NCSOFT
ESG PLAYBOOK
2023



NCSOFT SUSTAINABILITY REPORT

About This Report

Reporting Overview

NC has been publishing the report annually since 2021 to transparently disclose our financial and non-financial performance and gather feedback from various stakeholders.
The NCSOFT ESG PLAYBOOK 2023 covers our ESG management strategies, achievements, and activities for the year 2023.

Reporting Standards

This report was prepared in accordance with the GRI (Global Reporting Initiative) Standards, and its financial performance was presented in conformity with the K-IFRS (Korean International Financial Reporting Standards). This report also reflected the disclosure standards of the SASB (Sustainability Accounting Standards Board) to consider industry-specific issues, as well as the disclosure recommendations of the TCFD (Task Force on Climate related Financial Disclosures). In addition, NC has also included information on governance, strategy, risk management, metrics and targets for some of the material topics selected through the 2023 NC Materiality Assessment, following the IFRS Sustainability Disclosure Standards set by the International Sustainability Standards Board (ISSB).

Reporting Period and Scope

This report spans the period between January 1, 2023 and December 31, 2023, and which extends to the first half of 2024 for some activities. Quantitative performance data cover the recent three to four years to help identify yearly trends. This report covers the NCSOFT headquarters and some of its subsidiaries to report their activities and achievements in each of the ESG areas. When caution is required as to the reporting scope and boundary, this is separately noted to better communicate with stakeholders.

Reporting Frequency

Annually (Last report published: June 2024)

Assurance

This report has been assured by BSI Group Korea as a third party assurance provider to ensure the reliability and fairness of the disclosed data and content, and the Independent Assurance Opinion Statementis included on pages 79 to 82.

Cover Story

The image of THRONE AND LIBERTY, scheduled for global release, captures NC's intention to become a global comprehensive game company.



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Interactive User Guide

"NCSOFT ESG PLAYBOOK 2023" was published as an interactive PDF to enable users to move to a specific page and/or an associated website.

Go to first page | Go to Table of "Contents" | Go to previous page | Print page | Shortcuts to related web pages | Go to related pages

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Introduction



Blade & Soul 2

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Who We Are

Ushering in a new future where all are connected through joy,
NC perseveres in making this dream a reality and tirelessly rises to new challenges.

Company Overview

Name of company	NCSOFT Corporation
Headquarters location	12, Daewangpangyo-ro 644beon-gil, Bundang-gu, Seongnam-si, Gyeonggi-do, South Korea
Date of establishment	March 11, 1997
Type of business	Developing and publishing online and mobile game software
CEO	Taek-jin Kim, Byung-moo Park
Employees	5,030 (On a non-consolidated as of the end of 2023 basis)

Values and Goals

CORE VALUE

INTEGRITY
True commitment to quality

PASSION
Passion to never stop trying

NEVER-ENDING CHALLENGE
Never ending challenge to create a joy-filled world

MISSION

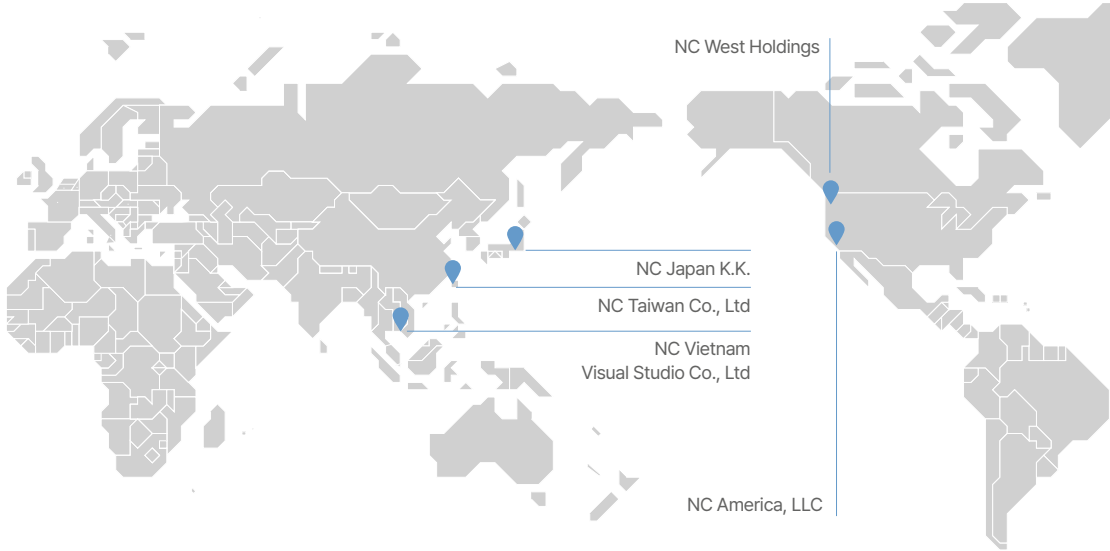
PUSH, PLAY

"PUSH, PLAY" is NC's commitment to ceaselessly pushing the boundary of what technology has to offer and create the innovative experiences of connecting people through joy.

PUSH | Leap over
Spirit of challenge to enable technology innovation

PLAY | Imagine
Imagination drives user experience innovation

Global Network



Major Overseas Subsidiaries

By the end of 2023

Name of company	Location	Date of establishment	Total employees	Main businesses
NC West Holdings	Washington, USA	December 2012	331	Game Publishing /Development
NC America, LLC	California, USA	January 2023	27	Providing Online Gaming Services
NC Japan K.K.	Tokyo, Japan	September 2001	184	Game Publishing /Development
NC Taiwan Co., Ltd	Taipei, Taiwan	August 2003	117	
NC Vietnam Visual Studio Co., Ltd	Ho Chi Minh City, Vietnam	January 2020	103	Art Outsourcing

What We Create

NC, as a global game company, is expanding our reach to a wide range of genres, platforms, and services including the original MMORPG series

PC Online Games

Lineage
Since 1998



MMORPG in a medieval fantasy world, the first internet-based online game in Korea

Lineage 2
Since 2003



MMORPG set in the medieval fantasy world as of Lineage 150 years earlier

AION
Since 2008



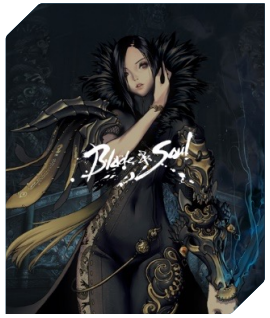
A 3D MMORPG about the battles of Elyos, Asmodian, and Balaur

Guild Wars 2
Since 2012



Innovative MMORPG that let you create your own characters and stories

Blade & Soul
Since 2012



A heroic action MMORPG set in an oriental world

THRONE AND LIBERTY
Since 2023



NC's fifth flagship global PC MMORPG

Mobile Games·Services

Lineage M
Since 2017



A mobile MMORPG that re-interpreted the Lineage (for PC)

Lineage 2M
Since 2019



A mobile MMORPG that continues the legacy of Lineage 2 (for PC)

Lineage W
Since 2021



A global MMORPG developed with a world-wide concept that inherits the authenticity of Lineage

Blade & Soul 2
Since 2021



The official follow-up to "Blade & Soul", a heroic action MMORPG

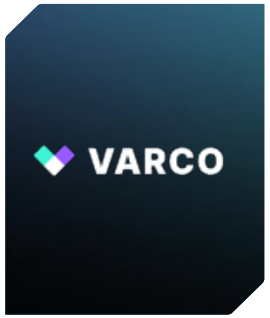
PUZZUP AMITOI
Since 2023



A new mobile 3-Match type puzzle game

Tech·Content

VARCO
Since 2023



The First generative AI language model developed by a Korea game company

DOGURI
Since 2021



Character branding inspired by Lineage 2M "Looting Raccoon"

Chairperson's Message – ESG Steering Committee



Dear Valued Stakeholders,

This is Byung-moo Park, Chairperson of the NCSOFT ESG Steering Committee.

I would like to extend my deepest gratitude to our shareholders, customers, partners, and employees for their consistent interest and support to NCSOFT.

In recent times, the global gaming market is experiencing a slowdown in growth, coupled with an unstable business environment, including rapidly changing consumer preferences.

To enhance the global competitiveness and to strengthen the business fundamentals, NCSOFT has started a co-CEO scheme in 2024. Through these changes and challenges, NCSOFT aims to pursue the sustainable growth and development.

To become a global game company, NCSOFT prioritizes diversifying our IP, genres, and platforms. We are committed to enhancing the efficiency and effectiveness of our internal processes to achieve this goal. To achieve these business objectives, NCSOFT regards ESG management not merely as doing good deeds but as an essential element for enhancing the sustainability of our management strategy and business performance. We are dedicated to implementing these efforts with genuine sincerity.

Firstly, to develop games for the global market, we will strengthen our internal management systems to remove hate and discrimination and embrace cultural diversity in our content. Additionally, we will establish a solid foundation to continuously enhance the gaming experience through proactive communication with our customers.

Secondly, we will elevate our information security and data privacy management systems to global standards, which are essential for the stable operation of NCSOFT games and contents. By increasing the social responsibility of our AI technology—a future growth driver for NCSOFT—and actively developing and utilizing it, we aim to enhance our future business competitiveness.

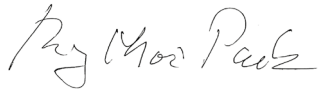
Thirdly, as a responsible member of society, we will continue to provide various opportunities to the local community and future generations.

Finally, we will put in sincere and significant efforts to establish a ESG management system for identifying and managing risks that impact NCSOFT's sustainability. Also, we will transparently disclose our achievements and continue to broaden our communication with stakeholders.

NCSOFT is committed to becoming a global game company through genuinely pursuing the sustainable management. We look forward to your continued interest and support. Thank you.

CEO, Chairperson of the NCSOFT ESG Steering Committee

Byung-moo Park



NC ESG Management System

NC dreams of a new world connected through joy, with the values of Joy Created Together, Digital Responsibility, and Qualitative Leap of Society as its core values. NC aims to advance systematically ESG management centered on the NC ESG Steering Committee and working groups.

Governance

ESG Steering Committee

Members	CEO (Chairperson), COO, CFO, CLO
Mandate (Regulations)	ESG Steering Committee Operation Plan
Role & Responsibility	Deliberate/Approve key decisions in the areas of Sustainability and ESG
Management & Oversight	• Review and approve key ESG performance results for the year and action plan for the next year • Establish and implement policies related to environmental management • Address the ESG-related needs of internal and external stakeholders
Reporting Frequency	Quarterly (held irregularly when major issues arise)
2023 Activity	2023. 04 • ESG Management Performance and Sustainability Report Planning for 2022 and Direction for Environmental Management • Materiality Assessment methodologies and trends in sustainability disclosure 2023. 06 • Publication of the Sustainability Report 2022, and Materiality Assessment results reporting 2023. 09 • Status of ESG management activities in 2023 and plans for ESG management activities in the second half of the year (human rights management, environmental management, corporate social contribution)



Strategy

Direction

Vision

A new world connected through joy

Core Values

Joy Created Together

Digital Responsibility

Qualitative Leap of Society

Goals

Joy Created Together	Digital Responsibility	Qualitative Leap of Society
Increasing diversity and inclusion in our content and engaging with our customers to ensure every user of NC's content is connected through joy.	Developing technologies that consider ethical values and enhancing service security and reliability so that users can enjoy NC's content more safely.	Striving for environmental management as a member of society and providing opportunities for future generations and local communities.

2023 Topic Pools

ESG Core Values Related Topics

Diversity & Inclusion in Content User (Customer) Communication	Information Security & Data Privacy Responsible Technology Service Quality & Safety	Environmental Management[1] Corporate Social Contribution

Human Capital Management | Employee Well-being | Occupational Health & Safety | Business Ethics | Corporate Governance[2] | Business Competitiveness | Win-win Partnership | Human Rights Management

1) Environmental Management: Integration of "Climate Change", "Biodiversity", "Green Value Creation" topics
2) Corporate Governance: Integration of "Corporate Governance", "Shareholder Value & Communication" topics

Materiality Assessment

NC conducts an annual materiality assessment to identify issues that are of key interest to our stakeholders and have a material impact on our business, and communicates with internal and external stakeholders about the material issues identified. The 2023 Materiality Assessment introduced the concept of Double Materiality in accordance with global sustainability standards, which considers both the Impact Materiality of a company's business activities on the external environment/society and the Financial Materiality of the company's value.

Materiality Assessment Process

Step 1. Understand the business context and identify a pool of topics

NC identified sustainability-impacting topics by understanding the business context (analyzing NC's business activities, business relationships, sustainability context, and stakeholders).

- Analyzing global disclosure standards, ESG assessments, and initiatives (GRI, SASB, KCGS, UNGC, etc.)
- Analyzing industry-specific matrics (SASB, DJSI, etc.) and industry peers (IT/game/entertainment)
- Analyzing key internal issues (such as executive message) and media articles in 2023
- Analyzing stakeholder types (employees, users, shareholders, community, etc.)

2023 Topic Pool		
E	Climate Change	-
	Biodiversity	New
	Green Value Creation	-
S	Human Capital Management	Revised
	Employee Well-being	New
	Occupational Health & Safety	-
	Information Security & Data Privacy	-
	Responsible Technology	Revised
	Human Rights Management	-
	Corporate Social Contribution	Revised

2023 Topic Pool		
S	Diversity & Inclusion in Content	-
	User (Customer) Communication	-
	Service Quality & Safety	Revised
	Win-win Partnership	-
G	Corporate Governance	-
	Shareholder Value & Communication	-
	Business Ethics	-
	Business competitiveness	New

Identified a list of 18 topics

Step 2. Identify topics for their impact characteristics

For each topic, NC defined the impact of NC's business activities on the external environment/society and the impact of external factors on NC's corporate value and finance, and identified the detailed impact characteristics.

Identified impact characteristics

External (environmental/social) impact	Financial impact
• Positive-Negative/Potential-Actual • Stakeholder	• Risk-Opportunity/Term (short, mid, long) • Business model (operations, services, supply chain)

Identified 32 external environmental/social impacts and 34 financial impacts per topic

Step 3. Assess topics for their impacts

The NC conducted a materiality assessment of topic impacts from an external (environmental/social) and financial perspective.

	External (environmental/social) Impact
Stakeholder Survey	A survey assessment of internal and external stakeholders with a high level of understanding of NC ESG management Period: March 12, 2024 to March 21, 2024 : Assessing the severity & likelihood of impacts by senior executives and external ESG experts[1)]
Global Standards	Global disclosure standards, ESG assessments, and initiatives (GRI, SASB, etc.)
Industry metrics /Benchmark	Industry-specific metrics and material topics from peer companies (IT/game)
Media	Press releases and media articles in 2023 (approximately 500) Period: January 1, 2023 to December 31, 2023

	Financial Impact
Stakeholder Survey	A survey assessment of internal and external stakeholders with a high level of understanding of NC financials Period: March 12, 2024 to March 21, 2024 : Assessment of financial implications by C-Level executives, finance leadership and external ESG experts
Business Strategy	Executive reporting agenda/strategy in 2023, including internal announcements Period: January 1, 2023 to December 31, 2023

1) Severity refers to Scale (intensity of the impact), Scope (range of stakeholders/areas affected), Irreversibility (negative impacts only; likelihood of remediation and amount of time and cost if impact occurs), Likelihood refers to the degree to which the impact is likely to occur and frequency (potential impacts only)

Materiaility Assessment results and rankings by topic

Step 4. Identify and report material topics

NC identified the top six topics for external (environmental/social) impacts and financial impacts based on the priority of materiality assessment. A total of nine material topics were selected, including three topics with high materiality in both impacts, and the selected material topics are disclosed to stakeholders through the sustainability report.

- Identifing the top 6 topics for each of external (environmental/social) and financial impacts
- Reporting to the ESG Steering Committee, comprised of top executives, on the top topics identified
- Determining 9 materiality topics, including 3 double materiality topics
- Describing the strategy, key achievements, etc., related to material topics in the sustainability report

Determining 9 material topics and grouping them into reporting topics

Materiality Assessment

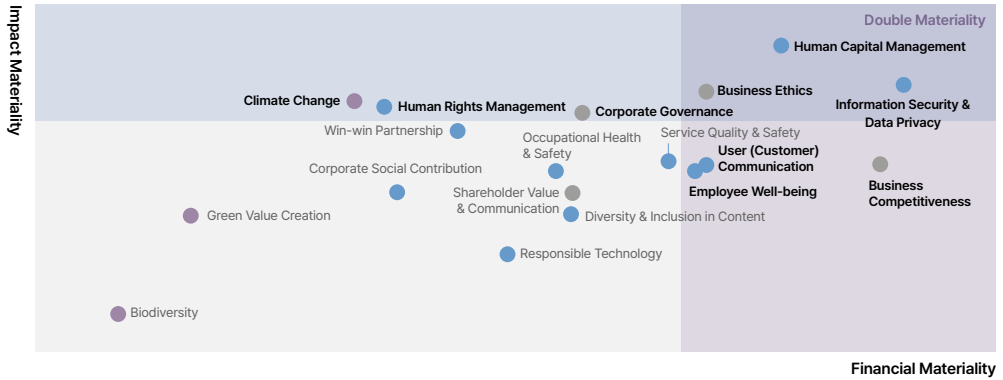
Materiality Assessment Results

The 2023 materiality assessment resulted in a total of 9 material issues.

The topics with a high priority in both impacts are "Human Capital Management", "Information Security & Data Privacy", and "Business Ethics", which, along with "Climate Change", "Corporate Governance", and "User (Customer) Communication", were also material topics in 2023, as they were in the previous year.

"Business Competitiveness", "Employee Well-being", and "Human Rights Management" have been selected as new material topics for this year, in accordance with the increasing importance of corporate competitiveness enhancement and global trends in human rights and work styles across the game industry.

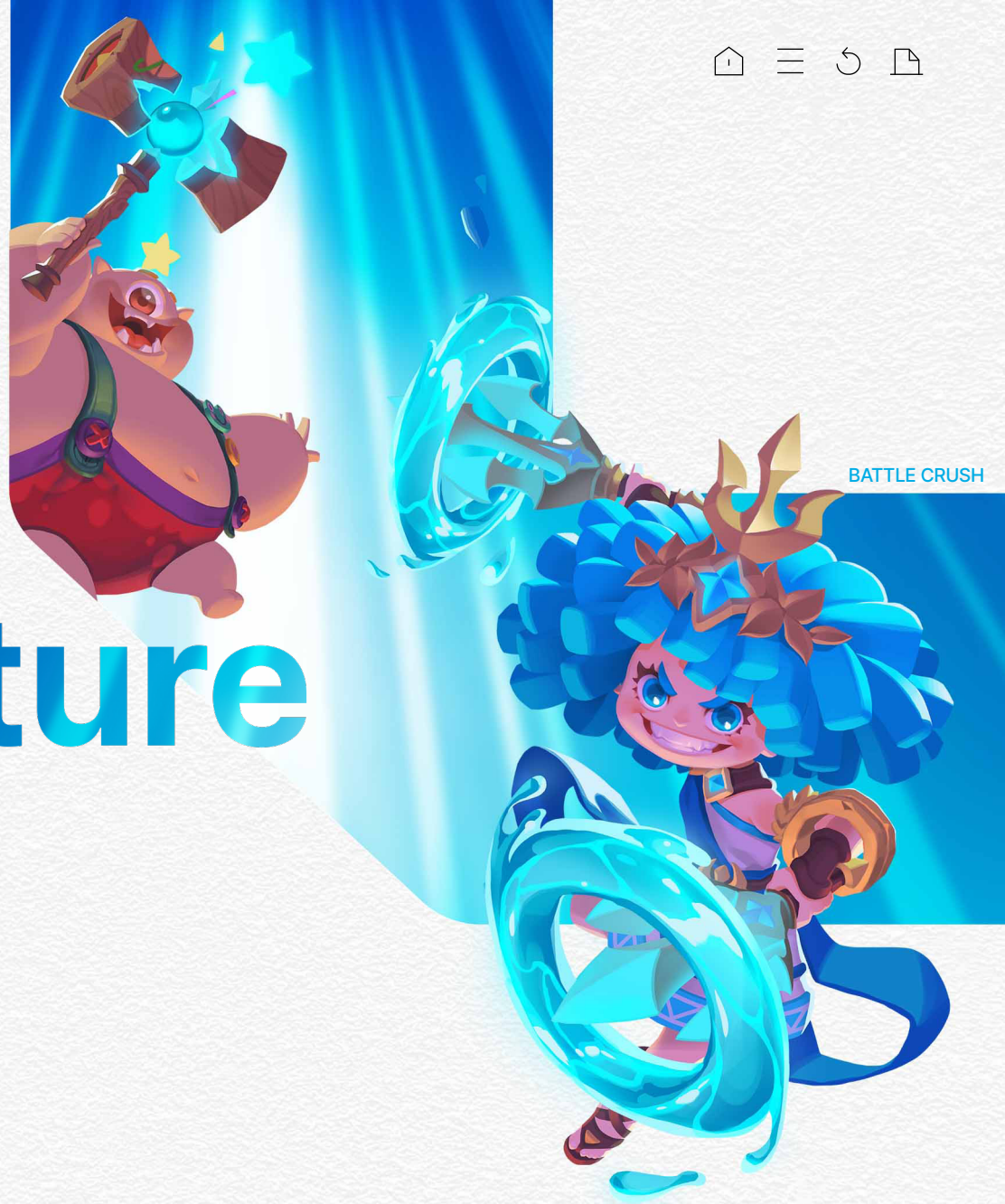
Along with the topics selected as material topics, NC also manages related activities and performances of other topics, which are reported in the Sustainability Report. NC will continue to identify and manage factors affecting our sustainability through regular materiality assessments.



Material Topic	Impact Materiality				Financial Materiality				GRI Index
	Characteristic of Impact	Definition of Impacts	Level of Impact[1]	Stakeholders[2]	Characteristic of Impact[3]	Definition of Impacts	Level of Impact[1]	Business Models[4]	
Human Capital Management	Positive-Actual	• Solving social employment issues through diversity and inclusion-based human resource management • Contribution to creating a social fair evaluation/compensation culture	●●●	Employees	Combined – Short	• Increasing company value and driving financial performance by attracting and developing outstanding talent • Increasing talent acquisition costs due to talent drain	●●●	Operations	401-1, 404-1~3, 405-1~2
Business Ethics	Negative-Potential	• Increased negative social impact from domestic·international regulatory and internal control risks	●●●	Employees/ Customers/Partners/ Government	Risk-Short	• Increased costs for violations of domestic and international laws and regulations and for corporate behavior that falls outside of socially acceptable norms	●●●	Operations/Supply Chain	205-1~3, 206-1
Information Security & Data Privacy	Negative-Potential	• Causing social issues from privacy breaches • Decreasing competitiveness of domestic game industry from leakage of important industrial technologies	●●●	Employees/Partners/ Customers	Risk-Short	• Increased costs caused by privacy breaches and security incidents • Weakened corporate competitiveness due to leak of important company information and decreased sales due to decreased market share	●●●	Products· Services/ Supply chain	418-1
Climate Change	Combined-Actual	• Reducing negative environmental impact through carbon emissions reduction efforts • Expanding business and growing user numbers lead to a potential increase in carbon emissions, resulting in exacerbated negative environmental impacts	●●●	Community/ Government	Risk-Long	• Increased operating costs due to strengthening climate change regulations and replacing energy-efficient products • Increased costs of responding to climate change-induced natural disasters that negatively impact working conditions	●	Operations/Product & Services	201-2, 302-1, 3, 4, 303-2, 3, 5, 305-1~7, 306-1~5
Human Rights Management	Positive-Potential	• Preventing human rights abuses by creating a workplace that respects human rights • Contributing to creating culture of respect for labor rights through labor and management communication activities	●●●	Employees/Partners	Risk-Mid	• Increased costs of response due to increased domestic and international human rights regulations	●	Operations	406-1, 408-1, 409-1, 411-1
Corporate Governance	Positive-Actual	• Contributing to protection interests of shareholder·investor through independent boards and sound governance	●●●	Shareholders· Investors	Opportunity-Long	• Increasing corporate value through efficient operations with a sound governance structure and rational decision-making	●●	Operations	-
User (Customer) Communication	Positive-Actual	• Contributing to increasing positive customer experiences through transparent and diverse communication activities	●●	Customers	Combined-Short	• Increasing revenue by communicating with diverse stakeholders to generate new business opportunities	●●●	Operations/Product & Services	-
Business Competitiveness	Positive-Potential	• Contributing to the development of the overall industry and domestic game industry through technology and service innovation	●●	Partners/Government	Opportunity-Long	• Increasing revenue through new technologies, new business opportunities and reducing costs through process improvements	●●●	Operations/Product & Services	-
Employee Well-being	Positive-Actual	• Helping improve the workplace experience across industries	●●	Employees	Opportunity-Short	• Reducing talent acquisition costs by recruiting outstanding talent with an employee-friendly culture and benefits	●●●	Operations	401-2~3

1) Impact Level: ●●●High/ ●●Medium/ ●Low 2) Stakeholders: Employees/Customers/Partners/Shareholders·Investors/Community/Government 3) Characteristics: Period-Short-term (within 3 years) / Mid-term (within 5 years) / Long-term (10 years or more) 4) Business model: Operations/Products·Services/Supply chain

PUSH for a Better Future



BATTLE CRUSH

Human Capital Management 12

Employee Well-being 17

Information Security & Data Privacy 20

Business Ethics 25

Business Competitiveness 29

Corporate Governance 33

Environmental Management 37

Human Capital Management

Governance

Oversight and Management

Category	Company-wide Human Resources Committee	Compensation Committee
Members	All C-Level executives • Chairperson: COO (Chief Operating Officer)	3 Outside director • Chairperson: Outside director
Role & Responsibility	Deliberating and voting on employee personnel matters to ensure fair personnel administration.	Establishing NC compensation system and improving fairness, expertisement, objectivity, and transparency in the process of determining executive compensation
Cycle	Held on an ad hoc basis (upon confirmation of the reason for the reward/discipline)	Held on an ad hoc basis
Oversight	• Setting standards and guide employee behavior through reward/disciplinary deliberations and decisions • Maintaining order through equitable operations	• Establishing NC compensation system • Reviewing and designing executive compensation and equity-related compensation • Establishing principles for key employee compensation decisions
2023 Activities	Held 8 times	Held 5 times

Dedicated Organization : HR Center
- Executive: COO (Chief Operating Officer)

Planning/Operating
- Designing and operating HR/ER policy
- Enterprising HR planning to support executive's decision-making
- Supporting cross-functional collaboration and organize councils
- Supporting domestic affiliate operations and monitoring risk management

Recruitment
- Establishing and executing a diversity and inclusion-based recruitment strategy
- Identifying and acquisitioning outstanding talent
- Enhancing the recruitment process and recruitment branding

Evaluation/Rewards
- Designing and operating a fair performance management system
- Designing and executing compensation plans efficiently

Training
- Executing an organization/leadership program to foster a healthy corporate culture
- Supporting training for organizational and personal growth

Strategy

Policy

NC establishes, implements, and continuously revises the Personnel Regulations and the Rules of Employment for effective human capital management. The regulations apply to all workers under contract with the company and provide for the overall management of human resources, including recruitment, service, salary, and training. In addition, NC is embracing diversity and prohibiting discrimination based on the bylaws <Chapter 10. Equal Employment Opportunity, Maternity Protection, and Work-Family Balance>.

Diversity and Inclusion Policy

Furthermore, our Human Rights Management Declaration prohibits discrimination for all employees throughout the employment's lifecycle. In 2024, NC will revise Human Rights Management Declaration to prohibit discrimination in hiring, promotion, and compensation based on gender, age, religion, nationality, ethnic group, place of origin, disability, marital and maternity status, sexual orientation, political opinion, and disability, and to ensure fair treatment.

Executive Direction

NC is enhancing its employee-related systems and processes to ensure that all employees play complementary roles as a One Team.

First, NC has a diversity&inclusion-based talent acquisition and development pipeline in place. NC will operate and expand programs to develop a broad talent pool and implement recruitment strategies to attract outstanding talent with diverse backgrounds and experiences.

Second, NC aims to establish and implement a system for fair and reasonable evaluation and compensation. NC strengthens procedural fairness so that employees and the company can grow and develop together, and continuously check and manage it in accordance with changes in the internal and external business environment.

Third, NC supports employees' individual and organizational growth based on the competency development process by job/position. NC aims to create a work environment where creativity can be unleashed based on technical expertise.

Strategy

Extensive Talent Acquisition Pipeline

NC strives to secure talented people to foster creativity and innovation. To enhance corporate competitiveness through the collaboration of employees with diverse experiences and capabilities, NC is building a pipeline for securing talented people, including new and experienced employee recruitment, internships, and industry-academia cooperation by job type and function.

Recruitment Policy

NC has established and follows guidelines to ensure that candidates have a positive experience during the hiring process and to select the most qualified employees. The recruitment guidelines encourage employees to follow an objective process from the beginning to the end of the recruitment process. NC also complies with the <Fair Hiring Procedure Act> to promote fair recruitment practices by preventing irregularities at each stage of the recruitment process, such as prohibiting requests for personal information in interviews.

In 2023, NC revised the recruitment guidelines. NC opened the "NCruiting Guide" on the internal knowledge-sharing channel to provide information on the recruitment system and how to utilize it to make it more convenient for hiring team. In addition, NC has enhanced the management process from a candidate journey perspective, providing meticulous support throughout the interview process to ensure that candidates have a positive view of NC through the interview experience.

Recruiting Industry Professionals

NC is making various efforts for specialized talent acquisition.

Through the "Recruiting Business Partner" framework, NC creates and executes customized strategies for sourcing talent that align with the ongoing goals of each organization's business units. Through this process, NC works together to solve recruitment issues, labor supply and demand, and improves the efficiency of the recruitment process.

In 2023, NC introduced the "Talent Relation Program" to manage relationships with external talents in the industry. NC secures a pool of external talents specialized in game development and provides communication opportunities for long-term relationship management. The program is branded as "Playground" to represent the vision of the program and has secured a pool of more than 200 talents to date, and NC is actively engaging in small talk with subscribers and publishing a quarterly newsletter to deliver company news and recruitment information.

In addition, NC continues to implement the employee referral system, which is used as a channel for internal employees who understand NC's corporate culture to recommend suitable external personnel.

Development and Recruitment of Future Talent

NC continues to invest in developing and finding future talent. Through "Summer Intern", our internship program aligned with recruitment, NC selects top talent and offesr them an opportunity to join our systematic mentoring program and participate in working-level projects for seven weeks. Afterward, the best talents are selected and invited to join NC as full-time employees through the Flagship process.

NC also makes efforts to foster and discover future talent in the game industry through industry-academia collaboration programs. Through this, NC established a partnership with excellent universities in Korea and abroad to conduct internships and research activities together.

Expansion of Contact with Potential Talent

NC is working to expand the experience of NC to promising junior talents and increase access to those high-potential junior talents.

In 2023, NC established a dedicated recruitment platform, "Nchable" (NCSOFT Recruitment Blog), to provide recruitment promotion content that junior talents need. NC has been attempting to deliver recruitment information in a friendly and effective manner by creating content tailored to Millennials and Gen Z applicants, such as short-form content and casual vlog content from current employees.

NCSOFT Recruitment Blog

Internal Career Development Opportunity

NC actively operates "Job Positing" to utilize internal talent at the right time and place and support career development opportunities. In 2023, NC rebranded the system as "INCAREER" to improve the effectiveness and convenience of utilizing the system, and enhanced the operation measures such as simplified application methods and notification services for job postings of interest. Through this, NC aims to support internal talents to find new career development opportunities and challenge various tasks.

Job Postings for 2023

Number of Postings	897 cases
Applicants	472 people
Successful Applicants	157 people

Strategy

Fair Performance Appraisal and Compensation

Performance Management Principles

NC implements performance management based on the annual goal-setting (Plan), mid-year performance check (Do), and year-end evaluation (See) cycle to ensure fair performance appraisal. NC also provides detailed guides for each step to help the entire performance management process run more effectively. This empowers our leaders to strengthen their coaching and feedback capabilities to actively motivate employees and help them and the company grow together.
In 2023, NC provided video training content with episodes on performance management to support more detailed operation, and in 2024, NC will continue to enhance acceptance of performance appraisal and improve performance of organization.

Compensation Principles

NC has a number of programs in place to provide our employees with industry-leading compensation.

01. Based on a performance-based compensation philosophy, NC operates a compensation system that goes through a fair and reasonable process under the resolution/approval of the Compensation Committee.
02. NC aims to be among the best in the industry in terms of total compensation.
03. NC operates a compensation system for new IP launching and development performance considering the characteristics of the business.
04. NC operates a starting salary system[1] that eliminates the concept of seniority when determining compensation.
05. NC provides exceptional treatment for key talent.
06. NC implements a blanket wage system that pays for the amount of work done.
07. NC operates a customized retirement plan for employees.

1) Starting salary: No-capped salaries for talent based on competency and expertise

Variable Compensation

PI (Performance Incentive)

- An incentive program in alignment with organizational/individual performance (annual)

D-PI (Development PI)

Launching Bonus	• An incentive program for employees of the organization who contribute to developing and launching new game-IPs • Target: Employees of the responsible organization, employees of collaborative contributing organizations
PS (Profit Sharing)	• An incentive system that rewards employees of the organization who contribute to the business and service process of the new game-IP with a portion of their performance • Target: Employees of the responsible organization, employees of collaboration contributing organizations

Performance Management Process

Anchor meeting

Anchor Meeting is a goal-setting process where employees set/review their goals and discuss the direction of their work for growth. In 2023, Anchor Meeting introduced a pre-preparation period to strengthen the connection between company strategy, organizational goals, and individual goals.

