

# NC SOFT ESG PLAYBOOK 2020

NC SOFT SUSTAINABILITY REPORT





## **NCSOFT's First Sustainability Report**

NCSOFT aspires to create a future where everyone is connected by joy.

To make this dream real, we will take an earnest initiative in attaining the best possible outcome.

NCSOFT ESG PLAYBOOK 2020 serves to share our endeavors and commitment to advance sustainability management.

\* NCSOFT ESG PLAYBOOK 2020 can be downloaded in the Sustainability section of our official website.

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# Overview of NC

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# CEO Message



**“ NCSOFT  
ceaselessly pushes ahead,  
continuing on its journey  
of growth.”**

Dear Stakeholders,

As the CEO of NCSOFT, it is my great pleasure to greet our stakeholders through our very first sustainability report.

Since our inception back in 1997, all of us at NCSOFT have weathered a myriad of storms and have continued to rise up to new challenges to progress this far. Throughout it all, we have tirelessly committed ourselves to establishing transparent and responsible governance,

improving shareholder value and protecting shareholder rights and interests, and creating social value along the way. Going forward, we will advance sustainability management in the best possible way to our fullest capacity, and remain focused on giving back to society in a genuine way while elevating our corporate value.

We look forward to your unwavering confidence and encouragement in our journey ahead.

Best regards,

CEO 

# Who We Are

Ushering in a brand new future where all are connected by joy, NC aspires to assist in the creation of a new frontier where truly impressive experiences await. NC will persevere in making this dream a reality.

## Company Overview

<b>Name of company</b>	NCSOFT Corporation
<b>Establishment</b>	March 11, 1997
<b>Type of business</b>	Developing and publishing online and mobile games software
<b>CEO</b>	Kim Taek-Jin
<b>Employees</b>	4,231 persons (as of the end of 2020)

## Core Value

Integrity	Passion	Never-ending challenge
True commitment to quality	Passion to never stop trying	Never ending challenge to create a joy-filled world

## Global Network

Name of Corporation	Location	Date of Establishment	Total Employees (As of May 2021)	Main Business
NC West Holdings <sup>1)</sup>	Bellevue, Washington, the U.S.	Dec. 2012	418 persons	Game publishing/development
NC Japan KK	Tokyo, Japan	Sep. 2001	151 persons	Game publishing/development
NC Taiwan Co., Ltd.	Taipei, Taiwan	Aug. 2003	83 persons	Game publishing/development
NC Vietnam Visual Studio Co., Ltd.	Ho Chi Minh, Vietnam	Jan. 2020	103 persons	Art outsourcing
NC Europe, Ltd.	Brighton, the U.K.	Jul. 2004	10 persons	Game publishing
NCITS <sup>2)</sup>	Seongnam City, Gyeonggi Province, Korea	Oct. 1996	90 persons	Software development, manufacturing and sales
NCSOFT Service	Busan City, Korea	Apr. 2009	151 persons	Call center service
NC Dinos	Changwon City, South Gyeongsang Province, Korea	Apr. 2011	69 persons	Professional baseball

1) NC Interactive (established in Jun. 2000), ArenaNet, LLC. (acquired in Dec. 2002), NC West Holdings (established in Dec. 2012 as a holding company)

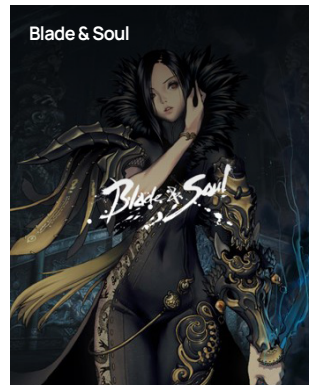
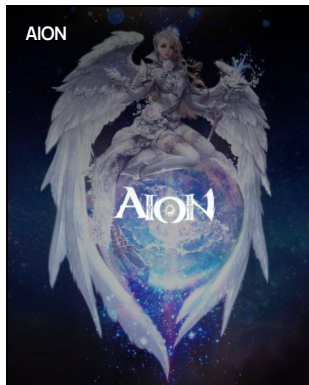
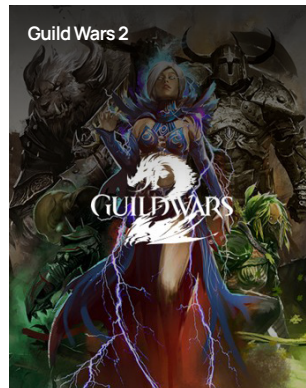
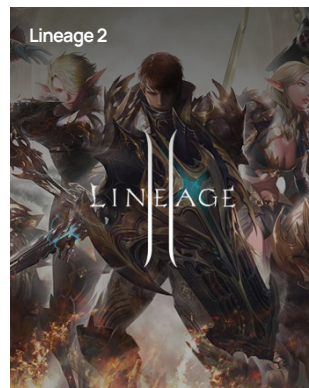
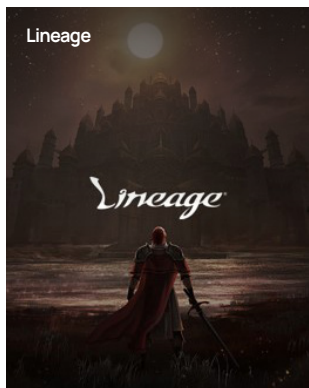
2) Acquired in Feb. 2001



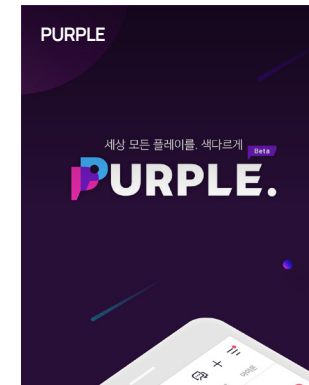
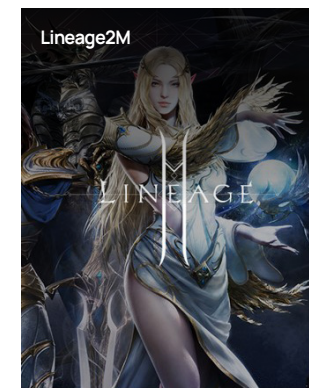
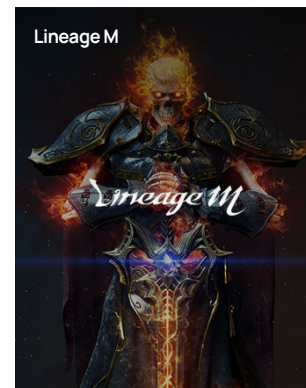
# What We Create

Ever since we set the gold standard for games in Korea back in 1998 by releasing the nation's first internet-based online game Lineage, we have unveiled a wide spectrum of IP and content, including but not limited to AION, Blade & Soul, Guild Wars and UNIVERSE, to deliver joy beyond the borders of Korea and into the hands of players all around the world.

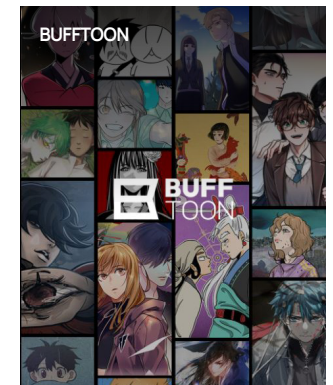
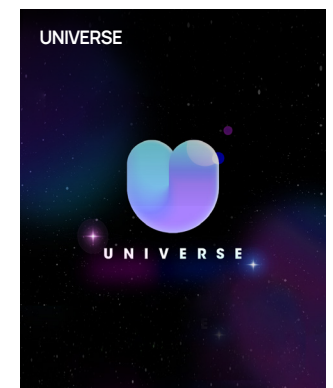
## PC · Console Games



## Mobile Games · Services



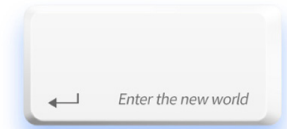
## Cultural Contents



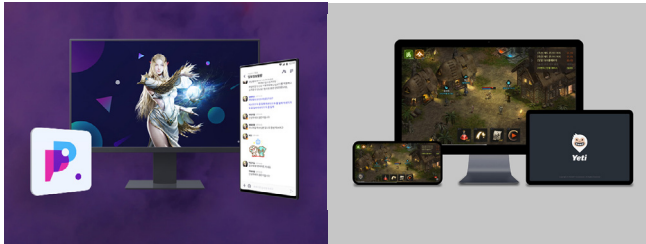
# Highlights

## PUSH, Beyond

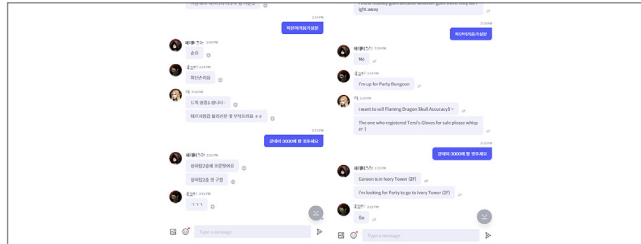
NC never rests on past successes,  
Because we always PUSH to exceed our own expectations.



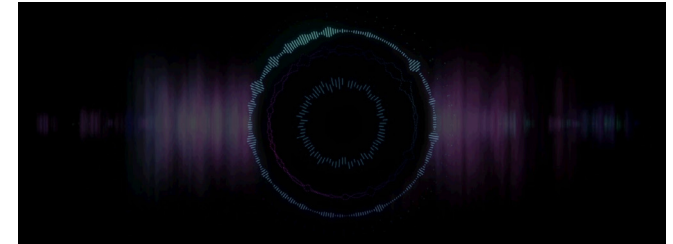
Released PURPLE & Yeti to enable players to play beyond the boundary of PC and mobile platforms



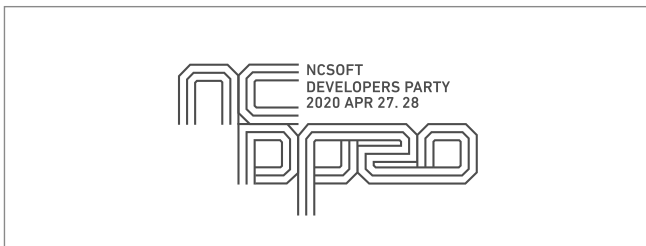
Became the 1<sup>st</sup> Korean game company to develop an AI-enabled real-time translation engine



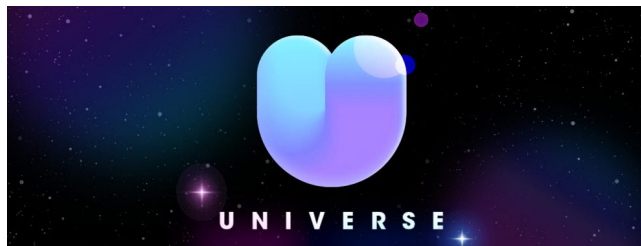
Developed VocGAN AI speech synthesis technology for flawless high-fidelity voice production



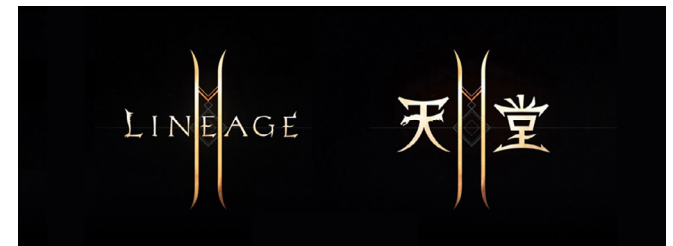
Hosted the NCDP 2020, a knowledge sharing conference to further NC's iron-clad commitment in blazing a new trail



Launched UNIVERSE as a fan community platform



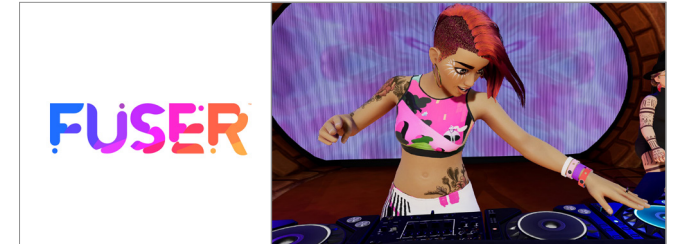
Initiated services for Lineage2M in Taiwan and Japan



# PLAY, Imagine

NC creates new worlds with limitless possibilities,  
Because We believe PLAY can unleash people's imaginations.

Released FUSER, the next generation of interactive music gaming in North America and Europe



Launched Trickster M, the start of an endless wave of adventure



Launched AION Classic In North/Latin America



Launched Pro Baseball H3



Unveiled the new character brand DOGURI



Expanded the scope of AI business into finance



Launched NC PLAY Project to never stop imagining for joy



# Value and Future of the Games Industry

COVID-19 has accelerated the rapid perception shift concerning gaming all while boosting the overall quantitative growth of the games industry. In March 2020, the World Health Organization proposed the '#PlayApartTogether' campaign to promote social distancing through game playing and its four keywords reaffirmed the positive values that the games industry can bring.

#PlayApartTogether Campaign Logo



PLAY  
APART  
TOGETHER

## 1. Disseminating the value for the humanities as a cultural and arts genre in its own right

Games, which are the product of pairing narrative structure with video, music and other diverse genres, are increasingly being recognized for their cultural and artistic value.

- The US, France, Japan and other countries have officially recognized gaming as an art genre unto itself
- In May 2020, the Korean Ministry of Culture, Sports and Tourism announced a 'comprehensive plan to promote the games industry' whose key provisions aim to include games in the category of culture and arts under the Culture and Arts Promotion Act

## 2. Generating positive socialization experiences and educational benefits

Numerous research findings demonstrate that games actually provide players with educational benefits and positive socialization experiences.

- Massively Multiplayer Online (MMO) games that reflect the organizational hierarchy and structure of real-life politics improve socialization experiences through interactions in proportion to the number of players<sup>1)</sup>
- The gamer community may serve as a venue for communication to create a culture of learning<sup>2)</sup>

## 3. Delivering Digital Therapeutics (DTx)

The Digital Therapeutics Alliance (DTA) defines digital therapeutics (DTx) as applications, games, virtual reality and other software-driven interventions that help treat medical diseases or improve health, just as conventional medications do. At the Consumer Electronics Show 2021, video games that functioned as DTx garnered much attention, and games are increasingly recognized for their role in therapeutics.

- The game EndeavorRX was approved by the US FDA in 2019 to treat children aged between 8 and 12 for ADHD

There are also research findings that indicate the benefits of video game playing in developing visual and perceptual learning and activating the frontal lobe<sup>3)</sup>, which demonstrates the positive impact of games on mental health.

As COVID-19 has accelerated the transition into a virtual contact-free economy, the games industry has experienced rapid market growth and emerged as a key pillar of national economic development for its contribution to job creation.

The global games market is forecasted to reach USD 159.3 billion (nearly KRW 193 trillion) in 2020, up by 9.3% from the previous year<sup>4)</sup>, and the Korean games market is estimated at KRW 17 trillion, up by 9.2% from the previous year<sup>5)</sup>.

#### 4. Creating economic impact

The games industry is establishing its position as a thriving export industry for its potential to produce character products and other diverse cultural content, in addition to providing gaming services. The industry also significantly contributes to the creation of employment and serves as a key player in boosting our national competitiveness. In 2019, Korea's games industry posted nearly USD 6.36 billion in trade surplus<sup>5)</sup>, accounting for approximately 16% of the total trade surpluses of USD 38.89 billion<sup>6)</sup>. The number of employees at major game companies increased by 39.1% from three years ago as of Q1 of 2020, which clearly illustrates the industry's significant contribution to job creation.

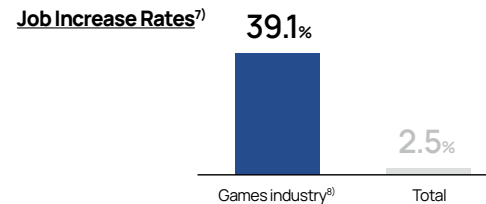
Games Industry's Trade Surplus in 2019

 **USD 6.36 billion in total**

Share of Total Trade Surplus

 **16%**

As Korea's leading games company, NC is committed to facilitating a positive perception of games and work to reinforce economic and social benefits of games. In July 2021, we partnered with the Daejeon Museum of Art and the Korea Advanced Institute of Science and Technology to host an exhibition titled 'Game & Art: Auguries of Fantasy' to publicize the artistic aspect of games. Furthermore, we have hired nearly 650 employees every year for the past three years to contribute to job creation.



1) Williams D, Ducheneaut N, Xiong Let al. (2006) From tree house to barracks: the social life of guilds in World of Warcraft. Games Cult 1(4):338-361

2) Squire K (2010) From information to experience: place-based augmented reality games as a model for learning in a globally networked society. Teach Coll Rec 112(10):2565-2602

3) Yong-Hwan Kim et al. (2015) Real-Time Strategy Video Game Experience and Visual Perceptual Learning. The Journal of Neuroscience 35(29):10485-10492

4) 2020 Global Games Market Report, Newzoo (global games market research firm)

5) Korean Games White Paper 2020, Korea Creative Content Agency

6) Trends in International Balance of Payments, Bank of Korea

7) Changes in the number of job seekers who became employed between Q1 of 2017 and Q1 of 2020, Korea Economic Daily

8) Based on 36 listed companies in the Korean games industry

02



# PUSH for a Better Future

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# Chairperson Message - ESG Steering Committee



## Dear Stakeholders,

In my capacity as the Chairperson of the NCSOFT ESG Steering Committee, I would like to extend my heartfelt greetings to our shareholders, investors, users, partners, and all NCSOFT employees for your steadfast encouragement and support on this occasion of publishing our very first sustainability report.

As you may already know all too well, NCSOFT is a company that aspires towards a new world connected by joy. To make this dream real, we have steadily committed ourselves to advancing sustainability management under the motto of 'taking an earnest initiative in attaining the best possible outcome'.

We have set an industry standard by creating and operating a total of three expert committees under our Board of Directors (BOD) - the Compensation Committee (2007), the Audit Committee (2010), and the Outside Director Recommendation Committee (2015) - to promote the professional and independent operation of the BOD and establish transparent governance in so doing.

We have proactively introduced systems that provide a flexible and autonomous work environment and assigned dedicated maternity protection staff to create an inclusive corporate culture. Such efforts were recognized as we were honored with the Presidential Citation for our contributions to equal employment by the Ministry of Employment and Labor in 2021.

In 2012, we founded the NC Cultural Foundation to support our future generations along with the socially-underprivileged protect the environmental ecosystem and conduct research on AI ethics, generating a wide range of values to drive the qualitative evolution of our society.

To transparently share such endeavors and their resulting achievements and to develop more systemic action plans, we became the first in the Korean games industry to create the ESG Steering Committee and relevant organizations in March 2021.



# “NCSOFT aspires to take a shared initiative in earnestly attaining the best possible outcome.”

In preparing for our first sustainability report, we did not simply identify our ‘good and obvious points’ for the sake of increasing our ESG ratings; rather, we applied even more stringent standards in auditing ourselves to discover any unconsciously overlooked harbingers and searched for ‘solutions that could be implemented in a genuine and sincere way’.

At NCSOFT, we will do our utmost to reduce any and all animosity and/or prejudice that could possibly arise inside or outside the content we create while embracing even greater social diversity.

We aim to advance our global personal data protection management system and go the extra mile to ensure that all our users can enjoy our content in a safe and worry-free way.

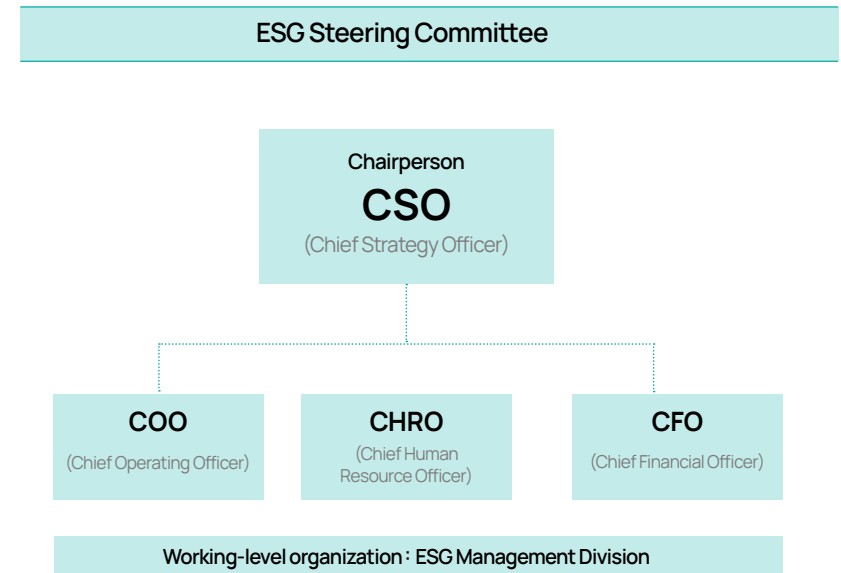
We will not neglect our corporate social responsibility that will be required even more in the upcoming digital era. This will go to make doubly sure that ethical considerations forever play an integral part of our AI research and other technology development endeavors.

