

HANSSEN I-I-I-I

SUSTAINABILITY REPORT 2026



ABOUT THIS REPORT



COVER STORY

The spaces we encounter every day shape the quality of our lives. The longer we stay in a space, the more meaningful the value it holds becomes. HANSSEM designs spaces that are more comfortable, safer, and built to last. The theme of the 2026 Sustainability Report, “Comfort in Every Space, Care for the Planet” reflects our belief that creating comfortable living environments, designing healthy homes, and developing products with lasting value are all part of protecting the planet we share. The spaces we create are not only for our customers, but also for a more sustainable future for everyone.

Report Overview

This report is HANSSEM's seventh Sustainability Report. It has been prepared to transparently communicate the company's sustainability management direction and performance to stakeholders and to promote active engagement. Based on the results of the Double Materiality Assessment reflecting stakeholder perspectives, we identified seven key ESG issues related to product safety and quality, climate change, and human rights management. Among these, two priority issues are presented in greater depth in the PRIORITIES AT HANSSEM section, which describes our management approach and key achievements. Going forward, we will continue to actively engage with stakeholders and incorporate their perspectives into our sustainability management activities.

Report Period

This report covers Hanssem's sustainability management activities and performance from January 1 to December 31, 2025. To enhance comparability, quantitative performance is presented together with three years of data from 2023 to 2025, and for key qualitative achievements, some details from the first half of 2026 are also reflected in consideration of the publication timing.

Report Scope

The financial data in this report is consistent with the consolidated financial statements prepared under the Korean International Financial Reporting Standards (K-IFRS), while the non-financial data covers Hanssem's headquarters and domestic business sites. The reporting scope includes Hanssem's headquarters, its manufacturing and logistics plants, and its domestic subsidiaries, Hanssem Service and Hanssem Nexus. Any areas where the reporting scope differs are noted separately within the report.

Reporting Cycle

Annually (Previous report published: June 2025)

Reporting Principles

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards and reflects the SASB (Sustainability Accounting Standards Board) Standards to disclose industry-specific sustainability information. It also incorporates the UN Sustainable Development Goals (SDGs), the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB), the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the European Sustainability Reporting Standards (ESRS).

Assurance

To enhance the reliability and credibility of the report preparation process and disclosed information, HANSSEM commissioned an independent third-party assurance provider to conduct external assurance. The independent assurance statement can be found on pages 136–137 of this report.

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2030 VISION

HANSSEM-III

HANSSEM's Vision 2030 presents the direction and goals that all members are committed to achieving together in a rapidly evolving business environment. By 2030, we aim to become Korea's leading space solutions company that earns customer trust through consistent standards and outstanding quality across all product categories and the entire value chain. We seek to provide customers with confidence in their choices before purchase and deliver experiences that exceed expectations after purchase.

HANSSEM's
Mission

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

Vision 2030

The space solutions company that delivers confidence and delight in every customer experience



"In Every Customer Experience"

Customers expect every aspect of improving and furnishing their homes, from quality products and convenient consultations to meticulous construction and prompt after-sales service, to be comfortable and satisfying. We are committed to exceeding customer expectations at every stage of the customer journey. Even if excellence is achieved in one area, disappointing experiences elsewhere can undermine customer trust. Therefore, we strive to deliver consistent quality and customer experiences across every touchpoint where customers interact with us and to exceed customer expectations across our diverse products and services.



"Delivering Confidence and Delight"

Trust is the foundation of delivering confidence and delight. To ensure that customers can choose us with confidence and without hesitation, we continuously strengthen not only brand awareness but also reliability and brand desirability. We also strive to delight customers beyond their expectations through convenient and responsible services throughout installation, construction, after-sales service, and long-term product use. These experiences should be delivered with the same level of quality and attention to detail wherever customers are across the country. Through these efforts, we continue to reinforce the brand value of "As Expected, HANSSEM," a reputation we have built over many years.



"The Space Solutions Company"

HANSSEM's distinctive identity lies in being the one and only space solutions company among interior companies, design houses, and online platforms. Going beyond simply selling products, we deliver exceptional quality and services supported by our business portfolio spanning remodeling and home furnishing, as well as our nationwide infrastructure. Through this approach, we help customers address a wide range of living space needs and establish ourselves as a trusted choice for creating complete homes and living spaces. Building on these efforts, we will continue to grow as the most trusted space solutions company for our customers.

CEO Message



Dear valued shareholders, customers, business partners, employees, and members of our local communities, I would like to express my sincere gratitude for your continued interest in and support for HANSSEM. 

Confidence in Growth that Turns Crisis into Opportunity

We are currently facing a challenging business environment marked by domestic and global macroeconomic uncertainty and a prolonged slowdown in the construction market. While a rapid market recovery in the near term remains uncertain, HANSSEM has always turned challenges into new opportunities.

Customer expectations for residential spaces continue to rise, and the fundamental demand for spaces that enhance quality of life will serve as a new foundation for growth beyond market fluctuations. HANSSEM will leverage these changes as opportunities and take a leap forward as a company that delivers better space experiences for customers.

2026, the Starting Point for Advancing ESG Management

Under its Vision 2030 of becoming “the space solutions company that delivers confidence and delight in every customer experience,” HANSSEM aims to achieve KRW 2.6 trillion in sales and KRW 140 billion in operating income by 2030. The year 2026 marks the first year of execution as HANSSEM takes a leap toward Vision 2030, as well as an important starting point for advancing ESG management to the next level.

As global ESG standards and regulations continue to expand rapidly, ESG is no longer optional but has become a key factor in determining sustainable competitiveness. Under the slogan “Comfort in Every Space, Care for the Planet,” HANSSEM will internalize ESG principles throughout its business operations and create positive value for customers, society, and the environment.

Implementing ESG Strategies Aligned with Global Standards

HANSSEM recognizes ESG management as a core foundation of its long-term competitiveness and is strengthening its execution capabilities in the following areas.

First, we are advancing our sustainability management framework to proactively respond to global ESG standards and Korea’s ESG disclosure roadmap.

ESG disclosure and regulations are rapidly expanding around the world, and in Korea, the roadmap for mandatory ESG disclosures is also being rolled out in phases. To proactively respond to these changes, HANSSEM is strengthening ESG governance and continuously enhancing its management practices in key areas such as climate, environment, human rights, and supply chains. Through these efforts, we will further strengthen corporate transparency and trust.

Second, we are strengthening environmental management through climate action based on product life cycle assessments and expanded resource circulation. We systematically manage environmental impacts throughout the product life cycle, from design to disposal to reduce greenhouse gas emissions. We are also expanding resource circulation activities, including the increased use of eco-friendly materials, waste reduction, and the upcycling of waste plastics. In addition, we seek to continue contributing to the protection of natural ecosystems through forest creation and biodiversity conservation activities. These efforts will serve as an important foundation for our mid- to long-term environmental strategy to achieve Net Zero by 2050.

Third, we are building a supply chain ESG management system that promotes mutual growth with our partners. The home interior industry creates value through close collaboration with a wide range of partners. Recognizing that mutual growth with partners is directly linked to corporate sustainability, HANSSEM continues to advance its supply chain ESG

assessment system. Based on the ESG assessment results, we support partners in improving their environmental, safety, and ethical management practices. We also actively help strengthen their ESG capabilities through various programs, including training and consulting.

Fourth, we are strengthening human rights management to promote respect for human rights and a responsible corporate culture. HANSSEM continues to advance its human rights management framework based on international standards. We are establishing a human rights protection system that extends beyond employees to include our partners and local communities. Through efforts to prevent discrimination, create a safe working environment, and promote fair labor practices, we will continue to foster a corporate culture grounded in respect and responsibility.

Dear Stakeholders,

The preparations and decisions we make in challenging times will determine our future competitiveness. By improving its fundamentals and strengthening execution capabilities, HANSSEM will take an even greater leap forward as the market recovers.

We will continue to move forward steadily on the path toward sustainable growth by creating both financial performance and environmental and social value. We also support the Ten Principles of the United Nations Global Compact (UNGC) and will continue to expand our role as a responsible company aligned with international standards.

We sincerely appreciate your continued interest and support. Thank you.

June 2026

Representative Executive Officer, **Kim Eugene**

Company and Business Overview

About HANSSEM

Since 1970, HANSSEM has led the transformation of residential spaces in Korea as a total home interior company that offers a wide range of products, including furniture, appliances, household goods, and building materials, for every space in the home, including kitchens, bathrooms, bedrooms, and living rooms. We also add space value to our customers' daily lives through comprehensive interior solutions that cover the life cycle from planning and design to construction and follow-up management. Leveraging our design capabilities and commitment to quality, we propose unique and sustainable spaces tailored to customers' lifestyles and strive to deliver confidence and inspiration through everyday spatial experiences.

Company Overview

Company Name	Hanssem Co., Ltd.
Founded in	September 1970
CEO	Kim Eugene
HQ Address	144, Beonnyeong 2-Ro, Danwon-gu, Ansan-si, Gyeonggi-do
Main Business	Total Home Interior
ESG Rating ¹⁾	B+
Financial Performance	Sales: KRW 1.7445 trillion Operating Income: KRW 18.5 billion
No. of Employees	2,213

1) 2025 KOREA INSTITUTE OF CORPORATE GOVERNANCE AND SUSTAINABILITY (KCGS) Overall Rating

Mission

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

Vision 2030

The space solutions company that delivers confidence and delight in every customer experience

HANSSEM HANSSEM

HANSSEM's Work Principles

We work the right way

The direction of thought is toward customers

Think hard and execute relentlessly

Make big decisions carefully, small decisions quickly

Collaborate without boundaries toward a common goal

Communicate and share until it's enough for the other person

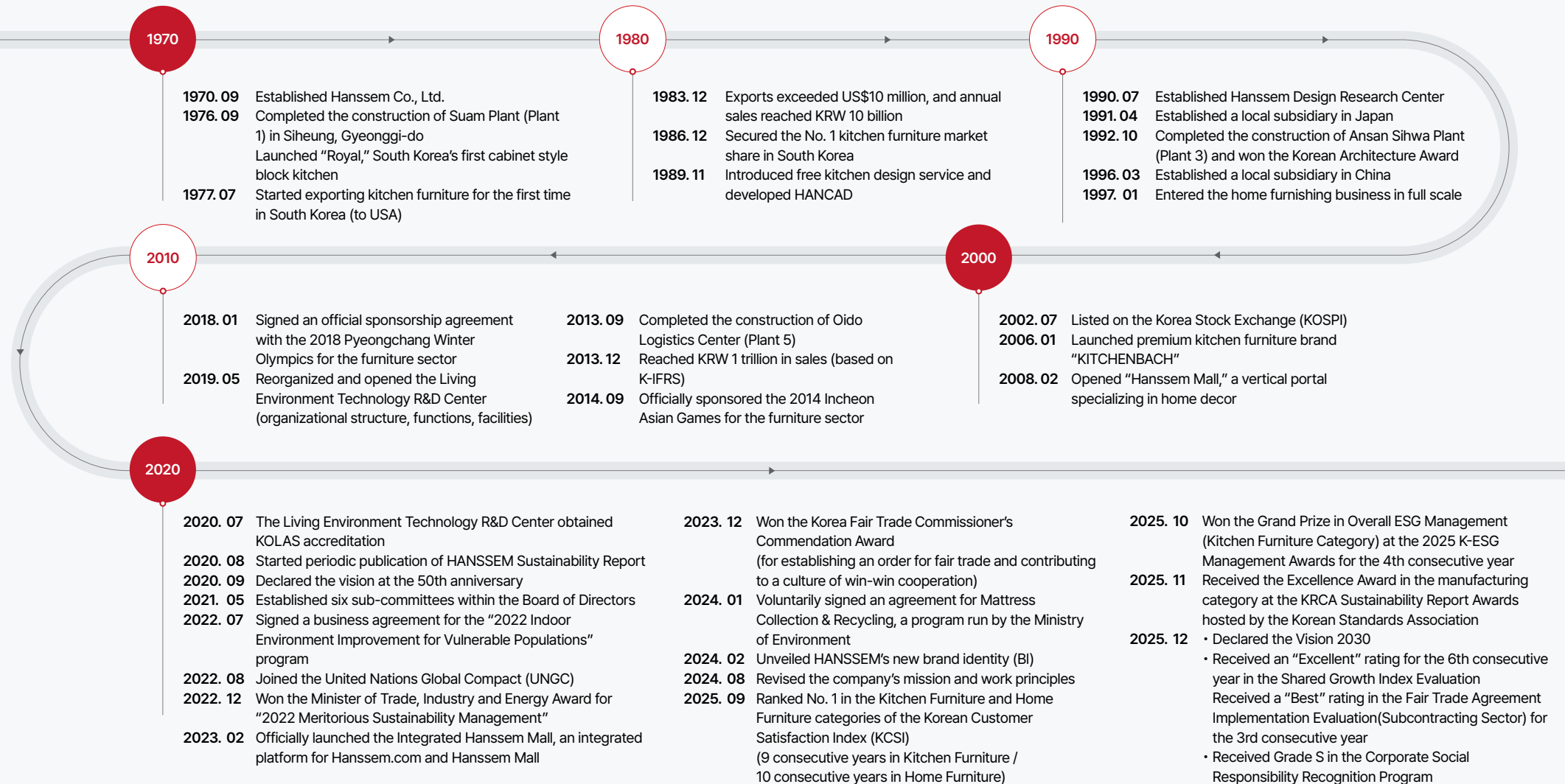
Praise makes people grow and encouragement makes people challenge

Respect and authority come from competence

Always strive for excellence

Company and Business Overview

Company History



Company and Business Overview

Business Objectives

In 2025, HANSSEM adopted "ADORE"¹⁾ as its business objective, representing Affordability by Value(A), Data-Driven(D), Open Partnership(O), Reinforce Responsibilities and Rewards(R), and Effective and Efficient Work Practices(E). Through data-driven innovation and strengthened partnerships, we laid the foundation for sustainable growth. Building on this foundation, we plan to focus on the four key agendas under "RISE" in 2026, with the aim of achieving a balanced improvement in profitability and growth while further strengthening the foundation for future business.

1) ADORE: Affordability by value / Data-Driven Problem Solving / Open partnership / Reinforce responsibilities and rewards / Effective and efficient work practices

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 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 advances its dealership and sales agency network focusing on Rehaus and links large-scale complex stores with our online platform.



Resource management

HANSSEM seeks to maximize operational value by allocating limited resources to the right places. By improving its organizational fundamentals and establishing disciplined standards for spending, HANSSEM aims to minimize unnecessary expenditures and build a stable foundation for growth even in a constrained business environment.

Insight from data

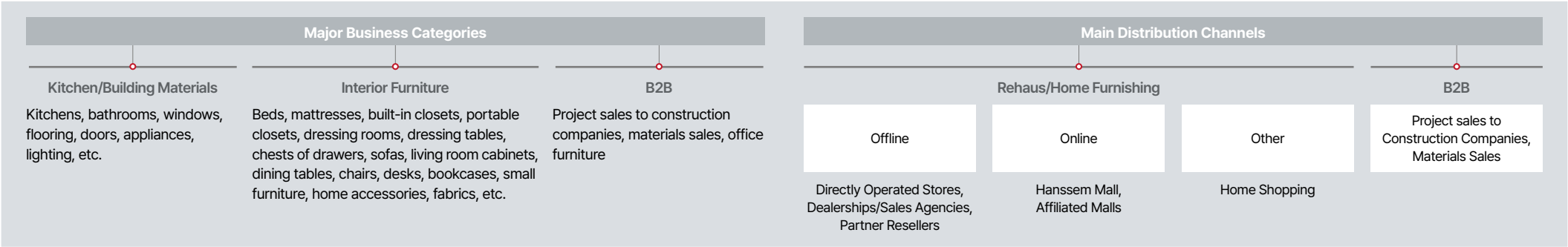
HANSSEM seeks to go beyond simply analyzing data and focus on finding practical answers to the question, "So what?" Through data analysis, we will clearly identify the causes of performance fluctuations and translate the findings into immediate action plans to drive meaningful changes in the field. We will proactively respond to changes in the market based on data.

Strengthen with technology

HANSSEM seeks to strengthen its competitiveness by leveraging AI and digital technologies. From customer consultation to construction quality management, we will enhance operational precision by integrating technology into existing face-to-face and manual processes. Building on this technological foundation, we will create differentiated customer experiences and establish a distinctive business model that remains resilient amid changing market conditions.

Execute fast

HANSSEM seeks to establish a lean and agile collaboration system by clarifying priorities across the organization. Through swift decision-making and the elimination of unnecessary procedures, we will respond promptly to rapidly changing market conditions and secure sustainable growth momentum.



Company and Business Overview

Rehaus Business Division

Based on an integrated service covering design, construction, and customer support, we provide customers with healthy and comfortable living spaces.



Business Overview

HANSSEM Rehaus is one of the core businesses and has played a leading role in transforming residential living environments, beginning with the modernization of kitchen spaces. Rehaus has maintained the No. 1 market share in the kitchen furniture sector since 1986 and has expanded its business since 2016, to include bathrooms, windows, and floor materials, establishing an interior value chain that spans from design to construction.

Business Status

Based on 38 large-scale showrooms nationwide and approximately 1,700 professionals, HANSSEM provides customized consultation and design services tailored to customers’ needs. We also continue to cultivate interior design professionals through our RD Academy. We are also expanding its distribution network through partnerships with interior companies and our TR (Territory Representative) organization. Based on this network, about 20,000 customers each month receive professional consultations and product experience opportunities. Furthermore, under the management of Hanssem Service, its construction-specialized subsidiary, approximately 2,700 Home-Tech Engineers provide professional construction services, and around 40,000 customers annually receive HANSSEM Rehaus’s integrated service, which covers the entire process from design and product manufacturing to construction and customer support.

Business Strategy

The Rehaus Business Division is advancing its operational system to manage the entire process from consultation to construction in an integrated manner, with a focus on customer experience innovation. It is also improving service quality through data-based customer management and enhanced consultation processes. In addition, the division is strengthening product competitiveness in key product categories, including kitchens, bathrooms, and storage, while expanding its distribution network and customer touchpoints to secure competitiveness across the entire remodeling process. Through these efforts, HANSSEM is accelerating its transition into a customer experience-driven space solutions provider.



Offline Sales		Online Sales		(Unit: KRW 100 million)
2023	2,890	2,655		
2024	2,971	2,558		
2025	2,634	2,193		

Company and Business Overview

B2B Project Sales Division

Building on industry-leading quality and services, we provide integrated premium space solutions by expanding our business scope beyond residential spaces, including reconstruction and redevelopment projects, to encompass office and commercial spaces.



Business Overview

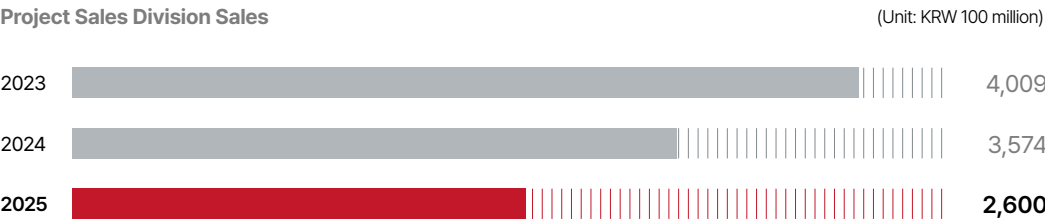
The Project Sales Division operates a B2B business centered on the construction, remodeling, reconstruction, and redevelopment markets for large-scale apartment complexes, supplying kitchen and storage furniture, interior building materials, and other products. The division has expanded its business through partnerships with leading construction companies and is enhancing the value of residential spaces through its integrated capabilities spanning both products and construction services. It is also expanding into the office furniture market and advancing its transformation into a comprehensive B2B space solutions provider serving both residential and office environments.

Business Status

Based on a diverse product portfolio that includes kitchen furniture, storage furniture, and building materials, the Project Sales Division carries out large-scale residential projects and secures customer trust through precise construction quality and a reliable customer support system. Leveraging its logistics infrastructure, it is strengthening its project execution capabilities and expanding its premium product lineup, including high-end countertops, system furniture, and hardwood flooring. In the office furniture sector, the division is broadening its portfolio with a focus on modular system furniture, ergonomic workstations, and furniture for collaborative workspace, while securing new sources of revenue through corporate and public-sector projects.

Business Strategy

The Project Sales Division is advancing its business structure with a focus on product differentiation and customer diversification to strengthen its competitiveness in the reconstruction and redevelopment market. It is enhancing its integrated proposal capabilities based on HANSSEM Bach and package-based offerings products, while expanding its premium product lineup to improve market responsiveness. The division is also expanding into the non-residential sector by entering the office furniture market and strengthening its customized space proposal capabilities in response to growing demand for office renovations and smart office solutions.



Company and Business Overview

Hanssem Nexus

Through premium products designed by world-class designers, we offer living spaces optimized for customers' lifestyles.



Business Overview

Hanssem Nexus provides high-end residential space solutions based on global premium furniture and building material brands. Through exclusive partnerships with world-renowned high-end brands such as Molteni&C of Italy, Nolte of Germany, and Gessi of Italy, it has established a premium product portfolio and secured differentiated competitiveness in the premium interior market.

Business Status

Hanssem Nexus operates a retail business centered on flagship stores and department store distribution channels, while also running a project sales business targeting reconstruction and redevelopment projects and high-end residential projects. Through this, it has secured diverse touchpoints covering both high-end consumers and professional clients. In 2019, Hanssem Nexus opened 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. By providing differentiated spatial experiences and customized interior solutions to high-end customers, interior professionals, and B2B customers, Hanssem Nexus continues to strengthen its brand competitiveness in the premium market.

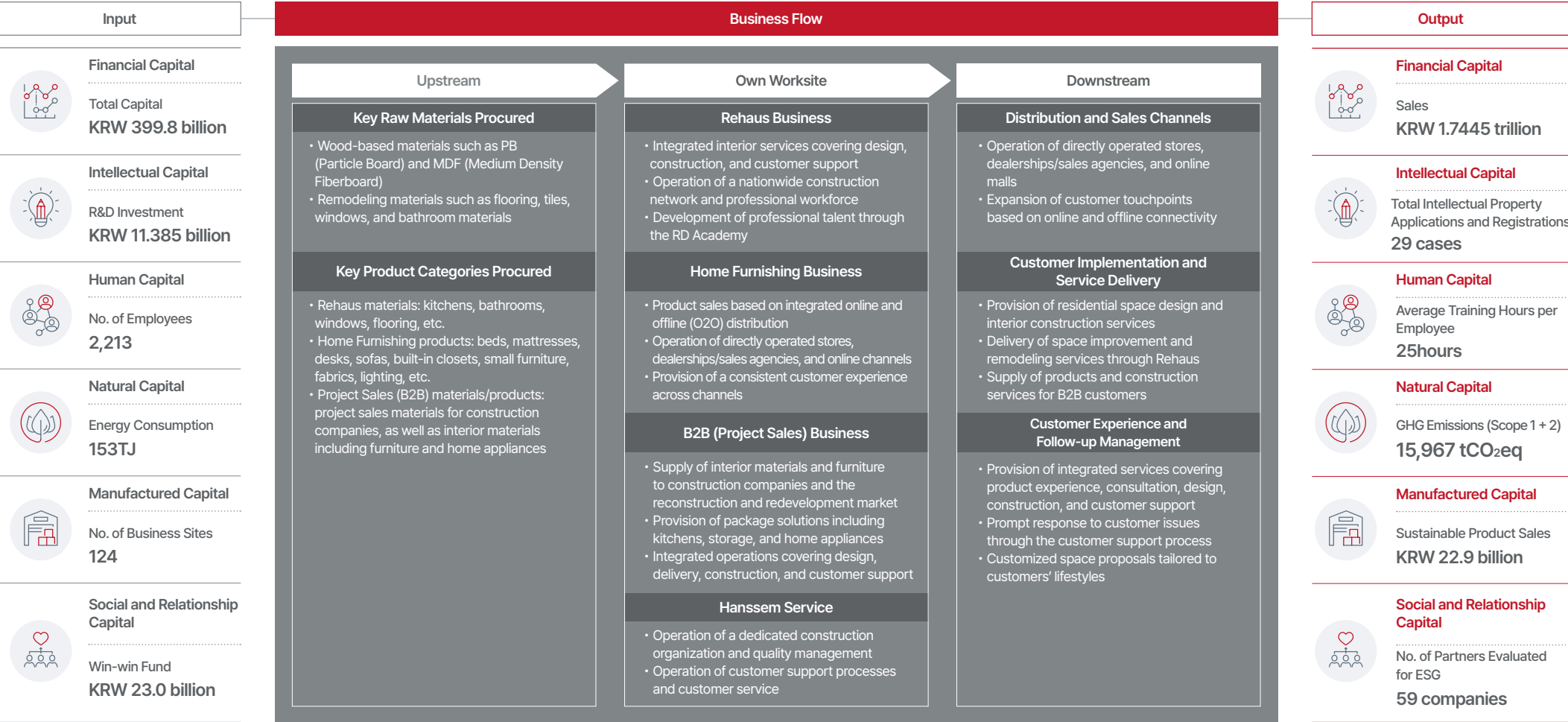
Business Strategy

Hanssem Nexus continues to expand its brand portfolio and advance its differentiated space proposal capabilities to strengthen its competitiveness in the high-end interior market. Based on a business structure that operates both retail and project sales, it is diversifying customer touchpoints and securing a stable revenue base. In addition, Hanssem Nexus is strengthening its portfolio centered on imported premium products, while expanding its customer base and project types to diversify its revenue structure. Through these efforts, it continues to expand its position in the premium market.

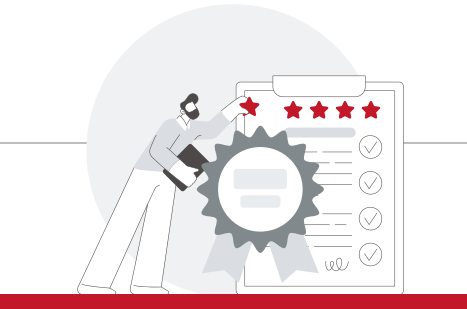


Business Model

HANSSEM provides integrated space solutions covering design, construction, distribution, and customer support based on its furniture and interior business. Through these solutions, we create residential environments optimized for customers’ lifestyles while delivering sustainable value. We operate a customer-centric value creation process throughout the lifecycle of our products and services. We create both economic and social value for our stakeholders through an organically connected business structure that links every stage from the supply chain to customer use.

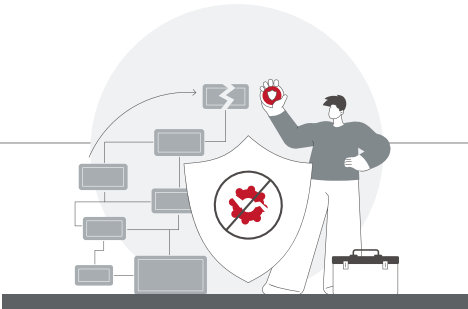


2025 Highlights



First Achievement of a Leadership Rating (A-) in the CDP Climate Change Assessment

In 2025, HANSSEM achieved a Leadership rating (A-) for the first time in the CDP (Carbon Disclosure Project) Climate Change Assessment. This represents an improvement from the previous year's overall rating of B and demonstrates the excellence of our climate change response strategy and environmental management practices. We received high ratings across various areas, including climate risk management, environmental policies and governance, greenhouse gas emissions management, disclosure of Scope 1 and 2 emissions, and emissions reduction activities. We received ratings of A or A- in 11 out of the 16 assessment categories.



Acquisition of 16 Additional Radiation-Safe Product Certifications

In 2025, following its acquisition of Eco-Label certifications for windows, toilets, and wallpaper, HANSSEM obtained 16 additional radiation-safe product certifications for our mattress products. Through these efforts, we expanded our product certification portfolio to encompass not only eco-friendly products but also product safety related to radioactive substances. In addition, we developed a water-based paint technology for veneer doors used in kitchen furniture, obtained a domestic patent, and applied the technology to our premium kitchen product line. Through these efforts, we promoted the reduction of hazardous substances and the expansion of eco-friendly finishing processes. We also applied Super E₀, the material with the lowest formaldehyde emissions, to products under our premium kitchen brand KITCHENBACH, thereby enhancing both product safety and environmental performance.



Expansion of Partner ESG Assessments and Mutual Growth Achievements

In 2025, HANSSEM introduced an online ESG assessment platform and conducted ESG assessments for a total of 59 suppliers. By applying 66 environmental, social, and governance (ESG) indicators, along with weighting factors that reflect industry characteristics and company size, we enhanced the objectivity and reliability of the assessments. Based on the results, we monitored high-risk partners and provided customized training and consulting. In addition, we were recognized for our mutual growth achievements with partners by receiving an "Excellent" rating in the Shared Growth Index Evaluation for the sixth consecutive year and the "Best" rating in the Fair Trade Agreement Implementation Evaluation in the subcontracting sector for the third consecutive year.



Enhancement of Product Safety Information Transparency and Expansion of ESG Disclosure Channels for Consumers

HANSSEM launched the "Sustainable Value" page on the Hanssem Mall website, enabling consumers to easily access and review the company's ESG activities in one place. Through this page, consumers can directly view a wide range of environmental initiatives, including hazardous substance testing results, eco-friendly certification information, resource circulation activities that reuse waste wood as an energy source, and forest conservation efforts through the Hanssem Forest Project. In addition, we actively engaged with a broader range of consumers through our official YouTube and Instagram channels by providing information on chemical substance composition, safety verification procedures, and certification details. In January 2025, we further strengthened the transparency of product safety information by additionally disclosing the electromagnetic wave measurement results and the application of flame-retardant materials for the Four Seasons Mattress All-in-One Pad.



PRIORITIES AT HANSSEM

HANSSEM, as a company that creates spaces closest to customers' daily lives, places product safety and sustainability at the core of our business values. Based on material issues identified together with stakeholders, we focus our capabilities on product safety, quality, and sustainable product design while striving to strengthen responsible product competitiveness founded on customer trust. In addition, we manage environmental impacts throughout the product life cycle, creating sustainable value for both customers and the planet.

16
2026 HANSSEM FOCUS

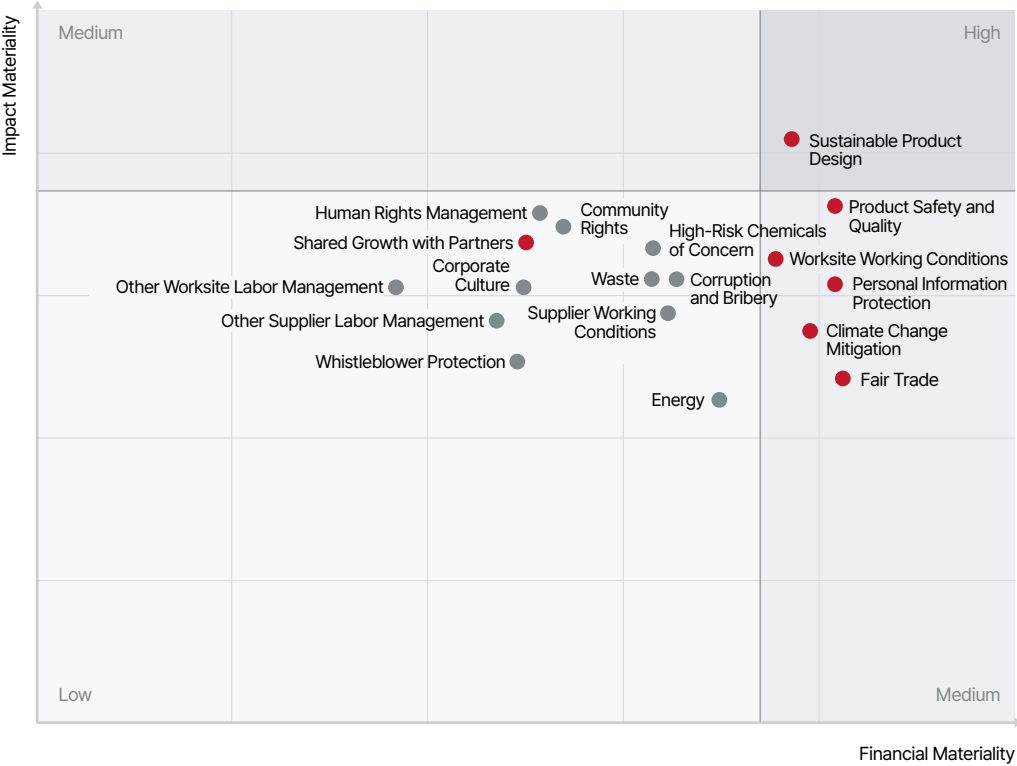
20
FOCUS 1 Product Safety & Quality

29
FOCUS 2 Sustainable Products

2026 HANSSEM FOCUS

Based on the results of the double materiality assessment, HANSSEM identified seven material topics that were classified as either High or Medium and exceeded the threshold in one or both dimensions of financial materiality and social and environmental materiality. Climate Change Mitigation, Sustainable Product Design, Worksite Working Conditions, Shared Growth with Partners, Product Safety and Quality, and Fair Trade were confirmed as material issues that continue to be managed from the previous year, while Personal Information Protection was newly identified as a material issue. These results reflect industry characteristics, changes in the regulatory environment, and stakeholder demands. We continue to implement management and response activities with a focus on the identified material issues.

2026 Material Issues



Category	Issue	Compared to last year	Reason for Selecting as Material Issue
E	Climate Change Mitigation	Same as last year	As the importance of forests as carbon sinks continues to grow, the expansion of REDD+ initiatives and stricter regulations on logging are expected to increase risks related to securing wood raw materials and lead to higher material costs.
	Sustainable Product Design	Same as last year	As demand for environmentally friendly and durable products increases and consumer awareness evolves, the need to improve resource efficiency and reduce environmental impacts through the use of eco-friendly materials and the extension of product lifespan is growing.
S	Worksite Working Conditions	Same as last year	Strengthening labor regulations, including restrictions on working hours and increases in the minimum wage, are increasing labor and operating costs, which may lead to greater financial impacts.
	Personal Information Protection	Newly added	As personal information protection regulations become more stringent and the use of data continues to expand, data breaches may result in greater financial impacts, including regulatory fines and reputational damage. Accordingly, Personal Information Protection has been newly identified as a material topic.
	Shared Growth with Partners	Same as last year	Strengthening supplier capabilities and establishing fair business relationships serve as important factors in securing supply chain stability and business competitiveness.
	Product Safety and Quality	Same as last year	As strengthened product safety regulations and the occurrence of defects or recalls may lead to a decline in brand trust and financial losses, continuous management is required.
G	Fair Trade	Same as last year	Violations of subcontracting and fair trade regulations may result in legal liabilities, including fines and litigation, leading to financial losses and reputational damage. Accordingly, Fair Trade remains a key management priority.

* Shared growth with partners was selected as a material issue after comprehensively considering business characteristics and strategic importance.

2026 HANSSEM FOCUS

Response Measures by Material Issue

Category	Issue	Key Impacts and Risk/Opportunity Factors		Materiality ¹⁾		Occurrence Period ²⁾	Location of Occurrence ³⁾	Response Measures	2026 Targets
				Likely of Occurrence	Impact level If occurred				
 Environment	Climate Change Mitigation	As the importance of forests as carbon sinks continues to grow, the expansion of REDD+ initiatives and stricter regulations on logging are expected to increase risks related to securing wood raw materials and lead to higher material costs.	Risk	3.8	4.10	Mid-term	Upstream	- Establish a continuous greenhouse gas absorption strategy through the development of biodiversity conservation goals and mid- to long-term plans - Protect forest resources by expanding globally recognized certifications such as FSC	Achieve 100% FSC certification across the supply chain
	Sustainable Product Design	Growing consumer awareness of resource conservation and value-driven consumption is driving demand for interiors incorporating eco-friendly, upcycled, and durable materials, contributing to revenue growth.	Opportunity	3.92	3.92	Mid-term	Own	- Extend product life spans through the expanded use of eco-friendly and upcycled materials and improvements in product design - Manage environmental impacts throughout the product life cycle by introducing an LCA-based product development system	- Establish an LCA-based database for key products and obtain Environmental Product Declaration (EPD) and Low-Carbon Product certifications for the first time - Expand the application of eco-friendly packaging materials
		Extension of the life cycle of furniture products through the use of eco-friendly materials and enhanced durability	Opportunity	4.36	3.83	Mid-term	Own Downstream	Improve resource efficiency by strengthening durability and designing connected structures	Increase revenue from sustainable products by more than 10% year-over-year
 Social	Worksite Working Conditions	Stricter labor-related laws, including restrictions on working hours, increases in the minimum wage, and stronger employee welfare requirements, are increasing labor and management cost burdens.	Risk	4.00	3.67	Short-term	Own	- Improve and enhance management standards for the working environment, including working hours, employee welfare, and occupational safety. - Strengthen risk management by expanding impact assessments of the working environment and employment conditions.	Achieve an average score of 90 points or higher in employee satisfaction and workplace environment satisfaction surveys.
	Personal Information Protection	Strengthened enforcement of the Personal Information Protection Act (PIPA) may result in fines and administrative penalties in the event of consumer data breaches.	Risk	3.50	4.75	Short-term	Own	- Implement information security policies and enhance security inspection and incident response processes - Enhance response capabilities by managing personal information protection risks and strengthening security training for employees	Maintain zero personal information breaches
	Shared Growth with Partners	Contributing to talent retention and local job creation through ESG consulting and online and offline professional development programs designed to strengthen the job competencies of partner employees.	Opportunity	2.93	3.73	Mid-term	Upstream	- Operate and expand financial, technical, and welfare support programs for partners - Advance a customized support system for partners based on the analysis of support program outcomes	Increase the number of partners receiving ESG consulting support by 150% year-over-year
	Product Safety and Quality	Under the Framework Act on the Safety of Products, product defects or recalls may result in a decline in brand value and loss of customer trust.	Risk	3.50	4.75	Short-term	Own Downstream	- Promote R&D to reduce hazardous substances and develop alternative materials - Operate quality verification and testing processes across all stages from development and production to product launch	- Expand products using SE₀⁴⁾ materials - Maintain zero violations of product quality-related regulations
 Governance	Fair Trade	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.	Risk	3.75	4.50	Short-term	Own	- Strengthen compliance management through fair trade training and an internal inspection system - Advance the unfair trade risk management system based on internal evaluation indicators	Reduce reports of unfair trade-related reports and whistleblowing cases by 40% year-over-year

1) Based on a five-point scale

2) Short-term: within one year; Mid-term: 2 to 5 years; Long-term: over 5 years

3) Location where key impacts and risks/opportunities may occur

4) Super E₀ (SE₀): The highest-grade material standard with formaldehyde emissions of 0.3 mg/L or less

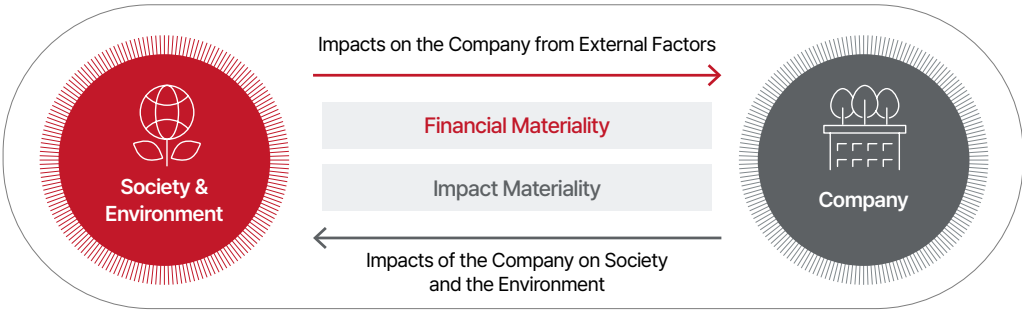
2026 HANSSEM FOCUS

Materiality Assessment Methodology

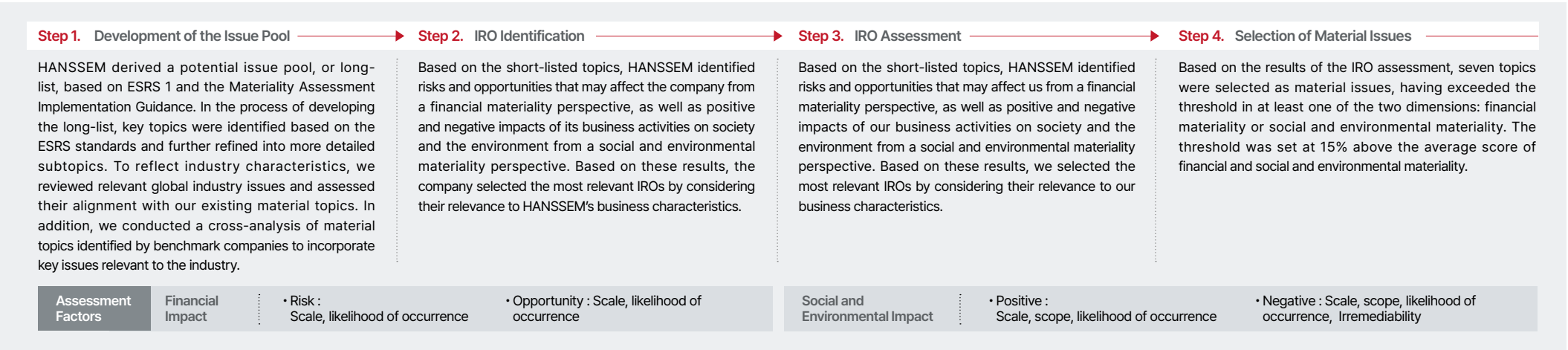
Double Materiality Assessment

HANSSEM conducted a double materiality assessment to identify sustainability issues that require prioritized management. This assessment identifies material topics by considering both the impact of social and environmental factors on the company's financial performance (financial materiality) and the impact of the company's business activities on society and the environment (social and environmental materiality). The 2026 assessment was conducted in accordance with the materiality assessment implementation guidance provided by ESRS¹⁾ and EFRAG IG²⁾ under the European Sustainability Reporting Standards framework. Following the approach adopted in 2025, the assessment was carried out at the individual IRO³⁾ level rather than at the topic level. In addition, the IRO assessment process incorporated the perspectives of various stakeholders, including external sustainability experts, partners, employees of relevant departments, customers, and analysts, to identify material issues. The results of the materiality assessment are reviewed and approved by the Board of Directors and relevant decision-making bodies to ensure the systematic management of non-financial risks. HANSSEM has also established sustainability management indicators to effectively respond to the identified material topics.

1) European Sustainability Reporting Standards
2) European Financial Reporting Advisory Group Implementation Guidance
3) Impact, Risk, Opportunity



Materiality Assessment Process



2026 HANSSEM FOCUS

Stakeholder Engagement

HANSSEM enhanced the participation of both internal and external stakeholders to improve the objectivity of the assessment and identified material issues by reflecting their perspectives. In the IRO assessment stage, internal employees and external stakeholders participated in evaluating financial impacts as well as social and environmental impacts. Based on the assessment results, the identified material issues were finalized through management reporting and a final review process.

Stakeholder Engagement Methods

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

Stakeholder Opinions

Product Assurance Team 1

“Although the direct impact of the EU Ecodesign Regulation may be limited because HANSSEM has a relatively low share of export products, I believe the company needs to continue monitoring future legislative trends in light of changes in consumer awareness, market demands, and government policies. In addition, HANSSEM should assess the environmental impacts of materials, manufacturing methods, production, and distribution throughout the product lifecycle—from sourcing to disposal—through lifecycle assessments (LCA) and proactively establish strategies and policies for improvement.”

External Environmental Expert

“As HANSSEM produces furniture that is closely connected to consumers’ daily lives, I believe it needs to maintain a strong focus on the environmental impacts of its products. Growing demand for eco-friendly, upcycled, and highly durable materials also underscores the need to further explore sustainable business models. I also believe it is important to prepare for risks related to raw material procurement and logistics.”

External Social Expert

“As a B2C company, HANSSEM should maintain a high level of oversight over issues directly related to consumer rights, including products, services, and personal information protection. In addition to ESG management across the supply chain, the company should also continue to advance its management and remediation procedures for human rights issues, including occupational health and safety and workplace harassment. Given the significant impact such issues can have on brand reputation, comprehensive management across both the company and its partners is important. In addition, considering the proportion of female employees, I believe HANSSEM needs to further expand female leadership and strengthen related information disclosure.”

FOCUS 1.

Product Safety & Quality

HANSSEM recognizes product safety and quality as core priorities to reliably provide products that customers can use with confidence and to maintain trust as a company. As product safety-related laws and regulations continue to strengthen and global chemical substance regulations, such as REACH and RoHS, become increasingly stringent, we are continuously advancing our management of hazardous substances and efforts to ensure product safety, thereby strengthening customer trust and product competitiveness.

Key Achievements

Product Safety Information

Disclosure Information disclosed on the "Sustainable Value" webpage



25P

Integrated Certification Management System

468 items with KC Certification

*As of March 2026



26P

Preliminary Safety Assessment Nonconformity Correction Rate

100%



28P

STAKEHOLDER INTERVIEW

INTERVIEW 1.

Head of the Integrated Quality Division

What is HANSSEM's core strategy for product safety?

Product safety is the top priority directly linked to our survival and customer trust. Accordingly, HANSSEM's core strategies are "Supply Chain Source Quality Assurance" and "Rigorous Monitoring through Checks & Balances." From material selection and receipt, we analyze and monitor chemicals and hazardous components, and we have strengthened quality gates within the new product process. We also manage the processes of partner companies that supply materials and consumables, conducting improvement activities by providing testing data and on-site guidance. This close-engagement strategy reduces field defect rates and enhances the quality competitiveness of partner companies, fundamentally strengthening the reliability of finished products. In addition, we operate quality teams within multiple departments so that resources are not concentrated on a few specific issues but rather distributed for seamless monitoring across all areas. This organizational approach also functions as a core mechanism for considering multiple options simultaneously when drawing improvement actions, enabling more fundamental improvements.

What direction will HANSSEM intensively strengthen going forward?

HANSSEM continuously reviews our safety standards. As customer expectations have risen significantly and domestic and international product safety regulations have steadily strengthened, we are once again thoroughly reviewing our current standards and proactively reinforcing them where necessary. We do not stop at merely meeting domestic requirements; we also monitor the establishment and renewal of overseas standards in real time to align with global market trends. Accordingly, we are actively pursuing not only testing at our research center and domestic institutions but also testing at overseas specialized institutions in line with international standards. The starting point of becoming a "space solutions company" is fundamental quality that customers can use with confidence, underpinned by the unspoken promise that "HANSSEM can be trusted." As a company leading residential culture, we will continue to pursue quality innovation so that the spaces where customers reside remain the healthiest and safest places.

INTERVIEW 2.

Head of the R&D Division

How does HANSSEM manage new product safety and quality?

From the approval of new product planning through to launch, HANSSEM secures high-quality and eco-friendly standards through rigorous structural design and material selection at the "Development" stage and through verification via the "Assurance" procedure before launch. We operate stage-by-stage quality inspection systems from materials to finished products, with functional organizations including R&D, the Research Center, and CX collaborating to conduct pre-suitability assessments and environmental safety quality reviews to determine the presence of hazardous components and defects. When non-conformance is found in quality assurance verification, we trace the cause back to design, materials, and production processes. Items that fail to meet standards are exempt from launch without exception. In particular, in 2025, we achieved the result of establishing manufacturing process manuals across the supply chain that proactively block the risk of residual hazardous components at partner companies, and through tenacious on-site verification systems, we have further elevated our risk management capabilities.

What does HANSSEM consider most important in product safety and quality?

HANSSEM's interiors and furniture constitute "the safest everyday spaces," and we allow no compromise on the unseen elements of quality and safety. The starting point of our sustainable management always lies in the "safe daily lives" of customers, and we prioritize structural safety and the blocking of hazardous substances, essential values, over short-term cost reductions or design flamboyance. Backed by this commitment, in 2025 we achieved tangible quality advancements, such as the active introduction of SE₀ materials, the highest grade of timber. We incorporated the Product Engineering Department into the R&D Division to strengthen specification verification from the early planning stage, and we will continue refining our product safety management system based on the GATE meetings and the PLM system. Beyond merely meeting standards, we will practice the highest level of responsible management to create a residential environment that customers can trust.

FOCUS 1.

Product Safety & Quality

Governance

HANSSEM has established a management system to address chemical-related risks associated with product safety. Led by the Hanssem Research Institute, the company sets goals and standards for hazardous chemical substance management and verifies compliance with relevant laws and regulations, as well as whether products meet safety standards. Prior to the launch of new products, testing and verification procedures are conducted to confirm compliance with internal management standards, and only products that meet these requirements are approved for market release. The established goals and strategies are implemented after review by the Head of the Research Institute and final approval by the Chief Quality Officer (CQO, Head of the Integrated Quality Division). Performance in reducing hazardous chemical substances and key progress are regularly reported to the Board of Directors through the ESG Committee.

Chemical Substance Management Organizational Chart



Strategy

HANSSEM is pursuing a company-wide product safety and quality management strategy. Since product defects and recalls may affect brand trust, we have established response strategies centered on strengthening our management of hazardous chemical substances in products and reinforcing our life cycle quality management system. While strengthening hazardous chemical substance management standards and expanding the application of alternative materials, we operate quality verification and management activities across the entire process, from product planning to follow-up management. In addition, we reflect quality standards from the product development stage and maintain our quality management level through continuous inspections and improvements even after product launch. Through these efforts, we identify and manage risks related to product defects in advance and secure customer trust.

