







netmarble

NETMARBLE ESG REPORT 2021

Netmarble ESG Report

About this Interactive Report

The 2021 Netmarble ESG Report has been published as an interactive PDF to deliver diverse information in a more convenient manner to readers. You can easily navigate to your desired page and shortcuts to the related web pages are available. Some guidance on how to navigate the report is provided below.

-  Move to the first page of this report.
-  Move to the table of contents page of this report.
-  Move to the last viewed page.
-  Move to the previous page.
-  Move to the next page.
-  Scan the QR code to access related information.

Netmarble Management Related Material

Additional information related to the management of Netmarble is available through our official homepage, channel Netmarble, business reports, corporate governance reports, etc. The links are provided below. Netmarble is working to establish a transparent management environment and to be more responsible toward stakeholders through scheduled and ongoing public announcements.



2020 Corporate Governance Report



2020 Business Report



2020 Audit Report

Netmarble's Official Channels

netmarble

Netmarble Company
Homepage



Netmarble Game Portal
Page

CH netmarble

Channel Netmarble
Homepage

facebook

Netmarble
Facebook

YouTube

Netmarble
TV

NAVER blog

Netmarble
Marble Challenger Blog

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About This Report

Netmarble is publishing this first ESG Report to communicate transparently with our stakeholders regarding the economic, social, and environmental values and achievements we have created through our management activities.

For sustainable non-financial activities and achievements, we proactively established the non-financial information disclosure system. Based on this, such report will serve to share our sustainable management activities, achievements, and plans with our stakeholders each year.

Reporting Standards

This report is prepared in accordance with the Core Options of the GRI(Global Reporting Initiatives) Standards, a guideline for sustainability reporting. Moreover, we prepared this report considering the indices established by the SASB (Sustainability Accounting Standards Board) to reflect industry-specific issues. The financial component of the report is prepared based on the consolidated standards of Korean International Financial Reporting Standards (K-IFRS).

Period and Scope of Reporting

This report details our achievements in the area of sustainability from Jan. 1, 2020 to Dec. 31, 2020, but for some aspects, with some information up to 2021 for the sake of timeliness. In terms of quantitative achievements, data for the past 3 years (Jan. 2018 ~ Dec. 2020) is provided so that stakeholders may perform a trend analysis. The reporting scope covers the head office and some subsidiaries of Netmarble. Annotations are added for some data requiring additional attention in reporting scope and boundary to ensure the convenience of readers.

Creditability

For the reliable, objective, and transparent issuance of this report for stakeholders, third-party assurance was completed by the Korea Management Register(KMR), an external independent verification institution. The verification of this report has been performed in accordance with the KMR's assurance standard, SRV1000.

Inquiries

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GREAT GAME CULTURE COMPANY

Netmarble has been trying to lead the establishment of a sound game culture to be a "Great Game Culture Company," with a sense of responsibility as a corporate citizen.

We will continuously work to emerge as a company that the public can respect and trust based on sincere Environmental, Social, and Governance (ESG) management.



Message from the ESG Management Council President

Dear Netmarble Stakeholders,
I am Young Sig Kwon, President of the ESG Management Council.

It is an honor to have the opportunity to share this first ESG report, which details our efforts and goals for Netmarble’s sustainable future, with all our stakeholders, including shareholders, customers, employees, business partners, and so forth.

The global business environment has been one of persistent uncertainty since 2020 due to the challenging circumstances brought on by the global outbreak of COVID-19; as a result, companies have been faced with a diverse set of challenges. In this rapidly changing world, the importance of risk management is emphasized, and the range of risk management is expanded. Voices are growing that the game industry should also take on social and environmental responsibilities such as data security, AI ethics, sustainable business models, transparency of governance, response to climate change, etc. Moreover, business strategies for survival should be resilient, adaptive, and creative according to the acceleration of digital transformation in the industry as a whole.

We have built a solid foundation for sustainable management by developing our ESG strategy to drive flexible management and achieve sustainable goals. We will focus on fulfilling the roles and responsibilities expected by our stakeholders and promote sustainable development with following initiatives.

First, we will lead the market trends and provide differentiated value to stakeholders.

We have become a company with a competitive edge in the game industry by analyzing changes in IT trends and driving innovative business for more than two decades. Since 2014, we have continuously invested in various R&D projects with the goal of developing “intelligent AI that can play with people.” Following the establishment of AI Center in 2018, an exclusive research organization, we are committed to securing new technologies by preparing an AI-based R&D Center in Gwacheon G-TOWN.

We promise that we will make high-quality and well-made games that combine intrinsic fun with technical innovations based on R&D investment. In addition, we will expand into new, emerging industries such as blockchain, NFTs, metaverse, etc., and secure major growth engines to proactively respond to future markets.

Second, we will contribute towards building a sustainable society beyond our sustainable company.

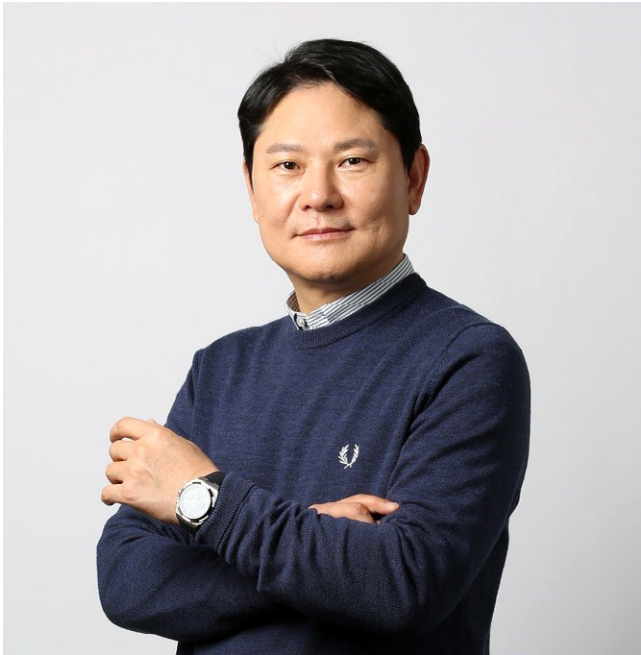
Our new headquarters, G-TOWER, has been designed as a site of harmony and communication between nature, culture, and people. To build a sustainable and eco-friendly campus, we have given primary consideration to the design’s technical and environmental aspects from plan to construction. In addition, to contribute to the revitalization of the community, various cultural facilities such as character park, game museum, and convention center were created as complex cultural spaces for residents.

The Netmarble Culture Foundation is carrying out continuous and professional social contribution projects to promote a sound game culture. Furthermore, it will spread the cultural values of gaming through more sophisticated and advanced social contribution activities and continuously develop new business opportunities that may contribute to the development of the local community.

Going forward, we will do our best to create social value and grow our trust with the local community.

Third, we will establish a sustainable management system by internalizing the values of ESG.

We believe that sincerely practiced ESG management requires company-wide cooperation with proactive participation in each phase. To internalize the ESG management system, we will spread awareness of ESG values company-wide and establish an ESG performance monitoring system.



As a first step towards the ESG management, the ESG Management Council and its support organization, the ESG Management Office, were established in December 2021. From now on, we will sincerely pursue ESG management, and share transparent updates on our progress and achievements with stakeholders.

We Entertain, Support, and Grow together.

We considered 2021 as the first year of ESG management, and established the ESG vision, “We Entertain, Support, and Grow together.” Going forward, we will communicate with our stakeholders with transparency and honesty and make the world more fun. We would like to ask for your continuous interest and support as our companions for a better life.

**ESG Management Council President /
CEO Young Sig Kwon**

Company Overview

Company Profile

General Information on the Company (As of the end of 2020)

Name of company



**Netmarble
Corporation**

Employees



6,241
(Consolidated)

Date of incorporation (Incorporated as "CJ Games Co., Ltd.")



Nov. 17, 2011

Total Assets



KRW
8.2234 trillion
(Consolidated)

Address of the head office



**38, Digital-ro
26-gil, Guro-gu,
Seoul**
(G-Tower, Netmarble)

Sales



KRW
2.4848 trillion
(Consolidated)

Executive officer



**Young Sig Kwon /
Seung Won Lee**
(Independent representative system)

Credit rating



AA-
(Stable, Korea Ratings)















Vision & Core Values



Company Profile

Major Subsidiaries of Netmarble (Subsidiaries subject to consolidation as of the end of Dec. 2021)

Game/Software development, operation and publishing

					
					
Netmarble (Beijing) Limited	Netmarble US Inc.	Netmarble Japan Inc.	Netmarble (Thailand) Co., Ltd	NETMARBLE HONGKONG LIMITED	Netmarble Joybomb Inc.
Netmarble Turkey Sanayi ve Ticaret A.S.	Netmarble EMEA FZ LLC	App Scrolls, Inc.	DIGIPARK SINGAPORE PTE. LTD.		Jam City Germany GmbH
Jam City, US Subco, Inc.	JCBA, S.A.U.	JCBE GmbH	JCMO Studio ULC	JCMV S.A.	JCSA, S.A.S
JCTO Studios, ULC	Joybomb Hong Kong Limited	JOYGAME Interactive Services Ltd.		Kabam Acadia Inc.	Kabam Games UK Ltd
Kabam Games, Inc.	Kabam Montreal Inc.	Katorio Software Inc.	Kung Fu Factory	Legend Holdco, LLC	TinyCo Inc.
ZEMPOT MALAYSIA SDN. BHD	SpinX Games	IGS China	IGS&C Philippines Inc.		

Other businesses (Net café distribution, marketing agents, production of animation contents, seconding personnel, etc.)

				G-Square PFV	G-Town PFV	
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Global Network



Game Publishing
and Management



Game Software
development and supply

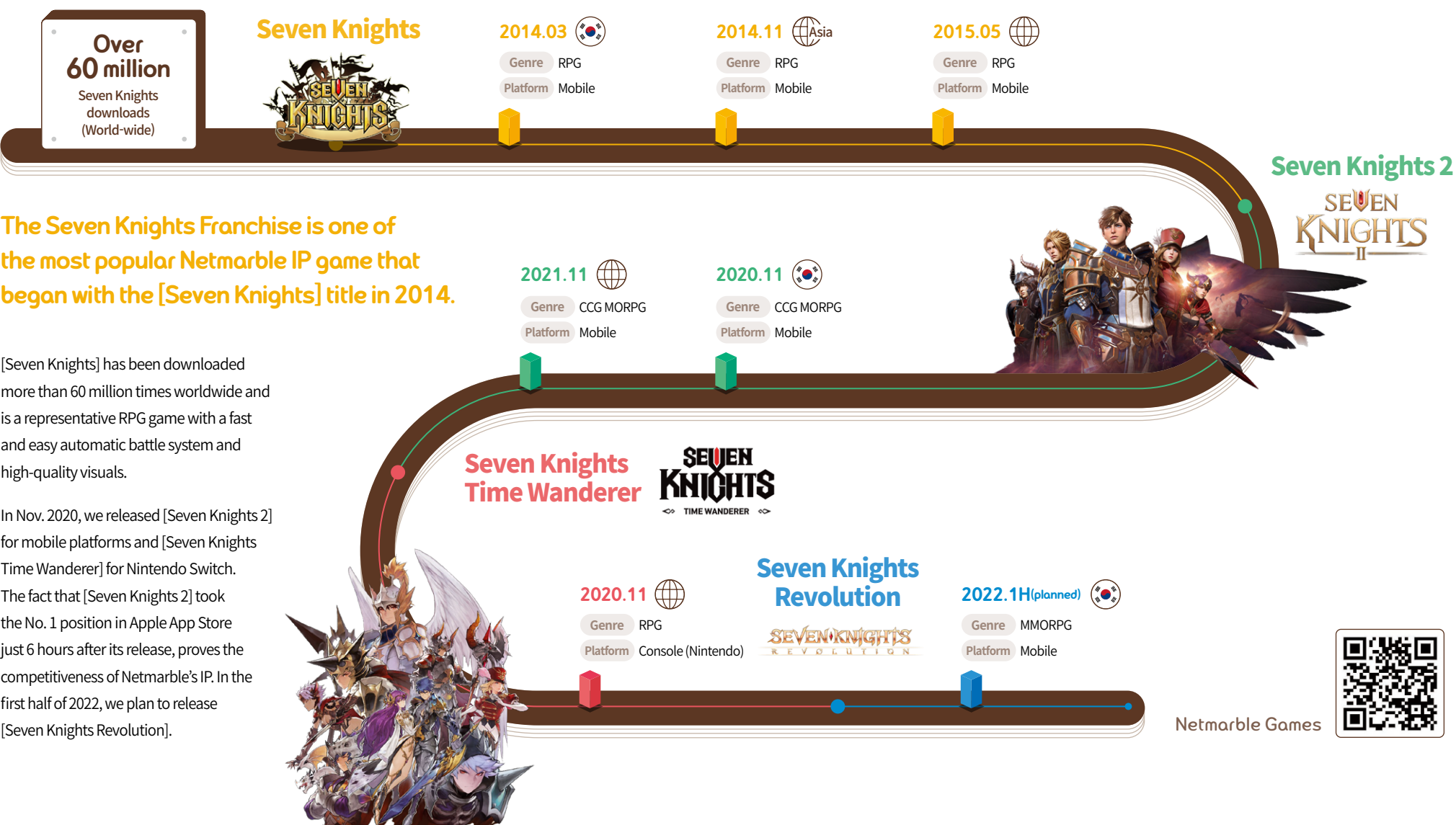


Netmarble Global Network



Game Portfolio

Seven Knights Franchise



The Seven Knights Franchise is one of the most popular Netmarble IP game that began with the [Seven Knights] title in 2014.

[Seven Knights] has been downloaded more than 60 million times worldwide and is a representative RPG game with a fast and easy automatic battle system and high-quality visuals.

In Nov. 2020, we released [Seven Knights 2] for mobile platforms and [Seven Knights Time Wanderer] for Nintendo Switch. The fact that [Seven Knights 2] took the No. 1 position in Apple App Store just 6 hours after its release, proves the competitiveness of Netmarble's IP. In the first half of 2022, we plan to release [Seven Knights Revolution].



Modoo Marble IP

[Modoo Marble], which celebrated its 10th anniversary in 2021, is a casual board game released as Netmarble IP PC game in 2011 and mobile game in 2013.

Players roll dice to move the character on a game board and buy and sell cities all over the world, with various fun elements such as monopoly winning, hosting of Olympic Games, etc. that have captivated more than 28 million users in Korea alone. It earned the top rank in Korea as well as in the global market including Thailand, Taiwan, Indonesia, etc., and became a game for everyone. [Modoo Marble] is a beloved game with more than 200 million users all over the world, and has won various awards such as Popularity Award in Korea Game Awards, Best Mobile Game Award in Thailand, Best Game of the Year in Apple App Store, selection as a popular game in Google Play, etc.



Casual Games

Netmarble’s representative casual games include [Cookie Jam], [Cash Frenzy], [Lotsa Slots], and [Jackpot World].

[Cookie Jam] is a mobile puzzle game released to the global market in 2014 by Jam City, one of Netmarble’s global subsidiaries, and has more than 100 million users. [Cash Frenzy], [Lotsa Slots], and [Jackpot World] are representative social casino games developed by SpinX Games, which Netmarble has acquired. On top of our main RPG games, we have added the social casino game genre to expand the lineup of casual games.



Japan IP Games

Ranked 1st

Best sales rank of
The Seven Deadly Sins in
Korea & Japan
Apple App Store

The Seven Deadly Sins: Grand Cross



2019.06  

Genre CCG RPG

Platform Mobile

2020.03 

Genre CCG RPG

Platform Mobile

[The Seven Deadly Sins: Grand Cross] is an ultra-large scale mobile RPG using <Seven Deadly Sins> IP, a popular Japanese cartoon series created by Nakaba Suzuki.

[The Seven Deadly Sins: Grand Cross] which was released simultaneously in Korea and Japan in 2019, is a game with elaborate action based on top-of-the-line graphic effects, and hit the top of Apple App Store in Korea within the first day of its release, climbing to the top position in Japan as well 10 days later. In Mar. 2020, it was released to the global market and recorded more than 30 million downloads as of the date of issuance of this report.

[Ni No Kuni: Cross Worlds] is an emotional adventure mobile RPG based on the fantasy RPG Ni No Kuni series which was a collaboration between Level-5 and Studio Ghibli, and was officially released in Korea, Japan, Taiwan, Hong Kong, and Macau in Jun. 2021. Soon after release, it reached No.1 popular game on Apple App Store and Google Play in all jurisdictions, recorded No. 1 sales on Apple App Store and Google Play in Korea, Taiwan, and Hong Kong, and ranked 3rd in Japan's Apple App Store sales.

Ni No Kuni: Cross Worlds



2021.06  

Genre MMORPG

Platform Mobile

2022. 1H(Planned) 

Genre MMORPG

Platform Mobile



North America IP Games

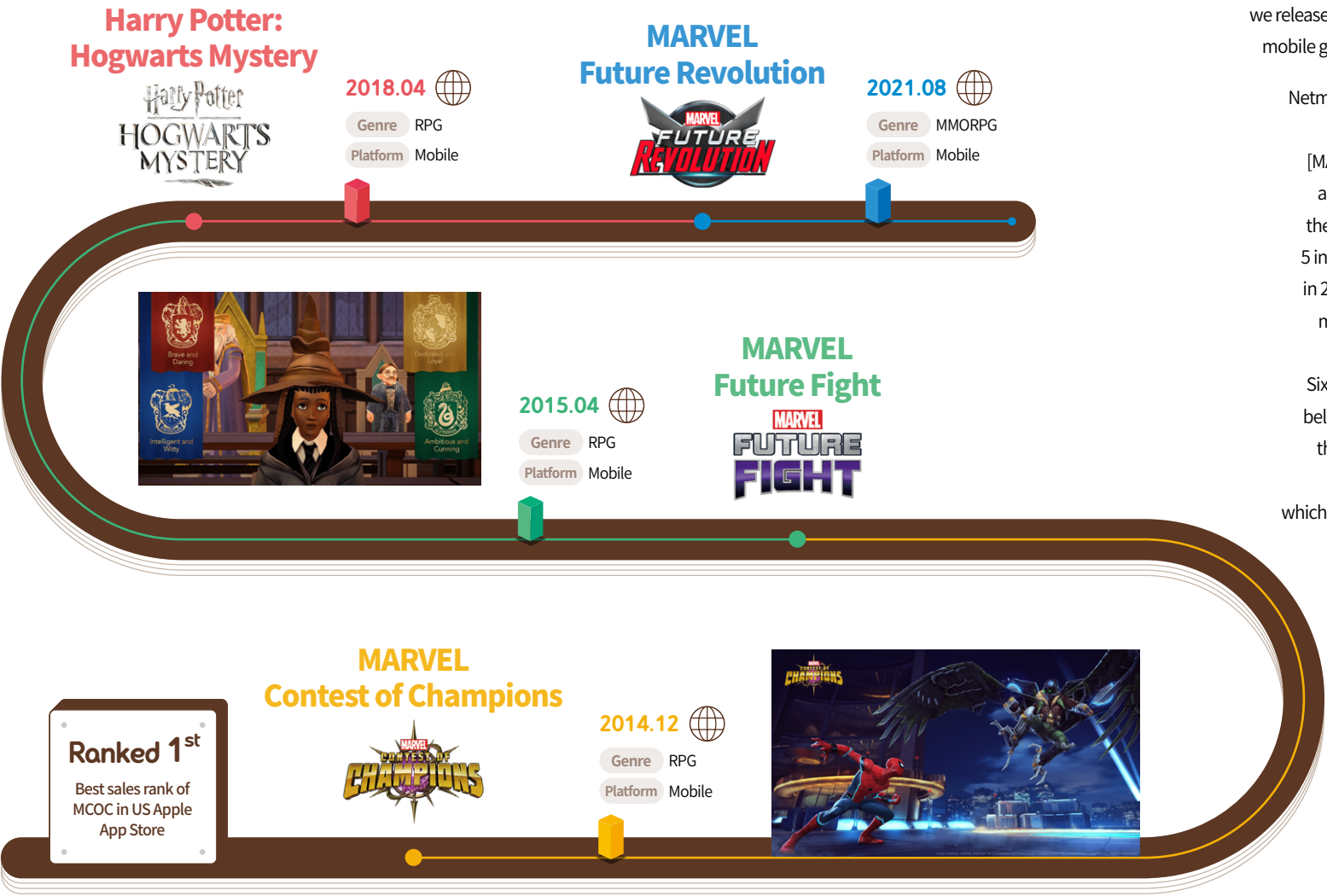
Netmarble services games that use North American IP through collaboration with the world's leading IP holders.

In collaboration with original author Joanne K. Rowling and Warner Brothers, distributor of the Harry Potter films, we released [Harry Potter: Hogwarts Mystery] in 2018, the first mobile game to use the Harry Potter IP in the global market.

Netmarble has enjoyed continuous success in the global market with games based on the Marvel IP. [MARVEL Contest of Champions], provided by Kabam, a North American subsidiary of Netmarble, recorded the top sales in the US Apple App Store and hit the top 5 in the Apple App Store of 38 countries after its release in 2014. [MARVEL Future Fight], which has reached 120 million downloads, is an RPG game released in close collaboration with Marvel.

Six years after its release, [MARVEL Future Fight], is still beloved by many users. [MARVEL Future Revolution] is the latest collaboration title between Netmarble and Marvel, and is the work of Netmarble Monster, which developed [MARVEL Future Fight] enjoyed by more than 120 million users around the world.

This game, released in Aug. 2021, reached No. 1 in free games on Apple App Store in 140 countries including Korea, the United States, and Japan.



Korea IP Games

[Lineage 2 Revolution] is an ultra-large mobile MMORPG based on the Lineage IP, a popular domestic PC game.

[Lineage 2 Revolution] was successfully launched with more than 2 million daily average users in the early stages of its release. Following this huge success, [Lineage 2 Revolution] was released to 11 Asian jurisdictions including Taiwan, Hong Kong, Macau in 2017, and has set a record of No. 1 sales in both Apple App Store and Google Play in 6 countries in the global market, within a week of launch. [Lineage 2 Revolution], released in 2016, still maintains its popularity today, four years after its release.

Ranked 1st

Best sales rank of
Lineage 2 Revolution in
Apple App Store &
Google Play in 6 countries

**Excellent
Prize**

B&S Revolution, 2019
Korea Game Award

Lineage 2 Revolution



2016.12 🇰🇷
Genre MMORPG
Platform Mobile

2017.06 🌐 Asia
Genre MMORPG
Platform Mobile

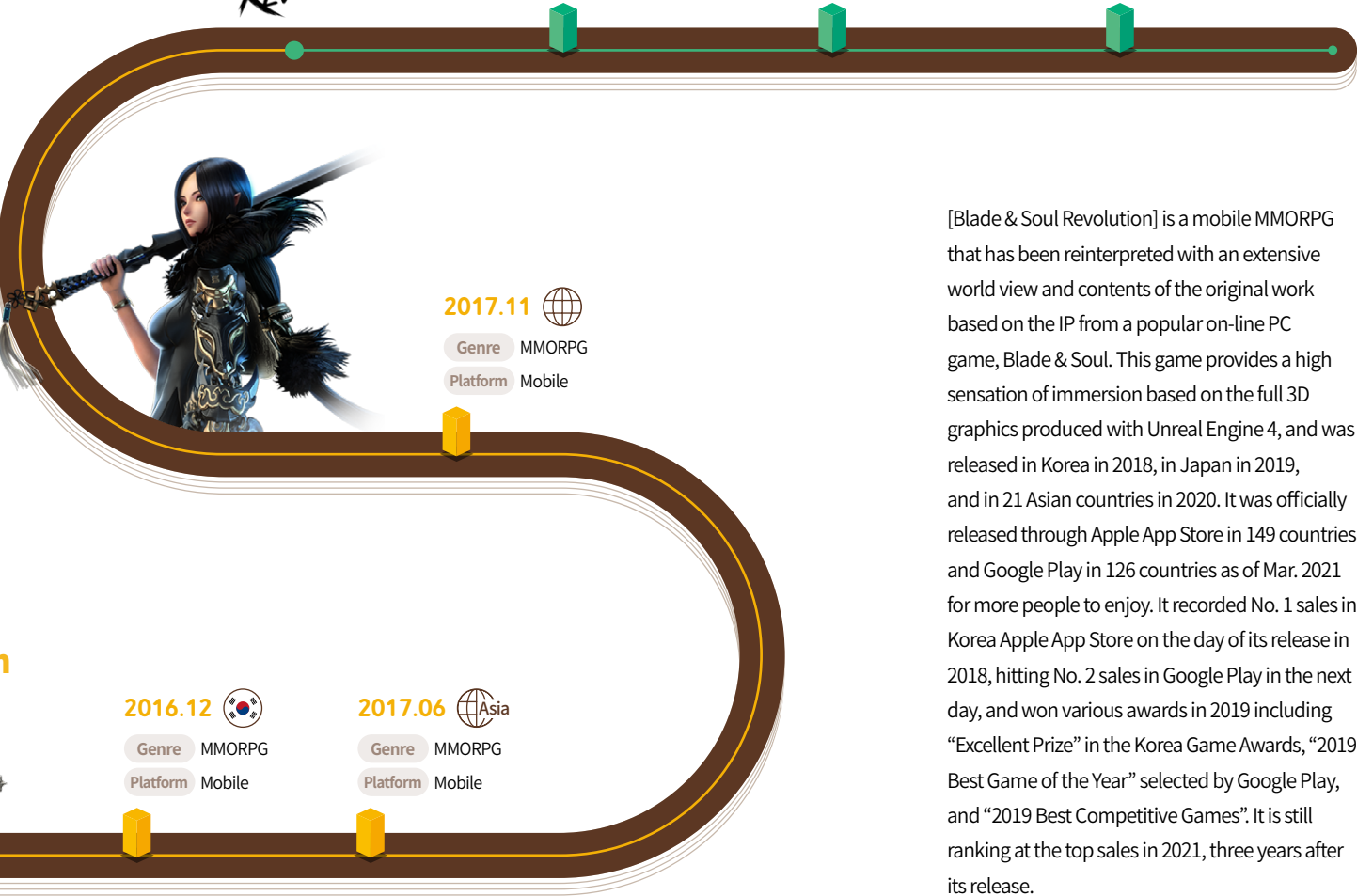
Blade & Soul Revolution



2018.12 🇰🇷
Genre MMORPG
Platform Mobile

2019.10 🌐 Asia
Genre MMORPG
Platform Mobile

2021.03 🌐
Genre MMORPG
Platform Mobile



[Blade & Soul Revolution] is a mobile MMORPG that has been reinterpreted with an extensive world view and contents of the original work based on the IP from a popular on-line PC game, Blade & Soul. This game provides a high sensation of immersion based on the full 3D graphics produced with Unreal Engine 4, and was released in Korea in 2018, in Japan in 2019, and in 21 Asian countries in 2020. It was officially released through Apple App Store in 149 countries and Google Play in 126 countries as of Mar. 2021 for more people to enjoy. It recorded No. 1 sales in Korea Apple App Store on the day of its release in 2018, hitting No. 2 sales in Google Play in the next day, and won various awards in 2019 including “Excellent Prize” in the Korea Game Awards, “2019 Best Game of the Year” selected by Google Play, and “2019 Best Competitive Games”. It is still ranking at the top sales in 2021, three years after its release.

2020 Highlights



New eco-friendly Office Building, G-Tower

1 Construction of the New Eco-friendly Office Building

Best grade in Green Architecture certificate
1+ grade of building energy efficiency

In 2021, Netmarble moved into its new office building, G-Tower, after four years of preparation. To create a sustainable eco-friendly city, we have made great efforts in the construction of G-Tower, from material selection to design, with the objective of eco-friendly building that contributes to energy saving and environmental pollution reduction. In recognition of these efforts, it has become a landmark in Guro as an eco-friendly building by receiving the best grade of Green Architecture certificate and the 1+ grade of building energy efficiency rating in 2020.

2 Selected as Excellent Brand

No. 1 in game section of 2020 Korea Brand Star for 7 consecutive years
Ranked **6th** in the list of top 52 publishers in 2020

In “2020 Korea Brand Star” announced by Brand Stock, Netmarble took the first place in the game section, ranking first in the game industry for the seventh consecutive year as of 2020. Also, we are the only game company to have its name on the list of 100 leading brands of Korea.

In addition, we were ranked 6th in App Annie’s “Top 52 Publishers in 2020” list, which is selected based on sales in the global mobile game market, and we are the only domestic company to be listed in the Top Ten for five consecutive years. We will work to improve our customer satisfaction and enhance brand value by releasing outstanding new games and strict quality control.

3 Netmarble “Creator Day”

Participation of more than **50** creators
Plan to host “Creator Education” events **twice** a year

Netmarble actively collaborates with more than 100 game creators every year through YouTube broadcasts and its own game leagues, and makes various efforts such as creator festivals and education.

In 2020, the first non-contact event, “2020 Netmarble Creator Day by YouTube” which brought corporations and influencers together was successfully completed with Youtube. In this event, we announced a plan to reinforce supports for creators, and we will continue to promote mutual growth and synergies between the corporation and influencers through various programs.

