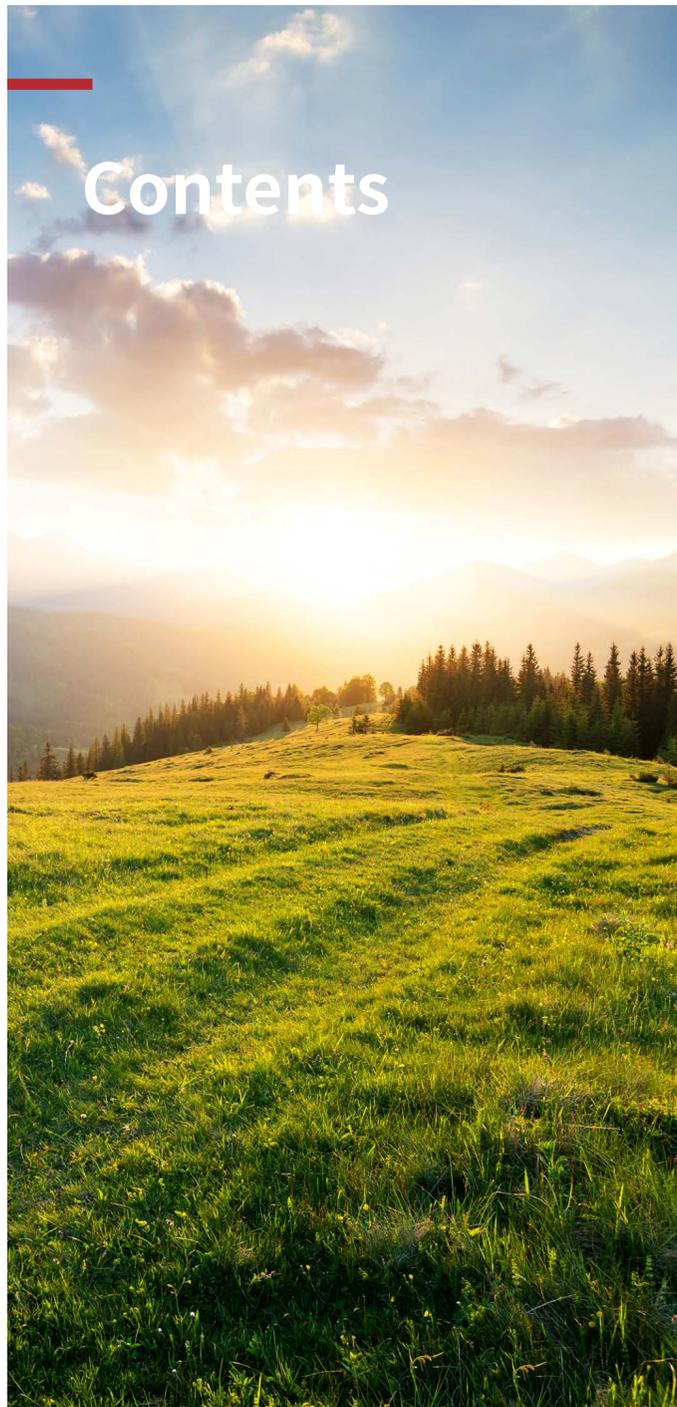


NetEase 2023

Environmental, Social and
Governance Report



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About This Report

Introduction

NetEase is dedicated to ceaseless innovation and leveraging the power of technology to enrich the experience of our users in the areas most closely intertwined with their lives - entertainment, education and consumer goods. Since our inception, we have honored our commitment to users, employees and society by integrating environmental, social and governance (ESG) considerations into our decision-making processes and development strategies. To achieve sustainable and meaningful ESG progress, we regularly engage with our internal and external stakeholders. This report is prepared to help stakeholders understand our performance in our ESG goals and corporate social responsibilities.

In this report, "NetEase", "the Company" and "we" refer to NetEase, Inc. and its subsidiaries and controlled entities.

Reporting Scope

This is our fifth ESG Report. This report provides a comprehensive description of our efforts and initiatives in 2023 (referred to as the "reporting period" in this report), as well as certain information pertaining to activities in 2024 and prior to 2022.

Reporting Guidelines

We prepared this report with reference to SASB Standards, the NASDAQ ESG Reporting Guide 2.0, and the Environmental, Social and Governance Reporting Guide issued by the Stock Exchange of Hong Kong Limited ("HKEX"). We also considered topics and best practices identified by leading rating agencies, including MSCI, DJSI (Dow Jones Sustainability Index), and Sustainalytics, and with reference to the United Nations' Sustainable Development Goals (UNSDGs). Furthermore, in light of our stakeholders' and ESG experts' advice, we took into consideration our current business practices and objectives in fulfilling our social responsibilities.

We prepared this report in accordance with an established process, which includes identifying key ESG issues, determining reporting boundaries and gathering information. The information in this report is primarily collected from our statistical reports and related documents.

Access and Feedback

This report is available in Simplified Chinese and English versions for readers' reference. We highly appreciate comments of all stakeholders and warmly welcome readers to reach out to us through the "Opinions and Feedback" Form at the end of this report. Your valuable comments will greatly contribute to improving our overall ESG practices and reporting.

Contact information:
Investor Relations and Global Communications Department
Email: ir@service.netease.com
Tel: (+86) 571-8985-3378

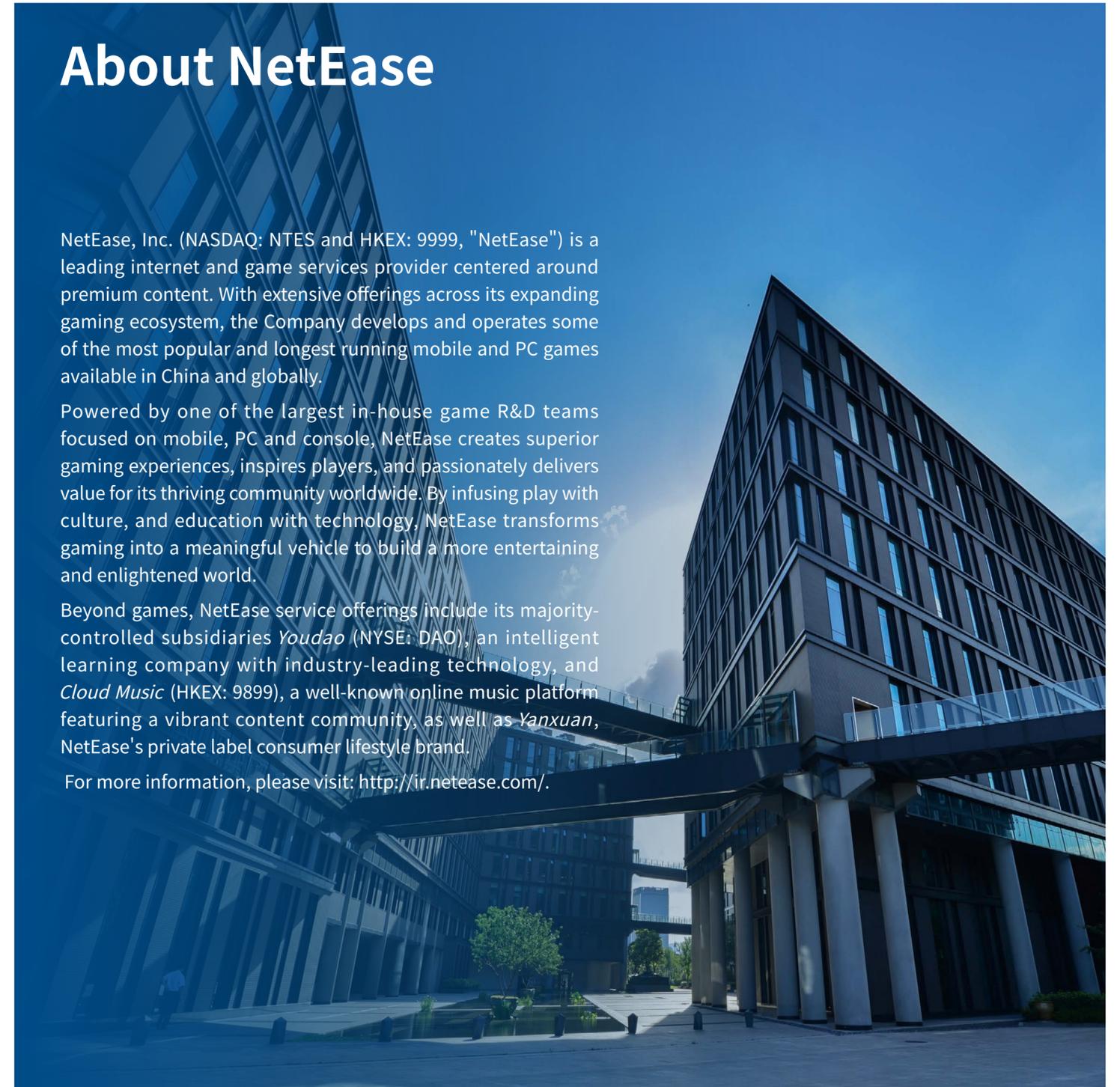
About NetEase

NetEase, Inc. (NASDAQ: NTES and HKEX: 9999, "NetEase") is a leading internet and game services provider centered around premium content. With extensive offerings across its expanding gaming ecosystem, the Company develops and operates some of the most popular and longest running mobile and PC games available in China and globally.

Powered by one of the largest in-house game R&D teams focused on mobile, PC and console, NetEase creates superior gaming experiences, inspires players, and passionately delivers value for its thriving community worldwide. By infusing play with culture, and education with technology, NetEase transforms gaming into a meaningful vehicle to build a more entertaining and enlightened world.

Beyond games, NetEase service offerings include its majority-controlled subsidiaries *Youdao* (NYSE: DAO), an intelligent learning company with industry-leading technology, and *Cloud Music* (HKEX: 9899), a well-known online music platform featuring a vibrant content community, as well as *Yanxuan*, NetEase's private label consumer lifestyle brand.

For more information, please visit: <http://ir.netease.com/>.



2023 ESG Highlights

Environmental

E

Hangzhou office campus procured over **9** million kWh of clean electricity

Reducing carbon emissions by **6,339** metric tons of CO₂e

Solar PV generation at our Hangzhou office campus reached **2.45** million kWh



The designed annual average PUE of our new Gui'an Data Center is below **1.2**



Industry-leading carbon reduction efforts via our proprietary **SpaceEase™ system**



Social

S

Established an information security committee that reports cybersecurity issues and risks to management and the Board

Over **70** IT and information security systems certified pursuant to globally recognized certification standards



Joined the Family Online Safety Institute, promoting safer gaming for children and their families globally

Employees from over **40** countries and regions



One Screen education program benefited over **300** schools and nearly **200,000** teachers and students



Included in

Forbes' 2023 World's Best Employers

TIME's 2023 World's Best Companies

2023 Bloomberg GEI

Governance

G

High proportion of independent and female directors



Formulated a Sustainable Development Strategy framework that has been approved by our Board



Enhanced a conduct policy framework centered around our Code of Business Conduct and augmented by additional policies and procedures, as part of our global business ethics and compliance efforts



Conducted approximately

80 business ethics training sessions

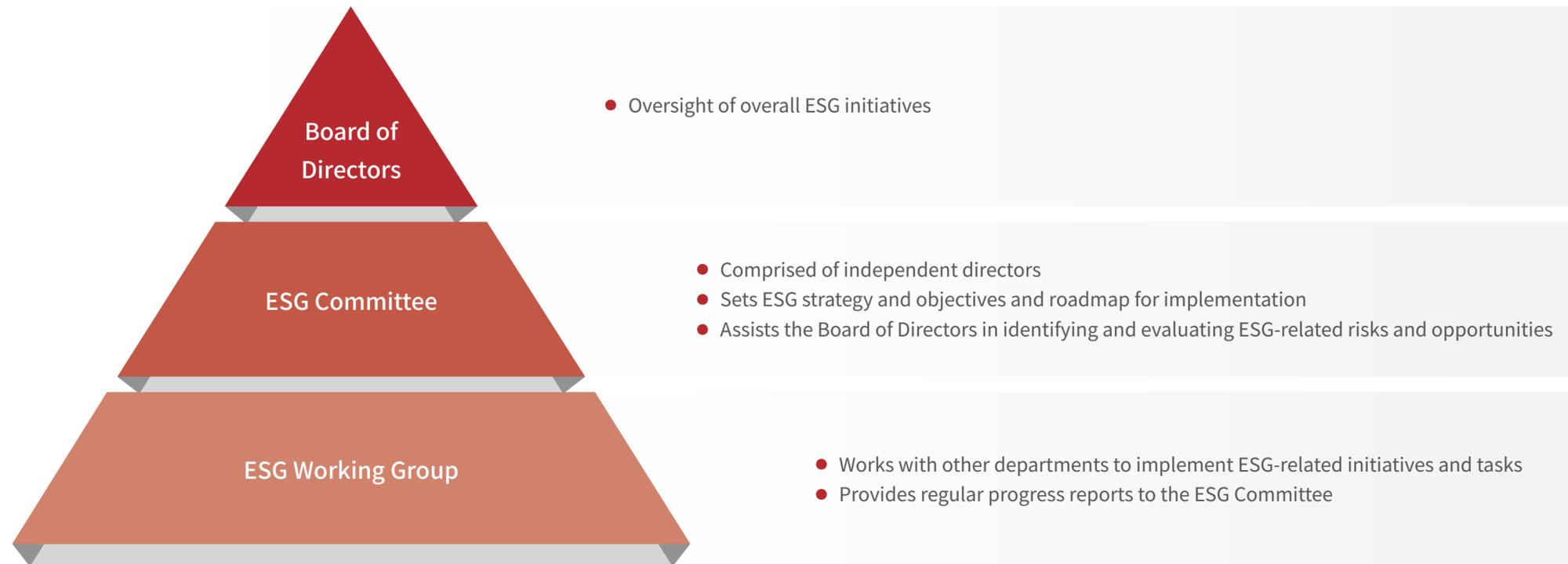


ESG Strategy

With a commitment to sustainable operations, NetEase places great importance on robust ESG governance, recognizing it as a fundamental pillar that supports our enduring commitment to sustainability and responsible business practices. We are continuously fine-tuning our ESG governance structure and management systems to protect the interests of our stakeholders, including our shareholders, users, employees, and business partners to generate more value and continue to improve people's lives.

ESG Governance Structure

NetEase has established a three-tier ESG governance structure. The Board of Directors functions as the highest level of supervision, responsible for overseeing our overall ESG initiatives and reviewing their progress. The ESG Committee of the Board is dedicated to planning ESG strategy and objectives. In turn, the ESG Committee supervises the ESG Working Group which is tasked with coordinating internal and external resources to implement specific ESG tasks.



ESG Governance Structure

ESG Vision

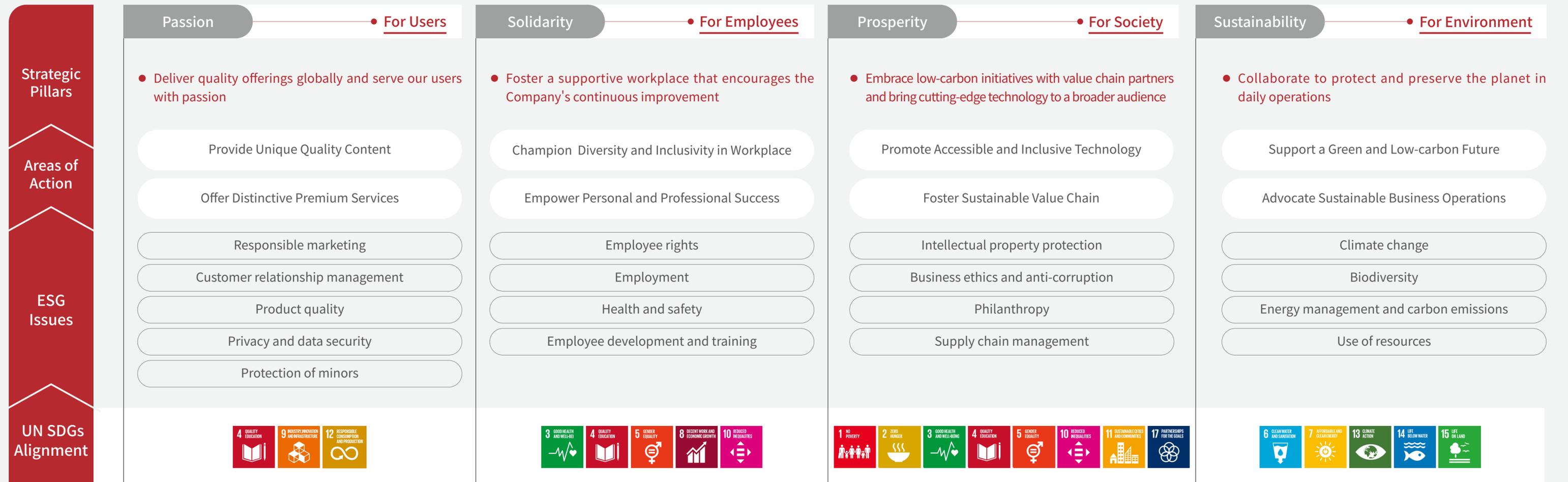
While maintaining a strong focus on critical areas such as refined governance, product quality, talent development, community care, and environmental protection, NetEase has been stepping up the integration of our ESG vision and our business, which serves as a robust foundation for our sustainable development. At the same time, we are always vigilant in identifying both risks and opportunities within our business, so that our strategic goals for sustainable development can be fully realized.