Individual performance appraisal

NC conducts annual individual performance reviews based on the goals set for the year.

In 2023, NC established an appeals system for individual performance appraisal results to strengthen the procedural fairness of the system, and provided various reference materials for final evaluators to objectively verify and judge performance in order to further strengthen evaluation objectivity and acceptability.

Executive performance apparaisal

NC evaluates leaders at the end of each year, taking into account the performance of the organization they are responsible for, as well as their leadership capabilities in the performance creation process.

The 2023 executive performance review was conducted to establish organizational performance goals and mid-year performance reviews for all executives to strengthen their organizational performance and accountability.

Leadership multidimensional performance appraisal

NC introduced the Leadership multidimensional performance appraisal in 2023 to foster employee leadership growth and development. The assessment is conducted with the participation of colleagues and subordinates who work closely together, including the candidate himself/herself. After the assessment, a report of the results is provided to the candidate. This allows us to monitor the leadership capabilities of employees in the process of creating performance and use it as a criterion for future appointment/removal.

Organizational performance appraisal

In 2023, the organizational performance appraisal was conducted after establishing organizational goals according to the goal-based performance appraisal. Through the goal review process, NC confirmed goals and collected feedback from management, conducted a mid-year review by checking performance in the first half of the year, and conducted a final evaluation at the end of the year. In 2024, NC plans to improve the process system of "organizational goal establishment, mid-year performance review, and organizational evaluation".

Strategy

NC University

For a healthy corporate culture, NC has a variety of programs that support employees' challenges and growth.

NC University Program

Hierarchy/Leadership Training	Executive/Chief : Leadership Diagnostics/ Debriefing & coaching Directors: Leadership insights Newsletters Team Leader : Team leader leadership training, Onboarding new team leaders Team members : Pre-leadership training, Onboarding new hires
Job training	• Learn+ Self-study • Insight Classes
Organizational Development and Enhancement Programs	• Organizational Development Programs (BTS, Best Team Start) • Culture Class
Compliance Training	• Training for Sexual Harassment Prevention • Traninig for Disability Awareness in Workplace • Training for Code of Ethics • Training for Information Security & Data Privacy
Sharing Knowledge	• NCDP (NCSOFT Developers Party)

Job-specific Development Program

NC operates industry leading programs to upgrade and improve employee skills.

Learn+ Self-study

A learning platform that provides self-paced, monthly course selection to meet individual needs, and to learn knowledge and skills needed in the workplace

- Cumulative 3,534 total (1,531 net) participants in AI, Programmatic, and Data Science courses in 2023

Insight Classes

Special lectures on IT industry trends to provide insights to expand your thinking from a new perspective

- Cumulative 3,954 total attendees (1,598 net) in 2023, including "Data Science that Moves Companies"

Learning Lab

8 weeks of common topic study in groups with mentors to improve job skills through peer learning

- Total of 2 groups in 2023

Internal Knowledge-sharing Program

NC holds the annual NCSOFT Developers Party (NCDP), an online and offline knowledge sharing conference to enhance internal competitiveness through development culture and knowledge sharing. In 2023, a total of 3,202 employees participated in keynote speeches, conferences where employees shared their know-how and experiences, game talk shows, and networking under the theme of "Be Linked, Be Loud".

NC also organized "Google Day for NC" to share the latest trends in the global game market and technology, including cloud technology. NCVVS held a mini-summit to share work-related knowledge from various departments and share directions for the future, promoting learning and skill improvement.

Supporting for Professional Certifications Program

NC supports professional certification for full-time employees who have a job fit for the certification to gain knowledge of the correct standards and procedures for actual projects.

In 2023, a total of 27 people received professional certifications, and in 2024, NC will continue to cultivate experts in various professions.

	Fields	Number of acquisitions
Certification status 2023	Project Management Professiional (PMP)	9 people
	Wwise Certification - 251	7 people
	Wwise Certification - 101	5 people
	Wwise Certification - 201	3 people
	Others (CISA, LEED, etc.)	3 people

Program for New Hire and Long-term Employees

NC operates a systematic onboarding process to ensure that new hires adapt well to the organization and fulfill their roles.

NC offers new hires a two-week induction program to help them understand the company and its business and acquire basic work knowledge. For employees join company as experienced employees, NC offers a step-by-step program, starting with orientation on the day of joining the company, followed by "Jump-on" to understand the company and "Melt-in" to adapt to the organization. NC also offers a "re:boot" program for long-term employees who have been with the company for 10 years, where they can recharge for another start.

Leadership Program

NC offers a variety of trainings to build the capacity of leaders who play a key role in connecting and forming a consensus with their organizations and employees.

New Team Leaders	Onboarding New Team Leads	• A step-by-step program to help leaders in the first month to a year to rapidly adapt to the role
Team Leader-level Positions	Team Leader Playlist	• A variety of customized leadership programs to strengthen work, organizational, people, and self-management skills
Directors and Above	Leadership Diagnostics	• Leadership diagnosis and coaching program for objective self-awareness
	Catch up!	• Microlearning to build knowledge, trend learning, and insights

In 2023, the program was delivered in a more topic-specific manner, including leadership lectures, scenario coaching, live talks, and team leader networking to enhance the effectiveness of the training, and participants rated the program 4.4 (out of 5).

Metrics and Targets

Embracing Diversity and Inclusion

Enhancing Diversity in the Workplace

NC is composed of employees with diverse backgrounds and values, and NC strives to create creative synergy based on diverse expertise through collaboration among employees.

NC continued to grow and create jobs, with a total of 1,572 employees (45%) at the end of 2023 at our domestic headquarters compared to the end of 2018. In particular, NC expanded female recruitment to ensure diversity in our workforce, and the number of female employees increased by 693 (64%) compared to 2018. The number of female leaders increased to 21% from 16% in 2018.

NC also strives to hire disabled employees, and actively provides facilities for the employment of people with disabilities, such as a nail care room and other facilities for employee welfare, and is expanding on-the-job training programs.

In the case of NCSS, which is in charge of customer support for games serviced by NC, it was converted and certified as a Subsidiary-Type Standard Workplace for the Disabled in 2018.

	Category		Unit	2020[4]	2021[4]	2022[4]	2023
By age group	Total		No. of people	4,231	4,627	4,796	5,030
	Under 30 years old			654	693	671	665
	30-50 years old			3,541	3,873	4,017	4,211
	Over 50 years old			36	61	108	154
By gender	Percentage of all female employees		%	32.3	33.3	34.5	35.5
	Percentage of female leaders[1]			20.0	20.7	20.8	21.3
	Percentage of female executives			12.5	14.9	15.3	12.9
	Percentage of female employees in leadership roles[2]			20.7	21.2	21.3	22.0
Total number of foreign employees[3]	Total		No. of people	34	33	35	28
	By nationality	Asia		7	5	7	6
		North America		19	19	18	16
		Europe		2	1	3	2
		Other		6	8	7	4
Total number of employees with disabilities			No. of people	14	23	21	25

1) At headquarters, refers to executives and non-executive officers
2) Non-executive roles include team leads, specialty leads, directors, head of a department, and C.C (Chief, Captain)
3) Foreign employees at headquarters
4) Restatement of previous reporting information (2020-2022) for "Number of employees by age/gender/foreign employees" due to a correction to the aggregation criteria

Enhancing Global Diversity

NCW, NCVVS, and NCJ conduct various activities to promote diversity, equity, and inclusion (DEI) awareness among employees and to address issues or problems related to LGBTQ, women, people of color, and people with disabilities.

Category	Key activities	Contents
NC West	DEIB (Diversity, Equity, Inclusion and Belonging) Committee	An employee council that meets monthly to address and improve issues or problems related to diversity, inclusion, equality, and a sense of belonging. In 2023, NC West reconstituted the council by soliciting volunteers from across the organization to ensure a greater diversity of voices.
	ERG (Employee Resource Groups)	These groups are made up of employees who are LGBTQ, disabled and neurodevelopmentally disabled, female gamers, people of color, and other topics. The groups meet monthly to communicate and discuss issues of interest and concern.
NCVVS (Vietnam Visual Studio)	Women's Day	The event is organized annually on International and Vietnamese Women's Day to increase bonding among female employees and share their talents. In 2023, NCVVS allowed female employees to refresh through handicraft making workshops, such as making scented candles and leather notebooks.
	Step-up Night 2023	It is a year-end event that allowed us to reflect on the year's efforts, strengthen diversity and inclusion among employees, and provide a time for senior and new employees to connect.
NC Japan	Korea-Japan Cultural Information Sharing Newsletter	As part of our cultural understanding activities, NCJ publishes information about Japanese and Korean culture in our monthly newsletter.



NCVVS Women's Day



NCVVS Step-up Night 2023



NCJ Korea-Japan Cultural Information Sharing Bulletin

Employee Well-being

Governance

Oversight and Management

NC has established a dedicated organization and operates various systems/programs to support a healthy corporate culture and work-life balance.

COO
(Chief Operating Officer)

Healthy Corporate Culture	Work-life Balance
Designing and managing executive-employee communication activities	Designing and managing flexible work and family care programs
Creating a company-wide culture feedback channel	Designing and managing benefits programs
Designing and managing organizational development programs	Designing and managing a mental health programs
Designing and publishing organizational culture contents	

Strategy

Healthy Coporate Culture

NC [ ] Forum

The NC [ ] Forum is an offline communication event where employees and chief in charge of agenda share their thoughts and ideas. It's not just a short Q&A session, but a place where participants have plenty of time to exchange thoughts and opinions. The name in parentheses changes depending on the topic of the event, about various topics such as NC's games, R&D, and company life, etc.

In April 2023, NC held the "Next - New Game Development and AI R&D Status" event, where a total of 361 employees participated to talk about game development and AI R&D projects that are preparing for NC's Next in the face of increasing competition at the forefront of technology.

NC-in

NC operates the company-wide corporate culture online opinion channel "NC-in", which is a pulse survey designed to create a Speak up culture.

Since its launching in June 2022, the average participation rate was 11% and a cumulative total 4,175 employees participanted. In 2023, NC conducted three surveys on topics such as basic etiquette for a happy work life, interpersonal stress at work, and preferred communication methods. NC shared the results across the company.

By 2024, NC will have enhanced NC-in to an annual comprehensive survey to diagnose the corporate culture factors (way of working, workplace pain points, etc.) and their levels that highly impact concentration in work.

Culture Class & My Booket List

NC runs various programs to awaken employees' creativity and expand their perspectives. In 2023, NC ran "Culture Class," which included guest lectures by backdrop painter and novelist Kim Young-ha and critic Lee Dong-jin, and "My Booket list," an audio book listening program using the microlearning platform Welaaa.

A total of 1,670 employees participated, discovering and expressing their creativity and gaining inspiration along the way.

Moment & WE PLAY

NC captures and shares various moments of NC employees through organizational culture sharing contents "Moment" & "WE PLAY".

"Moment" is a photo sketch type of content that records various moments of employees in NC's organizational culture. In 2023, NC published 14 volumes, including company-wide baseball cheering, internal testing of new games, NCSOFT Developers Party (NCDP), and internal networking events.

"WE PLAY" is a video series that captures various members of NC working together to accomplish goals and having fun doing it. In 2023, NC produced and shared three videos, including the introductory training for new large-scale university graduate new employees.

Organizational Development Programs

(BTS, Best Team Start)

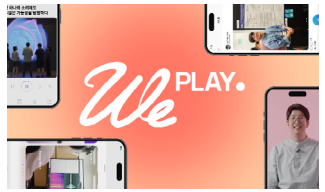
The BTS program is NC's organizational development program that helps teams find ways to understand each other and work well together. In 2023, NC ran four types of programs (Mutual Understanding, Bonding, Collaboration, and Synergy), with a total of 986 participants from 134 teams.

BTS Program

- **Mutual understanding/team communication:** Understanding each other's work and communication styles
- **Team connection/strengthening bonds:** Building mutual trust through a Team Relay Portrait Painting Workshop
- **Deep conversations/collaboration:** Discuss key topics with your team and make real improvements together
- **Team strengths/synergies:** Behavioral science-based game diagnostics that reveal team strengths



Culture Class



WE PLAY, experts in exploring sound, Audio AI Application Technology Team

Strategy

Work-life Balance

NC operates flexible working hours to offer our employees full autonomy for their work schedule (Part-time working options) to enable employees to actively practice work-life balance. In addition to the work system, NC has expanded welfare facilities to improve the working environment and enhance the quality of personal life, and reorganized the system to be more conducive to the health management of employees and their families.

In 2023, NC opened a new "medical room" and "nail care room" in an external office building, expanded the frequency and targets of health check-up support, and implemented support for additional brain MRA screenings. In 2024, NC is striving to support programs that benefit both employees and their families such as increasing the amount of welfare cards, holiday gifts, birthday gifts, and loan support benefits and expanding medical checkup leave and long-term service leave.

Family Care System

NC has expanded and strengthened its work-family support system by signing the 2023 collective agreement between labor and management and revising its bylaws. The main changes include ensuring that spousal maternity leave can be flexibly split within one year of the date of delivery, expanding the number of people eligible for fertility treatment leave, and adding leave and paid support.

Work -space	Childcare facilities	• Operates a workplace daycare center with a total of 300 children in two locations, R&D Center and Alpharium Tower • Delivers childcare, education, health, and safety programs based on proprietary IT operations management systems
	Women's break room	• Dedicated breast-feeding and lactation facilities in women's break rooms
	Support for wedding venues	• Provide space and facilities to host weddings on company premises
Benefits	Pregnancy and parental leave	• Parental leave support for pregnant/parenting employees (up to two years, including one statutory year)
	Reduced work hours in Pregnancy·Parenthood	• Reduced work hours in Pregnancy·Parenthood
	Fertility treatment leave	• Leave support for employees to receive fertility treatment • Applicability to spousal fertility treatments (4 days per year, first 2 paid)
	Maternity and miscarriage/stillbirth leave	• Administering employees' maternity leave, miscarriage, and stillbirth leave • Spousal maternity leave (10 days per year, split over up to a year)
	Prenatal Checkup· Parenting Time	• Open prenatal checkup hours for pregnant employees • Parental time for employees with children under one year old
	Time-off·leave of absence ·reduced work hours for family care	• Leave, vacation, and reduced hours to meet family care needs

Laughing Peanut (in-house daycare)

Laughing Peanut is a workplace childcare facilities that cares for the children of NC employees. It is home to about 300 infants and toddlers in two centers, the R&D Center and Alpharium Tower, and has graduated about 40 children every year for 10 years.

Laughing Peanut strives to create a happy childcare facility for teachers, children, and parents alike, and aims to be a daycare center that is built together through various parent support and engagement activities.



Workplace Daycare Laughing Peanut

Laughing Peanut's Parent Engagement Activities

Apr., Aug. 2023	Parent Teacher Conferences	**Sep. 2023**	Parent-Engaged Folklore Events
May, Jun. and Nov. 2023	Parent Special Lectures	**Oct.2023**	Family Lunch Day
Aug. 2023	Parent Monitoring	**Nov. 2023**	Policy round-tables
Sep. 2023	Parental Engagement "Logo Drawing"	**Jan. 2024**	Parent Preparatory School

FAMILY DAY

To celebrate Family Month in May 2023, NC held an open house event to invite family and friends to the office building to create fun memories together. A total of 680 people, including NC employees, participated in the event, which included three main programs such as magic balloon and a cappella performance, and various sub-programs such as building docent tours, selfie studio, four-shot picture-taking, and board games to help them experience the building space and experience NC's culture.



2023 NC FAMILY DAY

Strategy

Work-life Balance



Psychological Counseling Center



Group Counseling Program Recruitment Announcement

Pre- and post-program effectiveness survey results

Stress Index

20% improvement on average

Work/Family Balance Index

26% increase on average

Psychological Counseling

NC operates a psychological counseling center to alleviate employee grievances and promote mental health. Two counselors with professional qualifications are available to provide comprehensive counseling on company-level topics such as work/workplace stress and organizational adjustment, as well as individual-level topics such as family relationships, interpersonal relationships, and personality. All counseling sessions are strictly confidential, and NC employees, as well as employees of subsidiaries and their spouses and children, are provided this benefit.

In 2023, there were a total of 1,664 consultations, with 32% of the topics being company-level and 68% being individual-level.

Group Counseling Program

NC operates group counseling programs for specific topics/groups that share common difficulties based on counseling room operation data. Through the group counseling program, NC supports employees to form a mutual support group to provide comfort and moral support to themselves and their colleagues in a place of empathy with a homogeneous group, and to seek psychological comfort and positive change.

In 2023, NC ran a group counseling program for employees who are parents of children who are worried about balancing work and family. A total of 131 working mothers and working fathers participated in the program, and the curriculum focused on "self-understanding", "stress management", and "communication with children/spouse" based on a pre-survey (for parents of childcare facilities), relevant articles, and opinions from professional counselors.

Based on the effectiveness of the group counseling program in 2023, NC will continue activities to alleviate employees' grievances and promote psychological comfort in 2024.

Benefits

Work-space	Medical Center	• Assistance with internal medicine and surgery prescriptions, physical therapy, cosmetic dermatology treatment, IVs, and vaccinations • Separate medical room for first aid and VR CPR training
	Fitness	• Private PT, GX room, screen golf course, gym, spa (sauna and Korean dry sauna)
	Libraries	• 40,000+ domestic and international books, periodicals, multimedia titles, and e-books available to all employees
	Nail Care Room	• Operated by NCSOFT Service (NCSS), a Subsidiary-Type Standard Workplace for the Disabled • Run by nail care professionals with hearing disabilities providing basic nail care and gel care services
Benefits	Welfare Card	• KRW 2.8 million welfare points per year for all employees
	Retreats	• Room reservations and discount coupons for nearly 3,700 corporate member resorts across the country
	Loan Support	• Interest support for home mortgage loans (2.2% supported for up to KRW 100 million) and livelihood loans (up to KRW 30 million) at lower interest rates than market rates
	Holiday Gifts	• Gift certificates of KRW 0.3 million each for Lunar New Year and Chuseok for all employees
	Birthday Gifts	• Gift certificates of KRW 0.1 million for all employees' birthdays
	Medical Plan	• Medical expense reimbursement for employees, spouses, children, parent hospitalization, and outpatient care • Choice of coverage between actual expense and flat rate
	Medical Checkup	• Annual medical checkup support, family reimbursement for chceckup (2-year cycle), and Brain MRA for those 40 and older (5-year cycle) • Grant 1 day of checkup leave
	Long Service Recognition	• Additional KRW 1 million welfare points and 10 days of leave on 5th/15th/25th anniversary of service • KRW 10 million refresh card and 10 days of leave for 10 years of service on 20th/30th anniversary of service, 10 days leave along with choice 1 bteween KRW 10 million refresh card, paid 1-month sabbatical, or special gift
	Post-Scholarship	• Cover college and graduate school loans up to KRW 15 million for new full-time hires (with less than 2 years of experience)
	Other	• Discounted tickets to Changwon NC Park games, NC Dinos holiday games, and receive special group attendance rates • Helping employees with convenient commutes (assistance for commuter shuttle buses, parking at the office building and nearby parking lots)

Information Security & Data Privacy

Governance

Oversight and Management

Decision-making Body

Category	Information Security Committee	Data Privacy Committee
Members	• Head of the Information Security Center (Chairperson), Head of the Privacy Protection Division, and executives at major departments under the CTO (Chief Technology Officer) and COO	• Head of the Privacy Protection Division (Chairperson), Head of the Information Security Center, Head of the Legal Division, Head of the Communication Center, and Head of the Ethics & Compliance Division, Head of the Policy Cooperation Center
Operating rules	• Information security regulations	• Data Privacy Regulations/Data Privacy Committee Procedures
Role & Responsibility	• Deliberating and voting on important security-related issues	• Deliberating and voting on important issues such as changes to Data Privacy-related practices
Cycle	• Annual	• Annual
Oversight	• Planning company-wide information security measures and activities, and operating related organizations • Enacting and revising information security regulations, guidance, and key policies • Conducting information security-related audits and performance reviews • Reviewing and Approving other authorization to perform security related activities	• Establishing and operating a data privacy management system • Enacting and revising data privacy regulations, guidelines, and key policies • Managing data privacy risk assessment and responding to the breaches • Consultating on other data privacy-related business-specific issues
2023 Activities	**Highlights of Information Security Regulation/Policies Enactment and revision** • Consolidating procedures and establishing standards for systematic response to breach monitoring tasks • Redefining breaches response tiers, changing password policies, etc.	**Highlights of new and revised privacy regulations and directives** • Establishing standards for mobile visual data processing device • Notifying to third parties when personal information changes • Adding biosecurity compliance

Dedicated Organization

Category	Information Security Center	Privacy Protection Division
General Manager	• Chief Information Security Officer (CISO) * Appointed an executive who complies with the criteria for appointment under <the Act on Promotion of Information and Communications Network Utilization and Information Protection> as the head of the Information Security Center to oversee information protection-related tasks.	• Chief Privacy Officer (CPO)
Roles	• Overseeing and implementing policy making, audit and diagnosis, and system/infrastructure development and operation under NC Global Information Security Management System • Conducting step-by-step security reviews and continuous security diagnosis • Developing and applying information protection technologies to build a secure service environment	• Establishing and operating a privacy policy • Improving privacy management system operations and raising employee awareness • Proactively preventing privacy risks • Establishing and operating a privacy incident response system
Reporting Organization	• Reporting to the Information Security Committee (Chairperson: CISO) to make decisions on important issues such as information security incidents, changes in information security-related business, and strategy.	• Report to the Data Privacy Committee (Chairperson: CPO) to make decisions on important issues such as privacy breaches or changes to data privacy-related tasks.

Efforts for Professionalization

For the competence enhancement of the information security personnel, NC has participated in specialized training programs, which are developed by the Korea Internet & Security Agency (KISA) under the joing agreemenr for strategic workforce development. Also, NC makes further expertise enhancement efforts by newly linking KISA's next-generation cyber professional security personnel curriculum training.

Through setting professional training completion goal for the dedicated personnel, NC motivates and supports to participate the internal/external training and seminars and thus to improve individual's capabilities. In addition, NC selects "leadership security personnel" semi-annual basis to foster a positive atmosphere for a voluntary competence enhancement.

Implementation Status in 2023

KISA Professional Training Program

- Standards for measures to ensure the safety of personal information
- Training to prevent privacy violations

Curriculum for the Next Generation of Cybersecurity Professionals

- Information security scenario-based exercises
- Information security threats and service deployment practices in cloud environments, etc.

Strategy

Information Security Policies and Activities

NC's vision for information security is to safeguard IT information assets and services and secure the trust of internal and external customers. For this vision, NC aims to upgrade NC's information security management system, NC-ISMS (Information Security Management System), to continuously strengthen the safety and security of our games and services.

Information Security Regulations and Policies

NC has established and implemented information security regulations to ensure the safety of its information assets. These regulations apply to all employees, including contractors, dispatched employees, visitors, and business partners (companies and individuals who contract with NC to perform business), as well as all domestic and overseas subsidiaries. For subsidiaries, the information security regulations are customized according to each entity's local legal and business environment. The regulations stipulate matters necessary to manage and protect information assets, security matters, trade secrets, and other intellectual property rights, and further specify the necessity to maintain alignment with the company's management goals and security policies.

The regulations also encompass all provisions on information security-related tasks such as security targets and organizations, classification of information assets, and management of infringement incidents. The regulations are reviewed and revised at least once a year in accordance with the applicable laws and regulations enactment/revision and significant internal and external changes.

In addition, NC holds a Global Council every month to improve security levels and maintain the information protection management system, and conduct the Security Care Service, an annual security inspection activity.

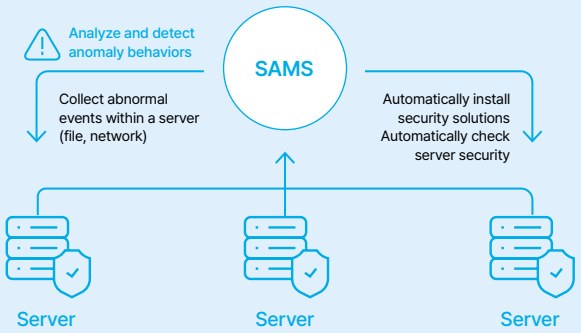
Developing Technology Related to Information Security

In 2023, NC developed our own "Integrated Code Signing Certificate System" to eliminate the risks associated with the existing fragmented information. Certificates that were managed individually are centrally managed by the new integrated management system to improve security vulnerabilities, such as the exposure of authentication keys, and to improve business convenience.

Expanding Information Protection Technology Application

To protect our services and assets from external threats, NC uses Security Analysis Management System (SAMS), an internally eveloped server security monitoring solution, to check and respond to vulnerabilities on game/platform servers in real-time. With this technology, NC maintains a safe service environment by having a system that continuously blocks security vulnerabilities and threats and responds to them immediately. In 2023, NC expanded SAMS to our domestic and overseas subsidiaries to enhance our global continuous vulnerability check system. NC also improved the function to detect and manage servers that are not under security management in order to resolve shadow IT issues.

Operational Structure of SAMS, Server Vulnerability Detection Solutions



Preventing Data Breaches

NC has a 24/7 management system to prevent internal/external breaches in advance and respond quickly when they occur.

Dedicated Organization for Security Incidents Operated

NC has designated a dedicated response organization and defined specific roles such as identifying and managing information security risks, operating and upgrading security services, and responding to personal information leakage. As a result, NC is able to establish a proactive incident management system to handle security breaches.

In addition, NC has established an independent Red Team to conduct regular vulnerability checks on internal services, and operates a Bug Bounty program to conduct regular checks by independent third parties.

In particular, when launching a new service, create a dedicated organization to ensure that security threats are eliminated before proceeding.

Security Incident Response Guidelines

In preparation for potential information leakage incidents, NC has established and operated the "Data breaches/Incidents Response Guidelines," which are for responding to incidents caused by electronic infringement (hacking, worms/viruses, etc.) on servers/network facilities for NC's services and business. In 2023, the definition of abnormal signs and infringement grade system were revised to ensure the promptness of the system.

NC also provides incident reporting guidance through internal system, so that employees can easily check the process.

In addition, NC regularly published Security Newsletter to enhance the awareness on relevant preventive measures and official reporting channel (including contact number and mail address) for potential malware, ransomware, malicious emails and attachments.

Strategy

Data Privacy Policies and Activities

Under the vision of "Privacy Best Practices in the Game Industry", NC is implementing strategic tasks to adhere to global privacy compliance, establish a privacy risk prevention system, establish a safe customer data utilization system, and strengthen privacy-centered design. In addition, NC has established a global data privacy checklist by analyzing each country's data privacy laws, focusing on countries where NC's game services have been launched and major global data privacy laws. Through this, NC is operating a data privacy management system based on compliance with major laws in each country.

Data Privacy Regulations and Policies

NC has established and implements a data privacy policy to protect personal information, which is revised annually. These regulations apply to customers, employees, including contractors, visitors, and suppliers, as well as all domestic and overseas subsidiaries. For subsidiaries, NC customizes our privacy policies and guidelines according to each entity's local legal and business environment.

NC and all subsidiaries manage the personal information of customers who use the service in accordance with the Privacy Policy, and as NC expands into global business, NC has established a Global Privacy Policy so that global users can always-on check the privacy policy. When the policy is changed, users are notified at least 7 days in advance of the scheduled change.

In accordance with the Privacy Policy, NC minimizes the collection and retention of personal data, do not store sensitive information as specified in <the Personal Information Protection Act>, and securely store personal information that is deemed to be at high risk in the event of a leak through encryption and de-identification.

NC does not use the collected and stored personal data for any purpose other than completing the service, also does not rent, sell, or provide it to third parties. NC also deletes the information without delay after the purpose of use has been fulfilled, and any new suppliers that process personal data on behalf of NC are subject to NC's privacy policy.

Global Privacy Policy

Guaranteeing the Right to Self-Determination on Personal Information

NC provides users with information on the "Collection and Use of Personal Data" when registering for PLAYNC, and obtains consent through the opt-in method. The collected personal information is used only for the given purpose, such as payment processing, customer consultation, and identity verification, and is not used for any purpose other than the agreed purpose. In addition, NC does not rent or sell personal information to third parties for any purpose other than completing service, and does not receive personal data from third parties for rent or sale. The stored personal data is deleted as soon as the agreed deadline or purpose is fulfilled, and users can easily view, correct, process, and delete (unsubscribe) their information on the PLAYNC My Page. In addition, NC has provided the Privacy Policy and the contact information for inquiries related to personal information in the Privacy Policy so that customers can inquire about personal information at any time.

In addition, NC has established a Cookie Policy to notify users of the types of cookies collected and the purpose of collection, and to obtain their consent. The policy allows users to check and select cookies categorized as Necessary, Functional, Performance or Analytical and Targeting/Advertising and specifies the purpose of collection, information collected, and retention period for each.

Cookie Policy

Child and Youth Privacy Activities

NC has newly developed and operates the "Privacy Policy and Personal Information Collection & Consent Form for Children and Youth" in accordance with the Child and Adolescent Privacy Guidelines of the Personal Information Protection Commission (PIPC).

NC has written existing processing policy in child-friendly language in the form of card news and made it available on the NC Privacy Center website.

Youth Privacy Policy

Activities and Technologies for Privacy Incident Prevention

Incident Response Framework

NC has established and operates the "Procedures for Responding to Personal Data Leakage Incidents" to promptly respond to personal data leakage. In accordance with the procedure, in the event of an incident, any NC employee who noticed the sign of incident is mandated to report to the Privacy Protection Division,TF to respond the incident should be organized and the TF is required to manage the response procedures specified in the Procedures.

Breach Prevention Technologies

① **Developing technology against external intrusion**
- Operating security systems such as firewalls, intrusion detection/intrusion prevention systems, web firewalls, etc. between each network
- Database (DB) for storing personal data is separated/stored on a separate network to prevent external access

② **Controlling access to Personal information DB and Monitoring access history**
- Controlling access to DB except for authorized user IPs
- Constant monitoring of DB data query and access history

③ **Preventing of illegal access and infringement of personal information processing system**
- Automatically blocking access to the system if a data controller is inactive for more than four hours
- External access requires secure authentication methods (VPN login and OTP authentication)

④ **Utilizing an antivirus program**
- Detecting and blocking malware in real-time (full scans run at least once per week)
- Antivirus programs automatically update policies (patterns) at least once daily

⑤ **Establishing and enforcing password creation rules**

Strategy

Rasing Eployees Awareness Activities

Information Security Training

NC conducts its own information security training every year, and is expanding the scope and target of the training. In 2023, NC shared dedicated information security resources across our global subsidiaries and further shared security awareness training contents and campaigns, which is customized for each subsidiaries's legal and business environment.

In addition, NC shares security-related information through monthly video campaigns, newsletters, company-wide announcements, etc. and developer security training videos {Secure Coding} for customized training by job function.

Information Security Training in 2023

Category	Regular Company-wide Information Security Training	Global Subsidiary Information Security Training
Content	Information security and data privacy rules	Customized security awareness enhancement to each global subsidiary's environment
Target	Company-wide all employees, including regular, contractor, dispatched, and interns (4,936 completed in 2023)	NC Global Subsidiaries
Cycle	Annual	Annual

Data Privacy Training

NC conducts data privacy training on safe management of privacy-related risk and proper procedure for all employees including contractors. NC also conducts separate personal information handler training for any employee who is newly registered as a personal information handler, including new hires. Those training programs are provided to all domestic and overseas subsidiaries.

In addition, NC communicates additional information regarding personal information leakage, destruction, etc. to employees at our headquarters and subsidiaries through a biannual newsletter.

Data Privacy Training in 2023

Category	Company-wide data privacy training	Personal information handler training
Contents	Educate employees on privacy risks and safe privacy procedure	
Target	Company-wide all employees, including regular, contractor, dispatched, and interns	New data controllers
Cycle	Annual	On-going
2023 Performance	Completed by 4,936 employees	Completed by 332 employees

Risk Management

External Information Security Audits and Certifications

NC conducts a third-party external audit of the information protection and data privacy management system related to the game service on PLAYNC and other NC services four times a year. In 2023, NC became the first company in the domestic game industry to obtain the global certification CBPR (Cross Border Privacy Rule), which evaluates the data privacy protection system, and maintains and renews ISO/IEC 27001, ISO 27701 and national standard ISMS-P, which are international certifications for information protection management systems, and continuously improves the level of security management to meet international certification standards.

Certification	ISMS-P	ISO/IEC 27001	ISO/IEC 27701	CBPR
Period	Jan. 17, 2024 - Jan. 16, 2027	Jan. 30, 2022 - Jan. 23, 2025	Jan. 30, 2022 - Jan. 23, 2025	Apr. 5, 2024 - Apr. 4, 2025
Scope	Operating PLAYNC Game Services	NCSOFT Services for Information Security Management Systems	NCSOFT Services Related to Data Privacy Management System	Operating PLAYNC Game Services

Information Security Risk Assessment

NC conducts internal audits on a biannual cycle for the entire company through the Security Operations Audit Organization within the Information Security Center.

Internal audit is a risk assessment based on the baseline approach, and it measures the effectiveness of risk elimination and mitigation measures by establishing improvement action plans based on quantitative risk levels. Through this risk assessment, NC investigates/observes records and behaviors related to information protection and data privacy, checks the integrity, availability, and confidentiality of key information assets, and conducts proactive and reactive security incident measures to respond to potential security threats. In addition, NC takes disciplinary action against internal employees who violate their information protection obligations in accordance with the penalty rules, and conducts annual audits on compliance with the employee data privacy policy.

