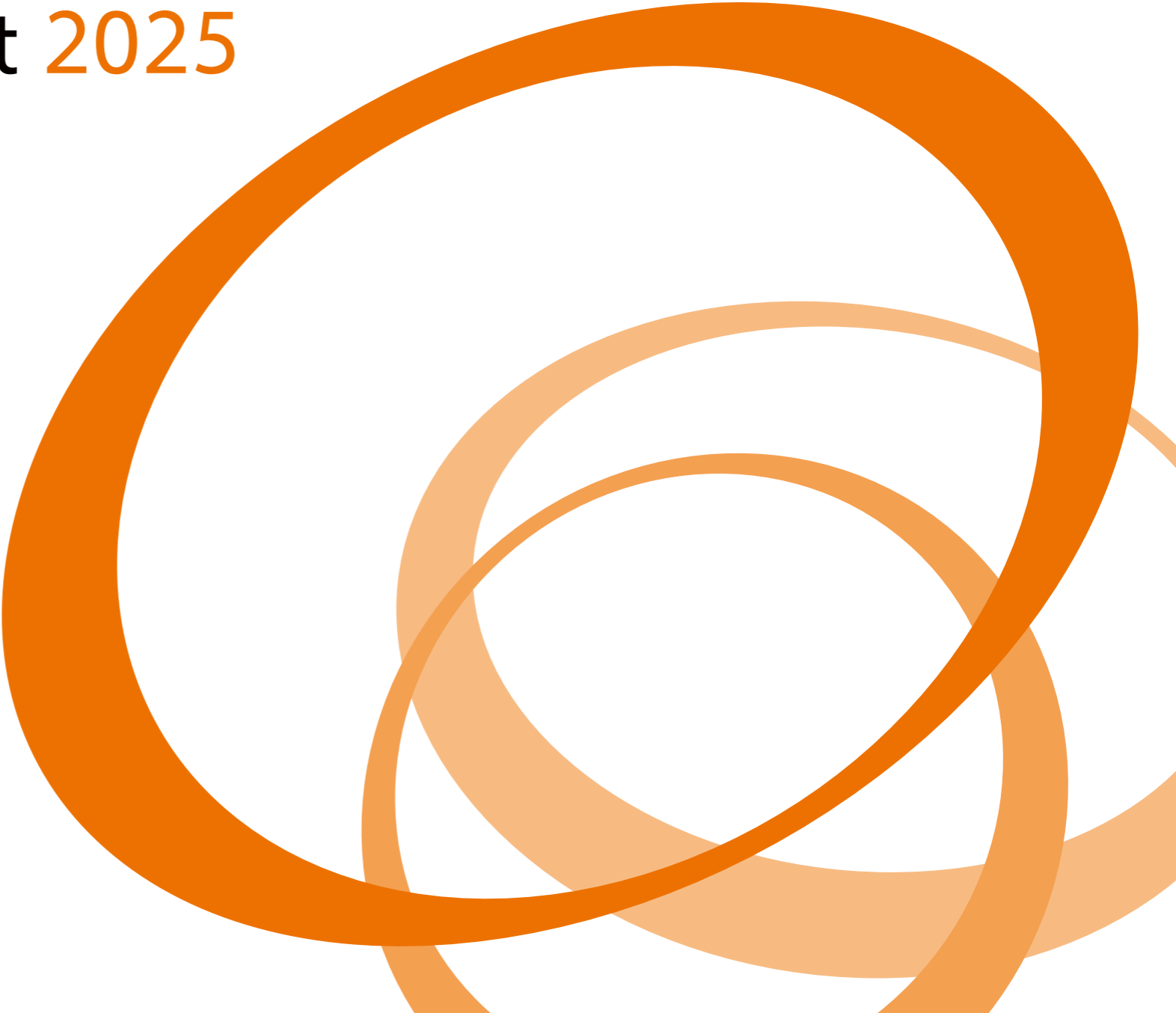


Hanwha Aerospace

Sustainability Report 2025



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Report Overview

Hanwha Aerospace, a publicly listed company, transparently discloses performance and initiatives in the areas of the environment, social responsibility, and governance through the sustainability report. We are committed to share our vision and the progress of Hanwha Aerospace's sustainability management while actively communicating with our stakeholders through the annual sustainability report.

Reporting Period

This report covers economic, social, and environmental performance and activities from January 1 to December 31, 2024. Quantitative performance data from the past three years (January 2022 to December 2024) have been included to facilitate data trend analysis. Significant performance beyond the reporting period is included up to the first half of 2025. This report was published in June 2025.

Report Certification

The financial data in this report has been independently audited by Ernst & Young Han Young, and non-financial data has been independently assured by the Korea Management Registrar (KMR) to ensure objectivity and reliability.

Reporting Principle

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 and reflects the metrics of the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). The financial data in this report complies with Korean International Financial Reporting Standards (K-IFRS).

Report Scope

The financial performance in this report is presented on a consolidated basis, while the non-financial performance encompasses Hanwha Aerospace's headquarters, all domestic manufacturing sites (Changwon Business Establishment 1, 2, and 3, Asan Business Establishment, Daejeon Business Establishment, Yeosu Business Establishment, Boeun Business Establishment, and Business Establishment in Korea), research centers (Pangyo R&D Campus, Daejeon R&D Campus, and Changwon R&D Campus), and the Yangju CS Center. Specific information that requires attention to the scope and boundaries of the report has been separately noted for reader convenience.

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Interactive PDF User Guide

Hanwha Aerospace's Sustainability Report has been produced as an INTERACTIVE PDF, and it is configured to go to the relevant web page and play the video for better understanding.



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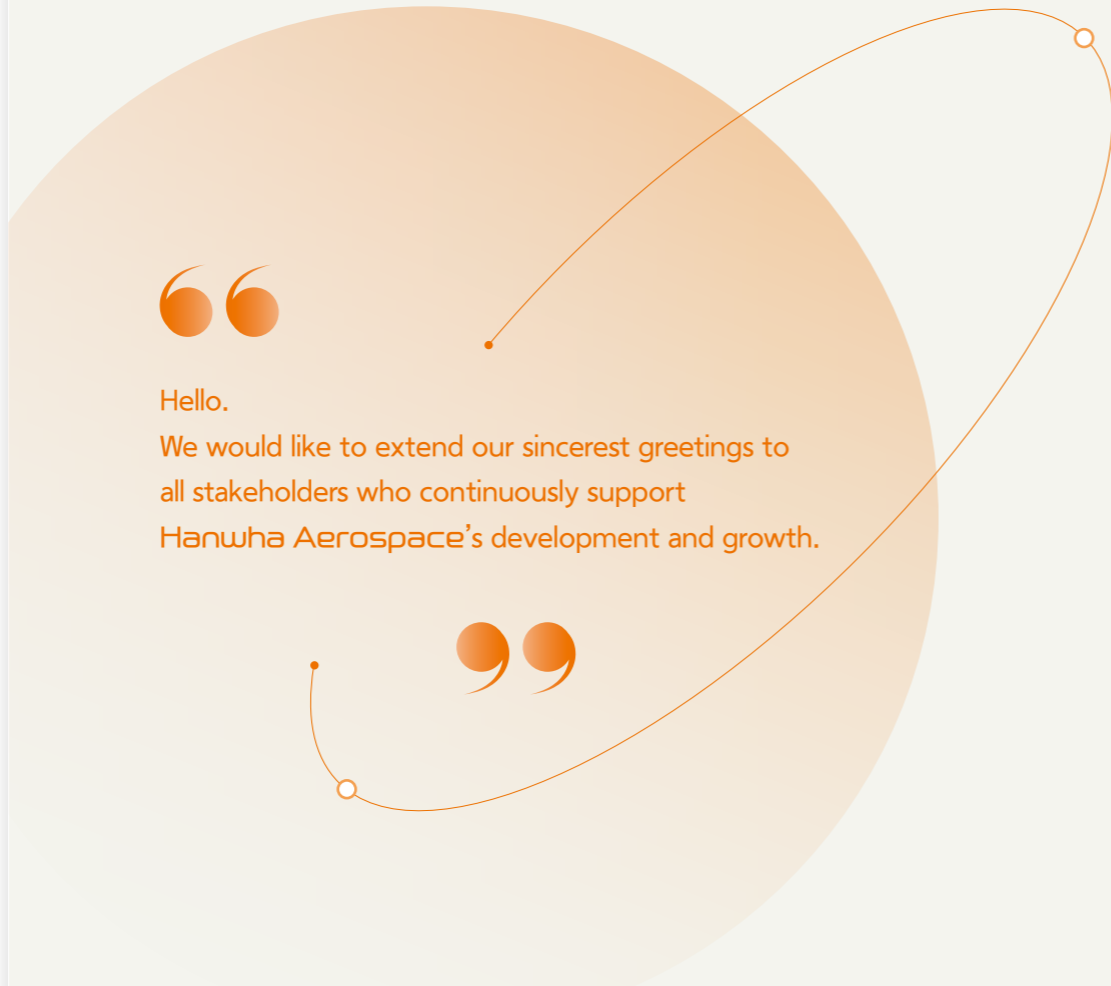
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“

Hello.
 We would like to extend our sincerest greetings to all stakeholders who continuously support Hanwha Aerospace’s development and growth.

”

In 2024, while many industries continue to face prolonged downturns since COVID-19 due to ongoing geopolitical conflicts in Europe and the Middle East, some sectors experience rapid recovery and growth, deepening polarization. Hanwha Aerospace achieved a remarkable year with sales growing 42% year-on-year to KRW 11.2 trillion and operating profit increasing 191.4% to KRW 1.7 trillion, marking record performance through swift response to international changes.

Alongside financial results, we have maintained our focus on advancing ESG Management. Through sustained dedication and effort, we retained A ratings again in 2024 from KCGS (Korea ESG Standards Institute), MSCI (a global financial institution), and CDP (Carbon Disclosure Project).

Hanwha Aerospace pledges not to rest on these short-term accomplishments. We are committed to becoming a company that contributes to creating a sustainable society and future through concrete actions in environment, social responsibility, and corporate governance over the mid- to long-term.

We commit to contributing to climate change response by managing carbon emissions and developing eco-friendly products. Through advanced management of greenhouse gas emissions (Scope 1-3) and development/investment in eco-friendly battery systems for ships, we will steadily advance toward the 2050 carbon neutrality target.

We commit to fulfilling our corporate social responsibility through sustainable supply chain management. In response to recent global supply chain issues and labor market changes, we will foster fair labor environments via regular education, support, and evaluation of the supply chain, promote diversity and inclusion, and contribute to regional economic revitalization through cooperation with local businesses.

We will endeavor to enhance corporate value through communication with stakeholders and strengthening a board-centered governance system. We will ensure transparent sharing of corporate information via regular investor relations (IR) meetings and conference calls, while reinforcing stakeholders feedback and collecting their opinions. Additionally, we will strengthen outside directors’ expertise and internalize operation of board’s sub-committees to make the center of substantive decision-making body.

Through these efforts, Hanwha Aerospace will grow together with stakeholders and lead in creating a better society and future. We appreciate your continued interest and encouragement. JaeilSON, CEO of Hanwha Aerospace.

Company Profile

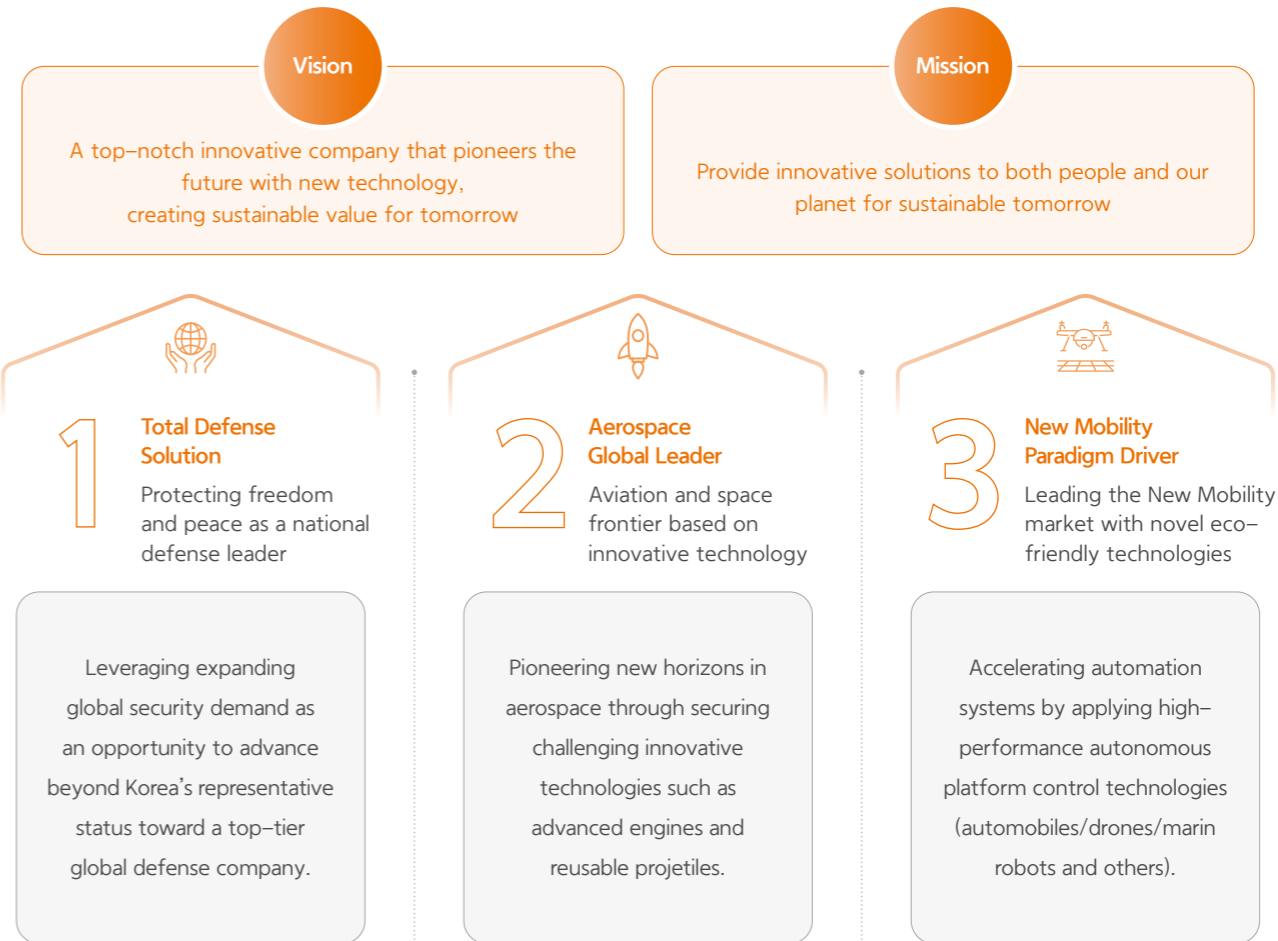
Company Profile



Company Name	Hanwha Aerospace Co.,Ltd.
Establishment Date	8. 1. 1977
Headquarters Location	1204 Changwon-daero, Seongsan-gu, Changwon-si, Gyeongsangnam-do (Seongju-dong)
Number of Employees	7,659 (12.31.2024)
Credit Rating (Corporate)	Korea Ratings AA- (1.3.2025) NICE Credit Rating AA- (12.24.2024)
Business Areas	Aviation (aircraft engines and parts, aircraft machinery), defense (military equipment and precision-guided weapons), aerospace (Korean launch vehicle), IT services, etc.
Sales Revenue	KRW 11.2401 trillion (consolidated in 2024)
Total Assets	KRW 43.3369 trillion (consolidated in 2024)
Website	www.hanwhaaerospace.com

Vision and Strategy

Since the establishment in 1977, Hanwha Aerospace has grown into a leading company in South Korean's advanced defense and aerospace industries. Based on sustainable innovative technologies, we provide sophisticated defense solutions encompassing national security and global markets, striving to become a top-tier defense company. We also aim to lead the New Mobility market through control technologies for high-performance autonomous platforms such as automobiles and drones.



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Global Network

Hanwha Aerospace operates 13 bases including headquarters, manufacturing sites, and R&D campuses in Korea, as well as five overseas locations in the United States, Australia, Europe, the Middle East, and Vietnam.



Domestic		
Seoul Headquarters	Business support · Domestic/overseas business	
Aviation	Asan Business Establishment	Aircraft machinery (KF-21, T/FA-50, Surion & guided drive system, fuel system parts production)
	Changwon Business Establishment 1/ Business Establishment in Korea	Production of aircraft engines and parts, KSLV engines, and propulsion engines
Defense	Changwon Business Establishment 2	Production of starting systems (K21), launching systems, anti-aircraft systems, and CBR systems
	Changwon Business Establishment 2	Research/development of fire power systems, starting systems, launch systems, and marine systems: ESS production
	Boeun Business Establishment	Production of precision guided/large propulsion systems · Propellant of compound/filling, ammunition, and fuse for propellants
	Daejeon Business Establishment	Development/production of large propulsion engines · Compound/filling of propellants · development/ production of tactical surface-to-surface systems
	Yeosu Business Establishment	Development/production of gun propellants · Production of high explosive/blasting agents/raw materials
R&D	Changwon R&D Campus	Research/development of fire power systems, starting systems, launch systems, and marine systems ESS production
	Pangyo R&D Campus	Development of aircraft engines (turbofan etc.) · Manned and Unmanned Teaming (MUM-T) · Electronic propulsion system
	Daejeon R&D Campus	Development of next-generation tactical/strategic-guided weapons and ammunition systems, Nuri enhancement and next-generation launch vehicle project
	Yangju CS Center	Equipment delivery/transportation · Customer support
	Overseas	
Hanwha Defense Australia PTY Ltd	Australia: Launched the defense business · launched the Land 8116 selfpropelled howitzer project · Currently participating in the Land 400 Ph3	
Hanwha Aerospace Europe	Europe: Development and implementation of the defense business	
Hanwha Defense USA, INC	USA: Development and implementation of the defense business	
Hanwha Aero Engines Company Limited	Vietnam: Manufacture of commercial aircraft engine parts	
Hanwha Aerospace USA LLC	USA: Manufacture of aircraft engine parts	

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Major History

Since being designated as a defense contractor in 1977, **Hanwha Aerospace** has contributed to the Republic of Korea (ROK) Armed Forces' strength buildup and national defense through businesses related to ground equipment, aircraft engines, and precision-guided munitions. With our transition to an integrated corporation in April 2023 through the merger with **Hanwha Defense Industry**, we are poised to strengthen our position as a global company offering comprehensive solutions in the fields of space, aviation, land, and ocean.

General History

- | | | |
|---|--|--|
| <p>1977 · Company Established (Samsung Precision Industries)</p> <p>1978 · Designated as a defense company
· Completed Yeosu Plant · Completed Changwon 2nd Plant
· Established the Central Research Center</p> <p>1979 · Changed the company name to Samsung Aerospace Industries Ltd.</p> <p>1987 · Acquired the Daejeon Plant (ADD propulsion production facility)</p> | <p>1991 · Completed Boeun Plant</p> <p>2000 · Changed the company name to Samsung Techwin Co., Ltd.</p> <p>2004 · Established a Precision Guided Technology Center</p> <p>2006 · Established an integrated research center (combined the Central Research Center with the Precision Guided Technology Center)</p> <p>2010 · Completed Pangyo R&D Campus</p> <p>2015 · Changed the company name to Hanwha Techwin</p> <p>2016 · Acquired Doosan DST (now Hanwha Aerospace)</p> | <p>2017 · Establishment of Hanwha Techwin (now Hanwha Land Systems)
· Established Vietnam branch</p> <p>2018 · Changed the company name to Hanwha Aerospace · Launched the integrated corporation of Hanwha Defense (Hanwha Land Systems merged with Hanwha Defense)</p> <p>2019 · Acquired EDAC and launched Hanwha Aerospace USA</p> <p>2022 · Merged with Hanwha Defense, and acquired Hanwha Munition</p> <p>2023 · Merged with Hanwha Munition</p> <p>2024 · Decided company split (spin-off) Survivor company: Hanwha Aerospace Co.,Ltd. · Newly company: Hanwha Industrial Solutions Co.,Ltd. · Acquired Doosan DST (Now Hanwha Defense)</p> |
|---|--|--|

Business History

- | | | |
|---|---|--|
| <p>1981 · Launched the aircraft parts manufacturing project</p> <p>1984 · Began the mass production of K55 self-propelled howitzers and developed the K200 Korean infantry fighting vehicles</p> <p>1986 · Selected as the key partner for the Korean fighter project (KFP)</p> <p>1993 · Exported K200 Korean infantry fighting vehicles to Malaysia</p> <p>1994 · Secured an order from GE to supply F404 engines and produced the first home-developed Korean KF-16 fighter jets</p> <p>1996 · Developed domestically-produced 155mm self-propelled howitzers</p> <p>2001 · Exported K9 self-propelled howitzers to Turkey</p> <p>2002 · Selected as a company specializing in surface missiles</p> <p>2012 · Delivered the first batch of KUH (Surion) engines</p> | <p>2014 · Pratt & Whitney (P&W) geared turbo fan (GTF) for next-generation commercial aircraft
· Exported K9 self-propelled howitzers to Poland · Exported the SSM-700K C-Star, a ship-launched sea-skimming surface-to-surface anti-ship cruise missile, to Colombia</p> <p>2015 · Secured an order to supply long-range surface-to-air missiles (L-SAM) and LAH air-to-surface missiles (Tank Snipers)</p> <p>2016 · Signed an agreement with the Korea Aerospace Research Institute to manufacture liquid rocket engines for Korean launch vehicles (KSLV-II)
· Signed an agreement with GE of the United States to supply leap engine parts for LM6000 and LM2500
· Signed an agreement with Rolls-Royce UK to supply parts for Trent 7000 engines</p> <p>2017 · Exported K9 self-propelled howitzers to Finland, India, and Norway
· Exported K10 ammunition resupply vehicles to Norway</p> <p>2018 · Exported K9 self-propelled howitzers to Estonia
· Successfully launched the Nuri test launch vehicle</p> | <p>2019 · Secured a project to develop an anti-aircraft laser weapons system</p> <p>2020 · Selected as a L-SAM system development company
· Signed a contract for tactical surface-to-surface support / started mass production</p> <p>2021 · Exported K9 self-propelled howitzers and K10 ammunition resupply vehicles to Australia</p> <p>2022 · Exported the K9 self-propelled howitzer and K239 Chunmoo to Poland
· Exported the K9 self-propelled howitzer package to the Middle East
· Exported KM-SAM Cheongung II to the Middle East
· Selected as a comprehensive company for advancing the Korean launch vehicle Nuri</p> <p>2023 · Exported Redback, a next-gen combat vehicle, to Australia
· Signed the second execution contract for the export of K9 self-propelled guns to Poland
· Signed a modular charges supply contract with BAE Systems
· Successfully launched the third Nuri test launch</p> <p>2024 · Signed second export contract for Cheonmu multiple rocket launcher to Poland
· Signed overall management contract for next-generation launch vehicle development project
· Signed first mass-produced engine supply contract for KF21</p> |
|---|---|--|

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Aerospace

Hanwha Aerospace will build the space business value chain through continuous challenges and technological innovation, promoting the RSP business to establish itself as a global leader in civil aircraft engine parts/modules in addition to its existing military complete engine business.



Engine Modules & Parts

Engine Modules & Parts

We have established ourselves as the world's No. 1 supplier of aircraft engine parts through continuous collaboration with major engine manufacturers and partners. We supply more than 500 types of engine parts to these manufacturers and partners. In 2015, we signed an RSP contract with P&W for the next-generation Geared Turbo Fan (GTF) engine, and we expanded our manufacturing base to Vietnam in 2018 and the United States in 2019 to establish a global operating system. In 2022, we received the Trusted to Deliver Excellence Award from Rolls-Royce, recognizing our world-class reliability and timely delivery capabilities. Additionally, by localizing materials and parts for advanced aircraft engines and various government-developed engines, we contribute to building a healthy domestic aircraft engine ecosystem while continuously enhancing competitiveness in the global market through process optimization and strengthening global supply chains.



MRO(Maintenance, Repair&Overhaul, Aircraft Maintenance)

Maintenance and Assembly (Military Aircraft Engines)

We lead the military engine maintenance business, a core driver of South Korea's defense strength, providing comprehensive maintenance solutions covering key engines operated by the Army, Navy, and Air Force. We have secured engine maintenance capabilities for various aviation platforms, including fighter jet engines like KF-16 and F-15K as well as helicopters, and transport aircraft. Notably, through PBL (Performance Based Logistics) contracts, we maximize engine availability, support predictable maintenance planning, and enhance customer satisfaction. Based on our achievements, we expand our business beyond the domestic market to overseas markets. We will continue to provide top-tier maintenance services to domestic and international customers based on accumulated technology and experience, strengthening our competitiveness in the global aircraft engine maintenance market.



Space Launch Services

Space

Since 1999, we have actively engaged in developing launch vehicle components, initially embarking on our space launch vehicle business with the creation of the third Korean Sounding Rocket (KSR-III) and the gimbal engine driving device. Leveraging our remarkable quality competitiveness and expertise in space launch vehicle development, we secured the Korean Launch Vehicle Advancement Project in October 2022. Under this project, we will produce three Nuri launch vehicles and execute four launches by 2027. Following the successful third launch in 2023, we currently prepare for the fourth launch with the Korea Aerospace Research Institute (KARI). Additionally, we have been awarded the Next-Generation Launch Vehicle Development General Manufacturing Project in May 2024 for South Korea's lunar exploration, are also developing space launch vehicles for the the launch of the lunar probe in 2032.

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Defense

Hanwha Aerospace merged with Hanwha Defense in November 2022 and Hanwha Munition in April 2023. Leveraging the technology, experience, and exceptional human resources of these three companies, we are actively developing weapon systems for sustainable growth, encompassing various areas of the defense industry, including maneuver, firepower, anti-aircraft, surface systems, and manned and unmanned teaming.



K9 Self-propelled Howitzer



Redback



Multi-purpose

Mobility Systems

Our representative products include the K9 self-propelled howitzer, the Cheonmu multiple rocket launcher similar to the USA HIMARS, the K10 ammunition resupply vehicle, and the K77 fire control vehicle. The K9 self-propelled howitzer has been recognized for its world-class performance and excellent maneuverability in various environments, from mountainous areas to plains, snowfields, and deserts. It has been successfully exported to nine countries worldwide. The Cheonmu multiple rocket launcher has also gained international recognition for its outstanding performance and has been exported to several countries.

Firepower Systems

We have a diverse product lineup that includes K21 infantry fighting vehicles known for their excellent mobility and adaptability, as well as 120mm self-propelled mortars. Furthermore, we have developed our own REDBACK future infantry fighting vehicle, and the TIGON wheeled armored fighting vehicle designed for export.

Air Defense Sector

By harnessing the full potential of artillery and missile systems, we are actively contributing to the enhancement of our military's air defense capabilities. Our unique technology allows us to effectively counter various anti-aircraft threats, including the Hybrid Biho designed to engage lowaltitude penetrating targets, and the 30mm wheeled anti-aircraft gun, which was adopted by the ROK military in 2021.

Manned-Unmanned Integrated Systems

In order to maximize combat efficiency and minimize casualties, we are focusing on developing products in which manned and unmanned systems cooperate with each other. With the development of K9 self-propelled howitzers, explosive ordnance disposal robots, unmanned vehicles, and multipurpose unmanned vehicles, which are equipped with core technologies such as artificial intelligence, remote control, and autonomous driving, we are taking the lead in fostering a technologically advanced military force in Korea.

Business Portfolio | New business

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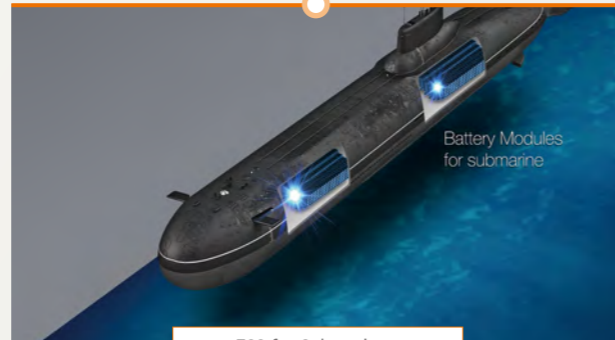
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New business

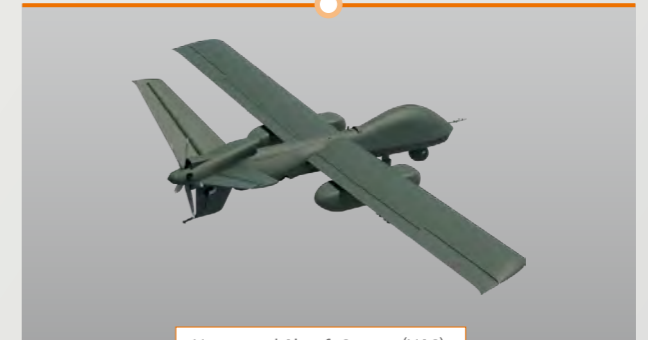
With over 40 years of experience specializing in aircraft engines, we are committed to eco-friendly new businesses aligned with recent sustainable management trends, including shipboard ESS (Energy Storage System) project and electric actuators replacing traditional hydraulic systems.



ESS for Submarines



Electric Actuator



Unmanned Aircraft System (UAS)

Maritime Digital Solution

With the goal of entering the rapidly growing global eco-friendly ship market, we are in the process of developing ESS tailored for small and medium-sized vessels. We are also actively pursuing ESS projects for international ships, supported by government approvals from KOMSA and classification certifications from KR/DNV, aiming to provide smart ship solutions by expanding the value chain to shipboard software and services in addition to hydrogen fuel cells using eco-friendly hydrogen.

Electro Mechanical Actuator (EMA)

The EMA method is core of the "More Electric Aircraft (MEA)" trend in current aircraft actuators, replacing hydraulic and pneumatic devices with a future-oriented solution. It is eco-friendly, safe, and efficient, so it is also an excellent product in terms of sustainability. In August 2022, we secured a long-term development and supply contract with Vertical Aerospace for the development and supply of three EMA types. Through this partnership, we contribute to responding to the future trend of aircraft electrification and building a carbon-neutral aviation industry ecosystem.

Uncrewed Air Vehicle System (UAS)

The use of uncrewed air vehicle system is rapidly expanding on modern battlefields and is expected to play a key role in future warfare. We are securing advanced defense technologies through proactive investments in uncrewed air vehicle systems, engine development, and construction of related facilities, and plans to build comprehensive capabilities across the entire lifecycle—from planning, design and development of uncrewed air vehicle to system integration, production, and operation sales—via joint development with General Atomics, global uncrewed air vehicles specialist. The partners aim for initial flight in 2027 and will pursue global projects in the US, Middle East, Asia, and Europe.

Business Portfolio

Subsidiary Business Portfolio

Hanwha Systems

Hanwha Systems is a comprehensive defense electronics company mainly engaged in radar, electro-optical equipment, tactical communication systems, and combat command systems, serving as the brain and nervous system of military weapon systems. The company also offers defense electronic solutions using cutting-edge IT technologies such as avionics, guided-weapon seekers, electronic warfare, and cyber warfare. In addition, its ICT Division provides integrated smart solutions optimized for various sectors such as manufacturing, construction, and finance, leveraging state-of-the-art data centers.

Hanwha Ocean

Hanwha Ocean is a comprehensive shipbuilding and marine specialist constructing various vessels such as liquefied natural gas (LNG) carriers, container ships, liquefied petroleum gas (LPG) carriers; offshore products including FPSO, fixed platforms, rigs, drillships; and special ships like submarines, destroyers, rescue ships, and patrol vessels supplied to global shipping companies and navies worldwide.

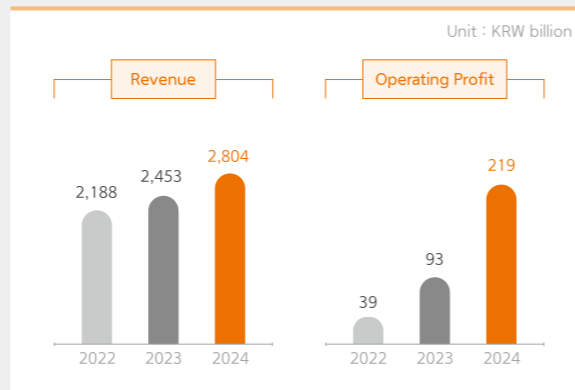
Satrec Initiative

Satrec Initiative is the only company in Korea with verified satellite systems development capabilities in space. It specializes in the development and production of satellite systems, defense products, satellite images, and analysis services. It possesses world-class technology, enabling independent design, manufacturing, testing, and operation of satellite systems. Its small satellites offer the world's best price competitiveness in terms of performance. It plans to diversify payload portfolios to attract broader overseas customers and participate in military communication satellite projects to create new demand.

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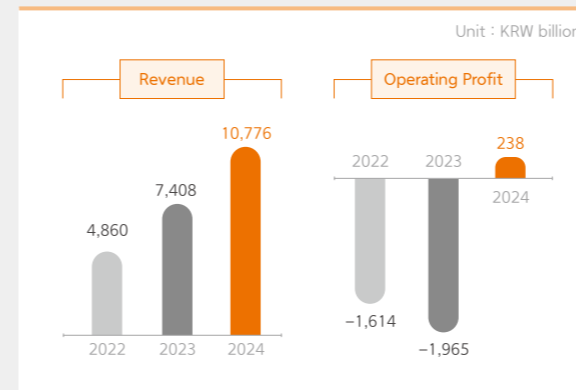
Advanced Defense Electronics and Future ICT Technologies

- Defense**
Surveillance and reconnaissance, command and control communications, avionics, naval systems
- ICT**
Outsourcing, System Integration (SI) /Convergence
- New Business**
Satellite communications and digital platforms



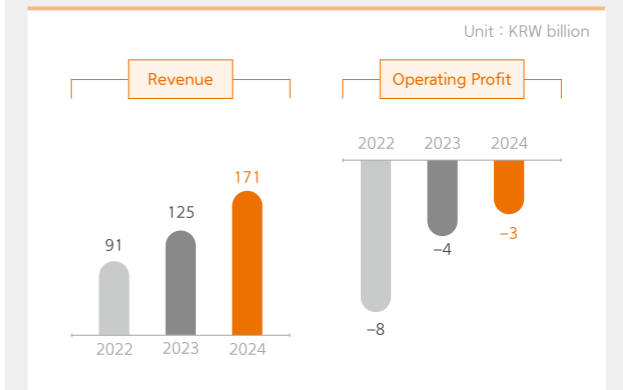
Commercial / Special Ships and Plant Sectors

- Commercial**
LNG Carriers (LNGC), Very Large Crude Carriers (VLCC)
- Marine & Special Ships**
Offshore structures, submarines, surface combatants, support & special purpose vessel
- E&I (Engineering & Infrastructure)**
Petrochemical and power facilities, etc.



Satellite System Sector

- Satellite System**
Manufacturing of EO satellites such as satellite bodies, payloads, and ground bodies
- Production of defense materials**
Mobile satellite terrestrial vehicle, UAV G/S & Comp, etc.
- Satellite image sales and analysis service**
Satellite Image & value-added service, analysis platform, and detection and classification



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ESG Management

ESG Management Strategy

ESG Vision and Key Initiatives

For a sustainable future, Hanwha Aerospace has implemented an ESG governance system and defined priority tasks in the areas of environmental (E), social (S), and governance (G). We will remain proactive in adapting to evolving ESG management dynamics and effectively managing associated risks to fulfill our role as responsible members of society.

Move towards a Sustainable Tomorrow



Environmental

- Achieve carbon neutrality by 2050
- Develop eco-friendly technologies and solutions
- Expand eco-friendly products



Social

- Embedding a safety culture
- Contribute to customer safety and national security with perfect product quality
- Enhance customer satisfaction and communication
- Share growth with suppliers
- Social contribution activities and local community support
- Enhance information security to prevent confidential information leaks



Governance

- Ensure sound governance
- Enhance board independence and diversity
- Establish a transparent corporate culture
- Comply with multilateral export control regime
- Proactively manage risks and respond



ESG Management

ESG Governance

In 2021, Hanwha Aerospace established the ESG Committee within the Board of Directors to develop ESG strategies and policies, strengthening ESG management across areas for sustainable growth. The ESG Committee oversees all matters necessary for ESG management encompassing environmental, social, governance aspects and materiality assessments and monitors progress on ESG-related policies and initiatives such as internal compliance control activities, environmental safety performance and plans. The committee's formal regulations empower the Board to re-examine ESG Committee decisions, reinforcing responsible ESG governance. The ESG Committee meets quarterly as a rule, with ad hoc meetings convened as needed. As of December 2024, the ESG Committee comprises all outside directors, ensuring transparency and independence in the company's management. Furthermore, to enhance our ability to promote ESG management throughout the company, we have established an ESG council. This council, operating under the CEO's supervision, meets at least once a year and is responsible for managing the direction of ESG management and overseeing the implementation of detailed tasks related to environmental regulations and climate change response.



ESG Committee Composition

As of 12.31.2024

Name	Position	Background
Hyoujin KIM	Outside Director, ESG Chairperson	Expert in Environmental Space Engineering and Future Business Area Professor, Department of Aerospace Engineering, Seoul National University
Hujjae CHON	Outside Director	Expert in Compliance and Social Sector Professor, Sungkyunkwan University Law School
Dojin JUNG	Outside Director	Expert in Finance & Accounting Professor, Chung-Ang University Business School & Outside Director, Naver
Jingoo JUN	Outside Director	Expert in military operations and defense business Former Commander of the Marine Corps

Status of ESG Committee Meetings

Date	Agenda	Attendance rate
02. 23. 2024	• Safety, Health and Environment (SHE) Plan Preliminary Review • Review of Shareholder Return Policy	100%
03. 26. 2024	• Appointment of Committee Chairperson and Approval of Acting Chairperson Succession	100%
04. 01. 2024	• 2024 ESG Materiality Assessment Results	100%
07. 12. 2024	• Key ESG Management Achievements and Plans	100%

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2024 ESG Key Figures

Climate Change Response

- Operation of Energy Efficiency Task Force
- Enhanced climate change reporting
 - Identified physical/transitional risks and opportunities
 - Analyzed the potential financial impact based on climate scenarios
- 2024 CDP Korea Awards: 2nd consecutive year winner of 'Carbon Management Honors Club' and 'Sector Honors (Industrials materials sector)'



Environmental Management

- Environmental management system certification
 - Changwon Business Establishment 1,2,3 (ISO 14001)
 - Changwon Business Establishment 3 (ISO 50001)
- Invested KRW **6.5 billion** in environmental improvement
 - Investment in reducing pollutants, Optimal management of discharge and prevention facilities, etc.



Eco-friendly Products and Services

- Invested KRW **18.4 billion** in eco-friendly R&D
 - Development of technologies for eco-friendly and high-efficiency product portfolios (such as electric and hybrid propulsion systems)
- Green Procurement performance: KRW **330 million**



Health and Safety

- Lost Time Incident Rate(LTIR) **0.68**, Occupational accident rate **0.14%**
- Health and Safety Management System Certification
 - Changwon 2, Asan, Boeun, Yeosu Business Establishment (KOSHA MS)
 - Changwon Business Establishment 1,2,3 (ISO 45001)
- Invested KRW **3.5 billion** in health and safety



Quality Management

- Customer satisfaction score: **93.2**
- Quality Management Systems Certification
 - Changwon 1,2,3, Daejeon, Boeun, Yeosu, Asan, Business Establishment (KDS STD-0005-1)
 - Changwon 2,3, Pangyo R&D Campus, Seoul Headquarters, Boeun, Yeosu, Daejeon Business Establishment, Daejeon R&D Campus (KS Q 9100:2018)
 - Changwon 1, Business Establishment in Korea, Pangyo R&D Campus (KS Q 9100:2018)



Talent Management

- Total employee training hours **160,982 hours**
- Total training costs for employees KRW **5,717 million**
- **7.0%** of female managers (manager level or above)



Human Rights Management

- Conducted human rights impact assessment on all business Establishments
- Published the 2024 Human Rights Management Report



Supply Chain Management

- Support (benefit) amount for Shared Growth with Suppliers KRW **60.8 billion**
- Maintained an excellent grade on the Shared Growth Index for more than **12 years**
- Conducted ESG assessment and consulting for **60 suppliers**



Local Community

- Donated * KRW 14.3 billion
 - * Including company donations and employee donations
- Employee volunteer hours **8,130 hours**



Information Security

- Zero cybersecurity incidents
- Zero customer information leakage
- Operated a hacking and intrusion-blocking system through 24/7 security monitoring



Governance

- Board meeting attendance rate **96%**
- **14%** of board directors are female



Ethics and Compliance Management

- Awarded AA (Excellent) rating in the Fair Trade Commission's Compliance Program (CP) evaluation organized by the Korea Fair Trade Commission
- Expanded scope for ISO 37301 (compliance management systems) and ISO 37001 (anti-bribery management systems) certifications
 - Seoul Headquarters, Yeosu, Boeun, Daejeon Business Establishment



Double Materiality Assessment

Through the materiality assessment, Hanwha Aerospace identifies material issues that consider ① the social and environmental impacts of the company and ② the financial impact on the company from the perspective of corporate sustainability. These material issues are actively then incorporated into the process of establishing our Hanwha Aerospace's ESG management strategy. We utilize them to align with global ESG disclosure standards and engage in communication with both internal and external stakeholders.

