

NetEase 2022

Environmental, Social and
Governance Report

Contents

About This Report

About NetEase

Financial Performance	05
Shareholder Return	06
Share Price Performance	07

Key ESG Progress

Environment: Green Innovation for Low-Carbon Practice	08
Society: New Model of Social Improvement Empowered by Digitalization	09
Governance: Robust Development with Efficient Governance	10

ESG Ratings 11

Corporate Governance

Board Governance	12
Risk Management	14
Business Ethics	15

ESG Approach

ESG Vision	18
ESG Governance Structure	18

Product Responsibility

Cyber and Data Security and Privacy Protection	20
Healthy and Safe Products	24
Innovation Development	29
User Service	32

Environment

Climate-Related Risk Identification	36
Sustainable Operations	38
Sustainable Supply Chain	44
Sustainable Ecosystem	46

Empowering Society

Talent Attraction	50
Talent Development	55
Employee Welfare	58
Creating Social Value	62

Appendix

Appendix 1 United Nations Sustainable Development Goals (UNSDGs)	70
Appendix 2 Selected Standards in SASB Index for Internet Media & Services Industry	72
Appendix 3 HKEX ESG Reporting Guide Content Index	73
Appendix 4 Climate Change Risk List	76
Appendix 5 NetEase's Environmental Performance in 2022	77
Appendix 6 ESG Material Issues	78
Appendix 7 Disclaimers	79
Send Us Your Opinion	80

About This Report



Introduction

As a leading internet technology company based in China, NetEase has always been highly focused on how technology can play a greater role in social development and is committed to bringing a positive impact to public life in education, entertainment, consumption and other fields. Since our inception, we have honored our commitment to users, employees, society and the environment by integrating environmental, social and governance (ESG) into our decision-making and development. To achieve sustainable and meaningful ESG progress, we regularly engage with our stakeholders.

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

Reporting Scope

This is our fourth Environmental, Social and Governance Report. This report provides a comprehensive description of our efforts and initiatives in 2022 (the "reporting period"), as well as certain information pertaining to activities in 2023 and prior to 2022.

Reporting Guidelines

We prepared this report with reference to selected 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 world-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 NetEase's current business practices and objectives in fulfilling its 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 NetEase's statistical reports and related documents.

Access and Feedback

This report is available in Simplified Chinese and English. We welcome and appreciate any comments and feedback. Please feel free to contact us through the Opinions and Feedback Form attached at the end of this report. Your input will help us improve our reporting and our overall ESG performance.

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About NetEase

- Financial Performance
- Shareholder Return
- Share Price Performance


Key ESG Progress

ESG Ratings

Corporate Governance

ESG Approach

Product Responsibility

Environment

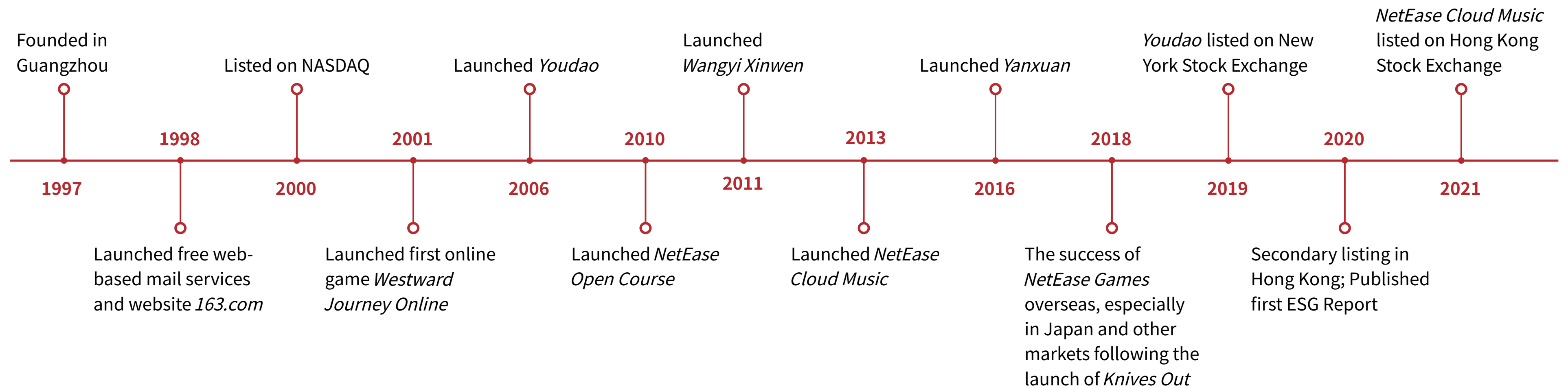
Empowering Society

Appendix

About NetEase


NetEase, Inc. (NASDAQ: NTES and HKEX:9999) provides premium online services centered around content creation. With extensive offerings across its expanding gaming ecosystem, the Company develops and operates some of China's most popular and longest running mobile and PC games. Powered by industry-leading in-house R&D capabilities in China and globally, 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), China's leading technology-focused intelligent learning company, and *Cloud Music* (HKEX: 9899), China's leading online music content community, as well as *Yanxuan*, NetEase's private label consumer lifestyle brand.




About NetEase

- Financial Performance
- Shareholder Return
- Share Price Performance


Key ESG Progress

ESG Ratings

Corporate Governance

ESG Approach

Product Responsibility

Environment

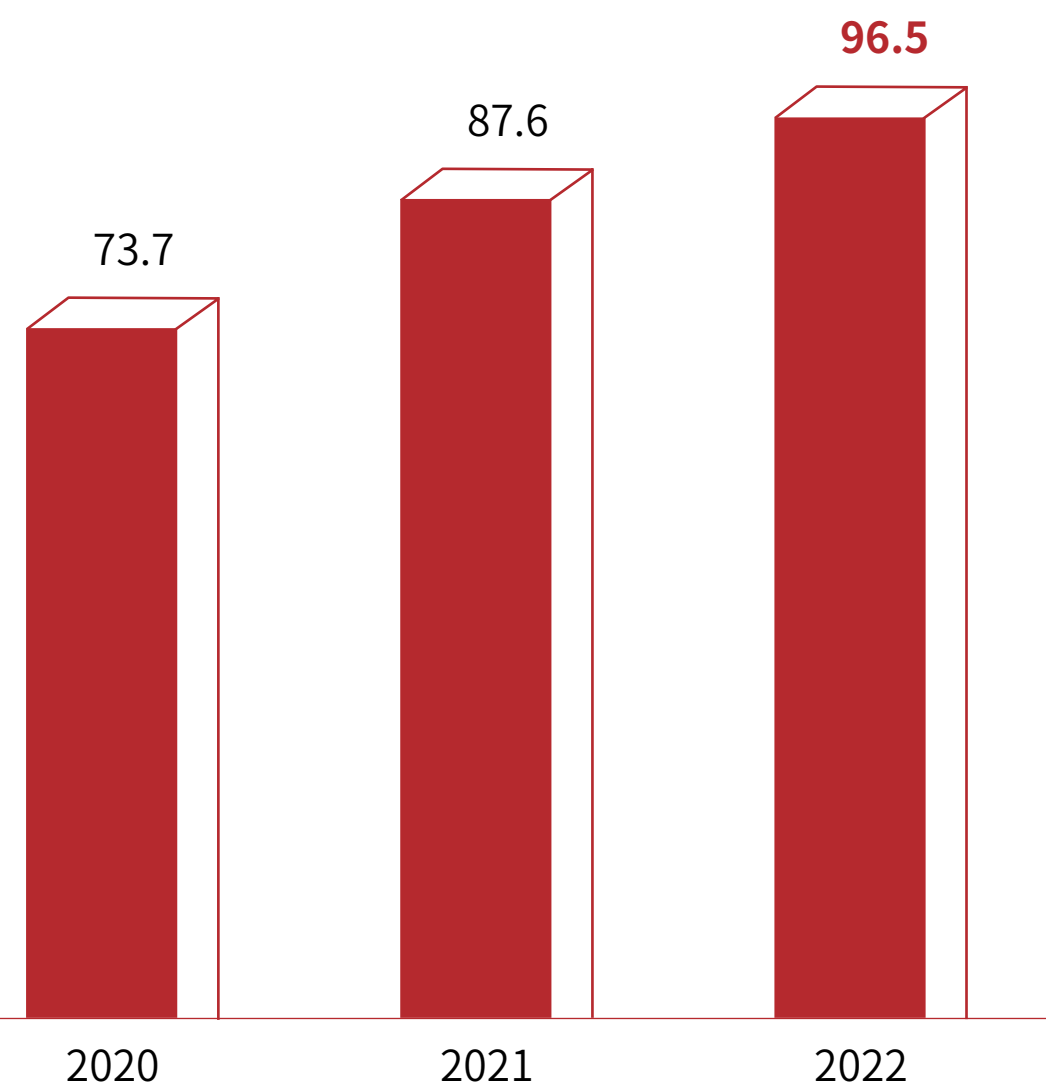
Empowering Society

Appendix

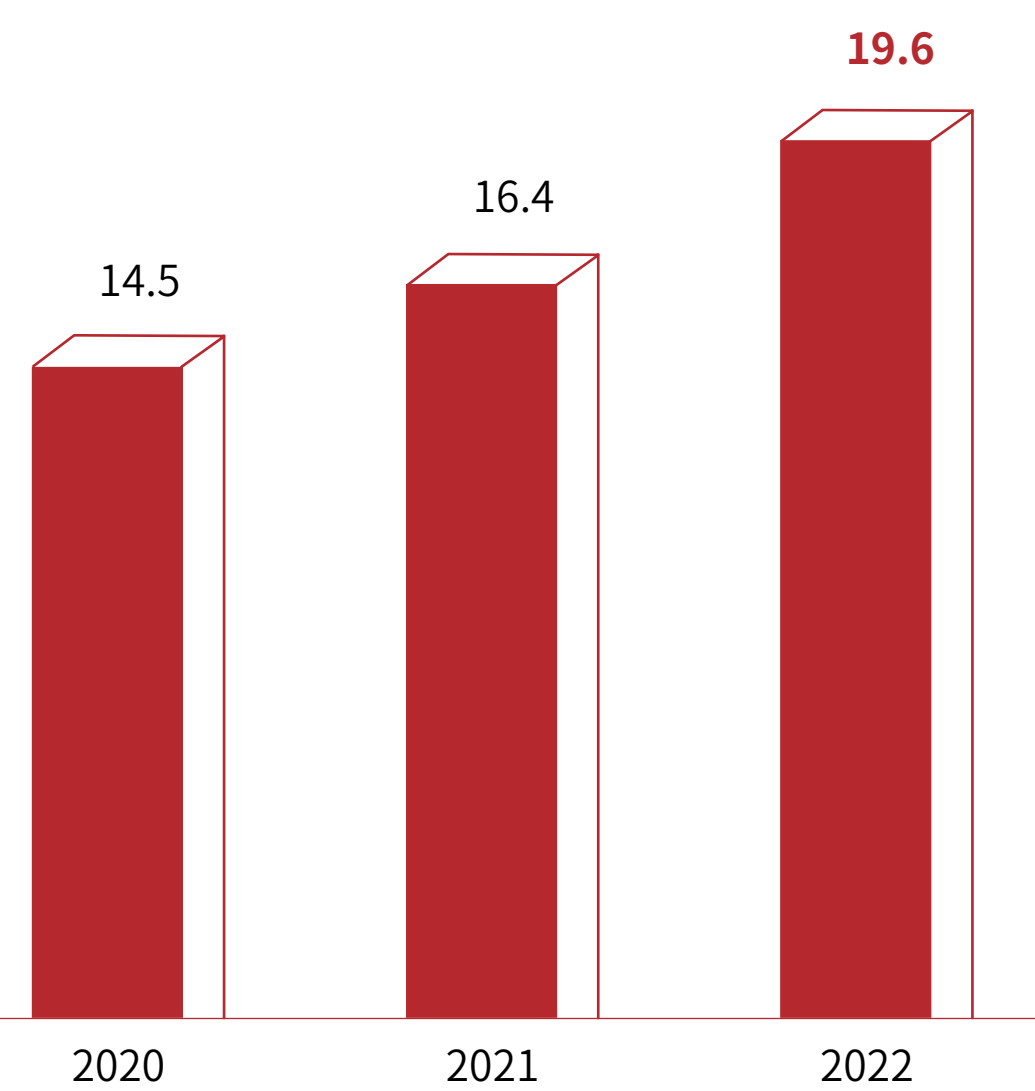
Financial Performance

In 2022, we witnessed sustained advancement and financial growth across all our businesses.

