


Embracing Sustainability for Growth

NAVER ESG Report 2020





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

ABOUT THIS REPORT

Outline

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

Reporting Period

The reporting period of NAVER's first ESG Report is as follows:

- Financial performance covers the company's performance by June 30, 2020.
- Business performance covers the company's activities by September 30, 2020.
- Management performance covers matters for which decisions were made by October 31, 2020.

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

Reporting Scope

The reporting scope of this report is as follows:

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

Reporting Standards

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

Third Party Assurance

This report has been assured by the Korea Management Registrar (KMR), an independent assurance corporation, to ensure the credibility of all the information created, and the verification was completed in accordance with AA1000AS (2008), an international verification standard.

Inquiries

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COVER STORY

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



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

CONTENTS

MANAGEMENT OVERVIEW

- 10 Letter to Stakeholders
- 12 Our Company
- 16 Our Ambitions

GOVERNANCE & TRUST

- 38 **GOVERNANCE**
 - Sound Corporate Governance
 - Risk & Opportunity
 - Business Ethics & Compliance
- 50 **TRUST**
 - Cyber Security, Privacy & Freedom of Expression

KEY HIGHLIGHTS

- 24 **OUR IMPACT**
 - Distribution of Economic Value
- 25 **SPECIAL REPORT**
 - COVID-19—NAVER's Response and Roles
- 34 **MANAGEMENT REPORT**
 - Sustainable Business Management

SOCIAL & ENVIRONMENT

- 60 **SOCIAL**
 - Respect for Human Rights
 - Investment in Human Capital
 - R&D and Technological Innovation
 - NAVER Project Flower
- 82 **ENVIRONMENT**
 - Environmental Impact Management

APPENDIX

- 89 Performance Indices
- 93 GRI Index
- 96 UN SDGs
- 97 Awards & Membership
- 98 Third Party's Assurance Statement

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Empowering green platform & initiative for the future



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



Scaling social impacts & sustainability in mind



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



Guided by good governance & shared values

파트너스퀘어 종로교차로
함께 나누고 싶은 이야기

파트너스퀘어
종로교차로

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

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



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



CEO Message



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

It is my great pleasure to greet all of you shareholders, customers, partners, and employees through NAVER's very first Environmental, Social, and Governance (ESG) Report.

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

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

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

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

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

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

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

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

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

In 2020, NAVER improved its business models and long-term growth basis by successfully completing the global antitrust review of the merger between Line and Z Holdings and forming a strategic business alliance with CJ Group.

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

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

December 2020

A handwritten signature in black ink, appearing to read '한성숙' (Han Seong-sook).

Seong-sook Han

President & CEO, NAVER Corporation

OUR COMPANY

NAVER AT A GLANCE

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

CORPORATE INFORMATION

Name of Company **NAVER Corporation**



Establishment **June, 1999**

CEO **Seong-sook Han**

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

Employees **3,777**
(As of June 30, 2020)

Operating Revenue

 6.6 KRW trillion (As of December 31, 2019)	 3.6 KRW trillion (As of June 30, 2020)
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KEY MILESTONES

Company History

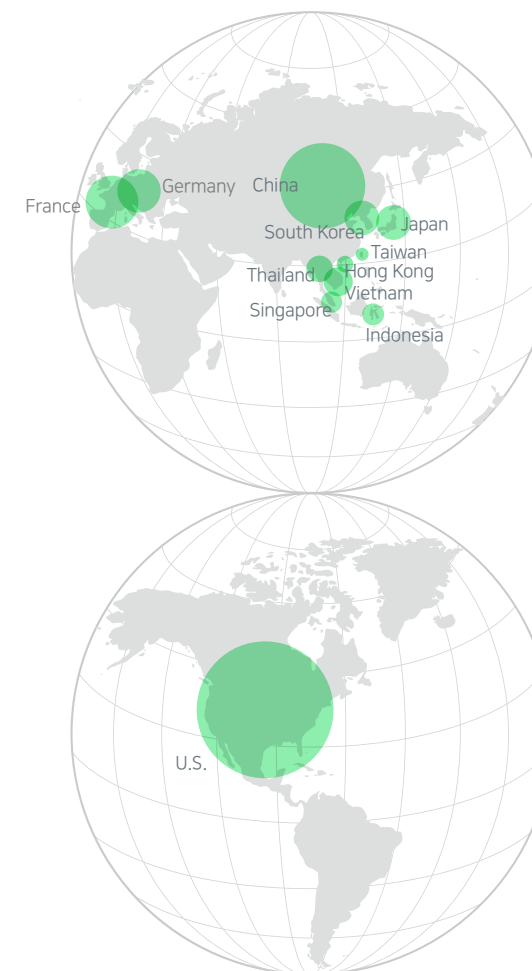
- 2020. 08 Completed the antitrust review of the merger between Line and Z Holdings in the relevant country
- 2019. 12 Signed a business integration agreement for LINE-Z Holdings
- 2019. 11 Established NAVER FINANCIAL
- 2017. 05 Established NAVER Webtoon Corp.
- 2017. 01 Established NAVER Labs, Inc.,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

External Evaluation

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















GLOBAL NETWORK

12 countries across the globe



* As of October 31, 2020

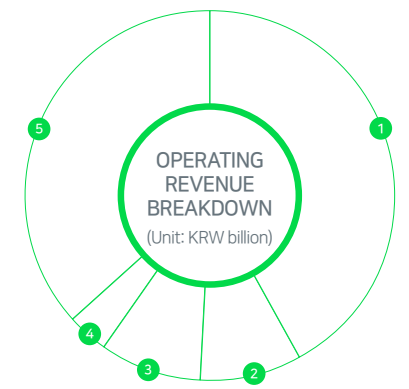
FEATURED SERVICES

 NAVER	 Smart Store
 BAND	 NAVER Webtoon
 LINE MANGA	 V LIVE
 VIBE	 SNOW
 AudioClip	 NAVER CLOUD
 NAVER WORKS	 NAVER CLOVA
 WHALE	 Papago

* As of October 31, 2020

NAVER Business

NAVER generates revenue through its Search Platform and Commerce Business based on diverse Internet services, including "NAVER", a No. 1 internet search portal in South Korea, and global mobile messenger "LINE". It is maintaining stable growth based on a diversified business portfolio, including its Contents Business to provide such services as webtoon, music and V LIVE, Fintech Business for which new growth is expected, and Cloud Business that provides an enterprise solution.



1 Business Platform	1,527 (42.0%)
2 IT Platform	328 (9.0%)
3 Ads	319 (8.8%)
4 Contents	135 (3.7%)
5 LINE and Other Platforms	1,326 (36.5%)

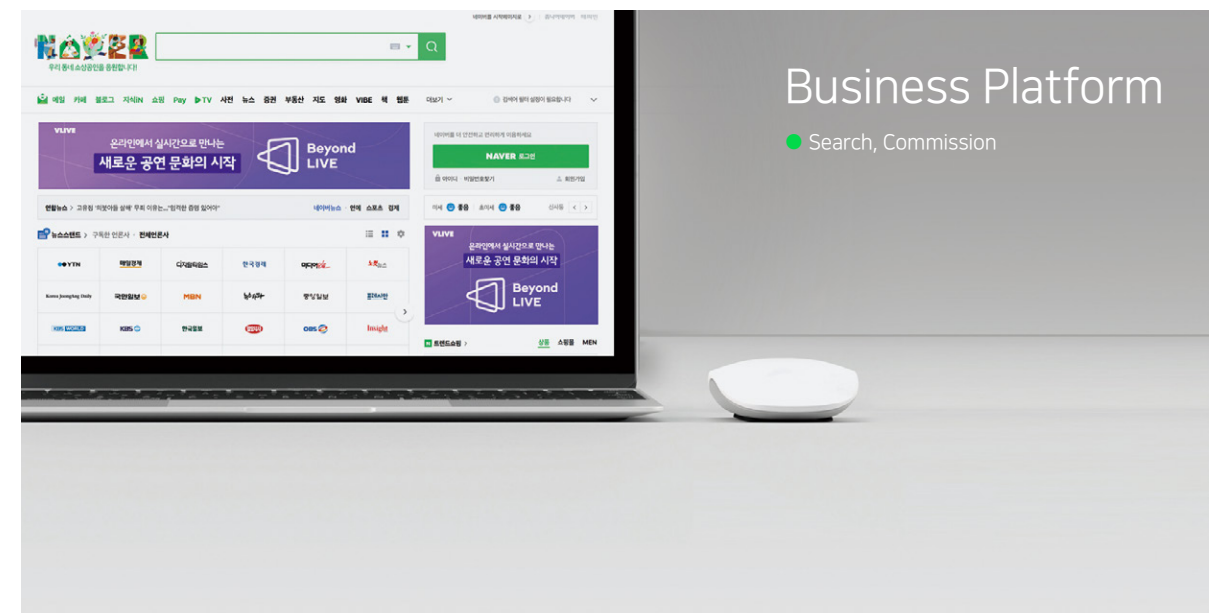
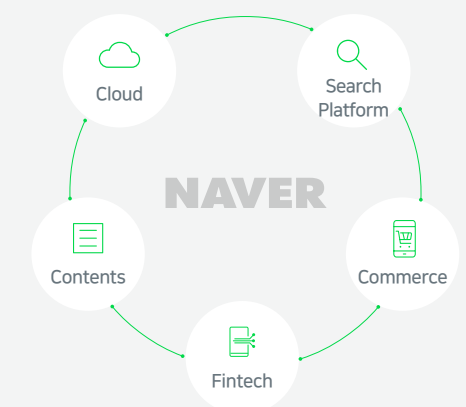
* As of the first half of 2020

Reference information regarding changes of revenue category starting from the third quarter of 2020

In this report, operating revenue and revenue by business were specified based on the half-year report. In August 2020, the LINE Z Holdings business integration antitrust review was completed in the relevant countries. Accordingly, LINE was classified as operating profit (loss) of a discontinued business in the third quarter and the operating revenue category was changed.

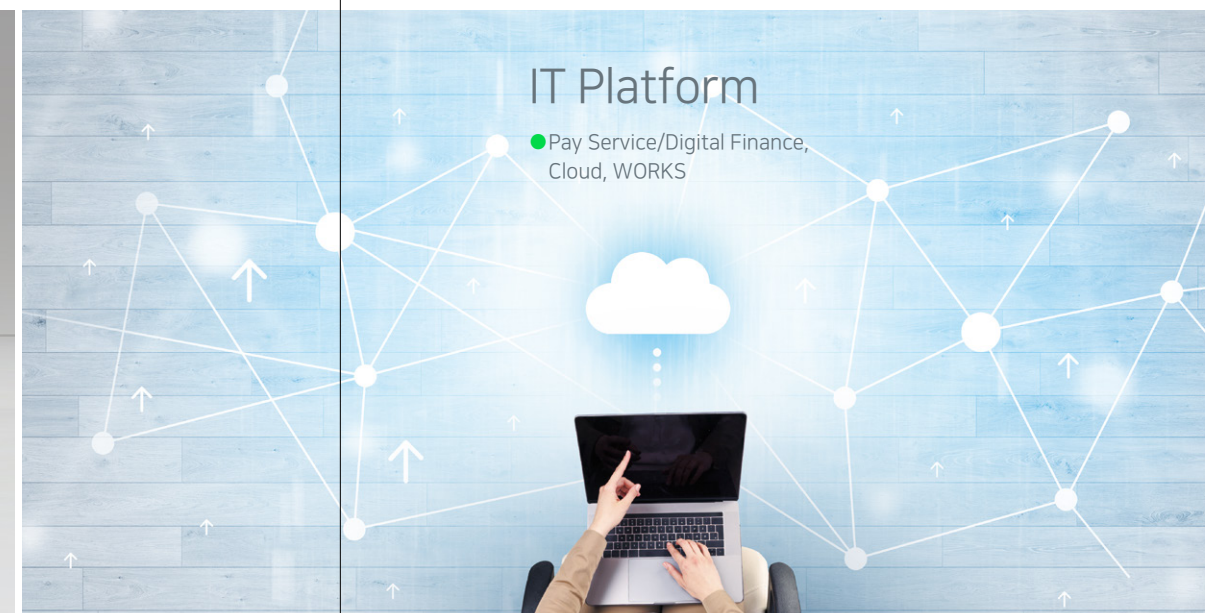
In addition, reflecting its mid- to long-term strategies and business direction, NAVER changed its business category starting from the third quarter of 2020. The roles and contribution of commerce business are growing in importance, and this is why the revenue from Commerce Business that was previously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

New Revenue Category of NAVER



Business Platform

- Search, Commission



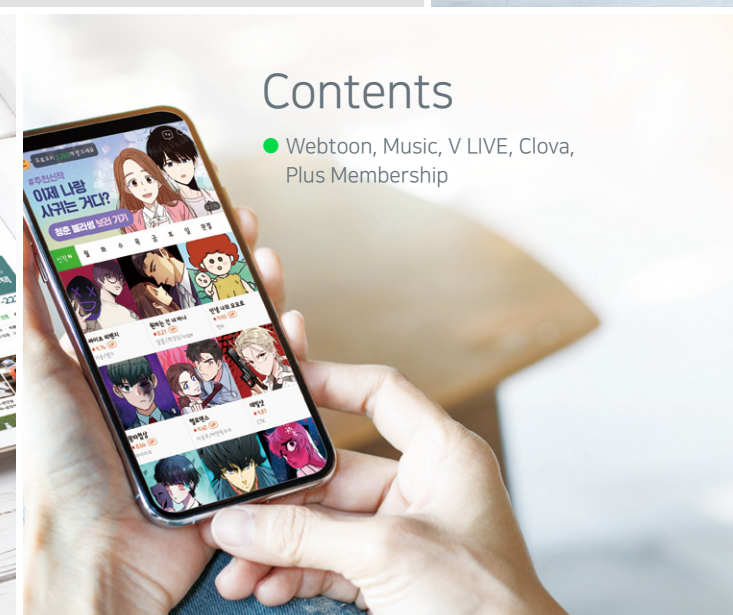
IT Platform

- Pay Service/Digital Finance, Cloud, WORKS



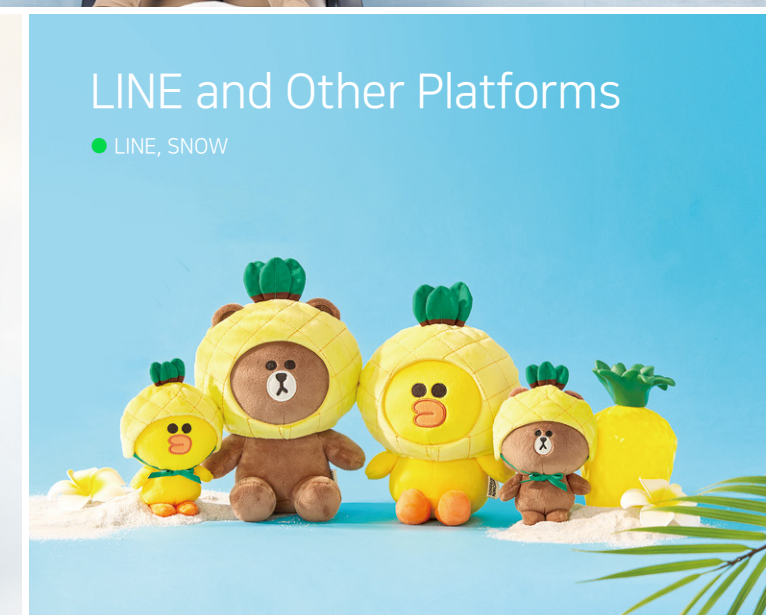
Ads

- Display



Contents

- Webtoon, Music, V LIVE, Clova, Plus Membership



LINE and Other Platforms

- LINE, SNOW

OUR AMBITIONS

ESG Implementation Strategy

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

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

We collected opinions from all relevant departments, the management, and the Board of Directors (BOD) from July to October 2020. We also held discussions with our key investor groups at home and abroad, ESG expert groups, major business partners, and other outside stakeholders on our ESG issues, that we should significantly manage over the long term, as well as our response measures. Based on this process, we identified changes in the sustainable management environment in South Korea and abroad, industry trends, and areas where internal management is lacking in comparison to the level demanded by stakeholders, and derived strategic ESG improvement tasks of relevant departments in consideration of internal resources.

Of these, we systematized our ESG implementation direction with a particular focus on key ESG areas that stakeholders are highly interested in and that we should implement over the mid- to long-term. Furthermore, we plan to disclose information in a timely and transparent manner on the management status and plan on ESG issues that have a serious impact on corporate value starting in 2020. By steadily pursuing non-financial information disclosure that is integrated with financial performance and outlook, we will think hard to develop an optimal form of disclosure for stakeholders who seek to look at corporate value from a long-term perspective.

ESG Management System

In October 2020, we expanded the roles and responsibilities of the former Transparency Committee, which was a BOD sub-committee that made decisions related to environmental and social issues, and created the ESG Committee and assigned it with functions as the top consultative body that is in charge of ESG risk management and business expansion at the company level.

In addition, we have made a plan to launch an ESG-dedicated team under the organization led by CFO since it serves as a major contact point with investors in South Korea and overseas and plans the procurement, execution, and distribution of financial resources. The organization dedicated to ESG will manage individual ESG implementation tasks that are executed by relevant departments across the company, present guidance based on outside stakeholder demand, and lay agenda items before the ESG Committee under the BOD four times a year based on the status of task implementation.

Our plan for 2021 is to overhaul the dedicated team in the environmental sector to preemptively respond to strengthening environmental regulations at home and abroad, and thus will focus more on company-wide facility management, climate change response, and eco-friendly business.

Strategies to enhance corporate value based on ESG

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



Achieve 2040 Carbon Negative	Minimize risks related to data protection and cyber security	Strengthen fair trade and business ethics management
<ul style="list-style-type: none"> Maintain and improve energy efficiency of data centers Increase use of renewable energy Identify eco-friendly businesses and increase investments in low carbon solutions 	<ul style="list-style-type: none"> Operate a data security management system led by internal and external experts and top management Continually upgrade risk management solutions for data protection and cyber security 	<ul style="list-style-type: none"> Upgrade the anti-corruption risk management system and information disclosure Continually reduce the occurrence of risks related to business ethics and compliance, and strengthen measures to be taken

Stakeholder Participation & Communication

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

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

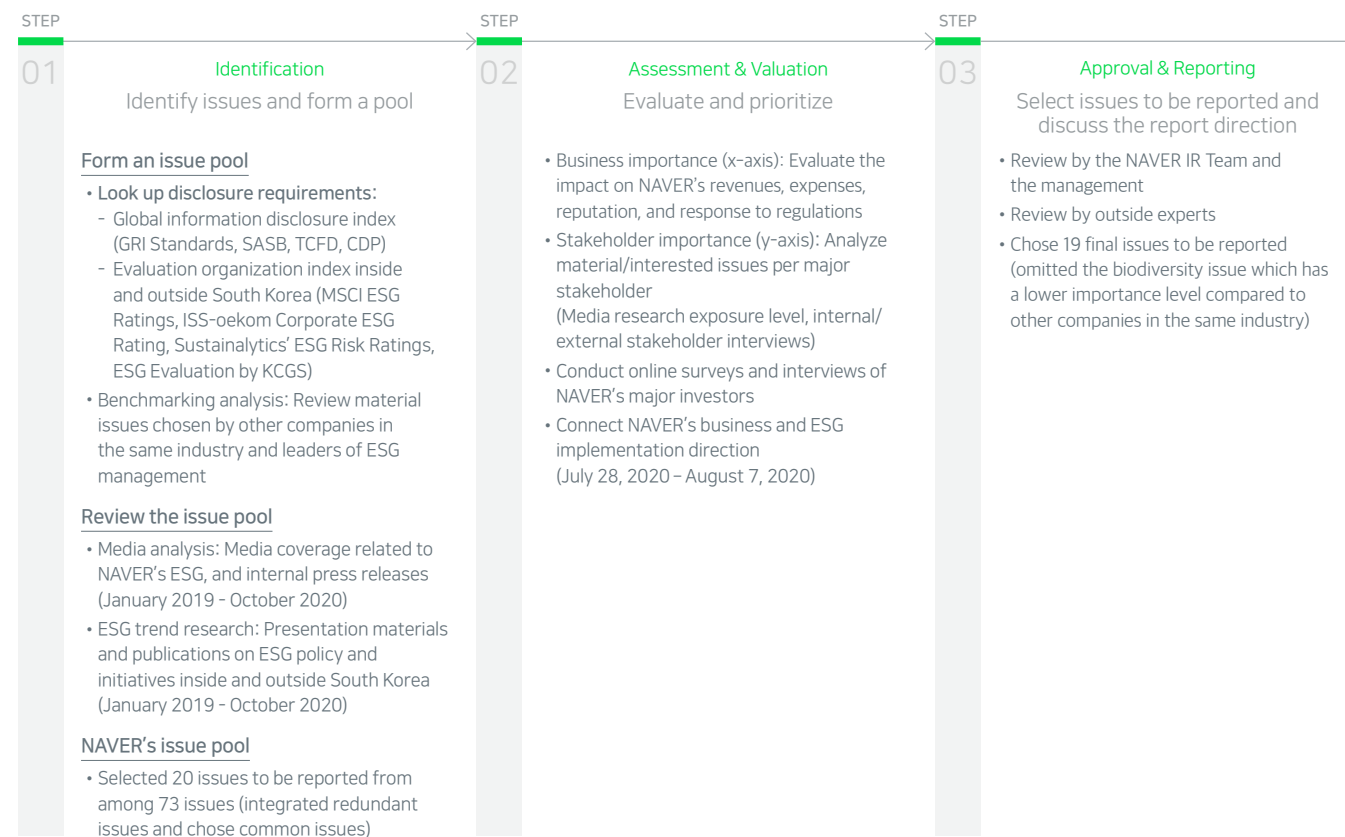
Material ESG Issues

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

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

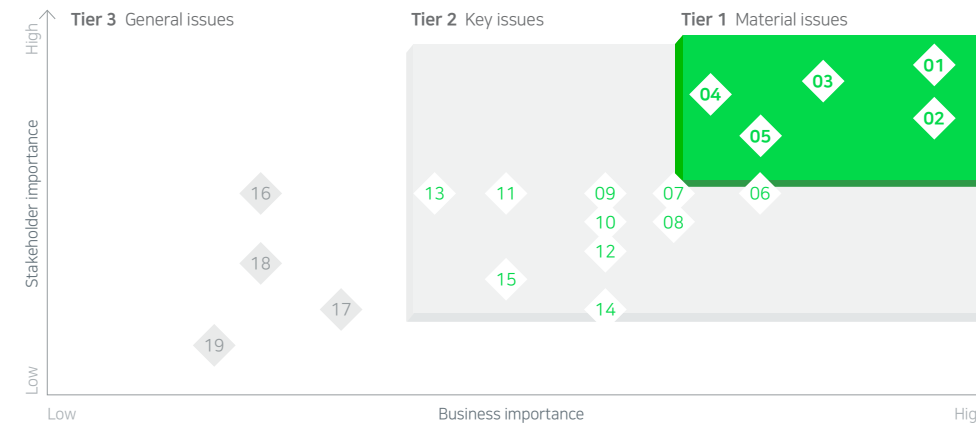
As a result of the materiality analysis, 19 ESG issues were chosen as issues that take priority. The issue that was chosen as the most material across NAVER's businesses and stakeholders is "data security, privacy & freedom of expression". Such issues as "R&D and technological innovation", "business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

Materiality Analysis Process



Materiality Analysis Results

Materiality Matrix



Business Importance

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

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

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

Key Highlights

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

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

OUR IMPACT

24 Distribution of Economic Value

SPECIAL REPORT

25 COVID-19—NAVER's Response and Roles

MANAGEMENT REPORT

34 Sustainable Business Management



OUR IMPACT

Distribution of Economic Value






NAVER maintains its solid growth pace by adding social and natural capital to its human, financial, and physical capital. We also do our utmost to fulfill corporate responsibilities by distributing generated economic value to various stakeholders.