Key Impacts and Risk/Opportunity Factors

Category	Type	Impacts and Risk/Opportunity Factors	Impact Level ¹⁾
 Financial	Risk	In the event of product defects or recalls under the Framework Act on the Safety of Products, brand value may decline and trust may be lost.	High 4.08 points
 Impact	Negative	Inadequate management of chemical substance detection and product durability verification during product development may result in health and safety concerns for consumers.	Medium 3.67 points
	Positive	Strengthening product responsibility and enhancing consumer loyalty by activating product safety and a proactive response system through the visiting service program known as Before Service(BS).	Medium 3.22 points
Response Strategy			
Strategy 1 Strengthening Management of Hazardous Chemical Substances in Products		Strategy 2 Strengthening the Product Life Cycle Quality Management System	

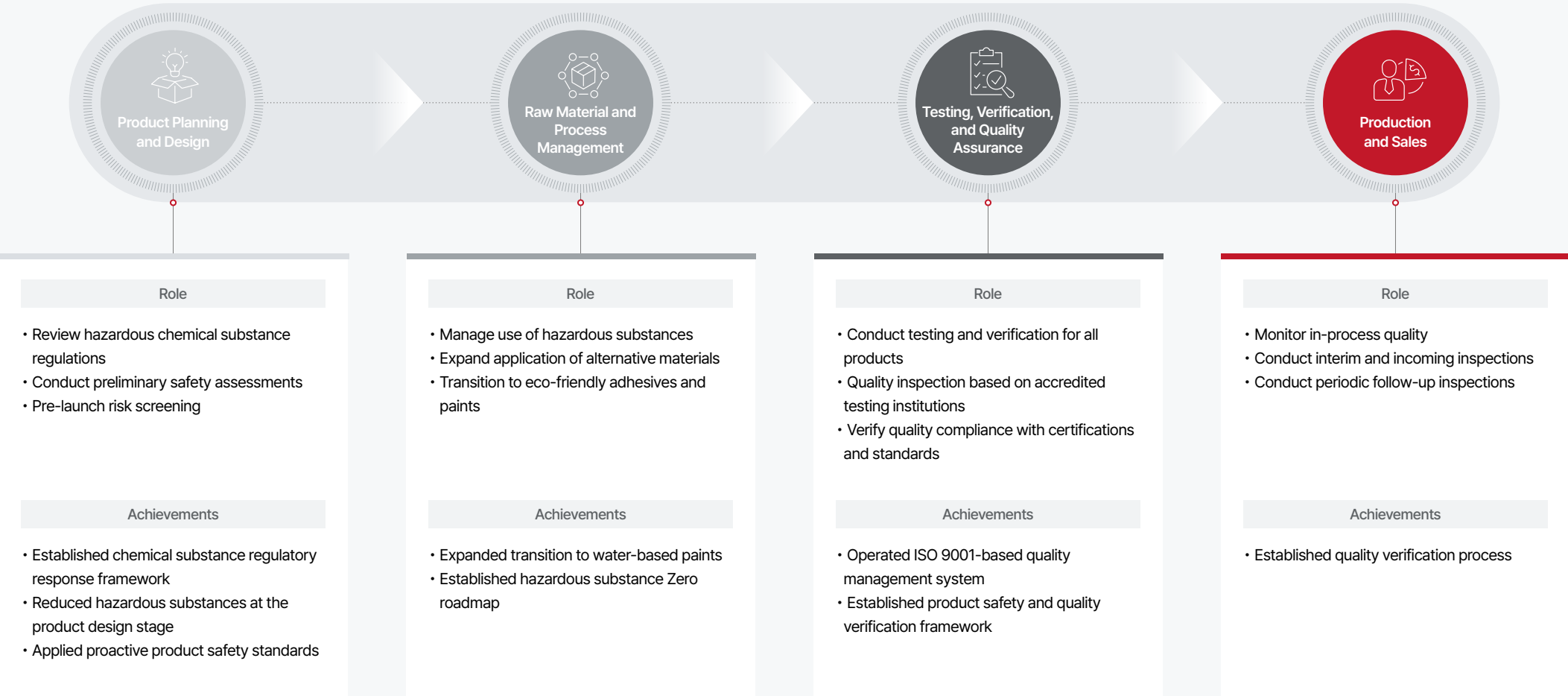
1) Based on a five-point scale.

FOCUS 1.

Product Safety & Quality

Our Approach

HANSSEM proactively identifies and manages quality and safety risks that may arise throughout the product life cycle. We enhance product quality and safety by establishing a step-by-step management system covering product planning and design, testing, verification, and follow-up management.



FOCUS 1.

Product Safety & Quality

Strategy 1

Strengthening Management of Hazardous Chemical Substances in Products

Regulatory Monitoring

Chemical Substance Regulatory Management HANSSEM operates a chemical substance regulatory management system covering all products to address product safety risks associated with product defects and recalls. We monitor the registration and use of chemical substances regulated under applicable laws, including the Special Act on the Safety of Children's Products, the Electrical Appliances and Consumer Products Safety Control Act, and the Act on the Sustainable Use of Timbers. Based on our Legal Compliance Checklist, we regularly review whether regulated substances require registration, whether they are subject to use restrictions or bans, and whether they meet the management standards set by each law.

Chemical Substance Management List by Regulation

Applicable Laws and Regulations	Regulated Chemical Substances	Details
Special Act on the Safety of Children's Products (General Safety Standards)	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	Nitrosamines, substances that may generate Nitrosamines
	Formaldehyde	Formaldehyde ¹⁾
	Aryl Amines	Aryl Amines
	pH	pH
	Prohibited Substances	Asbestos
Electrical Appliances and Consumer Products Safety Control Act (Annex 5. Furniture)	Wood Materials	Formaldehyde, Toluene, TVOC ²⁾
	Leather Materials	Formaldehyde, Chlorophenols (PCP), Hexavalent Chromium, Dimethyl Fumarate, Aryl Amines, Organotin Compound TBT(tributyltin)
Act on the Sustainable Use of Timbers	Wood Materials	Formaldehyde
Act on Resource Circulation of Electrical and Electronic Equipment and Vehicles	Hazardous Substances in Electronic Products (Scheduled to take effect in 2028)	Lead, Mercury, Cadmium, Hexavalent Chromium, and Six Types of Flame Retardants and Plasticizers

1) Formaldehyde (desiccator method): HANSSEM manages this substance under strengthened internal standards compared to regulatory standards: E₀ grade (0.5 mg/L or less)
2) TVOC (small chamber method): HANSSEM manages this substance under strengthened internal standards compared to regulatory standards (4 mg/m²·h → 2 mg/m²·h)

Chemical Substance Management HANSSEM has established and operates internal management standards for key substances such as radon and formaldehyde to manage product safety risks associated with exposure to chemical substances in products. These standards are set by reflecting applicable domestic and international laws and internationally recognized recommendations, and we continuously review the management level of relevant substances. We also apply management standards to dye-related hazardous substances, such as aryl amines, and operate a chemical substance management system across furniture and textile products. In addition, we continuously maintain our product safety management level by monitoring regulatory trends for major chemical substances and updating our standards.

Status of High-Risk Chemical Substance Management

Chemical Substance	Regulations and International Standards	Internal Management Standards	Note
Radon	Korea ³⁾ , U.S.: 148Bq/m ³ or less	148 Bq/m ³ or less	
	Canada, Sweden: 200Bq/m ³ or less		
	Belgium, Czech Republic: 400Bq/m ³ or less (existing buildings)		
	Belgium, Czech Republic: 200Bq/m ³ or less (new buildings)		
	EU Proposed Standard: Radioactivity Concentration Index (I) ⁴⁾ of 1 or less		
	Korea: 1mSv/yr or less ⁵⁾	-	
Formaldehyde	Korea: 300 mg/kg or less	300 mg/kg or less	Electrical Appliances and Consumer Products Safety Control Act, Appendix 1. Household Textile Products (standards for clothing and bedding)
Aryl Amines	Korea: 30 mg/kg or less	30 mg/kg or less	

3) Indoor Air Quality Management Act — Recommended Radon Levels for New Apartment Buildings
4) Radioactivity Concentration Index (I): (C_{Rad}/300) + (C_{Th}/200) + (C_K/3000)
5) Safety Control Act on Radiation around Living Environments — Radiation Exposure Dose for Processed Products

focus 1.

Product Safety & Quality

Hazardous Chemical Substance Substitution Activities

HANSSEM has established and is implementing a phased roadmap to shift oil-based adhesives and paints to water-based materials in order to respond to product safety risks arising from the use of high-risk hazardous chemical substances in products. We have selected adhesives and paints as key target substances and are carrying out activities to replace oil-based products with water-based products. In 2024, we completed process improvements and pilot testing for the transition of oil-based adhesives to water-based alternatives, securing the possibility of applying them to mass production. We also applied water-based paints to certain door products and expanded the application ratio to 30%. In 2025, we expanded the scope of water-based paint application to certain panel and ACC (Accessory) product groups. We plan to further advance our hazardous chemical substance strategy with the goal of achieving zero use of oil-based adhesives and paints by 2028.

Hazardous Chemical Substance Phase-out Roadmap

Category	2024 Performance	2025 Performance	2026 Target	2028 Target
Adhesives	Completed pilot testing and mass production feasibility verification for water-based adhesives for items using oil-based adhesives	Applied water-based adhesives to major materials for items using oil-based adhesives	Apply water-based adhesives to more than 50% of items using oil-based adhesives	Achieve ZERO use of oil-based adhesives
Paints	Converted doors using oil-based paints to water-based paints: 30% share of doors using water-based paints	Applied water-based paints to certain panels and ACC products	Target for converting doors using oil-based paints to water-based paints: 50% share of doors using water-based paints	Achieve ZERO use of oil-based paints for doors

Expanding the Use of Eco-Friendly Adhesives HANSSEM has been pursuing the green transformation of our adhesive processes to reduce the use of harmful chemicals in the production of molded materials. These materials are produced by bonding plastics, such as ASA, PET, and PP, to wood-based panels, such as PB and MDF. In the past, oil-based adhesives were primarily used in this process. Accordingly, we introduced PUR hot-melt laminating equipment in 2021 and have gradually reduced our use of oil-based adhesives. In 2023, we developed and implemented a water-based adhesive process using T-RLP equipment, reducing adhesive consumption to approximately 500 kg per month. Subsequently, we verified various equipment and processing methods to meet the environmental, safety, and quality standards required for the application of water-based adhesives. Through these efforts, we secured process stability and consistent product quality and continue to expand the application of water-based adhesives.

Expanding the Use of Water-Based Paints HANSSEM is reducing hazardous substance emissions in the product production process by expanding the application of water-based paints. Water-based paints use water instead of organic solvents, reducing the generation of volatile organic compounds (VOCs) and lowering the possibility of exposure to hazardous substances. Since launching four types of water-based veneer-coated doors for the first time in the industry in 2021, we have expanded the application across our product portfolio. In addition, we collaborated with Noroo Paint to develop high-performance water-based paints and complete patent registration. We are expanding the application of water-based paints to a wider range of products, including color-coated doors and high-gloss doors.

Status of Expanding the Use of Water-Based Paints

Introduction	• Launched four types of water-based veneer-coated doors for the first time in the furniture industry in January 2021
Environmental Effects	• Uses water instead of organic solvents, reduces VOCs and carbon emissions, and improves product safety
Technology Development	• Developed water-based paints that meet standards for heat resistance, stain resistance, and scratch resistance • Focused on research into high-performance water-based paints
Industrial Collaboration	• Signed an MOU with Noroo Paint & Coatings • Completed joint patent registration with related technology companies
Expanded Application	• Expanding the application of water-based paints across the full product range, including colored-coated doors and high-gloss doors

focus 1. Product Safety & Quality

Strengthening Management of Hazardous Chemical Substances

HANSSEM continues to reduce the use of hazardous chemical substances and strengthen management activities aimed at minimizing high-risk substances to provide products that customers can use with confidence. To this end, we identify and implement improvement tasks by comprehensively reflecting the results of preliminary safety assessments, regular assurance checks, and incoming inspections, as well as customer feedback collected through the company-wide VOC meetings. In 2025, toluene was detected in certain surface materials used for furniture doors. Although the level complied with legal standards, it exceeded our internal standards. In response, by implementing improvement measures in the production process, we strengthened our quality management.

Enhancement of Product Hazardous Substance Management Standards

HANSSEM complies with legal standards for synthetic resin products and verifies product safety by establishing our own hazardous substance quality standards. For children's furniture, we conduct safety verification through accredited testing institutions for hazardous substances such as phthalate plasticizers, hazardous elements, and asbestos in accordance with the Special Act on the Safety of Children's Products. In 2024, we reduced the possibility of exposure to hazardous substances and strengthened our application standards by restricting the use of PVC materials in children's furniture. In 2025, we established quality standards for PU leather, an alternative to PVC leather, based on assessments of physical properties, durability, and toxicity.

Improving Consumer Awareness of Chemical Substances

HANSSEM operates various channels to clearly communicate information on chemical substances in our products to consumers. Through our official social media channels, including YouTube and Instagram, as well as the "Sustainable Value" page on the Hanssem Mall website, we provide content such as hazardous substance testing results and formaldehyde emission ratings for wood furniture in video and image formats. Through these efforts, we intuitively communicate product safety information and improve consumer understanding. We also use our official social media channels to provide easy-to-understand information on chemical substance composition, safety verification procedures, and certification information. In January 2025, we disclosed the results of electromagnetic wave testing and the application of flame-retardant materials for the Four Seasons Mattress All-in-One Pad, providing transparent information related to product safety. Going forward, we plan to continue disclosing chemical substance information through diverse content and channels to further strengthen consumer trust.

Status of Actions on High-Risk Chemical Substances by Year

2019	2021	2022	2023	2024	2025
Fully removed polyvinyl chloride (PVC) from packaging materials	identified a case exceeding the legal standard for formaldehyde during regular assurance checks	Identified formaldehyde levels exceeding the standard during incoming inspections of Particle Board (PB)	Identified levels exceeding the standard in certain surface materials during regular assurance checks for building material items	Identified levels exceeding strengthened standards in certain furniture doors	Identified toluene levels exceeding HANSSEM's standards in certain surface materials used for furniture doors
	Discontinued use of the relevant material	Suspended input into the relevant production line	Implemented improvement measures related to toluene	Implemented improvement measures by changing the cleaning agent (legal standards met)	Took action by improving the surface material production process



FOCUS 1. Product Safety & Quality

Strategy 2 Strengthening the Product Lifecycle Quality Management System

Quality Management System

HANSSEM recognizes product safety and quality as core elements directly linked to customer trust and is pursuing a strategy to strengthen quality management throughout the product lifecycle. Based on our mission to “create a standard of space for a better life to add value to everyone’s daily life,” we operate a company-wide quality management system, establish quality management goals, and continuously carry out improvement activities. In the product development and production stages, we apply quality management as the top priority and conduct preliminary environmental and safety impact assessments before product launch to verify potential risks in advance. Even after launch, we continuously manage product safety and performance through regular follow-up inspections. Going forward, we plan to further advance our preventive quality management approach to minimize the likelihood of product defects while enhancing customer satisfaction and product reliability.

Quality Management Objectives



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

Certification- and Testing-Based Quality Management

HANSSEM operates certification- and testing-based quality management activities to manage product safety and quality risks. Through our ISO 9001 certification, we have demonstrated that our quality management system meets internationally recognized standards. This certification applies to all company sites, including the Hanssem Research Institute and the headquarters, and serves as a foundation for maintaining quality management practices. In addition, the Hanssem Research Institute obtained testing laboratory accreditation from the Korea Laboratory Accreditation Scheme (KOLAS) in July 2020 and has maintained the accreditation to date, ensuring the objectivity and reliability of test results from the product development stage. We also obtain and maintain KC certification to ensure product safety and regulatory compliance. The Product Assurance Team within the Integrated Quality Division is responsible for the acquisition, maintenance, and post-certification management of KC certifications. As of March 2026, we held KC certifications for approximately 468 products.

Quality Management Activities

HANSSEM operates quality management activities across the entire process from pre-launch verification to post-launch quality monitoring and continuous improvement. Prior to launch, we verify the safety and reliability of our products through preliminary environmental and safety impact assessments and pre-launch testing, ensuring that only products meeting established standards are released to the market. In particular, product quality and safety verification is conducted primarily by the Hanssem Research Institute, which is accredited by the Korea Laboratory Accreditation Scheme (KOLAS). Following product launch, we identify quality issues through mass production inspections and on-site monitoring, derive improvement tasks based on the relevant data, and reflect them in our product development and production processes.

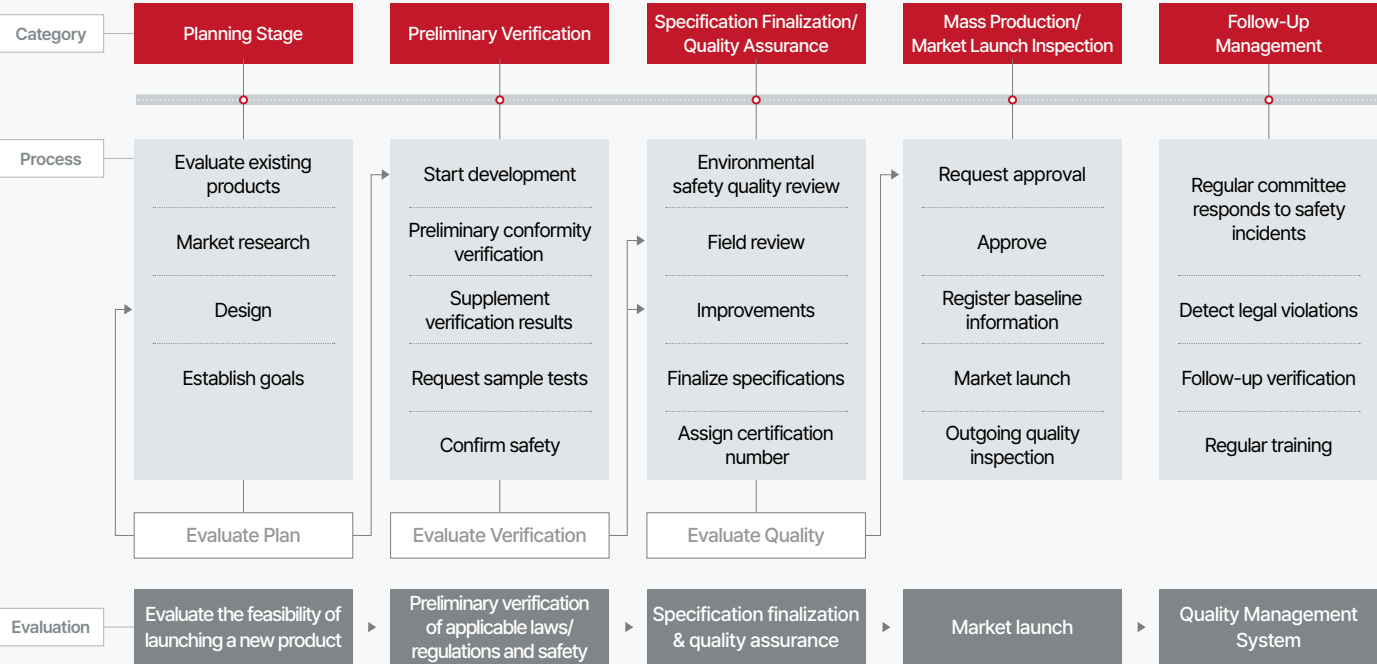
FOCUS 1. Product Safety & Quality

Risk Management

Quality Verification Process

HANSSEM operates a company-wide quality verification process to manage quality and safety risks that may arise during product development. By applying quality review procedures across all stages of product development, we identify potential risks in advance. All new products undergo testing at the Hanssem Research Institute to verify quality in areas such as materials, methods, environmental safety, and mechanical performance. In the early planning stage, we set quality targets by reflecting evaluations of existing products and market research results. After product launch, we check whether quality standards are being met through assurance testing, assembly review, mass production inspections, and on-site monitoring. In addition, we manage quality risks by deriving improvement tasks based on test results and quality inspection data and reflecting them in our product development and production processes.

New Product Quality Verification Process



Preliminary Safety Assessment HANSSEM operates a preliminary safety assessment system covering all products during the early stages of product development to minimize potential risks associated with chemical substances. We use only materials whose safety has been scientifically verified and review the registration requirements and usage restrictions of regulated chemical substances in advance to ensure compliance with applicable laws and regulations. In addition, we conduct multi-layered testing, including chemical analysis to determine whether hazardous substances are emitted, as well as verification of structural safety and durability. Through this process, we identify and control risk factors in advance from the product design stage.

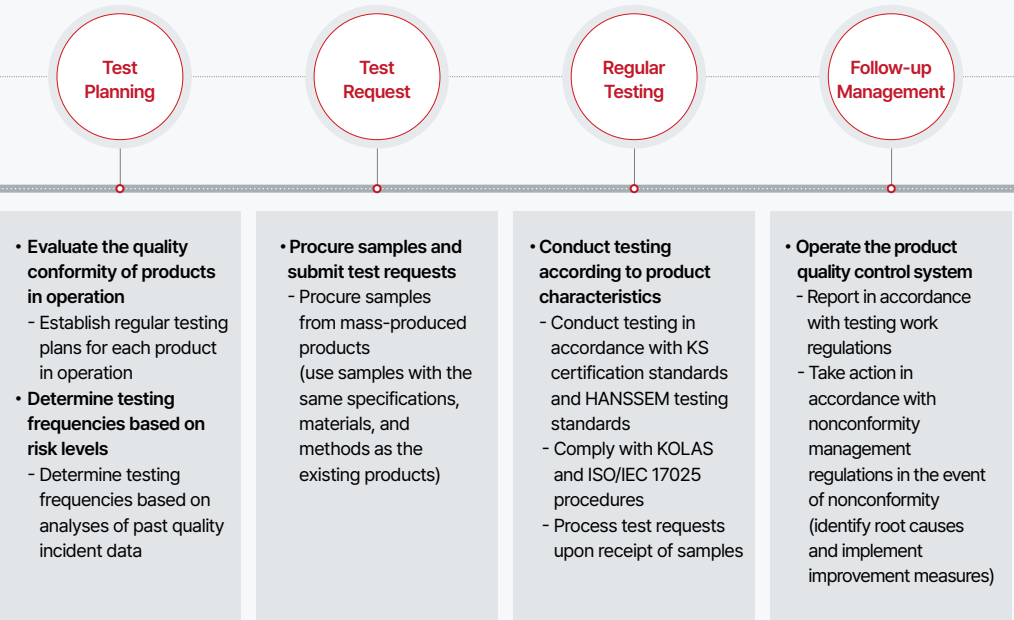
Preliminary Safety Assessment Process



FOCUS 1. Product Safety & Quality

Product Reliability Verification HANSSEM operates in-process and incoming inspection systems, led by the Product Assurance Team of the Hanssem Research Institute, to identify product safety risks in advance and ensure chemical safety and quality reliability. Under the in-process inspection system, products are classified into high-, medium-, and low-risk categories based on accumulated testing data, and testing frequencies are adjusted according to the level of risk. The scope of inspection is focused on items with a higher likelihood of containing hazardous substances or experiencing quality deterioration, enabling efficient testing while maintaining effective quality control. In addition, we operate an incoming inspection system that conducts sampling inspections of key raw materials, such as Particle Board (PB), at the time of receipt to verify compliance with relevant laws and regulations.

Regular Assurance and Incoming Inspection Procedures



Metrics & Targets

HANSSEM has set the number of tests conducted, the number of nonconformities identified, and the rate of corrective actions taken as key management indicators to systematically manage the performance of our preliminary safety assessment and product reliability verification systems. For indicators that have achieved a 100% corrective action rate for nonconformities identified through preliminary safety assessments and regular assurance testing, we aim to maintain this level of performance. For indicators that fall below this threshold, we aim to achieve a 100% corrective action rate.

2025 Preliminary Safety Assessment Results

Test Category	Total No. of Tests	No. of Nonconformities	No. of Corrective Actions for Nonconformities	Corrective Action Rate for Nonconformities
Total	214	22	22	100%
Desiccator	53	1	1	100%
Small Chamber	161	21	21	100%

2025 In-process Inspection Test Results

Test Category	Total No. of Tests	No. of Nonconformities	No. of Corrective Actions for Nonconformities	Corrective Action Rate for Nonconformities
Total	321	34	31	91.2%
Desiccator	91	1	1	100%
Small Chamber	230	33	30	90.1%

* Three nonconformities from the small chamber test are being addressed as a mid-term improvement task.

FOCUS 2.

Sustainable Products

HANSSEM recognizes sustainable product design as a core priority for reducing environmental impact across the product lifecycle while ensuring the quality and durability that customers require. With the recent strengthening of policies requiring product environmental performance, such as the EU Ecodesign Regulation and Extended Producer Responsibility (EPR), we are advancing environmental responsibility and market competitiveness through the application of eco-friendly materials and improvements in resource efficiency.

Key Achievements

Product Life Extension

Durability Verification Standards Strengthened to 278%



33P

Formaldehyde Emissions

Application of Super E₀ Grade

* KITCHENBACH Kitchen Products



35P

Radioactive Substance Safety Certification

16 Mattress Products

* Eight Radioactive Substances, Including Radon, Thoron, and Uranium



36P

STAKEHOLDER INTERVIEW

Head of the Management Support Division



How does the spread of eco-friendly and value-based consumption serve as an opportunity for HANSSEM's business and product strategies?

As living standards have risen and societal interest in the environment has expanded, consumers' perceptions of eco-friendly products are also changing rapidly. While there was a tendency in the past to recognize as eco-friendly only those products that emit fewer hazardous substances, recently, consumption criteria have expanded toward considering environmental impact throughout the entire process from raw materials to production, use, and disposal/recycling. In particular, as value-based consumption trends considering future generations and the environment spread, interest in low-carbon products and sustainable materials is also rising. This serves as an opportunity for HANSSEM to strengthen both product competitiveness and brand trust at the same time. HANSSEM is strengthening its sustainable product strategy that considers environmental performance, safety, and durability together, and is advancing its ESG management strategy in a direction where customer value and environmental value can virtuously circulate together.

What areas did HANSSEM focus on in 2025, and what is the direction for advancing them going forward?

HANSSEM advanced various ESG strategic tasks to systematically manage environmental impacts across the product lifecycle and to strengthen the foundation of resource circulation. First, to proactively respond to mandatory climate disclosure and the strengthening of global environmental regulations, we have been calculating not only Scope 1 and Scope 2 but also Scope 3 greenhouse gas emissions covering the entire supply chain, and we secure data reliability through voluntary third-party verification every year. We have also strengthened our climate change response system by responding to the CDP (Carbon Disclosure Project) and transparently disclosing carbon information. Across the product lifecycle, we have continuously promoted hazardous substance reduction activities and consumer chemical awareness education, and we have also expanded upcycling activities utilizing discarded inventory materials. Going forward, we will fully launch the project to establish a Product Life Cycle Assessment (LCA) system and pursue environmental product declaration and low-carbon product certification, thereby securing HANSSEM's differentiated eco-friendly product competitiveness.

What is the value that HANSSEM seeks to deliver through sustainable management?

In today's global market, demands for sustainable management are rising rapidly, including mandatory climate disclosure and strengthened environmental management across supply chains. To proactively respond to these changes, HANSSEM continues to strengthen the foundation for more systematically managing environmental impacts across our products and businesses. Under the ESG slogan "Comfort in Every Space, Care for the Planet" we believe that ESG activities should not be confined to regulatory compliance alone; rather, it is important to create tangible environmental value that customers and society can genuinely experience. Going forward, we will continue to expand sustainable products and services, strengthen ESG collaboration with partners, and work toward a sustainable future by improving customers' quality of life.

FOCUS 2.

Sustainable Products

Governance

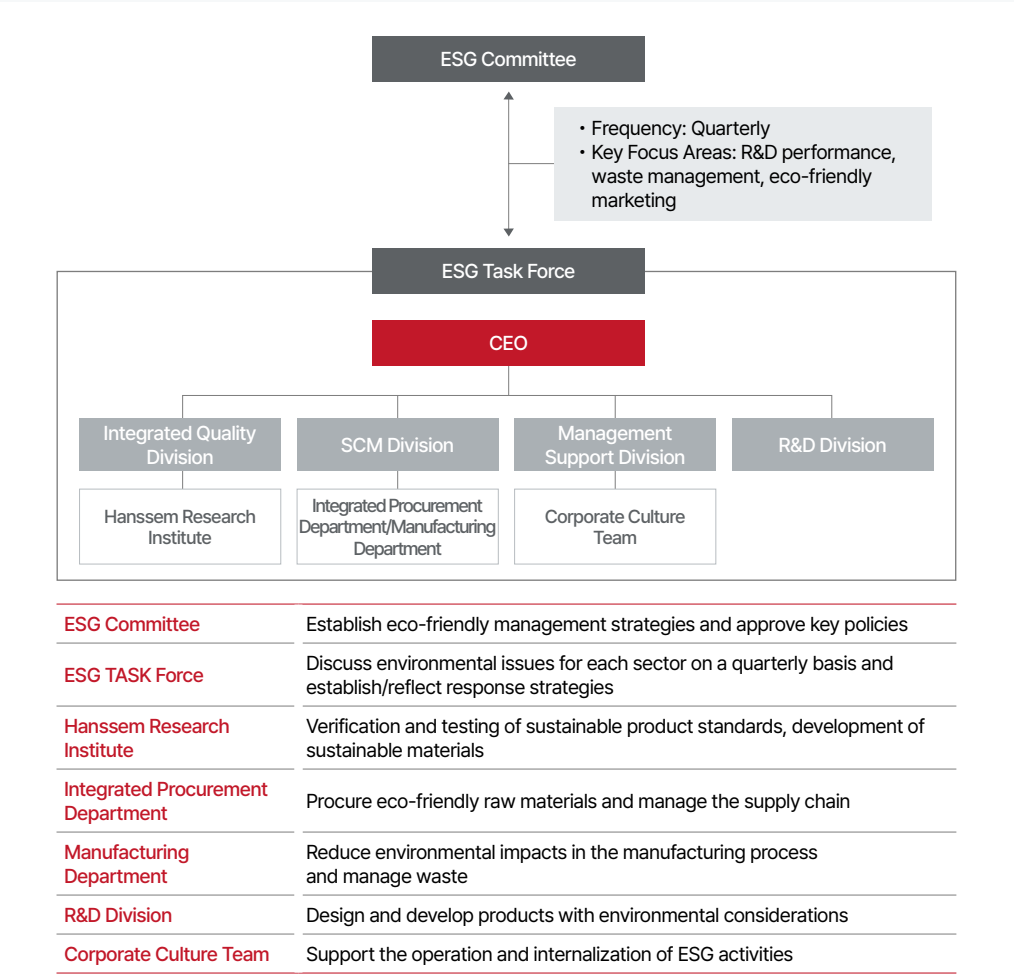
HANSSEM operates a dedicated organization to manage environmental impacts that occur throughout the product life cycle. Led by the ESG Committee and the ESG Task Force, we review key environmental issues in the stages of R&D, raw material procurement, manufacturing, and disposal on a quarterly basis and establish response directions. Key environmental issues and progress are regularly reported to the ESG Committee, and major decisions and management directions are reviewed based on these reports. The ESG Committee reviews and approves relevant policies and tasks and promotes initiatives, including projects to expand the sourcing of eco-friendly raw materials and develop alternatives to PVC.

In 2025, we reviewed and carried out key agenda items such as establishing sustainable product standards, developing related content, and promoting resource circulation activities for waste materials. The ESG Task Force, with participation from major departments including the Integrated Procurement Department, reviews and promotes key tasks, including R&D performance, waste management, and eco-friendly marketing activities.

2025 ESG Committee Reports Related to the Product Life Cycle

Category	Key Report Details
Reported agenda items	• Results of sustainable product standards and Reason to Buy (RTB) development • Results of waste material resource circulation

Product Life Cycle Environmental Management Organizational Chart and Key Roles



FOCUS 2.

Sustainable Products

Strategy

Based on IRO analysis of product sustainability, HANSSEM has established strategies that go beyond regulatory compliance and support the transition of our business model. To address the risk of rising supply chain management and waste treatment costs resulting from increasingly stringent global ecodesign and Extended Producer Responsibility (EPR) regulations, we are diversifying and managing cost burdens through the expanded sourcing of environmentally certified raw materials, material substitution, material standardization, and the operation of our refurbished product business. At the same time, growing consumer interest in value-driven consumption and demand for durable products are driving strategies that incorporate product life extension and reusability from the design stage. These efforts are creating new revenue opportunities through the adoption of environmentally friendly materials and resource circulation initiatives. In addition, we manage environmental impacts arising from raw material procurement and disposal through collection, recycling, and process improvements, while expanding positive impacts by improving efficiency across the product life cycle. Through these efforts, we are controlling cost increase factors while strengthening product competitiveness based on sustainability.

Key Impacts and Risk/Opportunity Factors

Category	Type	Impacts and Risk/Opportunity Factors	Impact Level ¹⁾
 Financial	Risk	Increased supply chain management and expansion costs for procuring eco-friendly paints and certified wood due to stringent regulations on the use of eco-friendly materials, including the EU Ecodesign Regulation and K-ESG	Medium 3.40 Points
	Opportunity	Increased demand for interior products using eco-friendly, upcycled, and durable materials due to changing consumer awareness that emphasizes resource conservation and value-driven consumption, leading to higher business sales	High 3.92 Points
	Risk	Increased waste treatment costs due to stronger waste collection obligations, including Extended Producer Responsibility (EPR)	Medium 3.49 Points
 Impact	Positive	Contribution to resource conservation through responsible sourcing of raw materials such as eco-friendly packaging materials, wood, and leather in the supply chain	Medium 3.55 Points
	Negative	Environmental pollution and resource depletion caused by the extraction and procurement of raw materials such as leather and wood required for production	Low 2.91 Points
	Positive	Extension of furniture product lifespans through the use of eco-friendly materials and improved durability	High 4.09 Points
	Positive	Contribution to improving recyclability in the furniture industry and promoting the circular economy by expanding the business using refurbished products	Medium 3.66 Points
	Positive	Reduction of waste generation and contribution to local environmental conservation through bioplastics research that improves ease of disposal and optimization of raw material specifications	Medium 3.48 Points
	Positive	Reduction of waste generation through the use of manufacturing waste as an energy source	Medium 3.58 Points
	Negative	Environmental pollution issues in local communities, including air and soil pollution, caused by waste wood and leather generated after consumer use of products	Medium 3.35 Points

Response Strategy
Strategy to reduce environmental impacts and strengthen sustainability across the life cycle, from R&D, raw material procurement, product manufacturing and sales to resource circulation and recycling.

1) Based on a five-point scale

FOCUS 2.

Sustainable Products

Our Approach

HANSSEM establishes our business operation direction by considering environmental impacts that occur across the product life cycle, from product development to disposal. We systematically reduce environmental impacts by carrying out activities such as designing eco-friendly products, using sustainable raw materials, and improving packaging materials.



FOCUS 2.

Sustainable Products

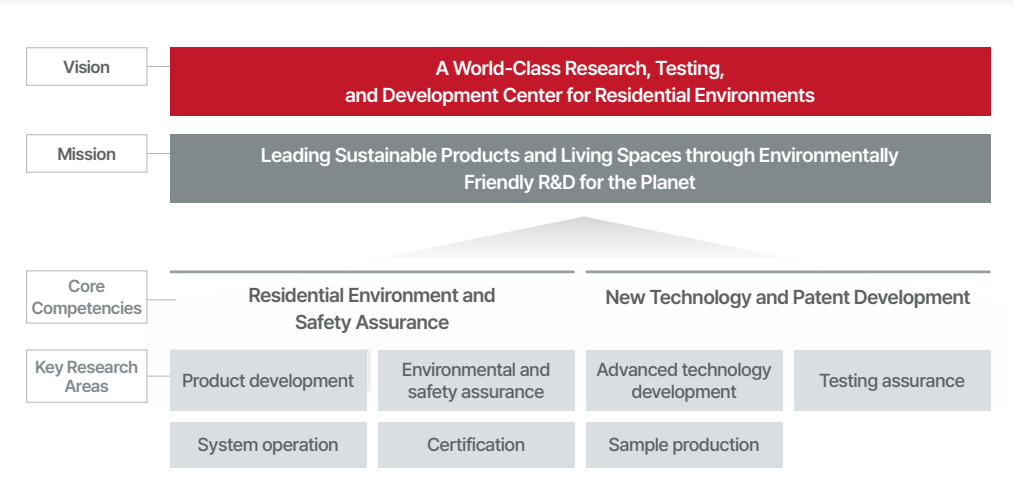
Eco-Friendly R&D

The Hanssem Research Institute is a specialized research institution and the first in the Korean furniture industry to obtain accreditation as an internationally recognized testing laboratory. Since our launch as the Production Technology Development Team in 1991, we were officially registered as a corporate research institute in 2005. We specify the product life cycle environmental management strategy from the R&D stage. We conduct environmental and safety-related testing and verification for a wide range of products, including living materials such as wallpaper and flooring. Based on our shipment approval process, we manage the environmental impacts of new products. We also set targets from the product planning stage by reflecting customer needs and social issues and consider product environmental performance through preliminary verification procedures covering material selection, manufacturing processes, and environmental and mechanical testing. In addition, we carry out various research activities, including R&D on materials and methods, prototype development, testing and assurance, new technology development, and the development of specifications and equipment.

Key Research Areas and Patent Achievements

Year	Role	Research Details
2019	Healthcare Solutions, Energy Saving	- Secured multiple patents for an integrated healthcare solution system - Developed a lighting control system based on mobile devices - Developed eco-friendly drying racks and functional desks
2020	Improved Residential Convenience	- Registered patents for customized storage organizers and Rehaus solutions - Improved sanitary conditions through drain improvements
2021	Strengthened Energy Efficiency & Residential Safety	- Secured technologies for hot heated water and thermal mattress - Developed a UV sterilization block for kitchens - Improved bathroom structure safety and developed a furniture anti-tip device
2022	Strengthened Residential Safety	- Improved furniture structure safety - Strengthened furniture usability and expandability
2024	Reduced Environmental Impact, Improved Residential Convenience	- Secured technologies to strengthen furniture structural performance and reduce waste - Developed desks and other products that support learning environments in studies and children's rooms
2025	Strengthened Durability Verification for Quality Improvement	- Conducted regular verification of material durability - Strengthened testing standards

Hanssem Research Institute's Sustainable R&D Strategy



CASE

Strengthening Adhesion Durability Verification



HANSSEM conducts research activities to strengthen material durability as part of our efforts to improve environmental sustainability through extending product lifespans. In 2025, we introduced an accelerator into the primer treatment process to improve the adhesion of wood-frame PP surface materials, thereby securing adhesion stability. We standardized quality standards for key control factors in the overlay molding line, including corona treatment, primer application amount, and loading time, and maintain records of these parameters to ensure consistent adhesion quality. In addition, we extended the adhesion verification testing period from 72 hours to 200 hours, representing a 178% increase over the previous standard, and established a regular testing cycle to enhance product durability and extend product lifespans.

FOCUS 2.

Sustainable Products

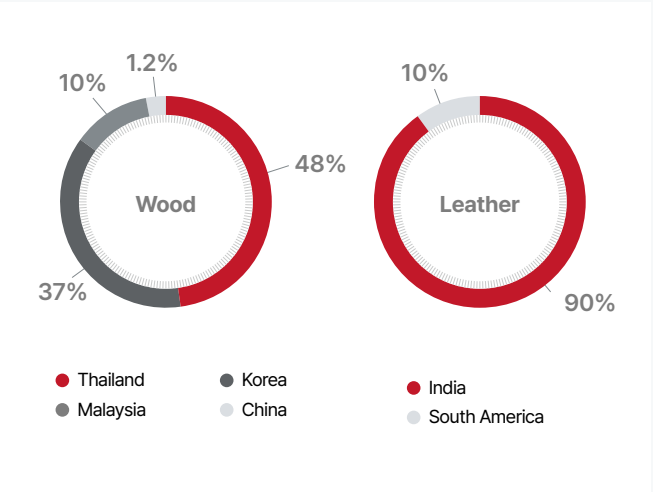
Raw Material Procurement

HANSSEM is pursuing a responsible procurement strategy aimed at promoting sustainability across our supply chain. To this end, we have established the Hanssem Partner Code of Conduct and require all purchasing partners to comply with environmental and social standards. These requirements are reflected in contracts and applied as operational standards. In accordance with international standards, we also avoid the use of conflict minerals such as tin, tungsten, tantalum, and gold and prohibit the use of illegally harvested timber. At the same time, we are expanding the use of certified sustainable raw materials and recycled materials. In fact, key wood materials such as PB and MDF are FSC-, Environmental Label-, and PEFC-certified wood, as well as GR-certified recycled materials, while leather products are sourced from suppliers certified by the Leather Working Group (LWG).

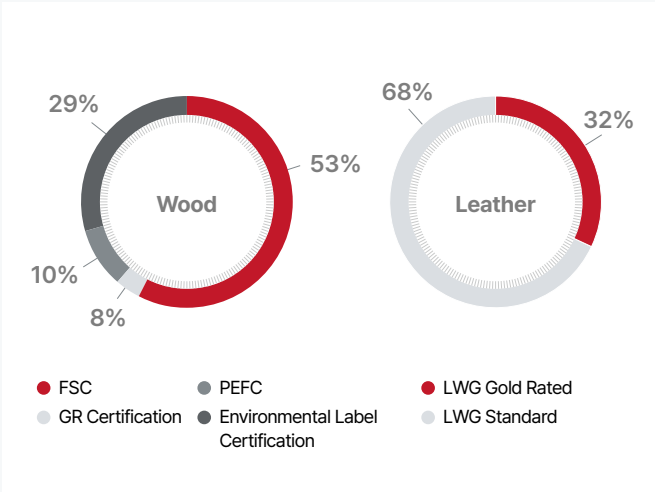
Origin of Raw Materials HANSSEM operates a responsible procurement system to increase transparency and sustainability in raw material sourcing. We inspect environmental and social risks that may arise in the supply chain and apply sustainable procurement policies mainly to wood and leather materials. 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 being supplied to us. In addition, we obtain crust leather purchasing records and country-of-origin information from our leather suppliers to ensure transparency in sourcing routes and supply origins.

Eco-Friendly Material Sourcing HANSSEM has established and operates an environmentally responsible and traceable raw material procurement system to strengthen the soundness and sustainability of our supply chain. Through this system, we proactively identify and manage environmental and social risks that may arise at the material procurement stage and promote responsible operations across the supply chain. Currently, we apply our sustainable procurement policy mainly to wood and leather materials. Going forward, we plan to expand the scope of this policy to all raw materials and packaging materials to manage environmental impacts throughout the entire product production process.

2025 Key Raw Material Origins



2025 Eco-Friendly Certifications of Key Raw Materials



Eco-Friendly Product Manufacturing

HANSSEM is pursuing an eco-friendly product manufacturing strategy to reduce environmental impact across the entire process, from product design and material application to production. We manage environmental performance based on resource efficiency and durability throughout the product use phase and apply design principles that support product life extension and reduced environmental impacts through material selection and structural design. In addition, we apply technologies that reflect environmental standards from the product development stage and manage quality to consistently secure environmental performance across our products. Through these efforts, we continue to enhance our manufacturing capabilities by considering both the functional performance and environmental value of our products.

Material Upgrades: Sofas, Beds, and Desk Chairs HANSSEM is improving the materials used in our key furniture products to extend product lifespans and reduce waste generation. For the lower finishing materials of sofas and beds, we replaced the existing nonwoven fabric, which tends to wear over time and shorten product lifespans, with highly durable fabric to enable longer use. Due to its superior durability and potential to minimize environmental impacts during product use, we are expanding its application to various product lines, including sofas, study room furniture, and children's desk chairs.

FOCUS 2.

Sustainable Products

Product Design Update: Bed Springs HANSSEM has newly introduced the “Black T-spring” design to strengthen mattress durability and extend product lifespan. The Black T-spring is made with materials that withstand repeated loads, allowing it to maintain elasticity and support over a long period of time. This helps reduce mattress deformation and provides a stable feel during use. In addition, we applied a “Gradation Design” that evenly supports the curves of the body, together with the “Inner Tufting Method” that prevents deformation of internal materials, further reducing sagging and enhancing product durability. These design improvements help extend the service life of mattresses, reduce product replacement frequency, and contribute to waste reduction.

Product Environmental Performance Enhancement Since April 2025, HANSSEM has applied Super E₀ materials, the highest eco-friendly grade, to KITCHENBACH, our premium kitchen product line. These materials minimize formaldehyde emissions, reducing hazardous substances that may be released during furniture use and supporting better indoor air quality. We are strengthening material standards across our products by applying materials with enhanced environmental performance not only to exterior finishes but also to internal structures. Through the use of these materials, we are reducing hazardous substances while improving resource efficiency. In addition, we apply technology development and quality standards that consider environmental impact across the entire process, from material selection and product design to production.

Application of Bio-Based Materials HANSSEM is working to apply bio-based materials to molded furniture materials in order to expand the use of eco-friendly materials and strengthen product safety standards. In 2025, we signed an agreement with LG Chem to develop molded materials based on plant-derived bio-based materials and applied them to the MSYS brand’s “éclat” products. These products use E₀-grade MDF with low formaldehyde emissions and bio-based ASA materials to secure heat resistance, weather resistance, and durability. They are designed for use in kitchen furniture, built-in closets, and other products. In addition, we applied Super Clean coating technology to enhance stain resistance and durability. Based on market response and sales generation, these products are contributing to the expansion of our eco-friendly product portfolio. Going forward, we plan to expand the application of eco-friendly molded materials and continue strengthening product safety standards and material competitiveness.

Material Improvement of Mattress Anti-Slip Pads Since 2025, HANSSEM has switched the material used for mattress anti-slip pads from conventional PVC to PU-based material as part of our efforts to reduce environmental impacts associated with auxiliary materials. During the material transition, we conducted reliability assessments that considered adhesive retention, slip resistance, and aging conditions and verified performance across various usage environments through comparative testing on different products. We also confirmed whether performance could be maintained over long-term use through durability tests that considered washing and repeated use conditions. As a result, we secured approximately 1.5 times greater adhesive strength compared to the previous material and improved the structure so that the pads can be reused after washing, contributing to longer product life and improved resource efficiency.

Establishment of Sustainable Product Criteria In 2025, HANSSEM established sustainable product criteria and incorporated them into our product planning and quality assurance processes. In addition to the existing Environmental Label Certification, we added five sustainable product criteria to expand the scope of application and manage product environmental performance, including the reduction of hazardous substances and energy use. We also consider resource efficiency during the product use stage through Grade 1 Water Efficiency, Grade 1 Energy Efficiency, and High-Efficiency Energy Equipment standards. For wood materials, we apply the SE₀ formaldehyde emission grade and phthalate-free standards, reflecting our chemical management criteria. We strengthen the competitiveness of our sustainable products by applying criteria that consider environmental impact throughout the entire product development process.

Sustainable Product Criteria

Category	Grade 1 Water-Saving	Grade 1 Energy Efficiency	High-Efficiency Energy Equipment	SE ₀ (E ₀)	Phthalate Plasticizer-Free
Applicable Products	Faucets / Toilets	Windows / Small Appliances	Lighting	KITCHENBACH / Hanssem furniture (all products E ₀ or higher)	Children's rooms (desks / bookcases / beds / chairs)
Evaluation Criteria	Grade 1	Grade 1	High-Efficiency Energy Equipment certification	Formaldehyde emissions 0.3mg/L or less (0.5mg/L or less)	No detection of phthalate plasticizers

FOCUS 2. Sustainable Products

Eco-Friendly Product Sales

HANSSEM is pursuing a product strategy that improves resource efficiency and reduces carbon emissions throughout production and distribution by expanding Environmental Label-certified products. In particular, we are strengthening its resource-circulation approach by promoting the reuse and recycling of artificial stone waste, a material associated with a relatively high share of Scope 3 emissions. In addition, Hanssem is expanding its portfolio to reflect product environmental performance by applying eco-friendly paints, increasing products with reduced hazardous substances, and obtaining Environmental Label Certification. We have secured Environmental Label Certification for major product groups, including Inno Plus, Hanssem windows, and Hanssem Bath toilets. In 2025, we expanded radioactive substance certifications to include mattresses, and from 2026 onward, we plan to expand the scope of certification to a broader range of furniture products.



Mattress Radioactive Substance Safety Certification

Product Environmental Certification

2025 Status	2026 Target	2027 Target
Building materials, including wallpaper, toilets, and windows	Expand the scope of certification to kitchen and bedroom furniture	Expand the scope of certification to student/children's room furniture

Expansion of Eco-Friendly Packaging Materials HANSSEM is expanding the use of eco-friendly packaging materials to reduce environmental impact at the product packaging stage. We are pursuing a project to replace the existing PE (polyethylene) packaging materials used for bedding and mattress inner materials with 100% cotton fabric or renewable naphtha-based packaging materials, while reducing waste generation by introducing reusable fabric packaging. Renewable naphtha-based packaging is an ISCC-certified eco-friendly material, and we are expanding its application to address the limitations of conventional packaging materials that were difficult to recycle. Currently, approximately 5% of all operating products have been converted to fabric packaging. Going forward, we plan to expand the scope of application to minimize negative environmental impacts at the product packaging stage.

Packaging Material Conversion HANSSEM is improving packaging materials for our major furniture products to reduce environmental impact and strengthen resource circulation. Among the packaging materials used for a total of 60 sofa SKUs, approximately 1,144 kg of PVC was replaced with LDPE to improve packaging material composition. While PVC is difficult to recycle and places a significant burden on the environment, LDPE is relatively easier to recycle and can reduce environmental impact from a resource circulation perspective¹⁾. This packaging material improvement has been applied to products manufactured since July 2025, and we plan to expand its application to various product lines to continue the transition to eco-friendly packaging materials and sustainable product operations.

1) Based on Ministry of Environment Notice No. 2025-165, "Standards for Evaluating Recyclability Grades of Packaging Materials (Annex 1)," PVC-based materials are classified as materials difficult to recycle, while single-material synthetic resins are classified as materials easy to recycle.

Workplace Waste Management

HANSSEM is pursuing a waste management strategy based on a circular approach that promotes the reuse of waste as a resource. Approximately 80% of the waste generated during the manufacturing process consists of waste wood and other wood by-products originating from wood-based materials such as PB and MDF. We manage this waste by recycling it as an energy source. Waste wood is treated through incineration facilities that meet environmental standards, and the heat energy generated in the process is used as an energy source within our plants. In addition, surplus heat energy is supplied to cogeneration plants to improve energy efficiency. We also operate a resource circulation-centered waste management system by outsourcing the treatment and recycling of other waste, such as waste synthetic resin, scrap metal, vinyl, and cardboard, in accordance with relevant laws and regulations.

