

NetEase Issues First Environmental, Social and Governance (ESG) Report

HANGZHOU, China, June 30, 2020 /PRNewswire/ -- NetEase, Inc. (NASDAQ: NTESE; HKEX: 9999) (“NetEase” or “the Company”), one of China’s leading internet and online game services providers, today announced that it has published its first Environmental, Social and Governance (ESG) report, outlining the Company’s ESG policies and performance. The report also provides insight into NetEase’s decision making, which considers the impact its actions have on its users, employees, business partners and all stakeholders.

“NetEase has always believed in the power of technology and the deep social responsibility that comes with it. As the Company grew bigger by using technology to provide users with the best product experiences in education, entertainment, consumption, food safety and others, our social responsibilities also grew,” said NetEase CEO Mr. William Ding. “After more than two decades of operations, we know our long-term commitment to social responsibilities will underpin our sustained leadership in a hypercompetitive and ever-changing market.”

To view the report in full, please visit the ESG section on NetEase IR website at <http://ir.netease.com/static-files/261a1655-0b2e-416c-b670-c715f9f4691f>.

The Company’s core ESG priorities include social efforts, human capital, cybersecurity, privacy and data protection, environment, governance, business ethics and shareholder returns.

Highlights of the Company’s achievements include:

Social Efforts

Online Games:

As one of the first companies in China to adopt anti-addiction measures for minors’ online game usage, NetEase has advocated for policies to curb minors overuse of online games, such as:

- Pioneered online game anti-addiction measures for children (beginning as early as 2007).
- Released a “minor protection manifesto” together with other industry leaders to promote national efforts aimed at combating online game addiction.

Online Education:

NetEase has explored a wide range of approaches to empower learning with advanced technology, including:

- Investing RMB100 million to improve live-streaming classes for regions that lack access to

high-quality education, benefiting more than 300 schools in rural areas of China.

- Launching NetEase Open Courses, one of the earliest and largest free online education platforms in China.
- Initiating “Give out a Book” project, which encourages users’ daily reading habits and provides books to children in less developed regions.

Online Music:

Through NetEase Cloud Music, NetEase provides a key platform for Chinese independent musicians and boosts the signal for important social issues through activities including:

- Offering an annual incentive of RMB100 million to leading independent artists.
- Creating a dedicated fund that supports musicians struck by illness or other accidents.
- Raising public awareness of social issues such as animal welfare and children’s wellbeing.

E-commerce, Media and Others:

NetEase Yanxuan pioneered a new innovative e-commerce business model that:

- Provides manufacturers in China with the ability to efficiently design, manufacture, and sell products directly to customers, altering the face of China’s retail market.
- Helps impoverished groups establish successful commerce and create their own economically thriving communities with projects such as Yanxuan’s “Brand Creation for Poverty Alleviation Plan.”

NetEase Weiyang, the agricultural arm of NetEase:

- Operates a number of farms that are used for agricultural research and the commercial production of agricultural goods.
- Provides innovative solutions, powered by technology, to address issues such as food safety and pollution control, which local governments encourage traditional farms in China to adopt.

Environment

NetEase has implemented a number of measures to ensure its business practices minimally impact our environment, including:

- Sourcing physical servers from well-known server manufacturers that comply with energy efficiency standards such as “Energy Star” requirements and the SPECpower benchmark.
- Installing smart lighting control systems in office buildings, which are expected to reduce energy consumption by as much as 90%.
- Reducing exhaust emissions by over 57 tons and carbon dioxide by 448 tons by encouraging the use of electric vehicles and using environmentally friendly construction materials in office buildings.

Governance

NetEase adheres to strict corporate governance standards and complies with the applicable rules of the Nasdaq Stock Market. Each of its Board committees is comprised entirely of independent directors, promoting a strong governance framework to propel a culture of ethics and integrity.

Covid-19 Counter-measures

Since its establishment, NetEase has fulfilled its commitments to communities in the most critical times. During the global COVID-19 crisis, NetEase was one of the first companies to take an active role in the national and international relief efforts through anti-epidemic work, including:

- Establishing an anti-virus fund of RMB100 million to provide medical supplies, epidemic solutions and subsidies for frontline workers.
- Launching free online courses for primary and middle school students in Wuhan after the city was quarantined, and subsequently made these courses available nationwide.

Mr. William Ding added, “This year marks our 20th anniversary as a public company. It also comes at a time when the world is going through one of the worst health and economic crises of our generation. Despite the pandemic, we believe NetEase will come out stronger, supported by our one billion users, 21,000 employees and \$10 billion in cash. This gives us even more of a reason to consider others, help others, and act responsibly toward all our stakeholders, communities and environment. We are committed to increasing our focus on these topics and to regularly evaluating our growing portfolio of online products and services in light of our ESG goals, and challenging ourselves to continually improve.”

NetEase has been growing steadily over the past 20 years and has brought significant returns to shareholders, and is one of the very few internet companies around the globe that pays a regular dividend. As of today, NetEase has paid out over US\$3 billion in dividends. In its report, the Company highlights the importance of ESG factors behind its strong and steady growth, while reiterating its ongoing emphasis on those factors.

NetEase is dedicated to reporting transparency on ESG matters. The ESG report is also designed to guide readers to where they can access more information about specific topics of interest.

About NetEase, Inc.

As a leading internet technology company based in China, NetEase, Inc. (NASDAQ: NTESS; HKEX: 9999) is dedicated to providing premium online services centered around innovative and diverse content, community, communication and commerce. NetEase develops and operates some of China's most popular mobile and PC-client games. In more recent years, NetEase has expanded into international markets including Japan and North America. In addition to its self-developed game content, NetEase

partners with other leading game developers, such as Blizzard Entertainment and Mojang AB (a Microsoft subsidiary), to operate globally renowned games in China. NetEase's other innovative service offerings include the intelligent learning services of its majority-controlled subsidiary, *Youdao* (NYSE: DAO); music streaming through its leading *NetEase Cloud Music* business; and its private label e-commerce platform, *Yanxuan*. For more information, please visit: <http://ir.netease.com>.

Forward-Looking Statements

This announcement contains forward-looking statements. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified by terminology such as "will," "expects," "aim," "anticipates," "future," "intends," "plans," "believes," "may," "estimates," "potential," "continue," "ongoing," "goal," "targets," "guidance," "commits" and similar statements. Among other things, statements that are not historical facts, including statements about future growth, the Company's current and future position in the markets in which it operates, business plans and projections, the completion of transactions and the strategic goals of transactions, are or contain forward-looking statements. Forward-looking statements involve inherent risks and uncertainties. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement. All information contained in this announcement is as of the date of this announcement and are based on assumptions believed to be reasonable as of this date. You should not rely upon these forward-looking statements as predictions of future events. The Company does not undertake any obligation to update any forward-looking statement, except as required under applicable law.

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