


Embracing Sustainability for Growth

NAVER ESG Report 2020

(Updated in April, 2021)





NAVER pursues sustainable future by embracing challenges ever present in the rapidly changing business environment. We invest in technologies that can enhance user experience, help SMEs and creators fully develop their value, and strive to enable future generations to enjoy a healthy environment.

ABOUT THIS REPORT

Outline

NAVER is issuing its ESG Report to disclose economic, social, and environmental value that the company creates, and to transparently communicate with its stakeholders. The ESG Report will be used as a communication channel through which NAVER shares activities, outcomes, and plans of its sustainable management on a regular basis.

Reporting Period

The reporting period of NAVER ESG Report 2020 is as follows:

- Financial performance covers the company's performance by December 31, 2020.
- Business performance covers the company's activities by December 31, 2020.
- Management performance covers matters for which decisions were made by March 31, 2021.

As for some performance, if the results need to be tracked continuously, we have used data for the past three or more years. Important changes in management at the time of the reporting were indicated separately for reader reference.

Reporting Scope

The reporting scope of this report is as follows:

- Reporting on financial and business performance includes headquarters and all business sites in South Korea and overseas.
- Non-financial performance was based on the separate outcomes of NAVER Corporation, and environmental performance is based on data from the company's Data Center "GAK", its first office building "Green Factory", and second office building "1784" which is under construction.

Reporting Standards

This report applies the "Core Option" of the Global Reporting Initiative (GRI) Standards. Financial information is based on the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Third Party Assurance

This report has been assured by the Korea Management Registrar (KMR), an independent assurance corporation, to ensure the credibility of all the information created, and the verification was completed in accordance with AA1000 AS v3, an international verification standard.

Inquiries

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COVER STORY

NAVER thrives on challenges. From the establishment in 1999 as a small start-up to the reputation we enjoy today as a global information & communications technology (ICT) company, challenges have underlain our fast growth. As our social impacts and responsibilities increase as well, we are gearing ourselves for another challenge – finding a way to grow with stakeholders in our value chains. The cover page of our first-ever NAVER ESG Report 2020 signifies our progress of evolving into a technology platform as well as journey toward a sustainable future complete in environmental, social & governance (ESG) criteria. We offer users the convenience of connectivity and the joy of discovery through technology, help creators and small and medium sized enterprises (SMEs) unlock their full potential, and preserve the natural environment because they are our raison d’être and goals for which NAVER keeps on embracing challenges.



This report is available in PDF format which can be downloaded at the company website at www.navercorp.com/en.

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NAVER pursues sustainable future by embracing challenges ever present in the rapidly changing business environment. We invest in technologies that can enhance user experience, help SMEs and creators fully develop their value, and strive to enable future generations to enjoy a healthy environment.

Empowering green platform & initiative for the future



No creatures can stay healthy when Earth itself is sick. NAVER, in its pursuit of sound and robust growth, practices eco-friendly management, from the foundational space into which all its data is aggregated. our Chuncheon Data Center “GAK” is equipped with the state-of-the-art eco-friendly technology, that prevents the servers from overheating, and maximizes energy savings by using solar energy. “Green Factory”, one of our office buildings, and “1784”, another office building under construction, have eco-friendly technologies installed throughout the buildings. NAVER is mustering all of its resources and efforts in order to stay focused on growing green and sustainable in all daily activities and spectrums of its business.



Scaling social impacts & sustainability in mind



NAVER's technology and platform serve as a soil on which sustainable value can grow as well as nutrients that enable the company to further enhance its social impact. Knowing the dedication of creators to developing better content and believing in the potential of start-ups armed with ideas delving into the market, we help more people harness opportunities in more business realms by using the power of connectivity. Wherever people, technology and information come together and maximize synergies among them, we will first identify emerging global trends by leveraging our capabilities and assets, with our focus fixed on sustainability, and thus find ways to amplify social impacts we make.



Guided by good governance & shared values

파트너스퀘어 종로교차로
함께 나누고 싶은 이야기

파트너스퀘어
종로교차로

세계에 파트너스퀘어는
스몰비즈니스와 창업자를 위한 전문 교육과
공간을 통해 누구나 온라인에서 쉽게 시작하고,
성장할 수 있도록 지원하고 있습니다.

파트너스퀘어 플랫폼은
우리만의 비즈니스와 콘텐츠 성장을 위한
유리한 비즈니스 스튜디오를 보유하고,
파트너스퀘어 사업을 하는 '스몰메이커스'를 위한
공간을 제공합니다.



A global ICT company that began as a venture firm in 1999, NAVER prides on its track record of maximizing corporate and shareholder value while maintaining a business model based on sound governance and transparency amid its fast-paced growth. The advanced governance structure is the basis of our ability to sustain rapid growth as a technology platform with a consistent support of diverse stakeholder groups. Also, the workforce of NAVER is united in leading the sound growth of the company as well as society as a whole, sharing the value of co-existence. Based on this healthy and positive corporate culture, we push on our innovation drive in our effort to prepare a sustainable future for all.



CEO Message



**Greetings,
I am Seong-sook Han, the President & CEO of NAVER Corporation.**

In the face of the COVID-19 crisis, NAVER has focused on improving its financial health and proactively managing risks to stay competitive in the long run, thereby effectively turning the crisis into an opportunity. As a result, in 2020 we are realizing an inspiring performance by achieving balanced growth in the Commerce, Fintech, Contents and Cloud businesses – future growth engines of NAVER – in addition to solid growth in the Search Platform business.

The unprecedented crisis of COVID-19 has brought about changes to many parts of our daily lives, not only threatening the real economy and social stability, but also straining the environment. NAVER has become more aware of the social roles and responsibilities of online platforms highlighted by the prominence of contactless trends, and thus striving to prepare for the post-COVID-19 era.

We have been pushing forward diverse efforts at creating the optimum level of return for all stakeholders of NAVER by improving user satisfaction, assisting small and medium sized enterprises (SMEs) in their digital transformation, supporting creators, and strengthening the AI research ecosystem. Such efforts have been leading the growth of NAVER and will serve as basis for future growth. Accordingly, to further increase our efforts and investment in creating social and environmental values, in 2020 we have established the mid- to long-term ESG strategies at the company level.

NAVER's mid- to long-term ESG strategies consist of key tasks as follows:

We will focus on establishing an eco-friendly ecommerce ecosystem, fostering talent and strengthening their job competency, expanding the support for the growth of partners, and enhancing shareholder value. These tasks will be given top priority as they are expected to serve as core competitive advantages leading to new growth opportunities in the future. On the other hand, the system will be further upgraded for managing risk factors that can decrease corporate value such as climate change, data protection and security, fair trade, and ethical management.

In October 2020, we created the ESG Committee under the direction of the BOD in our efforts to increase responsibilities of the top decision-making body and unify our capabilities. The BOD and management of NAVER are sparing no efforts to build the company's resilience which will matter more in the post-COVID-19 era, while also expanding the integrated management of NAVER's financial and non-financial performances in order to enhance the long-term corporate value.

In particular, being aware that a unified effort throughout all industries at home and abroad is needed for easing climate change, we seek to take part in accelerating the expansion of eco-friendly business and the transition to a low-carbon economy. We therefore plan to push forward "Carbon Negative", a carbon reduction initiative aiming to cut more than we emit by 2040.

Data usage is increasing with the progress of technology and the advent of a "contactless" era, and considering the operation of our Data Center GAK and the completion of our second internet data center (IDC) in Sejong City, NAVER's carbon emissions are expected to rapidly increase in the coming decade. Although our data centers and offices are of the world's best in energy efficiency, we have determined that additional efforts and investment are necessary to better manage operational risks related to climate change.

Accordingly, we will actively look into securing solutions and further improving efficiency in running data centers, and increase eco-friendly business and investment. As part of the endeavor, we will also establish an eco-friendly ecosystem that encompasses NAVER's value chain in a bid to lead the reduction of greenhouse gases and the promotion of a circular economy.

In addition, NAVER is collaborating with leading companies at home and abroad to develop long-term growth drivers. In 2020, NAVER concluded a strategic business alliance with CJ Group, which was followed by the strengthening of our business capabilities and laying the foundations for long-term growth in 2010 through a range of measures, such as acquisition of Wattpad, the world's largest web novel platform, a plan to build an integrated platform with Big Hit Entertainment, an e-commerce partnership with Shinsegae Group, and the merger between Line and Z Holdings.

Going forward, we will continue to further develop global competitiveness through synergy creation with various partners, and share the company's future value with all of our stakeholders and thus grow together with them through sustainable business operations. Using diverse channels, we will also keep them fully informed of status and plans related to these activities.

Sincerely thanking all of you for your interest and support for NAVER, I ask for your continued encouragement and advice as NAVER grows healthier in various relations and fulfills its social roles and responsibilities.

April 2021

A handwritten signature in black ink, appearing to be the name 'Seong-sook Han' in Korean characters.

Seong-sook Han
President & CEO, NAVER Corporation

OUR COMPANY

NAVER AT A GLANCE

NAVER Corporation (NAVER) runs its Search Platform, Commerce, and Fintech Business based on the "NAVER" service, a leading internet search portal in South Korea. And as a company that has the nation's largest internet data center (IDC), if the second IDC which is under construction is included, we are expanding our Cloud Business, with a particular focus on public and financial sectors, and are also providing a wide range of IT infrastructure and solutions. We are an ICT company that is expanding global business foundation through our Contents Business including webtoon, music, and V LIVE.

CORPORATE INFORMATION

Name of Company **NAVER Corporation**

Establishment **June, 1999**

CEO **Seong-sook Han**

Head Office **NAVER Green Factory, 6, Buljeong-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, South Korea (Postal code: 13561)**

Employees **4,103**
(As of December 31, 2020)

Operating Revenue **5,304.1 KRW billion**
(As of December 31, 2020)

KEY MILESTONES

Company History

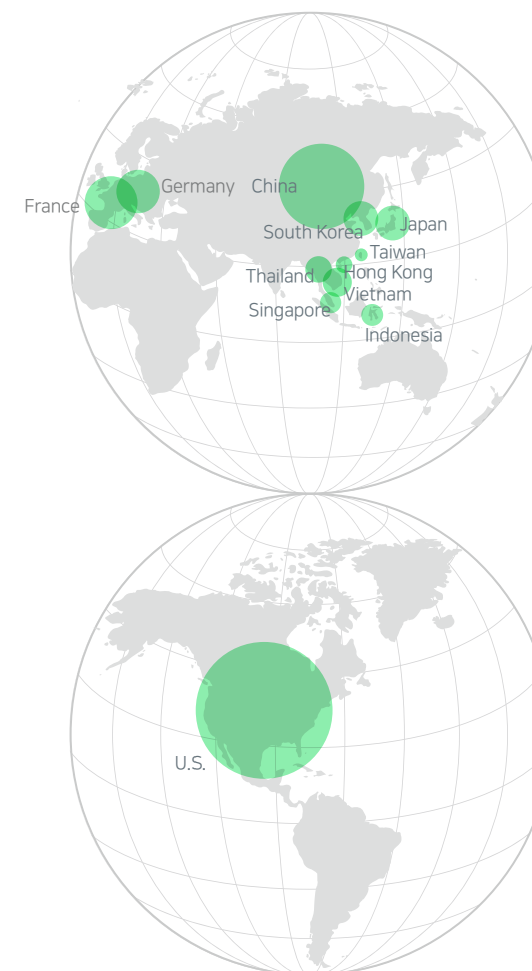
- 2021. 03 Established A Holdings, a joint venture between NAVER and SoftBank
- 2020. 10 NBP changed name to NAVER Cloud
- 2020. 06 CONNECT Foundation changed name to NAVER CONNECT Foundation
- 2019. 12 Signed a business integration agreement for LINE-Z Holdings
- 2019. 11 Established NAVER FINANCIAL
- 2017. 05 Established NAVER Webtoon Corp.
- 2017. 01 Established NAVER Labs, Inc., specializing in future technology
- 2016. 08 Established SNOW, Inc.
- 2016. 07 LINE Corp. dual listed on NYSE (New York) and TSE (Tokyo)
- 2015. 04 Established Works Mobile as a business service subsidiary
- 2014. 07 NAVER Corp. acquired NAVER Business Platform's advertising and platform businesses
- 2013. 08 NHN Corp. changed corporate name to NAVER Corp. and separated the game business
- 2013. 06 Established GAK, a data facility for NAVER Corp.
- 2013. 03 Established LINE Plus, a LINE affiliate for its global business
- 2012. 01 Merged three entities - NHN Japan, NAVER Japan, Livedoor - to establish NHN Japan
- 2010. 05 Established NHN Culture Foundation (currently NAVER Culture Foundation)
- 2010. 04 NHN moved the company headquarters to Green Factory
- 2008. 11 Transferred to Korea Composite Stock Price Index (KOSPI)

External Evaluation

- A** MSCI ESG Ratings (As of May 2020)
- A+** ESG evaluation conducted by Korea Corporate Governance Service (KCGS) in 2020
A+ for Governance Rating / A for ESG Integrated Rating (As of the first half of 2021)
- 4 years** Best Rating at the Win-win Index Evaluation conducted by Korea Commission for Corporate Partnership for four consecutive years (As of September 2020)

GLOBAL NETWORK

12 countries across the globe



* As of December 31, 2020

FEATURED SERVICES



NAVER



BAND



Smart Store



NAVER Pay



NAVER Webtoon



V LIVE



VIBE



SNOW



AudioClip



NAVER CLOUD



NAVER WORKS



NAVER CLOVA



WHALE



Papago

* As of December 31, 2020

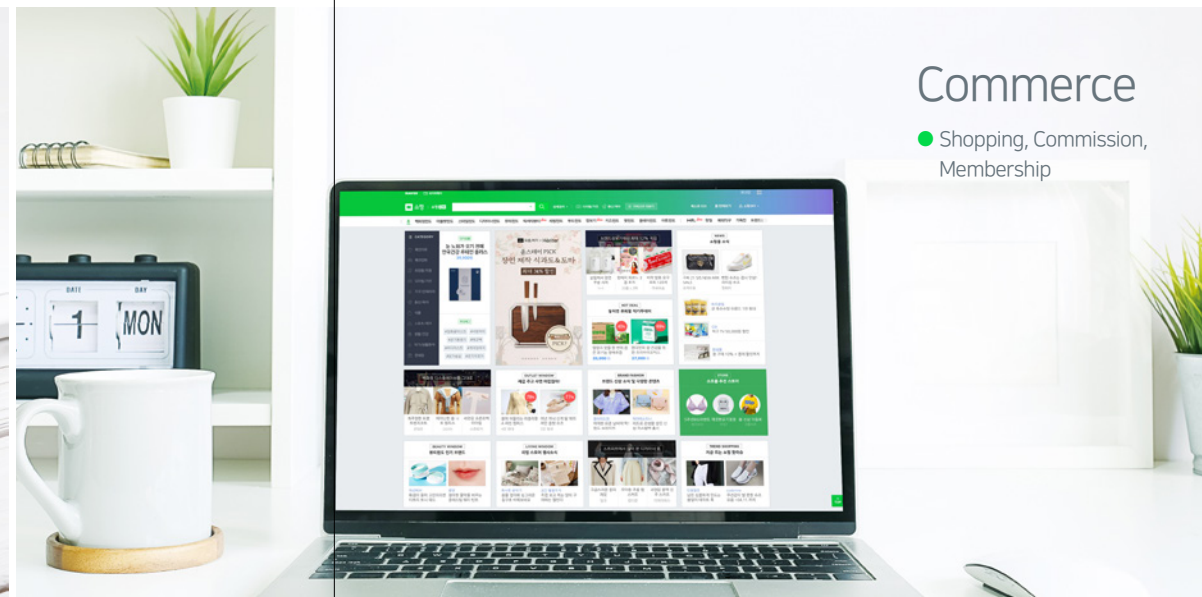
NAVER Business

NAVER generates solid revenue through its Search Platform Business and Commerce Business based on "NAVER", a No. 1 search portal in South Korea, while also making diverse efforts to seize new opportunities by leveraging a diversified business portfolio. As a result, NAVER has been accelerating its growth pace in the NAVER pay-based Fintech Business, Contents Business which offers such services as webtoon, music, and V LIVE, and Cloud Business that provides a wide range of enterprise solutions.



Search Platform

● Search, Display



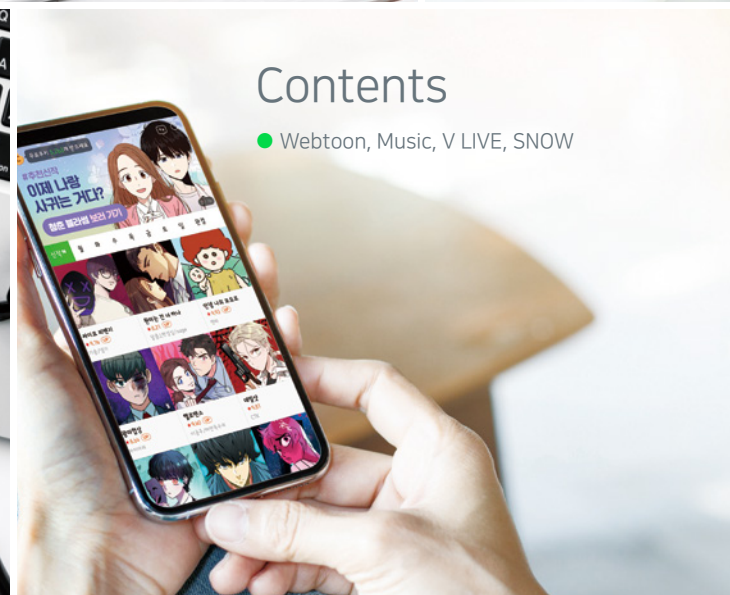
Commerce

● Shopping, Commission, Membership



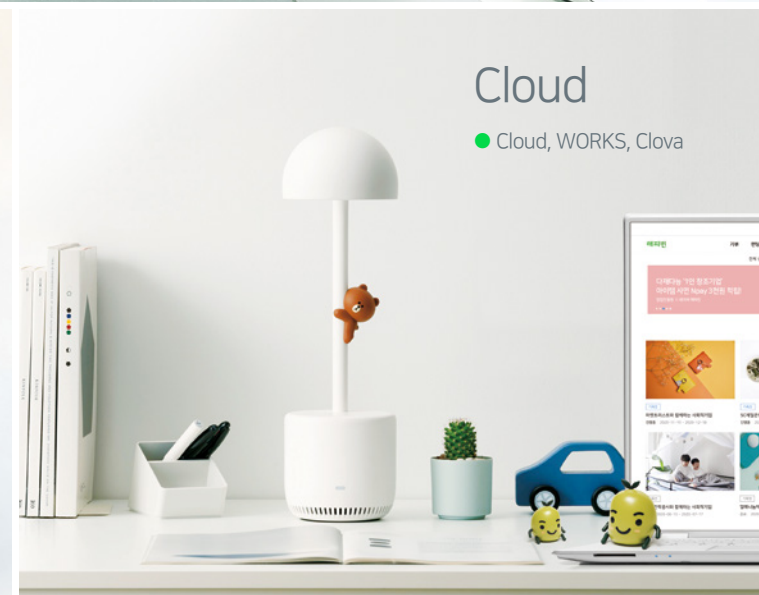
Fintech

● Pay service, Digital finance



Contents

● Webtoon, Music, V LIVE, SNOW

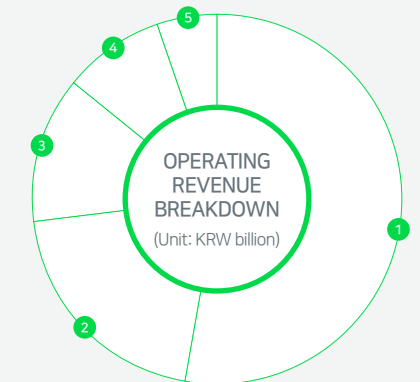


Cloud

● Cloud, WORKS, Clova

Reference information regarding changes of revenue category made in the third quarter of 2020

NAVER changed its business category starting from the third quarter of 2020, reflecting its mid- to long-term strategies and business direction. The roles and contribution of commerce business are growing in importance, and this is why the revenue from Commerce Business that was previously included in Business Platform and Ads was separated, and the remaining search and display were integrated into the Search Platform Business which serves as NAVER's foundation. NAVER Pay and financial service, as well as Cloud, WORKS and other B2B revenue, which were a part of the IT Platform Business, were respectively classified into Fintech Business and Cloud Business.



1 Search Platform	2,803.1 (52.8%)
2 Commerce	1,089.7 (20.5%)
3 Fintech	677.5 (12.8%)
4 Contents	460.2 (8.7%)
5 Cloud	273.7 (5.2%)

* As of 2020; and based on consolidated financial statements

OUR AMBITIONS

ESG Implementation Strategy

NAVER looks for ways to enhance corporate value from an ESG perspective. In particular, we strive to create sustainable value by systematically implementing mid- to long-term ESG strategies based on the ESG leadership of the BOD and top management.

NAVER established mid- to long-term environmental, social and governance (ESG) strategies to enhance long-term corporate value based on ESG management, and to create sustainable value for stakeholders including users, employees, shareholders, partners, and local communities. By doing so, we will continue to strengthen areas that will serve as new business opportunities while also focusing on minimizing risks that may have negative impact on our business.

We collected opinions from the management, the Board of Directors (BOD), and all relevant departments from July to October 2020. We also held discussions with our key investor groups at home and abroad, ESG expert groups, major business partners, and other external stakeholders on our ESG issues that we should significantly manage over the long term, as well as our response measures. And we gathered opinions from all the relevant departments, management, and the BOD.

Based on this process, we identified changes in the sustainable management environment in South Korea and abroad, industry trends, and areas where internal management is lacking in comparison to the level demanded by stakeholders, and derived strategic ESG improvement tasks of relevant departments in consideration of internal resources.

Of these, we systematized our ESG implementation direction with a particular focus on key ESG areas that stakeholders are highly interested in and that we should implement over the mid- to long-term. Furthermore, we plan to disclose information in a timely and transparent manner on the management status and plan on ESG issues that have a serious impact on corporate value starting in 2020. Going forward, we will continue to publish our ESG Report as a way to share information transparently and faithfully on the ESG issues which may have a significant impact on our corporate value.

Strategies to enhance corporate value based on ESG

<p>Establish an eco-friendly e-commerce ecosystem</p> <ul style="list-style-type: none"> Continue to increase investments in eco-friendly packaging Promote eco-friendly product branding Induce partner participation 	<p>Support employee growth and engagement</p> <ul style="list-style-type: none"> Strengthen the employee education system Give stock options to all employees 	<p>Expand support to help partners grow</p> <ul style="list-style-type: none"> Expand social value creation through NAVER Partner Square Expand the win-win growth fund for shared growth 	<p>Maintain and further improve transparency of corporate governance</p> <ul style="list-style-type: none"> Establish and offer transparent and predictable shareholder return policy Maintain top-level governance transparency
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ESG Management System

ESG Committee under the Board of Directors

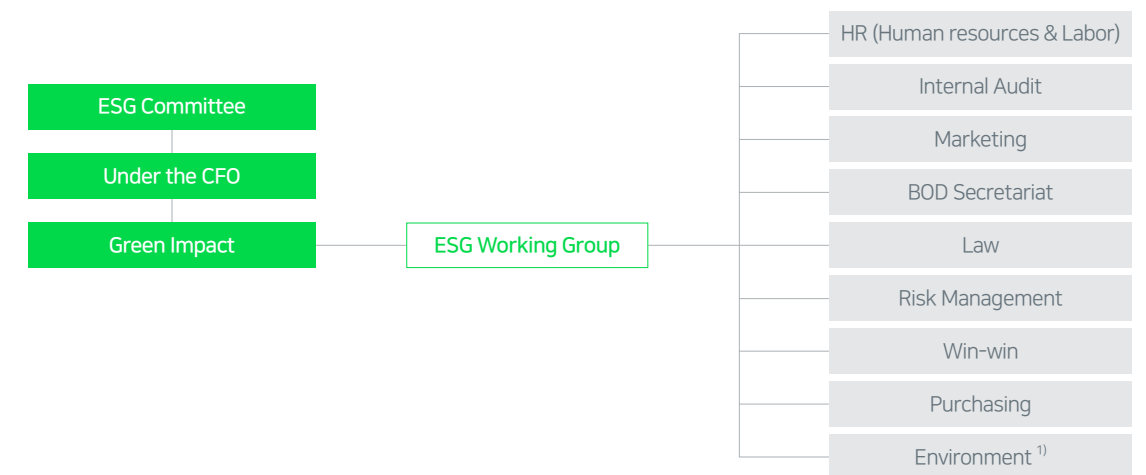
In October 2020, NAVER launched the ESG Committee, which is composed of the CEO and three independent directors. We extended the function of Risk Management Committee (former Transparency Committee) which made decisions on environmental and social issues, and formed the company's top-level organization tasked with the management of ESG risks and the expansion of business opportunities. In 2020, the Committee reviewed and made decisions on NAVER's mid- to long-term climate change response directions and the 2040 Carbon Negative targets. Starting in 2021, it will hold quarterly meetings in order to check the strategic directions of NAVER's ESG initiatives, approve major actions, and perform its management and supervision functions. The ESG Committee meeting held in the first quarter of 2021 reviewed the progress of the 2021 ESG improvement tasks and the issuance of related reports, aimed at sharing more detailed ESG information with the company's shareholders.

ESG-dedicated Organization

In December 2020, we launched an ESG-dedicated organization (Green Impact Team) under the CFO to promote ESG management to a global level. The ESG-dedicated organization (Green Impact) manages individual ESG projects promoted by departments across the company, presents guidance based on the requirements of external stakeholders, and presents agenda items to the ESG Committee under the BOD four times a year based on the progress of relevant tasks. In February 2021, we launched an environment-dedicated organization (Environment Team) under the CFO to come up with measures for responding preemptively to any movement to strengthen the existing environmental regulations at home and abroad, while preparing for the adoption of a strategic system and an effective environmental management system for the successful implementation of the "2040 Carbon Negative"¹⁾ strategy.

¹⁾ NAVER's eco-friendly strategy newly established in 2020, aimed at offsetting its greenhouse gas (GHG) emissions by reducing GHG more than the GHG amount that is emitted, thus making the net emissions amount 0 or less by 2040.

ESG Organization



¹⁾ Newly established in February 2021

Stakeholder Participation & Communication

NAVER defines its major stakeholders as users, employees, investors and shareholders, partners, local communities, and the government. We operate diverse communication channels to continually identify what stakeholders are mainly interested in, and strive to reflect stakeholder opinions in overall business activities through active communication activities.

Stakeholders	Main matters of interest	Communication channel	Major activities
USERS	<ul style="list-style-type: none"> • Launch of a new service • Service quality improvement • Strengthened network safety • Prevention of personal information leakage • Sharing of transparent information on services and policies • Smooth and quick communication • Corporate social and environmental responsibilities 	<ul style="list-style-type: none"> • NAVER's official website, blog, cafe • Satisfaction level inquiries for a user experience survey • Customer Center • Channels for providing information on information protection <ul style="list-style-type: none"> - NAVER Privacy Center, Privacy TV - N-Pree (Official Facebook page) - Privacy Enhancement Reward (PER) - Transparency Report, Privacy Whitepaper, Personal Data Protection Report • ESG Report 	<ul style="list-style-type: none"> • Continually launch new services and upgrade existing services • Enhance operational safety through risk management • Quickly provide information through press releases, website, and blog posting • Disclose policies and results by operating various information protection communication channels • Share NAVER's sustainability performance and plan by issuing the ESG Report
EMPLOYEES	<ul style="list-style-type: none"> • Guarantee of basic rights in the workplace, and job stability • Safe and pleasant work environment • Distinctive welfare program • Increased diversity and inclusivity • Equal opportunities and fair performance evaluations • Growth and self-improvement opportunities 	<ul style="list-style-type: none"> • Internal portal • With U – a distress-handling channel • kNock – an integrated channel for asking questions on the company's overall systems and standards • NAVER Valuable Opinion – a labor-management council • Code Day – an arena for enhancing understanding and discussing the company's philosophy and values • Leader Class aimed at improving the organizational management capabilities of leader positions 	<ul style="list-style-type: none"> • Implement a company-wide ethics pledge • Provide management-employee communication opportunities through Companion Day and NAVER Service Meet Up • Operate health management and various welfare programs • Conduct fair performance evaluations through stock options and reviews from various angles • Provide opportunities for mobility within the organization through Open Career Chance • Operate training courses and programs for competency development
INVESTORS & SHAREHOLDERS	<ul style="list-style-type: none"> • New businesses to develop future growth engines • Creation of stable revenue sources by developing a competitive edge in the market • Financial performance • Dividend payout ratio • Risk management capabilities • Transparent disclosure of business information and governance system 	<ul style="list-style-type: none"> • Annual general meeting (AGM) • Analyst Day • Non-deal roadshow (NDR) • Conference call to announce earnings results • 1:1 meeting • Shareholder participation 	<ul style="list-style-type: none"> • Business Report • Audit Report • Annual Report • Corporate Governance Report • ESG Report
PARTNERS	<ul style="list-style-type: none"> • Fair trade and treatment • Cooperation opportunities • Education and infrastructure support for SMEs and startups 	<ul style="list-style-type: none"> • Voice of Partners • Partners Line – a channel for suggesting win-win cooperation • Dispute mediation system • D-Commerce Program to provide education, consulting, and diverse fund support to SMEs • D-Commerce Day – an arena for sharing know-how on success case of startups 	<ul style="list-style-type: none"> • NAVER Partner Square – a region-based education and infrastructure support program • Call My Name – a marketing campaign for SMEs • D-Commerce Report • Project Flower Report • NAVER CONNECT • DEVIEW – a conference for developers • NAVER AI Colloquium
COMMUNITIES	<ul style="list-style-type: none"> • Accessibility to digital technologies • Facilitation of regional economies • Balanced development, reduced gap between rural areas and cities with regard to business opportunities 	<ul style="list-style-type: none"> • Digital education program offered by NAVER Connect Foundation • NAVER Partner Square – a region-based education and infrastructure support program • Baekban Week – a marketing campaign for SMEs • NAVER Library located in the Green Factory 	<ul style="list-style-type: none"> • Nurture digital talent through online platforms and education for each region • Contribute to job creation in hub regions • Identify local community-based small businesses and provide PR support • Have the NAVER Library open to the public and recruit seniors
GOVERNMENT	<ul style="list-style-type: none"> • Anti-corruption and compliance with regulations • Establishment of fair trade • Creation of economic value • Transparent tax payment and disclosure of corporate information 	<ul style="list-style-type: none"> • Strengthening of cooperation and partnership with private sector • Future technologies • Development of technology talent 	<ul style="list-style-type: none"> • Business Report • Audit Report • Corporate Governance Report • ESG Report • NAVER portal
		<ul style="list-style-type: none"> • Industry/academia/research technological cooperation, programs to foster startups • Public service support activities • Association memberships and participation 	<ul style="list-style-type: none"> • Operate an internal control system and audit organization • Faithfully make tax payments • Collaborate in the event of disaster and calamity situations such as COVID-19 pandemic • Provide cooperation for R&D on innovative technologies, including the Digital New Deal and Industry 4.0 • Provide a cloud platform to public organizations • Continuously foster and hire outstanding personnel

Material ESG Issues

NAVER comprehensively analyzes the business environment in running its business, while also paying close attention to the opinions of various stakeholders. We are focusing our efforts on identifying and implementing priorities of ESG issues that are material to NAVER, and we seek to transparently disclose this process.

NAVER conducted a materiality analysis to determine the content that would be reported in the ESG Report 2020 and to identify and choose ESG issues that require focused management. We comprehensively analyzed outside evaluations related to sustainability, policies and regulations, and leading cases and trends in industry, and assessed and reflected the status of NAVER covered by the media. In particular, in the process of performing the materiality analysis, we conducted an online survey and interview of NAVER's major investors and shareholders, and thus collected opinions and suggestions on priority matters that should be strategically managed in consideration of NAVER's business environment among many of ESG issues. Moreover, interviews were held with relevant departments across the company to discuss the management status and future direction.

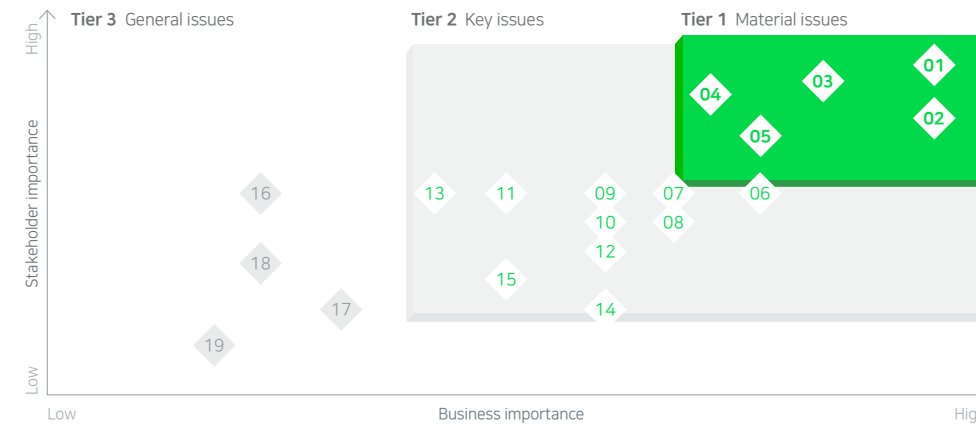
As a result of the materiality analysis, 19 ESG issues were chosen as issues that take priority. The issue that was chosen as the most material across NAVER's businesses and stakeholders is "data security, privacy & freedom of expression". Such issues as "R&D and technological innovation", "business ethics and compliance", "win-win cooperation and social impact creation", and "user satisfaction" were also identified as being material (Tier 1) in the specified sequence. We established a direction for Tier 2 and Tier 3 ESG issue management in our ESG implementation strategy, and plan to strengthen our ESG management through company-wide responses.

Materiality Analysis Process



Materiality Analysis Results

Materiality Matrix



Business Importance

- Revenue:** Evaluate if an individual issue is directly related to revenue generation, as well as whether it can become a revenue generation opportunity, such as new market creation, and a potential competitive advantage
- Expense:** Evaluate an individual issue's impact on comprehensive corporate cost of capital based on connectivity with potential expenses in addition to direct expenses
- Reputation:** Evaluate the impact on the company's internal and external expectations and evaluations regarding an individual issue
- Regulation:** Evaluate the importance of the company's response to an individual issue and business risk

Level	ESG issues	Business importance ¹⁾				Stakeholder importance					Content under which the issue is reported	
		Revenue	Expense	Reputation	Regulation	Users	Employees	Investors & Shareholders	Partners	Communities		Government
Tier 1	01. Data security, privacy & freedom of expression	●	●	●	●	●	●	●	●	●	●	Trust - Data Security, Privacy & Freedom of Expression
Tier 1	02. R&D and technological innovation	●	●	●	●	●	●	●	●	●	●	Social - R&D and Technological Innovation
Tier 1	03. Business ethics and compliance	●	●	●	●	●	●	●	●	●	●	Governance - Business Ethics & Compliance
Tier 1	04. Win-win cooperation and social impact creation	●	●	●	●	●	●	●	●	●	●	Social - NAVER Project Flower
Tier 1	05. User satisfaction	●	●	●	●	●	●	●	●	●	●	Management Report - Sustainable Business Management Social - NAVER Project Flower
Tier 2	06. Enhancement of risk management capabilities	●	●	●	●	●	●	●	●	●	●	Governance - Risk & Opportunity
Tier 2	07. Hiring and nurturing talent	●	●	●	●	●	●	●	●	●	●	Social - Investment in Human Resources
Tier 2	08. Transparency and disclosure of ESG information	●	●	●	●	●	●	●	●	●	●	Our Ambitions Governance - Business Ethics & Compliance
Tier 2	09. Climate change resposes	●	●	●	●	●	●	●	●	●	●	Environment - Environmental Impact Management
Tier 2	10. Circular economy	●	●	●	●	●	●	●	●	●	●	Environment - Environmental Impact Management
Tier 2	11. Respect for human rights	●	●	●	●	●	●	●	●	●	●	Social - Respect for Human Rights
Tier 2	12. Sound corporate governance	●	●	●	●	●	●	●	●	●	●	Governance - Sound Corporate Governance
Tier 2	13. Accessibility and digital literacy	●	●	●	●	●	●	●	●	●	●	Trust - Data Security, Privacy & Freedom of Expression Social - NAVER Project Flower
Tier 2	14. Energy efficiency and clean energy	●	●	●	●	●	●	●	●	●	●	Environment - Environmental Impact Management
Tier 2	15. Health & safety, well-being	●	●	●	●	●	●	●	●	●	●	Social - Investment in Human Resources
Tier 3	16. Diversity & inclusivity	●	●	●	●	●	●	●	●	●	●	Social - Investment in Human Resources
Tier 3	17. Supply chain management	●	●	●	●	●	●	●	●	●	●	Social - NAVER Project Flower
Tier 3	18. Local community engagement and communication	●	●	●	●	●	●	●	●	●	●	Social - NAVER Project Flower
Tier 3	19. Responsible consumption of water	●	●	●	●	●	●	●	●	●	●	Environment - Environmental Impact Management

¹⁾ Business importance: ● Very High ● High ● Medium ● Low

Key Highlights

In 2020, the COVID-19 pandemic completely changed our daily lives. The crisis and ensuing disruptions, neither expected nor experienced in recent history, called for new ways of innovation hardly imagined before.