Definition of Double Materiality Assessment

The process of identifying the impact of a company's business activities on the external society and environment (Impact Materiality) and the impact of external risks and opportunities on corporate finance (Financial Materiality) to identify and select the most important topics for the business and stakeholders from the perspective of sustainability management.

Double Materiality Assessment Methodology

Hanwha Aerospace conducted the Double Materiality Assessment based on the methodologies outlined in the Global Reporting Initiative (GRI) Standards 2021 and the EU Sustainability Reporting Standards (EU ESRS). After analyzing the business environment, we selected ESG topics significant to the company and assessed the social, environmental, and financial impacts of our activities related to each topic. We then performed an impact assessment on both internal and external stakeholders who possess a deep understanding of our company and ESG. Finally, we derived five material issues through the review and approval of the assessment results by the Board of Directors.

STEP 1 Deriving ESG Topics

Hanwha Aerospace's ESG Topics were composed by analyzing key issues in the industry, global requirements, and reflecting the company's business model.

External Environment Analysis

- Global sustainability disclosures and ESG evaluation standards ESG material issues in the Industry
- Industry-specific initiatives and key investor/supply chain requests (including MSCI, SASB)

Internal Environment Analysis

- Internal data related to corporate ESG (Board/ESG Committee agenda, major issues in the previous year, etc.)

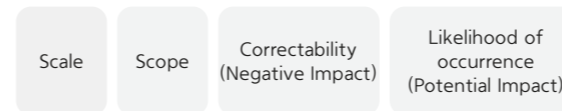
STEP 2 Impact Identification and Evaluation

Impact assessments were conducted to systematically analyze the social and environmental impacts of corporate activities regarding ESG topics, and evaluate the impact of related risks and opportunities on corporate financial performance. These assessments aimed to determine the priorities of ESG topics based on their materiality.

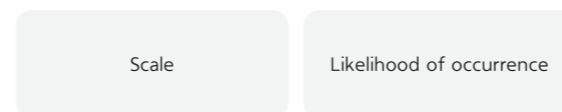
*Impact assessment period: 2.28.2024 ~ 3.13.2024

** Impact assessment response rate: Environmental and Social Impact Materiality Assessment (47.1%), Financial Impact Materiality Assessment (80.0%)

Social and Environmental Impact Measurement Criteria



Financial Impact Measurement Criteria



STEP 3 Review and Disclosure of Results

The environmental and social impacts of six core ESG Topics were precisely evaluated to identify key impacts. After the review and approval of the assessment results by the Board of Directors, five material issues were ultimately selected. These results are reflected in ESG management strategy directions and transparently disclosed in the sustainability report.

Board Reporting

- Report final selected material issues
- Review and approve material issues' appropriateness at the board level

Results Utilization and Disclosure

- Link ESG management strategies and setting goals
- Formulate strategic tasks for each material issues
- Establish management plans and related policies
- Disclose key annual performance

Double Materiality Assessment

Assessment Results

●●● High / ●●○ Medium / ●○○ Low

Position	Social and Environmental Impact				Financial Impact			FY24 Material Issues
	Major Impacts	Type	Likelihood	Results	Major Impacts	Type	Results	
Climate Change	<ul style="list-style-type: none"> Greenhouse gases emitted across the value chain accelerate the climate crisis, causing sea levels to rise and increasing the frequency and intensity of extreme weather events 	Negative	Actual	●●●	<ul style="list-style-type: none"> Increase response costs and manufacturing costs due to strengthened regulations on greenhouse gas emission and carbon price fluctuations 	Risk	●○○	V
	<ul style="list-style-type: none"> Prevent resource depletion and minimize environmental impact through improved workplace energy efficiency at business establishment and expanded use of renewable energy 	Positive	Actual	●●●	<ul style="list-style-type: none"> Occur impairment losses from damage to physical assets due to increased acute and chronic physical climate risks 	Risk	●○○	
Sustainable Products and Technology Development	<ul style="list-style-type: none"> Promote technological innovation and contribute to global carbon neutrality goals by expanding investments in eco-friendly products and high-efficiency technologies 	Positive	Actual	●●●	<ul style="list-style-type: none"> Increase sales and revenue of related products due to rising customer demand for sustainable products and technologies 	Opportunity	●●●	V
Safety and Health	<ul style="list-style-type: none"> Cause physical and mental harm to employees and suppliers through workplace safety incidents, leading to a deterioration in quality of life 	Negative	Actual	●○○	<ul style="list-style-type: none"> Increase costs for compliance with health and safety laws and regulations such as the Serious Accident Punishment Act and expenditures necessary to operate and reinforce the health and safety management system 	Risk	●○○	-
Product Quality Management	<ul style="list-style-type: none"> Ensure stable production of high-quality products by preventing quality risks and implementing strict quality management processes, such as quality improvement task forces (TF) 	Positive	Actual	●●○	<ul style="list-style-type: none"> Increase management and accident prevention costs due to strengthened legal responsibilities for product safety 	Opportunity	●●●	V
	<ul style="list-style-type: none"> Product quality issues lead to decreased customer satisfaction, safety-related direct and indirect damage, and reduced national defense competitiveness, etc 	Negative	Actual	●○○	<ul style="list-style-type: none"> Enhance product reliability and increase revenue when compliance with strengthened quality management standards, resulting from the growing importance of global quality management, leads to increased product performance and safety 	Risk	●○○	
Supply Chain Management	<ul style="list-style-type: none"> Enhance trust between companies and improve suppliers competitiveness through cooperative networks and mutual growth culture with suppliers 	Positive	Actual	●●○	<ul style="list-style-type: none"> Enhance product reliability and increase revenue when compliance with strengthened quality management standards, resulting from the growing importance of global quality management, leads to increased product performance and safety 	Opportunity	●○○	V
	<ul style="list-style-type: none"> Weaken corporate competitiveness as social responsibility for supply chain ESG risks is demanded when any suppliers risk occurs 	Negative	Potential	●○○				
Corporate Ethics and Compliance	<ul style="list-style-type: none"> Due to industry characteristics linked to national security, compliance risks such as corruption and technology leaks have high negative impact 	Negative	Potential	●○○	<ul style="list-style-type: none"> Strengthen investor trust through inclusion in the Value-Up Index, facilitating investment attraction and reducing capital costs 	Opportunity	●●○	V
					<ul style="list-style-type: none"> Fines and penalties imposed for violations of unfair trade laws; sales decreased due to bidding restrictions involving the state as a party when violations of the Fair Transactions in Subcontracting Act occur 	Risk	●○○	

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Double Materiality Assessment

Management Approach

Based on the IFRS S1 General Requirements and IFRS S2 Climate-related Disclosures announced by the International Sustainability Standards Board (ISSB), Hanwha Aerospace systematically manages materiality assessment results according to the 4 Pillars, strengthening its sustainability.

Material Issues	Governance	Strategy	Risk Management	Metrics & Targets
<p>Climate Change TCFD Report P.21–26</p>	<ul style="list-style-type: none"> Establishment of integrated safety, health, and environment policies and environmental regulations Board of Directors' review and resolution of environmental management performance <ul style="list-style-type: none"> Verification of company-wide environmental data, environmental activities such as purification and energy-streamlining activities 	<ul style="list-style-type: none"> Pursuit of company-wide environmental management system certifications – ISO 14001, ISO 50001 Establishment of green management operating system <ul style="list-style-type: none"> Establishment of internal regulation for green procurement, operation of green procurement processes, and management of company-wide green procurement performance 	<ul style="list-style-type: none"> Establishment of environmental impact and risk factor management systems <ul style="list-style-type: none"> Air: Strengthened standards below 50% of the legal limits and management Water resources: Investment in wastewater recycling facilities Waste: Increased recycling rates in major businesses Hazardous chemicals: Inspections at least once a week Continuous monitoring of environmental regulations Annual climate scenario analysis 	<ul style="list-style-type: none"> Carbon neutrality goal by 2050 <ul style="list-style-type: none"> 1.66tCO₂e/ KRW 100 million by 2030 (29% reduction compared to 2023) 90% waste recycling rate Expansion of eco-friendly investment ratio <ul style="list-style-type: none"> Workplace environment risk improvement and eco-friendly R&D, etc.
<p>Sustainable Products and Technology Development Sustainable Products and Services P.34–35</p>	<ul style="list-style-type: none"> Reorganization of existing electric propulsion system business group <ul style="list-style-type: none"> Strengthening competitiveness of eco-friendly ship solutions business Promotion of eco-friendly and electrification businesses in marine sector 	<ul style="list-style-type: none"> Commercialization and market supply of sustainable solutions ESS and hydrogen fuel cell <ul style="list-style-type: none"> Establishment of roadmap developed in-house based on independent technology 	<ul style="list-style-type: none"> Acquisition of safety certifications from global certification bodies <ul style="list-style-type: none"> Det Norske Veritas (DNV), American Bureau of shipping (ABS), Korean Register of Shipping (KR) Conducting classification certification tests and internal durability tests 	<ul style="list-style-type: none"> Pioneering and expanding presence in domestic and international eco-friendly ship markets <ul style="list-style-type: none"> Aim to provide digital solutions for ships by expanding value chain to software and services Plan to obtain type approval from KR for ship hydrogen fuel cells by 2025 and type approval from DNV by 2026
<p>Product Quality Management Quality Management P.44–48</p>	<ul style="list-style-type: none"> Collaboration between Quality Assurance Office and Business Groups <ul style="list-style-type: none"> Rapid response system for quality issues to promote customer value and quality innovation Establishment of quality assurance system based on computer-based Quality Information System (QIS) 	<ul style="list-style-type: none"> Operation of global quality management processes <ul style="list-style-type: none"> ISO 9001/DGMS and AS 9100/AS9100 certificates Instill employees' sense of ownership in quality management based on promises to quality and action 	<ul style="list-style-type: none"> Establishment of quality assurance strategy across all stages <ul style="list-style-type: none"> Operation of quality management system responding to risks by each stage, improvement of frequent quality issues and elimination of potential defects Strengthening supplier's quality management capabilities <ul style="list-style-type: none"> Support for quality capacity development and inducement of quality improvement based on comprehensive quality assessment (Q-Hscore) 	<ul style="list-style-type: none"> Goal to update global quality standards by Business Group <ul style="list-style-type: none"> ISO 9001, DQMS – Aerospace business: AS9100 (Aerospace quality management system standard), AS 9100 (Aircraft maintenance sector) Special processes: NADCAP, ISO 17025
<p>Supply Chain Management Supply Chain Management P.56–63</p>	<ul style="list-style-type: none"> Establishment of company-wide sustainable supply chain management system <ul style="list-style-type: none"> Establishment of collaboration framework among relevant departments (Mutually beneficial cooperation, procurement, Outsourcing management, Quality assurance, etc.) Establishment and revision of policies and standards related to sustainable supply chain <ul style="list-style-type: none"> Development and implementation of a sustainable supply chain management strategy based on policies 	<ul style="list-style-type: none"> Establishment of Purchasing System (SRM) and Subcontracting Transaction System (SDM) Operation of win-win growth programs for partners <ul style="list-style-type: none"> Support for technical and manufacturing capabilities, and provision of management consulting Support for low-interest loans, ESG training, and management activities Operation of win-win cooperation councils and occupational safety and health programs Programs to reduce wage gaps between primary and subcontractors, enhance partner employees' welfare, and foster industrial talent 	<ul style="list-style-type: none"> Internal and external supply chain risk management <ul style="list-style-type: none"> Operation of Subcontracting Transaction Review Committee and grievance handling channels for partners Strategic goods export control and prohibition of conflict minerals ESG risk management for partners <ul style="list-style-type: none"> Operation of partner selection process based on technology, quality, and ESG Regular ESG assessments of partners (document review and on-site audit) Provision of ESG diagnosis and improvement consulting for underperforming partners 	<ul style="list-style-type: none"> Enhancement of partners' competitiveness and sustainable growth <ul style="list-style-type: none"> Provision of customized technology/quality support programs Support for partners' ESG training, evaluation, and consulting Activities to strengthen partners' self-reliance
<p>Corporate Ethics and Compliance Ethics and Compliance Management P.79–84</p>	<ul style="list-style-type: none"> Establish ethics and compliance management system <ul style="list-style-type: none"> Regular Compliance Committee meetings chaired by CEO to review key issues Dedicated organization to prevent compliance violations proactively 	<ul style="list-style-type: none"> Establish compliance regulations based on compliance management <ul style="list-style-type: none"> Develop internal ethics and compliance regulations, publish Compliance Manual and Compliance Program Handbooks Reinforce employees' commitment to ethical compliance <ul style="list-style-type: none"> Annual employee compliance pledge (once a year) Conduct fair trade and anti-corruption training for all employees 	<ul style="list-style-type: none"> Compliance risk management – Identify risks based on stakeholder demands and regulations <ul style="list-style-type: none"> Conduct risk assessment and implement control measures Establish manuals for risk management processes Identify and assess department-specific risks Record and manage compliance support system throughout all processes 	<ul style="list-style-type: none"> Compliance management system certification <ul style="list-style-type: none"> Aim to maintain simultaneous ISO 37301 and ISO 37001 certifications, first among domestic defense companies Compliance Program (CP) rating <ul style="list-style-type: none"> AA (Excellent) grade

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Board of Directors	<ul style="list-style-type: none"> • Make final decisions on climate and environmental investment matters
ESG Committee	<ul style="list-style-type: none"> • Approve and review ESG strategies and goals • Deliberate on important issues related to climate and environment • Final review/approval of ESG disclosures and report publications
ESG Council	<ul style="list-style-type: none"> • Plan and execute detailed ESG tasks (environment/social/governance etc.)
Chief Safety Environment Officer (CSO)	<ul style="list-style-type: none"> • Oversee the company's safety, health, and environment • Supervise implementation progress and major performance based on the safety and environment KPIs
ESH Office	<p>Environmental Planning Team, Safety Management</p> <ul style="list-style-type: none"> • Establish a mid to long-term environmental safety strategy and ensure its implementation • Report on the outcomes of implementing the environmental management system • Establish an internal safety environment system for domestic and overseas business establishments and assess compliance with laws • Supervise accident prevention activities, including responding to various issues <p>Safety and Environment Teams at each business</p> <ul style="list-style-type: none"> • Establish an implementation plan for each business establishment ESH strategies and objectives • Ensure the implementation of the environmental management manual • Manage core safety and environment KPIs

Board Roles

Every year, Hanwha Aerospace's Board of Directors regularly reviews the company's health and safety management plan, as proposed by the ESH Office. They also deliberate and approve important matters pertaining to not only climate change, but also environmental management such as green investment. Through this, the Board plays a pivotal role in sustainable development and achieving the company's strategic objectives.

ESG Committee Roles

The ESG Committee convenes regular quarterly meetings to deliberate on ESG strategy and goal setting, and convenes ad hoc meetings as needed to discuss critical climate change and environmental issues. It also oversees ESG disclosures such as the Sustainability Management Report, reviews annual ESG performance and plans, establishes strategies for achieving the 2050 carbon neutrality goal, and continuously monitors implementation to support the company's sustainability objectives.

ESG Council Roles

The ESG Council, chaired by the CEO, consists of executives and staff from ESG areas including environment, safety, information security, compliance, and supply chain, meeting regularly at least once a year. Based on company-wide ESG management strategies, the council plan and execute detailed tasks on climate change issues, supply chain, mutual growth, and governance to fulfill sustainable management goals.

Chief Safety and Environment Officer Roles

Hanwha Aerospace's CSO (Chief Safety Environment Officer) oversees all company-wide safety, environment, and health operations. To ensure effective environmental health performance management, the CSO's key performance indicators include annual greenhouse gas emission reduction targets and CDP participation ratings, with evaluation results linked to performance bonuses.

• ESG Committee and the Board Status

Date	Agenda	Key Details	Status
02.23.2024	<ul style="list-style-type: none"> • Prior Review of Plans for Safety, Health, and Environment • Review of Shareholder Return 	<ul style="list-style-type: none"> • Establishment of management policy and organizational structure for safety, health, and environment • Operation of Energy Efficiency Task Force (company-wide reduction target: 800 tons) • Status of budget and facilities related to safety, health, and environment • Cash dividend: KRW 1,800 per share (total KRW 91 billion, payout ratio 1.4%) 	Approval Report
03.26.2024	<ul style="list-style-type: none"> • Appointment of Committee Chairperson (Approval of Chairperson Appointment and Acting Order) 	<ul style="list-style-type: none"> • Appointment of ESG Committee Chairperson • Approval of order of acting chairpersons as per committee regulations 	Approval
04.01.2024	<ul style="list-style-type: none"> • Report on 2024 ESG Materiality Assessment Results 	<ul style="list-style-type: none"> • Selection of 2023 double materiality impacts and key topics 	Report
07.12.2024	<ul style="list-style-type: none"> • Report on Key ESG Management Initiatives and Plans 	<ul style="list-style-type: none"> • Participation in 2023 Carbon Disclosure Project (CDP), awarded Carbon Management Sector Honors • Implementation of 2024 Human Rights Impact Assessment • Support for partners through operation of KRW 59.1 billion Win-Win Growth Fund 	Report

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Management Strategy

Basic Assumptions and Considerations

We regularly assess risks and opportunities at least once a year using our own developed assessment tool to evaluate the impact of climate change on the organization. In 2023, we included risk from wildfires in the assessment, and we are continuously striving to enhance its reliability. Moreover, we calculate greenhouse gas emissions from our suppliers and improve the reliability of Scope 3 emissions by offering on-site support to major suppliers.

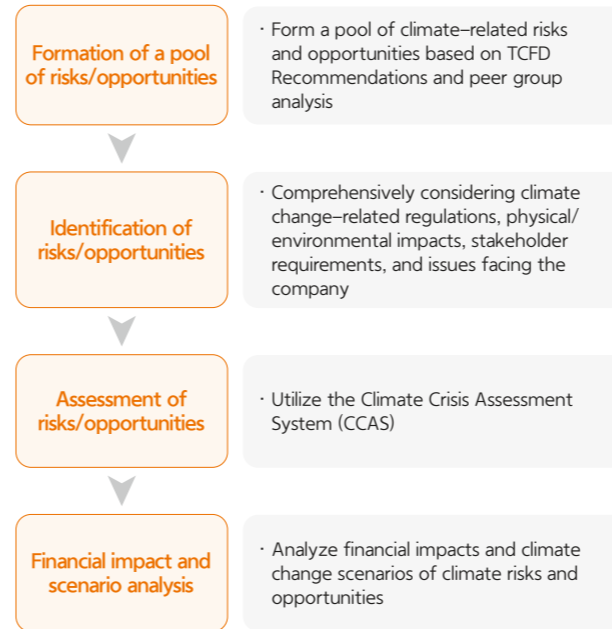
Scope of Impact Analysis

We analyzed the upstream and downstream impacts of all domestic business establishments including our headquarters.

Seoul Headquarters	Yeosu Business Establishment	Changwon Business Establishment 1,2,3
Boeun Business Establishment	Daejeon Business Establishment	Asan Business Establishment
Pangyo R&D Campus	Daejeon R&D Campus	Changwon R&D Campus

※ Changwon Business Establishment 1 includes Business Establishment in Korea

Identification and Assessment Process for Climate Risks and Opportunities



Derivation and Identification of Climate Change Risk/Opportunity Pool

We identified climate risks and opportunities based on TCFD recommendations and peer group analysis. Our Safety and Environment Teams within each business group conduct this assessment on a regular basis. They consider various factors such as performance indicators, climate-related regulations, environmental impacts, stakeholder demands, and company-specific issues when identifying these risks and opportunities.

Climate Change Risk/Opportunity Assessment

We identify physical and transitional climate risks and opportunities through our proprietary tool, the Climate Crisis Assessment System (CCAS). These factors are assigned a risk rating based on a matrix that considers both their likelihood and impact. If a factor receives a high rating, it is categorized and systematically managed as a significant climate change risk and opportunity. We continuously refine and upgrade the CCAS to enhance the reliability of the assessment tool.

Financial Impact and Scenario Analysis

We have chosen one risk and one opportunity factor, each of which has the potential to significantly impact our company's business. We then conducted scenario analysis to determine their financial impact.

Application Timeline



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Management Strategy

Physical and Transition Risks

Based on the RCP 2.6 scenario and RCP 8.5 scenario, Hanwha Aerospace has analyzed the impact of climate-related physical risks on the company's business, categorizing them into acute/chronic and short/medium/long-term. We also have assessed the impact of climate-related transition risks on the business using the NZE 2050 scenario from the International Energy Agency (IEA).

○○○: Very Low ●○○: Low ●●○: Medium ●●●: High

Category	Type	Impact		Details	Expected Financial Impact
		Short-term (~2029)	Mid to long-term (2030~2050)		
Physical Risks	Heat wave	○○○	○○○	<ul style="list-style-type: none"> Necessity to manage heat wave vulnerable groups, such as people with heat-related illnesses Decline in corporate reputation in the event of a serious accident related to a heat wave 	<ul style="list-style-type: none"> Increase in electricity bills due to heat waves
	Cold wave	○○○	○○○	<ul style="list-style-type: none"> Physical damage caused by cold waves 	<ul style="list-style-type: none"> Increase in energy costs due to extreme cold waves
	Flood	○○○	○○○	<ul style="list-style-type: none"> Flooding in the business establishments 	<ul style="list-style-type: none"> Investment in flood prevention facilities (e.g. installation of sewer walls, etc.)
	Drought (precipitation)	○○○	○○○	<ul style="list-style-type: none"> Water shortages for certain months Impact on water-intensive processes 	<ul style="list-style-type: none"> Decline in operating profit due to declining productivity
	Sea level rise	○○○	○○○	<ul style="list-style-type: none"> Risk of flooding at coastal business establishments 	<ul style="list-style-type: none"> Relocation of some facilities or factories within establishments Investment costs incurred, such as the installation of seawalls
	Rising average temperature	○○○	●○○	<ul style="list-style-type: none"> Extreme weather events 	<ul style="list-style-type: none"> Continuous increase in energy costs, including electricity bills
	Wildfires	●○○	●○○	<ul style="list-style-type: none"> Partially located in wildfire-prone areas 	<ul style="list-style-type: none"> Costs incurred for installation and inspection of fire protection systems
Transition Risks	Price of emission permits	●○○	●●○	<ul style="list-style-type: none"> Newly determined for the 2023 emissions trading system Securing of emission permits linked to energy supply and demand plans 	<ul style="list-style-type: none"> Increase in emission allowance purchase costs due to rising greenhouse gas emissions <ul style="list-style-type: none"> – Estimated KRW 1.5 billion by 2030 – Estimated KRW 20.1 billion by 2040 – Estimated KRW 41.8 billion by 2050 (equivalent to 1.7% of operating profit)
	Emission reduction obligations	●○○	●●○	<ul style="list-style-type: none"> Expected increase in greenhouse gas reduction target due to sales growth and expansion of new business sites 	
	Stranded asset	○○○	●○○	<ul style="list-style-type: none"> Potential for stranded assets in fossil fuel-based facilities (Current risk is low) 	<ul style="list-style-type: none"> Less than 1% residual value of fossil fuel-based facilities compared to the cost of goods sold and operating profit in 2023 Investment costs for replacing facilities for energy conversion in the future (less than 1% of the cost of goods sold and 3.1% of the operating profit in 2023)
	Carbon tax	○○○	●○○	<ul style="list-style-type: none"> Imposition of carbon tax (upon passage and enactment of relevant legislation) 	<ul style="list-style-type: none"> Long-term impacts expected in accordance with NGFS standards
	Strengthening carbon regulations	○○○	●○○	<ul style="list-style-type: none"> U.S. Inflation Reduction Act (in effect) EU CBAM (scheduled) IATA 2020 Carbon Neutrality Resolution (approved) 	<ul style="list-style-type: none"> Impact on revenue resulting from failure to meet technical requirements of customers linked to the decarbonization of the aviation industry

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Management Strategy

Opportunity Factors

Based on the RCP 8.5 scenario and IEA NZE 2050 scenario, Hanwha Aerospace has analyzed the impact of climate-related opportunities on the company's business

○○○: Very Low ●○○: Low ●●○: Medium ●●●: High

Category	Type	Impact		Details	Expected Financial Impact
		Short-term (~2029)	Mid to long-term (2030~ 2050)		
Opportunity	Product/Service	●○○	●●○	• IATA Carbon Neutrality Boosts Eco-friendly Business of Electric Propulsion System	• Continuous increase in sales of UAM and ESS business
	Market	●○○	●○○		
	Energy Source	●○○	●○○	• Use of hydrogen energy • Integration of the energy business value chain at the group level	• Synergy in generating revenue in eco-friendly businesses
	Resource Efficiency	●○○	●●○	• Transition from fossil fuels to hydrogen or green energy • Impact on emission factors due to green energy policies • Mid to long-term contribution to the reduction of air pollutant emissions	• Cost reduction associated with the emissions trading system, carbon tax, etc.
	Other (Resilience, etc.)	●○○	●○○	• Expansion of the supply of eco-friendly vehicles and related infrastructure in accordance with automobile carbon regulations • Reduction of mobile combustion by switching vehicles	• Gradual replacement to hydrogen/electric vehicles in line with the technology trends

Key Response Measures

We have established mid to long-term business strategies to minimize risks posed by climate change and effectively capitalize on opportunities. In 2023, we joined the emission trading system and established a greenhouse gas inventory for all business establishments, completing voluntary verification of greenhouse gas emissions in response. We also formed an energy-streamlining task force to consistently promote emission reduction activities by identifying energy-efficient initiatives across the company. As a result, we successfully completed 21 tasks in 2024, resulting in a reduction of approximately 1,209 tonCO₂eq. Furthermore, we are continuously enhancing our expertise and competitiveness in eco-friendly technology by participating in national projects related to eco-friendly energy policies and issuing green bonds.

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Risk Management

Hanwha Aerospace acknowledges climate risk as a significant concern for the company. The risks and opportunities associated with climate change identified through materiality assessment are taken into account in the company's risk identification and evaluation processes. Climate change risks are managed comprehensively and integrated into the company's overall risk management approach.

• Climate Risk Management Framework



Risk Identification

We identify and assess climate-related risk and opportunity factors using our developed tool, the HAS Climate Change Assessment System (CCAS). Internally, each relevant department analyzes climate-related issues through the ESG Council, while externally, we systematically identify risks by reviewing climate policies and regulations, industry trends, and stakeholder interests and demands.

Risk Monitoring

We maintain comprehensive management of climate risks at the company level. The Business Planning Team within the Strategic Planning Office, under the CEO's supervision, oversees the company's risk management efforts. Meanwhile, the ESH Office manages and monitors climate change risks and responses. Mid- to long-term improvement measures derived from this process are integrated into the company's management strategy, enabling systematic and consistent climate change risk responses.

Risk Assessment

We perform the materiality assessment for climate risks considering both their likelihood and impact. When the assessment grade is high in assessment matrix, these are considered major climate risks and opportunity factors that could significantly affect our business. In addition, we conducted scenario analyses for each of these factors and determined their potential financial impact on our company.

Risk Response

We manage climate risks by categorizing them by type and developing systematic proactive response plans through the ESG Council, which is led by the CSO. In alignment with the company's ESG management direction, we establish and oversee strategies and detailed implementation tasks for each division to address identified climate risks.

Metrics and Reduction Targets

To proactively address both domestic and international demands for greenhouse gas reduction and work towards achieving carbon neutrality by 2050, we will progressively decrease greenhouse gas emissions every year.

Metrics

We have established a strategic direction aimed at addressing climate change and achieving carbon neutrality by 2050, and we have set greenhouse gas reduction targets and systematically managed the progress of their implementation. We transparently disclose greenhouse gas emissions and energy use through our ESG reports and CDP responses.

Reduction Targets

In order to achieve carbon neutrality by 2050, we continue to discover carbon emission reduction areas and carry out reduction activities every year. The annual performances are monitored by a company-wide energy efficiency task force. To reduce greenhouse gas emissions and energy use, we established a short-term goal to achieve 3% reduction (per unit) annually and have achieved the annual goal in 2024. Regarding Scope 1 and 2 emissions, we have set a target to achieve a 29% reduction by 2030 (per unit) compared to the levels in 2023, and we have also expanded the scope of application for Scope 3 emissions to include all business establishments. In 2024, we implemented 21 greenhouse gas reduction initiatives, resulting in a reduction of 1,209 tCO₂eq, which exceeded our 2024 energy reduction target.

• 2024 Carbon Neutrality Goals and Results

Category	Unit	2024 Goals	2024 Results
Greenhouse gas intensity	tCO ₂ eq/KRW 100 million	1.99	1,209
Energy intensity	GJ/KRW 100 million	38.97	28.18

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ESG PERFORMANCE

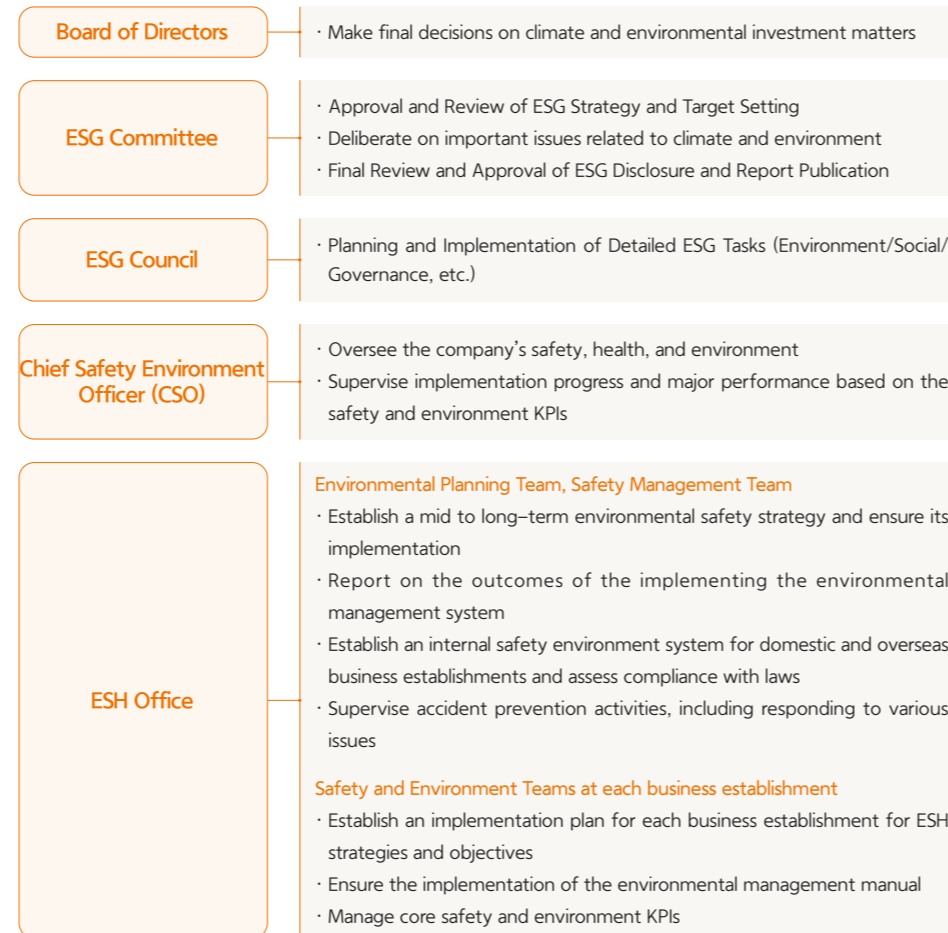
Environmental



Environmental Management

Implementation Organization

Since the establishment of the ESG Committee in 2021, we have been actively practicing environmental management and governance. The committee deliberates on and reviews mid to long-term ESG strategies, as well as other important environmental issues, including climate change. The ESH Office establishes a response strategy for climate change and an eco-friendly management plan, systematically implementing detailed tasks accordingly.



Environmental Management System

Environmental Impact Management System

We have implemented a Plan-Do-Check-Action (PDCA) cycle aligned with the environmental management system certification (ISO 14001). This system enables us to effectively manage environmental impacts across various sectors, including climate change, energy, waste, and water, and to develop related environmental goals and plans. We then review performance semi-annually to ensure the implementation of established goals. In case of non-conformities, we establish corrective measures and measures to prevent recurrence, continuously improving our environmental safety processes. Since 2023, we joined the domestic greenhouse gas emissions trading system, actively working to achieve the government-run carbon neutrality targets. Following the merger in April 2023, we implemented a new integrated safety, health, and environment policy for the company and each business establishment.



Environmental Management

Environmental Management System

External Certification Status

Starting with the acquisition of ISO 14001 certification in 1996, we secured various environment-related certifications, operating an effective environmental management system. Currently, each of our business establishments holds environment-related certifications and effectively operates environmental management system. We continue our efforts to secure company-wide environmental management system certifications in the future.

• Environmental Certification Status

Category	Certified Business Establishments
Environmental Management System (ISO 14001)	Changwon Business Establishment 1/Business Establishment in Korea, Changwon Business Establishment 2, Changwon Business Establishment 3
Energy Management System (ISO 50001)	Changwon Business Establishment 3

Eco-friendly Investment

Hanwha Aerospace mandates environmental and safety reviews during internal investment deliberations. For new investments or workplace process changes, thorough pre-assessments are conducted regarding environmental permits, eligibility, hazards from an environmental safety perspective, and greenhouse gas reduction potential. Significant efforts are made to invest in improvements minimizing workplace environmental impacts. Across land, marine, and aerospace sectors, diverse R&D projects support transitioning to eco-friendly industrial structures. In 2024, investments were made to expand the eco-friendly and high-efficiency product portfolio through the advancement of electric and hybrid propulsion systems and eco-friendly R&D. Additionally, investments were made to mitigate environmental risks at business sites, including pollution reduction initiatives, environmental facility upgrades, and optimized management of emission and prevention systems.

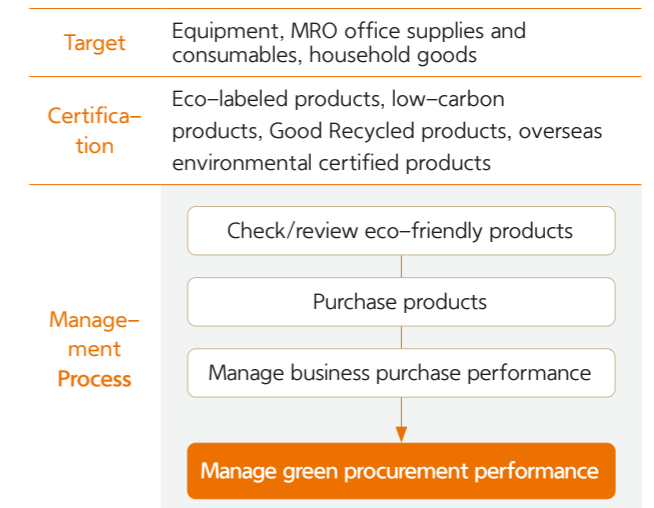
• Eco-Friendly Investment Status

Category	Details	2024 Performance
Environmental R&D investment	• Development of eco-friendly and high-efficiency product technologies (Electric and hybrid propulsion systems, etc.)	KRW 18.4 billion
Workplace environment risk improvement	• Investment in reducing pollutants • Optimal management of discharge and prevention facilities	KRW 1.1 billion KRW 5.4 billion

Green Procurement

To achieve greenhouse gas reduction targets throughout the company, we has enhanced business processes and established a green management operation system. The green product procurement process is systematically managed under internal green product purchasing regulations, demonstrating practical efforts toward sustainable management.

• Green Procurement Management Process



Environmental Management

Environmental Management System

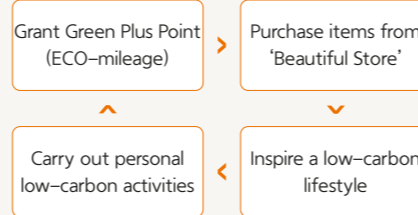
Enhancing Employee Environmental Awareness

At Hanwha Aerospace, we conduct various activities to raise environmental awareness in the workplace, including environmental education. To commemorate World Environment Day on June 5, we designate June as “Environment Month” each year and carry out various initiatives to boost environmental consciousness among our employees. Furthermore, to encourage our employees to embrace low-carbon and green practices in their daily lives, we operate the company-wide ‘Environmental Green Plus System’ and the ‘ECO mileage Program’ at our business establishments. Notably, Changwon Business Establishment 3 was recognized for its exemplary operation of these systems and honored in 2024 as an ‘Outstanding Case of Corporate Environmental Excellence’ by Changwon City.

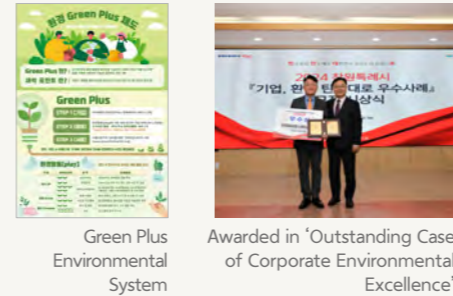
• Introduction to Environmental Awareness Activities

Green Plus Environmental System (ECO Mileage Program)

- Low-carbon lifestyle pledges
- Energy-saving idea suggestions
- Use of public transport, carpooling, bicycles
- Zero leftover campaign
- Environmental purification volunteer activities



★Best Practice: Changwon Business Establishment 3



Environment Month

- Disposables reduction campaign
- Evaluation and award for departments with excellent
- environmental facility
- Cleanup activities near business establishments
- Attend the environmental exhibition (ENVEX)



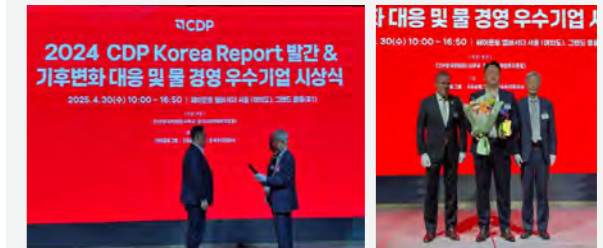
Environment Month Poster

• Environmental Training Status

Training	Participants	Date	Type	2024 Performance
Hazardous chemical management training		2024.1.~2024.12		
Environmental technician training (water quality, air, waste, etc.)	Employees and Suppliers	2024.1.~2024.12	Online/in-person education/non-face-to-face education	5,097 attendees / 22,248 hours
Training on integrated follow-up management, licensing, etc.		2024.1.~2024.12		
Environmental incident response training	Employees	2024.1.~2024.12	Preparation training, etc.	41 cases

Participation in Environmental Initiatives

Hanwha Aerospace voluntarily participates in the Carbon Disclosure Project (CDP), which includes over 7,000 companies worldwide, transparently disclosing and being evaluated on corporate strategies and key performance data related to climate change response. As a result of these efforts, the company achieved a Leadership A rating in 2024, demonstrating excellence in environmental sustainability efforts. Additionally, it was selected as an outstanding CDP company in Korea, receiving the ‘Carbon Management Honors Club’ award and winning the CDP Korea Awards ‘Sector Honors Club’ (Industrial Materials sector) for two consecutive years. Building on these achievements, Hanwha Aerospace plans to continuously strengthen its leadership in sustainable environmental management.



