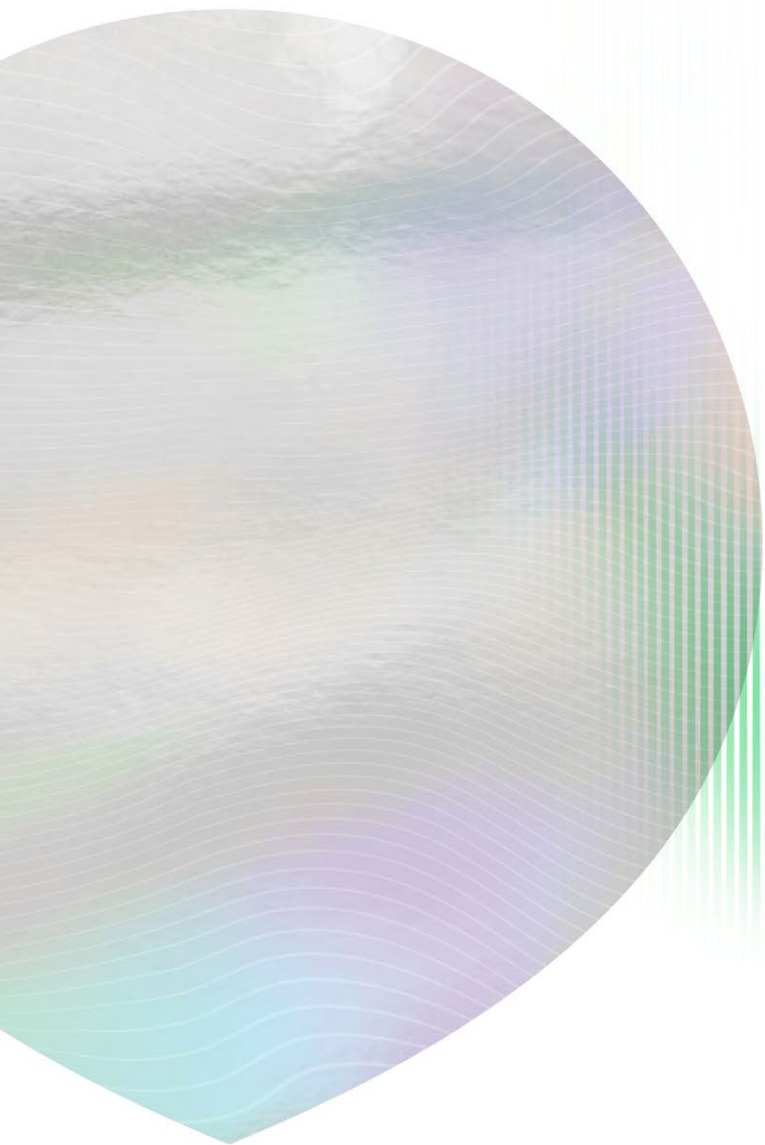


NEW UNIVERSE, YOU DESERVE.

NAVER INTEGRATED REPORT 2021



NAVER

ABOUT THIS REPORT

OUTLINE

This is NAVER's "Integrated Report" and is published to share our financial and non-financial performance with our investors and other stakeholders, with final approval being given by the Board of Directors of NAVER in March 2022.

REPORTING PERIOD

The reporting period of this report is as follows:

- Financial performance covers the company's performance by December 31, 2021.
- Business performance covers the company's activities by March 31, 2022.
- Management performance covers matters for which decisions were made by March 31, 2022.

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

REPORTING SCOPE

The reporting scope of this report is as follows:

- Reporting on financial and business performance includes headquarters and all business sites in South Korea and overseas.
- Non-financial performance is based on the separate outcomes of NAVER Corporation, and the scope of environmental performance includes "Green Factory", NAVER's company building; "1784", a second company building with a plan to open soon; the company's Internet data center "GAK Chuncheon"; "Connect One", a training institute for NAVER employees; "NAVER Square", a space for win-win growth with partners; and leased business sites.

REPORTING STANDARDS

This report's reporting standards are as follows:

- ESG information complies with Global Reporting Initiative (GRI) Standards 2021.
- Financial information is based on the consolidated financial statements in accordance with the Korean International Financial Reporting Standards (K-IFRS).
- The integrated description method of financial and non-financial performance complies with the principles and content of the Integrated Reporting Framework presented by the Value Reporting Foundation.

THIRD PARTY ASSURANCE

This report has been assured by DNV, an independent assurance corporation, to ensure the credibility of all the information created, and the verification was completed in accordance with AA1000AS, an international verification standard.

INQUIRIES

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From our start as a venture firm in 1999, NAVER has grown into a global ICT company connecting millions of people all over the world. Tested and vetted through the incessant changes of the times, our beliefs have remained unchanged.

As a technology platform, NAVER pursues change and innovation firmly believing that anyone can use the technology of tomorrow to their full benefit today. We are preparing the future to come so that all people standing with NAVER can go beyond convention limits and create a new world.

This report is NAVER's first Integrated Report, and is a record of sustainable growth and a channel for communication with stakeholders. NAVER Integrated Report 2021 can be downloaded from NAVER's website in PDF format.



CONTENTS

006 Letter to Stakeholders

01.	CORPORATE PROFILE	10 Our Business Model 12 Our Company 18 Our Business
02.	CORPORATE GOVERNANCE	32 Governance 44 Risk & Opportunity
03.	ESG COMMITMENT	54 ESG Framework 63 Privacy & Human Rights 84 Environmental Value Creation 93 Social Value Creation
04.	APPENDIX	123 Financial Performance Indices 132 Subsidiaries 133 ESG Performance Indices 139 GRI Index 142 Awards & Accolades 143 Third Party's Assurance Statement 145 GHG Verification Statement 146 UN SDGs

Letter to Stakeholders

— By infusing the global sense and expertise of the new generation into the DNA of innovation and challenge we have inherited from NAVER’s former management, NAVER will evolve into a new Internet company that is globally recognized, achieving ESG-focused sustainable growth.



— Greetings, I am Choi Soo-yeon, the new CEO of NAVER Corporation

Since its beginning in 1999 as a domestic search portal, NAVER has been growing into a global ICT company, building up technology leadership in e-commerce, fintech, content, cloud, artificial intelligence (AI), robotics and other areas, as well as a business portfolio as diverse.

NAVER's former management, mostly of the founding generation of the Internet, has built the foundation that had made possible our global expansion, including a diversified business portfolio, global partnerships, and technology leadership. Now, the succeeding generations, including myself, are about to start a new beginning, with a sense of mission to unveil a model of a new Internet business worthy of world recognitions by infusing the global perspective and expertise of the new generations into the DNA of innovation and challenge we have inherited.

All businesses of NAVER have been launched as global services at the beginning with the goals set on the global landscape as well. In executing and supporting NAVER's overseas expansions and investments, I have felt and seen a keen interest and ardent responses from global industries and business partners.

Taking this circumstance into account, we will establish systems designed to accelerate the global business growth of each of NAVER's operations. I will also focus my management capabilities on becoming a business incubator, experimenting with various types of convergence among different operations and thus continually nurturing new businesses into global brands that surpass LINE, Webtoon, and Zepeto.

In 2021, NAVER made noteworthy achievements in many business aspects. Financial performances continued to grow strongly across all business areas, including contents and fintech. Operating revenue grew 28.5% year-on-year to a record-high KRW 6,817.6 billion. Total shareholder return grew over the year on the strength of free cash flow (FCF) growth, raising paid dividends to around KRW 76.3 billion. To further strengthen the synergy with outstanding partners in the ecommerce ecosystem, we exchanged with Shinsegae and E-Mart treasury shares worth KRW 250 billion, swapped with Cafe24 KRW 130 billion worth of shares, and invested in promising partners at home and abroad, including BRANDI and Wallpop. Number of users continued to grow as well.



Daily active users (DAUs) of NAVER app exceeded 34 million, monthly active users (MAUs) of Webtoon and Wattpad numbered about 170 million, and Zepeto subscribers broke the 300 million mark in March, 2022. We also continued to solidify our leadership in technology innovation, presenting 66 research papers at world-renown AI conferences and introducing ARCVVERSE, a metaverse-based ecosystem.

Armed with these business and technological capabilities, NAVER is developing into a top-tier global Internet company. As another key axis to this end, we are pursuing long-term growth of corporate value based on ESG performances. In 2021, we established a human rights management system, and took steps to build an organizational culture, work environment, and leadership systems worthy of NAVER's brand and stature. Last year's adoption of 10 Human Rights Guidelines, assessments of a corporate health and human rights impact, and clarification of human rights management roles and responsibilities (R&R) will, I believe, serve as the basis for outstanding employees working with a sense of pride in a highly-rewarding work environment. Also, we will further improve fair trade compliance programs (CP) and make diverse efforts to promote compliance culture and to ultimately have the CPs evolve into NAVER's code of conduct. In line with this will, we joined the UN Global Compact (UNGC) in 2021, supporting the Ten Principles of the UNGC in the areas of Human Rights, Labour, Environment and Anti-Corruption.

Regarding the environmental aspect, we established a full-fledged execution framework for implementing the 2040 Carbon Negative drive we had declared in 2020. Based on the level of demands from internal and external stakeholders and an action plan of which NAVER is capable, we established a mid-term goal of reducing Scope 1 and 2 emissions by 60% until 2030. To this end, we are taking measured steps by building eco-friendly data centers and business facilities, securing renewable energy supply contracts, and switching our fleets to electric vehicles. In addition, we are advancing the analysis of financial impacts that climate crises may have on NAVER and thus reflecting findings in the daily operation of our businesses. As for corporate governance, we are leveraging our BOD-centered management and transparent communications with stakeholder, NAVER's strengths, in a bid to keep expanding the management of ESG risks and opportunities. At NAVER, ESG management is a process of keeping promises we make for stakeholders and is viewed as an essential activity of building long-term trust and improving corporate value.

NAVER's management, including myself, will continue to make efforts to grow the company and corporate culture stronger and more sustainable than ever before, not to mention business expansions. By doing so, we will share the values created by NAVER with diverse stakeholders, including employees enabling NAVER's competitiveness, users who are enjoying NAVER services and sharing their value, business partners joining us in the process of growth, and shareholders sharing the outcomes of growth.

I ask all of you for warm support for and keen interest in NAVER's new beginning.

A handwritten signature in black ink, appearing to read 'M M all'.

Choi Soo-yeon

President & CEO, NAVER Corporation

NAVER always embraces the challenge of creating a new future. Changing the technology of tomorrow into tools of today, helping SMEs and creators grow and develop to their full potential, keeping the environment clean and healthy for future generations, we seek to build a sustainable world, together with stakeholders. For a sustainable future completing with technology and ESG, and where people can share happiness more than ever before, we are nurturing sustainable values with next-generation connectivity.

CORPORATE PROFILE

NAVER always embraces the challenge of creating a new future. We use the technology of tomorrow to help SMEs and create jobs to their full potential, for a clean and healthy future. As we seek to build a sustainable future with stakeholders. For completing with technology where people can see the value than ever before, we share our values with next-generation.

010
OUR BUSINESS MODEL

OUR COMPANY

012
At a Glance

014
Financial Highlights

016
Business Highlights

OUR BUSINESS

018
Search Platform

021
Commerce

024
Fintech

026
Contents

028
Cloud

OUR BUSINESS MODEL

NAVER started its business as a venture company in 1999 and grew into Korea's top ICT platform. NAVER will however never stand still and is challenge itself to become a technology platform trusted in the global market. Based on its leading AI technologies and content competitiveness and by placing top privacy on user value, we will dream of a bigger future in a more extensive market.

Capital Input

FINANCIAL

- Became the first Internet company in South Korea to issue a sustainability bond (USD 800 million)
- Corporate bond credit rating of AA+
- Treasury share exchange worth KRW 250 billion with Shinsegae and E-Mart
- Share swap worth KRW 130 billion with Cafe24
- Held a total 853 investor meetings and had external dialogues in a year



BUSINESS

- Appointed new management to further expand global presence and overhaul management system
- [Japan] Completed business integration of LINE and Z Holdings
- [North America] Strengthened content business by acquiring Wattpad, the world's largest web novel platform
- [Europe] Expanded investment in and collaboration with promising commerce platforms, such as Wallapop and Vestiaire
- [Southeast Asia] Made investment in some 40 promising startups in partnership with Mirae Asset



INTELLECTUAL

- KRW 1,655.1 billion: R&D expenditure, a year-on-year increase of KRW 323 billion
- 24.3%: R&D investment to sales
- Established a joint AI research center with renowned research institutes in Korea and abroad
 - Seoul National University, KAIST, Vietnam's HUST, PTIT, Germany's University of Tübingen, etc.



HUMAN

- KRW 1.81 billion: Education and training costs
- Strengthened the human rights management system by establishing NAVER's 10 major human rights guidelines and the human rights management-dedicated organization under direct control of the BOD
- Provided stock options to all employees who worked at the company for at least a year



SOCIAL

- Joined the UN Global Compact in 2021
- Improved the Smart Place service, a platform to help digital expansion of offline SMEs free of charge
- 159: No. of partners signed a fair trade agreement



NATURAL

- 1,646TJ: Total energy consumption
- USD 388.77 million: NAVER sustainability bond's investment amount in environmental categories



What We Create

1 No. 1 Internet search portal in South Korea

Korea's top search platform that connects the ideas and interests of 30 million users every day

2 Trendy shopping service that covers both offline and online

Delivering convenient, efficient shopping experiences to both merchants and users in NAVER web, which has the greatest number of users in South Korea

3 Convenient purchase experience to users, and increased sales for business operators

Service that manages convenient shopping, payment, and shipping at various member stores without requiring membership by using the NAVER ID and that even enables payment for digital content

4 Cloud computing for business optimized for each industry

Providing safe and high-quality services based on stable infrastructure for IT services, one of the best in South Korea, and world-class security technology

5 NAVER's diverse services for work

Services that were developed specifically for work, ranging from NAVER Mail, Calendar, Address Book, and Drive to even LINE Messenger

6 Mobile community platform

This mobile community supports various types of group activities according to users' method of use, such as family gatherings, clubs, work gatherings, and study groups

7 Celebrities' global live streaming platform

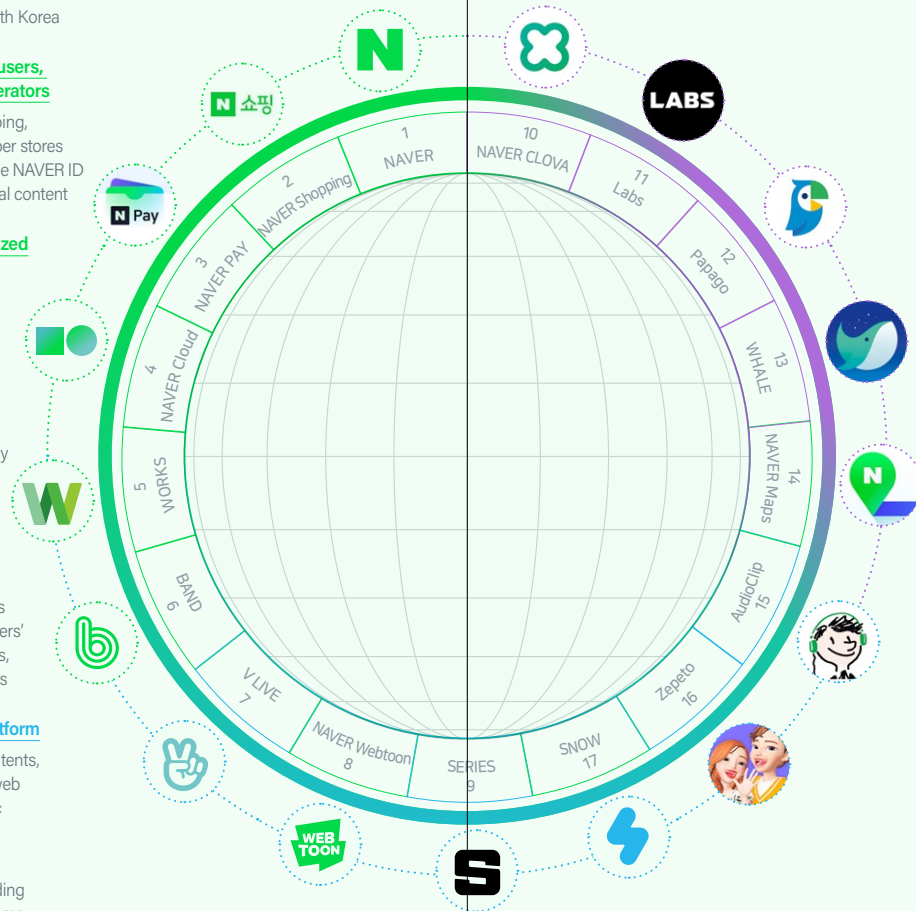
Platform that provides diverse video contents, including K-pop artist's live streaming, web drama, beauty, fashion, and genre music

8 Brings new fun to everyday life

Ever-evolving webtoon platform, expanding its reach to publishing, movie, shows, game, and others in the content industry at home and abroad on the back of loyal fans and strong IPs

9 Content business platform

A paid content platform that offers around 60 thousand genre novel and cartoon contents for diverse tastes



10 New platform for the future

An integrated AI platform that combines technologies which use human senses, such as voice and image recognition, neural machine translation, and conversational engine

11 In charge of new technologies of NAVER

Reliable lab opening a new chapter of new technologies, such as AI, AR, robotics, and autonomous driving, in collaboration with global research specialists

12 Reliable translation platform

An automatic translation platform that became more accurate with the application of neural machine translation (NMT) technology

13 Completely new web browser

Browser that can be easily used by anyone, featuring unique, convenient functions, such as omni-tasking, quick search, and space

14 One app for all your navigation needs

Public transportation, vehicle, bicycle, and pedestrian paths as well as GPS navigation! NAVER Maps delivers the desired destination all at once!

15 Audio content platform

A content platform that enables users to enjoy diverse contents in audio anytime and anywhere, including language, lectures/classes, IT, economy, and science

16 Surprising space in the virtual world for creators

Virtual world platform that enables all to create what they dreamed of in their hearts based on 3D avatar

17 AR camera content platform

Fun AR camera SNOW that leads teenage user trends

Capital Output

FINANCIAL¹⁾

- KRW 33,691.0 billion: Total assets
- KRW 6,817.6 billion: Operating revenue (+28.5% YoY)
- KRW 1,325.5 billion: Operating income (+9.1% YoY)
- KRW 16,477.6 billion: Net income
- KRW 465,000: Highest share price of the year
- KRW 76,292 million: Cash dividends for 2021

BUSINESS²⁾

- Year-on-year operating revenue growth rate by business
 - Search Platform 17.4%, Commerce 35.4%, Fintech 44.5%, Contents 50.6%, Cloud 38.9%
- [Search Platform] NAVER app recorded 3.4 million in its DAUs
- [Commerce] Accumulated No. of NAVER Membership subscribers exceeded 6 million
- [Fintech] No. of NAVER Pay members exceeded 30 million
- [Contents] MAUs of NAVER Webtoon/Wattpad and subscribers of Zepeto exceeded 170 million and 300 million, respectively³⁾
- [Cloud] No. of downloads of CLOVA Note recorded 1.5 million

INTELLECTUAL

- Around 3,736 cases of intellectual property rights in South Korea and abroad
 - 2,540 patents, 957 trademark rights, 239 designs
- Presented 66 research papers at world-leading AI conferences⁴⁾
- 12 research papers were adopted at machine learning ICLR 2022⁵⁾
- Unveiled ARCVERGE, a metaverse-based ecosystem(ARCVERGE)

HUMAN

- 68% +: Results of an organizational culture diagnosis with positive response regarding organizational culture
- 270%: Percentage of female leaders
- 82.5%: Percentage of employees with treasury shares and stock options

SOCIAL

- Became the industry's first to receive the Best Joint Growth Company Award for five consecutive years
- Smart Place led to offline SMEs' economic value creation worth around KRW 46.1 trillion
- KRW 240 million: Cumulative amount of COVID-19-related Happybean Funding

NATURAL

- 78,872tCO₂e: Total GHG emissions
- 37,402MWh: Reduction of energy consumption

¹⁾ Based on consolidated financial statements

²⁾ As of December 2021

³⁾ As of March 2022

⁴⁾ ICASSP, Interspeech, ICCV, etc.

⁵⁾ ICLR 2022: International Conference on Learning Representations which was chosen by Google Scholar as the top-ranking global AI/ML conference

At a Glance

CORPORATE INFORMATION

Name of Company

NAVER Corporation

Establishment

June, 1999

CEO

Choi Soo-yeon

Head Office

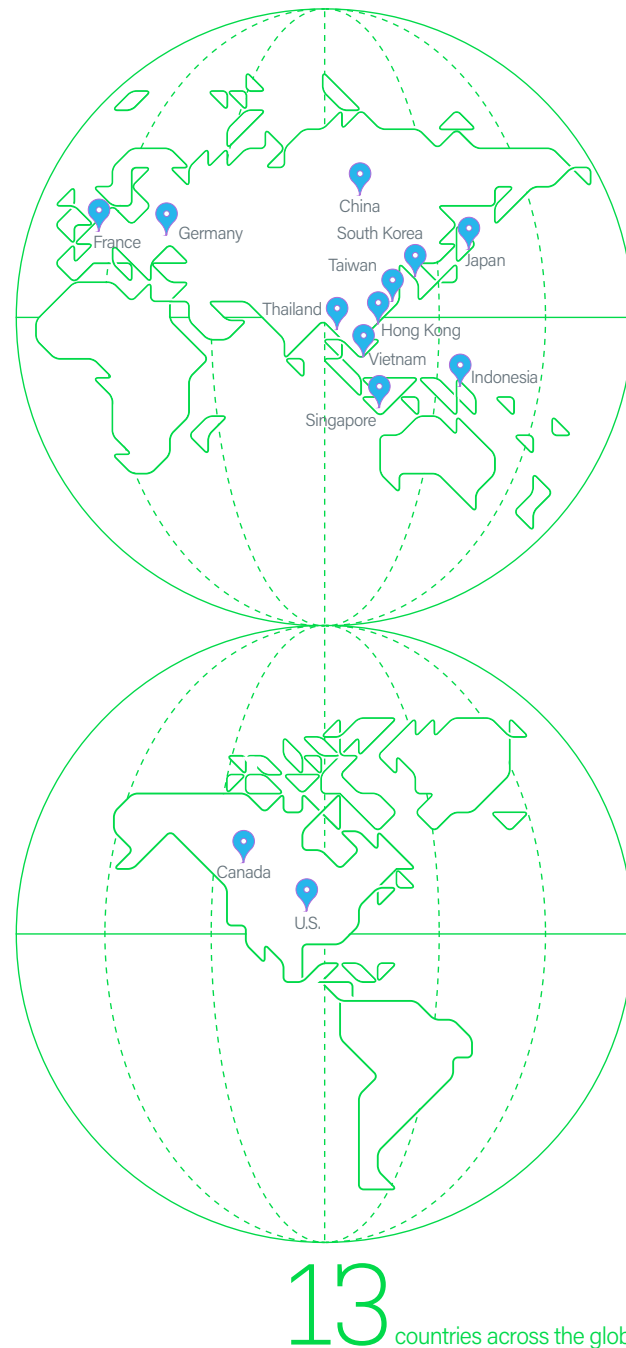
NAVER Green Factory, 6, Buljeong-ro,
Bundang-gu, Seongnam-si, Gyeonggi-do,
South Korea (Postal code: 13561)

Employees

4,696

* As of December 31, 2021

GLOBAL NETWORK



KEY MILESTONES

- 2021.10 • Merged search solutions
- 2021.05 • Acquired Wattpad, the world's largest web novel platform
- 2021.03 • Completed business integration of LINE and Z Holdings
- 2020.10 • Changed the company name of NBP to NAVER Cloud
- 2020.06 • Changed the name of the Connect Foundation to NAVER Connect Foundation
- 2019.11 • Established NAVER FINANCIAL
- 2017.05 • Established NAVER Webtoon Corp.
- 2017.01 • Established NAVER Labs, Inc., specializing in future technology
- 2016.08 • Established SNOW, Inc.
- 2016.07 • LINE Corp. dual listed on NYSE (New York) and TSE (Tokyo)
- 2015.04 • Established Works Mobile as a business service subsidiary
- 2014.07 • NAVER Corp. acquired NAVER Business Platform's advertising and platform businesses
- 2013.08 • NHN Corp. changed corporate name to NAVER Corp. and separated the game business
- 2013.06 • Established GAK, a an Internet data center of NAVER Corp.
- 2013.03 • Established LINE Plus, a LINE affiliate for its global business
- 2012.01 • Merged three entities – NHN Japan, NAVER Japan, Livedoor – to establish NHN Japan
- 2010.05 • Established NHN Culture Foundation (currently NAVER Culture Foundation)
- 2010.04 • NHN moved the company headquarters to Green Factory
- 2008.11 • Transferred to Korea Composite Stock Price Index (KOSPI)

EXTERNAL EVALUATION

Credit Rating

Korea
Investors Service
AA+

Moody's
A3

S&P
A-

ESG¹⁾

KCGS
A+

MSCI
AAA

Sustainalytics
Top **11%**

* As of 2021
¹⁾ Based on Overall Grade

Financial Highlights

NAVER continues to take on challenges by turning uncertainties into opportunities in the ever-changing environment. We achieved balanced growth across all business areas as the proportion of new businesses increases, and our operating revenue exceeded KRW 6 trillion for the first time in 2021. Moving forward, we will continue to focus on shareholder return based on a stable cash flow while also increasing investments for long-term growth, thereby sharing our economic outcomes and enhancing corporate value.

KEY FINANCIAL FIGURES

	2019	2020	2021
Summarized Statements of Comprehensive Income (Unit: KRW billion)			
Operating Revenue	4,356.2	5,304.1	6,817.6
Operating Expenses	3,201.2	4,088.8	5,492.1
Operating Income	1,155.0	1,215.3	1,325.5
Net Income	396.8	845.0	16,477.6
Summarized Statements of Financial Position (Unit: KRW billion)			
Total Assets	12,299.5	17,014.2	33,691.0
Total Liabilities	5,795.6	8,759.1	9,663.6
Total Equity	6,503.9	8,255.1	24,027.4
Profitability Ratios (Unit: %)			
ROE	10.6	15.2	106.7
Operating Margin	26.5	22.9	19.4
Net Margin	9.1	15.9	241.2

* Based on consolidated financial statements

STOCK INFORMATION

	2019	2020	2021
Share Price Change (Unit: KRW)			
High	186,500	339,000	465,000
Low	108,500	144,000	285,500
Year-end	186,500	292,500	378,500
KOSPI Index (year-end)	2,197.67	2,873.47	2,977.65

Market Capitalization	KRW 62,092,577 million
Highest Share Price for the Year	KRW 465,000
Number of Shares Issued	164,049,085
Cash Dividend	76,292 million

* As of December 31, 2021

Credit Rating
(Korea Investors Service)

AA+

(Stable)

Operating Revenue



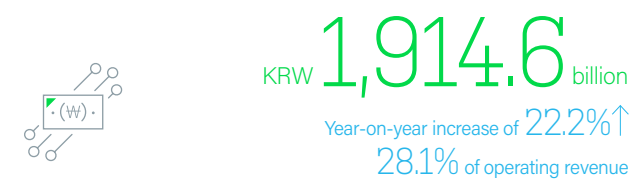
Operating Income



Net Income



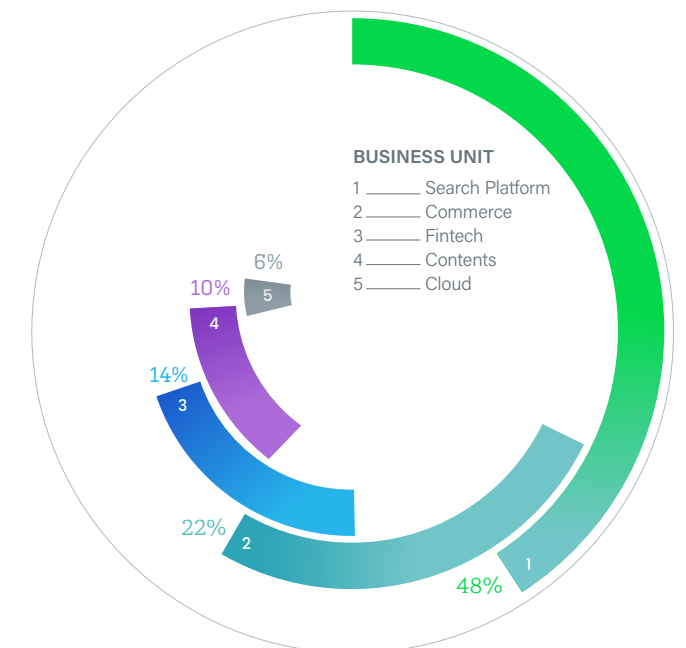
Adjusted EBITDA for the Year



Total Assets (Year-on-year increase of 22.2%, 28.1% of operating revenue)



OPERATING REVENUE PORTION BY BUSINESS AND KEY PERFORMANCE¹⁾



- DAUs of NAVER app: 34 million
• Participants of Influencer Search: 18,003 persons²⁾
- No. of Smart Store: 490,000
• Cumulative Views of NAVER Shopping Live: 730 million
- Cumulative payment amount of NAVER Pay: KRW 38.1 trillion
• Cumulative amount of Smart Store Business Loan: KRW 130 billion
- The most profitable webtoon application in 99 countries worldwide²⁾
• MAUs of NAVER's storytelling platforms: 170 million
- Robotics infrastructure based on ARCVVERSE applied to 1784 Project

¹⁾ As of December 31, 2021

²⁾ Based on Google Play

Key Highlights

In 2021, NAVER successfully established its unique business model by striking a balance among technology investment, win-win, and profitable growth. All business units are generating significant outcomes according to their respective growth phase, thereby proving NAVER’s competitiveness.

BUSINESS HIGHLIGHTS	ESG HIGHLIGHTS
SMEs in NAVER ecosystems 2.5million	Reduction of energy consumption 37,402MWh
Global creators in NAVER ecosystems¹⁾ 10.0million	1784 Project EarnedLEED Platinum
R&D expenditure to sales²⁾ 24.3%	Eco-friendly package support 340thousand eco-friendly bags 60thousand eco-friendly ice packs
R&D personnel to total employees³⁾ 39.0%	AI ethics research outcome Published the 1st NAVER-SAPI AI Report⁶⁾
Number of D2SF-invested startups⁴⁾ 85	No. of partners signed a fair trade agreement 159companies
Number of participants in D-commerce Program⁵⁾ 720thousand persons	No. of visitors of Partner Square offline space (education/studio/space rental) 19,864persons
	Amount of Fountain Fund raised in 2021 KRW 99billion

* As of December 31, 2021

¹⁾ Including global Wattpad creators

²⁾ Based on consolidated financial statements

³⁾ Based on full-time employees

⁴⁾ Cumulative performance at the end of 2021 after the launch in 2015

⁵⁾ Cumulative performance at the end of 2021 after the launch in 2018

⁶⁾ SAPI: SNU AI Policy Initiative

2021 KEY MILESTONES

MARCH	• Treasury share exchange with Shinsegae and E-Mart NAVER exchanged treasury shares worth KRW 250 billion with Shinsegae and E-Mart, and thus solidified the partnership for the combination of on/offline commerce.
MAY	• Unveiled HyperCLOVA, an ultra-large-scale AI HyperCLOVA has enabled NAVER to establish a technology foundation that can quickly resolve more complex, diverse issues, and we launched AI technology as a standardized B2B service through the collaboration between NAVER Cloud and researchers.
JUNE	• Launched the Integrated Wattpad Webtoon Studio With the acquisition of Wattpad, NAVER became the world's largest storytelling platform with more than 170 million users. Wattpad Webtoon Studio is discovering global killer IPs, and around 110 video production projects are underway.
JULY	• Launched NFA Smart Store's small business owners are now provided with diverse logistics data tools and fulfillment services through the “Naver Fulfillment Alliance (NFA)”, a data-based logistics platform. • Released the Place Ad We launched the SME-tailored Place Ad that increases exposure opportunities for local stores on NAVER search results and NAVER Maps.
AUGUST	• Launched the NAVER Pay App The NAVER Pay app delivers user convenience and benefits, including smart order placement, offline payment, and point/membership accumulation, and also provides the “My Asset” service that enables users to view financial information at a single glance. • Strategic alliance through a share swap with Cafe24 NAVER signed a mutual share swap agreement with Cafe24, an ecommerce platform that helps SMEs easily build independent shopping malls. Based on the agreement, the two companies are sharing technology solutions, which in turn will enable us to help SMEs achieve faster growth, conduct efficient business operations at each growth phase, and make inroads into the global market.
NOVEMBER	• Launched the AirSearch Search Service NAVER's search brand, “AirSearch”, has brought together AI recommendation technology and search, and enables users to encounter more diverse creators and contents.
DECEMBER	• Unveiled ARCVERSE, a metaverse convergence ecosystem ARCVERSE is a metaverse ecosystem that connects real world and digital space, with AI, robot, and cloud technologies performing central roles. We are applying the ARCVERSE technology first to NAVER's second office building and Data Center GAK.

Search Platform

"NAVER" is making continuous efforts to enhance search quality while introducing a product lineup that covers diverse needs of users and advertisers, maintaining its solid growth momentum as a leading portal site in South Korea.



Revenue Portion



48.3%

In line with the reorganization of our business structure in 2020, search and display advertising sectors have been integrated into the Search Platform. In the search sector, efforts have been made to improve the quality of advertising and expand the search experience of users, based on which NAVER has been maintaining its growth pace in business queries for three quarters in a row. In the display sector, we launched a variety of new products to satisfy the needs of both large and small advertisers while enabling all advertisers to efficiently execute advertising campaigns within our platform. As a result, the sales of the search platform increased by 17.4% year-on-year to KRW 3,290.5 billion in 2021.



EVOLVING INTO A DIFFERENTIATED SEARCH EXPERIENCE

NAVER Search provides customized search results so that users can find the information they want with ease. Although our real-time rising search term service was terminated in early 2021, NAVER's AI-based recommendation and matching technology enabled us to achieve an increase in both the number of search users and the diversity of search terms in 2021.

"AiRSearch" is NAVER's AI search brand that adds various AI recommendation technologies to content, shopping and local areas represented by AiRS, AiTEMS and AiRSPACE, respectively, thereby offering new search experiences. AiRSearch-based search enables users to find search results per sonalized to their search intentions quickly and accurately.

Customized search results selected by AiRSearch are provided in the form of "Smart Block". The integrated search, which has long been the most differentiated feature of NAVER search, has evolved into the Smart Block that keeps pace with the latest search trends. By grouping content by popular topic, it helps users to figure out search term trends at a glance and improves the convenience of additional searches. The Smart Block provides optimized content by each group, such as gender and age, with a responsive search that reflects user feedback in real time being planned to be added. Starting with the introduction of AiRSearch to the LINE messenger in Japan, it will make inroads into the global market.

Revenue &
Year-on-year Growth
(Unit: KRW billion)

17.4%

3,290.5

2,803.1

2020

2021

CASE STORY

Place ads for local SMEs

NAVER launched "Place Ad" that exposes local stores in the Place area of NAVER search results and NAVER Maps, so that local SMEs use it as their marketing tool. Place Ad is not billed when a user views an exposed ad, instead it is billed only when a click occurs, enabling SMEs to run their ads efficiently. As of December 2021, approximately 45,000 new advertisers are participating voluntarily in the Place Ad which is growing rapidly and receiving positive responses from local businesses. Currently, the proportion of restaurant-related keywords is the highest, but it is expected to expand its reach to include other categories, such as healthcare, lifestyle, leisure and beauty. Going forward, NAVER will continue to introduce more advertising products that local SMEs can execute without financial burden as a way to grow together with them.

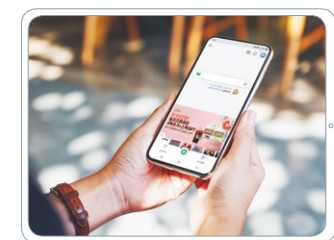


NAVER'S COMMUNITY SERVICE IN THE HYPERLOCAL ERA

Since the outbreak of COVID-19, the use of NAVER Café has been increasing at all age groups, and the number of monthly active users (MAUs) recorded 28 million in 2021, with the proportion of teenage users surging from 5% in 2019 to 8% in 2021. NAVER is planning to create a space where more diverse age groups can connect online building a community service that promotes the consumption of local information in line with the hyperlocal trend. We are also seeking ways to link NAVER's Neighborhood platform, which was reorganized in October 2021, with Café Neighbors, BAND local small groups and NAVER maps. As the local portion of our search business queries accounted for 40% of the total in the fourth quarter of 2021, we will continue to strengthen local-oriented content to build a win-win relationship between search and community services.

DIVERSIFYING DISPLAY ADVERTISING PRODUCTS

NAVER offers performance-based display advertising and guaranteed-type display advertising according to advertisers' marketing purposes. Performance-based advertising allows advertisers to set detailed targeting and control advertising performance by selecting real-time advertising bidding and billing types. Demand for the product has been growing steadily ever since its launch, with its inventory expanding into the services offered by NAVER subsidiaries such as Webtoon, SERIES and SNOW. We are also expanding the lineup of guaranteed-type advertising products. In the second half of 2021, we launched a new premium video ad with high demand from big brands, receiving positive feedback. We strived to increase advertising efficiency by expanding the space, launching new products to respond to various advertisers' demands, and providing sophisticated targeting services based on our abundant shopping data.



CASE STORY

Launch of Dynamic Ad in 2022

In February 2022, NAVER officially launched "Dynamic Ad" which provides sophisticated products by leveraging user interest and store visit behavior data as well as machine learning-based recommendation technology. A beta test, conducted in December 2021, verified that its purchase conversion rate is higher than other media, with the participating brands expressing a high level of satisfaction as well. NAVER is planning to release Dynamic Ad products for all our Brand Stores within the first half of this year and expand coverage to include Smart Store in the mid to long term.

As a result, our display sales in 2021 increased 36.9% year-on-year, driving the growth of our Search Platform business.

Number of daily active users of NAVER app

* As of the end of 2021

34million

PROMOTING UGC AND SUPPORTING CONTENT CREATORS

NAVER provides creators with diverse opportunities to grow as a way to deliver high-quality contents to users. The creator search service "Influencer Search", in particular, has more than doubled its content production and rewards compared to 2019 when the service was not yet to open. Influencers can form strategic partnerships by matching brands through the official route via "Brand Connect", and since the participation of leading brands such as CJ and Pulmuone in November 2021, influencers have been creating new revenues. In addition, as of the end of 2021, digital natives, including Millennials and Generation Z, produced 70% of content on the NAVER Blog. Going forward, we'll help blog users who have started to use NAVER Blog through the "Today's Diary" campaign to extend their creative reach with a variety of contents in addition to recording their daily lives. Content creators will have a sense of accomplishment as influential creators, and NAVER will provide appropriate rewards to them, thereby building a healthy user-generated content (UGC) ecosystem.

Commerce

NAVER is creating an e-commerce ecosystem so that users, SMEs and brands can build healthy win-win relationships, and we will make steady efforts to achieve continuous innovation and develop growth engines for the commerce platform.



Revenue Portion



21.6%

In 2021, NAVER accelerated its growth pace by providing new value to both merchants and users through innovation in shopping service. Most notably, despite the slowdown of the online commerce market in South Korea, NAVER Smart Store achieved strong growth, well above average market growth, recording a commerce sales of KRW and a year-on-year growth of 35.4%, thanks to service innovations led by Brand Store and Shopping Live.



SHOPPING LIVE – LEADING SHOPPING TRENDS

Officially launched in 2020, Shopping Live has been well-received by both merchants and users, strongly driving trends in the e-commerce market. As of the fourth quarter of 2021, Shopping Live recorded a 4.7-fold increase in transaction volume compared to the previous year thanks to the active participation of brands and SMEs, with the number of live shows with a transaction value of KRW 100 million or more surging by 39% compared to the previous quarter. Going forward, NAVER plans to focus on expanding new shopping-related services, such as launching new original short-form content and Shopping Live viewer apps while strengthening links with influencers.

BRAND STORE – BRIDGING THE GAP BETWEEN BRANDS AND USERS

Brand Store has been enjoying strong growth ever since its launch a year and a half ago when it was introduced to more closely connect brands and users. As of the end of 2021, 617 brands have opened their stores at the Brand Store, with the transaction amount in the fourth quarter growing about three times year-on-year, recording an annual transaction amount of more than KRW 1.9 trillion in 2021. Meanwhile, we used Shopping Live to add detailed features, such as faster delivery partnerships, luxurious brand exhibition space and official merchant certification, contributing to enhancing brand merchants' sales and users' credibility in online shopping. On the back of these services, the number of leading brands using Brand Store as their own malls is on the rise, and the transaction amount is expected to continue to grow.

Number of weekly visitors of NAVER Shopping

20million↑

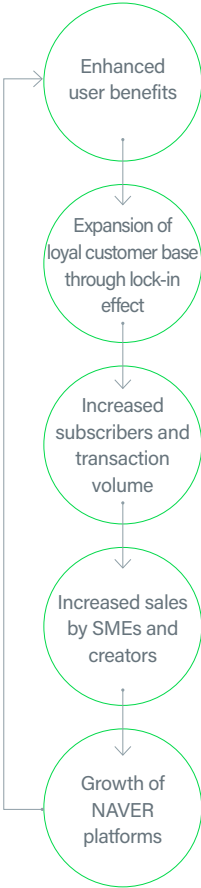


EFFORTS TO STRENGTHEN THE SHOPPING ECOSYSTEM THROUGH SERVICE INNOVATION AND WIN-WIN GROWTH WITH SMES

NAVER has supported SMEs in various ways by utilizing its technology and service capabilities, including "NAVER Square", an offline base of Project Flower that supports anyone to start a business online quickly and easily; "Biz Advisor" which provides sales data to Smart Store merchants to offer marketing support; and AI-based product recommendation system "AiTEMS". As a result, the number of Smart Store merchants reached 490,000 as of the end of 2021, with weekly Smart Store visitors steadily growing to over 20 million. In the fourth quarter, the settlement period was further shortened by one more day, making the quick settlement service one of the best in the world. The service has achieved a cumulative settlement amount of KRW 8 trillion within a year of its launch and received positive feedback from nearly 90% of merchants who had participated. In addition, the amount of Smart Store business loans covering the first- and second-tier financial sectors reached KRW 130 billion in 2021, the first year of its launch. By applying the alternative credit scoring system (ACSS) we had developed on our own, NAVER has improved both loan conditions and approval rates, offering a great help to online SMEs.

NAVER also offers a free digital platform "Smart Place" service that allows offline SMEs to directly manage their corporate information exposed through NAVER services. As of December 2021, the number of offline businesses who operate and manage Smart Place was about 2.08 million, year-on-year increase of 15%. The Smart Place enables offline SMEs to expose and promote themselves, free of charge, to consumers through services such as NAVER integrated search, Smart Around, maps and navigation without having to build a separate website. The sales increase effect from the free exposure is estimated to be about KRW 33.2 trillion per year in addition to the cost reduction effect of around KRW 12.9 trillion per year.

Virtuous Cycle of NAVER's E-commerce Ecosystem



Smart Place is therefore contributing to the creation of a total of KRW 46.1 trillion in economic value per year for offline SMEs, paving the way for a new win-win relationship between the platform and offline stores.

In July 2021, NAVER launched NFA (Naver Fulfillment Alliance), a data-based fulfillment platform, thereby enabling many small business owners who were previously unable to access fulfillment services to receive various logistics data tools and fulfillment services based on Smart Store API linkage and AI technology from a number of fulfillment companies with specialized capabilities such as refrigeration and freezing. In particular, NAVER joined hands together with CJ Logistics to expand the fulfillment system, exclusively for NAVER merchants, to 200,000 *pyeong* (661,157m²), 10 times larger than the current size, aimed at establishing a nationwide same-day delivery fulfillment system. The collaboration will be applied first to products that require fast delivery, such as daily necessities. Moving forward, we will continue to expand cooperation with partners with differentiated logistics capabilities to complete a delivery system that encompasses a variety of product groups. As of the fourth quarter, approximately 100 brands were using CJ Logistics Fulfillment services, and in 2022 we plan to further accelerate logistics cooperation for faster delivery. We will make continuous efforts to expand the base for a commerce ecosystem, and at the same time, we will provide both merchants and users with technology solutions that can be used more easily while seeking growth opportunities in the global market based on our success in South Korea.

CASE STORY

Comm Solution Market

NAVER helps SMEs that have started a business at Smart Store to scale-up their business by enabling them use solutions to which new technologies are applied. As part of the effort, we officially opened the "Commerce Solution Market" in January 2022, through which we collect and provide solutions whereby merchants can solve difficulties they face at each stage of business. Merchants can run their business more easily and systematically by using and managing advanced solutions that combine AI technology and data analysis to Smart Store through the Commerce Solution Market. For example, the "Clova Message Marketing" solution in the Commerce Solution Market allows merchants to notify target customers of their store news and benefits available, increasing marketing efficiency. In addition, the "Clova Live Chat" solution, which analyzes frequent customer inquiries and generates personalized answers, helps busy merchants save time and effort so that they can focus more on efficient management of their business.

The Commerce Solution Market started beta service with about 10 technology solutions. Going forward, various solutions developed by technology startups that can improve business efficiency at each stage of store operations, such as product management, marketing, order/ payment, delivery/logistics and customer management, will be added. NAVER will continue to help SMEs in the e-commerce market to conduct smart online business by using cutting-edge technology without restrictions due to limited funds or business size.

Accumulated number of NAVER Membership subscribers

6million↑



INCREASING USER BENEFITS AND CONVENIENCE

In 2020, NAVER introduced "NAVER Plus Membership" to enhance user benefits, and attracted 6 million subscribers within 18 months of its launch. Thanks to the lock-in effect after membership registration, the amount of payment per user is continuously increasing regardless of the size of use along with increased activities of users. In fact, the transaction amount of NAVER Pay per the person with the Membership is about twice higher than that of general members while the NAVER Plus Membership members tend to use NAVER Shopping, NAVER Pay and content services more actively. The cumulative number of users of the subscription membership, launched to support users' various purchasing methods, has increased more than six times within six months of its launch, further improving the shopping convenience of users.



Revenue & Year-on-year Growth
(Unit: KRW billion)

35.4%↑



Fintech

In the fintech market, where significant innovation and new growth are expected more than any other fields, NAVER will open a new chapter in digital finance based on advanced technology, quality data and a win-win philosophy.



Fintech adds new technologies to traditional financial services, making innovative improvement that enables greater user benefits and service convenience. NAVER's Fintech business consists of NAVER Pay service and digital finance-related sales. In 2021, the NAVER Pay enjoyed strong growth in terms of transaction amount, while offering SMEs with fintech services in a stable manner. As a result, NAVER achieved KRW 979.0 billion in sales in the Fintech business, up 44.5% from the previous year.



MAINTAINING CONTINUED GROWTH IN PAYMENT SERVICE

In 2021, the annual payment amount of NAVER Pay reached KRW 38.1 trillion, an year-on-year increase of 36%. The growth was mainly attributable to the expansion of external online and offline affiliates and improved user activity based on the NAVER Membership and NAVER Bankbook. In particular, large global affiliates, such as AliExpress and Google App Store, were newly included in our list of franchises in the fourth quarter, while the number of external affiliated malls reached 73,000, an increase of some 1,500 compared to the previous quarter. As a result, the total number of online and offline franchises increased by 70,000 compared to the previous quarter to stand at 2.15 million.

NAVER Pay is also focused on improving payment convenience for users. In August, we launched the NAVER Pay app, enabling users to experience a faster and more convenient offline payment system by charging points and using card-based QR codes. In addition, equipped with various user-friendly functions, such as NAVER Order, Simple Remittance, and Asset Inquiry, the NAVER Pay app has received a great response from the market right after its launch, and as of the end of 2021, it accounted for more than 40% of on-site payments. The deferred payment service released in the second quarter has also received positive response from target buyers in its initial beta test. Going forward, NAVER Pay will continue to add new features in order to further increase user convenience.

NAVER FINANCIAL Business Division will make continuous efforts to increase user awareness and enhance service convenience of NAVER Pay. To this end, we will strive to attract and retain new users by increasing point benefits, enabling commerce linkage, and expanding online/offline payment channels.

EXPANDING WIN-WIN FINTECH FOR SMES

NAVER FINANCIAL aims to create an inclusive financial environment. To this end, it uses advanced technology and data to support financially underprivileged groups, such as SMEs and thin filers within the NAVER ecosystem, which existing financial institutions could not cover properly.

Following the direction, NAVER officially launched the "Fastest Settlement Service" and "Smart Store Business Loan" at the end of 2020 and then began the beta testing of the deferred payment service in April 2021, improving the perfection of its fintech service portfolio that covers the entire payment flow from sales to purchase. Notably, the loan product for Smart Store merchants based on an ACSS, launched in partnership with Mirae Asset Capital, has received very positive responses in just over a year since its launch. The accumulated total of the Smart Store Business Loan reached KRA 130 billion as of January 2022. Considering the fact that 60% of the borrowers is in their 20s or 30s, and 30% starts their business less than a year ago, the loan product is faithfully paying its role as a financial ladder for online SMEs.

In addition, we made another improvement to our settlement service, the fastest of its kind in the world, so that payment can be made on the next day after collection of goods is completed. Such efforts by NAVER to expand fintech services aimed at win-win growth with SMEs are expected to lead to the growth of Smart Store SMEs, and in turn NAVER Shopping and NAVER Pay, with the data accumulated in the process helping to create a virtuous cycle in which NAVER becomes even more competitive.

No. of NAVER Pay franchises online and offline

2.15 million

Revenue & Year-on-year Growth
(Unit: KRW billion)

44.5%

979.0

677.5

2020

2021

Contents

Content is an outcome of creator's innovation, and at the same time it is NAVER's valuable asset. We will therefore expand our business so that content can flourish on the global stage.



NAVER Webtoon, SNOW, V LIVE and NAVER Music are services through which we share creator's contents and enable users to enjoy them. The business areas showed great growth potential in 2021 as NAVER Webtoon surpassed KRW 1 trillion in global annual transaction, with its original and cross-border content business using super intellectual property (IP) also generating positive results. SNOW, led by NAVER Webtoon and Zepeto, achieved sales of KRW 692.9 billion, a year-on-year increase of 50.6%. Moving forward, we will develop growth drivers through profit model overhaul, M&A and partnerships, based on which we will prove the real value of our content business in the global market.



GLOBAL LEADING STORYTELLING PLATFORM

NAVER Webtoon is the global No. 1 storytelling platform with 6 million creators and 170 million loyal users. In May 2021, NAVER completed the acquisition of the web novel platform "Wattpad" to combine Webtoon with a web novel platform, followed by the acquisition of "Munpia", the nation's No. 1 fantasy martial arts platform, and eBook Japan, enabling us to secure IP based on 6 million creators and distribute diverse genres of content.