Great Game Culture Company

Message from the ESG
Management Council President
Company Overview
2020 Highlights

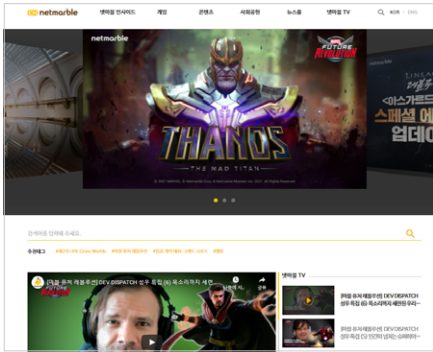
ESG Strategy

2020 Key Sustainability Issues

ESG Management

ESG Factbook

Appendix



Channel Netmarble



Netmarble Facebook



NeurIPS 2020

4 Active Customer Communication

No. 1 in game section of SNS communication competitiveness for three consecutive years

Netmarble ranked first in the game section of the “8th Korea Heart To Heart Index (HTHI)” by Korea Marketing Association in 2020 for the third consecutive year. The digital customer satisfaction index (HTHI) is a qualitative and quantitative evaluation index that assesses a company’s communication with consumers using Social Media Networks (SNS). Netmarble communicates with game users in real time with optimized contents suitable for the characteristics of each channel through our media brands such as Netmarble TV, Channel Netmarble, and Netmarble Facebook. Netmarble’s Facebook page has about 2.23 million followers, the largest among domestic game companies. (As of the end of 2021)

5 Development of Mobile Voice Recognition Technology Based on Deep Learning

MONICA received the **perfect score** at NeurIPS (Strong Accept)

Netmarble introduced its own deep learning-based mobile voice recognition technology at “NeurIPS 2020 (Neural Information Processing Systems),” a prestigious academic society. During the conference demonstration session, Netmarble introduced “The world’s first technology to reduce the weight of deep learning-based voice recognizer to the level that can be installed in mobile games (MONICA).” MONICA, a rare case of a thesis presented in the game industry to receive a “Strong Accept” review from all judges, qualified in the deliberations with the perfect score. In addition, we made technology presentations at INTERSPEECH 2019 and IEEE ICASSP 2020, both of which are prestigious academic societies in the field of voice recognition, to demonstrate Netmarble’s technological prowess in the AI field.

6 Supporting the Public Participation Activity of Persons with Disabilities

Established a friendly environment for the disabled as a subsidiary of Netmarble - **Join Hands Network**
Received the **achievement award** from Korea Culture and Arts Awards for the Disabled

In Aug. 2020, Netmarble and Korea Employment Agency for Persons with Disabilities signed an MOU with the goal of creating a friendly environment for the disabled. Under the agreement, Netmarble pledges to establish a friendly environment for the disabled as a subsidiary through a joint investment with major affiliates, which made an opportunity to lead the public participation of the disabled.

In addition, we helped students with disabilities to communicate with the society through “eFestival for Students with Disabilities,” “Play Center,” etc. and published “Companion Series” to promote respect for the human rights of the disabled and improve awareness of diversity. In recognition of the sincerity and continuity of our social contribution work related to disabilities, Netmarble received an achievement award at “15th Korea Culture and Arts Awards for the Disabled,” a first for a game company, in Oct. 2020.

Great Game Culture Company

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Appendix



Netmarble Rowing Team with Disabilities



Netmarble Game Communication Camp



Flower Bucket Challenge

7 Netmarble Rowing Team with Disabilities

Netmarble Rowing Team with Disabilities won **15** medals at the 2020 National Paralympic Rowing Championship (5 gold medals, 9 silver medals, and 1 bronze medal)

In 2019, Netmarble Cultural Foundation established Rowing Team with Disabilities to support them train stably and systematically. Netmarble Rowing Team with Disabilities, supported by Netmarble and Netmarble Cultural Foundation, won 15 medals at the 2020 National Paralympic Rowing Championship, proving its capability as a strong team.

8 Expansion of Social Contribution Activity to Mark the 20th Anniversary

Selection of **37** winners in Game in Life Exhibit
Establishment of **34th** Play Center (Aug, 2020)

To mark the 20th anniversary of Netmarble Cultural Foundation, we have developed four social contribution programs to promote the spread of a sound gaming culture. In June we held a “Game in Life” exhibit to share the story of users who experienced positive changes through games, and established our 34th Play Center in August to commemorate the 20th anniversary of our foundation. The Play Center is a facility where users can use mobile devices, tablets, VR equipment, racing devices, etc. at a special school. The project was launched by Netmarble starting 2008 to reduce the information gap of disabled students. In October, we held a Game Communication Camp to provide an opportunity for parents and children to create their “own family culture” based on games. The one-day camp was attended by a total of 100 participants, including parents and children. In December, we organized a Game Concert with discussion-type lectures on various topics focused on the game industry and the vision for the future. Mr. Seung Won Lee, the representative of Netmarble and Netmarble Cultural Foundation, participated as a lecturer in the December event, which marks the grand finale of the game concert under the theme of “Game and Science.”

9 Support to Overcome COVID-19

Donation of **KRW 2 billion** to overcome COVID-19
Chairman Jun-Hyuk Bang - Participated in the **Flower Bucket Challenge**

Netmarble donated KRW 2 billion to Korea Disaster Relief Association as part of our contributions toward the effort to overcome the COVID-19 pandemic. Netmarble and Coway donated KRW 1 billion each, and this donation was used to support the quarantine of medical and welfare facilities and medical staff facing a shortage of medical supplies such as protective supplies and diagnosis kits. In addition, chairman Jun-Hyuk Bang participated in a “Flower Bucket Challenge” campaign to help the flower shops suffering from decreased demand following the cancellation of various events due to COVID-19. He delivered 200 air purifying plants and flowerpots to 53 nearby child centers through the Netmarble Cultural Foundation, as well as congratulatory flower baskets to employees who married or gave birth during May.

ESG STRATEGY

By establishing a unique ESG strategy that considers the voice of stakeholders, Netmarble tries to fulfill its responsibility and role in terms of the environment, society, and governance. In a continuously changing management environment, Netmarble will strengthen its efforts towards the creation of sustainable value.



Netmarble's ESG Strategy

Environment



Issues related to the environment have continuously been raised worldwide, and the IT industry has introduced measures to address climate change and minimize its environmental impact due to high power consumption. To mitigate climate change, declarations of Carbon Neutrality have been expanding on a global scale, and as of Oct. 2021, more than 2,000 companies* in 137 countries have declared their intent to achieve Carbon Neutrality. Korea also declared Carbon Neutrality in Oct. 2020 and is discussing how it can be promoted. This worldwide recognition of climate change is expected to accelerate the adoption of eco-friendly energy in the industry.

* Number of companies joining SBTi (Science Based Targets initiative): 2,062 (as of the end of October 2021)



2020 ESG Issue

2020 was a year of emerging ESG issues considering various social changes such as health and safety due to COVID-19. In particular, the importance of ESG management was emphasized in various areas of the IT industry, such as information security and in-house communication given the expansion of cloud-based services and telecommuting, insufficient development and SI personnel due to the rapid expansion of the market, and global climate change.

Social



As we enter the hyper-connected era with the expansion of the 4th Industrial Revolution market, the demand for IT development and SI personnel has grown in a range of fields, including the IT industry. Further, there has been a growing demand for the qualitative improvement of corporate management systems to deal with workplace harassment and discrimination, in-house welfare, and the demand for diagnosis and maintenance of management systems from an ESG perspective in the industry is spreading.

COVID-19 has forced companies to manage differently with requisitions of higher-level of societal safety and health. The importance of expanding investment to build a safe working environment and telecommuting infrastructure and managing security awareness of executives and employees has been emphasized. Also, non-face-to-face social contribution projects have begun in earnest.



Governance



Recently, the ESG management system has been under greater focus in line with the increased demand for ESG management of the capital markets and reinforced regulations related to ESG. The establishment of the ESG Committee is underway along with the establishment of an ESG management system, centered on large domestic companies. There is a need to systemize the ESG implementation at the company level and the ESG management system emphasizes activities such as strengthening the ESG expertise of the BOD for efficient and professional decision-makings on ESG issues.



ESG Strategy

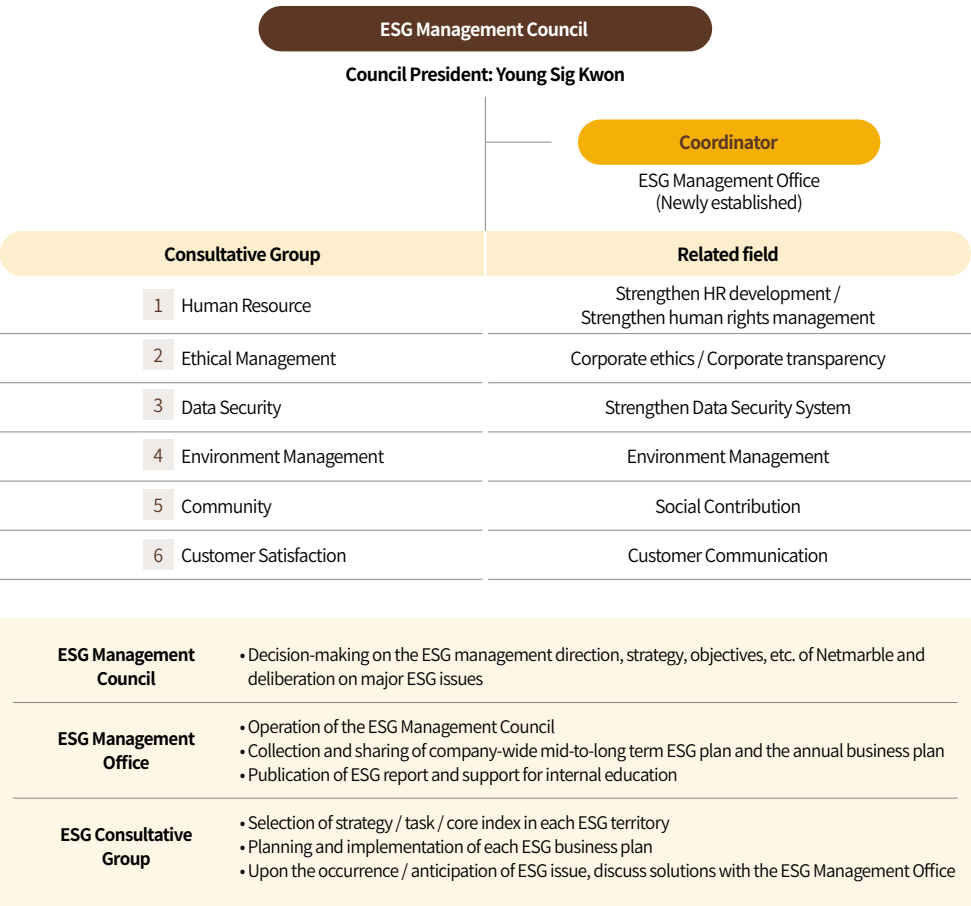
Netmarble manages prior & post risks from an environmental·social perspective in consideration of its major stakeholders and established an ESG strategy that reflects Netmarble's identity for value creation in the mid-to-long term. We would like to introduce the ESG Management Council to secure the basis for enhancing the executive function of ESG management.

To promote sincere ESG management and to correspond efficiently with stakeholders' requests, Netmarble gathered the opinions of various stakeholders to derive ESG strategies and tasks. We will actively invest in ESG management for the performance of tasks and innovate the governance to expand the efforts for mutual growth with many stakeholders.



ESG Management System

Netmarble established the ESG Management Council as an in-house committee in the 4th quarter of 2021 to create sustainable value based on sincere Environmental, Social, and Governance (ESG) management. The council plans to strengthen ESG issue control functions in the long run through activities such as reviewing non-financial risks and strategic directions. In addition, an ESG Management Office will be established and operated to increase the ESG management capabilities and to implement systematic information management through the consultative group on each ESG issue. Starting with the establishment of the ESG Management Council, Netmarble will strive to provide sustainable value to various stakeholders.



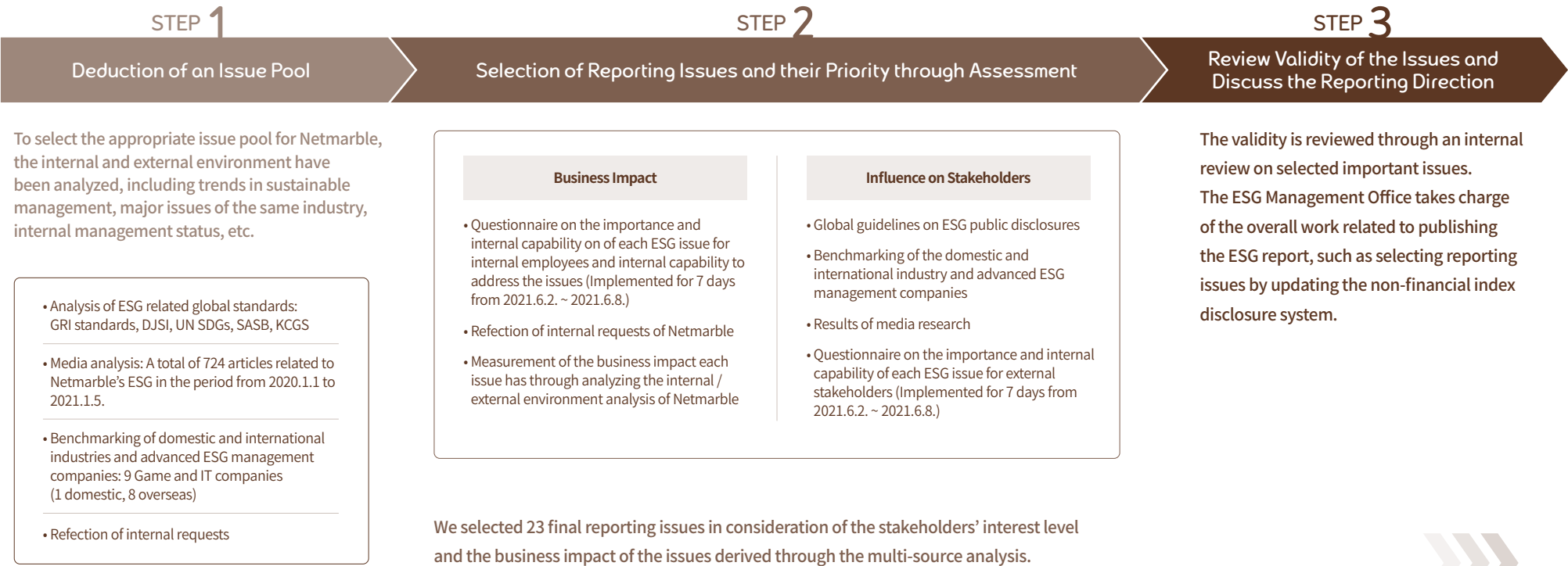
Materiality Assessment

Selection of ESG Material Issues

As we published our first ESG report, Netmarble identified the material issues related to sustainable management through analysis of Netmarble's business impact from the perspectives of economic performance, as well as environmental / social / governance performance, and tried to listen to the voices of various stakeholders. Going forward, we will implement the materiality assessment on a regular basis to understand the ESG issues that need proactive response on an immediate basis, and disclose our management process transparently through the ESG report.

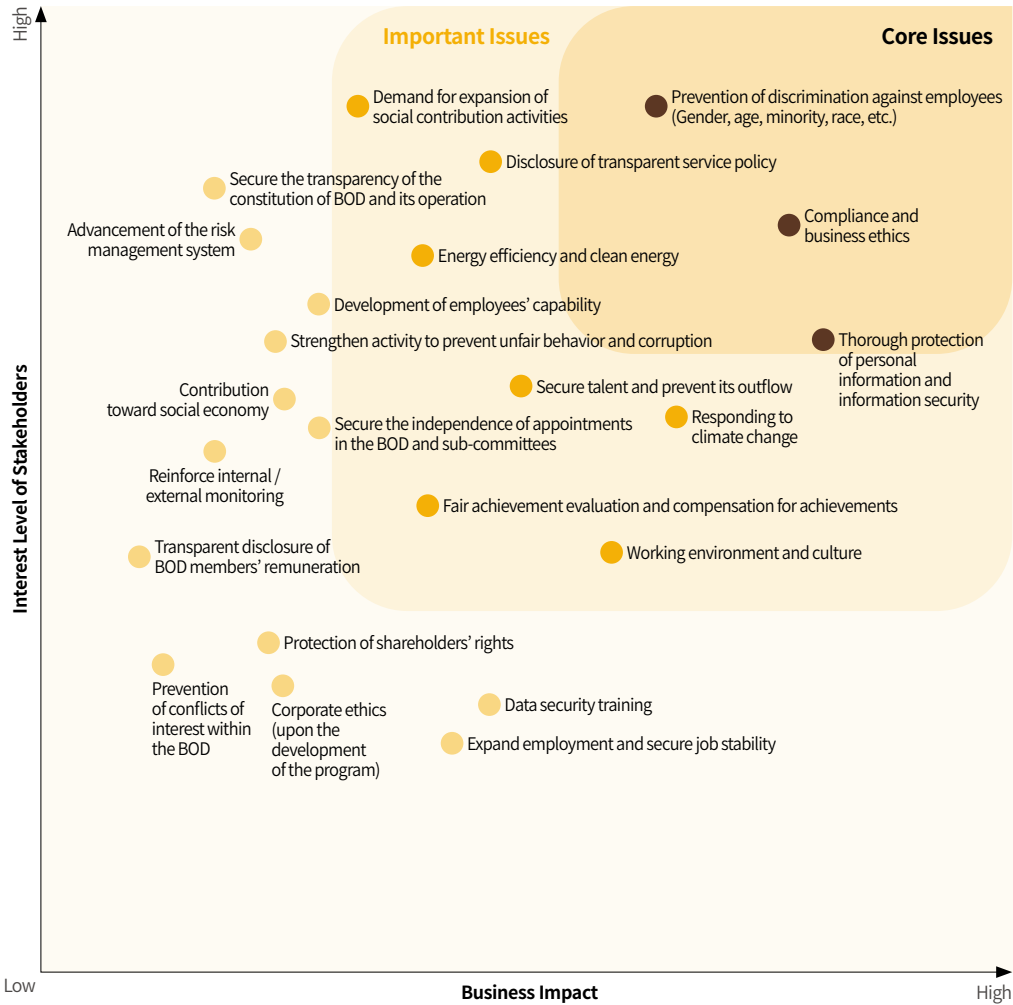
Materiality Assessment Process

The materiality assessment process proceeds through a 3-step process, and may derive the major sustainable management issues applicable to Netmarble based on the results of the assessment.



Result of Materiality Assessment

Netmarble formed a pool of 23 reported issues including energy efficiency and clean energy, advancement of the risk management system, securing the talent and prevention of outflow, and derived material issues through a materiality assessment process covering aspects such as compliance and business ethics, prevention of discrimination against employees, disclosure of a transparent service policy, thorough personal information security and data security.



Reporting Issue	Detailed Priority			Related Stakeholders					
	Interest Level of Stakeholders	Business Impact	Comprehensive rating	Custom-ers	Em-ploy-ees	Partners	Local Commu-nity	Share-holders & Investors	Environ-ment
Compliance and business ethics	5	2	1		●			●	
Thorough protection of personal information and information security	13	1	2	●				●	
Prevention of discrimination against employees (Gender, age, minority, race, etc.)	2	4	3		●				
Responding to climate change	12	3	4						●
Disclosure of transparent service policy	3	7	5					●	
Secure talent and prevent its outflow	10	6	6		●				
Working environment and culture	16	5	7		●				
Demand for expansion of social contribution activities	1	14	8				●		
Energy efficiency and clean energy	7	11	9						●
Fair achievement evaluation and compensation for achievements	17	10	10		●				
Development of employees' capability	8	15	11	●				●	
Data security training	22	8	12		●			●	
Secure the independence of appointments in the BOD and sub-committees	15	12	13					●	
Secure the transparency of the constitution of BOD and its operation	4	20	14	●				●	
Strengthen activity to prevent unfair behavior and corruption	9	17	15			●		●	
Expand employment and secure job stability	23	9	16		●				
Advancement of the risk management system	6	19	17	●				●	
Contribution toward social economy	14	13	18				●		
Protection of shareholders' rights	18	18	19					●	
Reinforce internal / external monitoring	11	22	20					●	
Corporate ethics (upon the development of the program)	21	16	21	●				●	
Prevention of conflicts of interest within the BOD	19	21	22					●	
Transparent disclosure of BOD members' remuneration	20	23	23					●	

Communication with Stakeholders

Netmarble defines our customers, employees, shareholders and investors, partner companies, local community, and the government as major stakeholders. We operate various communication channels for value creation with stakeholders and engage in active communication related to the major interests of each stakeholder. In addition, we work to build consensus on sustainable management issues by reflecting the stakeholders’ opinions in the management activity of Netmarble.

Stakeholders	Major Interests	Major Communication Channels	Major Activities
Customers (Users)	<ul style="list-style-type: none">• New services• Improvement of service quality and user satisfaction level• Protection of personal information	<ul style="list-style-type: none">• Corporate homepage• Channel Netmarble and official SNS• Each service community and customer center• Phone counseling and counseling center for visiting customers• Public disclosure materials	<ul style="list-style-type: none">• Release of new services and updates on existing services• Improvement of operation safety through risk management• Operation of various user communication channels (YouTube, SNS, etc.)
Employees	<ul style="list-style-type: none">• Guarantee of fundamental worker rights and stability of employment within the workplace• A working environment that allows employees to immerse themselves in their work• Fair evaluation of performance and opportunities for self-development• Balance between work and life, and welfare system	<ul style="list-style-type: none">• In-house portal• Opened consultative group (Labor-Management Council)• Ethical Management Counseling Center• Psychological Counseling Center	<ul style="list-style-type: none">• Holding an open consultative group• Operation of ombudsman and psychological counseling center• Operation of a fair evaluation and compensation system• Operation of a welfare system• Establishment of a pleasant and safe work environment
Shareholders and Investors	<ul style="list-style-type: none">• Establishment of sound governance through the disclosure of transparent financial / non-financial achievements• Proactive and effective risk management• Shareholder-friendly policy	<ul style="list-style-type: none">• General meeting of shareholders• Conference calls for announcement of achievements• NDR and institution conferences• 1:1 meeting with investors• Public disclosure materials and reports (business report, audit report, ESG report, etc.)• Corporate homepage	<ul style="list-style-type: none">• Conduct investor meetings regularly and if necessary.• Sharing the achievement of creating profits through the advancement of new business areas, new markets, etc.• Transparent disclosure through the business report, corporate governance report, etc.• Disclosure of the status of non-financial achievements and risk management through the ESG report
Partners	<ul style="list-style-type: none">• Fair trade and fair treatment• Accompanied growth	<ul style="list-style-type: none">• Purchase system and purchase presentations• Business proposal site• Channel Netmarble• Ethical Management Counseling Center• Public disclosure materials	<ul style="list-style-type: none">• Compliance with fair trade principles• Scheduled communication and strengthening of cooperation
Local Community	<ul style="list-style-type: none">• Social responsibility of the company• Invigoration of local economies	<ul style="list-style-type: none">• Corporate homepage• Channel Netmarble• Netmarble Cultural Foundation homepage• Public disclosure materials	<ul style="list-style-type: none">• Support cultural activity of disadvantaged groups through means such as operation of Netmarble Rowing Team with Disabilities and eFestival for Students with Disabilities.• Operation of game culture spreading programs such as Game Academy, Field Trip Programs.
Government	<ul style="list-style-type: none">• Generating economic value• Compliance with related legislation• Participation in policy discussions related to the industry	<ul style="list-style-type: none">• Corporate homepage• Public disclosure materials	<ul style="list-style-type: none">• Strengthening of the compliance system• Job creation• Honest and timely payment of taxes

Sustainability Commitments

The UN SDGs(UN Sustainable Development Goals) represent the international promise for sustainable development. As a member of the international community, Netmarble promotes various activities addressing each detailed objective related to sustainability management to contribute to the accomplishment of the UN SDGs.

UN SDGs	Netmarble’s corresponding activities
<div></div> <div><p>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.</p><p>4.5 By 2030, eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations.</p></div>	<ul style="list-style-type: none">• Sharing of experience and knowledge in the game industry and job information for students in middle/high school and university (Field Trip Program)• Selection of youth with the objective of nurturing future game talents, and provision of opportunities to gain knowledge in game development and associated technology, along with ethics and responsibility (Game Academy)• Opening of the Play Center to provide various cutting-edge devices such as PC, mobile, VR equipment, and systematic use manual within special schools and related institutions in the country to revitalize leisure activities and education for disabled students (Play Center)• The only e-sports festival for disabled students is hosted jointly by the Netmarble Cultural Foundation, National Institute of Special Education, and Korea Creative Content and sponsored by the Ministry of Education and the Ministry of Culture, Sports and Tourism. This festival encourages the e-sport activities of students with disabilities and helps to resolve the information gap through competitions with students with and without disabilities, teachers, and parents. (eFestival for Students with Disabilities)
<div></div> <div><p>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.</p><p>5.6 A universal approach to the rights of pregnancy health and pregnancy will be guaranteed.</p></div>	<ul style="list-style-type: none">• Appointment of a female non-standing director• Appointment of leaders based on achievements in the work sphere, regardless of gender• Operation of a pregnancy / childcare work support system such as maternity leave and paternity leave, etc.• Family-friendly certified company
<div></div> <div><p>7.2 By 2030, substantially increase the share of renewable energy in the global energy mix.</p><p>7.3 By 2030, double the global rate of improvement of energy efficiency.</p></div>	<ul style="list-style-type: none">• Of the total energy consumption at the new office building, 17.27% is designed to be covered by new renewable energy (Use of a building -integrated photovoltaic system, fuel cell system, and geothermal heat system)• Certified as 1+ grade for building energy efficiency rating
<div></div> <div><p>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.</p></div>	<ul style="list-style-type: none">• Prohibition of wage differences related to gender• Concluded an agreement to establish a friendly environment for the disabled as a subsidiary in Aug. 2020 and established the “Join Hands Network” to consign the operation of an in-house cafe

UN SDGs	Netmarble’s corresponding activities
<div></div> <div><p>9.5 Enhance scientific research, upgrade the technological capabilities of industrial sectors in all countries, in particular developing countries, including, by 2030 encouraging innovation and substantially increasing the number of research and development workers per 1 million people and public and private research and development spending.</p></div>	<ul style="list-style-type: none">• Reached the highest level of R&D investment in the industry in 2020 [R&D investment equal to 20.9% of sales (based on consolidation as of the end of 2020)]• Sharing of accumulated knowledge and expertise in game development and publishing through the GDF(Game Developer Forum)• Promotion of joint R&D with expert technical companies and industry-academic cooperation projects
<div></div> <div><p>10.2 By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status.</p></div>	<ul style="list-style-type: none">• Declare the prohibition of unfair discrimination based on gender, education level, region of birth, age, religion, race, disability, etc. by means of the Netmarble Code of Conduct
<div></div> <div><p>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.</p><p>12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.</p></div>	<ul style="list-style-type: none">• Promote the campaign to emphasize the importance of recycling in the employees’ office spaces• Offer discount when employees use their own cups at the in-house cafe• Publication of the Netmarble ESG Report
<div></div> <div><p>13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning.</p></div>	<ul style="list-style-type: none">• Operation of a dedicated parking lot for eco-friendly vehicles, and installation of charging facility for electric vehicles• Reduction of carbon dioxide emissions through the efficient operation of energy in the new office building based on the introduction of BEMS(Building Energy Management System)• Establishment of an environmental management strategy with the objective of “minimization of environmental influence”
<div></div> <div><p>15.9 By 2020, integrate ecosystem and biodiversity values into national and local planning, development processes, poverty reduction strategies and accounts.</p></div>	<ul style="list-style-type: none">• Upon the construction of the new office building, secure open spaces for landscaping and public purposes, and develop an ecological area beyond legal requirement (establishment of about 180m² terrestrial biotope and about 99m² aquatic biotope on the roof)
<div></div> <div><p>16.5 Substantially reduce corruption and bribery in all their forms.</p></div>	<ul style="list-style-type: none">• When entering entertainment expenses into the internal ERP system, it is set to be blocked with the output of warning messages if it violates legal standards, in order to prevent unfair solicitation.• Upon the conclusion of agreements, a “Special Agreement to Practice Ethical Management” shall be included in the standard agreement.• In requests for bidding proposals, it is specified that partner companies are obliged to submit an “ethical management” pledge.

2020 KEY SUSTAINABILITY ISSUES

We selected five key ESG issues in 2020 based on the changing business environment of the IT and game industry, as well as major issues within the company. By selecting issues that respond to megatrends during the reporting period, we would like to provide timely information to stakeholders.



2020 Key Sustainability Issues

Compliance and Business Ethics



Why it is important



Recently, ESG management has been emphasized as a significant concern in the industry. We have recognized the importance of compliance management and ethical management, and expanded our investment to fulfill our social responsibilities and the legal requirements. Companies with legal and ethical problems not only lose their reputation, but also can be exposed to financial risks such as reduction of sales, investment, etc. The game and IT industry have recently shown a trend of rapid growth, and there is a demand to reinforce the internal control function as the scale of business increases. In turn, companies need to establish an internal control system related to compliance management and ethical management as well as to strengthen the communication and monitoring and improve the level of awareness through the education of employees, so that the established system can be operated practically.

How we are approaching



To minimize the pre and post risks that can occur during compliance management and ethical management, Netmarble established ethical management tasks and a detailed performance plan within the ESG management strategy. We strive to prevent the recurrence of problems through cause-analysis and proper external communication in the event of compliance and ethics issues. To enable more prompt and systematic risk management, we reorganized the internal risk management system in the first half of 2021. Furthermore, we have continuously pursued ethical management training and in-house campaigns to improve employees' awareness regarding compliance management and ethical management. In this way, Netmarble provides a fair service to the customer through the expansion of communication and awareness and advancement of the management system, while pursuing successful compliance management by minimizing the risks associated with internal employees.