Economic Value Distribution to Stakeholders

NAVER distributed KRW 3.8 trillion to stakeholders of consolidated economic value that was generated in 2019, and around KRW 2.1 trillion was distributed as of the half-year of 2020.

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

(Unit: KRW million)

Stakeholder	2019	1H 2020
 Employees - Salaries and wages, post-employment benefits, and employee benefits ¹⁾	1,664,283	862,856
 Partners - Expenses for partners ²⁾ , and business platform value of the Fountain Fund	1,411,390	820,505
 Investors, shareholders, creditors - Dividends and interest expenses ³⁾	86,158	74,774
 Government - Income tax ⁴⁾	478,075	285,109
 Communities - Social contribution expenses ⁵⁾ , and public service platform value of the Fountain Fund	111,160	57,574
Total	3,751,066	2,100,818

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

²⁾ Including sales commission, payment commission, provisions for NAVER Pay, content commission, and cost of goods sold

³⁾ Refer to dividend, interest payments in the consolidated statements of cash flows

⁴⁾ Refer to income tax payments in the consolidated statements of cash flows

⁵⁾ Refer to other expenses in the notes to the consolidated financial statements

SPECIAL REPORT

COVID-19—NAVER's Response and Roles

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

#COLLABORATE

NAVER's advanced digital knowhow and technology platforms boost the nation's pandemic containment efforts.

#CONNECT

NAVER helps our society overcome the COVID-19 crisis and prepare for a post-pandemic era through the value of connection.

#CARE

NAVER pays a close attention to the health and safety of its employees, a valuable asset that will shape the post-pandemic era.



#Collaborate

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



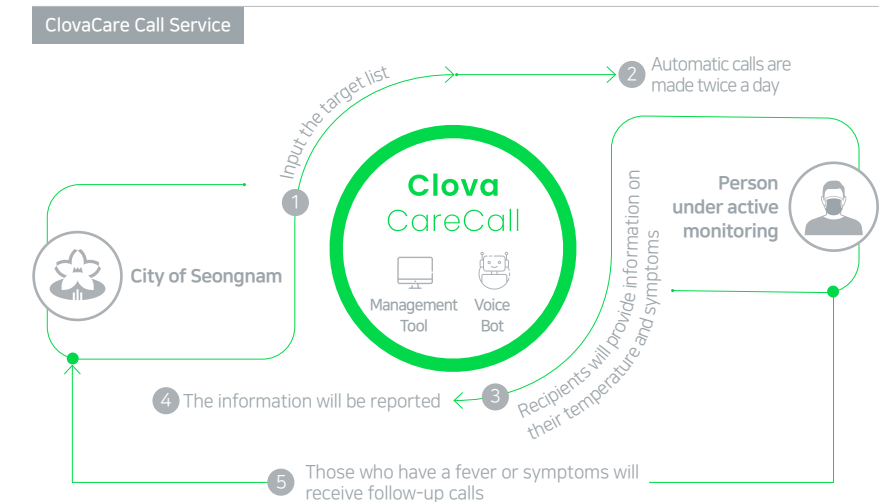
Cooperation with Central and Local Governments

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

In addition, for the first time in South Korea, NAVER has launched an AI-based COVID-19 detection service on a trial basis, following a memorandum of understanding (MOU) with the city of Seongnam, where it is based, on operating "ClovaCare Call Service". The service, developed by NAVER, automatically calls people under monitoring for COVID-19 twice a day to keep track of changes in their temperatures, respiration conditions and other developments; and informs public health authorities of those with pronounced signs of COVID-19. As it enables prompt and proactive measures and thus eases the anxiety of people worried of being infected, the service is expected to improve work efficiency of public health centers suffered from excessive workloads.

Cases of Collaboration with Government Agencies

Public Mask App	Public mask sales data from the Health Insurance Review and Assessment Service and National Information Society Agency (NIA) were provided as open API on NAVER Cloud. Seller information and stock status were provided through NAVER Search and NAVER Map.
Digital Access Register	Partnering with the Central Disaster Management Headquarters, NAVER conducted epidemiological investigations on confirmed cases and operated the first QR check-in service to contain the spread of COVID-19.
Search Box Banner	Partnering with the Central Disaster and Safety Countermeasures Headquarters, Central Disaster Management Headquarters, Central Disease Control Headquarters, and Ministry of Culture, Sports and Tourism, NAVER provided information on confirmed COVID-19 cases in real time, live-cast regular briefings, and posted response manuals and government policies.





#Connect

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

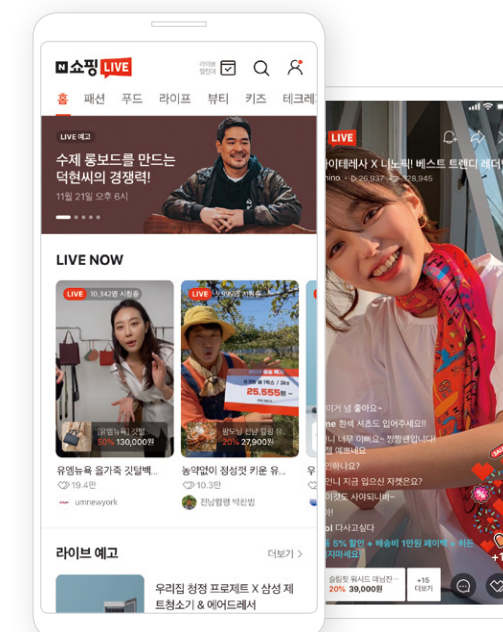
Support for Public Services

As more businesses adopt telecommuting and other COVID-safe work systems, NAVER offers NAVER WORKS Lite free of charge for a fixed period. This business collaboration tool supports teleconferencing, messaging, screen sharing, and calendar management, helping over 100,000 NAVER customers around the world stay safe and alleviating the impact of business disruptions caused by COVID-19.

In addition, NAVER supports remote studying for students by providing an online teaching platform to primary, middle, and high schools forced to close their classrooms due to the spread of the virus. NAVER Cloud, a subsidiary of NAVER, has successfully supported the stable operation of "e-learning center", an online teaching service for primary and middle schools in 17 cities and provinces, in partnership with the Korea Education and Research Information Service (KERIS) under the Ministry of Education organization. Responding to the nation-wide enforcement of an unprecedented virtual school semester, NAVER has promptly upgraded the capacity of its cloud platform-based servers to support the number of concurrent users from 40,000 to 3 million in a mere two-week period, and succeeded in safeguarding personal and public education data through web monitoring and security assessment. Looking forward, NAVER will boost its support for online learning by adopting advanced technologies such as AI and Clova Dubbing, while continuing its diverse collaborative efforts at building an AI education ecosystem.

Support for SMEs

NAVER helps SMEs suffering from the COVID-19 pandemic by easing the burden of commission fees and marketing and by providing free products to SMEs including Smart Store merchants. In addition to offering its diverse platform channels as PR and marketing venues, NAVER assists SMEs' efforts to go digital with various forms of online support related to Kiosk set-up, mobile ordering, delivery service management, and online employee training. In particular, "Shopping Live", our live commerce tool that allows SMEs to show and sell their products through live casting and real-time chatting, enables smartphone-based live-casting without the help of professional studios or equipment. Shopping Live has emerged as one of the most promising shopping platforms in line with growing contactless trends, earning high marks from both sellers and buyers. In five months from its launch in March 2020, the number of sellers, content, and subscribers grew 11 times, 16 times, and 14 times, respectively.



NAVER Shopping Live



#Connect

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

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

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

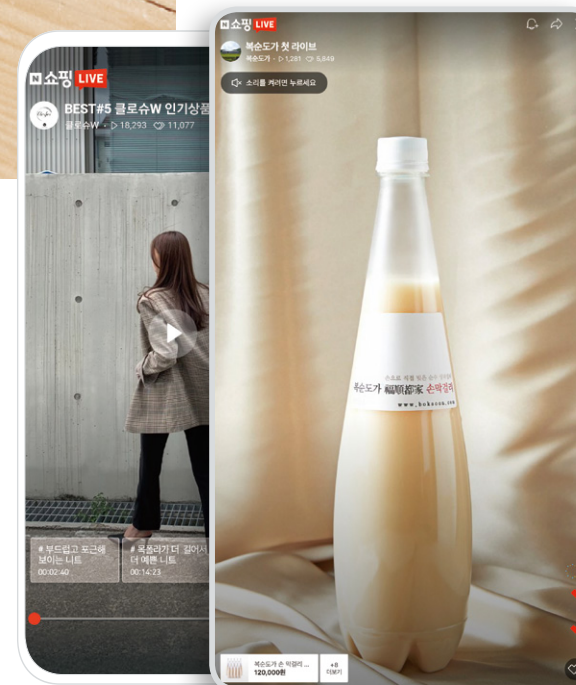
CASE STUDY Cases of Sales Through Shopping Live

Bok Soon Do Ga

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

Closhoe W

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





#Care

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

Employee Care

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

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

Social Distancing Guidelines by Level



- Level 1**
 - Allowed to go to the office on business days and discretionary telecommuting
 - Telecommuting required if an employee or his/her family member living together has a symptom; is under self-quarantine; has visited a foreign country in the past 14 days; or is in the high-risk group of COVID-19 (pregnant women and patients with underlying conditions)
- Level 2**
 - Allowed to go to the office twice a week (telecommuting required for those described in Level 1)
 - Considering the trend in confirmed cases and government guidelines, the level of telecommuting may be adjusted to require all employees work from home and only allow office visits if necessary.
- Level 3**
 - Telecommuting required for all employees
 - Only required personnel may go to the office

Telecommuting Status



Sustainable Business Management

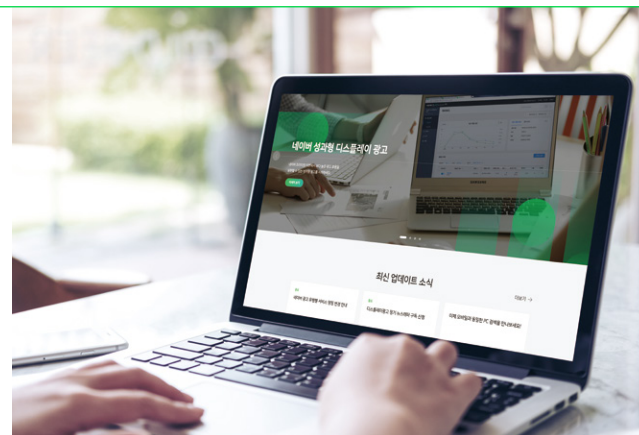
NAVER strives to secure long-term growth engines and to keep its competitive edge sharp through ceaseless pursuit of challenge and business portfolio management. Amid unpredictable business environment and daily life due to COVID-19, we will continue to develop business growth models that thrive on crisis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

NAVER continues to excel in all of its new growth drivers, such as Commerce, Fintech, Contents and Cloud Business while maintaining the solid growth pace in the main business. LINE's third-quarter revenue has been accounted as profit from discontinued operations following the approval of LINE-Z Holdings business integration antitrust review in August 2020, and LINE's revenue will be exempted from the consolidated earnings report for the first quarter of 2021 by which the business integration is expected to complete.

So as to fully reflect such change as well as to more clearly project the identity of the main growth engine, NAVER has realigned its business lineup and adjusted the revenue category into Search Platform, Commerce, Fintech, Content, and Cloud Businesses. Furthermore, while developing a virtuous cycle between business operations and services and thus driving business growth, we will seek to realize stakeholder value related to user experience, win-win growth with partners, and cooperation with the government.

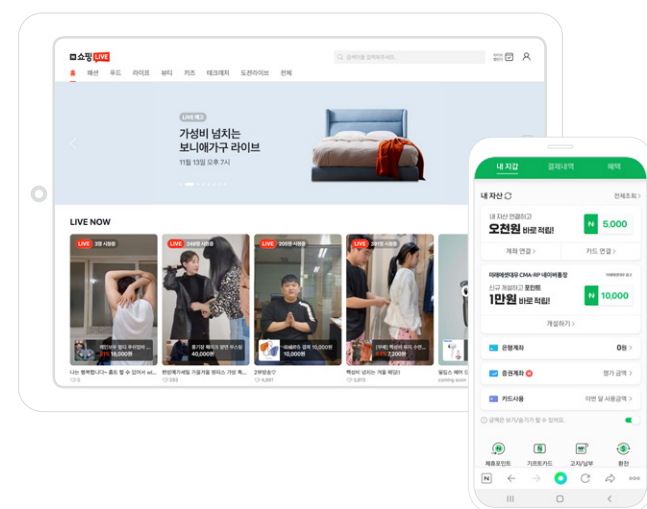
Search Platform

Search, Display As South Korea's top-notch internet search portal, NAVER delivers useful information by adopting AI-based technologies and expanding content, thereby offering new user experiences and better meeting user requirements. Thanks to these efforts, NAVER recorded a notable revenue recovery in August 2020 despite the 2nd wave of COVID-19. The operating revenue from our display business was increased on the expansion of performance-based advertising and on the efforts to enhance ad efficiency.



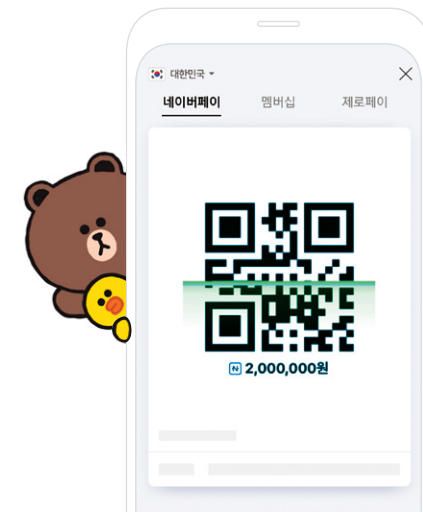
Commerce

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



Fintech

Pay Service, Digital Finance NAVER Pay is steadily rising in transaction volumes with the rapid growth of the Commerce Business. NAVER FINANCIAL is fast expanding the point ecosystem and enhancing NAVER Pay user convenience by launching an offline point QR code-based settlement service in the fourth quarter of 2020. In addition, we plan to shift into high gear in fintech business targeting SMEs by launching a loan service for Smart Store merchants. The move is in line with our plan to support the growth of SMEs, which constitute the backbone of the South Korean economy, and to help the financially-marginalized benefit more from the wonders of latest financial services through technology and data, thus contributing to the nationwide effort to eliminate the financially-blind zone of society.



Contents

Webtoon, Music, V LIVE, SNOW NAVER's Contents Business is growing with the advancement of online service features and the increase of global users. In particular, NAVER Webtoon users are fast growing in Europe and Latin America following a robust increase in North America. As of September 2020, global monthly active users (MAU) number 67 million. Furthermore, NAVER is establishing a new business model by rolling out Beyond LIVE, a customized online concert, while expanding its presence in the global entertainment intellectual property business arena by securing investments from Big Hit and YG Entertainment of NAVER-Z, a provider of Zepeto - an AR-based avatar service. Through such ventures, we are significantly contributing to further spread the Korean Wave and to satisfy the consumers' cultural needs in the age of contactless connectivity.



Cloud

Cloud, WORKS, Clova The growing demand for cloud services spurred by a fast-expanding online environment and the rapid progress of technology as well as by COVID-19 is behind the industry-wide increase in sales. In response, NAVER plans to turn all of its institutional technology and services into cloud-based products, which involves integration of B2B sales channels, and to strengthen its brand identity by releasing vertically specialized products by business type. Also planned is disclosure through the cloud of data the company has accumulated for the past 20 years as a way to play an active role in the South Korean government's Digital New Deal initiative. We hope the data will be used for AI research and in many other fields and serve as a primer for South Korea's 4th Industrial Revolution drive.



Governance & Trust

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

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

GOVERNANCE

- 39 Sound Corporate Governance
- 44 Risk & Opportunity
- 47 Business Ethics & Compliance

TRUST

- 51 Data Security, Privacy & Freedom of Expression



GOVERNANCE

CORPORATE GOVERNANCE

MANAGEMENT APPROACH

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

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

KEY PERFORMANCE



Launched the ESG Committee in October 2020 for better ESG management



Strengthened business system to improve company-wide risk management



Established the NAVER Fraud Risk Assessment System

Sound Corporate Governance

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

Share and Capital Structure

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

The total number of shares that can be issued according to NAVER's Articles of Incorporation is 300,000,000 shares (face value of one share: KRW 100), and all issued shares are ordinary shares. Fair voting rights have been given according to the number of shares. As of the end of September 2020, the number of shares issued by the company is 164,263,395 and the number of treasury shares is 18,898,600. Shares with voting rights account for 88.49% of issued shares at 145,364,795 shares.

In addition, we communicate with investors regarding such issues by participating in corporate days and conferences hosted by domestic and overseas securities companies, and holding domestic and overseas non-deal roadshows. When needed, top management and directors have direct meetings with investors.

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

Advanced Governance & Shareholder-friendly Management

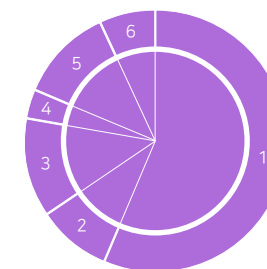
Efforts to Improve Corporate Governance

NAVER strives to increase shareholder value and gain market trust by communicating with shareholders and investors through a wide range of channels based on an effective and active IR policy. We operate a separate IR page on our website in both Korean and English so that shareholders can easily access relevant information. For the annual general shareholders' meeting (AGM), we issue a business report, the Articles of Incorporation, an audit report, as well as an annual report to help investors make decisions based on more accurate information.

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



Shareholder Composition



1 Foreigners	56.4%
2 Domestic institutions	9.2%
3 Major shareholder (National Pension Service)	12.3%
4 Haejin Lee	3.7%
5 Treasury shares ¹⁾	11.5%
6 Individuals in South Korea and other companies	6.9%

* As of September 30, 2020

Type of Shares and Voting Rights

(Unit: Shares)

Classification	Type of shares	Number of shares	Note
Total number of issued shares	Ordinary shares	164,263,395	
	Class shares	-	
No. of shares without voting rights	Ordinary shares	18,898,600	Treasury shares ¹⁾
	Class shares	-	
No. of shares with voting rights	Ordinary shares	145,364,795	-
	Class shares	-	-

* As of September 30, 2020

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

Protecting Shareholder Rights and Interests

NAVER provides sufficient information on an AGM to shareholders in advance, so that they can exercise their rights. We make a decision on convening an AGM at least three weeks prior to the AGM, and make a public announcement and send a written or electronic document notice no later than two weeks prior to the AGM. We actively recommend a proxy's exercise of voting rights to shareholders and encourage them to exercise their voting rights using a written power of attorney so that shareholders can conveniently exercise their voting rights. To ensure shareholder safety and convenience after COVID-19, we sent to all our shareholders a mailing envelope that will later be paid for by the receiver, together with a power of attorney form, so that shareholders could exercise their voting rights in writing (power of attorney).

We are looking into ways to shorten the closing schedule to comply with the "four weeks before an AGM notice" that is specified in the model corporate governance criteria, and plan to adopt the electronic voting system starting in 2021 for shareholder convenience. In addition, we inevitably held AGMs on days with a high degree of AGM concentration in consideration of smooth AGM operations, including the overseas subsidiary-consolidated closing schedule, but are reviewing various ways to make improvements.