Through the Super Casting Project, "Batman" of DC Comics and Hive's original story webtoon "7FATES: CHAKHO" have achieved good results, while "Our Beloved Summer", co-produced by Studio N in the forms of a webtoon and a video, has also enjoyed commercial success. The conversion rate to the paid service of Webtoon users has been increasing while cross-boarding content is growing, and as a result, our Webtoon sales recorded growth rate of 67%, higher than the increase in the transaction amount, in 2021. In 2022, NAVER will continue to invest in the global digital Webtoon market to further expand our transaction volume and improve profitability in IP business by creating more than 1 billion source IPs and raising a fund of KRW 100 billion, thereby expanding the economic scale of our global storytelling platform.



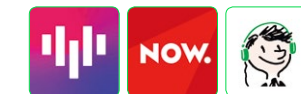
LEADING THE TRENDS OF DIGITAL NATIVES

SNOW leads the culture of the digital natives, including Millennials and Generation Z, in Asia by providing innovative services such as ZEPETO, Asia's No. 1 metaverse platform; camera apps, including SNOW, B612 and Foodie; video editing app VITA; English conversation app Cake; and KREAM, a limited edition trading platform. In 2021, on the back of balanced growth across all business areas, its sales more than doubled compared to the previous year.

Zepeto, in particular, secured 300 million subscribers and collaborated with brands in various fields such as DIOR,

Samsung, Gucci, NARS and CU, leading to the increase of MAUs by 57% and sales by 318% year-on-year. Recently, NAVER Z, which operates Zepeto, raised an investment worth of KRW 220 billion from global partners including SoftBank, laying the foundation for expanding its global presence. In 2022, the company plans to create a creator fund to strengthen the creator ecosystem, add various functions, and develop into a platform in which users can take part.

Since its spin-off in January 2021, KREAM has rapidly emerged as the fastest-growing C2C market leader, with more than 2 million subscribers and over KRW 100 billion in monthly transactions. It is diversifying its business by strengthening strategic alliances with high-end luxury brands, taking account of the growing trend of consuming limited editions and reselling goods among the young generation in particular. KREAM has positioned itself as the No. 1 player in the sneaker resell market within a year and a half of the service launch, and also attracted an investment of KRW 100 billion. In 2022, it plans to focus on strengthening platform competitiveness by increasing profitability and expanding global investment.



ENTERTAINMENT BRANDS THAT PROVIDE AUDIOVISUAL CONTENT

NAVER is pioneering a new market in the music distribution industry by providing a new concept of a music service with VIBE, which has created a new audio tab and reorganized the service so that users can enjoy not only music but also new genres of audio content such as audio movies. In August 2021, it launched "Party Room", a function which allows users to listen to music together while having real-time voice conversations and which is evolving into a one-stop audio lifestyle service. NOW introduced a variety of new content formats such as K-pop artists' comeback shows, special programs for the Olympics, live rock festivals, special entertainment shows, economic talk shows, and theater talk shows, resulting in an average annual MAU and DAU increase of more than 50%, respectively, compared to the previous year. Going forward, NOW plans to expand its services to the global market by strengthening content through expanded collaborations with artists and launch of the NOW and NAVER TV integrated apps.

Revenue & Year-on-year Growth
(Unit: KRW billion)

50.6%

692.9

460.2

2020

2021

Cloud

NAVER will open a new chapter of innovative B2B services based on our advanced technology, vast amount of data and abundant traffic handling experiences.



The impact of the prolonged COVID-19 pandemic has changed the working and academic environment. On the back of the circumstances, NAVER's enterprise services such as Cloud, NAVER WORKS, and CLOVA continued to grow in 2021. In addition, NAVER's advanced technologies in AI, robotics and cloud led to the launch of the metaverse technology convergence ecosystem "ARCVVERSE." As a result, Sales of NAVER Cloud increased 38.9% year-on-year to KRW 380 billion in 2021.



EXPANDING MARKET AND CUSTOMER BASE IN SOUTH KOREA

NAVER Cloud is a set of B2B products that have been refined over a long period of time as a way to provide our internally standardized infrastructure, development tools, and services to corporate clients. In October 2020, NAVER Business Platform (NBP) was relaunched as NAVER Cloud by integrating all of NAVER's enterprise business capabilities, enabling us to offer one-stop cloud-based B2B services. We are commercializing and improving our differentiated technologies and services, such as business collaboration solutions of NAVER WORKS and LINE WORKS as well as AI technology of CLOVA, on the cloud while also striving to gain competitive advantage to global standards. In particular, we are expanding our presence in South Korea based on NAVER Cloud's unique strengths, such as prompt customer support and NAVER services accessible through a cloud system. Also, public domains such as distance education and smart city projects, as well as financial institutions and medical institutions demonstrating a strong commitment to transitioning to the cloud, are showing a great interest in NAVER Cloud. In 2021, NAVER helped Anam Korea University Hospital to convert its precision medical hospital information system to cloud computing by providing a cloud system to the large hospital with more than 1,000 beds for the first time in the world. Designated as a public cloud standard operator of NH Nonghyup Bank, NAVER is now in charge of assisting the first-tier financial institution with converting to cloud computing.



A COLLABORATION PLATFORM FOR GLOBAL CORPORATIONS

WORKS MOBILE, a subsidiary of NAVER, provides LINE WORKS and NAVER WORKS, business collaboration tools that guarantee the highest level of network quality, by using NAVER Cloud's global infrastructure. Based on its competitiveness including ease of use, fast and convenient on-site communication, and mobile-optimized functions, WORKS MOBILE is expanding its presence in the global

market, having secured 100,000 corporate clients worldwide. NAVER WORKS is also making inroads into the domestic market based on its brand awareness and technological prowess proven in the global market. It is expected to expand its dominance in South Korea in the near term based on its high compatibility with NAVER Cloud and the ease of use that allows many tasks to be done with just mobile apps.



LEADING NEW TECHNOLOGIES

NAVER CLOVA is an integrated AI platform that combines cutting-edge technologies such as voice/image recognition, artificial neural network translation and conversational engine. It is leveraging its own AI technologies to create unprecedented services and products. While continuously upgrading its dubbing products, AI call solutions, document appraisal and summary features, digital conversion OCR, and chatbot products, NAVER CLOVA has launched Facesign, which helps online/offline identity recognition with face recognition, and personalized shopping recommendation service AiTems Cloud products.

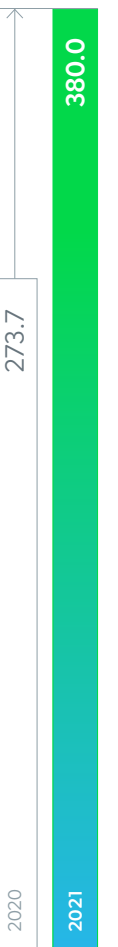
"HyperCLOVA"¹⁾, a super-scale AI developed by NAVER in 2021 for the first time in South Korea is being introduced into search services in earnest, and we are getting ready to expand it to AI products tailored to businesses. CLOVA Note, equipped with the excellent voice recognition technology based on HyperCLOVA, was launched in 2021 and well received by the market, recording 1.5 million downloads as of the end of 2021. NAVER Cloud, with the nation's top capability, is working together with leading researchers²⁾ to transform its technologies to standardized products, thereby attracting corporate clients. Moving forward, we will go beyond using AI to upgrade our services and will prove that AI itself can become a business that creates value of its own.

¹⁾ The higher the number of parameters representing the size of an AI model, the more problems the AI can solve. Typically, a model with 10 to 100B (10 billion to 100 billion) parameters is referred to as super-giant or hyper-scale. NAVER HyperCLOVA was developed on a scale of 204B (204 billion) parameters.

²⁾ At the ICLR (International Conference on Learning Representations) 2022, the world's most prestigious machine learning (ML) conference held in January 2022, 17 NAVER papers, including 12 from NAVER CLOVA and 5 from NAVER LABS Europe and LINE, were introduced, making NAVER the first South Korean company to present a double-digit number of papers at the top-level ML conference.

Revenue & Year-on-year Growth
(Unit: KRW billion)

38.9%



NAVER's sound and transparent governance is the foundation for us achieving sustainable growth together with stakeholders as a technology platform. Based on our advanced governance where checks and balances always are in dynamic equilibrium, we stay in touch with users, SMEs, creators, employees, partners, and other shareholders, building win-win relationships and expanding the positive impact we deliver. Taking a step further, we work harder to grow into a company that is trusted by all.

CORPORATE GOVERNANCE

NAVER's sound and transparent management system is the foundation for our sustainable growth together with our stakeholders. In our technology platform governance where we always are in dynamic touch with users, SME partners, and other stakeholders, we create win-win relationships. For positive impact we create, we go further, we work hard to become a company that is truly

GOVERNANCE

033
Shareholders

035
Management

038
Board of Directors

RISK & OPPORTUNITY

044
Risk & Opportunity

048
Business Ethics & Compliance System



GOVERNANCE



MANAGEMENT APPROACH

The disclosure of corporate governance helps stakeholders to better understand the governance system which implements the vision of the board and management, and it also increases the predictability of corporate decision-making. Stakeholders are therefore asking companies for transparent disclosure of their corporate governance. In particular, shareholders must receive the information necessary for exercising their rights in a timely manner, whereas companies support the information accessibility of their shareholders and other stakeholders, while also actively communicating with them.

NAVER publishes the Corporate Governance Report every year and strives to improve our ESG disclosure as a way to transparently disclose our practices for and achievements in advancing our corporate governance. As a result of active communication with our shareholders and investors through various channels and continuous efforts to improve our shareholder value and the BOD structure, NAVER received an A+ rating in the governance evaluation by the Korea Corporate Governance Service (KCGS) in 2020 and 2021. Under the leadership of the newly appointed management and the supervision of our BOD, NAVER will establish a governance structure that earns trust worldwide.

KEY PERFORMANCE

-  Appointed new management
-  Introduced an electronic voting system for AGMs
-  Enhanced ESG expertise of the BOD

Shareholders

NAVER strives to achieve corporate growth that leads to the enhancement of shareholder value through its shareholder-friendly management. We will make continuous efforts to earn trust from our shareholders through active communication and the transparent disclosure of information.

SHARE AND CAPITAL STRUCTURE

NAVER's largest shareholder is the National Pension Service, while foreign shareholders make up a majority of the shareholder composition. According to NAVER's articles of incorporation, the total number of shares that can be issued is 300,000,000 shares (face value of one share: KRW 100); all issued shares are ordinary shares;

and fair voting rights are granted according to the number of shares. As of the end of December 2021, the number of shares issued by NAVER is 164,049,085, and the number of treasury shares is 14,750,130. Shares with voting rights account for 91.01% or 149,298,955 of all issued shares.

Shareholder Composition

(Unit: %)



* As of December 31, 2021

¹⁾ Reference information for shareholders: NAVER disposed and canceled 2,054,230 treasury shares through the acquisition of Wattpad aimed at strengthening its content capabilities, share acquisition of Cafe24 aimed at strengthening its commerce capabilities, and cancellation of treasury shares aimed at enhancing shareholder value.

- Foreigners
- Domestic institutions
- Major shareholder (National Pension Service)
- Haejin Lee
- Treasury shares¹⁾
- Individuals in South Korea and other companies

Type of Shares and Voting Rights

(Unit: Shares)

Classification	Type of shares	Number of shares	Note
Total number of shares issued	Ordinary shares	164,049,085	-
	Class shares	-	-
No. of shares without voting rights	Ordinary shares	14,750,130	Treasury shares
	Class shares	-	-
No. of shares with voting rights	Ordinary shares	149,298,955	-
	Class shares	-	-

Share Price Change

	2019	2020	2021
High (KRW)	186,500	339,000	465,000
Low (KRW)	108,500	144,000	285,500
Year-end (KRW)	186,500	292,500	378,500
KOSPI Index (year-end, points)	2,197.67	2,873.47	2,977.65
Market capitalization (KRW million)	30,737,698	48,046,995	62,092,547

INVESTOR RELATIONS

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

We have been encouraging our outside directors to attend "Analyst Day" since 2020, thereby having more dialogues with shareholders. We will review various methods so as to further expand outside directors' participation in major IR events in order to directly hear shareholder expectations about NAVER without any filtering and to actively reflect their expectations in the BOD so as to enable more innovative, shareholder-friendly operations.

PROTECTING SHAREHOLDER RIGHTS AND INTERESTS

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

As part of our efforts to improve shareholder convenience, we introduced an electronic voting system and an electronic power of attorney in 2021. We also distributed the power of attorney form by attaching the solicitation for the proxy exercise of voting rights while conducting live streaming, taking the COVID-19 situation into account, so that shareholders can exercise their voting rights with ease. In 2021 and 2022, NAVER held its AGM on a day on which may other companies did not hold theirs for the sake of its shareholders' convenience, while complying with the "four weeks before an AGM notice" suggested by the Corporate Governance Code of Practice.

SHAREHOLDER RETURN POLICY

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

According to the above shareholder return policy, NAVER secured financial resources worth KRW 162.1 billion, of which KRW 76.3 billion, or 5% of its separate net income, was paid as dividends in 2021. During the year, the total amount of dividends increased by 29% compared to the previous year due to the increase in net income, achieving the highest total dividends in NAVER's history.

After paying out the dividends, we plan to acquire and cancel treasury shares with a limit of KRW 85.3 billion by the end of 2022. In 2019 and 2020, we conducted an additional cancellation of treasury shares to maintain the previous year's level of shareholder return. In 2021, however, no additional cancellation was required due to the expansion of the shareholder return resources.

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

Dividend			
	2019	2020	2021
Net income (Separate figure, KRW million)	1,092,525	1,196,925	1,524,755
Cash dividend (KRW million)	54,688	59,279	76,292
Cash dividend per share (KRW)	376	402	511
Payout Ratio (Separate figure, %)	5.0	5.0	5.0



Investor
information of
NAVER

Management

Under the leadership of the new management, NAVER will innovate and communicate so that we can fulfill our role as a more reliable global base for various businesses.

COMPOSITION AND SUCCESSION OF MANAGEMENT

NAVER's BOD had established the roles and qualifications required of the new top management based on which it recommended and validated competent and qualified candidates, with the goal of successfully creating synergy with partners at home and abroad, promoting cooperation between different types of business, conducting strategic portfolio reorganization, and incubating new businesses. In November 2021, the BOD approved the appointment of the new CEO and CFO as members of the top management who would speed up NAVER's global management, which was followed by the official appointment at the AGM held in March 2022. The new CEO and CFO have accumulated expertise in M&As and investments at home and abroad as well as experiences in expanding NAVER's global business and completing big deals, which are expected to help NAVER further strengthen its corporate competitiveness. Meanwhile, the CCO, having led NAVER's communication and management support, was appointed as an inside director at the AGM, and will be in charge of establishing NAVER's external policy and implementing ESG management.

To ensure the smooth succession of the business management, the new management participated in the NAVER Transition TF for four months following the BOD's approval. The TF established committees composed of experts in different job categories, such as the TECH Committee and the Planner Growth Committee, thereby laying the foundation for networking between experts and the next leadership. The TF also listened to opinions of 10 groups of employees composed of 82 persons to check and discuss the organizational culture and directions. Also, customized trainings, aimed at helping the newly appointed management better understand their external/internal roles, global capabilities, and corporate social responsibility were offered, in addition to other leadership educations and exchange projects including executive leadership coaching, leader class, and the "Leader Code Day".

MANAGEMENT PERFORMANCE EVALUATION AND COMPENSATION

Executives of NAVER receive comprehensive performance evaluations against the mid- to long-term goals set by the Leadership & Compensation Committee within the BOD, as well as the company's goals and tasks for the year. NAVER sets its management performance evaluation criteria by establishing KPIs for each business entity so that its vision can be reflected in the management goals of the executives against the backdrop of the company's rapid expansion into various business areas. Performance remuneration consists of target incentives for short-term performance and stock options for mid- to long-term performance. Target incentives are set within 50% to 150% of the target amounts according to the performance of the entity and its executives at the end of the year, after determining the target amounts at the beginning of the year in consideration of the importance and difficulty of individual tasks, within a maximum of 150% of the base salary. The size of the stock option was proposed by the Leadership & Compensation Committee, with the option granted to executives including the CEO. The stock option granted in 2021 can be exercised when a relevant executive has served for more than two to three years from the grant date. With an expected maturity of five years for the option, NAVER encourages management activities leading to a long-term increase in corporate value.

NAVER sets the strengthening of its ESG management as a short-term and mid-to long-term goal of its inside directors, so that they manage non-financial factors that may affect corporate growth, and to ensure that the ESG management demands from various stakeholders are reflected in their performance evaluation. We assigned each of our inside directors a goal and tasks for 2021 in line with "enhancement of long-term corporate value by establishing an ESG-based management system", one of our mid- to long-term goals, and reflected the results of the directors' performance evaluation to the calculation of their remuneration. The Leadership & Compensation Committee under the BOD decided that our inside directors had fulfilled their short-term tasks to enhance our ESG-based corporate value in 2021, and took their individual roles and contributions into account when calculating the amount of their bonus.



Choi Soo-yeon President & CEO

Based on her insights into Naver's corporate philosophy and IT platform business, as well as her ability in aligning diverse interests and solving problems, the new CEO has been evaluated as a leader who can contribute to creating a healthy organizational culture while driving the company's big leap forward.

- Born in 1981
- Graduated from Seoul National University College of Engineering
- Harvard Law School, LL.M
- 2005 Naver (Formerly NHN) Communications and Marketing
- 2012 Yonsei University Graduate School of Law
- 2012 Lawyer, Yulchon LLC.
- 2019 Head of Global Business Support, Naver Corp.

Kim Nam-sun CFO

Having taken the lead in promoting Naver's big deals, such as the acquisition of Wattpad and the share swap with Shinsegae and E-Mart, the new CFO has been evaluated as the right person to strengthen Naver's global management system as a highly regarded global financial expert.

- Born in 1978
- Graduated from Seoul National University College of Engineering
- Harvard Law School JD
- 2007 Lawyer, Cravath, Swaine & Moore LLP (New York)
- 2012 Executive Director, Investment Banking, Morgan Stanley (Seoul, Hong Kong)
- 2017 Managing Director, Private Equity Investments, Macquarie Group (Seoul)
- 2020 Head of Corporate Development, Investment and M&A, Naver Corp.



Calculation of Remuneration for Inside Directors¹⁾

Earned income	Salary	Decided by the Leadership & Compensation Committee in consideration of the roles and the value of the job performance of each executive
	Bonus	Short-term performance Target incentives: Determined by the Leadership & Compensation Committee based on quantitative indicators (operating revenue, EBITDA) and non-metric indicators
	Profit from exercise of stock options	Mid- to long-term performance Stock options: Granted in consideration of the roles in, and expected contributions to, promoting company growth within the resources approved by the BOD
	Other earned income	Paid according to the welfare standard
Retirement income		Paid based on personnel regulations for executives, etc. and executive severance pay regulations

¹⁾ There was no other income paid to the CEO in 2021

Reflecting KPIs to the Executive's ESG Performance¹⁾

Position	2021 goals and tasks	Evaluation results by Leadership & Compensation Committee
CEO	1. Creating an eco-friendly shopping ecosystem	• Reduced the consumption of 1,750 tons of plastic bags per year through the introduction of green packaging materials with CJ Logistics and fulfillment partners • Supplied about 340,000 green packaging materials to traditional markets and linked the ESG certification information of Smart Store products
	2. Building a growth system for service/design personnel and supporting their work engagement	• Set in place an integrated system for Service & Business positions to increase their focus on work • Classified sub-tasks to clarify the direction for growth
	3. Expanding support to help partners grow	• Opened the Naver Business School • Established a training center to support SMEs' business growth • Expanded education for SMEs and creators while securing education quality by focusing on the development of coursework
	4. Establishing a compliance management system and reducing the number of ethical management/compliance risk occurrence	• Created a compliance team directly under the CEO and introduced voluntary compliance system for fair trade • Identified fair trade risk factors, established a risk assessment system, and made preemptive measures to reduce fair trade risks

¹⁾ The evaluation of the 2021 goals and tasks for enhancing ESG-based corporate value is reflected in the non-metric indicators among the bonus payment calculation criteria.

CEO-to-Employee Compensation Ratio

CEO remuneration (Increase rate of remuneration)	Average of total remuneration of employees ¹⁾ (Increase rate of average total remuneration)	Ratio of CEO's remuneration to average of total remuneration of employees ¹⁾ (Ratio of increase rate ²⁾)
2,779 (-19.7)	129 (26.0)	21.5 (-75.5)

¹⁾ Average of employee remuneration excluding registered directors' remuneration

²⁾ Ratio of increase in the CEO's remuneration compared to the increase in the average total remuneration of employees

Board of Directors

The Board of Directors is shaping NAVER's sustainable governance model by taking diverse shareholders' opinions into account in making decisions and supervising management.

IMPROVING GOVERNANCE

In March 2021, NAVER established the Corporate Governance Charter in order to share its values with diverse partners, including customers, shareholders and employees, and thus grow into a more trusted company in the right management direction. We disclose the difference between the Korea Corporate Governance Service (KCGS) best practices for corporate governance and our current state on the company website while improving our governance structure by appointing new outside directors instead of reappointing long-serving ones.

In addition, NAVER has published the annual Corporate Governance Report and disclosed through DART (Data Analysis, Retrieval and Transfer System) of the Financial Supervisory Service since 2019, when the disclosure of corporate governance reports became mandatory. In our Corporate Governance Report disclosed in 2021, we stipulated our promises and action to establish a stable and independent corporate governance structure by clarifying six key features of our corporate governance – transparent and sound governance, BOD composition centered around experts, independent and transparent internal audit system and compliance management, open professional management system, strengthening capacity through active board activities and performance evaluation, and composition of diverse, professional committees.

COMPOSITION AND INDEPENDENCE OF THE BOD

The BOD of NAVER is comprised of a majority of outside directors, who have gone through a review by the Outside Director Nominating Committee, since 2012 when the company's total assets exceeded KRW 2 trillion, ensuring its BOD operation principle centered on outside directors. The company can appoint at least three and at most seven directors pursuant to the Commercial Act and the Articles of Incorporation, and, as of April 2022, the BOD consists of seven members, including four outside directors.

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

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

To ensure more professional and systematic operations, the BOD has established five sub-committees in accordance with the Articles of Incorporation and the Board's operation regulations. Four out of the five BOD sub-committees (Audit Committee, Outside Director Nominating Committee, Risk Management Committee, Leadership & Compensation Committee, and ESG Committee), excluding the ESG Committee, are entirely composed of independent directors. As for the ESG Committee, it includes an inside director among its members so as to strengthen its executive power, but a majority of its members are independent directors.

One outside director and two inside directors were newly appointed at the AGM held in March 2022. NAVER complies with the restrictions on the reappointment of outside directors as prescribed in the Enforcement Decree of the Commercial Act. The tenure of its directors is evenly distributed from a minimum of one year to a maximum of five years. Female directors make up 29% of the BOD, while the age composition ranges from 40s to 60s, improving the BOD diversity compared to 2021.



Composition of BOD and Committees

Criteria of disqualification as an outside director (Article 382 of Korean Commercial Act)

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

The Board Organization

* As of December 31, 2021



Characteristics of the Board

Independence	Transparency	Expertise	Diversity
- Ensure BOD independence by separating the roles of the CEO and the Board Chairman - Have the BOD consist of a majority of outside directors - Restrict the exercise of voting rights of a director with a specific interest in a BOD resolution	- All directors are appointed by a resolution at the AGM - All committees, excluding the ESG Committee, are composed of only outside directors	- Appoint experts who have extensive knowledge and industry experience in diverse areas that are needed for corporate management, including finance, law, and monetary affairs - Prohibit persons who have difficulty in performing duties or who can influence management of a listed company from being appointed, and receive BOD approval for a concurrent position	When a candidate is chosen, no restrictions are placed on race, gender, age, religion, disability, nationality, region, and political inclination

Composition of the Board

Position	Name (Gender)	Date of birth	Professional & educational background		Term
Other Non-executive Director (Chairman of the Board)	Byun Dae-gyu (Male)	Mar. 1960	• Ph. D. in Control and Measurement Engineering, Graduate School of Seoul National University • President & CEO, Humax • Outside Director, SK Telecom • Outside Director, POSCO	• Vice President, The National Academy of Engineering of Korea • Currently President & CEO, Humax Holdings • Currently Chairman of the Board of Directors, Humax	Mar. 2017- Mar. 2023 Reappointed (1)
	Lee In-moo (Male)	Jun. 1966	• Ph.D. Finance, University of Illinois at Urbana-Champaign • Associate Professor, Korea University & National University of Singapore • Vice President, Dimensional Fund Advisors • Member of Risk Management Committee, National Pension Service	• Professor, Korea Advanced Institute of Science and Technology & Head, School of Management Engineering • Currently Dean, Graduate School of Finance & Accounting, Business School, KAIST • Currently Corporate Governance Committee, Korea Corporate Governance Service	Mar. 2018- Mar. 2024 Reappointed (1)
Outside Directors	Jung Do-jin (Male)	Jan. 1969	• Ph.D. in Accounting, Kentucky University • Team Leader of Accounting Administration Department, Financial Supervisory Service • Member of Evaluation Team for Management Performance of Public Corporation or Quasi-Governmental Institution, Ministry of Strategy and Finance • Accounting Oversight Deliberation Committee, Financial Services Commission	• Deliberative Committee on National Accounting System, Ministry of Strategy and Finance • Member of International Public Sector Accounting Standards Board (IPSASB) • Currently Member of Listing Committee, Korea Exchange • Currently Professor, Chung-Ang University Business School	Mar. 2019- Mar. 2025 Reappointed (1)
	Lee Keon-hyok (Male)	Jul. 1963	• M./Ph.D. in Economics, London School of Economics and Political Science • Senior Researcher, International Monetary Fund, Development Bureau, Policy Analysis	• Senior Economist, J.P Morgan • Vice President, Samsung Global Communications Group • Currently CEO, Shinhan Financial Group Future Strategy Research Institute	Mar. 2021- Mar. 2024
	Rho Hyeok-joon (Male)	Sep. 1970	• Ph.D. in Law, Seoul National University • Northwestern Univ. School of Law, LL.M. • Judge, Seoul Southern District Court	• Assistant Professor, Dankook University College of Law • Visiting Scholar, Harvard Law School • Currently Professor, Seoul National University School of Law	Mar. 2022- Mar. 2025
President & CEO	Choi Soo-yeon (Female)	Nov. 1981	• M.A. in Graduate School of Law, Yonsei University • LL.M, Harvard Law School • NAVER Corporation (Formerly NHN), Communications and Marketing	• Attorney, Yulchon LLC • Head of Global Business Support, NAVER Corporation • Currently President & CEO, NAVER Corporation	Mar. 2022- Mar. 2025
Inside Director	Chae Sun-joo (Female)	Jun. 1971	• B.A. in Business Administration, Incheon National University • Head of Public Relations, NAVER Corporation	• Head of Talents Development Division, NAVER Corporation • Chief Communication & Culture Officer, NAVER Corporation	Mar. 2022- Mar. 2025

* As of March 2022

APPOINTMENT OF DIRECTORS AND PREVENTION OF CONFLICTS OF INTEREST

Final decisions on the appointment of outside directors are made at the AGM following the Outside Director Nominating Committee's selection of candidates through a thorough review according to a transparent process. At the AGM held in March 2022, Rho Hyeok-joon was appointed as a new outside director. Based on his expertise in commercial law, capital market law, and corporate governance, the newly appointed outside director will advise on the establishment of an advanced governance system and provide legal opinions upon the BOD's deliberation of items of agenda. In particular, the newly appointed outside director is expected to enhance the role of the BOD by contributing to NAVER's risk management, as he has abundant research and practical experience related to unfair trade and corporate restructuring under the Capital Markets Act.

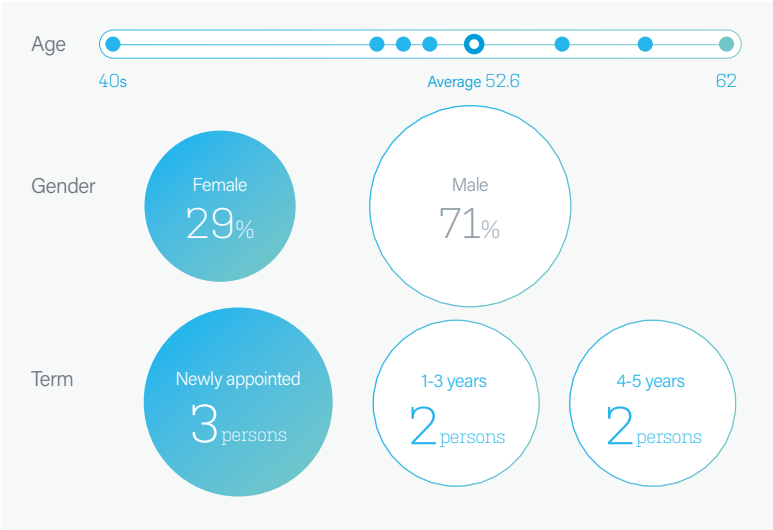
When appointing outside directors, NAVER carefully checks their qualifications under the relevant laws and submits the "Confirmation of Qualifications for Outside Directors" and "Confirmation of Meeting Qualifications for Outside Directors" to the Korea Exchange. To establish a transparent and independent BOD, we check their interests in detail, such as their ownership of stakes in other companies, their current ownership status of shares in NAVER and its subsidiaries, and their previous employment in NAVER or its subsidiaries. We select candidates who meet the above interest criteria as outside directors by checking whether they have a significant stake in NAVER, among others, through the process.

In addition, to prevent conflicts of interest among directors, Article 9 of NAVER's Corporate Governance Charter stipulates that in cases where a director may directly or indirectly influence his/her personal, commercial, or professional interests, he/she shall not participate in any deliberation or decision-making process related thereto. Accordingly, upon the BOD's deliberation of whether to approve an outside director's concurrent position at another company in May 2021, the relevant director was banned from exercising their voting rights. NAVER continuously analyzes and checks conflicts of interest between directors and NAVER or its subsidiaries to present the occurrence of conflicts of interest in advance. When the risk of a conflict of interest is expected, NAVER strives to resolve the conflict by devising a solution in advance.

Changes in the BOD Composition	
2021	
Newly appointed	Lee Keon-hyok
Resigned	Hong Jun-pyo, Choi In-hyuk

* As of March 2022

BOD Diversity



BOD Skill Matrix

	Byun Dae-gyu	Lee In-moo	Jung Do-jin	Lee Keon-hyok	Rho Hyeok-joon	Choi Soo-yeon	Chae Seon-ju
Laws, policy, risk management			○		○	○	
Business management and investment	○	○				○	
Industry and economy	○			○		○	○
ESG		○			○		○
Communication and stakeholder response				○		○	○

Appointment Process for Outside Directors



OPERATIONS OF THE BOD

As NAVER's standing top decision-making body, the BOD is operated by directors who have extensive professional knowledge and experience in such fields as management, economy, finance, accounting, law, and technology. To assist outside directors with the smooth execution of their duties, the BOD Secretariat and each relevant department frequently provide the information and resources they require¹⁾, while external training is provided to further strengthen their competencies. In 2021, to raise the level of outside directors' understanding of NAVER business, we ran five training sessions on our business status and strategies, in addition to four training sessions on ESG trends and NAVER's ESG improvement measures.

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

NAVER complies with the Articles of Incorporation and the BOD's regulations and guidelines for its overall BOD operations. In principle, we hold a regular BOD meeting once a month to allow prompt decision-making and sufficient discussion and review of the proposed items of agenda, and we hold extraordinary board meetings from time to time as and when necessary. Notably, the BOD finalizes the following year's regular BOD meeting schedule every December, and checks the schedules of outside directors to increase their BOD attendance rate. In 2021, BOD attendance rate of outside directors was 98.3% on average. None of the Board members, including resigned outside directors, had a board attendance rate of less than 75% in 2021. In 2021, the BOD held a total of 23 meetings, including 12 regular meetings and 11 extraordinary meetings, to make decisions on 51 resolution items and 28 report items.

Committees under the BOD

Committee	● Chair ○ Member						
	Byun Dae-gyu	Lee In-moo	Jung Do-jin	Lee Keon-hyok	Rho Hyeok-joon	Choi Soo-yeon	Chae Seon-ju
Audit Committee		○	●	○	○		
Outside Director Nominating Committee	○	○	○	●	○		
Risk Management Committee		●	○		○		
Leadership & Compensation Committee ¹⁾	●	○	○				
ESG Committee	○	●			○		○

* As of March 2022

¹⁾ Compensation Committee was renamed to Leadership & Compensation Committee and its role was changed accordingly, upon the BOD resolution in September 2021

Functions by committee

Audit Committee	Outside Director Nominating Committee	Risk Management Committee	Leadership & Compensation Committee	ESG Committee
- Supervises the work of directors and the management - Gives approval for the selection of an outside auditor - Other matters stipulated in the Articles of Incorporation or internal regulations in relation to audit work	- Establishes, examines and complements the principles of outside director appointment - Recommends candidates for outside directors who will be appointed at the AGM - Manages a pool of outside director candidates at all times and verify them	- Establishes basic principles and strategies regarding company-wide integrated risk management - Diagnoses reasons of risk after occurrence of risks and discusses measures to be taken for improvement	- Matters related to determination of compensation for the management and payment method - Matters related to designing and operating of a compensation system for the management, and evaluating the adequacy of the design and operations - Matters related to the decision-making process regarding compensation policy	- Make decisions on ESG-related management issues - Management of major ESG risks such as climate change response - Deliberates the social contribution agenda

BOD Operation Results in 2021

Classification	Number of meetings held	Number of agenda items for resolution ¹⁾	Outside director's attendance rate ²⁾
BOD	23	51(79)	98.3%
Audit Committee	7	4(20)	92.9%
Outside Director Nominating Committee	2	2(2)	100%
Risk Management Committee	9	3(13)	100%
Leadership & Compensation Committee	9	3(10)	100%
ESG Committee	4	0(5)	100%

¹⁾ Figures in brackets mean number of agenda items including reports

²⁾ Average attendance rate of outside directors by each BOD or committee meeting date

BOD Activities in 2021¹⁾

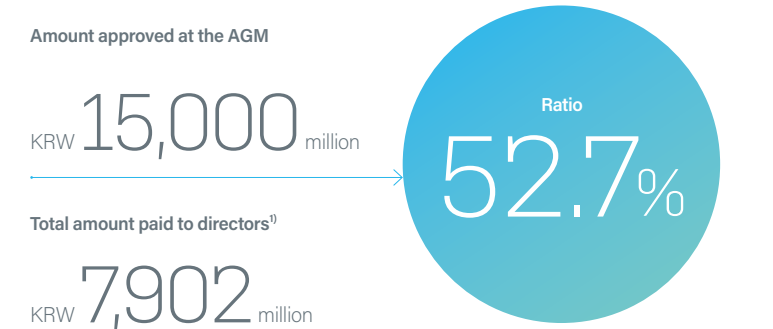
No.	Meeting date	Major items of agenda
1	Jan. 19	Strategic investment to strengthen global content
2	Jan. 27	Strategic investment to strengthen the ENTER platform; approval of Q4 2020 earnings report and annual financial statements; 2020 shareholder return policy; introduction of the electronic voting system at the 22nd AGM; disposal of treasury shares to pay employee incentives; change of conditions for lines of credit; issuance of publicly offered corporate bonds; opening of a branch; and change of Compliance Officer
3	Feb. 23	Capital increase of SNOW; donations by the Connect Foundation; granting of stock options to employees; convocation of the 22nd AGM; and the company's health and safety plan
4	Mar. 16	Strategic alliance with Shinsegae Group; investment in Emtek Group; and issuance of foreign currency-denominated sustainability bond
5	Mar. 22	Investment in Emtek Group
6	Mar. 24	Change in the composition of committees under the BOD; enactment of the Corporate Governance Charter; revision of the BOD's operation regulations; enactment of committee operation regulations; transaction with subsidiaries; and cancellation of stock option grant for the first quarter
7	Apr. 19	Approval of important business management issues
8	Apr. 28	Capital increase of Webtoon Entertainment; donations by the Happy Bean Foundation; lease agreement to secure workspace; and a plan for the additional issuance of foreign currency-denominated sustainability bond
9	May 10	Disposal of treasury shares
10	May 26	Approval of outside directors' concurrent position at other companies
12	Jun. 23	Cancellation of the 2nd quarter stock option grant
13	Jun. 24	BOD briefing on material issues
14	Jul. 01	Disposal of treasury shares to pay stock grant
15	Jul. 21	Approval of a small-scale merger plan of the Search Solution
16	Aug. 10	Strategic investment for NAVER Shopping growth; and cancellation of stock option grant
17	Aug. 25	Approval of small-scale merger of the Search Solution; and capital increase of NAVER Labs
18	Sep. 06	Participation in capital increase of a Japanese food delivery company
19	Sep. 15	2nd IDC construction facility loan agreement; cancellation of stock option grant for the 3rd quarter; contribution to the Korea Credit Guarantee Fund to support small-to medium-sized content creators; and change of the name and roles of the Compensation Committee under the BOD
20	Oct. 01	Report on the conclusion of the Search Solution merger and notice of substitution for the AGM
21	Oct. 20	Revision of the Leadership & Compensation Committee Operational Regulations
22	Nov. 17	Deliberation on the shareholder return policy implementation plan; and the committee review
23	Dec. 15	Cancellation of Q4 stock option grant; and renewal of brand use contract with subsidiaries

¹⁾ Pursuant to Article 368-3 of the Commercial Act, a director who has interests in certain agenda item was not allowed to participate in decision making (please refer to our business report for detailed information)

EVALUATION AND COMPENSATION OF THE BOD

NAVER obtains approval for the remuneration ceiling of directors and auditors at the AGM and provides remuneration within the scope and in accordance with the criteria set by the BOD and the Leadership & Compensation Committee, in consideration of the duties, performance, and other matters pertaining to the directors and auditors. For outside directors, remuneration is provided in the form of fixed pay, without any additional benefits or payments to cover meeting expenses, by taking the level of legal responsibility into consideration, thus ensuring that it is in line with the level of remuneration provided in the same or similar industries in consideration of company size according to social norms. At the AGM held in March 2022, an agenda item was approved to limit the remuneration of directors to KRW 15 billion.

Director Remuneration Amount in 2021



¹⁾ Amount of income pursuant to the Income Tax Act that current or resigned registered directors, outside directors, and Audit Committee members received as registered executives in 2021

In 2021, NAVER recorded significant growth in sales, operating revenue and stock price, and it is aiming for stronger performance in 2022. In order to secure flexible management compensation resources, the limit of remuneration for directors was set at KRW 15 billion in 2022.

In 2019, NAVER conducted performance evaluation of the BOD aimed at further clarifying the roles and responsibilities of the Board members, including outside directors, while enhancing the Board's overall effectiveness. To guarantee its objectivity and efficiency, an external evaluation agency conducts the performance evaluation, which comprises a questionnaire survey of the BOD members. Specifically, the BOD evaluation focuses on the Board members' assessment of the BOD in terms of its composition, meetings and activities, whereas the BOD member evaluation concentrates on the members' basic duties, professionalism and external influence. In particular, we simultaneously evaluate the Committee activities for the year to identify if there is any area of improvement for better operations of the Committee in the future, and collect specific opinions on the direction of the efficient division of roles between the BOD and its committees. Based on the results, the chair of the BOD and outside directors are having in-depth discussions to set the future direction of improvements. We also plan to reflect the discussions and the results of the evaluation as much as possible to the future BOD operations as well as support for outside directors' activities. Going forward, we will conduct regular performance evaluations in an effort to help them improve their performance.

AUDIT ORGANIZATIONS

AUDIT COMMITTEE

NAVER has established the Audit Committee pursuant to Article 542-11 of the Commercial Act and Article 48 of the Articles of Incorporation and specified its operation, authority, responsibilities, and others in the Audit Committee's operation regulations. The Audit Committee is composed entirely of outside directors, including finance and accounting experts and legal experts, to ensure their expertise and independence. It conducts accounting and work audits, while priority is placed on further expanding the independence and soundness of its governance. Members of the Audit Committee can independently supervise the work of directors by attending the BOD meetings, and may request the relevant departments to submit books and documents in relation to any task. Moreover, if necessary, they can receive reports on business matters from the company, and access management information in an appropriate way. In 2021, we invited an external expert to train the Audit Committee members on the roles and responsibilities of the committee, thus empowering them to secure the expertise required of them.

Furthermore, NAVER has appointed a compliance officer who meets the requirements set forth in Article 543-13 of the Commercial Act. The compliance officer independently monitors whether the management and employees observe the laws and regulations and carry out corporate management appropriately, and makes reports to the BOD, thereby conducting examinations for observance of the compliance guidelines.

EXTERNAL AUDITOR

NAVER secures the fairness and transparency of its accounting information through regular audits by an independent outside auditor. To ensure the independence and expertise of the outside auditor, we include in the criteria for evaluating candidates for the job of outside auditor such factors as independence and compliance with the regulations, as well as the auditor's industrial expertise and experience. In addition, quarterly meetings are held with the Audit Committee to review the details and quality of the audit. The outside auditor chosen for the business years 2015 to 2021 was Samil PwC. The audit opinion for the 23rd business year (2021) was "Unqualified", and there were no other special notes.

Director Remuneration Payment in 2021

Classification	No. of persons	Total remuneration amount (KRW million)	Average remuneration amount per person (KRW million)
Registered directors ¹⁾	3	7,479	2,895
Outside directors ²⁾	-	-	-
Audit Committee members	4	423	106

¹⁾ Excluding outside directors and Audit Committee members

²⁾ Excluding Audit Committee members

Audit Opinion

Business year	Auditor	Audit opinion	Special notes in the auditor's report
23rd (2021)	Samil PwC	Unqualified	None applicable
22nd (2020)	Samil PwC	Unqualified	None applicable
21st (2019)	Samil PwC	Unqualified	None applicable

Audit Service Agreement

Business year	Auditor	Classification	Details	Service fee (KRW million)
23rd (2021)	Samil PwC	Audit	Review of interim financial statements, audit of separate and consolidated financial statements	2,050
		Non-audit	Duties related to a comfort letter for the issuance of global bonds	120
			Tax consulting services	65



RISK & OPPORTUNITY

Risk & Opportunity

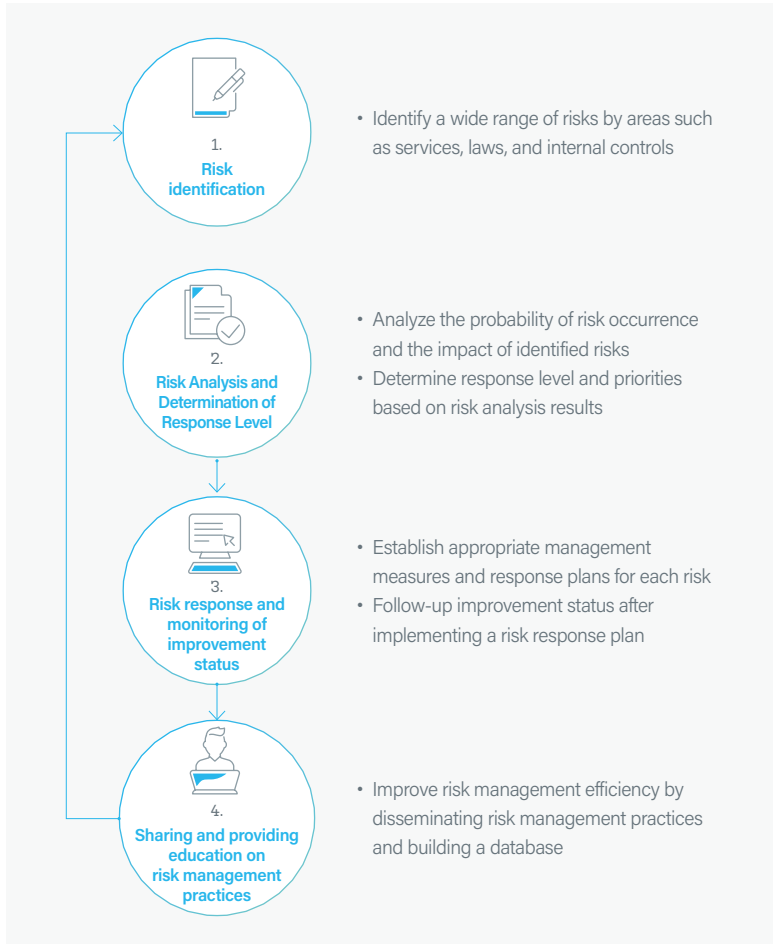
NAVER responds to company-wide risks that may arise from economic and environmental aspects by comprehensively managing them. We will turn risks into opportunities, while preventing their occurrence in advance, through systematic short-to long-term risk management.

COMPANY-WIDE RISK MANAGEMENT SYSTEM

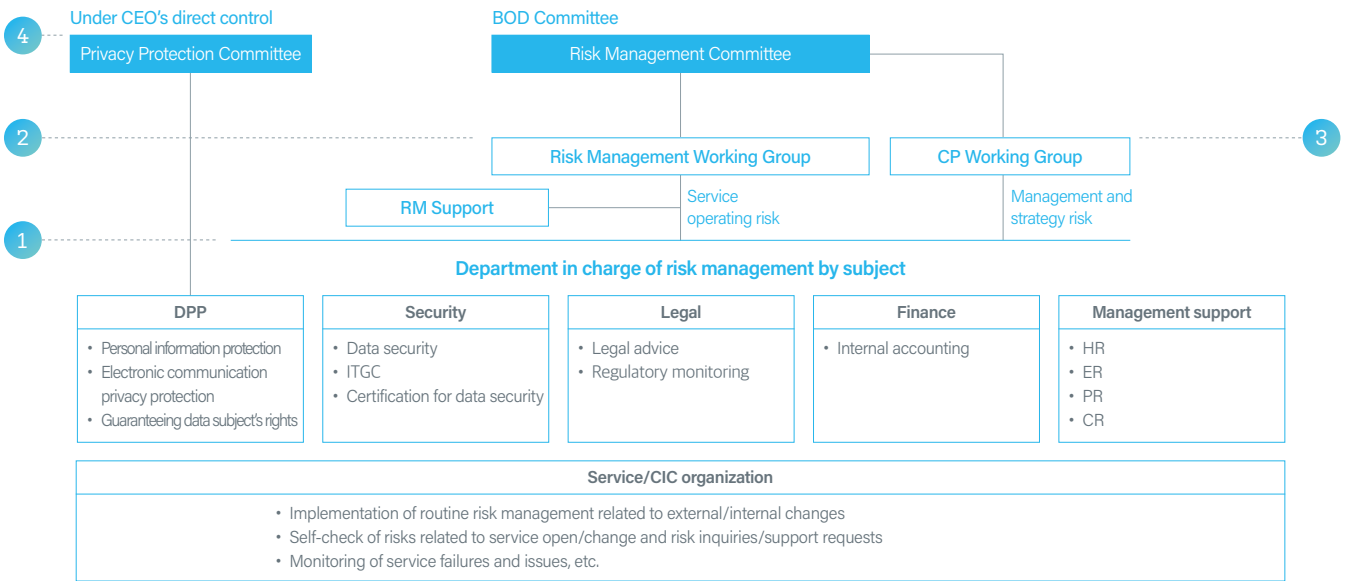
NAVER set in place coherent company-wide risk management system that reflects the characteristics of its business and the requirements of major internal and external stakeholders. In 2019, NAVER established a task force (TF) to enhance its risk management system; reviewed the company-wide organizational risks related to strategy, investment, operation, and external policies; checked management scope and management methods; and established countermeasures and control levels suited to our service characteristics. Going forward, we will continue to implement a sustainable risk management by designing a process that can diagnose and manage risks in three dimensions, taking into account the core values of NAVER's services and platforms.

NAVER's Risk Management Committee has established integrated company-wide risk management policies at the Board level, based on which we operate a corporate risk management system and regularly check the status of our risk management practices. In particular, Risk Management Working Group composed of risk management managers for each area manages risks from an integrated perspective while they maintain expertise in their respective areas. When a cooperative response is required by multiple departments, RM Support directly gets involved in the necessary response and support through an organic, collaborative system it fosters.

NAVER Risk Management Process



NAVER Enterprise Risk Management



1 Department in charge of risk management for each service/CIC organization and subject

Each service/CIC is an organization that can identify risks at the forefront and respond with agility. The organization is committed to managing daily risks with the support of thematic risk management organizations such as legal affairs, DPP, security, and finance whereas the risk management organizations communicate with the service/CIC organization to preemptively review risks and respond to them effectively when they actually arise. Notably, we manage the possibility of service failures and risks in advance by operating a service launch inspection process that checks and reviews risks individually at the time-of-service launch, update, or termination which is highly risk-prone.

2 Risk Management Working Group and RM Support

In the event of the occurrence of integrated risk, during service operations, that is difficult for each service/CIC organization and an individual risk management organization to judge or respond to, the Risk Management Working Group, a high-level consultative body, reviews the situations and responds to the risk. The Risk Management Working Group consists of risk managers for various areas and operates year-round. In addition to collaborating to prevent risks in each field, the group identifies potential risks that need to be additionally managed in line with changes in the business environment. The Group holds regular meetings every other week, but in the event of a significant risk, it convenes an emergency meeting to ensure prompt action on it.

An administrative organization for the Risk Management Working Group, RM Support organizes regular meetings of the Working Group. RM Support also analyzes risks identified by each individual organization and proposes that those risks with strong and complex corporate impacts be included in the Working Group's meeting agenda.

3 CP Working Group

As a consultative body to manage NAVER's management and strategy risks, the CP Working Group carries out various activities required to maintain the company's compliance system in such areas as ethical management, anti-corruption, and voluntary compliance with fair trade. For details, please refer to "Business Ethics and Compliance System" in this report.

4 Risk Management Committee and Privacy Protection Committee

As an organization under the BOD, the Risk Management Committee is the highest organization responsible for the company-wide risk management system including the formulation and management of the basic policies and strategies for the integrated company-wide risk management. In particular, by reporting and reviewing response plans, implementation status, and response results for major risks, the committee assures an effective risk management system for the entire organization. In 2021, the Committee received a total of four reports from the CPO and the Risk Management Working Group.

Meanwhile, agendas related to data protection are also reported to the Privacy Protection Committee, an organization directly under the CEO, for professional risk identification and control. Chaired by the CEO, the Committee prevents the occurrence of issues through strict management of data privacy risks through management's full support.

Moving forward, NAVER will continue to internalize sustainability throughout the company's management, while continuously strengthening policy establishment and management from an integrated perspective on possible operational risks. To this end, we are expanding risk areas supervised by the Risk Management Working Group while seeking ways to enable individual organizations to operate effectively.

