Sustainable wArmth For Everyone

2025 Hanwha Systems Sustainability Report

Hanwha Systems

About this Report

Report Overview

The Hanwha Systems Sustainability Report 2025 describes our performance in environmental, social, and economic responsibility and sustainability management and provides transparent information disclosure every year, through which we actively communicate with stakeholders. This report focuses on material issues with high financial impact levels and social and environmental impact levels based on the results of dual materiality assessment and discloses major activities and performances categorized into environmental (E), social (S), and governance (G).

Report Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, the international reporting standard for sustainability reports. We have also incorporated indicators from the Task Force on Climate-related Financial Disclosures (TCFD), the Sustainability Accounting Standards Board (SASB), and the United Nations Sustainable Development Goals (UN SDGs) to disclose our activities by material issues appropriate to our industry. Financial data is prepared in accordance with Korean International Financial Reporting Standards (K-IFRS). For readers' convenience, separate notes have been added to certain information requiring special attention regarding the report's scope and boundaries.

Reporting Period

This report covers our ESG activities and performance from January 1, 2024, to December 31, 2024, with some performance information through the first half of 2025 Quantitative sustainability performance indicators are disclosed for the past three years (2022—2024), enabling year-over-year trend analysis.

Reporting Date

This report was issued on June 30, 2025.

Reporting Scope

Financial data in the report is collected and reported based on data covering all domestic and overseas worksites. For non-financial data, all domestic worksites are covered, while ESH (Environmental Safety and Health) data pertains only to the Gumi site, Yongin R&D Center, and Jukjeon Data Center.

Report Assurance

The financial indicators in this report are based on independently audited financial information verified by Deloitte Anjin LLC. The non-financial indicators have undergone independent assurance by the Daishin Economic Research Institute to ensure objectivity and reliability.

Contact information

For the inquiries regarding this report or requests for additional information, please refer to the contact details provided below.

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- **Hanwha Systems Official website** https://www.hanwhasystems.com



Interactive User Guide

Hanwha Systems Sustainability Report was thoughtfully designed as an interactive PDF, providing an enhanced experience for readers. Through its interactive features, such as embedded web links and video playback, it aims to facilitate a deeper understanding of the content presented.

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ESG Committee Chairman Message

I'm Woo-jong Lee, Chairman of the ESG Committee at Hanwha Systems.

First and foremost, allow me to express my heartfelt gratitude for your interest in and support of our ESG Committee.

Throughout 2024, our ESG Committee focused on solidifying the foundation of sustainable management. And I am proud to report that leading external evaluators have recognized our efforts. MSCI ESG upgraded our rating from BBB to A in 2024—and we maintained that A rating again in March 2025. We also became the first Korean defense company to be admitted to the S&P Dow Jones Best-in-Class Korea Index (formerly the DJSI Korea Index). For domestic achievements, Hanwha Systems received an overall 'A' rating from the Korea Institute of Corporate Governance and Sustainability (KCGS) for the fourth consecutive year. We were also honored with the 'Grand Prize' at the 32nd CCEJ Good Corporate Award hosted by the Citizens' Coalition for Economic Justice (CCEJ) and the Minister of Trade, Industry, and Energy Award for exemplary ESG performance at the 31st Corporate Innovation Awards, sponsored by the Korea Chamber (KCCI) of Commerce and Industry and the Ministry of Trade, Industry and Energy (MOTIE). In addition, we were honored to receive the Minister of SMEs and Startups Award for Contributions to Shared Growth and to be selected as a Win-Win Honor for Excellent Shared Growth.

This series of awards shows that our sustainable management strategy has earned the trust of external stakeholders and is the result of every employee's dedicated effort. Hanwha Systems does not view this external recognition as a moment for complacency. We are proactively responding to the global sustainability demand across the organization. In line with this, we joined the Carbon Disclosure Project (CDP) in 2024 to disclose our carbon information for the first time, conducted our first human rights impact assessment, and established a human rights management implementation policy. These actions fulfill the promises we made in last year's report and show our unwavering commitment to sustainability. In an environment of increasing uncertainty in internal and external business contexts, the importance of sustainable management can sometimes be overlooked. However, Hanwha Systems' approach to sustainability is far more than a statement of intent; it is founded on thorough strategic analysis. The ESG Committee fully acknowledges that sustainable management can only achieve genuine value when it is underpinned by financial sustainability.

In 2024, Hanwha Systems delivered a total shareholder return (TSR) of 31.1% (based on the closing price of 2023-2024), and its price-to-book ratio (PBR) exceeded three as of early March 2025. In a market where the average PBR for listed companies remains below one, this achievement demonstrates that our enterprise-wide commitment to sustainable management has positively enhanced our core business competitiveness and financial resilience.

Hanwha Systems is committed to peaceful and sustainable prosperity for our shareholders, stakeholders, communities, and the world. We kindly ask for your continued interest and support in our journey toward a sustainable future.

Thank you.

Chairman of Hanwha Systems ESG Committee
Woo-Jong Lee

CEO Message

'We create a better and safer world', 'Sustainable warmth for everyone'

To our esteemed customers, shareholders, communities, partners, and employees

Hello, I'm Jae Il Son, CEO of Hanwha Systems.
After the eventful year of 2024, we now look ahead to the midpoint of 2025. Despite amid unpredictable global dynamics, Hanwha Systems has remained steadfast in our pursuit of becoming a global ESG Top Tier. We are pleased to share our recent achievements and future vision with all of our stakeholders with the publication of our 2025 Sustainability Report.

Hanwha Systems has continued to innovate based on its expertise in the defense and ICT industries and been practicing ESG management for a sustainable future.

Environmental

Hanwha Systems has set realistic mid- to long-term carbon-reduction targets in line with our business expansion. By leveraging advanced defense and ICT technologies, we deploy low-earth-orbit observation satellites to calculate and map greenhouse-gas emissions, as well as to monitor natural disasters. Through these eco-friendly innovations, we are safeguarding the planet and enhancing the safety of human life.

Social Responsibility

Hanwha Systems is committed to building an inclusive and equitable labor-management relationship and organizational culture, while strengthening collaborative partnerships with local communities. We conduct a variety of support and dialogue initiatives to promote fair-trade practices and mutual growth with our suppliers and continuously invest in educational programs to cultivate the next generation of talent.

Governance

To ensure transparent and accountable management, we have revised our Board of Directors' regulations and reinforced our anti-corruption principles to foster an ethical corporate culture.

Going forward, Hanwha Systems will transcend mere profit generation to contribute to solving global environmental and social challenges, growing together with all our stakeholders. In particular, we will open a more innovative future by expanding global defense exports and developing cutting-edge technologies.

"There's a difference between knowing the path and walking the path."

Hanwha Systems will not remain content with mere knowledge and go to the extra mile. As a part of our journey, we will continuously put our commitments into action to firmly establish ourselves as a company trusted by all our stakeholders. We sincerely thank you for your unwavering interest and support.

Thank you.

CEO of Hanwha Systems
Jae-Il Son

About us

Corporate overview

Hanwha Systems is Korea's only global total solution company, which has advanced defense electronics and innovative IT technologies. The defense division is a defense electronics company with more than 40 years of advanced technology and know-how covering land, sea, air, space, and cyber, leading the future of Korea's smart defense. The ICT division provides comprehensive IT solutions in various industries, including manufacturing, defense, finance, services, and education, and supports customers' business innovation and digital transformation. We will continue to create new value for ourselves and our customers and build a foundation for sustainable growth through efficient management systems and the expansion of eco-friendly business models to make human life richer and safer.

Company

Company Name	Hanwha Systems Co., Ltd.
CEO	Jae Il Son
Date of Founding	January 11, 2000
Business Fields	Defense and IT Services Business
HQ Location	244, 1 Gongdan-ro, Gumi-si, Gyeongsangbuk-do
Total Number of Employees	4,751

Sales

KRW 2.837 trillion

Operating Profit

KRW 2,193 billion

Credit Rating

Commercial Bill	Corporate Bonds
A1	AA-
(KOREA INVESTORS SERVICE, Inc. as of April 15, 2025)	(KOREA INVESTORS SERVICE, Inc. as of April 15, 2025)

* As of the 25th Annual Report (Consolidated)

Vision and Strategy

Vision

Global defense electronics and ICT smart solutions provider

Mission

'With hyper-intelligence·hyper-convergence·hyper-connectivity technology, we will make more prosperous and safer future for the mankind'

"We Create a Better and Safer World"

Strategic goals

Defense
through Innovative Technologies and Differentiated Product
Reaching 2030 Global Defense·Electronics Top-tier

ICT
for Accelerating Our Customers' Digital Innovation
2030 Global Value Creation Partner

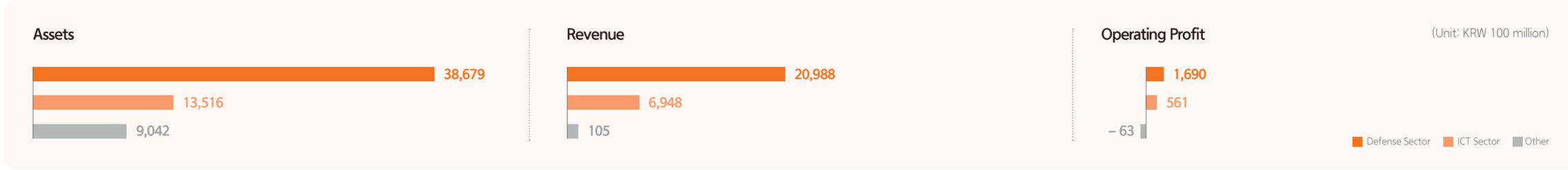
Strategic directions

- Defense Electronics (DE)
  - Preparing for the future by focusing on large and key wins
  - Diversifying export models to expand global market share
- Marine
  - Expanding next strategic product line for smart battle ship and value up
  - Becoming a Trap Prime provider to lead the future trap market
- Space
  - Expanding global business opportunities and streamline operations
  - Commercializing Prime solutions for observation satellites, focusing on core competencies
  - Specializing in end-to-end solutions for space
- Maintenance, repair, and operation (MRO)
  - Developing new MRO business for overseas weapon systems
  - Expanding global availability of MRO platform TOMMS

- Innovating Solution/Service
  - Manufacturing Data Intelligence, Providing Digital Work Platform (DWP)
  - Modernizing data center operational methods
- Enhancing Competencies
  - Strengthening domain expertise (manufacturing, shipbuilding, SCM/logistics)
  - Transforming ways of working based on leading technologies (LCAP, AI Coding)
- Optimizing Process and Organization
  - Reshaping sales structure and redefine processes from a customer-value perspective
  - Enhancing product and service planning and development

Businesses

2024 Financial Key Figures



* Based on consolidated financial statements, before revenue consolidation adjustments, rounded to the nearest whole dollar

Defense Sector

- **Space/Air**
  We supply electro-optical and SAR payloads for medium- and large-class satellites and provides system and payload development solutions for small satellites. In the aviation sector, we are committed to delivering avionics solutions that support the core missions of fixed-wing, rotary-wing, and unmanned aircraft, as well as integrated solutions for manned-unmanned hybrid platforms.
- **Surveillance and Reconnaissance**
  Leveraging our homegrown technologies to develop electro-optical equipment and radar—the core sensors of weapon systems—we are at the forefront of creating sensor systems that support surveillance and reconnaissance activities for the Army, Navy, and Air Force.
- **Command/Control/Cyber**
  We are advancing our command-and-control and fire-control (C2, FCS) capabilities alongside its C5I (Command, Control, Communications, Computers, Intelligence), military satellite communications, tactical communications, cyber warfare, and electronic warfare systems. By further developing these capabilities for future network-centric warfare (NCW), we enable rapid sharing of battlefield situational awareness and information, delivering hyper-connected, intelligent command, control, and communication solutions.
- **Naval system**
  We have more than 40 years of domestic independent development capabilities related to marine combat systems, and have the highest level of shipboard sensors, armament integration solutions, and the expertise to develop unmanned systems.
- **Ground System**
  We are shaping the future of ground force systems with the Integrated Vetronics System (IVS), a cutting-edge ground combat solution.
- **MRO**
  We provide optimal integrated systems support solutions throughout the entire life cycle, including weapon system requirements, development, production, sustainment, and disposal.

ICT Sector

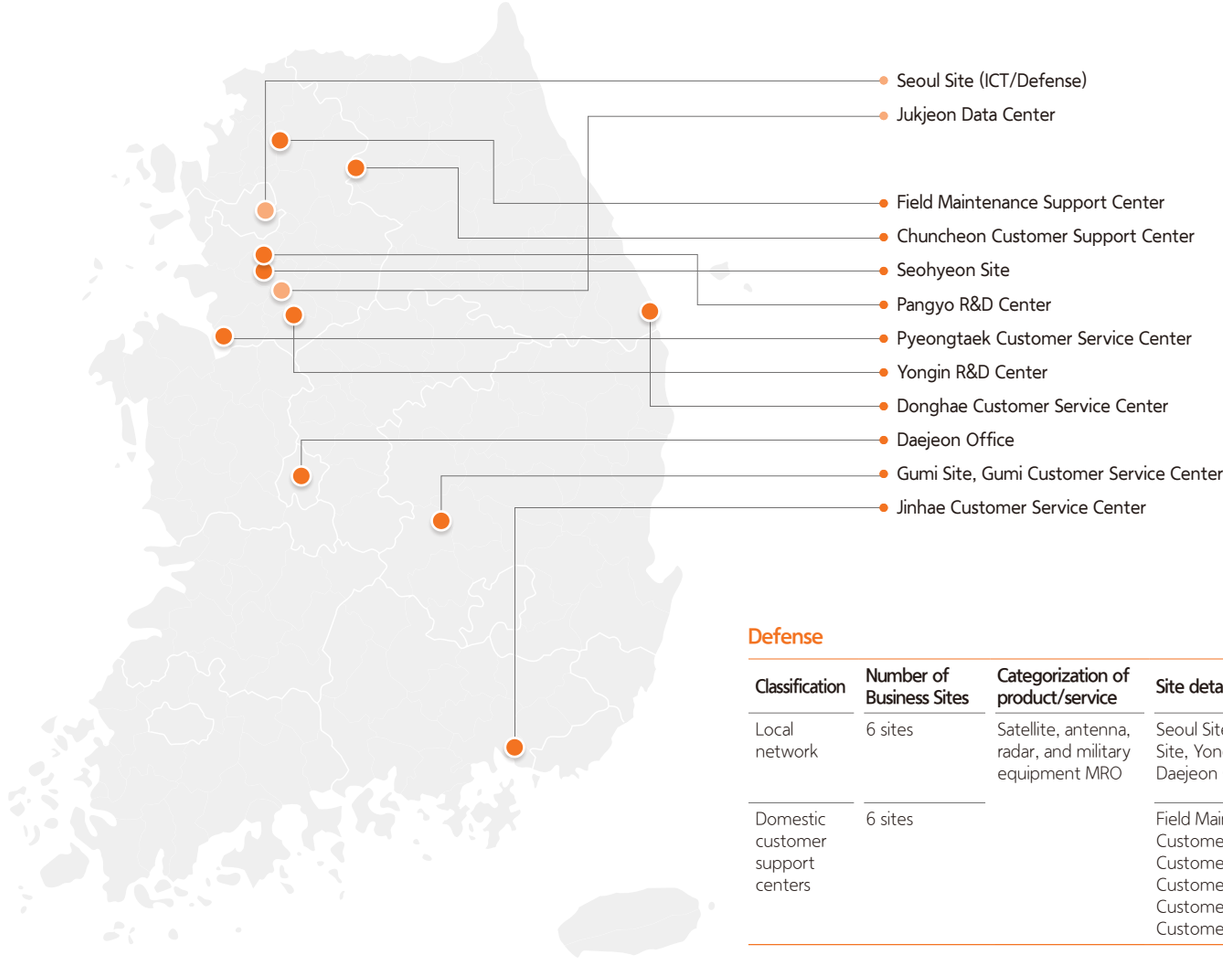
- **System Integration**
  System Integration is a business that builds information systems that companies need to conduct business and provides consulting, system construction, and computer network construction services, such as servers and networks.
- **Operational Service**
  This is the business of operating and managing customers' computer systems through IT outsourcing, providing customers with overall IT infrastructure operation services and systematic, high-quality services for efficient and stable business continuity.
- **Solution**
  We deliver optimal, specialized IT solutions that enable initiative-taking adaptation to rapidly evolving market environments. These solutions encompass smart building platforms, insurance core systems, manufacturing execution systems (MES), and next-generation ERP.
- **Digital Transformation (DT)**
  We deliver digital transformation and new value to customer businesses based on next-generation technologies (Blockchain, AI-Bigdata, Cloud, Smart Factory, LCAP: Low-Code Application Platform, etc.) in various industries.

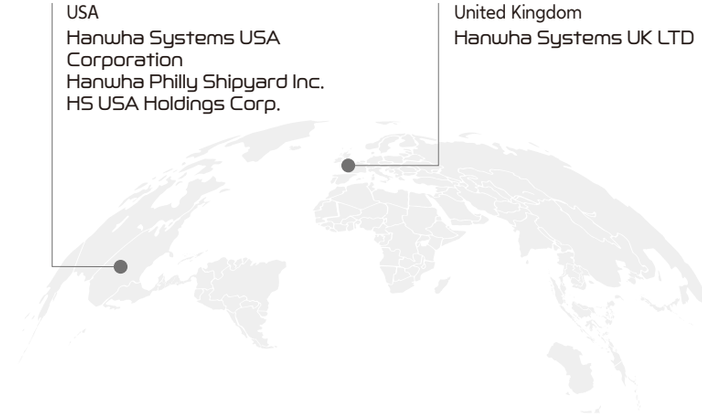
Other

- **Managing investments and subsidiaries related to future new businesses.**

Major Locations

As of December 2024, **Hanwha Systems** operates six sites for the defense sector, two sites for the ICT sector, and six customer support centers for defense production. The workforce, production, and research facilities for major defense-related businesses are located at the headquarters in Gumi Site, Yongin R&D Center, and Pangyo R&D Center, and the main IT infrastructure is managed by Jukjeon Data Center.





Major Subsidiaries

Classification	Number of Business Sites	Categorization of product/service	Site details
Consolidated subsidiaries	4 locations	Steel wire manufacturing and telecommunications equipment manufacturing, etc	(USA) **Hanwha Systems** USA Corporation (USA) **Hanwha Philly Shipyard** Inc. (U.S.) HS USA Holdings Corp. (United Kingdom) **Hanwha Systems** UK LTD

* Major subsidiaries are only companies with significant control and total assets of USD 75 billion or more in the prior year.

Defense

Classification	Number of Business Sites	Categorization of product/service	Site details
Local network	6 sites	Satellite, antenna, radar, and military equipment MRO	Seoul Site, Pangyo R&D Center, Seohyeon Site, Yongin R&D Center, Gumi Site, Daejeon Office
Domestic customer support centers	6 sites		Field Maintenance Support Center, Gumi Customer Service Center, Chuncheon Customer Support Center, Donghae Customer Service Center, Pyeongtaek Customer Service Center, Jinhae Customer Service Center

ICT

Classification	Number of Business Sites	Categorization of product/service	Site details
Domestic network	2 locations	Design and build computational systems Outsourcing computer systems IT convergence engineering services and more	Seoul Site, Jukjeon Data Center

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Sustainable wArmth For Everyone

Our technology creates a warmer, more sustainable world where everyone in society can dream of a safe and comfortable tomorrow.

Hanwha Systems is evolving beyond a pure technology company to become an enterprise that creates lasting value for a sustainable tomorrow. We do believe that ESG management is not an option but an indispensable driver for our growth and a fundamental duty as a member of the global community.

The sincerity of our commitment is confirmed by credible external evaluations. We have obtained an "A" rating from the KCGS for four consecutive years and were newly included in S&P's Dow Jones Best-in-Class Korea Index, affirming our sustainability at a global level through one of the world's leading benchmarks.

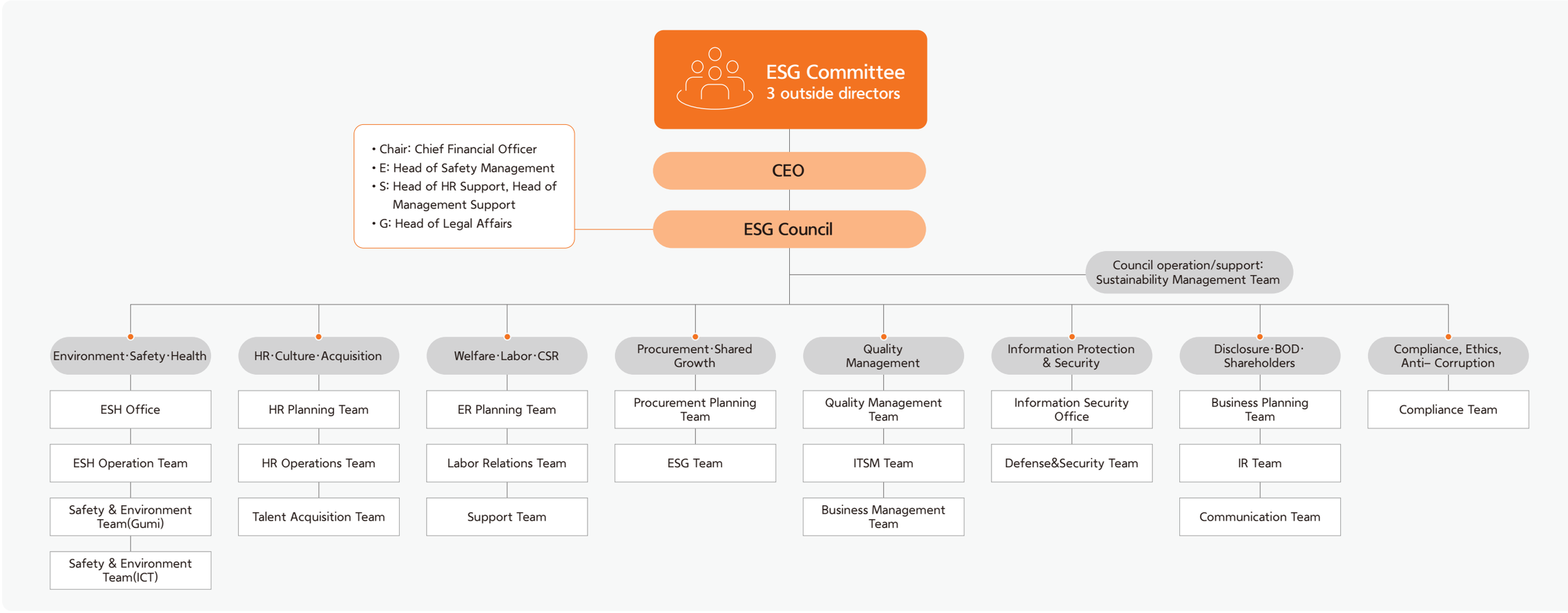
Our mission is to build a safer and more abundant world through cutting-edge aerospace and defense technologies. We firmly believe that when our innovations serve humanity's future, our corporate value shines most brightly.

To realize the belief, we have built our ESG strategy on four key management policies. Accordingly, we proactively address climate change, fulfill our social responsibilities across the entire supply chain, and uphold unwavering ethical governance. We also cultivate an inclusive corporate culture in which every member is respected.

Going forward, Hanwha Systems will continue to pursue both business performance and social value through steadfast ESG management. As a trusted partner to all stakeholders, we remain committed to enriching and securing the future of humanity.

ESG Governance

Hanwha Systems has established an enterprise-wide ESG governance framework to ensure effective ESG management. At the top of this framework sits the ESG Committee as the ultimate oversight body, and we operate an ESG Counsil led by the Chief Financial Officer (CFO) and the chief (head of a department) of each business function to maintain clear governance and reporting channels from the Board of Directors through to executive management.
The ESG Committee, composed of three independent outside directors, operates with full transparency to review significant ESG-related decisions and risks. The committee meets at least once each quarter to regularly evaluate our ESG management plans and performance, as well as any material non-financial risks, before making key decisions.



* Organizational chart as of 12/31/2024

ESG Committee



ESG Committee Chairperson
Woo-Jong Lee



ESG Committee Commissioner
Hyung-Joo Hwang



ESG Committee Commissioner
Bon-Seon Gu

Key Activities of ESG Committee

Date	Major agenda	Approval status	Attendance
March 25, 2024	• Agenda 1: Request to Amend the Board By laws	Approved	100%
	• Report: Major Plans for the first half of 2024	–	
June 14, 2024	• Report: Plan to publish the Sustainability Report in 2024	–	
September 30, 2024	• Reporting: ESG Q3 highlights and Q4 plans	–	
December 20, 2024	• Reporting: 2024 ESG Assessment Results	–	
	• Reporting: 2024 ESG Key Achievements and 2024 Targets	–	

ESG Council and Task Forces

Hanwha Systems has established a dedicated Sustainability Management Team under the Finance Division to ensure stable ESG management. The team responds to internal and external ESG issues and evaluations and carries out initiatives. In addition, an ESG Council, consisting of representatives from ESG-related departments across the company, meets monthly to review ESG performance and plans, check results, and encourage activities. In particular, we ensure that ESG management is not limited to specific departments but is practiced throughout the company.

Roles of ESG council and Task Force

- Create an annual ESG action plan and implement improvements
- Derive ESG vulnerability analysis and tasks such as quarterly ESG activity close-out, evaluation, and diagnosis through ESG ON (Hanwha Systems ESG management system)
- Compile monthly key ESG activities and build robust ESG governance around DT

ESG Strategy Framework

Hanwha Systems established its ESG Committee in 2021 and created an independent Sustainability Management Department, taking a leading role not only in enhancing corporate productivity but also in generating and stewarding social value. Leveraging our advanced global defense and ICT technologies, we are on a mission to make societies around the world more prosperous and secure. We place significant importance on collaborative growth with local communities, diverse stakeholders, and partner suppliers as part of our commitment to a planet where we all thrive together. Hanwha Systems has established an ESG Charter and four ESG management policies to create a sustainable future for humankind and the planet. In alignment with the ESG Charter and policies, we will do our best to proactively implement ESG strategies and initiatives and spread ESG values to all stakeholders to ensure that all the members of the society can envision a safer and secure future. In addition, we will continue to practice ESG management unwaveringly as we are doing now to become a global No.1 defense and ICT leader based on our core values of 'trust and loyalty,' challenge, and dedication.

ESG Charter

Hanwha Systems is committed to practicing ESG management policies to safeguard the global environment and contribute to the well-being and prosperity of the society.

Four ESG Policies

Hanwha Systems acknowledges the severity of the climate crisis and global warming and applies environmental management policies to restore the global environment.

Hanwha Systems practices integrity management policies by actively intervening and taking the lead in solving social issues such as inequality, injustice, and discrimination that hinder social development.

Hanwha Systems practices human rights management policies by prioritizing the health and safety of our employees and advocating for universal values and human rights.

Hanwha Systems practices responsible management policies that prioritize the interests of all stakeholders and contribute to the advancement of the nation and society through. transparent and equitable measures.

ESG Management Strategy and Roadmap

Mission

Leading Tomorrow with Harmonious ESG

Strategic Direction

- Sustainable maximization of corporate value through ESG
- Proactive response to mandatory ESG disclosures
- Embedding and implementing ESG across the entire supply

2024 Key ESG Achievements and Goals

	Key performance	Short– to medium–term goals	
	2024	2025	2026 to 2027
E	• First response to the Carbon Disclosure Project (CDP) assessment (Achieved C, February 2025) • Established Scope3 management(plan) • Published the Environmental Safety and Performance Report	• Enhancing CDP assessment response, aim for higher ratings • Disclosure of Environmental Management Report • Pilot management and disclosure of Scope 3 emissions	• Implementing our 2030 carbon reduction goal • Improving energy efficiency / Expanding green capital investment • Managing Scope3 Emission (expanding calculation categories, refining methodologies)
S	• Piloted the Corporate Human Rights Benchmark (CHRB) • Disclosure of the Human Rights Management Charter, Human Rights Code of Conduct, and Human Rights Management Report • Received the Minister's Award from the Ministry of SMEs and Startups for win–win growth and achieved three consecutive years of excellence in the Korea's Win–Win Growth Index • Selected as an excellent workplace for safety and health management and honored with the Minister's Award from the Ministry of Employment and Labor	• Regular implementation of the Corporate Human Rights Benchmark (CHRB) • Disclosure of Human Rights Management Reports • Promoting mandatory ESG evaluation of partner companies	• Adopting Win–Win Growth Index on the defense field • Systematizing community–focused CSR programs (Gumi new plant, Jeju Space Center, etc.) • Diversify ESG assessments for suppliers (including general trading partners)
G	• Achieved 'AA' grade in the Compliance Program (CP) evaluation for two consecutive years • Amended the BOD Regulations on Supporting Outside Directors' Expertise	• Strengthening activities of the Risk Management Committee • Enhancing compliance, anti–corruption, and integrity training for employees • Implementing/Delivering anti–corruption and integrity training for suppliers	• Enhancing internal controls and compliance systems • Internalizing ESG risk management
Other	• Achieved an 'A' overall ESG rating from KCGS rating for the fourth consecutive year • Upgraded to an 'A' ESG rating from MSCI (from 'BBB' → 'A') • Won the Grand Prize at the 32nd Good Corporate Award from the Citizens' Coalition for Economic Justice (CCEJ) • Received the Minister of Trade, Industry and Energy Award at the Korea Chamber Corporate Innovation Awards	• New inclusion of S&P, Dow Jones Best– in –Class Korea Index • Expanding response to global ESG rating agencies (S&P Global) • Monitoring government's ESG policies for the defense industry	• Expanding engagement with global ESG rating agencies (Sustainalytics) • Establishing an integrated ESG disclosure system • Developing an ESG framework specialized for the defense industry • Designing a stakeholder engagement framework

2024 ESG History

1
- Paid suppliers KRW 22.3 billion in advance for the Lunar New Year
- Provided side dishes to national veterans at the Seoul Regional Office of Patriots and Veterans Affairs

2
- Distributed meals to senior national veterans for Lunar New Year

3
- Upgraded to an 'A' ESG rating from MSCI (from 'BBB' → 'A')

4
- Held the groundbreaking ceremony for the Jeju Hanwha Space Center, establishing the space industry value chain

5
- Signed an MOU between in-house venture Plexel Space and Inha University to strengthen collaboration on satellite and solar cell technologies

6
- Won the Grand Prize at the 32nd CCEJ Good Corporate Award from the Citizens' Coalition for Economic Justice (CCEJ)
- Signed MOU for eco-friendly renewable energy power supply business (LG U+, Hanwha Systems)

7
- Won the Minister of Employment and Labor Award for Excellent Workplace for Safety and Health Management by the Daegu Regional Employment and Labor Administration

8
- Hanwha Systems and Seoul National University sign MOU for joint research in the defense industry and ICT-AI-based space sector

9
- First response to the Carbon Disclosure Project (CDP) 'Climate Change' Module

10
- Achieved an 'A' overall ESG rating from KCGS rating for the four consecutive years

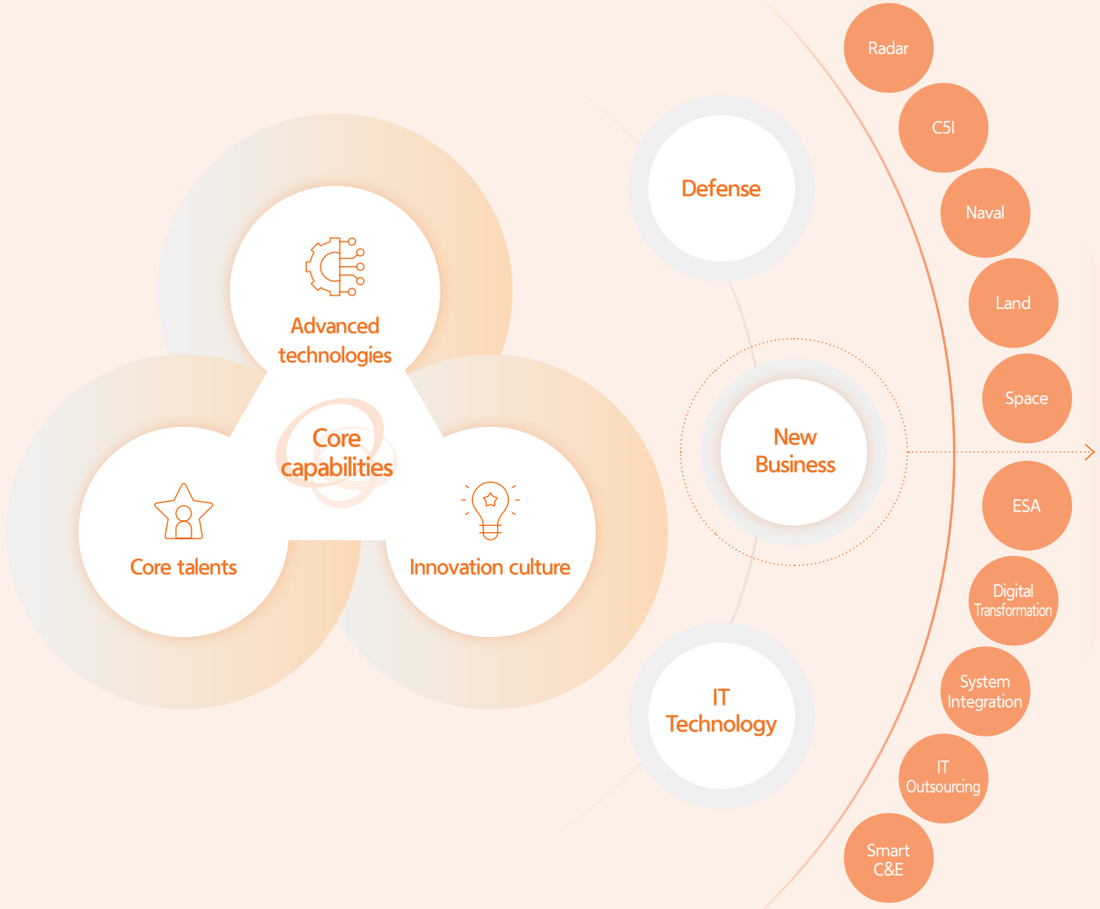
11
- Received the Minister's Award from the Ministry of SMEs and Startups for win-win growth
- Selected as an outstanding case in the second Win-Win Honors Project
- Recognized for community social contribution by the Ministry of Health and Welfare for the three consecutive years

12
- Won the Minister of Trade, Industry and Energy Award at the 31st Corporate Innovation Awards
- Obtained 'AA' grade in the Compliance Program (CP) evaluation for two consecutive years

month

Connect to the future

Hanwha Systems is leading innovation in the era of the Fourth Industrial Revolution by researching safer and more convenient future technologies in both public and private sectors. From the skies, land, sea, and space to digital domains, Hanwha Systems connects humanity safely and abundantly through technologies of hyper-intelligence, hyper-connectivity, and hyper-convergence, delivering reliable solutions that protect nations and their people. With advanced defense technologies—including radar, electro-optics, avionics, hyper-connected multi-layered communications, command and control, and maritime and ground systems—as well as ICT capabilities, Hanwha Systems continues to strengthen its synergy of accumulated technical expertise, experience, and top talent to solidify its position as a global defense company. Moving forward, we aim to create a sustainable future for all stakeholders by expanding our business with consideration of ESG impacts.



Related ESG Business

- Earth observation services
- Satellite internet services
- Construction of Jeju Hanwha Space Center
- Construction of a new site, Gumi Site
- Security solutions
- Integrated ESG management platform ESG ON X Mangrove

ESG IMPACT

- Identifies and prevents environmental pollution by environmental monitoring
- Enables rapid rescue operations and minimize damage during emergencies

- Narrows the digital information gap
- Facilitates reliable communications in underserved regions, including remote islands and mountainous areas

- Promotes the growth of the space industry ecosystem by creating jobs and boosting local economies with the construction of satellite development, manufacturing, and testing facilities

- Strengthens medium- to long-term production capabilities with the goal of becoming a top-tier global defense electronics company by 2030

- Enhances stability in vessel operations and coastal surveillance
- Reduces carbon emissions by minimizing port waiting times

- Minimizes supplier risks through supply chain ESG management
- Reduces environmental impact by managing GHG emissions
- Proactively addresses potential ESG risks

Space Solution

Earth Observation Services

As climate change intensifies the frequency and severity of natural disasters, the importance of prevention and proactive management is rising. Digital technologies and data analytics can play a vital role in addressing these challenges.

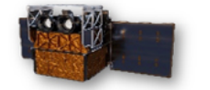
To this end, Hanwha Systems is developing EO/IR, SAR, and ultra-compact hyperspectral observation satellites capable of collecting video data in diverse environments, including severe weather conditions. The video data collected from these satellites will be integrated with AI technologies and utilized across a wide range of sectors, including GHG monitoring, national defense, weather forecasting, disaster response, land management, and maritime operations. Through these efforts, Hanwha Systems aims to provide meaningful solutions to global challenges and pave the way toward a more sustainable future.

1) Synthetic Aperture Radar
2) Electro-Optical, Infra-Red
3) Hyperspectral satellites capture and store images by dividing light into hundreds of spectral bands, enabling the acquisition of highly detailed information-even from objects at great distances.

SAR[1] observation satellite



EO·IR[2] observation satellite



Ultra-compact hyperspectral[3] satellite



Performance and Plan

① Selected to supply four SAR payloads for the reconnaissance satellite project organized by the Defense Acquisition Program Administration (DAPA) and the Agency for Defense Development
② April 2024: Released video featuring the 'small SAR satellite,' Korea's first civilian Earth observation satellite
③ September 2024: Signed an MOU with Poland's defense group, WB, to develop space business
④ 2024: Won a contract from the National Institute of Environmental Research (NIER) to develop an ultra-compact hyperspectral satellite for GHG observation

ESG IMPACT

Environmental

① Monitors and protects the natural environment by identifying natural disasters, climate change, and marine/soil pollution
② Monitors regions with potential excessive emissions by measuring emissions and distribution of GHGs (methane, carbon dioxide)

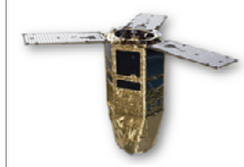
Defense Acquisition Program Administration (DAPA)

① The DAPA utilizes space solutions in terrain mapping, land-use change monitoring, urban planning and development, and natural resource management among others.
② The satellite solution enables rapid rescue and minimizes damage during emergencies.

Satellite Internet Services

According to the annual report of the International Telecommunication Union, one-third of the world's population still lacks access to the Internet. In particular, digital accessibility in low-income countries such as Africa is only 37%, resulting in serious inequalities in various fields such as education, healthcare, and the economy. Hanwha Systems aims to contribute to bridging this digital divide through advanced technologies, with a particular focus on strengthening national security and defense capabilities through its space Internet business. Hanwha Systems aims to provide 24/7 broadband internet services in land, sea, and air military operation environments through low-earth orbit communication satellites. This will ensure operational efficiency and tactical superiority even in areas where communication networks are difficult to build, and will serve as a core communication network for command and control and information sharing in times of disaster. In addition, military technology can be applied to the civilian sector, such as restoring communications in island and mountainous areas and improving the efficiency of marine and air transportation, thereby creating social value. Hanwha Systems will strengthen its security capabilities by expanding its space Internet business and contribute to improving the quality of life for all through the transfer of military technology to the civilian sector.

Low Earth orbit-satellite communication



Performance and Plan

① Nov. 2023: Signed a contract to distribute LEO-satellite communication services
② Nov. 2023: Signed an MOU with Korea Defense Technology Center to pursue the 'Commercial LEO-satellite Communication System'
③ Oct. 2024: Developed Korea's first ISL[1] equipment for LEO-satellites and passed the performance test

1) Inter-Satellite Link: Equipment for communication between satellites

ESG IMPACT

Environmental

① Compared to traditional ground-based internet infrastructure, space-based networks preserve more resources, minimizing environmental impact.
② Reduces burden of network installation (reducing the use of raw/sub-materials), lowers maintenance and expansion costs (reducing construction-related pollution), and encourages energy savings

Social

① Expansion of social digital inclusion through the civilian diffusion of cutting-edge military Internet technology
② Provides stable communication in areas with poor infrastructure, such as remote islands, mountainous regions, and during disasters or geopolitical crises
③ Enhances national space defense and the space industry ensuring real-time safety of citizens by alleviating national security concerns

Facility Solution

New Gumi Site

To advance its global leader position in the defense industry, **Hanwha Systems** is transitioning its previously leased Gumi facility into a new, state-of-the-art site equipped for advanced R&D and mass production. The new Gumi Site, currently under development with a total area of approximately 89,000㎡, is scheduled for completion in Q3 of 2025 as a core facility for the development of next-generation strategic businesses and production of advanced defense systems.

Key production items will include:

- Unmanned maritime systems
- Naval combat systems
- Tactical Information and Communications Network (TICN)
- Integrated battlefield systems
- Electro-optics, avionics, and radar systems

In addition, the facility will include production capabilities for export-oriented defense products and new business ventures.

By relocating to a self-owned facility, **Hanwha Systems** has secured a solid foundation for significantly strengthening its mid- to long-term production capacity. The new Gumi Site will be developed into a hub for defense exports, positioning itself as the "K-Defense Mecca."



Hanwha Systems' new Gumi Site

Jeju Hanwha Space Center

Hanwha Systems is currently constructing the Jeju Hanwha Space Center, a satellite development, manufacturing, and testing facility, with a total floor area of 11,442㎡, at the Hawon Techno Campus in Jeju. Scheduled for completion by the end of 2025, this center aims to establish a private-led space industry value chain spanning the entire satellite lifecycle—from development and manufacturing to launch, control, and service—through collaboration with small giant space companies. The center will enhance national and regional competitiveness and position South Korea at the forefront of the space economy era.

In the space sector, a high-value-added industry driven by cutting-edge technologies, **Hanwha Systems** plans to activate a range of services utilizing satellite data. Key application areas include:

- Analysis of land, water, and forest resources using high-resolution satellite imagery
- Environmental monitoring
- Disaster and hazard detection and national security support
- Data analytics for Geographic Information Systems (GIS)
- Provision of location-based services

Hanwha Systems will continue to lead innovation in the domestic and global space industry ecosystem, solidifying its role as a core player in the next-generation space market.



Jeju Hanwha Space Center



MOU with Gumi Social Welfare Center



IR Event for **Hanwha Systems** Suppliers

ESG IMPACT

Environmental

① As a major hub for observation satellite manufacturing, it will analyze vegetation conditions of land, water, and forest resources, as well as monitoring the environment, disasters, and emergencies.

② Implements various programs to preserve local biodiversity and raise public awareness in Gumi area

③ Pursues energy efficiency and green certifications, including intelligent building system certification

Social

① Building a large-scale space industry cluster in Jeju will create new jobs, vitalize local economy, and enhance regional competitiveness.

② Creates jobs and vitalizes local economy in Gumi

③ Attracts investments in suppliers to create regional value

④ Mitigates community risks, enhances welfare for local vulnerable groups, and runs environmental awareness programs for youth (singed an MOU with Gumi Social Welfare Center)

ESG Solution

ESG ON X Mangrove

ESG Management System, ESG ON

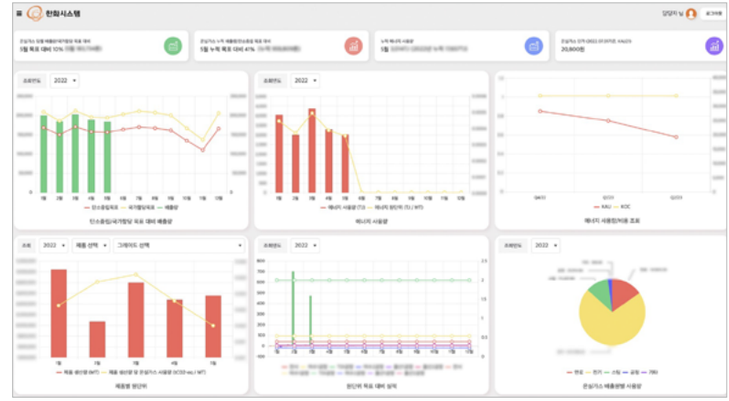


ESG ON Main Screen



Quarterly Change in Hanwha Systems' Self ESG Assessment Scores, 2024

GHG Management System, Mangrove



Mangrove's Dashboard Screen

In June 2024, the Korea Accounting Standards Board (KASB) released a draft of the Korean Sustainability Disclosure Standards (KSDS), signaling the start of a phased mandate requiring large and middle-standing enterprises to disclose ESG information. The draft emphasizes the disclosure of ESG data on a consolidated basis, using the same standards as financial reporting. As a result, companies are now facing increased pressure to manage ESG data effectively. Hanwha Systems has proactively responded to this regulatory shift by developing and operating ESG ON, an IT solution-based ESG management system, since September 2022. In 2025, the system will enter its third year of official operation. ESG ON provides core functions including quarterly ESG assessments, change management for key performance indicators (both strengths and weaknesses), supplier ESG assessments, and monthly ESG performance data aggregation. These capabilities serve as a crucial foundation for the enterprise-wide ESG governance. In preparation for the mandatory disclosure requirements outlined in the new standards, Hanwha Systems is planning an ESG ON renewal during 2025–2026 to further enhance the system's ability to meet upcoming regulatory demands.

Additionally, Hanwha Systems has developed Mangrove, a professional GHG management solution that supports efficient climate response across enterprises. Mangrove automatically collects environmental data from both internal and external sources, calculates energy consumption and GHG emissions at the site and product levels, and supports emission reduction planning. The solution also enables GHG quantification based on LifeCycle Assessment (LCA) methodologies. In 2024, LCA infrastructure was successfully deployed for new clients, along with the integration of Scope 3 emissions tracking and CDP reporting functionalities. Going forward, Hanwha Systems will continue leveraging its digital transformation (DT) capabilities to become a total IT solution provider for ESG governance.

Application Cases

Solution	Users	Purpose of Use
ESG ON	Hanwha Systems	To manage ESG data and supply chain ESG
Mangrove	Hanwha Solutions	To manage sites' GHGs
	OO Science	To manage product LCAs
	Hanwha Advanced Materials	To build LCA infrastructure

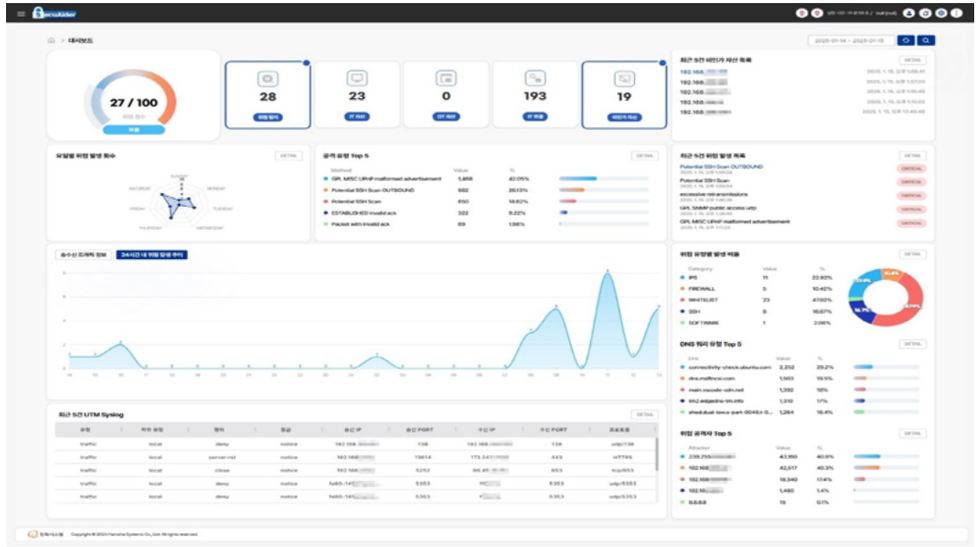
ESG IMPACT

Overall ESG Impacts

① Systematically manages ESG data and activities through an IT-based solution, establishing a sound ESG governance framework
② Identifies suppliers' ESG management levels and mitigates risks through the supply chain ESG assessment function
③ Proactively responds to potential risks by identifying and managing companies' internal and external ESG risks
④ Minimizes the impact of climate change through structured GHG emissions management and the identification of environmental impact spanning the entire product lifecycle

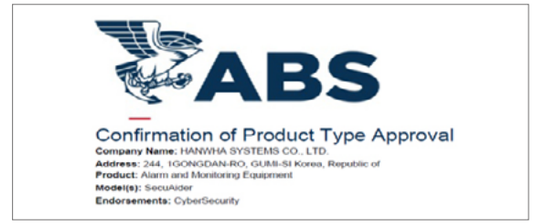
Security Solution

Vessel Security System, 'SecuAider'



SecuAider, a Vessel Cybersecurity Solution





American Bureau of Shipping (ABS)'s Confirmation of Product Type Approval E27 TA[1] (for vessel equipment cybersecurity)

Modern vessels utilize various information technologies such as electronic chart systems and Automatic Identification Systems (AIS[2]). However, this digitalization has increased their vulnerability to cyberattacks, posing significant threats to navigation safety and operational efficiency.

In response, **Hanwha Systems** has independently developed SecuAider®, a cybersecurity solution designed to defend against advanced cyber threats such as hacking, DDoS attacks, ransomware, and malware infections on vessels. SecuAider® offers real–time analysis and monitoring of cyber situations without affecting vessel operations, features such as AI–based anomaly detection and threat blocking, and real–time remote response capabilities.

Moving forward, **Hanwha Systems** will contribute to strengthening the cybersecurity of global commercial fleets and smart ships, leveraging the globally certified SecuAider® technology as a leading cybersecurity solution.

1) E27 TA (Type Approval): Certification issued by major domestic or international classification societies, such as the American Bureau of Shipping (ABS), when equipment installed on ships meets all 41 cybersecurity requirements, approving market release
2) Automatic Identification System, a system to help identify vessels to assist situational awareness

Key Features of SecuAider

Shortened certification acquisition time
Certification document management and on–site inspection checklist provided

Rapid cyber threat response
Intuitive risk city and real–time security status delivery

Effective risk management
CIA–based asset management and network topology between assets provided

Performance and Plan

Mar. 2019: Signed an MOU with Korean Register (KR) to conduct joint research on maritime cybersecurity and ICT equipment
Nov. 2020: Developed SecuAider
Dec. 2024: Obtained KR certification
Jan. 2025: Obtained ABS E27 TA certification (the first among companies in Korea, China, and Japan)

ESG IMPACT

Environmental

① Contributes to energy savings through expedited certification to prevent vessels from being denied port entry or anchored unnecessarily resulting in excessive resource use and more carbon emissions

Social

① Prevents and manages human and physical damage by proactively responding to the rapidly increasing occurrence of cyber threats on vessels

Governance

① Enhances transparency and efficiency in vessel security by tracking and managing the vessel's status in real time
② Contributes to compliance with legal requirements for maritime operators by implementing an information security system that adheres to international maritime security regulations and standards

Material Topics

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Stakeholder Communications

Hanwha Systems has defined its key stakeholders as customers, government, suppliers, shareholders, investors, communities, and employees, who are directly and indirectly affected by its business activities and actively communicates with them through various communication channels to effectively reflect their diverse needs in the business activities and ESG strategy.

Identifying stakeholders	Key concerns	Key communication channels	Hanwha Systems' response activities
Customers	• Product quality and performance • Prevention of customers' private information leakage • Corporate social and environmental responsibility	• Customer service and call centers • Sustainability Report • Service satisfaction survey • Hanwha Systems Newsletter • Hanwha System website and SNS Channels • Doctor service (walk-in and call center) • Technical support for new equipment and supporting training for troop operators	Continuously engaging with customers by providing the highest quality products, the best service, and solutions, and enhancing customer satisfaction through follow-ups
Government	• Corporate social and environmental responsibility • Paying taxes in good faith • Transparent disclosure • Achieving carbon neutrality	• Joining and participating in academic societies and associations • Policy roundtables • Disclosure by DART (Data Analysis, Retrieval and Transfer) System • Participating in government joint ventures and agreements	Creating economic value in accordance with fair trade, transparent tax payment and corporate disclosure principles
Partners	• Fair Trade • Support for ESG empowerment • Strengthening technical collaboration • Support for operation funding	• Win-Win Partnership Academy • Purchasing-Quality-Technology Exchange • Run a Partner Day • Win-Win Partnership Meeting with partner company, Shared Growth Day • Defense industry production cost meeting • Partner VOC	Creating a shared growth ecosystem based on fair trade practices and close communication with suppliers
Shareholders and investors	• Financials • Business planning and performance • ESG management activities	• Business reports • Corporate Governance Report • Sustainability Report • Shareholder meetings • Regular and ad hoc management disclosures • Investor meetings • IR meetings • Hanwha Systems' official website	Enhancing shareholder and investor value through broader sharing of economic performance, ESG issues, risk management, management information, etc.
Community	• Community engagement • Cultivating future talent • Revitalizing local economies • Biodiversity conservation • Minimizing pollution of the local ecosystem	• Supporting military personnel's growth • Career mentoring for military personnel • Running regular discussion channels with local community • Helping communities that suffer from flood/heavy rains • Organizing Love-share Kimchi making	Contributing to revitalizing the local community's economy and protecting the environment, and actively participating in social contribution activities for military personnel and veterans as well as other underprivileged groups
Employees	• Increase diversity and inclusion • Creating a quality workplace • Systematic training programs • Fair performance reviews and rewards • Ensuring basic rights and job security at the workplace	• Regular management meetings • Management briefing • New hire mentoring, on-boarding programs • Workers' Committee • Labor-Management Councils/Occupational Safety and Health Committee • Labor union (annual wage negotiations, biannual collective bargaining agreements) • Tech blogs on internal bulletin boards • IT Academy • Employee newsletter, Kiosk Letter • Leadership coaching and job skill enhancement programs • Academic Training Program • Global Talent Program • Blue Board for organizational culture improvement • Running learning organization • Personalized outplacement services for support retirees • Operating online and offline reporting channels • Regular employee- management meetings at the entire company level and by Business Unit (BU) • Organizational culture activities	Creating a culture of respect for human rights based on diversity, inclusiveness, and equal opportunity, and running communication channels for employees' continuous growth

Dual Materiality Assessment

Hanwha Systems conducted a dual materiality assessment to identify issues that have a material impact on the overall business activities and to seek responses to each issue. The materiality assessment was based on the 'Materiality' principle of the Global Reporting Initiative (GRI) Standards, a global sustainability reporting guideline, and applied the dual materiality concept proposed by the European Sustainability Reporting Standards (ESRS). The dual materiality assessment considers not only the potential for financial impacts on the company, but also external social and environmental perspectives related to sustainability.

Dual Materiality Assessment Methodology

Hanwha Systems came up with an assessment methodology that meets global disclosure standards and followed a three-step process, including organizing ESG issue pools, analyzing social and environmental and financial impacts, and selecting and reporting key issues. First, we organized a pool of 46 issues and prioritized them through media analysis, benchmarking with global leading companies, internal and external stakeholder surveys, and international standards scoring. To further refine the process, social, environmental and financial impact assessments were carried out with internal and external stakeholders, yielding eight topics for secondary interviews. In the final stage, department heads took part in in-depth interviews based on EU ESRS materiality criteria, culminating in the definitive prioritization of material issues.

Step 1

ESG Issue Pool Composition

- 46 full ESG issue pools based on historical materiality, BM firms, international disclosure standards, etc.

Identified a pool of 11 ESG issues for the initial survey based on international disclosure standards and external ESG initiatives, peer and media analysis

Step 2

Social and environmental impact analysis

- Reviewed international disclosure standards such as GRI Standards and ISSB and ESG performance indicators such as KCGS and MSCI
- Media analysis
  - Analyzed a total of 762 articles related to ESG issues (Analysis period: 2024.1.1 – 2024.12.31)
- Benchmarking analysis
  - Benchmarking analysis of five industry leaders
- Gather feedback from internal and external stakeholders (through surveys)
  - Surveyed: Employees, customers, shareholders/investors, suppliers, local communities, media, etc.
  - From 469 total participants (survey period: January 8, 2025 – January 15, 2025)

Financial impact analysis

- Reviewed international disclosure standards such as GRI Standards and ISSB and ESG metrics such as KCGS and MSCI
- Gathered internal and external stakeholder feedback

Identified a pool of eight ESG issues for second round interviews based on socio-environmental and financial impacts

Step 3

Conducted in-depth interviews with issue-specific heads of departments for EU ESRS materiality assessment

- Assessed both the positive and negative socio-environmental impact (size, scope, irreversibility, and likelihood of occurrence) and financial impact (size, likelihood of occurrence) of ESG issues

Prioritized material issues and identified the top 5 material issues

Dual Materiality Assessment Results

In 2024, Hanwha Systems identified eight top issues based on the combined social, environmental, and financial impacts of a total of 46 ESG issues resulting from the dual materiality assessment. Of the eight top issues, five issues were selected as core issues: product and service safety and quality management, privacy and digital responsibility, compliance and ethics management, enhanced workplace safety and health management, and supplier support and sustainability management. The process of selecting material issues and the opportunities and risk factors for each selected material issue are reported to the ESG Committee of the BOD, which conducts a board-level review of ESG issues that have a material impact on corporate management.

●●● Upper ●● Middle ● Lower

Sector	ESG issues	Details	Change from 2024	Impact attributes	Materiality		Double Materiality
				Risk/Opportunity	Environmental and social impact	Financial impact	
Environmental	Addressing climate change	Contributing to carbon neutrality by addressing climate change through managing GHG emissions and energy efficiency at sites	1st → 8th	Opportunities	●	●	●
		Physical risks and damages caused by climate change, including extreme weather events such as heat waves, floods, and wildfires.		Risk			
Social	Strengthening site safety and health management	Preventing serious accidents through operating safety and health management system and building a safe site	4th → 4th	Opportunities	●●	●●	●●
		Lack of health and safety management system increases risk of employee health and safety incidents and delays factory operations		Risk			
	Supplier support and sustainability management	Building a shared growth ecosystem and strengthening trust by supporting supply chain's sustainability capabilities	5th → 5th	Opportunities	●●	●	●●
		Supply chain instability and lack of trust due to poor management of suppliers		Risk			
	Product and service safety – Quality management	Increasing brand credibility and customer satisfaction through systematic QSM operations	7th → 1st	Opportunities	●●●	●●●	●●●
		Loss of customer trust and reputation due to product failures such as malfunctions and underperformance		Risk			
	Human resource development and talent management	Reasonable performance-based rewards, increasing job satisfaction through fostering a positive organizational culture, enhanced capabilities and productivity through employee training and development	2nd → 6th	Opportunities	●	●●	●
		Talent shortages due to failure to attract high-caliber personnel and brain drain, weakening of technical expertise, decline in market competitiveness		Risk			
	Protecting stakeholder human rights	Creating a quality work environment by fostering a human rights management culture, Increasing productivity	11th → 7th	Opportunities	●	●	●
		Social condemnation, legal liability and reputational damage resulting from human rights violations		Risk			
	Privacy and digital responsibility	Preventing corporate and customer losses by establishing an information security management system.	10th → 2nd	Opportunities	●●●	●●●	●●●
		Customer data breaches, harm, and loss of trust led by poor privacy management		Risk			
Governance	Compliance and ethics	Preventing compliance violations by building ethics and compliance organizations and processes	3rd → 3rd	Opportunities	●●	●●	●●
		Administrative sanctions, brand damage, and increased litigation costs due to legal violations		Risk			

ESG Key Issues Management Framework 2024

Stakeholder demands from shareholders, investors, and local communities are evolving rapidly in line with global ESG trends, heightening the importance of timely issue identification and management. In response, Hanwha Systems identifies risks and opportunities for each key issue and embed them within its ESG strategy framework. For its top five issues, we aim to employ the Korea Sustainability Standards Board (KSSB) disclosure framework[1] to transparently report our issue management system, response strategies, and performance.