What we have achieved



Status of ethical management and ethics training (Unit: Persons)

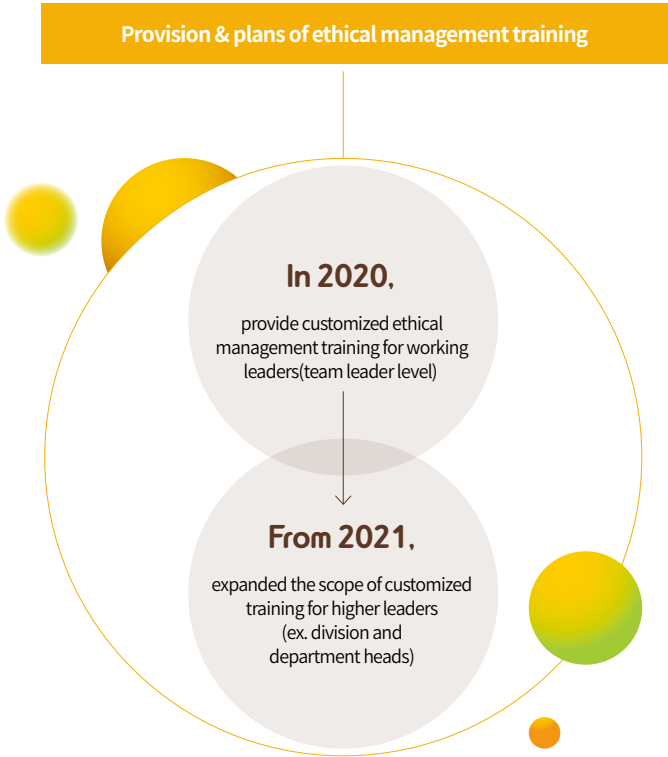
Number of participants in ethical management training (Participation rate)



Our work



Ethical management training of Netmarble’s internal employees



Ethical Management Training

Netmarble provides ethical management training supervised by the audit department in the induction program for recruits. Separately, Netmarble strives to internalize ethical management by including related training in the essential training program. provided once a year to employees of the head office and subsidiaries. In 2020, customized ethical management training was provided for working leaders(team leader level) and from 2021, we expanded the scope of customized training for higher leaders such as division and department heads.

Practice of Business Ethics in the Games of Netmarble

Netmarble’s games do not consider BMs that are concentrated in specific regions or induce excessive charges so that many users can enjoy them together worldwide. We design and operate a model that allows users to have enough fun through their time and efforts instead of forcing them to pay to play or relying on low probability products of nurturing. Furthermore, as interest in the loot boxes has increased recently, Netmarble discloses the probability in all our games as transparently as possible.

Risk Correspondence Activity and Effects

Netmarble considers the risk management capability of employees in each business division as highly important and controls the risk through systematic support.

We organized the potential risks at each stage of game launch and posted them on the internal network. In the business department, a self-diagnosis is implemented through the checklist from the development stage of a game to manage the risk of violation of legislation such as the e-Commerce Act, Act on Fair Labeling and Advertising, Personal Information Protection Act, etc. Risk management-related departments are improving the risk management capabilities of each department by cross-checking the results of self-diagnosis. Netmarble is striving to guide individual employees of each business department to recognize the importance of compliance with related legislation and embody its criteria.

Netmarble operates a separate “event management process” regarding various events implemented in the game service process since 2018, with strict standards to meet the relevant legislations and game users’ requirements. With these efforts, we have been able to stably provide in-game events without any issue of violation of related legislation. Going forward, we will continuously improve the “event management process” to build trust with game users.

In addition, we have established a document security system to configure/indicate the security grade upon the preparation of internal documents, to prevent the leakage of trade secrets, so that our know-how is thoroughly protected under the Unfair Competition Prevention Act. Moreover, we operate an Ethical Management Counseling Center, a window for counseling and reporting on ethical management, and a separate reporting channel for workplace harassment and sexual harassment to promptly coordinate and stabilize internal conflicts.

2020 Key Sustainability Issues

Privacy and Security

2

Why it is important



The protection and management of data assets in the hyper-connected society of the 4th Industrial Revolution has received much attention in recent times. In particular, security threats in the game industry have increased due to the growing scale of the game market and the number of game users. Security attacks targeting game users' personal information, items purchased in games, and game servers not only cause financial damage to users, but also cause bigger financial and reputational damage to companies. Thus, it is necessary for companies to recognize the importance of information security to improve the security level and establish a systematic strategy to build realistic and effective measures that can prevent and address security accidents.

How we are approaching



Netmarble has established a data protection strategy and built a safe security environment accordingly to provide games and services that our customers can trust. Based on the data protection policy system such as data protection regulations and guidance, we engage in data protection activities to protect corporate data and user information. Also, we are contributing to create an internal data security culture through scheduled data security training, training to handle malicious mail, etc. for employees to prevent the damage caused by internal leaks. Moreover, we are striving to develop and strengthen our data protection technology with the objective of automating security management to identify and block external security threat elements in advance.

What we have achieved

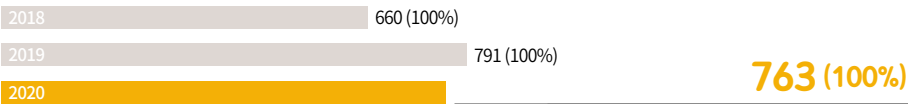


Status of information protection education (Unit: Persons)

Number of participants in in-house data security training (Participation rate)



Number of participants in personal information protection training (Participation rate)



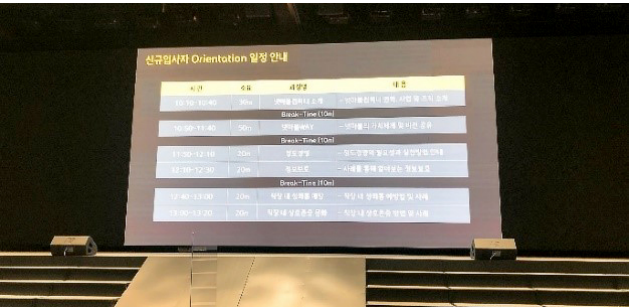
Our work



Creating a Data Protection Culture

Corporate data leakage is a serious risk element that may lead to assets losses, as well as poor reliability of customers and a negative corporate image. To prevent internal data leakage, Netmarble regularly provides data security training for each position and job group of its employees.

Starting with data protection training for new employees, we help employees to practice data protection by sharing the latest data protection issues and security regulations through monthly information protection campaigns and security trend forums. In particular, we are raising the awareness of employees by conducting annual simulation training based on a scenario involving the inflow of malicious code by email. In 2020, 99% of all Netmarble employees participated in the in-house data security training, and 100% participated in personal information training to reinforce awareness of the importance of personal information protection. In addition, starting in 2020, we have been investigating the employees' in-house data security awareness to address the vulnerable points and thereby minimize the data security risks.



Data protection training for new employees

Strengthening Data Protection Technology

As a company that provides publishing services in the global market, Netmarble is vulnerable to DDoS attacks from other countries, and for this reason, we have tried to strengthen our data protection technology to safeguard our data from external attacks. DDoS attack attempts are defended through collaboration with the telecommunication companies, and strict security management is performed through the comprehensive blockage and monitoring of IDS(Intrusion Detection System) and the Web Firewall, blockage of abnormal packets and traffic pertaining to server access, service port management, etc. In terms of encryption, we apply encryption to all communication from the stage of game development.

Furthermore, Netmarble actively utilizes the cloud for its global game services. Amazon Web Service(AWS) and Google Cloud Platform (GCP) are applied to provide a pleasant game environment, and customized security functions on each platform are implemented. In addition, we have developed our own game security module to defend against external attacks, and expanded our R&D investment to secure security technology.

As the technology related to games is evolving rapidly, we intend to focus on the automation of security management processes such as monitoring, detection of abnormalities, and correspondence to systematically respond to emerging security issues.

Response and Processing of Data Leakage Accidents

When damage is caused to a user by intention or a material mistake, Netmarble is obligated to compensate for such damage under related legislations and the service use agreement. Procedures for receiving user opinions and complaints are provided at the initial screen for individual service page or the Netmarble website(www.netmarble.net), as well as in the personal information processing policy. Furthermore, we operate a dedicated organization to process opinions or complaints and to protect the personal information.

Users can contact the personal information protection manager and the relevant department for all inquiries, complaints, and damage relief regarding matters of personal information protection. Netmarble will provide a prompt reply and discuss the processing of such inquiries. If the processing takes a long time, the user will be notified of the cause of the delay and the processing schedule via email, phone or written form, electronic memo, etc.

Case Study

Training and mock drills to prevent malicious mails

Since 2016, we have provided training and mock drills on responding to the inflow of malicious code by email. During the training, we increased the employees' understanding by focusing on "how to identify a phishing email" instead of listing the general cases. To increase the effectiveness of training, we gave small presents as a reward to the department which fastest reported employee belongs and the department to which the largest number of employees reported.

In 2020, a mock drill on malicious mail was conducted once, and Netmarble plans to pursue the objective of "Zero damage related to malicious email" in the future.



2020 Key Sustainability Issues

Response to Climate Change

3

Why it is important



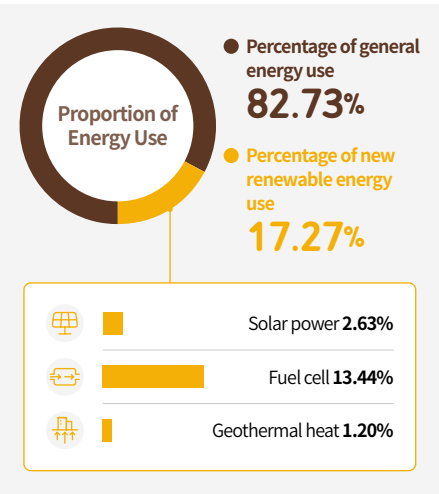
The impact of climate change is the topic of many debates around the world, and climate change is causing huge damage to mankind as an existing global problem. If we fail to actively respond to climate change, there is a possibility that the company may face risks due to changes in the market and regulations, in addition to the physical risk itself. All stakeholders of the company are demanding active efforts in responding to climate change, and thus, companies need to establish a climate change response strategy and have the flexibility to respond immediately to rapidly changing environments so we can participate in decarbonizing practices.

How we are approaching



Netmarble's new building, G-Tower, Netmarble's new building, G-Tower, has put a lot of effort from the selection of material to design plans, with the objective of creating an eco-friendly building that contributes to energy saving and environmental pollution reduction to establish a sustainable eco-friendly city. To expand the use of new renewable energy, we have installed solar power, fuel cell, geothermal heat systems, and eco-friendly certified products and recyclable resources were used to minimize the environmental impact that may occur in the construction of a new office building. In addition, we encourage employees to take part in environmental protection and energy saving activities through the installation of bicycle storage in G-Tower, procurement of ecological area ratio, etc. With such efforts, Netmarble's new office building has acquired the best grade(Green Grade 1) of Green Architecture Certificate and a 1+ grade of building energy efficiency rating. Going forward, we will strengthen our climate change related activities, such as expanding new renewable energy.

What we have achieved



Our work



Use of new renewable energy

The new office building of Netmarble covers 17.27% of the total energy consumption by utilizing various new renewable energy sources. To increase the ratio of new renewable energy, the new office building located at the town center uses a Building Integrated Photovoltaic System (BIPV), fuel cell system, and geothermal heat system. With the use of new and renewable energy, Netmarble expects to reduce carbon dioxide emissions by 6,334tCO₂eq annually.

Eco-friendly landscaping and facility

The surrounding environment surroundingof our new office building includes structures such as roads, facilities, offices, housing, etc. In this environment, Netmarble secured more than the legally required space as a landscaping area, open space for public purposes, and an ecological area above legal requirements to preserve the natural ecological functions upon the construction of the new office building. In particular, we established a terrestrial biotope with a floor area of about 180m² and an biotope with a floor area of about 99m² on the roof. To promote an eco-friendly commuting culture, we installed a storage facility for approximately 260 bicycles, and also provide an exclusive dedicated parking zone for eco-friendly vehicles, and a charging facility facilities for electric vehicles (12 fast charging units and 9 slow charging units). Going forward, we are planning to expand these to spread an eco-friendly commuting culture and reduce greenhouse gas.

Construction of New Eco-friendly Office Building

Establishment of BEMS(Building Energy Management System)

For efficient utilization of energy within the building, Netmarble introduced the Building Energy Management System (BEMS) and is carrying out PDCA (Plan-Do-Check-Action) activities regarding it. BEMS is a system that automatically controls the operation of the most efficient energy management measures by installing sensors on the energy consumption devices in a building to monitor the energy consumption in real-time and analyze collected energy consumption data. Netmarble aims to save energy and improve the indoor environment by reviewing energy operation management based on BEMS and establishing and applying automatic control patterns for optimized control.

Investment for energy demand management

Demand management activity	Expected Effects
Paired low-E glass	G-Tower reduces heat energy consumption by using high-performance "Paired low-E glass" which reflects infrared and transmits visible light. Paired low-E glass has the advantage of outstanding insulation performance and energy saving effects, such as reducing the inflow and outflow of heat and reducing dew condensation by utilizing the properties of low-E glass and pair glass.
Efficient air-conditioning system operation	To reduce the overload of electric peak time, we installed several types of air-conditioning systems in accordance with the facility and its purpose: Electric Heat Pump (EHP), geothermal heat, etc. Further, G-Tower has an 83.3% ratio for the capacity of air-conditioning facilities using energy sources other than electricity, higher than the standard (60%) of public institution related legislations.
Energy saving through the sectional control of air-conditioning	The actual sensory temperature may differ depending on the location of each zone, so each zone is segregated for precise control of temperature and humidity. This enables pleasant indoor environment and energy saving through the efficient control of indoor temperature and humidity. The air-conditioning facility is installed at the outside(window) to reduce the impact of outdoor air on the indoor temperatures (cold draft phenomenon, etc.), contributing to energy saving effects by minimizing heat loss.
Building Energy Management System (BEMS)	We introduced the Building Energy Management System (BEMS) and installed sensors on major facilities to systematically operate and manage energy consumption in buildings.Through BEMS, we conduct activities such as collecting and indicating data, monitoring information, analyzing energy consumption status and facility performance & efficiency, forecasting energy consumption, linkage of the control system, etc. Through this, we configure the optimal control state and operate the energy used for G-Tower efficiently.
Testing, Adjusting, Balancing (TAB)	By testing and adjusting air conditioning facilities in the building, and finally evaluating the facility system, TAB was performed to create a pleasant indoor environment, reduce operating costs through proper capacity setting, and efficiently manage facilities.
Installation of LED lighting	Through 100% installation of LEDs for the building's indoor and outdoor lighting, we promote the reduction of power consumption and lighting waste. In addition, we installed an automatic stand-by power cut-off device (71.5%) to avoid unnecessary consumption of energy.
Use of high-efficiency and eco-friendly material	In constructing a new office building, we considered energy consumed in the production, transportation, construction, and disposal processes, and used high-efficiency materials with low environmental load, KS certified materials, and eco-friendly materials. with a low environmental load. We defined eco-friendly materials as products which that have acquired the certificate of eco-label on itsin terms of content and emission of harmful chemical substances, and these materials satisfied themeet conditions such as of prohibition of the prohibitionng of the use of ozone-depleting substances that deplete the ozone layer, material that does not including theinclude asbestos-free materials, indication of material carbon emission, etc.and labeling of carbon emissions.
Installation of the elevation plan (louver) and roll-blind	The elevation plan and roll-blind installation are used to block solar radiation, thereby saving 186.04kWh/m ² per hour.

2020 Key Sustainability Issues

Service Policy

4

Why it is important



There is an increasing trend among customers within the game industry to request active communication of game companies on products and services. As a result, the importance of customer communication is increasing evidently. Beyond the one-way communication sent to the customers, companies have shown an active willingness to communicate with customers by listening to their voices and delivering corporate information through various communication channels such as Facebook and Youtube. Successful customer communication is essential for customer-friendly game and service provision, and a lack of communication may lead to a decline in customer confidence in the company. In particular, discussing and reviewing the relevant company's policy with game users is a key element for sustainable and transparent corporate management.

How we are approaching



Netmarble is taking a step toward sustainable growth through transparent communication with our customers. We are expanding communication with customers through various communication channels, and are monthly communication and feedback on customer suggestions are provided through operator's note. The operator's note is posted on the official café for all games in service to actively listen to the customer's voices. In line with customers' demands, Netmarble recruited more personnel in charge of customer communication within the community, and we are planning to implement related training to those in charge of effective customer communication.

What we have achieved



280 million

Total number of views of Netmarble TV (As of the end of 2020)

200

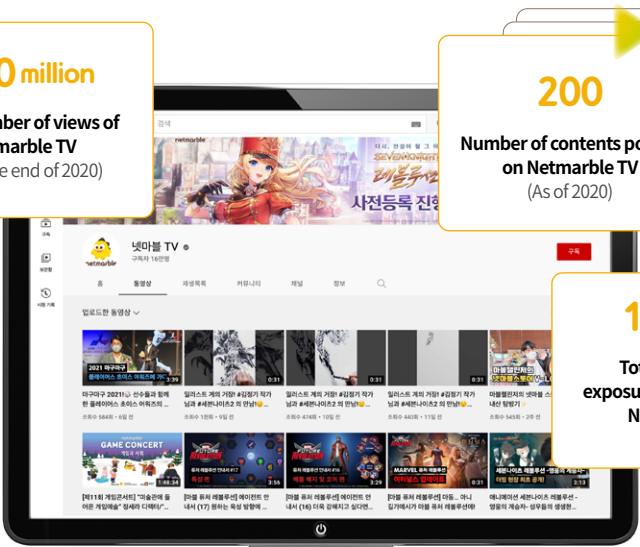
Number of contents posted on Netmarble TV (As of 2020)

1,916

Number of cumulated contents on Netmarble TV (As of the end of 2020)

12 million

Total number of exposures of contents on Netmarble TV (As of 2020)



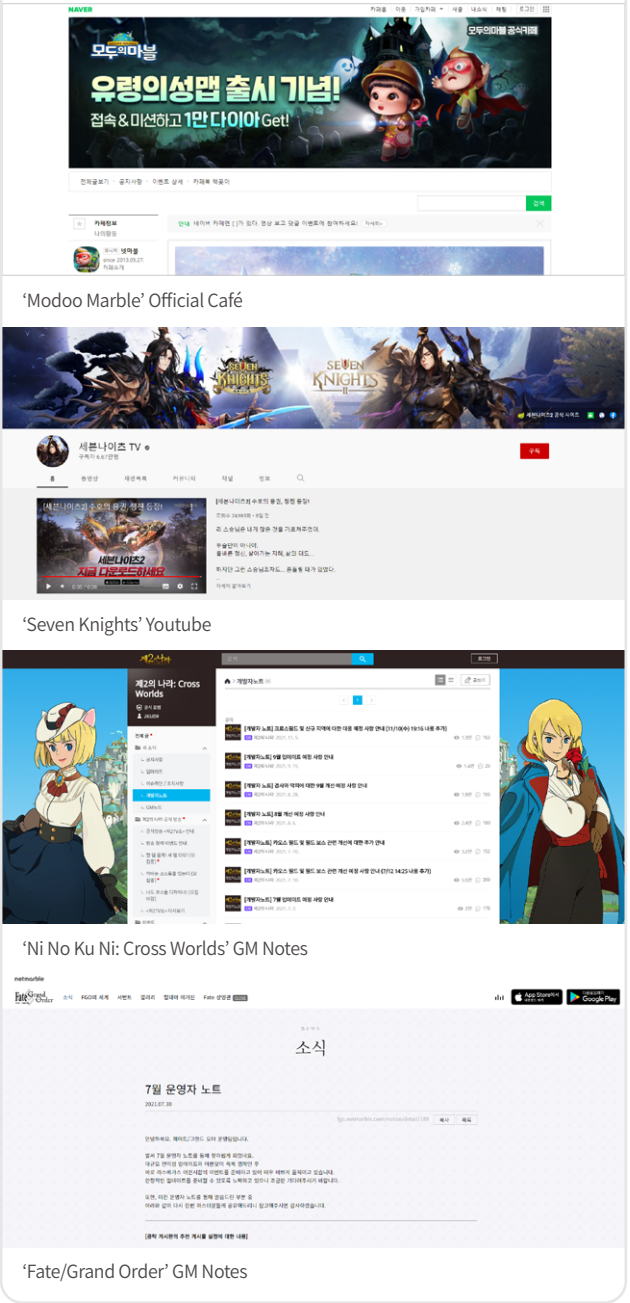
Our work



Customer Communication Channel

Netmarble operates various communication channels for each game for two-way communication with customers. We would like to increase our touch-points with customers through customer communication activity, and to make fun games using customers' opinions.

We provide various information to customers through our official site, official forum, café, SNS, YouTube, etc., including game notices, updates, issue confirmation / measures, GM notes, events, etc., and we are working for active communication with users.



Customer Communication Policy

When a customer experiences inconvenience during the use of a service, Netmarble communicates with the customer with the goal of giving accurate and prompt feedback.

The customer center is operates two sections; one is telephone counseling and the other is BBS counseling. Our goal is to process and resolve every inquiries promptly, within 24 hours. For matters requiring additional confirmation, the reply is provided through prompt decision making among the counseling / operation / business departments. Furthermore, we actively collect and reflect the precious opinions of service users through various communication channels, such as the official game community, App markets, SNS, etc.

Principles of Customer Reception

You are in a position to represent the company!

The complaints and objections raised by a customer are directed toward the company, not me, and I will avoid responding based on my personal feelings or in ways that evade responsibility.



Do your best for all customers!

I am handling several customers, but I am the only place where customers can seek help. Even if it is simple and repetitive work, it is of great help to the customer.



Think and empathize from the customer's position!

Even if it is an obvious situation from my perspective, it may not be the same for the customer. Small consideration and consensus can drive customer satisfaction.



2020 Key Sustainability Issues

Social Contribution

5

Why it is important



As members of society, companies are facing increased demand to take on greater social responsibility. The UN has suggested the direction for companies to advance by establishing / presenting the Sustainable Development Goals, and local communities demand actual action by companies to contribute to society. The importance of the creation of social value and the sharing of value with local communities are emphasized along with profitmaking business activities. In order to meet such social demand, companies must communicate with local communities with sincerity and identity, and take a collaborative leadership role with inclusive responsibility for mutual growth with the local community.

How we are approaching



Based on the management philosophy of its founder, Netmarble has engaged in sincere social contribution activities since its earliest stages, and we established the Netmarble Cultural Foundation in 2018 to promote a sustainable and professional social contribution business. The social contribution business is pursued in three areas: 1) “Creation of culture” to expand the value of a sound gaming culture, 2) “Nurturing talent” for raising creative personnel, and 3) “Sharing our heart” to spread a sharing culture. Rather than one-off events such as simple donation or sharing, etc., Netmarble plans and operates its sustainable social contribution efforts over several years, and works to make significant changes in society over an extended period.

What we have achieved

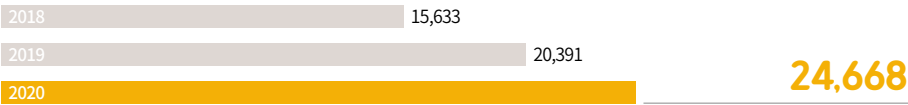


Donation for social contribution* (Unit: KRW million)



* Including Netmarble Cultural Foundation

Beneficiaries of social contribution (Unit: Persons)



Our work



'Game in Life Contest' Online Ceremony



15th Korea Culture and Arts Awards for the Disabled

Game in Life Contest

Your game story to be shared with everyone

Netmarble Cultural Foundation held the first 'Game in Life Contest' in 2020 to expand a sound game culture. Game in Life is a contest that gives awards for the stories of users who have experienced positive changes through games, and is a specially planned project to find and share various values imparted by games through actual experiences of users.

A total of 37 stories were selected for awards, and prizes were given to best practices in each category to increase the public's interest in game culture and contribute to the spread of a sound game culture through an exhibition of awarded work.

The awards ceremony was held online in consideration of the safety of winners during COVID-19, and the on-line broadcast was also held safely in compliance with social distance requirements in accordance with COVID-19 guidelines.

Received achievement award from Korea Culture and Arts Awards for the Disabled

In Oct. 2020, Netmarble Cultural Foundation received an achievement award at the "15th Korea Culture and Arts Awards for the Disabled," a first for a company in the game industry. The Korea Culture and Arts Awards for the Disabled presents achievement awards to companies who have contributed substantially to the development of culture for the disabled for more than 5 years, and we received the award in recognition of our efforts related to the disabled, such as the publication of "Put-Arms-Around Library" and the provision of various programs and facilities that enable students with disabilities to communicate with the world. This award has given an occasion for the Cultural Foundation to take pride in the significance of the various cultural activities it has performed for the disabled since its foundation, and we will continue to expand our work in this area.

Major achievements in 2020

Netmarble has paved the way for keeping sincerity and continuity of social contribution with different social activities from the way we did even though COVID-19. In 2020, the Netmarble Cultural Foundation conducted 492 social contribution activities to solve social problems in local communities and to create various cultural values based on games. As a result, the number of beneficiary in 2020 was 24,668, an increase of about 4,300 compared to 2019.

In addition, together with Coway we were the first company in the game industry to donate KRW 1 billion to Korea Disaster Relief Association for flood victims in 2020. The donation was used for disaster relief articles and recovery of the flood damaged area, to aid flood victims in returning to their normal lives.

Although there were many restrictions and difficulties in promoting social contribution activities due to the COVID-19 situation, we will expand non-face-to-face social contribution activities despite of global pandemic for making the world a better place.

Social Contribution
Activities



492 Times

Donation to Korea Disaster
Relief Association



KRW 1 billion

ESG MANAGEMENT

ESG management of Netmarble is defined as management activity based on stakeholders, who establish a long-term coexistence relationship, involving pre- and post- responsibility in environmental / social aspects requested by major stakeholders for the improvement of the mid-to-long term value of the company. Netmarble is working to build trust and improve the value for stakeholders through efforts to create ESG value, working from the perspective of various stakeholders such as investors, environment, local community, customers, employees, partner companies, etc.



ESG
MANAGEMENT

1

Corporate
Governance

- Corporate Governance
- Risk Management
- Ethical Management and Compliance Management
- Transparent Communication and Public Announcements



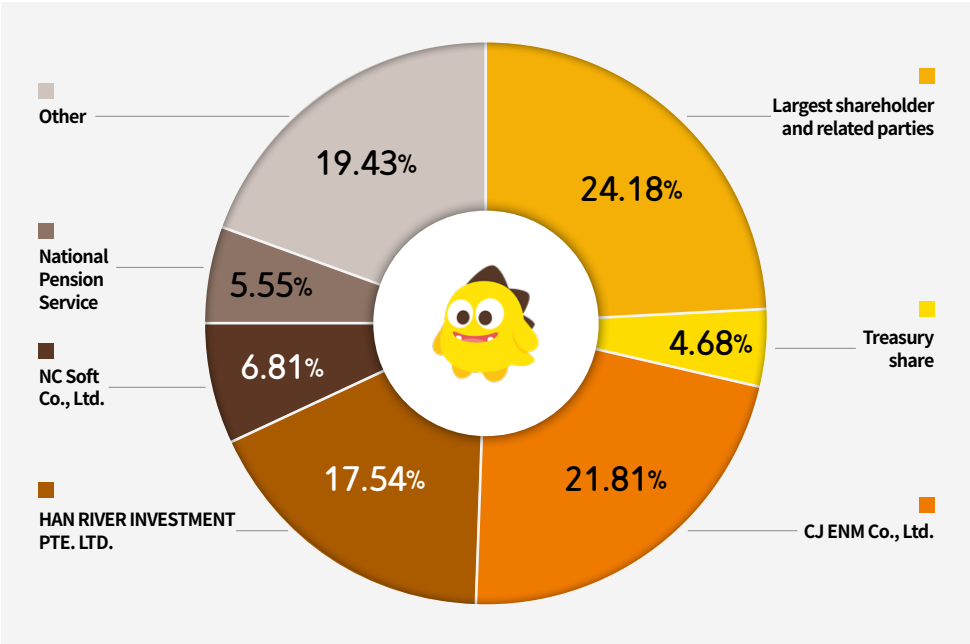
Ni No Kuni: Cross Worlds

Corporate Governance

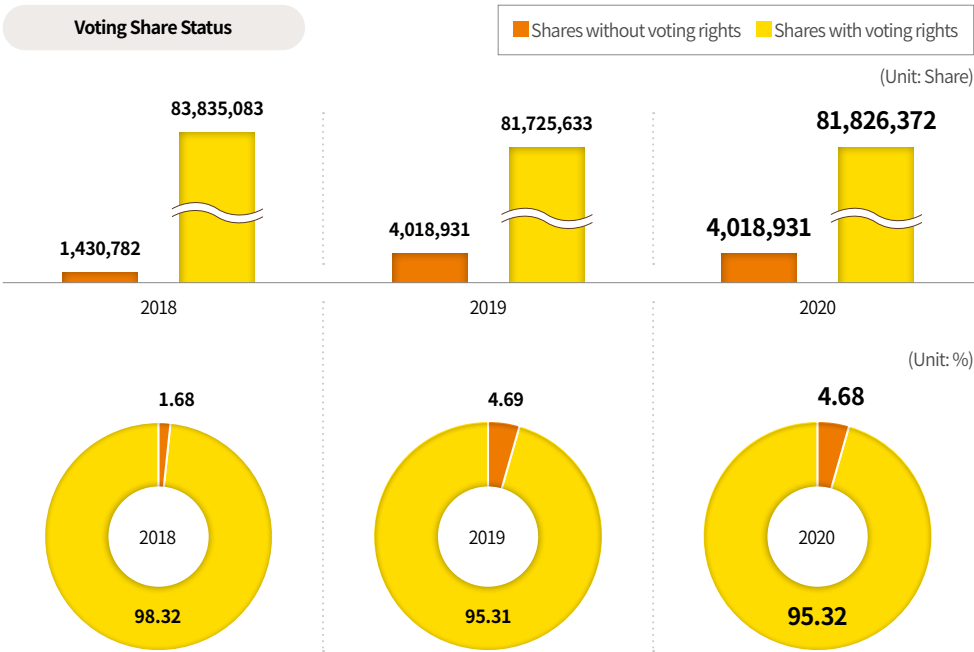
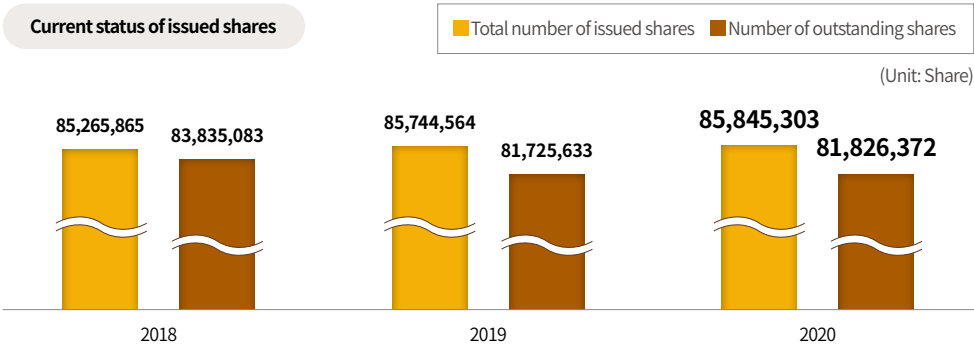
Shareholders & Capital Structure

In accordance with its Articles of Incorporation, Netmarble may issue a total of 200,000,000 shares (face value per share: KRW 100), and guarantees fair voting rights for all shareholders by granting one vote per one share as specified in Article 23 of the Articles of Incorporation. As of the end of 2020, the total number of issued Netmarble shares was 85,845,303, and the number of shares outstanding once the 4,018,931 treasury shares are excluded was 81,826,372.