STATUS OF MAJOR RISK MANAGEMENT

Risk & Opportunities	Risk Category	Potential Impact on NAVER	Risk Probability	Risk Impact	NAVER's Response
 Deepening political and economic instability - Possible rise of global business instability due to deepening political conflicts between Russia and Ukraine, etc. - Decrease in overall consumption power due to the global economic downturn	Operational	Needs to prepare preemptive countermeasures regarding the instability of entering global business in Eurasia, etc.	Mid	High	- Continues monitoring of domestic/foreign trends and strengthens risk management - Launches diverse services to maintain/strengthen competitiveness according to consumption trends at home and abroad
 User preference and competitiveness management* - Expansion of user base by increasing consumption power of Generation Z, the mainstream of digital consumption, and increasing IT familiarity among the elderly - Expansion of platforms combined with new technologies such as metaverse and NFT and acceleration of interactive content production	Strategic	- Needs to expand the new user base and lock in existing users through the launch and improvement of services that meet the needs of various user groups - Increasing needs to provide user experiences beyond offline alternatives by expanding investment in new technologies such as metaverse and NFT	High	High	- Strengthens efforts related to R&D and commercialization of new technologies, such as the launch of the metaverse platform - Creates vertical integration of content value chains and user participation ecosystem through M&A - Conducts surveys on user experiences for each NAVER service and strives to improve them
 Product responsibility management as new technology advances* - Expanding basis for discussion on service responsibility and technology ethics following the development of new technologies such as AI and the metaverse - Increasing obligation to provide safe Internet environment for digital natives such as Generation Z	Strategic Operational	- Increasing importance of preemptive response to negative public opinions about technology ethics and related regulations as the social impact of new technologies increases - Importance to provide service policies that can be understood and complied with by internal and external stakeholders in relation to NAVER's safe service environment	High	High	- Reinforces the principle of service responsibility at the corporate level, such as the publication of AI Ethics Principles and AI ethics-related progress reports - Improves and strengthens user damage prevention measures and user protection processes
 Information security and privacy management - Increasing importance of security of important data such as users' unique identification information and sensitive information in line with the expansion of platform functions - Stricter responsibility of privacy officers due to the amendment of data security-related regulations - Increasing threats to service operation stability and security	Operational Regulatory	- Potentially fatal damage to user credibility and corporate brand image in case of information leakage accidents such as cyber-attacks and internal system malfunctions - Growing importance of operating a stable security system	Mid	High	- Maintains company-wide year-round, 24/7 information security activities - Advances information protection management system and strengthens the Privacy Center's information protection support activities - Operates official blog/SNS/TV channels to raise awareness of user privacy protection and listens to the VoC
 Securing outstanding talent and preventing their outflow - The company's business and management performance largely dependent on the capabilities of its employees, not on factories, facilities, etc. - Growing need to continuously strengthen human resource capabilities amid a short cycle of technological change	Operational	Growing importance of reinforcing service competitiveness by securing outstanding human resources and fostering technical competence of employees	Low	Mid	- Establishes human rights management system for employees - Improves outstanding talent recruitment system through expanded industry-university cooperation and internship - Enhances job training for employees through cooperation with external educational institutions such as KAIST and Seoul National University
 Stricter climate change regulations and carbon neutrality* - Strengthening of domestic and international regulations on GHG emission reduction for carbon neutrality - Establishment of an institutional basis for securing renewable energy by implementing the renewable energy PPA	Operational	- Growing importance and urgency of managing GHG emissions in the IDC and office buildings - Greater ease of the use of renewable energy in the IDC through renewable energy supply contracts	Mid	Mid	- Completes the construction of energy-saving office buildings such as the Green Factory and 1784 - Secures renewable energy and promotes PPA contract execution - Builds GHG inventory at all business sites, assesses GHG emission mitigation activities by business site, and conducts third-party verification
 Management of the environmental impact of the e-commerce industry* - Increased use of disposable products such as packaging materials due to the spread of online consumption amid the prolonged pandemic - Reinforced domestic and foreign regulations on plastic/disposable packaging	Operational	- Increasing waste volume and environmental cost burden due to the use of disposable packaging for online shopping - Possibility of negative impact on corporate brand image	Mid	Mid	- Reduces the use of plastic packaging materials through the incorporation of loading-simulation-based technologies - Makes continues efforts for green e-commerce ecosystem through logistics system innovation
 COVID-19 pandemic crisis management - Employee health/safety risk management - Adaptation and preemptive response to changes in the non-face-to-face environment in the post-CIOVID-19 era	Operational	- Needs to make changes in business operation methods to secure employee health/safety - Growing importance of service improvement/launch to match the trends of users accustomed to non-face-to-face daily environments including working and learning environments	Low	Low	- Enhances work efficiency by operating a constant health/safety-related risk management system for employees and creating a non-face-to-face work culture - Strengthens competitiveness of online platform services for non-face-to-face environments such as Live Commerce and NAVER Works
 Corporate ethics and compliance with fair trade regulations - Fair and transparent business management that complies with legal standards - The trend of strengthening domestic fair trade regulations for platform companies	Regulatory	- Increasing importance of securing corporate credibility through fair and transparent business management - Possibility of increased costs to respond to regulations, including fines and penalties, and of damage to corporate brand image and reputation	Low	High	- Sets in place company-wide anti-corruption management policies and Integrity Code - Makes employee ethics pledge and enhances corporate ethics education - Operates internal and external report channels including the Corporate Ethics Consultation Center
 Financial risk management Possibility of financial instability and sharp changes in exchange rates, interest rates, capital at risk, credit rating, taxes, etc.	Financial	- Possibility of reduced competitiveness in the capital market - Possibility of risk occurrence in overall business management and in securing business continuity	Low	High	- Manages governance and financial risks on a regular basis - Manages the debt-to-equity ratio at an adequate level

* Emerging Risk

Business Ethics & Compliance System

NAVER recognizes the importance of corporate ethics, one the most basic social responsibilities that we have to fulfill. We will do our best to ensure that each and every employee works transparently and proudly in their respective positions, and that all our partners can maintain a healthy partnership with us for a long time.

ETHICS MANAGERMENTS

NAVER has its Integrity Code in place based on which the company has stipulated the responsibilities that it has to fulfill as a large community, and the corporate standards that its employees should meet to avoid conflicts of interest and respect one another. The Integrity Code is provided in three languages – Korean, English, and Japanese – and all staff members adhere to the Code, thereby fulfilling their responsibilities toward both customers and a wider society and building a reliable,

transparent company. In order to encourage all employees of NAVER to participate in practicing the Code, we ask all our full-time staff, contract workers, expatriates, and interns at the company headquarters to make pledges every year. All of NAVER's subsidiaries also request their employees pledge to comply with the Code annually to remind themselves of the content and spirit of the code. In 2021, NAVER established and disclosed a new anti-corruption management policy.



NAVER Integrity Code



NAVER Anti-corruption Policy

NAVER Anti-Corruption Policies

NAVER Corporation has set up its anti-corruption policies as follows to achieve healthy corporate growth while fulfilling its social responsibilities in diverse relationships by developing its anti-corruption management system and consolidate its ethical management and compliance management practices.

- We comply with domestic and international anti-corruption laws as well as our internal regulations and do not engage in any corrupt practices.
- We strictly prohibit any type of corruption, such as accepting or demanding money or valuables from stakeholders in business as well as giving bribes or making improper solicitations.

Note: Corruption includes, but is not limited to, money and gifts as defined by ISO 37001 as bribery or corruption, entertainment and invitation, kick-back money, facilitation payments, club memberships, personal favors received in business relationships, conflicts of interest turning to coasts for confidentiality and corruption fraudulent employment, tax evasion/fraud, embezzlement/breach, money laundering, slush fund formation, collusion/cartel, unfair instruction, and abuse of power.

- We will establish and operate an effective management system to prevent and minimize various types of corruption, and continuously improve it.
- Our employees will comply with all in-house regulations in accordance with this policy and the anti-corruption management system and will regularly sign anti-corruption and compliance management pledges and adhere to them.
- For transparent and effective anti-corruption management, we appoint a person in charge of anti-corruption compliance to ensure his/her independent status and grant him/her necessary authority and responsibility for the prevention of corruption.
- We keep the personal information of the whistleblowers related to corruption strictly confidential and protects them from adverse treatment due to their reports in the event that they are its employees.
- We take corresponding measures, such as disciplinary action, if an employee violates any corruption-related laws or related internal regulations, including this policy, or fails to take reasonable measures to prevent violation committed by others even after being aware of the violation.

ISO 37001 CERTIFICATION

In 2021, NAVER acquired ISO 37001 certification, aiming for upgrading its anti-corruption management system and secure international credibility. ISO 37001, which is an anti-bribery management system standard established by the ISO (International Organization for Standardization), proposes a global standard for establishing, implementing, maintaining, and improving the corruption-related system within an organization.

While the application of the ISO 37001 standard is limited to 'bribery', NAVER has expanded the scope to 'corruption' in an effort to practice more active ethical management. Subsequently, NAVER has supplemented/improved and documented the CEO's ethical management promise, Integrity Code, anti-corruption management regulations and practical guidelines while identifying and implementing improvement tasks in areas prone to corruption in NAVER's business environment. For more thorough management of its corruption risks, NAVER has established an anti-corruption system from the first line defense of daily risk management all the way to the third line of defense of thorough internal audit.

Specifically, to advance our anti-corruption system, we apply a three-line defense model to corruption risks, so department managers directly manage corruption risks that may occur during work; the company-wide anti-corruption operation and management is performed by the Compliance Team; and a separate internal audit team is responsible for checking the operation status.

As such, NAVER is equipped with systems that can prevent corruption risks in advance and detect them afterwards, including a fraud risk prevention system based on the 'Self-Check System' that fosters the creation of a corporate culture in which employees voluntarily take preventive measures so that they do not get involved in serious corruption. On the basis of constant monitoring, the Self-Check System identifies any system abnormalities in the fields of individuals, business support, business practices, and technology; notifies relevant employees via e-mail; gives an opportunity to explain; and take necessary action. Moreover, we enhance the effectiveness of our monitoring efforts by improving our monitoring scenarios and advance our corruption risk response systems by expanding the scope of application.

NAVER Anti-corruption System

Roles	• Identify and manage corruption risks that may arise during business operation • Derive improvement tasks and plans on discovered corruption risks • Take anti-corruption management training	• Operate and manage anti-corruption management system - Corruption risk assessment by business area - Derivation of improvement tasks and plans • Manage anti-corruption document • Company-wide anti-corruption management training • Manage the ISO 37001 certification	• Audit the operating status of the anti-corruption management system - Assess risks and auditing improvements - Audit document management - Audit training results
Line of defense	1st line of defense	2nd line of defense	3rd line of defense
Organization concerned	Department concerned	Compliance	Internal Audit

FAIR TRADE COMPLIANCE PROGRAM

NAVER is operating the Fair Trade Compliance Program. In 2021, we enacted CP regulations to reflect the requirements of the Fair Trade Commission manual and our circumstances. Also, we created a Compliance Working Group so that the Compliance Team can directly report compliance-related issues to the Risk Management Committee under the BOD. In 2022, we will further advance our fair trade voluntary compliance system by implementing tasks designed to improve our in-house fair trade monitoring system.

Meanwhile, NAVER conducted fair trade training for its employees from December 2021 to January 2022, placing focus on a general overview of the provisions of the Fair Trade Act, such as acts prohibited by the Act, necessary precautions when working, major cases, and matters that employees have to keep in mind during an investigation by the Fair Trade Commission.

BUSINESS ETHICS COUNSELING AND WHISTLEBLOWING

NAVER operates the Business Ethics Consulting Center to enable both employees and third parties to receive counseling and make reports about employees' violations of the Fair Trade Act; the use of one's position to make undue demands; the provision or receipt of money, goods, entertainment, or conveniences; complaints related to payment; leakages of confidential information; and any other corrupt or unlawful conduct. The Business Ethics Consulting Center can be accessed on the NAVER website in Korean and English, and reports can be made using a false name or anonymously. Counseling and reports are treated privately even if they are made under a registered name so that the relevant persons' identity and report contents will be thoroughly protected. The investigation is conducted independently by the Internal Audit Department directly under the Audit Committee. Disciplinary action is deliberated by the Human Resources Committee based on the employment rules and related regulations while its adequacy is verified by an external expert. The whistleblower can check the processing results in real time on the website. In 2021, there was a total of 17 reports, and 88.2% of them were processed according to internal procedures.

Reports can also be made via e-mail and mail. We run a counselee protection program so that anyone can consult and report with confidence. Under the counselee protection program, we have stipulated key provisions such as protection of whistleblower status and report content according to the laws and corporate regulations; prohibition of disadvantages and discrimination against counselees; and compensation and indemnification for counselees.

Compliance Management System



NAVER Fair Trade CP Handbook

In addition, NAVER continues to conduct VoP (Voice of Partners) surveys for all its partners to check whether the transaction process with NAVER (selection of companies, contract terms and conditions, contract termination, etc.) is transparent and fair. NAVER conducts an ethics awareness survey once a year for all its employees based on the Integrity Code to periodically check its performance level in the field of ethics. When negative responses are confirmed as a result of the survey, we conduct regular ethical standards audits and report the outcome to the Audit Committee. Through these surveys and auditing activities, we also work hard to detect unreasonable situations inside and outside the company ex post.



- We strictly protect counselees' identity and counseling contents in accordance with laws and company regulations.
- We are committed to non-discrimination and protection of counselees and whistleblowers.
- We provide counselees with appropriate compensation and indemnity.

EMPLOYEE ANTI-CORRUPTION TRAINING

NAVER requires all its employees, including contract workers, to make a mandatory commitment to the NAVER Integrity Code every year and conducts compulsory training on corporate ethics while making various efforts to internalize ethical management by providing compulsory education on business ethics to new recruits including experienced employees. We offer leaders in positions with considerable roles and responsibilities separate ethical management training in the form of workshops every year. In January 2021, we offered training on "the importance of Integrity Code and my role" to newly hired employees. In March, we held an online training session for all our employees to emphasize the importance of the main contents of the Integrity Code related to business ethics, anti-corruption and respect for human rights for all executives and employees. In 2022, we will conduct anti-corruption training along with Integrity training for all our employees.

LEGITIMATE TAX ADMINISTRATION

TAX MANAGEMENT PRINCIPLES

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

COMPLIANCE WITH THE ARM'S LENGTH PRINCIPLE

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

ENHANCING TAX BURDEN TRANSPARENCY

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

TAX RISK MANAGEMENT PROCESS

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

Business Ethics Counseling Center's Processes

1. Reporting

- Reports can be submitted via online, mail, or e-mail (contents described according to the 6W principle).
- Anonymous/named reporting is possible. The content and the whistleblower's personal ID are encrypted and stored on the server (personal information is destroyed within six months of achieving the purpose of its collection and use).
- Reports are only handled by the Internal Audit Department directly under the Audit Committee.

2. Fact-finding Investigations

- A fact-finding investigation is conducted into each reported matter.
- Additional data may be requested in the event of obvious false reporting or when basic facts are not verified.
- Human rights of investigation participants are fully guaranteed.

3. Disciplinary Process

- The HR Committee is convened and disciplinary action deliberated in accordance with the employment rules and the related regulations based on the results of the investigation.
- External experts verify the appropriateness of disciplinary deliberations.

4. Announcement and Notification

- Persons subject to disciplinary action are notified of the results of the disciplinary review.
- The results are also notified in-house (except when there is concern about corporate confidentiality or violations of the human rights of the persons subject to discipline)

Measures Taken for Internal Ethical Regulation Violation

			(Unit: Cases)
Classification	2019	2020	2021
Total	9	12	6
Wage cut	4	2	2
Indemnification	0	0	0
Dismissal	0	0	1
Others	5	10	3

NAVER's technologies and platforms provide the soil for sustainable values to grow, and ESG management accelerates the spread of social ripple effects Naver creates. Applying our knowhow and resources toward discovering what the world needs, we lead in creating a new world. Also, growing healthy and sustainable together with global users and partners, we continue to conduct our business with all sincerity and search for better ways to create a more meaningful society.

ESG REPORT

NAVER's technologies
the soil for sustainable
ESG management and
of social ripple effects.
Applying our knowledge
discovering what the
creating a new world
and sustainable together
and partners, we can
business with all sincere
ways to create a more

OUR ESG FRAMEWORK

054
ESG Implementation Strategy

058
Stakeholder Engagement and Communication

060
2021 Material Issues of NAVER

OUR ESG COMMITMENT

063
Privacy & Human Rights

084
Environmental Value Creation

093
Social Value Creation



ESG Implementation Strategy

In 2020, NAVER set up ESG management strategies to execute in the mid to long run. Accordingly, declaring 2021 as the first year of our ESG management, we took a great step forward toward the goal of providing long-term values to all our stakeholders.

			PROGRESS		
			✓ Achieved	⊕ Exceeded	⊖ Missed
Strategies to Enhance Corporate Value Based on ESG					
			Progress	Future Directions	Disclosure Location
MAXIMIZING BUSINESS VALUE	Establish a green e-commerce ecosystem	• Continue to increase investments in eco-friendly packaging • Promote eco-friendly product branding • Induce partner participation • Established strategy directions for green e-commerce – Defined as a goal building an ESG commerce ecosystem in which merchants, logistics and shipping partners, and buyers can all participate and grow together – Assisted members of NAVER commerce platforms in certifying the eco-friendliness of their products in accordance with official guidelines • Improved eco-friendliness of logistics system and packing materials – Provided 340 thousand eco-friendly bags and 60 thousand oxo-degradable eco-friendly ice packs to merchants on the NAVER Grocery Shopping platform	✓ Achieved	• Develop action-based initiatives for launching green e-commerce ecosystems – Increase user convenience in eco-friendly consumption by running ESG-themed special and exclusive shopping spaces – Explore collaboration options in green e-commerce with peers and partners in value chains, including the alliance of ESG Green Consumption – Review the option of formalizing the environmental logo certification as a way to expand eco-friendly product branding	• Green e-commerce
	Support employee growth and engagement	• Strengthen the employee education system • Give stock options to all employees • Established NAVER's human rights management system – Built a human rights management system and created a dedicated organization – Established NAVER's 10 Core Principles of Human Rights in line with global human rights guidelines – Evaluated the status of NAVER's human rights management through, and derived improvement tasks from, the assessment of human rights impact and the diagnosis of the dynamics of the organizational culture – Improved and supplemented the grievance channel related to employee human rights • Strived to reorganize the system for attracting and nurturing talent – Adopted a stock grant program offering KRW 10 million worth of NAVER shares to employees every year – Provided employees with AI courses through cooperation with the Graduate School of AI at KAIST (95 persons in 10 courses for 18 weeks in 2021)	⊕ Exceeded	• Improve human rights management to global level and advance risk management – Improve the management of labor-management relations, protection of employee human rights, and dynamics of the organizational culture – Expand the scope of human rights management targets beyond employees to include NAVER service users and partners • Enhance competitiveness in attracting and retaining outstanding talent – Continue managing compensation/benefit systems to increase work engagement – Establish training and performance evaluation systems and a work environment that all induce work performance maximization – Increase employee diversity management programs	• Respect for human rights, Employee value proposition
	Expand support to help partners grow	• Expand social value creation through NAVER Business School • Expand the win-win growth fund for shared growth • Supported SME's digital transformations and business expansions through NAVER Business School – Raised employment growth rate to 8% in the first half of 2021 after operating SME online Smart Store (1% in 2018, 4% in 2019, 6% in 2020) – Generated an annual economic contribution effect of around KRW 461 trillion by providing the Smart Place service to partners free of charge (sales increased to KRW 33.2 trillion, costs reduced by KRW 12.9 trillion) – Fully launched a management consulting service tailored to SMEs through the D-Commerce program, helping increase the sales of SME recipients of the consulting service • Cumulative amount of the joint growth Fountain Fund exceeded KRW 376.2 billion – Supported the growth of partners and the creation of culture and art through the Fountain Fund amounting to around KRW 99 billion in 2021 • Named Best Honorary Company, ranked the highest in the Win-Win Growth Index Evaluation for the fifth consecutive year	⊕ Exceeded	• Establish a system for managing partners' ESG risks in the mid- to long term – Plan to identify partners subject to a priority ESG evaluation in 2022 and conduct evaluation of selected partners – Plan to advance the management system, including partner ESG performance evaluation and risk management and improvement requests	• Project Flower, Partner's ESG management and win-win growth
	Maintain and further improve transparency of corporate governance	• Establish and offer transparent and predictable shareholder return policy • Maintain top-level governance transparency • Increased total shareholder return – Dividend grew 29% year-on-year (KRW 511 per share) thanks to an increase in free cash flow (FCF) in 2021 • Implemented a mid- to long-term strategic direction through a new management leadership – Changed the generation of management and increased female leadership aimed at developing future growth drivers • Improved activeness in BOD operation and soundness in governance to Korea's top-level – Received an MSCI Leader rating (3rd place among 29 peers), KCGS governance rating of A+ (top 8 among domestic companies) in 2021 – Adopted the shareholder electronic voting system	✓ Achieved	• Expand communications to keep stakeholders informed of any management and BOD changes – Expand internal/external stakeholder communications to resolve their concerns related to changes made in the recent formation of a new management and BOD	• Governance
	Achieve 2040 Carbon Negative	• Manage and improve energy efficiency of data centers • Increase use of new and renewable energy • Identify eco-friendly businesses and increase investments in low carbon solutions • Strengthened the management of the environmental impact of business sites and Internet data centers (IDCs) – Verified the status of the IDCs' GHG emissions with an eye toward reducing the emissions • Acquired ISO 14001 environmental management system certification – Established new NAVER environmental policies and applied them to all services – Established environmental risk management guidelines for each business site • Bolstered environmental investment through sustainability bond issuance – Conducted eco-friendly tech investments for the 1784 project	✓ Achieved	• Expand the implementation of the 2040 Carbon Negative roadmap – Contribute to achieving carbon negative by reviewing and expanding measures to additionally secure renewable energy • Fully establish and improve the operation of ISO 14001 – Build a system for setting environment-related KPIs (GHG, water resources, wastes) for each business site • Enhance environmental awareness in the industry by participating in eco-friendly initiatives – Review the feasibility of a company participation in eco-friendly initiatives that are in line with NAVER's industry characteristics, such as CDP Climate Change and EV100	• Environmental impact management, Green e-commerce
	Minimize risks related to data protection and cybersecurity	• Operate a data security management system led by internal and external experts and top management • Continually upgrade risk management solutions for data protection and cybersecurity • Established a global-standard system for responding to information protection regulations – Established Global Privacy Compliance regulations and increased the scope of management – Integrated global personal information protection-related regulation guidelines, including those of the US and Japan, in the "Global Support" menu within the Privacy Center • Facilitated internal/external systems to build an information protection culture – Increased to KRW 110 million the reward of NAVER's security vulnerability report-rewarding program (Bug Bounty), a first of its kind among private companies in South Korea – Received 23 suggestions for Privacy Enhancement Reward, a program encouraging users to send in their opinions or suggestions on NAVER's operation of its services and measures adopted in response to privacy regulation; and rewarded the suggestion senders NAVER Pay points worth KRW 1.7 million	✓ Achieved	• Strengthen online privacy protection and policy-related advisory activity – Expand activities of the Personal Information Protection Committee, which consists of data protection experts • Strengthen the information security risk management and supervision roles of the Privacy Protection Committee under direct control of the CEO	• Data security & privacy
MINIMIZING OPERATIONAL RISK	Strengthen fair trade and business ethics management	• Upgrade the anti-corruption risk management system and information disclosure • Continually reduce the occurrence of risks related to business ethics and compliance, and strengthen measures to be taken • Acquired ISO 37001 certification and established a new CP as a way to advance the corporate-wide anti-bribery and ethical management system – Strengthened the CEO's commitment to business ethics, Integrity Code, and anti-bribery management regulations and execution guidelines – Established a triple-line-of-defense system for bribery risk management – Advanced the compliance system by establishing new CP regulations	✓ Achieved	• Stabilize the corporate-wide anti-bribery management system – Implement the management systems by executing improvement measures derived from the bribery risk diagnosis undertaken in 2021 – Systematize and expand the anti-bribery training of employees	• Risk & Opportunity
054 NAVER INTEGRATED REPORT 2021			055 ESG REPORT		

ESG MANAGEMENT SYSTEM

ESG-DEDICATED ORGANIZATION

NAVER has an ESG-dedicated organization, “Green Impact Team”, under the External/ESG Policy Representative. As an integral part of NAVER's ESG management, the Team performs following tasks – overseeing ESG improvements being implemented by relevant departments; collecting and responding to ESG-related demands of internal/ external stakeholders; presenting to the ESG Committee agendas composed based on the status of ESG tasks underway; identifying agendas deemed worthy of the attention the ESG working group and committee; and other activities considered important to the most important unit of Naver’s ESG management.

2021 marked the first year of NAVER's ESG management, and the performance of Green Impact Team stood out. It discussed and coordinated with relevant departments the execution of improvement tasks planned at the outset of the year for each of the even ESG strategic plans, and worked hard to see all the tasks implemented. Also, together with Environment Team, an independent organization in charge of environmental issues under Green Impact Team, explored ways to proactively respond to any moves to strengthen existing environmental regulations at home and abroad.

These efforts made by NAVER were officially recognized by external ESG rating organizations, including MSCI, KCGS, and Sustainalytics. In 2021, NAVER received an A+ from KCGS (up one level from 2020) and an AAA from MSCI (up two levels), and scored top 11% in Sustainalytics' evaluation (7%p improvement).

ESG WORKING GROUP

ESG management is not a mere corporate agenda but a task for which all organizations of a company must pursue in close cooperation. Accordingly, we have established ESG Working Group to enable all departments to proactively cooperate with one another in bringing their perspectives and insights into improving NAVER's ESG management.

Consisting of the leaders of departments each dedicated to specific ESG sectors, NAVER's ESG Working Group is in operation year-round, collaborating on improving the company's ESG management and identifying additional tasks to execute. The Group preempts a silo mentality among organizations by encouraging cooperation among and working with them to systematically implement mid-to long-term ESG strategies.

ESG COMMITTEE UNDER THE BOARD OF DIRECTORS

NAVER's ESG Committee, created in October 2020 within the BOD, consists of three independent outside directors and one inside director by extending the function of the Risk Management Committee (formerly Transparency Committee). Tasked with managing ESG risks and new business opportunities, the Committee is the company's top-level organization as far as ESG management is concerned.

In 2021, the ESG Committee reviewed the implementation status of NAVER's seven major ESG strategic directions and decided on building a corporate-wide human rights management system. Also, by reviewing the progress of ESG management of global peer companies, it strived to objectively diagnosed NAVER's level in comparison to the global industry. In 2022, Chae Sun-joo, the External/ESG Policy Representative of NAVER joined the ESG Committee, and she will be in charge of active communication with NAVER’s diverse internal and external stakeholders.

ESG Organization



Composition of ESG Committee			
Committee name	Composition	Name of members	Purpose of establishment and authorities
ESG Committee	2 Outside directors 1 Other non-executive director 1 Inside director	Lee In-moo (Chair) Byun Dae-gyu Rho Hyeok-joon Chae Seon-ju	Purpose of establishment - Internalize sustainability in corporate management decision-making - Manage major ESG risks and opportunities Authorities - Engage in top decision-making on corporate-wide ESG execution matters - Discover environmental/social business items centered around sustainability and make decisions on relevant investments - Establish strategies and direction on climate response, and manage ESG information disclosure and external communication - Execute social contributions, etc.

Reporting Agenda of the ESG Committee

Classification	Major reported items in 2021	Date of reporting			
		Apr.	Jun.	Aug.	Oct.
Report on the status and outcome of ESG execution strategies	Implementation status of NAVER's corporate-wide tasks for ESG improvement in 2021	●	●	●	●
	ESG best practices achieved by global peer companies	●	●	●	●
	Implementation status and plan of the 2040 Carbon Negative	●		●	
	Establishment of the human rights management system		●	●	●
	Green e-commerce strategies	●			●
	Status regarding increased support for partners and local communities	●			
	Status on maintaining and advancing governance transparency	●			
	Status regarding data protection and security risks minimization	●			
	Status regarding strengthening management of fair trade and business ethics	●		●	
Response to ESG ratings and information disclosure	Status of NAVER's external ESG ratings and improvement directions		●	●	●
Monitoring of stakeholder requirements and internal and external communication	Ways to internalize ESG management and fully establish the ESG culture			●	●
	Ways to strengthen stakeholder communication		●	●	●
Director attendance rate (%)		100	100	100	100

ESG Rating (Overall Grade)

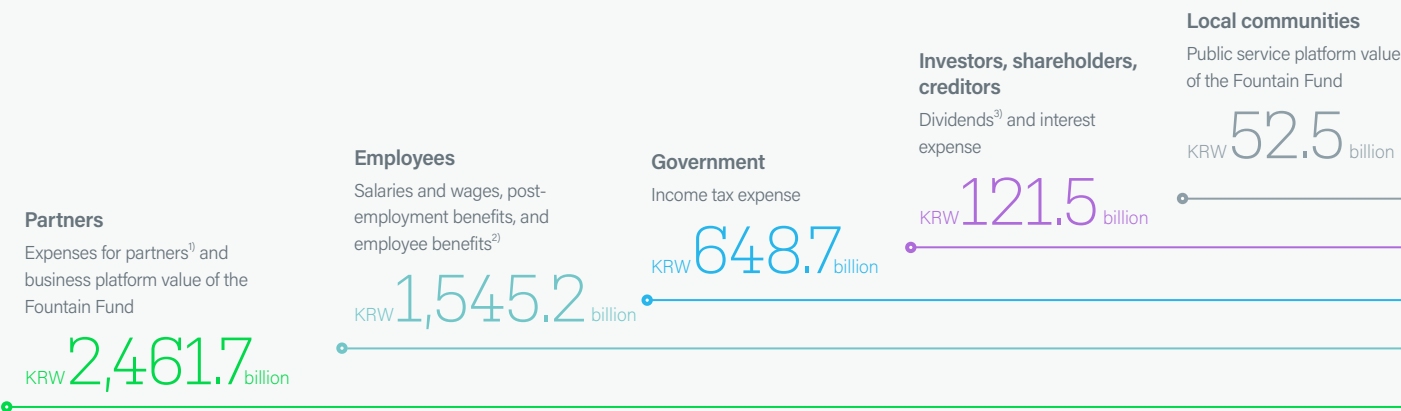
Classification	2019	2020	2021
KCGS	B+	A	A+
MSCI	BBB	A	AAA
Sustainalytics	Top 46%	Top 18%	Top 11%

Stakeholder Engagement and Communication

NAVER defines its stakeholders as users, employees, investors and shareholders, partners, local communities, and the government. We believe that stakeholder participation enables us to provide better services; spread economic, social, and environmental value both inside and outside the company; and create positive impact.

DISTRIBUTION OF ECONOMIC VALUE

NAVER distributed KRW 4,829.6 billion to stakeholders of consolidated economic value that was generated in 2021. The total amount of distributed economic value increased by 38.2% year-on-year from the KRW 3,494.4 billion distributed in 2020. Going forward, we will share our economic value with stakeholders, so that our corporate growth is leading to the enhancement of stakeholder value as a way to fulfill our corporate social responsibility.



¹⁾ Refer to operating expenses in the notes to the consolidated financial statements
²⁾ Total amount of dividend confirmed to be paid on March 24, 2021
³⁾ Including sales commission, payment commission, provisions for NAVER Pay, content commission, and cost of goods sold

We operate diverse stakeholder communication channels 24/7, enabling stakeholders to access the channels with ease, and actively communicate with stakeholders by holding various events. We are proactive in improving services, disclosing information through reports and other means, and sharing the results of stakeholder communications and participations.

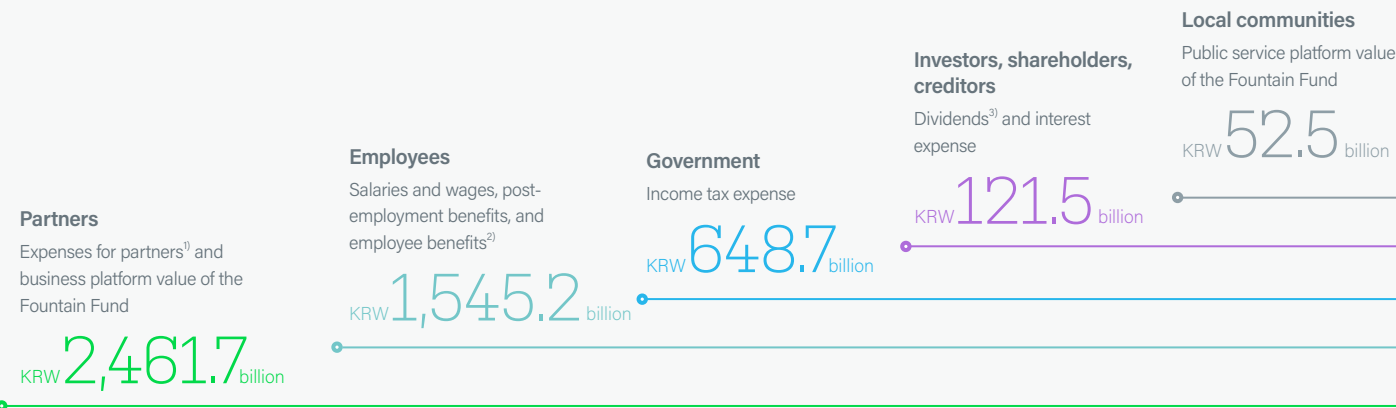


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	Users	Employees	Investors & Shareholders	Partners	Local Communities	Government
Engagement & Communication	- NAVER's official website, blog, café - Satisfaction level inquiries for a user experience survey - Customer Center - Channels for providing information on information protection - NAVER Privacy Center, Privacy TV - N-Pree (Official Facebook page) - Privacy Enhancement Reward (PER) - Transparency Report, Privacy Whitepaper, Personal Data Protection Report - Integrated Report	- Internal portal - With U – a distress-handling channel - kNock – an integrated channel for asking questions on the company's overall systems and standards - NAVER Valuable Opinion – a labor-management council - Code Day – an arena for enhancing understanding and discussing the company's philosophy and values - Leader Class aimed at improving the organizational management capabilities of leader positions - Welcome Survey conducted to newly hired to identify their level of adaptability - Employee satisfaction survey on corporate culture	- Annual general meeting (AGM) - Analyst Day - Non-deal roadshow (NDR) - Conference call to announce earnings results 1:1 meeting - Shareholder participation - Business Report - Audit Report - Integrated Report - Corporate Governance Report - Impact Report	- Voice of Partners - Partners Line – a channel for suggesting win-win cooperation - Dispute mediation system - D-Commerce Program to provide education, consulting, and diverse fund support to SMEs - D-Commerce Day – an arena for sharing know-how on success case of startups - NAVER Business School – a region-based education and infrastructure support program - Call My Name – a marketing campaign for SMEs - D-Commerce Report - Project Flower Report - NAVER CONNECT - Design Colloquium - Search Colloquium - DEVIEW – a conference for developers - AI NOW	- Digital education program offered by NAVER Connect Foundation - NAVER Business School – a region-based education and infrastructure support program - e-Learning Center – an online education solution for elementary and middle schools in 17 cities and provinces - Project Flower to support local small business owners - NAVER Library located in the Green Factory	- Business Report - Audit Report - Integrated Report - Corporate Governance Report - NAVER portal - Industry/academia/research technological cooperation, programs to foster startups - Public service support activities - Association memberships and participation
	Keyword Review” that reflects opinions of users and business operators NAVER has upgraded its Smart Place service by adding a function that allows users to participate in store reviews through selection of keywords that best describe their experience, rather than relying on the star rating system. The keyword review system was planned and designed based on opinions collected of around 8,000 users and 1,000 business operators, thereby building an environment where users can find quality information with the fact that offline SMEs too are impacted by reviews taken into account.	Corporate culture survey To create a healthier organizational culture, NAVER in 2021 conducted a corporate culture survey in cooperation with an independent agency. The survey, participated by 2,938 employees, or a 72% of the entire workforce, shows that 68% of the respondents have a positive view of the overall organizational culture. In particular, a majority of the respondents positively responded to two key factors of organizational culture—voluntary engagement and level of an execution environment established.	AGM in March 2022 The 23rd AGM of NAVER was held in March 2022. We convened the AGM four weeks advance and held the AGM on the date when many other companies did not hold theirs. In addition, by using electronic voting and electronic power of attorney recommendation systems, we helped shareholders to participate in the AGM and exercise their voting rights.	Design Colloquium 2021 – “NAVER DESIGN for Partners” The 4th Design Colloquium was held, where NAVER designers shared their experiences and know-how with aspiring designers. 74,000 persons participated in a live broadcast in which NAVER designers shared their thoughts and efforts that contributed to the success of many partners, including service design for SMEs and creators and marketing tools that supplemented branding needs.	Gangwon Project Flower Gangwon Project Flower is a support project for small businesses, creators, and young startup owners in Gangwon Province and seeks to help them unlock their growth potential through NAVER platforms. We communicated with the Gangwon Center for Creative Economy & Innovation to identify and invest in local startups, and operated the program nurturing local creators.	Providing information for national disaster response NAVER provides citizens nation-wide with information essential to daily survival in a national disaster situation by linking its service platforms with the government's public data systems. In 2021, through the NAVER search and map apps, we made available such information as where to use COVID-19 relief funds, the location of rapid antigen test centers, how to receive vaccine alerts and make appointments, and gas stations with diesel exhaust fluid in stock, thereby assisting government efforts to make public services reach more citizens.
Main matters of interest	- Launch of a new service - Service quality improvement - Prevention of personal information leakage - Online ethics and user protection - Sharing of transparent information on services and policies - Smooth and quick communication - Corporate social and environmental responsibilities	- Corporate culture with respect for human rights - Fair performance evaluation and reasonable compensation - Increased diversity and inclusivity - Safe and pleasant work environment - Distinctive welfare program - Growth and self-improvement opportunities	- New businesses to develop future growth engines - Overseas business strategy aimed at expanding global market share - Creation of stable revenue sources by developing a competitive edge in the market - Financial performance - Dividend payout ratio - Risk management capabilities - Transparent disclosure of business information and governance system - Detailed carbon emissions reduction roadmap	- Fair trade and treatment - Cooperation opportunities - Education and infrastructure support for SMEs and startups	- Accessibility to digital technologies - Facilitation of regional economies - Balanced development, reduced gap between rural areas and cities with regard to business opportunities	- Anti-corruption and compliance with regulations - Establishment of fair trade - Transparent tax payment and disclosure of corporate information - Strengthening of cooperation and partnership with private sector - Developing future technologies - Nurturing tech startups and IT talent
NAVER's response	- Operated many communication channels to strengthen user communication, including blog, NAVER TV, and customer center - Strengthened users' right to self-control of personal information through the concept of Privacy as a Service (PaaS) - Strengthened the monitoring system to block Internet pornography (X-eye upgrade to version 2.0, etc.) - Strived to increase users' convenience in eco-friendly consumption (providing environmental label certification information, etc.)	- Strengthened the employee compensation system by adopting the stock grant system - Had communication opportunities with the management and among employees, including Companion Day and Let's Meet-up Now - Collaborated with KAIST and Seoul National University to develop employee capabilities and held the Engineering Day - Ran diverse programs for employee emotional support, health management, and welfare - Established the corporate-wide human rights management system and reorganized the employee human rights grievance-handling channel	- Had IR meetings to communicate with shareholders and disclose performance - Adopted an electronic voting system - Continued efforts to increase shareholder return - Published Business Report, ESG Report, Integrated Report, and Corporate Governance Report for transparent disclosure of performance and governance	- Established a new compliance program (CP) and acquired the ISO 37001 certification - Received an ethics pledge from employees across the company - Raised the Fountain Fund to support partners (cumulative amount in 2021 reached KRW 376.2 billion) - Provided consulting and software support for digital transformation of SMEs	- Operated the NAVER Square, a growth foothold for local SME support - Provided programs and software support for local SMEs, including the NAVER Grocery Shopping and Smart Place	- Strengthened the internal control system by acquiring the ISO 37001 certification and establishing a new CP - Provided public services and collaborated in the event of disasters and calamities, including COVID-19 - Provided the Cloud Platform to public organizations - Continued to increase the recruitment and development of outstanding talent
7 strategies	- Minimize risks related to data protection and cybersecurity - Establish a green e-commerce ecosystem	- Support employee growth and engagement - Strengthen fair trade and business ethics management	- Maintain and further improve transparency of corporate governance - Achieve 2040 Carbon Negative	- Strengthen fair trade and business ethics management - Expand support to help partners grow	Expand support to help partners grow	- Expand support to help partners grow - Strengthen fair trade and business ethics management - Maintain and further improve transparency of corporate governance

2021 Material Issues of NAVER

We should identify issues with greater stakeholder importance and business relevance and manage them systematically, in order to ensure global leadership in sustainability management. NAVER is therefore developing its ability to respond to key issues in financial and non-financial areas, and shares sustainability management outcomes with stakeholders.

NAVER conducted a materiality analysis to determine the content that will be disclosed through its Integrated Report 2021; and to identify and choose economic, social, environmental, and governance issues that require focused management.

We comprehensively analyzed external evaluations related to sustainability, policies and regulations, as well as leading cases and trends in industry; assessed the status of NAVER covered by the media; and reflected the result. In particular, in the process of performing the materiality analysis, we conducted an online survey of NAVER’s major investors and shareholders, and thus collected opinions and suggestions on priority issues.

As a result of the materiality analysis, 19 issues were chosen as issues that take priority. The issue chosen as the most material through the business and stakeholder importance analysis is “data security and privacy”. Such issues as “user protection and service responsibility”, “strengthening of global competitiveness”, “business ethics, compliance, and fair competition” and “sound corporate governance” were also identified as being material in the specified sequence. To respond to these Tier 1 issues, we use quantified criteria to manage and disclose the improvement status of each issue. In addition, we established a direction for responding to Tier 1, 2, and 3 issues in our seven major strategic tasks and are handling integrated operation of the sustainability management system as a way to create financial and non-financial values.

MATERIALITY ANALYSIS PROCESS



STEP 01 Identify issues and form a pool

IDENTIFICATION

Form an issue pool

- Look up disclosure requirements
 - Global information disclosure index (GRI Standards, SASB, TCFD, CDP, WDI)
 - Evaluation organization index inside and outside South Korea (MSCI ESG Ratings, Sustainalytics’ ESG Risk Ratings, KCGS ESG Evaluation)
- Benchmarking analysis: Review material issues chosen by other companies in the same industry and leaders of ESG management

Review the issue pool

- Media analysis: Media coverage related to NAVER’s ESG, and internal press releases (January 2021-January 2022)
- ESG trend research: Presentation materials and publications on ESG policy and initiatives inside and outside South Korea (January 2021-January 2022)

NAVER’s issue pool

- Derived issues to be reported: Selected 21 tentative issues to be reported by adding new issues and integrating redundant issues



STEP 02 Evaluate and prioritize

ASSESSMENT & VALUATION

- Business importance (x-axis): Evaluate the impact on NAVER’s revenues, expenses, reputation, and response to regulations
- Stakeholder importance (y-axis): Analyze material/interested issues per major stakeholder (media research exposure level, internal/external stakeholder demands)
- Conduct online surveys of shareholders who own at least 0.1% of NAVER shares (January-February 2022)
- Align NAVER’s business with ESG implementation direction



STEP 03 Select material issues and discuss the report direction

APPROVAL & REPORTING

- Review by the NAVER Green Impact Team and the management
- Review by outside experts
- Chose 19 final issues to be reported

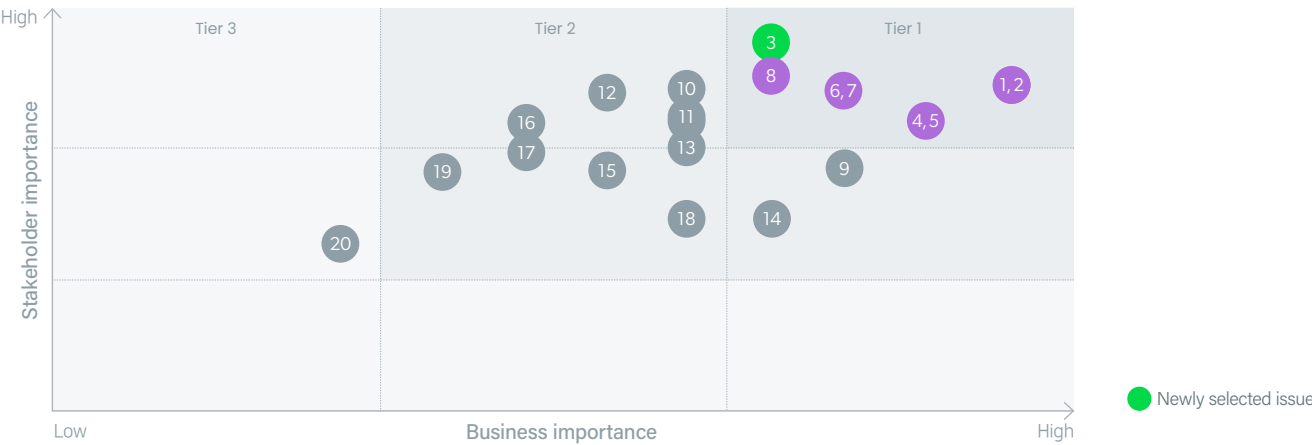


STEP 04 Information disclosure and feedback

DISCLOSURE & FEEDBACK

- Disclosure through the Integrated Report, TCFD Report, and SASB Report
- Stakeholder communication regarding the content of information disclosure (report inquiries, one-on-one meetings with investors, etc.)
- Respond to domestic and overseas initiatives and evaluations

MATERIALITY ANALYSIS RESULTS



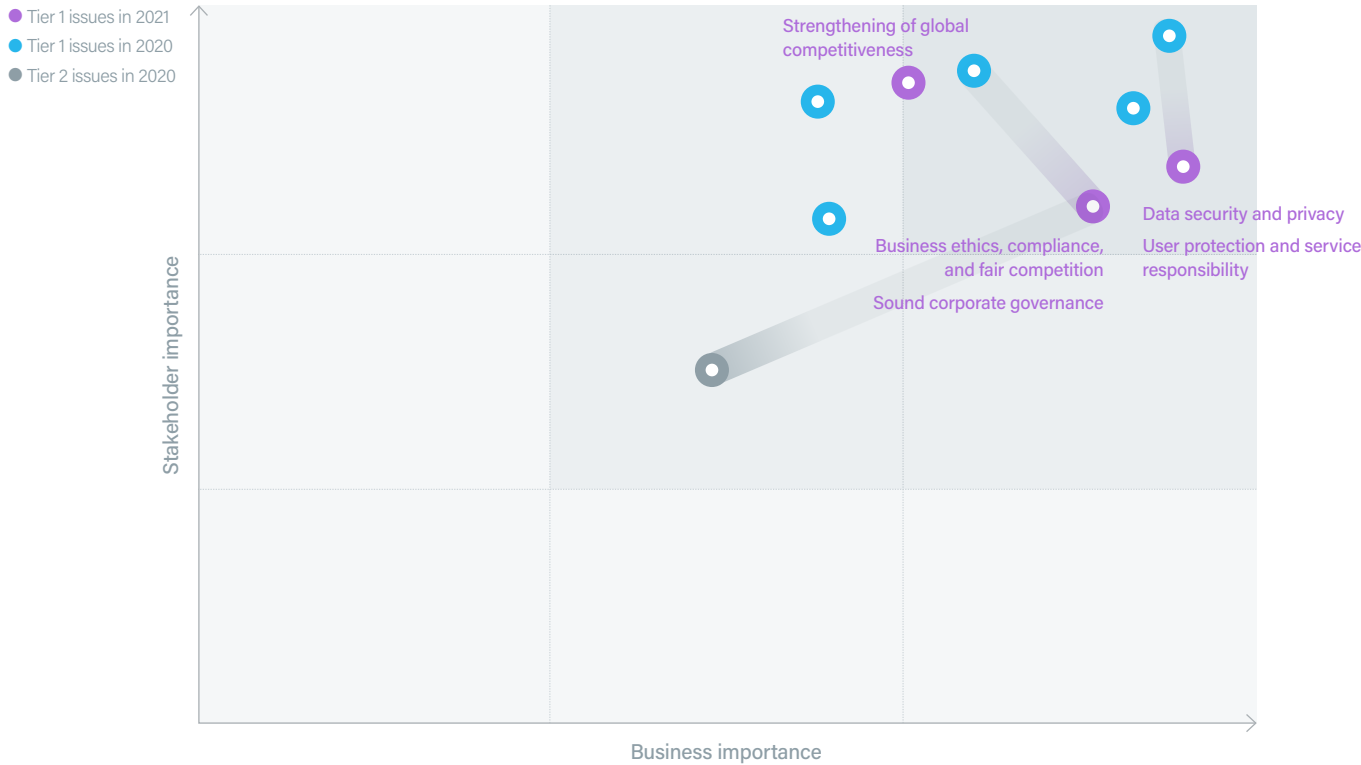
Level	Disclosure location	Disclosing	Stakeholder importance						Business importance
			Users	Employees	Investors & Shareholders	Partners	Local communities	Government	
Tier 1	1 Data security and privacy	Privacy & Human Rights–Data Security & Privacy	√					√	
	2 User protection and service responsibility	Privacy & Human Rights – User Protection & Social Responsibility	√					√	
	3 Strengthening of global competitiveness	Our Business	√		√			√	
	4 Business ethics, compliance, and fair competition	Risk & Opportunity – Business Ethics & Compliance System						√	
	5 Sound corporate governance	Governance – Shareholders, Management, Board of Directors			√			√	
Tier 2	6 Respect for human rights	Privacy & Human Rights – Respect for Human Rights		√				√	
	7 Attracting and nurturing talent	Social Value Creation – Enhancing Employee Value		√	√				
	8 R&D and technological innovation	Social Value Creation – Capability Development and Technological Innovation	√		√			√	
	9 Diversity and inclusion	Social Value Creation – Enhancing Employee Value		√					
	10 Climate response	Environmental Value – Environmental Impact Management			√			√	
Tier 3	11 Discovering and investing in promising startups	Social Value Creation – Capability Development and Technological Innovation			√			√	
	12 Win-win cooperation and creation of social impact	Social Value Creation – NAVER Project Flower				√	√		
	13 Risk management	Risk & Opportunity – Risk & Opportunity			√				
	14 Circular economy (green e-commerce, etc.)	Environmental Value Creation – Green E-Commerce	√					√	
	15 Accessibility and digital literacy	Social Value Creation – NAVER Project Flower	√						
	16 Value chain management	Social Value Creation – Partner’s ESG Management & Win-win Growth				√			
	17 Health, safety, and well-being	Social Value Creation – Enhancing Employee Value		√					
	18 Transparency and ESG information disclosure	Our Company, Our ESG Framework			√			√	
	19 Local community engagement and communication	Social Value Creation – NAVER Project Flower					√		
	20 Responsible water consumption	Environmental Value – Environmental Impact Management			√			√	

2021 MATERIAL ISSUES

The five issues that were categorized into Tier 1 as a result of the materiality analysis were chosen as NAVER's 2021 material issues. Issues of "data security and privacy" and "business ethics, compliance, and fair competition" were evaluated as highly material issues for two years in a row. The "strengthening of global competitiveness" issue was added with the adoption of an integrated report starting in 2021.