2024 CDP Korea Awards

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Environmental Management

Environmental Management Risk Management

Risk Factor Management

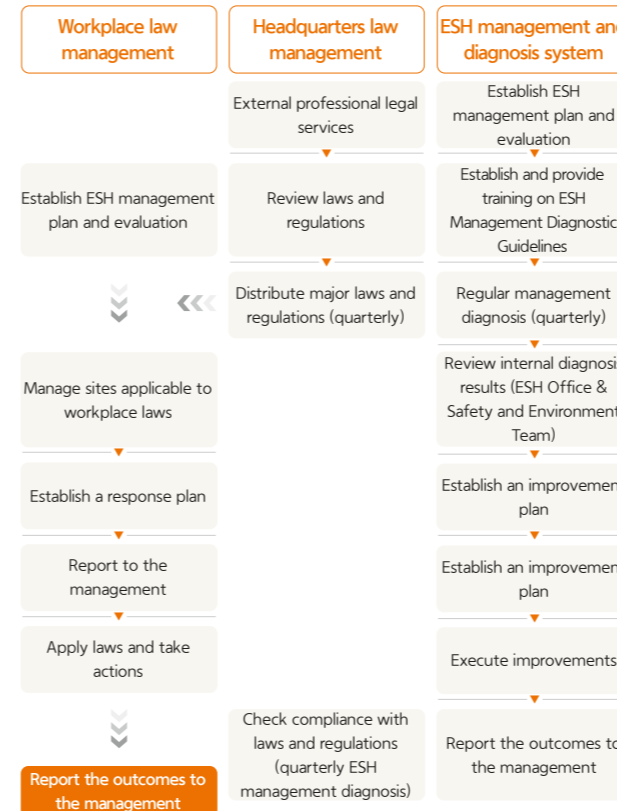
We are establishing an environmentally friendly workplace by minimizing the generation of environmental pollutants in all aspects, including products, sales activities, and services, as part of our environmental management system process. Our management covers six areas, including renewable energy, water, and waste, and we create action plans to address nonconformities identified through monitoring, follow-up inspections, internal audits, and workplace compliance checks. Additionally, we systematically carry out activities to reduce and prevent pollutants by reviewing the environmental impact of changes in regulations and processes in advance. Furthermore, we engage in activities aimed at reducing and preventing pollutants, which include conducting preliminary environmental impact reviews on changes in laws and processes.



Environmental Laws and Regulations Monitoring

As environmental regulations become increasingly tightened, the importance of corporate environmental risk management is emphasized to global market, governmental, and local stakeholders. To effectively monitor and manage constantly evolving environmental regulations, we operate a regulatory trend management system. For a more professional and efficient response, we collaborate with a specialized legal monitoring agency to rigorously ensure compliance with laws and regulations.

• Environmental Laws and Regulations Management Process

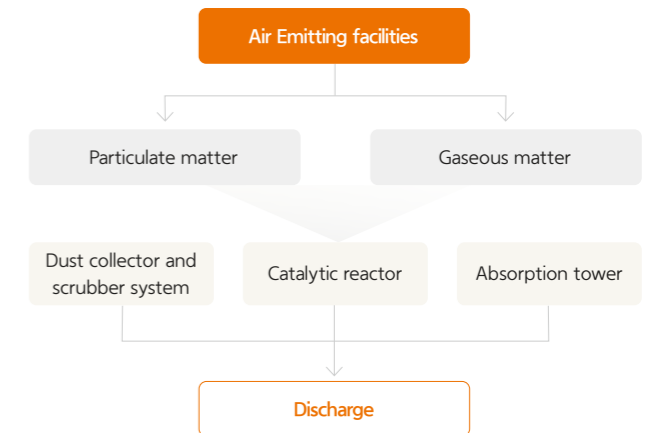


Environmental Impact Management

Air Management

We manage air pollutant emissions by setting stricter reduction standards compared to the legal requirements. Our aim is to maintain major pollutants at levels less than 50% of the legal limits and enhance our facilities through regular monitoring of air pollutant levels. In particular, as the Yeosu and Boeun Business Establishments were subject to the Act on the Integrated Control of Pollutant-Discharging Facilities, we obtained integrated environmental license in 2022 and initiated post-management, reporting monthly performance. Furthermore, we are working to reduce pollutant emissions by applying the Best Available Technique (BAT) across the company, as mandated by the Act.

• Air Quality Management Procedure



Environmental Management

Environmental Impact Management

Water Resource Management

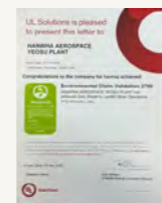
Hanwha Aerospace strives to reduce water risks such as water stress and scarcity based on WRI standards by minimizing water use and wastewater discharge at each of our business establishments. We manage annual performance against established yearly targets for water consumption, and continue to invest in facilities to recycle wastewater within our sites. We manage the discharge concentration of major water pollutants to be less than 50% of the legal limit.

Waste Management

Hanwha Aerospace continuously strives to minimize waste generated during processes to reduce environmental impact. By closely analyzing the physical and chemical properties of waste from key business sectors, it aims to increase recycling rates and minimize environmental effects. In 2024, the Daejeon and Boeun Business Establishment achieved approximately 140 tons of waste recycling by switching disposal methods from incineration and landfill to recycling. Additionally, the Yeosu Business Establishment attained a 91% waste recycling rate and earned Silver grade certification in the ZWTL (Zero Waste To Landfill) program.

Yeosu Plant ZWTL Certification

The PGM Business Group's Yeosu Business Establishment demonstrated excellence in waste management by obtaining ZWTL (Zero Waste To Landfill) certification, a program administered by UL in the U.S. that assigns grades based on recycling rates. The Yeosu Business Establishment earned Silver grade with a 91% recycling rate, achieved by utilizing its system to convert wastewater treatment sludge into worm feed, reusing waste synthetic resins, and converting them into cement alternative fuel, thereby minimizing landfill and incineration.



ZWTL Certification

Hazardous Chemical Management

We rigorously assess chemicals before their use by considering related laws and regulations and evaluating hazard levels using our own environmental safety system. Our management of chemical substances follows a structured four-step process: pre-approval, facility management, material improvement, and environmental enhancement. During the pre-approval stage, our safety and environment team reviews legal requirements using the chemical substance law database and approves substances that meet established standards. Facilities that handle hazardous chemical substances undergo inspections at least once a week. Detailed information on chemical substances is accessible through the Material Safety Data Sheet (MSDS) system for reference, and training on hazardous chemical substances is thoroughly provided to ensure their safe use. Based on these efforts, Hanwha Aerospace strives proactively to comply with increasingly stringent hazardous chemical regulations by minimizing the use of materials containing highly hazardous substances. In 2024, reduction activities such as discovering substitutes and minimizing content achieved an annual reduction of 27 tons.

Local Community Environmental Impact Management

We strive to minimize the environmental impact of our business activities and practice sustainable management. In particular, when undergoing the construction of Boeun Business Establishment, we conducting thorough environmental impact assessment of business establishment activities. We also conduct post-environmental impact surveys on a regular basis.

Biodiversity Management

At Changwon Business Establishment 1, we have made a commitment to biodiversity conservation by signing a biodiversity conservation agreement with Changwon City in December 2022 to promote nature preservation. By participating in the agreement involving 13 organizations from the public, private, industry and academia sectors, we engage in ecological monitoring and support funding for projects aimed at conserving wildlife species. As part of this initiative, we have established a biological investigation team in collaboration with the Gyeongnam Wildlife Conservation Association. The team focuses on safeguarding otters, an endangered species that resides near the Changwon Business Establishment. To help protect otters' habitat, the biological survey team is using observation cameras equipped with motion detection sensors to closely monitor the movements of otters. In 2024, the company participated in Changwon City's biodiversity conservation activity report meeting, sharing ecological observation results of 79 species including animals, plants, and insects. Furthermore, the company managed professional ecological environments through ecological surveys, water quality tests, and expert otter investigations. The company also conducted biodiversity education for employees and environmental conservation activities such as plogging in Masan Bay, continuously sharing conservation achievements among employees.

As of 2024

Support for Changwon City Sustainable Development Council in accordance with the Biodiversity Conservation Agreement **KRW 5 million**

Installation of observation cameras to preserve habitat for otters, a nationally protected species **5 cameras**



2024 Changwon City Biodiversity Conservation Activities Report Session

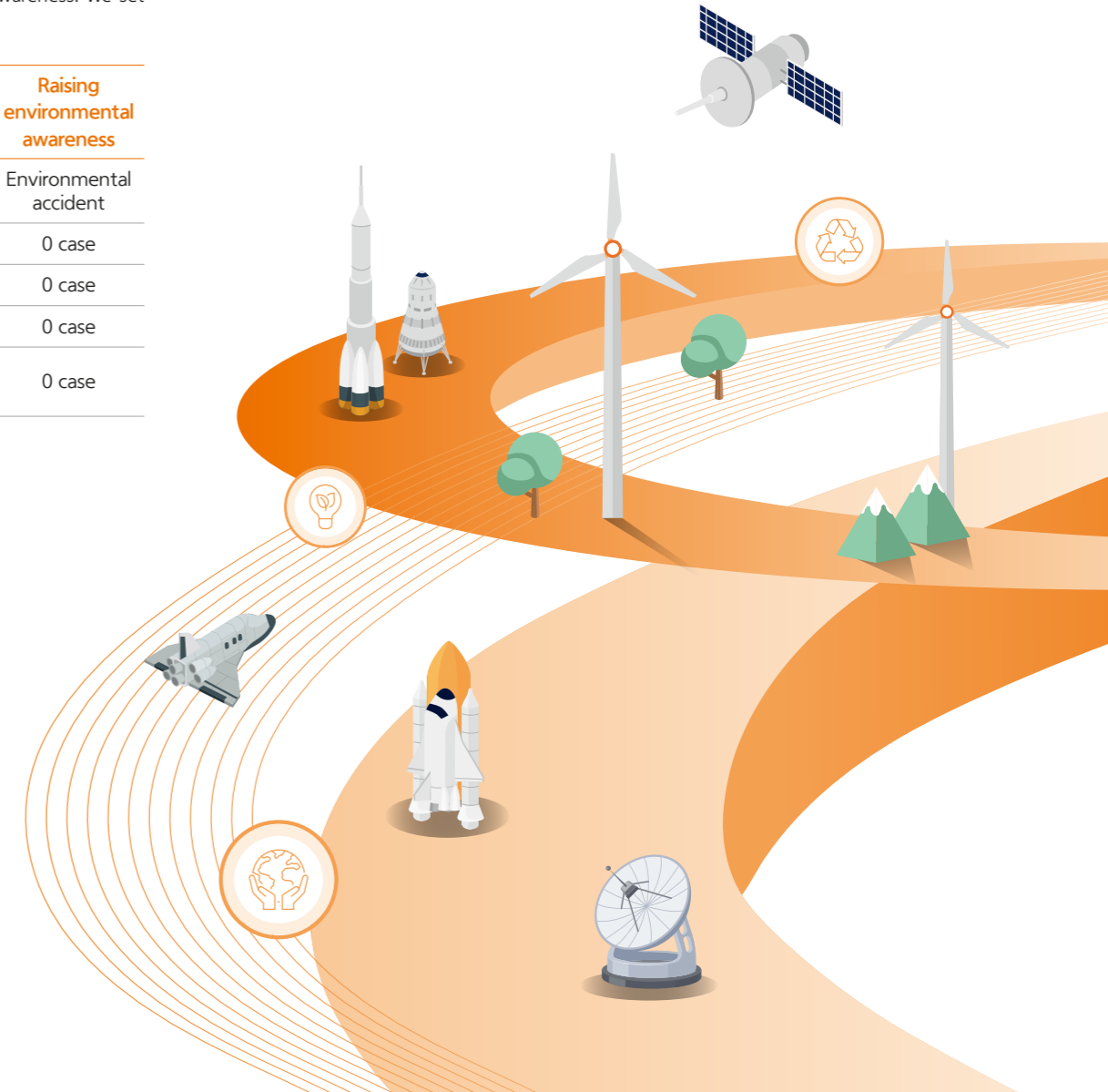
Environmental Management

Environmental Management Goals and Performance

To embed carbon neutrality and ESG management culture by 2050, we have established strategic directions for responding to climate change, strengthening ESG management, and raising environmental awareness. We set targets and systematically manage implementation progress semi-annually.

Strategy	Responding to climate change	Strengthening ESG management	Raising environmental awareness
Metrics and Target	Greenhouse gas intensity	Waste recycling rate ¹⁾	Environmental accident
2024 Target	1.99 tCO ₂ eq/KRW 100 million	72%	0 case
2024 Performance	1.44 tCO ₂ eq/KRW 100 million	81%	0 case
2027 Target	1.82 tCO ₂ eq/KRW 100 million	83%	0 case
2030 Performance	1.66 tCO ₂ eq/KRW 100 million (29% compared to 2023)	90%	0 case

1) Integrated waste recycling rate target (excluding scrap metal and waste paper recycling volume)

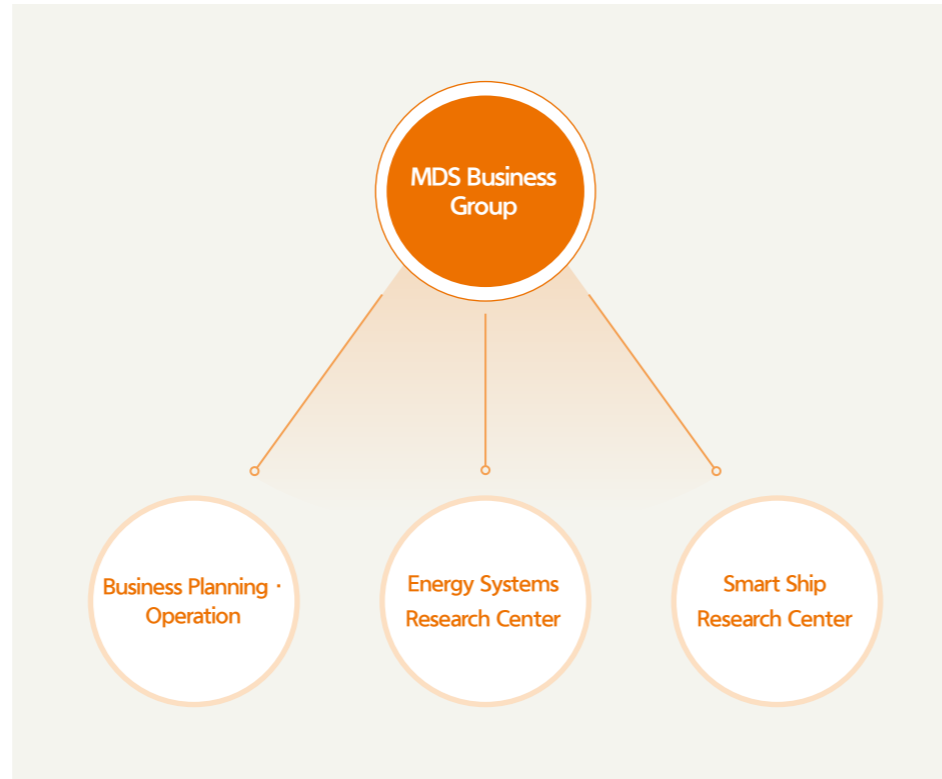


Sustainable Products and Services

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Implementation Organization

Hanwha Aerospace reorganized its existing Electric Propulsion System Business Group into the MDS (Maritime Digital Solution) Business Group to strengthen competitiveness in eco-friendly ship solutions. The MDS Business Group responds to government and industry efforts toward carbon neutrality by addressing trends in eco-friendly internal combustion engines and electrification, as well as various ship operation issues. It advances business based on electrification, automation, digitalization, and unmanned technologies in maritime fields. Its product range aims to provide ship digital solutions by expanding the value chain from ESS (Energy Storage System) and hydrogen fuel cells—the power sources for eco-friendly ships—to software and services. Through this, it seeks to pioneer domestic and international eco-friendly ship markets and grow into a global top-tier eco-friendly ship solution provider.



Definition of Sustainable Products

Hanwha Aerospace defines sustainable products considering three criteria.

1. Environmental criteria(use of eco-friendly materials, carbon footprint reduction, energy efficiency, pollutant minimization)
2. Social criteria(protection of human rights/labor rights, fair trade, consumer safety)
3. Governance criteria(transparent disclosure, compliance with regulations and standards)

Based on these standards, it began supplying air-cooled ESS for ships in 2021 and commercializes sustainable solutions such as ESS and hydrogen fuel cells for the ship market.

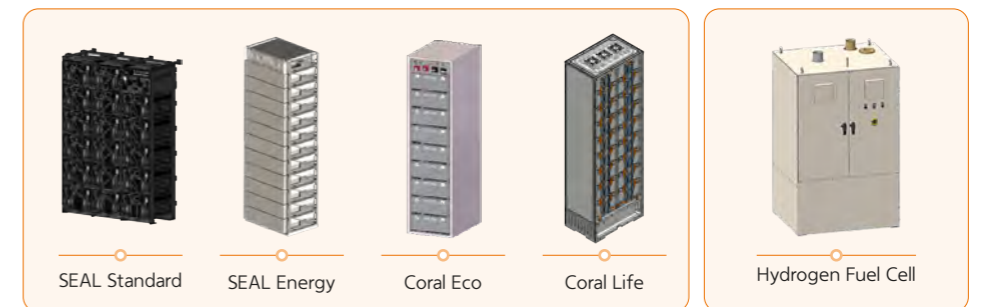
Sustainable Marine Products ESS(Energy Storage System)

Immersion-type ESS is an innovative energy storage system that greatly enhances ship safety. This product immerses cells in insulating oil, instantly extinguishing fires caused by thermal runaway and effectively preventing fire spread. It uses eco-friendly insulating oil, eliminating marine pollution concerns during accidents. Moreover, it requires no consumable replacement until the end of its service life, providing users with a sustainable solution.

Sustainable Marine Products(Fuel cell)

Marine hydrogen fuel cells are innovative power devices that generate electricity by electrochemically reacting hydrogen and oxygen. Since they emit no pollutants other than water, they are recognized as eco-friendly ship propulsion systems capable of achieving IMO's 2050 net-zero greenhouse gas target. Hydrogen fuel cells are valued as key technology contributing to decarbonization in the maritime industry by providing sustainable energy solutions.

• Sustainable ESS and hydrogen fuel cells



Sustainable Products and Services


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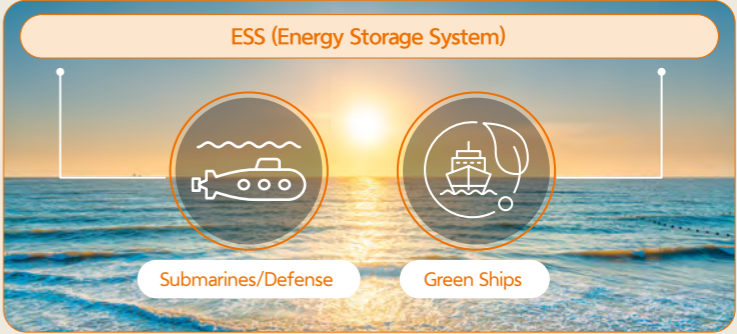
Marine

Eco-friendly Marine ESS



Hanwha Aerospace's 'Marine ESS (SEAL)' is an innovative system that fills lithium-ion modules with insulating oil, designed so that if one battery cell ignites, the fire does not spread to others. This innovative system is robust against insulation failures caused by dust and salt, and has proven excellent safety, recently earning certifications from global bodies including DNV, ABS, and KR. Leveraging this fire safety and differentiated technology, Hanwha Aerospace is solidifying its position in domestic government and small-to-medium private vessel markets. Furthermore, through partnerships with overseas large system integrators, we aim to become a 'leader in eco-friendly marine solutions,' developing new battery material models to meet diverse overseas customer requirements (operation profiles, lifespan). Hanwha Aerospace plans to continuously expand its presence in global markets.

ESS (Energy Storage System)



Eco-friendly Marine ESS Business Roadmap

Hydrogen Fuel Cell for Eco-friendly Ships

2024

Basic approval for development obtained (KR, DNV); prototype (P1) development

2025

Certification testing and durability evaluation; prototype (P2) development with KR classification type approval

2026

Onshore demonstration; DNV classification type approval; launch of domestic projects and design of MW-class products for sale

2027

Offshore demonstration; launch of overseas projects and development of MW-class products for sale

Hanwha Aerospace began developing marine hydrogen fuel cells in 2024 aiming to provide eco-friendly ship solutions. Based on polymer electrolyte fuel cells, these feature rapid startup and easy scalability, making them highly suitable for marine use. Notably, their expansion control capability allows for parallel connection of multiple fuel cells to achieve high power output, enabling broad application from small to medium and large vessels. Compared to competitors' products, they offer higher efficiency, resulting in lower operational costs. Hanwha Aerospace completed pilot product development in 2024 and is currently conducting class certification tests and internal durability trials in 2025. The goal is to obtain KR type approval by end-2025 and commence full-scale domestic marine hydrogen fuel cell business in 2026. Subsequently, it plans to secure DNV type approval by late 2026 to actively expand into global markets.



Hydrogen Fuel Cell for Eco-friendly Ships

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Safety and Health

GOVERNANCE

STRATEGY

Promotion Organization

Hanwha Aerospace operates a safety management team within the ESH Office, reporting directly to the CEO to strengthen company-wide safety and health management. The headquarters health and safety organization systematically establishes safety and health strategies across the enterprise and conducts thorough inspections and assessments of mandatory requirements stipulated by various safety and health regulations. Additionally, it formulates annual safety and health plans, reports them to the Board of Directors for approval, and executes them systematically. At the business establishments level, tailored safety and health management plans are developed based on the company-wide safety and health management plan, with rigorous management of implementation status through periodic internal audits and inspections. Furthermore, through regular Industrial Safety and Health Committees, labor and management collaborate to build an autonomous safety management system, while cooperative councils with internal and external partners promote mutual safety. These efforts contribute to Hanwha Aerospace's establishment of a leading safety and health management system and lay the foundation for systematic management.



Safety and Health Management System

Vision and Goals

We have established four strategic goals to achieve our vision of health and safety management. Hanwha Aerospace systematically establishes safety, environment, and health management policies and operational plans using the PDCA Cycle. We strictly manage the implementation of related processes through monthly KPI performance reviews and biannual safety and health diagnoses. When areas for improvement are identified, specific measures are developed and continuously monitored. Additionally, Hanwha Aerospace tracks and manages improvements in processes and work environments to promote continuous advancement in the field of safety and health. Through these efforts, we aim to create a safer and healthier work environment.



*EMS (Environment Management System): Environmental Management System

Safety Management Certification Status

We effectively have established and rigorously manages a health and safety management system based on ISO 45001 and KOSHA-MS certifications to ensure a safe environment for our workers. Business establishments subject to Process Safety Management (PSM) maintain an evaluation grade of S or higher through site-centered process safety management. In 2023, the Boeun Business Establishment achieved the highest grade of 'P(Progressive)'. The company will continue to deliver excellent results through systematic management.

Safety and Health

Safety and Health Management Activities

Enhancement of employee health

Work Environment Management

We have obtained material safety data sheets (MSDS) for all hazardous substances present in the workplace, providing essential safety information to employees. For employees exposed to specific hazardous substances, we conduct specialized health examinations and diligently monitor their health. The company sets internal standards exceeding legal requirements to rigorously measure and manage exposure levels, collaborating with certified external agencies for periodic work environment assessments. Based on recommendations from these assessments, proactive improvements are implemented to ensure a safe work environment.

High-Risk Worker Management

Hanwha Aerospace conducts routine assessments of harmful factors and in-depth diagnoses of high-risk processes for enhancement given the industry's nature for potential musculoskeletal disorders due to the handling of heavy materials. Therefore, we conduct routine assessments of harmful factors and in-depth diagnoses of high-risk processes for enhancement. Following assessments with positive findings, we adjust staffing in the process line to account for these findings to enhance employee health. In production lines with a heightened risk of hearing impairment, we maintain a hearing preservation program. We distribute educational materials on noise-related issues annually and supply appropriate safety protection equipment, hereby creating a safe work environment.

Health Promotion Programs

We support comprehensive health check-ups for our employees and their families, contributing to systematic health management. We also provide group medical insurance for employees, with the option to choose family medical expenses or family medical insurance based on employee preferences. Through this initiative, we strive to promote a healthy workplace by managing the well-being of employees and their families while enhancing employee engagement. Furthermore, each business establishment runs a health promotion program staffed by specialized experts, including in-house physical therapists, exercise prescription specialists, and exercise instructors. These programs include customized prescriptions tailored to specific processes and individual characteristics. To prioritize the mental health of our employees, we hire professional counselors who offer counseling services and various psychological programs. In addition, we implement exercise programs and offer incentives for employees with high blood pressure, diabetes, dyslipidemia, and suspected obesity. Furthermore, we operate smoking cessation clinics and alcohol moderation/abstinence programs to promote the overall health of our employees.



Health Newsletter



Consultation with a health manager



Mental health promotion campaign

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Safety and Health Management Activities

Enhancement of Safety Awareness

On-site Safety Management

To reinforce safety leadership and realize responsible safety management among management, the CEO and Safety Director regularly visit business establishments to conduct on-site safety management and inspections. Alongside this, safety communication activities spread the importance and necessity of safety management company-wide. In 2024, on-site management and meetings were held across all workplaces, identifying 59 major improvement requests related to safety and health, all of which were fully addressed. In 2025, we will continue efforts to create safer and healthier work environments through active safety communication.



On-site safety inspections



Meetings by each position level

Fostering Safety Culture

To nurture a well-established safety culture, we conduct an annual safety culture assessment throughout the company. We thoroughly diagnose and analyze a total of nine key factors, including management's involvement in safety, safety systems, employee education and training, and management and supervisor commitment. Based on this analysis, we develop and implement strategies to foster an optimized safety culture. We remain dedicated to creating a robust safety culture that promotes collaboration between labor and management, founded on effective communication.

Safety Education

We operate a training curriculum to enhance the capabilities of our safety staff. We secure expertise in health and safety through 10 internal training courses and 80 external training courses across six categories, including safety manager, health manager, and PSM. These courses are further subdivided by years of experience and job duties. The safety director enhances employees' safety awareness and capabilities by conducting training on accident cases and on-site safety management for professionals and supervisors at all business establishments.



Safety staff competency training



Company-wide Safety Meeting for Site Leaders

Active Safety Participation of Management

Hanwha Aerospace conducts annual safety meetings and safety leadership training for workplace managers across all sites to promote active management participation in safety. Through training by renowned safety experts, managers develop attitudes necessary to reduce serious accidents, understand government safety policy directions, and cultivate proper safety management mindsets. From 2025, workplace managers' safety activities will be reflected in KPIs to further strengthen safety leadership through active management involvement.

Safety and Health Investment

Hanwha Aerospace operates delegated decision regulations related to investments that mandate mandatory safety reviews depending on investment nature. We conduct a preliminary examination of the investment agenda, considering law compliance, risk assessments, and hazardous substances, and maintain continuous monitoring during the actual investment execution process to ensure thorough safety management. In 2024, KRW 3.5 billion was invested in safety and health areas including new exhaust facility installation, work environment improvements, and process automation. For 2025, we plan to increase the health and safety budget to KRW 6.8 billion for investments such as local exhaust maintenance and safety facility construction following risk assessment improvements.



Hazard Identification Contest



Hazard Identification Contest Best Practices

Safety-related Reward System

We actively implement several regular reward systems associated with safety and the environment to encourage employee participation. These include obtaining safety and environmental certifications, identifying best practices and ideas for safety and environmental enhancements, reporting near misses and potential risks, composing health and safety songs, and participating in a safety and environmental photo contest. Through these efforts, employees are encouraged to voluntarily engage in safety environment tasks while strengthening labor-management cooperation to establish a healthy and safe workplace culture.

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RISK MANAGEMENT

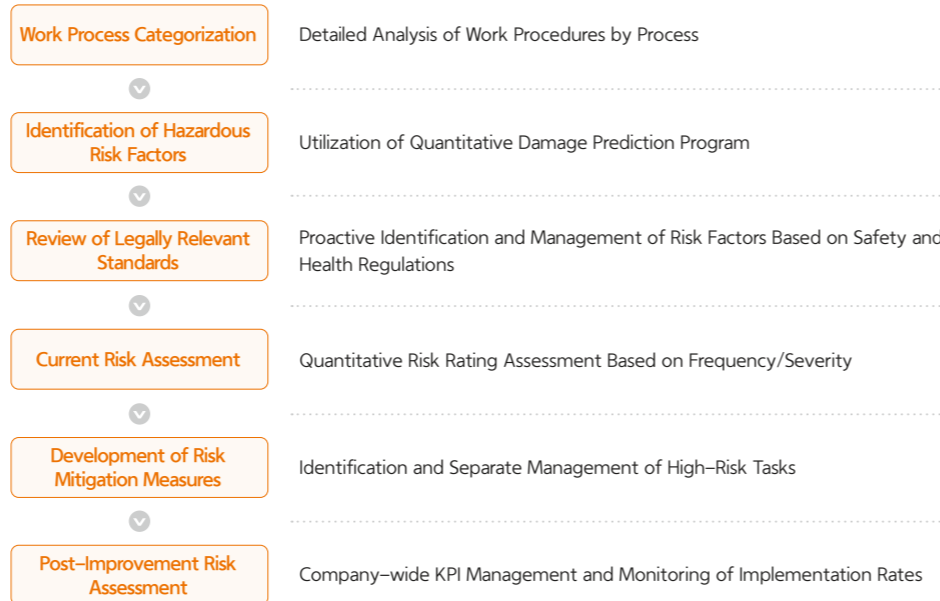
Safety and Health

Safety and Health Risk Management

Risk Factor Management

Hanwha Aerospace adopts an in-depth approach to risk assessment and serious accident risk management to thoroughly control workplace hazards. Risk assessment begins with a detailed analysis of risks encountered in each process. This involves closely reviewing work procedures and quantitatively evaluating risk levels by reflecting legal standards and the frequency and intensity of current safety and health measures. Specifically, for high-risk tasks, concrete improvement measures are established to minimize risks, and improved tasks are re-evaluated to quantitatively measure their effectiveness. Serious accident risk management applies a more specialized approach. Hanwha Aerospace collaborates with safety experts to identify high-risk operations and minimizes the likelihood of serious accidents through thorough risk assessments. This systematic and professional management method contributes to maintaining a safe work environment continuously, with ongoing efforts to reduce risks to the lowest level across all processes.

• Risk Factor Management Process



Risk Assessment

Hanwha Aerospace rigorously evaluates and improves risks through various methods to ensure safety in high-risk processes. To prevent accidents during hazardous material handling, it employs ExDAM, a quantitative explosion damage prediction program, for systematic risk assessment. Before establishing, expanding, or modifying processes, damage prediction simulations quantitatively analyze potential accident impact ranges, forming the basis for minimizing damage. Notably, results from pre-damage prediction simulations inform worker positioning and safety design, ensuring risk minimization during process design. This approach aids in securing efficient worker workflows and establishing safe work procedures, contributing to a safer work environment.

• ExDANM-Based Risk Assessment Process



Mitigation and Improvement Measures

Hanwha Aerospace actively implements response and management systems for potential hazards in workplaces and supplier sites. We implement a Safety Permit System for construction and maintenance work carried out by our suppliers, strictly managing work environment safety. All non-routine tasks undergo risk assessments and safety inspections to preemptively eliminate potential hazards, proceeding only when safety is assured. Additionally, an Absolute Safety Rule is established, requiring employees and internal suppliers to strictly comply; violations result in immediate removal and permanent access bans, strengthening safety management. Furthermore, the Autonomous Safety Hazard Observation System and Learning from Others' Mistakes System are introduced to enhance workplace safety. The Autonomous Safety Hazard Observation System enables workers to identify hazards independently and report them to supervisors for prompt recognition and response. The Learning from Others' Mistakes System educates all workplace staff based on identified hazards to prevent accidents early and mitigate potential risks. This system focuses on analyzing and improving frequently recurring accidents and potential hazards, playing a key role in building a proactive hazard management culture among employees.

Safety and Health

RISK MANAGEMENT

Safety and Health Risk Management

Risk Factor Management

Effectiveness Evaluation of Improvement Measures

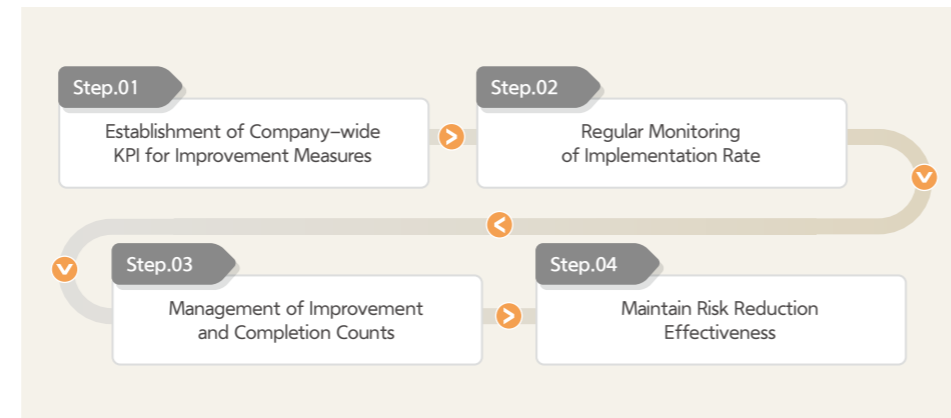
Hanwha Aerospace sets improvement actions identified after risk assessments as company-wide KPIs, systematically monitoring monthly implementation rates. This manages the number of recommended improvements and completed cases, maintaining continuous risk reduction effects in each process. To evaluate the effectiveness of safety and health risk mitigation measures, Hanwha Aerospace uses its own safety grading system to identify hazardous risk factors per legal standards. Existing risk levels are assessed based on likelihood (frequency) scored out of 5 and severity (intensity) scored out of 4, multiplied together. Post-improvement risk levels are calculated similarly to closely monitor the effectiveness of safety and health measures.

Implementation Status of Improvement Measures (As of November 2024)¹⁾



1) Internal KPI Management Standards

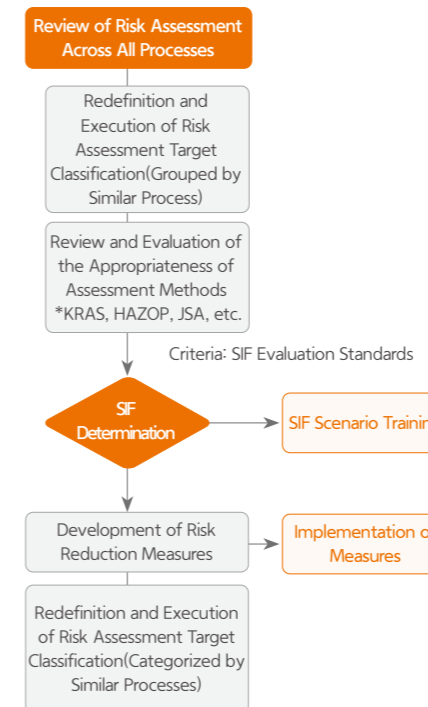
Risk Mitigation Measures Effectiveness Evaluation Process



Advanced Risk Assessment and SIF Methodology Adoption

Hanwha Aerospace has introduced the SIF (Serious Injury and Fatalities) Methodology within its risk assessment to reduce serious accidents, focusing on preventing root causes of major incidents. Starting with the Daejeon Business Establishment in 2023, we advanced risk assessments and applied the SIF Methodology at the Boeun and Yeosu Business Establishment, completing application at Changwon 1, 2, 3 Business Establishment and Asan Business Establishment in 2024. Through the SIF program, all processes at workplaces underwent detailed risk analysis, systematically identifying key causes of serious risks. Each risk assessment separately identified deviation factors likely to cause serious accidents and introduced processes to manage these intensively. As a result, across applied workplaces, 2,446 SIF-related causes were identified among 7,648 risk factors and reduced to 485, achieving an 80% reduction in serious accident risks company-wide.

Risk Assessment and Safety Integrity Function (SIF) Methodology Process



Representative Types of SIF Theory



Status of Hazard Risk Mitigation Measures Following SIF Implementation

Name	Total Number of Departures	Before Evaluation SIF Causes (Count)	After Evaluation SIF Causes (Count)	Risk Reduction
Site A	2,302	994	281	72%
Site B	2,948	940	123	87%
Site C	2,398	512	81	84%
Total	7,648	2,446	485	80%

Safety and Health

RISK MANAGEMENT

Safety and Health Risk Management

Emergency Situation and Serious Accident Management

Development of Emergency Scenario Drills and Response Processes

Beyond business establishment risk assessments, Hanwha Aerospace has established thorough risk evaluation and response processes for various external emergency situations. Potential risks such as natural disasters, fires, explosions, and leaks are closely analyzed, with emergency response plans developed per organization to operate a systematic company-wide risk management system. In emergencies, Hanwha Aerospace executes prompt and appropriate responses via the Emergency Response Committee, minimizing human harm and external environmental impact. Additionally, we strengthen its emergency response system by thoroughly analyzing similar domestic and international incidents and regularly conducting scenario-based drills. These exercises continuously enhance employees' emergency response capabilities, with post-drill evaluations identifying improvements to refine response processes. Through this, Hanwha Aerospace thoroughly prepares for all potential risks inside and outside business establishments, maintaining a safe and stable operational environment through ongoing efforts.

Serious Accident Prevention and Management Procedures

Hanwha Aerospace designates the Safety Management Team as the control tower for compliance with the Serious Accident Punishment Act to implement a systematic approach for serious accident prevention. A company-wide Accident Management Committee coordinates all resources and personnel to proactively and systematically manage major accidents. This effort strengthens safety culture within the organization and minimizes legal risks. Furthermore, in cooperation with professional safety organizations, thorough risk assessments are conducted targeting high-risk PSM (Process Safety Management) business establishment to identify high-risk tasks. Based on these assessments, work standards are established and employee training is conducted to continuously enhance safety. Even in business establishment without PSM application, high-risk factors are selected and managed to establish a comprehensive safety management system. Moreover, safety, health, and environmental regulations applicable at each business establishment are strictly managed and regularly monitored to maintain compliance. This is a core element of safety management set as a key company-wide KPI, ensuring systematic management to prevent legal violations. With support of professional safety organizations, revised regulations are monitored, and quarterly regulatory trends are shared to prevent oversight in reviews, playing a vital role in strengthening legal compliance.

• Emergency Management Process



• Process for Establishing a Major Accident Response System



Safety and Health

METRICS&TARGETS

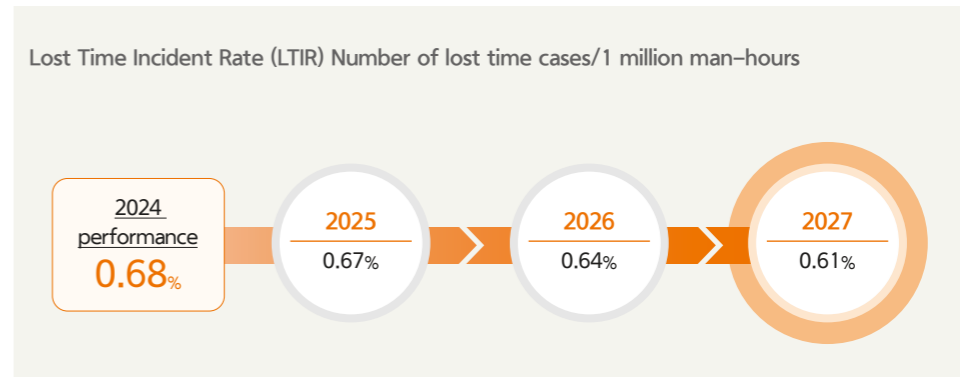
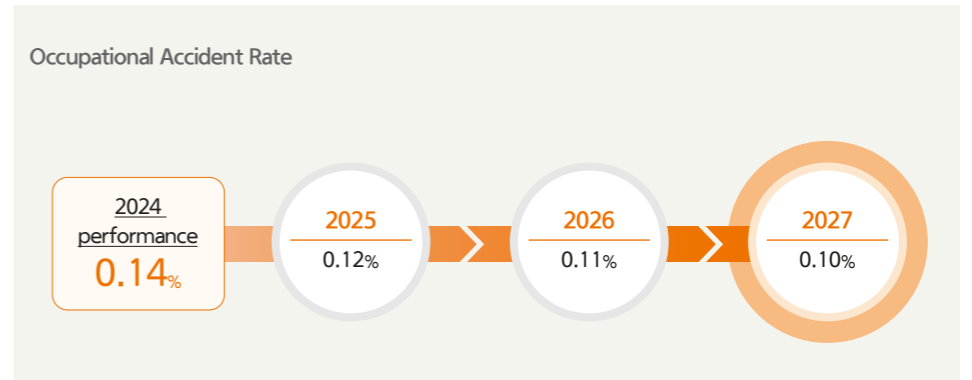
Safety and Health Goals and Performance Management

To enhance safety management and prevent serious accidents, we have designated core health and safety indicators as KPIs and ensure robust safety and health management. These KPIs encompass not only outcome indicators like the occupational accident rate and Lost Time Incident Rate (LTIR) but also proactive safety indicators such as improvement action rates derived from inspection results and risk assessments to identify and mitigate workplace hazards. Legal compliance is rigorously managed through KPIs like Regulation Review Compliance Rate and Statutory Training Compliance Rate. Major health and safety matters, including KPI results, safety personnel, accident prevention budgets, identification of hazardous risk factors in the workplace, and employee feedback, are reported to the CEO on a semiannual basis. Through these efforts to manage goals and performance, we are reinforcing safety leadership and enhancing our safety management systems.