Amid such changes, NAVER continued its solid growth based on the advanced technological knowhow it has accumulated over the years, while accelerating the speed of innovations to secure sustainable growth engines.

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OUR IMPACT

Distribution of Economic Value






NAVER distributes economic value generated through solid growth to various stakeholders in our efforts to fulfill corporate responsibilities.

Economic Value Distribution to Stakeholders

NAVER distributed KRW 2,923.6 billion to stakeholders of consolidated economic value that was generated in 2019, and KRW 3,494.4 billion was distributed in 2020.

We will run our business in a sustainable way, and thus share our future value with stakeholders and grow together with them.

(Unit: KRW million)

Stakeholder	2019	2020
 Employees - Salaries and wages, post-employment benefits, and employee benefits ¹⁾	927,604	1,042,439
 Partners - Expenses for partners ²⁾ , and business platform value of the Fountain Fund	1,411,394	1,830,234
 Investors, shareholders, creditors - Dividends and interest expense	63,400	76,616
 Government - Income tax expense	470,550	492,535
 Communities - Social contribution expenses ³⁾ , and public service platform value of the Fountain Fund	50,681	52,615
Total	2,923,629	3,494,439

¹⁾ Refer to operating expenses in the notes to the consolidated financial statements

²⁾ Including sales commission, payment commission, provisions for NAVER Pay, content commission, and costs for speakers

³⁾ Refer to other expenses in the notes to the consolidated financial statements

Strengthening ESG Management

NAVER is exploiting its technology, human resources, and capital in a bid to strengthen ESG management, while also transparently and proactively informing global investors of our efforts in this regard, thereby enhancing its sustainable value.

Issuance of ESG Bond

In March 2021, NAVER became the first technology/ITC company in Korea to issue a foreign currency-denominated ESG bond worth USD 500 million, thereby positioning itself as a company that takes the lead in sustainable management. The ESG bond that NAVER issued is sustainability bond – a special-purpose bonds that combines green bond and social bond, whose funds are used for comprehensive purposes including the promotion of eco-friendly business and the resolution of social issues. We will use the funds raised through the sustainability bond to create an ecosystem for SMEs, the foundation of our business competitiveness, build an eco-friendly IT infrastructure, and expand support for our partners.

We specified our plan to utilize the funds through the Sustainable Finance Framework and disclosed it on our website after obtaining a "second party opinion", a pre-verification opinion, from Sustainalytics. Going forward, we will actively inform global investors of the ESG management initiatives we are pursuing through sustainable management activities, and to raise our status as a leading eco-friendly ITC company in South Korea.



NAVER Sustainable Finance Framework



Sustainalytics Second-Party Opinion

Plans for Green Management

Energy Efficiency	Saving energy via efficient operation of business sites and data centers
Green Buildings	Acquiring global eco-friendly certifications for new buildings that are under construction and existing business sites
Renewable Energy	Expanding the use of renewable energy such as solar, wind, and geothermal heat
Sustainable Water Management	Using rainwater, reducing water consumption, reusing water, etc.
Circular Economy and Design	Reducing waste generated in the workplace, minimizing environmental impact by using biodegradable packaging materials
Clean Transportation	Expanding the use of electric vehicles, bicycles, etc.

Alignment with UN SDGs



Plans for Social Contributions

Digital Literacy	Providing support to SMEs, startups, and creators with low digital accessibility to improve their digital capabilities
COVID-19 Crisis Response	Strengthening technical support for SMEs, schools and creators to help them overcome the COVID-19 crisis, donating medical and sanitary supplies
Support for SMEs/Startups	Strengthening support for SMEs and startups run by the socially underprivileged
Employment of Women and Youths	Helping women and youth find a job through technical education

Alignment with UN SDGs



COVID-19—NAVER'S RESPONSE AND ROLES

The entire world is facing social and economic crises of unprecedented scale triggered by the COVID-19 pandemic. In response to the pandemic which threatens the health and safety of the people of South Korea, NAVER continues its multi-faceted efforts by collaborating with government agencies, providing diverse contactless services, and offering SME-focused support measures.



#Collaborate

NAVER has grown in step with the IT industry of South Korea, a de facto global IT powerhouse. As Korea's leading ICT company, we closely cooperate with central and local governments using our digital prowess and technology platforms, all in an effort to help prevent the spread of COVID-19, a national crisis, and to protect the safety of the people.



Cooperation with Central and Local Governments

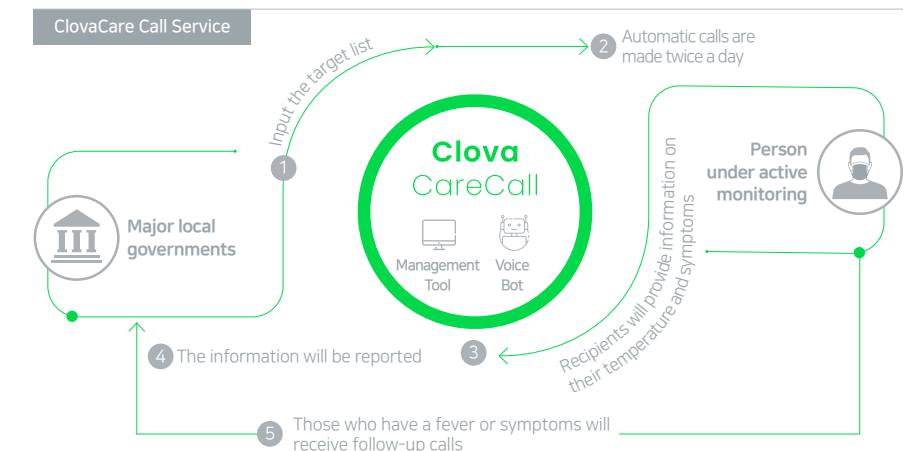
As South Korea's largest search portal, NAVER strives to protect the safety and health of the people from COVID-19. Specifically, we provide useful system and information, such as information about where to buy public masks, where to get tested for the virus, which hospitals are safe for non-COVID patients, and how to get emergency subsidies. We also make available a QR code-based access app for download.

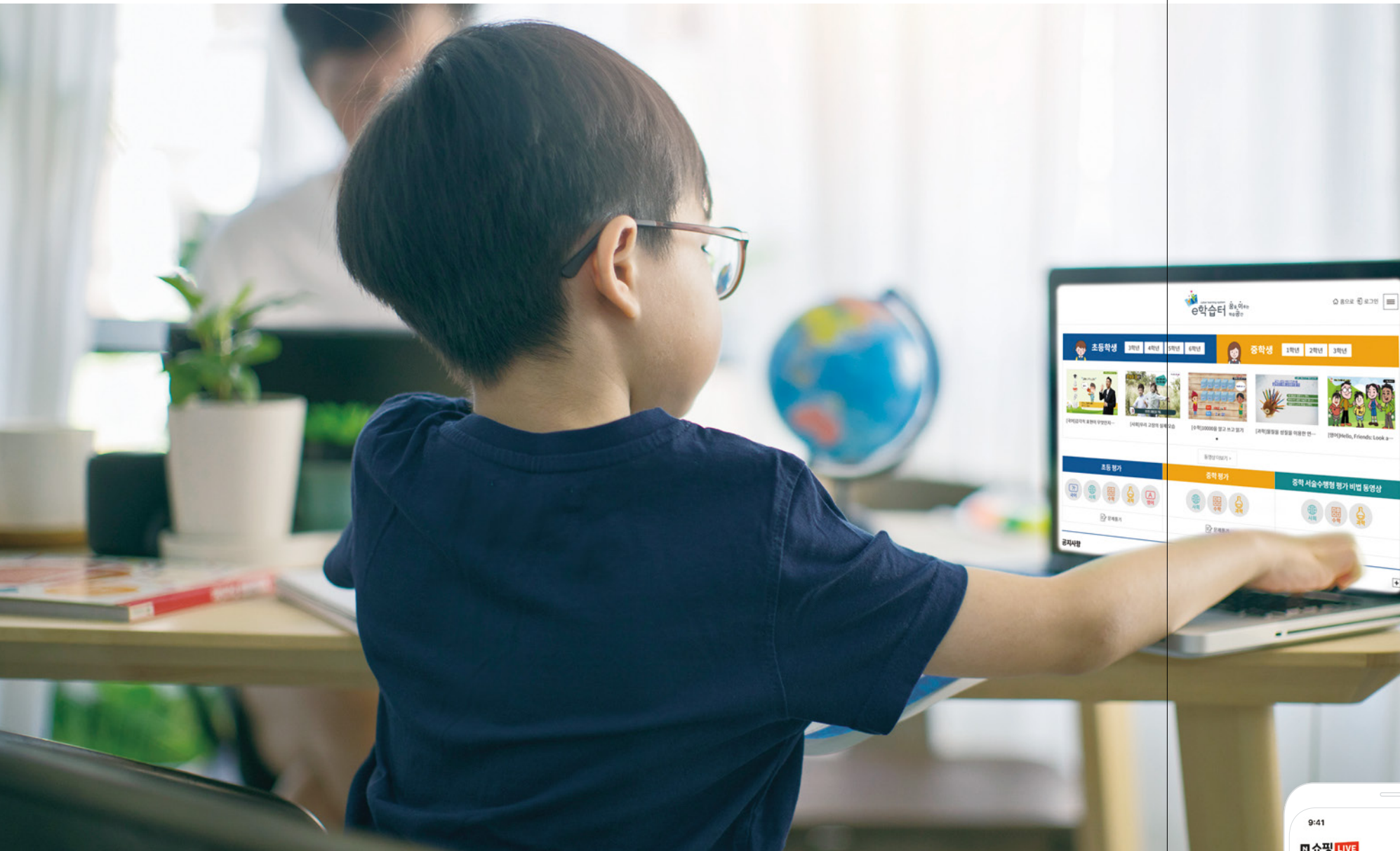
NAVER launched the AI system "ClovaCare Call Service" in Seongnam City in March 2020, which was followed by the signing of MOUs with more than ten major local governments nationwide, such as Seocho-gu in Seoul, Busan, Incheon, Gyeonggi and Jeonju, and the service is now expanding its presence across the country. The service automatically calls patients under active COVID-19 surveillance twice a day to check for fever and respiratory symptoms in a bid to help public health centers take all necessary measures for them by using the results of AI consultation. The AI-based Call Service has replaced simple phone consultation tasks and enabled on-site medical staff to focus on quarantine management flexibly and efficiently even amid unexpected surges in the number of confirmed cases of infection in the country.

Currently, the service is making 2,000-2,500 calls a day on average, and it made more than 180,000 calls in total to some 13,000 people over the year up to March 2021 since its launch in March 2020. In particular, the service performed phone four times more than a daily average, from May to August 2020, when the pandemic swept through the metropolitan area, and identified more than 1,500 people with fever, thus enabling local governments to promptly locate persons showing COVID-19 symptoms. In the wake of the COVID-19 crisis, we plan to utilize ClovaCare calls to take the lead in making a better society with our technological competence by providing various public services, including the prevention of lone deaths and early diagnosis of dementia among elderly people living alone.

Cases of Collaboration with Government Agencies

Public Mask App	Public mask sales data from the Health Insurance Review and Assessment Service and National Information Society Agency (NIA) were provided as open API on NAVER Cloud. Seller information and stock status were provided through NAVER Search and NAVER Map.
Digital Access Register	Partnering with the Central Disaster Management Headquarters, NAVER conducted epidemiological investigations on confirmed cases and operated the first QR check-in service to contain the spread of COVID-19.
Secured Personal Number	Providing a secured number that can be used instead of a mobile phone number for the handwritten access list of multi-use facilities, preventing mobile phone number leakage.
Search Box Banner	Partnering with the Central Disaster and Safety Countermeasures Headquarters, Central Disaster Management Headquarters, Central Disease Control Headquarters, and Ministry of Culture, Sports and Tourism, NAVER provided information on confirmed COVID-19 cases in real time, live-cast regular briefings, and posted response manuals and government policies.





#Connect

The entire world is in the grip of an unprecedented coronavirus as its social well-being, financial stability and many other vital aspects are at risk. NAVER ponders all options that can be deemed feasible based on the value of connection and helps our society overcome the COVID-19 crisis and prepare for a post-pandemic era.

Support for Public Services

As more and more businesses adopt telecommuting and other flexible work systems, NAVER offered NAVER WORKS Lite free of charge for a fixed period. NAVER WORKS is a business collaboration tool that supports text messaging, file sharing, teleconferencing, voice calls, screen sharing, calendar management, and bulletin board notification functions. In the same year, we launched a "Free" product that enables people in need of collaboration to easily use the service without additional costs. More than 200,000 clients across the globe are estimated to use NAVER WORKS to alleviate the impact of business disruptions caused by COVID-19.

In addition, NAVER supports remote studying for students by providing an online teaching platform to primary, middle, and high schools forced to close their classrooms due to the spread of the virus. NAVER Cloud, a subsidiary which is in charge of NAVER's B2B business and provides public cloud services, signed a memorandum of understanding (MOU) in 2020 with Korea Education and Research Information Service (KERIS), under the Ministry of Education. In support of the MOU, NAVER Cloud supported the stable operation of the e-Learning Center, an integrated elementary and secondary online learning service, in 17 cities and provinces. In response to the opening of the online school, in 2021 KERIS has been focusing on strengthening the platform by preparing the online remote video class function of the e-learning center, and has been assisting the architects with the implementation of cloud system and an efficient video class service. In addition, NAVER Cloud provides cloud services necessary for video lectures for online classes of EBS (Educational Broadcasting System), which is in charge of high school online education, while providing active support to enable public education services to be offered efficiently, such as contributing to securing the network stability required for stable real-time online education even with large-scale traffic.

Support for SMEs

NAVER helps SMEs suffering from the COVID-19 pandemic by easing the burden of commission fees and marketing and by providing free products to SMEs including Smart Store merchants. In addition to offering its diverse platform channels as PR and marketing venues, NAVER assists SMEs' efforts to go digital with various forms of online support related to Kiosk set-up, mobile ordering, delivery service management, and online employee training.

In particular, "Shopping Live", our live commerce tool that allows SMEs to show and sell their products through live casting and real-time chatting, enables smartphone-based live-casting without the help of professional studios or equipment. On back of the strengths, Shopping Live has been earning high marks from both merchants and users. As of December 2020, the number of merchants, contents, and transaction amount grew 38 times, 93 times, and 4,560 times, respectively, compared to the figures in March when it was launched. It also set a new record by surpassing 100 million views within just six months of its launch, positioning itself as a new satisfying shopping trend in the contactless era.



NAVER Shopping Live



#Connect

NAVER organized a number of "win-win" bazaars in support of rural SMEs, looking for new sales channels, in partnership with various central and local governments. The bazaars, for which NAVER partnered with Daegu-si, Gyeongsangbuk-do, Gangwon-do, the Rural Development Administration, and the Ministry of Agriculture, Food and Rural Affairs, featured local agricultural goods and delicacies, as well as SME products. NAVER also offered the rural SMEs opportunities free of charge to promote and advertise their products on its various platforms developed for marketing consumer goods, food products, and local produce. One success case was the marketing campaign NAVER had planned for potatoes produced in Gangwon-do on its Trend tab, which resulted in sales of some 200,000 boxes of the produce.

In addition, we supported SMEs in areas damaged by typhoons in 2020, helping them increase their online sales on three occasions, all free of charge. The first live selling was aired on September 9, 2020, featuring Hongro apples of the Gapyeong Farm. The pre-sale page released the day before the live selling attracted orders of 1,400 boxes of the apples; additional apples sourced in the last minute were also sold out on the day of live selling. Through the live selling, some 3,500 boxes of apples were sold, generating sales of about KRW 80 million.

NAVER's support for SMEs went beyond a one-time sales event, effectively evolving into a sustainable online sales channel for local producers and SMEs. In partnership with local agricultural, fishery, and livestock producers, SMEs, and governments, we helped local producers and SMEs experience the benefit of live selling, and with the help of digital conversion, become able to market their products through NAVER Smart Stores, Food Window and other channels, and thus enable them to develop a sustainable sales venue. We will continue to develop diverse win-win solutions together with local producers and SMEs to secure online sales channels and thus improving revenue flows.

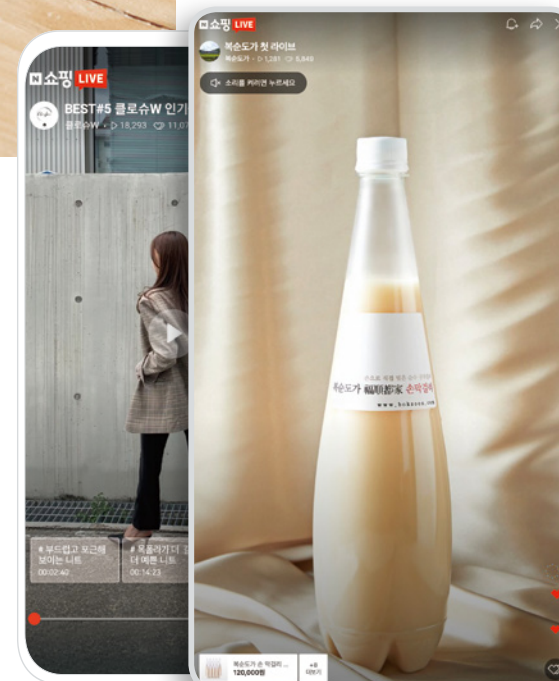
CASE STUDY Cases of Sales Through Shopping Live

Bok Soon Do Ga

It was great to find a new sales channel, NAVER Live Commerce, during the COVID-19 pandemic. The live cast helped us break the stereo-typical image of traditional liquor among younger generations and instead reach out to consumers of varying ages and diverse tastes. The live collaboration with food stylist Kim Eun-Ah, in particular, appealed to viewers as well as the introduction of a unique marriage between our products and exotic foods such as jalapeno finger foods and ceviche. We have been seeing B2C sales grow since 2019, thanks to the growing trends of drinking-alone and drinking-in. Maybe we've been able to improve sales because we have started to communicate with consumers real-time and to cater to their increasingly refined tastes from an endearing distance.

Closhoe W

Suffering sales declines due to the COVID-19 pandemic, I heard about the online live service of NAVER and immediately applied for the service. To make the long story short, sales started to climb up sharply following the promotional events launched with the help of the service and a subsequent jump in dialogues with consumers. We are still doing regular live casts to attract new customers as well as to retain existing ones. Also, more customers become satisfied of our products and trust us as we began to show the characteristics and advantages of our products to the peculiarity of selling on live shopping channels, which in turn has resulted in improvements in the quality of our products. Sales improvements have been made possible also by existing sales services including the product notification service of NAVER Store Picks.





#Care

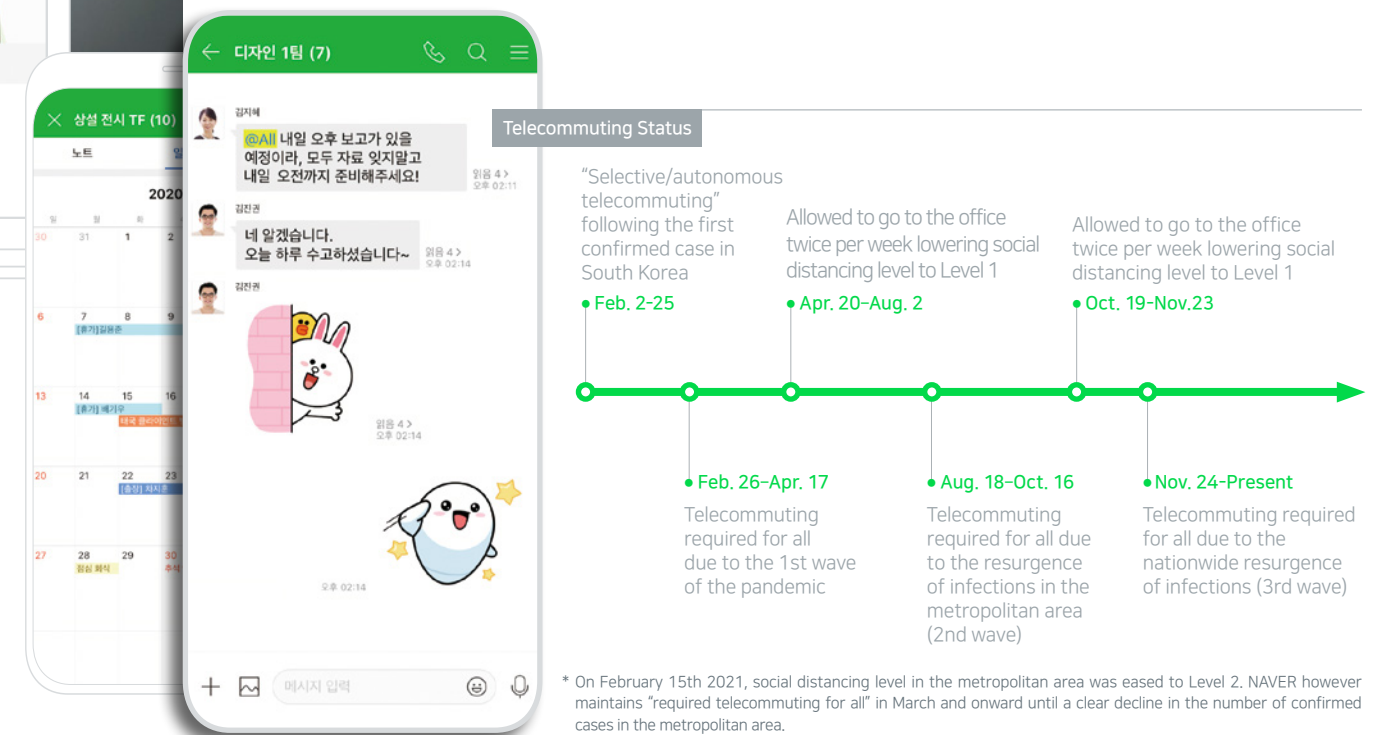
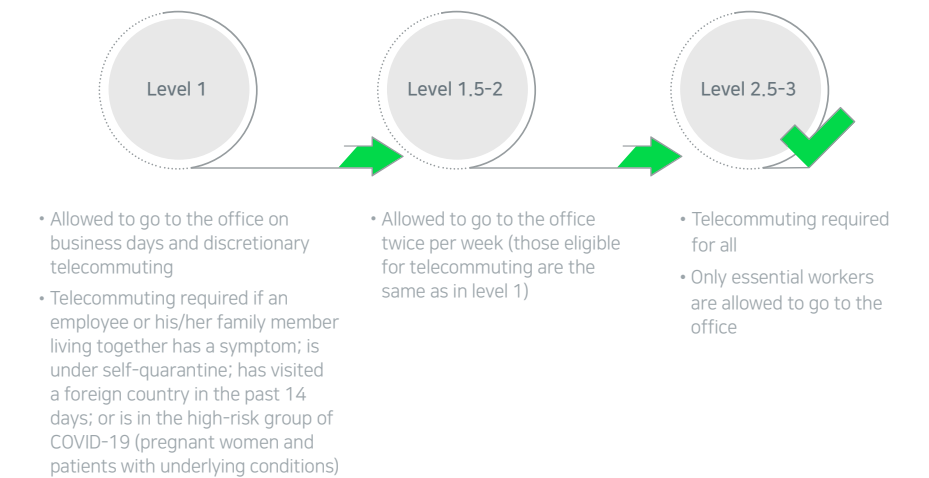
Employees are the driving force of NAVER and the core assets to take the lead in future challenges. While paying a close attention not only to the physical health and safety but also to the mental stability of its employees, NAVER maintains the seamlessness of its organization by drawing on its advanced technology and touches all bases to ensure flawless operations.

Employee Care

NAVER has promptly implemented social distancing and crisis response guidelines in order to protect the health of its employees against COVID-19 and to minimize any personnel or material damages. NAVER also set up an emergency control center consisting of units responsible for making contingency plans, investigating the site, executing containment measures and operation support. The center continues to monitor the signs of a virus spread, and maintains close ties with all the related divisions.

NAVER is also proactively practicing telecommuting and other various programs best suited to the characteristics of operations and organizations involved, in compliance with the government's social distancing guidelines. Moreover, the company takes all measures deemed sensible in preventing the spread of the virus among employees as well as in preparing for crisis - the measures include disinfecting all business space, controlling the inflow of all non-employees into business space, and restricting work space and facilities to a bare minimum.

Social Distancing Guidelines by Level



Sustainable Business Management

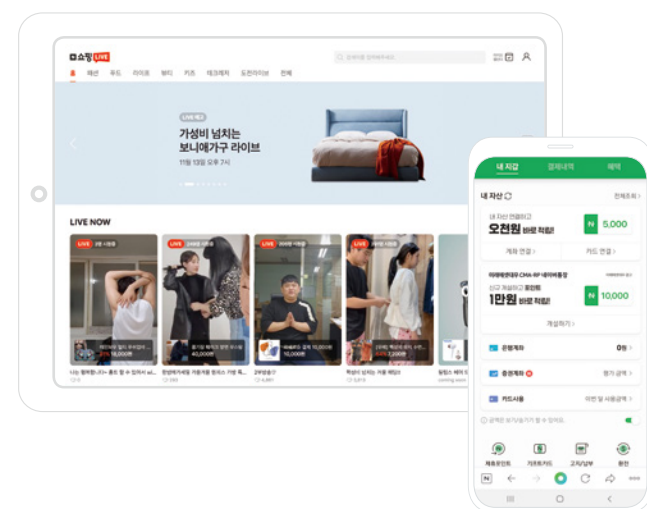
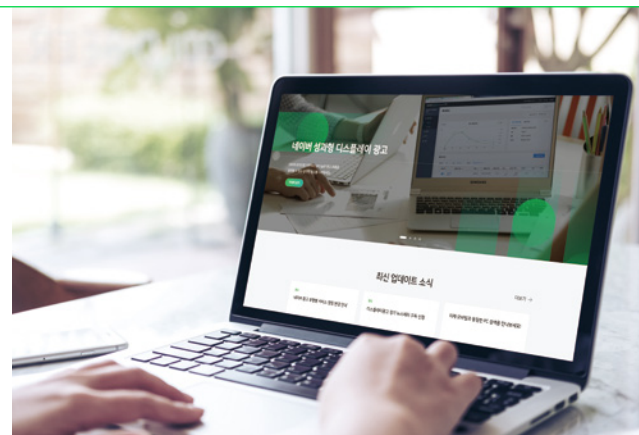
NAVER strives to secure long-term growth engines and to keep its competitive edge sharp through ceaseless pursuit of challenge and business portfolio management. Amid unpredictable business environment and daily life due to COVID-19, we will continue to develop business growth models that thrive on crisis and contribute to the sustainable ecosystem we envision.

NAVER continues to excel in all of its new growth drivers, such as Commerce, Fintech, Contents and Cloud Business while maintaining the solid growth pace in the main business. In March 2021, a joint venture "A Holdings" was launched following the approval of LINE-Z Holdings business integration antitrust review in August 2020. Accordingly, LINE's revenue has been accounted as operating profit (loss) of a discontinued business since August 2020, and was exempted from NAVER's consolidated earnings in March 2021.

Reflecting such changes and in order to clearly demonstrate the growth process of our new businesses on which we have been focusing, we changed our business category starting from the third quarter of 2020 to be Search Platform, Commerce, Fintech, Contents, and Cloud Businesses. Furthermore, while developing a virtuous cycle between business operations and services and thus driving business growth, we will seek to realize stakeholder value related to user experience, win-win growth with partners, and cooperation with the government.

Search Platform

Search, Display As South Korea's top-notch internet search portal, NAVER delivers useful information by adopting AI-based technologies and expanding content, thereby offering new user experiences and better meeting user requirements. In addition, we accommodated the marketing needs of various brands and SMEs and strived to provide products that naturally converge with users' consumption trends, searches, and shopping flows. As a result, our Search Platform Business maintained its solid growth in 2020 with sales of KRW 2,803.1 billion, a year-on-year increase of 5.6%.



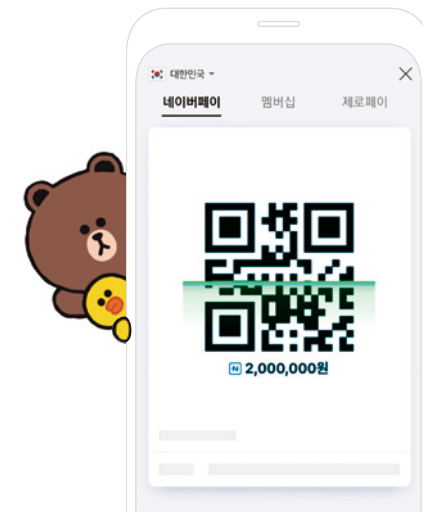
Commerce

Shopping, Commission, Membership In 2020, NAVER launched such new services as Plus Membership and Shopping Live, satisfying both merchants and users. In particular, the number of online shoppers and merchants continued to increase owing to COVID-19, leading to increased transaction volumes on NAVER Smart Store, Brand Store, and Grocery Shopping platforms. Moreover, a strategic partnership with CJ Logistics has laid the ground for strengthening logistics partnerships in e-commerce. We are also exploring ways to collaborate with the goal of increasing eco-friendly factors in the shopping ecosystem.



Fintech

Pay Service, Digital Finance NAVER Pay is steadily rising in transaction volumes with the rapid growth of the Commerce Business. NAVER FINANCIAL is fast expanding the point ecosystem and enhancing NAVER Pay user convenience by launching an offline point QR code-based settlement service in the fourth quarter of 2020. In addition, NAVER FINANCIAL released the NAVER Bankbook in partnership with Mirae Asset Daewoo in June 2020, accelerating the pace of evolution into a financial platform. In December, we introduced "Mirae Asset Capital Smart Store Business Loan", and thus lowered the threshold for Smart Store merchants. Moving forward, we plan to create new value in the financial market, embracing the financially underprivileged and thin filers, by continuing with various experiments aimed at transforming NAVER into a financial platform.



Contents

Webtoon, Music, V LIVE, SNOW NAVER's Contents Business is growing with the advancement of online service features and the increase of global users. In particular, NAVER Webtoon users are fast growing in Europe and Latin America following a robust increase in North America, with 72 million global monthly users (MAU) as of the end of 2020. Furthermore, as we decided to acquire Wattpad, the world's largest web novel platform in January 2021, we are looking forward to the continuous expansion and advancement of the creator ecosystem. In addition, we are building new business models through various efforts including the launch of Beyond LIVE, an online customized concert, and are targeting the global entertainment market by attracting investments from Big Hit Entertainment and YG Entertainment in NAVER Z, the provider of Zepeto, an augmented reality (AR) avatar service.



Cloud

Cloud, WORKS, Clova In 2020, NAVER decided to commercialize all of its business technologies and services on cloud as a way to strengthen its unique competitiveness in the B2B business. We have changed the company name of NBP (NAVER Business Platform), which will lead this transformation, to NAVER Cloud, which has a more intuitive meaning. In the near future, we will integrate the company's various services, technologies, data, and know-how in order to build a layer of vertical solutions tailored for each sector, such as education, commerce, and games, which will serve as our unique and differentiated competitiveness. We have also announced a plan to share the data we have accumulated over the past 20 years through our own cloud for the government's Digital New Deal Data Dam project.



Governance & Trust

Sound and transparent governance underlies sustainable growth, and trust is a core value indispensable to good corporate management. Under a governance structure with effective checks and balances, NAVER endeavors to maintain its growth in an economically, socially and environmentally responsible manner. Furthermore, we solidify the trust we earn from stakeholders through safe-recording and keeping data which is both an important corporate asset and precious memories of the lives of our users.

A technology platform that offers the cornerstones of knowledge not only to the present but next generations too is a sustainable future that NAVER pursues.

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GOVERNANCE


CORPORATE GOVERNANCE


MANAGEMENT APPROACH


As a result of a shift in the business paradigm surrounding corporate management, stakeholder capitalism has emerged, and the demand for integrated management of financial/non-financial performance is required as a way to enhance long-term corporate value. Due to the unprecedented COVID-19 pandemic, the significance of companies' integrated risk management and corporate resilience has been increased, and business philosophies and strategies that consider sustainability are forecast to gain greater importance in the post-COVID-19 era.

The roles and organizational management capabilities of the top decision-making body, equipped with expertise and insight, have never been more important. NAVER therefore created the ESG Committee under the BOD, established mid-to long-term ESG implementation strategies, and took other measures to build a foundation for internalizing ESG in company-wide business activities. While unifying our capabilities to respond to risks, we will actively look for business opportunities to be more responsible to our shareholders and to better manage stakeholder expectations. Moreover, we will transparently communicate this process to become a more trusted company.

KEY PERFORMANCE

 Established the ESG Committee and an ESG-dedicated organization (Green Impact Team) to advance ESG management

 Employees' pledge to business ethics and ethics training to internalize code of ethics at the company level

 Established a compliance management organization and system

Sound Corporate Governance

NAVER has established a transparent and stable governance system as sound corporate governance is the foundation for a sustainable growth. We do our utmost to upgrade our governance system with a particular focus on increasing shareholder value and protecting their rights as well as enhancing our corporate value.

Share and Capital Structure

NAVER's largest shareholder is the National Pension Service, and foreign shareholders account for majority of shareholders.

The total number of shares that can be issued according to NAVER's Articles of Incorporation is 300,000,000 shares (face value of one share: KRW 100), and all issued shares are ordinary shares. Fair voting rights have been given according to the number of shares. As of the end of December 2020, the number of shares issued by the company is 164,263,395 and the number of treasury shares is 16,804,360. Shares with voting rights account for 89.8% of issued shares at 147,459,035 shares.

Advanced Governance & Shareholder-friendly Management

Efforts to Improve Corporate Governance

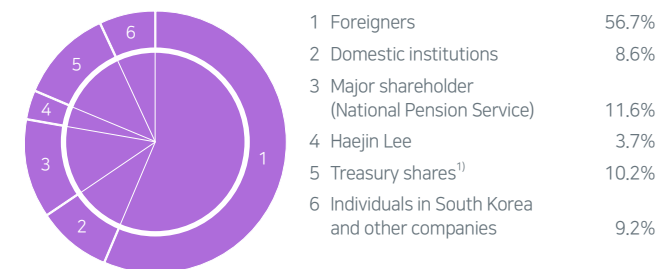
NAVER strives to increase shareholder value and gain market trust by communicating with shareholders and investors through a wide range of channels based on an effective and active IR policy. We operate a separate IR page on our website in both Korean and English so that shareholders can easily access relevant information. For the annual general shareholders' meeting (AGM), we issue a business report, the Articles of Incorporation, an audit report, as well as an annual report to help investors make decisions based on more accurate information. In addition, we communicate with investors regarding such issues by participating in corporate days and conferences hosted by domestic and overseas securities companies, and holding domestic and overseas non-deal roadshows. When needed, top management and directors have direct meetings with investors.