1) Governance, Strategy, Risk Management, Metrics & Targets

Major contents of the KSSB disclosure framework

Classification	Key Contents
Governance	• Responsibilities and roles of the board and executive management regarding sustainability risks and opportunities
Strategy	• Impact of risks and opportunities on the company's business and value chain and the strategies to address them
Risk Management	• Description of how the company identifies, assesses, and manages sustainability-related risks and opportunities
Metrics & Targets	• Sustainability indicators and targets set by the company and the degree of achievement

Definition of the Key Material Issues

Issues	Definition
	Product safety-Enhance quality control and accountability Activities for establishing management systems to ensure product safety and quality, obtaining quality certifications, conducting product safety testing, and monitoring, and improving service quality
	Strengthening information security and privacy Activities for managing personal data protection and information security, ensuring compliance with digital-environment regulations, and promoting digital ethics and responsible practices
	Compliance and ethics Activities for implementing transparent, ethical governance, including anti-corruption and anti-bribery measures, and ensuring adherence to domestic and international laws and regulations across all operations
	Strengthening site safety and health management Activities for executing occupational safety and health management based on dedicated strategies and systems to foster workers' physical and mental health and a safe work environment
ESG	**Supplier support and sustainability management** Activities for developing and enforcing a supplier ESG code of conduct, performing risk diagnosis and due diligence, monitoring improvement progress, and delivering programs to strengthen suppliers' ESG capabilities and support co-growth

External stakeholder Impact Assessment by Key Issues

Classification	Product safety-Enhance quality control and accountability	Privacy and digital responsibility
Value Chain	• Operations • Products and services • Supply chain	• Operations • Products and services • Supply chain
Scope of impact	100%	30% or more
External stakeholders/ Area of impact assessment	• Society • Consumers and end users • Supply chain • Clients	• Society • Consumers and end users • Clients
Relevance and importance to external stakeholders	• Type of impact: Neutral • Increased quality control demands for products and services from key stakeholders such as customers and supply chain • Meeting investor expectations by bolstering brand reputation through rigorous product and service quality management	• Type of impact: Negative • Heightened demands from clients, consumers, and other stakeholders for rigorous personal data protection management
Output metrics	• Service satisfaction	• Number of personal information breaches

ESG Key Issues Management Framework 2024

Impact of the Material Issues and Response Strategy

Classification	Product safety–Enhance quality control and accountability	Strengthening information security and privacy	Compliance and ethics	Strengthening site safety and health management	Supplier support and sustainability management
Business impact	Risk / Opportunities	Risk	Risk	Risk	Risk / Opportunities
Why we chose the issue	Due to the nature of the defense industry, any problems with product quality can lead to loss of life/property and damage to the company's credibility, and if this leads to a legal dispute, it will take time and money to respond. In addition, the ICT industry requires uninterrupted operation of the customer's IT system. To prevent these risks, it is essential to strengthen the quality management system and try to prevent possible issues before they occur.	As digital transformation accelerates, various information protection risks such as personal information leakage, cyber–attacks, and internal information leakage are having a significant impact on corporate management. Especially in industries that operate national security and customer core systems, such as the defense and ICT industries, the level of information protection is directly related to corporate trust. Therefore, strengthening the information protection system and ensuring the security of IT infrastructure and data is emerging as an essential task for sustainable management beyond corporate legal and social responsibility.	Compliance and ethics are critical to a company's credibility and reputation, extending well beyond mere legal adherence to directly secure trust from customers and society at large., extending well beyond mere legal adherence to directly secure trust from customers and society at large. Should any ethical violation occur, the resulting surge in reputational risk can also threaten the company's long–term sustainability.	Safety and health are crucial issues in our business field because they rely heavily on employees due to the nature of the defense (manufacturing) and ICT industries. In addition, the recent strengthening of the Serious Disaster Punishment Act has increased management's responsibility for safety and health. Furthermore, safety and health issues also present high–impact challenges, as they linked to reputational and financial risk of the company.	Forging partnerships with a diverse array of suppliers is intrinsic to the defense manufacturing and ICT industries. Mutual growth with suppliers and internalization of ESG throughout the value chain are key factors for sustainable management.
Response strategies	Addressing the unique demands of the defense and ICT sector, Hanwha Systems operates a full cycle quality management system. In the defense division, the Quality Management Office spearheads integrated quality–assurance activities from development through operational phases. The ICT sector, meanwhile, leverages a monitoring framework to safeguard continuity and reliability in System Integration (SI) and IT Outsourcing (ITO) services.	Centered by the Chief Information Security Officer (CISO), Hanwha System has established a robust information security governance framework. Regular information security training and a dedicated personal data logging management system underpin a systematic approach to personal data protection. Designated Data Protection Officers, supported by a detailed incident response manual, enable swift corrective measures whenever a breach occurs.	We regularly conduct company–wide ethics and compliance checks at least once a year and identify improvement tasks based on the results of each department's self–checks. To strengthen ethics and compliance execution, we reflect relevant scores in the evaluation of department heads and continuously upgrade the level of internal control.	Based on our S.H.E. system, Hanwha Systems conducts initiative–taking hazard assessments across all sites and allocates tailored safety budgets to implement tangible preventive measures. Regular emergency response drills paired with upgrades to safety infrastructure have strengthened incident response capabilities. Parallel support for partner companies, through the provision of safety equipment and on–site inspections, ensures comprehensive protection across the entire supply chain.	Based on the ESG ON system, we diagnose the ESG level of our suppliers and provide free support for self–improvement programs and capacity–building consulting based on their risk level. Furthermore, we provide incentives to top–tier partners based on the result to foster a collaborative ecosystem. Enhancements to supplier ESG ratings and proactive risk monitoring bolster sustainability throughout the supply chain.
Goals	• Maintaining zero customer complaints (defects) • 95%+ on–time service rate • Obtaining 90.0+ on ITSM satisfaction score	• Maintaining 0 personally identifiable information data breaches • Maintaining zero customers affected by data breaches	• Obtaining A or higher on company–wide compliance assessment • 98%+ submission/completion on Employees pledge to practice ethics and compliance management	• Maintaining 0 serious industrial accident • Maintaining 0 occupational disease findings	• Maintaining "Excellent" in the Shared Growth Committee's Shared growth and Fair Trade Assessment • Conducting 44+ ESG risks diagnosis of suppliers (Precision Diagnosis)
Progress toward our 2024 goal	• 0 customer complaints (defects) • 100% on–time service rate • ITSM satisfaction score of 83.7	• 0 personally identifiable information data breaches • 0 customers affected by data breaches	• Obtaining A on company–wide compliance assessment • 99.4% submission on Employees pledge to practice ethics and compliance management 99.7% completion on Employees pledge to practice ethics and compliance management	• 0 serious industrial accidents • 0 persons with occupational diseases	• Obtained "Excellent" in the Shared Growth Committee's Shared growth and Fair Trade Assessment • Conducted 54 ESG risks diagnosis of suppliers (Precision Diagnosis)
Executive compensation KPIs	Head of Quality Management • Stabilization of the full–cycle quality control process and market defect rates • Customer complaints management	Head of CISO • Establishment a security guide for new businesses • Obtainment of required security certifications	Head of Legal Affairs • Compliance Program (CP) rating management	Head of ESH • Incident–free operation • ESG ratings (E–sector) management	Head of Finance • Domestic and international ESG ratings management (Domestic: KCGS, International: MSCI) • Managing Shared Growth Index ratings

Material Issue 01

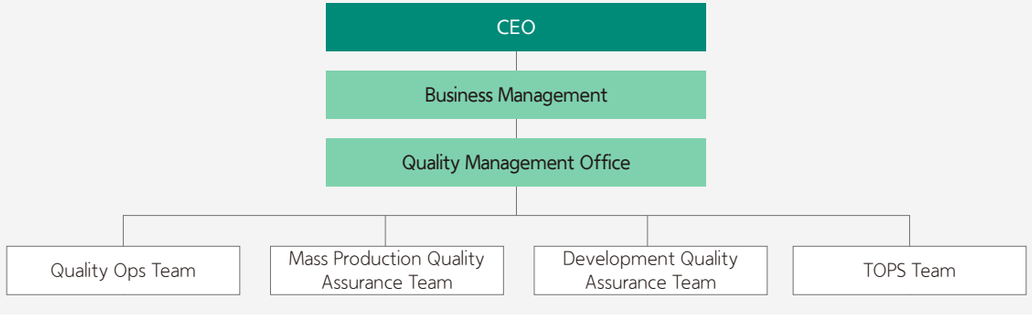
Product and Service Safety/Quality Control

① Governance

Defense

Hanwha Systems' Quality Business, centered on the Quality Management Office that reports directly to the CEO, takes overall responsibility for quality assurance across all stages—from development and mass production to operation and maintenance. It systematically practices company-wide quality control (QC) and improvement initiatives. Quality issues and risks are reviewed and addressed in time through weekly and monthly quality meetings, where key decisions are made.

Product Safety and Quality Control Organization Structure



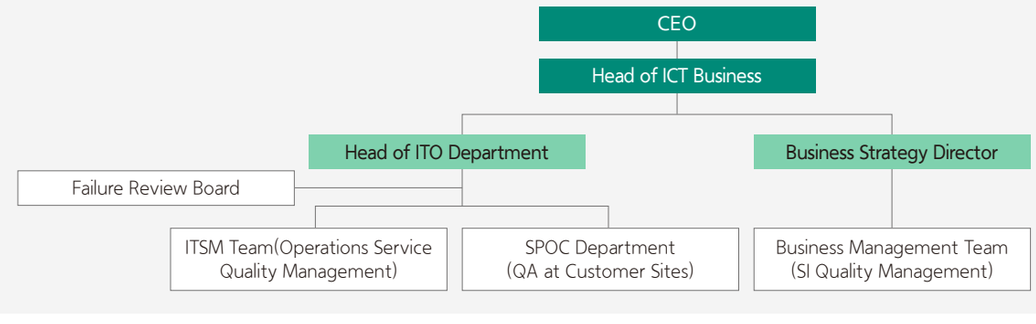
Detailed roles for product safety and quality control governance by entity

Category	Roles and responsibilities
CEO	• Oversees product safety/QC performance; reviews and approves QC strategies
Quality Management Office	• Sets product safety/QC goals and plans; reports performance and related activities to the CEO
Quality Ops Team	• Sets QC strategies; conducts quality planning and operations; hosts quality meetings; manages QC system certifications; operates reliability testing sites, manages KOLAS accreditation (environmental testing)
Mass Production Quality Assurance Team	• Assures mass production/maintenance quality; registers suppliers and assesses their quality; analyzes and improves quality
Development Quality Assurance Team	• Assures development quality; audits R&D stage processes; develops satellite system and assures product quality (PA), verifies SW reliability/security; manages CMMI certification; operates EMC test facilities; manages KOLAS accreditation (EMC)
TOPS Team	• Operates and improves TOPS; standardizes technical data

ICT

Hanwha Systems' ICT Business has established a differentiated quality governance system tailored to each business type and characteristic by dividing the quality organizations into system management (SM) and system integration (SI) quality units. The ITSM Team under the ITO Department oversees the overall quality of IT operations services and implements customized QC for each client through the ITO operation departments stationed at customer sites. The Business Management Team under the Business Strategy Office is tasked with project quality and risk management, and systematically drives company-wide quality improvement initiatives. Project issues and risks are reviewed in weekly executive meetings, where timely decisions are made to ensure prompt resolution and response.

Service Safety/Quality Control Organization Structure



Detailed roles for product safety and quality control governance by entity

Category	Roles and responsibilities
CEO	• Oversees company-wide service quality performance
Head of ICT Business	• Oversees the ICT Business and quality performance; reviews and approves strategies
Business Strategy Director	• Oversees SI QC for clients; manages performance
Head of ITO Department	• Oversees SM QC for clients; manages performance
Failure Review Board	• Approves overall procedures and standards for determining failure levels and inspecting the plans and performance of the failure-handling organizations
Business Management Team	• Manages and monitors quality indicators; sets quality policies and directions; manages quality
ITSM Team	• Sets quality policies and directions; manages quality; sets policies to enhance efficiency in ITO operations and management
SPOC Department	• Conducts on-site QA as a single point of contract for each client

Strategy

Defense

Quality Management System

QC Strategic Frameworks and principles

Hanwha Systems works to lead change and innovation by realizing flawless quality throughout the entire lifecycle, aiming to achieve global-level quality and deliver best-in-class services. To this end, we established an optimized QC system under the mission of 'Realizing customer satisfaction" to fulfill our role as a First Mover in the domestic defense industry and a Fast Follower in the civil/export sectors. In addition, all of us at Hanwha Systems strive to secure the world highest quality competitiveness based on four principles: customer satisfaction, change and innovation, perfect quality, and compliance with fundamentals.

We establish QC strategies to achieve our company-wide vision and strategic objectives, while each quality-related department sets and manages its goals accordingly. Key quality issues, external trends, and customer complaints are regularly reported at QC meetings and management review meetings chaired by the CEO, where improvement measures are identified to proactively address potential issues. In particular, we have established our internal quality KPIs, which are linked to departmental and employee performance appraisal, thereby strengthening our QC capability across the organization.

Quality Management Vision/Strategy and Quality Policy

Mission

Drive change and innovation by implementing zero-defect quality at every turn, and delight customers by creating the highest quality and best service.

Vision

Growing into a fast follower by playing a role as a first mover in quality management for domestic defense companies and operating a quality system optimized for the business environment to secure competitiveness in private and export businesses.



Four Principles of Quality Management

Customer Satisfaction

We always listen to the customers from their point of view and impress our customers with the highest quality, fast and accurate service.

Change and Innovation

We continuously learn and boldly embrace change to gain competitive advantage and create future markets.

Perfect Quality

I commit to achieving flawless quality, staking both my personal and corporate pride on it.

Compliance with Fundamentals

I do things right the first time by prioritizing quality and adhering to rules and procedures.

Strategy

Defense

Quality Management System

Quality management certification

We continuously obtain and maintain relevant certifications to establish and operate a world-class QC system, thereby ensuring the safety and reliability of our products. We have acquired and maintained certifications including ISO 9001 for global QC systems, KDS 0050–0090 for defense quality management, and AS9100 and AS9110 for aerospace and satellite products. In particular, we achieved Level 8 in the Productivity Management System (PMS)—which is based on the global standard Baldrige Performance Excellence Program (MB Model)—and were upgraded to the highest domestic rating, Level 8+, in March 2025. This certifies the excellence of our QC system across all production facilities and businesses in the defense sector. We have also acquired and maintained CMMI Level 5 certification in research and development, demonstrating that our R&D quality meets international standards. Furthermore, since 2010, we have retained KOLAS accreditation and established the infrastructure to independently conduct certification testing for defense-related applications.

Quality Certification

Quality Business Certification	Validity
ISO 9001:2015 Quality Management Systems	Oct. 21, 2023 to Oct. 20, 2026
AS911 (Rev. C) Quality Management Systems for Aerospace Maintenance, Repair and Overhaul	Sept 16, 2022 to Sep 15, 2025
AS9100 (Rev. D) Aerospace Quality Management Systems	Sep 16, 2022 to Sep 15, 2025
CMMI (Capability Maturity Model Integration) v2.0, Level 5	Sep 14, 2023 to Sep 14, 2026
PMS (Productivity Management System) Level 8+	Oct 13, 2021 to Oct 31, 2024
DQ (Defense Quality) Mark	Apr 1, 2022 to Mar 31, 2025
KDS 0050-9000-5 Defense Quality Management Systems	Sep 27, 2023 to Sep 26, 2027
KOLAS accreditation	Aug 24, 2023 to Aug 23, 2026

* Certification on the Quality Business' entire production and research facilities (Gumi Site, Pangyo R&D Center, Seohyeon Site, Yongin R&D Center)


Defense Quality Management Systems Certification


DQ Mark Certificate


PMS Certificate

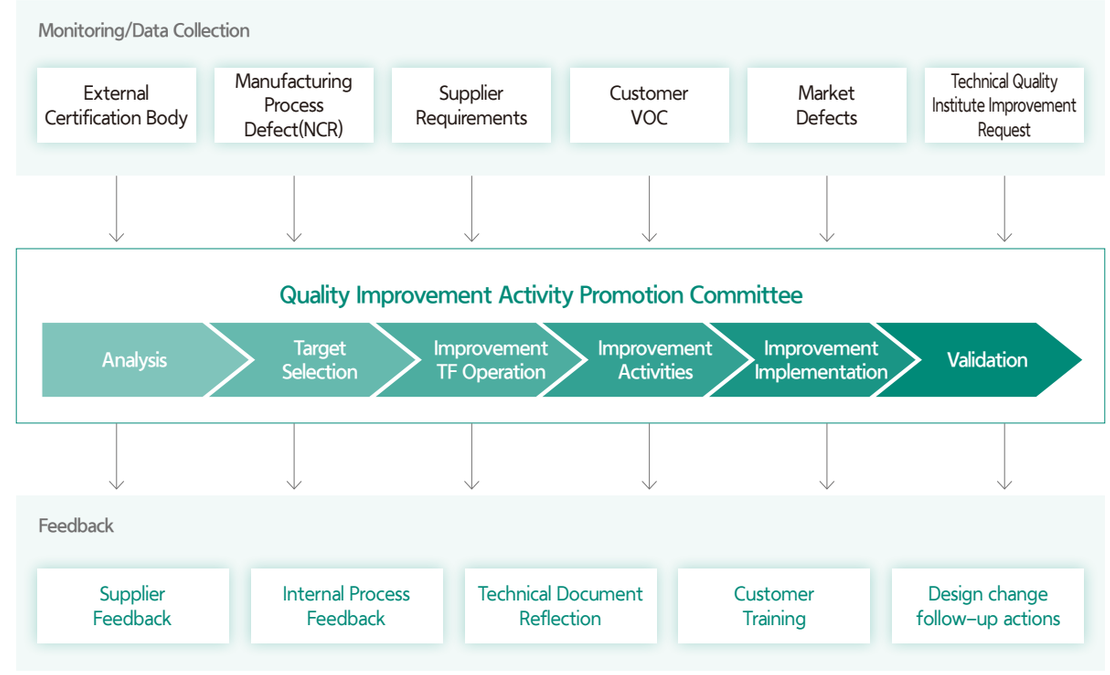


ISO 9001 Certificate

Quality Improvement Framework

Hanwha Systems strives to prevent system failures through continuous monitoring and minimize any negative impact on stakeholders, including clients and suppliers, by operating the Quality Improvement Committee at the center of these operations. With the goal of achieving a higher, standardized level of quality, we promote quality enhancement activities across all aspects of operations services—including processes, personnel, and quality support tools. We have established an internal inspection and diagnostic framework to regularly monitor quality, and we operate a management system for handling products recalled for functional defects or improvements. In 2024, we identified and addressed 76 recurring defects and process vulnerabilities through quality performance analyses. We will continue to reduce failure rates through total lifecycle QC and enhance stakeholder satisfaction with our quality.

Quality Improvement Process



Strategy

Defense

Quality Management System

Quality Training for Employees

Hanwha Systems provides annual training to strengthen the quality competencies of employees involved in development and mass production. All of them are required to complete designated courses pursuant to the annual quality training plan, and the Quality Department monitors the training status. In 2024, a total of 15 training programs were provided, covering topics such as quality mindset, data analysis, and statistical quality control.

Quality Training Provided to Quality Personnel

Category	Date	Number of graduates
SMT Process Management	March	4
Quality Mindset	April	75
IPC-A-610-based PCB; SMT Approval Administration	May	9
Understanding Quality Management System	June, August, September, November	6
Statistical Quality Control (Basic)	June, August, September, November	6
Analysis using Measuring Systems (Basic)	June, August, September, November	6
Customer-centric Mindset	June, August, September, November	6
Minitab Usage	June, August, September, November	6
Electrical and Electronics Assembly (IPC-A-610, IPC/WHMA-A-620)	June, August, September, December	6
QC (FOD, ESD, MSD, Counterfeit)	July, August, December	1,050
Counterfeit Parts Management	July	59
Understanding of PCB Processes and QC Standards	July	15
Understanding of ESS and Environmental Testing	September	19
Practical Data Analysis	October	7
Understanding of Change in Government Policy, Defense Quality 4.0	November	123

Development of Big Data-based Customized QC System

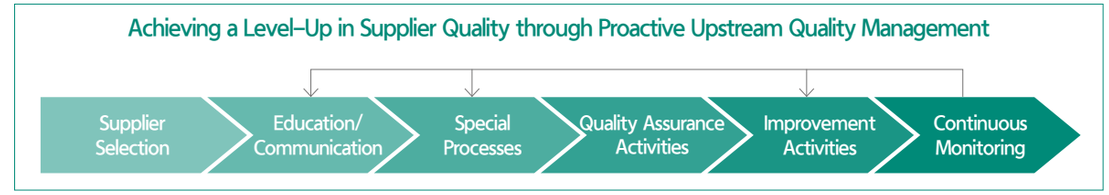
Hanwha Systems' ongoing improvement activities include analyzing and predicting quality issues based on product and service quality data. We have implemented a system to computerize quality data during mass production to automatically identify quality improvement targets and link them to improvement activities if they do not meet the criteria of the Process Capability Index. In particular, in 2024, we computerized partner developers' quality data to secure the linkage of quality data by project progress stage and enhanced the quality data analysis system by establishing an additional digitalization system for suppliers' quality data. In addition, quantitative metrics of development projects are collected and managed through the assessment module of the quality information system, and based on this, we monitor the achievement of the organization's KPI. If any abnormalities occur in the monthly assessment of development projects, cause analysis and improvement measures are established on a project-by-project basis, and if an organization-wide problem needs to be solved, it is selected as an improvement task and process improvement is carried out.

Supplier Quality Control System

Hanwha Systems assesses suppliers before registering as its partners and continuously provides training and communication to enhance the quality capabilities of registered suppliers. In particular, we regularly hold biannual quality exchange meetings with suppliers and annual quality executive meetings. As for audits, we conduct QPA (Quality Process Audit) and special process assessments to stabilize suppliers' product development and manufacturing, along with quality assurance (QA) activities for supplier-manufactured products. Furthermore, we carry out quality improvement initiatives based on product quality performance and strengthen root quality by enhancing supplier management systems. All these efforts are based on our proprietary systems, such as S-QIS[1], which enable us to monitor and improve supplier quality.

1) Supplier Quality Information System: A quality and configuration management system for Hanwha Systems and its suppliers to manage suppliers' quality inspection results, quality (QPA, special process audit), score cards, and statistics based on their quality performance, provide feedback on suppliers' process failures and corrective actions, manage their quality improvement initiatives, and approve or distribute suppliers' technical data

Supplier Quality Control Process



Strategy

Defense

Quality Management Activities

TOPS Management

Hanwha Systems manages configurations throughout the entire product lifecycle, including Configuration Identification, Configuration Control, Configuration Verification, and Configuration Data Maintenance. With TOPS (Product Lifecycle Management), we systematically manage configuration data to ensure that products meeting the specified requirements are properly designed, manufactured, and delivered. TOPS also facilitates the management of configuration data distributed to all employees and suppliers, while providing diverse configuration management information through interfaces with Other enterprise system.

TOPS' Key Functionalities

TOtal Product lifecycle management System(TOPS)

- Development Deliverables Progress Management
- Technical Document Management (Drawings / Documents / Software)
- Bill of Materials (BOM) Management
- Configuration Control(ECR/S-ECR/ECP)
- Defense Technology Protected Information Management
- Part (Material) Registration & Management
- Electronic Distribution of Technical Documents
- Establish Baselines
- Development Purchase Requisition
- Failure Cases / Problematic Parts

Counterfeit Electronics Management

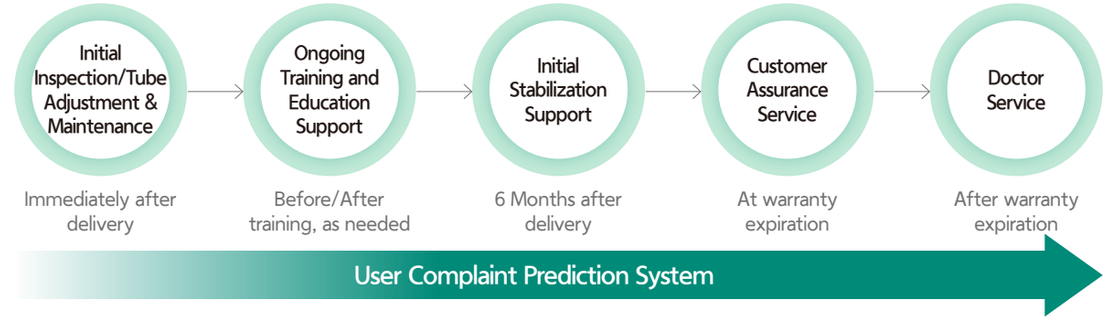
Hanwha Systems applies global standards[1] to counterfeit electronics management to systematically control and verify goods supplied as well as those used in suppliers' manufacturing processes. Adequate verification methods are applied based on the risk level of each component, and high-risk parts are subject to rigorous inspections and strict reporting to ensure they are never used in finished products. Hanwha Systems is the first defense company in Korea to join ERAI[2], a global counterfeit electronics identification platform, enhancing verification processes for both in-house and supplier-manufactured components. In addition, we operate a more precise verification system using non-destructive testing equipment such as X-ray scanners.

1) AS5553 and AS6081, standards for managing counterfeit electronic parts; IDEA-STD-1010-B and AS6081, standards setting forth requirements for examination of suspected counterfeit parts
2) Electronic Resellers Association International

Responding to Customer Quality Issues

Hanwha Systems operates a customer complaint management system through customer support centers at major bases to ensure timely response to product issues or customer dissatisfaction. We also enhance product operability and minimize customer complaints by conducting preemptive inspections and repairs based on equipment deployment and operational cycles, thereby ensuring ongoing operational readiness of the deployed systems.

Customer Complaint Management System



Activity	Timing	Key Contents
Initial Inspection/Tube Adjustment & Maintenance	Immediately after delivery	Technical support during tube adjustment and maintenance activities performed by the first unit itself after delivery
Training and Education Support	Before/After training, as needed	Unit firing and training support, operator education
Initial Stabilization Support	6 Months after delivery	Inspection of operational and management status, Support for the early stabilization of initially deployed items
Customer Assurance Service	At warranty expiration	Joint military/company equipment inspection, transfer of operation/ maintenance know-how
Doctor Service	After warranty expiration	Frequent visits and customer (user) VOC listening, diagnosis/prescription through call center
User Complaint Prediction System	As needed	Prior recognition of product defects/customer situations and characteristics and other complaints → Early response

Strategy

Defense

Quality Management Activities

User Complaint Prediction System

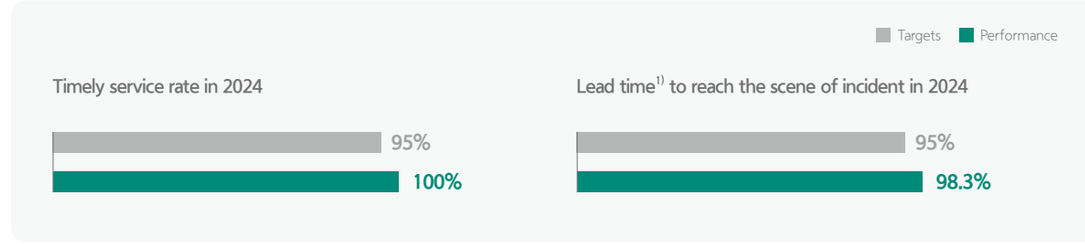
Hanwha Systems' Customer Support Department operates a customer complaint prediction system to prevent user dissatisfaction arising from equipment operation issues. The department identifies and records customer complaints encountered during service activities and evaluates the severity of each case. If the situation meets the predetermined alert criteria, it is immediately communicated to the relevant departments. Once an alert is issued, the concerned departments promptly take corrective action and register the results in the system for ongoing management. From 2021 to 2024, a total of 62 cases were recorded, of which 57 were resolved, achieving a completion rate of 92%.

Process for handling forecast complaint

Procedure	Details	Processing Time
Situation Reception	• Reception of situation details such as occurrence details, operational status, and site atmosphere	Immediate
Situation Management	• Real-time comprehensive management of the situation (Reflecting checklist scores by influencing factors) • Check whether the preliminary criteria for user dissatisfaction are met • Confirmation of the site by the responsible personnel from customer support, quality, and product technology departments, followed by customer explanation and VOC collection → Forecast Issuance judgment	Daily, Within 1 day
70 Points ↑		
Forecast Issuance	• Forecast Issuance for user dissatisfaction (70 points or more, notification: quality department, product technology department, PM notification) • Reflect market quality status and follow-up management (weekly meeting, etc.)	Immediate

Enhancing Customer Communication

Hanwha Systems has established a VOC (Voice of Customers) management system to systematically and efficiently respond to customer inquiries and complaints. Through this system, we are promptly resolving consumer complaints and actively reflecting customers' opinions on products to raise customer satisfaction. The VOC System receives feedback via phone and email through the customer center on the company's website. Inquiries received through the representative call number are routed to each region and business 24 hours a day, 365 days a year. As such, we ensure stable and reliable communication channels with customers.



1) The total time elapsed from a customer's request for on-site support to the moment the request is addressed

Hanwha Systems Customer Touchpoint Channel Diversification Strategy

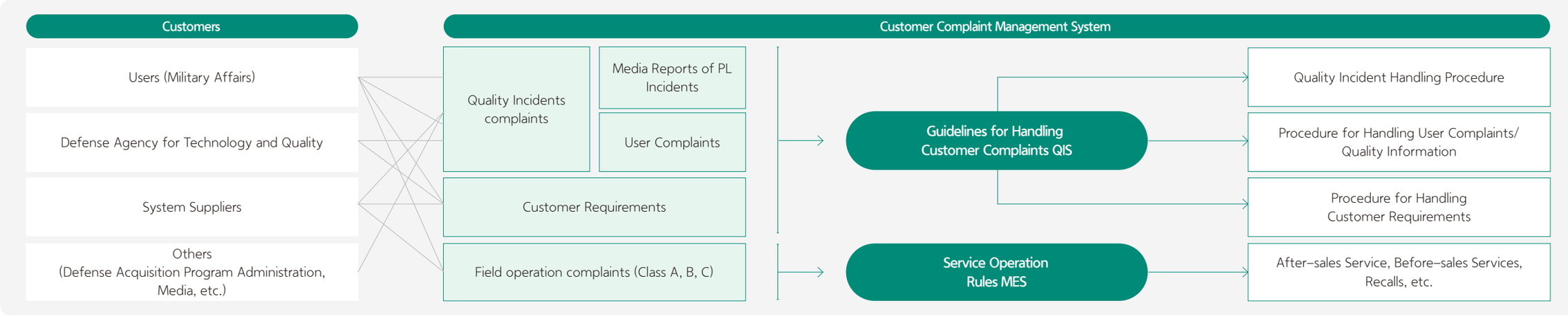
Listening to customer requirements by utilizing diverse channels, and improving customer loyalty by promoting products

Operate customer support centers	Customer-requested design reviews	Attend seminars, workshops	Hold regular meetings	Attend exhibits	Invite customers	Promote customer-friendly activities
• After-sales service for existing products • Customer visits	• Receive inquiries/ orders for new products	• Attend seminars, etc., and identify market trends	• Listen to customer opinions	• Attend overseas exhibits such as ADEX (Aerospace and Defense Exhibition)	• Invite customers to visit our factories and research centers	• Shared growth activities with suppliers

Strategy

Defense

Customer Complaint Handling Process



Managing Customer Satisfaction

Since 2023, we have been conducting 'Customer Satisfaction (CS)' surveys with major defense customers to assess our contractual performance, customers' preference toward Hanwha Systems, and our capabilities/attitude/communication. In 2024, the average CS score was 4.4, a slight increase from the previous year by 0.03 points. We analyze the CS survey results and customers' positive/negative comments to continuously elevate customer satisfaction.

CS Survey Results

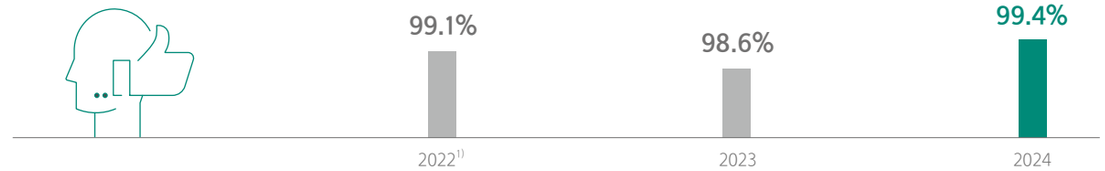
(Unit: Point)

Category	2023	2024	Change
Contractual compliance	4.46	4.51	+0.05
Preference toward Hanwha Systems	4.41	4.42	+0.01
Capabilities	4.36	4.41	+0.05
Attitude/Communication	4.26	4.29	+0.03
Average	**4.37**	**4.40**	**+0.03**

Service Satisfaction Survey

Hanwha Systems conducts annual 'Service Satisfaction' surveys to assess how satisfied our customers are with our warranty services and continuously manage and monitor our after-sales services. We set a service satisfaction target of 95% every year, and our performance in 2024 exceeded the target at 99.4%. To achieve higher service satisfaction, we are continuously striving to provide higher quality services during the product maintenance phase and respond quickly to complaints.

Changes in Quality Service Satisfaction



1) The 2022 data was revised to correct rounding discrepancies.

Strategy

ICT

Quality Management System

Quality Management Strategic Framework

Quality Control Strategic Framework for Operations Service (ITO)

Hanwha Systems has integrated its operations service functions and established a function-oriented strategic framework to deliver stable and consistent IT outsourcing (ITO)[1] services to customers. Based on four key strategic tasks, the entire process—from service planning to operation, monitoring, and improvement—is managed systematically.

1) IT Outsourcing: The delegation of the IT operations function to an external professional service provider

Mission

Establish and manage quality policies and systems ensuring the stable delivery of IT operations services to raise customer satisfaction and contribute to value creation

Goal

Deliver high-quality, low-risk, stable operations services

Strategic Tasks

Strengthen integrated governance aligned with global standards	Establish a standard operating system capable of adapting to changes	Enhance quality using quantitative data analyses	Raise customer satisfaction through an efficient IT environment	Assetize knowledge and enhance operational productivity

Strategic Framework for System Integration (SI) Quality Control

Hanwha Systems operates a company-wide quality policy to achieve its goals for SI[1] quality aimed at higher customer satisfaction. To this end, we set and implement strategies and detailed tasks, including the establishment of policies and management systems, PM competency enhancement training, and the operation of a project quality assurance system.

1) System Integration is a project-based IT service, which plans, designs, and builds an integrated information systems at the customer's request.

Control Strategy 1. Set control policies and framework	Operate the Gate system for biddings and perform the related tasks
	Plan quality policies and acquire/maintain certifications
Control Strategy 2. Plan and operate PM training	Provide training to enhance PM capabilities
Control Strategy 3. Assure project quality	Review risks before and after implementing a project; take preventive actions
	Set and implement internal audit plans
	Provide and inspect quality support; mitigate risks
	Support the diagnosis and remediation of software functionality and reliability
	Conduct system performance testing and evaluate capacity adequacy

Quality Management Certifications

Hanwha Systems acquires and maintains relevant quality management-related certifications to manage quality of operations services and system integration across all ICT business sites.

ICT Certification	Validity	Certification Coverage
ISO 20000 (IT Service Management System)	May 3, 2024 to May 2, 2027	Entire establishments of the ICT Business * Hanwha affiliates' applications, systems, groupware, and network management services
ISO 9001 (Quality Management System)	April 5, 2023 to April 4, 2026	Entire establishments of the ICT Business * IT consulting; applications development, network and system operations, maintenance, SI and SM services including managed security services



ISO 20000



ISO 9001

Strategy

ICT

Quality Management Activities

Operating Integrated Platform for IT Operations

Hanwha Systems has adopted an ITIL[1]–based integrated IT operations platform to deliver world–class IT services and drive operational efficiency through system performance validation and quality inspections. In addition, quality activities are linked to KPIs, and change management activities are carried out to optimize customer services.

1) Information Technology Infrastructure Library, a key system in IT service management

Key Functions of ITIL

Function	Purpose
Service Desk	To provide a single touchpoint between users and IT service administrators; to handle incidents and service requests
Incident Management	To restore service operations as quickly as possible and minimize adverse impact on business operations
Problem Management	To identify root causes, eliminate errors, and prevent the recurrence thereby minimizing the negative impact of incidents and issues caused by errors within the IT infrastructure
Change Management	To provide standardized methods and procedures for efficient and swift handling of changes, minimizing the impact of change–related incidents
Update Management	To ensure that changes to IT services are considered holistically, addressing both technical and non–technical aspects of the release
TOPS Management	To control, verify, record, and report changes to IT configuration elements that fall within the scope of configuration management

ICT Quality Training

Hanwha Systems conducts annual quality training for all personnel involved in SI projects and IT operation services to enhance ICT quality capabilities. Based on the company's quality control system, the program is systematically divided into two tracks—operations services and SI—to maximize practical application across tasks. For operational service capacity building, training was provided to over 400 personnel, categorized by QA and PM system operations. Additionally, to strengthen SI capabilities, training was delivered to 61 personnel involved in the projects.

ITO Quality Training

Category	Content
IT Service Management System	• Functions of the ITSM system and the support structure according to the quality control procedures (SR, changes)
System Operators	• Quality support tools; automated inspection; application of quality tools essential for monitoring tool–applied system operations
QA Development	• ICT quality policies and support systems • Standards and applications by quality control procedure
PM Guide	• PM's tasks in ITO–led small–scale projects • Overview of development/control methodologies

SI Quality Training

Category	Content
PM Capacity–building	• PM leadership • Lessons learned (project success/failure cases)
Project Management	• Project implementation processes • Utilization of PMS (Project Management System) • Utilization of RMS (Risk Management System)
Project–related Methodology	• Methodologies including information engineering and agile development methodologies
Test Management	• Test management methodologies • Test management tools and performance testing

Managing Customer Satisfaction in Operations Service

Hanwha Systems conducts annual CS surveys with Hanwha Group affiliates that maintain operations contracts, focusing on groupware, business systems, and applications (APP). The survey covers customer–perceived satisfaction and dissatisfaction across various service items, assessment of service request handling (e.g., attentiveness), and suggestions for improvement. In particular, any complaints received are promptly addressed through improvement efforts. The survey results are also reflected in the organizational performance appraisal of the relevant department.

Risk Management

Defense

Product Quality and Safety Risk Management

In the defense industry where highly advanced equipment and systems are developed and produced, quality competitiveness directly translates into a company's competitive edge. Therefore, managing service/product safety and quality risks is a critical factor in this industry. A decline in the quality of products can lead to increased short-term costs and, in the long term, evolve into serious issues related to national security. To maintain the quality of products and services, the ongoing application of a robust quality control system is essential. It is also necessary to constantly monitor whether each product and system meets international quality standards. Furthermore, since the defense industry deals with technologies that often fall into high-risk categories, products must undergo rigorous durability and safety tests, and simulations and emergency drills must be conducted to prevent potential accidents.

Control Gate System

Hanwha Systems operates a Control Gate system at each development stage to approve and verify development and verify products. During new product development, checklists are used at each Gate to verify whether the product's design safety has been secured. If design safety is not secured, progression to the next development phase is halted until corrective actions are completed. This system helps ensure design safety during the product development phase, thereby guaranteeing safety during mass production and product operation in subsequent stages.

Emergency Response System and Business Continuity Plan

At each Hanwha Systems site, organization-wide emergency response drills are regularly conducted to ensure swift response and minimize damage in the event of an emergency. Based on various emergency scenarios, drills are planned and exercised taking into account the characteristics of each site, including environmental incidents and disaster preparedness. In 2024, a total of 29 emergency response drills were exercised. Each site develops its own emergency response manual based on the company-wide crisis response manual, and annual drills are exercised in accordance with these manuals. The drill exercise is assessed to enhance business continuity.

Emergency Response Drills

Domain	Category	Participants	Cycle
Environment	Environmental emergency response drills	Hazardous materials storage personnel	November
Safety	Accident response drills	High-risk task operators	Frequently
	CPR and AED training	Supervisors	Frequently
	Emergency evacuation drills	All employees	All year round
	Fire evacuation drills	All employees	August
	Inspection of the emergency contact network	All employees	All year round

Project Risk Management

Hanwha Systems identifies quality risks by analyzing the quality environment in accordance with the internal quality risk management procedure, registers them in the quality information system, conducts self-assessments, and determines risk levels. Quality risk assessments are conducted in two stages, and risks are managed and monitored on the system according to their assessed level. Risks related to technology, schedule, and cost of development-stage projects are registered as issues and risks in the Program Management Information System (PMIS) by the Business Management Department. The Quality Department audits the risk against a checklist and follows the development process to ensure that risks are managed appropriately.

Quality Risk Assessment Procedure

Steps	Assessment Criteria
Step 1	Probability of remedies/response x impact on quality = severity
Step 2	Severity x likelihood of occurrence

Risk Management

Defense

Product Quality and Safety Risk Management

Total Lifecycle Quality Risk Management System

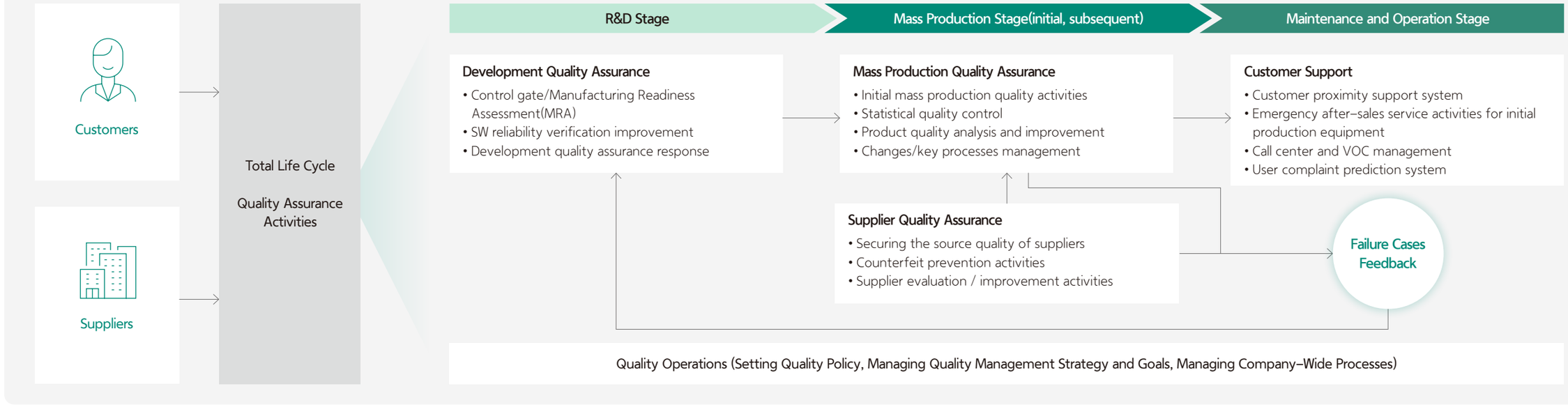
Hanwha Systems has established a collaborative framework among relevant departments to maintain a quality assurance system throughout the lifecycle of its products and services. A three-stage quality assurance system is in place, optimized for each stage: R&D, mass production, and 'operation and maintenance.'

In the R&D stage, Hanwha Systems, the first in the defense industry to implement a propriety Control Gate system, uses the Control Gate system at each development stage to ensure high reliability and design quality. The Development Collaboration Team was formed to verify product design and safety quality while simultaneously reviewing approval for transition to the mass production stage to manage design quality and secure manufacturability. During Control Gate inspections, operations service officers review product safety.

In the mass production stage, all processes are monitored based on the ERP system using the process control system that obtains real-time statistics from the production management and quality information systems. To ensure components of stable quality are brought in, a supplier quality information system is used in quality control, enabling real-time communication with suppliers and management of quality performance. For Tier 1 suppliers, we regularly review their process quality (manufacturing facilities, processes, and safety). For Tier 2 suppliers, we review their conformity through special process assessments (plating, coating, welding, brazing, heat treatment, non-destructive testing, SMT, and PCB) to identify and drive quality improvements.

In the operations and maintenance stage, we carry out various customer support activities, including a close customer support system centered on major regional bases, emergency A/S services, a user complaint prediction system, call centers, and VOC management, to maintain after-sales service quality. Additionally, a failure feedback system is in operation to prevent a recurrence of quality issues and defects in each stage, ensuring the delivery of top-quality products and services.

Total Lifecycle Quality Control System



Risk Management

ICT

Service Quality/Safety Risk Management

In a rapidly changing technological environment and fiercely competitive market, the ICT Business recognizes quality and stability assurance as core elements of corporate competitiveness. In particular, in SI and ITO operations, systematic management is essential to ensure compatibility and stability between hardware and software. Therefore, Hanwha Systems conducts rigorous quality testing and post-integration performance assessments and continuously monitors service quality to reliably meet customer requirements. Additionally, when collaborating with vendors, Hanwha Systems establishes clear quality standards and manages them thoroughly. Project timelines and budgets are also systematically managed to enhance the reliability and efficiency of business execution.

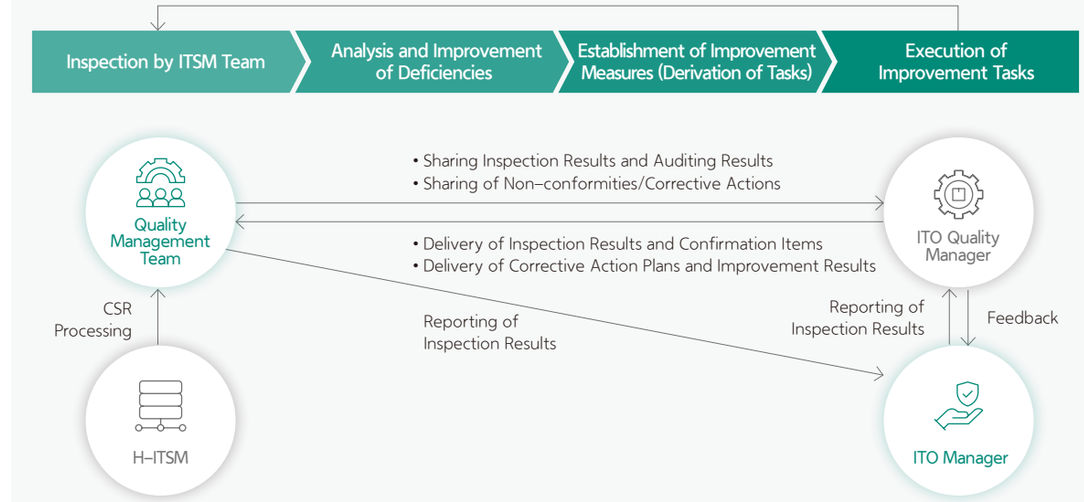
Risk Management System for Operations Service (ITO) Quality

Hanwha Systems places a strong emphasis on establishing and maintaining robust quality and incident management policies and frameworks related to IT operations services, with the goal of ensuring that its customers materialize stable system performance and maintenance. Each organizational unit conducts both internal and external quality support activities, as well as scheduled and ad-hoc quality assessments and improvement initiatives, approximately four to five times a year. In the event of significant failures, unscheduled audits are carried out, and the Failure Review Committee is convened to perform an in-depth analysis, identify root causes, and implement corrective measures to prevent a recurrence.

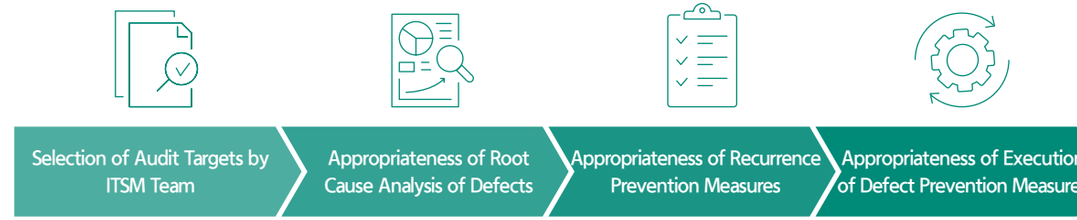
Failure Status

Category	Description	2022		2023		2024	
		No. of Cases	Duration	No. of Cases	Duration	No. of Cases	Duration
Performance issue	No. of failures lasting between 10 and 29 minutes	23	2 hours 47 minutes	5	1 hour 24 minutes	10	2 hours 26 minutes
Service outage	No. of failures lasting 30 minutes or more	8	49 hours 14 minutes	21	33 hours 11 minutes	28	82 hours 58 minutes
Customer downtime	No. of failures lasting 10 minutes or more (ICT Business' management standard)	31	52 hours 1 minute	26	34 hours 35 minutes	47	86 hours 13 minutes

Operations Services (ITO) Inspection Process



Failure Audit Procedure



Risk Management

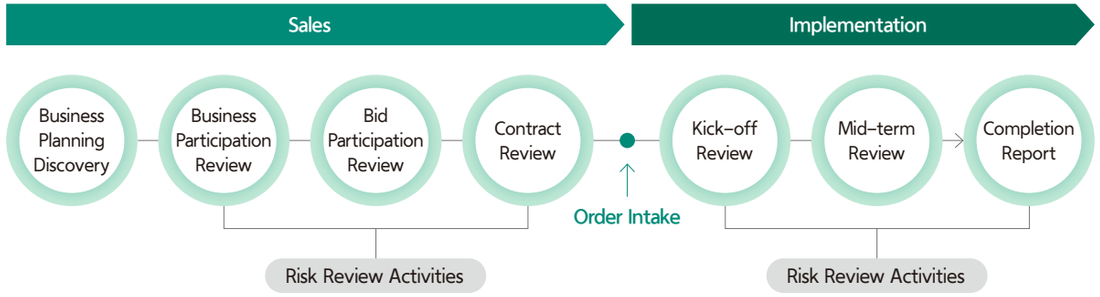
ICT

Service Quality/Safety Risk Management

SI Quality Risk Management System

Hanwha Systems manages its SI operations quality in two stages: Sales and Execution. Specifically, in the Sales stage, a review system is in place to support business decision-making, and potential risks are reviewed in advance. In the Execution stage, quality is systematically managed through PMS and RMS, and a quality adequacy assessment is conducted with third parties.

SI Operations Quality Review

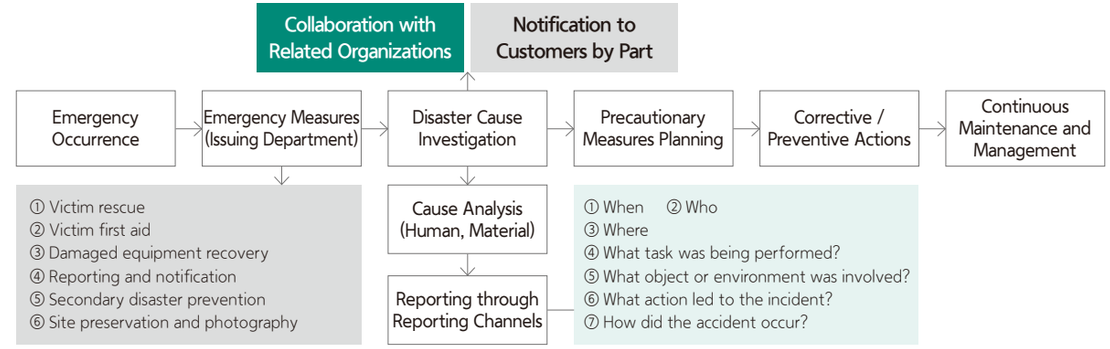


Stage	Category	Description
Sales	Operation of a review system	Review financials, strategies, and execution to support business decision-making
	Risk review in advance	Identify potential hazards at the project initiation stage
Execution	PMS(Project Management System)	Support administrative works at each project stage and monitor progress and results in an integrated manner
	RMS(Risk Management System)	Manage company-wide projects weekly in an integrated manner to identify risk severity, establish response plans, and manage actions taken
	Internal audits	Diagnose the progress and completeness of critical projects
	Third-party testing	Diagnose the development completeness and quality adequacy with testing experts

Emergency Drills at Jukjeon Data Center

Hanwha Systems has established response measures for national power supply shortages and electrical/mechanical/fire extinguishing equipment failures to ensure the stable operation of its data centers. We are developing our ability to respond to failures caused by power outages, fires, and flooding, and are preparing emergency response manuals to ensure business continuity by responding quickly to crisis situations. In addition, we conduct regular emergency response drills with our suppliers.

Emergency Response System at Jukjeon Data Center



Emergency Drills Plan

Category	Content	Target	Cycle
Power Outage Response	Drills to improve emergency response capabilities in the event of KEPCO power supply or power facility failures	IDC operation innovation team	Quarter
HVAC Failure Response	Drills to prepare for inoperability caused by air conditioning system failures		
Fire Safety	Training to familiarize in-house fire brigade members with initial fire suppression and evacuation guidance members with their responsibilities		
Emergency Generator Load Testing under Realistic Conditions	Performance testing of emergency generators through real-load testing, along with verification of the normal operation of ventilation systems	IDC personnel (including those of suppliers)	Semi-annual
Fire Evacuation	Full-scale employee evacuation according to scenarios in preparation for fires		Annual

Building Backup Systems

Hanwha Systems conducts regular and ad-hoc data backups in separate systems to minimize damage to information systems and data stored at the Jukjeon Data Center and to ensure rapid recovery in the event of disasters or various system failures. We also implement remote online backups to safeguard data against geographical risks under our backup policy.

Backup Policy

Category	Daily Backup	Weekly Backup	Monthly Backup	Remote Backup	Ad hoc Backup
Backup Cycle	6 times a week	Once a week	Once a month	Real-time online remote backup	On demand

Metrics and Targets

Defense

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Market Quality (Customers)	No. of customer complaints (defects)	Case	0	0	0	0	0
	Market defect rate	%	0.165	0.123	0.19	0.09	0.08
Manufacturing Quality	Process defect rate	%	0.671	0.752	0.76	0.92	0.73
Service	On-time service rate	%	99	99.5	95	100	Min. 95
	Customer satisfaction rate	%	99.1	98.6	95	99.4	Min. 95

ICT

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Market Quality (Customers)	IT downtime[1)]	Hour	–	–	80.0	80.1	84.1
	ITSM satisfaction rate[2)]	Point	–	–	90.0	83.7	87.2

1) Disability Response Index: Comprehensive evaluation index for reporting, recovery, awareness, and prevention activities
2) ITSM satisfaction rate
– Survey Methodology: We commission Gallup Korea to conduct the survey, analyze the results, and derive improvement points. The survey is conducted annually.
– Survey Items
* With customers' IT planning departments: The level of satisfaction with ITO, the IDC, the network, Cloud, and information security; overall satisfaction; additional comments; and the selection of the top three most important services
* With customers' end users: Assessment of system usability (main system used, satisfaction level); the level of satisfaction with customer service agents' attitude and behavior; overall satisfaction levels; and additional comments

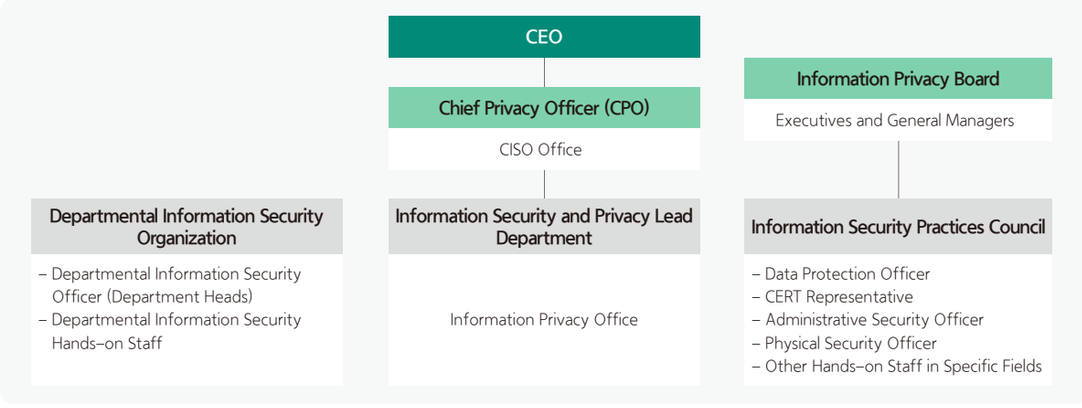
Material Issue 02

Privacy and Digital Responsibility

Governance

Hanwha Systems has appointed a Chief Privacy Officer (CPO) tasked with overseeing privacy-related matters, an Information Security Committee, and a working-level Information Security Council to facilitate company-wide consultation and decision-making on key privacy-related matters.

Privacy and digital responsibility organizational structure



Detailed roles for privacy and digital responsibility governance by entity

Category	Roles and Responsibilities
Information Security Office	– Oversees information security and privacy – Establishes policies, guidelines, and standards – Defines security solution policies and approves exceptions – Conducts information security awareness raising activities – Manages information security certifications – Prevents and responds to security incidents – Operates security councils
Information Security Bureau	– Establishes security regulations and policies in compliance with applicable laws – Performs security audits and identifies/remediates vulnerabilities – Prevents data leakage and implements technical safeguards to comply with privacy laws – Plans and regularly reviews privacy strategies – Educates and enforces internal controls to prevent leakage, misuse, or abuse of personal/internal information
Departments' privacy officer	– Manages and takes accountability for departmental privacy obligations

Strategy

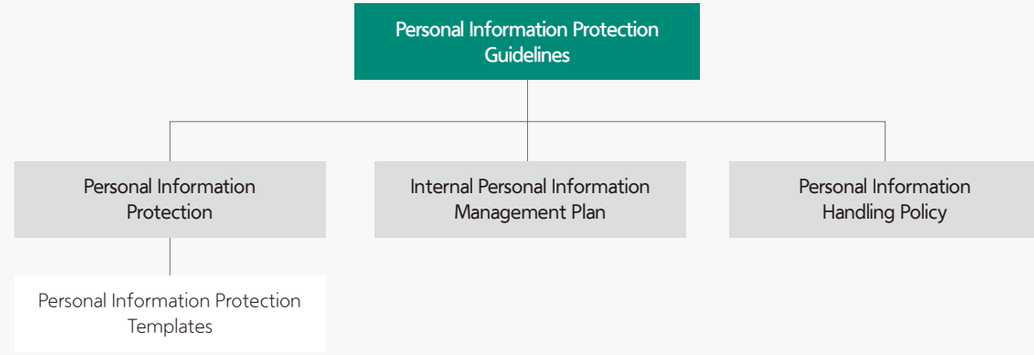
Personal Information Protection System

Privacy Policy

Hanwha Systems has established and publicly announced a company-wide privacy policy in compliance with relevant laws such as the Personal Information Protection Act and the Act on Promotion of Information and Communications Network Utilization and Information Protection. The policy outlines procedures for each stage of personal information processing and handling of pseudonymized data, the protection of data subjects' rights, and administrative/physical safeguards. Hanwha Systems collects only the minimum amount of personal information required by law. In addition to encrypting personally identifiable information (PII), passwords, and biometric data, we strengthened our regulations to encrypt credit card and bank account numbers. Moreover, any personal information that has reached its retention period is immediately destroyed to prevent leakage, tampering, theft, loss, or damage.

Hanwha Systems Privacy Policy

Privacy Policy Framework



Strategy

Personal Information Protection System

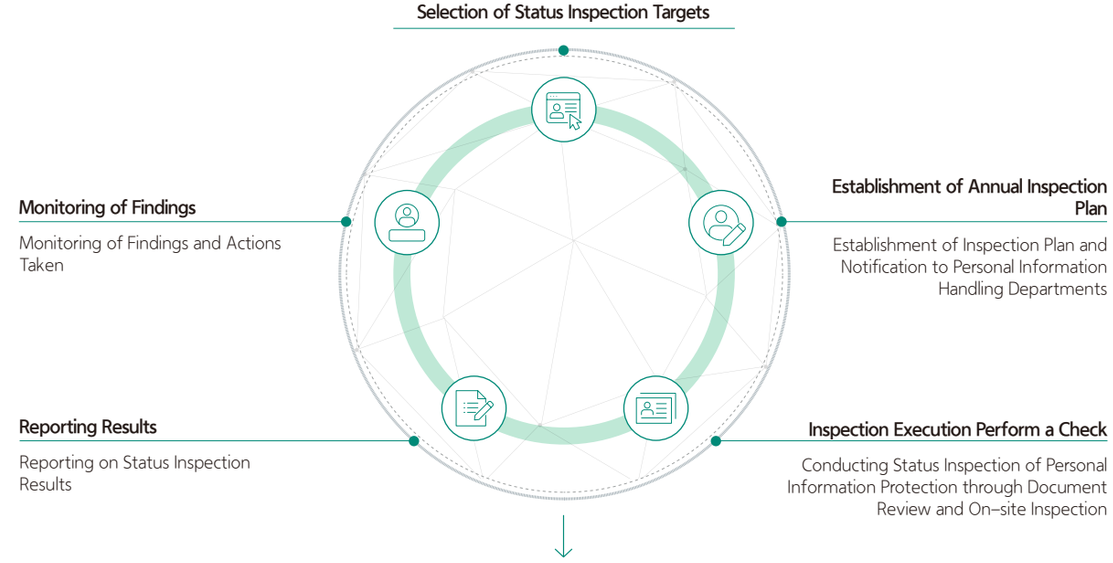
Privacy Management System

Hanwha Systems has established and operates a privacy management system to prevent the leakage and misuse of personal information, ensure compliance with relevant laws and regulations, and enhance the security of personal data. In addition, under the leadership of the CPO, it regularly conducts assessments and improvement activities related to the status of personal information management.

Key Personal Information Protection Activities

1. Manage risks related to personal information processing
2. Implement safety measures to ensure the security of personal information
3. Comply with privacy-related laws and conduct internal audits on compliance
4. Raise awareness through privacy education for employees and supplier staff
5. Establish response procedures and preventive measures addressing personal information breaches and incidents

Privacy Management Process



- Conduct annual status inspections to verify compliance with personal information protection regulations and assess the effectiveness of personal information protection management activities
- The personal information protection manager reviews the inspection result reports, formulates action plans, and manages the details of the actions taken

Planning → **Audit Fieldwork** → **Follow up**

- Establishment of Status Inspection Plan

- Review related resources
- Handler interviews
- Due diligence checks
- Compliance Assessment
- Drafting of Status Inspection Report

- Notification of inspection results
- Create an action plan
- Action plan reporting

Strategy

Personal Information Protection Activities

Privacy Training

Hanwha Systems regularly provides training for employees and supplier staff to enhance awareness of information security and privacy. In 2024, we provided not only legal compliance training, but also education on personal information protection measures and privacy-related tasks for operators and developers of personal information processing systems. Furthermore, we promote information protection awareness through various complementary activities such as signing security pledges, conducting simulated phishing email response training, and hosting information security quiz events.

Development and Operation of Personal Information Log Management System

Hanwha Systems has established and operates a Personal Data Log Management System (PLMS[1]) to prevent personal data leakage risks and ensure compliance with the Personal Information Protection Act. Through the system, we store and manage personal information access records, set abnormal behavior detection scenarios, and automatically request clarification, respond, and process abnormal behavior according to the importance of the scenario. We provide monthly analysis reports and statistical information to efficiently respond to personal information protection audits by external agencies.

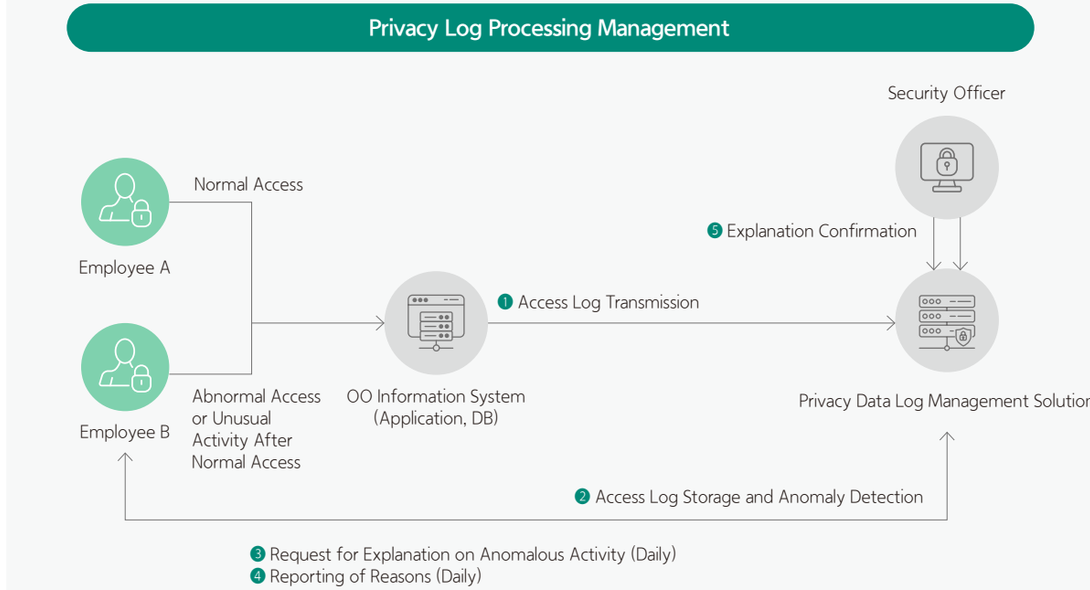
1) Personal Information Log Management System

PLMS Functions in Detail

plms 개인정보로그관리시스템

Managing personal information access logs	Detecting abnormal activities and handling explanations	Statistics and reports
• Views access logs (logins) • Views records of personal data processing (viewing, modification, deletion) • Views the creation, modification, and deletion of user permission	• Detects abnormal activities based on predefined scenarios • Processes explanations of the abnormal activity (request/reply to/process explanations)	• Provides comprehensive statistics on personal information access logs and information asset infrastructure • Provides monthly inspection reports • Offers downloadable audit response statistics

PLMS Operational Process



Developing Integrated Information Security Management Solution

Hanwha Systems is currently developing an integrated information security management solution that stores and tracks records of security activities in order to effectively prepare for company-wide information security certifications and audits. The solution is scheduled to launch in March 2025. It is expected to reduce the workload of security personnel in their pre-audit preparations by integrating overlapping control items required by various certifications such as ISO 27001, KISA ISMS, and defense industry surveys. In addition, during the operation of the information security management system—particularly in the process of conducting security risk assessments (asset/vulnerability/threat assessments)—the solution will help prevent issues, such as omissions in protective measures for diagnosed vulnerabilities, or loss of inspection and response history due to personnel changes or resignations.