The "user satisfaction" issue, which was an issue to be reported in 2020, was changed to the "user protection and service responsibility" to emphasize NAVER's social responsibilities as an Internet company. Social issues are coming into greater prominence, reflecting industry trends. Also, the business importance of issues in the area of governance, which is NAVER's strength and opportunity, has risen.

2020-2021 Materiality Matrix



	Material issues	Changes in 2021	Reporting Topic	GRI Standards
Social	Data security and privacy	Business importance increased	Data security risk management, personal information protection policy, user privacy protection	GRI 418-1, 417-2
	User protection and service responsibility	Issue changed	Valuing user experience, technology and service responsibility	GRI 2-26
Economic	Strengthening of global competitiveness	Newly selected	Making inroads into the global market, global performance by business areas	GRI 201-1
Governance	Business ethics, compliance, and fair competition	Business importance increased	Business ethics principles, anti-corruption program, fair competition and fair trade	GRI 2-27
	Sound corporate governance	Business and stakeholder importance increased	Shareholder value, efficient BOD operations, internal and external control	GRI 2-9, 2-18



PRIVACY & HUMAN RIGHTS



NAVER Privacy Center

Data Security & Privacy

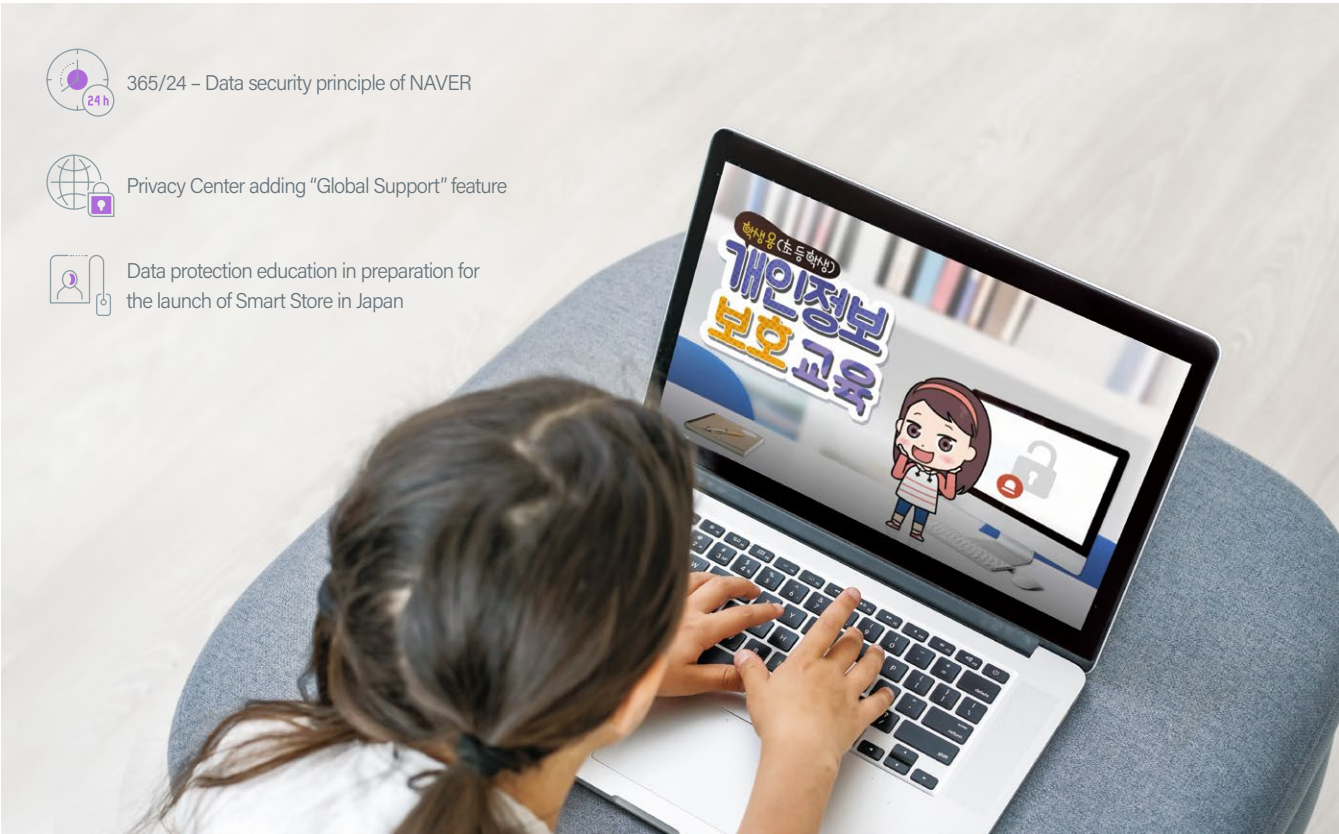
In the data economy era of today, companies must fulfill their responsibility for data security and privacy in order to protect users and provide safe services. NAVER continues to enhance its data security systems and bolster the cyber safety net, all the while respecting the user's right to information self-determination.

MANAGEMENT APPROACH

Global movements to strengthen data protection laws are spreading while the importance of information protection and privacy compliance is on the rise. In South Korea, following the enforcement of the amended Personal Information Protection Act in 2020, the second amendment to the Act, which could have a significant impact on data subjects and industries, was submitted to the National Assembly in 2021. In China, the Information Protection Law went into effect last November for the first time in the most populous nation's history, requiring relevant companies to prepare legal grounds for handling personal information and conduct privacy impact assessments.

In the UK, the Age Appropriate Design Code has come into force to protect the privacy of children and adolescents, while in the U.S., an amendment has been proposed to the Children's Online Privacy Protection Act (COPPA), both a clear indication of the world adopting a stricter regulatory environment for the protection of children and adolescents. NAVER allocates a great deal of effort and resource to proactively responding to external environment changes and addressing privacy compliance risks. In implementing global services that meet the demands of users and regulatory authorities, we will continue to upgrade data protection systems, disclose all related content, and protect all personal information in a transparent and inclusive manner.

KEY PERFORMANCE



A video clip of privacy education offered by Junior NAVER Privacy TV channel

DATA PROTECTION SYSTEM

NAVER places top priority on stable services and the protection of users’ data and privacy. We have in place data protection regulation systems that fit our unique environment and culture, which includes the “data protection policy document”, the highest policy document representing the will of top management to ensure the confidentiality, integrity, and availability of company information assets.

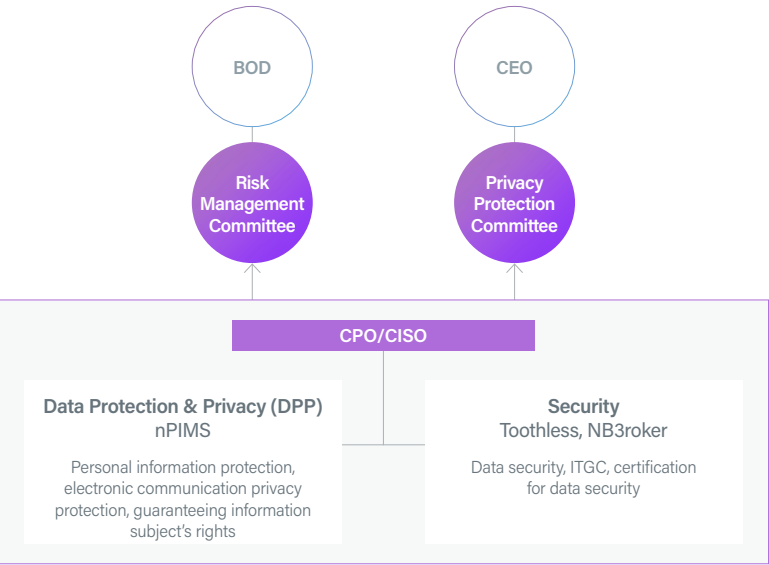
NAVER applies its data protection policy system to its affiliated companies, including subsidiaries, to ensure that, in principle, they all operate their data protection systems at the same level. However, when an affiliated company needs a different information protection policy system that meets its specific business needs, the company is required to consult with NAVER’s data protection policy management department and then to produce and implement stricter guidelines within the basic policies stipulated in the NAVER Information Protection Policy. Through the use of reputable data protection certification services at home and abroad, we regularly verify the stability of our services and operation systems. We also maintain the integrity of our security system 24/7 through internal vulnerability testing, error management, hacking simulation, and much more.

NAVER’s Chief Privacy Officer (CPO) concurrently serves as the Chief Information Security Officer (CISO)¹⁾, managing data privacy protection risks throughout the company. To comply with all data and privacy protection laws at home and abroad, we have established global privacy compliance regulations that meet global standards and are expanding its application scope. NAVER manages information security risks at the BOD level to ensure that information security risks are monitored and controls at the highest governance level. On matters that have a company-wide impact, the Risk Management Committee under the BOD receives a detail report from, and subsequently advises, the CPO/CISO who then carries out the advice and reports to the BOD the results of steps taken. In 2021, the Risk Management Committee received four reports either directly from the CPO/CISO or through the Risk Management Working Group depending on the nature of matters at issue while receiving assistance from RM Support, a working-level organization to support risk management, in identifying and responding to information security issues.

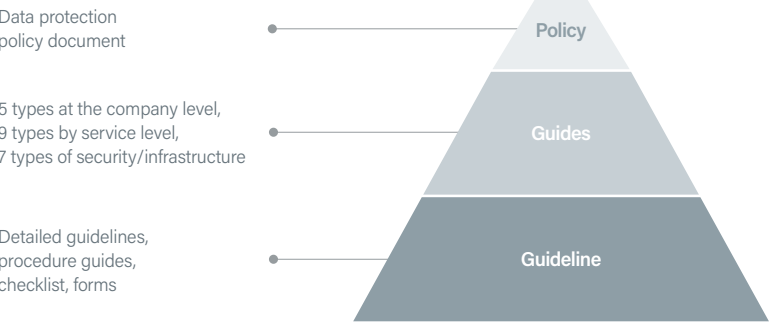
¹⁾ The Act on Promotion of Information and Communications Network Utilization and Information Protection was amended in June 2021 to allow a CISO to also perform information protection-related tasks similar to those of a privacy officer.

Furthermore, NAVER manages company-wide data information risks through the Privacy Protection Committee chaired by the CEO and staffed by key executives; and has since 2007 been conducting privacy research through the NAVER Personal Information Protection Committee, composed of leaders from academic and legal circles in the field of personal information protection, in a bid to effectively respond to users’ increasing demand for privacy resulting from business expansions. The 8th NAVER Personal Information Protection Committee, launched in April 2021, is planning to strengthen its basic research of online personal information protection, bolster its advisory role in data protection and policy matters, and, from a wider perspective, review privacy policies applicable to NAVER services either launched or updated, all in a bid to proactively provide solutions and policy suggestions.

NAVER Data Protection Management System



NAVER Data Protection Policy System



PROTECTION OF PERSONAL INFORMATION AND PRIVACY

PERSONAL INFORMATION PROTECTION SYSTEM

As the nation's largest search engine and a provider of various content services and platforms, NAVER strictly applies the "privacy by design" principle for user's personal information protection as a way of protecting the privacy and data of users throughout the entire lifecycle of our services, ranging from service planning to service closing. As advance control procedures, we operate Privacy Impact Assessment (PIA), to check whether we are complying with relevant laws and internal regulations, identify the user privacy sensitivity, and manage risks as well as nPIMS for constant advice.

As a follow-up control process, we conduct an annual assessment of the integrity of service privacy protection, location-based services, mobile app privacy, and personal information partners (trusted companies processing personal information on behalf of NAVER) as part of our effort to minimize data protection risks. In particular, we inspect the handlers of outsourced personal data using 40 criteria we have set up in accordance with the Personal Information Protection Act, each of which classified into high/medium/low levels depending on the severity of risks; each low level is considered a violation and assigned a penalty point in accordance with a preset penalty table. Inspection results are reviewed and confirmed by NAVER's CPO, and improvement measures are advised in accordance with the performance level of the handlers. Those whose personal data protection level is evaluated to be low or who have continuously failed to implement improvement measures are urged to maintain or improve the level of their personal data protection with the treat of a contract termination or other appropriate sanctions.

In addition, we conduct a separate "inspection of the status of compliance with measures to ensure the safety of uniquely identifiable information" including the regular "inspection of personal information protection status of HR department and finance department" and other departments that process unique identification information such as resident registration numbers. The status inspection includes inspection and improvement activities regarding the violation of the privacy of the data subject which can be human rights risk. We have established the "Personal Data Leakage Response Guide" to improve our response procedures and existing personal data management system and respond to potential personal data leakages more effectively.

The wrong delivery of AdPost receipt emails in 2019 is NAVER's only personal data leakage incident. Sent to Adpost users for their year-end settlement, the invoice of withholding taxes contained more personal data than necessary. Upon discovering the mistake, we took immediate steps to prevent the leaked data from being

misused, minimizing potential damages. To prevent such and other similar accidents from happening again, we have since inspected the entire outbound data transfer systems of ours, stopping all personal data outbound transfers, and have installed a new work process in which users are required to log in to access their personal information, which has prevented infringements during data transmissions or the transmission of excess data due to a transmission error. Furthermore, we have improved the "Guidelines on Data Breach Response" based on our experience in responding to the wrong delivery of AdPost receipt emails, while overhauling the internal system to ensure regulatory reporting and user notification as part of follow-up measures to be taken upon detecting any personal information leakages. In addition, we have strengthened our company-wide training for developers and staff in charge of handling personal data to share the major causes of accidents, and run programs aimed at enhancing our employees' security awareness on a regular basis, to ensure that the same mistake will not be repeated.



Data Protection Report



Information on NAVER's Customized Ads

Data Protection Certification

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

NAVER's Principles on Personal Information Protection

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

MAXIMIZING THE USER'S RIGHT TO SELF-CONTROL PERSONAL INFORMATION

Through its privacy policy, NAVER provides information on the rights of users and legal representatives related to data protection and how to exercise them. Users can view, modify, delete and request access to their personal information at any time through the "Member Information" page. They can also request to have the processing of their personal information stopped unless specified otherwise by law. They may withdraw their consent to the collection and use of their personal information at any time through a membership withdrawal. In the case of children below age 14, their legal representatives have the right to ask for an amendment or deletion of the children's personal information or to withdraw their consent to its collection and use.

When we have to provide a third party with the personal information of users to enable them to use the party's services, NAVER obtains the users' consent to the provision of their personal information to the party in accordance with the Personal Information Protection Act. NAVER notifies users in advance of the person to whom the personal information is to be provided, the purpose of the provision and the items of personal information to be provided; and, prior to any information transfer, obtains an explicit, individual consent from relevant users. Accordingly, there may be cases in which users' personal information is provided to a third party to enable users to access the affiliated services while using NAVER services, but we never provide or lend their personal information to a third party for financial gains.

As one of its data protection principles, NAVER respects users' exercise of their right to personal information self-determination as specified in the Constitution, making diverse efforts to guarantee this right. Since 2013, for the first time in South Korea, we have started providing the history of "collection and use of personal information" and of "information provision to a third party", both of which occur when using NAVER services, with the consent of the person through the "Status of Personal Information Usage" page tailored to users' particular behavior. In July 2020, we began to additionally disclose the date of the consent the user granted to collection and provision of personal information to a third party, and also reorganized the personal information usage status page so that users can easily withdraw their consent to the collection and provision of personal information to a third party within all services of NAVER, providing users with a one-stop process to exercise their right to control their personal information. Upon the withdrawal by users of their consent to the collection and use of their personal information, all data collected up to the withdrawal is deleted. If they withdraw their consent to providing personal information to a third party, their personal information is no longer provided to the party.

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

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

NAVER is committed to the concept of "Privacy as a Service (PaaS)", providing the protection of data and privacy as a service, and always seeking for better ways to communicate with users with respect to NAVER's privacy protection. We became the first in South Korea to open the "Privacy Center", in 2013 whereby we transparently disclose our "personal information protection principles" that are applied to overall NAVER services as well as each of our service operation policies. In addition, we publish the Transparency Report twice a year to regularly and transparently disclose the statistics of personal information provided to investigative agencies in accordance with relevant laws. We also publish the annual Personal Data Protection Report of our personal information protection activities, and the "NAVER Privacy White Paper" detailing the results of the in-depth research we conduct on the protection of user privacy, thereby providing various basic research materials on subjects that require social discussions and agreements. In addition, we provide all the global personal information and privacy-related laws and guidelines including those of the U.S. and Japan in the Global Support menu of the Privacy Center. We also run an official blog and other social media platforms as well as the NAVER Privacy TV where we hold discussions with users in the event of a personal information and privacy issue, thus expanding our communications with users.



Transparency Report

Transparency Report Statistics

			2018	2019	2020	2021
Status of responding to government agency requests for materials (for investigation purposes)	Seizure warrant ¹⁾	Requested	8,145	7,712	7,248	7,307
		Processing	6,710	6,109	5,269	5,269
		Provided	6,966,563	318,380	1,304,804	4,036,190
		Handling rate	82	79	73	72
	Communications restriction measure	Requested	17	18	6	5
		Processing	17	18	6	5
		Provided	71	82	76	94
		Handling rate	100	100	100	100
	Communications fact confirmation material	Requested	4,255	4,266	2,506	2,094
		Processing	3,629	3,701	2,083	1,821
		Provided	12,798	8,139	4,793	3,997
		Handling rate	85	87	83	87
	Communications material	Requested	311	119	49	33
		Processing	-	-	-	-
		Provided	-	-	-	-
		Handling rate	0	0	0	0

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

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

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

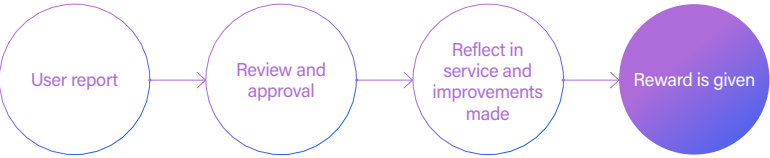
ESTABLISHING
A DATA PROTECTION CULTURE

PRIVACY ENHANCEMENT REWARD FOR USERS

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

In 2021, we held the "PER Gold Medal Challenge" event in July, a month of data protection, encouraging more users to participate in PER. We received a total of 41 opinions during the year, of which 23 opinions were rewarded with NAVER Pay points worth a total of KRW 1,695,000.

Process of the PER System



CHILDREN'S ONLINE
PRIVACY PROTECTION

With an amendment to the Information and Communications Network Act in June 2019 and the Personal Information Protection Act in August 2020, when a notice is made in relation to personal information-processing that is for children aged less than 14, the notice should be easy for children to understand, and it is mandatory to confirm actual consent from a legal representative. Accordingly, we provide a children's version of the "consent for collection and use of personal information" when a child user registers to become a member. Also, the "personal information usage details notification mail" for users aged less than 14 is written in a way that they can easily understand its content.

In addition, we are striving to strengthen the protection of children's right to privacy by launching the "NAVER Privacy TV for Children" channel within the Junior NAVER service providing educational videos on personal information protection for children. Our band app BAND for Kids and BAND website have obtained the COPPA¹⁾ Safe Harbor certificate from PRIVO, attesting that our children's online privacy protection systems meet global standards.

MANAGEMENT STANDARDS OF PERSONAL DATA
PROCESSING SYSTEM

NAVER has put personal information processing systems in place, such as service operating and database systems, which are systematically configured to process data. Access to the systems is controlled through the definition of access authority management standards and procedures, systematic authentication procedures, and access log management as follows:

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

¹⁾ Children's Online Privacy Protection Act of the U.S.

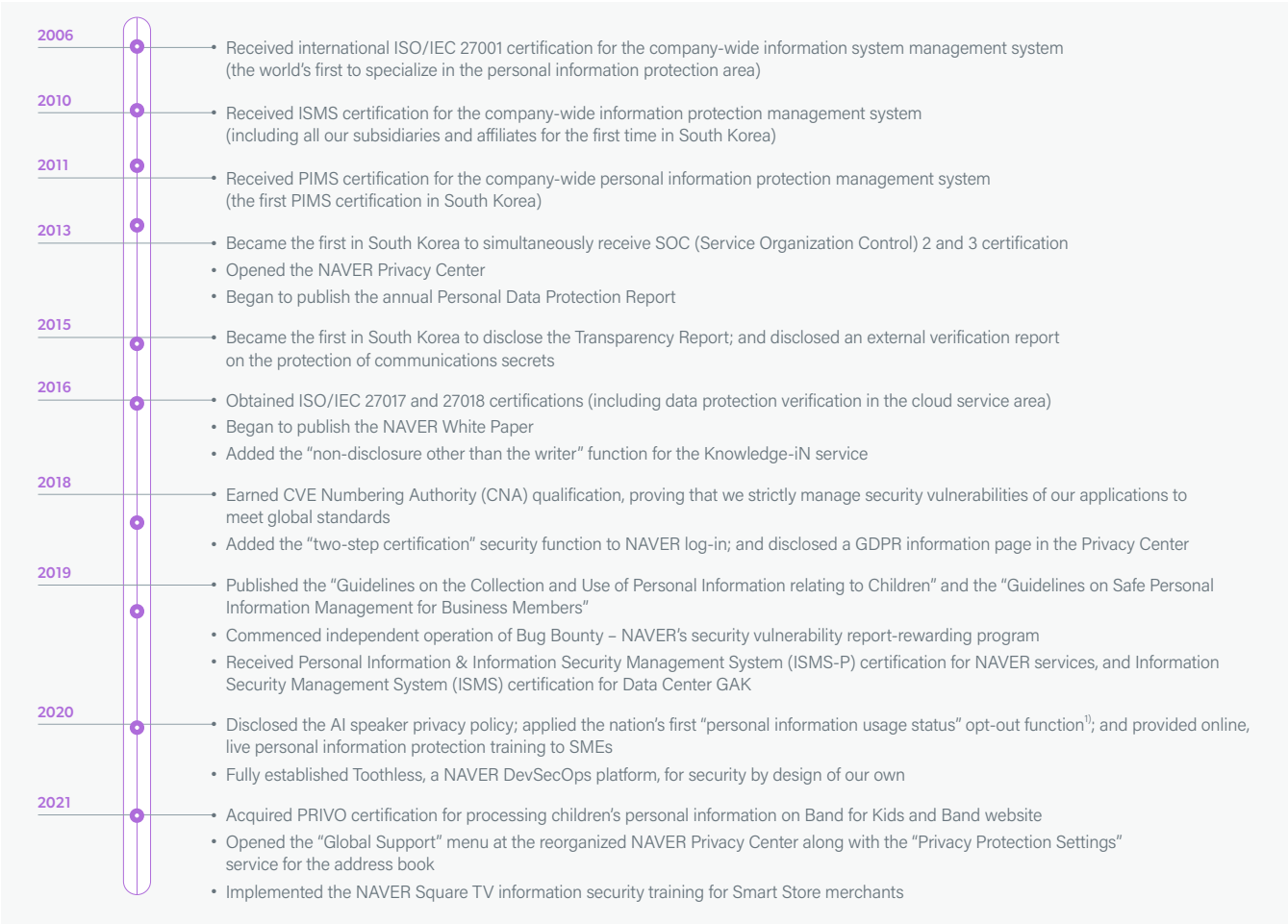
EMPLOYEE EDUCATION ON
PERSONAL INFORMATION PROTECTION

The Personal Information Protection Act stipulates that companies shall provide education on privacy protection for their staff in charge of handling personal information at least once a year. NAVER applies even stricter internal standards and provides such education to all its employees, including full-time staff, contract workers, and expatriates, twice a year. In 2021, we conducted data protection programs for all employees at 25 major NAVER subsidiaries, including NAVER FINANCIAL and NAVER Webtoon. In fact, upon reviewing the status of all employees of NAVER and its subsidiaries on completion of the required training, we revoked the authority of those yet to complete to process personal information. The authority is reinstated upon their completion of the training.

We divide the personal information protection training into three levels (basic, introductory, field-ready) composed of various topics to allow trainees to choose depending on their job or interest; and kept the training practical and productive by having privacy officers take part in the production of video training programs. Most notably, in 2021 we added global personal information protection-related lectures to the semiannual training course to strengthen our global privacy compliance capabilities. We also provided employees of NAVER and affiliates with an online data protection education with the theme of "The New Normal Era, Changing Internal Security Policies", and 96.9% of the employees have completed the course.

Recent increases in hiring at NAVER have also expanded the need for extra privacy education. In response, we have divided the new employee training curriculum into four parts – information protection, personal information protection, development security, and information protection practice. The well-thought out education courses have contributed to raising the new employees' awareness of the importance of privacy and allowing them to start working after familiarizing themselves with the company's information protection regulations. We also conduct the information protection training for new employees on a monthly basis, and at the end of each training session we survey the trainees on their satisfaction and obtain their feedback to increase the effectiveness of the training programs. In addition, every month since 2019, we have been operating "TechShare", a basic skill-training program that allows developers, who account for a large proportion of our employees, to quickly learn new things so that they can continue to grow even in the rapidly-changing development environment. TechShare is a regular in-house technical training course designed by the Technology Growth Committee to enable developers to consolidate their basic skills in the areas of systems and security. Internal and external experts participate as mentors to share their skills, work experience, and expertise related to cyber-security with the trainees.

NAVER's Data Protection Milestones



¹⁾ Opt-out function: A method of information processing that stops information collection when a data subject explicitly opposes the collection of his/her personal information

CASE STORY

Compliance with the Japan APPI in preparation for entry into the Japanese e-commerce market

"MySmartStore" service allows Japanese merchants to create and manage stores online free of charge, and we launched its beta service for the Japanese e-commerce market in October 2021.

In order to provide safe and reliable NAVER service amid the growing importance of global privacy compliance, we ensured that we would develop services that comply with the Japan Act on the Protection of Personal Information (APPI) starting from the moment we planned to enter the market through close cooperation between the business department and the data protection department. We published our own personal information processing policy for the Japanese market, and checked not only legal requirements but also local environment and practices regarding privacy and then strived to reflect them in our services. We also established and disclosed the "In-house Guidelines on the Japan APPI" for our employees who take charge of NAVER services planning to expand into Japan. The guidelines included practical matters to be observed at each stage and the rights of data subjects, focusing on the scope of application of the Japan Act on the Protection of Personal Information and the life cycle of personal information (acquisition-storage-supply/outourcing-deletion, overseas transfer). Also, in the first half of 2021, we launched the "Understanding the Japan APPI" lecture as one of our company's mandatory education courses on the topic of data protection as an offline training course for all our employees.



EFFICIENT, TRANSPARENT MANAGEMENT OF SECURITY THREAT FACTORS

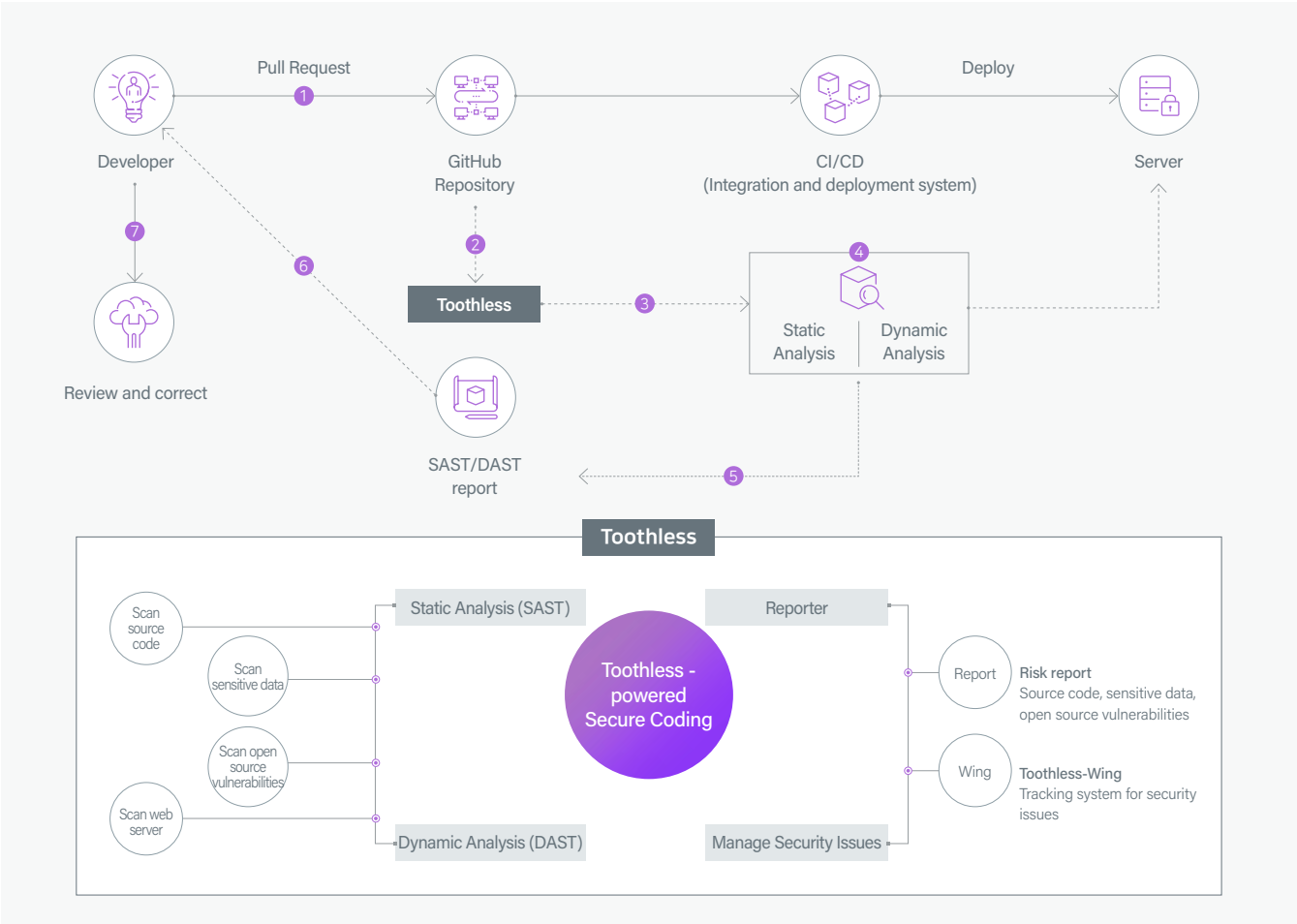
In managing service security, NAVER strives to apply the "Security by Design" and and "Usable Security" principles to all our service areas. We have a security review process for service planning and designing, and a security check process that is implemented upon completion of development, and a DevSecOps support system that we have developed based on open-source software (OSS), a source repository for smooth collaboration, which minimizes developer interventions in outputs that are being developed while enabling an automatic code security review.

Even the most effective planning, design, and development cannot ensure 100% prevention of security bugs. We have therefore developed and operated our own security bug bounty (<https://bugbounty.NAVER.com/ko/>) program that can identify and deal with security bugs that we are not aware of before an accident occurs, with the help of an external analyst.

The program is evaluated as the most outstanding case among companies in South Korea. In 2021, 162 people participated in NAVER Bug Bounty, and 291 cases were reported, leading to a total of KRW 110 million in rewards.

In 2018, NAVER was registered as a CVE Numbering Authority (CNA) with the authority to issue vulnerabilities of its software under the international standard management number – Common Vulnerabilities and Exposures (CVE). NAVER has since established itself as a transparent company that can systematically manage and quickly respond to security vulnerabilities. We have issued a total of 13 CVE numbers since participating in CNA, including three issued in 2021.

NAVER DevSecOps: Toothless



HELPING PARTNERS STRENGTHEN PERSONAL INFORMATION PROTECTION CAPABILITIES

NAVER carries out a wide array of activities that support the data protection activities of startups and SMEs to build a safe Internet ecosystem. Since 2018, we have been delivering the information on the management of customers’ data to our business partners who use NAVER platforms. In 2019, we produced the “Personal Information Management Guidebook” to share basic knowledge on data protection and useful information during business operations. In 2021, we sent notifications to our partners with the themes of “Basic Rules for the Protection of Our Customers’ Personal Information” and “How to Prevent Personal Information Leakage and Exposure Accidents Through Case Studies.”

NAVER has been collaborating with various organizations to help as many users effectively protect their personal information as possible. In May 2020, we signed a memorandum of understanding (MOU) with the Korea Internet & Security Agency (KISA) and, in 2021, participated in the “My Information Guard Campaign” hosted by the KISA and the Personal Information Protection Commission, informing users of daily methods of protecting personal information. In November 2021, we participated as the first runner in the “Relay Card News Campaign” introducing companies’ efforts to protect users’ personal information as well as their corporate status led by the Korea Internet Business Association. As part of the campaign, we created PR materials in the easy-to-understand “card news” format and thus introduced the NAVER Privacy Center providing a variety of information on privacy protection.

In July 2021, on the occasion of “Information Protection Month”, our Chief Privacy Officer (CPO) gave an online data protection lecture under the theme of “privacy issues A to Z that small businesses need to know” to an audience of more than 300 people. The CPO elaborated on privacy issues of which small business operators should be aware in the following order: understanding privacy, learning how to respond to a privacy infringement, examining cases of privacy infringement, and using privacy reference materials, and precautions needed when processing personal information.

DATA BREACH PREVENTION CAMPAIGN FOR NAVER USERS

In an effort to protect its users’ personal data, NAVER ran a phishing prevention campaign on the NAVER Security blog and has also introduced four tips to prevent phishing which are also posted at the top of the NAVER mail screen for both PC and mobile versions to ensure that users have easier access to the information at all times. We also provide information on how to set up mail and view activity logs to prevent damage to mail accounts, because all emails from a victim are sent to the attacker’s server in real time, which can lead to secondary and tertiary damages if the POP3 and/or IMAP settings of an identity theft victim are turned on.



Personal Information Management Guidebook for Business Members



NAVER Security Blog

Security Improvements

Classification		2018	2019	2020	2021
No. of areas of improvement for security that were discovered	Cases	1,128	1,344	1,158	1,062
	Percentage of mitigation	%	99.82	95.38	91.62
Unhandled	Cases	2	62	136	89
Mitigation within the given deadline	Cases	728	744	694	650
Mitigation after the given deadline	Cases	370	513	293	270
Mitigation with no specific deadline	Cases	28	25	35	53

Bug Bounty Statistics

Classification		2018	2019	2020	2021
No. of reported bugs	Bugs	208	533	314	291
No. of persons who made a report	Persons	31	129	154	166
Reward	KRW 10,000	4,425	11,900	8,089	11,553

Named Common Vulnerabilities and Exposures (CVE)

Classification		2018	2019	2020	2021
No. of cases of named CVE	Cases	4	2	3	3

User Protection & Social Responsibility

As a technology platform company with global competitiveness, NAVER is opening up diverse opportunities and possibilities, focusing the most on providing users with a new experience of connection. We are therefore making various efforts to ensure that information and content flowing in and out of our platforms are both safe and abundant.

MANAGEMENT APPROACH

Advancement in technology, such as the Internet, telecommunications and AI, provides the convenience of everyday life, but such cutting-edge technologies are considered worrisome by as many as well. Secured of technological competitiveness, NAVER is nevertheless making a wide range of efforts to fulfill its roles that meet societal needs: We constantly check for risk factors such as the posting of illegal videos, obscene materials, or malicious comments as well as AI safety risks, making efforts to proactively deal with such factors whenever detected or reported.

In particular, to bring such efforts to fruition, we work not only to promptly detect abusive or obscene posts and impose restrictions on responsible accounts but also to preempt attempts to post such materials as well as to raise user awareness.

KEY PERFORMANCE



ENSURING USER SECURITY

NAVER is making continuous efforts to help eradicate illegal postings or posts across our user-generated contents (UGC) services through the “Green Internet Campaign”. In putting together strict operation policies, we apply the policy regulations of the Korea Internet Self-governance Organization (KISO), established in 2009 by portal companies, including NAVER, on a voluntary basis.

NAVER has in place a system that detects illegal postings in our UGC services, and are taking such swift actions against illegal postings or posts reported through our 24/7 reporting channel as blocking the posting of pornographic content and preventing secondary damage. In particular, we block 99% of attempts to post pornographic contents using our AI-based “X-eye” program.

Moreover, we developed X-eye 2.0 in 2021. Compared with X-eye 1.0, which classifies content either “normal” or “obscene”, X-eye 2.0 expands its filtering coverage to four levels – “normal”, “suggestive adult”, “adult-only”, and “pornographic” – and thus achieves a higher filtering accuracy of 99.5%. We have automated the model update process by linking X-eye 2.0 with uMon¹⁾. As regular updates are possible, it is expected that NAVER’s blocking of pornographic contents is expected to be more accurate and efficient.

¹⁾ uMon: An integrated monitoring system that comprehensively manages and inspects user-generated contents (UGC)



Green Internet

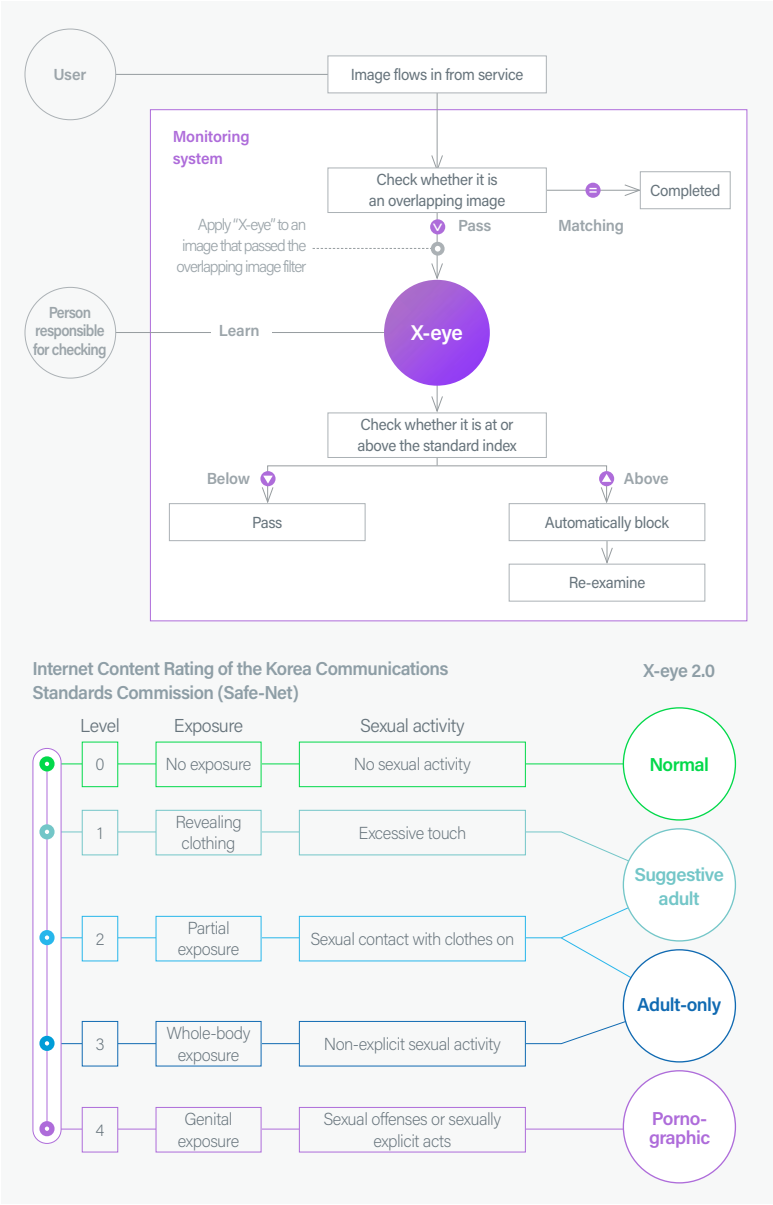
In 2021, we also sought to prevent the distribution of illegally filmed videos and block the posting of malicious comments. First, we established a monitoring system that enables a prompt reporting of, and response to, illegal footage. NAVER is now developing a system of responding to reports of illegal footage 24/7. In addition, we upgraded the user information so that victims can easily find the channel for reporting illegal footage and reorganized the page design so that the campaign and tips are exposed when users search for relevant keywords. In addition, we adopted a DNA filtering system specialized for illegal footage, which will be further improved through cooperation with the Korea Communications Commission.

To solve the problem of malicious comments, such as profanities and hate speeches, NAVER put in place various technological measures, including disclosing nicknames and comment histories, and a new feature blocking specific users from commenting. We also adopted and upgraded an AI-based CleanBot, which detects swears as well as rude expressions, and has significantly reduced the number and exposure of hateful comments on our service platforms. CleanBot was upgraded in early 2021 to block out overtly sexual expressions as well. In addition, the relevant department was reorganized into a committee that directly reports to, and thus keeps, the management more aware of what and how is being done to protect users from malicious intents.

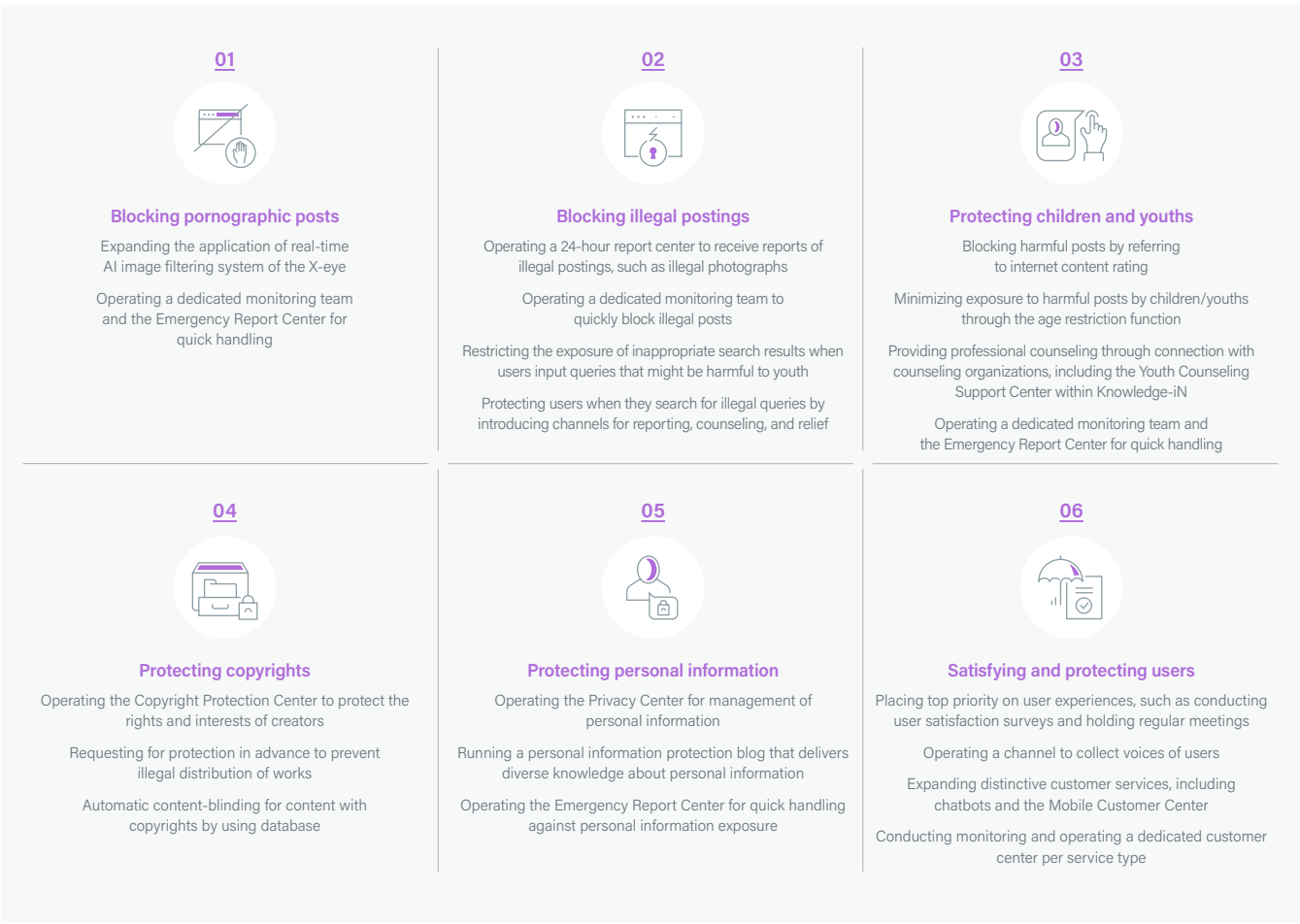
As NAVER’s service areas continue to expand, user voices such as inquiries, opinions, and requests for functional improvement are also increasing. To actively support user voices, we are communicating with users by developing new communication channels such as SmartBot Counseling, the convergence of AI technology, chat-based counselling, phone calls and emails. Also by operating the Customer Center, accessible from anywhere in the web or app environment, we promptly listen to and reflect user voices, thereby minimizing their inconvenience. For such efforts, we were given the “Excellent” grade at the 2020 evaluation of user protection conducted by Korea Communications Commission.

Furthermore, strongly committed to securing digital safety by eliminating harmful content, NAVER guarantees users’ rights to freedom of expression and intellectual property. In putting together advanced operation policies to safeguard users’ rights, we apply the policy regulations of the Korea Internet Self-governance Organization (KISO), established in 2009 by portal companies, including NAVER, on a voluntary basis.

Outline of the X-eye Technology



NAVER Green Internet



EMPLOYEE TRAINING TO RAISE AWARENESS OF INTERNET ETHICS

NAVER strives to raise employee awareness of Internet ethics. Starting in 2022, we plan to run education sessions on Green Internet for our employees in earnest, while raising their awareness through various internal promotions and campaigns.

The table below shows the performance of the job training conducted in 2021 of the personnel in charge of the Green Web Service, which monitors for illegal and harmful content.

Job Training Related to Illegal and Harmful Information

Category (service)	Cumulative training hours
Images/videos (X-eye, etc.)	139
Cafes/blogs/posts	191
Knowledge iN	284
Café/blog metadata inspection	276
Contents	606
Search results + search terms	642
News comments	131
Hazard report handling staff	870

AI ETHICS FOR PEOPLE

Just as we have been developing technology to improve user convenience in daily life, NAVER is developing AI technology such a way that it can be used as a daily tool by and for people. We are well aware of that AI cannot be perfect like everything else in the world, so we are determined to approach it carefully while trying to make advances. In February 2021, NAVER unveiled the “NAVER AI Ethics Code” reflecting both social demands for AI and NAVER’s corporate philosophy as an outcome of collaboration with the Seoul National University AI Policy Initiative (SAPI) launched in 2018.

In addition, in June 2021, NAVER signed an MOU to conduct R&D for safe and beneficial AI with the University of Tübingen, Germany. In accordance with the agreement, we will establish a joint research institute, exchange visits of research personnel, and support student researchers. NAVER has already unveiled a large-scale AI “HyperCLOVAⁿ¹” for the first time among Korean companies, and secured the highest level of R&D capabilities by building a global AI research and innovation ecosystem with Seoul National University, KAIST, HUST (Harbin University of Science and Technology), PTIT (Posts and Telecommunications Institute of Technology), and NAVER Labs Europe²⁾. We are committed to continuing research and development to lead the AI research paradigm of “reliable AI” by focusing on reducing AI bias and increasing interpretability.

NAVER is making continuous efforts to lead AI research and practice AI ethics in the real world. To this end, we published the first “NAVER-SAPI AI Report” in November, 2021, in collaboration with SAPI. The report features the introduction of NAVER’s various AI technologies and NAVER AI ethics. Specifically, it classifies NAVER’s AI technology and services into natural language communication, computer vision, recommendations, and robotics; and explains the component of AI technologies and how they are applied to NAVER services in users’ daily life. The report is expected to help prevent AI from being treated merely as an abstract concept in society and enable AI discussions from a realistic perspective. Containing such details of the NAVER AI Ethics Principles as background, direction, specifics, and implementation plan, the report reaffirms NAVER’s perspective that AI should be a daily tool for people as well as directions we will take going forward.

To ensure that the AI ethical standards do not just end up as a slogan, we have launched a flexible internal communication channel, and are operating a emailing group to deal with inquiries and discussions about various issues during project progress or service development phases. We plan to continue to publish AI case and progress reports while sharing our AI experience and know-how in association with various startup support organizations. We will actively share our concerns over AI and experience with society so that AI can become an asset for all members of society.



NAVER-SAPI AI Report

NAVER AI Ethics Code	
1 Developing human-centered AI	NAVER develops and uses AI as a daily tool for humanity. NAVER will prioritize human-centered values in developing and using AI.
2 Respecting diversity	In consideration of the value of diversity, NAVER will endeavor to develop and use AI that does not unjustly discriminate against anyone, including our users.
3 Balancing reasonable explainability with convenience	NAVER will assist the convenient use of AI, while also fulfilling our responsibility to provide reasonable explanation to users when they interact with AI in their daily lives. NAVER acknowledges that the method and level of reasonable explainability for AI can vary, depending on the context in which the AI is used, and will take this into consideration as we endeavor to achieve this objective.
4 Accounting for safety in service design	With safety in mind, NAVER will design AI services that do not cause harm to people at any stage of the service.
5 Protecting privacy and data security	In the process of developing and using AI, NAVER will endeavor to protect the privacy of users beyond the responsibility and obligation proscribed under law that protects personal information. In addition, NAVER will apply designs in consideration of data security during all stages of our AI service, including its development.

¹⁾ The higher the number of parameters representing the size of an AI model, the more problems the AI can solve. Typically, a model with 10 to 100B (10 billion to 100 billion) parameters is referred to as super-giant or hyper-scale. NAVER HyperCLOVA was developed on a scale of 204B (204 billion) parameters.

²⁾ At the ICLR (International Conference on Learning Representations) 2022, the world’s most prestigious machine learning (ML) conference held in January 2022, 17 NAVER papers, including 12 from NAVER CLOVA and 5 from NAVER LABS Europe and LINE, were introduced, making NAVER the first South Korean company to present a double-digit number of papers at the top-level ML conference.

AI ETHICS EDUCATION FOR EMPLOYEES

NAVER is also working hard to educate its employees on AI ethics. In April 2021, the company educated newly appointed ethics leaders on NAVER’s principles of AI ethics and directions. Starting in 2022, we plan to conduct an AI ethics education for our employees in earnest while running various in-house PR programs and campaigns with the aim of firmly embedding the NAVER AI ethics throughout our corporate culture.