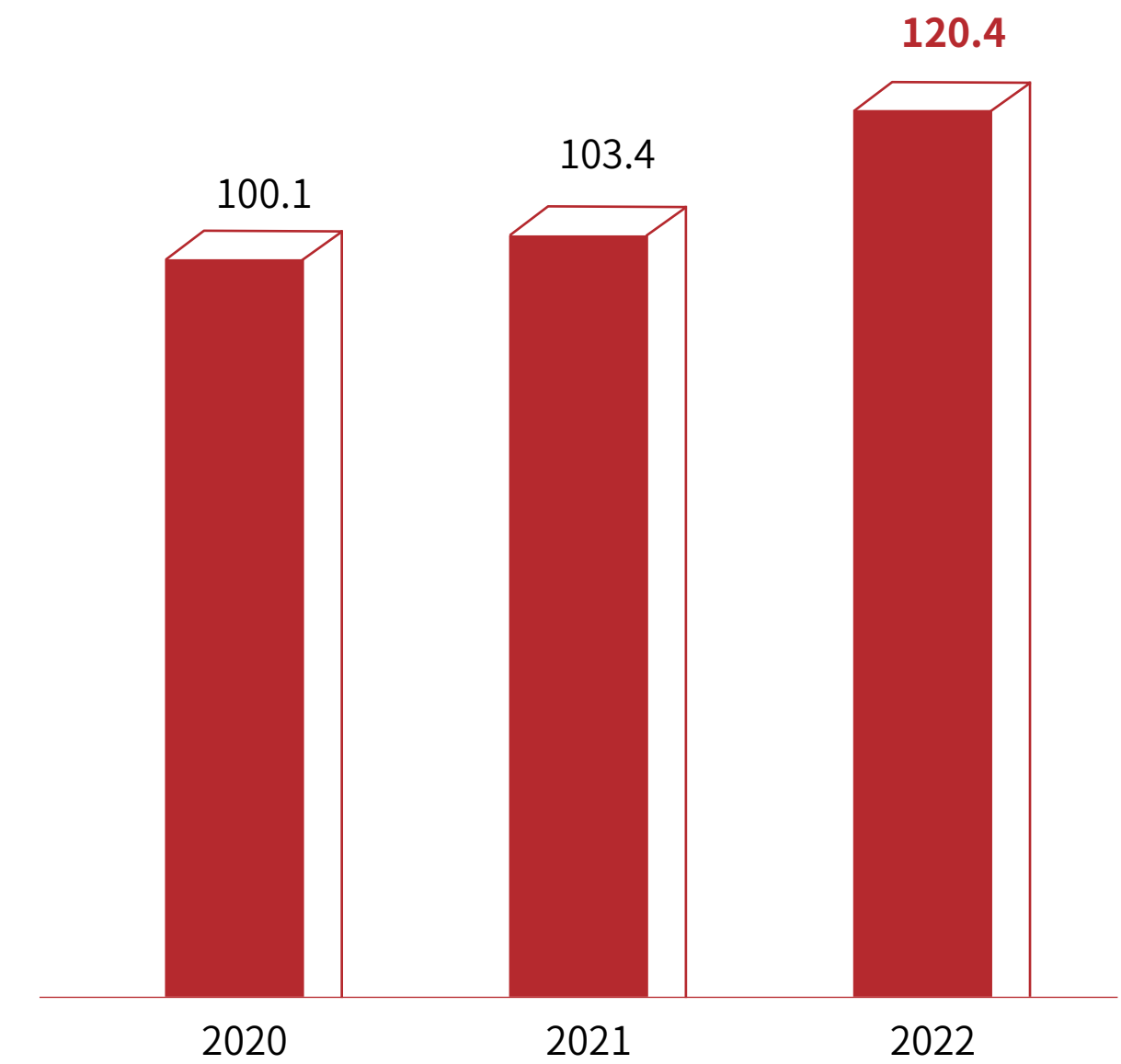
Net Revenue (unit: Billion RMB)



Operating Profit (unit: Billion RMB)



Cash¹ (unit: Billion RMB)

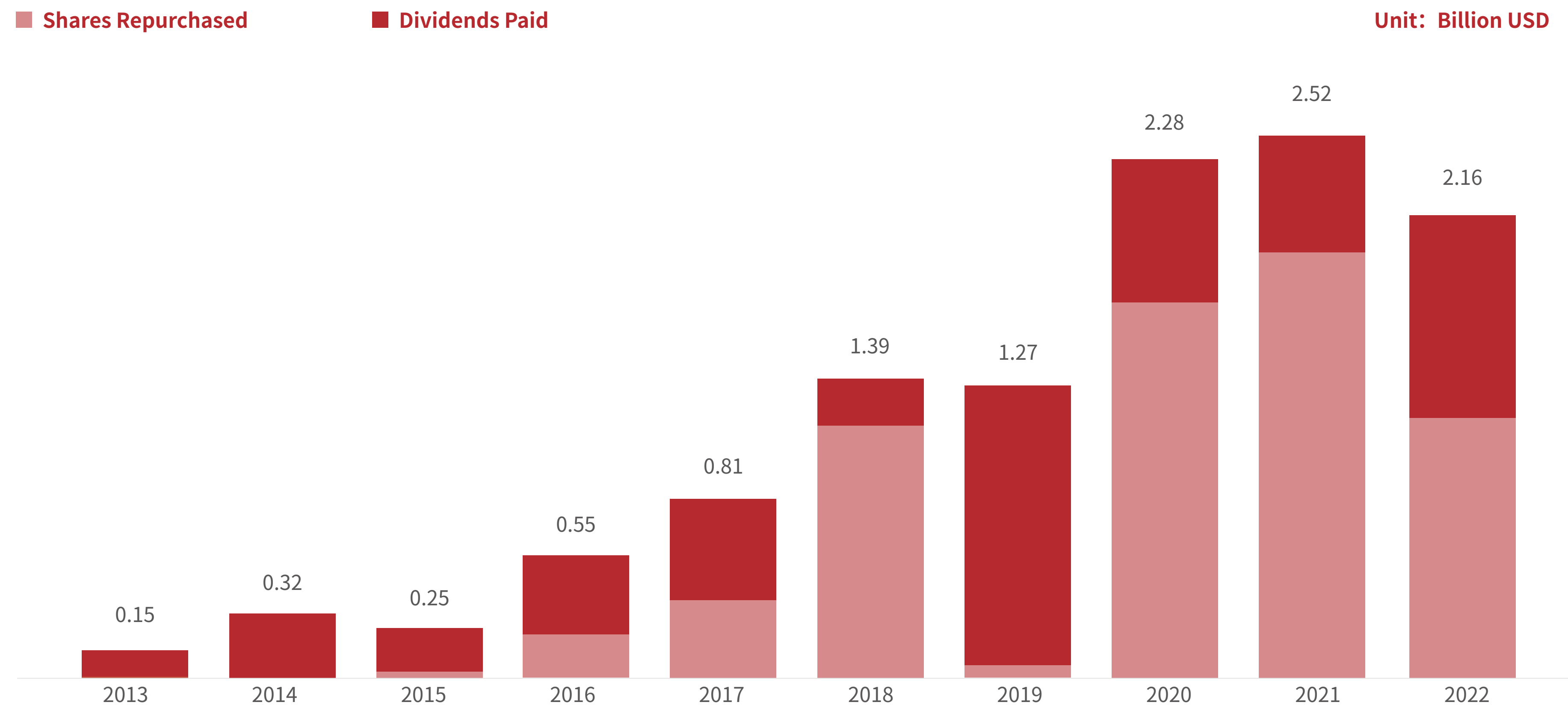


¹ Including cash and cash equivalents, current and non-current time deposits, and short-term investment balance.

- Financial Performance
- **Shareholder Return**
- Share Price Performance

Shareholder Return

There is no better way to show our appreciation and gratitude than to share returns with our shareholders.
From 2013 to the end of 2022, we have repurchased shares and paid dividends in an aggregate amount of over USD11.7 billion.

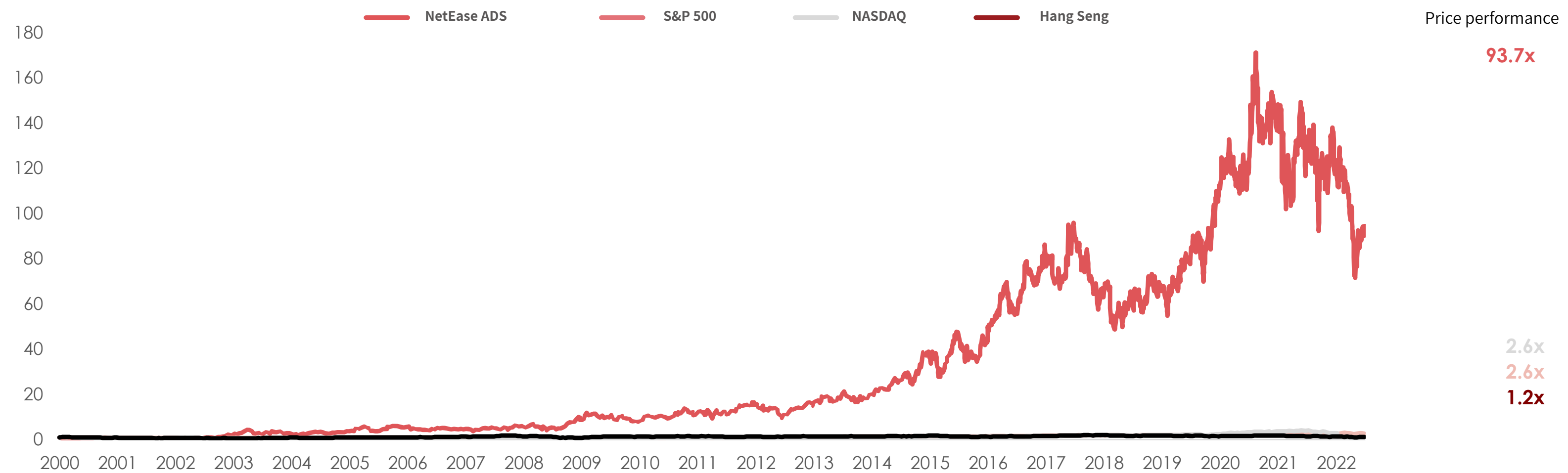


- Financial Performance
- Shareholder Return
- **Share Price Performance**

Share Price Performance

From our IPO to December 31, 2022, our share price has increased nearly 93 times, with an annualized rate of return exceeding 22%.

Share Price Performance Since IPO (2000.6.30-2022.12.31)



Performance for the period ended Dec 31, 2022

	NetEase ADS	S&P 500	Nasdaq Composite	Hang Seng Index
3 years	5.8%	5.9%	5.3%	-11.1%
10 years	23.9%	10.6%	13.2%	-1.3%
Since IPO	22.3%	4.4%	4.4%	0.9%

Source: Bloomberg

Note: Adjusted for ADS ratio changes from 1:100 to 1:25 and to 1:5 effective from March 2006 and October 2020, respectively. The share price returns counted here do not include dividends or dividend reinvestment. Share prices performance represents past performance and does not guarantee further results. The Company's share price may be affected by a number of factors, including those described in the Company's filings with the U.S. Securities and Exchange Commission and The Stock Exchange of Hong Kong.

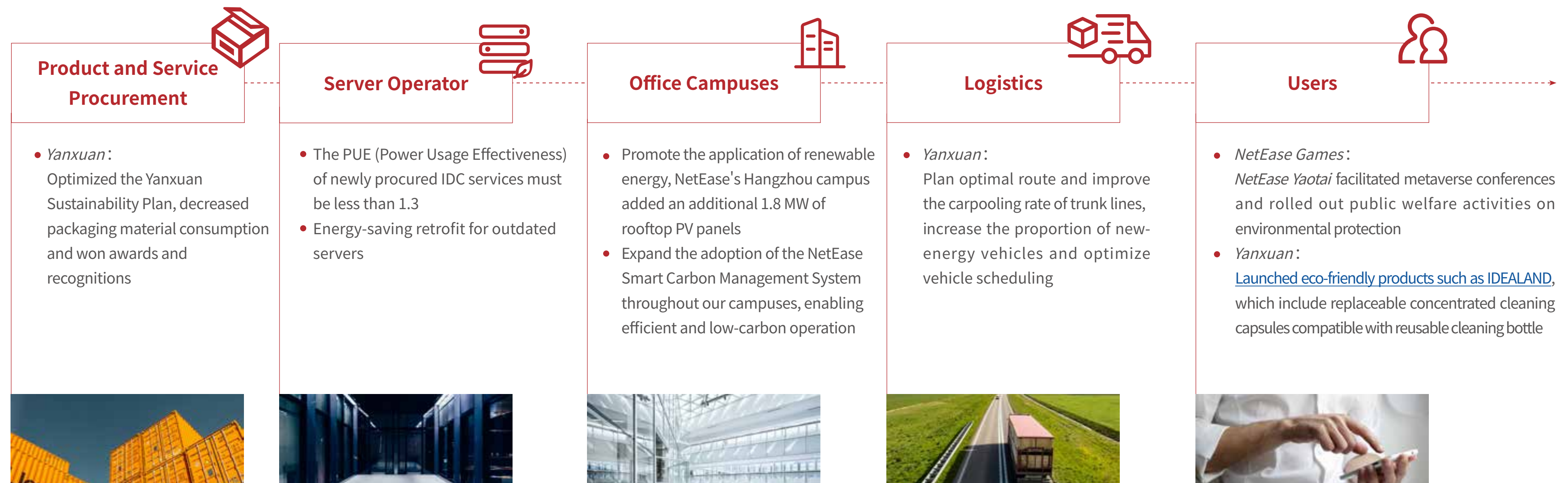
- Environment: Green Innovation for Low-Carbon Practice
- Society: New Model of Common Prosperity Empowered by Digitalization
- Governance: Robust Development with Lean Governance

Key ESG Progress

Environmental: Green Innovation for Low-Carbon Practices

At NetEase, we strive to embed low-carbon practices throughout our business and products for greater green impact worldwide.

Leveraging our business strengths, NetEase seeks out solutions to integrate low-carbon practices with our business operations, in an effort to raise awareness among our users and, in turn, contribute to emission-reduction across society. In 2022, we worked together with many of our business units to promote positive environmental sustainability as we reduced our carbon footprint, created green designs and shared a common green philosophy.



This section responds to KPI A2 and A4 of the Environmental, Social and Environmental Governance Reporting Guidelines of the HKEX, Environmental Footprint of Hardware Infrastructure of the Sustainability Accounting Standards Board (SASB) Index for Internet Media & Services Industry and UNSDG 1, 2, 3, 4, 8 and 10.

- Environment: Green Innovation for Low-Carbon Practice
- Society: New Model of Common Prosperity Empowered by Digitalization
- Governance: Robust Development with Lean Governance

Society: New Model of Social Improvement Empowered by Digitalization

At NetEase, we empower rural industrial chains with digitalization to promote social improvement and practice our public welfare values.

