	Employees and partner companies	Biennial	1 hour	584 persons
Company Regulations	Introductory health and safety training	Employees	As needed	1 hour	28 persons
	On-site health and safety training	Employees and partner companies	Annual	1 hour	224 persons
	Risk assessment process training	Employees	Annual	1 hour	290 persons
Fire Services Act	Fire (evacuation) drills for fire response	Employees	Annual	1 hour	178 persons

### Health and Safety Activities

**Work Environment Monitoring** | Hanssem conducts regular work environment monitoring at its R&D centers as well as logistics and manufacturing sites to evaluate harmful factors such as hazardous chemicals, noise, and dust. The 2024 monitoring did not find any cases exceeding the exposure standards, and continuous improvement efforts are underway to cultivate a safer work environment. In addition, to prevent musculoskeletal disorders, working conditions are analyzed and measures such as using automation equipment, improving work methods, and providing protective gear are implemented to reduce the physical strain on workers. Furthermore, by the Occupational Safety and Health Act, Hanssem conducts special medical examinations for workers exposed to certain harmful agents in order to detect health abnormalities at an early stage and take appropriate measures through a systematic management system.

#### Management Measures by Type of Occupational Disease

Occupational Disease Type	Evaluation Period	Improvement Measures	Actions
Noise-Induced Hearing Loss	Biannual	Work environment improvement	Noise abatement measures, hazardous materials management, dust abatement measures
Chemical-Related Illnesses		Worker protection measures	Provision and use of protective gear
Pneumoconiosis	Triennial	Monitoring and healthcare	Hearing protection and examination, special medical examination, and exposure controls
		Training and increasing awareness	Hearing protection training, OSHA compliance, dust exposure prevention training, and worker interviews
Musculoskeletal Disorders	Annual	Work environment improvement	Reducing physical strain
		Worker protection measures	Improving work methods/practices
		Monitoring and healthcare	Medical examination and management of musculoskeletal disorders
Job Stress	Annual	Training and increasing awareness	Musculoskeletal protection training
		Work environment improvement	Improving the work environment
		Psychological support	Psychological counseling and support
Job Stress	Annual	Training and increasing awareness	Job stress management training

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## Cultivating a Culture of Safety

### Health and Safety Activities

**Occupational Disease Management** | Hanssem provides regular health checkups and psychological counseling services to promote the physical and mental health of its employees, while continuously strengthening medical welfare support. Placing employee health as a top priority, we systematically manage major health risks to ensure overall well-being.

### Employee Health Support Programs

Medical Examination  
(Special Medical Examination)



Annual health checkups for all employees, with additional specialized screenings for those exposed to hazardous factors. Employees maintain their physical health as Hanssem supports the cost of thorough medical examinations and treatments.

Emotional Labor Management



To protect employees engaged in emotional labor, Hanssem maintains an emotional laborer manual and provides training on how to respond flexibly to customers, taking into account the characteristics of each job. We also support follow-up measures such as temporary suspension of work, transitional job rotation, health disorder treatment and counseling, leave of absence, and legal advice to alleviate mental stress caused by emotional labor.

Psychological Counseling



To manage the mental health of our employees, Hanssem operates a mental health counseling office where not only employees but also their spouses and children can receive mental health counseling. We also provide an environment where employees can receive 1:1 personal counseling anytime and anywhere by connecting with psychological centers nationwide to continuously manage the mental health of all employees.

Health Promotion Events



Hanssem regularly organizes walking challenges to encourage employees to adopt healthy lifestyles and habits. Participants use a mobile application to reach a target number of steps and receive rewards. This encourages employees to increase their physical activity as a natural part of their daily routine, contributing to improved health and teamwork.

### CASE

#### Preventing Musculoskeletal Disorders: Flexible Lift



▲ Industrial Robot / Flexible Lift

Hanssem continues to invest in the prevention of musculoskeletal disorders, by prioritizing the health and safety of its workers. Hanssem analyzes work processes to introduce automation equipment at workplaces with repetitive or heavy tasks. In 2024, Hanssem invested KRW 330 million to install two conveyors, one industrial robot, and one flexible lift in an effort to reduce the heavy object transportations, repetitive tasks, and the physical strain on workers. After the installation of the flexible lift, an effectiveness analysis showed a 50% reduction in individual lifting weight and an 89.2% decrease in overall workload intensity. This led to a lower risk of musculoskeletal disorders, a reduction in the cost of lost opportunities due to occupational accidents, an increase in the speed of product transport, and a reduction in working hours. In addition, Hanssem regularly monitors workers' health, conducts ergonomic work environment surveys, and continuously implements improvement activities that reflect workers' suggestions.



#### Noise Reduction for Hearing Protection: Installation of Soundproof Enclosures

Hanssem actively implements noise reduction measures to improve the working environment and protect workers' hearing. To reduce the high noise levels generated by manufacturing facilities, soundproof enclosures were installed at major noise sources to reduce workplace noise levels by 20dB. Hanssem also conducts regular monitoring of the working environment every six months to systematically manage data. We also trains workers to wear hearing protection gears and operate a respiratory protection and hearing conservation program to minimize the health effects of noise. These efforts contribute to creating a more comfortable and safer work environment, and Hanssem plans to continue to strengthen the health and safety of its employees through ongoing research and investment in facilities.



▲ Soundproof Enclosures

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# Workplace Health & Safety

## Strengthening Health and Safety for Partner Companies

### Health and Safety Activities at Partner Companies

Hanssem thoroughly evaluates the health and safety activities of partner companies and supports their cultivation of a sustainable working environment. To this end, Hanssem conducts safety and health consulting, joint inspections, and operates health and safety councils to assess and enhance safety management standards. On-site safety and health training programs are also provided to strengthen partners' accident response capabilities. In addition, we continuously monitor the on-site health and safety management systems through walk-around inspections of their workplaces, health and safety level assessments, and the operation of a safety whistleblowing system, ensuring that all employees work in a safe and healthy environment.

#### Health and Safety Activities at Partner Companies in 2024

Category	Description	Frequency
Health & Safety Consultation	Consultation on the Serious Accidents Punishment Act and the Occupational Safety and Health Act (Checking and training during internal review of health and safety: recommendations are provided when improvements are needed)	Semi-annual
On-site Health & Safety Training	Education and training for quick response to accidents in the work environment (Firefighting, fire evacuation, cardiopulmonary resuscitation (CPR), automated external defibrillator (AED), etc.)	Annual
Health & Safety Council	Organization and operation of a council with contractors and related subcontractors as members (Providing health and safety health documents, risk assessment, listening to health and safety suggestions, etc.)	Monthly
Joint Health & Safety Inspection	Organization of inspection teams to inspect contractors, related subcontractors, and workers	Quarterly
Walk-Around Inspection of Workplace	Corrective measures for health and safety in the workplace through continuous walk-around inspections	Weekly or daily
Health & Safety Level Assessment	Evaluation of health and safety management systems and activities after checking them	Biennial
Safety Whistleblowing System	Reporting workplace risk factors and health/safety-related suggestions	Ongoing

### Partner Company Health and Safety Level Assessment

Hanssem assesses the health and safety management systems of on-site partner companies and construction contractors and provides the "Guidelines for Establishing Health and Safety Systems for Suppliers" for small-scale companies to help them comply with laws and regulations. The assessment is based on 11 evaluation criteria, including health and safety management policies and objectives, emergency response organization structure, education/training, and risk assessment, closely examining the operation of their health and safety systems. Hanssem also operates a system of adding and deducting points to encourage partner companies to obtain ISO 45001 and KOSHA-MS certifications and reflects the evaluation results in the partner selection process to prioritize those with excellent health and safety systems. In addition, when each department issues purchase orders for a construction project, the contractor's safety management plan and the results of the health and safety level assessment must be submitted to the legal affairs system before they can be approved, an improvement that further strengthens safety management.

#### Status of Health and Safety Level Assessments in 2024

(Unit: Companies)

Category	HQ	Manufacturing	Logistics	Special Sales	Home Furnishing	Rehaus	Total
Partner Assessment	1	3	17	10	1	-	32
Contractor Assessment	2	2	3	0	3	4	14

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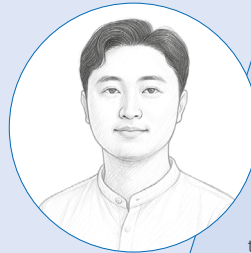
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# For • Our • Communities •

To create a more sustainable society where people live together, we are strengthening the ethical responsibility of our supply chain and engaging in open communication with local communities. By fostering healthy partnerships with suppliers that are mutually beneficial and participating in CSR activities that lead to real change in local communities, we are creating a tomorrow where everyone grows together.

## STAKEHOLDER DIALOGUE



As the owner of a Hanssem dealership, I oversee the entire process—from customer service and product sales to installation. ESG is not just a strategy led by the headquarters; it plays a vital role in building customer trust and strengthening our partnership. Today's consumers are increasingly attentive not only to product quality but also to environmental responsibility and ethical distribution. That's why the company's development of eco-friendly materials and commitment to transparency have led to stronger customer confidence and improved sales at the dealership level. The 'Standard Store Program' has also been a practical support system for new franchisees, providing assistance with everything from site selection to showroom setup—ensuring greater operational stability. Ultimately, ESG serves as an essential foundation for partner growth. I believe that the company's commitment to sustainable management is directly linked to the success of its dealerships.

\_Representative of Dealership Partners

Hanssem has become a model of fair trade and shared growth in the furniture manufacturing industry, achieving the highest rating in the Fair Trade Agreement Implementation Assessment for two consecutive years and receiving an "Excellent" rating in the Shared Growth Evaluation for five consecutive years. Our Audit and Shared Growth Team regularly conducts audits based on the "Compliance and Ethics Index" to proactively identify and mitigate business risks across departments, while maintaining a robust fair trade compliance system. We have also made long-term efforts to foster a fair and transparent business culture with our partners. A wide range of tailored support programs is in place, including the Shared Growth Fund, intellectual property protection initiatives, win-win payment systems, on-site VOC programs, and scholarships and medical expense support for partner employees. These practical support measures and trust-building efforts have played a vital role in strengthening our relationships with partners and establishing sustainable, long-term partnerships. Looking ahead, we will continue to reinforce trust-based collaboration and take the lead in advancing a culture of shared growth in the furniture industry.

\_Heo Hyuk, Head of Shared Growth Team



Hanssem has been carrying out social contribution activities based on the belief that transforming a space can transform a life. As of 2024, we have improved the living environments of 948 households for housing-vulnerable groups. Rather than simply replacing furniture, we provide tailored solutions through consultations and designs led by space experts, taking into account each resident's lifestyle and daily movement patterns. It has been deeply rewarding to see children in local community centers and group homes smiling in their refreshed spaces. Since 2020, we have also supported the renovation of aging fire stations to help firefighters rest and recharge, thereby contributing to public safety. Moving forward, we will continue these space improvement efforts beyond our 1,000th project, bringing hope to even more individuals and communities.

\_Kim Hyun-jung, Deputy Senior Manager of Corporate Culture Team - Social Contribution Unit

Key Accomplishments

### Win-Win Cooperation Fund KRW 22 Billion Contribution

For 2 Consecutive Years

### Fair Trade Agreement Performance Assessment Obtained The Best Rating

### For Vulnerable Populations Improved Spaces of 948 Homes



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# Sustainable Supply Chain Management







## Supply Chain ESG Management

### Supplier Code of Conduct and Supply Chain Sustainability Management Policy

Hanssem has established a supplier code of conduct to build a sustainable supply chain in partnership with its suppliers. This code outlines the ESG standards and guidelines that suppliers are expected to follow across key areas, including labor practices, health and safety, environmental protection, business ethics, responsible sourcing of raw materials, and management systems. Furthermore, to ensure that the Code is effectively applied, Hanssem includes a compliance pledge within all purchasing contracts and strongly encourages partners to fully adhere to the Code. In addition, in 2025, Hanssem established a Supply Chain Sustainability Management Policy reflecting its commitment to sustainable management. Based on a mutually beneficial relationship with our partners, we are dedicated to faithfully implementing this policy and striving to create responsible value for a sustainable future.