IMPROVING SERVICE ACCESSIBILITY FOR ALL USERS

NAVER strives to guarantee that all users can equally access and use all information provided by its websites or applications, irrespective of a user’s specific environment or physical disability. Our information accessibility is designed to benefit not only the disabled but also the elderly and non-disabled alike. NAVER deploys the W3C’s Web Content Accessibility Guidelines as well as the Korean Web Content Accessibility Guidelines as our standards to ensure accessibility for everyone. We are building on our existing accessibility and usability so that next-generation technologies and devices such as AI can improve the quality of life for all our users without alienating anyone. To guarantee accessibility to all, we have adopted “Easy-to-recognize”, “Easy-to-use”, “Easy-to-understand”, and “Robustness” as our key operational principles in our development and delivery of more convenient services.

NAVER operates “NULI” (far and wide in Korean) to provide users with information, education, and experience on information accessibility. NULI, in particular, offers an information access experience users can have in various situations. We empathize with the situation of vulnerable users, pondering together ways to lower the threshold of the web by going through each one of the web experiences users are forced to undergo due their poor vision, total blindness, hand movement or severe motor impairments and other difficulties. We have created a space where we all can join forces to experience apps that look convenient to ordinary users but impossible for the elderly or disabled and seek to improve them together.

In addition, NAVER has been holding the NULI Seminar on information accessibility every year since 2012. Initially launched for markup developers, NULI has developed over time into a seminar where NAVER’s accessibility concerns and expertise are shared with everyone involved including planners, designers, and developers. Under the theme of “Digital Inclusion, Diversity and Accessibility”, the 2021 seminar featured various cases and research results of the IT industry, academia, and institutional in the fields of virtual reality, WAI-ARIA¹⁾, accessibility, usability, digital inclusion, and global standards.

Going forward, NAVER will look farther, think more deeply, and share more so that accessibility that connects technology and people can become a universal value for a greater number of people.



NULI

4 Principles of Information Accessibility



Easy-to-recognize

All content must be recognizable by users.



Easy-to-understand

Content must be constructed in a way that enables understanding, irrespective of disability.



Easy-to-use

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



Robustness

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

¹⁾ Web Accessibility Initiative – Accessible Rich Internet Applications: As a method of increasing the accessibility of web content by improving the accessibility of dynamic contents or user interfaces, WAI-ARIA has been designated as an international standard by the W3C.

Respect for Human Rights

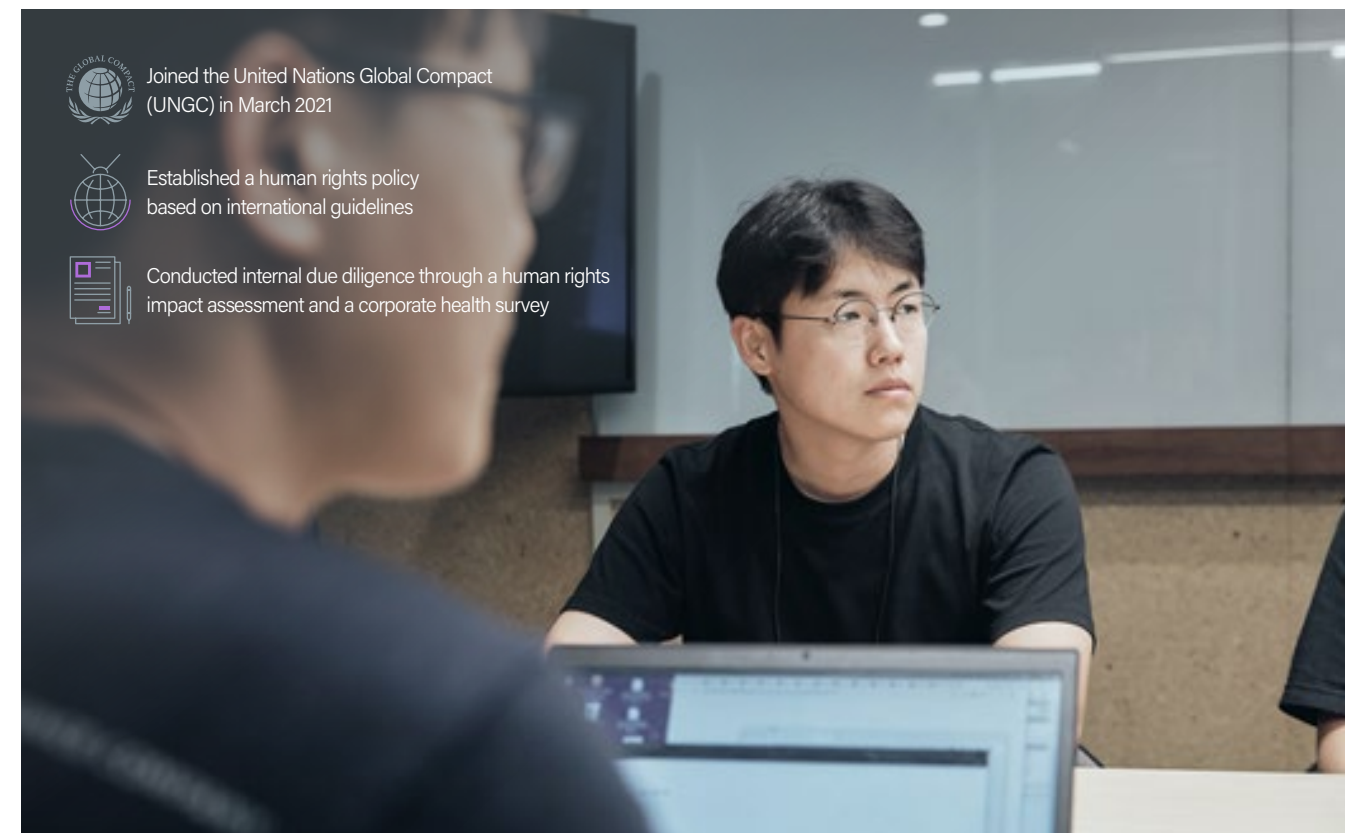
We strive to respect and protect the human rights of everyone connected with NAVER. We will do our best so that individuals with diverse backgrounds can gather, respect each other's values, and be happy together.

MANAGEMENT APPROACH

The happiness of all stakeholders is a company's raison d'etre. In particular, respect for employees' human rights and pursuit of happiness are the most basic and important values as they grow together with the company. NAVER therefore does its best to protect the human rights of its employees and promote happiness for all of them. Most notably, with the recent passing of revised Framework Act on Human Rights Policy, the importance of respecting and protecting human rights of employees is on the rise. Recognizing that there are many things that needed to

be supplemented in relation to the protection of human rights of our employees, we conducted a human rights impact assessment and a corporate health survey for the first time in 2021. NAVER is also striving to improve our human rights management system by preparing detailed human rights guidelines based on international guidelines. Going forward, we will preemptively respond to potential human rights issues and look for directions that enable us to prosper together with a greater number of people.

KEY PERFORMANCE



HUMAN RIGHTS POLICY

NAVER strives to protect and promote the human rights of everyone within its value chain. Having joined the United Nations Global Compact (UNGC) in March 2021 to fulfil our corporate social responsibility, we officially support The Ten Principles of the UN Global Compact on human rights, labour, environment, and anti-corruption. Besides, we address any human rights violations in our business activities in strict adherence to the Universal Declaration of Human Rights, the International Labour Organization (ILO) Conventions, the OECD Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights (UNGPs), and the RBA Code of Conduct. NAVER is committed to ensuring that our human rights policies are observed not only by NAVER, but also by our subsidiaries, business partners, and users.

NAVER has set 10 Human Rights Guidelines to strictly manage human rights risks that could arise in any of its business operations. The guidelines are based on major domestic and international human rights norms and a potential risk analysis conducted for each of stakeholder segments.

HUMAN RIGHTS MANAGEMENT IMPLEMENTATION SYSTEM

DEDICATED HUMAN RIGHTS MANAGEMENT ORGANIZATION

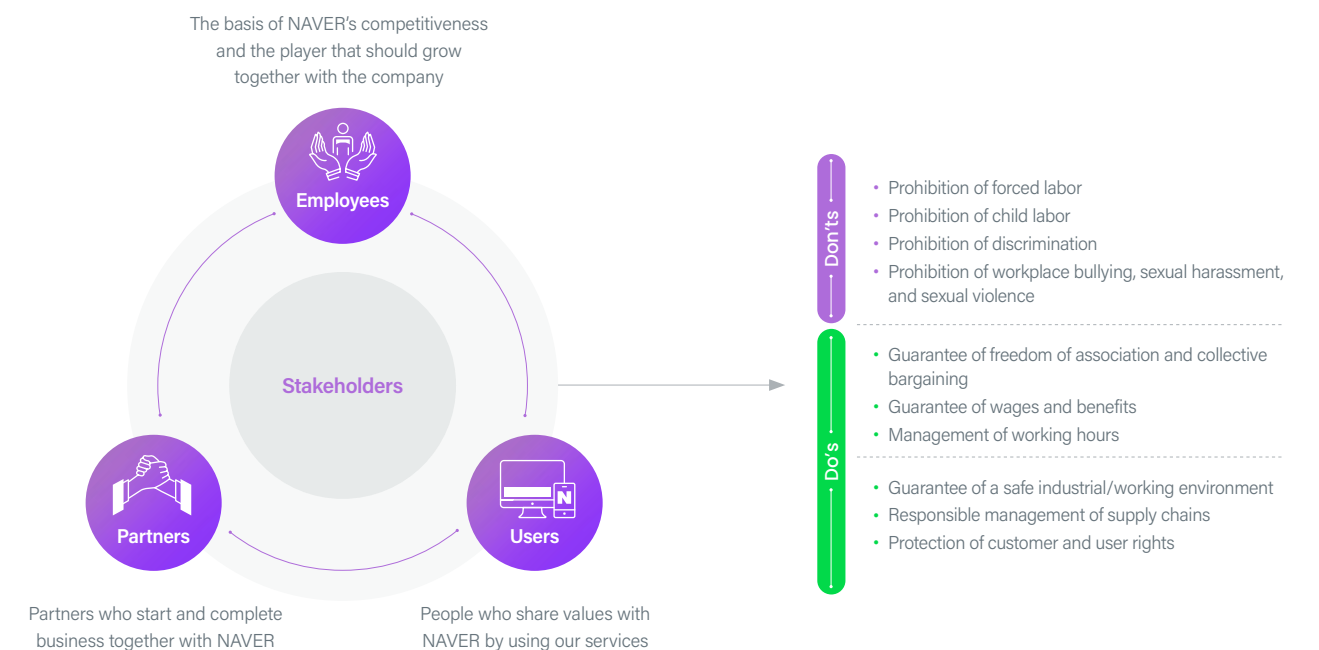
NAVER actively promotes human rights management to respect and protect human rights of all its stakeholders.

We have established company-wide human rights management by setting a system for collaboration among the relevant departments centered around human rights management-dedicated team, and reporting system to the Board of Directors and the top management. The human rights management-dedicated organization, which will be launched in 2022, will serve as NAVER's human rights management control tower under the BOD. In particular, we have formed the organization with internal and external expertise in such areas as IT, human rights, law, and labor, so that our human rights risk management and improvement can be carried out in a more professional manner.



NAVER Human Rights Policy

Stakeholders and NAVER Human Rights Guidelines



The human rights management-dedicated organization oversees major human rights risks that occur in and outside the company. It periodically reviews and reorganizes NAVER's human rights policies, and conducts human rights impact assessments to identify and mitigate potential human rights risks. Furthermore, it reviews whether issues identified through the company's human rights grievance handling channels have been handled in a neutral and transparent manner. It also ensures that NAVER's human rights improvement tasks identified through human rights impact assessments and grievance handling processes are managed in collaboration with the relevant departments company-wide so that improvements can be made properly. Going forward, we will strive to manage and improve not only our internal human rights risks but also those related to our partners as well as AI and metaverse services.

HUMAN RIGHTS MANAGEMENT WORKING GROUP

We have formed the Human Rights Management Working Group to internalize a culture of respecting human rights throughout our business and service operations. The Group is a consultative body for human rights risk management and mitigation. It is mainly responsible for implementing specific tasks related to human rights management and implementing measures to mitigate the company's human rights risks in its services and organizational operations. In cooperation with the Human Rights Management Working Group, the human rights management-dedicated organization implements and improves the human rights risk management of our

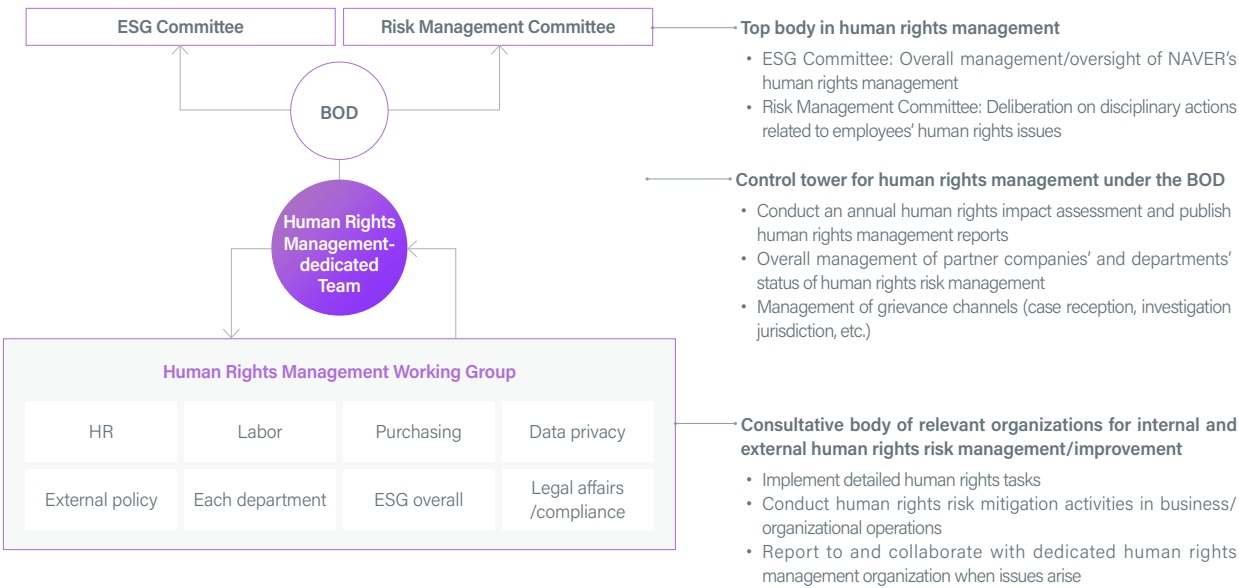
partners and the human rights impact management of users and services, which the organization cannot complete alone.

In addition, when major human rights issues arise, the Group discusses and cooperates with the organization to produce a professional human rights risk mitigation plan together. NAVER will make continuous efforts to create a collaborative structure within the organization to internalize and spread a culture of respecting human rights.

Furthermore, NAVER has established a management system for top management and the BOD to make human rights management a priority for organizational operations. The human rights management-dedicated organization regularly reports on the status of human rights management to the ESG Committee, a BOD committee. As the highest organization for the company's human rights management system, the ESG Committee provides professional and independent feedback on the direction of NAVER's human rights management.

In the event of a major human rights issue, the Deliberation Committee, which the CEO chairs and consists of in-house personnel, takes on the authority to deliberate on the issue independent of the management. The Committee also is in charge of disciplinary actions related to grievances received internally. We will ensure that our top management actively participates and engages in human rights management as a way to fulfill our corporate social responsibility.

Human Rights Management Implementation System



STATUS OF HUMAN RIGHTS MANAGEMENT

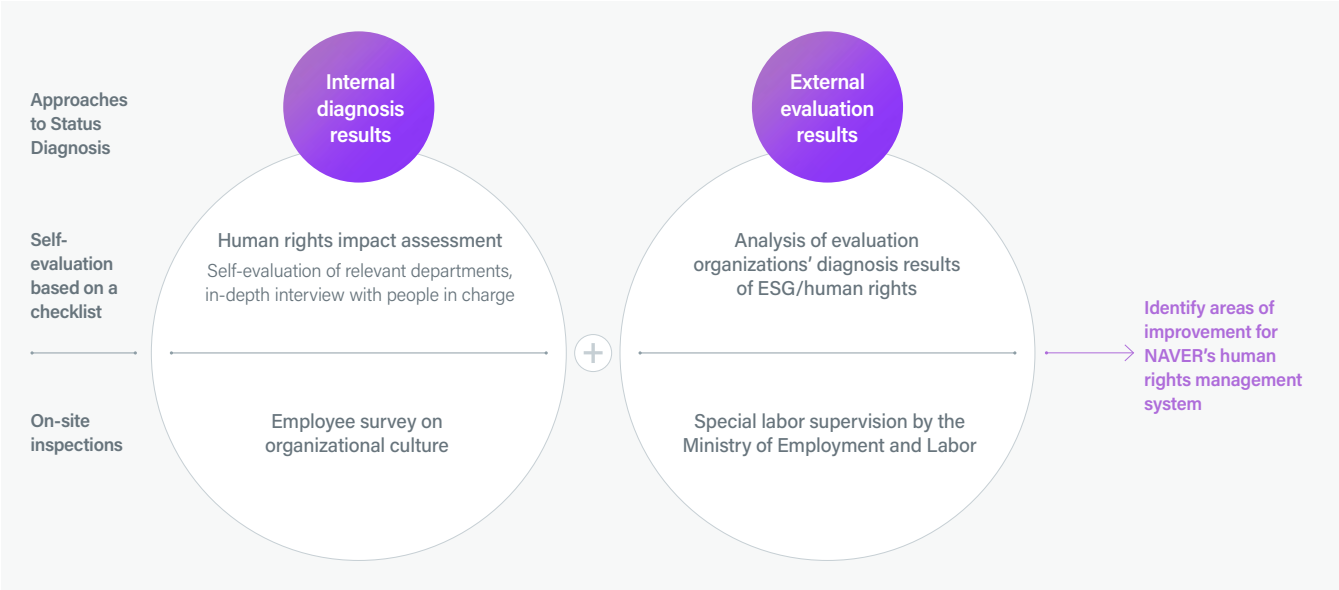
In order to promote human rights management in earnest, NAVER conducted a due diligence on its human rights management in 2021 for the first time. We also established a comprehensive framework for conducting due diligence on human rights management that reflects the requirements of both external stakeholders and international guidelines in a bid to secure leadership in human rights management beyond problem solving and legal compliance.

The framework is composed of 1) results of human rights impact assessment, 2) results of employee organizational culture surveys, 3) results of special labor supervision by the Ministry of Employment and Labor, and 4) results of assessment by external ESG rating agencies.

Major Improvements Related to NAVER's Handling of Human Rights Grievances

- 1) NAVER takes measures to investigate without delay when a human rights violation is reported.
- 2) NAVER takes appropriate measures during the investigation period, such as changing work locations and ordering paid leave, to victims if necessary to protect them under the principle that the measures shall not go against the will of the victims.
- 3) NAVER strives to prevent secondary harm to victims during the investigation process. When investigating cases of sexual harassment and violence, in particular, it takes the utmost care to ensure that victims do not feel ashamed of.
- 4) NAVER takes necessary measures, such as disciplinary action and change of work locations, in accordance with internal regulations when it is confirmed as a result of investigations that human rights have been violated.
- 5) NAVER never takes any disadvantageous measures in personnel management to employees who report human rights violations as well as victims let alone any acts that may cause mental or physical damage, such as bullying, assault, or verbal abuse; neglect the occurrence of such acts; or treat incident reporters or victims unfavorably against their will.

Diagnosing the Status of Human Rights Management



RESULTS OF STATUS DIAGNOSIS

MAJOR HUMAN RIGHTS ISSUES

In reviewing the results of the diagnosis of its human rights management, NAVER has identified major human rights issues that may arise in its business activities. In particular, we plan to designate as priority improvement tasks areas where significant risks have been found and communicate to our stakeholders our improvement plans and actions to take.

KEY IMPROVEMENT TASKS

Key improvement tasks refer to those in which NAVER urgently need to make improvements.

Task	Stakeholder	Contents
Eradicating workplace bullying	Employees	Efforts to eradicate all types of harassment involved with mental/physical pain, public shame, abusive language, and sexual harassment and violence that may occur among employees
Lightening employee workload		Respect for the work-life balance of employees by minimizing the occurrence of overtime based on observing statutory working hours, and by clearly managing the status of overtime and the payment of additional allowances in case of unavoidable overtime work

SALIENT HUMAN RIGHTS ISSUES

We have also identified some issues as important in advancing human rights management. Though diagnosed as having an excellent management system built in, they were identified as critical to human rights management as they could have a serious negative impact on the company and society as a whole without a continuous care.

Task	Stakeholder	Contents
Anti-discrimination	Employees	Creating fair labor practices by eradicating discrimination in recruitment, promotion, pay, and welfare based on gender and social background
Guarantee of freedom of association and collective bargaining		Monitoring for human rights issues within the organization based on mutual communication with the labor union and forming cooperative labor-management relationships based on dialogue between labor and management when making related decisions
Safety and health		Creating a working environment that protects the physical and mental safety of employees and providing appropriate sanitation/safety facilities for vulnerable employees
Privacy and respect for privacy	Customers/ users	Bolstering service reliability by strictly complying with domestic and overseas regulations as well as internal policies on handling/collecting sensitive customer information
Digital safety		Creating a safe Internet culture by protecting users from illegal information
Increasing access to services	Partners	Eliminating service barriers so that elderly and physically challenged users can enjoy the same level of services as regular users do
Responsible supply chain management		Preempting potential human rights violations in the conduct of business between NAVER and partners and encouraging them to voluntarily conduct human rights management
AI ethics		Prioritizing human-centric values in the development and use of AI services, and continuous review and improvement of AI services

IMPROVEMENT MEASURES FOR MAJOR HUMAN RIGHTS ISSUES

IMPROVING HUMAN RIGHTS GRIEVANCE HANDLING CHANNELS AND REMEDIES

NAVER has put in place multiple channels through which any internal and external stakeholders can directly report to the company any work-related human rights violations, including workplace/sexual harassment.

IDENTIFIED ISSUES AND REQUIRED IMPROVEMENTS

The results of the Ministry of Employment and Labor's special labor supervisory investigation of, and our own survey of employee opinions on, the in-house remedies placed to stop workplace harassment raised the need for us to improve our employees' awareness of, and low trust in, the effectiveness of the in-house grievance channels. We are working to ramp up their trust in our grievance channels based on their feedback.

FUTURE IMPROVEMENTS

NAVER plans to make systematic improvements in various areas so that stakeholders can actively utilize its official reporting channels whenever a work-related grievance arises. First, we promise to strictly abide by the following principles in order to enhance the reliability of our grievance handling systems.

Currently, we are managing our grievance handling channels through an external independent organization specializing in workplace harassment, sexual harassment, and sexual violence. Such an arrangement, however, gives rise to issues concerning the adequacy and practicality of the disciplinary measures resulted from some grievance investigations; and as a way to resolve these problems, we will add a process by which the company listens to the union's opinions. We will also actively communicate our upgraded human rights grievance handling systems to our internal and external stakeholders.

FAIR EMPLOYMENT AND LABOR-MANAGEMENT RELATIONS

NAVER respects the basic rights of its employees, such as the right to independent association, collective bargaining, and collective action. In order to guarantee the freedom of association, NAVER neither demands prospective employees join or drop out of a specific union as a condition of employment, nor discriminates employees based on their union membership status or activity, nor interrupts or interferes with legitimate union activities. NAVER seeks a win-win and cooperation through productive communications between labor and management and guarantees employees' rights to assemble through labor unions and to present their opinions on working conditions, and much more.

In accordance with the "Act on the Promotion of Employees' Participation and Cooperation", NAVER has established the Labor-Management Council, called "NVO", to promote communication with its employees. The nine members of the NVO convey the voices of employees at regular meetings with the employer's representatives including top management. In 2021, the NVO had four ordinary meetings and four extraordinary meetings to address various topics including working conditions.

In addition, NAVER has established the Industrial Safety and Health Committee, consisted of the equal number of labor and management members, and regularly discusses safety and health agenda. To address employee health and safety issues in greater depth, we have been inviting experts in the field of industrial safety and health since September 2020 to deliver lectures attended by both labor and management, contributing to further enhancing our safety and health capabilities. Furthermore, we strive to minimize the proportion of non-regular workers to ensure job security, and NAVER has never engaged in any workforce restructuring.

HUMAN RIGHTS TRAINING

NAVER is making continuous efforts to establish a sound and safe corporate culture by requiring employees to pledge their allegiance to Integrity Code, the employee code of ethics at NAVER, and conducting a human rights education centered on the code. NAVER provides company-wide training on the prevention of sexual harassment and workplace bullying as well as on improving employees' view of the disabled. We additionally offer more specified training on workplace harassment to leaders and higher-level positions. We also post training videos on our in-house video-sharing platform "SHARE" and encourage our employees to watch them.

Human Rights Grievance Channels

kNock	kNock", an integrated in-house channel, is customized for free consultation about the company's standards and systems. When a worker submits a grievance to kNock, the person in charge of each field provides a detailed reply to the inquiry and further examines what needs to be improved in the company's systems and standards.
With U	experience or witness workplace harassment or sexual harassment can report anonymously through With U. Cases received through the channel are fact-checked and formally investigated by an in-house investigation unit. Disciplinary deliberation based on the results of the investigation is conducted by the Deliberation Committee chaired by the CEO and staffed by employees.
NVO	board of the NVO (NAVER Valuable Opinion), the company's labor-management council. The bulletin board is a communication channel established in accordance with the Act on the Promotion of Employees' Participation and Cooperation. It is run by three of NVO members to receive complaints that are difficult to make publicly through a general-purpose bulletin board. The members forward the complaints to the management and departments in charge, and use them to discuss specific areas that need improvement in the internal system.

ENVIRONMENTAL VALUE CREATION



Environmental Impact Management

NAVER is well aware of that the importance of the natural environment as a way to guarantee sustainable daily lives of future generations. Our efforts to protect the natural environment therefore begins with reducing the carbon footprint of our Internet data centers (IDCs).

2040 CARBON NEGATIVE

99% of NAVER's greenhouse gas (GHG) emissions is generated from electric energy consumption at our IDC and office building. In addition, our GHG emissions are forecast to rise over the next decade as our businesses steadily grow, and this may serve as a significant risk to easing climate change. However, we recognize the importance of the environment for sustainable business, and thus we established the "2040 Carbon Negative" strategy in 2020 to maximize eco-friendliness effects through business activities while minimizing negative environmental impact.

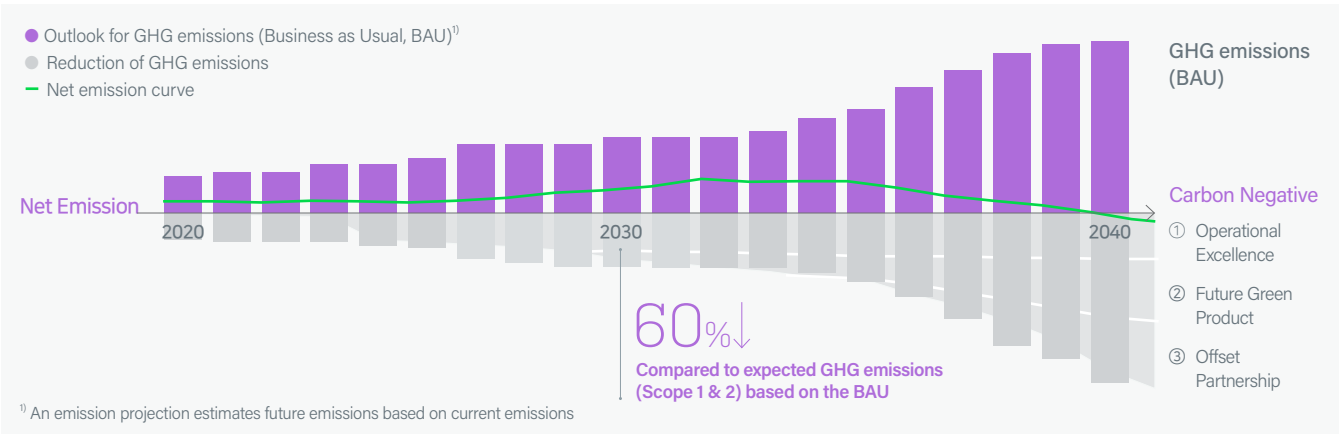
Carbon Negative is a strategy of offsetting by reducing GHG more than the GHG amount that is emitted, thus making the net emissions amount 0 or less. To achieve this goal, we have set the following three detailed strategic directions and plan to expand relevant activities. By ① pursuing operational excellence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

ACQUIRED ISO 14001 CERTIFICATION

In 2021, NAVER created the Environment Team, an environment-dedicated organization under the CFO, tasked with establishing annual implementation roadmaps for the 2040 Carbon Negative; introducing an environmental management system to strengthen internal management capabilities; acquiring relevant certifications; and managing employee environmental education. In addition, it makes continuous efforts to identify potential resource-saving activities at our business sites and supply chains, such as adopting renewable energy PPA contracts and boosting our GHG reduction performance.

In particular, we acquired the ISO 14001 certification for our environmental management system, with the Environment Team playing the leading role. We also established new environmental management policies and an environmental performance evaluation system, in our efforts to reduce environmental impact of internal operations. In addition, by establishing environmental risk management guidelines by business site that reflect TCFD guidelines, we enabled more systematic environmental risk management. Starting in 2022, more focus will be place on full establishment of environmental management system operation by building a system that sets, in detail, environment-related KPIs (GHG, water resource, waste, etc.) by business site.

2040 Carbon Negative



Carbon Off Implementation Strategy



① Operational Excellence – Reducing our Environmental Impact

NAVER was very active in external cooperation to expand the adoption of renewable energy in 2021. We are currently analyzing the validity and effectiveness of various measures for renewable energy procurement, while striving to secure renewable energy contracts starting in 2022. We are having many discussions so that these efforts are effective for 100% transition to renewable energy over mid- to long-term, in addition to short-term renewable energy procurement.

In addition, in order to reduce operational environmental impact more actively, we established GHG inventory at all business sites, calculated the reduction amount at each business site, and then received third party verification. Furthermore, we expanded the overall carbon emissions management scope to cover the entire value chain in 2021. Starting in 2022, we will be more active in reviewing methods to measure our Scope 3 carbon emissions and set the ways to manage and reduce the Scope 3 emissions.

② Future Green Product – Developing Green Products and Service Solutions

NAVER strives to create eco-friendly business opportunities from the fundamental business perspective as well. As part of these efforts, we provided eco-friendly bags made of 100% biodegradable resin to stores at NAVER's Neighborhood Market Shopping, in partnership with the Small Enterprise and Market Service, starting in 2020. In 2021, we provided 340 thousand eco-friendly bags to more than 146 traditional markets across the nation and also distributed 60 thousand oxo-degradable eco-friendly ice packs. We are also offering eco-label certification information for stores in NAVER Smart Store. Starting in 2022, we will run ESG-themed special and exclusive shopping spaces to increase user convenience in eco-friendly consumption.

③ Offset Partnership – Expanding External Partnerships

NAVER seeks to expand the eco-friendly ecosystem through collaboration with internal and external stakeholders of NAVER. We are accordingly focusing on discovering eco-friendly initiatives aligned with our business characteristics. To this end, we will first participate in eco-friendly initiatives, taking our characteristics into account, such as EV100 and K-EV100 as well as CDP Climate Change, thereby raising environmental awareness in the industry. To implement the initiatives, we have already begun to change our fleets to electric vehicles (EVs), and will replace at least ten fleets with EVs in 2022.

NAVER is increasing environmental investments by issuing sustainability bonds. We will also expand investment in eco-friendly technologies to reduce energy consumption at our second IDC “Sejong Gak” and second office building “1784”, in our efforts to make our workspace to be more sustainable.

¹⁾ Total greenhouse gas emissions directly/indirectly caused by an individual or organization

NAVER’S ECO-FRIENDLY CONSTRUCTION

DATA CENTER “GAK CHUNCHEON”

Opened in June 2013, Data Center “GAK Chuncheon” was built by making many efforts and applying many technologies to reduce server heat in an eco-friendly way. As a result, it became the world's first data center to receive “Platinum” certification, which is the highest grade, at LEED¹⁾ New Construction (NC) 2009, an international environmentally-friendly building certification system.

It uses Snow Melting²⁾, photovoltaic and solar thermal power generation³⁾, and a natural cooling system using outside air. In particular, the Data Center GAK Chuncheon South Wing was opened in 2017, after the opening of the North Wing in 2012 and West Wing in 2014, and it adopted a wide array of nature-friendly technologies to significantly improve energy efficiency, aiming to become the world's top data center. Receiving recognition for these efforts, Data Center GAK Chuncheon received the Minister’s Citation at the Climate Week 2016, won the Energy Champion Prize in 2017, and received the ‘Grand Leader’s Award’ from the Climate Change Center in 2018. It also won a prize for creating social value from the Korea Energy Agency in recognition of its use of innovative energy saving technology.

Data Center GAK Chuncheon has developed the Air Misting Unit (AMU) and the NAVER Air Membrane Unit (NAMU) – eco-friendly technologies that can reduce server room temperatures using cold air and underground water – and expanded the scope of their application to maximize energy savings. Thanks to these, it maintains a power usage effectiveness (PUE)⁴⁾ level that is closest to 1, the best performance among data centers in South Korea. This is the top level even in comparison to the PUE of global data centers.

Data Center GAK Chuncheon uses photovoltaic energy and also invests in relevant businesses. It reduced 213 MWh of power consumption through photovoltaic power generation, leading to the reduction of some 95 tons of GHG emissions. In addition, by using such technology as natural cooling systems that uses external air, 33,989 MWh of power was saved.

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

It manages energy as efficiently as possible, including through LED lighting and EVs, and uses the air heated in the process of cooling computer servers to operate greenhouses. All plumbing fixtures are water-saving, and uncontaminated water is purified and reused in bathroom fixtures where possible. Rainwater is collected to be used as cooling water or for firefighting.



NAVER's Environmental Policies

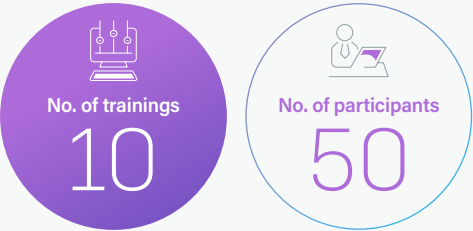
In providing diverse Internet platform services, we seek the fulfillment of social responsibilities and sustainability management that is based on environmental protection, social value creation, and transparent governance.

Accordingly, we established and operate the following environmental policies for all of our activities and services.

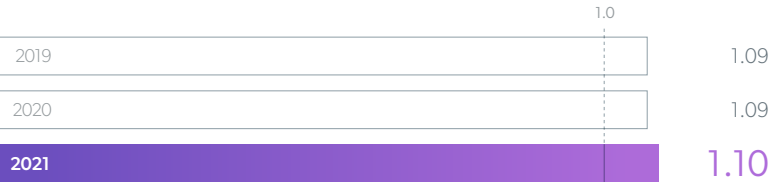
- Leading efforts to mitigate climate risks**
 We set mid- to long-term goals and strategies and make actions to reduce GHG emissions and to increase the use of renewable energy, in order to preserve the Earth's environment and respond to the rising global climate crisis.
- Eco-friendly investments and continuous improvement in environmental performance**
 We improve energy efficiency and minimize GHG emissions through continuous green investments, and strive to contribute to expanding the value ecosystem of eco-friendliness through green product purchasing and eco-friendly construction.
- Fulfillment of compliance duties and support for partner participation**
 Through effective operation and improvements in the environmental management system, we comply with corporate responsibilities regarding global environmental regulations and laws as well as diverse stakeholders’ environmental demands, and transparently disclose the outcomes of environmental management.

We also share our environmental management direction and goals with our partners in the NAVER ecosystem, and strive to expand the establishment of an eco-friendly ecosystem.

Job training for staff in charge of the environment at business sites



PUE of Data Center GAK Chuncheon



DATA CENTER “GAK SEJONG”

“GAK Sejong” is NAVER’s IDC, representing our promise to deliver technological stability and efficiency as well as nature conservation. We think thoroughly how to create our new space as a new standard of healthy living and future industry for generations to come. Spanning a gross area of 293,697 m2 that can accommodate more than 100 thousand servers, Data Center GAK Sejong is slated for completion of construction in 2023. GAK Sejong is a large-scale IDC that is at least six times more extensive than GAK Chuncheon, with an efficient management system using uses brainless robots in place.

Ever since the location selection, development of GAK Sejong was implemented in the direction of raising energy efficiency while coexisting with Nature. When choosing a location, we excluded sites with a history of land damage, such as reclaimed land and landfill sites, and also avoided changing the land characteristic during the selection period to develop a new industrial complex. We also purchased raw land and set the limit of the development to only essential range, in our earnest efforts toward minimizing forest damage and restoring vegetation.

GAK Sejong is being built with the goal of achieving a higher PUE than that of GAK Chuncheon by applying a hybrid cooling system. The hybrid cooling system that will be applied to GAK Sejong was developed to use natural outdoor air as much as possible and therefore can improve cooling energy efficiency by as much as 20% in comparison to GAK Chuncheon. In addition, we plan to save data center cooling energy by improving mechanical infrastructure facilities, including late-night electric power, freezer, and cooling tower, and by applying new technologies. By optimizing cooling system arrangement, we will enhance electric power efficiency and also strengthen stability of heating, ventilating, and air conditioning equipment.

GAK Sejong currently produces an annual 300 MWh renewable energy through a rooftop photovoltaic generation system, and uses a geothermal system for its cooling and heating. Waste heat retrieved from the server room is used to supply warm water in the building and for floor heating of the wide indoor space of the operation building. Also, we applied the Snow Melting system to an internal beltway, and used other such accumulated know-how from GAK Chuncheon to design GAK Sejong in a way that leads to higher energy efficiency.

GAK Sejong also preserves ecological diversity of business sites whose importance has recently been on the rise, and the ecological preservation archive at GAK Sejong is showcasing NAVER’s efforts to preserve ecological diversity. Going forward, we will seek for ways to set construction ecological environment preservation measures as a corporate-wide policy.

GREEN FACTORY

NAVER’s Green Factory office building was designed to constantly save energy, and does so at a rate of more than 5% every year through investments in energy-efficient devices such as heat-insulated partitions, LED lights, and others. We encourage employees to take stairs instead of elevators by setting up the staircases with number of calories burned by walking upstairs, have designed a parking lot with bike racks for those who commute to work using bicycles, and expanded the electric vehicle-charging facilities to 22. We also participate in “Earth Hour”, an environmental campaign hosted by the World Wide Fund for Nature, every year. To reduce energy consumption in the building operation, we simulated and applied optimal nighttime lights-out conditions, thereby reducing an annual 162 MWh of power.

In particular, energy consumption additionally dropped in 2021 as a result of increased remote work due to COVID-19. Energy consumption and GHG emissions therefore decreased by approximately 13% and 12%, respectively over the previous year.

Our efforts to operate the Green Factory environmentally-friendly were well received, and as a result in 2014, it won “platinum” certification from the LEED, recording the world’s best score among existing buildings. In 2016, it also received the Presidential Medal at the Korea Energy Efficiency Awards ceremony.

CASE STORY

Ecological diversity preservation activities of “GAK Sejong”

When choosing a site for “GAK Sejong” and designing it, NAVER placed one of its top priorities on ecological diversity. We accordingly minimized the developed site and purchased raw land for an area that inevitably needed to be additionally developed, thereby mitigating ecological destruction as much as possible. At the GAK Sejong construction site, we investigated the ecosystem prior to the construction and strived to preserve the raw land ecosystem.



1784, NAVER’S SECOND OFFICE BUILDING

Construction of “1784”, our second office building, was completed in 2021, embodying our commitment to saving energy and protecting the environment. It earned LEED platinum certification, which is the highest grade. First of all, the 1784 project was developed in an area with high development density to prevent additional development for access to convenience facilities and public transportation. In addition, we established green areas as much as possible compared to the previous parking lot site aimed at restoring the natural environment. In anticipation of increased use of EVs, we had eco-friendly vehicle preferential parking areas take up 5.2% of the total number of parking spots. We also built an infrastructure that charges more than 60 EVs, and secured facility capacity that can charge around 300 EVs in preparation for popularization of EVs.

Furthermore, the 1784 project applied various energy-saving element technologies, including a radiant cooling system, chilled water thermal energy storage system, and high-efficiency lighting system, to result in a 38.1% reduction in expected annual energy costs compared to the ASHRAE standard building model¹⁾. In particular, the radiant cooling system uses the most effective radiation method, from among heat transfer methods, and can reduce energy consumption and improve indoor thermal comfort through cooling. The system’s annual energy consumption reduction effects reach 12.67% compared to the ASHRAE standard building model. In addition, through water-saving plumbing fixtures and heavy water processing system, we achieved a 37.96% reduction in expected annual water use volume. In addition, construction wastes in the construction phase were 98% recycled, and around 38.2% of total construction material costs were used for recycled materials and local materials.

¹⁾ ASHRAE standard building model (Baseline#model): A virtual model that applies general energy-related system and equipment specs presented by ASHRAE 90.1 to a building that is identical to the 1784 project. In other words, a virtual model that results from generally designing the 1784 project without considering reduction of energy consumption.

Reduction of energy consumption at 1784

(Unit: MWh)

Reduction of energy consumption for air-conditioning and heating by adopting geothermal energy



684

Reduction of energy consumption by producing renewable energy



22

CONNECT ONE

Connect One, a training institute exclusively for NAVER employees, is created into ONE 1, 2, and 3 according to geographical features and was designed to separate work space and rest space. In particular, utmost efforts were made to minimize environmental impact of construction and to preserve Nature, allowing employees to rest while also ensuring the co-existence with a sustainable environment.

Energy, water, and many other resource usage reduction activities are being made at Connect One. It optimized energy consumption by adopting the Building Energy Management System (BEMS), leading to energy saving of 34% below the baseline. In addition, it uses recycled water, including rain water and heavy water, instead of service water. Rain water is collected on the rooftop of Connect One and reused for plant irrigation, while heavy water is used in bathrooms. Some of the heavy water is rainwater processed and used for plant irrigation, resulting in a heavy water recycling rate of 50%.

We strive to reduce wastes generated at Connect One, as much as possible, by our employees. They are encouraged to use multi-use cups, and eco-friendly paper cups in unavoidable situations, as a way to restrict the use of disposables. We also established a paperless work environment by archiving, in a system, operation-related documents rather than retaining hard copies. In addition, food waste generated from the cafeteria is made into compost and used as vegetable garden manure, and the produce, in turn, is used at the cafeteria to remove GHG emissions that arise from produce shipping. We also conducted vegetation restoration, taking harmony with the existing ecosystem into consideration, in accordance with a vegetation cover plan.

Thanks to these efforts, Connect One earned the LEED v2009 NC Platinum grade in 2014, and its GHG reduction reached 13,494.630 tCO2-eq according to an environmental impact assessment conducted in 2017¹⁾.

¹⁾ Based on the operations in 2017

Total GHG emissions					
	Unit	2018	2019	2020	2021
Total		72,416	78,712	79,907	78,872
Green Factory		7,510	7,178	6,731	5,888
1784		-	-	-	1,636
Connect One	tCO ₂ e	-	-	-	923
NAVER Square		-	-	-	693
Leased business sites		-	-	-	403
Data Center GAK Chuncheon		64,909	71,534	73,176	69,329

Total energy consumption					
	Unit	2018	2019	2020	2021
Total		1,495	1,624	1,649	1,646
Green Factory		159	152	143	124
1784		-	-	-	34
Connect One	TJ	-	-	-	18
NAVER Square		-	-	-	14
Leased business sites		-	-	-	8
Data Center GAK Chuncheon		1,336	1,472	1,506	1,448

Use of renewable energy						
		Unit	2018	2019	2020	2021
Total		MWh	283	318	314	1,082
Geothermal power	Green Factory	MWh	101	101	101	101
	1784		-	-	-	684
		1784	-	-	-	22
Solar power	Connect One	MWh	-	-	-	62
	Data Center GAK Chuncheon		182	217	213	213

Green E-Commerce

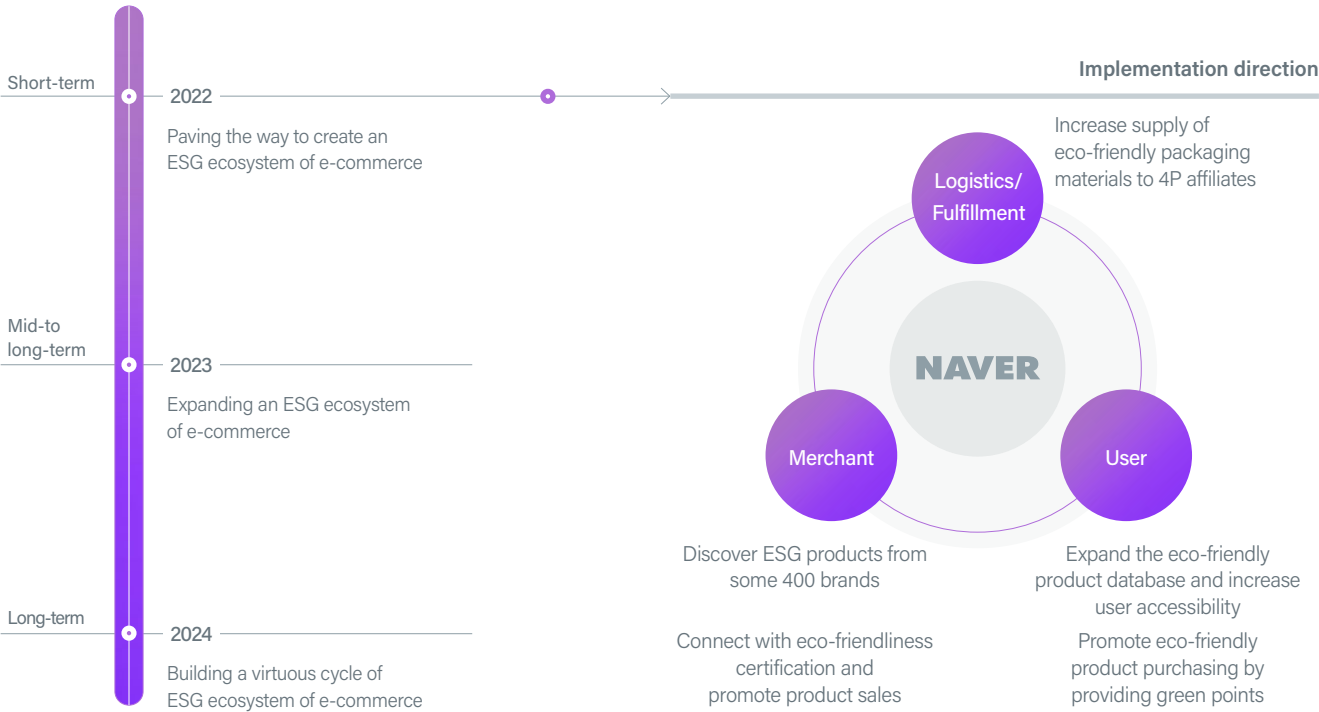
NAVER believes that we can go far if we go together. We will therefore focus on expanding our green impact on the entire e-commerce ecosystem, and move forward together with partners and users.

NAVER'S GREEN E-COMMERCE STRATEGY

NAVER is well aware of that our potential environmental impact on the overall e-commerce ecosystem, and thus we have established a mid- to long-term strategic direction and have been implementing it since 2021 to create eco-friendly impact in the e-commerce ecosystem.



Strategic direction for eco-friendly e-commerce



GREEN E-COMMERCE PLATFORM THAT CONNECTS BRANDS AND USERS

In 2021, we began providing “eco-label certification information,” offering a product’s environmental certification information on the product details page at Smart Store. Conducted by the Korea Environmental Industry & Technology Institute, the eco-label system provides users with environmental performance improvement information by indicating an eco-label logo on a product if the product’s eco-friendliness is improved compared to other products used for the same purpose. It also induces companies to develop and produce eco-friendly products, thereby promoting voluntary improvements. There are currently around 1,100 products registered in NAVER Smart Store.

In addition, we plan to run more ESG-themed special and exclusive shopping spaces as a way to help brands and users enjoy green e-commerce. Starting in 2022, we will create special sections exclusively for products with ESG themes, thereby increasing accessibility to eco-friendly products and supporting green brands and SMEs. These efforts made by NAVER are anticipated have greater impact through participation in the green consumption-ESG alliance council that is led by the Ministry of Environment. We will make continued efforts to maximize eco-friendly impact by collaborating with diverse stakeholders in the e-commerce ecosystem.

SUPPORT FOR PARTNERS’ ECO-FRIENDLY PACKAGES

NAVER has been operating the “NAVER Grocery Shopping Platform” service since January 2019. The service delivers fresh food ingredients, side dishes, and snacks to users’ doorsteps from traditional offline markets on the day of the order. In partnership with various organizations, NAVER has been striving to promote eco-friendly packages by providing eco-friendly bags made of 100% biodegradable resin to stores in NAVER Grocery Shopping Platform. In 2020, we provided 60,000 eco-friendly bags to 111 markets, and distributed approximately 220,000 bags in 2021, thereby enabling us to build trust with consumers while the traditional markets benefited from eco-friendly marketing effects. In particular, we helped Amsa Market and Hwagok Market improve eco-friendly services by providing them with about 60,000 eco-friendly ice packs. We will also actively support the branding of partners who take part in the eco-friendly campaign, inscribing the names of the traditional market on the bags. We will strive to practice zero waste, going beyond less waste, by increasing public awareness of eco-friendly packaging.

NAVER also formed an alliance with CJ Logistics and provides eco-friendly fulfillment services, through which 6.3 million orders were fulfilled by applying 100% paper eco-friendly packaging materials from June to December 2021. When this is converted to 29 g of plastics use per box, it is estimated that the use of 182.7 tons of plastics packaging materials was saved.



SOCIAL VALUE CREATION



Capability Development and Technological Innovation

NAVER is developing a technology platform that anyone can access in order to use technology as everyone's tools and capabilities. By developing technologies that reach far beyond imagination, we will expand our global presence while continuing to challenge for the future.

INVESTMENT IN FUTURE TECHNOLOGY AND ESTABLISHMENT OF A RESEARCH ECOSYSTEM

Since the launch of NAVER LABS, an in-house R&D organization, as a separate corporation in January 2017 to secure future technologies, NAVER has continued its research on AI, robotics, autonomous driving, digital twin, and AR together with outstanding researchers in South Korea and Europe. The mission of NAVER LABS is to prepare for a future in which NAVER platforms connect people, machines, space, and information through the most creative and advanced technologies. Furthermore, we are increasing investments in tech startups with outstanding technological prowess and growth potential through NAVER D2SF, a tech startup accelerator, while contributing to building an innovative technology R&D ecosystem by strengthening industry-academia cooperation with renowned universities at home and abroad, including MIT and KAIST.