As a result of the 2023 risk assessment, NC eliminated 92 risks out of 186 risk findings from the previous two years' audits, reducing risk by 49%. NC will continue to address the remaining risks as mid-to long-term improvement tasks in our remediation plan.

	Process
① Understand and identify risk factors	Interviewing working-level employees and conduct on-site due diligence
② Conduct a risk assessment	Identifying improvement needs
③ Determine risk based on assessment results	Conducting risk analysis and assessment, develop protective measures, and remediation plans
④ Mitigate risk through mitigation measures	Managing remediation plans and reporting to the Chief Information Officer quarterly on the status of action taken
⑤ Measure effectiveness	Managing the risk calculated under the baseline approach by categorizing it as high (7-9), medium (4-6), or low (1-3), measuring the effectiveness of risk score reduction after remediation to confirm risk elimination

Risk Management

Data Privacy Review Process

Service's Privacy Impact Assessment

NC, to strengthen the data privcy in game services, conducts a privacy impact assessment in advance for the game services that are preparing for new release or major updates. The impact assessment is based on a checklist, and if any deficiencies are found, measures are taken before the service opens. In 2023, NC received 91 cases and conducted preliminary inspections and guidance for 79 of them.

Process	
① Process review	Understanding the overall structure of the service and reviewing the service's privacy collection processes.
② Conduct an impact assessment	Conducting an impact assessment to analyze the collection and use of personal data in advance
③ Provide a guide to protective measures	Providing guidance on application-specific safeguards based on impact assessment results
④ Risk management and monitoring	Managing and monitoring risk, including developing action plans based on impact assessment results
⑤ Generate results	Deriving comprehensive results based on application results and recording and managing personal data processing activities

Data Privacy Reviews Prior to Launching Services

Before launching game services, NC conducts integrated technical checks, in additions to the seperate QA, information security and data privacy check-ups. NC also conducts legal requirement review process, including data privacy law review by the Ethics & Compliance Division in Legal Center. Also, the internal Personal Information Priavcy Act Manual requires game designers to conduct self-review on the data privacy-related issues, which should be considered during development stage.

2023 Performance

- TL (THRONE AND LIBERTY) pre-lanuching reviewing

Supply Chain Data Privacy Inspection

NC checks and oversees our suppliers' and business partners' data privacy management practices.

NC checks the level of privacy management at least once a year, and categorizes companies into inspection grades based on the results of the inspection and manage them according to each grade. NC has a right to terminate contracts with the companies that persistently fail to meed our standards and show no willingness to improve. In addition, legal requirements, which is managed by the Ethics & Compliance Division, applicable to suppliers, include maters related to data privacy.

2023 Performance

- 76 vendor and business partner checks completed

Breach Response Drill

NC conducts Data Privacy Breach mock drills at least once a year to prepare the security and data privacy-ralated incidents. The main purpose of these drills is verifying adherence to the procedures under the "Breach Incident Response Guidelines" and "Privacy Breach Response Procedures" and ensuring full understanding of these regulations.

NC also conducts redundancy and disaster recovery drills once a year to ensure the continuity of key services in the event of a disaster. Through these drills, NC continuously reviews our incident response processes and strives to minimize the level of damage in the event of an incident.

Breach Response Drills Conducted in 2023

Category	(Personal) Data Breach Drill	Disaster Recovery Drill
Cycles	At least once a year	Annual
Applicable Regulations	• Breach Incident Response Guidelines • Privacy Breach Response Procedures	• Disaster recovery policies within service operations policies
2023 Performance	Assuming a situation where a file containing personal information was mistakenly sent to an external partner and leaked to the outside world, and checking the response process (Jun. 2023)	Assuming a disaster and examining disaster recovery and service normalization processes (Dec. 2023)

Metrics and Targets

Training and Campaigns

In accordance with <Article 28 of the Personal Information Protection Act>, NC implements training and campaigns to raise employee awareness of information security/data privacy compliance.

Category	Unit	Performance Year				Remarks
		2020	2021	2022	2023	
Number of persons attending data privacy training	No. of people	772	984	4,622	4,936	Integration of data privacy and information security training since 2022
Number of persons attending information security training		3,876	4,488			
Number of in-house campaigns	No. of times	5	10	18	23	

Incident Response and Prevention Activities

NC conducts internal and external audits, mock drills, and supply chain inspection activities to strengthen breach response and prevent incidents.

Category	Unit	Performance Year				Remarks
		2020	2021	2022	2023	
Number of third-party audits in progress	No. of times	3	3	3	3	
Number of breach simulation exercises conducted		1	2	2	2	Personal Information Breach Exercise (Jun. 2023) Breach Simulation Exercise (Dec. 2023)
Number of data privacy check partners	No. of partners	74	74	77	76	

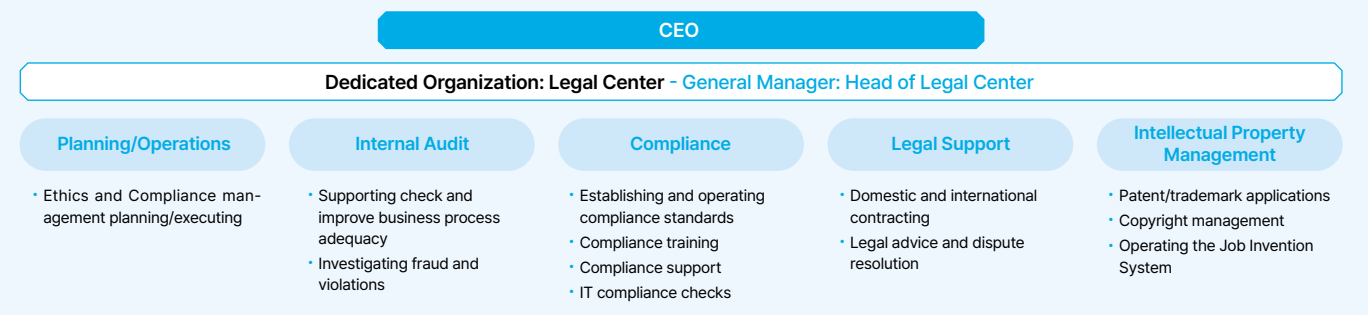
Business Ethics

Governance

Oversight and Management

NC pursues healthy partnerships with stakeholders through ethical management, and prevents misconduct and systematically responds to legal risks through compliance management.

To strongly pursue these objectives, a dedicated organization for ethics and compliance management, the Legal Center which is composed of the Legal Division and the Ethics & Compliance Division was placed directly under CEO in 2024.



Efforts to Enhance Competence

NC continues to participate in various trainings/seminars to strengthen the expertise of its dedicated organization members.

Member Engagement Training Performance in 2023

- KISIA (Korea Information Security Industry Association) "Privacy Audit Course" (March 2023)
- KISA (Korea Internet & Security Agency), "Responding to Corporate Security Incidents Using Forensics" Training (July 2023)
- British Standards Institution (BSI), "ISO/IEC 27001:2022 Information security management system auditor/lead auditor training" (December 2023)
- Korea Fair Trade Commission, "Explanatory Session on the Manual for Submission of Data Designated as Disclosable Business Groups" (Feburary 2023/2024)
- Korea Listed Companies Association, "Disclosure and Listing Management Practice Training" (April 2023)
- Korean Bar Association, "ESG Advanced Course Training" (April~May 2023)

Report to Audit Committee on Ethics Management

The Legal Center reports quarterly to the Audit Committee of the Board of Directors on major audit plans, audit progress, and ethics violations. The reports to the Audit Committee include issues identified as a result of the audits and plans for remedial action.

Report on Compliance Officer Activity

NC appoints the head of the Legal Center as a compliance officer through the approval of the Board of Directors in accordance with the Commercial Act. The Compliance Officer is in charge of compliance control activities such as checking employees' compliance with laws and regulations, preventing misconduct, establishing policies to systematically respond to legal risks, and conducting compliance education.

The Compliance Officer reports compliance activities annually to the Board of Directors, which is the highest compliance management body and is responsible for receiving, reviewing, and approving reports on NC's compliance management activities.

Report to Board on Compliance Officer Activity for 2023 (November 2023)

- Compliance checks with IT-related laws such as <the Personal Information Protection Act>, <the Act on Promotion of Information and Communications Network Utilization and Data Protection>, <the Game Industry Promotion Act>, and <the Act on the Consumer Protection in Electronic Commerce>, etc., for all services launched by the company
- Establishment of the game launch legal review process
- A working group,the Risk Management TF, that regularly shares activities on risk developments
- Subsidiary legal compliance checks
- Ethics training for company-wide employees

Strategy

Code of Ethics

NC has established and requires employees to comply with NC's Code of Ethics, which is a standard for employees' value judgment and behavior. The Code of Ethics applies to all employees, including contractors.

In June 2021, the Code was amended to include more stringent provisions to strengthen our prohibitions against hateful, derisive, and demeaning language based on national origin, gender, race, religion, or geography, and against workplace harassment.

In particular, Article 10 of the Code of Ethics addresses the prevention of bribery and corruption, which prohibits the acceptance, solicitation, or provision of improper benefits such as money, gifts, entertainment, or any other improper behavior that undermines fairness and integrity.

NC's Code of Ethics

- Article 1 (Purpose)
- Article 2 (Protection of Customers and Others)
- Article 3 (Compliance with Laws and Company Bylaws)
- Article 4 (Sharing of Corporate Values and Safeguarding the Value Dignity)
- Article 5 (Work Ethics)
- Article 6 (Mutual Trust and Cooperation among Employees)
- Article 7 (Confidentiality and Information Security)
- Article 8 Protection of Corporate Assets)
- Article 9 (Transparent Management of Finances and Expenses)
- Article 10 (Duty of Fair Trade and Integrity)
- Article 11 (Prevention of Conflict of Interest)
- Article 12 (Outreach to the Media and Others)

Enacted Feb. 4, 2009
Revised Dec. 31, 2014
Revised Jun. 14, 2021

Strategy

Fair Trade and Supply Chain Management Policy

Fair Trade Related Regulations

NC has established the Procurement Regulations and Competitive Contract Operation Standards for fair and transparent procurement procedures. The Procurement Regulation declares the principle of fairness and transparency in the procurement process and stipulates the obligation to comply with all applicable laws and regulations, such as <the Fair Transactions in Subcontracting Act> and <the Monopoly Regulation and Fair Trade Act>, while the Competitive Contract Operation Standards stipulate specific procedures for fair selection and management of suppliers.

NC posts regulations related to ethical management, such as the NC's Code of Ethics and Procurement Policy, on the company's website to raise awareness and guide employees to comply with procedures. In 2024, NC is preparing to establish anti-corruption guidelines to raise employees' awareness of fair trade and anti-corruption behaviors.

Partner Selection and Management

In order to create a sustainable supply chain, NC requires all participants in supplier selection process to submit a pledge of integrity. Also, to pursue fair transaction with suppliers, the standard service contract includes the "Compliance with Integrity Contract" clause, which prohibits the provision and demand of unfair benefits, and specifies payment determination and adjustment procedures. Also, NC has set standards for the operation of competitive contracts to ensure fair procedures in selecting and managing suppliers. In addition, NC is operating an integrated purchasing system to strengthen transparency and fairness in the supplier selection process.

Game Services Employee Ethics Guidelines

Employee Game Usage Guidelines

In order to protect the ethics of employees as users and provide a trustworthy service environment for customers, NC created "Game Usage Guide" that contains probisions that employees should abide by when playing NC game and announced it to all employees. In 2023, NC conducted training for new employees on the Game Usage Guide, and from 2024, is planning to distribute training videos for all employees. The Game Usage Guide provides information on internal information leakage prevention, prohibition of information misuse, actions guideline for violation and possible penalties.

Risk and Opportunity

Risk

	Risk	Response Activities
Internal Controls Risk	Unforeseen internal control risks, such as employee misconduct, can result in fines, legal actions and sanctions, and loss of credibility with external stakeholders such as investors.	• Improving ethical management system • Raising employee ethics awareness through ethics training • Collecting ethics pledges from employees
Regulation Risk	Increased response costs due to increased likelihood of disputes and lawsuits as regulations are strengthened, including enactment and revision of laws and regulations	• Conducting pre- and post-launching compliance checks • Game Industry Promotion Act revision response activities (March 2024, Creating a company-wide response TF to <the Enforcement Decree of the Game Industry Promotion Act> and establishing a process and guidelines for disclosing probability information for probabilistic items

Opportunity

	Opportunity	Response Activities
Internal Compliance Culture Creation	Increasing employee confidence in whistleblowing channels and grievance mechanisms and fostering a culture of proactive reporting to prevent ethics and compliance issues	• Activating whistleblowing channels, such as NC Tong, etc. • Revision of the "NC Tong" operating regulations in terms of enhancing respect for human rights
Increase Legal Reliability of New services	Increase risk of legal violations with proactive compliance checks for new service launching	• Creating and distributing internal legal checklists/ manuals • Two-step process for pre-launching checks for new services (After 1st self-check by the department in charge of launching, 2nd additional check by related departments)

Internal Audit

In accordance with the Audit Regulations, which stipulate internal audit stnadards and procedures and the authority and duties of auditors, NC has conducted internal audits and managed internal control risks issues.

General Audit

Purpose	Check bylaws compliance and process adequacy
Cycles	• Regular audits: 4 times per year • Continuous audit: on-going • Special audit: Ad hoc
Scope	NCSOFT and its subsidiaries
Contents	Review all operation within each company
Details	• Check the design appropriateness of business processes across the company • Ensure compliance with designed processes and bylaws such as ethical standards, etc.

IT Audit

Purpose	Review/improve internal control on IT systems
Cycles	Biannually
Scope	NCSOFT and its subsidiaries
Contents	Check the adequacy of IT controls and vulnerabilities for all systems in the company
Details	• Assess internal system risks and select evaluation systems based on risk prioritization • Evaluate items such as general IT control, automated IT control, information security, and fraud risk factors by design/operation evaluation, source program logic check and test, etc.

Regulatory Response Process

Pre- and Post-launching Legal Review

NC conducts pre- and post-launching compliance checks to prevent and minimize the risk of violating laws and regulations related to game services.

For game services which are planning to launching, NC provides checklists and manuals covering major laws such as the <Personal Information Protection Act>, <the Act on the Consumer Protection in Electronic Commerce>, and <the Game Industry Promotion Act>, etc. Also, the division in charge of launching conducts joint legal compliance checks with other related divisions to prevent legal violation risks. In addition, for the games in service, post-launching legal compliance checks are regularly conducted in annual basis.

Responding to Amendment to <the Game Industry Promotion Act>

NC has been proactively preparing for the amendments to <the Game Industry Promotion Act>, which mandated the labeling of probabilistic Items.

NC has established internal guidelines for labeling probabilistic Items based on the "Guideline on the Disclosure of Probability Information for Probabilistic Item" and held an internal briefing session on the amendments to the Act and on the possible measures related to probabilistic Items. Also, NC has established TF-based response system among the related devisions and completed the labeling work of probabilistic Items in the games, on the websites, and in advertising materials ahead of the enforcement of the amendment.

Whistleblowing System and Whistleblower Protection

Clean Reporting Center

NC's partners, subsidiaries, and customers can anonymously report and inform on violations of laws and bylaws, and various corruption issues and misconduct and malpractice by employees and the company through the "Clean Reporting Center" on the website. If violations of regulations/laws are found through the investigation by the independent Divisions, NC takes follow-up measures such as discipline or process improvement.

For the outside partners, the Clean Report Center receives and handles the reports and complaints through clearly separated channels. In addition, NC's standard contract form specifies that partners and NC employees are prohibited from engaging in any unethical and/or unfair practices with others in providing, promising, or requesting unjustified gains in the process of negotiating, concluding, and implementing the contract and that the partners are required to report to the Clean Report Center once the parterns aware of the prohibited activities.

The identity of the whistleblower and the contents of the report are kept confidential in accordance with relevant laws and bylaws, and the whistleblower is entitled to protection measures in accordance with relevant laws, such as <the Public Interest Whistleblower Protection Act>. Furthermore, the whistleblower is not subjected to any disadvantages based on the contents of the report or the fact of the report. These non-disadvantage principles and provision of protection are clearly stated on the webpage of NC Tong and the Clean Reporting Center.

2023 Performance

- A total of 40 reports received (including 1 information leak, 1 anti-corruption, 2 harassment, and 36 simple customer complaints) and necessary actions taken for all reports.

NC Tong

NC receives reports of employee misconduct through the internal reporting channel NC Tong.

When NC receives reports of violations of regulations, laws, or other acts, NC consults with the reporter to confirm the authenticity of the report and the investigation process before taking action. All consultations are subject to the obligation of confidentiality, and the informant is protected under <the Public Interest Whistleblower Protection Act>, which prohibits unfavorable treatment based on reporting. If the investigation confirms a violation, warnings and disciplinary action will be taken through the Human Resources Committee.

2023 Performance

- 30 total reports received (15 grievances, 15 whistleblowers), and necessary actions taken for all reports (disciplinary action taken on 8 non-compliance cases)

Metrics and Targets

Code of Ethics Training

NC conducts ethics training as part of its commercial law compliance control standards training to improve employees' understanding of relevant laws and decrees and to ensure compliance with company bylaws.

NC provides ethics training to all employees, including part-time and contractors, at least once a year to explain the overall Code of Ethics. In addition, new team leaders with authority and responsibility are provided with quarterly ethics training that includes precautions specific to their position. For new employees, NC provides must-know ethics training throughout the year.

In particular, in June 2023, NC conducted a training program for all employees (including contractors, dispatched employees, and interns) on anti-corruption, workplace harassment, and misuse of business expenses.

In addition, to give employees the opportunity to express their commitment to comply with the Code of Ethics and actively practice them, NC asks them to sign an ethics pledge in conjunction with ethics training.

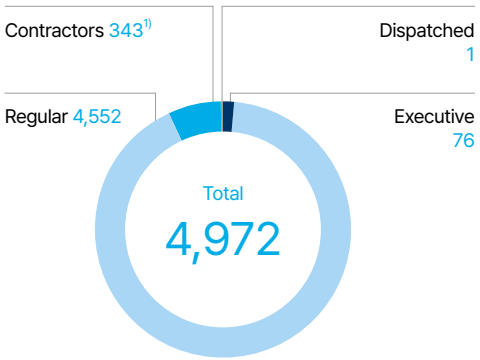
Compliance Training

NC regularly conducts statutorily mandatory legal trainings such as Sexual Harassment Prevention Training and Training for Disability Awareness in the Workplace for all employees, including contrators, every year. NC is also conducting our own compliance training courses, including ethics training that includes workplace harassment prevention training, information security training, and utilizing open source licenses. In addition, in 2024, NC will hold briefings for departments in charge before the launching of games to prevent violations of related laws, such as the Personal Information Protection Act, the Electronic Commerce Act, and the Game Industry Act. Once the process of reviewing laws and decrees before the launching of games is established, it will be possible to prevent the risk of violating laws in advance.

Training Status by Targets

Target	New Hires	New Team Leader
Key takeaways	Company ethics rules new hires should know (with examples)	Company ethics policies that new leaders should know
Cycle	ad hoc (in addition to one for new group recruits per year)	Quarterly

Empoyee Ethics Training in 2023



1) Include interns

Number of Signatories to Ethics Pledge in 2023

4,626people

Status of Mandatory Legal Training

Traning	Target	Cycle
Sexual Harassment Prevention Training	All employees	Annual
Training for Disability Awareness in the Workplace		
Information Security Training (Data Privacy Training)[1)]		
Personal Information Handler Training	Personal information controllers	On-going

1) Integrated company-wide information security training including data privacy training has been implemented since 2022

Status of NC's Training Implementation

Training	Target	Cycle
Open source license training	Related occupations·jobs	Quarterly
Code of Ethics training[1)]	All employees	Annual
Data privacy training for leader	Team leaders and above	Annual

1) Code of Ethics training Including "workplace harassment prevention training"

Business Competitiveness

Governance

Oversight and Management

	Technology Target Setting Sessions	Technical Performance Meetings
Members	• CEO (Chairperson), C-Level Executives (All)	• C-Level Executives and Head of Departments
Cycle	• Annual	• Annual
Role & Responsibility	• Review and approve annual technology development goals	• Review current year performance and set technology goals and strategies for the coming year
Oversight	• Approve goals, values, progress, and deliverables per project • Prioritize technology development and approve technology development investments/expenses	• Demonstrate technical development achievement • Analyze KPIs and identify improvements
2023 Activities	• VARCO LLM Development Authorization • Approve VARCO Studio direction and development goals • Approve VARCO Service direction and development goals	• Review VARCO LLM Development Results • Reviewing VARCO Studio (Art, Text) Development Results • Review nano chatbot development results

Tech Talk

Tech Talk meetings are held once every two weeks to review the development status, issues, and improvements in the execution of annual goals, and to seek solutions. CEO, Head of NC Research, and related management and technical planning departments gather to review the detailed development specifications and application status of each project and share issues and solution ideas.

Dedicated organization: NC Research

VARCO Center
(Executive: Head of VARCO Center)

- Lead AI-based product and service planning/ development/operation/monitoring
- Content Creation Support VARCO Studio Development
- Business Support API Service VARCO Service Development
- Design AI training data, establish data security processes, etc.

AI Tech Center
(Executive: Head of AI Tech Center)

- AI proprietary technology research and development that contributes to game content production and competitiveness. (Image Generation AI/Graphics AI/Text Generation AI/Audio Generation AI/Conversation AI)

Efforts to Enhance Competence

NC conducts "regular technical seminars" to enhance the expertise of the responsible staff.
For each technologies that each department is responsible for, the research achievements, development know-how, the state-of-art technology trends, application methodology are shared and discussed at the seminars.

Strategy

Vision & Policy

Increase productivity with developing AI proprietary technologies	Develop new technologies to deliver new customer experiences	Develop AI-based services to improve game operations and sales revenue
To speed up/make easy the game/content creating process and to contribute to cost cutting	To provide new experience and enjoyment to game customers based in AI technology	To optimize game operation and to expanding service revenue

Assessment Benefit-cost Ratios (BCRs) by Technology

NC conducts a benefit-cost ratio (BCR) analysis for each technology project to make financial impact-based decisions.

NC estimates the costs of research and development, equipment, operations and administration, etc. by technology, and estimates the benefits over the next five years. And then analyzes the expected benefits in terms of productivity gains, cost savings, quality improvements, and market share expansion to select research with the highest return on investment.

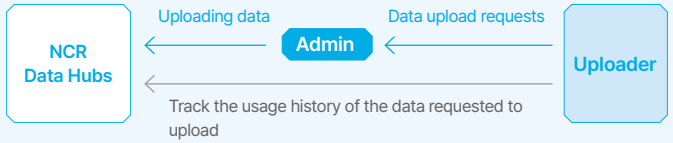
AI Data Management and Sharing Policies

NC has established and is operating data management procedures to ensure the safe storage and use of data.

Data is shared through the management tool "NCR Data Hub", and access rights are categorized according to the importance of user and of the data and access right is allowed depending on the category of the data after review and approval by the administrator. The only person who has been authorized as the "Uploader Permission" can accesses and delivers the sensitive information. The Uploader is also allowed to access and view the history of data usage in order to track and manage the sensitive data usage history.

In addition, NC shares the information on the data in NCR Data Hub among the NC Research through “Data Weekly”. Except for the sensitive data, the name of data, a brief description, and information about what it contains are shared once a week. This is to ensure that the data can be utilized in a timely manner when needed.

AI Data Management Process



User ratings (Step 5)
Upper Managers - Managers - Uploaders - Users - Waiters

Data tier (Step 3)
Fully public - Partialy public - Private

Strategy

Risk and Opportunity

Risk

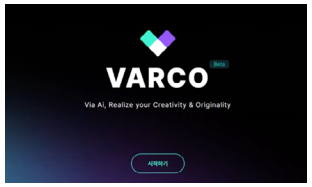
	Risk	Response Activities
AI ethics risks	Developing AI technology without considering ethical values can lead to a loss of customer trust in the company/product, which can lead to a drop in sales. * Stakeholders: Customers, Employees	• Strengthening AI ethics guidelines and training and develop related technologies (p52-p53 "Responsible technology")
Risk of increased regulation of AI technologies	Increasingly regulated AI technology development increases the likelihood of disputes and litigation, which increases response costs. * Stakeholders: Customers, Government	• Building a regulatory response process (regulatory monitoring) • Join the AI Policy Association
Data privacy risks	Increased cost of response due to increased likelihood of privacy disputes and litigation as large amounts of data are collected to develop generative AI technologies * Stakeholders: Customers, Government, Employees	• Establishing a process for developing and managing data privacy technologies • Educating and training internal personnel

Opportunity

	Opportunity	Response Activities
Increasing game development productivity	Reducing operational costs by developing AI technology to help improve game development productivity * Business model: Product/Service, Operations, Supply Chain	• Developing in-house support services (nano chatbot, etc.) • Enhancing collaboration with game development departments
Contributing to enhance customer experience	Developing AI technologies for new customer experiences to enhance customer convenience and satisfaction to drive revenue growth * Business model: Product/Service	• Developing AI-powered customer interaction systems • Developing globalization skills (AI translation, etc.)
Creating new business opportunities	Contributing to revenue growth by creating new business opportunities based on innovative technology development * Business model: Operations	• Strengthening R&D investment and technology research • Sharing R&D results externally and filing patents, etc.

Developing AI Skills

NC's Large Language Model, VARCO



In 2023, NC became the first Korean game company to secure its own LLM technology and developed its own language model, VARCO LLM, to support the development of various generative AI technologies and services.

"VARCO" is the unified brand name of NCSOFT's AI language model, which means "Via AI, Realize your Creativity and Originality". Through the VARCO LLM, NC has secured AI proprietary technologies such as multilingual/multimodal big data collection and processing, and the development of all generative AI models based on text input, and are utilizing those technologies as the base model for various generative AI services. Through this, NC is developing various AI services to improve in-house game development productivity.

In addition, NC is expanding to a global audience by launching the VARCO LLM through Amazon SageMaker Jumpstart, an AI machine learning open source platform with global Amazon Web Services.

AI Automated Translation Technology

NC has developed its own AI translation technology to support global user communication and game content translation services. NC's in-game chat, Purple Platform, etc. provide automatic translation and selective translation functions, and support high-performance colloquial translation and translation functions customized to game domain characteristics. In addition, NC has expanded the IP to apply the internal business document translation function that was applied in 2022 and expanded the types of documents.

NC plans to expand the application of live chat translation to more languages and game targets in the future.

Nano Chatbot Service

NC opened the "In-house nano chatbot service" in 2023 to automate the work of the in-house support department. It enables users to easily and quickly search for internal regulations and various in-house contents, and delivers information interactively through "FAQ technology" to minimize errors. Through this, NC has automated internal inquiry response tasks for 11 departments and secured AI proprietary technology related to chatbot construction and operation.

In the future, NC plans to expand chatbot content and features to extend the scope of task automation and develop customer-responding chatbot services utilizing the proprietary technology.

Game Development with VARCO

VARCO Art

It is a web-based AI image generation tool based on NC's IP that reflects the unique characteristics of each IP and has a Wizzard function that allows user to create original artwork through directives or easily modify backgrounds, character poses, etc.

It's expected to help speed up game development by quickly generating original art concepts for game art content creation.

In the future, NC plans to provide self-customizing functions that reflect the unique art style of IPs based on NC's 2D/3D data and develop production functions that reflect trends and user preferences.

VARCO Sound

As a voice generation tool based on voice synthesis, it provides a large amount of dialog voice synthesis to create various character acting voices and monster sounds in games. It is expected to help improve global game development productivity by providing more than 400 types of voice synthesis for languages in major countries served by NC, not just Korean.

NC aspires to provide a service that makes it easy to create NPC voices and other sounds that enhance your game's immersion.

In the future, NC plans to give sound creators the ability to edit or adapt AI-generated voices to their content.

Strategy

Case Study. Examples of AI technology applied to IP

Game art creation technology is applied in game development

- Providing a specializing in image generation and editing technology tailored for art creation, as well as custom creation models developed using NC IP data



Game Art Generation System

2023 performance

Saving the cost/time to create game art resources

AI based Motion capture refinement technology is applied in game development

- Developed the ability to automatically detect errors and perform candidate correction on optical motion capture data



Motion capture auto-corrector

2023 performance

2x productivity compared to traditional manual methods and reduced operating costs by 50%[1)]

1) Labor costs for motion capture correction, etc.

AI NPC service is applied in Lineage Remastered

- Applied multi-agent reinforcement learning to develop and launch player-assisted AI mercenaries



Lineage Remastered AI Mercenary Introduction Screen

2023 performance

Entries to Forgotten Island (an area where AI Mercenaries can be hired) increased by 47%[1)] after AI Mercenaries launched

1) Based on 3-week average counts before and after AI mercenary launching

Enhancing Technological Competitiveness

External Collaboration and Technology Sharing

NC is strengthening its competitiveness through collaboration with various external organizations based on its own AI technology.

MOU in 2023	
Automotive AI News Solutions with Obigo	Co-created personalized AI solutions optimized for autonomous and connected vehicle environments • **Generative AI-powered news summarization technology etc**
Creating AI-powered aviation meteorological information with A.M.O	Developed a system to automatically generate airport-specific weather reports from various observations and forecast data. • **Data-To-Text technology based on Generative AI etc**
Co-creating a mobility AI news infrastructure with Yonhap News, Dreamace	Developing an in-vehicle AI news service that delivers driver-tailored news content in real time • **Text summarization technology based on large language models, etc.**

In addition, NC is proving its global competitiveness by publishing papers at various conferences and winning numerous awards in competitions.

8 cases

Publications in 2023

VARCO MT, achieves #1 ranking

Global AI Translation Competition, Workshop on Machine Translation 2023

Encouragement of Invention and Patent Application

NC is implementing the "Job Invention System", a patent application support system, to enhance corporate competitiveness by protecting and utilizing technology-related inventions/ideas. NC supports patent applications for employees' job inventions and pays compensation after the patent rights are transferred to the company. In 2023, a total of 59 patents (48 domestic and 11 overseas) are officially registered through "Job Invention System".

In addition, to encourage employees to apply for patents and improve their understanding of patent applications, "Excellent Invention Award" and the "π (PI: Patent Ideation) day", a hackathon-style idea generation and patent application activity, has been hosted annually.

Risk Management

Policies & System for Technology Security

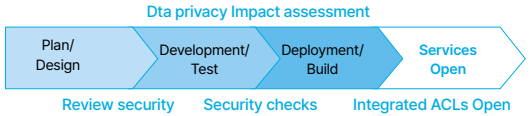
NC is conducting a preliminary legal review and technical security assessment process to check security and vulnerabilities even during the development phase of AI technology.

Legal Review

Proactively examine potential legal issues related to learning data, including privacy and copyright protection, rightful use of open source, and notice obligations.

Security Assessment Process

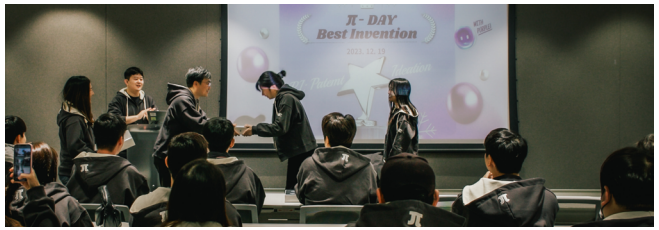
Perform risk reviews aligned with the development process, with detailed checklists for each phase



- Security review: 6 domains and 35 detailed checklists in total
- Security checks: Perform security checks specific to service/ platform/game/platform classification
- Data Privcy Impact Assessment: Check for security issues based on the level of privacy handled
- Integrated ACLs: Perform reviews and processing based on predefined ACL access control policies

Understand Domestic and International Technology Policy/System Trends

NC is constantly monitoring trends in AI policies and global regulations to respond to them. In addition, as a member of Korea's largest AI Promotion Council, NC is actively participating in activities to establish policies and standards for AI technology development to prepare for related regulations.



2023 π day

Boost global gaming competitiveness

Expanding Global Partnerships

NC is strengthening our partnerships with global gaming and big tech companies.

THRONE AND LIBERTY, a massively multiplayer online role-playing game (MMORPG), has conducted several development testing with Amazon Games, a global publisher, to set the development direction together. In April 2024, the closed beta test was held, focused on the servers in North America, Europe, South America, and Asia Pacific. NC and Amazon Games are planning to actively reflect user feedback from the closed beta test into development process. NC is also working closely with a local Chinese publisher to localize the multiplatform MMORPG "Blade & Soul 2" for the Chinese market.

Furthermore, in November 2023, NC entered into a strategic partnership with Sony Interactive Entertainment for global business cooperation. The two companies will continue to explore the ways to create business synergies by combining NC's global IP power and the global technology competitiveness by Sony Interactive Entertainment.

NC is also continuing our global collaboration to improve the game development process. In March 2024, NC and Google Cloud established a mid- to long-term collaboration model on AI, cloud, and productivity for the expansion of global collaboration. The two companies plan to collaborate on applying AI technology throughout the game development process, analyzing data for game development and operations, introducing Google Cloud services to optimize live service operations, and developing a platform to build a gaming ecosystem.



Partnership with Sony Interactive Entertainment (SIE)

Diversifying Genres and Platforms

In order to approach broader and more diversified customer base, such as North America and Europe, NC is focusing on diversification across genres and platforms.

In June 2024, NC will release the brawler game, "BATTLE CRUSH", and later in the year, will launch "Hoyeon", a collectible role-playing game (RPG), globally. BATTLE CRUSH completed beta testing in March 2024 in 97 countries and will be available on a variety of platforms including PC, mobile, and consoles.