Last but not least, we will fully support our future generations and the socially-underprivileged among us so that we may all seize the opportunities that bring us closer to freely using our imagination and to challenging ourselves in a bias-free environment.

We look forward to your keen interest in our efforts to persevere in our commitments and count on your appreciated presence in our journey towards a new world connected by joy.

Sincerely,

Chairperson of the ESG Steering Committee **Yoon Song-Yee**



**Mandate**

- Deliberate on the decisions made in relation to ESG (Environment, Social and Governance) strategies and major issues

**Operational cycle**

- Biannual

**Working Groups under the Committee**

- Purpose: Implement ESG strategies and conduct working-level operations on major issues
- Function: Diversity/inclusivity, AI ethics, environmental data disclosure, ethics management, and digital citizenship

# A Healthy Corporate Culture, Unbiased Joy

## NC Diversity/Inclusion Framework

'Diversity and Inclusion' represents NC's distinctive sustainability management strategy to create a sound corporate culture and an unbiased environment where all can freely access joy.

We vow to respect and embrace the diversity of our employees in terms of their competency, gender, age, knowledge and background.

This will enable us to produce content that is universally understood and foster a world in which joy connects us all.

Mission	A world where everyone is connected by joy	
Vision	A corporate culture that enables individual employees to share and unleash their potential without constraints	Bias-free content that users can universally understand
Key Value	Embrace and promote the diverse competencies and experiences of employees	Respect cultural/superficial diversity within content and service offerings
Value Definition	Provide opportunities to interpret and implement the diverse competencies and backgrounds of NC employees - work competency, knowledge, experience, interests, creativity and insights - as 'new potential' and 'collaborative synergy'.	Embrace superficial diversity (in gender, age, race and/or physical ability) and cultural diversity (in language, dress, tradition, and/or moral norms) and eliminate any animosity or bias induced by such differences within NC's intellectual property and content
Areas	NC People	NC Contents

# A Sound Corporate Culture That Ensures Free-flowing Communication

NC aims to build an inclusive corporate culture that promotes shared growth. To this end, we facilitate flexible communication that engages employees at all levels and provide an environment where like-minded individuals can come together to challenge themselves in attaining a common goal.

## Free-flowing Communication

### I&M (Innovation & Management) REPORT

NC hosts quarterly I&M REPORT townhall meetings attended by all NC employees and the CEO to communicate on pending company issues and develop solutions for improvements.

The head of the relevant department or the responsible Chief Officer provides employees with the background and context information regarding the status of business operations and issues of major concerns while the CEO comments on how such issues could potentially impact business at NC.

Employees are free to anonymously raise questions or provide feedback through a live stream system that supports real-time chatting. This enables us to identify ways in which we can improve on the difficulties our employees may face in their work, and fully reflect their input in the operations of our corporate system.

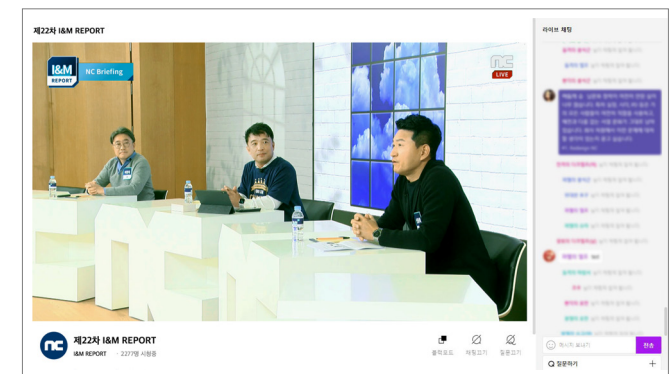
I&M REPORT meetings that were originally initiated through our unique culture of open-ended communication, are attended by more than 60% of the workforce at each meeting, and have been firmly established as NC's distinctive internal communication model to share our corporate vision and philosophy through horizontal understanding and consensus building.

### Major Issues Discussed in 2020

Apr.	Nov.
<ul style="list-style-type: none"> <li>- Details and purpose of company-wide organizational restructuring</li> <li>- NC's approach to globalization in 2020</li> <li>- Approach to building a smart work environment accommodating NC's work methods and system</li> </ul>	<ul style="list-style-type: none"> <li>- Company-wide security issues, Q3 earnings and compliance</li> <li>- Ambitious plans for game development in respective specialty areas</li> <li>- Brand renewal and corporate mission, the status of expanded work spaces and organizational operations following the reshuffling</li> </ul>

### Improvements Made

Issue	Improvement
Difficulties with work-from-home accommodations amid COVID-19	Reflect concerns within NC's 'Smart Work' policy
Need for greater housing loan support	Extend the payment period of housing loans by 3 years
Need for expanded daycare centers	Construct a new daycare center in 2022



I&M REPORT

# A Sound Corporate Culture That Ensures Free-flowing Communication

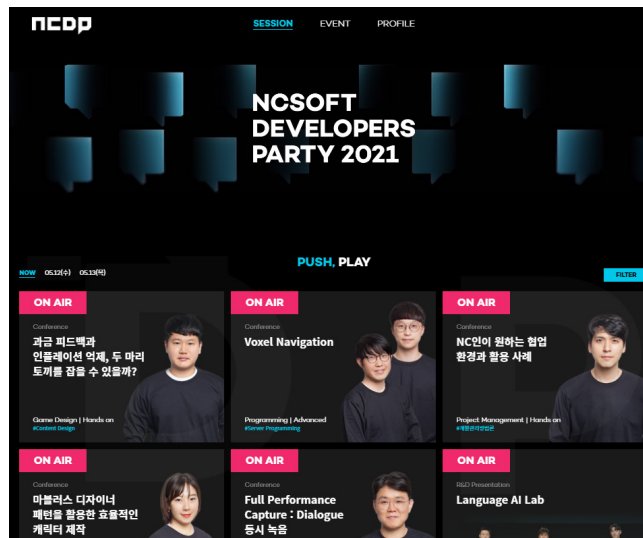
## Collaborative Sharing of Knowledge among Employees

### NCDP (NCSOFT Developers Party), an Innovative Culture of Development Driven by Sharing and Communication

The NCDP (NCSOFT Developers Party) serves to share the invaluable expertise and technology accumulated within the entire process of game development, from planning to production and operation. This knowledge-sharing event voluntarily helps employees understand and support the diverse expertise of their colleagues, and creates a positive corporate culture in so doing.

In 2021, 52 online conferences and roundtables were held under the slogan of 'PUSH, PLAY': these conferences enabled developers to attend either as lecturers or as participants, and to share their experiences, game trends and new technology they gained during their development process, while the roundtables offered developers an opportunity for in-depth discussions on respective topics regarding game development. This was accompanied by the exhibitions of sound and artwork, along with tours in sound production and 3D scan studios, which helped further elaborate upon the details of various work areas.

From 2022 onwards, publicly available programs will be run in their prototype format so that the NCDP can move beyond merely serving as an internal developer conference and towards a platform of content culture for all.



Online Conference Sessions



Artwork Exhibition

### Knowledge and Information Sharing Service

Our employees are able to share work-specific knowledge with the help of questions and answers addressed through our internal intelligence service, Null. In addition, our nanowiki service allows any employee to collaborate on shared-knowledge documents, by way of the roles of generator, editor and/or information communicator.



Nanowiki Service Screenshot

### Company-Wide Learning Channel

Our internal platform ch. NCU serves to pull together employee expertise and advice and share this content that relates to onboarding, job functions, leadership and organizational culture on a monthly basis across the board. This also helps employees share information and reviews regarding outside conferences as well as trends and information on IT game development, which allows them to brace for the upcoming future and gain renewed inspiration for innovative technology.

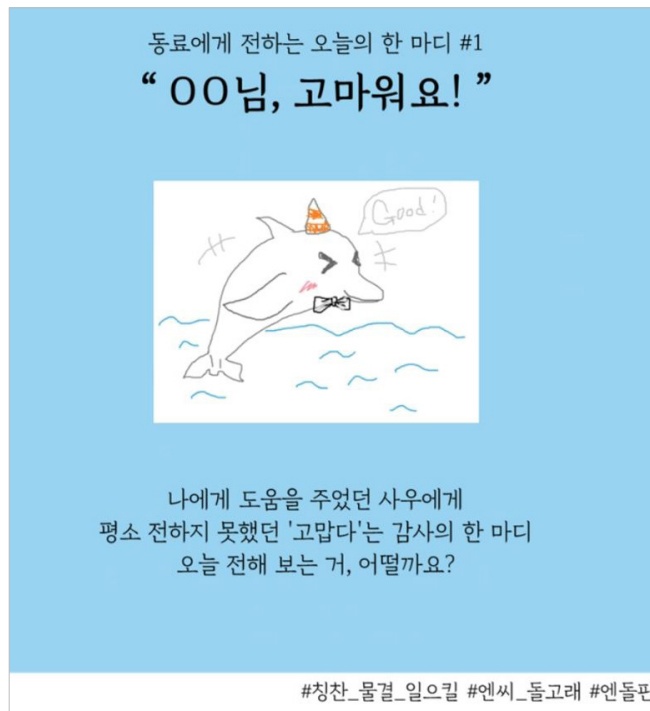
### NC { } DAY

We host annual DAY events to provide our employees with an opportunity for open communication and to help share knowledge and experience across different departments. Such events are held on an organizational level - AI, Platform, Security, HR, Finance and I&O. HR DAY 2020 was specifically noteworthy with its wide-ranging programs operated under the topic of 'A pleasant day of comradery to meet new challenges while pursuing growth'.

## Boosting Solidarity and a Sense of Community and Sharing a Variety of Joyful Experience among Colleagues

### Endorphin Program

Under the Endorphin Program, our employees express their gratitude and encouraging messages to one another to create a positive corporate culture through which employees respect, compliment and enhearten each other.



Endorphin Program

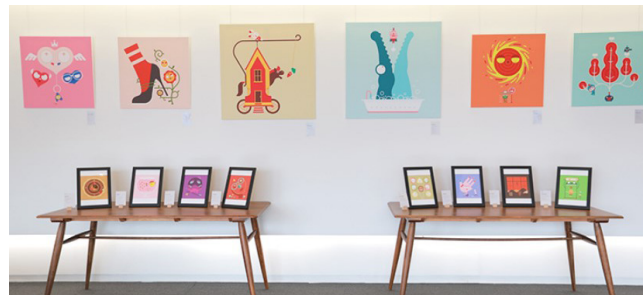
### Team Better Program

Our Team Better Program engages both team leaders and their members to build a culture based on teamwork for the end goal of mutual growth. Theme-specific subprograms are provided to encourage employees to build mutual understanding and trust, promote greater psychological stability, cultivate self-motivation and facilitate early-phase team building.

### Gallery NC

We operate Gallery NC to exhibit the works created by employees at the workplace to help employees freely share their creative and artistic sensibilities.

In addition to displaying illustrations, oil paintings, craftwork and video art created by our employees, Gallery NC serves to help employees share their hobbies – whether it be flying drones, collecting video games or some other area of interest – and hosts exhibitions and events for Lineage, Spoonz and other NC-owned intellectual properties to increase the breath of cultural experiences available.



Gallery NC – Illustrations Created by Employees

### NC Culture Class

NC Culture Class provides employees with an opportunity to experience a variety of cultural and art genres, from classical music and live performances to dramas and hands-on art opportunities as a way to expand their exposure to novel stimulus, experiences and innovative insights.



NC Culture Class

## NC West Holdings

NC West Holdings and its subsidiaries operate the D&I Committee which consists of HR team members to fully advance their Diversity & Inclusion (D&I) initiative. The Committee meets monthly to resolve any concerns or issues raised in relation to D&I and make necessary improvements. In 2020, the main topics of discussion focused on the necessity in assigning dedicated D&I personnel, equity in compensation and diversity in leadership and employment on the company-wide level.

### Major Activities at NC West Holdings in 2020

<b>Organi- zational Assessment</b>	Conduct the 'Speak Up D&I' survey and analyze its results
<b>D&amp;I Training</b>	<ul style="list-style-type: none"> <li>- Run a pilot micro-learning session on D&amp;I issues for 40 leaders</li> <li>- Provide Compensation Pay Equity training to employees in leadership positions</li> <li>- Provide online training to address issues of racial prejudice, diversity &amp; inclusion, micro-aggression<sup>1)</sup>, and unconscious bias</li> <li>- Conduct annual anti-sexual harassment training for employees</li> </ul> <p>1) Subtle discrimination that minority groups experience in their daily lives</p>
<b>Awareness Improve- ment</b>	<ul style="list-style-type: none"> <li>- Conduct roundtable discussion sessions on racial issues, diversity and inclusion</li> <li>- Conduct active listening sessions on micro-aggression and unconscious bias</li> </ul>

## NC Vietnam Visual Studio

NC Vietnam Visual Studio operates a broad spectrum of programs and systems to build a communication-based sound corporate culture.

To pursue sustainable development, the company is developing a systemic capacity building framework ranging from talent sourcing and recruitment to compensation, onboarding and appraisal as well as a robust talent pipeline.

### Major Activities at NC Vietnam Visual Studio in 2020

<b>Improving solidarity and a sense of community among colleagues</b>	<ul style="list-style-type: none"> <li>- Women's Day: Arrange creative workshops for in-house female artists</li> <li>- Appreciation Day: Host end-of-the-year awards to motivate employees by honoring them for their exceptional performance, contributions and/or growth</li> </ul>
<b>Building partnerships with learning institutions to deliver value for employees</b>	<ul style="list-style-type: none"> <li>- ECCLESIA: Operate leadership programs to help leaders in the art sector positions build their expertise</li> <li>- Form a partnership with VTC Academy to secure prospective employees through mentorships</li> </ul>
<b>Operating open communication channels</b>	<ul style="list-style-type: none"> <li>- NC VVS Beyond (townhall meeting): Share NC's vision and strategy and help employees share their ideas while hosting teamwork activities for new hires in consideration of D&amp;I</li> <li>- Corporate Culture Survey: Survey employees on their satisfaction with the company, share survey results with the BOD and collect the feedback</li> </ul>

### Speak Up D&I Survey

NC West Holdings conducts annual Speak Up D&I surveys to ensure that D&I is at the center of its corporate culture development. In 2020, 309 employees or 75% of the total workforce, responded to the survey, and more than 90% of them claimed that D&I had a positive impact on business performance. In addition, 94% of the respondents mentioned that their direct manager fully supported a D&I-centered culture, and 95% commented that their direct manager engaged in positive interactions with employees from diverse backgrounds.

NC West Holdings will further expand its D&I-related e-learning courses, and share key indicators on compensation equity and employment diversity that are of particular interest to its employees.



NC West Holdings Workshop



NC VVS Townhall Meeting

# NC Employees Realizing Their Potential



**Ratio of female employees in positions of team leader or higher <sup>1)</sup>**  
**Increased from 15.4% in 2017 to 20.0% in 2020**

<sup>1)</sup> On a non-consolidated basis within NC exclusively

NC provides a wide array of career development programs to assist employees in rising to new challenges suitable to their individual needs and fully unleash their potential in so doing. In addition, consultative groups are operated for respective job categories to consistently improve our job system by creating new positions, while consolidating existing ones, in order to flexibly respond to our status quo operations and external trends.

## Internal Career Development Opportunity

### Ban-Idong Program (Team Transfer)

In the first half of each year, employees are able to apply for the kind of work or project of their choosing under our unique internal career development program dubbed Team Transfer. Numerous job vacancies are posted and publicized specifically during this rotational period. Following paper screenings and interviews, successful applicants are given the opportunity to relocate to the department of their choice and develop their career as they see fit.

### Internal Job Postings

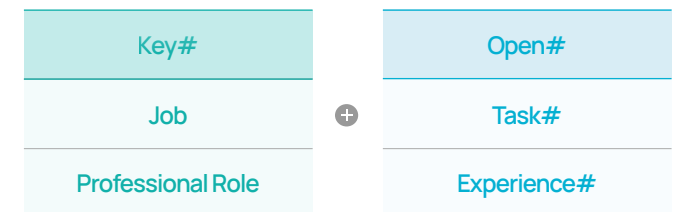
Any department with open positions may post internal job vacancies, and any employee may apply for such vacant positions and rotate between jobs and move to a department of their choice. This year-round job posting program enables our employees to expand their work experiences to meet their own career goals and needs.

### Career Development Programs Utilized in 2020

Category	Unit	Team Transfer	Internal Job Posting	Total
<b>Postings</b>	No. of cases	615	518	1,133
<b>Applicants</b>	No. of persons	397	134	531
<b>Successful Applicants</b>	No. of persons	224	59	283

## NC's Distinctive Job Description System Job# (Internal Talent Pipeline Management)

Our distinctive Job# system allows employees to present their work, expertise and responsibilities. Job# is classified into Key# which is awarded by the Company through screenings to signify an employee's level of expertise and Open# which allows individual employees to freely elaborate on their detailed job descriptions and experience through the use of their profile hashtag (#). In 2020, improvements were made and company-wide campaigns were launched to enhance the utility of this system in its early phase and to build an environment to promote its adoption, which led to 85% of all employees creating their own Job# profile.



# Extensive Talent Recruitment Pipeline

**NC is willing to invest in any opportunity to recruit brilliant talent.**

**We are building a broad talent recruitment pipeline by job category and position that spans internships, industry-academia cooperation and the recruitment of entry-level and experienced employees in consideration of the inherent characteristics of our business that requires individuals to bring their diverse competence and experience to collaborate and complete given projects.**

**Total number of employees at the end of 2020 against the end of 2017<sup>1)</sup> up by 1,009 persons (31.3%), number of female employees increased by 380 persons (38.6%)**

**Annual average ratio of female new hires rose from 33.2% in 2017 to 35.2% in 2020<sup>1)</sup>**

<sup>1)</sup> On a non-consolidated basis within NC exclusively

## Development and Recruitment of Future Talent

### Intern Flagship

Each year, we hire interns and provide them with the opportunity to directly experience department-level work. Top performers are given the chance to come on board as full-time employees upon graduation.

### Recruitment of Outstanding New Hires

Anyone wishing to join NC is able to register their profile at any given time, which in turn, allows us to build a pool of talent that we can immediately turn to whenever a job opening comes available. We also launch recruitment campaigns at Stanford, MIT, UC Berkeley and other prestigious global universities to proactively seek out talented individuals all around the world. Even in the face of COVID-19, we adopted virtual recruitment methods and provided online one-on-one job counseling, which was the first in Korea, so that even more talented people can join us.

### Recruiting Industry Professionals

To flexibly respond to the demand for a professional workforce in line with industry trends and expanding service lines, we have newly adopted a 'theme-based recruitment' program to openly hire employees with previous work experience across different job categories. Within this program, a job category that faces an intensive need to secure talent during a given period of time is chosen as the theme for recruitment marketing to increase the odds of discovering exceptional and experienced employees to hire. In 2020, the theme was game design and experienced new hires came onboard under this job category.

We are also diversifying our recruitment channels by hiring talent through current employee recommendations and by operating an internal talent recommendation system that provides awards to those who made the recommendations.

### Industry-Academia Cooperation with Graduate Schools

In 2020, we entered into an industry-academia partnership with the Korea Advanced Institute for Science and Technology (KAIST) and are currently undertaking joint research on the three topics of game art, design and sound. In addition, game design projects, game research colloquium and other graduate courses are jointly planned to create a pool of potential exceptional talent.

### NC West Holdings

NC West Holdings and its subsidiaries clearly understand that the breadth of the creativity they produce is only made possible with the inclusion of talented individuals from diverse cultural backgrounds. With this belief in mind, they recruit potential employees from wider cultural backgrounds and underscore the messages of diversity and inclusion in their recruitment marketing. In fact, rather than ascertaining how well a potential employee will meld into the existing corporate culture, the recruitment process of NC West and its subsidiaries focuses on how capable a new hire will be in offering a fresh perspective and improving the diversity of the status quo environment.

### Attending the ConeXion Virtual Career Fair

In 2020, NC West Holdings and their subsidiaries attended the ConeXion Virtual Career Fair to expand their pool of talent from Latin American regions. This annual event is organized by Latinx In Gaming, a non-profit organization, to help Latino game developers connect with potential employers and mentors. In 2020 alone, more than 200 developers participated in this event. HR personnel from NC West Holdings and ArenaNet reviewed the resumes submitted by hopeful new developers and provided them with feedback on their portfolios, while discovering exceptional talent hailing from Latino backgrounds.



ConeXion Virtual Career Fair





NC VVS, Women's Day

# Developing Diverse and Inclusive Content

**Unpredictable diversity is one of the many qualities inherent in users, and bridging this expansive divide in their diverse preferences is precisely where we earn our edge in positive user response. We are wholly aware of the significance of building diversity and inclusion into the functionality and design of our content, and are invariably committed to this end.**

## Culturalization

Our culturalization initiative works to embrace cultural diversity in the content and services we deliver.

### Defining Culturalization

Culturalization is to create content that users can universally understand and effortlessly immerse themselves into based on the understanding of superficial diversity (gender, age, race, physical ability or lack thereof, etc.) and cultural diversity (language, dress, customs, moral norms, etc.) of countries around the globe.