We encouraged outside directors to attend Analyst Day in 2020, thereby expanding communication opportunities with shareholders. We will review various methods so as to further expand outside director participation in major IR events to directly hear shareholder expectations towards NAVER without any filtering and to actively reflect the expectations in the BOD to enable more innovative, shareholder-friendly operation.

In 2020, in accordance with the strengthened ESG business environment in Korea and abroad, we looked into NAVER's ESG improvement and development direction by actively holding interviews and surveys of major shareholders and voting-right advisory companies. In October 2020, we launched the ESG Committee to internalize sustainability in company-wide business decision-making and for top decision-making on ESG risks/opportunities. We also expanded and reformed the roles of the Transparency Committee, which was in charge of internal trading and proprietary trading control, to the Risk Management Committee, and assigned the committee with the function of establishing and managing basic policies and strategies on integrated company-wide risk management.

In March 2021, NAVER established the Corporate Governance Charter in order to share its values with its diverse partner groups, including customers, shareholders, and employees, and to grow into a more trusted company in the right management direction. We will work tirelessly to continuously improve our performance in this regard by revealing the difference between the best standards of corporate governance and the five-year trend of the ESG evaluation grade awarded to us by the Korea Corporate Governance Service (KCGS) on our website, among other things.

Shareholder Composition



* As of December 31, 2020

Type of Shares and Voting Rights

(Unit: Shares)

Classification	Type of shares	Number of shares	Note
Total number of issued shares	Ordinary shares	164,263,395	
	Class shares	-	
No. of shares without voting rights	Ordinary shares	16,804,360	Treasury shares ¹⁾
	Class shares	-	
No. of shares with voting rights	Ordinary shares	147,459,035	-
	Class shares	-	-

* As of December 31, 2020

¹⁾ Reference information for shareholders: On October 26, NAVER made a decision to strengthen and maintain strategic business alliance through treasury share exchange and investment in kind with CJ Logistics, CJ ENM, and Studio Dragon. Accordingly, NAVER disposed 2,094,240 treasury shares by November 10, and the number of treasury shares owned by NAVER has changed to 16,804,360 (10.23% of total shares issued) after the disposal.



Protecting Shareholder Rights and Interests

NAVER provides sufficient information on an AGM to shareholders in advance to allow them to exercise their rights. We convene an AGM and announce it via an electronic document at least four weeks in advance; and we allow our shareholders to easily exercise their voting rights by actively encouraging them to exercise them either by proxy, electronic voting, or electronic/written power of attorney.

As part of our efforts to boost shareholders' convenience, we introduced the electronic voting system in 2021, and comply with the "four weeks before an AGM notice" suggested by the Corporate Governance Code of Practice. In 2021, we implemented a distributed meeting of shareholders for their convenience, and also conducted live streaming due to the COVID-19 situation.

Shareholder Return Policy

In order to increase the predictability and transparency of shareholder return, we established and announced a three-year shareholder return policy in 2019. NAVER pays cash dividends and implements stock repurchases every year. We also set the shareholder return at 30% of the average of the consolidated free cash flows for the previous two years so as to stabilize returns by reducing fluctuations caused by the changing business environment¹⁾. The dividend payout ratio is maintained at 5% of the separate net income, while making changes to buy back treasury shares by using remaining funds after dividends, and then to immediately cancel them, thereby increasing direct returns.

According to the above shareholder return policy, in 2020 NAVER secured financial resources worth KRW 110.7 billion, of which KRW 59.3 billion or 5% of its separate net income, was paid as dividends for the year, and decided to acquire treasury share stock up to KRW 51.4 billion from the remaining funds after paying out the dividends, before immediately cancelling them. In addition, to maintain the previous year's level of shareholder return, we decided to cancel KRW 35.5 billion worth of previously-acquired treasury shares aside from the above shareholder return policy. The dividend payment was completed in the first quarter. However, we are prohibited from purchasing treasury shares in the first half of the year according to a provision that prohibits the acquisition of such shares for three months after disposal, since we used treasury shares to take over Wattpad. We will therefore proceed with the acquisition of treasury shares and the joint cancellation of the previously-acquired treasury shares after separately obtaining the approval of the BOD in the second half of the year.

Board of Directors

Composition and Independence of the BOD

The BOD of NAVER is comprised of a majority of outside directors, who have gone through a review by the Outside Director Nominating Committee, since 2012 when the company's total assets exceeded KRW 2 trillion, ensuring its BOD operation principle centered on outside directors. The company can appoint at least three and at most seven directors pursuant to the Commercial Act and the Articles of Incorporation, and as of the end of December 2020, the BOD consists of seven members, including four outside directors.

NAVER has separated the roles of the CEO and the Board Chairman, which has reduced dependence on executive management in decision-making and ensured the independence of the BOD, thereby strengthening the BOD's role in supervising management and ensuring transparency.

In order to prevent conflicts of interest, the BOD strictly complies with regulations which stipulate that "Of those attending the BOD, a person with a specific interest in a BOD resolution cannot exercise his/her voting rights". NAVER's BOD has thus built a system which enables effective discussions and prudent decision-making, and is performing independent functions from the management and controlling shareholders.

For more professional and systematic operation of the BOD, it has established five BOD sub-committees in accordance with the Articles of Incorporation and the Board's operation regulations. Four out of the five BOD sub-committees (Audit Committee, Outside Director Nominating Committee, Risk Management Committee, Compensation Committee, and ESG Committee), excluding the ESG Committee, are entirely composed of independent directors. Independent directors compose a majority of the ESG Committee, and CEO is a member of the Committee, reinforcing its execution power.



Composition of BOD and Sub-committees



BOD Operation Regulations

¹⁾ Consolidated free cash flow is calculated by adding non-cash expenditures (including tangible and intangible depreciation, impairment loss, post-employment benefit costs-amount paid in the year, and share based compensation expenses) to the corresponding year's consolidated operating income, and then deducting from the sum thus obtained the consolidated income tax payment amount and consolidated CAPEX. In addition, as each given business year's detailed method of execution may change according to the business environment and the prevailing market conditions, it will be determined through a BOD resolution.

The Board Organization



*As of December 31, 2020

Composition of the Board

Position	Name	Date of birth	Area of expertise	Professional & educational background	Term	
Other Non-executive Director (Chairman of the Board)	Byun Dae-gyu (Male)	Mar. 1960	Business	<ul style="list-style-type: none"> Ph. D. in Control and Measurement Engineering, Graduate School of Seoul National University President & CEO, Humax Outside Director, SK Telecom Outside Director, POSCO 	<ul style="list-style-type: none"> Vice President, The National Academy of Engineering of Korea Currently President & CEO, Humax Holdings Currently Chairman of the Board of Directors, Humax 	Mar. 2017-Mar. 2023 Reappointed (1)
	Cheong Ui-jong (Male)	Aug. 1963	Law	<ul style="list-style-type: none"> M.A in Law, Seoul National University LL.M., Columbia University Member of Economic Policy Consultation Committee, Ministry of Strategy and Finance 	<ul style="list-style-type: none"> Member of Financial Dispute Consultation Committee, Financial Supervisory Service Currently Lawyer, BAE, KIM & LEE LLC 	Mar. 2013-Mar. 2022 Reappointed (2)
	Lee In-moo (Male)	Jun. 1966	Investment & Finance	<ul style="list-style-type: none"> Ph.D. Finance, University of Illinois at Urbana-Champaign Associate Professor, Korea University & National University of Singapore Vice President, Dimensional Fund Advisors Member of Risk Management Committee, National Pension Service 	<ul style="list-style-type: none"> Currently Professor, Korea Advanced Institute of Science and Technology & Head, School of Management Engineering Currently Member of Corporate Governance Committee, Korea Corporate Governance Service 	Mar. 2018-Mar. 2024 Reappointed (1)
Outside Directors	Jung Do-jin (Male)	Jan. 1969	Accounting & Audit	<ul style="list-style-type: none"> Ph.D. in Accounting, Kentucky University Team Leader of Accounting Administration Department, Financial Supervisory Service Member of Evaluation Team for Management Performance of public corporation or quasi-governmental institution, Ministry of Strategy and Finance Accounting Oversight Deliberation Committee, Financial Services Commission 	<ul style="list-style-type: none"> Deliberative Committee on National Accounting System, Ministry of Strategy and Finance Member of International Public Sector Accounting Standards Board (IPSASB) Currently Member of Listing Committee, Korea Exchange Currently Professor, Chung-Ang University Business School 	Mar. 2019-Mar. 2022
	Lee Keon-hyok (Male)	Jul. 1963	Economy & Communication	<ul style="list-style-type: none"> M./Ph.D. in Economics, London School of Economics and Political Science Senior Researcher, International Monetary Fund, Development Bureau, Policy Analysis 	<ul style="list-style-type: none"> Senior Economist, J.P Morgan Vice President, Samsung Global Communications Group Currently CEO, Shinhan Financial Group Future Strategy Research Institute 	Mar. 2021-Mar. 2024
	Han Seong-sook (Female)	Jun. 1967	Business	<ul style="list-style-type: none"> B.A. in English Literature at Sookmyung Womens University Mincom Company Nanum Technologies PC Line 	<ul style="list-style-type: none"> Director of Search Business Division, EMPAS General Director of Service Management Committee, NAVER Corp. Currently President & CEO, NAVER Corp. 	Mar. 2017-Mar. 2023 Reappointed (1)
Inside Director (COO)	Choi In-hyuk (Male)	Nov. 1971	Technology	<ul style="list-style-type: none"> M.D. Control and Measurement Engineering, Seoul National University Samsung SDS 	<ul style="list-style-type: none"> General Director of NAVER Business Committee Currently COO, NAVER Corp. Currently CEO, NAVER FINANCIAL 	Mar. 2018-Mar. 2024 Reappointed (1)

* As of March 2021

** In case of a reappointed candidate, detailed information is disclosed on the background of appointment as well as BOD and committee activity details in regular business disclosures to faithfully provide shareholders with relevant information.

*** Other non-executive director, outside directors are independent directors.

Criteria of disqualification as an outside director

- Directors, executive directors and employees who are engaged in the regular business of the relevant company; or directors, auditors, executive directors and employees who have engaged in the regular business of the relevant company within the latest two years
- The largest shareholder, his/her spouse, lineal ascendants and lineal descendants
- Directors, auditors, executive directors and employees of the corporation, in cases where the largest shareholder is a corporation
- Spouse, lineal ascendants and lineal descendants of directors, auditors and executive directors
- Directors, auditors, executive directors and employees of a parent company or a subsidiary company of the relevant company
- Directors, auditors, executive directors and employees of a corporation which has a significant interest in the relevant company, such as a business transactional relationship like a significant customer or supplier of the company
- Directors, auditors, executive directors and employees of another company where directors, executive directors and employees of the relevant company serve as directors and executive directors

Operations of the BOD

As NAVER's standing top decision-making body, the BOD is operated by directors who have extensive professional knowledge and experience in such fields as management, economy, finance, accounting, law, and technology. To support smooth execution of duties by outside directors, the BOD Secretariat and each department in charge frequently provide required information and resources¹⁾, and external training is provided to strengthen competencies. In 2020, we conducted training on the current operational status of the BOD at home and abroad and diagnosed its performance in order to improve its operation and develop it into an advanced entity. To reinforce the roles and responsibilities of the Audit Committee, we provided training on the changes in the activities of the Committee following the introduction of the consolidated internal accounting management system and the amendment of the relevant laws and regulations.

NAVER complies with the Articles of Incorporation and BOD regulations and guidelines for overall BOD operations, and holds a regular BOD meeting once a month to ensure quick decision-making and sufficient discussion and review of introduced agenda items, and also holds extraordinary BOD meetings when there is an urgent need. In particular, the BOD finalizes the following year's regular BOD meeting schedule every December, and director schedules were checked to increase attendance rates, resulting in an outside directors' BOD and committee attendance rate of 100% in 2020.

In 2020, the BOD held a total of 14 meetings, including 12 regular meetings and 2 extraordinary meetings to make decisions on 36 resolution items and 23 report items.

Evaluation and Compensation of the BOD

NAVER receives approval for a remuneration ceiling of directors and auditors at the AGM, and provides remuneration within this scope and in accordance with criteria set by the BOD and Compensation Committee, in consideration of duties, performance, and other matters of directors and auditors. Remuneration of the management, including the CEO, consists of salary and short-term, long-term bonuses. The long-term bonus is determined in consideration of degree of contribution to the company's management, technological innovation, etc. A stock option is provided to align the management's interests with shareholder interests and to strengthen responsible management in consideration of mid-to long-term performance. In case of outside directors, remuneration is provided in the form of a fixed pay, without any additional benefits or payment to cover meeting expenses.

NAVER determines outside director remuneration in consideration of the legal responsibility level, and ensures that it is in line with the level of remuneration in the same/similar industries in consideration of company size according to social norm.

¹⁾ Board of Directors (BOD Secretariat), Outside Director Nominating Committee (BOD Secretariat), Risk Management Committee (Risk Management Working Group, Compliance Organization), Audit Committee (Internal Audit), Compensation Committee (Leadership Channel), ESG Committee (Green Impact)

Sub-committees under the BOD

Committee	Functions	Chair Member					
		Byun Dae-gyu	Cheong Ui-jong	Lee In-moo	Jung Do-jin	Lee Keon-hyok	Han Seong-sook
Audit Committee	<ul style="list-style-type: none"> Supervises the work of directors and the management Gives approval for the selection of an outside auditor Other matters stipulated in the Articles of Incorporation or internal regulations in relation to audit work 		○	○	●	○	
Outside Director Nominating Committee	<ul style="list-style-type: none"> Establishes, examines and complements the principles of outside director appointment Recommends candidates for outside directors who will be appointed at the AGM Manages a pool of outside director candidates at all times and verify them 	○	○	○	○	●	
Risk Management Committee	<ul style="list-style-type: none"> Establishes basic principles and strategies regarding company-wide integrated risk management Diagnoses reasons of risk after occurrence of risks and discusses measures to be taken for improvement 		●	○	○		
Compensation Committee	<ul style="list-style-type: none"> Matters related to determination of compensation for the management and payment method Matters related to designing and operating of a compensation system for the management, and evaluating the adequacy of the design and operations Matters related to the decision-making process regarding compensation policy 	●	○	○			
ESG Committee	<ul style="list-style-type: none"> Makes investment decisions based on ESG Manages key ESG risks such as climate change response Makes final deliberation on non-financial information disclosure 	○	○	●		○	

* As of March 2021

Characteristics of the Board

Independence	Transparency	Expertise	Diversity
<ul style="list-style-type: none"> Ensure BOD independence by separating the roles of the CEO and the Board Chairman Have the BOD consist of a majority of outside directors Restrict the exercise of voting rights of a director with a specific interest in a BOD resolution 	<ul style="list-style-type: none"> All directors are appointed by a resolution at the AGM All committees, excluding the ESG Committee, are composed of only outside directors 	<ul style="list-style-type: none"> Appoint experts who have extensive knowledge and industry experience in diverse areas that are needed for corporate management, including finance, law, and monetary affairs Prohibit persons who have difficulty in performing duties or who can influence management of a listed company from being appointed, and receive BOD approval for a concurrent position 	<ul style="list-style-type: none"> When a candidate is chosen, no restrictions are placed on race, gender, age, religion, disability, nationality, region, and political inclination

To clarify the roles and responsibilities of BOD members, including outside directors, and to enhance efficiency of BOD operations, NAVER carried out a BOD performance assessment project for around three months starting in December 2020.

For the performance assessment, we conducted a survey of the Board and each of its members, on the basis of which the outside directors had a meeting with the chairman to discuss the results of the survey and the directions for improvement in depth. Going forward, we will reflect the discussions and evaluation results into the operation of the BOD and the activities of the outside directors, while conducting regular performance assessments to continuously improve the BOD's performance.

Audit Organizations

Audit Committee

NAVER established an Audit Committee pursuant to Article 542-11 of the Commercial Act and Article 48 of the Articles of Incorporation, specified the Audit Committee's operation, authority, responsibilities, and others in the Audit Committee operation regulations, and carries out work accordingly.

All members of the Audit Committee are outside directors, including finance and accounting experts and legal experts, to ensure expertise and independence. It conducts accounting and work audits, and focuses on expanding governance independence and soundness. Furthermore, NAVER has a compliance officer who meets the requirements set forth in Article 543-13 of the Commercial Act. The compliance officer independently monitors whether the management and employees observe laws and regulations, and appropriately carry out corporate management, and makes reports to the BOD, thereby conducting examinations for observance of compliance guidelines.

Outside Auditor

NAVER secures the fairness and transparency of its accounting information through regular audits by an independent outside auditor. To ensure independence and expertise of the outside auditor, we include in the candidate evaluation criteria for outside auditor appointment such factors as independence and compliance with regulations as well as the auditor's industrial expertise and experience. In addition, quarterly meetings are held with the Audit Committee to review audit details and quality. The outside auditor that was chosen from business year 2015 to business year 2020 was Samil PwC. The audit opinion for the 22nd business year (2020) is "Unqualified", and there were no other special notes.

BOD Activities

Classification	2019		2020	
	Number of meetings held	Number of agenda items ¹⁾	Number of meetings held	Number of agenda items ¹⁾
Board of Directors	16	28 (67)	14	36 (59)
Audit Committee	8	6 (21)	7	2 (17)
Outside Director Nominating Committee	3	2 (3)	1	(1)
Risk Management Committee ²⁾	9	4 (17)	8	4 (13)
Compensation Committee	6	2 (13)	6	3 (10)
ESG Committee ³⁾	-	-	1	(1)

¹⁾ Figures in the parenthesis represents number of agenda items including reports

²⁾ Formerly Risk Management Committee

³⁾ Newly established in October 2020

Director Remuneration Payment in 2020

Classification	No. of persons	Total remuneration amount (KRW million)	Average remuneration amount per person (KRW million)
Executive directors ⁴⁾	3	6,066	2,022
Outsided irectors ⁵⁾	-	-	-
Audit Committee members	4	355	89

⁴⁾ Excluding outside directors and Audit Committee members

⁵⁾ Excluding Audit Committee members

Compensation of the CEO to Average Employee compensation in 2020

Total CEO remuneration (KRW million)	Average employee compensation (KRW million)	Rate ⁶⁾ (Times)
3,459	102	33.9

⁶⁾ A figure calculated by dividing total CEO remuneration by the average employee remuneration

Audit Opinion

Business year	Auditor	Audit opinion	Special notes in the auditor's report
22nd (2020)	Samil PwC	Unqualified	None applicable
21st (2019)	Samil PwC	Unqualified	None applicable
20th (2018)	Samil PwC	Unqualified	None applicable

Audit Service Agreement

Business year	Auditor	Details	Remuneration (KRW million)	Total hours consumed
22nd (2020)	Samil PwC	Review of mid-term financial statements, audit of separate and consolidated financial statements	2,045	20,999

Risk & Opportunity

Risks that could be threats to a company can also be opportunities for new business and value creation. NAVER analyzes risks from various angles of economic, social and environmental views, and preemptively responds to them, thereby turning crises into opportunities while also strengthening its business resilience.

Risk Management

Strengthened Company-wide Risk Management

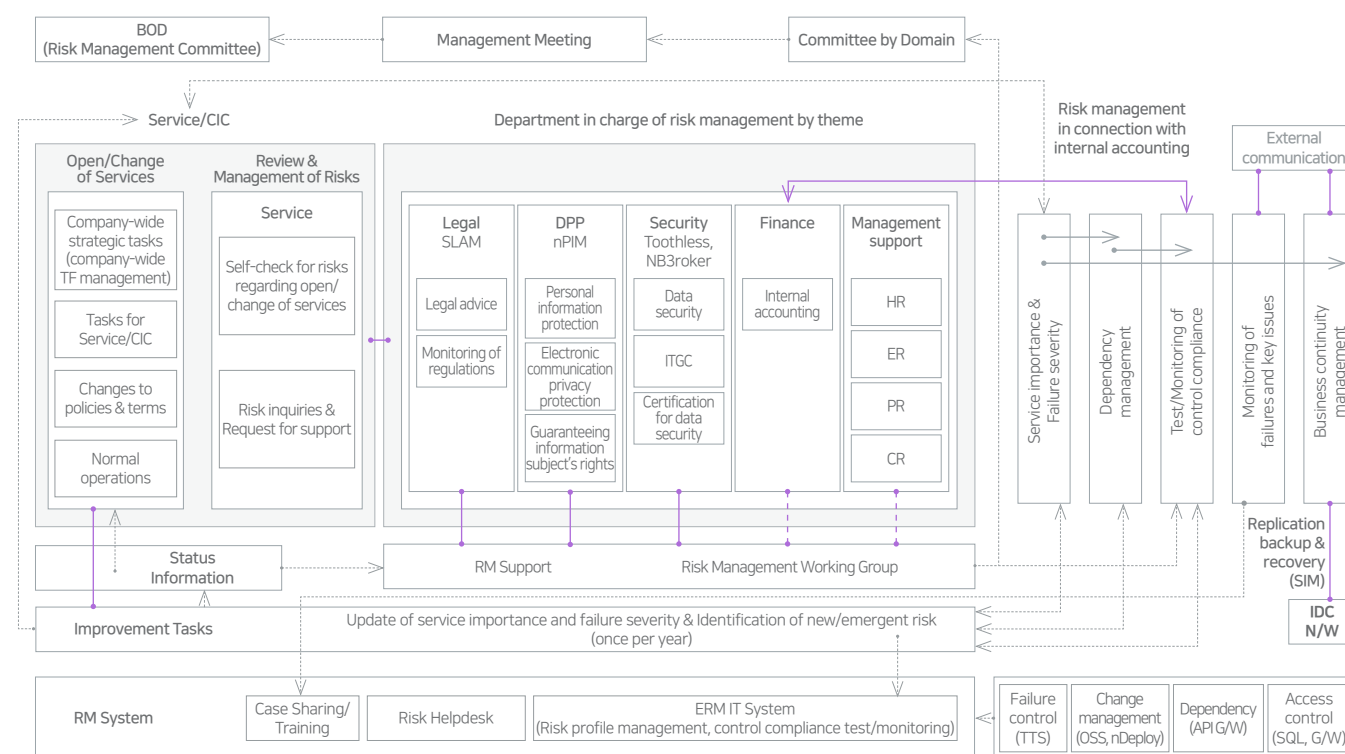
In 2019, we formed a task force (TF) to advance the company-wide risk management system, and reviewed the overall organizational risks related to strategy, investment, operation, and external policies in a bid to identify them by type and check the management categories and risk management methods, while establishing countermeasures and control levels suited to our service characteristics. We plan to maintain a sustainable level of risk management by designing a framework that can diagnose and manage risks in three dimensions, taking into account the core values of the services and platforms that we provide.

NAVER has reestablished the roles and responsibilities regarding risk management at the BOD level, and reorganized and expanded the roles of the former Transparency Committee to create the Risk Management Committee, which will be responsible for establishing and managing basic policies and strategies for integrated company-wide risk management.

We manage company-wide risk issues through the Risk Management Working Group and a dedicated support organization established under the Service Sustainability Committee. In particular, we share enterprise risk management (ERM) issues with each risk organization at regular meetings, and proactively derive effective measures for improving our risk management.

In October 2020, NAVER established the ESG Committee whose role is to set a direction for managing company-wide ESG issues and to engage in top decision-making related to ESG risks and opportunities. Going forward, we will make continuous efforts to internalize sustainability throughout our corporate management, while also strengthening the establishment and management of policies on integrated risks, such as company-wide operations, finance, HR, and legal affairs.

ERM Framework of NAVER



Managing and Responding to Key Risk Factors

● Emerging | ● Strategic | ● Operational | ● Regulatory | ● Financial

Key risk factors	Details	Potential impact on NAVER (+/-)	Activities
● Climate change	<ul style="list-style-type: none"> Strengthened greenhouse gas (GHG) reduction regulation at home and abroad Increased demand for companies to fulfill environmental responsibilities Increased risks regarding business environment change due to climate change response 	<ul style="list-style-type: none"> + Meeting expectations of stakeholders, including the government, investors, civil society and users, by taking active responses - Increased GHG emissions as data centers consume more energy with a rise in the volume of data used owing to technological development Increased costs from countering GHG with an increased scope of emission trading application in South Korea 	<ul style="list-style-type: none"> Owns an eco-friendly policy that embodies NAVER's unique philosophy Operates the "Green Factory", an energy-saving office building, and has a plan to complete construction of the "1784", NAVER's second office building that will combine the latest technologies Operates Data Center "GAK", which has applied eco-friendly technologies (LEED Platinum grade, global-level power usage effectiveness (PUE)) Is establishing a GHG reduction target and implementation measure in line with the TCFD framework
● Plastic packaging	<ul style="list-style-type: none"> Strengthened regulations on plastic packaging at home and abroad Increased environmental pollution from passive responses 	<ul style="list-style-type: none"> + Expanding opportunities for eco-friendly product development and cooperation - Increased discarded volume and burden over environmental costs as a result of packaging use of online shopping Impact on corporate brand image 	<ul style="list-style-type: none"> Establishes an environment for joint efforts to promote the circular economy by working together with partners that use NAVER's shopping platforms Contributes to an eco-friendly logistics environment through partnerships with shipping companies Provides training that enhances employee awareness
● Pandemic	<ul style="list-style-type: none"> Business risks due to an unpredictable pandemic Increased risks related to employee health/safety and increased burden over changes in business operation methods 	<ul style="list-style-type: none"> + Strengthening policies and programs for human capital management Launching various products and services for the contactless era - Uncertainty in securing business profitability Risk of reduced work efficiency 	<ul style="list-style-type: none"> Expands contactless telecommuting and remote working Strengthens online service competitiveness for the contactless environment, such as V LIVE, Live Commerce, and NAVER WORKS Operates the risk management system 24/7 Increases work efficiency by building a self-directed work culture
● Political and economic instability	<ul style="list-style-type: none"> Business instability due to the global economic downturn and political conflicts Application of discriminative regulations by countries where the company operates 	<ul style="list-style-type: none"> + - - Worsened profitability in the respective countries Re-examination of the business portfolio 	<ul style="list-style-type: none"> - Monitors trends in South Korea and abroad 24/7 Runs diverse services to maintain/strengthen competitiveness in the domestic market
● User preference	<ul style="list-style-type: none"> Expanded user base due to a rise in one-person households, the emergence of Generation Z as the mainstream of digital consumption, and the aging society Changes in user preference that emphasize convenience, eco-friendliness, and sustainability 	<ul style="list-style-type: none"> + Retaining existing users and attracting new users by launching new products and services - Lower competitiveness resulting from failure to preemptively respond to user needs Decrease in sales, difficulty in achieving growth targets 	<ul style="list-style-type: none"> Conducts surveys on user experiences for each service that NAVER offers, and make efforts to improve them Operates various communication channels, including an official website and blog
● Investment strategy	<ul style="list-style-type: none"> Evolution of investment strategies as a result of new technologies, new business models, and diversification of business portfolios and countries into which corporate advancements are made 	<ul style="list-style-type: none"> + Expanded opportunities for new user exposure and partnership through new businesses Increased sales from developing future growth engines - Business burden and liquidity risks from unreasonable business expansion 	<ul style="list-style-type: none"> NAVER FINANCIAL - successfully enters into the fintech market Establishes strategies on priorities based on long-term growth and value creation, including AI, cloud, and commerce Debt-to-equity ratio management Credit management
● Competitors	<ul style="list-style-type: none"> Fiercer market competition owing to the attraction of new businesses and launch of new services by competitors, and market entry by new players 	<ul style="list-style-type: none"> + Preemptively launching business models/services - Decrease in sales resulting from market saturation and lower market share 	<ul style="list-style-type: none"> Strives to improve products and services and to maintain market competitiveness Strategic business portfolio management

Key risk factors	Details	Potential impact on NAVER (+/-)	Activities
● Technological transition	<ul style="list-style-type: none"> Accelerated commercialization of future innovative technologies, including 5G, AI, robot, autonomous driving, and AR Capabilities in relation to applying/internalizing innovative technologies in overall business operations Emergence of ethical issues with technological development 	<ul style="list-style-type: none"> + Securing market competitiveness/ leadership by preoccupying technological competitiveness + Expanding potential business opportunities by investing in various innovation ecosystems at home and abroad - Possibility of disputes over intellectual property rights - Emergence of ethical issues due to AI and robot technologies, such as alienation of humans and privacy 	<ul style="list-style-type: none"> NAVER Labs, a subsidiary that specializes in R&D, focuses on future technology research Expands the discovery, investment, and support for promising start-ups through NAVER D2SF, a tech start-up accelerator Contributes to fostering future talent through industry-academia cooperation in AI Complies with regulations that protect intellectual property rights and strengthens the relevant system Makes preemptive responses, such as human capital development and responsible AI
● Human resources	<ul style="list-style-type: none"> Attraction and retention of outstanding talent Outflow of talent to competitors 	<ul style="list-style-type: none"> + Securing competitive human resources - Increased uncertainty over securing growth and future capabilities 	<ul style="list-style-type: none"> Strives for human resources development with a focus on diversity, innovation and growth, and strengthens a performance compensation system
● Partner management	<ul style="list-style-type: none"> Financial/non-financial risks of partners Unfair trade risks, including abuse of superior status Partners leaving to join competitors 	<ul style="list-style-type: none"> + Securing long-term cooperation opportunities through partner risk management + Helping SMEs grow through win-win cooperation - Fair trade violation risks, such as abusive conduct by people in positions of power 	<ul style="list-style-type: none"> Runs training/consulting/infrastructure support programs for digital transformation of SMEs Provides ad exposure and new market-opening opportunities Operates Voice of Partners and Partners Line – partner communication channels Contributes to building a sustainable ecosystem through agreements to practice sustainable management Adopted and complies with the 4 Code of Conducts to Comply with Subcontract-related Laws and Regulations (Korea Fair Trade Commission) Operates a dispute mediation channel Provides fair trade training to employees
● System, security, and privacy	<ul style="list-style-type: none"> Threats to operational stability and security from cyberattacks, internal system malfunctions, etc. User personal information leakage/abuse risks 	<ul style="list-style-type: none"> + Gaining user trust through stable system operation - Lower consumer trust and increased costs resulting from information leakage - Damaged corporate brand image 	<ul style="list-style-type: none"> Maintains company-wide year-round, 24/7 information security activities Prior/follow-up risk management Improves policies and programs Provides information protection training to employees Operates the Privacy Center
○ Corporate ethics and regulations	<ul style="list-style-type: none"> Conduct that violates corporate value and ethical regulations Non-compliance with fair trade and fair competition regulations Strengthened regulations in the Internet media industry 	<ul style="list-style-type: none"> + Securing corporate credibility through fair and transparent management - Strengthened restrictions - Increased costs to respond to regulations, including fines and penalties - Damaged corporate brand image, reputation 	<ul style="list-style-type: none"> Makes efforts to improve corporate governance system Has a company-wide Integrity Code in place, and encourages employees to practice their ethics pledge Manages fraud risk and strengthens internal control Operates internal and external report channels including the Corporate Ethics Consultation Center
● Finance	<ul style="list-style-type: none"> Possibility of instability/ sharp changes in exchange rates, interest rates, capital at risk, credit rating, taxes, etc. 	<ul style="list-style-type: none"> - Difficulty in overall management and in securing business continuity - Reduced competitiveness in the capital market 	<ul style="list-style-type: none"> Manages governance/financial risks at all times Secures an adequate debt-to-equity ratio

Business Ethics & Compliance

Business ethics is an obligation that companies need to observe as a member of society. NAVER maintains political neutrality and corporate management transparency, and thus pursues a reputation as a trusted company.

Ethical Management

Integrity Code and Fair Operation Policy

NAVER has its Integrity Code in place based on which the company has stipulated the responsibilities that should be held by the company as a large community, and its standards for staff members to avoid conflicts of interest and to respect each other. The Integrity Code is provided in three languages – Korean, English, and Japanese – and all staff members adhere to the Code, thereby fulfilling their responsibilities toward both customers and a wider society and building a reliable, transparent company. In order to encourage all employees of NAVER to participate in practicing the Code, our full-time staff, part-time staff, dispatched workers, and interns at the company headquarters make pledges every year¹⁾. All employees at NAVER's subsidiaries are also required pledge to comply with the Integrity Code so as to ensure that they are fully familiar with the content and spirit of the code. In addition, we systematically update and manage the purpose and the detailed criteria of the Integrity Code in line with internal and external policies and requirements. Also, the CEO's resolve to practice ethical management is specified on our website. In addition, for fair use of NAVER services, we post search ad operation policies and others to protect advertisers and users, and also sign an agreement on practicing ethics when entering into a contract with our partners, thus pursuing shared growth through transparent, fair trade and mutual cooperation as a partner of business activities.

Ethics Training

NAVER requires new recruits to make a mandatory commitment to the NAVER Integrity Code every year, conducts compulsory training on corporate ethics, and makes efforts to internalize ethical management. Leaders in positions with considerable roles and responsibilities undergo separate ethical management training in the form of workshops every year. In January 2021, we offered training on "the importance of Integrity Code and my role" to newly hired employees. In March, there was an online training designed to inform all employees of integrity related to corporate ethics, anti-corruption, and human rights, and its significance. In addition, we plan to provide position leaders with tailored training on corporate ethics, anti-corruption, and the prevention of sexual and other forms of harassment in the workplace by the end of the second quarter.



NAVER Integrity Code

¹⁾ Number of pledges in 2020: 4,085 at NAVER, 10,226 at NAVER subsidiaries

Integrity Code

Healthy Organizational Culture

Respect for diversity, prevention of sexual and other forms of harassment in the workplace, prevention of abuses of status/authority

Work Transparency

Prohibition of cost/asset theft and embezzlement, avoidance of conflicts of interest, prohibition of use of inside information, prohibition of dual employment, and transparent accounting

External Communication

Maintenance of political/social neutrality and approval of external communication

Partnership

Prohibition of abuses of status/authority in transactions, compliance with the purchasing process, prohibition of unfair trade practices, and prevention of offering money and goods, entertainment, and accommodation

Information Protection

10 Commandments to protect personal data, prevention of data leakage



CEO's Commitment for Management of Ethics

- NAVER practices corporate ethics thoroughly to grow with various stakeholders.
- We will make our utmost efforts to ensure that each of our employees works transparently and with honesty in their respective positions, and that all of our partners will continue their long and healthy partnership.

Self-Check Monitoring

NAVER has established a system designed to prevent fraud risks in advance and detect them afterwards. As a part of these efforts, we are operating a "Self-Check System" that allows the employees themselves to build a culture of cautiousness to prevent serious fraud. The system, which is based on constant monitoring, frequently monitors unusual cases in the system across individuals, management support, business, and technology, and if any abnormal data are detected, a mail is sent to the relevant employee, who is then given an opportunity to provide an explanation. Further actions are taken as and when necessary. We are enhancing the effectiveness of monitoring by improving the monitoring scenarios, while expanding the scope of application, in a drive to boost our systematic countermeasures to corruption risks.

Survey and Ethical Standards Audit

NAVER continuously conducts VoP (Voice of Partners) surveys of all its partners to check that their transaction process with NAVER (selection of companies, terms of contracts, termination of contracts, etc.) is transparent and fair. NAVER also conducts an annual ethical awareness survey based on the Integrity Code of all its employees in order to check and monitor the corporation's overall level of ethics on a regular basis. If the survey findings point to any irregularities, we conduct regular audits of ethical standards and report the outcomes to the Audit Committee. We also strive to detect any irrational situations within and outside the company through such surveys and audits.