In addition, NC has expanded our MMO technology and game design capabilities to develop games in various genres, including MMO shooters, MMO sandbox games, and MMORTS games, in addition to RPGs.



New IP "BATTLE CRUSH" set to launch in Jun. 2024

Metrics and Targets

Goal 1. Develop proprietary AI technologies to improve productivity

In response to the rising cost of game development across industries, NC aims to develop AI proprietary technologies to improve game development productivity.

- **R&D achievements in 2023**: Image-generating AI "VARCO Art" service, in-house chatbot, etc.

Metrics	Unit	2020	2021	2022	2023
Support for internal and external services	No. of cases	3	2	3	2
Submitting research papers to conferences		6	6	6	8
Patent applications		6	4	5	8

Goal 2. Develop new technologies to deliver new customer experiences

NC aims to develop new technologies to enhance game content immersion and provide a differentiated customer experience.

- **R&D achievements in 2023**: Lookalike character creation AI features (TL), AI mercenary content (Lineage), etc.

Metrics	Unit	2020	2021	2022	2023
Support for internal and external services	No. of cases	4	4	4	5
Submitting research papers to conferences		10	12	11	7
Patent applications		10	15	11	10

Goal 3. Develop AI-based services to improve game operations and sales revenue

NC aims to develop AI-powered services that can optimize game operations and contribute to increased revenue.

- **R&D achievements in 2023**: Spam/banned word filtering capabilities for new IPs and services, etc.

Metrics	Unit	2020	2021	2022	2023
Support for internal and external services	No. of cases	1	-	1	-
Submitting research papers to conferences		2	3	3	2
Patent applications		-	-	1	6

Coporate Governance

Shareholders and Board of Directors

Shareholders

NC's Articles of Incorporation stipulate that the number of authorized shares be 100,000,000 shares. As of the end of December 2023, the number of outstanding shares amounted to 21,954,022 common shares.

All shares issued by NC equally carry voting rights under the One Share One Vote rule. NC provides sufficient corporate information in a timely and fair manner to protect the rights of all our shareholders. To ensure that shareholders who are unable to attend the AGM can exercise their rights and to make voting more convenient, NC has implemented an electronic voting system. In addition, NC operates a proxy solicitation system for all shareholders.

(As of December 31. 2023)

Shareholder	Number of shares owned	Ownership (%)
Taek-jin Kim, CEO	2,628,000	12%
Treasury stock	1,646,583	8%
Public Investment Fund	2,032,411	9%
Netmarble Corporation	1,950,000	9%
National Pension Service	1,607,788	7%
Others	12,089,240	55%
- Foreign Investors	6,626,827	30%
- Domestic Investors	5,462,413	25%
Total	21,954,022	100%

Board and Committees

NC consistently strives to establish a mechanism for sustainable and healthy growth, to safeguard the rights and interests of various stakeholders, and to fulfill our social responsibilities in accordance with the general principles of corporate governance. To achieve these goals, NC has established the Board of Directors and Sub committees within the Board in accordance with our Board Regulations and Articles of Incorporation.

NC's Board of Directors serves as our highest decision-making body delegated by shareholders to fulfill its mandate and makes strategic and independent decisions on key management issues to create corporate value and protect the interests of shareholders and stakeholders. These key management issues are defined in the Board Regulations and cover corporate governance, major investment decisions, accounting and finance, and human resources. The Board Regulations distinguish between key management issues requiring approval and reporting issues. In addition, the NC Board of Directors discusses our company's sustainable development direction and independently fulfils its role of supervising the execution of management duties.

Committees within the Board

Pursuant to Article 39.2 of the Articles of Incorporation and Article 11 of Board Regulations, NC Board of Directors has organized three specialized sub-committees to enhance the expertise and efficiency of the Board's activities: the Audit Committee, the Compensation Committee, and the Outside Director Nomination Committee.

All committees are composed exclusively of outside directors with expertise and experience in their respective areas. This governance structure ensures independence and transparency in decision-making.

Committee name	Roles and key activities
Audit Committee	• Oversee the adequacy of the internal control system and perform audits on overall business operations and financials • Oversee the activities of directors and management
Compensation Committee	• Review and approve the appropriateness of compensation policies/systems for all employees, including board directors
Outside Director Nomination Committee	• Oversee the Outside director qualification, recommendation, management principles and system, and perform review and update of outside director pool • Nominate outside director candidates to the AGM based on their expertise and independence

Board Composition Details

(As of May 2024)

Category	Name	Gender	Career	Committee activities (●:Chairperson / ○:Member)			Term	Board Skills Matrix (BSM)						
				Audit Committee	Compensation Committee	Outside Director Nomination Committee		Management	Investment	Accounting/ Tax	Legal/Risk Management	Industrial Technology	HR	ESG
Executive directors	Taek-jin Kim (Chairperson)	M	Current CEO of NCSOFT				Mar. 2024 to Mar. 2027	●				●		
	Byung-moo Park	M	Current CEO of NCSOFT Former CEO of VIG Partners, President and CEO of Hanaro Telecom				Mar. 2024 to Mar. 2027	●	●		●			
Outside directors[1)]	Sang-hoon Baek	M	Current Managing Director of BnH Tax Firm * Certified Public Accountant	○	○		Mar. 2022 to Mar. 2025	●		●				
	Kyo-hwa Chung	F	Current Head of Policy & Legal, Netflix Korea	●			Mar. 2022 to Mar. 2025				●			
	Young-ju Choie	F	Current Professor of Mathematics at POSTECH		○	●	Mar. 2023 to Mar. 2026					●		
	Jae-chun Choe	M	Current a Distinguished Professor at Ewha Womans University, School of Eco-Science			○	Mar. 2023 to Mar. 2026						●	●
	Jae-ho Lee	M	Current CFO of Ostem Implants Former CEO of NC West	○	●	○	Mar. 2024 to Mar. 2027	●	●	●				

1) Pursuant to Article 34 of the Enforcement Decree of the Commercial Act of the Republic of Korea, an outside director of a listed company may not serve as a director, auditor, or executive officer of more than two other companies. As of May 2024, all outside directors of NC are in compliance.

Board Operations

Board Meetings

The NC Board of Directors is divided into regular and extraordinary meetings in accordance with Article 6 of the Board Regulations. In principle, NC holds regular Board meetings on a quarterly basis, while extraordinary meetings are held when issues arise that require the approval of the Board.

NC provides full and sufficient support, both in terms of company related information and human and material support, to enable the Board members to perform their duties effectively.

When the board meeting is convened, the date is communicated to each Board member at least one week in advance, except in cases where the Board unanimously decides to dispense with this procedure. The agenda and supporting documents are also distributed in advance to ensure that the Board has sufficient time to fully understand and review the agenda. In the case of key agenda items, each director is briefed in advance and outside directors-only meetings are held to collect views and opinions under independent circumstances.

The running of these meetings and support to the directors is provided by a dedicated department.

Board's Mandate and Support

NC requires all directors to fulfill their role as members of the Board in an appropriate manner. To ensure that the Board and individual directors effectively perform their decision-making and management oversight functions, we provide various forms of support. These include orientations for new outside directors, training for outside directors, and the designation of a Board Support Team.

Outside director Training in 2023

Date	Content	Attendance rate
May 4, 2023	Orientation for new Outside directors	100%
Nov. 20, 2023	Suggestions for cybersecurity change	100%
	Deal considerations for the board	
	Governance best practices	

Board Assessment

At the end of each year, to ensure the effectiveness of the Board composition and operations, an annual evaluation of the Board and a self-assessment of the directors are conducted based on the Board's internal evaluation criteria and procedures.

The evaluations consist of Board and committees' roles and responsibilities, composition and operation, the activities, and individual directors' fulfillment of duties. By combining quantitative questions on a scale of one to five for each item with additional open-ended suggestions, we can not only fairly evaluate the Board, Committee and individual directors' performance, but also gather the constructive opinions to improve the Board's effectiveness and efficiency.

Board Assessment in 2023

Category	Key takeaways	Results
Board of Directors	Board's roles and responsibilities, competency and qualification, composition and operations	4.7
Board Committees	Allocation among Board and committees, Committee's roles and responsibilities, and activities	4.8
Individual Directors	Directors' integrity, ethics, expertise and management oversight/support	4.7

Board Remuneration

Our director remuneration is determined by comprehensively reflecting quantitative and qualitative performance metrics, including past contributions, expected role and performance, in line with the performance-focused assessment and compensation principle. This process follows fair and reasonable operational standards through the decisions made by the Compensation Committee which solely consists of outside directors, and the remuneration limit is approved by the Annual General Meeting of Shareholders.

At the 27th Annual General Meeting of Shareholders, this remuneration limit was recalibrated to KRW 15,000 million, representing a 25% reduction from KRW 20,000 million in 2023. This adjustment was made to reflect the external business environment and the company's internal business initiatives.

Compensation for executive directors consists of salary, short-term incentives, long-term incentives, special long-term contribution incentives and other benefits. Outside director are remunerated as a fixed amount within the limit of director's compensation set by the shareholders' meeting, and there is no separate management performance bonus linked to business performance.

Directors' Compensation in 2023

(Unit: No. of people, KRW million)

Category	No. of people	Total	Average per person
Board Directors (excluding outside directors and audit committee members)	2	7,518	3,759
Outside directors (excluding audit committee members)	2	144	72
Audit committee members	3	259	86

Strategy

Strengthen Board Management/Oversight

Board Independence

NC sets the size of the board at seven members to ensure prudent discussion and effective decision-making. Currently the majority of the directors (5 out of 7 or 71%) are outside directors and have no important interest in the company, which ensures sufficient independence from management.

For the Outside Director Nomination Committee to present the candidate to the General Meeting, the committee thoroughly reviews and deliberates on the candidate's suitability as an outside director from the perspective of expertise and independence in accordance with the relevant laws and the rules of the Outside Director Nomination Committee. In addition, the Outside director candidate should not have any transactions with the largest shareholder and related parties in the last three years, and the candidates, during the reviewing process, should submit a confirmation that they had no material relationship with NC.

Criteria for reviewing outside director's independence (Excerpt from Article 382 of the Commercial Act)

- Have not been a full-time NC employee within the last 5 years
- Have not been a full-time employee of a company with a significant shareholding, transaction, or competitive relationship within the last five years.
- Have not been an outside director of NC for more than 6 years
- Other persons who do not have independence concerns as an outside director due to an interest with NC

To encourage the in-depth discussion among the Outside directors in an independent environment, the Outside directors also hold regular meetings comprised exclusively of outside directors.

Board Expertise

The NC Board of Directors is comprised of experts in management, investment, finance and accounting, legal, risk management, industrial technology, human resources, and ESG. In the decision-making process, each member of the BOD plays a responsible role based on his/her expertise, and deliberates on sub-agenda items based on his/her work experience and expertise in various fields.

Board Skills Matrix (BSM)

Board Diversity

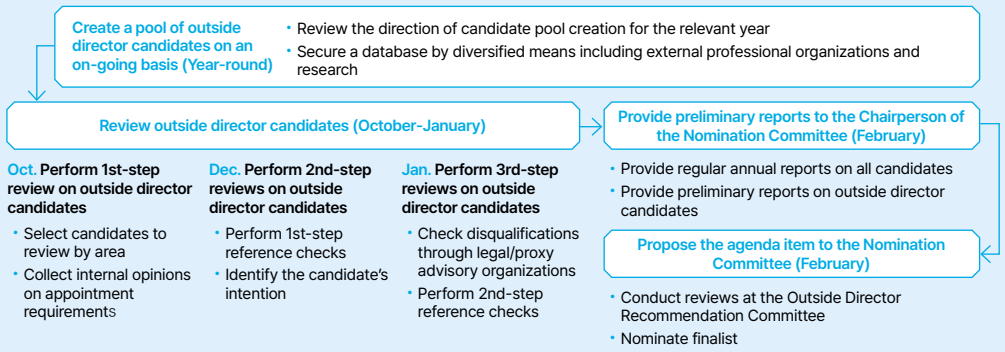
From the initial stages of reviewing the director candidates, NC is selecting and recommending individuals capable of objective, independent, and professional performance of director duties. In addition, NC does not discriminate on the basis of gender, race and nationality, religion, or cultural background, but rather consider expertise, experience, and diversity throughout the review process. As a result, two of the five independent directors are women, and they serve as chairpersons of their respective committees.

Process for Appointing Outside (Independent) Directors

Each director on the Board meets all the qualifications set by the Commercial Act and applicable laws and regulations. Director candidates are nominated in line with the fair and transparent process - executive director candidates are nominated by the Board and outside director candidates by the Outside Director Nomination Committee, which is solely composed of outside directors – and their appointment is proposed to the Annual General Meeting of Shareholders.

In order to identify candidates who can create optimal synergies within the NC Board, NC leverages the Board Skills Matrix (BSM) that we independently developed to monitor functional composition of the Board, in addition to receiving the recommendation from external expert. Each year, NC reviews and updates director candidates pool while reviewing our board composition and strategic direction and reports the result to the chairperson. Every February, final candidates are nominated by the Nomination Committee and presented to the General Meeting of Shareholders.

The Nomination Committee held on February 7, 2024 considered Mr. Lee Jae Ho as the best candidate due to his accounting/finance expertise and extensive industry experience and recommended him to the 27th Ordinary General Meeting of Shareholders held on March 28, 2024.



Outside Director Candidate Nomination Criteria

Legality	Satisfy qualification set by applicable regulations
Independence	Make decisions independent of the Company and related parties
Expertise	Possess expertise to contribute to the Company and add to the competency of other BOD members
Sincerity	Invest sufficient time and effort in performing one's work
Objectivity	Represent the rights and interests of all stakeholders in an impartial manner
Ethical Responsibility	Demonstrate an exemplary and responsible work ethic
Diversity	Consider the diversity of all BOD members in terms of gender, age and/or nationality

Strategy

Increase Shareholder Value

Dividend Policy

NC has established and applies a shareholder return policy with a focus on cash dividends.

The level of dividends is determined by a comprehensive consideration of the need to secure investment resources for the company's sustainable growth, financial stability, and the enhancement of long-term shareholder value. Respecting shareholders' rights to dividends and aiming to return a reasonable portion of the company's profits to shareholders, NC has consistently maintained a steady dividend policy (payout ratio of 30% or more) since 2014.

NC has established and disclosed a regular three-year dividend policy to enhance transparency and consistency of shareholder returns and to increase the visibility of dividend levels.

Furthermore, the Articles of Incorporation were amended to allow the dividend record date to be set after the dividend amount determination date, thereby enhancing shareholders' ability to predict dividend payouts at the 27th Annual General Meeting.

Dividend Status for the Past Three Years

Category	2021	2022	2023
(Consolidated) Cash Dividend Payout Ratio	30%	31%	30%
Total dividends paid (KRW million)	119,002	135,654	63,562
Dividend per share (KRW)	5,860	6,680	3,130

Share Buyback

In addition to cash dividends, NC also undertakes shareholder returns through share buyback at times deemed appropriate.

In particular, at the board meeting held on May 8, 2024, NC decided to acquire the treasury shares worth approximately KRW 100 billion of its own shares. Since its founding in 1997, the company has conducted 11 share buyback programs. In particular, the decision to acquire the treasury shares, which should be resolved by the Board in accordance with the relevant laws, was made by comprehensively considering the company's long-term growth and financial condition, while prioritizing the enhancement of shareholder value.

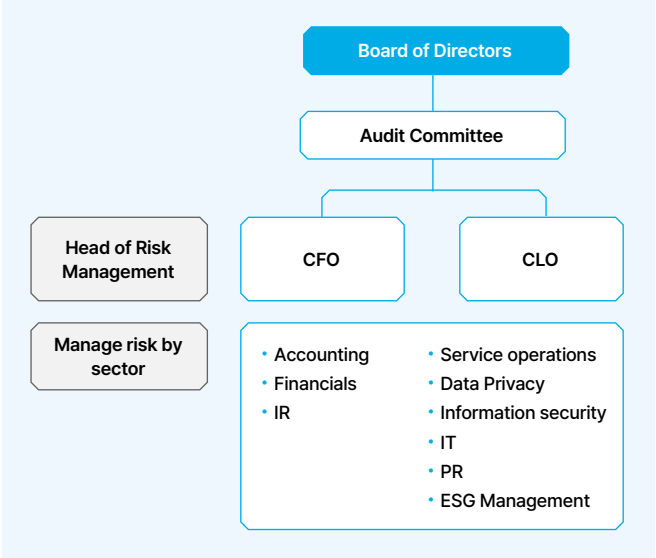
Risk Management

Company-wide Risk Management Framework

NC operates a risk management framework to identify and respond to potential risks that could affect us.

In 2023, the CLO, who oversees non-financial risks, and the CFO, who oversees financial risks, are in place to detect, recognize, and manage the potential risks and report to the Board of Directors on any material risks they identify.

In addition, to detect risk promptly, share them effectively, and thus support timely decision-making by the management, NC has continuously operated a Risk Management Task Force that encompasses relevant departments across the organization. For potential non-financial risks, NC designates supervisory departments responsible for managing and overseeing different categories based on their nature, such as legal regulations, service operations, information security, and occupational health and safety.



Risk Types

Category	Details
Financials	**Manage financial risks associated with sales** • Perform market risk (currency risk, equity risk, etc.) sensitivity analysis • Manage credit and liquidity risk, and more
Non-financial	**Manage non-financial risks associated with doing business** • Conduct regular business process audits for general management, security, game services, IT. • Anticipatory response to new legislation and regulatory amendments (responding to the Game Industry Act amendment) • establishing a legal review process before launching game services • Risk/opportunity analysis with materiality assessment, etc.

Enhance Audit Committee Expertise

To strengthen the Audit Committee's expertise in risk management and supervision, NC formed the Audit Committee with three outside directors with expertise in finance, accounting, law, and risk management. At the March 2024 General Shareholders' Meeting, one outside director with expertise in finance and accounting was newly appointed as a member of the Audit Committee, resulting in a total of two finance and accounting experts in the Committee. In addition, in accordance with the working guidelines of the internal accounting management system, external experts, the internal accounting team, and the audit team conduct separate training on internal control changes and the internal accounting management system at least once a year.

The State of Audit Committee Training in 2023

Date	Content	Attendance rate
2023. 11. 20	Internal Accounting Control System	100% (3 Outside directors)
	Internal Accounting Control System on a consolidated basis	

Environmental Management

Governance

Oversight and Management

In accordance with Chapter 4 of the Environmental Management Policy, the ESG Steering Committee, composed of four top executives, manages and supervises and makes decisions on the environmental management in NC, such as risks and opportunities assessment, including climate changes, strategic direction and target settings, implementation monitoring and reports to the Board.
The ESG Management Division and the Environmental Management Working Group, which are dedicated organizations, are responsible for monitoring environmental management-related issues and promoting response strategies.

Members	• CEO (Chairperson), COO, CFO, CLO
Role & Responsibility	• Manage, oversee, and make decisions on environmental management issues, including climate change • Report to the Board on major environmental management issues
Oversight	• Make decision and monitoring performance on company-wide everall environment management issues • Review on environmental management risk and opportunity factors, strategic directions and implementation plans • Monitor and review performance of key tasks and environmental data
Cycle	• Quarterly
2023 Activities	• Apr. 2023 Review Global Environmental Management Trends and Task Priorities 2023 • Jun. 2023 Report on the publication of the 2022 ESG Report (including analysis of climate-related risks and opportunities) • Sep. 2023 Report on the results of ESG management advancement (Expansion of GHG data management system to domestic subsidiaries)

Dedicated Organization

Organizations	ESG Management Division	People Happiness Center	Service Infrastructure Center
	NC Environmental Management Lead Organization	Office management and welfare	Technology and infrastructure such as data centers
Role & Responsibility	• NC Environmental Management Plan and Manage implementation (climate-related response strategies, etc.) • Manage and respond to environmental impacts (Risk and opportunity assessment, Data aggregation and management) • Reporting to Chief Officer and internal/external communication	• Manage and monitor environmental data (Energy, food and other waste, water, etc. usage in the building) • Implement and improve energy usage reduction activities	• Manage and monitor environmental data (such as electricity usage in running data centers and infrastructure) • Implement energy usage reduction activities and improvements

Environmental Policy

The ESG Steering Committee, the decision-making body for NC's environmental management, manages, oversees, and makes decisions on risks and opportunities related to environmental management, including climate change, in accordance with the environmental policy. The ESG Management Division, a dedicated organization, implements tasks in accordance with the Implementation Principles for Environmental Management.

Environmental Management Policy

Execution Framework



In 2022, NC designated the ESG Management Division as a dedicated organization for environmental management, and it is responsible for establishing and implementing environmental management strategies and policies, and managing company-wide environmental data. To strengthen our capability to manage company-wide GHG emissions and energy data, NC organized an environmental management working group to collaborate closely with relevant departments and representatives of domestic and overseas subsidiaries. As a result, in 2023, NC expanded the organizational boundary of GHG emission information and environmental impact reduction activities to domestic subsidiaries. In 2024, NC plans to expand the Environmental Management Working Group to include overseas subsidiaries, and to further enhance the identification and implementation of environmental improvement tasks.

Efforts to Build Competency on the BOD

In March 2023, NC appointed Jae-chun Choe, an outside director with expertise in the field of environment and biodiversity, to ensure that the Board has the appropriate skills and competency to oversee strategies to address environmental management risks and opportunities, including climate change.

Strategy

Climate-Related Risks and Opportunities

NC identified 25 climate change-related transition risks, physical risks, and opportunities in line with the Task Force on Climate-Related Financial Disclosure (TCFD) framework. The risk factors were categorized into physical risks arising from natural disasters and long-term climate change pattern and transition risks in the process of transitioning to a low-carbon economy. The physical risk factors were analyzed based on the quantitative impact on revenue from four possible disasters (typhoons, floods, wildfires, and heat waves), including loss of asset value and damage restoration/business interruption.

To select climate-related transition risk and opportunity factors that are material to NC's business, NC surveyed the ESG Management Division and external expert consultants to evaluate them in terms of effect on the company's financial positions, business model and interest of stakeholders (e.g., investors), and selected the top 10 factors as material. The following materiality assessment of climate-related risk and opportunity is the result of the analysis in 2023, and in 2024, NC will establish a climate response strategy based on the analysis results and advance impact analysis.

Risk/Opportunity Types			Effect Description	Effect on NC[2]			Stakeholder Interest	Response Strategies
				Short-term (~2025)	Mid-term (~2030)	Long-term (~2050)		
Transition	Policy & Legal	T1	• Strengthening climate-related policies and legals, including mandatory climate disclosure, environmental disclosure systems, and GHG Target Management Systems	Medium	High	High	High	• Enhance climate change risk management and related disclosure processes • Respond to CDP initiatives
	Technology	T2	• Increasing energy transition costs, including the need to replace to high-efficiency equipment and upgrade energy monitoring technology in infrastructure such as data centers, and the purchase of renewable energy	Medium	High	High	Medium	• Install low-energy fixtures in offices • Develop energy efficiency technologies for infrastructure such as data centers • Use renewable energy
	Market	T3	• Increase energy consumption efficiency by optimizing the operation of environmentally friendly products and services for user (customer) Increase propensity to purchase related services	Medium	High	High	HIgh	• Launch eco-friendly MD • Introduce power saving modes in games and platform services
	Reputation	T4	• Increased demand for GHG emissions information and reduction from users and partners, • Brand reputation suffers due to failure to respond to stakeholder requirements	Low	Medium	Medium	Medium	• Create and implement a GHG reduction strategy
Physical[1]	Acute	P1	• Natural disasters such as typhoons, floods, and other natural disasters result in losses to key assets and the cost of repairing the damage.	0.75%	0.75%	0.77%	Medium	• Enhanced monitoring of climate-related information (e.g., energy usage, temperature changes, operating costs, etc.) • Establish diversified operation system of data center and disaster recovery system to ensure service stability
	Acute	P2	• Natural disasters such as typhoons, floods, and other natural disasters disrupt business operations, including game service outages	1.34~ 1.57%	1.33~ 1.57%	1.38~ 1.60%	Medium	
	Chronic	P3	• Reduced employee productivity due to prolonged weather changes (e.g., heat waves) and increased operational costs such as cooling and others	0.61~ 1.82%	0.65~ 1.91%	0.73~ 2.16%	Medium	
Opportunity[3]	Resources Efficiency	O1	• Increased asset value of energy-efficient buildings • Contribute to lower disposal costs and reduced greenhouse gas emissions through increased waste recycling				High	• Install low-energy fixtures in offices, introduce electric vehicle charging stations • Recycling activities
	Energy Source	O2	• Reduce exposure to future fossil fuel price increases by increasing use of low-carbon fuels and renewable energy				High	• Use renewable energy
	Markets	O3	• Enhance competitiveness by launching environmentally friendly products and energy-efficient services that reflect changing user (customer) preferences				High	• Launch eco-friendly MD • Introduce power saving modes in games and platform services
	Resilience	O4	• Design buildings and infrastructure to be resilient to fossil fuel supply instability, physical damage from climate change, and more				High	• Design renewable energy adoption for new buildings • Research safety technologies for data centers and infrastructure

1) The physical risk factors are based on Jupiter Intelligence's global climate models and databases, and comprehensively analyze the effect of four physical disasters on major operations based on the IPCC's SSP1-2.6 and SSP5-8.5 scenarios, with the results on the left being the most conservative assessment using the SSP5-8.5 scenario. The short-term results are up to 2025, the medium-term results are up to 2030, and the long-term results are averaged over five-year periods from 2035 to 2050.

2) The effect of physical risk factors was assessed as a percentage of annualized expected losses on property, plant and equipment value and sales. P1 refers to the loss of asset value (Damage), which reflects direct asset damage due to acute disasters such as typhoons and forest fires, and P2 and P3 refer to the loss of sales (Disruption), which is calculated as the number of days of business interruption due to damage recovery from acute and chronic disasters. In the case of heat waves, the results were calculated in two cases: high and low loss of labor productivity of employees. The effect of transition risk factors is based on the results of a survey conducted with the ESG Management Division and external specialized consultants.

3) For opportunity factors, NC assessed only the interest of stakeholders due to the effect of these factors on the company's financial position, operating activities, business model, etc. is determined by the company's strategic decisions.

Strategy

Improving the Efficiency of Office Energy Use [T2] [T4] [O1]

Investing in Carbon Reduction

LEED Certification

In 2023, NC implemented Leadership in Energy and Environmental Design (LEED) certification for the R&D Center and NC Tower I office to reduce environmental impact in terms of energy use efficiency, operation, and maintenance of the office, and both the R&D Center and NC Tower I were awarded the GOLD rating.

Replacing with energy-efficient equipment

In 2023, NC replaced the lighting in the R&D Center library, stairwell, and basement lobby with LED lighting. In 2024, NC plans to replace the lighting in the common areas of the Pangyo R&D Center with LED fixtures.

In 2024, NC will install electric vehicle charging stations in the R&D Center and NC Tower I parking lot to build eco-friendly transportation infrastructure.

Office Energy Efficiency Investments in 2023

Investment history	Investment	Progress
LEED Certified: R&D Center, NC Tower I	KRW 212 million	100%
Replacing R&D Center LED Lighting	KRW 63 million	100%





Improving the Energy Efficiency of Data Centers [T1] [T3] [P1~P3]

Monitoring Data Center Operations

NC has completed its own Data Center Infrastructure Management (DCIM), which monitors information such as power, temperature, and incoming air in the datacenter in real time to detect failures and risk factors in advance. The accumulated data is also used to optimize the datacenter configuration, such as high-density rack placement and relocation of servers, to improve operational efficiency.

The operational status of the data center rack is monitored as “Used”, “Available" or “Reserved" and power going into racks are adjusted based on operational status to reduce energy usage and costs.

By 2024, key assets in the data center will be RFID-enabled, and the movement of resources in and out of the data center will be computerized and used as key operational metrics.

Improving Energy Consumption Efficiency

To improve energy efficiency, NC's data centers utilize Outside air cooling, Hot-aisle containment, Double-layer external insulation, Low-emissivity glass, Geothermal and PV systems, and Waste heat recycling systems to improve energy consumption efficiency.

NC also reduces energy usage by powering down equipment in our data centers when the asset's operational status is “Unused” or “Non-Service” state.

Improving the Energy Efficiency of Cloud

NC is continuously conducting research and development to increase the energy efficiency of the infrastructure for gaming operations and applying it in the service.

NC CLOUD, NC's cloud platform, has improved energy efficiency by introducing high-density CPUs and a more efficient server processing system than before. By introducing standard servers that can process more than three times the number of CPU threads at the same power consumption, NC is reducing the Thermal Design Power (TDP) per Virtual Machine (VM). In addition, in 2024, NC will open NC CLOUD PLATFORM (NCP), an upgraded version of NC CLOUD, to further improve service integration through application modernization.

Strategy

Expanding Use of Renewable Energy [T2] [T4] [O2] [O4]

Introducing Renewable Energy for New Office Building in the Design Phase

From the design stage of the new office building, which is scheduled to be completed in 2027, NC is prioritizing the implementation of eco-friendly construction by introducing renewable energy, conserving energy, and reducing HVAC loads.

Regarding introducing renewable energy, PV power facilities will be installed on the rooftop and roofdeck. Furthermore, our new office building will adopt a hydrothermal heating/cooling system district-wide raw water, as eco-friendly renewable energy. As part of this effort, a business agreement was signed for the "Hydrothermal Energy Supply and Support Pilot Project" involving 10 organizations, including the Ministry of Environment, Korea Water Resources Corporation, and other companies.

Renewable Energy Use Plan for Our New Office Building

Category	Photovoltaics (PV)	Building-integrated Photovoltaic (BIPV)	Hydrothermal
Installed capacity	47 kW	41 kW	500 RT
Power generation estimates	61 MWh/yr (14 toe/yr)	52 MWh/yr (12 toe/yr)	558 MWh/yr (128 toe/yr)
Total	671 MWh/yr (154 toe/yr)		

NC Dinos' Efforts to Use Renewable Energy

NC Dinos has installed PV panels and geothermal power generation facilities at Changwon NC Park to supply a portion of the electricity used by NC Dinos each year with renewable energy. The PV and geothermal power generation facilities are fully utilized in the operation of Changwon NC Park.

Plan for Renewable Energy Utilization in New Buildings

In order to by eco-friendly building, the new office building is planned to adhere to the standards for LEED certification, Green Standard for Energy and Environmental Design (G-SEED) certification, Intelligent Building System (IBS) certification, and energy efficiency ratings. NC plans to enhance energy efficiency by installing all lighting with LED fixtures and using high-performance external insulation glass. Also, NC will incorporate environmentally friendly elements that consider local conditions and enable energy savings.

In addition, NC plans to build an 850m² indoor garden spanning across 3 floors and rooftop ceiling that allows natural daylighting.



Changwon NC Park Renewable Energy Usage for the Last 3 Years

Category	Unit	2021	2022	2023
Photovoltaics (PV)	kWh	342,656	325,094	279,582
Geothermal power facilities		319,147	378,539	335,969

Creating Green Value [T3] [O3]

NC Dinos Eco-Friendly MD

NC is engaged in a variety of activities to share the value of the environment protections. The jerseys sold by NC Dinos use recycled fabric made from PET bottles.

Furthermore, to reduce the environmental impact at the packaging stage of products sold in the Teamstore, NC Dinos is using packaging materials certified by the Forest Stewardship Council (FSC). Starting from 2023, NC Dinos has expanded the use of FSC-certified packaging to include packaging bags, in addition to the existing five types of shipping boxes and labels attached to products.

NC [GREEN] PLAY

In pursuit of carbon reduction within the local community and the enhancement of diversity conservation, NC has committed to environmental stewardship and community engagement and undertaken several initiatives.

In May 2023, near NC Park in Changwon, NC planted 15 saplings of Balanites trees in a Family Park. (Assuming that each tree absorbs 8kg of carbon dioxide per year, an expected carbon reduction will be total of 120 kg annually)

In September, in collaboration with the Seongnam Environmental Movement Union, NC employees participated in the removal of "Sicyos angulatus" and "Giant Ragweed", identified as invasive alien species in the nearby river ecosystem. This activity contributed to habitat creation for increasing the population of nationally protected species.

Laughing Peanut Environmental Campaign

With a vision of "Growing up as a global citizen", Laughing Peanut has been conducting environmental protection campaigns to engage infants and toddlers in environmental awareness and participation through play themes.

- May 2023 Plogging activity, Participation in NC [GREEN] PLAY
- Aug. 2023 Making a low-carbon sandwich
- Sep. 2023 Experience the resource recycling robot

Strategy

Protecting the Ecosystem [01]

To minimize our impact on the ecosystem, NC is working to reduce our waste discharge and water usage.

Reducing Waste Discharge

Use Green Technology Products

NC completely replaced the pre/medium filters in the HAVC system of R&D center with refillable filters that have obtained Green Technology Certification. This change has resulted in a 99% reduction in filter waste (3,500kg → 28kg) compared to previous products

Additionally, during winter de-icing operations, NC purchases and uses an eco-friendly alternative, calcium chloride made from recycled starfish. This change indirectly contributes to preventing marine resource depletion.

Expand Resource Circularization Activities

NC manages all waste disposal through a registered recycling companies. Since introducing an AI-powered recycling robot in October 2022 at our office buildings, NC has been able to separately collect clean PET bottles and cans. As of 2023, NC collects an average of over 5,400 items per month (appx. 107kg), and our recycling rate remains at an average of 47% of total waste disposal.