• 2024 Safety and Health Management Performance Indicators (as of Dec '24)

Strategic Goal 1 Embedding a safety culture			
Employee opinion improvement rate	Cases requiring improvement 297 cases	Improvements made 287건	Action rate 97%
Strategic Goal 2 Strengthening the system operation			
Identify and improve harmful risk factors	Cases requiring improvement 619 cases	Improvements made 536 cases	Action rate 87%
Strategic Goal 3 Enhancing employee competencies			
Emergency response education and training	Cases requiring improvement 495 cases	Improvements made 501 cases	Action rate 105%
Health and safety training	Cases requiring improvement 14,257cases	Improvements made 14,257 cases	Action rate 100%
Strategic Goal 4 Strengthening ESG management			
Examine and improve the implementation status based on the health and safety laws and regulations	Cases requiring improvement 230 cases	Improvements made 224 cases	Action rate 97%

• Safety and Health Management Goals



Quality Management

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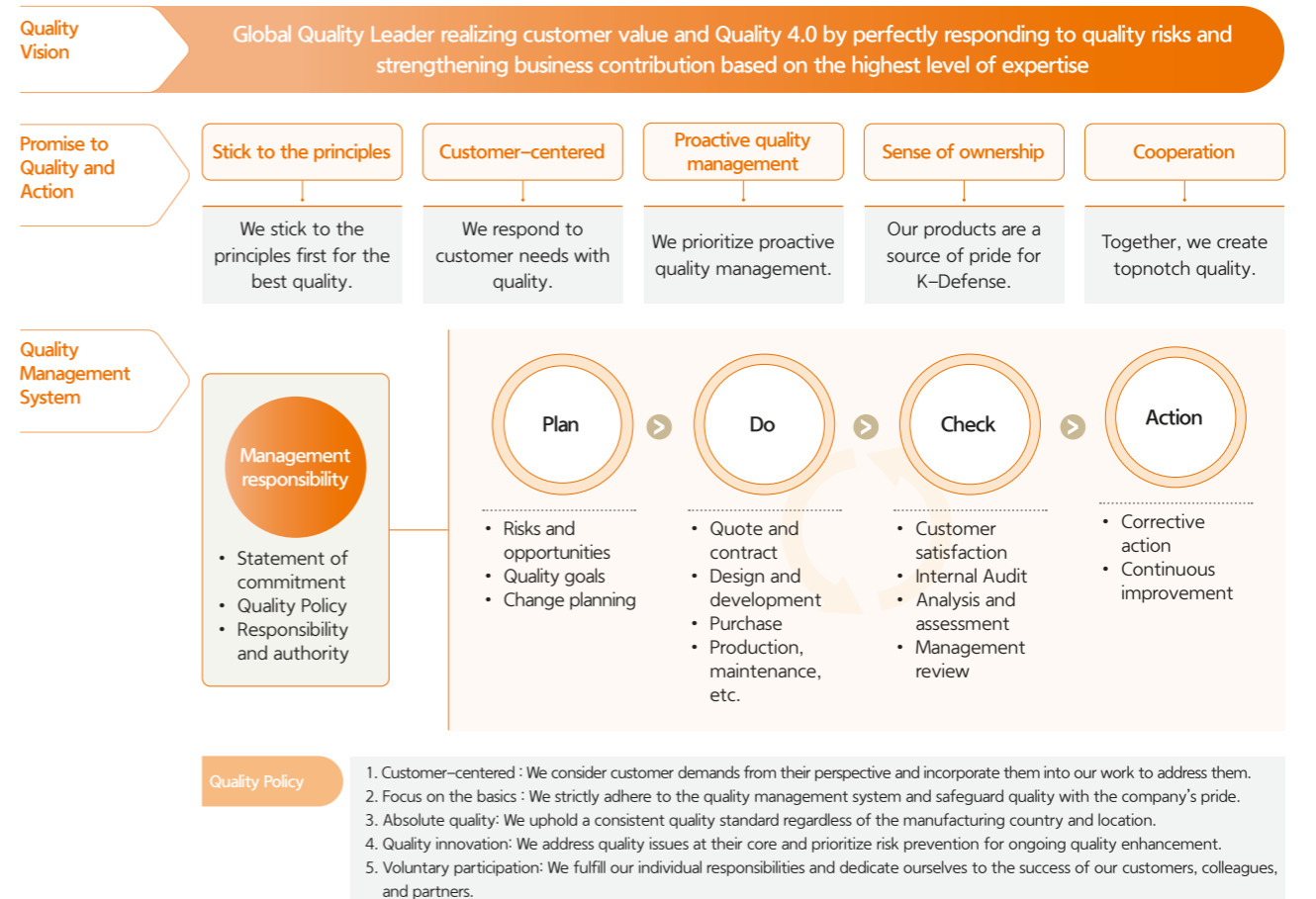
Implementation Organization

Hanwha Aerospace conducts effective quality assurance activities through collaboration between the Quality Assurance Office and Business Groups, leveraging the best expertise. We strengthen a computer-based Quality Information System (QIS) to ensure customer value and quality innovation by promptly addressing quality issues.



Quality Management System

We implement a global standard quality management process based on ISO 9001 (quality management systems). In response to rapid industry changes and customer demands, we have expanded our quality management system by obtaining global quality certifications such as AS9100/AS9110 for each business establishment, in addition to ISO 9001/DQMS certification. The five absolute quality behavior commitments—"Stick to the principles", "Customer-centered", "Proactive quality management", "Sense of ownership", and "Cooperation"—established with employee participation, form the foundation of all work, prioritizing customer satisfaction by faithfully reflecting customer requirements. Moving forward, Hanwha Aerospace will strengthen its role as a Global Quality Leader by enhancing global quality innovation and business support capabilities based on advanced quality DNA to realize customer value and Quality 4.0.



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Quality Management

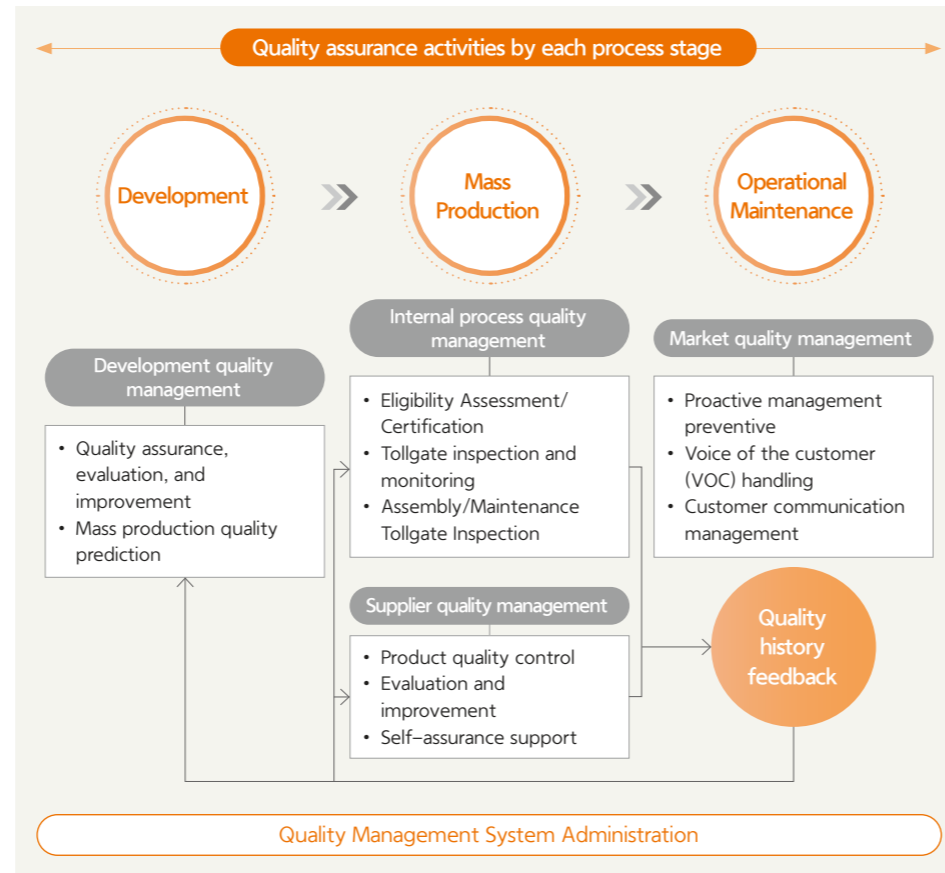
STRATEGY RISK MANAGEMENT

Quality Management Activities

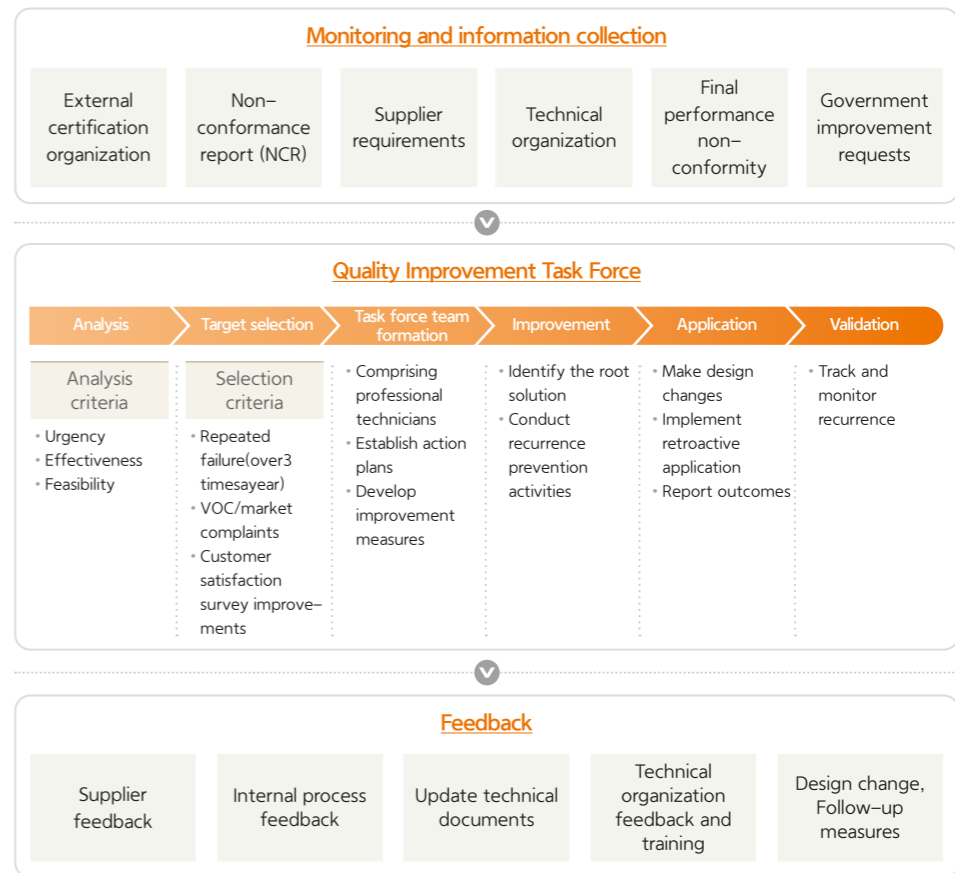
Quality Control and Product Safety

Hanwha Aerospace establishes systematic measures to ensure quality throughout all stages from product development to operation and maintenance. To fully address quality risks at each phase, it operates a quality management system, driving continuous improvement activities to prevent product defects and guarantee optimal quality. In particular, to fundamentally resolve recurring quality issues in processes and the market, we conduct Quality Improvement Task Force activities for frequent failures and Initial Production Review Meetings. These efforts enhance customer satisfaction and focus on proactively identifying and eliminating potential defects by implementing process human error prevention systems. Additionally, through comprehensive partner quality evaluations (Q-Hscore), it awards high-performing companies and actively encourages underperforming ones to improve quality levels via manufacturing process inspections, quality meetings, and countermeasure discussions.

Quality Management and Improvement Process



Quality Improvement Task Force



Quality Management

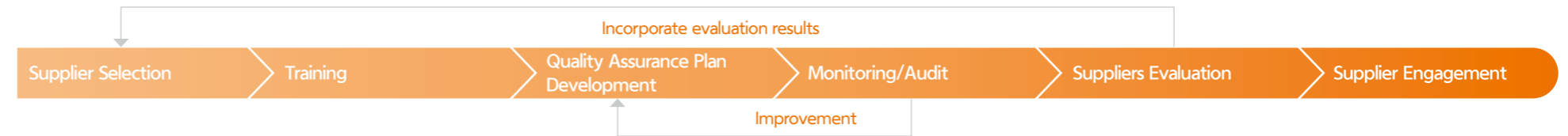
STRATEGY

RISK MANAGEMENT

Quality Management Activities

Partner Quality Management Support

We are establishing a robust quality foundation that extends from supplier selection to product production and delivery. We enhance the overall quality of our suppliers by assisting them in developing independent quality assurance capabilities through training, quality monitoring, and improvement tasks. Quality System Assessments (QSA) are conducted during the registration of developers and suppliers to register and select suppliers with high-quality capabilities. We regularly perform Quality Process Audit (QPA), Special Process Audit (SPA), and Raw Material Supplier Quality Management System (RMSQS) assessments based on the characteristics of the items. Designated Supplier Quality Representatives (DSQR) are assigned to suppliers in need of quality stabilization to support their quality assurance capabilities. We incentivize suppliers with outstanding quality performance through a comprehensive quality evaluation known as the Q-H score, while also conducting manufacturing inspections, quality meetings, and countermeasures meeting for suppliers with subpar quality performance to encourage improvement.



Quality Management

Quality Management Activities

Quality Certification

Hanwha Aerospace conducts a thorough assessment of the operation status of its quality management and quality control systems every year. To this end, each Business Location sector obtains quality certification through rigorous audits by the Defense Technology Quality Institute and external certification bodies, continuously renewing these certifications. All Business Locations have acquired ISO 9001 Quality Management System and DQMS (Defense Quality Management System) certifications, establishing systematic quality control processes. In particular, the Aerospace Division has additionally obtained AS 9100, the aerospace quality management system standard, and AS 9110 certification in the aircraft maintenance field, adhering to even higher quality standards. Furthermore, in the special process sector, NADCAP (National Aerospace and Defense Contractors Accreditation Program) certification has been acquired to further enhance reliability in quality. Through obtaining quality certifications, Hanwha Aerospace demonstrates its commitment to quality reliability and meeting global quality standards.

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• Quality Certification Status

Certification	Organization	Business Establishment	Renovation and Expiry Year (Initial)
KDS STD-0005-1 (DQMS)	DAPA	Changwon Business Establishment 1	23/08~26/08 (1999)
		Changwon Business Establishment 2,3	22/08~26/08(2013)
		Daejeon Business Establishment	23/06~26/06(1999)
		Boeun Business Establishment	23/11~27/11(1999)
		Yeosu Business Establishment	23/10~26/10(1999)
		Asan Business Establishment	22/12~25/12(2001)
ISO 9001:2015	BIS	Changwon Business Establishment 2,3, Pangyo R&D campus	24/04~27/04 (1999)
	LRQA	Seoul Headquarters, Boeun Business Establishment, Yeosu Business Establishment	23/05~25/06(2021)
		Daejeon Business Establishment, Changwon Business Establishment 2	
KS Q 9100 : 2018 (AS9100)	KIWA	Changwon Business Establishment 1, Korean Business Establishment	23/05~26/06 (2017)
		Pangyo R&D campus	
EN 9110 : 2018 (AS9110)	KIWA	Changwon Business Establishment 1	24/05~27/05(2018)
		Asan Business Establishment	23/10~26/10(2014)



DQMS Certificate



ISO 9001 Certificate



KS Q 9100 Certificate

Quality Management

Customer Satisfaction

Customer VOC Management

Hanwha Aerospace systematically analyzes and resolves customer requirements and complaints to continuously enhance customer satisfaction. We carefully assess external risks and impacts to steadily improve internal processes. Through weekly Q1-Meetings and monthly quality KPI reports, user complaints and key quality issues are shared with management and relevant departments. These issues are systematically managed as agenda items to effectively minimize customer dissatisfaction. Hanwha Aerospace will continue these systematic efforts to secure customer trust and relentlessly improve customer satisfaction.

Enhancing Customer Satisfaction

Hanwha Aerospace conducts customer satisfaction surveys through a structured process, thoroughly analyzes the results, and prepares detailed customer satisfaction reports. Management establishes improvement goals for the following year based on these findings, selects tasks for each division to enhance customer satisfaction, and actively pursues related improvement activities. Notably, the highest-priority customer complaints are promptly shared with relevant departments to ensure customer demands are reflected in management strategies and operational improvements through continuous efforts. Consequently, customer satisfaction scores have steadily improved over the past three years, and efforts to further enhance satisfaction will continue.

Customer Satisfaction Survey Process



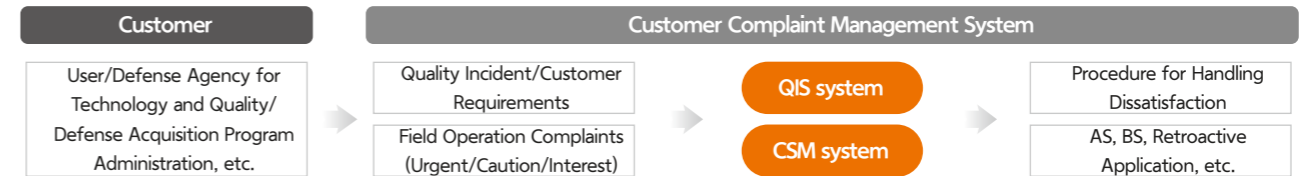
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RISK MANAGEMENT

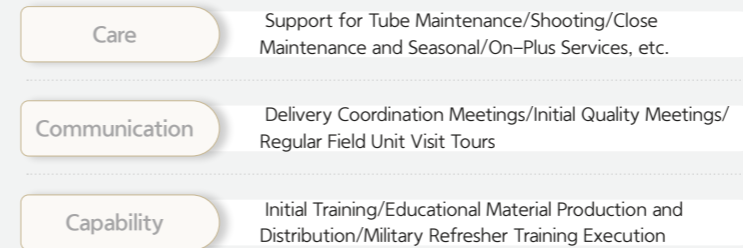
Customer Support

Hanwha Aerospace operates diverse customer support programs via online and offline channels to promptly identify and respond to customer needs. Customer support personnel are stationed at major bases of the Army, Navy, and Air Force to provide swift and appropriate support. Through a control room, customer requests and complaints are effectively addressed to promote service innovation and activation. Additionally, received complaints are continuously monitored until fully resolved, with proactive corrective actions taken. Hanwha Aerospace remains committed to meeting customer needs and practicing customer-centric management.

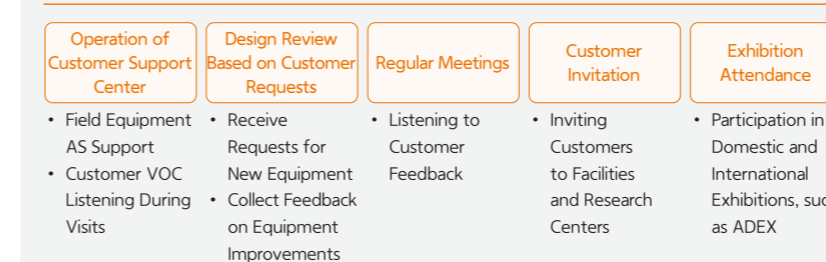
Customer Complaint Management Process



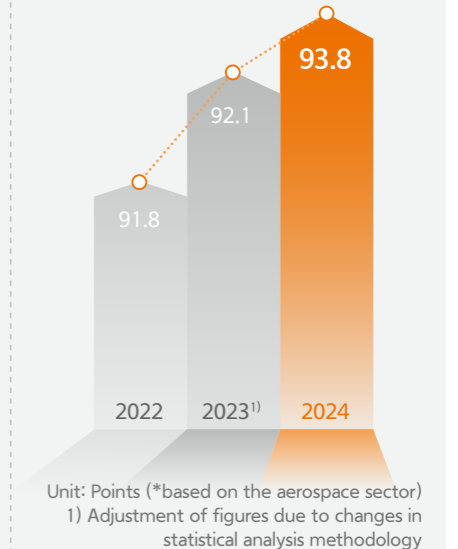
3C-Based Customer Satisfaction Services



Customer Communication Channels



Customer Satisfaction Survey Results



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Implementation Organization

Hanwha Aerospace continuously strengthens employees' core competencies through recruitment and development of outstanding domestic and international talent, further advancing this via fair evaluation and compensation systems. In 2023, the newly established 'Global Talent Acquisition Team' integrated recruitment functions to build a solid foundation for global growth. This foundation serves as a key driver for Hanwha Aerospace's efforts to achieve substantial growth and a sustainable future by leveraging core technologies in space, aviation, and defense sectors.

HR Office	
HR Planning Team	<ul style="list-style-type: none"> • Design HR system • Talent Management
HR Management Team	<ul style="list-style-type: none"> • HR Digital Transformation • Workforce and labor costs • Compensation, evaluation, promotion
Talent Development Team	<ul style="list-style-type: none"> • New/experienced employee recruitment • Training and talent development • Organizational culture change management
Global Talent Acquisition Team	<ul style="list-style-type: none"> • Core talent recruitment • Global recruitment
Support Office	
ER Planning Team	<ul style="list-style-type: none"> • Salary and attendance • Labor relations, welfare and benefits
Integrated Support Team	<ul style="list-style-type: none"> • General affairs, welfare and benefits • Finance and corporate management

Organizational Culture Implementation System

We are making various efforts to cultivate an organizational culture where the company and employees grow together. Our Culture Team encourages communication to drive corporate change and enhance employee participation. We've established an organizational culture support system, with the CEO serving as the Chief Culture Officer (CCO) and executives as Culture Ambassadors. Furthermore, we have appointed Culture Leaders (CLs) and Culture Agents (CAs) in each business group to swiftly implement diverse activities. We are committed to providing unwavering support through regular workshops to enhance leaders' capabilities in driving organizational culture transformation.

Talent Management System

Talent Development System

Our ideal talent is a great challenger with a strong sense of ownership, differentiated awareness, and an open mindset toward change. To nurture individuals who embody this ideal, we have defined four talent development directions: Value, Leadership, Global, and Task. These directions serve as the foundation for our talent development system, playing a crucial role in our company's transformation into "a top-notch innovative company that pioneers the future with new technology, creating sustainable value for tomorrow."

• Talent Development Program

- VALUE**

To cultivate personnel aligned with group core values and talent standards, Hanwha Aerospace operates orientation programs for new hires and experienced employees. A systematic onboarding process is conducted annually to ensure new employees adapt smoothly and perform effectively.
- LEADER SHIP**

We support the development of business and team leaders to expand new businesses and stabilize business performance. This includes implementing a structured development process to identify and train future leader candidates.
- GLOBAL**

We offer internal and external language programs to our employees to cultivate a global mindset. By 2024, we aim to strengthen our capability to conduct global business by setting incremental goals to drive changes in overall recruitment, training, and systems.
- TASK**

Employees create competency enhancement plans each year through self-development initiatives and participate in various training programs. These programs focus on enhancing competencies in specialized fields such as problem-solving, project execution, quality management, and purchasing.

Measurement of Training Effectiveness

We conduct evaluations on the satisfaction, achievement, and applicability of external job courses that directly support employee performance. Moving forward, periodic assessments of workplace application will be conducted even after internal job training completion to systematically monitor the practical effectiveness of each training program.

Talent Management

STRATEGY

Talent Development

Recruitment

As we expand our business, we aim to increase recruitment efforts and secure talent early. We ensure equal opportunities for all applicants through a fair recruitment system without discrimination based on gender, nationality, or race. Furthermore, we make extra efforts to recruit individuals with disabilities and national veterans to enhance diversity. With the expansion of overseas businesses and subsidiaries, we focus on securing global talent by recruiting from overseas universities and local areas. We also continue domestic recruitment through employment-linked internship programs to find talent suited to our corporate culture and roles. Beginning in 2024, we initiated open recruitment for experienced employees quarterly to improve efficiency. In addition, we also focus on co-op programs with various schools to secure talent and enhance technological competitiveness. Through these multifaceted recruitment strategies, Hanwha Aerospace continuously attracts talent to drive sustainable growth and innovation.

Evaluation and Compensation

Fair Performance Management

Hanwha Aerospace has established a systematic management system for fair and transparent performance management, creating an environment where employees can continuously deliver results. Work goals are divided into strategic goals linked to company and department objectives and individual operational goals, shared continuously with department heads for real-time progress tracking and feedback. Annual performance is evaluated on five levels to systematically assess and reflect employee achievements. Besides base salary and regular bonuses, variable pay is applied based on individual performance and company financial and strategic results for all employees. We apply differential raises based on the results of performance evaluations, motivating employees with a fair compensation system linked to individual and company performance. This includes management performance pay based on the achievement of strategic goals and occasional incentives at the CEO's discretion.

Rational Compensation System

In addition to our base salary and regular bonuses, all employees receive variable pay based on individual work performance and the company's financial and strategic performance. We apply differential raises based on the results of performance evaluations, motivating employees with a fair compensation system linked to individual and company performance. This includes management performance pay based on the achievement of strategic goals and occasional incentives at the CEO's discretion.

Talent Management

Work-Life Balance

Hanwha Aerospace systematically operates diverse welfare programs focused on improving Work-Life Balance to enhance employees' quality of life and create a family-friendly work environment. These programs support family health, children's education, and employees' stable retirement. We provide Moms Packages and gift certificates for work-family balance, along with flexible working hours and autonomous commuting systems. Through these various welfare initiatives, we strive to improve our employees' quality of life, job satisfaction, and work engagement.

Work-Life Balance Support System

Category	System
Work Arrangements	• Flexible working hours system
	• Staggered working hours system
Housing	• Housing subsidy and assistance programs
Leisure	• Cultural and educational program offerings
	• Support for costs and facilities related to resorts and leisure activities
Healthcare	• Regular employee health check-ups
	• Medical assistance and healthcare expense support
Family	• Scholarship program (support for children's tuition and access to quality education)
	• Workplace childcare services
	• Provision of maternity protection rest areas
	• Childbirth congratulations bonus and gifts
	• Adjustments to working hours and reduced working hours
	• Family care leave
Later Life Planning	• Paternity leave
	• Parental leave
	• Infertility leave
Later Life Planning	• Pension system
Retirement & Reemployment	• Provision of maternity protection rest areas



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Employee Communication

Organizational culture is a core competency unique to our company, shaping the values, mindset, and behavior of our members. Based on this, Hanwha Aerospace operates various communication channels and activities to clarify business direction and encourage interaction.



Various Communication Channels

Hanwha Aerospace strengthens communication through diverse channels, collecting employees' opinions to reflect in organizational operations and management policies. In particular, we listen to various opinions through platforms such as Culture Agent activities, smart grievance handling center, and innovation IDEA board continuously share. Regular town hall meetings also enhance employees' understanding of overall management and seek directions for mutual growth between the company and staff.

1) Town Hall Meeting

The Town Hall Meeting is a core communication program at Hanwha Aerospace, playing a key role in sharing the company's vision and strategic direction with members. Especially at the CEO Town Hall Meeting, the CEO directly explains the company's future vision and management status, fostering high engagement through two-way communication by listening to members' opinions.



Town Hall Meeting

2) Organizational Innovation Workshop

To leap as a global company, Hanwha Aerospace operates Organizational Innovation Workshops as a starting point for fundamental cultural transformation encompassing changes from organizational structure to work methods. Through these workshops, each unit diagnoses barriers to change and derives organizational culture improvement tasks to lead transformation activities.

3) Organizational Culture Diagnosis

Every year, Hanwha Aerospace conducts an organizational culture diagnosis for all employees to measure the current level of our organizational culture and derive insights for change. This diagnosis divides the assessment into areas of environment and institutions, as well as employees' mindsets and work methods, gathering honest opinions to establish improvement directions and implement activities based on this feedback.

Labor-Management Communication

We operate under a comprehensive policy that guarantees the rights of labor unions and basic employee rights. During the first negotiation since the integration of the six labor unions in the company, we successfully concluded the 2023 wage increase and collective bargaining agreement amicably. In 2023 and 2024, the number of agenda items approved through the Labor-Management Committee steadily increased to 174 and 181 respectively, reflecting active communication. The company shares management situations through labor unions, the Labor-Management Committee, and occupational health and safety meetings, mutually cooperating on grievance receipt and handling, occupational accident prevention, and health and safety.

• Labor-Management Committee Meetings

Number of meetings held	Number of agendas	Agenda
32 times	181 cases	Improvement of Working Environment (Expansion of Amenities and Other Support)
		Provision and Arrangement of Office Supplies and Coordination of Work Schedules
		Matters Related to In-house Events and Employee Benefits

As of February 2025

• Labor Union Membership Rate

Number of employees eligible for membership	Number of members 2,386 people	Membership rate (%)
7,268 people		32.20%

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Human Rights Management

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Human Rights Protection

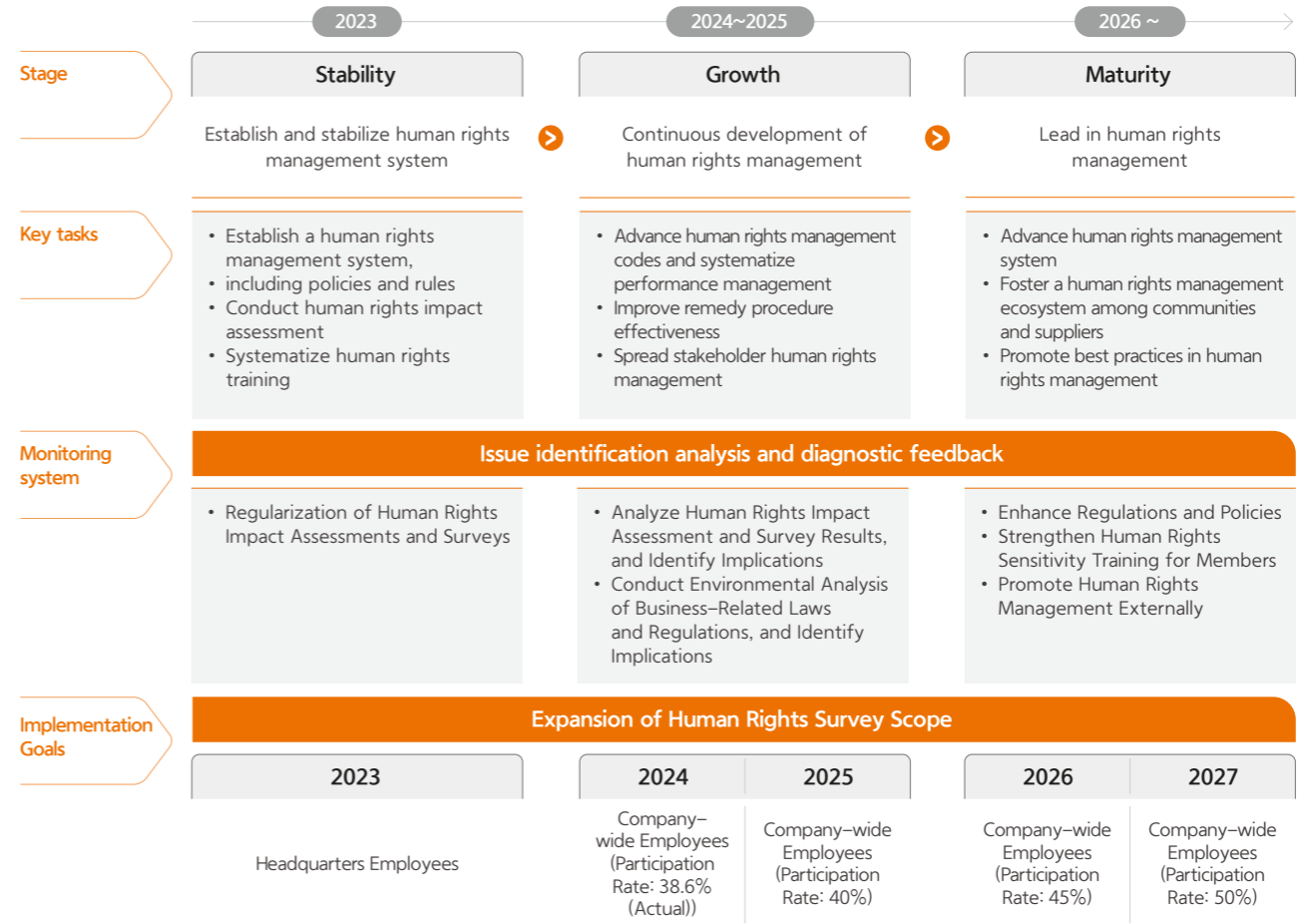
Human Rights Management System

Human Rights Policy

Hanwha Aerospace is committed to prioritizing the protection of human rights and preventing human rights violation in its interactions with various stakeholders, including employees, customers, shareholders, suppliers, local communities, and the government. In 2023, we added clauses on respecting the human rights of internal stakeholders (Articles 3 and 8) and respecting the human rights and diversity of external stakeholders (Article 10) to the Employee Code of Conduct. In December 2023, we implemented the Human Rights Management Regulation and Human Rights Management Declaration in line with international standards set forth by human rights organizations such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) Conventions. These documents are approved by the CEO and published on the company website. Moreover, we clearly demonstrate our strong commitment to human rights management by sharing the ‘Employee Code of Conduct’, ‘Human Rights Management Regulation’, and ‘Human Rights Management Declaration’, which embody our firm determination towards human rights management, on our website. In particular, we apply human rights management regulations not only to our executives and employees, but also to stakeholders in relation to Hanwha Aerospace, such as customers, suppliers, subsidiaries, local residents, and consumers. By doing so, we strive to protect and promote the human rights of all stakeholders in the course of our business activities.

Mid- to Long-Term Human Rights Management Roadmap

With the introduction of human rights management in 2023, we have been implementing our mid- to long-term roadmap and advancing it stepwise. In 2024, it is laying the foundation to systematically develop Human Rights Management by expanding the scope of the Human Rights Impact Assessment. Long-term efforts focus on promoting Sustainable Management and becoming a leading company contributing to the spread of Human Rights Management.

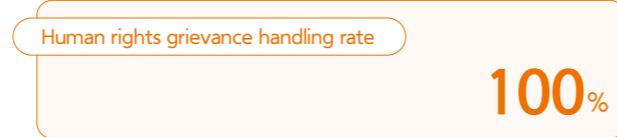


Human Rights Management

Human Rights Management Activities

Human Rights Protection and Grievance Handling

We make various efforts to build a healthy organizational culture that protects the human rights of employees under the principles of integrity-based management and ethical management. To this end, we operate the Smart Grievance Handling Center, an internal online channel for reporting workplace harassment, sexual harassment, and other grievances. Reported cases are promptly and actively addressed to prevent further harm. Additionally, reporters' personal information is strictly confidential to ensure no disadvantages occur. Through these efforts, **Hanwha Aerospace** creates a safer and more trusted work environment.



Human Rights Education

We not only conduct legally mandated annual workplace sexual harassment prevention education and anti-bullying in the workplace training but also conduct mandatory human rights management training for all employees to raise human rights awareness and spread a culture of respect for our stakeholders. We provide special training through in-house instructors for those directly related to human rights and departments that request human rights-related training. We also provide separate mandatory human rights training to our executives and organization heads, including the CEO, to ensure that the company's commitment to human rights management naturally extends from management to department members.

• Key Human Rights-Related Training

Name	Target
Mandatory human rights training	
-Human rights management basic training	All employees
-Sexual harassment prevention education	
-Anti-bullying in the workplace training	-Including CEO, contract workers, and dispatched workers
-Disability awareness training	
Human rights training for executives and organization leaders	CEO, executive, organization leader, etc.
On-site training	Relevant Departments, Departments Requesting Training
Counselor/investigator practical training	Sexual harassment and workplace bullying specialist training

Culture of Respect for Diversity and Inclusion

Hanwha Aerospace continuously strives to realize innovative business with diverse talents, upholding fairness and equality as core values. We strictly exclude discrimination based on gender, race, age, religion, disability, or social status, fostering a fair work environment across all areas. Notably, recruitment grants additional points to persons with disabilities and veterans, and operates a special hiring program for families of Cheonan ship victims. These efforts respect employee diversity and strengthen positive internal culture, building a solid foundation driving continuous innovation and growth.

Human Rights Management

RISK MANAGEMENT

Human Rights Management Activities

Human Rights Risk Management

Since declaring human rights management in December 2023, we have been conducting human rights impact assessments to identify and mitigate human rights risks in its business operations. In 2023, a survey on human rights awareness was conducted among headquarters employees; in 2024, this expanded company-wide with 38.6% employee participation. Furthermore, since 2023, Hanwha Aerospace has been conducting annual human rights impact assessments to enhance employee awareness of human rights and develop measures to prevent human rights violations. We regularly conduct self-assessment quizzes, checklists, departmental self-inspections, and compliance management ISO certification internal audits to help employees identify and address human rights risks independently.

• Human Rights Risk Management Process



Human Rights Management

RISK MANAGEMENT

Human Rights Management Activities

Human Rights Impact Assessment

Overview of 2024 Human Rights Impact Assessment

Based on ISO 26000, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights, and the guideline of National Human Rights Commission of Korea, we developed a human rights management checklist and conducted a human rights impact assessment through interviews and surveys. Compared to 2023, one area and seven detailed indicators were added, totaling eight areas, 44 items, and 215 detailed indicators. The result showed a 99.5% achievement rate, indicating excellent human rights management, but we identified areas in human rights management systems, remedy procedures, and humane treatment that require improvement.

Identification of Key Human Rights Issues and Establishment of Improvement Tasks

Hanwha Aerospace conducted a materiality assessment on human rights issues identified through the Human Rights Impact Assessment, considering variables such as implementation level, impact severity, and likelihood. As a result, priority tasks were selected: establishing a Remedy Procedure Manual (Guide) and improving measures to prevent secondary harm from grievance handling.

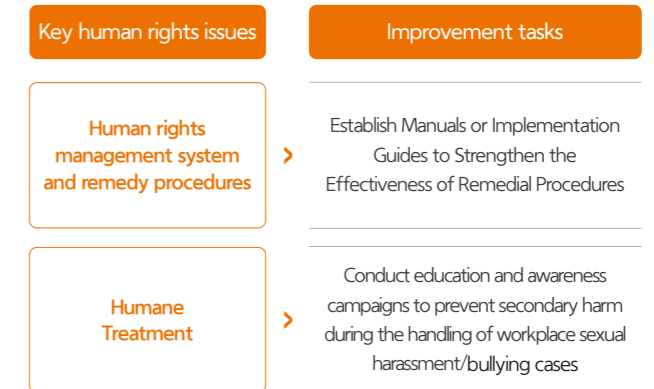
• Scope of the Human Rights Impact Assessment



• Key Evaluation Categories and Results

No.	Area	Achievement rate
1	Human rights management system and remedy procedures	99.10%
2	No child labor or forced labor	100%
3	Freedom of association	100%
4	Humane treatment (wages, hours, parental leave, no discrimination, no sexual harassment, no bullying)	98.60%
5	Responsible supply chain management	100%
6	Occupational health and safety	100%
7	Environmental rights	100%
8	Improvement of Working Conditions	100%
Total		99.50%

• Identified Key Human Rights Issues and Corresponding Improvement Tasks



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Supply Chain Management

Implementation Organization

Hanwha Aerospace aims to build a healthy ESG ecosystem by having related departments collaborate organically to secure suppliers with strong ESG capabilities and strengthen a sustainable supply chain.