We have created a series of **social improvement projects known as "Digital Culture + Industrial Upgrade" to empower county-level entrepreneurship and innovation** across multiple regions in China. These projects facilitate the upgrade of the cultural tourism industry through an in-depth integration of digital technology, local culture and featured products. "Digital Culture + Industrial Upgrade" was unveiled and highlighted in the "New Model for Social Improvement" section of the 2022 National Mass Entrepreneurship and Innovation Week (NMEIW) exhibition **and was the only such project originating in Zhejiang Province that was featured in the main venue of the NMEIW.**

Creating New Forms of Business with Cutting-Edge Technologies

We apply the new generation of information technologies, such as machine learning, cloud computing, augmented reality and blockchains, to showcase high quality scenic attractions in underdeveloped regions and create a smart online-offline cultural tourism metaverse to attract tourists to such regions.

What we achieved through the end of 2022 >>> New tourists brought to over 22 counties **3million**

For example, in April 2022, NetEase and Xianju County in Taizhou carried out phase II of their cooperation using a smart cultural tourism metaverse. By designing an exclusive virtual spokesperson for the Shenxianju scenic area and recreating the area in the NetEase game Ancient Nocturne through digitalization, we helped attract **over 3 million** tourists online.



Empowering Industrial Upgrades with Digital Culture

We partner with regions that are trying to accelerate their development by building digital industry innovation centers, attracting digital enterprises and providing small and medium enterprises (SMEs) with technical toolkits for digitalization. In doing so, we fuel industrial transformation and attract outstanding skilled workers to work and start new businesses back in their hometowns.

Industry skilled workers trained online and offline **40,000+** Helped incubate 1,300+ new economy start-up businesses as of the end of 2022 **1,300+**

We have established digital industry innovation centers in partnership with Suichang County in Lishui City, Xianju County in Taizhou City, and Wuyi County in Jinhua City, which attracted **more than 200** digital economy enterprises to these regions, thereby significantly modernizing their local economies.



Boosting the Sales of Local Goods with E-Commerce

To take advantage of local specialties and cultural heritage, we leverage the power of branding at *Yanxuan* to assist agricultural households and SMEs in upgrading their brands through brand development, supply chains and digital marketing platforms, thereby improving customer access to these top Made-in-China products.

In November 2022, *Yanxuan* built the first online local product pavilion for Taishun County, Wenzhou, benefiting 22 products from 11 local SMEs, including gardenia soap, Baihua honey and many other popular products from Taishun.



This section responds to KPI B8 of the Environmental, Social and Environmental Governance Reporting Guidelines of HKEX and UNSDG 1, 2, 3, 4, 8 and 10.

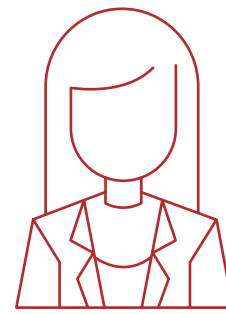
- Environment: Green Innovation for Low-Carbon Practice
- Society: New Model of Common Prosperity Empowered by Digitalization
- Governance: Robust Development with Lean Governance

Governance: Robust Development with Efficient Governance

At NetEase, we look to drive long-term sustainable development through heightened Board diversity and high standards of corporate governance.

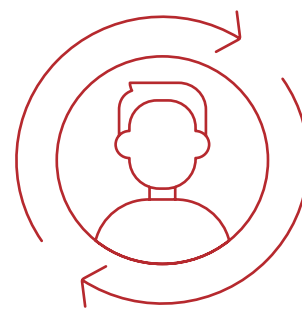
As part of our efforts to ensure sustainable growth in a manner consistent with our ESG principles, we maintained the diversity and professionalism of our Board of Directors and continued to reinforce our ESG governance with a sound business ethics system in 2022.

A Diversified Board



Female directors account for

2/5



Independent directors account for

4/5

Board ESG Governance

NetEase has formed a

three-tier ESG framework for robust ESG governance.

In 2022, we carried out

ESG training for our Board and business units to fully implement our ESG risk management.

Business Ethics and Compliance Management

We have established a complete business ethics system centered on our NetEase Code of Ethics and Professional Conduct, as augmented by a series of additional business ethics policies implemented by NetEase. We refer to this as our

"1+X"² system

To encourage integrity in the workplace, we have created an original NFT collection: Digital Integrity Medal. In 2022, a total of

316 Integrity Medals

were granted to employees

We have joined the **Trust and Integrity**

Enterprise Alliance, a non-profit organization in China dedicated to promoting honesty and integrity in business.

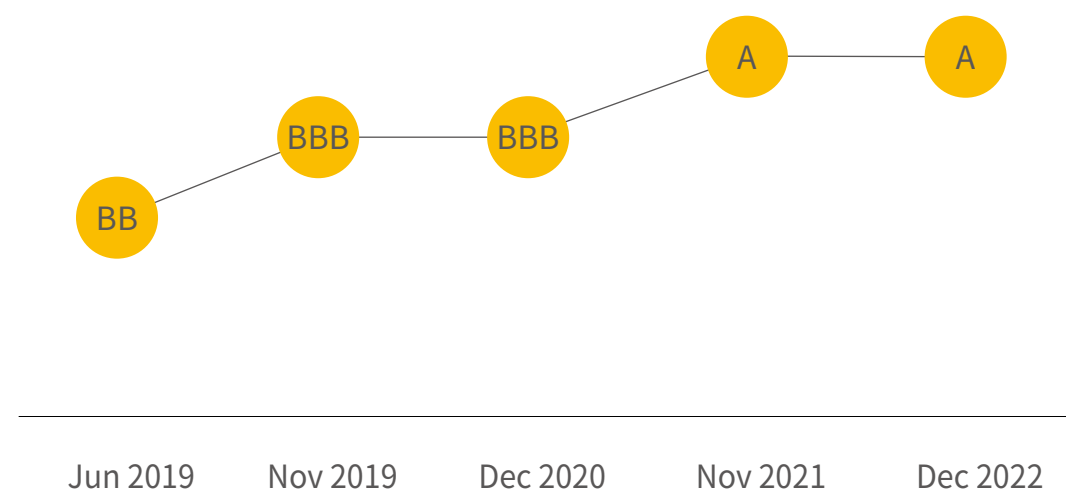
This section responds to KPI B7 of the Environmental, Social and Environmental Governance Reporting Guidelines of HKEX and UNSDG 6 and 12.

² "1" refers to the NetEase Code of Ethics and Professional Conduct, and "X" refers to a series of additional business ethics policies implemented by NetEase.

ESG Ratings



NetEase is average among 68 companies in the Media & Entertainment industry and is leading in Human Capital Development³.



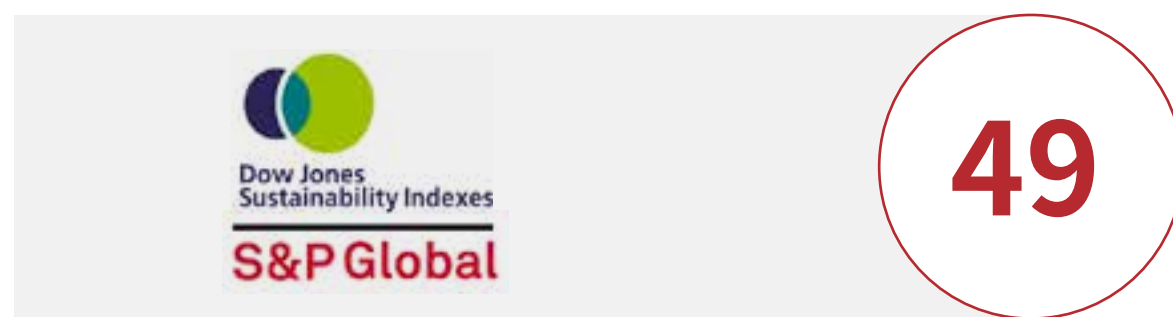
The ESG governance performance is rated on a CCC to AAA scale, with AAA being the highest.

MSCI ESG Ratings are designed to measure listed companies on their management of financially relevant ESG risks and opportunities relative to their peers.

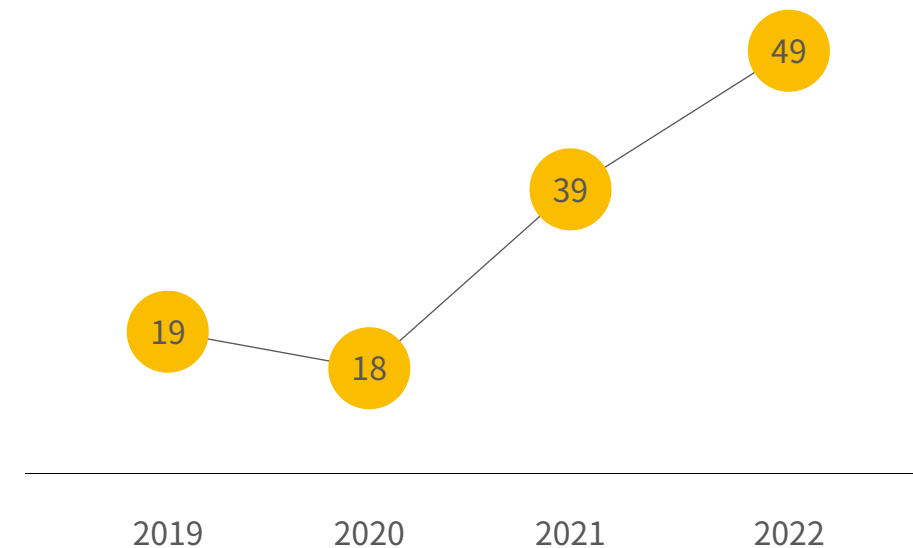
³ Last updated on December 2022.

⁴ Last updated on October 2022.

⁵ Last updated on November 2022.



In 2022, NetEase was selected as a member of the Dow Jones Sustainability World Index and Dow Jones Sustainability Emerging Markets Index for the first time⁴.

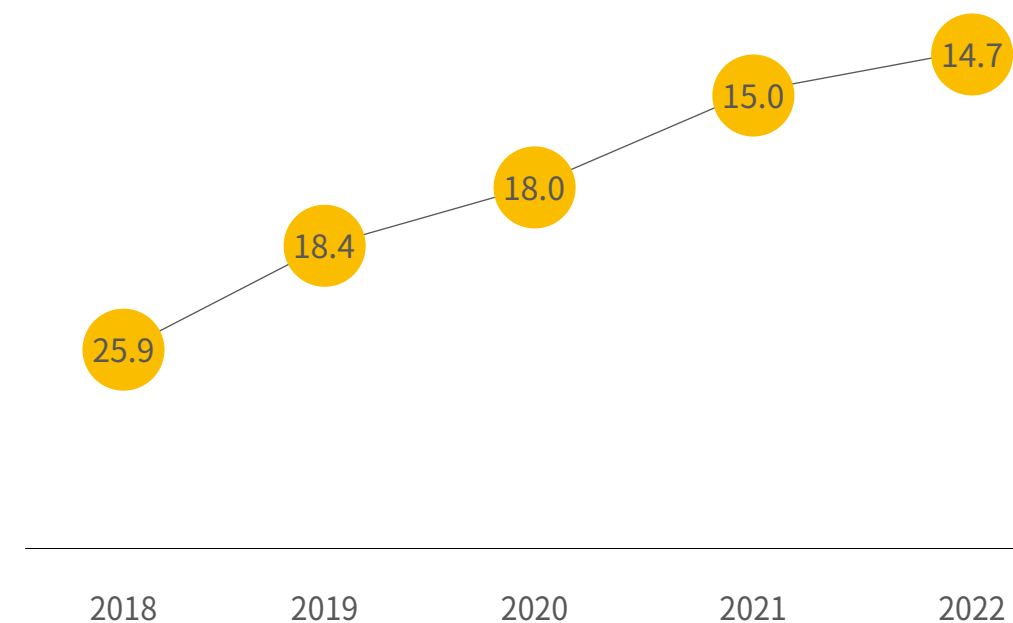


The higher the score, the better the ESG performance.

S&P Global assesses the governance and economic, environmental and social aspects of major companies worldwide.



NetEase is rated as a low-risk company and ranked 54 out of 1,056 companies in the Software & Services industry and was selected as one of the Sustainalytics' Top-Rated Companies of 2023⁵.



The lower the score, the lower the ESG risks identified by Sustainalytics.

Sustainalytics is a global provider of ESG research, ratings and data. Its ESG Rating covers 172 countries and more than 20,000 companies worldwide.

- Board Governance
- Risk Management
- Business Ethics

Corporate Governance

Our Commitment: We aim to continuously optimize our corporate governance and maintain a diversified Board to help ensure the integrity of our operations and sustainable growth of our businesses.

Focus Areas: We believe that a diversified Board, sound corporate risk control and business integrity are conducive to healthy corporate development, creating an inclusive, compliant and positive corporate image.

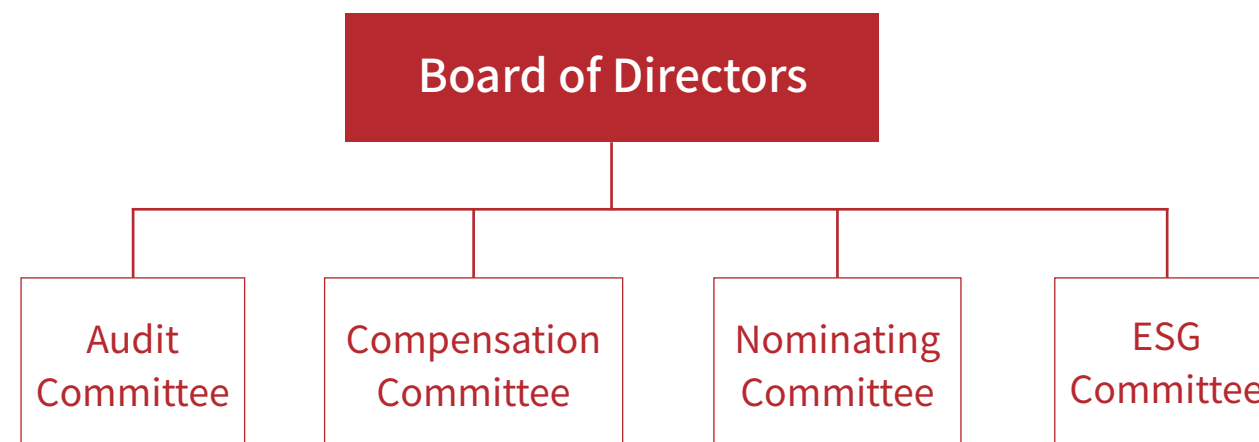


At NetEase, we continue to optimize our board governance structure and focus on board diversity.