Risk Management

With the advancement of the digital environment, various information security risks, such as breaches, misuse, and cyberattacks, are on the rise. Protecting personal information is not only a legal requirement but also a key factor in building customer trust. In particular, it is essential to comply with personal data protection laws while ethically utilizing technologies like AI and big data. Digital responsibility involves setting ethical standards when using technology, ensuring fair data processing, and enabling transparent decision-making. This approach helps organizations build social trust and strengthen risk management. ICT companies that prioritize personal data protection and uphold digital responsibility can gain sustainable competitiveness through compliance, enhanced customer trust, and minimized risks. Hanwha Systems recognizes that managing information security risks is both a corporate social responsibility and obligation, and thus, is actively responding to these challenges.

Response to Data Breach

Privacy Protection Measures

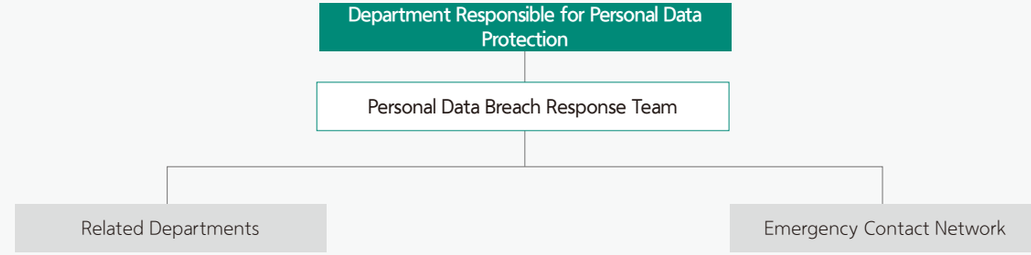
Hanwha Systems clearly defines the types of personal information breaches and manages them systematically. We have established a dedicated organization to respond to breaches and have established response processes for all expected channels, including online and offline. We have established procedures and manuals for rapid response in the event of a breach or leakage of personal information and important internal information, and conduct regular response training based on these procedures and manuals. In the event of an incident, we execute response activities and processes in a systematic manner, with clearly defined roles and responsibilities for response managers, internal and external channel managers, incident analysts, and security activity managers. Furthermore, Hanwha Systems has implemented 12 personal information protection measures to prevent security breaches. We do not stop at responding to incidents but also establish measures to prevent recurrence, thereby minimizing customer information risks.

Privacy Protection Measures

1. Account and access rights management
2. Access control management
3. Password management
4. Storage of access logs and prevention of forgery
5. Security configuration for personal data processing systems
6. Vulnerability assessment
7. Encryption of personal data
8. Encrypted transmission of personal data
9. Security configuration for PCs handling personal data
10. Mobile device security management
11. Security management for work PCs and storage media
12. Protective measures during printing and copying

Personal Data Breach Response System

Personal Data Breach Response Organizations



Metrics and Targets

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Information security management	Number of confirmed PII breaches	Case	0	0	0	0	0
Information security management	Number of customers affected by data breaches	Person	0	0	0	0	0

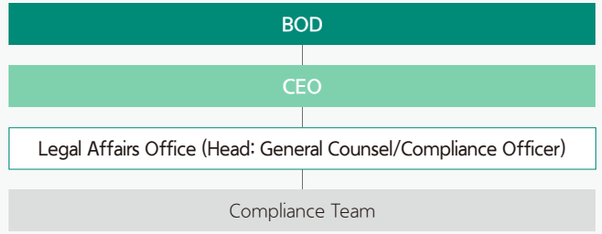
Material Issue 03

Compliance and Ethical Management

Governance

Hanwha Systems has an ethics and compliance system centered on the BOD and the CEO. The General Counsel, who reports directly to the CEO, serves as both the Fair Trade Compliance Manager and Compliance Officer, regularly reports activities such as ethics and compliance goals, plans, and performance to the BOD and the CEO in accordance with the Compliance Control Standards and CP Operating Standards. As a dedicated organization for corporate compliance management, the Compliance Team plans and operates all corporate compliance management activities, including establishing corporate compliance goals, sending compliance letters, conducting compliance-related training and inspections, collecting compliance pledges, and organizing and operating compliance councils. It also identifies and evaluates compliance risks by department, establishes and implements improvement measures, and evaluates the effectiveness of such measures.

Compliance and ethical management organizational structure



Detailed roles for compliance and ethical management governance by entity

Category	Roles and responsibilities
BOD	Finalizes and resolves compliance/ethical management issues; overseas the related performance
CEO	Approves and directs compliance/ethical management issues and plans; reviews performance
Legal Affairs Office	Establishes compliance/ethical management goals and plans; overseas the related activities and reports performance to the CEO/BOD
Compliance Team	Manages compliance control systems; provides related training; inspects and remediates compliance/ethics risks; operates compliance councils

Strategy

Compliance and Ethical Management System

Compliance and Ethical Management Strategy

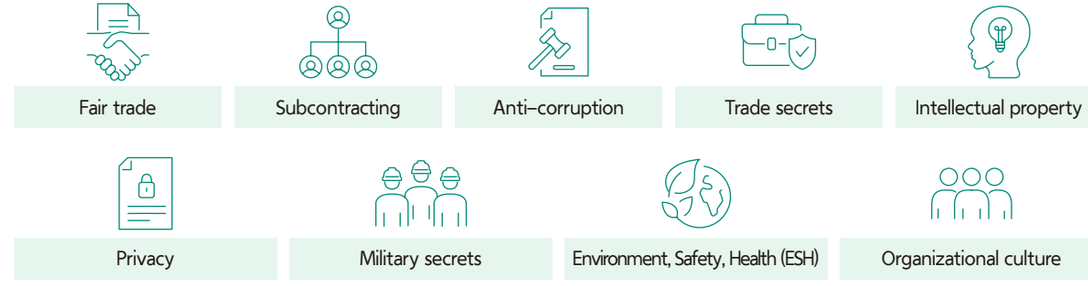
Hanwha Systems has established the Corporate Code of Ethics as the highest ethical code and the Employee Guidelines as a detailed code of practice to serve as a standard for correct value judgment and behavior. In particular, the Employee Guidelines elaborate detailed guidelines and prohibitions for employees to promote ethical management in accordance with the Corporate Code of Ethics, enhancing employees' understanding. Furthermore, we operate the Compliance Program (CP[1]) to ensure compliance with fair trade and required laws and regulations. As part of CP activities, we have released the Fair Trade Compliance Handbook, which contains the necessary matters for fair trade compliance and is revised twice a year.

In accordance with the CP Operating Standards that govern the CP, we appoint the General Counsel, in charge of CP, subject to approval by the BOD. The CEO directly expresses his will for fair trade and compliance through various activities throughout the year, such as Corporate Compliance Letters, revisions to the Compliance Handbook, and direct participation in award events for excellence in compliance, and supports employees to instill the will for compliance. In addition, Hanwha Systems conducts various compliance training annually, including training for all employees, compliance council members and ISO internal auditors; special training for executives; departmental training according to fair trade risks; ethical management (corruption prevention) training; and compliance training for new hires, to foster compliance awareness among all employees.

1) The Compliance Program ("CP") is an internal control system (including training and supervision) that companies voluntarily establish and operate to ensure compliance with fair trade-related laws and regulations.

List of Compliance Management Items

Hanwha Systems Guide to Ethical Management and Employee Ethics



Strategy

Compliance and Ethical Management System

Compliance and Ethical Management System Certifications

Hanwha Systems continuously conducts various corporate ethics and compliance activities every year under the belief that ethics and compliance management is not an option but a necessity for sustainable growth. In June 2022, we obtained ISO 37301 (Compliance Management Systems) and ISO 37001 (Anti-bribery Management Systems) certifications, laying the foundation for promoting ethics and compliance management in line with global standards. We have completed the second-year follow-up audit in 2024 to continuously ensure that the policies and systems of the established management system, risk control activities, and management methods align with global standards and are effectively executed. The audit results showed no non-compliance issues. Moving forward, we will continue to enhance the trust of internal and external stakeholders and minimize the risk of legal violations through ethical and compliance management in accordance with international standards.



Compliance Management System Certificate

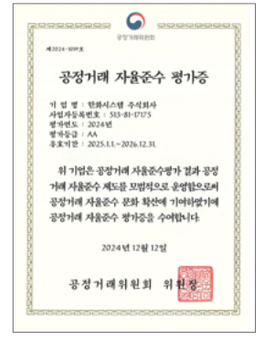


Anti-bribery Management System Certificate

Compliance and Ethical Management Activities

CP Operations

Hanwha Systems has established and operates a CP that meets the standards of the Korea Fair Trade Commission for compliance with fair trade-related laws and regulations. In order to secure the objectivity and reliability of the CP, Hanwha Systems applied for the CP rating in 2024 with the Korea Fair Trade Commission and received the AA (Excellent) rating, which externally recognizes that Hanwha Systems' CP is well established and working. In addition, as part of enhancing the CP, we organized an internal CP council comprising executives, which held 12 meetings in 2024. The CP council, convened monthly by the compliance officer, shares and discusses the latest trends and internal issues related to fair trade and CP. The contents of the monthly CP council meetings are shared with all employees through the bulletin board.



CP Rating Certificate

Ethics and Compliance Practices by Employees

All employees of Hanwha Systems annually sign an Ethics and Compliance Pledge, affirming their understanding and commitment to adhering to ethical standards, compliance regulations, and internal policies. This initiative reinforces their dedication to ethical conduct, adherence to the Code of Ethics and Employee Guidelines, and compliance with applicable laws and regulations. In 2024, Hanwha Systems' employees, including the CEO, achieved a 99.4% pledge submission rate. To assure the effectiveness and implementation of compliance management across the organization, Hanwha Systems conducts an annual company-wide compliance assessment. In 2024, the assessment was completed with 175 teams. The results of these assessments are reflected in the Key Performance Indicators (KPIs) used to assess department heads' performance.

Ethics and Compliance Inspections

Hanwha Systems regularly conducts company-wide ethics and compliance inspections. Through these annual inspections, compliance officers in each department prevents compliance risks by identifying potential violation of laws and improving business processes based on the inspection results. The Compliance Officer reported compliance control activities at the 7th and 15th Board meetings in 2024. To continuously enhance employees' practical strength in ethics and compliance, the annual compliance inspection results take a 5% share in the performance appraisal of department heads.

Ethics and Compliance Inspections in 2024

Key Activities	Cycle	No. of Case	Result
Identify and assess departmental compliance (fair trade, subcontracting, etc.) and corruption risks	Annual	1	Appropriate
Assess the effectiveness of departmental compliance (fair trade, subcontracting, etc.) and corruption risk mitigation efforts	Annual	1	Appropriate
Internal audits according to ISO 37301/37001	Annual	1	Appropriate
ISO 37301/37001 certification audits	Annual	1	Appropriate

Publication of CP Handbook

In June 2022, Hanwha Systems first published the CP Handbook, a fair trade textbook and guideline that encompasses the matters necessary for employees' compliance with fair trade requirements. Since then, the handbook has been regularly reviewed and revised by the responsible departments to embrace the enactment and revision of laws and regulations, and was revised twice in 2024, once in the first half and once in the second half. The handbook was produced in various formats, including comprehensive, practical, mini, and video formats, and in the case of the mini handbook, it was included in the company's work diary and distributed to all employees. All employees are surveyed twice a year on the utilization of the handbook, and issues and improvements are derived based on the survey results and reflected in the next revision of the handbook. Particularly, in 2025, we will revamp the handbook based on previous survey results to enhance employee usability and understanding.

Strategy

Compliance and Ethical Management System

Ethics and Compliance Training

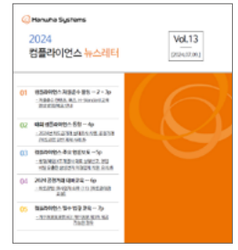
Hanwha Systems operates various compliance training programs to foster compliance awareness among all employees, including contract workers. The programs differ by employee level and risk exposure, and to maximize the effectiveness, they include company-wide compliance training, training for compliance council operators, training for ISO audit personnel, special training for executives, department-specific training based on fair trade risk assessments, ethics (anti-corruption) training, onboarding compliance training for new hires, and on-site compliance training sessions. After each training session, surveys are conducted to gather feedback on satisfaction level, areas for improvement, and complaints, which are reflected in the development of future programs. Notably, in 2024, we strengthened compliance training by increasing executive-level training sessions from once to twice a year and introducing on-site biannual training for departments with compliance vulnerability.

2024 Compliance Training Programs

Programs	Dates	Trainees
Training for compliance council operators	February and November	Compliance council operators
Training for ISO certification audit personnel	April	ISO certification audit personnel
Training for executives	March and November	All executives
Company-wide compliance training	June	All employees
Training for departments exposed to risks	June	All departments by their fair trade risk level (high, medium, low)
On-site compliance training	All year round	On demand
Onboarding training for new hires	All year round	New hires (both experienced and non-experienced employees)
Ethics enhancement (anti-corruption) training	December	All employees
Training on compliance newsletters (fair trade and compulsory education)	Twice a month (distributing newsletters)	All employees

Distribution of Compliance Newsletter

Hanwha Systems monitors, analyzes, and reviews the latest compliance trends and sanctions, as well as revisions to fair trade and company-related laws and regulations, and publishes a compliance newsletter on a regular basis. The newsletter is disseminated to all employees via email and in-house bulletin boards to familiarize them with the latest changes in the legal environment, thereby raising awareness of compliance.



Front Cover of 2024 Compliance Newsletter ▶

Operation of Reporting Channels

Hanwha Systems always operates channels for reporting ethics and compliance violations within and outside the company through various channels such as the company website, telephone, fax, and mail. Employees can also report colleagues' ethics and compliance violations through the 'Cyber Shinmungo' on the corporate Intranet either anonymously or by disclosing their names. We have stipulated the protection of whistleblowers in our code of ethics, including safeguarding their identities, treating the reported information confidentially, and preventing any disadvantages against the whistleblower. In addition, the Executive Leadership Team is required to conduct an investigation, including fact-checking, within 30 days (60 days for material matters) after receiving a report and notify the outcome of the investigation to the whistleblower. The team also reports the investigation outcomes regularly to the CEO.

Reporting channel on the website

Types of reporting

- Violations of the Fair Trade Act or Subcontracting Act
- Dual employment by employees
- Embezzlement of public funds or bribery
- Unfair handling of business
- Improper equity participation in unlisted companies
- Solicitation or acceptance of gifts or entertainment
- Sexual harassment leading to misconduct
- Other breaches of the Code of Ethics or applicable laws and regulations

Contact

04541 13F, Hanwha Building, 86 Cheonggyecheon-ro, Jung-gu, Seoul, South Korea
Hanwha Systems Management Diagnosis Team
- Email ethics.hsc@hanwha.com
- Fax 0504.338.7175 (Mobile Fax)
- Phone 02.729.4802

Internal Whistleblowing Handling

Receive → Notify the Whistleblower of receipt → Investigate → Notify the whistleblower of the investigation result → Record the report

Introducing and Operating an Industry Meeting Reporting System

Hanwha Systems operates a 'Pre-Reporting System for Industry Meetings' to prevent risks related to collusion under the fair trade law and to protect its employees. Employees participating in relevant industry meetings or events are required to report the nature and details of the meeting to the Compliance Team in advance and submit a self-checklist afterward. We closely examine whether any collusion-related content or signs were present during these meetings.

Treatment of Donations

Hanwha Systems makes all donations in a fair and transparent manner in accordance with its internal standards and procedures. In line with its commitment to political neutrality and responsible management, we strictly prohibit any political donations or sponsorships pursuant to Chapter 6, Article 31 of the Political Funds Act. In 2024, no direct or indirect political donations were made. Contributions to associations and organizations are made based on principles of fairness and transparency. Details of such contributions are disclosed annually to stakeholders through our Sustainability Report.

Donation Standards

Category	KRW 1 billion or more per case	KRW 10 million and over but less than KRW 1 billion per case	KRW 1 million and over but less than KRW 10 million per case	Less than KRW 1 million
Approver	CEO	Strategic Planning Director	Strategy Officer	Related executives

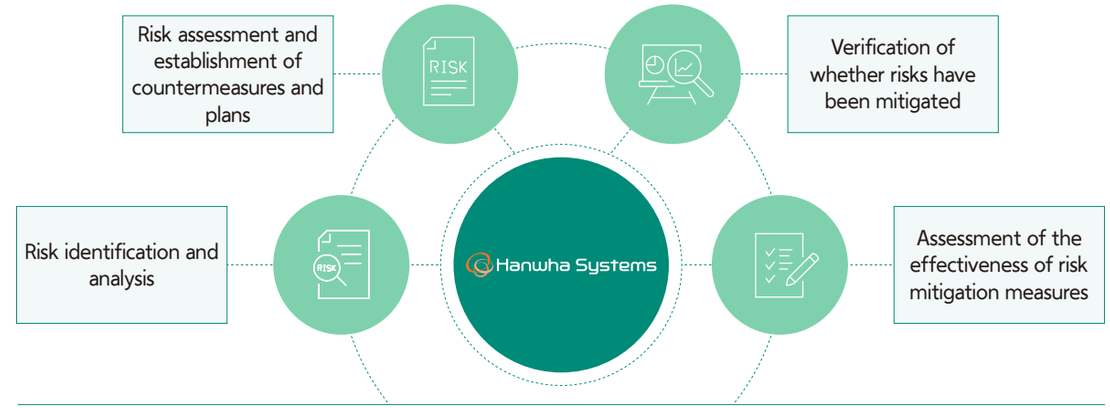
Risk Management

Amid growing social concerns over recent embezzlement and bribery cases, stakeholders are placing increasingly higher expectations on corporate ethics and compliance management. Failure to uphold ethical and compliance management may result in not only financial risks such as legal costs and fines, but also reputational damage, which can lead to a loss of trust from customers and investors, ultimately impacting the company's financial performance. Furthermore, it may cause significant operational risks, including restricted participation in public tenders, challenges in fund raising, and even suspension of business. Hanwha Systems regularly conducts risk assessments to prevent such outcomes and proactively identify key issues and establish appropriate improvement measures.

Compliance and Corruption Risk Assessment

Hanwha Systems operates an annual compliance and anti-corruption risk assessment across all departments at each business site to prevent and mitigate potential compliance and corruption risks. We identify and assess department-level related to compliance and corruption—and establish improvement plans for the identified risks. Subsequently, the effectiveness of the cycle undergoes follow-up assessments, during which the improvement outcomes are reviewed and the residual risks are reassessed. The effectiveness of this assessment cycle is verified yearly through internal CP and external certification audits, such as the ISO 37301 (Compliance Management Systems) and ISO 37001 (Anti-bribery Management Systems). The results and performance of these activities are regularly reported to the Board and the CEO on a semi-annual basis.

Compliance and Corruption Risk Assessment Process



Metrics and Targets

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
No. of violations of law[1)]	Breach of law	Case	0	0	0	2	–
Company-wide compliance assessment[2)]	Assessment of the company-wide compliance activities	Grade	A on average	A on average	A on average or above	A on average	Above average and approrpriate
Compliance Pledge submission rate	Employees' pledge to ethics and compliance	%	99.9	99.9	96 or above	99.4	98 or above
Compliance training completion rate	Completion of ethics and compliance education by all employees	%	98.4	99.9	98 or above	99.7	98 or above

1) From 2025, the number of violations of law will be excluded from the Metrics and Targets items.
2) There are five evaluation grades (S, A, B+, B, C), which are determined based on total scores and converted scores according to internal standards.

Material Issue 04

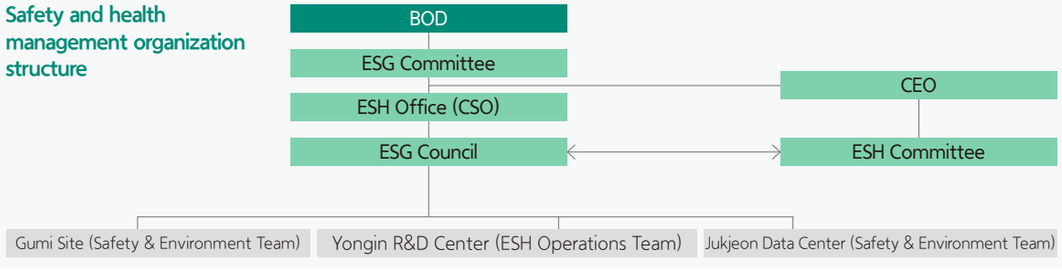
Enhancement of Workplace Health and Safety

Governance

Hanwha Systems operates an SHE (Environment, Safety, Health) Committee with the goal of promoting employee health and safety and establishing accident-free, hazard-free workplaces. The Committee convenes once a year to deliberate and decide on key matters such as company-wide SHE budgets, goals, plans, and performance appraisal. To enhance the effectiveness of SHE management, the CEO has been appointed as the highest decision-making authority over SHE-related issues with defined roles and responsibilities. The SHE Committee annually establishes a safety and health plan based on the company-wide safety management policy, monitors its implementation, and makes major decisions regarding the adequacy of dedicated SHE organizations and the allocation and execution of budgets.

Key issues and plans discussed by the Committee are also submitted to the Board for deliberation and approval. The ESH Office, reporting directly to the CEO, and the Chief Safety Officer (CSO) serve as the control tower for SHE matters, planning site-specific environmental management plans and responding to the SHE issues. Dedicated Safety & Environment Teams are established at each site to ensure prompt and effective responses to environmental issues. The ESG Council conducts monthly reviews of site-specific safety and health performance and related issues, reporting them to the SHE Office. The SHE Office, in turn, summarizes key issues and developments and reports them regularly to the ESG Committee.

Safety and health management organization structure



Detailed roles for safety and health management governance by entity

Category	Roles and responsibilities
BOD	• Makes final deliberations and resolutions on safety and health issues • Reviews the safety and health performance
ESG Committee	• Deliberates on policies and activities related to safety and health • Reports to the BOD on the deliberated items
ESH Office (CSO)	• Oversees and makes final decisions on safety and health • Reports to the BOD and the ESG Committee
ESG Council	• Identifies safety and health response and action items • Gathers feedback on site-specific issues
ESH Operations Team Safety & Environment Team at each site	• Identifies and manages safety and health risks associated with site operations • Establishes site-specific safety and health plans and manages their implementation

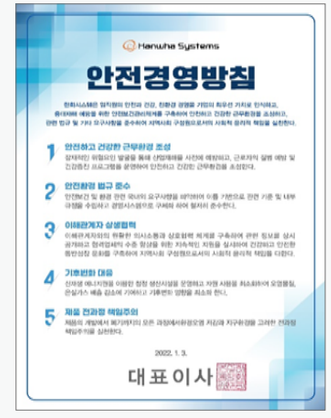
Strategy

Safety and Health Management System

Safety and Health Management Strategic Framework

Based on ECO-YHES, the safety, and health, environment(S.H.E) policy of Hanwha Group, Hanwha Systems has established a safety management policy approved by the CEO to create a safe working environment and minimize environmental impact. Based on this, we have established and operated an SHE system to prevent environmental or serious accidents. In addition, we have selected key tasks in the field of safety and health in accordance with the SHE strategic framework. Each task's performance management is reviewed by the Chief Safety Officer (CSO) on an annual basis and reported to the CEO. In particular, in 2024, Hanwha Systems established a mid- to long-term safety and health management strategy, setting detailed tasks and goals for each business with the aim of building a sustainable SHE system by 2028, managing risks efficiently, and applying smart safety technologies.

Safety Management Policy


Hanwha Systems
안전경영방침
대표이사

1. Safety Management Policy
2. Compliance with Safety and Environmental Regulations
3. Mutually Beneficial Cooperation with Stakeholders
4. Responding to Climate Change
5. Product Life Cycle Responsibility

Strategy

Safety and Health Management System

Safety and Health Management Strategic Framework

Vision

Safe and Pleasant Workplace, Healthy Community

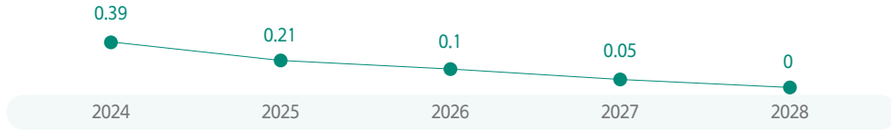
Target

Lost Time Injury Frequency Rate (LTIFR): 0%	Hazard Assessment Action Rate: 100%	Occupational Disease Suspected Cases: 0 case

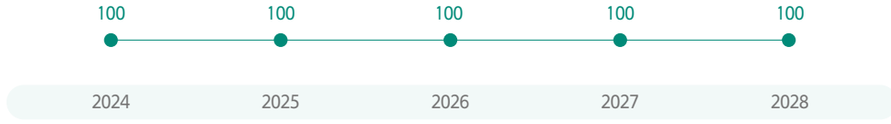
Strategy

Establish Sustainable S.H.E System	Effective Risk Management	Application of Smart Safety Technology
– Establish a Safety–First Culture	– Critical Risk Focused Management System – Close–Contact Safety Coaching for Construction Projects	– Big Data–Based Risk Elimination System – AI–Based Safety Monitoring System

LTIFR(Unit: %)



Hazard Assessment Action Rate (Unit: %)



Occupational Disease Suspected Cases(Unit: Cases)



Key Mid–to Long–term Goals and Key Tasks of Safety and Health Management in 2024

1. Strengthen preventive measures against safety accidents involving site visitors: Provide pre–visit safety management training to site visitors (with the visitor pre–registration system)
2. Expand safety and health consulting for suppliers
3. Introduce smart construction safety equipment

Work Environment Management System

Hanwha Systems measures the workplace environment once every six months at its sites that handle chemical substances, in accordance with the Occupational Safety and Health Act and internal regulations. In 2024, external agencies, such as Suwon Central Hospital and the Korean Industrial Health Association, were commissioned to conduct the measurements. Substances, including lead, inorganic compounds, and other mineral dusts, were measured in the first and second halves of the year, and all results were found to be within legal limits. The results are transparently disclosed to employees via the internal bulletin board after approval by the Occupational Safety and Health Committee.

Operating Occupational Safety and Health Committee

Hanwha Systems has established an Occupational Safety and Health Committee at each business site, composed of a majority of worker representatives, to prevent risks in the work environment and address employee grievances. The committee meets quarterly to deliberate and decide on matters such as the following year's safety and environmental action plans, the enactment and revision of related policies, and improvements to the work environment. In particular, in 2024, the committee received a grievance from a worker at the Gumi site regarding potential risks associated with operating small auto moving carts. In response, **Hanwha Systems** installed a warning sound device that activates during cart movement. Additionally, to minimize workplace fire hazards, warning beacons for fire evacuation were installed in the LAH manufacturing test site, and a response plan for lithium battery fire incidents was established. These efforts reflect regular consultations aimed at ensuring worker safety.

Strategy

Key Safety and Health Activities

Procedures for Handling Serious Industrial Accidents

Hanwha Systems has established and implements regulations outlining response procedures in the event of an imminent risk of serious industrial accidents, including work suspension, evacuation, and the elimination of hazards. The regulations also cover emergency measures in the event of an actual serious industrial accident, such as first aid, incident reporting, and the prevention of additional damage. Criteria and actions have been defined for decision-making related to operational shutdown, work suspension, evacuation, and hazard removal. We explicitly prohibit any disciplinary or disadvantageous measures against employees who issue instructions for work suspension or evacuation. Reporting and response systems in the event of a serious industrial accident have been established, led by a Safety & Health Management Officer acting as the leader of an accident response team. Furthermore, we plan and conduct drills and provide regular education programs to prepare for and prevent industrial accidents.

Procedure for Handling Serious Industrial Accident

Accident occurrence → First aid → Incident reporting → Prevention of additional damage → Hazard removal and work resumption → Cause investigation → Taking safety and health improvement measures → Recurrence prevention planning and implementation

Near-miss Incident Contest

Hanwha Systems holds an annual Near-miss Incident Contest linked with its NFC Safety Management System to encourage voluntary identification of potential hazards, eliminate safety risks in the workplace, and promote awareness of the safe work environment among employees. In 2024, there were 81 entries, and all participating employees received a gift certificate as a reward. Three outstanding entries were selected to receive gift cards worth up to KRW 300,000. All submitted cases are immediately reviewed and addressed through appropriate planning and taking action, contributing to ongoing improvement of the safety environment.

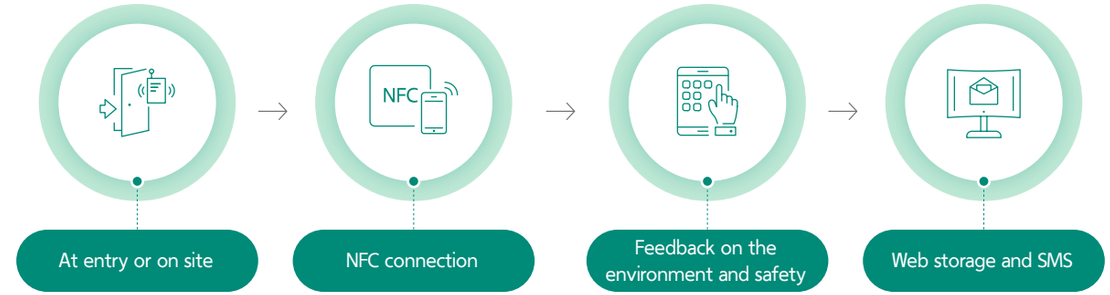


Near-miss Incident Contest Poster ▶

NFC-based Smart Safety Management System

Hanwha Systems operates a Near Field Communication (NFC)-based system that allows on-site workers to use their personal smart devices in real time to monitor fire hazards and trans-receive alerts. The system complies with fire safety related laws and regulations while enabling workers to actively perform real-time fire surveillance. Additionally, weather monitoring devices have been installed to provide preemptive weather information—such as perceived temperatures, strong winds, heavy rainfall, and precipitation levels—to workers on-site. This measure enables the early detection and elimination of hazards, improving both safety and operational efficiency. Furthermore, through the NFC feedback process, Hanwha Systems collected and addressed concerns raised by employees and suppliers, resulting in 84 improvements implemented in 2024.

NFC Feedback Process



No. of Improvements Made in Work Environment through NFC Feedback in 2024

Health	Fire Safety	Safety	Hygiene	Total
2	3	62	1	84

Electrical	Environmental	Common	Others
3	1	11	1

Strategy

Key Safety and Health Activities

Employee Safety and Health Training

Hanwha Systems conducts a wide range of safety and health training programs aimed at enhancing safety awareness among all employees—including permanent, contract, and temporary staff—and fostering a site-centered safety management culture. In 2024, each business site established its own training plan, and a total of 9,333 participants (including those took more than one program) completed the training. In addition to regular training sessions, we organize ad hoc training tailored to specific safety and health roles by inviting internal and external instructors and delivering contents in both online and offline formats. Training status is regularly reported to the CSO and the CEO, ensuring systematic performance management.

Content of Safety and Health Management Training

Category	Content	Cycle
Basic (common)	• Onboard training on safety and health; special training on safety and health; departmental emergency response training	All year round
	• Periodic training on safety and health; training for supervisors; emergency response training	1 – 4 times
Special (focusing on Yongin Research Center and Gumi Site)	• Special lectures on safety and health; training for transportation and unloading equipment operators; training on safety and health for supervisors; training for crane operators; fire prevention training; training for risk assessors and workers operating hazardous processes; intensive sessions on traffic safety	1 – 2 times
	• Training for Safety & Health Officers; collective training for suppliers	All year round

Employee Mental Wellness Support

Hanwha Systems operates the "Happy Mint Service" to support employees' mental health and stress relief. The service is a comprehensive psychological support program provided by an external professional institution. It helps employees identify sources of stress encountered in the workplace and resolve psychological issues to enhance work efficiency. It is available 24/7 via a mobile application, making it easily accessible anytime and anywhere. In 2024, 197 employees used the service, with an average of 7.7 sessions per person. Additionally, Hanwha Systems offers a one-day healing class called "Take a Break to Fill Your Mind," designed to care for emotional wellness. It includes activities such as color aromatherapy and horticultural therapy. A total of 40 employees participated in this stress management program.



"Happy Mint Service" Poster



Take a Break to Fill Your Mind Poster

Employee Health Management

Hanwha Systems operates a variety of programs to promote the health of its employees and supplier staff. Each business site independently plans and runs health initiatives, including weight and disease management programs, smoking cessation campaigns, and other activities aimed at enhancing employee safety and overall health.

Health Promotion Programs for Employees and Suppliers

Category	Program	Content
Weight watch	Weight Loss	An obesity management program as part of post-health checkup care
	Flat Belly, Better Health	A program encouraging physical exercises by offering mobile gift cards to those who reduce body fat
	Work Out!	
Disease management	Physical 100	A program to enhance fitness and prevent musculoskeletal disorders
	Self-Diabetes Control	A care program aimed at diabetes patients and cardiovascular disease prevention
	Dyslipidemia Prevention	A collective educational program to prevent cardiovascular diseases provided by invited medical specialists
Smoking cessation campaigns	No Smoking Challenge	A smoking cessation program including nicotine dependence assessments, provision of cessation aids, and counseling for withdrawal symptoms
	Smoking Cessation Clinic	
Others	Eye Health Checkups	An eye health program including comprehensive eye examinations and consultations with ophthalmologists
	First Aid	An emergency response training program including CPR for infants and children
	Wellness	A physical wellness program including small-tool-using stretching and aromatherapy

Emergency Response Drills for Workplace Environmental and Safety Incidents

Hanwha Systems regularly conducts company-wide emergency response drills to ensure prompt response and minimize damage in the event of an emergency at worksites. These drills are systematically planned and executed based on various scenarios that reflect the specific characteristics and risks of each site, including environmental accidents and disaster preparedness. In 2024, a total of 11 emergency response drills were conducted.

Emergency Response Drills

Category	Sites	Type of Drills
Environmental incidents	Gumi	Emergency response to environmental incidents (hazardous material storage)
	Yongin/Pangyo/Seohyeon	Collision during crane operation
Emergency drills	Gumi	Fire evacuation
		Firefighting and evacuation
	Yongin/Pangyo/Seohyeon	Firefighting and evacuation
		Response to accidents involving high-risk workers
	Jukjeon Data Center	Firefighting and evacuation
		Fire evacuation

Strategy

Strengthening Supplier Safety and Health

Supplier SHE Risk Assessment Management System

Hanwha Systems assesses supplier sites twice a year to prevent environmental and safety-related incidents that may occur. In 2024, we assessed 40 suppliers (20 in the first half and 20 in the second half). The assessment targets are contractors, service providers, and consignment vendors, and we assess whether they have established safety and health management standards and procedures, their level of implementation, and incident history according to the assessment items in each category. High-risk suppliers with low ratings, critical subcontractors, and those requesting support are given on-site inspections or consulting. In 2024, we inspected 24 suppliers (11 in the first half and 13 in the second half) focusing on the documentation systems for SHE-related regulations, procedures, and manuals, as well as actual site conditions. Following this, several non-compliance cases were identified, and improvement recommendations were provided to the suppliers in a report. To support compliance with the Serious Accidents Punishment Act and prevent SHE risks, a dedicated guidebook was developed and distributed across the entire supply chain. Hanwha Systems continuously monitors the rating status of supplier SHE assessments and tracks suppliers whose ratings have dropped below grade B to verify the effectiveness of site inspections and consulting. We remain committed to enhancing supplier SHE capabilities and mitigating risks through ongoing improvement initiatives.

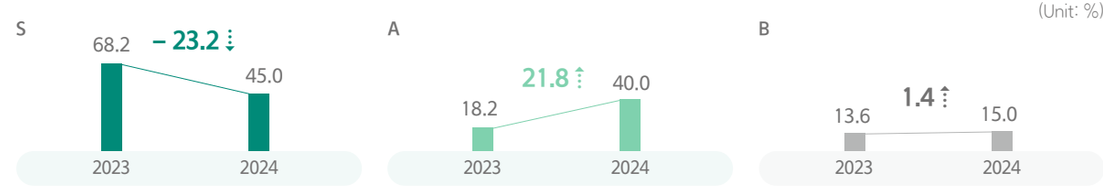
Suppliers' environment and safety risk assessment process



- 2024 SHE inspections on 20 suppliers (6 grade S; 8 grade A; 6 grade B) in the first half and 20 suppliers (12 grade S; 8 grade A) in the second half
- 2024 SHE consulting for 11 suppliers in the first half and 13 suppliers in the second half

Changes in Supplier SHE Ratings

(Unit: %)



※ The number of suppliers inspected varies from year to year depending on whether contractors and construction companies are included in the inspection.

Enhancing Supplier Safety and Health Management

To ensure the safety of supplier employees, Hanwha Systems systematically identifies potential hazards at supplier worksites and establishes risk management measures accordingly. In addition, a Safety and Health Council is convened monthly to resolve supplier grievances, improve the working environment, and respond to environmental incidents. The council promotes a range of initiatives to enhance workplace safety at supplier sites, such as managing issues related to safety, health, and industrial accidents, conducting joint site inspections and safety drills, and providing support such as environmental safety supplies.

Support for Supplier Safety and Health

Category	Activities	Description	Cycle
Key Activities	Supplier ESG assessment	Assesses environment and safety strategies, performance, and management	Annual
	Supplier environmental and safety risk assessment	Assesses contractors' documents and their self-assessment results	Annual
	Operating a council with suppliers	Shares and discusses environmental and safety issues with suppliers at each site	Monthly
	Joint environmental and safety inspections with suppliers	Work and work environment inspections	Quarterly
	Joint drills with suppliers	Drills to prepare for environmental accidents, blackouts, flooding, and elevator accidents	Quarterly
	Provision of health counseling and medicine for suppliers	Health counseling for older workers; blood sugar, pressure, and body fat measurements; provision of medicine	At all times
Support	Support in distributing environmental and safety goods for suppliers	Provision of PPE and winter protection gear	At all times
	Support in providing SHE training for suppliers	Awareness and prevention of musculoskeletal disorders	All year round
	Support in risk assessments for suppliers	Introduction to and application of risk assessment techniques	All year round
	Support in compliance assessments for suppliers	Compliance with related laws and legal risk mitigation	All year round
	Support for musculoskeletal hazard factor assessment	Analysis and prevention of work that affects the musculoskeletal system	All year round

Risk Management

With the recent enforcement of the Serious Accidents Punishment Act and the expanded requirements for ESG disclosures, stakeholders' interest in safety and health risks has been steadily increasing. Safety and health is now recognized not merely as a legal obligation but as a critical factor in assessing a company's sustainability and credibility. As such, the need for a proactive risk management system has become more important than ever. Industrial accidents can lead to significant business risks, including the loss of human resources, operational disruptions, legal liabilities, and reputational damage. In response, Hanwha Systems has designated the prevention of industrial accidents as a top priority and established a comprehensive risk management framework based on risk assessments. Through a multidimensional analysis of factors such as the work environment, processes, technology, and organizational structure, we identify potential hazards and develop effective countermeasures, which are regularly reviewed for effectiveness. In particular, for risks with a high likelihood of recurrence, we have standardized preventive procedures and manuals to shift toward a proactive, prevention–focused management approach. This systematic approach enables us to preemptively address potential accidents and maintain ongoing management of safety and health risks.

Worksite Risk Assessment

Worksite Risk Assessment Process

Step 1. Prepare in advance
- Selection of assessment targets based on work and process
- Determining the subject and scope of the evaluation
- Gathering information : work standards, work procedures, etc.

Step 2. Identifying hazards and factors
- Identifying hazardous factors by work process
  - Method of business trip inspection
  - A method of listening and questioning
  - Methods based on health and safety data
  - Methods by the Health and Safety Checklist

Step 3. Risk estimation
- Estimate likelihood (frequency) and severity (sensitivity) by identifying risk factors
- Calculate the value according to the estimation criteria

Step 4. Risk determination
- Evaluate the likelihood and materiality to increase the size of the risk

Step 5. Risk establishment and implementation of reduction measures
- Establishment of reduction measures
  - fundamental measures, engineering measures, administrative measures, use of personal protective equipment, etc.
- Effectiveness Assessment
  - After implementing mitigation measures, reevaluate whether the risk has been reduced in magnitude
- Notify employees of the results through trainings, postings, and announcements

Step 6. Record and preserve
- Hazard and risk factors subject to risk assessment
- Details of risk assessment decisions
- Details of actions taken based on risk assessment decisions

Results of 2024 Risk Assessment and Improvements

Category	Risk Assessment Technique	Material Hazards Identified	Improvements Made	Process Rate
Gumi Site	4M[1]	23	23	100%
Yongin R&D Center	KRAS[2]	5	5	100%
ICT Seoul Site/Jukjeon Data Center Sites	KRAS[2]	4	4	100%
Total	–	32	32	100%

1) 4M: Human, Machine, Physical, Management
2) KRAS: Mechanical, Electrical, Chemical, and Biological factors as well as job characteristics and work environment

Assessment of Effectiveness Before and After Mitigation Measures

(Unit: Points)

Site	Material Worksite Hazards	Mitigation Measures	Average Risk Level (Score)		
			Before Improvement (A)	After Improvement (B)	Increase/Decrease (A–B)
Gumi Site	Risk of falling due to an uneven dock ramp	Improved the auto moving cart. (replaced them with left–right adjustable ones)	2.95	2.48	–0.47
Yongin R&D Center	Equipment falling during work due to aging/ damage, risk of electric shock when operating equipment power and signal cables	Ensured compliance with work procedures, such as safety inspections of heavy objects before work; keep electrical panels closed at all times, and handle them in the presence of a certified electrical safety manager	4.17	3.18	–0.99
ICT Seoul Site/Jukjeon Data Center Site	Fire	Avoided using personal heating devices or the improper use of multi–plug power strips	4.28	2.83	–1.45

Metrics and Targets

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Accident management	No. of industrial accidents occurred	Case	0	0	0	1	0
Health management	Persons with suspected occupational diseases	Person	0	0	0	0	0

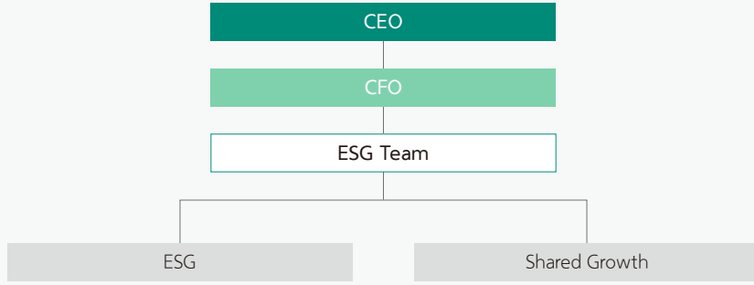
Material Issue 05

Supplier Support and Sustainability Management

Governance

The Finance Office (headed by the CFO), which reports directly to the CEO, is responsible for policy decision-making related to supplier support and sustainability management. A reporting system is in place to ensure that any material issues are reported directly to the CEO. Tasks related to supplier support and sustainability management are performed by the Shared Growth Part within the Sustainability Management Team. To avoid potential conflicts of interest, the Shared Growth Part operates independently from the Procurement Department. The ESG Part within the team oversees ESG-related tasks, supporting the business operations of suppliers and systematically managing ESG risks across the supply chain. The Shared Growth Part further strengthens sustainable partnerships with suppliers by promoting fair trade compliance and implementing shared growth programs.

supplier support and sustainability management organization structure



Detailed roles for supplier support and sustainability management governance by entity

Entity	Roles and Responsibilities
CEO	• Supervises and reviews the supplier support and sustainability management performance
Finance Office (CFO)	• Acts as the final decision maker in supplier support and sustainability management, including policy-making for supplier support and sustainability management
Sustainability Management Team	• ESG Part: Supports suppliers' ESG management (including training, audits, assessments) • Shared Growth Part: Sets shared-growth policies and guidelines; operates a supplier grievance center; implements shared-growth initiatives

Strategy

Shared Growth Framework

Direction for Shared Growth Management

Hanwha Systems implements three directions for shared growth and 14 key tasks to create sustainable future value together with its suppliers. Beyond fair trade with our suppliers, we are sparing no effort to support them in building the foundation for ESG management to minimize potential ESG risks in the value chain. A wide range of practical capacity-building programs are running to help suppliers strengthen their capabilities. Moving forward, we will continue our efforts to promote suppliers' voluntary ESG management and reinforce long-term growth partnerships with them.

Strengthening ESG management in the supply chain



- Establish Scope 3 management policies within the supply chain
- Provide ESG diagnostic services to suppliers
- Support ESG training and consulting
- Reward outstanding ESG suppliers with certificates and plaques

Securing a good rating in sustainability



- Obtain a superior rating in global ESG assessments
- Obtain a superior rating in fair trade assessments
- Obtain a superior rating in win-win growth index assessments

Expanding practical shared-growth programs



- Work with banks to provide suppliers with better financing at lower interest rates
- Provide on-the-job training beyond compulsory training for suppliers
- Support suppliers' quality management and provide consulting on ratings and certifications
- Support for suppliers' disaster safety, wellness, and benefits
- Help suppliers' recruitment to solve their labor shortages
- Support for investments to localize goods and expand international sales
- Other supports, including organizing community activities such as meetups and exchanges, as well as grievance handing
- Encourage Tier 1 and 2 suppliers to utilize the Win-Win Fund and support their obtaining process quality certifications

Strategy

Shared Growth Framework

Supplier Fair Trade Agreements

To establish a fair trade order and prevent risks, Hanwha Systems concludes fair trade agreements based on the Fair Trade Commission's guidelines with Tier 1, 2 and 3 suppliers every year. Suppliers with which fair trade agreements are entered are selected by comprehensively considering their previous year's management status, transaction volume, partnership relationship, participation in shared growth programs, and ESG management level. The agreement prescribes 'fair contract signing and performance,' 'prevention of law violations to uphold compliance,' and 'support for shared growth.' In addition, Hanwha Systems encourages the use of the Korea Fair Trade Commission's standard subcontract agreement between Tier 1 and 2 suppliers and between Tier 2 and 3 suppliers. We work to stabilize the entire supply chain and prevent risks by monitoring payment methods (cash) and timeliness (on-time payments).

Number of Suppliers that Signed Fair Trade Agreements in 2024

Agreements between Tier 1 and 2 suppliers	42 Tier 1 suppliers: 62 Tier 2 suppliers
Agreements between Tier 2 and 3 suppliers: 21	21 Tier 2 suppliers: 33 Tier 3 suppliers

Fair Trade Guidelines

Four guiding principles of fair trade

Hanwha Systems complies with the Fair Transactions in Subcontracting Act to prevent unfairness in all transactions with suppliers, centering on the four guidelines of fair trade. We operate an internal Subcontracting Review Committee and take the lead in establishing order in subcontracting through guidelines consisting of fair selection of suppliers, issuance and preservation of written forms, and compliance with contractual terms. We also prevent unfair trade risks, such as verbal orders and unfair order cancellation, by utilizing electronic contracting on the procurement system.

Fair supplier selection and efficient operation	Issuance and retention of written forms	Compliance with contractual practices	Establishing and operating an internal Subcontracting Review Committee
A rule that provides fair trade opportunities through the transparent selection of suppliers	A rule related to implementing various standardized forms for writing, prioritizing their issuance, and ensuring their retention	A rule related to establishing criteria for selecting a contract signing method that everyone can trust, and stipulating matters related to clear delivery dates in the case the contract is signed	A rule related to a review process that prioritizes legality when entering into a contract with a supplier over a certain amount of money

Sustainable Supply Chain Management Policy

Sustainable Supply Chain Management Policy

Based on the spirit of 'Going Further Together,' Hanwha Systems has established the sustainable supply chain management policy to build a sustainable shared growth ecosystem. The policy aims to enhance stakeholder value by establishing a stable supply chain that do not falter in the face of climate change, natural disasters, and potential domestic and international ESG risks. The policy has been approved by the CEO and is posted on the company website.

Supplier Code of Conduct

Hanwha Systems' Supplier Code of Conduct

To encourage our suppliers to engage in social responsibility and ESG management, we have established and publicized a Supplier Code of Conduct covering human rights/labor, safety and health, environment, and ethics (anti-corruption). The Code of Conduct is included as an attachment to the master agreement and applies not only to the Tier 1 suppliers that enter into contracts with us, but also to Tier 2 and 3 sub-suppliers that provide products and services. Compliance with the Code of Conduct is monitored annually through the supply chain ESG diagnosis and evaluation of the ESG management support program for suppliers.

Operation of Supplier Grievance Channels

Hanwha Systems operates an online channel on its website to receive various opinions from suppliers, including grievances (related to subcontracting, SHE, and human rights issues and complaints), suggestions for improvement, and dispute mediation. In addition, we listen to the opinions of suppliers through supplier meetings, each held in the first and second halves, and annual satisfaction surveys on shared growth activities. The anonymity of the informants is guaranteed, and the opinions received are handled in accordance with the grievance handling process. In 2024, we address all suggestions submitted under the "Suggestions" section of the satisfaction survey on shared growth.

Grievance Channels

VOC Reception	Review	Deliberation	Notification of results
ESG Team	Relevant departments· ESG Team	Executives· Executive Leadership Team	ESG Team

Address (04541) ESG Team, 14F Hanwha Building, 86 Cheonggyecheon-ro, Jung-gu, Seoul **E-mail** hsc.winwin@hanwha.com

Number of Supplier Grievances Addressed

Category	Unit	2022	2023	2024
Number of dispute mediation cases received and addressed	Number	0	0	0
Number of grievances and complaints received	Number	39	31	25
Number of grievances and complaints addressed	Number	39	31	25
Grievance and compliant resolution rates	%	100	100	100

Strategy

Win-win Management Activities

Supplier Capacity-building Training

Every year, Hanwha Systems operates an online training platform exclusively for suppliers to provide various IT and compliance training programs for anti-corruption and technology protection. In 2024, we operated eight courses in ESG management, business skills (report writing, Excel, and Word), and leadership, as requested by our suppliers. In addition, we provide practical offline training to selected suppliers, which includes an advanced defense drawing program and quality assurance certification program, to support their technical capacity building.

Supplier Training Support

Category		Unit	2022	2023	2024
Advanced Defense Drawing (AutoCAD) Program	No. of trainees	Person	187	181	163
	No. of target suppliers	Number	34	45	48
Quality Assurance Certification (DSQR) Program	No. of trainees	Person	15	28	39
	No. of target suppliers	Number	10	15	25
Win-win Academy (improving job competency and business skills; compulsory training)	No. of trainees	Person	2,284	2,684	1,847
	No. of target suppliers	Number	50	52	27
Supplier ESG Training	No. of trainees	Person	57	95	121
	No. of target suppliers	Number	70	78	86

Support for Supplier Qualification

Category		Unit	2022	2023	2024
New Defense Drawing (AutoCAD) Qualification	No. of persons qualified (pass rate)	Person	69 (40%)	48 (27%)	79 (48%)
	No. of target suppliers	Number	16	23	37
Continuing Defense Drawing (AutoCAD) Qualification (for renewal)	No. of persons qualified	Person	131	121	170
	No. of target suppliers	Number	48	41	45

Supplier ESG Training Curriculum

Content	Description
What is ESG?	Introduction to ESG management
Why ESG Matters?	Explanation of the social importance of ESG, including the latest global ESG trends
How to do ESG?	Overview of measures to implement ESG management
ESG Rating Explained	Explanation of the supplier ESG assessment system

Hosting Shared Growth Day

Hanwha Systems holds an annual Shared Growth Day to reaffirm its commitment to continuous win-win partnerships with its suppliers, share the year's achievements and plans for the coming year, and encourage the hard work of outstanding suppliers' employees. In 2024, we selected 21 suppliers as excellent suppliers based on a comprehensive score that reflects the participation and cooperation in the shared growth program and the ESG management diagnosis rating, and presented them with a plaque of appreciation and a reward. In addition, it was an event that strengthened our commitment to mutual growth and partnership by sharing examples of excellent win-win R&D and the results of mutual growth activities.



Featuring Supplier ESG Training



Hanwha Systems Shared Growth Day in 2024

Strategy

Win-win Management Activities

Open Innovation Program

Hanwha Systems operates the 'Connect:H' Open Innovation Program to discover and foster innovative startups in defense technology. This is an open innovation technology development program that enables companies to discover new technologies by building partnerships with suppliers and sharing innovative future technologies and ideas, rather than focusing solely on their own R&D. In 2024, we selected and collaborated with eight startups through the Startup Autobahn Korea's open innovation platform and through our in-house discoveries to expand our business areas and provide growth momentum to promising companies.

Support for Suppliers' Human Rights Management

Hanwha Systems is committed to protecting the human rights of supplier employees and improving their workplace safety through a range of support initiatives. In 2024, we provided automated external defibrillators (AEDs) to five suppliers that handle hazardous materials in manufacturing processes or are located in remote areas with limited access to medical facilities, where rapid emergency response is difficult. Additionally, based on findings from the Shared Growth Survey with suppliers, we identified eight suppliers with insufficient occupational safety and health infrastructure. These suppliers received 14 types of industrial safety equipment, including anti-static clothing, anti-static footwear, and heat-resistant gloves tailored to the specific needs of their respective business, contributing to enhanced workplace safety. Furthermore, at the end of the year, we visited suppliers' offices to deliver snack boxes, expressing appreciation and encouragement.



Delivering Industrial Safety Equipment



Delivering Snacks

Case

Hanwha Systems actively invests in R&D to secure domestic technology for key components and support technological innovation among small and medium-sized suppliers, with the aim of ensuring stable procurement of domestic weapon systems and promoting the global expansion of K-defense. In particular, our technology innovation support projects for Conet Sys Co., Ltd. and LOCADY Co., Ltd. were recognized as exemplary cases in the Ministry of SMEs and Startups' WIN-WIN HONORS program and the Joint Investment Type Technology Development Project (a purchased-linked new product development project). We invested an R&D fund of KRW 1.4 billion in these projects, helping them reduce development costs and shorten their development time. Subsequently, we signed a KRW 11.6 billion supply contract with Conet Sys, and LOCADY secured opportunities for new business expansion through patent applications and product localization.

Supplier	Support Rendered
Conet Sys	• Achieved 12.6% cost reduction and approximately 6 months of lead time reduction by addressing redundant development costs and timelines in naval ship projects • Supported the supplier in opening export channels by successfully applying the technology to naval vessels exported to the Philippines • Filed a patent application to secure proprietary technology
LOCADY	• Developed localized products that exceed the performance of expensive imported alternatives, resulting in a 64% reduction in costs • LOCADY gained new business opportunities by expanding from its core business of large-scale structures into the production of core defense components • Additional development is underway to apply the technology to radar systems for export markets, with patent applications submitted to secure proprietary rights for the localized components



Selected as one of the WIN-WIN HONORS by the Ministry of SMEs and Startups



Selected as an exemplary case in the Joint Investment Type Technology Development Project (a purchased-linked new product development project)]

Strategy

Win-win Management Activities

Creating Win-Win Partnership Fund

Hanwha Systems has established a KRW 31 billion Shared Growth Fund in collaboration with financial institutions to support the stable business operations and enhanced competitiveness of its suppliers. The fund enables suppliers to access loans at interest rates lower than the base rate. Through this financial support, Hanwha Systems helps technologically advanced and high-potential suppliers conduct stable business operations, thereby laying the foundation for them to grow into competitive enterprises that contribute to job creation for youth and improvements in the employment environment.

Category		Unit	2022	2023	2024
Financing (Shared Growth Fund)	Fund total	KRW million	31,000	31,000	31,000
	Raised by financial institutions	KRW million	17,500	17,500	17,500
	Raised by Hanwha Systems	KRW million	13,500	13,500	13,500
	Fund executed	KRW million	22,070	22,755	23,800
	Execution rate	%	71.2	73.4	76.8

Early Payment of KRW 22.3 Billion for Suppliers

Every year, Hanwha Systems makes early payments to its suppliers prior to traditional holidays, such as Lunar New Year and Chuseok, to ease their financial burden of paying holiday bonuses to their employees. Due to increased funding costs caused by high interest rates and a significant increase in funding demand ahead of the holidays, including supplier bonuses, various wages, and raw material purchase costs, we made advance payments totaling 22.3 billion won in two installments in the first and second halves of 2024.

Selecting and Incentivizing Top Suppliers

Hanwha Systems selects and incentivizes outstanding suppliers every year to enhance the foundation for shared growth by assessing their price, quality, delivery time, and performance stability in each Defense and ICT business. In 2024, we selected 15 suppliers (10 mass production firms and 5 developers) in the defense sector and 11 suppliers in the ICT business to provide benefits such as a one-year exemption from contract performance and advance payment guarantee bonds as well as top priority supplier status allowing them to submit quotations ahead of the others, reduce costs, and expand their business opportunities.

Top Supplier Selection Criteria

Supplier Type	Selection Criteria	Description	Incentives (Common)	No. of selectees in 2024
Defense	S grade in periodic assessments	Selects outstanding defense suppliers	• Exemption from taking out advance payment guarantee bonds for a year • Sharing major business plans for the relevant year • Grants the top priority status in submitting quotations • Press release • Individual rewards	6
		Selects outstanding development suppliers		9
ICT	40% in general assessments	Credit rating(5%) No. of transactions (15%) Purchasing Officer's assessment(15%) No. of unfair transactions(5%)		11
	60% in performance assessments	Applies the performance assessment scores within the relevant period		

* Common criterion: Additional points are given to suppliers with high ESG ratings.

Risk Management

Environmental pollution, human rights violations, and ethical or corruption issues arising in the supply chain are critical risk factors that significantly impact not only individual suppliers but also the sustainability of the entire supply chain and a company's responsible management. Notably, amid tightening ESG regulations for global supply chains and rising stakeholder expectations, the scope of responsibility for primary contractors is expanding. For instance, the European Union's Corporate Sustainability Due Diligence Directive (CSDDD) requires companies to take preventive and corrective actions even for risks in lower-tier suppliers over which they have no direct control. Similarly, the OECD Guidelines for Multinational Enterprises recommend that companies conduct due diligence to identify and mitigate adverse impacts on human rights and the environment throughout their supply chains. These regulations and guidelines highlight that failure to effectively manage ESG risks in the supply chain can result in financial losses, legal liabilities, reputational damage, and restricted market access, ultimately threatening long-term business continuity. Therefore, companies must adopt an integrated approach to systematically identify, assess, and manage ESG risks across the entire supply chain to realize sustainable management.

Supplier ESG Management Support Programs

Hanwha Systems operates an annual 'Supplier ESG Management Support Program' to build suppliers' ESG management capacity and to manage ESG-related risks across the supply chain. The program, conducted in collaboration with external credit rating agencies, provides free services such as ESG education, assessments, and consulting to help suppliers effectively adopt and implement ESG management. Supplier ESG management assessments are document-based and on-site-based. For high-risk suppliers, independent third-party organizations conduct on-site audits.

Since 2023, we have incorporated a supply chain management function into our proprietary ESG management platform, 'ESG ON,' which systematizes and regularly manages supplier assessment data. For suppliers classified as high-risk (ESG grades 6, 7), we provide a 'One-Click Autonomous Improvement Program,' which includes regulations, templates, assessment tools, and government guidelines, to monitor their risk mitigation efforts. In addition, we offer in-house-developed ESG training programs to enhance awareness and promote voluntary ESG implementation among suppliers. In the medium to long term, we aim to improve the overall distribution of ESG ratings and reduce the proportion of low-rated suppliers. The details of the ESG management support program for suppliers and its results are reported to the ESG Committee within the Board of Directors every year.

Supplier ESG Diagnosis Items

Hanwha Systems assesses the ESG management level of its suppliers using metrics specialized for small and medium-sized enterprises (SMEs), developed by KODATA, a third-party credit rating agency. The assessment criteria are based on domestic and international regulations, as well as global initiatives such as the Carbon Disclosure Project (CDP) and the Responsible Business Alliance (RBA).