• Supply Chain Management System



• Supply Chain Management



Supply Chain Management System

Sustainable Supply Chain

Sustainable Supply Chain Management Policy

Hanwha Aerospace is promoting the establishment of a sustainable Supply Chain policy to build a healthy enterprise ecosystem that grows together through win-win cooperation with Suppliers based on Corporate Social Responsibility. Through this policy, we aim to comprehensively manage key areas such as Human Rights Management, Health and Safety, environment, ethics compliance, the Suppliers' Code of Conduct, and Supply Chain risk management, and to promote more systematic and responsible business practices by formalizing compliance with the Suppliers' Code of Conduct and guidelines when establishing transactional relationships with Suppliers.

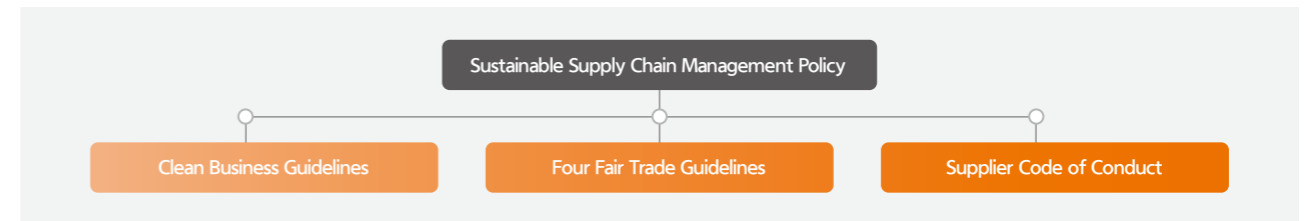
Supplier Code of Conduct

The Supplier Code of Conduct is established to ensure that all domestic and overseas business sites of Hanwha Aerospace's suppliers involved in the production of its products maintain a safe working environment, uphold the dignity and respect of workers, and operate in an environmentally friendly and ethical manner. The Code applies to all suppliers that design, sell, manufacture, or provide raw materials, components, and equipment used in Hanwha Aerospace products. It also imposes compliance obligations on all tiers of the supply chain that deliver sub-assemblies, raw materials, packaging, and other inputs to these suppliers.

Procurement Policy

To respond to global changes such as manufacturing base expansion and ongoing inflation, Hanwha Aerospace established a comprehensive global supply chain operation strategy. Alongside global sales growth, we focus on securing quality and cost stability by strengthening our supplier base to build a sustainable supply chain ecosystem. We aim to enhance competitiveness by improving supplier efficiency, specialization, and alliance formation. The supply chain is reorganized into Sourcing Groups by product characteristics and classified into three strategic operation types via SWOT analysis to maximize supply chain capabilities through differentiated management policies. Additionally, to establish fair subcontracting order and prevent violations of the Subcontracting Act, we incorporate the four major guidelines set by the Fair Trade Commission into our operations, pursuing rational and fair large-to-small enterprise transaction practices. These regulations apply to all subcontracting transactions across business establishment, with all related departments required to comply. The regulations are also publicly available on our website for easy access.

• Supply Chain Management System



Supply Chain Management

STRATEGY

Supply Chain Management Activities

Procurement System (SRM) Implementation

Hanwha Aerospace developed and operates an integrated procurement system (SRM) to maximize efficiency in purchasing with suppliers. Designed to foster fair trade culture, the system allows prior confirmation of suppliers' consent and potential harm regarding acts protected under the Subcontracting Act such as 'contract changes,' 'delivery payment adjustment negotiations,' 'delivery payment linkage contracts,' and 'technical data provision requests.' Functions preventing unfair trade practices are updated annually reflecting legal amendments to minimize suppliers' unfair trade damages. Furthermore, a unified two-way communication channel shares order placement, delivery, quality control, and overall transaction procedures in real time. Suppliers can monitor and process documents through the system in real time, enhancing transaction efficiency.

Consignment Transaction System (SDM) Introduction

In addition to the purchasing system used for sub-contracting and major transactions, we implemented the new 'Small & medium-sized Business Development Management System' for general transactions with small and medium enterprises under the Act on the Promotion of Mutually Beneficial Cooperation which was developed and introduced in 2024. This system enhanced the convenience for suppliers as it enables them to access the transaction status and expected payment date. Also, our executives and employees protect the rights and interests of entrusted companies by following the consignment company's obligations without omission or delay in the transaction process with suppliers, such as in contract conclusion, revised contract, receipt of goods, and inspection processing.

Mutual Growth Promotion Strategy

Our vision is to maintain a sustainable industrial ecosystem through better mutually beneficial partnerships, striving to achieve four core goals: strengthening supplier competitiveness, sustainable management, mutual communication, and creating a win-win culture. Our shared growth direction involves building a foundation, enhancing supplier competitiveness, and advancing sustainable growth. Foundation building based on sustainable supply chain policies includes the code of conduct for suppliers based on RBA standards, integrity business guidelines, and four guidelines for fair trade to our compliance program. To strengthen supplier competitiveness, customized technical and quality support programs are actively operated, while ESG support projects, financial and educational assistance promote sustainable growth advancement.

Mutual Growth Vision



Together, we nurture a sustainable industrial ecosystem through a mutually beneficial partnership

Mutual Growth Direction



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Mutual Growth Program

Competitiveness Enhancement

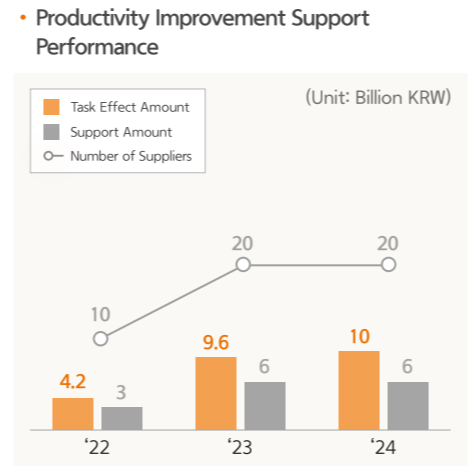
Hanwha Aerospace provides defense and aviation industry-tailored programs to enhance supplier competitiveness.

1) Management Consulting and Technical Support

Hanwha Aerospace collaborates with credit rating agency NICE D&R to provide the 'System Management Diagnosis' platform, helping suppliers analyze management risks, resolve business difficulties, and enhance their competitiveness. Additionally, we have established a dedicated department to provide technical support and share manufacturing expertise with suppliers specializing in aircraft engine parts that primarily use difficult-to-machine materials. Furthermore, a system reducing loss costs from quality defects is operated to alleviate avoidance of high-difficulty manufacturing items by suppliers and contribute to technology improvement.

2) Productivity Improvement Support

For over ten years, consulting and equipment support projects have been conducted to innovate manufacturing and improve productivity of suppliers. Improvement activities cover all necessary fields such as product and process improvement, cost reduction, inspection efficiency, lead time reduction, VE, and smart factory with external experts participating to establish a foundation for voluntary innovation activities. This foundation strengthens quality and cost competitiveness. Moreover, beyond simple consulting support, quantitative effects through tasks like financial performance are enhanced to help suppliers continue self-driven structural improvements after project completion.



Sustainable Management

Hanwha Aerospace operates various programs such as financial support, human resources and recruitment support, technology protection, safety and health, and environmental management support to promote sustainable management within the supply chain.

1) Financial Support

Hanwha Aerospace has established a mutual growth fund offering low-interest loans compared to base rates to alleviate suppliers' financial difficulties. Additionally, early payment of goods fees before holidays and support for tool purchase agency services strengthen financial assistance.

2) Environmental Management Support

Hanwha Aerospace conducts various support activities to strengthen environmental management of in-house small and medium-sized suppliers. In 2024, greenhouse gas emission management education was provided to 18 suppliers, and inventory preparation was supported for 17 companies. Guidelines to enhance suppliers' environmental management capabilities are being prepared, with plans to distribute them in 2025 and provide practical operational support thereafter.

3) Partner Training and Workforce Support

Hanwha Aerospace operates various training programs to enhance supplier employees' capabilities and promote sustainable management. We provide supplier-focused courses through quality guidance by business, supplier quality exchange meetings, and technical guidance via partner dispatch (114 companies in 2024). Additionally, customized training was conducted to develop technicians at suppliers handling Superalloy welding processes for aircraft engine parts requiring advanced skills. Furthermore, ESG management education was provided to 71 suppliers to raise awareness of ESG practices and support competitiveness by focusing on ESG concepts and evaluation response strategies.

2024 Partner Capacity Building Training Status

Classification	Training Program	Supplier	Participants
Employee Capacity Building	Superalloy Advanced Welding Technology Training for Aerospace Engines	1	3
	DSQR (Designated Supplier Quality Representative) Training	129	176
	Counterfeit Prevention and Certificate Forgery Management Training	33	53
	Standardization Training for Supplier Design Personnel (Mechanical/Electrical & Electronics)	37	73
	Standardization Training for Supplier Parts Development (Mechanical/Electrical & Electronics)	55	136
	Defense Cost Training (Cost Regulations, Cost Estimation, etc.)	72	125
	In-house Design Supplier Standardization Capacity Building Training	1	18
Sustainable Management	Training on ESG Management and Evaluation	71	71
	Greenhouse Gas Inventory Management Training	18	18
	Delivery Payment Formula and Technology Protection Training	80	113
Quality/Technology On-site Guidance	On-site Quality Guidance and Training	98	1,452M/D
	On-site Technical Guidance and Training	16	108M/D

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Mutual Growth Program

Mutual Growth Network

1) Operation of Win-Win Cooperation Council

Hanwha Aerospace maintains active communication with suppliers through regular operation of the Win-Win Cooperation Council. The council consists of three divisions: LS, PGM, and Aviation, conducting various discussions and quarterly exchange activities for each business sector's development. In October 2024, we held a CEO meeting for 56 key suppliers to explain our mid- to long-term strategic directions, purchasing policies, and shared growth support programs. The meeting also included in-depth discussions on current management challenges faced by our suppliers. Additionally, a management seminar titled "Successful Change Management" was held to address complex business issues such as defense export activation.



2024 Partner Company Executives General Meeting

2) Safety and Health Win-Win Cooperation Program

We operate the Health and Safety Mutually Beneficial Cooperation Program to reinforce the safety management of our suppliers. The program is implemented for in-house suppliers, top-performing suppliers, and small suppliers with 20 or less employees, providing various supports such as risk assessment at each business establishment, safety consulting, along with safety education materials and safety signs. To enhance the level of response and health and safety work capabilities of our suppliers, we conducted health and safety diagnoses on legal compliance and on-site safety management for 111 suppliers as of 2024, following the Serious Accident Punishment Act. Based on the results, we plan to select companies that require immediate support and provide guidebooks and training on preventing serious accidents. We are currently conducting diagnoses for 130 companies until the second quarter of 2024, striving to build a safer work environment with our suppliers.

Fostering a Culture of Mutual Growth

1) Enhancing Partner Employees' Welfare

Hanwha Aerospace collaborated with local governments to promote welfare enhancement projects for supplier employees. In November 2024, we organized the 'One Family Harmony Festival with Hanwha', a family invitation event held at Masan Robot Land. This event provided supplier employees with opportunities for welfare and cultural activities, while simultaneously boosting sales for small business owners in Gyeongnam and enhancing regional promotion effects.



2024 Robot Land Partner Company Family Invitation Event

2) Support to Eliminate Wage Gap in Aerospace Manufacturing Subcontracting

Hanwha Aerospace actively promoted the aerospace industry's dual structure improvement support project by hosting the 'Aerospace Manufacturing Mutually Beneficial Cooperation Joint Declaration Ceremony' in collaboration with the Ministry of Employment and Labor and Gyeongsangnam-do. The project aims to address wage disparities and promote long-term employment by implementing measures to secure skilled personnel, enhance employee welfare, and improve working conditions. Hanwha Aerospace will continue its efforts to realize sustainable development in the aerospace manufacturing sector and achieve mutual growth with its suppliers.



2024 Gyeongnam Aerospace Manufacturing Industry Win-Win Cooperation Joint Declaration Ceremony

Supply Chain Management

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Mutual Growth Program

Mutual Growth Network

3) Operation of Youth Employment Platform

Hanwha Aerospace is dedicated to nurturing future talent in the aerospace industry through its Youth Employment Platform. In 2024, we conducted a company exploration program aimed at young residents of Gyeongsangnam-do, where our headquarters is located. This program offered opportunities for youth to visit aircraft production sites, learn about quality management processes, and attend expert lectures on aerospace technologies. Through these initiatives, we strive to provide young individuals with the chance to grow into skilled professionals in the aerospace sector. This not only strengthens our talent acquisition base and that of our partners in the long term but also inspires young people to pursue careers in the aerospace industry.



2024 Corporate Exploration Program Activity Photos

Mutual Growth Program

Hanwha Aerospace operates customized programs specialized for the defense and aviation industries to enhance supplier competitiveness. The programs implemented in 2024 are as follows.

• 2024 Mutual Growth Program Achievements

Position	Program	Details	Performance in 2024
Management Support	<ul style="list-style-type: none"> ESG and Management Consulting Productivity Improvement Support Programs Defective Cost Reduction 	<ul style="list-style-type: none"> Direct and Indirect Management Support to Enhance Supplier Manufacturing Competitiveness, including Productivity Improvement and ESG Consulting Alleviate Manufacturing Burden on Partner Companies by Reducing Costs for Complex Technical Tasks 	98 companies (1.17 billion KRW)
Financial Support	<ul style="list-style-type: none"> Co-prosperity Fund Early Holiday Payments and Tool Purchasing Services 	<ul style="list-style-type: none"> Establishment of Co-prosperity Fund for Low-Interest Loans Compared to Market Rates Relief of Supplier Financial Difficulties through Early Payment for Holiday Purchases and Tool Purchasing Services 	59.2 billion KRW
Educational Support	<ul style="list-style-type: none"> Symbiotic Cooperation Program On-site Demand-Based Job Training 	<ul style="list-style-type: none"> Basic training in industrial safety, and occupational health for suppliers Special training and certification that cannot be conducted by external agencies 	638 companies (270 million KRW)
Technical Support	<ul style="list-style-type: none"> Technical Escrow 	<ul style="list-style-type: none"> Support for Technology Escrow Contract Costs to Prevent Technology Leakage 	28 cases (10 million KRW)
Employment Stability Support	<ul style="list-style-type: none"> Job Creation and Co-prosperity Fund Ministry of Employment and Labor-Gyeongnam Dual Structure Improvement Support Program 	<ul style="list-style-type: none"> Job creation by Hanwha partners to secure skilled labor and recruit top talent 	589 individuals
Welfare Support	<ul style="list-style-type: none"> One Family Harmony Festival 	<ul style="list-style-type: none"> Promotion of employee welfare enhancement and improvement of working conditions 	1,760 individuals (100 million KRW)

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Supply Chain Risk Management

Internal and External Risk Management

Operation of Partner Grievance Handling Channel

Hanwha Aerospace has established a Subcontract Transaction Review Committee to enhance transparency and fairness in subcontract transactions. This prevents legal violations proactively and strictly adheres to self-inspection procedures afterward. The inspection items encompass the adequacy of the subcontracting process, supplier registration and termination, unfair special clauses and transfer of responsibility, the status of price adjustment requests, and the legality of requests for technical data. These efforts secure sound subcontract transactions and strengthen trust with suppliers, fostering a fair and transparent trading environment.

Compliance with Subcontracting Act and Responsibility

We take the lead in protecting the rights and interests of suppliers by adhering to the Fair Trade Commission's four guidelines and the Fair Transactions in Subcontracting Act and related guidelines. We have introduced clear guidelines on technical data provision in transactions with suppliers and established a system for systematic implementation. Notably, a system enabling immediate issuance of technical data provision requests is operated to respond promptly to supplier demands.

Subcontracting Act practical training and training for employees

- Improved the system for preventing law violations and unfair subcontracting transactions
- Employee Training: 4,103 employees in 2024 for the Fair Trade Commission's Subcontracting Act
- Employee Training: 591 employees in 2024 for the Act on the Promotion of Mutually Beneficial Cooperation by the Ministry of SMEs and Startups

Education on delivery price indexation system for company and suppliers

- In collaboration with the Mutual Growth Committee, delivery price indexation system expansion education was conducted for company and supplier employees (3 sessions, 80 companies in 2024)

Operation of Supplier Grievance Handling Channel

Hanwha Aerospace has established various communication channels to hear suppliers' suggestions, unfair trade reports, and ideas for improving trade practices during transactions. We enhance reporting convenience through direct in-person visits by a mutually beneficial cooperation officer or using the reporting system on the online Supplier Hub and the compliance reporting system on our website. Furthermore, when serious issues suspected of violating the Subcontracting Act arise, they are submitted as agenda items to the Subcontract Transaction Review Committee, with all related departments actively participating in deriving solutions. Based on this, we lead efforts to strengthen trust with suppliers and foster a fair trading environment.

• Supplier VOC and Unfair Trade Response Process



• Supplier Grievance Handling Performance Status

Number of Supplier Grievance Submissions	3 Cases
Supplier Grievance Resolution Rate	100%

Strategic Materials Management

We are dedicated to fulfilling our corporate social responsibility by actively contributing to international security and world peace. In addition to adhering to relevant laws such as the Foreign Trade Act, we have also implemented the strategic material compliance program of the Korean Security Agency of Trade and Industry. Our strategic material export management contributes to international peace and national security by preventing international disputes arising from companies' cross-border transactions. Furthermore, we proactively prevent trade retaliation resulting from export control violations, support secure exports of businesses, and facilitate the import of cutting-edge materials while enhancing transparency in strategic material trade.

Conflict Minerals

Hanwha Aerospace strives thoroughly to prevent human rights violations caused by conflicts and maintain an ethical supply chain. We do not procure or utilize raw materials or components that contain the four major minerals (tin, tantalum, tungsten, and gold) sourced from ten conflict zones in Africa, including the Democratic Republic of the Congo, South Sudan, and Rwanda. We require our suppliers to obtain proof of origin for raw materials from sources of unknown origin. Furthermore, we extend our policy against the purchase of conflict minerals to encompass tier 2 and 3 suppliers.

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RISK MANAGEMENT

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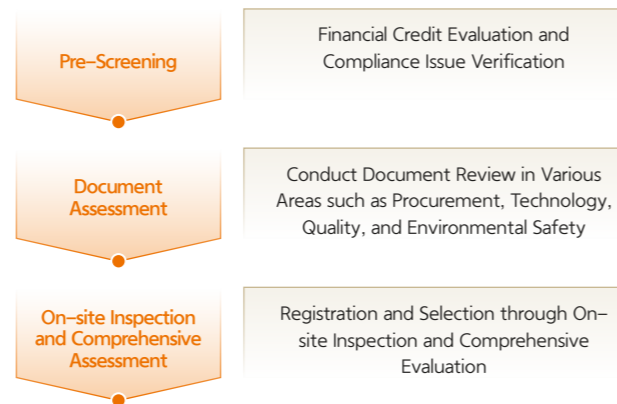
Supply Chain Risk Management

Supplier Selection, Evaluation, and Management

Supplier Selection and Registration

Hanwha Aerospace operates a systematic new supplier registration process for each business division to ensure objectivity and fairness in supplier selection and registration. In this process, we adhere to the Fair Trade Commission's supplier selection and operation guidelines as one of our four major practices, focusing on selecting suppliers with excellent capabilities and quality systems. During new supplier registration, we pre-check asset soundness and compliance issues through an automatic screening function and conduct document reviews based on supplier surveys. Subsequently, suppliers passing document review undergo on-site evaluations in purchasing (management, pricing), technology, environment & safety, and quality areas before final selection and registration. Through these efforts, Hanwha Aerospace aims to build a reliable supplier network, maintain efficient partnerships, and achieve successful business outcomes.

• Supplier Selection Process



Supplier Safety, Environment, and Health Qualification Evaluation

Given the industry's nature, Hanwha Aerospace regards safety management of in-house suppliers as a critical issue and operates a qualification evaluation system in safety, environment, and health fields. We assess suppliers' safety systems before and after contracts; those failing to meet standards may be excluded from future contracts. Furthermore, we conduct annual safety evaluations of our suppliers and provide incentives to companies that achieve outstanding evaluation results. Conversely, we impose penalties on underperforming companies and support improvement efforts, fostering a mutually beneficial safety environment with our suppliers. We monitor compliance with laws and regulations of suppliers based on inspection items such as industrial accident history, safety management plan, and mandatory trainings by law in our supplier safety, health, and environment qualification assessment. Starting in 2024, the ESH Office also conducts advanced safety and health diagnosis of suppliers and support activities for improvement for a mutually beneficial cooperation. As a major improvement support activity, we are distributing internally-developed guidebook to prevent serious disasters in accordance with the expanded application of the Serious Accidents Punishment Act to small and medium-sized businesses as well as providing related trainings.

• Supplier Selection, Evaluation, and Management

- Eligibility Assessment**
 - Conduct Safety, Environmental, and Health Eligibility Assessment for Suppliers
 - Exclude Suppliers Not Meeting Standards
- Regular Safety Assessment**
 - Annual Safety Evaluation for Suppliers
 - Incentives for Outstanding Suppliers
 - Penalties and Improvement Support for Underperforming Suppliers
- Safety Monitoring**
 - Review Occupational Accident History and Safety Management Plans
 - Continuous Monitoring of Regulatory Compliance
- Safety and Health Diagnosis and Improvement**
 - Distribute Major Accident Prevention Guidebook and Provide Training

Regular Supplier Evaluation

Hanwha Aerospace regularly evaluates suppliers according to the ISO company evaluation procedure to proactively prevent supply chain risks. This evaluation reviews various aspects including quality, delivery, finance, ESG ratings, management control, and contribution. Based on results, excellent suppliers receive additional points when selected for new projects and are offered diverse incentives such as awards and overseas benchmarking opportunities to actively support capability enhancement. Conversely, suppliers needing improvement receive specific requests by category; guidance and nurturing are provided for weak areas to ensure thorough post-management of supply chain risks.

• Incentive/Penalty by Rating in Regular Assessments

Rating	Rating Distribution Ratio	Follow-up Action Details
S	Top 10%	<ul style="list-style-type: none"> • Apply Bonus Points in Evaluation When Selecting Development Partners • Award Outstanding Partner Companies
A	Top 20%	<ul style="list-style-type: none"> • Apply Bonus Points in Evaluation When Selecting Development Partners
B+	40%	<ul style="list-style-type: none"> • No Additional Incentives or Penalties
B	Bottom 20%	<ul style="list-style-type: none"> • Establish and Implement Improvement Measures for Each Type of Underperformance – Support Level-Up for Weak Areas Through Guidance and Development
C	Bottom 10%	<ul style="list-style-type: none"> • Establish and Implement Improvement Measures for Each Type of Underperformance – Support Level-Up for Weak Areas Through Guidance and Development • Restrict Bidding on New Items for Two Consecutive Years with C Rating Exclusion from Vendor Pool



2024 Outstanding Supplier Awards 2024 Supplier Overseas Benchmarking

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Supply Chain Risk Management

Supplier ESG Management and Evaluation

Hanwha Aerospace systematically manages ESG risks arising in the supply chain to establish sustainable management value. To this end, we regularly conduct ESG management and evaluation with suppliers, setting ESG standards across the supply chain and fostering an environment of strict compliance. In the supply chain ESG evaluation process, key suppliers and major export clients are selected as evaluation targets, and their ESG activities are thoroughly analyzed. Through document assessments and on-site inspections, environmental responsibility, social responsibility, and governance status are comprehensively reviewed, with external experts assisting in identifying necessary improvements. Customized improvement plans tailored to suppliers' ESG levels are proposed, accompanied by stepwise education and support to ensure implementation. Throughout this process, short-, medium-, and long-term improvement tasks are set, monitored, and managed to strengthen suppliers' ESG capabilities. Furthermore, Hanwha Aerospace enhances supply chain ESG management by linking supplier ESG evaluations with standard and advanced consulting. This deepens partnerships with suppliers and provides systematic support to thoroughly understand and respond to supply chain-related regulatory obligations amid strengthening global regulations. Based on this ESG consulting and management system, Hanwha Aerospace realizes sustainable management with suppliers and effectively manages ESG risks throughout the supply chain.

• Supplier ESG Assessment Process



• Supplier ESG Assessment Items

Environment	Environmental policy, environmental performance metrics	<ul style="list-style-type: none"> • Environmental strategy • Environmental management • Environmental performance • Environment management
Social	Labor, human rights, safety, and ethics metrics	<ul style="list-style-type: none"> • Employment security • Employment conditions. • Human rights. • Corporate social responsibility (CSR). Training. Sustainability • Health and safety management system • Health and safety risk management. • Health and safety investment. • Health and safety performance
Governance	Business stability, business management related metrics	<ul style="list-style-type: none"> • Business stability • Accounting transparency • Ethics • ESG Management

Evaluation Results

From November 2024 to February 2025, Hanwha Aerospace conducted ESG assessment and consulting for 60 core suppliers with core business and those involved in export transactions. Initially, 39 suppliers underwent ESG evaluation and standard consulting based on their sustainability-related environmental, social, and management system levels. This process diagnosed deficiencies and vulnerabilities, selecting improvement tasks and providing concrete implementation guidelines. Subsequently, advanced consulting was performed for 21 suppliers, deriving realistic short- and mid-to-long-term tasks based on ESG diagnosis results. We monitored the implementation status according to the improvement task guidelines and provided feedback, offering continuous support for enhancing ESG capabilities. Through these efforts, Hanwha Aerospace is strengthening the ESG management capabilities of our suppliers and promoting sustainable development.

• Support the Development of a Management System Through ESG Diagnostics and Consulting



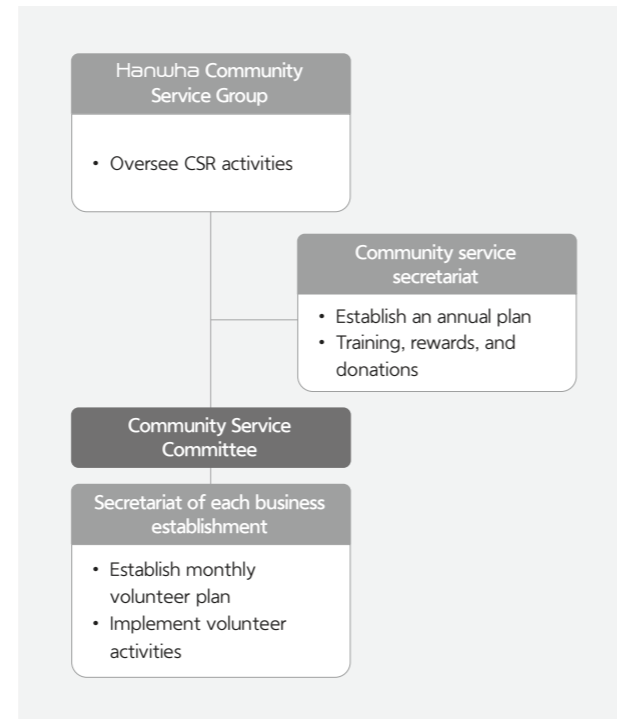
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Local Community

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Promotion Organization

Under our corporate social responsibilities, guided by the philosophy of “Further, Together,” Hanwha Aerospace actively practices social responsibility while its members create a “hope for the future” with local communities. The Community Service Secretariat, part of the Hanwha Community Service Group responsible for overseeing corporate social responsibility (CSR) initiatives, is in charge of formulating annual plans, conducting training, managing rewards, and handling donations. The Community Service Committee and secretariats at each business establishment conduct a wide variety of CSR activities by developing and implementing monthly volunteer activity plans to contribute to local communities.



Social Contribution Strategy

Social Contribution Vision

Hanwha Aerospace is dedicated to building a society of shared growth based on sharing and care through cooperation with local communities. To this end, we strategically pursue diverse activities aimed at sustainable environmental preservation, supporting future generations’ growth, and resolving local social issues. Moreover, under its vision, Hanwha Aerospace actively reflects internal and external stakeholders’ demands to continuously carry out future-oriented social contribution activities co-created by members and local communities.



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Social Contribution Activities

Eco-friendly

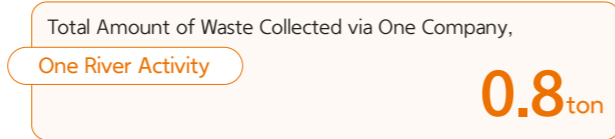
Campaign for Biodiversity Conservation

Hanwha Aerospace is raising awareness of climate change and promoting sustainable environmental preservation through various activities. The company enhances environmental consciousness via convergent research, education, and promotional efforts, actively engaging in exchanges and support with domestic and international related organizations. Key activities include surveys of flora, fauna, and endangered wildlife in rivers, urban parks, and wetlands, eradication of invasive species, and leading biodiversity conservation and environmental protection through online campaigns. Based on these efforts, Hanwha Aerospace proactively contributes to maintaining healthy ecosystems and enhancing biodiversity.

One Company One Stream

Each quarter, we conduct river purification activities in the vicinity of our business establishments. As part of the "One Company, One River" initiative, it removes debris carried by rivers and maintains river surroundings, contributing not only to environmental protection but also to improving the local community's environment, leading to positive change.

As of 2024



Campaign for Biodiversity Conservation



One Company One Stream

Excellent Drainage Pipe Campaign 'The Start of the Sea' for Marine Environment Preservation

In anticipation of potential damage from heavy rainfall driven by rapid climate change, we conduct storm drain cleaning activities. Our goal is to enhance the cleanliness of the marine environment by cleaning areas around storm drain pipes, which serve as the gateway to the sea, and attaching custom stickers to these drains. These environmental protection efforts contribute practically to improving Changwon's natural environment and yield meaningful results.



Drainage Pipe Campaign

Environmental Cleanup (Plogging) Activities

Hanwha Aerospace designates June as 'Environment Month,' commemorating the legal holidays 'Environment Day (6/5)' and 'World Environment Day.' During this period, we effectively manage air and wastewater emissions around business establishment and strengthens prevention facilities to lead environmental protection. Additionally, environmental facility plaques are installed within the company to prevent legal risks and continuously pursue sustainable environmental management.



Environmental Month Cleanup Activity

Sustainable Ecological Transition Education

Hanwha Aerospace continuously provides eco-friendly education in collaboration with environmental experts for local children. Through our ongoing ecological transformation education since 2016, we emphasize the importance of eco-friendliness and raise awareness about the climate crisis and environmental issues among children. This education supports local children in acquiring environmental knowledge and practical skills, helping them grow into community-minded members of society. We will continue our efforts to develop key competencies for a sustainable future and drive positive changes in local communities.



Sustainable Ecological Transition Education

Local Community

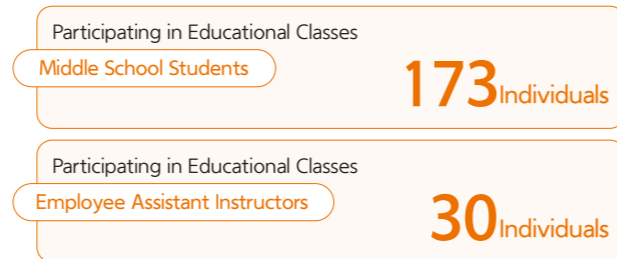
Social Contribution Activities

Talent Development

Aerospace Science Classroom (Aerospace Mentoring Education)

Hanwha Aerospace, a leading New Space company in South Korea, actively fosters future space talent. We provide theoretical and making education in aerospace to students at seven middle schools near our workplaces, supporting practical learning experiences and serving as mentors to build a strong foundation for cultivating aerospace professionals. Notably, in 2024, we expanded participation from three regions (Seongnam, Changwon, Cheonan) to six (Seongnam, Cheonan·Asan, Daejeon, Changwon, Yeosu, Boeun), with the number of applicant schools increasing 4.5 times to 52, reflecting strong interest. By scaling regional activities, Hanwha Aerospace aims to offer diverse opportunities to more students, nurturing their interest in aerospace science and technology and opening paths to become future aerospace talents.

As of 2024



Aerospace Mentoring Agreement Ceremony

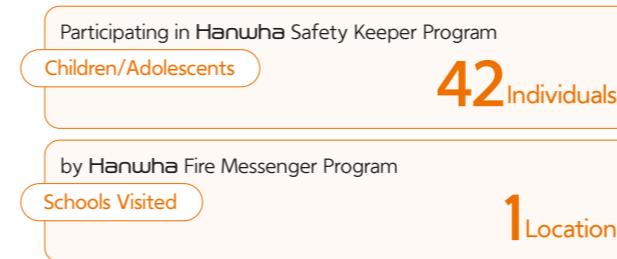


Aerospace Mentoring Education

Hanwha Safety Keeper (Creating a Safe Community)

Through the 'Hanwha Safety Protector' program, Hanwha Aerospace enhances safety awareness among local children and adolescents. This program provides monthly safety training sessions, aiming to supplement the safety knowledge that is insufficient from school education alone for children and adolescents who tend to have a higher rate of safety insensitivity and accidents compared to adults. We continuously expand the program's scope and scale via partnerships with community welfare centers and elementary schools, significantly contributing to raising safety awareness and establishing a safety culture in the community.

Cumulative as of 2024



Hanwha Safety Keeper



Hanwha Fire Messenger

Volunteering

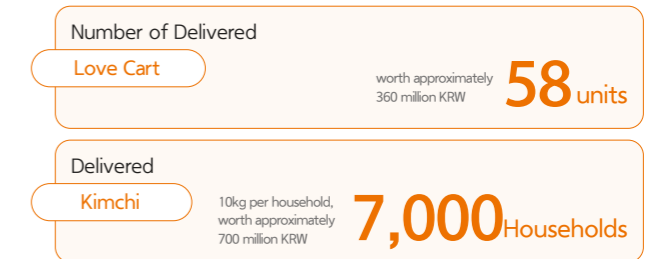
Love Kimchi Sharing

Hanwha Aerospace annually prepares 5,000kg of kimchi to support low-income and marginalized groups in the community, distributing it to 500 local households. Beyond simple donations, employees actively participate in kimchi-making, fostering motivation for volunteerism and practicing warm sharing with neighbors in need. This strengthens community bonds and builds a cooperative society.

'Love Cart' Project

Handcarts of Love is an initiative that produces customized handcarts aimed at reducing the risk of accidents involving the elderly who make a living by collecting waste paper from outdated carts in our community. Leveraging the expertise and experience of our employees through talent donation, we produce customized handcarts with enhanced safety features such as brakes, warning lights, and horns, improving upon traditional handcarts. As of 2024, Hanwha Aerospace has provided a cumulative total of 581 handcarts. We will continue to actively contribute to supporting the safe daily activities of local residents.

Cumulative as of 2024



Love Cart



Love Kimchi Sharing

Local Community

Social Contribution Activities

Support

Coffee Truck Volunteer Activities

Hanwha Aerospace supports disabled individuals in selling bread and beverages they make themselves through a Coffee Truck as part of rehabilitation projects. All proceeds from sales are donated to the Disability Welfare Center, encouraging disabled individuals to achieve independent living as members of the community.

Life Sharing Blood Donation Campaign

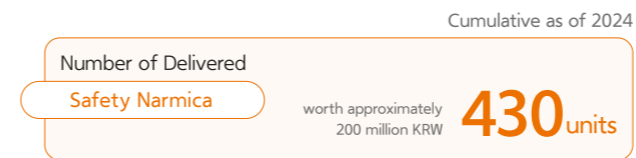
Hanwha Aerospace contributes to stabilizing blood supply through regular blood donation campaigns, practicing life sharing. Each quarter, a blood donation bus visits business establishment, and a significant number of our employees consistently participate in blood donation drives

Holiday Hope Sharing Campaign

During Lunar New Year and Chuseok, our employees engage in volunteering activities by visiting underprivileged neighbors. Along with these activities organized by volunteer teams of each department, the company also makes donations to support these efforts to warmly share with the local community.

Safety Narmica

The Safety Narmica program is a collaborative initiative between the Gyeongsangnamdo Volunteer Center and volunteer centers nationwide to aid self-sufficiency for elderly and disabled individuals facing livelihood challenges. These Safety Narmica, developed through employees' talent donation, are distributed to volunteer centers across the country and provided as donations to elderly and disabled individuals in need. This initiative contributes to improving their mobility environment and safety.



Disabled Youth Jeju Camp

Hanwha Aerospace actively supports participation in the 'Jeju Camp' for low-income youth with developmental disabilities who lack cultural and tourism experiences. This initiative pairs Hanwha Aerospace employees 1:1 with youth to continuously provide diverse leisure, socialization, and cultural tourism opportunities. Through Jeju Camp, disabled youth are fully supported to experience physical, social, and cultural leisure activities and travel beyond their daily lives.

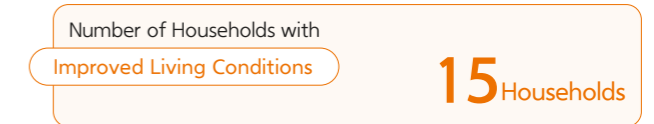
Housing Environment Improvement Activities

We carry out residential environment improvement projects two to eight times per year for local vulnerable groups, marginalized groups, and especially national honorees, aiming to provide them with better living conditions. As a defense industry company, we honor the sacrifices and contributions of national honorees by focusing on enhancing their quality of life. These efforts contribute to improving welfare within the local community by providing better living conditions.

Number of Households With Improved Residential Environment

2022	2023	2024
7	21	15

As of 2024



Coffee truck volunteer service



Holiday hope sharing campaign



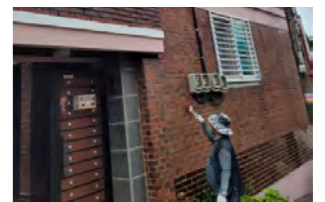
Safety Narmica



Disabled Youth Jeju Camp



Housing Environment Improvement Activities



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STRATEGY

Local Community

Local Community Communication

We actively communicate with stakeholders in the local communities near our business establishments using various channels. Through this, we identify the inconveniences the local communities face and take necessary measures so that Hanwha Aerospace and the local community can coexist harmoniously.

Local community communication process



Local Community Problem Solving

Hanwha Aerospace prioritizes ‘coexistence with the local community’ and makes multifaceted efforts to deeply analyze and resolve local issues through smooth communication with public-private-military councils. These activities play a key role in practicing the social contribution philosophy of ‘Further, Together’. As part of this effort, Hanwha Aerospace collaborates with the Boeungun Community Security Council to actively address cultural experience shortages and housing aging issues. Based on this, programs like Eagles Day provide residents with diverse cultural experiences, while housing environment improvement projects continue. We have appointed a dedicated manager who collects residents’ concerns and requests, reflecting them in management activities; this manager shares identified issues within the council and promotes problem-solving through consultation. Furthermore, Hanwha Aerospace utilizes networks with the Gyeongsangnam-do Volunteer Center and local volunteer centers to plan various social contribution projects. Since 2024, we have signed a volunteer activation agreement with Changwon City, actively conducting activities such as supporting multifunctional bus lane rest areas and cleaning drainage facilities in Seongsan-gu. The drainage cleaning activity helps prevent urban flooding and will continue next year. In recognition of these efforts, Hanwha Aerospace received the Changwon Mayor’s Award in the Excellent Company category at the 2024 Changwon Volunteer Conference.

Support for Vulnerable Groups

Hanwha Aerospace closely cooperates with related local institutions to promote various social contribution projects supporting vulnerable groups. Each workplace provides material resources to diverse groups such as single mothers, ill children, disabled persons, and senior citizen facilities, contributing to welfare improvement. Notably, the Jeju Camp has been sponsored for the fifth year for disabled youth in Gyeongnam, offering opportunities for physical, social, and productive leisure activities and travel. In 2023, through an agreement with Asan Disabled Welfare Center, focus has been placed on activating disabled sports and enhancing welfare, with many employees actively volunteering. Programs like Smile Badminton Club, Smart Billiards Club, and One Step Trekking Club expand participation and contribute to forming a social community inclusive of disabled and non-disabled individuals.

Education

Hanwha Aerospace is committed to nurturing local talent through diverse educational programs. Notably, since 2022, we have operated the ‘Aerospace Science Class’ program for middle school students in partnership with a Social Welfare Corporation. In 2024, this program was successfully conducted over approximately five months from August, targeting about 170 students across seven middle schools near business establishment in Changwon, Daejeon, and other locations. To minimize student burden, professional instructors and company employees visited each school to deliver classes directly, eliciting positive responses from participants.