Sustainable Development Strategy

NetEase has developed a refined Sustainable Development Strategy by integrating our core values and strategic goals with broader market trends and our commitment to sustainability. This strategy is consistent with our corporate values, fostering a collaborative and systematic approach to our ESG initiatives and driving empowerment across our business. In 2023, our Board of Directors approved the NetEase Sustainable Development Strategy framework, marking another significant milestone.

We embrace a vision that focuses on passion, innovation and a user-centric approach to forge a synergy to drive sustainable development in cooperation with our stakeholders. We develop our business objectives taking into account the United Nations Sustainable Development Goals to identify eight strategic action areas, categorized under four pillars for sustainable development by considering perspectives from users, employees, society, and the environment. To ensure its effective implementation, we further assigned responsibilities to relevant departments, fostered collaboration, and devised targeted action plans for optimal resource allocation.



1

Corporate Governance

We firmly believe that business compliance and excellent governance are essential for the solid growth of our company. A highly professional and diverse Board of Directors plays a pivotal role in helping us navigate potential risks. Moreover, we are committed to enhancing our ability to withstand risks through a well-defined risk management framework and comprehensive risk control processes. Additionally, we are unwavering in upholding high standards of business ethics and fostering a culture of integrity in all our endeavors.

United Nations Sustainable Development Goals (UN SDGs)



- 08 Board Governance
- 09 Risk Management
- 11 Business Ethics

Board Governance

The professionalism and diversity of a company's board of directors are crucial to its robust and systematic development. NetEase aims to build a clear and efficient corporate governance mechanism with an emphasis on enhancing the Board's decision-making capabilities. Moreover, the Board's diversity provides more perspectives for achieving sustainable development.

NetEase's Board of Directors has four committees, namely, the Audit Committee, Compensation Committee, Nomination Committee and ESG Committee, with each committee having its own defined areas of responsibility.

Our Board's recommendation for the election of each of our directors by our shareholders was based on factors including, but not limited to gender, background, skills, and industry experience to ensure that the Board embraces both expertise and diversity. As of the end of the reporting period, the Board consisted of five directors, including four independent directors, with 40% of the directors being female. All members of the Board have extensive experience in a range of sectors such as communication technology, investment, finance, audit, business management, law, and social sciences.

Independent directors account for

80%

Female directors account for

40%

Position	Name	Gender	Educational Background	Expertise		
				Industry Experience	Risk Management	Financial Management
CEO/ Founder/Director	William Ding (丁磊)	Male	Bachelor of Science degree in Communication Technology	✓	✓	
Independent Director	Grace Hui Tang (唐徽)	Female	Bachelor of Science degree in Accounting, MBA	✓	✓	✓
Independent Director	Alice Cheng (郑玉芬)	Female	Bachelor of Accounting, MBA	✓	✓	✓
Independent Director	Joseph Tong (唐子期)	Male	Bachelor of Social Science degree with honors in Accounting and Statistics	✓	✓	✓
Independent Director	Michael Leung (梁民杰)	Male	Bachelor's degree in Social Science	✓	✓	✓

Risk Management

NetEase has established a robust and comprehensive risk governance system with a defined risk management framework and control process. This system facilitates systematic and standardized procedures for identifying, assessing, and controlling risks. In addition, NetEase conducts regular internal and external audits to investigate and address operational risks and areas for improvement to ensure its stable operation.

Risk Management Framework

Establishing a clear and stable risk management framework is the key element to supporting the effective and efficient execution of risk management practices. NetEase's Internal Control Department and Internal Audit Department, in collaboration with other functional groups, play crucial roles within its risk management framework by rigorously executing routine and targeted risk control tasks through effective collaboration.

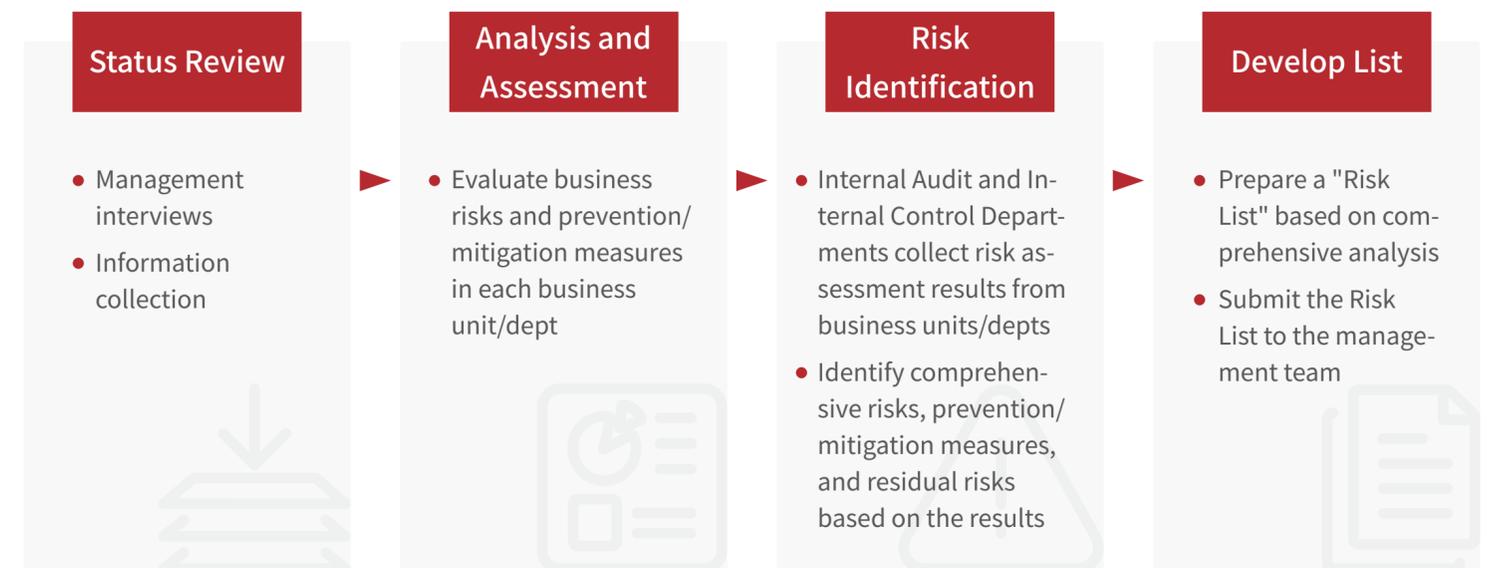
NetEase's Internal Control Department and Internal Audit Department employ a digitized system to regularly monitor and identify various operational risks to enhance risk control. They promptly collect a wide range of information from all parts of the NetEase group pursuant to their procedures and assign dedicated personnel to address and follow up in order to identify and control potential risks. They also provide comprehensive and in-depth recommendations to management to help guide their decision-making.



Risk Control Process

NetEase has established a standardized risk control process and conducts regular risk assessments and reviews in critical areas. NetEase also incorporates ESG risks into its daily risk management activities with the aim of enhancing awareness of ESG risk management and facilitating the implementation of ESG strategies.

The process starts with an operational status review and management communications to identify potential risks. Subsequently, the Internal Audit Department and the Internal Control Department aggregate risk assessments from various departments and business units into a comprehensive "Risk List". The management team then finalizes action plans based on the consolidated information. ESG considerations are included in this review and assessment process, with ESG-related content highlighted in management meetings and communications with business units, thereby effectively reinforcing ESG concepts in daily operations.



Risk Identification and Assessment Process

Internal and External Audit

NetEase systematically carries out its internal audit plans and conducts diverse risk audits in key areas. NetEase also arranges for various external audits to improve its capabilities in risk prevention and control by leveraging the expertise of external third parties for accurate and efficient assessments.

NetEase's Internal Audit Department formulates internal audit plans annually in accordance with international standards, applicable laws and regulations in the jurisdictions where we operate, as well as risk assessment results and management decisions. NetEase's Internal Audit Department executes the annual internal audit plans of all operating sites. In 2023, NetEase conducted targeted audits in areas such as anti-money laundering, anti-terrorist financing, procurement, consumer rights protection, and information security, in tandem with regular external audits in areas that most matter to us. NetEase is dedicated to improving its risk control measures and risk management capabilities through the results of its internal and external audits.

Information Security Audit

NetEase strengthened its information security by further refining its IT General Controls (ITGC) testing methods and expanding their scope, aiming to establish a robust defense line for its information security systems.

Procurement Audit

Utilizing a cross-functional team from NetEase's Internal Audit Department, Internal Control Department, and various business units, NetEase conducted a comprehensive audit of key procurement risks, enabling it to identify potential risks and enhance its anti-fraud capabilities through data monitoring. By extending our audit preparations to earlier stages, NetEase effectively reinforced risk monitoring mechanisms before and during the actual audit process.

Anti-Money Laundering and Anti-Terrorist Financing Audit

NetEase is dedicated to strengthening measures against money laundering and terrorism financing. It actively fulfills its obligation to protect consumer rights and improves procedures to establish a solid financial consumer rights protection system in accordance with regulatory requirements, thereby achieving robust compliance and optimizing operational efficiency.



Examples of NetEase Key Audit Work in 2023

Business Ethics

NetEase has adopted a risk-appropriate conduct policy framework and aims to uphold the highest ethical standards in all activities. NetEase is committed to fostering a culture of integrity and protecting whistleblowers to ensure a fair business environment.

Ethics Governance Framework

NetEase firmly believes that maintaining an ethical, honest and fair workplace is fundamental for a company to grow sustainably.

NetEase has implemented a three-tiered ethics & compliance framework which is designed to ensure compliance and integrity standards are preserved throughout our operations and enhance the oversight of our employees and business partners. The Audit Committee of our Board of Directors oversees this framework and our overall compliance program with respect to legal and regulatory requirements. Our Ethics & Compliance Committee Offices for China and for our markets outside of China collaborate to supervise ethical conduct and promote a culture of integrity across our group.



Business Ethics & Integrity

NetEase is committed to conducting our operations ethically and honestly. The Company carefully considers applicable laws and regulations, legal and compliance risks relevant to our businesses, and input of both internal and external stakeholders when setting business ethics and integrity policies and procedures. NetEase also periodically reviews and updates such policies and procedures to ensure they are kept current.

NetEase's risk-appropriate conduct policy framework sets a high standard for its directors, officers, employees and external third parties that provide services to, or act on behalf of, NetEase. The framework is designed to promote honest and ethical conduct in all of NetEase's activities. During the reporting period, NetEase simplified the gift reporting process by eliminating unnecessary approvals. This change promotes transparency and reduces concerns for reporting. Furthermore, NetEase made significant updates to its conduct policy framework, including the noteworthy highlights below.

Conduct Policies and Procedures	Key Purpose	Updates Since Last Reporting Period
Code of Business Conduct	<ul style="list-style-type: none"> Sets forth fundamental principles that promote legal, honest and ethical conduct in all of NetEase's activities. 	<ul style="list-style-type: none"> Significantly revamped to reflect developments in NetEase's operations and regulators' expectations, and to improve user friendliness.
Professional Ethics and Integrity Standard	<ul style="list-style-type: none"> Detailed rules and guidance on business ethics and professional integrity, and defines the role of the Ethics & Compliance Committee. 	<ul style="list-style-type: none"> Significant revamp to consolidate several related standards and procedures into one document, and to improve user friendliness.
Gifts & Hospitality Quick Guide	<ul style="list-style-type: none"> Overview of key rules, expectations, and requirements on gifts and hospitality. 	<ul style="list-style-type: none"> Newly created document to provide user friendly guidance on existing rules and procedures.
Conflicts of Interest & Outside Activities Quick Guide	<ul style="list-style-type: none"> Overview of key rules, expectations and requirements on conflicts of interest, including outside activities and related party interactions. 	<ul style="list-style-type: none"> Newly created document to provide user friendly guidance on existing rules and procedures.

Culture of Integrity

NetEase is dedicated to promoting ethical awareness and conduct among our employees and suppliers as part of its focus on maintaining a culture of integrity throughout the Company.

NetEase provides numerous training sessions on topics related to ethics and compliance for our board of directors, management and all staff (including part-time and outsourced workers) to raise their integrity awareness. During the reporting period, we organized compliance training for all full-time employees, covering 100% of the Company's employees. We also conducted nearly 80 anti-fraud training sessions for key position holders and new employees.

In addition, we launched a series of compliance training modules for full-time employees and interns in our operations outside of China, covering topics such as the Code of Business Conduct, anti-bribery, and anti-harassment and anti-discrimination, to help our employees understand our policies related to ethics and integrity and comply with them.

Management Training

- At NetEase, we recognize the importance of implementing integrity and ethical standards from the top down. During the reporting period, we conducted offline ethics training sessions for the heads of all of our business units and departments, as we believe they are at the frontline of team integrity education.
- As part of the program, we prepared ethics training materials for every head and asked them to conduct ethics training sessions for their team members.

Compliance Campaign

- We strive to create a workplace where ethical and integrity standards are fully enforced. In 2023, we launched the online Compliance Academy in China which incorporates our key compliance policies, and organized an all-hands compliance culture campaign to remind our employees of our professional conduct requirements.
- The Compliance Campaign is one of the key steps in strengthening employees' compliance awareness and conduct. It provides employees with compliance education and certification through fairs, online quizzes, charity auctions, and integrity medal awards.

Contractors & Part-time Workers

- We require all interns and part-time employees in China to take a compulsory online ethics course and demonstrate their understanding of our integrity and compliance standards.
- Contractors are required to learn and follow our ethics and integrity policies. We provide them with training and testing materials based on business needs and require them to take the Company's internal test on integrity and compliance topics.
- In 2023, we expanded the access of our Compliance Academy to contractors and part-time workers.

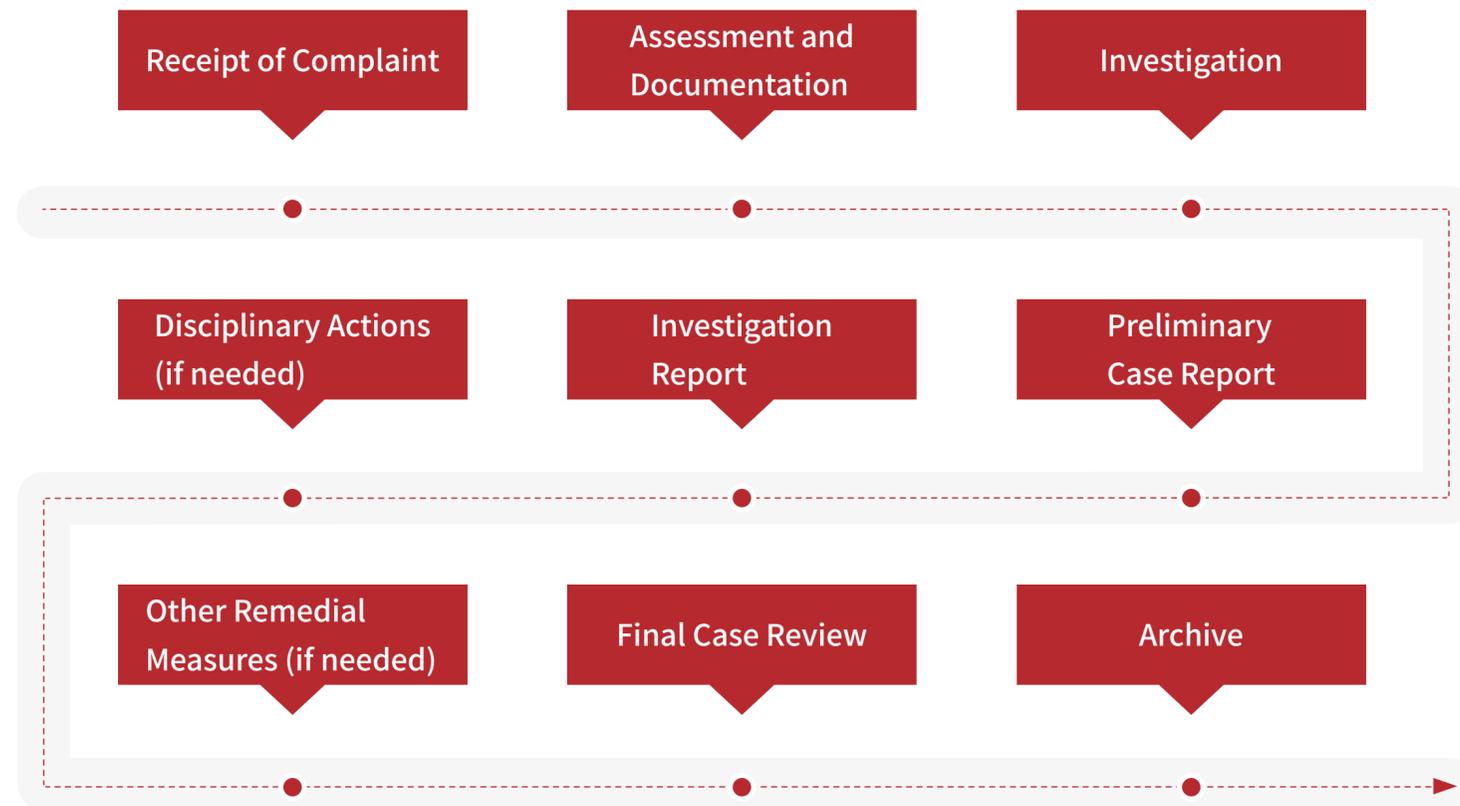
NetEase also considers supplier integrity management as essential for promoting a comprehensive ethical working environment. To protect the Company's interests and ensure proper business conduct, we mandate that all suppliers in China and an increasing number of suppliers in our global markets sign a "Code of Conduct for Business Partners". During the reporting period, we communicated our integrity policies and reporting channels to our suppliers through emails, text messages, notifications on our procurement platform and other methods. These and other measures are aimed at promoting business ethics and a culture of compliance among NetEase's suppliers.