Business Ethics Consulting and Report

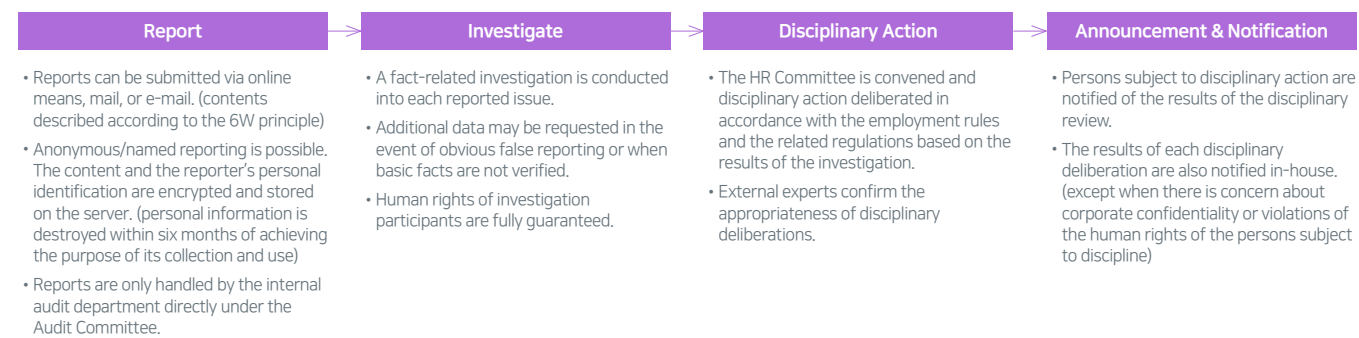
NAVER operates the Business Ethics Consulting Center to enable both employees and third parties to receive consultation and to report employees unethical abuses of the rules and regulations, such as the unfair handling of work; the use of one's position to make undue demands; the provision or receipt of money, goods, entertainment, or conveniences; interference in the business of partners; complaint related to payment; leakages of confidential information; and/or any other corrupt or unlawful conduct. The Business Ethics Consulting Center can be freely accessed through the NAVER website in Korean and English, and reports can be made using a false name or anonymously. Reports can also be made via e-mail and mail. We run a consultant protection program so that anyone can consult and report with confidence. Under the counselor protection program, we have stipulated "protection of reporter status and report content according to the laws and corporate regulations", "prohibition of disadvantages and discrimination against reporters", and "compensation and indemnification for reporters". 21 reports were submitted in 2020, 100% of which were processed according to an internal process.

In addition, we operate "kNock" which is an integrated internal channel for free consultation on company standards and systems. For kNock, staff members in charge across different areas directly answer questions, and use this as an opportunity to examine, in detail, if improvements are needed in the company's systems or standards and if more sufficient explanations or information needs to be provided to employees. A total of 71 cases was received from 2019 to September 2020, and all cases were handled by the departments in charge for each type of distress.

Types of Distress handled through kNock & Number of Related Incidents

Side job, dual employment, dual position	41	External contributions, lectures, publishing, writing	21	HR system	6	Total 91
Use of budget	4	Stock trading, stock option	3	Improper Solicitation and Graft Act and other law-related	3	
Workplace bullying	2	Data security within a company	2	Others	9	

Whistleblowing Process



Measures Taken for Internal Ethical Regulation Violation

Classification	2018	2019	2020
Total	13	9	12
Wage cut	2	4	2
Indemnification	0	0	0
Dismissal	0	0	0
Others	11	5	10

(Unit: Cases)

Compliance Management

Compliance Management System

In March 2021, the ESG Committee made decisions on establishing a dedicated compliance organization and operating system. Accordingly, NAVER formed a compliance-dedicated organization, and developed a fair trade compliance manual and disclosed it on the website on March 31. Going forward, we will reinforce the related education to upgrade its compliance system and establish a system for decision-making and operation evaluation in the second half of 2021.

ISO 37001 Certification

NAVER is pursuing the acquisition of the ISO 37001 certification to enhance its anti-corruption policy and system and secure international reliability. ISO 37001, which is an anti-bribery management system standard established by the ISO (International Organization for Standardization), proposes a global standard for establishing, implementing, maintaining, and improving the corruption-related systems within an organization. NAVER is preparing to respond to tasks at all stages, including the preparatory stage, which includes education to improve awareness, the stage of system design and documentation, the stage of system implementation and verification, and the stage of review and certification, with the goal of obtaining certification in the second half of 2021.



Business Ethics Consulting Center



Compliance Policy

Transparent Disclosures

Tax Management Principles

NAVER recognizes that complying with tax laws is an important part of management, and has adopted its tax management principles as "tax filing and payment based on principles" and "social contribution through contribution to national finance". To faithfully fulfill our tax payment duties in accordance with laws, we strictly comply with domestic and overseas tax regulations in all our transactions, and maintain transparent relations with taxation authorities in South Korea as well as those in countries where our overseas subsidiaries operate.

Compliance with the Arm's Length Principle

To prevent tax issues in special interest party transactions at home and abroad, we established a price policy and continue monitoring. We observe OECD guidelines in relation to international transactions, and provide transfer price-related materials to each taxation authority in accordance with the 2017 legislation of submission of taxation information by country for prevention of base erosion and profit shifting (BEPS).

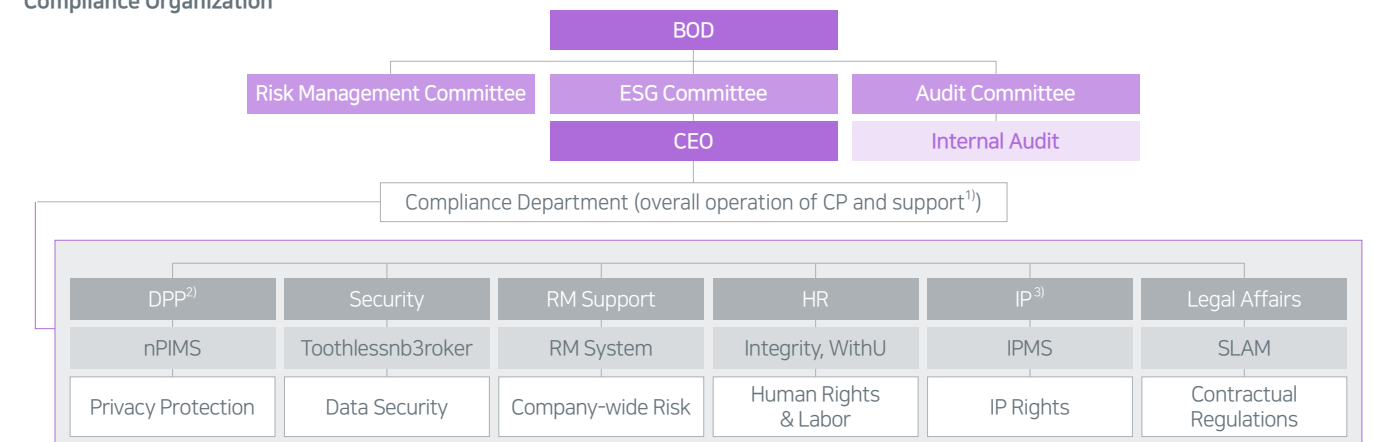
Enhancing Tax Burden Transparency

To enhance transparency in tax burden for stakeholders, NAVER discloses tax-related information through business reports. In addition, for appropriate tax law application and protection of stakeholders, we conduct a final review by internal and external tax experts on major tax items, and comply with filing obligations.

Tax Risk Management Process

When conducting transactions, NAVER determines risks and makes decisions beforehand in consideration of opinions given by outside tax experts. For complex, significant tax issues, we make inquiries in advance to the taxation authorities and receive an authoritative interpretation before progressing forward. In addition, we strive to prevent the various tax risks that may arise from trading of goods and services, M&A, corporate restructuring, and transaction structure change. When making business decisions, we make a final decision by comprehensively reviewing the results of examining task risks and various business decision factors.

Compliance Organization



¹⁾ Compliance program planning, education and consultation, prevention and supervision, system improvement, guidebook production, etc.

²⁾ DPP: Data protection & privacy

³⁾ IP: Intellectual property

TRUST

DATA SECURITY & PRIVACY

MANAGEMENT APPROACH

In the Fourth Industrial Revolution era, the use of data has become a key resource that determines corporate competitiveness, and regulations that surround personal information and privacy protection are strengthening both inside and outside South Korea. Enforcement of the EU General Data Protection Regulation (GDPR) in May 2018 was followed by the enforcement of Vietnam's Law on Cybersecurity in January 2019 and the California Consumer Privacy Act (CCPA) in January 2020. In South Korea, amendments to three data-related acts were enforced in August 2020 which is expected to accelerate discussions on ways to ensure compatibility between data use and protection.

NAVER has established a global level-leading information security system and is guaranteeing users' right to self-control personal information, in its effort to ensure personal information and privacy protection. Furthermore, we strive to offer reliable services in a stable manner by increasing information accessibility for digital inclusion and being committed to digital safety.

KEY PERFORMANCE



365/24 – Data security principle of NAVER

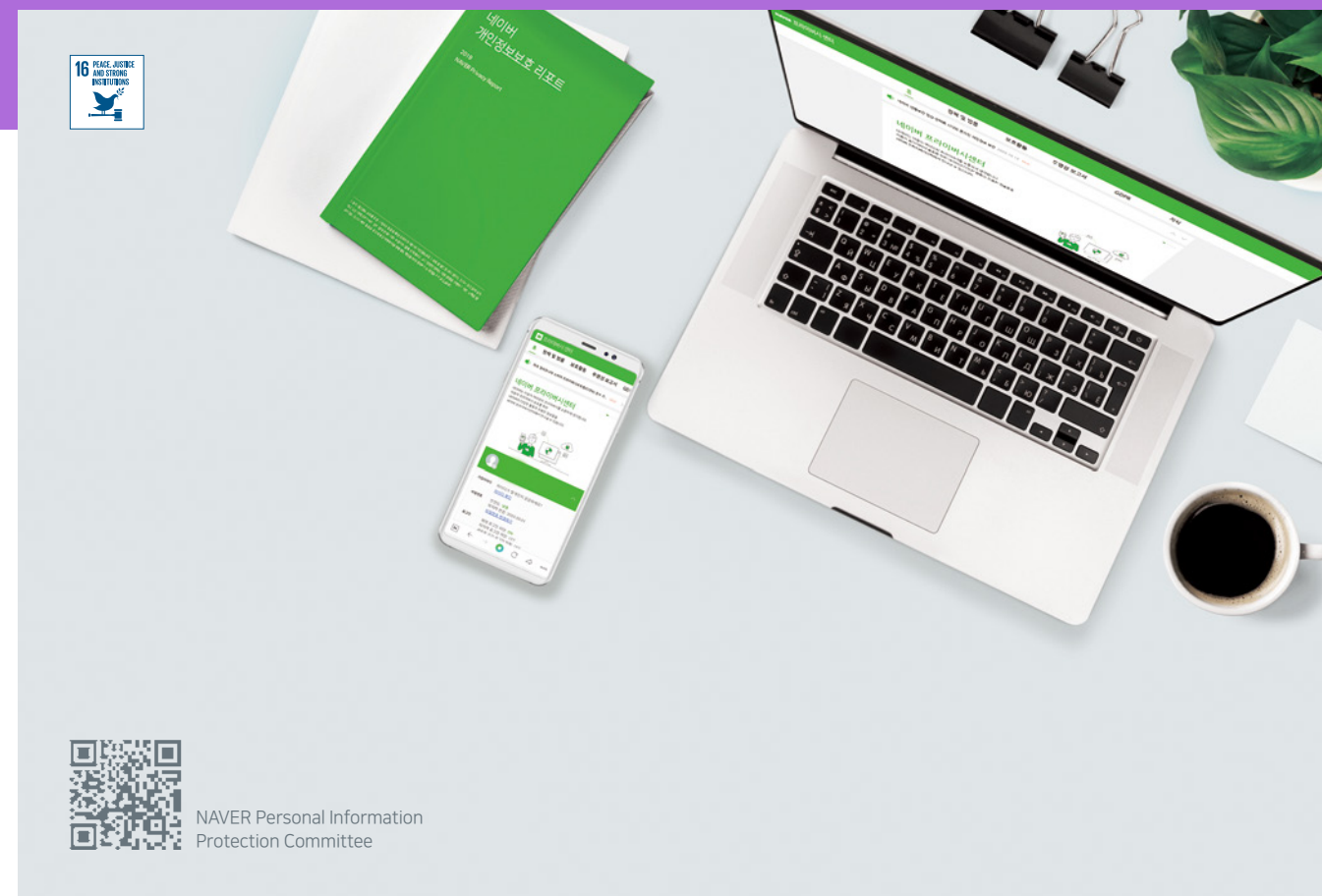


Lunched the Green Internet Campaign



First company in South Korea to operate the PER¹⁾ system

¹⁾ Privacy Enhancement Reward: Privacy strengthening compensation system established in 2016



NAVER Personal Information Protection Committee

Data Security, Privacy & Freedom of Expression

The importance of data and technologies to use the data in the digital environment is gaining emphasis. NAVER promises global-level user privacy, in addition to providing safe services. We also transparently disclose major activities, taking the lead in establishing an environment where people can use the internet safely.

Data Protection System

NAVER places the highest priority on the stable operation of its systems and the protection of its users' personal information and privacy. We have therefore established a system of data protection rules that is particularly suited to for our environment and culture. In particular, we established a "data protection policy document" as the highest policy document, which embodies the determination of the top management to ensure the confidentiality, integrity, and availability of our corporate data assets, followed by the establishment of detailed policies and guidelines in order to operate a comprehensive policy system.

In principle, NAVER applies its own data protection policy system to its affiliated companies, including its subsidiaries, to ensure that they operate their information protection system at the same level. However, when an affiliated company needs a different information protection policy due to its specific business environment, it is required to consult with NAVER's information protection policy management department and then produce and implement stricter guidelines on information protection within the basic policies stipulated in the NAVER Information Protection Policy. Through reputable data protection certification at home and abroad, we regularly receive verifications of the credibility of our services' stability and operation systems. Our principle is 24/7 security, including internal vulnerability diagnosis, error management, and mock hacking.

¹⁾ Article 45-3 of the Act on Promotion of Information and Communications Network Utilization and Information Protection, Etc. (Designation of Chief Information Security Officers)

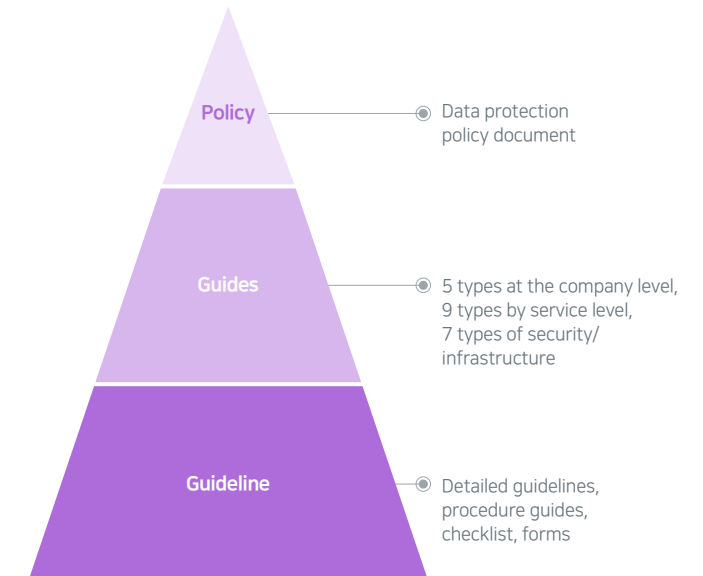
In accordance with an amendment to South Korea's Information and Communications Network Act¹⁾, we divided our information protection organization into the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) organizations, and thus further strengthened expertise and responsibility. To comply with domestic and overseas personal information protection and privacy protection laws, we established Global Privacy Compliance regulations that are at a global level and are expanding the scope. We are also managing company-wide risks by operating the Privacy Committee, which is participated in by main members of top management, including the CCO and COO, with the CEO as the chairperson. In particular, for matters that have a company-wide impact, the Risk Management Committee under the BOD requires direct participation by the CISO and CPO to receive a briefing about the respective matter and provide advice. The CISO and CPO reports to the BOD with the results of tasks that are carried out based on the advice.

In addition, to effectively respond to the expansion of our business areas and demand for privacy of various users, we have been continuing professional research activities and outside counsel since 2007 through the "NAVER Personal Information Protection Committee" which consists of members from academic and legal circles who are leaders in the domestic personal information protection field.

Data Protection Certification

- Various data protection certifications**
- ISO/IEC 27001, 27017, 27018, 27701**
International certification for data protection management system
Guaranteeing continued improvements to data protection levels and satisfaction of user demand
- ISMS**
Certification for data protection management system
Guaranteeing the stability and service quality of operations of GAK - NAVER's data center
- ISMS-P**
Certification for data protection and personal information protection management system
Guaranteeing that the series of actions NAVER takes to protect data protection and users' personal information meet the certification standards
- SOC**
Certification for reliability in providing and operating services
Guaranteeing the stability of services and the level of internal control with a focus on the protection of user privacy

NAVER Data Protection Policy System



Protection of Personal Information and Privacy

Personal Information Protection System

As the nation's largest search engine and a provider of various content services and platforms, NAVER strictly applies the "privacy by design" principle for user's personal information protection. By doing so, we are safely protecting the privacy and data of users throughout the entire lifecycle of our services, ranging from service planning to service closing. As advance control procedures, we operate Privacy Impact Assessment (PIA), which is a process for checking, in advance, whether we comply with relevant laws and internal regulations as well as user privacy sensitivity, and for managing relevant risks. We also put the Privacy Information Management System (nPIMS) in place for constant advice.

As a follow-up control process, we conduct an annual assessment on the status of personal information protection in using our services, location-based services, personal information protection in using our mobile app, and outsourcing of the personal information processing as part of our efforts to minimize personal information protection risks. In particular, we carry out outsourced personal data-handling inspection activities based on the 40 inspection items we have set in accordance with the Personal Information Protection Act. Each inspection item is classified into high/medium/low levels according to the severity of risks, and then apply a penalty score, set in advance, when violations are identified. The evaluation result is confirmed by NAVER's CPO, and improvement measures are requested based on the level of the entrusted companies. For those companies whose personal data protection level is evaluated to be low or which have continuously failed to implement improvement measures, we urge them to maintain/improve the level of their personal data protection by imposing sanctions such as contract termination.

In addition, we conduct a regular inspection of the personal information protection status of the HR Department and Finance Department and an inspection on the status of complying with measures to secure the safety of unique identification information for departments that process unique identification information, such as resident registration numbers. We have established the Personal Data Leakage Response Guide to improve our response procedures and existing personal data management system in order to respond to potential personal data leakages more effectively.



NAVER Privacy Center



Data Protection Report



Information on NAVER's Customized Ads

NAVER's Principles on Personal Information Protection

1. NAVER complies with all laws and international standards related to personal information protection.
2. NAVER transparently discloses processing of user's personal information at all times.
3. NAVER respects user's exercise of the right of self-determination regarding personal information.
4. NAVER collects minimum personal information in accordance with the purpose and responsibly manages personal information.
5. NAVER considers user privacy protection with top priority.



The wrong delivery of AdPost receipt emails in 2019 is NAVER's only personal data leakage incident which involved more data than necessary in the process of mailing receipts to users for their year-end settlement. For improvement measures, NAVER inspected the entire outbound data transfer system to stop all personal data outbound transfer, while switching our work process to a method where users have to log in to check their personal information. As such, we have put in place an effective system designed to prevent infringements that can occur during the data transmission process and excessive data transmission due to mis-transmission. In addition, we are strengthening company-wide training for developers and personal data handlers to share the causes of accidents, among other things, while also conducting activities aimed at enhancing the security awareness to ensure that the same mistakes will not be repeated.

User's Right to Self-control Personal Information

Through its privacy policy, NAVER provides information on the rights of users and legal representatives related to personal information protection and how to exercise them. Users can view, modify or delete their personal information at any time on the Member Information page, and request access to their personal information. They may request to stop the processing of their personal information unless specified by law. They can also withdraw their consent to the collection and use of their personal information at any time through membership withdrawal. In the case of children under the age of 14, their legal representatives have the right to inquire about, amend and delete the children's personal information, suspend the processing thereof, and withdraw consent to its collection and use.

When we provide personal information to a third party for the purpose of using affiliate services, etc., we obtain the users' consent to provide their personal information to a third party in accordance with the Personal Information Protection Act. While using NAVER's services, personal information may be provided to third parties for the purpose of using affiliate services, etc., but NAVER does not provide or lend users' personal information for the purpose of receiving monetary compensation from a third party for the provision of their information.

As one of its personal information protection principles, NAVER respects user's exercise of the "right of self-determination regarding personal information" specified in the Constitution, and has been making diverse efforts to guarantee this right. Since 2013, we have provided personal information according to user behavior through the Personal Information Usage Status page, for the first time in South Korea, in order to disclose the details of collection and use of users' personal information during their use of NAVER services and the history of providing personal information to a third party that the users agree to. In July 2020, we began to additionally disclose the date of consent from the user on personal information collection and provision to a third party, and also reorganized the personal information usage status page so that a user can easily withdraw consent for personal information collection and provision to a third party, for which the user previously provided consent, within all services of NAVER. By doing so, we can now provide a one-step process for realizing the right to self-control of personal information. If users want to withdraw their consent to the "collection and use of their personal information", the previously collected personal information is deleted, and if they withdraw their consent to "providing personal information to a third party", additional personal information is not provided to a third party.

NAVER stores collected personal information only until expiry of the period agreed by the user, whereupon the information is destroyed, unless the period is specified by laws and regulations. When we receive personal information from a third party other than the data subject, we only receive the information to the extent that the third party has obtained the consent of the data subject to provide personal information to NAVER, which presents the information subject with a "notification of the source of personal information collection" in accordance with the Personal Information Protection Act. The collection source notice, including the source of collection, purpose of processing, and the right to request suspension, is issued to the party within three months of the date of receipt.

Moreover, regarding customized advertising that uses behavior information, we disclose operational principles on collecting, retaining, and destroying information as well as users' exercise of the right to control and damage relief methods through the Information on NAVER's Customized Ads page. Across the globe, demand for user privacy-related rights is growing as a result of the enactment of privacy protection laws by countries, including the EU GDPR and US CCPA. Against this backdrop, we will continue our preemptive efforts to enhance users' right to control of one's own information to the global level.

NAVER is committed to the concept of "Privacy as a Service (PaaS)" which provides personal information and privacy protection as if it were a service, and has been continually thinking of ways to communicate with users in relation to NAVER's privacy protection. We became the first in South Korea to open the Privacy Center in 2013, and are transparently disclosing personal information protection principles that are applied to overall NAVER services as well as each service operation policy. In addition, we release a Transparency Report twice a year to regularly and transparently disclose statistics of personal information that was provided to investigative agencies based on relevant laws. We also publish the annual Personal Data Protection Report which contains information about our personal information protection activities, and the NAVER Privacy White Paper which shares information about expert research on the protection of user privacy, thereby providing various basic research materials on subjects that require social agreement and discussion. We also run an official blog and other social media platforms as well as the NAVER Privacy TV where we can hold discussions with users in the event of a personal information and privacy issue, thus expanding user communication.

Transparency Report Statistics

			(Unit: Cases)			
			2017	2018	2019	2020
Seizure warrant ¹⁾	Requested		7,786	8,145	7,712	7,248
	Processing	Cases	6,541	6,710	6,109	5,269
	Provided		10,079,254	6,966,563	318,380	1,304,804
	Handling rate	%	84	82	79	73
Status of responding to government agency requests for materials (for investigation purposes)	Requested		16	17	18	6
	Processing	Cases	16	17	18	6
	Provided		53	71	82	76
Communications restriction measure	Handling rate	%	100	100	100	100
	Requested		5,281	4,255	4,266	2,506
	Processing	Cases	4,447	3,629	3,701	2,083
Communications fact confirmation material	Provided		15,832	12,798	8,139	4,793
	Handling rate	%	84	85	87	83
	Requested		210	311	119	49
Communications material	Processing	Cases	-	-	-	-
	Provided		-	-	-	-
	Handling rate	%	0	0	0	0



Transparency Report

* The "requested and processing" in the statistics refers to the "number of cases of documents" that NAVER received from investigative agencies and were processed, and "provided" refers to the number of units of user information that were actually provided. As such, a request to provide information on several users can be made through one document.

* NAVER stopped providing communications materials in respect for a court ruling rendered in October 2012 in relation to confirmation of whether a business operator has a substantial examination obligation regarding provision of communications material and concern over violation of the warrant requirement principle.

¹⁾ In terms of seizure warrants, in case of provision of a log record and not user identification information, each log was tallied as one case.

Information Accessibility, Digital Safety, and Freedom of Expression

NAVER believes that posts that contain diverse information and opinions further enrich all of our lives by being delivered among users. Accordingly, we are making diverse efforts so that users' rights can be mutually respected and protected, and that NAVER services can be stably provided as reliable services.

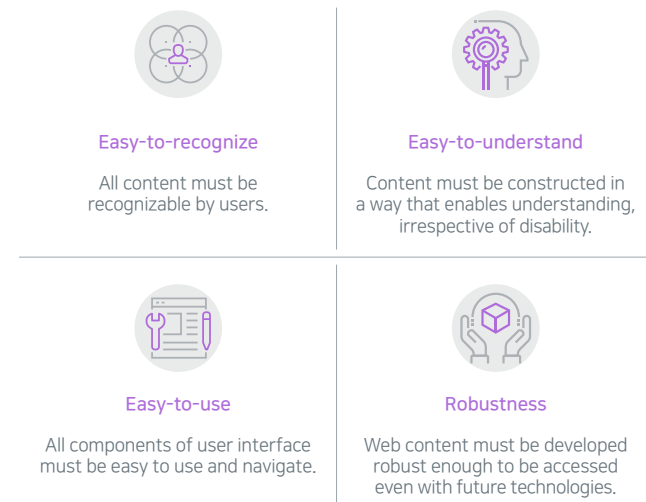
Enhancement of Information Accessibility NAVER strives to guarantee that all users can equally access and use all information provided by its websites or applications, irrespective of a user's specific environment or physical disability. Information accessibility is designed not only for the benefit of the disabled, but also for the elderly and non-disabled. NAVER deploys the WCAG (Web Content Accessibility Guidelines) and the KWACG (Korean Web Content Accessibility Guidelines) of the W3C¹⁾ as standards to ensure accessibility for everyone. We are building on our existing accessibility and usability so that next-generation technologies and devices such as AI can improve the quality of life for all our users without alienating anyone. To guarantee accessibility to all, we have adopted "Easy-to-recognize", "Easy-to-use", "Easy-to-understand", and "Robustness" as our key operational principles.

Guarantee of Freedom of Expression and Intellectual Property Rights NAVER guarantees users' freedom of expression and intellectual property rights, and is committed to securing digital safety by limiting harmful content. We apply the policy regulations of the Korea Internet Self-governance Organization (KISO), which was voluntarily established in 2009 by portal companies, including NAVER, for voluntary Internet regulation, and are establishing high-level operation policies.

In addition, we observe the "voluntary rules on article arrangement"²⁾, which was established jointly with domestic Internet news service providers to facilitate improvements in news service fairness and credibility in 2012. Accordingly, media outlets directly select major news to be displayed on NAVER News tab and provide news based on In-link. All matters related to article arrangement are also directly determined by media outlets.

¹⁾ A worldwide standardization organization formed for the technological and social diffusion of the World Wide Web
²⁾ The voluntary rules on article arrangement consist of ten detailed articles on free distribution of reports, diversity, fairness, elimination of conflict of interests, minimization of risks, damage relief, the right of choice, preservation of copyright value, user participation, expertise, etc.

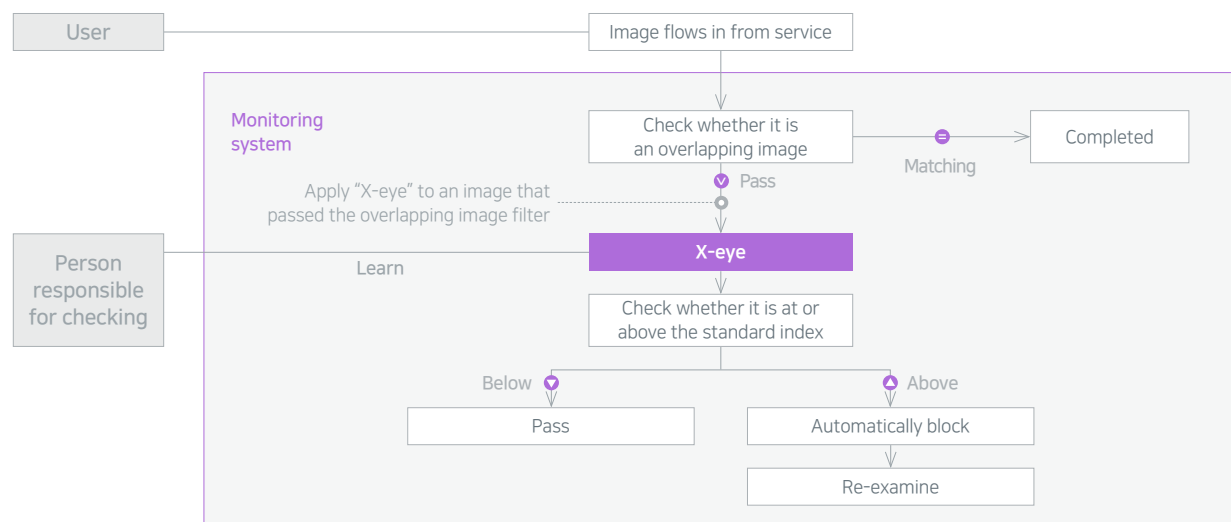
Information accessibility – more convenient services for all users



Outline of the X-eye Technology

By applying "X-eye", an in-house developed pornography filtering AI technology, we are automatically checking all images and videos that are uploaded, from user posts.

Images and videos that are posted on NAVER are automatically filtered through the X-eye. When it was first applied in 2017, the pornographic video filtering outcome was 98%. By continually advancing the technology, we are recording a filtering outcome of around 99% in 2020. When pornography is discovered by this control system, we immediately restrict the respective post and also take immediate restriction measures against the user. To continually discover videos or images that avoided the AI control system, we carry out AI reinforcement learning using the reported videos/images, thus updating the AI engine at all times.



Through the "Green Internet Campaign", NAVER is making concentrated efforts to eradicate illegal posts throughout the Internet. We established a constant monitoring system across overall services and are taking quick responses through the 24-hour report center, through which we continue to engage in active blocking activities, such as prevention of the spread of pornographic posts and secondary damage. In particular, by using the AI-based X-eye, which is our own pornographic post-blocking function, we are blocking 99% of pornography beforehand.

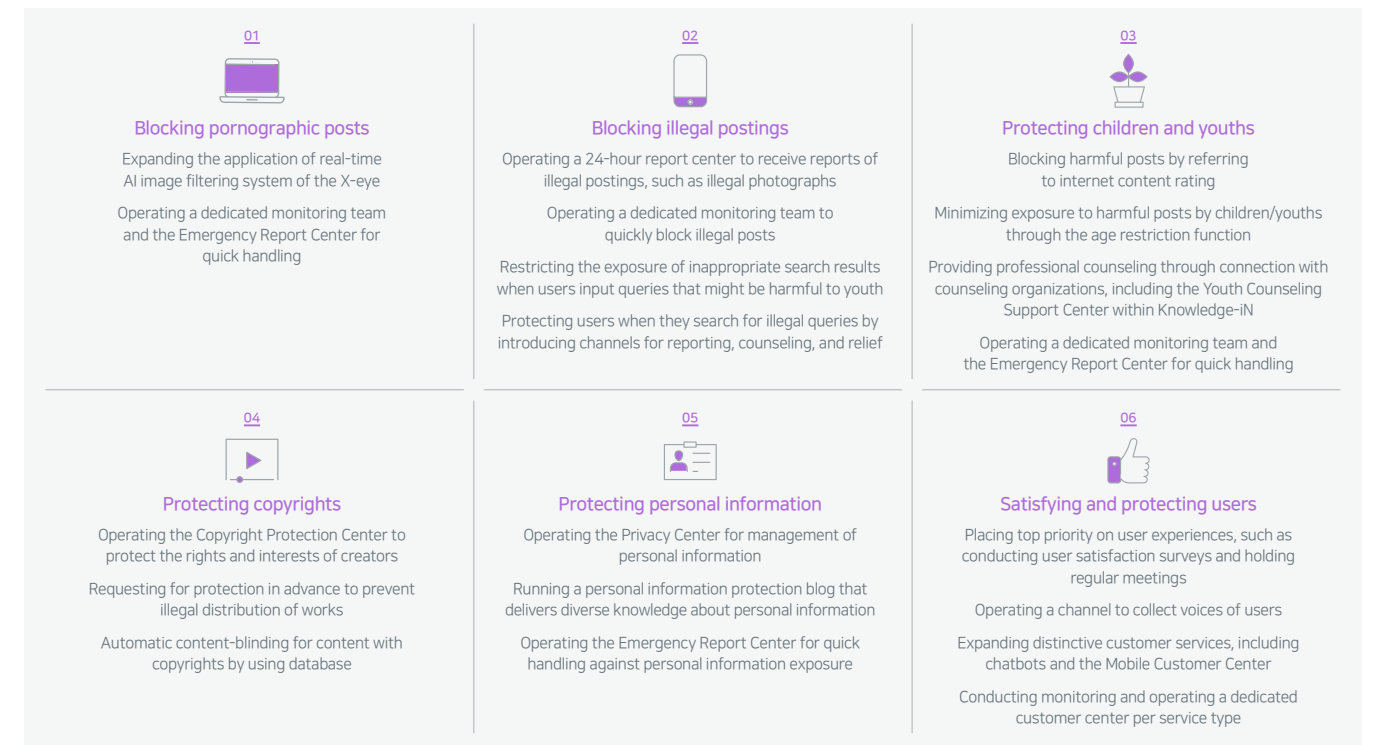
Moreover, in 2020, we made various technical attempts to solve the malicious comment problem, such as introducing the disclosure of users' nicknames and comment history, along with a new function for blocking the comments of specific persons. We also adopted and upgraded the performance of the AI-based CleanBot, which detects swear words as well as rude expressions, resulting in a considerable reduction in the creation and exposure of hateful comments. Since early 2021, we have been striving to detect and block not only swear words, but also overtly sexual expressions. In addition, we are conducting a campaign that is aimed at preventing digital sexual assault damage, and when a relevant search word is entered, we expose victim support information first to block secondary damage. NAVER is thus taking the lead in building a sound internet environment.

As NAVER's service areas continue to expand, voice of customers (VOCs) such as user inquiries, opinions, and requests for functional improvement are also increasing. To communicate more closely with our users, we have expanded our communication channels, such as the Chat Counseling Channel and the SmartBot Counseling Channel, by applying AI technology into existing calls and emails in order to actively support VOCs such as inquiries, opinions, and requests for the improvement of functions. We operate the Customer Center, at <https://help.naver.com>, in such a way that it can be accessed from anywhere in the app/web environment to immediately receive and reflect VOCs to minimize users' inconvenience. As a result of these efforts, in 2020 we received the "Excellent" grade at the "evaluation of users protection" conducted by Korea Communications Commission.



Green Internet

NAVER Green Internet



Establishing a Data Protection Culture

Privacy Enhancement Reward for Users

To strengthen user personal information and privacy protection levels, NAVER established "Privacy Enhancement Reward (PER)" system in 2016 for the first time in South Korea. PER is a concept that is very similar to Bug Bounty, which receives reports on technological security-related vulnerabilities and provides rewards. PER is however different as it consists of reporting legal/institutional violations in relation to service operation; suggesting service operation and functionality improvements; and recommending required services. Any user can directly present opinions on NAVER services, and a prescribed reward is provided according to the respective opinion's suitability, practicality, and level of contribution.

We held a PER BootCamp for college students in 2019 to encourage PER participation by a greater number of users. We received a total of 90 opinions in 2020, of which 37 opinions were reflected in services and relevant improvements were made. NAVER Pay points worth a total of KRW 6.28 million were provided.

Children's Online Privacy Protection

With an amendment to the Information and Communications Network Act in June 2019 and to the Personal Information Protection Act in August 2020, when a notice is made in relation to personal information-processing that is for children aged less than 14, the notice should be easy for children to understand, and it is mandatory to confirm actual consent from a legal representative. Accordingly, we provide a children's version of the "consent for collection and use of personal information" when a child user registers to become a member. Also, the personal information usage details notification mail that is sent to users aged less than 14 is created using content that can be understood by children, as part of our efforts to strengthen rights related to children's online privacy protection.