[Supply Chain Sustainability Management Policy](#)

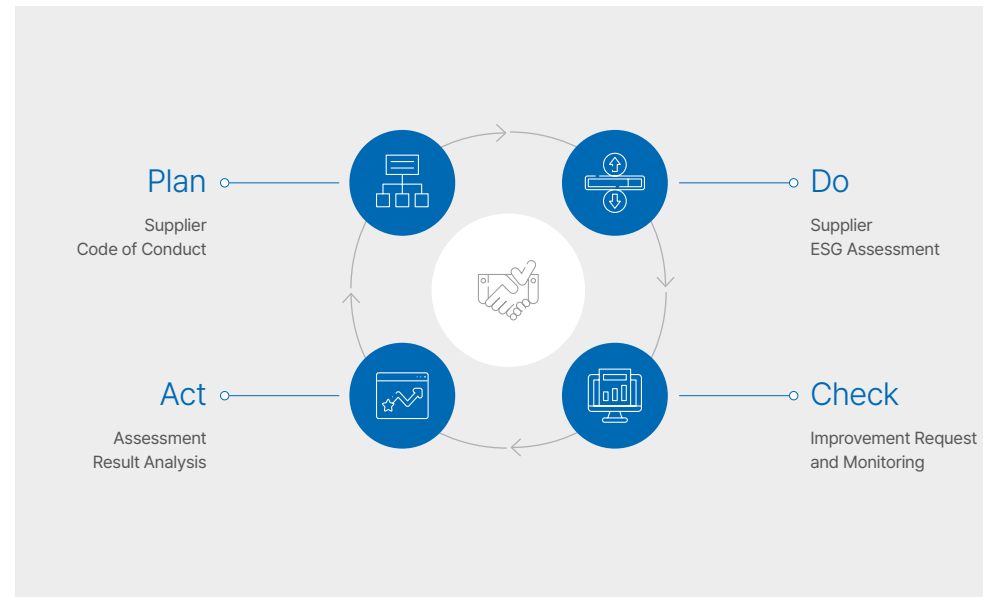
### Hanssem Supplier Code of Conduct

 <p><b>Labor</b></p> <ul style="list-style-type: none"> <li>Prohibition of forced and child labor</li> <li>Compliance with working hour regulations</li> <li>Provision of fair wages and benefits</li> <li>Ensuring humane treatment</li> <li>Non-discrimination, protection of freedom of association</li> </ul>	 <p><b>Health &amp; Safety</b></p> <ul style="list-style-type: none"> <li>Industrial safety management</li> <li>Preparedness for emergencies</li> <li>Maintenance of workplace hygiene</li> <li>Ensuring equipment safety</li> </ul>	 <p><b>Environment</b></p> <ul style="list-style-type: none"> <li>Compliance with environmental laws and regulations</li> <li>Pollutant management and efficient use of resources</li> <li>Chemical material management, waste disposal</li> <li>Substance compliance</li> </ul>
 <p><b>Ethics</b></p> <ul style="list-style-type: none"> <li>Anti-corruption policy</li> <li>Intellectual property rights protection</li> <li>Compliance with fair competition</li> <li>Protection of personal information</li> </ul>	 <p><b>Responsible Sourcing of Raw Materials</b></p> <ul style="list-style-type: none"> <li>Prohibition of the use of illegally logged timber</li> <li>Recommendation to use FSC/PEFC certified wood and recycled wood</li> <li>Responsible leather sourcing (LWG certification recommended)</li> </ul>	 <p><b>Management Systems</b></p> <ul style="list-style-type: none"> <li>Compliance with laws and customer requirements</li> <li>Compliance with supply chain code of conduct</li> <li>Identification of operational risks and designing management systems</li> </ul>

### Supplier Management System

To strengthen sustainability within its supply chain, Hanssem has identified four key management areas: labor and human rights, health and safety, environment, and ethics. Based on these areas, we conduct ESG assessments of our supplier companies. In 2024, we carried out our first ESG assessment of suppliers to systematically diagnose and analyze the current status of ESG practices within the supply chain. Through this process, we aim to work with our suppliers to explore ways to enhance sustainability across the entire value chain. Based on the assessment results, we plan to provide ongoing support through ESG consulting and training programs to strengthen our suppliers' capabilities in key areas such as the environment, labor, and occupational health and safety.

### Supply Chain Sustainability Management Process



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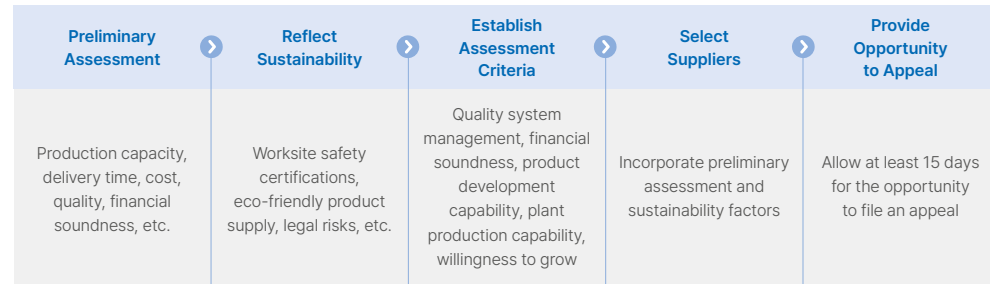
# Sustainable Supply Chain Management

## Supply Chain ESG Management

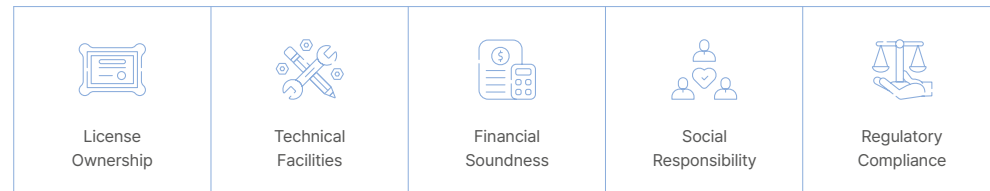
### Supplier Selection

Hanssem conducts a preliminary assessment when selecting suppliers to ensure transparency and fairness in the selection process. The assessment items include sustainability factors such as safety certifications, eco-friendly product supply, and legal risks as well as production capacity, delivery time, cost, quality, and financial soundness. Assessment criteria are by the "Regulations on Practices for Fair Selection (Registration) of Partner Companies," which sets clear standards for the assessment of key items such as quality management, financial soundness, product development capability, productivity, and willingness to grow. Hanssem provides an appeal period of at least 15 days after the assessment to strengthen procedural transparency and fairness. When signing a purchase contract, partner companies are required to sign a pledge to comply with Hanssem's Practices and Code of Conduct. Starting in 2025, Hanssem plans to expand these regulations to include English and Chinese to cover global suppliers as well.

### Supplier Selection Process



### Review Criteria When Selecting a Supplier



**Status of Major Suppliers** | Hanssem is the only company in South Korea that has established nationwide sales, logistics, and construction systems, operates online and offline distribution channels while working closely with its partners to build a sustainable supply chain. Suppliers are categorized based on transaction volume and strategic potential into strategic suppliers, core suppliers, general suppliers, and transactional suppliers for management purposes. From a sustainability management perspective, suppliers are further classified according to the type of inventory they provide, such as raw materials, finished goods, and intermediate materials, to ensure tailored and effective oversight.

### Status of Suppliers

(As of December 31, 2024)

Category	Vendor Nationality	No. of Vendors	Annual Purchase Amount	
Raw Materials	Domestic	36 companies	KRW 80.8 billion	
	Overseas	China	5 companies	KRW 7.1 billion
		Southeast Asia	4 companies	KRW 33.9 billion
		Others <sup>1)</sup>	1 company	KRW 4.0 billion
Products	Domestic	216 companies	KRW 283.5 billion	
	Overseas	China	41 companies	KRW 64.0 billion
		Southeast Asia	5 companies	KRW 4.6 billion
		Others <sup>1)</sup>	12 companies	KRW 10.0 billion

<sup>1)</sup> Others refers to vendors excluding China and Southeast Asia.

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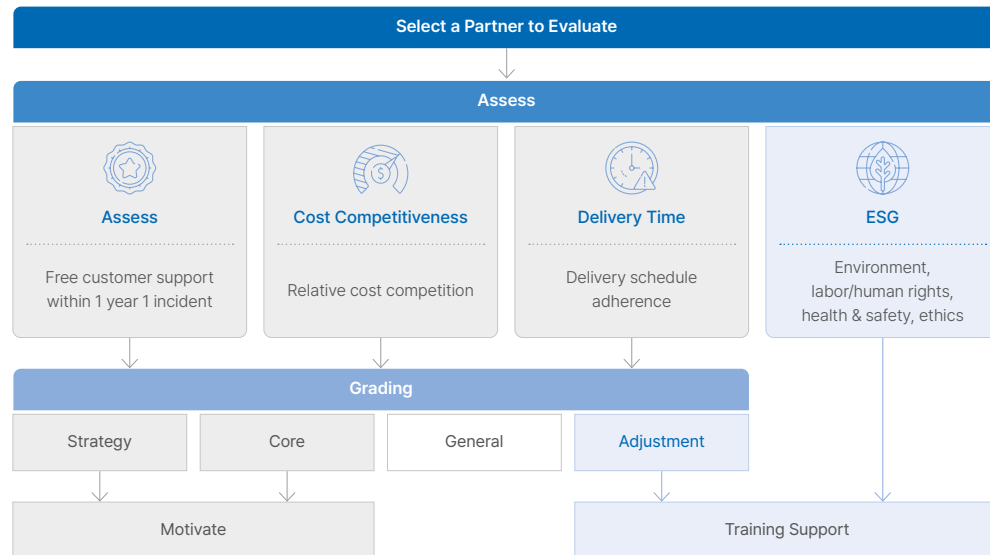
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## Supply Chain ESG Management

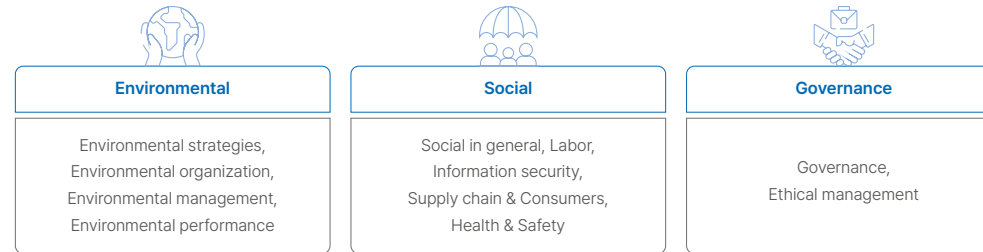
### Supplier Assessment

Hanssem conducts regular assessments of its supplier companies to proactively identify risks throughout the supply chain in advance and promote sustainable operations. The main assessment items are quality, delivery time, and cost competitiveness, and based on the results, partner companies are categorized into tiers. Outstanding suppliers are given the opportunity to participate in the production of new products to strengthen the partnerships. In 2024, Hanssem expanded its evaluation framework to include ESG assessments, newly introduced alongside existing metrics. A total of 83 core and strategic partner companies were assessed in three areas: environmental, social, and ethics (governance). Each supplier company is provided with an assessment checklist to support their voluntary improvements. Based on the evaluation results, high-risk groups are subject to regular monitoring and tailored training programs, and corrective actions are requested when necessary. In addition, customized ESG consulting services are provided to help these suppliers strengthen their ESG capabilities, enabling mutual progress toward sustainable growth as long-term partners.

### Supplier Assessment Process



### Supplier ESG Assessment Items



### ESG Management Support

**ESG Training for Suppliers** | Hanssem holds regular partnership meetings to strengthen communication with its suppliers and to share key policy directions and long-term visions. In March 2024, Hanssem hosted a partner conference focused on supply chain sustainability, where it shared strategic goals and policy directions, awarded outstanding suppliers, and provided training on the importance and goals of supply chain sustainability policies and ESG assessment directions. In addition, to enhance the expertise of company employees, Hanssem conducted training for purchasing managers on supply chain sustainability trends and partner company ESG management policies, thereby strengthening the ESG management capabilities in the supply chain.

**ESG Consulting Support** | Hanssem provides free ESG consulting support to purchasing suppliers who lack specialized personnel or experience with the aim of strengthening their ESG management capabilities. In 2023, ESG management consulting was provided in cooperation with the Industrial Bank of Korea, and in 2024, the scope of support targets was expanded to enhance practical assistance to help them respond to key issues such as establishing an industrial safety system.