Shareholder Return Policy

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

In addition to the aforementioned shareholder return policy, NAVER decided in 2020 on a special cancellation of 83,000 treasury shares that were acquired by using remaining funds after dividends and 467,000 previously-acquired treasury shares, leading to the cancellation of a total 550,000 shares. Accordingly, we paid cash dividends of KRW 376 per share along with shareholder returns totaling KRW 152.9 billion. NAVER has not implemented unequal dividends, quarterly dividends, or interim dividends in the last three years, but will continually examine its shareholder return policy,

including dividends, to ensure adequate-level shareholder return on a yearly basis.

Board of Directors

Composition and Independence of the BOD

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

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

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

NAVER runs sub-committees under the BOD, based on the Articles of Incorporation and BOD operation regulations, which are the Audit Committee, Outside Director Nominating Committee, Risk Management Committee, Compensation Committee, and ESG Committee. All committees, excluding the ESG Committee, are composed of only independent outside directors²⁾, thereby ensuring independent, transparent decision-making and the effective supervision of management.

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

²⁾ Including a Non-Executive Non-Independent Director and Independent Outside Directors

The Board Organization



* As of October 30, 2020

Composition of the Board

Position	Name	Date of birth	Area of expertise	Professional & educational background	Term	
Non-Executive Non-Independent Director (Chairman of the Board)	Byun Dae-gyu (Male)	Mar. 1960	Business	<ul style="list-style-type: none"> Ph.D. in Control and Measurement Engineering, Graduate School of Seoul National University President & CEO, Humax Outside Director, SK Telecom Outside Director, POSCO 	<ul style="list-style-type: none"> Vice President, The National Academy of Engineering of Korea Currently President & CEO, Humax Holdings Currently Chairman of the Board of Directors, Humax 	Mar. 2017-Mar. 2023 Reappointed (1)
	Cheong Ui-jong (Male)	Aug. 1963	Law	<ul style="list-style-type: none"> M.A. in Law, Seoul National University LL.M., Columbia University Member of Economic Policy Consultation Committee, Ministry of Strategy and Finance 	<ul style="list-style-type: none"> Member of Financial Dispute Consultation Committee, Financial Supervisory Service Currently Auditor, BAE, KIM & LEE LLC Currently Lawyer, BAE, KIM & LEE LLC 	Mar. 2013-Mar. 2022 Reappointed (2)
	Hong Jun-pyo (Male)	Dec. 1967	Business	<ul style="list-style-type: none"> Medical MBA, University of South Carolina M.D., College of Medicine, Yonsei University 	<ul style="list-style-type: none"> Currently Professor, Ulsan University Currently Plastic Surgery Surgeon, Asan Medical Center 	Mar. 2013-Mar. 2022 Reappointed (2)
Independent Outside Directors	Lee In-moo (Male)	Jun. 1966	Investment & Finance	<ul style="list-style-type: none"> Ph.D. Finance, University of Illinois at Urbana-Champaign Associate Professor, Korea University & National University of Singapore Vice President, Dimensional Fund Advisors Advisory Committee, Reserve Management Group at the Bank of Korea 	<ul style="list-style-type: none"> Member of Risk Management Committee, National Pension Service Currently Professor, Korea Advanced Institute of Science and Technology & Head, School of Management Engineering 	Mar. 2018-Mar. 2021
	Jung Do-jin (Male)	Jan. 1969	Accounting & Audit	<ul style="list-style-type: none"> Ph.D. in Accounting, Kentucky University Member of Evaluation Team for Management Performance of public corporation or quasi-governmental institution, Ministry of Strategy and Finance 	<ul style="list-style-type: none"> Team Leader of Accounting Administration Department, Financial Supervisory Service Currently Member of International Public Sector Accounting Standards Board (IPSASB) Currently Professor, Chung-Ang University Business School 	Mar. 2019-Mar. 2022
President & CEO	Han Seong-sook (Female)	Jun. 1967	Business	<ul style="list-style-type: none"> B.A. in English Literature at Sookmyung Womens University Director of Search Business Division, EMPAS Division Head of NAVER Service Division 1, NAVER Corp. 	<ul style="list-style-type: none"> General Director of Service Management Committee, NAVER Corp. Currently President & CEO, NAVER Corp. 	Mar. 2017-Mar. 2023 Reappointed (1)
Inside Director (COO)	Choi In-hyuk (Male)	Nov. 1971	Technology	<ul style="list-style-type: none"> M.D. Control and Measurement Engineering, Seoul National University Samsung SDS 	<ul style="list-style-type: none"> Leader, NAVER Business Committee Currently COO, NAVER Corp. Currently CEO, Happybean Foundation 	Mar. 2018-Mar. 2021

* As of June 30, 2020

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

Criteria for determining the independency of outside directors

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

Operations of the BOD

As NAVER's standing top decision-making body, the BOD is operated by directors who have extensive professional knowledge and experience in such fields as management, economy, finance, accounting, law, and technology. To support smooth execution of duties by outside directors, the BOD Secretariat and each department in charge frequently provide required information and resources¹⁾, and external training is provided to strengthen competencies. In 2019, training was provided on Audit Committee roles and responsibilities to strengthen accounting and governance transparency, and outside advice was received on the direction of BOD performance assessment.

NAVER complies with the Articles of Incorporation and BOD regulations and guidelines for overall BOD operations, and holds a regular BOD meeting once a month to ensure quick decision-making and sufficient discussion and review of introduced agenda items, and also holds extraordinary BOD meetings when there is an urgent need. In particular, the BOD finalizes the following year's regular BOD meeting schedule every December, and director schedules were checked to increase attendance rates, resulting in an outside directors' BOD and committee attendance rate of 100% in 2019²⁾. In addition, meetings that are attended by only outside directors are held separately from the BOD meetings to strengthen independent duty-performing roles of outside directors. There was a total of six meetings of independent outside directors from January 2019 through the end of June 2020, during which discussions were held on the

business status of affiliates, NAVER's business direction, and plan on executing a BOD performance assessment.

Evaluation and Compensation of the BOD

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

¹⁾ BOD (BOD Secretariat), Outside Director Nominating Committee (BOD Secretariat), Risk Management Committee (BOD Secretariat, HR, Risk Management Working Group), Audit Committee (Internal Audit), Compensation Committee (Leadership Channel), ESG Committee (IR)

²⁾ Based on the attendance rate of four independent outside directors excluding Director Kim Soo-wook who had retired as of end of March 2019

Sub-committees under the BOD

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

Characteristics of the Board

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

To clarify the roles and responsibilities of BOD members, including outside directors, and to enhance efficiency of BOD operations, NAVER carried out a BOD performance assessment project for around three months starting in December 2019. For the performance assessment, survey on the Board and each BOD member was conducted to all BOD members, based on which each outside director had one-on-one face-to-face interview with the Chairman of the Board. It was followed by a roundtable meeting attended by internal management and all BOD members. Results of the survey and one-on-one interview were shared by an external consulting agency, and key agenda identified in the assessment process was fully discussed. Those matters and evaluation results will be reflected, as much as possible, in future BOD operations and support for outside director activities. Regular assessments will be held for continued performance improvement.

Mutual evaluations of individual outside directors are not currently in place, and this is why evaluation results are not reflected in reappointments or determination of director remuneration, but improvements will be made through continued reviews.

Audit Organizations

Audit Committee

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

are outside directors, including finance and accounting experts and legal experts, to ensure expertise and independence. It conducts accounting and work audits, and focuses on expanding governance independence and soundness.

Furthermore, NAVER has a compliance officer who meets the requirements set forth in Article 543-13 of the Commercial Act. The compliance officer independently monitors whether the management and employees observe laws and regulations, and appropriately carry out corporate management, and makes reports to the BOD, thereby conducting examinations for observance of compliance guidelines. The compliance officer also regularly examines compliance throughout the company's businesses and services as well as the intellectual property right management process, and reflects improvement points that were identified based on examination results in internal policies and operation standards to continue complementing activities.

Outside Auditor

NAVER secures the fairness and transparency of its accounting information through regular audits by an independent outside auditor. To ensure independence and expertise of the outside auditor, we include in the candidate evaluation criteria for outside auditor appointment such factors as independence and compliance with regulations as well as the auditor's industrial expertise and experience. In addition, quarterly meetings are held with the Audit Committee to review audit details and quality. The outside auditor that was chosen from business year 2015 to business year 2020 was Samil PwC. The audit opinion for the 21st business year (2019) is "Unqualified", and there were no other special notes.

BOD Activities

Classification	2019 (Jan. 1, 2019 - Dec. 31, 2019)		1H 2020 (Jan. 1, 2020 - Jun. 30, 2020)	
	Number of meetings held	Number of agenda items ¹⁾	Number of meetings held	Number of agenda items ¹⁾
Board of Directors	16	28 (67)	7	24 (35)
Audit Committee	8	6 (21)	4	1 (9)
Outside Director Nominating Committee	3	2 (3)	-	-
Formerly Transparency Committee ²⁾	9	4 (12)	5	3 (4)
Compensation Committee	6	2 (11)	3	3 (6)

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

²⁾ Currently Risk Management Committee

Director Remuneration Payment in 2019

Classification	No. of persons	Total remuneration amount (KRW million)	Average remuneration amount per person (KRW million)
Inside directors ³⁾	3	4,467	1,489
Independent outside directors ⁴⁾	-	-	-
Audit Committee members	4	357	89

³⁾ Excluding independent outside directors and Audit Committee members

⁴⁾ Excluding Audit Committee members

Compensation of the CEO to Average Employee compensation in 2019

Total CEO remuneration (KRW million)	Average employee compensation (KRW million)	Rate ⁵⁾
2,984	85	35.1

⁵⁾ A figure calculated by dividing total CEO remuneration by the average employee remuneration

Audit Opinion

Business year	Auditor	Audit opinion	Special notes in the auditor's report
21st (2019)	Samil PwC	Unqualified	None applicable
20th (2018)	Samil PwC	Unqualified	None applicable
19th (2017)	Samil PwC	Unqualified	None applicable

Audit Service Agreement

Business year	Auditor	Details	Remuneration (KRW million)	Total hours consumed
21st (2019)	Samil PwC	Review of mid-term financial statements, audit of separate and consolidated financial statements	1,863	19,024

Risk & Opportunity

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

Risk Management

Strengthened Company-wide Risk Management

In 2019, NAVER formed a task force (TF) team to improve its company-wide risk management system, based on which the company identified its overall risk types and examined management categories and risk management methods. As part of the TF activities, we held a mini workshop for each CIC¹⁾ (12 times, 31 services), key component discussion meetings (13 services), and staff department meetings (20 departments), and extensively reviewed strategy, investment, operation, and external policy risks.

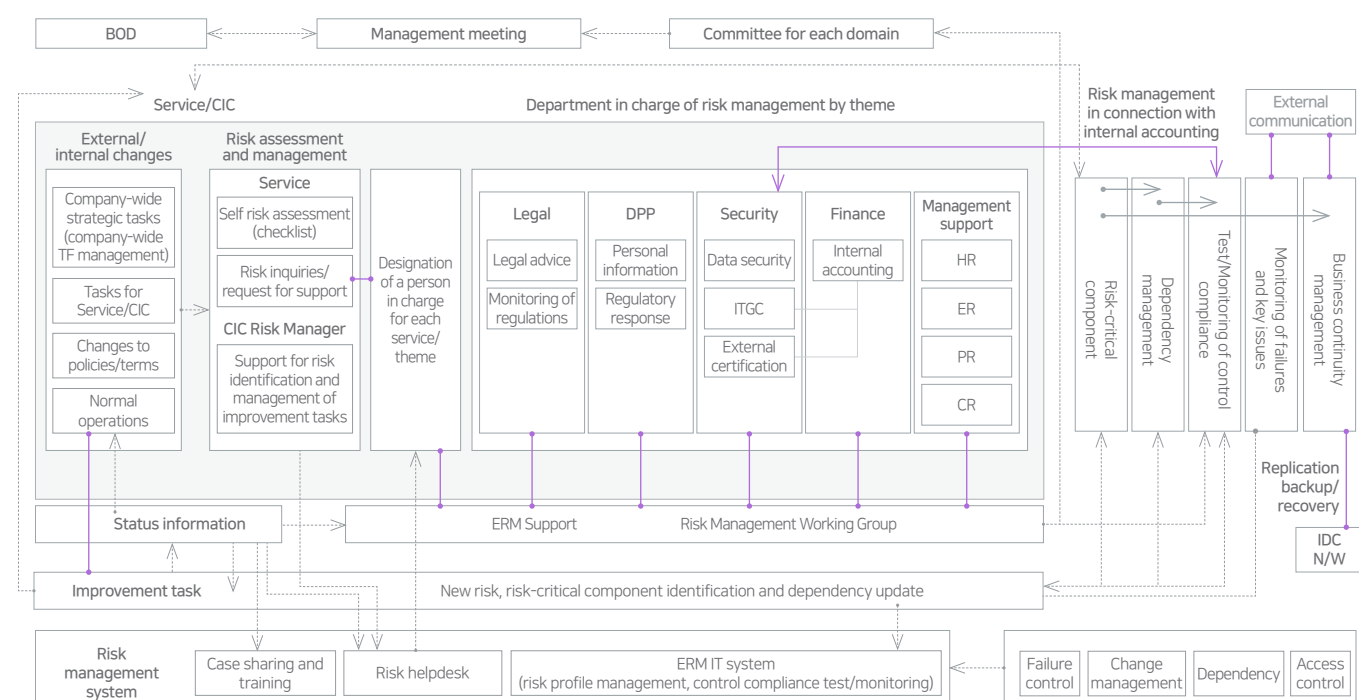
Working-level leaders actively participated in the TF activities, and discussed countermeasures and control levels that are appropriate for service characteristics to identify effective way for change management. In particular, they designed a system for three-dimensional diagnosis of risks in consideration of key values of services/platforms, and derived a follow-up control and improvement plan per process.

In addition, the company created the Risk Management Working Group under the CEO and a dedicated support organization, and manages the enterprise risk management (ERM) plan based on NAVER's company-wide collaboration framework twice a month.

NAVER reestablished the roles and responsibilities for risk management at the BOD level, and accordingly, expanded the roles of the previously-operated Transparency Committee to create the Risk Management Committee which will be in charge of the function of establishing and managing basic policies and strategies on integrated company-wide risk management. In October 2020, we also established the ESG Committee to set a direction for managing company-wide ESG issues and to engage in top decision-making on ESG risks and opportunities. Going forward, we will make continuous efforts to internalize sustainability throughout our corporate management, while also strengthening the establishment and management of policies on integrated risks, such as company-wide operations, finance, HR, and legal affairs.

¹⁾ Company-in-Company: An independent organization within a company

ERM Framework of NAVER



Managing and Responding to Key Risk Factors

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

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

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

Business Ethics & Compliance

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

Ethical Management

Integrity Code and Fair Operation Policy

NAVER has its Integrity Code in place based on which the company has stipulated the responsibilities that should be held by the company as a large community, and its standards for staff members to avoid conflicts of interest and to respect each other. The Integrity Code is provided in three languages – Korean, English, and Japanese – and all staff members adhere to the Code, thereby fulfilling their responsibilities toward both customers and a wider society and building a reliable, transparent company. We systematically update and manage the purpose and the detailed criteria of the Integrity Code in line with internal and external policies and requirements. Also, the CEO's resolve to practice ethical management is specified on our website. In addition, for fair use of NAVER services, we post search ad operation policies and others to protect advertisers and users, and also sign an agreement on practicing ethics when entering into a contract with our partners, thus pursuing shared growth through transparent, fair trade and mutual cooperation as a partner of business activities.

Ethics Training

NAVER provides mandatory training on corporate ethics to new employees every year, and makes all employees sign a pledge to understand and observe the Integrity Code to all staff members via email every year, in addition to making other diverse efforts to internalize ethical management. In particular, leaders in positions of considerable roles and responsibilities receive separate ethical management training at workshops every year.

NAVER Fraud Risk Assessment System and Self-Check Monitoring

In accordance with the Act on External Audit of Stock Companies, securing effectiveness of the internal accounting control system and its accountability criteria were further strengthened. In 2019, we reviewed the company-wide control system and identified shortcomings and improvement tasks to design an internal accounting control system, and established the NAVER Fraud Risk Assessment System, thus building a system of evaluating and inspecting the company's fraud risk and reporting the results to the Audit Committee.

CEO's Commitment for Management of Ethics

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

Code of Conduct

Employees	We strive to promote a workplace culture and environment that acknowledges and respects diversity, and helps executives reach their full potential. We provide reasonable compensation based on the employees' abilities and outcomes, as well as an egalitarian work environment free from discrimination and bias.
Partners	We ensure fair and reasonable terms for our partners and vendors, one part of our ultimate aim is to contribute to an online ecosystem of mutually beneficial relationships. Through fair conduct in trade, and friendly competition with our rivals, we support inclusive growth.
Society	We endeavor to do our part as a socially responsible corporation, respecting the regulations and values of our society and engaging in diverse social initiatives. When our corporate values conflict with social values, we privilege the social values.
Customers and Users	The values of our customers and users provide the ultimate criteria by which we evaluate our business practices, and we persistently strive to create value for our customers and users. We strive to remain honest and trustworthy in all of our interactions with our customers and users, and are committed to remaining attuned to the feedback of our customers and users.
Shareholders	We adhere to reliable business practices that lead to fair and stable gains, and promote these values among our shareholders. We value our shareholders' trust, and thus we privilege transparency and prompt communication of important updates.

In order to better manage fraud risks, we established the "Fraud Risk Management Regulations" and stipulated the definition and types of fraud that the company seeks to manage as well as the management process. In addition, we defined fraud risk assessment criteria in advance and performed an assessment in consideration of occurrence record in the past, possibility of occurrence, impact, control vulnerability level, and other factors. We also identified high-risk organizations and areas, and reflected them in our regular audit plan and key audit items for an inspection.

Based on the inspection results, NAVER is improving processes that have shortcomings and, if needed, conducts a fraud investigation and takes such measures as disciplinary action against a person who has committed misconduct so as to raise employee awareness of corruption prevention. We will continue to reflect internal and external environmental factors and make other efforts as a way to secure an effective fraud risk management system.

Moreover, we are operating a prevention system so that employees themselves build a culture of being careful to prevent serious fraud through the "Self-Check System". The system, which is run based on constant monitoring, frequently monitors unusual cases in the system across individuals, management support, business, and technology, and if abnormal data is detected, mail is sent to the employee, member, who is given an opportunity to provide an explanation. Cases that are confirmed through the Self-Check System form an important risk pool that develops principles on monitoring and risks that should be managed by NAVER. The number of persons who need to be checked after the initial mail is sent is steadily declining.

Corporate Ethics Consultation and Report

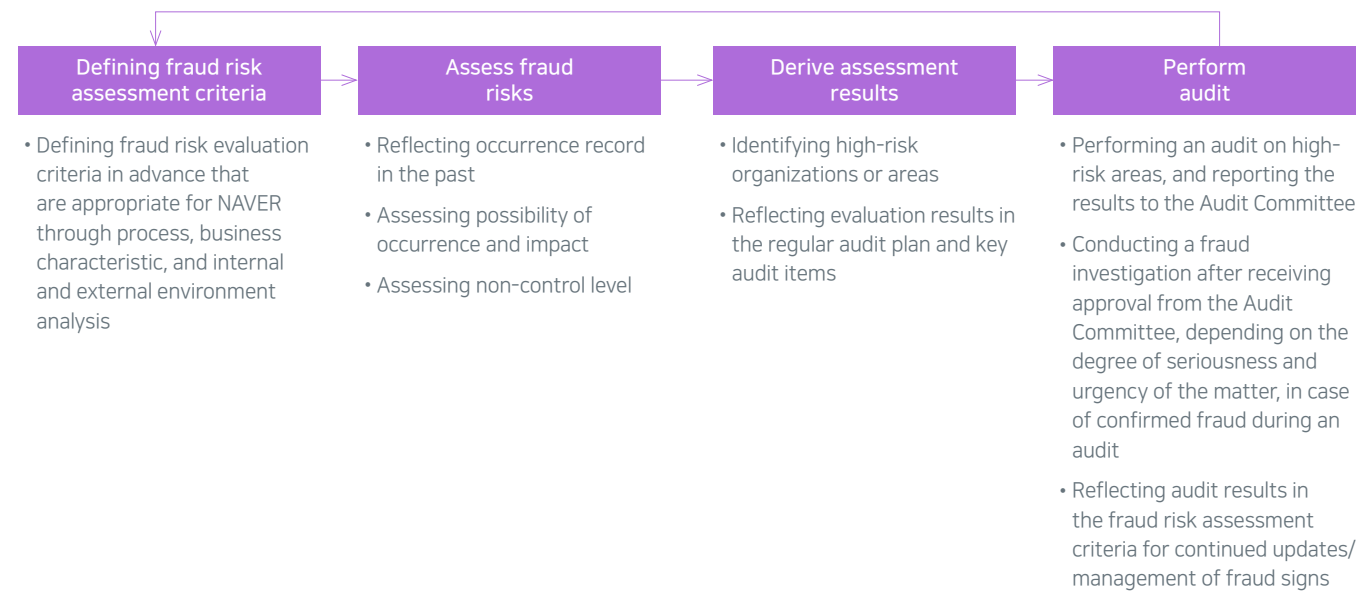
NAVER operates the Corporate Ethics Consultation Center so that employees as well as third parties can receive consultation and make reports on unfair work-handling; undue demand using one's position; provision or receipt of money and goods, entertainment, and convenience; interference in the business of partners, complaint related to payment; leakage of confidential information; and/or any other corrupt or unlawful conduct. The Corporate Ethics Consultation Center can be freely accessed through the NAVER website in Korean and English, and reports can be made using a false name and anonymously. In addition, a report can be made via email and regular mail. The identity of the person receiving consultation and the consultation/report content are strictly protected. There were 11 reports from 2019 to September 2020, and 100% of them was processed according to an internal process. We make sure that the average processing period does not exceed a month, including holidays.

