

HANSAE

HANSAE SUSTAINABILITY REPORT

About This Report

About This Report

This year, HANSAE CO., LTD. seeks to share the company's non-financial performance with various stakeholders by publishing its first standalone sustainability report. We applied the concept of Double Materiality Assessment to the report in accordance with GRI standards and the EU's Corporate Sustainability Reporting Directive (CSRD). This approach involves a comprehensive analysis of two dimensions: impact materiality, which assesses the environmental and social impacts of our business activities, and financial materiality, which evaluates the financial effects of social and environmental issues on the company. The material issues identified are highlighted in the report.

Reporting Period and Scope

The report covers the period from January 1, 2024, to December 31, 2024, including some performance data from the first half of 2025. For quantitative analysis, this report presents three years of data from 2022 to 2024 to analyze the trends. In addition, the key reporting scope includes economic, environmental, and social issues that have significant impacts on HANSAE CO., LTD.'s business activities. This scope covers HANSAE CO., LTD. as a standalone entity, along with its consolidated subsidiary COLOR&TOUCH CO., LTD. and 13 overseas production factories. Any differences in reporting scope or boundaries are highlighted separately, and any corrections to previously disclosed information are noted in the appendix.

Assurance

This report has undergone a verification process by BSI, a specialized verification agency for sustainability reports, to ensure the credibility of its contents. The assurance statement is presented in the Appendix.

Reporting Standards

This report has been prepared in accordance with the guidelines provided by the Global Reporting Initiative (GRI) Standards of 2021 and meets the four principles of AA1000AP for sustainable management verification, which are inclusivity, materiality, responsiveness, and impact. In addition, the report reflects the United Nations' Sustainable Development Goals (UN SDGs), which are the UN's key global indexes on social responsibility. Financial data has been prepared on a consolidated basis in line with K-IFRS, and non-financial data has been prepared based on our disclosure procedures for the fiscal year (December 31, 2024).

Management Information Posted on Websites

HANSAE CO., LTD. transparently discloses management-related data for investors and stakeholders every year. Additional information related to this report can be found on the company website and on the disclosure website of the Financial Supervisory Service, etc.

HANSAE CO., LTD. Website <https://www.hansae.com>

Communication with Stakeholders

HANSAE CO., LTD. conducts ESG management activities through ongoing communication with stakeholders. We operate both online and offline channels to closely understand the needs of each stakeholder and actively incorporate them into our overall management practices. In addition, we regularly share our ESG management initiatives and performance through our annual sustainability report.

HANSAE CO., LTD. Disclosure Information	2024 Corporate Governance Report 2024 Business Report	
Publisher	HANSAE CO., LTD.	5th Floor, 29 Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Republic of Korea
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Introduction



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CEO Message

“Leading Change, Transforming the World HANSAE CO., LTD. is at the forefront of ESG management in the textile industry.”



Dear Stakeholders,

Since the release of the 2024 HANSAE YES24 Group Sustainability Report, HANSAE Co., Ltd. has continued to disclose its ESG activities across various areas. We are now pleased to present HANSAE CO., LTD.'s first standalone ESG report, sharing a more detailed and quantified overview of our environmental, social, and governance performance.

Since its founding in 1982, HANSAE CO., LTD. has been engaged in the OEM/ODM apparel manufacturing business for over 40 years.

As of 2025, HANSAE CO., LTD. operates production subsidiaries in 7 countries—Vietnam, Indonesia, Myanmar, Guatemala, Nicaragua, El Salvador, and Haiti—and has established local offices in the United States, Spain, Japan, Vietnam, Indonesia, and Guatemala. Including the headquarters in Korea, we are active in a total of 10 countries. With over 30 renowned global fashion brands as clients, HANSAE CO., LTD. works with more than 50,000 employees worldwide including suppliers, producing over 400 million garments annually.

HANSAE CO., LTD. has been leading sustainability campaigns as a key member of the global fashion supply chain.

In 2019, HANSAE CO., LTD. launched the fashion industry's first voluntary sustainability campaign, “10% for Good,” donating and investing 10% of net profits generated from eco-friendly garment manufacturing. The initiative stemmed from concerns over the nature of the business, which consumes significant amounts of water in the manufacturing process such as dyeing. This led us to select and donate to NGOs that directly address the issue of marine waste. In 2019, we began by donating to a Netherlands-based NGO specializing in the collection of marine plastic waste, followed in 2020 by donations to Plastic Bank in Canada and Waste Free Ocean in Belgium. Furthermore, in 2021, we made significant investments—far exceeding the campaign's initially allocated budget—in two venture companies specializing in upcycling technologies that recycle textile waste into new yarns through shredding and melting processes. Moving

forward, HANSAE CO., LTD. will continue to contribute to environmental organizations and invest in technology ventures, with a clear focus on building a sustainable industrial ecosystem and investing in new technologies.

HANSAE CO., LTD. actively incorporates renewable energy technologies from the architectural and facility planning stages.

The installation of rooftop solar panels at HANSAE INTERNATIONAL, S.A. and HANSAE MYANMAR CO., LTD. has significantly increased the share of renewable energy. In addition, the third factory of HANSAE CO., LTD.'s fabric production subsidiary C&T VINA CO., LTD., which was newly established in December 2024, adopted biomass boilers and rainwater recycling systems from the design phase, positioning itself as one of the most environmentally friendly facilities in the region. Even in Vietnam and Indonesia corporations, where the expansion of new facilities is limited, we are contributing to sustainability efforts with clients, suppliers, and local communities by purchasing Renewable Energy Certificates (RECs).

HANSAE CO., LTD. has established its own greenhouse gas reduction targets and is working towards achieving them.

In 2019, HANSAE CO., LTD. set internal reduction targets for greenhouse gas emissions, fossil fuel consumption, and energy use. By 2029, we aim to reduce greenhouse gas emissions by 46.6% and fossil fuel consumption by 50%. We are striving to achieve these goals by adopting eco-friendly facilities, expanding renewable energy systems, converting corporate vehicles to electric models, introducing automation equipment, and enhancing production system efficiency.

HANSAE CO., LTD. is building a mutually beneficial economy through contributions to local communities.

Since 2001, Vietnam—home to the company's largest production base—has continuously hosted various community engagement events, such as company field days. In particular, since 2017, we have carried out an annual book donation campaign under the slogan “10,000 Books - Millions of Love,” donating 100 books to each of

the 100 schools every year. By fostering connections with local communities and investing in future generations, we are contributing to the development of a mutually beneficial economy through our business operations.

HANSAE CO., LTD. is establishing various systems that actively support the capacity development of all employees.

HANSAE CO., LTD. conducts the international P.A.C.E. program, which focuses on education and empowerment of female workers, as well as regular human rights training for employees at overseas corporations. As of 2024, these programs have been completed by 81,202 participants, totaling 6,074,378 hours of training. Domestically, we have developed our own e-learning courses, enhancing employees' practical skills through in-house instructors and training initiatives while offering diverse resources for self-development.

HANSAE CO., LTD. is committed to leading ESG management through objective and quantified performance.

HANSAE CO., LTD. will ensure that all of its ESG outcomes are verified via quantified figures and objective data as shown in this report. Having achieved the highest “AA” rating in the 2023 and 2024 Sustainvest ESG assessments, as well as receiving the Comprehensive K-ESG Grand Prize in the ESG Management Awards hosted by Dong-A Ilbo, we will continue making our best efforts and investments to meet objective standards and ensure that our outcomes are recognized and evaluated accordingly.

We sincerely thank all our stakeholders for their keen interest in HANSAE CO., LTD.'s sustainability efforts and achievements.

HANSAE CO., LTD. will continue to invest and dedicate every effort to live up to the support it has received.

Thank you.

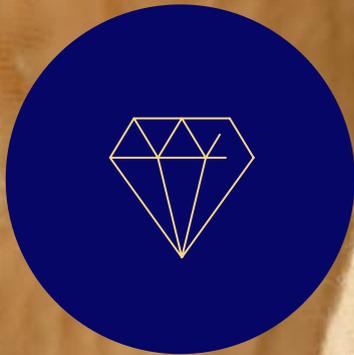
HANSAE CO., LTD. CEO & President
Kyung Kim

K. Kim

Mission

MISSION

Enrich customers' lives and lead fashion culture for citizens of the world by providing the best quality clothes with reasonable price.



EXCELLENCE

Apparel Manufacturing Expert

A specialized company focused on fashion business



TOP

A top clothing exporter

Global Sourcing Network



EFFICIENCY

Excellent financial structure

Combining safety and profitability

Business Areas

HANSAE CO., LTD.

About HANSAE CO., LTD

Since its establishment in 1982, HANSAE CO., LTD. has been a leader in the global apparel export industry, achieving continuous growth. Focusing on a diverse range of products including shirts (knits), women's suits, and casual wear, we supply fashion products delivered with quality and accountability through OEM (Original Equipment Manufacturer) and ODM (Original Development Manufacturer) methods. We have established strategic partnerships with global apparel brands in key markets such as the U.S. and Europe, maintaining ongoing trust from our customers. Our competitiveness stems from an efficient and robust global supply chain. We have established an integrated production system. Yarns and subsidiary materials sourced from Korea, Vietnam, and other regions are processed and manufactured through our in-house overseas production subsidiaries and partner suppliers. The finished products are then exported to major markets such as the U.S. In particular, our strategic production bases located in Southeast Asia—including Vietnam, Indonesia, and Myanmar—and in Central America—including Nicaragua, Guatemala, El Salvador, and Haiti—are equipped with the production capabilities to swiftly respond to global demand. Through these strategic bases, we continuously enhance our supply chain efficiency and market competitiveness.

Corporate Profile

Name	HANSAE CO., LTD.
Establishment date	January 1, 2009 (Separation from HANSAE YES24 HOLDINGS)
CEO	Ik Whan Kim, Kyung Kim
Number of employees	Domestic: 443 Overseas: 22,768 (as of December 2024)
Total assets	KRW 1,424,527 million
Total capital	KRW 709,666 million
Address	5F, 29, Eunhaeng-ro, Yeongdeungpo-gu, Seoul, Republic of Korea

Key Financial Performance

(Unit: KRW million)



Business Areas

Business Overseas

- HANSAE CO., LTD. engages in apparel manufacturing and export through ODM/OEM partnerships with global fashion brands in regions like the United States, Europe, and Japan.
- HANSAE CO., LTD. annually exports apparel worth approximately USD 1.3 billion worldwide and has expanded its sales network to include leading global fashion brands.

Production

- HANSAE CO., LTD. owns 13 overseas sewing corporations in 7 countries across the Eastern and Western Hemispheres. Each production subsidiary establishes specific sales strategies that consider the geographical and cultural characteristics of the country where it is located, maintaining both product quality and cost competitiveness to produce the best garments.
- HANSAE CO., LTD. enhances business efficiency through vertical integration of the apparel production process. Mainly operating through C&T VINA CO., LTD. in Vietnam for the Asia region, we have expanded the production system to include fabric development, dyeing, and processing and achieved vertical integration from dyeing to sewing and manufacturing. In addition, in the Central America region, we plan to establish a yarn production subsidiary in Guatemala by 2026, strengthening full vertical integration across all stages from yarn to finished garment.
- To mass-produce high-quality apparel, HANSAE CO., LTD. conducts continuous monitoring of the production process and finished products, led by the Quality Assurance (QA) Team. QA managers are stationed at each overseas corporation, enhancing quality reliability in line with the standards of global fashion brands through systematic employee training and on-site management.

Research & Development

- HANSAE CO., LTD. is taking a leading role in the industry by expanding investments in R&D, following the establishment of R&D centers in Seoul and New York, and the opening of a new branch office in Barcelona, Spain, in 2024.
- Driven by a team of highly capable employees, HANSAE CO., LTD. is collaborating with various global fashion brands and emerging as one of the most agile companies in the world at capturing fashion trends.

COLOR & TOUCH

COLOR&TOUCH CO., LTD.

About COLOR&TOUCH CO., LTD.

COLOR&TOUCH CO., LTD. is a fabric-specialized company established in February 2014 to lead a competitive fabric business. In December 2015, it became a subsidiary of HANSAE CO., LTD., a global fashion manufacturer, thereby securing a stronger management foundation. Centered on the facilities of C&T VINA CO., LTD. in Vietnam, COLOR&TOUCH CO., LTD. provides stable, high-quality fabric services and has continuously enhanced its specialized and differentiated fabric development capabilities through ongoing research and development. In 2018, C&T G-TECH CO., LTD. was newly established to further enhance technological capabilities and expertise in fabric processing. In 2024, to expand its global market presence, COLOR&TOUCH CO., LTD. has expanded COLOR&TOUCH HCM CO., LTD. and C&T VINA CO., LTD.'s third factory, and established C&T GUATEMALA, S.A. in Guatemala, thereby broadening its specialized fabric production and export capabilities worldwide. COLOR&TOUCH CO., LTD. is redefining the fabric industry through continuous investment and technological innovation, growing into a global fabric specialist that delivers reliable quality and services to global customers.

Corporate Profile

Name	COLOR&TOUCH CO., LTD.
Establishment date	February 2014
CEO	Ik Whan Kim, Hyang Mi Lee
Number of employees	46 (at domestic business sites as of February 18, 2025)
Address	25 Eunhaeng-ro, Yeongdeungpo-gu, Seoul (Anwon Building), Republic of Korea

Key Financial Performance

(Unit: KRW)



Business Areas

Fabric Development

- Developing and brokering various functional and high-quality fabrics based on the local knitting complex in Vietnam

Fabric Dyeing

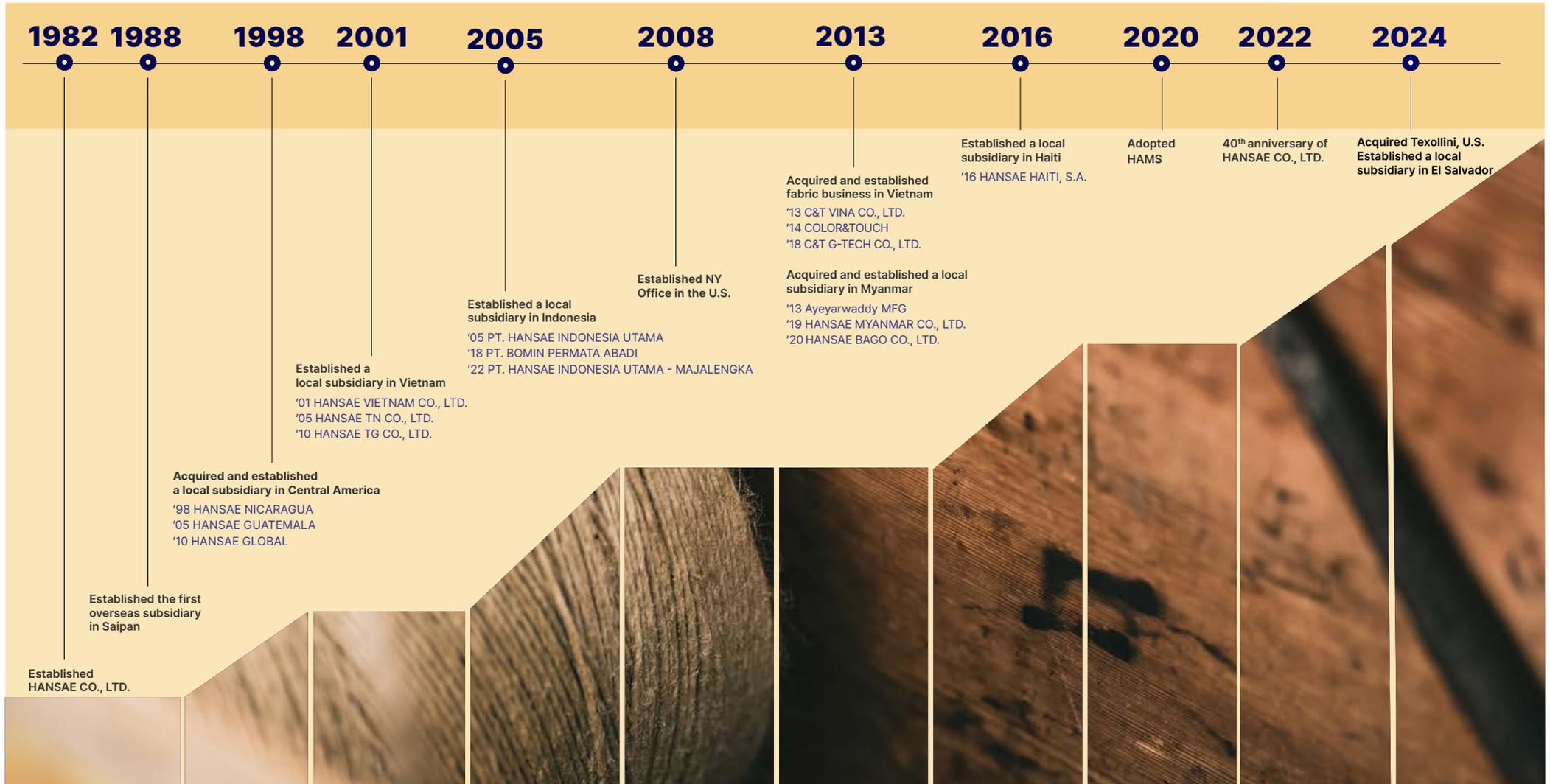
- Reducing carbon emissions and water usage by switching to biomass fuels and installing solar power systems, in line with eco-friendly management objectives
- Enhancing quality and efficiency through the standardization of advanced dyeing techniques

Fabric Processing

- Specializing in garment dyeing (finished garment coloring), washing, and other finishing processes to support the production of high value-added products

Business Areas

History



Business Areas

Global Network



Business Areas

Innovation Through Technology

Due to rapidly changing consumer trends and the short product life cycles of the fashion industry, enhancing productivity and reducing lead time through process automation and digital transformation are critical to securing competitiveness. HANSAE CO., LTD. has proactively adopted smart factory systems and AI-based digital transformation to simultaneously strengthen market responsiveness, quality stability, and cost efficiency. Furthermore, we are raising employees' digital capabilities through company-wide DX (Digital Transformation) training, laying the foundation for high-value-added production. Moving forward, HANSAE CO., LTD. will continue to respond swiftly to the ongoing trends of digitalization and automation in the industry, solidifying its position as a leading manufacturer in global fashion OEM manufacturing.

Smart Factory Implementation

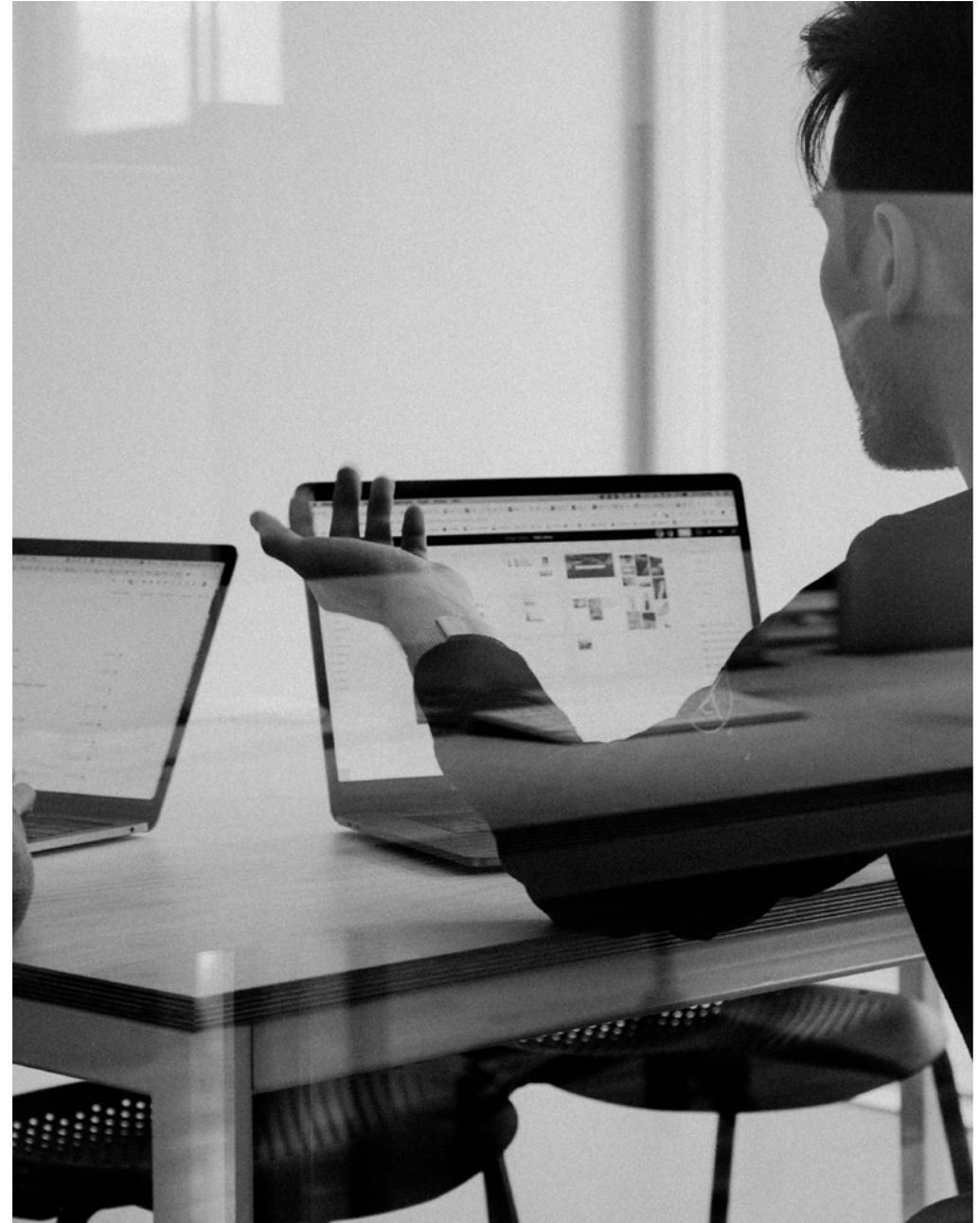
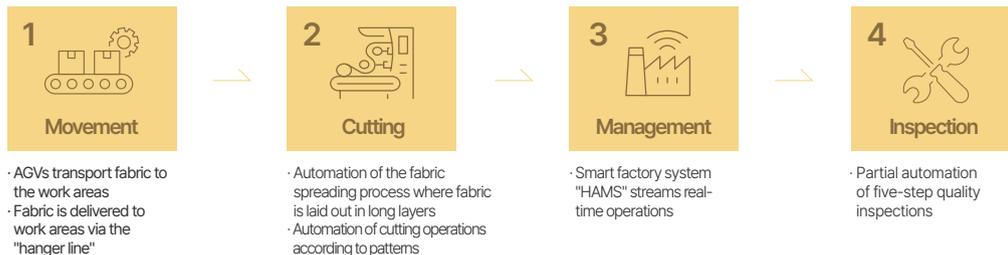
Productivity Innovation through Process Automation

Smart Logistics Innovation

As part of its smart logistics innovation, HANSAE CO., LTD. has adopted advanced facilities such as WMS (Warehouse Management System), PDA (Personal Digital Assistant), and AGV (Automated Guided Vehicle) across its production sites to maximize efficiency in logistics operations. The WMS enables real-time integrated management of materials and inventory, improving the accuracy and speed of material flow. On production sites, QR code stickers issued in batches of 30 to 50 pieces are scanned using PDAs, allowing for accurate and rapid data collection and reporting. In addition, the AGV is capable of carrying loads of up to 600kg. It automatically transports heavy and thick fabrics to designated locations, enabling the automation of logistics movement. This minimizes the need for manual labor while significantly enhancing the speed and accuracy of production processes. Based on this smart logistics system, HANSAE CO., LTD. is strengthening its global manufacturing competitiveness and contributing to the creation of a sustainable production environment.



HANSAE CO., LTD. Vietnam factory automation status



Business Areas

Digital Transformation

Enhancing Work Efficiency through AI Technology

Alseonim

HANSAE CO., LTD. has implemented the automation solution "Alseonim" to improve repetitive and inefficient work processes. Alseonim automates time- and resource-intensive tasks such as data entry, report generation, and data integration between systems, enabling employees to focus on more strategic and high-value work. This not only increases accuracy and processing speed but also maximizes overall organizational productivity and operational efficiency. Currently, Alseonim is being applied across various departments, and HANSAE CO., LTD. plans to continuously expand its automation scope to build a smarter, more future-oriented work environment.

HanQ

HANSAE CO., LTD. has adopted and is operating an AI-based chatbot system, "HanQ," to enhance the efficiency and accessibility of internal management support tasks. Built on the Microsoft Teams messaging platform, HanQ enables employees to access and utilize various work-related information in real time, at any time and from any location. This allows employees to access services immediately without the need for dedicated staff support, significantly reducing response times and enhancing convenience. Currently, HanQ provides services across multiple departments including HR, accounting, foreign exchange, logistics, and P&C, with plans to expand its coverage to a wider range of business areas in the future.

목적

- 기존 Teams 메신저 기반의 서비스 제공으로 편의성 증가
- 시간과 장소의 제약 없는 서비스 제공 (임직원 24시간 7일 24시간)

제공 서비스

- 경영 지원 업무(FAQ)
- HR 업무 · 회계 업무 · 외환 업무 · 물류 업무 · P&C 업무
- ※ 위 제공 서비스 외에도 "한Q" 수평 기능업무는 [담당부서로 별도 문의] 하오니 참고 바랍니다.

이용방법

- 01 팀즈 좌측 "한Q" 클릭
- 02 대화창에서 "한Q"와 1:1 채팅

한Q가 대답 잘하게 하는 요령!

- 발신카드 X: 발신카드의 정보를 생략하거나
- 단어와 단어 사이: 단어와 단어 사이 띄어쓰기 알아보기
- 답변 틀려도 화내지 않고: 다음날 다시 한번 질문하기

HANSAE

Strengthening and Internalizing Digital Transformation (DX) Competencies of Employees

DX Training Program

HANSAE CO., LTD. operates a DX training program aimed at enhancing the execution of digital transformation and achieving practical work innovation. In 2024, we collaborated with external professional training institutions to conduct Python-based coding education, thereby strengthening the capabilities of practitioners to independently develop automation functions needed in their daily work. Specifically, a phased training program was implemented with the objective of strengthening employees' digital technology skills and data analysis competencies. It aimed to enhance their overall digital literacy. For executives and department heads or higher, we provided a special lecture on generative AI covering basic theories, prompt engineering (techniques for optimizing queries), and hands-on practice to establish a foundation for leveraging AI in strategic decision-making and workflow automation. Then, selected employees from each division undertook a 2.5-month, practice-oriented DX project, producing data analysis and automation outcomes applicable to their work with expert coaching. This project led to significant improvements in operational productivity through cases such as automating repetitive tasks like email searches, downloading materials from buyer sites, and forwarding team emails, as well as visualizing data by developing the "Interactive Hansae Target Sales Report." After the project's completion, efforts were made to disseminate the development outcomes across each division and company-wide, spreading the DX culture and best practices throughout the organization. This program goes beyond short-term training and serves as an execution-focused, project-based learning model where employees actively lead digital transformation. It is recognized as a practical case of internalizing employees' digital transformation competencies. In 2025, we plan to enhance the training program by incorporating participant feedback and continue to promote a culture of digital innovation throughout the organization.



2024 DX Training Program Content

Category	Target	No. of participants	Period	Content
Special lecture on generative AI	Executives and department heads or higher	56 (17, 18, 21 per session)	3 days (4 hours per session)	<ul style="list-style-type: none"> · Basic theories and prompt engineering · Practical exercises
Work automation and data analysis project	Selected employees from each division	16	2.5 months	<ul style="list-style-type: none"> · Development of automation and data analysis programs applicable to actual work · Dissemination activities across divisions and the entire organization

Business Areas

Value Creation

Sustainable Value Chain



1) Based on the headquarters

2) Revenue/Person

ESG Strategy

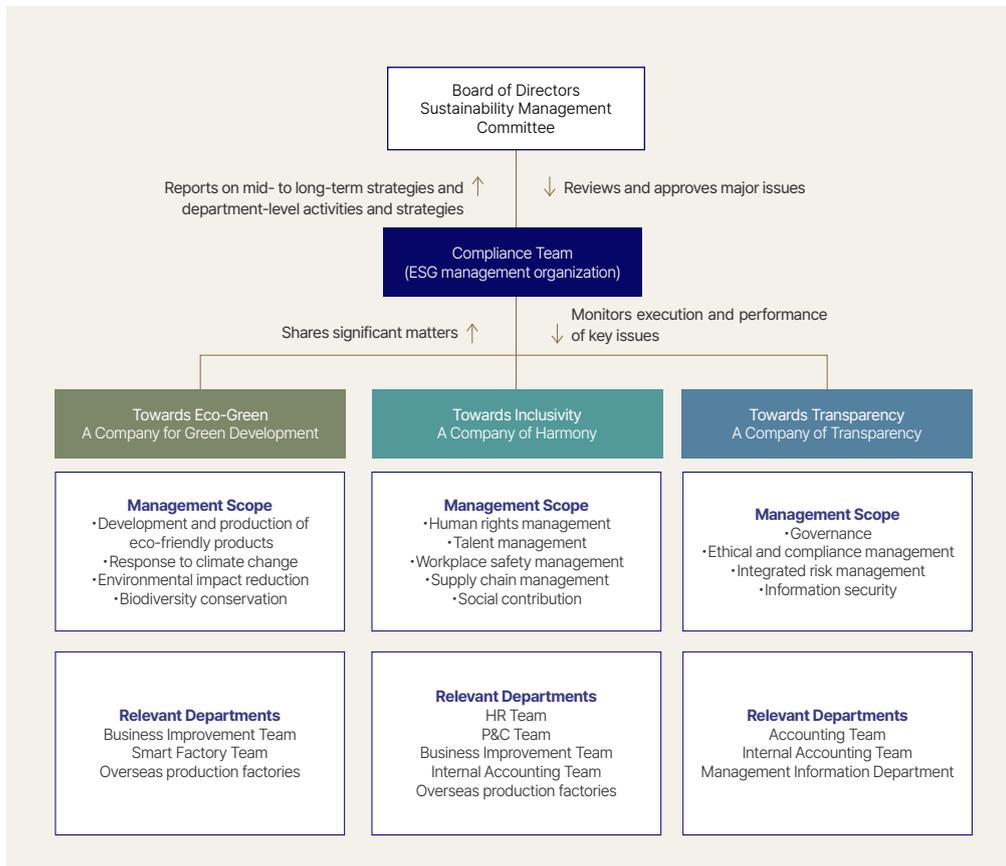


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Sustainability Management Strategy Framework

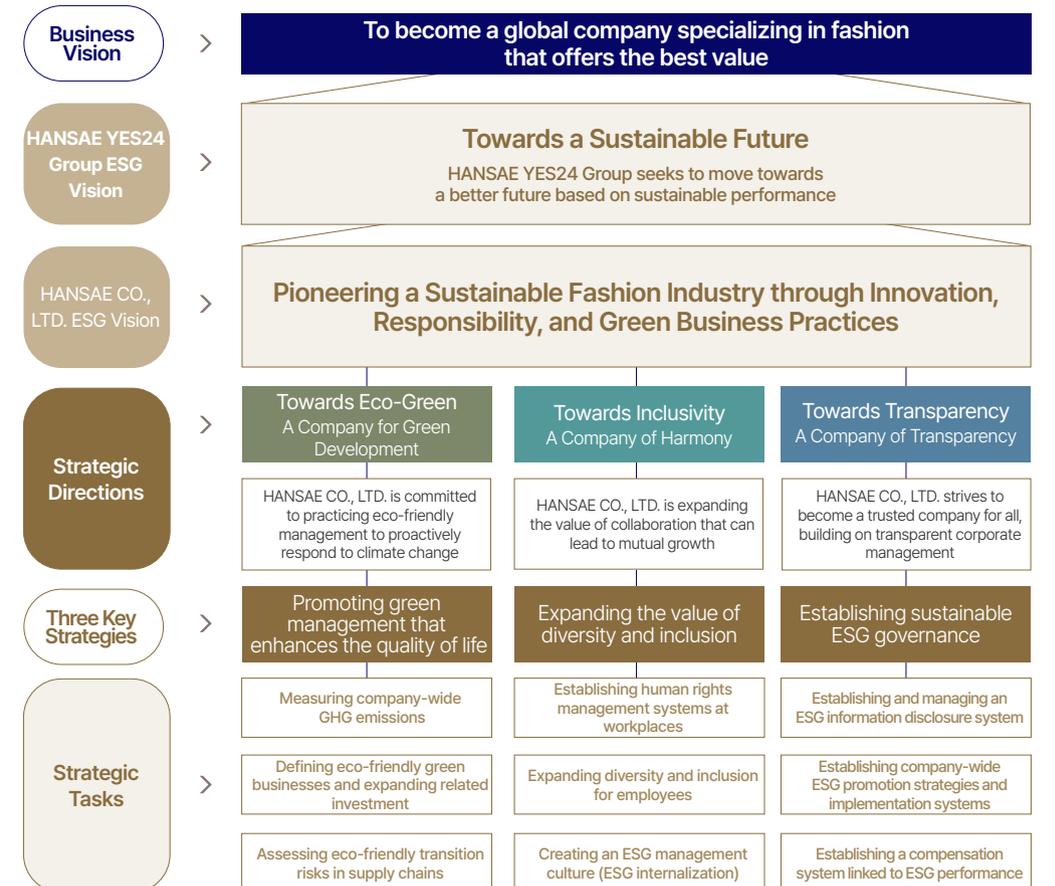
ESG Governance

HANSAE CO., LTD. recognizes ESG management as a key driver of sustainable growth and is establishing sustainability management governance based on company-wide frameworks for establishing and implementing strategies. Major ESG-related issues are reviewed and resolved by the Sustainability Management Committee under the Board of Directors, while the Compliance Team, which is in charge of overseeing ESG management operations, works in collaboration with relevant departments in each sector to ensure the achievement of tangible outcomes.



ESG Vision

HANSAE CO., LTD. is implementing differentiated ESG management practices based on the Group's vision, "Towards a Sustainable Future." We have established our own ESG vision—"Pioneering a sustainable fashion industry through innovation, responsibility, and green business practices"—and are striving to effectively internalize the three strategic directions: Towards Eco-Green, Towards Inclusivity, and Towards Transparency, across all areas of business. Going forward, we will continue to advance our ESG strategies based on this vision and further enhance the stability and efficacy in implementing our framework.



ESG Commitment

HANSAE CO., LTD. is actively engaging in continuous improvement efforts to prevent various risks and achieve sustainable growth, thereby generating tangible results. In alignment with the strategic directions of HANSAE YES24 Holdings, we have established and are systematically managing mid- to long-term sustainability goals centered on 7 key areas linked to the UN Sustainable Development Goals (SDGs). In 2024, we achieved major outcomes across environmental, social, and governance domains, including the enhancement of the human rights checklist and improved compliance with key corporate indicators. Going forward, we will continue to monitor and improve our performance framework, thereby promoting social value throughout our business operations.

Goals	Key areas	Objectives	2024 performance	Related UN SDGs
E Environmental TOWARDS ECO-GREEN A Company for Green Development	Achieving carbon neutrality (net zero) by 2050 ¹⁾	<ul style="list-style-type: none"> Reduce fossil fuel consumption by 50%, water usage by 20%, and electricity consumption by 5% by 2029 compared to 2019 Reduce waste emissions by 3.5% and energy consumption by 10.5% at overseas production factories by 2029 compared to 2022 Reduce carbon emissions by 46.6% by 2029 compared to 2019 	<ul style="list-style-type: none"> 21.52% reduction in water usage compared to the previous year 5.26% reduction in electricity consumption compared to the previous year 2.89% reduction in energy consumption compared to the 2022 baseline 26.21% reduction in carbon emissions compared to the 2019 baseline 	
	Establishing a circular economy system for garments	<ul style="list-style-type: none"> Establish a clothing recycling system through partnerships with global companies, including Recover™, a global recycled fiber company 	<ul style="list-style-type: none"> Maintained the value chain for producing recycled cotton garments in collaboration with Recover™ 	
S Social TOWARDS INCLUSIVITY A Company of Harmony	Creating a safe working environment for employees	<ul style="list-style-type: none"> Establishing a working environment where safety, labor rights, and human rights are valued for all employees 	<ul style="list-style-type: none"> Established Human Rights Management Policy and disclosed it on the website Operated grievance handling systems and multiple grievance collection channels tailored to domestic and overseas local circumstances (100% grievance handling rate) 	
	Enhancing diversity and inclusion for employees	<ul style="list-style-type: none"> Fostering an organizational culture free from discrimination based on gender, age, or nationality 	<ul style="list-style-type: none"> Advanced internal checklist and human rights monitoring based on global human rights standards (covering 13 overseas corporations and 99 suppliers) Completed remodeling of the nursing room at the domestic headquarters Introduced flexible working hours for childcare starting Q1 2025 	
	Seeking coexistence and shared growth with local communities	<ul style="list-style-type: none"> Domestic Provide livelihood support to low-income households, deliver emergency relief in disaster situations, and support cultural exchange programs among Asian countries Overseas Conduct community outreach activities centered around the regions where overseas corporations are located 	<ul style="list-style-type: none"> Established a Culture & Arts Team for people with disabilities and recruited 8 employees with disabilities Donated money and clothing to local children's centers and multicultural family support centers Donated funds for recovery from Super Typhoon Yagi in Vietnam Conducted community contribution activities in Vietnam, Indonesia, Nicaragua, Guatemala, and Myanmar 	
G Governance TOWARDS TRANSPARENCY A Company of Transparency	Practicing proactive responsible and ethical management	<ul style="list-style-type: none"> Establishing a transparent governance system to manage potential corporate risks 	<ul style="list-style-type: none"> Received zero ethics violation reports through the cyber reporting center HANSAE CO., LTD. employees completed Code of Ethics training Compliance rate of corporate governance key indicators increased by 13.3%p 	
	Achieving coexistence and responsible management	<ul style="list-style-type: none"> Achieving mutual growth of the company and society through continuous communication with key stakeholders 	<ul style="list-style-type: none"> Continuously expand communication channels and platforms with key stakeholders Maintain ongoing communication with customers to create added value and maximize customer satisfaction Newly introduced the People-ee system in three overseas sales corporations Conducted disclosures in Korean and English and established an English IR data room Shared chemical substance Incheck reports with buyers 	

1) Based on Hansae Co., Ltd.'s overseas production sites

Communication with Stakeholders

Stakeholder Groups

HANSAE CO., LTD. is actively strengthening communication with stakeholders who have a significant impact on overall business activities in order to realize its mission: "To enrich customers' lives and lead fashion culture for citizens of the world by providing the highest quality clothing at reasonable prices." We define 7 major stakeholder groups—customers, shareholders and investors, suppliers, group affiliates, employees, government, and local communities—as core stakeholders for the company and continuously gather feedback through communication channels tailored to each group. Going forward, we will regularly review key interests by stakeholder group and enhance the practical effectiveness of communication to create sustainable corporate value together.

Stakeholder group	Customers	Shareholders and Investors	Suppliers	Group Affiliates	Employees	Government	Local Communities
Key interests	<ul style="list-style-type: none"> Enhancing customer satisfaction and values Providing the best products and services Protecting customer information and interests 	<ul style="list-style-type: none"> Enhancing shareholder values Efficient and transparent management Managing corporate risks and securing corporate growth engines 	<ul style="list-style-type: none"> Establishing transparent and fair business transactions Shared growth based on mutual trust and cooperation 	<ul style="list-style-type: none"> Seeking directions for operations at the group level Sharing information among group affiliates Conducting fair business transactions 	<ul style="list-style-type: none"> Building a safe working environment Providing employees with opportunities for growth and development Fair evaluation and compensation 	<ul style="list-style-type: none"> Practicing ethical management through legal compliance Creating jobs Fulfilling tax obligations 	<ul style="list-style-type: none"> Strengthening communication and contributing to the development of local communities Allocating profits through CSR activities
Participation and communication channels	<ul style="list-style-type: none"> Website Customer service center Social media Applications 	<ul style="list-style-type: none"> Shareholders' meeting IR activities Management disclosure 	<ul style="list-style-type: none"> Supplier meetings Grievance reporting system 	<ul style="list-style-type: none"> Regular meetings Operating the ESG Working Group Council Group Code of Conduct 	<ul style="list-style-type: none"> Groupware Corporate newsletter, HANSAE:IN Labor-management council Grievance handling System 	<ul style="list-style-type: none"> Policy conferences and seminars Website Management disclosure 	<ul style="list-style-type: none"> Website Press releases Relevant councils and meetings
Main activities	<ul style="list-style-type: none"> Marketing and sales activities Responding to customer complaints 	<ul style="list-style-type: none"> Transparent announcement of financial performances through management disclosure Transparent decision-making through general shareholders' meeting Disclosing corporate performance through corporate briefings 	<ul style="list-style-type: none"> Operating a grievance handling system and handling grievances Supplier Code of Conduct 	<ul style="list-style-type: none"> Holding a town hall meeting Sustainable Management Committee activities 	<ul style="list-style-type: none"> Supporting trainings for employee growth Applying a fair evaluation and compensation system Implementing various welfare programs 	<ul style="list-style-type: none"> Fulfilling tax obligations Contributing to the creation of high quality jobs 	<ul style="list-style-type: none"> Investment and cooperation for local community development

Double Materiality Assessment

HANSAE CO., LTD. conducted a double materiality assessment to identify and strategically respond to key sustainability issues requiring focused management. This assessment comprehensively considered the impact of social and environmental factors on the company's financial performance (financial materiality) and the impact of the company's business activities on society and the environment (impact materiality). The process was systematically carried out in accordance with the materiality assessment implementation guidance outlined in ESRS 1 of the ESRS¹⁾ and EFRAG²⁾ IG 1. In particular, the assessment was conducted at the level of individual IRO³⁾ rather than individual issues, enabling a more granular identification of matters that are critical to the company's sustainability management strategy. Throughout the assessment, the views of both internal and external stakeholders—including external sustainability management experts and relevant department personnel—were actively incorporated in selecting key IROs and material issues. Going forward, we will continue to enhance our materiality assessment framework in alignment with global disclosure standards and strengthen the implementation of sustainability management by closely linking the identified material issues with business strategies.

Double Materiality Assessment Process



Step 1. Deriving the Issue Pool

① Deriving a long list of issues

Forming a long list of 93 issues based on ESRS 1 & IG 1

② Deriving a short list of issues

Deriving a short list of 20 issues based on various factors such as HANSAE YES24 Group's existing material issues, industry value chain, ESG disclosure standards (SASB), rating agency indicators (MSCI), and peer benchmarking issues



Step 2. Identifying IROs

① Deriving IROs

Identifying risks and opportunities from a financial materiality perspective, and positive and negative impacts from an impact materiality perspective according to the short-listed issues

② Reviewing IRO relevance

Finalizing issue-specific IROs highly relevant to HANSAE CO., LTD. through stakeholder screening involving employees from relevant departments and external experts in sustainability management

Final number of IROs (total 54)

Financial materiality		Impact materiality	
Risk	Opportunity	Positive	Negative
16	6	19	13



Step 3. Assessing IROs

① Selecting IRO assessors

Electing internal employees of HANSAE CO., LTD. and external experts in environmental, social, and governance fields as assessors based on understanding and expertise to ensure reliable assessment results

② Conducting IRO assessment

Assessing IRO priorities by reflecting survey results from internal and external stakeholders, including overseas buyers

Assessment criteria

Financial impact		Social and environmental impact	
Risk	Opportunity	Positive	Negative
Scale, likelihood		Scale, scope, likelihood	Scale, scope, likelihood, irreversibility



Step 4. Selecting Material Issues

① Reviewing appropriateness of material issues

Reviewing the appropriateness of key management issues among material issues identified based on an average score of 15% or higher in both financial and impact materiality

② Refining material issues and IROs

Integrating issues and clarifying names based on issue clarity, similarity of management scope, and key sustainability management strategies; and advancing IROs

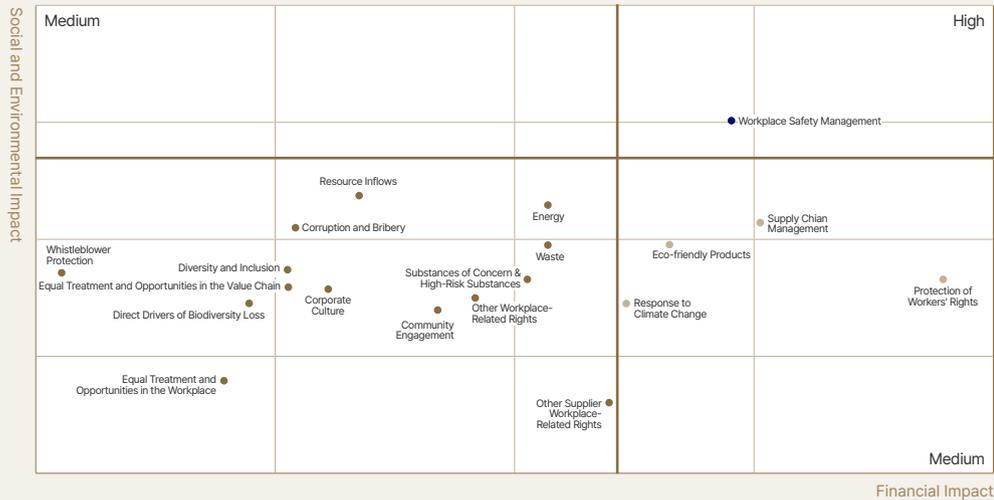
1) ESRS: European Sustainability Reporting Standards
 2) EFRAG: European Financial Reporting Advisory Group
 3) IRO: Impact, Risk, Opportunity

Double Materiality Assessment

Double Materiality Assessment

HANSAE CO., LTD. has identified its core material issues through a double materiality assessment that considers both financial impacts and social and environmental impacts. Core material issues were selected based on topics that exceeded the threshold for both financial and social/environmental significance. Topics exceeding the threshold on only one dimension were still recognized and managed as material issues.