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# Sustainable Supply Chain Management

## Fair Trade

### Fair Trade Practices

Hanssem has adopted the Korea Fair Trade Commission's "Four Practices of Fair Trade" in our regulations, requiring employees to deal fairly with partners. Any violations are subject to investigation through our internal audit process, and confirmed breaches are referred to the disciplinary committee for appropriate action. To ensure transparency, Hanssem has also published the Four Fair Trade Practices on its official website, enabling partner companies to fully understand and adhere to these standards when conducting business with us.

#### Four Practices of Fair Trade



**Fair Trade Compliance Program** | Hanssem is preparing to implement the Fair Trade Compliance Program (CP) to achieve economic justice through fair trade with partners. In addition to the existing non-face-to-face communication channels, we are strengthening face-to-face communication to take appropriate remedial actions for our partners' grievances through meetings with partners and face-to-face talk (VOC) with CEOs and executives of suppliers. In addition, we regularly hold a Subcontracting Review Committee meeting under the supervision of the head of the Corporate Support Division to discuss major issues in subcontracting transactions in advance, and we are preparing for the successful implementation of the CP by establishing our management system, including the Compliance and Ethics Index Check.

#### CP Implementation Preparation Program

Program	Description
Compliance and Ethics Index Check	· Verify the implementation of improvements regarding past incidents related to legal, audit, shared growth, and corporate regulations, and verify compliance with internal controls.
Operation of Communication Channels with Partners	· Operate communication channels such as Cyber Audit Office and surveys · Conduct partner meetings (twice a year) and face-to-face meeting (VOC) activities for the Tier-1 and Tier-2 suppliers
Subcontracting Act Training	· Provide training on the Fair Trade in Subcontracting Act (aka the Subcontracting Act), focusing on the responsibilities and roles of the prime contractor, for personnel in each purchasing team.
Shared Growth Operation Policy Establishment	· Establish regulations on matters to be complied with when doing business with suppliers, such as guidelines for the conduct of purchasing personnel
Subcontract Price Linkage System Training	· Provide information on the scheme for implementing the subcontract price linkage system under the revised Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises; conduct training on contract preparation and linkage method
Internal Controls Training	· Conduct training on compliance with fair trade laws and company regulations, and share major cases of taking disciplinary actions
Balance Confirmation	· Review anomalies in the receivables/payables balance confirmations received from partners to check for misappropriation of funds by salespeople and unfair expense claims by partners
Operation of Subcontracting Review Committee	· Discuss major issues in subcontracting transactions with the head of the Purchase Department and Purchasing · Team Leaders under the supervision of the Head of the Corporate Support Division

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## Fair Trade

### Fair Trade Practices

**Fair Trade Training** | Hanssem conducts fair trade training for its employees to establish a culture of fair trade with its partners. Through training based on the Four Practices of Fair Trade, we focus on strengthening transparent and ethical transactions with partners, preventing violations, and spreading a culture of fair trade compliance.

Status of Fair Trade Training in 2024

Training Type	Description	Training Targets	Training Frequency	No. of Trainees
Subcontracting Act/ Fair Trade Act	Explanation of key articles in the Subcontracting Act and case studies of violations detected in other companies	SCM Purchase Department	Once	15 persons
		SCM Special Sales and Purchase Departments	Once	18 persons
		R&D and Purchase Department	Once	25 persons
Act on the Promotion of Mutually Beneficial Cooperation	Writing contracts under the Subcontract Price Linkage System	Hanssem's Affiliated Companies	Once	19 persons

### Unfair Trade Risk Management

Hanssem operates an internal assessment system based on the "Compliance Ethics Index" to promote voluntary fair trade practices by all employees. Specifically, seven key indicators for unfair trade risk management have been established to monitor compliance with applicable laws and regulations, such as the Subcontracting Act and the Act on the Promotion of Mutually Beneficial Cooperation, which are evaluated monthly and reported to the CEO every quarter. In addition, compliance training is conducted regularly for departments that need improvement to prevent unfair trade practices.

Unfair Trade Risk Management Indicators



Subcontractors are registered and purchase contracts are in place



Price reduction letters/unit price agreements are completed and the attached documents are appropriate



Unfair price reductions in transactions with partners



Unfair unit price reductions in transactions with partners



Compliance with procedures for suspending transactions with suppliers



Establishment and implementation of the Subcontract Price Linkage System

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# Sustainable Supply Chain Management

## Shared Growth with Partners



### Shared Growth Promotion System

**Internal Organization for Shared Growth Promotion** | Hanssem actively promotes shared growth based on trust with its partners for sustainable growth and mutual benefit. To this end, we operate a Shared Growth Unit within the Corporate Support Division directly under the CEO, which conducts compliance checks and win-win activities with partners and reports the results to the CEO every quarter. As part of the ethical management office, the shared growth team plays a key role in establishing a company-wide compliance management system, overseeing fair trade practices with partner companies. We also operate various support programs for sustainable win-win growth and maintain healthy cooperative relationships with partners based on mutual trust.

#### Structure of the Shared Growth Organization



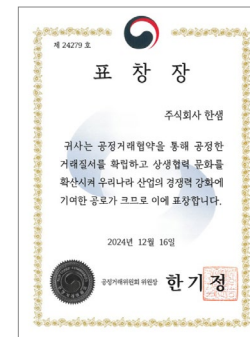
#### Key Focus Areas in Shared Growth

 <b>Fair Trade</b>	 <b>Win-Win Cooperation</b>
<ul style="list-style-type: none"> <li>Review contracts and transactions for compliance with the Subcontracting Act</li> <li>Respond to Shared Growth Assessment</li> <li>Investigate unfair trade conduct of internal employees</li> <li>Fair trade training for employees (Subcontracting Act, Fair Trade Act, etc.)</li> </ul>	<ul style="list-style-type: none"> <li>Financial support for partners (win-win cooperation funds)</li> <li>Non-financial support for partners (recruitment/technology protection)</li> <li>Welfare support for partners (scholarships/medical expenses)</li> <li>Occupational health and safety consulting support (prevention of punishment for serious accidents)</li> </ul>

**Shared Growth Index Evaluation** | Hanssem undergoes an annual Comprehensive Shared Growth Evaluation from the Korea Fair Trade Commission and the Korea Commission for Corporate Partnership. This evaluation consists of the Fair Trade Agreement Implementation Evaluation and the Comprehensive Shared Growth Evaluation, and the evaluation results are categorized into five ratings: Best, Excellent, Good, Average, and Unsatisfactory. Thanks to its ongoing efforts to foster a culture of fair trade, including the introduction of the compliance and ethics index, Hanssem became the first company in Korea's furniture manufacturing industry to receive the "Excellent" rating for two consecutive years in the 2024 fair trade agreement implementation assessment. Based on this achievement, we plan to maintain the highest rating in the furniture manufacturing industry in the short term, and further strengthen our level of shared growth implementation to be rated on par with major South Korean conglomerates in the mid to long-term.

#### Shared Growth Index Evaluation Goals and Performance Management

2024 Outcome	Short-Term Goals (2025)	Mid to Long-Term Goal (2026-)
<ul style="list-style-type: none"> <li>The first company in the furniture industry to receive the "Best" rating in the Fair Trade Agreement Implementation Evaluation for two consecutive years</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining Status as a Shared Growth Company in the Furniture Manufacturing Industry</li> <li>Improved Performance in the Win-Win Growth Index Evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Achieve a rating on par with the highest level of large companies in various industries in South Korea</li> <li>Achieve the highest rating in the Win-Win Growth Index Evaluation</li> </ul>



Winning the Best Award for the 2024 Fair Trade Agreement Implementation Evaluation

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## Shared Growth with Partners

### Financial Support

**Operating Win-Win Cooperation Funds** | Hanssem has signed agreements with the Industrial Bank of Korea and Hana Bank to establish win-win cooperation funds (aka win-win funds) totaling KRW 23 billion to strengthen the liquidity of its partners. Through this fund, partner companies can access loans at interest rates lower than those offered by commercial banks. As of December 2024, 104 partner companies have utilized KRW 20.3 billion from the fund, receiving a total of KRW 530 million in interest support. In addition, starting in 2024, Hanssem will extend win-win fund support to new suppliers and distributors to strengthen proactive support for new companies facing liquidity difficulties.

Status of Win-Win Cooperation Fund Operations (As of December 2024)

Category	Win-Win Fund 1	Win-Win Fund 2	Win-Win Fund 3
Target	Suppliers	Distributors	Suppliers
Key Benefits	Reduced loan interest rates	Reduced loan interest rates	Reduced loan interest rates
No. of Partners That Used	36 companies	54 companies	14 companies
Operating Amount	KRW 15 billion	KRW 3 billion	KRW 5 billion
Amount Used	KRW 14.32 billion	KRW 2.35 billion	KRW 3.64 billion
Interest Rate Support Amount	KRW 260 million	KRW 100 million	KRW 170 million



2024 Hanssem Hope Scholarship Award Ceremony

**Prepayment Support Program** | After internal deliberation, Hanssem makes advance payments for goods or services to ease caused by raw material purchases, equipment investments, and management difficulties. In particular, we provide regular monthly prepayments to special sales partners who supply products to large construction sites to actively help them ensure stable material supply and smooth management activities.

**Technology Document Escrow Fee Support** | Hanssem operates a technology document escrow program to protect its partners' core technologies. This program helps our partners to keep key technical data in escrow organizations, such as the Korea Foundation for Cooperation of Large & Small Business, and Rural Affairs, to prevent technology leakage and misappropriation. To reduce the burden on our suppliers, we provide support for escrow fees for up to five years. In 2024, we supported three partners to pay for escrow fees. We plan to expand the scope of support in response to the growing demand for technology protection.

**Scholarships and Medical Expense Support for Partner Employees and Their Families** | To improve the welfare of partner employees and their families, Hanssem provides scholarships and medical expense support. In 2024, we provided scholarships totaling KRW 50 million for 23 children of logistics partner employees through the IMM Hope Foundation and KRW 7 million for college tuition for three children of employees supplier employees through the Happiness Sharing Foundation of the Industrial Bank of Korea. Additionally, we provided KRW 11.9 million to cover medical expenses for suppliers' families suffering from incurable diseases, contributing to the stable lives and improved work satisfaction of partner company employees. We will continue to expand our welfare support to promote shared growth with our partners and ensure more employees receive practical benefits.

### CASE

#### Contribution to Win-Win Cooperation Fund

Since 2022, Hanssem has contributed a total of KRW 22 billion to the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs (KOFCA) for its Win-Win Cooperation Fund. This contribution has laid the foundation for sustainable growth with our distributors. The fund is utilized in areas that promote social values, such as occupational safety, response to the low birth rate, and worker welfare. As a result of these efforts, Hanssem was awarded a plaque of appreciation from the Foundation in December 2024 as an Outstanding Company Contributing to the Win-Win Cooperation Fund.

Hanssem's Major Accomplishments with the Win-Win Cooperation Fund in 2024

Category	Description
Contribution Period	2022~ Present
Contribution Amount	A total of KRW 22 billion
Contributed To	KOFCA
Areas Used For	· Occupational safety enhancement · Response to the low birth rate problem · Worker welfare improvement, etc.
Accomplishments	Selected as an Outstanding Company Contributing to the Win-Win Cooperation Fund in December 2024 and received a plaque of appreciation



2024 KOFCA Win-Win Cooperation Fund Forum

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# Sustainable Supply Chain Management

## Shared Growth with Partners

### Strengthening Partner Competencies

**Communication Activities with Partners** | Hanssem operates face-to-face and non-face-to-face communication channels to gather opinions actively from partners and resolve any difficulties arising in the transaction process. Since 2024, the scope of communication has been expanded from first-tier to second-tier partners, strengthening monitoring efforts to foster a culture of fair trade. Through these efforts, Hanssem continues to build a sustainable and mutually beneficial partnership system based on trust with its suppliers.