Hanwha Eagles Home Game Invitation Event



Awarded at Changwon Special City Volunteer Conference



Signed MOU with Asan Disabled Welfare Center



Donation Ceremony for Housing Improvement for Low-Income Families at Daejeon Plant

Local Community

RISK MANAGEMENT

Local Community Impact Assessment

Identification and Management of Community Impact

Impact Identification

Hanwha Aerospace proactively identifies any potential negative impacts that our corporate activities may have on local communities, aiming to prevent and mitigate them effectively. To identify potential impacts, we gather opinions from local community stakeholders through councils in which each business establishment participates. In 2024, we identified potential negative impacts such as environmental issues, safety concerns, and noise that could arise from production facilities through these councils. Additionally, we conducted business establishment management activities and safety inspections in collaboration with the Korea Occupational Safety and Health Agency to assess potential negative impacts on the local community. The results were shared through community meetings.

• Results of the 2024 Impact Assessment

Subject	Identification Method	Derived Results
Environmental Impact	<ul style="list-style-type: none"> Understanding Current Issues Regarding Workplace Environment Through the Residents' Autonomous Committee 	<ul style="list-style-type: none"> Ensure Reliability by Presenting Test and Measurement Results from Accredited Agencies for Air, Water, and Soil
	<ul style="list-style-type: none"> Continuous Monitoring of Local Residents, Including Receiving Individual Complaints from Community Members 	<ul style="list-style-type: none"> Conduct Satisfaction Survey Following Resolution of Complaints and Enhance Workplace Image for Environmental Conservation
Safety Inspection	<ul style="list-style-type: none"> Conduct Joint Safety Inspection Annually with Ministry of Employment and Labor, Defense Acquisition Program Administration, and National Fire Agency – Comprehensive inspection of workplace, including buildings, facilities, equipment, firearms, swords, and explosives 	<ul style="list-style-type: none"> Immediate Action Taken on Noted Issues and Results Sent to Relevant Agency

Impact Mitigation Activities

Hanwha Aerospace proactively identifies any potential negative impacts that our corporate activities may have on local communities, aiming to prevent and mitigate them effectively.

1) Reducing Environmental Impact

Hanwha Aerospace is undertaking various activities to mitigate potential negative environmental impacts on local communities. The Asan Business Establishment is alleviating risks of ecosystem pollution through specific actions such as river cleanup. At the Pangyo R&D Campus, we are promoting environmental protection activities including reducing pollutant emissions, transitioning to eco-friendly materials, and minimizing greenhouse gas emissions to address the risk of reduced pollutant emissions. Changwon Business Establishment 1 continues to reflect and improve upon community needs by collaborating with local stakeholders and civil-government-corporate networks to conduct joint cooperation projects for educational support and resolving social issues.

2) Environmental Impact and Safety Inspection Activities at Daejeon Plant

Hanwha Aerospace's Daejeon Business Establishment implements various measures to address local residents' concerns about process safety and environmental impact due to the nature of the defense industry. We regularly attend community meetings to share site management activities and safety inspection results from the Korea Occupational Safety and Health Agency. We conduct regular monitoring of air, water, and soil within the business establishment, applying stricter standards than legal requirements to control pollutant emissions within permissible limits. Additionally, under the Defense Business Act, the Daejeon Business Establishment conducts annual safety inspections of defense facilities, completing seven equipment and management improvements in 2024. To enhance environmental management, soundproof walls were added to reduce noise from emergency generators upon request from the power supply agency before the summer heatwave. Air pollutants are managed under self-imposed standards up to 50% stricter than legal limits, and quarterly water quality analyses of surface water are conducted to detect abnormalities.

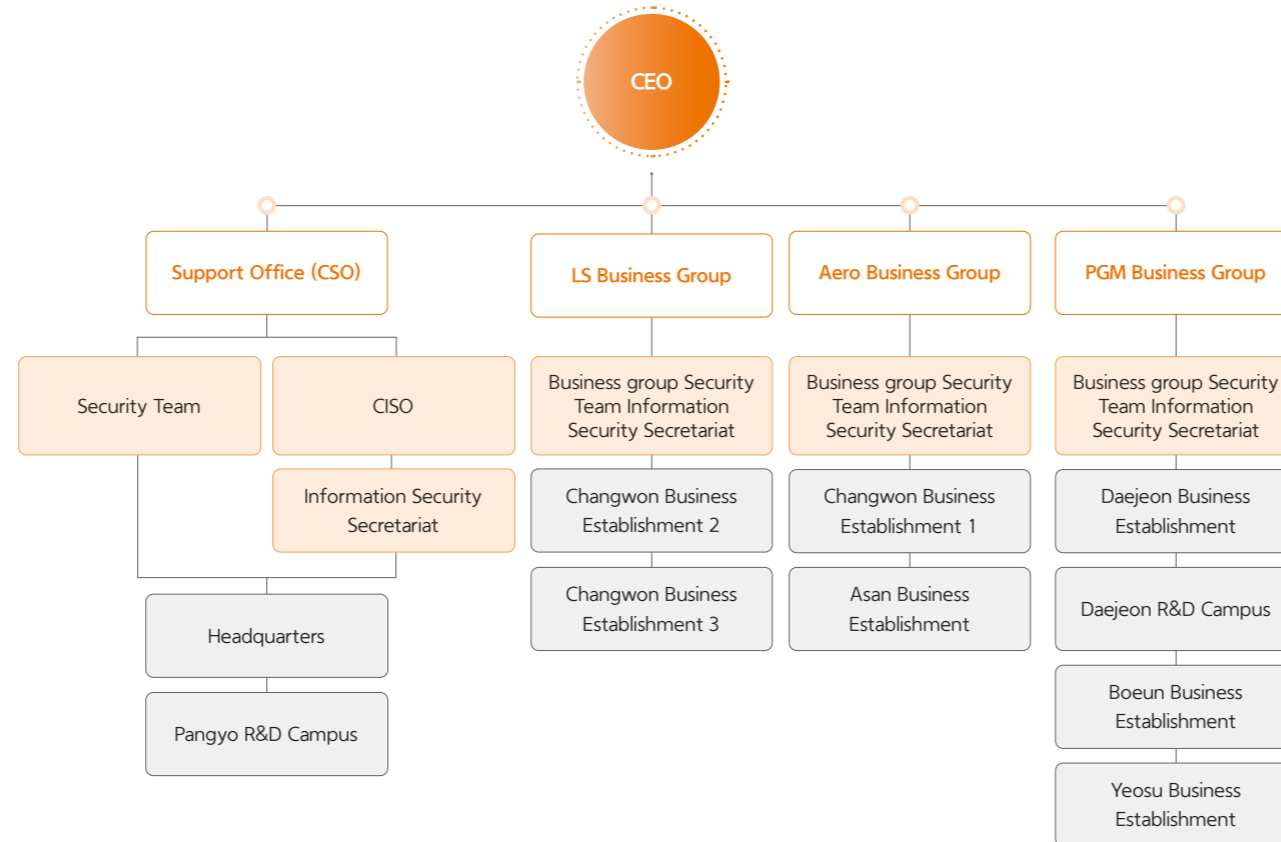
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Information Security

Information Security Management System

Hanwha Aerospace operates a systematic organization to strengthen information security. Centered on the Chief Security Officer (CSO), four integrated security teams and the Information Protection Office under the Chief Information Security Officer (CISO) handle information protection tasks. This structure reflects Hanwha Aerospace's commitment to enhancing information security and supports effective risk management. Furthermore, Hanwha Aerospace runs a Security Operations Committee and a Defense Technology Protection Committee to support key decisions related to integrated security. In each review committee, both the security team and the Information Security Secretariat engage in practical decision-making tasks, with relevant department members participating in significant matters. Through this systematic approach, Hanwha Aerospace ensures thorough and comprehensive responses in information security and risk management.

• Information Security Management System Organizational Chart



Information Security System

Through a structured information security system implemented at every stage, there were zero recorded cybersecurity incidents or customer personal information leaks in 2024. We conduct integrated research on defense technology protection by external organizations each year and physically separate the defense network from the regular network to strengthen data security. We effectively operate a hacking and intrusion-blocking system through 24/7 security monitoring. Additionally, various security measures such as reporting procedures for malicious emails, handling document files on PCs, data leakage prevention solutions, network access control, and automatic deletion of stored data on internet PCs are implemented to ensure thorough information protection. Regular penetration tests and information system audits are also conducted proactively to address cyber security threats.

• Information Security System

Defense technology protection integrated research	Separation of physical networks from business networks	24/7 security control
Hacking and intrusion blocking system	Report malicious email	Encryption of PC documents
Data leak prevention solution	Network access control	Automated data deletion program

Information Security

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Protection of Defense Industry Technology/Confidentiality

Hanwha Aerospace deeply recognizes that protecting core technologies and confidential information is the highest priority due to the nature of the defense industry, and we implement rigorous security measures on both our employees and those of our suppliers to safeguard vital defense industry technology and confidential information. At the company level, we employ an information management system that effectively prevents unauthorized data leaks through the separation of the defense network from the regular network. These security measures align with the policies of government organizations such as the Defense Acquisition Program Administration, the Defense Counterintelligence Command (DCC), and the National Intelligence Service. Following our merger in 2023, we remain highly adaptable to changes in the security landscape, continuously establishing and updating various internal security regulations. Moving forward, we intend to develop annual security activity plans and defense industry technology protection implementation strategies. This will enable us to effectively execute activities related to defense technology and confidentiality protection while proactively addressing any security vulnerabilities that may arise. We plan to maintain a perfect security system by periodically checking and supplementing potential security vulnerabilities.

• Defense Technology and Confidentiality Protection Activities

Position	Activity	Details
Employees/ Suppliers	<ul style="list-style-type: none"> · Employee Background Check · Personal Information Network Log Management · Data Flow Management During Employee Transfers 	<ul style="list-style-type: none"> · Conduct background check prior to hiring · Monthly Security Vulnerability Assessment · Regulate data flow during employee transitions (departures, business trips, etc.)
System establishment	<ul style="list-style-type: none"> · Defense Network Segregation · Operation of Information Leakage Prevention Monitoring System · Real-Time Intrusion Detection and Response · Establishment of Facility and Cyber Security Systems 	<ul style="list-style-type: none"> · Physical separation of defense network and general network · Implement photo-taking prevention solutions and operate eavesdropping prevention systems · Intelligent security solutions and real-time intrusion detection response · Establish and operate a 24/7/365 security monitoring system.
Internal regulations	<ul style="list-style-type: none"> · Annual Revision and Update of Security-Related Internal Regulations 	<ul style="list-style-type: none"> · Maintenance and integration internal defense industry technology protection and security regulations · Publication of new internal regulations for overseas business establishments

Personal Information Protection

We strictly adhere to information security-related laws, including the Personal Information Protection Act and the Act on Promotion of Information and Communications Network Utilization and Information Protection, establishing multifaceted measures to protect customers' personal information. From a technical control perspective, important personal information is encrypted for storage and management, and intrusion prevention systems operate to block unauthorized external access, preventing information leaks in advance. Additionally, as a physical control measure, the data center is designated as a special protection zone with strict restrictions on external access to minimize risks of information leaks through physical access. Furthermore, personal information protection officers and managers are appointed and continuously trained to ensure responsibility and expertise in their duties. These efforts reflect Hanwha Aerospace's strong commitment to personal information protection. Furthermore, for a more detailed explanation of the purpose of data usage and our privacy policy, this information is easily accessible on the Hanwha Aerospace website.

• Information Integration Survey

Key Inspection Areas	Findings
<ul style="list-style-type: none"> · Identification/Management: 40 items · Personnel Control: 42 items · Facility Protection: 25 items · Information Security: 93 items · R&D/Partner Company Technology Protection: 45 items · Military Secrets: 58 items 	<ul style="list-style-type: none"> · 6 Categories, 303 Items · Achieved Top Position in the 2024 Comprehensive Assessment

Enhancing Employees' Security Awareness

Cybersecurity is increasingly important across all business sectors, and as such, we prioritize enhancing employees' awareness and understanding of cybersecurity. We conduct annual security training programs for all employees and in-house suppliers. During our monthly Cyber Security Diagnosis Day event, we provide training based on materials developed in-house. Employees involved in security violations receive additional security training at least twice a year to emphasize the need for a more proactive response to cybersecurity threats. We actively encourage all our executives and employees to participate in security training sessions organized by government bodies and external organizations such as the Defense Acquisition Program Administration and DCC. These efforts represent Hanwha Aerospace's strategic approach to strengthening security culture throughout the organization and safeguarding information assets. Hanwha Aerospace will continue to dedicate itself to enhancing employees' cybersecurity awareness and thoroughly protecting information assets.

• Employee Security Awareness Activities

Type	Details	Participants
Online Security Training	Online Technology Protection Training Hosted by the Defense Acquisition Program Administration (Once a Year)	All Employees
Based on Self-Produced Materials	Employee Personal Information Protection/Security Compliance (Monthly (Cybersecurity Day))	All Employees
Information Protection/Security Training	Hacking/Technology Leakage Response Training (Once a Year)	All Employees (Including On-Site Supplier Company Staff)
Additional Security Training	Training on Security Regulations and Incident Cases	Employees Involved in Security Violations, Twice Annually
Security Training Hosted by External Organizations	Counterintelligence Officer Briefing / Attendance at Security Workshops Hosted by External Organizations (Recommended)	All Employees

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ESG PERFORMANCE

Governance



Corporate Governance

Board Composition

Current Board Composition

In accordance with Article 23 of the Articles of Incorporation, Hanwha Aerospace maintains a board of directors consisting of nine members, including four inside directors and five outside directors. This composition adheres to the configuration requirements stipulated in Article 542-8 (Appointment of Outside Directors) of the Commercial Act. The selection of outside directors is carried out in collaboration with the External Director Candidate Recommendation Committee, ensuring the Board operates independently from management and controlling shareholders. To enhance the expertise and diversity of our Board, we have established various committees and internal support organizations within the Board to facilitate effective and thoughtful discussions. To ensure flexibility and transparency in the Board's management, we revised the Articles of Incorporation and Regulations, specifying that the CEO automatically serves as the ex officio Chairperson of the Board of Directors. These changes were approved during the 43rd Annual General Meeting of Shareholders in 2020 and the 4th Board of Directors Meeting in 2020, allowing the Board to appoint the Chairperson among its directors based on the circumstances. In the Board of Directors Meeting on March 25th, 2025, we appointed Inside Director Byungchul AN as the Chairperson of the Board of Directors, separating the roles from the CEO and the chairperson.

★: Chairman As of March 25, 2025

Position	CEO	CEO	CEO	Inside Director	Outside Director	Outside Director	Outside Director	Outside Director	Outside Director
Name	Jaeil SON	Dongkwan KIM	Michael Coulter	Byungchul AN	Hyoujin KIM	Jingoo JUN	Huyjae CHON	Dojin JUNG	Jeonggeun LEE
Gender	Male	Male	Male	Male	Female	Male	Male	Male	Male
Position	·Executive Committee★			·Chairperson of the Board of Directors ·Executive Committee	·ESG Committee★ ·Internal Transaction Committee ·Compensation Committee	·External Director Candidate Recommendation Committee ·Audit Committee	·Internal Transaction Committee★ ·Compensation Committee ★ ·Audit Committee	·Audit Committee ★ ·Internal Transaction Committee ·Compensation Committee ·External Director Candidate Recommendation Committee ·ESG Committee	·Internal Transaction Committee ·Compensation Committee ·ESG Committee ·External Director Candidate Recommendation Committee
Term	2022.10.14~ 2026.03.26	2021.03.29~ 2027.03.25	2025.03.25~ 2027.03.25	2023.03.28~ 2027.03.25	2021.03.29~ 2027.03.25	2023.03.28~ 2027.03.25	2024.03.26~ 2026.03.26	2024.03.26~ 2026.03.26	2025.03.25~ 2027.03.25
Expertise	Head of Corporate Management	Head of Corporate Strategy	International Business	Head of Corporate Management	Aerospace Expert	Defense Expert	Legal Expert	Finance Expert	Defense Expert
Background	·B.A, Korea University ·Former CEO of Hanwha Defense ·Director at Hanwha Aerospace USA ·Non-Executive Director at Satrec Initiative ·CEO of Strategy Division, Hanwha Systems	·B.A, Harvard University ·CEO of Strategy Division, Hanwha Corporation ·CEO of Strategy Division, Hanwha Solutions Corporation ·Non-Executive Director, Hanwha Ocean Corporation ·CEO of Strategy Division, Hanwha Impact Corporation	·M.A, U.S. Naval War College ·U.S. Department of Defense, Joint Chiefs of staff ·General Dynamics, Regional Vice President ·Leonardo DRS, Senior Vice President	·M.A, Sungkyunkwan University ·Former Director of Overseas Business Division, Hanwha Defense ·Non-Executive Director at Satrec Initiative ·Non-Executive Director at Hanwha System	·PhD, UC Berkeley ·Professor at School of Aerospace Engineering, Seoul National University ·Outside Director of Hyundai Transys	·B.A, Naval Academy ·M.A, Hankuk University of Foreign Studies ·Former Commander of Marine Corps ·Named Professor at Seokyeong University	·B.A, Seoul National University ·LL.M, The University of Texas School of Law ·Former Judge at Seoul High Court ·Former Chief Judge at Suncheon Branch, Gwangju District Court ·Professor at Sungkyunkwan University Law School	·PhD, University of Kentucky ·Professor at School of Business Administration, Chung-Ang University ·Former Financial Services Commission Supervisor ·Former Director of Korea Institute of Public Finance ·Former Korea Exchange corporate auditor ·Outside Director of LG	·Korea Military Academy ·Chief of Logistics, Army Headquarters ·Commander of Army Logistics Command ·Advisor/Evaluation Committee Member, Resource Center, Korea Institute for Defense Analyses (KIDA) ·Chairman, Korea Association of Explosive Engineers

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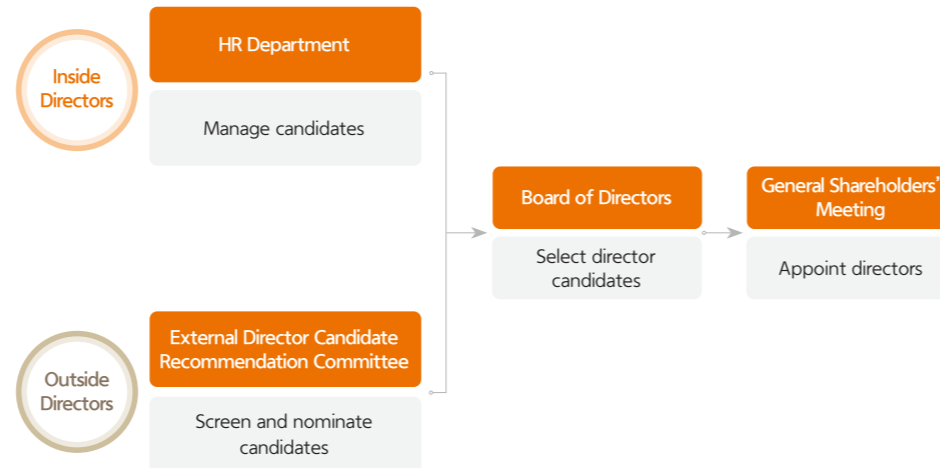
Corporate Governance

Board Composition

Board Independence

We strictly comply with the eligibility and exclusion requirements for appointing outside directors as outlined in Articles 382–3 and 542–8 of the Commercial Act, which are specified in Article 23–2 of our Articles of Incorporation. If an outside director no longer meets these criteria after their appointment, they will lose their position. Moreover, in accordance with Article 34–5 of the Enforcement Decree of the Act, we ensure that candidates who have worked for a subsidiary in the past or have significant conflicts of interest are excluded from consideration to ensure no hindrance in performing duties as outside directors. To maintain fairness and independence in the appointment of directors and the operation of the Board, we have established an External Director Candidate Recommendation Committee, which includes all outside director members. This committee conducts a thorough assessment to determine whether potential candidates have any significant interests that could compromise their independence from the company. We are committed to providing shareholders with comprehensive information about director candidates, including their biographies, areas of expertise, and current employment status to facilitate understanding of candidates, through announcements made during general shareholders’ meetings. Furthermore, we regularly disclose the activities of current directors within the Board and its committees through reports, allowing shareholders to make informed decisions regarding the re–election of directors. In particular, for outside directors, detailed information such as their attendance rates at board meetings, their voting records on board agendas, and their participation in board committees’ activities is provided to enable shareholders to make well–informed decisions.

• Director Appointment Procedure



Board Diversity and Expertise

Our Board of Directors is comprised of nine directors, each bringing expertise in various aspects of corporate management, including management strategy, general management, legal affairs, and financial accounting, along with business expertise in defense and aerospace. Their diverse expertise contributes to the enhancement of our competitiveness and informed decision–making on crucial corporate matters. In 2025, we took steps to further enhance the diversity of our Board by appointing a new female director.

Inside Directors

Director Jaeil SON, CEO of the Business Division, oversees the company’s aviation and defense sectors and manages external affairs stably. Dongkwan KIM, CEO of the Strategy Division demonstrates outstanding capabilities in defense, energy, and global networks, leading business growth while driving overseas expansion and new business development. CEO Michael Coulter brings experience as Vice President of Business Development and President of Overseas Operations at a global defense firm, along with senior roles at the U.S. Department of Defense, expected to lead Hanwha Aerospace’s overseas business growth. Inside Director Byungchul AN, former head of Overseas Business at Hanwha Defense Co., possesses deep understanding and execution ability in global business strategy. Thus, Hanwha Aerospace’s inside directors leverage their expertise to drive sustainable growth, innovation, and strategic performance.

Outside Directors

Hyunjin KIM, an aerospace expert and current professor in the Department of Aerospace Engineering at Seoul National University, contributes significantly to our aerospace sector’s management operations with deep expertise. Director Jingoo JUN, an expert in military operations with a background as Marine Corps Commander, Northwest Islands Defense Commander, and ROK–US Marine Corps Commander, plays a crucial role in managing our defense business and ensuring stable organizational management. Director Huyjae CHON, leveraging expertise in law as a professor of Sungkyunkwan University Law School and attorney, as well as a former judge, contributes to our company’s compliance management based on various experiences and legal network. Director Dojin JUNG offers professional advice based on extensive experience in corporate accounting as an accounting professor and various roles in government agencies, councils, and as an outside director. Newly appointed Outside Director Lee Jung–geun is a military logistics expert, former Chief of Army Logistics Staff and Logistics Commander, expected to offer advice and active input on defense–related business. This diverse Board of outside directors contributes critically to Hanwha Aerospace’s sustainable management and strategic decision–making.

Corporate Governance

Board Composition

As of March 25, 2025

Board Committees

To ensure a more professional board of directors management, Hanwha Aerospace operates six committees within the Board, all of which are comprised of outside directors¹⁾ to enhance their independence. Each committee functions according to formal regulations detailing its specific purpose, authority, composition, and duties, and we meticulously record and disclose the attendance and participation status of each director in our business reports. The Audit Committee conducts comprehensive audits of the company's overall business, with a focus on its financial status. To strengthen expertise, we appoint financial experts as committee members. The External Director Candidate Recommendation Committee is responsible for screening and recommending candidates for outside directors to be appointed at the general shareholders' meeting, contributing to Board composition. The Internal Transaction Committee conducts pre-deliberations on internal transactions between subsidiaries to establish a fair trade compliance system and ensure transparency in company management. The Compensation Committee conducts preliminary reviews of the compensation limit of the registered executives, ensuring an objective and transparent decision-making process regarding director remuneration. Additionally, we operate the Executive Committee, which examines and decides the company's management status and common issues delegated by the Board of Directors, facilitating efficient decision-making. The ESG Committee is established to strengthen ESG management and achieve long-term sustainable growth. This committee structure supports more systematic and effective Board operations.

1) The Executive Committee comprises only inside directors due to its specific function and role in deliberating and deciding on matters delegated by the Board of Directors.

General Shareholders' Meeting

Board of Directors (four inside directors, five outside directors)

Composition

Chairperson

Members

Roles

Number of meetings held²⁾

Agenda²⁾

Committee	Audit Committee	External Director Candidate Recommendation Committee	Compensation Committee	Internal Transaction Committee	ESG Committee	Executive Committee
Chairperson	Dojin JUNG	Jingoo JUN	Huyjae CHON	Huyjae CHON	Hyunjin KIM	Jaeil SON
Members	Jingoo JUN, Huyjae CHON	Hyunjin KIM, Jeonggeun LEE, Huyjae CHON, Dojin JUNG	Hyunjin KIM, O Jeonggeun LEE, Jingoo JUN, Dojin JUNG	Hyunjin KIM, Jeonggeun LEE, Jingoo JUN, Dojin JUNG	Jeonggeun LEE, Jingoo JUN, Huyjae CHON, Dojin JUNG	Byungchul AN
Roles	<ul style="list-style-type: none"> Audit overall business Conduct quarterly and annual management performance audits Investigate business and property status 	<ul style="list-style-type: none"> Nominate outside director candidates after verifying their independence, diversity, and capabilities 	<ul style="list-style-type: none"> Preliminary review of the compensation limit of the registered executives 	<ul style="list-style-type: none"> Preliminary review of internal transactions Suggest corrective measures for internal transactions that violate serious laws/regulations 	<ul style="list-style-type: none"> Reinforce ESG management aimed at longterm and continuous growth 	<ul style="list-style-type: none"> Review, deliberate, and decide on the matters delegated by the Board, management status, and common issues
Number of meetings held²⁾	8 times	2 times	3 times	16 times	4 times	19 times
Agenda²⁾	5 resolutions 18 reports	2 resolutions	6 resolutions	42 resolutions 1 reports	2 resolutions 3 reports	26 resolutions 1 reports

2) As of 2024

Corporate Governance

Board Operations

Board Activities

Our Board of Directors meetings are categorized into two types: regular and ad hoc meetings. Regular board meetings are scheduled for the fourth Wednesday of every odd month, and ad hoc board meetings are convened as necessary in accordance with Section 7 of the Board of Directors Regulations. These regular meetings occur at least six times a year and typically involve the quarterly approval of significant internal transactions and general shareholders' meetings. Emergency matters are addressed flexibly via Ad hoc board meetings. As stated in Article 28 of the Articles of Incorporation and Section 9 of the Board of Directors Regulations, the chairperson is responsible for convening these board meetings. Every director receives notice of the meeting date, location, and agenda at least seven days in advance. Prompt meetings may be held without the seven-day notice if all directors consent. For decision-making based on a full understanding of all agenda items, a briefing session is held in advance for outside directors to gather diverse opinions. Board resolutions require the presence of a majority of directors and the approval of a majority of those in attendance, as stipulated in Article 29 of the Articles of Incorporation and Article 10 of the Board of Directors Regulations. Thus, the Board guarantees efficient and prudent decision-making. Based on this organized and thorough operation process, Hanwha Aerospace realizes sustainable management and transparent corporate governance, continuously strengthening stakeholder trust.

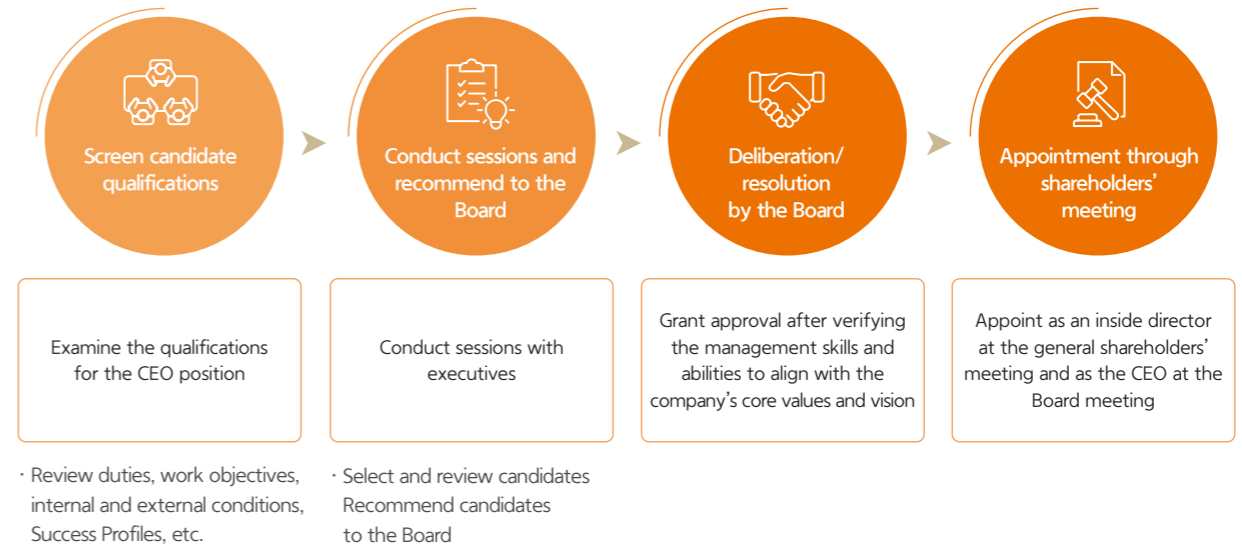
• 2024 Board of Directors Operation Status

Meetings Held	19 times
Approved	75 cases
Reported	25 cases

CEO Candidate Management

If it becomes necessary to change the CEO due to shifts in the business environment, we undertake a meticulous examination of the competency and leadership of previously selected CEO candidates. Once we identify the most suitable candidate, we recommend them to the External Director Candidate Recommendation Committee and Board of Directors for consideration. The Board then conducts a final screening to assess the candidate's management skills and qualifications before appointing them as an inside director. Subsequently, the appointed candidate is elected as the CEO through a general shareholders' meeting and a subsequent Board of Directors resolution. Throughout this process, the CEO candidate is required to attend CEO courses, management coaching, and training programs to prepare for succession. Through this systematic process, Hanwha Aerospace effectively manages its CEO candidate pool, ensuring continuity and stability in management.

• CEO Succession Process



Corporate Governance

Board Operations

Evaluation and Compensation

Hanwha Aerospace conducts comprehensive evaluations of each director’s experience, expertise, and qualities such as fairness, objectivity, integrity, and responsibility in the execution of their duties. These evaluations play a significant role in determining whether directors should be re-elected. For outside directors nearing the end of their term, re-election decisions are made based on various factors, including their attendance at board meetings, provision of valuable advice on critical management decisions, and contributions to the effectiveness of internal control and monitoring systems. As for inside directors, we perform regular assessments of the CEO’s performance, considering the progress made toward achieving strategic goals encompassing both financial and non-financial aspects. The Compensation Committee within the Board takes on the responsibility of reviewing the compensation limit of the registered executives well in advance. This process ensures objectivity and transparency in the decision-making process regarding director remuneration. Ultimately, directors’ remuneration is disbursed transparently within the limits approved by the general shareholders’ meeting. To instill a sense of ownership in the CEO and future candidates and to enhance decision-making for long-term growth, they are compensated with Restricted Stock Units (RSUs) through a resolution of the Board and are granted once the conditions are met after a certain vesting period. Through this structured and rigorous evaluation and compensation system, Hanwha Aerospace strengthens executive accountability and motivation while pursuing sustainable management based on transparency and fairness.

Outside Director Education and Support

We provide a wide range of training for outside directors to enhance their expertise. This includes offering introductory materials and specialized training to improve their understanding of the aerospace and defense industry, as well as providing regular updates on the latest management issues. Furthermore, we conduct briefing sessions for the agenda before each Board meeting for outside directors to ensure that all directors make informed decisions on major issues. To strengthen the expertise of the audit work carried out by the Audit Committee, we offer training programs led by experts and relevant organizations. Moreover, we provide opportunities for committee members to seek advice from experts and others to actively support effective Audit Committee activities at the company’s expense under internal regulations. Through this comprehensive education and support framework, we continuously improve the Board’s expertise and accountability, laying a solid foundation for sustainable management.

Date	Organized By	Attendees	Details
04.18.2023	Audit Committee Forum	Sanghee KIM, Kangsoo CHOI, Jingoo JUN	Case study on Audit Committee activities
05.25.2023	Samil PwC	Sanghee KIM, Kangsoo CHOI, Jingoo JUN	Governance-related seminar
05.31.2023.	Hanwha Aerospace	Jingoo JUN	Important company and management-related matters
06.21.2023	Deloitte Korea	Hyoujin KIM, Jingoo JUN	Corporate Governance Development Center Seminar
11.21.2023	Audit Committee Forum	Sanghee KIM, Hyoujin KIM	Matters related to revised laws, settlement of accounts, and general shareholders’ meetings
12.11.2023	Samil PwC	Kangsoo CHOI	Governance-related seminar
2024.10.31	Samil PwC	Dojin JUNG, Jingoo JUN, Hyoujin KIM	Workshop on Internal Accounting Controls



Corporate Governance

Shareholder-Friendly Management

Enhancement of Shareholder Value

Shareholder Status

As of December 31, 2024, the company had issued a total of 45,581,161 shares. The largest shareholder is Hanwha Corporation, which holds 33.95% of the total shares. The total number of shares that can be issued under Hanwha Aerospace's Articles of Association is 200,000,000 shares, with a par value of KRW 5,000 per share. All issued shares are common shares, and voting rights are allocated based on the number of shares held.

Shareholder Return Policy

Hanwha Aerospace takes appropriate measures such as share repurchases and dividends to return a portion of company profits to shareholders and maximize their benefits. Over the past three years, consistent cash dividends have been paid, establishing this as a key method to promote shareholder interests. Our approach to shareholder returns takes into account various factors, including the company's operational performance, cash flow, and aligns with the average dividend yield of KOSPI-listed companies and those in the same industry.

Protection of Shareholder Rights

Hanwha Aerospace makes various efforts to protect shareholder rights. We convene regular general shareholders' meetings within three months following the conclusion of each fiscal year, with ad hoc meetings organized when required. This provides shareholders opportunities to participate in key corporate decisions. To uphold the highest corporate governance standards, we ensure that shareholders have access to the essential information required to exercise their rights, typically providing this information four weeks prior to the general shareholders' meeting. We also employ an electronic voting system to ensure the lawful exercise of rights for minority shareholders. Furthermore, we take measures to facilitate the exercise of voting rights by shareholders by inviting all those on the shareholder register at the end of the fiscal year, allowing them to vote through proxy using an electronic power of attorney.

Shareholder Proposal Right

We have established a shareholder proposal system to strengthen communication and actively incorporate shareholders' opinions into company management. Shareholders can submit proposals, such as director appointments, in writing or electronically, up to six weeks before the regular general shareholders' meeting date. Once we receive a shareholder proposal, it will be included as an agenda item for the general shareholders' meeting after confirming the shareholder's status and conducting a legal examination of the proposed matter. In our commitment to safeguarding shareholders' rights and interests and proactively integrating their perspectives into company management, we provide general information about shareholders' proposals on our website and assist shareholders' proposals to be presented as agenda items for general shareholders' meetings following legal procedures. This gives shareholders the opportunity to participate more actively in the management of the company.

Shareholder Communication

We conduct various Investor Relations (IR) activities for transparent and proactive communication with shareholders. Each year, we routinely host IR briefings on our quarterly performance and provide updates on our business progress. We also organize Non-Deal Roadshows (NDR) with both domestic and foreign institutional investors to clearly convey company results and strategies while listening to their feedback. We also offer a range of information, including IR data, important IR schedules, and stock issuance details on our website, allowing responses to inquiries from all shareholders. Since 2020, we have strengthened communication with shareholders by implementing open conference calls through an audio webcasting system. This allows real-time listening and interaction during corporate presentations, including performance announcements and business updates. Additionally, recordings of presentations and Q&A sessions are offered in English for foreign shareholders. Furthermore, to ensure information accessibility and fairness for our foreign shareholders, we disclose key company matters in both English and Korean. Hanwha Aerospace plans to expand these efforts to improve information accessibility and foster more active communication.

IR Activities

Position	2024
Investor Relations (IR) Meeting	5times
NDR	8times (7domestic, 1overseas)
Conference / Corporate Day	14times (12domestic, 2overseas)
1 on 1/multiple meetings	136 times



Visit Event to the Changwon Business Establishment for the National Pension Service and Foreign Institutional Investors

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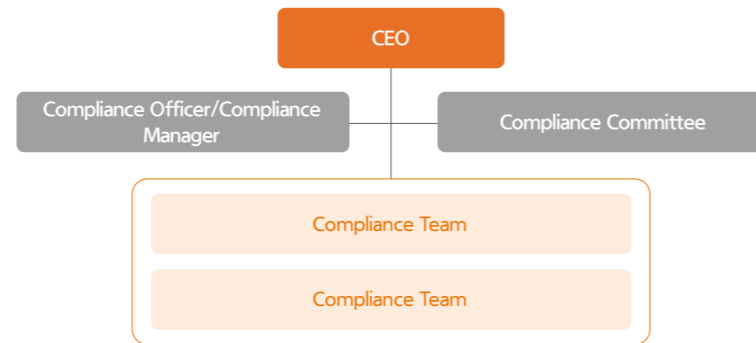
Ethics and Compliance Management

GOVERNANCE

Promotion Organization

Hanwha Aerospace has established a dedicated organization to strengthen Ethics and Compliance Management, proactively preventing violations of compliance obligations and effectively respond to various legal risks.

- Compliance Organizations



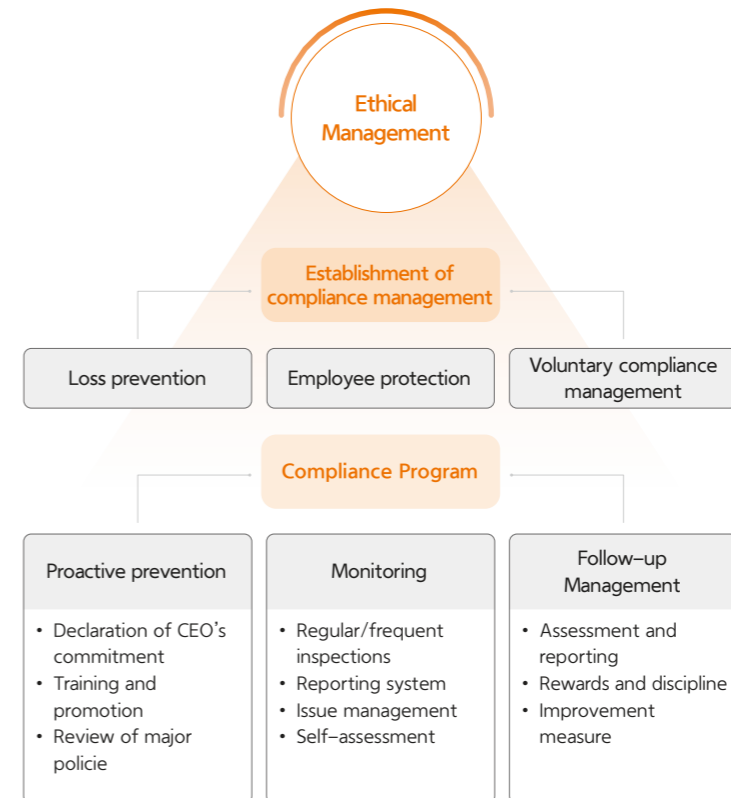
The CEO establishes, maintains, and operates the company's compliance control system and oversees its implementation in accordance with compliance standards and decisions of the Board of Directors. To this end, The Compliance Committee, chaired by the CEO, convenes regularly to report on activity results and ensure effective operation by deliberating on major issues and suggesting operational directions. The compliance officer takes practical charge of compliance control duties, implementing a detailed compliance control program and ensuring compliance. The compliance officer serves as a compliance manager responsible for the operation of the Compliance Program (CP) of the Korea Fair Competitions Federation. Compliance team also conduct regular qualification assessments and support the compliance officer, department managers, whistle-blowing incident investigators, and internal auditors to meet the competency standards established in the Compliance Guideline enforcement regulation. Compliance managers appointed for each department cooperate with the compliance team to support compliance activities in departments, ensuring they are carried out more actively and efficiently. They disseminate compliance guidelines and manuals, conduct departmental self-inspections, and foster a company-wide culture of compliance. We pursue sustainable and sound growth by establishing an ethics and compliance management system and operating various compliance control programs to comply with laws and implement corporate ethics. We have obtained ISO 37301 (compliance management systems) and ISO 37001 (anti-bribery management systems) certifications. We continue to reinforce our governance for a sustainable future by implementing a Compliance Program (CP) to prevent fair trade violations, and by introducing human rights management to protect and promote the human rights of all stakeholders, including employees.