Reducing Water Usage

At R&D Center, NC has installed a greywater recycling system to treat and reuse domestic wastewater generated within the building. NC also uses water-saving toilets, urinals, and shower faucet. These efforts resulted in saving appoximately 5,900m³ of water in 2023. NC office buildings at Pangyo Districts receive water from Seongnam City's Clear Water Management Office, and are located in a Medium-High water stress area in S. Korea, according to the Water Risk Atlas by the World Resources Institute (WRI). (Level 3 out of 5)

Risk Management

Climate Change Risk Management Process

NC identified and assessed key risks and opportunities in the short-, medium-, and long-term time horizons and for the physical risks, NC assessed the financial impacts according to IPCC scenario analysis. In near future, NC aims to expand this risk management process, including developing response strategies for identified risks and opportunities and establishing a reporting system to ensure this process is integrated into decision-making processes.

1. Risk Identification

- Analyze global policy and legal trends, stakeholder and investor proposals, media, and industry peers in relation to climate change action
- Organize issue pools into risk (transition, physical) and opportunity factors based on TCFD recommendations

2. Risk Assessment

- Derive financial and non-financial impacts of risk factors based on IPCC scenarios
- Survey climate-related division and experts to measure the business impact and interest level of respective risks and opportunities, and identify risks and opportunities material to NC

3. Risk Response

- Review the reasonably anticipated financial impacts of response strategies and implementation tasks on NC by time horizon.
- Develop our climate transition strategy including risk response plans and present its implementation measures

4. Risk Monitoring

- Strengthened management and oversight of the ESG Steering Committee to upgrade the climate change response system and strengthened performance monitoring of the implementation of the Environmental Management Working Group's
- Drive integration of climate change risk management into enterprise risk management frameworks

Metrics and Targets

Expanding Organizational Boundaries

NC has been striving to enhance its environmental data management process, including expanding organizational boundaries to include major overseas subsidiaries.

Accordingly, in 2023, NC calculated its GHG emissions on a consolidated basis, including eight domestic and overseas subsidiaries. The GHG emissions for the year 2023 are specified below, and the emissions for the past four years can be found in GRI 305 (p.75).

NCSOFT GHG Emissions in 2023 (consolidated)

(Units: tCO_2eq, tCO_2eq/KRW 10 billion)

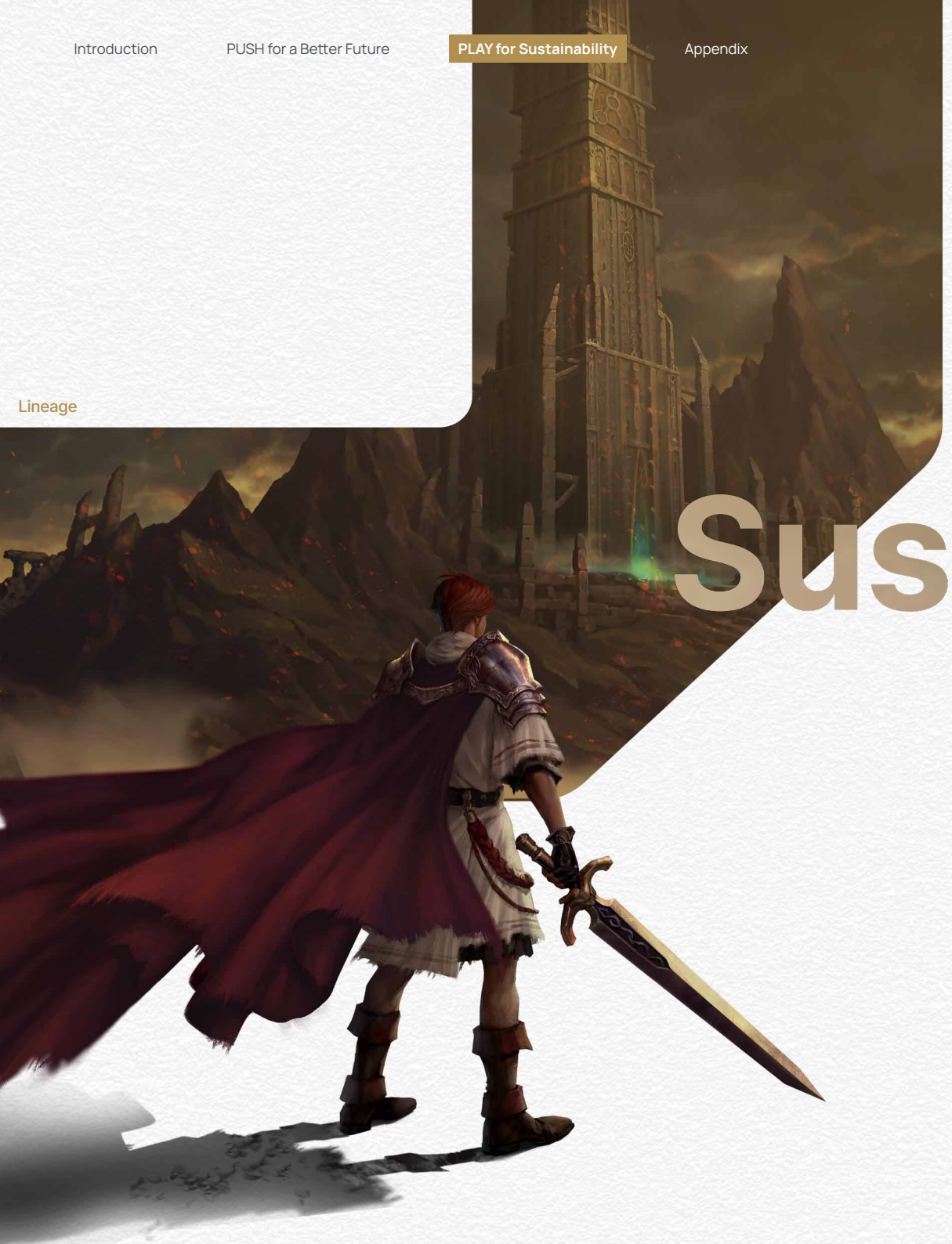
Category		NCSOFT (Separate)	Domestic Subsidiary[1]	Overseas Subsidiary[2]
Scope 1		680.5	154.7	8.4
Scope 2		29,792.4	1,935.0	1,923.9
Scope 1+2 Subtotal[3]		30,469	2,086	1,929
Intensity		188.7	269.3	76.4
Scope 3[4]	Cat. 1	74,304.0	1,981.5	2,613.4
	Cat. 2	15,123.7	411.5	538.1
	Cat. 5	313.3	8.7	3.7
	Cat. 6	39,134.1	2,559.6	16,486.5
	Cat. 13	2,102.9	120.3	-
	Scope 3 Subtotal[3]	130,977	5,081	19,640
Scope 1+2+3 Total[3]		161,446	7,167	21,569

1) Domestic Subsidiary: NC ITS, NCSOFT Service, Ntreev Soft, NC Dinos

2) Overseas Subsidiary: NC West Holdings, NC Interactive Inc., ArenaNet Inc., NCW NCP LLC, NC Taiwan Co., Ltd., NC Japan KK, NC Vietnam Visual Studio Co., Ltd

3) "Subtotal" and "Total" values may differ from the combined direct and indirect emissions/consumption values as the standard of summing after truncating the decimal point at each business site is applied.

4) Scope 3 emissions are calculated by selecting 5 categories that are highly relevant to NC's business out of the 15 categories stipulated by the GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, The latest version of the WIOT, 2014, was used to calculate Scope 3 Cat. 1 and Cat. 2 emissions in 2023.



PLAY for Sustainability

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Diversity & Inclusion in Content

NC Diversity & Inclusion Framework

NC will ensure our content and services are designed in a way that embraces cultural diversity while preventing hate and discrimination. NC will also provide a discrimination-free, equal game environment for all users.

Mission A New World where everyone Connected through Joy

Vision Bias-free content that users can universally understand

Approach
- Increase diversity in content
- Prevent hate and discrimination in content
- Provide a discrimination-free gaming environment

Guidelines of Diversity & Inclusion

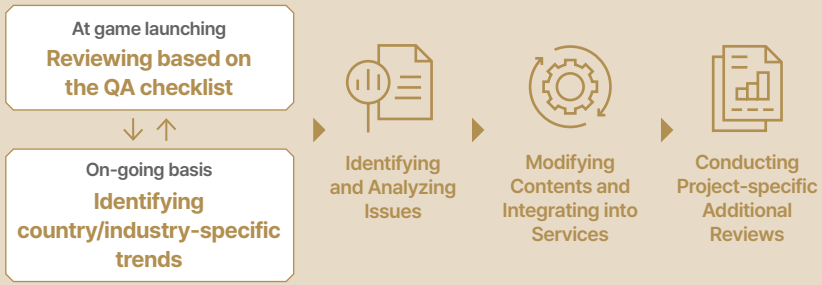
NC has established the Guidelines of Diversity & Inclusion in 2022 to ensure that games are developed and serviced in a way that emphasizes universal diversity values such as race and gender in content.

Based on these guidelines, NC conducts Diversity & Inclusion testing for all IPs on an ongoing basis. For new launch projects, during the live stability check phase, NC conducts ESG screening activities alongside our ethics and compliance checks. NC also maintains ongoing checks for live games. NC shares findings internally every year and uses them to continuously improve our content QA process from a Diversity & Inclusion perspective.

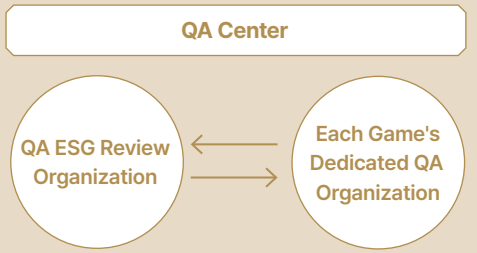
Quality Assurance (QA)

NC considers all content for country-specific linguistic and cultural taboos, legal compliance, and adherence to moral and ethical values through our QA process from a Diversity & Inclusion perspective. To improve the quality of our review, NC has strengthened our current affairs and humanities education and information gathering system to determine domestic and international situation, and is constantly updating our QA checklist based on emerging Diversity & Inclusion issues.

QA Process



Dedicated Organization



Key Implemented Cases in 2023

IP	Content
Lineage W	• Expanded the distinction of NPC actions by adding specific motions for color vision deficient users to enhance • Revised language that are sexist or derogatory • Improved representation of national events and culture (Chinese New Year Shop → Lunar New Year Shop)
THRONE AND LIBERTY	• Pre-screened words with socially negative meanings and removed expressions of hatred, discrimination, and derogation • Revised language that are sexist or derogatory
Blade & Soul	• Removed elements reminiscent of interstate conflict/war, etc. • Revised language that are sexist or derogatory
Blade & Soul 2	• Improved language that are sexist or discriminatory (sneering at the object → with dark inner strength)

Diversity & Inclusion in Content

Culturalization

NC is engaged in culturalization to prevent the risk of hate and discrimination in content that may be pointed out in our global launching and service. NC also makes efforts to be more inclusive of cultural diversity. Culturalization refers to reviews that are performed to create content that users can universally understand and effortlessly immerse themselves into based on the understanding of superficial diversity (gender, age, race, physical disability, etc.) and cultural diversity (language, dress, customs, moral norms, etc.) of countries around the globe.

Processes

Before global launching	On-going basis
Reviewing adherence to country-specific laws and policies	Detecting hate/discrimination issues by collecting continuously user trends
Filtering political/cultural issues by country	Perform culturalization on updated content
Examining surface diversity barriers such as characterization	Apply culturalization-based filtering to the machine translation of in-game chats
Identifying factors enhancing cultural diversity including language localization	Establish a global collaboration system to reflect local user sentiments

Modifying and Integrating into Content

NCW Diversity & Inclusion Council

Upper Management

Report

DEI Advisory Council

Proposal

ACR Employee Resource Group

DEI Employee Resource Group

NCW is currently facilitating approval and implementation of proposals from the DEIB (Diversity, Equity, Inclusion, and Belonging) Group[1] and the ACR (Asian Cultural Representation) Group[2] at the executive committee level to reflect diversity and inclusivity elements within the game. In 2023, concerning Guild Wars 2 developments, guidance from the ACR Group was sought regarding art concepts and models, leading to adjustments in visual style.

1) An employee resource group that consists of employees from diverse cultural backgrounds to discuss the topic of D&I on an on-going basis

2) An employee resource group composed of employees representing Asian cultures to discuss game designs and social issues from the D&I viewpoint on a monthly basis

Key Implemented Cases in 2023

IP	Content
BATTLE CRUSH	• Renamed characters with features that are taboo in certain religions or cultures (Latif Khalid → Leo Wyatt)
Guild Wars 2	• Added disabled/non-disabled, racial, and gender non-discriminatory characters (Deaf character "Gladium")
Blade & Soul 2	• Delivered differentiated game content based on country Expanding Safe Zones specifically in countries where there is aversion to player killing
Lineage M	• Created contents and events that consider each country's cultural diversity, depending on the publishing country (the event "Bugbear Room": a Japanese reader contents)

Improving of User Accessibility

NC is committed to establishing an environment where all users can access to content and services equally without discrimination, and applying this principle across our services.

During the game development process, NC considers user accessibility regarding video, audio, controls, interfaces, communication, and communication. NC also provides various options to set and adjust the game environment so that all users can experience the same level of play.

Key Implemented Cases in 2023

IP	Content
THRONE AND LIBERTY	• Provided options for Color Weakness Correction (full color correction and intensity adjustment for green/red/blue) • Provided options for photosensitivity adjustment (For users with Photosensitive Epilepsy, adjustable in-game light effects intensity and individual settings • Adjusted UI size and contrast to better convey small images
PUZZUP AMITOI	• Provided color vision modes can be changed to red-blind, green-blind, blue-blind, or full-color blind • Provided options for reducing glare effects (the option to set customizable light effects)



THRONE AND LIBERTY Color Weakness Correction Options

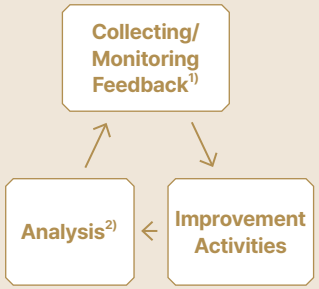
User (Customer) Communication

Enhancement of Interaction with Users

User Interaction Process

NC is expanding the scope of in-game communication activities to strengthen communication with actual players. NC monitors user play-related metrics and feedback 24/7, collecting positive, negative, and grievance feedback, quantifying it, and sharing it with relevant departments in the form of daily reports.

As of 2023, there were a total of 1,476 reports and content suggestions, of which over 180 went live.



1) Collecting/Monitoring Feedback

- Channels for Information ingestion: YouTube, Bulletin board, External online communities, Official blogs, Publishes, Social media, etc.
- Monitoring: Indicators related to improvement activities, such as CCU (Concurrent Users), DAU (Daily Active Users), etc.

2) Analysis

- Per-IP User Grievance Integration → Analysis → Publishing a daily report → Sharing with relevant departments

Examples of Improvements Made in Response to User Feedback in 2023

IP	Key takeaways
Lineage 2	• Live Broadcast "Finding User's Voice-Season3": Discovered a case where a coupon offered was incorrectly directed to an unwanted server through the live broadcast. → Collected the item and negotiated a manual payment to the server/character of the customer's choice • Changed operational policy for sanctioning fraudulent users (gold farming/workshop (for profit)) → Targets: new overseas bypass IPs and abnormal repeat behaviors
THRONE AND LIBERTY	• Discovered an increase in game abandonment when opening a new game due to lack of in-game information and poor understanding of the content → Provided users with game information by scheduling in-game monitoring time (ghost care) during active game hours

Real-time Interaction Activities

NC is expanding our channels to engage with users in real time to share key updates and decision-making and hear their feedback.

Case #1. THRONE AND LIBERTY, Letter from the Developer & Update Live

Prior to TL's release in 2023, NC established the "Letter from the Developer" and "Speak to TL" official channels to transparently disclose the development and update process, and revealed the process of collecting feedback from users and taking it further.

In the first letter in September 2023,, NC shared improvements such as "removing auto-hunt/auto-move", in response to feedback from users who participated in the May beta test, and five more letters before the official launch in December, announcing updates such as "a UI overhaul customized for PC and console platforms, and a fast and varied growth system".

Even after launch, NC continues to hold TL live broadcasts for large-scale updates and operational communications. NC shared details on how responding to high-profile situations, such as compensating users for damages caused by operational issues such as account theft and abuse, improving rewards for local events, and improving skill quick slots.

Case #3. BATTLE CRUSH, Collecting Global User Feedback

During the last Global Beta Test (GBT) in March 2024, BATTLE CRUSH utilized discord to gather user feedback in real-time. NC used to make improvements to the gameplay experience, such as improved controls for cross-play, and an improved energy regeneration system to create a more persistent fighting environment.

Case #2. Lineage2M, Celebrating 4th Anniversary Live Broadcast

NC is conducting a communication program where IP planners and developers directly share key updates with users and listen to their feedback through live Q&A. Through this, NC aims to provide high-quality content by reflecting user feedback before applying updates.

With 8,866 Peak Concurrent Viewers (PCUs), Lineage2M's 4th Anniversary live broadcast unveiled "new territories, pets, servers, and hidden stages", and held a live Q&A session.

2023 IP Live Broadcast Cases

IP	Key takeaways
Lineage	• [PC Lineage] Spoiler TALK Live Broadcast: Shared key updates and conducted Q&A (January, July 2023)
Lineage 2	• Live Broadcast "Finding User's Voice": Sharing key updates and Real-time phone call communication with users (June 2023)
AION	• February Update Live (introducing items to be launched with new battlefield)



"BATTLE CRUSH" Stage Event at G-Star 2023

User (Customer) Communication

Enhancement of Interaction with Users

NCing

NC has been engaged in various online and offline activities to promote open communication since the early stages of development. Through "NCing", an open R&D content, NC introduces new games and projects in the development stage and share the development process. By expanding our offline communication activities, NC is expanding our contact points with more users, and hopes to expand our communication culture to include global users and potential users in the future.

G-STAR 2023

NC participated in G-Star 2023, where NC developers and future users had a chance to share their opinions directly. With "communication" and "diversification" as the keywords, NC shared its development direction to pioneer a new genre outside of MMORPGs and put PC and console games in the forefront for a total of 7 games[1]. NC ran various programs such as operating a demonstration booth, releasing new trailer videos, demonstrating games on streamers, and listening to the developers' development plans, and NC also captured feedback from online users through live streaming on YouTube and Twitch.

1) 7 titles (shooting "LLL", brawler action game "BATTLE CRUSH", MMORPG "THRONE AND LIBERTY", MMORTS "Project G", interactive adventure "Project M", collecting RPG "Hoyeon" and puzzle game "PUZZUP AMITOI")

Expansion of Communication Touchpoints and Content

NC is communicating through a variety of content based on its IPs' competitiveness.

Branded Content

NC publishes content that allows global audiences to experience NC IP's brand values, including art, stories, R&D technology, and behind-the-scenes stories from the development phase.

Legacy of MMORPG Artbook	• Shared art content from Live IP as an interactive page to highlight NC IP's visual edge
MMORPG Spirit	• Introducing NC's representative MMORPG genres such as Lineage, Blade & Soul, THRONE AND LIBERTY, etc.
Tech Track	• Interview Series with Non-Live IP Game Developers

Sports Co-marketing

NC utilized a baseball team to promote new IP, including promoting the launch of "PUZZUP AMITOI" and recruiting pre-registrants at Changwon NC Park.



Brand Week 2023

Visitors during Brand Week 2023 68,022 people

Publishing Short-Form Video Content

NC has newly published content that lasts less than a minute, in line with the global trend of users preferring to get information quickly through social media.

10 seconds	• Sharing weekly 10-second game updates to global audiences during the beta testing phase before the game launching.
Weekly News EDGE	• Sharing key news, including NC members' engagement activities, new information on game technology, and R&D visions in a one-minute video every Tuesday.
3D Short-form Content DotGIF	• Communicating NC's corporate mission of "PUSH, PLAY" through witty and relatable storytelling around monthly themes (NC's anniversary, Family Month, etc.)

Transparent Information Disclosure

Disclosure of Probability Information for Probabilistic Item

NC has been continuously disclosing relevant information since the implementation of voluntary disclosure of probabilistic items. Immediately after the revision to the law was announced in July 2023, a company-wide task force for disclosure preparation was formed to review the status of the existing voluntary disclosure and prepare for implementation prior to the effective date of the Act. NC distributed a company-wide guide to displaying probabilistic items to explain the concepts, obligations, and methods of displaying them under the Game Industry Promotion Act. NC also announced guidelines for each major IP by type (capsule, enhancement, real-time fluctuating probability depending on the number of cases of user's game progress; conditions, dungeon events, etc.) and advertising/promotional media (webpage, official website, SNS, YouTube, etc.).

NC will actively participate in the intent of the revised law by disclosing a wider range of information on the official website of each IP than the existing self-regulation, verifying that the information disclosed is accurate at all times, and developing a system to check probability information in real time. In the future, NC will provide an environment where customers can check probability information transparently and fairly, and will operate with through verification to ensure that the rights and interests of customers using probabilistic items are protected.

Service Quality & Safety

Improving the Quality of Service Operations

NC is building technologies and systems to enhance the reliability of game services and minimize service outage/incident by building an uninterrupted service usage environment.

Prevention & Response Technology to Service Outage

Diversification of Data Center

NC has multiple data centers and distributed services to minimize the risk of service outage.

In 2023, NC moved “IT infrastructure” the old data center to the newest data center, completing the distributed deployment of game services operating in two data centers.

In 2024, NC will build a more stable service environment through multi-datacenter advancements, including cross-operations between data centers for game services and optimization of operations according to service-specific characteristics.

Dualization of Internet line

NC has configured the internet connections to data centers with multiple global and domestic internet service providers, enabling immediate bypass in case of any disruptions from internet service provider’s outage. This ensured data backup and fast switchover of services in the event of a outage.

Developing a system of a incident situation management

NC has developed an incident situation management system and status page to disseminate and respond to outage situations quickly. It contributes to fast communication and response with related departments in the event of a outage and allows all members to check the status of the failure handling in real-time.

NC is rolling it out to major operating organizations in 2023, and plans to deploy it to company–wide in the first half of 2024 to build an environment where all service operating organizations can respond quickly as one team.

Building a disaster recovery environment

NC has a database backup and recovery environment in place to minimize data loss.

NC has made it possible to replicate and recover data to a remote data center that is not in operation at the time in a disaster environment to ensure recovery aligned with the minimum Recovery Time Objective (RTO) and Recovery Point Objective (RPO). NC also configured real-time replication for critical databases.

Service Fraud Prevention Technologies

VIOLET Anti-Cheat

In 2022, NC launched VIOLET, a self-developed anti-cheat solution, to prevent illegal macros and other cheats in game services.

In 2023, NC expanded and advanced it, applying it to "THRONE AND LIBERTY", company-wide testing and global CBT of two upcoming games "Hoyeon, BATTLE CRUSH". In addition, NC is developing our own solution to respond to and detect fraudulent users in the iOS environment.

VIOLET Anti-Cheat logo

User Safety Enhancement

NC has established a user protection environment and related policies and systems for safe service usage.

User Community Protection Activities

NC has established "Community Policy" for each game service to create a wholesome community environment for users and disclosed it on the website.

NC will take action to restrict activity based on the severity of its adverse impact on a large number of users, such as hateful and discriminatory speech, online violence, sexual, anti-social, misleading, or personal data and copyright infringement posts.

TL Community Policy

Youth Protection Activities

Youth Protection Policy

In order to protect youth from various harmful information and help them use games in a wholesome way, NC has established a youth protection policy in accordance with the relevant laws[1] and disclosed it on the PLAYNC website.

Support for Healthy Game Play	• Verification of age and identity • Strengthening online parental controls (consent process for legal representatives, game usage history tracking service, and time limit service for children; Game Time Selection System[2]) • Implementing a filtering system for unwholesome language and monitoring for harmful information
Victim Counseling and Grievances	• Staffing and operations for counseling and grievance handling for youth victims of harmful information
Youth Code of Ethics Compliance	• Compliance with the Korea Internet Corporations Association voluntary standard "Code of Ethics and Practices for Internet Companies to Protect Youth"

1) Legal Basis: <Article 2(1) of the JUVENILE PROTECTION ACT> (Definition of Juvenile)

2) Game Time Selection System: In accordance with <Article 12(3) of the GAME INDUSTRY PROMOTION ACT>(Preventative Measures against Game Overindulgence), a system that allows parents to selectively limit the amount of time juveniles under 18 can play to prevent excessive immersion in games

Youth Protection Policy PLAYNC Game Time Selection System

Human Rights Management

Oversight and Management

NC is committed to respecting and protecting the rights of all stakeholders throughout its business operations, and has established the Human Rights Management Declaration in 2021 to lay the foundation for mid- to long-term human rights management (Business & Human Rights).

The ESG Steering Committee conducts overall management and supervision of human rights management, and the ESG Management Division establishes and implements a human rights management system in cooperation with related departments such as the Ethics & Compliance Division.

Human Rights Management Policy

NC respects the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization (ILO) Declaration, which are used as universal standards in the international community, and has established the Human Rights Management Declaration to protect the human rights of employees, partners, users, and local communities. NC's Human Rights Management Declaration contains the direction, goals, scope of application, and basic principles of human rights management.

Human Rights Management Declaration

NC's Human Rights Management Declaration covers employees at our headquarters and subsidiaries. Furthermore, NC requires our business partners to abide by the principles of the Declaration in order to disseminate the value of respecting human rights.

Strategy

NC has established a mid- to long-term roadmap and implemented related activities to respect and protect the rights of employees, users, partners, and communities. NC recognizes the importance and necessity of the human rights management system through materiality assessments and continuously reviews related policies. NC will continue to identify negative risks across its business and establish and improve systems to prevent and mitigate them.

Building a Human Rights Management foundation (~2024)

- Revision policies such as the Human Rights Management Declaration
- Establishment a Human Rights Management System

→

Establishing a Human Rights Management System (2025~2027)

- Introduction of a process for identifying and diagnosing associated risks
- Implementation human rights management process improvements
- Diagnosis and improvement of organizational culture issues related to human rights management
- Expansion of training programs, including Corporate Culture improvement, etc.

→

Expanding and enhancing a Human Rights Management System (2027 and Beyond)

- Expansion of the Human Rights Management System to subsidiaries
- Expansion to our supply chain, including partners, suppliers, etc.

Scope and Principles

Employees

- No discrimination based on gender, age, etc.
- Prohibition of forced and child labor
- Provision reasonable compensation and a pleasant working environment

Users

- Creation a safe and enjoyable gaming environment
- No discrimination based on gender, age, etc.
- Strict data privacy

Partners

- Prohibition undue influence and establishment fair business relations
- Helping suppliers implement and address human rights management

Communities

- CSR activities for the underserved, future generations, and communities
- Protection of the environment

Human Rights Management

The Status of Progress

Grievance Channels

NC operates an internal grievance channel, "NC Tong", to listen to and effectively handle employees' grievances and opinions. NC Tong serves not only as a channel for handling grievance about sexual harassment and non-sexual harassment in the workplace and reports of irregularities, but also as a communication channel to improve NC's policies, systems, and working environment, contributing to activities aimed at enhancing NC's potential human rights and labor risks. To ensure the confidentiality of the incidents reported and the protection of whistleblowers from retaliation, the provision of anonymous reporting, measures to protect whistleblowers, and non-discrimination are applied, and all incidents are managed in accordance with the NC's grievance reporting and escalation procedures. Even after the completion of the case actions, NC prevents the recurrence of similar incidents by establishing follow-up actions through periodic monitoring and company-wide training. NC also operates the "Clean Reporting Center" where external stakeholders, including partners, can anonymously report violations of laws, unfair acts, and irregularities/corruption by employees. Upon receipt of a report, NC investigates and takes necessary measures such as discipline and process improvement.

Clean Reporting Center

NC Tong Grievance Reporting and Escalation Procedures

Report Submission → **Counseling** → **Investigation** → **Action**

Dedicated organization:
Ethics & Compliance Division
Procedures
- Reporting of corruptive practices, grievances, or policy proposals through nano NC Tong (PC/mobile)
- If a formal investigation through an official report, only informal counseling is also available
- (given consent from the whistleblower) Starting investigations immediately upon receiving reports consent from the whistleblower)

Dedicated organization:
Ethics & Compliance Division
Procedures
- Identifying an outline of the case and the needs of the whistleblower
- When the case concerns gender issues such as sexual harassment, at least one female investigator participation is required
- Confidentiality requirement for consultants

Grievances, policy proposals
Dedicated organization:
Grievance Handling Committee members, Responsible department for each policy, etc.
Procedures
- Verifying factual grounds of reports
- Reviewing proposals for their feasibility and the need for improvement
- Confidentiality requirement for investigators

Corruption
Dedicated organization:
Ethics & Compliance Division
Procedures
- Investigation of the victim, the perpetrator and related people
- When objective evidence (recordings, e-mails or messages that demonstrate specific instances of harm) is present, prompt investigation is feasible
- When the victim needs protection, take appropriate measures, including relocation and paid leave according to applicable laws
- Confidentiality requirement for investigators, no whistleblower retaliation

Notification of processing results
Dedicated organization:
Ethics & Compliance Division
Procedures
- Once the grievance handling process is completed, the Ethics & Compliance Division immediately notifies the results to the whistleblower.
- The Ethics & Compliance Division reports the results to Chief Audit Officer (Head of Legal Center) within two weeks after the completion of individual audits and reports quarterly audit results to the Audit Committee on a quarterly basis

If corruption is substantiated
Dedicated organization:
Ethics & Compliance Division
Procedures
- Taking actions such as disciplinary measures or workplace reassignment in accordance with relevant regulations.
- Upon victim requests, taking appropriate measures including relocation, transfer, and paid leave in accordance with relevant regulations

* NC does not put whistleblowers at a disadvantage for their act of whistleblowing by keeping cases strictly confidential in accordance with applicable laws (the Labor Standards Act, Equal Employment Opportunity and Work-family Balance Assistance Act, Public Interest Whistleblower Protection Act, etc.) and bylaws (Article 8 of the NC Tong Managing Regulations - Prohibition of whistleblower retaliation and Protection of Whistleblowers).

2023 Grievances Reports/Handling Status

Category		Unit	Reports	Simple grievance	Total
Reporting	NC Tong	No. of cases	15	15	30
	Clean Reporting Center		4	36	40
	Total		19	51	70
Actions			19	51	70

Labor-Management Council

NC respects the human rights of its employees and operates the Labor-Management Council in accordance with the Act on the Promotion of Employees' Participation and Cooperation. The Labor-Management Council holds regular meetings to discuss various issues to improve the working environment and handle grievances. The operation of the Labor-Management Council and its discussions are shared with employees through an internal bulletin board, and NC strengthens communication channels with employees by operating a grievance email channel. In 2023, NC discussed the establishment of new welfare facilities, health management measures, office environment, and benefits.

NC also recognizes freedom of association under the ILO Declaration, and in 2023, a labor union was newly established to sign collective agreements and conduct collective bargaining.

2023 Labor-Management Council Operation Performance

Date	Major agenda
March	• Improvement of office environment • Improvement of the business equipment purchasing process
July	• Sharing the status of newly installed welfare facilities
October	• Measures of employee health management

Occupational Health & Safety

Oversight and Management

Decision-making body

Occupational Health and Safety Committee	
Members	· 3 employer members (including CSMO), 3 employee members
Mandate(Regulations)	· NC Occupational Health and Safety Management Regulations
Role & Responsibility	· Deliberating and voting on safety and health activities as the highest decision-making body for health and safety
Cycle	· Quarterly
Management & Oversight	· Establishment/revision of health and safety regulatory procedures, guidelines, standards, and practices · Establishment of health and safety-related prevention and action plans · Inspection and improvement of working environment · Maintenance of facilities · Employee health check-ups and management · Implementation of health and safety training
2023 Activities	· Risk assessment in 2023 · Investigation of musculoskeletal work hazards · 2023 Health Check-up · In-house subcontractor joint inspections
Reporting System	· Reporting to the board of directors on deliberations and decisions annually

Dedicated organization

Chief Safety Management Officer (CSMO)	
· Roles and Responsibilities: Head of Safety and Health Management	
Safety and Health Management Division	**Safety and Health Policy Support Division**
· Strengthening company-wide health and safety management system, emergency response management · Responses to the Occupational Safety and Health Act/Serious Accidents Punishment Act	· Operating and supporting company-wide health and safety management systems

Policy

NC has established and implements a health and safety management system that considers industry characteristics to prevent and proactively respond to health and safety issues in all supply chains, including partners. This is specified in regulations/policies and managed/oversighted through decision-making body such as the Occupational Health and Safety Committee.

Health and Safety Regulation/Policy

Category	Health and Safety Management Regulation	Health and Safety Management Policy	The Rules of Employment - Chapter 7. Safety and Health
Scope	· All employees and contractors working at the business sites	· All employees and recipients, including subcontractor and labor providers	· All employees contracted by NC
Contents	· Providing health and safety management standards and procedures · Managing and responding to health and safety risks	· Providing a safe work environment · Planning and implementing safety and health activities based on management policies	· Setting risk prevention and health and safety guidelines for employees · Specifying required actions to prevent safety incidents

Health and Safety Risk Assessment

NC conducts regular risk assessment annually to identify and improve risk factors at all business sites. It is organized by the Safety and Health Management Division, and the risk assessment plan and results are reported to the Occupational Health and Safety Committee. (Classification of routine/non-routine work, derivation of individual risk factors, and establishment of a case-based database of likely accidents)

As a result of the risk assessment in 2023, a total of 635 risk factors (Pangyo R&D center: 464 cases, NC Tower I: 171 cases) were identified, of which 26 new risk factors (Pangyo R&D center: 15 cases, NC Tower I: 11 cases) were identified for risk improvement based on the criteria for determining risk. In addition, as a result of the effectiveness assessment, all of the factors identified in 2022 (123 cases) were improved, and the average risk level decreased from 6.3 points to 3.15 points for Pangyo R&D Center and leased office buildings and from 9.9 points to 3.3 points for NC Tower I.