Risk Management

Supplier ESG Management Support Programs

Supplier ESG Management Support (Risk Identification and Management) Process

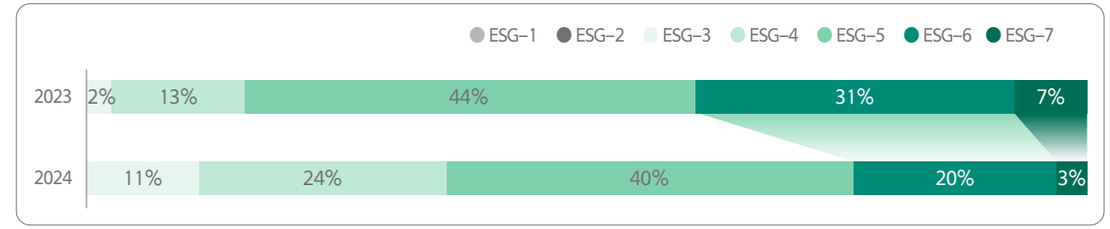
- **Selection of suppliers covered by the ESG Support Policy** — Identify all suppliers interested in participating in the ESG Management Support Program and select participants
- **Supplier ESG training** — Provide guidance on the necessity of raising ESG awareness and management, assessment process, and preparations required (121 persons from 86 suppliers participated in 2024)
- **Supplier self ESG assessment** — Have suppliers complete self-assessment questionnaires across Environmental, Social, and Governance areas, and check their ESG scores and ratings (Part of self-check on ESG management levels will become compulsory in 2025
- **Precision diagnosis of supplier ESG** — Perform in-depth ESG assessments for major and interested suppliers. Submission of detailed information (compared to self-assessments) and supporting documents is mandatory
- **Due diligence and verification of precision diagnostics** — Conduct due diligence and verification of responses and supporting documents through a third-party agency and prepare a final ESG assessment report
- **Notifying ESG ratings with reports** — Provide supplier-specific ESG assessment reports containing ESG element-specific grades and scores, identified strengths and weaknesses, Offer consulting and improvement directions for vulnerable areas
- **ESG risk post-mitigation measures** — Provide high-risk suppliers (rated Level 6 or below) with a one-click self-improvement materials (regulations and templates for environmental management, industrial safety, human rights management, and governance improvement) to implement ESG risk mitigation measures, Verify the effectiveness of those measures by checking whether the proportion of Level 6 or lower suppliers decreased in the following year
- **Rewarding and incentivizing outstanding ESG suppliers** — Reward top-performing suppliers in overall ESG assessments by providing certificates and plaques of recognition, Grant additional points when selecting parties to the fair trade agreement and recognizing outstanding suppliers in the following year

Assessment of Effectiveness of Supplier ESG Management Assessment Project in 2024

Trend of Diagnostic Grades (Number)

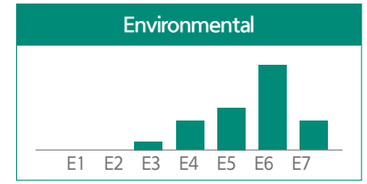
Year	Number of Completed Supply Chain Diagnostics	ESG-1	ESG-2	ESG-3	ESG-4	ESG-5	ESG-6	ESG-7
2023	38	0	0	1	5	17	12	3
2024	54	0	0	6	13	22	11	2

Trend of Diagnostic Grades (Ratio)

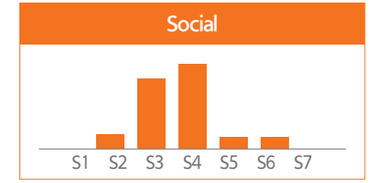


* The number of suppliers undergoing precision diagnosis varies from year to year.

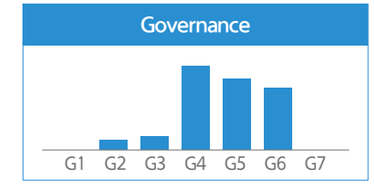
Grade Distribution for ESG Elements



Grade	Number of suppliers	Ratio
E1	0	0%
E2	0	0%
E3	2	3.7%
E4	8	14.8%
E5	12	22.2%
E6	24	44.4%
E7	8	14.8%



Grade	Number of suppliers	Ratio
S1	0	0%
S2	4	7.4%
S3	20	37%
S4	24	44.4%
S5	3	5.6%
S6	3	5.6%
S7	0	0%



Grade	Number of suppliers	Ratio
G1	0	0%
G2	2	3.7%
G3	3	5.6%
G4	19	35.2%
G5	16	29.6%
G6	14	25.9%
G7	0	0%

Risk Management

Supplier ESG Management Support Programs

Incentive Programs based on Suppliers' ESG Management Performance

Hanwha Systems also conducts year-end performance evaluations of companies that actively participate in ESG management support programs to encourage suppliers to continuously practice ESG management, and presents ESG awards to outstanding suppliers. In 2024, we will award certificates and plaques to a total of six suppliers with excellent ESG assessment results to motivate them to improve their ESG management. In addition, we plan to reflect ESG ratings in the selection of fair trade agreement companies and excellent growth partnership companies for the following year. Through our ESG management support program for suppliers, we will continue to respond to regulations related to global supply chain due diligence and spread ESG management culture throughout the entire supply chain in the spirit of our "Going Further Together" philosophy.



Ceremony of Outstanding ESG Supplier Recognition

Metrics and Targets[1)]

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Shared Growth· and Fair Trade Assessment	Comprehensive assessment of shared growth	Grade	Very Good	Very Good	Very Good	Very Good	Very Good
	Fair Trade Agreements performance assessment		Very Good	Excellent	Excellent	Excellent	Excellent
Support for Supplier ESG Management	ESG risk diagnosis and assessment (self-assessment) supplier	Number of suppliers assessed	100	91	98	100	100 or more
	ESG risk diagnosis and assessment (precision diagnosis) supplier	Number of suppliers assessed	20	38	44	54	60

※ The supplier ESG self-assessment will become mandatory gradually (new suppliers in 2025 will be subject to it)
1)) Data was revised as the calculation standard was changed.

General Topics

Environmental 63
Social 89
Governance 115

Environmental

Hanwha Systems designates the CEO as the final decision-maker in SHE matters, thereby promoting SHE management based on a company-wide accountability system. Environmental impact factors—such as pollutants, waste, and total product lifecycle assessments—are systematically managed using both internal and external systems to proactively mitigate environmental risks. Additionally, we work to preserve the natural ecosystem surrounding our business sites by publishing the ECOMAP and continuously engaging in ecosystem conservation and environmental cleanup activities.

KEY PERFORMANCE

Joined the CDP and engaged in the related initiative for the first time

Strengthened SHE governance

Invested KRW 4.34 billion in SHE management

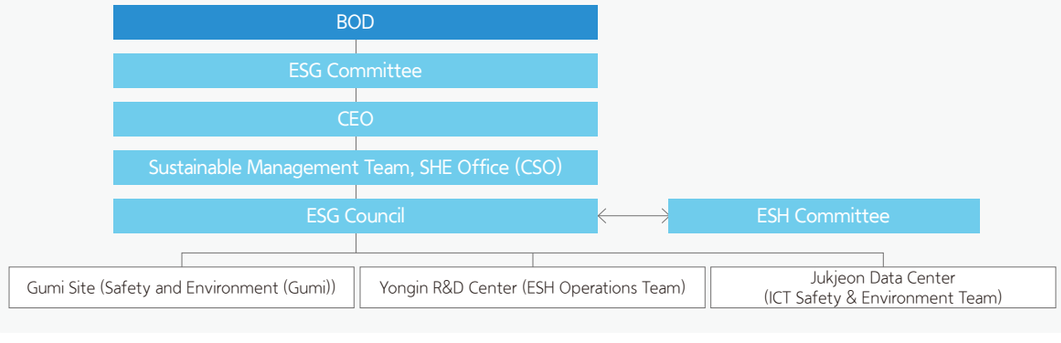
ZERO penalties/violations in environmental issues

Climate Change Special Section

Governance

Hanwha Systems establishes a company-wide strategic approach and structured governance system to address climate change. The Sustainability Management Team is responsible for formulating climate-related strategies and mid-to-long-term plans, while the ESH Office, along with site-specific operations teams, is tasked with executing GHG reduction and managing pollutants. This role-sharing structure ensures seamless linkage between planning and execution, enabling customized responses tailored to the characteristics of each site. To further strengthen climate response governance at the BOD level, we regularly report on the implementation status and strategic direction of climate initiatives at least once a year to the BOD. Additionally, ad-hoc reports are submitted when significant issues arise, enabling prompt decision-making. This governance framework not only facilitates proactive response to climate risk but also enhances our overall sustainability capabilities and ensures transparent communication with stakeholders. Going forward, we will continue to advance our climate response governance to strengthen the effectiveness of ESG management.

Climate Change Response organization structure



Roles of BOD and its Subcommittees in Managing Climate Change Risk and Opportunity

Hanwha Systems' ESG Committee, a BOD subcommittee comprising outside directors, deliberates and decides key climate-related issues. While the BOD regularly reviews climate-related risk management, response performance, and future plans at quarterly meetings, the ESG Committee makes decisions on major agenda items, such as investments in eco-friendly businesses or the development of green products, considering climate-related factors. Through this governance structure, Hanwha Systems maintains a strategic and accountable approach to ESG management, including proactive responses to climate change.

Major BOD Agenda Items on Environment and Climate Change in 2024

Date	Agenda	Resolution	Attendance Rate
Feb. 23, 2024	• Agenda: Establishment of SHE Plans – Environmental and safety goals – 2023 performance/achievements; 2024 goals and plans – Composition of the Safety & Environment organization and its members – Budget and performance/investment plans – Risk assessment; material hazard assessment and mitigation – Response to climate change and environmental management	Passed	100%
Mar. 25, 2024	• Reported item: Major ESG plans for the first half of 2024	–	100%
Jun. 14, 2024	• Reported item: Publication of the 2024 Sustainability Report	–	100%
Sept. 30, 2024	• Reported item: Q3 ESG performance and Q4 plans	–	100%
Dec. 20, 2024	• Reported item: 2024 ESG assessment results • Reported item: 2024 ESG performance and 2025 target	–	100%

ESG Committee's Role in Responding to Climate Change-related Risk and Opportunity

Hanwha Systems operates the SHE Office and Sustainable Management Team under the ESG Committee to establish environmental and climate change response strategies and report major issues to the ESG Committee. Furthermore, to manage safety and environmental performance in an integrated manner, we have formed an ESG Council that regularly collects environment-related performance and issues every month and reports them to the SHE Director (CSO), who is responsible for overall environmental management. In addition, we analyze domestic and international climate change policies decided by the Board of Directors and global market trends, identify potential risks in advance, and comprehensively manage the company's major environmental issues. In addition, the Safety & Environment Team at each site derives climate change response issues and detailed tasks tailored to the site based on the ESG Council and the direction of ESG management at the corporate level, and systematically manages and supervises climate change response measures, energy reduction targets, and implementation results for each site.

Governance

Detailed roles and governance for responding to climate change risk and opportunity by entity

Category	Roles and Responsibilities
BOD	• Makes final deliberations and resolutions on environmental and climate change issues • Reviews the environmental and safety performance
ESG Committee	• Deliberates on policies and activities related to the environment, climate change, and carbon neutrality • Approves company-wide ESG risk management, strategies, and policies • Reports to the BOD on the deliberated items
CEO	• Oversees and makes final decisions on environmental management • Reports to the BOD and the ESG Committee
Sustainability Management Team, ESH Office (CSO)	• Establishes company-wide climate change response strategies and goals and manages performance • Reports to the BOD and the ESG Committee on environmental and climate change issues annually or whenever necessary
ESH Committee	• SHE Office convenes annual SHE Committee meetings; the Occupational Health and Safety Committee at each site meets four times a year. • Deliberates on the establishment and revision to the environment and safety rules and reports material issues to the BOD where appropriate
ESG Council	• Identifies issues and tasks related to the environment and climate change response • Gathers environmental and climate change issues/opinions from each site
Safety & Environment Team at each site	• Identifies and manages site-specific environmental risks; responses to environmental incidents • Identifies and implements site-specific environmental tasks • Manages environmental indicators (GHG, energy, air, water, waste) with reduction measures • Complies with environmental management law

Climate Change-related Performance-related Pay

Hanwha Systems systematically manages its environmental performance to respond responsibly to climate change and strengthen sustainable management, linking this to actual business performance. In particular, we have set the renewal of ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management System) certifications, which are international standards, as key KPIs to ensure the reliability and sustainability of our environmental management. These two certifications provide a foundation for systematically managing and continuously improving the company's environmental impact and energy use, and serve as indicators that we have a global-level environmental management system in place.

Hanwha Systems views the achievement of these KPIs not simply as a means of maintaining certification, but as key indicators of actual organizational operations, and accordingly, they are closely linked to the performance compensation system for heads of environment-related departments. The main evaluation items include whether department heads have successfully led the renewal of the relevant certifications and implemented specific improvement activities to reduce energy consumption and minimize environmental impact. The results are reflected in incentives and cash performance-based pay.

This encourages the achievement of environmental management goals across the entire company and creates sustainable corporate value by sharing responsibility and awareness of environmental performance among all members of the organization.

Strategy

Strategic Framework for Climate Change Response

Although Hanwha Systems is not subject to GHG target management, it has voluntarily established a mid- to long-term strategy to reduce GHG emissions by 2% year-on-year by 2050, based on intensity, and is establishing an Environmental Management Strategic Framework to achieve this goal. To this end, we have established an Environmental Management Strategic Framework and are systematically managing nine detailed tasks based on the three goals of 'Addressing Climate Change and Carbon Reduction,' 'Pollution Reduction,' and 'Establishment of Environmental Management System.' In addition, we have been participating in the TCFD Alliance since December 2023 to enhance our responsiveness to climate information disclosures, and are working to fulfill our corporate responsibilities for climate change response by participating in various climate change response-related working groups that fit our business characteristics.

Strategic Framework for Environmental Management

Vision

Creating safe and healthy jobs for future generations

Mission

Realize '2030 Global No.1 Environmental Management' to response to climate change

Goals	Addressing Climate Change and Carbon Reduction	Pollution Reduction	Establishment of Environmental Management System
Tasks	• Enhance third-party assurance of GHG emissions. • Improve the GHG inventory operations. • Train all employees on ESG management.	• Respond to climate change and mitigate the impact. • Provide consultation on environmental management systems for suppliers. • Establish an energy-use rationalization plan.	• Develop an environmental management system plan. • Establish a risk management system for environmental management. • Improve the environmental performance report.

Strategy

Climate Change Scenario Analysis

Climate Change Risk and Opportunity Analysis

Hanwha Systems conducted a climate change scenario-based analysis in line with the TCFD recommendations to identify potential climate-related risks and opportunities affecting its business and to assess the organization's resilience. Physical risks were analyzed for six major business sites[1], with the periods set as short-term (2024–2025, 1 year), mid-term (up to 2030, 1–5 years), and long-term (up to 2050, beyond 5 years), taking into consideration the carbon reduction targets and the KSSB guidelines. Physical risks were assessed using the IPCC's[2] RCP[3] scenarios, while transition risks and opportunities were analyzed based on NGFS[4] scenarios. Furthermore, Hanwha Systems views climate change not merely as a matter requiring risk management, but as a strategic opportunity for sustainable future growth. Considering Korea's manufacturing-centric industrial structure with high carbon intensity, the adoption of green technologies and the enhancement of resource efficiency are regarded as key drivers of corporate competitiveness. Accordingly, we are actively seeking solutions to address the root causes of climate change and continuously working to realize future growth drivers through the development of innovative green technologies and the creation of new business models.

1) Seoul ICT Site, Seoul Defense Site, Jukjeon Data Center Site, Gumi Site, Pangyo R&D Center, and Yongin R&D Center
2) IPCC (Intergovernmental Panel on Climate Change) jointly established by the UN's WMO and the UNEP
3) RCP (Representative Concentration Pathways): Future climate change pathways based on GHG concentration levels, used for climate change scenario-based analysis
4) NGFS (Network for Greening the Financial System): A global network of central banks and financial supervisors committed to promoting green finance

Climate Change Scenarios for Analysis

Category	Scenario	Rising Temperatures	Key Assumptions and Implications
Physical risk (IPCC RCP Scenario)	RCP 2.6	1.5°C	GHG reduction measures are introduced early, limiting the impact of human activity to a level that allows the Earth's ecosystem to recover on its own. This is the scenario with the lowest physical risk and represents successful climate change mitigation.
	RCP 4.5	2°C	A scenario in which some carbon reduction policies are implemented, stabilizing GHG emissions. Physical risks are at a moderate level, and a limited temperature rise continues.
	RCP 8.5	4°C or above	A Business As Usual (BAU) scenario in which current GHG emission trends continue without significant climate action. Severe climate anomalies and increased physical risks are expected.
Transition risk(NGFS Scenario)	Net Zero	1.4°C	The immediate and widespread implementation of climate policies to achieve carbon neutrality by 2050. Physical risks are very low, but transition costs and regulatory compliance burdens remain.
	Delayed Transition	1.7°C	Existing policies are maintained until 2030, followed by a rapid implementation of measures to achieve carbon neutrality. Transition risks increase sharply and may cause disruptions across industries.
	Current Policies	2.8°C	Only current climate policies are maintained, resulting in an inadequate response to GHG reduction. While physical risks are severe, transition risks for businesses remain limited.

Process of Identifying Climate Change Risk and Opportunity

Step 1

Develop and identify a pool of risks and opportunities

- Analyze risks and opportunities based on TCFD Recommendations.
- Analyze global climate change megatrends.
- Review climate change responses in the defense and ICT industries.

Identified a pool of 27 issues →

Step 2

Assess risks and opportunities

- Assess the potential impact and probability of climate-related risks and opportunities by category.
  - Likelihood: Review the likelihood of each issue from the perspective of the defense and ICT industries, based on benchmark analysis and reviews conducted by the internal sustainability management team and third-party experts.
  - Impact: Measure impacts based on the TCFD's disclosure recommendations, benchmark analysis, business relevance, and reviews by the sustainability management team and experts.

Identified and analyzed 10 key issues in detail →

Step 3

Analyze financial impacts of key issues

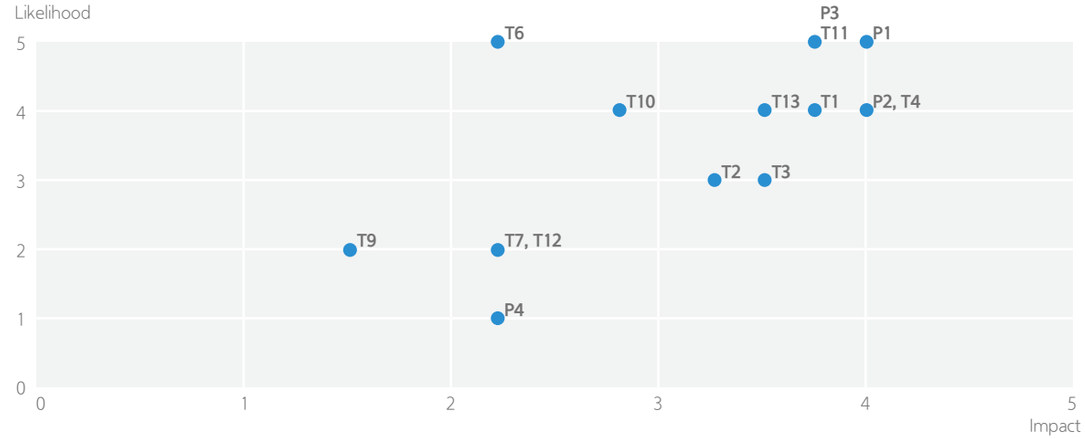
- Identify final key issues by comprehensively assessing the impact and likelihood of climate change risks and opportunities.
- Analyze detailed financial impact of the key issues.

Strategy

Climate Change Scenario Analysis

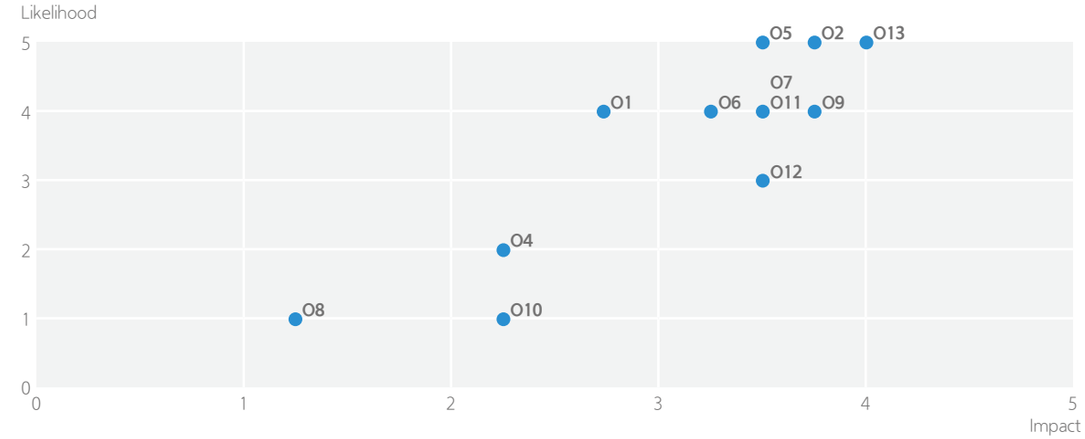
Climate Change Risks/Opportunities Identified

Risks



Category	No.	Risk Items	Impact	Likelihood	Ranking
Physical	P1	**Increasing severity of extreme climate events such as typhoons and floods**	4	5	1
	P2	**Variability in precipitation types and weather patterns**	4	4	4
	P3	**Rising average temperatures**	3.75	5	2
	P4	Rising sea levels	2.25	1	15
Transition	T1	**Rising GHG emission prices**	3.75	4	6
	T2	Strengthening climate disclosures	3.25	3	11
	T3	Replacement of existing products/services with low-carbon ones	3.5	3	10
	T4	**Costs incurring from transition to and investment in low-carbon technology**	4	4	4
	T6	Costs incurring from transition to renewable energy	2.25	5	8
	T7	Customers' behavioral change	2.25	2	12
	T9	Stakeholders' demand for strengthened climate change response and increasing social costs	1.5	2	14
	T10	Rising costs of raw materials	2.75	4	9
	T11	**Rising fuel costs**	3.75	5	2
	T12	Changes in customer preferences	2.25	2	12
	T13	**Increasing stakeholders' concern or negative feedback**	3.5	4	7

Opportunities

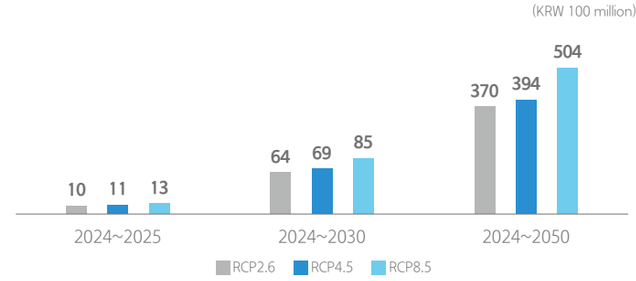
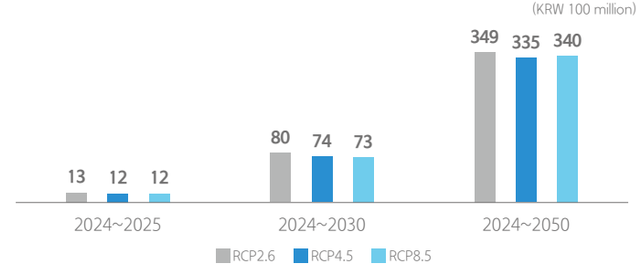
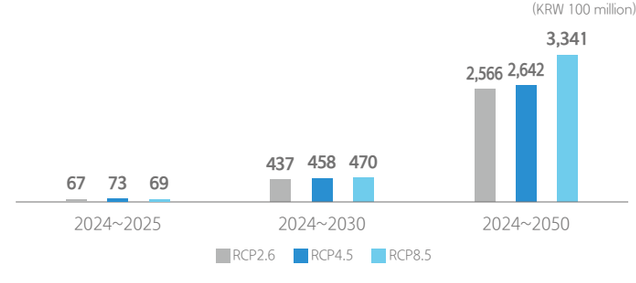


Category	No.	Risk Items	Impact	Likelihood	Ranking
Opportunities	O1	Use of efficient transport modes (EV100)	2.75	4	6
	O2	Efficient production and the use of efficient distribution processes	3.75	5	4
	O4	Transition to efficient buildings	2.25	2	12
	O5	**Use of low-carbon energy sources**	3.5	5	3
	O6	Use of support policies and incentives	3.25	4	11
	O7	Use of new technologies	3.5	4	4
	O8	Participation in the carbon market	1.25	1	8
	O9	**Development or expansion of low-carbon products/services**	3.75	4	1
	O10	Change of consumer preferences and increasing demand for products	2.25	1	9
	O11	Strengthening stakeholder communication	3.5	4	10
	O12	Access to new markets	3.5	3	7
	O13	**Participation in renewable energy programs**	4	5	2

Strategy

Climate Change Scenario Analysis

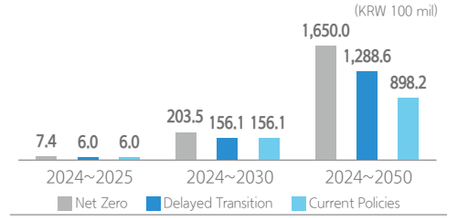
Climate Change–related Physical Risks Analyzed

	Category	Major Risks	Approach to Financial Impact Analysis, including Key Assumptions and Variables	Quantified Financial Impact	Hanwha Systems' Countermeasures	Short–term	Mid–term	Long–term
P3	Acute	Max. Temperature	Taking into account the location and characteristics of each asset at the business sites, Hanwha Systems assessed the potential impacts of high temperatures based on annual projections of the maximum daily temperature. Specifically, the analysis considered both direct and indirect impacts: direct impacts include infrastructure repair costs due to cumulative damage, revenue loss caused by business operation disruptions, increased health and safety expenditures, and "Loss of Use Days" based on levels of power supply interruption; indirect impacts include cumulative cost increases from asset–related degradation. The temperature–related analysis was applied only to assets constructed with concrete or reinforced concrete. Damage and loss was estimated based on the rate of change between historical and projected peak temperatures. To estimate revenue loss from business interruptions, the analysis adopted the FEMA (Federal Emergency Management Agency) guidelines, which assume that for moderately damaged assets (15% damage level), both light industrial and general office facilities would experience a 90–day operational halt.		Conduct annual regular training based on the established natural disaster response plan and contingency plan to minimize business operation disruptions	●	●	●
P1, P2	Pluvial Flooding	Pluvial Flooding	Considering the location and structural characteristics of domestic business sites, Hanwha Systems estimated potential damage to each asset under a 100–year flood scenario using projected flood depth indicators. The analysis accounted for variations in damage severity depending on building height and number of floors during flooding. For instance, high–rise buildings with deep foundations and more upper floors tend to have less submerged area, resulting in relatively lower losses. These structural factors were incorporated to estimate the damage ratio for each facility, and a flood damage modeling function was applied to quantify the expected loss per asset.		Will review the establishment of drainage plans for flood prevention and the expansion of insurance coverage to minimize asset losses from natural disasters		●	●
P3	Chronic	Heat Stress	Hanwha Systems estimated financial losses by assessing the impact of increased heat stress on employee productivity arising from rising temperatures. The analysis reflected the specific location and characteristics of each site and used the 2024 standard of 247 annual working days as a baseline for calculating annual losses. In particular, it was assumed that as the number of days with a WBGT (Wet–Bulb Globe Temperature) exceeding 32°C increases, workers' concentration and operational efficiency decline. Based on this assumption, the number of employees at each site was used to estimate the potential annual labor cost losses attributable to rising temperatures.		Currently conducting the Cool Mapssi campaign during the summer season, with plans to review measures to minimize workplace damage caused by heat stress		●	●

Strategy

Climate Change Scenario Analysis

Climate Change–related Transition Risk Analyzed

Category		Major Risks	Risk Description	Approach to Financial Impact Analysis, including Key Assumptions and Variables	Qualitative and Quantitative Financial Impact Estimated	Hanwha Systems' Countermeasures	Short–term	Mid–term	Long–term
T1	Policy	Response to Target Management System	To achieve the national goal of reducing GHG emissions by 40% compared to 2018 levels by 2030, the government is implementing the GHG Target Management System. If future emissions exceed the set thresholds, companies may face increased regulatory burdens, including mandatory target setting, implementation of reduction measures, third–party assurance, and mandatory reporting.	In the case of Hanwha Systems' Jukjeon Data Center, considering the average annual growth rate of GHG emissions from 2022 to 2024, it is projected that the site will exceed an average of 15,000 tons over three years—meeting the threshold for the GHG Target Management System by 2027. As a result, the data center is expected to be designated as a Target Management entity in 2028. Accordingly, based on the guidelines for the operation of the GHG Target Management System, the penalty criteria have been applied as a financial impact.	Fines for negligence in the range of KRW 5 to 10 million	Hanwha Systems is proactively responding to potential future regulations under the GHG Target Management System by calculating GHG emissions at its Jukjeon Data Center site and obtaining verification from an independent third–party organization. In 2024, we improved energy efficiency by replacing the UPS equipment and coolant pumps, and we are currently operating solar power facilities to optimize electricity use through self–generation.		●	●
T11	Market	Rising Electricity Cost	With the government strengthening its carbon neutrality policies, there is a progressive reduction in fossil fuel–based power generation—such as coal and LNG—and a full–scale transition toward renewable energy sources. As a result, there is growing pressure for structural electricity price hikes, driven by factors such as higher fuel cost adjustment rates, the transfer of environmental improvement charges, and reinvestment in transmission and distribution infrastructure. Consequently, the expansion of policies and regulations aimed at reducing fossil fuels and fossil fuel–based power generation is expected to lead to increased electricity rates and rising power procurement costs.	We have focused on the financial risks arising from increased electricity procurement costs cause by climate change. Based on our projected electricity consumption, we estimated the potential financial loss by forecasting electricity cost increases under different NGFS climate scenarios. For each scenario, we applied the electricity price fluctuation rates provided by the three NGFS scenarios to the domestic electricity cost baseline of 2024, allowing for a more realistic estimation of expected losses.		Hanwha Systems assesses energy impact by regularly analyzing energy usage by each of Scope 1 and Scope 2 categories and identifying improvement tasks based on the results. We also establish a company–wide energy rationalization plan each year and continuously enhance energy efficiency through regular inspections and replacement of outdated and low–efficiency equipment.	●	●	●
T4	Technology	Increasing Investments in Technology for Energy Efficiency	As the transition to carbon neutrality and the reduction of power consumption become imperative across industries, companies operating high–energy infrastructures—such as data centers—are expected to face continuously rising costs associated with R&D and facility investments essential for implementing technological transitions, including low–power system design, enhanced cooling efficiency, and the application of energy optimization algorithms.	The risk assessment approach focuses on the potential impact on public project bids and private–sector deliveries by identifying high–energy–consumption business areas, analyzing ESG–related procurement requirements, and assessing customer RE100 compliance demands. Key assumptions include: • Increased risk of customer attrition if energy efficiency improvements are not implemented. • Decreased investor confidence in the event of lower ESG evaluation ratings. • Higher likelihood of bid disqualification if ESG scoring criteria for public procurement are not met. This approach enables a comprehensive understanding of how delayed energy efficiency transitions and weak ESG performance could negatively affect business competitiveness and growth opportunities.	If the transition to energy efficiency technologies is delayed, Hanwha Systems may face increased risks of score deductions or disqualification in bids with agencies such as the Defense Acquisition Program Administration (DAPA) and the Public Procurement Service due to failure to meet energy efficiency and carbon emission criteria. In addition, partnerships with RE100 member companies could be jeopardized if ESG standards are not met, potentially resulting in exclusion from their supply chains. A decline in ESG ratings may also erode trust with financial institutions and investors, making it difficult for the company to establish a strong image as an eco–friendly technology enterprise.	Hanwha Systems carries out eco–friendly investments for energy efficiency each year in accordance with its plans. These investments include replacing outdated infrastructure, upgrading to high–efficiency power and LED lighting equipment, and renewing aging power systems such as constant temperature and humidity control units and UPS systems. The outcomes of these efforts are transparently disclosed through our annual sustainability report. In 2024, we invested KRW 5.06 billion in eco–friendly projects.		●	●
T13	Reputation	Impaired Reputation for Failed Carbon Reduction	If Hanwha Systems' carbon neutrality strategy, sustainability disclosures, and GHG reduction activities are deemed insufficient, it may be perceived by key stakeholders—such as government procurement agencies, investors, major corporate clients, and civil society—as lacking commitment to climate action. This perception poses a reputational risk and may hinder future business expansion opportunities.	Reputational risk is primarily assessed indirectly through the reactions of key stakeholders such as customers, procurement agencies, and rating organizations. The assessment includes monitoring: • Changes in ESG ratings • Instances of bid evaluation score deductions • Frequency of mentions in media and by NGOs Due to the qualitative nature of reputational risk, the assessment focuses more on trends and directional indicators rather than quantitative metrics.	If Hanwha Systems is rated poorly in its carbon neutrality efforts, it may face score deductions or eligibility restrictions in public procurement processes that prioritize ESG performance. Additionally, it may risk exclusion from ESG assessments conducted by major corporate clients for their supply chain ESG assessment. A downgrade in ESG ratings can diminish the company's appeal to financial institutions and investors, while also leading to negative media and NGO attention that weakens brand trust. These factors can significantly hinder non–financial activities such as business expansion, talent acquisition, and the formation of global partnerships.	Hanwha Systems discloses key ESG issues and performance each year through its sustainability report, while providing detailed information on its environmental, safety, and health management and indicators through a separate report. We also continuously share our ESG policies, goals, and implementation status on our website, and are strengthening communication with external assessors. We actively respond to major ESG assessments such as those by KCGS, MSCI, S&P Global CSA, and Sustainalytics, and we participated in the Carbon Disclosure Project (CDP) in 2024 to enhance our climate response capabilities.	●	●	●

Strategy

Climate Change Scenario Analysis

Climate Change–related Opportunities Analyzed

Category		Major Opportunities	Opportunity Description	Impact on Business/Financial Impact	Hanwha Systems' Countermeasures	Short-term	Mid-term	Long-term
O9	Resource Efficiency	Eco-friendly Solution Development	As global efforts to address climate change and accelerate the transition to a low-carbon economy gain momentum, there is growing demand across various industries and the public sector for digital solutions that enhance energy efficiency, monitor carbon emissions, and enable low-power operations. **Hanwha Systems** is well-positioned to expand its climate-responsive ICT services in line with this digital transition trend.	To meet the growing demand of RE100 commitments, Scope 3 emissions management, supply chain ESG oversight, and ESG rating compliance, companies increasingly require digital monitoring and optimization technologies. As a result, solutions such as Energy Management Systems (EMS), carbon emission tracking and data integration platforms, high-efficiency cloud systems, and AI-based demand forecasting and energy-saving technologies are emerging as new market opportunities. Leveraging its ICT capabilities, **Hanwha Systems** is well-positioned to create strategic opportunities by expanding these demands into the public, defense, and B2B sectors.	**Hanwha Systems** supports the reduction of corporate ESG reporting burdens through its self-developed ESG ON system, which facilitates integrated ESG data management and supply chain risk response. Additionally, we developed the Mangrove solution to efficiently manage GHG emissions, applying it to multiple clients. Mangrove enables systematic management of energy consumption and GHG emissions at both facility and product levels. Moving forward, we plan to further enhance our integrated platform capabilities by linking digital technologies with ESG strategies.	●	●	●
O9	Products and Services	Eco-friendly Product Development	As climate-related disaster risks increase and the need for national-level GHG emissions monitoring grows, the demand for multi-purpose Earth observation satellites is rising. **Hanwha Systems** is entering practical application areas such as disaster monitoring, land-use change observation, and climate data collection based on its small-sized SAR satellite technology. We also possess the foundational capabilities to expand into the development of GHG monitoring satellites equipped with hyperspectral sensors.	SAR satellites can create opportunities to secure climate change monitoring and land management service contracts from public institutions such as the Korea Forest Service and the Ministry of Environment. Furthermore, if future development of hyperspectral sensors enables the quantification of key GHGs such as methane and carbon dioxide at a "monitorable level," **Hanwha Systems** could position itself as a strategic supplier in national climate information infrastructure projects or international cooperative initiatives. By securing a technological edge, we can diversify our revenue models through satellite imagery sales, public data services, and early warning systems.	**Hanwha Systems** has developed and operates South Korea's first privately-owned small SAR satellite, and plans to supply a total of four SAR satellite payloads for reconnaissance satellite projects led by the DAPA and the ADD. SAR satellites offer advantages for environmental applications in climate change response, such as identifying marine and soil pollution and managing natural resources. Additionally, in 2024, **Hanwha Systems** was awarded a project by the NIER to develop an ultra-compact hyperspectral satellite for GHG observation. This is expected to enable future management of regions with excessive emissions through the calculation and spatial measurement of GHG emissions.		●	●
O5, O13	Energy Resources and Resilience	Renewable Energy Power Generation	With carbon neutrality and energy transition policies being strengthened both domestically and internationally, the renewable energy generation sector is expanding, accompanied by growing participation from private companies. Power generation through renewable energy is evolving beyond self-consumption into a viable business model that enables direct revenue generation through electricity sales, trading of Renewable Energy Certificates (RECs), and third-party Power Purchase Agreements (PPAs).	Energy monetization can be achieved through the sale of solar power to the electricity market or private companies, while additional revenue can be secured by issuing and selling RECs. Furthermore, linking with PPAs can create business opportunities with private clients, gaining financial benefits. Using renewable energy for self-consumption helps stabilize costs associated with long-term electricity price increases and energy supply instability, thereby reducing the risk of business disruptions. Additionally, it enables proactive responses to ESG disclosure requirements—such as RE100 and CDP—and customer demands.	**Hanwha Systems** is actively installing solar power facilities in line with the government's policy to expand renewable energy. To date, we have built a cumulative capacity of 188.9 MW of ground-mounted, rooftop, and floating solar power systems, contributing to energy cost savings and GHG emission reductions. In particular, we efficiently utilize idle building spaces to turn solar power projects into opportunities for an eco-friendly transition. Moving forward, we will continue investing and advancing efforts to expand renewable energy adoption and promote a sustainable energy transition.	●	●	●

Risk Management

Hanwha Systems systematically manages climate risks by integrating them into its company-wide risk management system to minimize losses from climate change and strengthen its strategic response capabilities. All climate-related issues are identified through our risk and opportunity management process, registered in the internal system, and reviewed and assessed on an annual basis. Based on the likelihood of occurrence and the potential financial and non-financial impacts of each risk and opportunity factor, we establish action plans and response objectives, which are then implemented through phased improvement activities. The results of these actions are reported to the BOD at least once a year, and based on these results, we incorporate climate risks into our corporate strategy and financial planning.

Risk Identification	Analysis and Assessment	Response/Effectiveness Assessment
• Identify internal and external issues. • Define stakeholders and their requirements.	• Analyze risks according to the frequency and impact of each incident. (Pool Management)	• Establish a mitigation plan. • Discuss inter-departmental collaborative measures. • Report to the management if decision-making is necessary. Inspect and assess the measures taken.
• Internal and external issues: Environmental incidents, violations of law, energy saving, climate change, addressing defective raw materials, cost saving in raw materials and parts, response to regulations on hazardous materials. • Define stakeholders and their requirements: Requirements of authorities, civic groups, neighboring companies, consumers, certification agencies, and employees.	• For high frequency and impact: Prepare a countermeasure plan (including mitigation measures). • For low frequency and impact: Manage risks and opportunities.	

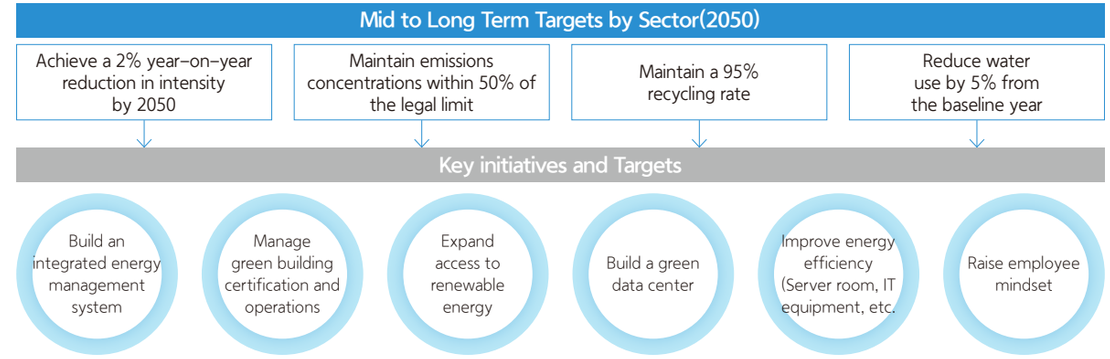
Response Plan to Address Physical Risks Associated with Climate Change

Hanwha Systems actively reviews various adaptation measures to address physical risks associated with climate change. We identified and applied appropriate measures across all business sites in response to key hazards such as rising temperatures, flooding, and heat stress. Moving forward, we plan to establish a comprehensive adaptation strategy including site-specific response plans, review of the improvement measures for physical facilities, and the development of an employee code of conduct and manual.

Category	Entire Business Sites (for the next five years)
Heat stress	Run the Cool Business Attire Campaign and encourage casual attire at work
Rising temperatures	Establish and review recovery and response plans associated with rising temperatures.
Flooding	Establish an emergency evacuation drill procedure to prepare for natural disasters.

Metrics and Targets

Hanwha Systems established mid- to long-term reduction targets for each environmental item and is implementing practical strategies to achieve them, such as promoting eco-friendly future businesses and improving energy efficiency through digital transformation (DT). In 2024, we refined our reduction targets based on intensity metrics to realize substantial carbon reduction in line with our plans to enter the global defense market and expand export, diversify our ICT business, and construct new business sites—including Jeju Hanwha Space Center, the new Gumi Site (scheduled for completion in 2025), and a second data center (scheduled for completion in 2027). We also started measuring seven categories of Scope 3 emissions (1, 3, 4, 5, 6, 7, and 15). Detailed actions plans for GHG reduction are developed annually, focusing on energy saving by replacing outdated equipment with high-efficiency ones and promoting energy saving initiatives. These efforts are systematically managed on a quarterly basis using key ESG performance indicators, and results and performance are regularly reported to the BOD to ensure transparent and responsible ESG management.



Category	Targets
Build an integrated energy management system	Obtain intelligent building certifications and energy efficiency ratings when building new sites
Manage green building certifications and operations	Achieve green building and energy efficiency ratings Reduce GHGs and save energy
Expand access to renewable energy	Install solar (renewable energy) panels on the sites
Build a green data center	Drive eco-friendliness when building new data centers
Improve energy efficiency	Assess low-efficient facilities to improve their efficiencies
Raise employee mindset	Run environmental campaigns (reducing standby power, discovering GHG-reducing items, etc.)
Reduce waste	Run zero-disposable goods campaigns, identify waste reduction items, and reduce leftovers
Reduce air pollution	Improve air pollution prevention facilities and reduce environmental pollutants
Reduce water usage	Reduce landscaping water use and run water-saving campaigns

Metrics and Targets

Performance by Target with Climate Change Response Metrics

Category	Unit	2024 Target	2024 Performance	2025 Target
GHG emissions	tCO_2-eq	24,347	24,353	24,995
Energy use	TJ	475.6	484.0	523.0
Air pollutants	–	50% or less of the permissible emission levels	50% or less of the permissible emission levels	50% or less of the permissible emission levels
Waste discharge	Ton	309	257.3	271
Water use	Ton	107,942	100,931	100,316

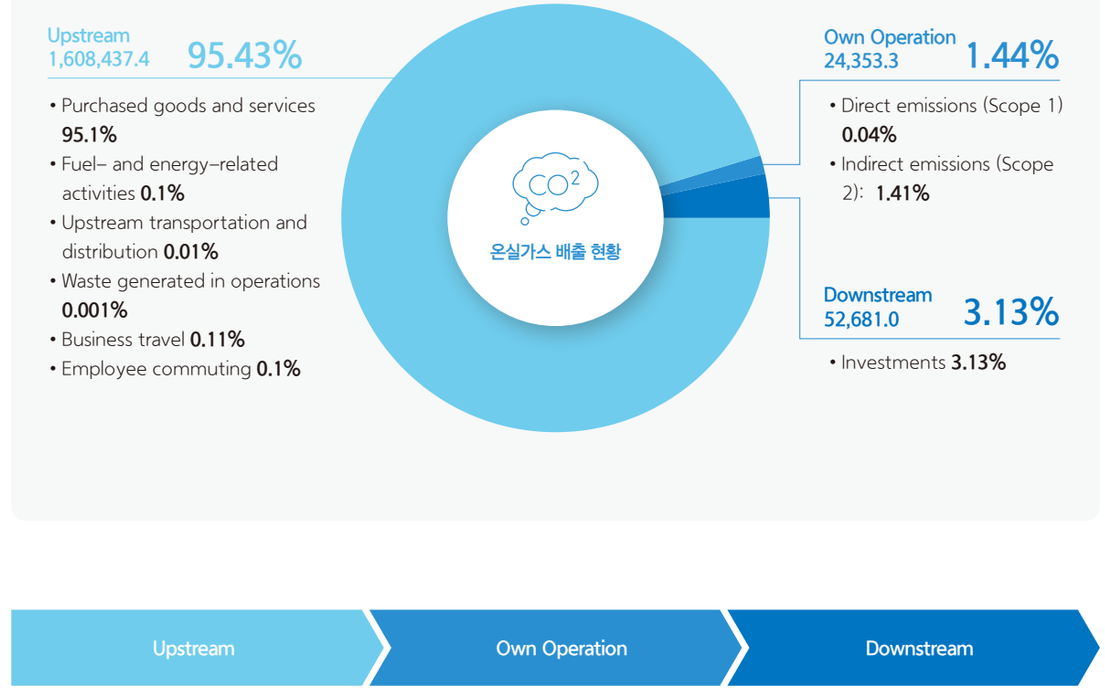
Intensity Outcome with Climate Change Response Metrics

Category	Unit	2022 Performance	2023 Performance	2024 Performance
GHG emissions	tCO_2-eq/KRW 100 million	0.9562	0.8971	0.8686
Energy use	TJ/KRW 100 million	0.0198	0.0186	0.0173
Air pollutants (dust)	kg/KRW 100 million	0.0012	0.0020	0.0028
Air pollutants[1] (Nitrogen Oxides, NOx)	kg/KRW 100 million	–	0.0069	0.0065
Air pollutants[1] (Sulfur Oxides, SOx)	kg/KRW 100 million	–	0.0018	0.0013
Waste discharge	Ton/KRW 100 million	0.0122	0.0110	0.0092
Water use	Ton/KRW 100 million	4.2388	4.2609	3.5999

1) Data maintained since 2023

Hanwha Systems' GHG Emissions 2024

(Unit: tCO_2-eq)



SHE Management

SHE Management Framework

SHE-related Certification

In order to maintain global-level SHE management systems, Hanwha Systems has acquired and maintained certifications of relevant international standards such as ISO 45001 and ISO 50001. In particular, the Gumi Site establishes a management plan in consideration of the overall situation in terms of the environment and energy use, and has maintained certifications through internal and external audits every year. The ICT Business also plans to acquire ISO 45001 in 2025.

Site	Certifications		Validity
Gumi Site	Green Business Designation	Organized by Daegu Regional Environment Agency	Oct. 7, 2023 ~ Oct. 6, 2026
	ISO 50001	Energy Management Systems	Aug. 10, 2024 ~ Aug. 9, 2027
	ISO 14001	Environmental Management Systems	Aug. 18, 2024 ~ Aug. 17, 2027
	KOSHA-MS	Health and Safety Management Systems	Nov. 12, 2022 ~ Nov. 11, 2025
	ISO 45001	Health and Safety Management Systems	Aug. 18, 2024 ~ Aug. 17, 2027
Yongin R&D Center	KOSHA-18001	Health and Safety Management Systems	Jun. 8, 2023 ~ Jun. 7, 2026

SHE Management-related Laws and Regulations

Hanwha Systems has established approximately 31 sets of internal regulations in response to regulatory and institutional requirements related to SHE. The SHE Office oversees legislative and regulatory updates on a quarterly basis to ensure timely compliance. These regulations and policies apply to all internal employees and are disclosed to external stakeholders to convey the management's commitment to addressing environmental issues throughout the company.

Category	Related Laws and Regimes	Internal Regulations
Common	• ECO-YHES System • Absolute Safety Rules	• Environmental and safety management manual and 12 others • Regulations on the operation of environmental management, safety and health management, and energy management systems
Environment	• Clean Air Conservation Act and 24 others • Chemical management systems • Systems for products subject to recycling obligations	• Environmental impact registration rules and 4 others
SHE	• Occupational Safety and Health Act and 14 others • Risk assessment systems • Environment and safety training	• Environmental and safety accident management rules and 9 others
Firefighting	• Framework Act on Firefighting and 4 others • Emergency scenario-based drills	• Fire safety management rules
Energy	• Framework Act on Energy and 7 others	• Energy management rules and 1 other

Number of Environmental and Safety Law Violations

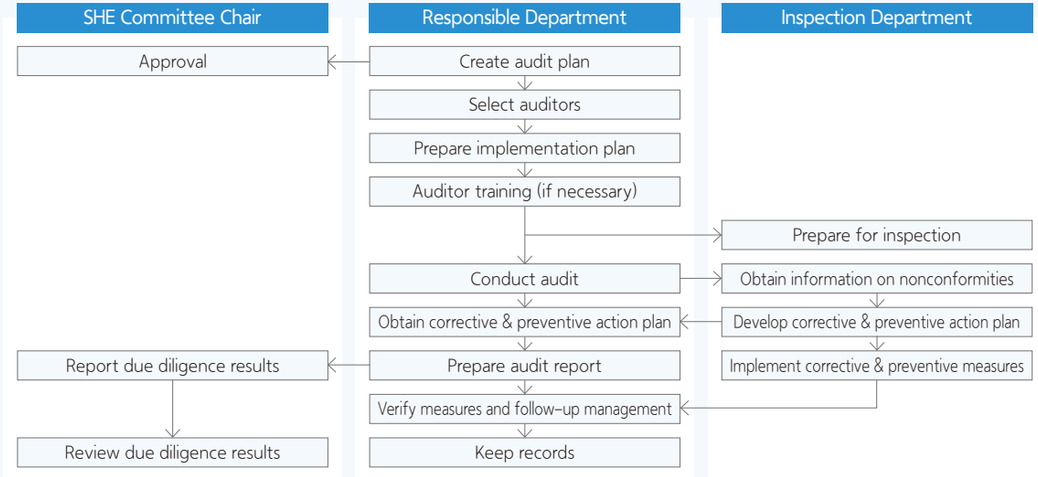
Sate	2022	2023	2024
All (Gumi, Yongin, Jukjeon Data Center Sites)	0	0	0

Case

Internal and External Audits

Hanwha Systems conducts regular internal audits on a semiannual basis to verify the conformity and effectiveness of the international certifications (e.g., ISO 14001) and identify and address potential issues. When necessary, special audits are carried out on specific departments, and follow-up audits are conducted to verify the corrective actions taken on nonconformities, with the results reported to the CEO. In addition, we undergo annual third-party (external certification bodies) audits to validate our management systems. Any findings from these external audits are thoroughly analyzed, and corrective action plans are established to prevent recurrence.

Internal Audit Process



SHE Management Activities

SHE Management Plan and Performance

Based on the environmental management plan established by the SHE Committee, Hanwha Systems invests in equipment and technologies that enhance the working environment at its sites. We also conduct regular environmental and safety training and accident response drills to raise employee awareness of eco-friendly and safety management. These efforts contribute to improved facility and process efficiency while fostering a pleasant and safe workplace environment.

Category	2024 Plan	2024 Performance
Environmental management system	• Zero environmental safety accidents • Environmental safety training progress • Conducting internal audits • Conducting environmental safety inspection • Improvement of environmental safety facilities • Environmental safety process improvement • Environmental accident/emergency response drills	• 1 environmental safety incident • 12,128 persons completed environmental safety training • 64 mitigation measures taken, which were identified in internal audits • 237 environmental safety inspections • 38 facility improvements • 25 process improvements • 11 environmental incident response drills
Compliance with environmental safety laws and regulations	• Environmental safety compliance activities – Environmental safety compliance assessment – Reference to environmental safety legislation enactments and revisions	• First and second half compliance assessments • 17 improvement cases, which were identified in compliance assessments • 57 enactments and revisions to legislation reviewed

Investment in SHE Management

Hanwha Systems promotes systematic safety management by requiring each site to establish detailed budget execution results and budget plans for the following year and report them to the Board of Directors every year to strengthen the SHE management system. In 2024, we spent approximately KRW 4.34 billion in SHE-related investments and operational expenditures. In 2025, we plan to increase it by 27%, allocating approximately KRW 5.95 billion. In particular, we expand investments to prevent environmental safety incidents, such as replacing local exhaust systems in laboratories and procuring specialized fire extinguishing equipment for battery fires, reinforcing our commitment to creating a safe workplace.

2024 Investments

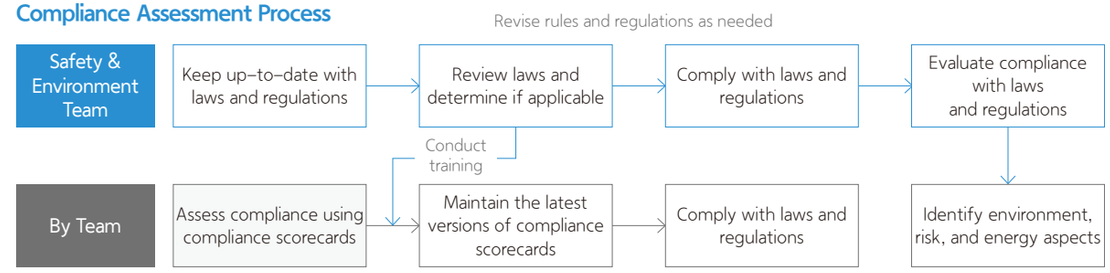
Site	Category	Description
Yongin R&D Center	Environment	Installed electric vehicle chargers
	Safety	Installed overspeed warning systems and completed electrical works
		Purchased safety logojector
		Installed oxygen concentration meters and breathing apparatuses
		Purchased snow removal vehicles
		Installed fall prevention railings
Jukjeon Data Center	Environment	Replaced emergency power systems
		Replaced cooling water pumps
	Safety	Coated the floor in the underground parking lot
		Installed additional distribution boards in the server room

* No investment made for the Gumi Site since it is newly constructed

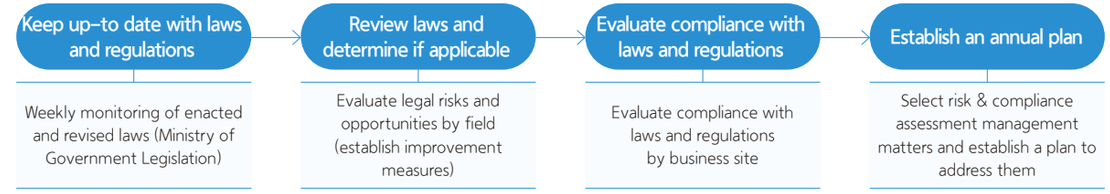
SHE-related Compliance Assessment Process

Hanwha Systems actively monitors the latest environmental, energy, and occupational health and safety regulations. Compliance with laws and regulations is assessed semiannually at each business site, and the results are used to establish response strategies that are reflected in the company's annual business plans. In the compliance assessments in the first and second halves of 2024, we identified 17 items across all business sites, and corrective actions for all of them have been successfully taken.

Compliance Assessment Process



Compliance Strategy



2024 Compliance Assessment Results

Site	Assessment Method	Items Requiring Improvement Identified in First Half	Items Requiring Improvement Identified in Second Half	Number of Mitigation Actions Taken (Completion Rate)
Gumi Site	External body (first half) Self-assessment (second half)	3	2	5(100%)
Yongin R&D Center	Cross check (first half) Self-assessment (second half)	4	2	6(100%)
ICT Seoul Site/ Jukjeon Data Center	Cross check (first half) Self-assessment (second half)	3	3	6(100%)

SHE Management Activities

Environmental and Safety Incident Response System and Training

Hanwha Systems conducts regular environmental and safety incident response training according to its response system, ensuring prompt and systematic action in the event of an incident. We develop scenarios based on various types of potential environmental and safety accidents that may occur at our business sites and conduct scenario-based training to continuously strengthen our responsiveness. Any improvements identified during training are reflected in the training plans for the following year to advance our response system. Each training session follows a structured, step-by-step process—from incident occurrence to reporting, communication, and initial response—enabling effective and practical handling of emergencies.

Environmental Incident Scenarios by Type

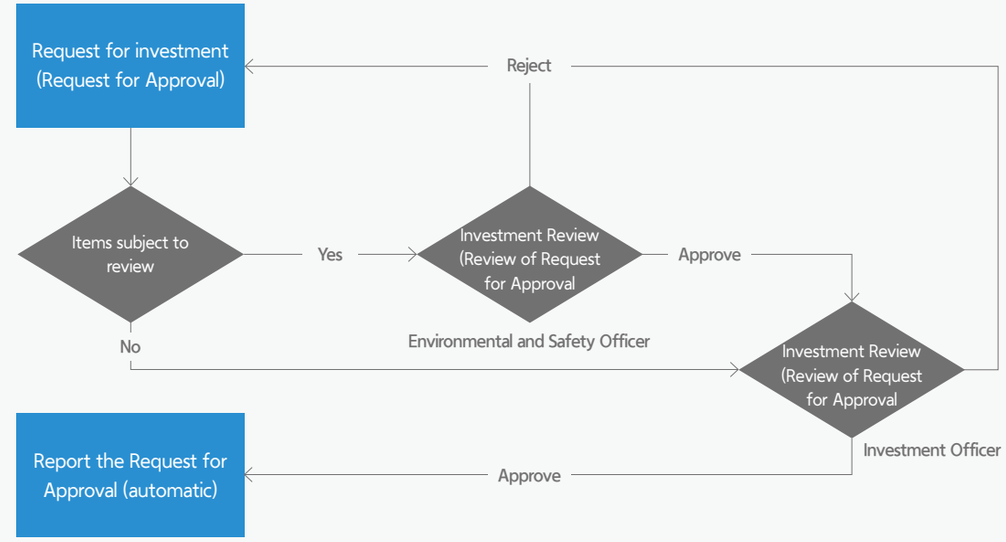
Type	Scenarios
Air	• A power cut with air pollution prevention facilities • Abnormal operation of air pollution prevention facilities • Breakdown of the exhaust fan of air pollution prevention facilities • Overloaded A/C tower
Chemicals and gases	• Oil/chemical drum damaged or leaked • Toxic substance spillage • Gas leak and explosion

Environmental Hazard Pre-screening System

Hanwha Systems pre-screens potential environmental and safety hazards when reviewing new investment projects to ensure employee safety and prevent environmental pollution. All purchases of new fixed assets (both tangible and intangible) are registered at the initial stage of decision-making in the HAMS (Hanwha Asset Management System). Each investment item is then assessed to identify potential environmental hazards and determine whether it requires an environmental and safety review. For items classified as requiring review, the Safety & Environment Team conducts a preliminary risk assessment using an internal investment review checklist. Based on the results, appropriate preventive measures are taken.



Environmental and Safety Assessment Process for New Investments



Environmental and Safety Assessment Checklist for New Investments

Check Items	Assessment and Review (✓)	Remarks
Is there a risk of generating large amounts of environmental pollutants?	• Not applicable ( ) • Notable ( )	• Soil contamination • Air pollution • Water pollution • Noise, etc.
Does it directly or indirectly affect GHG emissions significantly?	• Not applicable ( ) • Notable ( )	–
Is there a potential risk of violating environmental law or causing environmental incidents?	• Not applicable ( ) • Notable ( )	–

SHE Management Activities

Environmental Risk and Opportunity Management Monitoring

Hanwha Systems conducts an annual assessment of risk and opportunity factors, and, when necessary, implements ad-hoc assessments in response to emerging situations. Based on the results of these assessments, action plans and targets for managing risks and opportunities are established, and improvement activities are carried out in phases. The outcomes of these activities are assessed by the responsible departments and are reported to the BOD at least once a year, contributing to the establishment of an integrated company-wide risk management system.

Items Requiring Ad-hoc Assessments

- Promoting a new project or changing an existing project
- Changing the organizational structure or major strategies
- Occurrence of a material issue following changes in the external environment such as market conditions
- Violation of law
- Enactment or revision to laws and regimes
- Where an audit or internal inspection requires a risk and opportunity assessment

Pre-approval Process

Hanwha Systems operates a procedure to review and assess the potential EHS impacts whenever new equipment is introduced, relocated, modified, or when facility layouts are adjusted. All changes are reviewed with comprehensive consideration of industrial accident prevention, energy efficiency, and environmental impact, aiming to create a more pleasant and eco-friendly work environment. This pre-assessment process functions as a core management system to ensure worker safety and enhance the sustainability of the workplace.

Category	Description
Review Items	Environmental facilities; workplace environment-related facilities, energy-consuming facilities; safety-sensitive facilities; disaster prevention facilities; high-pressure gases, and new chemicals
Review Points	Whether prevention facilities are installed; whether the construction matches the design drawings; whether prevention facilities meet their respective safety factors; whether suitable chemicals are used in prevention facilities; whether high energy-efficient materials are used

Environmental and Safety Assessment for New Suppliers

Hanwha Systems comprehensively evaluates product/service development and mass production processes by applying environment and safety indicators when registering new suppliers in accordance with its green purchasing policy. Suppliers are selected based on internal standards, and among the 171 newly registered suppliers in the defense business sector in 2024, we evaluated the development processes of eight suppliers and the mass production processes of one supplier.

New Supplier Assessment Criteria

Assessment Item	Metrics	Detail	Key Word	Scoring	
				Weights	Scoring Criteria
Safety management	Environmental and safety	Assess how the process or office safety is managed	1. Presence of an environmental and safety officer or organization 2. Presence of environmental and safety regulations 3. Provision of an environmental and safety training 4. Accident prevention (accident-free) activities 5. Facility (including firefighting) inspection history – Safety clothing for special processes; maintenance of surroundings of fire extinguishers – Status and procedure for storing dangerous goods 6. Status of waste treatment procedures	100%	Mandatory requirements: No. 1 and 2 Additional requirements: At least 2 corresponding items among No. 3 to 6
				80%	Mandatory requirements: No. 1 and 2 Additional requirements: At least 1 corresponding item among No. 3 to 6
				60%	Mandatory requirements: No. 1 Additional requirements: N/A
				40%	Mandatory requirements: N/A Additional requirements: At least 1 corresponding item among No. 3 to 6
				20%	Mandatory requirements: N/A Additional requirements: No corresponding item among No. 2 to 6

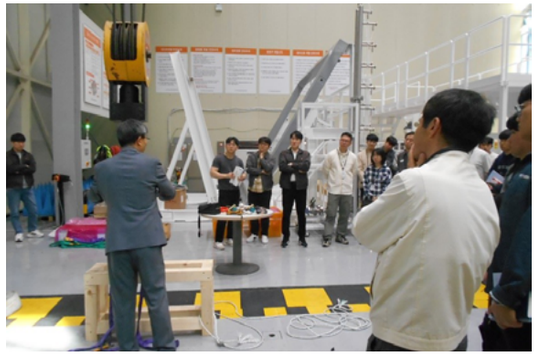
Response to Stakeholder-specific Requirements for Environmental and Safety Improvement

Hanwha Systems responds appropriately to the needs of various stakeholders such as employees, central and local governments, and public institutions at each site. To identify employee needs, we convene the Occupational Safety and Health Committee at each site, while communicating frequently with external stakeholders to identify their needs. The Environmental and Safety Department summarizes stakeholder communication on a semiannual basis and reports the findings to the CEO, thereby systematically managing stakeholder needs and reflecting in business operations.