Manufacturing Plant Waste Recycling and Compliance Management Process

STEP 1	Contractor Agreement	- Review regulatory compliance of waste transportation, storage, and treatment contractors - Monitor waste treatment prices and management status through annual contracts
STEP 2	Waste Generation	- Waste generated at manufacturing plants - Monthly monitor of waste generation volumes
STEP 3	Waste Segregation	- Monitor waste vehicle operation logs - Check regulatory compliance during waste transportation
STEP 4	Waste Transportation	- Separate collection of general and designated waste - Enter waste generation volume into the Allbaro System
STEP 5	Waste Treatment	Settle payments for waste treatment services with consignment/treatment contractors

FOCUS 2. Sustainable Products

Recycling and Reuse

Refurbished Products HANSSEM is pursuing a resource circulation strategy by recycling products generated during returns and delivery and relaunching them as refurbished products. Refurbished products are selected from damaged or returned products generated during production, delivery, and sales processes, provided that they have no functional defects. They are then resold after internal inspection and grading. Through this, we reduce waste generation and improve resource efficiency by extending product life.

Mattress Collection and Recycling HANSSEM is pursuing a resource circulation strategy to address mattress recycling challenges. Considering that mattresses are difficult to recycle because they are made of various materials, we are working with the Korea Public Resource Recycling Association to establish a collection and recycling system. In addition, 12 mattress manufacturers and importers and more than 20 collection and recycling companies are working together to set a target of increasing the mandatory mattress recycling rate to around 30% by 2026.

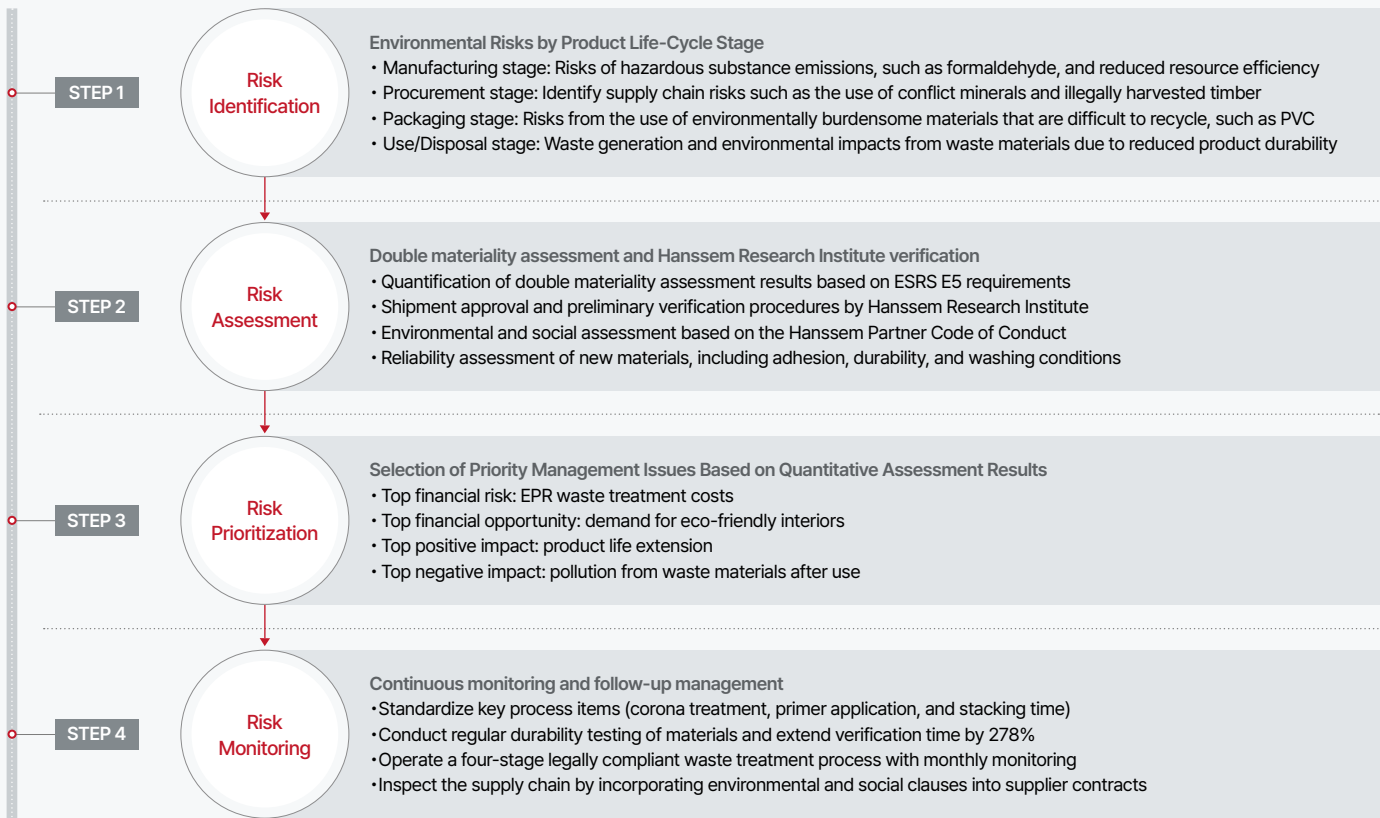


Hanssem Refurbished Products

Risk Management

HANSSEM operates a four-step risk management process of identification, assessment, prioritization, and monitoring to systematically manage environmental risks that may arise throughout the entire process, from product development to disposal. We reflect the results of reviews conducted at each stage in our product planning, design, and operations to reduce environmental impact in advance. We also incorporate follow-up reviews of response results into our internal management system to minimize the likelihood of similar risks recurring. In addition, we continuously monitor potential environmental impacts across the entire process and enhance the level of environmental management for our products.

Product Life Cycle Environmental Risk Management Process



FOCUS 2.

Sustainable Products

Metrics & Targets

Metrics

To systematically manage our product environmental performance, HANSSEM has established key management indicators, including raw material status, the number of third-party eco-friendly certifications obtained, the volume and ratio of environmentally improved packaging materials used, and sales of eco-friendly products and their share of total sales.

Third-Party Eco-Friendly Certification¹⁾

Category	Unit	2023	2024	2025
Products and services that obtained third-party eco-friendly certification	Cases	24	15	19

1) Environmental Label Certification

Environmentally Improved Packaging Materials Status¹⁾

Category	Unit	2023	2024	2025
Volume of environmentally improved packaging materials used ²⁾	Ton	36	14	4
Percentage of environmentally improved packaging materials usage ³⁾	%	9.4	4.5	1.2

1) Data for 2023 and 2024 has been revised due to changes in the criteria for Environmentally Improved Packaging Materials

2) Environmentally Improved Packaging Materials: Synthetic resin packaging materials

3) Environmentally Improved Packaging Material Usage / Total Packaging Material Usage

Sustainable Sales

Category	Unit	2023	2024	2025
Eco-friendly product sales	KRW 1,000	15,049,799	11,124,588	11,955,647
Total sustainable product sales	KRW 1,000	29,557,422	27,104,095	22,945,482
Share of Eco-friendly product sales	%	1.01	0.78	0.93
Share of total sustainable product sales	%	1.99	1.89	1.79

Targets

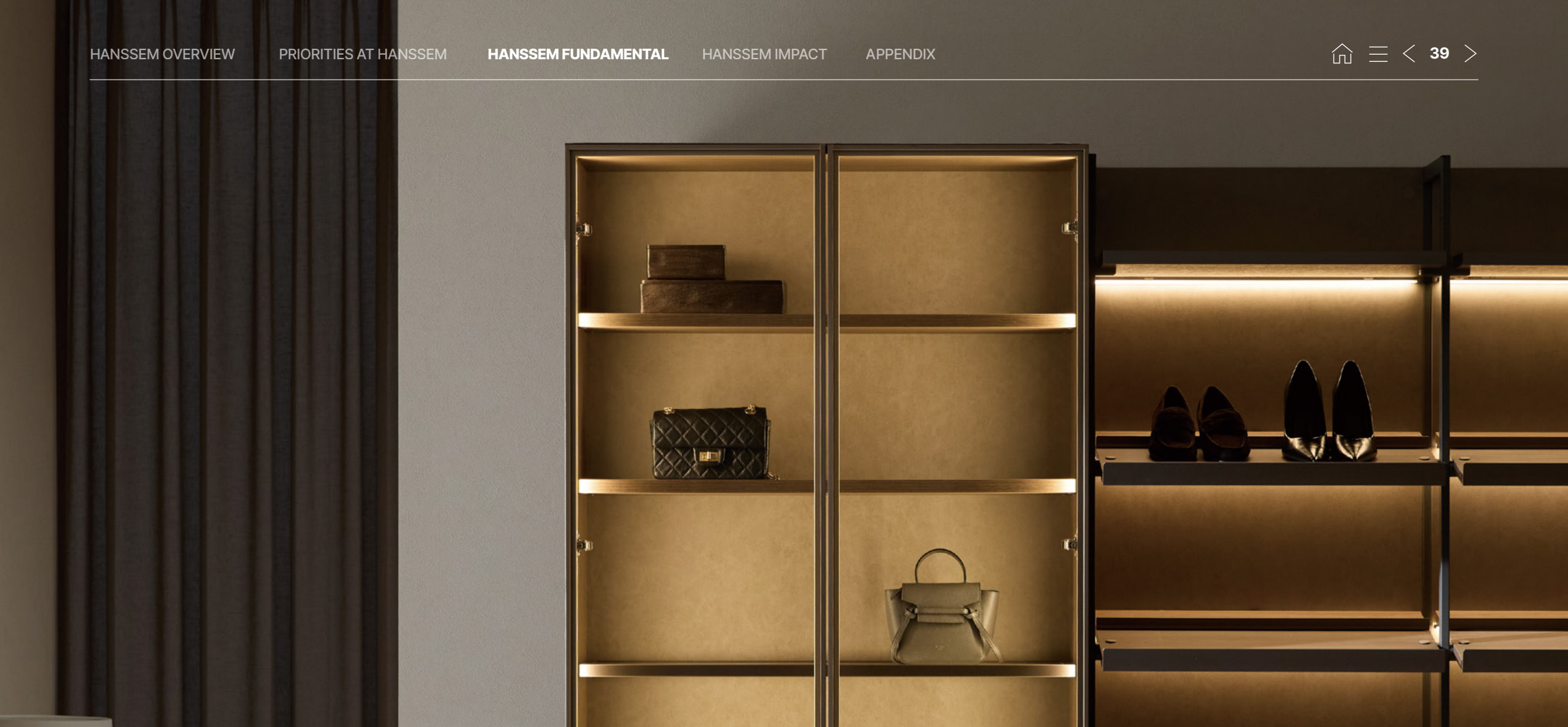
HANSSEM reviews the eco-friendly certification status of each supplier every year based on the annual purchase amount of wood materials (PB and MDF) and leather products (sofas). Based on this review, we set procurement targets and manage implementation status. Wood materials are mainly sourced from Korea, Thailand, and Malaysia, where rubber trees are processed and supplied as raw materials. We aim to increase the share of global certifications, including FSC and PEFC, by an additional 7% by 2026, and to achieve a certification ratio of 80% or higher over the mid- to long-term. For leather, as of January 2024, all major suppliers, including one in Italy and two in China, had obtained LWG certification, and this status has been maintained through 2025. In addition, we plan to ensure that all leather suppliers secure an LWG Gold rating or higher by 2030, thereby continuously raising the level of eco-friendly certified leather procurement.

Wood Material Sourcing Status and Targets

2025 Status	2026 Target	Mid- to Long-Term Target by 2030
63% FSC/PEFC	70% FSC/PEFC	80% FSC/PEFC
37% Others	30% Others	20% Others

Leather Sourcing Status and Targets

2025 Status	2026 Target	Mid- to Long-Term Target by 2030
100% LWG	100% LWG	100% LWG
0% Non-certified	0% Non-certified	0% Non-certified



HANSSEM FUNDAMENTAL

HANSSEM's sustainability management is built on a strong foundation of corporate governance. Through transparent and independent Board operations, an internal control system that ensures ethical accountability, and an integrated risk management system that strengthens resilience to change, HANSSEM is building an ESG-centered management framework. Grounded in expertise and objectivity across diverse fields, the company enables balanced decision-making, providing a foundation not only for sustainable business performance but also for fulfilling its social responsibilities.

40	41	47	51
Sustainability Management Strategy	Governance	Business Ethics	Integrated Risk Management

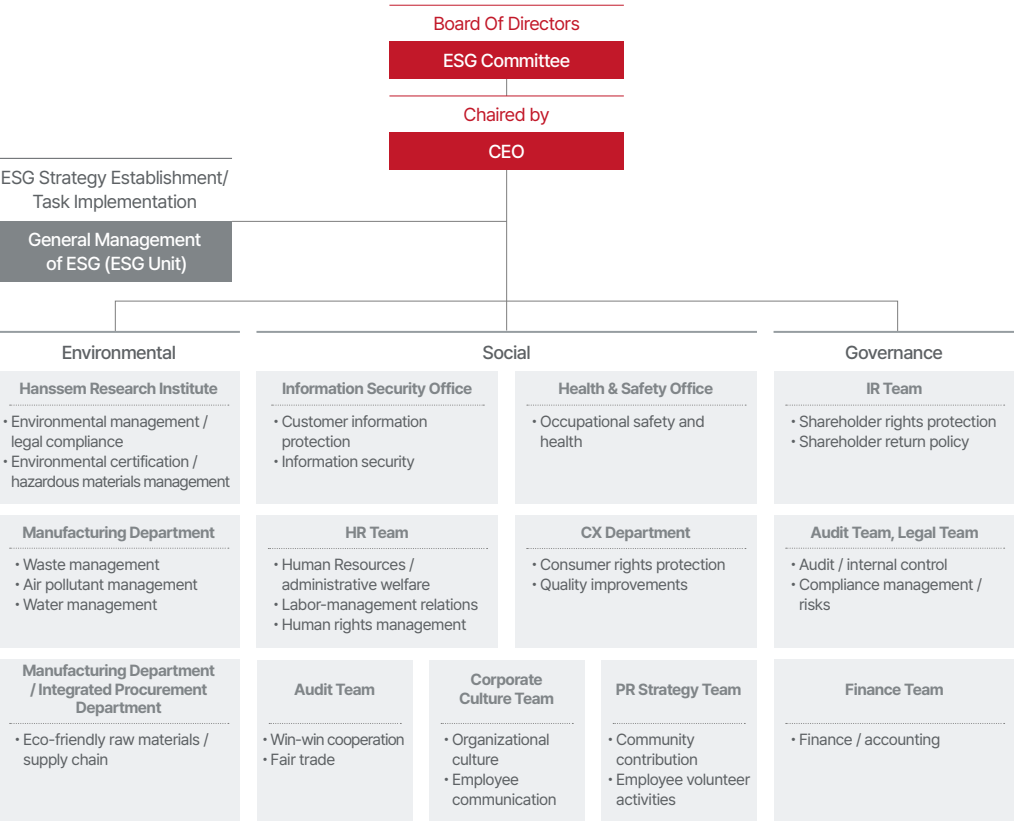
Sustainability Management Strategy

Sustainability Management Implementation System

Internal Organization for Sustainability Management

HANSSEM established the ESG Committee in 2021 to ensure the practical implementation of its ESG management strategy and built an execution framework by creating a dedicated ESG department and operating an ESG TF. In addition, we incorporated ESG-related targets as ESG performance indicators into the KPIs of C-level executives, team leaders, and working-level staff, thereby laying the foundation for company-wide ESG management.

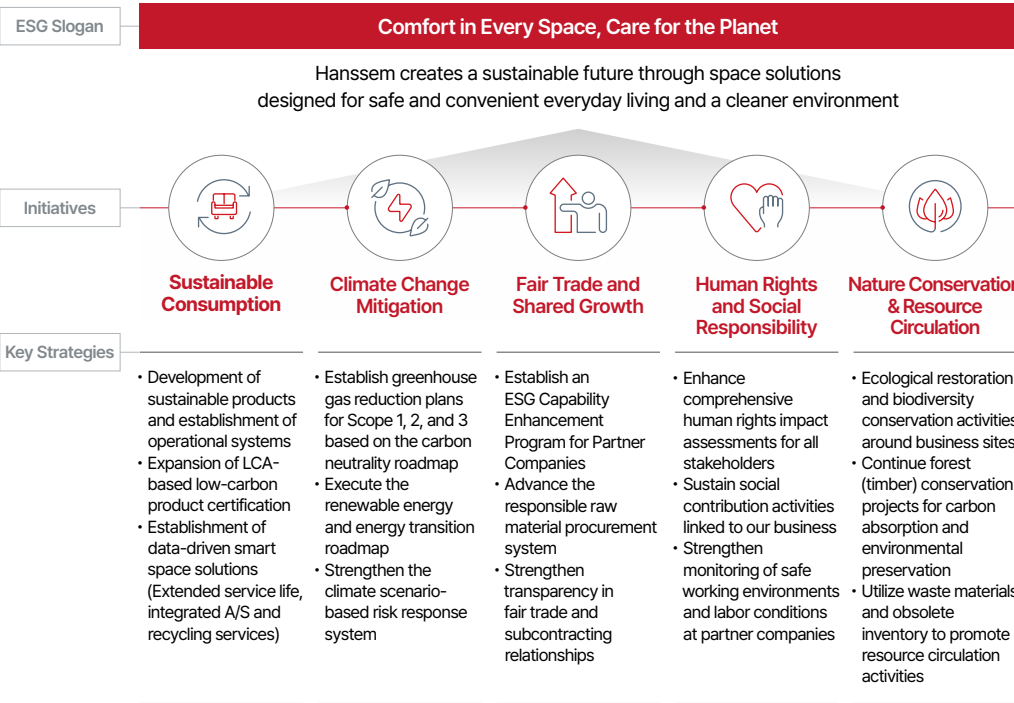
Sustainability Management Organization Chart



Strategies and Goals

HANSSEM establishes and implements its ESG strategy to create sustainable value across the environmental, social, and governance dimensions. In particular, to clearly communicate the direction and value of its ESG management, we established the ESG slogan “Comfort in Every Space, Care for the Planet.” This reflects our commitment to creating a sustainable future through space solutions that consider a safe and convenient daily life and a clean environment. Based on this direction, we are strengthening its management foundation by promoting ESG initiatives in key areas, including sustainable consumption, climate change mitigation, fair trade and shared growth, human rights and social responsibility, and nature conservation & resource circulation. We are also enhancing the execution of our ESG management by establishing key strategies and action plans for each area.

ESG Slogan



Governance

Board Composition

Status of Board Composition

HANSSEM's Board of Directors serves as the highest decision-making body and establishes management goals and makes key decisions in accordance with relevant laws and internal regulations, taking into account the interests of the Company and its shareholders. The Board consists of three independent directors and six other non-executive directors, comprising members with diverse expertise and experience to ensure board diversity.

Board Appointment

HANSSEM's directors are appointed by the General Meeting of Shareholders through a fair and transparent process in accordance with the Commercial Act and the Articles of Incorporation. For independent directors, the Independent Director Candidate Recommendation Committee recommends candidates who possess a deep understanding and practical experience in key business areas, and reviews the candidate pool in terms of independence, expertise, and diversity.

Status of Board Composition

Category	Name	Gender	Committee Membership	Term	Key Career	
Independent Director	Park Young-bin	Male	Audit Committee, Independent Director Candidate Recommendation Committee	Mar 2026~ Mar 2028	Current) Advisor, Samil Enterprise Former) Chairman, Construction Guarantee Cooperative Former) President, Kyongnam Bank	Former) Management Advisor, Doosan Enerbility Former) Vice Chairman, Dongsung Group
	Cha Jae-yeon	Female	Audit Committee, Compensation Committee, Internal Transactions Committee, Independent Director Candidate Recommendation Committee	Jan 2022~ Mar 2027	Current) Independent Director, SK Securities Former) Independent Director, KCGI Asset Management Former) Independent Director, NH NongHyup REITs Management	Former) Senior Vice President (Management Planning), KT Estate Former) Executive Managing Director (Management Planning), BC Card
	Park Kyu-hee	Male	ESG Committee, Independent Director Candidate Recommendation Committee, Investment Review Committee, Audit Committee	Mar 2025~ Mar 2027	Former) Chairman of the Cooperative Audit Committee and the Depositor Protection Fund Management Committee, National Agricultural Cooperative Federation (NACF) Former) Head of Corporate & Investment Banking (Deputy President), NongHyup Bank	Former) CEO, NH-Amundi Asset Management Former) Head of Credit Review (Deputy President), NongHyup Bank
Other Non-Executive Director	Lim Jae-chul	Male	-	Mar 2026~ Mar 2028	Current) Head of Finance Division, Lotte Shopping Former) Head of Finance Division 2 (Finance Headquarters), Lotte Shopping	Former) Head of Business Improvement Team, Lotte Holdings Former) Head of Mart Finance Division, Lotte Shopping
	Son Dong-han	Male	-	Mar 2026~ Mar 2028	Current) CEO, IMM Private Equity Former) Samil PwC	Korean Certified Public Accountant
	Kim Tae-hyun	Male	-	Mar 2026~ Mar 2028	Current) Executive Director, IMM Private Equity Former) Lazard – New York	Former) Morgan Stanley - New York
	Yoo Hun-suk	Male	ESG Committee, Investment Review Committee	Mar 2023~ Mar 2027	Current) Senior Vice President, IMM Private Equity Former) Managing Director (Investment Division), IMM Private Equity Former) Samil PwC	Korean Certified Public Accountant
	Song In-jun	Male	-	Jan 2022~ Mar 2027	Current) CEO, IMM Holdings Current) Executive Director, IMM Private Equity	Korean Certified Public Accountant
	Kim Jeong-gyun	Male	CEO Candidate Recommendation Committee, Compensation Committee, Internal Transactions Committee	Jan 2022~ Mar 2027	Current) Senior Vice President, IMM Holdings CFA Charterholder	Former) Samjong KPMG

Governance

Board Expertise

HANSSEM's Board members possess experience and expertise across a wide range of fields, including business strategy, finance and accounting, taxation, law, ESG, and marketing. Building on this expertise, they participate in decision-making that supports our sustainable growth and ensures management transparency. The Board is also operated to enable rational and objective decision-making from multiple perspectives, drawing on our members' diverse industry and professional backgrounds.

Board Education HANSSEM operates a range of training programs to strengthen the expertise of the Board of Directors. The training is designed to enhance independent directors' understanding of business operations and their ability to perform their duties, thereby supporting the Board in making practical contributions to the Company's sustainable growth and the establishment of transparent governance. In 2025, we conducted a total of five training sessions for independent directors, covering key topics required for board operations, including the roles and responsibilities of independent directors as well as major ESG and governance-related issues.

Board Skills Matrix

Competency	Park Young-bin	Cha Jae-yeon	Park Kyu-hee	Lim Jae-chul	Son Dong-han	Kim Tae-hyun	Yoo Hun-suk	Song In-jun	Kim Jeong-gyun
Leadership	●	●	●	●	●			●	
Management & Strategy	●	●		●	●	●		●	●
Finance & Accounting	●	●	●	●	●	●	●	●	●
Legal	●						●		
ESG			●				●		

Board Independence

To ensure the independence of the Board of Directors, HANSSEM appointed an other non-executive director as Chair of the Board in April 2026, thereby separating the functions of the executive team from those of the Board. In addition, during the appointment of independent directors, we review in advance whether candidates have any relationship with the Company or its affiliates and exclude candidates with identified conflicts of interest from the candidate pool. We also restrict directors who have an interest in a Board agenda item from exercising their voting rights, ensuring independent decision-making. Furthermore, as one of the criteria for assessing the independence of independent directors, we apply a shareholding requirement and review whether directors hold shares above a certain level. Through these measures, we reduce the possibility of conflicts of interest and strengthen the independence of the Board.

Board Training Status

Provider	Date	Content
Korea Listed Companies Association	2025. 05. 30	• Roles and responsibilities of independent directors of listed companies - Commentary on the Corporate Governance Report as it relates to independent directors - Understanding the Corporate Value-up Program and the role of independent directors
Samil PwC Governance Center	2025. 07. 11	• Content and significance of the amended Commercial Act • Corporate response strategies
Kim & Chang	2025. 07. 24	• Overview of corporate governance regulatory reform policies following the launch of the new government • Key contents of the amended Commercial Act • Further Commercial Act amendments currently under way • Other matters that may be amended in the future
EY Hanyoung	2025. 09. 06	• Policy direction to support accounting transparency • Key considerations for the 2025 year-end settlement and the internal accounting control system • The future of auditing amid the AI transition
Samil PwC	2025. 09. 26	• Capital market-related laws and regulations • A new paradigm for corporate governance

Governance

Board Operation

Board Operation Status

In 2025, HANSSEM held a total of 10 Board meetings, at which the Board deliberated and discussed 20 resolution items and 14 reporting items. The Board addressed a wide range of agenda items, including key management decisions such as the approval of financial statements, amendments to the Articles of Incorporation, and business strategy reports, as well as sustainability management matters such as ESG Committee activity reports. All directors actively participated in the meetings, maintaining an overall high attendance rate.

Board Operation Performance



Board of Directors Meeting Status

Meeting Number	Date Held	Agenda Details	Board Attendance Rate
1	2025. 01. 16	•Appointment of a new Compliance Officer •Payment of PI to employees	85.7%
2	2025. 02. 05	•Approval of the 52nd Business Report and Financial Statements •Appointment of external auditor •Report on Internal Accounting Control System Operations •Analysis of Q4 2024 financial performance •2024 performance and 2025 plan for CEO candidate development	85.7%
3	2025. 02. 20	•Approval of notice and agenda for the Annual General Meeting •Approval of treasury share report •Approval of the 2025 safety and health plan	85.7%
4	2025. 04. 17	•Sale of equity interest in China Suzhou Corporation •Approval of appointment of chairs and members of Board committees •Approval of compensation limits for executive officers	85.7%
5	2025. 05. 08	•Q1 2025 financial performance report •Business strategy progress report •ESG Committee report	85.7%
6	2025. 06. 19	•Approval of reappointment of Representative Executive Officer •Report on amendment to Internal Accounting Control Regulations	100%

Meeting Number	Date Held	Agenda Details	Board Attendance Rate
7	2025. 07. 24	• Approval of application for electrical construction business registration • [Special Resolution] Amendment of the Articles of Incorporation • Approval of notice and agenda for the Extraordinary General Meeting • Approval of record date for shareholder confirmation • Report on publication of the Sustainability Report	85.7%
8	2025. 08. 06	• Q2 2025 financial performance report • Business strategy progress report	100%
9	2025. 11. 10	• Approval of business division adjustment and sale of Hanssem Development • Approval of debt-to-equity conversion of loans to China Investment Corporation • Q3 2025 financial performance report • Business strategy progress report	85.7%
10	2025. 12. 18	• Approval of 2026 business plan • Change of PS criteria and establishment of PI system • Determination of employee stock compensation payment method • ESG Committee report • Report on 2026 Board and committee meeting schedule	85.7%

Governance

Board Committees

HANSSEM has established and operates seven specialized committees under the Board to enhance the operational efficiency of the Board of Directors and the expertise of its decision-making: the Audit Committee, the ESG Committee, the Compensation Committee, the Independent Director Candidate Recommendation Committee, the Internal Transactions Committee, the Investment Review Committee, and the CEO Candidate Recommendation Committee. With the exception of the CEO Candidate Recommendation Committee, all committee chairs are independent directors, ensuring independence in the operation and decision-making of each committee.

Board Committees

Committee	Roles & Activities	Position	Name	Type	Gender	No. of meetings in 2025	Committee	Roles & Activities	Position	Name	Type	Gender	No. of meetings in 2025
Audit Committee	• Perform audit duties from a position independent of the Board, executive bodies, and other departments • Approve and report on legally required matters • Report abnormal incidents	Chair	Cha Jae-yeon	Independent Director	Female	7	Internal Transactions Committee	• Review basic policies on transactions between the Company and its affiliates • Review the enactment/amendment of criteria for selecting transaction counterparties • Appoint/dismiss internal transaction officers	Chair	Cha Jae-yeon	Independent Director	Female	-
		Member	Park Young-bin	Independent Director	Male				Member	Kim Jeong-gyun	Other Non-Executive Director	Male	
		Member	Park Kyu-hee	Independent Director	Male								
ESG Committee	• Review and report on ESG strategy, policy, and regulations • Review and report on financial and non-financial risks • Review and report on ESG status	Chair	Park Kyu-hee	Independent Director	Male	3	Investment Review Committee	• Review investments of KRW 20 billion or more, or between 3% and 5% of equity • Other significant management investments referred by the Board	Chair	Park Kyu-hee	Independent Director	Male	-
		Member	Yoo Hun-suk	Other Non-Executive Director	Male				Member	Yoo Hun-suk	Other Non-Executive Director	Male	
Compensation Committee	• Review remuneration limits for directors and auditors to be submitted to the AGM • Review stock option grants for executives and employees • Other matters related to employee compensation	Chair	Cha Jae-yeon	Independent Director	Female	1	CEO Candidate Recommendation Committee	• Recommend, screen, and select CEO candidates • Other matters necessary for CEO candidate recommendation and matters delegated by the Board	Chair	Kim Jeong-gyun	Other Non-Executive Director	Male	1
		Member	Kim Jeong-gyun	Other Non-Executive Director	Male				Member	Park Kyu-hee	Independent Director	Male	
Independent Director Candidate Recommendation Committee	• Review the recommendation, screening, and selection of independent director candidates • Other matters necessary for recommending candidates	Chair	Park Kyu-hee	Independent Director	Male	1							
		Member	Park Young-bin	Independent Director	Male								
		Member	Cha Jae-yeon	Independent Director	Female								

Governance

Board Remuneration

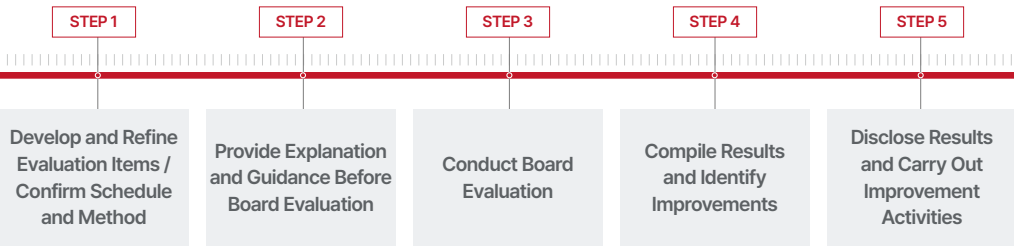
Board Remuneration Policy

HANSSEM determines the remuneration ceiling for its independent directors through Board review and final approval by resolution at the Annual General Meeting. The Board appropriately reviews the remuneration ceiling for directors and auditors to be submitted to the Annual General Meeting and manages remuneration to ensure that it is paid within the approved limit. In addition, for executive officers, the agenda item regarding the approval of the remuneration ceiling is first reported to a special Board meeting before being submitted to the Annual General Meeting for shareholder approval. Accordingly, in 2025, we executed director remuneration within the approved ceiling of KRW 500 million, as approved at the Annual General Meeting. In addition, since 2025, we have conducted an annual evaluation of Board members' expertise and contributions and plans to continuously enhance our internal operating procedures so that the appropriateness of the remuneration ceiling can be reviewed and reflected in practice based on the evaluation results.

Board Performance Evaluation

In 2025, HANSSEM introduced its Board evaluation system for the first time to review the appropriateness of Board operations and strengthen its internal management foundation. The evaluation system is designed around items that reflect the Board's composition, roles, responsibilities, and overall operations, and evaluations are conducted for Board members. Each Board member participates in a self-assessment using a five-point scale and open-ended questions. The evaluation results are reported to the Board and disclosed through the Sustainability Report and the corporate website and are used to improve Board operations. Through this process, we are strengthening the foundation for ESG governance and responsible management. In 2026, we plan to identify and implement improvement tasks based on the evaluation results and disclose the outcomes on our official website, thereby continuously enhancing the transparency and accountability of Board operations.

Board Evaluation Process



Board Evaluation Items

Board Composition	Board Roles	Board Responsibilities	Board Operations
•Appropriateness of size •Directors' expertise •Experience and independence	•Oversight of management performance •Corporate governance •Corporate social responsibility	•Establishment of company vision and strategy •Appropriateness of scope of authority •Advice to management •Enhancement of corporate value •Risk management	•Appropriateness of number of meetings held •Timeliness of agenda items •Effectiveness of management materials •Director participation •Provision of training

2025 Board Activity Evaluation Results

(Unit: Points)

Board Composition	Board Roles	Board Responsibilities	Board Operations
5	5	5	5
Total Score 5			

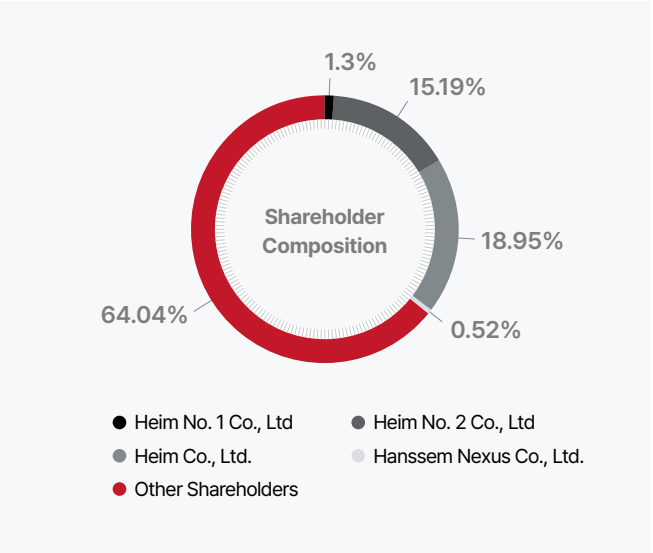
Governance

Shareholder-Friendly Management

Shareholder Status

As of December 31, 2025, HANSSEM had a total of 23,533,928 shares issued, of which 6,933,606 were treasury shares. Our largest shareholder is Haim LLC, whose largest contributor is IMM Rose Gold 4 Private Equity Fund, holding 4,459,324 shares. Including related parties, the largest shareholder holds a 35.96% equity stake. All our shareholders hold one voting right per share, and the Company has not issued any separate class of shares carrying different voting rights.

Shareholder Composition Status (As of December 31, 2025)



Protection of Shareholder Rights

HANSSEM operates systems to protect shareholder rights and expand shareholder participation in management by improving the convenience of exercising voting rights and guaranteeing the right to submit shareholder proposals. Since 2022, we have introduced an electronic voting system and a proxy voting system to improve shareholders’ access to voting rights, and we encourage proxy voting in line with the record date to secure the quorum for resolutions. In addition, we guarantee the right to submit shareholder proposals so that shareholders can bring specific agenda items to the General Meeting of Shareholders, and ensure that such proposed items can be discussed at the meeting. The case in which Teton Capital Partners recommended a candidate for independent director and audit committee member at the 2023 Annual General Meeting demonstrates that active shareholder participation in management can also influence Board composition. We will continue to guarantee opportunities for shareholder participation and strive to enhance shareholder value through a transparent decision-making system.

Shareholder Return Policy

In accordance with the mid- to long-term shareholder return policy announced in June 2026, HANSSEM maintains a basic policy of returning at least 50% of its annual adjusted net income on a separate financial statement basis, and provides detailed information on individual measures, such as dividends and treasury share acquisitions, through separate disclosures. We also strive to create an investor-friendly environment by improving the predictability of dividends. To this end, in 2025, we amended our Articles of Incorporation to change the record date for determining shareholders eligible for quarterly dividends from the “last day of each quarter” to “a date two weeks after the date of the Board resolution.” Through this institutional improvement, shareholders can make investment decisions after confirming the dividend amount, thereby enhancing investment convenience. Going forward, we plan to establish a treasury share cancellation plan in accordance with relevant laws and regulations after carefully reviewing market conditions, the Company’s growth potential, and its financial capacity. We will continue to enhance long-term corporate value based on sustainable growth and realize transparent management that grows together with our shareholders through our strengthened shareholder return policy.

Business Ethics

Ethical Management System

Ethical Management Policy

HANSSEM regards ethical and responsible management as an important value and has established the “Hanssem Employee Pledge” to help employees make sound decisions in the course of their work. This guideline covers key principles such as basic ethics, customer satisfaction, shared growth with partners, and environmental protection, and is posted on the internal groupware so that all employees can access it at any time. The Hanssem Employee Pledge, established in 2016, was revised in August 2024 to reflect six new codes of ethics and practices. We have also introduced the Z.T.P. (Zero Tolerance Policy) pledge to clearly establish our zero-tolerance principle for ethical violations.

Hanssem Employee Pledge

- 1

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

- We adhere to all laws, regulations, and principles.
 - We uphold a high standard of ethics as members of society.
 - We conduct our work with fairness and honesty.
- 2

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.
- 3

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.
- 4

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.
- 5

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 compliance with relevant laws and regulations.
- 6

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 community development 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, including 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.

Business Ethics

Ethical Management Implementation Body

HANSSEM operates its ethical management implementation body centered on the Legal Team and the Audit Team under the Management Support Division. The Legal Team handles legal disputes, reviews contracts, and provides legal advice, while a full-time in-house lawyer serves as the Compliance Officer to support prompt legal responses. The Audit Team manages internal controls and risks based on its independent audit function and contributes to enhancing management transparency by investigating reported cases. In addition, we foster a culture of ethical management through legal risk prevention and fair trade training, and report major issues and activity outcomes to the Audit Committee of the Board of Directors four times a year.

Ethical Management Implementation Organization Chart



Ethical Management Activities

Ethics Audit

HANSSEM conducts regular, ad-hoc, and planned audits led by the Audit Team to enhance management stability and internal and external trust. Since 2022, we have introduced the Compliance and Ethics Index Assessment to review signs of incidents, legal risks, and ethical awareness across the entire organization, and publish a Compliance and Ethics Index Assessment Report once a year. The assessment results are reflected in employee training and inspection activities, contributing to the strengthening of ethical management. We also participate in the evaluation of internal accounting control system operations to support the transparency of financial statements, and report audit activities to the Audit Committee on a quarterly basis to conduct internal control and ethics audits.

Hanssem Ethics Audit

Regular Audit

Ad-hoc Audit

Planned Audit

- Audit past incident cases and mandatory inspection items
- Review approximately 40 key business items on a monthly or quarterly basis
- Conduct regular inspections once per quarter and review improvement measures every half year

- Investigate reports received through internal and external channels
- Conduct audits irregularly, with the principle of completing investigations within the required period
- Establish measures to prevent recurrence and check whether they have been implemented

- Expand the audit scope when significant risks are identified or conduct audits as a preventive measure
- Review risks by organization and business area and propose process improvements
- Analyze the causes of identified risks, predict potential risks, and propose improvement measures

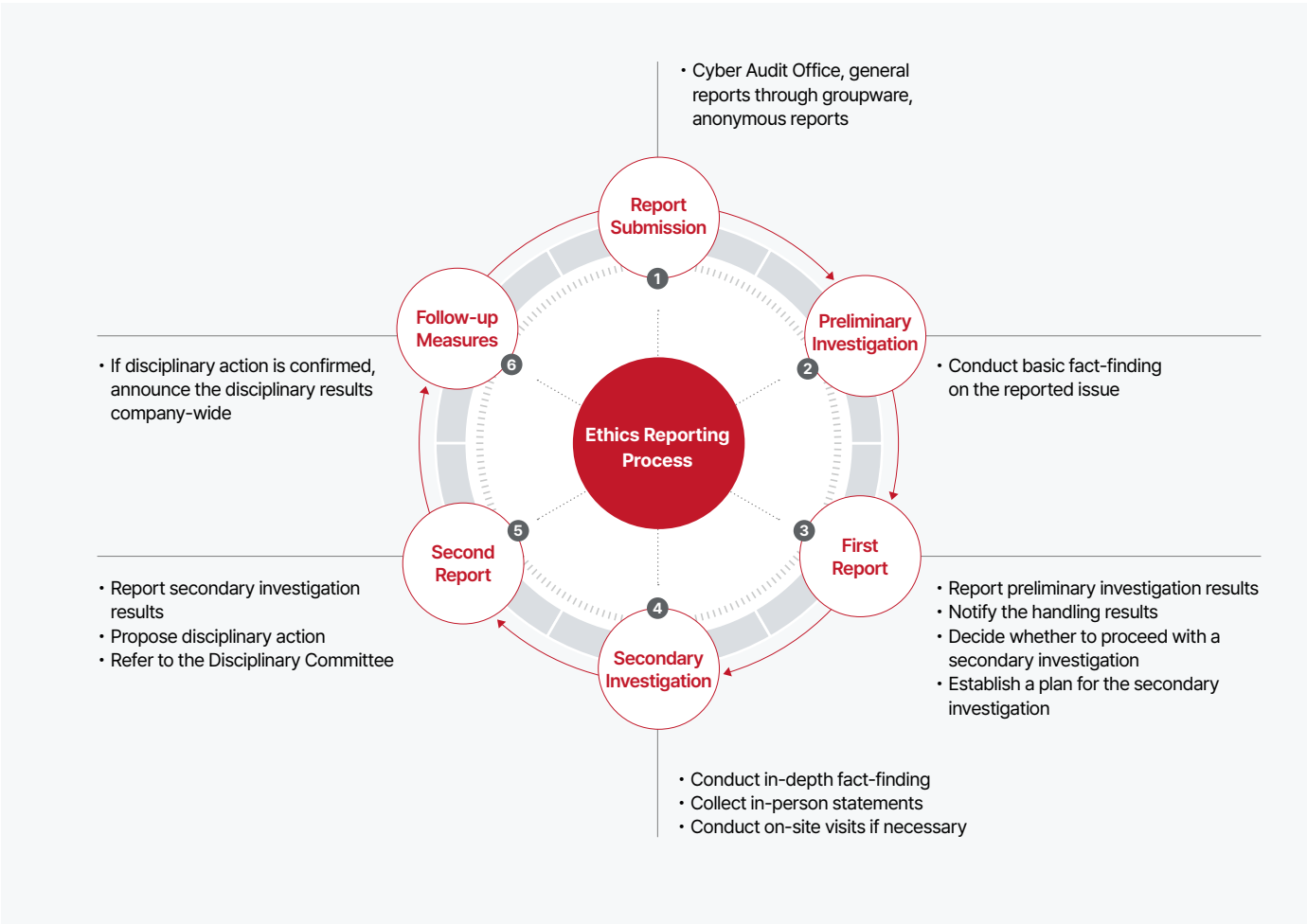
Business Ethics

Ethics Reporting

HANSSEM operates internal and external reporting channels to improve accessibility and reporting convenience for ethics-related issues. The external channel, the “Cyber Audit Office,” is operated through our website and serves as a communication channel through which all stakeholders connected to us can report unfair business practices by employees, human rights violations, unfair demands, and other issues. The reporting channels based on the internal groupware are operated by category, including general reports, sexual grievance reports, workplace harassment reports, and anonymous reports. Ethics reports received through these channels are handled in accordance with established procedures. The investigation process is conducted based on the principles of fairness and transparency, and measures to prevent recurrence are established based on the results. We also operate recurrence prevention measures by sharing disciplinary outcomes, recommending corrective actions, and continuously monitoring the implementation status of such actions.

Whistleblower Protection Policy HANSSEM places the protection of whistleblowers as its top priority throughout the reporting and investigation process, and stipulates the principle of whistleblower protection in Article 13, Paragraphs 1 and 2 (Protection of Whistleblowers and Reporters) of its Reward and Penalty Regulations. The Audit Team manages the entire report-handling process in compliance with these regulations, and the Cyber Audit Office is operated in a highly secure environment to prevent whistleblowers’ identities from being disclosed externally. Reported content can only be accessed on designated PCs with restricted access, and the related data is securely managed through an internal closed network. In addition, the Cyber Audit Office allows whistleblowers to enter their identity directly, but reports can still be submitted even if they choose not to provide such information, thereby ensuring anonymity. All investigation details are restricted to a minimum number of authorized managers, and the whistleblower protection procedures are operated in accordance with Hanssem’s Ethics Management Policy.

Ethics Report Handling Process



Business Ethics

Internalization of Ethical Management

Ethics Education

Since 2023, HANSSEM has operated company-wide ethical management training led by the Compliance Unit of the Legal Team. We have established a regular and ad-hoc training system and expanded the training scope to include employees of affiliated companies, thereby improving the effectiveness of the training. In 2025, we conducted compliance training to enhance employees’ ethical awareness and spread a culture of compliance management, and a total of 1,761 employees completed the training at least once during the year. Among these, internal control training was conducted 30 times, with customized training provided mainly to departments with a high risk of legal violations, and legal training was conducted 15 times, a 36% increase compared to the previous year. In addition, we incorporated newly emerging legal issues, such as labeling and advertising regulations and trade secret protection, into our training content, and also provided recurrence-prevention training using major incident and accident cases from 2025 to enhance employees’ compliance awareness and practical understanding. In 2026, under the theme “We Work the Right Way” the first of Hanssem’s work principles, we plan to provide internal control and legal training to all employees, further spreading an organizational culture in which compliance and ethics are naturally reflected in everyday work.



Home Furnishing Division Training



Hanssem Research Institute Training



Employee Training

2025 Ethics Training Status Table

Category	Training	Training Content	Training Targets	No. of Training Sessions
Legal Affairs	Fair Trade (Collusion)	Legal training on the Fair Trade Act (collusion) and case studies of violations	Employees of the Project Sales Division Employees of the Project Sales Division in affiliated companies	3
	Fair Trade (Fair Agency Transactions Act)	Legal training on fair trade under the Fair Agency Transactions Act and training on agency/dealer transaction contracts	Company-wide sales management staff	3
	Intellectual Property Rights	Training on CI/BI compliance, patent acquisition procedures, cases of misuse, and countermeasures	Hanssem Research Institute	3
	Fair Labeling and Advertising Act	Training on standards for preventing false or misleading expressions in product and service advertisements, providing fair information to consumers, and related violation cases	After-sales staff, including affiliates	4
	Trade Secret Infringement	Training on legal standards and management measures for trade secret protection, types of infringement, and violation cases	Hanssem Research Institute	2
Mutual Growth	Subcontracting Act	Legal training on fair trade under the Subcontracting Act, including prohibited acts and violation cases	Company-wide purchasing staff	4
Audit	Internal Control	Case studies and recurrence prevention measures to enhance awareness and internalization of internal control	All employees, including affiliates	30
Compliance	Ethical Management	Training on the Hanssem Employee Pledge, department-specific regulations, and work processes	All employees	5

Integrated Risk Management

Integrated Risk Management System

Risk Management Organization

HANSSEM has established dedicated organizations by risk type and operates them to manage company-wide risks in an integrated manner so that each organization can develop and implement response strategies for identified risks. In addition, key risks are regularly shared through a division head meeting chaired by the CEO. The Finance Division reports on a weekly basis, while the other divisions report key issues on a rotating weekly basis, enabling company-wide review and response. Major risks identified through reporting and monitoring are reviewed together with their scope of impact and response direction, and the results are then reflected in follow-up measures and internal management to curb the spread of risks and strengthen company-wide response capabilities.

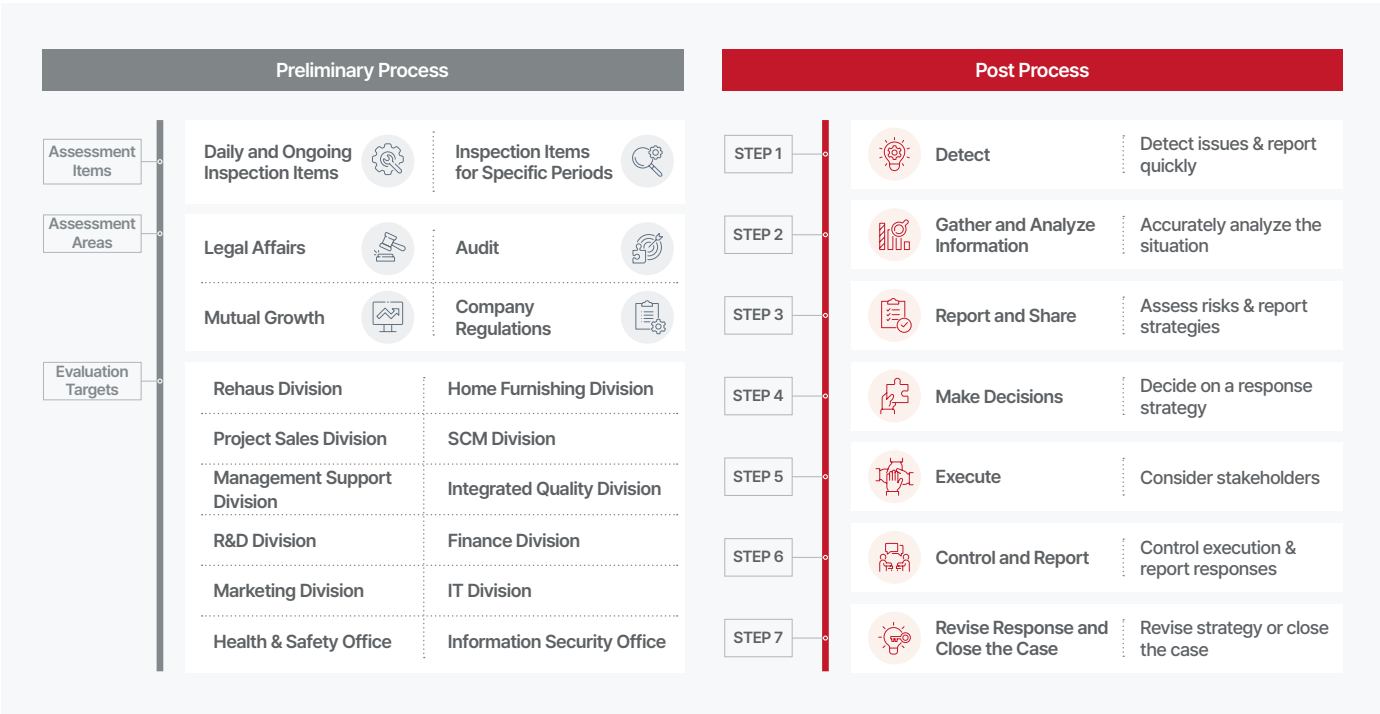
Risk Management Organization Chart



Risk Management Process

HANSSEM operates an integrated risk management process to efficiently manage risks that may arise across its overall business operations. This process consists of pre-assessment and post-response stages, reflecting the characteristics of each organization and its level of risk exposure. Through pre-assessment, we identify potential risks and review their level of impact. In the post-response stage, we analyze the causes of risks that have occurred and link them to response measures for prompt handling, and reflect the response results in internal management to reduce the likelihood of similar risks recurring.