Board Governance

Board Composition

At NetEase, optimizing the governance structure of the Board of Directors is our continued commitment, and our Board has established four committees, namely, the Audit Committee, Compensation Committee, Nominating Committee and ESG Committee. As of the end of the reporting period, the Board consisted of 5 directors, including 4 independent directors.



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	Alice Cheng (郑玉芬)	Female	Bachelor of Accounting, MBA	✓	✓	✓
Independent Director	Grace Hui Tang (唐徽)	Female	Bachelor of Science degree in 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	✓	✓	✓

- Board Governance
- Risk Management
- Business Ethics

Audit Committee

Audit committee is responsible for overseeing the accounting and financial reporting processes of our company, including the appointment, compensation and oversight of the work of our independent auditors, monitoring compliance with our accounting and financial policies and evaluating management's procedures and policies relative to the adequacy of our internal accounting controls.

Compensation Committee

Compensation committee is responsible for annually reviewing and approving our company's corporate goals and objectives relevant to the compensation of our chief executive officer, evaluating such officer's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by our board), determining and approving the chief executive officer's compensation level based on this evaluation. The committee annually reviews and makes recommendations to our board with respect to non-chief executive officer compensation, incentive compensation plans and equity based plans, administers our incentive compensation plans and equity-based plans as in effect and as adopted from time to time by our board (our board retains, however, the authority to interpret such plans), and approves any new equity compensation plan or any material change to an existing plan where shareholders' approval has not been obtained.

Nominating Committee

Nominating committee is responsible for monitoring the size and composition of our board and considering and making recommendations to our board with respect to the nominations or elections of the directors of our company.

ESG Committee

The ESG Committee oversees ESG related issues and provides corresponding recommendations to the Board.



At NetEase, we manage risk through a clear risk management framework and a comprehensive risk control process.

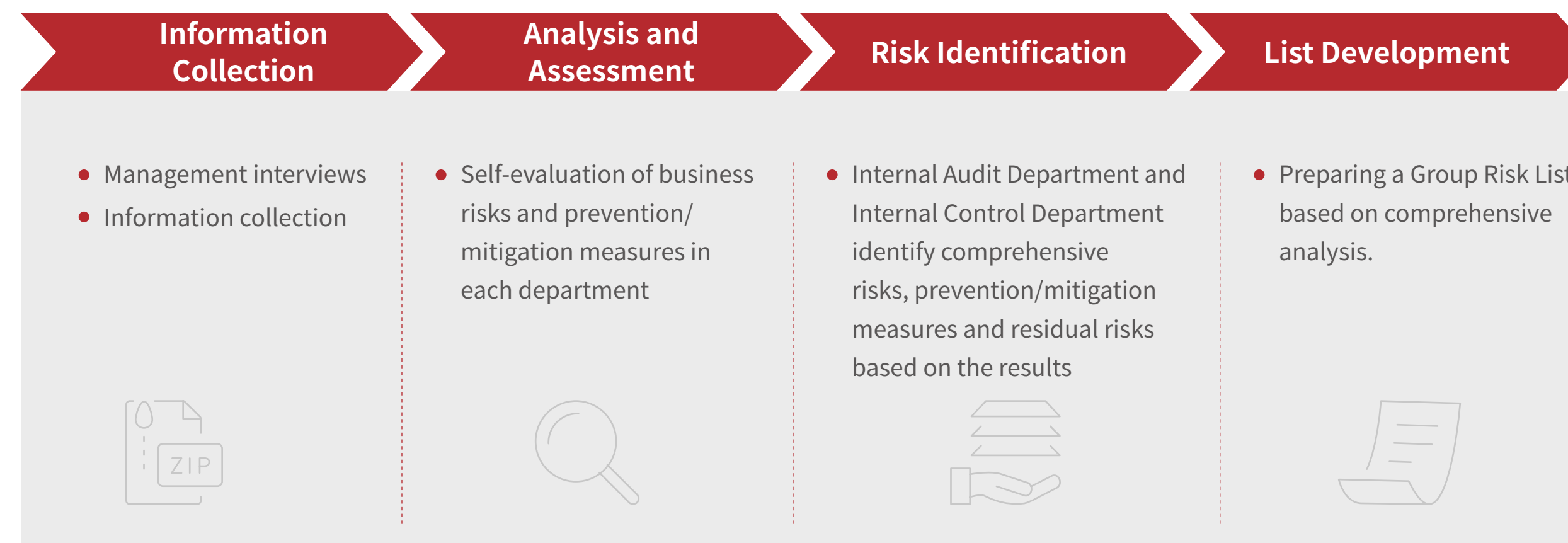
Risk Management

Risk Management Framework

We have established a well-defined framework for risk control and management. To better identify and control risks and properly inform our management of such risks in a timely manner, our Internal Audit Department and Internal Control Department focus on regularly improving our policies and procedures, including our "NetEase Guidelines on Corporate Systems Management", using digital systems to support their functions and committing dedicated personnel to oversee and implement our risk control process described below and engage in follow-up reviews and assessments.

Risk Control Process

With a view to continuously improving our risk assessment process, we develop and periodically update a Group Risk List based on an analysis of aggregated risk assessments from all of our business units and departments, which list is then discussed with appropriate members of our management. We closely monitor risks which have been identified as significant and coordinate with all business units and departments to adopt effective measures for risk prevention and mitigation. In 2022, to better implement our ESG strategy, we have also incorporated ESG risks into our regular risk control process to raise awareness of ESG risk management at the Group level.



Risk Assessment Process

Internal and External Audit

The role of our Internal Audit Department is to provide independent assurance that our risk management, governance and internal control processes are operating effectively within our Group. Guided by the technical standards and codes of practice established by internal audit professional bodies, as well as applicable laws and regulations in the jurisdictions where we operate, guidance from our management and audit committee and the results of previous audits, this department formulates and performs internal audit plans across our operations.

In 2022, we conducted numerous internal audits, including audits addressing anti-money laundering and anti-terrorist financing, user data security, operation audits and etc., In response to the findings of our various internal audits, In response to the findings of our various internal audits, we will implement, as necessary, revisions and updates to our policies and procedures in order to provide Group-wide standardization for relevant work, prevent and control risks and effectively safeguard our operations.

We also take the initiative to carry out regular external audits, which complement our internal efforts, to ensure that operational risks are assessed from different perspectives. In doing so, we are able to formulate risk control measures with stronger resilience.

In the future, we will continue to improve our risk management structure, expand the breadth and depth of our risk management, further enhance our risk management capabilities and continuously strengthen our risk resilience.

- Board Governance
- Risk Management
- **Business Ethics**

At NetEase, with our "1 + X" ethical system operating in conjunction with our three-tier ethical governance structure, we exert every effort to maintain a business environment of integrity.

Business Ethics

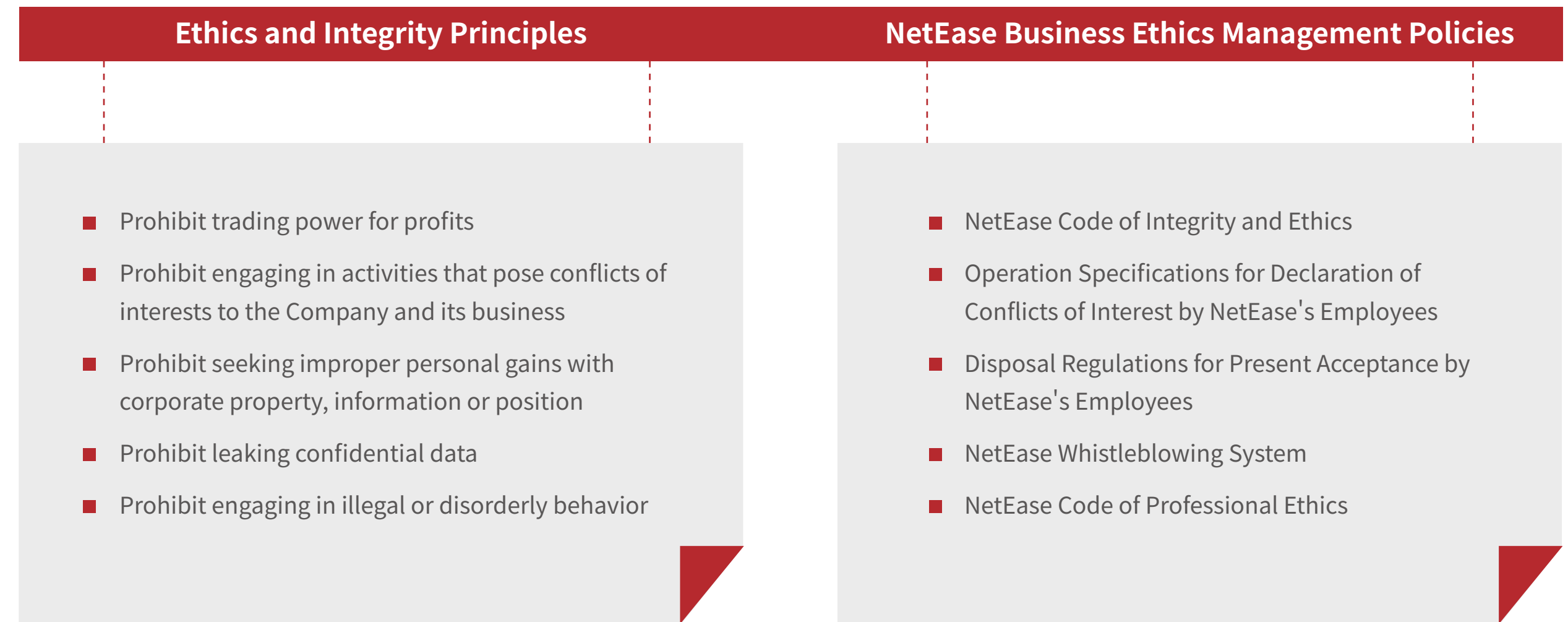
Ethical Framework

We believe that integrity and equity serve as the cornerstones of corporate sustainable development. With these values as our anchors, we maintain a three-tier anti-corruption framework to set out the duties and promote the effective supervision, of all of our employees and business partners.



Ethical Policies and Systems

In our business activities, we take integrity as a fundamental requirement and our ethical policies and systems as the methods of enforcing this principle. An "1 + X" ethical regulation system, together with our "NetEase Code of Integrity and Ethics" and the "Operation Specifications for Declaration of Conflicts of Interest by NetEase's Employees", have been adopted to encourage our employees and business partners to observe the highest ethical standards and regulate their ethical practices.



- Board Governance
- Risk Management
- Business Ethics

At NetEase, we established multiple whistleblowing channels and implemented comprehensive measures to protect whistleblowers.

Whistleblowing

Any ethics breach, once verified, is handled in accordance with our zero-tolerance approach toward unethical business conduct. We provide multiple whistleblowing channels, such as the NetEase whistleblowing website, hotline, email and intranet. In addition, we have a complete system to handle whistleblowing complaints pursuant to which our Ethics Committee Office conducts investigations, makes recommendations on remedial measures and reports internally. This office engages in standardized, in-depth case investigations which aid us in timely risk identification and continuous procedural improvement.

We provide a sound whistleblower protection mechanism for employees and exercise comprehensive measures to prevent retaliation and any violations of our policies and applicable laws.



Whistleblower Protection System

With respect to the handling of complaints, we implement a full-cycle closed-loop case management process in an effort to ensure a complete and effective investigation, identification of any inadequacy in our policies and procedures and procedural improvement.



At NetEase, we strive to build a culture of integrity and prevent potential corrupt activities through three approaches.

Culture of Integrity

We provide numerous business ethics training sessions, as well as disseminate internal publicity, for our Board of Directors, management and all staff (including part-time and outsourced workers) to increase their integrity awareness. In 2022, the attendance of our anti-corruption training sessions **exceeded 39,000**.

Compliance and Professional Ethics Certification

- In 2022, we achieved a **100% pass rate** for the NetEase Compliance and Ethics Certification among eligible employees during the certification cycle.
- **All employees were required to sign an "Integrity Pledge"**

Integrity Month Activity

- The 2022 integrity training was organized for primary departments through **17** sessions, both online and on-site.
- Integrity Medals were granted to **316** employees to recognize their outstanding performance in this endeavor.

Special Integrity Training

- **3** large scale integrity training sessions were provided to share knowledge on information security and conflicts of interest.
- We conducted **case studies** of typical violations, which served as a warning and allowed relevant functions to **learn and reflect**.
- **New employees** were also provided with integrity training which incorporated regularly updated case studies and policy interpretations from multiple perspectives.

At NetEase, we believe that supplier integrity management is key to maintaining sustainable supply chains. Consistent with this belief, we require that all of our suppliers sign a "Letter of Responsibility on Business Ethics" that we have developed. In addition, we organize online integrity training sessions for suppliers and outsourced employees and provide integrity education for suppliers through text messages and phone calls to emphasize our integrity principles and requirements for business dealings.

In addition, prior to important festivals, we also send emails to all suppliers to promote business ethics and explicitly instruct them to decline all forms of holiday gifts and banquets.

Going forward, we will continue to promote a culture of integrity at the Company by strengthening ethical management and raising integrity awareness among employees and suppliers at all levels.

- ESG Vision
- ESG Governance Structure

ESG Approach

Our Commitment: We believe that sound corporate ESG governance is an essential foundation for lasting development. Bearing this in mind, we will continue to optimize our ESG governance framework to bolster our ESG efforts.

Focus Areas: We believe that strong ESG governance empowers sustainable operations across both our Company and society.