SHE Management Activities

Environmental and Safety Training

Hanwha Systems provides environmental management training for employees and other stakeholders to raise awareness of EHS management. In particular, we operate customized training programs specific to roles and responsibilities for each task. The training status is systematically managed through the company-wide training management system. Through these efforts, we raise employee awareness on the environment and safety and continuously enhance ESG competencies throughout the organization.





Environmental and Safety Training

Environmental and Safety Training Programs

Category	Content	Cycle	Target	No. of Persons Who Completed the Program
Environmental and Safety Training	Special training on the environment and safety	All year round	All employees	2,842
New Hire Program	Environment-related compulsory training (air, waste, etc.)	All year round	New hires	571
	Safety and health	All year round	New hires	575
Regular Safety and Health Training Program	Compulsory safety and health training	All year round	All employees	11,361(including duplicates)
Safe Work Change	Safety training for job change	All year round	Responsible personnel	99
Supervisor Program	Environmental and safety training for supervisors	April – June	Supervisors	177

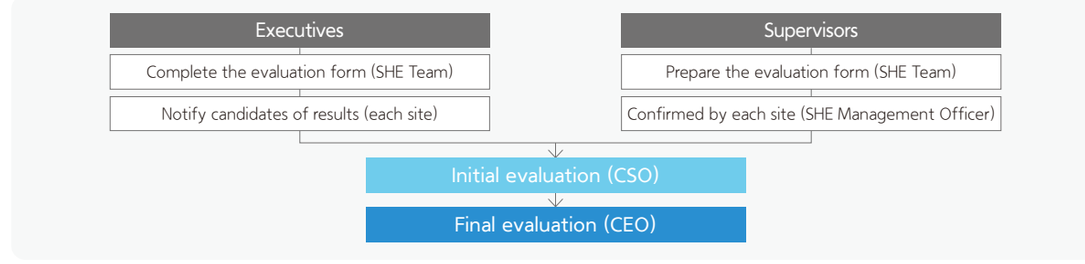
Rewards for Outstanding Performance in Environmental and Safety Management

Hanwha Systems operates an evaluation and reward system to encourage voluntary participation by employees in the operation of a field-oriented Safety, Health, and Environment (S.H.E) management system and accident prevention. We encourage management (site managers and research center directors) and department heads to set KPIs related to environment and safety, and regularly disclose the results on the company bulletin board through work environment measurements at each site. In particular, the SHE Director (CSO), who is the chief executive officer responsible for safety and the environment, sets quantitative environmental KPIs and reflects the results in performance evaluations. In addition, we conduct regular assessments of our suppliers to diagnose their level of environmental safety. The assessment comprehensively considers the annual environmental improvement performance and the implementation of eco-friendly activities, and awards are given to outstanding departments and individuals. In 2024, based on the results of the management supervisor assessment, we awarded the Safety and Environment Model Award to three department managers and seven suppliers, and presented them with incentive gifts worth a total of approximately 2 million won.

Metrics in Detail

Category	Description				Target
Executives	– Assessment Item: As same as the metrics applied to the sites				Site heads, project heads, department heads, responsible officers
	Accident-free		ESG management		
	60		40		
Supervisors (Department Heads)	– Assessment Item: Accident prevention + compliance with law				Production, Technology, R&D, and Quality organizations
	Accident-free	Compliance	On-site inspections	Management by objectives	
	40	25	20	15	

Environmental and Safety Management Performance Appraisal Process



Environmental Impact Management

Environmental Impact Mitigation Initiatives

Environmental Impact and Energy-related Assessment

Hanwha Systems conducts annual environmental impact and energy-related assessments at its Gumi Site in accordance with ISO 14001 (Environmental Management System) and ISO 50001 (Energy Management Systems) certification criteria. The assessments are conducted in accordance with the internal environmental impact registration rules and energy-related assessment rules in line with the standards prescribed in the environmental and safety management manuals. The assessment items focus on environmental factors, including air, water, waste, ecosystem, and energy use affected by the corporate business activities, designs, products, and services. Upon assessing the frequency and level of their impact on the environment and energy-related issues, improvement measures are developed.

Green Purchasing Guidelines

Hanwha Systems has established Green Purchasing Guidelines and recognition criteria to prioritize eco-friendliness in the entire production process and develop eco-friendly products and solutions with its suppliers. In accordance with the guidelines, we consider the eco-friendliness of all suppliers and raw materials that affect our production by prioritizing the purchase of eco-certified materials and equipment and high-efficiency and environmentally improved facilities.



Green Purchasing Guidelines

Green Purchasing Direction

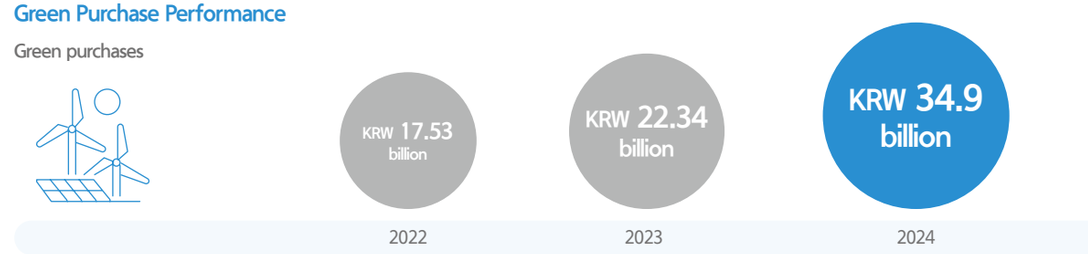


Green Purchasing Recognition Criteria

Category	Criteria	
PC/OA	• Standby power-reducing PCs/servers (standby power-reducing goods and eco-label goods)	Search for products with excellent standby power reduction
	• Minimum green standard goods – Windows OS (searchable minimum green standard goods)	Search for products that meet minimum green standards
Solar and other renewable energy business	• Purchases in solar and other renewable energy projects • Renewable energy facility certification costs; solar module and inverter purchases – (List of KS-certified facilities) • Based on K-Taxonomy(projects promoting renewable energy use)	KS Certified Equipment Inquiry

Green Purchase Performance

Green purchases



1) 2022 data has been revised to the changed calculation standard.

Environmental Impact Mitigation Initiatives

Green business and technology research and development

Hanwha Systems invests in various green projects to participate in the government's initiatives for expanding green business and the use of renewable energy, which include the introduction of eco-friendly electronic satellite communication antennas, hybrid power supply systems, renewable energy generation, microgrid development and operation, energy management systems, energy consulting and diagnostics, and renewable energy manufacturing execution systems (MES).

Case

1. Integrated Building Energy Management System

To create a comfortable indoor environment and manage building energy more efficiently, **Hanwha Systems** has developed an integrated Building Energy Management System (BEMS) leveraging its technological capabilities. This system monitors real-time energy usage within buildings and provides optimized energy management solutions through integrated measurement, control, management, and operation functions. Its effectiveness has been demonstrated through the actual deployment at the S-OIL TS&D Center. A key differentiator of this system is its user-centric interface, which allows operators to intuitively grasp energy flows at a glance. For some spaces, augmented reality (AR) technology is applied, enabling operators to better perceive building conditions and respond promptly. **Hanwha Systems** plans to enhance this solution further by expanding spaces requiring management through AX (Augmented Experience) and continuously developing user-friendly interfaces to significantly improve the efficiency of building energy use, evolving it into a smart energy management solution.



Integrated Environment Monitoring System Screen of BEMS

2. Solar Power Project

In alignment with the government's renewable energy expansion policy, **Hanwha Systems** continues to invest in solar power generation installations to promote eco-friendly energy transition. To date, we have installed a cumulative capacity of 188.9 MW across ground-mounted, rooftop, and floating solar power systems, thereby broadening the scope of solar energy applications in various settings. In particular, rooftop solar projects increased by 25% year-over-year in 2024, accelerating the spread of sustainable energy across industrial and residential buildings. Rooftop solar panel installations offer the dual benefits of reducing energy costs and lowering carbon emissions, while also efficiently utilizing unused rooftop spaces. This growth contributes to the participation in RE100 and Korea's national net zero goals. Moving forward, the continued expansion of solar power generation will remain a core strategy in **Hanwha Systems**' pursuit of green management strategies.


Rooftop Solar Power Generation

3. MOU with LG U+ for Green Power Supply

In June 2024, **Hanwha Systems** signed an MOU with "LG U+" and "Smart Green Village," a solar power generation consulting company, to jointly enter the renewable power brokerage business—specifically targeting virtual power plants (VPPs) and direct power purchase agreements (PPAs). The partnership aims to address major challenges faced by renewable energy farms such as solar and wind power—namely, fragmented small-scale power generation facilities across sites and unstable power generation. By combining their respective technical capabilities and expertise, the three parties aim to ensure stable green energy services while taking the lead in carbon neutrality. **Hanwha Systems** will leverage its strengths in infrastructure design, technical support, and maintenance to actively contribute to the realization of net zero.



MOU-signing Ceremony for Green Energy Supply

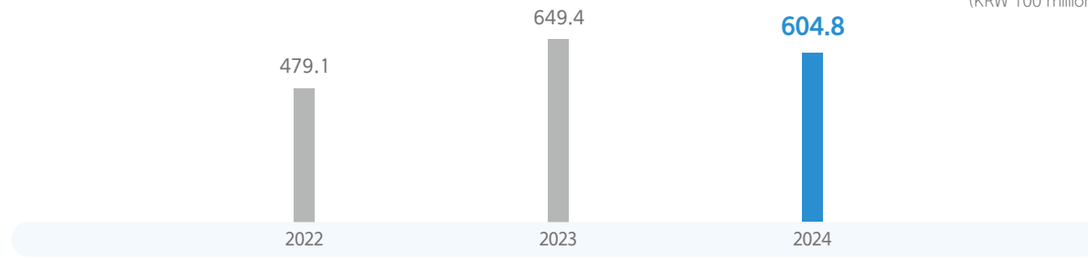
Environmental Impact Mitigation Initiatives

Green business and technology research and development Performance

Category	Unit	2022 Performance	2023 Performance	2024 Performance	2025 Target	Remarks
Investment	KRW 100 million	20.3	50.3	19.9	20.9	Replacing old IDC equipment; investing in Cloud infrastructure; installing solar panels; installing electric vehicle chargers
R&D	KRW 100 million	12.6	16.8	28.3	29.7	GHG monitoring and climate change detection via earth observation satellites, UATM, etc.
Total	KRW 100 million	33.0	67.1	48.2	50.6	–

* The temporary increase in 2023 was due to the replacement of outdated uninterruptible power supply (UPS) at the data center.
* Data correction due to refinement of calculation standards.

Green Sales Performance



Calculation Standards for Green Investment and R&D

External standards

- Based on K-Taxonomy (projects promoting renewable energy use and projects related to core GHG reduction technologies)

Internal standards

- Investments made in green projects, eco-friendly power generation, solar panels, hydraulic and renewable power generation, and Cloud infrastructure
- R&D costs in earth observation satellites
- Costs of developing and operating environmental pollution prevention facilities and chemical systems
- Replacement of aged infrastructure and power/LED lights with high-efficient ones
- Replacement of aged temperature and humidity control devices and power devices such as UPS
- Installation of electric vehicle chargers

Calculation Standards for Green Sales

External standards

- Based on K-Taxonomy (projects promoting renewable energy use and projects related to core GHG reduction technologies)

Internal standards

- Sales proceeds from eco-friendly power generation, renewable energy (such as hydraulic) generation, and carbon emission management solution projects, BEMS

Pollutant Management

Air Pollutants Management

Hanwha Systems establishes a systematic management policy to minimize air pollution generated at its business sites, and manages air pollutant emissions data regularly through biannual in-house measurements. In particular, we implement a more stringent internal standard—set at no more than 50% of the legal emission limits prescribed by the Ministry of Environment—to proactively monitor emission concentrations. To reduce air pollutants, we undertake various preventive measures such as regular replacement of activated carbon in adsorption towers, performance inspections of pollution control facilities, and routine checks to improve air quality. In addition, emergency response drills are conducted to ensure prompt and systematic response in the event of an air pollution emergency, thereby continuously strengthening our environmental risk response capabilities.



Performance Inspection of Air Pollution Control Facilities

Standards for In-house Air Pollutant Emissions

Category	Item	Legal Standard	Internal Standard	Judgment against Permissible Levels of Emissions		Remarks
				Non-conformance	Emergency	
Particulate Matters	Dust (mg/m^3)	30 or below	15 or below	15~30	Above 30	Under internal standards, 'other pollutants' are managed at levels within 50% of the legal limit, and any exceedance of the legal threshold is classified as an emergency.

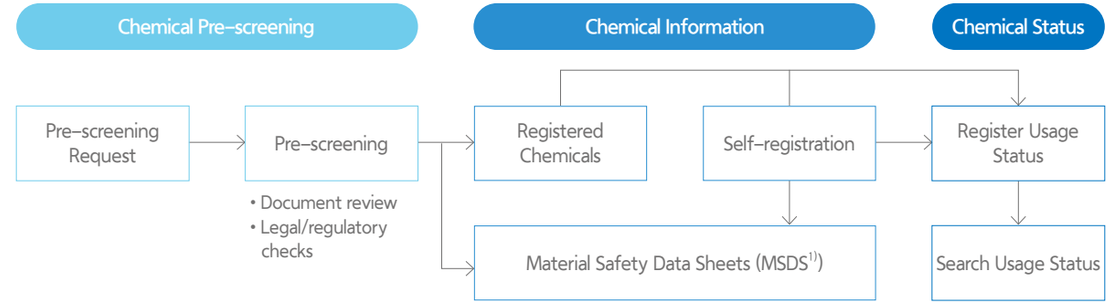
Water Pollution Management

Although Hanwha Systems does not discharge water pollutants at its sites, we proactively engage in water resource protection as part of our environmental and social responsibility. Recognizing the potential risks of conventional snow melting agents—including water pollution, vehicle underbody corrosion, and damage to concrete structures—we adopted an eco-friendly snow melting agent made from starfish, a type of marine waste. This initiative not only addresses marine pollution caused by starfish but also significantly reduces the environmental side effects of traditional snow melting agents, making it an eco-friendly alternative. We also conduct regular environmental training for employees, including case studies on water pollution incidents, to prevent accidents.

Development and Operation of Chemicals Control System

Hanwha Systems operates an in-house chemicals control system to systematically comply with statutory requirements and efficiently manage the entire lifecycle of chemicals. The system controls all stages of chemical handling—from procurement to usage—through structured step-by-step processes. All chemicals used at business sites undergo mandatory review by the environment, safety, and fire safety teams before they are brought in to ensure safety. Detailed information on each chemical is automatically stored in a database, and usage status is monitored in real time by each department. Through this process, Hanwha Systems identifies and controls potential chemical hazards in advance, thereby minimizing the possibility of incidents and safeguarding the health and safety of employees.

Chemicals Control Process



1) MSDS: Material Safety Data Sheets

Chemicals Control and Inspection

To minimize the environmental impact of chemicals on ecosystems and human health, Hanwha Systems regularly conducts hazard and environmental impact assessments. An annual survey is carried out to monitor the use of all chemicals across our sites, ensuring that both newly registered and existing substances are systematically controlled for risk and toxicity. In addition, on-site and special inspections are conducted across departments to assess chemical handling and control practices. Safety training is also provided to chemical handlers to build capacity for safety management. Regular emergency drills are held to ensure rapid and effective response in the event of chemical spills or other emergencies and minimize the spread of hazardous substances and protect workers' safety. Under Article 11 of the Chemical Substances Control Act, Hanwha Systems is classified as a business not subject to the inspection of chemical use, and it does not handle hazardous chemicals.

Water Resource Management

Hanwha Systems is committed to fulfilling its environmental responsibilities and strengthening its foundation for sustainable management through efficient water resource management such as undertaking water-saving and awareness-raising initiatives in parallel In particular, at the Gumi site, we replaced washbasins and toilets with water-saving products and optimized water usage through efficient management, reducing water consumption by approximately 5,000 tons (approximately 10% of total consumption). In addition, we provide employees with training focused on water conservation in everyday office settings, inducing their behavioral change in daily water use. Across all sites, water usage data is continuously monitored and analyzed to identify inefficiencies by facility and usage type.

Case

Water Risk Analysis

According to the 2021 State of Climate Services: Water Report published by the WMO[1], more than 5 billion people are projected to face water shortages by 2050. Water-related risks are increasing due to external environmental changes such as water pollution caused by urbanization and reduced water availability resulting from climate change. As a result, companies are required to adopt proactive response strategies. Recognizing the importance of water resource management, Hanwha Systems regularly assesses water-related risks at its domestic sites using the Water Risk Filter analysis tool developed by the WWF[2]. The analysis primarily focuses on physical risks, excluding reputational risks, comprising four risk categories: water scarcity, flooding, water quality, and ecosystem services.

In 2024, we enhanced our water risk analysis by applying RCP[3] and SSP[4] scenarios, setting 2020 as the base year and projecting risk trends to 2030 and 2050. Using a Current Trend scenario assuming that the current climate and societal patterns continue, the analysis on major domestic sites in 2024 revealed that, by 2050, Pangyo R&D Center and the Seoul site—home to our defense and ICT businesses—is expected to face a 'High' level of water risk.

To mitigate potential water risks, we set annual water usage targets for each business site and conduct continuous monitoring. We will continue to identify and implement water-saving initiatives and response strategies to proactively address the increasing threat of water scarcity.

Site and Location	Physical Risk Level		
	Baseline (2020)	2030	2050
Gumi Site	Medium	Medium	Medium
Defense Seoul Site	Medium	High	High
Yongin R&D Center	Medium	High	Medium
Pangyo R&D Center	Medium	High	High
ICT Seoul Site	Medium	High	High
Jukjeon Data Center Site	Medium	Medium	Medium

1) WMO: World Meteorological Organization
2) WWF: World Wide Fund for Nature
3) Representative Concentration Pathways, which are scenarios to project future climate change caused by GHG concentrations
4) Shared Socioeconomic Pathways, which are scenarios to explore how society and economics might evolve, affecting climate change

1.0 < = X <= 1.8	Very low risk	2.6 < X <= 3.4	Medium risk	4.2 < X <= 5.0	Very high risk
1.8 < X <= 2.6	Low risk	3.4 < X <= 4.2	High risk	5.0 < X <= 6.6	Extreme risk

Waste Management

Waste Management Policies

Hanwha Systems strives to minimize waste generated from its business activities and increase the recycling rate under the systematic waste management policy. Annual company-wide and site-specific waste generation is predicted, and reduction efforts are made through performance management. Through the Allbaro system, a comprehensive waste management system, we monitor the lifecycle of all wastes and disclose discharges transparently to contribute to earning stakeholder trust. In addition, we review the adequacy of waste transportation and processing companies on a semi-annual basis and request improvements for inadequacies found in their processes. General waste is molded into solid fuel and used as auxiliary fuel, and recyclable waste such as glass is recycled into raw materials to increase the resource recycling rate.

Waste Handler Inspection Checklist

Category	Waste transportation and processing	Related documents
Inspection Items	• Whether collected and stored by type/quality/state • Whether transported and processed by type/quality/state • Whether the cargo compartment cover is installed • Whether there is leachate from treatment plants	• Representative training certificates • License Surety Bonds • Vehicle registration • Waste disposal permits, etc.

Waste Management Solution: LCA[1] for Environmental Performance Labeling

Hanwha Systems is continuously improving its work processes to minimize waste generation and minimize environmental impact during the product design and manufacturing processes. To quantify the raw materials, energy, and pollutants emitted during the entire manufacturing process, we utilize LCA software (Total) to assess potential environmental impacts. In 2024, we came up with approximately 41,401 tCO_2-eq of GHG emissions through a comprehensive assessment of all processes within the manufacturing team—including assembly, packaging, maintenance, and warehousing/shipment, and based on the findings, we established improvement directions aimed at reducing emissions. Moving forward, we plan to conduct regular LCAs on selected items and processes every year.



LCA Program, Total

1) Life Cycle Assessment

Waste Reduction Initiatives

Hanwha Systems runs various initiatives to reduce waste, such as spreading paperless work, promoting recycling campaigns, and installing tumbler washers. At the Gumi Site, some of the manual paper work using hard copies have been digitized using QR codes and the MES, reducing both electricity consumption for printers and the use of A4 papers. The change is expected to lead to cost savings in labor (such as man-hours), reduced expenses (e.g., A4 paper and antistatic vinyl purchases), and resource conservation. At the Yongin R&D Center, a recycling campaign was run to promote a cleaner working environment and environmental protection by reducing waste. In addition, at the ICT Site, tumbler washers were provided to minimize the use of disposable cups.



Recycling Campaign Poster

Managing Raw, Sub, and Recycled Material Usage

Hanwha Systems discloses major raw materials it uses at each business site in its business reports and manages them differently by item in consideration of its commercial nature and security issues. However, in the defense business, the main purchased items consist of electronic assemblies and semi-finished products, and due to the business nature, such as security requirements as well as sensitivity issue with divulging trade secrets on unit prices, the amount of material usage cannot be disclosed. In our ICT Business, the main source of revenue is the provision of IT services, and the proportion of goods purchased per project cannot be separately calculated. In addition, our defense and ICT businesses do not use recycled raw materials due to their business nature.

Energy Consumption Management

Energy Management System

Hanwha Systems assesses energy impact by analyzing energy consumption by Scope 1 (direct emissions) and 2 (indirect emissions) item and derives improvement tasks, to enhance on-site energy management. Based on the assessment results, we set annual energy saving targets and promote systematic reduction activities. In particular, we have established an energy usage monitoring system since 2023 to aggregate usage data on a monthly basis and implement improvement measures through quarterly analysis of consumption patterns and reporting. Furthermore, we rationalize energy according to the annual company-wide energy rationalization plan.

Replacement of Old and Inefficient Facilities

Hanwha Systems is progressively replacing old and inefficiency facilities at its sites to improve power efficiency and reduce GHG emissions. We reduce power loss by checking the status of transformers every year, replacing those with suspected performance deterioration and removing those that are no longer in service. We also maximize the energy-saving effect by replacing major electrical equipment used at sites, such as large motors, with high-efficient ones. Notably, in 2024, we replaced the UPS and cooling pumps at our data center, and by improving the facility operation structure, we expect to enhance energy efficiency while building a stable operational system.

Carbon Emission Reduction at Infrastructure Operating Facilities

Hanwha Systems maintains energy-efficient temperature and humidity at its sites by flexibly operating air conditioners and boilers by season. We also change the settings of air conditioner inverters to reduce unnecessary energy consumption that can arise from heating and cooling, contributing to GHG emission reduction and environmental protection. In addition, we are reducing electricity usage by replacing the existing lights with LED and solar streetlights and reducing the number of fluorescent lights based on a detailed analysis of illumination levels by space.

Expansion of Eco-friendly Vehicles

To minimize GHG and air pollutant emissions from business vehicles, Hanwha Systems is gradually transitioning to eco-friendly vehicles. As of the end of December 2024, we own 11 eco-friendly vehicles (electric and hybrid) out of a total of 84 corporate vehicles and we plan to gradually transition to eco-friendly vehicles in the future. In addition, to build charging infrastructure for electric vehicles, we installed chargers to promote eco-friendly transportation; three 7kW slow-chargers at the Jukjeon Data Center Site, and two more at the Yongin R&D Center. The new Gumi Site, scheduled for completion in 2025, plans to promote the use of eco-friendly transportation by installing a total of six EV chargers (five standard and one fast charger) within the premises.



Electric Vehicle Chargers at Yongin R&D Center


Electric Vehicle Chargers at Jukjeon Data Center Site

Status of Eco-friendly Cars

Total No. of Corporate Cars	No. of Eco-friendly Cars	Percentage of Eco-friendly Cars
84	11	13.1%

Energy Consumption Management

Renewable Energy Transition

Hanwha Systems actively introduces solar power generation facilities to save energy at its sites. The Jukjeon Data Center Site installed a 9.45kWh facility, while the Yongin R&D Center installed a 12.48kWh facility, contributing to power saving through self-generation and realizing eco-friendly energy transition. In addition, the new Gumi Site, scheduled for completion in 2025, is designed, from the planning stage, with a focus on energy efficiency and eco-friendly features, with the goal of obtaining Intelligent Building Certification.



Solar Power Installation at Yongin R&D Center



Solar Power Facility at Jukjeon Data Center

Status of Renewable Energy Generation[1)]

Category	Energy Sources	Facilities	Unit	2022	2023	2024
Yongin R&D Center	Electricity	Solar panels	MWh	5	18.6	18.5
Jukjeon Data Center Site			MWh	11.1	10.5	10.4
Total			MWh	16.1	29.1	28.9

1) Revised due to a calculation error; Self-generated power in its entirety is used at the site.

GHG Reduction Activities

Third-party Assurance of GHG Emissions

Hanwha Systems voluntarily undergoes third-party assurance of GHG emissions at major business sites every year. In the 2024 assurance, seven recommendations and corrective actions were raised, and we completed the corrective actions to ensure accurate GHG measurement and management.

Cool Business Attire for Summer and Warm Business Attire for Winter Campaign

Hanwha Systems aligns with the government's energy-saving policies by raising seasonal energy efficiency and controlling office temperatures to reduce GHG emissions. During the summer, air conditioning temperatures are adjusted in accordance with policy standards, and to minimize employee discomfort, we run a "Cool Business Attire" campaign, encouraging lightweight clothing such as short sleeves and shorts. In the winter, heating temperatures are also reasonably controlled to reduce energy consumption, lower heating costs, and cut GHG emissions. These initiatives not only enhance energy efficiency but also support employee comfort and foster an eco-friendly culture, contributing to the creation of a sustainable work environment.

Expansion of Video Conferences

Hanwha Systems built video conferencing infrastructure at 56 conference rooms across its business sites to reduce GHG generated from traveling to a meeting place. We also operate a system where employees can attend a meeting at their desks using an in-house messenger.

Operation of 10th-day-no-driving System

Hanwha Systems' Gumi Site implements a '10th-day-no-driving' policy for vehicle entries into the premises to reduce traffic congestion and GHGs in the city. Under this policy, when the last digit of a vehicle's license plate number matches the last digit of the day, the parking barriers at the workplace is activated to restrict the vehicle's entry. This initiative encourages employees to voluntarily use public transportation, effectively contributing to both traffic and GHG emissions reduction at the workplace level. Furthermore, the purport of the policy is actively communicated to all employees to foster a widespread participation and promote a culture of eco-friendly commuting.

Operation of Commuter Buses

Hanwha Systems utilizes commuter buses to reduce GHG emissions from employee commuting with their own cars and to promote an eco-friendly commuting culture. Each business site provides commuter bus services tailored to employee commuting needs, with established operational standards and route adjustment regulations to ensure demand-based routing and efficient bus dispatches. This initiative not only helps ease urban traffic congestion caused by private vehicle use but also encourages the use of public transportation, thereby making a substantial contribution to reducing GHG emissions in the transportation sector and protecting the environment.

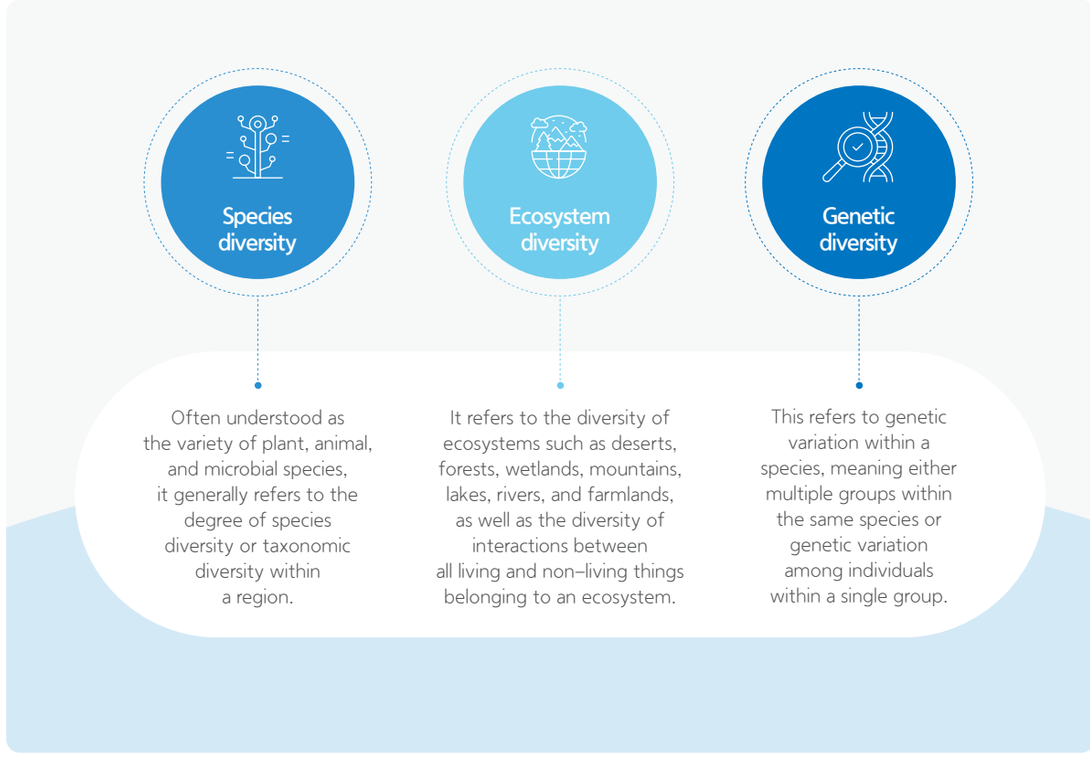
Production of Eco-friendly Calendars and Work Diaries

Hanwha Systems has transitioned to using eco-friendly materials for calendars and work diaries distributed annually to employees, promoting environmental stewardship in everyday life. The entire production process of these products is designed to minimize environmental impact as they are made using certified sustainable materials such as eco fabric, FSC-certified paper from sustainable forestry, and soy ink printing. Moving forward, **Hanwha Systems** will continue to identify and expand the use of eco-friendly materials in workplace supplies to reduce the environmental burden throughout their lifecycle, from manufacturing to disposal.

Respect for Biodiversity

What is biodiversity?

According to the National Biodiversity Center, biodiversity is defined as “the variability among living organisms from all sources including terrestrial, marine, and other aquatic ecosystems, and the ecological complexes of which they are part; this includes diversity within species, between species, and of ecosystems.” In other words, biodiversity refers to the variety of living species on Earth, encompassing the species diversity, the diversity of ecosystems in which these organisms live, and the genetic diversity within these species.



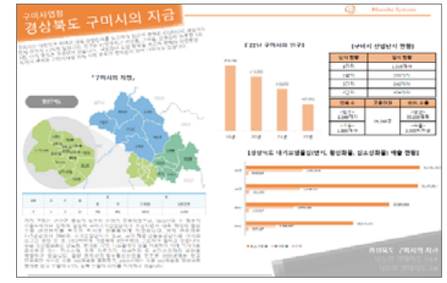
Biodiversity Impact Assessment

Hanwha Systems recognizes the importance of protecting natural ecosystems, thus, implements systematic measures to minimize adverse impacts on the biodiversity of surrounding areas near its business sites. Each site conducts a comprehensive assessment of local characteristics—such as population density, industrial concentration, and the presence of environment-related companies—along with topography, geological features, and ecological maps (covering mammals, birds, insects, etc.). Based on these findings, Hanwha Systems publishes its own ECOMAP annually. For example, the Pangyo R&D Center monitors the ecosystem of the nearby Unjungcheon stream to identify the habitats of birds and mammals. Based on findings, the center carries out environmental cleanup activities and develops a biodiversity conservation plan, actively contributing to ecosystem preservation. Going forward, Hanwha Systems will regularly monitor the impacts of business operations on key species and habitats in the surrounding areas using the ECOMAP and remain committed to strengthening its biodiversity protection and management to keep the community ecosystem healthy.

ECOMAP Featuring Topographical Features



Pangyo R&D Center: Unjungcheon



Gumi Site: Nakdonggang River

ECOMAP



Pangyo R&D Center: Unjungcheon



Gumi Site: Nakdonggang River

Respect for Biodiversity

Biodiversity Impact Assessment

Biodiversity Risk Analysis

In modern society, natural ecosystems are increasingly under threat due to climate change, urbanization, and various other development projects. According to the WEF1), biodiversity loss and ecosystem collapse are a long-term risk that will threaten humanity over the next decade, yet current preparedness to address them remains insufficient. In response, the international community adopted the Kunming-Montreal Global Biodiversity Framework (GBF) at the Conference of the Parties (COP15) on biodiversity in December 2022, where 196 countries met and agreed to halt and reverse biodiversity loss by 2030, with the vision of living in harmony with nature by 2050. Recognizing the importance of biodiversity conservation, Hanwha Systems conducted an analysis of biodiversity dependencies and impacts based on the LEAP (Locate–Evaluate–Assess–Prepare) approach proposed by the Taskforce on Nature-related Financial Disclosures (TNFD). The analysis covered 12 domestic sites, comprising company-owned and major supply chain facilities. Findings indicated that certain upstream operations had relatively higher biodiversity risks. Notably, the magnitude of impact varied depending on the geographical characteristics of each site, and some sites showed elevated physical risks, such as declining populations of local wildlife species. Hanwha Systems will continue to strengthen biodiversity monitoring across its sites and value chain and will proactively manage related risks through regular ecosystem protection and restoration initiatives.

Risk Assessment Items

Risk Category	Types	Type Category	Risk Description
Scape Physical	Provisioning services	Dependency	Scarcity of resources such as fresh water and timber
	Regulatory and support services (enabling)	Dependency	Deterioration of ecosystem services such as water quality and soil
	Regulatory and support services (mitigating)	Dependency	When ecosystems are damaged by landslides, wildfires, or heatwaves, they lose their ability to mitigate natural disasters
	Cultural services	Dependency	Reduced tourism attractiveness when landscape is degraded
	Pressure on biodiversity	Impact	Loss of biodiversity due to habit changes and invasive species
Scape Reputational	Environmental factors	Impact	Reputational damage caused by destruction of protected areas and decline in ecosystem rarity
	Socioeconomic factors	Impact	Resource shortages (food, water) and social conflicts related to human rights and labor
	Additional reputation factors	Dependency	National-level reputational risks associated with biodiversity, including media, political conditions (freedom index), Ramsar wetlands, and UNESCO World Natural and Cultural Heritage

Biodiversity Risk Analyzed

	Category		Result		
No.	Business Site	Value Chain	Average Risk Level	Physical Risk	Reputational Risk
1	Company A, an upstream supplier	Up	High	High	Medium
2	ICT Seoul Site	Own	Medium	Medium	Medium
3	Jukjeon Data Center Site	Own	Medium	Medium	Medium
4	Defense Seoul Site	Own	Medium	Medium	Medium
5	Company B, an upstream supplier	Up	Medium	Medium	Medium
6	Company C, an upstream supplier	Up	Medium	Medium	Medium
7	Pangyo R&D Center	Own	Medium	Medium	Medium
8	Company D, an upstream supplier	Up	Medium	Medium	Medium
9	Yongin R&D Center	Own	Medium	Medium	Medium
10	Company A, a downstream supplier	Down	Medium	Medium	Medium
11	Company B, a downstream supplier	Down	Medium	Medium	Medium
12	Gumi Site	Own	Medium	Medium	Medium

1.0 < = X <= 1.8 Very low risk 1.8 < X <= 2.6 Low risk 2.6 < X <= 3.4 Medium risk 3.4 < X <= 4.2 High risk 4.2 < X <= 5.0 Very high risk

Respect for Biodiversity

Dependency and Impact on Natural Capital by Business (Defense and ICT)

In order to understand the relationship between **Hanwha Systems**' business operations and the natural ecosystem, we assessed the level of dependency and impact of our business on nature using the ENCORE tool, as recommended by the TNFD framework for the assessment phase. Dependencies refer to the benefits a company receives from ecosystem services generated by natural capital, whereas impacts refer to the adverse effects a company's business activities have on natural capital, such as air pollution and GHG emissions. Based on the Global Industry Classification Standard (GICS) used in ENCORE, we categorized our current business areas into two industries: "manufacturing of computer, electronic, and optical products" and "computer programming, consultancy, and related activities. The findings showed that while no ecosystem services exhibited 'High' levels of dependency, the Defense Business exhibited 'High' level of impact with air pollutant emissions as the most significant driver.

We operate internal air quality management standards that are more stringent than statutory requirements in managing air pollutants. Additionally, we set and monitor our targets and indicators for air pollution reduction and implement measures such as activated carbon replacement in adsorption towers.

ENCORE Analysis Results

Category	Industry	Production Process	Dependency							Impact							
			Air	Structural & Biological Integrity	Soil & Sediment	Species	Water	Terrestrial Geomorphology	Marine Geomorphology	Disturbance (Noise/Light)	GHG Emissions	Non-GHG Air Pollutants	Solid Waste Generation & Emission	Land Use Area	Toxic Pollution to Water/Soil	Water Usage
Defense	Manufacture of Computers, Electronics & Optical Products	Manufacture of Measuring, Testing, Navigational & Control Equipment															
ICT	Computer Programming, Construction & Related Activities																

Very low risk | Low risk | Medium risk | High risk | Very high risk

Biodiversity Conservation

Based on our ECOMAP, each of **Hanwha Systems**' major sites selects places where habitat conservation is needed and regularly conducts activities to improve the ecological environment. In particular, **Hanwha Systems** conducts habitat conservation activities along the Nakdonggang River every year on World Water Day.

The Nakdonggang River is home to otters that are protected and listed as a nationally protected species on the National Biological Resource Center's Korean Peninsula Biodiversity site, where water quality improvement activities are needed to increase the population of nationally protected species. In response, our Gumi Site employees participated in throwing EM (Effective Microorganisms) soil balls. The even distribution of EM-infused soil balls across the water system and soil suppresses harmful bacteria and accelerates the decomposition of organic matter. This ecological restoration activity enhances the natural purification process, thereby making a tangible contribution to water quality improvement and biodiversity enhancement. Going forward, **Hanwha Systems** will continue to expand its ecological conservation efforts in areas surrounding its business sites, strengthening its ESG practices to protect biodiversity and restore the ecological health of local communities.



Nakdonggang River Cleanup on World Water Day


EM Soil-ball Throwing

Social

Hanwha Systems supports the growth of its employees based on the Great Challenger's Ideal Talent model and motivate them based on fair performance appraisal. We also respect the human rights of internal and external stakeholders, prioritize workers' health and safety, and pursue a shared growth path by working closely with suppliers and local communities. We will continue to take the lead in creating differentiated social values based on our corporate spirit of 'Going Further Together.'



KEY PERFORMANCE

Rated 'Excellent' for three consecutive years in Korea's 'Shared Growth Index Assessment'

Received the Minister of SMEs and Startups Award for Contributions to Shared Growth and selected as a Win–Win Honors case study for excellence in shared growth

'Great Challenger' Ideal Talent Internalization
Change in Employee Mindset
Corporate Workshop Implementation

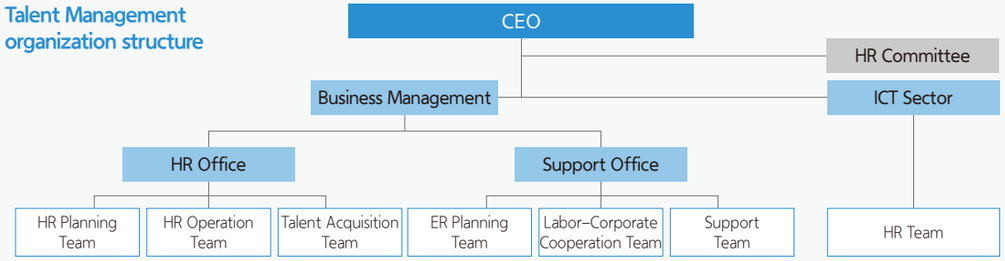
Conducted the first human rights assessment and established regulations to practice human rights management

Talent Management

Governance

Hanwha Systems' Defense Business operates the human resources (HR) function under a dual organizational structure consisting of the HR Office and the Support Office. The HR Office is composed of the HR Planning Team, HR Operations Team, and Talent Acquisition Team. The HR Planning Team is responsible for formulating strategic HR policies, including executive appointments, HR system planning, key talent development, and organizational management. The HR Operations Team handles practical matters related to workforce operations, employee training, and system administration. The Talent Acquisition Team is tasked with establishing and implementing recruitment strategies to secure talent. The Support Office is made up of the ER Planning Team, Labor Relations Team, and Support Team. The ER Planning Team manages labor plans, compensation, and welfare systems. The Labor Relations Team focuses on site-based labor planning and operations, promoting direct communication with employees and addressing grievances to help foster a stable organizational culture. To ensure fairness in performance appraisal and compensation, we mandate that all related decisions be reviewed and approved by the HR Committee. This approach enhances objectivity and transparency in HR-related decision-making. Meanwhile, the ICT Business' HR functions are integrated under the HR Team, which reports directly to the Head of the ICT Business. This team is responsible for a comprehensive range of organizational management duties, including human resources, labor relations, training, general affairs, and corporate social responsibility.

Talent Management organization structure



Detailed roles for talent management governance by entity

Category	Roles and Responsibilities
CEO	Reviews HR development and talent acquisition strategies
HR Office	Makes final decisions on policies related to HR development and talent acquisition
HR Committee	Operates performance appraisal and compensation systems
HR Planning Team	Develops HR systems and performance-related pay systems; handles personnel matters for executives; carries out organizational restructuring
HR Operations Team	Operates human resources, diagnoses the organization, and makes improvement
Talent Acquisition Team	Recruitment planning, C-level and core talent recruitment, recruitment system development, and branding activities
Support Office	Establishes and implements basic labor relation policies; makes major HR decisions
ER Planning Team	Plans and operates labor relations; operates work councils; provides labor relations guidance
Labor Relations Team	Communicates and collaborates with employee groups (workers' committees, labor unions) and addresses employee grievances
Support Team	Operates general affairs; plans and operates events; engages in CSR for the community
HR Team	Supports HR, labor, and training issues and handles general affairs

Strategy

Talent Management System

Ideal Talent

Hanwha Systems declared a new "Ideal Talent" slogan, "Great Challenger," in August 2023 to reinforce its ambition to become a global champion. The Ideal Talent is characterized by a mindset of ownership, exceptional differentiation, and adaptability to change, in line with Hanwha's core values: Challenge, Dedication, and Integrity. Hanwha Systems is committed to recruiting and developing individuals who align with these core values and demonstrate corresponding behavioral principles. In 2024, we launched tier-specific training programs (for executives, team leaders, and non-position holding employees) based on our vision and desire for ideal talent. These were followed by department-level workshops, encouraging practical, field-oriented actions to drive meaningful change.

Hanwha Core Values

Challenge
We pursue excellence through change and innovation instead of settling for the status quo.

Dedication
We value our ties with the company, customers, and peers and dedicate ourselves fully to achieving greater goals.

Integrity
We act with integrity and fairness based on self-esteem and we adhere to principles.

Hanwha Systems Ideal Talent

Hanwha Systems' Ideal Talent: GREAT CHALLENGER

	Responsible immersive ownership	Differentiation that breaks the mold	Embracing change to seize future opportunities
Mindset			
Action Guideline	• A long-term perspective ensures stability and the ability to read the currents. • We own our decisions completely. • The one who executes an idea owns it.	• True innovation starts with radical disruption. • Focus on the one thing that can be great, rather than many that are merely good. • God is in the details, and glory is in consistency.	• Stay humble and awake, not complacent in success. • A rabbit without a sense of crisis will be utterly defeated by a tortoise. • Change comes unannounced. Carry an umbrella even on a clear day.

Strategy

Talent Management System

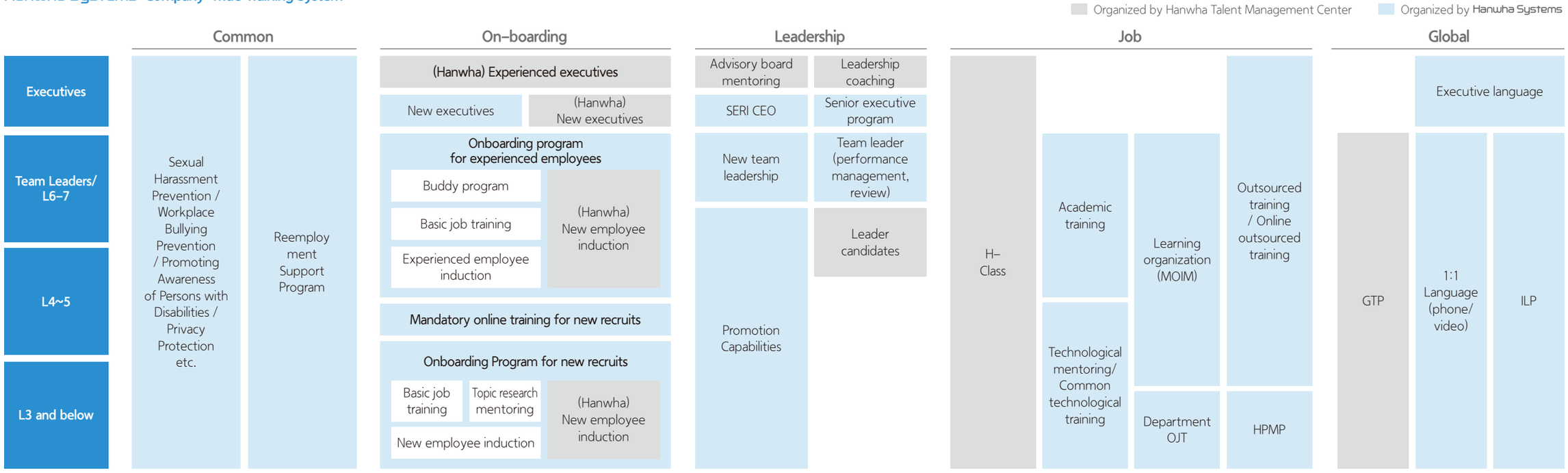
Talent Development Framework

Hanwha Systems establishes a talent development plan every year to recruit new talent with specialized skillsets and strengthen the capabilities of existing employees. We develop high-quality training contents and provide efficient training utilizing online and offline methods. Each year, we conduct interviews and surveys to investigate the demand for training needed to achieve business and departmental goals, and reflect the results in our annual training plan to ensure that our training programs are of practical benefit to the business.

Career Development Program (CDP) Framework

Hanwha Systems provides training under the CDP framework to all employees—including contract workers—without discrimination based on employment type. Training is structured across the full employment lifecycle, from new hire onboarding to post-retirement career transition support. It is categorized into five key areas: Common Programs; Onboarding; Leadership; Job-Specific Skills; and Global Competency Training. These programs are delivered in collaboration with Hanwha Human Resources Development Center. Compulsory training is also provided to part-time employees. To ensure the quality and effectiveness of training, all programs include post-training satisfaction surveys, collecting both quantitative data and qualitative indicators to identify areas for improvement and to assess overall program impact. For job training linked to certification, we track certification attainment rates among participants. As for leadership and organizational culture programs, qualitative changes in perception and behavior are measured before and after training. In addition, pre- and post-training self-assessments are used to quantitatively measure training effectiveness.

Hanwha Systems' Company-wide Training System



Strategy

Talent Management — Securing Top Talent

Employment-linked Internship Program

Hanwha Systems operates a short-term internship program for recent graduates (and graduates-to-be) to secure talent. The internship program enhances our HR competitiveness as it provides interns with prior hands-on experience and enables us to develop talent with the right capabilities for the organization. In 2024, 225 people who participated in the internship program were converted into new employees, strengthening the link between internship and employment.

Opening "Contracts" Course at Universities

Hanwha Systems actively fosters core talent who will lead the future space industry to strengthen its competitiveness in the Satellite Business, its core business. We have established and continue to support "Contracts" course in collaboration with institutions such as Yonsei University's Department of Satellite Systems and the Future Space Education Center at KAIST and Gyeongsang National University. Through these partnerships, we provide specialized education programs tailored to the space industry, systematically cultivating the next-generation satellite experts. In addition, to build AI convergence capacity for the Defense Business, we co-established and operate a "Contracts" course within the Department of Applied Artificial Intelligence of Seoul National University of Science and Technology. This initiative lays the foundation for developing experts equipped with integrated expertise in defense and AI technologies. As a result of these partnerships, seven outstanding individuals, including experts in the satellite field, were newly hired in 2024. Furthermore, we signed an industry-academia cooperation MOU with Seoul National University, which possesses top-tier research capabilities, to promote joint research and talent exchange in future strategic technologies such as low-Earth orbit satellites, 6G communications, and AI. Under this partnership, we plan to run a scholarship program and recruitment-linked initiatives to secure future growth drivers in the defense and ICT sectors.

Hanwha Systems Global Forum 2024

In July 2024, **Hanwha Systems** held a forum for global key talent in satellite and UAM fields in Los Angeles, USA, to expand its new business. We invited 30 leadership level persons (C-level, team leaders) and working level persons (with relevant experience, Ph.D. or above) from global companies to share the direction and vision of our new business. Through this event, we identified external trends related to the new business and conducted networking with experts in the field to attract top talent.

Internal Referral Program

Hanwha Systems operates an internal referral system to secure experienced talent in future strategic technologies such as AI and machine learning. Through the voluntary talent referral by the employees, we have secured a talent pool with proven excellence. In 2024, 26 people were hired through this system, and we provided incentives to employees who recommended talented people of Assistant Manager or above level if they stayed for more than three months at the company.

Interviewer Training

Hanwha Systems regularly conducts interviewer training for all interviewers. Only interviewers who have completed the training are allowed to participate in interviews, ensuring that they follow a standardized interview process and assess all applicants fairly. In 2024, we held two interviewer training session where 105 interviewers completed the training.

On-Boarding Program

Hanwha Systems operates a structured onboarding program to support new hires' effective adaptation to the organization and prevent early turnover. The program begins with a "Check-in" session on the first day, providing a warm welcome and essential information. This is followed by an introductory training designed to help new hires understand the corporate vision and culture. The final stage, the retention program, is structured to foster a sense of belonging and connection. In particular, the retention program offers opportunities for organic networking through group-level CSR activities with onboarding peers and one-on-one buddy matching with employees from different departments. These interactions promote open communication across teams and accelerate new hires' adaptation to and sense of belonging within the organization.

HPMP Program

Hanwha Systems implements the Hanwha Pre-Manager Program (HPMP) to help new employees quickly acquire job skills. The HPMP program lasts for approximately 18 months and consists of 130 hours of mandatory training and at least six team coaching sessions. It is systematically structured to provide basic training in areas such as financial accounting and logical thinking, as well as individual job training plans. For experienced hires, we offer a separate onboarding curriculum to be completed within three months of joining. It includes the Group's history and core values, helping new hires gain a clear understanding of the organization's direction and culture and promoting faster assimilation into the organization.

Campus Recruiting

Hanwha Systems is solidifying the foundation for talent acquisition and continuously enhancing its corporate brand value through a variety of branding initiatives. In 2024, we secured a talent pool of 998 individuals through on-campus recruiting events in the spring and fall semesters. Additionally, the participation in academic and industry association events led to the addition of approximately 530 potential candidates to the pool. The talent pool has been actively utilized in open recruitment of entry-level and experienced hires, contributing to increased application rates and attracting high-quality candidates.

Employment of Veterans and Socially Disadvantaged Groups

In line with the unique characteristics of the defense industry, **Hanwha Systems** actively recruits veterans each year and was recognized in 2023 by the Ministry of Patriots and Veterans Affairs as an outstanding employer of veterans. We also contribute to creating a stable working environment for socially disadvantaged individuals by expanding direct and indirect employment opportunities for people with disabilities to operate internal convenience facilities, produce business cards, and operate a health keeper program.

Strategy

Talent Management — Employee Capacity-building

Leadership Training

Hanwha Systems systematically operates customized leadership development programs tailored to different levels and roles, targeting all employees to strengthen their leadership. In particular, we actively utilize group-level leadership programs provided by Hanwha HR Development Center, such as the Execution Excellence Academy (EEA) and the Hanwha MBA. To support smooth adaptation to role changes after promotions, we offer mindset transformation training. We also provide job-level leadership training for team leaders, part leaders, and executives, including SERI CEO; New Team Leader Onboarding Training; Assessor Capacity Building Training; and Mid-level Manager Development Programs. These task-based courses are designed to systematically support employees to become responsible leaders.

Leadership Development by Level

Level	Training Programs
Executives	SERI CEO, Experienced Executives Course, New Executives Course
Team leaders	New Team Leader Training
Middle managers (section chiefs and deputy managers)	Middle Manager Training
Others	MBA, EEA, Training for the Promoted, ABC Change Leader Training, Coach Yourself

Leader Development Programs

Hanwha Systems selects and develops future leaders through a structured leadership pipeline and capacity-building programs aimed at enhancing both leadership and job expertise. In 2024, we identified and appointed two next-generation leaders—one from the Defense Business and one from the ICT Business. We offered them growth opportunities based on the Career Development Programs (CDPs), which include domestic and international degree programs, industry-specific training, and mentoring. To further nurture leadership with global competencies, we operate the Global Talent Program (GTP) that enables the selected high-potential employees to work at Hanwha Group's overseas subsidiaries or branch offices, where they undergo hands-on, on-the-job training. Prior to deployment, the selected completes an intensive preparatory program lasting over three months. Once dispatched, they engage in 1–2 years of expatriate assignments in key international sites such as the United States, Germany, China, and Japan, gaining valuable global business experience and management insight.

Global Language Programs

Hanwha Systems operates a comprehensive language program to strengthen employees' global business capabilities in line with its overseas business expansion. The Defense Business operates an intensive 4-week job-off language program for key department personnel closely related to global operations. In addition, it supports external language education fees for individual employees, reinforcing its commitment to developing global talent. To ensure the effectiveness of these programs and raise training quality, we conduct assessments before and after completing the program.

Graduate School(Academic Training) Program

Hanwha Systems is implementing a graduate school support program to cultivate human resources and present a vision for the growth of outstanding talent in line with the company's mid- to long-term strategy. The program is open to all regular employees (excluding temporary and contract employees), and applicants are selected through a review of their documents and interviews. Selected candidates receive support for their graduate school tuition. The Defense sector expects to strengthen its organizational capabilities by securing in-house experts and expanding its human network through the completion of master's and doctoral programs in various fields such as defense specialization (space defense, artificial satellites, etc.) and artificial intelligence, communication networks, big data, and information strategy. As of 2024, the division is supporting 25 current students. The ICT sector provides graduate education expenses of approximately 10 million won per semester, including tuition, fees, and alumni association dues, to selected candidates in IT-related fields such as AI, big data, computer science, and smart manufacturing. As of 2024, the program supports 13 current students.

In-house Technology Sharing Platform

Hanwha Systems ICT Business operates a technology sharing platform (H-wiki) that enables all employees to quickly find internal information and share technical information to improve the IT skills of all employees. During the second half of 2024, a total of 38 individuals (12 individuals and 9 teams) submitted high-quality articles on various technologies related to their respective roles. Among these, outstanding H-wikiers were selected from both individuals and teams, and cash prizes were awarded. **Hanwha Systems** will continue to promote a culture of technical knowledge sharing to encourage all employees to become technical experts through ongoing communication initiatives.





Strategy

Talent Management — Employee Capacity-building

Professional Certification Support Program

Hanwha Systems operates a professional certification support program to enhance business competitiveness and support employees' professional development. The program is open to all permanent employees (excluding temporary and contract workers). Certifications are categorized based on business relevance and difficulty level (e.g., pass rate), and we provide financial support for education, examination fees, and congratulatory incentives upon the certification acquisition, depending on the certification level. In 2024, the program supported employees in acquiring 41 defense-related and 90 ICT-related certifications.

AI Capacity Building

To strengthen company-wide understanding and capabilities in AI, Hanwha Systems' ICT Business signed an MOU in 2022 with Modulabs, an AI education company, to foster AI specialists. In 2024, we introduced and operated AIFFEL, a hands-on, self-directed AI learning platform. We continue to advance our AI education roadmap by discovering emerging AI contents such as generative AI (e.g., ChatGPT). In 2025, we plan to launch industry-specialized training to nurture domain-specific AI experts.

Retiree Assistance Program

Hanwha Systems provides post-retirement life planning and re-employment support services worth about KRW 3 million per person for those over the age of 50 who are expected to retire non-voluntarily. In 2024, three employees benefited from this program. The program consists of 'Motivation Consulting,' 'Career Analysis/Career Path Design Support,' and Re-employment Support.' The support services include training, one-on-one counseling, and personalized career information based on each employee's desired career path. The program provides employees with career transition opportunities after their retirement and seeks to help them lead more stable and happier retirement life.

Job-skill-up Training

Hanwha Systems supports self-development and self-directed learning to enhance employees' job competencies by operating an in-house learning platform, Channel H+, accessible for all employees, including permanent and contract workers. The Defense Business promotes professional growth through a variety of initiatives, such as the self-directed MOIM system that encourages knowledge-sharing through in-house instructors, skill-up mentoring to share knowledge, and customized online training content tailored to job functions. The ICT Business promotes internal knowledge dissemination through the Hi.Lite learning organization and in-house instructor system, alongside the provision of job-specific online content to cultivate job-specific experts.

In 2024, we provided training programs to enhance understanding of cloud-native technologies and strengthen development capabilities. We also supported e-learning to develop SAP specialists and provided secure coding training for developers to prevent security incidents arising from system vulnerabilities.

Operation of Learning Organizations

Hanwha Systems' ICT Business operates a learning organization system called Hi.Lite to encourage employees' self-directed learning and competency development. Learning topics include Value Creation (VC), new technologies, and work process improvements, focusing on practical areas closely related to day-to-day business operations to pursue practical learning and growth. To promote active participation, various support systems are in operation, such as learning subsidies, mentoring, and a "Learning Day" program that allows eight hours of job-off per month. In 2024, 25 teams and 108 employees participated, contributing to creating a vibrant learning culture. We offer each participant a monthly activity allowance of KRW 40,000, support for book purchases, and other learning-related expenses, creating a practical and sustainable learning ecosystem.

Operation of H-Class

Hanwha Systems, in collaboration with the Hanwha HR Development Center, operates the H-Class program to enhance employees' job competencies. The program systematically maps required skills for each job level and offers training on three core areas: cognitive skills, interpersonal skills, and technical skills. In particular, the technical skills course includes AI and data engineering, enabling employees to swiftly adapt to rapidly changing technological and business environments.

Strategy

Talent Management — Fair Performance Appraisal and Compensation

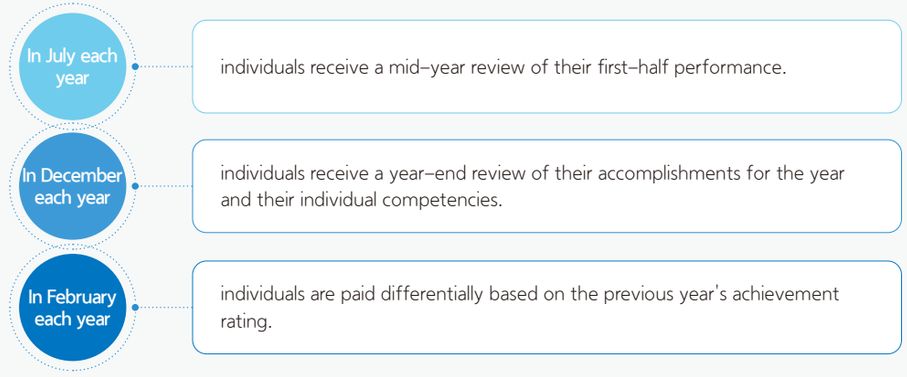
Performance Appraisal and Compensation Systems

Hanwha Systems operates a compensation system that applies the principle of fair appraisal for all employees regardless of gender, position, or years in service. In the semiannual assessment (using Management By Objective (MBO), performance appraisal and competency assessments are conducted in parallel to assign differential grades consisting of five levels: S, A, B+, B, and C. Performance appraisal is primarily based on quantitative outcomes and achievements linked to KPIs, and the results are directly reflected in the calculation of cash bonuses. Competency assessments focus on common competencies, leadership, and job-specific skills, and are used as key criteria for talent development and job rotation decisions.

The combined results of the performance and competency assessments are utilized in promotion reviews and the calculation of individual salary increases, thereby ensuring a balanced reflection of both employee growth and contributions to the organization. Real-time feedback between assessors and assesses is enabled within the assessment system to enhance the effectiveness of the assessment, and assessments are also conducted based on two-way (agile) communication. For those in managerial positions, a multi-rater system is in operation. In addition, feedback on assessment results and a formal objection process are in place to improve the fairness and acceptance of assessment processes and to help employees better understand their personal growth paths.

In terms of compensation, we operate various cash incentive systems to motivate employees to achieve short-term goals as well as continuous performance. We pay cash performance-based bonuses to all employees, including contract employees, based on their performance levels, and apply basic salary increases based on individual performance evaluations. In addition, salaries are set at or above the minimum wage determined by the government each year.

Appraisal Process



Employee Welfare Benefits

Hanwha Systems provides various welfare benefits—monetary and non-monetary— to help all employees (including contract workers) feel proud of the company by creating a better working environment. In particular, we actively implement policies to support childbirth and childcare to create a family-friendly culture, and in recognition of these efforts, we were certified as a family-friendly organization by the Ministry of Gender Equality and Family in 2022 (valid from Dec, 1, 2022 to Nov. 30, 2025). We also guarantee annual paid leave in accordance with the Labor Standards Act and provides monetary compensation for any unused leave. Major non-monetary and non-statutory benefits include group insurance, support for health checkups, psychological counseling services, and access to an in-house fitness center. We actively communicate with worker organizations to continuously improve employee welfare.