Protections for Whistleblowers

NetEase is dedicated to the protection of whistleblowers. NetEase provides multiple whistleblowing channels, including a company-hosted whistleblowing website, an externally-hosted whistleblower hotline, and published reporting email channels. We have also established a comprehensive system to handle complaints in a rigorous and timely manner. Our Ethics & Compliance Committee Offices are responsible for conducting investigations, making recommendations on remedial measures and providing reports to internal stakeholders.

NetEase maintains a zero-tolerance attitude toward any violation of applicable laws, regulations or company policies, and disciplines violators if misconduct is substantiated.

NetEase's anti-retaliation policies prohibit any retaliation, retribution, or reprisal in any form against anyone that raises a good-faith question or concern, or for cooperating truthfully with an investigation. In terms of complaint handling, NetEase conducts a closed-loop process to protect whistleblowers' rights and information.



Complaint Handling Process



Whistleblower Protection System



2

Responsible Products and Services

NetEase upholds the concept of being responsible to all stakeholders and prioritizes compliance and responsible development of products and services to anticipate and address the evolving needs and concerns of our users to provide them with a superior experience.

United Nations Sustainable Development Goals (UN SDGs)



- 15 Cyber and Information Security
- 17 Privacy
- 18 Protection of Minors
- 20 Responsible Service and Product Offerings
- 22 Product Innovation
- 25 Intellectual Property Rights Protection
- 26 Supply Chain Management
- 28 Customer Service

Cyber and Information Security

NetEase has stepped up efforts to enhance its cybersecurity and data security management. The Company is committed to providing sound protection at each stage of product usage for users. With standardized information security measures and initiatives to mitigate network and information risks, NetEase aims to establish a secure and structured business operation environment.

Cybersecurity Risk Management

We have developed and implemented a cybersecurity risk management program intended to protect the confidentiality, integrity, and availability of our critical systems and information. Our cybersecurity risk management program is integrated into our overall enterprise risk management program and shares common methodologies, reporting channels and governance processes that apply across the risk management program to other risk areas.

Key elements of our cybersecurity risk management program include the following:

- ◆ Risk assessments designed to help identify material cybersecurity risks to our IT systems and information

- ◆ An Information Security Office, supported by security teams of business units, principally responsible for managing (1) our cybersecurity risk assessment processes, (2) our security controls, and (3) our response to cybersecurity incidents

- ◆ The use of external service providers, where appropriate, to assess, test or otherwise assist with aspects of our security controls

- ◆ Cybersecurity awareness training of our employees, including incident response personnel, and senior management

- ◆ An information security incident management policy that includes procedures for responding to cybersecurity incidents; and

- ◆ A security review process, where appropriate, to assess the risks associated with the use of key third-party service providers, suppliers, and vendors based on our assessment of their criticality to our operations and respective risk profile

Cybersecurity Governance

Our board of directors considers cybersecurity risk as part of its risk oversight function and has also designated the Audit Committee to oversee cybersecurity and other information security risks. The Audit Committee reviews our cybersecurity management and strategy periodically and receives regular reports from management on our cybersecurity risks. In addition, our management updates the Audit Committee, as necessary, regarding any material cybersecurity incidents.

At the management level, we have established an information security committee, which is responsible for implementing a global information security program which is aligned with our strategy, establishing and promoting the corresponding policies and mechanisms, and assisting in ensuring adequate and timely disclosure of information security incidents and threats to the Company's management and Board of Directors.

Our information security committee is comprised of members of senior management and senior personnel, including our CEO, the head of our information security office who has experience in dealing with cybersecurity issues, and other members of management, leaders of business units and the legal, IT and other departments.

Our information security committee reports to the audit committee on the state of information security risks on periodic basis, as well as on an as-needed basis in the case of material information security incidents.

If a cybersecurity incident occurs, our information security office will promptly organize personnel for internal assessment. If it is considered that the incident could potentially be a material cybersecurity event, our information security office will promptly assess results and report the investigation to our information security committee for further review. The information security committee will decide on the relevant response measures and whether any disclosure is necessary.



Cyber and Information Security Management Practices

NetEase has continuously worked to strengthen its data security management and effectively implement cyber and data security management practices based on effective defense technologies, rigorous information security audits, comprehensive information security certifications and extensive data security awareness initiatives.

Information Security Audit

NetEase performs both external and internal information security audits on an annual basis. In 2023, we conducted a special audit targeting the information security management of our outsourced personnel and partners. The purpose of the internal audit was to assess standardization and effectiveness of our policies and procedures. We also conducted an external audit which focused on assessing data security risks for our business operations. These audits are part of our ongoing efforts to enhance risk control for data and information security.



During the Reporting Period, NetEase invited external legal specialists for training sessions on trending topics, such as cross-border data management and compliance strategies. We also organized training sessions on the topic of "GDPR and Data Compliance Governance Overview" to elevate employees' awareness of data security and equip them with essential knowledge of data compliance.

Information Security Certifications

NetEase takes a proactive approach toward the certification of information security of its businesses. During the Reporting Period, a total of 67 systems were completed in the assessment for Classified Protection of Cybersecurity (DJCP) certification in China, and a total of 10 IT infrastructure and information security management systems involved in major business units passed the ISO 27001 certification which cover over 80% of our self-owned operations.

In 2023, *NetEase Games* successfully obtained the ISO/IEC 27001 International Certification for Information Security Management System following a rigorous audit by Det Norske Veritas, an independent and reputable international certification agency.

During the Reporting Period

67
systems were completed in the assessment for Classified Protection of Cybersecurity (DJCP) certification in China

10
IT infrastructure and information security management systems involved in major business units have passed the ISO 27001 certification

Information Security Awareness

NetEase regularly organizes promotions and training sessions on information and data security to continuously enhancing employees' knowledge in this field. In 2023, we conducted information and data security training for all employees, including full-time, interns and outsourced employees in China, as well as for certain of our employees outside of China.

2023 Information Security Month Event

In 2023, we launched the Information Security Month event to create a positive information security environment and improve employees' awareness and knowledge of information security. The event offered a variety of online and offline activities for employees to participate in. Additionally, the event aimed to spread comprehensive information security knowledge and strengthen employees' awareness of information data security.

Privacy

NetEase is dedicated to ensuring the privacy and security of our users' information. This means we strive to continuously monitor and improve our privacy governance, processes and procedures.

Governance

As part of our governance measures, we continue to pursue and invest in our privacy by design and default strategy, working hard to ensure that privacy and data protection are built into everything we do. Training and awareness are also at the forefront of our privacy governance strategy, helping us build a "privacy-first" culture, where employees understand their role in helping protect data and are empowered to help raise the bar when it comes to privacy and data protection.

The Company is committed to ensuring our practices comply with applicable privacy laws in the jurisdictions we operate. In that context, our business lines are required to follow privacy best practice. We have designated privacy departments responsible for supporting, reviewing and overseeing privacy issues and practices across our business including in relation to issues such as data retention and minimisation. These include, for example, a Personal Information Protection team responsible for handling user complaints and whistleblowing related to user privacy. Furthermore, our privacy processes and procedures include requirements to ensure that suppliers are subject to contractual obligations pertaining to privacy and data protection commensurate with their role and activities.

These dedicated privacy departments and functions also continually monitor and report, including to senior leadership, on the evolving privacy regulatory and legislative landscape and relevant industry standards such as *The Cybersecurity Law of the People's Republic of China* and the EU's *AI Act*. This approach not only helps us ensure that our practices are properly aligned with applicable requirements, but serves to ensure visibility and calibration at appropriate senior management levels.

In 2023, *NetEase Games* obtained ISO/IEC 27701:2019 certification for Privacy Information Management, and passed a rigorous audit by Det Norske Veritas, an independent and reputable international certification agency. Independently verifying our privacy posture and assessing our practices against internationally recognized standards help us ensure our practices continue to meet a high bar.



Protection of Minors

We are keenly aware of our responsibility to safeguard minors and are committed to working to ensure that our online products provide a safe, healthy and positive environment for them.

Our Practices and Efforts

As part of this commitment, we employ cutting-edge technology, anti-fraud features as well as targeted campaigns to ensure we're working to prioritize the protection of minors in every aspect of our online services and that our services are aligned with legal requirements such as the *Regulation on Protection of Minors in Cyberspace* in China and appropriate industry standards.

We have established the NetEase Games Minors Protection Center, which focuses on policy research and anti-addiction efforts for the protection of minors. It comprises working groups on user and policy research, minors care, cyberspace governance, and cyber safety education. Through these efforts, we aim not only to develop comprehensive mechanisms to protect minors but to develop mechanisms which also have the ability to be applied and rolled out across our platforms globally.

We continue to work to optimize the NetEase Parents Caring Platform to safeguard the online well-being of minors. The Parents Caring Platform helps parents manage the gaming

behavior of minors in China. During the reporting period, new features were added to the platform that allow parents to link their children's game accounts to the platform using a QR code, centrally set and manage screen time and spending limits, and generate weekly gaming summary reports. Parents can also use the platform to deal with other issues that are related to underage gaming and manage their minors' gaming habits. The platform also includes suggestions from educational experts on how parents can effectively communicate with their children regarding online game playing.

In 2023, *NetEase Games* introduced tougher penalties against non-compliant UGCs in our games in China. This includes the introduction of a black-list system, under which severe offenders will be permanently banned from signing up and playing any NetEase games. Using our advanced proprietary technology, we also further enhanced our minor protection system to allow us to more precisely identify undesired behavior.

Minors Protection Initiatives

We have implemented several special initiatives to protect minors. We also contributed to the formulation of minors protection rules in the industry and shared our experience in minors protection with the wider community, thereby contributing to the creation of a healthy and positive online environment.



NetEase Games participated in the drafting of an industry standard pertaining to the protection of minors for China's internet companies. The standard, released by the Internet Society of China and enacted on June 1, 2023, aims to create a healthy and safe online ecosystem for minors.



The Game Publishing Committee of the China Audio-Video and Digital Publishing Association published the 2022 Report on the Protection of Minors in China's Game Industry, in which *NetEase Games'* achievements were recognized as an exemplary case.



In 2023, *NetEase Games* became a member company of the Family Online Safety Institute, a non-profit organization based in Washington, D.C. dedicated to making the online world safer for minors and their families. Our membership demonstrates our commitment to and continued support for online safety and its dedication to creating a reliable, secure, and respectful environment for all players.

Minors Protection Measures

NetEase Games is among the first in the industry to introduce a 24/7 end-to-end minors protection process that includes an AI-based minors identification and protection system, an intervention model for unreasonable underage spending, and a monitoring and crackdown system.

This system, known as the NetEase AI Patroller, can precisely identify underage players based on their behavior and conduct behavioral interventions, such as blocking unreasonable spending.

Anti-Fraud Systems & Illegal Trading Clampdown

To combat game fraud, *NetEase Games* introduced fraud warning, blocking, and reporting features in products such as *Eggy Party*.

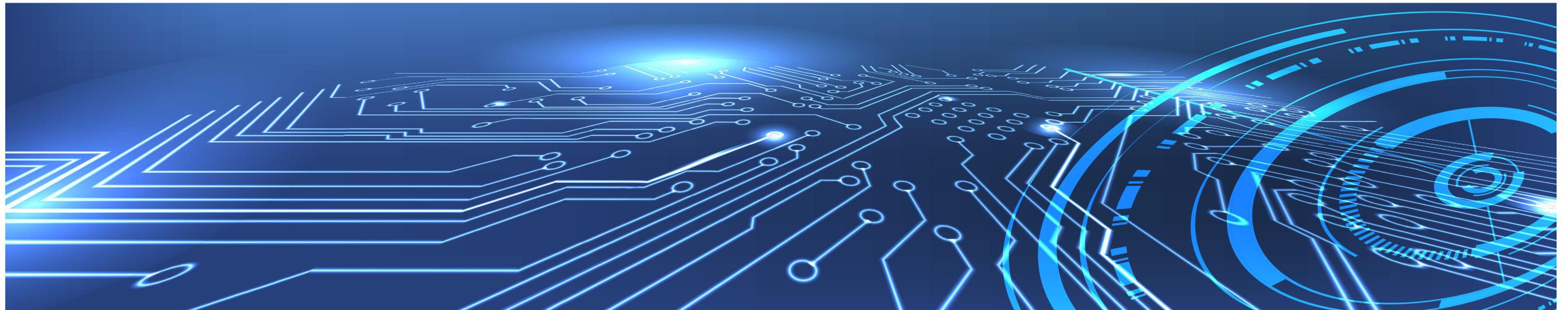
NetEase Games organizes special campaigns to clamp down on the illegal rental and sale of game accounts to minors on several platforms in China. It also helps law enforcement agencies in China in identifying studios that sell real-name accounts illegally.

Complying with the Regulations on the Protection of Minors in Cyberspace - China

In compliance with the requirements of China's *Regulations on the Protection of Minors in Cyberspace*, NetEase introduced a "minors mode" to our games, live streams, and social networking products. The content and features under this mode are modified to suit minors of different age groups. It also enables parents to manage the screen time and spending of their children.

In addition, to fully protect the rights of minors and prevent cyberbullying, NetEase launched an anti-cyberbullying feature for our games, live streams, and other products. This feature provides options for minors to block strangers, prevent reposting or commenting on their posts, and reject messages from strangers.

NetEase Games is dedicated to exploring innovative ways to protect minors and support their healthy development. For example, *Eggy Party* released a Baby Egg mode, which modifies the display of certain maps to make it more friendly to younger players. Furthermore, the Baby Egg mode offers experiential, interactive, and gamified educational content that sparks teenagers' interest in learning and improves their scientific knowledge, logical thinking, and creativity in a fun way. We believe this mode also impacts on society positively and creates a new paradigm for the industry to create age-appropriate content.



Responsible Service and Product Offerings

We aim to consistently provide the highest-quality services and products developed in strict compliance with applicable standards, fostering trust, loyalty, and improved user experiences.

Responsible Marketing

NetEase comprehensively regulates the marketing content on its platform and also its marketing content on other platforms to prevent any misleading marketing practices, ensuring that marketing content is legal and compliant while delivering valuable marketing information to users.

We place significant emphasis on adhering to advertising laws and regulations, including the *Advertising Law of the People's Republic of China*, among others. We rigorously control the dissemination of marketing materials to prevent any form of discrimination, misdirection or violence, or that would be detrimental to children's well-being or the public's physical and mental safety and health. Additionally, we strictly prohibit any advertising related to tobacco, weapons, gambling, and similar categories.

One example of our commitment to responsible marketing is *NetEase Yanxuan's* compliance-focused marketing team. To promote *NetEase Yanxuan's* products, this team has implemented a four-tier review mechanism and incorporated a 'one-vote veto system' for product descriptions and label content, thereby minimizing the chance of any instances of false or exaggerated marketing practices.

Four-Tier Review Mechanism

Four review teams are responsible for reviewing respective categories of product-related content.

The reviewers are responsible for confirming that the text is error-free, the information is valid, the pictures are accurate and standardized, and the data and qualifications are genuine and in line with applicable disclosure requirements.

Veto System

We have multiple rounds of reviews of such content, and revisions will be made until the content is approved by all reviewers.

NetEase Yanxuan also organizes knowledge sharing events to help employees gain an in-depth understanding of the latest industry trends and compliance standards, enhancing their professionalism in marketing. In addition, *NetEase Yanxuan* promotes monthly and weekly marketing case studies within relevant departments to disseminate knowledge and strengthen team awareness of compliant marketing.

Content Compliance

NetEase is dedicated to building a high-quality content platform and fostering a healthy online environment and takes stringent internal measures designed to ensure that our platform content is compliant with applicable requirements.

For example, our 163.com portal and related mobile app, *Wangyi Xinwen*, observe relevant laws and regulations in China and prohibit the display of any content that may have detrimental effects on users' physical and mental well-being, including violence, pornography, gambling, illegal drugs, discrimination and other inappropriate materials. We require third-party content providers to agree to comply with applicable legal requirements before posting information on such platforms. In this way, we can protect users' interests in cyberspace and ensure they have a positive experience.

Consistent with the *Administrative Measures for Internet Information Service* and other laws and regulations in China, *NetEase Cloud Music* has implemented a 24/7 content safety emergency handling mechanism and an initiative to rectify any inappropriate content on its platform, with the purpose of promoting responsible and appropriate content.



Product Quality Assurance

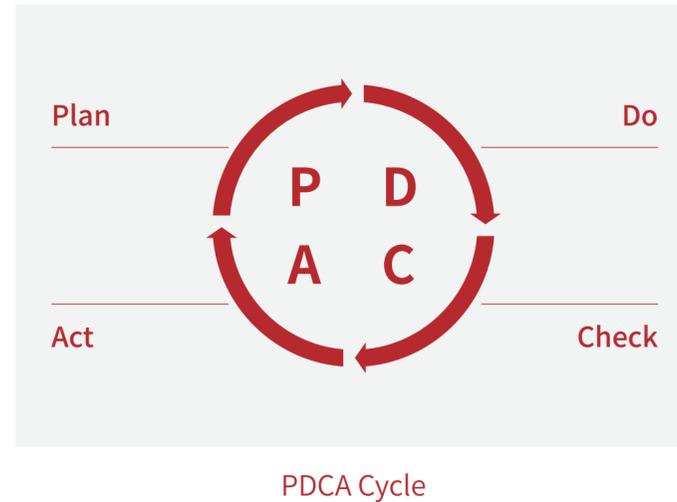
We regard product quality as one of the essential factors for our sustainable development. With a series of quality control procedures and measures, we provide consumers with high-quality and reliable products.



Product Quality Management System

NetEase continues to strengthen its product quality assurance efforts, further enhancing the overall level of quality control by building and utilizing a digital product quality management system.