At NetEase, value creation is a core component of our ESG governance.

ESG Vision

We have been stepping up the integration of our ESG vision and our business, as it not only guides us in the path to sustainability, but also creates value for our stakeholders.



ESG Governance Structure

We have established a **Board-level ESG Committee** which is comprised of independent directors, as well as a dedicated **Sustainable Development Department** which is staffed with professionals dedicated to sustainability-related projects.

Our Board of Directors oversees and reviews our overall ESG initiatives and progress. The ESG Committee is in charge of coordinating ESG issues and overseeing our management's ESG strategy and objectives. The ESG Working Group is tasked with implementing such strategies and objectives.



ESG Governance Structure

In the future, we will continue to uphold the ESG concept of value creation and carry out actions in corresponding areas to continuously improve the Group's sustainable development and performance, with the goal of creating long-term value for stakeholders.



01

Product Responsibility

- > Cyber and Data Security and Privacy Protection 20
- > Healthy and Safe Products 24
- > Innovation Development 29
- > User Service 32

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- User Service

Cyber and Data Security and Privacy Protection



Our Commitment: NetEase is committed to protecting for users' information security. We respect user data rights and implement cyber and data security rigorously.

Focus Areas: Safeguarding user information security is crucial for the stable operation of internet companies such as ours and is key to fulfilling our obligation of responsible business conduct. We know well that both our business and users will be severely impacted if our data and information security is compromised, and that is why we keep optimizing our cyber and data security and privacy protection system to help ensure the safety of data and information.

At NetEase, guarding network security is always a high priority. We continue to adopt best-in-class data security management practices to improve the efficacy of our systems.

Cyber and Data Security

Comprehensive Framework to Anchor Data Security Management

We have established a cyber and data security management framework with clearly defined powers and responsibilities to support the effective operation of our security management. The framework is executed by our Cybersecurity Department and Security Executive Council.



Data Security Framework at NetEase



Content and data privacy security

Focusing on compliance with applicable laws and regulations in the jurisdictions in which we operate.

IDC (Internet Data Center) security

Providing steady operation of systems across our business units and defending against system intrusions

Workplace security

Working to keep our intranet safe and stable and staying alert to internal data leakage

We have formulated internal policies such as the "NetEase General Rules of Data Security Management" and the "NetEase Policies on Data Classification and Grading" as guidance for our data security management.

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- User Service

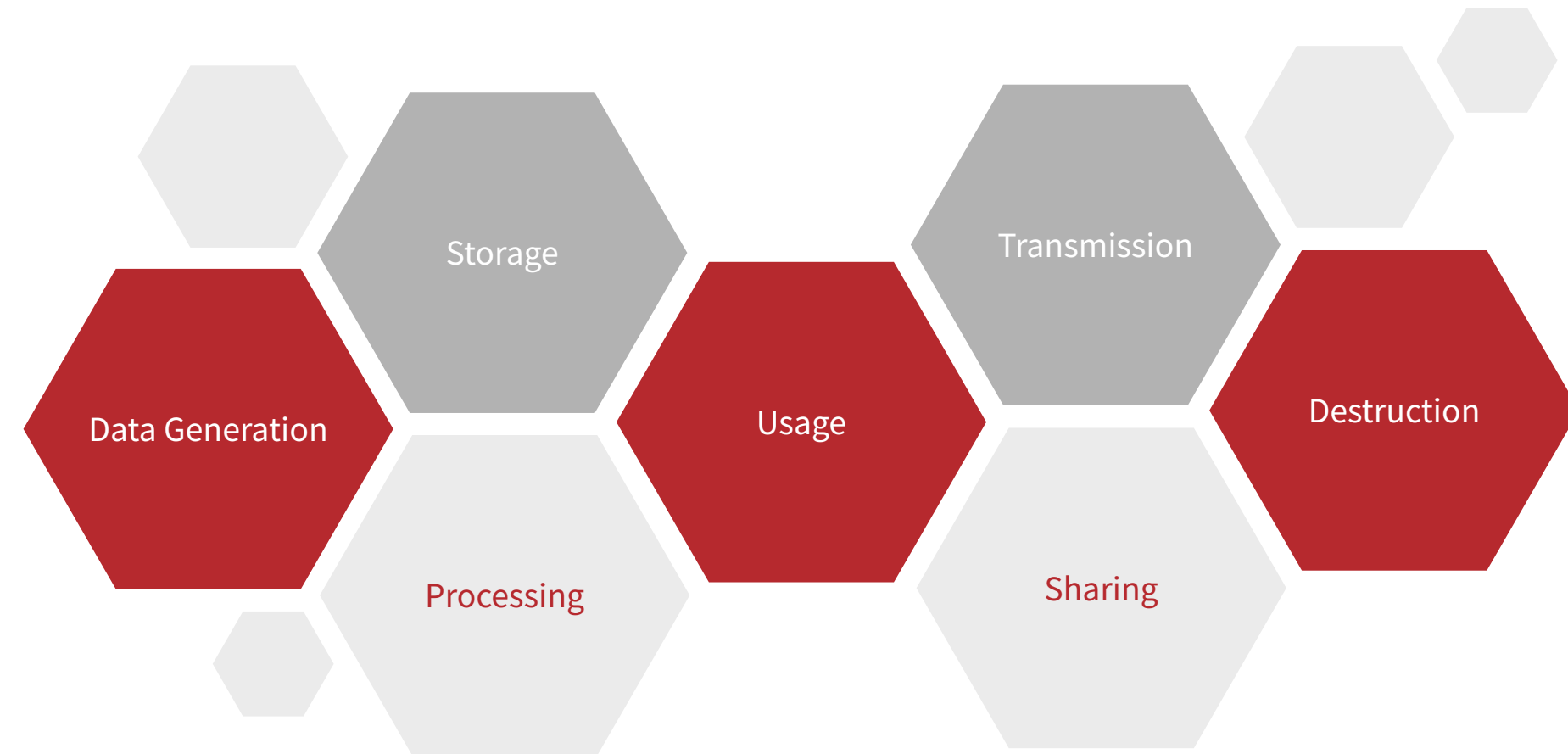
At NetEase, we follow a standardized data security management process rigorously across all stages of our operations.

Implement management practices efficiently

The Group performs data security work with internal and external management to help ensure extensive, timely and effective security risk control action.

Data Security Management Process

We have established a data security management process to implement strict management measures for each life cycle of data.

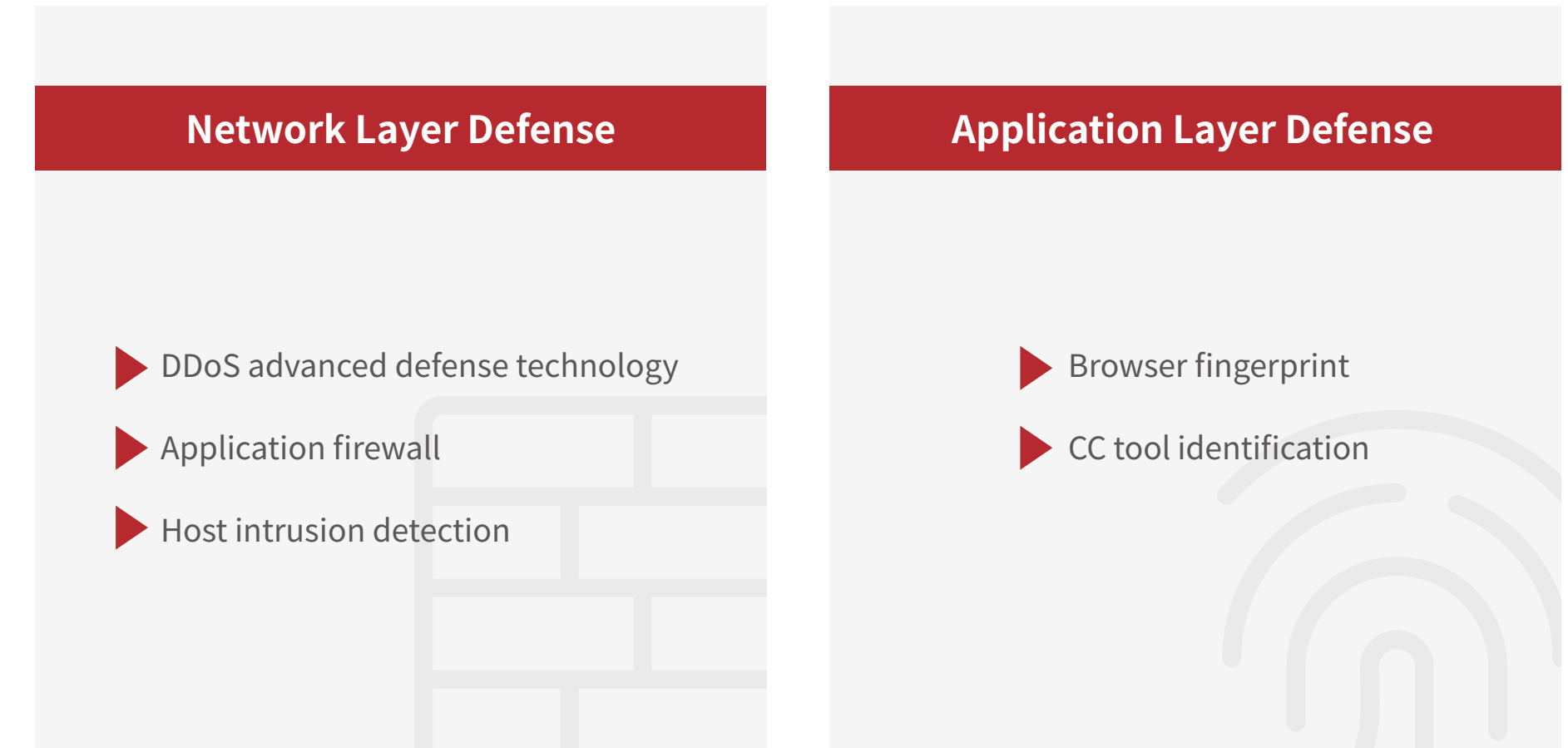


Life Cycle of Data Security Management at NetEase

At NetEase, we have introduced efficient defense technologies to empower our security protection, while at the same time performing internal and external data security audits that help us promptly identify potential security risks.

Defense Technologies

We have set up a dual-layer defense system consisting of a network layer and an application layer to help defend against attacks from a range of sources and in different forms to maintain a high-level defense and protection capability.



Data Security Audit

We carry out internal and external data security audits on a regular basis to identify risks and assess the effectiveness of data security mechanisms. Every year, we conduct independent external audits, covering cyber and data security, personal privacy and related areas.

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- User Service

At NetEase, we proactively comply with information security certification requirements and apply strict internal guidelines which are used in our internal management of information security and form the basis for training and related activities to strengthen employees' information security awareness.

Information Security Certifications

We proactively comply with information security certification requirements and apply strict internal guidelines in our internal management of information security. Many of our business units, including *Youdao*, *Yanxuan* and *Cloud Music*, have completed their assessments for Classified Protection of Cybersecurity (DJCP) certification, while several business units have also obtained the ISO 27001 certification. During the reporting period, there were 42 systems completed Classified Protection of Cybersecurity (DJCP) certification; 25 IT infrastructure and information security management systems obtained ISO 27001 certification.

Information Security Awareness

To enhance employee awareness in information security assurance, we regularly conduct various data security training sessions and promotions for employees. To help employees understand the key principles of cyber security and ensure promote their compliance, we adopted a comprehensive "Employee Information Security Policy". During the reporting period, we conducted professional ethics and information security training sessions, which covered topics such as data security red lines and security must-knows, among others. **More than 90%** of NetEase employees participated in the training, with attendance reaching **over 30,000**. In addition, we focus on promoting and strengthening cyber and data security awareness among our users through a variety of creative methods.

Raise Information Security Awareness

In 2022, we launched an event for employees to raise information security awareness. We organized a variety of interactive activities, such as videos by our security spokesman, online learning, quizzes, on-site games and raffles and an online forum, to spread cybersecurity knowledge in interesting and diverse ways and enhance employee participation. Moreover, we invited employees to share their experiences and insights with respect to information security, which increased the participation of employees and improved their overall experience.



Poster for the Information Security Event

Minecraft: Cybersecurity Awareness Promotion Week

Starting in 2020, *Minecraft*, which we operate in China pursuant to a license from Mojang AB, has incorporated a fun, creative introduction to cybersecurity, including the principles of digital identity, online safety and privacy. Most recently, in September 2022 *Minecraft* launched a new science play map called "Great breakthrough in cybersecurity", which skillfully combines cybersecurity knowledge with fun and adventure to help young players establish a solid awareness of online safety in an entertaining and educational way.



Minecraft

- **Cyber and Data Security and Privacy Protection**
- Healthy and Safe Products
- Innovation Development
- User Service

At NetEase, we guard information security and maintain a privacy protection barrier.

Privacy Protection

Implementing a standardized privacy protection management framework

Using a standardized privacy protection management framework, NetEase maintains two internal groups focused exclusively on privacy matters: the Personal Information Protection Department and App Personal Privacy and Cybersecurity Team.

Personal Information Protection Department

Responsible for handling complaints and reports regarding user privacy, and reports its results to users within 15 working days

App Personal Privacy and Cybersecurity Team

Responsible for ensuring privacy compliance of all app products and the implementation of measures related to user privacy protection

Privacy Protection at NetEase

NetEase invests significant resources to comply with applicable privacy laws, regulations and industry standards in the jurisdictions in which it operates, including China's Cybersecurity Law and the EU's General Data Protection Regulation (GDPR). We have also developed and disclosed the "NetEase Privacy Policy," which describes in detail the corresponding processing rules when NetEase collects and uses personal information related to users, user personal information protection measures, etc. Moreover, during the reporting period, *NetEase Games* published its updated "NetEase Games Privacy Policy," which refines the de-

scription of the purpose of the policy and includes updated disclosure regarding the collection and use of sensor information and the use of push notifications and questionnaire surveys.