Major Welfare Benefit Programs

Category	Programs
Creating a family-friendly culture	• Family care leave • Paternity leave • Reduced work hours, such as for family caregiving • Refresh vacation and sabbatical programs • Hanwha Resort, Equestrian Center benefits • The PC-off system
Supporting employee health	• Group industrial accident insurance • Health screening for employees and their spouses • Integrated Psychological Support Counseling Program • In-house fitness center
Supporting childbirth and parenting	• The Defense Business allows paternity leave for 26 days that exceeds the statutory requirement of 20 days. • Time-off and reimbursement for fertility treatments/procedures • Congratulations on the birth of a child • In-house daycare center at Hanwha Building • Pregnancy and maternity packages with work support items and congratulatory gifts (for both men and women) • Shortened working hours during pregnancy and childcare • Paid lactation time with the provision of a nursing room • Child's education fees • Congratulations and condolences • Parental leave (for both male and female employees, including contractual workers)
Flexible work arrangements	• Selective working hours (any overtime work is compensated under the statutory standards) • Staggered commuting (any overtime work is compensated under the statutory standards) • Discretionary (deemed) working hours • Flexible working hours • Part-time work (for Health Keepers only) • Work from home (ICT Business)

Strategy

Talent Management — Fair Performance Appraisal and Compensation

Building a Challenge-driven Culture (Future Changer)

Hanwha Systems is committed to building a culture that embraces challenges without the fear of failure. To reinforce the transfer of knowledge and experience of senior employees, we introduced an award system in Q4 2023 to recognize individuals who excel in undertaking challenging tasks. This system recognizes teams and individuals who demonstrate exceptional performance in challenging or innovative tasks throughout the year. We present certificates and monetary awards to them and share their achievements company-wide to encourage high performance.

Future Changer Selection Criteria

1. An individual or team that has proactively set and achieved ambitious goals, or demonstrated a strong sense of responsibility, thereby contributing to the realization of corporate value.
2. An individual or team that boldly took on new challenges or ambitious goals, generating valuable experiential assets, or achieved a transformation in work practices through agile, proactive decision-making.
3. An individual or team that identified new opportunities through open-mindedness and creative thinking, free from conventional practices, or responded effectively to unexpected challenges and risks during task execution.



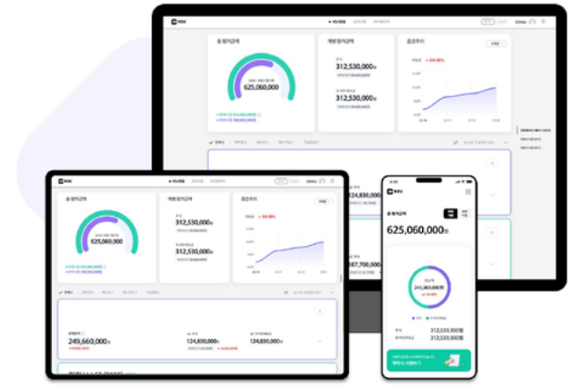
Future Changer Award

Long-term Performance-linked RSU and ESOP Operation

Hanwha Systems operates various incentive programs for long-term performance in addition to annual performance bonuses paid as lump sums based on the achievement of management goals. In addition to cash payment of performance-related compensation, we have granted Restricted Stock Units (RSUs) to executives, including the CEO, to promote long-term performance-driven decision-making and responsible management since 2020. In accordance with Article 9 (2) of our articles of incorporation, we formalized the criteria for stock option exercise and cancellation. RSUs can be converted into shares five to ten years after they are granted, depending on the rank and the grant date, thereby discouraging short-term performance focus but driving long-term corporate value enhancement. In 2024, we began offering team leaders and position holders the option to convert their cash-based job allowances into RSUs. Additionally, retention bonuses previously paid as lump sums to the ICT Business employees with outstanding average performance over three years have been converted into RSUs. These measures aim to secure long-term retention of key talents and foster a sense of ownership, promoting shared growth between the company and employees. Since January 2024, we have been developing and operating a separate RSU management system. This system further strengthens the motivation for long-term value creation for both the company and individuals, and employees can check the relevant status at any time via mobile devices and PCs.

Furthermore, we operate an Employee Stock Ownership Plan (ESOP) for all employees. We support employees' stock subscription opportunities and loan interest payments to motivate them to take ownership and contribute to enhancing corporate value.




Key features and sample screens of the RSU management system

Strategy

Talent Management — Fostering High-quality Organizational Culture

Diagnosis of Employee Satisfaction and Organizational Culture

Hanwha Systems diagnoses organizational culture every year to identify employees' perception and behavioral change and to derive insights for strategic organizational culture enhancement. The diagnostic process is designed to systematically assess company-wide cultural elements such as corporate strategy, leadership, systems and processes, and individual factors like work purpose, methods, and capabilities. It also serves as a practical tool for gauging mindset shifts and employee engagement levels. In 2024, the participation rate in the employee survey reached approximately 64% in the Defense Business and 81% in the ICT Business.

The results were analyzed based on data-driven methodologies and supplemented with qualitative feedback collected through Focus Group Interviews (FGIs), enabling a holistic understanding of areas for improvement and identifying feasible change management measures. Notably, in 2024, we enhanced the diagnostic framework to align with our newly defined "Great Challenger," an Ideal Talent model. The survey comprised 55 questions across six key dimensions: Vision Sharing, Strategy, Work Style & Purpose, Leadership, Systems, and Work Capability. Among these, subcategories within the "Work Style" dimension—which shows the highest correlation with employee satisfaction and engagement—recorded the following scores:

• Sense of ownership: 60 points • Distinctiveness: 63 points • Change Acceptance: 64 points

Following the diagnostics, each team performs customized initiatives to improve the organizational culture. We are committed to continuously strengthening an integrated organizational culture management system based on a cycle of Diagnosis — Analysis — Execution — Feedback.

Employee Satisfaction (Engagement) Results

Category	Questions Asked	2024 Scores
Sense of ownership	• Do you make the best decision from a long-term perspective to realize the corporate vision? • Do you take the initiative in making decisions and acting on them, while taking full responsibility for the outcomes? • Do you make accurate judgments and swiftly execute on the decisions made?	60
Distinctiveness	• Do you continuously seek excellence and innovation rather than settling for the status quo? • Do you focus on the core of your work and persistently pursue goals until they are attained? • Do you strive for perfection in the details and maintain steady progress even in difficult situations?	63
Change Acceptance	• Do you recognize that performance is influenced by both internal and external factors, and do you remain humble in your growth? • Do you view reality objectively and maintain a sense of urgency even when performance is satisfactory? • Do you respond swiftly to internal and external changes?	64

* The organizational culture diagnostics and scoring standard changed in 2024.
* Past employee satisfaction results: 52.6 in 2022; 58.7 in 2023

Corporate Response to Diagnostics Results

Category	Directions Set for Improvement	Action Plan
• Sense of ownership	• Strengthen self-esteem through discussions within the organization.	• Launch a Great Challenger Ideal Talent internalization campaign.
• Distinctiveness	• Discuss appropriate ways to operate the organization in line with the nature of your organization and industry.	• Conduct a DIY workshop for change implementation and derive Do and Don't lists.
• Change Acceptance	• Build and promote consensus on the need for change and its direction.	• Assess how much change is made through retrospective meetings.

Ran an organizational culture improvement campaign participated by about 4,000 employees across 160 teams

Great Challenger Workshop to Improve Organizational Culture



Strategy

Talent Management — Fostering High-quality Organizational Culture

Operation of Smart Work

Hanwha Systems' ICT Business has operated a Smart Work system since October 2020. The system enables employees to work flexibly outside the office by allowing remote work at least once a week. From an environmental perspective, it also contributes significantly to the company's ESG management goals by reducing commuting and energy consumption. If employees need to work beyond the standard 40 hours per week, prior approval is required in principle. To prevent excessive overtime, notifications are sent to both the employee and their department head when working hours exceed 45 hours in a week. Working hours are strictly managed to ensure they do not surpass the legal limit of 52 hours per week.

HanSys Festival

Hanwha Systems is actively pursuing innovative initiatives to build a healthy and sustainable organizational culture. As part of these efforts, we held the company-wide organizational culture event, the HanSys Festival, in 2024. The festival was designed to enhance employees' understanding of the organizational culture and to provide a platform for sharing the year's achievements in cultural transformation. The festival featured presentations on annual cultural activities and best practices in change management. We encourage the spread of a positive culture by recognizing and rewarding outstanding individuals and teams who demonstrated exemplary commitment to organizational innovation. In addition, a participatory quiz competition was held to deepen employees' understanding of the company's core values and strategies, while also strengthening communication and a bond across the organization. Through the HanSys Festival, Hanwha Systems successfully fostered a culture of voluntary participation, reinforcing employee engagement and a stronger sense of belonging.



HanSys Festival — Golden Bell Quiz Competition

Team-building Activities

Hanwha Systems continuously promotes a high-quality organizational culture by offering a variety of team-building programs. Events such as the Fall Picnic and "Eagles Day" — where employees watching baseball games together — have created valuable opportunities for communication and organic relationship building among employees. These activities have played a key role in strengthening bonds and enhancing collaborative synergy across the organization. Hanwha Systems remains committed to providing ongoing opportunities for team-building and open communication to foster a positive and cooperative organizational culture.



Eagles' Day Promotional



Fall Picnic Promotional Poster

Collective Bargaining and Labor-Management Collaboration

Hanwha Systems upholds the freedom of association guaranteed by the Constitution and strictly complies with labor-related laws and regulations to protect the fundamental rights of all employees. We foster a sound and stable labor-management culture through close communication and cooperation with the Workers Committee, labor unions, and Work Councils, which represent employees. Annual salary negotiations and biennial collective bargaining are conducted with the Workers Committee and labor unions. Additionally, through quarterly and ad-hoc meetings with Work Councils, we strive to promote both employee welfare and the company's sustainable growth. In 2024, the Defense Business concluded the collective wage agreement, and further collective bargaining is scheduled for 2025. Approximately 71% of Defense Business employees are members of the Workers Committee or labor union. The ICT Business operates the ICT Council, a communication channel dedicated to improving employee welfare, addressing grievances, and fostering a productive industrial relations management. The ICT Council comprises the Work Councils and the Occupational Health and Safety Committee. Chairs and employee representatives, elected through a company-wide vote, speak on behalf of employees in quarterly meetings with management. These meetings cover topics such as HR policies, benefits, and working conditions, and all meeting outcomes are transparently shared on the company's internal bulletin board. Any agreements or improvements made through the ICT Council apply to all employees in the ICT Business.
Hanwha Systems has never carried out large-scale layoffs, but in the event that layoffs become necessary due to urgent business reasons, we will follow the agreement with the labor union and clearly stipulate in the agreement the procedures for prior consultation and notification periods.

Fostering a Culture of Respect for Diversity

Hanwha Systems strictly prohibits unlawful discrimination in the recruitment process based on gender, race, nationality, religion, age, disability, or place of origin, thereby building a corporate culture that respects diversity. To effectively safeguard employees' human rights, we implement company-wide policies on fair wages, compliance with working hours, and the prevention of workplace bullying and sexual harassment. To increase the proportion of female workers, we set annual targets and monitors progress, aiming to raise the proportion to 17.1% of the total workforce by 2026. In addition, to increase the number of women in managerial positions, we maintain a separate talent pool of female team leader candidates and are expanding welfare programs that support their work-life balance. The Chief Human Resources Officer (C-level) oversees and manages performance related to diversity and submits an annual Employment Equity Report to the government.

Respect for Diversity — Number of Female Workers

Item	2024 Target	2024 Performance	2024 Target Achievement Rate	2025 Target
Number (proportion) of Female Workers of the Total Workforce	823 / 5,093 (16.16%)	765 / 4,800 (15.94%)	93.00%	16.21%

* Based on the Employment Equity Report submitted to the Ministry of Employment and Labor in May 2025

Risk Management

In the Defense Business of Hanwha Systems, products incorporating advanced technologies—such as surveillance, reconnaissance, and satellite communications—require a high level of technology, and their quality directly translates into competitive advantage in the industry. Meanwhile, the ICT industry is characterized by rapid technological change, making it essential for employees to continuously maintain and expand their knowledge and competencies in cutting-edge technologies. In such an environment, fostering creative and agile talent, as well as building a flexible and learning-oriented organizational culture, has become a critical priority. Consequently, systematic HR development and strategic talent management are emerging as top business imperatives. Failing to secure and cultivate high-performing talent can lead to increased short-term operational costs due to rehiring and additional training. In the long term, it may result in deteriorated service quality, customer attrition, and weakened technological competitiveness. To enhance employees' job expertise and future competencies, we operate a competency development support system based on the CDP framework. Specifically, we offer a variety of learning pathways, including support for obtaining professional qualifications, encouragement to pursue graduate-level education (master's and doctoral programs), and the operation of job-specific learning organizations. These initiatives provide an environment in which employees are engaged in self-directed competency development, thereby strengthening the organization's technological responsiveness and realizing sustainable, talent-driven growth.

Metrics and Targets

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Diagnosis of organizational culture	Work Style (Mindset of ownership, exceptional differentiation, and adaptability to change) score	Point	52.6	58.7	60.0	62.2[1]	63 or above
Participation in basic training	Programs for experienced and new hires and for those promoted – completion rate	%	–	[Defense] – Experienced hires' participation rate: 87% – New hires' completion rate: 100% – The promoted' completion rate: 89.2% [ICT] – Experienced hires' participation rate: 95% – New hires' completion rate: 100% – The promoted' completion rate: 86.8%	90% or above	[Defense] – Experienced hires' participation rate: 96% – New hires' completion rate: 100% – The promoted' completion rate: 93.9% [ICT] – Experienced hires' participation rate: 87.6% – New hires' completion rate: 100% – The promoted' completion rate: 96.7%	90% or above
Participation in global and professional talent development	Internal language programs — completion rate	%	–	[Defense] 88.4% [ICT] 98.3%	90% or above	[Defense] 94.9% [ICT] 96.5%	95% or above
	Number of persons who received graduate school Program (Based on current students)	Person	–	[Defense]] 5 doctoral degrees; 15 master's degrees [ICT] 10 master's degrees	The number to be constantly increased	[Defense] 4 doctoral degrees; 21 master's degrees [ICT] 13 master's degrees	The number to be constantly increased

1) An average score of Defense and ICT Businesses in the diagnosis

Human Rights Management

Governance

Hanwha Systems has established and operates a human rights management organization structured as follows: the BOD – the CEO – the Department responsible for human rights management – human rights–related departments, to ensure systematic and effective human rights management and the protection and promotion of human rights for all stakeholders, including employees. The BOD and the ESG Committee, a subcommittee within the board, serve as the highest decision–making bodies on human rights issues. They review human rights management policies and activities and oversee overall management. The CEO receives reports on human rights issues, makes decisions on key matters related to human rights, and reviews the performance of human rights management. The department responsible for human rights management establishes and operates the management system by developing basic plans, identifying and responding to risks, and providing human rights education. In addition, human rights–related departments, such as Ethics and Compliance, HR and Labor Relations, and ESH, manage human rights–related risks, identify areas for improvement, implement measures, and report and monitor performance.

Social Contribution Operations organizational structure



Detailed roles for human rights management governance by entity

Category	Roles and responsibilities
BOD (ESG Committee)	• Makes the final decision on human rights issues
CEO	• Makes decisions and reviews human rights management performance
Department Responsible for Human Rights Management	• Establishes and operates human rights management systems
Department Responsible for Human Rights	• Identifies human rights risks and identifies improvement tasks and implements them • Reports on and monitors human rights management performance

Strategy

Human Rights Management Declaration

Hanwha Systems established a human rights management policy to uphold and observe international norms and principles, such as the Universal Declaration of Human Rights, UN Guiding Principles on Business and Human Rights, OECD Guidelines for Multinational Enterprises, and the International Labour Organization's Fundamental Conventions. We respect all our stakeholders' human rights, including employees, suppliers, customers, and residents near our sites, and all our sites implement human rights management. In 2024, we revised our Human Rights Management Charter to reflect improvements identified in our first human rights impact assessment earlier that year. The revised Charter emphasizes our responsibility to respect human rights, affirms our commitment to complying with international human rights standards and norms. It presents our commitment to prohibiting discrimination, guaranteeing freedom of association and collective bargaining, prohibiting forced and child labor, ensuring occupational safety, managing supply chain responsibly, and protecting and engaging with stakeholders on human rights matters. The CEO proclaims the Charter to ensure the dignity and value of human beings are upheld in all business activities. Employees pledge to uphold the Charter as a code of conduct and a standard for value judgment in human rights management. The full text of the Charter is published on our website, declaring our commitment to human rights management to the public.

Human Rights Management Policy

Hanwha Systems is committed to fulfilling its responsibility to respect the human rights of all stakeholders connected to it—including employees, suppliers, customers, and local communities. To this end, we established a range of policies based on domestic and international human rights guidelines and laws. These include the Human Rights Management Implementation Regulations, Code of Ethics, Employee Ethical Management Guide, Supplier Code of Conduct, and Safety Management Policy. We strive to uphold these throughout all aspects of our business operations.

Policies	Target	Content
Human Rights Management Implementation Regulations	Stakeholders including employees	• Policy–making and implementation concerning stakeholders' human rights protection and improvement
Code of Ethics	All employees	• The highest standard of ethical conduct, serving as a foundation for sound decision–making and ethical judgment in pursuit of ethical management
Ethical Management Guide	All employees	• Detailed behavioral guidelines and prohibitions that provide specific standards of conduct for all employees to practice ethical management
Supplier Code of Ethics	All suppliers	• Requirements for suppliers to comply with, including respect for workers' human rights, the provision of a safe working environment, green and ethical management
Safety Management Policy	All employees and suppliers	• A declaration of commitment to safety and health management, outlining actions to be taken and matters to be complied with for employees and supplier workers to promote safety and health

Strategy

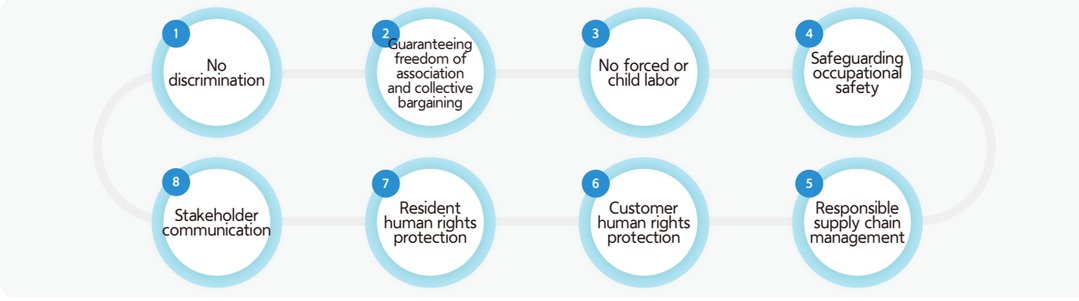
Human Rights Management Policy

Hanwha Systems has publicly declared it commitment to human rights management by enacting and proclaiming the Human Rights Management Charter. To specify detailed provision necessary for the implementation of human rights management, we enacted the Human Rights Management Implementation Regulations in December 2024. The regulations stipulate the general principles of human rights management, its management system, human rights due diligence, grievance mechanisms, and other necessary measures to the establishment and implementation of policies aimed at protecting and promoting the human rights of all stakeholders, including employees. The Implementation Regulations, along with the charter, are publicly disclosed on our website to demonstrate our commitment to human rights management. We will strictly adhere to the charter and the Regulations throughout all business operations to prevent potential human rights violations and to provide remediation procedures where necessary, thereby fulfilling our responsibility for human rights management.

Details of Hanwha Systems' Human Rights Management Implementation Regulations

Contents	Provisions
Chapter 1. General Provisions	• Purposes, definitions, and scope of application of human rights management
Chapter 2. General Principles for Human Rights Management	• Basic principles of human rights management, including no discriminated employment, guarantee of freedom of association and collective bargaining, and no forced or child labor
Chapter 3. Human Rights Management System	• The human rights management system covering the declaration of human rights policies, planning and implementing human rights management, departments responsible for human rights management, human rights training, and support for human rights management
Chapter 4. Human Rights Due Diligence	• Matters related to human rights due diligence, including impact assessment, integrations, measures to take, tracking and verification, communication, and reporting
Chapter 5. Grievance Handling	• Grievance handling mechanisms (remediation procedure for violations), including counseling, reporting and filing, investigation and corrective actions, protection of identity, and prevention of retaliation

Basic Principles of Human Rights Management



Human Rights Impact Assessment

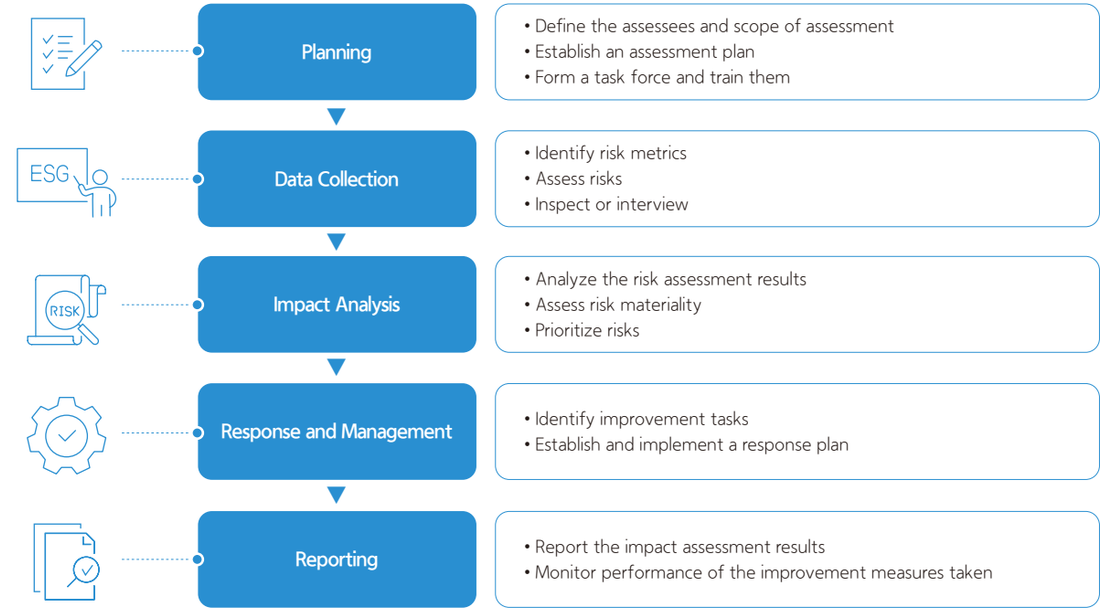
Hanwha Systems conducted its first human rights impact assessment in 2024, targeting both internal (employees) and external stakeholders (suppliers), to identify the current status of human rights issues and assess actual and potential human rights risks that may arise from its business activities. The assessment was carried out in collaboration with an external organization to ensure objective and independent results.

Scope of Human Rights Impact Assessment

All business sites and members of Hanwha Systems

All stakeholders vulnerable to human rights risks, including supplier workers, women, the elderly, pregnant women, and person with disabilities

Human Rights Impact Assessment Process



Strategy

Human Rights Impact Assessment

Human Rights Impact Assessment Items

Hanwha Systems has established a human rights risk assessment framework consisting of 7 categories, 14 items, and 30 indicators, based on international human rights standards such as the UN Guiding Principles on Business and Human Rights (UNGPs), the Corporate Human Rights Benchmark (CHRB), and the OECD Guidelines for Multinational Enterprises. Human rights–related personnel conducted self–assessments of risks in each area using the established indicators. An external expert organization verified the supporting documentation and conducted interviews with responsible personnel to analyze the assessment results, identify the current status of human rights, and uncover potential risks. Additionally, Hanwha Systems carried out a materiality assessment based on severity and frequency of occurrence to prioritize human rights risks. Based on this, key issues were selected as improvement tasks, and corrective actions are being implemented accordingly.

Risk Metrics

Category	Contents	No. of Indicators
Building a human rights management system	• Whether a system is in operation to internalize human rights management; the process of human rights impact assessment; the adequacy of human rights management reporting	8
Grievance handling mechanisms	• The operational status of grievance handling, reporting, and remediation systems; Inspection of policies to ensure anonymity, confidentiality, and credibility	4
No discrimination	• Preventive measure to ensure non–discrimination in recruitment, job placement, promotion, appraisal, employment, retirement, and dismissal	3
Labor union activities	• Freedom of association and collective bargaining, protection from unfair treatment, and faithful implementation of collectively bargained provisions	3
No forced labor	• Prohibition of direct or indirect forced labor Institutional and policy measures to prevent any form of forced labor	3
Occupational safety and health	• Operation of an Occupational Safety and health Committee and related systems, provision of safety and health training, prevention of hazards and dangers, and protection of vulnerable workers	6
Supply chain management	• Sharing and spreading human rights management across the supply chain, ensuring compliance with labor conditions and monitoring safety and health within the supply chain	3
	Total	30

Human Rights Risk Assessment Results

In the 2024 human rights impact assessment, Hanwha Systems adopted an advanced methodology that goes beyond a simple checklist–based assessment of compliance. Instead, each metric was assessed based on the severity (level, scope, and solvability) and frequency of potential risks. The results were then linked to a materiality assessment. The level of risk for each metric was rated as HIGH/MEDIUM/LOW, assigned 3/2/1 points respectively. These scores were aggregated by metric and totaled for each human rights category. To allow for comparison across categories, the scores were normalized on a 100–point scale, where a higher score indicates a higher level of potential human rights risk in that area. These final scores will be used as metrics to measure the effectiveness of future human rights risk mitigation activities. In the 2024 assessment, Hanwha Systems received an overall risk score of 52.8, indicating a relatively sound state of human rights management. Among the seven categories assessed, three areas—human rights management system, grievance mechanisms, and supply chain management—were identified as having relatively higher risk scores. Potential human rights risks were identified in these areas, and corresponding improvement measures have been developed.

Category	Vulnerable Stakeholders	No. of Indicators	Risk Score	Remarks
Building a human rights management system	Employees, suppliers	8	86.5	The highest risk score: 100 The lowest risk score: 33.3
Grievance handling mechanisms	Employees, suppliers	4	60.4	
No discrimination	Employees, suppliers	3	33.3	
Labor union activities	Employees	3	33.3	
No forced labor	Employees, suppliers	3	33.3	
Occupational safety and health	Employees, suppliers	6	33.3	
Supply chain management	Employees, suppliers	3	50.0	
Average risk score			52.8	

* The lower the score, the lower the risk.

Vulnerability and Improvement

Building a human rights management system | Grievance handling mechanisms | Supply chain management

- Designated a dedicated department for human rights management; established and implemented regulations supporting human rights impact assessment
- Enhanced training and guidance on grievance mechanisms; monitored the operational performance of such mechanisms
- Built a supply chain database (to identify the characteristics of the supply chain and key suppliers)

Strategy

Human Rights Impact Assessment

Materiality Assessment Results

At the human rights risks assessment stage, Hanwha Systems assesses the severity (level, scope, and solvability) and frequency of each risk by metric. Based on these results, we conducted a materiality assessment. The materiality assessment is composed of two stages: the first stage assesses the level, scope, solvability, and frequency of risks, and the second stage uses the severity results to refine the assessment. Given that severity has a greater impact than other assessment criteria, its weight is emphasized more heavily in the final assessment. Based on the results of the second-stage assessment, risks were prioritized in order of highest to lowest. In the materiality assessment. Hanwha Systems identified "Establishment of a Human Rights Management System" and "Grievance Mechanisms" as the top two priority issues. We derived key improvement tasks for each area and are currently implementing response plans to address them.

Category	Risk level		2nd assessment scores[2]	Priority
	1st assessment results[1]	Severity		
Building a human rights management system	HIGH	HIGH	9	1
Grievance handling mechanisms	LOW	HIGH	3	2
No discrimination	LOW	LOW	1	–
Labor union activities	LOW	LOW	1	–
No forced labor	LOW	LOW	1	–
OSH	LOW	LOW	1	–
Supply chain management	LOW	LOW	1	–

Material Human Rights Issues	Improvement Plan and Task
• Building a Human Rights Management System • Grievance handling mechanisms	• Building a Human Rights Management System – Designate a department responsible for human rights management. – Revise the Human Rights Management Charter and establish Implementation Regulations. • Grievance handling mechanisms – Specify the scope of grievances, including human rights issues. – Institutionalize the grievance handling mechanisms.

1) Classified the risk level(H/M/L) based on the initial risk assessment scores (severity scope score x solvability score x frequency score).
2) Calculated the final risk score by multiplying the initial assessment risk level score to the severity level score. (H = 3; M = 2; L = 1)

Grievance Handling Mechanisms

Operation of Grievance Counseling and Reporting System

Hanwha Systems operates an in-house counselor system for employees if they have experienced or believe they may be at risk of workplace bullying, verbal or physical violence, sexual harassment, discrimination, or other human rights violations during the course of their duties. The in-house counselors are composed of at least one male and one female counselor per workplace. Their role is to understand the concerns and requests of the counseling requesters and to resolve or mitigate the issues through mediation and agreement. In addition, Hanwha Systems operates a grievance reporting system that enables all employees and stakeholders to report various types of grievances related to the company's operations, including human rights violations. Internal and external stakeholders can report grievances either openly or anonymously through online and offline reporting channels. When reports concerning human rights violations are received, an investigation is conducted to verify the facts, and based on the findings, warnings or disciplinary actions are taken. Furthermore, we maintain confidentiality of the reporter's identity and the content of the report, and take protective measures to prevent any secondary harm or disadvantages to the reporter.
We continuously enhance our grievance handling mechanisms to ensure the respect and protection of human rights for all employees and stakeholders.

All stakeholders, including employees, can report not only human rights-related grievances but also complaints, difficulties, suggestions, and improvement proposals. The reporting channels, available both online and offline, are accessible at all times.

	Grievance Counseling	Grievance Reporting
Target	All employees	All stakeholders, including employees
Channels	Counselors at each site (at least one male and one female counselor)	Website (Reporting page, Mutual Growth VOC page) Corporate intranet (Cyber Sinmungo) Email, telephone, fax, post, ·Labor committees, labor unions, work councils, etc.
Grievance Type	• Human rights violations such as abuse of power, workplace bullying, sexual harassment, verbal or physical violence, and discrimination • The working environment and employment conditions	• All forms of complaints, difficulties, and absurdity • All types of suggestions and proposals for improvement

Strategy

Grievance Handling Mechanisms

Grievance Handling Process

Hanwha Systems has established and operates grievance handling mechanisms to promptly address or mitigate human rights–related grievances and other complaints or concerns that may arise among internal and external stakeholders—including employees, suppliers, customers, and local communities—throughout its business operations.

In 2024, 95 cases were reported related to human rights and other grievances through various online and offline reporting channels, including the website and internal intranet. Of these, 82 cases (86.3%) were addressed.



Grievances Handled in 2024

Category	Received	Handled	Handling Rate
Human rights [1]	1	1	100%
Others[2]	94	81	86.2%
Total	95	82	86.3%

1) Human rights violations such as abuse of power, workplace bullying, sexual harassment, verbal or physical violence, and discrimination
2) Grievances on the working environment and employment condition; all forms of complaints; difficulties; and absurdity

Human Rights Training

Hanwha Systems has specified in its Human Rights Management Implementation Guidelines that regular human rights training should be conducted for all employees to build consensus and raise awareness of human rights. We also strive to foster a culture of respect for human rights among all stakeholders, not just employees.

Every year, we provide statutory training for all employees, covering the prevention of workplace bullying and sexual harassment, awareness on disabilities, and personal information protection. In 2024, we additionally conducted training focused on improving basic workplace etiquette to promote mutual respect and foster a culture of respect among employees.

Going forward, we will continue to provide a variety of human rights education programs—beyond the statutory training—reflecting on the current status of human rights management, to further enhance employees' awareness of human rights.

Human Rights Training Provided in 2024

Programs	Theme	Target	Method	Completion Rate	Remarks
Prevention of Workplace Bullying	Prevention of workplace bullying and apprehension of prevention and response measures	All employees	Online	100%	Statutory
Prevention of Sexual Harassment	Prevention of workplace sexual harassment and apprehension of prevention and response measures	All employees			
Improvement in Awareness of Disabilities	Establishment of mutual respect by eliminating prejudice against persons with disabilities	All employees			
Personal Information Protection	Raising awareness of privacy and strengthening capabilities in safe collection, storage, and handling of personal data	Personal information handlers			
Workplace Etiquette	Video–content–based training on improving business manners (basic workplace etiquette)	All employees	Online	60.6%	Company–wide

Strategy

Creating Organizational Culture of Mutual Respect

Hanwha Systems is continuously implementing initiatives to improve its organizational culture by fostering a horizontal workplace environment based on mutual respect, consideration, and open communication. These efforts include conducting mutual respect campaigns and operating various in-house communication channels.

Mutual Respect Campaign

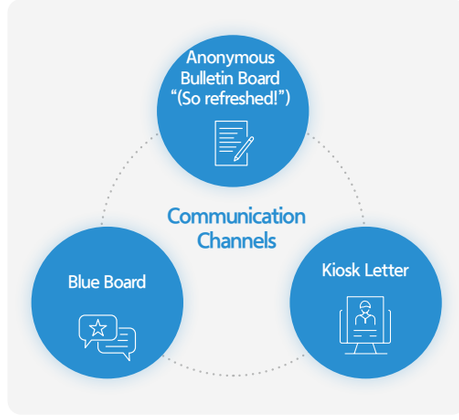
Hanwha Systems conducts annual human rights training and mutual respect campaigns for all employees to raise awareness and respect human rights. These programs cover topics such as the prevention of workplace bullying, verbal abuse, physical violence; and improving awareness of people with disabilities. Based on feedback from employees collected through the "Workplace Bullying and Sexual Harassment Survey," which highlighted the need to foster a culture of mutual respect within the organization, Hanwha Systems launched the "Three Commandments to become Mature Hanwha Systems Members" campaign centered around three keywords: "Respect," "Consideration," and "Happiness."



In-house Communication Channels

To promote a horizontal organizational culture and regularly assess and improve the workplace environment, Hanwha Systems operates various communication channels on an ongoing basis, including an anonymous bulletin board, the Blue Board, and the Kiosk Letter. The internal anonymous bulletin board, "So refreshed!," serves as a communication space where all employees can freely share opinions on company policies, work environments, and other topics. To encourage active participation, it is operated anonymously.

The Blue Board functions as a consultative body that facilitates open communication among employees. It plays a key role in identifying areas for improvement in organizational culture and promoting creative and innovative ideas to address them. The Kiosk Letter is a non-face-to-face communication channel published monthly. It shares key internal news, introduces new hires, and features employee stories, thereby strengthening internal communication and engagement. It is posted on the company's organizational culture bulletin board.



Supporting Suppliers' Human Rights Management

Supplier Human Rights Training Support in 2024

In line with its Human Rights Management policy, Hanwha Systems is committed to supporting and collaborating with suppliers to help them adopt and implement human rights management, thereby protecting and promoting the human rights of supplier employees.

As part of these efforts, Hanwha Systems provides human rights education support for all suppliers each year to raise awareness among their employees. In 2024, we supported statutory training—including workplace bullying and sexual harassment prevention, disability awareness, and personal data protection—for a total of 648 employees from 14 suppliers.

Programs	Theme	Target	Method	Remarks
Prevention of Workplace Bullying	Raising awareness of workplace bullying and fostering a healthy workplace culture	Supplier employees (648 persons from 14 suppliers)	Online	Statutory
Prevention of Sexual Harassment	Raising awareness of workplace sexual harassment and fostering a healthy workplace culture			
Improvement in Awareness of Disabilities	Eliminating prejudice and discrimination in the workplace through awareness of disabilities and persons with disabilities			
Personal Information Protection	Enhancing awareness of privacy and strengthening capabilities for proper handling of personal data			

Risk Management

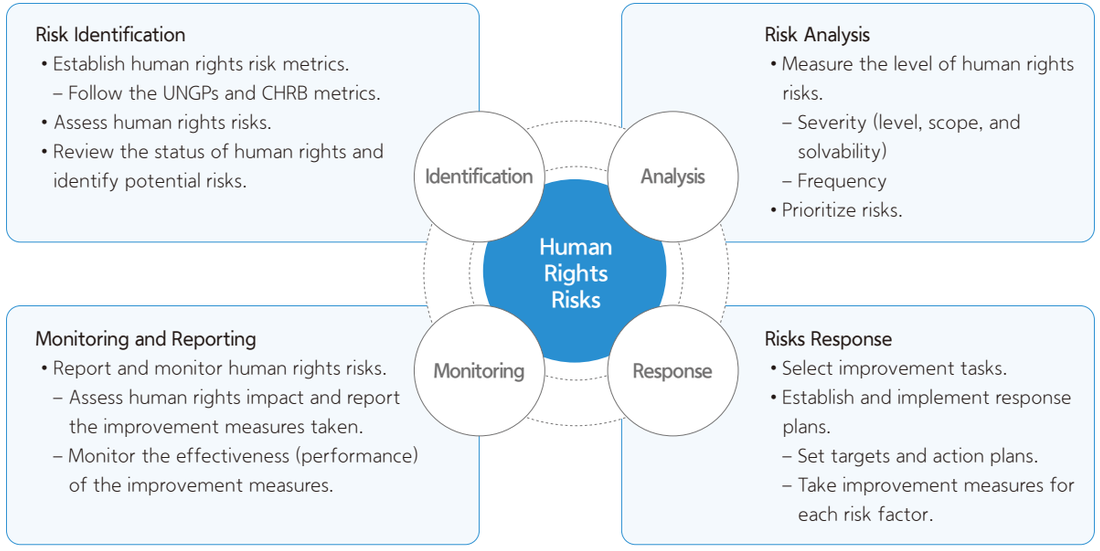
Human Rights Risk Management System

Human rights management has become a crucial element in a company's pursuit of sustainable growth. As corporate social responsibility continues to gain emphasis in the global market, the protection of human rights plays a key role in enhancing a company's credibility and strengthening its brand value. It is essential for companies to clearly identify the direct and indirect impacts of their operations on human rights and to establish a systematic approach to manage them.

Hanwha Systems has established and operates a human rights risk management system to prevent potential human rights violations and to provide prompt remedies in the event of any violations affecting any stakeholders, including employees, across all business operations. We assess human rights impact to identify potential human rights risks, and prioritize them based on severity and likelihood, and implement remedial measures accordingly. These efforts are integrated into the company-wide risk management system and are subject to ongoing monitoring.

Human rights management, including the human rights impact assessment, is regularly reported to the BOD and the ESG Committee. In accordance with the company-wide risk management framework, any significant human rights-related issues that require board-level attention are submitted to the Board for review.

Human Rights Risks Management Process



Metrics and Targets

Mid- to Long-term Goals of Human Rights Management

Period	2024	2025 ~ 2026	2026 ~ 2027
Goals	Build a human rights management system	Internalize human rights management	Advance human rights management
Tasks	• Improve the human rights management policy. • Introduce a human rights risks management framework. • Assess human rights impact.	• Mitigate human rights risks. • Revamp the human rights risks management framework. • Conducting an in-depth human rights impact assessment.	• Expand the scope of human rights risks management. • Strengthen the human rights risks management framework. • Publicize reports on human rights management.

Metrics and Targets[1)]

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
Grievance handling	Grievance handling rate	%	100.0	100.0	100.0	86.3	90.0
Human rights training	Human rights training completion rate	%	97.2	99.4	99.0	100.0	100.0

1) From 2024 and onward, the grievance handling rates for the Defense and ICT Businesses are managed separately.

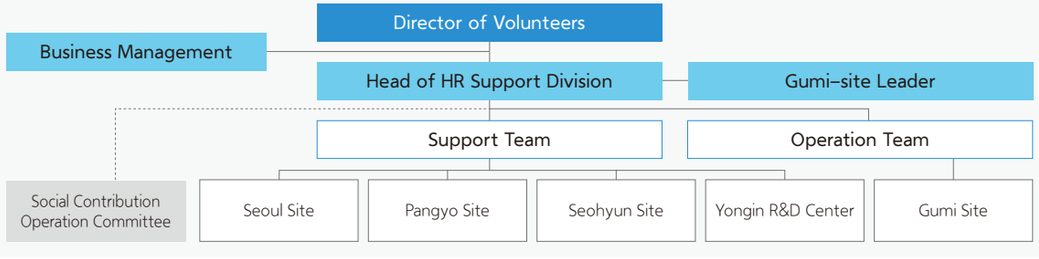
Corporate Social Responsibility (CSR)

Governance

CSR Operations Committee

Hanwha Systems operates a CSR Operations Committee to ensure fair and objective decision-making in its CSR initiatives. In particular, we appointed employee representatives from each business site as committee members to enhance transparency in fundraising and execution processes and to support the sustainability and effectiveness of our CSR efforts. Furthermore, in the event of urgent community issues, we promptly report to the ESG Council and the BOD, facilitating swift decision-making and reinforcing our commitment to CSR.

Social Contribution Operations organizational structure



Detailed roles for CSR operations governance by entity

Category	Roles and Responsibilities
Head of Voluntary Group (CEO)	• Makes final decision and leads company-wide support for CSR activities • Sets the vision and direction for CSR activities
Support Director (Support Team), Head of Gumi Site (Operations Team)	• Establishes CSR strategies and develops action plans • Collaborates with key stakeholders and builds CSR models • Monitors and assesses the performance of CSR and identifies improvement measures
Each site's responsible departments	• Discovers and implements CSR programs • Allocates budgets and resources for CSR • Reports the status and progress of CSR activities

Key Functions of the CSR Operations Committee



Community Communication Channels

Hanwha Systems upholds co-prosperity with the community as a core principle and operates various online channels, including a community communication portal on its website. In addition, we maintain ongoing engagement with local communities through a regular consultation platform called the Community Growth Support Channel. For example, the Seoul Site has established partnerships with the Seoul Regional Office of Patriots and Veterans Affairs and the Korean Red Cross. Other regional sites have also secured communication channels through cooperation with local governments. Notably, in 2024, following the construction of the Jeju Hanwha Space Center, we launched a Win-win Council with nearby residents and have been holding regular meetings on a bimonthly basis.

Strategy

CSR Framework

CSR Strategic Framework

Hanwha Systems has established a CSR operating system based on its management philosophy of "Going Further Together," and is actively fostering continuous communication and co-prosperity with communities through various programs and channels. Under the CSR mission, "Creating a happier tomorrow where everyone goes further together," we developed a CSR strategy that ensures organic integration between our core business and CSR activities. Based on this strategy, we identify and implement key initiatives in collaboration with stakeholders. Through CSR efforts that reflect both our business characteristics and the needs of local communities, we continue to build mutual trust with customers and communities. By strengthening communication and interaction, we pursue sustainable value creation and shared future growth. As a result of these endeavors, we were recognized in 2024 as a certified community-contributing company. Moving forward, we will continue to carry out meaningful initiatives as a responsible corporate citizen, working together with communities to create a happier future.


지역사회공헌 인정 증명서
Corporate Social Responsibility in the Community Certificate

Corporate Social Responsibility in the Community Certificate

Love Fund and Matching Grant Program

Hanwha Systems' CSR fund consists of the Employee Love Fund and Matching Grant. The Love Fund is operated based on the voluntary participation of employees, while the Matching Grant is a system in which the company donates the same amount as the voluntary donations made by employees to raise funds. In 2024, we raised a total of KRW 4.45 billion and utilized it for CSR, including various donations at each local site.

CSR Fund Operations

Category	Unit	2022	2023	2024
Donation	KRW million	8.12	21.6	0
Business expenses	KRW million	1.34	6.1	43.6
Goods provision	KRW million	2.14	0.7	0.8
Total contribution	KRW million	11.6	28.4	44.5

Corporate Social Contribution Strategic Framework

Mission

'Going Further Together'
Creating a happier tomorrow where everyone goes further together

CSR 1.0 (2016 – 2018) → CSR 2.0 (2019 – 2022) → CSV 3.0 Activity and System Restructuring (2023) → CSV 3.0 Stabilization (2024) → CSV 3.0 Value-up (2025)

Promote joint veterans and global contribution activities with affiliates; solidify the corporate status as a leading defense company

- Launch integrated CSR initiatives with Defense Business affiliates.
  - Support for military personnel, veterans' remembrance activities, and events for military families.
- Continue joint CSR initiatives with foreign military officers at Korea National Defense University.
  - Provide opportunities for foreign officers and their families to support Korean single-parent families.

Stabilize CSR operations and systems in line with internal/external environmental changes

- Promote site-specific operations considering individual site's characteristics instead of integrated Seoul/Gyeonggi site operations.
  - Seoul Site to exclusively conduct company-wide planning and promotional activities while each site pursues local win-win activities.

Build and activate a win-win community communication channel in line with the completion of the Jeju Space Center

Region	Beneficiaries	Description
Jeju	Residents (children and senior citizens)	• Support Hawon Village Development Project as part of Seoguipo "Community Win-Win Initiative." • Sponsor events organized by Jeju Provincial Office, Jeju City Hall and Seoguipo City Hall
Gyeonggi	Residents (children and senior citizens)	• Run health promotion (dementia prevention) projects for senior residents in Chang-ri, Namsa-eup. • Continue improving aged welfare facilities in Namsa-eup.
Gyeongbuk	Residents The environment	• Contribute to local economic development in collaboration with regional enterprises. • Clean up new business sites and the Nakdonggang River.

Strategy

CSR Activities

Support for Military Personnel Development

Since 2016, **Hanwha Systems** has been committed to enhancing the welfare of Army personnel by supporting the establishment of libraries and operating the "Love Reading Cafe," providing 400 to 500 books annually. In 2024, we donated approximately 1,200 books to four military units through Camp Reading Korea. These efforts aim to help soldiers stationed in culturally underserved areas nurture dreams and visions for their future through reading. Furthermore, we signed an MOU with the Korea National Defense University for a Global Volunteer Project, conducting cultural exchange and community engagement programs with foreign military officers studying in Korea, thereby fostering friendly international relations.

Support for Veterans and Their Families

Hanwha Systems actively implements various CSR programs to support veterans (and their families) who have dedicated themselves to the nation, focusing on customized initiatives such as housing improvement, emotional care, and livelihood support. The Gumi Site, in partnership with the Daegu Regional Office of Patriots and Veterans Affairs, conducts voluntary housing repair activities twice a year for families of national meritorious persons in the Gumi area, contributing to better living conditions and safety. Since 2016, we have also collaborated with the Seoul Regional Office of Patriots and Veterans Affairs to run the "Love for the Nation, Food Bank." Last year, we delivered food to 86 households of veterans/patriots. In June 2024, together with our Defense Business affiliates, we hosted a baseball game watching event, inviting around 300 people—including veterans, their families, and military personnel—to a Hanwha Eagles match.



Living Condition Improvement Initiative

Maintaining the National Cemetery

Hanwha Systems has been continuously engaged in volunteer activities at the National Cemetery to honor and express gratitude to the fallen patriots and national heroes who dedicated their lives to the country. Since signing a sisterhood agreement with the National Cemetery in 2011, we have held regular memorial ceremonies and cemetery maintenance activities at least twice a year, helping employees reflect on the spirit of patriotism and national service. In addition, since 2013, the Chungcheong Volunteer Group—composed of employees from sites in Daejeon and the Chungcheong regions—has cleaned the gravesites and offered floral tributes at the Daejeon National Cemetery.

Sharing Love through Kimchi Sharing

For the past 20 years, **Hanwha Systems** has carried out its "Sharing Love through Kimchi Sharing" campaign to support socially disadvantaged groups, such as national merit recipients and elderly individuals living alone. The initiative delivers heartfelt warmth and care to help marginalized neighbors enjoy a warmer winter. In 2024, the Gumi Site and Seoul Site serviced their respective communities through kimchi-sharing events. The Gumi Site delivered 1,400 heads of kimchi to local welfare institutions and veteran organizations—including Sangju Orphanage, Geumo Home-Based Elderly Support Center, Daegu Regional Office of Patriots and Veterans Affairs, and several local children's centers (including Ggumteo, Seongmo, Jump, Blue Trees of Dream, and Yulgok)—strengthening solidarity and cooperation with the community. The Seoul Office provided kimchi to around 500 vulnerable households in Eunpyeong-gu and Seodaemun-gu, including families supported through the Korean Red Cross's "Hope Windmill" program, contributing to food security during the winter and spreading a culture of sharing for the community.



Kimchi-Sharing Voluntary Work

Strategy

Cultivating Future Talent

Shoulder-to-Shoulder Mentor-Mentee

Hanwha Systems has been providing talent development programs through arts and physical education for the past eight years to support children from low-income and marginalized groups, including single-parent and crisis-affected families. These programs help children discover their talent and motive them for learning, enabling them to grow into healthy and contributing members of society. In 2024, we conducted various experimental programs through the Green Umbrella Children's Foundation and delivered KRW 20 million in sponsorships after signing an MOU for the healthy growth of children.



MOU Signing and Donation Ceremony between Hanwha Systems' Gumi Site and Green Umbrella Children's Foundation

Career Mentoring for Soldiers

Since 2017, Hanwha Systems has been operating the 'Career and Employment Mentoring for Soldiers' program in partnership with the Ministry of National Defense as part of its CSR initiatives to foster young talent. The program is a capacity-building initiative designed to support military personnel in transitioning to civilian life and clarifying their future career paths after being discharged from the military service. Hanwha Systems' employees participate as mentors, offering practical job preparation support such as expert lectures, mock interviews, and personal statement writing guidance. The program also provides close-knit mentoring to empathize with and address the real-life concerns of the soldiers. As a result of these efforts, in February 2023, we were selected by the Ministry of National Defense as the only company in the defense industry to support the employment of military personnel.

IT Talent Development Program

Hanwha Systems is running the "Have a Dream" CSR initiative to improve information accessibility and bridge the digital capability gap. We support children from low-income families by providing them with training on Excel, Power Point, and ITQ certifications, so that they can grow up to become well prepared members of society and contribute to it. We also have been providing digital literacy education for seniors who are unfamiliar with using digital devices. In 2024, we offered customized, practical training focused on kiosk usage—now common in cafes and unmanned stores—to improve everyday convenience for digitally marginalized groups and to promote greater digital inclusivity across society.



"Have a Dream" CSR Activity

Youth Environmental Awareness Program, "Green Planner"

In 2024, Hanwha Systems collaborated with the Gumi Social Welfare Center to operate the "Green Planner" program, designed to enhance environmental sensitivity among youth. The program was developed to help young participants recognize environmental issues and take action on their own initiative. Through hands-on activities such as cultivating vegetable gardens, participating in ecological explorations, and keeping environmental journals, the program fostered a meaningful connection between youth and nature. Rather than approaching the environment as a distant academic topic, participants came to understand it as a pressing issue closely tied to daily life and had an opportunity to voluntarily care for the environment. The program encouraged ongoing behavioral changes by going beyond short-term experiences to promote sustainable living habits. Ultimately, it laid the foundation for young individuals to understand the importance of environmental protection and to practice it in their everyday lives.



"Green Planner" CSR Activity

Risk Management

Identifying and Addressing Negative Impacts on Communities

As a responsible corporate citizen, Hanwha Systems designates dedicated personnel to proactively identify and manage potential negative impacts on the community. To this end, the findings from the regular investigations and analyses are shared with the internal ESG Council. In parallel, we closely collaborate with external stakeholders, such as local governments, to formulate appropriate response measures. Furthermore, we actively contribute to addressing community issues by implementing improvement measures agreed upon through these consultation processes.

Process of Identifying and Mitigating Negative Impacts on the Community

Step	Issue Identification	Issue Classification & Prioritization	Response & Management	Evaluation & Improvement	Communication & Reporting
Cycle	Ongoing	Ongoing	Ongoing	Ongoing	Semi-annually, Quterly
Activities	• Monitor and detect • Stakeholder engagement • Data collection and analysis	• Classify issues • Determine priority	• Develop response strategies • Create action plans • Implement & monitor	• Evaluate effectiveness • Develop improvement measures • Continuous improvement	• Periodic meetings with stakeholders • Discuss key issues
Related Tools/ Resources	• Monitoring data • Stakeholder surveys (regular meetings) • Internal research, feedback, etc.	• Classification criteria and rating standards • Priority ranking tools	• Response templates and forms • Monitoring and tracking tools	• Evaluation and measurement tools • Improvement Tracking Tool Improvement • Action Plan Template	• Communication tools such as email and meetings • Report templates and guidelines
Outputs	Issue Identification Report (Internal/External Document)	Issue Classification & Prioritization Report (Internal Document)	Response & Support Implementation Plan Report (Internal Document)	Evaluation & Improvement Report (Internal/External Document)	Stakeholder Engagement Report (Internal Document)
Responsible Department	Support Team	Person in Charge or Responsible Team	Person in Charge or Responsible Team	Person in Charge or Responsible Team	Person in Charge or Responsible Team

Risk Management

Case

Mitigating Negative Impacts on Communities of Chang1–ri and Chang2–ri, Yongin

In the 2024, Hanwha Systems held a community meeting with residents near the Yongin R&D Center to listen to their inconveniences and social issues experienced in their daily lives and to explore potential solutions. Key concerns identified included limited access to healthcare services for the elderly and growing feelings of social isolation and loneliness. In response, in May 2024, we began a tailored support program in collaboration with the Yongin Welfare Center, reflecting the unique characteristics of the area and the specific needs of residents.

Steps	Hanwha Systems Activities
1 Identification of issues 2 Categorization and prioritization	• Through community consultations with the Yongin Welfare Center, we identified key issues and areas requiring improvement. Based on the severity and urgency of these issues, we prioritized them as follows: 1. Economic hardship and difficulties in daily life, along with limited access to healthcare services and health–related issues. 2. Increasing prevalence of cognitive decline and dementia–related illnesses. 3. Growing social isolation and loneliness among the elderly. 4. Lack of basic fire safety systems in Yongin City and the aging infrastructure of welfare facilities.
3 Response and management	• We supported addressing community issues as follows: – Operated health improvement activities for senior citizens. – Provided support for improving the Yongin senior welfare facilities. – Ran a “Brain Health Program” for senior residents in Chang–ri, which included dementia risk assessments, dementia–prevention exercises, and horticultural therapy programs such as flower arrangement. – Collaborated with the Yongin Fire Department to deliver CPR and AED training to residents at the Chang 1–ri and Change2–ri community centers. – Installed AEDs at the Chang 1–ri and Change 2–ri community centers and distributed gas/smoke detectors to households in the area.

Steps	Hanwha Systems Activities
4 Assessment and improvement	• Identification of issues requiring improvement – Improved our programs based on participation rates and satisfaction surveys related to the health screening support project and dementia prevention education. – Enhanced the “Laughter Therapy Class” by collecting participant feedback and revising the program content accordingly for more effective operation. – Strengthened collaboration with partner organizations to support basic fire safety equipment and improve aging facilities. • Improvement of the program – Customize and operate cognitive impairment and dementia prevention programs to better meet the specific needs and characteristics of participants.
5 Communication and reporting	• Continue close communication with the Yongin Welfare Center to identify issues and monitor the progress of improvements. • Share activity reports with internal and external stakeholders.

Risk Management

Case

Mitigating Negative Impacts on Communities of Hawon Village near the Jeju Hanwha Space Center

Hanwha Systems is constructing the "Jeju Hanwha Space Center," a satellite development and manufacturing facility located within the Hawon Techno Campus in Seogwipo, Jeju. To foster mutual growth with the local community, we operate a communication and cooperation council with Hawon Village. Through regular meetings, the council gathers feedback from residents and transparently shares updates on the progress of the space center's construction, thereby building a relationship of trust and collaboration. In 2024, we contributed a CSR fund of KRW 50 million aimed at addressing local concerns. Moving forward, we plan to continue providing practical support for the development and mutual prosperity of the community surrounding the space center.

Steps	Hanwha Systems Activities
① Identification of issues	• Conduct preliminary environmental and disaster impact assessments and interviews with local residents through external specialized agencies. – Environment: Potential for natural and marine pollution and ecosystem damage. – Society: Concerns about exclusion of local residents' opinions and uneven distribution of jobs and local benefits.
② Categorization and prioritization	• Form a communication and coexistence council consisting of representatives from the local community (Hwaseon Village residents), local government (Jeju Island and Seogwipo City), and Hanwha Systems Gathering opinions from the village and sharing progress. – Support for the construction of a park golf course. – Support for the Millennium Culture Festival and village events. – Support for the assessment of the reconstruction of the welfare center. – Sharing progress on the construction of the Jeju Hanwha Space Center. • Consideration of the impact on the nearby ecosystem and environment.

Steps	Hanwha Systems Activities
③ Response and management	• Hold interviews at least once a month on average in 2024 • Support for the Ha-won Millennium Future Science Festival in October 2024 – 600 Hanwha Systems souvenirs, lunch boxes, and snack sets – Satellite model building experience • Support for village events to promote win-win partnership with Ha-won Village – Resident briefings, Ha-won Village sports day, village women's association events, gateball opening ceremony, etc. • Invitation event to Yongin R&D Center (participation of 28 Ha-won Village residents) – Enhancement of understanding of Hanwha Systems' space business and promotion of bonds • Review of ecosystem service payment system • Jeju Hometown Love Donation Campaign (2023, 2025) • Construction of center reflecting disaster impact reduction measures and reduction plans • Sharing of progress on construction of Jeju Hanwha Space Center
④ Assessment and improvement	• Evaluate the effectiveness of negative impact mitigation through gathering opinions from local residents
⑤ Communication and reporting	• Report regularly to the communication and coexistence council • Actively persuade local governments regarding the purchase of land for the Jeju Hanwha Space Center • Review measures to promote the suggestions of local residents of Ha-won Village

Risk Management

Win-win Strategy for Communities Concerning Construction of Jeju Hanwha Space Center

Year	2024 (Build and operate communication channels for mutual growth)	2025 (Build a basis) Short-term target	2026 (Operate programs) Mid-term target	2027 (Assess performance and build a sustainable system) Long-term target
Engagement Strategies	• Establish and operate communication channels for mutual growth with the local community. • Collect and reflect feedback received from the community.	• Build cooperative relationships with local communities near new business sites and centers. • Plan and pilot community-tailored social contribution programs. • Review strategies to expand contributions to the local community.	• Implement customized CSR activities for the community on a full scale. • Strengthen partnerships with local communities. • Promote joint growth with the local community.	• Analyze and disclose the outcomes and impact of co-growth efforts. • Establish and spread a sustainable local community cooperation model. • Solidify a model that revitalizes the local economy and creates social value.
Goals	• Conduct quarterly win-win cooperation channel meetings.	• Conduct win-win cooperation channel meetings quarterly. • Conduct community needs assessments semiannually. • Pilot CSR programs for the community once per year.	• Conduct quarterly win-win cooperation channel meetings. • Conduct community needs assessments semiannually. • Implement community support activities at least once every six months. • Execute a mutual growth project with the local community annually. • Achieve an employee participation rate of over 50% in CSR activities.	• Expand community support initiatives in new areas at least once per year. • Prepare to publish an outcome measurement report. • Review partnerships with local organizations and NGOs once per year.

Metrics and Targets

Category	KPI	Unit	2022 Performance	2023 Performance	2024 Target	2024 Performance	2025 Target
CSR Beneficiaries	No. of persons benefited from CSR activities	Person	16,652	12,780	13,419	21,666	A y-o-y increase of 5%

Governance

Hanwha Systems has established a sound governance structure based on the Corporate Governance Charter to protect the rights and interests of shareholders and stakeholders, and to realize independent and transparent management. We are conducting various ethics and compliance awareness activities. In addition, as a leader in defense and ICT, we recognize information protection and security as a top priority principle and have strengthened our capabilities through a structured management system. We will also do our best to continue sustainable and stable business activities based on an integrated risk management system.



KEY PERFORMANCE

Revision of the Board of Directors regulation related to outside professional directors support

ISO 37301 (Compliance Management), ISO 37001 (Anti-Corruption) sustaining certifications

ISO 27001 (Information Security)
ISO 27017 (Cloud Security)
ISMS (Information Security Management System) sustaining certification

Enhance an integrated risk management framework

Sound Governance

Board governance

Corporate governance charter

In March 2022, Hanwha Systems established and published the Corporate Governance Charter, which expresses the commitment to transparent and sound ESG (Environmental, Social, Governance) management and contains ethical management policies for fair corporate activities. Reflecting the Corporate Governance Best Guidelines issued by KCGS (Korea Corporate Governance Service), the Charter specifies regulations and responsibilities related to corporate governance, including shareholders' rights, the role and operation of the Board of Directors and audit committee, protection of stakeholders' rights and procedures for management monitoring by the market. Through the Charter, we will do our best to become a company that creates differentiated value for all stakeholders based on transparent and sound governance.

Hanwha Systems Corporate Governance Charter

Board composition and status

The Board of Directors of Hanwha Systems is composed of all directors appointed by the general meeting of shareholders in accordance with applicable laws and the Articles of Incorporation and operates transparently. As of the end of March 2025, the Board of Directors is composed of five directors, including one inside director, one non-executive director and three outside directors, and the ratio of outside directors is 60%. In addition, the composition of the Board as of the end of March 2025 is shown in the table below. In order to secure the expertise of the Board, we appointed experts in a wide range of areas such as corporate management, finance, ESG, legal and ICT in the appointment of outside directors.

Board composition

(As of the end of March 2025)

Category	Name	Positions	Gender	Date of Birth	Specialties	Major Career Experience	Appointment Date	Term
Inside Directors	Jae-Il Son	• CEO • Chairman of the Board • Outside Director Recommendation Committee Member	Men	1965.03	Enterprise Management General	Bachelor of Business Administration, Korea University Former CEO of Hanwha Defense Current CEO of Hanwha Aerospace	Oct. 22, 2024	2 years
Outside Directors	Hyung-Joo Hwang	• Outside Director Recommendation Committee Chair • Compensation Committee Chair • Audit Committee Member • Internal Transactions Committee Member • ESG Committee Member	Women	1972.02	Information and Communications Technology (ICT)	Doctor of Mathematics, Brown University Former Assistant Professor of Mathematics at Duke University Current CEO of AMSquare (co-opted) Current Postech Professor of Mathematics and Professor, Graduate School of Artificial Intelligence	March 25, 2024 (one term reappointment)	2 years
	Bon-Seon Gu	• Internal Transactions Committee Chair • Audit Committee Member • Outside Director Recommendation Committee Member • Compensation Committee Member • ESG Committee Member	Men	1968.07	Legal	Bachelor of Education, Seoul National University Former Chief Prosecutor, Gwangju High Prosecutors' Office Current Managing Partner, Attorney-at-Law, Law Office of Bon-seon Gu	March 24, 2025 (one term reappointment)	2 years
	Woo-Jong Lee	• Audit Committee Chair • ESG Committee Chair • Internal Transactions Committee Member • Outside Director Recommendation Committee • Compensation Committee Member	Men	1976.11	Financials	Doctor of Business Administration, Seoul National University Former Associate Professor, School of Business, Hong Kong University of Science and Technology Current Professor (Accounting), Seoul National University	March 24, 2025 (one term reappointment)	2 years
Other Non-Executive Directors	Byeong-Cheol Ahn	• Outside Director Recommendation Committee Member	Men	1968.01	General Business Management	Master of Science in Technology Management, Sungkyunkwan University Former Head of Overseas Business, Hanwha Defense Current Head of Strategy, Hanwha Aerospace	March 24, 2025 (one term reappointment)	2 years

Board governance

Board subcommittees

Hanwha Systems has established and operates a total of five committees (Audit Committee, Outside Director Recommendation Committee, Internal Transaction Committee, Compensation Committee and ESG Committee) under the Board of Directors for efficient operation and professional decision-making. The chairperson of each committee is appointed as an outside director, and all committees except the Outside Director Recommendation Committee are composed of outside directors to ensure independence in operation and decision-making. The purpose, authority and responsibilities of each committee are disclosed in detail on **Hanwha Systems**' website. In particular, the ESG Committee, which was established in June 2021, is the central organization of corporate governance for the implementation of ESG management. The ESG Committee reviews, deliberates and resolves matters related to the mid-to-long term ESG strategies and key activities, ESG-based investment decision deliberations, and responses to ESG issue matters.