Integrated Risk Management Process



Integrated Risk Management

Response by Risk Type

HANSSEM categorizes major risks by type, including production, environmental, policy, IT, and financial risks, and identifies and manages the key risk factors for each type. We also establish response strategies that reflect the business characteristics of each risk type to prevent the spread of risks and manage our company-wide response capabilities.

Emerging Risks

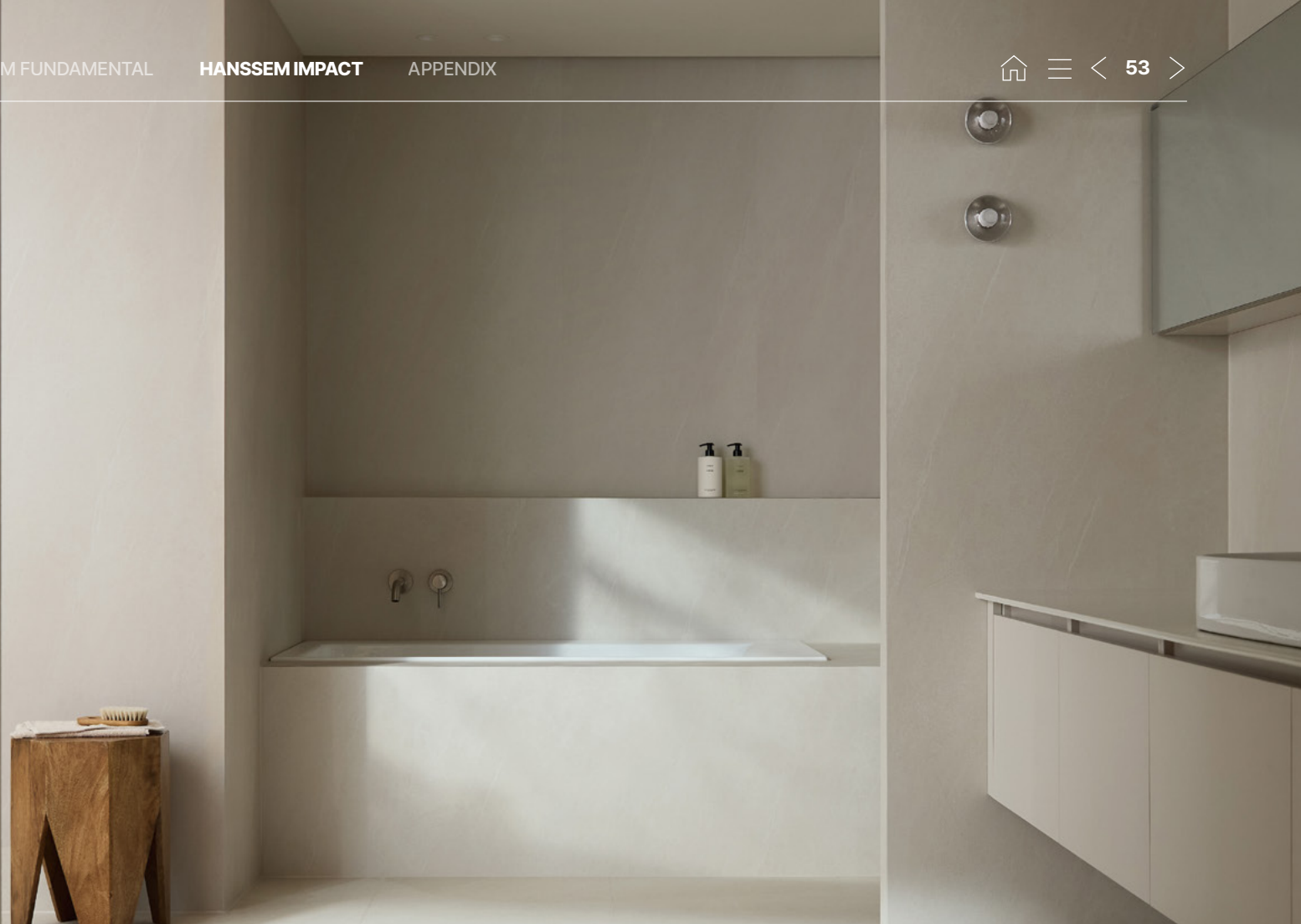
HANSSEM proactively identifies emerging risks that may affect its mid- to long-term growth in a changing business environment and strengthens its response capabilities. In particular, changes in global climate change response policies and environmental regulations, growing ESG management requirements across the supply chain, and information protection and data management issues arising from accelerated digital transformation are recognized as key risks that directly affect business operations and stakeholder trust. Accordingly, we systematically define key stakeholder risks and establish and implement response strategies for each risk.

Emerging Risk Response Strategies

Category	Risk Type	Key Description	Response Strategy
Environment	Stronger regulations on climate change and the environment	• Growing demand for product material recyclability and increased use of recycled materials due to stronger circular economy policies • Potential carbon cost burden on certain export items following the implementation of the EU CBAM • Potential increase in manufacturing costs due to rising carbon prices and energy costs	• Increase the recycling ratio by switching product materials • Expand energy-efficient facilities at business sites • Advance the measurement of Scope 1, 2, and 3 emissions and expand supply chain-based greenhouse gas management • Establish an environmental impact management system based on product life cycle assessment (LCA)
	Supply chain ESG risks	• Increase in cases of non-compliance with environmental and labor laws by small and medium-sized suppliers • More frequent requests for suppliers' ESG assessment results when collaborating with global brands • Potential contract restrictions and delivery risks for suppliers that fail to meet ESG standards	• Regularize ESG due diligence for strategic and key suppliers • Upgrade supplier ESG diagnostic tools and establish an assessment system • Provide customized training and support for improvement plans for low-rated suppliers • Establish a supply chain sustainability management policy and strengthen risk monitoring
	Personal Information protection and cybersecurity	• Expansion of the scope of customer data collection and use due to the introduction and expansion of smart home services • Increase in information security risks, including cyberattacks and data leakage • Growing data management requirements due to stronger regulations on data protection and personal information	• Strengthen personal information encryption and user consent procedures • Maintain and advance information security certification systems, including ISMS • Transparently disclose the items of customer personal information collected, purposes of use, third-party provision, and processing consignment details

Risk Response Measures by Type

Risk Type	Key Risk Factors	Response Strategies	Responsible Organization
Production and Construction Sites	Safety accidents, worksite accidents	• Compliance with safety and emergency response manuals for production and logistics plants • Compliance with logistics and construction safety management manuals; operation of health and safety management policy	Health & Safety Office
Environment	Environmental regulatory issues	• Use of 100% eco-friendly raw materials (E₀) • Establishment of chemical testing standards for all products that are stricter than domestic environmental laws and regulations • Development and expanded application of materials with reduced environmental impact	Hanssem Research Institute
PR/Reputation	Exaggerated reporting, misinformation, and false reporting	• Establishment of a crisis response communication process and media response scenarios	PR Strategy Team
Quality/Consumer	Consumer claims, store and product safety accidents	• Compliance with the consumer claims response manual • Compliance with the store management manual	CX Department
Policy/Market	Intensifying market competition due to policy changes	• Establishment of annual business plans based on market analysis • Improvement of execution strategies based on daily, weekly, monthly, and quarterly performance analyses • Regular monitoring of policies	Each Business Division
IT	Personal information leakage, system hacking	• Maintenance and advancement of information security management system certification • Operation of 19 information security management regulations • Information security training and cyber crisis prevention drills	Information Security Office
Finance/Accounting	Internal control incidents, budget misuse, financial incidents	• Operation of the internal accounting control system • Compliance with finance-related regulations • Compliance with approval procedures for budgets, funds, and accounting	Finance Division
Legal/Audit	Internal control violations, fair trade violations	• Reorganization of company rules and internal regulations for each area • Implementation of ad-hoc, regular, and planned audits • Activities to prevent unfair trade with partners	Legal Team Audit Team
HR/Labor	Labor Standards Act violations, workplace harassment	• Compliance with the 52-hour workweek • Workplace harassment prevention training and operation of a reporting system • Operation of the human rights management policy and human rights management guidelines	HR Team



HANSSEM IMPACT

HANSSEM's sustainability management extends from the spaces closest to customers' daily lives to society and the environment. To create meaningful change for both people and the planet, we continuously carry out responsible initiatives across environmental and social areas. The positive impact we create extends across the environment and society, serving as a driving force behind our sustainable growth toward a more sustainable future.

54	76	96	106
For Our Planet	For Our People	For Our Customers	For Our Communities

HANSSEM IMPACT

For Our Planet

01

55 Environmental Management

58 Climate Change

72 Biodiversity Protection

Environmental Management

Environmental Management Implementation Framework

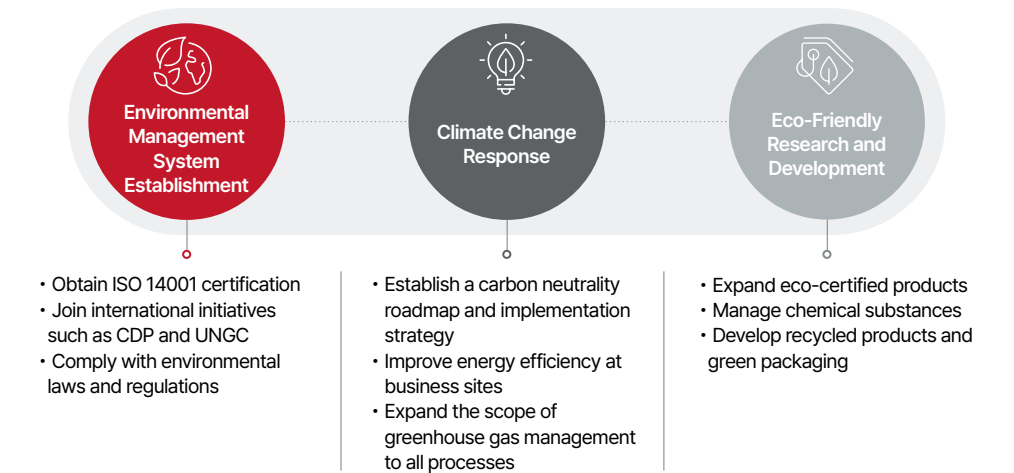
Environmental Management Policy

HANSSEM operates a company-wide environmental management policy to systematically manage environmental risks and opportunities. This policy focuses on operating an ISO 14001-based environmental management system that reflects the environment as a core management factor. We promote green management by establishing an energy management system across the entire manufacturing, distribution, and sales process, carrying out activities to reduce greenhouse gas emissions, and implementing product packaging management plans, and we set our mid- to long-term response direction by reflecting Korea's carbon neutrality policy and global trends. In addition, we strengthen our implementation foundation through environmental training for employees, the development of eco-friendly materials, and the application of ESG standards to suppliers, and pursue continuous improvement by setting environmental targets, monitoring performance, and reviewing compliance with laws and regulations.

 Environmental Management Policy

Environmental Management Goals

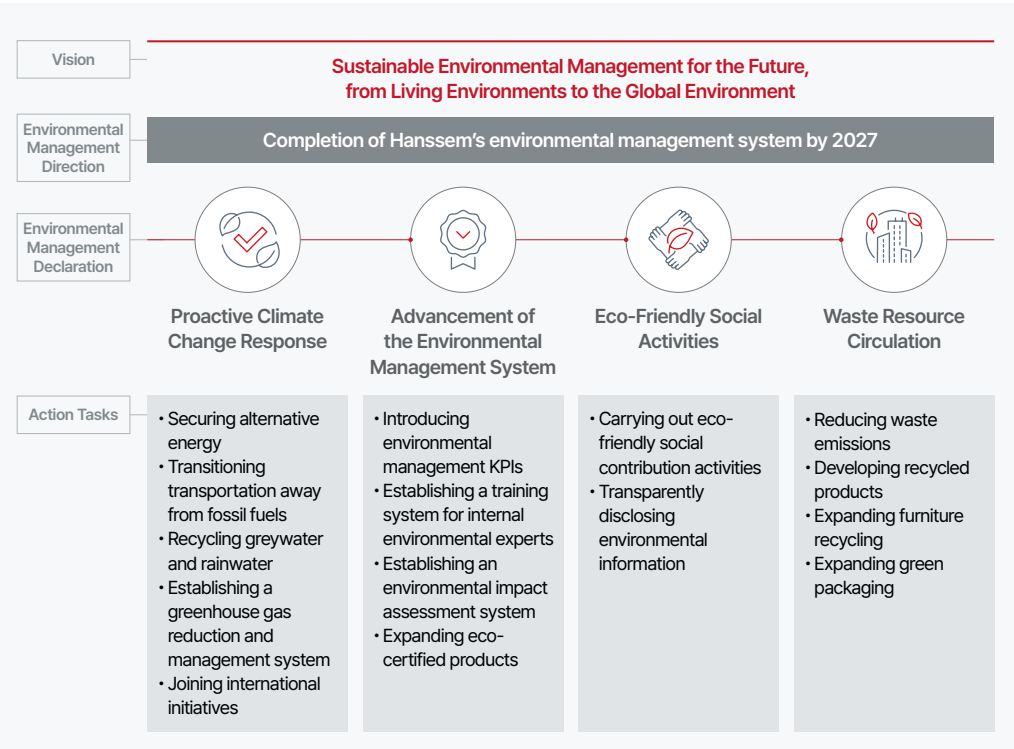
HANSSEM recognizes the environment as one of its key stakeholders and creates social value by promoting sustainable products and spaces, as well as environmental management for the planet



Environmental Management Strategy

HANSSEM operates its environmental management system with the objective of fully establishing the system by 2027, based on its vision of "Sustainable Environmental Management for the Future, from Living Environments to the Global Environment." To align our company-wide environmental management policy with the objectives of our organizational members, we set key performance indicators (KPIs) and manage core environmental issues, including climate change response, compliance with environmental laws and regulations, and chemical substance management. We also assign specific action items to relevant employees and regularly monitor and evaluate implementation.

Environmental Management Implementation Framework

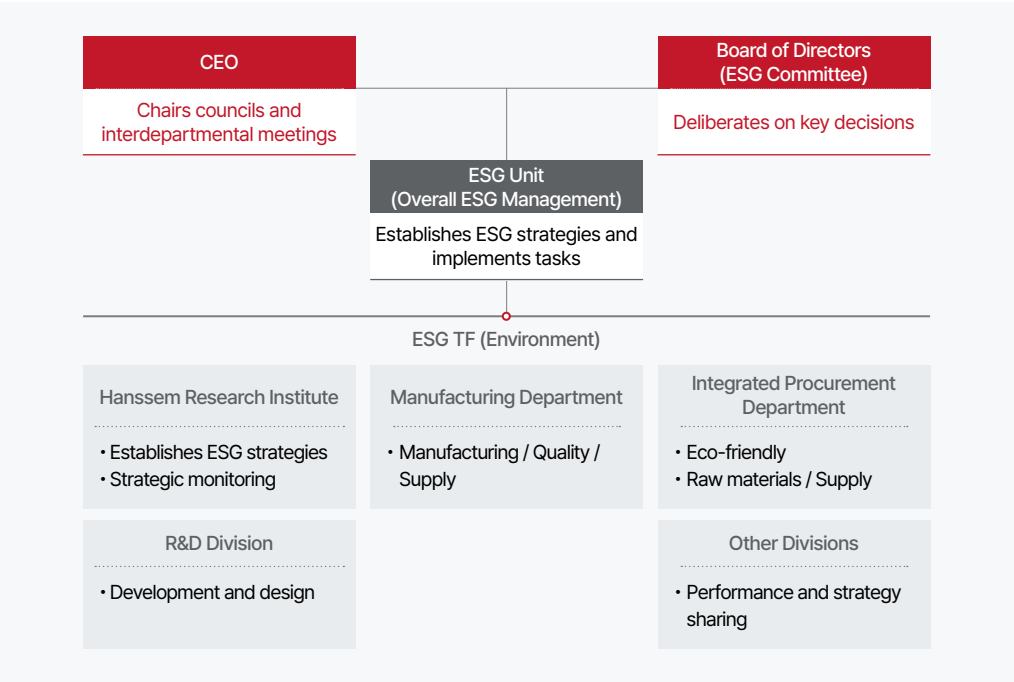


Environmental Management

Environmental Management Implementation Organization

HANSSEM operates an ESG implementation organization for environmental management under the decision-making structure of top management. ESG TF meetings led by management and the ESG Committee under the Board of Directors make decisions on key environmental issues and manage and oversee the implementation of our environmental management policy. The Integrated VOC Council, led by the CEO, reviews various environmental and safety issues, including product safety incidents, construction site management, and environmental safety and quality improvement, and develops response measures. We also review the response status of related agenda items and strategies to prevent recurrence through ESG TF meetings.

Environmental Management Implementation Organization



Hanssem Environmental Management Certification

HANSSEM has established an environmental managementsystembasedonISO14001andapplies it throughout the company. Since first obtaining the certification in 2006, we have continuously maintained it. In addition, we review our operating system and identify areas for improvement through annual certification surveillance audits. During the surveillance audit process, we supplemented our management standards to prevent the recurrence of products associated with Class 1 incidents (PL) and established special characteristics and CTQ standards to build a regular warranty QA process for each product. We also improved deficiencies in the operation of work standards and the limit sample management ledger by discarding outdated forms and renewing the ledger to strengthen our management system.



2025 On-Site Audit

Hanssem Environmental Management Certification (ISO 14001)

Certification Scope	Standard	KS I ISO 14001:2015/ISO 14001:2015
	Applicable Sites	Plant 3, Plant 4, and Headquarters (expanded application in 2024)
	Business Areas	- Design, development, production, sales, and construction of household furniture and kitchen sinks - Design and construction of interior decoration and remodeling - Sales of household goods and consumables
	Validity Period	2024.05.30~2027.05.29

Environmental Management

Response to Environmental Regulations

Monitoring of Environmental Regulations

HANSSEM manages environmental regulations to ensure the effective implementation of environmental management. We operate a “Legal Compliance Table” that reflects the applicability of environmental laws and regulations, conduct regular monthly inspections, and update the table as needed to reflect revisions to relevant laws. Any changes are reported to the Head of the Research Institute and reflected in work guidelines. In addition, through our environmental regulation management process, we operate a management flow covering the collection of regulatory information, internal review, approval, registration, distribution, and training, thereby proactively preventing legal risks.

Environmental Regulation Management Process



Environmental Training

HANSSEM conducts regular training for employees to enhance the effectiveness of environmental management and proactively respond to changes in environmental regulations. In 2025, we provided training on product quality-related environmental regulations and environmental management, including laws concerning violations of advertising-phrasing labeling standards under KC certification. We will continue to provide employee training to ensure legal compliance and strengthen our environmental management system.



KC Product Labeling and Advertising Training

Environmental Training Status

2025.09
Eco-Friendly Phrase Labeling and Advertising
• Cases of misuse of eco-friendly phrases and introduction to advertising laws
Legal Classification of KC-Certified Products
• Introduction to product quality-related laws and certification systems
2025.12
ISO 9001/14001 Internal Auditor Training
• Basic concepts of quality and environmental management
• Roles and preparation requirements for internal auditors
2026.04
Environmental Charge System Training
• Understanding of the environmental charge system and the need for response
• Items subject to EPR and waste charges and reporting procedures
• Administrative fines for non-compliance and measures to prevent errors

Hanssem Legal Compliance Table

Classification	Regulatory Item	Responsible Authority	Relevant Laws
Mandatory		Ministry of Trade, Industry and Resources	• Framework Act on Product Safety • Product Liability Act (PLA) • Electrical Appliances and Consumer Products Safety Control Act • Foreign Trade Act • Special Act on the Safety of Children's Products
		Korea Forest Service	Act on the Sustainable Use of Timbers
	Display Requirements and Safety Standards	Ministry of Climate, Energy and Environment	• Water Supply and Waterworks Installation Act • Act on the Resource Circulation of Electrical and Electronic Equipment and Vehicles • Chemicals Control Act • Indoor Air Quality Control Act • Act on Protective Action Guidelines Against Radiation in the Natural Environment
		Ministry of Food and Drug Safety	• Food Sanitation Act • Special Act on Imported Food Safety Control
		Fair Trade Commission	Framework Act on Consumers
		Ministry of Land, Infrastructure and Transport	Housing Act
		Ministry of Science and ICT	Radio Waves Act
	Processing Standards	Ministry of Trade, Industry and Resources - Ministry of Climate, Energy and Environment - Ministry of Employment and Labor - Ministry of Justice, Ministry of Land, Infrastructure and Transport, Fair Trade Commission	Serious Accidents Punishment Act
		Ministry of Climate, Energy and Environment	• Wastes Control Act • Act on the Promotion of Saving and Recycling of Resources • Environmental Technology and Industry Support Act • Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis
	Water Quality	Ministry of Climate, Energy and Environment	• Enforcement Rule of the Water Supply and Waterworks Installation Act Article 22 • Rules on the Cleaning and Sanitation Management, etc. of Water Supply Facilities Article 6 • Water Supply and Waterworks Installation Act Article 33(3)
	Air Quality	Ministry of Climate, Energy and Environment	Enforcement Rule of the Indoor Air Quality Control Act Article 11
	Infectious Disease Prevention	Ministry of Climate, Energy and Environment	Enforcement Decree of the Infectious Disease Control and Prevention Act Article 24
Voluntary	Certification Acquisition	Ministry of Climate, Energy and Environment	Environmental Technology and Industry Support Act
		Korea Air Cleaning Association	Voluntary group standards established under the Industrial Standardization Act
		Ministry of Trade, Industry and Energy	Industrial Standardization Act

Climate Change

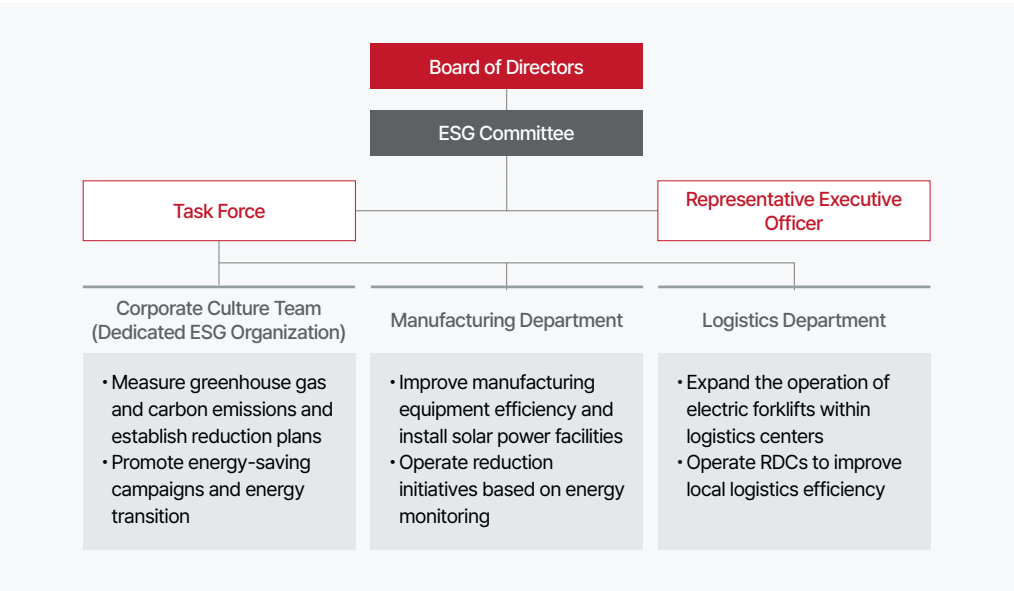
Governance

Climate Change Response System

HANSSEM recognizes climate change as a material issue and actively supports the Korean government's 2050 carbon neutrality goal. We were also the first company in the home interior industry to declare our support for the TCFD¹⁾, taking a proactive approach to climate change. Building on this, we have established a decision-making system centered on the Board of Directors and the ESG Committee and are advancing our company-wide climate change response. The implementing organization consists of the ESG Unit of the Corporate Culture Team within the Management Support Division, together with the Manufacturing Department and Logistics Department within the SCM Division, and carries out key tasks such as measuring greenhouse gas emissions, managing energy use, transitioning to renewable energy, and improving facility efficiency.

1) TCFD: The Task Force on Climate-related Financial Disclosures

Climate Change Response System and Roles



Roles and Responsibilities of Management HANSSEM has operated the ESG Committee under the Board of Directors since 2021, establishing a decision-making system to review climate change response strategies and key agenda items. Centered on the ESG Committee, we have established a collaborative framework in which each organization has clearly defined roles and responsibilities for responding to climate risks. The ESG Committee receives regular reports on key climate-related matters, including greenhouse gas emissions calculation results, and deliberates on climate change response strategies. The Representative Executive Officer (CEO) oversees the implementation of climate change response strategies in coordination with the Task Force, coordinates collaboration among organizations, and manages the implementation status of key tasks.

Reporting System to Decision-Making Bodies HANSSEM operates a phased reporting system for climate-related matters. The Head of the Management Support Division, who oversees the Task Force and the ESG Lead Department, regularly reports key climate-related matters, including greenhouse gas emissions calculation results, to the ESG Committee and reports climate-related risks and opportunities annually. Key agenda items reviewed and deliberated by the ESG Committee are reported to the Board of Directors and reflected in final decision-making.

ESG Committee Key Agenda Items

Date	Category	Agenda Items
2025.05.08	Reported	• Report on Hanssem ESG Status
	Approved	• Approval of Hanssem Consumer Rights Protection Policy • Approval of Hanssem Supply Chain Sustainability Policy • Approval of Materiality Assessment for the 2025 Sustainability Report
2025.07.24	Reported	Report on Publication of the Sustainability Report
2025.12.18	Reported	• Report on 2025 ESG External Evaluation Results • Report on 2025 ESG Activities • Report on 2026 ESG Action Plan
	Approved	• Approval of Board Evaluation • Approval of Human Rights Management Policy
	Reported	• Greenhouse Gas Emissions Calculation Results • Biodiversity Conservation Activity Implementation Results • Sustainable Product Criteria and RTB (Reason to Buy) Development Results • Waste Material Resource Circulation Results

Climate Change

Strategy

Climate-Related Risks and Opportunities

Identification of Climate-Related Risks and Opportunities HANSSEM analyzes climate-related risks and opportunities and establishes and implements response strategies accordingly. We classify and manage risks as physical risks and transition risks and quantitatively assess the financial impact of each risk type. In addition to conducting in-depth analyses that reflect the views of relevant departments and external experts, we use the IPCC AR6 SSP scenarios, the IPCC AR5 RCP scenarios, and IEA scenarios to review the mid- to long-term impacts of transition and physical risks on our business under various future pathways. The results of this analysis are reflected in the establishment of response strategies and our business operations.

Linking Strategic Decision-Making with Planning Time Horizons HANSSEM classifies the impact periods of climate-related risks and opportunities into three stages to systematically analyze and respond to the impact of climate change on our business. The short term refers to FY+1 to FY+4 (through 2030), corresponding to the timing of Korea's Nationally Determined Contribution (NDC); the medium term refers to FY+5 to FY+10 (through 2040); and the long term refers to FY+11 to FY+20 (through 2050), covering the period up to Korea's national carbon neutrality target. Each business division establishes its business strategy by reflecting changes in the market environment. In this process, climate-related risks and opportunities are incorporated into both external environment analysis and internal status assessment, ensuring that they are integrated throughout the entire strategy-setting process.

Risk and Opportunity Factors

Category		Scenario Applied		Potential Risk and Opportunity Factors	Time of Occurrence		
					Short-term	Mid-term	Long-term
Transition Risk	Policy/ Regulation	T1	SSP2-4.5, SSP3-7.0, STEPS (IEA)	Increased energy procurement costs due to stronger greenhouse gas emissions regulations	●	●	
	Policy/ Regulation	T2	SSP1-2.6, SSP2-4.5, APS (IEA)	Increased land transportation costs and emissions costs in line with the government's transportation roadmap		●	
	Technology	T3	SSP1-1.9, SSP2-4.5	Increased demand for renewable energy procurement due to the expanded transition to low-carbon technologies	●		
		T4	SSP2-4.5, SSP3-7.0, NGFS-DNZ	Unstable MDF/PB supply and revenue loss due to a shortage of domestic renewable energy materials		●	
	Market	T5	RCP6.0, SSP5-8.5, NGFS – Disorderly	Increased maritime transportation costs and reflected logistics costs due to higher environmental investment costs for shipping companies		●	
		T6	SSP1-1.9, SSP2-4.5	Decreased sales of non-certified products and decline in brand value due to the trend of increasing market share centered on eco-certified products		●	
	Reputation	T7	SSP1-2.6, SSP2-4.5	Opportunity loss relative to market capitalization in the event of failure to improve ESG ratings due to reputational risks associated with ESG ratings	●	●	
Physical Risk	Acute	P1	RCP4.5, RCP8.5	Reduced production volume due to land changes in production areas			●
		P2	RCP4.5, RCP8.5	Reduced production areas and lower supply volume due to sea level rise			●
	Chronic	P3	SSP3-7.0, SSP5-8.5, RCP8.5 (IPCC)	Increased cooling energy demand at business sites due to the rise in global average temperatures		●	●
Opportunity	Technology	O1	SSP1-2.6, SSP2-4.5	Improved energy efficiency at business sites through the transition to high-efficiency, eco-friendly products	●	●	
		O2	SSP1-2.6, SSP2-4.5, STEPS (IEA)	Reduced fuel costs through the transition of business site vehicles to electric vehicles	●	●	
	Market	O3	SSP1-1.9, SSP2-4.5, APS (IEA)	Increased revenue from the expansion of eco-friendly product lines and secured foundation for enhancing the competitiveness of premium products in domestic and global markets through a stronger ESG brand image	●		
	Reputation	O4	SSP1-1.9, SSP2-4.5, STEPS (IEA)	Increased corporate value through the advancement of ESG management		●	

Climate Change

Business Model and Value Chain

HANSSEM identified climate-related risks and opportunities across the value chain of our furniture and interior business in line with our business strategy planning horizons. Our business model value chain can be divided into Upstream, which covers the procurement of raw and subsidiary materials; Own Worksite, where product manufacturing and integrated design, construction, and after-sales (A/S) services are carried out; and Downstream, which covers distribution and sales as well as customer application and follow-up management.

Risk Factor				
Category		Value Chain	Current Impact	Anticipated Effects
Transition Risk	Policy/ Regulation	Own	Industrial electricity rates are gradually rising due to the operation of Korea's emissions trading system and the implementation of carbon neutrality policies, increasing the burden of indirect financial risks arising in the course of the national carbon neutrality policy.	Intensifying upward pressure on electricity rates and greater energy price volatility under the government's 2050 carbon neutrality roadmap are expected to raise mid- to long-term operating costs across all business sites.
	Policy/ Taxation	Upstream	As the government implements its carbon neutrality roadmap for the transportation sector, domestic land transportation companies face a growing burden to transition to low-emission vehicles. This is increasing pressure to pass on transportation costs across the nationwide construction and delivery network.	Long-term increase in transportation cost burden across nationwide delivery of products and raw materials and Rehaus construction logistics, in line with the rising trend of carbon pricing in the transportation sector.
	Technology	Own	With the global expansion of RE100 and the introduction of renewable energy procurement systems such as K-RE100, PPAs, and RECs, pressure for transition is increasing. Initial transition costs are also arising due to renewable energy prices being higher than conventional electricity rates.	Accelerated pressure to transition to renewable energy due to stronger domestic and global disclosure regulations and increasing supply chain carbon neutrality requirements from major customers, including construction companies in the Project Sales business.
		Upstream	As the Renewable Energy Certificate (REC) system expands, demand for wood pellets and wood chips from energy companies is increasing, adding uncertainty to the domestic supply environment for PB and MDF raw materials.	Growing shortage of domestic PB/MDF supply due to the continued increase in wood demand from energy companies, raising concerns over reduced stability in raw material supply for Hanssem's major product lines.
	Market	Upstream	As IMO greenhouse gas reduction regulations become stronger, shipping companies are increasing environmental investments, such as introducing LNG-powered vessels and installing scrubbers, which is adding upward pressure on maritime transportation costs.	Mid- to long-term increase in the burden of maritime transportation costs for imported raw materials, including PB and MDF, as shipping companies' environmental investment costs are passed on through fuel surcharges and other fees after 2026.
		Downstream	The market competitiveness of non-certified products is weakening as consumer preference for eco-friendly and low-carbon products spreads and the market increasingly centers on eco-certified products.	The eco-friendly furniture market is expected to grow faster than the overall furniture market. Failure to respond with eco-certified and LCA-based products may weaken Hanssem's position in the premium market.
	Reputation	Downstream	With growing investor and consumer interest in ESG management and changing awareness of product recyclability, stakeholder expectations for brand reputation and circular economy response are increasing.	Failure to improve ESG ratings and respond to requirements for ease of recycling may reduce brand trust and limit opportunities to increase corporate value.
Physical Risk	Acute	Upstream	In major PB/MDF raw material production regions, including Southeast Asia, declining land productivity caused by abnormal climate conditions has been observed. This is creating a burden on the stable supply and pricing of imported raw materials.	Under the RCP 4.5 and 8.5 scenarios, production productivity is expected to continue declining. This may intensify shortages of key raw materials and reduce supply chain stability.
		Upstream	In major wood production regions, including coastal areas in Southeast Asia, cases of flooding and land loss caused by sea level rise and abnormal climate conditions are increasing, adding pressure on the supply base for imported raw materials.	Rising sea levels are expected to cause soil loss in production areas and reduce cultivated land, leading to higher raw material supply prices. This may act as a long-term factor weakening cost competitiveness.
	Chronic	Own	As the global average temperature rises, the number of cooling operation days at major business sites, including the Ansan plant and logistics centers, is increasing, leading to a greater burden on electricity, water, and equipment maintenance.	Under the SSP scenarios, cooling energy demand is expected to continue increasing. This is expected to gradually affect the operating cost structure of business sites through 2060.

Climate Change

Concentrated and Expected Impacts Across the Value Chain HANSSEM analyzed the physical risks of climate change using the IPCC AR5-based RCP 4.5 and RCP 8.5 scenarios and reviewed their impact across our value chain. The analysis found that the main impacts are concentrated in the raw material procurement stage (Upstream). As temperatures rise and rainfall patterns change, major wood-producing regions such as Russia, Southeast Asia, and North America may experience lower wood productivity due to increased wildfires, pests, and logging restrictions. In particular, these changes may lead to reduced raw material supply and higher prices. Given our business structure, which relies heavily on imported wood, procurement lead times and supply uncertainty are expected to increase. As a result, production delays and disruptions to delivery schedules may occur, which could lower customer satisfaction and cause an indirect decline in revenue. According to the scenario analysis, when the decline in raw material supply caused by climate change is reflected, we are expected to experience an average annual revenue decrease of approximately KRW 2.96 billion under RCP 4.5 and KRW 4.91 billion under RCP 8.5 by 2050. These impacts show that risks arising at the raw material procurement stage may spread to the production and sales stages, affecting the overall value chain. In response, we are securing the stability of our raw material supply by diversifying import sources, expanding the use of alternative materials, and signing long-term contracts, and we continue to manage supply chain risks by monitoring global raw material prices and climate data.

Opportunity Factors

Category	Value Chain	Current Impact	Anticipated Effects	
Opportunity	Technology	Own	Demand for eco-friendly and durable products is increasing due to expanded government support for eco-friendly products and the spread of value-based consumption among consumers. Hanssem is strengthening the competitiveness of its eco-friendly product lineup by expanding LCA-based product design and the use of Super E ₀ materials.	The eco-friendly furniture market is expected to grow at an average annual rate of approximately 7.6%. With the expansion of LCA, Environmental Product Declaration, and low-carbon product certifications, Hanssem is expected to expand its revenue base in the premium market and accelerate the transition to a portfolio centered on sustainable products.
	Policy/ Taxation	Own	Energy use at factories and logistics centers is being reduced through the replacement of high-efficiency equipment and lighting and the introduction of energy management systems at business sites. Fuel cost savings are also being achieved through the transition of site vehicles to eco-friendly vehicles.	Continued investment in high-efficiency equipment and the expanded transition to electric vehicles are expected to reduce long-term operating costs at business sites. Greenhouse gas reduction performance is expected to serve as a competitive advantage in securing emissions allowances and responding to regulations.
	Market	Downstream	Hanssem has enhanced investor and customer trust in its brand by accumulating ESG management achievements, including receiving the Leadership rating (A-) for the first time in the 2025 CDP Climate Change assessment and winning the K-ESG Management Awards for four consecutive years.	As mandatory ESG disclosure expands in Korea and overseas, Hanssem is expected to secure a differentiated position as a company with strong climate response performance. This is expected to have a positive impact on securing Project Sales (B2B) construction company customers and premium B2C customers.
		Downstream	As the government expands carbon neutrality and circular economy policies, various incentive programs are being operated, including support for the purchase of eco-friendly products and R&D tax benefits. This is strengthening the foundation for Hanssem's eco-friendly product development and resource circulation activities.	Hanssem is expected to benefit from expanded government support for the distribution of eco-friendly products and support linked to Green New Deal policies. This is expected to strengthen the mid- to long-term business foundation through the expanded distribution of eco-friendly products and contribute to the creation of social value.

Climate Change

Strategy and Decision-Making

Response to Climate-Related Risks and Opportunities HANSSEM operates a response system that distinguishes between current efforts (FY) and planned efforts (FY+1 to 2050) to address identified climate-related risks and opportunities. Current efforts are being implemented across our value chain, including improving the regulatory response system, enhancing energy efficiency at business sites, and monitoring supply chain risks. Planned efforts will be further specified through our mid- to long-term implementation plan to achieve Net Zero 2050. Through these efforts, we are strengthening our climate risk management and linking climate-related opportunities to enhanced business competitiveness.

Response Strategies and Implementation Plans

Category		Current Efforts (FY)	Anticipated Efforts (FY+1~2050)
Transition Risk	Policy/Regulation	• Establish a voluntary greenhouse gas management framework and pursue proactive third-party verification	• Advance site-specific reduction strategies in line with the national carbon neutrality policy
	Policy/Taxation	• Review the introduction of electric cargo vehicles and promote the transition from diesel forklifts to electric forklifts	• Expand the transition to low-emission transportation across the nationwide construction and delivery network
	Technology	• Install 202 kW solar power facilities at Plant 1 and improve the efficiency of manufacturing equipment • Expand the use of FSC- and PEFC-certified wood and recycled materials	• Achieve 100% renewable energy transition at all business sites by 2050 and diversify procurement methods • Achieve 100% FSC certification across the supply chain and secure a foundation for commercializing alternative materials
	Market	• Review maritime transportation routes for imported raw materials and consider expanding eco-friendly logistics networks • Introduce an LCA-based product development system and expand the use of Super E ₀ materials	• Establish low-carbon logistics partnerships and advance the long-term transportation contract system • Obtain Environmental Product Declaration and low-carbon product certifications and increase revenue from sustainable products
	Reputation	• Achieve the CDP Leadership rating (A-) for the first time and improve the quality of ESG disclosure	• Expand circular economy-based refurbishment and recycling services and improve ESG ratings
Physical Risk	Acute	• Diversify import sources and continuously monitor supply risks in major countries of origin • Operate long-term supply contracts and a risk-diversified procurement system	• Establish an early detection system for supply chain risks based on climate scenarios • Establish and regularly review a supply chain business continuity plan (BCP) based on climate scenarios
	Chronic	• Introduce high-efficiency cooling equipment, strengthen insulation, and monitor electricity use in real time	• Advance the smart factory-based energy management system and implement climate adaptation plans
Opportunity	Technology	• Expand the eco-friendly product lineup and apply Super E ₀ materials to premium brands, including KITCHENBACH	• Expand the sustainable product lineup in line with the growth of the eco-friendly furniture market
	Policy/Taxation	• Introduce energy management systems at business sites and expand eco-friendly vehicle infrastructure	• Reduce operating costs and secure surplus emissions allowances by expanding investment in high-efficiency facilities
	Market	• Enhance trust among investors and Project Sales construction companies based on ESG performance • Respond to consumer preference trends centered on eco-certified products	• Respond to mandatory ESG disclosure and strengthen the foundation for securing Project Sales (B2B) and premium B2C customers • Expand activities linked to government eco-friendly policies and strengthen the eco-friendly brand image

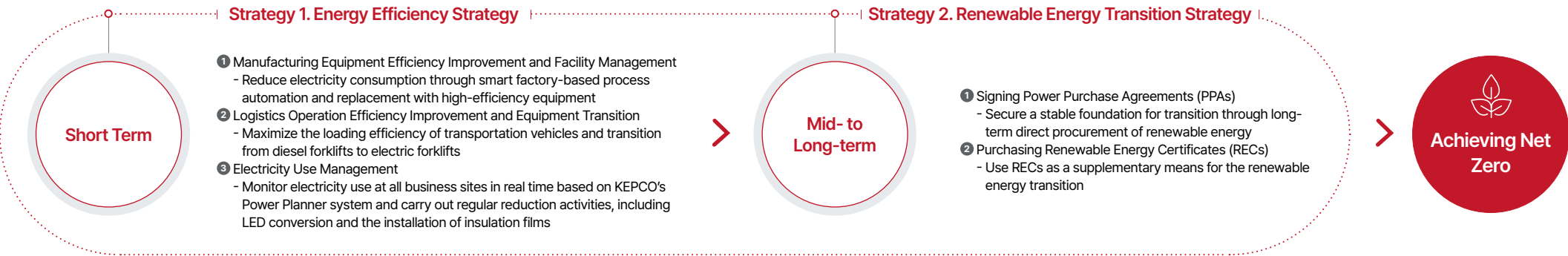
External Cooperation and Engagement Activities

Category	Current Efforts (FY)	Anticipated Efforts (FY+1~2050)
Participation in Global Climate Initiatives	Achieved the CDP Climate Change Leadership rating (A-) for the first time	• Expand mid- to long-term greenhouse gas reduction activities based on SBTi • Internalize capabilities to respond to the global climate disclosure framework
Support for Supplier Management	Evaluate suppliers based on environmental and greenhouse gas indicators on the Click ESG platform	• Expand greenhouse gas reduction consulting programs for suppliers
Employee Participation-Based Carbon Reduction Activities	Carry out internal energy-saving activities, including automatic lights-off during lunch hours and LED conversion	• Introduce an employee performance linkage system based on climate KPIs • Share best practices for energy savings by business site and expand participatory campaigns

Climate Change

Climate-Related Transition Plan HANSSEM is establishing greenhouse gas reduction strategies that reflect Korea's national carbon neutrality policy and global climate change response trends. To respond to climate risks, we are improving our internal greenhouse gas emissions calculation standards and assessment methods and refining our reduction strategies by analyzing climate-related financial impacts. In addition, we set mid- to long-term reduction targets based on the IPCC 1.5°C scenario and pursue Net Zero by implementing short-term reduction measures centered on energy efficiency improvements and mid- to long-term reduction measures through the transition to renewable energy.

Key Transition Plans



Key Assumptions			Dependencies		
Greenhouse Gas Emissions Calculation Criteria	Assumptions on Changes in Energy Prices and Power Mix	Assumptions on Business Growth and Demand Changes	Policy and Regulatory Changes	Raw Material and Supply Chain Risks	Internal Execution Capabilities and Supplier Response Level
Emissions were calculated by classifying operating business sites, including manufacturing sites, logistics sites, and offices. Mid- to long-term emissions were projected based on activity data that reflects production volume and sales growth rates.	Trends in domestic and global energy price increases and changes in electricity carbon emission factors were reflected. The transition of the power mix was assumed in line with policies to expand the share of renewable energy.	Changes in production and sales volume were assumed by reflecting the mid- to long-term growth rates of the furniture and interior market and the increase in demand for eco-friendly products.	Domestic and global policy changes, including carbon neutrality policies, environmental regulations related to building materials and furniture, and mandatory ESG disclosure, may have a significant impact on transition strategies and cost structures.	High overseas dependence, price volatility, and supply chain disruptions for key raw materials such as PB and MDF may affect the low-carbon transition and cost management.	The implementation performance of Scope 3 management and transition plans may depend on the company-wide ESG implementation system, data management capabilities, and the level of suppliers' response to carbon reduction.

Climate Change

Strategy 1

Energy Efficiency Strategy

Manufacturing Equipment Efficiency Improvement and Facility Management HANSSEM is reducing energy use through production process automation and facility efficiency improvements. By introducing high-efficiency equipment, we have reduced electricity consumption while improving production speed and process efficiency. In particular, we are reducing electricity use at the production stage by improving film yield. We also continue to invest in replacing aging equipment. In 2025, Plant 4 replaced five aging compressors with a single high-efficiency unit, reducing electricity use by 17% compared to the previous year.

Logistics Operation Efficiency Improvement and Equipment Transition HANSSEM is reducing energy use and improving transportation efficiency through more efficient logistics operations. To improve transportation efficiency, we consolidate cargo across processes to maximize vehicle loading capacity and loading height within weight and safety standards. In addition, to support the low-carbon transition of our logistics equipment, we are replacing diesel forklifts with electric forklifts. In 2025, three diesel forklifts operated at Plant 5 were replaced with electric forklifts.

Electricity Use Management HANSSEM manages electricity use by deploying KEPCO's Power Planner system at all business sites except leased sites. Through this system, we monitor electricity use data in real time by hour, day, day of the week, month, and year, and analyze usage patterns by business site to identify optimal operating methods. If abnormal usage is identified during monitoring, we immediately analyze the cause and take follow-up measures, such as improving facility operation methods and adjusting processes. In addition, we carry out daily energy-saving activities to reduce company-wide energy use, including operating an automatic lights-off system during lunch hours and fully replacing fluorescent lights with LEDs.

Strategy 2

Renewable Energy Transition Strategy

HANSSEM has established the transition to renewable energy as a key objective of its long-term strategy and is advancing its climate change response accordingly. Given our business structure, in which more than 95% of total greenhouse gas emissions come from electricity use, we have established a reduction strategy centered on renewable energy. Through power purchase agreements (PPAs), the purchase of Renewable Energy Certificates (RECs), and the installation of self-generation facilities, we plan to transition 100% of electricity use at all business sites to renewable energy by 2050.

CASE

Aging Robot Replacement Plan



Hanssem plans to continue improving energy efficiency and reducing greenhouse gas emissions by expanding the scope of facility improvement activities to major sites, including factories and logistics centers. In 2026, we plan to replace aging robots in the packaging process with high-efficiency equipment, mainly at Plant 3 and Plant 4, to optimize manufacturing inline processes. We also plan to install robots in the RLP, machining, and storage lines. By applying equipment that consumes less electricity than existing facilities, we aim to reduce electricity use during process operations, improve facility operating efficiency, and minimize unnecessary energy consumption.

Climate Change

Financial Position, Financial Performance, and Cash Flows

HANSSEM quantitatively analyzes the impact of climate-related risks and opportunities on our financial position, financial performance, and cash flows. We calculate financial impacts using scenario assumptions and internal data and consider potential management costs that may arise during the response process, reflecting the results in our decision-making to strengthen financial stability.

Financial Impact of Climate-Related Risks and Opportunities

Category		Detailed Risks and Opportunities	Related Account Item	Amount (KRW 100 million)	Anticipated Financial Effects
Transition Risk	Policy/Regulation	Greenhouse gas regulations and rising electricity rates	Increase in cost of sales (electricity costs)	9.3	Electricity costs at business sites are expected to increase due to higher electricity rates caused by stronger carbon regulations. This is expected to reduce operating profit through an increase in cost of sales.
	Policy/Taxation	Pass-through of land transportation carbon costs	Increase in cost of sales (land transportation costs)	4.3	Logistics costs are expected to increase as transportation companies face a greater cost burden under carbon neutrality policies in the transportation sector. This is expected to reduce profitability through an increase in cost of sales.
	Technology	Increase in renewable energy transition costs	Increase in property, plant and equipment (renewable energy facility investment)	29.9	Expanded facility investment for the renewable energy transition is expected to increase property, plant and equipment and generate capital expenditures, increasing the cash flow burden in the short term.
		Decrease in raw material supply due to REC expansion	Decrease in revenue (raw material supply)	35.9	If raw material supply becomes unstable due to increased biomass demand, this may lead to production disruptions, reducing revenue and profitability.
	Market	Stronger carbon regulations on maritime transportation	Increase in cost of sales (increase in maritime transportation costs)	3.0	Higher transportation costs resulting from increased environmental investment by shipping companies are expected to be reflected in logistics costs, reducing operating profit through an increase in cost of sales.
		Weakened competitiveness of products without eco-friendly certification	Decrease in revenue (weakened competitiveness of eco-friendly products)	37.2	As the market shifts toward eco-friendly products, the competitiveness of non-certified products is expected to weaken, which may lead to a decline in revenue and a deterioration in the product mix.
	Reputation	Reputational decline due to failure to respond to recycling requirements	Decrease in revenue (reputational decline)	17.8	If Hanssem does not adequately respond to ESG and circular economy requirements, brand reputation may decline, which could lead to customer churn and lower revenue.
Physical Risk	Acute	Lower land productivity in production areas	Decrease in revenue (lower productivity in production areas)	RCP4.5: 29.6 RCP8.5: 49.1	Lower productivity in production areas caused by climate change may lead to a decrease in raw material supply, causing production disruptions and revenue decline.
		Loss of production areas due to sea level rise	Decrease in revenue (impact of sea level rise)	84.3	A reduction in cultivated land due to sea level rise may weaken the raw material supply base, reducing production and revenue.
	Chronic	Increase in cooling costs due to rising temperatures at business sites	Increase in cost of sales (cooling costs)	SSP 1-2.6: 0.9 SSP 5-8.5: 1.3	As rising temperatures increase the number of cooling operation days, electricity use is expected to increase, adding to the burden of operating costs through an increase in cost of sales.
Opportunity	Technology	Improvement of energy efficiency at business sites	Decrease in cost of sales (electricity costs)	0.4	Electricity use is expected to decrease through the introduction of high-efficiency equipment and energy-saving activities, resulting in a reduction in cost of sales through lower electricity costs.
	Policy/Taxation	Replacement of business site vehicles with eco-friendly vehicles	Decrease in cost of sales (fuel costs)	0.8	The transition from internal combustion engine vehicles to electric vehicles is expected to reduce fuel and maintenance costs, resulting in lower operating costs.
	Market	Expansion of eco-friendly product lines	Increase in revenue (eco-friendly products)	80.2	Growing demand for eco-friendly products and the formation of premium pricing are expected to increase revenue and improve profitability.
		Increase in corporate value through the advancement of ESG management	Increase in corporate value (market capitalization)	17.8	Improved ESG ratings and higher corporate trust are expected to lead to a revaluation of corporate value in the market, resulting in an increase in value.