Risk Assessment Process

① Identifying risk factors	· Conducting regular risk assessments (annually) at all business sites, identifying on-site Near-miss incidents through discussions/interviews with workers and assessors and identifying health and safety risk factors
② Conducting risk assessment	· Providing preliminary training on risk assessment to relevant departments and identifying improvements to risk factors identified in previous years · Applying KRAS (Korea Risk Assessment System) methodology to estimate risk based on quantitative indicators (Likelihood: very low 1point to very high 5points x Criticality: non-treatment 1point to fatal 4points)
③ Determining risk based on assessment results	· Determining quantitative risk magnitude for each risk factor (higher than 6 points indicates a need for improvement)
④ Mitigation and risk improvement	· Establishing improvement measures for each identified risk factor and proceed with improvement activities
⑤ Conducting effectiveness assessment	· Assessing the effectiveness of the measures through the quarterly joint health inspection or the following year's regular risk assessment and determining whether the measures are completed based on the improvement results

Occupational Health & Safety

The Status of Progress

Risk and Opportunity

Category		Definition of Impacts	Stakeholders	Our Response
Risk	Safety accident (fatalities) involving subcontractors occurred during repair work	Due to investigation for violation of the Serious Accidents Punishment Act, occurred trial of executives, company legal sanctions, and damage to corporate reputation	Employees, Partners	• Enhancement of safety and health management system including accident response system • Compliance with subcontractor risk work permit procedures and regular safety assessments of subcontractors • Implementation of risk assessments to identify potential risks
Opportunity	Securing initial response competency through emergency response drills and safety-related trainings	Reducing loss of life/ property in the event of an accident	Employees, Partners, Citizens (including toddlers in childcare facilities)	• Enhancement of safety and health management system including accident response system • Compliance with subcontractor risk work permit procedures and regular safety assessments of subcontractors • Implementation of risk assessments to identify potential risks

Regular Health and Safety Inspections

In accordance with the Occupational Safety and Health Act, NC regularly inspects safety and health issues, including employees and suppliers' employees. Through joint safety and health inspections with suppliers (quarterly) and walk-around worksite inspections (weekly), NC performs activities for the prevention of industrial accidents and fulfills obligations for safety and health activities under the law. In 2023, there was a focus on inspecting suppliers' safety and health systems and providing support such as safety and health training and risk assessments. In 2024, NC plans to add two new contractors to the inspection list.

Training on Health and Safety

NC conducts safety training for all employees to establish an emergency response management system and enhance employees' accident response capabilities. Additionally, to raise employee safety awareness, NC regularly issues Safety Handbook (twice a year).

Trainings Provided in 2023

Category	No. of Times	Detailed Program
Employee Safety Training	4	• Disaster safety experience drills, video training (actions in case of fire, power outage), Safety leader role guide and training, fire evacuation training
Safety Handbook	2	• Guidelines for responding to car fires, information on the location of emergency stairs within the office building, and guidance on the fire suppression system inside the office building

Metrics and Targets

Category		Unit	Performance Year				Targets	
			2020	2021	2022	2023	Short-term (2024)	Mid/Long-term
Metrics	Number of Serious Accidents	No. of cases	0	0	0	0		0
	LTIFR[1]	%	0.24	0.11	0.10	0.19		0.5 or less

1) LTIFR (Lost Time Injury Frequency Rate) = (No. of lost-time injuries) / (Total hours worked) X 1,000,000

Other Health and Safety Metrics

Category			Unit	Performance Year			
				2020	2021	2022	2023
Workers covered by an occupational health and safety management system	No. of employees subject to the health and safety management system[1]		No. of people	4,618	5,047	5,258	5,275
	Scope of coverage out of total employees covered by an occupational health and safety management system		%	100	100	100	100
Work-related ill health	Worksites where work-related illnesses occurred	Number of worksites	No. of worksites	0	0	0	0
		Percentage of worksites	%	0	0	0	0
	Occurrence of work-related illnesses	Employees	No. of cases	0	0	0	0
		Partners	No. of cases	0	0	0	0
Work-related injuries	Total hours worked		No. of hours	8,462,000	9,240,000	10,516,000	10,381,200
	Injury rate[2]		%	0.05	0.02	0.02	0.04
	LTIFR		%	0.24	0.11	0.10	0.19
	Fatalities		No. of people	0	0	0	0
	Employees who sustained occupational injuries		No. of people	2	1	1	2
	Incidents that caused lost-time injuries		No. of cases	2	1	1	2
	Absentee rate		%	-	0.000000	0.000228	0.0017

1) Sum of NC employees and subcontractor employees controlled by NC (Article 10(2) of the OCCUPATIONAL SAFETY AND HEALTH ACT), and calculated on the basis of subcontractor employees operating at NC's office building (excluding employees stationed on a non-regular basis)

2) Injury rate = (No. of employees who suffered occupational injuries annually) / (Average No. of employees annually) X 100

Responsible Technology

NC aims to provide users with a better experience by offering content and services that fulfill social responsibility in terms of diversity, safety, and accessibility.
As a means of realizing social responsibility in all processes, including development and services, NC actively researches and utilizes Artificial Intelligence (AI), a new area of technology.

NC AI Ethics Framework

NC aims to protect users' data in development, take care not to be socially biased, and create AI that is easy to understand.

Vision

Development and operation of human-centered AI technology

Core Values

Data Privacy
AI that values data privacy

User privacy should be respected and all personal data should be protected in both its collection and application.

Unbiased
AI that is not biased

The development and application of AI technology should remain fair and free from any prejudices or biases.

Transparency
AI that pursues transparency

AI technology should be easy to understand and should be able to explain the process of decision that led it to its outcome.

Activities

- Establishing data application policies and processes
- Enhancing the personal data de-identification processing system
- Developing and applying technology to address unethical/biased practices
- Open innovation
- Activities to raise internal and external awareness

Data Use Policy and Process

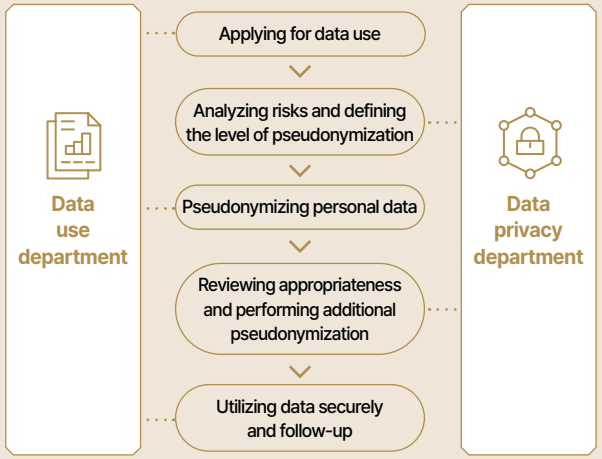
NC established our own data use policy and process to abide by domestic and international data security regulations and ensure the secure use of data.

In particular, NC actively applies it in our AI research and development process, expands the scope of data use policies based on the data utilized, and operates the consent process for the collection and use of sensitive data and personal information.

Our data use process applies to all NC employees (including contract and dispatched employees) and all other individuals accessing our worksites.

This also applies to the additional use of the personal data collected from service customers and managed by NC and the personal data of our employees and partners for business purposes, as well as to the external provision or linkage of such data. Furthermore, to ensure the data safety, NC manages it under principles of data storage such as access rights, control, log management, encryption, and destruction. When using publicly available data, NC proactively complies with the licensing and usage policy of the concerned organization to keep such data secure.

NC Data Use Process



Personal Data De-identification Processing Technology

NC has established and operates a comprehensive de-identification system to protect personal data during the AI technology development process. In 2023, NC improved the "DB Personal Information Care Solution (DB-Safer)", a de-identification processing flow.

Policy	• Performing complete cross-validation on personal data and inappropriate data • Developing data generation·management·deletion plans according to the characteristics of service log data, crawling data and other data • Establishing guidelines to process and validate personal de-identification		
Description	Establishing infrastructure to record data use logs and track leakage routes in case of emergency	Developing personal data recognition technology (numeric pattern, names·character ID)	Developing encryption, de-identification technology

Limited extraction of feature information and deletion of unnecessary data

Only the minimum necessary feature information for user recognition is extracted for training, and the data is immediately deleted. Functionally unnecessary information is not collected, but rather, techniques have been refined to allow identification of individuals by email address. Security reviews are conducted at each stage, including data collection, biometric information processing, and storage information deletion, to improve the system.

De-identification of personal data within training datasets

In case personal data is included in the training dataset necessary for AI development, NC has developed de-identification technology to detect and de-identify personal data. Furthermore, this technology is being applied to the development of VARCO LLM and a chatbot service based on internally generated AI.

Separation of service log system and training dataset management system

NC separates and manages the service log system and the training dataset management system to prevent users' personal data from entering the model's training dataset through accumulated service logs during service operation. These systems are designed and operated from the initial stages to ensure that user-entered content cannot be directly used for training.

Responsible Technology

Technology for Removing/Addressing Unethical or Biased Language

NC has developed and applied relevant technology to ensure that the conversational datasets used for our AI service development are free from any unethical or biased language.

Unethical Speech Detection Technology

NC has developed technology to define and detect 13 types of unethical and inappropriate expressions. In 2023, this technology was applied to the system to remove unethicality and bias that occur during interactions between users and systems, extending beyond training data to include interactions such as chatbots. Currently, NC is developing technology to increase the scope and level of detection and filtering to achieve delicate and clear interactions with users.

Unethical Conversation Prevention Technology

NC has developed technology to prevent AI systems within generative chatbots from responding with empathetic answers to unethical expressions entered by users. In context, the system avoids completing unethical conversations on a multi-turn basis by utilizing alternative expressions such as emoticons to prevent the system from generating unethical expressions or directly pointing out unethical expressions by users in conversation, thereby ensuring that users do not feel uncomfortable during the conversation.

Bias Removal and Filtering Technology

NC has implemented systems to filter out and prevent generative AI systems from generating personal data, biased, and unethical expressions.

NC manually reviews the training data to ensure that biased data, such as gender or race, is not included, and manages the probability of generating provocative/unethical images as low as possible. Additionally, for content intentionally or unintentionally generated, NC protects users by introducing technology filtering harmful outputs through a safety engine.

Harmful Element Removal Technology within Games

Through a management tool called "Gentle Words", NC detects harmful messages within games and sanction spam such as illegal transactions and advertisements. Additionally, NC provides a module that masks inappropriate words within in-game chats, making it suitable for use.



Exchange of AI-related Information and Technology

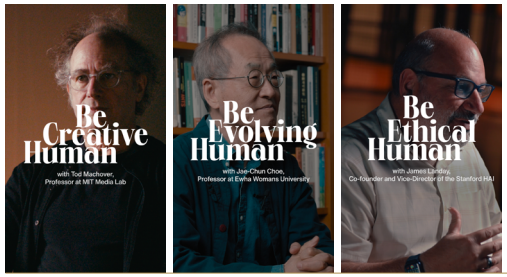
NC actively shares AI-related information and technology to improve our competences to explain AI's decision-making process and outcomes as well as users' understanding in this regard. "NC Research" is an NLP Tech Blog, which contains accumulated expertise, specialized knowledge, and development behind-the-scenes stories, covering NC's R&D processes and results.

In 2023, through NC Research, NC published 40 postings introducing technology trends and NC's technical development processes. Particularly, based on our experience in building machine translation models for globalizing NC games, NC introduced methodologies for creating datasets for machine translation model training at a practical level and methods for prompt data generation for developing large language models. Additionally, through a business agreement with the domestic government agency, the Aviation Meteorological Office (AMO), NC has disclosed the process of automatically generating and providing airport weather information, known as Terninal Aerodrome Forecast (TAF), used at domestic airports. By doing so, NC is creating the possibility of replacing tasks that require manual writing during nighttime or early morning hours and also encourages other companies to be involved in non-commercial domains that create public benefit

NC Research

AI Research Sponsorship and Rasing Awareness Program

Program	Description
Sponsorship for the Development of Ethical Norms and Educational Curriculum	MIT (NC Ethics of Technology Fund)
	Stanford University (NC Fellows Fund)
	Harvard University (Embedded EthiCS Philosophy Postdoctoral Support Fund)
Supporting for "Embedded EthiCS 2023 Conference"	
Publishing "Be Human" content to raise social awareness of AI Ethics	



Be Human Series

Corporate Social Contribution

NC [WITH] PLAY

NC [WITH] PLAY represents NC's unique social contribution project launched in 2022. This is implemented through voluntary participation of our employees to pursue the qualitative leap of our society and aims to "move beyond merely doing good to sharing joy together and making the world a better place". The project name changes within [ ] depending on the theme of the activity, and NC will continue to expand activities under wide-ranging themes including future generations, communities, and environmental protection in line with the value of "Qualitative Leap of Society". In 2023, a total of 7 activities were held, with 576 employees (11% of all employees) participating. With an average program satisfaction rating of 4.8 out of 5, NC was able to confirm the effectiveness of enhancing pride, sense of belonging, and positive image within the community. In 2024, NC aims to further establish employee-driven corporate social contribution as part of NC's culture by encouraging voluntary participation.

Direction and Goals

Direction	Move beyond merely doing good to sharing joy together and making the world a better place		
Dedicated Organization	ESG Management Division	• Establishing and implementing tasks, goals, and operational plans for NC [WITH] PLAY • Managing set plans and reporting to top management on performance	
Goals	**Introduction** (2022)	**Dissemination** (2023~2025)	**Institutionalization** (2026~)
	Initiated a pilot program	**Expanding and strengthening activities** • Expanding target communities • Expanding participants • Diverse activity themes	**Creating a culture of voluntary participation** • Launching an official volunteer group • Establishing a support system for self-initiated volunteering

Key performance in 2023

To Changwon, Seoul, and other regions in addition to Seongnam City	Expanded Target Communities
Company-wide Accumulated Participation	11%
On themes including diversity and inclusion, environment, and future generations	7 Activities

Key Activities in 2023

Article of NC PLAY

NC [DONATION] PLAY: Blood Donation Campaign



March & November 2023 · In 2023, NC conducted blood donation campaigns in both the first and second half of the year. During the second half campaign, in addition to blood donation, NC also encouraged the donation of blood donation certificates to further motivate employee participation. A total of 190 employees participated, and out of the donated blood donation certificates, 54 were donated to the Korea Childhood Leukemia Foundation.

NC [GREEN] PLAY: Small Actions for the Environment



May 2023 · NC aims to share the importance and value of environmental protection through small everyday actions, such as using stairs and turning off lights in meeting rooms. To facilitate daily carbon emission reduction activities within our offices, NC conducted campaigns to encourage such actions. Additionally, employees and youth from the Changwon area planted trees together at a family park near Changwon NC Park.

NC [PROJECTORY] PLAY: Support for Creative Activities of Future Generations



November 2023 · At Projectory, a creative activity space for future generations operated by NC Cultural Foundation, NC employees became one-day adult peers "crews" with horizontal relationship, to support the everyday creativity of youth members. From November to December 2023, a total of 15 employees participated as one-day crews. In 2024, NC plans to expand this initiative to include interest-based workshops, in addition to the one-day crew activities.

NC [D&I] PLAY: Making Braille Children Books Together



April 2023 · This activity, inspired by an idea proposed by one of our new members hired through open recruitment in 2023, was joined by 140 employees. The five books published by Laughing Peanut, NC's workplace childcare facilities, and NC Cultural Foundation, were adapted to braille books and their copies were donated to the Braille Library in Gyeonggi-do and the Public Library of Seongnam City to expand learning opportunities through various books for visually impaired children.

NC [GREEN] PLAY: Guardians of Biodiversity



September 2023 · To protect the biodiversity of the river ecosystems around NC's headquarters, 34 employees and their family members participated in activities aimed at preserving biodiversity. To collaborate with the Seongnam Federation for Environmental Movement, they removed invasive plants such as "Sicyos angulatus" and "Giant Ragweed" from the Unjung- and Geumto-rivers in Seongnam City. Participants also engaged in environmental education focused on the importance of biodiversity and had the opportunity to observe the various organisms living in the river habitats.

NC [CODE] PLAY: The Second Christmas Coding Party



December 2023 · NC [CODE] PLAY is an IT education activity for elementary school students in Seongnam City, which has been running since 2022. In 2023, the number of participants was expanded to include 45 fifth and sixth-grade students from three schools in Seongnam City. The students were invited to NC's headquarters for a tour and were paired one-on-one with NC employees. Together, they wrote code to adjust brightness, color, and pitch to create their own music boxes. The students highlighted the various activities they had never experienced before and the opportunity to interact one-on-one as the most enjoyable aspects, resulting in a high satisfaction rating of 4.9 out of 5.

Corporate Social Contribution

Future Generation Development

Projectory



Visiting Projectory

NC Cultural Foundation has been operating Projectory to help future generations unlock their creative potential since 2020. The name Projectory implies that individual members undertake projects as they wish in a laboratory setting. Since its inception, around 800 youth members have participated in Projectory, creating their own unique projects. These young members identify and execute projects based on their curiosity or interests, planning and carrying them out in their own way. Projectory serves as a "third space" distinct from school or home, where youth members can focus solely on themselves, free from one-sided teaching or interference.

In 2023, to provide new experiences to local youth and the public, NC Cultural Foundation launched the "On-site Projectory". The project took place for three months each at Yeonsan Cultural Warehouse in Nonsan, Chungcheongnam-do, and Suwon Museum of Art in Suwon, Gyeonggi-do, with a total of 134 local youths participating as members.

Moving beyond merely operating a space, NC Cultural Foundation aimed to convey new perspectives on creativity to the public. In collaboration with Suwon Museum of Art, NC Cultural Foundation hosted the exhibition <Projectory: The Extraordinary in the Ordinary>, highlighting the value and importance of "everyday creativity" pursued by Projectory.

In 2024, Projectory plans to continue various efforts to provide new opportunities and experiences to more local youth and the public.

No. of projects undertaken

(on a cumulative basis between 2020 and 2023)

14,278 projects

No. of members

(on a cumulative basis between 2020 and 2023)

874 people

AAC (Augmentative and Alternative Communication)

Since 2015, NC Cultural Foundation has been offering the “My AAC” mobile app service for free to alleviate the communication difficulties faced by individuals with speech impairments and to raise awareness of communication disorders. As of 2023, “My AAC” recorded 15,910 new downloads, maintaining its position as the most downloaded AAC app in South Korea for the second consecutive year with a total of 152,177 downloads, marking an 11.7% increase from the previous year.

In 2023, in addition to operating the existing “My AAC” service, NC Cultural Foundation collaborated with language therapy and special education institutions to conduct a pre-release private test for new services. NC Cultural Foundation continued to enhance the usability of the new service, which now includes features such as easy symbol editing and symbol board sharing. The updated “My AAC” also incorporates natural-sounding AI voices developed by the NC AI Tech Center. Furthermore, NC Cultural Foundation expanded the vocabulary and optimized its arrangement in collaboration with special education experts, and established communication channels to gather feedback and engage with the user community, thereby reinforcing user-centric functionality. We also obtained Mobile application Accessibility certifications to ensure a diverse range of user experiences.

The updated “My AAC” service was launched in March 2024. Throughout 2024, NC Cultural Foundation collaborated with various related organizations, including disability welfare centers nationwide, to conduct “On-site AAC Education” to raise awareness about the importance of AAC and how to use the app. Additionally, NC Cultural Foundation will continuously advance and expand the service through activities such as the “AAC Expert Workshop”. Besides our own services, NC Cultural Foundation is committed to supporting the Korean Society of Augmentative and Alternative Communication (KSAAC), the largest and only AAC society in South Korea, and is working to promote the AAC ecosystem through initiatives like sponsoring the AAC Best Practices Contest.



My AAC Usage Screen

MIT Science Program



MIT Science Program

Since 2016, NC Cultural Foundation has been operating a science program in collaboration with the MIT (Massachusetts Institute of Technology) to expand educational opportunities for youth. The MIT Science Program not only offers diverse scientific education but also provides opportunities for participants to grow in multiple dimensions through interaction with current MIT students. Starting in 2023, NC Cultural Foundation began collaborating with the NC Dinos and the Gyeongsangnam-do Office of Education to support youth in areas with limited educational infrastructure. In January 2024, following the success of the 2023 program, NC Culrtural Foundation conducted the program with six MIT mentors for 60 middle school students from the Gyeongnam region.

Publishing and Donating Children’s Books

NC Cultural Foundation publishes children’s books that convey messages such as "Respect for Diversity" and "Keeping Biases at Bay". In May 2023, the foundation participated in the Cultural Diversity Week event organized by the Ministry of Culture, Sports, and Tourism, where it introduced its published children’s books.

The online exhibition and offline events of the <Cultural Diversity Curation Exhibition>, reached approximately 20,000 visitors with messages of respect for diversity. In 2024, the foundation plans to publish its fourth children’s book, <Tomato>. This book will be donated to a wider range of institutions, including small libraries, public libraries, regional children's centers, as well as family centers across the country, aiming to reach even more readers this year.

Building on the educational content development know-how of Laughing Peanut, the Laughing Peanut has been continuously publishing picture books since 2015. Through a variety of picture books, it aims to share universal values that can resonate with both children and adults in our society.



Published in 2023

Grandma's Housekeeper
(written by Sang-gyo Lee, illustrated by Byung-ho Han)

Selected as the "Most Beautiful Book in Korea" at the 2023 Seoul International Book Fair

Corporate Social Contribution

The Advancement of a Game Culture

Sponsorships

Category	Partner	Project	Sponsorship
Sponsorship for School/ Student	Dongyang University	The game art/webtoon animation contest	KRW 2 million
	George Mason University Korea	The social impact idea contest	KRW 8 million
Other	Ulsan ICT Promotion Agency	Ulsan Game Jam with NCSOFT	KRW 2 million
		Ulsan Game Designing Contest with NCSOFT	KRW 2 million
		Ulsan Game Development Contest with NCSOFT	KRW 2 million
	Korea Creative Content Agency	Korea Character Licensing Fair, Rookie Project	KRW 30 million
	Kimdaejung Convention Center	Gwangju ACE Illustration Fair, Illustration Rookie Artist Discovery Contest	KRW 5 million
	The City of Seongnam	Support program for non-college-bound youth community activities	KRW 10 million



Tour Program

Education Program

Since 2022, NC has consistently conducted "Game Literacy and Career-related Lectures in the Game Industry" targeting teenagers and college students. From January to December 2023, a total of 12 sessions were held. NC has been actively participating in the "Special lecture on game careers for out-of-school youth" organized by the Game Rating and Administration Committee, joining three times in 2023 to introduce 90 teenagers to various professions required from game designing to release. NC is committed to directly participating in and supporting various educational initiatives, aiming to improve awareness of gaming culture and foster future generations.

Global & Sports Activities

Raising Awareness on Diversity, Inclusion & Belonging across Communities

NCW conducts the "Cultural Moments Initiative" to broaden awareness of Diversity, Equity, Inclusion, and Belonging (DEIB) among executives and employees, with a special focus on children and minority communities. As part of this initiative, in 2023, various events were held, including the International Humanitarian Campaign, Autism Awareness Month, Pride Month, Suicide Awareness, and Native American Heritage Month. A total of $123,322.74 was donated to related organizations.

Details of Sponsorship

Recipient	Date	Sponsorship
International Humanitarian	Mar. 2023	$153.90
Pick your Passion	Jun. 2023	$9,448.64
Hawaii Wildfires	Sep. 2023	$765.90
Extra Life	Nov. 2023	$103,714.00
Winter Fundraising Campaign	Dec. 2023	$9,240.30

In 2023, the NC Cultural Foundation selected the Carnegie Endowment for International Peace (CEIP), a think tank in the United States, as a new sponsorship recipient to support policy development research on institutional improvements for gender equality issues in South Korea. Moving forward, the NC Cultural Foundation plans to continue supporting research and academic activities on various social issues, including gender equality.

Game Career Mentoring Program (Narrative Mentorship)

ArenaNet conducted a mentoring program for a diverse group of individuals aspiring to pursue careers in game development, with 50 participants. Many participants were curious about careers in game narrative, and various questions and answers were shared regarding game development aspects such as design, programming, and more. The mentoring program not only improved awareness of the game development field but also provided an opportunity for ArenaNet to introduce its games and culture to potential future applicants.

D-NATION

NC Dinos operates the "companion", "sharing", and "future" programs under its CSR brand D-NATION to practice sustainable contributions to communities.

D-NATION website

Activity Performances in 2023

Companion Programs	
Record -linked donations	Donation of BNK Kyongnam Bank Home Run Zone (Donation to ChildFund Korea)
	Donation of 365 Changwon Danaun Pain and Anesthesia Clinic team winning records for home games (Donation to Masan High School and Yongma High School Baseball Teams)
Support for community to watch sports events	Support for Changwon Welfare Foundation (1,065 people)
	Support for students affiliated with little baseball leagues (660 people)
	Support for Education Welfare Priority Project by Gyeongsangnam-do Office of Education (55 schools, 13,550 people)
Public interest promotion Support	Support for broadcasting advertisements related to activities of ChildFund Korea
	Support for activities of "Remember" Club at Muhak Girls's High School
Other activities	NH NongHyup Bank Gyeongnam Headquarters - Gyeongnam FC - NC Dinos rural assistance
Sharing Programs	
Goods & Financial donation	Donation to International Rotary District 3,722 (For youth baseball players from disadvantaged backgrounds within the local area)
	Support for baseball equipment to students from vulnerable groups in schools within Gyeongsangnam-do
	Support for little league graduation ceremonies with team supplies
	Support for baseball equipment to Hulk Foundation's baseball team in Laos
Future Programs	
Sports mentoring	Goseong-gun Baseball Association Daily Baseball Clinic
Future generation education	2023 MIT Science Program
	NC [GREEN] PLAY
Environmental campaign	Zero Waste Promotion by Masan Hoewon-gu Office

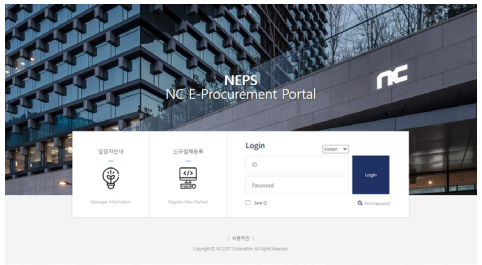
Win-win Partnership

Improving Procurement Convenience and Transparency

E-Procurement System

NC has systematized the process of selecting partners by operating the NC E-Procurement Portal (NEPS).

Since 2020, the system has aimed to enhance the convenience and accessibility of the bidding process for partners while strengthening transparency and fairness in the procurement process. Procurement information within the system is accumulated and archived for integrated management purposes.



NC E-Procurement Portal

Communication & Support Activities

Communication Channels

NC utilizes various channels to communicate with partners.

NC openly provides contact channels for purchasing inquiries within the NC E-Procurement Portal to enhance accessibility for partners and support smooth communication. Additionally, NC receives reports of inconveniences or complaints from partners through the "Clean Reporting Center" on the official website.

Clean Reporting Center

Financial Support

NC has set the frequency of payment to twice a month since its establishment to support the smooth flow of funds for partners and it is providing full payment in cash. For regular payments, NC has processes in place to execute additional payments at the end of the month upon request from partners, in addition to the designated payment date.

The payment schedule for partners adheres to the payment schedule within 30 days after the occurrence of procurement department vouchers. For the majority, payments are made within 23 days to support the financial liquidity of partners. In 2023, a total of KRW 410.9 billion was paid in full cash to more than 1,600 partners.

Building a Win-win Development Ecosystem in the Game Industry

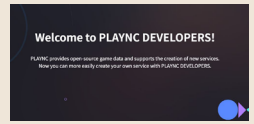
Sharing of Game and Technology Data

NC contributes to the establishment of a win-win partnership environment in the game ecosystem through the external release of game data. To achieve this, NC operates the "PLAYNC Developer Center," an open API (Application Programming Interface) service.

The "PLAYNC Developer Center" provides NC's game data in the form of open APIs, accessible to all PLAYNC members. Users can utilize this service to directly develop applications and services.

Moving forward, NC plans to gradually expand the target games and types of game data available. Additionally, there are plans to provide various technologies through open APIs.

PLAYNC Developer Center



[Examples of Data Provided – Lineage2M]

Item search, item price statistics, item information, server information, sample code, etc.

Support for the Game Industry

NC continues to provide ongoing support for game startups and indie game developers in order to facilitate the game ecosystem and foster industry win-win development.

Name of Event	Recipients	Sponsorship
G-STAR 2023, Startup with NC Booth	Funding for 4 startups (Pumpkin, MnM SOFT, Mokum, Devs United Games)	KRW 35 million
TAIPEI GAME SHOW 2023, K-GAMES Pavilion Start-up with NC Booth	Funding for 4 regional startups	KRW 88 million
2023 INDIE CRAFT THE FESTA	Funding for over 80 indie game companies (Newcore Games, Kiwiwalks, etc.)	KRW 10 million



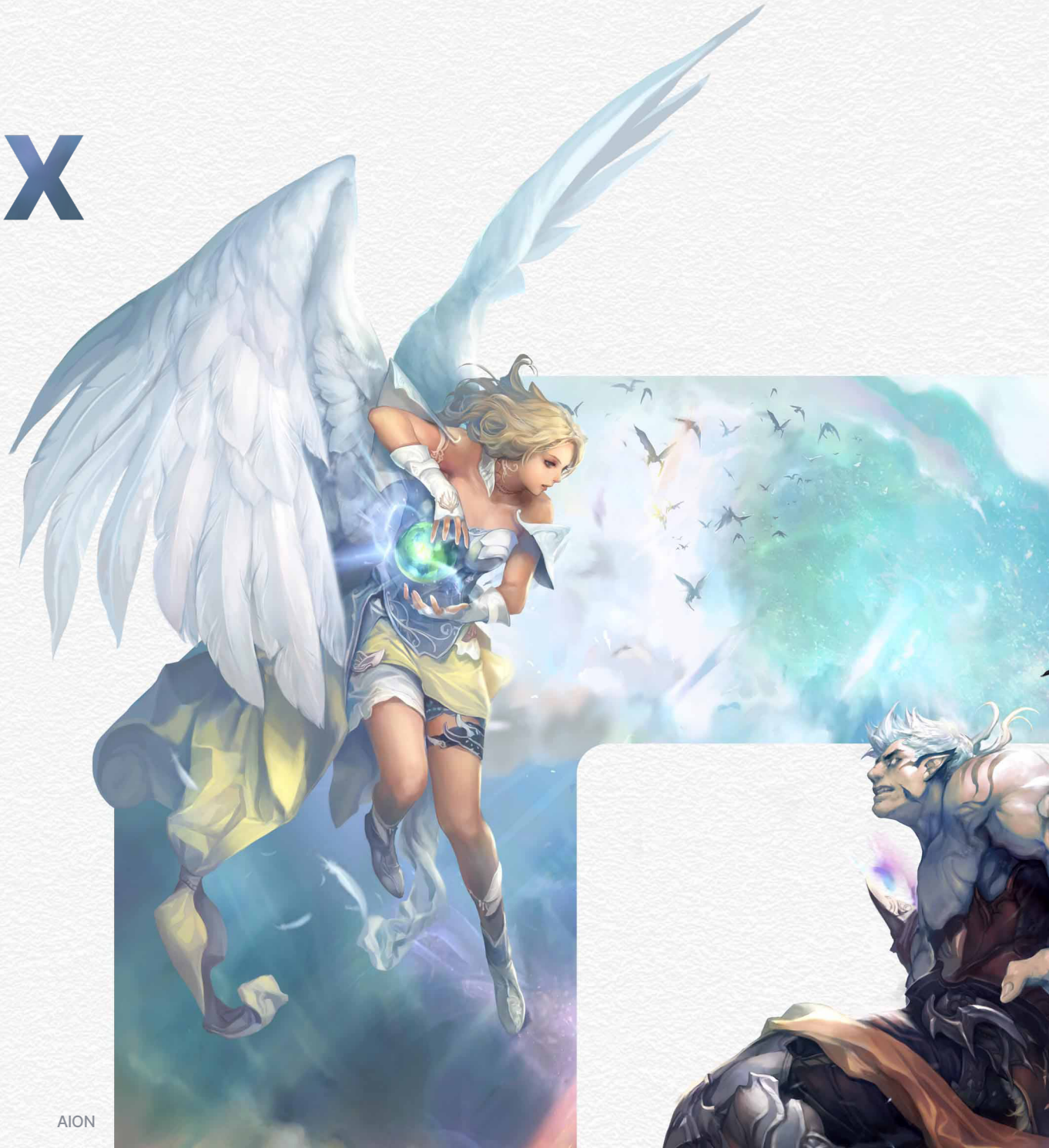
G-STAR 2023

NC Family Zone

NC Family Zone

NC communicates and provides information to internet cafe (PC bang in Korea) owners through the NC Family Zone website. NC also aims to protect the rights of owners and establish a healthy utilization culture by offering various services such as crackdowns on irregular business practices, remote support services, and reporting services for unpaid fees to contribute to this goal.