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



Business Ethics Consulting Center

NAVER Fraud Risk Assessment System



Transparent Disclosures

Tax Management Principles

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

Compliance with the Arm's Length Principle

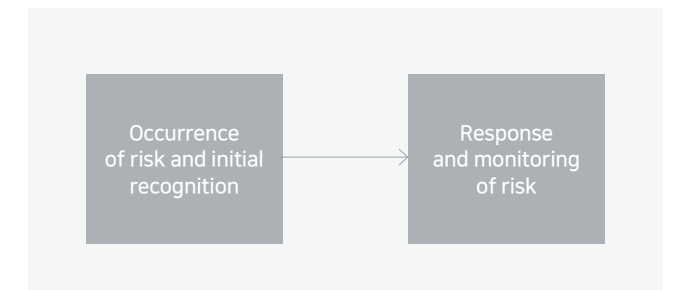
To prevent tax issues in special interest party transactions in South Korea and abroad, we established a price policy and continue monitoring. We observe OECD guidelines in relation to international transactions, and provide transfer price-related materials to each taxation authority in accordance with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

Enhancing Tax Burden Transparency

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

Tax Risk Management Process

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



Types of Distress Handled by kNock

Side job, two jobs, concurrent positions / abuse of leader authority	Outside contribution, speech, lecture, publication, writing	HR system
Use of budget	Related to the Improper Solicitation and Graft Act and laws	Stock trading, stock option
Data security inside the company / user information protection	Purchase process	Report / distress

Measures Taken for Internal Ethical Regulation Violation

(Unit: Cases)

Classification	2017	2018	2019	1H 2020
Total	5	13	9	9
Wage cut	1	2	4	2
Indemnification	0	0	0	0
Dismissal	0	0	0	0
Others	4	11	5	7

TRUST

DATA SECURITY & PRIVACY

MANAGEMENT APPROACH

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

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

KEY PERFORMANCE



365/24 – Data security principle of NAVER

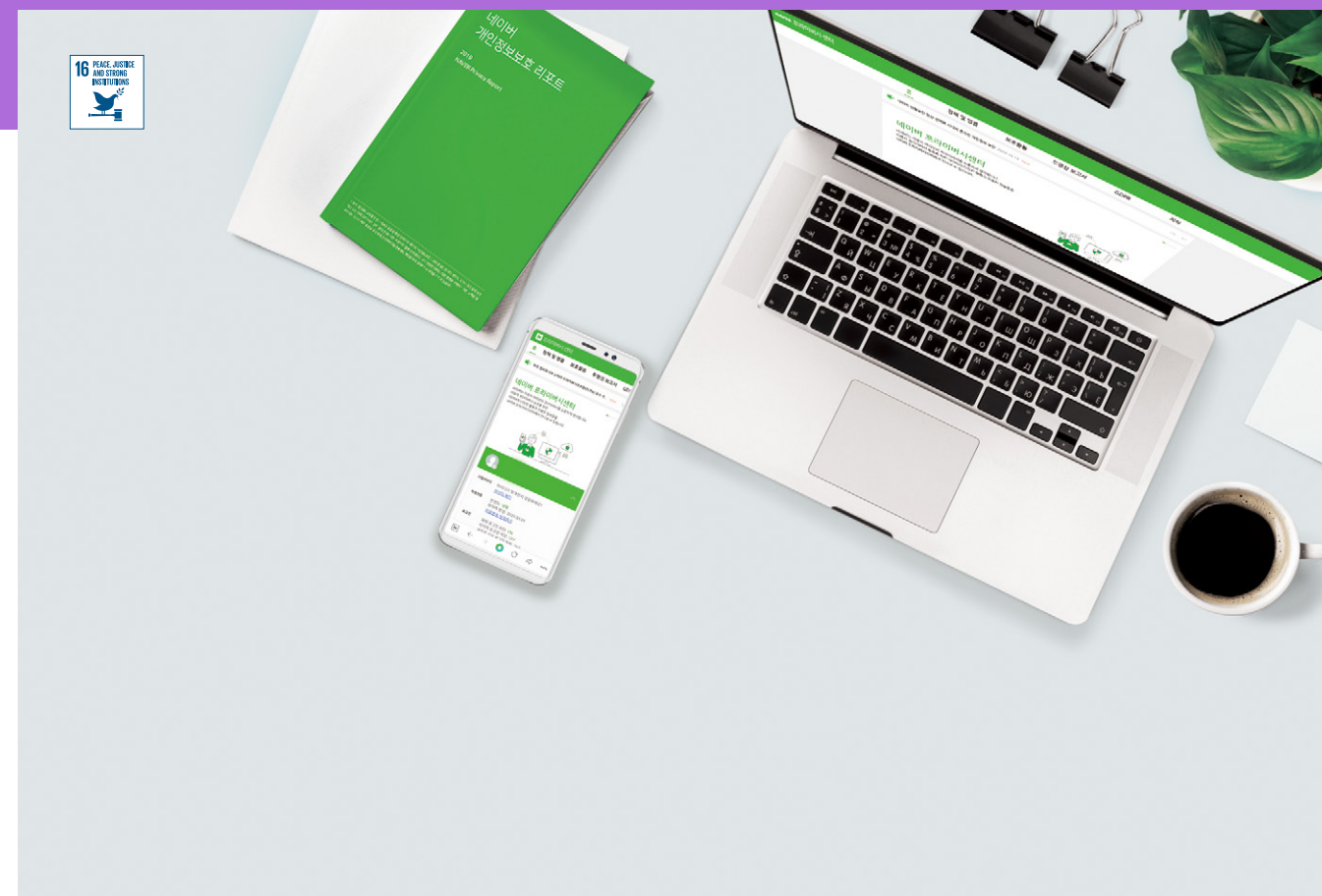


Lunched the Green Internet Campaign



First company in South Korea to operate the PER¹⁾ system

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



Data Security, Privacy & Freedom of Expression

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

Data Protection System

NAVER places the highest priority on stable system operation and protection of user's personal information and privacy. We have a system for data protection rules that is suitable for our environment and culture, and are striving to achieve unity in the data protection management system of NAVER and affiliated companies by making a categorization into common company-wide, per service step, global advancement, security/infrastructure, and other areas. Through reputable information protection certifications at home and abroad, we are regularly receiving verification for the credibility of our services' stability and operation system. Our principle is 24/7 security, including internal vulnerability diagnosis, error management, and mock hacking.

In accordance with an amendment to South Korea's Information and Communications Network Act¹⁾, we divided our information protection organization into the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) organizations, and thus further strengthened expertise and responsibility. To comply with domestic and overseas personal information protection and privacy protection laws, we established Global Privacy Compliance regulations that are at a global level and are expanding the scope.

We are also managing company-wide risks by operating the Privacy Committee, which is participated in by main members of top management, including the CCO and COO, with the CEO as the chairperson. In particular, for matters that have a company-wide impact, the BOD requires direct participation by the CISO and CPO to receive a briefing about the respective matter and provide advice. The CISO and CPO reports to the BOD with the results of tasks that are carried out based on the advice.

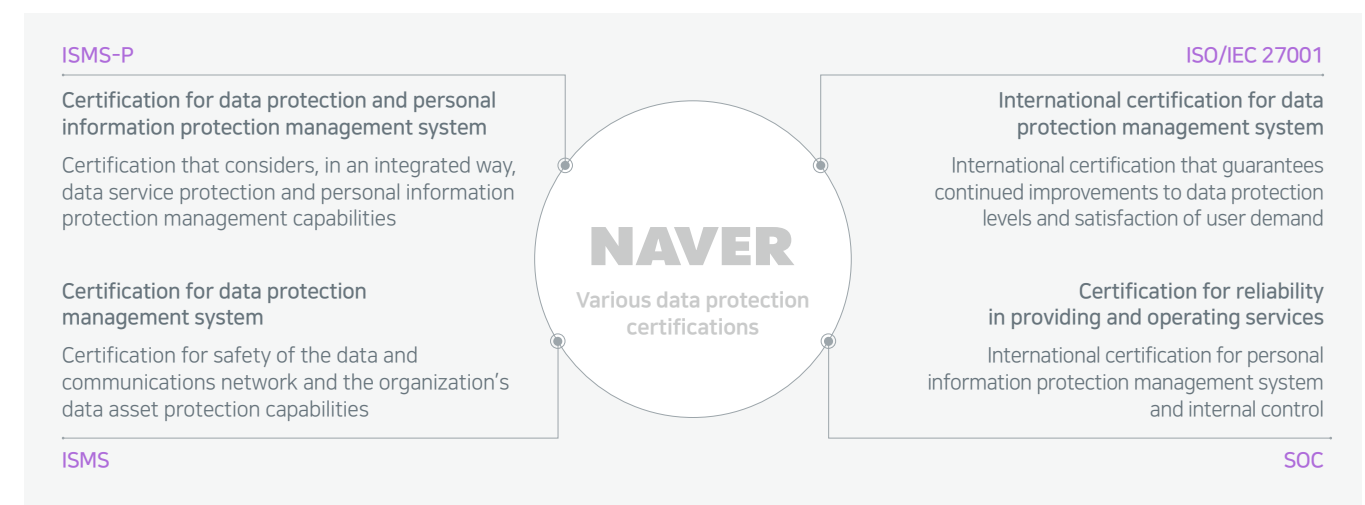
In addition, to effectively respond to the expansion of our business areas and demand for privacy of various users, we have been continuing professional research activities and outside counsel since 2007 through the "NAVER Personal Information Protection Committee" which consists of members from academic and legal circles who are leaders in the domestic personal information protection field. In 2020, in accordance with the contactless era that was triggered by COVID-19, we constantly seek contactless advice, such as on teleconferences, as part of efforts to take flexible responses in line with the changing environment.



NAVER Personal Information Protection Committee

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

Data Protection Certification



Protection of Personal Information and Privacy

Personal Information Protection System

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

As a follow-up control process, we conduct an annual assessment on the status of personal information protection in using our services, location-based services, personal information protection in using our mobile app, and outsourcing of personal information as part of our efforts to minimize personal information protection risks. In particular, our CPO reviews the results of outsourced personal information-handling inspection activities, and makes a request based on the level of outsourcing companies. If there is no possibility of improvement, we do not sign a contract with the company afterwards and take other such measures to maintain a certain protection level. In addition, we conduct a regular inspection of the personal information protection status of the HR Department and Finance Department and an inspection on the status of complying with measures to secure the safety of unique identification information for departments that process unique identification information, such as resident registration numbers.



NAVER Privacy Center



Data Protection Report

NAVER's Data Protection Milestones

<p>2020</p> <ul style="list-style-type: none"> Disclosed the AI speaker privacy policy; applied the nation's first "personal information usage status" opt-out function; and provided online, live personal information protection training to SMEs Fully established Toothless, a NAVER DevSecOps platform, for security by design of our own 	<p>2018</p> <ul style="list-style-type: none"> Earned CVE Numbering Authority (CNA) qualification, proving that we strictly manage security vulnerabilities of our applications to meet global standards Added the "two-step certification" security function to NAVER log-in; and disclosed a GDPR information page in the Privacy Center 	<p>2013</p> <ul style="list-style-type: none"> Became the first in South Korea to simultaneously receive SOC 2, 3 and SysTrust certifications Opened the NAVER Privacy Center Commenced publication of the annual Personal Data Protection Report
<p>2019</p> <ul style="list-style-type: none"> Provided "Guidelines on the Collection and Use of Personal Information relating to Children" and "Guidelines on Safe Personal Information Management for Business Members" Commenced independent operation of Bug Bounty - NAVER's security vulnerability report-rewarding program Received Personal Information & Information Security Management System (ISMS-P) certification for NAVER services, and Information Security Management System (ISMS) certification for Data Center GAK 	<p>2016</p> <ul style="list-style-type: none"> Obtained ISO/IEC 27017, 27018 Certification (added data protection verification in the cloud service area) Began to publish the "NAVER White Paper" Added "non-disclosure other than the writer" function for the Knowledge-IN service 	<p>2011</p> <ul style="list-style-type: none"> Received PIMS certification for the company-wide personal information protection management system (the first PIMS certification in South Korea)
	<p>2015</p> <ul style="list-style-type: none"> Became the first company in South Korea that discloses the Transparency Report; and conducted other year-round privacy initiative activities 	<p>2010</p> <ul style="list-style-type: none"> Received ISMS certification for the company-wide information protection management system (for all subsidiaries, including affiliates, for the first time in South Korea)
		<p>2006</p> <ul style="list-style-type: none"> Received international ISO/IEC27001 certification for the company-wide information system management system (became the world's first to specialize the personal information protection area)

User's Right to Self-control Personal Information

As one of its personal information protection principles, NAVER respects user's exercise of the "right of self-determination regarding personal information" specified in the Constitution, and has been making diverse efforts to guarantee this right. Since 2013, we have been providing details of collection and use of personal information in using our services as well as history of provision to a third party that received user consent in an individually-tailored way in accordance with user behavior, for the first time in South Korea. In July 2020, we began to additionally disclose the date of consent from the user on personal information collection and provision to a third party, and also reorganized the personal information usage status page so that a user can easily withdraw consent for personal information collection and provision to a third party, for which the user previously provided consent, within all services of NAVER. By doing so, we can now provide a one-step process for realizing the "right to self-control of personal information".

Moreover, regarding customized advertising that uses behavior information, we post operational principles on collecting, retaining, and destroying information as well as users' exercise of the right to control and damage relief methods. Placing top priority on user information protection, we are making efforts to show useful advertisements to users and offer advertisers with effective ad platforms. All around the world, demand for user privacy-related rights is growing as a result of the enactment of privacy protection laws by countries, including the EU GDPR and US CCPA. Against this backdrop, we will continue our preemptive efforts to enhance users' right to control of one's own information to the global level.

NAVER's Principles on Personal Information Protection

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

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

Information accessibility - more convenient services for all users



Easy-to-recognize
All content must be recognizable by users.



Easy-to-understand
Content must be constructed in a way that enables understanding, irrespective of disability.



Easy-to-use
All components of user interface must be easy to use and navigate.



Robustness
Web content must be developed robust enough to be accessed even with future technologies.

Information Accessibility, Digital Safety, and Freedom of Expression

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

NAVER's first effort is to guarantee that all users can equally access and use all information provided by our websites or applications, irrespective of a user's specific environment or physical disability. In addition to disabled persons, the elderly and non-disabled persons are also subject to information accessibility. To guarantee accessibility to all, we have adopted Easy-to-recognize, Easy-to-use, Easy-to-understand, and Robustness as our key operational principles.

Second, we guarantee users' freedom of expression and intellectual property rights, and are committed to securing digital safety by limiting harmful content. We apply the policy regulations of the Korea Internet Self-governance Organization (KISO), which was voluntarily established in 2009 by portal companies, including NAVER, for voluntary Internet regulation, and are establishing high-level operation policies. In addition, we observe the "voluntary rules on article arrangement"¹⁾, which was established jointly with domestic Internet news service providers to facilitate improvements in news service fairness and credibility in 2012. Accordingly, media outlets directly select major news to be displayed on NAVER News tab and provide news based on In-link. All matters related to article arrangement are also directly determined by media outlets.

¹⁾ The voluntary rules on article arrangement consist of ten detailed articles on free distribution of reports, diversity, fairness, elimination of conflict of interests, minimization of risks, damage relief, the right of choice, preservation of copyright value, user participation, expertise, etc.

Transparency Report Statistics

		2017	2018	2019	1H 2020
Seizure warrant ¹⁾	Requested	7,786	8,145	7,712	3,145
	Processing	6,541	6,710	6,109	2,283
	Provided	10,079,254	6,966,563	318,380	294,683
Status of responding to government agency requests for materials (for investigation purposes)	Requested	16	17	18	5
	Processing	16	17	18	5
	Provided	53	71	82	48
Communications fact confirmation material	Requested	5,281	4,255	4,266	1,306
	Processing	4,447	3,629	3,701	1,052
	Provided	15,832	12,798	8,139	2,567
Communications material	Requested	210	311	119	17
	Processing	-	-	-	-
	Provided	-	-	-	-

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

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

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



Transparency Report

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

Moreover, we made various technological attempts in the first half of 2020, such as disclosure of nickname and activity history of comments and new function to block comments of specific persons, in our efforts to resolve the hateful comment issue. We also adopted and upgraded the performance of the AI-based CleanBot, which detects swear words as well as rude expressions, resulting in a considerable reduction in the number of cases of creation and exposure of hateful comments. Furthermore, we are conducting a campaign that is aimed at preventing digital sexual assault damage, and when a relevant search word is entered, we expose victim support information first to block secondary damage. NAVER is thus taking the lead in building a sound internet environment.



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



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

NAVER Green Internet

<p>01</p> <p>Blocking pornographic posts</p> <p>Expanding the application of real-time AI image filtering system of the X-eye</p> <p>Operating a dedicated monitoring team and the Emergency Report Center for quick handling</p>	<p>02</p> <p>Blocking illegal posts</p> <p>Restricting search results through 24/7 monitoring, setting of prohibited words, etc.</p> <p>Striving to prevent damages to users by exposing a report/counseling screen when a search word with unlawful characteristics is entered</p> <p>Operating a dedicated monitoring team and the Emergency Report Center for quick handling</p>	<p>03</p> <p>Protecting children and youths</p> <p>Blocking harmful posts by referring to internet content rating</p> <p>Minimizing exposure to harmful posts by children/youths through the age restriction function</p> <p>Providing professional counseling through connection with counseling organizations, including the Youth Counseling Support Center within Knowledge-iN</p> <p>Operating a dedicated monitoring team and the Emergency Report Center for quick handling</p>
<p>04</p> <p>Protecting copyrights</p> <p>Operating the Copyright Protection Center to protect the rights and interests of creators</p> <p>Requesting for protection in advance to prevent illegal distribution of works</p> <p>Automatic content-blinding for content with copyrights by using database</p>	<p>05</p> <p>Protecting personal information</p> <p>Operating the Privacy Center for management of personal information</p> <p>Running a personal information protection blog that delivers diverse knowledge about personal information</p> <p>Operating the Emergency Report Center for quick handling against personal information exposure</p>	<p>06</p> <p>Satisfying and protecting users</p> <p>Placing top priority on user experiences, such as conducting user satisfaction surveys and holding regular meetings</p> <p>Operating a channel to collect voices of users</p> <p>Expanding distinctive customer services, including chatbots and the Mobile Customer Center</p> <p>Conducting monitoring and operating a dedicated customer center per service type</p>

Establishing a Data Protection Culture

Employee Training for Data Protection

NAVER provides data protection training to all employees every year based on internal regulations. In 2019, we developed the content for data protection training to include the explanation of "data protection principles" that are the foundation of all tasks conducted at the workplace, based on internal information protection regulations. To prevent the training from becoming boring, we include only key content in a short video and slightly change the theme every year. For 2020, we planned data protection training that reflected the COVID-19 social issue and the resulting changes in the work environment. The goal is to mainly communicate information on cautions that should be taken in the remote work environment that can easily become vulnerable so as to prevent security accidents.

In addition, NAVER creates and operates lectures on various subjects every year so that employees can choose and take necessary training, ranging from basic to in-depth courses, to enhance their awareness of personal information protection. In 2019, we provided personal (location) data protection training to all employees, and had employees who are in charge of handling personal information complete additional training that is needed for their work by regularly offering offline training in accordance with their job, interest, and level of understanding. In particular, in line with the US California Consumer Privacy Act (CCPA) that was enforced in

January 2020, we expanded the training target to include even global service department employees, and provided information on the law and enhanced their understanding of the law. We provided online, live training using the company intranet in 2020, and this year's training mainly focused on the background and main content of amendments to the three data-related laws as well as main content of the amendment to the Personal Information Protection Act and its impact.