To advance this initiative, we operate a dedicated culturalization organization made up of members from diverse nationalities, and engage in collaboration across our global network from the early game development phase to the service phase, to further culturize our offerings according to country-specific characteristics. This extends beyond mere linguistic localization towards all the components that go into content creation – plot settings, character descriptions, acting, and directing – to deliver a personalized and impressive experience that reaches each and every global user.

Furthermore, we do our best to stay up to date and current with the latest cultural trends, traditional social norms, and historical and ethical sentiments. This ultimately works to connect every global user under the single integrated theme of 'joy' that transcends well beyond the boundaries of nations or regions.

## Developing Characters to Reflect User Preferences

We continue to research and develop characters that cater to the diverse preferences of our users.

In 2019, we researched 'skill network analysis methodology for character design' to verify the correlation between the diversity of character skills (powers) and the commercial success of games, and we have been introducing this methodology in designing new projects.

In addition, we are analyzing the correlation between our most popular characters and character design components, which include gender, nationality, political orientation, religion, race/ethnicity and other diverse data components.

These research findings will help establish our design tools to comprehensively review and further perfect our character designs for their diversity and inclusion from the functional and aesthetic aspects.

## QA Activity from the Diversity/Inclusion Perspective

In the final review phase prior to launching games, we inspect our game content for any factors that could inhibit diversity and/or inclusion. The Quality Assurance (QA) checklist contains prohibited word-setting and slang-filtering items, and reviews are made on D&I-related precedents and social issues. When it comes to fundamental issues, such as national religions, faith, and politics, and politics, we compile a relevant checklist of data, and share feedback with the development part in advance while performing cross-checks.

To raise employee awareness in this regard, we communicate the need to check for 'prohibited words/differences in national cultures and linguistic expressions' to the QA center members and share relevant cases.

### Country-Specific Content QA Process



## ArenaNet, LLC.

ArenaNet, a US-based subsidiary of NC West Holdings, operates a range of programs and systems to take into account the issues of diversity and inclusion even from the game development stage, and to ensure equal representation of minority groups in creating content and characters.

### Asian Cultural Council

The Asian Cultural Council works to represent the diverse cultural viewpoints of the Asian and Asian American employees at ArenaNet. The Council is open to all ArenaNet employees, and consisted of nearly 30 members as of June 2021. The Council is responsible for assessing the appropriateness of in-development game content, identifying any problematic issues or representations of Asian culture within the content, and advising on matters of inclusion across the entire game production pipeline. In addition, the Council serves as an advisor in executing any creative decisions that could potentially impact Asian and Asian American users.

### Diversity-Conscious Character Composition

#### : Guild Wars 2 - End of Dragons

End of Dragons, a game developed by ArenaNet, is narrated by voice actors and actresses from a wide range of nationalities to effectively present the diversity of its characters. Renowned Asian celebrities – Erika Ishii, Tina Hwang, Rina Hoshino, and Noshir Dalal – will animate the new game characters with their voices.



Guild Wars 2

# Prevention of Hate Speech and Offensive Language

## Communication Areas within Content

Chat rooms and bulletin boards/ chatbot chats/ machine translations

## Response to Respective Communication Areas

At NC, we classify inappropriate language into the following categories: discrimination (discrimination and hate speech), bias (biased value judgements), rudeness (crude language), illegality (expressions that incite illegal and/or vulgar behavior), and sexual harassment. We are also developing and systematically adopting technical responses for each of the communication areas where users speak or artificial intelligence generates sentences.

### Our Technical Responses by Communication Area

Area	Response
Words spoken by users	<b>Chatbot (PAIGE Talk)</b> - Define hate expressions - Develop natural language understanding technology to detect when users engage in hate speech
	<b>Spam filtering/masking</b> - Define the scope of spam (illegal or unsolicited remarks) - Recognize spam data within the words spoken by users - Alert and sanction users for their words evaluated as spam
Sentences generated by AI	<b>Response generation in chatbot chats</b> - Develop technology to prevent hateful/biased remarks from being generated - Apply policies and services that enable appropriate responses for intentionally biased input
	<b>Machine translation</b> - Preemptively identify words that create negative connotations in certain countries - Apply translation principles to hateful/politically-charged, or disparaging expressions

**NC is committed to creating a culture of communication that embraces diversity and inclusion within its content ecosystem.**

**We continue to establish our notions in defining inappropriate expressions and develop relevant technology to eradicate any and all hate speech and offensive language that could inhibit diversity and inclusion.**

## Develop a Dictionary to Define Hate Speech Terminology

To ensure that our content is completely free from hateful and/or offensive terminology, we developed a dictionary to outline the various terms that could be defined as 'hate speech' which consists of 23 categories and includes such indicators as gender, race, physical ability or lack thereof, sexual orientation, religious and political affiliation, and defined four grades to guide our responses to such expressions in 2021. This dictionary will be shared with developers to help them clearly recognize terminology that would fall under the umbrella of a 'hate speech' remark. Also, we will send out monthly letters to the leaders of art, language, NPC and other relevant departments. Going forward, we plan to include content related to the dictionary in our ethics training courses for new hires to improve awareness across the board.

### Classification Criteria by Topic

Gender, age/generation, race, nationality, disability, appearance, physical condition, job function, ability, academic background, social class/affiliation, place of birth/residence/regional bias, family structure, sexual orientation/identity, religion, political affiliation, tendency to incite abusive language/sexual harassment, resources/net worth, criminal record/proclivity to engage in crime, others

### Grading Criteria

Grade	Definition
Grade 1	A specific string of characters <sup>1)</sup> , that is context-independent, justifies restrictions in and of itself
Grade 2	A specific string of characters, that is context-dependent, and lends to potential harmful effects with near perfect certainty
Grade 3	A specific string of characters, that is context-dependent or highly contextualized, and requires direct assessment to determine its harmfulness
Grade 4	Expressions not classified as expressions of hate nor as posing any harm

<sup>1)</sup> Phrases, paragraphs or other multiple-worded expressions composed of words arranged in a specific string of characters or patterns and arranged in characters that are non-continuous

# Contribution to Community-Level Diversity and Inclusion

**“At NCSOFT, We Believe:  
Black Lives Matter  
Human Decency is a Right  
That Love is Love  
Unity Will Always Triumph  
Over Division”**

- Chauncey Gammage  
(NC West Holdings Chief Operating Officer)

## NC West Holdings

NC is opposed to any and all forms of racial discrimination and/or relevant hate crimes in line with its own set of NC values. As such, NC West Holdings is endorsing the Black Lives Matter movement, and is operating a variety of donation programs to counter hate crimes committed against Asians and Asian Americans.

In 2020, NC West Holdings donated funds to five relevant organizations.

### Donation Recipients in 2020

- Human Rights Watch
- The Marshall Project
- NAACP  
(National Association for the Advancement of Colored People)
- Washington ACLU (American Civil Liberties Union)
- Southern California ACLU (American Civil Liberties Union)

In addition to such corporate sponsorships, the company operates a matching grant program. In 2020, employees donated USD 16,375, and the company matched this donation to bring the total to USD 32,751, which was given to a total of 46 organizations.

NC West Holdings formed a partnership with the Asian American Foundation and donated a total of USD 12,070. The company hosted an online Pride Month Bingo event and raised funds valued at USD 1,750 for LGBTQ+ charity organizations. NC West Holdings will continue to organize matching programs for LGBTQ+ groups in the upcoming years.

## ArenaNet, LLC.

ArenaNet's Narrative Team runs the Narrative Mentorship Program to provide professional guidance and training on the working-level technology required for developing game narratives. This program pursues the balanced representation of race, age, sexual orientation, gender, religion, military status, and nationality.

In 2020, 10 mentees completed this program and several of them are building a successful career in the industry. In 2021, 12 mentees from six different countries joined the program. This program has set an example in the industry with its successful track record and is garnering a tremendous amount of interest and recognition at the Game Developers Conference.

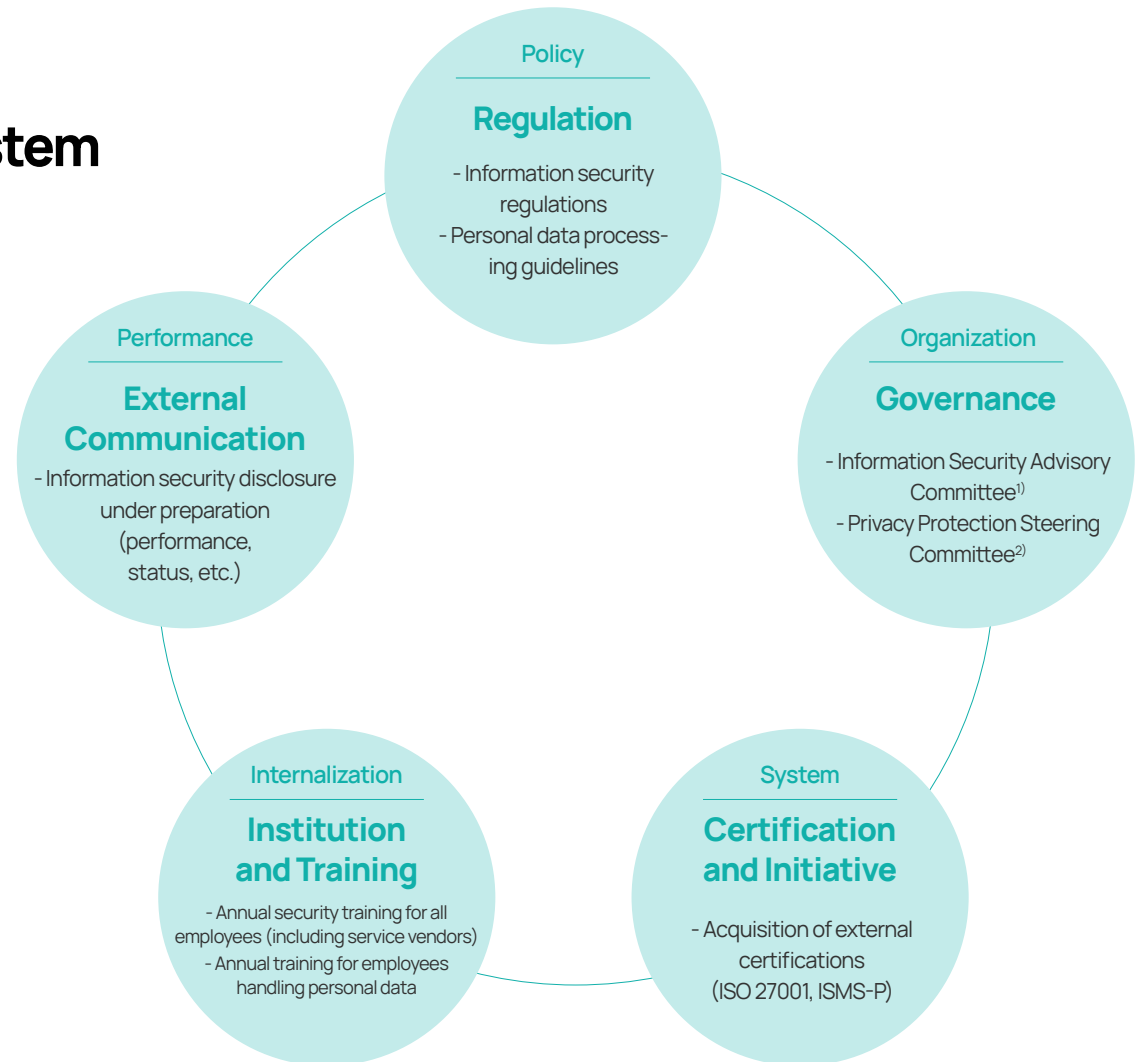


ArenaNet, LLC. Logo

# A Reliable Global Service Environment

## Information System and Personal Data Protection Management System

As a developer and publisher of online and mobile games software, NC amasses and manages a vast volume of personal data, in addition to owning information assets. As such, we not only meet, but also exceed legal and regulatory thresholds in our established operations - from policy, organization, systems, institutions and training, and communication aspects. This enables us to create the most secure environment possible as we safeguard personal data and information assets.



1) Technical Working Group (TWG) established to consult on common security-related operational policies between NC and its subsidiaries and to prevent security breaches

\* Members: CIO, CITD, Head of Information Security Center, Chief Information Security Officers from subsidiaries, and the Technical Working Group

2) Consultative body mandated to decide on major issues, including work-related modifications concerning personal data protection

\* Members: Head of Privacy Protection Division, Head of Information Security Center, Head of Legal Division, Head of Communication Center

# Building an Advanced Security Environment to Emerge as a Global Business

At NC, we are fully committed to building an advanced security environment to emerge as a global business. This falls in line with our business strategies set in 2021, which were to establish safety in launching games and services on a global level, improve productivity of international collaboration and remote work while advancing security threat response systems, eliminate any security hazards impeding business outcomes, and strengthen organizational expertise to reflect domestic and international security trends.

Rapid worldwide growth in the number of games and services launched highlights the importance for tighter security and safety standards to respond to an open environment that transcends regional boundaries. NC operates an information security management system that spans all IT operations, and is establishing a global information security system to render greater safety in its customer services.

## Dedicated Information Security Organization

NC's Chief Information Security Officer (CISO) serves as the head of the Information Security Center, and oversees general information security operations. Under the Center are Security Policy Division, Security Operation Division, and Game Security Division, which perform their respective functions, while information assets are protected in close collaboration with other relevant departments. As part of the activities involved in the governance of information security, we operate a process in which we report major information security issues to senior management and decide on their outcomes accordingly. The verdict of the decisions in 2020 led to the establishment of a global information security collaboration system between the headquarter and domestic/overseas subsidiaries, and a security monitoring system as well as the assignment of a Chief Privacy Officer and the creation of a dedicated organization to reinforce our personal data protection operations.

## Information Security Regulations

NC follows information security regulations in performing relevant work. These regulations apply to all our employees, including contract and dispatched workers, and to each and every individual accessing our worksites. All suppliers, companies and individuals who conduct work under signed contracts with the company are also required to observe such regulations. In 2020, we decided to develop standardized security policies between the headquarter and global subsidiaries to tighten our worldwide security policy.

## Information Security Policy and System Audit

Both NC's information security policy and system have been established to satisfy international certification standards, and receive regular internal/external audits at least twice a year. In particular, we have achieved ISO 27001, the international information security management system certification established by the International Organization for Standardization (ISO) and the International Electrotechnical Commission (IEC) as well as the national information security system standard of ISMS-P to safeguard personal data and further reinforce our information security.

### Domestic/International Information Security Certification



ISO 27001  
- Date of certification: Jan. 24, 2019  
- Scope of certification: NCSOFT Service



ISMS-P  
- Date of certification: Apr. 7, 2021  
- Scope of certification: plaync game services

# Building an Advanced Security Environment to Emerge as a Global Business

## Security Awareness Improvements

NC conducts varying internal trainings on information security in addition to the ones that are legally mandated, to help its employees develop a greater security awareness. Such training not only covers our employees but also any worker with direct/indirect access to our information assets. This includes interns, contract workers, part-time employees, dispatched workers, and service vendor staff, and is provided to both our subsidiaries in Korea and at our locations abroad. Information security conferences, security campaigns/publicity events, and mock drills are also held to further elevate the information security awareness of both our internal/external workforce.



Company-Wide Information Security Training

## Security Breaches Prevention and Response

The core mandate of our Information Security Center is defined as 'prevention of and response to security breaches', to prevent any security breach from ever occurring, and to swiftly respond to any that does occur. Our security operations specialize in game security to review any vulnerabilities a game might have and detect game bots in order to deliver a sound and secure game service experience to users.

To minimize the possibility of security breaches through wide-ranging prevention activities, there are various ways relevant departments collaborate to share information to enable prompt recovery measures in the event of security breaches. For those events that pose a grave impact on our business, the CISO is authorized to contact top management for emergency reporting.

In 2021, we plan to disclose information regarding our security investments, personnel and activities and hope this will work to further elevate our credibility with our customers. We will also be operating the 'Bug Bounty' program to reward those who submit vulnerability reports with an aim to protect user data and ensure service security.

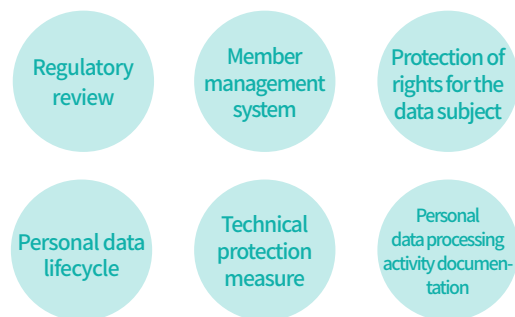
### Security Breach Prevention and Response Process

<b>Prevention</b>	<ul style="list-style-type: none"> <li>- Build a new game service security architecture and remove risk factors</li> <li>- Perform year-round monitoring against possible security breaches</li> <li>- Collect information and provide trainings and exercises</li> </ul>
<b>Detection and Analysis</b>	<ul style="list-style-type: none"> <li>- Analyze the cause behind security breaches and the trajectory of their occurrence</li> <li>- Support the elimination of security breach threats</li> </ul>
<b>Follow-up</b>	<ul style="list-style-type: none"> <li>- Develop fundamental solutions through cause analysis and support recovery</li> <li>- Perform monitoring for the set period of time following system recovery</li> <li>- Make necessary improvements</li> </ul>



# Establishing a Global Personal Data Protection Management System

NC sets its personal data protection vision of 'Privacy Best Practices in the Games Industry' in 2021, and has implemented the strategic tasks of building a privacy risk prevention system, preparing for global privacy compliance, and developing a secure customer data use system. This ensures that our personal data protection management system is operated in accordance with applicable laws and regulations. By doing so, we aim to assist and enable the delivery of our global platform services.



**We are assuming greater responsibility for personal data protection against the backdrop of rapidly shifting internal/external environments. These include but are not limited to our business growth and the extension of our global service scope, the preannouncement of the amended Personal Information Protection Act, and the amendment of the three major data privacy laws. Notably, the global advancement of our major game services highlights the need to establish an international member management system.**

## Dedicated Personal Data Protection Organization

Head of Privacy Protection Division assumes the role of the Chief Privacy Officer (CPO), and his mandate is separated from that of the CISO to build reinforced accountability into our personal data protection system. Under the Privacy Protection Division which consists of the Privacy Protection Policy Team and the Privacy Protection Operation Team are exclusively responsible for preventing privacy risks, setting and operating a management system and ensuring compliance. Privacy Protection Steering Committee, with the CPO serving as the secretary, decides on critical issues, such as personal data breaches and changes in personal data protection operations. The Committee meets regularly at least twice a year to propose agenda items at the CSC Meeting and gain approval.

## Personal Data Protection Policy

NC securely manages the personal data of all its service users in accordance with relevant personal data processing guidelines, and applies plaync personal data processing guidelines to all its game services. We only collect essential personal data, solely use it for its intended purpose, and do not provide any of this data to third-parties. Also, personal information is immediately disposed once it has fulfilled its intended purpose.

## Guarantee of the Right to Informational Self-Determination

NC ensures that anyone wishing to become a plaync member fully understands the details on 'personal data collection and use' prior to providing their consent, as well as when the need arises to collect personal data to secure their continued service use. When we provide collected personal data to vendors, we do so only when we gain consent from users to satisfy intended purposes only – payment agency services, customer counseling and user verification among others. In addition, we do not collect personal data from third-parties. If the need ever arises to collect data from third-parties, we do so in accordance with the methods specified in our personal data processing guidelines. We do not store any sensitive data as specified in the Personal Information Protection Act. Personal data, such as credit card information, that could potentially pose a significant risk in the event of a data breach, are securely encrypted and de-identified prior to being stored. The 'My Page' section of the plaync website provides a user-friendly interface which makes it easy to check and modify personal data or suspend or terminate a membership.

# Establishing a Global Personal Data Protection Management System

## Raising Awareness of Employees Handling Personal Data

We provide personal data protection training to assist our employees that handle personal data in performing their assigned work. In 2020, such training was made available to NC and its subsidiaries, and in 2021, will be extended to cover all employees. At NC, access to personal data is controlled through DB access control solutions. Only authorized employees responsible for handling personal data can access the databases, and their data query and access history is under continual surveillance.

## Launching Preparation Process

Prior to launching new app services, the TS Team under the leadership of the CTO, performs integrated technical reviews, and technical checks are made on QA, personal data protection and information security. Relevant departments examine review items in each phase, and Privacy Protection Division reviews items related to personal data protection.