Appendix



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AION

ESG-Related Policies

Environmental Management Policy

Chapter 1 Business Overview

NCSOFT (NC hereinafter), as a global IT company developing and delivering online and mobile game software, provides customers with digital entertainment services, including game content, software, and sports content. NC is committed to meeting the demands of customers, employees and the global community in resolving environmental challenges by leveraging its information technology.

Chapter 2 Overview of Environmental Management Policy

NC is aware of the importance of the environment and the ethical responsibility it bears as a business and has established a responsible and sincere environmental management policy as part of its long-term commitment.

Chapter 3 Implementation Principles for Environmental Management

1. NC recognizes its environmental impact, develops response measures, and engages in on-going management and monitoring.
2. NC considers the environment in developing technology and delivering services.
3. NC complies with the environmental laws and regulations in the countries where its offices and data centers are located.
4. NC provides employees with environmental training and information, and encourages them to participate in environmental protection.
5. NC transparently discloses its environmental performance through sustainability reports and other corporate media.

Chapter 4 Environmental Management System

The ESG Steering Committee, attended by NC's top management, is mandated to manage, oversee and make decisions on the environmental management policy. The ESG Management Division is exclusively responsible for the working-level implementation and operation of environmental management.

Chapter 5 Purpose and Scope of the Environmental Management Policy

NC's environmental management policy aims to present action principles for its environment-friendly management and to transparently disclose its management system for policy implementation to the general public. This environmental management policy applies to NC's entire business operations, from product R&D and launching to customer support, and may apply to NC's supply chains and business partners in general within the same scope.

Monitoring Environmental Impact

Category	Environmental Impact Factors	Our Response
Adapting to climate change	Greenhouse gas emissions from energy use, including electricity	• Increasing the use of clean energy and switching to energy efficient facilities in operating buildings and offices • Encouraging employees to reduce energy consumption and arrange conducive daily facilities
Preserving clean water resources	Water discharged from employee consumption, including in the office	• Complying with laws/regulations regarding water treatment • Installing a gray water system to reuse such water after the self-treatment of domestic sewage • Switching to water-saving facilities
Recycling natural resources	Waste disposal, including end-of-life IT assets, office trash, etc.	• Managing waste discharge through registered recycling companies

ESG-Related Policies

Human Rights Management Declaration

Overview

NCSOFT dreams of a new future where everyone is connected through joy. We ceaselessly push the boundary and continue with technology innovation to create a brighter future. We believe that technology should be used in a way to benefit all and improve that technology forms an inseparable part of our life today, NCSOFT endeavors to minimize factors that may arise in its business conduct to cause human rights infringements.

Goal

NCSOFT respects the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO (International Labor Organization) Declaration that are universally applied across the global community, and will comply with them in protecting the human rights of our employees, partners, users and communities.

Boundary

NCSOFT's human rights management declaration covers employees at the headquarter and its subsidiaries. We further recommend that our partners (suppliers) also abide by the principles set within this declaration to disseminate the value of respecting human rights.

Human Rights Management Processes

NCSOFT will assist the swift resolution of grievances through relevant departments, should any such grievances be raised in relation to human rights, and protect the identity of whistleblowers. We will revise this declaration whenever deemed necessary in line with shifting conditions in the internal and external environment.

Principles

NCSOFT fully prevents any incident of human rights infringements for its employees, users, partners and members of communities, and takes prompt action in the event of any issue.

1. Respect for the human rights of employees

- We do not tolerate discrimination in any way, shape or form. We provide a work environment that does not discriminate on the grounds of gender, age, birthplace, academic background, religion, marital status, sexual identity, faith or disability, etc.
- We ban forced labor performed against one's own free will, and prohibit child labor.
- We provide reasonable compensation in accordance with fair procedures, and endeavor to create a safe and pleasant work environment.

2. Respect for the human rights of users

- We work to create a safe and joyful service environment for our users.
- We ban discriminate against any user on the grounds of gender, age, birthplace, academic background, religion, marital status, sexual identity, faith or disability.
- We fully comply with personal data regulations, and archive and store such data as required by applicable laws. We also thoroughly manage personal data we collect to prevent any leaks.

3. Respect for the human rights of partners

- We do not exercise unjustified influence by leveraging our position of dominance in our relationship with our partners, and strive to establish relationships.
- We fully fair transaction assist partners in practicing and working together on human rights management.
- We promptly identify human rights infringements, should such issues occur in our relationship with partners, and work together to find solutions.

4. Respect for the human rights of communities

- We ensure that the human rights of community members are protected in the course of our business conduct.
- We will engage in diverse CSR activities to support the underprivileged and future generations to pursue wholesome growth with communities.

ESG-Related Policies

Diversity and Inclusion Policy

NC's Code of Ethics (amended on June 14, 2021)

Article 4 (Sharing of corporate values and safeguarding the value dignity)

NC employees share NC's values and goals, and maintain their honor and dignity as members of NC. Employees take an impartial approach to handling their work and do so without prejudice towards specific interest groups, social issues or promote conflict on the grounds of nationality, gender, race, religion or birthplace. NC employees ensure that their personal views or activities in both online and offline domains are not considered as representing NC's official position.

Article 6 (Mutual trust and cooperation among employees)

NC employees maintain faithful, trust-based partnerships in all their business relationships with individuals, departments, affiliates, and partners. NC employees do not discriminate or take any action that would disadvantage their colleagues without reason on the grounds of gender, marital status, pregnancy or giving birth. NC employees should not take advantage of their dominant position or relationships in the workplace to inflict physical or psychological pain on other employees beyond the appropriate boundary of work or to deteriorate the working environment. NC employees should not abuse their position in the workplace nor engage in sexual behaviors in relation to business conduct to cause other employees feel sexual humiliation or aversion, nor impose any disadvantages in terms of employment conditions or recruitment for reasons of refusing to accede to sexual behaviors or other demands.

Health and Safety Policy

Occupational Health and Safety Management Policy (amended on August 11, 2022)

NC places safety and health management as its top priority, and will do its best to provide a healthy and safe working environment for all employees, recipients, and labor providers, and aim to establish a health and safety management system.

1. We place health and safety management above all else in business operations to pursue continuous improvement and enhancement with a goal of establishing a health and safety management system.
2. We faithfully comply with occupational health and safety laws and regulations as well as other safety-related regulations to strengthen our health and safety capabilities.
3. We proactively identify hazards and risk factors, and take action to reduce risks to sincerely place prevention at the center of our occupational health and safety management.
4. We assign necessary roles and responsibilities to respective actors for systemic and efficient health and safety management, and practice self-directed safety on the basis of proactive engagement and cooperation or all employee.

Anti-Bribery/Corruption and Fair Trade Principles Policy

NC's Code of Ethics (amended on June 14, 2021)

Article 3 (Compliance with Laws and Company Bylaws)

NC employees comply with general laws and regulations in the countries and regions where the Company conducts business and respect the market principle of fair and free competition. NC employees fully understand and comply with NC's bylaws including the Code of Ethics, in-house notifications, and any and all guidelines provided by the Company ("Company's bylaws" hereinafter). NC emplyees, when encountering any noncompliance with laws and regulations and Company's bylaws, should immediately report to the head of their department or the audit department, and sincerely cooperate with the investigations conducted by the audit department. NC's manager groups (heads of teams/divisions/groups or any other equivalent organizations) should take appropriate preventive action to ensure their members do not violate the Company's bylaws, etc.

Article 10 (Duty of Fair Business Conduct and Integrity)

NC employees ensure that the Company engages in fair competition under sound market economy principles, and do not exercise undue influence by exploiting the advantage of the Company's dominant position. NC employees do not accept, request, or provide bribes, gifts, entertainment and/or any other unjustified gains or make any promises to do so for themselves or third-parties in the course of performing their work, and do not engage in any other corruptive practices that impact their ability to unjustified gains are provided or received without knowledge on the part of NC employees, such incidents are immediately reported to the head of the associated department or the audit department for further details.

NC Employees shall not engage in any act that impairs fairness in connection with their work, including the acts listed below.

1. Any introduction or arrangement for the improper benefit of the Company, oneself or others.
2. Favoritism or discriminatory treatment of certain individuals, organizations, or companies in the performance of their duties due to regional ties, education, or family relations, etc.
3. Soliciting directly or bypassing an employee in charge of personnel affairs for the purpose of exerting undue influence on personnel matters such as appointment, promotion, or transfer of oneself or others.
4. Unfairly intervene in the HR management of other employees by using the power granted by the company to perform duties such as one's position/rank.

IFRS Sustainability Disclosure Standards

The Key Elements for Sustainability Disclosure (S1)

Category	Contents	Reporting Page
Governance	NC's ESG Steering Committee, comprised of C-Level executives, deliberates and approves major decisions in each of the company's sustainability and ESG areas. The ESG Management Division, a dedicated organization, sets company-wide ESG tasks, manages performance, and reports on progress to the ESG Committee and the Board of Directors.	8p
Strategy	NC sets its ESG vision and core values based on its corporate mission, establishes strategic directions accordingly, and implements related activities. NC also conducts annual materiality assessments to identify risks and opportunities affecting our sustainability and to understand their level of impact. For the material risks and opportunities identified, NC identifies and implements improvement tasks.	8p~10p
Risk Management	NC operates a risk management system to check and respond to potential risks that may affect its business activities at all times. For financial and non-financial risks, relevant departments across the company are designated as management and supervision departments, centered on the overall C-Level executives, to manage risks by sector.	36p
Metrics and Targets	NC applies the Global Reporting Initiative (GRI) Standards, the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD) recommendations for climate change-related information to continuously manage the company's performance on sustainable issues, and reports it annually through the Sustainability Report. In particular, for quantitative performance, NC reports the last three to four years to show year-to-year trends.	16p, 24p, 28p, 32p, 41p, 63p~77p
Core Reporting Topics		
Human Capital Management	In order to acquire and develop excellent talents, NC has established the HR Center under the Chief Operating Officer (COO) as a dedicated organization to plan and operate recruitment, training, evaluation, and compensation-related systems and activities. NC operates various HR systems and activities based on personnel regulations and employment rules and strive to expand the human resource composition based on diversity and inclusion.	12p~16p
Employee Well-being	To create a healthy corporate culture and support work-life balance, NC has established a dedicated organization under the Chief Operating Officer (COO) to improve corporate culture, operate various benefits and provide family care systems and mental health programs.	17p~19p
Information Security & Data Privacy	NC deliberates and resolves important issues related to information security and data privacy through the Information Security Committee and the Data Privacy Committee, and manages risks and performance by forming a dedicated organization centered on the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO). NC has established an information security and data privacy management system to establish relevant policies and conduct activities. NC also identifies risk factors in advance through regular internal and external audits and risk assessments to carry out improvement activities, and conduct various training and campaign activities to improve employee awareness.	20p~24p
Business Ethics	In order to continuously strengthen ethical and compliance management, NC has established the Legal Center as a dedicated organization under the CEO to plan and operate systems and activities related to internal audit, compliance, legal, and intellectual property. NC continuously monitors and manages related risks through ethics and anti-corruption audits and reporting channels in accordance with ethical management policies/guidelines, and conducts regular training to raise internal employee awareness.	25p~28p
Business Competitiveness	NC holds annual goal/performance sharing meetings with the organization dedicated to technology development and C-Level executives to share technology development goals and review and approve development-related risks and improvement activities. NC identifies major risks and opportunity factors related to technology development and establish strategies to respond to them. NC monitors domestic and overseas technology regulatory trends at all times to manage related risks and set metrics based on targets linked to the strategy to manage performance.	29p~32p
Corporate Governance	In order to establish a transparent and sound decision-making system, NC has organized an independent Board of Directors to deliberate/vote on important matters of the company. To strengthen the BOD's management/supervisory capabilities, NC has established independence/professionalism/diversity policies and is conducting related activities. In addition, to identify and respond to potential risks, NC has established an company-wide risk management system and designated dedicated departments by sector to manage and respond to related risks.	33p~36p
Environmental Management	In accordance with the TCFD framework, NC is identifying climate change-related risks and opportunities, establishing response strategies to manage them, and conducting management activities. NC is also working to upgrade our environmental data management system by setting greenhouse gas emissions as an indicator to improve data accuracy and expand the scope of management.	37p~41p

GRI Standards 2021

GRI Context Index

Statement of use	Reporting Organization in reporting its sustainability content, including its activities for the period January 1, 2023 to December 31, 2023 and, for some activities, the first half of 2024, NCSOFT is reporting this information in accordance with the GRI Standards 2021.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	GRI Sector Standards corresponding to the reporting organization NCSOFT's GICS, Industry Classification Standard, etc. have not been published as of the publication date and are not applicable.

GRI 2: General Diclosure 2021

Disclosures		Reporting
2-1	Organizational details	5p-Who We Are, 33p-Corporate Governance: Shareholders
2-2	Entities included in the organization's sustainability reporting	Non-financial performance is basically based on the domestic operations of a separate entity, NCSOFT. For some performance indicators, such as environmental quantitative indicators, the data includes domestic subsidiaries (NC ITS, NCSOFT Services, Ntreev Soft, NC Dinos) and overseas subsidiaries (NC West Holdings, NC Interactive Inc., ArenaNet Inc., NCW NCP LLC, NC Taiwan Co., Ltd. NC Japan KK, NC Vietnam Visual Studio Co., Ltd), and is separately annotated.
2-3	Reporting period, frequency and contact point	2p-About This Report
2-4	Restatements of information	Employees, employee diversity, new hires and turnover, generation and distribution of direct economic value (Reason: Corrected aggregation standards)
2-5	External assurance	79p~80p–Independent Assurance Opinion Statement, 81p~82p-Greenhouse Gas Verification Statement
2-6	Activities, value chain and other business relationships	5p~6p-Who We Are, What We Create, 27th Annual Business Report [Correction] 91p-92p
2-7	Employees	

Category				Unit	2020	2021	2022	2023
Number of employees[1]	Total			No. of people	4,231	4,627	4,796	5,030
	By gender		Male		2,866	3,084	3,140	3,246
			Female		1,365	1,543	1,656	1,784
	By contract type	Regular	Total		4,094	4,462	4,596	4,823
			Male		2,803	3,002	3,059	3,181
			Female		1,291	1,460	1,537	1,642
		Contract[2]	Total		137	165	200	207
			Male		63	82	81	65
			Female		74	83	119	142

1) Headcount at headquarters (Including Registered Directors)
2) Restatement of past reporting information (2020-2022) due to correction of aggregation criteria

2-8	Workers who are not employees	27th Annual Business Report [Correction] 286p~287p
2-9	Governance structure and composition	33p
2-10	Nomination and selection of the highest governance body	35p-Corporate Governance: Strategy <Process for Appointing Outside (Independent) Directors>

GRI Standards 2021

Disclosures		Reporting
2-11	Chair of the highest governance body	33p-Corporate Governance: Shareholders and Board of Directors * CEO Taek-jin Kim is the founder of NC, who has a deep understanding and expertise in both the game industry and management, and is appointed by the Board of Directors to serve as the Chairperson of the Board of Directors from the perspective of improving the efficiency of the Board's operations and decision-making and realizing responsible management
2-12	Role of the highest governance body in overseeing the management of impacts	8p-ESG Steering Committee
2-13	Delegation of responsibility for managing impacts	
2-14	Role of the highest governance body in sustainability reporting	
2-15	Conflicts of interest	35p-Corporate Governance: Strategy <Board Independence>
2-16	Communication of critical concerns	8p-ESG Steering Committee, 27th Annual Business Report [Correction] 285p~286p
2-17	Collective knowledge of the highest governance body	35p-Corporate Governance: Strategy <Board Expertise>
2-18	Evaluation of the performance of the highest governance body	34p-Corporate Governance: Strategy <Board Assessment>
2-19	Remuneration policies	34p-Corporate Governance: Strategy <Board Remuneration>, 27th Annual Business Report [Correction] 302p~308p
2-20	Process to determine remuneration	
2-21	Annual total compensation ratio	Not disclosed as confidential
2-22	Statement on sustainable development strategy	7p-ESG Steering Committee Chairperson's Message
2-23	Policy commitments	59p~61p-ESG-Related Policies
2-24	Embedding policy commitments	48p~49p-Human Rights Management
2-25	Processes to remediate negative impacts	49p-Human Rights Management: Grievance Channels <NC Tong grievance reporting and escalation procedures>
2-26	Mechanisms for seeking advice and raising concerns	27p-Business Ethics: Risk Management <Whistleblowing System and Whistleblower Protection>, 49p-Human Rights Management: Grievances Channels
2-27	Compliance with laws and regulations	No legal violations
2-28	Membership associations	

Category		Unit	2020	2021	2022	2023
Association membership participation costs	Korea Association of Game Industry	KRW million	102	120	120	120
	Korea Internet Corporations Association		60	50	50	50
	Game Self-governance Organization of Korea		200	200	200	200

2-29	Approach to stakeholder engagement

Category	Communication channels
Shareholders·Investors	• Official website·Annual General Meeting of Shareholders·Quarterly earnings releases·Conference calls • NDR (Non-Deal Roadshow)·One-on-one meetings·Disclosures
Users	• Official website·One-on-one inquiries through the customer center·Official blog and social media (Facebook, YouTube, Instagram)·Customer support email and phone
Employees	• Internal portal·Null·nanowiki·NC Tong·Consultation Center·NC [ ] Forum (executives-empolyees communication)
Partners	• Integrated Procurement System·Clean Reporting Center·Disclosures
Central and local governments	• Official website·Disclosures·Public service support activities

2-30	Collective bargaining agreements

Category	Unit	2023[1)]
Unionization rate	%	20.4

1) As of January 2024, the NCSOFT Union was newly established in April 2023
* The January 2024 collective agreement improved working conditions, etc. and applies to all NC employees

GRI Standards 2021

GRI 3: Material Topics 2021

Topics	Disclosures		Reporting
GRI 3: Material Topics 2021	3-1	Process to determine material topics	9p~10p-Materiality Assessment
	3-2	List of material topics	9p~10p-Materiality Assessment

Topics	Disclosures		Reporting page
Human Capital Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	12p~16p
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	71p
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	72p
	404-2	Programs for upgrading employee skills and transition assistance programs	72p
	404-3	Percentage of employees receiving regular performance and career development reviews	72p
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	73p
	405-2	Ratio of basic salary and remuneration of women to men	73p
Business Ethics			
GRI 3: Material Topics 2021	3-3	Management of material topics	25p~28p
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	68p
	205-2	Communication and training about anti-corruption policies and procedures	68p
	205-3	Confirmed incidents of corruption and actions taken	68p
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	68p
Information Security & Data Privacy			
GRI 3: Material Topics 2021	3-3	Management of material topics	20p~24p
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	73p

Topics	Disclosures		Reporting page
Climate Change			
GRI 3: Material Topics 2021	3-3	Management of material topics	37p~41p
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	67p
GRI 302: Energy 2016	302-1	Energy consumption within the organization	70p
	302-3	Energy intensity	70p
	302-4	Reduction of energy consumption	70p
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	70p
	303-3	Water withdrawal	70p
	303-5	Water consumption	70p
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	70p
	305-2	Energy indirect (Scope 2) GHG emissions	70p
	305-3	Other indirect (Scope 3) GHG emissions	70p
	305-4	GHG emissions intensity	70p
	305-5	Reduction of GHG emissions	70p
	305-6	Emissions of ozone-depleting substances (ODS)	70p
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	70p
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	71p
	306-2	Management of significant waste-related impacts	71p
	306-3	Waste generated	71p
	306-4	Waste diverted from disposal	71p
	306-5	Waste directed to disposal	71p

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Topics	Disclosures		Reporting page	Notes
Human Rights Management				
GRI 3: Material Topics 2021	3-3	Management of material topics	48p~49p	
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	73p	
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	73p	
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	73p	
GRI 411: Rights of Indigenous Peoples 2016	411-1	Incidents of violations involving rights of indigenous peoples	73p	
Corporate Governance				
GRI 3: Material Topics 2021	3-3	Management of material topics	33p~36p	No Topic Standards applicable to that material topic
User (Customer) Communication				
GRI 3: Material Topics 2021	3-3	Management of material topics	45p~46p	No Topic Standards applicable to that material topic
Business Competitiveness				
GRI 3: Material Topics 2021	3-3	Management of material topics	29p~32p	No Topic Standards applicable to that material topic
Employee Well-being				
GRI 3: Material Topics 2021	3-3	Management of material topics	17p~19p	
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	71p	
	401-3	Parental leave	71p	

GRI Standards 2021

Topic Standards

<table>
<tr><th>Topics</th><th colspan="2">Disclosures</th><th>Reporting</th></tr>
<tr><td rowspan="4">GRI 201: Economic Performance 2016</td><td>201-1</td><td>Direct economic value generated and distributed</td><td>
<table>
<tr><th colspan="3">Category</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td rowspan="5">Financial performance</td><td colspan="2">Sales</td><td rowspan="5">KRW 100 million</td><td>24,162</td><td>23,088</td><td>25,718</td><td>17,798</td></tr>
<tr><td colspan="2">Net income</td><td>5,866</td><td>3,957</td><td>4,360</td><td>2,139</td></tr>
<tr><td colspan="2">Asset total</td><td>40,812</td><td>45,819</td><td>44,376</td><td>43,938</td></tr>
<tr><td colspan="2">Liabilities</td><td>9,365</td><td>14,307</td><td>12,390</td><td>11,408</td></tr>
<tr><td colspan="2">Equity</td><td>31,447</td><td>31,512</td><td>31,985</td><td>32,530</td></tr>
<tr><td>Creation</td><td>Customers (users, etc.)</td><td>Operating revenue</td><td>KRW million</td><td>2,416,184</td><td>2,308,817</td><td>2,571,792</td><td>1,779,832</td></tr>
<tr><td rowspan="5">Distribution</td><td>Partners</td><td>Operating expenses, including commissions paid to partners, advertising expenses, etc.</td><td rowspan="5">KRW million</td><td>726,375</td><td>889,269</td><td>965,732</td><td>654,781</td></tr>
<tr><td>Employees</td><td>Employee pay, education and training expenses</td><td>737,109</td><td>880,509</td><td>876,750</td><td>843,509</td></tr>
<tr><td>Shareholders & Investors</td><td>Total Dividends, Interest Expense</td><td>185,172</td><td>132,174</td><td>145,398</td><td>63,562</td></tr>
<tr><td>Central and local governments</td><td>Corporate tax liability, Taxes and utilities, Water and utilities</td><td>240,011</td><td>120,663</td><td>171,916[1)]</td><td>50,658</td></tr>
<tr><td>Communities</td><td>Donations</td><td>19,086</td><td>7,160</td><td>6,878</td><td>6,747</td></tr>
</table>
* Based on consolidated financial statements
1) Restatement of previous year's report due to corrected aggregation standards
</td></tr>
<tr><td>201-2</td><td>Financial implications and other risks and opportunities due to climate change</td><td>38p-Environmental Management: Strategy <Climate-Related Risks and Opportunities></td></tr>
<tr><td>201-3</td><td>Defined benefit plan obligations and other retirement plans</td><td>
<table>
<tr><th colspan="3">Category</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td rowspan="4">Retirement Pension Plans</td><td colspan="2">Defined Benefit Plans</td><td rowspan="3">Number of subscribers</td><td rowspan="3">No. of people</td><td>3,214</td><td>3,445</td><td>3,562</td><td>3,808</td></tr>
<tr><td colspan="2">Defined Contribution Plans</td><td>84</td><td>142</td><td>202</td><td>258</td></tr>
<tr><td colspan="2">Hybrid Plan
(defined benefit and defined ontribution)</td><td>279</td><td>311</td><td>349</td><td>378</td></tr>
<tr><td colspan="3">Fair value of plan assets</td><td>KRW million</td><td>168,262</td><td>204,345</td><td>251,279</td><td>285,705</td></tr>
</table>
* Based on non-consolidated financial statements
</td></tr>
<tr><td>201-4</td><td>Financial assistance received from government</td><td>27th Annual Business Report [Corrections] 128p, 142p, 200p~201p, 214p</td></tr>
</table>

GRI Standards 2021

<table>
<tr><th>Topics</th><th colspan="2">Disclosures</th><th>Reporting</th></tr>
<tr><td rowspan="2">GRI 202: Market Presence 2016</td><td>202-1</td><td>Ratios of standard entry level wage by gender compared to local minimum wage</td><td>Development positions: 228%, Non-development positions: 195%
* Calculated against the 2023 Korean statutory minimum wage, with no pay differential for new hires based on gender</td></tr>
<tr><td>202-2</td><td>Proportion of senior management hired from the local community</td><td>20.7%
* Reporting scope: Aggregated based on positions (team leader or above) at NC Headquarters (HQ) at the end of December 2023</td></tr>
<tr><td rowspan="2">GRI 203: Indirect Economic Impacts 2016</td><td>203-1</td><td>Infrastructure investments and services supported</td><td>43p~44p-Diversity & Inclusion in Content, 54p~56p-Corporate Social Contribution, 52p~53p-Responsible Technology</td></tr>
<tr><td>203-2</td><td>Significant indirect economic impacts</td><td>57p-Win-win Partnership</td></tr>
<tr><td rowspan="3">GRI 205: Anti-Corruption 2016</td><td>205-1</td><td>Operations assessed for risks related to corruption</td><td>Conducted at all locations, 27p-Corporate Ethics: Risk Management <Internal Audit></td></tr>
<tr><td>205-2</td><td>Communication and training about anti-corruption policies and procedures</td><td>28p-Corporate Ethics: Metrics and Targets <Code of Ethics Training>, <Compliance Training></td></tr>
<tr><td>205-3</td><td>Confirmed incidents of corruption and actions taken[1)]</td><td>
<table>
<tr><th colspan="2">Category</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th><th>2023[3)]</th></tr>
<tr><td rowspan="4">Number of ethics and anti-corruption violation investigations[1)]</td><td>Total</td><td rowspan="8">No. of cases</td><td>23</td><td>27</td><td>31</td><td>110</td></tr>
<tr><td rowspan="3">By violation type</td><td>Expense-related violations (such as fraud, embezzlement, or misappropriation)</td><td>5</td><td>5</td><td>4</td><td>3</td></tr>
<tr><td>Dual employment and attendance violations</td><td>7</td><td>2</td><td>7</td><td>46</td></tr>
<tr><td>Other ethics violations</td><td>11</td><td>20</td><td>20</td><td>61</td></tr>
<tr><td rowspan="4">Number of violation actions[2)]</td><td>Total</td><td>12</td><td>9</td><td>13</td><td>25</td></tr>
<tr><td>Severe Discipline</td><td>9</td><td>4</td><td>5</td><td>4</td></tr>
<tr><td>Minor Discipline</td><td>0</td><td>3</td><td>5</td><td>7</td></tr>
<tr><td>Other</td><td>3</td><td>2</td><td>3</td><td>14</td></tr>
</table>
1) Refers to the total number of investigations, including whistleblower investigations (e.g., via the NC Tong channels, etc.) and cognitive-based investigations.
2) The number of investigated cases in which violations of regulations and laws were recognized and measures were taken, including suspension or higher for severe discipline, reprimand to reduction for minor discipline, and warning for others.
3) The increase in the number of investigations in 2023 was driven by an increase in the number of cognitive-based investigations due to enhanced monitoring of violations (introduction of automated detection systems for working sideline jobs and information leakage)
</td></tr>
<tr><td>GRI 206: Anti-Competitive Behavior 2016</td><td>206-1</td><td>Legal actions for anti-competitive behavior, anti-trust, and monopoly practices</td><td>
<table>
<tr><th>Category</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Total</td><td rowspan="3">No. of cases</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Number of ongoing legal actions</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Number of completed legal actions</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>
</td></tr>
</table>

GRI Standards 2021

Topics	Disclosures		Reporting
GRI 207: Tax 2019	207-1	Approach to tax	NC develops and implements tax strategies in line with internal and external regulations and circumstances. • Complying with country-specific tax laws and regulations • Complying with the appropriateness of related party transactions • Preventing tax-related risks by proactively responding to new and revised tax laws and regulations • Tax-related controls and checks within the internal accounting management system • Transparent disclosure of tax information
	207-2	Tax governance, control, and risk management	NC complies with domestic and international tax laws and related regulations, faithfully fulfills its obligations to file tax returns and pay taxes, and actively cooperates with tax authorities when requested. In accordance with the OECD/G20 Inclusive Framework on BEPS (Pillar 1 and 2), NC monitors transactions between our headquarters and overseas subsidiaries to comply with the Global Minimum Tax Action Plan and the revised national tax principles, and seeks advice on tax treatment from external tax experts to proactively manage tax risks.
	207-3	Stakeholder engagement and management of concerns related to tax	NC discloses tax-related matters in its Annual Business Report to enhance the reliability and transparency of its tax burden to stakeholders. NC also collects sufficient information for appropriate application of tax laws and regulations and protection of stakeholders, and complies with its reporting obligations after final review by internal and external tax experts for major tax items.
	207-4	Country-by-country reporting	

Category			Unit	2020	2021	2022	2023
Profit (loss) before tax	Total		KRW million	803,257	491,328	609,051	206,228
	By country	Republic of Korea		841,248	446,547	626,691	191,592
		United States		-51,417	28,352	-24,815	-162
		Japan		5,180	14,467	6,004	4,955
		Taiwan		9,109	190	10,261	6,929
		Other		-863	1,772	-9,090	2,914
Corporate income tax	Income Tax Accurued	Total	KRW million	140,483	63,520	85,537	1,537
		Republic of Korea		137,939	61,258	83,657	-
		United States		-	-	-	38
		Japan		1,380	2,196	753	-45
		Taiwan		935	176	1,063	1,451
		Other		229	-110	64	93
	Income Tax Paid	Total		216,644	95,593	173,061	-7,686
		Republic of Korea		213,724	94,165	168,416	- 10,981
		United States		512	428	830	2,129
		Japan		1,682	325	2,000	-304
		Taiwan		1,752	377	2,205	1,546
		Other		-1,026	298	-390	-76
Reported Taxes			KRW million	216,644	95,593	173,061	-7,686
Effective Tax Rate			%	27.0	19.5	28.4	-3.7
Cash Taxes Paid			KRW million	173,598	187,306	139,196	119,604
Cash Tax Rate			%	22	38	23	58

* Based on consolidated financial statements

GRI Standards 2021

<table>
<tr><th>Topics</th><th colspan="2">Disclosures</th><th>Reporting</th></tr>
<tr><td rowspan="3">GRI 302: Energy 2016</td><td>302-1</td><td>Energy consumption within the organization</td><td rowspan="2">74p-Detailed Energy Consumption Data</td></tr>
<tr><td>302-3</td><td>Energy intensity</td></tr>
<tr><td>302-4</td><td>Reduction of energy consumption</td><td>39p~40p-Environmental Management: Strategy <Improving Energy Consumption Efficiency></td></tr>
<tr><td rowspan="3">GRI 303: Water and Effluents 2018</td><td>303-2</td><td>Management of water discharge-related impacts</td><td>41p-Environmental Management: Strategy <Reducing Water Usage>
* Due to the nature of the industry, the water discharge-related impacts of the operational phase of products and services are minimal, so NC is not engaged in activities such as water quality management, but NC is engaged in water usage management activities such as reducing water usage through gray water reuse.</td></tr>
<tr><td>303-3</td><td>Water withdrawal</td><td rowspan="2"><table>
<tr><th>Category</th><th>Unit</th><th>2020[1)]</th><th>2021[2)]</th><th>2022[2),3)]</th><th>2023[2)]</th></tr>
<tr><td>Water withdrawal</td><td rowspan="3">ton</td><td>154,801</td><td>176,051</td><td>205,230</td><td>265,869</td></tr>
<tr><td>Water reuse[4)]</td><td>3,229</td><td>6,723</td><td>9,875</td><td>5,900</td></tr>
<tr><td>Water consumption[5)]</td><td>158,030</td><td>182,774</td><td>215,105</td><td>271,769</td></tr>
<tr><td>Water withdrawal intensity</td><td>ton/KRW 10 billion</td><td>690</td><td>827</td><td>854</td><td>1,646</td></tr>
</table>
1) Pangyo R&D Center only
2) Pangyo R&D Center, Alpharium Tower 1, Alpharium Tower 2 only
3) Reason for the increase in intensity-based withdrawal: Increase in operating area of Alpharium Tower 2 from 2022
4) Limited to reuse of domestic sewage through the gray water system installed in Pangyo R&D Center
5) Water consumption equals the sum of water withdrawal and reuse
* For calculation of Water withdrawal, reuse, consumption, intensity, sales are based on non-consolidated financial statements</td></tr>
<tr><td>303-5</td><td>Water consumption</td></tr>
<tr><td rowspan="8">GRI 305: Emissions 2016</td><td>305-1</td><td>Direct (Scope 1) GHG emissions</td><td rowspan="4">75p-Detailed GHG Emissions Data</td></tr>
<tr><td>305-2</td><td>Energy indirect (Scope 2) GHG emissions</td></tr>
<tr><td>305-3</td><td>Other indirect (Scope 3) GHG emissions</td></tr>
<tr><td>305-4</td><td>GHG emissions intensity</td></tr>
<tr><td>305-5</td><td>Reduction of GHG emissions</td><td>39p~40p * NC is not currently measuring reductions for this activity</td></tr>
<tr><td>305-6</td><td>Emissions of ozone-depleting substances (ODS)</td><td>NC does not use or emit ozone-depleting substances (ODS) in the operation of its products and services due to the nature of the industry.</td></tr>
<tr><td>305-7</td><td>Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions</td><td>The measured concentrations of air emissions from boilers NO. 1 and NO. 2 of Pangyo R&D Center in the first / second half of 2023 are as follows. Emissions may vary depending on the time of measurement.
<table>
<tr><th colspan="2">Year of measurement</th><th rowspan="2">Unit</th><th colspan="2">2020</th><th colspan="2">2021</th><th colspan="2">2022</th><th colspan="2">2023</th></tr>
<tr><th colspan="2">Boiler</th><th>NO. 1</th><th>NO. 2</th><th>NO. 1</th><th>NO. 2</th><th>NO. 1</th><th>NO. 2</th><th>NO. 1</th><th>NO. 2</th></tr>
<tr><td rowspan="3">NOx</td><td>Legal Limit</td><td rowspan="5">ppm</td><td>60</td><td>40</td><td>60</td><td>40</td><td>60</td><td>40</td><td>60</td><td>40</td></tr>
<tr><td>First Half</td><td rowspan="2">54.3</td><td rowspan="2">34.3</td><td>31.6</td><td>24.5</td><td>34.7</td><td>35.9</td><td>37.2</td><td>26.3</td></tr>
<tr><td>Second Half</td><td>44.5</td><td>30.8</td><td>32.1</td><td>33.2</td><td>30.7</td><td>34</td></tr>
<tr><td rowspan="2">SOx</td><td>Legal Limit</td><td>-</td><td>-</td><td>70</td><td>35</td><td>70</td><td>35</td><td>70</td><td>35</td></tr>
<tr><td>Second Half</td><td>-</td><td>-</td><td>Not detected</td><td>Not detected</td><td>0.3</td><td>0.7</td><td>Not detected</td><td>Not detected</td></tr>
<tr><td rowspan="2">Dust</td><td>Legal Limit</td><td rowspan="2">mg/Sm³</td><td>-</td><td>-</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td><td>30</td></tr>
<tr><td>Second Half</td><td>-</td><td>-</td><td>0.5</td><td>0.3</td><td>0.8</td><td>0.5</td><td>6.2</td><td>1.1</td></tr>
</table></td></tr>
</table>