For example, *NetEase Yanxuan* has established a closed-loop e-commerce product quality management system based on the "plan-do-check-act", or PDCA, cycle. During the reporting period, we further introduced a digital management system to manage our quality assurance practices in a holistic manner. The system encompasses all *NetEase Yanxuan* suppliers and monitors changes across the entire supply chain, from product design, manufacturing, and delivery to reorders. The system can also support our employees to analyze, track, and control the risks associated with these changes.



As of the end of the reporting period, *NetEase Yanxuan* had obtained a number of certificates in this regard, including ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and BRCGS Agents & Brokers certification.

Product Quality Management Practices

NetEase implements diversified quality control measures, as well as internal training and publicity initiatives to increase employees' awareness of best practices in quality control.

NetEase Yanxuan Quality Control Circle (QCC) Project

Since 2021, *NetEase Yanxuan* has initiated a number of QCC projects that apply qualitative and quantitative approaches to address any issues that arise in its operations, management or working culture in order to minimize quality control issues and reduce rejection rates. In 2023, *NetEase Yanxuan's* project titled "Reducing the Return Rate of Garment Steamer Due to Leakage" won an award presented by the China Association for Quality, and its "Reducing the Return Rate of Whole Wheat Bread Due to Quality Issues" initiative was awarded the third prize in Excellent QCC by the Zhejiang Association for Quality.

NetEase Yanxuan's Quality Academy

NetEase Yanxuan has set up a Quality Academy that offers multiple product quality-related courses for employees and suppliers to strengthen product quality control. Drawing on both internal and external resources, the Quality Academy has developed courses in four categories: professional training, process management training, special management training, and supplier training. For employees, the Quality Academy offers numerous self-study courses covering new technologies, processes, and materials. It also provides specialized training sessions in electrical appliances, pet food, textiles, and furniture for key production processes and provides targeted education for *NetEase Yanxuan's* core suppliers. The Quality Academy helped *NetEase Yanxuan's* supply chain department to organize a series of courses, such as Lean Manufacturing Best Practices, to promote the concept of lean supply chain management. During the reporting period, the Quality Academy hosted a total of 29 training sessions with over 1,300 participants.

NetEase Yanxuan actively participates in the drafting and formulation of national and industry standards. For example, *NetEase Yanxuan* co-drafted the "Down and Feather Quilts (QB/T 1193-2023)" industry standard which was released in April 2023.

Product Innovation

NetEase is at the forefront of many advanced technologies, including emerging technologies such as AI, and utilizes its strengths in technology, content and product and service development to drive its business. We are dedicated to fostering innovation through technology, resulting in a more user-friendly and efficient experience that enhances the commercial value of our products and services. As our technologies continue to advance, we remain committed to upholding the highest standards of technology ethics and compliance.

Category and Commercial Innovation

NetEase has always been committed in investing in proprietary technologies to empower its commercial innovations across various genres.

For instance, *NetEase Games* is dedicated to extensive cultivation of cutting-edge technologies, leveraging its expertise and content innovation to drive innovation in games. In addition to our competitive advantages in Massively Multiplayer Online (MMO) games, we made headway across a diverse set of genres in 2023, broadening our reach across more casual players and entering new genres such as sports and simulation games. Our self-developed games, including *Eggy Party*, *Racing Master* and *Justice* mobile game have topped various gaming categories, achieving significant breakthroughs.

Eggy Party creates a UGC universe with 100M maps and users

Acclaimed for its rich gameplay and innovative game mode, *Eggy Party* has become a highly popular party game. One standout feature of this game is its robust in-game map editor, which is powered by AI-generated content (AIGC) features such as "Universal generator", "video-generated actions," and "one-click generation of ancient building". These AIGC features significantly lower the threshold for content creation, allowing players to unleash their imagination. In addition, *Eggy Party* provides a variety of user-friendly tools, incentivizes creators by offering tangible rewards and outlines clear growth paths. This encouragement prompts creators to produce more diverse content, fostering the prosperity of the UGC ecosystem. During the reporting period, *Eggy Party* achieved major milestones, surpassing 100 million in both UGC maps and monthly active users, establishing a vast "universe" in the field of UGC.

Racing Master relies on premium racing content to top the iOS download charts

Racing Master has achieved a breakthrough in the mobile gaming experience through numerous independent technological innovations. It not only adopts top-notch technologies such as physical collision, visual rendering, and sound effects blending, but also incorporates tailored adjustments to cater to the characteristics of mobile gaming in the development process. These developments greatly reduced the barriers for a AAA console-level racing game to run on a mobile platform, and the game was widely recognized in the market, topping the iOS download chart in China for ten consecutive days and appearing third on the top grossing chart on two occasions.

Justice revolutionizes business model for MMO games

The *Justice* mobile game offers a balanced martial arts open world gaming experience which is both rich in content and affordable. Launched in 2023, *Justice's* revolutionary business model breaks the constraints of Massively Multiplayer Online (MMO) mode by introducing an abundance of free and low-cost skins, as well as a seasonal business model. This transformation redefined the MMO market by making seasonal content a mainstay again. Within the first 45 days of its public beta testing, the game attracted a record high of over 50 million players.

AI and Other Technology Innovation

NetEase is actively driving the adoption of AI technology, exploring new opportunities in the era of AI and contributing significant value to enterprise development.

NetEase Yaotai unveils AI digital avatars

NetEase Yaotai, a proprietary virtual event platform developed by our *NetEase Fuxi* research lab, is dedicated to promoting the integration of the Metaverse and AI technology in practical applications. To meet the diverse needs of businesses, *NetEase Yaotai* has introduced AI-powered digital avatars who can serve as receptionists, exhibition hall guides, customer service representatives, and virtual spokespersons. This enables enterprises to benefit from more personalized and efficient intelligent services. Moreover, they can engage in fluent and seamless conversations with customers at a fast pace, ensuring prompt and accurate resolution of their queries or issues while enhancing the overall customer engagement experience. *NetEase Yaotai's* AI and manual facial modeling features also allow enterprises to customize the appearance of their digital avatars according to specific roles.

NetEase Yaotai works with NVIDIA to assist innovative AIGC technologies

In April 2023, NVIDIA and *NetEase Fuxi* organized a seminar on content creation and innovative AIGC technologies in NetEase's immersive virtual event platform *NetEase Yaotai*. As part of the showcase, *NetEase Yaotai* recreated a lecture hall, demonstrated a diverse range of conference visuals, and created an immersive and free-sharing atmosphere beyond reality, bringing a novel and unique activity experience.

NetEase Fuxi makes a splash at WAIC

At the 2023 World Artificial Intelligence Conference (WAIC), NetEase showcased numerous AI large model products, highlighting their pioneering achievement across various layers of AI infrastructure, including the engine, platform, model, and application layers. As part of its commitment to provide innovations, the *NetEase Fuxi Youling* crowdsourcing platform aims to create more career opportunities, with positions that include remote excavator operators, AI-assisted artists, AI-assisted expression binders, and other roles involving human-machine collaboration. The platform also aims to provide training programs that are customized specifically for job seekers so that they can enhance their skills and income. In 2023, *NetEase Fuxi Youling* was awarded the Gold Prize in the Corporate Social Responsibility category at the MUSE Creative and Design Awards in the US. The award is a testament to the platform's contribution to social responsibility and affirms NetEase's innovative approach to utilizing cutting-edge AI technology to address employment and labor challenges.



AI Technology Ethics and Compliance

NetEase is committed to upholding the ethical and compliant use of AI, particularly in light of the evolving regulatory requirements and ethical dilemmas brought on by the rapid pace of technological advancements. Through the development of ethical guidelines for AI use and the facilitation of training sessions to guarantee their proper execution, NetEase is dedicated to strengthening the governance of its deployment of AI.

NetEase has developed several internal policies regarding its use of AI, including "Guidelines for AIGC Technical Data and Content Security", "Guidelines for the Compliant Use of AI Art Tools" and "Authorization Application Process for External Suppliers to Use NetEase AI Art Systems". These policies set out standards for applying AIGC technology and tools, designed to ensure compliance in AI-related businesses. Additionally, we have adopted the "Policy of the Ethical Usage of Algorithms", which sets out the management structure, procedures, guidelines and supervision related to ethics review of the usage of algorithms. To facilitate a systematic approach toward ethics reviews, We plan to form an internal

committee for such reviews as well as an advisory committee primarily comprised of external experts to offer guidance for our technology ethics work.

In 2023, NetEase prioritized assessments in areas that may pose potential risks, including algorithmic models, application systems, and automated decision-making processes, to ensure our compliance with regulatory requirements for technological activities. During the reporting period, seven categories of our AIGC algorithms successfully passed the second batch filing requirements for deep synthetic service algorithms issued by the Cyberspace Administration of China.

NetEase strives to improve internal AI compliance with various approaches, including by creating and sharing featured videos and AIGC compliance observation columns to raise employee awareness of AIGC and AI compliance. Furthermore, NetEase has proactively participated in industry exchanges pertaining to AI and technology ethics, fostering discussions on trending topics with industry partners.

Ethical Governance of Science and Technology Forum

NetEase was invited to participate in the World Artificial Intelligence Conference (WAIC) Ethical Governance of Science and Technology Forum, where experts, academics, and industry representatives discussed the current state and future strategies for the ethical governance of generative AI.

Entertainment Law Forum

At the 3rd Entertainment Law Summit Forum, NetEase delivered a keynote speech on "Exploratory Research on the Application of AI Technology and Legal Issues in Online Games", covering topics such as rights protection, data security, and content integrity of AIGC.

Intelligent Legal Technology Forum of World Robot Conference (WRC)

During the 2023 WRC Intelligent Legal Technology Forum, NetEase discussed trending topics such as "the integration of law and AI", "AI in the industry", and "the adoption of AI in the legal sector".

Award

During the WRC Intelligent Legal Technology Forum

a prestigious international conference in the global robotics industry, NetEase's AI Compliance System for the Protection of Minors was recognized as an

'Intelligent Legal Technology Case Study—Industry Benchmark'.

Intellectual Property Rights Protection

The protection of intellectual property rights is crucial for enterprises to maintain their exclusive rights to innovative achievements. NetEase has established a comprehensive intellectual property rights protection system, diligently implemented measures for protecting intellectual property, continuously enhanced awareness of intellectual property protection within the Company, and encouraged employees' innovation through incentive programs.

Intellectual Property Rights Protection System

NetEase makes continuous efforts to enhance its intellectual property rights protection system and further enhanced this system by adopting policies including the "NetEase Policies on Intellectual Property Protection" and "NetEase Operation Procedures of Authorized Patents (2023 Edition)". These policies and operating procedures, among other things, standardize our patent inventory workflow, facilitate patent data analysis and investigation when necessary, and effectively address potential patent disputes. Guided by these procedures, we systematically mark and assess the value of authorized patents while implementing classification and management for patents. In addition, we consistently iterate and enhance the intellectual property rights management system and its database, ensuring the effective implementation of our IPR protection system.

Intellectual Property Protection and Management Practices

NetEase actively implements measures to protect intellectual property rights by conducting patent early warning analysis on industry patents, researching domain-specific patents, and investigating product design patents. We also have a process for reviewing infringement risks and a complaint mechanism for stakeholders. Furthermore, we monitor and pursue claims for any violations of our intellectual property rights. We assess the risks associated with product development, operation, and promotion processes and offer intellectual property training programs.

In 2023, NetEase further optimized its intellectual property protection efforts with a focus on strategic layout, risk management, and rights enforcement and application.

<p>Strategic Layout</p>	<p>Risk Management</p>	<p>Rights Enforcement and Application</p>
<ul style="list-style-type: none"> ◆ Secure patents for innovative technologies and prepare key products for international expansion based on business needs 	<ul style="list-style-type: none"> ◆ Identify and mitigate various intellectual property risks in business operations ◆ Conduct training sessions to enhance risk prevention awareness ◆ Establish a licensed resource repository with easy access 	<ul style="list-style-type: none"> ◆ Monitor and combat any infringements of NetEase's intellectual property rights

We have continued to fortify the protection of intellectual property rights for our products, strengthened our ability to manage trademark risks, and furthered the implementation of infringement risk assessments across all product lines.

We proactively conduct various intellectual property training programs, covering topics such as patents, trademarks, copyrights and infringement case analysis. In the realm of cutting-edge Internet technologies, we have successfully organized specialized training sessions including patent landscaping and analysis. During the reporting period, NetEase conducted nearly 40 training sessions and promotional activities pertaining to intellectual property rights.

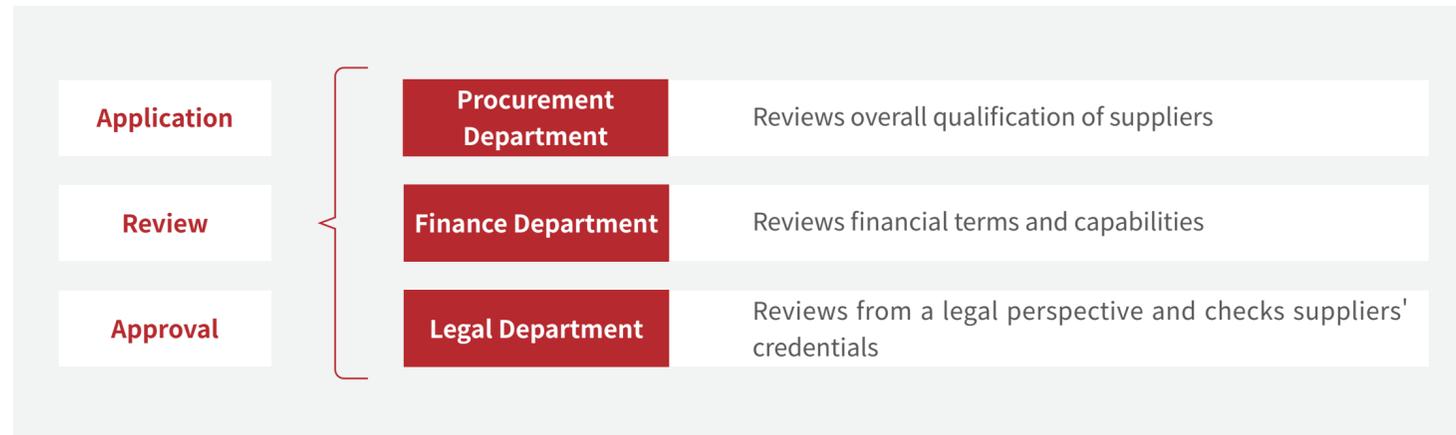
To motivate constant innovation while safeguarding our intellectual properties, we have developed a Patent Reward System for employees who have made substantial contributions in this area. During the reporting period, we organized the 2023 NetEase Patent Excellence Award to recognize those employees who made exceptional contributions to patents granted by the China National Intellectual Property Administration.

Supply Chain Management

NetEase controls the quality of its products right from the source, with a focus on continuously enhancing supply chain management. We are committed to enhancing the overall quality of our supply chain through comprehensive supplier access, evaluation, and risk control measures while actively fostering mutually beneficial collaborations with our suppliers.

Supplier Access

NetEase has formulated several policies, including the "NetEase Group Supplier Management Policy" and "NetEase Group Procurement Management Policy" that set clear requirements for managing both new and existing suppliers. In the reporting period, NetEase also adopted additional guidelines that clarify the requirements for shortlisting suppliers in China, which include qualification review, on-site inspections, and technical tests, and standards for engaging suppliers outside of China, covering, among other things, their credit status and performance capability. Furthermore, we have set different levels of requirements based on the value of particular contracts and type of cooperation, and our procurement department collaborates with our finance and legal departments to conduct supplier access audits.



Supplier Enrollment Procedure

NetEase Yanxuan has implemented clear criteria for supplier enrollment regarding environmental protection and labor rights during the supplier application process. We include a notification letter to suppliers that follows the ISO 14001 audit requirements, obligating them to abide by our requirements on environmental protection and occupational safety.

Supplier Review

NetEase has established holistic supplier evaluation methods and category-specific supplier evaluation standards for various products. We also carry out supplier assessments from different perspectives at varied frequencies, using different methods and handling mechanisms to effectively improve the overall quality of our supply chain.

<p>Elements of Evaluation</p> <ul style="list-style-type: none"> ◆ Review suppliers based on cost, quality, delivery time, service, etc. ◆ Constantly refine and add assessment criteria by category 	<p>Review Methods</p> <ul style="list-style-type: none"> ◆ On-site assessments ◆ Online and offline scoring
<p>Evaluation Frequency</p> <ul style="list-style-type: none"> ◆ Conduct semi-annual, quarterly, and monthly assessments by category 	<p>Improvement</p> <ul style="list-style-type: none"> ◆ Apply a supplier rectification system ◆ Require suppliers who fail the performance assessment to carry out rectifications through a Performance Improvement Plan (PIP) and follow up on their rectification progress in each stage

NetEase Yanxuan assesses its suppliers' performance quarterly and annually. The quarterly performance assessments evaluate suppliers' competencies across five areas: quality, cost, delivery, product innovation and service support, while annual appraisals also encompass business compatibility, operating condition, and comprehensive capabilities. In addition, we also started the Supplier Grading Management Project to effectively allocate supplier management resources and improve the management efficiency of existing suppliers.

Supplier Risk Management

We monitor and control the risks in each segment of the supply chain and introduce digital tools to improve management efficiency and procurement compliance.