In 2021, we held the “Search Colloquium”, newly renamed from the “AI Colloquium”, and shared the results of research that we achieved in collaboration with researchers from such major countries around the world as Europe, the U.S, and Japan. The event introduced our expertise in applying technology to NAVER's services in a total of 24 sessions in six areas¹⁾, attracting the most attention in the field of search and AI technology. As both the types of sessions and the number of attendees are increasing every year, NAVER will promote communication between developers and academia, starting with the Search Colloquium, while strengthening our mutual cooperation in the global IT industry.

¹⁾ Vision, language AI, learning to rank, user modeling, e-commerce, platform

NAVER LABS

NAVER’S FUTURE CITY “A-CITY” AND THE SECOND OFFICE BUILDING “1784”

A-CITY is a vision of a future city that we are challenging ourselves to achieve using NAVER Labs’ technology. It is a city where every space of the city is connected with various autonomous machines; where AI analyzes and extrapolates a vast amount of spatial data; classifies and regularly updates the data; and ultimately automates even logistic services. To this end, NAVER Labs is creating high definition (HD) maps for machines with digital twin data collected from the diverse spaces making up the city center, while also developing an intelligent autonomous machine platform that can be modified according to places, environments, and purposes.



2021 NAVER
Search
Colloquium

R&D Investment

Classification		2019	2020	2021
R&D expenses	KRW billion	1,095.9	1,332.1	1,655.1
R&D expenses to sales	%	25.16%	25.11%	24.28%

NAVER Labs’ Key Future Technologies

Spatial digital twin	Digital twin is a replica of the real world in a digital environment. NAVER Labs has independent solutions and its own mapping device that can digitally replicate entire cities and vast indoor spaces.
Visual localization	This technology can accurately estimate locations through digital twin data and computer vision technology. It has been recognized for its world-class technological prowess at numerous international conferences.
5G brainless robot	This technology utilizes the ultra-low latency characteristics of 5G communication to allow the cloud to replace the human brain with robot. Since its successful demonstration for the first time in the world at the CES 2019, it has been applied to NAVER's second office building among other structures.
ALT project	NAVER Labs has been focusing on self-driving research in complex urban areas since it became the first company in the IT industry to receive permission for temporary autonomous driving from the Ministry of Land, Infrastructure and Transport in 2017, while developing a road-based autonomous driving robot that can be customized for various purposes.
Task learning project	NAVER Labs is conducting research on teaching robots how to acquire the motor intelligence that human have naturally, which is difficult to verbalize or quantify its execution process.

NAVER's second office building, “1784”, which is scheduled to complete the construction and the move-in during the first half of 2022, is a tech convergence building equipped with cutting-edge technology that is expected to serve as the first reference space for A-CITY. It is be a robot-friendly building that combines the state-of-the-art technologies, such as 5G brainless service robots, AI, cloud, and digital twins. The technologies that will lead the future of NAVER are applied to not only infrastructure, such as robot-dedicated elevators and gates, but also the NAVER Cloud Platform-based robot control system, safe human interaction technology, and ultra-low latency communication through a specialized 5G network. In addition, NAVER applied for 22 new patents related to robot-friendly buildings in 2021, with the cumulative number of related technologies reaching 237.

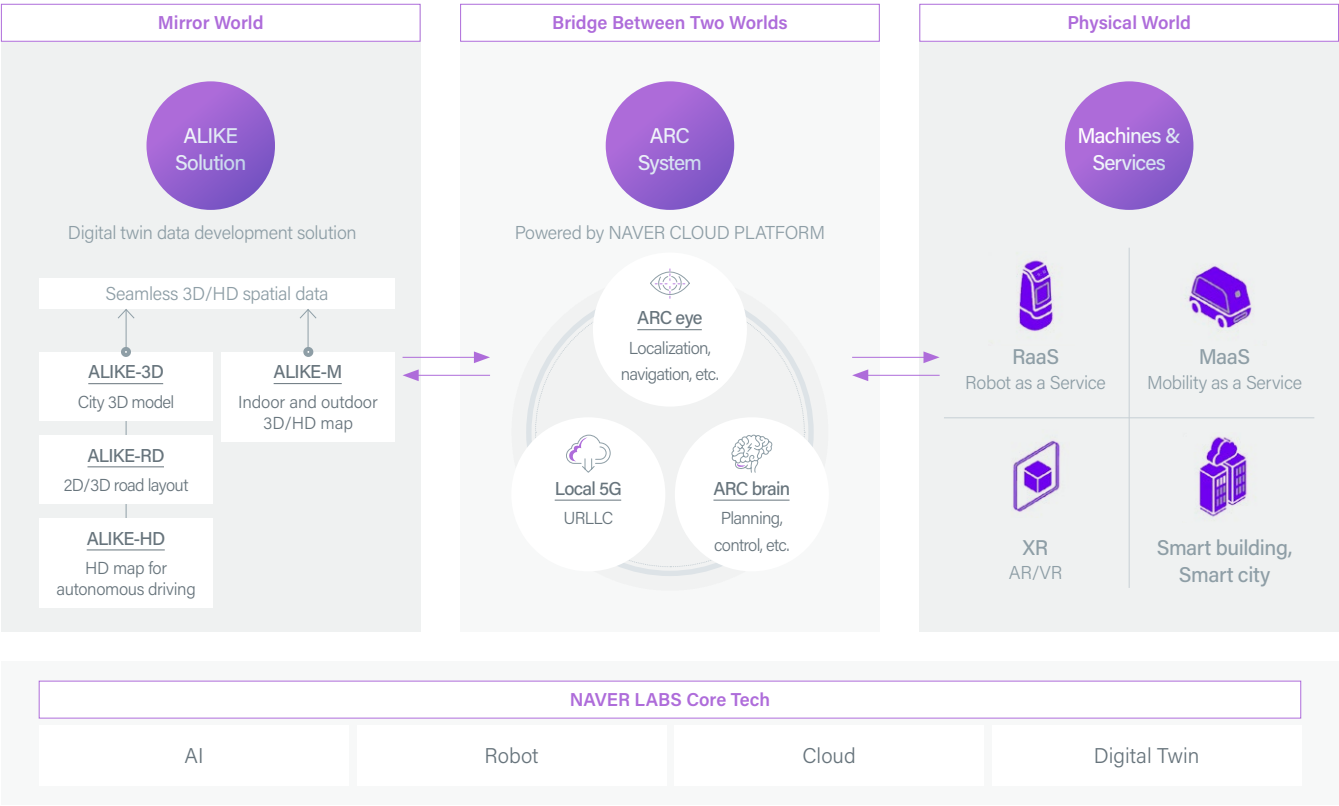
Receiving recognition for these achievements, “1784” was honored with the best grade in a robot-friendly building certification through an evaluation and due diligence by the Smart City Association in April 2022. The evaluation was conducted on 25 indexes in four areas – construction and facility design, network and system, construction operation management, and robot support and other

services. 1784 was assessed as having the nation's best cutting-edge infrastructure in network and system, and providing an excellent robot-recognized precise map and positioning infrastructure, in particular. Going forward, NAVER Labs plans to make active efforts to expand its cloud robot service outside the company through NAVER Cloud, which is in charge of NAVER's B2B business.

NAVER LABS’ ARCVERSE

At DEVIEW 2021, NAVER Labs unveiled ARCVERSE, a digital twin-based metaverse ecosystem that interconnects reality and digital space by converging such technologies as AI, robots, cloud, digital twin, 5G, autonomous driving, and augmented reality (AR). The solutions and systems composing ARVERSE can be used for service robots, autonomous driving mobility, AR and virtual reality (VR), smart buildings, and smart cities. NAVER's second office building “1784” designed as a robot-friendly building is one of reference spaces of ARCVERSE. Going forward, we will advance technology through various partnerships with local governments, businesses, and academia, while creating reality-based outcomes such as robots, autonomous driving, mobility, AR and VR, smart buildings, and smart cities.

ARCVERSE Ecosystem



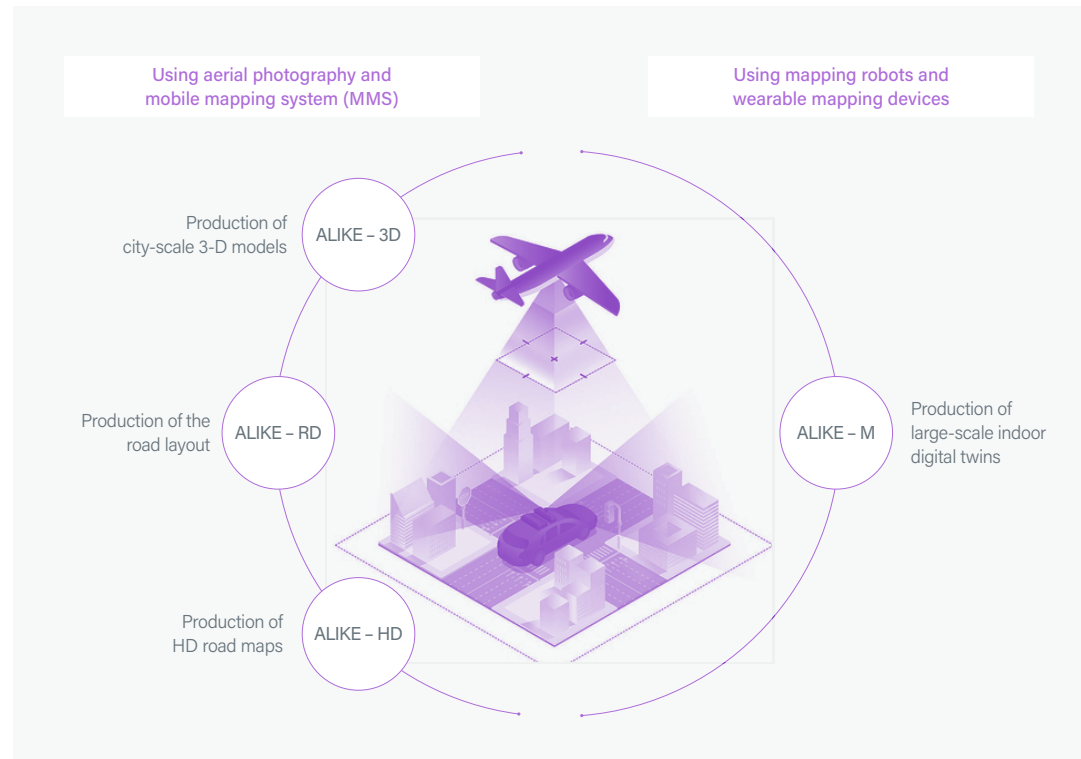
CASE STORY

“ALIKE” – a solution to create indoor/outdoor digital twins



In 2021, we unveiled ALIKE by integrating NAVER Labs’ digital twin technologies. The solution consists of ALIKE – 3D, RD, and HD for cities and roads, and ALIKE – M for large indoor spaces. Since the solution utilizes a mapping device developed in-house, it can be easily customized to suit various environments and purposes, and can provide a wide range of formats such as 3D model, road structure information, and high-precision maps. It is also very ingenious and efficient when targeting large spaces such as cities and large-scale indoor spaces. We are collaborating with Seoul, Incheon, and Seongnam to demonstrate the digital twin-based metaverse and to research autonomous driving technology, while applying the solution to NAVER’s second office building and second data center as a way to advance our technology and develop related systems. Moreover, we continue demonstrating digital twins in large-scale indoor and outdoor spaces, including the National Museum of Korea, Incheon International Airport, Songdo Convention Center, Bupyeong Station, Gangnam Station, COEX, and Hyundai Department Store’s Pangyo Branch. Meanwhile, we have already begun our drive for global expansion in earnest, including the collaboration with SoftBank aimed at developing high-precision maps in Japan.

Composition of ALIKE Digital Twin Production Solution



SYNERGY CREATION THROUGH STARTUP INVESTMENT



D2 STARTUP FACTORY

Launched in May 2015, NAVER D2 Startup Factory (NAVER D2SF) invests in early-stage startups with outstanding technology to help them grow and create synergies with NAVER. Over the past six years, it has invested some KRW 50 billion in 85 technology startups, with their total corporate value rising to KRW 2.1 trillion. In addition to financial investment, it offers various support in terms of workspaces, cloud infrastructure, PR/marketing, follow-up funding, Office Hours, while also promoting cooperation opportunities with NAVER in the areas of technology and business. By connecting more than 300 technology startups with NAVER, it creates more than 30 cases of synergy performance, such as business development, service enhancement, partnership establishment, and market sensing, per annum. Three of them, in particular, have been acquired by NAVER or its subsidiaries.

The technology startup community centered around NAVER D2SF is also expanding every year. We are operating a space dedicated to startups both in the vicinity of Gangnam Station in Seoul and in the second office building in Bundang. Notably, the latter serves as a collaborative venue in which NAVER and startups can experiment and grow together. Since 2016, we have held a campus technology startup contest every semester to discover and invest in potential student startup teams.

Synergy creation between NAVER and technology startups through D2SF

Technical cooperation



By working together with NAVER Labs, and thanks to its feedback, we were able to quickly identify customer needs, upgrade our products, and thus settle into the market.

“MORAI Inc.” is an autonomous driving simulation technology startup. Since the seed investment made by NAVER D2SF, it has been creating synergy with NAVER Labs by testing and upgrading high-precision map and autonomous driving technology developed by NAVER Labs on the MORAI simulator.

Business development

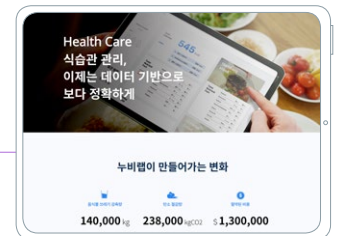


In cooperation with CLOVA CareCall, we are providing an AI-based early diagnosis service for dementia, and aim to expand the target area moving forward.

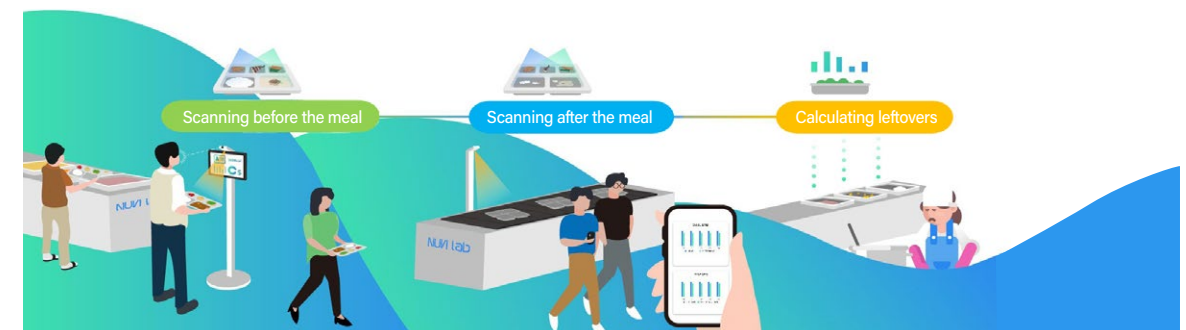
“SEVENPOINTONE” is a startup specializing in a dialog-based cognitive care solution for senior citizens. Since receiving NAVER D2SF’s seed investment, it has been collaborating with CLOVA AiCall to successfully complete a non-face-to-face dementia screening test for the elderly in the region.

CASE STORY

Nuvi Lab – an ESG startup specializing in food data analysis



NAVER has made a new investment in Nuvi Lab, the developer of an innovative food data analysis solution. Nuvi Lab’s solution identifies a person’s consumed and leftover food through a comparative analysis of food images captured before and after each meal, thereby preventing the overproduction of food, reducing food waste, and further enabling health management based on eating habits and nutrition data. The company has already applied the solution to 22 group catering establishments across the country to reduce food ingredients and waste disposal costs and to improve food quality based on menu preference analysis. Armed with a technology that can realize not only ESG value but also economic utility and service enhancement, Nuvi Lab is satisfying the diverse needs of stakeholders.



Nuvi Lab solution

EXPANDING TECHNICAL COOPERATION

AI NOW

In May 2021, the NAVER AI NOW was held to share NAVER CLOVA's AI technology with domestic and foreign researchers and developers in the related fields. About 35,000 people pre-registered for AI NOW, and the cumulative number of video views exceeded 100,000, with the event drawing keen attention to the achievements and vision of NAVER that leads the new industry trend of super-scale AI technology. AI NOW introduced the specific functions, roles, and major underlying technologies of HyperCLOVA, a super-scale AI developed by NAVER for the first time in South Korea, and shared a plan to create a research ecosystem to secure global AI leadership and how the AI code of ethics is applied. As one big AI model is being transformed into a paradigm applicable to diverse problems, NAVER will provide new experiences to anyone who needs AI with HyperCLOVA optimized for the Korean language.

INDUSTRY-ACADEMIA AI PARTNERSHIP

In 2021, NAVER signed an MOU with Seoul National University to conduct joint research on hyper-scale AI, and opened a dedicated "SNU-NAVER Hyperscale AI Center," which was followed by another MOU in July 2021 that NAVER signed with University of Tübingen of Germany, a world-class university in the researching field of AI, for the research and development of AI. Also, outstanding local talents in Vietnam are working with NAVER researchers to conduct industry-related projects in various technological fields such as search, vision, autonomous driving, and robotics at AI centers established by NAVER with Hanoi University of Science and Technology (HUST) and Post and Telecommunications Institute of Technology (PTIT), respectively. The interim results of the industry-academia projects were announced at the NAVER AI NOW, Academic & Career Conference, and the Research & Development Conference held in November 2021, and plans to apply the AI center's research results NAVER's global services are being reviewed. In addition, NAVER researchers are sharing the latest AI research results trends as well as NAVER's AI technology development know-how and technologies with external educational institutions on more than ten occasions each semester, thereby solidifying strengthening the AI research belt at home and abroad.

DEVIEU

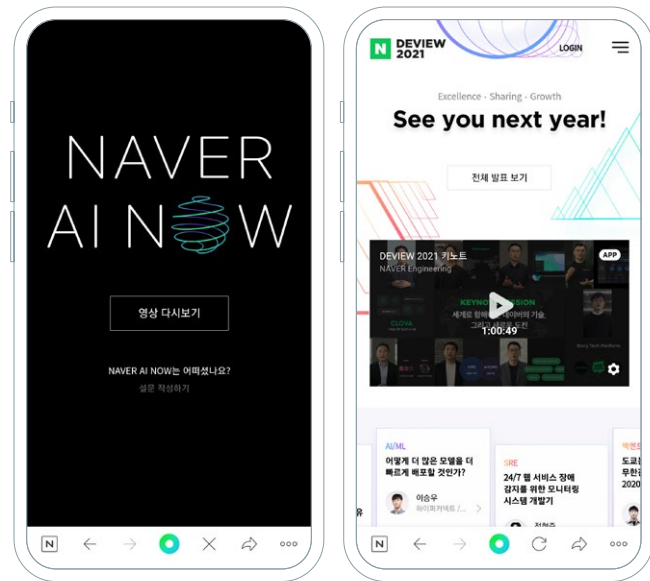
DEVIEU, NAVER's representative developer conference, started out as NAVER's in-house technology event in 2008, and has since grown into the largest event for developers in South Korea. In 2021, as in the previous year, it was held online, featuring 116 presentations, the highest number ever. Over 15,000 users visited DEVIEU for three days, with the cumulative number of video replays in two weeks exceeding 67,000. In addition to technology presentations, 36 participating companies featured live booths, leading to active communication with the participants on a variety of topics. The keynote speech introduced NAVER's technologies and services across the world, with particular focus on our global challenge on the back of our global scale infrastructure and platforms.



AI NOW



DEVIEU



Employee Value Proposition

At NAVER, our employees are the greatest asset and competitiveness. NAVER is therefore taking on new challenges with its highly skilled and passionate employees, opening up new tomorrow.

EFFORTS TO SECURE AND NURTURE TALENT

NAVER does not have such a thing as an ideal employee. However, we take users as the most important standard and rule, and strive to recruit talent who takes his/her work seriously, can create unique values, find meaning in his/her work, and collaborate with others. NAVER provides stepping stones for its employees to empower them and to unlock their full potential.

EFFORTS TO ATTRACT OUTSTANDING TALENT

Acknowledging that the greatest asset to drive the future of NAVER is its employees, NAVER makes continuous efforts to recruit outstanding talent required by each organization in line with the company's ongoing growth. Each year, we run a number of diverse programs specific to technology, service, and design job groups for undergraduate students, including the Open Class, seminars (Techtalk/Meetup), internship programs, contests, a Hackathon, and scholarships, in a bid to attract top talents who can grow together with NAVER.

In 2021, NAVER significantly expanded the size of its internships compared to the previous year and recruited interns for each CIC as a way to meet a wide range of talented people. Most notably, NAVER Design Fast Forward 2021, our product designer talent recruitment program, opened a new chapter in the field of competency-based recruitment by using the applicants' portfolios and planning skills as the main recruitment criteria, rather than their academic backgrounds or majors. In addition, we conducted recruitment-related internship programs for each business sector, such as the NAVER HR Recruitment Internship and CLOVA AI RUSH 2021, hiring a total of 470 interns during the year.

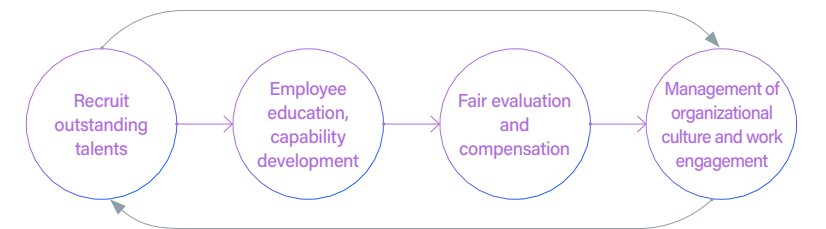
EMPLOYEE COMPETENCY BUILDING AND TALENT DEVELOPMENT

NAVER supports its employees in their efforts to respond proactively to the rapidly changing business environment and thus to innovate our services. To this end, we have established a training program based on the needs of the field, while offering a self-directed growth support program that allows our employees to receive necessary education in a timely manner.

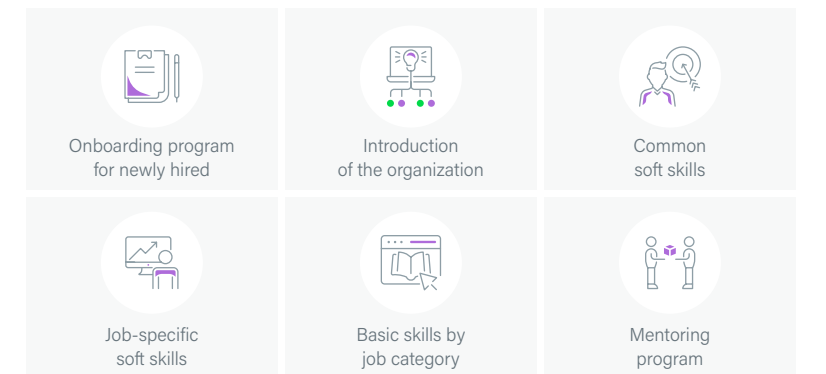
PHASE-SPECIFIC TRAINING

Introductory Training for New Recruits We provide introductory training to help newly hired successfully join the company and lay the foundation for future growth. The training consists of an onboarding program designed to introduce the company, team, and system as well as to help them form teamwork with their peers; a soft skill training program that enables new recruits to learn the basics before starting work; and an initial entry training program for each job group, followed by a mentoring program that proactively supports their career growth after they are assigned to their respective workplaces. The onboarding program features activities experiencing various services of NAVER and its subsidiaries, and stories about the organizational culture and way of working told by seniors and leaders, thereby inspiring them with a vivid vision of their teams and jobs.

NAVER's approach to talent



Composition of introductory training for new employees



Developed based on feedback from newly hired of the previous year and requirements of leaders, the Soft Skill training covers the basic business skills from a “ready to” perspective, and helps new recruits to understand the different job groups and acquire the essential skills needed to perform well. They then undergo basic job training in the core knowledge required for each job group, followed by an 8-week mentoring program that provides them with comprehensive adaptation and coaching support. For certain programs, we are also considering expanding them into company-wide programs based on the verified needs and effectiveness of the training for new employees. In addition, we plan to produce lectures that have received positive reviews as online content available to all employees at all times.

Onboarding System for New Recruits NAVER runs a variety of onboarding programs designed to help new recruits to adapt quickly to the company and demonstrate their work capabilities. Based on accumulated data from the retirees and feedback from new employees, NAVER defines its own onboarding phases and provides support for each phase.

In 2021, as the number of year-round recruitment has grown for the past three years, we strengthened our onboarding programs for new employees in order to raise their expectations about working at NAVER through pre- and post-employment orientations. After joining the company, we match each newly hired with a “buddy” in the same team to whom they can ask questions and receive supports.

In addition, they can express their overall satisfaction with the current situation and call for any necessary support through the Welcome Survey conducted every other week, while the accumulated survey results¹⁾ based on various analyses are provided for reference during a monthly interview with their leaders. We also provide an essay-type NAVER experience book and topic-specific onboarding letters so that new recruits can understand the company’s rather extensive and complex systems, welfare benefits, and compensation programs with ease and fun. We also set in place a corporate bulletin reserved for sharing useful information written by new hires. In this way, NAVER’s onboarding program helps newly hired understand well and quickly fit into the company, start working proactively, and confirm their future vision.

¹⁾ A check-in program in which new employees, buddies, and leaders participate together.

Leader Class Amidst the rapidly changing trends, such as remote working and the emergence of digital natives, the importance of leaders’ role in performance management has been on rise. In response, NAVER’s leadership training focuses on the roles of leaders required at any given time in addition to the basic skills for leading their team.

Leader Class, an education brand for leaders, provides the HR basics training twice a year to help them understand NAVER’s HR systems and manage risks based on the Labor Standards Act. We are also strengthening education on the prevention of abuses of authority, sexual harassment, and workplace harassment in cooperation with external organizations. In addition, we ran education programs for proper relationship team members and better performance management aimed at building leadership in the remote work environment due to the COVID-19 pandemic. Going forward, we will support new leaders with training sessions and workshops to help them quickly recognize their roles and understand each team member comprehensively.

In terms of performance management, another important role required of leaders, we run programs on goal setting at the beginning of the year, year-round performance management, and year-end comprehensive review and feedback, thereby helping leaders achieve performance and give proper feedbacks to team members on an annual basis. Meanwhile, we launched a Leader Class Portal in 2021 to offer education, guidelines and FAQs for leadership, and to make them available anytime. It also enables our leaders to communicate and collaborate with their fellow leaders in finding answers to questions, and to share useful tips, thereby empowering them to develop active and voluntary leadership.

Composition of the Leader Class



JOB-SPECIFIC TRAINING

TECHNOLOGY GROWTH TRAINING/SHARING PROGRAM

NAVER runs specialized tech training courses for our technical staff that account for more than 60% of our total employees, including front-end, iOS, Android, back-end, data engineering, AI, and machine learning. We also have common training courses in place, such as educations on in-house platform, development environment, and security, enabling individuals to select and take courses they need from a variety of fields and subjects. In addition, through knowledge/experience sharing programs such as Engineering Day, Tech talk, and Meetup, we help our employees acquire new technologies without trial and error even in a rapidly changing development environment. In 2021, we operated a total of 207 training/sharing sessions, with an average attendance of 350 students per course (73,784 unique visitors a year).

At NAVER, the value of sharing is as important as acquiring technology. We therefore operate the “Engineering Day” – an in-house technology presentation event started in 2016 to help NAVER developers grow. By having technical staff share their on-site technology application experiences and know-how, the event helps our develops use them when adopting new technologies and platforms. Any NAVER developer can attend and make a presentation at the event. In 2021, 160 cases were shared, a year-on-year increase of approximately 50%.

Also, through the Tech Meetup, those who develop the same technology gather to share various experiences, such as know-how to increase work efficiency and test results of newly introduced technologies, illustrating that NAVER’s employees grow together in a culture of sharing technology and know-how.

PLAN TO EXPAND JOB TRAININGS FOR PLANNING AND DESIGN JOB CATEGORIES

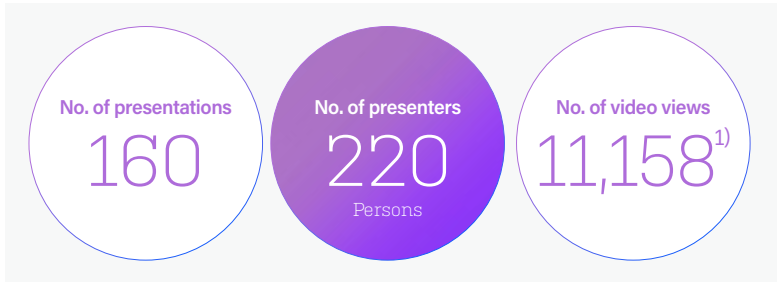
In order to supplement the trainings for Planning/ Design job positions that used to have limited training opportunities than developers, we started to offer courses to new recruits. We offered lectures and on-site trainings on data literacy, documentation, infographics, and IT development knowledge for non-majors, with a particular focus on basic job competencies for planning and designing good services, resulting in high level of satisfaction and effectiveness. Going forward, we will enhance training programs for new employees while also designing a distinctive curriculum that considers the careers of existing employees as a way to expand job trainings for staff at non-technical positions.

CASE STORY

Engineering Day – an in-house developer conference

Engineering Day is technology sharing event among NAVER developers held in April, July, and October every year. The event covers work experiences, know-how, and efforts for better collaboration in such various fields as AI and ML, front-end, back-end, data engineering, mobile, cloud, monitoring, and operational practices. On the Engineering Day 2021, a total of 160 presentations were made.

Outcomes of the 2021 Engineering Day



¹⁾ Based on unique views

Outcomes of Developer Training

Classification	2017	2018	2019	2020	2021
No. of participants	2,102	3,441	4,674	1,875	6,021 ¹⁾
No. of courses	94	101	44	75	207

¹⁾ Ran online only due to COVID-19; attended by 6,021 people with an average of 30 persons per course

SUPPORT FOR EMPLOYEES' SELF-DIRECTED GROWTH

NAVER creates an environment where anyone can freely and independently develop themselves through language education, external education, overseas training, and study groups, extending full support in terms of both type and scale.

While growth support programs have earned interest, programs related to overseas and offline work have remained flat or decreased over the past three years due to COVID-19. We expect them to rise again soon in line with the recent invigoration of non-face-to-face training/ meeting sessions as well as the increased ability of attendees to adapt to remote education.

PARTNERSHIPS WITH EXTERNAL EDUCATIONAL INSTITUTIONS

NAVER is creating an AI R&D belt for AI leadership centered around South Korea, Japan, France, and Southeast Asia. With the goal of building a global AI technology network that connects Asia, Europe, and North America, NAVER's AI R&D Belt has entered into industry-academia partnerships with Vietnam Posts and Telecommunications Institute of Technology (PTIT), Hanoi University of Science & Technology (HUST), and University of Tübingen of Germany.

As part our efforts to improve AI competency, NAVER is providing AI education to our employees in collaboration with KAIST Graduate School of AI. Beginning with three courses for 30 students over 16-week period in the spring semester of 2020, it has been expanded every semester, and in the fall semester of 2021, we ran 10 courses for 95 students over the period of 18 weeks, enhancing our professional employee training.

In May 2021, we established joint research centers in close collaboration with KAIST and Seoul National University, respectively, in order to create practical synergies through the exchange of outstanding human capital beyond knowledge growth. As an encouraging result of these efforts, 12 papers of NAVER researchers were introduced at ICLR 2022, the world's top machine learning conference, and 7 papers were selected at ICASSP 2022, the world's largest speech AI conference. For the next three years, we plan to invest tens of KRW billions in the two research centers to support their research and to improve infrastructure, thereby further advancing our employees' AI capabilities.

Operation of Self-directed Competency Development Programs

Type	Details	2017	2018	2019	2020	2021
Language programs	No. of participants (persons)	95	501	1,357	1,323	1,174
	No. of applications (cases)	431	2,317	6,815	6,750	8,390
External training	No. of participants (persons)	202	296	370	239	283
	No. of applications (cases)	255	391	455	358	474
Study programs	No. of participants (persons)	191	276	290	44	3
	No. of applications (cases)	231	320	340	47	3
Study group ¹⁾	No. of participants (persons)	899	1,053	1,196	902	947
	No. of available groups	341	409	544	1,716	1,827

¹⁾ Providing book support in the relevant jo to small study groups aimed at developing job skills

Collaboration with Educational Institutions

Educational institution	Center	Key target research	Remarks
KAIST	KAIST-NAVER Hypercreative AI Center	AI that helps anyone with good stories and creative ideas to create high-quality multimedia content	In February 2022, the research center moved into NAVER's new office building to actively communicate and conduct research in the same space
Seoul National University	SNU-NAVER Hyperscale AI Center	Joint development of a super-scale Korean language model and a super-scale AI that understands language, image, and voice at the same time	NAVER is sharing with SNU a supercomputer of 700 petaflops or more since October 2020 for the first time among Korean companies

EMPLOYEE EVALUATION AND COMPENSATION

DIRECTIONS

NAVER aims for a reasonable review and reward system that allows its employees and the company to grow together. Not only leaders but also colleagues participate in the evaluation process, and we also have established a process that can sufficiently verify the review results through the calibration session and objection deliberation process. The review results are used for compensation and the appointment of leaders so that anybody with proven ability can serve as leaders in a healthy corporate culture where members accept it with open heart.

NAVER conducts multi-angle (360-degree) reviews every year to support the growth of its employees based on substantial feedback while making sure that the difference of each business organization is reflected in the evaluation and compensation process through organization-specific review items. We encourage our employees to look back their own work performance as well as collaboration and attitude through a comprehensive review process in which all of them participate.

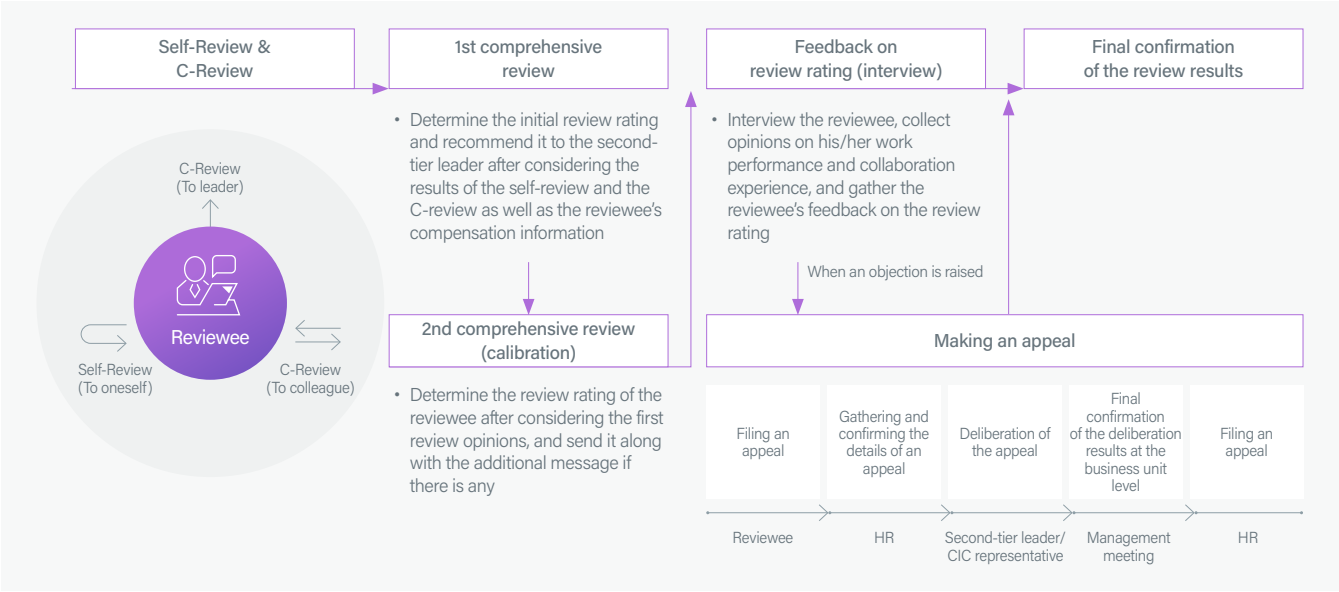
At the same time, the calibration session run by each business organization checks and coordinates whether the review of each member has been conducted in accordance with the organization's evaluation standards, thereby aligning the overall organization's standard with respect to the review rating. By preventing a particular leader's criteria from determining the whole review rating, we make a more reasonable evaluation possible.

We are also operating an objection process that allows any of our employees to request final verification of whether his/her individual review rating determined through the calibration session has been reasonably determined. Appeals are submitted directly to the HR organization by relevant employees for the review of the head of a higher-level organization and business representatives. Final decisions are made through deliberation at the company-wide management meeting. Through this process, we ensure that the review results are finalized through careful procedures while providing an opportunity for employees to express their opinions sufficiently about their work performance.

In addition to the year-end review, we provide a guide and a systematic environment where leaders can frequently give feedback on their members' work progress, competency, and career growth in order to continuously match the vision of the organization and individuals in terms of goals and performance while supporting their personal growth as well.

NAVER helps its employees feel rewarded through reviews while witnessing their personal growth. Moreover, we are building an evaluation and compensation process that helps employees grow by actively reflecting the voices of employees in the evaluation and compensation system as a way to continue making improvements in the system.

Employee Performance Evaluation Process

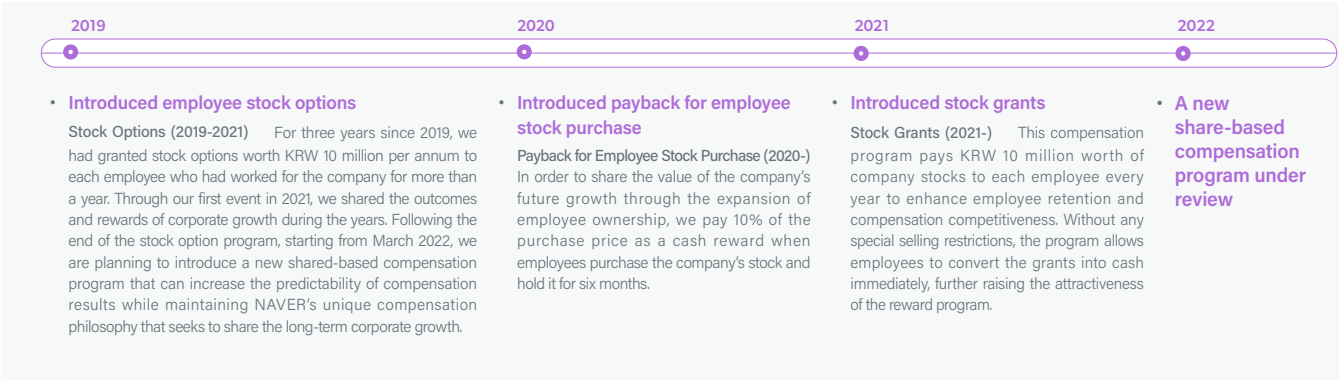


SHARE-BASED COMPENSATION PROGRAM

NAVER provides an opportunity to continue the growth of the company and its employees through the operation of various share-based compensation systems. These

programs also set directions for future growth so that its employees can view the long-term value and growth of the company from the same perspective as shareholders.

Changing Directions of NAVER's Share-based Compensation Program



HEALTHY ORGANIZATIONAL CULTURE

EMPLOYEE DIVERSITY

NAVER strives to create a flexible organizational culture unique to NAVER, where people from diverse backgrounds, including gender and nationality, come together. NAVER is taking the lead in creating an environment where people can work according to their capabilities and contribute to society based on mutual respect.

As of the end of 2021, NAVER's male-to-female ratio is 63:37¹⁾ with female leaders accounting for approximately 27% of overall leader positions as the result of a gradual increase over the years. Also, women account for 16% of the C-level senior management, including the director for CIC (Company-in-Company), an independent in-house organization. NAVER does not impose glass ceiling limitations and any other gender disadvantages. We also encourage employees to use maternity and parental leave to ensure that the opportunities for female talents are not restrained due to pregnancy and childbirth. In addition, other than wage differential by job group, there is no wage differential by gender in NAVER.

NAVER is running various programs for employees with foreign nationality to network and adapt to the organization. Good examples include “Global Lunch”, during which foreign employees meet to have lunch and networking opportunities, and we also encourage them to share information, know-how, and experiences at work and in South Korea through the NAVER Works chat room.

To expand communication and exchange between generations, the HR Team organizes annual meetings for each job and seniority (leader, senior, junior) under the

title of “Let's Meet Up Now.” Many employees participate in them and present various opinions.

Meanwhile, NAVER is actively engaged in hiring the disabled. In 2020, NAVER launched its subsidiary “NAVER Hands” as a standard workplace for the disabled, through which we figure out what tasks young people with developmental disabilities can perform and employs them for those kinds of jobs. As of the end of 2021, 16 young people with developmental disabilities are working as baristas, cashiers, and indoor gardeners at cafés and stores in the NAVER Green Factory.

In 2022, we plan to be more proactive in hiring people with disabilities and employ an additional 25 people with disabilities. Currently there are 28 visually impaired workers at N-VISIONS, a subsidiary-type standard workplace for the disabled that provides services for exhibitions, cafes and canteens, and web accessibility consulting.

The convenient store inside the Green Factory went through a renovation in collaboration with Emart 24 and changed to “Green Mart”, NAVER's in-house convenience store, in May 2020, to provide stable jobs to those with developmental disabilities. Aisles and resting area inside the convenience store have been enlarged to accommodate the needs of the staff in charge of organizing, displaying, and inventory-managing of products. NAVER plans to strengthen its internal group communities while also striving to promote diversity and inclusion in the workplace.

EMPLOYEE SATISFACTION WITH ORGANIZATIONAL CULTURE

In 2021, NAVER conducted an internal organizational culture diagnosis in cooperation with an external professional organization to create a healthier organizational culture. 72% (2,938 people) of all employees participated in the diagnosis, with 68% of them showing a positive perception of the overall organizational culture. Notably, more than half of the total responses was positive¹⁾ in the areas of “voluntary engagement” and “establishment of an execution environment” – two key factors of organizational culture.

The analysis result of NAVER's organizational culture profile based on these results shows that about half (47%) of the respondents belong to an effective group. It is a comparable level to that of global IT companies as well as more positive than that of domestic companies²⁾. Going forward, we will make continuous efforts to create a workplace where our employees can work happily while being proud of NAVER's services and user experience.

EMPLOYEE HEALTH, SAFETY, AND WELL-BEING

EMPLOYEE HEALTH AND SAFETY POLICY

NAVER creates a safe and clean work environment for its employees. To this end, we regularly inspect and manage facilities and equipment of our business sites while providing additional safety equipment and safety training to employees working in hazardous work environments. In addition, we guarantee vulnerable workers such as pregnant women and people with disabilities the support and measures necessary for effective performance. NAVER promises to promptly take measures such as appropriate compensation in the event of work-related diseases and accidents at its workplaces.

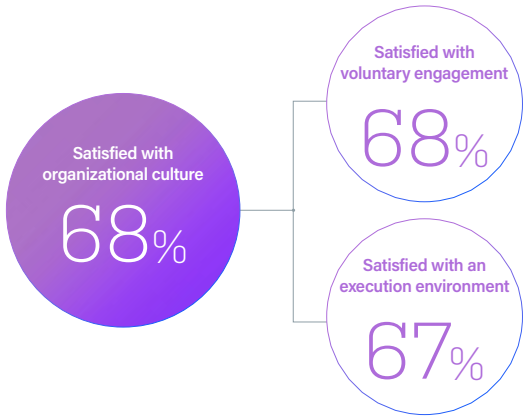
NAVER has the best workplace environment and various welfare benefits at offer to enhance its employees' work satisfaction and enable them to unlock their full potential. We implement various types of flexible working systems, such as selective working hours and reduced working hours, to achieve work-life balance, while striving to maintain a pleasant office space. In 2022, we plan to introduce a system that allows up to six months of unpaid leave after three years of service as a way of supporting our employees' self-development and growth.

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

We are implementing an emergency operating system that allows us to respond promptly to the guidelines of the central and local governments amid the COVID-19 crisis. All employees are required to telecommute, taking the rising wave of COVID-19 infections into account, as a way to ensure their work engagement, without having to worry about infection.

Family members of NAVER employees are also taken care of through a number of family-friendly programs. We allow an additional year for the maternity leave than what is stipulated by law, and 10 days of family care leaves are offered per year. We run the Mother's Lounge in the Green Factory which provides breast-feeding machines in addition to six³⁾ top-tier daycare centers with capacity of providing cares to 951 children in Seoul and Gyeonggi areas in partnership with specialized institutions. Return to work rate after parental leave has been more than 99% for three consecutive years since 2018.

Employee Satisfaction Survey on Organizational Culture



¹⁾ Positive response rate: Percentage of employees who answered 5 (strongly agree) or 4 (agree) on a 5-point scale

²⁾ Based on the diagnosis results of some 26,000 people working for 10 global software and platform companies and 20,000 people working for 60 domestic companies

³⁾ Including Pangyo Daycare Center slated to open in 2022

EMPLOYEE EMOTIONAL CARE PROGRAM

Prolonged telecommuting due to COVID-19 has aggravated the psychological fatigue of employees by cutting off face-to-face interactions with co-workers and blurring the boundaries between work and life. In response, we offered company-wide education on mental health care, while providing contents on the theme of relieving loneliness and isolation.

Firstly, we offered an opportunity for our employees to learn about corona blue and burnout from a mental health perspective and talk about ways to overcome them, thereby delivering a positive message that we can win this together and restore. Secondly, we have held a lecture concert with the concept of going on a trip with music to relieve the feeling of isolation. Our employees soothed their frustration through the African travel stories and music narrated by singer Harim at the Africa Overland concert, providing them comfort while communicating through pleasant conversations and beautiful melodies.

Going forward, NAVER will continue to discover lectures and performance content focused on mental health care or our employees, and we also plan to launch a brand aimed at running regular cultural and liberal arts programs.

NAVER conducts employee surveys on a variety of programs it is running, in order to improve its welfare benefits. Moving forward, we will continue to strive for developing diverse welfare programs, thereby creating a healthy and pleasant workplace.

Support Programs to Assist Work-Family Balance

Classification		Details
Work hour 	Selective work hours	Employees can freely work between 06:00-22:00 during weekdays without any designated core time and minimum daily work hours
	Reduced work hours	
Workspace 	Workspace with fresh air	- Wooden floor instead of carpets with the ceiling designed to minimize dust - Ideal indoor humidity under continuous management
	Pleasant meeting rooms even after intense discussion	
	Ergonomic chairs for all employees	
Healthcare 	NAVER Home Doctor offering professional medical services at the office building*	- Professional counseling and treatment are provided for employees who feel unwell during work or are in need of consulting before and after medical checkups in addition to physiotherapy for musculoskeletal or stress-oriented diseases, medical examination, and vaccinations - Exercise regimen to alleviate common pains in neck, shoulder, and spine and prevent turtle neck syndrome and hernia of intervertebral discs are provided to assist employees maintain healthy body posture - Partnership with a professional counselling center that allows employees to take care of their mental health with the support from professional counselors. Full counseling cost support up to 10 times a year and an 80% cost support thereafter
	Core fitness center for aligned body posture*	
	Psychology counselling support for mental health*	
	Medical/security consultation channel delivering professional services anywhere, anytime*	
Healthy food 	Green café that cares employees' health*	- Fresh coffee brewed by baristas, freshly-squeezed fruit juice, and oriental herbal drinks are available at a reasonable price - Bakeries and chef-made burgers cooked at the canteen are available for to go for a quick meal
	B1 Kitchen for a healthy meal*	
Daycare center 	Six daycare centers in Seoul and Gyeonggi areas*	Six top-tier daycare centers with capacity of providing cares to 951 children in Seoul and Gyeonggi areas (including Pangyo Daycare Center slated to open in June 2022)
Family care 	Accident insurance and medical examination services, top level in South Korea*	- Not only the employees themselves but their spouses, parents, parents-in-law, children, and siblings are covered by the accident insurance - Employees can receive medical examination every year and one of family members every two years - An occasion when parents and children are invited to the office and participate in fun programs, experience the company culture, and build good memories - Space and facility support for in-house weddings - A gift worth KRW 200,000 per employee twice a year for holidays
	"Open Saturday" to bring family members to work*	
	Green wedding*	
	Holiday gifts*	
Vacation support 	15-day Refresh Plus leave after two years of service	- A 15-day Refresh Plus leave after two years of service which can be used up to three times within three years thereafter - Employees can use their family care leave for childcare up to 10 days a year - Employees can use luxurious leisure facilities around the country at an affordable price
	Childcare service and special vacations*	
	Support for deluxe leisure facilities*	
Financial support 	Financial support for housing and livelihood	- Cash support (up to 10 years) corresponding with interest costs (1.5%) both for loans up to KRW 200 million for housing (purchase or lease) and credit loans up to KRW 100 million respectively - Financial support provided by the company and colleagues to help employees concerned with the necessary ceremonies - Support 10% of treasury share purchase of executives and full-time employees. If they hold the shares for at least 6 months, reward is given within the annual limit of KRW 2 million. - Grant of shares worth KRW 10 million won per year to each employee
	Support for congratulations/ condolences for employees and their families*	
	Payback for employee stock purchase	
	Stock grant	
Work engagement support 	Budget for work devices	- Employees are allowed to select devices according to their circumstances and needs to help improve their work efficiency. - Support work-related expenses including phone bills, book/content prices, parking fees - Free monthly support to allow employees to experiment with and enhance their understanding of NAVER's various services - Various types of support for language education in line with the company's growing global presence (up to KRW 2.4 million per year)
	Support for individuals' work-related expenses*	
	NAVER service voucher*	
	Global language study program*	

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

Project Flower

NAVER plays its role as the soil that nurtures the Project Flower, providing a variety of technologies and platforms. We will continue to help SMEs and creators enhance their values and achieve more sustainable growth.

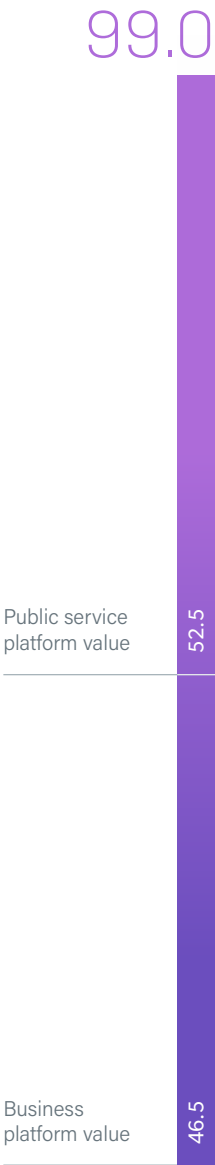
NAVER PROJECT FLOWER

The growth of individuals who create content through NAVER platforms serves as the foundation that connects a greater number of users and quality content. NAVER's developers, product managers, and designers began NAVER Project Flower to support content creators' challenges and growth, so as to solidify the foundation for the creation of a healthy virtuous cycle. Project Flower is our resolution to have individuals' capabilities and personalities flourish through what we do best – platforms and technologies.