### Items to Review Prior to Launching (Personal Data Protection)

Kick-off	Interim Review	Final Review
<ul style="list-style-type: none"> <li>- Finalization of the items of personal data to be collected</li> <li>- Location of servers to store personal data and their host countries</li> </ul>	<ul style="list-style-type: none"> <li>- Compliance with key provisions of domestic personal data protection regulations</li> <li>- Compliance with key provisions of global personal data protection regulations</li> </ul>	<ul style="list-style-type: none"> <li>- Full compliance with domestic personal data protection regulations</li> <li>- Full compliance with global personal data protection regulations</li> </ul>

## Technical Measures for Personal Data Protection

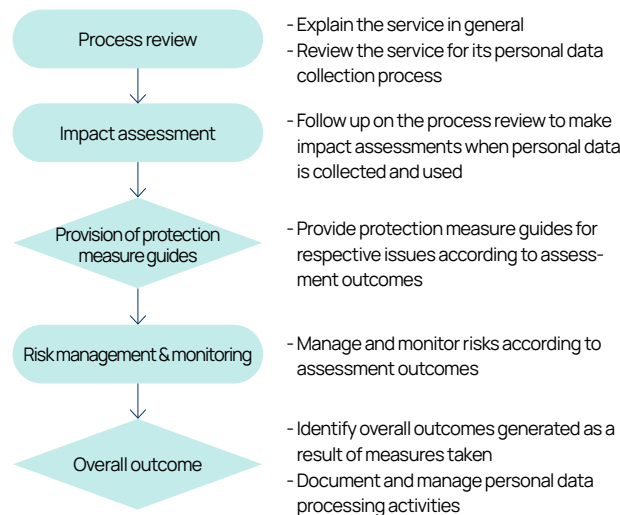
1. Securities systems – F/W, IDS, IPS, and WAF among others – are operated among respective networks to create vigilance against intrusion, and any DB that stores personal data is located in an IDC isolated on a separate network which fundamentally prevents any external access.
2. Access to any DB that stores personal data only allows for user IPs that are authorized through DB access control solutions, and DB data query and access history is continually monitored.
3. Whenever an employee who handles personal data is away from his/her workstation for a period of four or more hours, their system access is blocked automatically to prevent illegal access to the personal data processing system and any resulting data breaches. If there is an inevitable reason that the system needs to be externally accessed, such access is allowed in accordance with NC's secure authentication procedures (VPN login and OTP authentication).
4. The McAfee vaccine program has been installed to detect and block malicious codes in real time. The program performs automatic policy (pattern) updates at least daily, and full scans are conducted at least once a week to respond to malicious codes through detection and blocking.
5. Password creation rules have been developed and are operated for users to set secure passwords and login accordingly.



### Personal Data Impact Assessment for Game Services

To raise the bar on personal data protection for our game service users, we conduct preliminary personal data impact assessments in launching new services and in expanding or altering services. We use a checklist to make such assessments, and measures are taken to rectify issues in need of improvement as a result of such assessments prior to opening the concerned service. As we are a company that launches services worldwide, we provide guidance for mandatory compliance that takes country-specific personal data protection regulations into account to aid in the safe opening of services.

#### Personal Data Impact Assessment Process



### Personal Data Protection Review along the Supply Chain

Our personal data processing vendors are identified, managed and supervised to take stock of our personal data protection management and to prevent privacy risks along the supply chain. A vendor checklist has been also developed to review their personal data protection management system on an annual basis. In 2020, virtual self-assessments were made by 51 vendors out of a total of 74 (excluding 23 companies that receive separate management/supervision from government agencies), and on-site reviews will be performed in 2021 on those vendors who only partially responded or did not respond to self-assessments.

# Leading Technology Development and Ethical Values

## NC AI Ethics Framework

As Artificial Intelligence (AI) is emerging as the paradigm of our time, we need to set principles and guidelines for technology development to ensure that AI technology remains human-centered and evolves as such. At NC, we vow to doubly ensure that user data is protected and that no social bias is generated in developing AI technology, and that we design our AI technology in an easily understandable manner. This reasoning lies at the core of our NCSOFT AI Ethics Framework, and will be built into our technology development and operational process.

## Core Values

<b>Data Privacy</b> (AI that values data privacy)	<b>Unbiased</b> (AI that is not biased)	<b>Transparency</b> (AI that pursues transparency)
User privacy should be respected and all personal data should be protected in both its collection and its application.	The development and application of AI technology should remain fair and free from any prejudices or biases.	AI technology should be easy to understand and should be able to explain the process of decisions that led it to its outcome.
We comply with all applicable laws and obligations and implement security measures to protect the privacy of personal data used in AI learning.	We eliminate biases in learning data and continuously verify learning outcomes to ensure that AI does not invoke discrimination, hatefulness or prejudice.	We improve competencies to explain AI technology to render its decision-making process easier to understand, while proactively working to share major relevant information and technology.



**Establish AI ethics practice guidelines for respective core values**

# AI Service and Technology Development

## AI-Based Baseball Data Service 'PAIGE'

PAIGE is our baseball data service powered by communication AI. Entertaining content related to baseball is generated on the knowledge accumulated with the help of AI, and such content is provided according to user response. The live broadcast of all professional baseball games was initiated in April 2021, and includes diverse convenient viewer features such as the ability to replay highlights which are AI edited even during live broadcasts.



PAIGE Service

Our AI research was fully initiated in 2011, and our AI research organization consists of the AI Center and the Natural Language Processing (NLP) Center with more than 200 employees. Under these centers are the five research units of Game AI, Speech AI, Vision AI, Language AI and Knowledge AI that all engage in their specific technology areas. We continue to broaden the scope of our AI research into baseball, entertainment and finance in addition to gaming.

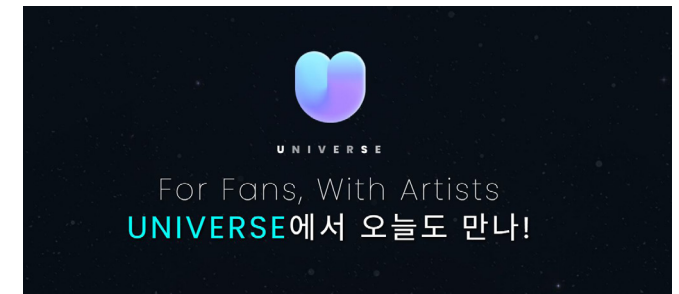
## Korea's First AI-Written News with Fully AI-Generated Sentences

Our NLP Center signed a memorandum of understanding with Yonhap News Agency to conduct joint AI media research, and has since engaged in R&D activities. This research partnership was initiated to enable the "learning" of AI to assimilate news commentary skills and delve into the information from past weather reports to eventually generate sentences independently. In April 2020, the first weather forecast written by AI was released, which constitutes Korea's first case of deploying deep learning-based natural language generation technology for media applications.

While AI journalists have been around for some time, their modus operandi was to simply insert structured data, such as stock market reports or sports game stats into boilerplate templates. Our AI journalists, however, significantly differ in that they create sentences fully autonomously through the news writing skills they acquired based on deep learning.

## UNIVERSE, AI Bringing You a Step Closer to Artists

UNIVERSE, our fan community entertainment service unveiled in January 2021, provides personalized voice synthesis services created through learning the various voices of artists. Its Private Message & Call service provides users with calls for specific times and/or situations made with the AI voice developed based on the voice of actual artists.



UNIVERSE Service

# AI Service and Technology Development

## Real-Time AI Translation Engine on Cross Play Platform, PURPLE

In July 2021, we mounted our independently-developed real-time AI translation engine onto our cross play platform PURPLE, which makes us the first-ever Korean game company to develop an AI translation engine through its proprietary technology to be applied to game services.

This enables PURPLE users to leverage real-time dual Korean-English translations through PURPLE talk. The scope of this service has been extended from Korea to Taiwan and Japan to support Chinese and Japanese translations.

Our AI translation engine is capable of recognizing game-specific terms and colloquial expressions, as well as daily conversations, and can seamlessly translate them into the target language.

NC will further advance its AI translation engine to continue to broaden the scope of the languages it supports, so that users from diverse linguistic backgrounds can just as easily enjoy games together.

## VocGAN, NC's Proprietary Neural Vocoder Technology Delivering Clearer and High-Fidelity AI Speech

Our Speech AI Lab thoroughly researches the quality of synthetic speech, ensuring natural and reliable speaking, the effective reproduction of a specific person's voice when provided only minimum data, and improvements in speed and model sizes for commercialization. Its first and foremost priority is to improve the quality of synthetic speech. A clear synthesis of speech waveforms is critical in determining the quality of synthetic speech, and this is the role of neural vocoder technology.

Based on the premise that conventional learning methods are insufficient in developing a neural vocoder that satisfies all desired conditions, the Lab decided to leverage the Generative Adversarial Network (GAN) that has garnered much attention in the deep learning field, along with the wellspring of recorded data already in NC's possession. This led to the creation of our own neural vocoder technology dubbed VocGAN to generate high-fidelity synthetic speech. This technology was featured at the international academic conference of INTER-SPEECH 2020 hosted in October of that same year.

## Pushing the Boundary of Digital Finance with a Focus on AI

NC established a joint venture with KB Securities and December & Company to launch an AI easy investment securities with an aim to secure financial AI technology and advance its AI competitiveness. Work is currently underway to develop 'AI Private Banking' by combining our NLP technology with financial data to provide AI-enabled asset management advice. We will further evolve this service into a differentiated AI financial investment platform.



A Joint Venture Signing Ceremony to Launch AI Easy Investment Securities

## Broadcasting Speech Synthesis Technology to Create AI Sportscasters

We have developed technology to fine-tune the intensity of emotive expressions and synthesize various types of exclamations by mimicking the speech style of sports commentators. This enabled us to define a distinctive 'broadcasting' speech style, and we continue to make progress in utilizing synthetic speech in the broadcasting of baseball games.

This broadcasting speech synthesis technology is applicable to the entire realm of sports genres, including e-sports, football and basketball, and can be used to provide in-game information and comments on the play in progress for various baseball-themed games.

# Our Commitment to Disseminating AI Ethics

## Sponsorship for AI Ethics Research

To successfully fuse technology with people in a harmonious coexistence, we all need to brush up on our understanding regarding the ethical use of AI and other technologies. The NC Cultural Foundation, in accordance with its mandate of 'improving social value' as stipulated in its Articles of Incorporation, has continued to keep an eye on and interest in the importance of AI ethics education. As such, the foundation has sponsored MIT, Stanford, and Harvard, the world-renowned research institutions in this field, since 2020 to help develop educational curricula.

The research data generated from such ethics education curricula will be distributed in the interest of the public good, and will serve as an invaluable reference within international corporations, academia, governmental institutions, civic organizations and user communities. This is also expected to ignite significant discussion on the importance of technology-related ethics issues and education to this end. The NC Cultural Foundation will continue to engage in related projects to serve the public interest.

## Communication through the 'AI Framework' Series

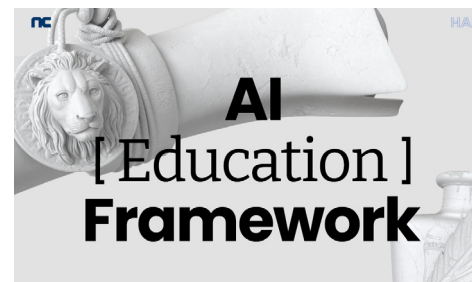
NC is running the AI Framework series as a year-round special project designed to boost leadership and ethics in the AI era. This project features Song-Yee Yoon, our Chief Strategy Officer (CSO), and renowned scholars in the AI field who will present and hold discussions on fresh perspectives and directions forward in relation to AI technology. Beginning with the session titled 'The Revolutions of Ethics in the Realms of AI' attended by Fei-Fei Li, Co-Director of the Stanford Human-Centered AI Institute, in April 2021, four talks and two talks have been organized on ethics and on education, respectively. The details of these talks are made publicly available on our official NC Youtube account and blog. NC will continue to collaborate with the great minds of our time in the areas of political science and philosophy, among others, as well as with renowned AI researchers to broaden the scope of our AI communications.

### AI Framework Series

Category	Topic	Interviewer	Date
AI [Ethics] Framework	The Revolutions of Ethics in the Realms of AI		Apr. 2021
	Innovation vs Regulation	Fei-Fei Li, Stanford Human-Centered AI Institute	May 2021
	Talking the Next Step in Human Evolution		May 2021
	Cross-Cultural Cooperation on AI		May 2021
AI [Education] Framework	The Role of the Ethicist in the Era of AI	Rob Reich, Stanford Human-Centered AI Institute	Jun. 2021
	Embedded Ethics for a Better Tomorrow		Jun. 2021



AI Ethics Framework



AI Education Framework

## AI Talent Development Program NC Fellowship

Rather than merely recruiting exceptional talent, we created the NC Fellowship, which was first designed back in 2018 with an aim to 'nurture outstanding future talent' specifically with R&D on Artificial Intelligence in mind. Undergraduates interested in games or AI are given an opportunity to undertake projects with NC's AI experts serving as mentors for the duration of one year, which differentiates this program from short-term AI coding camps. Two tracks – the Game AI Track attended by programming and AI club members and the Neural Graphics Track aligned with university-specific lectures – are operated, and top performers are provided with NC internship opportunities.

[Youtube videos on 'AI Framework'](#)

# Creating Opportunity for Future Generations

## NC Cultural Foundation

The NC Cultural Foundation is engaged in a broad array of initiatives with its eyes set towards the creation of value for the qualitative quantum leap of our society and for the increased care for the socially underprivileged.

Its overarching commitment is to contribute to bringing our society to a whole new level.



A Birds' Eye View of the NC Cultural Foundation

The NC Cultural Foundation was established as a non-profit organization in celebration of NC's 15th anniversary with its end goal of creating a more systemic and sustainable approach to fulfilling social responsibility. With an aim to create diverse values for the qualitative growth of our society, the Foundation focuses on the initiatives to enable us all to live in a more creative and tolerant society. The <Projectory> program is a prime example of this and works to forge a culture for future generations so that they may know no bounds to their imagination and are able to push against the boundary as they experiment creatively and experience safe failures. The Foundation also engages in the work of AAC (Augmentative and Alternative Communication, development and distribution of free smartphone apps to help people with speech disorders communicate more effectively), Children's Books (publication of children's books on the theme of envisioning a world without prejudice), Educational Outreach to support educating the under-served, Sports Outreach with NC Dinos, and academic research.



# Projectory, a Creative Space to Imagine Freely and Challenge Confining Boundaries

## Projectory

The name 'Projectory' implies that individual members undertake Projects as they wish whilst in a Laboratory setting. Projectory provides our future leaders with a third space, distinct from their daily home or school environment, and provides them the opportunity to plan their own unique project, experiment, and gain confidence through trial and error.

This encourages children to undertake whatever projects they plan and develop confidence through creative experiments and experiences. There are no set curricula or lead teachers; rather, every project follows the plans and methods defined by the children themselves.

## Horizontal Relationships

All members of Projectory are equal regardless of their age, grade or status. They address one another through the nickname of one's own choosing and use non-hierarchical language within a horizontal atmosphere. This has created a distinctive Projectory culture that enables children to respect one another as equals and communicate in an informal, free-flowing environment.

These environments provide our youth with a wholesome environment where they can openly embrace numerous ideas without bias and fully present the details of their own ideas.

The NC Cultural Foundation runs a creative activity community dubbed 'Projectory' to enable children to engage in creative experiments and experience failure in a safe environment. Children can direct their own projects and are able to conduct them in a free and equal environment.

## Projectory Spaces Filled with Diverse Creativity

Projectory is located in Hyeonwa-dong, Seoul, a juncture which symbolizes culture and arts in Korea. By renovating the former 'Lock Museum' which had served to inspire so many in novel and unexpected ways with its long history, Projectory reinvented itself as a safe space for youth where the freedom to explore new possibilities is fully guaranteed. The building is equipped with all kinds of materials and tools including paper, cloth, paint, wood, drills, and hammers, which are mostly of an analogue nature to invoke imagination. Projectory's design philosophy is to carve out a space where children can take the initiative to reflect and self-correct, grow in their innate understanding of themselves, and perfect and nurture their abilities.

Projectory enables all children to make regular visits with activity opportunities, and partners with local afterschool care facilities to leave no child behind in providing them the opportunity to experience creative activities. By forming relationships with the local children's center in Jongno-gu, Seoul, and the Neighborhood Daycare Center, Projectory supported children in areas in the vicinity of these institutions in participating in Projectory activities, and continues to facilitate its community engagement.



Projectory Spaces



Projectory Members

# Projectory, a Creative Space to Imagine Freely and Challenge Confining Boundaries

## Delving into the Secrets of the Birds That Share Our Urban Spaces

It is Member A's interest in birds that drives his continued engagement with Projectory. In fact, this project began with Member A's idea to create man-made nests for mountain birds and progressed to plan an exhibition of photos capturing such various birds in action which was hosted at the Projectory site. Recently, Member A has begun producing a documentary to familiarize people with birds. Initially, Member A faced difficulties due to a lack of experience in video editing, but has since learned how to methodically use the editing program to bring the idea to life and complete the project.

Member B "I have always dreamed of a place like Projectory, a place where I can do what I want."



Projectory Activity 1

Projectory allows children to follow their whim in trying out any new thing that interests and/or motivates them: regardless of size, form, or area of interest - the sky is the limit for them in deciding upon the topic of their own self-directed project.

## Making a Movie Together - From Planning to Filming Stages

Member C had the idea to produce a movie with multiple people, so Member C made a poster to recruit movie-making team members and successfully publicized the idea to create a team. The members who joined Member C took on their own specific roles - one was the director, another shot the scenes, still another took on writing the scenarios, and of course, there were actors/actresses. They organized meetings on several occasions to coordinate ideas - and though these were little children, their behavior mimicked that of adults "in the zone" of intriguing work. Some, who initially did not join the team, decided to contribute as cameos while watching the filming, which served to facilitate them to envision what was possible through collaborative efforts otherwise unavailable with individual project undertakings.

Member D "It's much more fun when we do this together! Is this possible only at Projectory?"



Projectory Activity 2



A Projectory Crew and Member



Projectory Activity 3

# AAC

## (Augmentative and Alternative Communication)

AAC or Augmentative and Alternative Communication represents ways of communicating that augment or alter spoken language for people who face difficulties in expressing or understanding linguistic expressions. The NC Cultural Foundation has implemented the AAC initiative to help people with special communication needs deal with the hurdles they face in articulating themselves and to improve awareness on such communication disabilities while sponsoring related organizations.

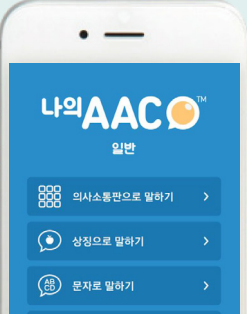
AAC empowers people with disabilities to communicate and interact with others more conveniently and to grow towards a truly self-reliant life.



AAC Activity

**· My AAC Application**

The NC Cultural Foundation developed the My AAC smartphone application, as a universally accessible and freely downloadable tool to assist people with special communication needs in better interacting with others. My AAC provides more than 1,000 vocabulary entries and allows users to add their own symbols to create a user-centric application experience and functionality.



Cumulative downloads made<sup>1)</sup>

## 117,059

**downloads**

1) As of Dec. 31, 2020

We had just one student who was able to speak in class, and this actually discouraged the overall sentiment. The My AAC application, however, allows students who can't otherwise verbally express themselves, make presentations, and this surely boosted the overall atmosphere.

*-Review from a special education teacher*

[Download My AAC](#)

# Children's Books

The NC Cultural Foundation has continued to publish children's book with themes centered around disability, gender, background and culture to help children gain a greater exposure to such issues and learn to cherish the value of diversity. Copies of <Observing Donggu> and <Wind> were donated to more than 500 nationwide public libraries and small-sized libraries, and all proceeds went to support children with disabilities. The NC Cultural Foundation will endeavor to support a society that is cooperative, harmonious and free from prejudice and will publish children's books with varying theme to this end.



Children's Book 'Observing Donggu'

**Sponsorship for AAC Societies and Communities**

- Korean Society of Augmentative and Alternative Communication (KSAAC)
- Special Education Teacher Network (SETEA.net)

# MIT Special Science Program

The NC Cultural Foundation has been operating the MIT Special Science Program since 2016 to provide greater educational opportunities for the underprivileged. The children participating in this Corporate Social Responsibility (CSR) program, are given the chance to learn scientific theories and directly apply these theories in experimenting on various familiar daily phenomena.

With students from the Massachusetts Institute of Technology (MIT), the foundation visited two foster care institutions operated by the Sisters of Mary, where children not only developed a keen interest in science, but also were admitted to high schools that specialize in science through this unique and special program.

The NC Cultural Foundation will leverage such programs to encourage children to develop a greater interest in science and enlarge their scope of what they consider possible for themselves.

03



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# Governance

## Corporate Governance Principles

It is under the principles of transparency and accountability that NC translates joyful imagination into digital cultural content, and reliably produces it to contribute to the enjoyment of all. Our management philosophy dictates that we pursue sustainable growth to improve shareholder value while protecting the rights and interests of stakeholders and fulfilling our social responsibility. Establishing a wholesome growth system along the way.

## Independence of the BOD

As the highest decision-making body, our BOD decides on major business issues and supervises our management to maximize our long-term growth and corporate value. To establish stable governance through checks and balances, our BOD and members of top management are delegated separately to make decisions and conduct business respectively, and the major business operations of senior management should be reported to the BOD. The BOD consists of a majority of outside directors and is operated in a way that ensures its functional independence from senior management. The Company is obligated to provide various types of support to assist directors in using their expertise and experience to make fair and reasonable decisions.