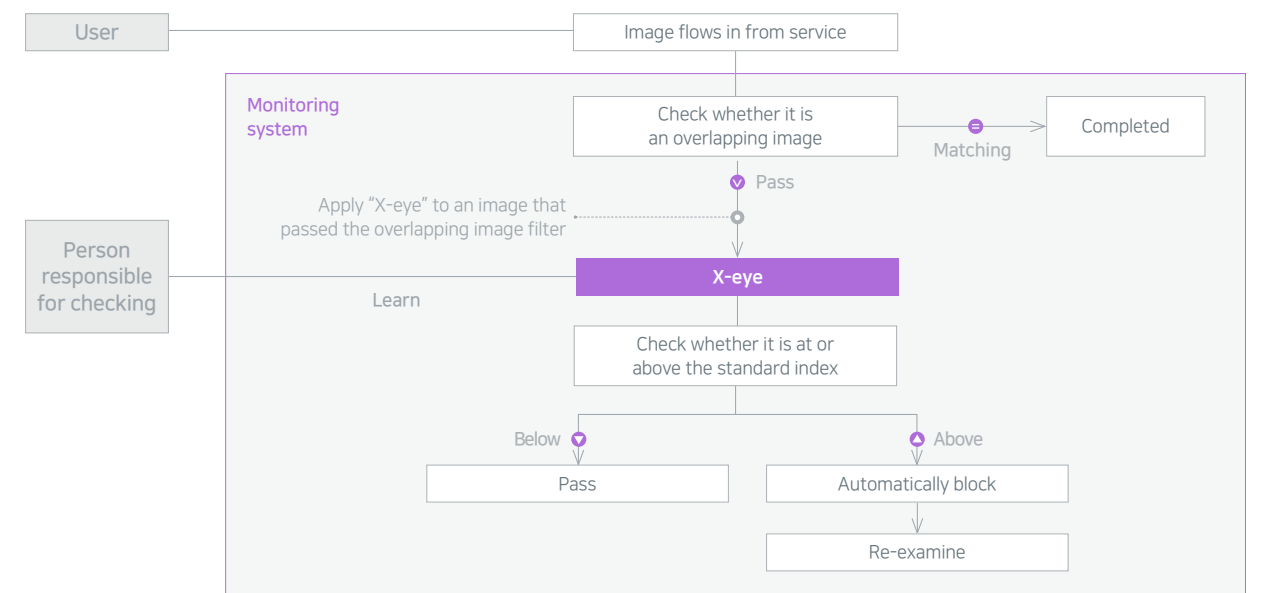
We also provide a multi-language version for foreign employees and staff at Chinese subsidiaries. In 2020, we included content on precautions that should be taken in case of attacks that use the COVID-19 keyword and for contactless working, considering social flow. In addition, every month since 2019, we have been operating "TechShare", a basic skill-training program that allows developers to quickly learn new things so that they can continue to grow even in the rapidly-changing development environment. This program is for developers, who account for a considerable percentage of all employees. TechShare is a regular internal technology training course that enables development of basic technology skills designed by the Technology Growth Committee in system and security areas. Internal and external experts participate in the course as mentors and provide lectures to share their skills, work experiences, and know-how in relation to cyber security.

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

Outline of the X-eye Technology

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

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



Privacy Enhancement Reward for Users

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

We held a PER BootCamp for college students in 2019 to encourage PER participation by a greater number of users. We received a total of 30 opinions in the first half of 2020, of which 18 opinions were reflected in services and relevant improvements were made. NAVER Pay points worth a total of KRW 2.24 million were provided.

Efficient, Transparent Management of Security Threat Factors

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

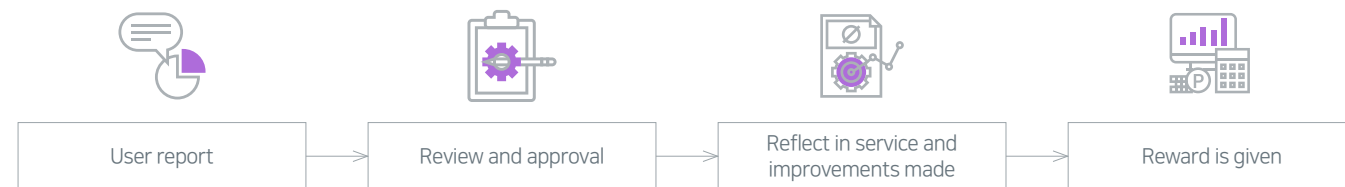
The most effective planning, design, and development cannot ensure 100% prevention of security bugs. We are internally operating the security Bug Bounty (Reward: <https://bugbounty.naver.com/ko/>) program, which enables us to receive help from outside analysts and take measures against unknown security bugs before an incident occurs. Bug Bounty is regarded as the most exemplary case from among companies in South Korea.

Since 2018, NAVER has been registered as CVE Numbering Authority (CNA) - authority that can issue a "Common Vulnerabilities and Exposures Number" which is an international standard management number of the company's software security vulnerability. The company is accordingly establishing itself as a transparent company that can systematically manage and quickly respond to security vulnerabilities.



2019 NAVER PER BootCamp

Process of the PER System



Helping Partners Strengthen Personal Information Protection Capabilities

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

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

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



Personal Information Management Guidebook

Security Improvements

Classification		2017	2018	2019	1H 2020
No. of security improvement points that were discovered	Cases	1,006	1,128	1,344	417
Number of completed mitigation measures	Cases	1,006	1,126	1,282	380
Percentage of mitigation	%	100	99.82	95.39	91.13
Mitigation within the given deadline	Cases	773	756	769	208
Mitigation after the given deadline	Cases	223	370	513	172

Bug Bounty Statistics

Classification		2017	2018	2019	1H 2020
No. of reported bugs	Bugs	166	208	223	210
No. of persons who made a report	Persons	18	31	61	70
Reward	KRW 10,000	4,220	4,425	11,900	7,020

Named Common Vulnerabilities and Exposures (CVE)

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

Social & Environment

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

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

SOCIAL

- 61 Respect for Human Rights
- 63 Investment in Human Capital
- 68 R&D and Technological Innovation
- 72 NAVER Project Flower

ENVIRONMENT

- 83 Environmental Impact Management



SOCIAL

HUMAN CAPITAL & SOCIAL IMPACT

MANAGEMENT APPROACH

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

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

KEY PERFORMANCE



25.8% – percentage of female managers



Became the world's first to succeed in a 5G brainless robot demonstration



Adopted a partner agreement on practicing sustainable management



Respect for Human Rights

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

Protection and Promotion of Human Rights

Human Rights Policy

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

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

Potential Human Rights Issues of NAVER

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

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

With U – Grievance Handling Channel

NAVER has a wide variety of grievance handling channels in place. With U – an anonymous channel specifically for sexual harassment at the workplace and workplace harassment – enables a victim of workplace harassment to be informed of grievance handling process of the company. If there is a need for an investigation on a case, we fairly and transparently handle the investigation with an outside expert. We also strictly prohibit punitive measures and discrimination against staff members who receive counseling or report incidents. When there is a need for deliberation of disciplinary action in accordance with internal regulations, the CEO, who chairs the HR Committee, delegates the matter to the Risk Management Committee, whose members are all outside directors, and enforces deliberation results. The number of cases reported through With U from 2019 to September 2020 is 10, of which all cases were handled in accordance with the process specified in internal regulations.

Company-wide Human Rights Training

Every year, NAVER provides company-wide training on the prevention of sexual harassment and on improving awareness of the disabled, required by law. It offers separate training on workplace harassment, in parallel, to leaders with considerable influence within the organization. We continually update the corporate code of ethics in accordance with internal and external changes, and share the code of ethics with staff members, thereby informing them of company policies related to human rights and helping them enhance their awareness in daily life. In 2019, sexual harassment prevention training and training on improving awareness of the disabled indicated a completion ratio of 92.1% and 98.6%, respectively. For employees who have not received training, we have training videos posted on our internal video-sharing platform (SHARE) at all times to encourage them to watch the videos.

Fair Employment & Labor-Management Relations

NAVER Valuable Opinion

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

In addition, NAVER established the Industrial Safety and Health Committee, which consists of the same number of labor and management members, and regularly discusses safety and health agenda. To address staff member health and safety in greater depth, we invited an expert in the field of industrial safety and health in September 2020 to give a lecture, which was attended by both labor and management, thereby enhancing safety and health capabilities. The company also invites a labor union representative to the Companion Day, where the company's major management status and business direction are shared at around the time when the company announces its earnings results every quarter, and listens to the opinions of employees and the labor union representative on the company's development and win-win.

Furthermore, we are minimizing the percentage of non-regular workers for job security, and have no history of workforce restructuring.

Investment in Human Capital

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

Attracting and Nurturing Talent

Efforts to Attract Outstanding Talent

NAVER relentlessly challenges to limitations and never ceases to innovate for a better future. Acknowledging that the greatest asset to drive the future of NAVER is its employees equipped with competitiveness and passion, the company is making continuous efforts in identifying the required talents for each organization and recruited top talents in tandem with the company's continued growth. A number of diverse programs specific to technology, service, and design job groups are carried out each year for undergraduate students such as the open class, open talk seminar, internship program, contests, and scholarships, in a bid to attract top talents who can grow together with NAVER.

Open classes are NAVER's unique recruiting campaign to explain the recruiting processes and daily lives and career path after joining NAVER and executed prior to the official recruiting season. In 2020, open classes for developers were held for six times from July 2020 and attracted more than 6,000 participants which was 4 times bigger than the estimated target. NAVER leaders and executives introduced their organizations in a love-call message format and advertised NAVER's advanced development culture. During the campaign, over 13,000 questions were received from applicants which were analyzed and classified based on NAVER's Clova AI language model, LaRva, and then answered in various voices of Talent Relations (TR) department, interviewers, and new hires, showcasing NAVER's advanced technology.

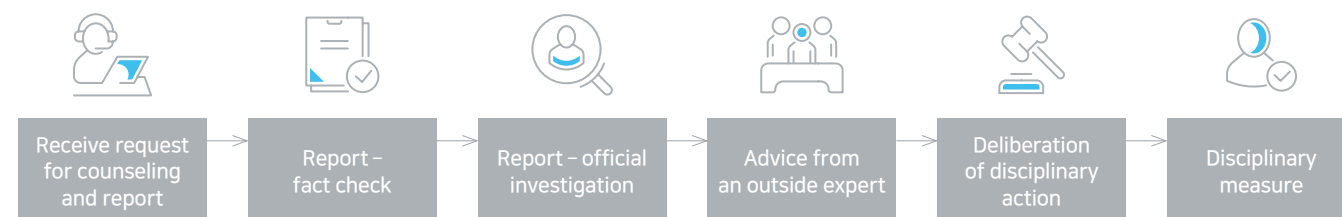


People of NAVER

Class 1	TUTORIAL	now!
Class 2	직원미실 레알 네이버	7월 24일
Class 3	필살기보다 기본기	7월 31일
Class 4	Language? Communication!	8월 7일
Class 5	클래스가 다른 성장	8월 14일
Class 6	전형의 모든 것 LIVE	8월 21일

NAVER DEVELOPER OPEN CLASS

With U Process



CASE STUDY

Station Zero Program

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

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



Flexible and Self-Directed Work Culture

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

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

Creative ideas and proposals from employees are the driving engine spurring NAVER's innovation. To encourage employees to voice their ideas, there is a number of programs to attract unique ideas such as "Design Spurt! Weeks", "N Innovation Award", and "Hack Day". Anyone working at NAVER can participate in these programs to showcase their ideas on topics of interest and winners will be given awards such as overseas exchange trip.

Competency and Leadership Development

NAVER supports employees to engage in self-development and learning efforts such as on/offline external training, language schools, study programs both inside and outside Korea, and study groups. Anyone working at NAVER are eligible to apply for the support programs regardless of their employment type. Furthermore, those in the development position, accounting for over 60% of the entire workforce, are given technical training for approximately 400 hours per year and can choose any courses that are most required for their job execution and competency development.

Through employee networking and exchange programs, NAVER strives to create a venue where employees can share ideas and discuss about the values and impacts of work. Code Day is NAVER's most renowned training program provided for all new hires and those in leadership positions across the entire NAVER group with the intention of raising the awareness on NAVER's growth story, business philosophy, service status, and work culture and sharing the company's future direction. In 2019, 956 employees participated in 10 Code Day programs whereas 192 employees enjoyed the program in the first half of 2020 due to COVID-19. Once Code Day programs are run, post-program reviews are conducted to identify whether the intended messages were successfully conveyed and also to receive questions and suggestions for contents. According to the reviews for programs ran in 2019, participants' overall feedback was rated positive based on high understanding of the company, services, and core values across all NAVER subsidiaries.

Operation of Competency Development Programs

Type	Details	2017	2018	2019	1H 2020
Language programs	No. of participants (persons)	95	501	1,357	1,053
	No. of applications (cases)	431	2,317	6,815	3,058
External training	No. of participants (persons)	202	296	370	125
	No. of applications (cases)	255	391	455	161
Study programs	No. of participants (persons)	191	276	290	38
	No. of applications (cases)	231	320	340	39
Study group ¹⁾	No. of participants (persons)	899	1,053	1,196	566
	No. of available groups	341	409	544	153
Developer training	No. of participants (persons)	2,102	3,441	4,674	411
	No. of courses	94	101	44	33

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

Since 2019, NAVER has been offering classes specifically for those in leadership positions with greater influence in the organization. Leaders in NAVER play a crucial role in spearheading changes and motivating team members. Topics for the leader classes were review/interview skills (in 2019) and performance management leadership (2020) with other classes planned under the topics of communication, nurturing team members' competencies, and celebrity lectures. To ensure useful contents delivery and efficient program operation, surveys on class satisfactions are carried out to reflect the feedback of the participating leaders and achieve high level of agreement. Leaders of NAVER are highly interested in their roles as a good leader and the improvement of organization management capabilities, as shown by the high completion rate of this course – over 90% on average.

Equal Opportunities & Fair Evaluation and Compensation

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

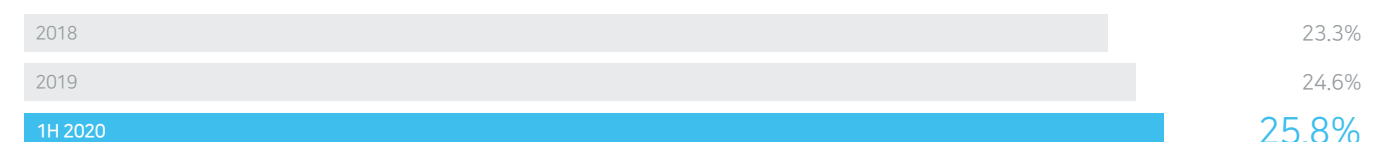
The appraisal system of NAVER has adopted a multi-dimensional (360 degrees) review to enable a constructive feedback to help employees' development and the feedback plays a key role as it is both specific and intuitive. The multi-dimensional review will enable not only self-assessment of one's work performance, collaboration, and attitude but also a peer review based on comprehensive feedback from everyone who worked together. Furthermore, organization-specific review questions were introduced to cater to the diverse nature of NAVER organizations and ensure fairer evaluation. NAVER grants employees with work tenure of over one year stock options worth of KRW 10 million each year to incentivize them to pursue their own growth as well as the company's and to enable the entire workforce to pay keen attention to increasing the company's long-term values from the shareholders' perspective.

NAVER's male-to-female ratio is 64:36 as of first half of 2020 with female leaders accounting for approximately 26% of overall leader positions which is showing a gradual increase each year. Furthermore, female C-level executives including the director for CIC account for 1/3 of overall C-level positions. We do not impose any glass ceiling limitations and are making utmost efforts to support them during their pregnancy and childbirth period. In addition, there is no salary discrepancy based on criteria other than job grade such as gender.

Purpose and Participants of Code Day

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

Percentage of Female Managers (Leaders)



Respect for Diversity

NAVER consists of employees from diverse backgrounds, including nationality, and values with the Millennials accounting for more than half of the entire workforce. All employees of NAVER are working together to create a flexible organization culture unique to NAVER. We are taking the lead in creating an environment where our employees can work freely with one's own capabilities and make social contributions based on mutual respect. In 2019, the HR Team organized a roundtable meeting by jobs and seniority (leader, senior, and junior) under the title of "Let's Meet-Up Now" to expand communication and networking between different generations. A large number of participants turned out to express diverse opinions, which will be leveraged to set the future direction of our organization culture.

In 2009, we established "N-Visions", a social enterprise which discovers jobs that can be run by those with developmental disabilities and hires them directly. Currently, a total of 21 young people with developmental disabilities are working as baristas, cashiers, and gardeners at cafés and stores in the NAVER Green Factory. The convenient store inside the Green Factory which was initially an agent store went through a renovation in collaboration with Emart 24 and was transitioned into Green Mart, NAVER's in-house convenient store in May 2020, to provide a stable job for those with development disabilities. Aisles and the resting area inside the convenient store were enlarged to accommodate the needs of the staff, who are commissioned to fulfill organizing, displaying, and inventory-managing of products.

There are seniors over 55 years old working at the NAVER Library. Since 2010, we have been hiring senior citizens from the local community by forming an alliance with Seongnam Senior Club to encourage social participation of the older generation and there are eight senior staff supporting the librarian operations at the NAVER Library. Books at the NAVER Library are well-maintained owing to the thorough and meticulous care of the senior citizens such as scanning/editing the cover image, putting stickers by book types, and repairing damaged books, offering many people the joy and pleasure of book-reading.

Health & Safety and Well-being

Aimed at enhancing employees' work satisfaction and enabling them fully exercise their competencies, NAVER has the best workplace environment and various welfare benefits at offer. There is a number of flexible work system such as selective work hour plan and reduced work hour system to maintain balance between work and family alongside NAVER's utmost effort to maintain a pleasant office space. Furthermore, NAVER provides employees with healthcare facilities and professional medical counseling to take care of employees' mental and physical health. In particular, employees who work one of three eight-hour shifts (for example, the 24-hour monitoring room) can receive special medical examination each year according to the Occupational Safety and Health Act. Furthermore, canteens and café inside the office buildings provide a variety of menus ranging from low-sodium to low-calorie food with fresh ingredients.

Family members of NAVER employees are also taken care of through a number of family-friendly programs at NAVER. We allow an additional year for the maternity leave than what is stipulated by law and 10 days of family care leaves are offered per year. There is the Mother's Lounge in the Green Factory which provides breast-feeding machines and four top-tier daycare centers around Seoul and Gyeonggi areas are in operation in conjunction with specialized institutions. All employees that were on maternity leave returned to work in 2019 and first half of 2020 upon completion of their leave.

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



Green Café located in Green Factory

Composition of Employees by Age



* As of the first half of 2020

Support Programs to Assist Work-Family Balance

Classification	Details	
Work hour	Selective work hours	• Employees can freely work between 06:00-22:00 during weekdays without any designated core time and minimum daily work hours
	Reduced work hours	• Employees can apply for reduced work hours for such reasons as pregnancy, baby care, family care ¹⁾
Workspace	Workspace with fresh air	• Wooden floor instead of carpets with the ceiling designed to minimize dust • Ideal indoor humidity under continuously management
	Pleasant meeting rooms even after intense discussion	• As meetings progress, meeting rooms tend to be heated. All meeting rooms are equipped with CO ₂ sensors to monitor and maintain the quality of air
	Ergonomic chairs for all employees	• All employees are provided with heavy-duty chairs designed ergonomically as those who work long hours deserve the best chairs
Healthcare	NAVER Home Doctor offering professional medical services at the office building	• Professional counseling and treatment are provided for employees who feel unwell during work or are in need of consulting before and after medical checkups in addition to physiotherapy for musculo-skeletal or stress-oriented diseases, medical examination, and vaccinations
	Core fitness center for aligned body posture	• Exercise regimen to alleviate common pains in neck, shoulder, and spine and prevent turtle neck syndrome and hernia of intervertebral discs are provided to assist employees maintain healthy body posture
	Psychology counselling to care for mental health	• Partnership with a professional counselling center allows employees to take care of their mental health with the support from professional counselors
	Medical/security consultation channel delivering professional services anywhere, anytime	• In case NAVER employees experience medical/security issues anywhere around the globe, professional medical consulting services and emergency support services are provided
Healthy food	Green café that cares employees' health	• Fresh coffee brewed by baristas, freshly-squeezed fruit juice, and oriental herbal drinks are available at a reasonable price • Bakeries and chef-made burgers cooked at the canteen are available for to go for a quick meal
	B1 Kitchen for a healthy meal	• Nutritious meals that are intended to improve employees' fitness are provided every day such as delicious salads and low-sodium/calorie food
Daycare center	Four daycare centers in Seoul/Gyeonggi area	• Top-notch daycare centers in South Korea are in operation looking after around 590 children in total
Family care	Accident insurance and medical examination services that are best in South Korea	• Not only the employees themselves but their spouses, parents, parents-in-law, children, and siblings are covered by the accident insurance • Employees can receive medical examination every year and one of family members every two years
	"Open Saturday" to bring family members to work	• An occasion when parents and children are invited to the office and participate in fun programs, experience the company culture, and build good memories.
Vacation	A 15-day Refresh Plus leave	• Two years after joining the company, employees will be given additional 15 days as their first Refresh Plus leave, which are valid for three years and can be used on three separate occasions
	Childcare service and special vacations	• Employees can use their family care leave for childcare up to 10 days a year
	Support for deluxe leisure facilities	• Employees can use luxurious leisure facilities around the country at an affordable price

¹⁾ Disease/accident/aging of family members, disease/accident of the employee themselves, preparation for retirement, academic studies

R&D and Technological Innovation

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

Investment in Future Technology and Establishment of a Research Ecosystem

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

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

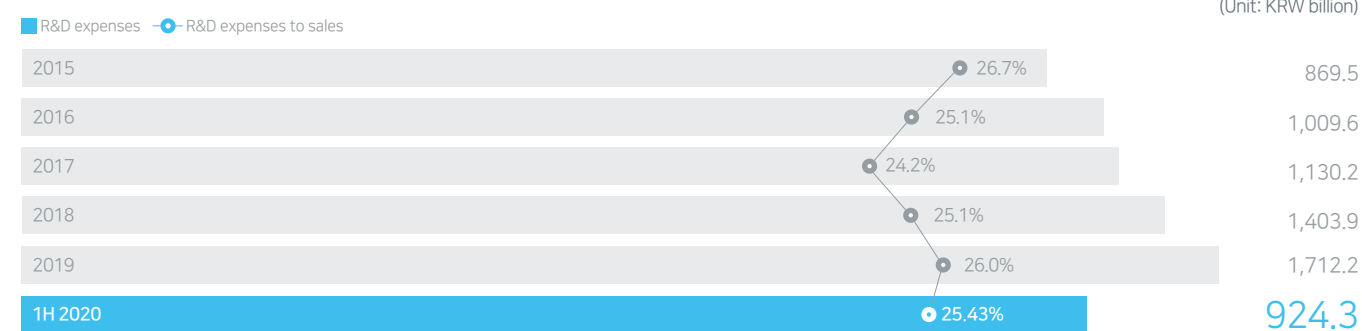
NAVER Labs

A-City – a Future City that NAVER Envisions

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

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

R&D Expenses to Sales



Autonomous Everywhere, Everything, Everyday

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

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

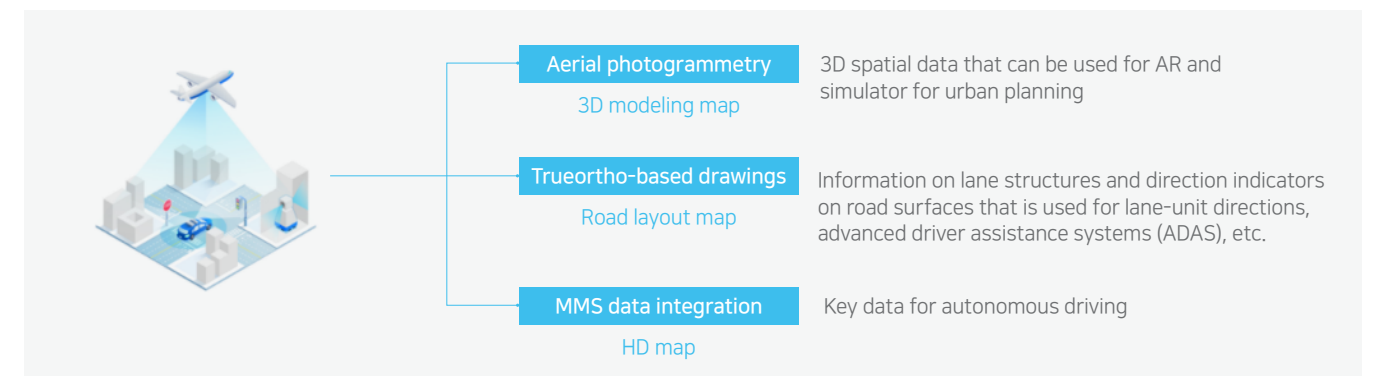
EVERYDAY
Provide services while interacting with people in daily space

Hybrid HD Mapping Technology of NAVER Labs

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

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

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



NAVER Labs' Key Future Technologies

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

Upgrading AI and Robotics Technologies

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

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

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



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

Establishing an Innovation Ecosystem

D2 Startup Factory

NAVER D2 Startup Factory (NAVER D2SF) is NAVER's business accelerator that was established in May 2015. We look for ways to invest in start-ups with a technological edge in such areas as AI, robotics, fintech, commerce, mobility, digital health, beauty, education, and AR/VR, and how we can help them to grow strategically with us. NAVER D2SF provides funding, business space, and a cloud infrastructure to start-ups, as well as support for their PR/marketing and other business requirements, and leverages NAVER's expertise and knowledge to help attract follow-on investment. NAVER D2SF invested in 58 tech start-up teams after its establishment of which 57% is involved in or planning projects in collaboration with NAVER. 31 teams succeeded in attracting follow-on investment, while three teams were directly acquired by NAVER and its affiliates.