Shareholder Composition



Current status of Shares and Voting Rights

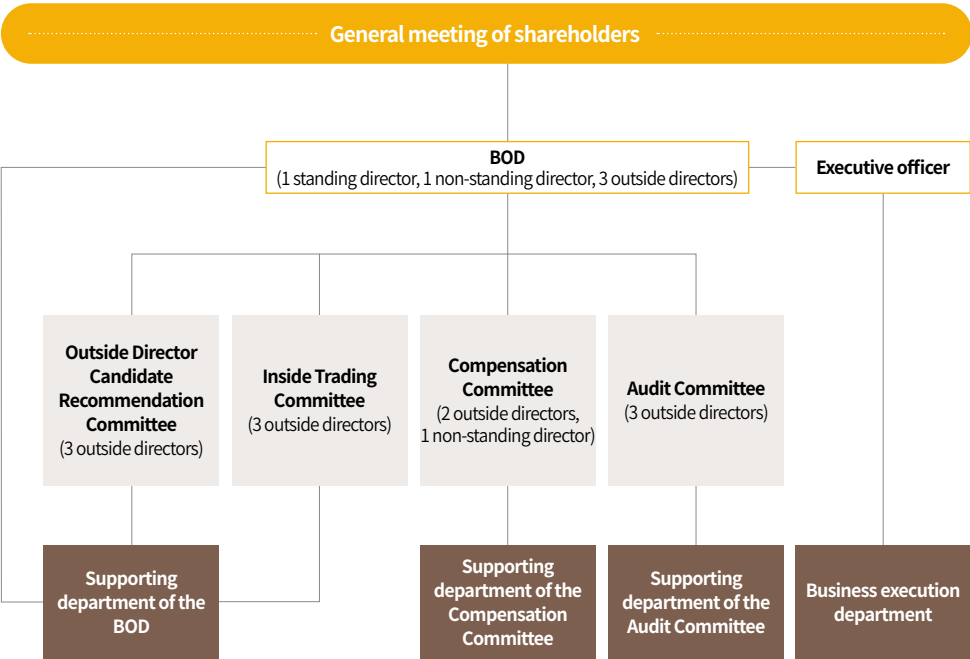


Board of Directors

BOD Composition

Netmarble constitutes and operates the BOD with five directors (one standing director, one non-standing director, and three outside directors) with independence, expertise, and variety in accordance with the Articles of Incorporation to establish transparent and sound governance.

Organization Chart of Netmarble



BOD Composition and Information on each Executive

Standing director (Chairman of BOD)	Jun-Hyuk Bang	Gender	Male	<ul style="list-style-type: none">• Current) Chairman of the BOD of Netmarble• Current) Chairman of the BOD of Coway• Current) Chairman of the BOD of Netmarble Cultural Foundation• Overall executive advisor in the game business division, CJ E&M• CEO in charge of CJ Internet Business Strategy• CEO in charge of Planus Entertainment Business Strategy• Representative director of Netmarble
		Term of office	2014.08~2023.03	
		Area of expertise	Corporate management	
Other non-standing director	Yanli Piao	Gender	Female	<ul style="list-style-type: none">• Current) Tencent Games Vice President• Representative director of Tencent Korea / Tencent Japan
		Term of office	2014.08~2023.03	
		Area of expertise	Business consultation	
Outside directors	Dong Ho Park	Gender	Male	<ul style="list-style-type: none">• Current) Professor, Dankook University• Current) Representative director of Seocho Cultural Foundation• President, ChungKang College of Cultural Industries• President, Sejong Center for the Performing Arts
		Term of office	2016.10~2022.03	
		Area of expertise	Business consultation	
	Tae Won Hur	Gender	Male	<ul style="list-style-type: none">• Current) Representative Partner, Ayin• Representative Partner, Yuljung• Lawyer, Kim & Chang• Prosecutor, Seoul District Prosecutor's Office
		Term of office	2016.10~2022.03	
		Area of expertise	Law (Lawyer)	
	Jong Hwa Lee	Gender	Male	<ul style="list-style-type: none">• Current) Vice president, CJ Finance & Economic team• New Business, CJ Management Strategy• Standing director in CJ treasury team
		Term of office	2016.10~2022.03	
		Area of expertise	Finance	

Independence of the BOD

The BOD of Netmarble is made up of five directors, including three outside directors to secure the independence of the BOD, in order to ensure it can function independently from the management. In Oct. 2016, we established a system of proper checks and balances between the management and the BOD to strengthen the corporate management system by adopting a Chief Executive Officer system to fundamentally separate the function of the BOD and the executive officers. As a result, the supervision function of the BOD has been reinforced to secure its independence and the transparency of its supervision work, and the responsible management of the company has been strengthened through reinforcing responsibility on the execution of work.

Process of Appointing Outside Director

An outside director is appointed through the general meeting of shareholders, and a candidate for director shall be selected based on the recommendation of the outside director candidate recommendation committee in accordance with Article 542-8 of the Commercial Act. Following a thorough review process, the outside director candidate recommendation committee recommends a candidate who satisfies the qualifications required by related legislations and the Articles of Incorporation, has no material interests with the company, and may perform the duty to supervise the company management from a position that is independent from the management.

Currently, Netmarble has appointed three outside directors among its five directors, in compliance with the regulation in Article 542-8 of the Commercial Act that outside directors shall form a majority of BOD members.

Diversity of the BOD

To enable the BOD fulfill its role and duties, Netmarble has selected directors with diverse backgrounds and outstanding expertise and experience in relation with the business area of our company, in areas such as entertainment, cultural contents, etc. as well as in corporate management, finance, and law. Furthermore, we appointed another non-standing female director with Chinese nationality to secure diversity of nationality and gender within the BOD. The diversity and expertise within the BOD allow them to respond flexibly to changes in the management environment, and to supervise the management with responsibility.

Going forward, Netmarble plans to constitute the BOD without discrimination based on gender, age, nationality, disability, education level, religion, race, etc. to reinforce the diversity.

Expertise of the BOD

Netmarble has formed a BOD with diverse expertise and a deep understanding of games. An expert in the entertainment industry and the vice president of Tencent, Yanli Piao serves as a non-standing director to improve the global business capability of our company, and experts in management consultation, law, finance, etc. have been appointed as outside directors to improve the management capability.

Going forward, Netmarble plans to constitute and operate the BOD with experts in various fields in order to improve the management and business capability.

Efforts for the Improvement of the BOD’s Expertise

Netmarble provides sufficient information to enable its outside directors to perform their duties, and supports them in improving their understanding of the company’s management. In order to allow outside directors make the best decisions, a dedicated organization sends the convocation notice to each director five business days in advance of the meeting in accordance with the operation regulations of the BOD and each committee, and an explanation with a detailed description of the agenda is provided in advance. Any necessary information and materials requested for proper work performance are provided at any time.

An outside director may obtain consultation or support from outside experts such as employees, outside auditors, consultants related to the legal advisor, etc., and the aforementioned assistance of experts will be determined through the deliberation of the BOD.

Going forward, Netmarble plans to reinforce the expertise of the BOD by providing an education program for new directors and outside directors.

Operation of the BOD

The BOD is the company’s highest decision-making system, and performs the function of management decision-making and management supervision through discussing matters requiring the decision of the BOD based on their scale, in addition to matters requiring a vote of the BOD under related legislation. The BOD also enacts and amends important company regulations to consolidate the company’s operation system, such as operation regulations of the BOD and committees within the BOD, Code of Conduct, executive rules, internal audit regulations, funds management regulations, regulations on the operation of stock options, etc.

Netmarble holds the BOD regularly once per quarter based on the BOD regulation, and if necessary, special meetings of the BOD can be held at any time. Prior to the deliberation of the agenda, we provide an explanation with detailed descriptions of the agenda items five business days prior to the convocation date of the BOD and committees within the BOD to ensure members of the BOD can perform sufficient review of the agenda items. Further, we set a higher standard for deliberation / resolution conditions of the BOD than is obligatory in order to ensure careful and reasonable decision making. The resolutions are divided into general resolutions and special resolutions, and in consideration of related legislations and the importance of the agenda, we set the condition for special resolutions as an affirmative of 70% or 85% with 2/3 or more of directors attending the meeting.

There were 7 BOD meetings held in 2020, and we discussed a total of 25 agenda items (18 resolved and 7 under reporting) such as the appointment of executive officers, approval of transaction between directors and the company, etc. The participation ratio of directors was 100%.

BOD Operation Status

Category		Unit	2018	2019	2020
Number of BOD meetings	Number of sessions	Times	11	9	7
Number of agendas	Resolved agenda	Cases	37	23	18
	Agendas under reporting	Cases	9	9	7
Attendance ratio	All	%	92.7	95.6	100
	Outside directors		97	100	100

Sub-committees of the BOD

Netmarble has established four sub-committees, including the outside director candidate recommendation committee, the inside trading committee, the compensation committee*, and the audit committee, and complies with matters regarding the organization, operation, authority, etc. as specified in the Articles of Incorporation and operation regulations of the BOD and each committee, to ensure the efficient operation of each committee. The outcome of matters delegated to each committee shall be reported to the BOD, and if deemed necessary, a director may request the convocation of the BOD to the chairman of the BOD to discuss the resolution of the committee again. However, in order to guarantee the audit committee’s independence, matters resolved by the audit committee shall be excluded from subjects regarding which a re-resolution may be requested.

* established in Feb 2021

Outside Director Candidate Recommendation Committee

1

The outside director candidate recommendation committee is formed of three outside directors to guarantee its independence. This committee reviews and recommends the candidate to be appointed at the general meeting of shareholders through verifying the capability, etc. of the outside director candidates in accordance with the qualifications specified in related legislations. It also comprehensively reviews the fidelity and initiative taken in the performance of duties as well as the expertise of outside directors, ratio of participation in the BOD and committees, etc. to exercise its recommendation of an appropriate candidate upon the appointment / re-appointment of outside directors.

Inside Trading Committee

2

The Inside Trading Committee establishes a fair trade compliance system among persons with a special relationship to the company, including Netmarble and affiliates, to secure management transparency by deliberating on and reviewing the transparency of internal trades among persons with a special relationship based on the requirements set by the Monopoly Regulation and Fair Trade Act and the Enforcement Decree of the Same Act. In accordance with the law and to guarantee the independence of the committee, all members of the inside trading committee are outside directors.

3 Compensation Committee

The Compensation Committee was established in Feb. 2021 through a resolution of the BOD to secure the appropriateness and improve the transparency of the compensation determined for the management. This committee reviews and deliberates on the basic salary of the chairman of the BOD, arrangement of incentives and financial source of executive incentives, new enactment and modification of the executive compensation related system, etc., and is formed of two outside directors and one non-standing director.

4 Audit Committee

All members of the audit committee are outside directors with independence and expertise, and the fundamental attitude, duty and authority, etc. of the audit committee is stipulated in the operation regulations of the audit committee. We secure the independence and expertise of the audit committee by measures such as the preliminary establishment of an education plan/ guidance, etc. and provision of necessary education for the performance of the audit committee's duties.

Evaluation of the BOD's Achievements

The outside director candidate recommendation committee comprehensively reviews the outside directors' expertise, fidelity and initiative taken in performance of duties, ratio of participation in the BOD and committees, etc. as well as the qualifications as per the Commercial Act to recommend appropriate candidates for appointment / re-appointment.

The audit committee autonomously evaluates matters regarding its own independence and activity every year starting 2019 based on the contents specified in the Audit Committee Standards (Article 3, Chapter 3) enacted by Korea Corporate Governance Service (KCGS). Based on the "Audit Committee Evaluation Items" in the standards, the evaluation proceeds with the overall activity of the audit committee in accordance with four internally established evaluation standards including ① structure and operation, ② internal / external audit supervision and communication, ③ supervision of financial reporting / internal control, and ④ supervision on the compliance with internal policy and reporting to the BOD, and its eleven evaluation items. In the evaluation results for 2019 and 2020, all eleven evaluation items were rated "appropriate," and the results of the self-evaluation of the audit committee will be used for the re-appointment and compensation of the audit committee members and the establishment of the audit committee activity plan for the next year.

Composition of Committees within the BOD

		● Committee president ○ Member			
Committee	Major role of committee	Yanli Piao	Dong Ho Park	Tae Won Hur	Jong Hwa Lee
Outside Director Candidate Recommendation Committee	Verify the capability, etc. of candidates for outside directors and recommend candidates to the general meeting of shareholders		●	○	○
Inside Trading Committee	Review of transparency and approval of internal trades among persons with a special relationship with the company		○	○	●
Compensation Committee	Improvement of transparency of compensation for the management and secure appropriateness	○	●	○	
Audit Committee	Supervision of the work of director and the management and the audit regarding the overall matters of company business, including financial status		○	●	○

Compensation Policy for the BOD

In 2021, we established the compensation committee within the BOD to secure the transparency and appropriateness of the compensation for the management, and furnished the related regulations for independent operation of the committee without intervention from the company. Netmarble approves the limitation of remuneration through the general meeting of shareholders each year, and the compensation committee determines the management's remuneration in consideration of the achievement, etc. of directors and auditors within the scope of relevant remuneration limitations.

The remuneration of executives including the top management consists of basic salary and incentives in accordance with the executive regulation, and is set following a comprehensive assessment of the internal / external environment such as the level of contribution made by each management member, level of achieving objectives, and the financial achievement of the company.

For outside directors, a separate remuneration procedure is not implemented to guarantee independent work performance such as free and critical expression of opinion, etc. However, the same level of remuneration in the same industry is paid to secure appropriateness in consideration of the legal responsibility of the outside directors and the scale of company, etc.

Audit Organization

Installation and Operation Policy of the Audit Committee

The audit committee of Netmarble is established in accordance with Articles 415-2 and 542-11 of the Commercial Act, Article 40-2 and Article 41 of the Articles of Incorporation, and Article 11 of the Operation Regulation of the BOD, and all three members are outside directors in accordance with the legislation, Articles of Incorporation, and Operation Regulations of the audit committee. The audit committee maintains its objectivity through having a position that is independent from the BOD and management, and is constituted of experts in law, management, finance, and accounting with more than 10 years of experience in listed companies, to secure the expertise required to ensure that the company’s business is being performed legitimately and reasonably.

The audit committee of Netmarble recognizes that it monitors the management as a delegated party of the company, and has the objective of supporting the sound management of the company, protecting shareholders’ rights and benefits, and maintaining and improving the social reliability of the company. Furthermore, it audits the accounting and business of the company in accordance with Article 6 of the Operation Regulation of the Audit Committee, and supervises the execution of its duty regarding matters delegated by the BOD for directors and management to make a reasonable management decision.

Conclusion Status of External Audit Service

The Netmarble audit committee conducts comprehensive evaluations in accordance with Article 37 of the audit committee operational regulations in order to independence and expertise when Netmarble assigns external auditors. The evaluations include previous audit and non-audit works, understanding of Netmarble, audit strategies, audit quality management plans, supervision and litigation histories related accounting audits, number of auditors and their expertise.

The Netmarble audit committee has evaluated the audit activities of external auditors every year, and the results have been reflected selection of external auditors and establishment of audit plans. Deloitte Anjin was selected as an external auditor for the last three business years (2018~2020), and all audit opinions were ‘Unqualified’, with no other special notes. In 2020, the Netmarble Audit Committee re-selected external auditors for three business years (from 2021 to 2023) as Deloitte Anjin in accordance with Article 10 of the Act on External Audit of Corporations.

External Audit Opinion

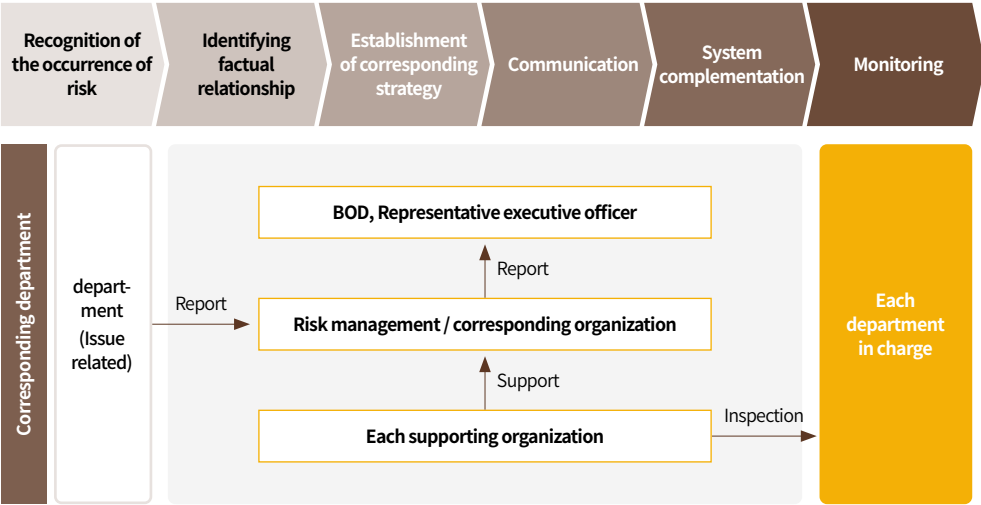
	2018	2019	2020
	▼	▼	▼
Auditor	Deloitte Anjin	Deloitte Anjin	Deloitte Anjin
Contents of audit	<ul style="list-style-type: none">• Quarterly / semi-annual review of separate and consolidated financial statements,• Audit of separate and consolidated financial statements,• Review of the internal financial reporting system	<ul style="list-style-type: none">• Quarterly / semi-annual review of separate and consolidated financial statements,• Audit of separate and consolidated financial statements,• Audit of internal accounting control system	<ul style="list-style-type: none">• Quarterly / semi-annual review of separate and consolidated financial statements,• Audit of separate and consolidated financial statements,• Audit of internal accounting control system
Audit opinion	Unqualified opinion	Unqualified opinion	Unqualified opinion

Selection of Major Risks and Management Processes

Netmarble analyzes all risks identified over the past five years and internally categorizes the possible risk in each work area based on such analysis to manage various risks that may occur during the management activity. The possible risk in each work area is defined based on whether it “occurs internally” or is “from the outside,” and management instructions and control procedure for each type are established to manage the risk systematically.

We try to establish fundamental principles corresponding to the risk, and to draw the corresponding strategy for each type to have an opportunity to convert the risk into an opportunity and establish a new relationship based on trust. The strategy for each type is designed as a systematic response measure by our company, based on the issues that occurred or have been witnessed by Netmarble and the corresponding process / result. The relevant risk is managed by a working group of related departments and executives in charge for each type in accordance with the manual. Currently, we identify potential risks and inspect the risk of each type for every quarter in all areas, including finance, HR, funds, business, regulation, promotion, etc., and the final evaluation is carried out by the internal accounting manager and the CEO.

Risk Management Process



Climate Change Risk

Identification, Evaluation, and Management Process for Risks Related to the Climate

Regulations on the reduction of greenhouse gas have been reinforced, and the demand on companies to fulfill their environmental responsibilities is expected to gain momentum with the Korea government’s declaration of Net-Zero by 2050. Netmarble is not currently a company with high energy consumption, but we have established and managed our energy consumption as a core environmental factor. In particular, it is expected that the power consumption will increase with the increase in data use due to the development of technology, so we are investing actively in infrastructures and systems for the management of building energy.

To minimize the risks associated with climate change, Netmarble has made various efforts to reduce its energy consumption. These climate risk management activities will be monitored and reviewed actively by the ESG committee within the BOD, and the company has planned to communicate continuously with various stakeholders including shareholders based on accurate data.

Climate Change Response Objectives and Plan

Most of the greenhouse gas emitted by Netmarble is through energy consumption within the building. Consequently, Netmarble introduced BEMS to manage energy consumption when we moved to our new office building in Mar. 2021. The year of moving in has been established as the first year of energy consumption measurement, and we have measures in place for reducing energy consumption, improving our renewable energy use ratio, and increasing operation efficiency within the building by using various indexes managed by BEMS. However, the energy consumption is expected to be lower than was expected initially due to the high telecommuting ratio under COVID-19 in 2021, so the greenhouse gas baseline, objectives, and reduction plan will be reviewed after the stabilization of the COVID-19 situation.

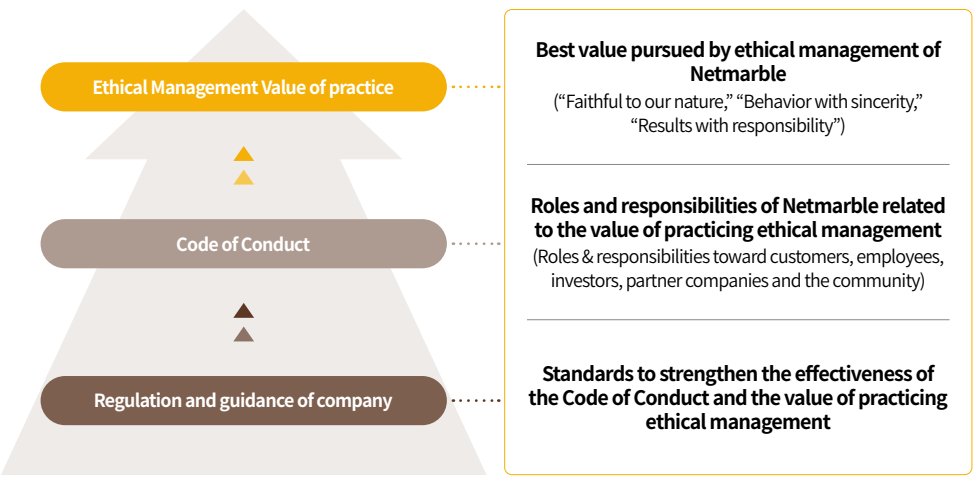
Ethical Management and Compliance Management

Ethical Management

Principles of Ethical Management

Netmarble enacted the Netmarble Code of Conduct in 2019 and practices transparent and sound management activity. The Netmarble Code of Conduct suggests judgment standards for employees of Netmarble to make decisions related to the work in a wide range of situations and environments, and has been enacted to assist in harmonizing various international standards and reducing the possibility of violations of the law. The Code of Conduct of Netmarble consists of six chapters covering each related stakeholder: △ Our mission, △ Our promise, △ Protecting corporate values, △ Practicing fairness and mutual prosperity, △ Our goal, and △ Our approach to ethics. It is provided in Korean, English, Chinese (simplified, traditional), Indonesian, Japanese, Thai language, and Turkish through the Netmarble homepage.

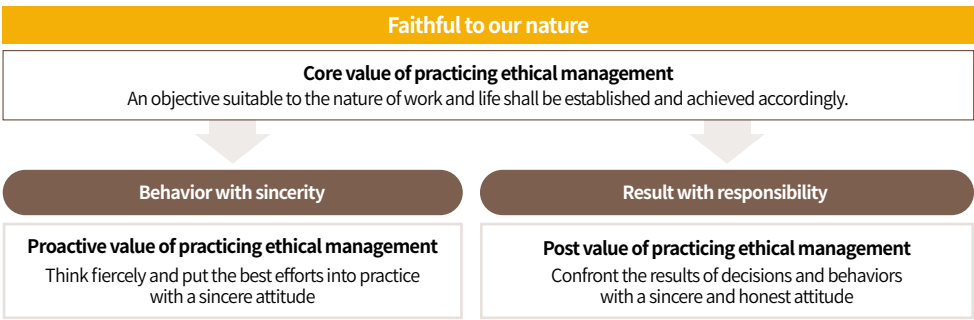
Netmarble Ethical Management System



This Code of Conduct applies to all employees (permanent, contract, dispatched, internship employees of the head office and subsidiaries), including Netmarble affiliates. Partner companies are encouraged to understand the purpose of the Code of Conduct and ensure compliance. If a partner company disturbs or damages the values or compliance with the Code of Conduct, it shall be requested to make correction or the business relationship will be terminated.

Value of Practicing Ethical Management

The value of practicing ethical management is the highest standard of ethical management, and suggests the direction for realizing ethical management that is essential to the survival and growth of Netmarble.



Ethical Management Operation System

Netmarble operates an audit committee and audit department for the efficient operation of ethical management. The audit committee engages in management and reporting / special audit activity related to ethical management through the audit department, receives the audit results and audit plan on a regular basis, and expresses its opinion thereon. Furthermore, it implements awareness improvement activities such as ethical management training for employees and measures for reinforcing a culture of ethics, etc. through the audit department.

The audit department is an independent organization under the audit committee. It manages the overall audit work including the establishment, implementation, reporting, etc. of the internal audit plan. To ensure the reliable performance of audit work, the qualifications of audit personnel are specified in Article 21 of the Operation Regulations of the Audit Committee. The audit department include experts in related fields such as management, accounting, and law.

Internal and External Consultation / Reporting System for Ethical Management

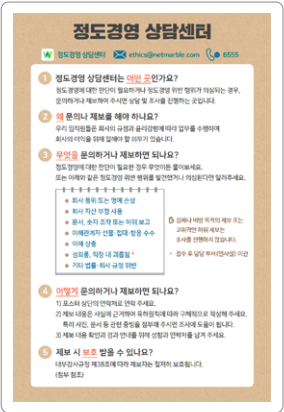
Employees of Netmarble may inquire and seek consultation on violations of the Code of Conduct and ethical management through the Ethical Management Counseling Center operated by the audit department, and may also inquire and consult on legitimacy through the judicial affairs management system, mail, messenger, and hotline operated by the Judicial Affairs Office.

To enable employees avail convenient consultation, related departments such as the audit department, Judicial Affairs Office, etc. have established a mutual collaboration system. If an employee makes an inquiry via any channel and additional discussion between related departments is required, we try to enable a one-stop reply through a wide ranging review based on internal collaboration. Details of investigations on reports received by the Netmarble audit department through the Ethical Management Counseling Center are reported to the management and audit committee on a regular basis.

In Aug. 2021, we implemented the Ethical Management Awareness Survey including questions regarding the level of ethical management implemented by employees and the company, and the results of the survey were reported to the management and audit committee.

Ethical Management Counseling Center

We have placed a shortcut banner linking to the Ethical Management Counseling Center on the main screen of the in-house business portal to increase its accessibility to employees, and provide counseling through email, messenger, and a telephone hotline. The audit department is in the process of reorganizing the system during 2021 to improve the accessibility of the Counseling Center and enable counseling via the homepage.

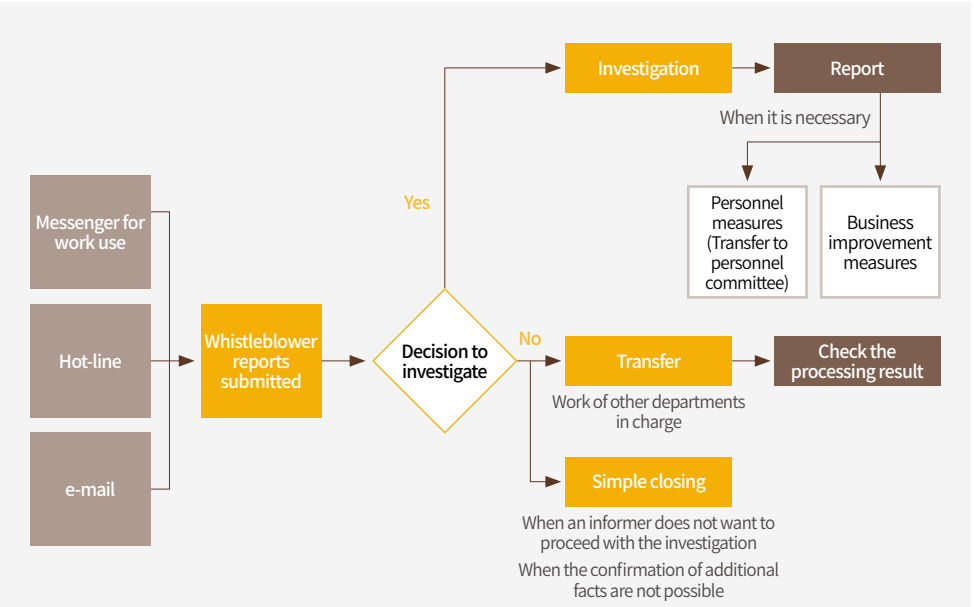


Netmarble Ethical Management Counseling Center

Reporter Protection System

Netmarble has adopted measures to protect persons reporting violations of the Code of Conduct or employees who participate in the investigations on violations. There is a regulation regarding prohibition of retaliation and protection of internal reporters in Article 38 of the internal audit regulation, and we actively protect internal reporters through “maintaining confidentiality of the contents and facts of the reported information and identity of the internal reporter (including collaborator),” “prohibiting detection of internal reporters or attempts to impose disadvantages,” “rights to suggest disciplinary action by head of the internal audit department on persons who violate the confidentiality obligations or attempt to detect internal reporters, or persons who attempt to impose disadvantages,” etc.

Procedure for Ethical Management Reporting and Processing



Netmarble Ethical Management Counseling Center

Mail | (08393) Ethics Compliance Team, 38, Digital-ro 26-gil, Guro-gu, Seoul
Email | ethics@netmarble.com



Ethical Information Measures

In the past three years, a total of 24 ethical reports (9 in 2018, 6 in 2019, and 9 in 2020) were made through the Ethical Management Counseling Center, and all of them were processed according to internal regulation. All information received, including a case that was not confirmed as a violation of regulations and a case that was closed with simple warning, are listed as a subject of reported information and managed with their details.