<p>Multi-party Supervision of Procurement</p> <p>Our procurement process is supervised by our bid assessment team which consists of multiple departments, ensuring its openness and transparency. For example, suppliers sourced by business departments must be reviewed by the procurement, finance, and legal departments before onboarding</p>	<p>Signatory and Approval Authority</p> <p>Bidding and contract approval processes are subject to internal policies and procedures, including detailed signing authority guidelines, and cost control measures are implemented according to the amount involved</p>
<p>Reporting Channels</p> <p>Reporting channels are maintained, with our Ethics & Compliance Committee responsible for initiating inquiries in the case of any alleged improper conduct in the procurement process</p>	<p>Integrity Training</p> <p>Integrity awareness is strengthened through related training for procurement employees and suppliers</p>

Supply Chain Risk Management

NetEase has created a dashboard for key risk indicators (KRIs) that uses digital technology to promptly identify procurement risks and provide early warnings. In addition, we started the Master Data Management (MDM) project that gathers information from external sources about our suppliers that may give rise to risk warnings, which forms the basis for our supplier onboarding review.

Suppliers that have only been registered for a short time	Excessive amounts involving small suppliers	Procurement amount that exceeds supplier's registered capital/annual income	Bidding from disqualified suppliers	Abnormal bid-hit ratio
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Supplier KRIs

NetEase provides training and takes other measures to help suppliers enhance their performance and manage quality risks.

Supplier Growth Project

In 2023, *NetEase Yanxuan* introduced the Supplier Growth Project for its core suppliers. In the first phase of the project, a comprehensive evaluation of core suppliers was carried out. The evaluation covered over 300 items, including operation processes, laboratory management, and R&D. In the second phase of the project, *NetEase Yanxuan* provided special training to these suppliers to address any identified areas for improvement. During the reporting period, *NetEase Yanxuan* also assisted two suppliers attain laboratory certifications.

We regularly organize anti-corruption training for suppliers to promote sound collaboration that is transparent and positive for the benefit of all parties.

NetEase 2023 Supplier Integrity Training

NetEase regards honesty and integrity as the core aspect of business and professional ethics, and we hope to convey this attitude to our partners through our Suppliers Integrity Training program. The most recent training was conducted in August 2023 through online videos and tests. The test results of the training will serve as an important basis for subsequent cooperation. A total of 244 suppliers participated in this training, and the test passing rate was 100%.

Customer Service

Focusing on and responding to users' needs remains a top priority for NetEase. NetEase embraces the concept of "Being with Users" through practical actions, delivering and creating value for our users through high customer service standards. We continuously enhance our customer service system by optimizing our complaint-handling mechanisms, with a professional service team to provide users with empathetic support that effectively elevates the level of customer satisfaction.

Each business unit of NetEase has established a customer service team tailored to its specific business characteristics, providing customized support that caters to diverse customer demands. We actively foster an efficient communication mechanism with users, gaining deep insights into their unique needs and fostering a positive interactive bond. Our continuous efforts are dedicated toward enhancing the proficiency of our customer service teams, ensuring high professional standards. We also adopt various measures to improve users' satisfaction by promptly addressing complaints across different scenarios and proposing timely solutions.

For example, *NetEase Games* continuously enhances its customer service team's game knowledge and service skills, integrating diverse user needs to provide customers with a wide range of service channels and establish multi-dimensional service evaluation indicators.

Moreover, *NetEase Youdao* has introduced a Voice of the Customer (VoC) mechanism that collects and analyzes user feedback and implemented intelligent and innovative technologies for internal information integration, which enables it to consistently provide users with more accurate customer support. *NetEase Youdao's* customer hotline handled nearly 229,000 inquiries, achieving a hotline satisfaction rate of 97.7%, while its online service assisted almost 375,000 inquiries and intelligent service supported over 1.11 million interactions. The overall satisfaction rate for handling complaints stood at 85.5%, and the online service satisfaction rate was 89.4%.

As for *NetEase Yanxuan*, it employs comprehensive risk monitoring throughout the entire customer service process, thereby improving pre-sales and post-sales service levels and effectively enhancing users' overall customer service experience. Its online service assisted almost 4.09 million inquiries and achieved a satisfaction rate of 93.9%.



3

Fostering Talent

NetEase highly values every employee who embraces their passion and strives to provide continuous support for them in facing challenges and refining their skills along their career path. NetEase is also committed to safeguarding employee rights, actively cultivating a diverse talent pool, and fostering a workplace that facilitates mutual growth for both the Company and its employees.

United Nations Sustainable Development Goals (UNSDGs)



- 30 Talent Attraction
- 33 Talent Development
- 35 Talent Care

Talent Attraction

At NetEase, we utilize various channels to attract talent and promote a diverse workforce. We are committed to safeguarding the rights of our employees by creating and maintaining a workplace with diversity, equity and inclusion. We also continue to focus on enhancing our attractiveness and competitiveness in terms of compensation and benefits to attract, motivate and retain outstanding talents.

Talent Recruitment

We build and maintain our high-quality workforce through various channels to facilitate the steady development of our business. We place great emphasis on cultivating a diverse talent team, encouraging individuals from different backgrounds to foster intellectual engagement and drive innovation.

The core concept of our recruiting efforts is to identify and engage candidates who embrace our values: passion, user-centricity and innovation. Building from these qualities, we continuously refine the more detailed aspects of our recruiting standards. During the reporting period, we embedded such standards into our recruitment process, incorporating them into our interview assessment tools and thereby enabling recruiters to make more informed decisions and enhance the efficiency and accuracy in identifying top candidates. We conduct extensive recruitment searches across diverse approaches and organize competitions and industry seminars to identify individuals who are in line with our standards.

Campus Recruitment

NetEase recruits fresh graduates with different educational backgrounds worldwide

Experienced Hires

NetEase attracts talent in China, Japan, North America, Europe, and Southeast Asia, drawing in diverse individuals from different professional backgrounds

Internal Transfers

NetEase offers an internal transfer program, empowering employees to explore their broader growth path

Intern to Full-time

NetEase provides summer interns who receive excellent feedback from their mentors and business evaluations with full-time employment opportunities

NetEase Talent Recruitment Channels

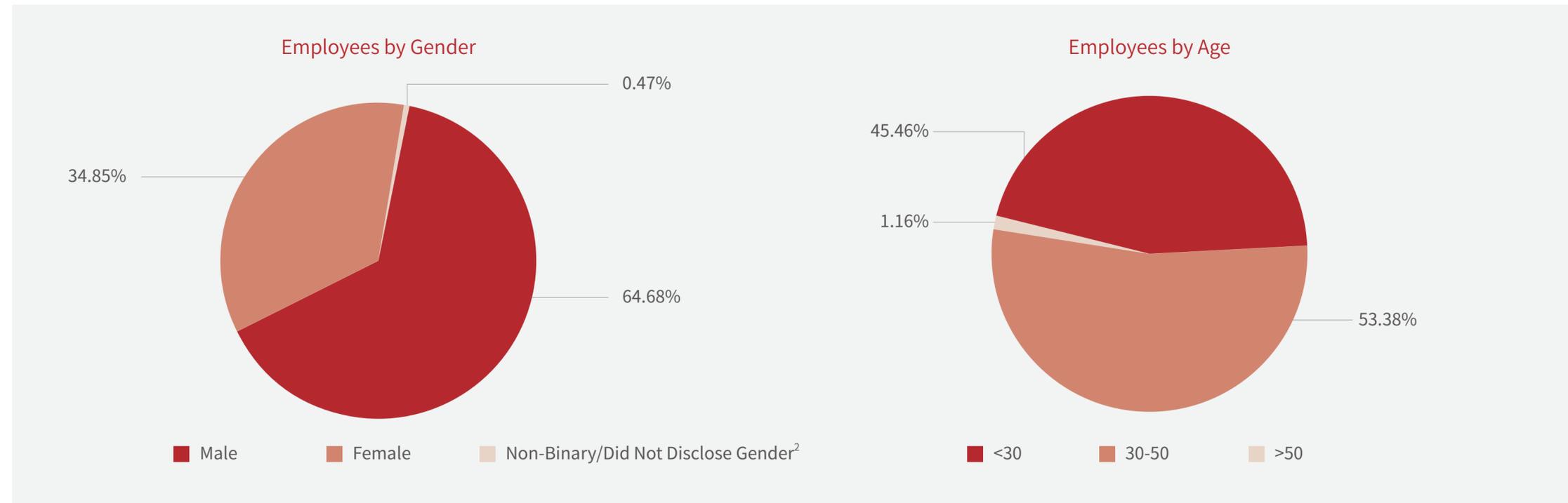
Campus Recruitment for New Graduates

In 2023, we organized multiple recruitment activities involving university-enterprise cooperation, offering diverse positions and formats. For example, we have established dedicated recruitment sections on the official campus recruitment websites of a number of universities for our various business segments, regularly disseminating specialized information regarding school-based hiring across different business lines. During the reporting period, to identify specialized talents in game development, we organized a time-limited game programming competition for game enthusiasts from various universities. Our competitive setting spurred the students on and unlocked their potential, enabling us to identify outstanding candidates early in the recruiting process.



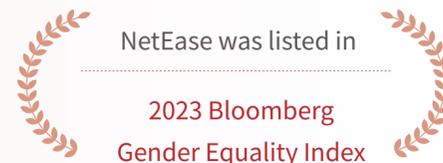
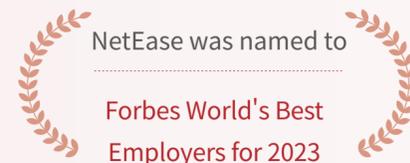
Talent Diversity

We are committed to creating a diverse and inclusive workplace, assembling teams with members from various cultural backgrounds. As of the end of the reporting period, we had 29,128¹ full-time employees from more than 40 countries and regions, including 200 employees with disabilities. The following shows the composition of our employees.



Awards and Recognitions

During the reporting period, our efforts in talent recruitment and employee management received several recognitions.



¹ The number of employees are calculated based on the Group full-time employees' data as of December 31, 2023.

² Did not disclose Gender refers to employees who chose not to provide such information.

A Fair and Safe Workplace

We uphold the employment principles of legal compliance, equality and respect. We have established comprehensive employment policies and implemented various measures to protect our employees' rights and benefits.

We take compliance with all applicable labor laws as a fundamental principle at NetEase. We also developed a set of recruitment and employment policies to clearly set out principles regarding recruitment procedures, dismissals, compensation and promotions, working hours and holidays, etc. to safeguard our employees' rights.

Eradication of Unlawful Employment

- ◆ We strictly comply with applicable labor laws and regulations in the areas where we operate, including the prohibition of child labor and forced labor. Employees are encouraged to complete their tasks within standard working hours

Anti-Discrimination and Anti-Harassment

- ◆ We take a zero-tolerance policy against any form of discrimination and bias, regardless of gender, race, nationality, religion, color, age, disability, marital status or any other legally protected distinguishing characteristics
- ◆ We prohibit any form of sexual harassment in the workplace, including office locations, as well as in other business-related venues
- ◆ NetEase's Ethics & Compliance Committee conducts annual awareness campaigns on anti-discrimination and anti-harassment to ensure that all our employees understand our ethical standards and incident report channels

Offering Fair Opportunities

- ◆ We insist on enforcing equal employment opportunities and stipulate that all recruitment, employment, training, promotion, and compensation policies must be implemented in an objective, fair and open manner
- ◆ Any employee may report instances of unequal treatment through our feedback and reporting channels. We are committed to investigating and addressing such incidents in accordance with applicable requirements, ensuring all our employees have equal opportunities in the workplace

Compensation and Benefits

We believe that every employee should be recognized for their efforts and contributions, and competitive salary and benefits are important for talent attraction and retention. We offer a wide range of welfare programs for all employees, including part-time employees. Moreover, we continue to refine our compensation and benefits system to ensure a harmonious balance between internal equity and external competitiveness.

NetEase Compensation and Benefits

- ◆ Fixed Salary
- ◆ Performance Bonus
- ◆ Long-Term Cash Incentive
- ◆ Statutory and Supplemental Benefits
- ◆ Cultural Atmosphere
- ◆ Cash Allowance
- ◆ Year-end Incentive
- ◆ Equity Shares
- ◆ Campus Benefits
- ◆ Learning and Development



During the reporting period, we improved our employee wellbeing system to create wellbeing programs covering a wide range of topics such as mental health, medical insurance, pension, holidays and allowances. For example, in jurisdictions outside of China, we provided personalized medical insurance and pension benefits to meet the specific needs of employees and adjusted the range of leave for employees at different locations. In addition, we upgraded our employee wellbeing programs by expanding the coverage of mental health care and leave benefits on top of existing benefits to address the diverse needs of our employees.

Talent Development

We support the comprehensive development and growth of our employees. We provide distinctive learning resources and platforms to unleash our employees' potential, while continuing to optimize our performance management system to empower our employees in realizing their career goals. We endeavor to enhance our employees' capabilities and boost their overall efficiency and foster talent growth for the benefit of both the individuals and our Company.

Employee Development System

We prioritize the establishment of a sustainable talent development system. Our training courses are customized in various aspects to address the evolving developmental needs of employees at different stages of their careers. We promote collective progress through proactive learning and knowledge sharing, offering support for continuous improvement and growth among employees, enabling us to progress together.

Our training programs are customized for diverse career paths and for various roles spanning all functional and business positions. We encourage our employees to choose a development path that best aligns with their aspirations, even if it involves transitioning to a different business unit or function. Furthermore, we offer general and targeted leadership development training for all employees to inspire their leadership potential, along with resources for cross-business or cross-functional development paths. During the reporting period, over 500,000 hours of employee training were recorded at NetEase.

NetEase Games was honored with the 2023–2024 ATD Excellence in Practice Award for its long-term efforts in talent training and development, becoming the only Chinese Internet enterprise to win an award in the competition.

New Employees

- ◆ Projects like "Easeplan" aim to support new employees to adapt to the Company and improve their skills.

High-Potential Employees

- ◆ Programs such as the "ENERGY Project" focus on improving the core competencies of high-performing employees and soft skills for enhanced performance within their roles.

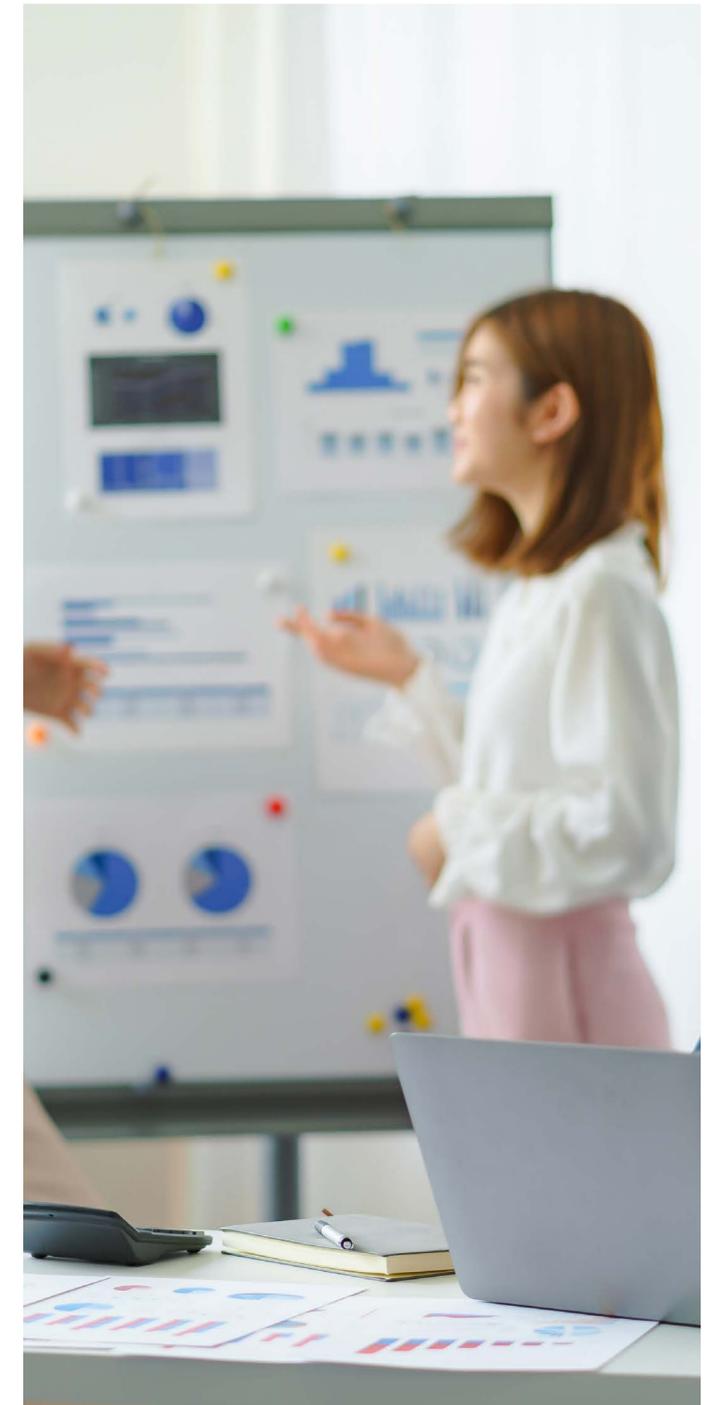
Junior and Middle Management

- ◆ Leadership primer initiatives such as the "LUPS" training camps, which are described below, and the "NEXT Project" focus on developing leadership skills from individual, team, and business perspectives.

Senior Management

- ◆ Leadership enhancement projects such as the "BEYOND Project" aim to hone leadership skills and qualities for cross-business communication.

NetEase Talent Development System



We support our employees in their pursuit of self-development and encourage them to obtain external certifications or further their studies at educational institutions, and eligible employees may apply for reimbursement of their expenses.

Game Development Training for Newly-Onboarded Graduates

In 2023, we organized a game development simulation training camp for new hires who had recently graduated college to strengthen their understanding of game development processes. Participants engaged in brainstorming sessions for game topics, acquiring extensive theoretical knowledge and practical experience with expert guidance. This immersive experience not only deepened their comprehension of game development positions but also provided a solid foundation for their future career growth.