Climate Change

Climate Resilience

Implications of the Company's Assessment of Transition and Physical Risks

Category	Transition Risk	Physical Risk
Scenario Analysis Results	The transition risk analysis found that, in the business site operation area, if 100% of electricity use is converted to renewable energy based on 2024 electricity consumption, additional procurement costs of KRW 2.99 billion per year would occur. If electricity rates rise by 2% due to carbon regulations, the average annual increase in production costs through 2040 is estimated at KRW 930 million. In the raw materials and transportation area, cost burdens across the supply chain are expected to increase due to the pass-through of shipping companies' environmental investment costs to logistics costs, higher land transportation costs in line with the government's transportation roadmap, and instability in domestic MDF/PB supply caused by the expansion of the REC system. From a market perspective, sales of non-certified products are estimated to decrease by approximately KRW 3.72 billion by 2030 as the market share of eco-friendly furniture expands. The possibility of opportunity loss based on market capitalization was also identified if we fail to improve our ESG rating.	HANSSEM's ratio of imported PB and MDF materials is approximately 60.8%, meaning that our overseas raw material supply chain is directly exposed to climate change. According to the scenario analysis, under the RCP 8.5 scenario, a decrease in wood production areas is estimated to result in an average annual revenue decline of KRW 4.91 billion by 2050, while land loss caused by sea level rise is estimated to result in an average annual revenue decline of approximately KRW 8.43 billion. This indicates that acute physical risks may have a significant impact on mid- to long-term supply chain stability. The increase in cooling electricity demand at business sites, which is a chronic risk, is estimated to be around KRW 100 million per year under the SSP scenario and is expected to gradually affect the operating cost structure of business sites.
Implications of the Company's Assessment for Strategy and Business Model	HANSSEM faces transition risks in which multiple impacts intersect, including renewable energy transition costs, raw material supply, the shift to eco-friendly products, logistics carbon costs, and reputation management, amid changes in domestic and global greenhouse gas reduction policies and ESG regulations. To respond to these complex risks, we are calculating financial impacts by scenario in stages and specifying reduction strategies. Key implications identified through the analysis are reflected in management decision-making and mid- to long-term investment plans. Going forward, Hanssem will continue to strengthen the precision of our analysis system and data foundation to effectively manage the impact of transition risks on our management strategy.	Due to HANSSEM's business structure, which has a high overseas dependence on key raw materials such as PB and MDF and operates domestic manufacturing and logistics bases centered in Ansan, abnormal climate conditions in raw material production areas and changes in the operating environment of business sites may directly and indirectly affect financial performance. Accordingly, we are establishing mid- to long-term response directions by comprehensively analyzing climate impacts in raw material production areas, changes in cooling demand at business sites, and supply chain risks caused by natural disasters. Going forward, we plan to advance our physical risk analysis system by further segmenting climate impact data by raw material procurement network and business site.
Company Response	① Establish a roadmap to reduce emissions by 40% by 2030 and 75% by 2045 with the goal of achieving Net Zero at business sites by 2050, and diversify renewable energy procurement through PPAs, RECs, and self-generation. ② Expand the procurement of FSC- and PEFC-certified wood and diversify import sources to respond to raw material supply risks, while proactively responding to the shift toward the eco-friendly market through LCA-based product development. ③ Internalize capabilities to respond to IFRS S2 and ISSB based on the achievement of the CDP Leadership rating (A-), and expand SBTi-based reduction activities.	① Diversify import sources and expand R&D on alternative materials, including recycled and bio-based materials, to respond to risks in overseas raw material production areas. ② Secure raw material supply stability by expanding the procurement of FSC-, PEFC-, and GR-certified wood and signing long-term supply contracts with suppliers. ③ Respond to increasing cooling demand at business sites by introducing high-efficiency cooling equipment, strengthening insulation, including insulation film at the Sangam Office Building, and promoting real-time monitoring of electricity use based on Power Planner. ④ Operate a disaster response system to prepare for acute climate disasters such as heat waves and earthquakes, including installing air conditioners on forklifts and Airrex units for outdoor workers, and conducting disaster recovery simulation drills.

Climate Change

Implications of the Company’s Assessment for Opportunities

Scenario Analysis Results 	The opportunity factor analysis found that the revenue growth opportunity from expanding eco-friendly product lines is the largest financial opportunity, with a potential revenue increase of approximately KRW 8.02 billion by 2030. Strengthening ESG management is expected to increase corporate value by approximately KRW 1.78 billion based on 2022 market capitalization, reflecting differences in price increase rates by MSCI rating level. In addition, opportunities to reduce operating costs were identified, including improving energy efficiency at business sites through the transition to high-efficiency products and reducing fuel costs through the transition of business site vehicles to electric vehicles. Overall, opportunities to improve business site operational efficiency are expected to be realized in the short term, revenue growth from expanded eco-friendly product lines in the medium term, and increased corporate value from accumulated ESG management performance in the long term.
Implications of the Company’s Assessment for Strategy and Business Model 	Hanssem recognizes that the transition to a low-carbon economy and the spread of value-based consumption are driving structural changes in the furniture and interior industry. We aim to turn these changes into opportunities to strengthen our business competitiveness, rather than simply viewing them as risk factors. We have identified opportunity factors aligned with our business structure, including growing demand for eco-friendly products, accumulated ESG management performance, and energy efficiency improvements at business sites, and reflect them in our product portfolio and operating strategies. Going forward, we plan to gradually advance our analysis system to internalize climate-related opportunities as drivers of sustainable growth.
Company Response 	❶ Reduce fuel and operating costs at business sites by transitioning its corporate fleet to eco-friendly vehicles (EVs) and establishing EV infrastructure. ❷ Strengthen the eco-friendly product portfolio by developing LCA-based products, expanding Environmental Product Declaration and low-carbon product certifications, and increasing the use of Super E₀ materials, water-based paints, and water-based adhesives.

Information on Key Inputs

Scenarios and Sources	• SSP scenarios (SSP1-1.9, SSP1-2.6, SSP2-4.5, SSP3-7.0, SSP5-8.5) Based on the IPCC Sixth Assessment Report and the Korea Meteorological Administration’s ‘Detailed Climate Change Outlook Report for South Korea (2022)’ • RCP scenarios (RCP 4.5, RCP 6.0, RCP 8.5) Based on the IPCC Fifth Assessment Report • IEA scenarios (STEPS, APS) Based on the IEA World Energy Outlook • NGFS scenarios (Disorderly, Divergent Net Zero) Based on NGFS Climate Scenarios
Alignment with the Latest International Agreements	Aligned with major latest international agreements, including the United Nations Framework Convention on Climate Change and the Paris Agreement
Base Year	2021
Analysis Time Horizon	2050 (up to 2060 for some items)
Scope of Operations Analyzed	All Hanssem business sites and the overall major value chain

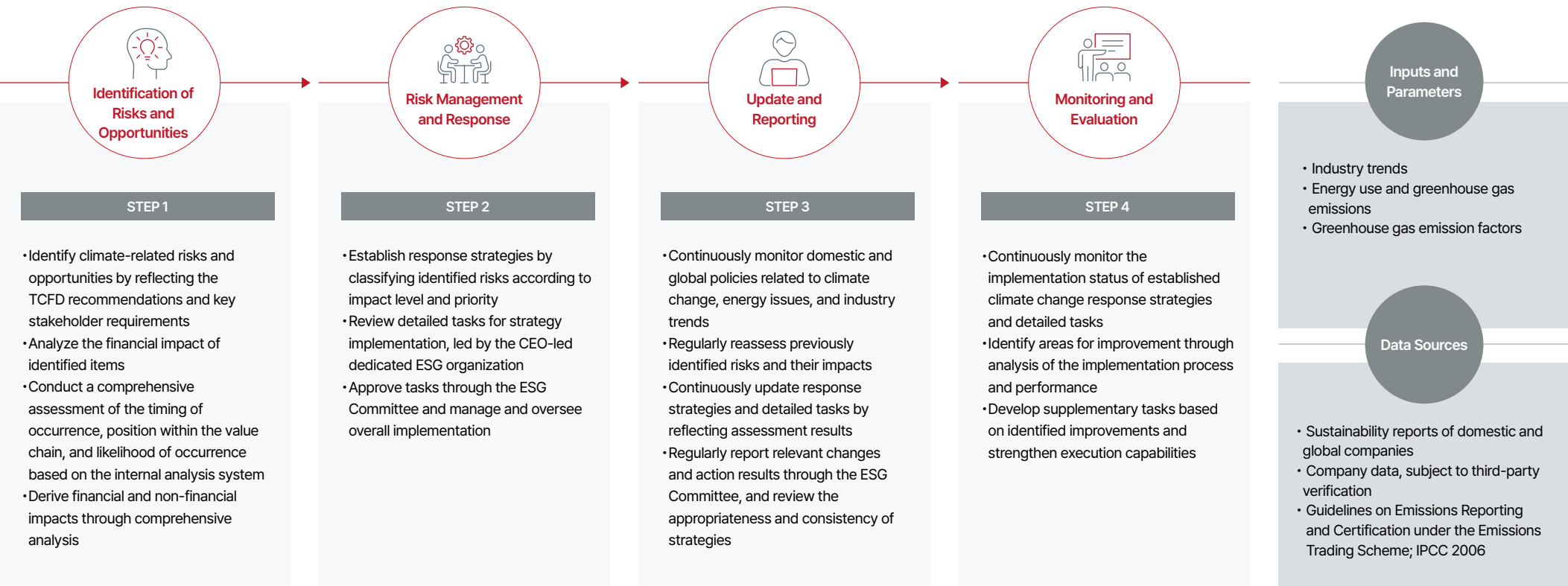
Climate Change

Risk Management

Climate-Related Risk and Opportunity Management Process

HANSSEM operates a climate change risk management process to identify, analyze, and continuously manage climate-related risk factors within its business value chain. Through this process, we analyze the likelihood and impact of climate risks, establish actionable response measures, and continue to advance our climate response system through regular reviews and strategy updates.

Climate Change Risk Management Process

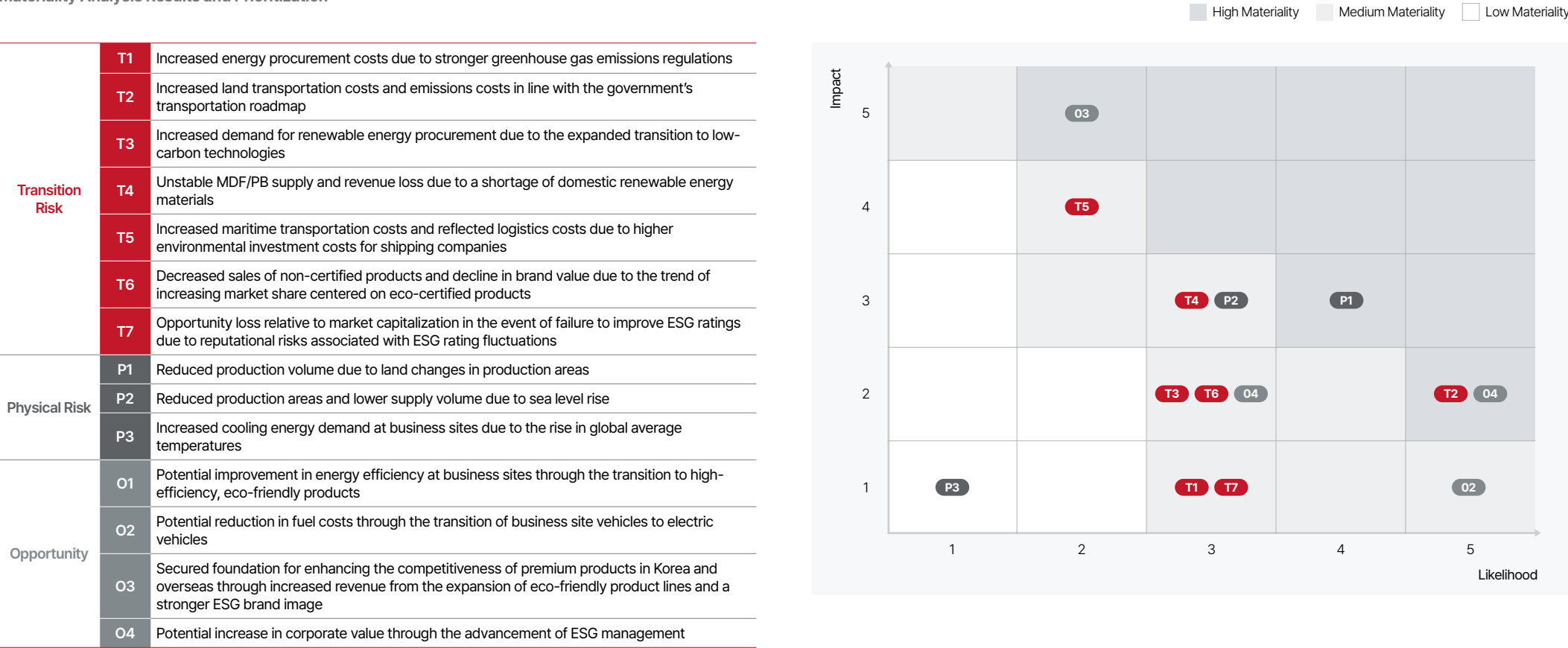


Climate Change

Materiality Analysis of Risk and Opportunity Assessment Results HANSSEM conducted a priority assessment to quantitatively determine the materiality of previously identified climate-related risks and opportunities and identify key management priorities. For each factor, the financial and non-financial impact on our business and the likelihood of occurrence¹⁾ were each assessed on a five-point scale. Priorities were then determined based on the combined score of the two indicators, calculated as Likelihood × Impact. Impact was assessed based on the current and expected impact analysis described above, while likelihood was finalized through qualitative assessments by relevant departments.

1) Each score represents the following ranges: 1 point (0–10%), 2 points (10–33%), 3 points (33–66%), 4 points (66–90%), and 5 points (90–100%).

Materiality Analysis Results and Prioritization



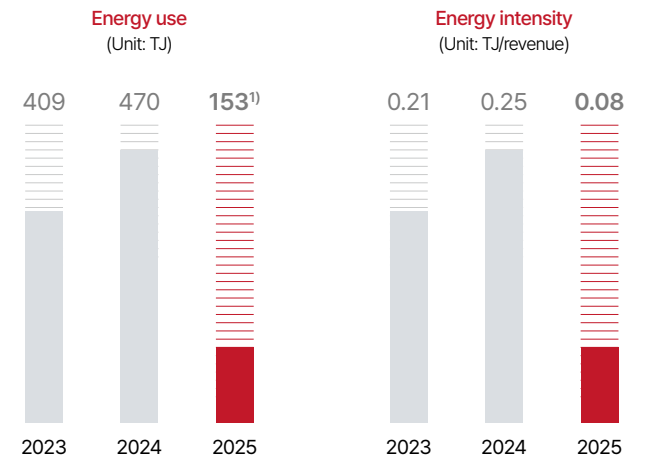
Climate Change

Metrics & Targets

Climate-Related Metrics

HANSSEM systematically manages greenhouse gas emissions and energy use in line with Korea's national carbon neutrality policy and global climate response trends. We established a greenhouse gas inventory in 2020 and began verifying Scope 1 and 2 emissions. Since 2021, we have expanded the scope of our management to include Scope 3, covering our supply chain. In addition, we conduct third-party verification every year to ensure the reliability of our data. In 2025, our Scope 1 and 2 emissions were 15,967 tCO₂eq, remaining within the annual management target of 17,882 tCO₂eq and achieving our greenhouse gas reduction target.

Energy Use



1) The 2025 electricity energy conversion factor reflects 3.6 TJ/GWh as presented in the GHG Protocol Guidance, resulting in some difference from the prior year, which applied Korea's local calorific value of 9.6 TJ/GWh. Calculated at 9.6 TJ/GWh, 2025 energy use is approximately 348 TJ.

Greenhouse Gas Emissions

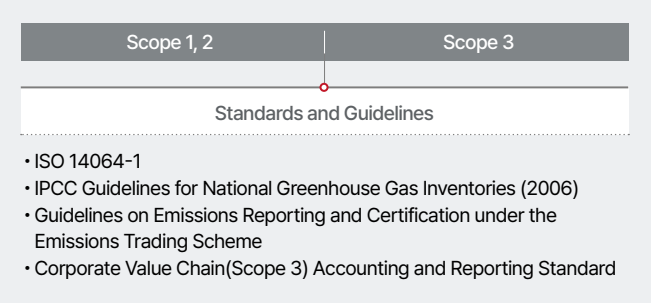
Classification		Unit	2023	2024	2025	Reason for Change in Emissions
Scope1	Headquarters ²⁾		998	825	2,155	Increase in emissions from the incorporation of certain subsidiary departments into HQ
	Subsidiaries ³⁾		-	-	29	Boundary reset following control over subsidiaries and inclusion in Scope 1
	Total		998	825	2,185	-
Scope2 ⁴⁾	HQ	Purchased electricity	18,496	17,618	13,201	Lower electricity use by site (manufacturing, logistics) and store (high-efficiency equipment)
		Purchased steam	294	271	280	-
	Subsidiaries	Purchased electricity	-	-	301	Boundary reset following control over subsidiaries and inclusion in Scope 2
	Total		18,790	17,889	13,782	-
Scope3	Category 1. Purchased goods and services	tCO ₂ eq	67,416	47,149	45,162	Change in calculation method (updated/refined emission factors)
	Category 2. Capital goods		62	2,025	2,280	On-site facility construction
	Category 3. Fuel- and energy-related activities		789	2,633	2,367	Lower upstream emissions from reduced Scope 1+2 fuel/energy use
	Category 4. Upstream transportation and distribution		31,105	18,199	6,736	Calculation method change and reduced transport volume
	Category 5. Waste generated in operations		1,391	1,192	868	Reduced incineration volume
	Category 6. Business travel		364	215	233	Method change (accuracy improved by reflecting fuel types)
	Category 7. Employee commuting		2,829	1,508	1,314	Method change (outlier correction, improved completeness)
	Category 13. Downstream leased assets		3,641	2,895	601	Method change (leased-asset changes, actual electricity use)
	Category 15. Investments		2,385	1,847	4,507	Consolidation-scope change (former subsidiaries excluded, investees reflected)
	Total		109,982	77,663	64,066	-
	Total Emissions (Scope 1+2+3)		129,770	96,377	80,033	-
GHG Intensity		tCO ₂ eq/revenue	66	51	46	-

2) Headquarters: Management Support Division, Home Furnishing Business Division, Rehaus Business Division, SCM Division-Logistics Department, SCM Division-Manufacturing Department, Integrated Quality Division
3) Subsidiaries: Hanssem Service, Hanssem Development, Hanssem Nexus
4) Scope 2 emissions are calculated using a location-based approach.

Climate Change

Emissions Measurement Method HANSSEM calculates greenhouse gas emissions in accordance with the GHG Protocol (2004). In setting our organizational boundaries, we apply the Operational Control Approach, calculating emissions based on business sites for which we have operational, environmental, and safety management responsibility, thereby clearly defining the scope of our management responsibility. For Scope 1 and 2 emissions, we apply standard methods based on emission factors and calculation criteria. In accordance with this approach, subsidiaries previously classified under Scope 3 Category 15 (Investments)—Hanssem Service, Hanssem Development, and Hanssem Nexus—were reclassified and consolidated into Scope 1 and 2 as they fall within Hanssem’s operational control. In addition, following the organizational restructuring, emissions from certain units of the subsidiaries (Hanssem Development and Hanssem Service) transferred to the Integrated Quality Division at headquarters were newly reflected in the headquarters’ calculation boundary. For Scope 3 emissions, we use data across our value chain and apply average values or industry coefficients depending on data availability. In selecting input variables and emission factors, we use officially recognized emission factors based on national and international standards, including those of the IPCC, LCI DB, and EPA, to ensure the reliability and comparability of our calculation results.

Measurement Approach



Climate-Related Targets

HANSSEM has set a goal of achieving carbon neutrality at its business sites by 2050, in line with the global climate goal of limiting the increase in global average temperature to well below 2°C and pursuing efforts to limit it to 1.5°C above pre-industrial levels. To this end, we established 2020 as our base year and developed a mid- to long-term reduction roadmap. In line with the Korean government’s carbon neutrality policy, we are pursuing phased greenhouse gas emissions reductions of 40% by 2030 and 75% by 2045. Given our business structure, in which most company-wide greenhouse gas emissions come from electricity use, we operate a reduction strategy centered on the transition to renewable energy and improvements in energy efficiency. We continuously manage company-wide energy use and implement various measures, including renewable electricity purchases through PPAs, REC purchases, and the installation of self-generation solar power facilities. Through these efforts, we plan to gradually expand the use of renewable electricity at our business sites and achieve a 100% transition by 2050, thereby realizing carbon neutrality.

Measurement Inputs

Category		Standard Inputs	
		Activity Data and Other Inputs	Emission Factors
Scope 1	Stationary combustion	• Natural gas (LNG), diesel, and LPG consumption • Country-specific net calorific values by fuel type	2006 IPCC Default Emission Factors for National Greenhouse Gas Inventories
	Mobile combustion		
Scope 2	Purchased electricity	• Electricity consumption • National Greenhouse Gas Management System (NGMS)	National Electricity Emission Factors Published by the Greenhouse Gas Inventory and Research Center (GIR)
	Purchased heat (steam)	• Purchased heat (steam) consumption	Internally Developed Emission Factors for Purchased Heat (Steam)
Scope 3	Category 1. Purchased goods and services	• Purchased material records and purchase amounts	US EPA Emission Factors Based on Purchased Fuel Expenditures
	Category 2. Capital goods	• Purchased tangible and intangible products and services, excluding Category 1	US EPA Emission Factors Based on Purchased Fuel Expenditures
	Category 3. Fuel- and energy-related activities	• Other fuel and energy consumption	Environmental Label Evaluation Factors National LCI Database Market-based Electricity Emission Factor
	Category 4. Upstream transportation and distribution	• Transportation data from business reports	US EPA Emission Factors Based on Purchased Fuel Expenditures
	Category 5. Waste generated in operations	• Waste treatment methods and disposal volumes by business site	Environmental Label Evaluation Factors
	Category 6. Business travel	• Modes of transportation, travel distance, number of overnight stays, travel expenses, etc.	US EPA Emission Factors Based on Purchased Fuel Expenditures
	Category 7. Employee commuting	• Employee work locations, residential addresses, workdays, annual leave, etc. • National Statistical Portal (KOSIS) transportation statistics	US EPA Greenhouse Gas Emission Factors
	Category 13. Downstream leased assets	• Electricity consumption of leased assets (Bangbae Office Building, Plant 5, etc.)	2006 IPCC Default Emission Factors for National Greenhouse Gas Inventories
	Category 15. Investments	• Investment holdings and total assets of investees	US EPA Emission Factors Based on Purchased Fuel Expenditures

Biodiversity Protection

Sustainable Ecosystem Management

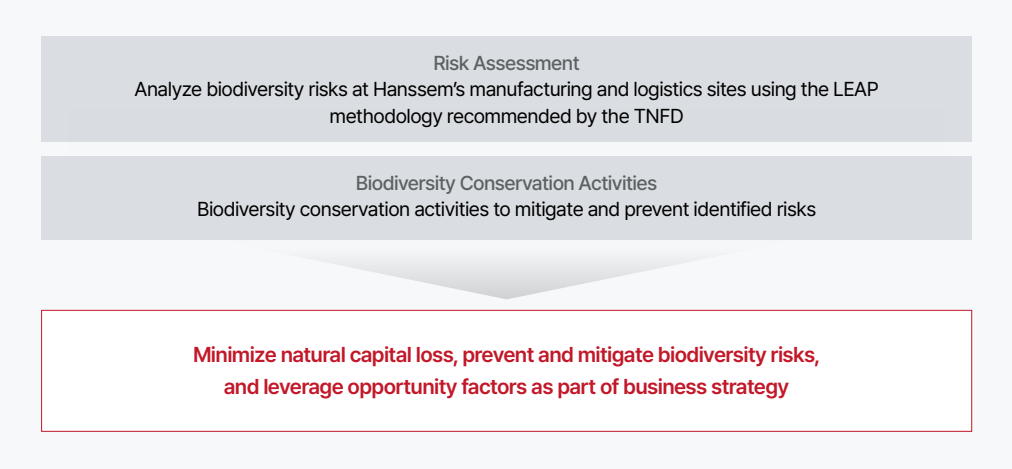
HANSSEM makes various efforts to minimize its impact on biodiversity. In 2026, we conducted a pilot assessment and analysis of the environmental impacts, dependencies, and risk factors related to natural capital at our major business sites using the TNFD (Taskforce on Nature-related Financial Disclosures) LEAP¹⁾ methodology. Based on the analysis results, we plan to establish specific targets and strategies to minimize our impact on natural capital and continue our efforts to protect biodiversity.

1) LEAP: The LEAP approach is a phased approach that identifies the location of nature related to a company (Locate), measures dependencies and impacts on nature (Evaluate), assesses the company's risks and opportunities (Assess), and prepares responses and disclosures (Prepare).

Biodiversity Management System

HANSSEM has established a management foundation for biodiversity issues and assessed and analyzed the impacts, dependencies, and risk factors of its business activities on natural capital. We are carrying out biodiversity conservation activities to mitigate the identified risks.

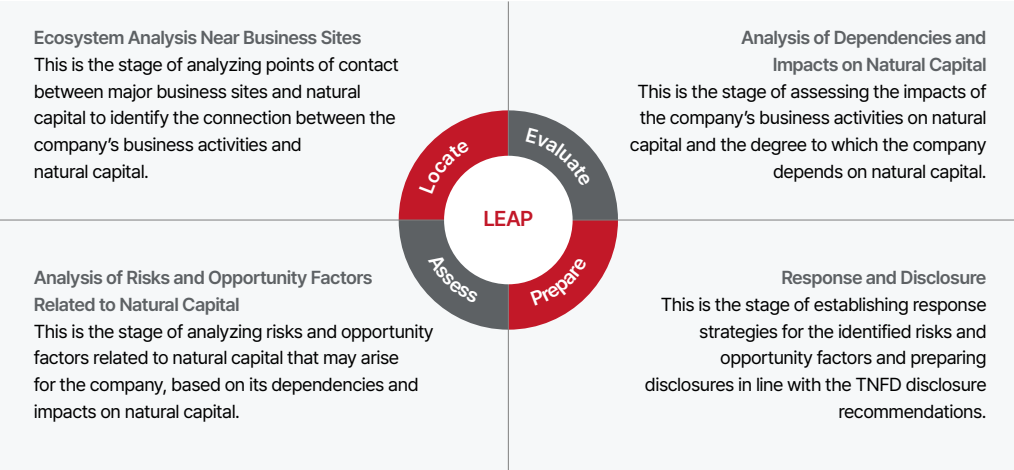
Biodiversity Management Process



Biodiversity Risk Assessment and Analysis

HANSSEM recognizes the importance of natural capital in its business operations and plans to analyze natural capital-related risks and opportunities and reflect them in its business strategy to minimize its impact on nature. In 2026, we conducted a pilot biodiversity risk assessment of our business sites using the TNFD (Taskforce on Nature-related Financial Disclosures) LEAP methodology. Through this process, we assessed and analyzed the dependencies and environmental impacts of our major business sites on natural capital and identified and evaluated biodiversity-related risks.

LEAP Methodology



Biodiversity Protection

STEP 1: Locate HANSSEM conducted a site-based ecosystem analysis in accordance with the Locate stage of the TNFD LEAP methodology to identify biodiversity-related risks. In the analysis process, we used IBAT¹⁾ and the UN Biodiversity Lab to review the biodiversity status near our major domestic business sites. The scope of assessment was established around our major business sites²⁾, including the headquarters, manufacturing sites, and logistics sites, and we identified the connection with natural capital based on whether protected areas, Key Biodiversity Areas³⁾(KBAs), and endangered species⁴⁾ are distributed within a certain radius of each site. Through this process, we identified the potential impacts and dependencies of our business activities on biodiversity and plan to use the results as baseline data for establishing future management and response directions.

1) The Integrated Biodiversity Assessment Tool
2) Nearby protected areas: Protected areas located within 50 km
3) Number of nearby Key Biodiversity Areas: Number of Key Biodiversity Areas located within 50 km
4) Number of endangered species: Number of IUCN Red List endangered species rated Near Threatened or higher located within 50 km

IBAT Analysis Results

Category	Business Site	No. of Nearby Protected Areas	No. of Nearby Key Biodiversity Areas	No. of Endangered Species
Headquarters	Sangam Office Building	138	11	148
	Bangbae Office Building	139	10	147
Manufacturing	Plant 3	131	9	144
	Plant 4	141	9	144
Logistics	Plant 5	133	10	145
	Grey Box	128	9	143

STEP 2: Evaluate HANSSEM analyzed the impacts and dependencies of its business activities on natural capital in accordance with the Evaluate stage of the TNFD LEAP methodology after identifying biodiversity-related risks. In the analysis process, we used the ENCORE¹⁾ tool to review dependencies and impacts on ecosystem services and components based on the furniture manufacturing industry. We distinguished the concepts of dependency and impact: dependency was defined as the process of analyzing the extent to which economic activities depend on ecosystem services and components, while impact was defined as the process of assessing the potential impacts of economic activities on ecosystem services and components. As a result of the assessment, non-GHG air pollutant emissions and the discharge of hazardous pollutants to water and soil were identified as High-level items. Based on this, we identified our key management scope, focusing on impacts and dependencies rated Medium or higher. Through this analysis, we identified the key linkages between our business activities and natural capital and plan to use the results as baseline data for establishing future risk management and response directions.

1) Exploring Nature Capital Opportunities, Risk and Exposure

ENCORE Analysis Results

Category	Details	Rating
Dependency	Water supply	Medium
	Solid waste remediation	Medium
	Water purification services	Medium
	Water flow regulation services	Medium
	Flood mitigation services	Medium
	Storm mitigation services	Medium
Impact	Disturbance caused by noise, light, etc.	Medium
	Greenhouse gas (GHG) emissions	Medium
	Non-GHG air pollutant emissions	High
	Discharge of hazardous pollutants to water and soil	High
	Water use	Medium

Biodiversity Protection

STEP 3: Assess HANSSEM assessed physical and reputational risks related to natural capital for a total of six business sites, including the Sangam Office Building, manufacturing sites, and logistics sites, using the WWF Biodiversity Risk Filter. Physical risks were reviewed based on supply, supporting, and regulating services, as well as biodiversity factors. Reputational risks were reviewed based on site location by reflecting environmental factors, socioeconomic factors, and other factors. This assessment was conducted based on the risk ratings provided by the WWF Biodiversity Risk Filter, enabling Hanssem to systematically identify the level of potential natural capital-related risks by business site. Through this process, Hanssem plans to identify sites with relatively higher risk levels and establish management and response directions to mitigate biodiversity-related risks, focusing on those sites.

STEP 4: Prepare Based on the results derived from biodiversity risk assessment and analysis, HANSSEM is specifying response directions for the identified risks and opportunity factors. In addition, we are preparing a framework for relevant metrics and targets by referring to global standards such as the SBTN (Science Based Targets Network) methodology, and working to reflect them in our business strategies. To respond to disclosure requirements based on the TNFD framework, we are also organizing relevant data and improving our internal management level. Going forward, Hanssem plans to continuously expand the scope and level of disclosure.

WWF Biodiversity Risk Filter Analysis Results

Very Low (1.0 or higher to 1.8 or lower) Low (above 1.8 to 2.6 or lower) Medium (above 2.6 to 3.4 or lower) High (above 3.4 to 4.2 or lower) Very High (above 4.2 to 5.0 or lower)

Category	Business Site	Physical Risk					Reputational Risk			
		Provision Service ¹⁾	Supporting Service	Regulating Service	Biodiversity ²⁾	Overall	Environmental Factors ³⁾	Socioeconomic Factors ⁴⁾	Other Factors ⁵⁾	Overall
Headquarters	Sangam Office Building	2.9	3.2	3.3	3.3	3.3	3.0	2.6	3.6	3.3
	Bangbae Office Building	2.9	3.2	3.3	3.3	3.3	3.0	2.6	3.6	3.3
Manufacturing	Plant 3	3.3	3.5	3.8	2.9	3.5	2.8	2.6	3.6	3.2
	Plant 4	3.3	3.5	3.8	2.9	3.5	2.8	2.6	3.6	3.2
Logistics	Plant 5	3.3	3.5	3.8	2.9	3.5	2.8	2.6	3.6	3.2
	Grey Box	3.3	3.5	3.8	2.9	3.5	2.8	2.6	3.6	3.2

- 1) Risk arising from the reduced availability or degraded quality of natural inputs due to nature degradation
2) Risk that may negatively affect biodiversity and reduce ecosystem services
3) Risk arising from adverse impacts on local environmental assets and local concerns related to biodiversity issues
4) Risk arising from adverse impacts on local socioeconomic conditions and local concerns related to socioeconomic issues
5) Risk arising from the importance of ecological assets and public concern

Biodiversity Conservation Roadmap

Goal	Minimize biodiversity impacts, restore ecosystems, and enhance sustainability across all business activities		
Implementation Timeline	Short-term (Within 1 Year)	Mid-term (2–3 Years)	Long-term (4–5 Years)
	Conduct baseline data surveys, diagnose ecosystem impacts at business sites, define the management scope, and establish targets and detailed action plans	Launch restoration projects, operate employee training and campaigns, promote cooperation projects with external organizations, and build a monitoring system for key management indicators	Advance corporate biodiversity indicator management, establish a performance disclosure system, and expand and enhance disclosures under global initiatives such as TNFD

Biodiversity Protection

Biodiversity Conservation Activities

Creation of a Nectar Tree Seed Production Forest

HANSSEM expanded the scope of its 2024 social contribution activities from environmental improvement to environmental protection as part of its biodiversity conservation activities, promoting practical actions to protect natural capital. Considering the nature of our business, which uses a high proportion of wood, we planned the creation of Hanssem Forest No. 1 to support forest conservation. Accordingly, we created a seed production forest by planting approximately 4,300 nectar trees, a major food source for endangered honeybees, on approximately 1.5 ha of abandoned farmland in Samcheok that had previously been used as highland farmland. In particular, the project contributes to maintaining ecosystem functions by including tree species with late-blooming periods so that honeybees can be supplied with food even in summer. To ensure the stable maintenance of the created forest, we have continued management activities since 2025, including expert monitoring to analyze the causes of tree mortality and the additional planting of 2,150 trees.



Hanssem Forest No. 1



Creation of Hanssem Forest No. 2

HANSSEM continues to carry out forest creation social contribution activities to contribute to forest ecosystem restoration and climate change response. Starting with the creation of Hanssem Forest No. 1 in 2024, we created Hanssem Forest No. 2 in the Siheung area of Gyeonggi-do in 2025, contributing to the expansion of urban green space and the enhancement of biodiversity. In particular, during the April and November tree-planting seasons, about 80 employees participated directly in tree-planting volunteer activities, taking part in the forest creation process. The participating employees also had the opportunity to learn about the ecological value of forests and the importance of responding to the climate crisis. In 2026, we plan to conduct employee-participatory tree-planting activities as an ecosystem restoration effort in areas affected by wildfires.



Creation of Hanssem Forest No. 2



HANSSEM IMPACT

For Our People

02

77 Respect for Human Rights and Diversity

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Respect for Human Rights and Diversity

Human Rights Management

Human Rights Policy

HANSSEM respects the dignity and rights of all members and complies with domestic and global human rights standards and norms, including those of the United Nations (UN) and the International Labour Organization (ILO). Based on this commitment, we newly established the Human Rights Management Charter in 2025, replacing the existing Declaration on Human Rights and Labor Management. The Charter includes compliance with international human rights norms, protection of human rights and labor rights, prevention of and remedy for human rights violations, prohibition of forced labor and child labor, prohibition of discrimination, and protection of human rights across the supply chain. We have also established the Human Rights Management Policy, which sets out specific implementation goals and strategies to realize the values of the Human Rights Management Charter, as well as the Human Rights Management Operating Guidelines, which define the process for implementing the policy. Through these efforts, we have built an implementation framework for human rights management.

In addition, we have joined the United Nations Global Compact (UNGC) to strengthen our human rights management and comply with the Ten Principles of the UNGC. Going forward, we plan to further strengthen activities to protect the rights of various stakeholders.

Human Rights Management Charter

Article 1. Compliance with Human Rights Standards	Article 7. Prohibition of Forced Labor and Child Labor
Article 2. Respect for Diversity and Prohibition of Discrimination	Article 8. Protection of Personal Information
Article 3. Human Rights Protection and Remediation Efforts	Article 9. Supply Chain Management
Article 4. Protection of Fundamental Labor Rights	Article 10. Environmental Protection Efforts
Article 5. Gender Equality and Work-Family Balance	Article 11. Mutual Growth with Local Communities
Article 6. Promotion of Occupational Safety and Health	Article 12. Partner for the Future Society

Human Rights Policy

 Human Rights Management Charter

 Human Rights Policy

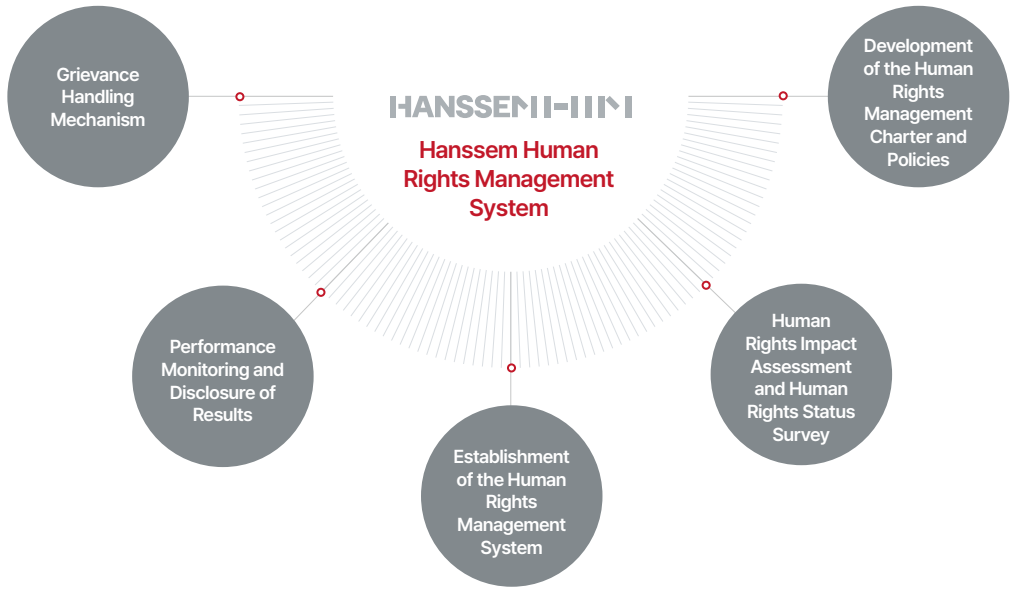
 Human Rights Management Operating Guidelines

Human Rights Management System

HANSSEM operates a human rights management system to systematically manage human rights risks that may arise across our business activities. By reflecting the human rights due diligence process presented by the United Nations Global Compact (UNGC), we have established key management procedures, including the establishment of human rights policies, human rights impact assessments, grievance handling, performance monitoring and disclosure, and the development of a management system.

In particular, we identify potential human rights issues in advance and manage issues that arise through human rights status surveys and grievance handling channels. For identified human rights risks, we implement improvement measures and disclose the results to internal and external stakeholders to ensure transparency.

Hanssem Human Rights Management System

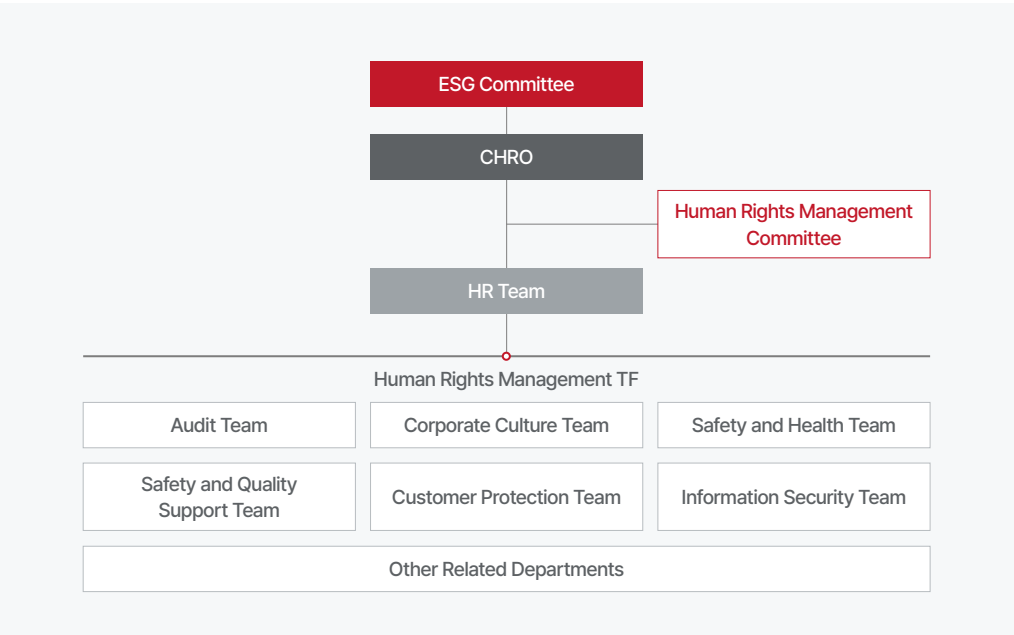


Respect for Human Rights and Diversity

Human Rights Management Implementation Organization

HANSSEM operates a human rights management organizational system to proactively manage human rights risks that may arise across the value chain. The Chief Human Resources Officer (CHRO) participates in Human Rights Management TF meetings and makes decisions on key agenda items through in-depth discussions with decision-makers and working-level staff from major departments, as well as the ESG lead department. Matters discussed at TF meetings are periodically approved and reported through the ESG Committee. The Human Rights Management Committee consists of six members and is chaired by the Head of the Management Support Division. Internally, the committee includes employee representatives and employees with human rights oversight responsibilities, while an external labor expert also participates to ensure expertise. The committee reviews major human rights issues, including workplace harassment, proposes improvement measures, and deliberates and decides on grievance cases, disciplinary measures, and recommendations. Through these activities, it plays a role in embedding a culture of respect for human rights within the organization.

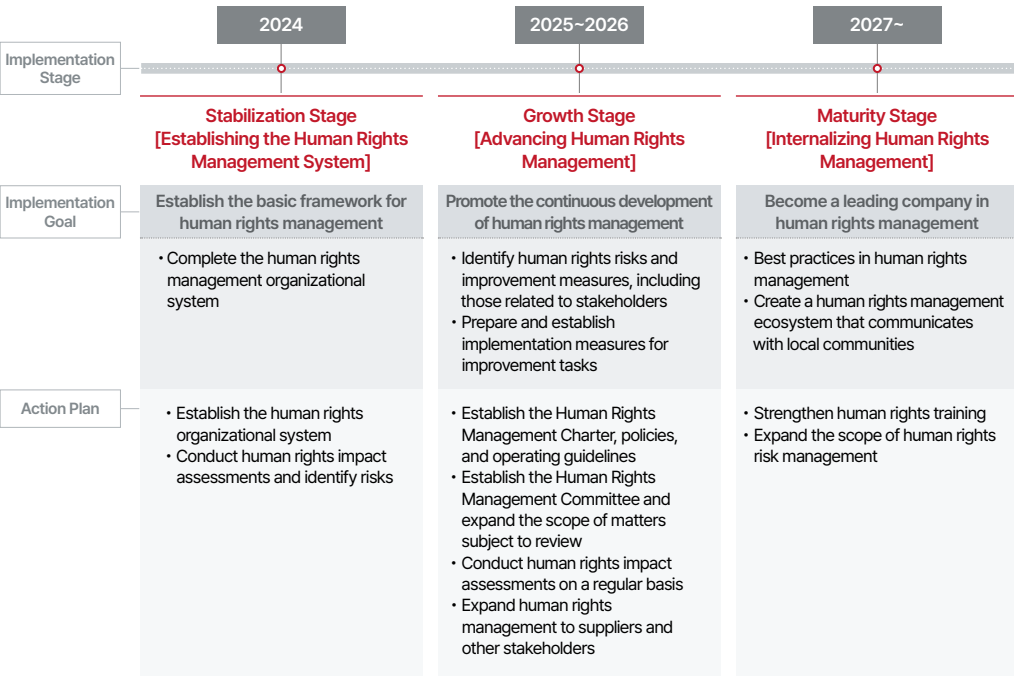
Human Rights Management Governance Structure



Human Rights Management Roadmap

HANSSEM has established and is implementing a mid- to long-term human rights management roadmap in phases to build a corporate culture that respects the human rights of all stakeholders. In 2024, we focused on establishing a human rights management system by setting up a dedicated organization and conducting a human rights impact assessment to identify key human rights risks. The major issues identified through this process have been organized as improvement tasks and reflected in action plans. With the goal of advancing the level of human rights management by 2026, we are promoting related tasks, including the revision of the Human Rights Management Charter, the establishment of policies and operating guidelines, and the creation of the Human Rights Management Committee. We also aim to continuously manage human rights risks within the organization by conducting human rights impact assessments on a regular basis. In addition, we strive to internalize the value of respect for human rights throughout the organization by expanding human rights management to stakeholders, including suppliers, and strengthening education and inspection systems.

Mid- to Long-Term Roadmap for Human Rights Management



Respect for Human Rights and Diversity

Human Rights Risk Management

Human Rights Status Survey

HANSSEM regularly conducts human rights management status surveys to advance our human rights management system, prevent human rights risks in advance, and identify them at an early stage. The 2025 Human Rights Status Survey consisted of 76 questions, the same as the previous year, and 576 employees participated. The survey was conducted to identify actual and potential human rights risks that may arise from our business activities and to minimize such risks. In addition, by using the same questions as the previous year, we also assessed the effectiveness of the improvement tasks implemented in 2025. The survey results were analyzed by various criteria, including gender, age, position, length of service, and employment type. For the key human rights issues identified through the analysis, we established effective improvement measures and applied them in the field. Going forward, we will continue working to establish a healthy organizational culture where all employees can communicate based on mutual respect and fairness.

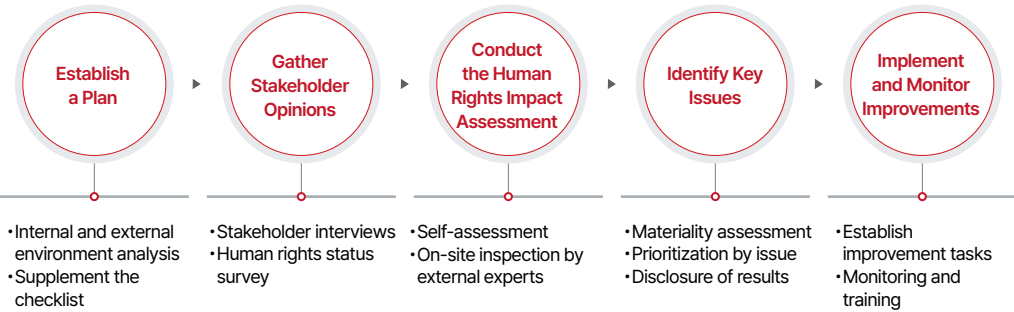
2025 Human Rights Status Survey Results

Category	Improvement Tasks
Human Rights Awareness and System within the Company	• Expand the sharing of the Charter, policies, and guidelines, and strengthen guidance on procedures and reporting channels during human rights sensitivity training
Level of Human Rights Implementation	• Strengthen employee communication and enhance expertise in training and grievance handling
Identification of Human Rights Violations	• Identify issues based on key stakeholders and expand human rights training for external personnel working with the company
Workplace Harassment Status	• Strengthen psychological safety and create an environment for active intervention by improving organizational culture
Workplace Sexual Grievance Status	• Establish a proactive risk management system by strengthening internal feedback collection and communication
Response to Human Rights Violations	• Advance the system for protecting confidentiality related to cases and preventing secondary victimization

Human Rights Impact Assessment

HANSSEM conducts a human rights impact assessment at least once a year to systematically identify and improve human rights risks that may arise across our overall management activities. Following the 2024 assessment, this year's assessment was also conducted based on the National Human Rights Commission of Korea's "Human Rights Management Guidelines and Checklist." The assessment included media research, interviews with relevant personnel, and reviews of organizational and operational status. We examined eight key areas, including child labor, occupational safety and health, and protection of customer human rights, using approximately 170 detailed indicators.