Regulations of the Commissioner of the Board of Directors of Hanwha Systems

Board composition

(As of December 31, 2024)
* Bold text indicates the chairman

Board of Directors

	Audit Committee	Outside Director Recommendation Committee	Internal Transaction Committee	Compensation Committee	ESG Committee
Roles and Responsibilities	• Strengthening management transparency and independence	• Recommending outside directors	• Strengthening controls over internal transactions • Oversight over unfair support behavior	• Deliberation on the proposed remuneration limit and compensation system for registered	• Environmental, social and governance (ESG) policies and activities
Composition	• Three outside directors (***Lee Woo-Jong**, Bon-Seon Gu, Hyung-Joo Hwang)	• Three outside directors (***Hyung-Joo Hwang**, Bon-Seon Gu, Woo-Jong Lee) • One company director (Jae-Il Son) • One other Non-Executive Directors director (Byeong-Cheol Ahn)	• Three outside directors (***Bon-Seon Gu**, Hyung-Joo Hwang, Woo-Jong Lee)	• Three outside directors (***Hyung-Joo Hwang**, Bon-Seon Gu, Woo-Jong Lee)	• Three outside directors (*** Woo-Jong Lee**, Bon-Seon Gu, Hyung Joo Hwang)
History of Activities	• Convened: 6 times • Resolutions: 1 time • Reports: 8 cases • Communication with governing body: 3 times • Average attendance rate: 100	• Convened: 2 times • Resolutions: 2 cases • Average attendance rate: 100	• Convened: 4 times • Resolutions: 9 cases • Average attendance rate: 100	• Convened: 3 times • Resolutions: 3 cases • Average attendance: 100	• Convened: 4 times • Resolutions: 1 case • Reports: 5 cases • Average attendance rate: 100

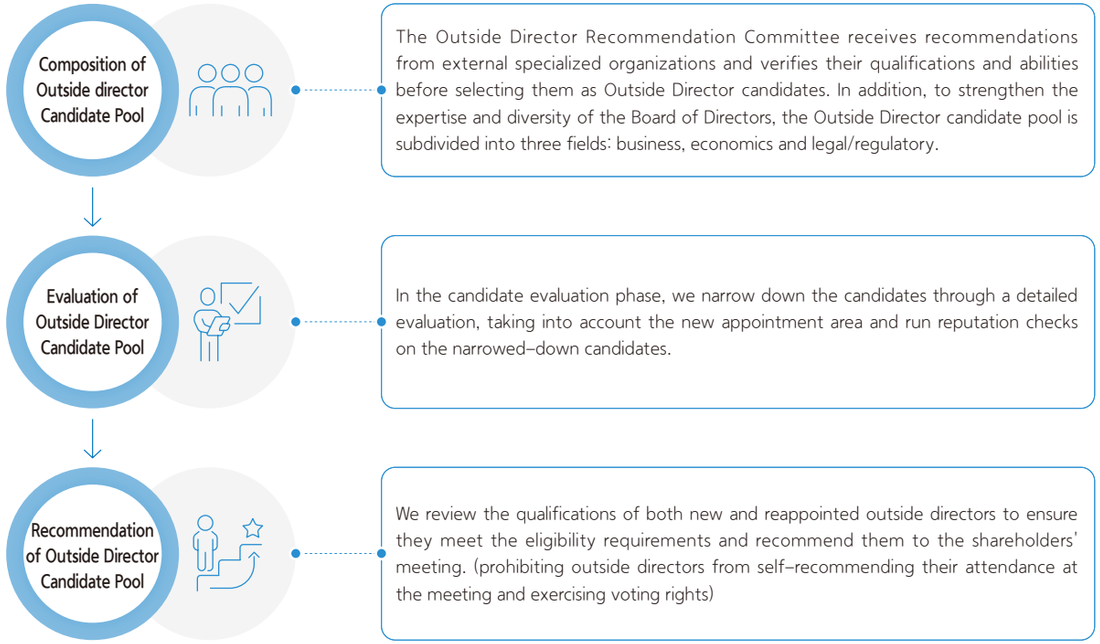
Board governance

Board composition

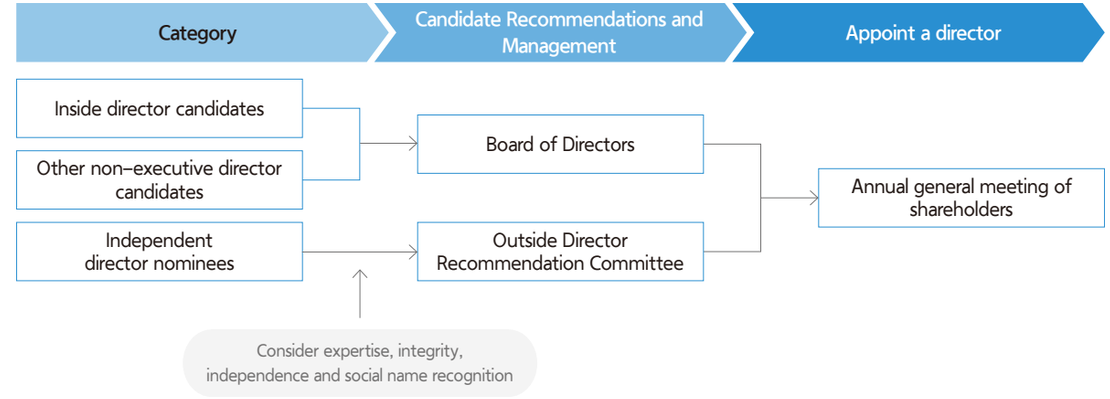
Director selection process and criteria

Hanwha Systems' directors are appointed by the general meeting of shareholders in accordance with the Commercial Act and the Articles of Incorporation, and we appoint outside directors with expertise and responsibility in various fields who can contribute substantially to corporate management. The candidates recommended by the Outside Director Recommendation Committee are carefully reviewed and elected after considering their independence, expertise and diversity, and information related to the appointment of directors, such as their areas of expertise and biographies, is disclosed in both Korean and English so that shareholders can make a decision on the appropriateness of the candidates. In particular, we are the first large publicly traded company to prohibit so-called "self-recommendation" of outside director candidates, which gives them the right to vote for re-election, to ensure a fair process for the appointment of outside directors.

Board selection process and criteria



Director Selection Process



Board independence and transparency

To reflect the views of various stakeholders and fulfill its independent decision-making and supervisory functions, Hanwha Systems has a majority of outside directors on the Board of Directors. In addition, to ensure that Board members do not represent specific interests, we appoint outside directors with specialized knowledge and experience in management, economics, law and major business areas. Meanwhile, the company's articles of incorporation prevent directors with special interests in agenda items from exercising their voting rights, creating a foundation for the Board of Directors' independent judgment.

Board expertise and diversity

Hanwha Systems has enhanced the competitiveness and expertise of the Board by forming a five-member board that comprehensively considers expertise in the defense and aerospace industries, corporate management capabilities, legal, financial accounting, ESG and ICT capabilities. In addition, the Board has stipulated that it will not be composed entirely of directors of a specific gender, and in 2022, we will appoint a new female independent director to secure diversity in the composition of the Board.

Board governance

Board composition

Board skills matrix

In recent years, there has been an increasing demand for and interest in ESG management both internally and externally, as well as a demand for expertise and diversity from stakeholders such as shareholders and external investors for the Board, the company's highest decision-making body. In response to this, we introduced the Board Skills Matrix (BSM) review, preparation and disclosure process in advanced capital markets including the U.S. and Europe. The BSM is a proactive response to the needs of shareholders, investors and the market to enhance the understanding of information on the expertise, independence and transparency of the composition of the BOD and to provide guidelines on the competencies of the Board that the company needs, thereby enhancing the confidence in the company's director recommendation system and appointment process.

Board Skills Matrix

Item	Jae-Il Son	Byeong-Cheol Ahn	Bon-Seon Gu	Woo-Jong Lee	Hyung-Joo Hwang	Remarks
Corporate Management & Leadership	●	●			●	Expertise in managing large organizations
Strategy/Mergers & Acquisitions		●		●		Expertise in corporate investment activities, including M&A
Legal/Policy, Risk			●	●		Expertise in law and public policy
Financial Accounting	●			●		Financial accounting expertise for company management/oversight
ESG	●		●	●	●	Expertise in sustainable management and non-financial risk management
Key Business Expertise : Defense	●	●				Main business: Defense industry expertise
Key Business Expertise : Information Technology	●				●	Main business: IT industry and technology expertise
Independence			●	●	●	Able to perform fair and reasonable duties independent of company interests and largest shareholders

Board operations

Board activity

Hanwha Systems holds regular board meetings every quarter and additional meetings as required, which are convened by the Chair of the Board. The Board of Directors encourages the sincere participation of directors by stipulating that a convening notice must be sent to the directors and auditors to attend at least three days before the meeting, and resolves important matters delegated by the shareholders' meeting or related to the management of the company. In 2024, the Board was convened 15 times, and the main issues decided upon included the 24th financial statements and operating report, the establishment of the Jeju Hanwha Space Center and equity investment in overseas companies.

Hanwha System's Board of Directors

Board activity and attendance

Resolutions
45cases

Reports
37cases

Objection/Amendment Proposal
0cases

Board Meetings Held
15times

Average Attendance
98.7%

Attendance of Inside Directors
100%

Attendance of Outside Directors
97.7%

* As of 24.12.31

Board operations

Board and executive evaluation and compensation

In accordance with the Articles of Incorporation, outside directors are appointed for a term of two years, and Hanwha Systems conducts an internal evaluation of their expertise and activeness in their areas of responsibility when re-appointing them. The evaluation results are comprehensively reflected in the re-appointment decision to encourage the BOD to actively fulfill their duties and manage responsibilities. The remuneration of Hanwha Systems' registered directors is divided into salary and performance-based pay. The salary is comprised of a base salary set in accordance with the executive remuneration regulations and an adjustment salary calculated by comprehensively judging organizational contribution, future potential and substitutability. The remuneration limit and compensation system for registered directors are determined by the Compensation Committee once a year. Performance-based pay is paid at different rates based on the company's performance evaluated according to financial performance and achievement of management goals and individual performance evaluated according to the achievement of goals set by executives. In addition, we provide welfare benefits such as tuition and medical expenses in accordance with internal regulations, statutory retirement benefits calculated by applying the average wage and years of service to the executive retirement benefit payment rate in accordance with the Executive Retirement Benefits Regulations, and DC account contributions out of the management bonuses paid are classified as retirement benefits. Former Outside Directors and Audit & Supervisory Directors, including those who are inside the Board, are not paid separate performance bonuses other than the total director's compensation limit (KRW 5 billion) approved by the general meeting of shareholders in consideration of the transparency and fairness of their roles. For executives, major non-financial performance indicators dealt with by the Board, such as Environment and Safety Management, security, internal control and compliance, are mandatorily included in the evaluation, and the results of the evaluation are reflected in determining their compensation, promotion and appointment/dismissal.

CEO Performance Evaluation Highlights

The Year 2024 CEO KPIs

Accelerate globalization by winning new international business	Enhance core business value through selection and concentration	Transform business structure through extreme cost innovation

Board Compensation Status

Category	Unit	Total Remuneration	Average Remuneration per Person	Number of People
Registered Directors	KRW million	3,329	1,664	2
Outside Directors		–	–	–
Audit Committee Members		254	85	3
All		3,583	717	5

※ As of the end of December 2024, the total remuneration is calculated as the sum of the annual remuneration of each person who served as a director until December 31, 2024.

Basis and method of compensation

Salary	• Executive compensation consists of a base salary determined based on the role and importance of the position assigned, and an adjusted salary determined by comprehensively evaluating financial and non-financial performance (such as organizational contribution, future potential, and substitutability). • Remuneration is paid in accordance with executive remuneration regulations and the aforementioned criteria.
Performance Bonus	• The company's performance is evaluated based on non-financial and financial performance and the achievement of management objectives. Individual performance is assessed according to the targets set by executives. The payment rate, derived from these evaluations, is applied to determine the performance bonus.
Other Employment Income	• This category includes employee welfare benefits, such as contributions to personal pension plans made by the company, and other welfare expenses.
Retirement Benefits	• In accordance with executive severance payment regulations, retirement benefits include statutory severance pay calculated by multiplying average salary, length of service and payment rates based on the type, as well as management performance bonuses deposited into a DC account during employment.

Enhancing outside director expertise

Hanwha Systems provides organizational support and training to enable outside directors to perform their duties effectively on the Board of Directors and its committees. In May 2024, we conducted training on core management diagnosis and decision-making for outside directors and other executives through the Korea Listed Companies Association, an external organization, and all three outside directors completed the training (100% participation rate). In particular, for the Audit Committee, we provide training on key audit accounting issues for the current year through an external accounting firm to prevent compliance risks in advance and help improve the expertise of Audit Committee members.

Board expertise and diversity efforts

Support organization for outside directors	Establish a management planning team dedicated to providing advance materials related to board agenda items and regular information on major internal issues to assist outside directors in performing their professional duties.
Training to enhance the expertise and diversity of outside directors	Providing training in various fields such as ESG disclosure and oversight, global board and audit committee trends, understanding accounting oversight bodies, preventing financial accidents and risk management.

Shareholder-friendly management

Equity and capital structure

As of December 2024, the par value of one share of Hanwha Systems was KRW 5,000, and the total number of shares outstanding was 188,919,389 (including 1,926,128 non-voting shares).

Voting Rights Status

Category	Stock Types	Number of shares
Total shares outstanding	Common Stock	188,919,389
Number of non-voting shares	Common Stock	1,926,128
Number of shares with voting rights	Common Stock	186,993,261

Protection of shareholder rights

To make it easier for shareholders to exercise their voting rights at the 2020 Annual General Meeting (AGM), Hanwha Systems introduced the e-voting system and e-proxy system for all shareholders and implemented the system for the AGMs from 2021 to 2024. In addition, we have been holding the AGMs to avoid the concentrated days of the AGMs through the 'Autonomous Program for Distributed AGMs'.

Category	Date of Introduction
Concentrated voting system	Not introduced
Paper-based voting system	January 7, 2000
Electronic voting system	March 23, 2020

Enhance shareholder return

As part of our policy of returning to shareholders, Hanwha Systems follows a process of paying dividends through resolutions made by the BOD and the general meeting of shareholders. We also determine the appropriate level of dividend rate within the range of distributable profits, taking into account investment for sustainable growth, enhancement of shareholder value and the business environment. Furthermore, we transparently disclose the status of our shareholder return by posting the dividend payout ratio for the last four years on our website and enhance the predictability of the size of our shareholder return.

Dividend Payment Status

Category		Unit	2021	2022	2023	2024
Total Cash Dividend Amount		KRW million	29,919	46,748	52,358	65,448
(Consolidated) Dividend Payout Ratio		%	30.57	-57.89	15.26	14.69
Cash Dividends per Share	Common Stock	KRW	160	250	280	350
Market Dividend Rate	Common Stock	%	1.02	2.26	1.68	1.6

Enhance shareholder communications

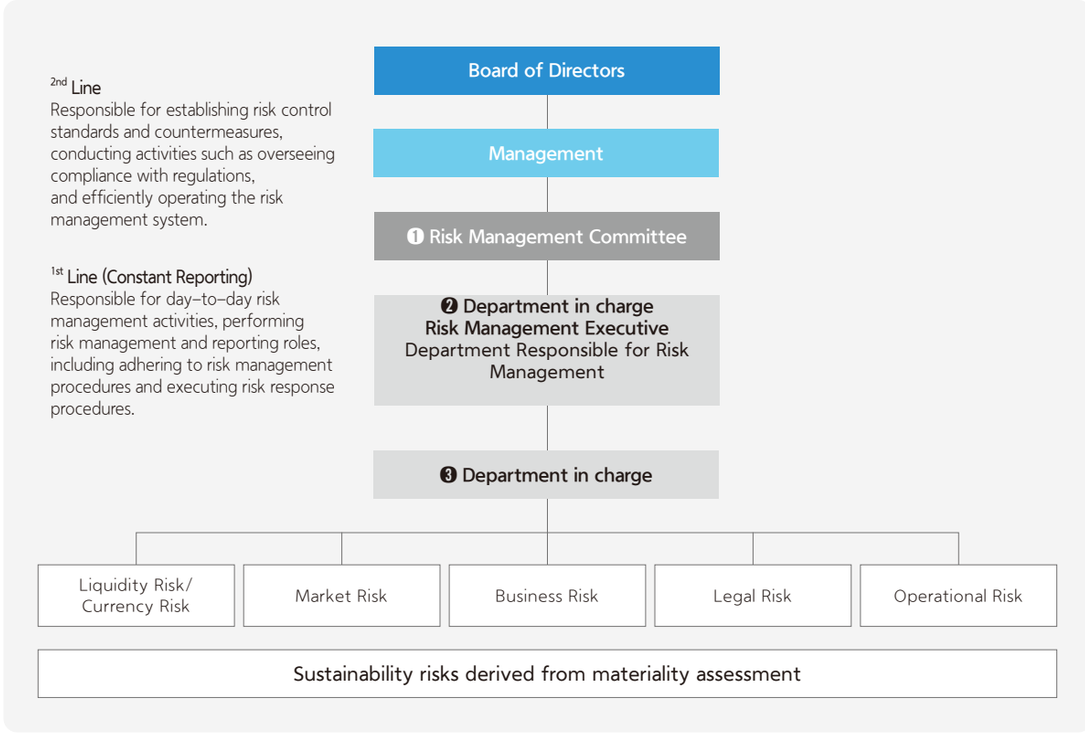
Hanwha Systems continues multifaceted communication efforts to ensure shareholder-friendly management. Each quarterly earnings announcement is posted on the Korea Exchange's disclosure submission system (KIND) at least three days before the earnings announcement, and on the day of the announcement, it is webcasted through a pop-up window on the company's homepage so that many shareholders can listen to it. In addition, the contact information and email address of the IR team are posted on the company's homepage, and dedicated members of the IR team respond to inquiries from shareholders.

Manage Risk

Governance

For proactive risk response and systematic management, Hanwha Systems' Chief Financial Officer (CFO) serves as the Chief Risk Officer (CRO) and together with executives in charge of legal and business management, the Risk Management Committee is organized and operated on a monthly basis. The committee identifies risks affecting the company's major management activities, performs management policies and oversight functions on them and reports and approves material issues in accordance with the Board and Committee Regulations. In particular, risk management personnel from each department participate to qualitatively assess risks by issue, quantify and manage them according to priorities, and respond to risks from a corporate perspective. The lead department reports the results of the Corporate Risk Council's activities to the Committee monthly, and the identified risks are updated through monthly reassessments and, when necessary, the committee and the Board are consulted to establish an organic and close response system.

Risk Management Organizational Structure and Responsibilities by Entity (Two Lines of Defense Model)



Roles of Risk Management Entities

Category	Frequency	Roles	Details
❶ Chief Financial Officer (CFO) Chief Legal Officer Business Management Officer	Monthly	• Responsible for overseeing the management of risks that may arise in the business and establishing policies	① Approval for establishing and adjusting risk management plans and strategies ② Approval for establishing and revising management regulations ③ Risk measurement results and management status ④ Significant large-scale investments
❷ Business Management Department	Monthly	• Establishes a risk management plan • Checks and reports on risk management and implementation • (Monthly), reevaluates risks and re – establishes response strategies	① Establishing, changing and implementing risk management policies and plans ② Regular or irregular reporting of comprehensive risk management status ③ Checking and reporting on the progress of company-wide risk management matters ④ Other matters deemed necessary by the Board of Directors, management, or committees related to risk management
❸ Planning and Operations Departments of Each Organization	Monthly	• Identifies risks • Conducts risk quantification analysis • Reports on risks and establishes response plan	① Designating and operating risk management personnel ② Discussing issues and risks with primary departments ③ Providing timely information necessary for risk management to the primary department ④ Regular inspections and management of risks for each organization in charge

Strategy

Risk management principles

Hanwha Systems operates a Corporate Risk Management System to effectively respond to changes in the internal and external corporate environment. We support sustainable growth by setting and managing appropriate risk levels in line with the company's management goals and strategies. The Risk Management Committee manages corporate risks in an integrated manner and establishes risk management principles. Every month, the committee gathers and reevaluates the risk management reports of each department through the lead departments to adjust risk checks and response strategies. In addition, the lead departments report high-priority risks to the commissioner from time to time or on a regular basis, and the head of risk management reports to the Board on important matters to support prompt and efficient decision-making.

Hanwha Systems Risk Management Principles

1. Policies and organizations for managing potential losses that may occur in connection with the company's business activities shall have procedures and reporting systems.



2. Risks by type should be integrated and managed on a company-wide basis.



3. Risk levels shall be set and managed to ensure that profitable business activities are not curtailed by excessive control of risks and are consistent with management goals and strategies.



4. Risk indicators shall be uniform and consistent.



2024 Risk Management Committee agenda and Board of Directors submissions

Number of agendas

* One item submitted to the Board of Directors

537

Risk management process

Hanwha Systems' risk management department establishes a risk management plan every year in accordance with the company's management goals and strategies, establishes procedures and methods, and periodically checks and reports on whether they are properly implemented throughout corporate. The risk management process consists of five steps: ① Establishing a Risk Management Plan, ② Identifying Risks, ③ Analyzing Risks, ④ Responding and ⑤ Monitoring and Reporting. After setting priorities for the identified risks, effective countermeasures are established and implemented in consideration of the characteristics and Impact Level of each risk.

Risk Management Process

Establishing a Risk Management Plan
- Establish a risk management plan annually, prepare procedures and methods, check and report on proper implementation across the company
- Responsible for Primary department Departments

Risk Identification
- Identify important internal and external issues and risks that may arise in connection with the company's business activities according to classification standards and notify the primary departments.
- Responsible for all departments

Risk Analysis
- Conduct quantitative analysis of identified risks based on the evaluation criteria and determine the priority of handling risks according to rating.
  ※ For low-priority risks, report and prepare countermeasures at each headquarters and office level.
- Determine the level of response by risk rating and report to the committee
- Responsible for all departments, Primary Department

Risk Response
- Proactively take steps to mitigate the likelihood and impact of high-priority risks by developing single or multiple response strategies. Take proactive measures for high-priority risks by establishing single or multiple response strategies to mitigate the likelihood of occurrence and impact.
- Responsible for all departments

Monitoring and Reporting
- Review, provide oversight and reassess changes in the risks under management at all times, following a consistent standard.
- Re-evaluate risks and re-establish response strategies on a monthly basis by integrating the ledger.
- Report to the Board of Directors any risk issue that is deemed necessary to be brought to the attention of the Board as an important matter for the company.
- Responsible for all departments, Primary Department, Committee

Strategy

Risk assessment criteria

Based on predefined risk assessment criteria, each department of Hanwha Systems conducts risk quantification analysis by comprehensively considering the probability of risk occurrence (level 1 to 5) and impact level (Strategic Importance, Management Impact, ESG Impact, Urgency). This allows us to assign a rating to each risk and set priorities for response to promote effective risk management. The department in charge of risk management reports on high-priority risks to the Risk Management commissioner from time to time and on a regular basis, while low-priority risks are reported and managed by each headquarters and office unit on their own.

Probability of Risk Occurrence

Category	Weighted Content				
	Level 5	Level 4	Level 3	Level 2	Level 1
Judgment	80%+ Almost Certain to Occur	Less than 80%~ More than 60% likely to occur	Less than 60%~ More than 40% likely to occur	Less than 40%~ More than 20% unlikely	Less than 20% likely to occur

Risk Impact Level

Category	Weighted Content				
	Step 5	Step 4	Step 3	Step 2	Step 1
ESG impact	On ESG management Severe impact	Impact on ESG management	Partial impact	Potential future impact	Negligible impact
Strategic Importance	Severe impact on vision and strategy implementation	Impact on vision and strategy implementation	Partial impact	Potential future impact	Negligible impact
Management Influence	More than KRW 5 billion in cost/profit or public image impact	Cost more than KRW 1 billion	Costs incurred and High probability of business impact	Incur future expenses	No cost
Urgency	Immediate action required (Corporate-level)	Immediate action required (Headquarters-level)	Action required (Headquarters-level)	Action required (Team-level)	Further review required (Team-level)

Corporate Crisis Management Response System

Hanwha Systems has established a Corporate Crisis Management Response System and prepared a detailed manual to proactively respond to unpredictable risks such as safety and environment, funding, security and national crises. The Corporate Crisis Management Committee, chaired by the CEO, is established to make overall decisions on crisis situations, and each Site operates its own Emergency Response Committee to enable rapid, site-centered response. In addition, based on the Corporate Crisis Management Manual, we clearly define the characteristics of each type of crisis and the roles of response tasks, and establish a step-by-step response process and reporting system to ensure consistent procedures and systematic response in the event of a crisis.

Financial risk management

Among the various risks arising from the unpredictability of the capital market, Hanwha Systems identifies and manages liquidity, foreign currencies and market risk as the main risk for the company.

Category	Contents	Defining Risk	Hanwha Systems Response
Liquidity Risk	Macroeconomics (inflation, interest rates) and cash flows, etc.	Risk of loss due to a mismatch between fund management and procurement periods, insolvency due to unexpected outflows and hemorrhaging of funds, borrowing at high-interest rates to resolve funding difficulties, and unfavorable sales of held assets.	• Maintain adequate liquidity and financial strength through periodic balance of payments forecasting and reconciliation
Foreign Currency Risk	Exchange rate fluctuations and translation gains and losses	Risk of loss due to unexpected fluctuations in exchange rates, resulting in changes in the value of foreign currency-denominated transactions and foreign currency-denominated financial statement items.	• Consider whether to hedge against currency fluctuations (hedge selection) • Periodic assessment, management and reporting of foreign currency exposure risk for foreign currency denominated debt obligations. (e.g., conducting quarterly exchange management meetings)
Market Risk	Market and policy changes, social disruption, etc.	The risk that we may not be able to respond appropriately to market fluctuations, including government policies, market conditions, political conditions, and our reputation, resulting in losses, such as a decline in the value of our business and holdings.	• Regularly monitor defense and civilian markets, policy and technology changes

Strategy

Manage non-financial risks

Hanwha Systems plans to further refine its risk management response system by establishing a separate ESG risk category in 2025, in addition to the existing business risk, operational risk, and compliance risk categories.

Category	Contents	Defining Risk	Hanwha Systems Response
Business Risk	Late payment, late delivery, technical changes, not meeting development SPEC, etc.	Risks that may arise in the conduct of business, such as late delivery, failure to meet requirements, etc. for all businesses for which the company has entered into contracts and agreements.	• Total life cycle product and service quality management enhancement • Strengthen policies for listening to customers and improving customer satisfaction
Operations Risk	People, productivity, quality, environment and safety, team capabilities, etc.	Risks inherent in Former's operations due to inadequate or incorrect internal procedures, security, personnel and environment, and safety issues that may arise from intentional or negligent acts or omissions.	• Strengthen administrative, technical and physical information security • Strengthen management systems for key business operations issues such as raw materials, logistics, human rights, etc.
Compliance Risk	Personnel, test sites, materials, technical issues, intellectual property, etc.	The risk that the Company may incur losses due to violations of relevant laws or obligations, lawsuits, institutional changes, etc. in connection with the Company's business operations.	• Strengthen field and practice-centric compliance management • Be more proactive with a CP program

Manage potential risks

Hanwha Systems identifies and proactively responds to risk factors that are expected to have a significant impact on the company's management in the mid-to-long term due to changes in the global business environment and strives to convert potential risks into opportunities.

Category	Contents	Potential Business Impact	Hanwha Systems Response
Climate Change	• Acute and chronic physical risks from rising global average temperatures. • Transitioning to a low-carbon society can create implementation risks.	• Extreme weather events can disrupt logistics and raw material supplies, reduce productivity and compromise product quality. • Failure to secure technologies and products to address climate change creates competitive and reputational risk.	• Implementing medium- to long-term GHG emissions reductions. • Developing strategies to make product manufacturing processes more. • Diversifying supply channels for product production.
Information Security	• Increased risk of corporate secrets and personal information being compromised due to changing ways of working, including working from home. • Possible risks from collecting, leaking and using personal information from customers and employees.	• Reputational risk and legal penalties for customer data breaches if you don't have strong information security in place. • Need a reliable security system to protect against external hacks, unexpected events, etc. • Need to secure the company's critical information assets and operational stability from cyberattacks, system malfunctions, etc.	• Regular information protection training and inspections for employees. • Expanding the number of dedicated security personnel and strengthening their competency. • Acquiring ISO 27001, ISO 27017 and ISMS certifications and enhancing cybersecurity management systems.
Transforming Technology and Industry Structure	• The risks of failing to proactively address industry restructuring as a result of digital transformation.	• Limitation with the entry into new markets when technology and systems are not available. (New business opportunities can be expanded when relevant capabilities are acquired) • Need to secure key R&D talent to address future defense and ICT industries.	• Expanding business competency based on new digital technologies such as AI and Cloud. • Discovering new businesses and diversifying business fields by utilizing ICT competency and advanced defense industry.

Strengthen internal control systems

Operating internal control over financial reporting

Hanwha Systems operates an Internal Control over Financial Reporting System to ensure the reliability of financial information and systematically manage risks related to accounting reporting. A dedicated organization has been established to ensure the appropriateness of the design and operation of the system, and that organization periodically evaluates the design feasibility and operational efficiency of the system and reports the results to the Audit Commissioner and the BOD. To ensure effective operation of the system, internal control items are reflected in the work goals of each department and are managed in connection with performance evaluation criteria. In addition, changes in the internal and external environment and corporate risks identified through the Risk Management Commissioner are reflected in the design of the system, and risk minimization is promoted through evaluation. Management is continuously improving accounting transparency and reliability of financial information by conducting continuous evaluation, change management and improvement activities on the system.

Internal control over financial reporting audit and reporting

Every business year, Hanwha Systems' management reviews the appropriateness of the design and operational effectiveness of the system in accordance with the best practices for Internal Control over Financial Reporting, and reports the results to the Audit Committee, the BOD and the General Meeting of Shareholders. The Audit Committee evaluates the design adequacy and operational effectiveness of the system from an independent standpoint and reports the results to the BOD and the General Meeting of Shareholders. In addition, Hanwha Systems transparently discloses the operation of the system to stakeholders through disclosure in business reports. As of the end of 2024, the external auditor expressed an audit opinion that the system is effectively designed and operated from a materiality perspective.

Supporting the work of the Audit Committee and conducting audit work

Hanwha Systems has established and operates an independent audit organization, the Management Team, to enhance corporate value and contribute to sustainable management through transparent management and ethical management practices. The Management Team checks the validity and efficiency of business processes to derive improvements and investigates irregularities and violations of laws and regulations that may occur in the course of business to eliminate risks in advance. It also conducts regular trainings to raise employees' ethical awareness and operates a permanent reporting channel that guarantees the anonymity of whistleblowers. In addition, for the efficient operation of the Audit Committee, the Management Planning Team has been designated as the support department for the Audit Committee, and it performs preliminary review and presentation of agenda items, preparation of minutes and other matters necessary for meeting operation.

Executive Team Detail Role

Category	Details	
Diagnostics	① Process Diagnostics	• Inspecting major business processes and analyzing efficiency • Identifying issues in processes and suggesting improvements
Audit	① Internal Control Inspection	• Analyzing control functions according to organizational R&R • Analyzing control mechanisms for each business process • Identifying risk factors and suggesting improvements
	② Routine audits and Special Audits	• Routine and controllable expense usage checks • Check for CEO directives
	③ Patrol Inspections	• Inspecting high–risk areas for regulation violations and fraud • Analyzing abnormal pattern signs and suggesting prevention measures
	④ Ethical Management Audit	• Investigating reports of fraud and corruption • Promoting ethical awareness through employee education

Tax management

Comply with laws and meet tax filing and payment obligations

Hanwha Systems recognizes that faithful tax payment in compliance with tax laws is an important factor in society, and we fulfill our tax obligations in an exemplary manner. Based on domestic and international tax policies, in–house tax law department evaluates various aspects of tax risks and conducts all transactions arising from corporate activities in accordance with the tax laws of the respective countries. In addition, to prevent tax risks due to enactment and revision of tax policies, we continuously monitor domestic and international tax laws as well as tax trends in each country to update our tax policies and strictly comply with regulations to prevent tax avoidance and tax evasion. In particular, in 2024, we established new tax policies for 10 countries, including the UAE and the United States, in line with our overseas business expansion.

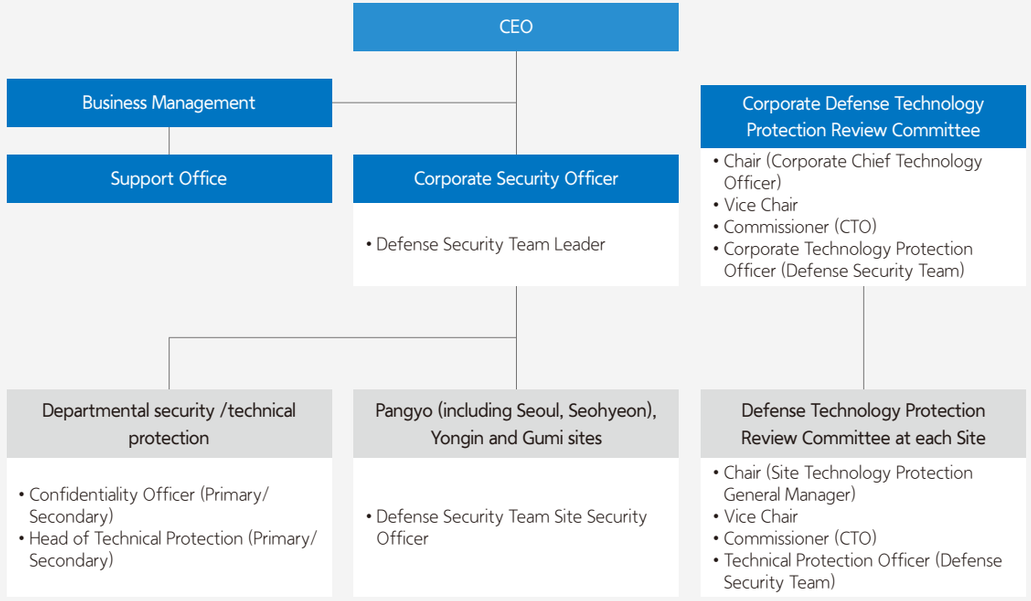
Category	Unit	2022	2023	2024
Corporate Tax Payment History	KRW million	23,741	57,395	104,259

Information Protection

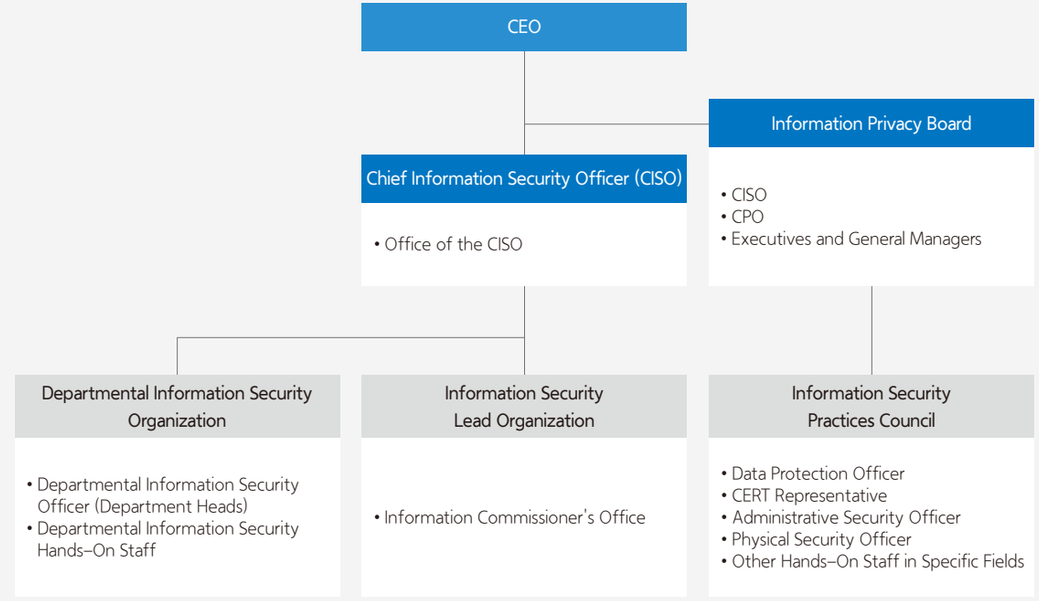
Governance

Hanwha Systems has established and operates an information protection system that considers the characteristics of the defense and ICT industries. We have established separate governance for defense security and ICT information protection and appointed a CISO to promote systematic information protection management from a corporate perspective. The Information Protection Office is in charge of the company's information protection and privacy policies, and the Information Commissioner's Office conducts ICT security audits, information protection awareness activities for employees and the operation of the Information Protection Council. In addition, the Security Operations Team is responsible for the construction, operation and maintenance of security systems, as well as security control and infringement response. The Defense Security Team is strengthening the management system for defense technology protection and data leakage prevention based on the Defense Technology Protection Act and the Defense Industry Security Business Guidelines.

Defense Security Governance



ICT Information Security Governance



Governance

Information security organizational structure and roles by department

Category	Responsibilities and Authorities
CISO Office	• Head of Information Security and Privacy • Establish policies/guidelines, standards • Establish information security solution policies and approve exception handling • Conducting internal security audits • Conducting information security awareness activities • Manage/Respond to Information Security Certifications • Prevent and respond to information security incidents • Operating an Information Security Council
Information Security Office	[Goal: Establish security strategy, ensure compliance of company IT services and prevent information leakage] • Establish security regulations and policies in accordance with laws and regulations • Security checks, vulnerability identification/remediation • Information Leakage Prevention Activities, Compliance with Information Protection Laws Technology Safeguards • Create a privacy plan and review it regularly • Training and internal controls to prevent personal/internal information leakage and misuse and abuse
Defense Security teams	[Goal: Zero Security and Technology Leakage Incidents] • Zero security incidents by enhancing the protection of military secrets/defense industrial technology • Revise bylaws based on policies such as laws and regulations for security and technology protection • Establish security/technology leakage prevention measures, provide security guides and implement security measures • Create and implement a security and technical protection training plan
Security Operations	[Goal: Strengthen the group information security level, including detection (control), security solution operation and development] • Security Controls/CERT • Diagnosing security vulnerabilities • Building Security Solutions·Operations (SI/SM) • Security Consulting (SI)

Information Security Organizational Structure and Roles by Personnel

Category	Responsibilities and Authorities
Chief Information Security Officer (CISO)	• Approve risk assessment criteria and results • Direct risk management plan implementation • Determine target risk level
Data Protection Officer	• Establish risk assessment baselines (calculate threats, vulnerabilities and risk) • Perform asset-specific vulnerability assessments and manage results • Perform risk assessments and report on risk management plans • Create and manage risk assessment reports • Implement risk management plans and monitor results • Manage residual threats
Information Asset Officer	• Asset Management • Locate and identify assets and perform asset valuations • Maintain asset status and inventory • Implementing asset-specific privacy measures
Security Officer	• Establish policies/guidelines and standards for defense security work • Revised security bylaws in response to changes in policies related to defense industry security work • Integrated survey response and inspection • Review the security of externally exported materials
Technical Protection Officer	• Establish policies/guidelines and standards for defense technology protection • Identify and manage managed technologies • Establish and implement self-diagnosis plans for domestic sites and overseas offices • Defense Technology Protection Review Board Operations • Revision of technology protection guidelines due to changes in defense technology protection laws and regulations • Integrated survey response and inspections
People/Facilities/ Information Security /Military Secrets Officer	• Conduct background checks and manage results • Manage authorization for handling classified and cryptographic materials • Manage authorization and revocation for access personnel • Control of import and export documents, information and communication devices, etc. • Monitor security systems and identify improvement needs • Manage access control to protected (controlled/restricted) areas • Manage the receipt and destruction of military secrets

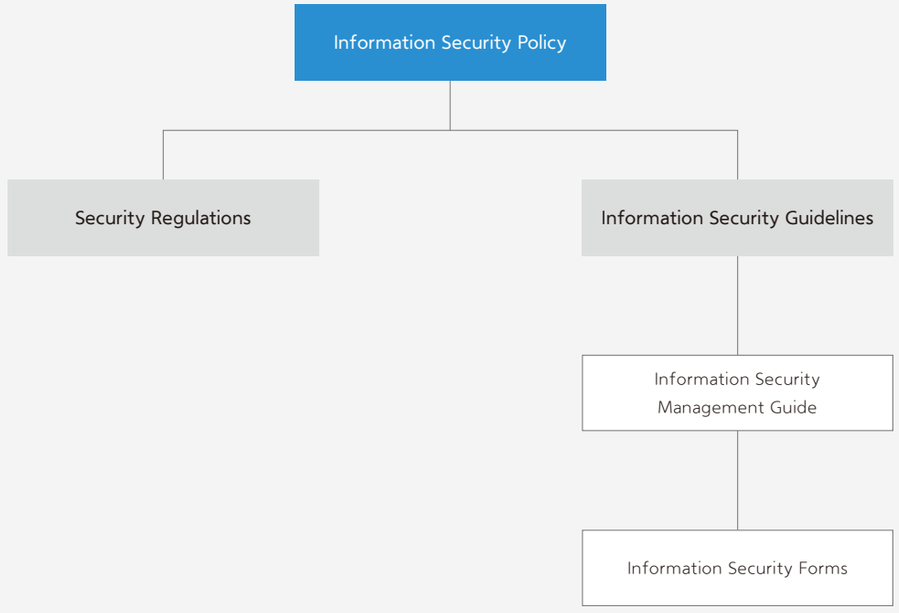
Strategy

Information security framework

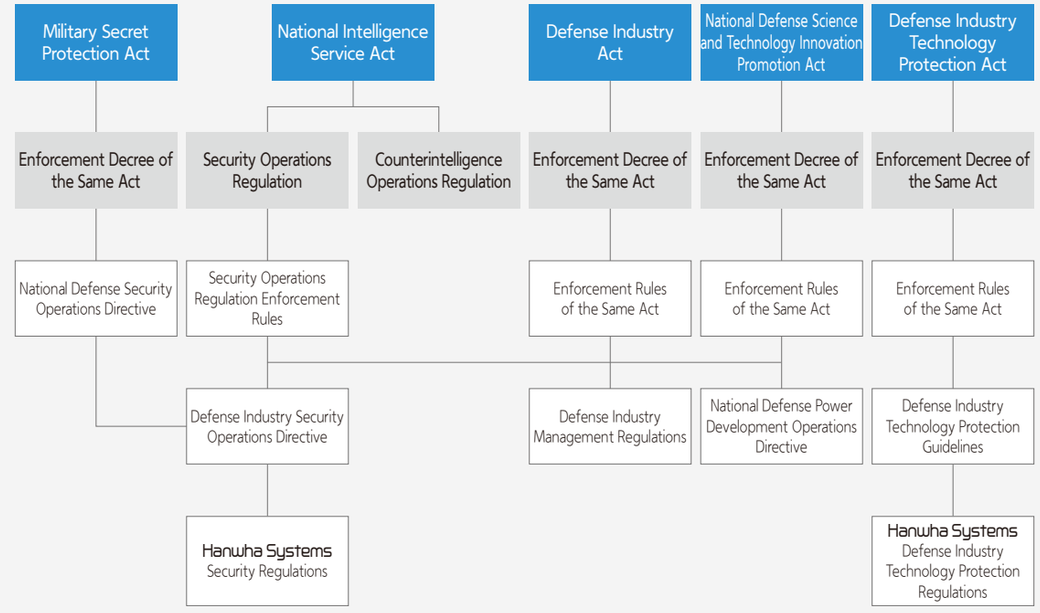
Information privacy management policy

Hanwha Systems regularly establishes information protection policies to comply with domestic and foreign information security–related laws and regulations, such as the Personal Information Protection Act and the Information and Communications Network Act and revises internal regulations at least once a year and publishes them to corporate. Based on the established policy, we check the security level of our internal security system, website and IT infrastructure, and systematically manage physical security management and response procedures in the event of a security incident. To strengthen technology protection in the defense field, the Defense Security Team protects related confidential information and technology in accordance with the Defense Industry Security Operations Act and the Directives for Defense Industry Technology Protection Act, and establishes and operates 35 types of security management measures in accordance with the Internal Regulations for Defense Security and Technology Protection to prevent leakage of confidential information and technology assets. In the event of violations of regulations related to information security, we refer them to the Personnel Commissioner in consideration of the type of behavior and the Integrity of the culpability and then audits and implements disciplinary procedures.

Information Security Management Policy Framework



Defense Security and Defense Technology Protection Policy Framework



Strategy

Security controls

Hanwha Systems operates systematic security management measures by technology, personnel, facilities, documents and information and communication in consideration of the importance of information security for defense companies and the operation of IT systems for customers. Considering that not only technical data related to the defense industry but also business information in general can affect national security and the economy, we designate key areas as 'protected areas' and strictly control the access of unauthorized persons. In addition, we apply security solutions such as DRM and DLP to prevent information leakage in advance and maintain optimal security conditions. In addition, defense industry-related materials provided to Suppliers are delivered through a dedicated network, and by establishing a system that cannot be accessed from the outside, we are ensuring security reliability and creating a safe network environment.

Details of Security Controls

Technology	Personnel	Facilities	Documents	Information and Communication
• Encryption of electronic documents • Encryption of external transfer data • Wiretap detection • V3 antivirus software • PC security measures • Wireless intrusion prevention • Identify and protect managed technologies	• Employee and entrant backgrounds checks • Security clearance • Security management for retirees and job changes • Security management for foreigners • Manage technology workforce	• Designation of key facility security zones • Separate storage facilities for sensitive data • Integrated security systems • Access control • Entry security checks • Equipment transportation security systems	• Manage secret production and storage • Electronic knowledge base • Secure destruction of unwanted materials • Manage secure document retrieval • Security/Technical review of outsourced materials • Article managing outside expenses	• Physical network isolation • NW access control • eFAX • Unified control system • Unauthorized information technology equipment/device control • Email logging

Information security certifications

To ensure the stability and reliability of information systems, Hanwha Systems acquires and operates domestic and international certifications in the field of information protection to recognize the excellence of internal information protection system to stakeholders, including shareholders and investors. In 2005, we acquired the Information Security Management System (ISO 27001) certification for the first time, and in 2016, the Cloud Service Information Security Certification (ISO 27017), which it continues to maintain. In addition, we have acquired and maintained the Information Security Management System (ISMS) certification (2023.01.15 ~ 2026.01.14) for the scope of Hanwha's data center infrastructure operations.

Information Security External Certification Status

Category	External Certification Status	Authentication Duration	Scope
Information Security Management System	ISO 27001	March 1, 2023 ~ October 30, 2025	All areas of IT services
Information Security Management System	ISMS	Jan. 15, 2023 to Jan. 14, 2026	Hanwha Data Center infrastructure operation scope
Cloud Services Information Security	ISO 27017	March 1, 2023 ~ October 30, 2025	All areas of IT services
Firewalls and IPS	EAL Level 4		Hanwha Data Center infrastructure operation scope
Vaccines (V3)	EAL Level 3		All areas of IT services
Integrated Internal Information Leakage Prevention Audit System (DLP)	EAL Level 2		All areas of IT services



ISO 27001



ISO 27017



ISMS

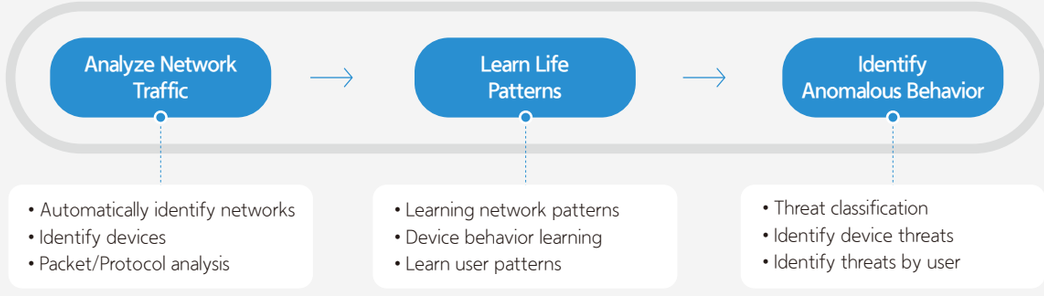
Strategy

Operationalize anomaly detection solutions

Hanwha Systems ICT Business has developed and operates an End-Point Anomaly Detection System (EADS) to prevent hacking attacks such as ransomware and security incidents such as leakage of personal information and insider data. EADS is a system that detects and analyzes events that are outside the normal scope of use of endpoints (terminals, users) and internal information systems and prevents behaviors that could lead to security incidents. Since the introduction of EADS, Hanwha Systems has defined anomaly scenarios for each type of security incident, such as data leakage, malware infection and system hijacking, in detail, and has established an anomaly detection system that immediately detects and responds to anomalies when they occur, thereby responding appropriately to internal and external attack activities.

Anomaly Detection Solution Key Features

"A system that can model the company's backbone traffic, distinguish between normal and anomalous behavior and react to attacks that security controls fail to block."



Key Features

- Detect advanced hacking attacks that impersonate legitimate users
- Identify traffic anomalies and prevent damage before a hack attempt occurs

Privacy disclosures

Hanwha Systems has been conducting information protection disclosure activities since 2022 to objectively communicate information protection level and activities to various stakeholders, including customers. Through this, we transparently disclose the amount of investment in information protection, the status of specialized personnel and the availability of certifications and are making multifaceted efforts to prevent security incidents. In 2024, we invested approximately KRW 8.2 billion (11.3% of the total IT budget) in information protection among information technology and advanced our security infrastructure by building a new personal information log management system and ISMS solution.

Category		2023	2024
Information Protection Investment Status (KRW)	Investment in Information Technology (A)	72,778,963,333 KRW	*As Disclosure of Information Protection Investment Status is scheduled for June 2025, the figures will be released then.
	Investment in Information Security(B)	8,200,412,623 KRW	
	B/A	11.3%	
State of the Information Security Workforce (person)	Full-Time Employees	4,517	
	Information Technology Workforce (C)	419.4	
	Dedicated Information Security Personnel (D) (internal, external)	45.3	
	D/C	10.8%	

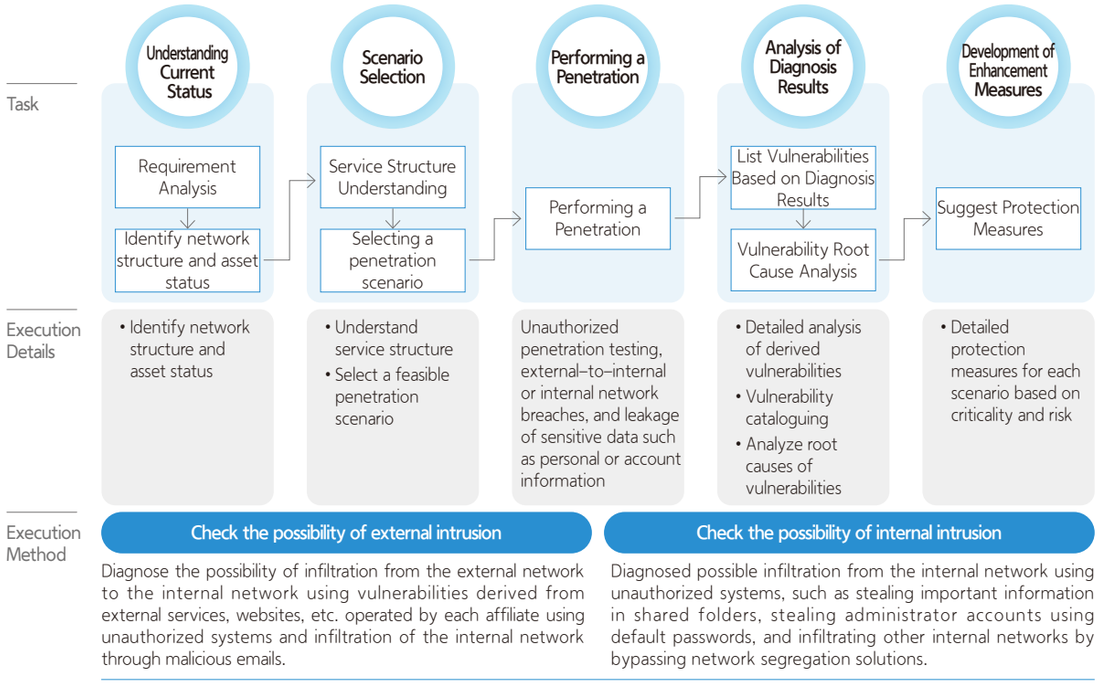
Comprehensive portal for information security disclosure

Strategy

Security incident prevention and response training

Hanwha Systems regularly conducts penetration tests through an external expert organization, AhnLab, to proactively respond to increasingly advanced cyber threats, and operates malware simulation drills in-house. The penetration test, which is conducted twice a year, consists of five steps: 'Identify the current situation – Select a scenario – Conduct a penetration – Analyze the diagnosis results – Establish a security enhancement plan', and we are continuously strengthening our capability to respond to cyberattacks by upgrading the scenario every year. In addition, we regularly conduct malicious email penetration drills for Former employees twice a year to respond to infringement attempts via email, such as account takeover and malware attachment. In addition, we have established security incident response procedures and manuals to ensure prompt response in the event of an infringement, leakage of personal information or important information, and have established and operated a systematic response system.

Penetration Testing Procedures



Information security training for defense employees

Hanwha Systems' defense division appoints security officers and heads of technical departments for each department, and completes regular training organized by the Defense Acquisition Program Administration every year and conducts self-diagnosis to raise awareness of the importance of defense industry technology protection. In 2024, we conducted training for about 3,000 people, including employees and resident Suppliers, and in 2025, we plan to provide grades for Suppliers with technology to conduct customized security and technology protection work.

Information security training for ICT employees

Hanwha Systems regularly conducts training for employees and suppliers to raise awareness of information security and privacy. In addition to the training, we conducted secure coding training for 170 developers using Java and Python languages. We also conduct various activities to raise information protection awareness, such as security pledge writing, email simulation drills and information protection quiz events.

Technical and information security training and management of suppliers

Hanwha Systems conducts training, management and guidance to prevent security incidents by external and suppliers' personnel and periodically checks security compliance. Our defense division has conducted information security and privacy training for more than 130 suppliers, checked the status of information protection management and conducted information protection assessments when registering new companies. In addition, in accordance with the partial revision of the Directives for Defense Industry Security Operations in 2024, the Defense Industry Technology Protection Council was formed to inspect and consult with suppliers on security and technology protection activities. Moreover, we checked the policy changes of related organizations such as the Directives for Defense Industry Security Operations and the Defense Technology Protection Act every year to revise the Security Policy and the Defense Technology Protection Policy, and based on this, we conducted security and technology protection activities for suppliers.

Risk Management

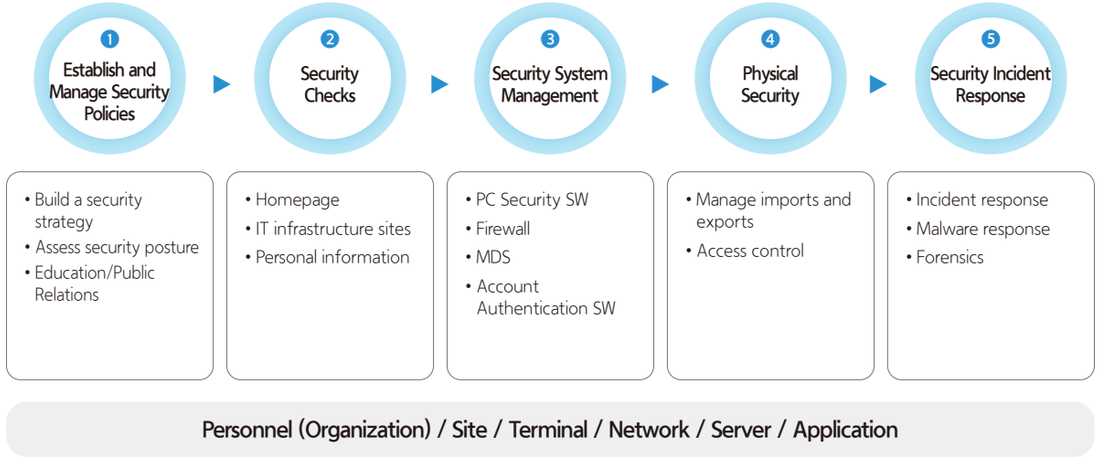
The increasing sophistication of the digital landscape has led to a variety of information security risks, including privacy breaches, data misuse and cyberattacks. These risks are becoming an important issue for both companies and individuals as they can lead to serious damage, including financial losses and loss of corporate credibility, as well as legal liability. As we recognize that information security risk management is a social responsibility and an essential obligation, we are actively responding to it. We have a response process in place to ensure immediate response in the event of an information security incident and operate a backup and recovery system to minimize the spread of damage. In the event of an incident, we have organized a stakeholder communication system so that we can quickly share and respond to the situation. We have also designated a CPO and established a privacy governance system to operate a comprehensive information protection risk management system, including internal and external audits and evaluations and review of legal standards.

Information security risk management framework

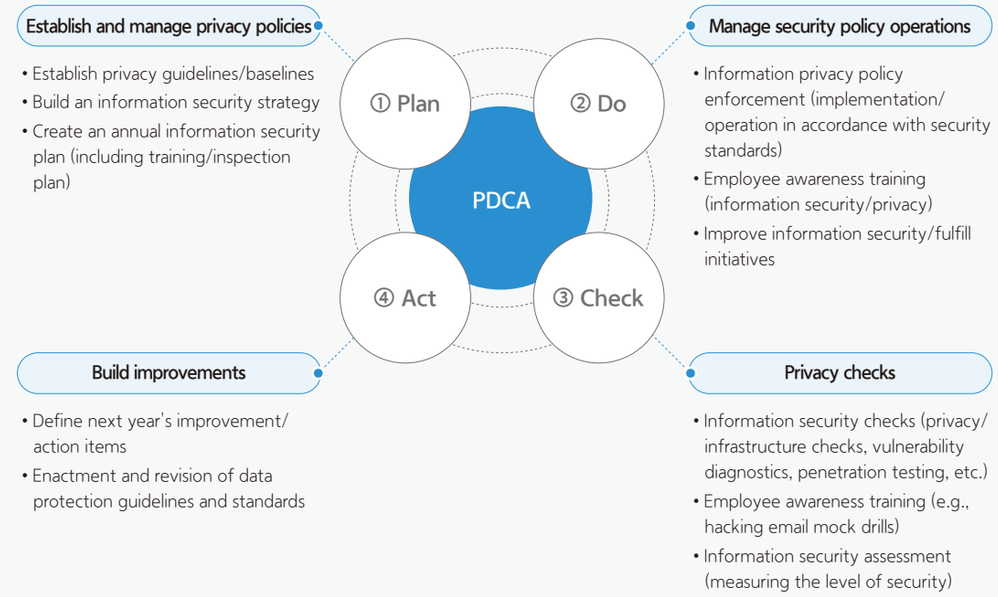
Information security risk management topics

Based on information protection policy, Hanwha Systems categorizes 'personnel, sites, terminals, IT services and infrastructure(servers, networks, etc.)' into five areas, and for each area, we have established a system of 'security policy establishment and management,' 'security inspection,' 'security system management,' 'physical security,' and 'security incident response' to control and manage them in an integrated manner. In addition, to enhance the effectiveness and efficiency of the internal security system, we have established and operates an information protection management process that applies the PDCA(Plan–Do–Check–Act) model, which drives continuous improvement and advancement of internal security operations.

Information Security Risk Management Framework Components



Information Security Risk Management Framework (PDCA)



Risk Management

Insider information leakage prevention framework

Hanwha Systems has established and operates various security systems to protect internal information, including PC security settings, document encryption, separation of internal and external networks and intelligent threat response systems. We strictly control access to internal servers and databases for unauthorized personnel and terminals and clearly specify information protection–related compliance in contracts with suppliers to induce responsible security implementation. We conduct regular audits of our personal information outsourcing companies to continuously check their security levels. In addition, we protect our information assets from external cyber threats by conducting regular audits of our personal information trustees to continuously check their security level.

Defense technology leakage and breach response drills and campaigns

Hanwha Systems regularly conducts response drills and campaigns every year to improve employees' proficiency in taking initial actions in the event of a security incident, familiarize them with reporting procedures and strengthen the response system of security and technology protection officials. The 'Security Leakage Incident Response Drill' is conducted by disseminating training messages assuming real–life situations such as malware infections to an unspecified number of employees to check the operation of the rapid reporting and response system. In addition, we raise employees' security awareness through resolution competitions by reading resolutions to prevent security incidents, and through compliance campaigns such as guidance on setting up mobile phone security solutions at access gates and related regulations. We will continue to carry out continuous and systematic activities to prevent defense security leaks and related risks.

National Trade Secrets Protection System

As a leader in the national defense industry, Hanwha Systems safely handles core defense technologies along with customer information in the process of providing major products and services. We strictly comply with relevant laws and regulations related to the protection of customer information as well as national core technologies, conduct annual defense technology protection training for all employees, and regularly submit training results to relevant authorities. We also respond to cyber–infringement attacks at all times based on a security control system that operates in real time 365 days a year. In 2024, following the change of CEO, we received an average of 97.5% in the security inspection results for each site, demonstrating our excellent security level. In addition, we continue to conduct inspections and trainings related to defense security and technology protection to improve the security level of our suppliers, and in 2024, we conducted a total of 173 visits to suppliers' sites to conduct inspections and guidance activities. We plan to further enhance the Corporate security management system based on our sense of responsibility for national security and information protection.