Leadership Development Training for Management

Senior managers participated in our LUPS leadership training camps which are designed to shift their mindset from managerial roles to leadership positions. Utilizing diverse training formats including face-to-face classroom sessions, hands-on experiences, and thematic discussions, we focused on instilling the principles of innovation, teamwork, and strategic oversight, empowering managers to further strengthen their management skills and adopt a visionary leadership approach.

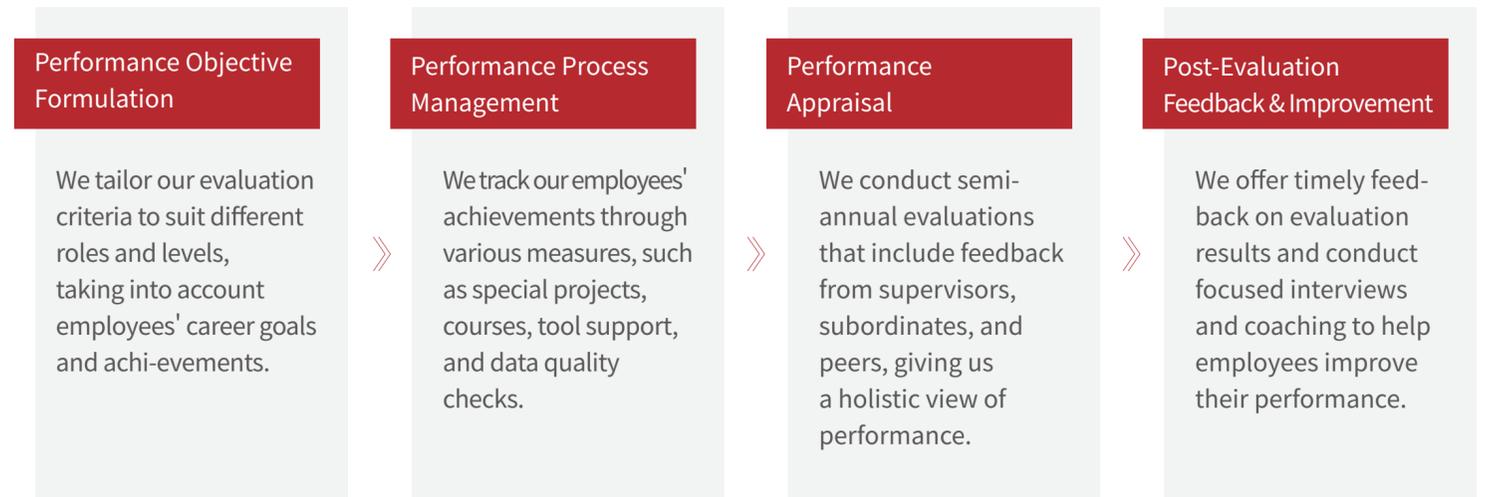
AIGC Professional Skills Training

To cultivate an innovative atmosphere in the Company and enhance our employees' AI competencies, we hosted two AIGC competitions during the reporting period. The second competition consisted of three main tracks: Prompt application, AI art pipeline, and AIGC practical experience sharing. Employees leveraged AI technologies within their respective roles, integrating them into their work processes and sharing innovative AI approaches. Through these competitions, our employees gained a deeper understanding of AI's value in our business, promoting AIGC adoption and the consolidation of internal knowledge and skills into an AI practice data repository.

Performance Management

At NetEase, we continue to optimize our performance management system and encourage the long-term professional growth of our employees. Through well-informed appraisals, we offer differentiated incentives to acknowledge their contributions. Our transparent career paths ensure fair promotion opportunities for each employee.

We have a clear and standardized performance management process that involves semi-annual performance communication and coaching to boost overall team productivity.



NetEase Performance Management System

Employee Development Pathways

- ◆ NetEase welcomes talent with different career aspirations and provides comprehensive support for both management and professional roles. We have also established competency standards for various job categories and levels to assist employees in their career planning, upskilling, and long-term performance. Our employees can choose the most suitable path for self-development, maximizing their career value at the Company.

Talent Care

We care about our employees and strive to create a workplace that is welcoming for everyone. We provide our employees with multiple communication channels, engaging employee activities and comprehensive health benefits to ensure that they feel valued and supported in every aspect of their lives.

Two-Way Communication

We value and listen to the voices of all employees and are committed to creating an equal, smooth, and transparent communication environment. We encourage our employees to share their suggestions and maintain open dialogue within our Company through our intranet portal, employee engagement surveys and other tools to jointly promote our sustainable growth.

Employee Communication

- ◆ Our intranet portal ensures timely internal updates for our employees through programs such as *Corp Mondays* and *Business Helpers*, removing barriers and facilitating communication between business units and departments
- ◆ Through the Suggestion Section of our intranet portal, employees can submit suggestions for improvements in our cafeteria, campus construction, office environment, and information systems

Employee Engagement Surveys

- ◆ To gauge employee satisfaction and gather feedback on working at the Company, we conduct annual employee engagement surveys. The insights gained from these surveys allow us to identify targeted areas for improvement. During the reporting period, we conducted the engagement survey focused on three aspects of employee interest: business, teamwork, and rewards. The return rate of the engagement survey questionnaires reached 92.7% in 2023
- ◆ Since 2022, we have mandated each business unit to execute at least one improvement plan based on the survey results. During the reporting period, our employees' satisfaction with key areas identified for improvement each increased by more than 5 points. In addition, our employees have recognized the Company's cultural values with satisfaction scores above 90 (out of 100) for three consecutive years

Employee Wellbeing

We care about our employees' physical and mental health. We advocate work-life balance and organize long-term cultural and sporting activities to enrich their lives outside of work.

We abide by all laws and regulations on workplace safety, including the Law of the People's Republic of China on Production Safety and the Fire Control Law of the People's Republic of China. We provide health knowledge training and conduct workplace safety risk assessments to identify and mitigate potential hazards, ensuring a healthy, safe and comfortable working environment.

Employee Health Protection Measures

- ◆ Remind our employees to be mindful of their abnormal medical examination indicators and provide customized health tips, on-site medical consultations, and reviews of physical examination reports
- ◆ Conduct regular first aid training sessions for employees, equipping them with essential medical skills such as cardiopulmonary resuscitation, AED defibrillator usage, and trauma bandaging
- ◆ Continue to improve our infrastructure, including installing special seating areas for pregnant women, ensuring access to AED equipment, and adding SOS call assistance facilities
- ◆ Implement centralized management of employee cafeterias and conduct regular inspections to uphold food quality and safety standards

Comprehensive Mental Health Support System

- ◆ Introduced the Employee Assistance Program, which provides professional psychological counseling services through our third-party partners
- ◆ Regular knowledge sharing on common psychological health issues and stress-relief tips and conduct online and offline psychological counseling training courses

We are committed to creating a warm, nurturing, and lively atmosphere within the Company. Through a variety of employee care activities and our associations and clubs, we strive to promote work-life balance and enrich the lives of our employees beyond the workplace.

Superman Plan

For our employees in China who frequently travel for business, we introduced the Superman Plan. This initiative enables these employees to bring their families to our campuses, offering them the opportunity to spend time together while enjoying delicious food and touring the facilities. In 2023, this plan achieved a satisfaction level of 100% in our latest employment survey, contributing to improved work-life balance and strengthened family connections.

Mid-Autumn Festival Open Day

On the eve of the Mid-Autumn Festival in China, we hosted the NetEase Open Day, inviting over 5,000 employees to bring their relatives and friends to our Hangzhou campus. The event embraced the festival's theme of reunion and featured special booths, employee club performances, a mascot and IP cosplay parade, and engaging games. The event provided a great opportunity for employees and their families to socialize, feel part of a larger NetEase community and understand the passion that drives NetEase. This event achieved a satisfaction level of 91.97%.



4

Community Development

NetEase always remembers the social responsibility it shoulders as a company, actively leveraging its strengths to give back to society and promoting positive development in society. NetEase strives to cultivate a charitable mindset among its employees and partners and take a thoughtful approach to philanthropy.

United Nations Sustainable Development Goals (UN SDGs)



- 38 Industry Engagement
- 39 Philanthropy

Industry Engagement

We are committed to driving innovation in the technology industry and fostering collaboration across various stakeholders to build a co-prosperous ecosystem for the industry. We enhance our talent pipeline development strategy by strengthening our industry-university cooperations to foster the development of high-quality talent.

Collaboration between NetEase and Guangxi University

In June 2023, NetEase entered into a collaboration with the computer school of Guangxi University and another business partner for a project designed to nurture industry talent. The partnership not only promoted technological innovation, but also encouraged talented individuals to focus on the digital economy. The collaboration brings a fresh spark to the mission of *NetEase Fuxi*, an advanced technology research lab, of achieving technological empowerment through university collaborations and talent pipeline programs.

NetEase Attended 2nd Global Digital Trade Expo

In November 2023, representatives of several NetEase business units attended the 2nd Global Digital Trade Expo, where we showcased our business competencies in gaming, education, sustainable development and more. In addition, we delivered speeches at the opening ceremony and in several conference sessions to share our unique industry insights and successful experience in leading ecological transformation through digital technology.

AI Art Generator Enhances Painting Experience

NetEase Fuxi has developed a cutting-edge generative artificial intelligence platform in China, *Danqingyue*, which is designed to empower users with more artistic inspirations. By leveraging an extensive body of original Chinese language data and employing NetEase's proprietary high-quality image training dataset, this platform offers remarkable proficiency in comprehending Chinese aesthetics, enabling users to create art paintings imbued with authentic Chinese characteristics. The platform excels at deciphering intricate semantic nuances across diverse contextual scenarios while encompassing a wide spectrum of quintessential Chinese elements, thus furnishing users with unparalleled flexibility and productivity tools for their artistic endeavors.



Philanthropy

With a steadfast dedication to philanthropy, we unite our diverse business platforms in music, gaming, education and more to advance charitable initiatives and amplify their reach and impact through technology.

Technology Empowerment

We maximize our resources to create social well-being through tangible actions, including using AI, the medium of music and innovative game designs to improve the lives of disabled people and other activities.

"Life's First Words" Voice Restoration Program

During the reporting period, NetEase and NetEase Public Welfare Foundation collaborated with the Zhejiang Foundation for Disabled Persons and jointly launched the "Life's First Words" Voice Restoration Program. This initiative utilizes NetEase's iSpeech technology to develop an innovative AI tool for restoring the original voice of hearing-impaired individuals. By uploading a 2-minute voice clip without complete semantics, the hearing-impaired individuals can have their words spoken in their own voices through AI-generated speech based on typed text. The product is available in China for hearing-impaired individuals free of charge, helping them to communicate with the world without barriers and share their emotions by saying their "first sentence". During the Asian Games in Hangzhou, hearing-impaired bakers, silent barbershop managers, and Asian Para Games performers enthusiastically supported this event by utilizing iSpeech tools to express their "Life's first words."



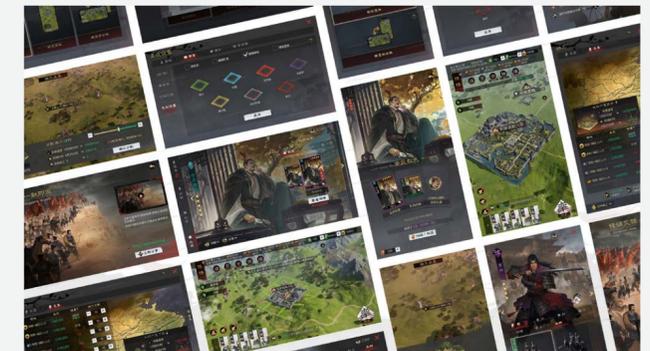
Digital Music Charity Song for Special Groups

During the reporting period, *NetEase Cloud Music* released a digital music song that is dedicated to supporting individuals with disabilities. *NetEase Cloud Music* collaborated with young artists and hearing-impaired children to participate in this program, aiming to promote the creation of a more inclusive and equitable social environment. This initiative not only provided a platform for hearing-impaired children to pursue their singing dreams in a broader world but also allowed more people to appreciate their musical talents.



Infinite Borders Won Red Dot Award for Accessibility Design

During the reporting period, *NetEase Games' Infinite Borders* won the Red Dot Design Award for its innovative in-game accessibility features. This recognition was achieved through innovative in-game barrier-free integrated designs, including horizontal and vertical screen adaption switching, color weak mode, and multi-terminal adaption. The barrier-free design made the game accessible to players with color weakness or blindness, thereby truly facilitating an equitable gaming experience for them while enhancing game accessibility and fostering a sense of belonging.



Social Welfare

We are dedicated to generating greater social value through tangible actions, including by providing disaster relief and aiding others in need.

Revelation's Stray Animal Protection Initiative

During the reporting period, *NetEase Games' Revelation* partnered with the AITA Foundation to organize a series of in-game animal care events. Players are encouraged to complete tasks and turn their goodwill into action with the goal of providing real food to stray animals. As of the end of the reporting period, *Revelation* had completed the first phase of this initiative.



Donations and Relief to Disaster-Stricken Areas

In the face of sudden major natural disasters, NetEase actively mobilized its resources to support the urgent needs of those affected. In August 2023, *NetEase Public Welfare Foundation* swiftly donated RMB5 million in cash and RMB5 million worth of emergency supplies to aid local emergency relief efforts in response to the devastating storm and flood in Zhuozhou, Hebei Province. In addition, *NetEase Games' Justice* rallied together with its 40 million players to collectively donate an additional RMB3 million towards the flood-affected regions.

In December 2023, *NetEase Games' Egg Party* extended a helping hand to earthquake-stricken areas in Gansu Province by donating relief supplies worth RMB5 million. In addition, *Egg Party* continues to prioritize post-disaster reconstruction needs of local schools and other educational facilities, striving to expedite the restoration of normalcy for local residents.

Education Initiatives

NetEase has been engaging in educational welfare efforts for years and remains committed to promoting inclusiveness and equality in education and a fair allocation of educational resources. Through our robust educational resources and philanthropic One Screen program, we have created a holistic educational solution that facilitates a seamless flow of high-quality resources via smart education technology. With this mission in mind, we continue to invest in and expand the reach of our One Screen program, ensuring rural students the same access to an extensive array of high-quality educational resources as their counterparts in urban areas.

One Screen is a non-profit education program initiated by William Lei Ding, the founder and CEO of NetEase. The program is dedicated to promoting educational equality by providing resources such as smart devices, premium courses, and online learning platforms to students in impoverished areas across China. By the end of 2023, the One Screen program had extended its donation and teaching resources to over 300 schools in nine provinces and regions, including Sichuan, Gansu, Yunnan, Guizhou, Hunan, Chongqing, Tibet, Hubei, and Zhejiang, benefiting nearly 200,000 teachers and students. In 2023, using remote, collaborative online classroom technology, the One Screen program helped students in many remote areas to achieve breakthroughs in terms of academic performance at the National College Entrance Examination (NCEE).

More than half of the schools from the One Screen project witnessed an university admission rate of

100%

The overall admission rate for all the schools in the project hit

76%

4

students were admitted to Peking University, marking a new milestone in academic achievements

During the reporting period, we launched a pilot resource upgrade in Zhuxi County, Hubei Province, and Taishun County, Zhejiang Province to further refine and restructure our donations by building on the existing "hardware + software + platform" donation model. Using proprietary internet, AI, and big data technologies, we developed IT education solutions for schools in these counties to provide exclusive learning plans for individual students that are supported with diverse educational resources.



5

Green Concept

NetEase has proactively embraced corporate social responsibility, strengthened resilience to climate change, and promoted the development of a low-carbon and circular economy. NetEase is dedicated to building an environmentally friendly and low-carbon value chain.

Drawing on its experience in technology and commitment to carbon neutrality, NetEase has launched an open-source community dedicated to energy conservation and carbon reduction and is constantly exploring new and innovative methods to reduce carbon emissions through digital approaches. Furthermore, NetEase utilizes its brand influence and product portfolio to drive partners' engagement in environmental protection, ultimately contributing to the preservation of natural ecosystems.

United Nations Sustainable Development Goals (UN SDGs)



- 42 Climate Change
- 43 Green Operations
- 47 Sustainable Innovation

Climate Change

At NetEase, we take proactive steps to identify opportunities and challenges arising from climate change and strive to review the effectiveness and performance of our climate action in a timely manner. We engage with the industry and value chain partners to jointly take carbon reduction actions, driving the transformation to a low-carbon society.

Climate Change Risks

NetEase follows the framework provided by the Task Force on Climate-Related Financial Disclosures (TCFD) for climate-related risk analysis and control and incorporates climate change into risk management decisions. We continue to enhance disclosure transparency and address the climate-related opportunities and challenges across our value chain.

Guided by the framework of the TCFD, NetEase has further refined the management of climate-related risks and opportunities by setting up an ESG Working Group responsible for identifying, assessing, managing, and reporting on key climate-related elements.

The ESG working group also collaborates with the Company's business units and functional departments to increase the awareness and responsiveness to climate risk, as well as formulate and implement plans to enhance resilience to climate change.