#### Hanssem-Partner Communication Activities

Communication Channels	Operation Scheme	Key Description	Period
Face-to-Face Communication Channels	Supplier Meetings	· To share and discuss win-win strategies with suppliers · To conduct fair trade compliance training for suppliers	First and second half
	Visiting and Talking with Partners	· The department responsible for fair trade meets with partner CEOs and executives · To listen to partners' difficulties and discuss improvements	On a regular basis
Non-Face-to-Face Communication Channels	Cyber Audit Office	· To receive anonymous tips and reports of transaction-related problems	Ongoing
	Corporate Support Division Hotline	· To receive and respond to inquiries and reports from partners regarding ethical management	Ongoing
	Supplier Surveys	· To gather opinions on developing business relationships with Hanssem · To address complaints and suggestions from partners	On a regular basis

**Supporting Quality and Safety Verification** | In July 2020, the Hanssem R&D Center received international accreditation as a testing laboratory from the Korea Laboratory Accreditation Scheme (KOLAS), which operates under the Korean Agency for Technology and Standards (KATS) of the Ministry of Trade, Industry and Energy. Based on this accreditation, we help our suppliers conduct various safety tests, such as product durability, strength, and chemical detection tests, using the R&D Center's international standard testing equipment. This process plays an important role in strengthening the quality and safety of our suppliers' products to meet international standards. In 2024, we supported 41 product safety tests for six companies to assist with their research and development efforts to improve quality and safety.

#### Product Safety Tests in 2024

No	Test Description	No. of Cases
1	Yellowing test	9
2	Furniture components	7
3	Small chamber test	7
4	Adhesion guarantee	4
5	Bending test and physical properties test	4
6	Thermal cycling, adhesion durability, weather resistance, and pencil hardness	2
7	Adhesion	2
8	Chemical test	2
9	Thermal cycling test	1
10	Thermal cycling test/Adhesion durability test	1
11	Others	2
<b>Total</b>		<b>41</b>

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# Sustainable Supply Chain Management

## Shared Growth with Partners

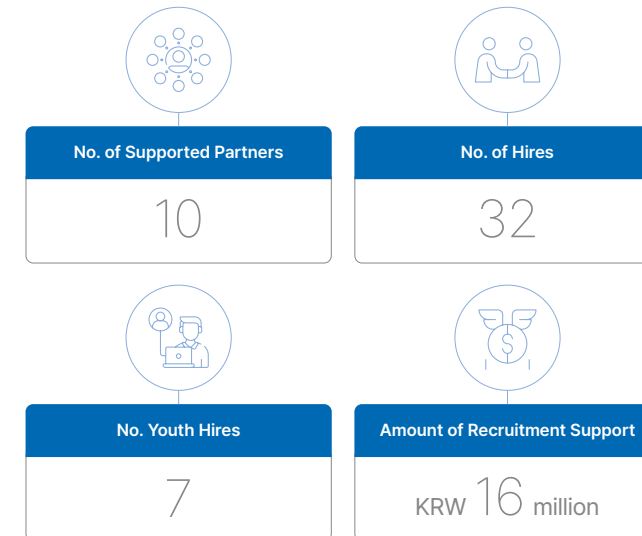
### Strengthening Partner Competencies

**Quality Improvement Consulting** | Hanssem provides quality improvement consulting to its partners, drawing on its specialized technical personnel and production expertise in furniture manufacturing. Our quality assurance and development departments regularly inspect our partners' products. Through these inspections, we continuously improve production processes and product specifications to increase consumer satisfaction. These efforts are an integral part of our shared growth with partners, as well as quality improvement.

**Health and Safety Consulting Support for Partners** | In 2024, we selected ten partners with low ESG evaluation scores to provide health and safety consulting services. The goal is to help them build a system to respond to the Serious Accidents Punishment Act. During the process, we inspected workplaces for deterioration and equipment risks, helping partners improve their health and safety management levels and eliminate risk factors to ensure their compliance with the law and regulations. We also provided customized support measures to our partners based on their ESG evaluation results to enhance their health and safety management systems. After the consultation, we provided each partner with a report of the results so they could identify work details of each major process, as well as risk factors, including hazardous equipment, getting stuck, falling, and bumping. We recommended that the partners' management review their health and safety policies, set implementation goals, and create detailed action plans. We also delivered improvement measures to workers based on health and safety rules and risk assessment results. Through this support, we help small partners eliminate risk factors in their workplaces and operate health and safety inspection and management systems systematically.

**Recruitment Support Program** | We have partnered with the Industrial Bank of Korea (IBK) to help our partners recruit full-time employees. When partners use i-ONE JOB, the IBK's recruitment site, to hire full-time South Korean employees, they can receive KRW 500,000 per employee as financing cost support. In 2024, ten partners used this program to hire a total of 32 full-time employees and received KRW 16 million in recruitment support. Notably, seven of these employees were young people, contributing to the revitalization of youth recruitment in SMEs.

### 2024 Recruitment Support Status



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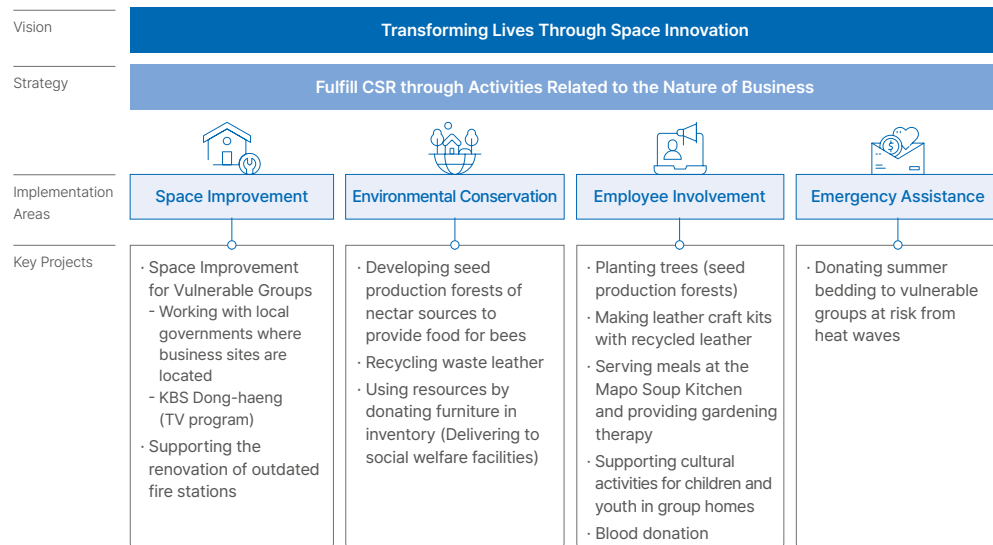
# Community Engagement

## Corporate Social Responsibility (CSR)

### CSR Strategy

Hanssem is committed to corporate social responsibility (CSR) activities that are associated with the nature of the business. Key initiatives include space improvement projects and employee-participatory volunteer activities. Since 2024, Hanssem has incorporated the concept of Environment into its programs, expanding its social contribution efforts focused on environmental conservation. Beginning in 2024, Hanssem introduced the concept of "Environment" to broaden the scope of eco-conscious social contributions. As part of this effort, we launched a project to develop seed production forests of nectar sources to provide food for bees in 2024, and in the second half of the year, Hanssem conducted a resource recycling project with employees and children from local children's centers using craft kits made from recycled leather. Through these activities, Hanssem aspires to remind all of Hanssem's stakeholders, including employees and local communities, of the importance of reusing resources, and to contribute to raising awareness of environmental protection. In 2025, we will continue to expand its eco-friendly CSR programs and define and manage performance management indicators to evaluate their effectiveness. In the medium- to long-term, Hanssem will apply effectiveness management indicators to all CSR activities, rigorously evaluate outcomes, and scale successful initiatives to play a leading role in solving social challenges.

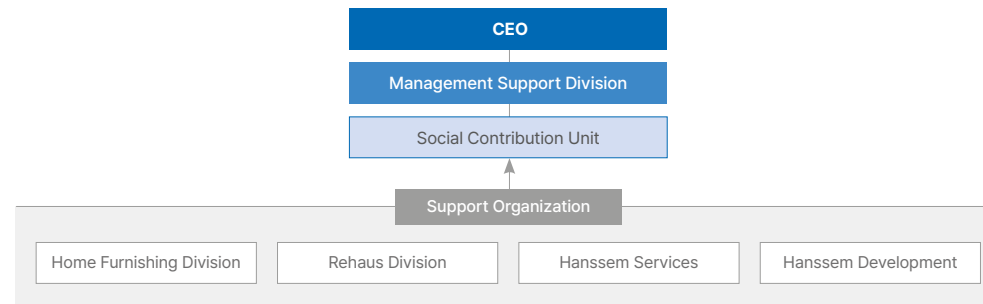
### Social Contribution Strategy



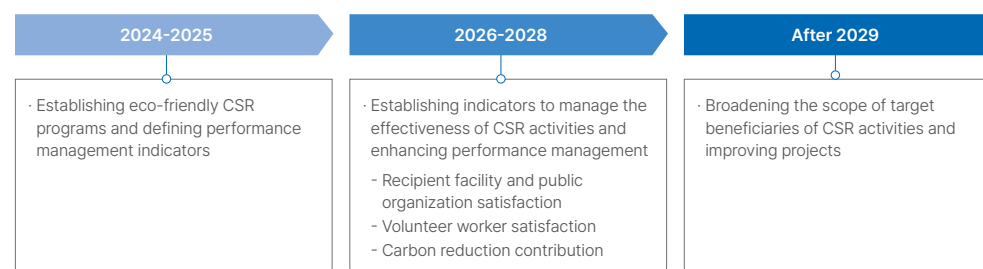
### CSR Governance

Hanssem's CSR activities are carried out based on the systematic operation of the organization structured organizational framework. CSR strategies and plans are approved by the Chief Human Resources Officer (CHRO) and the final decision by the CEO, who also directly manages and supervises for continuous improvement. Relevant departments and affiliate companies work together to ensure effective execution of activities. The Rehaus Division and Home Furnishing Division support site design and operation, Hanssem Services provides construction services, and Hanssem Development provides air conditioning maintenance and space cleaning services, thus jointly creating substantial social value. Based on this organizational foundation-within this organizational framework, the Corporate Culture Team's CSR Unit plans and implements CSR activities, focusing on projects to improve the housing conditions in line with Hanssem's business characteristics. The Unit also encourages employee involvement, regularly shares results, and collaborates with relevant departments and affiliates to maximize effectiveness.

### Organization Chart for CSR



### CSR Plans



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## CSR Activities

### Space Improvement Projects

Since launching the “Habitat for Humanity” project with Habitat Korea in 2005, Hanssem has continued space improvement activities for socially vulnerable groups. We have conducted spatial improvement projects for vulnerable populations every month, and as of December 2024, we improved a total of 948 homes, with the 1,000th milestone expected in 2025. We have improved the environments of welfare facilities located in key business areas, including Mapo-gu in Seoul, and Siheung and Ansan cities in Gyeonggi Province. Additionally, in partnership with the National Fire Agency, we signed an agreement in 2019 to enhance the conditions of 37 aging fire stations nationwide by 2024. Furthermore, since 2018, we have been working with ChildFund Korea to improve the housing environments of families featured on KBS’s “Dong-haeng” program each week, offering children a better living environment and renewed hope. Driven by the belief that “a change in space can change someone’s life,” Hanssem remains committed to creating better living and housing environments through its ongoing CSR efforts.

### Space Improvement Projects

Project Name	Targets	Collaboration With	Support Activities	No. of Beneficiary Facilities
Improvement of conditions of Welfare Facilities in Areas where its Business Sites are located	Welfare facilities	Local governments (Mapo-gu, Siheung City, and Ansan City)	Improvement of the conditions of welfare facilities (e.g., community children’s centers, group homes, free meal centers for the elderly) (2013~)	18 facilities
KBS Dong-hang	Families featured on KBS Dong-haeng	ChildFund Korea, KBS	Providing furniture for families in need (2018~)	47 facilities
Renovation of Old Fire Stations	Old fire stations throughout the nation	National Fire Agency	Improvement of the conditions of dining areas, lounges, restrooms, and offices in aging fire stations nationwide (2020~)	2 facilities



Improvement of Old Fire Stations and Housing Conditions

### CASE

#### Winning Forbes Social Contribution Award

In March 2024, Hanssem was awarded the Grand Prize in the Social Responsibility category at the Forbes CSR Award Ceremony held by the Korean Chamber of Commerce and Industry. The award recognizes companies and organizations that have carried out systematic and organized CSR activities, and Hanssem was highly praised for practicing social responsibility through “Housing Condition Improvement” activities. Hanssem provided furniture, building materials, and household goods every month, and its sales and construction experts personally visited families in need, taking responsibility for the entire process from product consultation and design to delivery and construction/installation. As of December 2024, these efforts have improved 947 homes.