Ethics and Compliance Management System

Compliance Management System

We pursue sustainable and sound growth by establishing an ethics and compliance management system and operating various compliance control programs to comply with laws and implement corporate ethics. We have obtained ISO 37301 (compliance management systems) and ISO 37001 (anti-bribery management systems) certifications. We continue to reinforce our governance for a sustainable future by implementing a Compliance Program (CP) to prevent fair trade violations, and by introducing human rights management to protect and promote the human rights of all stakeholders, including employees.

- Ethics and Compliance Management Direction



ISO 37001 certificate



ISO 37301 certificate

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Ethics and Compliance Management

Ethics and Compliance Activities

Compliance Regulations

Based on the spirit of Hanwha's integrity-based management, we operate under relevant ethics and compliance management standards that work effectively within the company's overall risk management system. The standards are constantly revised to reflect changes in the internal and external legal environment and are presented as substantive standards of conduct to executives and employees.

• Ethics and Compliance Management Company Standards

Employee Code of Conduct

- It suggests the behavioral standards that employees should adhere to in their relationships with themselves, the company, and society under Hanwha Standards (H-Standard).

Compliance guideline

- It requires compliance with ISO 37001 and ISO 37301, based on the Ministry of Justice's Changes to Standard Compliance Control Standards for Listed Companies¹⁾ and the operation of the Fair Trade Commission's Compliance Program (CP)²⁾
- It outlines specific practices, procedures, organizational structures, personnel responsibilities, and compliance details in accordance with ISO requirements.

Company policy for compliance with anticorruption acts

Enforcement Regulation

- It provides sound decision-making and ethical judgment standards based on anticorruption laws.
- It provides tools for third-party contracts, such as practical behavioral guidelines, due diligence forms, and contracting checklists, following the Improper Solicitation and Graft Act and the Act on the Prevention of Conflict of Interest Related to Duties of Public Servants.

• Compliance Manual

Based on the analysis of risk factors related to our business, we have developed a Compliance Manual that serves as the standards for the way employees work, think, and behave with our customers and stakeholders. It was created based on eight risk management items that employees must be aware of when performing their work. These items include law descriptions, sanction details, questions and answers that may arise, and related cases, effectively aiding in practicing ethics and compliance management.



Compliance Manual

Fair Trade Compliance Handbook

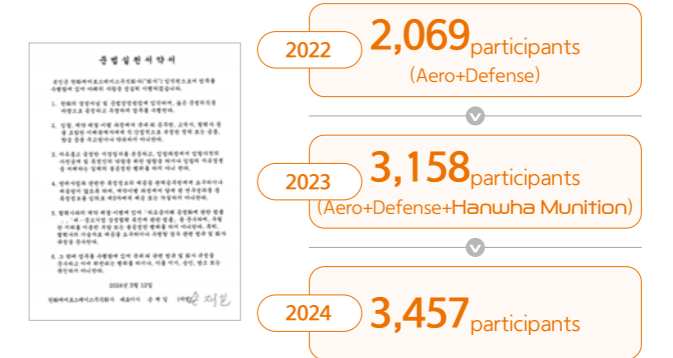
Five operational guideline documents prepared to raise awareness of the Fair Trade Compliance System assist in understanding our compliance framework. These guidelines include overviews of the Fair Trade Act, Fair Transactions in Subcontracting Act, Act on the Promotion of Mutually Beneficial Cooperation, sanction criteria, cases, precedents, Q&A, and checklists.

1) Establishment of compliance obligations (Article 2), establishing the basis for supporting compliance control activities of business Suppliers (Article 3), addition of anonymous reporting (Article 18), updating standards and procedures for effectiveness evaluation (Article 21)
 2) Compliance Officer concurrently serving as Compliance Manager (Article 6)

Ethics and Compliance Pledge

We pledge to practice compliance each year to enhance employees' willingness to uphold ethics and compliance management and to promote a culture of compliance throughout the company. Through this pledge, employees vow to strictly adhere to domestic and international laws and company regulations related to prohibitions on unfair requests or bribery, manipulation of bidding practices, leaking of research details related to defense business, and unfair subcontracting. We declare to perform our duties fairly and transparently based on a high level of compliance awareness under the company's compliance management policy.

• Compliance Pledge



• Compliance Pledge Results

Participants	<ul style="list-style-type: none"> All employees of Hanwha Aerospace (Total 3,457 people, participation rate 99.5%)
Period	<ul style="list-style-type: none"> March 18, 2024, to March 25, 2024 (8 days)
Goal	<ul style="list-style-type: none"> Enhancing the commitment to compliance Raising compliance awareness among employees and fostering a transparent corporate culture Incorporating compliance index in evaluation criteria in 2024

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Ethics and Compliance Management

Ethics and Compliance Activities

Employee Ethics and Compliance Training

Hanwha Aerospace conducts various training programs to strengthen employees' awareness of ethics and compliance. To ensure structured training, they are divided into basic, advanced, and specialized training, and separate training is provided for employees in departments with a high risk of violating the law. Furthermore, we have established a work manual, 「Education/Training Process」, outlining specific procedures from planning to follow-up management. Our internal Compliance Program Management System allows all employees to check their training status at any time.

• Annual Training Program

Classification	Course Title	Training Outcomes
Basic Training	Basic Compliance Management Training for All Employees	99.1 % Completed
	Compliance Training for Management	100 % Completed
	Orientation Training for New and Experienced Employees	560 Participants Completed
Advanced Training	Practical Compliance Course (Special Training on Subcontracting)	991 Participants Completed
	On-site Tailored Training	Conducted 157 Sessions (3,750 Participants)
	CP School	2,392 Participants Completed (4,511 Including Duplicates)
Special Training	Internal Auditor Training	26Participants Completed
	Workplace Harassment Officer Training	100% (22Participants) Completed
	Fraud Prevention Training	Conducted at Two Business Establishments

Fair Trade/Anti-Corruption Training

Every year, we conduct basic compliance management training for all employees with the theme of fair trade and anti-corruption, as well as separate basic training for executives and organizational leaders. In May and June 2024, practical compliance courses covered key points of the Fair Transactions in Subcontracting Act and the Fair Trade Act, recent violations, internal processes for partner technical data requests, and system usage for employees who work closely with compliance issues. Quarterly training was also provided to new hires to convey company commitment and proper work conduct. CP School, an in-house online training course, was newly established and provided an environment where employees of related departments, including those transferred to the risk department and related staff, could take courses regardless of time and place constraints. A total of 4,047 people completed courses on fair trade and anti-corruption. For departments with expected high risk, we provided tailored advanced training titled 'Tailored On-Site Training' consisting of 20 themes, including the Fair Trade Act (internal transactions, collusion), Fair Transactions in Subcontracting Act (general, unfair acts, technical data), Act on the Promotion of Mutually Beneficial Cooperation, in-house subcontracting, insider trading, trade secret protection, and domestic/overseas anti-corruption. In July 2024, a Compliance Seminar Day educated sales, planning, and business management teams on domestic and international anti-corruption laws.

Performance Evaluation and Follow-up Management

We conduct an internal evaluation of the effectiveness of our compliance management system once a year to ensure it continues to operate appropriately, reporting the results to the CEO and Board of Directors. This effectiveness evaluation plays a crucial role in setting operational directions by reviewing not only the structure and content of the compliance control management system, but also considering changes in the company's external environment and legal risks, as well as the company's ability to respond to these changes. Specific measures are reported in the following year, ensuring continuous improvement and effective operation of the compliance management system. Reflecting 2023 feedback, human rights management and the Fair Trade Compliance Program were strengthened; the 2024 evaluation recommended ongoing monitoring program operation and improvement. Based on this, risk management for monitoring and inspection will be further enhanced in 2025.

• Effectiveness Evaluation Criteria

- 1
Measures taken according to previous year's instructions
- 2
External and internal issues
- 3
Changes in stakeholder needs
- 4
Management system monitoring results
– Based on ISO 37301, 18 detailed items

Ethics and Compliance Management

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Ethics and Compliance Activities

Internal and External Communication

At Hanwha Aerospace, we actively express our commitment to ethics and compliance management through engagement with both government agencies and private organizations. We continue to participate in the Public-Private Council on Reliable Defense organized by the Ministry of National Defense and the Public-Private Council on Reliable Defense Projects organized by the Defense Acquisition Program Administration, playing a vital role in fostering a trustworthy defense industry. Since 2017, we have consistently taken part in the UNGC BIS Summit pledge ceremony, and starting in 2019, we have annually participated in the CEO Compliance Pledge organized by the Yoon Kyung ESG Forum. In 2021, we strengthened our commitment to anti-corruption and human rights management by becoming a member of the TI Korea Forum, established by Transparency International-Korea. From 2023, we have been active as a member of the Fair Competition Federation to foster a culture of fair trade.

Compliance Events

We implement various engagement programs for employees to promote a culture of compliance. Since 2016, we designate one week annually as Compliance Week to operate diverse programs related to compliance management, continuing this in 2024. We strive to ensure that employees can easily access the company's ethics and compliance management philosophy and vision, and increase their understanding of related regulations, such as the employee code of conduct, compliance guideline, and company policy for compliance with anti-corruption acts. Since 2010, the annual 'Compliance Manager's Day' event presents the company's ethics and compliance vision, shares yearly activities, and communicates plans for the next year. We also recognize outstanding employees to help establish ethics and compliance as part of organizational culture.

External Evaluation and Awards

As the first defense company in Korea to simultaneously acquire ISO 37301 (compliance management systems) and ISO 37001 (anti-bribery management systems) certifications, we maintain our compliance policy and risk response system to meet global standards through continuous follow-up management. In 2024, the certification was renewed by expanding the application of these standards to our Yeosu, Boeun, and Daejeon Business Establishments, which were added through recent mergers. Additionally, Hanwha Aerospace earned an AA (Excellent) rating in the Fair Trade Commission's Compliance Program (CP) evaluation, externally recognizing the effectiveness and structure of its internal compliance system for adhering to fair trade laws.



The Ministry of National Defense Integrity Defense Public-Private Council



Defense Acquisition Program Administration, Integrity in Defense Projects Public-Private Council

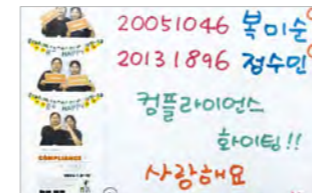


Fair Competition Federation



Korea Transparency Organization

Activity	Timing	Activity Details
Compliance Journey Week	Jul-24	Event Aimed at Establishing a Compliance Culture · Compliance Slogan Contest, Compliance School, Seminar Day, etc.
Compliance Manager Day	Nov-24	Annual Compliance Activity Results Report by Department · Award for Outstanding Compliance Manager · Lectures on Compliance Management, Reporting on Compliance Activity Performance, Compliance Performances, etc.



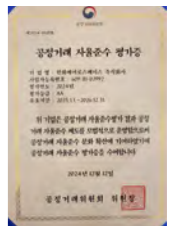
Four Cuts of Life



Legal Quiz on the Block



Award Ceremony `24.12.12.



Evaluation Certificate

Ethics and Compliance Management

RISK MANAGEMENT

Ethics and Compliance Risk Management

Compliance Risk Management

We regularly identify compliance obligations with potential violations by department and evaluate risks by referring to the demands of stakeholders related to the compliance management system and relevant regulations. Based on the assessment results, we implement appropriate management measures. We have established an internal work manual, 「Obligation Identification and Analysis, Risk Assessment and Control Plan Setting Process」, proceduralizing all risk management tasks. Following the work manual, each department identifies and evaluates unique risks, establishes appropriate risk control measures, monitors them, and records the findings in the internal Compliance Program Management System.

Position	Risks Subject to Management
Fair Trade/ Subcontracting	Fair trade (collaborative actions, maintaining resale prices, and preventing unfair trade practices), and subcontracting
Product Liability	Manufacturing/quality standards related to the Product Liability Act and the Framework Act on Consumers
Intellectual Property/ Trade Secrets	Intellectual property rights, trade secret protection, security, privacy
Finance/Accounting	Disclosure, insider trading, general shareholders' meeting, Board of Directors, accounting standards, trade
Environment/Safety	Laws related to site quality, safety, and environment
Human Rights	Foster diversity and prevent discrimination, prohibit sexual harassment and bullying, and protect the human rights of stakeholders
Anti-Corruption	International laws related to bribery, extortion, embezzlement, and abuse, including the FCPA (US) and Bribery Act (US)
Defense Business	Designation of defense companies, refund of unfair profits through integrity agreements, and protection of defense technology

• Compliance Risk Management Process



CP (Compliance Program) Operation

Hanwha Aerospace upholds the principles of a fair and free market economy and strives to compete in the marketplace while adhering to all applicable laws and regulations. To reinforce our commitment to ethical and legal compliance, we actively embrace the Fair Trade Commission's fair trade compliance program. Our efforts include the CEO declaring willingness and policies for compliance, appointing compliance managers, distributing a compliance handbook, and implementing consistent and structured training. These initiatives provide clear standards for employees based on the virtuous cycle of fostering a fair and transparent culture and securing sustainable suppliers. In 2024, 152 fair trade or unfair competition-related risks are registered and managed in the internal compliance support system; for risks at medium (M) level or higher, two or more control measures are set. Each control is evaluated for 'appropriateness' and 'effectiveness,' with implementation monitored at least annually.

Classification	Risk Identification (Cases)	Intermediate Level (M) and Above		Related Risk Tasks
		M	H	
Subcontracting	137	74	11	Payment to Supplier Companies and Requests for Provision of Technical Data, etc.
Win-Win Cooperation	2	1	1	Issuance of Written Documents and Payment to Consignee Companies, etc.
Fair Trade	13*	12	-	Large-Scale Internal Transactions, Payment of Advance and Progress Payments, etc.
Total	152	87	12	

*) Includes risks related to the rules for payment of advance and progress payments in the defense industry

• Implementation of Compliance Activities

- Compliance Organizations**
 - Compliance Committee: Oversee CP operations
 - Compliance manager: CP operational responsibility and supervision
 - Compliance Team: Manage CP tasks
- Fair Trade Training**
 - Establish a specialized fair trade course
 - Conduct special fair trade training to each general/relevant/high-risk department
- Compliance Officer & Compliance Manager**
 - Appointed as the Compliance officer and Compliance Manager under the Regulations on Fair Trade Compliance Program Operation and Incentives
- Compliance Program Assessment**
 - Develop a compliance manual and prepare a compliance performance report

Ethics and Compliance Management

RISK MANAGEMENT

Ethics and Compliance Risk Management

Grievance Handling System

To establish a transparent and fair ethical and compliance management system, we operate a diverse compliance reporting system. First, we operate a compliance reporting system on our company website and internal Compliance Program Management System (CPMS). This allows employees to utilize these channels when they face difficulties in complying with regulations during work or have suggestions for improvement. Apart from this, our anticorruption reporting system receives reports from external stakeholders about unfair work practices by executives and employees, unfair actions using their positions, and corruption cases. These reports can be submitted anonymously or under real name. In addition, we have a dedicated smart grievance center separate from the compliance reporting system. This center handles issues related to workplace bullying among employees and stakeholders or sexual harassment. Our priority is to protect the confidentiality of the reporting party and the details of the report, ensuring that there are no disadvantages for them. The center minimizes personnel involved to ensure information security. This system contributes to fostering an organizational culture where all employees can safely and equally demonstrate their capabilities.

Compliance Reporting System

Report types

- Fair trade violations or concerns, such as unfair joint acts, unfair subcontracting transactions, etc.
- Violations or concerns related to the Improper Solicitation and Graft Act and the Foreign Corrupt Practices Act.
- Violations or concerns related to the Labor Standards Act and the Equal Employment Opportunity Act
- Other business-related violations of laws or regulations

Anti-Corruption Report

Report types

- Embezzlement and extortion of public funds by employees
- Unfair processing of work, demands for money, goods, and hospitality
- Unfair equity participation in privately held trading companies
- Double employment of employees
- Sexual harassment in the workplace
- Other matters that violate the Code of Ethics

Grievance Handling Procedure



Risk Management

Integrated Risk Management System

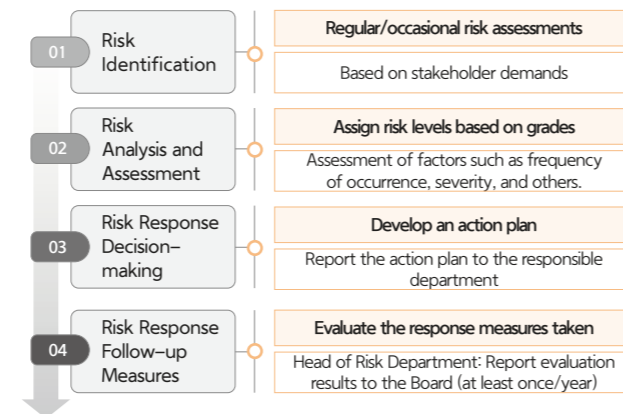
Risk Management Organization

Hanwha Aerospace has established an enterprise-wide risk management system for proactive response and effective follow-up measures to various risks that may occur during business operations. Under the CEO's oversight, the Business Planning Team of the Strategic Planning Office manages risk management practices throughout the company for efficient response. If an incident occurs, rapid cooperation with relevant risk-type department enables immediate action, enhancing risk management effectiveness.

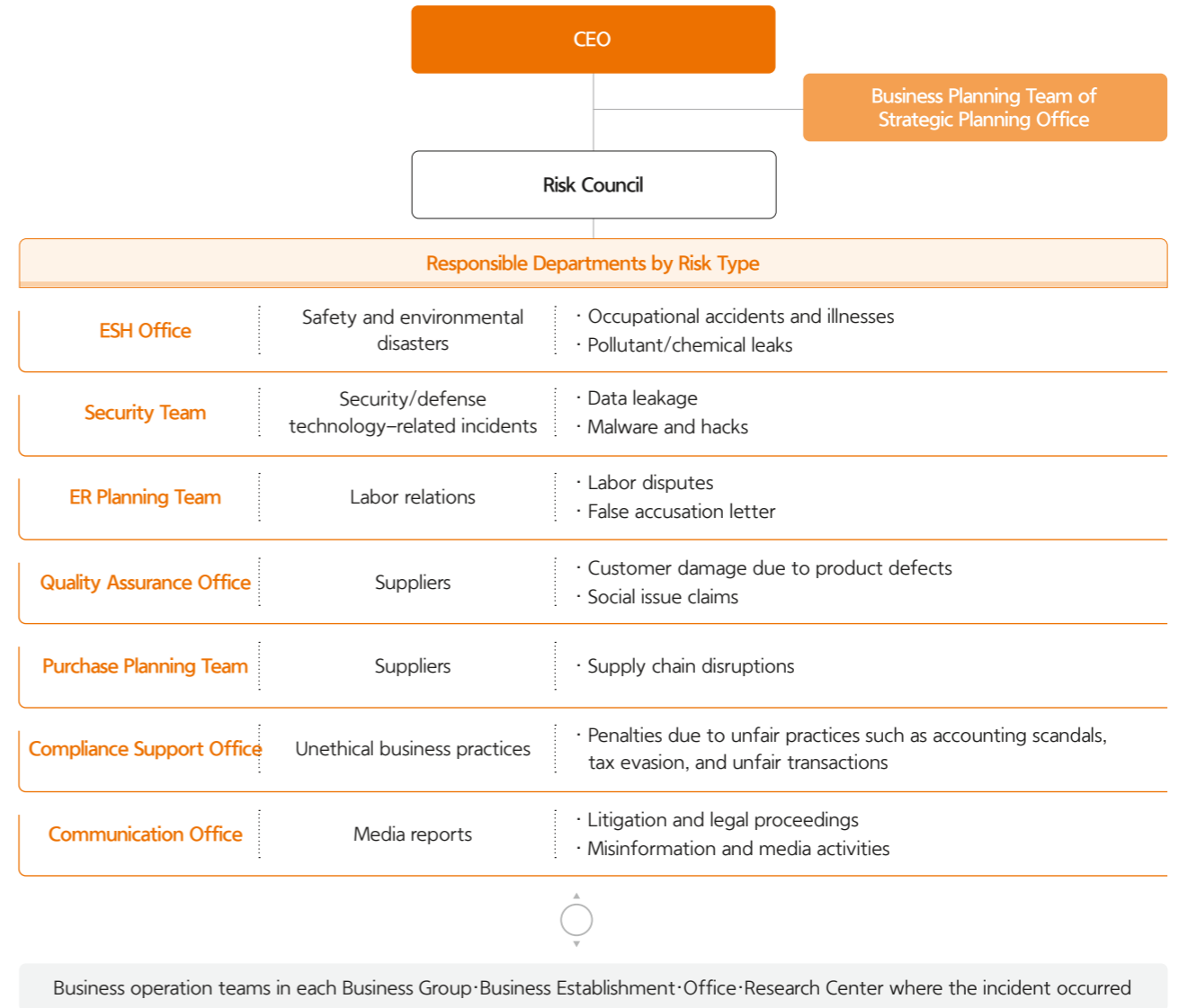
Risk Management Regulations

In May 2022, we established risk management regulations to enhance its integrated risk management system. These regulations cover various topics, including risk identification and assessment processes, response measures establishment, and operation of a risk council. Through this framework, the company systematically identifies potential risks across all business activities, proactively prevents them, and responds effectively.

• Risk Management Process



• Risk Management Organization Chart



Risk Management

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Financial Risk

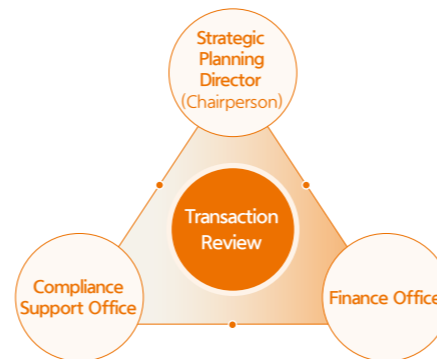
To effectively address various financial risks in our management operations, we implement a sophisticated monitoring system and a structured risk prevention approach. We conduct continuous risk inspections to manage key business risks, and through this process, we update the risks requiring management in real-time. High-risk areas are effectively addressed by our dedicated task force team as needed to respond swiftly and effectively. Moreover, we closely track potential risks, including non-performing loans, inventory management, legal disputes, claims, and liquidated damages, ensuring that current issues are addressed with weekly reporting and around-the-clock response teams in place. Through these systems, we meticulously manage all ongoing issues.

Internal Control System

To proactively address and effectively follow up on risks crucial to our management operations, we have established a risk management organization and response system. The Business Planning Team of the Strategic Planning Office, under the CEO's oversight, oversees risk management practices throughout the company, and each risk type is assigned to a department responsible for follow-up actions to implement timely and appropriate responses.

Internal Transaction Review Committee

Hanwha Aerospace operates a systematic review process to strictly ensure compliance with all laws governing internal transactions among domestic and international affiliates. In line with this, we reorganized the Internal Transactions Review Committee from the previous Internal Transaction Committee within the Board of Directors in 2022. Chaired by the head of the Strategic Planning Office, this committee involves the Strategic Planning Office, Finance Office, and the Compliance Office in discussions related to internal transactions. The Internal Transactions Review Committee operates based on preliminary reviews of the law for effective examination of transaction appropriateness, with additional reviews conducted if necessary based on updated review procedures between subsidiaries, including establishment of policies, contract management, and storage of review documents. This enables prompt and accurate reviews that meet regulatory standards.



Non-Financial Risk

Safety and Health



We regularly conduct workplace health and safety risk assessments to identify risks and determine risk ratings. Following these assessments, we develop appropriate preventative measures. In the event of a serious accident, we establish a separate task force team to proactively respond through precise risk diagnosis and audits.

Environment



In order to minimize the environmental impact caused by business activities, we conduct preliminary environmental impact assessments, identify risks, and thoroughly manage them through continuous monitoring, post-inspection, internal audits, and workplace compliance checks, and establish action plans to address any identified risks.

Labor Relations



We actively listen to our employees' opinions through various communication channels, such as town hall meetings, surveys, and grievance channels, to understand their needs and concerns. Issues requiring improvement are addressed through labor union and Labor-Management Committee meetings and, we take appropriate actions to establish an effective human resource management system.

Quality



Based on ISO 9001 (quality management systems), we manage the quality of a product throughout its entire lifecycle. We strive to enhance customer satisfaction by improving the quality of products and providing a robust response system to address quality risks that may occur.

Safety and Health Supply Chain



We conduct multifaceted evaluations, including regular assessments, ESG assessments, financial evaluations, and safety environment assessments, for our major supply chains and suppliers and provide various incentives based on the results. We also proactively mitigate potential risks by entering into fair trade agreements with subcontractors every year.

Security



As a defense industry company, Hanwha Aerospace recognizes the importance of information security and has established advanced information security systems. Measures such as integrated investigations of defense technology protection, separation of physical networks from business networks on the internet, and implementation of data leakage prevention solutions enable proactive responses to cybersecurity threats and protection of defense industry technologies and confidential information.

Compliance



We carry out internal compliance activities through the operation of compliance program to promote a culture of voluntary compliance among employees. We also aid autonomous compliance checks by each department and employees, and conduct regular and ad-hoc inspections to establish improvement plans for risk areas. Through these efforts, we are implementing systematic compliance management.

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Economic

Consolidated Financial Statement¹⁾

Category	2022	2023	2024
Assets			
Current assets	8,507,711	9,192,042	22,867,968
Cash and cash equivalents	3,069,830	1,806,359	2,967,733
Other current financial assets	121,047	92,828	353,822
Accounts and other current receivables	1,556,063	2,126,475	8,896,299
Inventories	2,163,034	2,868,572	6,290,309
Current derivative assets	13,030	1,855	6,446
Other current assets	1,540,364	2,251,352	4,308,999
Non-current assets or disposal groups classified as held for sale	44,343	44,601	44,360
Non-current assets	6,644,117	10,350,858	20,468,905
Other non-current financial assets	714,791	651,628	1,102,792
Long-term accounts and other non-current receivables	58,853	144,005	408,324
Non-current derivative assets	27,498	36,811	81,542
Other non-current assets	190,139	227,288	212,258
Tangible assets	3,018,017	3,410,332	8,319,912
Intangible assets	2,132,581	2,202,808	7,744,182
Investment assets in associates	88,160	3,203,778	963,857
Deferred tax assets	250,529	243,058	1,215,008
Right-of-use assets	163,549	231,150	421,029
Total assets	15,151,828	19,542,900	43,336,874
Liabilities			
Current liabilities	8,222,937	12,076,598	25,516,145
Purchased and other current liabilities	1,300,900	1,879,294	4,269,928
Current lease liabilities	44,478	70,981	81,315

1) Based on business report standards

(Unit: KRW million)

Category	2022	2023	2024
Current portion of long-term debts and bonds	1,735,250	2,538,080	6,117,727
Current derivative liabilities	19,445	3,497	361,959
Employee benefit liabilities	4,883	5,958	97,493
Unpaid corporate taxes	83,553	130,917	378,856
Other current liabilities	5,032,009	7,444,627	14,203,492
Other current financial liabilities	2,418	3,242	5,374
Liabilities held for sale	0	0	0
Non-current liabilities	3,010,581	2,782,077	6,456,412
Long-term purchased and other current liabilities	399,445	342,258	439,685
Non-current lease liabilities	133,676	159,929	329,386
Current portion of long-term debts and bonds	1,712,425	1,401,027	4,164,783
Non-current derivative liabilities	8,157	16,000	53,182
Employee benefit liabilities	606,254	668,424	851,476
Deferred tax liabilities	76,340	120,975	495,613
Other non-current liabilities	10,493	6,871	46,305
Other non-current financial liabilities	63,791	66,593	75,984
Total liabilities	11,233,518	14,858,675	31,972,557
Capital			
Controlling interest	2,857,351	3,528,358	4,995,125
Capital	265,650	265,650	240,406
Capital surplus	217,087	191,832	-510,432
Adjustment of capitals	-2,198	-2,198	-21,020
Accumulated other comprehensive income	362,234	445,656	539,651
Retained earnings	2,014,578	2,627,418	4,746,520
Non-controlling interests	1,060,959	1,155,867	6,369,192
Total capital	3,918,310	4,684,225	11,364,317
Total capital and liabilities	15,151,828	19,542,900	43,336,874

Economic

Economic Value Creation and Distribution of Stakeholders

Category	Unit	2022	2023	2024		
Creation of economic value						
Sales (consolidated)	KRW million	7,060,393	9,359,006	11,240,121		
Sales (Separate)	KRW million	1,956,745	4,978,993	7,935,102		
Pre-tax income (consolidated)	KRW million	195,395	1,214,769	2,647,403		
Net income	KRW million	146,554	976,918	2,539,873		
Distribution of economic value						
Employees	Salary	KRW million	1,134,672	1,809,834	1,928,116	
	Benefits	KRW million	146,257	233,246	248,513	
Shareholders and investors	Total dividends	KRW million	50,569	91,025	159,133	
	Interest expenses	KRW million	80,328	169,776	242,540	
Suppliers	By region	Foreign Purchases	KRW million	714,701	1,117,519	1,577,391
		Domestic Purchases	KRW million	1,385,908	2,929,560	3,701,538
Local Community	Donations ¹⁾	KRW million	1,610	7,622	14,333	
Government	Corporate tax expenses	KRW million	60,088	237,851	136,136	

1) Based on separate standard

Stock Ownership Status

Category	Unit	2022	2023	2024	
Shareholding ratio	Hanwha shareholding	%	33.95	33.95	33.95
	CEO shareholding	%	0.02	0.02	0.02
	National Pension Service shareholding ¹⁾	%	9.65	9.06	7.43
Total stocks	Total issues shares	share	50,630,000	50,630,000	45,581,161
	Circulating stocks	share	50,569,412	50,569,412	45,466,548

1) As of fiscal year-end (December 31, 2024)

Research and Development (R&D)

Category	Unit	2022	2023	2024	
R&D investment	R&D expenses	KRW thousand	586,701	814,168	887,856
	R&D expenses compared to sales ¹⁾	%	9	9.1	7.9
	R&D personnel	person	593	1,212	1,212

1) Based on business report, R&D cost calculation/current sales amount

Government Subsidies

Category	Unit	2022	2023	2024
Government subsidies	KRW million	5,647	11,552	12,561

Environmental

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Greenhouse Gas (GHG)¹⁾

Category	Unit	2022	2023	2024
Direct and indirect GHG emissions (Scope 1&2)^{2),3)}	tCO ₂ eq	40,210	102,318	114,383
Direct GHG emissions (Scope 1)	tCO ₂ eq	7,529	32,160	37,211
Indirect GHG Emissions (Scope 2)	tCO ₂ eq	32,681	70,158	77,179
Greenhouse gas intensity²⁾	tCO ₂ eq/ KRW100 million	2.05	2.05	1.44
Other indirect GHG emissions (Scope 3)³⁾	tCO ₂ eq	580,897	525,082	487,282
Category 1. Purchase goods and services	tCO ₂ eq	78,433	96,093	140,651
Category 2. Capital goods	tCO ₂ eq	67,977	41,717	31,565
Category 3. Fuel and energy-related activities	tCO ₂ eq	6,246	7,473	13,516
Category 4. Upstream transportation and distribution	tCO ₂ eq	3,843	624	1,291
Category 5. Waste generated in operations	tCO ₂ eq	949	1,496	2,074
Category 6. Business travel	tCO ₂ eq	3,945	8,700	10,546
Category 7. Employee commuting	tCO ₂ eq	3,787	4,120	4,289
Category 8. Upstream leased assets	tCO ₂ eq	0	0	0
Category 9. Downstream transportation and distribution	tCO ₂ eq	1,985	2,032	2,931
Category 10. Processing of sold products	tCO ₂ eq	0	0	0
Category 11. Use of sold products	tCO ₂ eq	378,957	238,153	80,246
Category 12. End-of-life treatment of sold products	tCO ₂ eq	149	102	120
Category 13. Downstream leased assets	tCO ₂ eq	3,225	3,737	7,151
Category 14. Franchises	tCO ₂ eq	0	0	0
Category 15. Investments	tCO ₂ eq	31,402	120,835	192,899

1) Errors in value may arise due to variations in decimal point summation.
 2) Scope 3 emissions measurement began in 2022, and it encompasses emissions from categories 1-15
 3) Based on sales on a consolidated basis for the current year

Category	Unit	2022	2023	2024
GHG reduction	tCO ₂ eq	1,215.8	574.8	1,208.7
Changwon Business Establishment 1	tCO ₂ eq	1,159.2	349.6	586.7
Changwon Business Establishment 2	tCO ₂ eq	-	168.3	78.3
Changwon Business Establishment 3	tCO ₂ eq	43.3	37.3	100
Asan Business Establishment	tCO ₂ eq	13.3	18.2	33.6
Daejeon Business Establishment	tCO ₂ eq	-	1.4	0.7
Yeosu Establishment	tCO ₂ eq	-	-	387.8
Boeun Establishment	tCO ₂ eq	-	-	21.7

Energy¹⁾

Category	Unit	2022	2023	2024	
Total energy consumption	TJ	819	2,011	2,246	
Non-renewable energy consumption	TJ	818	2,000	2,236	
Direct energy consumption	Fuel	TJ	133	549	635
Indirect energy consumption	Electricity	TJ	680	1,400	1,543
	Steam	TJ	5	51	58
Renewable energy consumption²⁾	TJ	0.6	11	10	
Energy intensity³⁾	TJ/KRW 100million	0.04	0.04	0.03	
Energy reduction	TJ	25.4	12	24.8	

1) Errors in value may arise due to variations in decimal point summation.
 2) Renewable energy consumption: Solar power generation performance
 3) Based on sales on a consolidated basis for the current year

Environmental

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Water and wastewater^{1),2)}

Category	Business Unit	Unit	2022	2023	2024	
Total water withdrawal	Total	m³	1,728,059	1,802,812	2,029,353	
	Changwon Business Establishment 1	Subtotal	m ³	222,173	230,274	245,618
		Tap Water	m ³	222,173	230,274	245,618
		Subtotal	m ³	35,471	41,267	42,328
	Changwon Business Establishment 2	Tap Water	m ³	19,041	20,432	19,991
		Groundwater	m ³	16,430	20,835	22,337
	Changwon Business Establishment 3	Subtotal	m ³	73,572	73,149	78,050
		Tap Water	m ³	73,572	73,149	78,050
	Asan Business Establishment	Subtotal	m ³	19,690	22,601	19,833
		Tap Water	m ³	19,690	22,601	19,833
	Daejeon Business Establishment	Subtotal	m ³	70,120	74,104	85,267
		Tap Water	m ³	70,120	74,104	85,267
	Daejeon R&D Campus	Subtotal	m ³	12,803	14,026	17,598
		Tap Water	m ³	12,803	14,026	17,598
	Pangyo R&D Campus	Subtotal	m ³	53,458	60,993	65,006
		Tap Water	m ³	53,458	60,993	65,006
	Boeun Business Establishment	Subtotal	m ³	416,613	432,068	584,848
		Groundwater	m ³	416,613	432,068	584,848
		Subtotal	m ³	824,159	854,330	890,805
	Yeosu Business Establishment	Tap Water	m ³	7,310	8,040	7,190
	Groundwater	m ³	47,552	73,458	78,052	
	Industrial water	m ³	769,297	772,832	805,563	
Water reuse	Total	m³	913	619	594	
	Changwon Business Establishment 3	Total	m ³	913	619	594
Water reuse rate	Total	%	0.05%	0.03%	0.03%	
Wastewater discharge³⁾	Total	m³	79,333	637,712	680,676	

1) Errors in value may arise due to variations in decimal point summation.

2) Major business sites including R&D and production

3) Correction of figures due to overlaps in the wastewater discharge volume from the Changwon Business Establishment 1

Air Pollutants¹⁾

Category	Unit	2022	2023	2024
Nitrogen oxides (NOx)	ton	1.14	13.89	21.43
Sulfur oxides (SOx)	ton	0.09	0.57	0.73
Particulate matter (PM)	ton	3.42	3.23	5.59

1) Errors in value may arise due to variations in decimal point summation.

Water pollutants¹⁾

Category	Unit	2022	2023	2024
Chemical oxygen demand (COD)	ton	-	--	
Total organic carbon (TOC)	ton	0.32	11.86	21.41
Biochemical oxygen demand (BOD)	ton	0.34	10.65	14.49
Suspended solids (SS)	ton	0.1	42.92	42.84

1) Errors in value may arise due to variations in decimal point summation.

Environmental

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Waste¹⁾

Category	Unit	2022	2023	2024
Total waste generation	ton	2,004	5,563	5,821
General waste generation	ton	1,332	3,129	3,451
Designated waste generation	ton	672	1,862	2,268
Construction waste generation	ton	0	573	101
Total waste disposal	ton	2,004	5,563	5,821
General waste disposal	ton	1,332	3,128	3,451
Subtotal	ton	1,332	3,128	3,451
Recycling	ton	1,249	2,223	2,787
By type				
Incineration	ton	6	436	419
Landfill	ton	77	295	199
Other	ton	0	174	46
Subtotal	ton	1,332	3,128	3,451
By method				
Internal	ton	0	73	86
Third party	ton	1,332	3,055	3,365
Designated waste disposal	ton	672	1,862	2,268
Subtotal	ton	672	1,862	2,268
Recycling	ton	481	1,613	1,932
By type				
Incineration	ton	107	165	240
Landfill	ton	41	16	24
Other	ton	43	67	72
Subtotal	ton	672	1,862	2,268
By method				
Internal	ton	0	0	0
Third party	ton	672	1,862	2,268

Category	Unit	2022	2023	2024
Construction waste disposal	ton	0	573	101
Subtotal	ton	0	573	101
Recycling	ton	0	0	0
By type				
Incineration	ton	0	0	0
Landfill	ton	0	0	0
Other	ton	0	573	101
Subtotal	ton	0	573	101
By method				
Internal	ton	0	0	0
Third party	ton	0	573	101
Total waste recycling	ton	1,730	3,837	4,719
General waste recycling	ton	1,249	2,223	2,787
By method				
Internal	ton	0	0	0
Third party	ton	1,249	2,223	2,787
Designated waste recycling	ton	481	1,613	1,932
By method				
Internal	ton	0	0	0
Third party	ton	481	1,613	1,932
Construction waste recycling	ton	0	0	0
By method				
Internal	ton	0	0	0
Third party	ton	0	0	0
Total waste recycling rate	%	86.3	69	81

1) Errors in value may arise due to variations in decimal point summation.

Environmental

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Hazardous Chemicals¹⁾

Category	Unit	2022	2023	2024
Hazardous chemicals use	ton	42.7	16,003.3	19,742.5
Chemical emissions	ton	0	0.9	3.2

Green Management¹⁾

Category	Unit	2022	2023	2024
Green procurement	KRW million	224	166	331
Green management expenditure and investments	KRW million	3,692	8,314	6,503
Environmental costs	KRW million	2,212	4,817	5,384
Environmental investments	KRW million	1,480	3,497	1,119

1) Errors in value may arise due to variations in decimal point summation.

Environmental Compliance

Category	Unit	2022	2023	2024
Violations of environmental laws and regulations	case	0	0	0
Monetary penalties (fines) incurred	case	0	0	0
Non-monetary penalties incurred	case	0	0	0
Fines for violations of environmental laws	KRW million	0	0	0
Fines for violations in the reporting year	KRW million	0	0	0
Fines for violations in the previous year	KRW million	0	0	0

Social

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Employee Status¹⁾

Category	Unit	2022	2023	2024	
Total number of employees	person	3,678	6,823	7,666	
Number of registered executives	person	7	7	7	
Number of employees ²⁾	person	3,671	6,816	7,659	
By gender	Male	3,417	6,298	7,019	
	Female	254	518	640	
By region	Domestic_metropolitan area	771	1,126	1,518	
	Domestic_non-metropolitan area	2,877	5,634	6,071	
	Overseas	23	56	70	
By employment type	Subtotal	3,506	6,368	6,895	
	By gender	Male	3,273(93.4)	5,884(92.4)	6,306(91.5)
		Female	233(6.6)	484(7.6)	589(8.5)
	Full-time	Under 30 years old	247(7.0)	537(8.4)	745(10.8)
		30-50 years old	2,053(58.6)	4,336(68.1)	4,466(64.8)
		Over 50 years old	1,206(34.4)	1,495(23.5)	1,684(24.4)
	By region	Domestic metropolitan area	723	1,054	1,398
		Domestic_non-metropolitan area	2,783	5,258	5,428
		Overseas	23	56	69
	Subtotal	165	448	764	
By gender	Male	144(87.3)	414(92.4)	713(93.3)	
	Female	21(12.7)	34(7.6)	51(6.7)	
Contingent	Under 30 years old	30(18.2)	194(43.4)	463(60.6)	
	30-50 years old	63(38.2)	89(19.9)	139(18.2)	
	Over 50 years old	72(43.6)	165(36.8)	162(21.2)	
	Domestic metropolitan area	60	72	120	
By region	Domestic_non-metropolitan area	105	376	643	
	Overseas	0	0	1	

1) Errors in value may arise due to variations in decimal point summation.