Drawing on our many years of experience in privacy protection, we have adopted a number of other policies, such as the "NetEase Regulations on Users Personal Information Protection Management" and the "NetEase Management Measures for the Data Security Protection of Users," to further standardize our privacy protection practices.

Looking into the future, we will keep working to fulfill our commitment to maintain the highest standards of privacy protection by trying our utmost to protect user privacy and maintain the security of our products and services.



- Cyber and Data Security and Privacy Protection
- **Healthy and Safe Products**
- Innovation Development
- User Service

Healthy and Safe Products



Our Commitment: To maximize the quality of the products sold by *Yanxuan*, we are dedicated to optimizing product management and strengthening internal and external quality controls. Concurrently, we also strive for continuous improvement in our supply chain and supplier management, including supplier access and assessment criteria, to nurture a win-win relationship with suppliers. We also know that following responsible marketing practices both improves our brands and builds trust among our users, which contributes to our long-term success.

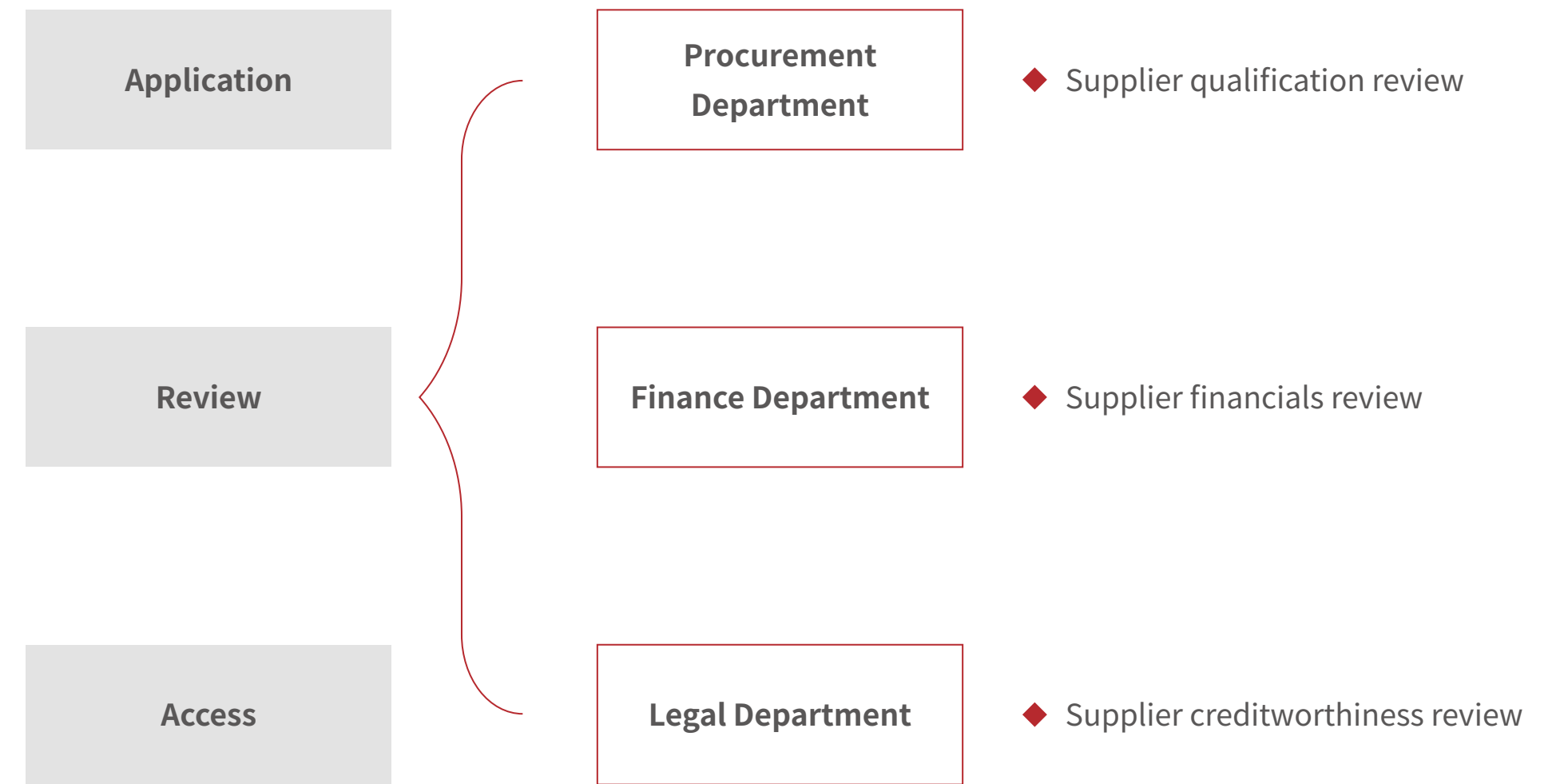
Focus Areas: We believe that product quality determines the future of an enterprise. As the world shifts to digitalization, enterprises' demands on product quality management are expanding, and NetEase is optimizing its product assurance system following this trend. Further, in an age of economic globalization, strengthening supply chain management is now among the core strategies of companies like NetEase. Therefore, improving the comprehensive quality of supply chains, and taking a step forward to fulfill social responsibilities, are shared tasks faced by enterprises. Hand-in-hand with the foregoing, we thoroughly review and monitor all of our advertising and promotional content to protect the rights of our users.

At NetEase, we continue to update and improve our supplier management policies and carefully observe related procedures to fully enhance supplier management.

Supply Chain Management

NetEase has formulated a series of supplier management policies and established management processes for both existing and new suppliers. Furthermore, to promote the compliance of our business procurement activities, we have developed and updated a number of policies, such as the "NetEase Group Procurement Management Policy," which are tailored to the operations and businesses across our Group.

We have incorporated environmental indicators into our criteria for supplier selection and qualification to practice green procurement and improve the overall quality of our supply chains. In selecting suppliers, we have adopted procedures to set out the authority and responsibilities of different departments within our Group.



Supplier Access Process

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- User Service

We have designed a comprehensive supplier evaluation process to quantitatively review and appraise our suppliers.

Dimensions of Evaluation

- Cost, quality, delivery, service, etc.
- The dimensions are constantly being refined and enriched

Evaluation Frequency

- Semi-annual, quarterly and monthly assessments by category

Review Method

- On-site assessment
- On-site and online scoring

Treatment Mechanism

- A supplier rectification system is in place
- For suppliers who fail the performance appraisal, we provide them with a Performance Improvement Plan (PIP), require them to rectify and follow up on the rectification.

Yanxuan has implemented clear requirements for our approved suppliers regarding environmental protection and labor rights. Specifically, in its supply agreements, *Yanxuan* includes a notification letter that follows the ISO14001 audit requirements, obligating suppliers to abide by its requirements on environmental protection and occupational safety.

For goods suppliers, NetEase has set up quarterly and annual performance evaluations. The quarterly appraisal mainly assesses performance in quality, cost, delivery, development innovation and service support, while the annual appraisal also encompasses business compatibility, operating conditions and comprehensive capabilities. During the reporting period, we also launched the Supplier Grading Management Project, which serves as a reference to channel targeted supplier management resources according to the supplier grading to improve the management efficiency of existing suppliers.

To de-risk our supply chain and avoid violations in procurement, we also conduct proactive monitoring throughout the process.

Multi-party Supervision in Procurement



Multiple departments on the bid evaluation team are engaged throughout the evaluation. The process is open and transparent. For example, in terms of supplier introduction, we carry out multi-departmental sourcing, and tripartite audits by the purchasing, finance and legal affairs functions.

Signature and Approval Authority



We set up the approval workflow for bid finalization and contract execution based on cost and signature authority and conduct a cost control analysis according to the contract sum.

Reporting Channels



We established internal reporting channels regarding the activities of our suppliers and empower our Ethics Committee to conduct investigations into any alleged internal or external misconduct.

Integrity Training



We carry out integrity training sessions for buyers and suppliers to raise their integrity awareness.

Supply Chain Risk Management

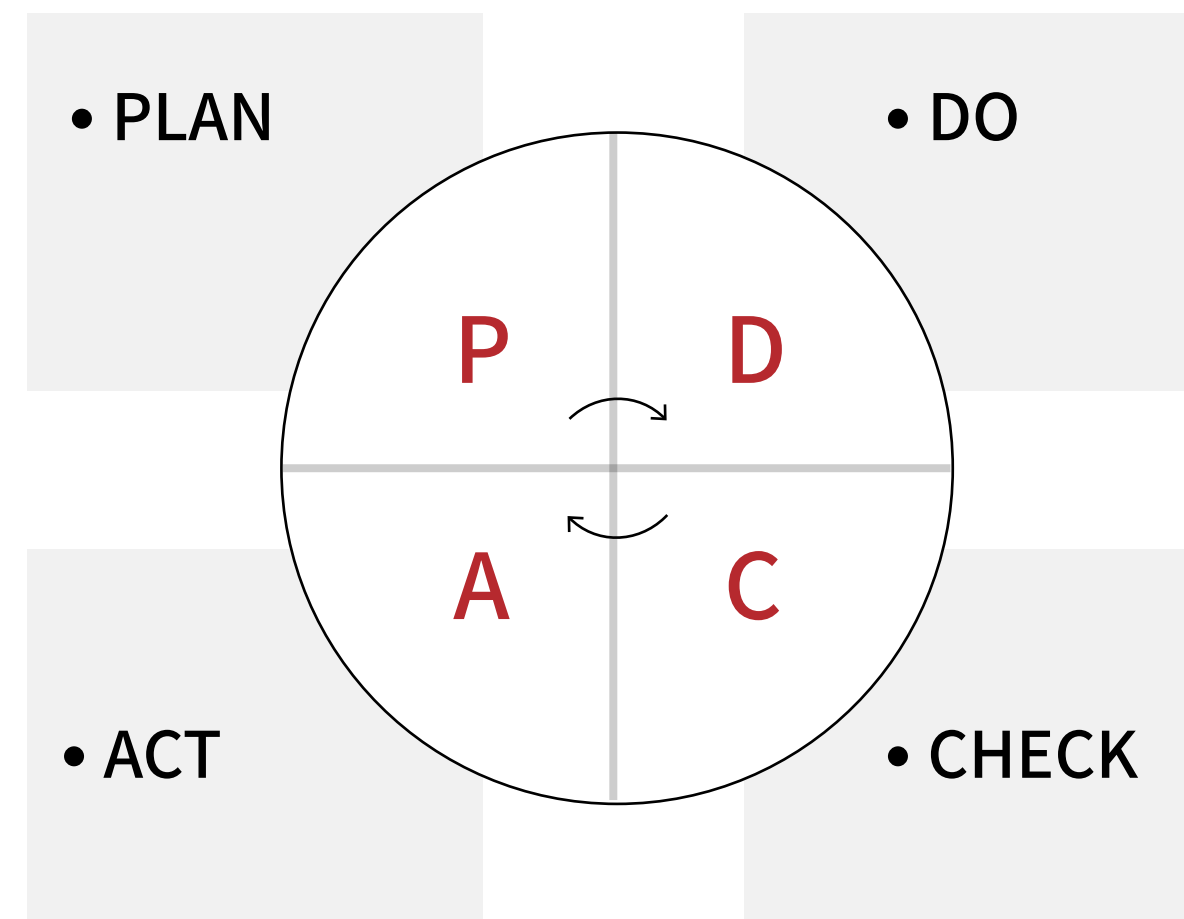
In the future, we will make further strides to fulfill key responsibilities of product quality and safety and continuously improve product quality management. We will also spare no effort to continue upgrading our supplier management system in order to promote industry exchange and create durable win-win partnerships with our suppliers.

- Cyber and Data Security and Privacy Protection
- **Healthy and Safe Products**
- Innovation Development
- User Service

At NetEase, we stepped up our quality assurance to reinforce our management of product quality.

Product Quality Control

At *Yanxuan*, we prioritize quality assurance and have established a comprehensive quality management system to promote the creation of products that are safe and reliable. We leveraged the internet and big data to build a closed-loop management system based on the Plan-Do-Check-Act (PDCA) cycle for quality assurance of e-commerce products. *Yanxuan* is the first e-commerce company in China to have both the ISO 9001 quality management system certification and BRCGS Agents and Brokers certification. It has also received the ISO 14001 environmental management system certification.



Since 2021, *Yanxuan* has been operating a number of Quality Control Circle (QCC) programs, using various quality management tools to continuously improve product quality and reduce the rate of returns. A project by one of our quality control teams to reduce the return rate of irons due to product defects was awarded the "Second Prize for Quality Control Achievement in Zhejiang Province" in the 2022 Achievement Presentation by the Zhejiang Excellent Quality Management Team.

In 2022, we went beyond continuous optimization of online data product systems to prioritize digitalization and mobility, while at the same time seeking intelligence-aided decision making. Focusing on "Quality + Compliance + Efficiency", we have completed functional upgrades of our daily office systems, such as quality management terminals, standard process engines, digital information storage and bottom level support, thereby significantly improving the efficiency of product quality management.

Yanxuan Optimizes the Full-Cycle Pet Food Quality Management System

Yanxuan has established and optimized a full-cycle quality management system for its *Yanxuan* line of pet food products to reinforce quality control in this category. In 2022, it built a full-category product knowledge bank, which is divided into 5 categories of pet foods and 38 sub-categories of specialized knowledge covering staple food, snacks and health supplements. Additionally, it optimized and upgraded 20 quality control steps to pursue higher pet food quality on an ongoing basis.

Yanxuan's National Service Industry Standardization Project Passed Acceptance

In late 2018, NetEase took the lead in joining the "National E-Commerce Service Standardization Pilot Project Based on Strict Selection Model and Lean Production" initiated by the Standardization Administration of the People's Republic of China. Over the course of 3 years, *Yanxuan* formulated standards for e-commerce supply chain optimization and manufacturing quality improvement and put in place an end-to-end standardized system covering a suite of services such as new product development, design, packaging, supplier quality management as well as product quality management and acceptance, which improved its overall quality control and service quality through standardized management approaches.