2024 Forbes CSR Award

#### 2024 CSR Film Festival Awards

On November 21, 2024, Hanssem was honored with the Minister of Environment Award at the CSR Film Festival Awards held at the Korea Federation of SMEs in Seoul. The CSR Film Festival, established in 2012 and now in its 13th year, is an event designed to showcase and celebrate CSR activities that have contributed to creating social value over the past year. Hanssem received this prestigious award for its newly launched environmental social contribution initiative, the “Shinamu Seed Bank.” The project began with Hanssem employees and a local forestry group planting trees in spring. Moving forward, Hanssem plans to collaborate with the Environmental Foundation and the Samcheok National Forest Management Office to sustainably manage the seeds collected from these trees, ensuring their distribution and planting across the country.



2024 CSR Film Festival Awards

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## CSR Activities

### Environmental Conservation

**Developing Seed Production Forests<sup>1)</sup> of Nectar Sources** | In 2024, Hanssem expanded the scope of its CSR activities from environmental improvement to environmental protection and strengthened practices for a sustainable future. Considering the nature of our business, which involves high wood consumption, we planned a forest restoration project for forest conservation and signed a memorandum of understanding with the Peace Forest Association and the Samcheok National Forest Management Office. As part of the project, Hanssem planted 4,300 nectar-source trees, which provide food for endangered bees, to build a forest for seed production. This was done in an open field (1.5 ha) in Samcheok, which used to be a highland agricultural field. Hanssem also planted late-flowering *Euodia daniellii* (also known as the bee-bee tree or Korean evodia) to provide nectar even in the summer and continues to manage the forest so that it can fulfill its intended role.

1) Seed Orchard: A forest established for the purpose of seed collection.

**Waste Leather Upcycling Project** | Hanssem implements the "Resource Circulation Project" to increase the utilization of waste resources generated during the production process and to minimize waste discharge. Considering the potential for chemical emissions from the disposal of leather waste generated during the sofa production process, we created the "Recycled Leather Craft Kit" in 2024. Over 100 employees participated in this project, and children from the Siheung Community Children's Center were given the opportunity to experience the importance of resources firsthand. Additionally, the project effectively reduced waste discharge and enhanced raw material utilization at Hanssem's sofa manufacturing partners. Hanssem will continue to strengthen its sustainable resource circulation practices and strive to make a positive impact on the environment and society.

### Employee Engagement in ESG

Hanssem plans and operates participatory social contribution programs to internalize CSR and encourage employees to practice it voluntarily. In 2024, Hanssem operated eight CSR programs in which 186 employees participated, volunteering a total of 357 hours.

**Tree Planting Volunteer Activities** | In celebration of Earth Day 2024, Hanssem organized a forest planting activity with about 50 employees in Samcheok, Gangwon Province. Employees learned about the importance of trees, planted *Euodia daniellii* (also known as the bee-bee tree or Korean evodia), and reflected on the importance of the connection between people and nature. In 2025, Hanssem plans to continue systematic forest management activities including weeding, pruning, and fertilizing to ensure the healthy growth of the planted silk trees into a dense forest. Hanssem will also expand opportunities for employees to take part directly in environmental protection efforts, supporting their active engagement in conservation initiatives.

**Making Waste Leather Craft Kits** | Hanssem's Resource Circulation project is an effective way to utilize leather waste generated from the sofa production process. In 2024, Hanssem created "recycled leather craft kits" using waste leather to increase the value of resources and minimize waste. With the help of over 100 Hanssem employees, the leather scraps were transformed into teddy bear pencil cases and elephant keyrings. This activity went beyond simple recycling, offering participants a hands-on experience in environmental responsibility and the value of resources. The completed kits were given to children at the Siheung Community Children's Center to help them learn the importance of resource circulation.

### Emergency Assistance

Hanssem supports disaster victims affected by natural disasters such as fires, floods, and earthquakes by donating furniture and offering free remodeling services to help them rebuild their lives. In 2024, in preparation for the summer heat wave, Hanssem donated functional cooling pads and pillow sets to a childcare center in Eunpyeong District, Seoul, to help children spend the summer in a more comfortable environment. We also continue to participate in an annual memorial ceremony for fallen firefighters and provide in-kind support to show gratitude for their dedication and sacrifice. Hanssem will continue to provide practical assistance to neighbors affected by disasters and continue to practice heart-warming acts of sharing and donating.

#### Status of Employee Engagement in CSR Programs in 2024

Reforest Forest	Waste Leather Craft Kit Making	Volunteer at Soup Kitchens for the Elderly	Blood Donation	Other (Group Homes, Cultural Experience Activities)
44 persons	102 persons	8 persons	15 persons	17 persons



Waste Leather Craft Kit Making Activity

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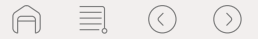
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# ESG Factbook

## Economic

### Financial Performance

#### Summary Consolidated Statement of Financial Position

Classification	Unit	2022	2023	2024
<b>Assets</b>				
Current assets	KRW	371,956,679,283	367,823,428,368	512,253,408,952
Non-current assets	KRW	727,722,861,288	683,693,990,422	554,998,376,713
<b>Total assets</b>	<b>KRW</b>	<b>1,099,679,540,571</b>	<b>1,051,517,418,790</b>	<b>1,067,251,785,665</b>
<b>Liabilities</b>				
Current liabilities	KRW	463,658,975,053	522,859,212,511	472,039,476,175
Non-current liabilities	KRW	190,592,620,248	185,887,852,060	244,548,369,612
<b>Total liabilities</b>	<b>KRW</b>	<b>654,251,595,301</b>	<b>708,747,064,571</b>	<b>716,587,845,787</b>
<b>Equity</b>				
Capital	KRW	23,533,928,000	23,533,928,000	23,533,928,000
Capital surplus	KRW	34,620,029,211	44,382,775,911	44,382,775,911
Other capital components	KRW	(301,316,241,425)	(272,755,516,672)	(270,683,573,798)
Retained earnings	KRW	688,590,229,484	547,609,166,980	553,430,809,765
Owner's share of the controlling company	KRW	445,427,945,270	342,770,354,219	350,663,939,878
Non-controlling share	KRW	0	0	0
<b>Total equity</b>	<b>KRW</b>	<b>445,427,945,270</b>	<b>342,770,354,219</b>	<b>350,663,939,878</b>
<b>Total equity and liabilities</b>	<b>KRW</b>	<b>1,099,679,540,571</b>	<b>1,051,517,418,790</b>	<b>1,067,251,785,665</b>
Number of companies included in the consolidation	Companies	8	11	11

#### Summary Consolidated Income Statement

Classification	Unit	2022	2023	2024
Sales	KRW	2,000,906,065,724	1,966,947,033,819	1,908,390,760,197
Cost of sales	KRW	(1,561,690,219,991)	(1,534,585,458,777)	(1,464,559,401,824)
<b>Gross profit</b>	<b>KRW</b>	<b>439,215,845,733</b>	<b>432,361,575,042</b>	<b>443,831,358,373</b>
Selling and administrative expenses	KRW	(460,906,091,122)	(430,414,966,190)	(412,602,042,617)
<b>Operating profit (loss)</b>	<b>KRW</b>	<b>(21,690,245,389)</b>	<b>1,946,608,852</b>	<b>31,229,315,756</b>
Equity method profit and loss	KRW	0	0	(20,000,000,000)
Other income	KRW	24,498,353,773	11,554,955,158	211,594,577,314
Other expenses	KRW	(91,485,785,590)	(57,138,805,787)	(25,473,059,825)
<b>Financial income</b>	<b>KRW</b>	<b>11,168,481,523</b>	<b>7,781,888,898</b>	<b>9,497,748,555</b>
<b>Financial expenses</b>	<b>KRW</b>	<b>(9,951,826,129)</b>	<b>(13,545,356,373)</b>	<b>(16,669,124,206)</b>
<b>Profit (loss) before corporate tax expenses</b>	<b>KRW</b>	<b>(83,461,021,812)</b>	<b>(49,400,709,252)</b>	<b>190,179,457,594</b>
Corporate tax revenue (expense)	KRW	(12,140,389,218)	12,754,522,255	39,042,451,152
<b>Net income (loss)</b>	<b>KRW</b>	<b>(71,320,632,594)</b>	<b>(62,155,231,507)</b>	<b>151,137,006,442</b>
Owner's share of the controlling company	KRW	(71,329,858,462)	(62,155,231,507)	151,137,006,442
Non-controlling share	KRW	9,225,868	0	0
Other comprehensive income	KRW	16,274,315,967	(5,118,056,662)	(4,108,704,044)
<b>Total comprehensive income</b>	<b>KRW</b>	<b>(55,046,316,627)</b>	<b>(67,273,288,169)</b>	<b>147,028,302,398</b>
Basic earnings per share	KRW	(4,412)	(3,810)	9,171.0

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## Economic

### Financial Performance

#### Sales at Domestic and Overseas Business Site

Classification	Unit	2022	2023	2024
Domestic business sales		2,093,441,785	2,038,080,731	2,014,650,863
Overseas business sales	KRW 1 thousand	40,529,753	35,945,566	24,850,158
Consolidation adjustment		(133,065,472)	(107,079,263)	(131,110,261)
<b>Total</b>		<b>2,000,906,066</b>	<b>1,966,947,034</b>	<b>1,908,390,760</b>

#### Economic Value Distribution

Classification	Unit	2022	2023	2024	
Shareholders and investors	Dividend and interest	399	843	1,543	
Government	Corporate tax	171	0	100	
Employee	Wage and welfare, retirement pension	KRW 100 million	2,449	2,447	2,468
Community	Community investment	103	125	6	
Supplier	Purchase, win-win program support fund	230	230	230	

## Environmental

### Greenhouse Gas Emissions

Classification	Unit	2022	2023	2024
Direct emission (Scope1)		1,301	998	825
Indirect emission (Scope2)	tCO2eq	18,801	18,790	17,889
Indirect emission (Scope3)		208,888	109,982	77,663
<b>Total emissions</b>		<b>228,990</b>	<b>129,770</b>	<b>96,377</b>
Total sales	KRW 1 million	2,001	1,967	1,908
<b>Greenhouse gas intensity<sup>1)</sup></b>	tCO2eq/KRW 1 million	<b>114</b>	<b>66</b>	<b>51</b>

1) GHG emissions/sales

### Scope2 Emission Details

Classification	Unit	2022	2023	2024
Power purchase		18,691	18,496	17,618
Steam purchase	tCO2eq	110	294	271
<b>Total</b>		<b>18,801</b>	<b>18,790</b>	<b>17,889</b>
Percentage of Power Purchase <sup>1)</sup>		99.41	98.44	98.49
Percentage of Purchased Steam <sup>1)</sup>	%	0.59	1.56	1.51

1) Emissions by Category/Total Emissions

### Scope3 Emission Details

Classification	Unit	2022	2023	2024
Purchased goods and services		168,577	67,416	47,149
Capital goods <sup>1)</sup>		80	62	2,025
Fuel-and energy-related activities (not included in scope 1 and scope 2)		26	789	2,633
Upstream transportation and distribution	tCO2eq	31,512	31,105	18,199
Wasted generated in operations		1,769	1,391	1,192
Business travel		441	364	215
Employee commuting		1,576	2,829	1,508
Downstream leased assets <sup>2)</sup>		2,088	3,641	2,895
Investments		2,819	2,385	1,847
<b>Total</b>		<b>208,888</b>	<b>109,982</b>	<b>77,663</b>

1) Change in calculation criteria due to expanded scope of capital goods in 2024

2) Hanssem Sangam and Bangbae offices building, and Plants 1 and 5

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## Environmental

### Energy Usage

Classification	Unit	2022	2023	2024
Energy usage	TJ	413	409	470
Energy intensity <sup>1)</sup>	TJ/KRW 1 billion	0.21	0.21	0.25

1) Energy Consumption per Sales (Unit: KRW million)