Management of Personal Data Processing System

In relation to NAVER's service operation, we classify systems systematically configured to process personal information, such as the service operating system and the database system, as "personal information processing systems" whose access is controlled through the definition of access authority management standards and procedures, systematic authentication procedures, and access log management as follows:

- When accessing service management tools, including a personal information processing system, user can access them by entering an account and password through the secure authentication method recommended by the company. The authentication process is encrypted so that third parties cannot access it, and outsiders who need access can only do so through a separate authentication process.
- Various authorization groups are created according to the accessible menu to manage the operating system access rights, which can only be applied through approval of the authority application, while unnecessary authority is recovered through a regular/frequent review of authority.
- NAVER keeps a log of creation/change/deletion of privileges, access logs, and personal-information-handling logs for a set period of time to prepare for security incidents through periodic inspections or to track security incidents. Logs in the service management tool are protected by applying physical and technical measures such as access control and separate backup.



Information page for children that is provided when they register for a NAVER member

Process of the PER System



Employee Training for Data Protection

In 2020, we carried out data protection training that took into account the COVID-19 pandemic as well as related social issues and the resulting changes in the work environment, with the goal of communicating information on precautions that should be taken in the telecommuting work environment, which could easily become vulnerable, so as to prevent security accidents. In 2021, we are planning to conduct security training related to enterprise document management communication. We provide a multilingual version of the information security training to our foreign employees and Chinese subsidiaries so that all our global employees can complete the security training satisfactorily.

In addition, NAVER creates and operates lectures on various subjects every year so that employees can choose and take necessary training, ranging from basic to in-depth courses, to enhance their awareness of personal information protection. In 2019, we provided personal (location) data protection training to all employees, and had employees who are in charge of handling personal information complete additional training that is needed for their work by regularly offering offline training in accordance with their job, interest, and level of understanding. In particular, in line with the US California Consumer Privacy Act (CCPA) that was enforced in January 2020, we expanded the training target to include even global service department employees, and provided information on the law and enhanced their understanding of the law. We provided online, live training using the company intranet in 2020, and this year's training mainly focused on the background and main content of amendments to the three data-related laws as well as main content of the amendment to the Personal Information Protection Act and its impact.

Due to the recent increase in recruitment, a large number of new employees are joining NAVER, and thus we completely reorganized the training for new recruits, which used to focus on basic content. NAVER has categorized the training into four such specific areas as information protection, personal information protection, development

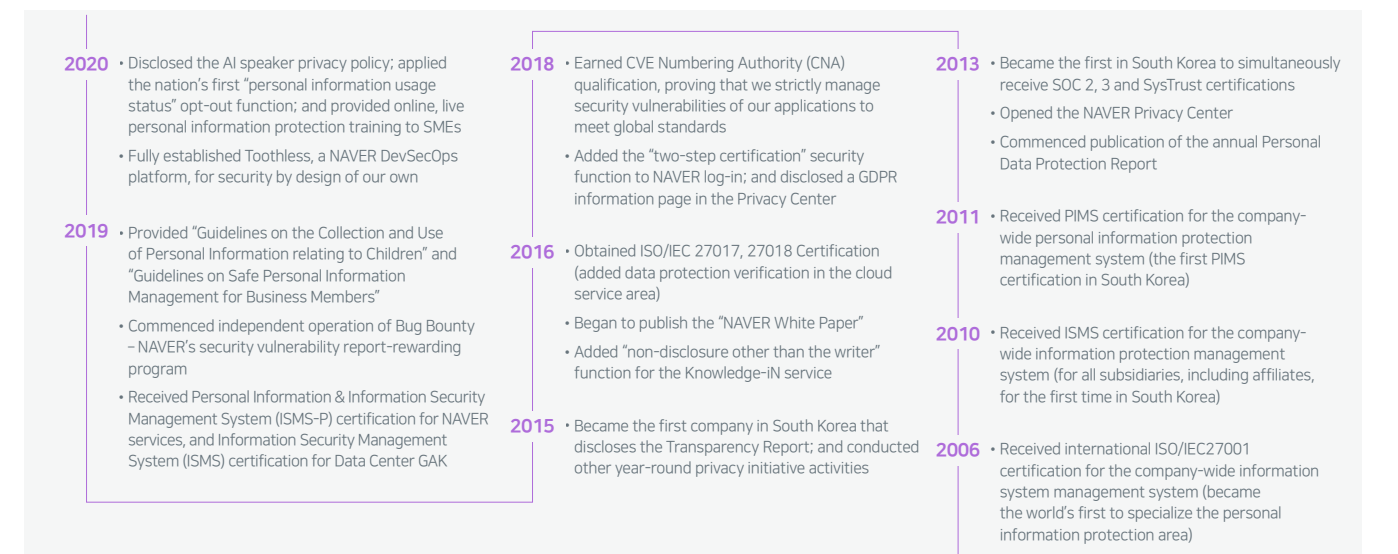
security, and information protection practices, in order to ensure that new recruits are fully aware of the importance of information protection and gain profound insights into the company's information protection regulations before starting work. We conduct information protection training for new employees every month, and also endeavor to increase the training effectiveness by surveying the new recruits' satisfaction and opinions upon completion of the training.

* Trainings on data protection and personal (location) data protection are offered to all employees of NAVER and all subsidiaries of the company

In addition, every month since 2019, we have been operating "TechShare", a basic skill-training program that allows developers to quickly learn new things so that they can continue to grow even in the rapidly-changing development environment. This program is for developers, who account for a considerable percentage of all employees. TechShare is a regular internal technology training course that enables development of basic technology skills designed by the Technology Growth Committee in system and security areas. Internal and external experts participate in the course as mentors and provide lectures to share their skills, work experiences, and know-how in relation to cybersecurity.

Employee personal (location) data protection training is required to be implemented once per year according to the Personal Information Protection Act. NAVER however conducts the training twice a year in accordance with its reinforced internal standards. In the first half of 2020, we jointly conducted personal (location) information protection training for all employees of 23 subsidiaries, including NAVER FINANCIAL and NAVER Webtoon. We checked the status of completion of the required legal training by NAVER subsidiaries, revoked the right to process personal information within the company of those who have not completed the training, and reinstated their authority after confirming their completion of the personal information protection education. In the second half of the year, we co-hosted the training with 12 subsidiaries, with the remaining 11 companies conducting the training on their own.

NAVER's Data Protection Milestones



Efficient, Transparent Management of Security Threat Factors

In service security as well, we are striving to apply the Security by Design and Usable Security principles to all service areas. We have a security review process for service planning and design, and a security check process that is implemented at the time of completion of development, in addition to developing and operating DevSecOps support system, based on open source software (OSS), which minimizes developer intervention in outputs that are being developed and enables automatic code security review.

The most effective planning, design, and development cannot ensure 100% prevention of security bugs. We are internally operating the security Bug Bounty (Reward: <https://bugbounty.naver.com/ko/>) program, which enables us to receive help from outside analysts and take measures against unknown security bugs before an incident occurs. Bug Bounty is regarded as the most exemplary case from among companies in South Korea. There were 850 and 701 bugs reported in 2019 and 2020, respectively, and a KRW 160 million of rewards was made with increasing participants of some 20% year-on-year.

In 2018, NAVER was registered as a CVE Numbering Authority (CNA) with the authority to issue vulnerabilities of its software under the international standard management number – Common Vulnerabilities and Exposures (CVE). NAVER is accordingly establishing itself as a transparent company that can systematically manage and quickly respond to security vulnerabilities. Number of cases of named CVE of NAVER stood at 10 including 3 cases named in 2020.

Helping Partners Strengthen Personal Information Protection Capabilities

Every year, NAVER carries out a wide array of activities that support the personal information protection activities of startups and SMEs to build a safe Internet ecosystem. We have been delivering content on customers' personal information management by mail to our business members who use NAVER platforms since 2018, and created the "Personal Information Management Guidebook" in 2019 to distribute basic knowledge on personal information protection and useful information during business operations. In addition, an academy was held every other month from March to November 2019 to share NAVER's knowledge and information with relevant employees at startups or small internet companies that do not have a department dedicated to personal information protection, during which training was offered to provide help for practical affairs.

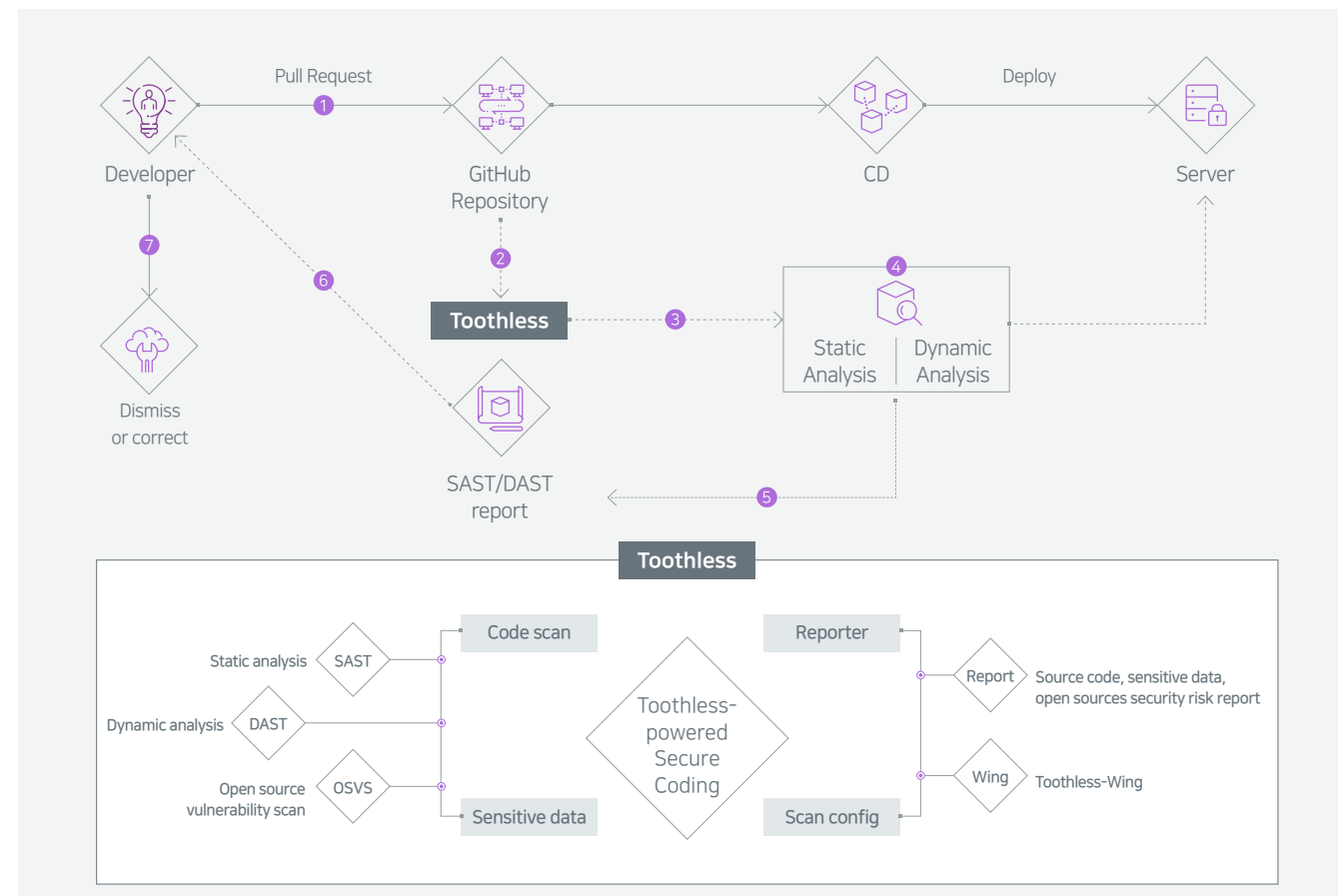
NAVER signed a memorandum of understanding (MOU) with the Korea Internet & Security Agency (KISA) in May 2020 to strengthen the personal information protection capabilities of a greater number of SMEs. We will jointly develop content related to personal information protection training, and continue our efforts to eliminate blind spots of personal information protection through our business support network, including the "NAVER Partner Square".

In particular, our personal information protection managers (CPO/DPO) directly provided online, live personal information protection training to SMEs in June 2020 which was viewed by more than 3,000 people on the day of the training, thus contributing to enhancement of personal information protection awareness. We are making preparations to offer offline training through the NAVER Partner Square by region jointly with KISA. We will continue our efforts to strengthen the capabilities of groups that have personal information protection weaknesses by collaborating with various organizations.



Personal Information Management Guidebook for Business Members

NAVER DevSecOps: Toothless



Security Improvements

Classification		2017	2018	2019	2020
No. of security improvement points that were discovered	Cases	1,006	1,128	1,344	1,158
Percentage of mitigation	%	100	99.82 (Unhandled: 2)	95.38 (Unhandled: 62)	88.25 (Unhandled: 136)
Mitigation within the given deadline	Cases	742	728	744	694
Mitigation after the given deadline	Cases	233	370	513	293
Mitigation with no specific deadline	Cases	31	28	25	35

Bug Bounty Statistics

Classification		2017	2018	2019	2020
No. of reported bugs	Bugs	166	208	533	314
No. of persons who made a report	Persons	18	31	129	154
Reward	KRW 10,000	4,220	4,425	11,900	8,089

Named Common Vulnerabilities and Exposures (CVE)

Classification		2017	2018	2019	2020
No. of cases of named CVE		1	4	2	3

Social & Environment

At the center of NAVER technology are people. Today as before NAVER leverages the combined power of creativity and cooperation to keep its technological focus on bringing about positive ripple effects throughout society. Our technology platform is evolving from an unfamiliar and difficult technology into a tool that is easy to access and use, thereby enabling more people to grow and create opportunities in a more open world.

Furthermore, we are shining the green light on sustainable growth by staying focused on eco-friendly technologies which help preserve the nature as a part of our obligation and responsibility for future generations.

SOCIAL

- 63 Respect for Human Rights
- 65 Investment in Human Resources
- 70 R&D and Technological Innovation
- 74 NAVER Project Flower

ENVIRONMENT

- 85 Environmental Impact Management



SOCIAL

HUMAN CAPITAL & SOCIAL IMPACT

MANAGEMENT APPROACH

Employees, customers, and partners are key corporate stakeholders, and sustainable management is gaining importance due to vulnerability and instability of social structure triggered by the COVID-19 pandemic. In particular, today's business environment is changing to be more dynamic as Generation Z – sensitive to change – is entering the workforce while the pace of digitalization, automation, and other technological innovation is accelerating. This in turn requires companies that detect such change to lead by example.

Through platforms and technologies, NAVER meets with countless users and partners every day, in addition to its employees. Accordingly, we are creating our own unique social impact in various areas, including competencies and well-being of employees, user experience and satisfaction, digital transformation of SMEs, support for creators and promotion of cultural content, and digital literacy of future generations. We will continue to create business models that enable us to grow together with stakeholders using methods that we are the best at.

KEY PERFORMANCE



Facilitated training for developers through "Engineering Day", in-house conference



Strengthened two-way employee communication through a town hall meeting and "Companion Day"



Established the AI Ethics Principles



Respect for Human Rights

NAVER makes active efforts to protect and promote the human rights of all members within its value chain. In addition, we preemptively respond to potential human rights issues and look for a direction that enables us to prosper together with a greater number of people.

Protection and Promotion of Human Rights

Human Rights Policy

NAVER supports the Universal Declaration of Human Rights and International Labour Organization (ILO) Conventions. Also, based on the OECD Guidelines for Multinational Enterprises and UN Guiding Principles (UNGPs) on Business and Human Rights, we establish human rights protection/promotion policies, such as mutual respect, safe and healthy workplace, wage and work hours, and freedom of association and collective bargaining, and actively communicate with our employees and all third parties with which we have business relations.

NAVER does not discriminate its employees based on any grounds, such as academic background, region, age, gender, race, skin color, religion, nationality, pregnancy, sexual orientation, marriage status, mental/physical disability, and political orientation. We also strictly prohibit workplace harassment, abuse of superior position/authority, high-handed speech and behavior, forced labor, and child labor.

Potential Human Rights Issues of NAVER

Major human rights issue	Vulnerable group within the value chain	Responses
Non-discrimination in employment	Employees	<ul style="list-style-type: none"> Does not discriminate on grounds of employment type Does not discriminate on grounds of academic background when recruiting
Guarantee of freedom of association and collective bargaining	Employees	<ul style="list-style-type: none"> Has established a labor union and complies with the collective agreement that was concluded through the collective bargaining
Prohibition of forced labor and child labor	Employees, Partners	<ul style="list-style-type: none"> Does not sign contracts that are prohibited pursuant to the Labor Standards Act (predetermination of penalty for breach of contracts, offsetting wages with advances, compulsory savings) Does not sign labor contracts with minors, irrespective of employment type
Guarantee of industrial safety	Employees, Partners	<ul style="list-style-type: none"> Offers employees health checkups every year, and operates various welfare systems for employee health promotion Has established an Industrial Safety and Health Committee that consists of the same number of members from labor and management, and regularly discusses safety & health agenda Has specified safety management provisions in the partner sustainable management implementation agreement Plans to provide safety training on musculoskeletal disease management for employees (including full time and part time employees) in April 2021
Eradication of sexual harassment at the workplace/workplace harassment	Employees	<ul style="list-style-type: none"> Provides sexual harassment at the workplace/workplace harassment prevention training to all employees once a year, and operates anonymous counseling/report channels at all times
Fair treatment of partners	Partners	<ul style="list-style-type: none"> Conducts an anonymous survey of partners every year, and prevents/eradicates unfair conduct Operates the Corporate Ethics Consultation Center, a report channel for partners
Protection of personal information and respect for the right to privacy	Employees, Users	<ul style="list-style-type: none"> Legitimately collects/uses/discards personal information of employees and employment applicants Has specified remedial measures for individual human rights violation resulting from the provision of information in NAVER's personal information processing policy Operates personal information protection principles that include respect for the exercise of the right of self-determination regarding personal information Continually improves the personal information usage status page to guarantee the right to self-control of personal information
Guarantee of the freedom of expression	Users	<ul style="list-style-type: none"> Participates in the Korea Internet Self-governance Organization (KISO), and applies policy regulations Has established and complies with voluntary rules on article arrangement
Enhancement of service accessibility	Users	<ul style="list-style-type: none"> Separately operates an accessibility page Has adopted Easy-to-recognize, Easy-to-use, Easy-to-understand, and Robustness as key operational principles
Digital safety	Users	<ul style="list-style-type: none"> Runs the Green Internet campaign Prevents the spread of pornographic posts and secondary damage by blocking and constantly monitoring pornographic posts using AI-based X-eye technology Operates a report center for harmful posts or posts that violate rights

We recognize the potential negative impact of several human rights issues that surround NAVER, and respond from various angles to alleviate the impact. We will make active efforts to identify other human rights issues that may arise from our business activities, and also improve our risk management system in our efforts to minimize human rights violations and negative impact.

With U – Grievance Handling Channel

NAVER has a wide variety of grievance handling channels in place. With U – an anonymous channel specifically for sexual harassment at the workplace and workplace harassment – enables a victim of workplace harassment to be informed of grievance handling process of the company. If there is a need for an investigation on a case, we fairly and transparently handle the investigation with an outside expert. We also strictly prohibit punitive measures and discrimination against staff members who receive counseling or report incidents. When there is a need for deliberation of disciplinary action in accordance with internal regulations, the CEO, who chairs the HR Committee, delegates the matter to the Risk Management Committee, whose members are all outside directors, and enforces deliberation results. The number of cases reported through With U in 2020 is six, of which all cases were handled in accordance with the process specified in internal regulations.

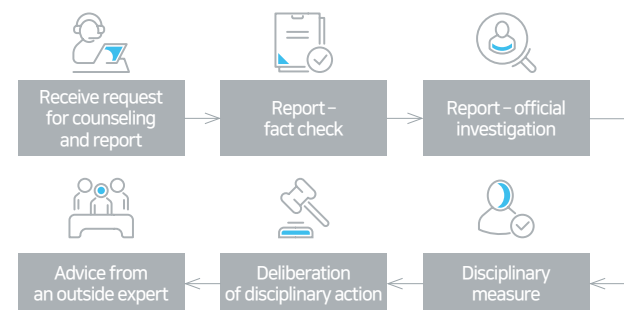
Company-wide Human Rights Training

Every year, NAVER provides company-wide training on the prevention of sexual harassment and workplace bullying as well as on improving awareness of the disabled, required by law. We offer more specified training on workplace harassment, in parallel, to leaders with considerable influence within the organization. We continually update the corporate code of ethics in accordance with internal and external changes, and share the code of ethics with staff members, thereby informing them of company policies related to human rights and helping them enhance their awareness in daily life. In 2020, sexual harassment prevention training and training on improving awareness of the disabled indicated a completion ratio of 100%¹⁾. For employees who have not received training, we have training videos posted on our internal video-sharing platform (SHARE) at all times to encourage them to watch the videos.

Strengthening Employee Communication

NAVER is expanding the scope of communication between its employees by preparing various programs for specific groups as well as for all employees. NAVER's representative communication channels include a town hall meeting and Companion Day, where participants can discuss the company's position and the direction of major changes in its business and services through real-time Q&A sessions. Notably, we share our quarterly business results with all our employees through Companion Day.

With U Process



In addition, NAVER runs "Let's Meet-up Now!" program designed to identify the current status of the company by listening to voices of its employees and thus to derive improvements. The program is conducted through group interviews by each major business unit, with a total of 84 groups participating in the program as of the end of 2020. We also share information on the company's main agenda and new services through "CH. GREENY" as a separate section on the in-house bulletin. In June 2020, we began to publish the Green Tea newsletter not only to share major internal news but also to introduce industry trends and social issues. It is emailed to all employees and is also posted on the company bulletin boards every month.

Fair Employment & Labor-Management Relations

NAVER Valuable Opinion

NAVER respects the basic rights of all employees, including the right to organize, the right to collective bargaining, and the right to collective action as guaranteed by the Constitution and relevant labor laws. We therefore signed an annual collective bargaining agreement with the labor union through collective bargaining. The company also established the NAVER Valuable Opinion (NVO), a labor-management council pursuant to the requirements of the Act on the Promotion of Worker Participation and Cooperation, and strives at all times to communicate openly and transparently with its employees. Employee representatives on the NVO relay employee opinions to management at regular meetings. The council is continually seeking ways to improve the employee welfare system, such as loan support, as well as evaluation and compensation systems, thereby also contributing to improving the labor-management relationship.

In addition, NAVER established the Industrial Safety and Health Committee, which consists of the same number of labor and management members, and regularly discusses safety and health agenda. To address staff member health and safety in greater depth, we invited an expert in the field of industrial safety and health in September 2020 to give a lecture, which was attended by both labor and management, thereby enhancing safety and health capabilities. The company also listens to opinions of all employees, including a labor union representative, at the Companion Day, where the company's major management status and business direction are shared at around the time when the company announces its earnings results every quarter, with a Q&A session. Furthermore, we are minimizing the percentage of non-regular workers for job security, and have no history of workforce restructuring.

¹⁾ Excluding those who are on leave of absence or have resigned from the company during the year

Participating Status of Human Rights Training

Classification		Unit	2018	2019	2020
Workplace sexual harassment prevention training	No. of participants	Persons	3,571	3,256	3,973
	Participating rate ¹⁾	%	100	100	100
Training on improving awareness of the disabled	No. of participants	Persons	2,807	3,485	3,973
	Participating rate ¹⁾	%	100	100	100
Workplace bullying prevention training	No. of participants	Persons	-	-	3,973
	Participating rate ¹⁾	%	100	100	100

¹⁾ Excluding those who are on leave of absence or have resigned from the company during the year

Investment in Human Resources

NAVER is committed to investing in talent. We help our employees unlock their full potential so that they can achieve their own growth while contributing to not only the growth of NAVER but also sustainable development of our society. We are also building a corporate culture where diversity is respected and excellence is rewarded.

Attracting and Nurturing Talent

Efforts to Attract Outstanding Talent

NAVER relentlessly challenges to limitations and never ceases to innovate for a better future. Acknowledging that the greatest asset to drive the future of NAVER is its employees equipped with competitiveness and passion, the company is making continuous efforts in identifying the required talents for each organization and recruited top talents in tandem with the company's continued growth. Each year, we run a number of diverse programs specific to technology, service, and design job groups for undergraduate students, including the Open Class, seminars (Techtalk/Meetup), internship programs, contests, a Hackathon, and scholarships, in a bid to attract top talents who can grow together with NAVER.



People of NAVER

"Open Class", in particular, is a unique recruitment campaign that is held ahead of the public recruitment of new employees to inform the public of the company's screening process, the life employees can expect after joining NAVER, its corporate collaboration culture, and its growth potential. In 2020, it was held online in development and planning sections. Some 6,000 people participated in the development section of the Open Class 2020 in six rounds (more than four times the target set at the beginning of the year), at which the leaders and representatives of NAVER and its affiliates introduced the organization in the form of a "love call" message to promote NAVER's corporate culture for developers. During the campaign, over 13,000 questions were received from applicants which were analyzed and classified based on NAVER's Clova AI language model, LaRva, and then answered in various voices of Talent Relations (TR) department, interviewers, and new hires, showcasing NAVER's advanced technology.

Class	Topic	Date
Class 1	TUTORIAL	now!
Class 2	직원피셜 레일 내이버	7월 24일
Class 3	필살기보다 기본기	7월 31일
Class 4	Language? Communication!	8월 7일
Class 5	클래스가 다른 성장	8월 14일
Class 6	전행의 모든 것	8월 21일

NAVER DEVELOPER OPEN CLASS

CASE STUDY

Station Zero Program

NAVER runs the Station Zero program where people can think from the perspective of newly hired employees, and suggest any ideas on service improvement and new business items.

Station Zero, an independent organization under the CEO, is a program where new hires in service planning positions are required to develop a service project at the company level for three to six months after onboarding and deliver a proposal to the CEO and heads of related service departments. A total of 6 rounds of Station Zero programs has been carried out since its launch in 2017, and creative ideas proposed during the program provided insight into NAVER services and ideas are further developed and productized as is the case with NAVER Reservation, Contents Search, and marketing promotion under the membership services.



Flexible and Self-Directed Work Culture

In order to better respond to the fast-changing demand from users and the market, NAVER has established an environment where all employees can work in a self-directed and voluntary manner. First of all, with the focus on the work itself, we have eliminated the team structure, minimized report lines, and the services with priority are better shown in the organization itself to enable faster decision-making process.

NAVER pursues a flexible work culture in which each employee will make their best efforts in their own work without being bound to fixed work hours. Given the diverse types of work at NAVER, each individual is focused on delivering an outcome on one's own so that all employees manage their work hours and stay accountable for their own job on a voluntary basis. By encouraging the self-approval system, we have reduced the lengthy approval cycle that goes up to the head of organizations and employees are given computers of their choice to fit their work style.

Diverse ideas and suggestions from employees serve as the driving force behind NAVER's innovations. We therefore encourage employee participation by running a program such as the Hack Day during which all employees can suggest ideas. Meanwhile, the Meetup program enables employees to gather and talk freely by technology subject as well as express and share their thoughts on topics they are interested in.

Competency and Leadership Development

Supporting Self-motivated Growth NAVER supports employees to engage in self-development and learning efforts such as on/offline external training, language schools, study programs both inside and outside Korea, and study groups. Anyone working at NAVER are eligible to apply for the support programs regardless of their employment type.

Operation of Competency Development Programs

Type	Details	2017	2018	2019	2020
Language programs	No. of participants (persons)	95	501	1,357	1,323
	No. of applications (cases)	431	2,317	6,815	6,750
External training	No. of participants (persons)	202	296	370	239
	No. of applications (cases)	255	391	455	358
Study programs	No. of participants (persons)	191	276	290	44
	No. of applications (cases)	231	320	340	47
Study group ¹⁾	No. of participants (persons)	899	1,053	1,196	902
	No. of available groups	341	409	544	1,716
Developer training	No. of participants (persons)	2,102	3,441	4,674	1,875 ²⁾
	No. of courses	94	101	44	75

¹⁾ Small study groups aimed at developing job skills will receive book support in the relevant job

²⁾ Due to the COVID-19 pandemic, we conducted the 208-hour training for 75 courses online for 1,875 people, with an average of 25 persons per class and a running total of 5,200 hours

Purpose and Participants of Code Day

New hires	Leadership position
<ul style="list-style-type: none"> Provides contents intended to raise awareness on the company, services, and values NAVER cherishes Program to convert the viewpoint from an external stakeholder to an internal stakeholder – employee 	<ul style="list-style-type: none"> Provides contents to deliver the company direction, business philosophy, and status that those in leadership positions are required to understand Program intended to help leaders develop their understanding of the company and be able to explain to team members

Code Day Through employee networking and exchange programs, NAVER strives to create a venue where employees can share ideas and discuss about the values and impacts of work. Code Day is NAVER's most renowned training program provided for all new hires and those in leadership positions across the company and entire subsidiaries with the intention of raising the awareness on NAVER's growth story, business philosophy, service status, and work culture and sharing the company's future direction. In 2020, 968 employees participated in six Code Day programs – three for new hires and three for the others. The programs held in the second half of 2020 was run online due to COVID-19. Once Code Day programs are run, post-program reviews are conducted to identify whether the intended messages were successfully conveyed and also to receive questions and suggestions for contents. According to the reviews, participants' overall feedback is rated positive and it has turned out that the program enables new employees to better understand the company as well as its services and core values, which in turn helps them get settled at NAVER, and to overcome their new job anxiety.

Introductory Training for New Employees NAVER conducts introductory training for new employees with the purposes of enabling them to understand the company, learn the basics of company life, and make a soft landing in their respective fields. The training consists of soft skill competence courses and hard skill job training courses for each job group. Following the job training, trainees take part in boot camps where they apply what they have learned to actual projects before confirming their short-term growth through the presentation of the results they have obtained.

Developer Growth Program Employees in the development position, accounting for over 60% of the entire workforce, are given technical training for approximately 400 hours per year and can choose any courses that are most required for their job execution and competency development. We offer programs designed to enable trainees to quickly acquire new skills even amid the rapidly changing development environment by sharing the experience through work. We also run such programs as Engineering Day, Techtalk, and Meetup to share our experience in applying technology in diverse fields. In 2020, we offered 75 courses (208 class hours) as open online courses, and thus the exact number of participants is unavailable.

Engineering Day



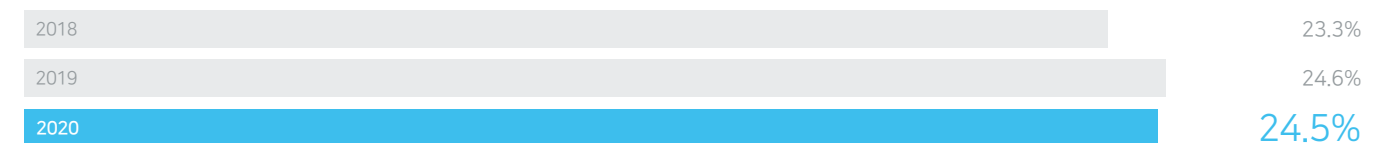
Launched in 2016, "Engineering Day" is an in-house technology presentation event designed to help NAVER's developers grow by sharing experience and related know-how in the practical use of technology, which can be very useful when introducing new technologies and applying new platforms. Any NAVER developer can make and attend presentations. In 2019, 152 technologies were presented, followed by 92 in 2020. All presentations were made online in 2020, with video replays of the event surpassing 20,000 views.

NAVER boasts a corporate culture in which employees feel free to discuss challenges with one another, with the Technology Meetups offering opportunities for those engaged in the development of similar technologies to gather together. As such, we have firmly established a culture in which developers share each other's technologies and know-how, thereby helping them to grow together.

Leader Class NAVER's leaders lead changes and play a pivotal role in motivating those under their leadership. That's why NAVER has been conducting a separate leader class since 2019, targeting position leaders with great influence within the entire organization. In 2020, we joined hands with an external professional organization to offer a leadership course titled "Leadership 2020" tailored specifically for NAVER. We are now planning to feature courses on communication and capacity building, as well as a celebrity lecture series, as needed. To ensure useful contents delivery and efficient program operation, surveys on class satisfactions are carried out to reflect the feedback of the participating leaders and achieve high level of agreement. Leaders of NAVER are highly interested in their roles as a good leader and the improvement of organization management capabilities, as shown by the high completion rate of this course – over 90% on average.

Data Literacy Training We have conducted SQL, EXCEL, and Tableau training focused on service planning to help employees improve their data literacy required to analyze and understand diverse data. In order to help all executives and employees broaden their fundamental understanding of data beyond basic skills acquisition, we have also conducted a live online master class on data presented by a prominent scholar in the field of data in Korea, which was attended by more than 3,000 employees.

Percentage of Female Managers (Leaders)



Equal Opportunities

NAVER strives to offer equal opportunities in terms of employment, promotion, compensation, and welfare. It is in this regard that a fair and transparent HR system has been set up and running to ensure anyone will be recognized and compensated based on their competencies regardless of age and seniority. Any employee with high competencies can be assigned a leader position and a culture to fully embrace such atypical practice is established. Furthermore, we offer individuals the job mobility to seek new opportunities on their own whilst contributing to strengthening the organization's competitiveness. NAVER has an internal transfer system named Open Career Chance (OCC) under which individuals' will to transfer inside the company will be honored once agreed between the individual and the organization wishing to join. As a result, a number of employees were given greater mobility and a new career path in a new organization.

NAVER's male-to-female ratio is 64:36 as of the end of 2020 with female leaders accounting for approximately 24.5% of overall leader positions which is showing a gradual increase each year. Furthermore, female C-level executives including the director for CIC account for 30% of overall C-level positions. We do not impose any glass ceiling limitations and are making utmost efforts to support them during their pregnancy and childbirth period. In addition, there is no salary discrepancy based on criteria other than job grade such as gender.

Fair Evaluation and Compensation

NAVER conducts an annual multi-dimensional (360 degrees) review, enabling a constructive feedback that helps employees' development. In addition, a goal management system is in place which allows leaders provide feedback to team members about work status and growth at any time. The multi-dimensional review enables not only self-assessment of one's work performance, collaboration, and attitude but also a peer review based on comprehensive feedback from everyone who worked together. Furthermore, organization-specific review questions were introduced to cater to the diverse nature of NAVER organizations and ensure fairer evaluation. Based on this, NAVER has established a reasonable HR system which ensures fair evaluation and compensation based on performance irrespective of age and work tenure, and operates it transparently.

Share Based Compensation Program

NAVER grants employees with work tenure of over one year stock options worth of KRW 10 million each year to incentivize them to pursue their own growth as well as the company's and to enable the entire workforce to pay keen attention to increasing the company's long-term values from the shareholders' perspective. In addition, in order to share the company's future growth value by increasing the number of employee shareholders, we support 10% of our employees' purchase amount when they have held treasury shares for six months after purchase.

Respect for Diversity

NAVER consists of employees from diverse backgrounds, including nationality, and values, with the Millennials accounting for more than half of the entire workforce. All employees of NAVER are working together to create a flexible organization culture unique to NAVER. We are taking the lead in creating an environment where our employees can work freely with one's own capabilities and make social contributions based on mutual respect. In order to expand communication and networking between the generations, the HR Team organizes meetings for each job/seniority (leader, senior, junior) under the title of "Let's Meet-Up Now" every year. Many employees participate in the meetings and present their ideas and opinions. We are currently preparing a work satisfaction and immersion survey for employees, which we will use to establish the developmental direction of NAVER's organizational culture by analyzing the opinions presented in the meetings and the survey results.

In 2020, we established "NAVER Hands", a social enterprise which discovers jobs that can be run by those with developmental disabilities and hires them directly. Currently, a total of 21 young people with developmental disabilities are working as baristas, cashiers, and gardeners at cafés and stores in the NAVER Green Factory. The convenient store inside the Green Factory which was initially an agent store went through a renovation in collaboration with Emart 24 and was transitioned into Green Mart, NAVER's in-house convenient store in May 2020, to provide a stable job for those with developmental disabilities. Aisles and the resting area inside the convenient store were enlarged to accommodate the needs of the staff, who are commissioned to fulfill organizing, displaying, and inventory-managing of products.