The reports received are managed by category including information leakage, negligence of duty, injury to the dignity of the company, harassment at the workplace, discriminatory treatment (gender, place of origin, etc.), sexual harassment, etc. Since July 2019, information related to harassment at the workplace, discriminatory treatment, and sexual harassment is being processed by the HR department after the reporter is informed.

Anti-corruption Policy

In relation with entertainment expenses, when they are found to be in violation of legitimate standards upon entering the expenses in the internal ERP system, a system that prints out a warning message and disables the entry process has been established to prevent unfair solicitation at the fundamental level. Furthermore, we specified an obligation to check whether partner companies are ensuring ethical management in chapter 4 of the Code of Conduct, to ensure ethical management in our supply network.

Practicing Fairness and Mutual Prosperity in Chapter 4 of the Code of Conduct



If our partners make illegal or unethical decisions or actions, it disadvantages us. Therefore, we must examine potential partners to ensure they follow laws and ethics before deciding to work with them. Even after a partnership has been established, we must pay continuous attention to whether our partners are conducting themselves legally and ethically.

Compliance Management

Compliance Management System

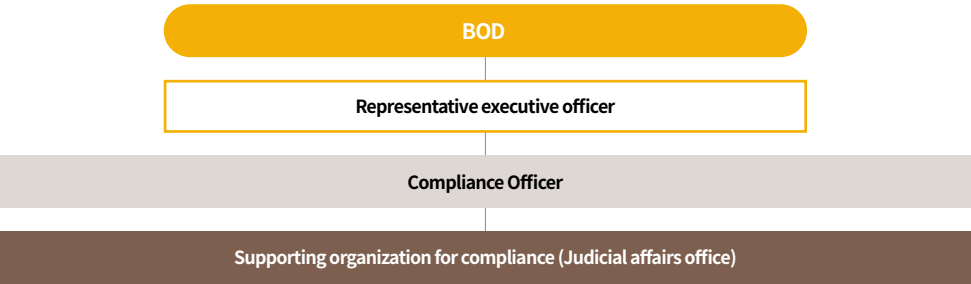
Netmarble has established compliance control standards to prescribe the necessary matters for compliance officers, compliance control activity, etc. in order to pursue fair and transparent work performance and to secure customers' trust and the sound growth of the company in compliance with the law. The compliance control standards include the appointment, rights and obligations, and specific compliance control activities of the compliance officer and matters regarding processing, etc. of complaints in the event of violations. The compliance officer performs compliance control activities based on this regulation, such as checking compliance with the law and compliance control standards, status of major contracts, matters requiring improvement, status of compliance with the e-Commerce Act, etc.

Compliance Management Promotion Organization

To secure the independence of the compliance officer and the efficiency of compliance control work, Netmarble operates a compliance management promotion organization, with precise design of the roles and responsibilities of related employees. The BOD determines the compliance control standards and the associated material matters, and the CEO maintains the compliance control standards in reflection of the decisions of the BOD and supervises the effective operation of compliance control.

A compliance officer practically runs the compliance control work including inspection and reporting of compliance with compliance control standards, and has a judicial affairs office as the support organization. Netmarble has increased the ratio of qualified lawyers among the judicial affairs office personnel to secure the expertise of the compliance support organization.

Compliance Management Promotion Organization Chart



Compliance Risk Management

Netmarble’s compliance support organization had managed compliance risk through scheduled monitoring of large scale internal transactions among affiliates, etc. before we were listed as a business group subject to disclosure. (May 1, 2018) In the process, an external law office was appointed, and we consulted them about conducting a cross-examination to reinforce the objectivity, fairness, and expertise. By cooperation with the external law office, we reflected changes in related legislation to modify our purchase review process, standards of service and money transactions among affiliates. For example, the guidelines for publishing agreements with non-affiliate game software development were established to prevent unfair transaction.

Furthermore, in providing a global service, it is a guiding principle that Netmarble will always provide its service in compliance with the laws of the countries in which it operates. In providing our game services, when deliberation, registration or report, etc. of the government authority or the notification, etc. subject to the user is required, the service is provided in compliance with such requirements.

When an institution makes a request for modification or removal of contents based on the laws of the service area, we take the required measures (modification, deletion, etc. of contents) through sufficient discussion with the relevant institution to minimize inconvenience to service users.

Violation of Compliance

Netmarble had received disciplinary action related to the Fair Trade Commission and the Information and Communications Network Act, and we transparently announced the details in our business report, such as the person, subject to disciplinary actions, measures to prevent re-occurrence. Further, we provide accurate information to our customers through preliminary review, etc. upon the announcement of the probability of item acquisition within the game and the progress of events, and also have implemented scheduled education for employees on relevant legislation.

Disciplinary Action in 2020

Upon the transmission of advertising information, Netmarble was supposed to obtain the preliminary consent of the recipients, but omitted some of the matters to be listed for the indication of consent, and received a penalty of KRW 7.2 million for violating Paragraph 1, Article 50 of the Act on Promotion of Information and Communications Network Utilization and Information Protection on Mar. 13, 2020. Netmarble fulfilled all obligations in accordance with each disposition, and we strengthened our management of the obligation to indicate the transmission of advertising information and our compliance with the consent procedure to prevent the re-occurrence of similar issues.

TAX

Tax Management Principles

Netmarble recognizes the importance of tax management, and considers the sincere performance of tax payer’s duty under tax law as an important element of ethical management. In the performance of all transactions, we strictly comply with the tax law of Korea and countries of concern as well as the tax conventions within each relevant country to prevent the occurrence of any tax-related issues, and actively comply with the tax policies of each relevant country and maintain transparent relationships with the taxation authorities of Korea and other countries.

Management of Tax Risk

To understand and to manage our tax risk in advance, we seek constant consultation from external tax experts. Moreover, for high priority tax issues, we proceed with business only after receiving an authoritative interpretation following a preliminary inquiry with the taxation authority. In addition, we adopt all measures to prevent the tax risk that may occur in various types of transactions, such as transactions of goods and services, transactions between companies (persons with a special relationship), investments, etc., review the tax risk during important decision-making processes and make a decision in consideration of the impact.

Improvement of Transparency of Tax





To prevent errors in the application of tax law and to protect our stakeholders, we receive a review by internal / external tax experts on major tax accounts, and comply with various reporting obligations in accordance with the tax law. We provided related material accurately through our business reports to improve our tax transparency.

Transparent Communication and Public Announcements

Transparent Public Announcements

Public Announcement Policy and System

Netmarble discloses its management related information transparently to provide accurate information to investors and stakeholders and to build trust. In addition to providing information through electronic public announcement systems such as DART, KIND, etc., we try to secure the rights of shareholders by disclosing the information on our homepage, including information on corporate management, shareholder composition and status, finance, and IR material. We have also included an English homepage to improve foreign shareholders' access to information, and submit public announcements in English from time to time through Korea Investor's Network for Disclosure System (KIND).

 Netmarble homepage http://company.netmarble.com	 Korea Investor's Network for Disclosure System homepage http://kind.krx.co.kr
 Inquiry related to IR 1588-5180 / ir@netmarble.com	 Data Analysis, Retrieval and Transfer System homepage http://dart.fss.or.kr



Netmarble
finance
information



Netmarble
IR Library



Netmarble
electronic
disclosure

Communication with Shareholders and Investors

Protection of Shareholders' Rights

Netmarble protects its shareholders' rights through active Investor Relations activities using various channels to respond to the major interests of shareholders and investors and to provide the necessary information in a transparent manner. In addition to public announcements of performance, we disclose information related to the management status transparently through various IR activities such as the implementation of NDR (Non-Deal Roadshow) for domestic / international investors, participation in conferences, contact / non-contact investor meetings, responses to inquiries from individual investors, etc.

Moreover, we provide a window for communication among shareholders, investors, and the company, including through the scheduled IR performance conference call in each quarter and sharing of achievements at the ordinary general meeting of shareholders, and operate a separate IR page within the homepage of Netmarble for easier access to the related information. Since 2020, we have been activating and expanding the non-contact meeting process, established in consideration of COVID-19, to guarantee the convenience of shareholders.

Netmarble always listens to the opinions of minority shareholders and strives to improve the value for minority shareholders by guaranteeing the right to request the convocation of a general meeting of shareholders and the shareholders' rights to make proposals (according to Article 542-6 of the Commercial Act, shareholders, who hold more than 1 percent of the total number of issued and outstanding shares excluding nonvoting shares, may make a proposal that certain matters shall be raised as agenda items for a general meeting of shareholders at least six weeks prior to the date set for the general meeting of shareholders), etc. Further, in order to maintain the principle of enhancing value for and returning corporate earnings to shareholders, we resolved a dividend policy regarding the dividends or purchase of treasury stock to the extent of 30% of net income of controlling shareholders in the BOD, and the related contents were announced on Feb. 6, 2018.

History of Purchase of Treasury Stocks and Cash Dividends

Category	Shareholder friendly activity	Detailed contents
2018	Purchase of treasury stocks	Scale of purchase of treasury stocks: KRW 159.9 billion
2019	Purchase of treasury stocks	Scale of purchase of treasury stocks: KRW 245.3 billion
2020	Cash dividends	Total dividend about KRW 62.8 billions
		Dividend payout ratio 20.1 % of controlling net profit



General meeting of shareholders

ESG
MANAGEMENT

2

For the Earth

- o Efforts to Minimize our Environmental Impacts



Seven Knights

Efforts to Minimize our Environmental Impacts

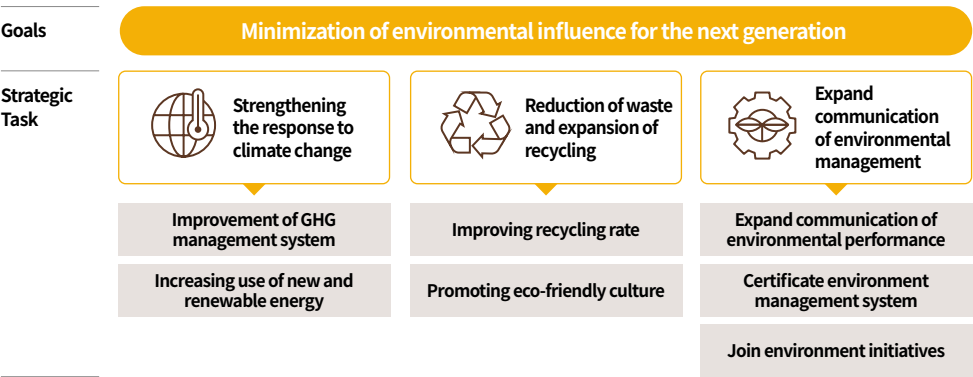
Environmental Management System

Environmental Management Strategy

Netmarble’s greenhouse gas emissions are expected to increase continuously owing to increases in game capacity, data usage in the 5G era, etc. This may act as a major risk to the sustainable management of Netmarble in the environmental area, so we established an environmental management strategy with the objective of “minimizing our environmental impact” in 2021 to promote the expansion of renewable energy for the reduction of greenhouse gas.

The environmental management strategy provides a plan to minimize our environmental impact, including our effect on climate change, through means such as reduction of energy consumption, expansion of renewable energy use, expanded use of eco-friendly products, and establishment of circular economies through the improvement of our recycling ratio, and we set the following three detailed strategic directions. We plan to: 1) strengthen our response to climate change through improving our energy efficiency and converting our power sources used, etc.; 2) increase our recycling ratio; and 3) expand the environmental value influence of Netmarble through active communication with outside stakeholders.

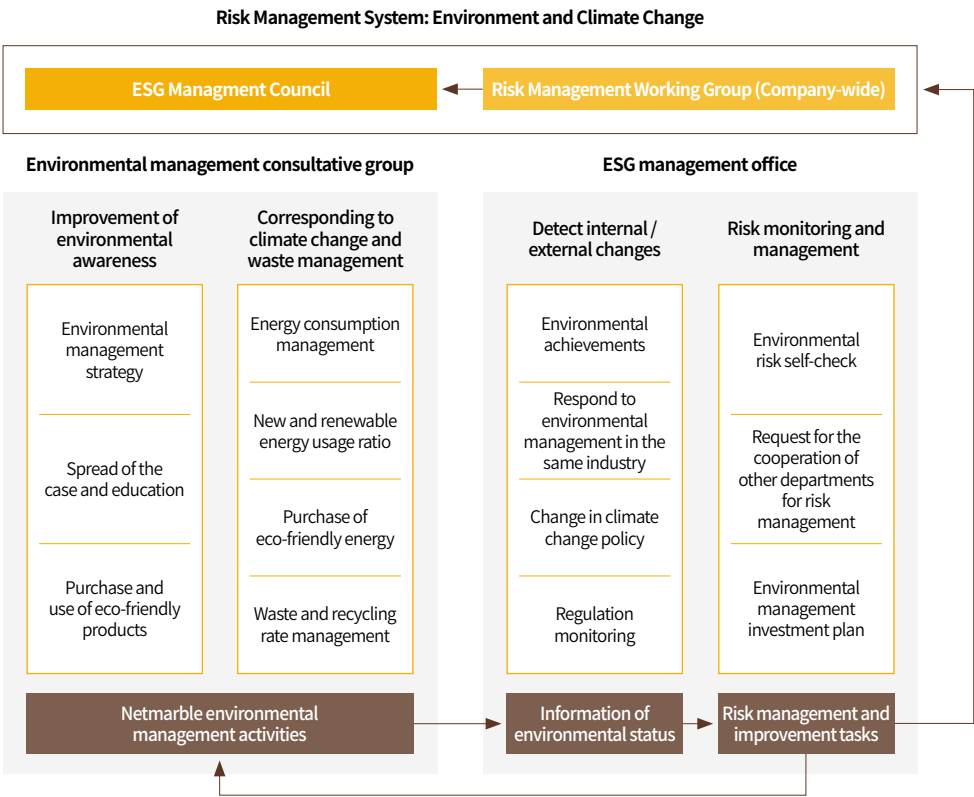
Environmental Management Strategy of Netmarble



Environmental Management Operation System

Netmarble established Tower TFT, an eco-friendly business performance organization for our new office building, and in 2021, we formed a new dedicated ESG management office to strengthen the planning and operation of environmental management. The ESG management office will be in charge of establishing environmental objectives at the beginning of each year, coming up with projects to strengthen management capability, developing environment facility investment plan, and organizing environmental education for employees, etc.

Environmental Management Operation System Chart



Efforts of Environmental Management

Eco-friendly Management Activity

Reducing Energy Consumption

Netmarble consumes electricity more than any other form of energy, so we carry out a range of activities to improve the efficiency of our electricity consumption. Currently, we control the lighting on each section using a centrally controlled lighting system, and set a fixed off-timer for twice a day (20:00, 24:00) to limit power use to necessary areas.

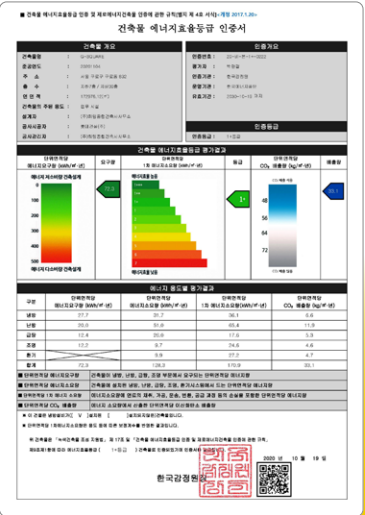
Going forward, we plan to promote practical energy saving and continuous improvement activities in building management using BEMS. In 2021, we are collecting energy data by using BEMS, and after a one-year period of data collection in consideration of the stabilization period for the new building, we plan to derive our energy baseline. Based on the data, we plan to expand various energy saving activities such as adjustment of the number of elevators operating at night, etc. to reduce our energy consumption.

Reduction of Water Use

Netmarble installed a wastewater reuse system and rainwater processing facility in the new office building to reduce the use of water and the generation of sewage. Currently, facilities that use water from the wastewater reuse system and processed rainwater include the business facility, sales facility, landscaping water, toilet, parking lot, etc., and we were able to reduce our usage of city water by 925,000L up to the end of 2021 by using the wastewater reuse system and rainwater processing facility. In addition to our water recycling activities, we use water saving products in our toilet bowls, washbasin, showers, etc. to save water.

Waste Reduction

General waste from the workplace is processed in accordance with its type through a consigned processing company, via recycling, incineration, and reclamation. In particular, we recognize the importance of improving employees' awareness regarding waste reduction, and implement various activities in this direction. We held a campaign with employees to emphasize the importance of recycling waste at the workplace, and eliminated disposable cups to induce the use of personal cups. Our in-house cafeteria also gives a discount to employees who use personal cups. We are planning to implement an ongoing environmental campaign and education related to the environment to improve the awareness of employees.



Building Energy Efficiency Rating Certification: G-Tower

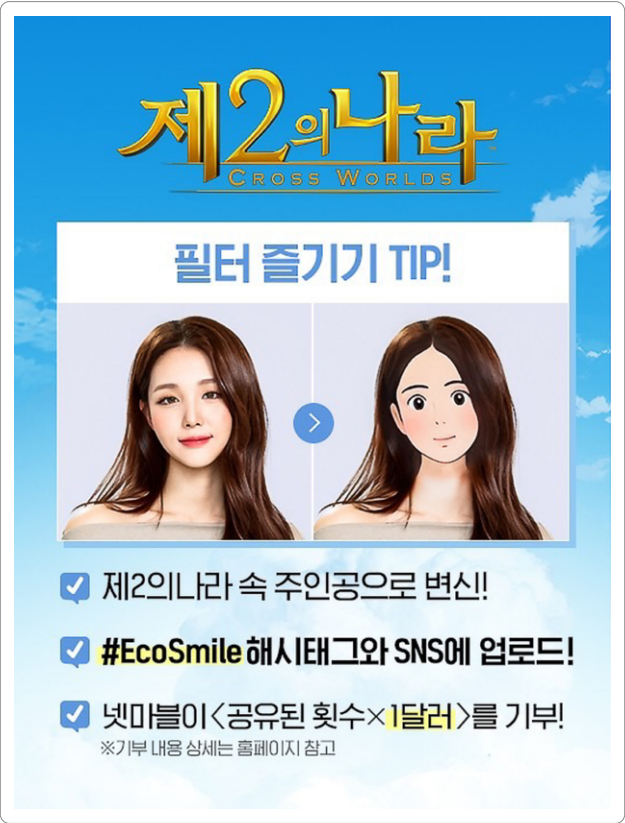
Green Building Certification: G-Tower

Status of Eco-friendly management Activity

Category	Current status
Photovoltaic	<div>1 Installation quantity: 681 panels</div> <div>2 Operation status: 24 hours, 365 days</div> <div>3 Monthly average: Production of 2,625 kWh (Jan.2021 ~ Aug.2021)</div>
Fuel cells	<div>1 Installation quantity: 30 units with 6kW capacity</div> <div>2 Operation status: 8 hours per day, 75% of operation efficiency</div> <div>3 Monthly average: Production of 639 kWh (Jan.2021 ~ Aug.2021) (Based on 3 months of normal operation: Production of 4,981 kWh)</div>
Geothermal heat	<div>1 Installation quantity: 13 units</div> <div>2 Operation status: Indoor temperature of 23~24°C</div> <div>3 Use of heat exchange energy conversion by using the temperature difference of underground water (geothermal heat) (Used as coolant for air-conditioning in summer and heating in winter)</div>
Insulation	<div>1 Construction status: Wall afforestation 310m², rooftop garden 3,680m², low-emissivity insulated glass</div> <div>2 Operation status: Insulation effect with wall afforestation and rooftop garden, Insulation film, etc. are included within the low-emissivity insulated glass Installation of roll blind and louver</div>
Air-conditioning facility	<div>1 Installed quantity: 1,267 units</div> <div>2 Operation status: Operation for indoor temperature of 23~24°C, and temperature and operation hours changed in accordance with the request of each company</div>
Lighting facility	<div>1 Business facility: Installation of high efficiency LED lighting</div> <div>2 Underground parking lot: Installation of high efficiency LED lighting possible for dimming</div>
Heat exchanger	<div>1 Operation status: Scheduled operation (operation of 30 minutes each hour)</div>
Elevator	<div>1 Elevator operation status: 24 hours</div> <div>2 Escalator operation status: Adjustment of operation hour on a daily basis</div>
Water circulation management	<div>1 Installation of rainwater tank: Used for toilet and landscaping water</div> <div>2 Use of wastewater reuse system: Used for toilet and cleaning water</div> <div>3 Reduction of residential water: Installation of water saving faucets / showers / toilet bowls, and electro-sensitive urinals</div>

Eco-friendly Campaign

On Apr. 2021, Netmarble held an environmental donation event, “Eco Smile” in Korea, Japan, Taiwan, Hong Kong, and Macau to celebrate Earth Day. In this event, when participants took a picture using a Ni no Kuni filter using “SNOW,” a camera application, and posted the picture to their social networks with the hashtag “#Ecosmile,” Netmarble donated to an international environmental organization in proportion to the number of posts. Going forward, Netmarble will consider environmental values in the planning of game marketing to improve the users’ awareness on the environment.



EcoSmile Event

ESG
MANAGEMENT

3

For Our
Communities

o Netmarble Cultural Foundation

Netmarble Cultural Foundation

Social Contribution Vision and Objectives

Social Contribution Vision

Netmarble has been striving to fulfill its social responsibilities, and with a view to deploying more sustainable and professional social contribution activities, we established the Netmarble Cultural Foundation in 2018. Netmarble Cultural Foundation, which has the objective of improving the future competitiveness of our society, pursues various social contribution activities to create diverse cultural values, nurture future talents with potential, and expand a sincere sharing culture.



The FI of the Netmarble Cultural Foundation presents a star of hope made of love, and is meant to suggest the possibility that our society can evolve to be better through the willingness of our corporation and its various stakeholders.

Social Contribution Objectives

Under the mission statement of “improving the future competitiveness of our society through sharing cultural values,” the Netmarble Cultural Foundation pursues sincere social contribution activities to fulfill its responsibility as a member of society with the following three objectives. We established the social contribution roadmap and the foundation through forming a foundation and business system, and plan to establish the identity of the Foundation through differentiated social contribution activity in 2020.



Creation of Culture

We pursue a range of activities that aim to create a game culture that can offer sound leisure for everyone to enjoy freely, regardless of physical / social characteristics.

e-Festival for Students with Disabilities

Game Communication Education

Game Play Centers

Game Concerts



Nurturing Talents

We find talents with the potential to lead the future culture industry and support them systematically by offering the opportunity for growth through building the related knowledge and experiences.

Game Academy

Tour programs

Netmarble Adaptive Rowing Team



Sharing the Mind

We show the influence and value of sharing and provide an opportunity for stakeholders such as game users, employees, etc. to participate easily, and strive to build understanding and consensus on our social contribution activity and spread a sharing culture for everyone's pleasure.

Netmarble Sharing

Put-Arms-Around Library



Creation of Culture



Opening Ceremony of Game Play Center

Game Play Center A Special Game Space, where Play Meets Education

To impart a sound game culture and provide a variety of leisure activity for students with disabilities, we have been establishing Game Play Centers in special schools and related institutions in Korea through private-public cooperation with the National Institute of Special Education since 2008. There are total of 34 Game Play Centers as of December 2020, with various devices such as PC, mobile, and VR equipment, as well as a systematic user manual to create a new education and leisure culture for students with disabilities.



Introduction Homepage of the
“Creation of Culture” Activity



Opening Ceremony of Game Play Center

Game Communication Education Communicating through Games to Bring Families Closer

Since 2016, we have pursued game communication education to teach students in elementary school and their parents about the characteristics of games and how to use them. We establish positive relationships and suggest the direction of a sound game culture within families to overcome differences of opinion regarding games among family members through the distribution of educational contents, school conferences for parents, case studies and surveys, etc.



Family Camp - game communication education

Our Family Camp, which we launched in 2018, is dedicated to game communication education, and is a program pursued to increase communication within families through in-depth consensus and understanding about games among all family members. It provides an opportunity to understand the fundamental principles of games and their characteristics, as well as to enjoy and communicate with each other while playing an off-line game as a family. The game communication education has been pursued as on-line non-contact education due to COVID-19 since 2020.

Family Camp - game communication education



Game Concert
An Open Forum for Game Industry
and Culture

Since 2017, Netmarble Cultural Foundation has invited game industry experts to its “Game Concert,” a debate-type lecture series on various topics based on the current status and future vision of the game industry and culture. It has been used as a venue for the exchange of diverse opinions based on a strengthened understanding of the game industry and culture, and is held with a different theme and topic each year.

Thus far, there have been diverse lectures, based on the themes of “game and science” in 2020 and “game and jobs” in 2019. Due to the COVID-19 situation, we converted to an on-line system to provide high quality lectures in a safe and convenient environment.

Poster of 2020 Game Concert



Netmarble Game Concert

Netmarble Game Concert



e-Festival for Students with Disabilities
Festival for Everyone to Unite
through Games

Netmarble Cultural Foundation has regularly held its “e-Festival for Students with Disabilities” since 2009. The e-Festival for Students with Disabilities is the only e-sports festival for students with disabilities, and is co-hosted by Netmarble Cultural Foundation, National Institute of Special Education, and Korea Creative Content and sponsored by the Ministry of Education and Ministry of Culture, Sports and Tourism. The e-Festival for Students with Disabilities contributes to encouraging the e-sport activities of students with disabilities and resolving the information gap, as an event that is shared among students with and without disabilities, teachers, and parents. The festival was canceled in 2020 for the safety of participants, but the festival will be held on-line in 2021.



e-Festival for Students with Disabilities

Nurturing Talents



Tour Program My Visit to the Game Industry

We invite middle / high school and university students to our company building to share our knowledge and experiences of working in the game industry. The Netmarble Cultural Foundation provides lectures by current employees, customized field work activities, and self-developed contents to understanding the game industry and its work. We plan to provide students more fun experiences with customized board game development.



Field trip for foreign students



Netmarble Adaptive Rowing Team



Netmarble Adaptive Rowing Team Overcoming Prejudice and Limitations

Netmarble Cultural Foundation started the Netmarble Adaptive Rowing Team in 2019, a first for a game company, to provide a stable employment environment and an opportunity for systematic training to athletes who have difficulty focusing on their training due to poor surrounding conditions. We support the promotion of adapted physical activity and long-term independence through the Team. The Netmarble Adaptive Rowing Team has participated in various domestic and international competitions, showing good achievements. Owing to the constraints imposed by COVID-19, a safe training system that incorporates telecommuting training has been provided since 2020.

Game Academy
Dream of the Future. Put it into the Game

The Game Academy has been operating since 2016 with the objective of nurturing future game talents. Based on their vision and game development capabilities, we select youth for a more than 8-month program to give them the opportunity to cultivate their responsibility and ethics as well as their knowledge and technological skills in the game domain. Participating students get first-hand experience of all stages of game development according to the systematic game development curriculum provided by their mentor, and execute a project of developing an actual game through collaboration among participating students. Some students who have completed training in the Game Academy have moved on to university majors related to game development or are working for game companies, and the Academy has contributed to the successful growth of students as game talents.











Direction of Netmarble Game Academy

Goal
Finding talent with potential ability and providing support to improve game development capabilities
Objective
1 Selection of future talent with outstanding game development capabilities
2 Support long-term education to experience the entire course of game development and to understand duties
3 Conduct education for game talent based on teamwork and ethical awareness
4 Opening of an exclusive studio optimized for game development and provide support for related resources for free
5 Support follow-up education for outstanding graduates and networking among existing graduates

Achievements of the Game Academy (2016 ~ 2020)

1 Number of students completing the program in 5 years 470

2 Games created by each team 130 games

Number of games			
Puzzle 25		Action 20	
Adventure 15		Rhythm 12	
Arcade 12		RPG 12	
Shooting 10		Simulation 6	
VR 4		Simulation 14	

3 Games released in Play Store 13 games



Game Academy Reunion day

Currently, all courses are provided on-line due to the spread of COVID-19. However, despite the non-contact on-line education under the social distancing norms demanded by COVID-19, we can confirm based on an effectiveness analysis of the game academy in 2020 that students gained a strengthened understanding of game development and the game industry, as well as career preparation capability, etc. Marking its 5th anniversary, Netmarble Game Academy will try to make the future visions of game academy students come true through the advancement of the existing education course, provision of sustainable growth opportunities through follow-up education, etc.

Introduction homepage of the
"Nurturing a Talent" activity



Sharing Mindset

Netmarble Sharing

Netmarble Cultural Foundation pursues a number of in-house sharing activities to contribute to improving the welfare of local communities based on the company’s capability and know-how. We expand the opportunities to share in addition to the donation and volunteer activities pursued by employees such as Netmarble Sharing Day, holiday season sharing auction, etc. and create and spread a pleasant sharing culture just for Netmarble.



Introduction homepage of the “Sharing a Mind” activity



Netmarble Sharing Day

Netmarble Volunteers Activity

Netmarble Sharing Day evolved out of the “Netmarble Bazaar” that was launched in 2016 to support disadvantaged groups in the local community. The Bazaar involves various articles donated by Netmarble employees such as books, home appliances, albums, miscellaneous goods, etc., while several goods are sold through an auction, and all profits from the Bazaar are donated to welfare institutions and childcare institutions, etc. in the local community. In 2020, we converted to an on-line system to share warm kindness with the local community amid the COVID-19 crisis.



Publication of fairy tales: Put-Arms-Around Library



Put-Arms-Around Library
A Fairy Tale for Everyone to
Understand the Difference

Put-Arms-Around Library is a picture book series published by Netmarble Cultural Foundation that promotes the message of coexistence with all people, from the disabled to the socially vulnerable. Put-Arms-Around Library publishes fairy tale books with a message of respect for diversity and the value of coexistence, and is seeking opportunities to share ideas with more people through conferences, exhibitions, human rights education, etc. All sales profits are reinvested into the Put-Arms-Around Library and contributions to education and welfare institutions. The Put-Arms-Around Library will continue to publish fairy tale books and create opportunities for meaningful sharing to enable a world of understanding and respect for differences.