NAVER D2SF hosts the Demo Day, where directly-invested start-ups disclose their achievements and vision, and also the TECH MEETS STARTUP conference, which is where tech start-ups share their concerns and problem-solving experiences. By doing so, we are establishing a tech start-up community centered around NAVER D2SF. Located near Gangnam Station in Seoul, the NAVER D2SF space is where around 70 tech start-up teams moved in and achieved growth, and is also a hub where around 650 tech start-up events were held. Furthermore, we have been hosting a campus tech start-up contest every semester since 2016, thus helping growth of student start-up teams with potential. A total of 44 teams participated in the campus tech start-up contest since 2016 of which 15 teams established a corporation and attracted investments. As a result of these advanced attempts and diverse technology support efforts, NAVER was selected as the top company for providing positive support for start-ups for three consecutive years in a 2019 survey of start-up founders¹⁾ in South Korea. We also won the title of most favored job creator for two consecutive years.

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



D2 Startup Factory

CASE STUDY

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

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

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



Industry-Academia Cooperation on AI

NAVER is continuing diverse industry-academia R&D cooperation to develop AI technology, which is the source of global competitiveness, and to further strengthen the AI technology ecosystem. The NAVER AI Colloquium is a leading large-scale AI industry-academia academic event that is hosted by NAVER. Domestic and overseas AI researchers are invited to share and discuss AI technologies that NAVER is researching and actual service application know-how. In 2019, around 370 professors and graduate school students in the field of AI from 52 universities, both inside and outside South Korea, attended the Colloquium and carried out various discussions on AI technology. Active exchange took place between developers in the field and next-generation AI researchers who attended the Colloquium.

We also signed an MOU in May 2020 with NAVER Cloud and the Korea Advanced Institute of Science and Technology (KAIST) to foster AI experts and expand the AI technology foundation. Based on the MOU, NAVER will provide the KAIST School of Computing with shopping image and Q&A data as well as a cloud machine learning development platform to be used for projects and R&D. In addition, our researchers will provide technology lectures to students of the KAIST School of Computing.

DEVVIEW – the Largest Developer Conference in South Korea

Launched as NHN's internal technology event in 2006, DEVVIEW has been open to all developers since 2008 and has grown into South Korea's largest, top-level developer conference by reflecting NAVER's core values of pursuing excellence, sharing knowledge, and thus growing together. Through DEVVIEW, NAVER has been presenting, in advance, technologies that have now become popularized, such as machine learning, deep learning, IoT, VR, and robotics, and the new technologies announced at DEVVIEW reflect rapidly changing trends and help attendees get a grasp of what the future will look like. In addition, DEVVIEW aims to share developers' working-level experiences and know-how that were accumulated over a long period, in addition to the latest technologies and trends in the IT sector, to share concerns and promote greater technological growth.

The 2020 DEVVIEW was held for three days online and live at the end of November and featured 81 presentations, which is an unprecedented high. Also, there was a newly added session for juniors in the form of an experimental program.

Investment Portfolio of NAVER D2SF



* As of September 30, 2020

CASE STUDY

FuriosaAI showcased its competitiveness in AI chip on the global stage

FuriosaAI is a start-up specializing in an AI semiconductor which is exceptional in South Korea

It develops semiconductors that can improve AI performance in data centers and autonomous driving servers. It is the only South Korean company that participated in "MLPerf", a global AI chip benchmark test, and received recognition for its competitive performance index. FuriosaAI was founded with three members in April 2017, attracted its first investment from NAVER D2SF in April in the same year, and it has now grown into a team of 25 persons. In November 2019, it successfully attracted follow-on investment worth KRW 8 billion from DSC Investment and Korea Development Bank, and is focusing on developing semiconductors that can upgrade the performance of next-generation AI.



NAVER Project Flower

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

NAVER Project Flower

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

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

Size of the Foundation Fund



* As of the first half of 2020

Efforts to Establish Fair Trade Order

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

Fair Trade and Enhancement of Partner Sustainability

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

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

To offer management support, we provided consulting to 15 business partners, and formed a win-win growth fund worth KRW 17.2 billion and provided loans at an interest rate lower than the market interest rate in 2019. In addition, we supported our small and medium-sized business partners so that they can make inroads into overseas markets, and thus helped 51 SME partners increase their sales by KRW 68.5 billion in total in 2019.

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

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

Support Programs & Win-win Growth Activities

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

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

D-commerce

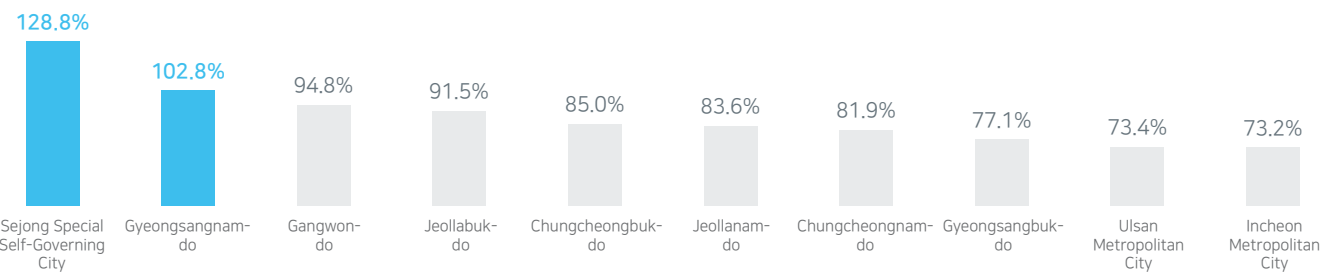
Smart Store

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

The Smart Store enables business operators who don't have a shopping mall or even individuals with no business experience to launch a shopping mall with ease. In case of business which has an offline store, if it opens a store online, it can enjoy benefits of product exposure and increased brand awareness. As a result of these efforts, it was confirmed that merchants in their introduction stage, less than a year since being registered as a Smart Store merchant, account for 48% of merchants that generated sales from January through the end of June 2020. In addition, individuals and small business owners (annual sales of less than KRW 300 million) are growing at a faster pace than the speed of overall growth of Smart Stores. In the first half of 2020, the transaction volume of Smart Store merchants with annual sales of less than KRW 300 million grew more than 90%, which is well above the total Smart Store transaction volume growth of 60%, thereby leading the overall growth of Smart Store.

Digital growth of non-metropolitan regions in NAVER Smart Store also stands out. As of the first half of 2020, the average year-on-year growth rate of all regions is 68.8%. Merchants that recorded higher growth rates are mostly in non-metropolitan regions, including Sejong Special Self-Governing City, Gangwon Province, Gyeongsang Province, Jeolla Province, Chungcheong Province, and Ulsan Metropolitan City. We expect a greater number of regional SMEs to experience digital growth through Smart Stores by overcoming the restrictions of physical distance and meeting with various consumers.

Year-on-year Sales Growth by Region



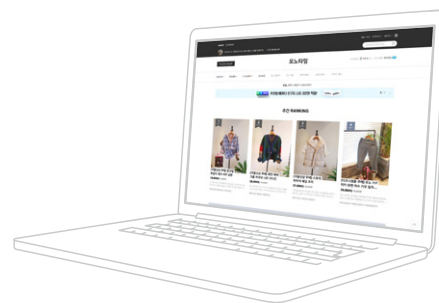
* As of the first half of 2020

CASE STUDY

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

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

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



Smart Place & Smart Around

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

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

Partner Square

NAVER Partner Square is an offline growth foothold for the start and success of SMEs and creators. By supporting various regional SMEs and creators in their efforts to accumulate digital capital and achieve success, it is making contributions so that technological development does not lead to regional alienation.

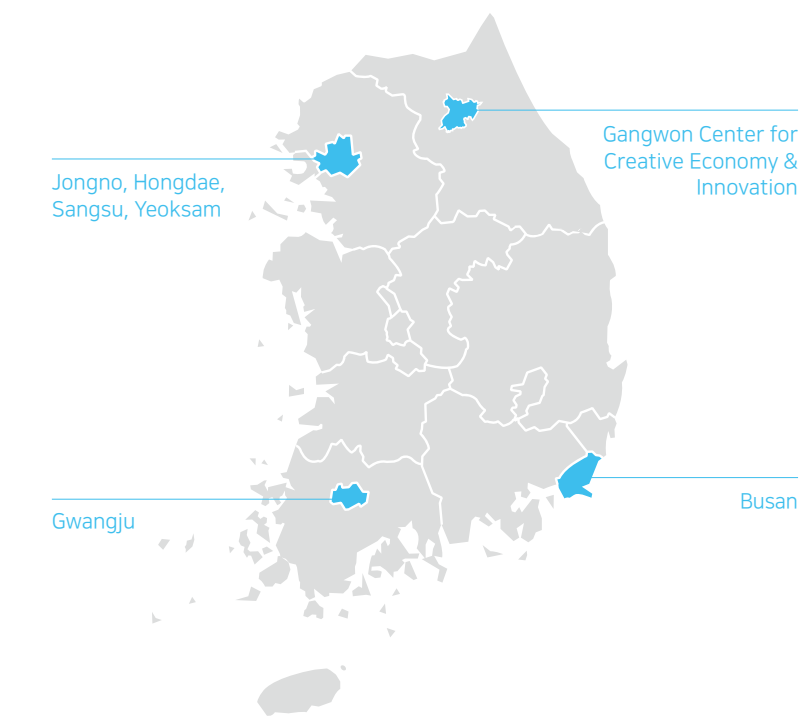
Since opening "Partner Square Yeoksam", the first Partner Square, in May 2013, we have met with 510 thousand business operators and creators over seven years. Opened in 2017, "Partner Square Busan" provides start-up education programs and expert consulting to SMEs and provides studio and equipment rental support so that creators can produce and use video and audio content. "Partner Square Gwangju" was opened in September 2018 as the largest Partner Square. Reflecting the opinions of local business operators and start-ups in the space, we have made it into a multi-purpose business culture space, including operation of ateliers and education for creators, going beyond a space for business education and creation.

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



Partner Square

Support Programs of NAVER Partner Square by Region



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

D-Commerce Program

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

A total of 510 thousand business owners received direct support by participating in D-Commerce Program since the program's launch in May 2018, including fee support, consulting, and on/offline education. In 2020, offline education was suspended due to COVID-19, and this is why we have been providing online live education to SMEs by using the "Partner Square TV" channel of NAVER TV since March. Cumulative view counts for four months exceeded 1 million. We are strengthening support for SMEs through contactless channels.

In particular, we held the "D-Commerce Day 2019" in June 2019 in celebration of the first anniversary of D-Commerce Program and shared program performance with Smart Store merchants. Results of an analysis revealed that customized consulting services substantially contribute to an increase in revenue. Specifically, the effectiveness of the program was proved as the revenues of businesses that have received consultation on data analysis, search ad improvement, and detailed page reviews increased by 41%, 28%, and 19%, respectively.

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



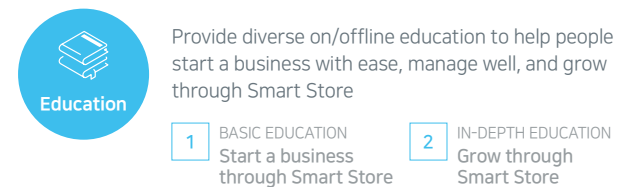
NAVER D-Commerce Report 2020



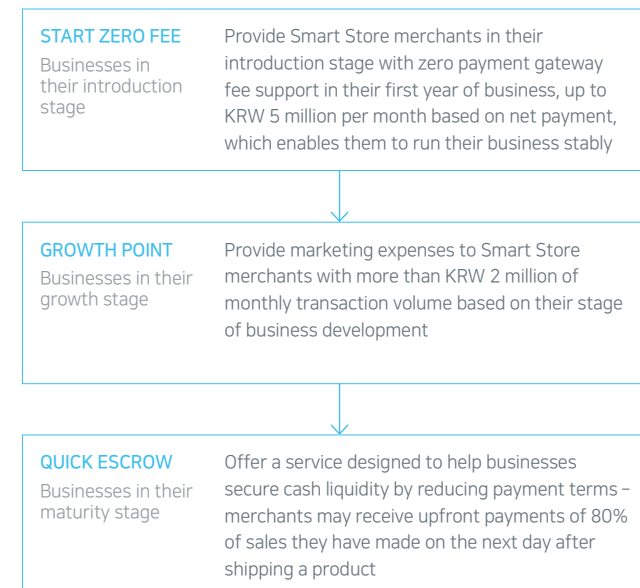
D-Commerce Report

Support Provided by D-Commerce Program

Support for start-up growth by experts



Funding support at each stage of business development



Creator Ground

NAVER Webtoon

NAVER Webtoon is NAVER's flagship content service that has established an unrivaled position in the South Korean webtoon market as a cradle for many star artists since its launch in 2004. It has also established itself as the leading webtoon platform in many of the major global markets in which it operates, including the U.S., Japan, Taiwan, Indonesia, and Thailand, and has grown into a platform that is loved in the global market. It continued strong growth especially in North America in 2019, and the number of its monthly actual users (MAUs) exceeded 67 million as of September 2020. Considering the high rate of use by Generation Z, which is familiar with the digital environment, continued growth is expected over the long term.

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

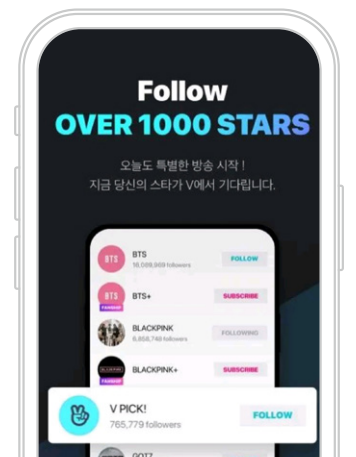
67,000,000+

Global MAU exceeds 67 million

* As of September 2020

V LIVE

Launched in 2015, V LIVE began as a live video platform featuring real-time celebrity broadcasts and is now developing into a global fan community that connects fans world-wide with their favorite celebrities. In a community space that is directly participated in by an artist, fans can more closely communicate with the artist, and the artist can directly meet with fans while sharing live and other diverse content. Agencies and celebrities can check fans according to fans' fan activity period and whether they are members of an official fan club, and manage and care for fans in closer, various ways. V LIVE is participated in by celebrities in various areas, including musicians and actors, in addition to boy and girl bands. In particular, despite circumstances where onsite encounters between celebrities and fans have become difficult due to COVID-19, V LIVE supports communication between artists and fans through a contactless environment and is establishing itself as a celebrity-fan community.



V LIVE - a real time personal broadcasts by celebrities

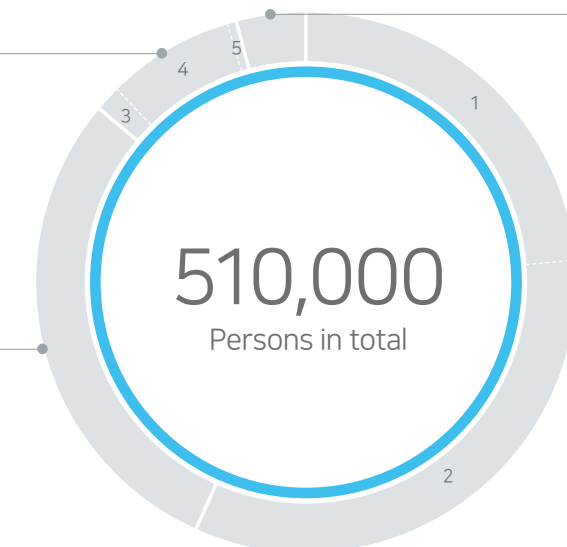
Performance of the D-Commerce Program

Participation in consulting

3. 1:1 tailored consulting	2,669
4. Audio clip consulting	48,787
5. Knowledge-iN consulting	556

Point programs, Zero payment gateway fee

150,000



Participation in D-Commerce Day

20,000

Participation in on/offline education

290,000

- 1. Offline education 100,000
- 2. Online education 190,000 (Live education: 870,000 views)

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

V LIVE unveiled a live performance product in 2019 that provides onsite performances live. This offers fans the opportunity to enjoy performances in their homes at a competitive price, and with a real sense of being there in person, and also provides additional income to agencies and celebrities, thereby opening a new chapter of the performance industry. In particular, V LIVE provided globally-exclusive live broadcasting of a performance given by BTS, a world-renowned boy band, at Wembley Stadium in London, and offered stable, high-quality services to 140,000 concurrent users around the world, leading to recognition of NAVER's technological competitiveness. Based on these attempts and technological prowess, we were able to offer a contactless live performance product called "Beyond Live" in the COVID-19 situation in 2020, thus providing fans with an opportunity that replaces onsite encounters with celebrities as well as providing agencies and celebrities with an opportunity to earn income through contactless performances. V LIVE will continue to leverage its capabilities in content, technology, and data, and contribute to the development of pop culture as a fan community platform where artists and fans can meet and exchange at all times.

NAVER Culture Foundation

NAVER Culture Foundation is a non-profit public foundation established in 2010 to support artists and creators, and to promote cultural content by using our online platforms. We are striving to build a strong foundation so that hidden artists and creators can be discovered and can grow. There is "ON STAGE" which discovers and supports skilled indie musicians, "Open Podium: Inside and Outside of Culture" which is a humanities lecture series where leading scholars and the general public meet, and "NAVER Hangeul Campaign" which is a *Hangeul* (Korean alphabet) campaign that publicizes how precious *Hangeul* is, including the free distribution of fonts. We are going beyond supporting artists and creators, who are the main beneficiaries, by taking the lead in the creation of meaningful user experiences through arts and culture.

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

ON STAGE 2.0 made new attempts to enhance the quality of programs, including one-take live footages, "ON STAGE X" collaboration project between musicians and artists, and "Digging Club Seoul" city pop remake project, and strengthen PR activities to take an extensive approach to the public.

We thus solidified its leading position and trustworthiness as an underground music record. In addition, video view count increased as a result of the influence of social media and the number of overseas users has also continually increased, leading to South Korean musicians' use of ON STAGE as a channel to promote their music to fans from around the world.