2025 Double Materiality Assessment Results Matrix



Key stakeholder feedback

Category	Related Material Issues	Feedback
Environmental	Eco-friendly Products	· Need a proactive response to global legislation and policy initiatives to clothing recycling
	Response to Climate Change	· Publicly demonstrate the company's commitment to climate action by collaborating with highly trusted external organizations, including global initiatives such as the SBTi
Social	Protection of Workers' Right	· Important to establish an environment that ensures workers' human rights and safety by monitoring the laws and regulations of the countries in which local subsidiaries operate
Governance	Ethical Responsibility of the Organization ¹⁾	· Establish a transparent governance system by implementing ethical management and risk response frameworks not only at headquarters but also at overseas production factories as a global company

Category	Rank	Issue name	Material IRO	Likelihood of occurrence ²⁾	Impact upon occurrence ²⁾	Page number	
Core Material Issue	1	Workplace Safety Management	Risk	· Increase in purchasing (cost) and monitoring expenses with increasing safety-related investments for workers due to strengthened regulations on industrial safety and chemical substances	●●●●○	●●○○○○	22-28
			Positive	· Enhancement of worker health and safety through implementation of OSH programs and chemical management training	●●●●●	●●○○○○	
Material Issue	2	Protection of Workers' Rights	Risk	· Increase in cost burden due to stricter labor laws such as working hour limits and minimum wage increases	●●●●●	●●●●●	30-34
	3	Supply Chain Management	Risk	· Increase in cost burden and safety-related investment costs due to stricter labor laws such as working hour limits and minimum wage increases and industrial safety regulations	●●●●○	●●●○○	36-40
	4	Eco-friendly Products	Opportunity	· Creation of new business opportunities, such as the eco-friendly premium clothing market, driven by increased social awareness of recycling and circularity in apparel	●●○○○○	●○○○○	42-47
	5	Response to Climate Change	Risk	· Increase in financial risks resulting from disruptions in raw material production, supply, and delivery due to extreme weather events such as heatwaves and heavy rainfall	●○○○○	●●●○○	49-53

1) According to this year's materiality assessment, governance-related issues were not identified as material issues. However, as related feedback was collected, the relevant issue names were matched and reflected accordingly

2) The likelihood of occurrence and impact upon occurrence are assessed by rescaling within the range based on items derived as IRO critical

Material Topic



Workplace Safety Management	021
Protection of Workers' Rights	029
Supply Chain Management	035
Eco-friendly Products	041
Response to Climate Change (TCFD)	048

MATERIAL TOPIC 1

Workplace Safety Management

Financial materiality

3rd

Social and environmental materiality

1st

Topic Background

As a global manufacturer with production bases worldwide, HANSAE CO., LTD. places its highest priority on the life and safety of its workers. Given the nature of apparel and fabric manufacturing, which involves the use of chemicals and repetitive tasks, risks of occupational accidents are inherent. To address this, we are continuously strengthening our health and safety management systems and enhancing on-site risk prevention activities. Moving forward, we will remain committed to fostering a culture of safety across all our business sites and throughout our supply chain and will do so by creating a safe working environment.

UN SDGs



SDG 3 Good health and well-being

Target 3-8. Achieve quality essential health-care service



SDG 8 Decent work and economic growth

Target 8-8. Protect labor rights and promote safe working environments

Key risks and opportunities regarding financial materiality

Category	Risk and Opportunity	Response period ¹⁾	Value chain	Stakeholders	Expected financial impact	Our Response	Page Number
Risk	Increase in purchasing (cost) and monitoring expenses with increasing safety-related investments for workers due to strengthened regulations on industrial safety and chemical substances	Short- to mid-term	Own operation, Upstream	Employees, Suppliers, Government	• Potential losses due to legal risks, such as fines or suspension resulting from regulatory non-compliance	• Establish and share occupational health and safety management policies aligned with global and local regulations	22
					• Increase in capital expenditures due to increased safety-related investments, such as facility improvements and protective equipment implementation	• Proactively identify and manage occupational health and safety risks through compliance audits (internal and external), participation in building safety programs (LABS), and operation of reporting channels	27
					• Increase in raw material costs due to improvement in production process or the use of alternative materials	• Conduct at least one annual training on workplace safety, health, and security for each role to improve employees' awareness and response capabilities	25
					• Potential increase in costs for accident prevention training and/or temporary decline in productivity	• Incorporate specific production site characteristics and provide specialized training for new employees, including fire prevention and response drills, workplace hygiene management, and emergency evacuation procedures	
• Increase in operating costs due to the establishment of a chemical management system and the staffing required for regulatory monitoring	• Conduct monthly risk awareness assessment at all production sites through incorporating health check-ups, disease prevention measures, facility sanitation, safety training, and campaigns and distribution of handwashing instruction posters	24					

Key impacts regarding social and environmental materiality

Category	Impact	Response period ¹⁾	Value chain	Stakeholders	Expected social and environmental impact	Our Response	Page Number
Positive	Enhancement of worker health and safety through implementation of OSH programs and chemical management training	Short-term	Own operation	Employees, Local community	• Economic revitalization and reduction of social cost burdens through industrial accident prevention via minimizing work time loss, productivity loss, and delivery delay	• Regularly conduct chemical response training and tailored safety education programs by job and seniority level	24-25

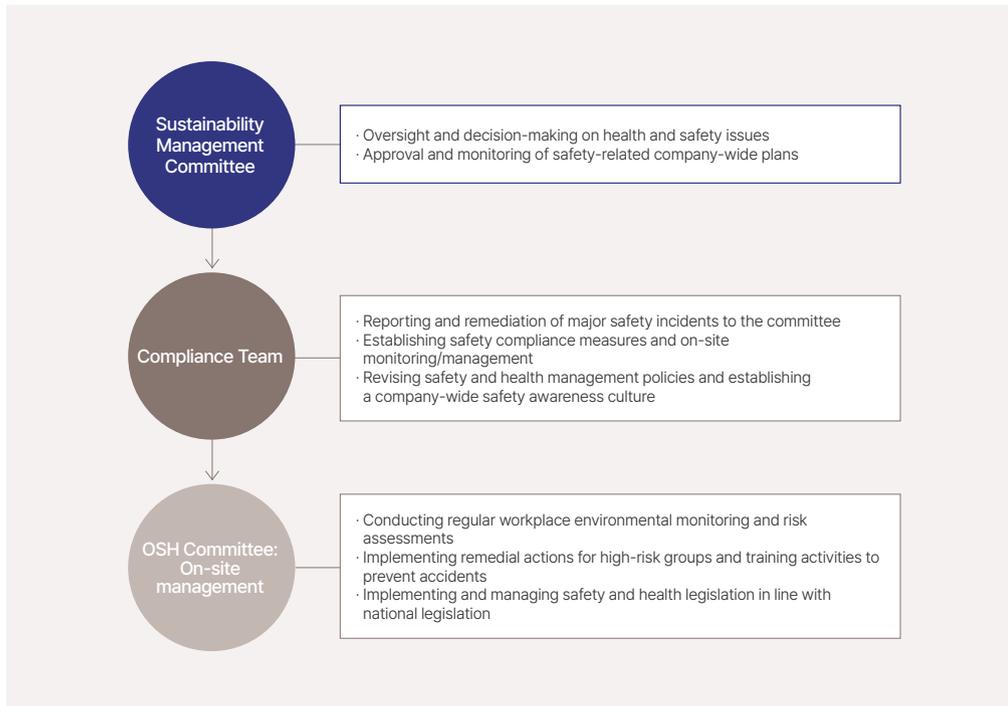
¹⁾ Short-term: within 1 year, mid-term: within 1-3 years, long-term: more than 3-5 years

Workplace Safety Management

Governance

Safety and Health Control Organization

HANSAE CO., LTD. places the highest priority on worker safety and operates a company-wide safety and health control framework led by the Sustainability Management Committee. We have established the OSH (Occupational Safety and Health) Committee at overseas business sites and are conducting monthly monitoring and risk assessments of the working environment in cooperation with local management. Based on the results, immediate improvement measures are implemented to minimize the likelihood of industrial accidents. These matters are regularly shared with the Compliance Team and reported to top management on a quarterly basis, with ad hoc reports made as needed in the event of urgent issues. Through these efforts, we aim to foster a safe and healthy business environment and continuously strengthen our company-wide safety and health risk management framework.



Safety and Health Management Policy

HANSAE CO., LTD. has established a Safety and Health Management Policy to enhance safe and pleasant working environments and support employees in maintaining a healthy work life, which is publicly disclosed on the company's official website. This policy applies not only to our domestic and overseas employees but also to the employees of our suppliers. By transparently sharing the policy both internally and externally, we encourage compliance and active participation from all stakeholders. Moving forward, we will continue to monitor evolving international regulations and industry trends to further improve our health and safety policy.

Safety and Health Management Policy

HANSAE CO., LTD. strives to provide a safe and pleasant working environment and to support employees in maintaining a healthy work life.

1. We establish a safety and health control system to prevent accidents and continuously improve it through verification of implementation.
2. We identify and eliminate root causes to prevent recurrence of similar or related accidents.
3. We promptly implement safety and health improvements and corrective actions mandated by government authorities.
4. We regularly inspect and improve compliance with legal obligations under safety and health regulations.
5. We enhance competencies and strengthen on-site execution capabilities by promoting safety awareness and conducting systematic training.
6. We strengthen communication with stakeholders and transparently disclose safety and health performance, thereby fulfilling our social responsibility and growing as a trusted and respected company.

2024.06.24

HANSAE CO., LTD.

Chief Executive Officer KIM KYUNG

Workplace Safety Management

Strategy

Mid- to Long-term Health and Safety Strategy

HANSAE CO., LTD. is implementing a phased strategic framework for effective risk management by internalizing health and safety control. By 2024, we established the foundation for health and safety management by encouraging participation in risk monitoring programs and conducting health and safety training. In 2025, we plan to expand the scope of safety risk identification and enhance the health and safety training system for employees, thereby strengthening the execution of the health and safety control system. Furthermore, in 2026, we seek to improve the safety levels not only at our main and local offices but also among our suppliers, while systematizing the risk monitoring and improvement systems, such as reporting channels. Implementing these phased strategies, we aim to achieve our mid- and long-term goal of “zero work-related fatalities” and a “0.35 TRIR for serious work-related injuries excluding fatalities.”

	~2024	2025	2026
Core value	Adopting and internalizing safety control	Optimizing health and safety control	Advancing health and safety control
Strategic task	Establishing the foundation for health and safety management <ul style="list-style-type: none"> Reviewing safety risks through the Sustainability Management Committee Identifying and managing potential safety risks at domestic and overseas business sites Establishing and executing the safety management plan 	Strengthening the execution of the health and safety control system <ul style="list-style-type: none"> Strengthening risk awareness and risk assessment Enhancing safety in blind spots across overseas corporations and suppliers Enhancing the health and safety training system for employees 	Establishing an advanced safety culture inclusive of suppliers <ul style="list-style-type: none"> Systematizing risk monitoring system evaluation and feedback Analyzing and improving health and safety performance based on data Advancing the health and safety training system for employees and suppliers
Details	<ul style="list-style-type: none"> Participating in the Life and Building Safety (LABS) program (3 overseas corporations, 6 suppliers) Conducting Fire, Building, and Electrical Safety (FB&ES) inspections (completed at 2 factories) Providing health and safety training for overseas corporations 	<ul style="list-style-type: none"> Expanding participation in the Life and Building Safety (LABS) program at factories (adding 1 overseas corporation) Conducting additional Fire, Building, and Electrical Safety (FB&ES) inspections (1 overseas corporation scheduled for completion) 	<ul style="list-style-type: none"> Enhancing reporting channels for employees of both our company and our suppliers to prevent potential safety incidents at worksites in advance Enhancing reporting channels Bolster promotion targeting supplier employees, maximizing the effectiveness of their safety management
Mid- to long-term goals	Number of fatalities from work-related injuries (employees): Maintained at 0 Incident rate for serious work-related injuries excluding fatalities (employees): 0.35 TRIR		

Workplace Safety Management

Chemical Risk Response Training

Various chemicals are used in apparel manufacturing factories. Accordingly, HANSAE CO., LTD.'s overseas production sites conduct regular risk response training, considering the safety of workers handling chemicals as its top priority. This training is designed to prevent chemical spills and to enable a quick and effective response in the event of an accident. HANSAE VIETNAM CO., LTD. in Vietnam, under the supervision of the Compliance Team, provides training to workers covering the characteristics and hazards of chemicals, proper use of personal protective equipment

(PPE), and emergency response procedures. HANSAE TN CO., LTD. in Vietnam, also supervised by the Compliance Team, conducts hands-on simulation training for chemical handlers and maintenance teams, including understanding of MSDS, spill response drills, and environmental protection measures. Through these efforts, both corporations comply with global safety standards while effectively managing legal and financial risks associated with strengthened regulations.

HANSAE VIETNAM CO., LTD. Chemical Safety Training Content

Theory-based Education

- Definition and classification of chemicals
- Routes of entry into the human body and health impacts
- Safety rules in work areas
- Procedures for chemical storage and disposal
- Initial response in emergency situations

Practical Training

- Practice on wearing personal protective equipment (PPE)
- Training on safe handling of chemical substances



Theory-based Education

Practical Training

HANSAE TN CO., LTD. Chemical Spill Response Training

Practical Response Training

- Understanding Material Safety Data Sheets (MSDS)
- Step-by-step response procedures for spill incidents
- Safe removal methods for spilled chemicals
- Environmental pollution prevention measures and legal standards

Simulation Practice

- Conducting drills based on assumed chemical spill scenarios
- Performing actual spill response actions wearing protective equipment



Practical Response Training: Step-by-step response for spill incidents and training of safe removal methods

Simulation Practice: Actual spill response practice wearing protective equipment

Workplace Safety Management

Health and Safety Training

HANSAE CO., LTD. operates a systematic training program to create a safe working environment for employees. Mandatory training on industrial safety, health management, and security is conducted annually for all employees based on their roles, strengthening their ability to respond to various potential hazards that may arise during work. In particular, new hires at production sites receive tailored training specific to the work environment to improve their job adaptability. Key training courses include essential health and safety education such as fire prevention and response drills, workplace hygiene management, and emergency evacuation procedures, as well as practical courses on handling and managing chemicals.

Risk Awareness and Assessment Training

To enhance workplace safety and prevent risks and illnesses among its members, HANSAE CO., LTD. conducts monthly risk awareness assessments and training sessions, led by the OSH (Occupational Safety and Health) Committee within each business site. Prior to these evaluations, the company provides a risk assessment manual to each subsidiary, which then conducts evaluations based on the guidelines provided, proactively eliminating potential hazards at its business sites. Additionally, HANSAE CO., LTD. actively addresses identified risks through discussions with site managers, or, when necessary, the heads of each subsidiary. The company also provides a basic hygiene education manual to employees at overseas subsidiaries to help prevent the spread of infectious diseases and reduce the risk of outbreaks.

Risk Awareness and Assessment Methods



Workplace Safety Management

Employee Health Management

Apparel manufacturing involves many fixed tasks that require workers to maintain the same posture for extended periods while intensively using their hands, shoulders, and eyes. In addition, dust and hazardous substances generated within garment factories can lead to health issues such as respiratory diseases, allergies, and dermatitis. In response, HANSAE CO., LTD. provides practical health management tailored to the working environment by operating various medical and health promotion programs as well as on-site medical rooms to prevent occupational diseases. At overseas business sites, annual health checkups are provided for all employees, and biannual checkups for those handling chemicals. In addition, psychological care counseling is offered as part of the company's mental health program for workers.

Health Checkup Items and Frequency for Employees at Overseas Business Sites

Country	Health Checkup Items	Frequency
VIETNAM	<ul style="list-style-type: none"> General health checkup (blood pressure, height, weight, BMI measurement, physical examination) Cancer screening Occupational disease screening: Respiratory function test, hearing test Stress management support Vision and hearing tests 	<ul style="list-style-type: none"> All employees: Annual regular health checkup Chemical handlers: Special checkup every 6 months
INDONESIA	<ul style="list-style-type: none"> General health checkup (blood pressure, height, weight) Vision and hearing tests Blood test, X-ray, cholesterol test Blood sugar test, uric acid test 	<ul style="list-style-type: none"> All employees: Annual regular health checkup Chemical handlers: Special checkup every 6 months
GUATEMALA	<ul style="list-style-type: none"> Blood test Uric acid test Adult disease screening Kidney function test Vital signs (e.g., blood pressure), EKG (electrocardiogram) 	<ul style="list-style-type: none"> Chemical handlers: Annual checkup
NICARAGUA	<ul style="list-style-type: none"> General health checkup (blood pressure, height, weight, BMI measurement, physical examination) Breast cancer screening Vaccination and PAP test scheduling 	<ul style="list-style-type: none"> All employees: Annual regular health checkup Chemical handlers: Special checkup every 6 months
HAITI	<ul style="list-style-type: none"> General health checkup (blood pressure, height, weight, BMI measurement, physical examination) Suggestion of external test items: Blood test, uric acid test, tuberculosis test CRP (C-reactive protein) test STD test, HIV test, X-ray 	<ul style="list-style-type: none"> All employees: Annual regular health checkup



HANSAE TN CO., LTD. employee health checkup



C&T VINA CO., LTD. employee health checkup



PT. BOMIN PERMATA ABADI employee health checkup



HANSAE INTERNATIONAL, S.A. employee health checkup



Workplace Safety Management

Risk Management

HANSAE CO., LTD. categorizes the major types of occupational accident risks associated with business operations into mechanical hazards, chemical substances, working environment, unsafe working conditions, work tools and equipment, and natural disasters.

Types of Occupational Accident Risks

Risk factors	Risk description	Management process
Mechanical hazards	· Injuries due to accidents or negligence during machine operation; contact with rotating equipment, conveyor belts, or automated equipment; entanglement, impact, or crush injuries from moving parts	· Possession and renewal of professional licenses required for machine operation; regular internal inspections to assess the condition of machinery and equipment (e.g., aging); suspension of operations and maintenance carried out under expert supervision in the event of machine failure
Chemical substances	· Exposure to dyes, chemicals used in dyeing processes, solvents, bleaches, etc.	· Establishment of chemical handling procedures based on Material Safety Data Sheets (MSDS) chemical response training at overseas corporations
Working environment	· Hazardous elements in the work environment such as high noise levels, vibration, temperature, humidity, and dust; physical strain, fatigue, and musculoskeletal discomfort caused by improper working posture	· Continuous supervision through regular inspections and monitoring
Unsafe working conditions	· Improperly blocked entrances and emergency exits, unsafe electrical installations, slippery floors, and inadequate lighting	
Work tools and equipment	· Injuries caused by unsafe work tools and equipment, sharp and difficult-to-handle instruments, slippery blades	· Health and safety training for all workers such as personal protective equipment (PPE) usage training; safe workplace training; first aid training; emergency response training
Natural disasters	· Risk of worker injuries caused by destruction or flooding of work areas due to extreme weather events such as typhoons and floods	· Comprehensive training twice a year at each business site; followed by post-training evaluations

Risk Monitoring Program

Internal and External Compliance Audits

HANSAE CO., LTD. monitors safety risks through internal and external compliance audits conducted under the supervision of the Compliance Team. The self-audit checklist used in these audits includes 157 safety-related items based on the global compliance program list, through which it is possible to proactively identify potential hazards across various areas such as safety management systems, fire safety, emergency response, electrical safety, and working environment. Not only overseas production factories but also suppliers conduct self-audits, with the audit results shared with the Compliance Team through both the ERP system and email. The Compliance Team establishes Corrective Action Plans (CAP) within one month based on the issues identified through these audits, and maintains safety in the work environment through monitoring and continuous inspections to prevent recurrence. In 2024, a total of 112 monitoring activities were conducted, through which safety issues at business sites were improved. Meanwhile, we also conduct an annual external audit by a third-party organization through our buyers to objectively assess the safety management system.

Life and Building Safety (LABS) Program

Since 2019, HANSAE CO., LTD. has participated in the global safety program LABS (Life and Building Safety) to create a safe working environment for employees. LABS identifies major risks such as fire and safety incidents in the apparel, footwear, and accessories industries, and supports facility improvements and training to mitigate these risks. Through this program, we receive audits from third-party organizations and safety-related training, maintaining and enhancing workplace safety to meet international standards. A total of 9 factories—3 main factories and 6 partner factories—participated in the LABS program, of which 6 factories successfully completed the program. Additionally, in 2024, PT. BOMIN PERMATA ABADI newly joined the program and continues activities to strengthen safety.

Health and Safety Reporting Channel Operation

HANSAE CO., LTD. operates a reporting channel for employees and supplier workers to minimize unidentified health and safety risks. This reporting channel fully guarantees the anonymity of reporters and is continuously operated to ensure immediate corrective actions can be taken when issues arise. In 2024, a total of 147 health and safety-related grievances were received through this channel, and corrective measures were completed for all cases.

Frequency of Self-Audits



Workplace Safety Management

Metrics & Targets

HANSAE CO., LTD. designated 2024 as the target year for the completion of “implementation and internalization of safety management” and established a mid- to long-term health and safety strategy and control framework. Based on this initiative, 3 overseas subsidiaries and 6 suppliers have participated in the Life and Building Safety (LABS) program. In addition, we provide health and safety training—including chemical safety education—to strengthen workers’ safety capabilities. We are reinforcing our systematic safety management activities to continuously maintain zero work-related fatalities and to reduce the rate of serious injury incidents to below a TRIR (Total Recordable Incident Rate) of 0.35. Through these efforts, we aim to run an autonomous and sustainable safety management system.

Mid- to Long-term Goal Attainment Status

Index	2022	2023	2024	Mid- to Long-term Goal
Number of fatalities from work-related injuries (employees) (cases)	0	0	0	0
Incident rate for serious work-related injuries excluding fatalities (employees) (TRIR)	0.371	0.174	0.141	0.35



MATERIAL TOPIC 2

Protection of Workers' Rights

Financial materiality

1st

Topic Background

The protection of human rights is becoming an increasingly important evaluation criterion in partnerships with global fashion brands, and HANSAE CO., LTD. recognizes the protection of workers' rights and the creation of a non-discriminatory working environment as its important management responsibilities. We have established a human rights management system based on the core conventions of the International Labor Organization (ILO) and major human rights standards and are continuously striving to promote the rights and well-being of workers both within our operation and our suppliers.

Key risks and opportunities regarding financial materiality

Category	Risk and Opportunity	Response period ¹⁾	Value chain	Stakeholders	Expected financial impact	Our Response	Page Number
Risk	Increase in cost burden due to stricter labor laws such as working hour limits and minimum wage increases	Short- to mid-term	Own operation, Downstream	Employees, Government, Customers	•Decrease in productivity and output due to reduced working hours	•Drive the transition to a smart factory through the adoption of advanced equipment such as WMS, PDA, AGV, RFID tunnels, and automated cutting machines •Enhance work productivity and innovation by implementing AI-powered automated solutions and chatbot systems	11-12, 44-45
					•Potential loss due to legal risks, such as fines and litigation costs in cases of labor law violations	•Develop and enforce human rights policies aligned with global standards, such as UN Universal Declaration of Human Rights, ILO Core Conventions, and OECD Guidelines for Multinational Enterprises •Regularly conduct human rights monitoring based on a structured checklist with 40 key criteria •Proactively identify and respond to potential human rights risks by operating various grievance communication channels, such as the junior board 'People-ee,' anonymous groupware bulletin board, and suggestion boxes installed at overseas business sites	30, 32-34
					•Intangible loss incurred by the decline in company image and brand value	•Practice human rights management in line with international standards through corporate-led participation in the UN Global Compact (UNGC) initiative	30

Key impacts regarding social and environmental materiality

Category	Impact	Response period ¹⁾	Value chain	Stakeholders	Expected social and environmental impact	Our Response	Page Number
Positive	Contribute to expanding employment stability by fostering a healthy work environment through systematic human rights oversight and employee grievance resolution	Short- to mid-term	Own operation	Employees, Local community, Government	•Strengthen economic growth and reduce social inequality through fostering employee retention, income stability, mental well-being, and increased workplace engagement	•Manage potential human rights issues and operate diverse grievance communication channels based on a comprehensive checklist that cover key areas such as labor conditions, employment contracts, dispute resolution, human rights protection, health and safety, corporate culture and governance, privacy, and security	32-34

¹⁾ short-term: within 1 year, mid-term: within 1-3 years, long-term: more than 3-5 years

UN SDGs



SDG 8 Decent work and economic growth

Target 8-7. Eradicate forced labor and child labor

Target 8-8. Protect labor rights and promote safe working environments



SDG 16 Peace, justice and strong institutions

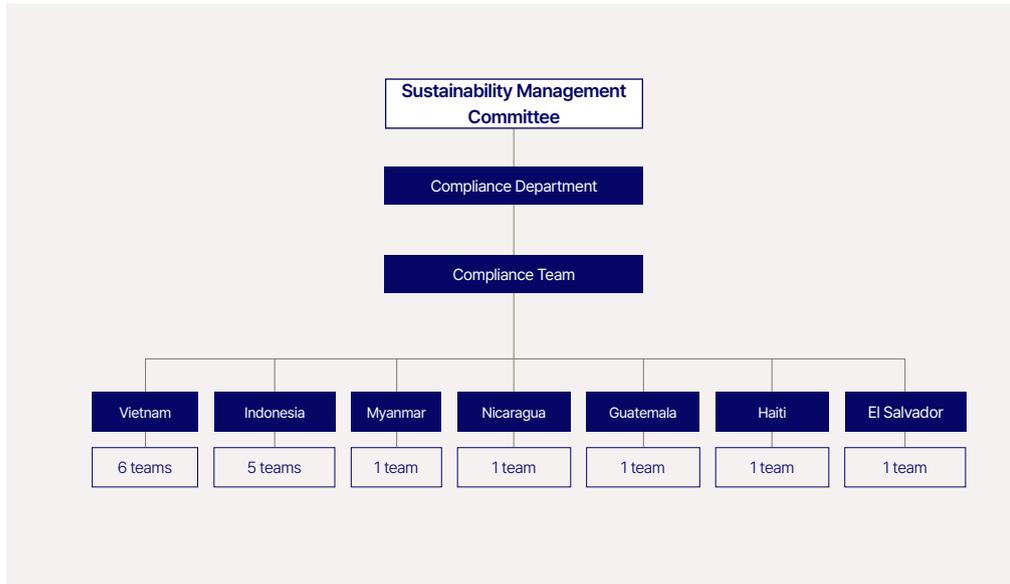
Target 16-2. End abuse, exploitation, trafficking, violence, and torture of children

Protection of Workers' Rights

Governance

Human Rights Management Organization

HANSAE CO., LTD. works with major global fashion brands as primary clients and operates a structured Human Rights Management system to comply with their increasingly stringent ethical and labor standards. We perceive serious human rights violations—such as child labor and forced labor—as critical risks that can lead directly to the reduction or termination of business relationships with buyers. Accordingly, we have established an independent compliance organization within each of our overseas corporations, focusing on proactive management of human rights risks. The Compliance Team under the Compliance Department constantly monitors the working conditions of each overseas corporation and performs management and supervision to ensure operations aligned with local laws and buyers' ethical standards, while also regularly reporting key issues to the Sustainability Management Committee. Furthermore, we systematically provide training on labor law compliance and buyer requirements related to working conditions at our production sites. We have also established formal procedures to pre-check the implementation of monitoring activities, thereby minimizing risks. Through these efforts, HANSAE CO., LTD. maintains working environments that align with global standards, bridges the gap between buyer requirements and on-site practices, and continues to strengthen the Human Rights Management system at the corporate level.



Human Rights Policy

HANSAE CO., LTD. upholds respect for human rights across all operations in alignment with internationally recognized human rights standards. Based on the UN Universal Declaration of Human Rights, the ILO Core Conventions, and the OECD Guidelines for Multinational Enterprises, we prohibit child labor, forced labor, and discrimination, while ensuring workers' rights such as freedom of association. This policy applies not only to all of our own employees but also to our suppliers and business partners, with implementation reinforced through regular training and a grievance handling system.

[Human Rights Policy](#)

Joining the UN Global Compact (UNGC)

In June 2023, HANSAE YES24 HOLDINGS, the parent company of HANSAE CO., LTD., joined the United Nations Global Compact (UNGC), officially declaring its commitment to the Ten Principles in areas such as human rights, labor, environment, and anti-corruption. HANSAE CO., LTD. actively participates in this Group-wide initiative and is striving to fulfill its corporate social responsibility and achieve sustainable human rights management. We also continue to strengthen responsible responses to human rights issues and build trust through transparent communication with stakeholders.



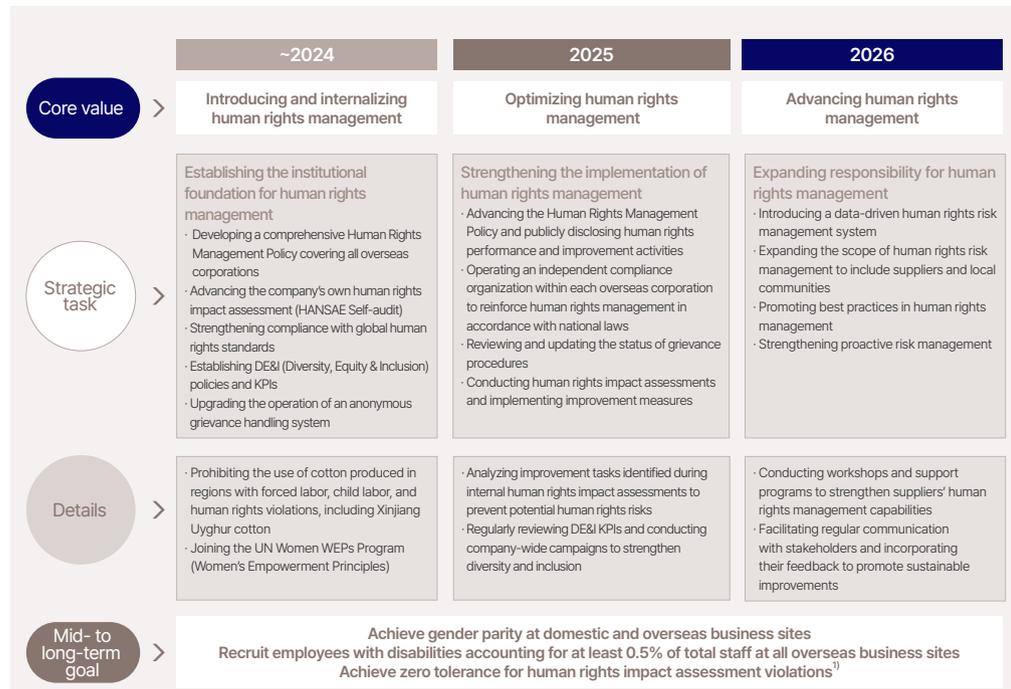
1) The United Nations Global Compact (UNGC): A global initiative with over 14,000 members across 157 countries; requires business to adhere to 10 core principles related to human rights, labor, the environment, and anti-corruption; highlights the important role businesses play in achieving the UN's Sustainable Development Goals (SDGs)

Protection of Workers' Rights

Strategy

Mid- to Long-Term Strategy for Human Rights Management

HANSAE CO., LTD. prioritizes the protection of workers' rights and is implementing a phased strategy to internalize human rights management to achieve sustainable management. By 2024, we established a human rights management system across our global business sites and laid the foundation for identifying and systematically managing key human rights risks. In 2025, we are strengthening the implementation of human rights management and publicly disclosing our human rights performance through an independent compliance organization at each overseas corporation that ensures compliance with national laws. In 2026, we plan to expand the scope of human rights risk management to establish a comprehensive human rights management system that embraces suppliers and local communities, promoting best practices to enhance proactive risk management.



¹⁾ Zero tolerance items in human rights impact assessments: Principles related to forced labor, child labor, anti-corruption, transparency, illegal subcontracting, and workplace harassment

Human Rights Training

HANSAE CO., LTD. conducts regular human rights training for all employees to foster an organizational culture that respects human rights. At domestic business sites, we provide various human rights-related training programs—including legally mandated courses—at least once a year to raise employee awareness of human rights. At our overseas business sites, we foster a culture of human rights protection and respect for rights through 8 training programs, including those on labor laws. The Vietnam corporation is using the CompanyIQ app to communicate with employees and is using an online education platform to increase accessibility to training. As of 2024, a cumulative total of 81,202 participants have completed training programs provided by overseas corporations, amounting to a total of 6,074,379 hours of training. At C&T VINA CO., LTD., employee rights training programs are conducted repeatedly every year, covering various topics such as labor laws, wages, welfare benefits, employment periods, working hours, collective agreements, and company regulations. These programs also include education on important company policies such as non-discrimination, prohibition of harassment and abuse, prohibition of forced and child labor, grievance handling, and human rights. The training is organized by the HR Team and the Compliance Team, with each program lasting two hours. Through these efforts, we support employees around the world in gaining a deep understanding of the importance of respecting human rights and putting it into practice.

2024 C&T VINA CO., LTD. Employee Rights Training Programs

Program	Content	Organizer	Frequency	Targets	Participants	Duration
Basics of Labor Law	Employment contracts, minimum wage, annual leave regulations, rest periods, insurance, safety, etc.	HR Team	Once a year	All employees across the company	All employees across the company (869 employees)	2 hours
Wages, Welfare Benefits, and Employment Period	Details of contract preparation, wage calculation methods, etc.					
Working Hours	Regular working hours and overtime work, etc.					
Collective Agreements	Operational policies, internal regulations, assessment of support/subsidies, etc.					
Company Regulations	Safety management, disciplinary actions, annual leave management, etc.					
Company Policies	Non-discrimination, prohibition of harassment and abuse, prohibition of forced and child labor, grievance handling, human rights, etc.	HR Team/ Compliance Team				

Protection of Workers' Rights

Risk Management

Human Rights Monitoring

HANSAE CO., LTD. conducts regular and systematic human rights risk monitoring across its domestic and overseas business sites and suppliers to practice human rights management in compliance with international standards. Based on the Universal Declaration of Human Rights, the ILO Core Conventions, and the OECD Guidelines for Multinational Enterprises, we have developed an internal checklist comprising 40 key items with high potential for human rights violations, conducting focused inspections accordingly. In particular, compliance with minimum employment age, prohibition of child labor, prohibition of forced labor and confinement, prevention of workplace violence and harassment, and non-discrimination are considered high-priority issues. These are classified as the highest risk level (10 points) under our internal standards, and we are reinforcing inspection and improvement activities accordingly. Overseas corporations and suppliers conduct self-assessments based on the checklist and submit the results to the headquarters via the ERP system, and the Compliance Team analyzes the submissions to identify human rights risks and, when necessary, works with local management to develop improvement measures. In 2024, a total of 13 overseas corporations and 99 suppliers conducted monitoring activities to inspect potential human rights risks and implement corrective measures. Through this regular monitoring system, HANSAE CO., LTD. not only prevents human rights violations in advance but also continuously enhances the overall level of human rights management across the company.



Human Rights Checklist

Category	Number of items	Key items
Working Conditions and Employment Contracts	15	· All employees at the factory are over the age of 18
Grievance Handling and Human Rights Protection	13	· An in-house grievance handling committee has been established to collect and address employees' grievances and opinions
Health and Safety	5	· Sick leave, menstrual leave, miscarriage leave, and maternity leave are provided
Organizational Culture and Management	5	· A bilateral labor-management council is in operation, holding regular meetings with written records maintained
Privacy and Security	2	· Individual personnel files are maintained for all employees

Management of Potential Human Rights Issues

Category	Stakeholder	Response Activity
Non-discrimination in Employment	Employees	· Establishing and formalizing policies
		· Providing employee training and raising awareness (conducting workplace discrimination prevention training and DE&I training)
		· Building a performance-based evaluation system
		· Complying with the principle of equal pay for equal work
Freedom of Association and the Right to Collective Bargaining	Employees	· Introducing a flexible start-time system
		· Complying with labor-related laws
Prohibition of Forced Labor	Employees, suppliers	· Operating labor unions
		· Concluding collective agreements through collective bargaining
Prohibition of Child Labor	Employees, suppliers	· Prohibiting contracts that violate the Labor Standards Act
Ensuring Occupational Safety	Employees, suppliers	· Prohibiting contracts that violate the Labor Standards Act
		· Conducting regular health checkups for employees
		· Providing essential protective equipment at business sites
Responsible Supply Chain Management	Employees, customers	· Conducting regular training on occupational safety
		· Conducting comprehensive emergency response drills twice a year
Protection of Human Rights in Local Communities	Local residents	· Conducting quarterly self-audits by suppliers
		· Reducing greenhouse gas emissions
Protection of Environmental Rights	Employees, local residents	· Strengthening the management of wastewater and hazardous substances
		· Reducing greenhouse gas emissions
		· Strengthening the management of wastewater and hazardous substances
		· Complying with environmental laws by country

Protection of Workers' Rights

Grievance Handling System

HANSAE CO., LTD. operates a grievance handling system across all domestic and overseas business sites to protect the human rights of employees and foster a better working environment. This system plays a key role in enhancing trust between the company and employees and maintaining a healthy organizational culture by promptly and fairly resolving various issues faced by employees.

The Headquarters

The grievance handling procedure at the headquarters consists of 6 steps and is applied flexibly depending on the nature and severity of the issue reported. Grievances are categorized into Severe Grievances, Escalated Grievances, and Moderate Grievances, with distinct reporting and investigation processes in place for each type. All grievances are managed by the HR Team and the P&C Team, and in cases of escalated grievances—such as excessive workload, discrimination, or violations of rights—the matter is immediately reported to the relevant departments and the Board. The final outcomes of investigation and review are communicated to the grievant, and their satisfaction with the outcome is also confirmed. Through this prompt and structured grievance handling process, we actively reflect the diverse voices of our employees and continuously foster a culture of respect for workers' rights within the organization.

Grievance Handling System at the Headquarters



Overseas Business Sites

While the grievance handling methods of overseas corporations differ depending on each country's systems and organizational culture, they are systematically managed in alignment with local laws and characteristics. For example, the Indonesia corporation regularly collects grievances once a month through the labor-management council, while the Vietnam corporation manages grievances primarily through its local compliance organization. In particular, Korean managers share local grievances with the headquarters on a weekly basis, and responses are taken in accordance with guidelines at the headquarter level when necessary. When handling grievances, the responsible party and legal standards are determined based on the employee's nationality and the nature of the issue. Disputes between local employees are handled in accordance with the laws of the respective country, while serious matters are subject to intervention by the headquarters. In 2024, a total of 475 grievances were reported across overseas corporations, all of which were fully resolved. This structured grievance handling system contributes to establishing a culture of respect for workers' rights and building organizational trust at HANSAE CO., LTD.

Grievance Collection Channels

People-ee

To effectively gather diverse employee feedback and contribute to improving organizational culture, HANSAE CO., LTD. has been operating People-ee, a junior board¹⁾ composed of one representative selected from each division, for 5 consecutive years since 2020. Starting in 2024, the People-ee system has been expanded to 3 overseas sales corporations, establishing a foundation to actively listen to and incorporate the voices of global employees. People-ee serves as a bottom-up communication channel within the organization by regularly collecting and documenting a wide range of employee opinions and grievances, passing them on to the P&C Team. The submitted matters are reviewed by the P&C Team in collaboration with relevant departments, and verified feedback is shared back with employees, thereby enhancing transparency and trust in communication.

Groupware Anonymous Bulletin Board (Communication Hotline)

HANSAE CO., LTD. operates both anonymous and named bulletin boards within the groupware system to allow employees to freely express their opinions. Through this platform, employees can freely submit grievances or suggestions for work improvement. In 2024, a total of 18 submissions were received, and all of them have been resolved through consultations with the P&C Team and relevant departments. For submissions made under employees' real names, the P&C Team directly reviewed and provided feedback, enhancing employee satisfaction. Feedback on anonymous submissions is provided only when the nature of the issue requires company-wide notice or improvement measures.



Anonymous Bulletin Board (Communication Hotline) Promotional Material

1) Junior board: An advisory group involving younger employees

Protection of Workers' Rights

Suggestion Box

Suggestion boxes are installed in key areas—such as restrooms, entrances, and break rooms—at each overseas business site to allow employees to freely and anonymously submit grievances. Submissions are collected weekly, reviewed directly by local managers, and promptly addressed by taking necessary measures, thereby providing feedback in a timely manner.



HANSAE TG CO., LTD. Suggestion Box

Metrics & Targets

HANSAE CO., LTD. designated 2024 as the target year for completing the implementation and internalization of human rights management, and established an institutional framework for human rights management. We have established the Human Rights Management Policy encompassing both the headquarters and the overseas corporations and posted it on our website. We also advanced our internal checklist based on global human rights standards, including the Universal Declaration of Human Rights, the ILO Core Conventions, and the OECD Guidelines for Multinational Enterprises, thereby completing human rights monitoring for a total of 13 overseas corporations and 99 suppliers. Additionally, by operating the grievance handling system and various grievance collection channels tailored to domestic and overseas local circumstances, we have achieved the advancement of our internal grievance handling system. Moving forward, we will strive to achieve a zero-tolerance objective for human rights impact assessments under the phased goals of “optimizing human rights management” and “advancing human rights management.”

Progress on Mid- to Long-Term Goals

Indicator	2022	2023	2024	Mid- to Long-Term Goal
Zero-tolerance cases in human rights impact assessments (cases)	0	0	0	0
Percentage of human rights-related grievances from stakeholders that have been resolved (%)	100	100	100	100



MATERIAL TOPIC 3

Supply Chain Management

Financial materiality

2nd

Topic Background

The fashion and textile industry is composed of extensive and complex multinational supply chains, making systematic management of various risks—such as environmental, human rights, and ethical issues—more relevant than ever. HANSAE CO., LTD. undertakes diverse initiatives to enhance the sustainability practices of our suppliers, including supply chain risk monitoring programs, procedures for registering new suppliers, and the implementation of our ethics management pledges. Moving forward, we will continue to advance our responsible supply chain management system to proactively meet the demands of our global clients and fulfill our corporate social responsibility to the best of our ability.