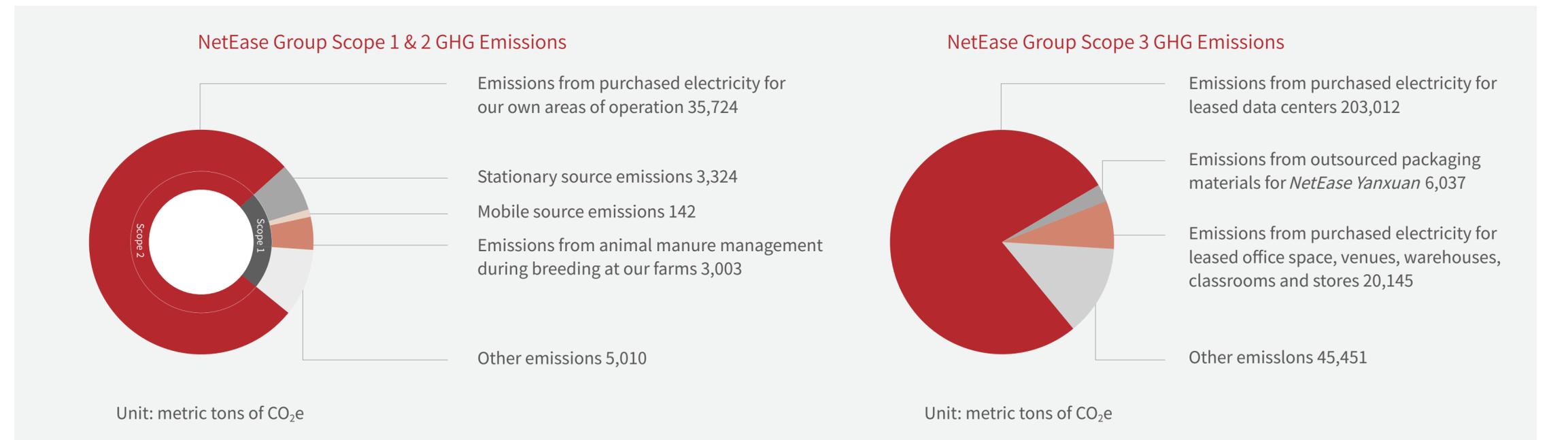
Since 2020, NetEase has conducted a comprehensive analysis of potential climate risks and opportunities, in accordance with the Representative Concentration Pathways (RCP) 8.5 scenario adopted by the Intergovernmental Panel on Climate Change (IPCC) (Please refer to Appendix 4 for the complete list of climate change risks). Based on these findings, we have made corresponding adjustments to our business strategy and resource allocation, seizing opportunities for low-carbon development and transformation.

Greenhouse Gas Management

NetEase is dedicated to reducing emissions both in its operations and throughout its value chain. To achieve this, the Company starts by identifying its own carbon footprint and thoroughly assessing carbon emissions. Based on these findings, NetEase prioritizes efforts to save energy and reduce emissions. Furthermore, NetEase responds to the market demand for low-carbon consumption by implementing refined energy management and climate change response actions.

In terms of its operations, NetEase has identified the status of the Company's energy consumption and carbon emissions during the reporting period. We are committed to identifying potential emission reduction opportunities in our operations and value chain. We engaged the China Environmental United Certification Center to audit our Scope 1, 2, and 3 GHG emissions in line with the ISO 14064-1:2018 standard. In 2023, our GHG emissions in Scope 1, 2 and 3 were 11,479, 35,724 and 274,645 metric tons of CO₂e respectively, as detailed below.

Moreover, we have enhanced our emission reduction efforts in our value chain, exploring new carbon reduction technologies and collaborating with suppliers to pursue sustainable growth. We also advocate a low-carbon lifestyle among our employees and users to support energy conservation and carbon reduction.



Green Operations

NetEase recognizes the opportunities created by energy conservation technologies. We use our self-developed smart systems to improve the environmental performance of our operations and pay special attention to ensuring the rational use of energy and its optimal allocation.

Energy Saving and Consumption Reduction

NetEase utilizes SpaceEase™, our self-developed smart system, to boost energy efficiency across campus operations by integrating data from various terminals. Additionally, we have implemented measures to enhance energy efficiency and encourage the use of green energy. Our efforts also include the construction of a green data center, as we work towards advancing a digital circular economy.

SpaceEase™ Campus Brain

In the realm of digital intelligence, NetEase continues to seek innovations in carbon reduction by advancing and upgrading our SpaceEase™ system. Through online monitoring of environmental conditions and equipment status, we refine our operational strategies to optimize energy management. This allows us to unlock energy-saving potential and promote low-carbon operations across our campuses. Innovative low-carbon technologies such as smart lighting, HVAC frequency conversion, and energy-saving control have been applied in NetEase's self-owned office campuses in Hangzhou, Beijing, and Guangzhou, reducing carbon emissions by over 8,000 tons in 2023. For example, at one of our NetEase Hangzhou campuses, we achieved a 40% year-on-year reduction in air conditioner power consumption during peak months in 2023 through technological optimization using SpaceEase™.

SpaceEase™ Solution

- ◆ The SpaceEase™ solution integrates IoT, big data, AI, blockchain and other cutting-edge technologies to deliver comprehensive cost reduction and efficiency improvement measures. It enables intelligent control, energy saving and carbon emission reduction solutions for campus management and decision-making through panoramic display, accurate perception, data intelligence, and efficient decision-making capabilities. The system achieves the device interconnection and data interoperability of IoT technology and promotes low-carbon development through technological innovations.

In 2023, we further expanded the application of our SpaceEase™ system to enhance energy-saving and carbon-reduction performance. For example, SpaceEase™ enabled us to enhance the efficiency of the air-conditioning system at the phase II section of our Hangzhou campus. This initiative saves around 600,000 kWh of electricity annually, which is equivalent to reducing CO₂ emissions by approximately 400 metric tons. Moreover, at one of our Guangzhou campuses, the integration of lighting and air-conditioning systems resulted in a reduction of around 500,000 kWh in electricity consumption during the summer.

Smart Device Upgrade and Transformation

The air-conditioners in NetEase's Beijing campus are fitted with inverters and other energy-efficient equipment. The smart management of the lighting and HVAC systems also improves the campus's energy efficiency.

Energy Allocation Optimization

The consumption of conventional energy sources, such as water heaters, is reduced while promoting the utilization of non-conventional energy sources like solar water heating systems and heat pump units.

Intelligent Control Upgrade

Through centralized controls, the lighting system offers a versatile solution by integrating smart lighting, program control, and manual operations to accommodate various scenarios.

Enhanced Monitoring

Water and energy consumption are carefully measured and monitored by a comprehensive energy monitoring system.

SpaceEase™ Campus Brain Optimizations in 2023

Clean Energy Deployment

We are actively pursuing clean energy opportunities, replacing traditional fossil fuels with photovoltaic and biomass energy and expanding their utilization. In 2023, our Hangzhou campus procured a total of 9.01 million kWh of clean electricity. This initiative resulted in a reduction of carbon emissions by 6,339 metric tons of CO₂e³, equivalent to approximately 13% of carbon emissions at NetEase campuses, compared to the prior year. Moreover, we are continuously implementing distributed photovoltaic systems on our rooftops. In 2023, the distributed photovoltaic power generation in our Hangzhou campus reached a cumulative capacity of 2.2MW and an annual power generation of about 2.45 million kWh, which can reduce carbon emissions by about 1,700 metric tons.

Sustainable Development of Data Center

The energy consumption of data centers is the primary source of greenhouse gas emissions for NetEase. In the management of data center, NetEase continuously promotes the efficient utilization of servers, network equipment. By optimizing procurement processes and network architectures and integrating rack resources, we have been able to improve the overall utilization rate of such centers. At the same time, for aging data centers, NetEase has continuously carried out infrastructure energy-saving upgrades to reduce carbon emissions and promote sustainable development.



³ Zhejiang grid emission factor is 0.7035 (tCO₂/MWh).

NetEase's Gui'an Data Center is the Company's first self-built data center. Adhering to the principles of simplicity, efficiency, greenness, and low carbon, various advanced solutions have been adopted in the construction of the green data center, with a designed annual average PUE below 1.2.

Energy-saving building

During the construction of the data center, we promoted environmental protection by utilizing local mineral by-product phosphogypsum and prefabricated buildings to reduce construction emissions.

Fresh air cooling

Gui'an Data Center has applied direct evaporative cooling fresh air units to maximize the use of natural cooling by fresh air. For up to 70% of the year, natural cooling methods are used to reduce mechanical cooling, thereby saving energy consumption and reducing carbon emissions.

Efficient power supply

Gui'an Data Center has adopted an efficient integrated DC power supply with a high efficiency of up to 98%, effectively improving equipment utilization efficiency and reducing carbon emissions.

Automated operation technology

Gui'an Data Center utilizes an integrated monitoring system to streamline data flow across ventilation, fire, water, and electricity systems, enhancing operational efficiency.

Green Campuses

NetEase is committed to resource conservation. We pay special attention to resource consumption and waste generation and disposal in the course of our operations. Based on our findings, we explore waste reuse and recycling methods and make our campuses greener, more ecological, and low-carbon. This lays the foundation for sustainable operations and development.

Resource Utilization

We encourage our employees to practice green and low-carbon concepts in our offices, during business travel and in other scenarios. We conduct environmental protection training and campaigns to increase the green awareness of our employees and inspire them to live a low-carbon lifestyle.

Low-carbon Office
<ul style="list-style-type: none"> ◆ Promoted paperless workplace: Introduced a proprietary OA (office administration) system for a paperless office environment ◆ Enhanced energy management: Set energy goals, established implementation plans, and assigned personnel to patrol office areas for daily energy savings and waste reduction
Low-carbon Transportation
<ul style="list-style-type: none"> ◆ Low-carbon commuting support: Expanded electric vehicle support with additional charging facilities on our campuses ◆ Reduced carbon footprint in commuting: Promoted public transportation use for daily commute and strengthened green travel concepts among employees
Awareness Raising
<ul style="list-style-type: none"> ◆ Strengthening environmental awareness: Promoted green office actions such as water and electricity conservation through short videos and training sessions, while also encouraging zero-carbon practices and innovative measures ◆ Office resource reuse: Established flea market activities to encourage employees to trade second-hand items

With respect to our employee cafeterias in our campuses, NetEase has increased efforts in raising awareness of food waste through educational campaigns and the implementation of the "Clean Plate" campaign.

Unprocessed Food	Unsold Food	Purchased Food that Goes Uneaten
Stored in freezers until the next day for sale	Consumed by cafeteria staff	Sorted and reprocessed by professional food waste recycling companies

NetEase's Food Management Initiatives

Additionally, NetEase takes water conservation and utilization seriously. By upgrading equipment, optimizing wastewater treatment, and strengthening the recycling of water resources, we continue to improve our water management practices. During the construction of our campuses in China, we set water-saving targets and maximize water utilization through policy guidelines, technical optimization, water recycling, precise measurement, and statistical analysis. Our current reuse rate for non-conventional and recycled water is greater than 30%.

Equipment Upgrade and Optimization	Leak Prevention
<ul style="list-style-type: none"> ◆ Installed sensors and controlled water output ◆ Upgraded drinking water equipment to be safer and more energy-efficient ◆ Strengthened water consumption monitoring and performed regular statistical analysis ◆ Adopted water-saving irrigation systems for irrigation, with over 50% of water appliances rated Grade 1 on campuses 	<ul style="list-style-type: none"> ◆ Inspect pipelines on a regular basis to prevent leaking
Campus Water-saving Facilities	Recycled Water Promotion
<ul style="list-style-type: none"> ◆ Implemented water-saving technologies, including 3-stage sedimentation tanks, rainwater recycling systems, automated pressurized water supply systems, and foundation pit precipitation utilization to increase the reuse rate of water resource ◆ Collected water use data at construction sites and established water consumption and saving accounts for analysis and improvement 	<ul style="list-style-type: none"> ◆ Upgraded the rainwater recycling system to collect rainwater for irrigation ◆ Invested in reclaimed water reuse equipment to further enhance water recycling

NetEase's Water Management Initiatives

Waste Management

NetEase is committed to maintaining effective waste management systems for its operations. We carry out the recycling and disposal of our solid waste around four core concepts: reduction at source, efficient management, compliant disposal and recycling. For solid waste generated by our businesses, we have formulated strict management processes for proper handling and disposal. We also proactively seek ways to reduce waste, turn waste into resources, and make them harmless to the environment and people. We attach great importance to waste recycling, implementing waste classification and reuse to extend the lifecycle of waste.

Recycling of Non-hazardous Waste

We established a platform to circulate idle office assets, enhancing resource utilization. Usable old electronic devices are provided to those employees who need to use them at home, with the remaining devices sent to qualified service providers for recycling and disposal.

Compliant Disposal of Hazardous Waste

We store all hazardous waste during office operations (such as toner cartridges, ink cartridges, etc.) securely in waste management warehouses and engage with qualified third parties for compliant disposal.

NetEase's Waste Disposal Methods

Developed the Idle Asset Utilization Platform to enhance resource efficiency

We focus on maximizing idle asset utilization within our campuses. Integrating online and offline measures, we facilitate the circulation and recycling of idle assets. For example, in 2023 we launched a platform to centralize the online display of idle fixed assets, consumable supplies, and other office resources which employees can select through an online mall. This initiative boosts asset and space utilization on our campuses, contributing to environmental protection and sustainable development goals.

Combining low-carbon materials with green design and construction concepts

We are committed to sustainable principles in design, materials, construction, and daily maintenance, striving to create environmentally friendly campuses. We give priority to building materials made from waste as raw materials, aiming for more than 10% of the total weight of building materials to be recycled. We have also developed a list of recyclable materials, installed waste recycling chutes onsite, and utilized multi-layer waste panels and bamboo plastic boards for hole covers and corner protection.



Sustainable Innovation

As an Internet technology company, NetEase not only monitors its environmental impact but also strives to minimize its impact on the environment. We continue to explore new low-carbon technologies and promote carbon reduction throughout our value chain. In addition to integrating sustainability into our products and services, we leverage our relationships and advanced technology to educate users and partners on sustainability, fostering collaboration towards a sustainable and green future.

Green Products

NetEase is committed to energy saving and emission reduction across warehousing, transportation, and packaging processes. For example, *NetEase Yanxuan* has been implementing a multi-year Sustainability Plan which was expanded during the reporting period to reduce plastic bag thickness, minimize tape usage, and optimize our smart packaging recommendation system. Our products are delivered to users in their original packaging whenever feasible. We have also made great efforts to reduce our environmental footprint and support a circular economy, including recycling bubble wraps and using B2B reusable boxes, biodegradable courier bags, and carbon-neutral carton boxes.

In 2023, *NetEase Yanxuan* shipped approximately 5 million orders in their original packages and reused boxes 128,602 times, significantly reducing packaging consumption and saving more than RMB349,000.

Green Warehouse

- ◆ We deploy intelligent temperature and humidity monitoring systems in our warehouses for real-time feedback and control, which reduces energy consumption while enhancing warehouse management efficiency.

Green Packaging

- ◆ We minimize the use of logistics stickers and other paper materials.
- ◆ At *NetEase Yanxuan's* transshipment centers, 90% of the pallets we use are non-disposable

Green Transportation

- ◆ We optimize freight loading to minimize emissions from trucks.
- ◆ We include emission standards for vehicles on fixed routes in our contracts, ensuring that at least 80% of the vehicles used by our vendors meet the national standards for pollution limits.
- ◆ We optimize transportation routes to minimize energy consumption.

NetEase's Clean Logistics Initiatives

- ◆ To encourage the reuse of logistics boxes, *NetEase Yanxuan* designed a multifunctional courier box that can be folded into a cat house.
- ◆ Moreover, following the "reduce, reuse, recycle" principle, the box is produced free of glue and plastics to support sustainability.
- ◆ This innovative design won *NetEase Yanxuan* the Excellence Award of Green Packaging Design in the 2023 Blue Planet - Sustainable Packaging Awards.



NetEase Yanxuan's Multifunctional Cat House Box

Green Ecosystem

NetEase looks to support China's "3060 dual carbon" goal -- peaking carbon dioxide emissions before 2030 and achieving carbon neutrality before 2060 -- through innovative technologies and platforms. Leveraging our experience in sustainability, we launched the NetEase TianGong Carbon Neutrality Open-Source Community to assist small and medium-sized hardware manufacturers in achieving carbon neutrality, jointly fostering a sustainable ecosystem.

In 2023, we presented the NetEase TianGong Carbon Neutrality Open Source Community at a number of global exhibitions and forums, including the Global Digital Trade Expo, NetEase Digital+ Conference, and China Digital Carbon Neutrality Summit Forum, where we shared its low-carbon practices, its efforts to build a green ecosystem, and the vision to support carbon peaking and carbon neutrality through innovative IoT solutions.

NetEase TianGong promotes sustainability at CDEIDC

In August 2023, the NetEase TianGong Carbon Neutrality Open Source Community announced its vision, mission, and values at the China Digital Economy Innovation and Development Conference (CDEIDC), calling for participative low-carbon practices. As a leader in IoT energy-saving solutions, the Community encourages innovation and aspires to make carbon neutral technology accessible to more industries.

Vision

Making carbon neutral technology accessible

Mission

Creating value and empowering companies with open source, low-carbon technology

Values

Energy saving, carbon reduction, open source

In 2023, the Community continued to empower its partners in reducing energy consumption and carbon footprint in four areas: design and consulting, software and hardware development, construction and installation, and operation and maintenance. More and more like-minded organizations and groups, such as design institutions, suppliers, construction companies, and our users, are joining us to spearhead energy conservation and carbon reduction efforts.

NetEase TianGong holds competition to promote energy savings and carbon reduction

In 2023, the NetEase TianGong Carbon Neutrality Open Source Community organized its 2nd application innovation competition to encourage the development and use of technologies such as the IoT, big data, and AI for energy saving and carbon reduction.

This year's competition witnessed a significant rise in the number of participants and projects. More than 100 teams participated, and numerous diverse projects were showcased in the final round, including solutions for the hospitality, manufacturing, and power sectors, as well as GPT and indoor positioning applications.