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



Milestones of ON STAGE in the Last Decade

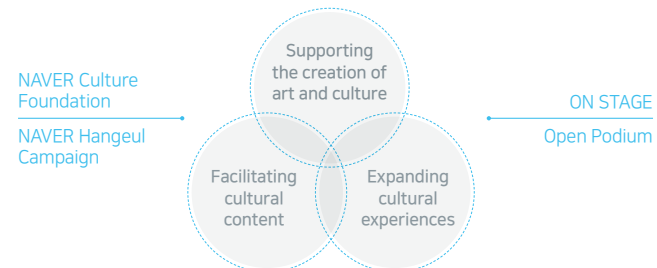
01. Around 1,600 videos for 10 years – the power of record
02. Around 540 teams – introduction of genres without restrictions
03. Exclusive arrangement – performance
04. Selection by music experts – trustworthy ON STAGE
05. High sound quality live – the radiant world of performing artists
06. New-tro – a hidden enabler of the craze over Korean classical music
07. Global ON STAGE that is listened to by overseas users
08. Positive feedback from countless musicians and the music industry



Major Programs of 10STAGE

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

NAVER Culture Foundation



Performance of ON STAGE

Classification	Number of teams supported	Number of video contents produced	Number of participants
2020	106	319	3,708
Accumulated	540	1,589	35,976

* As of September 30, 2020

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

Open Podium provides approximately 1,200 videos and essays, which have been accumulated over the past six years, by sorting them according to themes and keywords that young people might be interested in or by offering audio clip services. By doing so, it is shedding new light on existing content and contributing to continued facilitation of knowledge content.

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

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

Digital Literacy

NAVER Connect Foundation

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

In particular, as AI technology rapidly becomes a part of our everyday life, it has become essential for future generations to develop digital literacy capabilities that use AI and data. In Korea, software education became mandatory starting in 2018, and all elementary schools, 50% of middle schools, and 30% of high schools use Entry, which is NAVER's online education platform, for their software classes. While working on stable service operation and mobile function advancement of Entry, which has 1 million monthly active users, we are making various improvement efforts to differentiate services that embody Entry's philosophy and to offer quality content.

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

In 2020, with the goal of having anyone who is unfamiliar with AI to easily learn the concept of AI, we created a video about major AI-related concepts using ten keywords and are providing the video, while also offering a free online AI & data training program for teachers in the field. In addition, we also provide teaching material guidelines and student worksheets so that teachers and parents can easily understand and practice AI technology and data concepts together with children. We are continuing activities that help all groups of people understand AI technology and enhance their AI & data literacy.

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

Major Programs of NAVER Connect Foundation

Target	Program	Description	Cumulative number of beneficiaries
Software education for elementary, middle school, high school students, and teachers	Let's Play Software	<ul style="list-style-type: none"> Provides diverse education for easy learning of the basic concepts of AI and data Provides videos with different levels of difficulty, and teaching materials and content on diverse subjects so that anyone can easily and conveniently learn and teach software 	<p>Season 1 (2014-First half of 2018)</p> <ul style="list-style-type: none"> Provided education to 18,000 students (regional camp, in partnership with college students volunteer groups) Nurtured 2,600 instructors (teachers, undergraduate volunteer groups consisting of future teachers, general instructors (women looking to reenter the workforce)) Developed 25 textbooks and teaching materials <p>Season 2 (Second half of 2019 and onwards)</p> <ul style="list-style-type: none"> Produced content and established a platform to build an AI & data education environment Strived to establish an environment that enables online AI & data learning due to COVID-19 1. Provided 10 Hello AI World, which is a learning video that helps learners understand the basic concepts of AI technology and data 2. Provided AI & data training programs for teachers 3. Provided AI & data learning materials for parents and teachers 4. Provided OpenCourseWare for online AI & data education of students 5. Upgraded functions so that learners can try using AI & data through Entry, a software education platform
	entry	<ul style="list-style-type: none"> Online platform for software education Provides various tools for learning, creation, sharing, and collaboration 	<ul style="list-style-type: none"> Monthly active users: 1 million Subscribed members: 1.9 million No. of works: 7.5 million Online class: Opened around 60 thousand
Education that helps people build career capabilities and grow in the IT field	Boost Course	<ul style="list-style-type: none"> Education program that enables focused learning of key technologies and knowledge, leading to improvements in career capabilities and skills Launched online courses to provide courses on the development of digital solutions for iOS, Android and the web, as well as digital marketing 	<ul style="list-style-type: none"> No. of persons who completed the course: 614 No. of persons who took classes: 120 thousand
	Boost Camp	<ul style="list-style-type: none"> Training program aimed at fostering outstanding IT talent – it develops experiences and skills needed for developers by providing a highly-intensive self-directed learning experience for around six months 	<ul style="list-style-type: none"> No. of persons who completed the program: 229
An environment where everyone has equal access to educational opportunities	edwith	<ul style="list-style-type: none"> Operated as a massive open online course (MOOC) service Provides classes on basic concepts of software coding as well as web/mobile development and AI Provides classes of colleges specializing in science and technology as well as software-centered colleges in South Korea and overseas 	<ul style="list-style-type: none"> Daily active users: 3,000 Monthly active users: 150 thousand Subscribers: 770 thousand
	KHAN Academy	<ul style="list-style-type: none"> Online education service that enables anyone to access world-leading education, free of charge, no matter where they are. NAVER Connect Foundation became the fifth official partner (first in Asia) of KHAN Academy in 2016, and is providing courses Provides learning management systems (LMS), video lectures, practice problems, etc., thus enabling complete learning 	<ul style="list-style-type: none"> Subscribers: 400 thousand Monthly active users: 100 thousand

* As of September 30, 2020

Giving

Happybean

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

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

Donations Donation service offered by NAVER is Happybean's first public interest service designed to make joyful changes with one click. Based on diverse donation targets and themes, it has grown into a venue where approximately 3,300 public interest organizations interact with around a million donors online per year, and as of 2019, the accumulated amount of donations collected exceeded KRW 100 billion. In 2020, the amount of donations collected reached KRW 18.9 billion as a result of heartwarming participation by 1.4 million donors from January through September.

Public interest organizations with relatively limited financial resources and PR capabilities can interact with donors with fewer resources and effort. We are also enhancing the credibility of donation activities by continuing to improve the "Happylog" platform, where people can find information on public interest organizations at a glance.

We are building a donation culture in which people can participate with ease in their daily lives through a wide range of promotions, such as "Donation Bean" which provides users with donation items when they use NAVER services free of charge, and "Double Donations" which NAVER and other sponsor companies match donations made by netizens. We also adopted an installment savings system to encourage people to donate on a regular basis, and attracted a total of approximately 480 thousand installment savings accounts.

Funding Happybean introduces products created by public interest organizations, social ventures, and creators striving to solve social

problems through its Funding service. In addition to providing them a channel to promote their products, Happybean offers platform services free of charge and waives processing fees. We also cover delivery costs for new social enterprises. Based on collaboration with diverse companies and organizations, we collected a total KRW 3.3 billion in support funds for 198 projects from January through September 2020, a two-fold growth from the previous year.

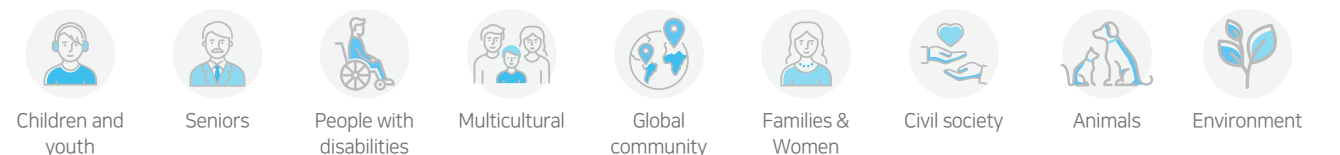
Happybean Empathy Store We help those who participated in the Funding continue to interact with users after the Funding has ended through the Happybean Empathy Store by supporting their promotion activities and helping them build their brand pages on NAVER Smart Store. There are around 110 Happybean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

Shall We Go Happybean has been expanding its scope of services from donations to the Funding service and the Happybean Empathy Store project. In March 2019, it evolved once again by adding the "Shall We Go", connecting online users to offline community service projects. In 2019 alone, approximately 22,000 users took part in volunteering activities and other community service projects, hosted by social enterprises or cooperatives, through the Shall We Go that uses the reservation service of NAVER. This has also enabled a total of 137 public interest organizations and social ventures to meet with new sponsors and to expand communication with existing participants.

Key Milestones of Happybean



Various Donation Targets of Happybean



CASE STUDY

Donggubat – "Gakkum Soap" using harmless organic ingredients as raw materials

We support Donggubat through NAVER Project Flower and Happybean Empathy Store.

Donggubat is a social venture brand that runs education programs to help persons with developmental disabilities develop social skills. It also produces natural soap "Gakkum" using crops harvested by their own. The agricultural products that are harvested from vegetable gardens jointly by persons with developmental disabilities and non-disabled volunteers are reborn as "Gakkum", an eco-friendly, natural soap. The soap is harmless to the human body since it is made using only ingredients that people can consume, including vegetable oil and agricultural products directly grown in vegetable gardens, such as basil, lettuce, and kale. The soap has significance in that it is organically made, thus enabling users to take good care of their body and face. It also embodies the value of creating friends for persons with developmental disabilities. Funded by Happybean, Donggubat is running a store at the Empathy Store, and is being well received by a great number of consumers. Based on a stable sales platform, its sales rose around five times more than before, and its number of employees with developmental disabilities increased from one to around 30, thus contributing to the creation of jobs for the underprivileged.



ENVIRONMENT GREEN MANAGEMENT

MANAGEMENT APPROACH


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

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

KEY PERFORMANCE

 Established the 2040 Carbon Negative strategy

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

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

¹⁾ As of the first half of 2020



Environmental Impact Management

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

Eco-friendly Strategy

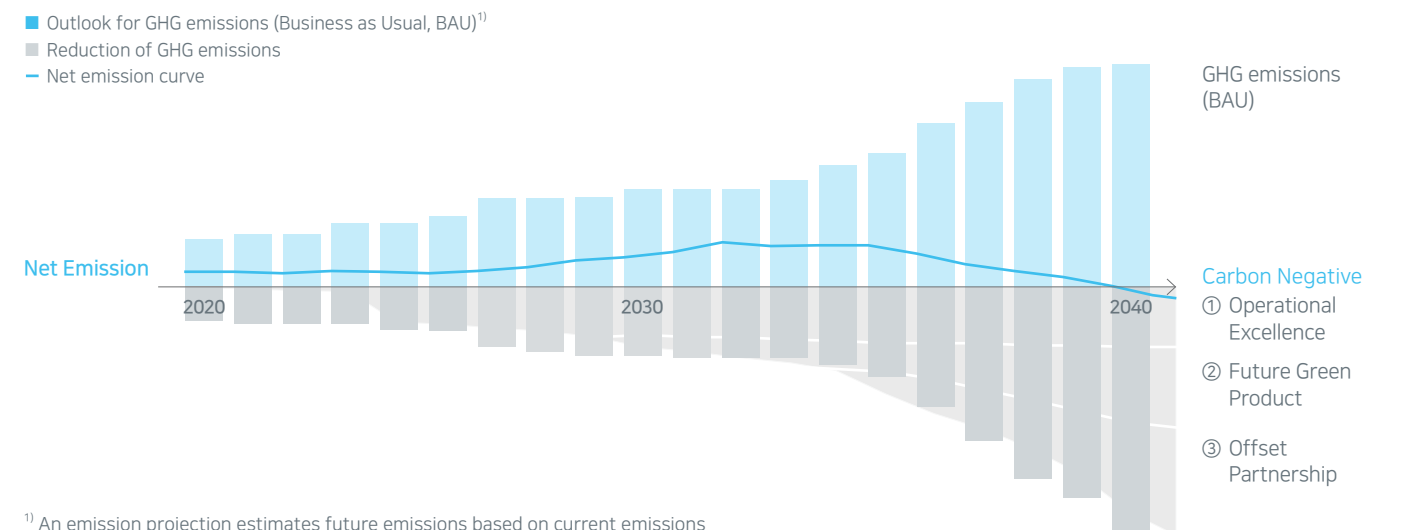
NAVER's greenhouse gas (GHG) emissions are forecast to increase over the next decade due to construction of our second data center and a rise in data use in the contactless/5G era, and this can become a major risk to easing climate change. In addition, it can reduce revenues and increase operation expenses, in various forms, of the business of NAVER, where data center is used as a key asset, and is therefore expected to have a substantial impact on securing sustainable business competitiveness. We recognized this operational risk and established a strategy on minimizing the risk, while also formulating an eco-friendliness strategy that secures mid- to long-term business opportunities and reviewing goals. We declared a strategy that achieves "2040 Carbon Negative" by maximizing eco-friendliness effects through business activities and minimizing negative environmental impact that is triggered by business activities.

Carbon Negative is a strategy of offsetting by reducing greenhouses gases more than the GHG amount that is emitted, thus making the net emissions amount 0 or less.

To achieve this goal, we have set the following three detailed strategic directions and plan to expand relevant activities. By ①pursuing operational excellence that enables us to reduce our environmental impact; ②developing future green products and services; and ③expanding external partnerships, we will actively take part in accelerating the transition to a low-carbon economy. In this process, we will make joint efforts with several partners who use NAVER platforms to expand the eco-friendly ecosystem.

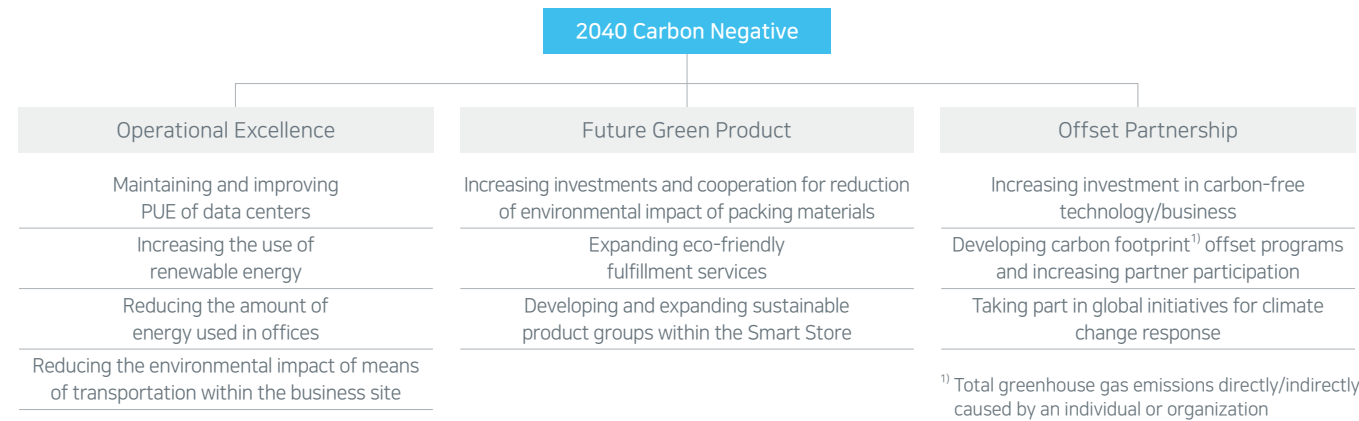
Internally, we are reducing the environmental impact of facilities by increasing renewable energy use. Externally, we are actively looking for business opportunities to increase various businesses and investments related to eco-friendliness, such as technology investments and M&As with key players in the area of eco-friendly commerce. The status and plan of our climate action implementation will be actively monitored and reviewed by the ESG Committee under the BOD, and will be continually communicated to our stakeholders, including shareholders. We will continue to take the lead in creating a more sustainable business environment and fulfill corporate social roles and responsibilities.

2040 Carbon Negative



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

"Carbon Off" Implementation Strategy



CASE STUDY

Efforts to establish an eco-friendly ecosystem

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

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

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

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

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



Grocery Shopping eco-friendly bag

Data Center GAK

Sustainable Data Center

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



Interior of Data Center GAK

First of all, the cross-sectional area of air filters was increased in order to optimize air flow, and bypass dampers⁴⁾ were used in the heating, ventilating, and air conditioning (HVAC) equipment. In addition, energy-saving DC fans supply greater volumes of moving air where needed, and the structure of the exhaust fans was improved to reduce energy usage. In addition, the Center makes more use of a water thermal storage system which stores electricity at night, when rates are lower, to then use during the day.

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

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



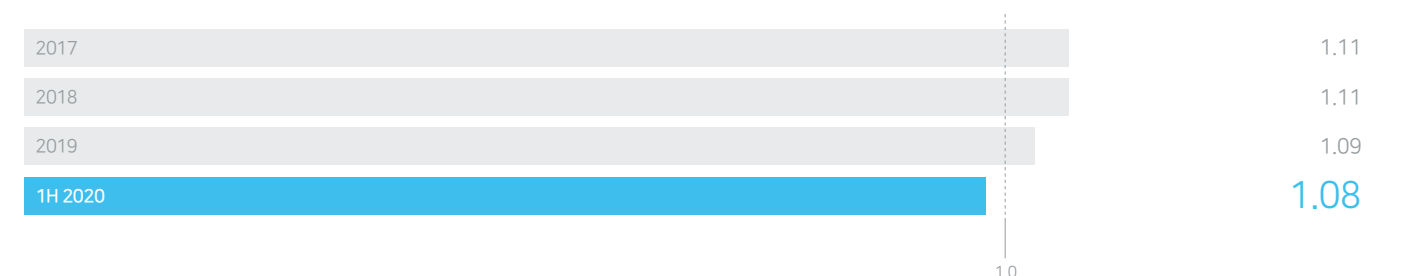
Data Center GAK

Achieving the World's Top-level PUE

The Data Center GAK has developed Air Misting Unit (AMU) and NAVER Air Membrane Unit (NAMU), which are eco-friendly technologies that reduce server room temperatures using cold air and underground water, and is now increasing the scope of their application to maximize energy savings. We meticulously adopt and use environmentally-friendly technology wherever possible to reduce energy consumption, and as a result, maintain our power usage effectiveness (PUE)⁵⁾ level at close to 1. This is top-level PUE when compared to even the PUEs of global data centers.

¹⁾ LEED: Leadership in Energy and Environmental Design, Environmentally-friendly building certification developed by the U.S. Green Building Council
²⁾ A road heating system which uses waste heat in the wintertime
³⁾ Used for outdoor lighting and greenhouse heating
⁴⁾ Used in exhaust systems to change the mixing percentage of hot air and cool air to control temperature
⁵⁾ PUE: Power Usage Effectiveness. The ratio of total amount of energy consumption of a data center facility to the energy consumed by IT equipment, it is generally used as a measure of the efficiency of data centers. An ideal PUE is 1.0.

Power Usage Effectiveness (PUE)



Using Recycled and Eco-friendly Energy

The Data Center GAK uses photovoltaic energy, and also invests in relevant businesses. We radically improved the photovoltaic power generation facility at the building in 2018, and as a result, 217 MWh of power were saved in 2019, along with about 97 tons of CO₂ emissions. The Center uses energy as efficiently as possible, including through LED lighting and electric vehicles. It uses the air heated in the process of cooling computer servers to operate greenhouses. All plumbing fixtures are water-saving, and uncontaminated water is purified and reused in bathroom fixtures where possible. Rainwater is collected to be used as cooling water or for firefighting.

In particular, we have been making continued efforts to reduce the amount of water used in air-conditioning, with the volume in 2019 decreasing by 12.53% year-on-year, despite the increase in the number of IT devices. As a result of these efforts, CO₂ emissions at the Center have been reduced by about 20,000 tons per year.



Greenhouse that uses waste heat

Green Factory

NAVER's Green Factory office building was designed to constantly save energy, and does so at a rate of more than 5% every year through investments in energy-efficient devices such as heat-insulated partitions, LED lights, and others. The staircases display the number of calories burned by walking upstairs instead of taking the elevator, and bike racks encourage employees to look after their health and save the environment by cycling instead of using a car. We set up 22 electric vehicle-charging facilities and thus reduced the burden of commuting using an eco-friendly vehicle, and participate in "Earth Hour", an environmental campaign hosted by the World Wide Fund for Nature, every year.

Thanks to these efforts, energy consumption at the Green Factory has fallen over the past three years. In the first half of 2020, the TOE was 1,595, a 6% decrease compared to the first half of the previous year, and CO₂ emissions also fell by 6% year-on-year. The environmentally-friendly operations of the Green Factory have won external plaudits as well. In 2014, it won platinum certification, and the highest score in the world, from the LEED. In 2016, it received the Presidential Medal in the Korea Energy Efficiency Awards.



Eco-friendly operations of the Green Factory

1784, NAVER's Second Office Building

NAVER's second office building, which is expected to be completed in 2021, was designed to earn LEED platinum certification and have an energy efficiency level of 1+, thus demonstrating NAVER's commitment to saving energy and protecting the environment. The building has a 763.2 kW¹⁾ geothermal system to make the most of its basement space, and a 140.8 kW photovoltaic power generation facility will be installed on the rooftop. On the exterior, double-layered coverings using motorized shades combine with highly-insulated doors and windows to save energy. The building also has low reflective glass which saves energy and minimizes inconvenience for our neighbors. The interiors are designed to use a panel cooling system to save energy and create a more pleasant working environment.