### Air Pollution Management

Classification	Unit	2022	2023	2024
NOx		13,939	14,355	11,722
SOx	Ton	1,282	1,432	0,987
TSP		0,762	0,671	0,487
NOx average emission concentration	ppm	49.22	48.98	37.89
SOx average emission concentration		0.93	1.01	0.39
TSP average emission concentration	mg/m <sup>3</sup>	2.57	2.44	4.78

### Water and Wastewater Management

Classification	Unit	2022	2023	2024
Total usage		127.36	131.73	126.46
Amount of recycling	Ton	123.43	123.43	126.46
Effluent discharge amount		3.93	8.30	0.00
Tap water usage		81,593	77,639	69,218

### Waste Management

Classification	Unit	2022	2023	2024	
Steam sales performance	Ton	45,901	43,544	42,764	
(Unit price per ton)	KRW/Ton	16,700	28,370	26,070	
General waste	Ton	9,933.75	9,523.21	9,751.61	
Designated waste	Ton	32.88	87.43	133.55	
Total waste	Ton	9,966.63	9,610.64	9,885.16	
Waste disposal volume by treatment type	Landfilling	Ton	275.36	208.28	138.57
	Incineration (on-site incineration, outsourced incineration)	Ton	7,058.36	7,183.92	6,971.94
	Others (solidification)	Ton	0	31.56	105.42
	Recycled volume	Ton	2,632.91	2,186.88	2,669.23
Recycling rate	%	26.4	22.8	27.0	

### Chemical Safety

Classification	Unit	2022	2023	2024	
Regular warranty test results	Total number of tests	Cases	797	495	495
	Number of inappropriate items	Cases	10	12	18
	Regular warranty action rate	%	1.25	2.42	3.64
Cases where release was suspended or excluded through pre-verification	Total number of tests	Cases	1,146	775	220
	Number of inappropriate items	Cases	52	40	22
	Pre-verification action rate	%	5	5.16	10

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## Environmental

### Status of Responsible Raw Materials Sourcing

Classification		Unit	2022	2023	2024
Wood <sup>1)</sup>	FSC, PEFC		65	60	62
	Others	%	35	40	43
Leather <sup>2)</sup>	LWG <sup>3)</sup> Gold Rated		36	29	40
	LWG Standard		64	71	60

1) Wood: Purchase amount ratio for major wood raw materials such as MDF and PB  
 2) Leather: Purchase amount ratio for major leather raw materials related to sofas  
 3) LWG: Leather Working Group

### Origin of Raw Materials

Classification		Unit	2022	2023	2024
Wood/paper <sup>1)</sup>		%	100	100	100
Leather <sup>2)</sup>			100	100	100

1) Country of origin ratio for major wood raw materials such as MDF and PB  
 2) Country of origin ratio for major leather raw materials related to sofas

### Purchasing Eco-Friendly Raw Materials<sup>1)</sup>

Classification		Unit	2022	2023	2024
Purchase amount of eco-friendly raw materials		m <sup>3</sup>	249,362	227,070	217,758
Cost of purchasing eco-friendly raw materials		KRW 100 million	740	577	547

1) Eco-friendly raw materials: Defined as E0 grade wood materials

### Third Party Eco-Friendly Certification<sup>1)</sup>

Classification		Unit	2022	2023	2024
Products and services that have obtained third-party eco-friendly certification		Cases	24	24	15

1) Environmental label certification

### Status of Eco-Friendly Packaging Materials

Classification		Unit	2022	2023	2024
Amount of eco-friendly packaging materials used <sup>1)</sup>		Ton	376	383	232
Percentage of eco-friendly packaging materials used <sup>2)</sup>		%	100	100	100

1) Eco-friendly packaging material: Synthetic resin packaging material  
 2) Amount of eco-friendly packaging material used/Total amount of packaging material used

### Compliance with Environmental Laws

Classification		Unit	2022	2023	2024
The number of credible monetary and non-monetary sanctions imposed due to environmental laws		Cases	3	3	0
Total amount of fines for violation of environmental laws		KRW	0	520,000 <sup>1)</sup>	0

1) Omission of the KC mark on the Sembedding drawer unit

### Sustainable Revenue

Classification		Unit	2022	2023	2024
Sales of eco-friendly products <sup>1)</sup>		KRW	18,255,834	15,049,799	11,124,588
Total sales of sustainable products <sup>2)</sup>		1 thousand	35,398,631	29,557,422	27,104,095
Percentage of eco-friendly product sales <sup>3)</sup>		%	1.27	1.01	0.72
Percentage of total sustainable product sales <sup>4)</sup>			2.47	1.99	1.76

1) Eco-friendly products: Products with environmental certification  
 2) Sustainable products: Products rated Grade 1 for water-saving or energy efficiency, or certified as eco-friendly  
 3) Sales of eco-friendly products and services/total sales (disclosed in a separate indicator)  
 4) Sales of sustainable products and services/total sales (disclosed in a separate indicator)

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## Environmental

### Research and Development Investment

Classification	Unit	2022	2023	2024
Research and development costs	KRW	14,418,385	13,229,078	12,574,244
Research personnel	Person	138	222	199
R&D to sales ratio	%	0.94	0.89	0.88

### Intellectual Property Rights Status

Classification	Unit	2022	2023	2024
Application		10	5	101
Registration	Cases	43	18	90
Total		53	23	191

### Status of Environmental Education<sup>1)</sup>

Classification	Unit	2022	2023	2024
Number of trainees	Person	34	28	38
Training hours	Hours	29	28	18

1) Training and time to personnel responsible for ISO 14001 certification

### Status of Environmental Investment

Classification	Unit	2022	2023	2024
Environmental investment costs	KRW 1 million	735	636	538

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## Social

### Status of Employees<sup>1)</sup>

Classification		Unit	2022	2023	2024
Total number of employees (domestic + overseas)		Person	2,223	2,192	2,042
Gender	Male	Person(%)	1,376(61.9)	1,342(61.2)	1,245(61)
	Female	Person(%)	847(38.1)	850(38.8)	797(39)
New recruitment	Male	Person(%)	233(57.8)	177(59.2)	55(56.1)
	Female	Person(%)	170(42.2)	122(40.8)	43(43.9)
	Disabled <sup>2)</sup>	Person	12	9	0
	High school graduate	Person	16	33	15
	Local talent	Person	0	0	0
Job changer / Retiree employee	Male	Person	302	210	151
	Female	Person	191	116	98
	Voluntary turnover rate <sup>3)</sup>	%	84.8	92	84.3
Employment type	Regular	Person	2,189	2,089	1,980
	Non-regular	Person	34	103	62
	Disabled	Person	65	68	68
	Overseas	Person	5	3	1
	High school graduated	Person	178	183	177
Title	Executives	Person	34	32	30
	Higher than manager	Person	537	662	769
	Lower than junior manager	Person	1,652	1,498	1,243
Age	20's	Person(%)	495(22.3)	376(17.1)	281(13.8)
	30's	Person(%)	1,196(53.8)	1,222(55.8)	1,124(55)
	40's	Person(%)	399(17.9)	430(19.6)	451(22.1)
	Over 50's	Person(%)	133(6.0)	164(7.5)	186(9.1)
	Overseas employees	USA	Person	0	0
China		Person	4	3	3
Japan		Person	3	2	2
Other		Person	0	0	0

1) Excluding registered executives, includes overseas assignees and non-registered personnel

2) Not implemented in 2024

3) Proportion of total registrations due to voluntary transfer or resignation at own request

### Diversity of Employee

Classification		Unit	2022	2023	2024
Women's leadership	Percentage of women among all employees		38.1	38.78	39
	Percentage of women among all managers <sup>1)</sup>	%	18.4	21.6	21.8
	Percentage of women among contract workers		35.3	37.9	3.7
	Percentage of women among regular employees		38.1	38.8	39.1
Other	Foreigner		5	3	1
	Veterans affairs staff	Person	10	8	6
	Disabled <sup>2)</sup>		65	68	68

1) Manager: Defined as a person with a position of team leader or higher

2) In the case of severely disabled persons, the calculation is doubled

### Status of Use of Childcare Leave and Maternity Leave

Classification		Unit	2022	2023	2024
Number of people eligible for reinstatement from children leave(A)	Male	Person	17	11	19
	Female		36	44	50
Number of employees returning from childcare leave(B)	Male	Person	12	9	18
	Female		33	40	49
Return to work rate (B/A)	Male	%	70.6	81.8	94.7
	Female		91.7	90.9	98
Number of people who returned from childcare leave in the previous reporting period(C)	Male	Person	3	12	9
	Female		24	33	40
Number of employees who remain on the job for 12 months after returning from childcare leave in the relevant year (D)	Male	Person	0	10	9
	Female		21	30	35
Employment rate after childcare leave (D/C)	Male	%	0	83.3	100
	Female		87.5	90.9	88
Parental leave users	Male	Person	62	68	53
	Female		55	57	54

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### New Employees Starting Salary

Classification	Unit	2022	2023	2024	
New employee starting salary <sup>1)</sup>	Male	KRW 10 thousand	4,150	4,150	4,150
	Female		4,000	4,000	4,000
Ratio of new employee starting salary to minimum wage	Male	%	143.3	147.5	143.6
	Female		138.1	142.2	138.4

1) Full-time office worker with a college degree

### Employee Training Status

Classification	Unit	2022	2023	2024	
Total number of trainees	Total	2,154	2,086	1,872	
	Male	Person	1,252	1,228	1,084
	Female		902	858	788
Training hours per person	Total	30	23	16	
	Male	Hours	31	23	16
	Female		29	23	15
Training cost per person	Male	KRW	203,762	81,085	100,861
	Female		208,540	106,199	118,443
Training participants by position	Number of trainees by title Executives	Person	43	29	29
	Higher than manager		559	475	798
	Lower than junior manager		1,552	1,582	1,045
Training costs by position	Number of trainees by title Executives	KRW/ Person	171,843	40,183	75,740
	Higher than manager		319,438	91,738	142,624
	Lower than junior manager		165,759	92,257	82,925
Training hours by title	Number of trainees by title Executives	Hours/ Person	91	16	12
	Higher than manager		30	24	18
	Lower than junior manager		29	23	14

### Status of Human Rights Training

Classification	Unit	2022	2023	2024
Total training hours	Hours	2,051	1,978	1,771
Number of trainees	Person	2,051	1,978	1,619

### Status of Application of Collective Bargaining

Classification	Unit	2022	2023	2024
Number of employees subject to collective bargaining	Person	251	229	224
Percentage of employees subject to collective bargaining	%	11	10	11
Group membership number	Person	251	229	224
Group membership rate	%	100	100	100

### Pension Support Status<sup>1)</sup>

Classification	Unit	2022	2023	2024
Number of members (DB)	Person	2,184	2,148	1,996
Number of members (DC)		30	31	33

1) Data prior to the previous year was rewritten due to changes in the quantitative data calculation and aggregation method

### Annual Leave Usage Status

Classification	Unit	2022	2023	2024
Annual leave days	Day	21,517	22,501	22,623

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### Employee Welfare<sup>1)</sup>

Classification	Unit	2022	2023	2024
Amount spent <sup>2)</sup>	KRW 1 thousand	35,800,805	35,044,148	31,474,080

1) Due to a change in the aggregation method, previous years' electricity data has been revised  
 2) Based on the consolidated financial statements in the business report

### Employee Health and Safety Status

Classification	Unit	2022	2023	2024
Number of work-related injuries	Cases	16	15	8
Number of deaths due to work-related accidents	Cases	0	0	0
Incidence of work-related diseases (OIFR <sup>1)</sup> )	Cases/million hours worked	0	0.46	0
Number of deaths due to work-related diseases	Person	0	0	0
Work loss accident rate (LTIFR <sup>2)</sup> )	Cases/million hours worked	3.9	3.5	2
Number of cases of loss of work	Cases	16	15	8
Total working hours	Hours	4,124,515	4,339,373	4,050,486
Number of workers covered by industrial accident insurance	Person	2,227	2,198	2,045

1) (Number of work-related disease cases/Total working hours)\*1,000,000  
 2) (Number of work-related accidents/Total working hours)\*1,000,000

### Supplier Company Health and Safety Status

Classification	Unit	2022	2023	2024
Industrial accident rate <sup>1)</sup>	%	0.014	0.011	0.016

1) Industrial accident rate (%) = (Number of injured workers (accidents + illnesses) / Number of workers covered by industrial accident insurance)\*100