UN SDGs



SDG 8 Decent work and economic growth

Target 8-7. Eradicate forced labor and child labor
Target 8-8. Protect labor rights and promote safe working environments



SDG 17 Partnerships for the Goals

Target 17-17. Encourage and promote effective public, public-private and civil society partnerships

- Brand
- Reputation
- CRM
- Quality
- Goals
- Teamwork
- Mission

Key risks and opportunities regarding financial materiality

Category	Risk and Opportunity	Response period ¹⁾	Value chain	Stakeholders	Expected financial impact	Our Response	Page Number
Risk	Increase in cost burden and safety-related investment costs due to stricter labor laws such as working hour limits, minimum wage increases, and Uyghur Forced Labor Prevention Act (UFLPA)	Mid- to long-term	Own operation, Upstream	Suppliers, Government, Customers	• Increase in costs associated with the development of supply chain due diligence and management systems	• Proactively identify and mitigate potential supply chain risks through a supplier monitoring process, including operating a new supplier registration procedure with evaluation and ranking stages, conducting on-site audits, and establishing Corrective Action Plans (CAP) • Collaborate with external scientific origin verification experts and logistics-based supply chain tracking platforms to comply with the Uyghur Forced Labor Prevention Action (UFLPA)	38, 40
					• Potential damage in brand reputation and legal liability in case of regulatory non-compliance by suppliers	• Ensure risk prevention and clear accountability in case of non-compliance by mandating the submission of a supplier ethical management commitment pledge, including responsibility clauses for violations to promote ethical and sustainable business practices	39
					• Investment for supply chain diversification and restructuring	• Implement supply chain risk mitigation strategies in response to geopolitical uncertainties (prolonged Russia-Ukraine war, escalation of U.S.-China tensions) by diversifying production bases, expanding Latin American operations, and securing alternative supply networks which can also serve as measures to manage financial risks related to labor and safety in the supply chain	95

Key impacts regarding social and environmental materiality

Category	Impact	Response period ¹⁾	Value chain	Stakeholders	Expected social and environmental impact	Our Response	Page Number
Positive	Improve productivity and quality by enhancing working environment of supply chain workers	Short-term	Own operation	Employees, Local community	• Establishment of foundation for sustainable growth across the entire industrial ecosystem by fostering a healthy work environment throughout the global supply chain	• Establish and proclaim supply chain ESG management policies and a Supplier Code of Conduct to ensure a safe work environment and protect worker rights	36-37

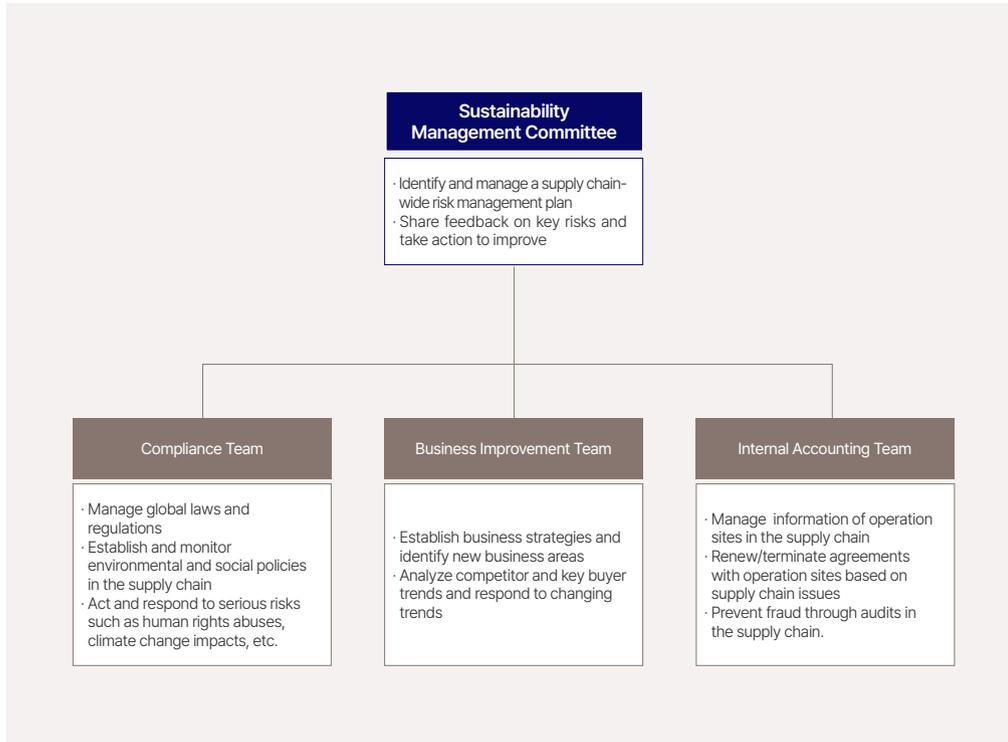
¹⁾ short-term: within 1 year, mid-term: within 1-3 years, long-term: more than 3-5 years

Supply Chain Management

Governance

Supply Chain Management Organization

HANSAE CO., LTD. recognizes the ESG risks that may arise from the multilayered and complex structure of global supply chains in the apparel manufacturing industry as a critical sustainability management issue, and has established a company-wide collaborative framework for systematic response. Company-wide supply chain management performance is regularly reported to the Sustainability Management Committee, while relevant departments such as the Compliance Team, Business Improvement Team, and Internal Accounting Team manage supply chain risks in accordance with their respective roles.



Supply Chain ESG Management Policy

HANSAE CO., LTD. has established a Supply Chain ESG Management Policy to ensure that business sites involved in product manufacturing, as well as all suppliers, establish safe working environments, respect workers, and practice eco-friendly and ethical management. This policy is grounded in HANSAE CO., LTD.'s Code of Ethics, Code of Conduct, Conflict Minerals Policy, Human Rights Management Policy, and Safety and Health Management Policy, and outlines requirements across various areas such as Labor & Law, Management System, Workplace Health & Safety, Ethics & Compliance, Security, and Sustainability of suppliers. Through this policy, we aim to realize sustainable management and achieve our ESG goals based on mutual trust with suppliers.

[Supply Chain ESG Management Policy](#)

ESG Management Areas for Suppliers



Supply Chain Management

Supplier Code of Conduct

HANSAE CO., LTD. has established a Supplier Code of Conduct that incorporates core ethical standards, including environmental protection, non-discrimination, prohibition of forced labor and human trafficking, protection of minors, compliance with wage and working hour regulations, assurance of working conditions, freedom of association, and anti-corruption. This Code comprehensively reflects not only the labor, environmental, and local laws of all relevant countries, but also the specific demands of major buyers. Both the headquarters and suppliers comply with this Code of Conduct, which is made readily accessible to all employees in both the local language and English. Any violation of the Code would result in requirement for corrective action, and if improvements are not made, appropriate measures may be taken such as suspension of orders or termination of business relationships. We conduct regular inspections and evaluations to ensure that these operational standards are thoroughly implemented across all suppliers. Furthermore, we continuously strengthen the effectiveness of the Code of Conduct to build a sustainable supply chain based on partnership.

[Supplier Code of Conduct](#)



Conflict Minerals Policy

HANSAE CO., LTD. is committed to adhering to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals in relation to the sourcing of minerals from conflict-affected and high-risk areas. In addition, pursuant to Section 1502 of the Dodd-Frank Act¹⁾, we have established and systematically manage our own Conflict Minerals Policy to prevent minerals produced in the Democratic Republic of the Congo and adjoining countries from being used to finance armed groups. Through these efforts, we continuously strive to protect human rights across the supply chain and build a responsible raw material sourcing system.

[Conflict Minerals Policy](#)

Strategy



HANSAE CO., LTD. has established and implemented a strategy to systematically identify and respond to ESG risks across the supply chain. We operate procedures that incorporate ESG-related criteria when registering new suppliers and collaborate with external expert organizations to proactively respond to global regulations such as the Uyghur Forced Labor Prevention Act (UFLPA). Furthermore, we continue to build a responsible supply chain by securing pledges to prevent ethical risks of suppliers and operating an ethics reporting channel through the SCM system.



¹⁾ Dodd-Frank Act: A law enacted to prohibit the direct or indirect use of minerals produced in the Democratic Republic of the Congo and its adjoining countries from being used to finance armed groups

Supply Chain Management

Risk Management

New Supplier Registration Process

HANSAE CO., LTD. operates a mandated registration process for all new suppliers to build a responsible supply chain. Suppliers must possess expertise in the relevant work, and in cases where licensing is required by law, only licensed companies are permitted to register. Prospective suppliers wishing to conduct business with HANSAE CO., LTD. must apply for registration in the ERP system according to the formats and procedures outlined in the company's supplier registration guidelines.

Registration Evaluation

The standard procedure for evaluating supplier registration is through a document review. For sewing (Tier 1) and embroidery/printing/washing (Tier 2) factories, onsite evaluations are also carried out to enhance the reliability of the evaluation. The Compliance Team provides prior notification of the schedule for onsite evaluations in written or electronic form, and proceeds upon confirmation from the supplier. The final evaluation is conducted jointly by relevant departments, including the Foreign Exchange Team, Accounting Team, Compliance Team, Management Analysis Team, and Overseas Support Team, to ensure objectivity in the evaluation process.

Grading of Evaluation Results

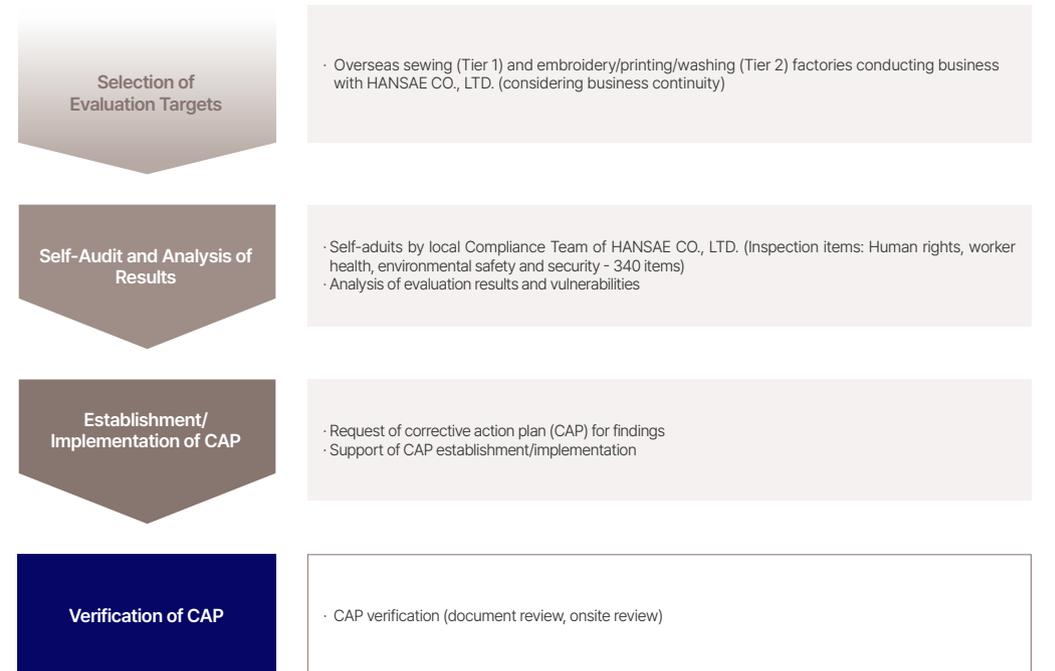
The results of the evaluation are graded based on the company's self-audit criteria, and only those that meet a certain threshold (Yellow) or higher are officially registered as suppliers. However, in cases where specific transactions are unavoidable, suppliers may be granted a certain period for improvement, and registration eligibility may be reconsidered only if a subsequent re-evaluation results in a Green grade. Through this process, HANSAE CO., LTD. guarantees transactions with suppliers that meet legal and ethical standards, proactively manages ESG risks, and strengthens the foundation for operating a sustainable supply chain.

Hansae Monitoring Program

HANSAE CO., LTD. works closely with its overseas production factories and suppliers to proactively identify risks across the supply chain and to derive practical solutions and make continuous improvement. To this end, we have established relevant policies and procedures and are operating a systematic oversight framework to monitor their implementation. As part of our policy, we conduct regular self-audits of registered suppliers based on 340 questions outlined in the global compliance program (worker health, environment, security, etc.). All data collected through these audits is shared in real time between headquarters and local corporations via the integrated ERP system and email communication, thereby establishing a transparent and prompt information management system. Self-audit results are thoroughly analyzed to support each supplier in implementing effective corrective actions by item, and follow-up measures are continuously

pursued until major risks are resolved. In cases where suppliers fail to meet the audit standards, reassessments and reviews of corrective action plans (CAP) are conducted to verify whether appropriate corrective actions have been taken. In particular, strict standards are applied to zero-tolerance items such as forced labor, child labor, anti-corruption, illegal subcontracting, and workplace harassment. In 2024, ESG risk monitoring was conducted on a total of 99 suppliers, and moving forward, we plan to strengthen our responsible supply chain management system through regular evaluations.

Supplier Risk Monitoring Process



Supply Chain Management

Mandatory Submission of Suppliers' Ethical Management Pledge

HANSAE CO., LTD. requires all suppliers to submit an Ethical Management Pledge at the time of registration to ensure they fully understand and commit to the company's philosophy of ethical management. This serves as a critical foundation for transforming transactions with suppliers from merely commercial relationships into partnerships that share a commitment to sustainable management and social responsibility. The Ethical Management Pledge is explicitly communicated through the internal ESS (Employee Self Service) bulletin board, and all new suppliers are required to submit the signed pledge as a mandatory document in order to proceed with the registration process.

Operation of Supplier Ethics Reporting Channel

HANSAE CO., LTD. continuously monitors the ethical conduct of its suppliers and actively operates systems to collect grievances and feedback for improvements. The supplier ethics reporting system is accessible via both the HANSAE CO., LTD. website and the SCM system, with a direct link to the Report on Ethical Management page to streamline the reporting process. No reports have been received as of 2024; however, any reports will be handled promptly and thoroughly in accordance with the company's internal reporting regulations. Through this process, we are strengthening transparent and accountable relationships with suppliers and striving to maintain sustainable partnerships.

Metrics & Targets

HANSAE CO., LTD. places sustainable supply chain management and social responsibility as core values, thoroughly assessing and managing the social and environmental impacts in all supplier relationships. To this end, we aim to maintain a 100% rate of new suppliers that completed social and environmental impact assessments and strive to keep the number of suppliers with any significant actual or potential adverse social

impacts at zero. If such suppliers are identified, we will promptly take appropriate measures, such as initiating improvement consultations or terminating the business relationship. Based on this approach, HANSAE CO., LTD. is committed to building an ethical and transparent supply chain aligned with global standards, thereby faithfully fulfilling the corporate social responsibility.

Supply Chain Management Indicators

Indicator	2022	2023	2024
Rate of new suppliers that completed social and environmental impact assessments (%)	100	100	100
Number of suppliers with actual or potential significant adverse social impacts	0	0	0

Pledge for Practicing Ethical Management
(for External Partners)

HANSAE Co., Ltd. are committed to full compliance with local and foreign anti-corruption laws following HANSAE Code of Ethics. We share the Practice Guidelines for the Code of Ethics and require all our external partners we work with, such as customers, contract factories and suppliers, to comply with the Practice Guidelines below.

- Our company (I) shall compete fairly with competitors under the principle of free competition.
- Our company (I) shall make transaction conditions, procedures, and contracts with transparency based on all applicable laws and regulations of the countries where we conduct business.
- Our company (I) shall comply with applicable anti-corruption laws and regulations of the countries where we conduct business and shall not provide money, valuables, and entertainments of more than nominal value, directly or indirectly, to the interested parties of the relevant business.
- Our company (I) may be subject to penalty such as termination of the existing business by offering to any Hansae's employee any form of improper benefits that would compromise the objectivity of business decisions.

I have understood above the Practice Guidelines for the Code of Ethics and agree to comply with them to implement HANSAE's ethical management.

일자/Date _____
 회사명/Company name _____
 직인/Seal or Signature _____

Ethical Management Pledge

SUSTAINABILITY
As a sustainable company, Hansae pursues economic efficiency and environmental soundness.

HOME > ESG > SOCIAL

Social

HANSAE' Ethics Management

- We, the members of Hansae shall, with conviction and passion, internalize the management philosophy of the Company in order to maximize performance and strive toward sustainable stability and growth of the Company.
- Through this, we shall create value for various stakeholders, such as customers, employees, and shareholders, play a key role in social and economic development, and contribute to the happiness of mankind.
- To this end, we shall comply with the Code of Ethics, setting the standards for decision-making and action, to ensure fair and transparent corporate management, thereby emerging as a world-class company that is trusted and respected by society.

Ethics Management



Supply Chain Management

HANSAE SUPPLY CHAIN STORY

Platform for Origin Management and Traceability for UFLPA Compliance

HANSAE CO., LTD. is proactively strengthening its origin management and traceability systems across the entire supply chain in response to global supply chain regulations, such as the Uyghur Forced Labor Prevention Act (UFLPA). We began collaborating with the scientific origin verification organization Oritain in 2023, and with the logistics-based global traceability platform Altana in 2024. Through these partnerships, we are conducting thorough pre- and post-risk monitoring not only for raw and subsidiary material suppliers but also for the entire pool of suppliers across Tier 2 and Tier 3 levels. We strictly recommend pre-registration inspections of suppliers in accordance with internal regulations, and restrict registration when risks are identified to fundamentally block the inflow of potential risks into the supply chain. In addition, we hold regular weekly meetings with Altana to update platform features and data, and plan to integrate the system with our internal SCM system to digitize and systematically manage supplier history and records. To date, no UFLPA-related risks have been identified, and we continue to strengthen global customer trust based on our record of "zero risk."

Pre-risk monitoring



Altana Platform

Post-risk monitoring



Oritain Testing

Altana Platform

Altana is a system that enables precise tracing of corporate ownership structures and supply chain networks based on data from global logistics shipping documents. Maersk, a company with a significant market share in the global logistics supply chain, participated in the development of this platform, offering high levels of reliability and expertise by providing information based on actual import and export records. Before entering into contracts with new suppliers, HANSAE CO., LTD. conducts rigorous preliminary screening to verify whether they are listed as entities subject to sanctions or monitoring under the UFLPA. We have also established an internal management system that restricts registration and transactions in case any risks are identified. Through this process, we proactively block risks related to forced labor across the supply chain and continue to strengthen responsible supply chain management.

Oritain Testing

Oritain testing scientifically verifies the true origin of yarns, fabrics, and finished products. This process is conducted in collaboration with Oritain, which is headquartered in New Zealand. Utilizing scientific methods based on stable isotopes, this test precisely traces the country and specific soil where the raw materials were cultivated. Oritain verifies whether the "declared" origin and the "true" origin of materials produced by HANSAE CO., LTD. or supplied by its suppliers match by comparing them against an isotope database of major cotton-growing regions around the world. In particular, we conduct cross-verification by designating high-risk areas such as the Xinjiang region in China. At the initial implementation stage, discrepancies were identified in 8% of all tests. However, through continuous monitoring since the contract, no violations have been detected since July 2024. This demonstrates our commitment to scientifically verifying origin transparency in the supply chain.

Cotton Compliance Certification

COLOR&TOUCH CO., LTD. is enhancing origin transparency of raw materials and implementing various origin traceability systems to proactively respond to global buyers' requirements. In particular, starting from June 2025, the company plans to implement the FibreTrace certification system for TARGET buyers, which will digitize and integrate all supply chain data from the yarn procurement stage through to the final garment products. Through this system, end consumers will be able to scan a QR code attached to the garment and instantly access detailed information about the production history and origins of the fibers used in the product. Based on this, we plan to thoroughly comply with global import regulations such as the UFLPA and achieve responsible supply chain management at the corporate level.



Cotton Compliance Certification

FibreTrace[®]

MATERIAL TOPIC 4

Eco-friendly Products

Financial materiality

4th

Topic Background

The use of eco-friendly fabrics and improvements in resource efficiency during production have become key factors that determine corporate competitiveness amid growing societal demand for sustainable products. HANSAE CO., LTD. is actively minimizing environmental impact by expanding the adoption of eco-certified materials and increasing the proportion of eco-friendly products, while driving sales growth through sustainable offerings.

UN SDGs



SDG 9 Industry, innovation and infrastructure
Target 9-4. Adopt efficient and environmentally sound technologies



SDG 12 Responsible consumption and production
Target 12-2. Sustainable management and efficient use of natural resources
Target 12-5. Reduce waste generation through prevention, reduction, recycling and reuse

Key risks and opportunities regarding financial materiality

Category	Risk and Opportunity	Response period ¹⁾	Value chain	Stakeholders	Expected financial impact	Our Response	Page Number
Opportunity	Creation of new business opportunities, such as the eco-friendly premium clothing market, driven by increased social awareness of recycling and circularity in apparel	Mid- to long-term	Own operation, Upstream, Downstream	Suppliers, Customers, Stockholders and investors	• Reduction in cost driven by innovative technology development and efficiency improvements	• Pursue long-term cost savings and improvement in productivity by integrating automation processes across all production stages from 3D virtual sample creation to cutting, sewing, folding, and packaging	43-45
					• Increase in revenue and profitability via expanding into the eco-friendly premium apparel market	• Establish eco-friendly business models by investing in recycling-focused companies through fund contributions and direct equity investments • Develop eco-friendly fabrics such as Sustainable Cotton, Sustainable Polyester, Water-Saved Fabric, and Sustainable Regenerated Fibers	45, 47
					• Facilitated investment attraction and reduction in capital funding costs driven by improved brand value and corporate image	• Use eco-friendly fabrics, such as ORGANIC COTTON, REPREVE®, SUPIMA®, and TENCEL™	43, 46

Key impacts regarding social and environmental materiality

Category	Impact	Response period ¹⁾	Value chain	Stakeholders	Expected social and environmental impact	Our Response	Page Number
Positive	Reduction of negative environmental impact by minimizing resource input and enhancing energy efficiency through automated production processes	Short-term	Own operation	Employees, Local community	• Improvements in public health and local community environment through the reduction of greenhouse gas and waste emissions, along with a corresponding decrease in socioeconomic costs of mitigating environmental impact mitigation	• Minimize production waste and conserve energy by using 3D virtual samples and automated manufacturing processes	43-45

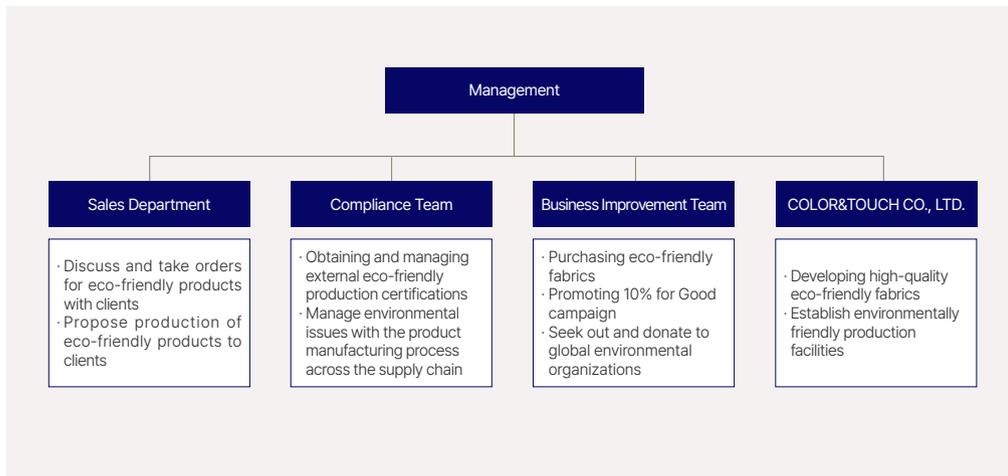
¹⁾ short-term: within 1 year, mid-term: within 1-3 years, long-term: more than 3-5 years

Eco-friendly Products

Governance

Eco-friendly Product Management Organization

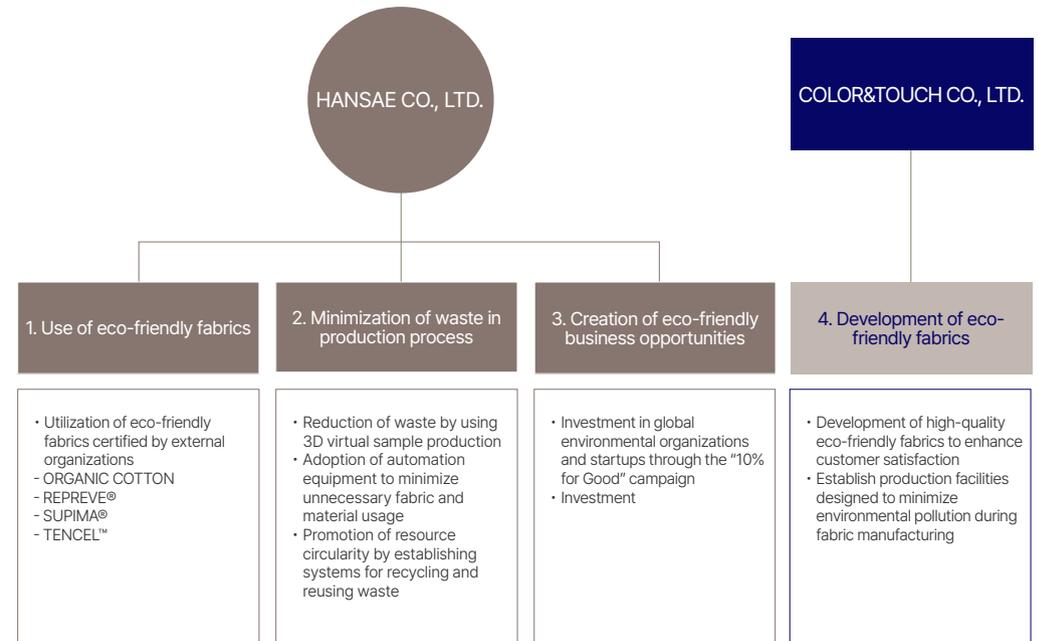
HANSAE CO., LTD. emphasizes product eco-friendliness and safety as top-priority values in accordance with the Environmental Management Principles, operating a systematic eco-friendly product management framework led by the management. The top management oversees the direction and tasks for ESG strategies, while the business divisions that communicate directly with global buyers work closely with the Business Improvement Team responsible for managing the procurement of eco-friendly fabrics by identifying customers' environmental requirements. The Business Improvement Team oversees the procurement and management of eco-friendly fabrics that comply with global certification standards. It also drives sustainable transition through the "10% for Good" campaign, which invests a portion of the net profits from eco-friendly product sales into upcycling companies. The Compliance Team oversees the acquisition and maintenance of key eco-friendly certifications such as OCS and RCS, enhancing transparency and reliability throughout the supply chain. In addition, our subsidiary COLOR&TOUCH CO., LTD. is leading the development and production of eco-friendly materials such as recycled polyester and organic cotton, supporting our company's eco-friendly product strategy based on its fabric technology competitiveness. As demonstrated by these efforts, we effectively implement our eco-friendly fabric strategy through an integrated collaboration system involving the management, operational units, and subsidiaries, while systematically reinforcing the foundation for sustainable business.



1) 10% for Good Campaign: HANSAE CO., LTD. donates 10% of net sales on apparel made with eco-friendly fabrics to environmental organizations for a sustainable fashion industry

Strategy

Eco-friendly product strategy



HANSAE CO., LTD. is implementing a comprehensive strategy for eco-friendly product development, encompassing everything from resource input and production processes to business models. To begin with, we minimize environmental impact from the product planning stage by purchasing eco-friendly fabrics. In addition, by producing 3D virtual samples and adopting automation equipment, we reduce unnecessary resource waste, enhance production efficiency, and systematically reduce waste generated throughout the entire process. Finally, we are accelerating the creation of eco-friendly business opportunities by expanding business models that internalize ESG values—most notably through the "10% for Good" campaign, which donates or invests 10% of the net profits generated from eco-friendly orders. Our subsidiary, COLOR&TOUCH CO., LTD., participates in sustainable product manufacturing by partaking in developing eco-friendly fabrics.

Eco-friendly Products

Strategy 1. Use of eco-friendly fabrics

Procurement of eco-friendly fabrics

HANSAE CO., LTD. is strategically expanding the use of eco-friendly fabrics and regenerated materials to realize sustainability from the raw material stage of product development. When purchasing fabrics, we flexibly select suitable eco-friendly materials depending on product characteristics based on the core criteria of minimizing environmental impact and enhancing resource efficiency. In particular, we are using ORGANIC COTTON grown through organic farming methods in cotton products; REPREVE® yarn made from recycled plastic waste in synthetic fiber products; and SUPIMA® cotton and TENCEL™ regenerated fibers in premium product lines. This fabric strategy improves supply chain transparency, builds trust with global buyers, and directly contributes to strengthening ESG risk management.

Eco-friendly fabrics

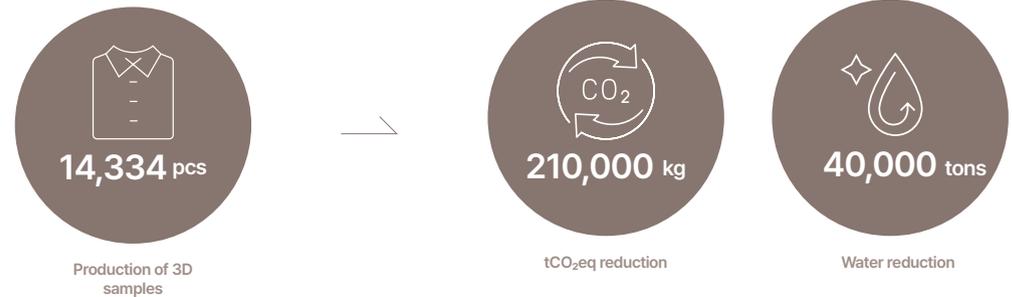
	<p>ORGANIC COTTON</p>	<p>ORGANIC COTTON is grown using methods and materials that minimize environmental impact. Organic production systems replenish and maintain soil fertility, reduce the use of toxic and persistent pesticides and fertilizers, and promote biologically diverse agriculture. Third-party certification organizations verify that organic producers adhere to specified organic methods and materials. ORGANIC COTTON is grown without the use of toxic and persistent pesticides or synthetic fertilizers.</p>
	<p>REPREVE®</p>	<p>REPREVE® is an eco-friendly polyester fiber developed by Unifi, a U.S.-based company. It is produced by recycling waste plastic bottles and industrial fiber waste. Made through the recycling process, REPVEVE® is a sustainable material that reduces the use of petroleum-based raw materials, contributes to lowering greenhouse gas emissions, and enhances resource efficiency in fiber production.</p>
	<p>SUPIMA®</p>	<p>SUPIMA® is a premium extra-long staple cotton grown in the U.S, and it has longer fibers compared to regular cotton, making it softer, stronger, and more color-retentive. Grown in environmentally conscious ways by farms in the southwestern U.S., SUPIMA® ensures quality and sustainability through a transparent supply chain with full traceability of origin.</p>
	<p>TENCEL™</p>	<p>TENCEL™ is a fiber brand developed by the Austrian company Lenzing, which uses cellulose extracted from wood pulp. As an eco-friendly regenerated fiber, TENCEL™ is produced through a closed-loop process that reduces water and energy consumption. It is also biodegradable, making it a sustainable material that can return to nature.</p>

Strategy 2. Minimization of waste in the production process

3D virtual sample production

HANSAE CO., LTD. is actively adopting a virtual sampling system using 3D technology to establish a sustainable production method. This minimizes resource use and environmental impact during the sample-making process while accelerating the digital transformation of product development. In 2024, a total of 14,334 garment samples were produced using 3D technology, significantly reducing resource consumption—such as fabrics and subsidiary materials—typically associated with traditional physical sampling, as well as cutting carbon emissions from logistics and transportation. By digitalizing the entire process from design to fitting and buyer reviews, we have reduced our reliance on physical sample production and significantly improved collaboration efficiency with global buyers. As a result of these efforts, we reduced approximately 210,000 kg of CO₂ emissions and 40,000 tons of water using 3D virtual sampling technology in 2024. This serves as a leading example of how eco-friendly technology-based manufacturing innovation can lead to tangible environmental outcomes. We will continue to enhance our digital, eco-friendly manufacturing capabilities to contribute to the realization of a sustainable fashion industry.

2024 Energy Reduction Achievements



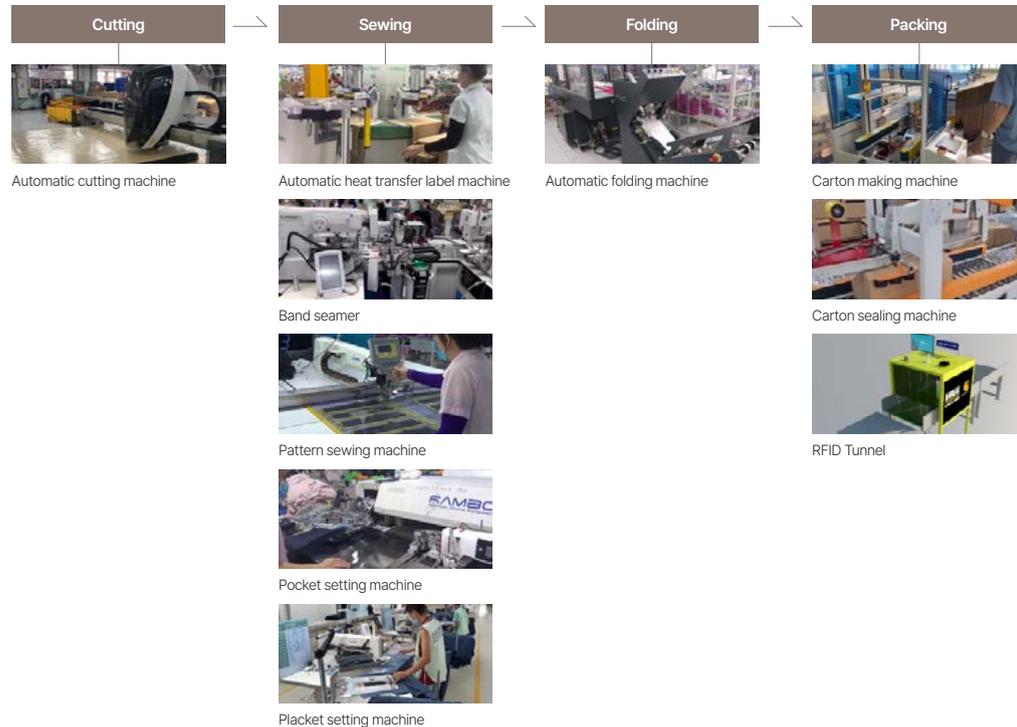
Sample production using 3D technology

Eco-friendly Products

Adoption of automation equipment

HANSAE CO., LTD. is actively promoting automation in production processes as a key strategy to improve resource efficiency and reduce waste. In particular, we have improved work efficiency by approximately 16% by adopting automation in the box-making process, while managing waste box generation at “zero” level. In addition, we are continuously improving our operational efficiency by utilizing various automated facilities such as RFID tunnels, automatic cutting machines, and pocket setting machines, while systematically controlling waste generation throughout all stages of production. These efforts contribute substantially to reducing energy and resource waste, building a more sustainable production system. Currently, we are driving large-scale investments in automation facilities centered on the Guatemala corporation, with plans to expand the transition to automation across all global production sites in the future. Through this, we aim to effectively reduce waste generation throughout the production process and continuously strengthen our global eco-friendly manufacturing capabilities.

Production Process for Waste Minimization



2024 Performance in Automation Equipment Adoption

Category	Number of corporations owning the equipment
Automatic cutting machine	9
Carton making machine/Carton sealing machine	4
AGV (automated guided vehicle)	2
Automatic folding machine	2
Automatic heat transfer label machine	2
Band seamer	6
Pocket setting machine	6
Placket setting machine	5
Pattern sewing machine	5
RFID tunnel	1

RFID Tunnel

In 2024, HANSAE TG CO., LTD. introduced a new RFID¹⁾ tunnel system to enhance production efficiency and practice environmental protection. This system automatically counts products as they pass through the tunnel and inputs RFID scanning data automatically, reducing the need for manual scanning by workers and reducing their workload. This system has significantly reduced repackaging waste by preventing errors that occur during the packaging process. For example, while 156 errors occurred across a total of 2,048,385 packaging instances in 2024, not a single packaging error has occurred as of April 2025.



RFID Tunnel

1) RFID: Radio Frequency Identification

Eco-friendly Products

Automatic Cutting Machine(Lectra Auto-Cad)

HANSAE CO., LTD. is actively adopting automatic cutting machines, the latest automation equipment, as part of its strategy to minimize environmental impact and improve efficiency in production processes. As of 2025, a total of 45 automatic cutting machines are installed and in operation across all overseas corporations, including 24 units in Vietnam, as well as in Indonesia, Myanmar, Guatemala, Nicaragua, and Haiti. By adopting automatic cutting machines, we achieved an approximately a 41.7% improvement in work efficiency compared to manual cutting, enabling increased productivity along with optimized resource use. Specifically, a single worker had taken an average of 60 minutes to cut 75 layers of fabric in the previous manual cutting process, whereas with the automatic cutting machine, it takes 20 minutes for machine setup and fabric arrangement and 15 minutes for cutting, reducing the total work time to 35 minutes. This transition not only reduces production time and costs but also minimizes waste when cutting fabrics and contributes to ensuring worker safety. Although we are currently operating both automatic cutting machines and manual processes, we plan to continue expanding our investment in automation equipment to achieve full automation of the cutting process in the future.



Automatic cutting machine

Strategy 3. Creation of eco-friendly business opportunities

10% for Good

Since 2019, HANSAE CO., LTD. has been actively creating eco-friendly business opportunities through the "10% for Good" campaign, which donates and invests 10% of the net profits generated from eco-friendly orders. In 2021, we invested \$2 million in a fund holding shares in Recover™, a Spanish company specializing in mechanical yarn recycling. Through this, we have been engaging in various forms of collaboration such as recycled yarn purchasing agreements and eco-friendly product development. That same year, we also made a direct equity investment of USD 1 million in Evmu, a U.S.-based company with chemical fiber recycling technology, and have since maintained a close partnership focused on the development of eco-friendly yarns and products. Through such strategic investments, we aim to support the growth of the fiber recycling technology ecosystem while also reducing the environmental impact of our products and strengthening our foundation in sustainable materials. Going forward, we will continue to proactively respond to changes in relevant legislation and global regulatory environments, and further expand our collaboration and eco-friendly business model through various methods such as direct and indirect investments.

Companies Invested Through the 10% for Good Campaign

	<p>Recover™</p>	<p>Recover™ is a Spanish company that produces recycled fibers, striving to establish a circular fashion system through the production of innovative and competitively priced recycled fibers. Since 1947, Recover has dedicated itself to handling textile waste and developing technologies for high-quality recycled fiber production for the past 75 years.</p>
	<p>Evmu®</p>	<p>Evmu® is a U.S.-based sustainable material technology company that develops innovative solutions to transform textile waste into high-quality regenerated fibers through chemical recycling technology. With the goal of achieving a sustainable circular fashion system, the company focuses on overcoming the limitations of conventional mechanical recycling through the NuCycl™ platform, a molecular-level fiber waste reprocessing technology, focusing on developing technologies to reduce the environmental impact of the textile industry.</p>

Eco-friendly Products

Risk Management

Sustainable Raw Material Certifications

HANSAE CO., LTD. adopts various internationally recognized certification programs to ensure environmental sustainability and transparency from the raw material stage. Our production subsidiaries and suppliers have obtained certifications such as the OCS, which verifies the content of organic materials, and the RCS, which confirms the use of recycled materials. These efforts enhance traceability and reliability across the entire supply chain. COLOR&TOUCH CO., LTD. annually conducts regular training for all employees and on-site managers to enhance their understanding of the intent and standards of OCS and RCS certifications. Additionally, OEKO-TEX® STANDARD 100 certified fabrics, which verify the absence of substances harmful

to humans, are applied to ensure consumer safety. For cotton products, the BCI standards are adopted to strengthen environmental responsibility and labor ethics. By adopting reliable eco-friendly certification programs and operating systematic product management processes based on them, we transparently provide

OCS/RCS Certification Status

Category	OCS/RCS	OCS	RCS
Headquarters/overseas business sites	7	0	5
Suppliers	9	2	12
Total	16	2	17

Sustainable Raw Materials

	<p>OCS (Organic Content Standard)</p>	<p>A third-party certification for organic fibers, applied to products containing more than 5% organically grown materials. It is applicable to all suppliers involved throughout the supply chain, including cultivation, manufacturing, packaging, storage, transportation, and distribution.</p>
	<p>RCS (Recycled Claim Standard)</p>	<p>A third-party certification for recycled products, applied to those containing more than 5% recycled materials. All stages—from raw material collection and processing to final product manufacturing and sales—are subject to inspection.</p>
	<p>OEKO-TEX®</p>	<p>OEKO-TEX is a research and testing association focused in textile and leather ecology based in Zurich, Switzerland. Different certification levels are granted depending on the certification type. HANSAE CO., LTD. uses OEKO-TEX STANDARD 100 certified fabrics, which are certified at every stage from raw material production to knitting, dyeing, and finishing.</p>
	<p>Better Cotton Initiative (BCI)</p>	<p>Established under the leadership of the World Wildlife Fund (WWF) to promote sustainable cotton production, BCI is an initiative to minimize the use of harmful pesticides and insecticides, prohibit forced labor and child labor, and enhance transparency in the cotton supply chain.</p>

consumers with environmental information and support clear identification of products that meet international environmental standards. Through these efforts, we proactively prevent the likelihood of greenwashing and simultaneously ensure the objectivity and credibility of eco-friendly information.



C&T VINA CO., LTD. Oeko-Tex Standard 100 Certificate

Eco-friendly Product Development Management Indicators

Indicator	2022	2023	2024
Order volumes of eco-friendly fabrics (Yds)	93,312,265	82,787,435	84,891,516
Purchase amounts of eco-friendly fabrics (\$)	250,548,285	194,447,081	191,491,659
Revenues of eco-friendly products (10 million KRW)	56,642	47,013	52,242

Metrics & Targets

HANSAE CO., LTD. has made the development of eco-friendly products as a central strategy in its sustainability management. From the initial stage of product planning, we prioritize the adoption of fabrics that can minimize environmental impact, and systematically manage key indicators such as order volumes, purchase amounts, and sales performance to expand the use of eco-friendly materials across the company and increase the proportion of related sales. In 2023, some performance declines occurred due to the global economic slowdown and the aftermath of COVID-19. However, from 2024 onward, we plan to enhance both product competitiveness and environmental performance by diversifying eco-friendly certified materials and expanding eco-friendly facilities at overseas production factories. Furthermore, we aim to continuously expand the scale of the "10% for Good" campaign, contributing to sustainable value creation across the market.



Eco-friendly Products

Strategy 4. Development of eco-friendly fabrics

Eco-friendly Fabrics of COLOR&TOUCH CO., LTD.

Sustainable Cotton

- Contributing to waste reduction through recycled cotton Recover® or recycled paper raw materials
- Protecting natural soil and biodiversity using ORGANIC COTTON grown without chemical fertilizers or pesticides
- Utilizing Regenagri® certified cotton produced via regenerative farming methods based on healthy soil
- Using traceable cotton through certifications such as BCI, PEC, and PVC



Sustainable Polyester

- Traceable production history using recycled polyester based on PET bottles
- Sorona® Polyester: Produced using renewable content that contains at least 37% plant-based materials extracted from corn
- Mechanical stretch fabric that provides high levels of elasticity and recovery without spandex



Water-Saved Fabric

- Use of Dope Dyed Yarn mixed Melange to eliminate the need for water in dyeing and washing processes
- Water-saving fabrics contribute to environmental protection by minimizing water usage during the fabric processing stage



Sustainable Regenerated Fibers

- Use yarn regenerated by extracting cellulose from pulp, such as Tencel Lyocell, Ecovero Rayon, Tencel®, Modal, etc.)
- Contribute to the natural cycle through eco-friendly production processes that reduce water and energy consumption, using biodegradable materials



MATERIAL TOPIC 5

Response to Climate Change

Financial materiality

5th

Topic Background

Responding to climate change has become a critical sustainability challenge across the fashion and textile industry, driven by fluctuating energy costs, tightening regulations, and growing stakeholder expectations. HANSAE CO., LTD. is pursuing a diverse set of strategies based on its mid- to long-term carbon reduction targets set for 2029. These efforts include improving facility efficiency, adopting renewable energy, transitioning to electric vehicles, purchasing Renewable Energy Certificates (RECs), and participating in global initiatives. We are continuously strengthening our response framework to minimize climate risks and support the transition to a low-carbon future.

UN SDGs



SDG 7 Affordable and clean energy

Target 7-2. Increase substantially the share of renewable energy
Target 7-3. Double the improvement in energy efficiency
Target 7.b Expand modern and sustainable energy services for developing countries



SDG 13 Climate action

Target 13-1. Strengthen resilience and adaptive capacity to climate related disasters
Target 13-2. Integrate climate change measures into national policies, strategies and planning

Key risks and opportunities regarding financial materiality

Category	Risk and Opportunity	Response period ¹⁾	Value chain	Stakeholders	Expected financial impact	Our Response	Page Number
Risk	Increase in financial risks resulting from disruptions in raw material production, supply, and delivery due to extreme weather events such as heatwaves and heavy rainfall	Mid- to long-term	Own operation, Upstream, Downstream	Employees, Suppliers, Customers	<ul style="list-style-type: none"> Loss of physical assets such as facilities and warehouses, leading to increased insurance premiums Increase in energy expenses due to having to adapt to operational environmental changes, such as heating and cooling adjustments 	<ul style="list-style-type: none"> Regularly conduct assessments of acute and chronic risks at overseas business sites, along with established response strategies and emergency plans 	53
					<ul style="list-style-type: none"> Increase in raw material procurement costs due to rising material prices and expenses in logistics Long-term decline in market share and brand value due to reduced consumer confidence 	<ul style="list-style-type: none"> Expand and diversify supply chains into regions like Latin America to ensure stable raw material procurement and smooth execution of production plans 	53

Key impacts regarding social and environmental materiality

Category	Impact	Response period ¹⁾	Value chain	Stakeholders	Expected social and environmental impact	Our Response	Page Number
Positive	Build a diversified supply chain as part of climate risk management to mitigate environmental and resource exploitation impacts at raw material production sites	Long-term	Upstream	Local communities	<ul style="list-style-type: none"> Stronger community resilience and regional economic revitalization brought by dispersed production hubs supporting local livelihoods 	<ul style="list-style-type: none"> Expand sourcing strategies and diversify raw material procurement networks to reduce dependence on specific regions or suppliers 	53, 96

¹⁾ short-term: within 1 year, mid-term: within 1-3 years, long-term: more than 3-5 years

Response to Climate Change (TCFD)

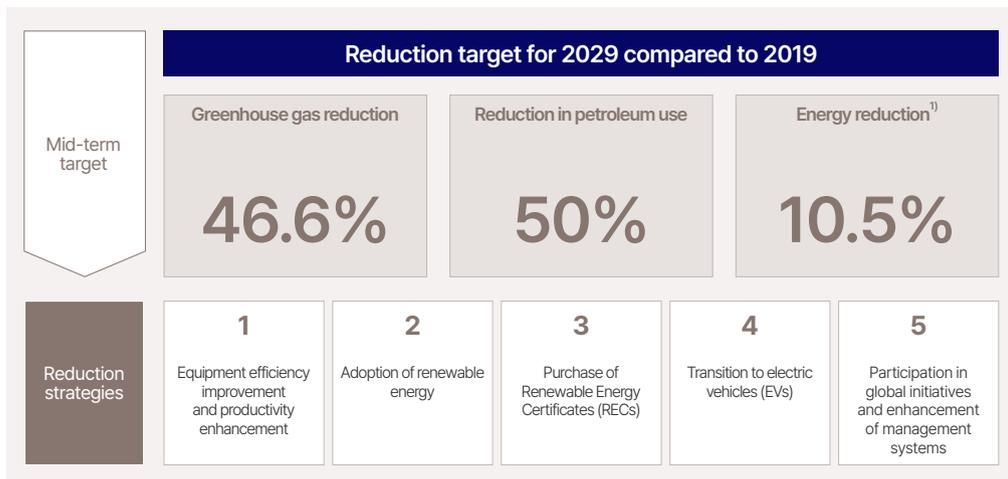
Governance

Climate Change Response Organization

HANSAE CO., LTD. has established a clear governance structure to proactively manage business impacts that arise from climate change. Centered on the Sustainability Management Committee, we formulate and manage company-wide climate change response strategies, regularly reporting climate-related issues and response progress to the Board of Directors and discussing the response approach. In 2024, we pursued joining the global climate action initiative, SBTi, and reported the progress and future implementation plans to the Sustainability Management Committee, incorporating them into decision-making and strategy formulation within the organization. Moreover, we are continuously monitoring greenhouse gas emissions across 13 overseas production factories centered on the Compliance Team and actively seeking reduction measures at business sites in collaboration with relevant departments. Through these efforts, HANSAE CO., LTD. operates a systematic and integrated response system aimed at achieving a 46.6% reduction in greenhouse gas emissions by 2029 compared to 2019.