Human Rights Impact Assessment Process



Human Rights Impact Assessment Checklist Items

- 1

Human Rights Management System and Remediation Procedures

2

Prohibition of Child Labor and Forced Labor

3

Guarantee of Freedom of Association and the Right to Organize

4

Humane Treatment
- 5

Responsible Supply Chain Management

6

Occupational Safety and Health

7

Protection of Customer Human Rights

8

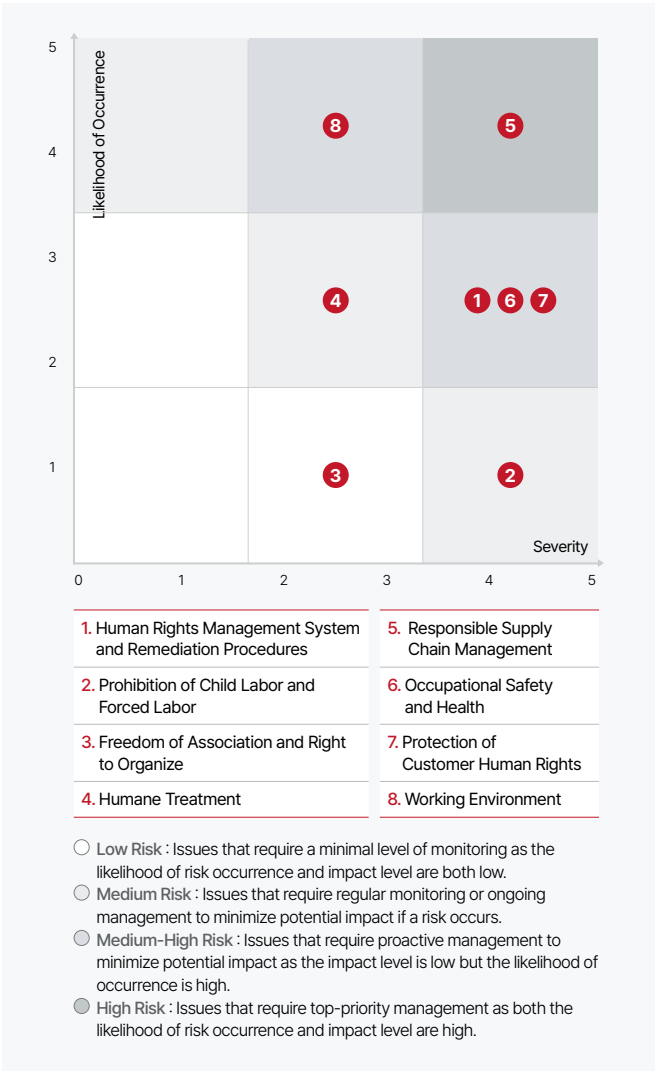
Working Environment

Respect for Human Rights and Diversity

Human Rights Impact Assessment Results HANSSEM comprehensively reviewed our performance and improvement tasks in key human rights areas based on the results of the human rights impact assessment. Across eight areas, we scored 337 out of a total of 340 points, recording an average achievement rate of 99.1% and showing improvement compared to the previous year. In particular, we received excellent evaluations by achieving full scores in five areas: prohibition of child labor and forced labor, freedom of association and the right to organize, occupational safety and health, protection of customer human rights, and working environment. For the human rights management system and remediation procedures, we recorded an achievement rate of 95.0%, showing significant improvement compared to the previous year through efforts such as establishing the Human Rights Management Charter, policies, and operating guidelines in 2025, as well as creating the Human Rights Management Committee. However, the assessment found that further improvement is needed in the areas of humane treatment and responsible supply chain management. Based on the assessment results, we plan to identify human rights issues by key stakeholder group and establish specific action plans to mitigate them, thereby continuously managing human rights risks.

Identified Issues and Response Based on the Human Rights Impact Assessment Based on the results of the human rights impact assessment, HANSSEM conducted a materiality assessment to select key human rights issues that require company-wide response. The assessment aims to comprehensively review the impact of each issue on the organization and stakeholders and identify response priorities. We analyzed the impact level of each issue by considering its impact on business performance, the possibility of financial loss, and stakeholder impact. We also assessed the risk level by reflecting past cases and the likelihood of future occurrence. In addition, we considered the implementation level by issue identified through the human rights impact assessment, and identified key tasks with high impact and likelihood. Based on this, we established response and improvement directions for each task.

Results of Human Rights Materiality Assessment



2024 Improvement Task Implementation Performance

Improvement Task	Implementation Efforts	Stakeholders	Effect
Human Rights Management System and Remediation Procedures			
Establishment of the Human Rights Management Committee and protection of stakeholder human rights	Established the Human Rights Management Committee Established the Charter, policies, and operating guidelines	Employees, local communities, partner companies, and customers	Held eight Human Rights Management Committee meetings Reviewed 17 cases and reported five cases Improved Human Rights Status Survey indicators (human rights awareness and system, level of human rights implementation)
Identification of key human rights issues by stakeholder group	Detected risks within the internal organization through the Human Rights Status Survey	All stakeholders across the company	Identified issues through participation in the Human Rights Status Survey after employees transferred from subsidiaries
Raising employees' human rights awareness	Conducted human rights training by group, including promoted employees and transferred employees	Employees	Improved Human Rights Status Survey indicators (human rights awareness and system, level of human rights implementation)
Workplace Human Rights Protection			
Effective workplace harassment training	Conducted company-wide online training Conducted case-based human rights sensitivity training	Employees	Improved Human Rights Status Survey indicators (sense of safety regarding workplace harassment, direct and indirect experience rate)
Securing expertise of grievance counselors	Conducted training on gender sensitivity, investigation techniques, and grievance case handling procedures	Employees	Improved Human Rights Status Survey indicators (satisfaction with the internal grievance handling department, excellent expertise)

Human Rights Violation Reporting

HANSSEM operates a human rights violation reporting process that covers report submission, verification, investigation, and follow-up measures. Reports can be submitted by both internal and external stakeholders through the “Cyber Audit Office” on the official website, and a separate “Reporting” board is operated on the groupware system for internal employees. Reporting channels and handling procedures are guided by type, including general reports, sexual grievances, workplace harassment, and anonymous reports, and sexual grievances can also be submitted through “Hanssem Sexual Grievance Counseling Channel,” a dedicated non-face-to-face KakaoTalk channel. Submitted cases are verified and investigated according to the procedures for each type and are linked to necessary follow-up measures.

Talent Acquisition and Development

Talent Acquisition

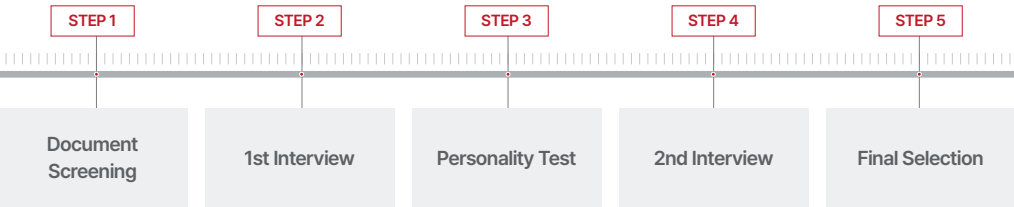
Talent Recruitment

HANSSEM operates a fair and transparent recruitment process to secure outstanding talent. Recruitment is conducted through a five-stage screening process, and rolling recruitment is carried out year-round for various roles, including IT, marketing, and sales. Through the recruitment website, we provide information on the screening process and job roles, and by reflecting our talent profile, we select talent with the values and competencies the organization pursues. Our talent profile is consistently reflected across our HR systems, including recruitment, development, evaluation, and role assignment. Regular internal job posting programs are also operated in line with this direction, providing employees with opportunities for job transition and career development.

Hanssem Talent Profile



Talent Recruitment Process



Talent Development

Talent Development Strategy

HANSSEM actively supports employees in staying engaged in their work and creating meaningful performance through a variety of talent development strategies. Each strategy is designed to strengthen employees' core competencies, with a focus on the common competencies aligned with Hanssem's ideal talent profile. In addition, we continuously refine and enhance these strategies by reflecting changes in the external environment and business conditions.

Talent Development Strategy by Position Level

Training Category		Hanssem Employee Development		Leader/Candidate Development		Job Expert Development	
Position	Job Level	Common Competencies		Leadership/Management Competencies		Job-Specific Competencies	
Division/ Office Head	Executive	Onboarding and Introductory Training for Rolling Recruitment and Experienced Hires	High-Performer Training	CEO Candidate Training		Advanced Training by Job Function •Rehaus Sales •Home Furnishing Sales •Construction •A/S	Ongoing Self-Directed Learning •Online job training •General external training •Language training •Other training
Department Head				Executive Training (Division/Office/ Department Heads)			
	New Executive Training						
Team Leader	General Manager			Department Head Candidate Training			
				High-Performing Leader Training			
	Deputy General Manager			Company-Wide Team Leader Training			
				New Team Leader Training			
Team Member	Manager			Team Leader Leadership Competency Enhancement Training			
	Assistant Manager						
Staff				Introductory Training for New Employees			

Talent Acquisition and Development

Training Programs

Hanssem Employee Development HANSSEM operates customized training programs based on job level and career stage to support employees’ job adaptation and competency development. Our Hanssem Employee Development training consists of onboarding programs for new employees, rolling recruitment hires, and experienced hires, as well as promotion training and training for high-performing team members. Through these programs, we help employees gain the basic understanding and role awareness needed to perform their work. In 2025, we conducted training for rolling recruitment and experienced hires, promotion training for assistant managers and managers, and training for high-performing team members.

2025 Hanssem Employee Development

Category	Training Program	Training Details	Training Performance
New Employee Onboarding Program	Training for Rolling Recruitment and Experienced Hires	- Onboarding program for rolling recruitment and experienced hires - Understanding of company work processes and systems through a ‘Welcome Session’ on the first day of employment - Support for improving job understanding and building internal networks through offline training - Support for continued interaction among participants after the training	-
Promotion Training	Training for Newly Promoted Assistant Managers and Managers	- Learning the roles and competencies newly required for promoted employees - Support for strengthening self-leadership and establishing career development plans - Provision of internal networking opportunities through various exchange programs.	Training satisfaction: 8.7/10
High-Performing Team Member Training	High-Performing Team Member Training	- Training and experience in basic leadership competencies required as team leader candidates - Provision of a program to improve data-based problem-solving capabilities required for next-generation leaders	Training satisfaction: 9.5/10

Leader/Candidate Development HANSSEM operates leadership training by position to develop the competencies of leaders. The training is divided into programs for executives at the department head level and above, and programs for team leaders. Executive training provides business-level education to help participants comprehensively understand the company’s management direction and changes in the external environment. For team leaders, we provide leadership training by organization to strengthen the expertise of each unit, along with various programs that help them demonstrate the basic leadership competencies required as leaders. In 2025, we conducted CEO candidate training, executive coaching training, and training programs for team leaders.

2025 Hanssem Leader/Candidate Development

Category	Training Program	Training Details	Training Performance
Training for Executives at Department Head Level and Above	CEO Candidate Training	- Program to develop key talent with expertise in company management and manage CEO candidate groups - Support for participation in external training programs and workshops related to required competencies - Learning on management, leadership, trends, innovation, and other topics through business reviews and microlearning	CEO candidate development
	Executive Coaching Training	1:1 coaching program for key executives - Leadership competency enhancement program focused on organization management and people management	On-the-job applicability: 9.0/10
Team Leader Training	High-Performing Team Leader Training	- Development of business and organizational management competencies required for executive candidates - Strengthening of business-oriented people management capabilities, performance management capabilities, and problem-solving capabilities	Leadership score of high-performing team leaders: 4.28/5
	Company-Wide Team Leader Training	- Performance management competency enhancement training for all team leaders - Internalization of each organization’s performance responsibility direction and systematic performance management methodology	Performance management leadership score of all team leaders: 4.25/5
	Underperforming Team Leader Training	- Program to identify causes of low leadership performance and improve leadership competencies - Microlearning and 1:1 coaching on insufficient competencies - Support for strengthening leadership competencies by identifying individual issues and providing customized roadmaps	Improvement rate after training: 67%

Talent Acquisition and Development

Job Expert Development HANSSEM provides advanced training by job function and self-directed learning opportunities to strengthen the expertise employees need to perform their duties. In 2025, advanced training by job function was conducted to enhance the competencies of employees in sales, construction, and A/S roles. We also provided all employees with self-directed learning opportunities, including external training, online job training, and language training. In addition, we support internal and external programs and continuously expand training opportunities to help employees strengthen practical capabilities and respond flexibly to the changing business environment.

2025 Hanssem Job Expert Development

Category	Training Program	Training Details	Training Performance
Advanced Training by Job Function	Training by Job Function	• Provide customized training programs based on the characteristics of each job function • Operate curricula that enhance practical capabilities and enable flexible responses to industry changes • Provide sales employees with highly practical training, including introductory training for new hires and communication training • Provide construction and A/S employees with various hands-on training programs to improve work efficiency and effectiveness • Training functions covered: Rehaus Sales, Home Furnishing Sales, Construction, A/S, etc.	Training satisfaction: 9.4/10
Ongoing Self-Directed Learning	External Training	• Allow employees who wish to improve their job competencies to participate freely • Support various training programs selected by employees to enhance their job competencies • Allow participation in training without restrictions on format, including online/offline programs, seminars, workshops, and conferences	A total of 161 training programs provided during the year
Ongoing Self-Directed Learning	Online Job Training	• Provide more than 5,000 diverse content options to enhance job competencies • Operate an integrated training platform that all employees can freely access and take courses through	A total of 675 training programs provided during the year

Performance Evaluation and Compensation

Performance Evaluation and Compensation Principles

HANSSEM operates a performance evaluation and compensation system based on the principles of “Engagement,” “Equity,” and “Simple & Clear,” linking individual goals with company goals and directly connecting performance with compensation. In addition, since 2023, we have strengthened the fairness and reliability of evaluations by subdividing evaluation grades and introducing objection and evaluation audit processes.

Performance Evaluation and Compensation Principles

Engagement	Equity	Simple & Clear
Encourage a sense of participation through a strong link KPI ¹⁾ connecting company, organization, and individual performance management	Improve evaluation fairness and provide clear rewards for outstanding performance through the system ²⁾ , rather than individual evaluators	Operate simple and clear goal-setting criteria so that employees can intuitively understand the system and find it predictable

1) KPI goal-setting and evaluation system

2) KPI-based performance management system within the groupware

Performance Evaluation System

HANSSEM operates a KPI (Key Performance Indicator) system that links company-wide goals with individual goals to manage employee performance. KPIs are set consistently for each organization through consultation among departments and include evaluation items designed to enhance not only financial performance but also long-term value, such as customers, internal processes, and learning and growth, by reflecting the BSC (Balanced Scorecard) perspective. Employees are evaluated at the end of the year based on their KPI achievement, while receiving feedback, reviewing performance status, and discussing improvement measures through an ongoing performance management process. For position holders, both performance and leadership competencies are evaluated, and leadership levels are reviewed through Multi-Rater Evaluation involving supervisors, subordinates, and colleagues, thereby strengthening the culture of collaboration. Evaluation results are used for promotion reviews and internal HR materials.

Key Evaluation Targets and Schedule

Evaluation Target	Evaluation System	Schedule
All Employees	Year-end evaluation	Once a year (year-end to early the following year)
	Ongoing performance management	Once a month
Position Holders	Leadership competency evaluation	Once a year (year-end)
Non-position Holders	Peer multi-rater evaluation	Once a year (year-end)

Compensation System

HANSSEM operates a compensation system based on employees’ roles, competencies, and performance under the principle that “where there is performance, there must be compensation.” To ensure that company performance leads to individual compensation, we disclose compensation standards and principles and have established a compensation resource management system that reflects contribution to results.

We apply an annual salary system to all employees except hourly employees and operate standards aligned with roles and competencies according to the job level system. Position holders and promoted employees are selected through a separate verification process and receive corresponding compensation. Annual salary increase rates and incentives are differentiated based on HR evaluation results, reflecting differences in compensation according to performance level.

Employee Satisfaction

Welfare Benefits

Flexible Work Arrangements

HANSSEM operates flexible work arrangements that reflect job characteristics and work types to improve work efficiency and support work-life balance. Depending on each work type, employees can work in various ways, including choosing their commuting hours, adjusting working hours, and commuting directly to and from work sites based on their work schedule.

Hanssem’s Flexible Work Arrangement Types

Work Type	Applicable System	Key Features
Office Workers	Selective working hours system	• Employees can choose their commuting hours and freely set their optional working schedule outside the mandatory six working hours
Store Employees	Flexible working hours system	• Working hours can be adjusted flexibly according to store operations
Field Workers	Deemed working hours system	• Employees can commute directly to and from work sites and manage their time autonomously

Family-Friendly Programs

HANSSEM operates maternity protection systems and family-friendly management policies to help employees balance work and family life. We support reduced working hours without salary reduction throughout pregnancy, and provide a maternity protection guidebook to create a working environment where pregnant employees are respected. In addition, we strengthen family-friendly working conditions by extending childcare leave beyond legal requirements after childbirth and operating family care programs. In particular, we have created a workplace atmosphere where male employees can freely use childcare leave, building an equal and flexible workplace. Based on these efforts, we obtained the “Family-Friendly Company” certification in 2020 and have maintained the certification for more than five years through recertification in 2025. In the 2025 certification evaluation, we scored 98.9 points, exceeding the average for large companies and public institutions, demonstrating our achievements in family-friendly management.

Welfare Benefits

HANSSEM operates a variety of welfare benefit programs to support employees’ quality of life and create a positive working environment. These programs apply equally to both regular and non-regular employees without discrimination based on employment type, and through them, we help employees maintain work-life balance and grow in a stable and supportive environment.

Welfare Benefit Programs¹⁾

Welfare Points Program • Paid annually to all employees • Can be used like cash at online and offline stores • Differentiated by job level (up to KRW 1.3 million/year)	Childcare Subsidy • KRW 100,000/month per preschool child • Provided until the year before school entry after a one-time application	Children's Tuition Support • Tuition support from elementary school through university entrance • Support amount increases as the child advances in grade
Housing Purchase and Rental Loan Support • Interest support for the portion exceeding a 3% loan rate, up to KRW 2 million/year for five years	Pregnancy and Childbirth Congratulatory Benefits • Welfare points for the employee and spouse upon pregnancy • Childbirth benefit of KRW 1 million, including maternity leave	Internal Psychological Counseling Center • Resolution of work stress and psychological issues • Non-face-to-face counseling (in-person, video, phone, chat) • Counseling extended to immediate family
Family Day Leave • Employees with 1+ years of service • Two days of family leave in each half-year • KRW 200,000 leave allowance when taking leave	Health Checkups for Employees and Families • Annual comprehensive checkup support • Family members can receive checkups at the same price • Checkup day treated as official leave	In-House Clubs • Operation of and participation support for various clubs • Over 600 members in 27 clubs (handicrafts, reading, cooking, etc.) • Communication board provided and promotion encouraged
Medical Expense Support • Employees: group insurance (indemnity, cancer diagnosis/treatment, surgery, death, etc.) • Immediate family of employees with 1+ years of service: partial support through the employee association fund • Work-related injuries/illnesses classified as occupational for treatment cost support	Career Transition Support Program • Employees aged 50+ with 1+ years of service • Vocational preference tests, startup support, financial planning, government policy guidance • Interpersonal conflict resolution and communication skills training	Long-Service Support • Leave and reward money recognizing long service and providing an opportunity to recharge • Provided at 3/5/10/15 years and every 5 years thereafter
Family Event Support • Support for family events of employees and immediate family • Congratulatory/condolence money, leave, and supplies	Birthday Leave • Paid half-day leave available during the birthday month	On-Site Daycare Center • Directly operated daycare at the Sangam office building • For employees' children aged 1-5; 62 children enrolled as of Dec 31, 2025 • High employee satisfaction through professional educators and curriculum

1) Some differences exist in health checkup items and the scope of family support depending on job level.

Employee Satisfaction

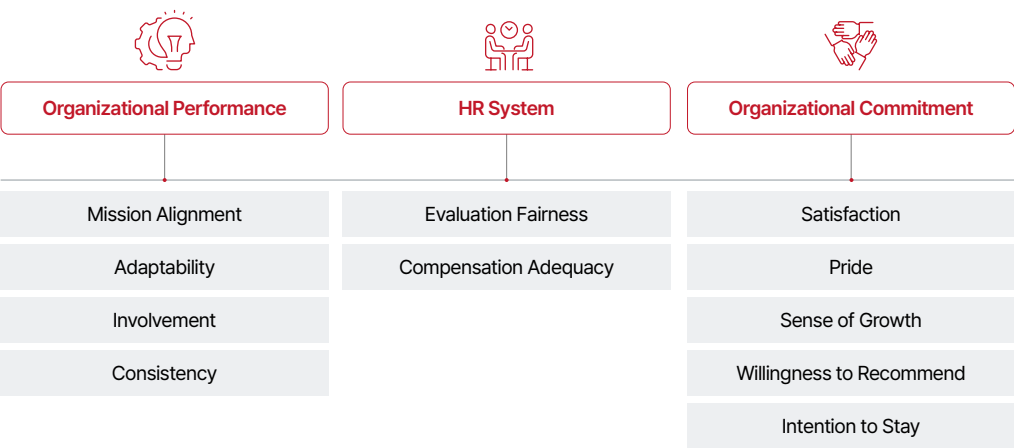
Communication and Collaboration

Organizational Culture Diagnosis

HANSSEM has been conducting organizational culture diagnoses since 2015 to review and improve the company's overall operating methods, systems, and processes. Since 2024, to more precisely diagnose the factors that affect organizational performance, we have measured the four sub-factors of mission alignment, adaptability, involvement, and consistency and used the results as basic data for organizational development. According to the 2025 diagnosis results, the positive response rate for organizational commitment¹⁾ increased from 35.8% in the previous year to 40.5%. This is analyzed as the result of expanded employee understanding of and empathy with the company's direction and values through various communication channels and organizational culture activities. Going forward, we plan to continue conducting organizational culture diagnoses and promoting activities to improve organizational effectiveness, thereby creating an organizational culture that strengthens the foundation for sustainable growth.

1) Positive response rate for organizational commitment: The level of positive perception is measured based on the ratio of respondents who answered 5 points (Strongly agree) or 4 points (Agree).

Organizational Culture Diagnosis Items

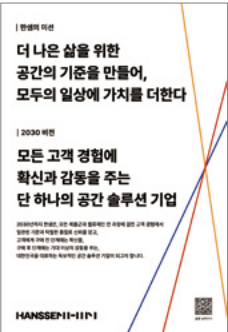


CASE

Establishing Hanssemness

HANSSEM's history of leading the furniture and interior industry for more than 50 years reflects its management philosophy and core values of constantly pioneering new markets and challenging ambitious goals. Even today, Hanssem employees fulfill their roles with a sense of mission to think deeply about the spaces best suited to customers' lives, present new standards, and add value to everyday life. This is our way of working, built together over decades beyond job levels and positions, and it is one of our strongest assets.

The 'Hanssemness Project' is an initiative to reinterpret Hanssem's long-accumulated assets and experience in line with the current business environment and communicate them in language that reflects Hanssem's identity and that employees can relate to and put into practice. In 2024, we established our mission and nine work principles through employee participation. In 2025, based on these foundations, we established a vision toward 2030 and presented a shared direction and goals for employees. Through this initiative, we are strengthening the foundation for organizational operations and our capabilities to respond to changes in the external environment while continuously delivering value to customers and the market. In addition, we have defined the Hanssem talent profile needed to realize our mission and vision and are applying it across our HR systems, including the recruitment, development, and evaluation of Hanssem employees, as an important standard for organizational operations.



Employee Satisfaction

Town Hall Meetings

Since 2022, HANSSEM has shared major company-wide agenda items and business plans by division at year-end town hall meetings, while also sharing the progress and key achievements of each division's business plans through monthly town hall meetings. Through these meetings, we strengthen alignment between company-wide strategies and individual work, and support smooth collaboration across the organization. Town hall meetings are held through online streaming so that all employees can participate, and communication takes place through questions submitted in advance and real-time comments. In addition, since 2024, we have operated "Dialogue with the CEO," a program that allows employees to communicate directly with the CEO on key issues at the division level to deepen their understanding of the company's strategic direction and work principles. Through this program, we strengthen motivation within the organization.

Change Agents

HANSSEM's "Change Agents" are composed of responsible-level talent from each division. Before major system changes or the introduction of new tools, they receive relevant information in advance and provide feedback so that diverse opinions within the organization can be reflected in the decision-making process. In 2025, they participated in the process of establishing the 2030 Vision based on the mission and work principles defined through "Hanssem-ness," playing a role in reflecting employees' perspectives in the company's mid- to long-term goals and strategic direction. In 2026, Change Agents will support the identification and implementation of improvement tasks in work processes by collecting employee feedback and maintaining regular communication with management.



2025 Town Hall Meeting

Labor Management Relations

Labor Management Communication and Cooperation

HANSSEM has established an open communication structure with trade unions and the Labor Management Council, building a cooperative labor management culture in which employees' diverse opinions can be reflected in its systems and operations. The unions represent employees' opinions and take the lead in negotiating wages and working conditions, while the company monitors compliance with labor laws and related regulations and manages the working environment by providing training and information. Opinions from non-unionized employees are gathered through the Labor Management Council, which discusses key agenda items through quarterly meetings led by three employee representatives selected through direct, secret, and anonymous voting. In 2025, major agenda items included improvements to the performance evaluation system, the appointment of an Honorary Equal Employment Inspector, and integration of the job grade system, and the agenda approval rate was 76%. Through these efforts, we support employee welfare and job stability while promoting improvements to the working environment.

Major Agenda Items of the Labor Management Council

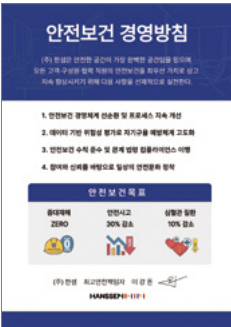
Category	Date	Major Agenda	Results
Q1	2025. 03	2025 Recruitment Plan and HR Evaluation System	Annual recruitment plan sharing and improvements to performance and competency evaluations
Q2	2025. 06	Appointment of an Honorary Equal Employment Inspector	Appointment of a new Honorary Equal Employment Inspector and dismissal of the former inspector
Q3	2025. 09	Issues in Operating the Internal Job Posting System	Requests for recruitment in the event of vacancies and preparation of supplementary measures in the event of multiple temporary vacancies
Q4	2025. 12	Opinions on the Integration of the Job Grade System	Strengthening of evaluation fairness compared to the previous year and measures to prevent disadvantages for employees who are not promoted
		Addition of Job Groups Subject to the Deemed Working Hours System	Preparation of an additional labor management agreement for job groups subject to the deemed working hours system
		Labor Management Council Operating Regulations	Resolution to revise the Labor Management Council Operating Regulations

Workplace Health and Safety

Health and Safety Management System

Health and Safety Management Policy

Based on its Health and Safety Management Policy, HANSSEM operates a health and safety management system that places the highest priority on the health and safety of customers and employees. Based on the four principles of the policy to protect the health and safety of customers, employees, and partner company employees, we have established standards to systematically identify and manage potential risk factors and have built a management foundation that complies with legal requirements. Furthermore, we have established an internal health and safety manual with the goal of building a self-regulated prevention system, and continue to promote the spread of a safety culture based on this manual.



Health and Safety Management Policy

Health and Safety Promotion Strategy

HANSSEM has established a health and safety promotion strategy with the goals of achieving zero major accidents, reducing safety incidents by 30%, and reducing cardiovascular diseases by 10%, and is carrying out management activities to implement this strategy. We continue to invest each year in improving aging facilities and working environments. After executing KRW 3.15 billion in 2025, we plan to invest KRW 3.79 billion in 2026. We have also established an autonomous safety system for each workplace and carry out activities such as leader-led safety meetings, safety inspections, and the identification of risk factors. In particular, we conduct risk assessments for high-risk workplaces, including manufacturing and logistics sites, and manage risks through unsafe behavior monitoring and worker safety training. In addition, we operate an accident reporting system, and when an accident occurs, we share the investigation results across all workplaces to prevent similar accidents from recurring.

Health and Safety Promotion Strategy

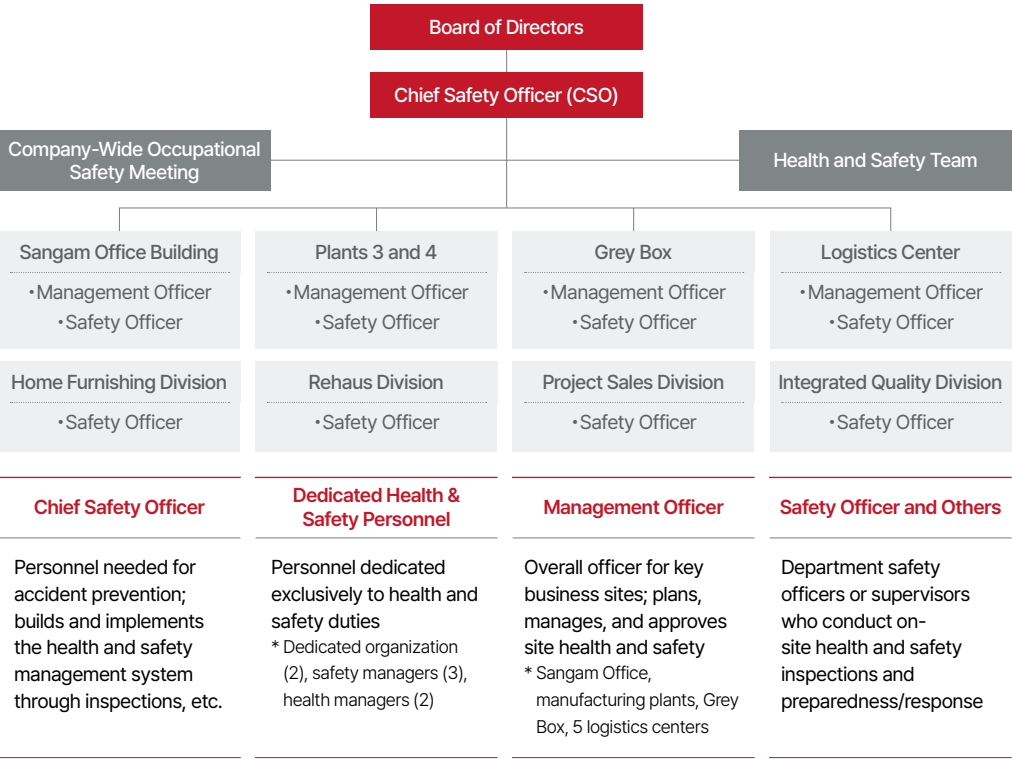
Strategic Direction	Action Tasks	Implementation Performance	Short-term	Mid- to Long-term
		2025 Performance	2026 Plan	2028 Target
Goals	• Establish a company-wide health and safety management system	• Occupational accidents: 18 cases (including 9 cases in the Integrated Quality Division) • Conducted autonomous safety inspections by business division	• Occupational accidents: 13 cases or fewer • Manage performance of safety activity rates by business division • Expand site management and supervision activities by business division leaders • Conduct accident investigations and preventive measures under the responsibility of division heads	• Establish an autonomous health and safety management system
Health and Safety Management System	• Build the system	• Developed ISO 45001 experts (trained 1 auditor)	• Develop ISO 45001 internal auditors	• Develop ISO 45001 internal auditors
Health and Safety Training	• Provide tailored health and safety training by business division	• Conducted on-site visiting health and safety training at all workplaces, including manufacturing sites, logistics sites, and stores	• Conduct department-level safety training on unsafe behaviors	• Strengthen an effective internal training system
Securing Expertise	• Develop health and safety experts	• Developed 1 employee who obtained the Industrial Safety Engineer certification • Developed 1 employee who passed the second round of the Industrial Safety Consultant examination	• Support 2 employees in obtaining the Industrial Safety Engineer certification • Support 1 employee in obtaining the Industrial Safety Consultant or Professional Engineer in Safety certification	• Raise and standardize the level of health and safety across all organizations
Establishing a Safety Culture	• Conduct employee-participatory health and safety campaigns	• Monthly safety culture campaign via digital newsletters • Manufacturing health and safety slogan, poster, and Reels contest	• Continue data-based safety culture campaigns • Company-wide safety contest • Re-establish safety management procedures within the EMRO system	• Establish a continuously driven safety culture • Eliminate safety accidents involving contractors

Workplace Health and Safety

Health and Safety Promotion Organization

HANSSEM carries out company-wide health and safety management activities centered on the Health and Safety Team under the Board of Directors and the Chief Safety Officer (CSO). Each business site appoints management officers and department heads to reflect opinions from the field, and key matters are discussed through various meetings, including Occupational Safety Meetings, Occupational Health and Safety Committees, and Health and Safety Councils. The Board of Directors receives reports on health and safety-related agenda items and approves and oversees major goals and plans, while the confirmed annual goals are disclosed externally.

Health and Safety Promotion Organization



Occupational Health and Safety Management System Certification

HANSSEM obtained ISO 45001 (Occupational Health and Safety Management System) certification in 2022. Based on annual surveillance audits, we reflect recommendations and manage health and safety risks effectively. The scope of certification has been expanded beyond manufacturing plants to all business sites, including the Sangam Office Building, research centers, and construction (installation) operations, and is applied across major operational areas such as manufacturing, design and development, sales, and construction. In 2024, we introduced an integrated safety, health, quality, and environmental audit, applying international standard compliance criteria across all business sites and operating health and safety management based on an integrated management system. As of 2025, the Occupational Health and Safety Management System covers a total of 1,345 employees at the Sangam Office Building, Plant 3, and Plant 4, accounting for 60.8%¹⁾ of the total 2,213 employees.

1) Calculated based on the number of employees subject to the system relative to the total number of employees within the reporting scope.

Occupational Health and Safety Management System Certified Sites

Site	Validity Period
Headquarters (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



Occupational Health and Safety Management System Certificate

Workplace Health and Safety

Health and Safety Risk Management

Health and Safety Assessment System

Internal Health and Safety Evaluation HANSSEM conducts internal evaluations based on its own standards in cooperation with fire and electrical safety specialists to assess the health and safety levels of all business sites. Through these internal evaluations, we check compliance with relevant laws and regulations, including the Serious Accidents Punishment Act and the Occupational Safety and Health Act, and identify and improve risk factors based on the 4M framework. In 2025, we conducted internal evaluations twice, in the first and second halves of the year, across 96 business sites and improved 100% of the 867 identified issues. Identified issues are classified into simple cases and construction cases and managed based on improvement targets of within 7 days and within 1 month, respectively. We monitor the implementation of corrective actions through a goal-based schedule management system.

4M Definition

Man	
Behavioral errors caused by workers' non-compliance with standards	•Storage in front of fire hydrants •Failure to wear protective equipment
Machine	
Defects in machinery or equipment itself, or defects in safety devices	•Damaged conveyor emergency-stop device •Detached or uninstalled guard fences and safety covers •Poor electric-shock protection at distribution panels
Media	
Risk factors related to working environment conditions, such as lighting, dust, and structures	•Below-standard workplace illumination, above-standard dust •Risk of head collision with structures •Risk of tripping due to level differences
Management	
Lack of management or insufficient standards or regulations	•Missing fire extinguishers or failure to inspect •Failure to post safety signs •Document-related issues such as failure to conduct risk assessments

Construction Site Inspection System HANSSEM operates an electronic approval-based monitoring system as a client for construction projects to ensure compliance with relevant laws and regulations, including the appropriation of safety management expenses, technical guidance for accident prevention, and health and safety level assessments. In 2024, we introduced a legal compliance submission process to systematically manage regulatory compliance and have maintained a 100% compliance rate through this process.

For construction sites in operation, we conduct regular safety inspections at least once a week and immediately implement corrective actions for any risk factors identified during inspections. In 2025, we conducted inspections at a total of seven construction sites and promptly addressed all identified risk factors to maintain a safe working environment.



On-site Inspection

CASE

Improvement Cases Based on Internal Evaluations at Logistics Sites

HANSSEM analyzes risk factors identified through internal evaluations at logistics sites to enhance workers' safety awareness and strengthen on-site safety management standards. For risk factors related to non-compliance with loading and storage standards, we have strengthened safety rules training and developed and posted safety rules posters at worksites to improve workers' awareness. In addition, when temporary storage space is required, we designate a separate area and have improved the reporting system to ensure that rack damage is reported immediately.



2025 Improvement measures at logistics sites

Workplace Health and Safety

Risk Assessment HANSSEM conducts semi-annual health and safety inspections to check hazardous and risk factors at its business sites and promote prevention-oriented safety management. Workplaces are classified into low-risk and high-risk sites based on their characteristics, and appropriate assessment methods—such as the frequency-severity method, three-step method, and checklist method—are applied accordingly. We conduct risk assessments twice a year at all business sites and take immediate corrective measures for hazardous and risk factors identified during inspections.

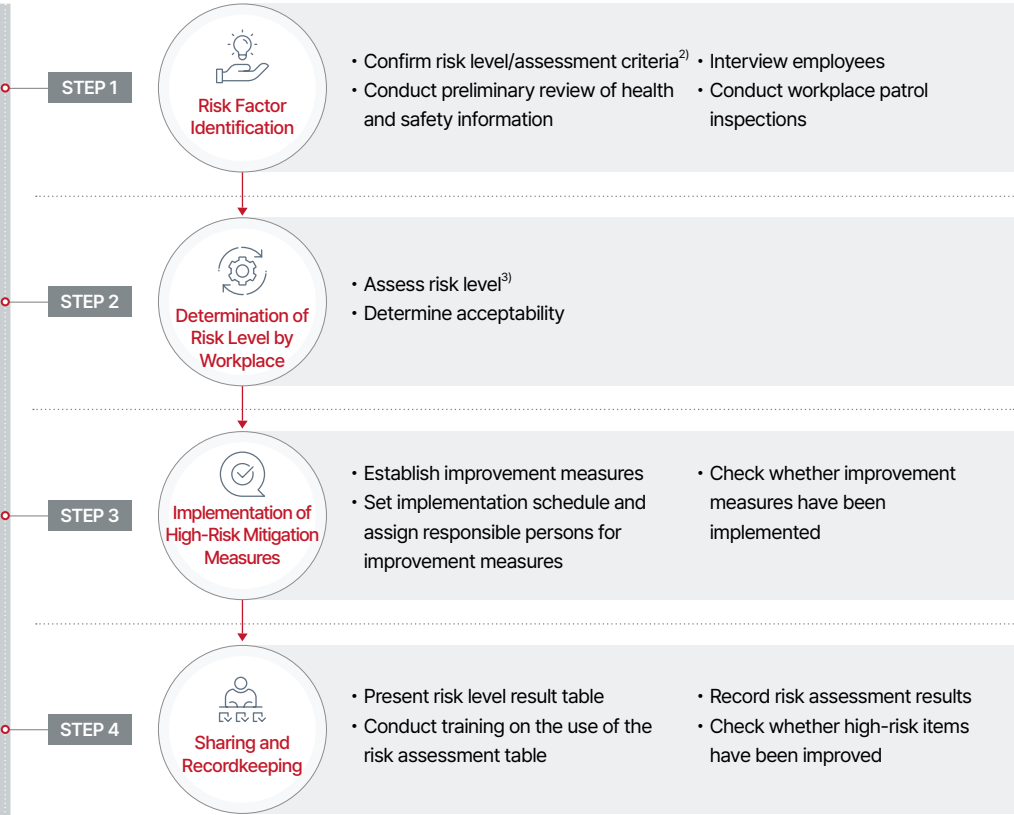
In 2025, we actively identified and encouraged the reporting of near-miss incidents that may occur at worksites to prevent incidents that could lead to major accidents. In areas where potential near-miss zones were not clearly marked, yellow and black warning markings were applied and anti-slip measures were reinforced. In addition, access was restricted in narrow passages within manufacturing plants where there was a risk of collision or overturning, thereby eliminating risk factors in advance.

2025 Risk Assessment Results¹⁾

Business Department (No. of Sites)	Manufacturing (1 site)	Logistics (2 sites)	Stores (47 sites)
Assessment Method	Frequency-severity method	Checklist method	Checklist method
Risk Factors Identified	95 cases	325 cases	94 cases
Processing Rate	100%	100%	100%
High-Risk Factors	Risk of equipment collision and entrapment caused by machinery/equipment malfunction	Risk of pedestrians tripping and forklifts overturning due to floor damage	Risk of collision with glass doors and structures
Improvement Results	Installed area sensor protective devices	Repaired damaged floor areas	Attached recognition signs to glass doors and installed anti-collision cushions and safety signs on structures

1) Manufacturing and logistics sites conduct ongoing risk assessments every week and update their processes to comply with relevant laws and regulations.

Risk Assessment Process



2) Manufacturing sites are assessed using the frequency-severity method, while logistics sites and stores are assessed using the checklist method.

3) Manufacturing sites are evaluated on a scale of 1 to 16, while logistics sites and stores are evaluated as either appropriate or requiring improvement.

Workplace Health and Safety

Health and Safety Grievance Handling

Health and Safety Meetings HANSSEM operates regular health and safety meetings to review the overall health and safety status of its workplaces. Each meeting checks the implementation level of health and safety activities, discusses measures to prevent occupational accidents and manage employee health, and carries out risk assessments and improvement activities together with partner companies.

Health and Safety Grievance Handling System HANSSEM operates a health and safety grievance handling system to protect the safety and health of employees and promptly reflects matters that require improvement at workplaces. Employees can anonymously report workplace risk factors and areas requiring improvement, and submitted opinions are reviewed, addressed, and shared with employees. In 2025, a total of 475 reports were received, and improvement measures were applied to 100% of the eligible cases, thereby managing workplace risk factors and improving the working environment.

Operation Status of Health and Safety Meetings

Company-wide Occupational Safety Meeting	Occupational Health and Safety Committee	Health and Safety Council
Safety Officer/CSO	Labor-Management Members	Hanssem and Partner Companies
• Frequency: Monthly • Encourage health and safety activities by department • Deliberate, resolve, and make decisions on health and safety agenda items	• Frequency: Quarterly • Establish and review prevention plans • Review health and safety management regulations and training • Work environment measurement and worker health management • Occupational accident status and implementation of improvement measures	• Frequency: Monthly • Discuss workplace risk assessments and improvement measures • Collect and reflect partner companies' health and safety opinions • Eliminate risk factors through rotational and joint inspections

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 characteristics of each task and working environment. For employees at high-risk workplaces, we provide customized training by hazard and risk factors and conduct fire and major accident response training at least twice a year. We also combine on-site training with risk assessment exercises to strengthen practical, field-based response capabilities. In 2026, we plan to further advance mandatory training for new employees and in-house training by business division to continuously raise the level of safety awareness across the company.

2025 Health and Safety Education Performance

Criteria	Category	Training Targets	Training Frequency	Training Hours	No. of Trainees
Occupational Safety and Health Act	Health and safety training for relevant personnel	Health and safety managers / health managers	Once every two years	24 hours	6 health and safety managers
		Management Officers	Once every two years	6 hours	4 health and safety management officers
	Training for new employees	Newly hired employees	When applicable	8 hours	337 people
	Regular safety training	All employees ¹⁾	Once per quarter	3 hours	1,276 people
			Once per quarter	6 hours	517 people
	Training for management supervisors	Management supervisors	Once a year	16 hours	116 people
Serious Accidents Punishment Act	Special safety training	39 categories, including forklifts and hazardous chemicals	When applicable	16 hours	66 people
	Major accident response education and training	Employees and partner companies	Twice a year	1 hour	556 people
Company Regulations	Introductory health and safety training	Employees	When applicable	1 hour	52 people
	Risk assessment process training	Employees	Once a year	1 hour	565 people
Fire Services Act	Firefighting and evacuation drill for fire preparedness	Employees	Once a year	1 hour	665 people

1) Managers and supervisors, hourly employees, and employees on leave during the applicable year who are subject to separate training are excluded from regular safety training

Workplace Health and Safety

Health and Safety Activities

HANSSEM conducts regular work environment monitoring at its R&D centers as well as logistics and manufacturing sites to manage key harmful factors such as hazardous chemicals, noise, and dust. The 2025 monitoring did not find any cases exceeding the exposure standards in any process. Based on these results, we are carrying out prevention-oriented health and safety activities, including the introduction of automation equipment, improvement of work methods, and provision of protective gear. We also operate programs to promote the physical health and well-being of employees. In addition, we strengthen our accident response capabilities through firefighting drills and company-wide occupational safety meetings, while continuously reviewing the level of safety management.

Management Measures by Type of Occupational Disease

Types of Occupational Disease	Assessment Cycle	Improvement Measures	Actions Taken
Noise-Induced Hearing Loss	Twice a year	Improvement of the working environment	Noise reduction measures, hazardous substance management, and dust reduction measures
Chemical Substance-Related Diseases		Worker protection measures	Provision and use of protective equipment
Pneumoconiosis		Monitoring and health management	Hearing protection and checkups, special health checkups, and exposure management
		Training and awareness improvement	Hearing protection training, compliance with the Occupational Safety and Health Act, dust exposure prevention training, and employee interviews
Musculoskeletal Disease	Once every three years	Improvement of the working environment	Reduction of physical burden
		Worker protection measures	Improvement of work methods
		Monitoring and health management	Musculoskeletal disease checkups and management
		Training and awareness improvement	Musculoskeletal protection training
Work-related Stress	Once a year	Improvement of the working environment	Improvement of working environment
		Psychological support	Psychological counseling and support
		Training and awareness improvement	Job stress management training

Employee Health Support Programs

Health Checkups (Special Health Checkups)	• Annual regular health checkups for all employees • Additional special health checkups for employees exposed to hazardous factors • Support for detailed examination and treatment costs	
Emotional Labor Management	• Operation of a manual to protect emotional laborers • Training on flexible customer service methods reflecting job characteristics • Follow-up support such as temporary work suspension, reassignment, treatment and counseling for health disorders, leave support, and legal advice	
Psychological Counseling	• Operation of a counseling center for employees' psychological health • Psychological counseling support for spouses and children • Provision of a 1:1 counseling environment through partnerships with counseling centers nationwide	
Health Promotion Event	• Operation of a mobile app-based walking challenge	



2025 Firefighting Drill



2025 Company-wide Health and Safety Meeting

Workplace Health and Safety

CASE

Managing Work Movement Routes through Safety Line Marking at Worksites and Storage Yards



Safety Line Marking inside Storage Yards and Worksites

HANSSEM carried out safety line marking to prevent collision accidents that may occur at manufacturing sites and storage yards where workers and equipment move simultaneously. Safety lines were marked on major passageways, work areas, and storage areas to clearly separate pedestrian routes from forklift and equipment movement zones and improve visibility. In particular, by separating areas with frequent forklift traffic from pedestrian walkways, we are proactively preventing the risk of collision and contact accidents during work. In 2025, we invested approximately KRW 50 million to complete safety line marking in key areas of worksites and storage yards. As a result, worker movement routes are now managed more systematically, and worksite order has improved.

Installation of a Fork Detection System to Prevent Falls



HANSSEM is introducing smart safety technologies to strengthen worker safety and prevent occupational accidents. To proactively prevent the risk of falls and collisions in high-level pallet rack work environments, we established a fork detection system that detects the position and status of forklift forks. We invested approximately KRW 50 million in a total of 72 units of equipment to create a safer working environment.



Application of Forklift Fork Detection System

Installation of Cooling Equipment to Prevent Heat-Related Illnesses



HANSSEM is carrying out work environment improvement activities to manage the risk of heat-related illnesses at logistics sites. The container receiving dock area of the sofa logistics warehouse on the sixth floor of the Grey Box Ansan Logistics Center is a section where work is performed under high-temperature conditions. Reflecting feedback from on-site meetings and the characteristics of the work, we installed cooling equipment. In particular, considering the high risk of body temperature increases when workers enter containers, we introduced industrial portable cooling equipment and placed it across three receiving dock areas. In line with the revised Occupational Safety and Health Act and the need to manage hot-weather working environments, we have strengthened worker protection measures and supplemented the existing bottled water provision with cooling equipment to help reduce body temperature. Through these measures, we are proactively managing the risk of heat-related illnesses in high-temperature environments and improving safety at logistics sites.

Spreading a Safety Culture through the Industrial Safety Contest



HANSSEM operated the Manufacturing Department Industrial Safety Contest to raise workers' safety awareness and foster a culture of voluntary participation in safety activities. The contest was designed to allow employees of the Manufacturing Department and manufacturing plants, as well as their families, to participate together. Participants shared messages on creating safe workplaces and preventing accidents in various formats, including Shorts videos, posters, and slogans. In particular, the poster category, which encouraged family participation, helped reinforce the importance of safety in everyday life. By creatively expressing workplace risk factors and safety messages, we contributed to fostering a field-centered safety culture. Submitted works were evaluated based on criteria such as the clarity of the safety message and creativity. Outstanding works were selected, and the Representative Executive Officer (CEO) personally presented the awards at the year-end event, helping strengthen employees' pride and encourage participation in safety activities. Through these activities, we are building a safety culture shared by employees and their families. Going forward, we will continue to expand a safety-centered organizational culture through various participatory programs.



2025 Industrial Safety Contest

HANSSEM IMPACT

For Our Customers

03

97 Customer Satisfaction

102 Information Protection

Customer Satisfaction

Protection of Consumer Rights

Consumer Rights Protection System

HANSSEM operates customer protection activities by reflecting consumer-centric management principles throughout the entire process of product and service delivery. To prevent the recurrence of customer complaints, we analyze the causes of claims and carry out prevention-focused management activities. In 2025, we strengthened the operational foundation of our consumer protection system by introducing a negative VOC management process. Going forward, we plan to advance consumer-centric management by strengthening the execution of consumer protection and risk management based on phased goals.

 Consumer Rights Protection Policy

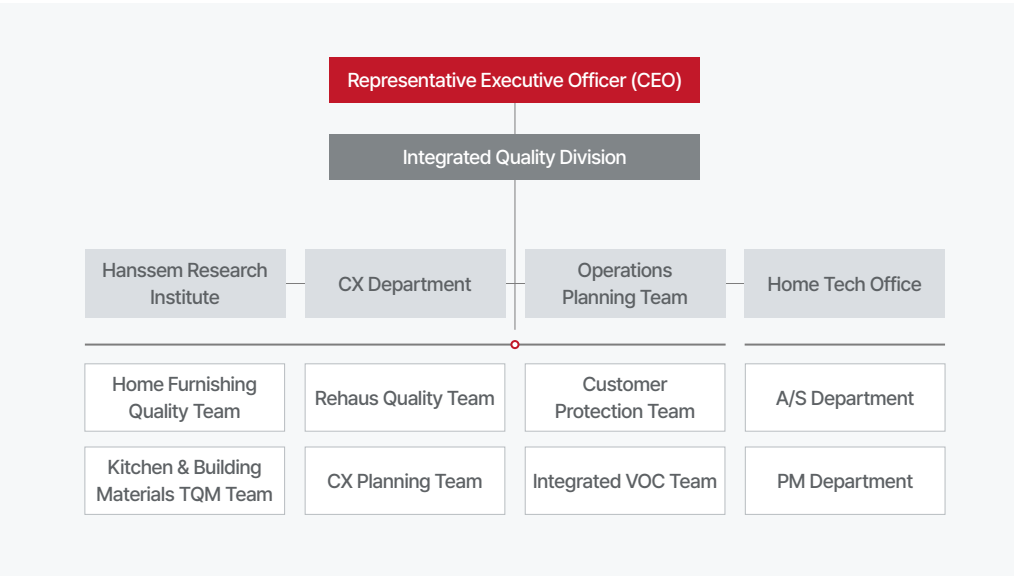
Consumer Rights Protection Targets and Performance



Consumer Rights Protection Organization

HANSSEM has established and operates a dedicated execution organization for the protection of consumer rights. The Representative Executive Officer (CEO), as the final decision maker, approves related policies and regularly reviews the implementation status. We also discuss customer complaint cases and key improvement tasks through division head meetings and monthly meetings. The CX Department, the core execution organization, was established in March 2022 and operates with six teams. It is responsible for improving quality across the entire customer experience and managing VOC feedback. In the second half of 2025, we expanded our organizational structure by establishing the Integrated Quality Division, which brought together the Hanssem Research Institute, CX Department, Operations Planning Team, and Home Tech Office under a single organization. We also carried out quality improvement activities by reflecting field feedback and the results of VOC analysis.