## Efficiency of the BOD

NC increases the expertise and accountability of the Board of Directors (BOD) so that the BOD is composed and structured in a way to make the best and most efficient contributions to improving the rights and interests of shareholders and stakeholders. Continuous improvements are also made in operating the BOD by identifying necessary improvements for the strengthened functioning of the BOD. Auditors and other outside directors are required to faithfully perform their work as members of the BOD, and they can only assume a position at one other company aside from NC.

## Credentials and Diversity of the BOD

NC's BOD is composed of experts in respective fields – such as business administration, law, accounting & finance, risk management, HR, M&A, and industrial technology among others. Notably, Hwang Chan-Hyun, an outside director, is a renowned expert on legal risk management, having served as the Chief Presiding Judge of the Seoul High Court, the President of the Daejeon District Court and the Chairman of the Board of Audit and Inspection. Baek Sang-Hoon, another outside director, is recognized for his accounting and financial risk management expertise as the former vice president of International Tax & Transaction Services at Deloitte Anjin LLC. In appointing directors, we ensure that diversity in their backgrounds (including but not limited to gender, nationality and profession) is equally represented to bring greater diversity to the composition of our BOD.

## Operation of the BOD

In 2020, our BOD met for a total of eight times – five regular and three ad-hoc meetings – to address more than 20 agenda items. During such meetings, all the directors were in attendance, which goes to demonstrate their commitment to their respective work.

As of June 2021, our BOD consisted of seven directors – one Executive Director, one Other Non-Executive Director, and five Outside Directors. One female outside director, known for her expertise in industrial technology was added to the group to further increase its diversity in 2020.

### Composition of the BOD

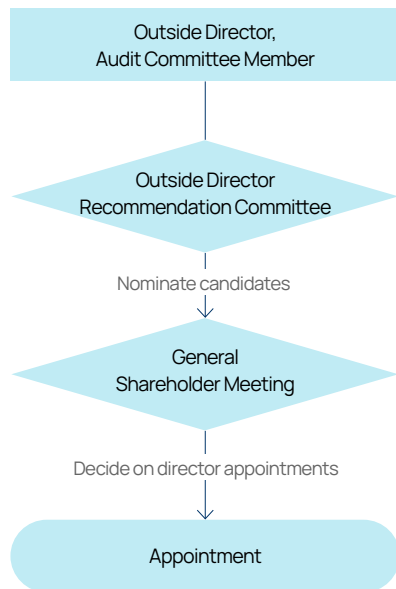
(as of Jun. 30, 2021)

Director	Name	Gender	Responsibility	Also Serving as	Committee	Tenure
Executive Director	Taek-Jin Kim	Male	General management	CEO&President, NCSOFT	- Chairperson of the BOD	Mar. 30, 2021 – Mar. 29, 2024
Other Non-Executive Director	Byeong-Mu Park	Male	M&A, law	President, VIG Partners	- Chairperson of the Compensation Committee	Mar. 29, 2019 – Mar. 28, 2022
	Dong-Hoon Hyeon	Male	Industrial technology	Professor at the Department of Mathematical Sciences, Seoul National University	- Member of the Compensation Committee - Member of the Outside Director Recommendation Committee	Mar. 29, 2019 – Mar. 28, 2022
	Guk-Hyun Cho	Male	Organization, HR	Professor at the College of Business, Hawaii Pacific University	- Member of the Audit Committee	Mar. 25, 2020 – Mar. 24, 2023
Outside Director	Chan-Hyun Hwang	Male	Law, risk management	Co-CEO, Law Firm Class	- Chairperson of the Audit Committee - Chairperson of the Outside Director Recommendation Committee	Mar. 30, 2021 – Mar. 29, 2024
	Sang-Hoon Baek	Male	Accounting & finance, risk management	CEO, BnH Tax	- Member of the Audit Committee - Member of the Compensation Committee	Mar. 29, 2019 – Mar. 28, 2022
	Young-Ju Choie	Female	Industrial technology	Professor at the Department of Mathematics, POSTECH	- Member of the Outside Director Recommendation Committee	Mar. 25, 2020 – Mar. 24, 2023

## Director Appointment Process

Our inside and outside director candidates are independently nominated by the BOD and the Outside Director Recommendation Committee respectively, and are appointed by verdict at the general shareholder meeting. The CEO is also appointed by the verdict of the BOD, and the appointment of directors is proposed as a separate agenda item for each candidate.

### Outside Director Appointment Process



### Outside Director Candidate Nomination Criteria

Criteria	Description
Legality	Satisfy qualifications 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

## Support for BOD Operations

Information on the agenda is communicated to outside directors so that they are able to more fully understand and review the agenda items to be addressed at the BOD and associated committees, and separate presentations are provided on key agenda items in advance. The BOD support organization, comprised of 6 members, provides outside directors with the information and resources necessary to perform their work. It is specified in the BOD regulations that under special circumstances, related employees and/or outside affiliates may attend BOD meetings to provide their feedback on specific concerned agenda items.

## Performance Appraisals for Outsider Directors

NC reviews the performance of outside directors to encourage their excellence in work functions. Upon the tenure termination of outside directors, comprehensive reviews are made of their attendance at BOD meetings, as well as interventions made to aid in the efficacy of agenda items, while the appropriateness of their advice and various other contributions is critiqued.

## Remuneration of Directors

The remuneration limit of directors is set within the boundary approved at the general shareholder meeting in consideration of sales, operating profit and other objective performance indicators.

### Remuneration for Registered Directors in 2020

(unit: No. of persons, KRW million)

Director	No. of Persons	Total Remuneration	Remuneration per Person
Registered director (excluding outside directors and Audit Committee members)	2	18,906	9,453
Outside director (excluding Audit Committee members)	2	153	76
Audit Committee member <sup>1)</sup>	3	467	156

<sup>1)</sup> Total remuneration of Audit Committee members includes the long-term incentive compensation paid to Yoon-Seok Seo, an outside director who resigned in March 2020.

## Committees under the BOD

(as of Jun. 30, 2021)

Committee	Responsibility	Ratio of Outside Directors
Audit Committee <sup>1)</sup>	- Perform audits on accounting and business operations and deliberate and decide on issues delegated by the BOD	100%
Outside Director Recommendation Committee	- Nominate outside director candidates to the BOD based on their independence as well as economic, environmental, social and other considerations - Verify the qualifications of outside director candidates and set appointment principles	100%
Compensation Committee	- Deliberate on and approve the remuneration limit for directors prior to the general shareholder meeting - Review and approve the appropriateness of employee compensation	67%

<sup>1)</sup> Training support for the Audit Committee in 2020: Training provided on internal control over financial reporting to improve the Committee's expertise

# Ethics Management

## Code of Ethics

NC ensures that its employees comply with the Code of Ethics as a guide to help navigate their professionalism in conduct and in the making of value judgements. In June 2021, the Code was amended to include more stringent provisions on the prevention of hate and workplace harassment. Specifically, Article 10 of the Code stipulates the provisions on the prevention of accepting bribes and/or participating in corrupt practices.

### NC's Code of Ethics (Revised in June 2021)

- Article 1 Purpose
- Article 2 Protection of customers and others
- Article 3 Compliance with laws and internal regulations
- Article 4 Sharing of corporate values and safeguarding the value of 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 Upholding integrity and professionalism in business conduct
- Article 11 Prevention of conflicts of interest
- Article 12 Public relations for media and others

## Compliance and Ethics Management Organization

Ethics & Compliance Division is operated under the direct leadership of the Chief Operating Officer (COO) to systematically advance compliance and ethics management.

Ethics & Compliance Division consists of the Ethics & Compliance 1 Team and Ethics & Compliance 2 Team responsible for performing internal audits on overall business operations and on information security, game services and other IT operations respectively. Ethics & Compliance Compliance Team set up in 2021, also does their part in overseeing compliance control and ethics management.

## Ethics and Anti-Corruption Audits

- Regular audits**
  - Purpose: Verify compliance with processes and internal regulations and audit the appropriateness of processes
  - Target: Non-compliance with the Code of Ethics and overall internal regulations and general work processes
- Year-round audits**
  - Purpose: Monitor non-compliance with major regulations
  - Target: Data breaches, corruptive procurement practices, wrongful use of company credit cards, etc.
- Ad-hoc audits**
  - Purpose: Audit regulatory non-compliance issues brought to our attention through whistleblowing, identification or requests for investigation
  - Target: Non-compliance with the Code of Ethics and any other internal regulations

## Internal/External Whistleblowing Policy and Whistleblower Protection

We operate a dual whistleblowing channel to report any unethical and/or unfair practices on the part of our employees. Whistleblowers can choose to remain anonymous, in which case their confidentiality is thoroughly protected.

<b>Confidentiality</b>	Grant of obligation to protect confidentiality within internal regulations (audit regulations, NC TONG regulations), protection of the identities of both the victim and the whistleblower when necessary for practical reasons
<b>Prohibition of disadvantage</b>	Prohibition of the disadvantageous treatment of whistleblowers concerning specific violations as stipulated by law and within internal regulations (rules of employment)
<b>Others</b>	When deemed necessary as stipulated by law and within international regulations: (1) Separation from the perpetrator during investigation through paid leave or change in work location (2) Protective measures such as job relocation or change in work location following the fact checking

In 2020, a total of 55 reports were submitted through internal/external whistleblowing channels (11 on regulatory non-compliance and 44 on grievances and others), and necessary measures were taken on all of these reports.

### · External – Clean Report Center

External stakeholders are able to submit whistleblowing reports on non-compliance with laws or internal regulations and corruptive practices on the part of NC employees. Sanctions, process improvements and other necessary measures are taken following the investigations into such matters.

### · Internal – NC TONG

This internal channel collects reports on corruptive practices, grievances and institutional improvement ideas from our employees. Grievances or complaints are shared with relevant departments, which then provide their feedback, and reports on corruptive practices are addressed through investigations, followed by sanctions and/or process improvements.



**두드리면 통한다! 엔씨통**

- 1 어떤 이야기든 OK  
비리 고발, 성희롱, 업무 프로세스 및 사내 환경 개선을 위한 아이디어 등 어떤 이야기든 OK!
- 2 익명성과 보안 절대 보장  
성당자의 익명성, 상담 내용의 철저한 비밀이 보장됩니다.
- 3 제보자의 불이익 무  
차이 과정에서 제보는 어떤 불이익도 받지 않습니다.

NC TONG Landing Page



## Improving Employees' Ethics Awareness

### · Training on Ethics Regulations

New recruits are trained on the fundamental ethics regulations compulsory to their position, and newly-appointed authorized and responsible team leaders are provided with quarterly ethics regulation training befitting their position. In 2020, a total of 1,277 employees completed such training.

#### Training Provided

Target	New Hire	Newly-appointed Team Leader
Major content	Internal ethics regulations fundamentally critical for new hires (with a focus on cases)	Internal ethics regulations fundamentally important to new leaders
Cycle	6 per year (separate annual training for any employees recruited through an open recruitment)	Quarterly

We plan to provide all employees with training on ethics regulations and other internal regulations, position-specific ethics regulations, and compliance training relevant to the specific work of target departments.

### · Company-Wide Compliance Training

Each year, we provide training to all our employees, including regular, contract, short-term contract, dispatched, intern and part-time employees, to prevent sexual harassment and improve their perceptions on disability. Trainings are regularly conducted on our online platform, and is made available in English for employees from foreign nations to fully understand. In addition to legally mandatory training, we also provide internal compliance training on the prevention of workplace harassment, information security and other topics.

#### Legally Mandatory Training Provided

Program	Target	Completion
Prevention of sexual harassment	All employees	Annual/More than 1 hour
Improvement of perceptions on disability		
Data privacy	Employees who handle personal data	

#### Internal Training Provided

Program	Target	Completion
Prevention of workplace harassment	All leaders	Annual
Information security	All employees	
Use of open source licenses	Employees in relevant job categories/positions	Biennial

## Anti-Corruption Policy Support

### · Partner Selection and Management

To build sustainability into our supply chain, we make it mandatory for all our partners, both new and existing, to submit their integrity pledge in selecting suppliers of goods or services. Our service contract also includes provisions on 'compliance with contractual integrity' to prohibit any provision of or request for bribes or entertainment in the process of contract conclusion and implementation while specifying that non-compliance with such provisions may result in contract termination and/or other disadvantages.

### · Operation of an Integrated Procurement System

NC is constantly improving the transparency and fairness of its procurement process. As part of such efforts, we standardized the partner selection procedure and methodology, and introduced a company-wide integrated procurement system to create data on partner information and history in 2019. This enabled us to prevent corruption from occurring in the partner selection process and provide equal opportunity to more potential partners. We also continue to post webtoon-format content on our internal website to help employees better understand our procurement process and use the procurement system with ease.

### Certified Under the OpenChain Project International Certification Program

In December 2020, we achieved the international certification of OpenChain Project (ISO/IEC 5230:2020) that intends to evaluate a company's open source software compliance competency.

Since 2016, we have engaged in open source software compliance activities with competent professionals, and have regularly provided training to improve understanding on open source licenses. In addition, we established a system to identify licenses from the software development phase and to abide by relevant obligations. The sum of such efforts enabled us to become the first global game company to achieve the certification.

Going forward, we will contribute to the development of open sources that we use as Korea's leading IT business, and continue to share the codes that we are developing internally.

# Care for Employees

## NC University

### · Job Expertise Reinforcement and Leadership Development

NC provides monthly programs to foster knowledge and skills as well as develop leadership skills required for major job categories. In line with the shifting learning paradigm in the wake of COVID-19, all our courses went online and the learning platform is expanding continuously. In 2020, 164 courses and 208 sessions opened, and a total of 5,586 employees attended these courses on a cumulative basis.

### Program Topics

Game Design
Game Art
Programming
Development Management
Technology Trend
Global Business
Leadership
Smart-Work
Team Program

### · Tailor-Made Training on the Organizational/Job Category Level

We operate tailor-made training to improve the job expertise of organizations with specific learning needs or to newly-created ones, and continuously extend the scope of such customized training.

#### 1. Operate professional seminars to reinforce expertise and develop insights for employees in the game design category

- 6 professional seminars hosted and attended by 381 employees in total

#### 2. Provide support for employees in the development and management category to obtain qualifications while operating professional seminars for them

- 40 employees in total supported in obtaining qualifications  
 - 2 professional seminars hosted and attended by 137 employees in total

#### 3. Operate global business courses to strengthen the strategic functionality of our global operations and facilitate collaboration with overseas offices

- Attended by a total of 7 teams from global business organizations

### · Company-Wide Data Competency Training

We operate data analytics and coding training for employees wishing to learn to disseminate a culture of data-based work practices. We also host internal open competitions on the real-life business cases harnessing data competency.

- Attended by a total of 1,744 employees on a cumulative basis in 2020

### · Partnership with Educational Institutions

In 2020, we opened special lectures on cutting-edge technology through the partnership we formed with the Graduate School of Culture Technology, KAIST, and will provide our employees with an opportunity to attend courses opened at the Graduate School from 2021 onwards.

This will surely enable our employees to strengthen their development competency through the application of cutting-edge technology, and contribute to nurturing creativity/convergence-conscious talent.

- 4 special lectures operated and attended by 745 employees in total

### · Leadership Training Program

We believe that the primary role of leaders is to make individual employees feel valued within the organization and to build connections among organizations and employees as well as consensus among employees.

NC is operating a wide array of leadership development programs for leaders to develop their capabilities to this end. Onboarding programs are provided to newly-appointed team leaders and division heads to strengthen their leadership skills, and leadership assessment programs are offered to help develop accurate self-awareness.

Employees in team leader positions attend Leadership School as a leadership program that address the areas of organization, work, people and self-management, and division heads and higher positions are provided with the Catch up program to acquire knowledge, understand trends and develop insight as well as NC Hakdang (NC Leaders Forum) to attend special lectures provided by key opinion leaders.

## Fair Performance Appraisal

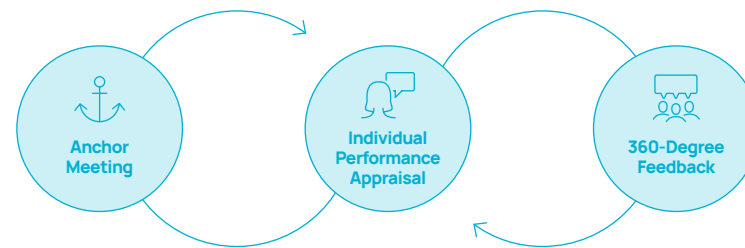
NC's performance appraisal system is led by comprehensive leadership activities designed to motivate employees and improve their performance. This system aims to create a horizontal corporate culture while aiding in each individual employees' growth and development.

### • Anchor Meeting

Our performance appraisal system begins with 'Anchor Meetings' held to set the work goal as the baseline for individual performance assessments and to discuss issues requiring support from the supervisor in attaining the set goal. Anchor Meetings serve to build consensus to set the course for the work ahead.

### • Individual Performance Appraisal

Annual individual performance assessments are made to decide an employee's overall assessment grade and compensation level in consideration of his/her individual performance and contribution (appraisal target: regular employees and contract employees with the Company for 6 months or longer). Individual performance is assessed on a five-grade scale in absolute terms, and does not force us to artificially populate employee performance into a curved ratio system. This helps mitigate excessive competition among organizations and individuals and create a collaboration-driven corporate culture. To improve the objectivity and integrity of the appraisal system, the assessment grade granted by an employee's direct supervisor is reviewed a second time by the level directly above the employee's supervisor under the calibration process.



### • 360-Degree Feedback

The objective of 360-degree feedback is to first help employees understand their strong and weak points through the feedback provided by their colleagues, and secondly, to pursue their own development in these areas as a result.

At NC, our employees choose which colleagues they wish to receive feedback from each year, and their supervisor reviews and finalizes employees who will provide feedback. Employees themselves also serve to offer their feedback to colleagues in the three formats of keyword feedback, summary feedback and descriptive feedback.

360-degree feedback outcomes are used as reference data in department relocation, individual and leader assessments, and executive promotion. Employees are also required to write an essay about themselves regarding their commitments and plans for their own growth based on feedback results, which serves as a good opportunity for self-reflection.

### • Executive Performance Appraisal

Executive performance appraisals are significant in assisting executives in generating and improving outcomes and maximizing the performance of their organization. This begins with self-assessments made on one's own performance, contributions, and leadership, and goes on to supervisor assessments and the Chief Collaboration process attended by chief executives. The individual executive grade is then finalized through the assessments made by the CEO.

Our executive performance appraisals are also performed on a seven-grade scale in absolute terms to promote collaboration rather than competition.

## Reasonable Compensation

NC operates a variety of systems to provide employees with sufficient compensation.

1. Our compensation system follows the high-performance, high-compensation policy, and is based on fair and reasonable processes in accordance with the decisions made/approval granted by the Compensation Committee.
2. We aspire to set the industry's best standards in terms of total compensation.

### Variable Compensation

<b>PI (Performance Incentive) + SPI (Special PI)</b>	- Pay incentives in alignment with organizational/individual performance (annual)
	- Target: All employees (excluding D-PI (PS) application targets)
<b>Launch-ing Bonus</b>	- Pay incentives to employees who contributed to the development and launching of new games/IP
	- Target: Members of the responsible organization + members of the collaborating/contributing organization
<b>D-PI (Development PI)</b>	- Pay incentives to members of the organization who contributed to new game/IPs, business and service operations to compensate for their part of the overall performance
	- Target: Members of the responsible organization + members of the collaborating/contributing organization
<b>PS (Profit Sharing)</b>	- Target: Members of the responsible organization + members of the collaborating/contributing organization

3. We operate the Start Salary System<sup>1)</sup> to eliminate seniority in determining compensation.
4. We compensate key talent with exceptional treatment.
5. We compensate our employees in proportion to the work they accomplish, rather than through the blanket wage system.
6. We operate a personalized retirement pension system.

<sup>1)</sup> The Starting Salary System pays annual salary to top performers according to their competency and expertise without any set standards or restrictions

## Welfare & Benefits

Our welfare benefits reflect diversity and emerging trends in line with employees' changing family arrangements, increasing MZ generations, and/or shifting lifestyles. We have initiated a pilot run of flexible welfare programs that cater to individual tastes and preferences while improving on existing ones to provide stronger support for cost of living expenses.

We realigned our long-term employee reward program in 2020, and improved on our housing loan program and family event support program in 2021. In response to the prolonged COVID-19 pandemic, we will continue with our welfare programs to meet the psychological needs of our employees, including but not limited to vacation "home-aways" and meal kits.