Strategy

Mid- to Long-term Carbon Emissions Reduction Targets and Strategies



1) Target for 2029 compared to 2022

Strategy 1. Equipment efficiency improvement and productivity enhancement Smart Factory System (HAMS)

To achieve eco-friendly management while enhancing global production competitiveness, HANSAE CO., LTD. has developed and is operating HAMS (Hansae Advanced Management System), a smart factory system, across the entire organization. HAMS collects and analyzes real-time data across all processes including materials, machinery, production, and defects, supporting managers to instantly assess the production status and make prompt and accurate decisions. In addition, HAMS is organically integrated with various subsystems such as WMS (Warehouse Management System), SMS (Spreading Management System), and QCS (Quality Control System) to enhance work efficiency in key processes including productivity analysis, defect rate control, and equipment management. Through this approach, HAMS contributes not only to improving productivity and quality, but also to improved energy efficiency and reduced carbon emissions. By precisely monitoring equipment operation rates and energy consumption for each process, we are reducing energy waste and minimizing carbon emissions. In particular, Vietnam's HANSAE TG CO., LTD. Factory 1 maintains a stringent defect rate of just 0.0125% through HAMS-based precision process and quality control, which leads to enhanced resource efficiency and energy savings. We plan to maximize synergies across productivity, quality, and environmental performance by upgrading and optimizing HAMS and continue reinforcing the eco-friendly smart factory system.



HANSAE TG CO., LTD. Factory HAMS

Performance after adopting HAMS



*HANSAE TG CO., LTD. Factory 1

Response to Climate Change (TCFD)

Strategy 2. Adoption of renewable energy

Installation of solar panels

HANSAE CO., LTD. is gradually adopting solar panels at overseas production factories to enhance energy efficiency and reduce greenhouse gas emissions at business sites. We first installed solar panels at the HANSAE INTERNATIONAL, S.A. in 2022, and adopted additional solar facilities in 2023 at the newly established factory in Myanmar. As of 2024, the corporations in HANSAE INTERNATIONAL, S.A. and HANSAE MYANMAR CO., LTD. sourced an average of 20.7% and 57.5% of their energy consumption from solar energy, respectively, reducing carbon emissions by 242.7 tCO₂eq and 235.1 tCO₂eq. We are also strengthening international collaborations to expand eco-friendly energy in the Central American region. In 2024, through consultations with the Embassy of Guatemala and the Embassy of El Salvador in South Korea, we identified tariff regulations and institutional shortcomings related to the import and installation of solar panels. Based on these findings, we agreed to engage in continuous discussions on institutional improvement measures with both governments. We plan to install additional solar panels at the Indonesia corporation by the first half of 2025, and we will also closely monitor the legal, institutional, and infrastructure developments in each country to expand the installation of solar panels across all corporations in a timely manner.



Solar panels in the HANSAE MYANMAR CO., LTD.



Inverters in the HANSAE MYANMAR CO., LTD.



Solar panels in the HANSAE INTERNATIONAL, S.A.

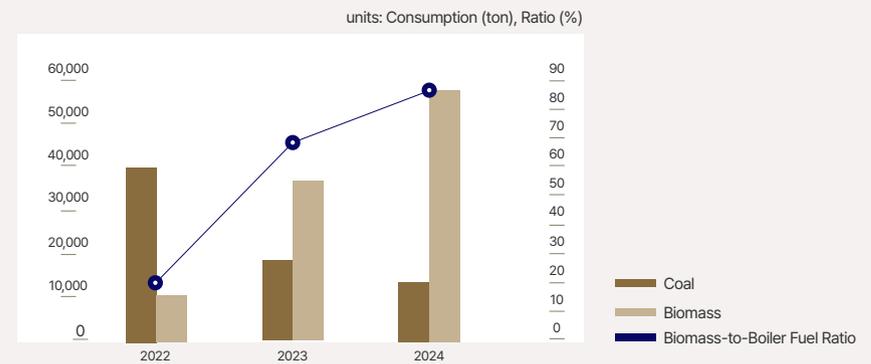
Use of biofuels

HANSAE CO., LTD. is expanding the adoption of biomass fuel at global production sites to reduce fossil fuel consumption and accelerate the transition to eco-friendly energy sources. Vietnam C&T VINA CO., LTD. Factory 3 has adopted a biomass boiler and is running its fabric production process with 100% eco-friendly fuel, marking first of its kind in Vietnam's textile industry. By utilizing biomass such as cashew nut shells, rice husks, and sawdust produced within the region, the factory has achieved approximately 92% reduction in carbon emissions compared to coal. Through facility improvements, C&T VINA CO., LTD. Factories 1 and 2 have also expanded their use of eco-friendly fuel up to 76%. In addition, PT. BOMIN PERMATA ABADI began using biomass derived from wood by-products certified 100% by FSC in 2024, supplied by a local company. Through this, approximately 30% of the total biomass consumed is self-supplied within the site's processes.



PT. BOMIN PERMATA ABADI Biomass FSC Certificate

C&T VINA CO., LTD. Coal and Biomass Consumption



Response to Climate Change (TCFD)

Strategy 3. Purchase of REC (Renewable Energy Certificate)

HANSAE CO., LTD. is promoting the purchase of Renewable Energy Certificates (RECs) at each overseas business site to expand the use of renewable energy. In 2024, we reduced greenhouse gas emissions by 4,710 tCO₂eq (Vietnam 3,563 tCO₂eq, Indonesia 1,148 tCO₂eq) through the purchase of RECs. Electricity consumption associated with the operation of electric boilers is also managed through carbon offsetting via REC purchases.

Strategy 4. Transition to electric vehicles (EVs)

As part of its strategy to reduce greenhouse gas emissions at its business sites, HANSAE CO., LTD. has been gradually promoting the transition to electric vehicles (EVs), beginning with its headquarters since 2022. As of February 2025, approximately 10% of company-owned vehicles at domestic corporations have been converted to EVs, and we aim to achieve 100% EV adoption across all sites by 2050. Furthermore, the transition to EVs is currently under review at overseas corporations as well. Moving forward, we will continue the transition of company-owned vehicles to EVs from a long-term perspective, taking into account the specific conditions and infrastructure availability at each production subsidiary.



Strategy 5. Participation in global initiatives and advancement of management systems



SBTi (Science Based Targets initiative)

HANSAE CO., LTD. has joined the Science Based Targets initiative (SBTi)¹⁾, a global alliance for carbon neutrality, to strengthen the scientific and systematic effort in responding to climate change. In line with the SBTi target declaration process, we are in the process of setting short-term targets and plans to obtain approval of our greenhouse gas reduction goals and short-term targets. Based on this framework, we will actively advance carbon reduction initiatives for a sustainable future.



CDP (Carbon Disclosure Project)

Since 2011, HANSAE CO., LTD. has participated in the international environmental initiative CDP²⁾, systematically monitoring the environmental impacts that may arise from corporate activities and continuously striving to reduce them. Moving forward, we plan to continue fulfilling our environmental responsibilities faithfully through transparent evaluation and disclosure of environmental management and carbon emissions.

1) SBTi (Science Based Targets initiative): An initiative that provides guidelines and methodologies for companies to set greenhouse gas reduction targets based on scientific evidence and strengthen their climate action
 2) CDP (Carbon Disclosure Project): A nonprofit organization that operates a system for disclosing global environmental information to stakeholders such as investors, companies, and communities to help manage environmental impacts

Response to Climate Change (TCFD)

Risk Management

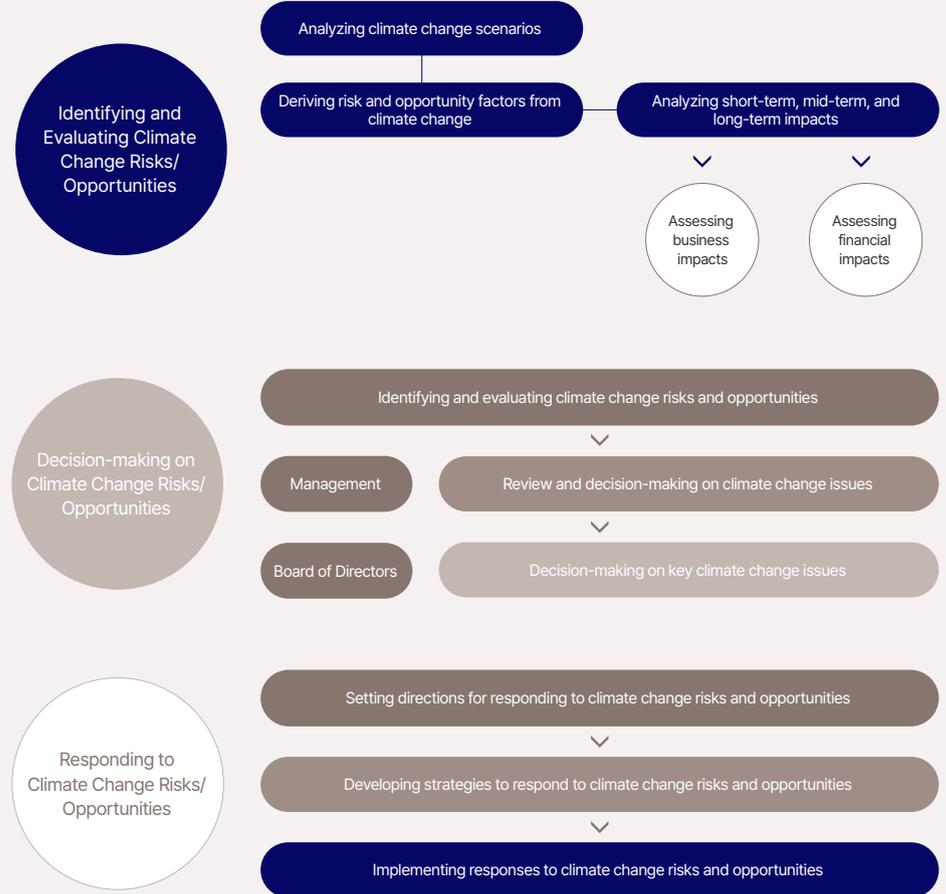
2030 Carbon Emissions Analysis by Climate Scenario

To proactively manage risks and opportunities due to climate change, HANSAE CO., LTD. conducts climate change scenario analysis focused on overseas corporations in collaboration with the global environmental consulting firm ResetCarbon. Based on this, we have set a goal to achieve carbon neutrality by 2050 and incorporate this into management strategies, continuously promoting reduction activities such as expanding facility investments and increasing use of eco-friendly energy. According to the scenario analysis results, we derived trends in projected carbon emissions through 2030 under various response strategies, based on which we are working to establish and implement feasible reduction plans.

▀ Trends in Carbon Emissions Based on Climate Scenario Analysis

Scenario	Energy Efficiency	Conversion to Eco-friendly Fuels	Solar Power Generation	Grid Carbon Reduction	Business Growth	Carbon Emissions Reduction by 2030 Compared to 2019
1	Conservative Response	Conservative Response	Conservative Response	Conservative Response	Conservative Growth	22% reduction
2	Aggressive Response	Aggressive Response	Aggressive Response	Aggressive Response		49% reduction
3	Conservative Response	Conservative Response	Conservative Response	Conservative Response	Aggressive Growth	20% reduction
4	Aggressive Response	Aggressive Response	Aggressive Response	Aggressive Response		47% reduction

Climate Scenario Utilization Process



Response to Climate Change (TCFD)

Transition and Physical Risk Analysis

HANSAE CO., LTD. systematically manages physical and transition risks arising from climate change, proactively responding to those risks to minimize business impacts. We evaluate acute risks such as heatwaves and floods at overseas business factories, and chronic risks such as temperature and sea level rise, establishing response strategies and contingency plans for each business site. Moreover, we monitor transition risks—such as policy and regulatory changes, the adoption of eco-friendly technologies, and customer demands for greenhouse gas reductions—throughout the carbon neutrality transition, striving to ensure continuous competitiveness by formulating response measures linked to management strategies.

Financial Impact by Risk Type

Risk type	Category	Description	Financial impact
Physical risk	Acute	• Risks of the company from severe short-term climate events such as heatwaves, floods, and strong winds	• Operational shutdown caused by damage to production facilities • Compensation and reconstruction costs resulting from damage to facilities/personnel
	Chronic	• Risks of the company from chronic climate events such as decreased labor productivity due to increased average temperatures and sea levels	• Deterioration of business profitability due to reduced labor productivity • Costs associated with relocating business sites due to rising sea levels
Transition risk	Investment	• Risks from the expanded use of biomass fuel, transition to solar energy, and development of new technologies	• Costs of investing in new high-efficiency facilities • Increased costs for R&D of low-carbon technologies
	Legal	• Risks from all regulations and policies responding to climate change events	• Increased costs for consulting services to prepare for global greenhouse gas regulations
	Market	• Risks from clients' demands for carbon emission reductions, the use of eco-friendly raw materials, and changes in raw material supply chains caused by international circumstances	• Decreased market competitiveness due to increased costs of using eco-friendly raw materials • Additional investment costs to meet client requirements
Response strategies		<ul style="list-style-type: none"> • Establishing and monitoring a company-wide physical climate response system • Continuous innovation and R&D investment • Securing diverse raw material supply lines • Continuous monitoring of global regulatory changes • Expanding sustainable low-carbon product lines to secure market competitiveness 	

Metrics & Targets

As global climate risks intensify driven by the increase in natural disasters due to climate change and rising sea levels, the international community has been advancing the goal of carbon neutrality by 2050, based on the 2015 Paris Agreement. Aligned with this global objective, HANSAE CO., LTD. has set a target to achieve carbon neutrality by 2050 and is progressively establishing a greenhouse gas reduction system. We aim to reduce Scope 1 and 2 greenhouse gas emissions by 46.6% and cut petroleum usage by 50% by 2029 compared to 2019 levels. In addition, we also aim to reduce energy consumption by 10.5% by 2029 compared to 2022. To achieve these goals, we continue to promote energy efficiency improvements and optimize the use of resources.

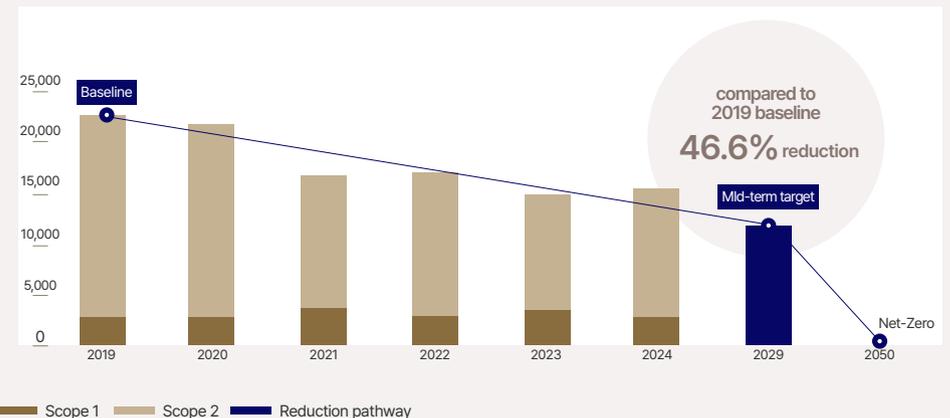
Greenhouse Gas Emissions

(Unit: tCO₂eq)

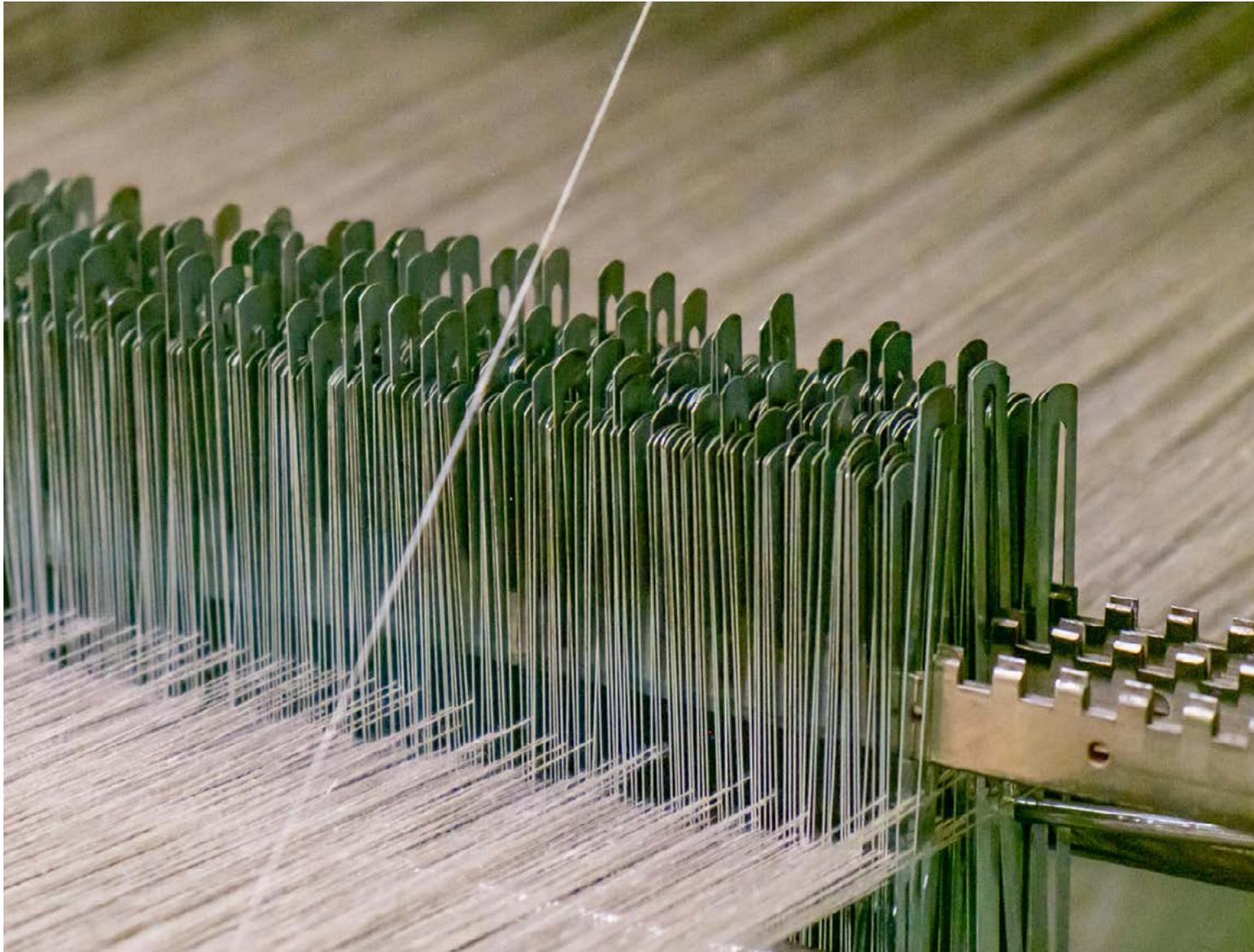
Category	2022	2023	2024	2029
Scope 1	2,037	2,639	2,250	46.6% reduction (based on total Scope 1 and 2 emissions compared to 2019 levels)
Scope 2	14,886	12,912	13,714	
Total	16,923	15,551	15,964	

*Based on overseas corporations

Mid- to long-term greenhouse gas reduction target



Towards Eco-Green



Environmental Management	055
Waste Management	059
Water Resources Management	062
Chemicals Management	064
Biodiversity (TNFD)	066

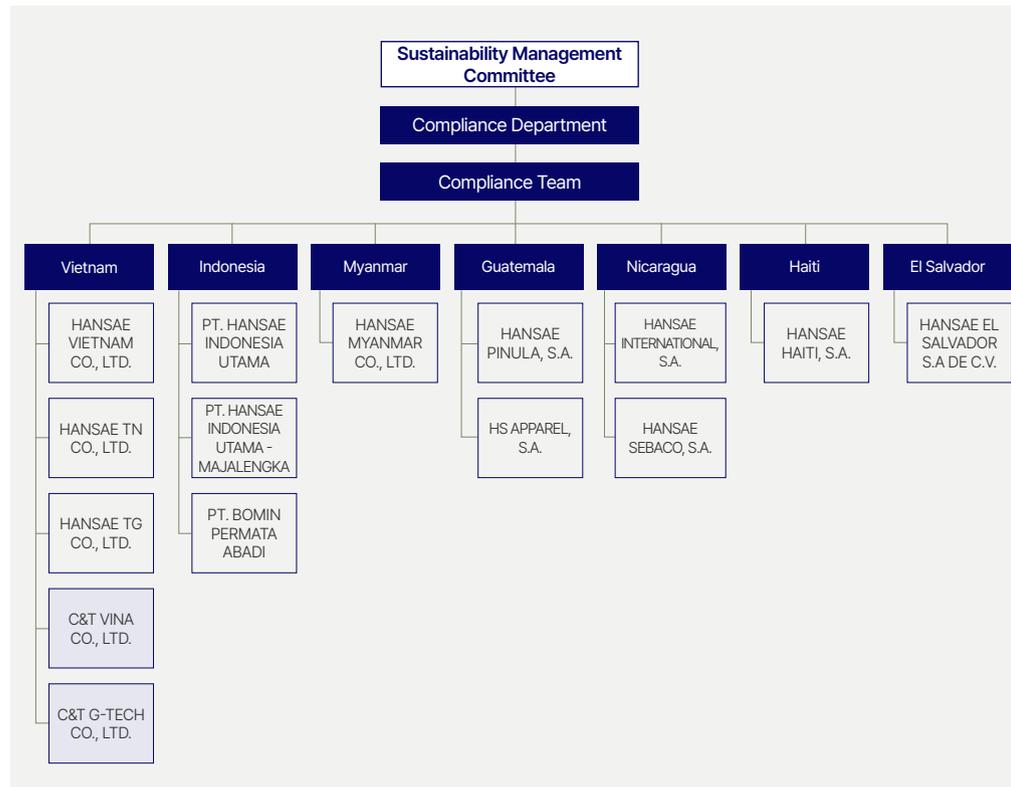
Environmental Management

Environmental Management System

Environmental Management Organization

HANSAE CO., LTD. operates the Compliance Team as a dedicated environmental management unit. The Compliance Team centrally collects and manages environmental data from the Compliance Teams of 13 overseas production factories and regularly receives reports on environmental issues from C&T VINA CO., LTD. and C&T G-TECH CO., LTD., promptly responding to environmental risks that arise at each corporation. In addition, we manage company-wide compliance with each element of the Environmental Management Principles and conduct regular internal audits and monitoring to evaluate adherence and assess its overall effectiveness. The results are first monitored by the Compliance Department

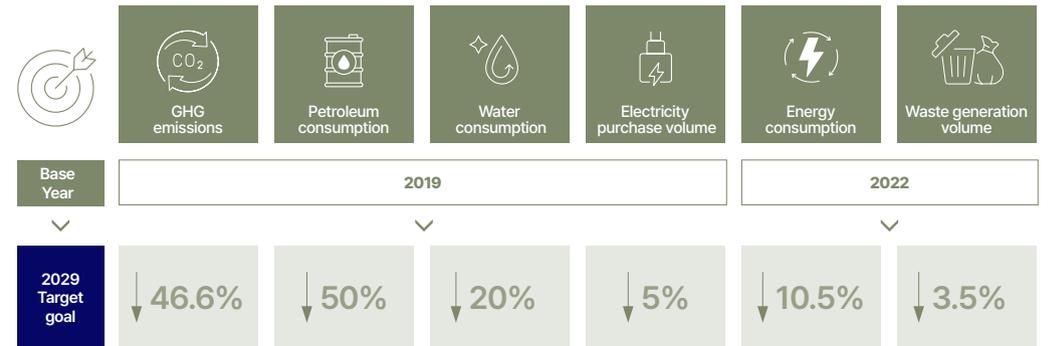
and then reported quarterly to the Sustainability Management Committee, serving as a basis for tangible improvements in environmental management. In 2024, we pursued the process of joining the global climate action initiative SBTi and reported related developments to the Sustainability Management Committee. Furthermore, to achieve our environmental targets by 2029, the company is effectively driving company-wide efforts to reduce environmental impact by incorporating environmental indicators into the performance evaluations of overseas sewing corporation heads and key leaders, particularly in high-impact sites.



Environmental Management Targets

With 2029 set as the target year, HANSAE CO., LTD. has established specific reduction plans for greenhouse gas emissions, petroleum consumption, water and electricity usage and waste generation, and is regularly inspecting its production processes to meet these targets.

2029 Environmental Management Target



*Scope: HANSAE CO., LTD. overseas production subsidiaries

Environmental Management Principles

HANSAE CO., LTD. has established clear Environmental Management Principles to minimize environmental impact and publicly communicates them both internally and externally. These principles apply not only to all employees but also to partner factories with which the company maintains business relationships. The Environmental Management Principles are structured into 10 detailed areas of specific action plans designed to assess environmental impacts that may arise across all business activities and to effectively manage and reduce them.

Environmental Management

Environmental Management Policy

To execute its Environmental Management Principles, HANSAE CO., LTD. has established and operates action plans across 10 focused areas. Major items include the development of plans to ensure compliance with environmental regulations, efficient management of resources such as energy and water, appropriate treatment and reduction of waste and pollutants (air and water), noise and vibration management, safe handling of hazardous chemicals, and establishment of an environmental incident response system. In addition, we also conduct education and awareness-raising activities for employees and regularly carry out internal audits and monitoring to assess policy implementation and effectiveness.

Environmental Management Policy

Compliance with Environmental Regulations	· Establishing plans to comply with environmental laws and regulatory requirements by understanding applicable regulations
Environmental Resource Management	· Implementing policies and procedures to efficiently manage resources, including energy and water
Waste Management	· Developing proper systems for waste treatment, sorting, and recycling
Air Emissions Management	· Monitoring air pollutants generated in factories and adopting and maintaining appropriate air purification systems
Wastewater Management	· Establishing water quality management policies for buildings and maintaining wastewater treatment facilities and complying with pollutant discharge limits
Noise and Vibration Management	· Monitoring and controlling sources of noise and vibration and introducing appropriate noise and vibration prevention facilities
Chemical Management	· Complying with safety procedures and regulations for the use, storage, and disposal of hazardous chemicals
Environmental Incident Response	· Establishing appropriate response measures and recovery plans in the event of an environmental incident
Education and Awareness Enhancement	· Operating programs to educate and raise awareness among employees about compliance with environmental regulations
Internal Auditing and Monitoring	· Monitoring compliance with regulations, operating an effective management system and conducting internal audits

Environmental Compliance

HANSAE CO., LTD. complies with major domestic environmental regulations such as the Indoor Air Quality Control Act, Clean Air Conservation Act, Energy Act, and Wastes Control Act. In addition, as part of its global operations, the company also monitors international environmental laws and regulations, and strives to systematize its management and response strategies in alignment with these requirements. Moreover, we are strengthening the levels of resource circulation and sustainable product management based on the Framework Act on Resources Circulation, Environmental Labeling and Advertising Review Guideline, and the Environmental Information Disclosure System. We regularly monitor changes in environmental laws and regulations in the regions where our headquarters and overseas business sites are located, promptly incorporating these changes into our management strategies to proactively address environmental risks arising from laws and regulations.

Laws/Regulations Related to Environmental Management

Environmental Management Issue	Related Laws/Regulations		Response Strategy
	Domestic	Overseas	
 Response to Climate Change	<ul style="list-style-type: none"> Indoor Air Quality Control Act Clean Air Conservation Act Energy Act Environmental Information Disclosure System 	<ul style="list-style-type: none"> EU Carbon Border Adjustment Mechanism (CBAM) ESG disclosure obligations in the EU and the United States 	<ul style="list-style-type: none"> Installation of solar panels Purchase of Renewable Energy Certificates (RECs) Use of biofuels Transition to EVs Participation in global climate change initiatives CDP and SBTi
 Waste Management	<ul style="list-style-type: none"> Wastes Control Act 	<ul style="list-style-type: none"> EU Sustainable and Circular Textile Strategy and Environmental Regulations 	<ul style="list-style-type: none"> Fabric waste resource recovery Waste management training for employees Campaigns related to waste
 Sustainable Products and Raw Materials	<ul style="list-style-type: none"> Framework Act on Resources Circulation Environmental Labeling and Advertising Review Guideline 	<ul style="list-style-type: none"> EU Sustainable and Circular Textile Strategy and Environmental Regulations 	<ul style="list-style-type: none"> Virtual sample production using 3D technology Waste reduction through automated equipment Direct and indirect investments in upcycling companies Acquisition of international eco-friendly material certifications

Environment-Related Regulatory Violations (Unit: Cases)



Environmental Management

Environment-Related International Certifications and Standards

C&T VINA CO., LTD.

Environmental Management System (ISO 14001)

C&T VINA CO., LTD. obtained ISO 14001 certification in 2014 to support the continual improvement of its environmental management system and has consistently renewed the certification to ensure its ongoing suitability and credibility. Through this, the company assessed the overall effectiveness of the environmental management system based on international standards and identified areas that need improvement. Moving forward, the company plans to improve the environmental management system in line with international standards to systematically oversee internal and external environmental risks and continuously improve environmental performance.

C&T VINA CO., LTD.

LEED Certification

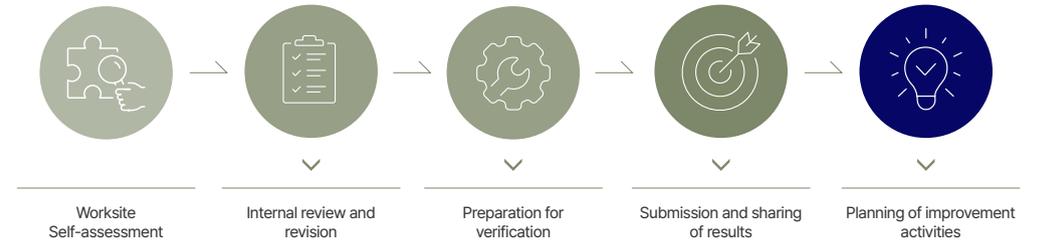
In 2023, C&T VINA CO., LTD. 2 factory, a dyeing and fabric manufacturing site, obtained LEED (Leadership in Energy and Environmental Design) certification to minimize environmental impacts in the dyeing process, where energy and chemical usage are highly concentrated. Through this certification, the site objectively assessed its environmental performance, including water usage reduction, hazardous chemical management, and energy efficiency improvement, which gained trust from global customers and strengthened the company's competitiveness.

Environmental Management Activities

Environmental Impact Assessment

HANSAE CO., LTD. conducts environmental impact assessments for overseas production subsidiaries and suppliers using the Higg Index - Facility Environmental Module (FEM), an international standard assessment system widely used in the fashion industry. Based on the assessment results, we continuously implement improvement measures. The assessment focuses on measuring the impacts of business activities on air, water, and soil, and establishing practical measures to minimize such impacts. Through this system, we quantitatively manage key environmental indicators such as energy use, water consumption, and greenhouse gas emissions, while also minimizing environmental risks across the supply chain by verifying compliance with environmental regulations in each country before signing contracts with new suppliers.

Environmental Impact Assessment Process



C&T VINA CO., LTD. ISO 14001 Certification



C&T VINA CO., LTD. LEED Certificate



Higg Index-Facility Environmental Module (FEM)



C&T VINA CO., LTD. Higg Index Certificate

Environmental Management

Environmental Training for Employees

In-house Online Training

HANSAE CO., LTD. operates regular online environmental training programs to strengthen employees' environmental management capabilities. Since 2020, we have been offering tailored training courses aimed at enhancing all employees' understanding of sustainability and environmental issues. The first course, titled "Understanding Sustainability and the Importance of Certification Management," focuses on sustainability programs commonly used by global clients, such as the Higg Index, ZDHC¹⁾, and Sustainable Textiles. The second course was designed to help employees learn about eco-friendly marketing and practical approaches to sustainability management through case studies of global fashion brands. Through this program, we actively support employees in incorporating the importance of sustainability into their work and internalizing environmental management practices into their daily operations. In 2024, approximately 50 employees completed each course, enhancing their understanding of environmental sustainability and global trends.

CASE
FROM
2024

Environmental Training at HANSAE PINULA, S.A. in Guatemala

On January 8, 2025, the HR team at HANSAE PINULA, S.A. in Guatemala conducted an environmental training session for 32 managers. The training covered a wide range of topics, including ISO 14001 standards, environmental impacts within the work environment, types of hazardous waste, and energy and water saving programs. Managers who completed the training are now sharing the content with their team members to enhance environmental awareness and encourage practical actions for waste management and resource circulation. HANSAE PINULA, S.A. will continue to operate various environmental training programs to promote a sustainable production environment.



구분 Category	과정명 Course Name	수강신청 Course Registration
사내강사 자체제작과정	<p>이러닝 비합금 1개월 [1시간] ★★★★★☆ (1)</p> <p>Sustainability 의 이해 및 인증 관리/중요성</p> <p>HANSAE Fashion worldwide 한세실업 직무전문교육 Sustainability 의 이해 및 인증 관리/중요성</p> <p>01 Sustainability의 개념과 그 역사에 대해 설명할 수 있다. 02 Environmental Sustainability을 위해 바이어들이 사용하고 있는 프로그램 중 가장 적용도가 높은 3가지에 대해 설명할 수 있다. 03 한세에서 참여 중인 기타 프로그램</p> <p>시험</p>	신청하기 Apply
	<p>이러닝 비합금 1개월 [1시간] ★★★★★☆</p> <p>패션기업의 친환경 마케팅 사례 및 Sustainability 중요성</p> <p>HANSAE Fashion worldwide 한세실업 직무전문교육 패션기업의 친환경 마케팅 사례 등 Sustainability 중요성</p> <p>1. 한세의 Sustainability 프로그램에 대한 이해 2. 주요 바이어들의 Sustainability 프로그램에 대한 이해</p> <p>시험</p>	신청하기 Apply

1) ZDHC: An initiative launched by major fashion companies—including apparel, leather, and footwear brands—to reduce the discharge of hazardous chemicals in the supply chain and promote the substitution with safer substances.

Waste Management

Waste Management System

Waste Management Target

The fashion industry, due to its rapidly changing trends and short product life cycles, is characterized by mass production and frequent disposal, resulting in a significant volume of textile waste. HANSAE CO., LTD. recognizes the waste issue in the fashion industry as a critical environmental challenge and is striving to enhance resource efficiency and minimize waste generation throughout production processes. We have set a target to reduce waste emissions by 3.5% by 2029 compared to 2022, and to achieve this goal, we are carrying out various activities, including minimizing fabric loss, expanding reuse and recycling efforts, and improving production processes.

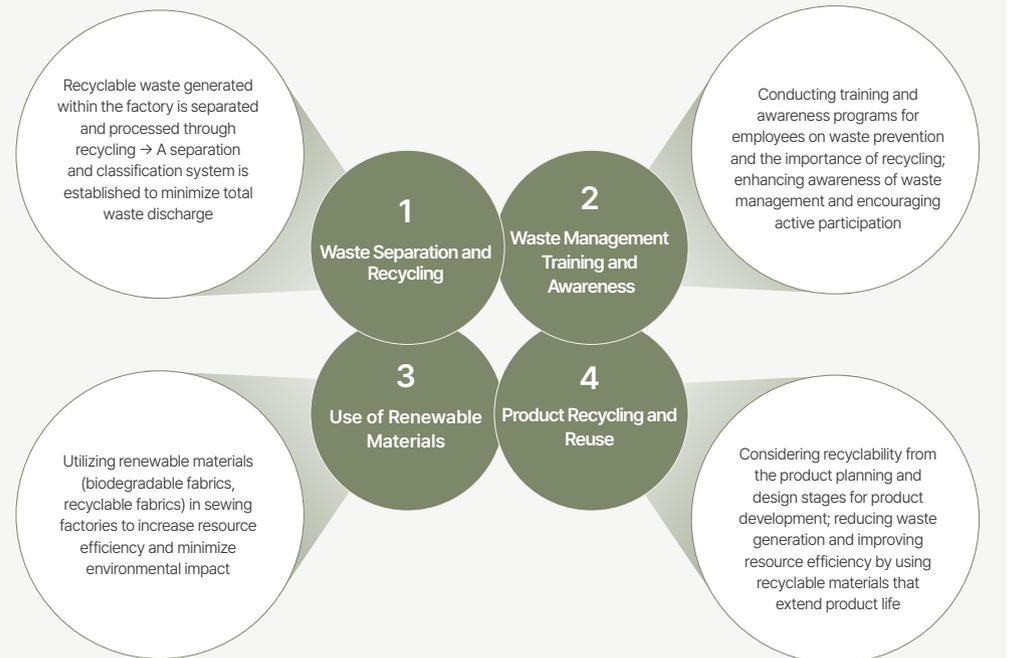
Volume of Recycled Waste



Waste Management Policy

HANSAE CO., LTD. has established a waste management policy that has been implemented company-wide to reduce waste generated in the production process, such as fabric cutting, sewing, and packing. In accordance with this policy, waste generated at business sites is systematically classified based on recyclability, and a waste separation system is employed to minimize unnecessary waste. We also provide regular waste management training for employees to raise awareness of the importance of recycling and responsible disposal, encouraging company-wide participation. Furthermore, to enhance resource circularity, production sites actively utilize renewable materials such as biodegradable fabrics and recycled fabrics. Through these efforts aimed at extending product lifespan and reducing waste, we are continuously improving resource efficiency.

Waste Management Policy



Waste Management

Waste Management Activities

Fabric Waste Resource Recovery

HANSAE CO., LTD. systematically manages fabric waste generated during the production process and recovers resources through recycling, reuse, and energy recovery. HANSAE VIETNAM CO., LTD. and HANSAE TN CO., LTD. deliver cotton and polyester waste to external companies, which recycle them into products such as door mats, pillow stuffing, and mops. PT. HANSAE INDONESIA UTAMA and PT. BOMIN PERMATA ABADI also recycle discarded fabric into dust cloths and door mats. Moving forward, we will continue to increase the resource recovery rate of fabric waste and pursue various resource recovery methods to practice a circular economy.

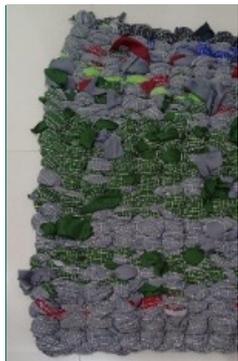
HANSAE TG CO., LTD.

Participation in the ZMWL Program

HANSAE TG CO., LTD. in Vietnam has participated in the Zero Manufacturing Waste to Landfill (ZMWL)¹⁾ program by a customer since October 2023, aiming to reduce the amount of waste sent to landfill from the manufacturing process to 'zero' through systematic management. At the initial stage of program implementation, we diagnosed the current status of waste generation within the factory and established a waste management system by collecting data through internal audits and creating a waste flow diagram. Subsequently, we have actively explored ways to reuse or recycle residual materials

generated during production and simultaneously engaged in activities to improve product design in cooperation with suppliers. For example, we adopted a process of returning thread cone waste to suppliers for reuse in subsequent orders, aiming to achieve both waste reduction and resource circulation. The program operation is based on quantitative performance management, collecting monthly data on waste generation and disposal to monitor landfill avoidance outcomes. Currently, none of the waste generated during the manufacturing process is sent to landfill, and a significant portion is either reused within the process or recovered as resources through external recycling channels. The program is currently in the pilot

phase, and moving forward, we plan to systematically manage goal achievement and enhance performance based on data. Employee training and raising awareness are also key tasks being promoted. Internal training has been conducted with support from the customer's educational programs, through which workers practice immediate waste separation at the production site and help spread a zero-waste culture. HANSAE TG CO., LTD. plans not only to stably achieve the goals of the ZMWL program but also to expand its application to other factories within the supply chain, thereby contributing to waste reduction and the transition to a circular economy throughout the apparel industry.



Door mats using recycled fabric



Table mats using recycled fabric

WASTE DATA COLLECTION FORM				BY DISPOSITION METHOD (%)		TOP TEN WASTE BY DISPOSITION METHOD & MATERIAL TYPE				TOP TYPE OF WASTES DISTRIBUTION TO LANDFILL (Kg)						
* Please collect waste data by the tenth of every month.				 97% Reused, 3% Landfill TFL Waste: 222,236 (kg)												
No.	Material type	Fabric content (Type for Material type)	Chemical material type	Color name	Type of waste (Form of waste)	Source of waste	Weight(kg)	Actual weight or estimated weight	Disposition method	What is the end use (Please select one)	Outbound weight (kg)	Name & address of Recycler	Name & address of waste Intermediate Transfer or aggregation	Name & address of final end waste processing facility	Pricing paid out (recommended for internal tracking only)	Pricing received out (recommended for internal tracking)
1	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	9600	9600	Reuse	Use for the next order	9600	N/A	N/A	N/A	N/A	N/A
2	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Thread Waste/trim	36	36	Reuse	Use for the next order	36	N/A	N/A	N/A	N/A	N/A
3	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Labeling waste	2017	2017	Reuse	Use for the next order	2017	N/A	N/A	N/A	N/A	N/A
4	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Seam waste	30	30	Reuse	Use for the next order	30	N/A	N/A	N/A	N/A	N/A
5	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Trim	6	6	Reuse	Use for the next order	6	N/A	N/A	N/A	N/A	N/A
6	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Trim	38	38	Reuse	Use for the next order	38	N/A	N/A	N/A	N/A	N/A
7	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Seam waste	4027	4027	Reuse	Use for the next order	4027	N/A	N/A	N/A	N/A	N/A
8	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Thread Waste/trim	70	70	Reuse	Use for the next order	70	N/A	N/A	N/A	N/A	N/A
9	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Material Waste/trim	8127	8127	Reuse	Use for the next order	8127	N/A	N/A	N/A	N/A	N/A
10	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	890	890	Reuse	Use for the next order	890	N/A	N/A	N/A	N/A	N/A
11	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	430	430	Reuse	Use for the next order	430	N/A	N/A	N/A	N/A	N/A
12	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	321	321	Reuse	Use for the next order	321	N/A	N/A	N/A	N/A	N/A
13	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
14	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	2002	2002	Reuse	Use for the next order	2002	N/A	N/A	N/A	N/A	N/A
15	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
16	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
17	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
18	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
19	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
20	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
21	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
22	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
23	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
24	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
25	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
26	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
27	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
28	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
29	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
30	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
31	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
32	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
33	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
34	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
35	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
36	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
37	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
38	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
39	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
40	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
41	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
42	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
43	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
44	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
45	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
46	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
47	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
48	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
49	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A
50	Fabric	100% cotton and 0% synthetic fibers	Non-Fluorinated	N/A	Non-hazardous	Cutting waste	1002	1002	Reuse	Use for the next order	1002	N/A	N/A	N/A	N/A	N/A

Waste data collection form for customer submission

1) Zero Manufacturing Waste to Landfill (ZMWL): A sustainability management initiative aiming to treat all waste generated during manufacturing processes without landfill disposal, through reuse, recycling, and other methods

Waste Management

Waste Management Training for Employees

HANSAE CO., LTD. operates a systematic training program to strengthen employees' capabilities in waste management and enhance their sense of responsibility for environmental protection. The training, focused on waste classification and recycling methods, is conducted across all corporations, including key overseas corporations in Vietnam and Indonesia, to communicate the importance of waste management and practical handling methods.