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

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

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

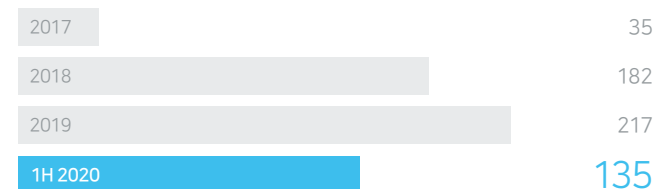
¹⁾ Based on air-conditioning

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

³⁾ 140-200 kWh/m²

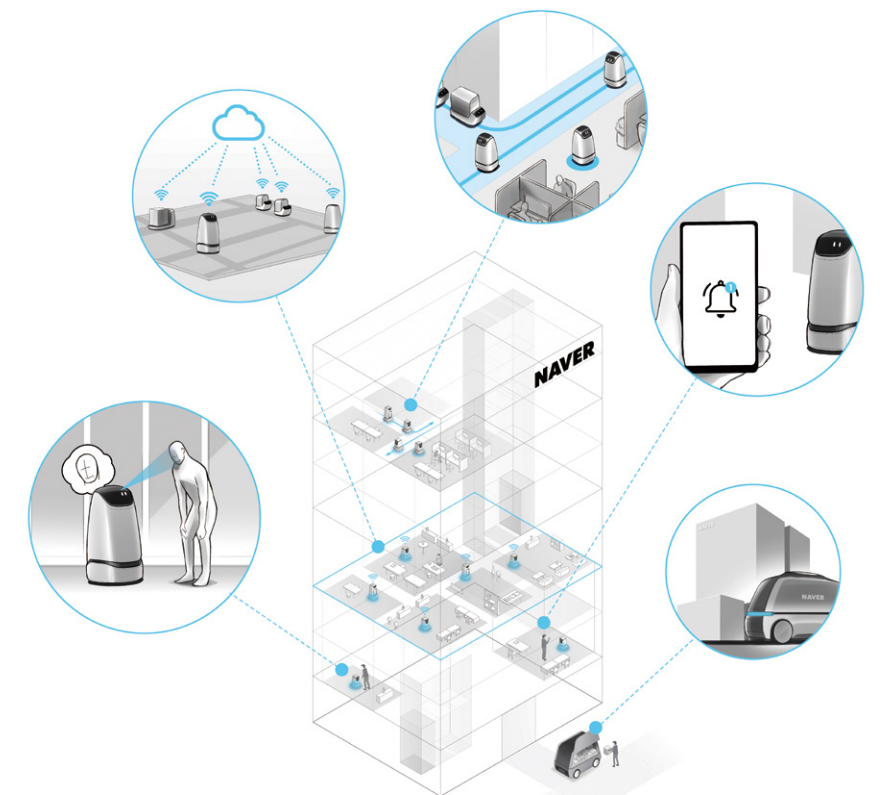
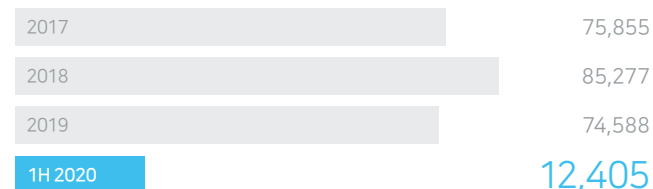
Solar Power Generation

(Unit: MWh)



Clean Water Consumption

(Unit: Ton)



Appendix

- 89 Performance Indices
- 93 GRI Index
- 96 UN SDGs
- 97 Awards & Membership
- 98 Third Party's Assurance Statement

Performance Indices

			2017	2018	2019	1H 2020	
ENVIRONMENT							
Greenhouse Gas (GHG) Emissions							
Total GHG emissions	Total		57,080	72,416	78,712	38,710	
	Green Factory		7,541	7,510	7,178	3,143	
	Data Center GAK		49,539	64,906	71,534	35,567	
GHG emissions	Scope 1	Green Factory	tCO ₂ e	276	295	244	62
		Data Center GAK		141	48	52	11
	Scope 2	Green Factory		7,265	7,215	6,934	3,081
		Data Center GAK		49,398	64,858	71,483	35,556
	Energy Consumption						
	Total energy consumption	Total		1,178	1,495	1,624	799
Green Factory		TJ	159	159	152	67	
Data Center GAK			1,019	1,336	1,472	732	
Direct energy consumption	Total		7.4	6.7	5.7	1.4	
	LNG	Green Factory	TJ	5.3	5.8	4.8	1.2
	Diesel			0.01	0.04	0.01	0.01
	Mobile combustion			0.1	0.1	0.1	0.0
	Diesel	Data Center GAK	TJ	1.6	0.4	0.4	0.0
	LNG			0.5	0.3	0.4	0.1
Indirect energy consumption	Total		1,171	1,488	1,618	798	
	Electricity	Green Factory	TJ	144.3	143.0	138.0	60.5
	Steam			9.6	10.0	8.8	5.0
	Electricity	Data Center GAK		1,017	1,335	1,471	732
	Total energy saving		Total	28,896	37,202	41,588	21,723
	Saving through office management	Green Factory		MWh	-	138	517
Data Center GAK			426	511	511	255	
Saving through natural cooling system	Data Center GAK			28,435	36,371	40,343	21,333
Saving by producing renewable energy				35	182	217	135
Renewable energy production	Total		136	283	318	152	
	Geothermal power	Green Factory	MWh	101	101	101	17
	Solar power	Data Center GAK		35	182	217	135

* GHG and energy intensity will begin to be disclosed in next year's report.

		2017	2018	2019	1H 2020	
Water Consumption						
Total water consumption	Total	164,106	177,335	176,517	50,958	
Water supply	Green Factory	88,251	92,058	101,929	38,553	
	Data Center GAK	75,855	85,277	74,588	12,405	
Water reuse	Green Factory	6,865	9,812	5,428	5,867	
Water reuse rate	Green Factory	8	11	5	15	
Waste and Recycling						
Weight of waste	Total	219.42	247.57	253.93	54.67	
Domestic waste	Green Factory	119	154	179	32	
	Data Center GAK	75	71	64	19	
Domestic waste	Green Factory	25.42	22.57	10.93	3.67	
	Data Center GAK	119	154	179	32	
Outsourcing	Incineration/landfill	75	71	64	19	
	Recycling	75	71	64	19	
Recycling rate	Green Factory	39	31	26	36	
Compliance with Environmental Regulations						
Fines for violations of environmental regulations	Green Factory	Cases	0	0	0	0
		Amount of money	0	0	0	0
	Data Center GAK	Cases	0	0	0	0
		Amount of money	0	0	0	0
Power Usage Efficiency (PUE)						
PUE	Data Center GAK	1.11	1.11	1.09	1.08	

		2017	2018	2019	1H 2020	
SOCIAL HUMAN CAPITAL						
Employment						
Total number of employees	Persons	2,814	3,611	3,523	3,777	
By employment type	Full time	2,729	3,523	3,376	3,567	
	Part time	85	88	147	210	
By job	Office	1,259	1,573	1,540	1,655	
	Technical	1,555	2,038	1,983	2,122	
By gender	Male	1,817	2,309	2,262	2,406	
	Female	997	1,302	1,261	1,371	
By age	Under 30 years old	727	926	799	956	
	Over 30 to under 40 years old	1,547	1,930	1,861	1,872	
	Over 40 to under 50 years old	526	739	839	921	
	Over 50 years old	14	16	24	28	
By nationality	Foreigners	16	34	25	28	
	Overseas expatriates	9	13	16	15	
Overseas employment	Locally hired	845	846	836	847	
	Number of overseas workforces	854	859	852	862	
	Number of overseas managers	5	7	6	5	
Respect for Diversity						
Female	Percentage of female employees	35.3	35.9	35.7	36.2	
	Percentage of female managers	20.0	23.3	24.6	25.8	
Special employment and minority	Employees with disabilities	6	8	6	6	
	Patriots and veterans	25	27	25	24	
New Employee Hires and Turnover						
New employee hires	Number of people hired	557	593	248	356	
	By gender	Male	404	409	172	241
		Female	153	184	76	115
	By age	Under 30 years old	290	303	159	239
		Over 30 to under 40 years old	235	260	79	95
		Over 40 to under 50 years old	32	29	10	21
Over 50 years old		0	1	0	1	
Total employee turnover	Persons	50	99	135	67	
Employee turnover ¹⁾	By gender	Male	41	70	104	57
		Female	9	29	31	10
	By age	Under 30 years old	6	15	26	16
		Over 30 to under 40 years old	27	74	78	38
		Over 40 to under 50 years old	16	9	30	12
Over 50 years old	1	1	1	1		

¹⁾ Based on voluntary turnover

GRI Index

				2017	2018	2019	1H 2020
Parental Leave and Childcare Leave							
Number of people used parental leave ¹⁾				122	148	170	74
By gender	Male	Persons	85	103	123	51	
	Female		37	45	47	23	
Return to work rate after childbirth				%	100	98	100
Number of people used childcare leave				60	103	101	86
By gender	Male	Persons	4	17	15	20	
	Female		56	86	86	66	
Return to work rate after childcare leave ²⁾				%	96.7	99.0	100.0
Continue to work rate for 12 months after childcare leave ³⁾				%	86.7	94.2	100.0
Evaluation and Compensation							
Performance evaluation execution rate	Employees' performance evaluation execution rate	%	97.20	98.10	98.80	Before implementation	
Stock option purchase rate	Employees' stock option purchase rate		-	-	80.95	87.18	

¹⁾ If he/she uses his/her parental leaves both before and after childbirth, those leaves are aggregated as one period of maternity leave

²⁾ No. of employees returning to work among those used childcare leave / No. of employees on childcare leave for the corresponding year * 100

³⁾ [1-(No. of employees for whom retirement date-return date<365) / No. of employees on childcare leave for the corresponding year] * 100

				2017	2018	2019	1H 2020
SOCIAL PARTNER MANAGEMENT							
Joint growth	Signed the Agreement on Joint Growth	Companies	141	146	146	151	
Classification of partners	No. of newly registered partners		569	565	470	614	
SOCIAL DATA SECURITY							
Reports made by users	No. of requests to check postings contaminated with malwares	Cases	7	26	25	25	
	No. of requests to check malwares		0	0	0	0	
	No. of login failures for Naver Home		23	52	82	43	
	No. of circulation of malicious programs - Adwares		14	16	5	0	
Protection of user information	Leakage of user information	Cases	0	0	1 ¹⁾	0	

¹⁾ Due to the delivery error of emails containing Ad Post receipts occurred on 29 - 30 April 2019, Korea Communications Commission imposed NAVER corrective measures for service providers violating Personal Information Protection Act by breaching the statutory obligations under the Act on Promotion of Information and Communications Network and Information Protection (KRW 13 million in penalty and KRW 27.2 million in fines)

Topic	GRI Standards	Reported	Page
GENERAL DISCLOSURES			
Core	102-1	Name of the organization	● NAVER at a Glance (P. 12-13)
Core	102-2	Activities, brands, products, and services	● NAVER at a Glance (P. 12-13)
Core	102-3	Location of headquarters	● NAVER at a Glance (P. 12-13)
Core	102-4	Location of operations	● NAVER at a Glance (P. 12-13)
Core	102-5	Ownership and legal form	● Share and Capital Structure (P. 39)
Core	102-6	Markets served	● NAVER at a Glance (P. 12-13)
Core	102-7	Scale of the organization	● NAVER at a Glance (P. 12-13)
Core	102-8	Information on employees and other workers	● NAVER at a Glance (P. 12-13), Human Capital, Social in Appendix (P. 91-92)
Core	102-9	Supply chain	● Partner Management, Social in Appendix (P. 92)
Core	102-10	Significant changes to the organization and its supply chain	● NAVER Business (P. 14-15)
Core	102-11	Precautionary Principle or approach	● Risk & Opportunity (P. 44-46)
Core	102-12	External initiatives	● Awards & Membership in Appendix (P. 97)
Core	102-13	Membership of associations	● Awards & Membership in Appendix (P. 97)
Core	102-14	Statement from senior decision-maker	● CEO Message (P. 10-11)
Core	102-15	Key impacts, risks, and opportunities	● Risk & Opportunity (P. 44-46)
Core	102-16	Values, principles, standards, and norms of behavior	● Integrity Code and Fair Operation Policy (P. 47)
Core	102-17	Mechanisms for advice and concerns about ethics	● Ethical Management (P. 47-48), Protection and Promotion of Human Rights (P. 62)
Core	102-18	Governance structure	● Composition and Independence of the BOD (P. 40-41)
Core	102-19	Delegating authority	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)
Core	102-20	Executive-level responsibility for economic, environmental, and social topics	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)
Core	102-21	Consulting stakeholders on economic, environmental, and social topics	● ESG Implementation Strategy (P. 16-17), Material ESG Issues (P. 20-21)
Core	102-22	Composition of the highest governance body and its committees	● Composition and Independence of the BOD (P. 40-41)
Core	102-23	Chair of the highest governance body	● Composition and Independence of the BOD (P. 40-41)
Core	102-24	Nominating and selecting the highest governance body	● Composition and Independence of the BOD (P. 40-41)
Core	102-25	Conflicts of interest	● Audit Organizations (P. 43)
Core	102-26	Role of highest governance body in setting purpose, values, and strategy	● Composition and Independence of the BOD (P. 40-41)
Core	102-27	Collective knowledge of highest governance body	● Operations of the BOD (P. 42)
Core	102-28	Evaluating the highest governance body's performance	● Performance Evaluation and Compensation of the BOD (P. 42-43)
Core	102-29	Identifying and managing economic, environmental, and social impacts	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)
Core	102-31	Review of economic, environmental, and social topics	● ESG Implementation Strategy (P. 16-17), Risk & Opportunity (P. 44-46)
Core	102-32	Highest governance body's role in sustainability reporting	● ESG Implementation Strategy (P. 16-17)
Core	102-33	Communicating critical concerns	● Operations of the BOD (P. 42)

Topic	GRI Standards	Reported	Page
	102-34	Nature and total number of critical concerns	● Operations of the BOD (P. 42)
	102-35	Remuneration policies	● Performance Evaluation and Compensation of the BOD (P. 42-43)
	102-36	Process for determining remuneration	● Performance Evaluation and Compensation of the BOD (P. 42-43)
Core	102-40	List of stakeholder groups	● Stakeholder Participation and Communication (P. 18-19)
Core	102-41	Collective bargaining agreements	● Fair Employment & Labor-Management Relations (P. 62)
Core	102-42	Identifying and selecting stakeholders	● Stakeholder Participation and Communication (P. 18-19)
Core	102-43	Approach to stakeholder engagement	● Stakeholder Participation and Communication (P. 18-19)
Core	102-44	Key topics and concerns raised	● Stakeholder Participation and Communication (P. 18-19)
Core	102-45	Entities included in the consolidated financial statements	● NAVER at a Glance (P. 12-13)
Core	102-46	Defining report content and topic Boundaries	● Material ESG Issues (P. 20-21)
Core	102-47	List of material topics	● Material ESG Issues (P. 20-21)
Core	102-48	Restatements of information	- First ESG report
Core	102-49	Changes in reporting	- First ESG report
Core	102-50	Reporting period	● About This Report
Core	102-51	Date of most recent report	● About This Report
Core	102-52	Date of most recent report	● About This Report
Core	102-53	Contact point for questions regarding the report	● About This Report
Core	102-54	Claims of reporting in accordance with the GRI Standards	● About This Report
Core	102-55	GRI content index	● GRI Index in Appendix (P. 93-95)
Core	102-56	External assurance	● About This Report, Third Party Assurance Report in Appendix (P. 98-99)
MANAGEMENT APPROACH			
Core	103-1	Explanation of the material topic and its Boundary	● Material ESG Issues (P. 20-21)
Core	103-2	The management approach and its components	● Governance, Trust, Social, Environment Management Approach (P. 38, 50, 60, 82)
ECONOMY			
Economic Performance	201-1	Direct economic value generated and distributed	● Distribution of Economic Value (P. 24)
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	● NAVER Project Flower- D-Commerce (P. 74-76)
	203-2	Significant indirect economic impacts	● NAVER Project Flower - D-Commerce (P. 74-76)
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	● Ethical Management (P. 47-48)
Anti-corruption	205-3	Confirmed incidents of corruption and actions taken	● Ethical Management (P. 47-48)
Tax	207-1	Approach to tax	● Transparent Disclosures (P. 49)
Tax	207-2	Tax governance, control and risk management	● Transparent Disclosures (P. 49), Risk & Opportunity (P. 44-46)
Tax	207-3	Stakeholder engagement and management concerns related to tax	● Transparent Disclosures (P. 49)

Topic	GRI Standards	Reported	Page
ENVIRONMENT			
Energy	302-1	Energy consumption within the organization	● Environment in Appendix (P. 89-90)
Energy	302-4	Reduction of energy consumption	● Environment in Appendix (P. 89)
Water	303-5	Water consumption	● Environment in Appendix (P. 90)
Emissions	305-1	Direct (Scope 1) GHG emissions	● Environment in Appendix (P. 89)
Emissions	305-2	Energy indirect (Scope 2) GHG emissions	● Environment in Appendix (P. 89)
Emissions	305-5	Reduction of GHG emissions	● Environmental Impact Management (P. 89)
Effluents and Waste	306-2	Waste by type and disposal method	● Environment in Appendix (P. 90)
Environmental Compliance	307-1	Non-compliance with environmental laws and regulations	● Environment in Appendix (P. 90)
SOCIAL			
Employment	401-1	New employee hires and employee turnover	● Human Capital, Social in Appendix (P. 91)
Employment	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	● Health & Safety and Well-being (P. 66-67)
Employment	401-3	Parental leave	● Human Capital, Social in Appendix (P. 91)
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	● Fair Employment & Labor-Management Relations (P. 62)
Occupational Health and Safety	403-4	Health and safety topics covered in formal agreements with trade unions	● Fair Employment & Labor-Management Relations (P. 62)
Occupational Health and Safety	403-6	Promotion of worker health	● Health & Safety and Well-being (P. 66-67)
Training and Education	404-2	Programs for upgrading employee skills and transition assistance programs	● Attracting and Nurturing Talent (P. 64-65)
Training and Education	404-3	Percentage of employees receiving regular performance and career development reviews	● Human Capital, Social in Appendix (P. 92)
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	● Human Capital, Social in Appendix (P. 91)
Diversity and Equal Opportunity	405-2	Ratio of basic salary and remuneration of women to men	● Attracting and Nurturing Talent (P. 65)
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	● Protection and Promotion of Human Rights (P. 62)
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	● NAVER Project Flower - D-Commerce (P. 74-76)
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	● Data Security, Social in Appendix (P. 92)

UN SDGs

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

UN SDGs		NAVER's response
 4	4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	<ul style="list-style-type: none"> Contributes to enhancing the digital literacy for software, AI, and data by running the NAVER Connect Foundation
 5	5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	<ul style="list-style-type: none"> A fair and reasonable HR system under which capabilities can earn recognition and compensation The ratio of female leadership on a steady increase
 7	7.2 By 2030, increase substantially the share of renewable energy in the global energy mix	<ul style="list-style-type: none"> Energy saving practices by using renewable energy at the business sites
	7.3 By 2030, double the global rate of improvement in energy efficiency	<ul style="list-style-type: none"> Makes continued efforts to improve energy efficiency at the business sites
 8	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	<ul style="list-style-type: none"> Provides financial support to SMEs to help them with digital transformation Nurtures start-ups with high potential through D2SF tech start-up accelerator
	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	<ul style="list-style-type: none"> Hires young talent with development disabilities directly by establishing a social enterprise, N-VISIONS Does not discriminate on the basis of gender
 12	12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	<ul style="list-style-type: none"> Fosters environmentally-friendly ecosystem through joint endeavor by NAVER and its stakeholders
	12.6 Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	<ul style="list-style-type: none"> Introduces the company's sustainability management and activities by publishing an ESG Report
	12.8 By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	<ul style="list-style-type: none"> Runs campaigns for sustainable lifestyle on NAVER portal
 13	13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	<ul style="list-style-type: none"> Enhances environmental management governance and execution strategy aimed at achieving the 2040 Carbon Negative strategy
 16	16.5 Substantially reduce corruption and bribery in all their forms	<ul style="list-style-type: none"> Code of Ethics and employees' pledge to business ethics Conducts fraud risk assessment and self-check monitoring Operates the company-wide Risk Management Committee
	16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	<ul style="list-style-type: none"> Strives to provide information accessibility and digital safety for all, and to guarantee freedom of expression

Awards & Membership

Awards

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

Membership

- Korea Internet Corporations Association / participating as Chair
- Korea Internet Self-Governance Organization/participating as Vice-Chair
- Korea Online Shopping Association/ participating as Director
- Korea Online Advertising Association/ participating as Vice-Chair
- Korea Fintech Industry Association/ Naver Financial participating as Vice-Chair

Third Party's Assurance Statement

To the Readers of NAVER 2020 ESG Report:

Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by NAVER to verify the contents of its NAVER 2020 ESG Report (Hereby referred to as "the Report"). NAVER is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

Scope and standard

NAVER describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team (hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below. In regards to the materiality criteria, professional judgment of the team was exercised.

The team checked whether the Report has been prepared in accordance with the 'Core Option' of GRI Standards which covers the followings.

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

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. NAVER, among report boundaries.

Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with NAVER on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- **Inclusivity**
Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
 - NAVER is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder NAVER left out during this procedure.
- **Materiality**
Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.
 - NAVER is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.
- **Responsiveness**
Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.
 - The assurance team could not find any evidence that NAVER's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

Also, we could not find any evidence that the Report was not prepared in accordance with the 'Core Option' of GRI standards.

Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- NAVER dedicated a great deal of pages to a detailed description of ESG themes and reported risk management processes, the analysis on their potential impact and subsequent responses. We recommend that for the quantitative performance report, the company present three-year performance data wherever possible for comparability and publish a balanced report on both positive and negative issues to actively respond to reasonable interests and expectations of stakeholders.

Our independence

With the exception of providing third party assurance services, KMR is not involved in any other business operations of NAVER's that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

Dec, 7th, 2020

CEO *E. J. Hwang*



NAVER



The paper used in printing the NAVER ESG Report 2020 is certified as an environment-friendly product by the Forest Stewardship Council®. In addition, the report was printed at an FSC-certified print shop using soy oil ink which reduces the emissions of air pollutants.