Health & Safety and Well-being

Aimed at enhancing employees' work satisfaction and enabling them fully exercise their competencies, NAVER has the best workplace environment and various welfare benefits at offer. There is a number of flexible work system such as selective work hour plan and reduced work hour system to maintain balance between work and family alongside NAVER's utmost effort to maintain a pleasant office space. Furthermore, NAVER provides employees with healthcare facilities and professional medical counseling to take care of employees' mental and physical health.

We ensure that employees who work 24-hour shifts (such as the 24-hour emergency response team) undergo a special health check-up every year in accordance with the Occupational Health and Safety Act. For those working the night shift, we place them in the job only after determining whether they can continue working at night in a healthy way, primarily by conducting checks for the presence of underlying diseases such as coronary artery disease, diabetes and hypertension, all of which typically affect a person's capability for night work. Furthermore, canteens and cafés inside the office buildings provide a variety of menus ranging from low-sodium to low-calorie food with fresh ingredients.

We are implementing an emergency operating system that allows us to respond promptly to the guidelines of the central and local governments amid the COVID-19 crisis. We have extended full support to our employees so that they can immerse themselves in their work with confidence throughout the different COVID-19 restriction stages.

Family members of NAVER employees are also taken care of through a number of family-friendly programs at NAVER. We allow an additional year for the maternity leave than what is stipulated by law and 10 days of family care leaves are offered per year. There is the Mother's Lounge in the Green Factory which provides breast-feeding machines and five top-tier daycare centers around Seoul and Gyeonggi areas are in operation in conjunction with specialized institutions. Return to work rate of employees after parental leave has been more than 99% for three consecutive years since 2018.

We conduct regular and ad-hoc surveys intended to improve employees' welfare benefits on various programs. Going forward, NAVER will stay committed to making meticulous care in creating a healthy and enjoyable workplace by developing and operating various programs.



Green Café located in Green Factory

Composition of Employees by Age



* As of December 31, 2020

Support Programs to Assist Work-Family Balance

Classification	Details	
Work hour	Selective work hours	• Employees can freely work between 06:00-22:00 during weekdays without any designated core time and minimum daily work hours
	Reduced work hours	• Employees can apply for reduced work hours for such reasons as pregnancy, baby care, family care (disease/accident/aging of family members, disease/accident of the employee themselves, preparation for retirement, academic studies)
Workspace	Workspace with fresh air	• Wooden floor instead of carpets with the ceiling designed to minimize dust • Ideal indoor humidity under continuously management
	Pleasant meeting rooms even after intense discussion	• As meetings progress, meeting rooms tend to be heated. All meeting rooms are equipped with CO ₂ sensors to monitor and maintain the quality of air
	Ergonomic chairs for all employees	• All employees are provided with heavy-duty chairs designed ergonomically as those who work long hours deserve the best chairs
Healthcare	NAVER Home Doctor offering professional medical services at the office building ¹⁾	• Professional counseling and treatment are provided for employees who feel unwell during work or are in need of consulting before and after medical checkups in addition to physiotherapy for musculo-skeletal or stress-oriented diseases, medical examination, and vaccinations
	Core fitness center for aligned body posture ¹⁾	• Exercise regimen to alleviate common pains in neck, shoulder, and spine and prevent turtle neck syndrome and hernia of intervertebral discs are provided to assist employees maintain healthy body posture
	Psychology counselling to care for mental health ¹⁾	• Partnership with a professional counselling center allows employees to take care of their mental health with the support from professional counselors
Healthy food	Medical/security consultation channel delivering professional services anywhere, anytime ¹⁾	• In case NAVER employees experience medical/security issues anywhere around the globe, professional medical consulting services and emergency support services are provided
	Green café that cares employees' health ¹⁾	• Fresh coffee brewed by baristas, freshly-squeezed fruit juice, and oriental herbal drinks are available at a reasonable price • Bakeries and chef-made burgers cooked at the canteen are available for to go for a quick meal
	B1 Kitchen for a healthy meal ¹⁾	• Nutritious meals that are intended to improve employees' fitness are provided every day such as delicious salads and low-sodium/calorie food
Daycare center	Five daycare centers in Seoul/Gyeonggi area ¹⁾	• Top-notch daycare centers in South Korea are in operation looking after around 630 children in total
Family care	Accident insurance and medical examination services that are best in South Korea ¹⁾	• Not only the employees themselves but their spouses, parents, parents-in-law, children, and siblings are covered by the accident insurance • Employees can receive medical examination every year and one of family members every two years
	"Open Saturday" to bring family members to work ¹⁾	• An occasion when parents and children are invited to the office and participate in fun programs, experience the company culture, and build good memories
Vacation	A 15-day Refresh Plus leave	• Two years after joining the company, employees will be given additional 15 days as their first Refresh Plus leave, which are valid for three years and can be used on three separate occasions
	Childcare service and special vacations ¹⁾	• Employees can use their family care leave for childcare up to 10 days a year
	Support for deluxe leisure facilities ¹⁾	• Employees can use luxurious leisure facilities around the country at an affordable price
Financial Support	Financial support for the stability of employees' housing and livelihood	• Supporting interest expenses in cash up to 1.5% annual interest on a maximum loan of KRW 100 million when employees require a loan for the purpose of buying (lease) a house (up to 7 years), and supporting 33.8% of the interest accrued on maximum loans of KRW 20 million and KRW 10 million for the purposes of marriage and ensuring a stable livelihood, respectively (up to 5 years)
	Support for congratulations/condolences for employees and their families ¹⁾	• Financial support provided by the company and colleagues to help employees concerned with the necessary ceremonies
	Stock option	• Regular grant: Stock options worth KRW 10 million are given annually to full-time employees with work tenure of over one year. They can be exercised after 2 years of employment following the grant. • Conditional grant: Stock options are granted to executives and some employees with heavy responsibilities related to the promotion of corporate growth. They can be exercised after three years of employment following the grant.
Work Engagement	Payback for employee stock purchase	• 10% of treasury share purchase amounts is supported for executives and regular workers. Up to KRW 2 million is paid as an annual payment to employees who have held shares for at least 6 months.
	Individual budget for work devices	• A support system that allows employees to select devices according to their circumstances and needs to help improve their work efficiency
	Support for work-related expenses ¹⁾	• Support for work-related expenses/fees, including mobile phone bill, book/content purchase, parking
	NAVER service voucher ¹⁾	• Monthly support, free of charge, which allows employees to experiment with and deepen their understanding of the various services offered by NAVER
	Language study program ¹⁾	• Various types of support for language education in line with the company's growing global presence

¹⁾ For all employees, including executives, full-time, and part-time employees

R&D and Technological Innovation

NAVER is increasing investments in the development of state-of-the-art technologies and tech companies, in order to evolve into a technology platform and to connect people to space and data. We prepare for a better future that will be brought about by technologies which enable us to imagine and take on challenges.

Investment in Future Technology and Establishment of a Research Ecosystem

NAVER launched NAVER Labs, a subsidiary that specializes in R&D, in January 2017 to secure and pursue future technologies. Outstanding researchers in Korea and Europe are jointly conducting research on AI, robotics, autonomous driving, 3D/HD mapping, and AR. The mission of NAVER Labs is to prepare for the future of NAVER platforms that will connect people, machines, space, and information through the most creative and advanced technologies. In addition, we are increasing investments in tech startups with outstanding technological prowess and growth potential through NAVER D2SF, which is a tech startup accelerator, and contributing to building an innovative technology R&D ecosystem by strengthening industry-academia cooperation with renowned universities in Korea and abroad, including MIT and KAIST.

In 2019, we announced a plan to establish the "Global AI Research Belt" which is an AI technology network connecting Asia and Europe. As a technology research network that has NAVER at its center, it is anticipated to create a new global paradigm in AI R&D.

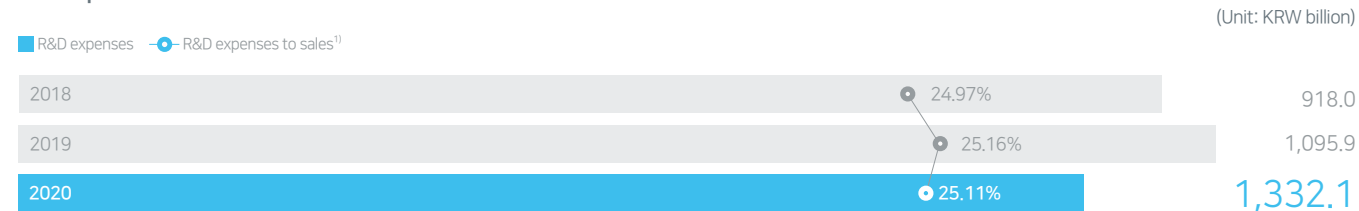
NAVER Labs

A-City – a Future City that NAVER Envisions

A-CITY is a vision of a future city that we are challenging ourselves to achieve using NAVER Labs' technology. It is a city where every space of the city is connected with various autonomous machines; where AI analyzes and extrapolates a vast amount of spatial data; classifies and regularly updates the data; and ultimately automates even logistic services. To this end, NAVER Labs is developing high definition (HD) maps for machines with data collected from a wide range of spaces comprising cities, and developing an intelligent autonomous machine platform that can be modified according to places/environments/purposes. By advancing key technologies and securing future technology leadership, we are ushering in A-CITY, our vision of a future city.

NAVER's second office building, which is planned to be completed in 2021, is a robot-friendly building and will become A-CITY's first reference space. Construction of the new building will include a convergence of 5G brainless service robot, AI, cloud computing, and NAVER's other cutting-edge technologies that will lead the future.

R&D Expenses to Sales



¹⁾ Based on consolidated financial statements

Autonomous Everywhere, Everything, Everyday

EVERYWHERE
Integrate all high-definition data of the city center (indoor, sidewalks, roads)

EVERYTHING
Develop an intelligent autonomous machine platform that can be modified according to places, environments, and purposes

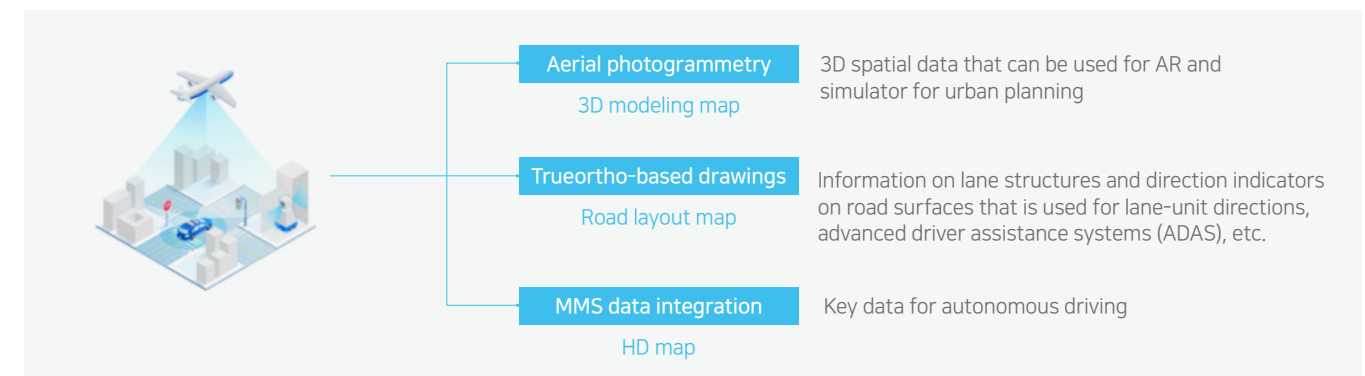
EVERYDAY
Provide services while interacting with people in daily space

Hybrid HD Mapping Technology of NAVER Labs

NAVER Labs has a proprietary technology for building HD spatial data, including road layouts, and this hybrid HD mapping technology converges aerial photographs and data collected through the mobile mapping system (MMS). It can produce outputs in three different forms, which are 3D modeling that is extracted from aerial photographs, road layouts that have extracted lanes and direction indicators on road surfaces, and HD maps that have integrated even MMS data. Each data can be used for various purposes, including digital twin¹⁾, precise directions, and autonomous driving.

In addition, NAVER Labs has been distributing in-house produced HD map data sets of Pangyo, Sangam, Yeouido and Magok, one by one, to research institutes in South Korea, free of charge, since 2019. HD map data is extremely important for autonomous driving research. This is because this data can be used to accelerate algorithm development and verification. NAVER Labs decided to provide certain HD map data, free of charge, with an aim of achieving shared growth with the academic sector and startups that carry out similar research, and this is unprecedented among private companies in South Korea.

¹⁾ A virtual representation of a physical space, using real-time data



NAVER Labs' Key Future Technologies

Mapping Robot M1	A mapping robot that produces 3D HD maps of indoor space to be used as key data of various location-based services
Hybrid HD Mapping	A unique solution that produces road HD maps for autonomous driving machines – it extracts road surface layout information from aerial photograph images that are taken of a large downtown-unit area, and organically combines data collected by R1, which is an in-house developed mobile mapping system (MMS), to quickly and accurately produce HD maps of vast areas
ACROSS Project	A technology that updates HD maps using the latest data collected by mapping devices installed on multiple vehicles – they detect changes in road layouts (lane information, stop line location, road marker, etc.) and 3D information (traffic signs, buildings, traffic lights, streetlamps, etc.)
VL (Visual Localization) Technology	A technology that analyzes images to recognize the current location – it can recognize the current location with extreme detail even indoors where GPS is not available; and this solution extracts and compares feature points from 3D data that is taken by M1 and recognizes the location, and has top-level global competitiveness
AROUND Platform	A proprietary solution developed by NAVER Labs to popularize autonomous driving service robots – it realizes highly accurate indoor autonomous driving even with low-priced sensors and low processing power unlike previous autonomous driving robots that need to directly execute key functions, such as map creation, identification of location, route creation, and avoidance of obstacles
5G Brainless Robot Technology	A technology that enables precise robot control – it uses the ultra-low latency performance of 5G mobile communication to be connected to a communications network even without the robot's own high-performance processor
ALT Project	A project aimed at developing an autonomous driving robot platform that can be diversely customized according to the purpose of use – it is upgrading autonomous driving technologies in all areas, ranging from positioning on roads to recognition, planning, and control

Upgrading AI and Robotics Technologies

NAVER Labs focuses on developing robotics technologies that can coexist with people and help people in daily space. "AROUND C", a café delivery robot developed in 2019 to verify interactions between people and robots, is unique in that it moves among groups of people keeping a comforting distance from them and communicates in a fast and comfortable non-verbal way. Robot arm "AMBIDEX" was developed through industry-academia cooperation with KOREATECH and enables safe interaction with people, thanks to its innovative power delivery mechanism that is based on a wire structure, unlike robot arms in factories.

NAVER Labs successfully demonstrated a 5G brainless robot, the first of its kind in the world, at the Consumer Electronics Show (CES) 2019. This technology enables the relocation of the computer serving as robots' brain to a cloud platform and connection through a 5G network. Production costs can be effectively reduced since many robots can be simultaneously controlled, and highly-intelligent, small-sized robots can be created since cloud performs the robots' brain functions.

Based on these AI and robotics technologies, NAVER Labs is developing ARC, a multi robot intelligence system based on NAVER Cloud and 5G network. ARC, which stands for AI, Robot and Cloud, contains the latest algorithms and HD data that are required for coexistence between robots and people. Simply connecting to ARC through an ultra-low latency network enables countless robots to simultaneously become smart, and a real-time connection is made to space and service infrastructures to understand and manage all on/offline environments between robots and people. ARC will be first commercialized by being applied to NAVER's second office building.



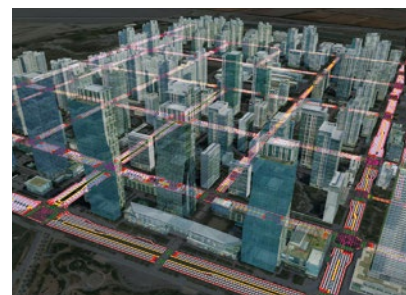
AROUND, a platform-based service robot platform, and M1, a mapping robot

CASE STUDY

Produced a road layout that provides road information throughout Seoul and distributed an HD map data set, free of charge

NAVER Labs used its proprietary solution to complete the production of a 2,092 km road layout map that covers four-lane or more roads all across Seoul at the end of 2019.

It contains extremely precise lane structure and road surface direction indicator information, thus enabling the provision of directions and road information at the lane unit rather than the road unit. The creation of this precise road layout at a large city scale has great significance. This technology is essential for future road/city informatization. It is important for ushering in the autonomous driving era, but can also be diversely used to provide safe and convenient information and services on roads.



Establishment of AI Ethics Standards

In February 2021, NAVER unveiled the "NAVER AI Ethics Code" which reflects both the social demand for AI and NAVER's corporate philosophy. The new code was the outcome of collaboration with the Seoul National University AI Policy Initiative (SAPI) initiated in 2018. We plan to continue working together with academia in implementing the AI Ethics Code and in finding and improving actual cases. To ensure that the AI ethical standards do not just stop at the slogan, we have worked out an action plan to establish a flexible in-house communication channel where inquiries and discussions can be made on various issues during the project progress and service development phases.

NAVER AI Ethics Code



Developing Human-centered AI

NAVER develops and uses AI as a daily tool for humanity. NAVER will prioritize human-centered values in developing and using AI.



Respecting Diversity

In consideration of the value of diversity, NAVER will endeavor to develop and use AI that does not unjustly discriminate against anyone, including our users.



Balancing Reasonable Explainability with Convenience

NAVER will assist the convenient use of AI, while also fulfilling our responsibility to provide reasonable explanation to users when they interact with AI in their daily lives. NAVER acknowledges that the method and level of reasonable explainability for AI can vary, depending on the context in which the AI is used, and will take this into consideration as we endeavor to achieve this objective.



Accounting for Safety in Service Design

With safety in mind, NAVER will design AI services that do not cause harm to people at any stage of the service.



Protecting Privacy and Data Security

In the process of developing and using AI, NAVER will endeavor to protect the privacy of users beyond the responsibility and obligation proscribed under law that protects personal information. In addition, NAVER will apply designs in consideration of data security during all stages of our AI service, including its development.

Establishing an Innovation Ecosystem

D2 Startup Factory

NAVER D2 Startup Factory (NAVER D2SF) is NAVER's business accelerator that was established in May 2015. We discover and invest in early startups with outstanding technologies to support their growth and seek ways to grow with them strategically in particular. Furthermore, we provide them with dedicated workspaces, cloud infrastructure, promotion/marketing, follow-up investment attraction, and office hours, etc., as well as promoting opportunities for cooperation with them in the areas of technology and business. Since its establishment, NAVER D2SF has invested in 62 technology startups, 73% of which is currently discussing ways of cooperating in areas of common interest. In addition, 73% of the startups with more than one year of investment has succeeded in attracting follow-up investment, with three teams acquired by NAVER or its subsidiaries.

NAVER D2SF hosts the Demo Day, where directly-invested startups disclose their achievements and vision, and also the TECH MEETS STARTUP conference, which is where tech startups share their concerns and problem-solving experiences. By doing so, we are establishing a tech startup community centered around NAVER D2SF. Located near Gangnam Station in Seoul, the NAVER D2SF space is where around 80 tech startups moved in and achieved growth, and is also a hub where around 700 tech startup events were held. Furthermore, we have been hosting a campus tech startup contest every semester since 2016, thus helping growth of student startup teams with potential. A total of 44 teams participated in the campus tech startup contest since 2016 of which 16 teams established a corporation and attracted investments. As a result of these advanced attempts and diverse technology support efforts, NAVER was selected as the top company for providing positive support for startups for four consecutive years in a 2020 survey of startup founders¹⁾ in South Korea.

¹⁾ Start-up Trend Report which is announced every year after a joint survey by OPENSURVEY and Startup Alliance

Investment Portfolio of NAVER D2SF



* As of December 31, 2020

CASE STUDY

AID Korea's innovation, transforming livestock industry into a data-based tech industry

AID Korea is a leading livestock tech startup that has developed a solution called "Farmsplan" which analyzes livestock and farm data in order to offer customized breeding methods.

It recommends the optimal management plan by analyzing the behavior patterns of livestock via surveillance cameras installed at the farm, diseases and immune conditions based on periodic blood tests, and environmental data with in-house IoT sensors. Following the introduction of the Farmsplan, costs for antibiotic and other drugs and the mortality rate of livestock decreased by 30% and 12%, respectively, while productivity rose, leading to a reduction of carbon emissions, a reduced use of antibiotics, and a significant drop in livestock mortality. By meeting the United Nations' standards for sustainable development, NAVER has attracted impact investment as well.



Expanding Technical Cooperation

Tech Concert NAVER offers networking opportunities with various cultures to support the growth of developers. Launched in 2018, NAVER Tech Concert is designed to share technology experience and development culture in the field of app and web development. In 2020, it was held online for two days with 3,250 people in attendance, including college students who dream of becoming developers, as well as beginner developers and office workers, while the 2-day live streaming of the meeting drew 20,000 views. NAVER's Android, iOS, and front-end developers shared their growth experiences and technical insights, and followed up with a Q&A session.

Industry-Academia Cooperation on AI In May 2020, NAVER Cloud signed a memorandum of understanding (MOU) with Korea Advanced Institute of Science and Technology (KAIST) to nurture artificial intelligence (AI) professionals and expand the related technology base. Under this agreement, in 2020 we provided shopping images, Q&A data, and a cloud machine learning development platform to KAIST School of Computing for use in class, and also arranged for NAVER researchers to deliver lectures to students. Also, in 2020, we offered a regular class introducing NAVER's AI technology at the Graduate School of Electrical and Electronic Engineering of Yonsei University to share our experiences regarding the latest AI technology trends and actual cases of application. In 2021, through regular classes at Seoul National University's Graduate School of Computer Science and Engineering, our AI LAB researchers are offering classes and conducting lab tests based on the latest AI technology theories, while also providing 50 cloud GPUs. In addition, NAVER Clova and AI LAB researchers are sharing the latest AI research trends and NAVER's AI technology development technologies with educational institutions more than ten times each semester, thereby contributing to the expansion of AI base.

DEVIEW "DEVIEW", the largest developers' conference in South Korea, was held online due to COVID-19 in 2020. It featured 81 presentations, the largest number ever, for three days. In addition to presentations that traditionally target mid-level developers, the conference introduced new features such as the "Hands-on Session", which was designed to share new skills and experiences based on hands-on practices, and the "For Juniors' Session", aimed to promote the growth of junior developers. The conference was participated by 9,716 people, the largest audience ever, and real-time communication with speakers was enabled through a chat window during the presentation, attracting good response. The event started with a keynote speech which disclosed that ARC will serve as the brain of all robots in the second NAVER office building, followed by an introduction to NAVER technologies that enables SMEs and creators to be connected with users in the contactless era.

NAVER Project Flower

NAVER Project Flower is our core campaign designed to discover the value of SMEs and creators and support their sustainable growth. It is also our business philosophy and promise to create fountain effects in our economy based on the challenge and success of individuals.

NAVER Project Flower

The growth of individuals who create content through NAVER platforms serves as the foundation that connects a greater number of users and quality content. NAVER's developers, product managers, and designers began NAVER Project Flower to provide support for content creators' challenges and growth, so as to solidify the foundation and thus enable a healthy virtuous cycle. Project Flower is our resolution to have individuals' capabilities and personalities flourish through what we do best – platforms and technologies. The name flower embodies our wish to help small individuals discover their value and become a meaningful existence to someone to blossom. The motif of the Flower's identity color is from the blue rose which symbolizes "miracle, achieving something impossible". Technologies were used to create a blue rose that didn't exist in the world before. Likewise, using our technologies, we will become the foundation for individuals to overcome their limitations and achieve growth.

Project Flower comprises growth of partners, creation in the field of culture and arts, digital education of future generations, and public-interest activities, such as donations, and is generating diverse social value. NAVER's Fountain Fund was established in 2017 for the purpose of providing fund support that is needed when executing Project Flower and donations. The Fund maintains to be one of the largest in its size in South Korea, and contributes to SMEs, creators, and social contribution activities.

Size of the Foundation Fund



* As of December 31, 2020

Fair Trade and Enhancement of Partner Sustainability

To practice reasonable, fair trade with our partners, we use an electronic purchasing system for the entire process of a transaction, and we have adopted and observe the "4 Code of Conducts to Comply with Subcontract-related Laws and Regulations" enacted by the Korea Fair Trade Commission. In addition, we send an internal notice to employees in charge of purchasing who are related to fair trade (once a month) and company-wide employees (once half-yearly), and provide non-regular training to departments that come into contact with partners. Furthermore, by operating partner opinion-listening channels and report channels, we are paying attention to the voice of our partners and continually establishing improvement measures.

NAVER does its utmost to expand the win-win growth ecosystem based on the belief that our business partners' growth leads to our own. In particular, we focus on enhancing self-sustainability of small-sized IT companies, which are our major business partners, and improving employee benefits of our partners through a wide range of distinctive partner support programs in such fields as management, education, welfare, and support for making inroads into markets.

To offer management support, we provided consulting to seven business partners in 2020, and formed a win-win growth fund worth KRW 17.2 billion and provided loans at an interest rate lower than the market interest rate. In addition, we supported our small and medium-sized business partners so that they can make inroads into overseas markets, and thus helped 47 SME partners increase their sales by KRW 58.7 billion in total in 2020.

With regards to educational support, we offer on/offline training courses to employees of our business partners, and we also provide software coding education to elementary and middle school students as part of our efforts to support education of children of employees from our business partners. We also offer health checkup programs and support family events such as funerals to help our partners take better care of their employees and their family members.

Our proactive efforts for win-win relationships with our business partners received outside recognition. NAVER was chosen as a Best Honorary Company at the Win-Win Index Evaluation by receiving a Best rating for four consecutive years since 2016. In addition, NAVER was chosen by the Fair Trade Commission as a model case of fair trade agreement implementation and an outstanding case of win-win growth. We also received the Presidential Award in the "Voluntary Win-win Cooperation (Group)" category at the ceremony commemorating the Week for Shared Growth co-sponsored by the Ministry of SMEs and Startups and the National Commission for Corporate Partnership in 2019.

Support Programs & Win-win Growth Activities

Beneficiary	Support details	Major programs		
Suppliers	Providing management, education, and welfare support to enhance self-sustainability of relatively small suppliers	Management support		
		Cash payment settlement within 10 business days		
		Paying for transportation expenses and a participation fee for bidding participants		
		Offering free online consulting on such issues as labor, legal, and tax		
		Having formed a win-win growth fund worth KRW 17.2 billion and providing loans at a lower interest rate		
		Helping SMEs advance into overseas market through direct contracts between partners and the company's overseas subsidiaries		
		Providing productivity innovation and professional management consulting to companies with which we have a win-win growth agreement		
		Participating in the private-government joint technology development program organized by the Ministry of SMEs and Startups (support provided to cover SME partners' technology development-related business expenses)		
		Providing surety insurance fee support to companies with which we have a win-win growth agreement		
		Providing tech safe fee support to companies with which we have a win-win growth agreement		
SMEs that have business with NAVER through search ad and shopping platforms	Enhancing self-sustainability of early-stage online startups by providing financial support for training, consulting, and marketing expenses, and reducing or exempting the fee for opening a store at NAVER Shopping	Education support		
		Offering monthly offline training and regular online courses (including courses required by law) to employees of business partners		
		Welfare support		
		Providing welfare programs (health checkup, flu vaccine, stationery, etc.) at the same unit price as that applied to NAVER employees		
		Providing articles for funerals		
		Paying for meals for partner employees permanently stationed at our business sites		
		Operating a professional recruitment center for official search ad agencies, thus providing recruitment support		
		Providing NAVER Cloud Platform services, free of charge, to official search ad agencies		
		SME online sales support: Provide training, free banner ad exposure, and Shopping fee exemption benefits to SMEs that were recommended by organizations in nine regions, including the Seoul Business Agency		
		D-Commerce Program: Providing supports online businesses according to their stages of development from the very beginning to success; and offering systematic growth programs, including education, fee exemption, financial resources for marketing, and consulting		
Start-ups	Supporting the growth of tech start-ups by offering business space and development infrastructure support and by helping them attract investment	NAVER Partner Square: Provide online market support to SMEs/creators and diverse education for their growth, and providing video/audio studios and work space, free of charge		
		Partner Square TV: Holding a Partner Square online live lecture that is regularly operated every month; and offering live lectures on various subjects by experts in different fields		
		Making equity investments in tech start-ups and helping them attract investments		
		Providing work space and NAVER Cloud Platform services to tech start-ups, free of charge		
		Hosting conferences, meet-up events, etc. aimed at helping start-ups expand the market		
		SMEs and creators	Supporting SMEs and creators through NAVER Project Flower, including Baekban Week, Designer Window, and Call My Name	Holding the "Designer Window Pop-up Store" event which operates offline pop-up stores to offer market support to new designers
				Running "Call My Name" campaign, which creates webtoons and ani-toons that tell stories about the growth of young entrepreneurs to make their names known; and also holds a special exhibitions to introduce their products (held up to Season 4 until now)
				Holding "Baekban Week" program that supports small restaurants in different regions (Gangneung, Seoul, Gyeonggi, Gwangju, etc.)

Efforts to Establish Fair Trade Order

Classification	Details
Operating an electronic purchasing system	Selects the company's business partners through a bidding process in order to prevent verbal orders/unfair contract cancellations, and operates an electronic purchasing system for the entire process ranging from bidding to signing contracts and making payments with the goal of ensuring transparency and fairness
Complying with the 4 Code of Conducts	Has adopted and observes the "4 Code of Conducts to Comply with Subcontract-related Laws and Regulations" enacted by the Korea Fair Trade Commission to build reasonable and fair subcontract transaction practices (signing of contracts, selection and management of partners, internal deliberation committee, issuance of documents and preservation)
Operating channels to listen to partners' opinion	Operates the Voice of Partners (VoP) System through which the company conducts surveys to partners and bidding participants to listen to their opinions
	Operates partner programs and the Partners Line which is a channel for requesting/suggesting win-win cooperation
	Operates a dispute mediation channel, through which our partners can apply to resolve a problem related to a purchasing contract
	Operates the Corporate Ethics Consultation Center which is a report and counseling channel

To ensure transparent, fair trade with our partners, we have in place an agreement on practicing ethics that specifies the code of ethics, which was followed by our adoption of an agreement on practicing sustainable management to enhance our partners' sustainability. We established a system to add this agreement as a document attached to a purchase contract starting from October 2020. Considering that we have many one-time or non-repetitive small-sized partners due to our business characteristics, we will, as our first step, specify major principles in our contracts, with a focus on the four areas of human rights, safety, the environment, and ethics, and expand joint efforts with our partners. We will look into adopting a self-checklist and risk evaluation for partners with which we have long-term, continuous contractual relations, and build a more advanced system.

D-commerce

Smart Store

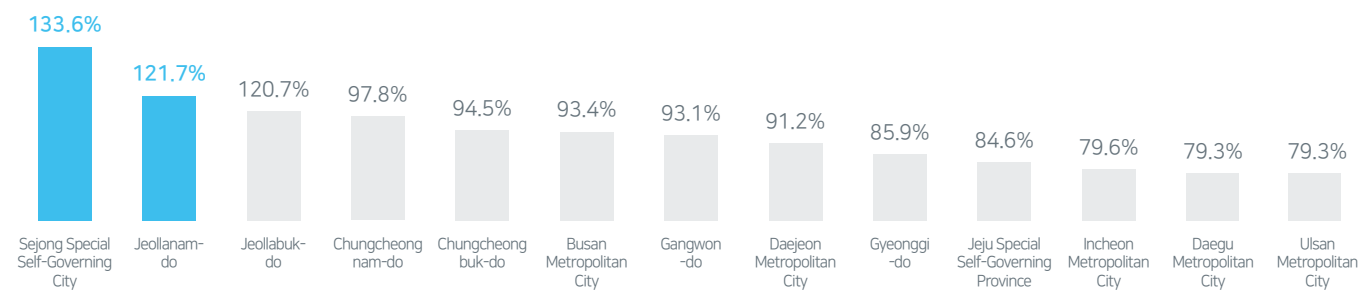
NAVER operates the Smart Store, a shopping mall solution based on various tools and technologies, as a way to enable SMEs to be directly connected to users. We also help SMEs, with limited personnel and time, increase their sales effectively. In detail, we provide "NAVER Tok-Tok (shopping chatbot)", a tool that provides automatic responses to customer inquiries, "AiTEMS", a deep learning-based shopping recommendation technology that shows even small shopping mall products by identifying customer tastes, and "Biz Advisor", a data statistics and analysis tool that provides required information to merchants based on big data analysis, including store operation and marketing strategies.

The Smart Store enables business operators who don't have a shopping mall or even individuals with no business experience to launch a shopping mall with ease. In case of business which has an offline store, if it opens a store online, it can enjoy benefits of product exposure and increased brand awareness. As a result of these efforts, it was confirmed that merchants in their introduction stage, less than a year since being registered as a Smart Store merchant, account for 51.2% of merchants that generated sales from January to the end of December 2020. In addition, individuals and small business owners, with annual sales of less than KRW 300 million¹⁾ are growing at a faster pace than the speed of overall growth of Smart Stores. In the first half of 2020, the total amount of Smart Store transactions increased by about 67% compared to the previous year, but the overall growth rate of businesses with annual sales of less than KRW 300 million showed a growth rate of more than 97%, far exceeding the former, driving the overall growth of Smart Store.

Digital growth of non-metropolitan regions in NAVER Smart Store also stands out. As of 2020, the average year-on-year growth rate of all regions is 88.2%. Merchants that recorded higher growth rates are mostly in non-metropolitan regions, including Sejong Special Self-Governing City, Jeolla Province, Chungcheong Province, and Gangwon Province. We expect a greater number of regional SMEs to experience digital growth through Smart Stores by overcoming the restrictions of physical distance and meeting with various consumers.

¹⁾ Individuals and small business owners based on the standard set by National Tax Service are those with annual sales of less than KRW 300 million

Year-on-year Growth of Smart Store Sales by Region



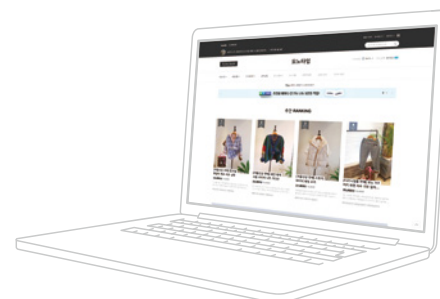
* As of December 31, 2020

CASE STUDY

Style Window (Interview with Mi-ja Kim, CEO of MONOTIME)

We began using the Style Window platform in 2015, and achieved an approximately 50-fold sales increase compared to when we ran only an offline road shop in Chungcheongnam-do.

Also, the number of employees grew almost ten-fold, and the business size grew overall. I believe using NAVER's platforms is beneficial to both merchants and consumers. The fee that merchants pay is relatively affordable, and the sales as well as the purchasing process is simple and efficient, which is a large benefit. Since there are no restrictions on platform use, various customer bases can use the platform. The Style Window platform also allows smoother communication with customers, including opening of new stores and product promotions. I would especially like to advise new merchants to the platform to use the various education programs offered by NAVER since these programs provide considerable help, such as on ways to increase sales and provide customer services.



Smart Place & Smart Around

NAVER's Smart Place is a free service that enables business operators to register their respective company on Maps search. It provides support for integrated management of store information and booking/review services, etc. through the use of NAVER smart tools, such as NAVER Booking, AI Call, Tok-Tok, and Table Order, without having to build a separate website. Through NAVER's Smart Place, business operators are provided with an opportunity to be exposed on our various services that have a daily 30 million visitors, including NAVER Smart Around (find excellent restaurants/locations that are worth visiting that are near me), Integrated search, Maps, and Navigation. Also, users can easily search for and find required information, such as that on excellent restaurants, cafes, pharmacies, and convenience stores near them.

Smart Around is an AI-based location recommendation system. This service applies AiRSPACE (AiRS + Place And Context Embedded) for a closer connection between users and SMEs. It optimally recommends information on the user's surrounding in line with the time the user performs a search, and provides SMEs with free, customized PR opportunities, thus helping them take a step closer to potential customers.