Campaigns Related to Waste

PT. BOMIN PERMATA ABADI in Indonesia

Traditional Market Waste Bin Donation Project

In December 2024, PT. BOMIN PERMATA ABADI in Indonesia launched a waste bin donation project in collaboration with the local government and the market association to improve environmental and sanitary conditions at the traditional market in Jepara. The Jepara market faced significant challenges due to a lack of waste disposal infrastructure, with existing bins either deteriorated or damaged, making proper waste separation difficult. As a result, indiscriminate waste dumping had become common in the surrounding area, causing visual pollution and foul odors, which negatively impacted the local economy. To address this, PT. BOMIN PERMATA ABADI donated a total of IDR 1.65 million to install 15 new waste bins, helping to create a cleaner and more organized environment for both merchants and visitors to dispose of waste hygienically and systematically.

Headquarters

Installation of Disposable Cup Collection Bins

In 2023, HANSAE CO., LTD.'s domestic business sites installed additional disposable cup collection units at headquarters to encourage employees to engage in waste management practices in their daily lives. The cup collection units, previously limited to certain floors, were expanded to include two units each in the men's and women's restrooms of Jungwoo Building, as well as two units on each floor's pantry in Anwon Building. In addition, a company-wide notice was distributed to employees, requesting to pour out any remaining beverage into the beverage container and to separately stack paper cups and plastic cups into the appropriate units, thereby encouraging active participation. Moving forward, we plan to continuously reflect employee feedback to further promote the culture of waste separation and establish an eco-friendly corporate culture.

HANSAE INTERNATIONAL, S.A.

Donation of Waste Cardboard and Plastic

Since the first half of 2024, the HANSAE INTERNATIONAL, S.A. has been operating a waste cardboard and plastic donation project in collaboration with LOS PIPITOS, a volunteer organization composed of parents of children and adolescents with disabilities. The donated waste materials are sold to recycling companies, and the proceeds are used to fund psychological counseling and therapy programs. 44.4 tons of waste cardboard were donated from April 2024 to February 2025, and in July 2024, an additional 100.45 kg of waste plastic was donated. LOS PIPITOS plans to expand its early disability diagnosis and psychological treatment support programs using the revenue generated from these donations.

CASE FROM 2024

HANSAE TN CO., LTD. in Vietnam Waste Training



In 2024, HANSAE TN CO., LTD. in Vietnam conducted practical training on waste management led by the Compliance Team. The training targeted 70 participants, including factory sanitation staff, the maintenance team, and hazardous waste handlers, aiming to strengthen on-site waste management capabilities. The training included topics such as waste classification standards, the company's hazardous waste list, collection and storage methods by

waste source, and transportation procedures. In addition to theory-based education, hands-on waste classification exercises were included to enhance practical understanding. Through this training, HANSAE TN CO., LTD. improved the safety and efficiency of its waste management and further solidified the foundation for advancing its environmental management standards.



Unit in a pantry in Anwon Building



Unit in a restroom in Jungwoo Building



LOS PIPITOS Certificate of Appreciation

Water Resources Management

Water Resources Management System

Water Resources Management Target

As a global apparel manufacturing company, HANSAE CO., LTD. uses water as a resource in certain production processes. In particular, COLOR&TOUCH CO., LTD., which is responsible for fabric production, requires a relatively large amount of water for key processes such as dyeing, washing, and finishing. To not only protect water resources but also meet global clients' sustainability standards and ensure long-term business stability, we have set a goal to reduce water consumption by 20% by 2029, compared to 2019 levels. We also continuously monitor actual water consumption against annual reduction targets to systematically manage our performance in water resources management. In particular, C&T VINA CO., LTD. has established its own target of reducing water consumption by 50% by 2030 compared to 2021, and is actively pursuing reduction activities by adopting reverse osmosis systems and eco-friendly dyeing machines.

HANSAE CO., LTD. annual water consumption status

(Unit: ton)

Category	2022	2023	2024	
Domestic	Water consumption	18,825	17,572	17,148
	Water consumption target	811,040	793,784	776,528
Overseas	Water consumption	829,054	764,020	599,527

* Water usage targets based on overseas production factories

COLOR&TOUCH CO., LTD. annual water consumption target achievement status

(Unit: ton)

Category	2022	2023	2024
Water consumption target	2,092,000	2,201,000	2,267,000
Water consumption	1,832,136	1,865,582	2,249,906

* Water usage targets based on overseas production factories

COLOR&TOUCH CO., LTD. water reuse volume

(Unit: ton)

Category	2022	2023	2024
Water reuse target	140,000	168,000	201,600
Water reuse volume	149,689	172,872	213,079

Water Resources Management Activities

Water Risk Analysis

HANSAE CO., LTD. regularly assesses the water risk levels of regions where the business sites are located, using the WWF (World Wide Fund for Nature) Risk Filter tool. According to the 2024 water quality management risk assessment, Very High levels of risk were identified at HANSAE TG CO., LTD. and two corporations located in Guatemala, while other business sites showed generally moderate risk levels. Meanwhile, in the case of comprehensive water risk, five corporations located in Vietnam and Indonesia were assessed as having Extremely High levels of risk. The remaining corporations were also found to have relatively high risk levels, such as High or Medium High. These results indicate that, despite our robust water pollutant management system, water risk remains inherent due to the nature of the textile manufacturing industry, which involves high levels of water and chemical usage. We continuously monitor water risks with the nature of the industry in mind and plan to implement risk mitigation strategies focused on high-risk business sites.

Water Quality Management and Comprehensive Water Risk

Country	Name of overseas corporation	Water quality management risk	Comprehensive water risk
VIETNAM	HANSAE VIETNAM CO., LTD.	Medium	High
	HANSAE TN CO., LTD.	Medium	Extremely High
	HANSAE TG CO., LTD.	Very High	Extremely High
	C&T G-TECH CO., LTD.	Low	High
	C&T VINA CO., LTD.	Low	High
INDONESIA	PT. HANSAE INDONESIA UTAMA	Medium	Extremely High
	PT. HANSAE INDONESIA UTAMA - MAJALENGKA	Low	Extremely High
	PT. BOMIN PERMATA ABADI	Low	Extremely High
NICARAGUA	HANSAE INTERNATIONAL, S.A.	Low	Medium High
	HANSAE SEBACO, S.A.	Low	Medium High
GUATEMALA	HS APPAREL, S.A.	Very High	Medium High
	HANSAE PINULA, S.A.	Very High	Medium High
HAITI	HANSAE HAITI, S.A.	Low	High
MYANMAR	HANSAE MYANMAR CO., LTD.	Low	High
EL SALVADOR	HANSAE EL SALVADOR, S.A. DE C.V.	Medium	Medium High

* Water quality management risk: Low(1-3), Medium(4-6), High(7-8), Very High(9-10)

** Comprehensive water risk: Low(0-1), Low-Medium(1-2), Medium-High(2-3), High(3-4), Extremely High(4-5)

Water Resources Management

Water Resource Protection Processes and Facilities

Smart Pigment Dyeing Process

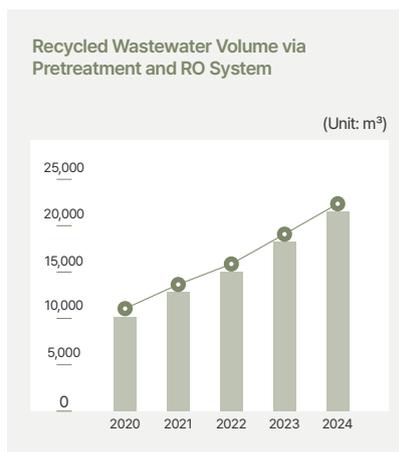
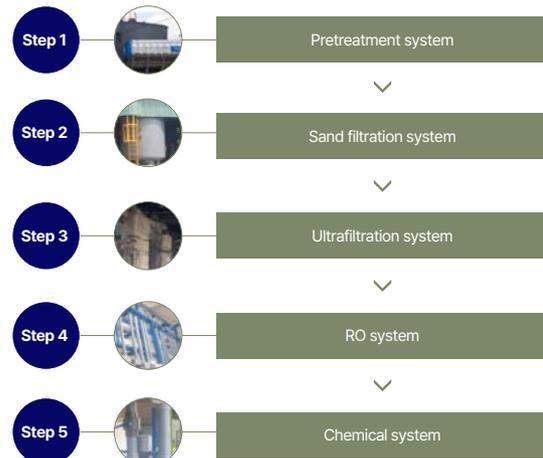
HANSAE CO., LTD. has been called upon by global customers to adopt more sustainable production methods such as water saving processes. In response, we became the first among apparel vendors in 2024 to adopt the Smart Pigment dyeing process to fabric dyeing and finishing processes, which are traditionally high in water consumption. This process integrates the cationization, dyeing, fixation, and enzyme treatment steps of conventional pigment dyeing into a single stage, achieving approximately 40% water savings compared to traditional methods. Over the course of 2024, it is estimated that approximately 3,500 tons of water were saved through bulk production of 547,435 garments using this process. This process is currently applied at business sites in Asia such as Vietnam and Indonesia, and we are in the process of establishing local facilities and setting up data systems to expand the application to Central America, including Guatemala.

C&T VINA CO., LTD.

Wastewater Pretreatment and Reverse Osmosis (RO) System

Since 2020, C&T VINA CO., LTD. has been recycling wastewater through a wastewater pretreatment and reverse osmosis (RO) system. The system operates by reintroducing purified water into the production process after it undergoes a five-step pretreatment and filtration process. Recycled water is primarily used in dyeing processes that require high water consumption. By steadily increasing the volume of recycled wastewater since 2020, we have achieved cumulative water savings of 762,042 m³ over the past five years. Going forward, we plan to install an RO system at Factory 1 to further expand the scope of water saving.

Wastewater Pretreatment and Reverse Osmosis (RO) Process



C&T VINA CO., LTD.

Eco-Friendly Dyeing Machine

As part of its transition to eco-friendly production processes, C&T VINA CO., LTD. has adopted an eco-friendly dyeing machine. This equipment is capable of operating under both high-pressure and atmospheric-pressure modes, allowing for enhanced process flexibility and resource efficiency. Compared to conventional dyeing machines, it achieves approximately 42% water savings and 10% chemical reduction. Although it is more than twice as expensive as traditional equipment, the new machine significantly reduces the fabric-to-water ratio from 1:7 to approximately 1:3, leading to substantial reductions in water usage.



C&T VINA CO., LTD. Eco-Friendly Dyeing Machine

Chemicals Management

Chemicals Management System

Chemicals Management and Purchasing Policy

C&T VINA CO., LTD. uses a variety of chemicals in dyeing processes. In response, the company strictly complies with the chemicals-related laws and regulations of the Vietnamese government and operates a systematic chemicals management and purchasing policy to ensure the health and safety of both employees and nearby residents. Through this approach, C&T VINA CO., LTD. proactively manages environmental risks associated with chemicals and continues to minimize their negative impacts on the environment.



C&T VINA CO., LTD.

Chemicals Management Policy

All employees must strictly comply with legal regulations and customer requirements when performing tasks that involve chemicals. When purchasing new equipment or chemicals, a thorough pre-assessment of potential environmental, health, and safety impacts is conducted to ensure careful product selection. In addition, all chemicals purchased in accordance with the ZDHC MRSL¹⁾ are managed to ensure full compliance with its standards, and wastewater tests are conducted at least once a year based on ZDHC guidelines for continuous monitoring. The latest CHEMCHECK report is also submitted on a monthly basis. Regular training and education for employees is also provided for safe use and handling of chemicals, thereby preventing accidents.

C&T VINA CO., LTD.

Chemicals Purchasing Policy

All suppliers are required to comply with the chemicals management standards (ZDHC MRSL) when purchasing chemicals. Suppliers must continuously provide relevant certifications and Material Safety Data Sheets (MSDS). Chemicals must be purchased exclusively from approved suppliers, and the use of unapproved chemicals is strictly prohibited—except in exceptional cases where prior approval has been granted by the chemicals manager. Internally, C&T VINA CO., LTD. maintains an approved chemicals list to preemptively block the use of unapproved substances and actively encourages the use of safer alternatives.

¹⁾ ZDHC MRSL: The Manufacturing Restricted Substances List developed to reduce the use of hazardous chemicals throughout the fashion industry's supply chain, regulating substances that are prohibited from use in the manufacturing processes of apparel and fiber



Chemicals Management

Chemicals Management Activities

Use of Chemicals and Supply Chain Management

C&T VINA CO., LTD.

Chemicals Management Procedures

C&T VINA CO., LTD. has established and rigorously implemented management procedures to ensure the safe use of chemicals. The company maintains order and cleanliness in its chemical storage warehouse, installs hazard signage, and provides regular training to employees. It also operates local exhaust ventilation systems and supplies personal protective equipment (PPE) to workers. Additionally, C&T VINA CO., LTD. conducts annual chemical safety training and internal self-audits to further strengthen safety. Furthermore, emergency response procedures, evacuation plans, spill response kits, and fire response guidelines are posted on site, and eye wash stations and emergency showers are also installed to ensure employee safety. In January 2024, training was provided for production department managers on the chemicals management system and global standards such as ZDHC, BHive¹⁾, and BVE3²⁾ to strengthen on-site capabilities. From January to March, sampling of wastewater and sludge was conducted in accordance with the ZDHC MRSL to verify compliance with hazardous chemicals regulations.

Chemicals Management Procedures

Category	Key activity	Details
Workplace safety measures	Maintaining order and cleanliness	Maintaining order and cleanliness in the chemical storage warehouse
	Installing hazard signage	Visual safety measures to raise worker awareness
	Regular training	Conducting chemical safety training for workers
Working environment management	Operating a local exhaust ventilation system	Improving working environment by removing harmful vapors
Personal protection	Providing PPE	Supplying PPE to workers
	Annual safety training	Training on PPE usage and safety guidelines
Emergency response system	Posting response procedures and evacuation plans	Establishing and posting emergency response procedures
	Spill response kits and fire response guidelines	On-site provision and guidance
	Eye wash stations and emergency showers	Providing first-aid equipment in case of an accident
Capacity building training	Training for managers	Training on ZDHC, BHive, BVE3 standards
Regulatory compliance activity	Sampling of wastewater and sludge	Sampling and review for compliance with hazardous chemical regulations according to ZDHC MRSL

1) BHive: A digital platform that manages chemical use in manufacturing facilities in accordance with ZDHC standards and ensures transparent disclosure

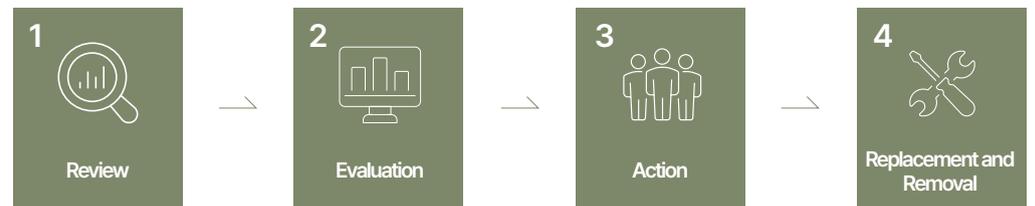
2) BVE3: A certification program that evaluates suppliers' environmental, social, and chemicals management performance across three levels, incorporating international standards such as ZDHC, the Higg Index, and ISO

C&T VINA CO., LTD.

Chemical Supplier Management

C&T VINA CO., LTD. implemented an annual action plan in 2024 to strengthen the management of chemical suppliers. Monthly chemical inventory and purchases were monitored using BHive and BVE3, and Incheck reports were shared with some buyers. Additionally, hazards were identified through monthly chemical evaluations and promptly shared with the production-related departments for corrective actions. For high-risk substances, active efforts were made to introduce safer alternative substances. In September, compliance with chemical regulations was verified for 25 suppliers, and in November, random on-site inspections of facilities and warehouses were conducted for three raw material and dye suppliers. Furthermore, C&T VINA CO., LTD. complies with ZDHC's Supplier to Zero requirements and currently holds Level 1 certification for both Factory 1 and Factory 2.

Chemical Supplier Management Procedures



Biodiversity (TNFD)

Governance

HANSAE CO., LTD. pays close attention to the impact of corporate activities on biodiversity near business sites, as well as the potential effects of natural capital loss on business. Each production subsidiary located in Vietnam, Indonesia, Nicaragua, Guatemala, Haiti, Myanmar, and El Salvador regularly reports important information related to natural capital to the Compliance Team at the headquarters. The Compliance Team conducts an annual risk analysis based on information collected from each overseas corporation and reports the risks deemed significant to the Board of Directors to ensure effective measures are implemented. Going forward, we will continue to monitor risks and impacts arising from natural capital, including biodiversity, based on appropriate management and oversight systems.



Risk Management

HANSAE CO., LTD. conducted an assessment of natural capital risks, including biodiversity, for 13 overseas production corporations and C&T VINA CO., LTD., C&T G-TECH CO., LTD. by applying the LEAP approach¹⁾ to ensure sustainable business operations that take natural capital into account.

“Locate” Ecologically Sensitive Areas

As a result of identifying the number of endangered species near business sites²⁾, the highest numbers were found near HANSAE TG CO., LTD. and three corporations in Indonesia. In the case of HANSAE TG CO., LTD., the primary reason was identified as the proximity—approximately 60km—of the Can Gio Mangrove Forest. The Can Gio Mangrove Forest is home to various mangrove plant species and endangered species such as king cobras, saltwater crocodiles, spot-billed pelicans, and fishing cats. Meanwhile, the area was designated as a UNESCO World Biosphere Reserve in 2000 and has since been managed by both the international community and the Vietnamese government. As HANSAE TG CO., LTD. is also faithfully implementing policies to reduce environmental impact, the interface between HANSAE CO., LTD.’s business activities and the endangerment of species is considered to be minimal. In the case of the three Indonesia corporations, a large number of endangered species were identified near the business sites due to the country’s unique characteristics, including a total of 20 UNESCO World Biosphere Reserves and 11 Ramsar wetlands. These corporations are either located on islands separate from

biologically important areas or, even when situated on the same island, are in urban areas more than 100km away. As such, their impact on natural capital is considered minimal. Also, similar to HANSAE TG CO., LTD., they strictly manage the efficient use of environmental resources and the emissions of various pollutants such as waste and air pollution, and therefore it is assessed that the biodiversity of species is not being threatened.



Number of endangered species and key biodiversity areas near business sites

Country	Name of overseas corporation	Number of endangered species	
		Critically Endangered	Endangered
VIETNAM	HANSAE VIETNAM CO., LTD.	15	28
	HANSAE TN CO., LTD.	16	28
	HANSAE TG CO., LTD.	26	204
	C&T G-TECH CO., LTD.	15	24
INDONESIA	C&T VINA CO., LTD.	15	24
	PT. HANSAE INDONESIA UTAMA	26	249
	PT. HANSAE INDONESIA UTAMA - MAJALENGKA	25	244
NICARAGUA	PT. BOMIN PERMATA ABADI	21	239
	HANSAE INTERNATIONAL, S.A.	19	28
GUATEMALA	HANSAE SEBACO, S.A.	4	39
	HS APPAREL, S.A.	6	47
HAITI	HANSAE PINULA, S.A.	6	38
MYANMAR	HANSAE HAITI, S.A.	43	48
EL SALVADOR	HANSAE MYANMAR CO., LTD.	30	153
	HANSAE EL SALVADOR, S.A. DE C.V.	11	39

* Analysis conducted based on a 50km radius from business sites

1) LEAP approach: Locate interface with nature, Evaluate dependencies and impacts, Assess risks and opportunities, and Prepare responses and disclosures

2) Number of endangered species: The number of endangered species classified as Near Threatened or higher on the IUCN Red List (and species classified as Level I or II or higher endangered species according to the 'Wildlife Protection and Management Act' based on the 'city' area).

Biodiversity (TNFD)

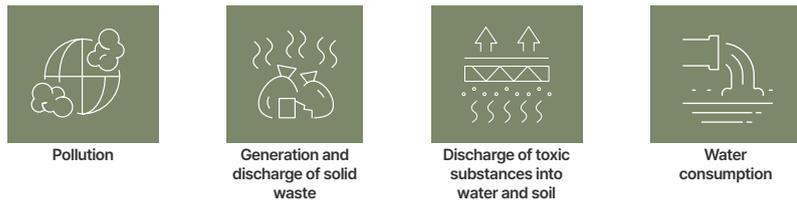
“Evaluate” Dependencies and Impacts

HANSAE CO., LTD. is classified under the “Manufacture of Wearing Apparel” sector according to the International Standard Industrial Classification (ISIC), while COLOR&TOUCH CO., LTD. falls under the “Manufacture of Chemicals and Chemical Products” and “Manufacture of Textiles” sectors. Accordingly, as a result of using the ENCORE tool¹⁾ to analyze the natural capital dependencies²⁾ and impacts³⁾ of these industries, all relevant corporations demonstrated “Medium” or lower levels of dependency and impact. The factors contributing to a medium level of dependency across all industry sectors were water supply, water purification services, flood mitigation services, and storm mitigation services. This reflects the critical importance of a smooth supply of water resources in apparel and textile manufacturing processes, as well as the potential for production disruptions caused by natural disasters such as floods and storms. Meanwhile, the factors contributing to a medium level of impact across all industry sectors included pollution, generation and discharge of solid waste, discharge of toxic substances into water and soil, and water consumption.

Key Natural Capital Dependency Factors



Key Natural Capital Impact Factors



“Assess” Risks

HANSAE CO., LTD. utilized the WWF (World Wide Fund for Nature) Biodiversity Risk Filter to derive physical and reputational risks across 15 global business sites. The analysis identified high levels of physical risk at 7 sites, mainly caused by provisioning services¹⁾ and regulating services²⁾. In terms of provisioning services, two Indonesia corporations were found to face very high risk levels, and 11 corporations exhibited high risk levels. This indicates that the degradation of nature may reduce the quantity and quality of freshwater and biological resources, potentially constraining the procurement of raw materials. With regard to regulating services, 9 business sites were identified as being exposed to high risk levels. This stems from the heightened threat of interruptions in business operations caused by natural disasters such as wildfires, heatwaves, and tropical cyclones. In terms of reputational risk, 3 business sites were found to face high risk levels. In particular, business sites located in Indonesia, Guatemala, and Myanmar were assessed to have elevated reputational risk due to other factors³⁾. This suggests that these business sites are subject to international attention and have a high level of media exposure. In addition, business sites in Myanmar and El Salvador showed high risk levels related to socioeconomic factors,⁴⁾ such as the depletion of local community resources.

Physical Risks and Reputational Risks

Country	Name of overseas corporation	Physical risk	Reputational risk
VIETNAM	HANSAE VIETNAM CO., LTD.	High	Medium
	HANSAE TN CO., LTD.	High	Medium
	HANSAE TG CO., LTD.	High	Medium
	C&T G-TECH CO., LTD.	High	Medium
	C&T VINA CO., LTD.	Medium	Medium
INDONESIA	PT. HANSAE INDONESIA UTAMA	Medium	High
	PT. HANSAE INDONESIA UTAMA - MAJALENGKA	Medium	Medium
	PT. BOMIN PERMATA ABADI	High	Medium
NICARAGUA	HANSAE INTERNATIONAL, S.A.	Medium	Medium
	HANSAE SEBACO, S.A.	High	Medium
GUATEMALA	HS APPAREL, S.A.	Medium	Medium
	HANSAE PINULA, S.A.	High	High
HAITI	HANSAE HAITI, S.A.	Medium	Medium
MYANMAR	HANSAE MYANMAR CO., LTD.	Low	High
EL SALVADOR	HANSAE EL SALVADOR, S.A. DE C.V.	Medium	Medium

* Very Low(1.0-1.8), Low(1.8-2.6), Medium(2.6-3.4), High(3.4-4.2), Very High(4.2-5.0)

1) ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure): A tool developed by the Natural Capital Finance Alliance to assess corporate dependencies and impacts on natural capital

2) Dependency: The benefits a company derives from ecosystem services generated by natural capital

3) Impact: The qualitative and quantitative changes in the state of nature caused by corporate activities

1) Provisioning services: Dependence on natural raw materials, with risks of resource reduction or quality degradation due to degradation of nature

2) Regulating services: Natural disasters affect business activities and cause asset losses

3) Other factors: Reputational risks arising from public scrutiny

4) Socioeconomic factors: Reputational risks caused by local economic problems

Biodiversity (TNFD)

Strategy

In response to increasing international demands for biodiversity and natural capital conservation, HANSAE CO., LTD. plans to systemize the management strategy for this issue. This year, we identified the company's dependencies, impacts, and risks related to nature based on the LEAP approach proposed by the Taskforce on Nature-related Financial Disclosures (TNFD), and disclosed corresponding mitigation measures. Going forward, we intend to continue identifying risks related to natural capital annually using the LEAP approach, and in the event that material issues are identified, we will respond immediately to minimize potential impacts on both the company and the natural environment. Furthermore, we will actively implement various conservation activities at both domestic and overseas corporations to generate tangible outcomes in biodiversity conservation and contribute to the protection of local ecosystems.

“Prepare” Responses and Disclosures

Although endangered species are present near some of HANSAE CO., LTD.'s business sites, the impact of our operations on natural capital has been assessed as 'Medium' or lower. Hence, the actual impact on natural capital is considered limited. Nevertheless, we are committed to managing the negative impacts that our industry may have on natural capital and are actively implementing various activities to mitigate risks that the loss of natural capital could pose to the business.

Measures to mitigate the business's impact on natural capital (Inside-out)

Impact	AR3T ¹⁾	Mitigation measure
Pollution	Avoid	<ul style="list-style-type: none"> Measuring and managing pollutant exhaust gas concentrations released to the external environment by installing Continuous Emissions Monitoring Systems (CEMS)
	Reduce	<ul style="list-style-type: none"> Expanding the use of biomass fuel in boiler operations
Generation and discharge of solid waste	Avoid	<ul style="list-style-type: none"> Setting a goal to reduce waste emissions from overseas production corporations by 3.5% by 2029 compared to 2022
	Reduce	<ul style="list-style-type: none"> Minimizing fabric waste by introducing automation equipment such as automatic fabric spreaders and RFID tunnels Conducting regular recycling training for employees
Discharge of toxic substances into water and soil	Avoid	<ul style="list-style-type: none"> Ensuring compliance with safety procedures and regulations for the use, storage, and handling of hazardous chemicals Managing chemicals at COLOR&TOUCH CO., LTD. in accordance with the ZDHC MRSL standards
	Reduce	<ul style="list-style-type: none"> Reducing chemical usage by introducing eco-friendly dyeing machines
Water consumption	Reduce	<ul style="list-style-type: none"> Reducing water consumption through the water treatment systems Recycling wastewater through rainwater storage systems and RO systems Reducing water consumption by adopting eco-friendly dyeing machines

Measures to mitigate natural capital risks (Outside-in)

Risk	Mitigation measure
Provisioning services	<ul style="list-style-type: none"> Mitigating dependency risks on single suppliers by diversifying the supply chain
Physical risk	<ul style="list-style-type: none"> Strengthening monitoring of natural disasters to establish safety management plans Conducting annual training on emergency response and measures to prepare for natural disasters Developing plans for drainage system improvements and renovation of aging buildings and facilities
Reputational risk	<ul style="list-style-type: none"> Minimizing environmental impacts on local communities by purifying wastewater and reducing hazardous substance concentrations through wastewater treatment systems
	<ul style="list-style-type: none"> Continuously securing and using sustainable raw materials certified by international organizations such as the FSC

1) AR3T: The AR3T (Avoid-Reduce-Restore/Regenerate-Transform) framework of the Science Based Targets Network (SBTN) for nature-related science-based targets



Biodiversity (TNFD)

Strategy

Biodiversity Conservation Activities

Headquarters

Restoration of an Ecological Park

Although there are no significant biodiversity risks identified near HANSAE CO., LTD.'s domestic business sites, we continue to promote biodiversity conservation activities to increase environmental awareness and provide education for employees. In December 2024, a heavy snowfall caused thousands of trees—including clusters of willow, reeds, and silver grass—to fall or break within Yeouido Saetgang Ecological Park, significantly damaging the park's environment. In response, HANSAE CO., LTD. participated in park restoration efforts by clearing fallen branches and helping to organizing the area to support recycling companies efficiently collect the branches. The branches were collected as recyclable wastes and reused as biomass resources, through which we enhanced employee awareness on the value of environmental protection and resource circulation.

HANSAE INTERNATIONAL, S.A.

Tree Planting Project

HANSAE INTERNATIONAL, S.A. is actively contributing to ecosystem restoration to foster mutual growth with the local community. In 2023 and 2024, the company donated a total of 10,000 trees—5,000 trees each year—to the Nicaraguan Ministry of Environment and Natural Resources (MARENA). The donated seedlings were planted around Laguna de Masaya and Laguna de Apoyo. The areas surrounding the lakes were selected as suitable locations for seedling growth due to their favorable conditions for rapid tree development. After a certain period, once the seedlings have sufficiently matured, they are transplanted to regions within Masaya experiencing tree shortages, under the supervision of MARENA, to continue ecosystem restoration. HANSAE INTERNATIONAL, S.A. will continue its efforts to promote sustainable ecosystem development in the local community through this tree-planting project.

PT. BOMIN PERMATA ABADI

Donation for River Cleanup and Flood Prevention

In October 2024, PT. BOMIN PERMATA ABADI carried out a river cleanup in response to requests from residents of Sengonbugel village, where trash was blocking the river flow and increasing flood risk during the rainy season. The Mayong regional office raised 2 million IDR in donations and invested an additional 2 million IDR to rent an excavator, cleaning approximately 1km of the river. Approximately 4 tons of trash were collected through this effort, reducing the village's flood risk and preventing damage to the habitats of plants and animals near the river, as well as to local residents' homes. Following the cleanup, embankment construction was carried out to prevent landslides. In the event of floods or landslides, the destruction of ecosystems and various essential infrastructure is likely to threaten the livelihoods of the local community. This activity also helped prevent disruptions to commuting and work for the corporation's employees living in the village, thereby contributing to the stable production activities of PT. BOMIN PERMATA ABADI.



Yeouido Saetgang Ecological Park Restoration Activity



Tree Donation Certificate Award Ceremony



Embankment Construction for Landslide Prevention

Towards Inclusivity

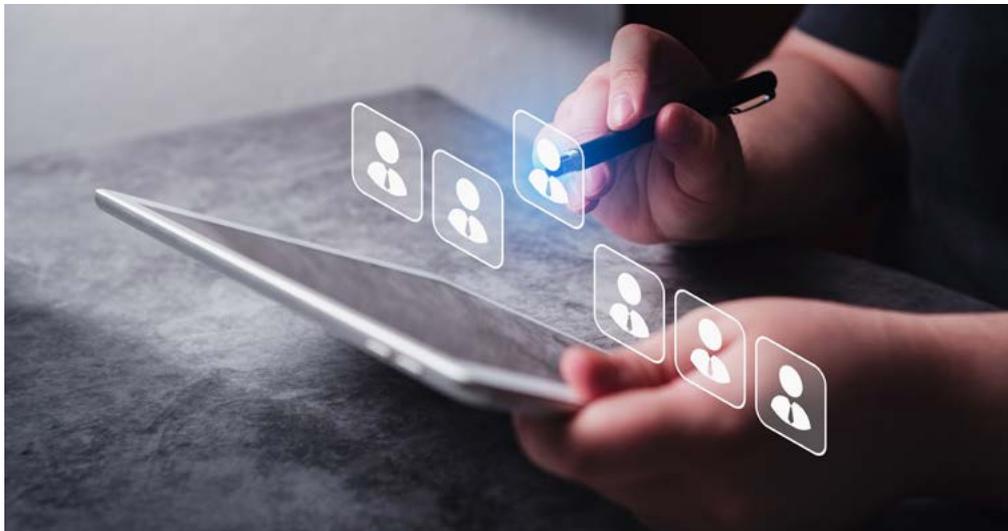


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Talent Management

Talent Management System

HANSAE CO., LTD., led by the HR Team and P&C (People & Culture) Team, is establishing a talent management system aimed at developing employee capabilities, fostering a participatory organizational culture, and creating a workplace that balances work and life. The HR Team effectively supports employee capability development by managing the personnel evaluation system in a fair and objective manner. Additionally, it oversees the labor-management council meetings, contributing to the enhancement of trust between labor and management. The HR Team also participates in a special task force dedicated to work-family balance at the group level, striving to foster a culture that encourages childbirth and childcare across domestic and overseas business sites in collaboration with management. In particular, it closely communicates with the HR Teams of overseas corporations to continuously monitor related programs, including daycare center operations. The P&C Team systematically manages training programs and their outcomes for employees at both the headquarters and overseas sales and production subsidiaries. Guided by the company's core value that "employees are our greatest partners," the team provides diverse opportunities for employee development and capacity building. Additionally, by operating employee communication channels such as town hall meetings and People-ee, the P&C Team actively reflects employee feedback in organizational management, fostering a collaborative organizational culture. Furthermore, starting from the first quarter of 2025, we have established a task force to enhance the evaluation and promotion system. Through this initiative, we plan to strengthen the support system for employees to effectively manage their performance and develop their individual capabilities.



Talent Management Activities

Talent Development

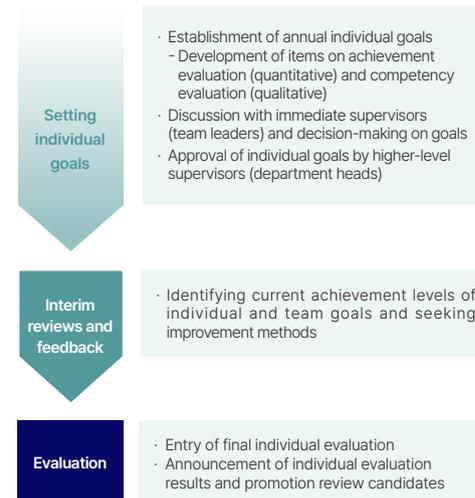
Personnel Evaluation System

HANSAE CO., LTD. operates a structured and transparent personnel evaluation process to ensure fair and objective evaluation. At the beginning of each year, employees set evaluation goals based on performance and capabilities. Worker performance is then continuously managed and improved through interim reviews and feedback sessions. Final evaluation ratings are determined at the end of the year, and these ratings are directly linked to personnel decisions such as promotions, significantly influencing career development and performance of employees. This process is aimed at helping employees clearly perceive their performance and promote incessant growth.

Special Incentive Program

Since 2017, HANSAE CO., LTD. has implemented a special incentive program to encourage individual efforts that align with the company's vision and goals, in addition to employee performance. This program motivates employees to pursue innovative and diverse approaches in their work, thereby laying the foundation for mutual growth between individuals and the company. In addition, since 2023, we have introduced the "Change Award (A Step Toward Change)" to acknowledge the efforts of employees who have made efforts to improve work methods and drive change, even if they did not meet the criteria for the special incentive. In 2024, a total of 58 employees working at domestic and overseas sites were selected as awardees across 15 projects.

Performance Evaluation Process



2024 Awarded Projects

1	Target barcode scanning program
2	In-house development of RFID scanning system
3	Improvement of the working environment and systems at C&T VINA CO., LTD.
4	In-house development and maintenance of HANSAE CO., LTD. and HANSAE YES24 HOLDINGS websites
5	Improvement of product information input method for GAP&ON shipping boxes
6	Sample room QC training for QA development
7	Reduction of consumable costs in the craft hall
8	Key improvement initiatives at PT.BOMIN Factory 1 in 2024
9	Leading various RPA developments and sharing know-how within the department
10	Fabric consumption saving in cutting process
11	Project to implement automated bottom hemming
12	Enhancement of the image with major buyers through continuous quality improvement efforts
13	Localization of the Foreign Exchange Team in Vietnam
14	Performance of HS SOURCING's first buyer, production, and sales
15	Efficiency improvement and cost reduction in Central American land transportation (trucking)

Talent Management

Education Programs

Company-wide and Level-specific Education Programs

HANSAE CO., LTD. operates diverse company-wide and level-specific education programs aimed at enhancing employee expertise and leadership, through which we support continuous growth and capacity building. Specifically, we provide customized educational courses tailored to employees' years of service and job levels, helping each individual deeply understand the company's vision and values while effectively cultivating the skills necessary for their work. To reduce unnecessary education and costs, we optimize mandatory courses by employee level and manage completion of these courses as a key factor in promotions. Additionally, we encourage self-directed learning throughout the company and promote a learning culture within the organization by sharing best practices. These education programs actively support employees in their continuous development within the organization and their flexible response to the evolving business environment.

HANSAE CO., LTD. 2024 Employee Education Costs

Total education cost (KRW)

334,571,699 KRW

Education cost per employee (KRW)

535,315 KRW

2024 Company-wide and Outstanding Employee Education Programs

Program	Duration and Frequency	Participants
Support for Self-directed Learning	Ongoing Support	-
Guest Lectures by External Experts on Humanities & General Knowledge	Total 7 sessions	All employees
Outstanding Employee Training in New York	1 session, 7 days	22
DX Project	2.5 months	16

2024 Level-specific Education Programs

Category	Program	Duration and Frequency	No. of Participants
Training for New and Experienced Hires	New Intern Orientation Training	1 session, 7 days	36
	Regular Employee Transition Training	2 sessions, 1 day each	49
	New Employee Training in Vietnam	2 sessions, 5 days each	38
	Pre-joining Guidance for Experienced Hires	Provided continuously before joining	-
Capacity Building for Promoted Employees	Workshop for Promoted Employees	2 days	42
Leadership and Management Training for Managers	C-level Special Seminar	2 days	1
	New Executive Training	32 hours	2
	English Presentation Training for Managers (Senior-level) and Higher	12 hours	17
	MBA Program for Managers (Senior-level) and Higher	9 weeks (total 54 hours)	3
	DX Special Lecture for Managers (Senior-level) and Higher	3 days (4 hours per day)	56



Company-wide lecture



Outstanding employee training in New York



Job-specific education curriculum



New Intern Orientation Training



New Employee Training in Vietnam

Talent Management

Job-Specific Education Programs

HANSAE CO., LTD. provides systematic education programs that reflect the characteristics and job requirements of each field—sales, production innovation, R&D, and management support—in addition to level-specific education programs so that employees can enhance their job expertise. In sales, training focuses on buyer trends, smart factory concepts, and buyer negotiation skills. In production innovation, advanced learning is offered on quality assurance (QA), raw material sourcing, and price negotiation. Additionally, in R&D, we strengthen research and development capabilities through training on preliminary cost estimation, sewing processes, and fabric and finishing processes. In management support, training is provided on logistics, smart factory operations, accounting, finance, and human resources (HR), covering areas related to corporate operations. Going forward, we will continue to provide active support in enhancing employees' job expertise to maintain competitiveness amid evolving industry environments.

Performance Evaluation of Education Programs

HANSAE CO., LTD. actively listens to employee feedback to improve the satisfaction of education programs. We conduct a preliminary needs assessment to prepare appropriate programs that meet the needs of our employees. After each program concludes, we collect overall evaluations and feedback on the program, which are then reflected in the planning of future programs. Going forward, we plan to systematically manage the performance of education programs by conducting pre- and post-program surveys measuring achievement levels and satisfaction, as well as assessments of how well the programs are applied in actual practice.

Organizational Culture

Labor-Management Council

HANSAE CO., LTD. operates a labor-management council to promote active and smooth communication between labor and management, enabling timely identification and resolution of employee grievances and complaints. At both the headquarters and overseas business sites, labor-management council meetings are held regularly regardless of the presence of labor unions, discussing employees' opinions and requests. Although operating methods may vary depending on specific characteristics of each local corporation, overseas business sites hold regular meetings at least twice a year (once in the first half and once in the second half). Key agenda items include working conditions, welfare benefits, and health and safety, and topics discussed at the council meetings are primarily gathered through the HR Team, which constantly collects and reflects employees' opinions. In particular, at major overseas corporations, site managers and factory managers participate in regular meetings on a monthly basis to maintain close communication. The outcomes of the council meetings are disclosed transparently, and all employees are given the opportunity to review and provide feedback, with the results announced at least one month in advance to ensure sufficient collection of opinions. Each business site designates one representative from each team or unit to participate in the council meeting on behalf of employees so that field-level perspectives are reflected. C&T VINA CO., LTD. actively participates in regional-level committee meetings in addition to site manager meetings, thereby establishing a sound labor-management culture where mutual understanding and communication among members can be naturally achieved.

2024 Labor-Management Council Meetings

Total number of meetings

4 meetings

Number of participants

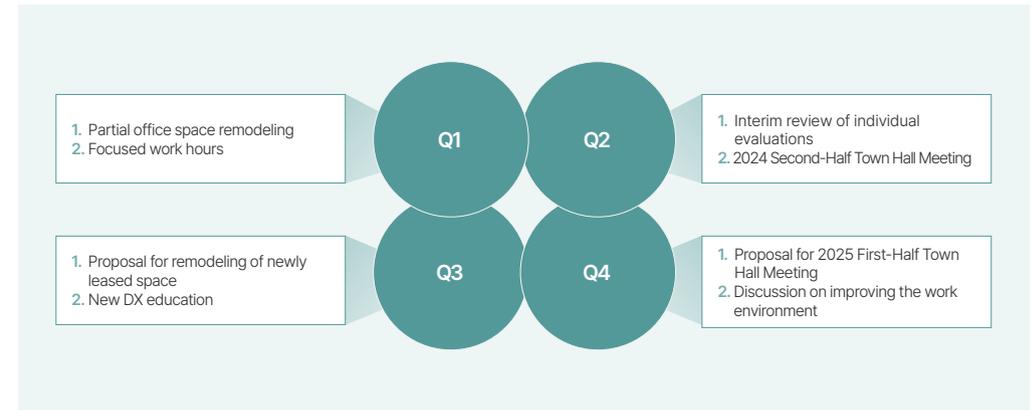
5 participants

cumulative 20 participants in total 4 meetings

Participation rate

100%

2024 Key Agenda Items of Labor-Management Council Meetings



Local manager meetings at corporations



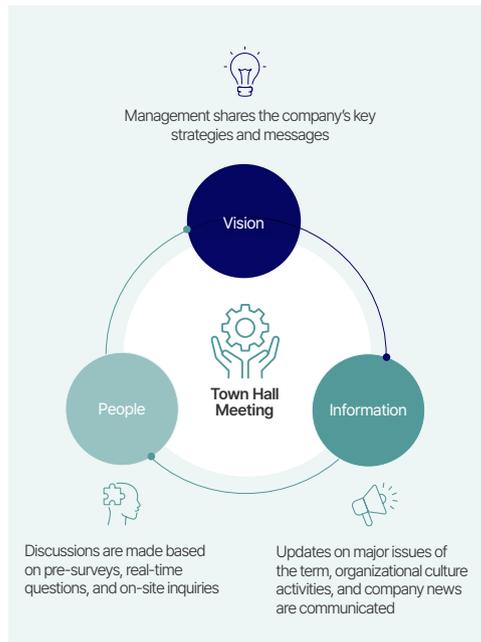
Participation in regional labor union committee meetings

Talent Management

Town Hall Meetings

HANSAE CO., LTD. holds Town Hall Meetings twice a year—the first and second halves—to gather diverse employee feedback and strengthen communication with management. These meetings serve as important occasions, where executives and employees come together to discuss key company issues and organizational culture. Since the first meeting in 2022, a total of five sessions have been held until the second half of 2024. The meetings collect employee feedback through pre-surveys and real-time input during the sessions, with agenda items selected via live voting. The main topics are divided into three sessions: VISION, INFO, and PEOPLE. In each session, management shares the company's strategies and updates, followed by in-depth discussions on current issues and organizational culture based on employee feedback. The feedback gathered from the Town Hall Meetings is communicated to relevant departments, and the implementation status and progress are transparently shared through the groupware system. For example, the DX and foreign language education programs were planned and operated based on employee needs identified during the Town Hall Meetings. In the second half of 2024, issues related to the aging dormitory facilities at overseas corporations were raised, leading to repair and replacement of the facilities.

Composition of Town Hall Meetings



2024 Key Agenda Items of Town Hall Meetings

Key Agenda Items	
First Half	<ul style="list-style-type: none"> 2024 meal allowance increase, expansion of maximum vacation days, enhanced health checkup support
Second Half	<ul style="list-style-type: none"> Replacement of office chairs at headquarters, expansion of childbirth support benefits, implementation of a quarter-day leave system at domestic and overseas corporations, expansion of early leave policy on birthdays at overseas corporations, strengthened feedback on personnel evaluations

2024 Second-Half Town Hall Meeting

People-ee

HANSAE CO., LTD. has been selecting 'People-ee,' junior board members, across all departments since 2020 to drive positive change within the organization. People-ee represent employees' voices and engage in various activities aimed at improving organizational culture and fostering innovation. The People & Culture Team regularly meets with People-ee to actively gather employee feedback, using it as a basis to improve the organizational culture. In particular, starting in 2024, the People-ee system has been expanding not only to headquarters but also to overseas corporations, allowing a broader range of voices from global employees to be heard. Through this, we continuously develop our systems and build a more harmonious and inclusive organizational culture.