In July 2022, *Yanxuan* passed the final on-site evaluation commissioned by the Standardization Administration and conducted by the Zhejiang Administration for Market Regulation. Following unanimous agreement that the required criteria were met, the acceptance group granted our project an overall score of 91.5 out of 100.

- Cyber and Data Security and Privacy Protection
- **Healthy and Safe Products**
- Innovation Development
- User Service

At NetEase, we seek to increase our product quality while raising quality awareness among employees.

To solidify a culture of quality within the company, *Yanxuan* operates a "Quality Academy" which provides training to employees through thoughtfully designed courses covering food, packaging, textiles, plastic products, porcelain products, electrical appliances and furniture.

Training Sessions at Quality Academy

In 2022, the Quality Academy addressed numerous topics such as management concepts and systems, product quality regulations, product processes and quality management toolkit. During the reporting period, the Quality Academy offered **42** training sessions, totaling around **1,000** participants and **2,400+** learning hours.

On top of that, *Yanxuan* also organized supplier training sessions through the Quality Academy, covering a number of aspects such as sustainable development of the industry, interpretation of regulations for production and operation, interpretation of product standards, product testing and technical requirements, requirements on hazardous substances control, guidance on quality management processes, product system operations and material professional skills training.

In 2022, the Quality Academy conducted **6** core training sessions for suppliers, with online and on-site participants exceeding **600**.



Hazardous Substance Sessions by *Yanxuan*

In 2022, as part of an effort to step up hazardous substances control, *Yanxuan* developed its Hazardous Substances Classroom, a program designed to share knowledge and raise awareness among employees, users and other stakeholders on the safe handling and compliance requirements of hazardous chemicals. Articles on these topics are posted through a variety of channels, such as the Yanxuan Quality Management Station (WeChat official account), the Quality Academy, online learning platform for NetEase employees, and NetEase's messaging service tool. During the reporting period, the Hazardous Substances Classroom was updated on a monthly basis, with a total of **12** issues published covering topics such as formaldehyde, food additives, heavy metals and plasticizers.



- Cyber and Data Security and Privacy Protection
- **Healthy and Safe Products**
- Innovation Development
- User Service

NetEase focuses on maintaining the accuracy and authenticity of marketing and promotional materials.

Responsible Marketing

Upholding our commitment to responsible marketing, we abide by applicable laws and regulations, such as the Advertising Law of the People's Republic of China, and leverage efficient information management that the marketing information and content on our platforms are truthful and reasonable.

For example, viewing product labels and descriptions as a key priority in responsible marketing, *Yanxuan* has set up a stringent and thorough multi-round review mechanism to promote the lawfulness and compliance of its marketing content. During the reporting period, it has updated its policies regarding false and exaggerated statements to avoid any inadvertent errors in its marketing.

Four-Level Review Mechanism

Four teams are responsible for reviewing respective categories of product descriptions.

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

"One-Vote Veto Mechanism"

We have multiple rounds of review for design drafts. If any reviewer does not approve a draft, revisions will be made until it is approved by all reviewers.

We strive to raise awareness of the importance of compliant marketing among our employees. For example, *Yanxuan* circulates marketing case studies to its employees on a regular basis and organizes seminars from time to time.

In addition, for our portal and related mobile app, *Wangyi Xinwen* and related services, we have formulated a standardized workflow for launching and auditing advertisements appearing on the apps and website, whereby we review the content in light of our clearly defined policies and all legal requirements and refuse to publish any prohibited content.



- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- **Innovation Development**
- User Service

Innovation Development



Our Commitment: We are committed to the principle that "From 0 to 1 is innovation, so does 1 to 1.1 ", and we promise to keep inspiring and accelerating technology innovation to enable value creation in society. Moreover, we remain focused on maintaining a robust intellectual property rights management system to respect and protect the R&D achievements of our employees, which we believe will continue to invigorate innovation in the workplace.

Focus Areas: Innovating cutting-edge technologies and establishing systematic intellectual property rights management are not only important to achieving our business objectives, but also to satisfying the fundamental requirements of the external market environment. We fully understand the importance of technological innovation and intellectual property rights management and also take active steps to promote inventions and creations. With continuous capacity-building in innovation and exploration in cutting-edge technologies, we can leverage the power of technology to benefit society.

At NetEase, we keep inspiring and accelerating the level of technological innovation and embrace open source technology to create value for society through the power of technology.

Cutting-Edge Technology

During the reporting period, NetEase maintained a high level of investment in cutting-edge technologies such as proprietary engines, machine learning and digital twins, striving to translate these technologies into innovative products and services so as to improve people's lives through technological innovation.



- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- **Innovation Development**
- User Service

Technological Innovation

Deeply Research Proprietary Engines to Expand the Global Influence of our Games

In 2022, *NetEase Games* launched *Diablo Immortal™* globally, a game developed by its proprietary Messiah engine. After its release, it has topped the iOS download charts in more than 100 countries and regions, with a cumulative global player base of more than 30 million.

With pioneering highlighting and global illumination features supported by Candela 2.0 (a real-time global illumination (GI) algorithm), as well as enhanced normal details, this game offers a more realistic rendering compared to many other games. Moreover, performance overhead (i.e., unpredictable performance) has been reduced to allow smooth running of the game's mega-world.

Increase the Digitalization of Education to Make Learning Better and smarter

In 2022, *Youdao* launched the Youdao Dictionary Pens X5, which is the first intelligent customized dictionary pen in China, and equipped with the super-sensitive optical system, significantly increasing the millisecond "super fast search" speed compared to its prior dictionary pen.

Empowering Industrial Activities with Cutting-Edge Technology to Accelerate the Integration of Digital and Reality

NetEase Fuxi, an advanced technology research lab, has launched an excavation robot that is equipped with machine learning technology, digital twin learning algorithm, remote control and visual assistance. With efficient human-machine collaboration, the robot can engage in repetitive, boring and dangerous tasks in 24-hour continuous operation. *Fuxi* excavation robots have contributed to the construction of key railroad projects in southwest China, standing up to the local challenges of high altitudes and large temperature fluctuations.

Accelerating Metaverse Technology to Create New Entertainment Experience

In January 2023, NetEase served as the virtual technical consultant for the 2023 CCTV Network Spring Festival Gala, creating the first metaverse venue and program for CCTV. In this cooperation, NetEase integrated cutting-edge technologies such as digital twins and blockchain to achieve four innovative breakthroughs, including creating the first Web 3.0 registration system for the online Spring Festival Gala and customizing the first computer generated art ticket for the online Spring Festival Gala. In addition, NetEase also adopted deep learning-based neural network technology to provide singing voices for the CCTV virtual anchors, allowing virtual people to sing like real people, and allowing hundreds of millions of audience members to enjoy an immersive online Spring Festival Gala viewing experience.

Open-Source Sharing

Growing Together by Sharing with Open-Source

As an active participant in open-source collaboration, NetEase shares its technical achievements with multiple open-source communities. We have joined the Cloud Native Computing Foundation, a part of the Linux Foundation, and shared several technologies in the community, including enterprise-level container platforms and high-performance distributed storage systems.



During the reporting period, NetEase invested

over RMB **15 billion** in R&D



As of the end of the reporting period, NetEase had

15,000+ R&D staff

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- **Innovation Development**
- User Service

At NetEase, we make continuous efforts in intellectual property protection with an effective intellectual property rights protection system.

Intellectual Property Rights Protection

We have formulated and updated the "NetEase Policies on Intellectual Property Protection" which set out specific guidelines for the management, usage and protection of our intellectual properties, such as patents, trademarks and copyrights.

NetEase has established an intellectual property rights protection system to implement its protection measures. We provide preventive protection of intellectual property rights, remain proactive in safeguarding rights and organize risk management training sessions.

Prevention		<ul style="list-style-type: none"> • Implemented a patent early warning system based on industry data, domain-specific patent research and product design patent screening • Set up an infringement risk review process for risk assessment
Protection		<ul style="list-style-type: none"> • Improved the complaint mechanism for intellectual property owners to protect the legitimate rights of content producers • Monitor and crack down on intellectual property rights infringement
Risk Management		<ul style="list-style-type: none"> • Review and assess the risks associated with product development, operation and promotion processes • Offer lectures, seminars and other online and offline training programs

Intellectual Property Training Programs

In 2022, NetEase organized a total of **more than 40** intellectual property-related trainings, covering various fields such as patents, trademarks, copyrights and domain names. Meanwhile, we carried out a patent landscaping of frontier technologies in the internet industry to lead the way in technological innovation, and posted articles on specific topics such as patent analysis, to fully enhance employees' awareness of intellectual property protection.

At NetEase, we value the capacity-building of our talented teams of professionals and keep motivating top innovators.

Employee Incentives for Innovation

To motivate employees to take part in intellectual property innovation, we have developed a "Patent Reward Policy," which is an incentive system for patent protection of innovative achievements. Furthermore, in 2022 we organized the "Patent Excellence Award" selection to further stimulate employees' interest in innovation. We have also introduced a new honor selection tool, which gives greater exposure to innovation and technology awards, fully showcasing employees' innovative achievements and enhancing their sense of accomplishment and recognition. In addition, we offered online and offline patent application courses and streamlined our internal processes to facilitate their patent applications.

Fuxi Annual Innovation Award Event



In January 2022, the Fuxi Honor of the Year 2021 - Award Ceremony for Innovation was successfully held. In order to encourage employees to explore advanced technologies and produce more actionable innovations, Fuxi Honor of the Year introduced two categories of awards in 2022– the Game Highlight Award and Technology Innovation Award, which are selected based on game players' feedback, actionable value, industry influence and level of technological innovation.

In the future, we will further improve our intellectual property regime and regularly update it to reflect changes in the industries in which we operate, so as to better prevent and respond to intellectual property risks. We will also continue to create diversified incentives for innovation to tap into our employees' potential and boost the innovative value of NetEase together with our employees.

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- User Service

User Service

Our Commitment: We emphasize the concept of "Being with Users" to our employees. This phrase embodies our corporate values and means that focusing on and satisfying users' needs is the top priority in our business operations.

Focus Areas: We believe that high-level customer service not only helps build a good corporate image, but also creates great value to our users. NetEase has carried out a series of improvement initiatives to ensure quality customer service.

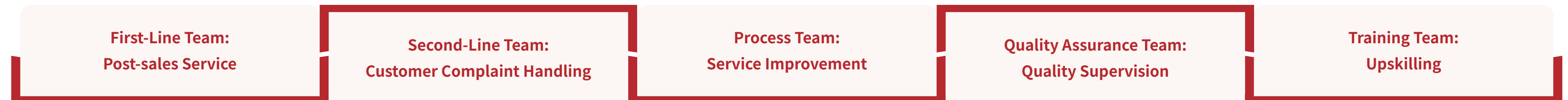


At NetEase, our business units are committed to operating exceptional customer service teams to encourage effective communication with our users and maximize their experience.

User Satisfaction

NetEase has established multiple customer service teams which each focus on a particular segment of the products and services that we offer in order to provide targeted support to different users. With a deep understanding of customer needs and wants, we have a long track record of engaging in positive communications with our users and continuously improving the level of our service.

Youdao's customer service team, for example, has established five functional customer service groups and developed an intelligent customer service system to realize the intelligent and efficient transformation of some customer services, such as natural language intelligent responses, intelligent self-help work orders and other security services to improve service efficiency as well as the customer experience.



Five Customer Service Teams at *Youdao*

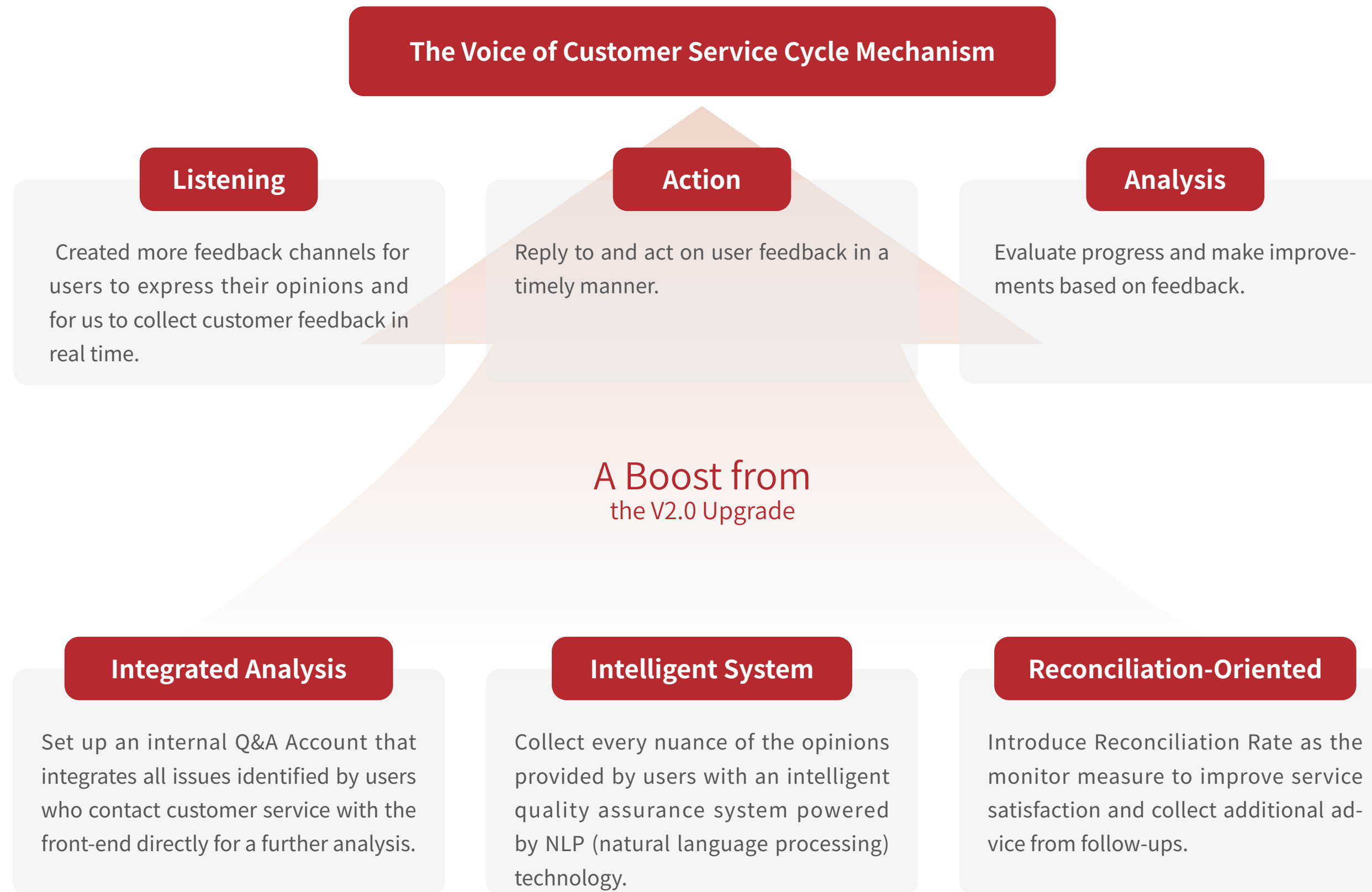
For the user groups of its different games, *NetEase Games* has allocated service professionals with relevant game expertise and enhanced each service team's game and service skills continuously to provide a better service experience for users at different skill levels. At the same time, in recognition of users' diverse needs and characteristics, we provide customers with multiple service channels such as telephone, work order, online and exclusive customer service. For each service channel, we have built multi-dimensional service evaluation indicators based on service experience, service efficiency, risk control and other aspects to promote the improvement of service quality. *NetEase Games* focuses on establishing lasting and stable relationships with users and has set up an exclusive customer service team to serve "super users" and offer a private service system.