On–site visits to inspect and train Suppliers



Collective training on information security for suppliers



Security incident response drills and campaigns

Metrics and Targets

Sectors	KPIs	Unit	2022 Performance	2023 Performance	2024 Targets	2024 Performance	2025 Targets
Number of information	Number of information security breaches/ incidents	Cases	0	0	0	0	0



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Financial Statements

Consolidated statement of financial position

Category	Unit	2022	2023	2024
Assets				
Current assets	KRW million	2,326,840	1,890,140	**2,286,147**
Cash and cash equivalents	KRW million	1,228,218	476,089	**199,843**
Accounts receivable and other current receivables	KRW million	208,561	202,103	**309,759**
Other current financial assets	KRW million	25,669	34,748	**124,138**
Other current assets	KRW million	469,953	676,114	**1,025,685**
Current Inventory	KRW million	372,963	501,085	**610,096**
Assets held for sale or group of disposed assets classified as held for sale or for distribution to owners	KRW million	21,477	0	**16,626**
Non-current assets	KRW million	1,618,788	2,593,071	**3,437,863**
Non-current financial assets at fair value through profit or loss	KRW million	251,149	284,780	**366,532**
Non-current financial assets at fair value through other comprehensive income	KRW million	302,600	180,463	**1,438,037**
Other non-current financial assets	KRW million	23,967	28,465	**74,056**
Investments in associates	KRW million	16,433	992,509	**24,552**
Property, plant, and equipment	KRW million	274,368	347,646	**569,953**
Right-of-use assets	KRW million	100,640	117,782	**154,215**
Intangible assets	KRW million	557,834	558,922	**762,190**
Other noncurrent assets	KRW million	4,409	4,616	**6,740**
Deferred tax assets	KRW million	87,387	77,888	**41,589**
Total assets	KRW million	3,945,628	4,483,211	**5,724,010**

Category	Unit	2022	2023	2024
Liabilities				
Current liabilities	KRW million	1,618,536	1,951,415	**2,677,051**
Accounts payable and other current liabilities	KRW million	160,863	213,096	**250,001**
Current borrowings and debentures	KRW million	80,000	162,335	**79,955**
Other current financial liabilities	KRW million	79,617	93,425	**195,532**
Other current liabilities	KRW million	1,252,876	1,432,347	**2,027,772**
Current provisions	KRW million	22,954	31,755	**83,710**
Current income tax liability	KRW million	14,840	18,458	**37,319**
Liabilities included in disposal group classified as held for sale	KRW million	7,385	0	**2,763**
Non-current liabilities	KRW million	308,140	377,670	**630,542**
Long-term trade payables and other noncurrent liabilities	KRW million	127	0	**0**
Noncurrent borrowings and noncurrent notes payable	KRW million	29,976	49,899	**249,277**
Other non-current financial liabilities	KRW million	77,868	99,017	**132,646**
Retirement benefit obligations	KRW million	180,295	206,770	**207,330**
Non-current provisions	KRW million	19,867	21,984	**30,505**
Deferred tax liabilities	KRW million	7	0	**10,784**
Debt total	KRW million	1,926,676	2,329,085	**3,307,593**
Capital				
Equity attributable to owners of a controlled entity	KRW million	2,000,339	2,139,818	**2,490,055**
Capitalization	KRW million	944,597	944,597	**944,597**
Capital surplus	KRW million	1,085,520	1,100,087	**1,092,001**
Other components of equity	KRW million	(34,121)	(34,121)	**(34,121)**
Accumulated other comprehensive income	KRW million	(112,582)	(83,217)	**(101,714)**
Retained earnings (deficit)	KRW million	116,925	212,472	**589,292**
Non-controlling interest	KRW million	18,613	14,308	**(73,638)**
Total equity	KRW million	2,018,952	2,154,126	**2,416,417**
Total equity and debt	KRW million	3,945,628	4,483,211	**5,724,010**

Financial Statements

Stock and dividend status

Category	Unit	2022	2023	2024
Total cash dividends	KRW million	46,748	52,358	**65,448**
Dividend type	–	Cash Dividends	Cash Dividends	**Cash Dividends**
Cash dividend payout ratio	%	(57.89)	15.26	**14.69**
Cash dividends per share (common stock)	KRW	250	280	**350**
Market dividend rate	%	2.26	1.68	**1.60**
Whether to introduce a written voting system	Y/N	Yes	Yes	**Yes**
Whether to introduce electronic voting system	Y/N	Yes	Yes	**Yes**
Shareholder communications (Number of company briefings/ conferences)	Cases	18	18	**11**

Distribution of economic value (consolidated basis)

Category		Unit	2022	2023	2024
Shareholders and investors	Dividends	KRW million	46,748	52,358	**65,448**
	Interest expense	KRW million	5,749	13,995	**22,339**
Employees	Salaries	KRW million	407,759	470,480	**555,358**
	Employee Benefits	KRW million	77,999	93,596	**108,204**
Suppliers	Purchase cost	KRW million	1,368,052	1,768,441	**1,834,775**
Local community	Company donations	KRW million	2,228	3,045	**5,917**
Government	Corporate taxes	KRW million	23,741	57,395	**104,259**

Stock ownership

Category		Unit	2022	2023	2024
Total percentage of ownership by the CEO		%	0.01	0.01	**0.00**
Shareholders with 5% or more ownership	Hanwha Aerospace Co., Ltd.	%	46.73	46.73	**46.73**
	Hanwha Energy Co., Ltd.	%	12.80	12.80	**12.80**
	National Pension Service	%	–	–	**8.52**
Stocks	Number of issued shares	Shares	188,919,389	188,919,389	**188,919,389**
	Number of outstanding shares	Shares	186,993,261	186,993,261	**186,993,261**

Research and development investments

Category	Unit	2022	2023	2024
R&D investment expenses	KRW million	324,039	456,396	**571,050**
R&D investment ratio to revenue	%	14.81	18.61	**20.37**
Number of specialized researchers	Persons	1,317	2,335	**2,358**
Number of patents and trademarks held (domestic cumulative)	Cases	1,778	1,833	**2,050**

Government assistance

Category	Unit	2022	2023	2024
Government subsidies	KRW million	2,456	5,070	**8,413**

Environmental

GHG[1)]

Category	Unit	2022	2023	2024
Total GHG emissions	tCO_2–eq	20,921.0	22,006.3	**24,353.3**
Direct (Scope 1) emissions	tCO_2–eq	600.0	594.8	**639.8**
Indirect (Scope 2) emissions	tCO_2–eq	20,321.0	21,411.5	**23,713.5**
GHG emission intensity (as a percentage of revenue)	tCO_2–eq/ 100 million	0.96	0.90	**0.86**
Other indirect (Scope 3) emissions	tCO_2–eq	–	–	**1,661,118.4**
(C1) Purchased goods and services	tCO_2–eq	–	–	**1,602,915.9**
(C3) Fuel and energy related activities	tCO_2–eq	–	–	**1,277.2**
(C4) Upstream transportation and distribution	tCO_2–eq	–	–	**87.3**
(C5) Waste generated in operations	tCO_2–eq	–	–	**11.1**
(C6) Business travel	tCO_2–eq	–	–	**1,822.1**
(C7) Employee commuting	tCO_2–eq	–	–	**2,323.8**
(C15) Investments	tCO_2–eq	–	–	**52,681.0**

1) Scope 3 emissions have been managed since 2024

Energy

Category	Unit	2022	2023	2024
Total energy consumption	TJ	432.6	457.5	**484.0**
Direct (non–renewable) energy consumption	TJ	9.7	10	**10.9**
Gasoline	TJ	1.8	1.7	**1.7**
Diesel	TJ	3.2	3.2	**3.0**
City Gas	TJ	0	5.1	**5.8**
Other	TJ	4.8	0.1	**0.4**
Indirect (non–renewable) energy consumption	TJ	422.9	447.4	**473.0**
Power	TJ	422.8	447.4	**473.0**
Steam	TJ	0	0	**0**
Heating and cooling	TJ	0	0	**0**
Other	TJ	0.1	0	**0**
Percentage of grid power	%	97.7	97.8	**97.7**
Self–generated renewable energy[1)] (solar)	MWh	16.1	29.1	**28.9**
Renewable energy usage[1)] (solar)	MWh	16.1	29.1	**28.9**
Percentage of renewable energy used	%	0.013	0.023	**0.021**
Consumption intensity (as a percentage of revenue)[2)]	TJ/KRW 100 million	0.020	0.019	**0.017**

1) Corrected due to a data aggregation error in 2022. All self–generated energy is consumed on–site.
2) Based on consolidated revenue

Environmental

Water and wastewater

Category		Unit	2022	2023	2024
Gumi Site	Water usage	Ton	54,415	54,813	**49,651**
Yongin R&D Center	Water usage	Ton	14,590	20,383	**21,799**
Jukjeon Data Center	Water usage	Ton	23,739	29,328	**29,481**
Total water usage	Water usage	Ton	92,744	104,524	**100,931**
Gumi Site	Tap Water usage	Ton	54,415	54,813	**49,651**
Yongin R&D Center	Tap Water usage	Ton	14,590	20,383	**21,799**
Jukjeon Data Center	Tap Water usage	Ton	23,739	29,328	**29,481**
Total water usage	Tap Water usage	Ton	92,744	104,524	**100,931**
Industrial water usage		Ton	Unused		
Groundwater usage		Ton			
Surface water usage		Ton			
Storm water usage		Ton			
Sewage discharge		Ton	No emissions		
Wastewater discharge		Ton	92,744	104,524	**100,931**
Water intensity (as a percentage of revenue)		Ton/KRW 100 million	4.24	4.26	**3.60**

* Hanwha Systems does not emit water pollutants such as TOC, COD, BOD, and SS. All water is discharged into sewage, and wastewater is not discharged separately and therefore not managed separately.

Chemical usage[1)]

Category	Unit	2022	2023	2024
Chemical usage at Gumi Site	Ton	0.27	1.24	**1.14**
Chemical Usage at Yongin R&D Center	Ton	0.49	0.81	**1.46**
Total	Ton	0.76	2.05	**2.60**

1) Though Hanwha Systems is not subject to the criteria of the Pollutant Release and Transfer Registers (PRTR) (industries that do not use hazardous chemicals), we are voluntarily monitoring the use of chemical substances.
* Jukjeon Data Center does not use chemicals, and as of 2023, calculation method has been revised to align with the Chemical Substance Emissions Survey standards.

Air pollutant emissions[1)]

Category		Unit	2022	2023	2024
Air pollutants	NOx(nitrogen oxides)	Ton	–	0.17	**0.183**
Air pollutants	SOx(sulfur oxides)	Ton	–	0.045	**0.036**
Air pollutants	Dust	Ton	0.026	0.048	**0.077**
Air pollutants	VOCs[2)]	Ton	N/A	N/A	**N/A**

1) For NOx and SOx, data is being measured and managed from 2023
2) ODS (Ozone-Depleting Substances) and VOCs (Volatile Organic Compounds) are not subject to measurement for Hanwha Systems.

Environmental management system

Category	Unit	2022	2023	2024
Environmental management system (ISO 14001) certification rate	%	100	100	**100**
Number of certified sites	Number	1	1	**1**
Number of sites eligible for certification	Number	1	1	**1**
Green company certification	Number	1	1	**1**

Environmental regulations

Category	Unit	2022	2023	2024
Number of legal violations	Cases	0	0	**0**
Fine total	KRW million	0	0	**0**
Number of lawsuits filed	Cases	0	0	**0**
Number of non-monetary sanctions	Cases	0	0	**0**
Environmental liabilities	KRW million	0	0	**0**

Environmental

Waste[1)]

Category				Unit	2022	2023	2024
Waste generation	Total waste generation			Ton	266.7	268.9	**257.3**
	Waste intensity			Ton/KRW 100 million	0.012	0.011	**0.009**
	Amount of designated waste (hazardous waste) generation			Ton	4.8	4.5	**4.9**
	General (non–hazardous waste) generation			Ton	261.9	264.4	**252.4**
	Designated Waste	Subtotal		Ton	4.8	4.5	**4.9**
		By type	Landfill	Ton	0	0.5	**0.0**
			Burning	Ton	3.5	4.0	**3.9**
			Recycling	Ton	1.4	0	**1.0**
		By method	Self–processing	Ton	0	0	**0**
			Outsourcing to a processor	Ton	4.8	4.5	**4.9**
	General Waste	Subtotal		Ton	261.9	264.4	**252.4**
		By type	Landfill	Ton	0	0	**0**
			Burning	Ton	11.8	9.4	**13.2**
			Recycling	Ton	250.1	254.9	**239.2**
		By method	Self–processing	Ton	0	0	**0**
			Outsourcing to a processor	Ton	261.9	264.4	**252.4**
Recycling waste	Total waste recycling			Ton	251.5	254.9	**240.2**
	Total waste recycling rate			%	94.3	94.8	**93.3**
	Designated Waste	Recycling		Ton	1.4	0	**1.0**
	General Waste	Recycling		Ton	250.1	254.9	**239.2**

1) Hanwha Systems does not recover energy when incinerating designated/general waste, and data correction due to the refinement of waste emission calculations.

Social

Health and safety management system

Category	Unit	2022	2023	2024
Health and Safety Management System (ISO 45001) certification rate	%	100	100	**100**
Number of certified sites	Number	1	1	**1**
Number of sites eligible for certification	Number	1	1	**1**
Number of OHSAS 18001 Certified Sites (or KOSHA 18001)	Number	2	2	**2**

Occupational safety training

Category	Unit	2022	2023	2024
Occupational Safety and Health Training Hours (includes duplication)	Hours	55,648	58,308	**59,805**
Number of people attending occupational safety training (includes duplication)	Persons	7,526	8,319	**9,333**

Health management

Category		Unit	2022	2023	2024
Health examinations conducted	Total	Persons	5,068	5,710	**6,572**
	Employees	Persons	3,902	4,119	**4,596**
	Spouse and family	Persons	1,166	1,591	**1,976**

Industrial accidents

Category		Unit	2022	2023	2024
Total working hours	Employees	Hours	8,726,784	8,942,436	**8,765,809**
	Suppliers	Hours	1,831,495	1,730,846	**1,645,000**
Number of injured workers	Employees	Persons	0	0	**1**
	Suppliers	Persons	0	2	**0**
Number of injuries (fatalities + serious injuries + minor injuries)	Employees	Cases	0	0	**1**
	Suppliers	Cases	0	2	**0**
Number of fatalities	Employees	Cases	0	0	**0**
	Suppliers	Cases	0	0	**0**
Number of serious injuries	Employees	Cases	0	0	**0**
	Suppliers	Cases	0	0	**0**
Number of minor injuries	Employees	Cases	0	0	**1**
	Suppliers	Cases	0	2	**0**
Number of serious accidents	Employees	Cases	0	0	**0**
	Suppliers	Cases	0	0	**0**
Industrial accident rate (Number of injured workers / Number of workers) * 100	Employees	%	0	0	**0.02**
	Suppliers	%	0	0.11	**0**
LITR Number of work-related injuries resulting in lost workdays / Total working hours * 1,000,000	Employees	%	0	0	**0.11**
	Suppliers	%	0	1.26	**0**
OFIR Number of occupational illness cases / Total working hours * 1,000,000	Employees	%	0	0	**0**
	Suppliers	%	0	0	**0**
TRIR Number of work related injuries / Total working hours * 1,000,000	Employees	%	0	0	**0.11**
	Suppliers	%	0	1.26	**0**
Number of lost workdays		Day	0	146	**31**

Social

Employee status

Total employment

Category		Unit	2022	2023	2024
Total number of employees		Persons	4,292	4,729	**4,751**
By employment type	Regular employees	Persons	4,051	4,457	**4,545**
	Percentage of regular employees	%	94.4	94.3	**95.7**
	Non-regular employees[1]	Persons	241	272	**206**
	Percentage of non-regular employees	%	5.6	5.8	**4.3**
By gender	Men	Persons	3,667	4,005	**4,015**
	Women	Persons	625	724	**736**
By age group	Under 30	Persons	665	914	**865**
	30s	Persons	1,574	1,695	**1,679**
	40s	Persons	1,374	1,394	**1,436**
	50s and above	Persons	679	726	**771**
Men by job position	Executives	Persons	66	61	**52**
	Managers (Assistant Director and above, excluding executives)	Persons	1,431	1,550	**1,664**
	Mid-level managers (assistant managers, managers)	Persons	1,594	1,639	**1,619**
	Non-managerial employees (associates and below)	Persons	576	755	**680**
Women by job position	Executives	Persons	0	0	**1**
	Managers (Assistant Director and above, excluding executives)	Persons	65	79	**95**
	Mid-level managers (assistant managers, managers)	Persons	337	375	**379**
	Non-managerial employees (associates and below)	Persons	223	270	**261**
By region	Headquarters workers	Persons	2,594	1,446	**1,384**
	Regional office employees	Persons	1,698	3,283	**3,367**

1) No service workers, temporary workers, or specialty workers

Detailed status of non-regular employees

Category		Unit	2022	2023	2024
Non-regular employees	Men	Persons	197	215	**165**
	Women	Persons	44	57	**41**
	Total	Persons	241	272	**206**

* Contract type : General, professional, project-based contract positions
* Job roles : Administrative and clerical support, health management (health keeper), R&D, project execution

Length of service

Category		Unit	2022	2023	2024
Average length of service	Regular employees	Years	9.8	10.3	**10.2**
Defense sector	Men	Years	11.6	12.4	**12**
	Women	Years	8.1	8.8	**8.7**
ICT sector	Men	Years	7.4	7.5	**7.9**
	Women	Years	5.8	5.8	**6.0**

Employees diversity[1]

Category		Unit	2022	2023	2024
Women managers	Number of women managers (assistant managers and above)	Persons	402	454	**475**
	Percentage of women managers	%	11.5	12.3	**10.0**
Employment of socially disadvantaged individuals (regular + non-regular)	Number of employees with disabilities	Persons	57	76	**69**
	Percentage of employees with disabilities	%	1.3	1.6	**1.4**
	Number of patriots and veterans employed	Persons	62	59	**43**
	Percentage of patriots and veterans employed	%	1.4	1.3	**0.9**
Hiring foreign nationals	Number of foreign employees	Persons	5	9	**6**
	Percentage of foreign employment	%	0.1	0.2	**0.1**

1) Correcting data due to changes in the calculation basis

Social

Employee status

New hires

Category		Unit	2022	2023	2024
Total number of new hires		Persons	667	794	**361**
By employment type	Regular	Persons	523	640	**241**
	Non-regular	Persons	144	154	**120**
By gender	Men	Persons	534	624	**279**
	Women	Persons	133	170	**82**
By age	Under 30	Persons	314	470	**172**
	30s	Persons	258	208	**118**
	40s	Persons	70	81	**50**
	50s and above	Persons	25	35	**21**
By region	Domestic	Persons	667	794	**361**
	Overseas	Persons	0	0	**0**
Defense sector	Regular	Persons	286	459	**163**
	Non-regular	Persons	114	96	**43**
ICT sector	Regular	Persons	237	181	**78**
		Persons	30	58	**77**
Internal recruitment[1)]		Persons	–	–	**78**
Internal recruitment (Number of internal recruits / total number of vacancies (new hires + internal recruits)) [1)]		%	–	–	**17.8**
Hiring cost (for regular positions)[1)]		KRW million	–	–	**1,576**

1) Data managed form 2024

Parental leave[1)]

Category		Unit	2022	2023	2024
Parental leave users	Men	Persons	40	49	**47**
	Women	Persons	39	39	**48**
	Total	Persons	79	88	**95**
Parental leave utilization rate	Men	%	4	7	**7**
	Women	%	93	94	**77**
	Total	%	12	18	**17**
Employees with 12 months or more of service after returning to work from parental leave	Men	Persons	31	45	**40**
	Women	Persons	27	31	**32**
		Persons	58	76	**72**
Employees using reduced working hours for childcare		Persons	11	6	**7**
Employes taking spousal childbirth leave		Persons	117	116	**114**

1) Revised based on business report criteria
* Parental leave utilization rate: The percentage of employees with a newborn in the given year who took parental leave within one year of the child's birth
(Number of employees who took parental leave within one year of childbirth / Number of employees with a child born in the reporting year)

Social

Employee turnover and retirements[1)]

Category		Unit	2022	2023	2024
Total turnover and retirements (excluding contingent workers)		Persons	330	414	**418**
Reason for turnover/ retirement	Involuntary turnover (retirement)	Persons	81	193	**294**
	Voluntary turnover (retirement)	Persons	249	221	**124**
	Involuntary turnover (retirement) rate	%	1.9	4.1	**6.2**
	Voluntary turnover (retirement) rate	%	5.8	4.7	**2.6**

1) Correcting data due to changes in the calculation basis

Detailed status of employee turnover and retirements

Category		Unit	2022	2023	2024
By gender	Men	Persons	260	323	**354**
	Women	Persons	70	91	**64**
By age	Under 30	Persons	91	141	**124**
	30s	Persons	124	114	**123**
	40s	Persons	69	68	**80**
	50s and above	Persons	37	91	**91**
By position	Executives	Persons	–	–	**12**
	Managers (Assistant Director and above, excluding executives)	Persons	–	–	**120**
	Mid-level managers (assistant managers, managers)	Persons	–	–	**124**
	Non-managerial employees (associates and below)	Persons	–	–	**162**

Employee training results

Category		Unit	2022	2023	2024
Total training costs	Subtotal	KRW million	2,868	2,325	**2,392**
	Defense sector	KRW million	1,317	1,048	**1,236**
	ICT sector	KRW million	1,551	1,277	**1,156**
Total training hours	Subtotal	Hours	136,498	134,490	**138,894**
	Defense sector	Hours	73,267	77,353	**81,694**
	ICT sector	Hours	63,231	57,137	**57,200**
Total number of employees participating in training	Subtotal	Persons	4,207	4,744	**4,765**
	Defense sector	Persons	2,707	3,155	**3,178**
	ICT sector	Persons	1,500	1,589	**1,587**
Training cost per person	Subtotal	KRW million / Persons	0.7	0.5	**1**
	Defense sector	KRW million / Persons	0.5	0.3	**0**
	ICT sector	KRW million / Persons	1.0	0.8	**1**
Training hours per person	Subtotal	Hours/Persons	31.8	28.3	**29**
	Defense sector	Hours/Persons	27.1	24.5	**26**
		Hours/Persons	42.2	36.0	**36**
Number of online job training academy courses		Number	110	99	**29[1)]**
Number of online job training academy course		Persons	2,934	1,872	**186**
Number of academic conferences attended (Based on the number of enrolled students by year)		Persons	25	30	**38**

1) Defense sector online job training academy was not operated In 2024

Social

Employee human rights training[1)]

Category		Unit	2022	2023	2024
Human rights training	Total	Hours	12,525	14,106	**14,319**
	Percentage of employees who have completed human rights training	%	97.2	99.4	**100.0**
	Defense sector	Hours	7,863	9,405	**9,606**
	ICT sector	Hours	4,662	4,701	**4,713**
Sexual harassment prevention training	Total	Hours	4,175	4,702	**4,773**
	Defense sector	Hours	2,621	3,135	**3,202**
	ICT sector	Hours	1,554	1,567	**1,571**
Disability Awareness Training	Total	Hours	4,175	4,702	**4,773**
	Defense sector	Hours	2,621	3,135	**3,202**
	ICT sector	Hours	1,554	1,567	**1,571**
Workplace anti-harassment training	Total	Hours	4,175	4,702	**4,773**
	Defense sector	Hours	2,621	3,135	**3,202**
	ICT sector	Hours	1,554	1,567	**1,571**

1) Since 2022, we have been collecting human rights training data by business sector, with 1 hour of training per person per program

Employee benefits[1)]

Category		Unit	2022	2023	2024
Retirement plan support	Enrollment (DC)	Persons	168	313	**310**
	Funds under management – separate basis (DC)	KRW million	12,888	29,226	**32,956**
	Enrollment (DB)	Persons	1,844	2,321	**2,665**
	Funds under management – separate basis (DB)	KRW million	57,440	102,690	**151,513**

1) Correcting data due to changes in the calculation basis in 2022, 2023 (based on the financial audit report)

Performance evaluations

Category	Unit	2022	2023	2024
Number of employees subject to performance evaluation	Persons	3,512	4,166	**4,406**
Number of employees who received regular performance evaluation	Persons	3,512	4,072	**4,292**
Percentage of employees who received regular performance evaluation	%	100	97.7	**97.4**

Employee salaries

Gender salaries[1)]

Category		Unit	2022	2023	2024
Average base salary by gender	Average base salary for men	KRW	75,822,452	78,224,276	**81,380,760**
	Average base salary for women	KRW	63,124,615	65,768,733	**67,928,673**
	Ratio of man to women compensation	%	83.3	84.1	**83.5**

1) Provisions prohibiting discrimination have been stipulated in Article 5 (Equal Treatment) of the Collective Agreement and Article 15 (Equal Treatment) of the Agreement on the Guarantee of Worker Committee Activities. These provisions clearly state that no discrimination in working conditions or employment shall be made without just cause based on employment type, age, gender, or other such factors. Furthermore, there is no wage discrimination based on region.

Average base compensation by position

Category			Unit	2022	2023	2024
Salary – Compensation by job position (Base salary)	Executive	Men	KRW 10,000	23,245	22,634	**23,798**
		Women	KRW 10,000	0	0	**8,400**
	Management (deputy general manager and above, excluding executives)	Men	KRW 10,000	9,086	9,442	**9,806**
		Women	KRW 10,000	8,974	9,264	**9,587**
	Middle Management (managers, assistant managers)	Men	KRW 10,000	6,924	7,180	**7,407**
		Women	KRW 10,000	6,696	6,949	**7,197**
	Non-management (staff and below)	Men	KRW 10,000	4,986	5,182	**5,378**
		Women	KRW 10,000	4,771	5,033	**5,152**
Wages – Compensation by position (base salary + merit pay	Middle Management (managers, assistant managers)	Men	KRW 10,000	31,229	25,284	**25,527**
		Women	KRW 10,000	0	0	**9,542**
	Executive	Men	KRW 10,000	10,093	10,341	**11,390**
		Women	KRW 10,000	10,021	10,117	**11,117**
	Management (deputy general manager and above, excluding executives)	Men	KRW 10,000	7,618	7,847	**8,567**
		Women	KRW 10,000	7,341	7,570	**8,278**
	Middle Management (managers, assistant managers)	Men	KRW 10,000	5,394	5,532	**6,026**
		Women	KRW 10,000	5,161	5,409	**5,757**

Social

Customer satisfaction

Customer satisfaction

Category	Unit	2022	2023	2024
Quality of service satisfaction survey	Point	99.1	98.6	**99.4**

Customer communications

Category	Unit	2022	2023	2024
Number of customer complaints received	Case	25	28	**17**
Number of customer complaints resolved	Case	13	20	**12**
Customer complaint resolution rate	%	52.0	71.4	**70.6**

Labor–management shared growth

Labor–management communications[1)]

Category	Unit	2022	2023	2024
Number of employee grievances received	Cases	27	33	**95**
Number of employee grievances resolved	Cases	27	33	**82**
Employee grievance resolution rate	%	100	100	**86.3**

1) Separated management has been applied to grievances resolution rates for employees in the defense and ICT sectors since 2024 (the total number of cases is disclosed)

Shard growth partnership

Supplier monitoring assessment

Category		Unit	2022	2023	2024
Comprehensive assessment of suppliers	Number of suppliers with excellent ratings	Number	33	23	**26**

Suppliers status

Category	Unit	2022	2023	2024[1)]
Total number of suppliers	Number	1,326	1,393	**1,649**
Total first–tier suppliers	Number	–	–	**1,496**
Key first–tier suppliers	Number	–	–	**35**
Total second–tier suppliers[1)]	Number	–	–	**118**
Key second–tier suppliers	Number	–	–	**0**
Total purchases from suppliers	KRW billion	13,681	17,684	**18,348**
Purchases amount from key first–tier suppliers	KRW billion	–	–	**6,619**
Purchases share from key first–tier suppliers	%	–	–	**36.1**

1) Defense industry special process approved suppliers

Supplier support

Category		Unit	2022	2023	2024
Financial Support (Shared Growth Fund)	Funding totals	KRW million	31,000	31,000	**31,000**
	Amount raised by financial institutions	KRW million	17,500	17,500	**17,500**
	Amount raised by Hanwha Systems	KRW million	13,500	13,500	**13,500**
	Amount executed	KRW million	22,070	22,755	**23,800**
Early Payment of Transaction Amounts During Holidays	Amount executed	KRW million	10,247	26,430	**22,300**
Quality requirements training	People trained	Persons	180	131	**1,602**
	Eligible companies	Number	79	63	**90**
Defense Drawing (AutoCAD) Expert Course	People trained	Persons	187	0	**163**
	Eligible companies	Number	34	0	**48**
Quality Assurance Certification (DSQR) Training	People trained	Persons	15	28	**39**
	Eligible companies	Number	10	15	**25**
Shared growth Academy (business skills, statutory mandatory training)	People trained	Persons	2,284	2,684	**1,847**
	Eligible companies	Number	50	52	**27**
ESG capability enhancement support[1)]	People trained	Persons	–	–	**121**
	Eligible companies	Number	–	–	**86**

1) Data management started from 2024

Social

Social contribution

Social contribution activities status

Category		Unit	2022	2023	2024
Contributions to social welfare by entity	Subtotal	KRW million	756	844	**4,997**
	Company contributions	KRW million	300	455	**4,639**
	Employee contributions	KRW million	456	389	**358**
Contributions to social welfare by donation type	Subtotal	KRW million	1,160	2,485	**4,447**
	Cash	KRW million	812	2,209	**30**
	Business expenses	KRW million	134	203	**4,332**
	In-kind	KRW million	214	73	**85**
Social contribution activities	Number of programs	Number	74	51	**63**
	Total participants	Persons	1,797	1,040	**608**
	Total beneficiaries	Persons	16,652	12,780	**21,666**
Social contribution performance	Total volunteer hours	Hours	4,313	2,496	**2,250**
	Volunteer hours per person	Hours/Persons	2.4	2.4	**3.7**
		%	49	25	**12**
Social Contribution Steering Committee		Cycle	Branching	Branching	**Branching**
Regular community discussion channels		Cycle	Quarterly/ Half-Year	Quarterly/ Half-Year	**Quarterly/ Half-Year**

Social contribution funds

Category	Unit	2022	2023	2024
Total donations amount	KRW 100 million	11.6	28.4	**44.5**
Sponsorship amount	KRW 100 million	8.1	21.6	**-**
Operating expenses	KRW 100 million	1.3	6.1	**43.6**
Material support amount	KRW 100 million	2.1	0.7	**0.8**

Quality management

Product safety

Category	Unit	2022	2023	2024
Number of detected counterfeit parts	Cases	0	0	**0**
Avoidance rate of counterfeit parts detected	%	100	100	**100**
Number of recalls	Cases	11	9	**7**
Total amount recalled	Units	1,890	1,521	**945**
Number of cases receiving Airworthiness Directive (AD) for improvement	Cases	0	0	**0**
Total units affected by Airworthiness Directive (AD)	Cases	0	0	**0**
Total financial losses incurred due to legal proceedings related to product safety	KRW million	0	0	**0**

Governance

Board of directors

Board operations

Category		Unit	2022[1]	2023	2024
Board composition	Inside directors	Persons	3	1	**1**
	Other non-Executive Directors	Persons	0	1	**1**
	Outside Directors	Persons	5	3	**3**
	Percentage of outside directors	%	55.6	60.0	**60.0**
	Percentage of women directors	%	11.1	20.0	**20.0**
Number of board meetings held		Times	11	12	**15**
Board attendance	Attendance rate of outside directors	%	100	100	**97.7**
	Attendance rate of inside directors	%	100	97.2	**100**
Board agendas		Cases	43	32	**53**
Number of agenda items with a dissenting vote by an outside director		Cases	0	0	**0**

1) Data corrected due to a mis-recording of an internal director in 2022

Board remuneration payments

Category		Unit	2022	2023	2024
CEO compensation	Total	KRW million	633	789	**-**
Registered director (excluding outside directors and audit committee members)	Number of individuals	Persons	3	2	**2**
	Total amount	KRW million	1,738	1,165	**1,664**
	Average per person	KRW million	579	583	**717**
Outside directors (Except for audit committee members)	Number of individuals	Persons	2	0[1]	**-**
	Total amount	KRW million	149	21	**-**
	Average per person	KRW million	74	0	**-**
Audit committee member	Number of individuals	Persons	3	3	**3**
	Total amount	KRW million	252	276	**254**
	Average per person	KRW million	84	92	**85**

1) Term expired during the year

Board committees

Category		Unit	2022	2023	2024
Audit committee	Percentage of outside directors	%	100	100	**100**
	Number of meetings	Times	7	8	**6**
	Attendance rate	%	100	100	**100**
Internal transactions committee	Percentage of outside directors	%	100	100	**100**
	Number of meetings	Times	5	4	**4**
	Attendance rate	%	100	100	**100**
Outside director recommendation committee	Percentage of outside directors	%	100	60	**60**
	Number of meetings	Times	2	2	**2**
	Attendance rate	%	100	100	**100**
Compensation committee	Percentage of outside directors	%	100	100	**100**
	Number of meetings	Times	1	2	**3**
	Attendance rate	%	100	100	**100**
ESG committee	Percentage of outside directors	%	100	100	**100**
	Number of meetings	Times	4	4	**4**
	Attendance rate	%	100	100	**100**

Governance

Ethics and compliance

Internal ethical management inspections

Category	Unit	2022	2023	2024
Number of internal ethics and compliance inspections	Times	14	6	**4**
Ethics violation	Times	0	0	**0**
Litigation due to unethical behavior	Times	0	0	**0**

Compliance violations

Category		Unit	2022	2023	2024
Compliance-related legal actions	Number of Monetary Sanctions[1]	KRW million	2.0	10.0	**696.8**
	Cases filed	Cases	2	3	**4**
	Completed cases	Cases	2	5	**2**
	Number of non-monetary sanctions	Cases	0	0	**0**
Fair trade violations	Fines imposed	KRW million	0	0	**0**
Violations of Code of Conduct / ethics policy (based on received reports)	Legal action for unfair trade practices such as anti-competitive behavior, monopolization, etc.	Cases	0	0	**2**
	Total	Cases	5	3	**1**
	Corruption or bribery	Cases	2	0	**1**
	(Human rights) discrimination or harassment	Cases	0	0	**0**
	Conflict of interest	Cases	3	3	**0**
	Money laundering or insider trading	Cases	0	0	**0**
	Customer information security	Cases	0	0	**0**

1) Correcting data due to changes in the calculation basis (total sum of administrative fines and penalties, excluding fines from ongoing or previous legal proceedings)

Ethics and compliance training[1]

Category		Unit	2022	2023	2024
Ethics and compliance training	Number of programs	Number	5	3	**5**
	Number of trainees	Persons	8,195	4,481	**4,877**

1) As of 2023, figures are reported excluding duplicate headcounts

Information security

Information security violations[1]

Category		Unit	2022	2023	2024
Information security management	Number of information security breaches/incidents involving confidential information	Cases	0	0	**0**
	Number of data leak incidents	Cases	–	0	**0**
	Number of confirmed personally identifiable information (PII) data leaks	Cases	–	0	**0**
	Number of customers impacted by data leaks	Persons	0	0	**0**
Data privacy and freedom of expression	Total monetary losses, such as fines or penalties paid as a result of information security breaches or cybersecurity incidents	KRW million	0	0	**0**
	Number of requests from government and law enforcement agencies for user data and information	Cases	–	0	**0**
	Number of users who have been the subject of user data and information requests from government and law enforcement agencies	Persons	–	0	**0**
	Percentage of requests from government and law enforcement agencies for user data and information that resulted in disclosure	%	–	0	**0**
	Number of times customer information was used for secondary purposes	Cases	–	0	**0**
Lost customer information complaints	Externally received and organization verified complaints of customer privacy violations and loss of customer information	Cases	–	0	**0**
	Complaints from regulators about privacy breaches and loss of customer information	Cases	–	0	**0**

1) For items other than monetary losses, such as the number of information security breaches/incidents involving confidential information, the number of customers affected by data breaches, and the total amount of fines or penalties paid as a result of information security breaches or cybersecurity incidents, starting in 2023

Information security training status[1]

Category	Unit	2022	2023	2024
Average training hours per employee	Hours	1	1	**1**
Number of participants	Persons	4,175	4,759	**1,734**
Training hours	Hours	4,175	4,759	**1,731**

1) Change in the calculation criteria for information security training status starting from 2024 (Defense sector : limited to technology security officers (per internal and defense guidelines), ICT sector: expanded to all employees including non-regular workers)

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UN SDGs

UN SDGs Goals		Description		Activity in 2024
	Goal 1 End poverty in all its forms everywhere	1.2	By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions	• Operation of social contribution fund • Supplies for vulnerable populations (kimchi, etc.)
	Goal 2 End hunger, achieve food security and improved nutrition and promote sustainable agriculture	2.2	By 2030, end all forms of malnutrition, including achieving, by 2025, the internationally agreed targets on stunting and wasting in children under 5 years of age, and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons	• Supplies for vulnerable populations (kimchi, etc.)
	Goal 3 Ensure healthy lives and promote well-being for all at all ages	3.3	By 2030, end the epidemics of AIDS, tuberculosis, malaria and neglected tropical diseases and combat hepatitis, water-borne diseases and other communicable diseases	• Health screening and medical expense support system for healthy bodies
		3.4	By 2030, reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being	• Mental health programs for employees and their families to support healthy living
		3.9	By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	• Minimize negative impacts from air pollution, waste and more • Manage and inspect chemicals
	Goal 4 Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	• Career mentoring with soldiers • Donate books for military service members
		4.5	By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations	• Provide IT education opportunities for low-income children (DREAM)
		4.7	By 2030, ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development By 2030, ensure that all workers have the knowledge and skills necessary to promote sustainable development through education on sustainable development and sustainable lifestyles, human rights, gender equality, the promotion of a culture of peace and non-violence, global citizenship, cultural diversity and the contribution of culture to sustainable development and empathy	• Provide regular ethics management training, including sexual harassment prevention, disability discrimination prevention, etc.
	Goal 5 Achieve gender equality and empower all women and girls	5.4	Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate	• Leave of absence for maternity and parenting support • Paternity Leave, Longevity Leave for Long-Term Employees
		5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	• Established parental leave for children with disabilities and introduced various forms of family support • 1 female independent director
	Goal 6 Ensure availability and sustainable management of water and sanitation for all	6.3	By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally	• Use eco-friendly deicing agents to reduce water pollution
		6.4	By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	• Monitor and manage water usage data for greater efficiency
	Goal 7 Ensure access to affordable, reliable, sustainable and modern energy for all	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	• Installing solar • Developing smart building systems • Investing in renewable energy
		7.3	By 2030, double the global rate of improvement in energy efficiency	• Jukjeon Data Center site introduces highly efficient equipment to improve energy efficiency

UN SDGs

UN SDGs Goals		Description		Activity in 2024
	Goal 8 Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	8.2	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high value added and labor-intensive sectors	• Development of multi-layer communication network/low-orbit satellite communication • Developing technologies to realize hyperconnectivity space internet
		8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	• Increase the amount of the Win-Win Fund and provide training to expand suppliers' capabilities • Regular discussion channels with suppliers (Shared Growth Day, supplier meetings, etc.) • Open Innovation Program
		8.6	By 2020, substantially reduce the proportion of youth not in employment, education or training	• Increase the amount of the Win-Win Fund and provide training to expand suppliers' capabilities • Career mentoring with soldiers
	Goal 9 Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	9.c	Significantly increase access to information and communications technology and strive to provide universal and affordable access to the Internet in least developed countries by 2020	• Development of multi-layer communication network/low-orbit satellite communication
	Goal 10 Reduce income inequality within and among countries	10.2	By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status	• Increase employment of underrepresented groups (people with disabilities, veterans, etc.) • Ensure worker committee activities
		10.3	Ensure equal opportunity and reduce inequalities of outcome, including by eliminating discriminatory laws, policies and practices and promoting appropriate legislation, policies and action in this regard	• Establishment of Human Rights Management Charter and detailed guidelines for human rights management
	Goal 11 Make cities and human settlements inclusive, safe, resilient and sustainable	11.6	By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management	• Replacing adsorption tower activated carbon to reduce air pollution
	Goal 12 Ensure sustainable consumption and production patterns	12.4	By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment	• Establish a chemical management system and pre-assessment process
		12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	• Conducting a Life Cycle Assessment (LCA) for Ecolabeling • Installed a tumbler washer and launched a zero waste campaign
		12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	• Supporting suppliers' ESG capability through the development of 'ESG ON'
	Goal 13 Take urgent action to combat climate change and its impacts	13.2	Integrate climate change measures into national policies, strategies and planning	• Developing and implementing a carbon emissions management system (Mangrove solution) • Operate ESG management system 'ESG ON'
		13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	
	Goal 14 Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.2	By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans	• Improvement of water quality and habitat conservation through EM mudball throwing and nearby stream cleanup activities • ECOMAP published to assess the status of endangered species
	Goal 15 Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification and halt and reverse land degradation and halt biodiversity loss	15.4	By 2030, protect ecosystems, including biodiversity	
		15.5	Take urgent and significant action to reduce the degradation of natural habitats, halt the loss of biodiversity and, by 2020, protect and prevent the extinction of threatened species	
	Goal 16 Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.5	Significant reduction in all forms of corruption and bribery	• Publication of the Antitrust Compliance Manual • Ethics and compliance periodic reviews
		16.6	Develop effective, accountable and transparent systems at all levels	• Operating a whistleblowing channel • Employee Ethics and Compliance Pledge

GRI Standards Index

Standard Use Statement	Hanwha Systems has reported in accordance with the GRI Standards for the reporting period (January 1, 2024 to December 31, 2024).
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI industry standards	N/A

Metrics		Metric Content	Page	Additional Information
GRI 2: General Disclosure 2021	2-1	Organization details	7, 9	
	2-2	Entities included in the organization's sustainability reporting	7	
	2-3	Reporting periods, frequency and contact point	2	
	2-4	Restatement of information	–	Changes to some data aggregation criteria due to changes in the calculation methodology
	2-5	External assurance	163, 164	
	2-6	Activities, value chain and other business relationships	8–9, 21	
	2-7	Employees	142	
	2-8	Workers who are not employees	142	
	2-9	Governance structure and composition	116–118	
	2-10	Nomination and selection of the highest governance body	118	
	2-11	Chair of the highest governance body	116	
	2-12	Role of the highest governance body	117	
	2-13	Delegation of responsibility for managing impacts	11–12, 117	
	2-14	Role of the highest governance body in sustainability reporting	6, 11–12, 117	
	2-15	Conflicts of interest	118	
	2-16	Communication of critical concerns	11–12, 123	
	2-17	Collective knowledge of the highest governance body	118, 120	
	2-18	Evaluation of the performance of highest governance body	120	
	2-19	Remuneration policy	120	
	2-20	Process to determine remuneration	120	

GRI Standards Index

Metrics		Metric Content	Page	Additional Information
GRI 2: General Disclosure 2021	2–21	Annual total compensation ratio	120	
	2–22	Statement on sustainable growth strategy	5–6, 12	
	2–23	Policy commitments	12, 100–101, 163	
	2–24	Embedding policy commitments	12	
	2–25	Processes to remediate negative impacts	55, 86–88, 111–113, 146, 110–116	
	2–26	Mechanisms for seeking advice and raising concern	31, 46, 55, 146, 149, 106	
	2–27	Compliance with laws and regulations	46, 139, 149	
	2–28	Membership associations	161	
	2–29	Approach to stakeholder engagement	21	
	2–30	Collective bargaining agreements	98	
GRI 3: Material issues 2021	3–1	Process to determine material topics	22	
	3–2	List of material topics	23	
	3–3	Material topic management	25–61	
Addressing climate change				
GRI 3: Material issues 2021	3–3	Management of material topic	64–72	
GRI 305: Emissions 2016	305–1	Direct GHG emissions (Scope 1)	72, 138	No harmful gases emitted
	305–2	Indirect GHG emissions (Scope 2)	72, 138	No harmful gases emitted
	305–3	Other indirect GHG emissions (Scope 3)	72, 138	
	305–4	GHG emissions intensity	72, 138	No harmful gases emitted
	305–5	Reduction of GHG emissions	72, 138	
	305–6	Emissions of ozone-depleting substances (ODS)	139	
	305–7	Nitrogen oxides (NOX), sulfur oxides (SOX) and other significant air emissions	139	

GRI Standards Index

Metrics		Metric Content	Page	Additional Information
Strengthen Site Safety and Health Management				
GRI 3: Material issues 2021	3-3	Management of material topic	48–53	
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	48–49, 141	
	403-2	Hazard identification, risk assessment and incident investigation	48–50, 53	
	403-3	Occupational health services	51, 141	
	403-4	Worker participation, consultation and communication on occupational health and safety	49, 97	
	403-5	Worker training on occupational health and safety	51, 141	
	403-6	Promotion of worker health	51	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	50–51	
	403-8	Workers covered by an occupational health and safety management system	73	
	403-9	Work-related injuries	53, 73–74, 141	
	403-10	Work-related illness	53, 73–74, 141	
Supplier Support and Sustainability Management				
GRI 3: Material issues 2021	3-3	Management of material topic	54–61	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	52–53, 60–61	
	308-2	Negative environmental impacts in the supply chain and actions taken	52–53, 60–61	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	52–53, 60–61	
	414-2	Negative social impacts in the supply chain and actions taken	52–53, 60–61	
Product Safety-Enhance Quality Control and Accountability				
GRI 3: Material issues 2021	3-3	Management of material topic	26–39	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	-	Ratio calculation not possible as product-specific evaluation categories are not established in the system.
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services (disposal results)	28, 147	

GRI Standards Index

Metrics		Metric Content	Page	Additional Information
Human Resource Development and Talent Management				
GRI 3: Material issues 2021	3-3	Management of material topic	90–99	
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	144	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	95, 145	
	401-3	Parental leave	143	
GRI 402: labor relations 2016	402-1	Minimum notice period for operational changes	98	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	144	
	404-2	Programs for upgrading employee skills and transition assistance programs	94–95	
	404-3	Percentage of employees receiving regular performance reviews and career development reviews	95, 145	
Protecting Stakeholder Human Rights				
GRI 3: Material issues 2021	3-3	Management of material topic	100–116	
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	149	Hanwha Systems has stipulated not to discriminate through its Code of Ethics and Employee Guidelines and receives reports from time to time through reporting channels.
GRI 407: Freedom of Association and Collective Bargaining	407-1	Measures taken to support rights to exercise freedom of association and collective bargaining for operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	–	Hanwha Systems guarantees freedom of association and collective bargaining, and has made this clear through the Human Rights Management Charter.
GRI 408: child labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	–	Hanwha Systems has established a Human Rights Management Charter and detailed guidelines on the prohibition of child and young adult labor and complies with relevant labor standards laws.
gri 409: forced labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	–	Hanwha Systems has prohibited forced labor through its Human Rights Management Charter and detailed guidelines and complies with relevant labor standards laws.
GRI 410: Security Practices 2016	410-1	Security personnel trained on human rights policies and procedures	–	Hanwha Systems conducts relevant training for security personnel on human rights policies and procedures.
GRI 411: Indigenous Peoples' Management 2016	411-1	Incidents of violations involving rights of indigenous people	113–114	

GRI Standards Index

Metrics		Metric Content	Page	Additional Information
Information Security and Digital Responsibility				
GRI 3: Material issues 2021	3-3	Management of material topic	40-43	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	149	
Compliance				
GRI 3: Material issues 2021	3-3	Management of material topic	44-47	
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	47	
	205-2	Communication and training on anti-corruption policies and procedures	45-46	
	205-3	Confirmed incidents of corruption and actions taken	149	6.9 billion won in penalties to replace the disqualification from bidding for the Defense Acquisition Program Administration in 2024. Payment has been made, and internal compliance and training programs will be implemented
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust and monopoly practices	149	

SASB Index

Industries: Aerospace & Defense

Topics	Code	Accounting Metrics	Reference Pages and Answers
Energy Management	RT-AE-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	138
Hazardous Waste Management	RT-AE-150a.1	Amount of hazardous waste generated, percentage recycled	140
	RT-AE-150a.2	Number and aggregate quantity of reportable spills, quantity recovered	No incidents of waste-related spills
Data Security	RT-AE-230a.1	(1) Number of breaches, (2) percentage involving confidential information	149
	RT-AE-230a.2	Description of approach to identifying and addressing data security risks in (1) company operations and (2) products	127–134
Product Safety	RT-AE-250a.1	Number of recalls, total amount recalled	147
	RT-AE-250a.2	Number of counterfeit parts detected, avoidance rate	147
	RT-AE-250a.3	Number of airworthiness improvement orders received, total units affected	147
	RT-AE-250a.4	Total amount of monetary losses as a result of legal proceedings associated with product safety	No violations
Fuel Economy & Emissions in Use-phase	RT-AE-410a.1	Revenue from alternative energy-related products	80
	RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and GHG emissions of products	64–72, 75–76
Materials Sourcing	RT-AE-440a.1	Description of the management of risks associated with the use of critical materials	Hanwha Systems' defense business consists mainly of electronic assemblies and semi-finished products, which differ from the raw materials and components used in general manufacturing. In addition, the ICT division's main business is IT services, and therefore it does not separately manage risks relating to the use of important raw materials.
Business Ethics	RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery and/or illicit international trade	No violations
	RT-AE-510a.2	Revenue from countries ranked in the "E" or "F" Band of Transparency International's Government Defense Anti- Corruption Index	Confidentiality constraints
	RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain	44–47
Activities Metrics	RT-AE-000.A	Production by reporting segment	Confidentiality constraints
	RT-AE-000.B	Number of employees	143

SASB Index

Industries: Software & IT Service

Topics	Code	Accounting Metrics	Reference Pages and Answers
The Hardware Infrastructure's Environmental Footprint	TC-SI-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	138
	TC-SI-130a.2	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	139
	TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	84
Data Privacy and Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	127–129
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	149
	TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	149
	TC-SI-220a.4	(1) Number of law enforcement requests for user information, (2) number of users whose information was requested, (3) percentage resulting in disclosure	149
	TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	N/A
Secure data	TC-SI-230a.1	(1) Number of data breaches, (2) percentage involving personally identifiable information (PII), (3) number of users affected	149
	TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	127–134
Hire and manage a diverse, global, high-level workforce	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	(1) Foreign employees: 6, (2) Total 5 employees: Defense sector 3 people (1 UAE, 2 UK) and ICT sector 2 people (US).
	TC-SI-330a.2	Employee engagement as a percentage	97
	TC-SI-330a.3	Percentage of gender and racial/ethic group representation for (1) management, (2) technical staff and (3) all other employees	143
Intellectual Property Protection and Competitive Behavior	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	149
Technical Outages System failure due to Manage risk	TC-SI-550a.1	(1) Number of (1) performance issues and (2) service disruptions: (3) total customer downtime	37
	TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	3–38

TCFD Index

Category	Key Takeaways	Reference Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities	64–65
	b) Describe management's role in assessing and managing climate-related risks and opportunities	64–65
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium and long term	66–70
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy and financial planning	66–70
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	66–70
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	66, 71
	b) Describe the organization's processes for managing climate-related risks	71
	c) Describe how processes for identifying, assessing and managing climate-related risks are integrated into the organization's overall risk management	71
Metrics and Targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	71–72
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	71–72
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	71–72

Organization Status

Construction Credit Union	Defense Compromise Response Council	Korean Association of Construction Engineers	Korean Engineering Association
Employee Benefits Administration	Firemen's Mutual Aid Society	Korea Fair Competition Association	Association of Korean Electrical Contractors
Mechanical and Construction Credit Union	Fire Safety Council (Gumi)	Korea Data Center Association	Association of Electrical Engineers
Green Business Council	Safety Management Council (Gumi/Gimcheon)	Korea Trade Association	Korea Information Industry Association
Korean Nursing Association	Health and Safety Executive Council (Western Europe)	Korea Industrial Security Agency	Korea Telecommunications Industry Association
Korea Construction Association	Electricians' Mutual Aid Society	Korea Productivity Center (KPC)	Korea Intelligent Transportation Systems Association
Korea Association of Machinery and Equipment Construction	Professional Construction Credit Union	Korea Fire Protection Association	Korean Society for Quality Management (KSQM)
Korea Industrial Safety Association	Telecommunications Credit Union	Korea Fire Safety Agency	Korea Aerospace Youth Corps
Korea Professional Construction Association	Occupational Health Association	Korea Software Industry Association	Overseas Construction Association
Metaverse Alliances	Korea CISO Council	Korea Smart Grid Association	Council of Environmental Engineers (Daegu-Gyeongbuk)

※ List only associations and organizations related to the defense/ICT industry, quality, security, Environment and safety, health, environment and community

Political contributions

Category	Unit	Sectors	2022	2023	2024
Lobbying, interest representation, or organizations like this	KRW	Defense	0	0	**0**
		ICT	0	0	**0**
Political contributions	KRW	Defense	0	0	**0**
		ICT	0	0	**0**
Association fees	KRW	Defense	167,000,000	175,000,000	**199,500,000**
		ICT	118,114,475	96,754,420	**121,582,912**
Total contributions	KRW	Total	**285,114,475**	**271,754,420**	**321,082,912**

Major contributions

Category	Unit	2022	2023	2024
Seoul Chamber of Commerce	KRW	30,960,000	42,120,000	**45,360,000**
Korea CISO Council	KRW	5,100,000	6,000,000	**5,000,000**
Korea Electromagnetic Society	KRW	25,000,000	28,000,000	**22,000,000**
Korean Society of Military Science and Technology	KRW	10,000,000	10,000,000	**10,000,000**

※ Membership dues and other sponsorship fees are combined.

ESG Policy Book

- Human Rights Management Charter
- Supplier Code of Conduct
- Corporate Code of Ethics
- Human Rights Management Code of Conduct
- Health and Safety Policy
- Employee Ethics Guide
- Quality Management Policy
- Hanwha Systems Articles
- CP Statements
- Sustainable Supply Chain Management Policy
- Board rules
- Antitrust Compliance Guide
- The Four Fair Trade Guidelines
- Corporate governance charter
- Privacy Policy

Third-Party Assurance Statement

To Management and Stakeholders of Hanwha Systems

Daishin Economic Research Institute (hereinafter "DERI") has been requested by Hanwha Systems (hereinafter "the Company") to perform an independent assurance of its Sustainability Report 2025 (hereinafter "the Report").

Responsibility and Independence

The Company is responsible for all information and claims contained in the Report regarding establishment of the Company's sustainability management goals, performance management, etc. DERI is not engaged in any other commercial activities, except for its role as an independent assurance provider.

Standards

This assurance engagement was conducted in accordance with the international assurance standard AA1000AS v3(2020), and assessed whether the reporting met the requirements for reporting in accordance with the Global Reporting Initiative (GRI) Standards 2021.

- Compliance with AA1000AS Principles of Inclusivity, Materiality, Responsiveness, and Impact
- Compliance with the GRI Standards 2021 Reporting requirements

Type and Level

DERI was conducted as a Type 2 with a moderate level of assurance under AA1000AS v3, focusing on limited data sampling and interviews, and evaluating adherence to the AA1000AP (2018) principles and the reliability of selected performance data.

Scope

This assurance includes the following, but exclude financial information.

- Data and information included in the Report regarding sustainability management activities from January 1, 2024 to December 31, 2024 (with certain quantitative data into the first half of 2025)
- Claims, commitments, plans, material issues included in the Report
- Consistency between the data and information presented in the Report and those publicly disclosed
- Validation of management system and process

Universal Standards	2-1 ~ 2-5 (The organization and its reporting practices), 2-6 ~ 2-8 (Activities and workers) 2-9 ~ 2-21 (Governance), 2-22 ~ 2-28 (Strategy, policies, and practices), 2-29 ~ 2-30 (Stakeholder engagement), 3-1 ~ 3-3 (Material Topics Disclosures)
Topic Standards	205 (Anti-corruption), 206 (Anti-competitive Behavior), 306 (Waste), 302 (Energy), 305 (Emissions), 308 (Supplier Environmental Assessment), 401 (Employment), 402 (Labor/Management Relations), 403 (Occupational Health and Safety), 404 (Training and Education), 405 (Diversity and Equal Opportunity), 406 (Non-discrimination) 407 (Freedom of Association and Collective Bargaining), 408 (Child Labor), 409(Forced or Compulsory Labor), 410 (Security Practices), 411 (Rights of Indigenous Peoples), 413 (Local Communities), 414 (Supplier Social Assessment), 416 (Customer Health and Safety), 418 (Customer Privacy)
Others	• TCFD recommendations: Climate-related governance, Strategy, Risk management, Metrics and Targets • SASB Sustainability Disclosure Topics & Accounting Metrics: Aerospace & Defense, Software & IT Service

Methodology

The assurance was conducted through the following procedures.

- Reviewed the materiality assessment methodology and the appropriateness of the identified material topics
- Assessed the reliability of the supporting evidence through data sampling, interviews, and on-site due diligence, with a focus on key indicators related to material topics
- Evaluated the reliability of performance data by reviewing the processes for generating, collecting, and reporting key performance indicators

Limitations

DERI's engagement was based on the assumption that the data and information provided by the Company as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the Report were applied. To mitigate these limitations, DERI referred to independent external sources and publicly available data for the reporting period.

Conclusion and Findings

Based on the defined assurance criteria, scope, and methodology, no material misstatements or significant issues were identified in the information disclosed in the Report. DERI's opinion on the Company's adherence to the AA1000 AccountAbility Principles (2018) is set out below.

Third–Party Assurance Statement

Inclusivity

The company identifies customers, government and regulatory bodies, local communities and NGOs, shareholders and investors, employees, partners as its stakeholders and has established a stakeholder engagement process. DERI has verified the effort to provide stakeholder engagement opportunities for all management processes, collect their opinions and reflect them in business decisions.

Materiality

The company has identified key sustainability issues—namely, those that reflect the undertaking's significant impacts on the environment and society, and/or affect, or are likely to affect, its financial position, performance, and development—through its own defined process. The company has reported comprehensively on five key issues, categorized under the Environmental, Social, and Governance (ESG) pillars, with no material omissions identified.

Responsiveness

The company operates appropriate communication channels for each type of stakeholder in order to satisfy and meet the interests and demands of major stakeholders. It has been confirmed that the company, through the established communication channels, adequately addresses the demands raised by stakeholders and manages relevant sustainability–related issues.

Impact

The company has identified the influence of stakeholders and material issues on the organization, and conducts analysis and ongoing monitoring of the impacts of its business operations on stakeholders, with such information appropriately reflected in the report.

Reliability and quality of specified performance

DERI assessed the reliability of the reported sustainability performance information based on supporting documents, interviews with relevant personnel, and publicly available data. DERI concludes that the performance information presented in the report was collected and disclosed through reliable processes and substantiated evidence. Furthermore, the assurance process did not identify any evidence indicating that the specific sustainability information was inaccurately or misleadingly reported.

GRI–Reporting

The company has self–declared its compliance with the GRI Standards 2021. DERI has assessed that the report has been prepared by reporting in accordance with the GRI Standards, and confirms that, based on the information and data provided by the company, there is no evidence of material misstatement in the organization's claim of compliance with the GRI requirements, including both the Universal Standards and Topic Standards. Sector standards were not applied.

Qualifications of the Assurance Provider

DERI is a leading ESG research and consulting institute in Korea and an officially licensed provider of AA1000. DERI's engagement was conducted by an assurance team with sufficient knowledge of ESG and professional expertise in assurance practices, including ACSAP (AccountAbility Certified Sustainability Assurance Practitioner) professionals.

June 2025

Baek, Jae–wook

CEO of Daishin Economic Research Institute



AA1000 Licensed Report 000-571/V3-Z7UJY

Daishin Economic Research Institute

GHG Emissions Verification Statement

Hanwha Systems CO., Ltd.

Scope of Sites: Yongin R&D Center, Jukjeon Data Center
Korea Management Certification Corporation has verified Hanwha Systems' GHG emissions (SCOPE 1, 2, and 3) for 2024.

SCOPE
Verification of places of business and emission facilities under the control of Hanwha Systems Co., Ltd.

STANDARDS
- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Operational guidelines for emission reporting and certification of the Greenhouse Gas emissions trading scheme (Ministry of Environment, 2024-155)
- WRI/WBCSD GHG Protocol (2013)

PROCEDURE
The assurance was conducted by the KMR based on a risk analysis approach and data evaluation. The data and factors applied to the calculation of GHG emissions were determined to be appropriate based on objective evidence.

INDEPENDENT
KMR does not have any stake in the verified entity and does not conduct verification with biased opinions/views.
We have drawn an independent and objective verification conclusion based on the verification standards, and reviewed the every aspect of the verification we performed throughout the entire verification process through internal review.

LIMITATION
The verification team verified the related reports, information and data presented by the audited institution by sampling or enumeration methods. As a result, there are many inherent limitations, and there may be disagreements in the interpretation of appropriateness. Although we have tried to faithfully perform verification that meets the verification standards, we suggest that errors, omissions, and false statements that could not be found may be latent as the limitations to the verification.

OPINION
- The assurance engagement was performed to satisfy a limited assurance level, and no significant distortions were found in the verification results
- According to KMR's approach, nothing was found that would lead to a finding that Hanwha Systems Co., Ltd. failed to disclose data and information that was accurate and reliable in all material respects.

GHG emissions & Energy Consumption

Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Other indirect emissions (Scope 3)	Total (tCO_2 eq)
373	16,006	0	16,379
Fuel	Electricity	Steam	Total (TJ)
6	334	0	341

※ Note : There are a differences in the total amount of greenhouse gas emissions and workplace emissions.
(Emissions at each workplace, rounded off by decimal point, are combined at the company level)

RESULTS
Based on the above assurance criteria, we did not identify any inappropriate calculations or errors for the emissions of major emitting facilities.

※ The abovementioned company is responsible for preparing verification data in accordance with the "Guidelines for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2021-278)", and KMR's responsibility is limited to the party in the verification contract according to the agreed contract terms. and is not responsible for other decisions, including investment decisions based on this verification statement.
※ The abovementioned company must comply with the use of the certification and logo marks under the contract entered into with KMR.

May 21th, 2025
Authorized By CEO **Eun Ju, Hwang**

KMR ISO 14064-1


Hanwha Systems