Overseas Corporation Global People-ee Launch Ceremony

2024 Key Achievements of People-ee

Implementation of a quarter-day leave system at domestic and overseas corporations	Expansion of early leave policy on birthdays at overseas corporations
Expansion of childbirth support benefits (upgraded congratulatory gifts, supplementary textbooks from Dong-A Publishing, flexible work hours for childcare at headquarters)	Renewal of new employee welcome kits
Office environment improvements and major cleanup event	Vacation work handover, "Reason & Consideration" campaign
Office etiquette campaign	Year-end online charity auction
Organization culture workshop and presentation of improvement proposals	Planning and operation of organization-specific Refresh Events
Contribution to Town Hall Meeting preparations	Year-end company-wide organizational culture survey



2024 People-ee Organizational Culture Campaign Poster

In-house Newsletter HANSAE:IN

To facilitate smooth communication across group affiliates and promote a shared corporate culture, HANSAE CO., LTD. contributes to HANSAE:IN, the in-house newsletter produced and distributed quarterly by its holding company, HANSAE YES24 HOLDINGS, since 2014. This newsletter features key updates and latest trends from affiliates, as well as various other contents such as compliment relay, employee interviews, and guest columns from external experts, contributing to promoting communication and a shared bond among employees. Through these activities, HANSAE CO., LTD. shares the Group's vision and values, striving to establish a positive organizational culture.

Talent Management

Welfare Benefits

HANSAE CO., LTD. provides a wide range of welfare benefits across six categories—Work Support, Re-Fresh, Employee Benefits, Health & Safety, Personal Development, and Stable Personal Life—to enhance the quality of life for all employees. In 2024, we further improved the health checkup support program to elevate the overall level of employee welfare. The support system, previously operated on a biennial basis, was converted to an annual program, increasing the amount of support provided while also expanding the number of partnered medical institutions to enhance employees' options. We also tripled the components of childbirth congratulatory gifts compared to the previous years and increased support for educational expenses for employees with school-aged children. We also improved our system's flexibility by adopting a new quarter-day leave system allowing time off in two-hour increments in addition to the existing half-day leave option. This allows employees to use their annual leave more flexibly and efficiently. HANSAE CO., LTD. will continue to listen to employee voices and strive to establish welfare programs that offer practical benefits.

Welfare Benefit Program

Chapter 1 Work Support	· Personal corporate cards, financial assistance for laptop purchases, financial assistance for vehicle expenses, mobile phone bill support
Chapter 2 Re-Fresh	· In-house clubs, long-service award trips, overseas training opportunities, leave programs (annual leave, special occasion leave), one-day classes
Chapter 3 Employee Benefits	· E-Library, Gifts for special occasions (birthdays, national holidays, graduation), Support for personal events (congratulatory and condolence gifts/items)
Chapter 4 Health & Safety	· Health checkups, travel insurance
Chapter 5 Personal Development	· Corporate lectures, language education (online/offline), MBA education (9-week course and intensive mini-MBA program)
Chapter 6 Stable Personal Life	· Company loan for employees (housing support), pregnancy and childbirth support (maternity leave, prenatal checkup leave, reduced work hours), childcare support (parental leave, reduced hours, in-house daycare center), additional leave options (family care leave, sick leave)



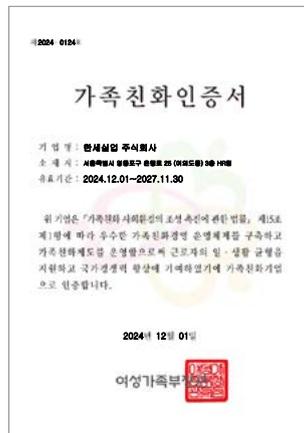
Talent Management

Family-Friendly Programs

HANSAE CO., LTD. operates a variety of family-friendly programs across all domestic and overseas business sites to help employees balance work and family life.

The Headquarters

In February 2024, the company completed the remodeling of the nursing room at the domestic headquarters, providing employees with a more comfortable environment to care for their children. Additionally, starting from the first quarter of 2025, a flexible working hours system has been implemented for employees with children under the age of 12, supporting a better balance between childcare and work responsibilities.



Overseas Corporations

Overseas corporations are also making continuous efforts to create family-friendly work environments. Each corporation operates in-house daycare centers to support female employees so that they can focus on their work in a safe environment alongside their children, while also implementing programs fit for local circumstances to ensure thoughtful consideration of employees. The HANSAE INTERNATIONAL, S.A. has been operating an on-site breastfeeding room within the factory since 2015 and is contributing to improving the childcare environment for female workers through ongoing breastfeeding education. C&T VINA CO., LTD. is striving to enhance work flexibility for pregnant employees. The company offers a 7-hour workday option and provides overtime pay for hours worked beyond the standard schedule. Additionally, workspaces and seating are adjusted to accommodate the physical needs of pregnant employees, and job duties are modified to less demanding tasks without any reduction in salary, effectively easing the practical workload during pregnancy.

Support for Children's Education

HANSAE CO., LTD. regularly provides educational materials from Dong-A Publishing to help ease the financial burden of education on employees' families and provide practical support for their children's studies. This support is offered each semester to employees with children from 1st grade of elementary school through 3rd year of high school. In the first semester of 2025, a total of 77 supplementary textbooks were distributed. Moving forward, we will continue to expand effective educational support programs to help employees and their families grow together.

Global Harmony and Cultural Activities

HANSAE CO., LTD. annually provides holiday gifts to employees across all domestic and overseas corporations, and operates various morale-boosting programs aligned with each country's national holiday seasons. Additionally, we regularly conduct global cultural exchange activities to foster harmonious integration among employees of diverse nationalities. Employees have opportunities to introduce traditional foods from their home countries and share meals together, fostering mutual cultural understanding and communication. In addition, company outings and internal events are organized to promote employees' physical well-being and strengthen teamwork, helping to cultivate a healthy organizational culture for mutual growth.



HANSAE TN CO., LTD. International Food Day

CASE FROM 2024

C&T VINA CO., LTD. Community Facility Improvement

In 2024, C&T VINA CO., LTD. established a community fitness center to promote the health and physical well-being of managers. This provides employees with easier access to exercise and promotes sustainable, healthy habits.



C&T VINA CO., LTD. Fitness Center

1) Implementation of staggered work hours for childcare in Q1 2025

Diversity and Inclusion

Diversity and Inclusion Management System

As a global company, HANSAE CO., LTD. creates an environment where all employees can fully display their capabilities regardless of gender, disability, religion, or race. To support this, the HR Team and Compliance Team lead activities aligned with the company's Diversity and Inclusion goals. The HR Team manages the employment of women, people with disabilities, and foreign workers at domestic business sites, while the Compliance Team oversees the employment of women and people with disabilities at overseas corporations, monitoring the employment status at each corporation. Moreover, we annually plan diversity indicators and related activities, reporting them to management to promote continuous improvement and development. We also regularly provide all employees with ethics training, including legally mandated courses, to raise awareness of discrimination. In addition, we operate a year-round reporting channel to ensure that any incidents of discrimination can be promptly reported and addressed.

Diversity and Inclusion Management Targets

HANSAE CO., LTD. is continuously providing equal opportunities to strengthen the capabilities of female talent. As of 2024, women make up approximately 65% of the workforce at the domestic business sites of HANSAE CO., LTD., and approximately 60% of managerial positions at the team leader level or higher are held by women. This figure is more than twice the national average ratio of female managers in Korea, which stood at 23.7% in 2022, according to the Ministry of Employment and Labor, demonstrating that we have created an environment where female talent can grow fairly within the organization. In addition, we are continuously working to enhance inclusivity for people with disabilities by providing opportunities for them to be respected and thrive as members of society. In 2024, we completed the recruitment of employees with disabilities to comply with Korea's mandatory employment quota for people with disabilities (3.1% of total employees).

2025 Target Achievement Status

Category		2024 Q4	2025 Target
Development of female talent		14% gap in domestic and overseas corporations	Achieve gender parity ²⁾ at domestic and overseas business sites
Recruitment of employees with disabilities	Domestic	3.92% ¹⁾	Comply with Korea's mandatory employment quota for people with disabilities ³⁾
	Overseas	0.31%	Recruit employees with disabilities to be 0.39% of total employees

1) 8 employees with severe disabilities (counted double) and 1 employee with mild disabilities acknowledged as a total of 17 workers with disabilities according to legal standards

2) Gender parity: Equal ratio of female managers to overall female employees

3) Korea's mandatory employment quota for people with disabilities: Employers with 50 or more regular employees must hire a certain ratio of workers with disabilities (3.1% of total staff for private companies)

Diversity and Inclusion Promotion Activities

Female Talent Development

HANSAE CO., LTD. operates training programs tailored to each country at overseas business sites to protect the human rights and labor rights of female workers. To support this, we coordinate with local talent development programs and provide in-house training covering labor, health and safety, and brand protection, through which we support the growth of female employees and positively impact the local communities.

P.A.C.E Program

HANSAE CO., LTD. has been participating for 12 consecutive years in the P.A.C.E (Personal Advancement & Career Enhancement) program, which aims to empower female workers. Through this program, we help improve the quality of life for women in developing countries and strengthen their leadership, enabling female talent to grow into key contributors within the company. Starting with HANSAE TN CO., LTD. in 2013, we have implemented the P.A.C.E program at HANSAE VIETNAM CO., LTD., two corporations in Indonesia, HANSAE INTERNATIONAL, S.A., Guatemala corporation, and suppliers. As of 2024, approximately 15,270 individuals have completed the training.



HANSAE TN CO., LTD. P.A.C.E Program

Recruitment of Employees with Disabilities Disability Culture & Arts Team

In January 2024, HANSAE CO., LTD. established the Culture & Arts Team as part of its efforts to expand employment of people with disabilities and enhance diversity, and recruited 8 employees with disabilities. The team operates on a work-from-home basis, with individuals practicing their instruments personally, while strengthening both collaboration and autonomy through regular ensemble sessions. Through this, we create a work environment where employees with disabilities can fully demonstrate their capabilities, and continuously expand the foundation for establishing an organizational culture of inclusion and respect.

Multinational Talent Recruitment

HANSAE CO., LTD. actively pursues the recruitment of foreign talent to strengthen global competitiveness. In 2023, we recruited talent from Ecuador and Nigeria, laying the foundation for greater diversity within the organization. In 2024, we recruited talent from a wider range of countries, including Russia and Japan, achieving a leap forward as a global multicultural organization. Securing such global talent enhances the organization's creativity and problem-solving capabilities while also increasing understanding of diverse cultures.

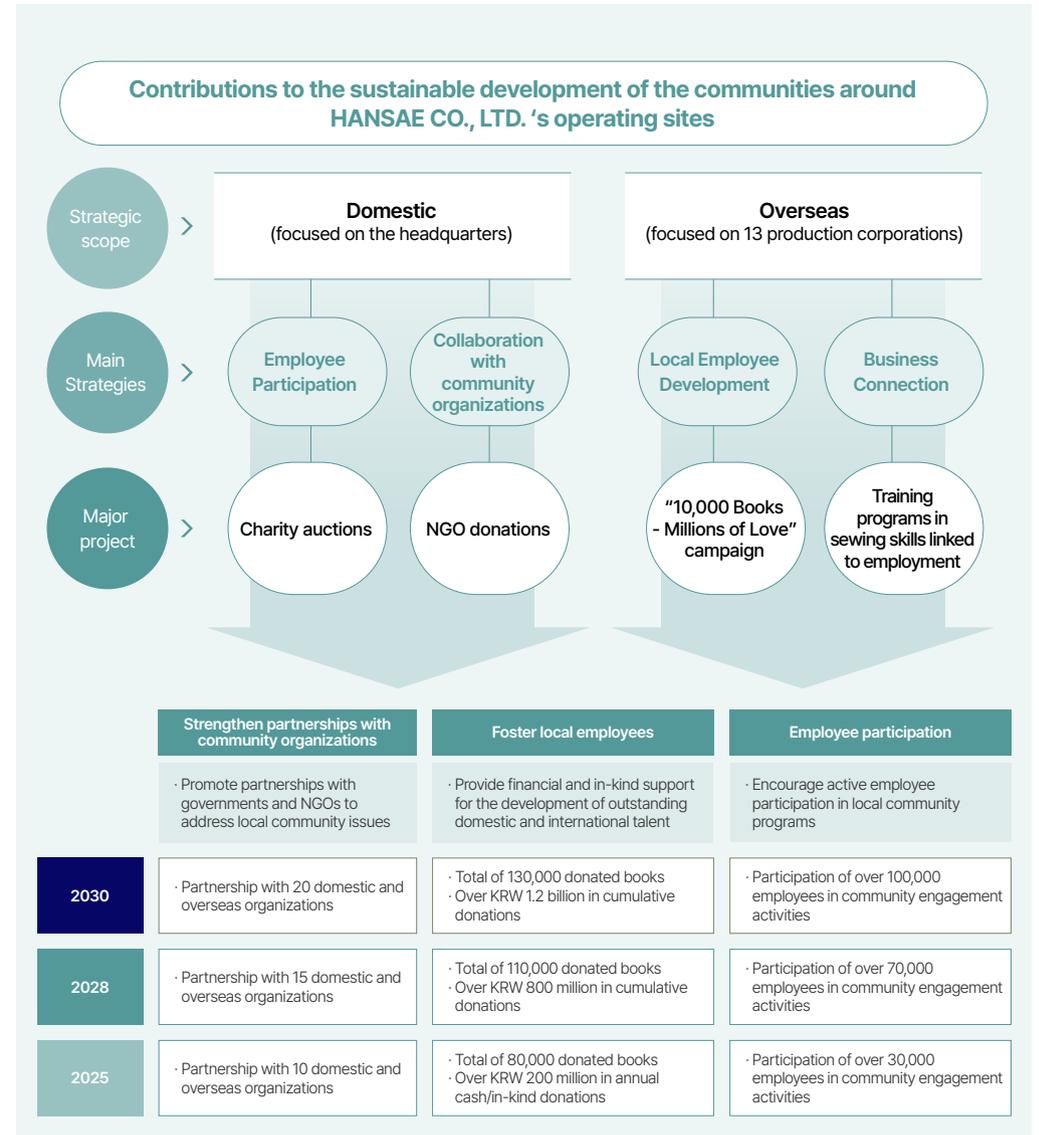
Social Contribution

Social Contribution Management System

Local communities are key stakeholders that cast a significant impact on the continuity and operational stability of HANSAE CO., LTD.'s business. For HANSAE CO., LTD., which operates in diverse countries, cultures, and regions, building trust with the local community and engaging in social contribution activities serve as an important competitive advantages in global management. Specifically, the Compliance Team at the main and local offices are closely working together to execute social contribution activities that consider specific environmental and cultural contexts within each local community where our domestic and overseas business sites are located. The Compliance Team sets the strategic framework and mid- to long-term goals for social contribution, monitoring the progress towards these goals. Overseas corporations plan and execute social contribution activities tailored to the needs and characteristics of each region and regularly report their activities to the Compliance Team at the headquarters. In Korea, various departments including the HR Team and the P&C Team are strategically executing social contribution activities aligned with their business functions under the supervision of the Compliance Team.

Social Contribution Strategic Framework

HANSAE CO., LTD. recognizes that building trust with local communities through social contribution activities helps mitigate regulatory risks, enhance brand value, and ultimately drive long-term financial performance. Hence, we have established four key strategies—employee participation, connection with local organizations, local talent development, and connection with business—alongside corresponding mid- to long-term goals, while making active investments to achieve these goals. By 2030, we aim to continue implementing locally tailored social contribution activities in partnership with local communities and NGOs across our domestic and 13 overseas corporations, while also expanding local programs that promote employee participation and providing books and scholarships in support of local talent development in Vietnam.



Social Contribution

Social Contribution Activities

Headquarters

Online Employee Charity Auctions

HANSAE CO., LTD. operates a business model in which its products are manufactured at overseas sewing corporations by local employees. In line with these values, domestic business sites have continued to host their in-house charity auctions at the end of each year the last two years, where employees sell their personal belongings to support multicultural families, which are primarily composed of individuals from countries such as Vietnam and Indonesia—some of company's major factory sites. In 2024, a total of 132 items were donated, generating 757 bids during the online auction. The proceeds from the auction, combined with company contributions, amounted to KRW 5 million. In addition, the company committed to donating approximately 1,000 sets of winter clothing for children. Altogether, including employee donations and clothing contributions, we donated goods valued at approximately KRW 120 million to the Korean NGO GFoundation. These donations were distributed to children via local children's centers and multicultural family support centers.



Year-end Charity Auction Donation

Headquarters

Donation for Vietnam Typhoon Recovery

In September 2024, HANSAE CO., LTD. donated KRW 130 million to the International Organization for Migration (IOM) to support recovery efforts in northern Vietnam, which had incurred devastating damage from Super Typhoon Yagi, resulting in over 300 fatalities and 329,000 building destructions. Since 2001, we have been closely collaborating with Vietnam and are currently operating the largest production facilities among Korean companies in the country. We are aware that the livelihood of local corporation employees are deeply related to the surrounding communities, and are thus actively responding to challenges faced by the local community in such a crisis. Moving forward, we will continue to carry out various social contribution activities aimed at achieving mutual growth with the Vietnamese community.



Donation for Vietnam Typhoon Relief

HANSAE TG CO., LTD.

Donation to Center for People With Disabilities

On September 20, 2024, HANSAE TG CO., LTD. donated VND 63 million to a center for people with disabilities located in Tien Giang Province. The donation, made to a facility introduced by the Vietnamese government as being in a particularly poor condition, was used to install a corridor canopy to provide a more comfortable space for users. HANSAE TG CO., LTD. plans to continue supporting people with disabilities by donating goods or assisting with facility maintenance on an annual basis.



Support for a Vietnamese Center for People with Disabilities (Corridor Canopy Installation)

PT. BOMIN PERMATA ABADI

Red Cross Donations

Since 2019, PT. BOMIN PERMATA ABADI has been collaborating with the Red Cross by donating IDR 2,000 per employee. In 2019, 2021, 2023, and 2024, approximately 1,500 employees participated each year, resulting in an annual donation of IDR 3 million. Currently, a total of IDR 12 million has been contributed to the Red Cross. These donations have been used as support funds for local hospitals and patients, contributing to the improvement of medical services in the community. PT. BOMIN PERMATA ABADI plans to continue this donation program as a long-term project.



Red Cross Donations

Social Contribution

HANSAE INTERNATIONAL, S.A.

Blood Donation

To help address the decline in medical service quality caused by blood shortages, the HANSAE INTERNATIONAL, S.A. has been conducting blood donation drives once or twice a year in collaboration with the Red Cross. To encourage employee participation, posters are displayed on in-house bulletin boards and flyers are distributed. Employees who donate blood receive snacks, juice, calendars, keychains, and donor cards as tokens of appreciation. In 2024, a total of 86 employees voluntarily participated in the blood donation campaign.



HANSAE INTERNATIONAL, S.A. Blood Donation

Guatemala Corporation

Donation of Korean Language Textbooks

The Guatemala corporation donated a total of 400 Korean language textbooks, valued at approximately USD 6,000, to the Korean language department at USAC (Universidad de San Carlos de Guatemala), a local higher education institution. This donation was aimed at providing substantial aid to Guatemala's local educational environment, which relatively lacks the Korean language learning infrastructure, and supporting a more structured education system. The donated textbooks include content that covers the Korean culture, history, and customs, helping students improve not only their language proficiency but also their understanding of Korean culture as a whole. Through this initiative, students will have greater opportunities to explore diverse career paths, including studying or working in Korea, thereby laying the foundation for growth as global citizens. The Guatemala corporation plans to expand the scope of its support beyond a one-time event by linking it to its annual Korean speech contests.



Korean Language Textbook Donation Initiative

HANSAE MYANMAR CO., LTD.

Clothing Donation for Flood Victims

In response to the severe flooding that struck central Myanmar in 2024, the Myanmar corporation carried out a clothing donation campaign to support those who were affected. With approximately 400,000 people displaced and 226 fatalities reported, the Korean Association in Myanmar, the Thilawa Special Economic Zone (SEZ; to which the corporation belongs), and the Governor of Bago Region requested donations. In light of this, the head of the local corporation made the decision to contribute. The HANSAE MYANMAR CO., LTD. donated a total of 30,000 pieces of clothing—10,000 each—to donation events organized by the Korean Association in Myanmar, the Thilawa SEZ, and the Bago Region Government. In addition, local employees voluntarily raised MMK 1.5 million to purchase 5,000 pieces of clothing, and later donated its collection to a private charitable organization. In cases where delivery by the organization was not feasible, employees personally traveled to affected areas over a two-day period to distribute the items directly. These

efforts were well received by the local media and the Thilawa SEZ authority, and the HANSAE MYANMAR CO., LTD. was awarded a certificate of appreciation by the Yangon Region Government. Going forward, the HANSAE MYANMAR CO., LTD. plans to continue responding swiftly to recurring flood damage in the region, contributing to the recovery and rebuilding of the community, and strengthening relationships with local enterprises and government bodies.

2024 Myanmar Clothing Donation Status

Total **35,000 pieces** of clothing donated

Donated items

T-shirts 33,000 pieces	Pants 1,000 pieces	Outerwear 1,000 pieces
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Local article on donation to flood victims in Myanmar

Social Contribution

HANSAE COMMUNITY STORY

Vietnam Corporation Local Talent Development "10,000 Books, Millions of Love"

UN SDGs 4.

Quality education



Since 2017, the Vietnam corporation has been contributing to its local community through the "10,000 Books, Millions of Love" campaign, donating 100 books each to 100 elementary schools in Vietnam. More than 60,000 books have been delivered to elementary schools in various regions to date, including Ho Chi Minh, Da Nang, and Tay Ninh, helping to improve children's reading environments and provide high-quality educational opportunities. Vietnam is a core market where HANSAE CO., LTD. has achieved continuous growth and development over the past 20 years or so. Going forward, the company plans to further expand this campaign as part of its commitment to mutual growth with the community. Through these efforts, the company will continue contributing to the development of the Vietnamese community and the cultivation of local talent.

Total **69,600** books donated

2017-2024 Book Donation Status by Region

CASE FROM 2024

7th Book Donation Event Held

In 2024, HANSAE CO., LTD. hosted the "10,000 Books, Millions of Love" book donation event in cooperation with the Tien Giang Department of Education and Training in Vietnam. The event was attended by key figures from both countries, including Shin Soo Chul, General Director at HANSAE VIETNAM CO.,LTD.; Cho Young Je, Commercial Attaché at the Consulate General of the Republic of Korea; Choi Bundo, Chairman of the Korean Chamber of Commerce; Trieu, Chairman of the Provincial People's Council of Tien Giang; Phuong, Deputy Director of the Tien Giang Department of Education and Training; and Giang, Director of the Tien Giang Book Department. In particular, HANSAE CO., LTD. and the Library Support Center under the Tien Giang Department of Education and Training jointly selected 100 high-quality books across various subjects—such as history, science, and literature—suitable for elementary school students, and donated them to 100 schools. In addition to the book donation, commemorative bookshelves were also provided to help school libraries manage the books more efficiently, adding further significance to the initiative.



Guatemala Corporation Connection with Business "Training programs in sewing skills linked to employment"

UN SDGs 8.

Decent work and economic growth



The Guatemala corporation has been continuously executing shared growth activities by fostering practical skills training and creating employment opportunities in close collaboration with the local community. Since 2022, the corporation has been offering sewing skills training programs in the form of talent donation each year for local residents aged 18 and above, as well as students from "Casa de Angeles" (House of Angels), a local educational institution, in the area where the corporation is located. Upon completing the training, all participants receive a gift and a certificate in support of future employment efforts. In addition, participants are evaluated so that top performers are awarded gift vouchers along with a preferential hiring opportunity at the HANSAE PINULA, S.A. factory. Having completed its 3rd cohort, the program has been positively received for actually contributing to easing unemployment and promoting livelihood stability of local residents by disseminating sewing skills and fostering local talent in the community. The Guatemala corporation will continue to expand cooperation with the local community and contribute to regional economic development through job creation and skills training.



Completion Ceremony for the 3rd Cohort of the Sewing Skills Training Program in Guatemala

Participants in the Sewing Skills Training Program

(Unit: Persons)

Cohort	1st	2nd	3rd
Number of participants	10	10	10

Towards Transparency



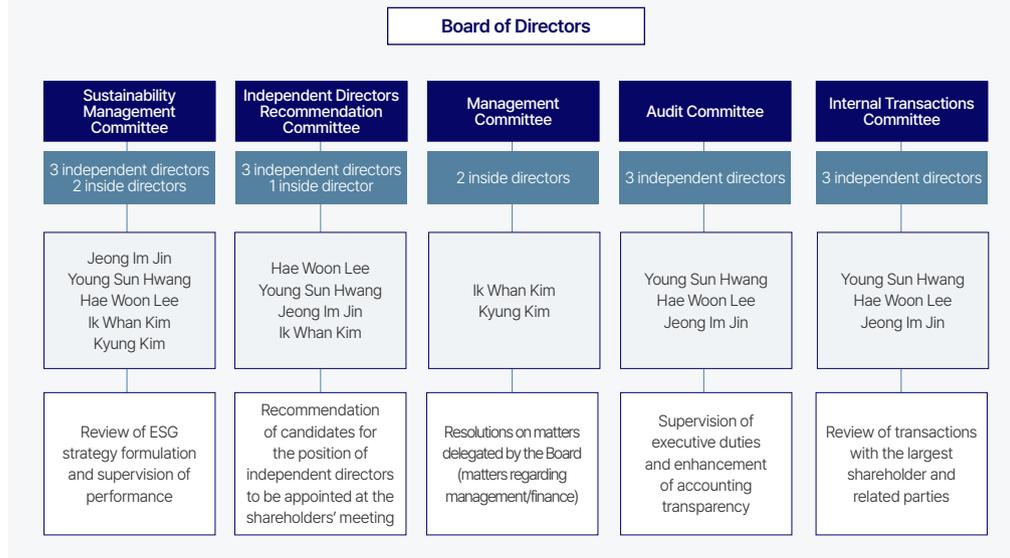
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Governance

Board of Directors

The Board of Directors of HANSAE CO., LTD. is the highest decision-making body, responsible for deliberating and resolving key matters related to overall corporate management and overseeing the performance of the management (executives). The Board ensures the protection of stakeholder rights and interests as well as responsible corporate management based on expertise and transparency.

Installation Status of the Board



2024 Operation Status of the Board

Total number of meetings	Number of agenda items discussed	Attendance rate of inside directors	Attendance rate of independent directors
9 times	73 cases	100 %	100 %

Key Activities of the Board

Date	Agenda item
2024-1st February 13, 2024	<ul style="list-style-type: none"> Approval of the 15th financial statements and business report Confirmation of the retained earnings appropriation statement (draft) Appointment of candidates for the positions of inside directors Amendment of executive severance pay regulations Establishment of the Internal Transactions Committee Formulation of mid- to long-term dividend policy Improvement of dividend procedures Amendment of Articles of Incorporation Implementation of the electronic voting system Resolution to convene the 15th general shareholders' meeting Capital increase for THE GLOBAL GUATEMALA MICHATOYA, S.A. Amendment of the Board of Directors regulations *Reports ① Report on the operation status of the internal accounting management system by the company's representatives and internal accounting control system managers ② Report on the Audit Committee's evaluation of the effectiveness of the internal accounting control system • 9 cases related to HANSAE CO., LTD.'s credit and joint guarantees for overseas corporations
2024-2nd March 5, 2024	<ul style="list-style-type: none"> Participation in equity acquisition bidding Delegation of authority for deciding the bid amount for equity acquisition
2024-3rd March 28, 2024	<ul style="list-style-type: none"> Appointment of CEO Appointment of Internal Transactions Committee members and approval of regulations Establishment of El Salvador corporation Establishment of Guatemala corporation
2024-4th May 8, 2024	<ul style="list-style-type: none"> Amendment of the Board of Directors regulations Establishment of executive appointment regulations 7 cases related to HANSAE CO., LTD.'s credit and joint guarantees for overseas corporations
2024-5th June 18, 2024	<ul style="list-style-type: none"> Joint guarantee for new facility loan by TGGM Corporation
2024-6th July 22, 2024	<ul style="list-style-type: none"> Acquisition of TEXOLLINI, INC. Loan to TEXOLLINI, INC. Payment guarantee for TEXOLLINI, INC. Capital increase for HANSAE ECOSPIN, S.A.
2024-7th July 26, 2024	*Reports Report on resolutions of the Internal Transactions Committee • Loan to affiliated company (HANSAE YES24 HOLDINGS CO., LTD.)
2024-8th August 9, 2024	*Reports Report resignation of Internal Transactions Committee member Report on resolutions of the Internal Transactions Committee <ul style="list-style-type: none"> Loan to affiliated company (HANSAE YES24 HOLDINGS CO., LTD.) Approval of future business and management plan for the Guatemala project Loan to subsidiary HS SOURCING CO., LTD. 17 cases related to HANSAE CO., LTD.'s credit and joint guarantees for overseas corporations
2024-9th November 12, 2024	<ul style="list-style-type: none"> Loan to subsidiary HS SOURCING CO., LTD. Loan to subsidiary TEXOLLINI, INC. Capital contribution to subsidiary HANSAE SEBACO, S.A. 5 cases related to HANSAE CO., LTD.'s credit and joint guarantees for overseas corporations

Governance

Members of the Board

The Board of Directors of HANSAE Co., LTD. consists of three inside directors and three independent directors to ensure transparency and stability in its management decision-making. The CEO also serves as the Chair of the Board. This structure is designed to enhance decision-making efficiency and management stability based on in-depth expertise in the textile and fashion industry with a comprehensive insight into business operations. Members of the Board possess a wide range of professional knowledge and practical experience, of which they are responsible for key corporate decision-making. In addition, to reinforce the accountability of the Board, we have subscribed to Directors and Officers (D&O) liability insurance.

Members of the Board

(As of March 18, 2025)

Category	Name	Position	Career Highlights	Date of Appointment	Term of office	End of term
Inside director	Ik Whan Kim	Chairman of the Board of Directors / CEO	<ul style="list-style-type: none"> Graduated from Korea University MBA from George Washington University, U.S. Current CEO of HANSAE CO., LTD. Current Director at HANSAE YES24 HOLDINGS Current Director at HANSAEMK CO., LTD. 	March 28, 2024	3 years	March 30, 2027
Inside director	Dong Nyung Kim	Board of Directors	<ul style="list-style-type: none"> Graduated from Seoul National University MBA from the Wharton School of the University of Pennsylvania, U.S. Current Chairman of HANSAE YES24 HOLDINGS Current CEO of HANSAE YES24 HOLDINGS Current Director at HANSAE CO., LTD. Current Director at YES24 CO., LTD. Current Director at Dong-A Publishing Current Director at HANSAEMK CO., LTD. 	March 28, 2024	3 years	March 30, 2027
Inside director	Kyung Kim	Board of Directors / CEO	<ul style="list-style-type: none"> Graduated from Hankuk University of Foreign Studies Current CEO of HANSAE CO., LTD. Former Head of Production Innovation Division (Vice President) at HANSAE CO., LTD. 	March 29, 2023	3 years	March 30, 2026
Independent director	Young Sun Hwang	Board of Directors	<ul style="list-style-type: none"> Graduated from Seoul National University Current Director at Dongnam Accounting Corporation Current Independent Director at CAMUS E&C Former Independent Director at Global Tax Free Co., Ltd. Former Outside Auditor at Korea Price Information Former Director at 3R Consulting Co., Ltd. Former Employee at Ahn Kwon & Co. 	March 29, 2023	3 years	March 30, 2026
Independent director	Hae Woon Lee	Board of Directors	<ul style="list-style-type: none"> Graduated from Kyungpook National University Ph.D. in Science (Analytical Chemistry), Graduate School of Kyungpook National University Former CEO (Vice President) of Kolon Fashion Material 	March 29, 2022	3 years	March 29, 2025
Independent director	Jeong Im Jin	Board of Directors	<ul style="list-style-type: none"> Graduated from Hankuk University of Foreign Studies Master's in Business Administration from Sogang University MBA from the Wharton School of the University of Pennsylvania, U.S. Current Inside Director (Vice President) at Lastonemile Co., Ltd. Former CEO of Made4U Former Korea Representative of BEAUTYSTREAMS Former Head of Future Growth Division at CJO Shopping Former CEO of Levi's Korea Former Executive Director at LF 	March 29, 2022	3 years	March 29, 2025

Expertise of the Board

HANSAE CO., LTD. thoroughly recognizes that the efficient operation of the Board is important for promoting sustainable corporate growth and building stakeholder trust. Accordingly, we appoint independent directors with extensive experience and knowledge in various fields such as finance and accounting, sales and marketing, and ESG, thereby strengthening the Board's competencies and independence. In accordance with the Commercial Act and relevant regulations, our independent directors rigorously oversee the company's business activities from an independent standpoint. They support responsible corporate management by carefully balancing the interests of all stakeholders, including shareholders, investors, employees, customers, and local communities.

Board of Directors Competency Matrix

Category	Inside director			Independent director		
	Dong Nyung Kim	Ik Whan Kim	Kyung Kim	Young Sun Hwang	Hae Woon Lee	Jeong Im Jin
Corporate operations	●	●	●		●	●
Global business	●	●	●		●	
Finance/accounting	●	●		●		
Risk management	●	●	●	●	●	
Sales/marketing	●		●			●
ESG	●	●				●

Governance

Training for the Board

To enhance the expertise of the Board and strengthen its risk response capabilities, HANSAE CO., LTD. establishes an annual training plan and provides systematic support for training. In 2024, we conducted multiple seminars and training programs in collaboration with external specialized institutions, covering a wide range of topics including the evolving corporate governance landscape, ESG management issues, internal control and accounting systems, and strategies for enhancing corporate value. Independent directors actively participated in these programs, through which they deepened their professional knowledge and decision-making capabilities in support of sustainability and transparent Board operations. Going forward, we will further expand training opportunities to continue strengthening the independence, expertise, and accountability of the Board.

Evaluation of the Board

To ensure transparent and sound governance, HANSAE CO., LTD. reviews the annual activities of the Board of Directors and its committees, as well as the performance of individual directors, while continuously seeking areas for improvement. In 2025, the company introduced a board evaluation system to enhance the effectiveness of board operations. All members of the board actively participate in the evaluation process through self-assessments. The evaluation consists of both qualitative and quantitative evaluation, comprehensively diagnosing the overall operation of the Board as well as the individual competencies of each director. The qualitative evaluation consists of 5 items regarding the roles, responsibilities, operations, and composition of the Board, as well as 10 items assessing individual directors on independence, loyalty, participation, and contribution. Each item is rated on a 5-point scale. The quantitative evaluation is based on the attendance rate of the Board. The evaluation results are used as reference materials for improving the operation of the Board, reviewing the reappointment of independent directors, and calculating remuneration. Through this evaluation, we objectively review the accountability, expertise, and participation of the Board and enhance the effectiveness of its operations.

Remuneration of the Board

The remuneration of the Board at HANSAE CO., LTD. is determined by comprehensively considering various criteria, including economic, social, and environmental performance, the performance of committee operations, and performance evaluation of individual directors. It is set within limits approved annually at the shareholders' meeting, and the total remuneration for directors and audit committee members is disclosed through the business report. When calculating remuneration, quantitative performance indicators such as sales, operating profit, and net profit are balanced with qualitative factors, including ESG management activities. In particular, for executives whose remuneration exceeds 500 million KRW, we comprehensively evaluate both quantitative indicators (such as sales, operating profit, and net profit) and qualitative indicators (such as ESG management activities) in accordance with the internal executive remuneration regulations, paying remuneration within a range of 0 to 200% of their existing annual salary. Furthermore, by clearly disclosing the evaluation of the remuneration system's appropriateness and plans for future policy development through the Governance Report, we are providing management transparency and credibility to both internal and external stakeholders and upholding the principles of responsible management.

2024 Training for Independent Directors

Date	Host	Participating independent director	Topic
May 23, 2024	Samil PwC Governance Center	Hae Woon Lee, Jeong Im Jin	· Seminar: "Inquiring the Path of the Board of Directors in an Era of Change" · Board of Directors improvement tasks, roles, and support measures for corporate value enhancement
June 3, 2024	Korea Deloitte Group Center for Corporate Governance	Hae Woon Lee	· Seminar on independent directors' internal control supervision
July 4, 2024	Samjong KPMG	Hae Woon Lee, Jeong Im Jin	· Samjong KPMG 10 th ACI Seminar
July 11, 2024	Korea Listed Companies Association	Young Sun Hwang	· Online training on internal accounting systems
November 8, 2024	Deloitte Anjin	Young Sun Hwang	· 2024 Korea Deloitte Group Center for Corporate Governance webinar

Board of Directors Evaluation Matrix

Category	Item	Points	
Board of Directors evaluation (5 items)	· Operation of the Board · Roles and responsibilities of the Board · Structure of the Board	100	
Individual evaluation of directors	Qualitative evaluation (10 items)	· Independence · Loyalty · Active Engagement and Participation · Contribution	80
	Quantitative evaluation (attendance rate)	· Number of participations / number of meetings held	20

Board of Directors Remuneration Status

(unit: thousand KRW)

Category	Number of director	Total remuneration	Average remuneration per person
Inside Directors (excluding Independent Directors and Audit Committee Members)	3	1,425,525	475,175
Independent Directors (excluding Audit Committee Members)	-	-	-
Audit Committee Members	3	144,000	48,000
Audit	-	-	-

Governance

Committees within the Board

To enhance governance transparency and clarify the company's roles and responsibilities, HANSAE CO., LTD. has established and operates the Audit Committee and the Independent Directors Recommendation Committee under the Board. At the 13th General Shareholders' Meeting in 2022, the Articles of Incorporation were amended to establish the Independent Directors Recommendation Committee, the Sustainability Management Committee, and the Management Committee. In 2024, the Internal Transactions Committee was additionally established to strengthen internal controls and enhance management transparency regarding internal transactions. Through the operation of these committees under the Board, we are strengthening the coordination of strategies and policies and laying the foundation for sustainable management.



Audit Committee

HANSAE CO., LTD. is not legally required to establish an Audit Committee pursuant to Article 542-11 of the Commercial Act. However, to enhance audit functions, we have autonomously established an Audit Committee within the Board, composed entirely of independent directors. The Audit Committee performs an independent and objective supervision of the Board, and at least one member is designated as an expert in accounting and finance as stipulated in Article 542-11, Paragraph 2 of the Commercial Act. Members are appointed based on recommendations from the Independent Directors Recommendation Committee and resolutions at the shareholders' meeting. The Audit Committee regularly reviews the reliability of financial statements

and the internal accounting management system, oversees the appointment and performance of external auditors, and thereby enhances the transparency in corporate accounting. Additionally, the Audit Committee strengthens the risk management system by auditing and supervising the execution of duties by the Board and the management, and also provides advice and input to ensure the appropriateness and legality of corporate operations. The Audit Committee contributes to the protection of the rights and interests of shareholders and stakeholders based on independence and objectivity and faithfully fulfills its role as a key supervisory body for sustainable corporate management and long-term value creation.

Audit Committee Training

HANSAE CO., LTD. continuously encourages Audit Committee members to participate in training programs to enhance their expertise and capability in fulfilling their roles. While participation is not mandatory, we collect and share annual training schedules provided by various external organizations such as accounting firms, the Korea Listed Companies Association, the Audit Committee Forum, and the Institute of Internal Auditors Korea. Even when separate training notifications are received, they are promptly shared with Audit Committee members, and support is provided for course registration. Attendance certificates are collected and managed when Audit Committee members have attended training. We encourage members to attend at least one training session annually and continuously monitor their participation status. Through these efforts, we are consistently enhancing the knowledge and capabilities necessary for fulfilling the Audit Committee's roles.

Composition of the Audit Committee

Composition	Name	Position	Duties and Authorities	Accounting and Financial Expert		
				Eligibility	Expert Type	Relevant Experience
Independent director	Young Sun Hwang	Chairman	<ul style="list-style-type: none"> Supervision of directors and management Performance of the company's accounting and business audits Approval of the selection of independent auditors Matters specified in the Articles of Incorporation or internal regulations related to audit 	Yes	Certified Public Accountant	<ul style="list-style-type: none"> Certified Public Accountant (CPA) registration (1989) Director at Dongnam Accounting Corporation (1999-Present) Ahn Kwon & Co. (1986-1998)
Independent director	Hae Woon Lee	Member		-	-	-
Independent director	Jeong Im Jin	Member		-	-	-

Independence of the Audit Committee

Details of appointment criteria	Fulfillment of appointment criteria	Relevant laws and regulations
Consisting of at least 3 directors	· Fulfilled (3 directors)	
Independent directors constitute at least two-thirds of the members	· Fulfilled (all members are independent directors)	Commercial Act Article 415-2, Paragraph 2
At least one of the members is an accounting or financial expert	· Fulfilled (1 member)	Commercial Act Article 542-11, Paragraph 2
The Chairman of the Audit Committee must be an independent director	· Fulfilled	
Other disqualifications (related parties of major shareholders, etc.)	· Fulfilled (N/A)	Commercial Act Article 542-11 Paragraph 3

Governance

Sustainability Management Committee

HANSAE CO., LTD. established the Sustainability Management Committee under the Board in 2022 to clarify the company's sustainable management direction and effectively manage ESG-related issues. The Sustainability Management Committee regularly reviews the formulation of sustainability management strategies and plans, as well as the progress of ESG-related activities. It proactively identifies key environmental, social, and governance risks that the company may face and comes up with response measures. The Committee also plays a vital role in actively exploring strategic opportunities, such as participation in global ESG initiatives, thereby contributing to the company's long-term competitiveness and sustainable growth.

Composition of the Sustainability Management Committee

Composition	Name	Position	Duties and Authorities
Independent director	Jeong Im Jin	Chairman	<ul style="list-style-type: none"> Establishment of mid-to long-term management strategies for sustainability management Review of issues related to ESG & sustainability management Review and continuous management of key corporate risk factors
Independent director	Young Sun Hwang	Member	
Independent director	Hae Woon Lee	Member	
Inside director	Ik Whan Kim	Member	
Inside director	Kyung Kim	Member	

Key Activities of the Sustainability Management Committee

Date	Agenda item
2024-1st February 13, 2024	1. Q1 2024 ESG Performance Report 2. 2024 ESG Activity Plan ① Publication of the ESG Report for the first half of the year ② Joining the Global Initiative SBTi
2024-2nd May 8, 2024	Report on 2024 ESG plan and materiality assessment
2024-3rd August 9, 2024	Report on the company's sustainability goals and implementation status
2024-4th November 12, 2024	1. Report on 2024 comprehensive ESG evaluation results and countermeasures 2. Report on 2024 company-wide risk status and management (based on ESG materiality issues)

Management Committee

HANSAE CO., LTD. established the Management Committee under the Board in 2022 to efficiently support the company's strategic decision-making and execution of management policies. The Management Committee conducts prior reviews of key management decisions delegated by the Board, including major investments, significant contract execution, and asset acquisitions. The Committee enhances the quality of decision-making by providing the Board with the necessary analyses and materials. It also supervises compliance with corporate policies and guidelines and proactively identifies and manages potential risks in business operations, thereby contributing to the company's management stability and sustainability.

Composition of the Management Committee

Composition	Name	Position	Duties and Authorities
Inside director	Ik Whan Kim	Chairman	<ul style="list-style-type: none"> Resolutions on matters delegated by the Board 1) Matters regarding management 2) Matters regarding finance
Inside director	Kyung Kim	Member	

Independent Directors Recommendation Committee

The Independent Directors Recommendation Committee is a sub-committee under the Board established in August 2022, responsible for recommending candidates for independent director positions to be appointed at the shareholders' meeting, thereby ensuring the independence and transparency of the Board's operations. In selecting candidates, the Committee comprehensively considers each candidate's expertise, experience, and diverse career backgrounds to recommend the most suitable individuals for the company's Board. In accordance with Article 542-8 of the Commercial Act, a majority of the Committee members are independent directors, ensuring strict fairness and objectivity. All meetings of the Committee are formally recorded in minutes, and, when necessary, relevant executives or external experts are invited to provide opinions to promote more careful and objective decision-making.