Library

### Main Welfare Programs

Category	Support Area	Description
Infra-structure	Daycare center	Provide childcare, education, health and safety programs on the basis of an internally-developed IT operation and management system
	In-house cafe	Operate cafes on the first/second floors of the office building (with fair-trade certified coffee beans, and baristas from diverse cultural backgrounds)
	Library	Provide more than 40,000 books published in Korea and abroad and regular publications and multimedia to all employees
	In-house cafeteria	Provide 6 different kinds of breakfast, lunch and dinner meals, and accommodate the full 754 person capacity limit for simultaneous dining
	Medical center	-Directly employ 7 healthcare professionals, including one family medicine chief practitioner, nurses and physical therapists -Provide physical therapy (10 beds), dermatology (3 beds), IV fluid administration (4 beds) and vaccinations
	Fitness	Operate persona PT, GX activity rooms, screen golf, an indoor gym, and spa (sauna which includes a Korean dry sauna)
	Psychological counseling	Provide individual counseling services and psychological test programs through three permanently-stationed counselors
Welfare & benefits	Medical plan	Operate insurance programs to support employees, their spouses, children and parents to pay for hospitalization and out-patient treatment
	Welfare card	-Provide welfare points worth KRW 2.5 million per year to all employees (including those taking leave) -Enable employees to use these points as they wish for hobbies (games, travel), medical tourism, culture and self-development
	Living support funds	Provide loan support for up to KRW 30 million at below-market-average interest rates
	Housing loan	Support employees to pay interest on housing loans of up to KRW 100 million in partnership with associated banks for the residential stability of employees
	Company condominium (resort)	Allow all employees to choose from a nationwide network of 45 condominiums and resorts
	Convention hall (wedding hall) support	Provide free year-round rentals between 11am- 5pm on Saturdays and Sundays
	Others	-Support all employees in taking leave for family events and provide them with financial assistance and supplies -Provide ticket price discounts for games played at NC Park in Changwon, support NC Dinos for holiday games and provide special group attendance rates

### • Collection of Employee Feedback

We conduct company-wide 'NC employee welfare program surveys' to identify employees' satisfaction with our welfare programs, facilities, and overall in-house events and to collect their suggestions. The survey results are used as reference data in planning new welfare programs and improving upon existing ones.

In addition, discussions are held on HR Day to communicate with employees, and quarterly I&M REPORT Q&A events serve to heed the voice of our employees.

### Named as the Best Workplace in Korea for 2020

In 2020, we were named as the Best Workplace 2020 by the Ministry of Employment and Labor. We received positive evaluations for our contribution to creating a healthy corporate culture through flexible work hours, childcare support, and employment of the underprivileged while taking the lead in creating jobs for young IT talent.

We will continue to assist our employees in leading a healthy and balanced life so as to build flexibility into our work culture.

## In-House Daycare Center Laughing Peanut

At NC, we truly believe that thriving children contribute to a parent's contentment and peace of mind, and that it is this encouragement we see in parents who are happy that drives our shared growth. Our aim in operating our 'Laughing Peanut' daycare center is to help children to play and learn joyfully, so that the happiness of children and their families leads to satisfaction at the workplace, and eventually trickle beyond NC and into the world.

By way of Laughing Peanut, we not only improve the welfare of our employees, but also provide better early childhood education and deliver greater contentment to our employees, thereby contributing to the development of our society as a flourishing community.



NC Employees Sending Their Child to Laughing Peanut

### · Laughing Peanut

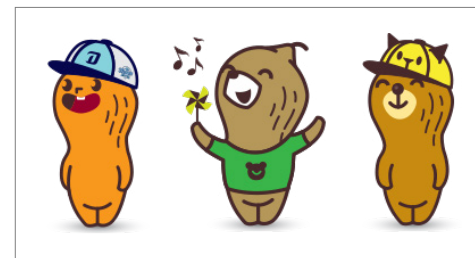
Laughing Peanut, NC's directly-operated workplace daycare center, opened back in 2013 to help employees juggle the needs of work and family. Laughing Peanut is available for the children of our employees aged one to five, and leverages our independently-developed IT operation and management system to provide differentiated childcare, education, health and safety programs. The name, 'Laughing Peanut', was inspired by the image of children engaged in a good healthy belly laugh. Laughing Peanut endeavors to create an environment where children embrace an attitude that is positive, creative, and open to diverse languages and cultures. To enable even more children to experience Laughing Peanut, we plan to open additional daycare facilities in 2022.

### · Laughing Peanut Story Bringing Joy to the Wider World

Laughing Peanut believes in the virtuous cycle that manifests when families feel cared about and enlivened. When entire families experience this together, it empowers each member to become more interested in and committed to the company. The following illustrates the actual feedback from our employees who send their kids to Laughing Peanut.

"Laughing Peanut completely changed the atmosphere in our home. We've come to experience a deep sense of calmness under our roof."  
"Every day, I hold hands with my second child, who attends Laughing Peanut, and we go off to work together. It is a time we can dedicate to just the two of us, free from interruption. We exchange stories which we could not normally share at home, and sometimes, we have breakfast together at the in-house cafeteria. This special time together has enabled us to carve out such a strong sense of solidarity between us."  
"Laughing Peanut has made me realize the need for institutional support for working moms and how helpful it can be."  
"Laughing Peanut has given me peace of mind at the workplace as a working mom."

We have published a book illustrating these accounts, along with our operational philosophy and expertise. Our willingness to share this with the general public signifies our earnest desire to encourage other companies to think more seriously about the happiness quotient of their employees and the growth and joy of their families they come home to. With this comes a transformation across the whole of society that aids in the necessary inclusion of female talent in the workplace as their childcare burdens are lessened.



Laughing Peanut Characters

## Curriculum at Laughing Peanut

Laughing Peanut operates a foreign language learning program for toddlers called 'NC CONG-CONG'. The curriculum and content was produced through our own independent research and development that takes the nature of children and their environment into close consideration. This program was developed and produced entirely on our own - from the children's stories and songs - to the online learning management system. Such efforts have enabled Laughing Peanut to become the world's first toddler education institution to obtain ISO certification.

Laughing Peanut will continue on with its exploration in developing even better learning content in the years ahead.



NC CONGCONG's logo

### · Laughing Peanut's Independently-Developed Curriculum

Laughing Peanut's NC CONGCONG content is independently developed based on a highly organized methodology. The intention of this foreign language program for toddlers is to help young children assimilate language through play, and its development was powered by NC's information technology with an aim to encourage children to develop ways of thinking to flexibly embrace diverse cultures through linguistic stimulus. Its curriculum maintains the highest possible quality with the help of assessments made by advisor professors and continuous updates.

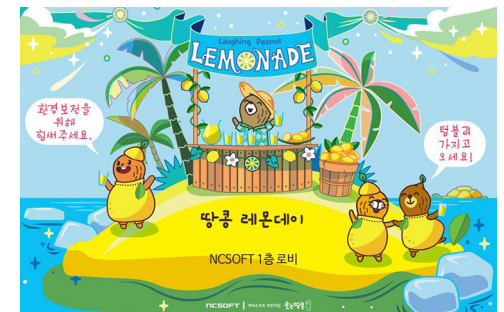
To ensure the systemic management and operation of the curriculum, an online learning management system was also independently developed and is managed based on data analytics. Such endeavors allowed Laughing Peanut to achieve ISO 29990 certification (learning service management system) and ISO 29991 certification (foreign language learning service management system) for the first time in the world as an infant education institution in 2017, and to successfully transition into the new certification of ISO 21001 in 2020.

As it is teachers who are responsible for developing high-quality programs, we support them in providing training to strengthen expertise, relieve stress and develop necessary qualities with a goal of 'nurturing a pool of teachers who are both content and professional'.

### · Children Discussing a Sustainable Future

Laughing Peanut encourages the future leaders of our society to think carefully about environmental, ethical and social issues as a way to develop mathematically/scientifically-driven thinking and pursue interdisciplinary and complex growth. We help children follow their seemingly insignificant curiosities into in-depth activities and interests that create in them not only a happy child, but also a member of society that furthers the directives of a sustainable future.

One prime example is the 'Turtle Project' which grew out of a passing curiosity for turtles. Children first became concerned about the environmental pollution of turtle habitats which spurred them on to think more deeply about viable solutions to this problem. This led to the production of videos and campaigns and the hosting of Peanut Lemon Day to raise funds to protect turtle habitats. Children made and sold lemonade to NC employees, and donated the proceeds to the Worldwide Fund for Nature (WWF).



Peanut Lemon Day



Turtle Project

## Workplace Safety

### · Occupational Health and Safety Management System Development

NC has established health and safety management guidelines and a health and safety management organization in 2020. We also developed health and safety guides for subcontractors, and reflected them in health and safety management regulations.

### · Occupational Health and Safety Committee Operation

We operate the Occupational Health and Safety Committee composed of three members from labor and three members from management. This enables us to regularly discuss plans to prevent employees from being injured on the job, review and improve the work environment, and to discuss other general health and safety measures.

### · Workplace Safety Improvement

To eliminate risks in the work environment, 'department-level risk assessments (on work methods, and departmental work conditions)' and 'facility risk assessments (on common-use facilities, equipment)' have been made. In 2020, common-use facilities and general equipment were assessed for their risk and were improved accordingly.

#### Major Improvements

Sound rooms are equipped with soundproof devices, which makes it difficult to swiftly detect fires or other emergencies. This urged us to install visual fire alarms to enable prompt responses in the event of an emergency.

## Workplace Health

### · Physical Health Care

Our medical center has neurosurgeons and physical therapists permanently stationed to help employees prevent and treat musculoskeletal disorders. The physical therapy room is equipped with extracorporeal shock wave therapy devices, decompression devices and other professional medical equipment. In 2020, 8,392 physical therapy sessions were provided. In accordance with the Occupational Health and Safety Act, we have performed annual musculoskeletal risk surveys since 2020, and no such risk was identified in 2020.

### · Mental Health Care

We operate the Calm Program to help employees improve their psychological stability and support them in managing key stressors on both the individual and organizational level and provide solutions to strengthen resiliency and care for their own mental wellbeing. Two professional psychological counseling centers are also under operation to help employees relieve stress and relax from emotional strain. In 2020, counseling services continued in virtual format, and more focus was placed on the emotional stability of employees, methods for coping with COVID-19 blues, and risk management. In addition to individual counseling, psychological testing and family counseling, we will continue to provide mental wellbeing programs for employees to alleviate stress on their own and increase their psychological resiliency in the upcoming years.

## Company-Wide COVID-19 Response System

To ensure a company-wide systemic response to COVID-19, we are operating the COVID-19 Working Group that consists of the HR Center, PH Center, and Property Infra Division.

### · Operating an In-House COVID-19 Response Website

We operate COVID-19 wiki, an internal communication channel, to provide clear guidelines for shifting work conditions and to offer employees quick access to information on the status of this global pandemic.

#### Website Components

- Essential announcements for employees
- COVID-19 infections in Korea, and at NC's domestic and global worksites
- NC's response guides: Business travel, emergency response, hygiene/disinfection, application for remote work, support for health check-ups, etc.
- COVID-19 information                      - Q&A



COVID-19 Wiki

### · Improving Work Convenience and Flexibility

We arrange a variety of support programs to help employees perform their work without disruption even amid the prolonged COVID-19 pandemic. We align our company-wide work arrangements with the government's social distancing policy, and our employees can apply for work-from-home accommodations for up to five days a week in consideration of department-specific business conditions and individual work duties. For employees traveling overseas for business purposes, we provide them with trip accommodations and meal expenses for the two-week self-quarantine period.

### · Operating Safe In-House Facilities

We go the extra mile in hygiene management by controlling user density, strengthening disinfection and coordinating facility operations according to social distancing levels so that our employees can safely use in-house welfare facilities and amenities such as the food court and NC Cafes. At the wedding convention hall, its access guidelines were further tightened by controlling the number of guests and their traffic and managing the access log.

### · COVID-19 Response at Overseas Operations

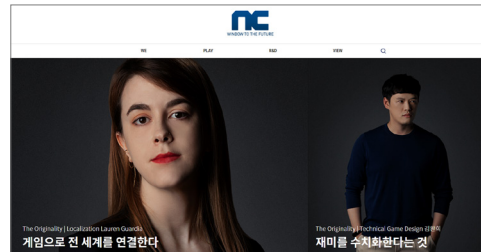
Our overseas worksites also engaged in diverse COVID-19 responses. In particular, NC West Holdings hosted webinars on psychological health and well-being, operates a COVID-19 status webpage, and provided financial support in line with its shift to remote work. NC Japan provided daily supplies to employees under quarantine.

# Communication with Customers

## Major Communication Channels

### Official Blog

Our official blog plays a central role in undertaking our social communication activities. Content that manifests our business characteristics – AI, art, and sound – and series-format content that contains our unique and innovative perspectives are presented through impressive visuals and in-depth news stories.



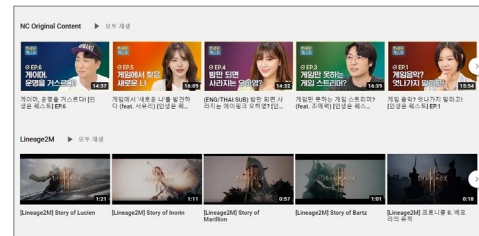
### Official Facebook

We actively share content on NC Dinos and the NC Cultural Foundation as well as webtoon-webnovel services, in addition to games. We experiment with diverse formats including 3D, 360 degree-images, and vertically-aligned videos in line with rapidly-shifting trends.



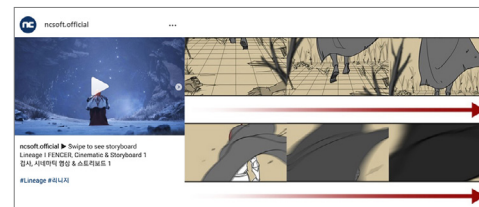
### Official Youtube

We expand our touchpoint with the public by releasing new types of branded content, including media art series. We are increasing participatory content to respond to the emerging contactless trend.



### Official Instagram

The unique features and appeals of game art are effectively communicated through the content optimized for mobile platforms. The entire art production process is introduced, from concept art to characters, background art, cinematic videos and FX.



To deliver our brand philosophy of 'value of joy' to our customers, we leverage wide-ranging channels to broaden our brand communication activities. We aim to proactively reach out to our customers in Korea and abroad through our fresh and comprehensive branded content that illustrates NC's distinctive corporate value and agenda.

## Communication Achievements

Our efforts to leverage social network-based multimedia content to build broader consensus and proactively communicate with customers from diverse contact points were recognized as we were honored at prestigious external communication awards in 2020.

### Awards Granted in 2020

Organizer	Award
Korea Sympathy Content Awards 2020	Overall Grand Prize (Award of the National Assembly Science Technology Information Broadcasting Communication Committee Chair)
Korea Sympathy Content Awards 2020	Grand Prize in the brand content category
Korea Social Media Awards 2020	Grand Prize in the IT/game category
10th Korea SNS Awards 2020	Grand Prize in the IT development category
6th SNS of the Year Awards 2020	Grand Prize in the Blog of the Year Corporate category

- [NCSOFT Official Blog](#)
- [NCSOFT Official Youtube](#)

- [NCSOFT Official Facebook](#)
- [NCSOFT Official Instagram](#)



# Local Community

## Increasing Employment for Underprivileged Workers

### · Nurturing Multicultural Immigrant Women to Become Baristas

Our in-house NC Cafes hire multicultural immigrant women. We provide those who wish to become professional baristas with training to obtain internationally-accredited barista qualifications. In 2020, three employees completed SCA Barista Skills Foundation courses and received the intermediate certification.



A Female Immigrant Working as a Barista at NC Cafe

### · Creating More High-quality Jobs for People with Disabilities

In 2019, NCSOFT Service became certified as a subsidiary-type standard worksite employing people with disabilities. We operate the work instructor program to assist employees with disabilities with their onboarding process, and continue to improve facilities to remove barriers in terms of mobility and daily inconveniences. In 2020, our contribution to creating decent jobs for people with disabilities was recognized as we were honored with the Minister of Employment and Labor Award, which is the top prize awarded to the Barrier-Free Workplace of the Year.

## NC Dinos Volunteering in Local Community

The NC Cultural Foundation provides local underprivileged groups with greater opportunities to experience culture and sports with NC Dinos in the local community where our professional baseball team is based. We help teenagers living in welfare facilities attend baseball games, and we even created a multicultural baseball team. These sports-mediated diverse CSR activities surely facilitate the local sports culture. Since 2013, we have invited students, parents and faculty members from small local schools to our home matches to offer them an opportunity to experience sports culture and to disseminate a wholesome sports culture in the local community where NC Dinos is based. This has allowed 4,879 people from a total of 104 schools in the South Gyeongsang region to experience professional sports. Furthermore, we donated baseball supplies valued at KRW 100 million and 2,000 dream balls to local middle school baseball teams to motivate young baseball players and support the development of amateur baseball.



NC Dinos' Volunteer Work for the Local Community

## Sponsorship for the Development of Game Culture

In July 2020, we hosted the Indie Craft Festival with the Korea Mobile Game Association and the SeongNam Industry Promotion Agency: we operated a sponsor booth with an aim to broaden the market influence of small/mid-sized game companies to raise awareness of these companies. This also helped us to identify exceptional indie games and create a wholesome game culture. In addition, we assist youth in putting their innovative ideas to use to share immersive content technology. In December 2020, we hosted the XR Challenge to provide top-notch talent with an opportunity to perfect their skills while attending the G-STAR and sponsoring the Busan Indie Connect Festival 2020 in November of the same year.

### Our Membership at Game Associations

Name of Association	Expenses
Korea Association of Game Industry	KRW 102 million in annual membership fees KRW 70 million in designated business expenses
Korea Internet Corporations Association	KRW 60 million in annual membership fees KRW 61.2 million in designated business expenses
Game Culture Foundation	KRW 180 million in donations made
Game Self-Governance Organization of Korea	KRW 200 million in annual membership fees KRW 65.5 million in special fees
Internet PC Culture Association of Korea	KRW 10 million for the general assembly KRW 30 million for COVID-19 response business activities
National Academy of Engineering of Korea	KRW 200,000 in annual membership fees

## CSR Donations

We donated to Hope Bridge, a nationwide disaster relief organization, in the amount of KRW 1 billion to help recover the damage caused by torrential rainfall and KRW 2 billion to help cope with COVID-19 and engage in healthcare activities in 2020.

## External Support and Cooperation

### · Financial Support for In-House Partners

Our in-house cafes, gyms, mechanic shops, food courts and other welfare facilities have been discontinued in line with the shift to remote work, and we made full or partial (70%) labor expenses to the concerned outsource service providers to help them stabilize their financial operation.

### · Support for Micro Enterprises

In March 2020, we dramatically increased the ratio of refunds made on the consumption of G-Coins (common currency used among internet cafe owners) from 50% to 100% for internet cafe owners who are franchise members of the nationwide NC Family Zone in an effort to support these micro enterprises. This was followed by continued measures to provide additional support for these internet cafe owners. NC Japan also provided a 30% discount on the Net Cafe profits to be collected between April and June 2020.

# Environmental Management

## Dedicated Environmental Organization

### · Company-Wide Decision-Making Body

At NC, the management, supervision, and decision-making concerning major plans and their implementation in relation to environmental management (e.g. climate change and ecosystem protection) are performed by the ESG Steering Committee as the C-level body.

### · Working-Level Organization

The ESG Management Division is responsible for company-wide environmental activities and data management, while the Property Infra Division, Service Infra Division, and PH Center collect and manage environmental data that falls into their respective work scope.

### Working-Level Environmental Organization

Department	Management Scope
Property Infra Division	Energy consumption at the NC office building and other leased buildings
Service Infra Division	Data center energy consumption
PH Center	Discharge of food waste from cafeterias and other locations, energy consumption of company vehicles, etc.

## Environmental Investment Planning and Implementation

To reduce our emission of air pollutants, we have replaced boiler burners with low-NOx burners<sup>1)</sup> at our Pangyo R&D Center and NC Tower 1.

We also shifted to LED lighting on three of the floors at NC Tower 1, which means all of the ground-level offices of NC Tower 1 are now lit by LED lighting. To lower our environmental footprint, we will continue to identify necessary improvements and make investments accordingly, including making the switches to LED lighting and long-life UPS devices at our Pangyo R&D Center.

### Environmental Investments Planned and Implemented in 2020

Investment Plan	Completion
Switch to LED lighting on three of the ground-level floors (Fl. 3, 13, 14) at NC Tower 1	100% (KRW 33 million)
Replace boiler burners with low-NOx burners at the Pangyo R&D Center	100% (KRW 16 million)
Replace boiler burners with low-NOx burners at NC Tower 1	100% (KRW 27 million)

Furthermore, the NC Global R&D Innovation Center, to be completed in 2026, has embraced renewable energy from the design phase, and we are preparing it to be rated Platinum under the LEED (Leadership in Energy and Environmental Design) green building certification program supervised by the US Green Building Council (USGBC).

1) Low-NOx burner: Control fuel and air mixing or oxygen concentrations and flame temperatures within the combustion range to curb the generation of nitrogen oxides (NOx) caused by combustion temperatures and fuel and to reduce NOx to the prescribed level.

## GHG Emission Activity Management

While NC is not subject to the Korean government's GHG emissions trading system and GHG/energy target management system designed to cut GHG emissions and conserve energy, we independently measure our energy consumption and GHG emissions. Starting in 2021, we will receive audits from independent third-party verifiers to obtain reasonable assurance for these data.