2) Excludes registered executives

Category	Unit	2022	2023	2024		
Executives	Subtotal	person	75	102	111	
	By gender	Male	person(%)	74(98.7)	99(97.1)	108(97.3)
		Female	person(%)	1(1.3)	3(2.9)	3(2.7)
	By age	Under 30 years old	person(%)	0(0.0)	0(0.0)	0(0.0)
		30-50 years old	person(%)	21(28.0)	37(36.3)	35(31.5)
		Over 50 years old	person(%)	54(72.0)	65(63.7)	76(68.5)
Managerial positions	Subtotal	person	1,722	2,500	2,768	
	By gender	Male	person(%)	1,626(94.4)	2,334(93.4)	2,569(92.8)
		Female	person(%)	96(5.6)	166(6.6)	199(7.2)
	By age	Under 30 years old	person(%)	5(0.3)	0(0.0)	2(0.1)
		30-50 years old	person(%)	1,108(64.3)	1,842(73.7)	2,039(73.7)
		Over 50 years old	person(%)	609(35.4)	658(26.3)	727(26.3)
Middle Management positions	Subtotal	person	312	520	542	
	By gender	Male	person(%)	249(79.8)	423(81.3)	432(79.7)
		Female	person(%)	63(20.2)	97(18.7)	110(20.3)
	By age	Under 30 years old	person(%)	27(8.7)	27(5.2)	31(5.7)
		30-50 years old	person(%)	282(90.4)	490(94.2)	508(93.7)
		Over 50 years old	person(%)	3(1.0)	3(0.6)	3(0.6)
Non-managerial positions	Subtotal	person	1,562	3,694	4,238	
	By gender	Male	person(%)	1,468(94.0)	3,442(93.2)	3,910(92.3)
		Female	person(%)	94(6.0)	252(6.8)	328(7.7)
	By age	Under 30 years old	person(%)	245(15.7)	704(19.1)	1,175(27.7)
		30-50 years old	person(%)	705(45.1)	2,056(55.7)	2,023(47.7)
		Over 50 years old	person(%)	612(39.2)	934(25.3)	1,040(24.5)
Non-affiliated workers	person	12	167	181		
Dispatched workers	person	12	33	42		
Contract workers	person	0	134	139		
Independent contractors	person	0	0	0		

Social

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Recruitment and Retention¹⁾

Category	Unit	2022	2023	2024	
New hires	person	227	708	1,093	
By employment type	Full-time	200(88.1)	435(61.4)	339(31.0)	
	Contingent	27(11.9)	273(38.6)	754(69.0)	
By gender	Male	195(89.5)	631(89.1)	964(88.2)	
	Female	32(14.1)	77(10.9)	129(11.8)	
By age	Under 30 years old	105(46.3)	383(54.1)	645(59.0)	
	30-50 years old	114(50.2)	246(34.7)	396(36.2)	
	Over 50 years old	8(3.5)	79(11.2)	52(4.8)	
By region	Domestic	227(100.0)	708(100.0)	1,089(99.6)	
	Overseas	0(0.0)	0(0.0)	4(0.4)	
Average years of retention					
By employment type	Full-time	year	18.8	15.7	14.8
	Contingent	year	9.7	4.7	2.4
By gender	Male	year	18.9	15.3	13.9
	Female	year	11.5	10.4	9.2

1) Errors in value may arise due to variations in decimal point summation.

Turnover and Retirement

Category	Unit	2022	2023	2024	
Total turnover and retirement¹⁾	person	109	174	310	
Voluntary turnover	person	59	123	199	
Recommended resignation	person	2	4	2	
Turnover (voluntary retirement)	person	57	119	197	
Non-voluntary turnover	person	50	51	111	
Retirement	person	50	51	102	
Recommended resignation (dismissal, disciplinary action, etc.)	person	0	0	9	
By gender	Male	person	101	161	291
	Female	person	8	13	19
By age	Under 30 years old	person	10	48	73
	30-50 years old	person	41	68	120
	Over 50 years old	person	58	58	117
Turnover rate	%	3.0	2.6	4.0	
Voluntary turnover rate	%	1.6	1.8	2.6	
Non-voluntary turnover rate	%	1.4	0.7	1.4	
By gender	Male	%	3.1	2.7	4.6
	Female	%	3.4	2.7	3.2
By age	Under 30 years old	%	4.0	8.9	9.8
	30-50 years old	%	2.0	1.6	2.7
	Over 50 years old	%	4.8	3.9	6.9

1) Based on full-time employees

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Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

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Employee Diversity

Category	Unit	2022	2023	2024
Total number of female executives and employees	person	254	518	640
Number of female executives	person	1	3	3
Number of female managers	person	96	166	199
Percentage of female managers (manager level and above)	%	5.4	6.5	7.0
Number of employees with disabilities ¹⁾	person	77	131	153
Employment rate of persons with disabilities	%	2.1	1.9	2.0
Number of national veterans staff	person	96	259	203
Employment rate of national veterans	%	2.6	3.8	2.7
Average base salary for men	KRW million	77	72	75
Average base salary for women	KRW million	64	63	67
Average base salary for women compared to men	%	82.7	88.3	89.3

1) Based on the reporting standards of Korea Employment Agency for Persons with Disabilities (KEAD)

Non-Discrimination

Category	Unit	2022	2023	2024
Number of discrimination cases ¹⁾	case	0	0	0
Ongoing investigation of discrimination cases	case	0	0	0
Number of actions taken/mitigation plans completed for discrimination cases	case	0	0	0
Completed discrimination cases	case	0	0	0

1) Number of discrimination cases involving age, gender, disability, religion, or political opinion among both internal

Employee Training

Category	Unit	2022	2023	2024
Training costs	KRW million	2,443	2,788	5,717
Training hours	hour	60,578	91,781	160,982
Number of participants	person	3,670	6,017	6,418
Training hours per employee	hours/person	16.5	15.3	23.2
Male	hours/person	16.3	14.6	21.6
Female	hours/person	19.1	22	41.2

Performance Evaluation

Category	Unit	2022	2023	2024
Number of employees subject to performance evaluation	person	3,419	5,851	6,586
Number of employees who have undergone regular performance evaluation	person	3,419	5,851	6,586
Percentage of employees who have undergone regular performance evaluation	%	100	100	100

Social

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

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Parental Leave

Category	Unit	2022	2023	2024
Employees who used parental leave	person	50	61	93
Male	person	28	42	54
Female	person	22	19	39
Employees who returned from parental leave	person	49	61	60
Male	person	27	35	40
Female	person	22	26	20
Employees who plan to return from parental leave	person	49	59	60
Male	person	27	33	40
Female	person	22	26	20
Employees with over 1 year of service since returning from parental leave	person	11	59	73
Male	person	5	31	44
Female	person	6	28	29

Retirement Benefits

Category	Unit	2022	2023	2024
Present value of defined benefit obligation	KRW million	690,027	918,876	1,790,274
Fair value of plan assets	KRW million	-174,934	-313,882	-1,097,948

Occupational Health and Safety Management System ¹⁾

Category	Unit	2022	2023	2024
Number of workers with health and safety certification	person	2,888	4,567	4,846
Percentage of workers with health and safety certification	%	79	67	63

1) Based on certification standards related to health and safety, such as ISO45001 and K-OSHA

Occupational Accident

Category	Unit	2022	2023	2024
Employees				
Number of occupational accidents	case	1	10	11
Occupational accident rate	%	0.02	0.15	0.14
Lost Time Incident Rate (LTIR) ^{1),2)}	cases/1 million manhours	0.09	0.76	0.68
Lost Time Injury (LTI)	person	1	11	11
Recordable Incidents (RI) ³⁾	case	1	11	11
Non-affiliated workers				
Number of serious accidents	case	0	0	0
Number of occupational accidents	case	0	3	3
Occupational accident rate	%	0	0.12	0.11
Number of fatal accidents	case	0	0	0
Mortality rate	%	0	0	0
Lost Time Incident Rate (LTIR) ^{1),2)}	cases/1 million manhours	0	0.57	0.53
Lost Time Injury (LTI)	case	0	3	3
Recordable Incidents (RI) ³⁾	case	0	3	3

1) Calculation based on the number of submissions of occupational accident surveys

2) Lost Time Incident Rate (LTIR) = (number of lost time injuries / total working hours) * 1,000,0003)

3) It aligns with the LTI data, as it includes the number of individuals who have submitted an occupational accident survey

Customer Satisfaction

Category	Unit	2022	2023	2024
Customer satisfaction survey results ¹⁾	score	91.8	92.1 ²⁾	93.8

1) Based on the Aviation Division

2) Correction of figures due to changes in statistical analysis methodology

Social

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Supplier Status

Category	Unit	2022	2023	2024	
Total number of suppliers	number	1,626	1,801	967	
Total purchase amount of suppliers	KRW million	2,100,608	4,047,079	5,262,068	
Domestic	Purchase amount from local suppliers	KRW million	1,385,908	2,929,560	3,684,677
	Percentage of purchases from local suppliers	%	66	72	70
Overseas	Purchase amount from local suppliers	KRW million	714,701	1,117,519	1,577,391
	Percentage of purchases from local suppliers	%	34	28	30

Supplier ESG Assessment

Category	Unit	2022 ¹⁾	2023	2024
Number of domestic suppliers	number	400	683	607
Participation rate of ESG Assessment ²⁾	%	16	11	32
Number of suppliers participated in ESG assessment	number	64	77	196
Percentage of suppliers that agreed to improvement measures	%	0	0	0
Percentage of supplier contract terminations due to negative impact	%	0	0	0
Percentage of new suppliers who have undergone ESG due diligence	%	0	100	0 ³⁾

1) ESG evaluation performance of partners conducted by Hanwha Defense before the merger

2) Ratio compared to all suppliers

3) Conducted for existing partners

Information Security

Category	Unit	2022	2023	2024
Number of cyber security incidents	case	0	0	0
Number of customer information leakage	case	0	0	0
Numbers of customer information used for secondary purposes	case	0	0	0

Shared Growth

Category	Unit	2022	2023	2024
Shared growth index ¹⁾	Rating	Excellent	Excellent	Excellent
Assessment of implementation of the Fair Trade Agreement	Rating	Best	Best	Excellent
Support (benefit) amount for Shared Growth with Suppliers	KRW 100 million	350	601	608

1) Based on the evaluation criteria of Korea Commission for Corporate Partnership

Corporate Social Responsibility (CSR)

Category	Unit	2022	2023	2024
CSR expenditure	KRW million	674	785	2,050
Total donations¹⁾	KRW million	1,610	7,610	14,333
Company donations	KRW million	1,296	7,210	13,817
Employee donations	KRW million	314	400	517
Number of participating employees	person	2,547	2,944	2,397
Employee participation rate	%	69	62	31
Total volunteer hours of employees	hour	9,338	7,161	8,130
Volunteer hours per employee	hours/person	3.7	2.4	3.4
Military support funds	KRW million	173	63	533

1) Based on separate standard

Governance

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Board of Directors

Category	Unit	2022	2023	2024	
Board composition					
Inside directors	person	2	3	3	
Outside directors	person	4	4	4	
Non-executive directors	person	1	0	0	
Board diversity					
Female directors	Number of directors	person	2	1	1
	Percentage of directors	%	29	14	14
By age	Under 30 years old	person	0	0	0
	30-50 years old	person	2	2	1
	Over 50 years old	person	5	5	6
Board operations					
Number of board meetings held		number	13	13	19
Average attendance rate ¹⁾		%	98	97	96
Board agenda	Resolution	case	57	54	75
	Reported	case	8	9	25

1) Σ (total number of directors attended / total number of directors) / number of board meetings held

Directors' Remuneration¹⁾

Category	Unit	2022	2023	2024
CEO compensation	KRW million	1,339	3,058	3,058
Average annual salary per employee	KRW million	102	91	118
Compensation ratio ²⁾	%	1,313	3,360	2,592

1) It was written based on business reports, and data from previous years vary as past calculation standards cannot be confirmed due to the integration of the three companies' systems

2) The ratio of maximum remuneration to average employee salary

Legal and Regulatory Compliance

Category	Unit	2022	2023	2024	
Number of violations of laws and regulations	case	0	0	0	
Number of monetary sanctions	case	0	0	0	
Number of non-monetary sanctions	case	0	0	0	
Penalties imposed for violations of laws and regulations	KRW million	0	0	0	
Amounts incurred in the current reporting period	KRW million	0	0	0	
Amounts incurred in the previous reporting period	KRW million	0	0	0	
Number of anti-corruption violations ¹⁾	case	0	29	24	
Non-monetary sanctions(employees)	Disciplinary action	case	6	29	24
	Dismissal	case	0	0	0
Non-monetary sanctions(suppliers)	Contract termination/renewal failure	case	0	0	0
Amount of fines imposed for anti-corruption violations	KRW million	0	0	0	
Number of fair trade and anti-competition violations ²⁾	case	0	0	0	
Number of litigations	case	0	0	0	
Number of litigation closures	case	0	0	0	

1) Violations related to bribery, provision of express fees, corruption, extortion, collusion, and money laundering

2) Violations related to insider trading, subcontracting, franchising, and agency transactions due to fair competition

Governance

Following the merger with Hanwha Defense in November 2022 and the integration of Hanwha Munition in April 2023, Hanwha Aerospace's performance includes data from Hanwha Defense for 2022 and Hanwha Munition for 2023.

Ethics and Compliance Training

Category	Unit	2022	2023	2024
Executives compliance training				
Number of executives who completed training	person	52	54	65
Percentage of executives who have completed training	%	65	50	55
Compliance training for all employees				
Training hours	hour	2,515	3,795	4,190
Number of participants	person	2,515	3,795	4,190
Percentage of employees who completed training	%	68.5	55.6	59.2
Sexual harassment and workplace bullying prevention training				
Training hours	hour	3,674	6,621	7,459
Number of participants	person	3,674	6,621	7,459
Improving awareness of disabilities training				
Training hours	hour	3,674	6,621	7,459
Number of participants	person	3,674	6,621	7,459
Personal information protection training				
Training hours	hour	1,434	326	378
Number of participants	person	1,434	326	302
Fair trade training				
Training hours	hour	1,834	3,217	2,288
Number of participants	person	1,405	1,496	1,146
Specialized in-depth training				
Training hours	hour	3,763	3,300	6,006
Number of participants	person	3,763	5,146	8,261

Communication Regarding Anti-Corruption Policies

Category	Unit	2022	2023	2024
Compliance pledge¹⁾				
Number of pledged employees	person	2,096	3,158	3,457
Pledge compliance rate among eligible employees	%	99.7	98.8	99.5
Number of pledged suppliers	number	287	1,172	607
Pledge compliance rate among eligible suppliers	%	51	100	100

1) Includes compliance with various obligations, such as fair trade, anti-corruption, trade secret protection, subcontracting, and mutually beneficial cooperation

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UN SDGs Goals	Detailed Goals	Hanwha Aerospace Key Activities
<p>End poverty in all its forms everywhere</p> 	<p>1.3 Implement nationally appropriate social protection systems and measures for all, including floors, and by 2030 achieve substantial coverage of the poor and the vulnerable</p> <p>1.5 By 2030, build the resilience of the poor and those in vulnerable situations and reduce their exposure and vulnerability to climate-related extreme events and other economic, social and environmental shocks and disasters</p>	<ul style="list-style-type: none"> • Every month, we manufacture and deliver handcars of love to the elderly who collect waste paper in the community, and we provide lightweight handcart manufacturing technology to local governments across the nation. • We support sales of self-reliance projects for the disabled (beverage and bread production) through coffee truck volunteer activities. • We implement housing environment improvement projects for national veterans and vulnerable groups in local communities.
<p>End hunger, achieve food security and improved nutrition, and promote sustainable agriculture.</p> 	<p>2.1 By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round</p>	<ul style="list-style-type: none"> • Every year, we deliver kimchi and groceries to underprivileged families, social welfare facilities, and children's centers in the local community.
<p>Ensure healthy lives and promote well-being for all at all ages.</p> 	<p>3.8 Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all</p>	<ul style="list-style-type: none"> • We provide employees and their families with health checkups, personal health insurance, and family medical coverage • We obtain material safety data sheets (MSDS) for workplace hazards and provide them to employees. We also conduct special health checkups for workers exposed to specific harmful factors. • We operate expert-led exercise programs, including in-house physical therapists, exercise prescribers, and exercise instructors tailored to each workplace's characteristics. Additionally, we offer various mental health programs, such as professional psychological counseling for employees.
<p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> 	<p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations</p> <p>4.7 Sustainable development and lifestyles, human rights, gender equality, peace and non-violence by 2030 Ensure that all learners acquire the knowledge and skills to promote sustainable development through education that contributes to cultural diffusion, global citizenship, and respect for cultural diversity.</p>	<ul style="list-style-type: none"> • Aerospace Science Class: We foster future talent in the aircraft industry by providing education and career exploration opportunities for youth, including RC airplane building, workplace tours, and employee mentoring in aviation. • Hanwha Safety Protector: We conduct safety awareness training once a month to improve safety awareness for local children and teenagers. • Hanwha Flame Messenger: We support students' career exploration through lectures and talk sessions with renowned speakers. • Jeju Camp for Disabled Youths: We provide opportunities for youth with developmental disabilities through Jeju Camp and volunteering, promoting independence and improving interpersonal skills and social adaptability.
<p>Achieve gender equality and empower all women and girls</p> 	<p>5.1 End all forms of discrimination against all women and girls everywhere</p>	<ul style="list-style-type: none"> • We offer flexible working hours that enable employees to set their own schedules and foster a breastfeeding-friendly environment by providing maternity-friendly spaces in the workplace. • We offer Mom's Package to support work-family balance • We provide parental leave, infertility leave, dad's leave, and family care leave to foster an environment where all employees equally participate in childcare and family care
<p>Ensure availability and sustainable management of water and sanitation for all</p> 	<p>6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally</p>	<ul style="list-style-type: none"> • Yeosu Business Establishment achieved Silver grade in ZWTL certification with a 91% recycling rate, demonstrating excellence in waste management. • We are investing in the construction of a wastewater recycling facility; maintaining major pollutant discharge concentrations below 50% of legal limits. • Additional updates are possible after receiving data from Environmental Planning Team in May.

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UN SDGs Goals	Detailed Goals	Hanwha Aerospace Key Activities
Promote inclusive and sustainable economic growth, full and productive employment, and decent work for all 	8.2 Achieve higher economic productivity through diversification, technological upgrading, and innovation focusing on high value-added and labor-intensive sectors 8.3 Promote development-oriented policies supporting productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including expanding access to financial services	<ul style="list-style-type: none"> • Quality support: Secured a stringent quality management process by obtaining ISO 9001 Quality Management System and Defense Quality Management System (DQMS) certifications at all our business establishments. • Manufacturing competitiveness Support: Aero Systems Business Group has obtained aerospace quality management systems certification (AS 9100), aviation maintenance certification (AS 9110), NADCAP certification for special processes, and ISO 17025. • Management support: Direct/indirect management support including ESG and management consulting, reduction of suppliers manufacturing burdens such as high-difficulty technical work loss costs (KRW 1.17 billion for 98 companies in 2024) • Financial support: Supplier fund support via Shared Growth Fund operation, early holiday payments and tool purchase agency (KRW 145.4 billion in 2024) • Education support: Basic training on suppliers industrial health and safety (638 companies in 2024) • Job support: Ministry of Employment-Gyeongsangnam-do dual structure support project, job creation Shared Growth Fund (589 persons in 2024) • Technical support: Supports costs for technical data bailment contracts to prevent technology leakage (28 cases)
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation 	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities	<ul style="list-style-type: none"> • Promote expansion of business in the domestic and international eco-friendly ship field based on stable technology of Energy Storage System (ESS) and performance of small and medium-sized ships such as government ships. • To become a leading company in future mobility technology, we plan to proactively acquire differentiated ESS core technologies for potential use in Urban Air Mobility (UAM) and expand into the electric propulsion system business. • Starting hydrogen fuel cell development for ships from 2024 aiming to provide eco-friendly ship solutions • Completed pilot product development of hydrogen fuel cells for eco-friendly ships in 2024; undergoing classification certification and durability testing; targeting type approval from KR for ship by end of 2025 and domestic ship hydrogen fuel cell business launch in 2026
Ensure sustainable consumption and production patterns 	12.3 By 2030, achieve the sustainable management and efficient use of natural resources	<ul style="list-style-type: none"> • Prohibition of conflict minerals use: In accordance with the Detailed Enforcement Decree of the Conflict Minerals Regulation and the EU's Conflict Minerals Regulations, the use and purchase of four major minerals (tin, tantalum, tungsten and gold) mined in the relevant conflict areas is prohibited.
Urgent response to climate change and its impacts 	13.2 Integrate climate change measures into national policies, strategies, and planning 13.3 Improve education, awareness-raising, human and institutional capacity on climate change mitigation, adaptation, impact reduction, and early warning	<ul style="list-style-type: none"> • We have established carbon neutrality scenarios to achieve our goal of carbon neutrality by 2050 and are actively reducing greenhouse gas emissions. • We utilize internal risk analysis tools to identify and manage climate-related crises. • We are running 'Eco mileage program' where employees can voluntarily participate in carbon reduction and environmental activities, expanding the 'Green Plus Program' company-wide from 2024 (Changwon Business Establishment 3 awarded Changwon City's 'Corporate Environmental Excellence' prize)
Promote peaceful and inclusive societies for sustainable development, ensure justice for all, build effective, accountable, inclusive institutions at all levels 	16.5 Substantially reduce corruption and bribery in all forms 16.6 Develop effective, accountable and transparent institutions at all levels	<ul style="list-style-type: none"> • Compliance certification: First domestic defense company to simultaneously obtain ISO 37001 (Compliance management) & ISO 37001 (Anti-corruption management), expanding and renewing certification standards to Yeosu, Boeun, and Daejeon Business Establishment added thorough merger in 2024 • External certification: Compliance Program (CP) of the Korea Fair Competitions Federation's grade evaluation: AA (Excellent) obtained • Embedding compliance spirit among employees: Annual compliance pledge conducted (3,457 employees in 2024) • Annual effectiveness assessment of ethics and compliance management system, reported to CEO and Board of Directors

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Key Stakeholders	Key Interests	Key Communication Channels
Customers 	<ul style="list-style-type: none"> · Product and service quality innovation · After-sales services · Latest technology and trends · Safe use of the product · Data security 	<ul style="list-style-type: none"> · In-person customer meetings, user training, and technical support (frequently) · Customer satisfaction survey (yearly) · Customer complaint submission, contact center, VOC channel (24/7) · Customer technical information exchange event and quality evaluation meeting (frequently) · Hanwha Aerospace website, newsroom, and social media channels (24/7)
Employees 	<ul style="list-style-type: none"> · Employment and working environment management · Education and career development · Diversity and inclusion · Work-life balance · Fair performance evaluation · Respect for human rights · Understanding labor relations 	<ul style="list-style-type: none"> · Labor-management councils (32 times in total) · Innovation bulletin board (24/7) · Internal intranet (24/7) · Culture Camp activities centered on culture leaders (CL) and change agents (CA) of each department (frequently) · Grievances reporting channels for injustice and compliance (24/7)
Local Community 	<ul style="list-style-type: none"> · Boosting the local economy · Environmental preservation · The impact of the company on society and the environment · Implementation of corporate social responsibility (CSR) activities 	<ul style="list-style-type: none"> · Media Day and press release (24/7) · NGOs and related organizations, employee volunteer groups (frequent) · Hanwha Aerospace website and social media channels (24/7)
Shareholders and Investors 	<ul style="list-style-type: none"> · Economic and financial performance · Investment strategy · Financial and non-financial risk management · Sharing management information · Ensuring sound governance 	<ul style="list-style-type: none"> · General meeting of shareholders (yearly) · Electronic disclosure (regular, quarterly/semi-annually) · Regular and occasional IR meetings (frequently) · NDR (1-2 times a month) · Conferences organized by brokerage firms (quarterly)
Partners 	<ul style="list-style-type: none"> · Establishing fair and honest business relationships · Sustainable shared growth programs · Productivity and technological competitiveness of suppliers · Supply chain ESG management 	<ul style="list-style-type: none"> · Mutually-beneficial Cooperation Council departmental meetings and regular general meetings · Subcontracting Review Committee (monthly) · On/Off-line VOC channel for suppliers (24/7)
Government and Academia 	<ul style="list-style-type: none"> · Create indirect economic value · Participation in compliance management and policy · Paying taxes · Transparent disclosure of information Achieving carbon neutrality 	<ul style="list-style-type: none"> · Policy meetings (frequently) · Government collaboration programs (frequently) · Academic and association activities (frequently)

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① Hanwha Aerospace, a listed company, reports sustainability-related information for the reporting period in accordance with the GRI Standards 2021 reporting principles.
 ② The report was prepared using GRI 1: Foundation 2021, and the Aerospace and Defense sector standard was not applied as it has not yet been published.

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GRI 306 Waste 2020		
306-3	Waste generated	92
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GRI 401 Employment 2016		
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401-2	Benefits provided to full-time employees that are not provided to temporary or parttime employees	50, 97
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GRI 402 Labor/Management Relations 2016		
402-1	Minimum notice periods regarding operational changes	51
GRI 403 Occupational Health and Safety 2016		
403-1	Occupational health and safety management system	37
403-2	Hazard identification, risk assessment, and incident investigation	40-42
403-3	Occupational health services	38-39
403-4	Worker participation, consultation, and communication on occupational health and safety	39
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403-6	Promotion of worker health	37, 40-42
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GRI 404 Training and Education 2016		
404-1	Average hours of training per year per employee	96
404-2	Programs for upgrading employee skills and transition assistance programs	49
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GRI 405 Diversity and Equal Opportunity 2016		
405-1	Diversity of governance bodies and employees	96, 100
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GRI 406 Non-discrimination 2016		
406-1	Incidents of discrimination and corrective actions taken	96
GRI 407 Freedom of Association and Collective Bargaining 2016		
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	N/A
GRI 408 Child Labor 2016		
408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
GRI 409 Forced or Compulsory Labor 2016		
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
GRI 410 Security Practices 2016		
410-1	Security personnel trained in human rights policies or procedures	N/A
GRI 411 Rights of Indigenous Peoples 2016		
411-1	Incidents of violations involving rights of indigenous peoples	N/A
GRI 413 Local Communities 2016		
413-1	Operations with local community engagement, impact assessments, and development programs	65-69
413-2	Operations with significant actual and potential negative impacts on local communities	N/A
GRI 415 Public Policy 2016		
415-1	Political contributions	N/A
GRI 416 Customer Health and Safety 2016		
416-1	Assessment of the health and safety impacts of product and service categories	34-35
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	109
GRI 417 Marketing and Labeling 2016		
417-1	Requirements for product and service information and labeling	47
417-2	Incidents of non-compliance concerning product and service information and labeling	100
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GRI 418 Customer Privacy 2016		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	99

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Resource Transformation (Aerospace & Defense)

Topic	Code	Item	Unit	2022	2023	2024
Energy Management	RT-AE-130a.1	(1) Total energy consumed	GJ	818,682	2,011,034	2,246,043
		(2) Percentage grid electricity	%	83	70	69
		(3) Percentage renewable	%	0.07	0.53	0.44
Hazardous Waste Management	RT-AE-150a.1	Amount of hazardous waste generated	Ton	672	1,862	2,268
	RT-AE-150a.2	Percentage recycled	%	72	69	81
Data Security	RT-AE-230a.1	Number and aggregate quantity of reportable spills and quantity recovered	case,, kg	0	0	0
		(1) Number of data breaches	case,	0	0	0
	RT-AE-230a.2	(2) Percentage involving confidential information	%	0	0	0
		(1) Description of approach to identifying and addressing data security risks in entity operations	-			pp.67-68,82-83
		(2) Description of approach to identifying and addressing data security risks in products	-			pp.67-68,82-83
Product Safety	RT-AE-250a.1	Number of recalls issued and total units recalled	case, number	0	0	0
	RT-AE-250a.2	Number of counterfeit parts detected and percentage avoided	case, %	0	0	0
	RT-AE-250a.3	Number of Airworthiness Directives received and total units affected	case, number	N/A	N/A	N/A
	RT-AE-250a.4	Total amount of monetary losses as a result of legal proceedings associated with product safety	KRW	N/A	N/A	N/A
Fuel Economy & Emissions in Use-phase	RT-AE-410a.1	Revenue from alternative energy-related products	KRW	Undisclosed	Undisclosed	Undisclosed
	RT-AE-410a.2	Description of approach and discussion of strategy to address fuel economy and greenhouse gas (GHG) emissions of products	-			pp.35-36
Materials Sourcing	RT-AE-440a.1	Description of the management of risks associated with the use of critical materials	-			pp.56
Business Ethics	RT-AE-510a.1	Total amount of monetary losses as a result of legal proceedings associated with incidents of corruption, bribery, and/or illicit international trade	KRW million	0	0	0
	RT-AE-510a.2	Revenue from countries ranked in the "E" or "F" Band of Transparency International' s Government Defense Anti-Corruption Index	KRW	Classified	Classified	Classified
	RT-AE-510a.3	Discussion of processes to manage business ethics risks throughout the value chain	-			pp.76-81
Activity Metrics	RT-AE-000.A	Production by reportable segment	number	Classified	Classified	Classified
	RT-AE-000.B	Number of employees	person	3,671	6,816	7,659

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Korea Defense Industry Association	Maekyung Diamond Club	Korea Chamber of Commerce and Industry (Seoul)
Korea Aerospace Industries Association	The Asia Business Daily Asia First Club	Korea Chamber of Commerce and Industry (Seongnam)
Korea Association for Space Technology Promotion	Financial News IR Club	Transparency International Korea
Korea Industrial Technology Association	Herald Corporation IR Club	Korea Productivity Center
The Korean Society for Aeronautical and Space Sciences	Seoul Economic Daily IR Club	Seoul Regional Defense Security Council
The Korean Society of Propulsion Engineers	EDAILY IR Club	Association of the ROK Army
The Society for Aerospace System Engineers	Money Today IR Club	Association of the ROK Navy
The Korean Society of Combustion	The Korea Economic Daily IR Club	Association of the ROK Air Force
Korea Defense Industry Association	Korea Listed Companies Association CFO Forum	Korea Defense Diplomacy Association
Korean Institute of Military Science and Technology	Federation of Korean Industries	Korean Space Association for National Defense
Korea Society for Naval Science & Technology	Korea Enterprises Federation	The Institute of Positioning, Navigation, and Timing
Hannam Club	Korean Economic Organization Council	Korea Exchange
Korea Mecenat Association	Korea Economic Research Institute	Korean Society for Safety
FKI International Business Center	Korea Listed Companies Association	Korean Society of Hazardous Materials
Korea-Japan Economic Association	Fair Competition Federation	SAFEX
Korea-U.S. Economic Council	Korea Management Association	Korea Armaments Safety Association
Association of Korea-USA Friendship Alliance	Korea Advertisers Association	Korea Industrial Safety Association
The National Academy of Engineering of Korea	Korea ESG Club	Korean Institute of Military Science and Technology
The Bell	Korea IR Service	Korea Chamber of Commerce and Industry (Seoul)
Korea Chamber of Commerce and Industry	Defense Quality Society	Korean Standards Association
Changwon Biological Diversity Convention	Gyeongnam Environmental Engineers Association	Korea Chemicals Management Association
Green Business Council	CDP	
Public-Private Council for Integrity and Defense	Public-Private Council for Integrity and Defense Program	

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Introduction

DNV Business Assurance Korea Ltd. (“DNV”) was commissioned by Hanwha Aerospace Co., Ltd. (“Company”) to perform third party verification for the Company’s Greenhouse Gas Statement. The Company is responsible for the preparation of the GHG statement on the basis set out within Audit Standard, ‘The guidelines on the operation of GHG emission trading scheme (ETS) (Notification No. 2024–155, Korean Ministry of Environment)’. The Company has full responsibility of the GHG statement. According to terms of contract, DNV expressly disclaims any liability or responsibility for any decisions, based upon the verification opinion.

Objective and Scope of Verification

The objective of the verification is to present an independent verification opinion on the company’s GHG statement, and the scope of verification is as follows;

- Organizational Boundary : Hanwha Aerospace’s sites in Korea
- Reporting Boundary : Scope 1 (Direct emissions) and Scope 2 (Indirect emissions)
- Reporting Period : 2024.01.01 ~ 2024.12.31

Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the verification guideline for GHG ETS(Notification No. 2024–169, Korean ministry of Environment) based upon a Reasonable Level of assurance. DNV planned and concluded our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level. As part of the verification process, we have reviewed as follows;

- Adequacy of GHG data control, collection and emission calculation and report process
- The GHG inventory is based on measurements and has inherent limitations that may arise from the process of calculating, estimating, and finalizing the reported data.

Conclusions

Based on the verification conducted, the information related to the GHG statement has been properly calculated and reported.

- DNV represents “unmodified” opinion on Greenhouse Gas Emissions.

(Unit: ton CO₂ eq)

Year 2024	Scope 1	Scope 2	Total emission
Hanwha Aerospace	37,211	77,179	114,383*

* The total emission is the sum of values rounded down to an integer for each business site according to the Korean ETS guideline and may differ from the sum of Scope 1 and Scope 2.

2025. 6.16
Seoul, Republic of Korea

 Lee, Jang Sup
Country Representative
DNV Business Assurance Korea Ltd.

This Assurance Opinion is valid as of the date of the issuance. Please note that this Assurance Opinion would be revised if any material discrepancy which may impact the Greenhouse Gas Emissions of the Company is subsequently brought to our attention.

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Introduction

Korea Management Registrar (KMR) was engaged to conduct an independent assurance of **Hanwha Aerospace** Sustainability Report 2025 for the year ending December 31, 2024. The preparation, information and internal control of the report are the sole responsibility of Hanwha Aerospace's the management. KMR's responsibility is to comply with the agreed engagement and express an opinion to Hanwha Aerospace's management.

Subject Matter

The reporting boundaries included the performance and activities of sustainability-related organizations as described in **Hanwha Aerospace's** report:

- **Hanwha Aerospace** Sustainability Report 2025

Reference Standard

- GRI Standards 2021 : 2023 (GRI)

Assurance criteria

KMR conducted the verification in accordance with the globally recognized standard AA1000AS v3 and KMR's assurance standard SRV1000 based on requirements of ISO 17029 and KMR EDV 01, and set the levels of assurance and materiality as below. Under AA1000AS v3, We assessed the adherence to the four principles presented in AA1000AP:2018—Inclusivity, Materiality, Responsiveness, and Impact—and evaluated the reliability and quality of the data and information using the GRI index specified in the report. Under SRV1000, we conducted a multidimensional review aimed at zero data errors, applying expert judgment to determine the materiality criteria.

- ISO 17029 : 2019, ISO 14065 : 2020, AA1000AS v3 : 2020 (AccountAbility), AA1000AP : 2018 (AccountAbility), SRV1000 : 2022 (KMR), KMR EDV 01 : 2024 (KMR)
- Levels of assurance/materiality: AA1000AS v3 — Type 2/moderate, limited/ not set

Scope of assurance

The scope of our assurance included the verification of compliance with the reporting requirements of the GRI Standards 2021. We confirmed that the following indicators of material topics were identified through the materiality assessment process.

- GRI Standards 2021 reporting principles
- Universal Standards
- Topic Specific Standards
 - GRI 201: Economic Performance
 - GRI 205: Anti-corruption
 - GRI 206: Anti-competitive Behavior
 - GRI 302: Energy
 - GRI 305: Emissions
 - GRI 308: Supplier Environmental Assessment
 - GRI 414: Supplier Social Assessment

As for the reporting boundary, the engagement excludes the data and information of **Hanwha Aerospace's** partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- Evaluating the appropriateness of the reference standard used as a basis for preparing sustainability information and the reliability of the materiality assessment process and its findings;
- Conducting inquiries to understand the data management and control environment, processes, and information systems (the effectiveness of controls was not tested);
- Evaluating the appropriateness and consistency of the methodology for estimation (note that the underlying data was not tested and KMR has not made any estimates);
- Visiting the headquarters, determining visit sites based on the site's contribution to sustainability and the possibility of unexpected changes since the previous period and sampling data, and carrying out due diligence on a limited number of source records at the sites visited;
- Interviewing people in charge of preparing the report;
- Considering whether the presentation and disclosures of sustainability information are accurate and clearly defined;
- Identifying errors through comparison and check against underlying information, recalculation, analyses, and backtracking; and
- Evaluating the reliability and balance of information based on independent external sources, public databases, and press releases.

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Limitations and Recommendations

The absence of generally accepted reporting frameworks or well-established practices on which to draw to evaluate and measure non-financial information allows for different measures and measuring techniques, which can affect comparability between entities. Therefore, our assurance team relied on professional judgment. The scope of this assurance included the confirmation of the truthfulness of claims regarding results that have already been obtained as stipulated by ISO 17029. However, the plausibility of intended claims of forecasts or hypotheses was not validated even if the related content was contained in the report.

A limited assurance evaluates the appropriateness of the criteria used by Hanwha Aerospace for preparing sustainability information on subject matters, the risk of material misstatement in the sustainability information, whether due to fraud or error, responses to risks, and disclosure of the sustainability information on subject matters. However, the scope of the risk assessment process and the subsequent procedures performed in response to assessed risks, including an understanding of internal controls, is more limited than that of a reasonable assurance.

Our assurance team conducted our work to a limited extent through inquiries, analysis, and limited sampling based on the assumption that the data and information provided by Hanwha Aerospace are complete and sufficient. To overcome these limitations, we confirmed the quality and reliability of the information by referring to independent external sources and public databases, such as DART and the National GHGs Management System (NGMS).

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Hanwha Aerospace on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report was prepared in accordance with the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

· Inclusivity

Hanwha Aerospace has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

· Materiality

Hanwha Aerospace has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

· Responsiveness

Hanwha Aerospace prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Hanwha Aerospace's actions.

· Impact

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

· Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of data related to sustainability performance, including greenhouse gas emissions, energy consumption, and ESG assessments of suppliers. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

KMR's Competence, Independence, and Quality Control

Korea Management Registrar (KMR) is a verification body for the greenhouse gas emissions trading scheme, accredited by the Korea Laboratory Accreditation Scheme (KOLAS) under the National Institute of Technology and Standards of Korea for ISO/IEC 17029:2019 (Conformity Assessment – General principles and requirements for validation and verification bodies), ISO 14067, and additional accreditation criteria, ISO 14065. It is also recognized by the Korea Accreditation Board (KAB) for ISO/IEC 17021:2015 (Requirements for bodies providing audit and certification of management systems), and the National Institute of Environmental Research under the Ministry of Environment of Korea. Additionally, KMR maintains a comprehensive quality control system that includes documented policies and procedures of the KMR EDV 01:2024 (ESG Disclosure Assurance System) based on ISO/IEC 17029 requirements and compliant with IAASB ISQM1:2022 (International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board). Furthermore, KMR adheres to the ethical requirements of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in accordance with the IESBA Code:2023 (International Code of Ethics for Professional Accountants). Our assurance team consists of sustainability experts. Other than providing an independent assurance, KMR has no other contract with Hanwha Aerospace and did not provide any services to Hanwha Aerospace that could compromise the independence of our work.

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Limitations of Use

This assurance statement is made solely for the management of Hanwha Aerospace for the purpose of enhancing an understanding of the organization's sustainability performance and activities. We assume no liability or responsibility for its use by third parties other than the management of Hanwha Aerospace. The statement is valid as of the assurance date below. Certain events that may occur between the assurance date and the time of reading this report could have a material impact on the report, which may lead to revisions to this assurance statement. Therefore, we recommend visiting the Hanwha Aerospace website and verifying whether this is the latest version.

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June 25, 2025



CEO E. J. Hwang