Project Flower which comprises growth of partners, creation in the field of culture and arts, digital education of future generations, and public-interest activities, such as donations, has generated diverse social value.

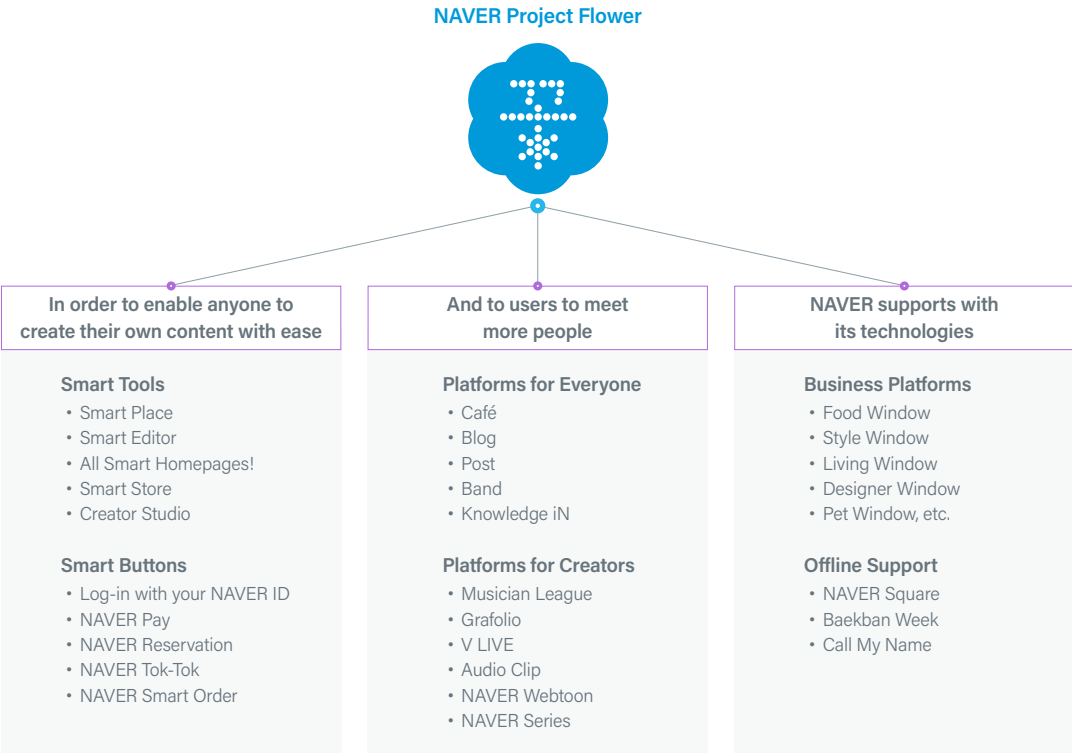
Specifically, Project Flower includes services and technology platforms to help people start and succeed in business; NAVER Square, an offline growth base for local small businesses; a systematic start-up support D-commerce program that supports the growth and success of small businesses; and various services and creative platforms that allow creators to meet fans and create new values. Established in 2017 to provide necessary funds when executing Project Flower and donations, NAVER's Fountain Fund reached KRW 376.2 billion in the accumulated amount in 2021, one of the largest in size in South Korea, contributing to the development of SMEs, creators, and social contribution.

Size of the Foundation Fund
(Unit: KRW billion)



* As of December 31, 2021

Overview of NAVER Project Flower



2021 marked the 5th anniversary of Project Flower. When launching Project Flower in 2016, NAVER announced a plan to create 10,000 online startups every year. Five years later, in 2021 we bet the target, with 490,000 online founders being active on NAVER's platforms.

For the past five years, NAVER has created a platform environment where SMEs and creators can fully express their unique individuality and strengths so that seize opportunities in their own way. In 2021, the small successes that had grown on NAVER's platforms gathered and fueled the expansion of the business ecosystem centered around SMEs and creators. Marking the 5th anniversary of Project Flower, we are fully launching education, logistics, finance, and micro-management consulting systems for SMEs so that they can build their own robust ecosystem.

PLATFORM FOR SMES' DIGITAL EXPANSION

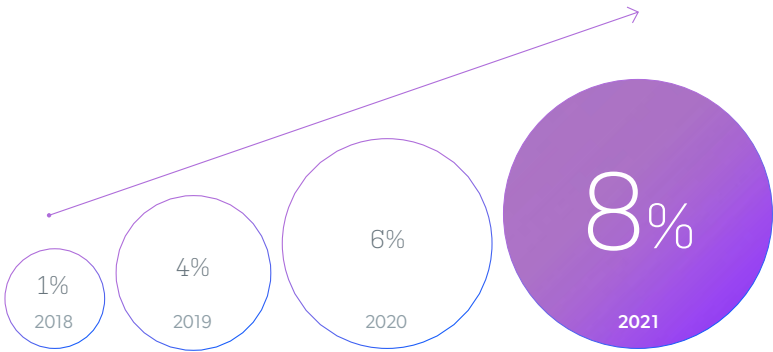
SMART STORE

NAVER operates the Smart Store, a shopping mall solution based on various tools and technologies, as a way to enable SMEs to be directly connected to users. We also help SMEs, with limited personnel and time, increase their sales effectively. Specifically, we provide "NAVER Tok-Tok" a shopping chatbot and tool that provides automatic responses to customer inquiries; "AiTEMS", a deep learning-based shopping recommendation technology that shows even small shopping mall products by identifying customer tastes; and "Biz Advisor", a data statistics and analysis tool that provides required information to merchants based on big data analysis, including store operation and marketing strategies. The Smart Store enables business operators who don't have a shopping mall or even individuals with no business experience to launch a shopping mall with ease. In case of business which has an offline store, if it opens a store online, it can enjoy benefits of product exposure and increased brand awareness.

In addition, NAVER promotes the successful online conversion and growth of offline SMEs through various "Shopping Window" such as NAVER Grocery Shopping Platform, direct delivery from producers, local specialties, furniture workshops, and handmade shoe streets, while providing them with various sales tools, services, and support programs. As a result of such efforts to expand and grow the digital business of offline SMEs, a total of 30,000 offline merchants have joined NAVER Shopping Window as active members as of the end of October 2021. NAVER's Window Series, including the Shopping Window and Food Window Local Specialty that sells meal kits from famous local restaurants, is growing explosively thanks to upgraded UI as well as connection to the NAVER Pay service.

Project Flower Programs		
Beneficiary	Support areas	Major support programs
SMEs doing business with NAVER through search ad and shopping platforms	Enhancing self-sufficiency of early-stage online startups through financial support for training, consulting, and marketing or by reducing or exempting the fee for opening a store at NAVER Shopping	• Recruitment support through a professional recruitment center for official search ad agencies
		• Free NAVER Cloud Platform services for official search ad agencies
		• SME online sales support: Offering such benefits as training, banner ad exposure, and NAVER Shopping fees to SMEs recommended by 9 regional organizations, including the Seoul Business Agency
SMEs and creators	Supporting SMEs and creators through NAVER Project Flower, including Baekban Week, Designer Window, and Call My Name	• D-Commerce Program: Supporting online businesses by growth stage from the beginning to success; and offering systematic growth support through training, fee subsidy, financial marketing resources, and consulting
		• NAVER Square: Providing various training programs to support the online marketing and growth of SMEs and creators; and offering video/audio studios and workspace free of charge
		• NAVER Business School online: Providing professional online education service designed to help on/offline SMEs and creators embrace digital transformation and expand growth
Startups	Supporting the growth of tech startups by offering workspace and development infrastructure and attracting investment	• Holding the "Designer Window Pop-up Store" event featuring offline pop-up stores to offer market support to new designers
		• Call My Name: Campaign to create webtoons and ani-toons that tell stories about the growth of young entrepreneurs to make their names known
		• Baekban Week: Program to support small regional restaurants in Gangneung, Seoul, Gyeonggi, Gwangju, etc.
		• Making equity investments in tech start-ups and helping them attract investments
		• Providing workspace and NAVER Cloud Platform services to tech startups, free of charge
		• Hosting conferences, meet-up events, etc. aimed at helping start-ups expand their market

Offline SMEs' Employment Growth Rate



Offline SMEs strengthened their competitiveness through NAVER's services, technical tools, and support programs, offsetting the decline in sales due to COVID-19 and generating even greater sales. Of the SMEs that went online through NAVER Smart Store, 75.5% of them increased their overall sales after doing business both online and offline. In the first half of 2021, their offline sales increased by 10% while online sales surged by 18% compared to the previous year. After offline SMEs ran Smart Stores in parallel, more than 90% of them experienced an inflow of new customers while their annual employment rate steadily grew, contributing to the local economy through the scale-up of SMEs. Most importantly, after offline SMEs expanded their digital business through Smart Store, their annual employment growth rate rose by 1% in 2018, 4% in 2019, 6% in 2020, and 8% in the first half of 2021, confirming the fact that even in difficult times, offline SMEs contributed to creating more jobs by using NAVER Smart Store.

SMART PLACE & SMART AROUND

NAVER's Smart Place is a free service that enables business operators to register their business on Maps search. It provides support for integrated management of store information and booking/review services through the use of NAVER smart tools, such as NAVER Booking, AI Call, Tok-Tok, and Table Order, without having to build a separate website. Through NAVER's Smart Place, business operators are provided with an opportunity to be exposed on our various services, including NAVER Smart Around (find nearby excellent restaurants/ locations that are worth visiting), Integrated search, Maps, and Navigation. Also, users can search for and find information with ease, such as that on excellent restaurants, cafes, pharmacies, and convenience stores nearby. In April 2021, the number of offline SMEs that opened Smart Place exceeded 2 million, growing more than 20 times compared to 2008, while the number of business operators who applied NAVER Order to Smart Place increased 8.6 times year-on-year.

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

Exposed to NAVER's services, offline SMEs registered in Smart Place and Smart Around are strengthening their digital connections with users. They can also expose their store information created and managed by themselves for free on NAVER searches, maps, and recommendations. Offline SMEs registered in Smart Place can promote them on the online platform without having to pay for building a separate website while using various functions such as

ordering, reservation, and smart call free of charge, saving about KRW 12.9 trillion in annual costs. Furthermore, offline SMEs are estimated to have increased their sales by 7.9% and their net income by 5.8% per year, on average, thanks to Smart Place. Those increases translate into the increase of KRW 33.2 trillion in annual sales and KRW 3.4 trillion in net income. When both cost savings and additional sales are considered, Smart Place creates economic value worth a total of KRW 46.1 trillion annually. We expect more SMEs to overcome the limitations of online access and meet a variety of consumers in order to experience digital growth through Smart Place.

SHOPPING LIVE

An open live commerce platform, NAVER Shopping Live significantly lowers the barrier to entry into the live commerce market, which was dominated by big brands, so that even SMEs can air Shopping Live videos by simply using a smartphone, which enables SMEs to plan Shopping Live by their own, promote themselves, and facilitates sales with ease. In addition, they can use various functions of Shopping Live after receiving free Shopping Live education through Business School and free studio rental from NAVER Square. With many SMEs' success cases are increasing as well, especially in the fields of fashion, daily necessities, and food. A research team led by Professor Kim Ji-young of Sungkyunkwan University analyzed the effects of SMEs using Shopping Live and found that the effect of increasing sales and acquiring customers through Shopping Live was greater among small stores. SMEs broadcast on Shopping Live are estimated to see their sales and customer growth rates soaring approximately three times as high as those of non-SMEs.

Economic Ripple Effect of Smart Place on Offline SMEs

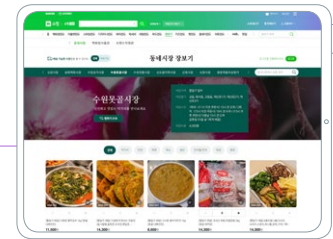


D-Place Report

CASE STORY

NAVER Grocery Shopping Platform

Launched in January 2019, "NAVER Grocery Shopping Platform" is a service that delivers fresh food ingredients, side dishes, and snacks to users' doorsteps from traditional offline markets on the day of the order. In partnership with startups and local delivery companies, we supported the digital transformation of traditional markets to promote and distribute local foods in traditional markets for a larger number of consumers. As of November 2021, a total of 146 traditional markets have joined the platform, with their transaction amount in the first half of 2021 rising by 1,500% compared to the previous year. NAVER will become a ladder of growth for neighborhood markets forced to change due to COVID-19 to go online and gain unique competitiveness as local brands.



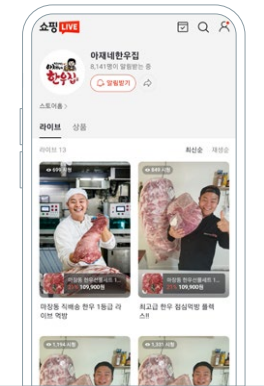
Shopping Live for Food Window



I joined Shopping Live as soon as it was launched on the back of my trust in NAVER that had been built over six years while using NAVER Food Window. All functions of NAVER Shopping are based on the themes of "helping merchants facilitate sales" and "the faster you use it, the better". The deboning of meat for 30 minutes followed by meokbang (eating-broadcast) for another 30 minutes, attracted 30,000 people which was quite surprise. I made about a day's sales during that one hour. I won 1st place several times in NAVER Shopping's Korean beef section and was inducted in the Food Window Hall of Fame because, I think, I tried something new faster than anyone else. I want my shop to become an "online butcher shop" that is always open to customers through Shopping Live.

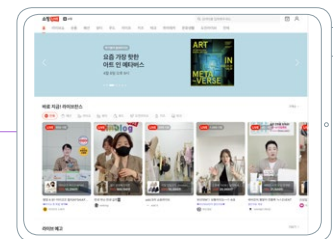


(Interview with Cho Jun-hee, CEO of Hanwooman at Majang-dong Livestock Market)



NAVER FINANCIAL, a Financial Ladder for SMEs and Thin Filers

NAVER Financial offers credit loan products for NAVER Smart Store merchants by using an alternative credit scoring system (ACSS) that utilizes non-financial data so that online SMEs in the financial blind spot can receive stable financing and focus on their business growth without having to worry about funds. The Smart Store Business Loan is designed for online SMEs who have difficulties getting bank loans due to lack of offline stores and other real estate to provide as collateral, low sales, or short business history. In December 2020, in partnership with Mirae Asset Capital, we started to provide the first online business-only credit loan product using the ACSS. In July 2021, we secured a lineup of credit loans by forming a partnership with Woori Bank, a first-tier bank. In December 2021, the accumulated loan amount exceeded KRW 130 billion, with the average loan amount of KRW 25.8 million and the average interest rate of 5.6% per annum. The combined loan approval rate is over 50% while 24.3% of borrowers are early-stage businesses with less than a year of Smart Store experience. In particular, 58.5% of the business operators received loans on more favorable conditions because their credit ratings were raised through the ACSS. 16.7% of them was approved despite their unfavorable conditions, contributing to increasing financial inclusion. According to the NAVER TechFin report, Smart Store merchants who received the Smart Store Business Loan increased their transaction amount by 97.9% and the number of products sold by 261.1%, compared to those who had not received the loan.



COVID-19 SPECIAL

Live commerce to support small business owners

In line with the growing trend of contactless consumption due to COVID-19, NAVER has introduced the "Live Commerce" tool to the NAVER Smart Store to promote products sold offline in real time. In particular, NAVER has conducted Live Commerce in cooperation with the Ministry of SMEs and Startups and the Shared Growth Committee to help SMEs and small business owners find sales channels. We enabled small business owners to promote their products in Live Commerce at the "Korea Accompanying Sale" held in June and July 2021 and the Christmas Market event in December while helping SMEs to proceed with the entire process of marketing their processed rice products on Live Commerce effectively.

D-COMMERCE PROGRAM

The D-commerce program provides education, consulting, and various funding support for online startup growth of SMEs by reflecting their business needs based on data. The program aims to accelerate the success of SMEs and its fountain effects by providing programs tailored to the growth stages. It also provides opportunities, including D-Commerce Day, for SMEs to share their business success stories and know-how in each region. Following its launch in May 2018, D-Commerce supported a total of 630,000 SMEs directly through its various programs such as fee support, consulting, and online/offline training as of the end of 2021.

In particular, the D-Commerce Program supports businesses in the early stage of growth to secure business stability with the “Start-Zero Fees” service which does not charge a net payment gateway fee of up to KRW 5 million per month for one year and a sales-linked fee for six months, while operating a “growth point” system that supports marketing expenses for growth-stage businesses with a monthly transaction value of KRW 2 million or more.

Growth points can be used as Biz Money for NAVER search advertisements or paid as points to customers who use Smart Store, so they are being actively used as a marketing tool for small businesses. Furthermore, this program helps businesses in the business expansion stage to secure cash liquidity by shortening the settlement period courtesy of the “Quick Escrow” service.

As we did in 2020, we fully subsidized small business owners in the area of the NAVER Pay reservation management fee in 2021 as part of the Project Flower “Start All-in-One” program. Until the first half of 2021, we exempted the NAVER Pay reservation management fee caused by NAVER Order and store visits while paying the full amount to new NAVER-based operators by NAVER Pay in the second half of the year. Until the end of 2021, we supported NAVER Pay fees for a total of 50,000 SMEs while helping local SMEs struggling in the aftermath of COVID-19 to build a digital-based business environment.



D-commerce Report

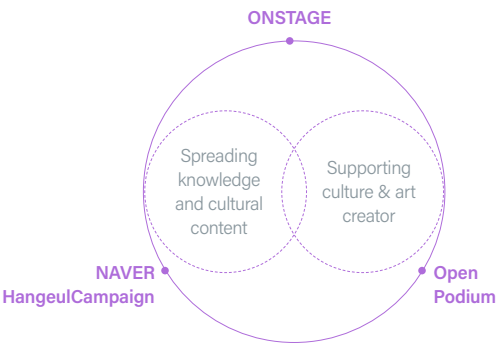
Performance of the D-Commerce Program



*Accumulated figures as of the end of December 2021 since its launch in June 2018

NAVER CULTURE FOUNDATION

Established in 2010, the NAVER Culture Foundation is a non-profit, public interest organization whose main purpose is to support the creators of cultural and artistic contents and to disseminate knowledge and cultural contents. The foundation aims to discover creators and knowledge/ cultural contents that possess high social and cultural significance and value but which are relatively unknown, lead them to users’ diverse cultural experiences, and pass on such works to future generations through digital records. The foundation runs ON STAGE, South Korea's unrivaled underground music channel and K-Music support project; a lecture project called Open Town Hall Meeting that brings together leading scholars and the public; and the NAVER Hangul Campaign, which aims to promote the universal value and significance of Hangeul, the Korean alphabet.

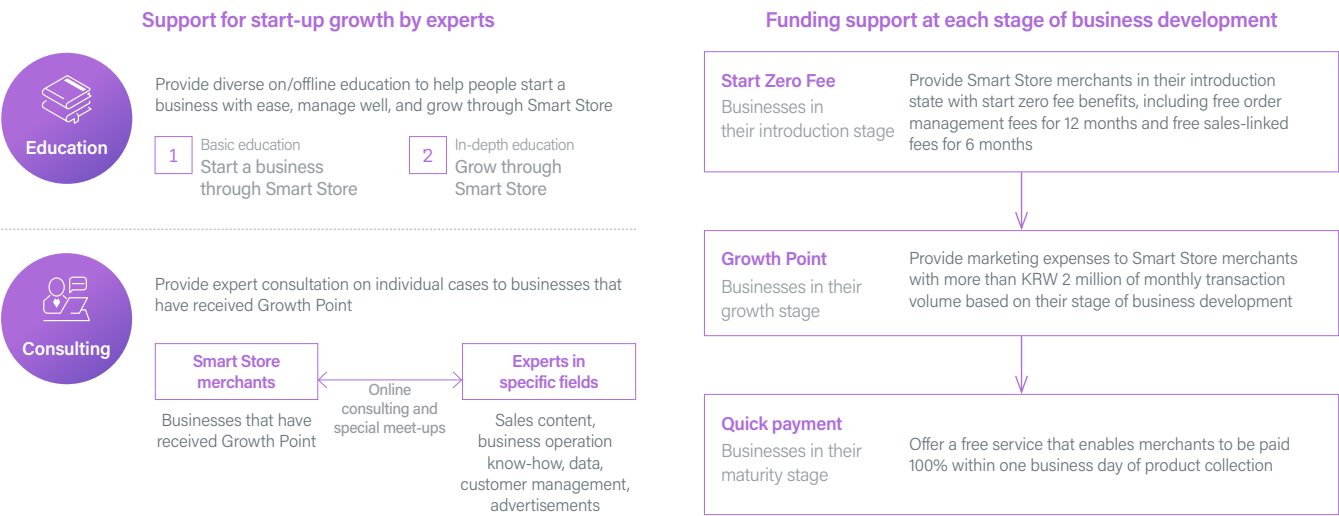


ON STAGE

Launched as a K-music support program in 2010, ON STAGE is a unique underground music channel of South Korea that introduces hidden music and musicians through high-quality live videos every week and helps musicians to grow. In order for the public to enjoy underground music to the full, it provides vertical videos and live performances, etc., as well as expert recommendations, through various channels such as NAVER VIBE, NOW, and NAVER-sponsored Live.

In 2021, we arranged an opportunity for fans of underground music to gather together through a special project that selects musicians together with users. Under this project, some 5,700 people recommended 676 teams of indie musicians through the official ON STAGE cafe over a month, amidst the continuing interest and attention proven by 2,600 posts, 80,000 likes, 270,000 views, and 21,000 comments. The NOW Special Live presented by four selected teams was joined by 36,000 viewers. This special project presented a valuable opportunity for indie music fans to share their tastes and knowledge by providing an opportunity for more underground musicians and users than ever before to meet one another.

Support Provided by D-Commerce Program



Online and offline performances, which had been suspended due to the COVID-19 crisis, resumed for the first time in two years. The offline performance held as a joint project with D Museum ahead of the expansion of the Seoul Forest was well received by a total of 58,000 users through the NOW online live broadcast. In addition, ON STAGE has been working hard to help indie musicians continue their creative work by establishing a sustainable online performance model. The first performance was jointly planned by two concert halls in Hongdae, the symbol of Seoul's indie scene, and six teams of musicians, as well as ON STAGE which supported the overall production and returned all the proceeds from ticket sales to the musicians. ON STAGE plans to continue experimenting with various models while exploring the possibility of becoming an expansion channel rather than an offline substitute.

OPEN TOWN HALL MEETING

Launched in 2014, Open Town Hall Meeting is a culture and science lecture project led by scholars who represent South Korea's intellectual elite. Attracting attention as a venue for intellectual discourse that broadly examines a wide range of life issues pertaining to our society, the town hall meeting raises cultural issues facing Korean society with different lecture topics every year, ranging from classics to paradigms, ethics, modernity, life wisdom, and traditional cultural classics.

In 2021, as part of the Season 8 lecture series entitled "Liberal Arts 20", the meeting chose 20 basic liberal arts books from the East and the West, including works by Plato, Kant, Confucius (Analects), and Mencius, which serve as the backbone of ethical life, and held an in-depth discussion with the aim of helping future generations build up their cultural knowledge. In addition, with the start of season 8, we completed the reorganization of UXUI, further improving convenience and accessibility based on users' changing usage patterns. By improving the usability of mobile devices and videos while adding search and curation areas, we have created an opportunity for users to access, more easily and intuitively, around 2,100 lecture contents on a wide variety of topics accumulated over the past eight years. Since the reorganization, the Open Town Hall Meeting has made a significant contribution to providing in-depth humanities content to even more interested users and to spreading the knowledge culture, as well as stimulating a visible increase in the number of mobile users and video subscribers.

NAVER HANGEUL CAMPAIGN

Launched in 2008 to promote the universal value and preciousness of Hangeul, NAVER's Hangeul Campaign conducts various Hangeul-related activities every year, including the free distribution of the Nanum font series. In 2018, we launched the Maru Project with the aim of setting a new direction for Hangeul in the digital era. On Hangeul Day in 2021, we released five types of Buri font, a screen text font optimized for digital screens and the first font to be created with users in the industry. Moving away from the traditional production method of distributing finished fonts, we gathered user feedback and incorporated it into the final version through our 2020 pre-release version. Over a period of years, some 60,000 people joined us in the task of completing a font family composed of 5,633 characters.

Starting with the designation of the official font for Typojanchi 2021, we shared the process and meaning of Buri font production through archiving exhibitions and a special talk concert held on Hangeul Day, while promoting the Buri font not only to users but also to academics and experts via the publication of short theses by the Korea Society of Basic Design & Art and advancing to the finals of the K-Design Awards. Many users are already using the Buri font through major services such as NAVER App, Smart Editor ONE, NAVER Mail, Series App Noble Viewer, and NAVER Works, as they appreciate its legibility and aesthetics in long texts and emotional texts in particular. In the near future, the choice of Buri fonts available on digital screens will be expanded to help users communicate their intentions and messages in more diverse ways.



Hangeul Campaign

Performance of ON STAGE

Classification	No. of teams supported	No. of video contents produced	No. of videos played
2021	58	185	48 million
Accumulated	1,071	2,658	380 million

* As of December 31, 2021

Performance of Open Town Hall Meeting

Open Town Hall Meeting	No. of contents produced	No. of lecture panelists	No. of users	No. of videos played
2021	209	82	0.6 million	0.34 million
Accumulated	2,141	762	5.42 million	4.97 million

*As of December 31, 2021

DIGITAL LITERACY

NAVER CONNECT FOUNDATION

Established in 2011, the NAVER Connect Foundation is a non-profit, public interest foundation whose main purpose is to support the creators of cultural and artistic contents and to disseminate knowledge and cultural contents. It seeks to lead educational innovation by pursuing the democratization of education in which everyone has the same opportunity to receive high-quality education, and by providing new educational models and platforms. It also offers software education to students of all levels, including computer software majors, and nurtures talents required by business, thereby helping individuals with their continued development through lifelong education.

In particular, as AI technology rapidly becomes a part of our everyday life, it has become essential for future generations to develop their digital literacy in order to be able to exploit AI and data. In South Korea, software education has been mandatory since 2019, and all elementary school students are now receiving software education through Entry, NAVER's online education platform. As well as focusing on the stable operation and advanced mobile functions of Entry, which now has 1 million active monthly users, we are making efforts to improve and differentiate those services which embody Entry's philosophy and to offer high-quality contents.

Since 2014, even before software education became mandatory, the NAVER Connect Foundation has been running the "Let's Play Software" campaign to raise public awareness of the importance of software education and to spread software education across society. Season 1 of Let's Play Software focused on educating students, nurturing instructors, and developing teaching materials, while contributing to improving people's understanding of software education and expanding the foundation of elementary/secondary software education. In the second half of 2019, we launched Season 2 with the aim of strengthening the future AI and data capabilities of elementary and middle school students, enhancing our AI technology and promoting the use of data. Furthermore, since 2020, we have provided textbook guides and worksheets for students in order to enable teachers and parents to understand and practice the concepts of AI and data along with their children, as part of our efforts to empower everyone to understand AI technology and increase their AI and data utilization capabilities. In "Let's Play Software@Sejong," which was conducted as a regional cooperation project with Sejong City in 2021, we helped 280 elementary and middle school students to create software programs and solve social problems based on data analysis and utilization. Going forward, we plan to expand not only our own educational programs but also collaboration with institutions/local governments in a bid to spread our unique online and offline software education tailored to the local community.

In 2021, the Junior NAVER business was transferred from NAVER to the NAVER Connect Foundation to allow the latter to start providing safe and useful content for infants and toddlers. In September 2021, we launched "Junior NAVER School", a play-learning app that helps children aged 4-7 years old improve their basic mathematics skills and logical thinking. The app is designed to empower children who will live with artificial intelligence and software to develop the power to think and grow on their own through fun play. Having started with 100 educational contents, we add new contents every month to keep pace with children's learning speed. In 2022, Junior NAVER aims to contribute to bridging the education gap that begins with young children by providing education to vulnerable members of society, such as children from low-income families in rural areas.

The NAVER Connect Foundation also operates various intensive programs designed to enable adults to learn about core technologies and acquire advanced knowledge in the IT field. Notably, we are increasing their effectiveness by aiming for a consumer-oriented style of education that can equip people with practical skills in technology areas that are in high demand among major companies, such as AI, data science, UI, and digital marketing. The NAVER Connect Foundation is creating a better world by providing education programs that enable anyone to acquire knowledge for the future and understand the latest technology anytime, anywhere, and without any financial constraints, by utilizing the company's advanced technology and infrastructure.

Major Programs of NAVER Connect Foundation

Target	Program	Description	Cumulative number of beneficiaries
Thinking skills education for young children	Junior NAVER	- Enables users to learn and experience the basic knowledge needed to understand AI and software - Provides contents and interactive problem-solving sessions customized to children at their age - Provides safe and beneficial contents to infants and toddlers	Monthly active users: 850,000
Software education for elementary, middle, high school students, and teachers	Let's Play Software	- Provides diverse education for easy learning of the basic concepts of AI and data - Provides videos with different levels of difficulty, and teaching materials and content on diverse subjects so that anyone can easily and conveniently learn and teach software	Season 1 (2014-First half of 2018) - Provided education to 18,000 students (regional camp, in partnership with college students volunteer groups) - Nurtured 2,600 instructors (teachers, undergraduate volunteer groups consisting of future teachers, general instructors (women looking to reenter the workforce)) - Developed 25 textbooks and teaching materials Season 2 (Second half of 2019 and onwards) - Produced content and established a platform to build an AI & data education environment - Strived to establish an environment that enables online AI & data learning due to COVID-19 - Provided 10 of Hello AI World, which is a learning video that helps learners understand the basic concepts of AI technology and data - Provided AI & data training programs for teachers - Provided AI & data learning materials for parents and teachers - Provided open course ware for online AI & data education of students - Upgraded functions so that learners can try using AI & data through Entry, a software education platform - Number of benefitted teachers: 13,800 - Number of benefitted students: 10,000
	entry	- Online platform for software education - Provides various tools for learning, creation, sharing, and collaboration	- Monthly active users: 1 million - Subscribed members: 2.49 million - No. of works: 15.4 million
Education that helps people build career capabilities and grow in the IT field	Boost Course	- Education program that enables focused learning of key technologies and knowledge, leading to improvements in career capabilities and skills - Launched online courses to provide courses on the development of digital solutions for iOS, Android and the web, as well as digital marketing	- No. of persons who completed the course: 8,900 - No. of persons who took classes: 360 thousand
	Boost Camp	Training program aimed at fostering outstanding IT talent - it develops experiences and skills needed for developers by providing a highly-intensive self-directed learning experience for around six months	No. of persons who completed the program: 1,043
An environment where everyone has equal access to educational opportunities	edwith	- Operated as a massive open online course (MOOC) service - Provides classes on basic concepts of software coding as well as web/mobile development and AI - Provides classes of colleges specializing in science and technology as well as software-centered colleges in South Korea and overseas	- Daily active users: 7,000 - Monthly active users: 120 thousand - Subscribers: 1.4 million
	KHAN Academy	- Online education service that enables anyone to access world-leading education, free of charge, no matter where they are. NAVER Connect Foundation became the fifth official partner (first in Asia) of KHAN Academy in 2016, and is providing courses - Provides learning management systems (LMS), video lectures, practice problems, etc., thus enabling complete learning	- Subscribers: 650 thousand - Monthly active users: 150 thousand

*As of December, 2021

GIVING

HAPPYBEAN

Happybean is NAVER's online platform that serves various public interest projects aimed at building a better society. It started as a donation portal in July 2005 and has expanded its services for users and public interest parties to include Funding, Happybean Empathy Store, Shall We Go, and Good Action Campaign. Through NAVER's technology platform that realizes the value of connection, we are carrying out our unique, specialized social contribution activities for people who are with us.

DONATIONS

The donation service offered by NAVER, Happybean's first public interest service, is designed to allow joyful changes to be made with just one click. Based on various donation targets and themes, it has now grown into a space where approximately 3,300 public interest groups meet 1 million netizen donors annually. In 2019, its accumulated donations exceeded KRW 100 billion. In 2021, it raised KRW 25.1 billion in donations with the participation of approximately 1.82 million donors.

The service enables public interest organizations with relatively limited financial resources and PR capabilities to interact with donors with fewer resources and effort. The service also contributes to enhancing the credibility of donation activities by continuing to improve the "Happylog" platform, where people can find information on public interest organizations at a glance. It is leading the way in building a donation culture in which people can participate in a fun way in their daily lives through a wide range of promotions, such as Donation Bean, which provides users with donation items when they use NAVER services free of charge, and Double Donations, whereby NAVER and other sponsor companies match the donations made by netizens. Furthermore, the service has adopted an installment savings system to promote regular donation beyond temporary sharing, as well as recommending public interest groups that fit the direction of corporate social contribution activities, managing fund distribution, and providing professional social contribution consulting.

FUNDING

Through its Funding service, Happybean introduces meaningful products created by public interest organizations, creators and social ventures that are striving to solve social problems. In addition to providing them with a channel to promote their products, in 2021 Happybean offered them platform services free of charge and waived their processing fees while supporting delivery costs for new social enterprises. "Happybean Funding" was launched in 2015 to raise social interest in projects promoted by SMEs and creators pursuing social values. As a result of collaboration with various companies and organizations, its accumulated amount of support funds stood at KRW 3.8 billion as of the end of 2021, with a running total of 63,000 participants.

Key Milestones of Happybean



Accumulated number of Happybean Beneficiaries

Children and youth	Seniors	People with disabilities	Multicultural	Global community	Families & Women	Civil society	Animals	Environment	Others
580,000 persons	360,000 persons	83,000 persons	35,000 persons	1.23 million persons	110,000 persons	98,000 times	36,000 units	14,000 times	170,000 persons

*As of 2021 year-end since the beginning of data collection in 2018

HAPPYBEAN EMPATHY STORE

We help those who participated in the Funding continue to interact with users after the Funding has ended through the Happybean Empathy Store by supporting their promotion activities and helping them build their brand pages on NAVER Smart Store. There are around 170 Happybean Empathy Stores that comprise various products, including fashion accessories, food, daily life/ detergents, and travel/culture, through which we are realizing fair trade, eco-friendliness, and creation of jobs.

SHALL WE GO

Happybean, which evolved from donations to the Funding service and the Happybean Empathy Store project, launched "Shall We Go" in March 2019 in order to connect online users with offline community service projects. Shall We Go uses NAVER's reservation service to enable users to take part in volunteering activities and other community service projects hosted by social enterprises or cooperatives. As of the end of 2021, the number of public interest organizations and social ventures involved in Shall We Go stood at 161.

GOOD ACTION

Good Action is a campaign that informs the company's social contribution activities in an interactive way by opening a page where users can participate in various ways such as donations, cheering clicks, and comments. By posting engagement actions suitable for corporate fundraising activities on the campaign page and paying the users' participation in donation beans, Good Action actually expands the scope of donation to learning about the campaign itself.



Employee Social Contribution Activities

The wildfires that broke out in Gangwon-do and Gyeongsangbuk-do in early 2022 caused enormous damage to the east coast region. NAVER donated a total of KRW 600 million in wildfire damage recovery funds from the proceeds of the in-house used book market and the product sales of the NAVER office building cafes and stores. The funds raised by NAVER employees will be donated to the Hope Bridge association of National Disaster Relief, Habitat Korea, and World Vision to be used for fire relief, housing reconstruction, and support for the children affected by the fire.

COVID-19 SPECIAL

COVID-19 Funding

The COVID-19 Fundraising Box for the socially vulnerable raised about KRW 240 million in donations in 2021



Donations of
KRW 240 million

Support for online learning and quarantine for elementary and secondary schools

NAVER supported the audio content "Listening Textbook" to be uploaded to the "e-Learning Center" platform, an integrated online learning solution for elementary and middle schools, in seventeen cities and provinces. The audio content not only supports the learning of ordinary elementary and middle school students through its own learning effect, but also guarantees the right to learn for underprivileged students who have to learn in a variety of living environments. In addition, we have helped the local community to respond to COVID-19 by providing quarantine and cleaning costs as well as air purifier rental fees for Neulpurun Elementary School and Neulpurun Middle School located nearby.



Partner's ESG Management and Win-win Growth

It is NAVER's business philosophy and promise to conduct fair and reasonable transactions with its partners and to guarantee win-win growth with all its stakeholders both inside and outside the NAVER platform.

FAIR TRADE AND PARTNER SUSTAINABILITY

For NAVER, our partners are one of the most important stakeholder groups in enabling us to conduct our business in a healthy way. We therefore do our best to trade fairly and grow together with all our partners, including small IT companies.

To practice reasonable and fair trade with our partners, we use an electronic purchasing system for the entire process of all transactions, and have adopted and observe the "4 Code of Conducts to Comply with the Subcontract-related Laws and Regulations" enacted by the Korea Fair Trade Commission, thereby preventing any acts of corruption that could arise with our business partners.

We also make in-house notices for fair trade-related purchasing managers (monthly) and all executives and employees (semiannually) while providing irregular training for other business partners' contact departments. Furthermore, we continue to make improvements by operating channels to listen to partner opinions and to enable them to report.

In addition to our agreement on practicing ethics, which stipulates the code of ethical practice for transparent and fair transactions with partners, we have introduced a sustainable management practice agreement to enhance our partners' sustainability and began to include it in our purchase contracts as an annex to starting from October 2020. Given that NAVER has many small-scale, one-time or temporary partners due to the nature of its business, in the first phase we plan to clarify our main principles about human rights, safety, environment, and ethics upon executing contracts with them, while expanding our joint efforts with them to make improvements therein.

Going forward, we will build a more advanced system for our partners with long-term and continuous contractual relationships through the introduction of self-checklists and risk assessments, among other initiatives. To this end, we will start by defining our key partners and identify their major ESG risks in 2022.

Key areas in our agreement with partners to practice sustainable management



	Unit	2018	2019	2020	2021
No. of newly registered partners	Companies	565	470	1,546	1,780
No. of partners signed a fair trade agreement	Companies	146	146	151	159

GROWING WITH PARTNERS

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

To offer management support, we provided consulting to 10 business partners in 2021, and formed a win-win growth fund worth KRW 17.2 billion and provided loans at an interest rate lower than market interest rate. In addition, we supported our SME partners so that they can make inroads into overseas markets, which helped 17 of our SME partners to increase their sales by KRW 44.2 billion in 2021. With regard to educational support, we offer on/offline training courses to the employees of our business partners. We also offer health checkup programs and support family events such as funerals to help our partners take better care of their employees and their family members.

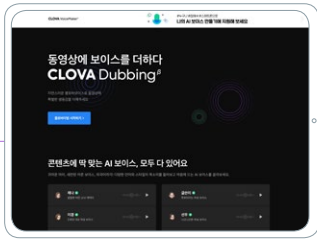
Our proactive efforts for win-win relationships with our business partners have received outside recognition as well. NAVER was chosen as a Best Honorary Company at the Win-Win Index Evaluation by receiving a “Best” rating for five consecutive years since 2016. In particular, in the evaluation of the 2020 shared growth index, we were recognized for our technical efforts to support the growth of our partners and SMEs and to stabilize the local community during the COVID-19 pandemic.

In addition, NAVER was chosen by the Fair Trade Commission and the National Commission for Corporate Partnership as a model case of fair trade agreement implementation and an outstanding case of win-win growth. We also received the Presidential Award in the “Voluntary Win-win Cooperation (Group)” category at the ceremony commemorating the Week for Shared Growth co-sponsored by the Ministry of SMEs and Startups and the National Commission for Corporate Partnership in 2019. NAVER will continue doing its best to develop a positive win-win culture in which various partners and SMEs can grow together.

CASE STORY

Best Practice for Win-win Growth with Partners (Reported by NCCP)

NAVER received the highest rating in the Win-Win Index Evaluation for five consecutive years since 2016. In particular, the National Commission for Corporate Partnership (NCCP) highly evaluated NAVER's active efforts to provide IT technology services to the government as well as to members of society who are struggling with the COVID-19 crisis. Good example includes NAVER's support of the CLOVA Dubbing service, free of charge. NAVER expanded the free provision of CLOVA Dubbing, a video dubbing service without voice recording, to schools, institutions, and businesses suffering from the COVID-19 situation, with the number of applications for the free service reaching 56,000. NCCP positively evaluated the fact that NAVER's efforts have ramped up the production efficiency and stability of SMEs and institutions that needed non-face-to-face informational content production amid the prolonged COVID-19 crisis.



Efforts to Establish the Fair Trade Order		
Classification		Details
Operation of an electronic purchasing system		NAVER selects its business partners through a bidding process in order to prevent verbal orders/unfair contract cancellations, and operates an electronic purchasing system for the entire process ranging from bidding to signing contracts and making payments with the goal of ensuring transparency and fairness.
Compliance with the 4 Code of Conducts		NAVER has adopted and observes the “4 Code of Conducts to Comply with Subcontract-related Laws and Regulations” enacted by the Korea Fair Trade Commission in order to establish reasonable and fair subcontract transaction practices (signing of contracts, selection and management of partners, internal deliberation committee, issuance of documents and their preservation).
Operation of channels to listen to partners’ opinions		NAVER operates the Voice of Partners (VoP) system through which it conducts surveys among partners and bidders to listen to their opinions.
		NAVER operates partner programs and the Partners Line, which is a channel for requesting/suggesting win-win cooperation.
		NAVER operates a dispute mediation channel through which our partners can apply to resolve a problem related to a purchasing contract.
		NAVER operates the Corporate Ethics Consultation Center as a report and counseling channel.
Partner Win-win Growth Activities		
Beneficiary	Support details	Key programs
Suppliers	Providing management, education and welfare support to enhance the self-sufficiency of relatively small suppliers	100% cash payment within 10 business days from the date of issuance of the invoice (6.6 days including holidays as of 2021)
		Payment of transportation expenses and a participation fee for bidding participants
		Free online consulting on such issues as labor, laws, and taxation
		Forming a win-win growth fund worth KRW 17.2 billion and providing loans at a lower interest rate (KRW 11.5 billion provided to 37 companies as of December 2021)
		Offering professional management consulting service on ESG innovation for companies with which we have signed a fair tradeagreement for their productivity innovation
		Helping Korean SMEs to make inroads into overseas market by introducing them to overseas service providers and assisting with making direct contract with overseas subsidiaries
		Participating in purchasing consultations to help small-to medium-sized partners develop their domestic markets, and signing agreements with local governments and public institutions to offer online support to local SMEs
		Participating in the private-government joint technology development program organized by the Ministry of SMEs and Startups (providing support to cover small-to medium-sized partners’ technology development expenses)
		Providing surety insurance fee support to companies with which we have signed a fair trade agreement
		Providing tech safe fee support to companies with which we have signed a fair trade agreement
	Management support	Helping partner companies run an online recruitment center and participate in job fairs
		Providing non-face-to-face collaboration solutions to partners at discounted prices to help them establish a remote work environment
	Education support	Offering monthly offline training and regular online courses, including statutory mandatory education, to employees of our business partners
		Providing education programs necessary for management on a digital platform through NAVER Business School for SMEs
	Welfare support	Providing welfare programs, such as health checkup, flu vaccine, and stationery at the same unit price as that applied to NAVER employees
		Providing articles for funerals
		Supporting meal expenses for partner employees permanently stationed at our business sites

APPENDIX

- 123 Financial Performance Indices
- 132 Subsidiaries
- 133 ESG Performance Indices
- 139 GRI Index
- 142 Awards & Accolades
- 143 Third Party's Assurance Statement
- 145 GHG Verification Statement
- 146 UN SDGs



FINANCIAL PERFORMANCE INDICES

STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021, 2020, and 2019

(in Korean won)

	December 31, 2021	December 31, 2020	December 31, 2019
Assets			
Current assets	5,527,878,425,552	10,544,659,200,319	5,643,714,459,664
Cash and cash equivalents	2,781,395,543,827	1,600,304,349,922	3,740,513,761,418
Short-term financial instruments	673,555,739,311	291,292,142,737	289,910,618,872
Financial assets at fair value - profit or loss	461,932,777,511	922,939,095,062	12,920,430,454
Trade and other receivables	1,454,660,666,688	986,826,023,076	1,211,072,909,858
Financial assets at fair value - other comprehensive income	24,254,505,540		63,916,531,256
Inventories	6,139,904,767	4,344,942,323	55,114,731,809
Current tax asset	1,643,037,279	996,472,888	12,717,980,739
Other current assets	124,296,250,629	77,702,716,446	257,547,495,258
Assets held for sale	0	6,660,253,457,865	
Non-current assets	28,163,128,331,488	6,469,579,463,451	6,655,812,661,122
Property and equipment	2,111,261,659,613	1,684,563,340,866	1,596,271,317,726
Right-of-use assets	290,462,942,745	129,537,198,819	697,351,304,664
Intangible assets	932,152,347,274	105,136,186,861	341,442,833,327
Long-term financial instruments	14,255,722,000	14,255,722,000	24,034,591,006
Financial assets at fair value - profit or loss	2,407,725,020,317	1,801,384,240,769	1,229,097,428,653
Trade and other receivables	46,387,217,185	28,578,223,832	124,821,356,161
Financial assets at fair value - other comprehensive income	2,099,232,986,626	1,330,951,990,243	675,602,433,315
Investments in associates and joint ventures	20,090,304,016,842	1,199,425,686,734	1,558,268,184,714
Deferred tax assets	98,430,685,422	108,572,845,624	381,279,417,985
Other non-current assets	72,915,733,464	67,174,027,703	27,643,793,571
Total assets	33,691,006,757,040	17,014,238,663,770	12,299,527,120,786

As of December 31, 2021, 2020, and 2019

(in Korean won)

	December 31, 2021	December 31, 2020	December 31, 2019
Liabilities			
Current liabilities	3,923,319,146,652	7,911,751,492,331	3,773,118,830,740
Trade and other payables	992,675,127,701	689,280,186,019	1,211,070,361,564
Financial liabilities at fair value - profit or loss		17,137,640,886	649,038,368
Short-term borrowings	461,321,818,464	576,223,326,575	559,584,776,483
Current tax payables	515,246,293,598	384,340,634,677	313,781,745,056
Provisions	6,657,331,759	31,708,383,889	3,822,401,193
Current lease liabilities	105,615,989,665	53,345,709,463	168,937,301,210
Other current liabilities	1,841,802,585,465	1,484,474,330,127	1,515,273,206,866
Liabilities held for sale		4,675,241,280,695	
Non-current liabilities	5,740,311,261,113	847,355,136,226	2,022,482,221,466
Trade and other payables	118,079,924,927	68,448,327,272	42,469,680,072
Financial liabilities at fair value - profit or loss	508,994,104,631	7,962,264,800	8,339,734,792
Long-term borrowings	1,552,014,025,878	150,678,259,061	50,039,880,125
Debentures	1,636,827,463,521		752,270,184,693
Net defined benefit liabilities	554,264,628,196	462,094,245,426	473,437,955,422
Provisions	8,918,100,642	9,186,175,870	59,046,834,258
Non-current lease liabilities	205,661,717,226	92,170,749,140	555,287,968,236
Deferred tax liabilities	1,155,139,324,751	56,519,491,022	80,453,751,124
Other non-current liabilities	411,971,341	295,623,635	1,136,232,744
Total liabilities	9,663,630,407,765	8,759,106,628,557	5,795,601,052,206
Equity			
Equity attributable to owners of the Parent Company	23,535,637,694,902	7,367,219,163,302	5,805,227,623,271
Share capital	16,481,339,500	16,481,339,500	16,481,339,500
Share premium	1,490,214,367,768	1,793,273,489,872	1,575,307,844,438
Other components of equity	(1,051,465,837,344)	(1,059,479,508,530)	(1,498,653,013,809)
Accumulated other comprehensive loss relating to assets held for sale		(37,870,641,018)	
Retained earnings	23,080,407,824,978	6,654,814,483,478	5,712,091,453,142
Non-controlling interest	491,738,654,373	887,912,871,911	698,698,445,309
Total equity	24,027,376,349,275	8,255,132,035,213	6,503,926,068,580
Total liabilities and equity	33,691,006,757,040	17,014,238,663,770	12,299,527,120,786

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years Ended December 31, 2021, 2020, and 2019

(in Korean won)

	2021	2020	2019
Operating revenues	6,817,599,707,250	5,304,145,900,386	4,356,239,667,491
Operating expenses	5,492,121,536,133	4,088,803,443,113	3,201,214,223,612
Operating profit	1,325,478,171,117	1,215,342,457,273	1,155,025,443,879
Other income	52,722,438,756	43,356,685,840	49,155,181,402
Other expenses	232,866,247,091	118,822,813,655	68,575,887,239
Interest income	20,004,490,256	15,997,193,160	11,465,169,998
Finance income	765,693,953,525	508,563,848,219	333,130,417,324
Finance costs	349,334,091,066	146,432,800,279	107,368,331,367
Share of net profit of associates and joint ventures accounted for using the equity method	544,701,156,204	115,554,340,355	18,424,132,130
Profit before income tax	2,126,399,871,701	1,633,558,910,913	1,391,256,126,127
Income tax expense	648,668,889,581	492,534,781,634	470,550,410,267
Profit from continuing operations	1,477,730,982,120	1,141,024,129,279	920,705,715,860
Profit (loss) from discontinued operations	14,999,894,577,525	(296,027,152,130)	(523,884,653,395)
Profit for the year	16,477,625,559,645	844,996,977,149	396,821,062,465
Profit (loss) for the year is attributable to:			
Owners of the Parent Company			
Profit from continuing operations	1,493,472,246,748	1,144,888,651,236	934,306,914,911
Profit (loss) from discontinued operations	14,996,377,524,381	(142,801,884,857)	(351,255,010,262)
Non-controlling interests			
Loss from continuing operations	(15,741,264,628)	(3,864,521,957)	(13,601,199,051)
Profit (loss) from discontinued operations	3,517,053,144	(153,225,267,273)	(172,629,643,133)

Years Ended December 31, 2021, 2020, and 2019

		(in Korean won)	
	2021	2020	2019
Other comprehensive income (loss)	(252,564,745,906)	221,200,846,911	138,730,945,419
Other comprehensive income (loss)	(190,772,138,482)	17,441,573,739	145,977,055,953
Gain (loss) on valuation of debt instruments at fair value - other comprehensive income	(483,039,456)	(730,019,603)	248,538,199
Exchange differences	71,043,967,706	76,248,398,266	139,029,178,403
Share of other comprehensive income of associates and joint ventures	(261,333,066,732)	(58,076,804,924)	6,699,339,351
Items that will not be reclassified to profit or loss	(61,792,607,424)	203,759,273,172	(7,246,110,534)
Gain (loss) on valuation of equity instruments at fair value - other comprehensive income	(90,787,478,622)	168,450,037,860	50,343,180,326
Gain (loss) on disposal of equity instruments at fair value - other comprehensive income	21,602,409,626	37,778,484,516	(4,611,398,596)
Share of other comprehensive income (loss) of associates and joint ventures	9,512,437,761	(1,084,708,978)	14,147,944
Remeasurements of net defined benefit liabilities	(2,119,976,189)	(1,384,540,226)	(52,992,040,208)
Total comprehensive income for the year	16,225,060,813,739	1,066,197,824,060	535,552,007,884
Total comprehensive income for the year is attributable to:			
Owners of the Parent Company	16,233,387,235,875	1,219,788,331,559	659,506,460,173
Non-controlling interests	(8,326,422,136)	(153,590,507,499)	(123,954,452,289)
Earnings per share			
Basic earnings (losses) per share			
From continuing operations	9,977	7,857	6,420
From discontinued operations	100,877	(980)	(2,414)
Diluted earnings (losses) per share			
From continuing operations	9,887	7,813	6,420
From discontinued operations	99,973	(980)	(2,414)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years Ended December 31, 2021, 2020, and 2019