Organization Chart for Consumer Rights Protection



Customer Satisfaction

Claims Review and Conciliation Committee HANSSEM operates the Claims Review and Conciliation Committee every week to prevent customer claims and complaints in advance and ensure prompt responses. The Committee is chaired by the head of the CX Department and consists of nine standing members from sales, construction, CX, A/S, and other areas, including the chairperson. Non-standing members from relevant areas also participate depending on the case. Based on expertise in each area, the Committee comprehensively reviews claim cases and prioritizes urgent field-related issues or cases that may develop into external issues. The Committee also continuously improves response procedures and collaboration methods by reflecting improvement measures identified during its operation. In 2025, the Committee identified a total of 19 improvement tasks. Major issues among them are shared with management through division head meetings and addressed at the company-wide level.

Number of Improvements from the Operation of the Claims Review and Conciliation Committee in 2025 (Unit: Cases)

Jan	2	Established boiler inspection criteria for units under construction during winter	Jul	-
Feb	3	Improved the construction manual for painting over window silicone, etc.	Aug	1
Mar	5	Improved moisture content check criteria for construction, etc.	Sep	1
Apr	4	Improved the pre-construction hot water distributor inspection manual	Oct	-
May	2	Improved dust contamination issues during home door installation	Nov	-
Jun	-		Dec	1
				Improved flooring bending issues

Consumer-Centered Management Certification

In 2023, HANSSEM was awarded its seventh Consumer-Centered Management (CCM) certification, a national certification system for consumer-centered management. Since first obtaining the certification in 2010, we have continued to strengthen consumer-centered management and improvement from the consumer's perspective. During the 2023 recertification process, we scored over 800 points out of 1,000 across 48 indicators in four key areas: Leadership, CCM Framework, CCM Operations, and Performance Management. Going forward, we will continue to improve services and enhance quality based on customer needs, and strengthen consumer-centered management.

CASE

Quality Improvement Based on Customer Claim Analysis



HANSSEM reviewed customer complaints related to floor lifting and noise in some reinforced wood flooring products and analyzed their root causes. On-site inspections and testing confirmed that deformation could occur due to a combination of factors, including changes in temperature and humidity, product structure, adhesive conditions, and installation methods. In response, we implemented improvement measures, including enhancing the product structure, applying rear-side reinforcement materials, changing the adhesive, and supplementing installation standards. We also tested the improved products under various environmental conditions to verify the effectiveness of these measures and applied the improvements to shipped products. After installation was completed, we visited the sites and monitored product quality for a certain period. The results were then reflected in product quality management and follow-up response processes. Among the 41 improved products shipped, no incidents or free-of-charge A/S cases were reported.

Customer Satisfaction

Customer Satisfaction Management

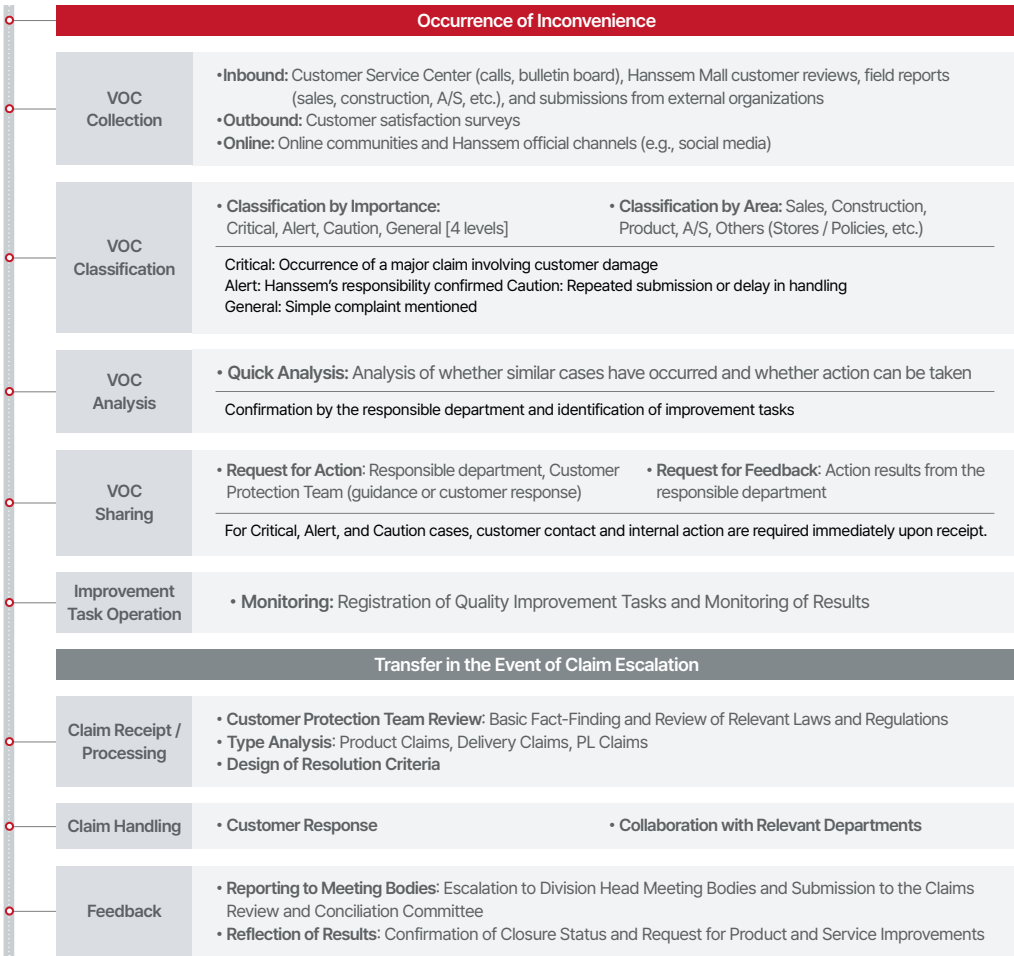
Handling Consumer Complaints

HANSSEM operates a company-wide VOC (Voice of Customer) management system to respond to customer complaints quickly and systematically. We collect VOCs through various channels, including online communities, customer service center submissions, Hanssem Mall reviews (inbound), satisfaction surveys (outbound), external organizations such as the Korea Consumer Agency, and customer worksites. In 2025, we expanded our VOC collection criteria to manage not only actual issues but also customers' emotional complaints and inconvenience factors as VOCs. Negative VOCs, or complaints, are handled by type, including product replacement, compensation, and PL (Product Liability), after the relevant departments review the facts and applicable standards. To prevent similar issues from recurring, we also share information across departments and implement follow-up measures. Depending on their significance, VOC cases are reviewed by the Claims Review and Conciliation Committee. When necessary, final decisions and follow-up measures are carried out through reporting to the Representative Executive Officer (CEO). The CX Department under our Integrated Quality Division regularly analyzes VOC data and, based on the results, identifies on-site actions, policy improvements, and quality improvement tasks. In 2025, we carried out service quality improvement activities across various areas, including products, construction, sales, and A/S. For example, we adjusted the gap between SS mattresses and frames to enhance safety for young children. Based on customer satisfaction survey results, we also improved factors contributing to emotional complaints, such as cabinet finishes. For issues arising during construction, we implemented on-site corrective actions while improving related manuals. In addition, we carried out company-wide quality improvement activities by further segmenting VOC types and strengthening response procedures according to their level of importance.

2025 Major VOC-Based Quality Improvements

Area	Type	Complaint Case	Response
Product	Product Quality	Gap between mattress and frame	Supplement the lower fixing frame (ring) of the SS spring
Product	Product Quality	Sofa quality of resident vendors	Supplement product-management guidance text on resident-vendor product pages
Sales	Manual	Revision of the handover checklist	Improve the system to verify checklist completion after receipt
Sales	Manual	Product handover confirmation talk notification	Improve notification text and link insertion
A/S	Manual	Guidance on transferring the person in charge in the mobile system	Supplement the pre-emptive customer response guide when the person in charge changes

Consumer Complaint Handling Process



Customer Satisfaction

Major VOC Response HANSSEM recognizes VOC (Voice of Customer) as a core asset for improving its products and services, and operates a swift response process especially for major claims. Major claims are defined as incidents where customers suffer property damage or bodily injury due to product or construction defects, or cases that require urgent response and may develop into external issues. When a claim is received, the Customer Protection Team works with relevant departments to establish response measures, and follow-up actions are taken to prevent similar cases from recurring. All major VOCs are documented in report form and shared with relevant departments. They are also used to identify improvement tasks and carry out preventive activities, which are then reflected in products and services.

Before Service HANSSEM operates Before Service (BS) by analyzing VOC and quality data to identify potential customer inconveniences in advance and directly inspect sites before issues escalate. Moving beyond a response-based approach after customer complaints are received, BS is a prevention-focused service that identifies risk factors in advance based on information collected through various channels and takes necessary measures proactively. Through this service, we reduce the likelihood of customer inconvenience and maintain stable service quality.



BS Service

2025 Before Service

A/S Free Inspection Service

Free inspection service for Hanssem products other than the product for which A/S was requested

2021.01.01 ~ Current

Wall Cabinet Fall BS

Free inspection service to prevent safety accidents

2025.03.03 ~ 2025.03.31

Hood Fall BS

Free inspection service to prevent safety accidents

2025.11.10 ~ 2025.11.28

CASE

Product Improvement Based on VOC Submissions



HANSSEM identified customer inconveniences related to spacing and finish quality in storage furniture through VOC analysis. In response, we adjusted shelf fixing intervals and improved finish quality. We also improved the mattress spring structure to address the gap between bed frames and mattresses, particularly for products frequently used by young children. Going forward, we will continue to carry out quality management activities that prioritize customer safety.



Product Improvement Case Photo (Finish Quality Improvement)



Product Improvement Case Photo (Child Mattress Improvement)



Customer Satisfaction

Customer Satisfaction Survey

HANSSEM conducts text message-based monitoring surveys of customers after product installation to collect feedback on their purchasing experience. We conduct the surveys by customer type, including package customers, single-item customers, and customers who have submitted A/S requests, and evaluate customer satisfaction on a 10-point scale. Survey results are calculated based on the percentage of responses scoring 9 or higher out of the total responses. Low-satisfaction responses are classified into Critical, Alert, and Caution levels according to their significance. We comprehensively review factors such as the potential impact on brand image, compliance with internal policies, the extent of response delays, and whether the issue is a simple usage-related complaint. The results are immediately shared with the relevant departments, and necessary improvement measures are implemented following root cause analysis.

Three-Year Customer Satisfaction Survey Results



Customer Satisfaction Survey Evaluation Items

Survey Type	Evaluation Timing	Evaluation Items	Evaluation Method
Package Satisfaction	D+5 from customer handover date	Sales, construction, product	[1–10 point scale] • 9–10 points: Satisfied • 7–8 points: Neutral • 1–6 points: Dissatisfied
Single-Item Satisfaction	D+7 from product installation date		
A/S Satisfaction	D+2 from A/S survey completion	A/S service quality	

Customer Satisfaction Importance Classification

		
Critical	Alert	Caution
VOCs that require immediate review and decision-making due to their high potential to damage the brand image. Examples: Serious PL (Product Liability) incidents	VOCs that may affect public opinion due to recurring similar cases or external exposure. Examples: Violations of internal policies, product quality issues, concerns over potential PL incidents	VOCs that are not critical but require monitoring and management by the CX Department. Examples: Repeated customer contacts, complaints containing sensitive keywords

Information Protection

Information Protection Management System

Information Protection Policy

HANSSEM has established and operates an Information Protection Policy and an Internal Management Plan consisting of 19 regulations to protect customers' personal information. We regularly review and revise these policies through an internal organization dedicated to information protection. In 2025, we updated key provisions, including those related to the collection and use of personal information and overseas transfers, by reflecting amendments to the Personal Information Protection Act and its Enforcement Decree. We also expanded the scope of policy application to dealerships and partner resellers to strengthen consistency in information security management. To ensure customers' right to informational self-determination, we operate procedures for consent withdrawal, requests for the deletion of personal information, membership cancellation through the E-Privacy Clean Service, and requests for access to, correction of, deletion of, and suspension of the processing of personal information.

Composition of Hanssem's Information Protection Policy



Privacy Policy HANSSEM is improving the way it provides information to clearly protect customers' rights throughout the entire personal information processing process and to ensure that customers can easily access the information they need. In March 2024, we applied labeling to our Privacy Policy and provided information in line with the Personal Information Protection Commission's Personal Information Processing Indication System, enabling customers to understand the personal information processing process at a glance. We have also reorganized our Privacy Policy from the user's perspective and disclose the status of personal information collection, deletion, provision to third parties, and consignment by dividing them into domestic and overseas categories. In addition, we provide information on our ongoing personal information protection activities to improve customers' access to and understanding of information.

 [Privacy Policy](#)

Information Security Management System (ISMS) Certification

HANSSEM obtained Information Security Management System (ISMS) certification in 2014 and has continued to carry out activities to comply with security requirements, manage security risks, and protect information assets. We have also expanded the scope of certification to include our official website, Hanssem Service Center, Hanssem Mall partner company page, and Domus. By enhancing physical, administrative, and technical security levels, we are creating a more stable and reliable information protection environment.

Hanssem Information Security Management System (ISMS)

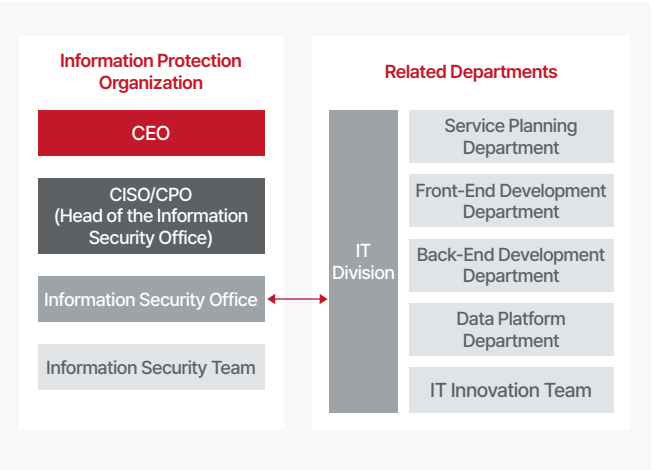
ISMS Certification Scope	Official website, Hanssem Mall, Hanssem Service Center, Hanssem Mall partner company page, Domus
Certified Systems	153 Systems
Certification Period	2025.12.26~2028.12.25

Information Protection

Information Protection Implementation Organization

HANSSEM operates a company-wide information protection organization centered on the Information Security Office in accordance with its Information Protection Policy. We work closely with the IT Division to conduct information protection-related activities, such as audits, training, awareness-raising, vulnerability diagnosis, and mock drills. The Information Security Office operates directly under the Representative Executive Officer (CEO), enabling independent decision-making and enhancing the objectivity of information protection strategy development and implementation. In addition, the Chief Information Security Officer (CISO) has more than 18 years of experience in information security and more than 8 years in the information technology field. Serving concurrently as the Chief Privacy Officer (CPO), the CISO manages information protection-related risk factors based on this expertise.

Information Protection Implementation Organization



2025 Major Activities and Performance

Compliance	- Revised policies and guidelines - Conducted internal information protection audits - Conducted security inspections for outsourced personnel - Subscribed to personal information protection liability insurance
Management System Operation	- Disclosed information protection status - Conducted ISMS certification audit consulting and maintained the management system
Information Protection Prevention	- Conducted regular cyber crisis response and disaster recovery drills - Reviewed response capabilities by participating in KISA mock drills - Introduced cloud WAF and EDR security solutions - Conducted regular vulnerability assessments of key service websites and applications
Awareness Raising	- Operated company-wide Information Protection Day and raised security awareness - Conducted clean desk and malicious email prevention campaigns - Conducted mock phishing email drills for employees - Announced company-wide security compliance rules through groupware
Training Reinforcement	- Provided information protection and personal information protection training for all employees - Conducted online training on the latest security issues and laws - Supported security personnel's participation in professional seminars and external training - Operated cybercrime prevention training in cooperation with the National Police Agency - Operated Information Protection Day

Information Protection Activities

Information Protection Risk Management

Cyber Crisis Prevention Drills HANSSEM conducts regular cyber crisis response drills to prepare for cyber threats and strengthen its response capabilities. In 2025, we participated in a cyber crisis response mock drill hosted by the Korea Internet & Security Agency (KISA), checking vulnerabilities in security equipment and verifying our response capabilities. We also conducted an additional web vulnerability assessment for Hanssem Mall. In the security equipment drill, we applied 10 vulnerability drill patterns to key systems, including IPS¹⁾ and WAF²⁾, to verify whether they could be detected, and immediately took corrective measures for any undetected items. We also expanded the scope of vulnerability assessments—which had previously focused on customer-facing services—to include internal management systems. In addition to the annual web and app assessments, we conducted additional checks on 12 online services and 14 core systems to perform ongoing security reviews. Furthermore, we completed vulnerability assessments for 14 services other than customer-facing services, further strengthening system stability.

1) IPS: Intrusion prevention system
2) WAF: Web application firewall

2025 Cyber Crisis Prevention Drills

Category	Details
Web and App Vulnerability Assessment	- Conducted assessments based on 28 items under the vulnerability analysis and evaluation criteria for major information and communications infrastructure 1) Regular vulnerability assessments of customer-facing services, including Hanssem Mall, Hanssem corporate website, and Hanssem Service Center 2) Vulnerability assessments of internal systems
KISA Cyber Crisis Response Mock Drill Assessment	- Detection of and response to vulnerabilities in security equipment - Website web vulnerability assessment (mock penetration testing)

Information Protection

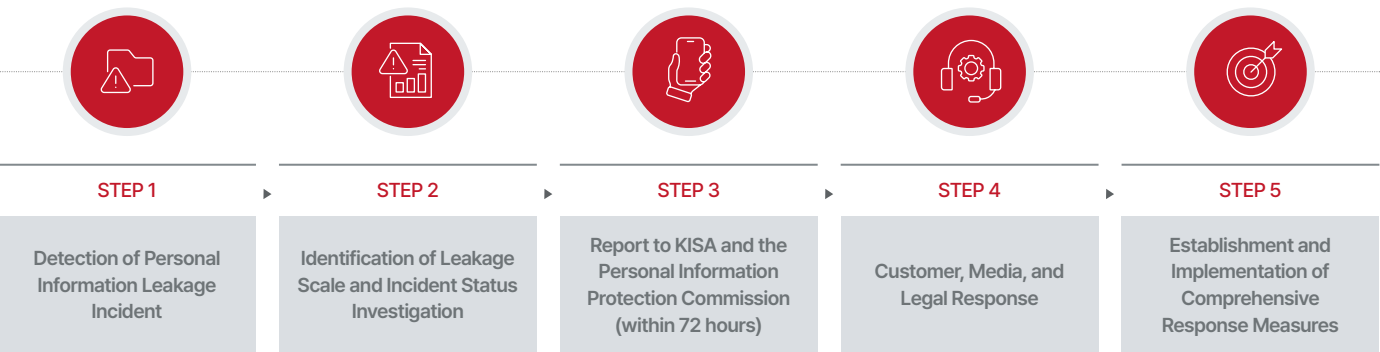
Security Incident Response Procedure

HANSSEM has established response procedures by incident type, including external hacking and insider information leakage, and provides prior training and response activities to ensure that incidents are reported to management within 60 minutes of detection. In the event of a personal information leakage incident, we report the incident to KISA and the Personal Information Protection Commission within 72 hours in accordance with legal requirements, while also responding to customers and the media and taking legal measures. When an incident occurs, we manage the entire response process based on close cooperation among relevant departments and, when necessary, operate a comprehensive situation room.

Security Incident Response Procedure



Personal Information Leakage Incident Response Procedure



CASE

Establishment of an EDR-Based Security System



HANSSEM established an Endpoint Detection and Response (EDR) system in 2025 to proactively respond to rapidly evolving cyber threats and enhance company-wide endpoint security. We completed the deployment of the EDR solution on approximately 2,640 internet-connected PCs across the company, expanding our ability to respond to variant malware and ransomware threats that are difficult to detect using conventional antivirus software and intrusion prevention systems(IPS). Through this initiative, we established an operating environment that enables real-time monitoring and analysis of suspicious endpoint activities and proactively manages potential threats before they can cause damage. We also strengthened our incident response capabilities to ensure prompt action in the event of a security incident.

HANSSEM IMPACT

For Our Communities

04



Community Engagement

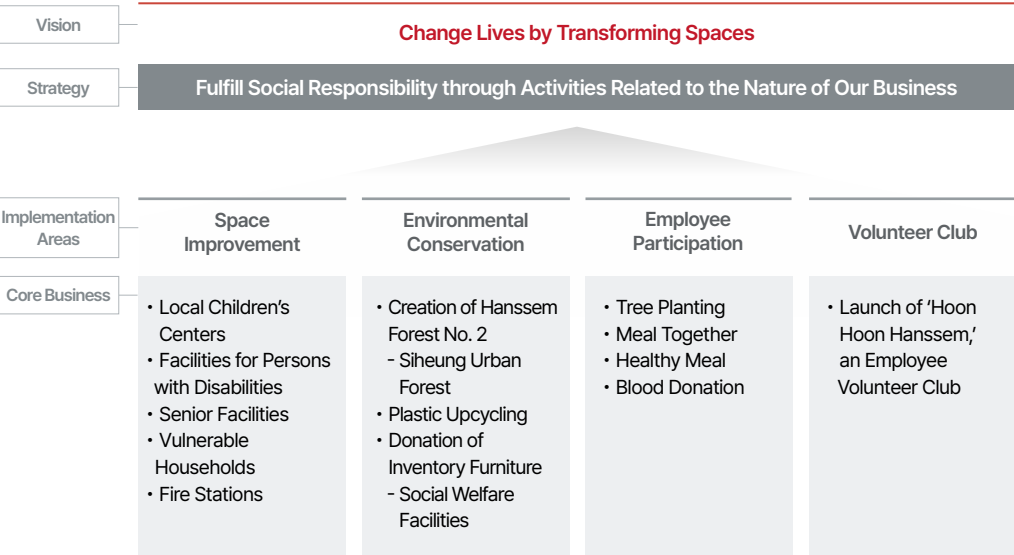
Corporate Social Responsibility (CSR) Framework

CSR Strategy

HANSSEM establishes CSR strategies each year in cooperation with local governments to reflect the opinions of local communities and fulfill its social responsibility through activities related to the nature of its business. Based on this strategy, we focus on space improvement projects that support housing stability and the recovery of daily life for vulnerable groups. As of 2025, the space improvement project, which has been carried out continuously for 11 years, has reached a cumulative total of 1,058 homes.

Since 2024, we have expanded our CSR activities to reflect environmental value by operating forest creation, resource circulation, and regular inventory donation programs. In 2026, we plan to advance our eco-friendly CSR model and systematically operate performance management indicators to review the effectiveness of our projects. In the mid- to long-term, we will apply a data-based performance evaluation system to all CSR activities, review the effectiveness of our activities, and expand proven best practices to contribute to solving social issues.

CSR Strategy



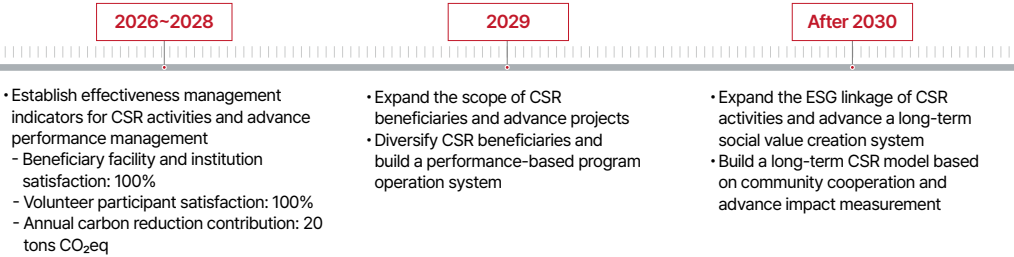
CSR Implementation Organization

HANSSEM promotes CSR activities through an organization centered on the CSR Unit of the PR Strategy Team. CSR strategies and major business plans are established and operated under the decision-making, management, and supervision of the Representative Executive Officer, ensuring execution capability and operational stability throughout the project implementation process. To effectively carry out CSR activities, we have established a cooperative structure among business divisions and affiliates, reflecting the specialized capabilities of each organization in our activities. The Rehaus Division and Home Furnishing Division support space design and on-site operations, while Hanssem Service participates in construction to support project execution. Based on cooperation with these support organizations, the CSR Unit of the PR Strategy Team plans and operates space improvement and environmental conservation activities. We also encourage employees' voluntary participation and regularly share activity performance, thereby spreading the value of sharing with internal and external stakeholders and expanding our social impact.

CSR Organization Chart



CSR Activity Plan and Goals



Community Engagement

CSR Activities

Space Improvement Projects

Driven by the belief that “a change in space can change someone’s life,” HANSSEM has continued space improvement CSR activities for housing-vulnerable groups since 2005. We have carried out these activities every month, and as of December 2025, completed space improvement projects for a cumulative total of 1,058 homes. In 2025, we improved the facility environments of 60 welfare facilities in Seoul, Siheung, and Ansan—where our major business sites are located—and supported the improvement of housing environments for 48 families featured on KBS’s “Dong-haeng” program. In addition, we continued CSR activities to create better living environments, including improving the working environments of two aging fire stations. In 2026, we are carrying out CSR activities with the goal of improving the housing environments of women and vulnerable households.

2025 Space Improvement Project Status

Project Name	Collaborating Organization	Support Activities	Implementation Year
Welfare Facilities in Business Site Locations	Local governments (Seoul, Siheung, Ansan)	Environmental improvements for welfare facilities, local children's centers, group homes, free meal centers for seniors, etc.	2013~
KBS Dong-haeng	ChildFund Korea, KBS	Furniture support for families featured on KBS Dong-haeng	2018~
Aging Fire Stations	National Fire Agency	Environmental improvements for dining rooms, lounges, restrooms, and offices at aging fire stations nationwide	2020~



Photo of the 1,000th Space Improvement Project



Environmental Conservation

Resource Circulation Project(Safety Whistle) HANSSEM is carrying out CSR activities to practice resource circulation and contribute to environmental conservation by recycling waste plastic. In 2025, we recycled plastic boxes from Sam Kids storage units, turning resources that were scheduled for disposal into a new use, and produced “safety whistles” for children’s safety. The safety whistles were delivered to children at local children’s centers. Our employees also visited the centers in person and provided safety education on how to use the whistles and respond to emergency situations.

Resource Circulation Project(Bathroom Set) HANSSEM is expanding its practice of resource circulation and environmental conservation by recycling waste plastic into new resources. The upcycled bathroom set was produced in collaboration with the social venture More Store using the “Precious Plastic” method, which involves crushing, washing, drying, and injection molding waste plastic. Local self-sufficiency centers also participated in the material processing work. The product is made of a single upcycled PP material suitable for bathroom use, making it recyclable after use. Based on the production of 1,000 sets, the project uses 72 kg of upcycled plastic and is expected to reduce carbon emissions by approximately 300 kg. We are also working to minimize environmental impact across the entire process, from production to packaging, by using FSC-certified recycled paper and adhesive-free packaging. We also plan to continue recycling residual waste plastic to diversify our bathroom product lineup, including promotional giveaways, and to continue discussing the expansion of upcycling into other product categories.

Regular Inventory Donation HANSSEM operates a quarterly donation program for social welfare facilities to efficiently utilize inventory furniture generated during product production and distribution while reducing resource waste. We donate inventory furniture that remains fully usable but is difficult to sell to organizations in need and support social welfare facilities in selecting the furniture that best meets their needs. In 2025, we donated 92 furniture items to a total of 57 social welfare facilities. The budgets saved through these donations were used to support various welfare services, including program operations, counseling services, emotional support programs for children, and heating assistance.



Upcycled Bathroom Set



Community Engagement

Employee Participation

Meal Together HANSSEM operated “Meal Together,” a participatory CSR activity in which employees directly engage with beneficiaries in spaces improved through remodeling. In 2025, we visited local children’s centers, fire centers, and sheltered workshops for persons with disabilities a total of seven times, creating opportunities to expand emotional exchanges between beneficiaries and employees through activities tailored to each institution, such as outings and craft-making. In particular, during the fire center programs held in Yeosu and Busan, we invited firefighters and their families to review the working environment together and continued engagement through experience programs.

Healthy Meal HANSSEM operated the “Meal Together for Firefighters, Supported by Steps” campaign as a contactless donation program that employees could voluntarily participate in. The campaign was designed to spread a culture of sharing and contribute to improving the working environment of firefighters who are dedicated to public safety. As a contactless participatory CSR activity, the campaign converted employees’ daily steps into donations, with KRW 1 donated for every two steps. The donation target was set at KRW 10 million.

A total of 225 employees participated in the campaign over two weeks in September 2025. Against the target of 20 million steps, participants recorded a total of 26.9 million steps, achieving 135% of the target. After achieving the target, we prepared sets of kitchenware and delivered them to 40 fire stations nationwide to support improvements in firefighters’ living environment.

Volunteer Club

HANSSEM launched Hoon Hoon Hanssem, a volunteer club based on employees’ voluntary participation, in June 2025. The club currently has 38 members and has carried out six contactless volunteer activities and one in-person volunteer activity since its launch, recording a total of 308 volunteer hours. In 2025, we conducted a variety of volunteer activities, including making carrot rope toys for abandoned dogs, creating sock-neck keychains, making sound keepers, and preparing hygiene kits and handmade soap.



Busan Fire Center ‘Meal Together’



Launching Ceremony of ‘Hoon Hoon Hanssem’

CASE

Achieved the Highest ‘S’ Grade in the Community Contribution Recognition Program



HANSSEM has participated in the Community Contribution Recognition Program, hosted by the Ministry of Health and Welfare and the Korea National Council on Social Welfare, since 2021 to fulfill its corporate social responsibility and strengthen cooperation with local communities. We have been recognized as a participating company for five consecutive years. Our evaluation grade has improved each year, and in 2025, we achieved the highest grade, S. In December of the same year, we received a plaque of recognition at the Community Contribution Recognition Day event. We carry out CSR activities that reflect the characteristics of our business, including space improvement and environmental improvement projects. Going forward, we will continue to expand our CSR activities based on cooperative partnerships with local communities.



2025 Community Contribution Recognition Program

Received the Seoul Metropolitan Mayor’s Commendation



HANSSEM received the Seoul Metropolitan Mayor’s Commendation in the CSR category at the Seoul Sustainable Sharing Festival in December 2025. This recognition reflects our continued CSR activities and efforts to foster a culture of sharing through cooperation with local communities and related organizations. We also received plaques of appreciation from KBS ‘Dong-haeng,’ Mapo-gu Office, and Forest for Peace, organizations with which we have maintained long-standing partnerships.



2025 Seoul Sustainable Sharing Festival

Sustainable Supply Chain Management

Supply Chain ESG Management

Supplier Code of Conduct and Sustainable Supply Chain Policy

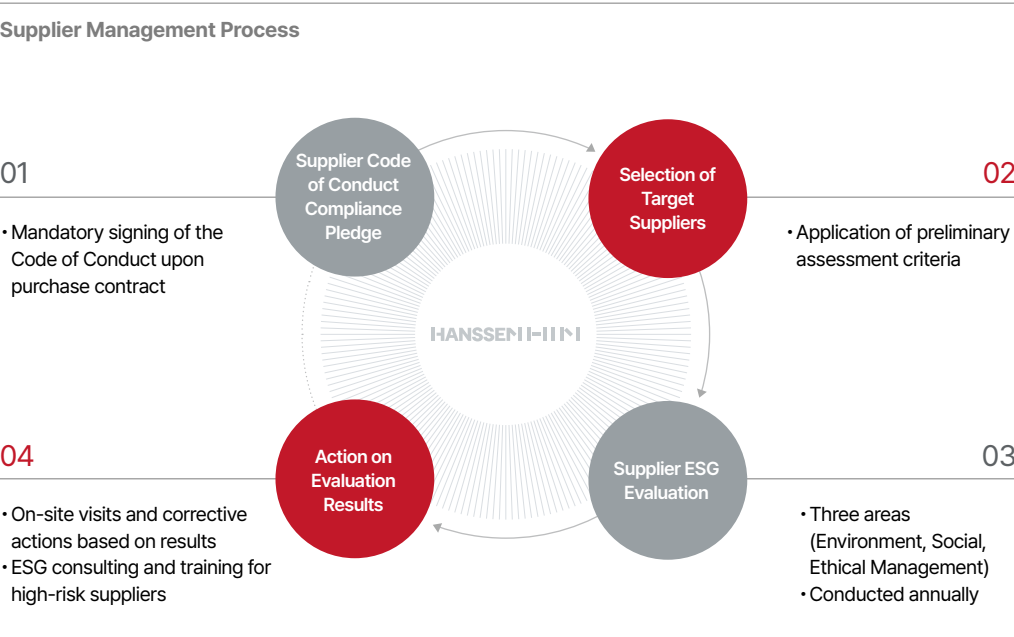
HANSSEM has established a Supplier Code of Conduct to set standards for operating a sustainable supply chain. The Code provides specific directions and detailed standards for ESG management activities that partner companies are expected to follow across key areas, including labor practices, health and safety, environmental protection, business ethics, responsible sourcing of raw materials, and management systems. To ensure that the Code is effectively applied, we include a compliance pledge in our purchasing contracts and encourage partner companies to implement the Code voluntarily. In 2025, we also established a Sustainable Supply Chain Policy reflecting our commitment to sustainable management. The policy reflects key sustainability issues across the supply chain and serves as a standard for building a foundation for mutual benefit and shared growth with stakeholders, including partner companies. The policy applies not only to our Headquarters, domestic business sites, and subsidiaries, but also to all partner companies involved in the supply of products and services.

-  Sustainable Supply Chain Policy
-  Supplier Code of Conduct

Supplier Code of Conduct		
Labor	Health & Safety	Environment
• Prohibition of forced labor and child labor • Compliance with working hours • Provision of wages and welfare benefits • Guarantee of humane treatment • Prohibition of discrimination and guarantee of freedom of association	• Occupational safety management • Emergency preparedness • Maintenance of workplace hygiene • Ensuring facility safety	• Compliance with environmental laws and regulations • Pollutant management and efficient use of resources • Chemical substance management and waste treatment • Compliance with material regulations
Ethics	Responsible Raw Material Sourcing	Management System
• Anti-corruption policy • Protection of intellectual property rights • Compliance with fair competition • Protection of personal information	• Prohibition of using illegally logged timber • Recommendation to use FSC/PEFC-certified and recycled timber • Responsible leather sourcing (LWG certification recommended)	• Compliance with laws and regulations related to partner companies' management activities and products • Compliance with this Code • Identification of operational risks and manageable design

Supplier Management System

HANSSEM has identified labor and human rights, health and safety, environment, and ethics as key management areas to systematically manage sustainability across its supply chain and conducts ESG assessments of partner companies based on these areas. In 2024, we conducted our first ESG assessment of partner companies to evaluate the overall ESG maturity and identify key risks across the supply chain. The assessment results are reported to the ESG Committee under the Board of Directors and incorporated into management and oversight activities. Based on the assessment results, we provide training and consulting to strengthen partner companies' ESG capabilities, thereby enhancing sustainability throughout the supply chain. In addition, we share key issues with partner companies and discuss improvement measures through meetings led by the Head of the SCM Division and the Subcontracting Review Committee, further strengthening the effectiveness of supply chain management.

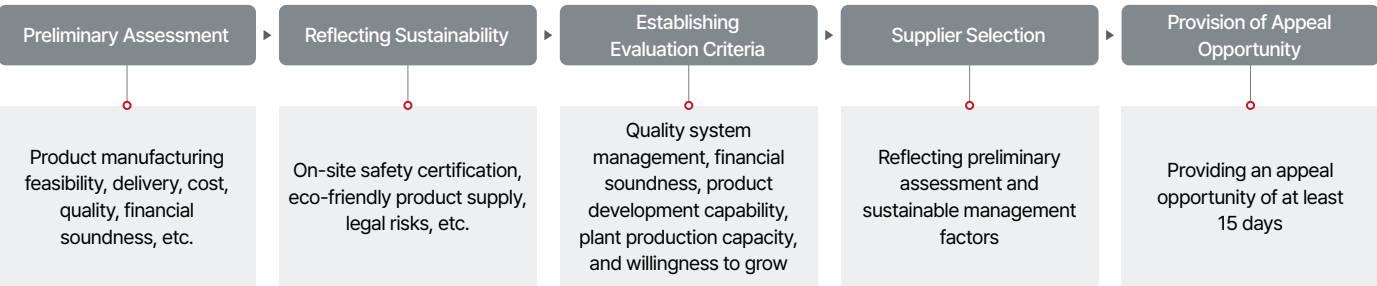


Sustainable Supply Chain Management

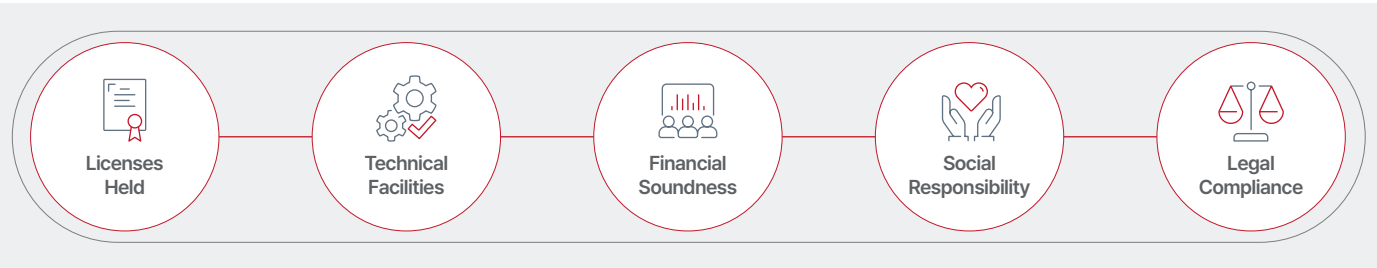
Supplier Selection

HANSSEM operates a preliminary assessment process to ensure transparency and fairness in supplier selection. 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. We establish assessment criteria based on the “Regulations on Practices for Fair Selection(Registration) of Partner Companies,” and reflect quality management, financial soundness, product development capability, production capacity, and willingness to grow as key assessment items. After the assessment, we provide an appeal period of at least 15 days to further strengthen procedural transparency and fairness. When signing a purchase contract, we and our partner companies sign a pledge to comply with the practices and Code of Conduct. In 2025, we added an English version of the regulations to support communication with overseas partner companies, and plan to introduce a Chinese version in 2026.

Supplier Selection Process



Criteria for Supplier Selection



Status of Major Suppliers HANSSEM has established nationwide sales, logistics, and construction systems and 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 and finished goods, to ensure tailored and effective oversight.

Supplier Status

Category	Vendor Nationality	No. of Vendors	Annual Purchase Amount
Raw Material Products	Domestic	31 companies	KRW 24.0 billion
	Overseas		
	China	6 companies	KRW 4.5 billion
	Southeast Asia	9 companies	KRW 32.9 billion
Finished Goods	Domestic	244 companies	KRW 187.6 billion
	Overseas		
	China	38 companies	KRW 65.0 billion
	Southeast Asia	4 companies	KRW 3.5 billion
	Other	13 companies	KRW 11.8 billion

Sustainable Supply Chain Management

Supplier Evaluation

HANSSEM identifies risks across the supply chain in advance through supplier evaluations and promotes the establishment of a sustainable supply chain. In the past, suppliers were evaluated primarily based on operational performance, including quality, delivery, and cost competitiveness. Since 2024, we have incorporated ESG criteria into the evaluation process. Through these assessments, we evaluate the ESG management performance of 83 core and strategic suppliers across environmental, social, and governance areas. We also provide evaluation checklists to encourage suppliers to voluntarily strengthen their ESG management practices. Based on the results, we identify high-risk suppliers with relatively low scores, conduct regular monitoring and tailored training, and request corrective actions where necessary. In addition, we offer ESG consulting to suppliers requiring improvement, helping strengthen their ESG capabilities while fostering sustainable growth throughout the supply chain.

In 2025, we further enhanced our supplier evaluation system by introducing an ESG assessment platform. ESG evaluations were conducted for 59 suppliers, and in-depth ESG consulting was provided to four suppliers requiring additional support. The assessment consisted of 66 evaluation items, with weighted criteria reflecting industry characteristics and company size to ensure fairness and objectivity. We also adopted a PDCA¹⁾-based management framework, enabling a continuous cycle from policy establishment and implementation to performance monitoring and improvement. Based on the assessment results, improvement priorities are identified and shared with suppliers, and customized support is linked with follow-up management activities. Through this systematic approach, we help suppliers strengthen their ESG capabilities and drive continuous, practical improvements.

1) PDCA: Plan-Do-Check-Action

Supplier ESG Evaluation Items

Environment

Environmental management, eco-friendly products, greenhouse gases, energy, waste, biodiversity, water resources, air pollutants, raw and subsidiary materials

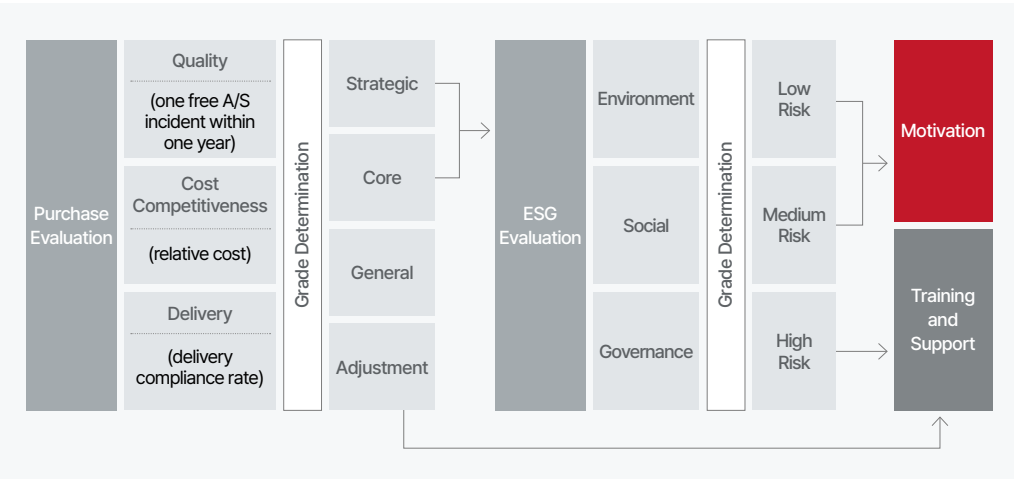
Social

Human rights, diversity, information protection, health and safety, employment, social contribution, working environment

Governance

Ethical management, fair trade, information disclosure, audit, management system

Supplier ESG Evaluation Process



CASE

Introduction of the 'Click ESG' Evaluation Platform in 2025



HANSSEM introduced the Click ESG evaluation platform in 2025 by comprehensively incorporating global standards, including EcoVadis, the RBA, and the GRI Standards, as well as domestic frameworks such as K-ESG, the Korea ESG Standards Institute's Best Practice Guidelines, and relevant laws and regulations. Based on this framework, we assessed suppliers' ESG performance and identified a significant number of high-risk suppliers, highlighting the need for systematic supply chain risk management. To overcome the limitations of self-assessment-based evaluations, we enhanced the credibility of the evaluation process by combining third-party verification with on-site consulting.

Sustainable Supply Chain Management

ESG Management Support

ESG Training for Suppliers HANSSEM held a Supplier ESG Briefing Session in 2025 to strengthen suppliers’ ESG response capabilities and provided training covering topics from basic ESG concepts to supply chain risk response. In particular, we systematically explained key issues across environmental, social, and governance areas, as well as the level of management expected of suppliers. The training also focused on global environmental regulatory trends that directly affect suppliers, including the EU Corporate Sustainability Due Diligence Directive, the Carbon Border Adjustment Mechanism, and sustainability disclosure. Through this, we supported suppliers in building a practical response foundation beyond simply understanding ESG concepts. In addition, we introduced our ESG assessment system and key diagnostic items to help suppliers identify their vulnerable areas in advance and derive improvement tasks. Through these efforts, we are strengthening the foundation for proactively managing ESG risks across the supply chain.



2025 Supply Chain ESG Consulting

ESG Consulting Support HANSSEM operates an ESG consulting support program for purchasing partner companies to strengthen their ESG management capabilities. In 2023, we provided consulting on overall ESG management in cooperation with IBK Industrial Bank of Korea. In 2024, we expanded the scope of support, focusing on strengthening capabilities to respond to major ESG issues, such as establishing an industrial safety management system. In 2025, we provided field-centered consulting for four strategic and core partner companies seeking to advance their ESG management. The consulting was carried out in cooperation with an external professional consulting organization and the ESG Unit at Hanssem Headquarters. Through a total of eight hours of training, we diagnosed the current status of key areas, including environmental management systems, human rights and ethical management policies, working environments, and health and safety management. Based on data secured through self-assessments and third-party verification, we identified priorities and improvement tasks. We also provided customized advice and improvement coaching on areas such as policy establishment, internal management process improvement, and ESG indicator management system development. In 2026, we plan to expand the number of beneficiary companies to 10.

Fair Trade

Fair Trade Practices

HANSSEM has established the Korea Fair Trade Commission’s “Four Fair Trade Practices” as internal regulations with the approval of the CEO and discloses them on our official website so that partner companies can conduct transactions with a clear understanding of the relevant standards. We manage the appropriateness of transaction procedures, including contract execution and written document issuance, through quarterly Compliance Ethics Index checks. In the fourth quarter of 2025, we reviewed compliance with fair trade requirements, including the execution of subcontracting agreements, the preparation of written price-reduction documents, and whether unfair price reductions had occurred. We also operate the Subcontracting Review Committee to review matters such as partner company registration and the fairness of contracts and pricing in advance. In the event of any violations, we operate our fair trade management system through internal audits and disciplinary procedures.

Four Fair Trade Practices

Four Fair Trade Practices			
1	2	3	4
Regulations on desirable contract execution practices for win-win cooperation between large and small/medium-sized enterprises	Regulations on practices for establishing and operating an internal review committee for subcontracting transactions	Regulations on practices for fair selection (registration) of partner companies	Regulations on practices for desirable issuance and retention of written documents in subcontracting transactions

Sustainable Supply Chain Management

Fair Trade Compliance Program

HANSSEM is promoting the introduction of a Compliance Program (CP) to achieve economic fairness based on fair trade with partner companies. To this end, we have designated a dedicated organization and completed related training while strengthening face-to-face communication through partner company meetings and interviews with representatives and executives of purchasing partner companies to collect VOC, in addition to existing contactless communication channels. We also regularly operate the Subcontracting Review Committee under the leadership of the Head of the Management Support Division to review major issues related to subcontracting transactions in advance. Through internal management systems such as Compliance Ethics Index checks, we are laying the foundation for the stable establishment of the CP.

CP Introduction Preparation Program

Program Name	Program Details
Compliance Ethics Index Check	• Check whether improvements have been implemented for past incident cases related to legal affairs, audit, shared growth, and company regulations, and whether internal controls are being complied with
Operation of Partner Company Communication Channels	• Operate communication channels such as the Cyber Audit Office and surveys • Conduct VOC interviews with primary and secondary purchasing partner companies.
Subcontracting Act Training	• Provide Subcontracting Act training for department staff in each purchasing team, focusing on the responsibilities and roles of the principal contractor
Establishment of Shared Growth Operating Policy	• Establish rules on matters to be complied with when conducting transactions with partner companies, including guidelines for purchasing personnel
Training on the Payment Price Linkage System	• Provide guidance on the Payment Price Linkage System introduced under the amended Act on the Promotion of Mutually Beneficial Cooperation, including contract preparation and linkage methods
Internal Control Training	• Share training matters for compliance with fair trade-related laws and company regulations, as well as major disciplinary cases
Receivables and Payables Confirmation Letter	• Check whether there are any issues in receivables and payables confirmation letters received from partner companies to identify possible misappropriation of personal funds by sales staff and improper cost claims by partner companies
Operation of the Subcontracting Review Committee	• Review major subcontracting transaction issues with company-wide purchasing department heads and purchasing team leaders under the leadership of the Head of the Management Support Division • Discuss measures for fair trade and mutual growth with partner companies

Fair Trade Training

HANSSEM conducts fair trade training for employees to support the establishment of a fair and transparent transaction culture with partner companies. Through training based on the Four Fair Trade Practices, we strengthen ethical transaction practices and work to prevent violations and foster a culture of fair trade compliance. In addition, we provide fair trade training to a broad range of employees across various duties and roles. By offering balanced training opportunities, we help ensure that the understanding and practice of fair trade are embedded throughout the organization.