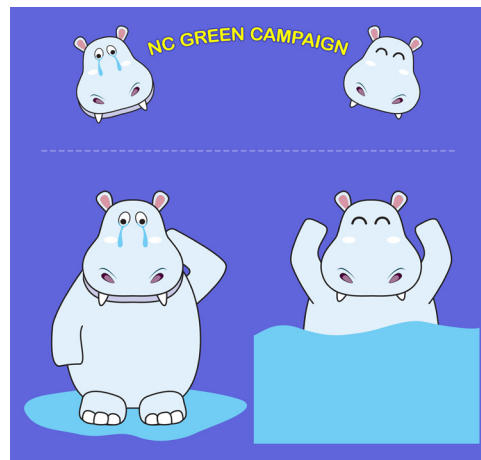
### · Reduction of Energy Consumption and GHG Emissions

We continue to identify necessary improvements and take action accordingly to reduce our environmental impact generated from building, maintenance and operation.

Our Pangyo R&D Center operates the PC-Off program and installed sensor-activated lighting in the restrooms to reduce unnecessary energy consumption.

## Reduction of Water Consumption

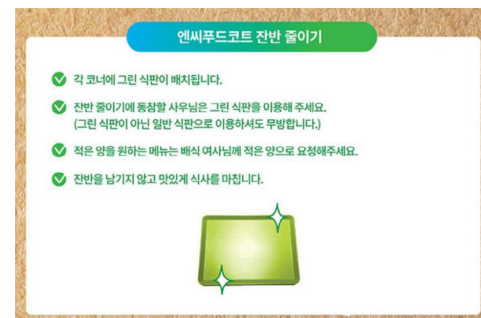
Even as we use relatively less water than other industries, we continue to work to improve the efficiency of our water consumption and recycling. Notably, our Pangyo R&D Center uses its built-in grey water system to self-treat the domestic sewage generated from the building for reuse. This enabled us to save nearly 3,229m<sup>3</sup> of water in 2020 alone. In addition, the Center has installed water-saving toilets and urinals, and will replace its existing showerheads with water-saving ones.



Water Saving Campaign

## Waste Reduction

Given the inherent characteristics of our business, most of the waste we generate is composed of food waste coming from in-house cafeterias. To reduce such waste, we operate the green food tray program to request that employees take only what they can eat. We will also replace our Uninterrupted Power Supply (UPS) batteries with long-life ones at our office building to help reduce the generation of end-of-life batteries.



Notice on the Green Food Tray Program

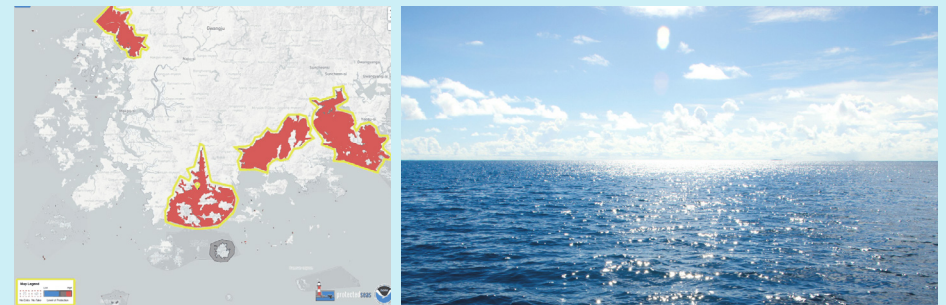
## Ecosystem Protection

### Collaboration with ProtectedSeas

Seas not only impact the climate and provide oxygen, but they also serve as the habitat for numerous marine organisms. This makes it extremely important that we preserve the sustainability of the marine ecosystem for the good of the entire planet. For a sustainable earth, NC proactively seeks out opportunities to collaborate with international environmental organizations and use our science and technology for the betterment of society. ProtectedSeas, a non-profit that works to safeguard the ocean, leverages open data and monitoring technology to develop a Marine Protected Area (MPA) platform and make them freely available for the general public to raise awareness on the protection of oceans. NC partners with ProtectedSeas to provide data necessary for the MPA project to accurately map Korea's MPAs as a way to support such ecosystem protection organizations on the strength of its science and technology.

### MPA Maps Providing at a Glance View of Global MPAs

ProtectedSeas service digital maps that contain regulations and rules on MPAs worldwide. The organization continues to collect credible data and update them in relation to MPAs in partnership with nation-level institutions. The MPA map covers MPA-related regulations across 48 countries, and provides information on areas which are not designated as high sea areas or MPAs, but yet are under fishing restrictions and should be noted for their conservation benefits, in accordance with a standardized process. The map service is available in 13 languages including English and Korean for all to refer to, and in mobile as well as computer format.



[Go to ProtectedSeas MPA](#)

04



# ESG Appendix

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# Materiality Test

## Materiality Test Process

### Step. 1 | Topic Pool Creation for 2020

Analyze internal/external environments including global sustainability management standards, major industry topics and internal pending management issues in order to create a pool of 17 issues in total in the ESG area

<b>Internal environmental analysis</b>	<ul style="list-style-type: none"> <li>· Vision and strategy analysis   Analysis of keywords in major CEO messages in 2020</li> <li>· Major internal issue   Major items on I&amp;M REPORT and major news shared internally</li> <li>· Stakeholder survey   Materiality test performed on NC employees for respective issues (Jul. 5, 2021 - Jul. 16, 2021)</li> </ul>
<b>External environmental analysis</b>	<ul style="list-style-type: none"> <li>· Media research   Analysis of 283 news articles generated by major domestic media outlets related to NC in 2020</li> <li>· Industry benchmark   Analysis of issues reported by 5 industry peers who are ESG leaders</li> <li>· Global standards   Review of ESG standards and initiatives (MSCI, SASB, KCGS, etc.)</li> </ul>

### Step. 2 | Topic Analysis and Assessment

Perform the materiality test on impact on NC's ESG management and its business relevance on the basis of 360-degree analysis results

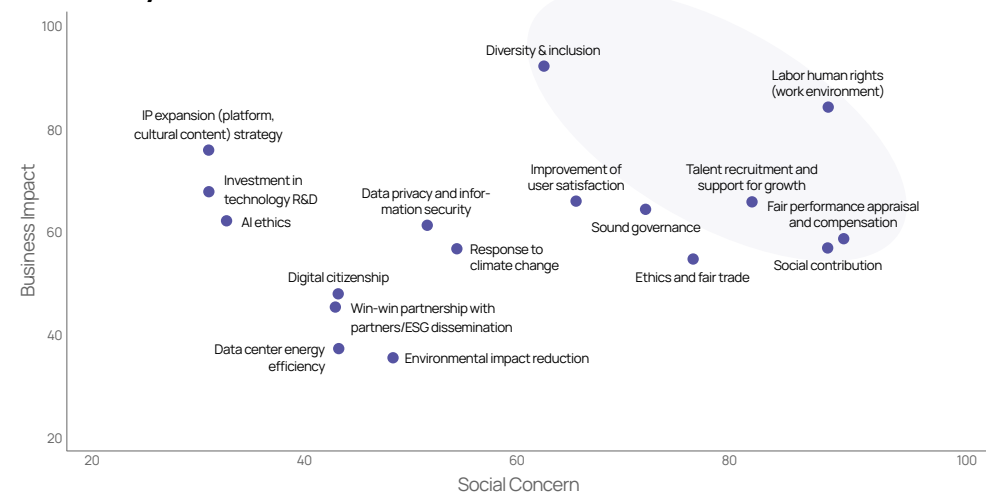
#### Evidence of 'Social Concern'

Stakeholders and social impact & pressure

#### Evidence of 'Business Impact'

Business impact and strategic priorities

## Materiality Test Results



## Mapping between Material Topics and Reporting Standards

Ranking <sup>1)</sup>	Material Topic	GRI Standards Topic	SASB Topic	Stakeholder
1	Labor human rights (work environment)	403 : Occupational Health and Safety 412 : Human Rights Assessment	NON-SASB	Employees, partners
2	Diversity & inclusion	405 : Diversity and Equal Opportunity	Recruiting & Managing a Global, Diverse & Skilled Workforce	Employees, users
3	Fair performance appraisal and compensation	405 : Diversity and Equal Opportunity	NON-SASB	Employees
4	Talent recruitment and support for growth	401 : Employment 404 : Training and Education	NON-SASB	Employees
5	Social contribution	413 : Local Communities	NON-SASB	All stakeholders
9	Data privacy and information security	418 : Customer Privacy	Data Privacy & Freedom of Expression, Data Security	Users, governments
13	AI ethics	NON-GRI	NON-SASB	All stakeholders

1) Issues that are ranked 2, 5, 9, and 13 were addressed as ESG issues in the PUSH for a Better Future section of the report.

# ESG-Related Policies

## Human Rights Management Declaration

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### Overview

NCSOFT dreams of a bright future where we are all connected by 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 the value of the community at large, all while respecting the rights of each individual. As 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. We respect 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 local communities.

### Boundary

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

### Principles

NCSOFT fully prevents any incident of human rights infringements for its employees, users, partners and members of local 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 discrimination 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 fair transaction relationships.
- We fully 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 local communities.

### 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.

## Our Policies on the Acceptance of Bribes and/or Involvement in Corruptive Practices

### Code of Ethics for Employees (amended on Jun. 14, 2021)

Article 10 (Upholding integrity and professionalism in business conduct)  
Paragraph ② and ③

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 retain the values of fairness and integrity. In the case that unavoidable or 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.

## Our Policies in Relation to Diversity & Inclusion

### Code of Ethics for Employees (amended on Jun. 14, 2021)

Article 4 (Sharing of corporate values and safeguarding the value dignity)  
Paragraph ②

NC employees take an impartial approach to handling their work and do so without prejudice towards specific interest groups, social issues or ideology, and refrain from using language that could belittle others or invoke a conflict on the grounds of nationality, gender, race, religion or birthplace.

Article 6 (Mutual trust and cooperation among employees)

Paragraph ①

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.

## Our Policies in Relation to Fair Trade Principles

### Code of Ethics for Employees (amended on Jun. 14, 2021)

Article 3 (Compliance with laws and internal regulations)

Paragraph ①

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.

Article 10 (Upholding integrity and professionalism in business conduct)

Paragraph ①

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.

## Our Health and Safety Management Guidelines

We place health and safety management above all else, and do our utmost to provide a wholesome and safe work environment to all employees and 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 of all employees.



# GRI Standards Index

## Universal Standards (GRI 100)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description																																				
GRI 102: General Disclosures 2016 Organizational profile	102-1	Name of the organization NCSOFT Corporation (Referred to as NC within the Report as the name of organization)																																				
	102-2	Activities, brands, products, and services Introduction to Lineage and other IP and content on p7																																				
	102-3	Location of headquarters 12, Daewangpangyo-ro644-beon gil, Bundang-gu, Seongnam City, Gyeonggi Province, Korea, Zip Code 13494																																				
	102-4	Location of operations Korea, North America, Europe (UK), Japan and Taiwan  Legal form: Limited company																																				
	102-5	Ownership and legal form  Shareholders with 5% or more ownership (as of Dec. 31, 2020) : - Taek-Jin Kim: 2,628,000 shares (11.97%)      - National Pension Service <sup>1)</sup> : 2,570,181 shares (11.71%) - Netmarble: 1,950,000 shares (8.9%)          - BlackRock Fund Advisors: 1,327,369 shares (6.1%)  1) Data on the National Pension Service is as of the disclosure made on Feb. 3, 2021																																				
	102-6	Markets served  Geographical locations where products and services are provided: More than 60 countries across the globe, including Korea, North America, Europe, Japan, and Taiwan, on p233 of the 24 <sup>th</sup> Period Annual Report Industry: Online and mobile game software development and publishing Type of customers and beneficiaries: General individuals and internet café owners, etc.																																				
	102-7	Scale of the organization  <table border="1"> <thead> <tr> <th>Item (unit: KRW 100 million)</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>15,299</td> <td>15,259</td> <td>22,424</td> </tr> <tr> <td>Net income</td> <td>4,384</td> <td>3,075</td> <td>6,275</td> </tr> <tr> <td>Assets</td> <td>28,820</td> <td>31,852</td> <td>39,730</td> </tr> <tr> <td>Liabilities</td> <td>4,601</td> <td>6,825</td> <td>7,878</td> </tr> <tr> <td>Equity</td> <td>24,219</td> <td>25,026</td> <td>31,851</td> </tr> </tbody> </table>	Item (unit: KRW 100 million)	2018	2019	2020	Sales	15,299	15,259	22,424	Net income	4,384	3,075	6,275	Assets	28,820	31,852	39,730	Liabilities	4,601	6,825	7,878	Equity	24,219	25,026	31,851												
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	102-8	Information on employees and other workers  <table border="1"> <thead> <tr> <th>Item (unit: No. of persons)</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Total<sup>1)</sup></td> <td>3,465</td> <td>3,762</td> <td>4,231</td> </tr> <tr> <td rowspan="2">By gender</td> <td>Male</td> <td>2,374</td> <td>2,566</td> </tr> <tr> <td>Female</td> <td>1,091</td> <td>1,196</td> </tr> <tr> <td rowspan="6">By contract type</td> <td rowspan="2">Regular</td> <td>Total</td> <td>3,318</td> <td>4,094</td> </tr> <tr> <td>Male</td> <td>2,302</td> <td>2,803</td> </tr> <tr> <td>Female</td> <td>1,016</td> <td>1,291</td> </tr> <tr> <td rowspan="2">Non-regular</td> <td>Total</td> <td>147</td> <td>137</td> </tr> <tr> <td>Male</td> <td>72</td> <td>63</td> </tr> <tr> <td>Female</td> <td>75</td> <td>74</td> </tr> </tbody> </table> 1) Based on executives, regular employees and contract workers	Item (unit: No. of persons)	2018	2019	2020	Total <sup>1)</sup>	3,465	3,762	4,231	By gender	Male	2,374	2,566	Female	1,091	1,196	By contract type	Regular	Total	3,318	4,094	Male	2,302	2,803	Female	1,016	1,291	Non-regular	Total	147	137	Male	72	63	Female	75	74
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	102-9	Supply chain  Product: Machinery equipment (various computing devices and machinery that should be powered to perform work), supplies (SW, office furniture), event items, consumables (stationary, computing consumables, etc.) Service: Technology assistance, provision of news/information, maintenance, repair, manufacturing (including program/content development), agency work, insurance, storage, transport, etc.																																				

## Universal Standards (GRI 100)

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Standard	Disclosure	Description											
GRI 102: General Disclosures 2016 Organizational profile	102-10	Significant changes to the organization and its supply chain None											
	102-11	Precautionary principle or approach NC respects the value of nature and life in advancing environmental management. We voluntarily measured our energy consumption and GHG emissions for the period between 2018 and 2020, and disclosed the data through this Report, independent of the government's GHG regulations 1), and will move beyond such disclosures to set our own target and proactively work to reduce our emissions. We fully concur with the Precautionary Principle to consider our potential environmental impact, and work is underway to ensure that our NC Global R&D Innovation Center, to be completed in 2026, is a green building by embracing renewable energy even from the design phase. 1) As of the end of 2020, NC is not subject to the Korean government's GHG emissions trading system nor GHG/energy target management system.											
	102-12	External initiatives None											
	102-13	Membership of associations Our Membership at Game Associations on p55											
GRI 102: General Disclosures 2016 Strategy	102-14	Statement from senior decision-maker CEO Message on pgs.4-5											
GRI 102: General Disclosures 2016 Ethics and integrity	102-16	Values, principles, standards, and norms of behavior Core Value on p6, Corporate Governance Principles on p44, Code of Ethics on 46, ESG-related Policies on pgs. 61-62											
	102-17	Mechanisms for advice and concerns about ethics Internal/External Whistleblowing and Whistleblower Protection on p46											
GRI 102: General Disclosures 2016 Governance	102-18	Governance structure ESG Steering Committee on p15, Operation of the BOD on p44											
	102-20	Executive-level responsibility for economic, environmental, and social topics Chairperson Message - ESG Steering Committee on pgs.14-15, ESG Steering Committee on p15											
	102-22	Composition of the highest governance body and its committees Committees under the BOD on p45											
	102-23	Chair of the highest governance body Operation of the BOD on p44											
	102-24	Nominating and selecting the highest governance body Director Appointment Process on p45											
GRI 102: General Disclosures 2016 Stakeholder engagement	102-40	List of stakeholder groups Shareholders & investors, users, employees, partners, central & local governments, local communities, etc.											
	102-41	Collective bargaining agreements None											
	102-42	Identifying and selecting stakeholders NC classifies any and all who interact with the Company directly/indirectly as stakeholders.											
	102-43	Approach to stakeholder engagement <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Communication Channels</th> </tr> </thead> <tbody> <tr> <td>Shareholders &amp; Investors</td> <td>· Official website, general shareholder meetings · Quarterly earnings releases · Conference calls · NDR (Non-Deal Roadshow) · One-on-one meetings · Disclosures</td> </tr> <tr> <td>Users</td> <td>· Official website · One-on-one inquiries through the customer center · Official blog and social network (Facebook, Youtube, Instagram) customer counseling via emails/phone communications · Disclosures</td> </tr> <tr> <td>Employees</td> <td>· In-house portal · Null · nanowiki · NC TONG counseling center · I&amp;M REPORT (Townhall meetings)</td> </tr> <tr> <td>Partners</td> <td>· Integrated procurement system · Clean Report Center · Disclosures</td> </tr> <tr> <td>Central &amp; local governments</td> <td>· Official website · Disclosures · Public service support activities</td> </tr> </tbody> </table>	Stakeholder	Communication Channels	Shareholders & Investors	· Official website, general shareholder meetings · 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 network (Facebook, Youtube, Instagram) customer counseling via emails/phone communications · Disclosures	Employees	· In-house portal · Null · nanowiki · NC TONG counseling center · I&M REPORT (Townhall meetings)	Partners	· Integrated procurement system · Clean Report Center · Disclosures	Central & local governments
Stakeholder	Communication Channels												
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Partners	· Integrated procurement system · Clean Report Center · Disclosures												
Central & local governments	· Official website · Disclosures · Public service support activities												

## Universal Standards (GRI 100)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description	
GRI 102: General Disclosures 2016 Stakeholder engagement	102-44	<p>Key topics and concerns raised</p> <p>In May 2021, the Korea Association of Game Industry published the &lt;Amendment to the Voluntary Regulatory Doctrine to Create a Wholesome Game Culture&gt; with key provisions on the extension of scope of probability disclosures for stochastic items, and notified its enforcement from December 1, 2021 onwards. The amendment was created based on the needs of game users and the suggestions made by the voluntary regulation evaluation committee, and primarily demands that the scope of applications be expanded and strengthened and the display of probability information be diversified. In preemptively responding to this, NC will consecutively apply the amendment to all its games from Q3 of 2021, and completely reflect the amendment prior to December 2021. We will also further broaden the scope of probability disclosures to include all paid content (for capsule, reinforcement and synthesis types) and content that is hybrid of paid and free components.</p>	
	102-45	Entities included in the consolidated financial statements	24 <sup>th</sup> Period Annual Report on p4
GRI 102: General Disclosures 2016 Reporting practice	102-46	Defining report content and topic boundaries	Materiality Test Results on p60
	102-47	List of material topics	Labor human rights (work environment), diversity & inclusion, fair performance appraisal and compensation, talent recruitment and support for growth, CSR activity, data privacy and information security, AI ethics, etc.
	102-48	Restatements of information	N/A
	102-49	Changes in reporting	N/A
	102-50	Reporting period	Jan. 1, 2020 – Dec. 31, 2020, including performance for H1 2021 for a portion of the data
	102-51	Date of most recent report	First publication in 2021
	102-52	Reporting cycle	Annual
	102-53	Contact point for questions regarding the report	ESG Management Division at the Brand Strategy Center (Email: esg@ncsoft.com)
	102-54	Claims of reporting in accordance with the GRI Standards	GRI Standards 'Core Option'
	102-55	GRI content index	GRI Index on pgs.63-74
102-56	External assurance	Independent Assurance Statement on pgs.76-77	
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	
	103-2	The management approach and its components	NC's Diversity/Inclusion Framework on p16, Information System and Personal Data Protection Management System on p28, NC's AI Ethics Framework on p34, NC Cultural Foundation on pgs.38-41, Care for Employees on pgs.48-53, Materiality Test on p60, ESG-Related Policies on pgs.61-62
	103-3	Evaluation of the management approach	