	(in Korean won)						
	Equity						
	Equity attributable to owners of the Parent Company					Non-controlling interest	Total equity
	Share capital	Share premium	Other components of equity	Retained earnings	Total equity attributable to owners of the Parent Company		
Jan 1, 2019 (Equity at the beginning of the year)	16,481,339,500	1,540,985,517,982	(1,546,389,664,299)	5,229,202,813,045	5,240,280,006,228	708,860,507,065	5,949,140,513,293
Changes in accounting policies				(200,802,631)	(200,802,631)	(71,478,344)	(272,280,975)
Balance as adjusted	16,481,339,500	1,540,985,517,982	(1,546,389,664,299)	5,229,002,010,414	5,240,079,203,597	708,789,028,721	5,948,868,232,318
Profit for the year				583,051,904,649	583,051,904,649	(186,230,842,184)	396,821,062,465
Gain on valuation of debt instruments at fair value - other comprehensive income			248,538,199		248,538,199		248,538,199
Gain on valuation of equity instrument at fair value - other comprehensive income			39,580,419,489		39,580,419,489	10,762,760,837	50,343,180,326
Gain on disposal of equity instruments at fair value - other comprehensive income			(115,033,900)	(4,496,364,696)	(4,611,398,596)		(4,611,398,596)
Exchange differences			87,748,199,609		87,748,199,609	51,280,978,794	139,029,178,403
Share of other comprehensive income of associates and joint ventures			3,053,460,941	14,147,944	3,067,608,885	3,645,878,410	6,713,487,295
Remeasurements of net defined benefit liabilities				(49,578,754,909)	(49,578,754,909)	(3,413,285,299)	(52,992,040,208)
Gain (loss) on valuation of derivatives for cash flow hedge			(57,153)		(57,153)	57,153	
Dividends				(45,901,490,260)	(45,901,490,260)	(960,046,676)	(46,861,536,936)
Share-based payment expenses			10,910,448,495		10,910,448,495	18,722,674,912	29,633,123,407
Share-based payment transactions							
Acquisition of treasury shares			(93,689,325,190)		(93,689,325,190)		(93,689,325,190)
Retirement of treasury shares							
Disposal of treasury shares							
Transaction of treasury shares							
Business combination						(474,386,383)	(474,386,383)
Share issuance of subsidiaries		36,319,313,514			36,319,313,514	142,867,090,522	179,186,404,036
Disposal of subsidiaries							
Transactions with non-controlling interests							
Others		(1,996,987,058)			(1,996,987,058)	(46,291,463,498)	(48,288,450,556)
Dec 31, 2019 (Equity at the end of the year)	16,481,339,500	1,575,307,844,438	(1,498,653,013,809)	5,712,091,453,142	5,805,227,623,271	698,698,445,309	6,503,926,068,580

Years Ended December 31, 2021, 2020, and 2019

	(in Korean won)						
	Equity						
	Equity attributable to owners of the Parent Company					Non-controlling interest	Total equity
	Share capital	Share premium	Other components of equity	Retained earnings	Total equity attributable to owners of the Parent Company		
Jan 1, 2020 (Equity at the beginning of the year)	16,481,339,500	1,575,307,844,438	(1,498,653,013,809)	5,712,091,453,142	5,805,227,623,271	698,698,445,309	6,503,926,068,580
Changes in accounting policies							
Balance as adjusted	16,481,339,500	1,575,307,844,438	(1,498,653,013,809)	5,712,091,453,142	5,805,227,623,271	698,698,445,309	6,503,926,068,580
Profit for the year				1,002,086,766,379	1,002,086,766,379	(157,089,789,230)	844,996,977,149
Gain on valuation of equity instruments at fair value - other comprehensive income			(730,019,603)		(730,019,603)		(730,019,603)
Gain on valuation of equity instruments at fair value - other comprehensive income			158,566,524,618		158,566,524,618	9,883,513,242	168,450,037,860
Gain on disposal of equity instruments at fair value - other comprehensive income				37,778,484,516	37,778,484,516		37,778,484,516
Share of other comprehensive income of associates and joint ventures			84,163,969,896		84,163,969,896	(7,915,571,630)	76,248,398,266
Exchange differences			(59,070,748,325)		(59,070,748,325)	(90,765,577)	(59,161,513,902)
Remeasurements of net defined benefit liabilities				(3,006,645,922)	(3,006,645,922)	1,622,105,696	(1,384,540,226)
Gain (loss) on valuation of derivatives for cash flow hedge							
Dividends				(54,688,370,920)	(54,688,370,920)	(261,268,720)	(54,949,639,640)
Share-based payment expenses			28,211,760,128		28,211,760,128	44,667,256,627	72,879,016,755
Share-based payment transactions							
Acquisition of treasury shares			(15,516,003,480)		(15,516,003,480)		(15,516,003,480)
Retirement of treasury shares			39,758,492,229	(39,758,492,229)	0		
Disposal of treasury shares		328,485,240,566	151,388,772,301		479,874,012,867		479,874,012,867
Transaction of treasury shares							
Business combination							
Share issuance of subsidiaries		787,962,203,141			787,962,203,141	290,070,044,722	1,078,032,247,863
Disposal of subsidiaries							
Transactions with non-controlling interests		(812,763,446,847)	14,530,116,497		(798,233,330,350)	43,978,130,648	(754,2 55,199,702)
Others		(85,718,351,426)		311,288,512	(85,407,062,914)	(35,649,229,176)	(121,056,292,090)
Dec 31, 2020 (Equity at the end of the year)	16,481,339,500	1,793,273,489,872	(1,097,350,149,548)	6,654,814,483,478	7,367,219,163,302	887,912,871,911	8,255,132,035,213

Years Ended December 31, 2021, 2020, and 2019

	(in Korean won)						
	Equity						
	Equity attributable to owners of the Parent Company					Non-controlling interest	Total equity
	Share capital	Share premium	Other components of equity	Retained earnings	Total equity attributable to owners of the Parent Company		
Jan 1, 2021 (Equity at the beginning of the year)	16,481,339,500	1,793,273,489,872	(1,097,350,149,548)	6,654,814,483,478	7,367,219,163,302	887,912,871,911	8,255,132,035,213
Changes in accounting policies							
Balance as adjusted	16,481,339,500	1,793,273,489,872	(1,097,350,149,548)	6,654,814,483,478	7,367,219,163,302	887,912,871,911	8,255,132,035,213
Profit for the year				16,489,849,771,129	16,489,849,771,129	(12,224,211,484)	16,477,625,559,645
Gain on valuation of debt instruments at fair value - other comprehensive income			(483,039,456)		(483,039,456)		(483,039,456)
Gain on valuation of equity instrument at fair value - other comprehensive income			(89,930,381,735)		(89,930,381,735)	(857,096,887)	(90,787,478,622)
Gain on disposal of equity instruments at fair value - other comprehensive income				20,113,624,459	20,113,624,459	1,488,785,167	21,602,409,626
Exchange differences			69,361,969,714		69,361,969,714	1,681,997,992	71,043,967,706
Share of other comprehensive income of associates and joint ventures			(252,386,900,150)		(252,386,900,150)	566,271,179	(251,820,628,971)
Remeasurements of net defined benefit liabilities				(3,137,808,086)	(3,137,808,086)	1,017,831,897	(2,119,976,189)
Gain (loss) on valuation of derivatives for cash flow hedge							
Dividends				(59,278,532,070)	(59,278,532,070)	(531,574,395)	(59,810,106,465)
Share-based payment expenses							
Share-based payment transactions		42,100,214,545	203,998,585,965		246,098,800,510	31,193,147,446	277,291,947,956
Acquisition of treasury shares							
Retirement of treasury shares			15,492,077,217	(15,492,077,217)	0		
Disposal of treasury shares							
Transaction of treasury shares		332,414,020,979	104,643,917,817		437,057,938,796		437,057,938,796
Business combination							
Share issuance of subsidiaries							
Disposal of subsidiaries		363,352,647,014	(215,252,060)	(6,461,636,715)	356,675,758,239	(503,245,404,163)	(146,569,645,924)
Transactions with non-controlling interests		(1,040,926,004,642)	(4,596,665,108)		(1,045,522,669,750)	84,736,035,710	(960,786,634,040)
Others							
Dec 31, 2021 (Equity at the end of the year)	16,481,339,500	1,490,214,367,768	(1,051,465,837,344)	23,080,407,824,978	23,535,637,694,902	491,738,654,373	24,027,376,349,275

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years Ended December 31, 2021, 2020, and 2019

		(in Korean won)	
	2021	2020	2019
Cash flows from operating activities	1,379,905,728,836	1,447,212,217,640	1,356,843,480,419
Cash generated from operations (Note 30)	2,070,030,950,700	2,041,772,594,491	1,835,912,025,978
Interest received	26,262,580,497	20,014,015,757	17,559,981,761
Interest paid	(58,256,588,522)	(71,543,208,626)	(39,296,364,906)
Dividends received	54,754,937,073	30,187,486,156	20,742,864,205
Income taxes paid	(712,886,150,912)	(573,218,670,138)	(478,075,026,619)
Cash flows from investing activities	(13,998,804,731,074)	(2,503,202,276,036)	(1,078,128,842,424)
Net increase (decrease) in short-term financial instruments	(348,046,243,066)	(25,654,808,271)	162,122,479,766
Increase in long-term financial instruments		(2,560,000,000)	
Decrease in long-term financial instruments		21,200,000,000	
Payments for financial assets at fair value - profit or loss	(6,449,235,633,165)	(5,243,104,789,547)	(362,880,751,518)
Proceeds from disposal of financial assets at fair value - profit or loss	6,505,643,614,364	3,894,138,692,719	192,427,912,981
Acquisition of property and equipment	(753,942,606,877)	(759,403,180,962)	(435,908,502,083)
Disposal of property and equipment	6,695,944,177	8,987,856,807	6,743,736,986
Collection of lease receivables	3,773,243,178	1,417,837,269	257,941,120
Acquisition of intangible assets	(51,876,515,767)	(106,290,121,972)	(75,729,758,448)
Disposal of intangible assets	167,684,511	3,304,588,760	4,766,029,881
Acquisition of financial assets at fair value - other comprehensive income	(509,090,098,200)	(50,971,937,342)	(40,967,500,755)
Disposal of financial assets at fair value - other comprehensive income	229,335,330,042	232,310,319,161	97,789,083,542
Acquisition of investments in associates and joint ventures	(1,005,949,593,054)	(504,730,950,380)	(621,718,974,099)
Disposal of investments in associates and joint ventures	440,573,420,629	104,952,900,033	18,714,872,614
Net increase (decrease) in cash due to business combination	(692,206,904,793)	2,260,617,141	(4,991,454,614)
Net cash flow due to the transfer of subsidiaries to associates	(11,244,715,159,430)	(20,383,308,053)	9,787,731,685
Net increase (decrease) in short-term loans	(115,777,475,728)	(35,244,144,863)	3,807,864,455
Net increase (decrease) in long-term loans	(40,000,000)	(11,864,566,845)	90,000,000
Cash outflows from other investing activities	(14,113,737,895)	(11,567,279,691)	(32,439,553,937)

Years Ended December 31, 2021, 2020, and 2019

		(in Korean won)	
	2021	2020	2019
Cash flows from financing activities	11,642,326,424,402	1,192,133,678,978	52,336,566,385
Proceeds from short-term borrowings	260,601,900,208	2,116,540,667,363	220,649,373,194
Repayment of short-term borrowings	(529,251,392,248)	(915,187,873,624)	(76,172,581,572)
Proceeds from long-term borrowings	1,598,040,294,214	886,562,480,808	
Proceeds from issuance of debentures	9,403,866,052,933	5,960,669,395	
Repayment of debentures		(789,055,599,548)	
Repayment of lease liabilities	(114,274,687,061)	(174,107,173,293)	(138,021,891,444)
Increase in financial liabilities at fair value - profit or loss	386,482,769,394		
Acquisition of treasury shares		(15,516,003,480)	(93,689,325,190)
Disposal of treasury shares	176,145,173,981		
Dividends paid	(59,784,555,522)	(54,949,639,640)	(46,861,536,936)
Share issuance of subsidiaries		1,023,167,174,015	179,186,404,036
Exercise of stock options	39,796,328,200		
Cash inflows from transactions with non-controlling interest	114,530,208,868	46,060,159,984	13,072,761,459
Cash outflows from transactions with non-controlling interest	(350,963,263,102)	(945,751,987,650)	(5,921,420,442)
Cash inflows from other financing activities	1,070,216,109,602	23,806,129,662	344,186,027
Cash outflows from other financing activities	(353,078,515,065)	(15,395,325,014)	(249,402,747)
Effects of exchange rate changes on cash and cash equivalents	(87,699,641,884)	(30,989,618,453)	86,578,454,471
Net increase (decrease) in cash and cash equivalents	(1,064,272,219,720)	105,154,002,129	417,629,658,851
Cash and cash equivalents at the beginning of the year	3,845,667,763,547	3,740,513,761,418	3,322,884,102,567
Cash and cash equivalents classified as assets held for sale at the beginning of the year	2,245,363,413,625		
Cash and cash equivalents in the statements of financial position at the beginning of the year	1,600,304,349,922	3,740,513,761,418	3,322,884,102,567
Cash and cash equivalents at the end of the year	2,781,395,543,827	3,845,667,763,547	3,740,513,761,418
Cash and cash equivalents classified as held for sale		(2,245,363,413,625)	
Cash and cash equivalents at the end of the year	2,781,395,543,827	1,600,304,349,922	3,740,513,761,418

Subsidiaries

Classification	Company Name	Major Business	Ownership (%)	Assets (KRW billion)
Major subsidiaries (17)	NAVER FINANCIAL	Digital finance	89.21%	2,748
	NAVER J.Hub	Global business support	100.00%	2,253
	NAVER Cloud	Cloud service development and operation	100.00%	1,150
	WEBTOON Entertainment	Webtoon service development and operation	67.88%	806
	NAVER Webtoon	Webtoon service development and operation	100.00%	699
	NAVER France	AI research center in Europe	100.00%	331
	LINE Digital Frontier	Webtoon service in Japan	100.00%	304
	SNOW	Camera and contents businesses	80.55%	269
	NAVER Z	Mobile service development and operation	70.51%	239
	Works Mobile	Groupware service development and operation	89.41%	204
	SB Next Media Innovation Fund	Indirect investment	96.30%	189
	KREAM	Operation of sneakers trading platform	53.13%	129
	TBT Global Growth Fund I	Indirect investment	89.91%	125
	C-Fund sub fund 3	Indirect investment	99.75%	87
	NAVER Labs	New technology research and development	100.00%	81
	SVA Soda Private Equity Fund	Indirect investment	99.52%	80
	Works Mobile Japan Corporation	Operation and distribution of groupware service	100.00%	76
Other subsidiaries (58)	SVA Content Media Private Equity Fund 2, NAVER Cloud Asia Pacific, SpringCamp Early Stage Fund 1, NAVER VIETNAM, C-Fund, N Tech Service, NAVER I&S, Wattpad Corp., Studio N, SpringCamp Early Stage Fund 2, Greenweb Service, Incomms, Playlist, NAVER-KTB Audio Contents Fund, NAVER Webtoon Company, NAVER China, NAVER Cloud Japan, Smart Spring Fund, NAVER U.Hub (Formerly, V Live), Watong Entertainment, SNOW China, C-Fund sub fund 4, NAVER Cloud Europe, NAVER Cloud America, SpringCamp, NIT Service, C-Fund sub fund2, CommPartners, Yiruike Information Technology (Beijing), NAVER Quantum Content Fund 1, Amuse, NAVER BAND, SNOW China (Beijing), Case, Lico, Audiensori, Broccoli Entertainment, SNOW Japan, N-Visions, Dongman Entertainment, NAVER WP I, L.P, Do Ventures Annex Fund LP, Semicolon Studio, NAVER Z USA, SNOW Vietnam, NAVER Hands, NAMAIN, YLAB Japn, Wattpad Inc., NF Insurance Service, Vdotdo, WP Technology (UK) , SNOW Inc., Wattpad Studios (Cell Phone Swap), Wattpad Studios, Wattsub , NAVER WP II, LLC, WP Technology			

ESG Performance Indices

ENVIRONMENT

		2018	2019	2020	2021
Environment					
GREENHOUSE GAS (GHG) EMISSIONS					
Total GHG emissions	Total	72,416	78,712	79,907	78,872
	Green Factory	7,510	7,178	6,731	5,888
	1784	-	-	-	1,636
	Connect One	-	-	-	923
	NAVER Square	-	-	-	693
	Leased business sites	-	-	-	403
	Data Center GAK Chuncheon	64,909	71,534	73,176	69,329
GHG emissions	Green Factory	295	244	197	204
	1784	-	-	-	0
	Connect One	-	-	-	265
	NAVER Square	-	-	-	8
	Leased business sites	-	-	-	4
	Data Center GAK Chuncheon	49	52	33	44
Scope 2	Green Factory	7,215	6,934	6,534	5,684
	1784	-	-	-	1,636
	Connect One	-	-	-	658
	NAVER Square	-	-	-	685
	Leased business sites	-	-	-	399
	Data Center GAK Chuncheon	64,858	71,483	73,143	69,286
GHG intensity ¹⁾	Total	12.96	18.07	15.07	11.57
	Green Factory	1.34	1.65	1.27	0.86
	1784	-	-	-	0.24
	Connect One	-	-	-	0.14
	NAVER Square	-	-	-	0.10
	Leased business sites	-	-	-	0.06
	Data Center GAK Chuncheon	11.62	16.42	13.80	10.17
ENERGY CONSUMPTION					
Total energy consumption	Total	1,495	1,624	1,649	1,646
	Green Factory	159	152	143	124
	1784	-	-	-	34
	Connect One	-	-	-	18
	NAVER Square	-	-	-	14
	Leased business sites	-	-	-	8
	Data Center GAK Chuncheon	1,336	1,472	1,506	1,448
Energy intensity ¹⁾	Total	0.27	0.37	0.31	0.24
	Green Factory	0.03	0.03	0.03	0.02
	1784	-	-	-	0.00
	Connect One	-	-	-	0.00
	NAVER Square	-	-	-	0.00
	Leased business sites	-	-	-	0.00
	Data Center GAK Chuncheon	0.24	0.34	0.28	0.21

¹⁾ GHG and energy intensity after 2019 is calculated by reflecting discontinued business (LINE and its affiliates)

			2018	2019	2020	2021
DIRECT ENERGY CONSUMPTION	Total		6.7	5.7	4.5	9.7
LNG	Green Factory	TJ	5.8	4.8	3.9	1.9
	1784		-	-	-	0.0
	Connect One		-	-	-	5.2
	NAVER Square		-	-	-	0.1
	Leased business sites		-	-	-	0.1
	Data Center GAK Chuncheon		0.3	0.4	0.4	0.5
Mobile combustion	Green Factory	TJ	-	-	-	1.6
	Data Center GAK Chuncheon		0.1	0.1	0.1	0.0
Diesel	Green Factory	TJ	0.0	0.0	0.0	0.0
	1784		-	-	-	0.0
	Connect One		-	-	-	0.0
	NAVER Square		-	-	-	0.0
	Data Center GAK Chuncheon		0.4	0.4	0.1	0.3
INDIRECT ENERGY CONSUMPTION	Total		1,488	1,618	1,645	1,640.2
Electricity	Green Factory	TJ	143	138	130	112.8
	1784		-	-	-	32.1
	Connect One		-	-	-	13.8
	NAVER Square		-	-	-	14.3
	Leased business sites		-	-	-	8.3
	Data Center GAK Chuncheon		1,335	1,471	1,506	1,447.8
Steam	Green Factory	TJ	10.0	8.8	8.5	8.2
	1784		-	-	-	2.9
TOTAL ENERGY SAVING	Total		37,303	41,689	41,199	37,402
Saving through office management			138	517	837	1,819
Saving of electricity for air-conditioning and heating by adopting geothermal energy	Green Factory	MWh	101	101	101	101
Saving of electricity for air-conditioning and heating by adopting geothermal energy	1784		-	-	-	22
Saving by producing renewable energy			-	-	-	684
Saving by producing renewable energy	Connect One		-	-	-	62
Saving through office management			511	511	514	512
Saving through natural cooling system	Data Center GAK Chuncheon		36,371	40,343	39,534	33,989
Saving by producing renewable energy			182	217	213	213
RENEWABLE ENERGY CONSUMPTION	Total	MWh	283	318	314	1,082
Geothermal power	Green Factory	MWh	101	101	101	101
	1784		-	-	-	684
			-	-	-	22
Solar power	Connect One	MWh	-	-	-	62
	Data Center GAK Chuncheon		182	217	213	213
WATER CONSUMPTION						
Total water consumption	Total		177,335	176,517	167,212	173,139
Waterworks	Green Factory	m³	92,058	101,929	76,438	54,625
	1784		-	-	-	5,284
	Connect One		-	-	-	14,463
	Data Center GAK Chuncheon		85,277	74,588	90,774	98,767

			2018	2019	2020	2021	
Water reuse	Green Factory	m³	9,812	5,428	7,060	5,739	
	1784		-	-	-	1,142	
	Connect One		-	-	-	3,000	
Water reuse rate	Green Factory	%	11	5	9	11	
	1784		-	-	-	22	
	Connect One		-	-	-	21	
WASTE AND RECYCLING							
Weight of waste	Total		318.17	317.63	233.45	145	
Domestic waste	Green Factory		225	243	170	84	
Recycling waste			71	64	56	33	
Domestic waste	Connect One		-	-	-	8.3	
Recycling waste				-	-	-	1.6
Domestic waste	NAVER Square		-	-	-	9.5	
Recycling waste			-	-	-	0.35	
Domestic waste	Data Center GAK Chuncheon	Tons	22.57	10.93	7.45	8.16	
Outsourcing	Incineration/landfill	Green Factory	225	243	170	84	
	Recycling		71	64	56	33	
	Incineration/landfill	Connect One	-	-	-	8.3	
	Recycling		-	-	-	1.6	
	Incineration/landfill	NAVER Square	-	-	-	9.5	
	Recycling		-	-	-	0.35	
	Incineration/landfill	Data Center GAK Chuncheon	22.57	10.93	7.45	8.16	
Recycling rate	Green Factory	%	24	21	25	28	
	Connect One		-	-	-	16	
	NAVER Square		-	-	-	4	
Power Usage Efficiency (PUE)							
PUE	Data Center GAK Chuncheon		1.11	1.09	1.09	1.10	
NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS							
Fines for non-compliance with environmental laws	Cases	Green Factory	Cases	0	0	0	0
	Amount of money		KRW	0	0	0	0
	Cases	1784	Cases	-	-	-	0
	Amount of money		KRW	-	-	-	0
	Cases	Connect One	Cases	0	0	0	0
	Amount of money		KRW	0	0	0	0
	Cases	NAVER Square	Cases	0	0	0	0
	Amount of money		KRW	0	0	0	0
	Cases	Leased business sites	Cases	0	0	0	0
	Amount of money		KRW	0	0	0	0
	Cases	Data Center GAK Chuncheon	Cases	0	0	0	0
	Amount of money		KRW	0	0	0	0

SOCIAL

			2018	2019	2020	2021
Social / Human Resources						
EMPLOYMENT						
Total number of employees			3,611	3,523	4,103	4,696
By employment type	Full time		3,523	3,376	3,904	4,403
	Male		2,259	2,163	2,503	2,811
	Female		1,264	1,213	1,401	1,592
	Part time ¹⁾		88	147	199	293
	Male		50	99	136	156
	Female		38	48	63	137
By job	Office		1,573	1,540	1,717	1,949
	Male		629	628	697	750
	Female		944	912	1,020	1,199
	Technical		2,038	1,983	2,386	2,747
	Male		1,680	1,634	1,942	2,217
	Female		358	349	444	530
		Persons				
By gender	Male		2,309	2,262	2,639	2,967
	Female		1,302	1,261	1,464	1,729
By age	Under 30 years old		926	799	1,109	1,354
	Over 30 to under 40 years old		1,930	1,861	1,946	2,116
	Over 40 to under 50 years old		739	839	1,015	1,161
	Over 50 years old		16	24	33	65
By nationality	Foreigners		34	25	32	35
Overseas employment	Overseas expatriates		13	16	13	15
	Locally hired		846	836	905	847
	Number of overseas workforces		859	852	918	862
	Number of overseas managers		7	6	6	6
RESPECT FOR DIVERSITY						
Female	Percentage of female employees		36.1	35.8	35.7	36.8
	Percentage of female managers (leader position)	%	23.3	24.6	24.6	26.9
	Percentage of female executive (C-level)		-	-	30.0	16.0
Special employment and minority	Employees with disabilities	Persons	8	6	8	11
	Patriots and veterans		27	25	23	25

			2018	2019	2020	2021	
NEW EMPLOYEE HIRES AND TURNOVER							
New employee hires	Number of people hired		593	248	700	838	
	By gender	Male	409	172	482	562	
		Female	184	76	218	276	
	By age	Under 30 years old	303	159	484	528	
		Over 30 to under 40 years old	260	79	180	280	
		Over 40 to under 50 years old	29	10	35	29	
		Over 50 years old	1	0	1	1	
	Employee turnover	Total employee turnover		99	135	133	247
		By gender	Male	70	104	105	171
Female			29	31	28	76	
By age		Under 30 years old	15	26	34	54	
		Over 30 to under 40 years old	74	78	77	135	
		Over 40 to under 50 years old	9	30	21	56	
		Over 50 years old	1	1	1	2	
Employee turnover rate ²⁾		%	3.0	3.9	3.7	4.4	
PARENTAL LEAVE AND CHILDCARE LEAVE							
Number of people used parental leave		148	170	152	44		
By gender	Male	Persons	103	123	108	0	
	Female		45	47	44	44	
Return to work rate after childbirth		%	98	100	100	100	
Number of people used childcare leave			103	101	138	109	
By gender	Male	Persons	17	15	32	21	
	Female		86	86	106	88	
Return to work rate after childcare leave		%	99.0	99.0	99.0	100	
Continue to work rate for 12 months after childcare leave			94.2	95.0	98.2	91.7	
EVALUATION AND COMPENSATION							
Employees' performance evaluation execution rate		%	98.1	98.8	92.4	93.6	
Employees' stock option purchase rate			-	81.0	87.2	82.5	
EMPLOYEE EDUCATION AND TRAINING							
Total expenses in employee education and training		KRW	1,688,883,025	3,053,391,419	1,215,895,523	1,815,881,978	
Number of people participated in employee education and training		Persons	1,820	2,402	2,053	2,500	
Expenses in employee education and training per person (actual number of participants)		KRW	927,958	1,271,187	592,253	726,353	
Percentage of employees participated in job trainings (excluding statutory mandatory education)		%	69	68	54	53	
Average hours of education per person per annum (based on all employees including contract workers, expatriates, and interns)		Hours	19.1	17.9	10.1	10.3	

¹⁾ Including contract workers, expatriates, executives, and interns

²⁾ Voluntary turnover: 5.96% (245 persons) / Non-voluntary turnover: 0.05% (2 persons)

GRI Index

GRI Standards	No.	Titel	Disclosure Location	
UNIVERSAL STANDARDS				
General Disclosures 2021	2-1	Organizational details	Our Company	p.12
	2-2	Entities included in the organization's sustainability reporting	About this report Subsidiaries	p.2 p.132
	2-3	Reporting period, frequency and contact point	About This Report	p.2
	2-4	Restatements of information	No significant change	
	2-5	External assurance	About This Report Third Party's Assurance Statement	p.2 p.143
	2-6	Activities, value chain and other business relationships	Our Business Model Business Review	p.10 p.18-30
	2-7	Employees	ESG Performance Indices – Total Employment SASB Report – Employment, Inclusion, and Performance	p.136 -
	2-8	Workers who are not employees	ESG Performance Indices – Total Employment	p.136
	2-9	Governance structure and composition	Board of Directors – Composition and Independence of the BOD, Operations of the BOD ESG Implementation Strategy – ESG Management System	p.38-43 p.56-57
	2-10	Nomination and selection of the highest governance body	Board of Directors – Composition and Independence of the BOD, Appointment of Directors and Prevention of Conflicts of Interest	p.38-40
	2-11	Chair of the highest governance body	Board of Directors – Composition and Independence of the BOD	p.39
	2-12	Role of the highest governance body in overseeing the management of impacts	Board of Directors – Operations of the BOD ESG Implementation Strategy – ESG Management System	p.38-43 p.56-57
	2-13	Delegation of responsibility for managing impacts	ESG Implementation Strategy – ESG Management System	p.56-57
	2-14	Role of the highest governance body in sustainability reporting	ESG Implementation Strategy – ESG Management System	p.56-57
	2-15	Conflicts of interest	Board of Directors – Characteristics of the Board, Criteria of Disqualification as an Outside Director, Appointment of Directors and Prevention of Conflicts of Interest	p.38-40
	2-16	Communication of critical concerns	Board of Directors – Operations of the BOD Risk & Opportunity – Company-wide Risk Management System	p.38-43 p.44-45
	2-17	Collective knowledge of the highest governance body	Board of Directors – Operations of the BOD	p.38-43
	2-18	Evaluation of the performance of the highest governance body	Board of Directors – Operations of the BOD ESG Implementation Strategy – ESG Management System	p.38-43 p.56-57
	2-19	Remuneration policies	Board of Directors – Evaluation and Compensation of the BOD	p.42-43
	2-20	Process to determine remuneration	Management– Management Performance Evaluation and Compensation Board of Directors – Committees under the BOD, Evaluation and Compensation of the BOD	p.37 p.42-43
	2-21	Annual total compensation ratio	Management – CEO-to-Employee Compensation Ratio	p.37
	2-22	Statement on sustainable development strategy	Letter to Stakeholders	p.6-7
	2-23	Policy commitments	Respect for Human Rights	p.78-83
	2-24	Embedding policy commitments	Respect for Human Rights	p.78-83
	2-25	Processes to remediate negative impacts	Risk & Opportunity	p.44-47
	2-26	Mechanisms for seeking advice and raising concerns	Business Ethics & Compliance System – Business Ethics Counseling and Whistleblowing	p.48-51
	2-27	Compliance with laws and regulations	Business Report – Matters related to sanctions	p.354-355
	2-28	Membership associations	N/A	Not managed separately
	2-29	Approach to stakeholder engagement	Stakeholder Engagement and Communication	p.58-59
	2-30	Collective bargaining agreements	N/A	Union membership information is not subject to disclosure

		2018	2019	2020	2021
Social / Safety & Health					
Industrial accident	Persons	6	3	4	1
Industrial accident rate	%	0.16	0.08	0.09	0.02
Social / Partner Management					
Joint Growth	No. of partners signed a fair trade agreement	146	146	151	159
	Companies	565	470	1,546	1,780
Social / Data Security					
Reports made by users	No. of requests to check postings contaminated with malwares	26	25	29	29
	No. of requests to check malwares	0	0	0	0
	No. of login failures for Naver Home	52	82	47	30
	No. of circulation of malicious programs - Adwares	16	5	0	0
Protection of user information	Leakage of user information	Cases	0	1	0
	Monetary loss due to non-compliance with data protection law	KRW 10,000	0	4,020	840
Security improvement	No. of areas of improvement for security that were discovered	1,128	1,344	1,158	1,062
	Number of mitigations	Cases	1,126	1,282	1,022
	Unhandled	2	62	136	89
	Percentage of mitigation	%	99.8	95.4	88.3
	Mitigation within the given deadline	728	744	694	650
	Mitigation after the given deadline	Cases	370	513	293
		28	25	35	53

1H 2021			2H 2021		
Privacy protection training for employees		No. of participants	Completion rate	No. of participants	Completion rate
By employment type	Full-time	3,866	98.3%	2,065	99.7%
	Executives	117	100%	122	100%
	Part-time	21	100%	19	100%
	Expatriates	23	100%	1	100%
	Interns	69	94.2%	1	100%
Total		4,096	98.3%	2,208	99.7%

GOVERNANCE

		2018	2019	2020	2021
Governance / Non-compliance with Business Ethics					
Internal ethical regulation violation		13	9	12	6
Measures taken for internal ethical regulation violation					
Wage cut	Cases	2	4	2	2
Indemnification		0	0	0	0
Dismissal		0	0	0	1
Others		11	5	10	3

GRI Standards	No.	Titel	Disclosure Location	
Material Topics 2021	3-1	Process to determine material topics	2021 Material Issues of NAVER	p.60-62
	3-2	List of material topics	2021 Material Issues of NAVER	p.60-62
	3-3	Management of material topics	Risk & Opportunity – Status of Major Risk Management Stakeholder Engagement and Communication	p.44-47 p.60-62
		Data security and privacy	Data Security & Privacy	p.64-77
		User protection and service responsibility	User Protection & Social Responsibility	p.64-77
	3-3	Strengthening of global competitiveness	Our Business	p.16-29
		Business ethics, compliance, and fair competition	Business Ethics & Compliance System	p.48-51
		Sound corporate governance	Governance	p.32-43
TOPIC STANDARDS				
ECONOMY				
Economic Performance	201-1	Direct economic value generated and distributed	Stakeholder Engagement and Communication – Distribution of Economic Value Financial Performance Indices	p.58-59 p.123-132
	201-2	Financial implications and other risks and opportunities due to climate change	TCFD Report	-
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	Project Flower – Platform for SMEs' Digital Expansion, D-commerce Program, Giving	p.106-116
	203-2	Significant indirect economic impacts	Project Flower – Platform for SMEs' Digital Expansion, D-commerce Program, Digital Literacy	p.106-116
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	Business Ethics & Compliance System – Ethics Managements	p.48-51
	205-3	Confirmed incidents of corruption and actions taken	Business Ethics & Compliance System – Ethics Managements	p.48-51
Tax	207-1	Tax governance, control and risk management	Business Ethics & Compliance System – Legitimate Tax Administration	p.48-51
	207-2	Stakeholder engagement and management concerns related to tax	Business Ethics & Compliance System – Legitimate Tax Administration	p.48-51
	207-3	Stakeholder engagement and management of concerns related to tax	Business Ethics & Compliance System – Legitimate Tax Administration	p.48-51
ENVIRONMENT				
Energy	302-1	Energy consumption within the organization	ESG Performance Indices – Energy Consumption	p.133-134
	302-2	Energy consumption outside of the organization	ESG Performance Indices – Energy Consumption	p.133-134
	302-3	Energy intensity	ESG Performance Indices – Energy Consumption	p.133-134
	302-4	Reduction of energy consumption	ESG Performance Indices – Energy Consumption Environmental Impact Management - Carbon Negative 2040	p.133-134 p.85-86
Water and Effluents	303-3	Water recycled and reused	ESG Performance Indices – Water Consumption	p.134-135
	303-5	Water consumption	ESG Performance Indices – Water Consumption	p.134-135
Emissions	305-1	Direct (Scope 1) GHG emissions	ESG Performance Indices – Greenhouse Gas (GHG) Emissions	p.133-134
	305-2	Energy indirect (Scope 2) GHG emissions	ESG Performance Indices – Greenhouse Gas (GHG) Emissions	p.133-134
	305-5	Reduction of GHG emissions	ESG Performance Indices – Greenhouse Gas (GHG) Emissions Environmental Impact Management – Carbon Negative 2040	p.133-134 p.85-86
Waste	306-3	Waste generated	ESG Performance Indices – Waste and Recycling	p.135
	306-4	Waste diverted from disposal	ESG Performance Indices – Waste and Recycling Environmental Impact Management – NAVER's Eco-friendly Construction	p.135 p.87-90

GRI Standards	No.	Titel	Disclosure Location	
SOCIAL				
Employment	401-1	New employee hires and employee turnover	ESG Performance Indices – New Employee Hires and Turnover	p.136
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Employee Value Proposition – Support Programs to Assist Work-Family Balance	p.106-107
	401-3	Parental leave	ESG Performance Indices – Childcare Leave	p.136
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	Notice at least 30 days before operational changes	-
Occupational Health and Safety	403-3	Occupational health services	Employee Value Proposition – Employee Health, Safety, and Well-being	p.105-107
	403-4	Worker participation, consultation, and communication on occupational health and safety	Employee Value Proposition – Employee Health, Safety, and Well-being Respect for Human Rights - Fair Employment and Labor-Management Relations	p.105-107
	403-6	Promotion of worker health	Employee Value Proposition – Employee Health, Safety, and Well-being	p.105-107
Training and Education	404-1	Average hours of training per year per employee	Employee Value Proposition - Employee Competency Building and Talent Development ESG Performance Indices – Expenses in Employee Education and Training Per Person	p.99-102 p.137
	404-2	Programs for upgrading employee skills and transition assistance programs	Employee Value Proposition - Employee Competency Building and Talent Development	p.99-102
	404-3	Percentage of employees receiving regular performance and career development reviews	Employee Value Proposition – Employee Evaluation and Compensation	p.99-102
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	Board of Directors – Composition and Independence of the BOD ESG Performance Indices – Total Employment	p.39 p.99-102
	405-2	Ratio of basic salary and remuneration of women to men	Employee Value Proposition – Employee Diversity	p.104-105
Human Rights Assessment	412-2	Employee training on human rights policies or procedures	Respect for Human Rights – Human Rights	p.83
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	Project Flower – D-commerce Program	p.106-116
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	Business Report	p.354
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	ESG Performance Indices – Reports Made by Users	p.138

Awards

2017. 03.	• NAVER ranked top in the National Customers Satisfaction Index (NCSI), Search Portal Service Division for 11 years in a row (Korea Productivity Center)
05.	• Ranked Best company of management (CEO SCORE)
11.	• Data Center “GAK” granted as Energy Champion Company
2018.06.	• Chosen as Best in the Win-Win Index Evaluation for two years in a row (National Commission for Corporate Partnership)
08.	• Papago, Whale and NAVER Maps received awards in the Communication Category (Red Dot Award)
09.	• LICO received the Grand Prize in the New Media Content category at BCWW2018 for its web animation “A Day Before Us”
10.	• Received awards for six types of products, including Clova Friends, in four categories (IDEA) • Chosen as sixth place by FORTUNE in The Future 50 (FORTUNE)
11.	• NAVER and NAVER Labs received awards for four products at the CES 2019 Innovation Award • NAVER Business Platform received the Minister’s Award at the Grand Cloud Conference (Ministry of Science and ICT) (Commendation from the Minister for merit in developing the cloud industry)
2019.02.	• Won six design awards (iF Design Award) • V LIVE original live format received an award in the Music Category (Media Excellence Awards)
06.	• Chosen as the Best for three years in a row in the Win-Win Index Evaluation, and was the first in the Internet platform business to be named the Best Honorary Company (National Commission for Corporate Partnership)
09.	• Chosen as Korea's Best Job (Ministry of Employment and Labor)
10.	• Received an appreciation plaque in the 2019 Korea Small Business Contest • Six products, including NAVER WORKS and Clova Clock, received Japan's Good Design Award
11.	• Received the Presidential Citation in the Voluntary Win-Win Cooperation category at the Win-Win Week Ceremony (Ministry of SMEs and Startups, National Commission for Corporate Partnership)
12.	• Received the Best Company Award in the Win-Win Index Evaluation for three years in a row in the Korea Win-Win Awards (National Commission for Corporate Partnership)
2020.02.	• Won three design awards (iF Design Award)
08.	• Won the Gold Award (LACP Vision Awards)
09.	• Won the Grand Award in the PDF Version of Annual Report Category (ARC Awards) • Received the Best Company Award in the Win-Win Index Evaluation for four years in a row in the Korea Win-Win Awards (National Commission for Corporate Partnership)
11.	• Ranked 37th at The World’s Best Employers 2020 (Forbes) • Chosen as 33rd place by FORTUNE in The Future 50 (FORTUNE)
12.	• Recognized with Minister’s Commendation for Policy Communication (Ministry of the Interior and Safety) • CLOVA Lamp received CES Innovation Awards
2021.09.	• Received the Best Company Award in the Win-Win Index Evaluation for five years in a row in the Korea Win-Win Awards (National Commission for Corporate Partnership) • Won the Platinum Award (LACP Vision Awards) • Won the Grand Award in the Specialized Annual Report Category (ARC Awards) • CLOVA Lamp received Gold Award (IDEA)
10.	• LINE WORKS received Japan’s Good Design Award
11.	• Awarded at the first sustainability report category in the Korean Readers’ Choice Awards (Korea Productivity Center)
12.	• Received the Best Company Award in the Win-Win Index Evaluation (National Commission for Corporate Partnership)

Third Party’s Assurance Statement

NAVER Corp. (“the Company” or “NAVER”) commissioned DNV Business Assurance Korea, Ltd. (“DNV,” “we” or “us”), part of DNV Group, to undertake independent assurance of its NAVER 2021 Integrated Report (the “Report”).

Our Opinion: On the basis of the work undertaken, nothing came to our attention to suggest that the Report does not properly describe NAVER's adherence to the Assurance Principles described below. In terms of reliability of the performance data, nothing came to our attention to suggest that these data have not been properly collated from information reported at operational level, nor that the assumptions used were inappropriate. We believe that NAVER is reporting in accordance with the GRI Standards.GRI Standards.

Based on non-financial data, sustainability activities and performance data of 2021 generated from NAVER, we have evaluated the adherence to AA1000 AccountAbility Principles (AA1000AP) 2018 and assessed the quality of sustainability performance informat ion. We have reviewed that the Topic-specific disclosures of GRI Sustainability Reporting Standards 2020 which are identified in the process for defining report content;

No.	Material Topic	Topic Standard
1	Data security and privacy	418-1
2	User protection and service responsibility	417-2
3	Strengthening of global competitiveness	201-1
4	Business ethics, compliance, and fair competition	205-3
5	Sound corporate governance	405-1

Without affecting our assurance opinion, we also provide the following observations:

The Principle of Inclusivity NAVER defined users, employees, investors and shareholders, partners, local communities, and the government as their major stakeholder groups. The definition of each stakeholder and the approaches to engage with selected stakeholders are introduced in the report, and stakeholder interests are reflected in the materiality assessment process. During the materiality assessment process, NAVER conducted an online survey of shareholders who own 0.1% or more of NAVER stock, and DNV confirmed that the results of the survey were reflected in the process of composing reporting content and improving management activities.

The Principle of Materiality NAVER has conducted the materiality assessment to prepare the Report. Based on the derived issue pool, 19 reporting issues were sorted out through analysis of stakeholders’ interests and business impact, and the top 5 issues were selected as Tier 1 issues for more detailed reporting. NAVER identified the importance of each issue from various sources, and newly added issues reflecting the latest ESG trends were reviewed and reflected in the report. We have reviewed the materiality assessment process and noted relevant material topics (core issues) prioritized from the process are addressed in the report.

The Principle of Responsiveness NAVER has established mid-to long-term ESG strategies with seven major ESG strategic directions to enhance corporate value and reports in detail the company's performance, progress, future direction, and its activities accordingly. To effectively achieve these strategies, the company newly established an ESG governance system. And to identify, evaluate, and manage potential impacts from business activities, NAVER has designated an RM (Risk Mgt.) department for each subject and established an integrated risk management system that is reported to the Risk Management Committee within the BoD through the Risk Management Working Group. Information related to these are disclosed through the report. In particular, DNV considers that NAVER has secured transparency and balance in reporting with strengthening areas that have high stakeholder interest, such as respect for human rights, data security and privacy, and require improvement compared to the previous reporting period.

The Principle of Impact NAVER discloses in detail the background of issue selection and progress on material topics that reflect stakeholders' interests and expectations. It is recommended to set strategic KPIs to manage the impact of each ESG strategic direction and to quantify and present information related to performance and future plans in detail. The assurance team confirm that the material topics selected through the materiality assessment were fully reflected to the report, based on the physical and periodic reporting boundaries.

RELIABILITY OF SPECIFIC SUSTAINABILITY PERFORMANCE INFORMATION

DNV conducted a review of compliance with the principles of AA1000AP(2018) of the Report as described above (Type 1 verification). In addition, we have reviewed the reliability of the disclosure data (Type 2 verification) – ‘percentage of female leaders,’ ‘energy consumption savings,’ ‘business ethics consultation and reporting information.’ The assurance team has sampled data and tested accuracy and reliability of the sustainability performance data of the Company and interviewed the responsible for the subject data handling and reviewed the data gathering process with the supporting documents and records. Based on the test, the intentional error or misstatement is not noted. Data owners were able to demonstrate to trace the origin of the data and to interpret the processed data in a reliable manner. The data was identifiable and traceable. The Company reports the sustainability performance of the last three years and can be compared over time. Any errors or unclear expressions found during the verification process were corrected prior to the publication of the Report.

SCOPE AND APPROACH

We performed our work using AA1000AS v3, Assurance Standard set for by AccountAbility, and DNV's assurance methodology VeriSustain™ (Ver. 5.0) which is based on our professional experience, international assurance best practices including the International Standard on Assurance Engagements 3000 ("ISAE 3000"), and the Global Reporting Initiative Sustainability Reporting Standards ("GRI Standards"). DNV provides Type 1 and the moderate assurance. But some part of performance data has been verified by Type 2 as described above.

The engagement excludes the sustainability management, performance and reporting practices of NAVER's subsidiaries, associated companies, suppliers, contractors and any third-parties mentioned in the Report. We did not interview external stakeholders as part of this assurance engagement. Economic performance based on the financial data is crosschecked with internal documents, the audited consolidated financial statements and the announcement disclosed at the website of Korea Financial Supervisory Service (<http://dart.fss.or.kr>) as well as NAVER's website (www.navercorp.com). The review of financial data taken from these sources is not within the scope of our work. We planned and performed our work to obtain the evidence we considered necessary to provide a basis for our assurance opinion. We are providing a 'limited level' of assurance. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the company were applied. The baseline data for environmental and social performance are not verified, while the aggregated data at the corporate level are used for the verification.

BASIS OF OUR OPINION

- The assurance was carried out from March to April 2022. We undertook the following activities as part of the assurance process:
- Challenged the sustainability-related statements and claims made in the Report and assessed the robustness of the underlying data management system, information flow and controls;
 - Site visits to NAVER HQ in Seongnam, Korea to review process and system for preparing sustainability data and implementation of sustainability strategy.
 - Conducted interviews with representatives from the various departments;
 - Conducted document reviews, data sampling and interrogation of supporting databases and associated reporting system as they relate to selected content and performance data;
 - Reviewed the process and the result of materiality assessment.

Responsibilities of the Directors of NAVER and DNV The Directors of NAVER have sole responsibility for the preparation of the Report. Our statement represents our independent opinion and is intended to inform all stakeholders. DNV was not involved in the preparation of any statements or data included in the Report except for this Assurance Statement. DNV's assurance engagements are based on the assumption that the data and information provided by the client to us as part of our review have been provided in good faith. DNV expressly disclaims any liability or coresponsibility for any decision a person or an entity may make based on this Independent Assurance Statement.

Competence and Independence DNV's established policies and procedures are designed to ensure that DNV, its personnel and, where applicable, others are subject to independence requirements (including personnel of other entities of DNV) and maintain independence where required by relevant ethical requirements. This engagement work was carried out by an independent team of sustainability assurance professionals. This engagement work was carried out by an independent team of sustainability assurance professionals.

DNV - Business Assurance DNV Business Assurance Korea Ltd. is part of DNV Group, a global provider of certification, verification, assessment and training services, helping customers to build sustainable business performance. www.dnv.co.kr/assurance

For and on behalf of DNV Business Assurance Korea Ltd.

Seoul, Korea
April 13, 2022



GHG Verification Statement

NAVER Corporation

VERIFICATION SCOPE

Korean Standards Association has conducted reasonable GHG emissions verification based on GHG report provided by NAVER Corporation which includes Scope1 and Scope2 emissions.

VERIFICATION STANDARDS AND GUIDELINES

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- GHG&Energy Target Scheme, Korea ETS guideline provided by Ministry of Environment, Republic of Korea
- KS Q ISO 14064-1,2,3 : 2006
- IPCC Guideline

VERIFICATION CONCLUSION

As a result of verification activities, verification team has found no significant errors. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2021 Emissions(Scope1, Scope2)

(Unit : tCO ₂ eq)			
Year	Scope 1	Scope 2	Total
2021	525	78,350	78,872

※ Decimal place is not considered when calculating the emission of each workplace.

April 13, 2022

Myung So Kang

KOREAN STANDARDS ASSOCIATION

UN SDGs

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

UN SDGs		NAVER's response	
4 QUALITY EDUCATION 	4.4	By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship	•Contributes to enhancing the digital literacy for software, AI, and data by running the NAVER Connect Foundation
5 GENDER EQUALITY 	5.5	Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life	•A fair and reasonable HR system under which capabilities can earn recognition and compensation •The ratio of female leadership on a steady increase
7 AFFORDABLE AND CLEAN ENERGY 	7.2	By 2030, increase substantially the share of renewable energy in the global energy mix	•Energy saving practices by using renewable energy at the business sites
	7.3	By 2030, double the global rate of improvement in energy efficiency	•Makes continued efforts to improve energy efficiency at the business sites
8 DECENT WORK AND ECONOMIC GROWTH 	8.3	Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services	•Provides financial support to SMEs to help them with digital transformation •Nurtures start-ups with high potential through D2SF tech start-up accelerator
	8.5	By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value	•Hires young talent with development disabilities directly by establishing a social enterprise, N-VISIONS •Does not discriminate on the basis of gender
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.5	By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse	•Fosters environmentally-friendly ecosystem through joint endeavor by NAVER and its stakeholders
	12.6	Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle	•Introduces the company's sustainability management and activities by publishing an ESG Report
	12.8	By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	•Runs campaigns for sustainable lifestyle on NAVER portal
13 CLIMATE ACTION 	13.3	Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	•Enhances environmental management governance and execution strategy aimed at achieving the 2040 Carbon Negative strategy
16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	16.5	Substantially reduce corruption and bribery in all their forms	•Code of Ethics and employees' pledge to business ethics •Conducts fraud risk assessment and self-check monitoring •Operates the company-wide Risk Management Committee
	16.10	Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements	•Strives to provide information accessibility and digital safety for all, and to guarantee freedom of expression

NAVER