2025 Fair Trade Training Performance

Training Type	Training Details	Training Target	No. of Sessions	No. of Trainees
Subcontracting Act / Fair Trade Act	Training on key legal provisions related to subcontracting transactions and violation cases of other companies	SCM Purchasing and Sales Departments	3	65
		SCM Project Sales Purchasing Department	2	77
		R&D Purchasing Department	1	11
		Integrated Quality Division	1	15
		Hanssem Affiliates	4	285

Sustainable Supply Chain Management

Unfair Trade Risk Management

HANSSEM encourages employees across the company to voluntarily practice fair trade through an internal assessment system based on the Compliance Ethics Index. In particular, to manage unfair trade risks, we have established six key indicators and check compliance with laws and regulations, including the Subcontracting Act and the Act on the Promotion of Mutually Beneficial Cooperation. These indicators are assessed monthly and reported to the CEO on a quarterly basis. We also provide regular compliance training, particularly for departments that require improvement, and carry out management activities based on inspection results to reduce the possibility of unfair trade practices.

Unfair Trade Risk Management Indicators

1	Registration of subcontractors and execution of purchase contracts	2	Preparation of price-reduction documents/unit-price agreements and adequacy of attached documents
3	Whether unfair price reductions occur in transactions with partner companies	4	Whether unfair unit-price cuts occur in transactions with partner companies
5	Whether procedures for terminating transactions with purchasing partner companies are followed	6	Whether the payment price linkage system is introduced and implemented

Shared Growth

Partner Company Support Activities

Operation of the Win-win Fund HANSSEM signed agreements with IBK Industrial Bank of Korea and Hana Bank to create a Win-win Fund to strengthen partner companies' liquidity. Through the Win-win Fund, which is operated at a total scale of KRW 23.0 billion, partner companies can receive loans at lower interest rates. As of December 2025, 112 partner companies had used KRW 19.0 billion through the fund and received a total of KRW 400 million in interest cost support.

Advance Payment Support Program HANSSEM provides advance payment for delivery amounts after internal review to ease the financial burden on partner companies caused by facility investment. In particular, we provide advance payments on a regular monthly basis to project sales partner companies that supply products to large-scale construction sites, helping them secure conditions for facility investment and maintain stable business operations.

Technology Document Escrow Fee Support HANSSEM protects partner companies' core technologies through the Technology Document Escrow System. Under this system, partner companies store key technical documents with an escrow institution to prevent technology leakage and misuse in advance. To ease the burden on partner companies, we support escrow fees for up to five years. In 2025, we provided related cost support to a total of four partner companies. Going forward, we plan to continue expanding the scope of support in response to growing demand for technology protection.

Win-win Fund Operation Status

Category	Target	Operating Bank	Operating Amount	Amount Used	Partner Companies Using the Fund	Interest Support Amount
Win-win Fund 1	Purchasing Partner Companies	IBK	KRW 15.0 billion	KRW 12.8 billion	38 companies	KRW 200 million
Win-win Fund 2	Dealerships		KRW 3.0 billion	KRW 2.0 billion	57 companies	KRW 70 million
Win-win Fund 3	Purchasing Partner Companies	Hana Bank	KRW 5.0 billion	KRW 4.2 billion	17 companies	KRW 130 million
Total			KRW 23.0 billion	KRW 19.0 billion	112	KRW 400 million

Sustainable Supply Chain Management

Recruitment Support Program HANSSEM supports partner companies in hiring full-time employees through its partnership with IBK Industrial Bank of Korea. When partner companies hire Korean full-time employees through IBK's recruitment website, "i-ONE JOB," they can receive financial cost support of KRW 500,000 per employee. In 2025, eight partner companies used this program to hire a total of 41 full-time employees, and KRW 20.5 million in recruitment support was provided. In particular, 15 of these employees were young talents, contributing to the promotion of youth employment at SMEs.

Partner Company Recruitment Support

8

No. of Partner Companies Supported

41

No. of Employees Hired

15

No. of Young Employees Hired

KRW 20.5million

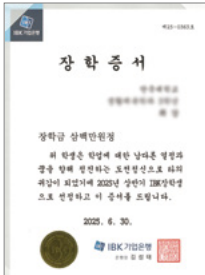
Recruitment Support Amount

Scholarships and Medical Expense Support for Partner Employees and Their Families HANSSEM continues to provide scholarships and medical expense support to improve the living stability and welfare of partner employees and their families. In 2024, we provided scholarships totaling KRW 28 million to 23 children of logistics partner employees through sponsorship from the IMM Hope Foundation, and in 2025, scholarships totaling KRW 43 million to 39 employees of construction partner companies in cooperation with the same foundation. Through the Happiness Sharing Foundation of IBK Industrial Bank of Korea, we also provided KRW 5.4 million in college tuition support to two children of purchasing partner company employees and KRW 13.6 million in medical expense support to three family members suffering from incurable diseases. Going forward, we will continue advancing our welfare support programs to strengthen shared growth, improve the quality of life of partner company members, and build sustainable partnerships.

Communication Activities with Suppliers HANSSEM operates various communication channels, both face-to-face and contactless, to broadly collect feedback from suppliers and resolve difficulties arising during transactions. Since 2024, we have expanded the scope of communication to secondary suppliers to strengthen fair trade-related monitoring. Through these activities, we are enhancing trust with suppliers and fostering sustainable cooperative relationships centered on mutual growth.



Medical Expense Sponsorship Certificate



Scholarship Certificate

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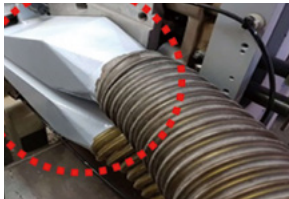
Support for Improving Supplier Production Process Quality



HANSSEM operates a field-based quality improvement support program across suppliers' production processes to stabilize product quality. Focusing on processes where processing defects occur frequently, we analyze the causes and shift work methods that previously depended on individual workers' experience and judgment to standardized criteria. We clearly defined replacement and inspection cycles for each piece of equipment, supplemented equipment to prevent the inflow of foreign substances, advanced inspection methods, and improved handover procedures between processes to systematically eliminate factors that cause defects. Through these efforts, two participating suppliers reduced their average monthly processing defects by 83%, from 24 cases to 4 cases, and by 68%, from 19 cases to 6 cases, respectively. After the improvements, we continue to manage quality levels by keeping standard work instructions up to date, while operating a monitoring system and regular on-site inspections. We also plan to expand these improvement cases to suppliers with similar processes.



Insufficient Dust Collection



Improved Dust Collection

Communication Activities with Suppliers

Communication Channel	Operation Method	Key Details	Frequency
Face-to-face Communication	Supplier visit meetings	• The fair trade department holds meetings with supplier representatives and executives • Listens to suppliers' difficulties and discusses improvements	Regular
	Cyber Audit Office	• Receives anonymous reports and reports on transaction-related issues	Ongoing
Contactless Communication Channel	Ethical Management Office Hotline	• Receives inquiries and reports from suppliers related to ethical management	Ongoing
	Purchasing supplier survey	• Collects opinions to improve business relationships with Hanssem • Reflects suppliers' complaints and suggestions	Regular



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ESG Data Center

Economic

Financial Performance

Summary Consolidated Statement of Financial Position

Classification	Unit	2023	2024	2025
Assets				
Current assets	KRW	367,823,428,368	512,253,408,952	500,175,652,895
Non-current assets	KRW	683,693,990,422	554,998,376,713	492,781,212,058
Total assets	KRW	1,051,517,418,790	1,067,251,785,665	992,956,864,953
Liabilities				
Current liabilities	KRW	522,859,212,511	472,039,476,175	407,254,104,192
Non-current liabilities	KRW	185,887,852,060	244,548,369,612	185,943,402,416
Total liabilities	KRW	708,747,064,571	716,587,845,787	593,197,506,608
Equity				
Capital	KRW	23,533,928,000	23,533,928,000	23,533,928,000
Capital surplus	KRW	44,382,775,911	44,382,775,911	44,382,775,911
Other capital components	KRW	(272,755,516,672)	(270,683,573,798)	(275,208,990,848)
Retained earnings	KRW	547,609,166,980	553,430,809,765	607,051,645,282
Owner's share of the controlling company	KRW	342,770,354,219	350,663,939,878	399,759,358,345
Non-controlling share	KRW	0	0	0
Total equity	KRW	342,770,354,219	350,663,939,878	399,759,358,345
Total equity and liabilities	KRW	1,051,517,418,790	1,067,251,785,665	992,956,864,953
Number of companies included in the consolidation	Companies	12	12	8

Summary Consolidated Income Statement

Classification	Unit	2023	2024	2025
Sales	KRW	1,966,947,033,819	1,908,390,760,197	1,744,538,347,428
Cost of sales	KRW	(1,534,585,458,777)	(1,464,559,401,824)	(1,312,318,424,360)
Gross profit	KRW	432,361,575,042	443,831,358,373	432,219,923,068
Selling and administrative expenses	KRW	(430,414,966,190)	(412,602,042,617)	(413,728,588,206)
Operating profit (loss)	KRW	1,946,608,852	31,229,315,756	18,491,334,862
Equity method profit and loss	KRW	0	(20,000,000,000)	0
Other income	KRW	11,554,955,158	211,594,577,314	54,645,429,205
Other expenses	KRW	(57,138,805,787)	(25,473,059,825)	(17,897,125,664)
Financial income	KRW	7,781,888,898	9,497,748,555	10,741,306,570
Financial expenses	KRW	(13,545,356,373)	(16,669,124,206)	(17,200,231,239)
Profit (loss) before corporate tax expenses	KRW	(49,400,709,252)	190,179,457,594	48,780,713,734
Corporate tax revenue (expense)	KRW	(12,754,522,255)	(39,042,451,152)	(2,499,629,373)
Net income (loss)	KRW	(62,155,231,507)	151,137,006,442	46,281,084,361
Owner's share of the controlling company	KRW	(62,155,231,507)	151,137,006,442	46,281,084,361
Non-controlling share	KRW	0	0	0
Other comprehensive income	KRW	(5,118,056,662)	(4,108,704,044)	3,835,410,756
Total comprehensive income	KRW	(67,273,288,169)	147,028,302,398	50,116,495,117
Basic earnings per share	KRW	(3,810)	9,171	2,808

ESG Data Center

Economic

Economic Performance

Sales at Domestic and Overseas Business Sites

Classification	Unit	2023	2024	2025
Domestic business sales	KRW 1 thousand	2,038,080,731	2,014,650,863	1,830,646,383
Overseas business sales		35,945,566	24,850,158	21,029,523
Consolidation adjustment		107,079,263	131,110,261	107,137,559
Total		1,966,947,034	1,908,390,760	1,744,538,347

Economic Value Distribution

Classification	Unit	2023	2024	2025
Shareholders and investors	KRW 100 million	843	1,543	165
Corporate tax		0	99	509
Wage and welfare, retirement pension		2,447	2,468	2,241
Community investment		125	6	5
Purchase, win-win program support fund		230	230	230

Environmental

Greenhouse Gas Emissions¹⁾

Classification	Unit	2023	2024	2025
Direct emission (Scope1)	tCO ₂ eq	998	825	2,185
Indirect emission (Scope2)	tCO ₂ eq	18,790	17,889	13,782
Indirect emission (Scope3) ²⁾	tCO ₂ eq	109,982	77,663	64,066
Total emissions	tCO ₂ eq	129,770	96,377	80,033
Total sales	KRW 1 billion	1,967	1,908	1,745
Greenhouse gas intensity ³⁾	tCO ₂ eq/revenue	66	51	46

1) Scope of calculation: Management Support Division, Home Furnishing Division, Rehaus Division, SCM Division – Logistics Department, SCM Division – Manufacturing Department, Integrated Quality Division, Hanssem Service, Hanssem Development, and Hanssem Nexus

2) As transportation items classified as downstream under the GHG Protocol were included under upstream transportation items in 2023, the Scope 3 data for 2023 and 2024 were revised accordingly.

3) GHG emissions/revenue

Scope2 Emission Details

Classification	Unit	2023	2024	2025
Power purchase	tCO ₂ eq	18,496	17,618	13,502
Steam purchase	tCO ₂ eq	294	271	280
Total	tCO ₂ eq	18,790	17,889	13,782
Percentage of power purchase ¹⁾	%	98.44	98.49	97.97
Percentage of purchased steam ¹⁾	%	1.56	1.51	2.03

1) Emissions by category / total emissions

Scope3 Emission Details

Classification	Unit	2023	2024	2025
Purchased goods and services	tCO ₂ eq	67,416	47,149	45,162
Capital goods		62	2,025	2,280
Fuel -and energy-related activities (not included in scope 1 and scope 2)		789	2,633	2,367
Upstream transportation and distribution		31,105	18,199	6,736
Waste generated in operations		1,391	1,192	868
Business travel		364	215	233
Employee commuting		2,829	1,508	1,314
Investments		3,641	2,895	601
Downstream leased assets		2,385	1,847	4,507
Total		109,982	77,663	64,066

ESG Data Center

Environmental

Energy Use¹⁾

Classification	Unit	2023	2024	2025
Energy use	TJ	409	470	153
Energy intensity ²⁾	TJ/KRW 1 billion	0.21	0.25	0.08

1) Scope of calculation: Management Support Division, Home Furnishing Division, Rehaus Division, SCM Division – Logistics Department, SCM Division – Manufacturing Department, Integrated Quality Division, Hanssem Service, Hanssem Development, and Hanssem Nexus
2) Energy consumption / revenue

Air Pollution Management¹⁾

Classification	Unit	2023	2024	2025
NOx	Ton	14.355	11.722	10.311
SOx	Ton	1.432	0.987	1.016
TSP	Ton	0.671	0.487	0.405
NOx average emission concentration	ppm	48.98	37.89	31.45
SOx average emission concentration	ppm	1.01	0.39	0.74
TSP average emission concentration	mg/m ³	2.44	4.78	3.96

1) Calculated based on Plant 3 and Plant 4

Water and Wastewater Management

Classification	Unit	2023	2024	2025
Total usage		131.73	126.46	0.00
Amount of recycling	Ton	123.43	126.46	0.00
Effluent discharge amount ¹⁾		8.30	0.00	0.00
Water withdrawal		77,639	69,218	74,731

1) No wastewater discharge in 2025 due to the closure of the painting line at the manufacturing plant

Waste Management

Classification	Unit	2023	2024	2025
Steam sales performance	Ton	43,544	42,764	43,066
(Unit price per ton)	KRW/Ton	28,370	26,070	22,660
General waste	Ton	9,523.21	9,751.61	11,771.65
Designated waste	Ton	87.43	133.55	25.6
Total waste ¹⁾	Ton	9,610.64	9,885.16	11,797.25
Waste disposal volume by treatment type	Landfilling	Ton	208.28	138.57
	Incineration (on-site incineration, outsourced incineration)	Ton	7,183.92	6,971.94
	Others (solidification)	Ton	31.56	105.42
	Recycled volume	Ton	2,186.88	2,669.23
Recycling rate	%	22.8	27.0	41.5

1) Calculated based on Plant 3 and Plant 4

Chemical Safety

Classification	Unit	2023	2024	2025
Regular warranty test results	Total number of tests	Cases	495	495
	Number of inappropriate items	Cases	12	18
	Regular warranty action rate	%	100	100
Cases where release was suspended or excluded through pre-verification	Total number of tests	Cases	775	220
	Number of inappropriate items	Cases	40	22
	Pre-verification action rate	%	100	100

1) Three non-conformities in the small chamber test are currently being addressed

ESG Data Center

Environmental

Responsible Raw Materials Sourcing

Classification		Unit	2023	2024	2025
Wood ¹⁾	FSC, PEFC	%	60	62	63
	Others	%	40	38	37
Leather ²⁾	Leather Working Group	%	29	40	100
	Non-certified	%	71	60	0

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

Origin of Raw Materials

Classification		Unit	2023	2024	2025
Wood/paper ¹⁾		%	100	100	100
Leather ²⁾		%	100	100	100

1) Percentage of products for which the origin of wood and/or paper can be verified
2) Country of origin ratio for major leather raw materials related to sofas

Purchasing Eco-Friendly Raw Materials¹⁾

Classification		Unit	2023	2024	2025
Purchase amount of eco-friendly raw materials		m ³	227,070	217,758	182,070
Cost of purchasing eco-friendly raw materials		KRW 100 million	577	547	480

1) E₀ grade (formaldehyde emission ≤ 0.5 mg/L) or higher wood materials under the Environmental Label certification criteria (EL172, Furniture)

Third-Party Eco-Friendly Certification¹⁾

Classification		Unit	2023	2024	2025
Products and services that obtained third-party eco-friendly certification		Cases	24	15	19

1) Environmental Label Certification

Environmentally Improved Packaging Materials¹⁾

Classification		Unit	2023	2024	2025
Volume of environmentally improved packaging materials used ²⁾		Ton	36	14	4
Percentage of environmentally improved packaging materials usage ³⁾		%	9.4	4.5	1.2

1) Data for 2023 and 2024 has been revised due to changes in the criteria for Environmentally Improved Packaging Materials
2) Environmentally Improved Packaging Materials: Synthetic resin packaging materials
3) Environmentally Improved Packaging Material Usage / Total Packaging Material Usage

Compliance with Environmental Laws

Classification		Unit	2023	2024	2025
Number of monetary fines and non-monetary sanctions imposed for violations of environmental laws		Cases	3	0	0
Total amount of fines for violation of environmental laws		KRW	520,000 ¹⁾	0	0

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

Sustainable Revenue

Classification		Unit	2023	2024	2025
Sales of eco-friendly products ¹⁾		KRW 1 thousand	15,049,799	11,124,588	11,955,647
Total sales of sustainable products ²⁾		KRW 1 thousand	29,557,422	27,104,095	22,945,482
Percentage of eco-friendly product sales ³⁾		%	1.01	0.78	0.93
Percentage of total sustainable product sales ⁴⁾		%	1.99	1.89	1.79

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 (separate financial statements)
4) Sales of sustainable products and services / total sales (separate financial statements)

ESG Data Center

Environmental

Research and Development Investment

Classification	Unit	2023	2024	2025
Research and development costs	KRW 1 thousand	13,229,078	12,574,244	11,384,557
Research personnel	Person	222	199	186
R&D to sales ratio	%	0.67	0.66	0.65

Intellectual Property Rights

Classification	Unit	2023	2024	2025
Application	Cases	5	101	6
Registration		18	90	23
Total		23	191	29

Environmental Education¹⁾

Classification	Unit	2023	2024	2025
Number of trainees	Person	28	38	64
Training hours	Hours	28	18	17

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

Environmental Investment

Classification	Unit	2023	2024	2025
Environmental investment costs	KRW 1 million	636	538	424

Social

Status of Employees ¹⁾

Classification		Unit	2023	2024	2025
Total number of employees (domestic + overseas)		Person	2,192	2,042	2,213
Gender	Male	Person(%)	1,342(61.2)	1,245(61)	1,444(65.3)
	Female	Person(%)	850(38.8)	797(39)	769(34.7)
New recruitment	Male	Person(%)	177(59.2)	55(56.1)	346(83.8)
	Female	Person(%)	122(40.8)	43(43.9)	67(16.2)
	Disabled	Person	9	0 ²⁾	1
	High school graduate	Person	33	15	92
	Local talent	Person	0	0	0
Turnover and retirees	Male	Person	210	151	150
	Female	Person	116	98	96
	Voluntary turnover rate ³⁾	%	91.7	84.3	83.9
Employment type	Regular	Person	2,089	1,980	2,162
	Non-regular	Person	103	62	51
	Disabled	Person	68	67	68
	Non-employee workers	Person	279	185	148
	Overseas	Person	3	1	9
	High school graduate	Person	183	177	264
Title	Executives	Person	32	30	25
	Manager or above	Person	662	769	952
	Junior manager or below	Person	1,498	1,243	1,234
Age	20's	Person(%)	376(17.1)	281(13.8)	220(9.9)
	30's	Person(%)	1,222(55.8)	1,124(55.0)	1,188(53.7)
	40's	Person(%)	430(19.6)	451(22.1)	584(26.4)
	Over 50's	Person(%)	164(7.5)	186(9.1)	221(10.0)
Overseas employees	USA	Person	0	0	0
	China	Person	3	3	2
	Japan	Person	2	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 employees who left due to internal transfer or voluntary resignation, out of total turnover

ESG Data Center

Social

Diversity of Employee

Classification		Unit	2023	2024	2025
Women's leadership	Percentage of women among all employees	%	38.8	39.0	34.8
	Percentage of women among all managers ¹⁾	%	26.6	21.8	20.0
	Percentage of women among contract workers	%	37.9	37.1	39.2
	Percentage of women among regular employees	%	38.8	39.1	34.6
Other	Foreigner ²⁾	Person	3	1	9
	Veterans affairs staff	Person	8	6	7
	Disabled ³⁾	Person	68	67	68

1) Defined as a person with a position of team leader or higher
2) Recruitment of foreign contract workers
3) In the case of severely disabled persons, the calculation is doubled

Use of Childcare Leave and Maternity Leave

Classification		Unit	2023	2024	2025
Number of employees eligible for childcare leave	Male	Person	370	355	404
	Female	Person	143	161	186
Number of employees who used childcare leave	Male	Person	15	24	48
	Female	Person	55	51	63
Number of people eligible for reinstatement from childcare leave(A)	Male	Person	11	19	30
	Female	Person	44	50	45
Number of employees returning from childcare leave(B)	Male	Person	9	18	25
	Female	Person	40	49	44
Return to work rate(B/A)	Male	%	81.8	94.7	83.3
	Female	%	90.9	98	97.8
Number of people who returned from childcare leave in the previous reporting period(C)	Male	Person	12	9	18
	Female	Person	33	40	49
Number of employees who remain on the job for 12 months after returning from childcare leave in the relevant year(D)	Male	Person	10	9	15
	Female	Person	30	35	42
Employment rate after childcare leave(D/C)	Male	%	83.3	100	83.3
	Female	%	90.9	88	85.7
Parental leave users	Male	Person	68	53	47
	Female	Person	57	54	61

ESG Data Center

Social

New Employees Starting Salary

Classification		Unit	2023	2024	2025
New employee starting salary ¹⁾	Male	KRW 10 thousand	4,150	4,150	4,150
	Female	KRW 10 thousand	4,000	4,000	4,000
Ratio of new employee starting salary to minimum wage	Male	%	147.5	143.6	141.2
	Female	%	142.2	138.4	136.0

1) Full-time office worker with a college degree

Employee Training

	Classification	Unit	2023	2024	2025
Total number of trainees	Total	Person	2,086	1,872	2,089
	Male	Person	1,228	1,084	1,311
	Female	Person	858	788	778
Training hours per person	Total	Hours	23	16	23
	Male	Hours	23	16	24
	Female	Hours	23	15	22
Training cost per person	Male	KRW	81,085	100,861	137,104
	Female	KRW	106,199	118,443	161,275
Training participants by position	Executive-level	Person	29	29	29
	Manager or above	Person	475	798	986
	Junior manager or below	Person	1,582	1,045	1,074
Training costs by position	Executive-level	KRW/ Person	40,183	75,740	558,477
	Manager or above	KRW/ Person	91,738	142,624	215,913
	Junior manager or below	KRW/ Person	92,257	82,925	70,883
Training hours by position	Executive-level	Hours	16	12	19
	Manager or above	Hours	24	18	25
	Junior manager or below	Hours	23	14	21

Human Rights Training

Classification	Unit	2023	2024	2025
Total training hours	Hours	1,978	1,771	2,067
Number of trainees	Person	1,978	1,619	2,067

Application of Collective Bargaining¹⁾

Classification	Unit	2023	2024	2025
Number of employees subject to collective bargaining	Person	229	224	219
Percentage of employees subject to collective bargaining	%	10	11	9.9
Group membership number	Person	229	224	219
Group membership rate	%	100	100	100

1) Scope of calculation: HANSSEM Headquarters

Pension Support

Classification	Unit	2023	2024	2025
Number of members (DB) ¹⁾	Person	2,148	1,996	2,175
Number of members (DC) ²⁾	Person	31	33	27

1) Number of members (DB): Number of members as of December 31 of each year based on the actuarial valuation report

2) Number of members (DC): Total number of members across DC operators as of year-end

Annual Leave Usage

Classification	Unit	2023	2024	2025
Annual leave days	Day	22,501	22,623	23,424.5

ESG Data Center

Social

Employee Welfare

Classification	Unit	2023	2024	2025
Amount spent ¹⁾	KRW 1 thousand	35,044,148	31,474,080	30,507,383

1) Based on the consolidated financial statements in the business report

Employee Health and Safety

Classification	Unit	2023	2024	2025 ³⁾
Number of work-related injuries	Cases	15	8	18
Number of deaths due to work-related accidents	Cases	0	0	0
Incidence of work-related diseases (OIFR) ¹⁾	Cases/million hours worked	0.6	0	0.7
Number of deaths due to work-related diseases	Person	0	0	0
Work loss accident rate (LTIFR) ²⁾	Cases/million hours worked	3.5	2.0	4.5
Number of cases of loss of work	Cases	15	8	18
Total working hours	Hours	4,339,373	4,050,486	3,982,300
Number of workers covered by industrial accident insurance	Person	2,198	2,045	2,209

1) OIFR: (Number of work-related disease cases / Total working hours) × 1,000,000

2) LTIFR: (Number of work-related accidents / Total working hours) × 1,000,000

3) Increase in the number of safety incidents due to the internal transfer of the AS Department and PM Department

Supplier Company Health and Safety

Classification	Unit	2023	2024	2025
Industrial accident rate ¹⁾	%	0.011	0.016	0.017

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

Customer Satisfaction Management

Classification		Unit	2023	2024	2025
Customer satisfaction management	Customer satisfaction survey results	%	87	88	88
Performance in handling consumer complaints	Number of consumer complaints received	Cases	2,052	1,156	994
	Consumer complaint resolution rate	%	95	96	92

Status of Participation in Social Contribution

Classification	Unit	2023	2024	2025
Total number of social contribution activities supported	Cases	137	67	110
Total amount of support for social contribution activities	KRW 100 million	125.2	6.25	3.99
Employee social contribution participation time	Hours	427	357	1,276
Number of employees participating in social contribution	Person	295	186	520

Personal Information Protection

Classification	Unit	2023	2024	2025
Information security investment amount ¹⁾	KRW	1,440,954,160	1,605,118,410	1,550,198,769
IT budget as a percentage of total budget ²⁾	%	0.33	0.39	0.37
Information security budget as a percentage of IT budget	%	4.5	4.7	5.2
Number of substantiated complaints received regarding violations of customer privacy	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	1,816	1,674	1,858

1) Expenses for information security and depreciation of related assets

2) Selling and administrative expenses

ESG Data Center

Social

Unfair Trade

Classification	Unit	2023	2024	2025
Number of cases of unfair trade or unfair competition	Cases	0	0	0

Fair Trade Education

Classification	Unit	2023	2024	2025
Number of employees	Person	137	117	186
Hour	Hours	6	6	8

Supplier Support

Classification		Unit	2023	2024	2025
Status of Win-win Fund operation	Operating amount	KRW 100 million	230	230	230
	Number of partners using	Cases	95	85	94
Supplier support details by program	Amount spent	KRW 100 million	215	203	190
	Amount of interest subsidy	KRW 100 million	5.5	5.2	4.0
Complaints handling process for suppliers (e.g. hotline)	Number of complaints received	Cases	3	2	2
	Complaint resolution rate	%	100	100	100

Governance

Corporate Ethics and Compliance

Ethics Training for Employees

Classification	Unit	2023	2024	2025
Ethics education training hours	Hours	56	68	50
Number of participants in ethics education training	Person	1,021	1,751	1,761

Number of Ethics Reports and Disciplinary Actions

Classification	Unit	2023	2024	2025
Number of reports received	Cases	82	114	68
Number of disciplinary personnel	Person	18	22	26

GRI Content Index

Statement of Use	GRI Used	Applicable GRI Sector Standards
HANSSEM published its Sustainability Report in compliance with GRI Standards 2021 for the period from January 1, 2025 to December 31, 2025 (including some 2026 performance)	GRI 1: Foundation 2021	As of June 2026, 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 details	6	
	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	136~139	
Activities and Workers	2-6	Activities, value chain and other business relationships	8~13	
	2-7	Employees	6, 122	
	2-8	Workers who are not employees	122	
Governance	2-9	Governance structure and composition	41, 44	
	2-10	Nomination and selection of the highest governance body	41	
	2-11	Chair of the highest governance body	42	
	2-12	Role of the highest governance body in overseeing the management of impacts	40	
	2-13	Delegation of responsibility for managing impacts	40	
	2-14	Role of the highest governance body in sustainability reporting	Business Report 254~255	
	2-15	Conflicts of interest	42, Business Report 256	
	2-16	Communication of critical concerns	43	
	2-17	Collective knowledge of the highest governance body	42	
	2-18	Evaluation of the performance of the highest governance body	45	
	2-19	Remuneration policies	Business Report 273	
	2-20	Process to determine remuneration	Business Report 273~275	
	2-21	Annual total compensation ratio	-	This item constitutes confidential information corresponding to sensitive personal data and is therefore not disclosed separately

GRI Content 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	5	
	2-23	Policy commitments	45~46, 55, 77~78, 102	
	2-24	Embedding policy commitments	45~46, 55~56, 77, 88~89, 102~103	
	2-25	Processes to remediate negative impacts	48~49	
	2-26	Mechanisms for seeking advice and raising concerns	86~87, 92	
	2-27	Compliance with laws and regulations	121, 126, Business Report 281~282	
	2-28	Membership associations	135	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	134	
	2-30	Collective bargaining agreements	87, 124	

GRI 3: Material Topics 2021

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Material Topic	3-1	Process to determine material topics	18	
	3-2	List of material topics	16	
	3-3	Management of material topics	17	

Topic Standards Disclosures

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Topic 1: Climate Change Mitigation	3-3	Management of material topics	17	
Climate Change	102-1	Transition plan for climate change mitigation	70, 119	
	102-2	Climate change adaptation plan	70, 119	
	102-4	GHG emissions reduction targets and progress	70, 119	
	102-5	Direct greenhouse gas emissions (Scope 1)	70, 119	
	102-6	Indirect greenhouse gas emissions (Scope 2)	70, 119	
	102-7	Other indirect greenhouse gas emissions (Scope 3)	70, 119	
	102-8	GHG emissions intensity	70, 119	
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	65	

GRI Content Index

Topic Standards Disclosures

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Topic 2: Sustainable Product Design	3-3	Management of material topics	17	
Effluents and Waste	306-2	Management of significant waste-related impacts	36	
	306-3	Waste generated	120	
	306-4	Waste diverted from disposal	37	
	306-5	Waste directed to disposal (Incineration, landfilling, etc.)	120	
Topic 3: Worksite Working Conditions	3-3	Management of material topics	17	
Employment	401-1	New employee hires and employee turnover	122	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	85	
	401-3	Parental leave	85, 123	
Topic 4: Personal Information Protection	3-3	Management of material topics	17	
Customer Personal Information	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	125	
Topic 5: Shared Growth with Partners	3-3	Management of material topics	17	
Indirect Economic Impacts	203-2	Significant indirect economic impacts	126	
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	110~113	
	308-2	Negative environmental impacts in the supply chain and actions taken	110~113	
Supplier Social Assessment	414-2	Negative social impacts in the supply chain and actions taken	110~113	
Topic 6: Product Safety and Quality	3-3	Management of material topics	17	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	23~28	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	No incidents of non-compliance
Topic 7: Fair Trade	3-3	Management of material topics	17	
Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	126, Business Report 281~282	

GRI Content Index

Marked as Non-Core Topics

Reporting Topic	GRI Standard	Disclosure Item	Reporting Location	Notes
Economic Performance	201-1	Direct economic value generated and distributed	118	
Anti-Corruption	205-2	Communication and training about anti-corruption policies and procedures	50, 126	
	205-3	Confirmed incidents of corruption and actions taken	49, 126	
Energy	103-2	Energy consumption and self-generation within the organization	120	
	103-4	Energy intensity	120	
Water and Effluents	303-5	Water consumption	120	
Biodiversity	101-4	Identification of biodiversity impacts	72~74	
Emissions	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	120	
Occupational Health and Safety	403-1	Occupational health and safety management system	88~89	
	403-2	Hazard identification, risk assessment, and incident investigation	90~91	
	403-3	Occupational health services	93~94	
	403-4	Worker participation, consultation, and communication on occupational health and safety	92	
	403-5	Worker training on occupational health and safety	92	
	403-6	Promotion of worker health	93	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	93~94	
	403-8	Workers covered by an occupational health and safety management system	89	
	403-9	Work-related injuries	125	
Training and Education	404-1	Average hours of training per year per employee	124	
	404-2	Programs for upgrading employee skills and transition assistance programs	83~84	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	41~42, 77, 79, 122	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	108~109	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	50	

KSSB Index

The Korea Sustainability Standards Board (KSSB) established sustainability disclosure standards suited to the domestic environment, based on the IFRS Sustainability Disclosure Standards of the International Sustainability Standards Board (ISSB). KSSB Standard No. 2 requires companies to disclose the effects of climate-related risks and opportunities on enterprise value, focusing on governance, strategy, risk management, and metrics and targets. HANSSEM has reviewed the requirements of KSSB Standard No. 2 and presents its related disclosure status in this report, and we will proactively respond to the domestic sustainability disclosure framework.

Classification	Content	Reporting Location (p)
Governance	Disclose the governance body's oversight of climate-related risks and opportunities, and management's role and responsibilities in the decision-making process.	
	The role, responsibilities, expertise, reporting framework, and target management system of the governance body that oversees climate-related risks and opportunities	58
	Management's role and internal control framework for monitoring, managing, and overseeing climate-related risks and opportunities	58
Strategy	Disclose the effects of climate-related risks and opportunities on the Company's strategy, business model, value chain, and financial position, as well as its response plans.	
	Climate-related risks and opportunities, the timing of their effects, and their classification into short, medium, and long term	59
	Current and anticipated effects of climate-related risks and opportunities on the business model and value chain	60-61
	Climate-related response strategy, transition plan, target achievement plan, and financing plan	62-63
	Current and anticipated effects of climate-related risks and opportunities on financial position, financial performance, and cash flows	65
	Climate resilience assessment results, scenario analysis methodology, and key assumptions	66-67
Risk Management	Disclose the processes to identify, assess, and manage climate-related risks and opportunities, and how they are integrated into the overall enterprise risk management framework.	
	Process to identify, assess, prioritize, and monitor climate-related risks	68
	Process to identify, assess, prioritize, and monitor climate-related opportunities	68
	Integration of the climate-related risk and opportunity management process with the overall enterprise risk management framework	68

Classification	Content	Reporting Location (p)
Metrics and Targets	Disclose the metrics, targets, and implementation status used to measure performance in managing climate-related risks and opportunities.	
	Scope 1, Scope 2, and Scope 3 greenhouse gas emissions and the calculation methodology	70-71
	Amount and proportion of assets or business activities vulnerable to transition risks	-
	Amount and proportion of assets or business activities vulnerable to physical risks	-
	Amount and proportion of assets or business activities aligned with climate-related opportunities	-
	Capital deployment for responding to climate-related risks and opportunities	-
	Whether an internal carbon price is used, and the method of application and price level	-
	Method of linking climate-related considerations to management remuneration, and the proportion of such remuneration	-
	Industry-based climate-related metrics (such as SASB-based metrics)	-
	Metrics, scope, time frames, base year, and interim targets for climate-related targets	71
	Performance against climate-related targets and progress status	70
	Greenhouse gas reduction targets, net-zero targets, and plans for the use of carbon credits	71

SASB Index

SASB (Sustainability Accounting Standards Board) standards are industry-specific sustainability accounting standards established by the Sustainability Accounting Standards Board, founded in the United States in 2011. Reflecting the specificities of each industry, the SASB standards were the first to classify financially material sustainability information into 11 sectors and 77 industries according to the Sustainable Industry Classification System (SICS). Hanssem belongs to the SASB “Building Products & Furnishings” industry group, and this report presents the key disclosure topics stipulated for that industry group.

Topic	Metrics	Metrics Code		Reporting Location
Energy Management	Total energy consumption			
	Proportion of external power purchases (grid electricity) such as solar power in energy consumption	CG-BF-130a.1	71, 120	
	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	23~28	
	Sales percentage of products that meet VOC (Volatile Organic Compound) content standards	CG-BF-250a.2	HANSSEM 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	32~37	
	(1) Percentage of recycled waste materials (2) Percentage of recycled materials among total input raw materials	CG-BF-410a.2	120	
Wood Supply Chain Management	The proportion and management method of certified wood among the wood purchases	CG-BF-430a.1	34, 121	

TCFD Index

In December 2015, the Financial Stability Board (FSB) launched the Task Force on Climate-related Financial Disclosures (TCFD) to proactively respond to climate change. Recognizing the significance of climate change in economic decision-making, the TCFD established an international disclosure framework that requires companies to disclose climate-related financial information across four key areas: governance, strategy, risk management, and metrics and targets. HANSSEM actively participates in these international demands and will further strengthen its efforts to respond to climate change.

Classification	TCFD Recommendations	Reporting Location
Governance	a) Describe the board's oversight of climate-related risks and opportunities	58
	b) Describe management's role in assessing and managing climate-related risks and opportunities	58
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	59
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	60~61, 65
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related 2°C or lower scenarios	62~64
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	68
	b) Describe the organization's processes for managing climate-related risks	68
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	58, 68
Metrics 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	70
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 GHG (greenhouse gas) emissions and the related risks	70, 119
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	71

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 our sustainability management strategy.

Stakeholders	Issue of Interest	Channel	Frequency	Response Activities
 Employees	• Development of professional talent in industry fields such as interior design, furniture, and installation • Pursuit of work-life balance and expansion of welfare programs • Improvement of organizational culture and establishment of a communication-based collaboration culture • Strengthening of a safe working environment and safety management at installation sites	Organizational Culture Diagnosis	Once a year	Organizational Culture Diagnosis, Town Hall Meeting, Change Agents
		Town Hall Meeting	Once a month	
		Labor-Management Council	Occasional	
		Dialogue with the CEO	Once a month	
		Ssaem-terview	Once a month	
 Customers	• Product safety and indoor air quality management • Improvement of product quality and installation service satisfaction • Development of eco-friendly materials and low-carbon products • Minimization of exposure to hazardous chemicals in products • Strengthening of personal information protection and customer data security	Home Page	Occasional	Product Safety & Quality, Sustainable Products, Information Protection
		Customer Service Center	Occasional	
		Customer Satisfaction Survey	Occasional	
 Shareholders and Investors	• Establishment and implementation of sustainable management strategy • Strengthening of responsible corporate governance and board independence • Transparent information disclosure and response to ESG disclosures • Enhancement of corporate and shareholder value	General Meeting of Shareholders	Occasional	HANSSEM FUNDAMENTAL
		Corporate Meeting	Once a year	
		Sales Report	Once a year	
		Quarterly/Business Report	Once a quarter	
 Suppliers	• Strengthening of fair trade and win-win cooperation • Sustainable supply chain management and supplier ESG assessment • Sustainable raw material procurement • Support for suppliers' safety and environmental management	Subcontracting Transaction Review Committee	Once a month	Supply Chain ESG Management, Fair Trade, Shared Growth
		Supplier Meeting	Twice a year	
		Cyber Audit Office	Occasional	
 Community	• Social contribution and shared-growth activities linked to local communities • Improvement of living conditions for vulnerable groups • Continuous communication with local communities	Regional Council Meeting	Occasional	Community Engagement

Awards and Initiatives

Awards Received

Date	Organizer	Awards Received
2025.03	Korea Climate and Environment Network, Seoul Council on Social Welfare	Social contribution agreement
2025.09	Korea Management Association	Ranked No.1 in the kitchen/home furniture sector in the Korea Customer Satisfaction Index (KCSI) (Kitchen furniture – 9 consecutive years / Home furniture – 10 consecutive years)
2025.10	The Dong-A Ilbo, Ministry of Trade, Industry and Energy, Ministry of Environment	2025 K-ESG Management Awards, Grand ESG Prize (Kitchen furniture – 4 consecutive years)
2025.11	Korean Broadcasting System (KBS)	Plaque of appreciation for sponsoring KBS "Donghaeng"
2025.11	Korea PR Association	Korea PR Awards, Grand Prize in the reputation management category
2025.11	League of American Communications Professionals (LACP)	Inspire Awards, Gold
2025.11	League of American Communications Professionals (LACP)	Spotlight Awards, Gold
2025.11	Korean Standards Association	KRCA Sustainability Report Award, Excellent Company in the manufacturing category
2025.12	Korea Commission for Corporate Partnership	Shared Growth Index evaluation, Excellent (6 consecutive years)
2025.12	Fair Trade Commission	Fair Trade Agreement compliance evaluation, Best in the subcontracting category (3 consecutive years)
2025.12	Mapo District Office	2025 Commendation for contribution to the resident-participation Hyo-do Bapsang (Filial Meal) Program
2025.12	Ministry of Health and Welfare, Korea National Council on Social Welfare	Community Social Contribution Recognition Plaque, Grade S

Participation in Initiatives



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 through the SDGs Compass to help companies strategically approach the SDGs.



HANSSEM has been disclosing its carbon emissions and related information by participating in the Carbon Disclosure Project (CDP) since 2022. Going forward, we are discussing how to set specific carbon emission reduction targets and, based on these, establish and implement an environmental management strategy framework that complies with global standards.



HANSSEM supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is working to comply with them. Accordingly, we disclose related information such as our climate-related organizational structure, risks and opportunities, and response strategies through our reports. In addition, we publicly declared our support for the TCFD in 2023.



HANSSEM has joined the UN Global Compact (UNGC), the world's largest voluntary corporate citizenship initiative, and complies with its sustainable principles. We implement the Ten Principles in the four areas of human rights, labor, environment, and anti-corruption, the core values of the UNGC, and participate in activities to promote sustainability together with companies around the world.

Independent Assurance Statement

To readers of Hanssem's management and stakeholders

Introduction

The Korean Standards Association (hereinafter referred to as the "Assurer") was commissioned by Hanssem (hereinafter referred to as the "Company") to conduct an independent assurance of its Sustainability Report (hereinafter referred to as the "Report"). The Assurer reviewed the validity of the data included in the report prepared by the Company and presented an independent assurance opinion. The responsibility for all statements and performance included in this report lies with the Company.

Independence

As an independent assurance provider, the Assurer has no interest in any of the Company's business activities other than providing third-party assurance of the report, and has no relationship that could compromise its independence or that is intended for profit.

Assurance Standard: AA1000AS v3

Assurance Level and Type: Moderate (general level), Type 2

Note: Moderate Level assurance is based on limited collected data and therefore provides a lower level of confidence than High Level assurance.

Assurance Scope

This assurance was conducted with a focus on the Company's sustainability management policies, targets, initiatives, criteria, and performance systems and activities during the reporting period. In addition, it verified environmental and social data as well as financial data on economic performance in a broad sense, while assurance of stakeholder engagement was limited to a review of the materiality assessment process.

-Whether the four principles of AA1000AP (AccountAbility Principles) 2018 are complied with

-Whether the report was prepared in accordance with GRI Standards 2021

(Topic Standards)

101-4, 102-5, 102-6, 102-7, 102-8, 103-2, 103-4, 201-1, 201-2, 203-2, 205-2, 205-3, 206-1, 303-3, 305-7, 306-2, 306-3, 306-4, 306-5, 401-1, 401-2, 401-3, 403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 404-1, 404-2, 405-1, 413-1, 414-2, 308-2, 416-1, 416-2, 417-1, 418-1

Assurance Method

The Assurer used the following methods to collect information, data, and evidence related to the assurance scope:

- Review of the stakeholder engagement and materiality assessment processes by a sustainability management expert
- Review of environmental disclosure data by an environmental expert
- Review of other related performance, internal documents, and underlying data

Assurance Limitations

The assurance was conducted within a limited scope through a limited sampling method, based on the assumption that the data and information provided by the Company are complete and sufficient, including a review of data quality and analysis.

Assurance Results and Opinion

The Assurer reviewed the content included in the draft report within this assurance scope and presented its opinion, and reviewed the report after revisions were made accordingly. As a result, no material errors or matters suspected of being inappropriately described were found. The Assurer presents the following opinion on "Hanssem's Sustainability Report":

-The four principles of AA1000AP (AccountAbility Principles) 2018

Independent Assurance Statement

Inclusivity

- Did the Company include stakeholders in the process of strategically responding to sustainability?

We confirmed that the Company recognizes the importance of stakeholder engagement in pursuing sustainability management and is making efforts to establish an engagement process. We confirmed that the Company has selected stakeholder groups such as employees, customers, shareholders and investors, suppliers, and local communities, maintains communication channels for each group, and gathers diverse opinions through them.

Materiality

- Did the Company include material information for stakeholders' informed judgment in the report?

We determined that the Company did not omit or exclude information material to stakeholders. We also confirmed that the Company conducted a materiality assessment based on key issues derived from its internal and external environmental analysis, and reported in accordance with the results.

Responsiveness

- Did the Company appropriately respond to stakeholders' demands and concerns?

We confirmed that the Company is making efforts to respond to stakeholders' demands and concerns by reflecting the opinions gathered from stakeholders in the report. We also did not find any evidence that the Company's response activities to material stakeholder issues were inappropriately reported.

Impact

- Did the Company appropriately monitor its impact on stakeholders?

We confirmed that the Company monitors and identifies the impact of its business activities on stakeholders. We also confirmed that this is appropriately reflected in the report.

Reliability and Quality of Specific Sustainability Information

- Did the Company collect and disclose specific sustainability information through a reliable process?

The Assurer performed reliability assurance of the sustainability performance and information for the topics subject to Type 2 assurance. To verify this information, the Assurer conducted interviews with the responsible personnel and determined that the performance and information described in the report were collected and disclosed based on a reliable process and evidence. In addition, the Assurer did not find any evidence that the specific sustainability information was inaccurately reported.

June 2026

Moon Dong-min, Chairman, Korean Standards Association

문 동 민



AA1000
Licensed Report
000-70/V3-DDLQO



The Korean Standards Association is a special corporation established under the Industrial Standardization Act in 1962. As a knowledge service institution, it disseminates and expands industrial standardization, quality management, sustainability management, and KS-ISO certifications to companies. In particular, as an ISO 26000 domestic assurance institution, an AA1000 assurance institution, an operator of the Korea Sustainability Index (KSI), and a greenhouse gas target management assurance institution, it contributes to the sustainable development of our society.

GHG Assurance Statement

Hanssem 144 Beonyeong 2-ro, Danwon-gu, Ansan-si, Gyeonggi-do

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 for calculating the organization's GHG emissions or removals

Verification Scope

The Korean Standards Association conducted limited assurance verification of Hanssem Co., Ltd.'s direct emissions (Scope 1), indirect emissions (Scope 2), and other indirect emissions (Scope 3).

- Reporting Target: GHG emissions from buildings owned or leased for domestic operations
- Boundary: Direct emissions (Scope 1), Indirect emissions (Scope 2), Other indirect emissions (Scope 3)
 - Scope 1: Stationary combustion, Mobile combustion, Process emissions (incineration)
 - Scope 2: Externally purchased power and steam
 - Scope 3: Category 1. Purchased goods and services (ceramics, furniture, home appliances, lighting, tiles, other materials, etc.)
Category 2. Capital goods (tangible assets, prepaid expenses, intangible assets)
Category 3. Fuel- and energy-related activities (upstream flows of purchased fuel and electricity)
Category 4. Upstream transportation and distribution (transportation and delivery of raw materials)
Category 5. Waste generated in operations (waste incineration, waste landfilling, waste recycling)
Category 6. Business travel (domestic travel using passenger vehicles and KTX)
Category 7. Employee commuting (round-trip commuting using passenger vehicles, KTX, subway, bus, etc.)
Category 13. Downstream leased assets (leased buildings)
Category 15. Investments (Scope 1, 2 emissions of investee companies)
- Reporting Year: January 1, 2025 to December 31, 2025

Verification Criteria and Guidelines

The 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 the Greenhouse Gas Emissions Trading System (Ministry of Environment Notification No. 2025-64)
 - 2006 IPCC Guidelines for National Greenhouse Gas Inventories
 - WRI (World Resources Institute) Greenhouse Gas Protocol
 - Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WRI)

Level of Assurance and Responsibility

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

- On-site Inspection: Visit to the headquarters of Hanssem Co., Ltd. (Sangam)
- Method of Confirmation
 - Interview with the GHG emissions manager and field staff
 - Review of the management system and data used to calculate GHG emissions during the reporting period
 - Tracking review of internal documents and underlying data

Hanssem Co., Ltd. should provide fair data on information and evidence related to GHG emissions, and the Korean Standards Association is limited to assurance of GHG emissions.

Verification Limit

Verification was conducted through sampling based on Hanssem Co., Ltd.'s inventory report and supporting data. Accordingly, GHG emissions may be affected by factors such as data limits and uncertainties within the scope of verification, and inherent limitations may exist accordingly.

GHG Assurance Statement

Verification Conclusion

The Korean Standards Association found that Hanssem Co., Ltd.'s GHG emission calculation results meet the assurance level and materiality criteria (less than 10%) in accordance with the verification criteria, and could not find any evidence that the GHG data and information were not fairly presented.

Hanssem Co., Ltd. appropriately implemented corrective actions for the key matters identified by the verification team, and the verification results, including material errors and omissions, meet the verification criteria and guidelines, and therefore a “appropriate” opinion is presented.

Appendix 1. GHG Emissions (Scope 1, Scope 2)

(Unit : tCO₂eq)

Category	Scope 1	Scope 2	Total
Management Support Division	75.720	853.782	929.502
Home Furnishing Division	176.954	5,149.122	5,326.076
Rehaus Division	-	665.076	665.076
SCM Division – Logistics Division	205.948	465.530	671.478
SCM Division – Manufacturing Division	519.408	6,216.940	6,736.348
Integrated Quality Division	1,177.354	130.604	1,307.958
Hanssem Service	-	81.205	81.205
Hanssem Development	24.175	76.901	101.076
Hanssem Nexus	5.163	143.305	148.468
Total	2,184.722	13,782.465	15,967

* Note: The final GHG emissions were truncated below the decimal point and expressed in integer units.

Appendix 2. GHG Emissions (Scope 3)

(Unit : tCO₂eq)

Category	GHG Emissions
Category 1	Purchased goods and services45,162
Category 2	Capital goods2,280
Category 3	Fuel- and energy-related activities2,367
Category 4	Upstream transportation and distribution6,736
Category 5	Waste generated in operations868
Category 6	Business travel233
Category 7	Employee commuting1,314
Category 13	Downstream leased assets601
Category 15	Investments4,507
Total	64,066

* 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 17, 2026

HANSSEN II-III