Partner Square

NAVER Partner Square is an offline growth foothold for the start and success of SMEs and creators. By supporting various regional SMEs and creators in their efforts to accumulate digital capital and achieve success, it is making contributions so that technological development does not lead to regional alienation. Since opening "Partner Square Yeoksam", the first Partner Square, in May 2013, we have opened six more Partner Squares in Busan and Gwangju, meeting with 520 thousand SMEs and creators over seven years as of the end of 2020.

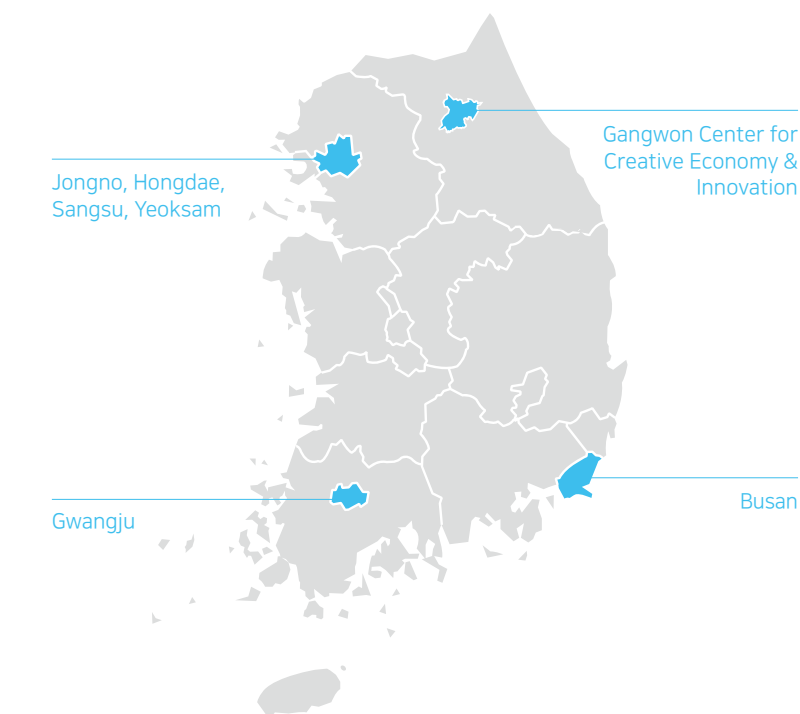
Opened in 2017, "Partner Square Busan" provides startup education programs and expert consulting to SMEs and provides studio and equipment rental support so that creators can produce and use video and audio content. "Partner Square Gwangju" was opened in September 2018 as the largest Partner Square. Reflecting the opinions of local business operators and startups in the space, we have made it into a multi-purpose business culture space, including operation of ateliers and education for creators, going beyond a space for business education and creation.

It has been proved that Partner Squares actually help young people start their own businesses and business owners increase profits in the respective region. A research team led by Professor Kim Jongsung of Kookmin University analyzed the impact of NAVER Partner Square on "small business owned by the rising generation in the e-commerce startup ecosystem". The research results show that those who had received an education at Partner Square earned an average of KRW 6.7 million more per month than business owners who had not (based on NAVER Partner Square Gwangju). Also, it was shown that the number of young local hires increased by 17,000, or about a 3% increase from the average person employed for two years in Busan since the establishment of "Partner Square Busan". In Gwangju, as well, there has been increase of 4,500 personnel or 1.7% of the average persons employed during one year since the establishment of "Partner Square Gwangju".



Partner Square

Support Programs of NAVER Partner Square by Region



- 2019 **Partner Square Jongno**
Specialized space for small makers
- Partner Square Hongdae & Sangsu**
Provides studios for content creators
- 2018 **Partner Square Gwangju**
Provides a cooking studio and food business education with a focus on foods and living businesses; and functions as an atelier for creators
- 2017 **Partner Square Busan**
Specialized space for fashion business
- 2015 **Gangwon Center for Creative Economy & Innovation**
Has been supporting since 2015
- 2013 **Partner Square Yeoksam**
Headquarters of Partner Squares
Provides online marketing education and studios

D-Commerce Program

D-Commerce Program provides data-based education, consulting, and various fund programs to help startups and small businesses grow their businesses online by reflecting their needs. By offering a customized program based on a business' stage of development, D-Commerce Program aims to move up the success of SMEs and the fountain effects that will be brought about by the success. In addition, we hold events in different regions to share startup success cases and know-how, such as the D-Commerce Day.

As of 2020 year-end, a total of 530 thousand business owners received direct support by participating in D-Commerce Program since the program's launch in May 2018, including fee support, consulting, and on/offline education. In 2020, we enhanced our online live education and reinforced contents for small businesses suffering from difficulties and inconveniences due to the spread of COVID-19, offering about 300 online education programs through NAVER TV's Partner Square TV channel, which received an enthusiastic response as proven by the more than 2.1 million views.

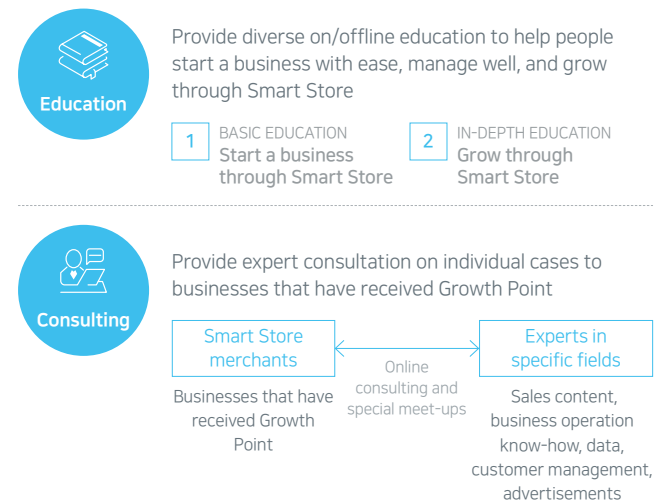
D-Commerce Program supports development of business stability through "Start Zero Fee" which means that businesses in their introduction stage are charged a zero payment gateway fee in their first year of business, up to KRW 5 million per month based on net payment. In case of businesses in their growth stage with more than KRW 2 million of monthly transaction volume, we operate the "Growth Point" system that provides marketing expenses. For businesses in their maturity stage, we offer the "Quick Escrow" service, an upfront payment system, thus helping businesses secure cash liquidity by reducing payment terms.



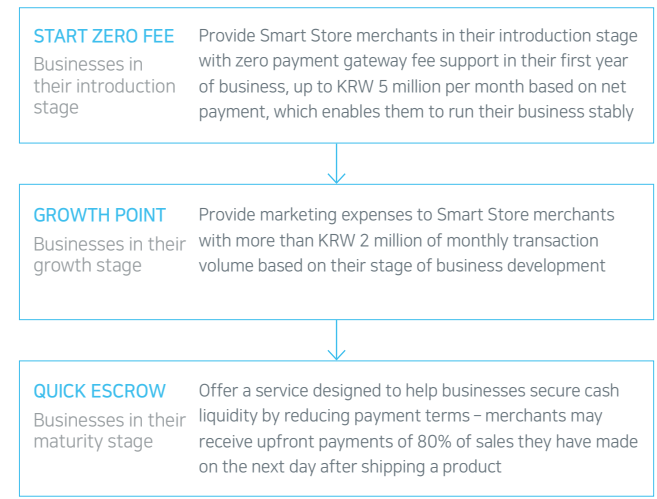
D-Commerce Report

Support Provided by D-Commerce Program

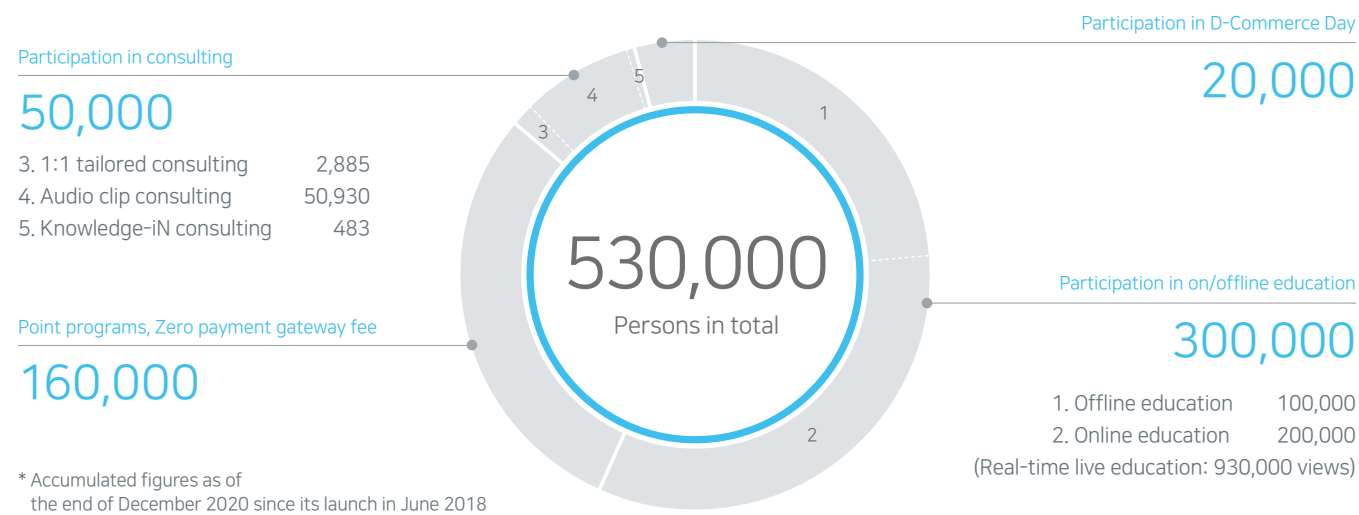
Support for start-up growth by experts



Funding support at each stage of business development



Performance of the D-Commerce Program



* Accumulated figures as of the end of December 2020 since its launch in June 2018

Creator Ground

NAVER Webtoon

NAVER Webtoon is NAVER's flagship content service that has established an unrivaled position in the South Korean webtoon market as a cradle for many star artists since its launch in 2004. It has been expanding its presence into the overseas market, and as of 2020 year-end, it has grown into a global webtoon platform with 72 million monthly actual users (MAUs). In 2020, NAVER Webtoon is well positioned itself as a global webtoon platform as it accelerated the pace of its global expansion.

NAVER Webtoon is striving to continue its robust growth, such as offering various programs that are aimed at growing together with skilled artists and adapting the business model that was a success in South Korea for local markets. We have made our webtoon service also available in French and Spanish in the fourth quarter of 2019, thus building the momentum needed to advance into the markets of Europe and South America. In addition, we will further develop NAVER Webtoon into a global entertainment content platform by increasing the exchange of content between countries. In markets where NAVER Webtoon operates its business, we will focus more on discovering and fostering local artists, and thus building a strong global creation ecosystem.

In line with its increased presence in the global market, NAVER Webtoon is actively working to secure original contents. As part of this attempt, it concluded a contract for the acquisition of "Wattpad" in early 2021. Established in 2006, Wattpad is North America's largest online fiction platform, reaching 90 million MAUs worldwide and supporting more than 50 languages. As such, NAVER Webtoon has secured a wider variety of global storytelling IPs by having both the world's No. 1 webtoon platform and No. 1 online fiction platform, taking one step closer to becoming a top-notch global entertainment company.

Influencer Search

NAVER supports the connection between creators and users in diverse ways, blowing a breath of fresh innovations into creation and consumption cultures. In 2020, we created an "Influencer Search Tab" to strengthen the connection between users and creators participating in Influencer Search, a creator-centered search service within our search engine. Launched in February 2020 as a new experiment aimed at connecting creators with users, Influencer Search is now growing at a rapid pace, attracting more than 12,000 creators in a year. Continuing to enhance the influencer search service, and thereby helping both proliferate creators reap greater rewards and users enjoy a new experience connected with influencers of their choice, our pursuit of bigger challenges continues.

72,000,000+

Global MAU exceeds 72 million

* As of December 31, 2020

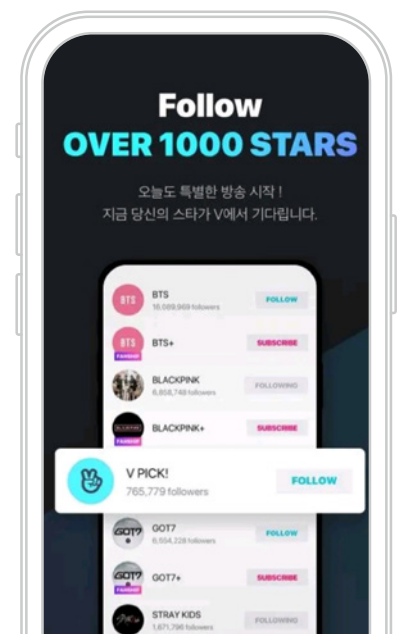
Knowledge-iN Expert

"Knowledge-iN Expert" is an online service connecting experts and users who seek knowledge in real time. The service began in November 2019 with three knowledge categories - taxation, labor rights, and psychological counseling. In 2020, it expanded the categories to more than 70 everyday topics including fortune-telling, education, nutrition and diet, fitness, and asset management, with the number of participating experts surging to 6,000. In the process, it has established itself as a leading professional counseling platform of a contactless era.

V LIVE

In 2019, V LIVE launched a live performance product capable of providing live on-site performances. In particular, it successfully completed an exclusive live broadcasting of the UK Wembley Stadium performance of BTS, a world-renowned boy band, by providing a stable, high-quality service to 140,000 thousand BTS fans around the world. In 2020, amid the COVID-19 pandemic, it offered fans an opportunity to meet their favorite stars onsite via a contactless live performance product called "Beyond Live", while providing an opportunity for entertainment agencies and celebrities to earn profits.

Meanwhile, the live audio streaming service "NOW" is showing rapid growth, attracting 20 million cumulative views in the year since its launch in September 2019, based on its stable livestreaming technology. V LIVE has applied eXtended reality (XR) technology to its live performances in consideration of diverse non-face-to-face performance environment, while striving to evolve into a more advanced livestreaming platform by continuing with new experiments, such as LIVE Cookbang (cooking broadcasts) conducted by influencers.

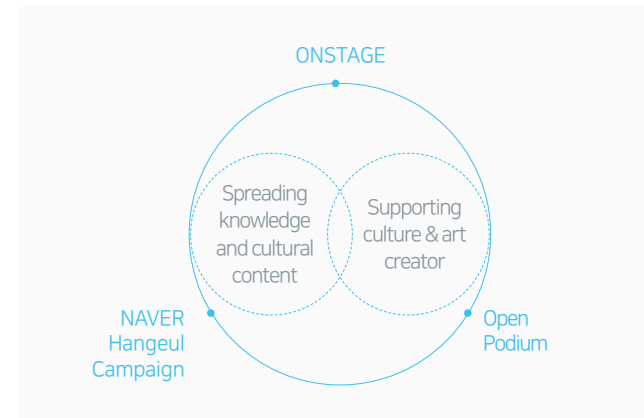


V LIVE - a real time personal broadcasts by celebrities

NAVER Culture Foundation

NAVER Culture Foundation is a non-profit public foundation established in 2010 to support artists and creators, and to promote cultural content by using our online platforms. We are striving to build a strong foundation so that hidden artists and creators can be discovered and can grow. There is "ON STAGE" which discovers and supports skilled indie musicians, "Open Town Hall Meeting: Inside and Outside of Culture" which is a humanities lecture series where leading scholars and the general public meet, and "NAVER Hangeul Campaign" which is a Hangeul (Korean alphabet) campaign that publicizes how precious Hangeul is, including the free distribution of fonts. As such, the Foundation is taking the lead in creating diverse cultural experiences for users by supporting non-mainstream cultural content and creators.

NAVER Culture Foundation



ONSTAGE "ON STAGE" is a K-Music support program launched in 2010 by NAVER Culture Foundation. It is the country's only record of underground music and NAVER's representative program for supporting creators. In August 2018, it was evolved into "ON STAGE 2.0" to reflect the voice of contemporary users while further solidifying its values and principles.

ON STAGE 2.0 made new attempts to enhance the quality of programs, including one-take live footages, "ON STAGE X" collaboration project between musicians and artists, and "Digging Club Seoul" city pop remake project, and strengthen PR activities to take an extensive approach to the public. We thus solidified its leading position and trustworthiness as an underground music record. In addition, video view count increased as a result of the influence of social media and the number of overseas users has also continually increased, leading to South Korean musicians' use of ON STAGE as a channel to promote their music to fans from around the world.

On the occasion of the 10th anniversary of ON STAGE in 2020, we planned the "10STAGE" project. The number of musicians that ON STAGE introduced over the last decade is around 540 teams, while live videos for which production support was provided reach around 1,600. ON STAGE will adopt various approaches to shed new light on the record of indie music, which it built by encountering dozens of genres, including Korean classical music, the blues, hip-hop, and EDM, and by working together with music experts, and present a special experience to musicians and fans.



Major Programs of 10STAGE

- "ON STAGE to me" in which 20 teams of musicians create music about users' stories
- "On-Pick" to provide meaningful videos chosen by expert recommendations and user voting, from among around 1,600 videos
- "Only ONSTAGE" to choose the Exclusive Best 100 and release sound sources
- "Play List" which sheds light on 1,600 pieces based on diverse themes
- "ON STAGE Planning Committee Members Say", an interview of 18 ON STAGE Planning Committee members who have been with ON STAGE for a decade



Open Town Hall Meeting: Inside and Outside of Culture "Open Town Hall Meeting: Inside and Outside of Culture" is a lecture series led by leading intellectuals and scholars in South Korea, and has been providing lectures on various subjects each year since 2014, including ethics, paradigm, modernity, and wisdom of life. In 2020/21, 52 lectures were provided on the theme, "Culture and Cultural Canon", of the seventh series. They examined East Asian civilization, Western classics, modern science, and Western modern civilization and global impact, and contemplated on relations between human behavior and ethical standard.

Open Town Hall Meeting provides approximately 1,100 videos and essays, which have been accumulated over the past six years, by sorting them according to themes and keywords that young people might be interested in or by offering audio clip services. By doing so, it is shedding new light on existing content and contributing to continued facilitation of knowledge content.

Performance of ON STAGE

Classification	Number of teams supported	Number of video contents produced	Number of videos played
2020	197	333	Approx. 69 million
Accumulated	760	1,922	Approx. 200 million

* As of December 31, 2020

Hangeul Campaign We have been running "NAVER Hangeul Campaign" for better use of *Hangeul*, the Korean alphabet, since 2008. In 2018, we launched "Maru Project", setting a new direction for *Hangeul* in the digital era. The goal of Maru Project is the "Buri font" for screens that is created together with users. The Buri font, created through "Maru Project", is what is commonly known as serif fonts. We commenced development of the Buri font for screens with a high level of perfection to ensure diversity of digital fonts which are mostly sans-serif fonts as of now.

We have been analyzing the font status in the East Asian cultural sphere as well as the form and space of fonts for screens since 2018. We conducted a survey on the usability of the Buri font for on/offline screens and distributed 27 types of Buri font stickers that were created with users for free in 2019. Since the early days of Maru Project, we have been giving deep thought to the meaning and direction of Hangeul fonts and designing a new Buri font for screens, together with users. On Hangeul Day in 2020, we disclosed a pilot edition of "Maru Buri", the first font created with users. We will distribute five types of Buri fonts in 2021 for the first time in the industry after collecting user opinions and reflecting them.



Digital Literacy

NAVER Connect Foundation

NAVER Connect Foundation is a non-profit educational organization established in 2011 by NAVER to carry out public education programs transparently and professionally. It seeks to lead educational innovations by pursuing democratization of education in which everyone has the same opportunity for top-quality education, and by providing new educational models and platforms. It also offers software education to all levels of students, including computer software majors, and nurtures talent required by businesses, thereby helping individuals with their continued development through lifelong education.

In particular, as AI technology rapidly becomes a part of our everyday life, it has become essential for future generations to develop digital literacy capabilities that use AI and data. In South Korea, software education has become mandatory since 2019, and all elementary school students are now receiving software education through "Entry", NAVER's online education platform. While working on stable service operation and mobile function advancement of Entry, which has 1 million monthly active users, we are making various improvement efforts to differentiate services that embody Entry's philosophy and to offer quality content.

Since 2014, even before software education became mandatory, NAVER Connect Foundation has been carrying out the "Let's Play Software" campaign, to inform the public of the importance of software education and socially spread software education. Season 1 of Let's Play Software focused on educating students, nurturing instructors, and developing teaching materials, and contributed to improving people's understanding of software education and expanding the foundation of elementary/secondary software education. In the second half of 2019, we began Season 2, aimed at strengthening future AI & data capabilities of elementary and middle school students, thereby adding our AI technology and promoting the use of data. Starting in Chuncheon in July 2019, we held 1-day coding camps for students and their parents also in areas outside of Seongnam, including Gwangju and Gunsan, and thus expanded the target of education. We will continue to expand distinctive on/offline software education that is suitable for the local community by expanding direct education and organization/local government-connected education.

In 2020, we produced and provided videos with ten keywords representing the major concepts related to artificial intelligence in order to enable anyone who is new to or unfamiliar with artificial intelligence to easily learn the main AI concepts, while providing the AI&DATA online training program free of charge for teachers in the field. In addition, we provide teaching material guidelines and student worksheets so that teachers and parents can easily understand and practice AI technology and data concepts together with children, continuing our efforts to help all groups of people understand AI technology and enhance their AI & data literacy. In 2021, we plan to cooperate with Sejong City in providing education for 360 students from eight elementary and eight middle schools. Under the theme of "Play with DATA starting with Entry", elementary school students will follow a data science education program using the entry data analysis function, while middle school students will acquire experience of solving everyday issues with their peers with DATA and AI technologies under the theme of "Entrepreneurship in the era of AI & DATA".

Furthermore, NAVER Connect Foundation runs a wide variety of programs that enable adults to learn about key technologies and knowledge in the field of IT. In particular, we are enhancing effectiveness by pursuing demand-centered education that enables learners to develop practical capabilities, with a focus on areas of technology where there is high corporate demand, including AI, data science, UI, and digital marketing. NAVER Connect Foundation is building a better world through education so that anyone can learn knowledge and the latest technologies for the future, without any burden and by using advanced technologies and infrastructure, and that anyone can obtain required knowledge at a desired time.

Major Programs of NAVER Connect Foundation

Target	Program	Description	Cumulative number of beneficiaries
Software education for elementary, middle school, high school students, and teachers	Let's Play Software	<ul style="list-style-type: none"> Provides diverse education for easy learning of the basic concepts of AI and data Provides videos with different levels of difficulty, and teaching materials and content on diverse subjects so that anyone can easily and conveniently learn and teach software 	<p>Season 1 (2014-First half of 2018)</p> <ul style="list-style-type: none"> Provided education to 18,000 students (regional camp, in partnership with college students volunteer groups) Nurtured 2,600 instructors (teachers, undergraduate volunteer groups consisting of future teachers, general instructors (women looking to reenter the workforce)) Developed 25 textbooks and teaching materials <p>Season 2 (Second half of 2019 and onwards)</p> <ul style="list-style-type: none"> Produced content and established a platform to build an AI & data education environment Strived to establish an environment that enables online AI & data learning due to COVID-19 1. Provided 10 Hello AI World, which is a learning video that helps learners understand the basic concepts of AI technology and data 2. Provided AI & data training programs for teachers 3. Provided AI & data learning materials for parents and teachers 4. Provided OpenCourseWare for online AI & data education of students 5. Upgraded functions so that learners can try using AI & data through Entry, a software education platform <ul style="list-style-type: none"> Number of benefitted teachers: 4,000 Number of benefitted students: 5,000
	entry	<ul style="list-style-type: none"> Online platform for software education Provides various tools for learning, creation, sharing, and collaboration 	<ul style="list-style-type: none"> Monthly active users: 1 million Subscribed members: 2.33 million No. of works: 9.9 million Online class: Opened around 80 thousand
Education that helps people build career capabilities and grow in the IT field	Boost Course	<ul style="list-style-type: none"> Education program that enables focused learning of key technologies and knowledge, leading to improvements in career capabilities and skills Launched online courses to provide courses on the development of digital solutions for iOS, Android and the web, as well as digital marketing 	<ul style="list-style-type: none"> No. of persons who completed the course: 2,300 No. of persons who took classes: 170 thousand
	Boost Camp	<ul style="list-style-type: none"> Training program aimed at fostering outstanding IT talent – it develops experiences and skills needed for developers by providing a highly-intensive self-directed learning experience for around six months 	<ul style="list-style-type: none"> No. of persons who completed the program: 398
An environment where everyone has equal access to educational opportunities	edwith	<ul style="list-style-type: none"> Operated as a massive open online course (MOOC) service Provides classes on basic concepts of software coding as well as web/mobile development and AI Provides classes of colleges specializing in science and technology as well as software-centered colleges in South Korea and overseas 	<ul style="list-style-type: none"> Daily active users: 5,000 Monthly active users: 150 thousand Subscribers: 930 thousand
	KHAN Academy	<ul style="list-style-type: none"> Online education service that enables anyone to access world-leading education, free of charge, no matter where they are. NAVER Connect Foundation became the fifth official partner (first in Asia) of KHAN Academy in 2016, and is providing courses Provides learning management systems (LMS), video lectures, practice problems, etc., thus enabling complete learning 	<ul style="list-style-type: none"> Subscribers: 460 thousand Monthly active users: 110 thousand

* As of December, 2020

Giving

Happybean

Happybean is NAVER's online platform that serves various public interest projects aimed at building a better society. It started as a donation portal in July 2005 and has expanded its services for users and public interest parties to include Funding, Happybean Empathy Store, Shall We Go, and Good Action Campaign.

Through NAVER's technology platform that realizes the value of connection, we are carrying out our unique, specialized social contribution activities for people who are with us.

Donations Donation service offered by NAVER is Happybean's first public interest service designed to make joyful changes with one click. Based on diverse donation targets and themes, it has grown into a venue where approximately 3,300 public interest organizations interact with around a million donors online per year, and as of 2019, the accumulated amount of donations collected exceeded KRW 100 billion. In 2020, the amount of donations collected reached KRW 24.7 billion as a result of heartwarming participation by 1.9 million donors.

Public interest organizations with relatively limited financial resources and PR capabilities can interact with donors with fewer resources and effort. We are also enhancing the credibility of donation activities by continuing to improve the "Happylog" platform, where people can find information on public interest organizations at a glance. We are building a donation culture in which people can participate with ease in their daily lives through a wide range of promotions, such as "Donation Bean" which provides users with donation items when they use NAVER services free of charge, and "Double Donations" which NAVER and other sponsor companies match donations made by netizens. We also adopted an installment savings system to encourage people to donate on a regular basis, and attracted a total of approximately 510 thousand installment savings accounts.

Funding Happybean introduces products created by public interest organizations, social ventures, and creators striving to solve social problems through its Funding service. In addition to providing them a channel to promote their products, Happybean offers platform services free of charge and waives processing fees. We also cover delivery costs for new social enterprises.

Happybean Funding was started in 2015 in order to raise social interest in projects promoted by SMEs and creators pursuing social values, and based on collaboration with various companies and organizations, the accumulated amount of support funds stood at KRW 16.2 billion as of 2020 year-end, with 528,000 participators.

Happybean Empathy Store We help those who participated in the Funding continue to interact with users after the Funding has ended through the Happybean Empathy Store by supporting their promotion activities and helping them build their brand pages on NAVER Smart Store. There are around 110 Happybean Empathy Stores that comprise various products, including fashion accessories, food, daily life/detergents, and travel/culture, through which we are realizing fair trade, eco-friendliness, and creation of jobs.

Shall We Go Happybean has been expanding its scope of services from donations to the Funding service and the Happybean Empathy Store project. In March 2019, it evolved once again by adding the "Shall We Go", connecting online users to offline community service projects. Shall We Go uses the reservation service of NAVER to take part in volunteering activities and other community service projects, hosted by social enterprises or cooperatives. As of 2020 year-end, the number of public interest organizations and social ventures, which have been with Shall We Go, stood at 145.

Key Milestones of Happybean



Various Donation Targets of Happybean



CASE STUDY

COVID-19 Funding to support SMEs and creators

In March 2020, NAVER supported SMEs and creators experiencing economic difficulties due to the COVID-19 pandemic through the Happy Bean Funding program.

We launched a total of 14 projects for about three months under the theme of "Support for the fight against COVID-19", raising more than KRW 500 million through a stable platform and attracting the participation of over 16,000 people to support the vulnerable in various sectors of society. Funding to support local-based SMEs in Cheongdo, Jeonju, Ulsan and Jeju attracted particularly keen interest, with the funding aimed to support farmers in Cheongdo-gun, Gyeongsangbuk-do reaching KRW 100 million. Thanks to this, the benefitted farm was able to transform to an agricultural product distribution business from the previous hands-on experience business model. Moreover, it continued to expand its distribution business, and was also able to increase its annual sales by about 26% year-on-year in 2020, with around 96% of its annual sales generated from the distribution sector.

ENVIRONMENT GREEN MANAGEMENT

MANAGEMENT APPROACH


The transition into a low-carbon economy has become a new global economic order under the Paris Climate Change Accord, and the South Korean government also announced a Long-term low greenhouse gas Emission Development Strategies (LEDS) establishment plan in October 2020, aiming to become carbon neutral by 2050. Accordingly, there is a need for the concentration of all-encompassing efforts of the industrial sector.

NAVER, which has a data center, will also make active efforts to counter climate change, aiming for carbon negative by 2040. In this process, we will build an eco-friendly ecosystem across our value chain, including partners and users, thus leading a reduction in greenhouse gases and promotion of the circular economy.

KEY PERFORMANCE

 Established the 2040 Carbon Negative strategy

 1.08¹⁾ – power usage effectiveness (PUE) of the Data Center GAK

 Provided Grocery Shopping eco-friendly bags to facilitate the circular economy

¹⁾ As of the first half of 2020



Environmental Impact Management

NAVER concentrates all of its employees' wisdom and capabilities into preserving a healthy and clean natural environment. By doing so, we are reducing our carbon footprint and facilitating the circular economy through technologies that protect nature, and promoting sustainable growth for future generations.

Eco-friendly Strategy

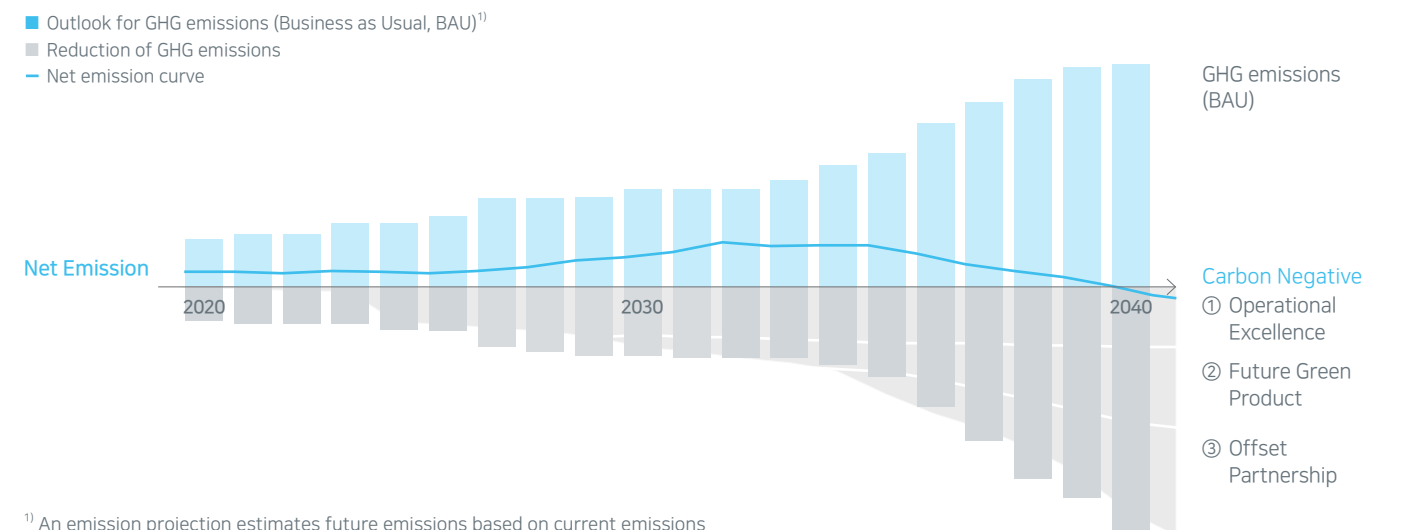
NAVER's energy consumption and resulting greenhouse gas (GHG) emissions are forecast to increase over the next decade due to construction of our second data center and a rise in data use in the contactless/5G era, and this can become a major risk to respond to climate change. In addition, it can have a substantial negative impact on securing sustainable business competitiveness. In order to minimize such operational risk and seize mid-to long-term business opportunities, in 2020 we established a new eco-friendliness strategy "2040 Carbon Negative", and started to build an annual implementation roadmap in early 2021. We will complete the roadmap in the first half of the year to begin making full-scale investments in carbon reduction schemes starting in the second half of the year.

Carbon Negative is a strategy of offsetting by reducing greenhouses gases more than the GHG amount that is emitted, thus making the net emissions amount 0 or less. To achieve this goal, we have set the following three detailed strategic directions and plan to expand relevant activities. By ①pursuing operational excellence that enables us to reduce our environmental impact; ②developing future green products and services; and ③expanding external partnerships, we will actively take part in accelerating the transition to a low-carbon economy. In this process, we will make joint efforts with several partners who use NAVER platforms to expand the eco-friendly ecosystem.

Internally, we are reducing the environmental impact of facilities by increasing renewable energy use. Externally, we are actively looking for business opportunities to increase various businesses and investments related to eco-friendliness, such as technology investments and M&As with key players in the area of eco-friendly commerce. In particular, we are building an environmental management system which includes environmental risk management guidelines and an environmental management planning-implementation-verification system tailored for each of our business sites, with the goal of zero environmental risk, even though we generate almost no direct environmental pollutants due to the nature of the industry we are involved in. We are currently working to acquire the ISO 14001 certification in the second half of 2021. The status and plan of our climate action implementation will be actively monitored and reviewed by the ESG Committee under the BOD, and will be continually communicated to our stakeholders, including shareholders. We will continue to take the lead in creating a more sustainable business environment and fulfill corporate social roles and responsibilities.

99% of GHG emissions generated at NAVER is due to electric energy consumption. Going forward, we will accelerate the pace of transformation into renewable energy through Power Purchase Agreement (PPA) and Renewable Energy Certificate (REC), thereby reducing our GHG emissions.

2040 Carbon Negative



¹⁾ An emission projection estimates future emissions based on current emissions

Establishment of an Environment-dedicated Organization

Following the establishment of an ESG-dedicated organization (Green Impact Team) under the CFO in 2020, NAVER launched an environment-dedicated organization (Environment Team) led by the heads of the Data Center, NAVER office building, and Commerce Business with a high environmental impact in the first quarter of 2021.

The organization is tasked with establishing annual implementation roadmaps for the 2040 Carbon Negative, introducing an environmental management system to strengthen internal management capabilities, acquiring relevant certifications, and supporting environmental education for employees. In addition, it is identifying potential resource-saving activities at our business sites and supply chains, such as saving resources through electronic contracts and boosting our GHG reduction performance.

"Carbon Off" Implementation Strategy



CASE STUDY

Resource saving through E-contracts

NAVER is reducing paper consumption, which in turn is leading to reduction of CO₂ emissions, by switching from the paper-based contract to a full electronic contract.

In 2020, we not only reduced the use of 651,166 sheets of paper by introducing the electronic contract system, but also cut down the amount of travel required to sign contracts by 2,301,176 km, which would have generated 193.95 tons of CO₂e, equivalent to planting some 1,389 pine trees. We will continue to manage the GHG emissions of our own business sites as well as those of our entire supply chain.

Efforts to establish an eco-friendly ecosystem

NAVER seeks to expand the eco-friendly ecosystem by working together with its partners.

Accordingly, we communicate the values we pursue with our stakeholders that encompass the value chain of NAVER platforms, including SMEs, logistic companies and users, and encourage them to take part in joint efforts for the environment. In particular, the sharp rise in delivery and shipment volumes that resulted from COVID-19 has led to a greater issue regarding packing material wastes. We recognize our responsibility towards using eco-friendly packing materials, and are establishing ways to promote the circular economy.