### Customer Satisfaction Management

Classification	Unit	2022	2023	2024	
Customer satisfaction management	Customer satisfaction survey results	%	88	87	88
Performance is handling consumer complaints	Number of consumer complaints received	Cases	2,207	2,052	1,156
	Consumer complaint resolution rate	%	95	95	96

### Status of Participation in Social Contribution

Classification	Unit	2022	2023	2024
Total number of social contribution activities supported	Cases	126	137	67
Total amount of support for social contribution activities	KRW 100 million	102.9	125.2	6.25
Employee social contribution participation time	Hours	136	427	357
Number of employee participating in social contribution	Person	60	295	186

### Personal Information Protection

Classification	Unit	2022	2023	2024
Information security investment amount <sup>1)</sup>	KRW	513,617,359	1,440,954,160 <sup>2)</sup>	1,605,118,410
Number of complaints received regarding violations of customer privacy that were substantiated	Cases	0	0	0
Total number of confirmed customer information leaks, thefts, and losses	Cases	0	0	0
Training hours (per person)	Hours	1	1	1
Training personnel	Person	1,867	1,816	1,674

1) Expenses for information security and depreciation of related assets  
 2) Data prior to the previous year were rewritten due to changes in quantitative calculation and aggregation methods

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### Unfair Trade

Classification	Unit	2022	2023	2024
Number of cases of unfair trade or unfair competition	Cases	0	0	0

### Fair Trade Education Status<sup>1)</sup>

Classification	Unit	2022	2023	2024
Number of employees	Person	74	137	117
Hour	Hours	6	6	6

1) Subcontracting education

### Supplier Support

Classification	Unit	2022	2023	2024	
Status of win-win fund operation	Operating amount	KRW 100 million	230	230	230
Supplier support details by program	Number of partners using	Cases	74	95	85
	Amount spent	KRW 100 million	185	215	203
	Amount of interest subsidy	KRW 100 million	4.7	5.5	5.2
Complaints handling process for suppliers (e.g. hotline)	Number of complaints received	Cases	4	3	2
	Complaint resolution rate	%	100	100	100

## Governance

### Corporate Ethics and Compliance

#### Ethics Training for Employees

Classification	Unit	2022	2023	2024
Ethics education training hours	Hours	5	56	68
Number of participants in ethics education training	Person	70	1,021	1,751

#### Number of Ethics Reports and Disciplinary Actions

Classification	Unit	2022	2023	2024
Number of reports received <sup>1)</sup>	Cases	111	82	114
Number of disciplinary personnel	Person	32	18	22

1) Number of reports received through the Cyber Audit Office

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# GRI Index



Statement of Use	GRI 1 Used	Applicable GRI Sector Standards
Hanssem published its Sustainability Report in compliance with GRI Standards 2021 for the period from January 1, 2024 to December 31, 2024	GRI 1: Foundation 2021	As the publication date of the report, June 2025, the Household Durables GRI Sector Standard corresponding to Hanssem's Industry has not been announced

## GRI 2: General Disclosures 2021

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Organization and Reporting Practices	2-1	Organizational and reporting practices	6~7	
	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	-	Separate annotations have been made within the data
	2-5	External assurance	119~122	
Activities and Workers	2-6	Activities, value chain, and other business relationships	8~12	
	2-7	Employees	6, 106	
	2-8	Workers who are not employees	106	
Governance	2-9	Governance structure and composition	14~17	
	2-10	Nomination and selection of the highest governance body	14~17	
	2-11	Chair of the highest governance body	15	
	2-12	Role of the highest governance body in overseeing the management of impacts	25	
	2-13	Delegation of responsibility for managing impacts	25	
	2-14	Role of the highest governance body in sustainability reporting	25	
	2-15	Conflict of interest	15	
	2-16	Communication of critical concerns	16~17	
	2-17	Collective knowledge of the highest governance body	14~17	
	2-18	Evaluation of the performance of the highest governance body	18	
	2-19	Remuneration policy	18	
	2-20	Process to determine remuneration	18	
	2-21	Annual total remuneration ratio	-	Based on a review of applicable laws and internal regulations, the information may constitute sensitive personal data and is therefore not disclosed separately

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# GRI Index

## GRI 2: General Disclosures 2021

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Strategy, Policies, and Practices	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	18~20, 33, 62, 67, 80	
	2-24	Embedding policy commitments	18~20, 33~34, 62~63, 67~68, 80~81	
	2-25	Process to remediate negative impacts	20~21, 95, 109	
	2-26	Mechanisms for seeking advice and raising concerns	78~79, 83	
	2-27	Compliance with laws and regulations	104, 109	
	2-28	Membership association	118	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	117	
	2-30	Collective bargaining agreement	79, 107	

## GRI 3: Material Topics 2021

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Material Topic	3-1	Process to determine material issues	26	
	3-2	List of material topics	27~30	
	3-3	Management of material topics	29~30	

## Topic Standards Disclosures

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Topic 1: Climate Change Mitigation	3-3	Management of material issues	29	
Emission	305-1	Direct greenhouse gas emissions (Scope 1)	40~41, 102	
	305-2	Indirect greenhouse gas emissions (Scope 2)	40~41, 102	
	305-3	Other indirect greenhouse gas emissions (Scope 3)	40~41, 102	
	305-4	GHG emissions intensity	102	
	305-5	Reduction of GHG emissions	39	
	305-6	Emissions of ozone-depleting substances (ODS)	N/A	No emissions of ozone-depleting substances
	305-7	Nitrogen oxides(NOx), Sulfur oxides(SOx) and other significant air emissions	103	
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	37~38	

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## Topic Standards Disclosures

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Topic 2: Responsible Procurement	3-3	Management of material issue	29	
Raw Materials	301-1	Materials used by weight or volume	104	
	301-2	Recycled input materials used	48	
	308-1	New suppliers that were screened using environmental criteria	89, 104	
	308-2	Negative environmental impacts in the supply chain and actions taken	88	
Topic 3: Sustainable Product Design	3-3	Management of material issues	29	
Raw Material	301-3	Reclaimed products and their packaging materials	47	
Effluent and Waste Materials	306-2	Management of significant waste-related impacts	42-47	
	306-3	Waste generated	103	
	306-4	Waste diverted from disposal	47, 103	
	306-5	Waste directed to disposal(Incineration, landfilling, etc.)	103	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	104	
Topic 4: Working Conditions at the Operations	3-3	Management of material issue	30	
Employment	401-1	New employee hires and employee turnover	106	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	77	
	401-3	Parental leave	77, 106	
Topic 5: Human Rights Management	3-3	Management of material issue	30	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	67-69, 106	
	405-2	Ratio of basic salary and remuneration of women to men	N/A	Not disclosed due to internal information regarding employee compensation
Topic 6: Win-win Growth with Partners	3-3	Management of material issue	30	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	109	
	203-2	Significant indirect economic impacts	109	
Supplier Social Assessment	414-2	Negative social impacts in the supply chain and corresponding actions	88-96	
Topic 7: Product Safety and Quality	3-3	Management of material issues	30	
Customer Health and Safety	416-1	Assessment of health and safety impacts of products and service categories	51-55	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	Business Report-XI-e	
Topic 8: Fair Trade	3-3	Management of material issues	30	
Anti-competitive Practices	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	20-21, 109	

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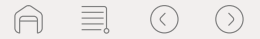
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## Marked as Non-Core Topics

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Economic Performance	201-1	Generation and distribution of direct economic value	101~102	
Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	22, 109	
	205-3	Confirmed incidents of corruption and actions taken	21, 109	
Water and Effluents	303-5	Water usage	103	
Biodiversity	304-3	Habitats protected or restored	99	
Occupational Health and Safety	403-1	Occupational health and safety management system	80~81	
	403-2	Hazard identification, risk assessment, and incident investigation	82	
	403-3	Occupational health services	84~85	
	403-4	Worker participation, consultation, and communication on occupational health and safety	83	
	403-5	Worker training on occupational health and safety	84	
	403-6	Worker health promotion	77	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86	
	403-8	Workers covered by an occupational health and safety management system	81	
	403-9	Work-related injury	108	
Training and Education	404-1	Average hours of training per year per employee	107	
	404-2	Programs for upgrading employee skills and transition assistance programs	74~75	
Community	413-1	Operations with local community engagement, impact assessments, and development programs	74~75	
Customer Personal Information	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	98~99	



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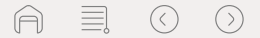
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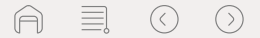
# SASB Index

SASB (Sustainability Accounting Standards Board) standards are industry-specific sustainability accounting standards announced by the U.S. Sustainability Accounting Standards Board, which was established in 2011. SASB standards are the first to consider the specificities of each industry and systematize financially important sustainability information into 11 areas and 77 industries according to the 'Sustainable Industry Classification System (SICS)'. Hanssem belongs to the SASB "Building Products & Furnishing" industry group, and this report reports on the main activities stipulated by SASB.

Topic	Metrics	Metrics Code	Reporting Location
Energy Management	Total energy consumption	CG-BF-130a.1	40, 103
	Proportion of external power purchases (grid electricity) such as solar power in energy consumption		
	Proportion of renewable energy procurement in total energy consumption		
Management of Chemicals in Products	Description of risk management approach for chemicals contained in products	CG-BF-250a.1	51~55
	Sales percentage of products that meet VOC (Volatile Organic Compound) content standards	CG-BF-250a.2	The company applies stricter VOC content standards than those set by laws or international regulations for all product categories used in indoor environments.
Product Lifecycle Environmental Impact	A description of how we manage our environmental impacts throughout the lifecycle and produce sustainable products	CG-BF-410a.1	42~47
	(1) Percentage of recycled waste materials (2) Percentage of recycled materials among total input raw materials	CG-BF-410a.2	103
Wood Supply Chain Management	The proportion and management method of certified wood among the wood purchases	CG-BF-430a.1	49, 104



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# TCFD Index

In December 2015, the Financial Stability Board (FSB) established the Task Force on Climate-related Financial Disclosures (TCFD) to proactively respond to climate change. Recognizing the importance of economic decision-making for climate change response, TCFD developed an international information disclosure framework that requires companies to disclose climate change-related financial information in four areas: corporate governance, strategy, risk management, and indicator and target setting systems. Hanssem will actively participate in these international demands and make greater efforts to respond to +climate change.

Classification	TCFD Recommendations	Reporting Location
Governance Structure	a) Describe the board's oversight of climate-related risks and opportunities	36
	b) Describe management's role in assessing and managing climate related risks and opportunities	36
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	37~38
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	37~38
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related 2oC or lower scenarios	39
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	40
	b) Describe the organization's processes for managing climate-related risks	40
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall riskmanagement	36, 40
Indicators and Reduction Target	a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	40
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG (greenhouse gas) emissions and the related risks	40, 102
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	41

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# ESRS Index

In line with the EU's mandatory sustainability reporting requirements, the Corporate Sustainability Reporting Directive (CSRD) came into effect in January 2023. To support its implementation, the European Sustainability Reporting Standards (ESRS) define the scope and criteria for sustainability-related disclosures. On July 31, 2023, the final version of the ESRS was adopted and took effect on January 1, 2024. In this version, the European Financial Reporting Advisory Group (EFRAG) introduced a total of 12 standards, including 2 cross-cutting standards and 10 topical standards, along with 84 disclosure requirements and 1,144 quantitative and qualitative data points. Recognizing the importance of the EU market, Hanssem has established a system to monitor developments in the CSRD and ESRS and manage related information, ensuring compliance with evolving global disclosure standards.

## ESRS 2. General Disclosures

Indicator No.	Title	Reporting Location
ESRS 2 BP-1	General basis for preparation of the sustainability statements	2
ESRS 2 BP-2	Disclosures in relation to specific circumstances	119
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	14~17, 25
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	26~30
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	25
ESRS 2 GOV-4	Statement on due diligence	19~24, 62~65, 69~72, 80~83, 88~90
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	23~24
ESRS 2 SBM-1	Strategy, business model and value chain	8~12
ESRS 2 SBM-2	Interests and views of stakeholders	117
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	27~30
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	26~27
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	116

## ESRS E1. Climate Change

Indicator No.	Title	Reporting Location
ESRS E1-1	Transition plan for climate change mitigation	36~39
ESRS E1-2	Policies related to climate change mitigation and adaptation	36~40
ESRS E1-3	Actions and resources in relation to climate change policies	37~38
ESRS E1-4	Targets related to climate change mitigation and adaptation	40~41
ESRS E1-5	Energy consumption and mix	103
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	102
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	39
ESRS E1-8	Internal carbon pricing	-
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	29, 37~38

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# Stakeholder Engagement

Hanssem communicates on sustainability management through various channels tailored to each key stakeholder group. In particular, for stakeholders identified as core and strategic, we engage in regular communication to ensure timely incorporation of stakeholder perspectives into the development and implementation of its sustainability management strategy.