GRI Standards 2021

Topics	Disclosures		Reporting
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	Due to the nature of the industry, NC does not conduct an assessment of material impacts related to "waste generation and waste" from our business. In addition, due to the nature of the industry, there are no operations with actual or potential negative impacts.
	306-2	Management of significant waste-related impacts	
	306-3	Waste generated	
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	

Category		Unit	2020[1]	2021[2]	2022	2023
General waste generated		ton	65.1	385	454	528
Disposal method	Incineration/landfill	ton	-	242	269	277
	Recycling	ton	-	143	185	251

1) Waste generated from Pangyo R&D Center cafeteria only
2) General waste generated from the Pangyo R&D Center

Category			Unit	2020[1]	2021[1]	2022[1]	2023
Recruitment[2]	Total		No. of people	627	695	646	551
	By gender	Male	No. of people	426	433	378	311
		Female	No. of people	201	262	268	240
	By age groups	Under 30 years old	No. of people	216	229	247	205
		30-50 years old	No. of people	410	463	394	345
		Over 50 years old	No. of people	1	3	5	1
Turnover[3]	Total		No. of people	185	354	505	347
	By type	Voluntary turnover[4]	No. of people	146	323	483	314
		Non-voluntary turnover[5]	No. of people	39	31	22	33
		Affiliate behavior	No. of people	0	0	0	0
Voluntary turnover rate[6]			%	3.88	7.63	10.44	6.55

1) Restatement of past reporting information (2020-2022) due to correction of aggregation criteria
2) Aggregate for regular employees and contract employees based at headquarters
3) Aggregate for regular employees and executives based at headquarters
4) Leaving the organization on the individual's own initiative, regardless of the organization's intention, and including job transfers, resignations, etc.
5) Termination of an employment relationship at the initiative of the organization, including dismissal, employment adjustment, retirement, etc.
6) Voluntary turnover rate = (Number of regular employees voluntary turnover) / (Total number of employees at the end of the previous year) X 100

GRI 401: Employment 2016	401-1	New employee hires and employee turnover	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	18p~19p-Employee Well-being: Strategy <Work-life balance>
	401-3	Parental leave	

Category		Unit	2020	2021	2022	2023
Employees who were entitled to parental leave	Male	No. of people	1,032	1,125	995	916
	Female	No. of people	230	249	223	248
Employees who took parental leave	Male	No. of people	18	13	23	34
	Female	No. of people	42	47	60	113
Return to work and retention rates[1]	Male	%	53	54	71	65
	Female	%	87	89	85	86

1) Return to work and retention rates = (Employees who stayed on the job for 12 months after parental leave) / (Employees who returned to work parental leave during the previous reporting period) X 100

GRI Standards 2021

Topics	Disclosures		Reporting
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	50p~51p-Occupational Health & Safety, 61p-Health and Safety Policy
	403-2	Hazard identification, risk assessment, and incident investigation	
	403-3	Occupational health services	
	403-4	Worker participation, consultation, and communication on occupational health and safety	
	403-5	Worker training on occupational health and safety	
	403-6	Promotion of worker health	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	
	403-8	Workers covered by an occupational health and safety management system	
	403-9	Work-related injuries	
	403-10	Work-related ill health	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	

Category		Unit	2020	2021	2022	2023
Total employee training hours		No. of hours	78,265	101,850	147,648	143,884
Average training hours per employee	Total	No. of hours/ No. of people	19.4	22.9	31.3	27.9
	Male		18.4	21.7	29.0	27.4
	Female		21.5	25.4	36.1	28.7
	Regular		19.3	22.6	30.9	28.4
	Non-regular[1)]		21.3	31.4	41.6	20.2

1) Including contract employees, short-term contract employees, interns, and dispatched employees

	404-2	Programs for upgrading employee skills and transition assistance programs	15p-Human Capital Management: Strategy <NC University>, 76p-Detailed Training and Education Data

Category	Unit	2020	2021	2022	2023
Percentage of employees trained annually	%	100	100	100	100
Training costs	KRW 1,000	922,502	1,058,419	1,250,877	1,084,101
Average training cost per employee	KRW 1,000/ No. of people	218	229	261	216

	404-3	Percentage of employees receiving regular performance and career development reviews				

Category		Unit	2020	2021	2022	2023
Percentage of total employees received regular performance appraisal		%	92	91	91	92
By contract type	Executive[1)]		81	85	86	89
	Regular (including contract-to-regular conversions)		94	92	92	94
	Contract		58	56	51	54
By gender	Male		95	94	94	96
	Female		88	85	85	86

* Regular and contract employees hired before July 1 of the current year are eligible for assessment
1) Including registered executives who are subject to separate assessment by the BOD

GRI Standards 2021

<table>
<tr><th>Topics</th><th colspan="2">Disclosures</th><th>Reporting</th></tr>
<tr><td rowspan="2">GRI 405: Diversity and Equal Opportunity 2016</td><td>405-1</td><td>Diversity of governance bodies and employees</td><td>16p-Human Capital Management: Metrics and Targets <Enhancing Diversity in the Workplace></td></tr>
<tr><td>405-2</td><td>Ratio of basic salary and remuneration of women to men</td><td>27th Annual Business Report [Correction] 301p~302p
<table>
<tr><th>Category</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Average salary per person for male[1)]</td><td rowspan="2">KRW 1,000</td><td>118,101</td><td>118,289</td><td>129,113</td><td>121,525</td></tr>
<tr><td>Average salary per person for female[1)]</td><td>79,064</td><td>82,038</td><td>84,375</td><td>81,217</td></tr>
</table>
1) Based on headquarters, average salary per employee, excluding registered executives. There is no difference in base salary between male and female employees with the same seniority and the same position.</td></tr>
<tr><td>GRI 406: Non-discrimination 2016</td><td>406-1</td><td>Incidents of discrimination and corrective actions taken</td><td>None</td></tr>
<tr><td>GRI 408: Child Labor 2016</td><td>408-1</td><td>Operations and suppliers at significant risk for incidents of child labor</td><td rowspan="2">48p~49p-Human Rights Management, 60p-Human Rights Management Declaration
NC strictly prohibits child labor and forced labor through its Human Rights Management Declaration, and this policy applies to employees and partners of NC's headquarters and subsidiaries.</td></tr>
<tr><td>GRI 409: Forced or Compulsory Labor 2016</td><td>409-1</td><td>Operations and suppliers at significant risk for incidents of forced or compulsory labor</td></tr>
<tr><td>GRI 411: Rights of Indigenous People 2016</td><td>411-1</td><td>Incidents of violations involving rights of indigenous peoples</td><td>No operations in NC that negatively impact the rights of indigenous peoples.</td></tr>
<tr><td>GRI 413: Local Communities 2016</td><td>413-1</td><td>Operations with local community engagement, impact assessments, and development programs</td><td>NC is engaged in various social contribution activities at domestic and overseas in regions where its business sites are located. NC does not conduct an impact assessment on local communities, but due to the nature of the industry, there are no business sites that have actual or potential negative impacts on local communities.</td></tr>
<tr><td>GRI 415: Public Policy 2016</td><td>415-1</td><td>Political contributions</td><td>NC strictly prohibits any donations and/or sponsorships made for political purposes from the Company’s assets or budget pursuant to applicable domestic laws and regulations including Korea’s POLITICAL FUNDS ACT and Article 10 of NC’s Code of Ethics.</td></tr>
<tr><td>GRI 416: Customer Health and Safety 2016</td><td>416-1</td><td>Assessment of the health and safety impacts of product and service categories</td><td>47p-Service Quality & Safety <User Safety Enhancement>
* These policies and activities apply to all game services within PLAYNC. However, the Game Time Selection System is applied selectively depending on the game usage tier</td></tr>
<tr><td>GRI 417: Marketing and Labeling 2016</td><td>417-3</td><td>Incidents of non-compliance concerning marketing communications</td><td>None</td></tr>
<tr><td>GRI 418: Customer Privacy 2016</td><td>418-1</td><td>Substantiated complaints concerning breaches of customer privacy and losses of customer data</td><td>
<table>
<tr><th>Category</th><th>Unit</th><th>2020</th><th>2021</th><th>2022</th><th>2023</th></tr>
<tr><td>Number of information security breaches</td><td>No. of cases</td><td>0</td><td>2</td><td>0</td><td>0</td></tr>
<tr><td>The amount of financial loss caused by the incident</td><td>KRW million</td><td>0</td><td>3</td><td>0</td><td>0</td></tr>
<tr><td>Number of users affected by the incident</td><td>No. of people</td><td>0</td><td>6[1)]</td><td>0</td><td>0</td></tr>
</table>
1) Non-compliance concerning B2 advertising information (spam) – advertising texts were sent to users who refused to receive such texts: 1 person, a customer center employee photographed customer data with the mobile phone and sent the data to acquaintances, leading to personal data breaches: 5 people</td></tr>
</table>

GRI Standards 2021

Topic Standards: 302-1, 3, 4 Detailed Energy Consumption Data

Energy Classification		Detail	Unit	NCSOFT Separate				Domestic Subsidiaries[3]		Overseas Subsidiaries[4]
				2020[1]	2021[2]	2022	2023	2022	2023	2023
Non-Renewable Energy	Direct Energy Consumption	LNG	TJ	7.0	8.4	10.1	10.7	1.8	1.6	-
		LPG		-	-	-	-	-	-	-
		Gasoline		1.4	1.9	2.4	1.7	0.8	0.4	-
		Diesel		0.6	0.6	0.5	0.4	0.4	0.7	0.1
	Subtotal Direct Energy Consumption[5]			9.0	10.9	13.0	12.7	3.0	2.7	0.1
	Indirect Energy Consumption	Purchased Electricity		216.3	399.1	469.9	585.3	37.7	40.2	17.9
		Purchased Heat		35.4	38.1	46.2	48.3	0.4	0.3	-
	Subtotal Indirect Energy Consumption[5]			251.7	437.1	516.1	633.6	38.1	40.5	17.9
	Total Non-Renewable Energy Consumption[5]			259.6	489.4	525	643	39	40	15
	Intensity[6]		TJ/KRW 10 billion	1.2	2.1	2.2	4.0	4.7	5.6	0.7
	Other Indirect Energy Consumption		TJ	-	41.4	42.1	43.7	3.6	2.5	-
Renewable Energy		Solar PV	TJ	-	-	-	-	1.2	1.0	-
		Geothermal power		-	-	-	-	1.4	1.2	-
		Total of Renewable Energy Consumption[7]		-	-	-	-	2.5	2.2	-

1) Only for Pangyo R&D Center and Data Center leased by the company
2) Pangyo R&D Center, Alpharium Tower 1, Alpharium Tower 2, and NC Data Center (leased) are consistent with separate standards in financial statements
* Reason for unit increase: Alpharium Tower 1 and Alpharium Tower 2 that provide office spaces, and one new data center began their full operation in 2021
3) Domestic Subsidiaries: NC ITS, NCSOFT Service, Ntreev Soft, NC Dinos
4) Overseas Subsidiaries: NC West Holdings, NC Interactive Inc., ArenaNet Inc., NCW NCP LLC, NC Taiwan Co., Ltd., NC Japan KK, NC Vietnam Visual Studio Co., Ltd
5) The "Subtotal" and "Total" values may differ from the sum of direct and indirect energy consumption due to applying the standard of summing after decimalization by business unit.
6) NCSOFT Separate Intensity is calculated as energy consumption on a separate basis divided by sales on a separate basis. Domestic subsidiaries intensity is the sum of the energy consumption of the four entities in Note 3) divided by the sum of the sales of the four entities. Overseas subsidiaries intensity is the sum of the energy consumption of the seven entities in Note 4) divided by the sum of the sales of the seven entities.
7) The amount of renewable energy consumption is the electricity supplied through the Solar PV (Photovoltaics) and geothermal power facilities installed at Changwon NC Park. Due to the application of rounding to the second decimal place, there may be discrepancies in the total values.

GRI Standards 2021

Topic Standards: 305-1, 2, 3, 4 Detailed GHG Emissions Data

Category		Unit	NCSOFT Separate				Domestic Subsidiaries[3]		Overseas Subsidiaries[4]
			2020[1]	2021[2]	2022	2023	2022	2023	2023
Scope 1		tCO_2eq	530.9	598.0	711.1	680.5	173.2	154.7	8.4
Scope 2			11,685.9	20,466.3	24,205.0	29,792.4	1,819.7	1,935.0	1,923.9
Scope1+2 Subtotal[5]			12,216.7	21,064.3	24,916.1	30,469	1,992.9	2,086	1,929
Intensity[7]		tCO_2eq/KRW 10 billion	54.5	98.9	103.8	188.7	228.0	269.3	76.4
Scope 3	1. Purchased goods and services[6]	tCO_2eq	-	-	101,125.3	74,304.0	2,728.1	1,981.5	2,613.4
	2. Capital goods[6]		-	-	26,359.3	15,123.7	466.5	411.5	538.1
	5. Waste generated in operations		-	-	338.3	313.3	13.7	8.7	3.7
	6. Business travel[6]		-	-	1,123.9	39,134.1	2.6	2,559.6	16,486.5
	13. Downstream leased assets		-	1,990.2	2,028.3	2,102.9	173.8	120.3	-
	Scope3 Subtotal[5]		-	1,990.2	130,975.0	130,977	3,384.8	5,081	19,640
Scope1+2+3 Total[5]			12,216.7	23,054.50	155,888	161,446	5,375	7,167	21,569

1) Only for Pangyo R&D Center and data centers leased by the company
2) Pangyo R&D Center, Alpharium Tower 1, Alpharium Tower 2, and NC Data Center (leased)
* Reason for unit increase: Alpharium Tower 1 and Alpharium Tower 2 that provide office spaces, and one new data center began their full operation in 2021
3) Domestic Subsidiaries: NC ITS, NCSOFT Service, Ntreev Soft, NC Dinos
4) Overseas subsidiaries: NC West Holdings, NC Interactive Inc., ArenaNet Inc., NCW NCP LLC, NC Taiwan Co., Ltd. NC Japan KK, NC Vietnam Visual Studio Co., Ltd
5) The "Subtotal" and "Total" values may differ from the combined direct and indirect GHG emissions values due to applying the standard of summing after decimalization by business unit.
6) Scope 3 emissions are calculated by selecting 5 categories that are highly relevant to NC's business from among the 15 categories stipulated by the GHG Protocol Corporate Value Chain (Scope 3) Standard.
Category 1 purchased goods and services and Category 2 capital goods emissions are calculated by applying the World Input Output database Table (WIOT) to the value of NC's acquisition of goods and assets. The latest version of the WIOT, the 2014 version, was used to calculate the 2023 Scope 3 Cat. 1, Cat. 2, and Cat. 6 emissions, which differs in coefficients from the 2009 version of the WIOT used to calculate the 2022 Scope 3 Cat. 1, Cat. 2, and Cat. 6 emissions.
7) NCSOFT Separate Intensity is calculated as GHG emissions on a separate basis divided by sales on a separate basis. Domestic subsidiaries intensity is the sum of the GHG emissions of the four entities in Note 3) divided by the sum of the sales of the four entities. Overseas subsidiaries intensity is the sum of the GHG emissions of the seven entities in Note 4) divided by the sum of the sales of the seven entities.

GRI Standards 2021

Topic Standards: 404-2 Detailed Training and Education Data

Type of Training and Education			Unit	2020	2021	2022	2023
Training attendance by position	Onboarding training	Introductory training for new employees	No. of people	77	81	92	103
		Onboarding for experienced employees		1,943	2,256	2,373	1,737
		re:boot program (for 10-year employees)		90	103	118	57
	Leadership training	Onboarding for new team leaders		353	310	209	290
		Leadership/Management		1,210	2,355	4,441	3,780
	Organizational Development/ Organizational Culture Programs	Team program		204	423	1,079	986
Employees who attended job training	Job-specific development program	Insights classes by jobs/sections		331	2,203	4,927	3,954
		Skill training by jobs/sections[1]		6,576	5,943	5,327	3,850
		Mutual learning by jobs/sections[1]		-	-	107	123
	Supporting for professional certifications program			39	18	22	27
Employees who attended legally/ mandatory training	Training for Sexual Harassment Prevention			4,312	4,849	4,948	5,085
	Traninig for Disability Awareness in Workplace			4,312	4,882	5,023	5,124
	Training for Data privacy[2]			772	984	4,622	4,936
	Training for Information security			3,876	4,488		
	Training for Code of Ethics			-	4,698	4,729	4,972
	Training to prevent workplace harassment[3]			-	896	-	-
	Open source licensing training			1,198	251	207	187
Employees who attended other training	Internal and External Special lectures	NC Culture Class (Including NC Calm Program)		862	975	576	557
		NC Hakdang·Special lectures (Developing leaders' insights)		187	692	94	-
		NC Dev.Class (External Expert Lecture/Seminar)		334	1,602	857	1,067
	Creativity programs	My Booket List (Audiobook program)		-	641	562	1,113
	External training[4]			245	250	519	245

1) Skill training by jobs/sections (job-specific learning platform training programs, e-learning), mutual learning by job/sections (knowledge sharing, group study, etc.)
2) Integrated company-wide information security training including data privacy training has been implemented since 2022
3) Conducted Workplace Harassment Prevention training as part of Code of Ethics training since 2022
4) A system that supports participation in training, seminars, conferences, and forums outside the company to improve professional skills and growth.

SASB Index

Technology & Communication Sector - Software & IT Services Industry

Code	Metric	Reporting content
Environmental Footprint of Hardware Infrastructure		
TC-SI-130a.1	(1) Total energy consumed	74p
	(2) Percentage grid electricity	90%
	(3) Percentage renewable	None
TC-SI-130a.2	(1) Total water withdrawn	70p
	(2) Total water consumed	70p
	(3) Percentage of each in regions with High or Extremely High Baseline Water Stress	41p
TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data centre needs	39p-Environmental Management: Strategy <Improving the Energy Efficiency of Data Centers>
Data Privacy & Freedom of Expression		
TC-SI-220a.1	Description of policies and practices relating to targeted advertising and user privacy	NC gives notice to users in line with our Privacy Policy concerning behavioral data – their collection items, collection methods, purpose of collection, and retention period – as well as advertising companies which provide personalized advertising by using behavioral data.
TC-SI-220a.2	Number of users whose information is used for secondary purposes	None
TC-SI-220a.3	Total amount of monetary losses as a result of legal proceedings associated with user privacy	None
TC-SI-220a.4	(1) Number of law enforcement requests for user information	Search and seizure warrant requests: 3,044 cases Requests for communications data: 0 case Requests for verification of communication facts: 1,476 cases (including verification of missing children's communications)
	(2) Number of users whose information was requested	N/A[1]
	(3) Percentage resulting in disclosure	
TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	None

Code	Metric	Reporting content
Data Security		
TC-SI-230a.1	(1) Number of data breaches	0 cases (based on reporting under <Article 34 of the Personal Information Protection Act> and <Article 28(3) of the Act on the Promotion of Information and Communications Network Utilization and Information Protection>)
	(2) Percentage that are personal data breaches	None
	(3) Number of users affected	None
TC-SI-230a.2	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	21p~24p-Information Security & Data Privacy: Strategy, Risk Management
Recruiting & Managing a Global, Diverse & Skilled Workforce		
TC-SI-330a.1	Percentage of employees that require a work visa	16p-Human Capital Management: Metrics and Targets <Enhancing Diversity in the Workplace>
TC-SI-330a.2	Employee engagement as a percentage	None
TC-SI-330a.3	(1) Percentage of gender and diversity group representation for executive management	16p-Human Capital Management: Metrics and Targets <Enhancing Diversity in the Workplace>
	(2) Percentage of gender and diversity group representation for technical employees	Male: 69% (2,495 people), Female: 31% (1,096 people)
	(3) Percentage of gender and diversity group representation for all other employees	16p-Human Capital Management: Metrics and Targets <Enhancing Diversity in the Workplace>
Intellectual Property Protection & Competitive Behaviour		
TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	None
Managing Systemic Risks from Technology Disruptions		
TC-SI-550a.1	(1) Number of performance issues	12 cases
	(2) Number of service disruptions	7 cases
	(3) Number of total customer downtime	17 hours
TC-SI-550a.2	Description of business continuity risks related to disruptions of operations	Risk factors such as natural disasters due to climate change, data center infrastructure due to batteries in UPS, etc. may occur at any time, and some game services may be unavailable for more than 1 day in the current distributed deployment situation.

1) Unable to verify due to insufficient aggregation of applicable criteria

TCFD Index

<table>
<tr><th colspan="2">TCFD Recommendations</th><th rowspan="2">NCSOFT Status</th><th rowspan="2">Reporting page</th></tr>
<tr><th>Pillar</th><th>Recommended Disclosures</th></tr>
<tr><td rowspan="2">Governance</td><td>a) Describe the board's oversight of climate-related risks and opportunities</td><td rowspan="2">NC reports to the ESG Steering Committee composed of four top management members at least on a quarterly basis to manage, oversee, and make decisions on material environmental management plans and achievements in NC. In 2022, NC designated the ESG Management Division as a dedicated organization for environmental management, and it is responsible for establishing and implementing environmental management strategies and policies, and managing company-wide environmental data. In this regard, the Division closely communicates and collaborates with relevant departments at our domestic and overseas subsidiaries as well as at NC. To bolster the expertise of the Board of Directors in relation to environmental management, NC appointed Jae-chun Choe, an expert in the field of environment and biodiversity, as an outside director in March 2023.</td><td rowspan="2">37p</td></tr>
<tr><td>b) Describe management's role in assessing and managing climate-related risks and opportunities</td></tr>
<tr><td rowspan="3">Strategy</td><td>a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term</td><td rowspan="3">NC aims to identify material climate change-related risks and opportunities that could impact stakeholders and the company's sustainability, and to develop response strategies. In line with the TCFD framework, NC identified 25 climate-related transition risks, physical risks, and opportunities, and selected the material risks and opportunities. The risk factors were categorized into physical risks arising from natural disasters and long-term climate change pattern. and transition risks in the process of transitioning to a low-carbon economy. The physical risk factors are based on Jupiter Intelligence's global climate models and databases, and comprehensively analyze the impact of four physical disasters (typhoons, floods, wildfires, and heat waves) on major operations based on the IPCC SSP1-2.6 and SSP5-8.5 scenarios, with the results in this report being the most conservative assessment using the SSP5-8.5 scenario. For transition risk and opportunitie factors, internal/external experts were surveyed to assess these risks and opportunities from the aspects of their effect on our finances and business model as well as stakeholder (investors and others) interest to select top 10 risks and opportunities as material ones.</td><td rowspan="3">38p~41p</td></tr>
<tr><td>b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning</td></tr>
<tr><td>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</td></tr>
<tr><td rowspan="3">Risk Management</td><td>a) Describe the organization's processes for identifying and assessing climate-related risks</td><td rowspan="3">In 2023, NC identified and assessed short-, mid-, and long-term material risks and opportunities following the process below. Additionally, NC reviewed financial impacts resulting from physical risks based on IPCC scenario analysis.

Risk Identification: Constructing issue pools through analysis of global policies, trends, stakeholder proposals, media, and industry peers in relation to climate change action
Risk Assessment: Analyze financial and non-financial impacts based on IPCC scenarios. Conduct a survey of climate change experts and dedicated departments to assess business impact and stakeholder interest
Risk Response: Review and promote short-, medium, and long-term response tasks to the financial/non-financial impacts that NC is expected to (reasonably) suffer from climate-related issues
Risk Monitoring: The ESG Steering Committee monitors, manages and oversees tasks and performance related to climate change response.

NC plans to enhance its future risk management process as follows: Developing response strategies for identified risks and opportunities, and Establishing a reporting framework to ensure their integration into the decision-making process.</td><td rowspan="3">41p</td></tr>
<tr><td>b) Describe the organization's processes for managing climate-related risks</td></tr>
<tr><td>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</td></tr>
<tr><td rowspan="3">Metrics and Targets</td><td>a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process</td><td rowspan="3">NC has been expanding organizational boundaries to include major overseas subsidiaries, and calculated its GHG emissions on a consolidated basis, including eight domestic and overseas subsidiaries.
Consistent with previous years, Scope3 was calculated for five of the 15 categories presented by GHG protocol that we deemed significant due to the nature of the NC industry: Cat. 1 Purchased goods and services, Cat. 2 Capital Goods, Cat. 5 Waste generated in operations, Cat. 6 Business travel, and Cat. 13 Downstream leased assets. The calculation methodology was based on the available activity data for each category, using either 1) Spend-based method or 2) Activity data-based emissions estimates.
In the future, NC plans to enhance our environmental data management system by improving the accuracy of GHG-related data and expanding the scope of management. NC also plans to establish reduction targets and implementation tasks based on GHG emission information.</td><td rowspan="3">41p, 74p~75p</td></tr>
<tr><td>b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</td></tr>
<tr><td>c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets</td></tr>
</table>

Independent Assurance Opinion Statement

Dear, The Stakeholders of NCSOFT CORPORATION

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the NCSOFT CORPORATION ESG PLAYBOOK 2023 (hereinafter referred to as the "Report"). The Assurer is independent of NCSOFT CORPORATION and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the NCSOFT CORPORATION report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the NCSOFT CORPORATION and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

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

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

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Scope

The scope of engagement agreed upon with NCSOFT CORPORATION includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

Description and sources of disclosures covered

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

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

[Topic Standards]
201-1~4, 202-1~2, 203-1~2, 205-1~3, 206-1, 207-1~4, 302-1, 302-3~4, 303-2, 303-3, 303-5, 305-1~7, 306-1~5, 401-1~3, 403-1~10, 404-1~3, 405-1~2, 406-1, 408-1, 409-1, 411-1, 413-1, 415-1, 416-1, 417-3, 418-1

Methodology

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

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

Limitations and approach used to mitigate limitations

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

Independent Assurance Opinion Statement

Opinion Statement

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

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

Conclusions

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

Inclusivity: Stakeholder Engagement and Opinion

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

Materiality: Identification and reporting of material sustainability topics

NCSOFT CORPORATION implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, NCSOFT CORPORATION conducted the analysis of global sustainability reporting or assessment standards, analysis of benchmarking the same industry to derive the impact and financial materiality. NCSOFT CORPORATION has derived 9 material topics through the relevant process, and disclosed GRI topic standard disclosures related to material topics in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

NCSOFT CORPORATION operated a management process for material topics in the context of sustainability derived from the materiality assessment. NCSOFT CORPORATION established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. NCSOFT CORPORATION reviewed through major management organizations, disclosed the process including policy, indicator, activity and response performance on material topics in the Report.

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

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

Findings and Conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclourse were carried out in the assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the Assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic Standards: 201-2, 205-1~3, 206-1, 302-1, 302-3~4, 305-1~7, 306-1~5, 401-1~3, 404-1~3, 405-1~2, 406-1, 408-1, 409-1, 411-1, 418-1

Recommendations and Opportunity for improvement

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

- It may be helpful to advance the sustainability management system by establishing a sustainability performance management system and internal control procedures for consolidated subsidiaries.
- It may be helpful to advance the sustainability management system by specifying mid- to long-term sustainability strategies and goals related to the environmental, and disclosing annual achievements such as reducing Scope 3 emissions within key value chains.

Competency and Independence

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

GRI-reporting

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

AA1000 Licensed Report 000-4/V3-WBS8E

BSI Group Korea **Jungwoo Lee, Lead Assurer, ACSAP**

June 5, 2024

Seonghwan Lim, Managing Director

Greenhouse Gas Verification Statement

Verification Scope

- 2023 Scope 1&2 and Scope 3 greenhouse gas emissions for NCSOFT Corporation and eight subsidiaries in domestic and overseas

NCSOFT Corporation and eight subsidiaries in domestic and overseas: NC ITS, NCSOFT Service, NC Dinos, Ntreev Soft, NC West Holdings, NC Taiwan, NC Japan, NC Vietnam Visual Studio.

Verification Scope3 Category

- NCSOFT Corporation and overseas subsidiaries (NC West Holdings, NC Taiwan, NC Japan, NC Vietnam Visual Studio) 5 categories: Purchased goods and services, Capital goods, Waste generated in operations, Business travel, Downstream leased assets
- NC ITS 3 categories: Purchased goods and services, Capital goods, Business travel
- NCSOFT Service 4 categories: Purchased goods and services, Capital goods, Waste generated in operations, Business travel
- NC Dinos 5 categories: Purchased goods and services, Capital goods, Waste generated in operations, Business travel, Downstream leased assets
- Ntreev Soft 3 categories: Purchased goods and services, Capital goods, Business travel

Limits of verification

- Verification was carried out through document review, risk analysis, and interviews with the head of the headquarters for emission information and data on the greenhouse gas inventory from NCSOFT Corporation no visit to the site to be verified or verification of the authenticity of the data provided by NCSOFT Corporation has been carried out.
- This validation may be affected by limited factors such as limited data provided, non-business site visits, and sampling, which pose an inevitable risk that critical errors may not be found and may exist.

GHG Criteria & Protocols used for Verification

The verification was carried out at the request of the NCSOFT Corporation using:

- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- Carbon Performance Labelling Emissions Factor - Revised by the Korea Environmental Industry and Technology Institute (2021)
- WBCSD/WRI Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Standard and Scope 3 Calculation Guidance
- Global Warming Potentials-IPCC the second assessment report values (1995)
- ISO 14064-1:2018 & ISO 14064-3:2019
- BSI GHGEV Manual

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

Verification Opinion

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

- This scope 1&2 and scope 3 greenhouse gas emissions for NCSOFT Corporation and eight subsidiaries in Korea and overseas was verified under the limited assurance level.
- Data quality was considered acceptable in meeting the key international principles for greenhouse gas emissions verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidences were properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

Greenhouse Gas Verification Statement

Verification Data: Scope 1&2 emissions for NCSOFT and eight domestic and overseas subsidiaries in 2023

Corporate Name	Unit	Direct Emissions (Scope1)	Indirect Emissions (Scope2)	Total Greenhouse Gas Emissions
NCSOFT Corporation	tCO_2eq/yr	680.472	29,792.386	30,472.858
NC West Holdings		1.521	1,494.146	1,495.667
NC Taiwan Co., Ltd.		0.173	255.087	255.260
NC Japan KK		6.721	111.149	117.870
NC Vietnam Visual Studio Co., Ltd.		0	63.494	63.494
NC ITS		0.634	104.144	104.778
NCSOFT Service		16.994	207.533	224.527
NC Dinos		132.482	1,496.954	1,629.436
Ntreev Soft		4.609	126.384	130.993
Total		843.606	33,651.277	34,494.883

Verification Data: Scope 3 other indirect emissions for NCSOFT and eight domestic and overseas subsidiaries in 2023

Corporate Name	Unit	Purchased goods and services	Capital goods	Waste generated in operations	Business travel	Downstream leased assets	Total Greenhouse Gas Emissions
NCSOFT Corporation	tCO_2eq/yr	74,304.030	15,123.653	313.341	39,134.128	2,102.897	130,978.049
NC West Holdings		1,675.335	225.735	3.528	14,779.146	-	16,683.744
NC Taiwan Co., Ltd.		596.486	301.622	-	-	-	898.108
NC Japan KK		237.601	10.660	0.169	1,621.843	-	1,870.273
NC Vietnam Visual Studio Co., Ltd.		104.000	0.055	-	85.485	-	189.540
NC ITS		0	0.216	-	0	-	0.216
NCSOFT Service		413.826	177.250	1.472	177.762	-	770.310
NC Dinos		1,346.409	43.153	7.244	2,381.878	120.329	3,899.013
Ntreev Soft		221.253	190.904	-	0	-	412.157
Total		78,898.940	16,073.248	325.754	58,180.242	2,223.226	155,701.410

National Institute of Environmental Research

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For and on behalf of BSI: Managing Director Korea, Seong-hwan Lim





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