Composition of the Independent Directors Recommendation Committee

Composition	Name	Position	Duties and Authorities
Independent director	Hae Woon Lee	Chairman	<ul style="list-style-type: none"> Recommendation of candidates for the position of independent directors to be appointed at the shareholders' meeting
Independent director	Young Sun Hwang	Member	
Independent director	Jeong Im Jin	Member	
Inside director	Ik Whan Kim	Member	

Governance

Internal Transactions Committee

HANSAE CO., LTD. established the Internal Transactions Committee under the Board on March 28, 2024, to secure transparency in internal transactions and strengthen the internal control system. This Committee conducts prior deliberation and approval of major transactions with related parties, including monetary loans of KRW 10 billion or more, transactions involving assets such as marketable securities and real estate, and transactions of goods or services with affiliates funded by the same person or their relatives. Transactions reviewed by the Committee are strictly managed by applying the same procedure even when there are significant changes to their key terms. The Committee consists of at least 3 directors appointed by the Board, with the majority being independent directors to ensure independent and objective decision-making. The Chairman is appointed in accordance with the resolution of the Committee and represents the Committee while presiding over meetings. The Committee operates in accordance with formal and clearly defined procedures, and resolutions are passed with the attendance of the majority of its members and approval by the majority of those present. When necessary, the Committee may invite relevant employees or external experts to meetings to obtain professional opinions, and all meeting proceedings are documented and managed through official minutes. Meanwhile, to enhance the independence and transparency of the deliberations of the Internal Transactions Committee, Ik Whan Kim and Kyung Kim, both serving as CEOs, resigned from the Committee effective July 31, 2024.



Composition of the Internal Transactions Committee

Composition	Name	Position	Duties and Authorities
Independent director	Young Sun Hwang	Chairman	<ul style="list-style-type: none"> Strengthening the company's internal control over internal transactions and enhancing transparency in corporate management Deliberation and resolution of internal transactions exceeding a certain scale
Independent director	Jeong Im Jin	Member	
Independent director	Hae Woon Lee	Member	

Shareholder-Friendly Management

Shareholders' Meetings

HANSAE CO., LTD. conducts annual general meetings and extraordinary general meetings in accordance with the company's Articles of Incorporation. The annual general meeting is held within 3 months after the end of each fiscal year, while extraordinary general meetings are held as needed upon resolution of the Board. Unless otherwise stipulated by relevant laws and regulations, the convocation of shareholders' meetings is carried out by the CEO based on the resolution of the Board. Notice of convocation is delivered to shareholders written or electronic form 4 weeks prior to the shareholders' meeting and includes the date, time, place, and agenda of the meeting. Unless otherwise stipulated by law, resolutions at shareholders' meetings require approval by the majority of attendees with shareholder voting rights that is at least one-quarter of the total issued shares. At the 16th general shareholders' meeting held in March 2025, an agenda item to revise the Board's compensation ceiling downward from the previous 3.5 billion KRW to 2.4 billion KRW, which is less than twice the actual paid amount, was discussed and approved.

Shareholder Proposals

HANSAE CO., LTD. respects shareholders' rights and has established a legal framework that enables shareholders to participate in corporate management in accordance with relevant laws. Based on Article 363-2 and Article 542-6 of the Commercial Act, shareholders who hold at least 3% of the total outstanding shares with voting rights, or shareholders who have continuously held at least 1% of such shares for 6 months prior to the general shareholders' meeting, may submit proposals regarding specific agenda items in written or electronic form at least 6 weeks before the general shareholders' meeting. The Board includes shareholder proposals as agenda items for the shareholders' meeting if the proposals do not violate laws or the Articles of Incorporation and are not subject to rejection under Article 12 of the Enforcement Decree of the Commercial Act. Additionally, upon the shareholder proposer's request, the key contents of the proposal are included in the notice of convocation for the shareholders' meeting, or an opportunity to explain the proposal is provided during the meeting. Shareholder proposals can be submitted in written or electronic form up to 6 weeks prior to the date corresponding to the previous year's general shareholders' meeting.

Resolutions of the 16th General Shareholders' Meeting

Category	Agenda	Approval Rate	Result
Agenda No. 1	Approval of the 16th fiscal year financial statements, comprehensive income statement, and retained earnings appropriation statement (draft) (Cash dividend of 500 KRW per share, 100% of the par value)	99.58%	Approved
Agenda No. 2	Appointment of independent director - Candidate: Chan Ho Ha (new appointment)	100%	Approved
Agenda No. 3	Appointment of independent director as Audit Committee member - Candidate: Jeong Im Jin (reappointment)	99.88%	Approved
Agenda No. 4	Appointment of Audit Committee members - Candidate: Chan Ho Ha (new appointment)	100%	Approved
Agenda No. 5	Approval of the director remuneration limit (2.4 billion KRW)	85.43%	Approved

Governance

Shareholder Communication Enhancement of Disclosures and Global Communication

HANSAE CO., LTD. discloses key management information through various channels to transparently provide information based on the trust of shareholders and stakeholders. Relevant information can be accessed via the company website, the Financial Supervisory Service's Data Analysis, Retrieval and Transfer System (DART), and the Korea Exchange's Korea Investors' Network of Disclosure (KIND). To strengthen communication with diverse stakeholders, including global investors and foreign shareholders, we are continuously enhancing our English disclosure system. We provide English mid- to long-term dividend policy and dividend information for the past 5 years on our official website, and are conducting all possible timely and voluntary disclosures simultaneously in both Korean and English since 2024 to enhance transparency in ESG management. Moreover, an English IR archive has been established, and key IR materials are regularly posted in English since 2024 to improve information accessibility for global investors. Furthermore, to enhance the provision of specialized management information in English, we have signed an additional contract with the auditor for English audit reports. As of 2025, the FY2024 English audit report is available on our website. Going forward, we will continue to make every effort to strengthen the disclosure system and expand global communication to provide timely and transparent corporate information to domestic and international shareholders and stakeholders.

2024 Highlight

Record-High Compliance Rate for Key Corporate Governance Indicators

HANSAE CO., LTD. achieved a compliance rate of 73.3% for key corporate governance indicators in 2024, marking a 13.3%p increase compared to the previous year. This is the result of the company's comprehensive efforts to improve corporate governance, reflecting progress across various areas such as the operation of the Board of Directors, protection of shareholder rights, and the internal audit and control systems. In the Board of Directors sector, a new policy was established to prevent the appointment of executives responsible for damaging corporate value or infringing on shareholder rights, thereby enhancing fairness and transparency in the executive appointment process. In addition, the appointment of a female independent director has secured greater diversity within the Board, officially confirming the Board's non-monolithic composition. To protect shareholder rights, the company announced shareholders' meeting convocation notices earlier than the statutory deadline and scheduled general shareholders' meetings to avoid congestion on commonly concentrated dates, thereby expanding opportunities for shareholder participation. The introduction of electronic voting



and prior notification of the dividend record date have also contributed to enhancing shareholder convenience and predictability. Furthermore, HANSAE CO., LTD. has implemented a medium-term dividend policy from 2023 through 2025 to maintain a minimum dividend payout ratio of 10%, and communicates dividend-related plans to shareholders at least once a year, thereby strengthening trust-based communication. In the internal audit sector, an independent internal audit department has been established, and an audit body—including accounting and finance experts—has established a system to hold independent meetings with independent auditors on a quarterly basis. Through the regulations of the Audit Committee and the Board, the expertise and independence of audits have been enhanced, and procedures for accessing management information have been clarified. However, the CEO succession and internal control policies are currently undergoing formal documentation. Moving forward, these related frameworks will be systemized to further strengthen the foundation for the company's sustainable management.



Governance

COLOR&TOUCH CO., LTD.

Board of Directors

The Board of Directors of COLOR&TOUCH CO., LTD. serves as the highest decision-making body, deliberating and resolving key matters related to corporate management and overseeing the execution of duties by the management (executives). The Board practices responsible management to achieve sustainable corporate growth and enhance stakeholder value based on expertise and transparency. Going forward, the company plans to continuously strengthen the effectiveness of the Board's operations by advancing the operation system, including the establishment of subcommittees within the Board, to ensure more transparent and professional decision-making.

Members of the Board

As of December 2024, the Board of Directors of COLOR&TOUCH CO., LTD. consists of three inside directors, with the CEO concurrently serving as the Chairman of the Board to ensure industry professionalism and efficient decision-making. The Board functions as the highest decision-making body, responsible for deliberating and deciding on key matters related to overall corporate management.



Members of the Board

Category	Name	Position	Career Highlights	Date of Appointment	Term of office	Number of consecutive terms
Inside director	Ik Whan Kim	Chairman of the Board of Directors / CEO	<ul style="list-style-type: none"> Graduated from Korea University MBA from George Washington University, U.S. Current CEO of HANSAE CO., LTD. Current Director at HANSAE YES24 HOLDINGS Current Director at HANSAEMK CO., LTD. 	March 28, 2024	3 years	4 times
Inside director	Hyang Mi Lee	CEO	<ul style="list-style-type: none"> Graduated from Yonsei University Current CEO of COLOR&TOUCH CO., LTD. Former Head of R&D Division at HANSAE CO., LTD. Former Li&fung KOREA SVP Former PreKOREA/Walmart Global Sourcing 	March 27, 2017	3 years	3 times
Inside director	Suk Man Cha	Board of Directors	<ul style="list-style-type: none"> Graduated from University of Seoul 	November 1, 2019	3 years	2 times
Auditor	Sung Yul Park	Auditor	<ul style="list-style-type: none"> Current HANSAE CO., LTD. 	March 27, 2017	3 years	3 times

Key Activities of the Board

Date	Agenda item
2024-1st March 29, 2024	<ul style="list-style-type: none"> Approval of the 10th financial statements Amendment of Articles of Incorporation (related to severance pay) Executive severance pay regulations
2024-2nd May 9, 2024	<ul style="list-style-type: none"> Renewal of credit limit for COLOR&TOUCH CO., LTD. (Hana Bank)
2024-3rd June 12, 2024	<ul style="list-style-type: none"> Acquisition of overseas corporations (TEXOLLINI, Inc.)
2024-4th August 1, 2024	<ul style="list-style-type: none"> Acquisition of overseas corporations (C&T GUATEMALA, S.A.)
2024-5th October 28, 2024	<ul style="list-style-type: none"> Capital Increase of C&T GUATEMALA, S.A. Renewal of credit limit for COLOR&TOUCH CO., LTD. (Suhyup Bank)
2024-6th November 14, 2024	<ul style="list-style-type: none"> Renewal of credit limit for COLOR&TOUCH CO., LTD. (Korea Development Bank)

Ethical and Compliance Management

Ethical Management System

Ethical Management Organization

To practice global ethical management, HANSAE CO., LTD. has established and has been operating independent compliance organizations not only at its domestic business sites but also within each overseas corporation. These organizations are responsible for the systematic management of working environments and human rights protections for employees and local workers, thereby fostering an ethical and responsible corporate culture across global production sites. Furthermore, the compliance regulations and management systems are applied not only to global business sites but also across the entire supply chain, including suppliers so that consistent ethical standards are maintained throughout the overall supply chain.

Ethical Management Charter

At HANSAE CO., LTD., all employees of the organization are committed to internalizing the company's management philosophy, based on which they deliver top performance that ensures continuous stability and growth. Through these efforts, we aim to enhance the value of various stakeholders—including customers, shareholders, and suppliers—while playing a key role in socioeconomic development, ultimately contributing to the happiness of humanity. We are also dedicated to being recognized as an ethical company at the global level through fair and transparent corporate activities.

[Ethical Management Charter](#)

Code of Ethics

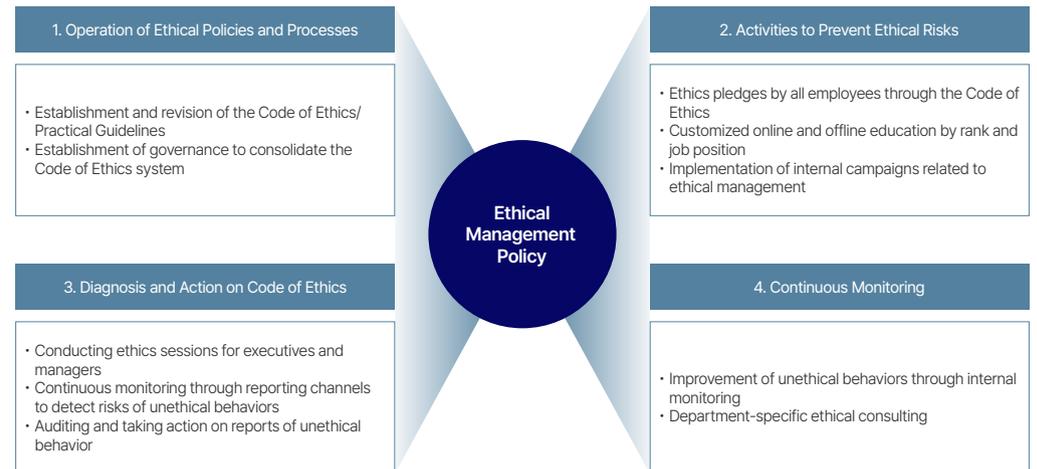
HANSAE CO., LTD. has clearly established the Code of Ethics applied across the company and systematically manages it so that all employees and stakeholders faithfully comply with it. With customer satisfaction as a core value, we strive to build lasting relationships based on trust and credibility, and are creating a sound and positive organizational culture grounded on mutual respect and accountability among members. Furthermore, we uphold the enhancement of shareholder value as our key management principle, pursuing transparent and efficient decision-making as well as responsible management. In our relationships with suppliers, we comply with fair trade practices and promote mutual benefits and joint development. In addition, we also strictly adhere to social ethical standards and legal regulations as members of society, pursue sustainable growth by contributing to national and local community development, and faithfully fulfill our responsibility and role as a global company.

[Code of Ethics](#)

Ethical Management Policy

To strengthen the ethical management system, HANSAE CO., LTD. has established and revised the Code of Ethics and Practical Guidelines, operating a company-wide governance system. All employees are required to sign an ethics pledge and complete both online and offline training programs based on their rank and job characteristics. In addition, internal campaigns to raise ethical awareness are regularly carried out. We also conduct ethics sessions for executives and employees in key positions, monitor unethical behavior through a continuously available reporting channel, and address the reported cases through audits and appropriate measures. In addition, we control ethical risks through internal monitoring and department-specific ethical consulting and support the on-site implementation of an ethical culture. Through these efforts, we actively realize sustainable and responsible management.

Ethical Management Policy



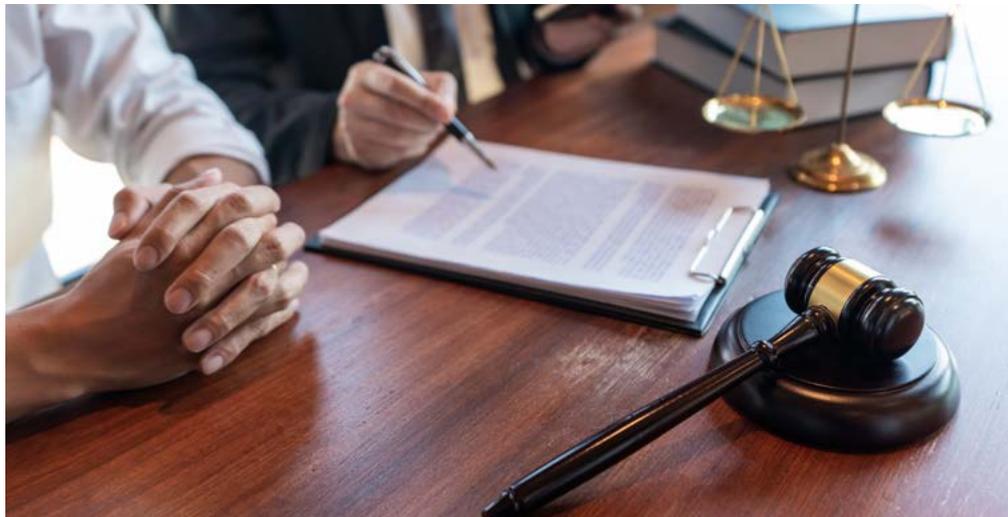
Ethical and Compliance Management

Compliance Management System

HANSAE CO., LTD. has established and operates a structured compliance management system to effectively respond to various legal risks that may arise in the global business environment. To this end, we have set up independent and specialized compliance organizations not only at domestic business sites but also at overseas corporations. Compliance with domestic and international laws, as well as the internal Code of Ethics, is regularly and rigorously monitored. HANSAE CO., LTD.'s compliance management system is carried out concretely and effectively according to three strategic directions considering global business operations.

Strategic Directions for Compliance Management

Strategic direction	Scope	Roles	Specific roles
Localization	Overseas corporations	Self-management of overseas corporations	<ul style="list-style-type: none"> Reflecting local characteristics of overseas locations Managing areas where local self-management is efficient
Systematization	Parent company	Cooperation of domestic parent company	<ul style="list-style-type: none"> Areas requiring management by the domestic parent company Areas requiring joint responses
Global	Holding company	Global commonalities	<ul style="list-style-type: none"> Global standards Group-wide compliance identity



Ethical and Compliance Management Activities

Employee Ethical Management Pledge

HANSAE CO., LTD. requires all employees to submit an ethical management pledge annually, reaffirming individual ethical responsibilities and duties. This process is to raise ethical awareness and strengthen individual accountability, thereby fostering a culture of ethics throughout the entire organization.

Ethical Management Practice FAQ

To help employees make the right decisions in various situations that may arise during their actual work, HANSAE CO., LTD. provides detailed FAQs and behavioral guidelines. For example, seeking improper favors, such as accepting airline tickets or receiving excessive gifts from business partners, is strictly prohibited. Simple meals that are unavoidable in business settings or essential accommodations for work purposes are permitted only within socially acceptable limits and are transparently managed according to clear internal standards.

Ethical Management Practice FAQ Examples

Category	Q&A
Prohibition of Receiving Improper Benefits	<p>Q I need to visit a business partner's site, and they have offered to buy me an airline ticket to the location. Is it okay to accept it?</p> <p>A The company provides travel expenses for business trips. Even if the offer is made out of goodwill, accepting it could ultimately place a burden on the other party and may influence the outcome of the visit in any way. Taking this into consideration, you must refuse such offers without exception.</p>
Fair Job Performance	<p>Q Even if a supervisor's instructions violate the Code of Ethics or Practical Guidelines, it is difficult in reality for a subordinate to refuse. If they follow such instructions, can they be subject to disciplinary action?</p> <p>A Both the supervisor who issues instructions that violate the Code of Ethics or Practical Guidelines and the subordinate who follows them are held responsible. Therefore, even if it is a supervisor's order, you must refuse and report the matter to the ethical management department.</p>
Prohibition of Internal Information Leaks and Maintenance of Security	<p>Q What constitutes a corporate information leak, and how should corporate information be handled when used outside the office?</p> <p>A Corporate information must not be used for any purposes other than job-related duties. All information obtained during employment is the property of the company. Therefore, disclosing even seemingly trivial information to external parties or using it for personal purposes constitutes misconduct and may be subject to criminal prosecution as a criminal offense. If it is unavoidable to take documents, PCs, diskettes, or storage devices outside the office for work purposes, you must obtain prior approval from your supervisor and strictly manage records of what is taken out and brought back in.</p>

Ethical and Compliance Management

Operation of Cyber Reporting Center

Through the 'Report on Ethical Management' system on the official website, HANSAE CO., LTD. provides an immediate and secure channel for reporting employee misconduct, unfair practices, unethical behavior, and other inappropriate situations. All reports are handled with strict confidentiality, and the results are communicated within 7 to 10 days following a thorough review and verification process. In particular, we prioritize the protection of whistleblowers, ensuring that their identities are not disclosed and that they do not face any disadvantages or retaliation in personnel decisions. Furthermore, a separate channel is operated to allow employees at overseas corporations to report directly to the headquarters, thereby strengthening ethical management at the global level. In 2024, there were no reports submitted through the Cyber Reporting Center. Through this system, we will make continuous efforts to proactively prevent ethical risks and build a fair and trustworthy corporate environment.

[Ethical Management Reporting Channel](#)

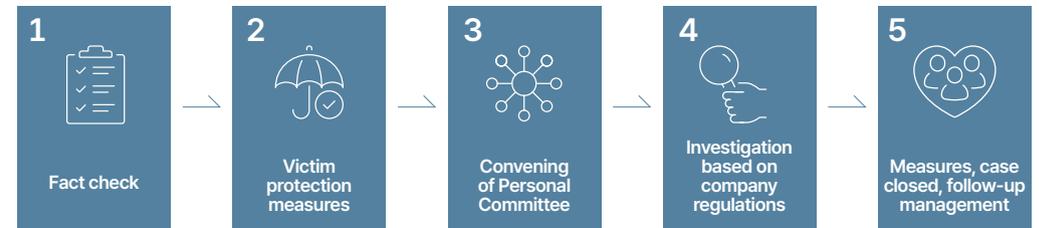
Reportable Issues



Disciplinary System for Ethical Violations

HANSAE CO., LTD. operates a systematic disciplinary procedure to ensure prompt and fair handling of ethical violations. When issues related to corruption or misconduct are reported, the facts are immediately verified through consultations, with strict measures in place to protect victims and maintain confidentiality throughout the process. Based on the investigation results, the decision to convene the Personnel Committee is made. Once the Committee is formed, it fairly reviews the case according to the internal personnel regulations and determines the appropriate disciplinary action. The disciplinary outcome is promptly communicated to the concerned employee, and thorough follow-up management is conducted to clarify the accountability for ethical violations and to firmly maintain the organization's ethical culture. This process is carried out transparently and swiftly under the responsibility of the Head of HR Department and the Head of the Internal Accounting Team.

Disciplinary Process for Ethical Violations



Website for "Report on Ethical Management"



Ethical and Compliance Management

Ethics Education

HANSAE CO., LTD. actively promotes establishing an ethical corporate culture by conducting regular ethics education programs for employees and suppliers. All employees are required to complete legally required training online on topics such as prevention of discrimination against people with disabilities and sexual harassment. Starting in 2024, education related to internal accounting controls and fair-trade practices has been added to further strengthen ethical responsibility. At overseas business sites, regular Code of Ethics training is provided for local staff, and the Code of Ethics is distributed in local languages to ensure consistent ethical management practices on a global scale.

Internal Ethics Education

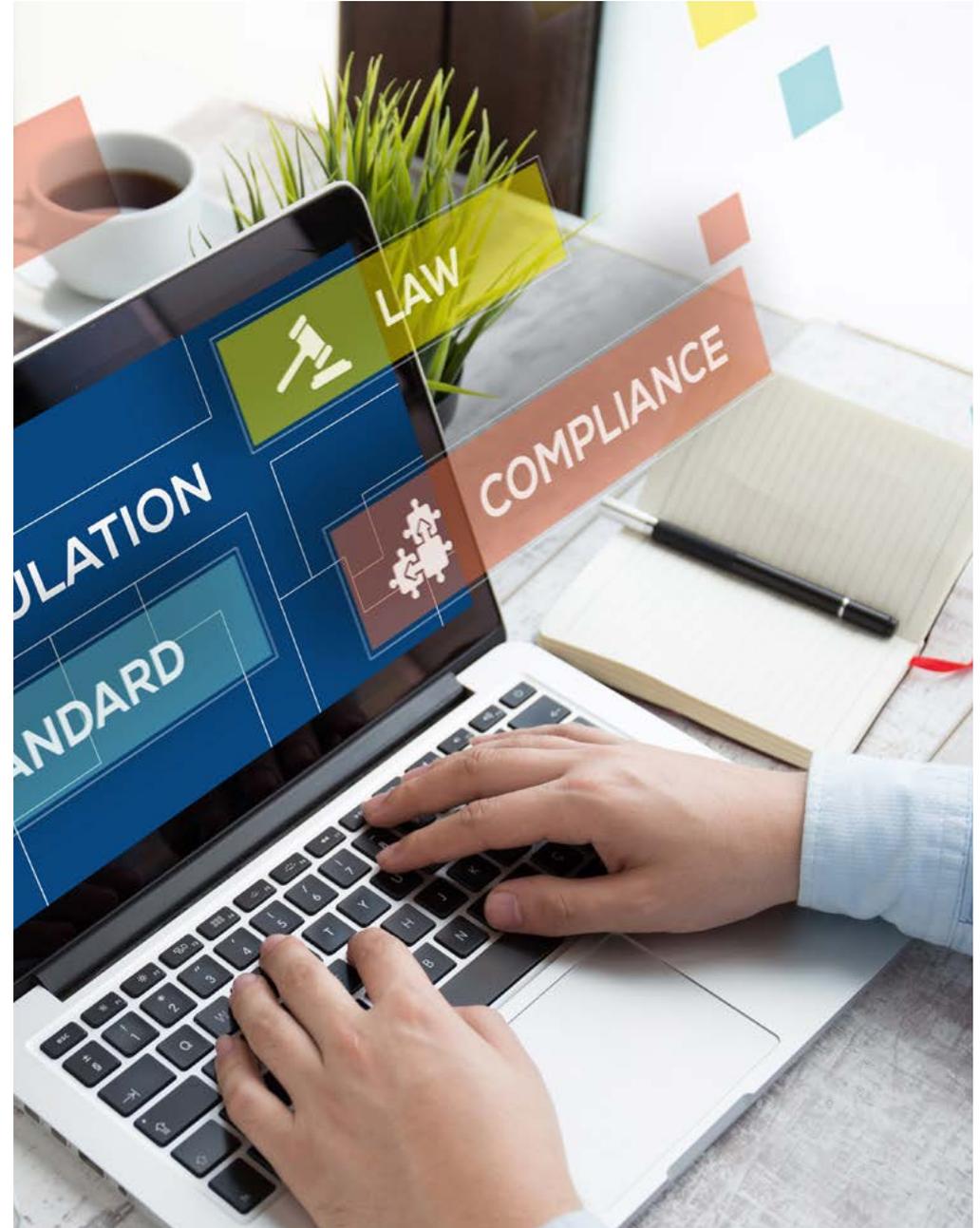
HANSAE CO., LTD. offers an ethics education program separate from legally required training within the internal job-specific training courses for employees. This program clearly explains the fundamental concepts and necessity of ethical management, providing concrete guidance on how to practice ethical management through various domestic and international case studies. In particular, the program accentuates how each individual's behavior marks the beginning of ethical management and presents substantive and specific guidelines for practice.

Code of Ethics Training

The Code of Ethics training is regularly conducted once a year for all employees. Upon completion, every employee signs an ethical management pledge to once again reinforce individual ethical responsibilities. Through this training, employees learn specific behavioral guidelines based on the Code of Ethics and appropriate responses to various situations, enhancing their ability to take proper measures in ethical conflicts. Employees who have not completed the training are required to undergo additional sessions for the missed courses to ensure the Code of Ethics is fully internalized by all employees. In 2024, all HANSAE CO., LTD. employees completed the Code of Ethics training, which enhanced their understanding of ethical standards and strengthened their ability to apply them in practice.

Code of Ethics Training Content

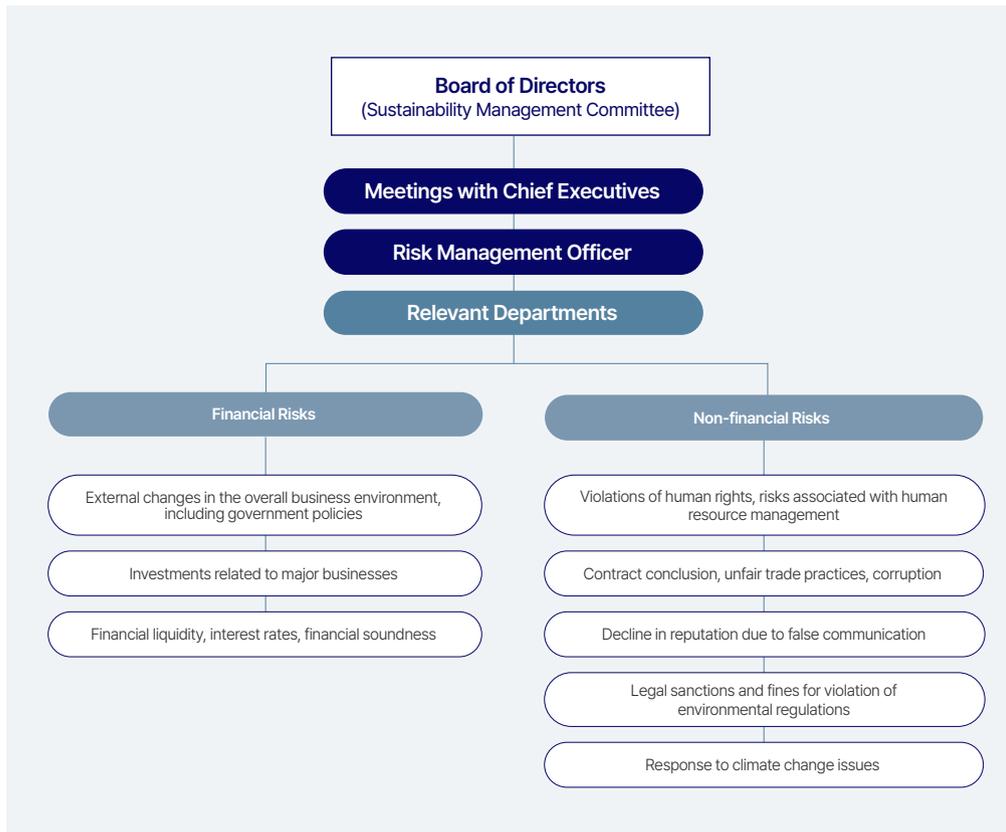
Program	Content	Lecture time
Ethical Management Guide	<ol style="list-style-type: none"> 1) Understanding ethical management 2) Cases related to ethical management 3) Ethical Management Practical Guide for all employees 	1 hour
Understanding the Internal Accounting Management System	<ol style="list-style-type: none"> 1) Definition of the internal accounting management system 2) Importance of the internal accounting management system and related cases 3) Role of employees to strengthen internal control 	1 hour



Integrated Risk Management

Integrated Risk Management System

HANSAE CO., LTD. operates an integrated risk management system to effectively identify and respond to key risks in a rapidly changing global business environment. We continuously monitor both key financial risks such as strategy and finance, and non-financial risks such as operation and environment. Major risks are regularly reported to the Board of Directors and the Sustainability Management Committee. In the event of legal risks, we take prompt measures in cooperation with the Group's legal department. Moving forward, we plan to further strengthen our risk response capabilities and enhance the risk management system through close collaboration with relevant departments.



Integrated Risk Management Activities

Financial Risk Management

Liquidity Risks

In the textile and fashion industry, there is a structural instability in cash flow due to the long lead time between order placement, production, and delivery, combined with widespread credit-based transactions. As a global OEM/ODM company, HANSAE CO., LTD. can be exposed to liquidity risks that arise from external factors such as economic downturns, exchange rate fluctuations, and changes in payment terms. These risks may lead to delays in securing funds, disruptions in payments to suppliers, and manufacturing setbacks. Accordingly, we leverage IT technologies to minimize overproduction and excess inventory, enhance productivity based on the HAMS, increase the proportion of liquid receivables, and invest in liquidity-focused financial products such as demand deposit accounts. Furthermore, domestic business sites and overseas corporations regularly forecast cash flows, which are consolidated and analyzed by the domestic finance team for continuous monitoring, thereby ensuring stable liquidity management.

Foreign Exchange Risk

HANSAE CO., LTD. is exposed to foreign exchange risks stemming from fluctuations in exchange rates, particularly involving the U.S. dollar. Volatility in major currency exchange rates can affect both profitability and cost structures, while sudden changes in exchange rates may result in foreign currency translation losses, posing a risk to financial soundness. Thus, we are having each overseas corporation manage foreign exchange risks based on its functional currency, and we regularly assess, manage, and report on the level of foreign currency exposure related to receivables and payables denominated in foreign currencies. Through this systematic response, we are minimizing financial impacts that may be brought by currency volatility.

Integrated Risk Management

Non-financial Risk Management

Health and Safety Risks

HANSAE CO., LTD. operates global production bases primarily in developing countries across Asia and Latin America. Some of these regions relatively lack industrial safety infrastructure and institutional frameworks, thus posing persistent risks of safety incidents and industrial accidents. Furthermore, with the tightening of global and region-specific health and safety regulations including the Serious Accidents Punishment Act, we also have been facing increasing legal liabilities and reputational risk. Accordingly, we encourage overseas corporations and suppliers to participate in building safety programs and conduct regular safety inspections and preventive activities to proactively identify potential hazards within the processes. By systematically managing health and safety risks, we are continuously striving to ensure stability in factory operations while also meeting legal and social requirements.

Supply Chain ESG Risks

HANSAE CO., LTD. maintains close partnerships with a diverse range of overseas suppliers, during which ESG-related risks may arise, such as labor, environmental, and human rights issues. If such risks materialize, legal sanctions—including customs delays and export restrictions—may occur under the global regulatory environment, particularly with laws like the U.S.-centered Uyghur Forced Labor Prevention Act (UFLPA). This could negatively impact our business in the medium and long term by damaging brand trust, leading to delivery contract terminations, and lowering ESG evaluation ratings. Accordingly, we are strengthening ESG risk assessments for suppliers and requiring the submission of ethical management pledges within the SCM system, thereby establishing a preventive risk management system across the entire supply chain.

Environmental Regulatory Risks

HANSAE CO., LTD. is actively responding to strengthening environmental regulations. As global environmental standards advance, such as implementation of carbon neutrality and bans on PFAS¹⁾, obtaining eco-friendly certifications and transitioning facilities have emerged as critical tasks. Failure to meet these standards could seriously impact the company's competitiveness through export restrictions, certification failures, and lower ESG ratings. Accordingly, we are introducing eco-friendly facilities at key overseas production sites and have set environmental management targets for 2029, covering carbon emissions, energy consumption, and waste discharge to systematically manage environmental impacts. Additionally, by expanding the use of globally recognized eco-friendly certified materials such as OCS and RCS, we are proactively responding to environmental regulations in the global market and enhancing its export competitiveness.

Emerging Risk Management

Geopolitical Risks

HANSAE CO., LTD.'s production and logistics can be significantly impacted by geopolitical instabilities, such as the prolonged Russia-Ukraine war and escalating U.S.-China tensions, which can arise in the course of managing the global supply chain. These risks directly disrupt raw material procurement, production facility operations, and logistics routes, potentially leading to sharp increases in raw material prices and delays in delivery and production. Accordingly, these risks can negatively impact the company's profitability and competitiveness. HANSAE CO., LTD. is seeking to diversify production bases and expand hubs in Latin America to disperse geopolitical risks, while also minimizing disruptions in production and logistics by securing alternative supply chains to prepare for crisis situations. Through these measures, we maintain a stable supply chain even amid an unstable geopolitical environment, thereby achieving sustainable management.

Strengthening the ESG Risk Management System for Investments

HANSAE CO., LTD. thoroughly reviews ESG-related impacts throughout the investment decision-making process. Particularly for large-scale investment projects, risk levels and response strategies based on key ESG evaluation criteria are discussed collaboratively by relevant department representatives and management from the early stages of planning and review, thereby comprehensively evaluating the appropriateness and sustainability of investments. Through these efforts, we are realizing responsible investment decisions that consider not only financial performance but also environmental and social factors.

Key ESG Evaluation Indicators



1) PFAS: Per- and Polyfluoroalkyl Substances

Information Security

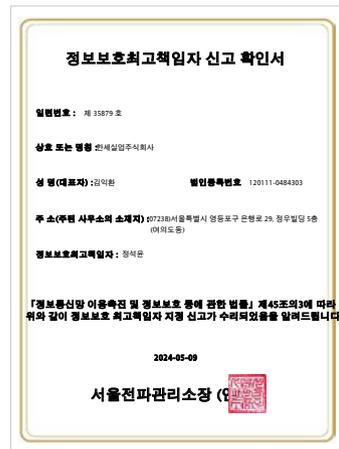
Information Security Management System

Information Security Management Organization

HANSAE CO., LTD. has established a security operations system and IT infrastructure security system as the foundation for information security management. Recently, with the establishment of the Management Information Department, we split the Management Information Team into the IT Development Team and IT Operations Team, clearly defining the roles and responsibilities of each organization. The organization is staffed with information security specialists who are fully responsible for security-related tasks, playing a key role in implementing information security policies, operating systems, and responding to security incidents to maintain the organization's security level. Through these efforts, we are enhancing the efficiency of information security and IT infrastructure management and establishing an environment that enables more systematic and professional security activities..

Chief Information Security Officer (CISO)

HANSAE CO., LTD. designates Chief Information Security Officer (CISO) as the manager responsible for overseeing information security across the organization. The CISO is tasked with establishing information security strategies, developing security policies and procedures, managing technical and security solutions, raising awareness through education and training, ensuring regulatory compliance, and responding to security incidents. Through these responsibilities, the CISO understands the importance of information security and guides the organization's strategic direction.



CISO Appointment Report Confirmation

Investment in Information Security

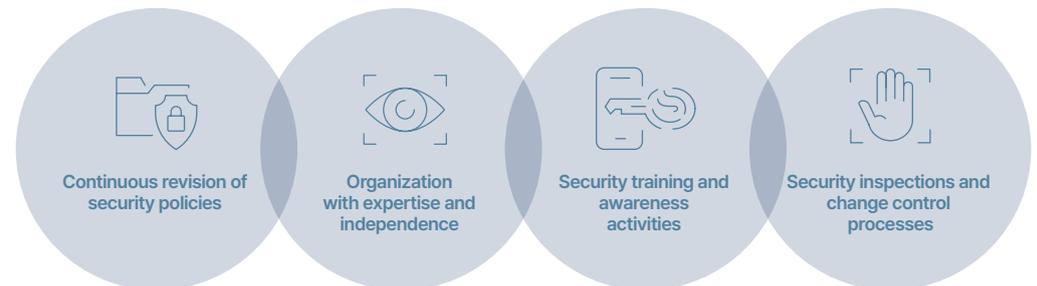
HANSAE CO., LTD. is seeking to make ongoing investments based on the mid- to long-term strategy for strengthening information security, allocating approximately 4–6% of the annual IT budget to information security items. This budget is flexibly executed according to priority levels based on key risk areas, including system security, endpoint protection, network control, and DLP (Data Loss Prevention). By 2025, we aim to expand the application of the DLP solution company-wide across all overseas corporations. The rollout is currently being carried out in phases, beginning with the Vietnam corporation. Through this initiative, we plan to establish an integrated information security system at the global level and enhance our overall security standards across the company. In addition, we are elastically adjusting investment items and priorities in response to annual key security issues and changes in the global operating environment, through which we continuously strengthen the effectiveness and sustainability of the information security system.

Investment in Information Security

Category	2022	2023	2024
IT budget (KRW)	2,856,612,276	2,667,424,446	3,007,783,997
Investment in information security (KRW)	198,698,438	108,842,003	193,957,312
Proportion of information security investment to total IT budget (%)	7.0	4.1	6.4

Information Security Management Policy

HANSAE CO., LTD. continuously updates its security policies to promptly respond to emerging threats and environmental changes, and has established an organization with both expertise and independence to ensure systematic and professional security management. Furthermore, it strengthens security training and awareness activities for all employees and steadily improves company-wide security levels through regular security inspections and strict control of changes.



Information Security

Information Security Management Activities

Information Security Management Process

HANSAE CO., LTD. conducts comprehensive and detailed security management activities by subdividing standard work procedures, including user account and access permission management, program development and modification, database and data center management, intrusion prevention system operation, data backup and recovery processes, and failure and project management. Moreover, we are minimizing security blind spots by separating the information security management unit into personnel and technology domains. In the personnel domain, new hires, departing employees, security officers, and IT staff development officers are managed to enhance security awareness and strengthen policy compliance. In the technology domain, strict security controls are applied to servers, databases, IT networks, and PCs to ensure protection of information assets.

System Stability Enhancement

HANSAE CO., LTD. regularly conducts internal control inspection activities such as operating system (OS) and database recovery tests and batch job monitoring based on service requests (SRs), which are automatically generated each quarter. Through these activities, we continuously ensure system stability, proactively identify potential risk factors during regular inspections, and take prompt measures to address them. Additionally, we maintain system stability through regular antivirus updates and security inspections, and block external malware intrusions and system breach attempts by operating Data Loss Prevention (DLP) programs, antivirus software, and firewalls. With these activities, we continuously manage the stability and security level of our company-wide systems.

Establishment of the Data Recovery System

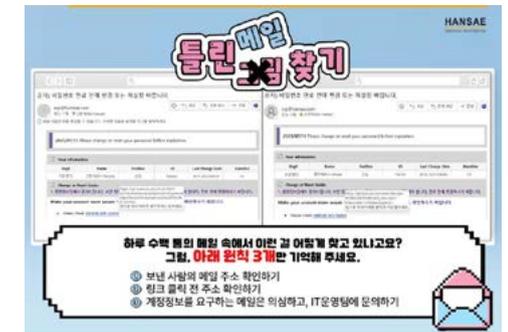
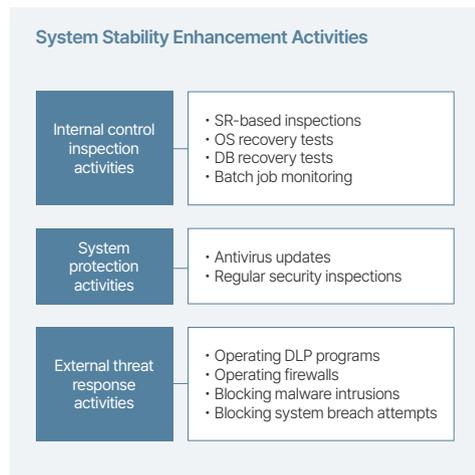
HANSAE CO., LTD. has established a systematic response system with predefined target recovery time to minimize work interruptions and ensure rapid recovery of critical data in the event of information asset loss or system failure. To secure business continuity, we operate a data backup and recovery system using the NetBackUp solution. Recovery targets are set at within 6 hours for domestic business sites and within 12 hours for overseas business sites. This enables us to respond swiftly to unexpected system failures or security incidents occurring at both domestic and international sites.

Information Security Disclosure

HANSAE CO., LTD. conducts annual information security disclosure in accordance with Article 13 of the Act on the Promotion of Information Security Industry. Information security disclosure is a system that transparently discloses a company's information security investment status, operation of specialized personnel, security certifications, and management activities to external parties, thereby enabling customers and stakeholders to objectively verify and trust the company's level of information security. Through this initiative, we actively practice responsible management of information security.

Internalization of Security Awareness Among Employees

To strengthen information security awareness, HANSAE CO., LTD. conducts systematic security internalization training for all employees. Annual company-wide online training is provided, and quarterly phishing simulations are carried out to recreate scenarios similar to real attacks, thereby practically enhancing employees' ability to respond to threats. Employees who are exposed to phishing emails during the training receive additional video-based training and online lectures to support continuous development of their security capabilities. In addition, various internal communication activities, such as phishing email response campaigns using screen savers, are conducted to further enhance information security awareness.



Phishing email response campaigns using screen savers

Appendix



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ESG Data

Financial

Organization Financial

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Total Assets	KRW million	1,239,211	1,237,248	1,424,527
Total Liabilities	KRW million	702,125	593,553	714,862
Total Equity	KRW million	537,086	643,694	709,665
Total Revenue	KRW million	2,204,761	1,708,756	1,797,796
Operating Profit (Loss)	KRW million	179,586	168,225	142,198
Net Profit (Loss)	KRW million	85,635	112,035	58,382
Total comprehensive income (Loss)	KRW million	92,287	123,148	86,009
Earnings (Loss) per share	KRW million	0.002	0.003	0.001

* Based on consolidated financial statements in the business report as of December 2024

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Total Assets	KRW million	88,100	102,524	125,852
Total Liabilities	KRW million	42,011	51,117	74,359
Total Equity	KRW million	46,089	51,407	51,493
Total Revenue	KRW million	157,379	150,969	183,514
Operating Profit (Loss)	KRW million	7,164	9,711	9,020
Net Profit (Loss)	KRW million	1,848	5,367	191
Total comprehensive income (Loss)	KRW million	1,940	5,318	86

Environmental

Response to Climate Change

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Annual target ¹⁾	tCO ₂ eq	20,012	19,471	15,551
Annual emissions ¹⁾	tCO ₂ eq	16,923	15,551	15,964
- Direct emissions (Scope 1)	tCO ₂ eq	2,037	2,639	2,250
- Indirect emissions (Scope 2)	tCO ₂ eq	14,886	12,912	13,714
Overseas				
GHG emissions reduced via reduction related initiatives	tCO ₂ eq	685	4,044	5,188
- Solar panels usage ²⁾	tCO ₂ eq	31	488	478
- REC ³⁾	tCO ₂ eq	654	3,556	4,710
- Intensity ⁴⁾	tCO ₂ eq/KRW 100 million	0.8	0.9	0.9
Annual emissions ⁵⁾	tCO ₂ eq	415	431	419
Domestic				
- Direct emissions (Scope 1)	tCO ₂ eq	0	0	0
- Indirect emissions (Scope 2) ⁵⁾	tCO ₂ eq	415	431	419

*Based on the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

1) Hansae Co., Ltd. manages carbon reduction targets only for overseas operations, and the targets and emissions are based on overseas operations

2) Disclosed environmental information of Nicaragua and Myanmar Corporations

3) Disclosed environmental information of Indonesia and Vietnam Corporations

4) Intensity: Total emissions (tCO₂eq)/Total sales on consolidated basis (KRW 100 million)

5) Corrected and disclosed 2022 and 2023 emissions

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Annual Emissions	tCO ₂ eq	53,178	54,978	63,720
Overseas				
- Direct emissions (Scope 1)	tCO ₂ eq	373	388	391
- Indirect emissions (Scope 2)	tCO ₂ eq	52,805	54,589	63,330

*Based on C&T Vina Co., Ltd. and the 2006 IPCC Guidelines for National Greenhouse Gas Inventories

ESG Data

Energy Consumption

HANSAE CO., LTD.