Stakeholders	Issue of Interest	Channel	Frequency	Response Activities
Executives	<ul style="list-style-type: none"> <li>Talent recruitment and development</li> <li>Establishment of win-win labor-management relations</li> <li>Pursuit of work-life balance</li> </ul>	Organizational Culture Diagnosis	Once a year	78~79
		Town Hall Meeting	Once a year	
		Labor Management Council	Occasional	
Customer	<ul style="list-style-type: none"> <li>Customer satisfaction and quality improvement</li> <li>Chemical management</li> <li>Personal information and cybersecurity</li> </ul>	Home Page	Occasional	55, 58~62
		Customer Service Center	Occasional	
		Customer Satisfaction Survey	Occasional	
Shareholders and Investors	<ul style="list-style-type: none"> <li>Establishment and implementation of sustainable management strategy</li> <li>Shareholder return policy</li> <li>Transparency of governance structure and stakeholder participation</li> </ul>	Shareholders' Meeting	Occasional	18
		Corporate Meeting	Once a year	
		Sales Report	Once a year	
Government and Related Organizations	<ul style="list-style-type: none"> <li>Efficient energy management and carbon emissions reduction</li> <li>Strengthening environmental management activities</li> <li>Corporate ethics and compliance</li> </ul>	Environmental Review Committee	Occasional	34~35
		Legal, Regulatory and Policy Advisory	Occasional	
Suppliers	<ul style="list-style-type: none"> <li>Co-growth with partners</li> <li>Supply chain sustainability management</li> <li>Workplace health and safety</li> </ul>	Subcontracting Transaction Review Committee	Once a month	82~83, 88, 94~96
		Cyber Audit Office	Occasional	
Community	<ul style="list-style-type: none"> <li>Environmental impact management according to product life cycle</li> <li>Biodiversity journal</li> <li>Community participation activities</li> </ul>	Regional Council Meeting	Occasional	42~43, 97~99

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# Awards and Initiatives

## Awards Received

Date	Organizer	Awards Received
2024.03	Forbes	2024 Korea chamber of commerce & industry, forbs social contribution award
2024.04	Mapo District Office	Plaque of appreciation – Social contribution activities (Support for “Hyo-do Bapsang” Project)
2024.10	Korea Management Association	Ranked No.1 in kitchen/Home furniture sector in the 2024 Korea customer satisfaction index (KCSI) (Kitchen furniture – 15 consecutive years / Home furniture – 8 consecutive years)
2024.11	Ministry of Environment	2024 CSR Film Festival - Minister of environment award in the resource circulation category
2024.12	Korea Chamber of Commerce and Industry	31st Corporate innovation awards – Chairman’s award from the Korea chamber of commerce & industry
2024.12	Foundation for Cooperation between Large Corporations, SMEs, and Farmers/Fishermen	Plaque of appreciation – contribution to the large and small business cooperation fund
2024.12	Fair Trade Commission	Commendation from the Korea fair trade commission
2025.03	Korea Climate and Environment Network, Seoul Council on Social Welfare	Social contribution agreement

## Participation in Initiatives

	<p>Hanssem is participating in the implementation of the United Nations Sustainable Development Goals (UN SDGs). The UN SDGs present 17 goals in five areas: people, planet, prosperity, peace, and partnership, and provide guidelines for companies to strategically approach the SDGs through the SDGs Compass.</p>
	<p>Hanssem has been disclosing carbon emissions and related information by participating in the Carbon Disclosure Project (CDP) since 2022. We are currently discussing establishing specific carbon emission reduction targets in the future and establishing and implementing an environmental management strategy system that complies with global standards.</p>
	<p>Hanssem supports the Task Force on Climate Change Financial Disclosure (TCFD) and is working to comply with its recommendations. Accordingly, it is disclosing information related to climate change-related organizational structure, risks and opportunities, and response strategies through reports. In addition, it has publicly declared its support for TCFD by 2023.</p>
	<p>Hanssem has joined the UNGC, the world's largest voluntary corporate citizenship initiative, and is complying with sustainable principles. We implement the 10 principles of the UNGC's core values in the areas of human rights, labor, environment, and anti-corruption, and work together with companies around the world to promote sustainability.</p>

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# Independent Assurance Statement

To readers of Hanssem Sustainability Report

## Introduction

NICE D&B Co., Ltd. (hereinafter referred to as the “Assurer”) was commissioned by Hanssem to conduct an independent assurance of its Sustainability Report 2025 (hereinafter referred to as the “Report”). The responsibility for all information and statements included in the report lies with the management of Hanssem. The assurer’s responsibility is to perform an assurance engagement as agreed upon in our agreement with Hanssem and issue an assurance statement.

## Competence and Independence

The assurer is composed of members who have accumulated long-term experience in sustainability, with deep understanding of the assurance standard methodology. The assurer has no other contract with Hanssem and did not provide any services to Hanssem that could compromise the independence of our work.

## Scope and Standards

The assurance was conducted in accordance with the international verification standard AA1000AS v3 and applied a Moderate level of assurance. The assurance criteria were based on the AA1000AP (2018) principles of Inclusivity, Materiality, Responsiveness, and impact. The assurance followed a Type 1 to assess whether these principles were applied in the preparation of the report. In addition, for the eight key material topics selected by Hanssem, a Type 2 was applied to verify the quality and reliability of the disclosed information.

Type 2 assurance was applied to the following GRI Topic-specific Standards:

- GRI 201-2, 203-1~2, 206-1
- GRI 301-1~3, 305-1~7, 306-2~5, 308-1~2
- GRI 401-1~3, 417-1, 405-1~2, 414-2, 416-1~2

The scope of the verification applied to the report is as follows:

- Report contents during the period from January 1st 2024 to December 31st 2024; in certain cases, includes data from the first half of 2025
- Appropriateness of the selection of key issues based on materiality assessments
- Major contents included in the report, such as the company’s strategies, activities, and performance related to specific sustainability information
- Validity of the processes for measuring and collecting selected information based on sampling

## Assessment on the Application Level of GRI Standards

The assurer confirmed that the report by Hanssem was prepared in accordance with the GRI Standards and that there were no inappropriate elements based on the materials presented by Hanssem in relation to the Universal Standards and Topic Specific Standards.

### Universal Standards

### Topic Specific Standards

- Economic: 201-1~2(Economic Performance), 203-1~2(Indirect Economic Impacts), 205-2~3 (Anti-corruption), 206-1(Anti-competitive Behavior)
- Environmental: 301-1~3(Materials), 303-5(Water and Effluents), 304-3(Biodiversity), 305-1~7(Emissions), 306-2~5(Waste), 308-1~2(Supplier Environmental Assessment)
- Social: 401-1~3(Employment), 403-1~9(Occupational Health and Safety), 404-1~2(Training and Education), 405-1~2(Diversity and Equal Opportunity), 413-1(Local Communities), 414-2(Supplier Social Assessment), 416-1~2(Customer Health and Safety), 417-1(Marketing and Labeling), 418-1(Customer Privacy)

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## Conclusion and Opinion

Based on the document reviews and on-site inspections, the assurer had several discussions with Hanssem on the revision of the Report regarding the reporting principles, and reviewed the final report after incorporating recommendations for revisions and improvements. The verification results confirm that the report has been prepared in accordance with the GRI Standards, and no inappropriate aspects were found in relation to the compliance with the principles outlined in AA1000AP (2018). The assurer's opinions on the principles are as follows:

## Inclusivity

Hanssem has stakeholder engagement processes in place that involve key stakeholders such as customers, shareholders and investors, partners in the supply chain, affiliated companies, government agencies, local communities, employees who are directly or indirectly affected by its operations. It has established channels to identify and communicate with these stakeholders to reflect their core needs in decision-making.

## Materiality

Hanssem conducted a double materiality assessment in accordance with the implementation guidance of the European Sustainability Reporting Standards (ESRS) to identify key important reporting issues that need to be managed in relation to sustainable management. The assessment included analysis of global ESG standards based on business characteristics, and surveys conducted with internal stakeholders and external ESG experts. Based on an evaluation of the potential impacts, risks, and opportunities to the Hanssem, eight key issues were identified and appropriately disclosed in the report.

## Responsiveness

Hanssem has established management directions and ESG strategic tasks for each of the eight key issues identified, and reported on the detailed actions and performance related to these tasks.

## Impact

Hanssem identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.



June 2025  
Seoul, Korea  
CEO Oh, Gyu Geun



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# GHG Assurance Statement

## 1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes

## 2. Verification Scope

Korean Standards Association conducted limited assurance verification of Hanssem Co., Ltd.'s Scope1, Scope2 and Scope3 GHG statement.

- Reporting Target : Management Support Office, Home Furnishing Business Division, Rehouse Business Division, SCM Division-Logistics Department, SCM Division-Manufacturing Department
- Boundary : Scope1 (Direct emissions), Scope2 (Indirect emissions), Scope3 (Other indirect emissions)
  - Scope1 : Stationary combustion, Mobile combustion
  - Scope2 : Externally purchased power and heat(steam)

- Scope3 : Category 1. Purchase foods and services  
Category 2. Capital goods  
Category 3. Fuel-and energy-related activities (not included in scope 1 and scope 2)  
Category 4. Upstream transportation and distribution  
Category 5. Wasted generated in operations  
Category 6. Business travel  
Category 7. Employee commuting  
Category 13. Downstream leased assets  
Category 15. Investments

· Year : January 1, 2024 to December 31, 2024

## 3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to the procedures stipulated in ISO 14064-3 : 2019.

- Calculation Criteria
  - KS I ISO 14064-1:2018
  - Guidelines for Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading System Ministry of Environment No. 2025-64)
  - 2006 IPCC Guidelines for National Greenhouse Gas Inventories
  - WRI(World Resources Institute) Greenhouse Gas Protocol
  - Corporate Value Chain (Scope3) Accounting and Reporting Standard(WRI)

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## 4. Level of Assurance Verification and Responsibility

Korean Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site Inspection : Visit to Headquarters of Hanssem Co., Ltd.
- Method of Confirmation
  - Interview with greenhouse gas emissions manager and field staff
  - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
  - Tracking review of internal documents and basic data

Hanssem Co., Ltd. should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

## 5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

## 6. Verification Conclusion

No errors or false facts were found in Hanssem Co., Ltd.'s GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

## Appendix 1. GHG Emissions (Scope1, Scope2)

(Unit : tCO<sub>2</sub>eq)

Business Department	Scope1	Scope2	Subtotal
Management Support Office	22.657	1,720.332	1,742.989
Home Furnishing Business Division	-	6,691.499	6,691.499
Rehouse Business Division	-	759.034	759.034
SCM Division – Logistics Department	253.544	991.082	1,244.626
SCM Division – Manufacturing Department	549.156	7,727.411	8,276.567
<b>Total</b>	<b>825.357</b>	<b>17,889.358</b>	<b>18,714</b>

\* Note : The final GHG emission was cut below the decimal point and expressed in integer units.

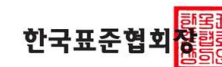
## Appendix 2. GHG Emissions (Scope3)

(Unit : tCO<sub>2</sub>eq)

Category	GHG Emissions
Category 1	Purchased goods and services 47,149
Category 2	Capital goods 2,025
Category 3	Fuel-and energy-related activities (not included in scope 1 and scope 2) 2,633
Category 4	Upstream transportation and distribution 18,199
Category 5	Wasted generated in operations 1,192
Category 6	Business travel 215
Category 7	Employee commuting 1,508
Category 13	Downstream leased assets 2,895
Category 15	Investments 1,847
<b>Total</b>	<b>77,662</b>

\* Note : Each category's emissions are rounded and presented as whole numbers, while the final total GHG emissions are truncated to whole numbers by discarding decimal values.

June 25, 2025



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**HANSSEMI-III**