Conference: Put-Arms-Around Library



Exhibition: Put-Arms-Around Library



Other Social Contribution Activities

One Company – One Barracks

The “One Company - One Barracks” campaign promotes exchange and cooperation between companies and army bases through a 1:1 relationship. We work to expand the leisure culture of troops, and in Jan. 2020, formed a 1:1 sisterhood relationship with the destroyer Eulji Mundeok at Second Fleet Command in Pyeongtaek, Gyeonggi-do to strengthen this bond through mutual exchange.

Under the agreement, Netmarble Cultural Foundation has installed a “Game Play Center” in the fleet and is supporting leisure and education activity in the base through this facility. We provide various supports for soldiers who are looking for work in the game industry, such as opportunities for career search, etc. In addition, we try to improve the morale of solders through various exchange programs such as supports for game culture activities, Armed Forces Day, etc.



1:1 relationship with the destroyer Eulji Mundeok

Game Play Center in the destroyer Eulji Mundeok



Game Museum

We are preparing to establish a game museum in Guro G-Tower to expand the culture facilities for residents of the local community and contribute to the development of the game industry. As a leading company in the game industry, we plan to build a dynamic museum that provides experience as well as knowledge about games.



ESG
MANAGEMENT

4

For Customers

- Safe Security Environment
- Customer Management
- Product and Service Innovation



Cash Frenzy

Information Protection Organization

Netmarble builds a safe work environment by establishing an information protection management system to operate company-wide information assets in a stable manner and address risks in advance. We have appointed an expert with capabilities in diverse fields, a strong understanding of the industry and excellent communication skills, as Chief Information Security Officer (CISO). Additionally, we appointed a Chief Privacy Officer (CPO) to handle the overall management of personal information protection related inquiries, complaints, remedy for damage, etc. that may occur during the use of our service (or business).

Currently, the information protection organization monitors the latest information protection issues based on related legislation, domestic information protection certifications (ISMS-P) and international information protection certifications (ISO 27001), and reviews improvements made to the security policy through scheduled and unscheduled meetings.

Personal Information Protection Policy and System

Netmarble has a personal information processing policy that specifies the management standards for personal information to be collected and used in providing services to the user. According to this policy, the personal information is collected, used, and provided based on the user's consent, and we sincerely comply with all related legislations and systems of Korea that information communication service providers are required to follow. Regardless of the region of origin for the information to be processed, Netmarble preferentially applies the information protection standard specified in the personal information processing policy. However, if another standard is required, we operate the information protection system in consideration of the internal security policy of each country.

Principles of Personal Information Protection

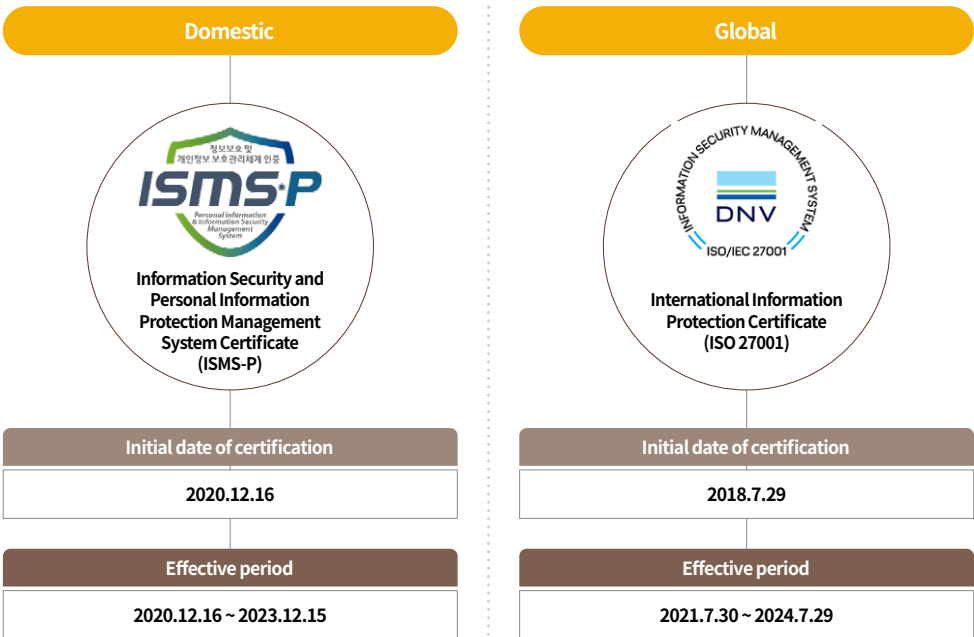
To manage the personal information of users safely, we protect their information in accordance with the Personal Information Protection Act as follows.

- 1 We establish and implement an internal policy for the safe processing of personal information.
- 2 We strictly manage access to personal information.
- 3 We apply encryption technology to ensure that the personal information is stored and transmitted safely.
- 4 To respond to incidents of personal information infringement, we keep an access record and take measures to prevent forgery / falsification.
- 5 We install and operate antivirus software to protect personal information.
- 6 For the safe storage of personal information, we take physical measures such as the installation of access control devices, locking devices, CCTV, etc.

Information Protection Certificate

Netmarble has made various efforts to protect major information assets against various security threats, and maintains certification of the information protection system from domestic and international institutions. We acquired the Information Protection (ISMS) and Personal Information Protection Management System (PIMS) certifications for the first time in 2015, and acquired an ISMS-P certificate in 2020, which we are maintaining. We acquired ISO 27001 in 2015, and to comply with our legal obligation to strengthen the reliability of our information protection and personal information protection activity, we completed a deliberation for the maintenance of ISMS-P certificate and ISO / IEC 27001 certificate in 2021, as planned.

Status of Information Protection Certification



Customer Management





Customer Communication

Customer Counseling Channel

Netmarble operates a separate customer center homepage for customer counseling. The center is divided into the PC game customer center and the mobile game customer center, for each type of game.

The customer center for PC games provides services such as payment, security, counseling, and love for children (selective game time system) related to PC games, and the customer center for mobile games provides help for each mobile games and 1:1 inquiries service.

Customer Counseling Channels

 Telephone counseling PC customer center (1588-5180), mobile customer center (1588-3995)	 Visit the customer counseling center (152-843) 1F. Astaville, 108-4, Guro 5-dong, Guro-gu, Seoul
 BBS counseling Customer center inquiry within the game service	 On-line customer center https://helpdesk.netmarble.net

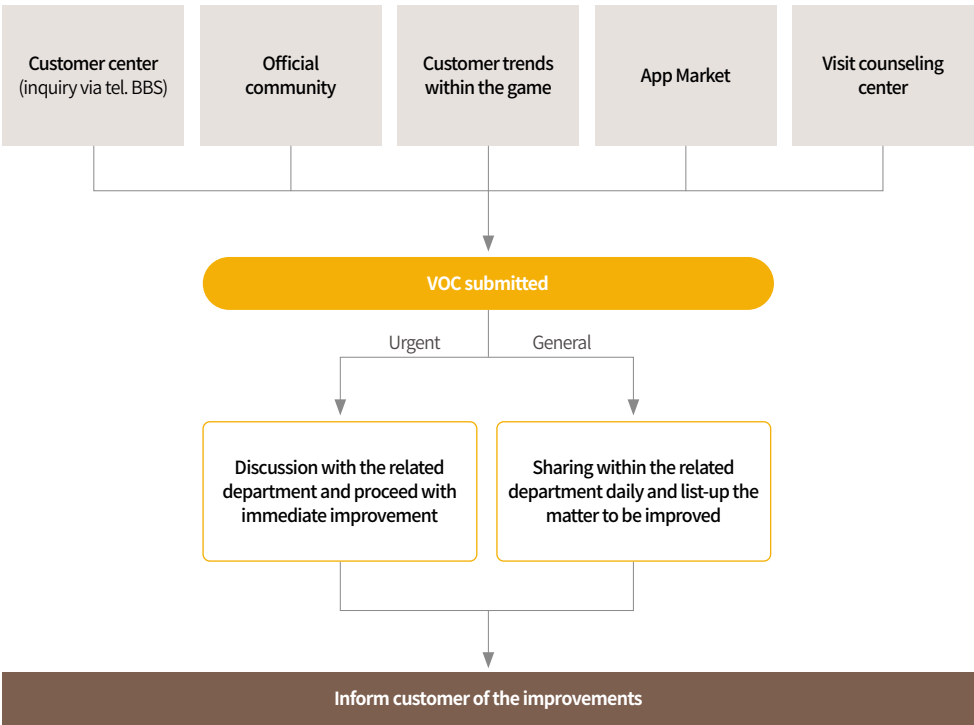


Netmarble on-line customer center

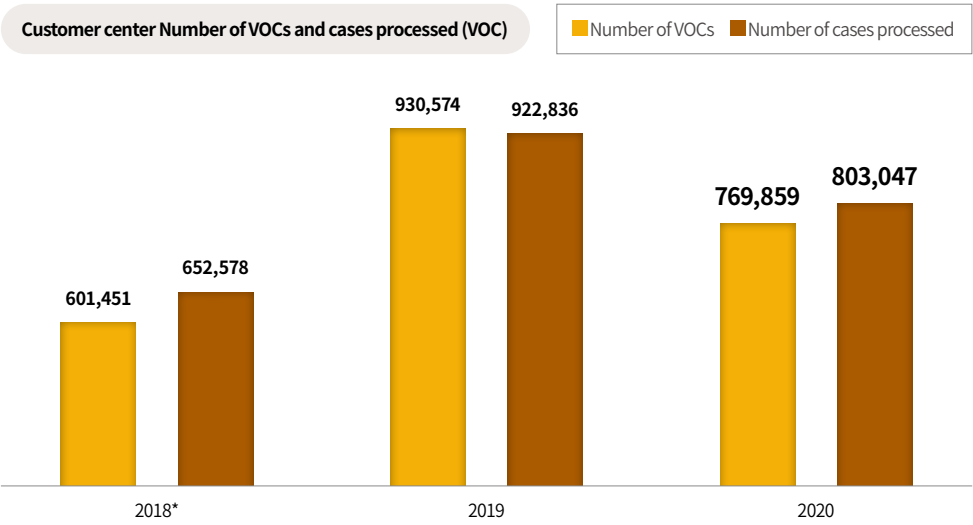
Efforts to Improve the Customer Satisfaction Level

Netmarble engages in various activities to increase the customer satisfaction level, through understanding customers' needs, analyzing them, and pursuing service improvements. First of all, the inquiries / suggestions received through various communication channels are addressed through close collaboration with the related departments. Improvements are shared in detail through the official community for all customers to check easily at any time. Furthermore, we prepare a daily VOC report to reflect collected customer opinions promptly and pursue service improvements, and VOCs are checked monthly / quarterly to predict after-the-fact risk.

User VOC Processing Framework



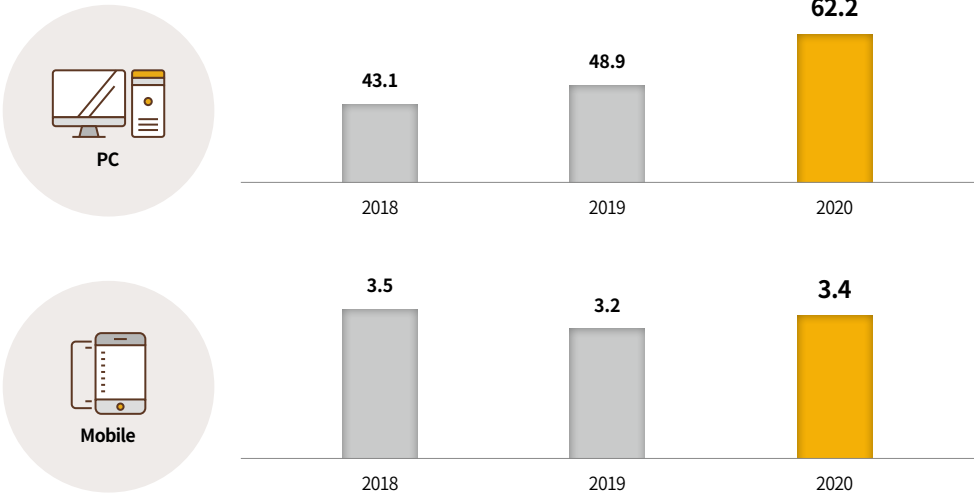
Status of VOC Reception and Processing



* In accordance with the separate storage standard, data was calculated for a period of 9 months (Apr. ~ Dec.) in 2018.
** Some number of cases processed is greater than the number of VOCs since some VOCs require multiple processes.

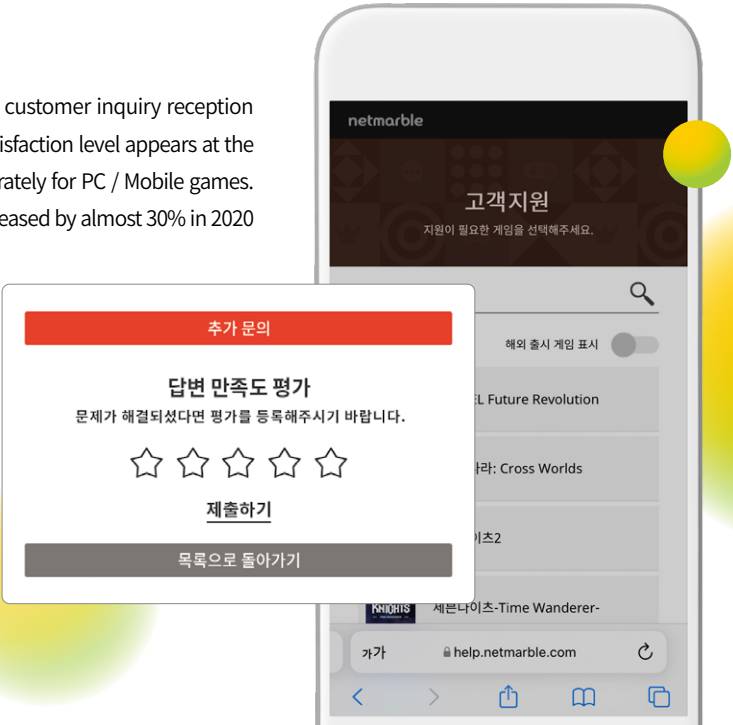
Results of Customer Satisfaction Level Survey

(PC: Based on 100-point scale, mobile: 5-point scale)



Survey of Customer Satisfaction Level

Netmarble performs its own customer satisfaction level surveys to improve its customer inquiry reception services. After a user has received a reply to an inquiry, a survey on the user's satisfaction level appears at the bottom to check the satisfaction level. The evaluation results are managed separately for PC / Mobile games. The satisfaction level with the customer inquiry reception service through PC increased by almost 30% in 2020 compared to the previous year.



Product and Service Innovation

Future Technology Investment and Technology Innovation

Secure the Core Technology

Users around the world enjoy the games serviced by Netmarble, in different countries, languages, and cultural environments. Netmarble strives to increase the stability of our game publishing technology so that any user anywhere in the world can enjoy a high-quality service and the fun of endless play. We work to secure strategic future technologies and to ensure the games we service can be enjoyed stably by game users through the game publishing-based technology (platform, infrastructure, security, Q&A, etc.), which is equipped to process bulk traffic so that many users can connect simultaneously or play for a long time, when there is a simultaneous global launching, optimization of game performance based on the status of device supply, or establishment of infrastructure in consideration of the network situation in the country being serviced. Furthermore, we hold a GDF (Game Developer Forum) once a year to strengthen the technical synergies among Netmarble companies, and promote collaboration with external partner companies and industry-academic cooperation projects to seek a strategic approach to shared growth.



Netmarble GDF (Game Developer Forum)

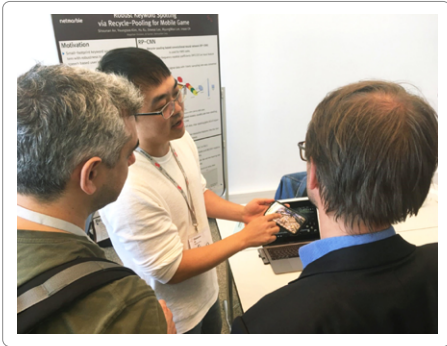
Meet Netmarble Games with AI

Netmarble has been engaged in research related to the new technologies related to AI since 2014, and established our AI Center, a dedicated research organization, in 2019 to expand our scope of research on AI technology and to develop technology in this area. We are pursuing research into various technologies in this area with the objective of “developing intelligent AI play with the people,” and are aiming to develop an AI system that can analyze the characteristics of users and provide appropriate responses in diverse situations. Currently, Netmarble is engaged in research focused on voice, natural language processing, reinforcement learning, vision, graphics, etc.

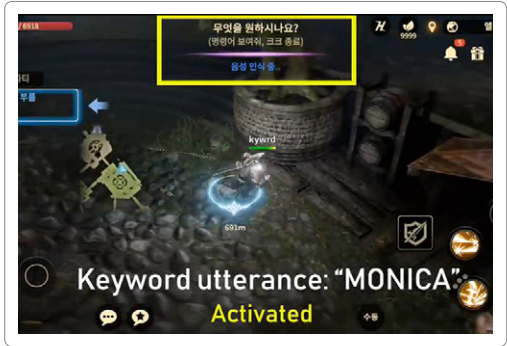
Voice recognition

In our “A3: Still Alive” game, we introduced voice AI for the first time in a mobile game, allowing the user to apply a voice interface through a keyword recognition technology called “MONICA” to enjoy various contents. We presented the Monica keyword and game command recognition technology at world-renowned voice recognition conferences such as INTERSPEECH (2019) and IEEE ICASSP (2020), and in 2020, passed a thesis deliberation with a perfect score from all judges at NeurIPS, a conference of the world’s leading AI authorities. We are planning to introduce an automatic translation model in the future by using global data.

2020 NeurIPS conference

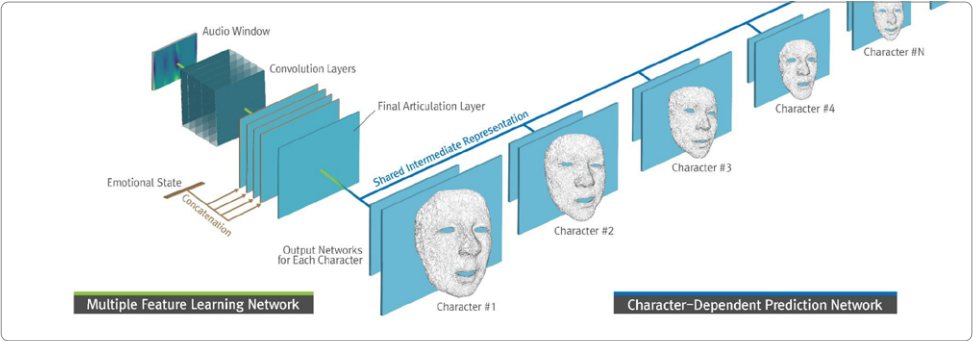


Voice recognition (A3: Still Alive)

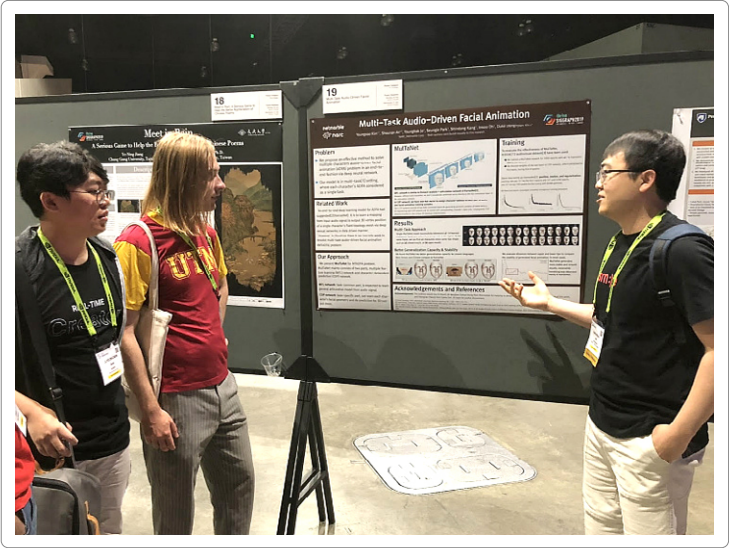


Facial Animation

Excellent animation helps make more realistic games. Facial animation technology automatically matches the facial muscles of characters in a game with the dialogue for synchronization with the voice, enabling more natural expressions by the characters. Netmarble is engaged in efforts to increase game immersion through the advancement of facial animation technology, and presented its own facial animation technology at ACM SIGGRAPH (2019), a world-leading computer graphics society, becoming only the second domestic game company to do so.



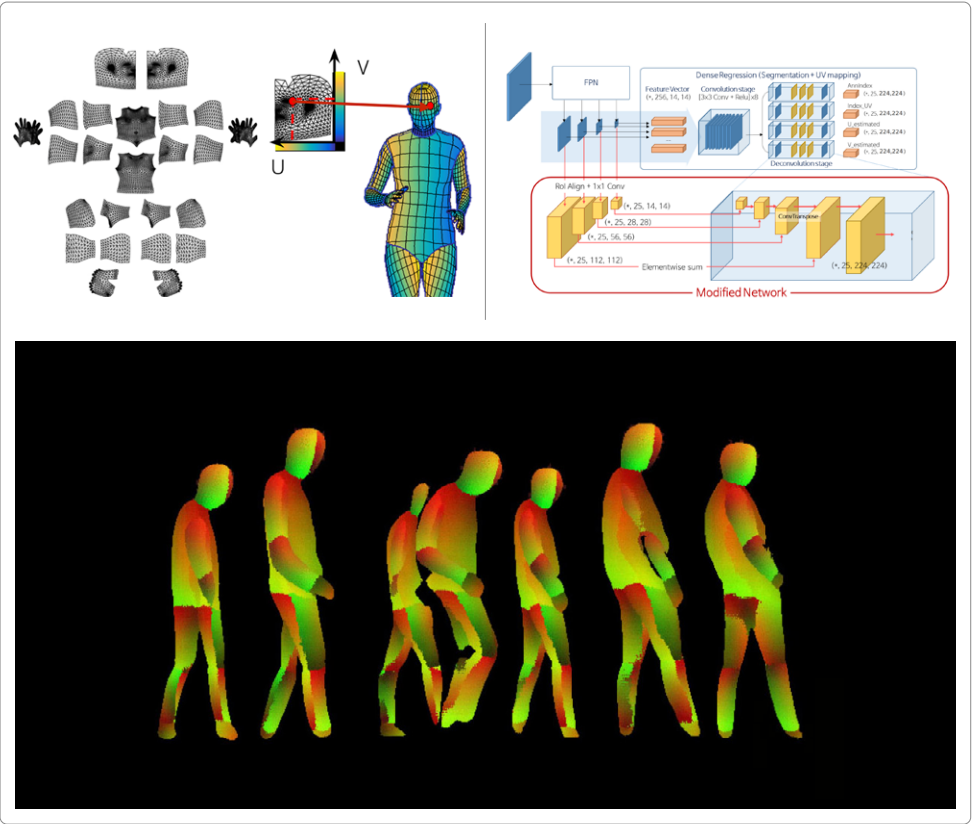
Facial animation technology



ACM SIGGRAPH (2019)

DensePose

“DensePose” is a technology to extract the human form from a 2D image using deep learning, and to seek various poses by mapping the structure of the human body in 3D. Netmarble participated in the DensePose Challenge to develop advanced technology of resolution by accumulating the up-sampling layer from the low resolution image, and we were awarded the second prize in the “COCO Challenge (2018)” hosted by ECCV (European Conference on Computer Vision) in recognition of our technology.



DensePose technology

Establishment of a Sound Game Environment through Big Data Analysis

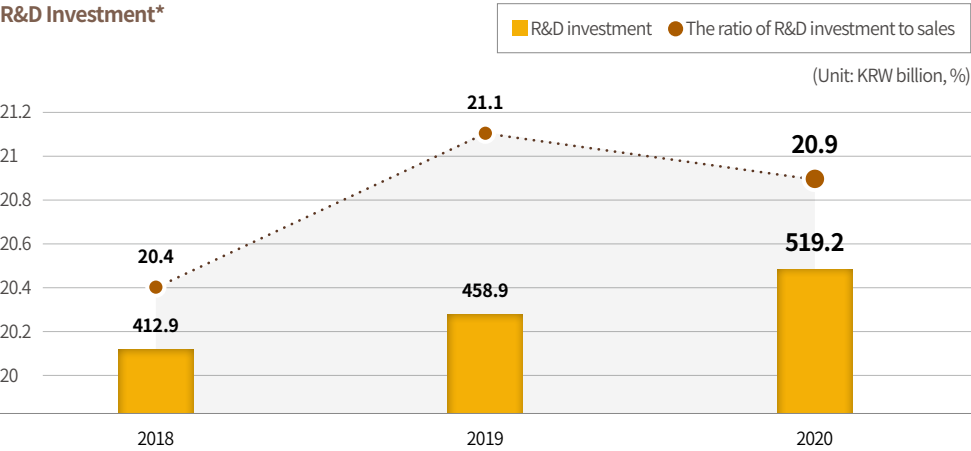
With the dispersion of the digital economy, we are currently living in a big data-driven environment that produces vast amounts of information and data, and the availability and importance of data analysis have increased manifold. We also pursue research and development to create a sound game environment by detecting abnormal users and providing customized service through analysis of user data.

Netmarble researches its game logs with a deep-learning algorithm and detects abnormal actions within games, so details of play suspected as abuse are verified automatically in the system, in order to prevent risk within a game. This technology is applied to actual games, increasing the detection rate of abuse almost ten-fold.

R&D Investment for Securing New Technologies

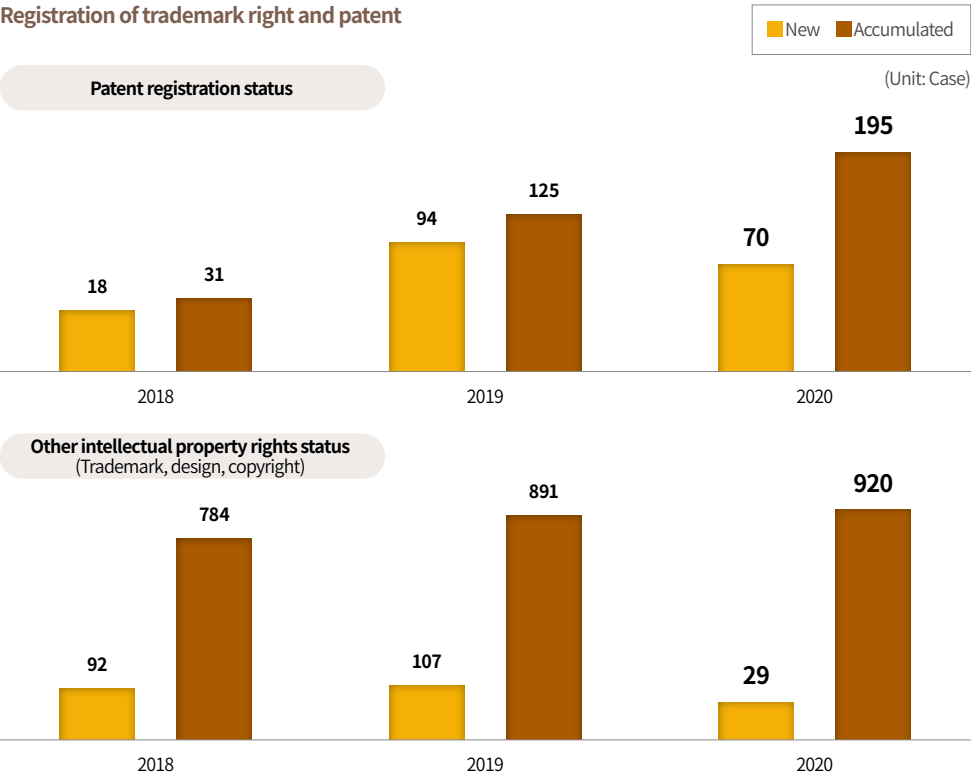
To secure the new technologies of the future, Netmarble invests in R&D on a regular, ongoing basis. In 2020, we invested KRW 519.3 billion in R&D, representing 20.9% of sales, the highest level of R&D investment in the industry. This R&D investment led to new intellectual property rights, and the total number of patents we hold as of the end of 2020 is 195, in addition to 920 other intellectual property rights such as trademarks, designs, copyrights, etc. Netmarble has strengthened the management of its domestic / international intellectual properties for expansion into the global market, and has introduced various measures to protect them in every respect.

R&D Investment*



* Consolidated based

Registration of trademark right and patent



ESG
MANAGEMENT

5

For Employees

- Protecting the Human Rights of Employees
- Investment for Employees



Lineage 2 Revolution

Protecting the Human Rights of Employees

Human Rights Management

Embracing Diversity

Netmarble believes that when we work from a foundation of respecting and embracing diversity, real innovation and growth are possible. As an organization that pursues creativity and innovation, we aim to build a company that grants an equal opportunity for people with diverse backgrounds and ways of thinking to show their best capabilities, and encourages each individual to reach their potential. Netmarble enacted the “Netmarble Code of Conduct” in 2019 to stipulate this specifically, under the heading “Celebrating Diversity and Standing Against Discrimination”



Netmarble Code of Conduct

Netmarble Code of Conduct

Celebrating Diversity and Standing Against Discrimination



Netmarble is committed to fostering a unified and diverse workplace free from harassment and discrimination. As an organization that prizes creativity and innovation, we value the unique contributions of a diverse workforce. We welcome people of various backgrounds to bring different perspectives and insights.

We acknowledge the power of diversity and do not tolerate negligence or discrimination against others just because they are different. This means we prohibit unfair treatment based on gender, education, origin, age, religion, race, and disability. Those who achieve more will go farther, while those with disadvantages will receive appropriate consideration. There will be fair, rational distinctions and an equality of opportunity with respect to the differences between people.