NetEase TianGong Carbon Neutrality Open Source Community was listed as one of the Most Socially Responsible Enterprises in China's Data Intelligence Industry in 2023

NetEase won Zhejiang's 2022 Leading IoT Enterprise Award for its innovation and influence in the IoT sector

NetEase's Smart Carbon Management System was shortlisted for the 2023 Carbon Efficiency Pioneer Award by China Industrial Energy Conservation and Cleaner Production Association

NetEase TianGong's Honors in 2023



Sustainability Campaigns

Utilizing its tech prowess and platform resources, NetEase integrates environmental protection into its products, fostering a culture of green living. We collaborate with natural and environmental protection organizations, encouraging users to join in eco-friendly activities and promoting public awareness and action for ecological preservation.



Sky calls for protection of marine ecosystem

During the 2023 World Oceans Festival, we partnered with the Blue Ribbon Ocean Conservation Association to support marine welfare activities and urge people to help protect the marine life ecosystem through the game *Sky*. *Sky* held a series of events which highlighted hot marine protection topics and enabled knowledge sharing on marine environmental protection. A beach cleaning activity was also organized and RMB500,000 was donated by *Sky* to the association for future events.

In addition, *Sky* teamed up with Hubei Radio and Television Station and the Hubei Yangtze River Ecological Protection Foundation to organize the "Sturgeon Meets Yangtze River" event, where a Chinese sturgeon, commonly known as the panda of the sea, was adopted and released to the Yangtze River to enhance the marine ecosystem.



Onmyoji launches red panda care event

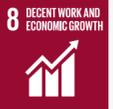
In the 6th year of the Guardian Program, we cooperated with the China Giant Panda Research Center to assist with red panda rescue, habitat protection, and breeding through our game *Onmyoji*.

The event attracted widespread public attention, with the live streaming accumulating 2.65 million viewers. Each participant's contribution was recorded on their exclusive digital collection which was displayed in an online collection hall. In addition, all proceeds from the event were donated to China Giant Panda Research Center for the protection of red pandas.



Appendix

Appendix 1: United Nations Sustainable Development Goals (UN SDGs)

Chapter	UN SDGs					
ESG Strategy						
Corporate Governance						
Responsible Products and Services						
Fostering Talent						
Community Development						 
Green Concept						

Appendix 2: Selected Standards in SASB Index for the Internet Media & Services Industry

Topic	Accounting Metric	Code	Chapter/Section
Environmental Footprint of Hardware Infrastructure	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	TC-IM-130a.1	Appendix 5: NetEase's Environmental Performance
	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with high or extremely high baseline water stress	TC-IM-130a.2	Appendix 5: NetEase's Environmental Performance
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-IM-130a.3	Green Operations
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-IM-220a.1	Privacy
Data Security	Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards	TC-IM-230a.2	Cyber and Information Security
Recruiting & Managing a Global, Diverse & Skilled Workforce	Employee engagement as a percentage	TC-IM-330a.2	Talent Development
	Percentage of gender and racial/ethnic group representation for (1) management, (2) technical staff, and (3) all other employees	TC-IM-330a.3	Talent Attraction Talent Development

Appendix 3: The Stock Exchange of Hong Kong Limited Environmental, Social and Governance Reporting Guide

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Climate Change Green Operations
KPI A1.1	The types of emissions and respective emissions data.	Appendix 5: NetEase's Environmental Performance
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 5: NetEase's Environmental Performance
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Appendix 5: NetEase's Environmental Performance
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials. <i>Note: Resources may be used in production, in storage, transportation, in buildings, electronic equipment, etc.</i>	Green Operations
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	Appendix 5: NetEase's Environmental Performance
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Appendix 5: NetEase's Environmental Performance

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
Aspect A4	Climate Change	
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change
Aspect B1	Employment	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Talent Attraction
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region.	Talent Attraction
Aspect B2	Health and Safety	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Talent Care
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Talent Care

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. <i>Note: Training refers to vocational training. It may include internal and external courses paid by the employer.</i>	Talent Development
Aspect B4	Labour Standards	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Talent Attraction
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Talent Attraction
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Talent Attraction
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
Aspect B6	Product Responsibility	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Privacy Protection of Minors Responsible Service and Product Offerings
KPI B6.2	Number of products and service related complaints received and how they are dealt with.	Customer Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Intellectual Property Rights Protection
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Privacy
Aspect B7	Anti-corruption	
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Business Ethics
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Business Ethics
Aspect B8	Community Investment	
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Philanthropy
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Philanthropy
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Philanthropy

Appendix 4: Climate Change Risk List

Risk Type	Description	Measure
Policy and Legal	Enhanced emissions-reporting obligations	Following the rules and reporting guidelines of regulatory agencies, forming regular statistics on energy consumption from operations, precisely calculating carbon emissions, and offering high-quality data disclosure.
Technology	Unsuccessful investment in new technologies	Adopt emerging technologies, examining the rationality of investment in new technology and its match with NetEase's business, and assessing its performance and investment risks in reducing greenhouse gas emission for NetEase.
	Costs to transition to lower emissions technology	Examining the feasibility of new technologies and equipment and arranging replacement by batches within a proper range based on budgets.
Market	Changing customer behavior	Ensuring the share of green products by tracking the market environment in real time and adopting appropriate product strategies.
	Increased cost of raw materials	Making energy efficiency a supplier onboarding criterion of the Data Center, and encouraging existing suppliers to use cleaner energy.
Reputation	Shifts in consumer preferences	Exploring green products of existing suppliers; encouraging suppliers to provide green products; increasing the proportion of green products by years.
	Increased stakeholder concern or negative stakeholder feedback	<ul style="list-style-type: none"> ● Paying attention to policy trends relating to climate change; ● Incorporating climate change response into the company's sustainable development strategy; ● Disclosing efforts made and results as well as pathway and plans for the future, so as to build confidence for stakeholders; ● Strengthening the communication with investors and consumers.

Risk Type	Potential Impact on NetEase	
Acute	Typhoon	Typhoons have potential negative impacts on internet infrastructure and may disrupt data centers and our daily operations.
	Flood	Floods have potential negative impacts on internet infrastructure and may affect NetEase's operational stability.
	Drought	Droughts may cause a shortage of water supply, but the impact on our operation will be minor.
	Extreme heat/Extreme coldness	Extreme heat and extreme coldness will increase the demand for cooling and heating, leading to an increase in operating costs. Additionally, the Company needs to improve the performance of its data systems, enhance the efficiency of internal management, and strengthen its response to extreme cold/hot weather.
Chronic	Extreme rainfall	Extreme rainfall may have potential negative impacts on Internet infrastructure, reduce operating efficiency, and thus affect the operating income.
	Rising mean temperatures	Rising average temperatures may increase the demand for cooling during summer and intensify the energy consumption required for heat dissipation and cooling in data centers.
	Rising sea levels	Rising sea levels will increase the threat of floods, which could damage offices and internet infrastructure, thus affecting NetEase's operational stability.

Appendix 5: NetEase's Environmental Performance

Greenhouse Gas Emissions ⁴	Unit	Emissions in 2023 ⁵
Scope 1	Metric tons of CO ₂ e	11,479
Scope 2	Metric tons of CO ₂ e	35,724
Scope 3	Metric tons of CO ₂ e	274,645
Total	Metric tons of CO ₂ e	321,849
Per Capita Carbon Emissions from Operations (Scopes 1 + 2)	Metric tons of CO ₂ e /Person	1.6
Energy Consumption ⁶	Unit	Consumption in 2023
Diesel	kg	72,940
Gasoline	kg	20,860
Liquefied Petroleum Gas	kg	8,440
Natural Gas	10,000 m ³	143
Purchased Electricity	MWh	68,792
Renewable Energy Consumption	MWh	2,340
Direct Energy Consumption	MWh	19,095
Indirect Energy Consumption	MWh	68,792
Comprehensive Energy Consumption	MWh	87,887
Per Capita Energy Consumption	MWh/Person	3.0
Waste	Unit	Emissions in 2023
Kitchen Garbage	Metric tons	3,266
Other Waste	Metric tons	14,697
Total	Metric tons	17,963
Per Capita Waste Discharge	Metric tons/Person	0.6
Water Consumption	Unit	Consumption in 2023
Total Water Consumption	Metric tons	639,583
Per Capita Water Consumption	Metric tons/Person	22.0

⁴ Scope of greenhouse gas emission statistics: office campuses, data center and farms owned by NetEase; leased data centers and cloud services; leased offices, warehouses, classrooms, stores, and venues; NetEase Yanxuan outsourced packages and goods transportation; employee commuting and travel.

⁵ Emission factors are taken from documents such as the IPCC 2006 Revised Guidelines for National Greenhouse Gas Inventories 2019 published by the Intergovernmental Panel on Climate Change (IPCC) and the Guidelines on Greenhouse Gas Emission Accounting Methods and Reporting for Public Building Operation Enterprises, the 2011 and 2012 China Regional Grid Average CO₂ Emission Factors published by the National Development and Reform Commission of China.

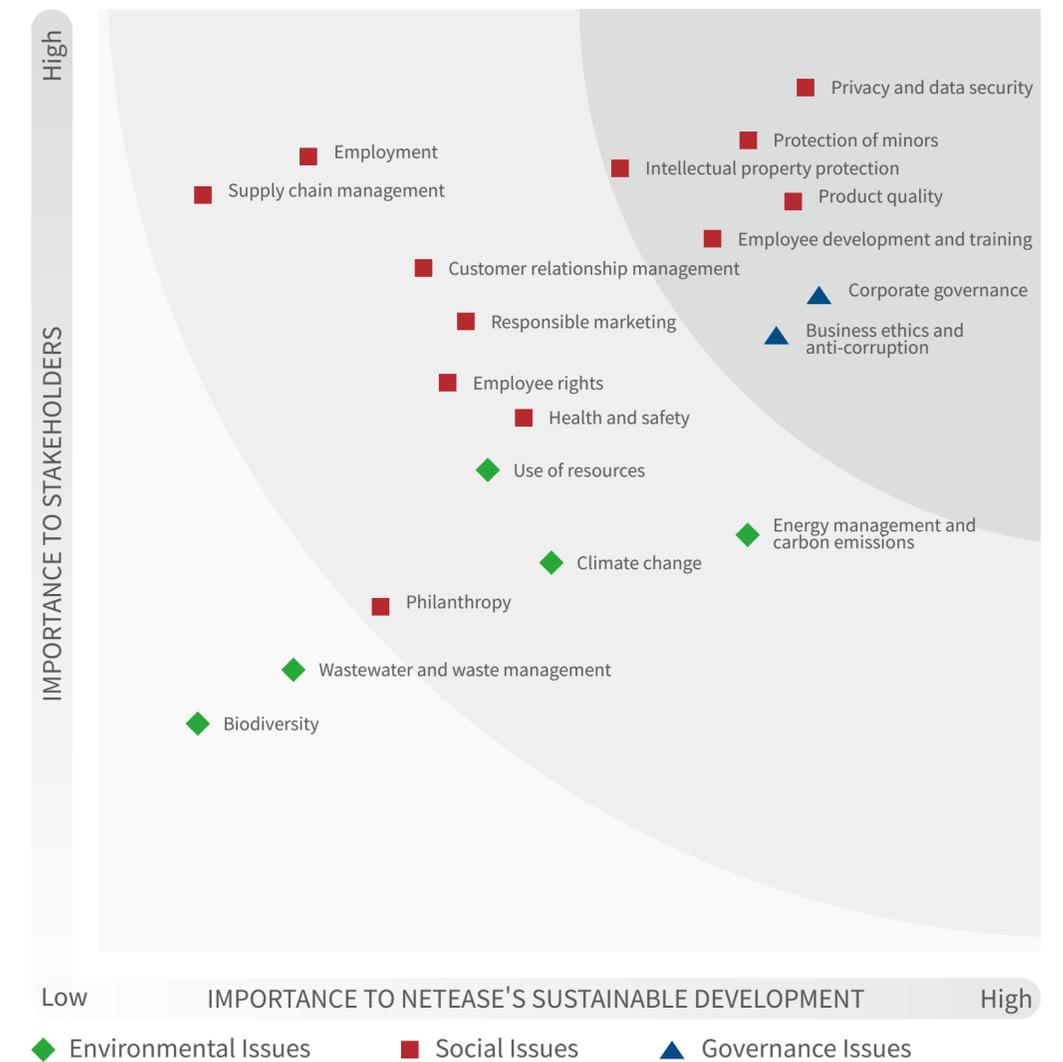
⁶ In 2023, NetEase's energy consumption data covers the Group's own office campuses and pig farms within its operational control.

Appendix 6: Material ESG Issues

In 2023, we focused on maintaining close communications with our stakeholders. We have identified 19 material ESG issues based on the concerns of rating agencies such as MSCI and DJSI, issues that the HKEX emphasizes, and hot topics and trends in the industry. Among these issues, we have determined that 7 are critical, 10 are important, and 2 are average.

Category	Issue	Description		
Environmental Issues	1	Climate change	Climate change risk identification and response	
	2	Energy management and carbon emissions	Strategies, goals, initiatives, and results met	
	3	Use of resources	Management systems, policies and usage reduction initiatives for water consumption, packaging materials and other resources	
	4	Wastewater and waste management	Systems, policies, emission data, and emission reduction measures	
	5	Biodiversity	Taking actions to ensure a positive impact of business activity on biodiversity	
Social Issues	6	Privacy and data security	Policies and measures related to customer privacy and data security protection	
	7	Protection of minors	Anti-addiction policies and measures to protect minors	
	8	Product quality	Product quality management as well as incentives for product quality improvement	
	9	Intellectual property protection	Policies and measures for the protection of intellectual property rights	
	10	Employment	Policies and measures to ensure diversity in the workplace and forbid child laborers and forced laborers	
	11	Employee rights	Employee labor rights	
	12	Employee development and training	Employee training and promotion management	
	13	Health and safety	Policies and occupational health and safety measures to minimize employees' exposure to occupational hazards	
	14	Customer relationship management	Customer satisfaction improvement initiatives	
	15	Supply chain management	Supply chain management systems, regulations and related initiatives	
	16	Responsible marketing	True and accurate product promotion and advertising content that complies with advertising ethics	
	17	Philanthropy	Measures contributing to local development	
	Governance Issues	18	Corporate governance	Corporate governance structure and risk management
		19	Business ethics and anti-corruption	Compliance with and implementation of Company policies regarding business ethics

NetEase 2023 ESG Material Issues Matrix



Appendix 7: Disclaimer

Forward-looking Statements

This report has been prepared on a voluntary basis and may contain statements of a forward-looking nature within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. All statements contained in this report that do not relate to matters of historical fact should be considered forward-looking statements, including, without limitation, statements regarding our future business expectations and expectations about our sector, any sustainability targets and goals, including with regard to diversity and inclusion, planned activities and objectives, our strategic priorities and objectives, as well as statements that include the words "will", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates", "may", "should" and similar. Forward-looking statements speak only as of the date they are made, are based on management's current expectations, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. Numbers and percentages used in this report are estimates or approximations and may be based on assumptions. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our SEC filings, including our most recent Annual Report on Form 20-F and our subsequent reports on Form 6-K, and our announcements on the website of the Hong Kong Stock Exchange. We not undertake any obligation to update this forward-looking information, except as required under the applicable law.

The actual conduct of our activities, including the development, implementation or continuation of any program, policy or initiative discussed or forecasted in this report, may differ materially in the future. As with any projections or estimates, actual results or numbers may vary. Many of the standards and metrics used in preparing this report continue to evolve and are based on management assumptions believed to be reasonable at the time of preparation but should not be considered guarantees. While we seek to incorporate sustainability considerations into its operations and business strategies as described in this report, there can be no assurance that we will be able to successfully implement such considerations to procure specific results. This report may contain information that is not necessarily "material" under federal securities law for SEC reporting purposes, but is informed by various environmental, social, and governance ("ESG") and sustainability standards and frameworks and the interest of various stakeholders. In addition, we operate in a very competitive and rapidly changing environment. New risks emerge from time to time. It is not possible for our management to predict all risks, nor can we assess the impact of all factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements that we may make. You should not rely upon forward-looking statements as predictions of future events. In addition, the forward-looking statements made in this report relate only to events or information up until the report's release date.

Certain information contained herein has been obtained from published sources prepared by third parties. While such information is believed to be reliable for the purposes used herein, we do not assume any responsibility for the accuracy of such information. Further, website references and hyperlinks in this report are provided for convenience only, and the content on the referenced websites is not incorporated by reference into this report, nor does it constitute a part of this report.

Send Us Your Opinion

Dear Reader,

Thank you for reading the NetEase 2023 Environmental, Social and Governance (ESG) Report. Your feedback is highly appreciated and will help us to improve our ESG performance. You can send us your comments and suggestions by post or email. We sincerely thank you for your interest in NetEase.

Which one of the following stakeholders of NetEase are you?

Shareholder Employee Supplier User Government Community Academic institution Others
(please specify)_____

How would you rate this report overall?

Excellent Good Neutral Poor

How would you rate the information disclosed in this report?

Very informative Informative Fair Little Very little

How would you rate the quality of information disclosed in this report?

Excellent Good Neutral Poor

In which of the following categories do you think the content of this report could be improved?

Governance Environment Society

What in specific do you think could be improved in this report?

Is there anything you would like to know about that has not been disclosed in this report?

How do you rate the presentation of this report?

Excellent Good Neutral Poor

What are your comments and suggestions on our ESG work and report preparation?

Address: NetEase Building, No. 599 Wangshang Road, Binjiang District, Hangzhou, People's Republic of China

Postcode: 310052

Email: ir@service.netease.com

Tel: (+86) 571-8985-3378

網易 NETEASE