Category		Unit	2022	2023	2024
Annual target		TJ	269	265	262
Annual consumption ¹⁾		TJ	269.47	252.6	261.8
Intensity ²⁾		TJ/KRW 100 million	0.01	0.01	0.01
Domestic	Total energy consumption ¹⁾	TJ	3.47	3.6	3.5
	Total energy consumption ¹⁾	TJ	266	249	258.3
Overseas	Non-renewable energy consumption	TJ	149	111	100.3
	- Fuels	TJ	26	35	28.3
	- Electricity	TJ	123	76	72
	- Steam	TJ	0	0	0
	Renewable energy consumption	TJ	117	138	158
	- Geothermal	TJ	2.7	1	4
	- Wind	TJ	-	20.2	27
Overseas	- Solar	TJ	0.5	5.5	5.4
	- Hydro	TJ	0.8	4.3	2.2
	- Biomass	TJ	113	107	119.5

*Incorporated default net calorific values provided by the IPCC Guidelines, as well as country-specific calorific values

**Values below 0.6 are rounded down to the nearest whole number

1) Corrected and disclosed 2022 and 2023 energy consumption

2) Intensity: Total emissions (tCO₂eq)/Total sales on consolidated basis (KRW 100 million)

COLOR&TOUCH CO., LTD.

Category		Unit	2022	2023	2024
Total energy consumption		toe	20,731.75	21,193.95	24,577.69
Non-renewable energy consumption		TJ	868	887	1,029
Overseas	- Fuels	TJ	5	4	4
	- Electricity	TJ	87	94	109
	- Steam	TJ	775	789	916

*Disclosed information of C&T Vina Co., Ltd., incorporated default net calorific values provided by the IPCC Guidelines, as well as country-specific calorific values

Water Consumption

HANSAE CO., LTD.

Category		Unit	2022	2023	2024
Total water consumption ¹⁾		ton	847,879	781,592	616,675
Domestic	Water consumption ¹⁾	ton	18,825	17,572	17,148
	- Tap water	ton	18,825	17,572	17,148
	- Groundwater	ton	0	0	0
Overseas	Annual target	ton	811,040	793,784	776,528
	Water consumption	ton	829,054	764,020	599,527

1) Corrected and disclosed 2022 and 2023 water consumption

COLOR&TOUCH CO., LTD.

Category		Unit	2022	2023	2024
Overseas	Annual target ¹⁾	ton	2,092,000	2,201,000	2,267,000
	Water consumption	ton	1,832,136	1,865,582	2,249,906

*Disclosed information of C&T Vina Co., Ltd.

1) The target has been established in consideration of the anticipated increase in water demand due to production facility expansion

Water Pollutants Emissions

HANSAE CO., LTD.

Category		Unit	2022	2023	2024
Emission concentration	TOC	ppm	693.61	655.26	718.39
	BOD	ppm	523.97	503.76	533.52
	SS	ppm	1,003.9	412.59	562.99
Percentage of disclosing business sites on water pollutant emissions		%	100	100	100

COLOR&TOUCH CO., LTD.

Category		Unit	2022	2023	2024
Emission concentration	SS	ppm	-	26.38	28.63

*Disclosed information of C&T Vina Co., Ltd.

ESG Data

Waste

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Annual target	ton	-	5,968	5,910
Total waste generated	ton	5,970	5,968	6,488 ¹⁾
- General	ton	5,174	4,939	5,128
- Designated	ton	5	61	5
- Recycled	ton	791	968	1,355
Total general waste treated	ton	5,174	4,939	5,126
- Incineration	ton	3,900	3,516	4,054
- Landfilling	ton	1,274	1,423	1,072
- Others	ton	0	0	0
Total hazardous waste treated	ton	4	12	2
- Incineration	ton	3	11	1
- Landfilling	ton	0	0	0
- Others	ton	1	1	1

*Hansae Co., Ltd. manages waste only at its overseas business sites (accurate measurement not feasible at the headquarters due to it being a leased facility)

**Values below 0.6 are rounded down to the nearest whole number

1) Significant increase in the number of wastes in 2024 due to increased production

Environmental Incident and Compliance

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Fines for non-compliance with environmental laws and regulations	KRW million	0	0	0
No. of cases of environmental/ecological violations	Cases	0	0	0

Environmental Investments

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Eco-friendly fabric ¹⁾ purchase quantity	Yds	93,312,265	82,787,435	84,891,516
Eco-friendly fabric ¹⁾ purchase amount	\$	250,548,285	194,447,081	191,491,659
Eco-friendly product ²⁾ sales	KRW 10 million	56,642	47,013	52,242

1) Eco-friendly fabric: includes sustainable materials such as ORGANIC COTTON, REPREVE®, SUPIMA®, and TENCEL™, as well as certified eco-friendly fabrics such as OCS, RCS, and OEKO-TEX®

2) Eco-friendly product: includes products manufactured in RCS-certified facilities and those made using purchased eco-friendly raw materials

Social

Workforce Status

HANSAE CO., LTD.

Category		Unit	2022	2023	2024
Total No. of employees		Persons	23,967	22,373	23,211
Domestic	Total No. of employees	Persons	514	457	443
	- Female	Persons	329	294	154
	- Male	Persons	185	163	289
	- Under 30	Persons	155	45	81
	- 30-50	Persons	333	378	332
	- 50 above	Persons	26	34	30
	Overseas	Total No. of employees	Persons	23,453	21,916
- Female		Persons	16,757	15,439	16,559
- Male		Persons	6,696	6,477	6,209
- Under 30		Persons	9,743	8,252	8,579
- 30-50		Persons	13,293	13,279	13,786
- 50 above		Persons	417	385	403
Employees with disabilities ¹⁾	Total No. of employees with disabilities	Persons	63	85	78
	- Domestic	Persons	1	1	9
	- Overseas	Persons	62	84	69
Foreigner	Persons	14	11	10	
The national merits	Persons	2	2	1	
Executive management	Persons	19	23	30 ²⁾	
Regular	Total No. of regular employees	Persons	20,394	18,459	18,094
	- Domestic	Persons	483	405	416
	- Overseas	Persons	19,911	18,054	17,678
Contract	Total No. of contract employees	Persons	3,573	3,896	5,108
	- Domestic	Persons	31	34	18
	- Overseas	Persons	3,542	3,862	5,090
Ratio of senior managers employed at business locations of operation	%	0	0	17	
No. of senior managers employed at main locations of operation	Persons	0	0	5	

1) Based on actual headcount

2) Domestic: 21/ Overseas: 9

COLOR&TOUCH CO., LTD.

Category		Unit	2022	2023	2024
Total No. of employees		Persons	657	690	771
- Domestic		Persons	38	38	34
- Overseas ¹⁾		Persons	619	652	737
Foreigner		Persons	592	622	710
Executive management		Persons	2	2	3
Overseas full-time employees		Persons	619	657	752
Senior management		Persons	2	2	3
No. of senior managers employed at main locations of operation		Persons	2	2	3

1) Disclosed information of C&T Vina Co., Ltd.

Social

New Employee Hires

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Total No. of new hires	Persons	7,093	11,235	19,077
- Under 30	Persons	4,540	4,554	7,476
- 30-50	Persons	2,503	6,584	11,418
- 50 above	Persons	50	97	183
Domestic	No. of new hires	88	63	77
	- Female	58	45	47
	- Male	30	18	30
Overseas	No. of new hires	7,005	11,202	19,000
	- Female	4,907	7,641	13,618
	- Male	2,098	3,561	5,382
No. of new hires in management positions	Persons	5	9	8
- Executives and above	Persons	3	0	4
- Team leader and above but below executives	Persons	2	9	4

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Total No. of new hires	Persons	464	388	787
Domestic	No. of new hires	5	11	11
	- Female	2	10	7
	- Male	3	1	4
Overseas	No. of new hires	459	377	776
	- Female	138	87	197
	- Male	321	290	579

Female Employees Status

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Ratio of female employees	%	64	64 ¹⁾	34
Ratio of female managers	%	54	52	59
Ratio of female executives	%	50	48	62

*Calculated for the headquarters only as the definition of women in management and women in executive management varies by country

1) Data corrected and disclosed following a calculation error

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Ratio of female employees	%	33.33	28.99	32.04

Social

Turnover (Retirement) Status

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Voluntary turnover ¹⁾ rate	%	26.3 ²⁾	16.6 ²⁾	12.4
No. of turnover ³⁾ (retirement)	Persons	142	78	58
- Total turnover	Persons	135	76	55
- Total retirement	Persons	7	2	3
- Voluntary retirement	Persons	0	0	0
- Regular retirement	Persons	0	0	1
- Resignation under instruction (Termination, disciplinary action, etc.)	Persons	7	2	2
No. of turnover by gender	Persons	21	76	58
- Female	Persons	13	15	19
- Male	Persons	8	59	39
No. of turnover by age group	Persons	21	76	58
- Under 30	Persons	4	15	22
- 30-50	Persons	17	59	33
- 50 above	Persons	0	2	3
Average years of service	Years	7	7.6	7.14
- Female	Years	6	7	6.6
- Male	Years	8.0	8.8	8.16

* Disclosed information of the headquarters

1) Voluntary turnover: Contract employees are excluded from the calculation, and the count is based on regular full-time employees.

2) Correction Disclosure Due to Calculation Error

3) Turnover: When an employee leaves the company based on their own decision / Retirement: When an employee leaves the company primarily at the company's request rather than by personal choice

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Voluntary turnover rate	%	7.9	23.7	20.6
No. of turnover (Retirement)	Persons	3	9	7
- Total turnover	Persons	3	9	7
- Total retirement	Persons	0	0	0

*Disclosed information of the headquarters

Social

Parental Leave and Welfare

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of employees on parental leave	Persons	9	35	39
- Female ¹⁾	Persons	7	23	29
- Male ¹⁾	Persons	2	12	10
No. of employees return-to-work after parental leave	Persons	23	15	22
- Female	Persons	15	13	17
- Male	Persons	8	2	5
No. of employees who worked for more than a year after parental leave ¹⁾	Persons	14	16	1
- Female ¹⁾	Persons	11	15	1
- Male ¹⁾	Persons	3	1	-

*Overseas data is excluded due to different laws and standards for parental and maternity leave by overseas business sites, and overseas data is managed internally
 1) Corrected and disclosed 2022 and 2023 data following changes in the calculation methodology

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
No. of employees on parental leave	Persons	0	1	0
- Female	Persons	-	1	0
- Male	Persons	0	0	0
No. of employees return-to-work after parental leave	Persons	0	0	1
- Female	Persons	0	0	1
- Male	Persons	0	0	0
No. of employees who worked for more than a year after parental leave	Persons	0	0	1
- Female	Persons	0	0	1
- Male	Persons	0	0	0

*Disclosed information of the headquarters

Remuneration

HANSAE CO., LTD.

Category	Unit	2022	2023	2024	
Average salary ¹⁾	Female	KRW million	70	75	72
	Male	KRW million	75	81	78
Ratio of the basic salary and remuneration of women to men for each employee category, by main locations of operation	%	100	100	100	
Female to male wage ratio	%	100	100	100	

1) Disclosed information of the headquarters

Support for Retired Employees

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Amount under the Defined Benefit (DB) retirement pension plan	KRW million	19,652	22,133	25,398

Talent Management

HANSAE CO., LTD.

Category	Unit	2022	2023	2024	
Total training expenses	KRW	372,841,138	675,172,984	334,571,699	
Average training expenses per employee	KRW	412,435	835,610	535,315	
Domestic ¹⁾	Average training hours per employee	Hours	49	55	52
	- Job related courses	Hours	43	49	46
	- Code of Conduct/Ethics	Hours	4	4	4
	- Information protection/security	Hours	2	2	2
Overseas	Average training hours per employee	Hours	61.3	306.9	286
	- Labor	Hours	29.4	287	275
	- Health and Safety	Hours	22.7	11	9
	- Security	Hours	9.2	8.9	2

1) Disclosing information of the headquarters of Hansae Co., Ltd. and Color&Touch Co., Ltd.

Social

Performance Evaluation

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Ratio of employees receiving regular performance evaluation (Female)	%	100	100	100
- Domestic	%	100	100	100
- Overseas	%	100	100	100
Ratio of employees receiving regular performance evaluation (Male)	%	100	100	100
- Domestic	%	100	100	100
- Overseas	%	100	100	100
Ratio of employees receiving regular performance evaluation (Position)	%	100	100	100
- Senior managers or above	%	100	100	100
- Below senior managers	%	100	100	100

*Disclosed information of the headquarters

** Calculated excluding individuals not subject to evaluation according to internal criteria at the time of performance appraisal

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Ratio of employees receiving regular performance evaluation (Female)	%	100	100	100
- Domestic	%	100	100	100
- Overseas	%	100	100	100
Ratio of employees receiving regular performance evaluation (Male)	%	100	100	100
- Domestic	%	100	100	100
- Overseas	%	100	100	100
Ratio of employees receiving regular performance evaluation (Position)	%	100	100	100
- Senior managers or above	%	100	100	100
- Below senior managers	%	100	100	100

*Disclosed information of the headquarters

**Calculated excluding individuals not subject to evaluation according to internal criteria at the time of performance appraisal

Labor-Management Relations

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of Labor-Management Council Sessions held	Times	-	4	4
No. of attendees at Labor-Management Council Sessions held	Persons	-	5	5
Ratio of employees covered by collective bargaining agreements	%	-	83.33	100

*Disclosed information of the headquarters

Health and Safety Management System

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of all employees and workers whose work and/or workplace is controlled by the organization, who are covered by Health and Safety Management system	Persons	22,913	21,648	22,051
Ratio of all employees and workers whose work and/or workplace is controlled by the organization, who are covered by Health and Safety Management system	%	100	100	100
No. of all employees and workers whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited	Persons	22,913	21,648	22,051
Ratio of all employees and workers whose work and/or workplace is controlled by the organization, who are covered by such a system that has been internally audited	%	100	100	100

Social

Industrial Accident

HANSAE CO., LTD.

Category		Unit	2022	2023	2024
No. of cases involved in occupational accidents	Cases		107	43	35
No. of employees involved in occupational accidents	Persons		107	43	35
Industrial accident rate	%		0.45	0.2	0.15
Employees	Total Working Hours	Hours	57,627,982	49,282,383	49,589,807
	Total No. of fatalities for employees	Persons	0	0	0
	No. of fatalities as a result of work-related injury	Cases	0	0	0
	Rate of fatalities as a result of work-related injury	TRIR	0	0	0
	No. of major work-related injuries excluding fatalities	Cases	107	43	35
	Rate of major work-related injuries excluding fatalities	TRIR	0.371	0.174	0.141
	No. of recordable work-related injuries	Cases	391	233	250
Rate of recordable work-related injuries	TRIR	1.35	0.95	1.008	
Suppliers	No. of cases involved in occupational accidents	Cases	97	96	109
	No. of employees involved in occupational accidents	Persons	97	96	109
	Industrial accident rate	%	0.42	0.31	0.34

Safe Workplace

HANSAE CO., LTD.

Category		Unit	2022	2023	2024
No. of self-inspections for the Monitoring Program ¹⁾	Cases		112	119	112
Participation in the Building Safety Program (LABS) (Owned Factories) ²⁾	EA		4	3	4
Participation in the Building Safety Program (LABS) (Cooperating Factories) ³⁾	EA		6	3	1
Total training hours related to Occupational Safety and Health	Hours		-	230,311	213,352
Total number of workplace risk assessments	Times		-	119	112

1) Disclosed information of the Owned factories, Suppliers (Tier 1, 2)

2) Year 2024: Hansae Vietnam Co., Ltd., Hansae TN Co., Ltd., Hansae TG Co., Ltd., Pt. Bomin Permata Abadi

3) Year 2024: Bac Giang LNG (Vietnam)

Social

Supply Chain ESG Risk Management

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of new suppliers that were screened via social and environmental impact assessment	Companies	8	3	4
Ratio of new suppliers that were screened via social and environmental impact assessment	%	100	100	100
No. of suppliers that were screened via social and environmental impact assessment	Companies	102	106	99
No. of suppliers identified as having significant actual and potential negative social impacts	Companies	0	0	0
Ratio of suppliers identified as having significant actual and potential negative social impacts with which improvements were agreed upon as a result of social and environmental impact assessment	%	0	0	0
Ratio of suppliers identified as having significant actual and potential negative social impacts with which relationships were terminated as a result of social and environmental impact assessment	%	0	0	0

Efforts for Better Human Rights Culture

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of human rights grievance from stakeholders	Cases	488	396	493 ¹⁾
No. of human rights grievance from stakeholders resolved	Cases	488	396	493
Ratio of stakeholder human rights grievance resolved	%	100	100	100

1) No. of human rights grievance at the headquarters: 18 / Overseas: 475

Cooperative partnership with partner companies

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of complaints from partner companies	Cases	-	0	0
No. of complaints from partner companies resolved	Cases	-	0	0
Ratio of complaints from partner companies resolved	%	-	0	0

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
No. of complaints from partner companies	Cases	0	0	0
No. of complaints from partner companies resolved	Cases	0	0	0
Ratio of complaints from partner companies resolved	%	0	0	0

Information Security

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Ratio of information security investment compared to total IT investment	%	7	4.1	6.4
Total investment in IT	KRW 100 million	28.57	26.67	30.08
Investment in information security	KRW 100 million	1.99	1.09	1.94

* Corrected and disclosed 2022 and 2023 data

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Investment in information security	KRW 100 million	-	3.234	3.52

Governance

Economic Value Generated and Distributed

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Net profit (Loss)	KRW million	85,635	112,035	58,382
Worker wages	KRW million	39,000	37,381	34,286
Welfare	KRW million	10,807	9,994	9,799
Dividend	KRW million	19,620	19,691	19,691
Corporate taxes and other taxes	KRW million	44,800	28,890	30,749
Local community investment	KRW million	116	283	-

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Net profit (Loss)	KRW million	1,848	5,367	113
Welfare	KRW million	23	27	38
Corporate taxes and other taxes	KRW million	478	1,547	247

Stakeholder Engagement

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Budget allocated for stakeholder communications	KRW million	58	82	94
No. of people working on stakeholder communications	Persons	3	3	3

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Budget allocated for stakeholder communications	KRW million	2	2	2
No. of people working on stakeholder communications	Persons	1	1	1

Composition of BoD

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Total No. of members on the board	Persons	7	7	6
Number of independent directors within the board	Persons	3	3	3

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Total No. of members on the board	Persons	3	3	3

Operation Performance of BoD

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of independent directors with less than 75% board attendance	Persons	0	0	0
No. of BoD meetings held	Times	6	7	9
No. of Independent director Recommendation Committee meetings held	Times	0	0	0
No. of Agenda Items Discussed	Cases	46	56	73
Average attendance percentage of the BoD	%	86	100	100
- Inside Director	%	75	100	100
- Independent Director	%	100	100	100

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
No. of BoD meetings held	Times	10	8	6
No. of Agenda Items Discussed	Cases	10	8	6

Governance

Remuneration of BoD

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Total Remuneration	KRW million	2,445	1,663	1,569
Average Compensation per Person	KRW million	349	277	262

Board Tenure and Industry Experience

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Average Board Tenure	Years	4.3	5.8	7

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Average Board Tenure	Years	3	3	3

Expertise of BoD

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Independent director trainings	Times	3	3	5

Diversity of BoD

HANSAE CO., LTD.

Category	Unit	2022	2023	2024	
Ratio within the BoD	- Female	%	29	17	17
	- Male	%	71	83	83
	- Under 30	%	0	0	0
	- 30-50	%	14	17	17
	- Over 50	%	86	83	83

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024	
Ratio within the BoD	- Female	%	33	33	33
	- Male	%	67	67	67
	- Under 30	%	0	0	0
	- 30-50	%	33	33	33
	- Over 50	%	67	67	67

Shareholder Communication

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Prior notice of location and agenda of regular meetings of general shareholders	Days before	15	43	44
Date of auditor's report pre-disclosure before notice of regular meetings of general shareholders	Days before	8	9	-
No. of investor presentations	Times	1	1	1
No. of voluntary disclosure	Cases	1	1	3

Governance

Sustainability Management Committee

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of members	Persons	6	5	5
No. of independent directors	Persons	3	3	3
No. of meetings held	Times	1	4	4

Audit Committee Operations

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of members	Persons	3	3	3
No. of independent directors	Persons	3	3	3
No. of meetings held	Times	4	7	8
Remuneration for non-audit services paid to external auditors	KRW million	600	600	590

Anti-Bribery and Anti-Corruption Policy

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Ratio of governance body members that the organization's anti-corruption policies have been communicated to	%	100	100	100
Ratio of employees that the organization's anti-corruption policies have been communicated to	%	100	100	100

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Ratio of governance body members that the organization's anti-corruption policies have been communicated to	%	100	100	100
Ratio of employees that the organization's anti-corruption policies have been communicated to	%	100	100	100

Ethics Violations and Actions

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of reported Code of Conduct/Ethics violations	Cases	0	0	0
No. of substantiated Code of Conduct/Ethics violations, or incidents under investigation	Cases	0	0	0
Total No. of corruption cases	Cases	0	0	0
No. of employees who were disciplined/terminated due to corruption	Cases	0	0	0
No. of suppliers who were disciplined/terminated due to corruption	Cases	0	0	0

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
No. of reported Code of Conduct/Ethics violations	Cases	0	0	0
No. of substantiated Code of Conduct/Ethics violations, or incidents under investigation	Cases	0	0	0
Total No. of corruption cases	Cases	0	0	0
No. of employees who were disciplined/terminated due to corruption	Cases	0	0	0
No. of suppliers who were disciplined/terminated due to corruption	Cases	0	0	0

Governance

Grievance Mechanisms

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of grievances within the grievance mechanism	Cases	36	21	18
No. of grievances within the grievance mechanism that have been resolved	Cases	36	21	18
Ratio of grievances within the grievance mechanism that have been resolved	%	100	100	100

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
No. of grievances within the grievance mechanism	Cases	0	0	0
No. of grievances within the grievance mechanism that have been resolved	Cases	0	0	0
Ratio of grievances within the grievance mechanism that have been resolved	%	0	0	0

Corruption Risk Assessments

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of business sites that conducted corruption risk assessments	EA	121	140	112
Ratio of business sites that conducted corruption risk assessments	%	100	100	100

*Disclosure based on 13 overseas production factories and 99 suppliers across Tier 1 and Tier 2

Anti-Corruption (Ethics Management) Training

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
Total No. of BoD members that have received training on anti-corruption	Persons	6	6	6
Ratio of BoD members that have received training on anti-corruption	%	100	100	100
No. of domestic employees trained in anti-corruption by position	Persons	514	457	382
Ratio of domestic employees trained in anti-corruption by position	%	100	100	100
Total No. of employees that have received training on anti-corruption, broken down by country	Persons	7,951	6,737	11,468
- Vietnam	Persons	2,621	2,576	6,197
- Indonesia	Persons	4,192	3,671	4,600
- Nicaragua	Persons	774	169	182
- Myanmar	Persons	-	-	204
- Haiti	Persons	-	-	285
Ratio of employees that have received training on anti-corruption, broken down by country	%	34	31	52
- Vietnam	%	29	31	68
- Indonesia	%	98	85	61
- Nicaragua	%	62	4	4
- Myanmar	%	-	-	28
- Haiti	%	-	-	103

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
Total No. of BoD members that have received training on anti-corruption	Persons	3	3	3
Ratio of BoD members that have received training on anti-corruption	%	100	100	100
Ratio of domestic employees trained in anti-corruption by position	%	100	100	100

Governance

Violation of Laws

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of legal/regulatory violations	Cases	1	1	0
- Instances for which fines were incurred	Cases	1	1	0
- Instances for which non-monetary sanctions were incurred	Cases	1	1	0
Fines for instances of non-compliance with laws and regulations ¹⁾	KRW million	271.5	257.3	0

1) Fulfilled the mandatory employment quota for people with disabilities through forming cultural and arts team of those with disabilities starting in 2024

COLOR&TOUCH CO., LTD.

Category	Unit	2022	2023	2024
No. of legal/regulatory violations	Cases	0	0	0
- Instances for which fines were incurred	Cases	0	0	0
- Instances for which non-monetary sanctions were incurred	Cases	0	0	0
Fines for instances of non-compliance with laws and regulations	KRW million	0	0	0

Unfair Trade Practices

HANSAE CO., LTD.

Category	Unit	2022	2023	2024
No. of legal actions for anti-competitive behavior, anti-trust, and monopoly practices	Cases	0	0	0

*Disclosed information of the headquarters

Donations

HANSAE CO., LTD.

Category	Unit	2024
(1028203385) Friends of National Museum of Korea	KRW	45,000,000
(1078218068) HANSAE YES24 Foundation	KRW	65,534,000
(2018231475) Habitat for Humanity Korea	KRW	1,600,000
(2748200117) GFoundation	KRW	16,315,000
(2088205492) Seoul National University Hospital Hamchun Support Association	KRW	3,000,000
(2128207368) Korean American Football Association	KRW	90,000,000
(2148403979) International Organization for Migration (IOM)	KRW	130,763,000

GRI Index

Statement of use	HANSAE CO., LTD. reports its sustainability management information in accordance with reporting principles of GRI standards for the period from January 1, 2024, to December 31, 2024.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	As of the publication date, there are no standards for the textile and apparel industry sectors relevant to HANSAE CO., LTD's major industries, hence they are not applied.

GRI 2: General Disclosures				
Category	Index	Context	Page	Remarks
GRI 2: The organization and its reporting practices	2-1	Organizational details	7-10	
	2-2	Entities included in the organization's sustainability reporting	2	About This Report
	2-3	Reporting period, frequency, and contact point	2	About This Report
	2-4	Restatements of information	2	About This Report
	2-5	External assurance	122-123	
GRI 2: Activities and workers	2-6	Activities, value chain, and other business relationships	7-10	Refer to pages 15-18 of the business report: "1. Overview of the Business" and "2. Major Products and Services"
	2-7	Employees	103	
	2-8	Workers who are not employees	-	Insufficient information (not disclosing the total number of employees of the suppliers in accordance with the Fair Transaction in Subcontracting Act)
GRI2: Governance	2-9	Governance structure and composition	83-84, 86	
	2-10	Nomination and selection of the highest governance body	83-84, 86	
	2-11	Chair of the highest governance body	83-84, 86	
	2-12	Role of the highest governance body in overseeing the management of impacts	15	
	2-13	Delegation of responsibility for managing impacts	15	
	2-14	Role of the highest governance body in overseeing the management of impacts	15, 87	
	2-15	Conflicts of interest	86	Refer to business reports
	2-16	Communication of critical concerns	87	
	2-17	Collective knowledge of the highest governance body	85, 86	
	2-18	Evaluation of the performance of the highest governance body	85	
	2-19	Remuneration policies	85	
2-20	Process to determine remuneration	85		
2-21	Annual total compensation ratio	-	Disclosure omitted (Confidentiality constraints) ¹⁾	
2-22	Statement on sustainable development strategy	5		
2-23	Policy commitments	22, 30, 36, 37, 55, 56, 91		
2-24	Embedding policy commitments	24-27, 31-34, 38-39, 56-58, 94		
GRI 2: Strategy, policy, and practices	2-25	Process to remediate negative impacts	95-96	
	2-26	Mechanisms for seeking advice and raising concerns	33, 93	
	2-27	Compliance with laws and regulations	56, 114	
	2-28	Membership associations	124	
	2-29	Approaches to stakeholder engagement	17	
	2-30	Collective bargaining agreements	-	Report omission (Information unavailable) ²⁾

GRI 3: Material Topics				
Category	Index	Context	Page	Remarks
GRI 3: Disclosure on material topics	3-1	Process to determine material topics	18	
	3-2	List of material topics	19	
Material Topic 1	Safe Workplace			
GRI 3: Material Topics 2021	3-3	Management of material topics	21	
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	22	
	403-2	Hazard identification, risk assessment, and incident investigation	27	
	403-3	Occupational health services	26	
	403-4	Worker participation, consultation, and communication on occupational health and safety	24-25	
	403-5	Worker training on occupational health and safety	107	
	403-6	Promotion of worker health	26, 74	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	36	
	403-8	Workers covered by an occupational health and safety management systems	107	
	403-9	Work-related injuries	108	
Material Topic 2	Protection of Workers' Rights			
GRI 3: Material Topics 2021	3-3	Management of material topics	29	
GRI 408: Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	40	No negative effects related to child labor observed during reporting period
GRI 409: Forced or compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	40	No negative effects related to forced labor observed during reporting period
Material Topic 3	Supply Chain Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	35	
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	38, 57	
	308-2	Negative environmental impacts in the supply chain and actions taken	38, 57	
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	38-39, 109	
	414-2	Negative social impacts in the supply chain and actions taken	38-39, 109	

1) Unreported by the parent company

2) Due to variations in the presence of labor unions across countries, data calculation is not possible. Management is conducted in compliance with the relevant laws and regulations of each country

GRI Index

GRI 3: Material Topics				
Category	Index	Context	Page	Remarks
Material Topic 4				
Sustainable Products				
GRI 3: Material Topics 2021	3-3	Management of material topics	41	
Non GRI	Self-Performance Metrics	Organizations and strategic risk management related to sustainable products and goals	42-46	
Non GRI	Self-Performance Metrics	Purchase amount of eco-friendly materials	102	
Material Topic 5				
Response to Climate Change				
GRI 3: Material Topics 2021	3-3	Management of material topics	48	
GRI 302: Energy	302-1	Energy consumption within the organization	101	
	302-3	Energy intensity	101	
	302-4	Reduction of energy consumption	49-51	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	53, 100	
	305-2	Energy indirect (Scope 2) GHG emissions	53, 100	
	305-4	GHG emissions intensity	100	
	305-5	Reduction of GHG emissions	100	

Other Topics				
Category	Index	Context	Page	Remarks
Economic Performance				
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	78-81	
	203-2	Significant indirect economic impacts	78-81	
Ethical and Compliance Management				
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	95, 113	
	205-2	Communication and training about anti-corruption policies and procedures	112-113	
	205-3	Confirmed incidents of corruption and actions taken	112	
GRI 206: Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	114	No legal actions for anti-competitive behavior, anti-trust, and monopoly practices (based on headquarters)
Water Resources Management				
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	62-63	
	303-5	Water consumption	101	

Other Topics				
Category	Index	Context	Page	Remarks
Biodiversity				
GRI 101: Biodiversity	101-2	Management of biodiversity impacts	68-69	
	101-4	Identification of biodiversity impacts	68-69	
	101-5	Locations with impacts of biodiversity	66-67	
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	66-67	
	304-2	Significant impacts of activities, products, and services on biodiversity	66-67	
Waste Management				
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	59	
	306-2	Management of significant waste-related impacts	59-61	
	306-3	Waste generated	102	
	306-4	Waste diverted from disposal	102	
	306-5	Waste directed to disposal	102	
Talent Management				
GRI 401: Employment	401-1	New employee hires and employee turnover	104-105	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	75-76	
	401-3	Parental leave	106	
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	73	
	404-1	Average hours of training per year per employee	106	
GRI 404: Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	72-73	
	404-3	Ratio of employees receiving regular performance and career development reviews	107	
Diversity, Equity, and Inclusion				
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	77, 103-104	
	405-2	Ratio of base salary and remuneration of women to men	106	
Information Security				
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning branches of customer privacy and losses of customer data	-	No substantiated complaints concerning breaches of customer privacy and losses of customer data

SASB Index

HANSAE CO., LTD. discloses relevant data according to the Sustainability Accounting Standards Board (SASB) framework, a set of voluntary industry-specific disclosure standards developed for sustainability issues. Through this, the organization aims to provide useful information to investors and various stakeholders in the process of their decision-making. The SASB index is prepared according to the Apparel, Accessories & Footwear industry standards in the Consumer Goods sector of the Sustainability Industry Classification System (SICS).

Topic	Code	Accounting Metric	Unit	Page
Product	CG- AA- 250a.1	Discussion of process to maintain compliance with restricted substances regulations	-	64-65
Management of Chemicals in Product	CG- AA- 250a.2	Discussion of processes to assess and manage risks and /or hazards associated with chemicals in products	-	64-65
Environmental Impacts in the Supply Chain	CG- AA- 430a.1	Ratio of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits and/or contractual agreement	%	63
	CG- AA- 430a.2	Ratio of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	57
Labor Conditions in the Supply Chain	CG- AA- 430b.1	Ratio of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labor code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	32
	CG- AA- 430b.2	Priority non-conformance rate and associated corrective action rate for suppliers' labor code of conduct audits	%	32, 109
	CG- AA- 430b.3	Description of the greatest labor (1) and (2) environmental, health, and safety risks within the supply chain	-	32, 37, 40
Raw Material Sourcing	CG- AA- 440a.1	Description of environmental and social risks associated with the sourcing of priority raw materials	-	37, 40
	CG- AA- 440a.2	Ratio of raw materials third-party certified to an environmental and/or social sustainability standard, by standard	%	46

TCFD Index

In response to the escalating environmental issues due to climate change, HANSAE CO., LTD. is actively formulating a range of policies for climate change adaptation. The company has established a mid-term goal of reducing greenhouse gas emissions by 46.6% by 2029 compared to 2019, and we are making company-wide efforts to achieve this goal. Through implementing our own smart manufacturing system (HANSAE Advanced Manufacturing System, HAMS) to improve equipment efficiency and productivity, we are adopting major climate change response strategies such as installing solar power facilities, utilizing Renewable Energy Certificates (RECs), and transitioning to electric vehicles. Additionally, by actively participating in global initiative such as the Science Based Targets initiative (SBTi) and the Carbon Disclosure Project (CDP), our company is bolstering our climate change response system in that aligns with international standards. We are committed to converting climate change risks into opportunities, thereby contributing to the global aspiration of achieving carbon neutrality.

Governance

	Subject of Recommendation	Page
A	Describe the board's oversight of climate-related risks and opportunities	49
B	Describe management's role in assessing and managing climate-related risks and opportunities	

Strategies

	Subject of Recommendation	Page
A	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	49-51
B	Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
C	Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	

Risk Management

	Subject of Recommendation	Page
A	Describe the organization's processes for identifying and assessing climate-related risks	52-53
B	Describe the organization's processes for managing climate-related risks	
C	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	

Metrics and Targets

	Subject of Recommendation	Page
A	Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process	53
B	Disclose Scope 1 (Direct emissions), Scope 2 (Indirect emissions), and Scope 3 (Miscellaneous indirect scope) greenhouse gas (GHG) emissions, and the related risks	
C	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

UN SDGs

HANSAE CO., LTD. is striving to meet the Sustainable Development Goals (SDGs) which are composed of 17 goals and 169 specific targets aimed at addressing economic, environmental, and social issues facing the planet and achieving sustainable development. HANSAE CO., LTD. has aligned its corporate goals and activities with 11 out of 17 SDGs and created tangible social value and, moving forward, will further expand its activities to make more contribution to achievement of SDGs.

Category	Principle	Main Activities of HANSAE CO., LTD	Page
	Good health and well-being	<ul style="list-style-type: none"> Operation of medical and wellness programs for employees, providing access to medical rooms and fitness centers Providing regular health checkups and mental health promotion program for employees 	26, 76
	Quality education	<ul style="list-style-type: none"> Operation of company-wide position-/job-specific professional training programs for employees Initiate book and educational material donations focusing on regions where overseas operations are located 	73, 80-81
	Gender Equity	<ul style="list-style-type: none"> Operation of maternal protection facilities such as daycare centers and nursing rooms, along with benefits programs related to pregnancy and childbirth Establishing goals and monitoring progress for developing female talent Operating education and training programs to strengthen the competencies of female employees 	75-76, 77
	Clean water and sanitation	<ul style="list-style-type: none"> Setting and implementing goals regarding water usage and reuse Conducting water resource risk analysis for each of its overseas business sites Establishing and operating eco-friendly processes and facilities to protect water resources 	62-63
	Decent work and economic growth	<ul style="list-style-type: none"> Provide employment-linked sewing training program for local residents in overseas business locations 	81

Category	Principle	Main Activities of HANSAE CO., LTD	Page
	Industry Innovation and infrastructure	<ul style="list-style-type: none"> Promoting sustainable infrastructure development through adopting environmentally safe technology and equipment Supporting the construction of social infrastructure in developing countries through donation activities 	50, 79-80
	Reduced inequalities	<ul style="list-style-type: none"> Setting recruitment goals for female and disabled candidates and managing progress towards achieving such goals 	77
	Responsible consumption and production	<ul style="list-style-type: none"> Promoting strategic investments in startups related to eco-friendly fabric purchasing and recycling Minimizing waste generation in the production process via adopting automated equipment Establish a waste management system and implement systematic management operations Ensure safe chemical usage across the supply chain based on chemical management policies Ensuring the safety of chemical usage across the supply chain based on chemical management policies 	43-45, 59-61, 64-65
	Climate action	<ul style="list-style-type: none"> Implement continuous management activities to reduce greenhouse gas emissions and energy consumption Promote climate adaptation capacity-building activities, such as natural disaster response training 	49-53, 68
	Peace, justice and strong institutions	<ul style="list-style-type: none"> Establish and implement an ethical management system Ensure compliance with conflict minerals regulations and strengthen supply chain management 	91-94, 37
	Partnerships for the Goals	<ul style="list-style-type: none"> Expand communication channels and platforms to enhance engagement with key stakeholders Maximize customer satisfaction through continuous communication 	17

UN Global Compact Commitment

HANSAE YES24 Group strives to meet the Sustainable Development Goals (SDGs), which are composed of 17 goals and 169 specific targets aimed at addressing economic, environmental, and social issues facing the planet and achieving sustainable development. HANSAE YES24 Group has aligned its corporate goals and activities with 10 out of the 17 SDGs and has created tangible social value. Moving forward, it will further expand its contribution to achieving SDGs.

Category	Principle	Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and	30
	2. Businesses should make sure that they are not complicit in human rights abuses.	32, 40
Labor	3. uphold the freedom of association and the effective recognition of the right to collective bargaining;	73
	4. the elimination of all forms of forced and compulsory labor;	30, 32, 40
	5. abolish child labor; and	30, 32
	6. the elimination of discrimination in respect of employment and occupation.	71
Environment	7. Businesses should support a precautionary approach to environmental challenges;	49-53, 50-69
	8. undertake initiatives to promote greater environmental responsibility; and	49-53, 50-69
	9. encourage the development and diffusion of environmentally friendly technologies.	43-45
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	91-94

Verification Opinion

Verification Opinion

HANSAE CO., LTD.

Scope

The scope 1,2 GHG Emissions of HANSAE Overseas garment manufacturing sites in the calendar year of 2024. The verification calculated Scope 1,2 GHG emission based on the activity data from the GHG Emission Report for business sites of HANSAE.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- GHG emissions were calculated based on fixed combustion emissions, mobile combustion emissions, indirect emissions.

Assurance level of verification

Limited Level of Assurance

Data Verified

GHG emissions of HANSAE in 2024 are as follows:

(Unit : ton CO₂-e/yr)

	Business Site	Scope 1	Scope 2		Total	
			Location Based	Market Based	Location Based	Market Based
Vietnam	HANSAE VIETNAM CO., LTD.	110	3,021	1,796	3,131	1,906
	HANSAE TN CO., LTD.	122	2,210	1,315	2,332	1,437
	HANSAE TG CO., LTD.	111	3,565	2,152	3,676	2,263
Indonesia	PT. HANSAE INDONESIA UTAMA 6A	30	705	528	735	558
	PT. HANSAE INDONESIA UTAMA-MAJALENGKA	133	929	697	1,062	830
	PT. BOMIN PERMATA ABADI	202	1,207	458	1,409	660
Indonesia	HANSAE INTERNATIONAL, S.A.	261	1,182	1,182	1,443	1,443
Guatemala	HS APPAREL, S.A.	13	221	221	234	234
	HANSAE PINULA, S.A.	30	184	184	214	214
Myanmar	HANSAE MYANMAR CO., LTD.	76	268	268	344	344
Haiti	HANSAE HAITI, S.A.	1,162	222	222	1,384	1,384
Annual emissions in 2024		2,250	13,714	9,023	15,964	11,273

* Note: Market-based emissions are calculated as emissions offset from location-based emissions by reflecting the amount of renewable energy purchased in the market to offset emissions, such as RECs.

GHG Criteria & Protocols used for Verification

This verification was performed at the request of HANSAE applying the following criteria and guidelines:

- ISO 14064-1:2018 and ISO14064-3:2019
- WBCSD/WRI GHG Protocol
- IPCC GHG Guidance – Revised 2006
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above, it is the opinion of BSI that:

- The verification was conducted with activity data and evidence provided by HANSAE based on a limited level of assurance.
- No material misstatement during the verification process for emissions was found and no evidence could be found that the activity data and relevant evidence were not properly managed.
- Therefore, the BSI Group Korea Verification Team provides a verification opinion that is “appropriate”.

For and on behalf of BSI: **Managing Director Korea, SeongHwan Lim**

Issue: 20/06/2025



INDEPENDENT ASSURANCE OPINION STATEMENT

INDEPENDENT ASSURANCE OPINION STATEMENT

To: The Stakeholders of HANSAE CO., LTD.

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the 2025 HANSAE Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent of the HANSAE and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HANSAE report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HANSAE and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

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

The Assurer is responsible for providing HANSAE management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of HANSAE. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than HANSAE in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with HANSAE includes the following:

- Reporting contents during the period from January 1st to December 31st 2024 included in the Report, Some data included first half of 2025.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the Report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the Report.

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

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

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 1 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by HANSAE.

Universal Standards

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

Topic Standards

101-2, 101-4-5, 203-1-2, 205-1-3, 206-1, 302-1, 302-3-4, 303-1, 303-5, 304-1-2, 305-1-2, 305-4-5, 306-1-5, 308-1-2, 401-1-3, 402-1, 403-1-9, 404-1-3, 405-1-2, 408-1, 409-1, 414-1-2, 418-1

Methodology

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

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available.
- An assessment of the company's reporting and management processes concerning this report against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the Seoul HQ of HANSAE Holdings to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment certification body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HANSAE. The Assurer has conducted this assurance independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that HANSAE's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

Conclusions

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

Inclusivity: Stakeholder Engagement and Opinion

HANSAE defined customers, shareholders/investors, suppliers, group affiliates, employees, government and local communities as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. HANSAE conducted a review of the stakeholder engagement process in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. HANSAE disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

HANSAE implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. HANSAE conducted global reporting standards analysis, benchmarking and media analysis, identified financial impact and social/environmental impact, and determined material issues for the reporting year through expert review of the impact. HANSAE derived 5 material issues through the relevant process, and disclosed GRI topic standards related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

HANSAE operated a management process for material issues in the context of sustainability derived from the materiality assessment. HANSAE established mid- to long-term sustainability plans and goals in according to the

management methodology established to effectively reflect the expectations of key stakeholders. HANSAE disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

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

HANSAE identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. HANSAE established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues, disclosed mid- to long-term plans and strategic system in the Report.

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- When implementing key sustainability processes such as assessment of importance, identification of value chains and stakeholders, It may be helpful to advance sustainability management systems by reflecting the specificity of the fashion industry, including regulatory requirements and customer requirements from major businesses such as overseas production sites.
- It may be effective to advance the management system of major sustainability environmental and social performance indicators and, to secure data consistency through internal control procedures.

GRI-reporting

HANSAE provided us with their self declaration of compliance within GRI Standards. Based on our review, The Assurer confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by HANSAE and the sector standard was not applied.

Issue Date: 25/06/2025

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

BSI representative

Jungwoo Lee,
Lead Assurer, LCSAP

Seonghwan Lim,
Managing Director of BSI Korea

BSI Group Korea Limited: 29, Insa-dong 5-gil, Jongno-gu, Seoul, South Korea
Hold Statement Number: SRA 811172

Membership Status & Awards

Awards

Date of receipt	Award Name	Subject
2024.07	2024 AIB Textile Leader Awards	Academy of International Business (AIB)
2024.10	Grand Prize for Comprehensive ESG	Dong-A Ilbo, K-ESG Evaluation Committee

Associations



Korea Federation of Textile Industries



Korea International Trade Association



Korea Listed Companies Association



Federation of Middle Market Enterprises of Korea



Korea Management Association KMA



Korea-Vietnam Friendship Association



Friends of National Museum of Korea



Korean National Ballet



(재)서울상대향상장학회

Seoul Business High Achievement Scholarship Foundation



Korea Polo Federation



Korea American Football Association

HANSAE

fashion worldwide



HANSAE CO., LTD. Sustainability Report 2025 was printed on FSC® (Forest Stewardship Council®)-certified paper in soy oil ink.