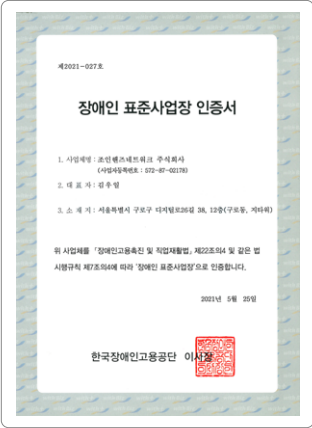
Netmarble Code of Conduct

Establishment of a Friendly Environment for the Disabled

In Aug. 2020, Netmarble concluded an agreement (MOU) to build a “friendly environment for the disabled” with Korea Employment Agency for Persons with Disabilities, and established the “Join Hands Network” through a joint investment with 5 affiliates in Jan. 2021. The “Join Hands Network” currently operates an in-house cafe in the office building, which is staffed by approx. 20 baristas with disabilities. Netmarble pursues a policy to realize social value continually, such as finding additional work to be performed by persons with disabilities and expanding employment for persons with disabilities, etc.



Establishment of the exemplary companies MOU



Certificate of the exemplary companies



Netmarble in-house cafe

Human Rights Education for Employees

Netmarble pursues essential education to strengthen the human rights awareness of its employees. We run a company-wide ethical management training program once a year, which provides directions regarding the mission and objectives of Netmarble, value protection / fair trade / coexistence of company, and attitude as employees. The program includes legally obligatory education such as education on preventing sexual harassment at the workplace, disability awareness education, and personal information protection education. The related education is included with the on-boarding program for new recruits to strengthen the employees’ awareness on human rights.

Prevention of Sexual Harassment and other Forms of Harassment at the Workplace

Netmarble runs various education programs and campaigns in addition to the education it is legally obliged to provide to prevent sexual harassment and other forms of harassment at the workplace. The contents are provided in a cycle aimed at influential leaders within the organization to better establish a sound organizational culture.

We run a number of reporting channels that include the Ethical Management Counseling Center, a center to receive reports of sexual harassment or other forms of harassment at the workplace, etc., so that applications for counseling or incident reports can be made promptly in the event of a problem. In addition to the direct reporting, we try to identify and mitigate employee issues in their early stage through the open consultative group conference and diagnosis of the organizational culture. In 2020, measures were taken for all regarding cases in accordance with internal regulations and procedures.

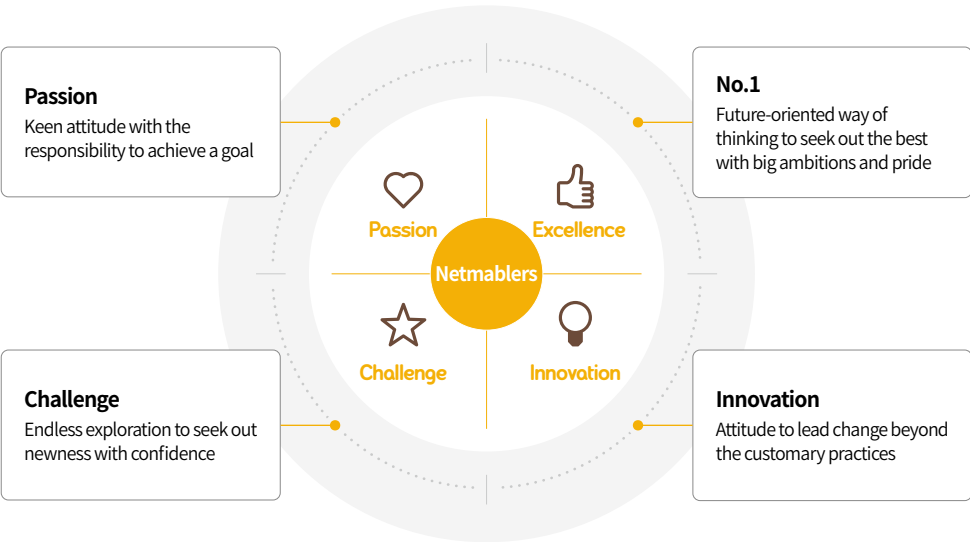
When there are issues related to sexual harassment or other types of harassment at the workplace, Netmarble will work continuously to build a sound organizational culture through a prompt and strict response.

Investment for Employees

Transparent HR System

Netmarble's Concept of Talent

The talents Netmarble wants to employ are people who work with passion, lead change and innovation of the world, and aim for the top.



Attracting Outstanding Talent

We consider our employees as assets that will lead the future and the growth of Netmarble. We are recruiting talents with the potential and capability to improve the lives of people all over the world through fun games, based on the vision of “Great Game Culture Company.” When we recruit talent, we evaluate the capabilities needed to perform the work and the suitability of the organizations rather than the specific background of the applicant, and ensure our recruitment screening is performed in a fair manner.

Every year, we hold a recruitment-linked internship program and run open recruitment of new employees with outstanding capabilities and potentials. In addition, we accept applications year-round given the continuous growth of our company, and recruit many talents to grow with Netmarble in various fields such as technology (IT, big data, AI), business, marketing, and design.

Furthermore, in the interests of employment stability, we minimize the ratio of employees working on a fixed term. Netmarble will continuously try to achieve its mission of securing and attracting outstanding talent for the future development and success of the company.



Netmarble
job description



Netmarble
recruitment announcement

Provision of Equal Opportunity

There is no difference based on gender or age in the salaries paid at Netmarble. In addition, Netmarble operates its HR system based on achievement and capability, so that every employee receives a fair evaluation. This means that an employee with outstanding capabilities can be promoted to a leadership position regardless of gender, age, etc., and there is a sound organizational culture to support such decision.

As a result of these measures, approx. 50% of leaders above the team leader level are in their 20s and 30s, with approx. 20% female leaders as of the end of 2020.

Fair Performance Evaluation and Compensation

At Netmarble, performance evaluations are divided into evaluations of personal performance and the organization’s performance to assess the achievement of the organization’s objectives. All workers participate in the evaluation of personal performance to secure fairness through a comprehensive judgment that considers various perspectives. Each year, every employee establishes the individual business objectives in connection with the R&R and strategy of the organization in consultation with their leader. The colleague evaluation is implemented for each process and the results of individual business objectives, and feedback from colleagues. Evaluation of the organization is intended to assess the performance level in comparison with the business objectives of organization connected with the achievement of the management objectives / vision of company, and it is used as a fundamental material in determining compensation standards along with the evaluation of individual performance.

In turn, Netmarble operates an evaluation system that enables all employees to receive fair compensation by comprehensively considering individual performance and the performance of the organization.

Sound Organizational Culture

Management – Employee Communication

Role of the Open Consultative Group

Netmarble operates the “open consultative group,” a labor-management consultative group composed of five employees and five managers, to increase mutual profits through communication and participation and to share opinions for the mutual growth of employees and the company.

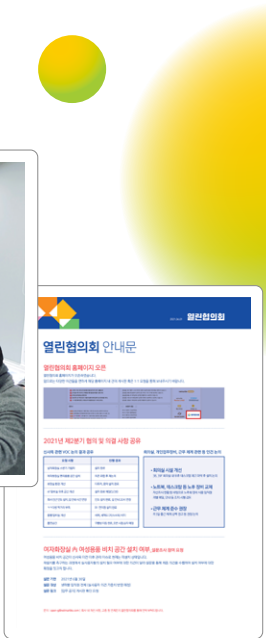
In the Open Consultative Group, various topics such as the increase of company’s profit, resolution of employees’ problems, improvement of working conditions, etc. are discussed in depth through the scheduled meeting each quarter, and important decisions and modifications related to corporate management are shared transparently. Employees and the management discuss the inquiries or requests made by employees from time to time, and communicate actively through holding extraordinary meetings, etc., when necessary.



Members of Open Consultative Group



Regular meeting of Open Consultative Group



Notice of the Open Consultative Group

Strengthening Communication among Employees

Netmarble operates various programs through its homepage to strengthen communication among employees, such as a communication channel, leader conference meetings, etc. In particular, we aim to resolve employee inconveniences in a timely manner through “Respond! Netmarble” to increase the satisfaction level of employees.

Furthermore, when employees address each other, they use “Mr. / Ms.” as titles, regardless of their relative position in the company, to establish a horizontal communication.



Directors-Employees communication



Leader conference meeting

Improvement of the Organization’s Health

To achieve its mission and vision of “creating games that everyone in the world can enjoy, and leading the way for the global game culture,” Netmarble is working to make the company a pleasant and fun place to work.

To this end, we implemented the Netmarble Culture Survey for all employees after the foundation of Netmarble in 2014, and regularly use the Survey to assess the current organizational culture level objectively from the perspective of our employees. The Netmarble Culture Survey uses a questionnaire that is focused on achievement and engagement level as the core index, with variables such as consensus, morality, communication, positivity, leadership, etc., and we identify and improve the elements hindering a sound organizational culture through an analysis of the results.

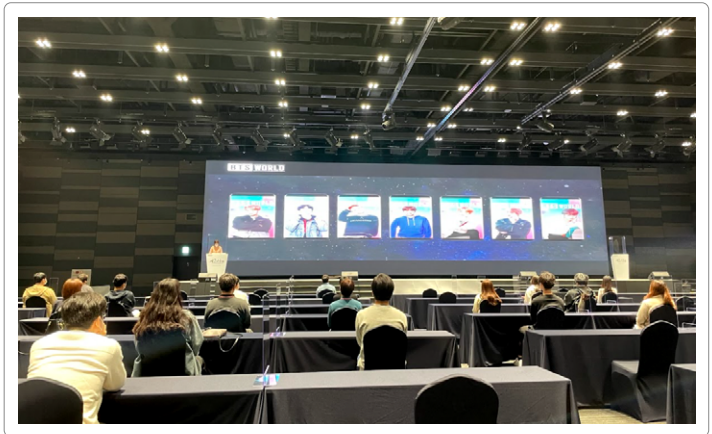
Nurturing Talents

Development Program

Rooted firmly in the belief that the growth of employees leads to the growth of the company, Netmarble operates various capability strengthening programs. Notably, we have tried to establish an education environment that enables on-line studies given the COVID-19 crisis, and we introduced the learning platform in Oct. 2020. We provide 1,200 video contents through the platform to enable self-directed learning in different areas of individual interest, or areas where improvement of work capabilities is needed. Netmarble has a policy to secure and provide new high-quality on-line education contents on a continuous basis for employees willing to grow.

On-boarding New Recruits

We operate an on-boarding program for every new Netmarble employee, through which we increase their understanding of the “Netmarble Way,” which is the value proposition of Netmarble, success stories, business status, HR system, and way of working, and share the vision of the company. We provide support for new recruits to adapt quickly to the organization and to create achievements in the early stages through the operation of mentoring (open recruitment) and a buddy (career) system.



On-boarding training for new recruits

In 2020, we prepared a schedule to share and to communicate various knowledge and experiences on the topic of global market trends, analysis of released games, next generation development trends, Unreal engine programming, etc.

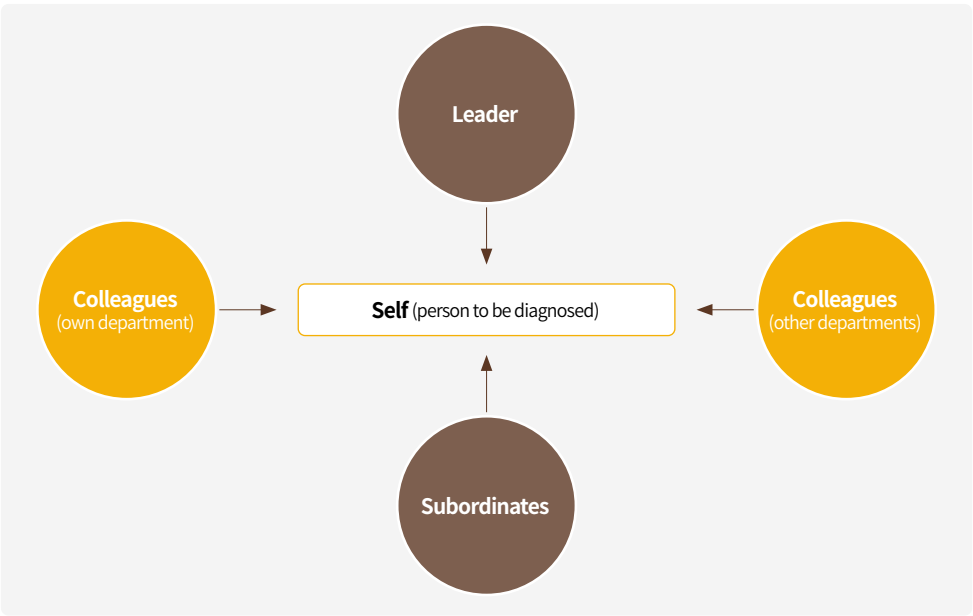
Since 2005, we have run a SQC (Service Quality Control) program to identify and suggest various ideas to increase player satisfaction levels. SQC is organized by an organization under the business management department, and it is a program under which newcomers in the business job group analyze the game services published by Netmarble for one year after joining the company, and identify improvement tasks to suggest for each business organization. Various opinions derived through the SQC program are applied to Netmarble games to make users enjoy them.

Feedback System for the Growth of Employees

Through the evaluation of achievement and feedback, Netmarble has established a capability diagnosis system to support the growth of employees.

The capability assessment system is composed of differentiated assessment questionnaires on each duty in order to provide an accurate measurement of the expertise required for a specific job. It is designed so that all colleagues in a department as well as the related departments can participate. As it is completely anonymous, participants in the capability diagnosis can provide transparent and practical feedback on the capabilities of the subject of assessment.

In this way, Netmarble pursues a feedback system that allows an employee’s leader and colleagues to review and make a comprehensive judgment that will support his or her growth.



Work–Life Balance

Selective Work Hours

Netmarble has adopted a “Selective Work Hours System” in which employees are allowed to decide their own starting and closing time to guarantee autonomous work, improve engagement in work, and support their work-life balance. We try to guarantee that employees can work autonomously as much as possible to increase their satisfaction level and provide the working conditions that will allow them to work to the best of their abilities.

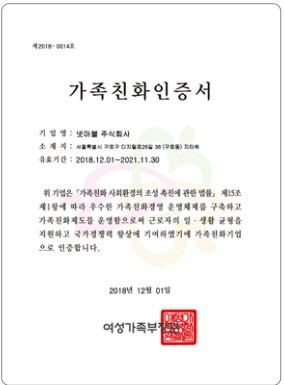
Family–friendly Company

We operate various family-friendly systems to promote the work-life balance of employees. As a result, we became a representative example in accordance that we were officially certified as a family-friendly company in 2018 by the Ministry of Gender Equality and Family.

Accompanied Protection of Maternity

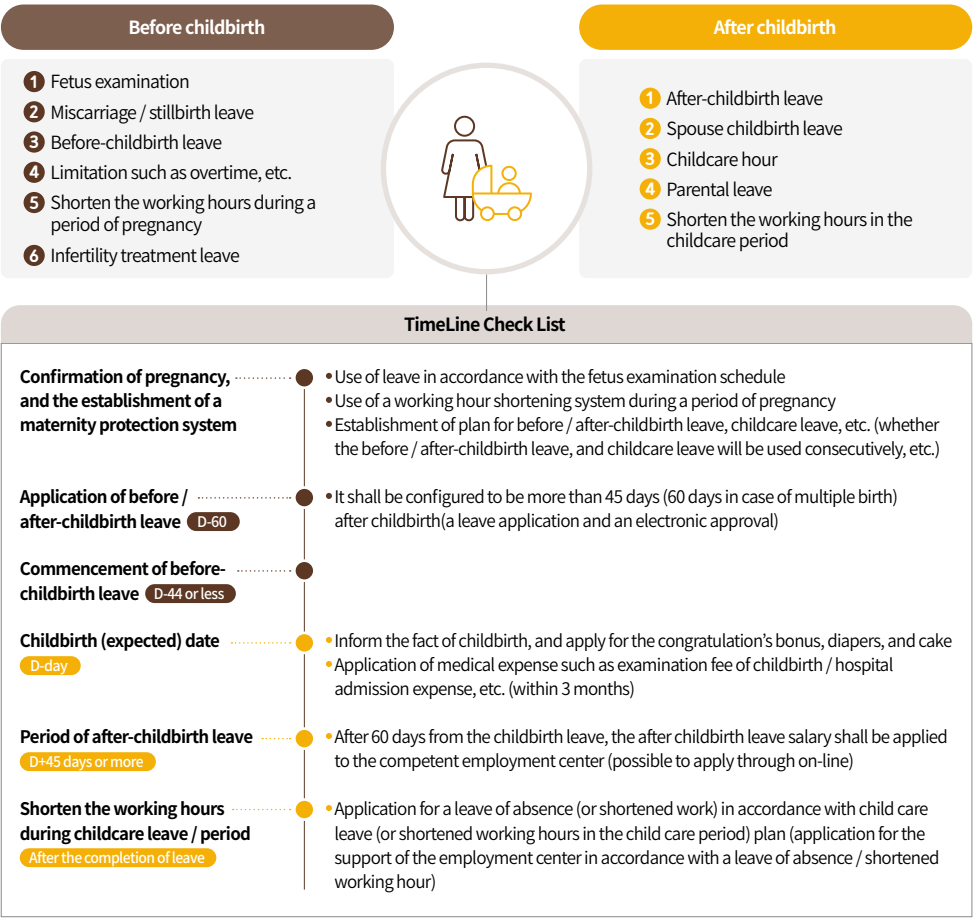
Netmarble has a reduced working hour system for pregnant workers. The current law permits a 2 hour reduction in working hours per day for the period from the 12th to the 36th week of pregnancy, but Netmarble grants a 2 hour reduction in working hours per day for the entire pregnancy term, without a reduction in salary. In addition, we deliver celebration bonuses and gifts for childbirth, and offer various childcare programs such as a nursing room, etc.

Netmarble encourages employees to avail parental leave in order to fulfill its responsibility of maternity protection for all employees. As a result, 30.3% of all employees who used the parental leave were male from 2018 to 2020, and it represents that family-friendly culture is established in which both men and women can freely use parental leave.

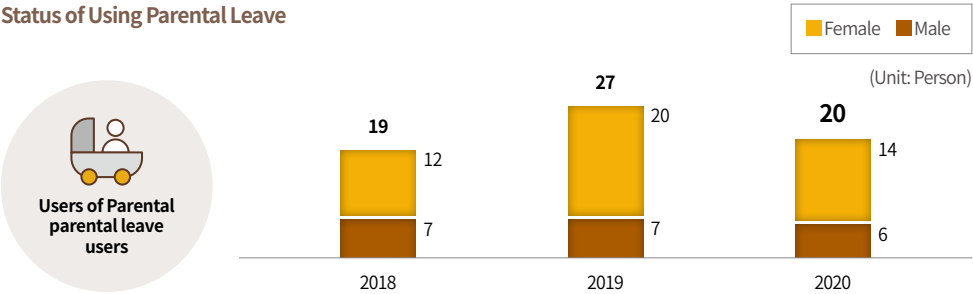


Certification of family-friendly company

Protection of Maternity System



Status of Using Parental Leave



Welfare Programs

Netmarble strives to improve the satisfaction level of employees through various welfare programmes, and provide the same benefits for employees with fixed terms, such as contract employees, etc. Notably, we have increased the employees' satisfaction level by operating a selective welfare points that may be used in accordance with the lifestyle of each individual, reflecting the characteristics of the MZ generation. Furthermore, when there is a medical expense due to disease or injury, etc., we support the actual medical expenses incurred by the employee or their spouse, to share the unexpected financial burden.

In addition, the refresh leave and vacation subsidies for long-term employees are provided every five years after joining the company in order to rest and recharge. Netmarble is continuously working to improve its welfare system, with a focus on strengthening the self-esteem and stabilizing the lives of our employees.

Netmarble Welfare Program

Category		Support system	Description of support
Selective welfare point			Provide an annual benefit equivalent to KRW 2.5 million each year
Support for leave	Refresh leave system		Every 5 consecutive working years, refresh Refresh leave and support money are provided every 5 consecutive working years.
	In-house condominium		Use of recreational facilities affiliated with the company, and provision of discount benefit
Family-friendly	Expenditure and leaves for congratulations and condolences		Support expenditure (articles) for congratulations and condolences related to marriage, 60th birthday, condolences, childbirth, etc. and the associated leave
	Filial piety expense in on national holidays		Filial piety expense for the holiday season in around the Chinese New Year / Chuseok
Health management	Childcare support		Support for childcare expenses at daycare centers
	Support for medical expenses		Support for actual medical expenses / drug expense for employee and its their spouse
	General health examination		Support every two years for employee and spouse every two years
	Group personal accident insurance		Insurance for death and stress disorder
	Operation of healthcare (health center)		Support for psychological counseling and health management of employees through healthcare in G-Tower

Safety and Health

Employee Health Support

Netmarble establishes a pleasant and sound working environment to maintain and to improve the safety and health of employees. We established “Netmarble Healthcare (Health Center)” in G-Tower to provide customized health services according to symptoms, and provide the services for any Netmarble employee to use at any time. “Netmarble Healthcare” has resident health experts who work to provide the correct medicine and nursing treatment according to the symptoms at any time to prevent and manage diseases through customized prescription. Furthermore, we operate a recovery room to reduce fatigue or discomfort from work through rest and hot pack treatment helping employees to focus on their work.

The healing center includes self-diagnosis equipment such as a blood pressure measuring device, body composition analyzer, etc. Employees can bring the result of self-diagnosis to “Netmarble Healthcare” and receive customized care, ranging from monthly 1:1 fundamental healthcare to counseling and monthly monitoring of blood pressure / blood sugar. In addition, we operate a smoking cessation clinic in connection with the Guro health center, provide drugs to help reduce nicotine dependence for free and offer counseling. When an employee stops smoking successfully for 6 months, we provide them with a healthcare product as a reward.

In “Channel Netmarble” on the Netmarble homepage, we have a “Healthy Netmarble” section with health news delivered by the health manager in person each month, encouraging employees to adopt healthy lifestyles by sharing various healthcare methods and prevention methods based on symptoms. Since 2020, we have been providing information related to COVID-19 vaccines, psychological support related to quarantine, etc. so that employees can overcome the ‘Corona Blues’ related to social distancing.



Health Care Center in G-Tower

Employee Safety Health Activity

Netmarble prepares a ‘safety health’ plan each year to improve the ‘safety health’ of employees, and performs safety health activity based on the plan after securing the approval of the BOD. Furthermore, the occupational safety and health committee is held each quarter to share and discuss material issues related to safety and health to improve the working environment for employees.

Every year, we carry out a campaign and education related to fire prevention and response, as well as CPR training. To prepare for a fire, we have posted information on evacuation safety zones, expected time for evacuation, fire response manual, access road for fire engines, etc. to protect life, the environment, and property and to minimize the damage in the event of a fire, and we also perform regular firefighting safety inspections. We regularly run training drills on the moving line for evacuation so employees can respond quickly in the event of an actual fire. In addition, we provide CPR and defibrillator training to improve management capability and ensure the right response in an emergency situation.



Fire prevention education

Case Study

Netmarble Employee Emergency Treatment Education Site

Every year, Netmarble invited a lecturer from Guro-gu health center to provide training on the principles of emergency treatment, CPR, AED use, and actual coping methods for each emergency situation. We completed the theoretical education on emergency treatment, and all employees had the opportunity to practice CPR and AED on an adult mannequin so they could apply their knowledge immediately in an actual emergency situation. Employees also learned practical coping methods for different emergency situations until the emergency service arrives, based on a scenario in which an employee or colleague developed a sudden health problem.



* The education was cancelled in 2020 because of COVID-19.

ESG
MANAGEMENT



For Business Partners

- Sustainable Partner
- Fair Trade



The Seven Deadly Sins: Grand Cross

Sustainable Partner

Management of Partner Companies

Policy Regarding the Management of Partner Companies

Netmarble recognizes that we cannot move forward without our partner companies, and pursues various measures to maintain prosperous relationships with all of them. We enacted “Supplier Management Guidance” for sustainable growth with our partner companies to operate systematic supply network management spanning the selection of suppliers, conclusion and registration of cooperation agreements, scheduled evaluation and management, etc. In addition, Netmarble plans to introduce a supply network management policy from the perspective of ESG in the future to reinforce the management of non-financial risks of partner companies.

Status of Partner Company Management

Based on transactions as of the end of 2020, partner companies critical to the business continuity of Netmarble include 197 companies, made up mostly of suppliers of game characters, game marketing, providers of IT infrastructure goods and products, and service consignment. We established the annual transaction amount and transaction frequency standard for each product item, and as of 2020, have separate management of scheduled evaluation, etc. for partner companies selected each year. In 2020, 56 partner companies were selected as the subject of scheduled evaluation.

Criteria for Selection of the Subject of Evaluation

Category	Annual transaction amount	Annual frequency of transaction
H/W supplier	KRW 100 million or more	3 times or more
S/W supplier	KRW 10 million or more	3 times or more
Outsourcing service	KRW 50 million or more	Once or more
General distribution company	KRW 10 million or more	10 times or more

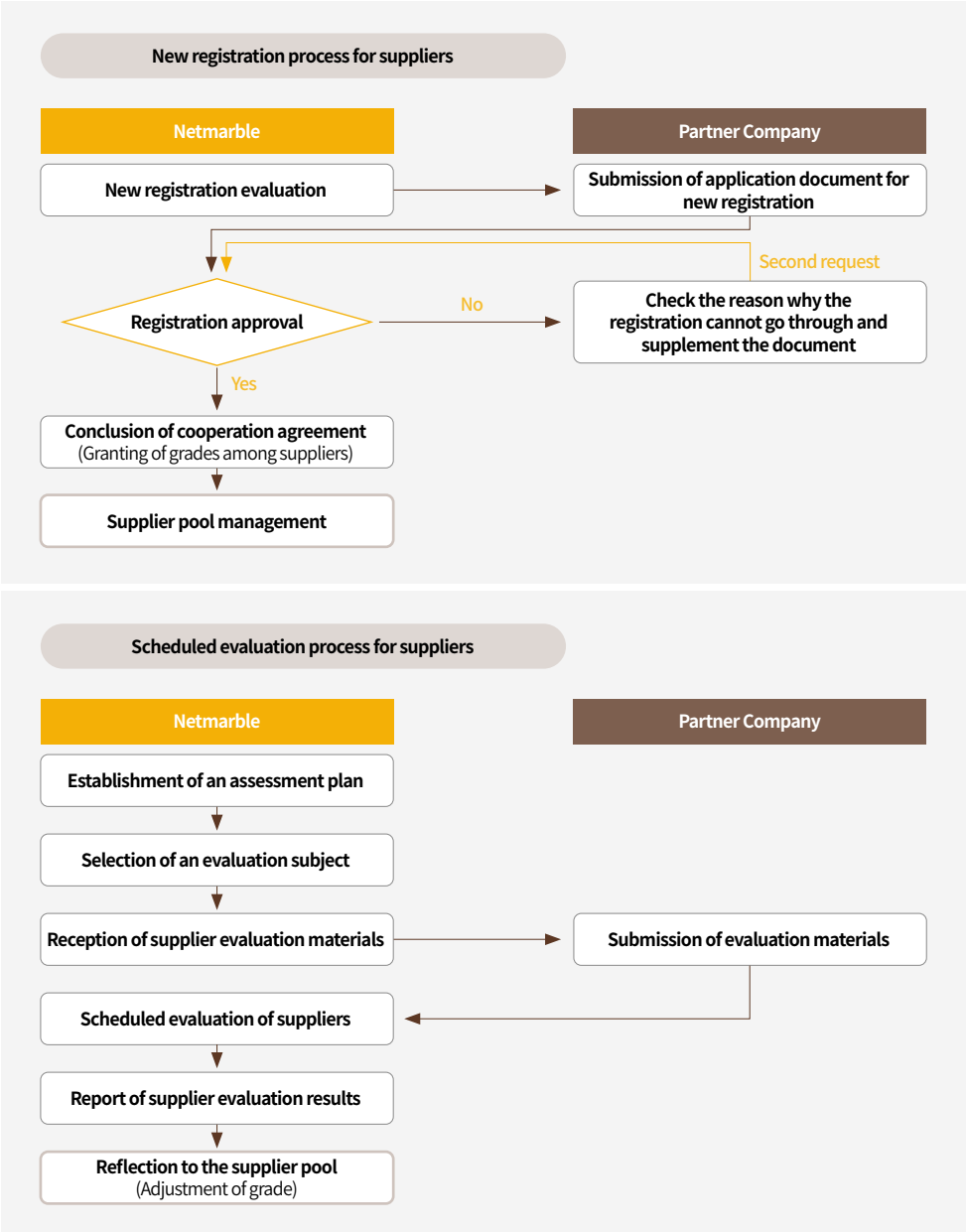
Partner Company Registration and Management Process

To evaluate, register, and manage the partner companies through a fair and reasonable procedure, Netmarble specifically stipulates the relevant details in the supplier management guidance within the purchase management regulation.

The process for the registration and evaluation of partner companies, including an application, detailed guidance, and result of evaluation, is delivered through e-mail, and the results are managed systematically. We evaluate partner companies based on factors such as quality, technical capability, price, service, and management status, and registration is allowed only if the company earns 70 points or more on a 100-point scale. Furthermore, the credit rating information for each company is acquired after obtaining the company’s consent, and we prepare the appropriate measures in the event of a risk in terms of management stability.

For the stable management of our supply network, we monitor our partner companies through an annual scheduled evaluation after the registration. In 2020, we performed this evaluation on 56 companies. The evaluation criteria are categorized into four sections including hardware, software, outsourcing services, and general distribution, and we use the product delivery records, number of unfair transactions, corporation level of the business, compliance with delivery due dates, etc. as evaluation indexes for sustainable business. We strictly manage the risk that may occur in our partner companies through applying measures for companies with a low evaluation grade such as correction request, suspension of transaction, etc.

New Registration of Suppliers and Scheduled Evaluation Process



Special Agreement for the Implementation of Ethical Management of Partner Companies

Illegal or unethical judgments or behaviors by a partner company can cause disadvantages to Netmarble. For this reason, Netmarble includes its “Special Agreement on Ethical Management” in the standard agreement with all partner companies to manage the ethics risks. The Ethical Management Standard Agreement is used to ensure compliance with reasonable and fair order in trade and to establish an ethical corporate culture.