As part of these efforts, we provided eco-friendly bags that are made of 100% biodegradable resin to stores that run a store at the NAVER Grocery Shopping platform, together with the Small Enterprise and Market Service in July 2020. We made 120 thousand bags and distributed 80 thousand bags first, which has enabled us to build trust with consumers and the neighborhood markets to be benefitted from eco-friendly marketing effects. In particular, the stores of Hwagokbondong Market improved the services by offering eco-friendly ice packs of their own in addition to the eco-friendly bags. We will continue our efforts in 2021 by supplying a total of 460,000 eco-friendly bags.

The eco-friendly bags that we produced are used for delivery. Going forward, we plan to support the production of eco-friendly packaging that reflects various needs, such as small bags for offline use, bags for product packaging, and food containers. We will also actively support the branding of partners who take part in the eco-friendly campaign, such as indicating the name of the neighborhood market on bags, etc. We will strive to practice zero waste, going beyond less waste, by spreading eco-friendly packaging-related awareness.

Furthermore, we are looking into various investment options to steadily reduce the use of packing materials and increase eco-friendly delivery for NAVER Smart Store, our ecommerce platform. In October 2020, we strengthened our strategic alliance with CJ Logistics, based on which we are now moving forward with offering of eco-friendly fulfillment services and the production of eco-friendly parcel delivery service boxes. Eco-friendly fulfillment services can minimize the process at the delivery step, thus considerably reducing the carbon footprint generated during delivery. In addition, we plan to look into opportunities for creation of a direct and indirect virtuous cycle in the aspect of logistics infrastructure, such as use of renewable energy in the fulfillment logistics center and electric vehicles for delivery.



Grocery Shopping eco-friendly bag

Data Center GAK

Sustainable Data Center

Opened in June 2013, our Data Center "GAK" lowers the impact of heat from computer servers in an environmentally-friendly way. The Center won "platinum" certification from LEED¹⁾ New Construction (NC) 2009, for the first time among data centers in the world. The Center uses a range of methods, including Snow Melting²⁾, photovoltaic and solar thermal power generation³⁾, and a natural cooling system using outside air. In particular, the south wing of the Data Center GAK opened in 2017, following the opening of the north wing in 2012 and the west wing in 2014, and it adopted an array of eco-friendly technologies to create a "world-class data center".

First of all, the cross-sectional area of air filters was increased in order to optimize air flow, and bypass dampers⁴⁾ were used in the heating, ventilating, and air conditioning (HVAC) equipment. In addition, we are using energy-saving DC fans to supply an increased volume of air, have improved the exhaust fan structure to minimize energy use, and have expanded the use of a chilled water thermal energy storage system that stores late-night power for use during the day, in order to contribute to improving the day-night power imbalance of the power grid.

The Data Center GAK has around 30 thousand sensors installed inside the building based on which all temperature detection and adjustment steps automatically take place to result in maximized energy efficiency. Moreover, in line with the characteristics of the data center, which preserves important information, such as users' personal information, the building was designed to withstand an earthquake that registers 6.5 or higher on the Richter scale, flood, typhoon, fire, and other natural disasters so that it can endure any environment.

Receiving recognition for these efforts, the Data Center GAK received the Minister's Citation at the Climate Week 2016, won the Energy Champion Prize in 2017, and received the Grand Leader's Award from the Climate Change Center in 2018. It also won a prize for creating social value from the Korea Energy Agency in recognition of its use of innovative energy saving technology.



Data Center GAK



Interior of Data Center GAK

Achieving the World's Top-level PUE

The Data Center GAK has developed Air Misting Unit (AMU) and NAVER Air Membrane Unit (NAMU), which are eco-friendly technologies that reduce server room temperatures using cold air and underground water, and is now increasing the scope of their application to maximize energy savings. We meticulously adopt and use environmentally-friendly technology wherever possible to reduce energy consumption, and as a result, maintain our power usage effectiveness (PUE)⁵⁾ level at close to 1. This is top-level PUE when compared to even the PUEs of global data centers. In 2020, our power consumption inevitably was increased due to the growing size of our IT resources and the increase of data processing caused by the COVID-19 crisis. We are however striving to maintain the current PUE level by actively exploiting our eco-friendly technologies.

¹⁾ LEED: Leadership in Energy and Environmental Design, Environmentally-friendly building certification developed by the U.S. Green Building Council

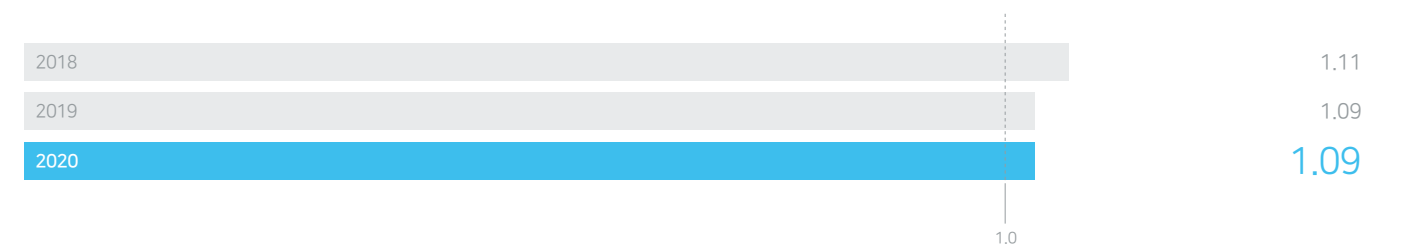
²⁾ A road heating system which uses waste heat in the wintertime

³⁾ Used for outdoor lighting and greenhouse heating

⁴⁾ Used in exhaust systems to change the mixing percentage of hot air and cool air to control temperature

⁵⁾ PUE: Power Usage Effectiveness. The ratio of total amount of energy consumption of a data center facility to the energy consumed by IT equipment, it is generally used as a measure of the efficiency of data centers. An ideal PUE is 1.0.

Power Usage Effectiveness (PUE)



Using Recycled and Eco-friendly Energy

The Data Center GAK uses photovoltaic energy, and also invests in relevant businesses. We radically improved the photovoltaic power generation facility at the building in 2018, and as a result, 213 MWh of power were saved in 2020, along with about 95 tons of GHG emissions. The Center uses energy as efficiently as possible, including through LED lighting and electric vehicles. It uses the air heated in the process of cooling computer servers to operate greenhouses. All plumbing fixtures are water-saving, and uncontaminated water is purified and reused in bathroom fixtures where possible. Rainwater is collected to be used as cooling water or for firefighting.

In particular, we are constantly monitoring and upgrading our data center operations in order to reduce water consumption for air-conditioning. Although our IT resources and resulting water consumption were increased in 2020, we made ceaseless efforts to develop improvement measures through the use of natural energy and increased energy efficiency, thereby reducing nearly 20,000 tons of GHG emissions per year.



Greenhouse that uses waste heat

Green Factory

NAVER's Green Factory office building was designed to constantly save energy, and does so at a rate of more than 5% every year through investments in energy-efficient devices such as heat-insulated partitions, LED lights, and others. We encourage employees to take stairs instead of elevators by setting up the staircases with number of calories burned by walking upstairs, have designed parking lot with bike racks for those who commute to work using bicycles, and expanded the electric vehicle-charging facilities to 22. We also participate in "Earth Hour", an environmental campaign hosted by the World Wide Fund for Nature, every year.

Thanks to these efforts, energy consumption at the Green Factory has fallen over the past three years. In 2020, we reduced our energy consumption by 5.86% and GHG emissions by 6.24% compared to the previous year.

The environmentally-friendly operations of the Green Factory have won external plaudits as well. In 2014, it won platinum certification, and the highest score in the world, from the LEED. In 2016, it received the Presidential Medal in the Korea Energy Efficiency Awards.



Eco-friendly operations of the Green Factory

1784, NAVER's Second Office Building

NAVER's second office building, which is expected to be completed in 2021, was designed to earn LEED platinum certification and have an energy efficiency level of 1+, thus demonstrating NAVER's commitment to saving energy and protecting the environment. Despite the shortage of space in which to install new and renewable energy facilities due to the nature of the project site, we have installed a 763.2 kW¹⁾ geothermal system with an additional investment designed to make the most of the underground space, and a 140.8 kW photovoltaic power generation facility will be installed on the rooftop. On the exterior, double-layered coverings using motorized shades combine with highly-insulated doors and windows to save energy. The building also has low reflective glass which saves energy and minimizes inconvenience for our neighbors. The interiors are designed to use a panel cooling system to save energy and create a more pleasant working environment. In addition, in anticipation of the spread of eco-friendly EVs, we are planning to build an infrastructure capable of installing 157 charging stations. We are also continuously expanding our bicycle parking areas as part of our efforts to promote the use of eco-friendly means of transportation.

In addition, the building uses a Building Energy Management System (BEMS) to save energy and improve functionality. Primary energy consumption is estimated to be 160.7 kWh/m² a year, which is in the top 10% of business facility buildings with total floor space of 10,000m² or more, based on statistics²⁾ provided by the Korea Energy Agency, and around 30% lower than the average figure - 229.2 kWh/m² a year. The new building has already earned "1+"³⁾ preliminary energy efficiency certificate, with main certification to be finalized after the completion of the construction work.

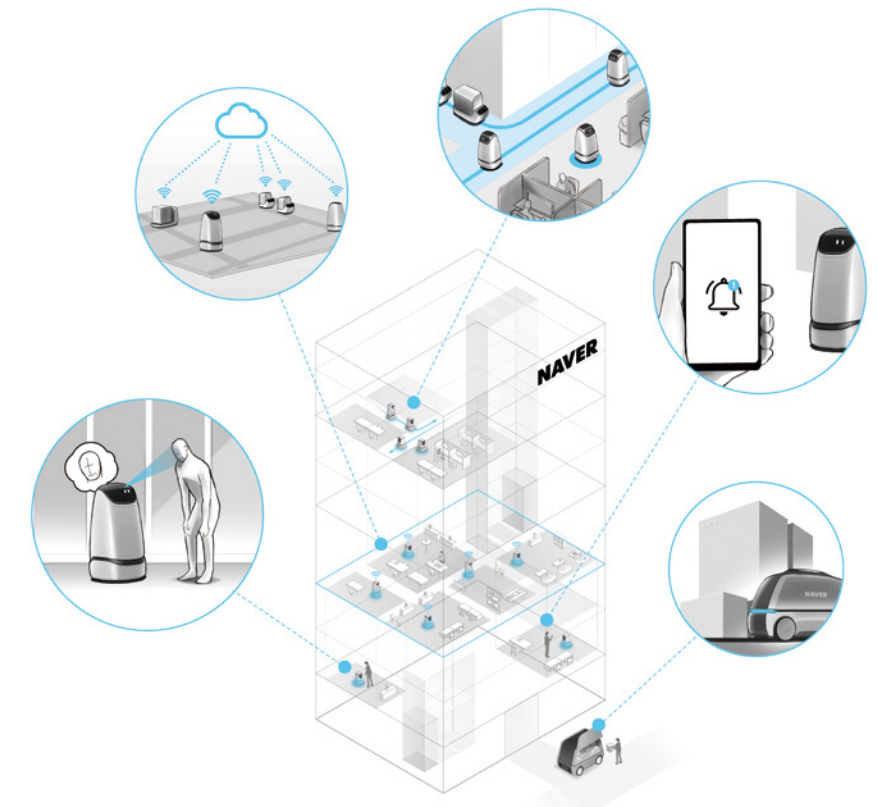
During construction, the building site environment is being managed in a way that follows environmentally-friendly working criteria set by LEED. We are recycling at least 98% of construction waste, and paying close attention to air quality throughout the process of construction. In addition, we are striving to reduce noise and dust pollution, including by adjusting the site entrance and exit in order to keep the environment clean and be considerate of our neighbors. The site uses noise covers, the first of their kind to be used in South Korea. Other efforts to manage the site in a safe and environmentally-friendly way based on standards stricter than construction-related laws and regulations include hiring noise/dust pollutant consultants to prevent construction noise from making damage to neighbors, safety and environmental supervisors, and overseas safety experts.

As a result of these efforts, NAVER's second office building site was selected as one of the best construction sites in South Korea for environmental management in 2017. In 2019, it received the Safety Management Award in recognition of the efforts being made to prevent accidents and improve health and safety conditions for site workers. In addition, it was chosen as an "outstanding business site in activities that promote the health of workers" in September 2020, receiving recognition for efforts to ensure a safe and healthy environment for workers. NAVER will continue to prioritize safety and the environment as we construct our new office building as an exemplary hi-tech, green structure.

¹⁾ Based on air-conditioning

²⁾ BEST Platform, <http://best.energy.or.kr>

³⁾ 140-200 kWh/m²



Solar Power Generation

Year	(Unit: MWh)
2018	182
2019	217
2020	213

Domestic Waste Disposal

Year	(Unit: Tons)
2018	22.57
2019	10.93
2020	7.45

Appendix

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- 100 Third Party's Assurance Statement

Performance Indices

				2017	2018	2019	2020
ENVIRONMENT							
Greenhouse Gas (GHG) Emissions							
		Total		57,080	72,416	78,712	79,907
Total GHG emissions	Green Factory			7,541	7,510	7,178	6,731
	Data Center GAK			49,539	64,906	71,534	73,176
GHG emissions	Scope 1	Green Factory	tCO ₂ e	276	295	244	197
		Data Center GAK		141	48	52	33
	Scope 2	Green Factory		7,265	7,215	6,934	6,534
		Data Center GAK		49,398	64,858	71,483	73,143
GHG intensity ¹⁾	Total			12.20	12.96	18.07	15.07
	Green Factory		tCO ₂ e/ Revenue (KRW billion)	1.61	1.34	1.65	1.27
	Data Center GAK			10.59	11.62	16.42	13.80
Energy Consumption							
		Total		1,178	1,495	1,624	1,649
Total energy consumption	Green Factory		TJ	159	159	152	143
	Data Center GAK			1,019	1,336	1,472	1,506
Energy intensity ²⁾	Total			0.25	0.27	0.37	0.31
	Green Factory		TJ/ Revenue (KRW billion)	0.03	0.03	0.03	0.03
	Data Center GAK			0.22	0.24	0.34	0.28
Direct energy consumption		Sub Total		7.4	6.7	5.7	4.5
LNG	Green Factory			5.3	5.8	4.8	3.9
Diesel			TJ	0.01	0.04	0.01	0.01
Mobile combustion				0.1	0.1	0.1	0.1
Diesel	Data Center GAK			1.6	0.4	0.4	0.1
LNG				0.5	0.3	0.4	0.4
Indirect energy consumption		Sub Total		1,171	1,488	1,618	1,645
Electricity	Green Factory		TJ	144	143	138	130
Steam				9.6	10.0	8.8	8.5
Electricity	Data Center GAK			1,017	1,335	1,471	1,506
Total energy saving		Sub Total		28,997	37,303	41,689	41,199
Saving through office management				-	138	517	837
Saving of electricity for air-conditioning and heating by adopting geothermal energy		Green Factory	MWh	101	101	101	101
Saving through office management				426	511	511	514
Saving through natural cooling system		Data Center GAK		28,435	36,371	40,343	39,534
Saving by producing renewable energy				35	182	217	213
Renewable energy consumption		Sub Total		136	283	318	314
Geothermal power	Green Factory		MWh	101	101	101	101
Solar power	Data Center GAK			35	182	217	213

¹⁾ GHG intensity in 2019 and 2020 is calculated by reflecting discontinued business (LINE and its affiliates) disclosed through the 2020 Business Report

²⁾ Energy intensity in 2019 and 2020 is calculated by reflecting discontinued business (LINE and its affiliates) disclosed through the 2020 Business Report

		2017	2018	2019	2020	
Water Consumption						
Total water consumption	Total	164,106	177,335	176,517	167,213	
Water supply	Green Factory	88,251	92,058	101,929	76,438	
	Data Center GAK	75,855	85,277	74,588	90,775	
Water reuse	Green Factory	6,865	9,812	5,428	7,060	
Water reuse rate	Green Factory	8	11	5	9	
Waste and Recycling						
Weight of waste	Total	294.12	318.17	317.63	233.45	
Domestic waste	Green Factory	194	225	243	170	
	Data Center GAK	75	71	64	56	
Domestic waste	Green Factory	25.42	22.57	10.93	7.45	
	Data Center GAK	194	225	243	170	
Outsourcing	Green Factory	75	71	64	56	
	Data Center GAK	25.42	22.57	10.93	7.45	
Recycling rate	Green Factory	28	24	21	25	
Compliance with Environmental Regulations						
Fines for violations of environmental regulations	Green Factory	Cases	0	0	0	0
		Amount of money	0	0	0	0
	Data Center GAK	Cases	0	0	0	0
		Amount of money	0	0	0	0
Power Usage Efficiency (PUE)						
PUE	Data Center GAK	1.11	1.11	1.09	1.09	

		2017	2018	2019	2020	
SOCIAL HUMAN RESOURCES						
Employment						
Total number of employees		2,814	3,611	3,523	4,103	
By employment type	Full time	2,729	3,523	3,376	3,904	
	Part time	85	88	147	199	
By job	Office	1,259	1,573	1,540	1,717	
	Technical	1,555	2,038	1,983	2,386	
By gender	Male	1,817	2,309	2,262	2,639	
	Female	997	1,302	1,261	1,464	
By age	Under 30 years old	727	926	799	1,109	
	Over 30 to under 40 years old	1,547	1,930	1,861	1,946	
	Over 40 to under 50 years old	526	739	839	1,015	
	Over 50 years old	14	16	24	33	
By nationality	Foreigners	16	34	25	32	
	Overseas expatriates	9	13	16	13	
Overseas employment	Locally hired	845	846	836	905	
	Number of overseas workforces	854	859	852	918	
	Number of overseas managers	5	7	6	6	
Respect for Diversity						
Female	Percentage of female employees	35.3	35.9	35.7	35.7	
	Percentage of female managers	20.0	23.3	24.6	24.5	
Special employment and minority	Employees with disabilities	6	8	6	8	
	Patriots and veterans	25	27	25	23	
New Employee Hires and Turnover						
New employee hires	Number of people hired	557	593	248	700	
	By gender	Male	404	409	172	482
		Female	153	184	76	218
	By age	Under 30 years old	290	303	159	484
		Over 30 to under 40 years old	235	260	79	180
Over 40 to under 50 years old		32	29	10	35	
Over 50 years old		0	1	0	1	
Employee turnover ¹⁾	Total employee turnover	50	99	135	133	
	By gender	Male	41	70	104	105
		Female	9	29	31	28
	By age	Under 30 years old	6	15	26	34
		Over 30 to under 40 years old	27	74	78	77
Over 40 to under 50 years old		16	9	30	21	
Over 50 years old		1	1	1	1	

¹⁾ Based on voluntary turnover

GRI Index

		2017	2018	2019	2020
Parental Leave and Childcare Leave					
Number of people used parental leave		122	148	170	152
By gender	Male	85	103	123	108
	Female	37	45	47	44
Return to work rate after childbirth		100	98	100	100
Number of people used childcare leave		60	103	101	138
By gender	Male	4	17	15	32
	Female	56	86	86	106
Return to work rate after childcare leave		96.7	99.0	99.0	99.0
Continue to work rate for 12 months after childcare leave		86.7	94.2	95.0	98.2
Evaluation and Compensation					
Performance evaluation execution rate	Employees' performance evaluation execution rate	97.2	98.1	98.8	92.4 ²⁾
Stock option purchase rate	Employees' stock option purchase rate	-	-	80.95	87.18

²⁾ Number of new hires was increased in 2020 and those who joined NAVER in the 4th quarter of 2020 are subject to the employee performance evaluation in 2021 instead of 2020

		2017	2018	2019	2020
SOCIAL SAFETY & HEALTH					
Industrial accident		3	6	3	4
Industrial accident rate		0.10	0.16	0.08	0.09
SOCIAL PARTNER MANAGEMENT					
Joint growth		141	146	146	151
Classification of partners		569	565	470	1,546
SOCIAL DATA SECURITY					
No. of requests to check postings contaminated with malwares		7	26	25	29
No. of requests to check malwares		0	0	0	0
No. of login failures for Naver Home		23	52	82	47
No. of circulation of malicious programs - Adwares		14	16	5	0
Protection of user information		0	0	1 ³⁾	0

³⁾ Due to the delivery error of emails containing Ad Post receipts occurred on 29 - 30 April 2019, Korea Communications Commission imposed NAVER corrective measures for service providers violating Personal Information Protection Act by breaching the statutory obligations under the Act on Promotion of Information and Communications Network and Information Protection (KRW 13 million in penalty and KRW 27.2 million in fines)

Topic	GRI Standards	Reported	Page
GENERAL DISCLOSURES			
Core	102-1	Name of the organization	● NAVER at a Glance (P. 12-13)
Core	102-2	Activities, brands, products, and services	● NAVER at a Glance (P. 12-13)
Core	102-3	Location of headquarters	● NAVER at a Glance (P. 12-13)
Core	102-4	Location of operations	● NAVER at a Glance (P. 12-13)
Core	102-5	Ownership and legal form	● Share and Capital Structure (P. 39)
Core	102-6	Markets served	● NAVER at a Glance (P. 12-13)
Core	102-7	Scale of the organization	● NAVER at a Glance (P. 12-13)
Core	102-8	Information on employees and other workers	● NAVER at a Glance (P. 12-13), Human Resources, Social in Appendix (P. 93-94)
Core	102-9	Supply chain	● Partner Management, Social in Appendix (P. 94)
Core	102-10	Significant changes to the organization and its supply chain	● NAVER Business (P. 14-15)
Core	102-11	Precautionary Principle or approach	● Risk & Opportunity (P. 44-46)
Core	102-12	External initiatives	● Awards & Membership in Appendix (P. 99)
Core	102-13	Membership of associations	● Awards & Membership in Appendix (P. 99)
Core	102-14	Statement from senior decision-maker	● CEO Message (P. 10-11)
	102-15	Key impacts, risks, and opportunities	● Risk & Opportunity (P. 44-46)
Core	102-16	Values, principles, standards, and norms of behavior	● Integrity Code and Fair Operation Policy (P. 47), Compliance Management System (P. 49)
	102-17	Mechanisms for advice and concerns about ethics	● Business Ethics Consulting and Report (P. 48)
Core	102-18	Governance structure	● ESG Committee under the Board of Directors (P. 17), Composition and Independence of the BOD (P. 40), The Board Organization (P. 40), Composition of the Board (P. 41)
	102-19	Delegating authority	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)
	102-20	Executive-level responsibility for economic, environmental, and social topics	● ESG-dedicated Organization (P. 17), Composition and Independence of the BOD (P. 40), Sub-committees under the BOD (P. 42)
	102-21	Consulting stakeholders on economic, environmental, and social topics	● ESG Implementation Strategy (P. 16-17), Material ESG Issues (P. 20-21)
	102-22	Composition of the highest governance body and its committees	● Composition and Independence of the BOD (P. 40), The Board Organization (P. 40), Sub-committees under the BOD (P. 42)
	102-23	Chair of the highest governance body	● Composition and Independence of the BOD (P. 40), Characteristics of the Board (P. 42)
	102-24	Nominating and selecting the highest governance body	● Composition and Independence of the BOD (P. 40), Criteria for determining the independency of outside directors (P. 41), Characteristics of the Board (P. 42)
	102-25	Conflicts of interest	● Composition and Independence of the BOD (P. 40), Criteria for determining the independency of outside directors (P. 41), Characteristics of the Board (P. 42), Audit Organizations (P. 43)
	102-26	Role of highest governance body in setting purpose, values, and strategy	● ESG Committee under the Board of Directors (P. 17), Composition and Independence of the BOD (P. 40), Composition of the Board (P. 42)
	102-27	Collective knowledge of highest governance body	● Operations of the BOD (P. 42)
	102-28	Evaluating the highest governance body's performance	● Performance Evaluation and Compensation of the BOD (P. 42-43)
	102-29	Identifying and managing economic, environmental, and social impacts	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)

Topic	GRI Standards	Reported	Page
	102-31	Review of economic, environmental, and social topics	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)
	102-32	Highest governance body's role in sustainability reporting	● ESG Committee under the Board of Directors (P. 17)
	102-33	Communicating critical concerns	● Operations of the BOD (P. 42)
	102-34	Nature and total number of critical concerns	● BOD Activities (P. 43)
	102-35	Remuneration policies	● Performance Evaluation and Compensation of the BOD (P. 42-43)
	102-36	Process for determining remuneration	● Performance Evaluation and Compensation of the BOD (P. 42-43)
Core	102-40	List of stakeholder groups	● Stakeholder Participation and Communication (P. 18-19), Awards & Membership in Appendix (P. 99)
Core	102-41	Collective bargaining agreements	● Fair Employment & Labor-Management Relations (P. 64)
Core	102-42	Identifying and selecting stakeholders	● Stakeholder Participation and Communication (P. 18-19)
Core	102-43	Approach to stakeholder engagement	● Stakeholder Participation and Communication (P. 18-19)
Core	102-44	Key topics and concerns raised	● Stakeholder Participation and Communication (P. 18-19)
Core	102-45	Entities included in the consolidated financial statements	● About This Report, NAVER at a Glance (P. 12-13)
Core	102-46	Defining report content and topic Boundaries	● About This Report, Material ESG Issues (P. 20-21)
Core	102-47	List of material topics	● Material ESG Issues (P. 20-21)
Core	102-48	Restatements of information	No such case
Core	102-49	Changes in reporting	No such case
Core	102-50	Reporting period	● About This Report
Core	102-51	Date of most recent report	● About This Report
Core	102-52	Reporting cycle	● About This Report
Core	102-53	Contact point for questions regarding the report	● About This Report
Core	102-54	Claims of reporting in accordance with the GRI Standards	● About This Report
Core	102-55	GRI content index	● GRI Index in Appendix (P. 95-97)
Core	102-56	External assurance	● About This Report, Third Party Assurance Report in Appendix (P. 100-101)
MANAGEMENT APPROACH			
Core	103-1	Explanation of the material topic and its Boundary	● Material ESG Issues (P. 20-21)
Core	103-2	The management approach and its components	● Governance, Trust, Social, Environment Management Approach (P. 38, 50, 60, 82)
ECONOMY			
Economic Performance	201-1	Direct economic value generated and distributed	● Distribution of Economic Value (P. 24)
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	● NAVER Project Flower- D-Commerce (P. 76-78)
	203-2	Significant indirect economic impacts	● NAVER Project Flower- D-Commerce (P. 76-78)
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	● Integrity Code and Fair Operation Policy (P. 47), Ethics Training (P. 47)
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	● Business Ethics Consulting and Report (P. 48), Types of Distress handled through kKnock & Number of Related Incidents (P. 48)

Topic	GRI Standards	Reported	Page
Tax	205-3	Approach to tax	● Transparent Disclosures (P. 49)
Tax	207-1	Tax governance, control and risk management	● Transparent Disclosures (P. 49), Risk & Opportunity (P. 44-46)
Tax	207-2	Stakeholder engagement and management concerns related to tax	● Transparent Disclosures (P. 49)
ENVIRONMENT			
Energy	302-1	Energy consumption within the organization	● Environment in Appendix (P. 91), Power Usage Efficiency (PUE) in Appendix (P. 92)
Energy	302-2	Energy consumption within the organization	● Environment in Appendix (P. 91)
Energy	302-3	Energy intensity	● Environment in Appendix (P. 91)
Energy	302-4	Reduction of energy consumption	● Environment in Appendix (P. 91), Data Center GAK (P. 87)
Water	303-1	Water withdrawal by source	● Environment in Appendix (P. 92)
	303-5	Water consumption	● Environment in Appendix (P. 92)
Emissions	305-1	Direct (Scope 1) GHG emissions	● Environment in Appendix (P. 91)
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	● Environment in Appendix (P. 91)
Emissions	305-5	Reduction of GHG emissions	● Environmental Impact Management (P. 85), Resource Saving through E-contracts (P. 86)
Effluents and Waste	306-2	Waste by type and disposal method	● Environment in Appendix (P. 92)
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	● Environment in Appendix (P. 92)
SOCIAL			
Employment	401-1	New employee hires and employee turnover	● Human Resources, Social in Appendix (P. 93)
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	● Health & Safety and Well-being (P. 68) Support Programs to Assist Work-Family Balance (P. 69)
Employment	401-3	Parental leave	● Human Resources, Social in Appendix (P. 94) Health & Safety and Well-being (P. 68)
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	● Notice of management change at least 30 days in advance of such change
Occupational Health and Safety	403-4	Health and safety topics covered in formal agreements with trade unions	● Fair Employment & Labor-Management Relations (P. 64)
Occupational Health and Safety	403-6	Promotion of worker health	● Health & Safety and Well-being (P. 68) Support Programs to Assist Work-Family Balance (P. 69)
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	● Attracting and Nurturing Talent (P. 66-67)
Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	● Fair Evaluation and Compensation (P. 67), Human Resources, Social in Appendix (P. 94)
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	● Human Resources, Social in Appendix (P. 93)
Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	● Equal Opportunities (P. 67)
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	● Company-wide Human Rights Training (P. 64)
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	● NAVER Project Flower - D-Commerce (P. 76-78)
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	● Data Security, Social in Appendix (P. 94)

UN SDGs

NAVER is committed to achieving the UN Sustainable Development Goals (UN SDGs) by using our platform and technology.

UN SDGs		NAVER's response	
 4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	<ul style="list-style-type: none"> Contributes to enhancing the digital literacy for software, AI, and data by running the NAVER Connect Foundation 	
 5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	<ul style="list-style-type: none"> A fair and reasonable HR system under which capabilities can earn recognition and compensation The ratio of female leadership on a steady increase 	
 7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	<ul style="list-style-type: none"> Energy saving practices by using renewable energy at the business sites 	
	7.3	By 2030, double the global rate of improvement in energy efficiency	<ul style="list-style-type: none"> Makes continued efforts to improve energy efficiency at the business sites
 8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	<ul style="list-style-type: none"> Provides financial support to SMEs to help them with digital transformation Nurtures start-ups with high potential through D2SF tech start-up accelerator 	
	8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<ul style="list-style-type: none"> Hires young talent with development disabilities directly by establishing a social enterprise, N-VISIONS Does not discriminate on the basis of gender
 12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> Fosters environmentally-friendly ecosystem through joint endeavor by NAVER and its stakeholders 	
	12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	<ul style="list-style-type: none"> Introduces the company's sustainability management and activities by publishing an ESG Report
	12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	<ul style="list-style-type: none"> Runs campaigns for sustainable lifestyle on NAVER portal
 13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	<ul style="list-style-type: none"> Enhances environmental management governance and execution strategy aimed at achieving the 2040 Carbon Negative strategy 	
 16.5	Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> Code of Ethics and employees' pledge to business ethics Conducts fraud risk assessment and self-check monitoring Operates the company-wide Risk Management Committee 	
	16.10	Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	<ul style="list-style-type: none"> Strives to provide information accessibility and digital safety for all, and to guarantee freedom of expression

Awards & Membership

Awards

- 2017**
 - 03. - NAVER ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 11 years in a row (Korea Productivity Center)
 - 05. - Ranked Best company of management (CEO SCORE)
 - 11. - Data Center "GAK" granted as Energy Champion Company
- 2018**
 - 06. - Chosen as Best in the Win-Win Index Evaluation for two years in a row (National Commission for Corporate Partnership)
 - 08. - Papago, Whale and NAVER Maps received awards in the Communication Category (Red Dot Award)
 - 09. - LICO received the Grand Prize in the New Media Content category at BCWW2018 for its web animation "A Day Before Us"
 - 10. - Received awards for six types of products, including Clova Friends, in four categories (IDEA)
 - Chosen as sixth place by FORTUNE in The Future 50 (FORTUNE)
 - 11. - NAVER and NAVER Labs received awards for four products at the CES 2019 Innovation Award
 - NAVER Business Platform received the Minister's Award at the Grand Cloud Conference (Ministry of Science and ICT) (Commendation from the Minister for merit in developing the cloud industry)
- 2019**
 - 02. - Won six design awards (iF Design Award)
 - V LIVE original live format received an award in the Music Category (Media Excellence Awards)
 - 06. - Chosen as the Best for three years in a row in the Win-Win Index Evaluation, and was the first in the Internet platform business to be named the Best Honorary Company (National Commission for Corporate Partnership)
 - 09. - Chosen as Korea's Best Job (Ministry of Employment and Labor)
 - 10. - Received an appreciation plaque in the 2019 Korea Small Business Contest
 - Six products, including NAVER WORKS and Clova Clock, received Japan's Good Design Award
 - 11. - Received the Presidential Citation in the Voluntary Win-Win Cooperation category at the Win-Win Week Ceremony (Ministry of SMEs and Startups, National Commission for Corporate Partnership)
 - 12. - Received the Best Company Award in the Win-Win Index Evaluation for three years in a row in the Korea Win-Win Awards (National Commission for Corporate Partnership)
- 2020**
 - 02. - Won three design awards (iF Design Award)
 - 08. - Won five design awards (Red Dot Design Award)
 - Won the Gold Award (LACP Vision Awards)
 - 09. - Won the Grand Award in the PDF Version of Annual Report Category (ARC Awards)
 - Received the Best Company Award in the Win-Win Index Evaluation for four years in a row in the Korea Win-Win Awards (National Commission for Corporate Partnership)
 - 10. - Ranked 37th at The World's Best Employers 2020 (Forbes)
 - Chosen as 33rd place by FORTUNE in The Future 50 (FORTUNE)
 - 12. - Recognized with Minister's Commendation for Policy Communication (Ministry of the Interior and Safety)
 - CLOVA Lamp received CES Innovation Awards

Membership

- Korea Internet Corporations Association (NAVER)
- Korea Internet Self-Governance Organization (NAVER participating as Vice-Chair)
- Korea Online Shopping Association (NAVER participating as Director)
- Korea Online Advertising Association (NAVER participating as Vice-Chair)
- Korea Fintech Industry Association (NAVER FINANCIAL participating as Vice-Chair)

Third Party's Assurance Statement

To readers of NAVER ESG report 2020

Introduction

Korea Management Registrar (KMR) was commissioned by NAVER to conduct an independent assurance of its ESG Report 2020 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of NAVER. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with NAVER and issue an assurance statement.

Scope and Standards

NAVER described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the Core Options of the GRI standards was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process;

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
 - Economic Performance: 201-1
 - Indirect Economic Impacts: 203-1, 203-2
 - Anti-Corruption: 205-2, 205-3
 - Tax: 207-1, 207-2, 207-3
 - Energy: 302-1, 302-2, 302-3, 302-4
 - Water and Effluents: 303-3, 303-5
 - Emissions: 305-1, 305-2, 305-5
 - Effluents and Waste: 306-2
 - Environmental Compliance: 307-1
 - Employment: 401-1, 401-2, 401-3
 - Labor/Management Relations: 402-1
 - Occupational Health and Safety: 403-4, 403-6
 - Training and Education: 404-2, 404-3
 - Diversity and Equal Opportunity: 405-1, 405-2
 - Human Rights Assessment: 412-2
 - Local Communities: 413-1
 - Customer Privacy: 418-1

As for the reporting boundary, the engagement excludes the data and information of NAVER' 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:

- reviewed the overall Report;
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by NAVER to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with NAVER 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 applied the Core Option of the GRI Standards. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

- **Inclusivity**
NAVER 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**
NAVER 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**
NAVER 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 NAVER' actions.
- **Impact**
NAVER identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible. We recommend that the company develop models for measuring social values considering its business characteristics to add value to ESG activities and continuously enhance the sustainability management system.
- **Reliability of Specific Sustainability Performance Information**
In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of economic, environmental, and social performance data related to sustainability performance. 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.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021 2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with NAVER and did not provide any services to NAVER that could compromise the independence of our work.

April 2021 Seoul, Korea

CEO *E. J. Hwang*



SRV1000
Sustainability Committee Assurance



AA1000
Licensed Assurance Provider
000-129

UN Global Compact – 10 Principles

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

NAVER supports the Ten Principles of the UN Global Compact.



NAVER's statement in support of UNGC
and participation status

NAVER