## Topic-Specific Standards (GRI 200)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description																																							
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	<table border="1"> <thead> <tr> <th>Category (unit: KRW million)</th> <th>Stakeholder</th> <th>Item</th> <th>2018</th> <th>2019</th> <th>2020</th> </tr> </thead> <tbody> <tr> <td>Value created</td> <td>Customers (users and others)</td> <td>Operating profit</td> <td>1,529,913</td> <td>1,525,868</td> <td>2,242,431</td> </tr> <tr> <td rowspan="5">Value distributed</td> <td>Partners</td> <td>Payment fees, advertisement expenses and other expenses paid to partners from operating expenses</td> <td>402,228</td> <td>458,539</td> <td>697,187</td> </tr> <tr> <td>Employees</td> <td>Wages paid, training expenses</td> <td>374,491</td> <td>419,110</td> <td>579,948</td> </tr> <tr> <td>Shareholders &amp; investors</td> <td>Total dividends paid, interest expenses</td> <td>127,842</td> <td>113,803</td> <td>182,705</td> </tr> <tr> <td>Central &amp; local governments</td> <td>Income taxes paid, taxes paid, water, power, gas, and fuel expenses</td> <td>174,804</td> <td>120,626</td> <td>227,953</td> </tr> <tr> <td>Local communities</td> <td>Donations made</td> <td>16,075</td> <td>15,750</td> <td>19,086</td> </tr> </tbody> </table>	Category (unit: KRW million)	Stakeholder	Item	2018	2019	2020	Value created	Customers (users and others)	Operating profit	1,529,913	1,525,868	2,242,431	Value distributed	Partners	Payment fees, advertisement expenses and other expenses paid to partners from operating expenses	402,228	458,539	697,187	Employees	Wages paid, training expenses	374,491	419,110	579,948	Shareholders & investors	Total dividends paid, interest expenses	127,842	113,803	182,705	Central & local governments	Income taxes paid, taxes paid, water, power, gas, and fuel expenses	174,804	120,626	227,953	Local communities	Donations made	16,075	15,750	19,086
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201-2	Financial implications and other risks and opportunities due to climate change	As our main source of profits lies in games and content provided on online and mobile platforms, our energy intensity (Scope 1/2 energy consumption against sales) in the product/service development and manufacturing phase is relatively low compared to that of other industries. In addition, climate change-induced physical risks or transition risks do not have a critical impact on the use of games and/or content. It is noted, however, that global energy demand continues to rise, and efforts made on the national and international levels to deliver on the commitment to respond to climate change, including Net Zero declarations, may incur energy production losses and eventually result in increases in electricity bills and indirect energy cost increases along the value chain.																																							
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	No wage disparities for new hires on the grounds of gender																																						
	202-2	Proportion of senior management hired from the local community	18% <sup>1)</sup> 1) Reporting scope: NC West Holdings, NC Japan KK, NC Taiwan Co., Ltd., NC Vietnam Visual Studio Co., Ltd																																						
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	Projectory on pgs.39-40, AAC, Children's Books, and MIT Special Science Program on p41, NC Dinos Volunteering in Their Local Community, CSR Donations on p55																																						
	203-2	Significant indirect economic impacts	Contribution to Community-level Diversity and Inclusion on p27, AI generating written weather forecasts on p37, advancement into digital finance on p36, Sponsorship for AI Ethics Research on p37, Increasing Employment for Underprivileged Workers, Sponsorship for the Development of Game Culture, External Support and Cooperation on p55																																						

## Topic-Specific Standards (GRI 200)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description					
GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	Assessments made on all worksites				
	205-2	Communication and training about anti-corruption policies and procedures	<b>Category (unit: No. of persons)</b>				
			Employees who attended training on the Code of Ethics <sup>1)</sup>	2018	2019	2020	
				1,120	1,066	1,277	
				1) NC's Code of Ethics includes employees' obligation to conduct business fairly while maintaining integrity, and preventing conflicts of interest			
	205-3	Confirmed incidents of corruption and actions taken	<b>Category (unit: No. of cases)</b>				
			Type of reports	Regulatory non-compliance	2018	2019	2020
				Grievances and others	11	25	11
			Type of non-compliance <sup>1)</sup>	Non-compliance with expense-related regulations (malpractice, breach of trust, embezzlement, etc.)	29	24	44
				Unauthorized possession of a second job	5	3	5
Other violations within the Code of Ethics				1	5	7	
	15	19		11			
			1) Cases investigated for regulatory violations through whistleblowing reports or identification				
GRI 206: Anti-Competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	N/A				
GRI 207: Tax 2019	207-1	Approach to tax	NC complies with the tax laws and relevant regulations in the countries where it operates, and faithfully performs its tax-paying and tax cooperation obligations. We fully cooperate with the tax authorities when requested to do so, and faithfully engage in tax investigations. We monitor the appropriateness of transactions made between the headquarter and overseas subsidiaries to abide by the implementation plans of the OECD BEPS (Base Erosion and Profit Shifting) and the resulting amendments to country-specific tax principles, while submitting annual integrated reports on cross-border transactions to tax authorities. We preemptively respond to tax laws enacted and revised, nurture internal tax experts to prevent tax-related risks, and actively seek out external advice. In addition, our internal accounting control system includes provisions on tax-related controls, and we perform regular reviews on our management and reporting system.				
	207-2	Tax governance, control, and risk management					
	207-3	Stakeholder engagement and management of concerns related to tax					
	207-4	Country-by-country reporting	<b>Category (unit: KRW million)</b>				
			Income taxes paid	Korea	2018	2019	2020
				US	213,783	130,351	213,724
				Japan	386	(-)699	512
				Taiwan	(-)859	4,273	1,682
Others	2,901	2,832		1,752			
		(-)329	242	(-)1,026			

## Topic-Specific Standards (GRI 300)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description				
GRI 302: Energy 2016	302-1	Energy consumption within the organization	<b>Category (unit: TJ, TJ/KRW million)</b>			
			Total	2018	2019	2020
			282.3	279.3	287.3	
	302-3	Energy intensity	Energy consumption <sup>1)</sup>	2018	2019	2020
			Direct energy consumption	8.3	9.1	9.0
			Indirect energy consumption	274.0	270.2	278.3
		Energy consumption intensity (sales)	1.8	1.8	1.3	
		1) Solely concerning the Pangyo R&D Center and the data centers leased by NC				
	302-4	Reduction of energy consumption	Environmental Investment Planning and Implementation, GHG Emission Activity Management on p56			
	302-5	Reduction in energy requirements of products and services	None			
GRI 303: Water and Effluents 2018	303-2	Management of water discharge-related impacts	Reduction of Water Consumption on p57			
	303-3	Water withdrawal	<b>Category (unit: ton, ton/KRW 10 billion)</b>			
			Water withdrawal <sup>1)</sup>	2018	2019	2020
			139,104	142,829	154,801	
			Water withdrawal intensity (sales)	909	936	690
			1) Exclusively concerning the Pangyo R&D Center			
	303-4	Water discharge	All used water, aside from reused grey water, is discharged to the sewage treatment facility			
303-5	Water consumption	<b>Category (unit: ton)</b>				
		Water reused <sup>1)</sup>	2018	2019	2020	
		5,059	7,278	3,229		
		1) The amount withdrew and the amount consumed are identical, and the Pangyo R&D Center uses its built-in grey water system to reuse domestic sewage				

## Topic-Specific Standards (GRI 300)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description				
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	<b>Category (unit: tCO<sub>2</sub>eq, tCO<sub>2</sub>eq/KRW 10 billion)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
			Total <sup>1)</sup>	13,241.3	13,167.7	13,541.6
	305-2	Energy indirect (Scope 2) GHG emissions	Direct GHG emissions	481.2	555.9	513.0
			Indirect GHG emissions	12,760.1	12,611.8	13,028.6
			GHG emissions intensity (sales)	86.5	86.2	60.5
	305-4	GHG emissions intensity	1) Solely concerning the Pangyo R&D Center and the data centers leased by the Company While NC was not subject to the Korean government's GHG emissions trading system or GHG/energy target management system as of the end of 2020, NC independently calculated its own GHG emissions in accordance with the Ministry of Environment's guidelines on the reporting and certification of GHG emissions under the GHG emissions trading system for the sustained management of GHG emissions			
	305-5	Reduction of GHG emissions	GHG Emission Activity Management on p56			
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	NC has been tracking its NOx emissions since 2020. The boiler No. 1 at the Pangyo R&D Center produced 54.3 ppm in NOx emissions, which is below the maximum legal threshold of 60ppm, and boiler No. 2 posted 34.3ppm in NOx emissions, which is also below the legal threshold of 40ppm. Emissions may vary depending on the time in which they were measured.				
GRI 306: Waste 2020	306-3	Waste generated	<b>Category (unit: ton)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
			General waste generated <sup>1)</sup>	64.2	70.5	65.1
			1) Solely concerning the waste generated from the cafeterias at the Pangyo R&D Center			
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	No regulatory non-compliance			

## Topic-Specific Standards (GRI 400)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description					
GRI 401: Employment 2016	<b>Category (unit: No. of persons)</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>		
	Recruitment <sup>1)</sup>	Total	647	604	708		
		Male	417	405	459		
	Female	230	199	249			
1) Based on executives, regular employees and general contract workers							
401-1	New employee hires and employee turnover	<b>Category (unit: No. of persons)</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>	
		Turnover <sup>1)</sup>	Total	332	263	188	
			By type	Voluntary turnover <sup>2)</sup>	332	262	186
				Non-voluntary turnover <sup>3)</sup>	-	-	2
	Relocation to Affiliate	-	1	-			
1) Based on regular employees 2) Career change or resignation through which employees leave the organization on their own initiative, regardless of the intention of the organization 3) Dismissal, employment adjustment or retirement through which work relationships are terminated mainly in line with the intention of the organization							
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Welfare & Benefits on p50, In-House Daycare Center Laughing Peanut on p52, Workplace Health on p53					
401-3	Parental leave	<b>Category (unit: No. of persons, %)</b>		<b>2018</b>	<b>2019</b>	<b>2020</b>	
		Employees eligible for parental leave	Male	971	998	1,032	
			Female	226	230	230	
		Employees who took parental leave	Male	35	22	18	
			Female	45	46	42	
		Employees who return to work after parental leave <sup>1)</sup>	Male	100	100	100	
			Female	100	100	100	
		Employees who return to work after parental leave and continue to work <sup>2)</sup>	Male	63	72	53	
Female	91		91	87			
1) Employees who returned to work following parental leave during the reporting period / employees whose parental leave ends during the reporting period X 100 2) Employees who continued to work for 12 months following parental leave / Employees who returned to work following parental leave during the previous reporting period X 100							



## Topic-Specific Standards (GRI 400)

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Standard	Disclosure	Description				
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	Occupational Health and Safety Management System Development, Occupational Health and Safety Committee Operation on p53			
	403-2	Hazard identification, risk assessment, and incident investigation	Workplace Safety Improvement, Mental Health Care on p53			
	403-3	Occupational health services	Physical Health Care, Mental Health Care on p53			
	403-4	Worker participation, consultation, and communication on occupational health and safety	Occupational Health and Safety Committee Operation on p53			
	403-5	Worker training on occupational health and safety	Not provided			
	403-6	Promotion of worker health	Physical Health Care, Mental Health Care on p53			
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Physical Health Care, Mental Health Care on p53			
403-8	Workers covered by an occupational health and safety management system	<b>Category (unit: No. of persons, %)</b>			<b>2020</b>	
		Employees subject to the health and safety management system <sup>1)</sup>			4,618	
		Scope of application out of total employees			100	
1) Sum of NC employees and subcontractor employees controlled by NC (Article 10, Paragraph 2 of the Occupational Health and Safety Act)						
403-9	Work-related injuries	<b>Category</b>	<b>Unit</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
		Total work hours	No. of hours	6,930,000	7,524,000	8,462,000
		Injury rate <sup>1)</sup>	No. of injured workers per every 100 employees (%)	0.06	0.08	0.05
		LTIFR(Lost Time Injury Frequency Rate) <sup>2)</sup>	No. of cases of work loss per every 1 million hours worked	0.29	0.40	0.24
		Fatalities	No. of persons	-	-	-
		Employees who sustained occupational injuries	No. of persons	2	3	2
No. of cases of lost work	No. of cases	2	3	2		
1) Employees who suffered occupational injuries / total employees X 100						
2) Cases of lost work / total hours worked X 1,000,000						

### Topic-Specific Standards (GRI 400)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description	2018	2019	2020			
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	<b>Category (unit: No. of hours, No. of hours/No. of persons)</b>					
			Total employee training hours	85,611	90,061	78,265		
			Average training hours per person	Total	25.2	24.6	19.4 <sup>1)</sup>	
				Male	23.6	23.8	18.4	
				Female	29.1	26.5	21.5	
				Regular	25.7	24.7	19.3 <sup>2)</sup>	
				Non-regular	16.1	23.6	21.3	
			1) Reasons for decreases in average training hours in 2020: Limitations were placed on offline external training in line with COVID-19 work guidelines, shift to virtual format for internal training resulted in decreases in training hours and sessions or their restricted operation, and experience/performance-based programs were not provided 2) Reasons for decreases in training hours for regular employees against those for non-regular employees in 2020: While the ratio of regular employees attending external training is usually high, offline external training hours plummeted by 80% from the 2019 level in 2020, which drove down training hours for regular employees					
			404-2	Programs for upgrading employee skills and transition assistance programs	NC University and others on p48			
					<b>Category (unit: %, KRW 1,000)</b>			
Employees who received annual training	100	100			100			
Training and exercise expenses	891,858	898,899			782,336			
Detailed Training Data on p74								
404-3	Percentage of employees receiving regular performance and career development reviews	Personal performance assessments are made on all regular employees and contract employees whose contract term is six months or longer.						
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	<b>Category (unit: No. of persons, %)</b>					
			By age	Under 30	568	601	653	
				30 ~ 50	2,869	3,130	3,541	
				50 and over	28	31	37	
			By gender	Ratio of all female employees	31.5	31.8	32.3	
				Ratio of female team leaders/executives (registered/non-registered executives)	15.7	17.8	20.0	
				Ratio of female executives	6.8	9.6	12.7	
			Total foreign nationals	20	27	37		
			Total employees with disabilities	18	15	14		

## Topic-Specific Standards (GRI 400)

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Standard	Disclosure	Description						
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	<b>Category (unit: KRW 1,000)</b>			<b>2020</b>		
			Average pay per person for male employees <sup>1)</sup>		118,101			
			Average pay per person for female employees <sup>1)</sup>		79,064			
			1) No discrepancies in base pay between male/female employees who worked for the same period and in the same job position					
GRI 406: Non-Discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	None					
GRI 412: Human Rights Assessment 2016	412-1	Operations that have been subject to human rights reviews or impact assessments	As technology forms an inseparable part of our daily lives today, NC endeavors to minimize factors that may give rise to human rights infringements in the course of its business conduct. We respect the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the ILO (International Labor Organization) Declaration which are universally applied across the global community, and have established the human rights management guidelines in 2021 to protect the human rights of our employees, partners, users and local communities. We also created the NC AI Ethics Framework to achieve human-centered AI.					
	412-2	Employee training on human rights policies or procedures	We will conduct human rights impact assessments in accordance with our human rights management guidelines and the NC AI Ethics Framework. We will also provide employees with training on relevant policies and procedures, and will review them in making major investment and contract decisions.					
	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NC is engaged in CSR activities in Seongnam City and other locations where the Company is based. However, we do not make impact assessments of our business conduct on local communities. Given the inherent characteristics of the industry, none of our worksites pose an actual or impending negative impact on their surrounding local communities.					
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	NC is engaged in CSR activities in Seongnam City and other locations where the Company is based. However, we do not make impact assessments of our business conduct on local communities. Given the inherent characteristics of the industry, none of our worksites pose an actual or impending negative impact on their surrounding local communities.					
GRI 417: Marketing and Labeling 2016	417-3	Incidents of non-compliance concerning marketing communications	No regulatory non-compliance					
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	<b>Category (unit: No. of cases, KRW million, No. of persons)</b>			<b>2018</b>	<b>2019</b>	<b>2020</b>
			Information security breaches	0	0	0		
			Financial losses that incurred from such breaches	0	0	0		
			Users affected due to such breaches	0	0	0		
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	No regulatory non-compliance					

## Topic-Specific Standards (GRI 400) : 404-2 Detailed Training Data

Category		Unit	2018	2019	2020
Employees who attended onboarding training	Introductory training for employees recruited through open competition	No. of persons	58	70	77
	Onboarding training for employees with previous work experience	No. of persons	1,664	1,486	1,943
	re:boot program (for employees who worked for 10 or more years)	No. of persons	50	-	90
Employees who attended leadership training	Onboarding for new team leaders	No. of persons	142	103	353
	Leadership/management	No. of persons	666	769	1,210
Employees who attended organizational development/corporate culture programs	Team program <sup>1)</sup>	No. of persons	146	494	204
Employees who attended job training	AI/Data Intelligence	No. of persons	769	689	1,744
	Game Art & Sound	No. of persons	717	1,008	383
	Game Design	No. of persons	1,049	1,622	840
	Project Management	No. of persons	47	152	410
	Programming	No. of persons	640	242	868
	Global/Diversity	No. of persons	429	-	418
Employees who attended special lectures	NC Culture Class (including NC Calm Program)	No. of persons	918	980	862
	NC Hakdang/special lectures (to develop leaders' insights)	No. of persons	320	650	187
	NC Dev.Class (special lectures/seminars led by external experts)	No. of persons	1,185	184	334
Employees who attended legally-mandatory training	Training to prevent sexual harassment	No. of persons	3,441	3,812	4,312
	Training to improve perceptions on disability	No. of persons	3,441	3,812	4,312
	Data privacy training	No. of persons	533	587	772
	Information security training	No. of persons	3,149	3,219	3,876
Employees who attended MOOC courses	Global learning platform	No. of persons	-	-	390
Employees who attended e-learning courses	NC e-learning Center	No. of persons	2,077	1,984	1,772
Employees who attended external training	Attendance at/support for external training <sup>2)</sup>	No. of persons	1,049	1,059	245
Employees who received support to obtain qualifications	Support for the attainment of qualifications	No. of persons	17	67	39

1) Organizational-level program designed to create a team culture to pursue growth through connections, to change work practices for sustainable growth, and to generate better performance

2) Support for trainings/seminars/conferences/forums hosted externally to help employees improve their job competency and facilitate their growth (participation declined dramatically amid the COVID-19 pandemic in 2020)

# SASB Index

## Technology & Communication Sector – Software & IT Services Industry

\* Based on the separate financial statements of NCSOFT exclusively, unless otherwise stated in the reporting boundary

Topic	Code	Accounting Metric	Status at NC
Environmental Footprint of Hardware Infrastructure	TC-SI-130a.1	(1) Total energy consumed	Energy consumption within the organization on p68
		(2) Percentage grid electricity	96.9%
		(3) Percentage renewable	None
	TC-SI-130a.2	(1) Total water withdrawn	Water withdrawal on p68
		(2) Total water consumed	Water consumption on p68
		(3) Percentage of each in regions with High or Extremely High Baseline Water Stress	None
TC-SI-130a.3	Discussion of the integration of environmental considerations into strategic planning for data center needs	Environmental Management on pgs.56-57	
Data Privacy & Freedom of Expression	TC-SI-220a.1	Description of policies and practices relating to behavioral advertising and user privacy	<a href="https://www.plaync.com/policy/privacy">https://www.plaync.com/policy/privacy</a> (personal data handling guidelines), behavioral advertising not practiced
	TC-SI-220a.2	Number of users whose information is used for secondary purposes	4,541,005 cases (scope of secondary purposes: Collected only on the condition of optional consent given by the user for advertising/marketing)
	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	NC is not requested by governmental/law enforcement agencies to provide personal data or restrict/delete content
		(2) Number of users whose information was requested	None
		(3) Percentage resulting in disclosure	None
TC-SI-220a.5	List of countries where core products or services are subject to government-required monitoring, blocking, content filtering, or censoring	None	
Data Security	TC-SI-230a.1	(1) Number of data breaches	None
		(2) Percentage involving personally identifiable information (PII)	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	Building an Advanced Security Environment to Emerge as a Global Business on p29	
Recruiting & Managing a Global, Diverse & Skilled Workforce	TC-SI-330a.1	Percentage of employees that are (1) foreign nationals and (2) located offshore	Diversity of the BOD and employees on p72 (numbers disclosed)
	TC-SI-330a.2	Employee engagement as a percentage	Not performed
		(1) Percentage of gender and racial/ethnic group representation for management	Diversity of the BOD and employees on p72
		(2) Percentage of gender and racial/ethnic group representation for technical staff	R&D workforce: 73% males (2,103 persons), 27% females (787 persons)
	TC-SI-330a.3	(3) Percentage of gender and racial/ethnic group representation for all other employees	Diversity of the BOD and employees on p72
Intellectual Property Protection & Competitive Behavior	TC-SI-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	None

# Independent Assurance Statement

## To Readers of 2020 NCSOFT Sustainability Report

### Introduction

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

### Scope and Standards

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

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

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Management approach of Topic Specific Standards
  - GRI 401: Employment
  - GRI 403: Occupational Health and Safety
  - GRI 404: Training and Education
  - GRI 405: Diversity and Equal Opportunity
  - GRI 412: Human Rights Assessment
  - GRI 413: Local communities
  - GRI 418: Customer Privacy
- SASB Sustainability Disclosure Topics & Accounting Metrics

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

### KMR's Approach

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

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

### Limitations and Recommendations

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

### Conclusion and Opinion

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

#### · Inclusivity

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

#### · Materiality

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

#### · Responsiveness

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

#### · Impact

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

### Reliability of Specific Sustainability Performance Information

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

### Competence and Independence

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

August 2021 Seoul, Korea