In all requests for bidding proposals, we inform the partner company to prepare and submit an “Ethical Management Practice Pledge,” and we prevent and manage the ethical risk with partner companies confirmed as having violated the pledge through rejection and termination of agreement, restriction on future transactions, etc. Beginning in Sept. 2021, we provided a relevant pledge to newly registered companies to sign, and will manage comprehensive non-financial risk elements by adding an agreement in consideration of ESG management in areas such as labor, safety, environment, etc. in addition to the Standard Ethical Management Agreement.

Strengthening the Communication with Partner Companies

To establish a relationship of trust with our partner companies, we inform our partner companies of the Netmarble Ethical Management Counseling Center at the start of bidding. The partner company can report any violations or issues that occurred during the transaction with Netmarble to Our Ethical Management Counseling Center. In 2020, there were no such reports by partner companies. In the future, we plan to strengthen our communication with partner companies in the advanced purchase system by using the Ethical Management Counseling Center as a window to receive various opinions, as well as to understand the difficulties faced by partner companies.

Fair Trade

Autonomous Compliance with Fair Trade Regulations

Autonomous Compliance with Fair Trade Regulations

Netmarble aims to create “Win-Win” situations with its partner companies, seeks partners in management based on honesty and trust, and pursues fair and open purchasing to comply with the law and makes promises based on fair and clean ethical grounds. We established our supplier management guidance based on related legislation such as the “Fair Transactions in Subcontracting Act,” “Act on the Promotion of Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises,” etc., and introduced a behavior standard for fair transaction in purchasing through the Purchase Charter of Ethics and Behavior Patterns, and have practiced fair trade accordingly.

Furthermore, we have included stipulations in the Netmarble Code of Conduct regarding the prohibition of unauthorized / forcible acquisition of information assets belonging to partner companies, standards for acceptance and provision of entertainment / gifts, etc.

Purchase Process

We established a purchase process management regulation that complies with six key principles (principle of creation of profits, principle of purchase for appropriate price / quality assurance / guarantee of delivery due date, principle of timely supply / appropriate place / supply of appropriate products, principle of fairness, principle of improvement, and principle of process compliance). We use the purchase system to select companies to form individual agreements, and proceed with the issuance, preservation, etc. of documents.

In its purchasing, Netmarble complies with the following six principles.



1. Principle of creation of profits

We shall seek a source of creating new profits through reducing the cost of goods and services to be purchased.



2. Principle of purchase for appropriate price / quality assurance / guarantee of delivery due date

Goods and services shall be purchased at the price with the highest saving effects within the scope of guaranteed quality and delivery due date.



3. Principle of timely supply / appropriate place / supply of appropriate products

Upon the purchase and procurement of goods and services, the appropriate product shall be supplied to the appropriate place in a timely manner to reduce the purchase costs and inventory costs.



4. Principle of fairness

In the performance of purchase work, the intervention of prejudice and personal gain shall be prevented to preserve internal / external trust.



5. Principle of improvement

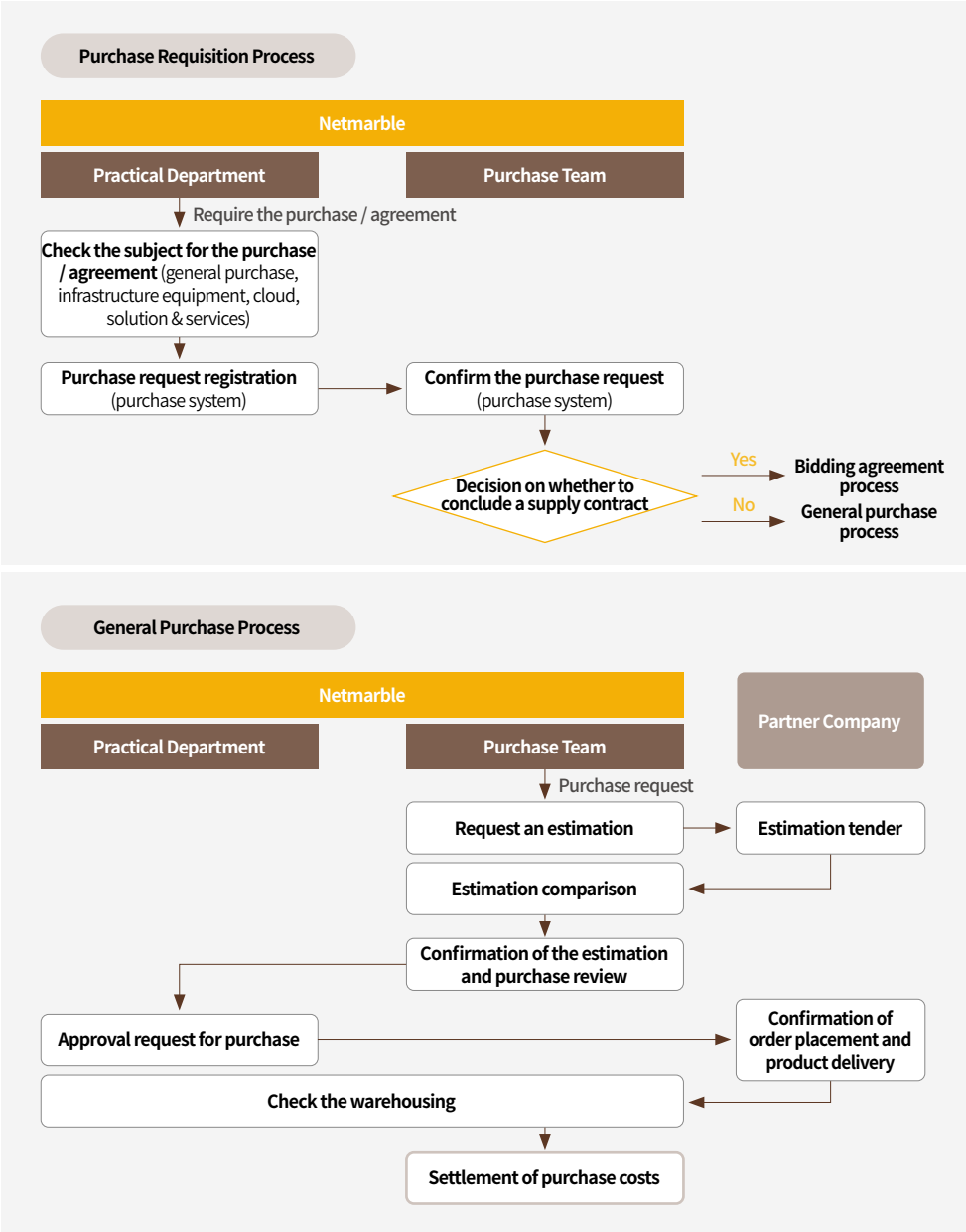
The overall work shall be improved continuously for the efficiency and achievement of work with an attitude of meeting challenges.



6. Principle of process compliance

All purchase transactions shall comply with the process defined in the arbitrary decision regulation and purchase regulation of the company.

Purchase Requisition and General Purchase Process



Achieving Fair Price

Netmarble specifies the price determination and adjustment procedure in the Standard Product Supply Agreement to ensure fair prices. The price is determined through discussion between Netmarble and its partner companies through a reasonable calculation method in consideration of quantity, specifications, quality, trend of market price, etc. of the supplied product, and we prohibit unilateral determination of prices. Further, when a price adjustment is inevitable due to fluctuation in the price of a supplied product, the price is adjusted through discussion in accordance with the Fair Transactions section in the Subcontracting Act.

Improvement of Price Payment Conditions

To support the management stability of our partner companies, we expanded the frequency of price payment to twice a month starting 2015, and strictly comply with the price payment condition that the payment must be made within an average of 30 days. Furthermore, when the partner company requests early payment to secure liquidity, we will review such request and make an exceptional payment, and all payments are made in cash.

ESG FACTBOOK



Anti-corruption

Classification	Indicator	Unit	2018	2019	2020
Confirmed incidents of corruption	Occurrence	Cases	0	0	0
	Reporting		0	0	0

Ethical Management Training

Classification	Indicator	Unit	2018	2019	2020
Status of Ethical management training (for head office)	Number of participants	Persons	810	932	954
	Participating rate	%	95.7	99.3	99.8

Compliance Management

Classification	Indicator	Sub-indicator	Unit	2018	2019	2020
Compliance with social and economic regulations	Number of incidents		Cases	2	3	1
	Fines for violations of the regulations		KRW million	63.00	6.04	7.20
Content management of government	The number and list of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Number of countries	Countries	3 (Korea, China, Vietnam)	3 (Korea, China, Vietnam)	3 (Korea, China, Vietnam)
	Number of government requests to remove content, percentage compliance with requests	Number of requests		0	0	0
		Compliance rate	%	-	-	-

Shareholder Composition and Voting Rights

Classification	Indicator	Sub-indicator	Unit	2018	2019	2020
Shareholder composition	Major shareholder		%	24.3	24.2	24.2
	Foreigners			24.6	22.7	22.6
	Domestic institutions			37.4	36.9	37.5
	Treasury shares			1.7	4.7	4.7
	Individuals in South Korea and others			12.0	11.5	11.0
Type of shares and voting rights	Status of issued shares	Total number of issued shares	Shares	85,265,865	85,744,564	85,845,303
		The number of outstanding stocks		83,835,083	81,725,633	81,826,372
	Shares without voting rights	Shares	Shares	1,430,782	4,018,931	4,018,931
		Percentage	%	1.7	4.7	4.7
	Shares with voting rights	Shares	Shares	83,835,083	81,725,633	81,826,372
		Percentage	%	98.3	95.3	95.3

For the Earth

Environmental Investment

Classification	Unit	2018	2019	2020
Energy/GHG management system	KRW million	90.6	249.2	792.9
New and renewable energy		433.2	1,191.4	3,790.8
Energy efficiency system		2,256.0	6,204.1	19,740.4
Eco-friendly materials		340.9	937.5	2,982.9
Ecological environment		443.6	1,219.9	3,881.4
Total		3,564.4	9,802.1	31,188.4

Environmental Certification

Classification	Certified date	Effective period	Certification authority
Energy efficiency standard – 1+	Oct. 2020	Oct. 2030	Korea Appraisal Board
Green standard for energy and environmental design – Most Excellent (green 1 st grade)	Oct. 2020	Oct. 2025	Korea Productivity Center

Compliance with environmental regulations

Classification	Indicator	Unit	2018	2019	2020
Head office	Number of cases	Times	0	0	0
	Number of non-monetary cases	Cases	0	0	0
	Total fines	KRW million	0	0	0

For Our Communities

Social Contribution*

Classification	Indicator	Unit	2018	2019	2020
Performance	Number of Beneficiaries	Persons	15,633	20,391	24,668
	Donations	KRW million	3,284	2,879	3,668

* Netmarble Foundation included

Employee Volunteering

Classification	Unit	2018	2019	2020*
Total number of employees engaged in volunteering	Persons	77	49	-
Total volunteer hours	Hours	832	696	-
Volunteer hours per employees	Hours per persons	10.8	14.2	-

* Voluntary work was not proceeded in 2020 due to COVID-19.

For Employees

Human Resources*

Classification	Indicator	Sub-indicator	Unit	2018	2019	2020
New employee hires	Number of people hired		Persons	144	163	109
	By gender	Male		82	113	79
		Female		62	50	30

* Full Time Worker Only

Retirement*

Classification	Indicator	Unit	2018	2019	2020
Retirement status	Retired employee	Persons	85	158	122
	Employees who moved to other affiliation		7	6	8

* Full Time Worker Only

Employment

Classification	Indicator	Sub-indicator	Unit	2018	2019	2020
Status of entire employment	Total employees		Persons	781	802	768
	By gender	Male		482	492	486
		Female		299	310	282
	By job	IT		331	323	313
		Non-IT		450	479	455
	By employment type	Full-time		766	777	739
		Part-time		15	25	29

Performance Appraisal and Compensation

Classification	Indicator	Unit	2018	2019	2020
Employee compensation*	Average pay for employees	KRW million	93	97	74
Performance appraisal	Performance evaluation execution rate	%	100	100	100

* Total pay was calculated excluding registered executives, dispatched workers, nonregular workers, interns.
(2020 pay was reduced because of various options include stock option.)

Parental Leave and Childcare Leave

Classification	Indicator	Sub-indicator	Unit	2018	2019	2020
Used parental leave or childcare leave	Employees being able to use parental leave or childcare leave	Total	Persons	151	158	163
		Male		119	128	129
		Female		32	30	34
	Employees used parental leave or childcare leave	Total	19	27	20	
		Male	7	7	6	
		Female	12	20	14	
Return to work rate after parental leave or childcare leave	Return to work rate after parental leave or childcare leave	Total	%	81.8	80.0	86.4
		Male	33.3	62.5	75.0	
		Female	100.0	88.2	92.9	

In-house health care service

Classification	Indicator	Unit	2018	2019	2020
Number of employees using in-house health care service	Number of visitors to in-house health care service	Persons	2,124	3,829	4,584
	Number of employees using recovery room*		1,091	1,767	161
	Smoking cessation counseling		61	46	18
	Total		3,215	5,596	4,763

* The number of employees using recovery room decreased due to COVID-19 in 2020.

For Business Partners

Business partners

Classification	Unit	2018	2019	2020
Business partners	Companies	104	165	197
New business partners		25	48	89
Business partners under periodic evaluation*		-	-	56
Total purchases made	KRW million	35,801	51,730	61,767

* Netmarble have periodically evaluated business partners since 2020.

Fair Trade Violations

Classification	Indicator	Unit	2018	2019	2020
Fair trade violations	Number of cases of violation	Cases	0	0	0
	Total fines	KRW million	0	0	0

APPENDIX



GRI Standards Index

Universal Standards (GRI 100)

Topic	Disclosure No.	Disclosure title	Reported in	Notes
Organizational profile	102-1	Name of the organization	Company Profile	
	102-2	Activities, brands, products, and services	Business Portfolio, Game Portfolio	
	102-3	Location of headquarters	Company Profile	
	102-4	Location of operations	Global Network	
	102-5	Ownership and legal form	Company Profile	
	102-6	Markets served	Global Network	
	102-7	Scale of the organization	Company Profile, ESG Factbook	
	102-8	Information on employees and other workers	Company Profile, ESG Factbook	
	102-9	Supply chain	Management of Partner Companies, ESG Factbook	
	102-10	Significant changes to the organization and its supply chain	-	No such case
	102-11	Precautionary principle or approach	Efforts to Minimize our Environmental Impacts	
	102-12	External initiatives	Sustainability Commitments, SASB Index	
	102-13	Membership of associations	Membership and Awards	
Strategy	102-14	Statement from the highest decision-maker	Message from the ESG Management Council President	
	102-15	Key impacts, risks, and opportunities	2020 ESG Issue, Result of Materiality Assessment	
Ethics and integrity	102-16	Values, principles, standards, and norms of behavior	Vision & Core Values, Principles of Ethical Management	
	102-17	Mechanisms for advice and concerns about ethics	Internal and External Consultation / Reporting System for Ethical Management	
Governance	102-18	Governance structure	Board of Directors	
	102-19	Delegating authority	ESG Management System	
	102-20	Executive-level responsibility for economic, environmental, and social topics	ESG Management System	
	102-21	Consulting stakeholders on economic, environmental, and social topics	Materiality Assessment, Communication with Stakeholders	
	102-22	Composition of the highest governance body and its committees	BOD Composition, Sub-committees of the BOD	
	102-23	Chair of the highest governance body	BOD Composition	
	102-24	Nominating and selecting the highest governance body	Independence of the BOD	

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GRI Standards Index

SASB Index

Membership and Awards

Independent Assurance Statement

Classification	Indicator	Disclosure title	Reported in	Notes
Governance	102-25	Conflicts of interest	Independence of the BOD	
	102-26	Role of highest governance body in setting purpose, values, and strategy	Operation of the BOD, Sub-committees of the BOD, ESG Management System	
	102-27	Collective knowledge of highest governance body	Expertise of the BOD	
	102-28	Evaluating the highest governance body's performance	Evaluation of the BOD's Achievements	
	102-29	Identifying and managing economic, environmental, and social impacts	ESG Strategy, Risk Management	
	102-30	Effectiveness of risk management processes	Risk Correspondence Activity and Effects	
	102-31	Review of economic, environmental, and social topics	ESG Management System	
	102-32	Highest governance body's role in sustainability reporting	ESG Management System	
	102-33	Communicating critical concerns	-	
	102-34	Nature and total number of critical concerns	Operation of the BOD	
	102-35	Remuneration policies	Compensation Policy for the BOD	
	102-36	Process for determining remuneration	Compensation Policy for the BOD	
	102-37	Stakeholders' involvement in remuneration	Compensation Policy for the BOD	
	102-38	Annual total compensation ratio	-	
	102-39	Percentage increase in annual total compensation ratio	-	
Stakeholder engagement	102-40	List of stakeholder groups	Communication with Stakeholders	
	102-41	Collective bargaining agreements	-	
	102-42	Identifying and selecting stakeholders	Communication with Stakeholders	
	102-43	Approach to stakeholder engagement	Communication with Stakeholders	
	102-44	Key topics and concerns raised	Materiality Assessment	
Reporting Practice	102-45	Entities included in the consolidated financial statements	Major Subsidiaries of Netmarble	
	102-46	Defining report content and topic Boundaries	About This Report, Materiality Assessment	
	102-47	List of material topics	Materiality Assessment	
	102-48	Restatements of information	-	N/A
	102-49	Changes in reporting	-	N/A
	102-50	Reporting period	About This Report	
	102-51	Date of most recent report	About This Report	Published for the first time in 2021
	102-52	Reporting cycle	About This Report	
	102-53	Contact point for questions regarding the report	About This Report	
	102-54	Claims of reporting in accordance with the GRI Standards	About This Report	
	102-55	GRI content index	GRI Standards Index	
	102-56	External assurance	Independent Assurance Statement	
Management Approach	103-1	Explanation of the material topic and its Boundary	2020 Key Sustainability Issues	
	103-2	The management approach and its components		
	103-3	Evaluation of the management approach		

Ecomonic Performance (GRI 200)

Classification	Indicator	Disclosure title	Reported in	Notes
Economic Performance	201-1	Direct economic value generated and distributed	ESG Factbook	
	201-2	Financial implications and other risks and opportunities due to climate change	-	
	201-3	Defined benefit plan obligations and other retirement plans	-	
	201-4	Financial assistance received from government	-	
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	-	
	202-2	Proportion of senior management hired from the local community	-	
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Netmarble Cultural Foundation	
	203-2	Significant indirect economic impacts	ESG Factbook	
Procurement Practices	204-1	Proportion of spending on local suppliers	-	
Anti-Corruption	205-1	Operations assessed for risks related to corruption	-	
	205-2	Communication and training about anti-corruption policies and procedures	Ethical Management Training, Anti-corruption Policy	
	205-3	Confirmed incidents of corruption and actions taken	-	'0' in the reporting period
Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	ESG Factbook	'0' in the reporting period
Tax	207-1	Approach to tax	TAX	
	207-2	Tax governance, control and risk management	TAX	
	207-3	Stakeholder engagement and management concerns related to tax	TAX	
	207-4	Public CbCR	-	

Environmental Performance (GRI 300)

Classification	Indicator	Disclosure title	Reported in	Notes
Materials	301-1	Materials used by weight or volume	-	
	301-2	Recycled input materials used	-	
	301-3	Reclaimed products and their packaging materials	-	
Energy	302-1	Energy consumption within the organization	-	
	302-2	Energy consumption outside of the organization	-	
	302-3	Energy intensity	-	
	302-4	Reduction of energy consumption	Response to Climate Change, Status of Eco-friendly management Activity	
	302-5	Reductions in energy requirements of products and services	-	
Water and Effluents	303-1	Interactions with water as a shared resource	-	
	303-2	Management of water discharge-related impacts	Status of Eco-friendly management Activity	
	303-3	Water withdrawal	-	
	303-4	Water discharge	-	
	303-5	Water consumption	-	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	N/A
	304-2	Significant impacts of activities, products, and services on biodiversity	Response to Climate Change	
	304-3	Habitats protected or restored	-	N/A
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	N/A
Emissions	305-1	Direct (Scope 1) GHG emissions	-	
	305-2	Energy indirect (Scope 2) GHG emissions	-	
	305-3	Other indirect (Scope 3) GHG emissions	-	
	305-4	GHG emissions intensity	-	
	305-5	Reduction of GHG emissions	Environmental Management Strategy	
	305-6	Emissions of ozone-depleting substances (ODS)	-	N/A
	305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	-	N/A

Classification	Indicator	Disclosure title	Reported in	Notes
Effluents and Waste	306-1	Water discharge by quality and destination	Status of Eco-friendly management Activity	
	306-2	Waste by type and disposal method	-	
	306-3	Significant spills	-	
	306-4	Transport of hazardous waste	-	
	306-5	Water bodies affected by water discharges and/or runoff	-	
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	ESG Factbook	'0' in the reporting period
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	-	
	308-2	Negative environmental impacts in the supply chain and actions taken	-	

Social Performance (GRI 400)

Classification	Indicator	Disclosure title	Reported in	Notes
Employment	401-1	New employee hires and employee turnover	ESG Factbook	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Work-Life Balance	
	401-3	Parental leave	Family-friendly Company, ESG Factbook	
Labor/ Management Relation	402-1	Minimum notice periods regarding operational changes	-	
Occupational Health and Safety	403-1	Occupational health and safety management system	Work-Life Balance	
	403-2	Hazard identification, risk assessment, and incident investigation	Work-Life Balance	
	403-3	Occupational health services	Work-Life Balance	
	403-4	Worker participation, consultation, and communication on occupational health and safety	Work-Life Balance	
	403-5	Worker training on occupational health and safety	Work-Life Balance	
	403-6	Promotion of worker health	Work-Life Balance	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Work-Life Balance	
	403-8	Workers covered by an occupational health and safety management system	-	
	403-9	Work-related injuries	-	
	403-10	Work-related ill health	-	

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SASB Index

Membership and Awards

Independent Assurance Statement

Classification	Indicator	Disclosure title	Reported in	Notes
Training and Education	404-1	Average hours of training per year per employee	-	
	404-2	Programs for upgrading employee skills and transition assistance programs	Feedback System for the Growth of Employee	
	404-3	Percentage of employees receiving regular performance and career development reviews	ESG Factbook	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Diversity of the BOD, ESG Factbook	
	405-2	Ratio of basic salary and remuneration of women to men	-	There is no difference of salary between gender
Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	ESG Factbook	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	
Security Practices	410-1	Security personnel trained in human rights policies or procedures	-	
Rights of Indigenous Peoples	412-1	Operations that have been subject to human rights reviews or impact assessments	-	
	412-2	Employee training on human rights policies or procedures	Human Rights Education for Employees, Prevention of Sexual Harassment and other Forms of Harassment at the Workplace	
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	-	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Social Contribution, Netmarble Cultural Foundation	
	413-2	Operations with significant actual and potential negative impacts on local communities	-	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	-	
	414-2	Negative social impacts in the supply chain and actions taken	-	
Public Policy	415-1	Political contributions	-	N/A
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	-	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	
Marketing and Labeling	417-1	Requirements for product and service information and labeling	-	
	417-2	Incidents of non-compliance concerning product and service information and labeling	Violation of Compliance	
	417-3	Incidents of non-compliance concerning marketing communications	Violation of Compliance	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Factbook	
Socioeconomic Compliance	419-1	Non-compliance with laws and regulations in the social and economic area	ESG Factbook	

SASB Index

Technology & Communication – Internet Media & Services

Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metric	Reported in	Notes
Environmental footprint of hardware infrastructure	TC-IM-130a.1	(1) Total energy consumed	-	
		(2) percentage grid electricity	-	
		(3) percentage renewable	Response to Climate Change	
	TC-IM-130a.2	(1) Total water withdrawn	-	
		(2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	-	
	TC-IM-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	-	
Data privacy, advertising standards & freedom of expression	TC-IM-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	Creating a Data Protection Culture, Information Security and Protection of Personal Information	
	TC-IM-220a.2	Number of users whose information is used for secondary purposes	ESG Factbook	N/A
	TC-IM-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	ESG Factbook	N/A
	TC-IM-220a.4	(1) Number of law enforcement requests for user information,	-	
		(2) number of users whose information was requested,	-	
		(3) percentage resulting in disclosure	-	
	TC-IM-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	Compliance Risk Management, ESG Factbook	
	TC-IM-220a.6	Number of government requests to remove content, percentage compliance with requests	Compliance Risk Management, ESG Factbook	
Data security	TC-IM-230a.1	(1) Number of data breaches	-	
		(2) percentage involving personally identifiable information (PII)	ESG Factbook	
		(3) number of users affected	ESG Factbook	
	TC-IM-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	Information Security and Protection of Personal Information	

Membership and Awards

Membership of associations

Name of membership	Korea Association of Game Industry (K-GAMES)	Game Culture Foundation	Game Self-governance Organization of Korea (GSOK)	Korea Internet Corporations Association
Membership	Vice-Chairman	Fundraising companies	Member	Member
Details	An incorporated association established through cooperation between game companies for promoting the game industry and exercising social responsibilities Activities: To operate International Game Exhibition(G-STAR), to research game industry, to research game policy and promotion, etc. http://www.kgames.or.kr/	An incorporated foundation established for creating and spreading a healthy game culture Activities: To operate game culture family camp and over-immersion healing center, to improve awareness of game through activities such as game literacy education, etc http://www.gameculture.or.kr/	A self-controlled organization established for protecting game users and promoting game culture Activities: To establish and implement self-regulatory policies for recent game industry issues such as loot box, game adverts, etc http://www.gsok.or.kr/	A support group of ICT industry-based business operators Activities: To reform regulations and systems for internet-based companies (policy research, cooperative project with government) http://www.kinternet.org/

2020 AWARD

Year	Month	Details	Host
2020	03	Ranked top in 2020 Korean Brand Star for 7 years in a row	Brand Stock
2020	03	Ranked 6 th in 2020 global mobile game publisher	AppAnnie
2020	04	Chosen best call center at 2019 Korean Service Quality Index(KSQI)	KMAC
2020	05	Ranked top in the 2020 Korea Digital Customer Satisfaction Survey, SNS Communication Competitive in game division for 3 years in a row	Korea Marketing Association
2020	06	<The Seven Deadly Sins: Grand Cross> Won excellence award in Japan CDED Award 2020, Visual Arts Division	Computer Entertainment Supplier's Association
2020	07	<A3: Still alive> Best game of the month in 2020 1H	KOCCA

Year	Month	Details	Host
2020	10	Netmarble Foundation. won Achievement Award in Korea Disabled Person Culture and Arts Grand Prize (the first in the game industry)	Ministry of Culture, Sports and Tourism
2020	11	<A3: Still alive>, <Magumagu 2020> Chosen best game of the month selected by KOCCA	KOCCA
2020	11	Netmarble Paralympic Team won 15 medals in National Paralympic Rowing Championships	Korea Para Rowing Association
2020	11	<A3: Still alive> won excellence award in 2020 Korea Game Awards	Ministry of Culture, Sports and Tourism
2020	12	Chosen as a Korea Public Corporation	Institute for Social Responsibility of Public Sector Institutions

Independent Assurance Statement

To readers of Netmarble ESG REPORT 2021

Introduction

Korea Management Registrar (KMR) was commissioned by Netmarble to conduct an independent assurance of its ESG Report 2021 (the “Report”). The preparation of the Report is the sole responsibility of the management of Netmarble. KMR’s responsibility is to issue an assurance statement over the limited scope of data and information specified below.

Scope and Standards

Netmarble described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the assurance standard SRV100 of KMR’s Global Management Committee to provide a limited assurance. We evaluated the adherence to the principles of materiality and understandability and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index specified below.

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 disclosures below for the confirmation.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
 - Management approach of Topic Specific Standards
 - GRI 206: Anti-Competitive Behavior
 - GRI 302: Energy
 - GRI 305: Emissions

- GRI 307: Environmental Compliance
- GRI 404: Training and Education
- GRI 406: Non-Discrimination
- GRI 413: Local Communities
- GRI 418: Customer Privacy
- GRI 419: Socioeconomic Compliance

As for the reporting boundary, the engagement excludes the data and information of Netmarble’s partners, suppliers and any third parties.

KMR’s approach

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

- Reviewing the overall Report;
- Reviewing the procedure and methods of materiality assessment;
- Reviewing the strategies and objectives of sustainable management;
- Reviewing the activities engaging stakeholders; and
- Interviewing people in charge of preparing the Report.

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Netmarble 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, nothing has come to our attention to suggest that the Report was not prepared in accordance with the principles described below. We did not find any evidence that the data included in the scope defined above is not properly described.

Materiality

The reporting boundaries of the Netmarble’ Report include all of its operating sites. The Report provides detailed long-term sustainability strategies and targets. Netmarble relies on its own materiality assessment process to decide the materiality of issues identified by stakeholder communication channels. We could not find any material issue or stakeholder group that was not covered in the process.

Understandability

The Report was prepared in the context of sustainability to provide targets for sustainability issues identified by the materiality assessment and the background of the selection and the management approach. It is our opinion that the metrics are specific and easy to compare.

Reliability

The Assurance Team identified errors in the data and information provided, which Netmarble subsequently corrected before issuing the final version of the Report. We believe the data and information included in the Report are accurate and reliable. Nothing has come to our attention to imply that the Report does not provide a fair representation of Netmarble’s responses to material stakeholder issues.

We did not find any evidence to suggest that the Report was not prepared in accordance with the Core Options of the GRI standards.

Recommendations

We expect that the Netmarble’ Report can be utilized as a means of communications with stakeholders. The following recommendations are provided for further improvements:

Netmarble provided clear, detailed information about the commissioning of an external audit, voting rights status, and public announcement management to improve communication with stakeholders. It even listed chairpersons of individual committees within the Board of Directors, which was impressive. We recommend that the company expand quantitative data on economic and environmental performance for the completeness of the report.

Independence

KMR has no other contract with Netmarble and did not provide any services to Netmarble that could compromise the independence of our work.

December. 21, 2021
CEO Eun-Ju Hwang

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netmarble