Yanxuan has a customer operation center staffed with a variety of customer service teams covering pre-sales, post-sales and experts to provide quick responses and complete solutions to customer complaints in different scenarios.

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- **User Service**

NetEase improves the customer service experience to try to achieve the highest level of service quality in each of its businesses.

To maintain superior management of customer demands, *Youdao* has invested in a range of intelligent technologies based on its original Voice of the Customer (VoC) mechanism to enable a complete service cycle and fully improve the customer service experience. The NLP (natural language processing) model allows us to listen to every nuance of the feedback and opinions of users. With voices collected from various perspectives, combined with internal information, we are well-positioned to provide users with more accurate services.



The service achievements of *Youdao* in 2022 is demonstrated below:

Hotline service recipients	Hotline service satisfaction
780,000	98%
Online service recipients	Automated service recipients
580,000	1,190,000
Customer complaint handling satisfaction	Online service satisfaction
95%	91%

- Cyber and Data Security and Privacy Protection
- Healthy and Safe Products
- Innovation Development
- **User Service**

Yanxuan has also carried out several initiatives focused on the delivery of thoughtful services to customers in different scenarios.

Proactive Service

- Through risk monitoring of the whole chain of services, an early warning system was established to identify risks and issues in a timely manner and set up work orders to proactively mitigate against such potential problems.

Pre-Sales Service

- The pre-sales customer service team is divided into several sub-groups based on the product category to enhance their product knowledge and increase the conversion rate of pre-sales inquiries into sales.
- Set up an exclusive customer service team for *Yanxuan Pro* members, offering a premium, efficient and professional service experience to high-end users.

Post-Sales Service

- Focus on understanding the whole post-sales workflow to realize standardization.
- Optimize the review rules of returns to improve the 24-hour processing rate.
- Establish exception handling rules for every step to improve the exception handling process and efficiency.



The service achievements of *Yanxuan* in 2022 are demonstrated below:

Online service satisfaction rate reached

over **93%**

the aggregate number of online dialogue sessions reached

over **5 million**

the hotline satisfaction rate was

98.7%

and the aggregate number of sessions via phone calls reached

over **235,000**

NetEase will continue to practice its corporate values of "Being with Users" to deliver and create value to our customers through the highest level of customer service.



02

Environment

- › Climate-Related Risk Identification 36
- › Sustainable Operations 38
- › Sustainable Supply Chain 44
- › Sustainable Ecosystem 46

- **Climate-Related Risk Identification**
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

Environmental Protection

Our Commitment: NetEase is committed to incorporating energy efficiency, clean and low carbon strategies, water use conservation and climate change risks into our policy-making and decision-making process. We will continue to identify and track carbon emissions from our own operations and our value chain and take targeted measures to reduce our carbon footprint. We will keep leveraging our influence to drive emission reduction across the value chain and embracing the opportunities and challenges presented by climate change.

Focus Areas: Climate change presents potential risks to our business and the communities in which we live and work. As global temperatures and the frequency of extreme weather events continue to increase, climate change has the potential to cause damage to our data centers, office campuses and other facilities. Therefore, NetEase must work with the community to address the worldwide environmental challenges.



At NetEase, we take proactive steps to identify climate change risks and conduct greenhouse gas (GHG) emission audit to guide our actions regarding these risks.

Climate-Related Risk Identification

NetEase identifies climate change risks related to our business based on the framework recommended by the TCFD (Task Force on Climate-Related Financial Disclosures) and conduct GHG emission audit to understand our corporate carbon footprint before taking actions.

Prospective Analysis to Identify Climate Risks

We disclose information on group-level climate risks in accordance with the portions of the TCFD framework which address governance, strategy, risk management and metrics. NetEase has established an ESG Committee to lead and oversee the implementation of the Group's ESG strategies and actions, including climate risks. Under the supervision of this committee, there is an ESG Working Group that coordinates with all business units/functions to advance ESG tasks, such as climate risk assessment and response.

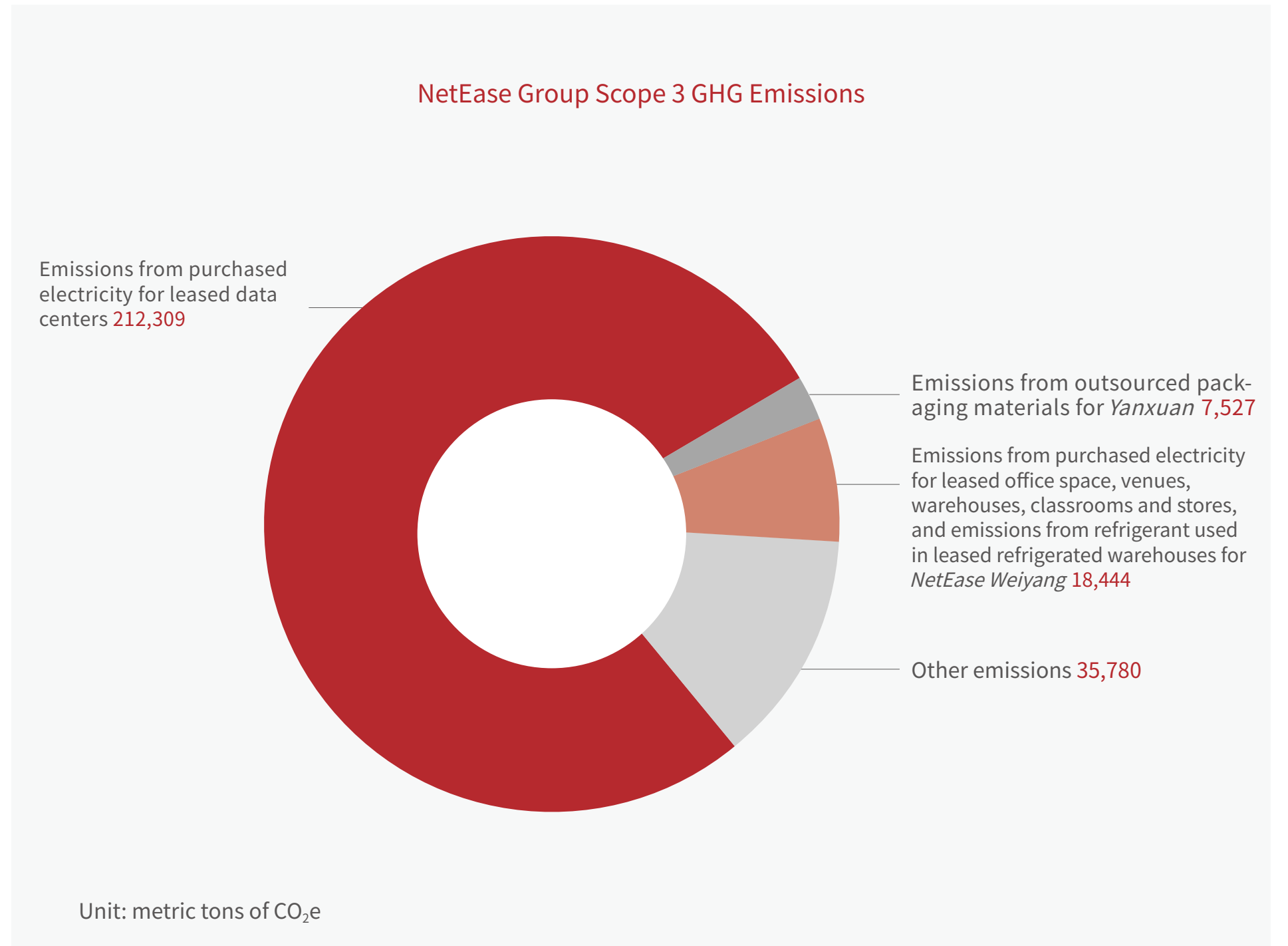
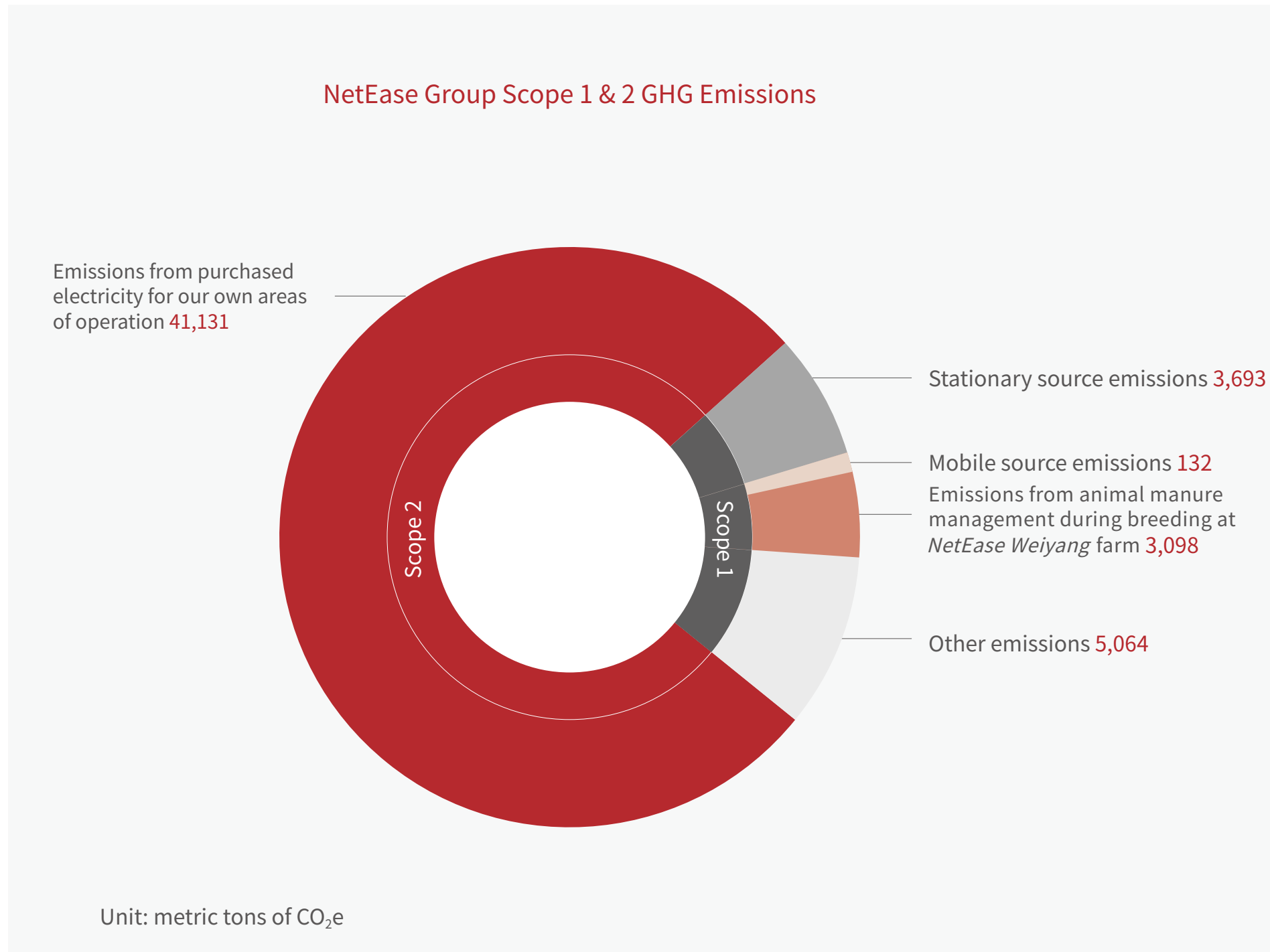
Based on the Representative Concentration Pathways (RCP) 8.5 scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), we analyzed and identified the potential transition and physical risks to our sustainable development (please refer to Appendix 4 for the complete list of risks) and incorporated their impacts into the Group's risk management process.

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

We are committed to identifying potential emission reduction opportunities in our own 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 2022, our GHG emissions in Scope 1, 2 and 3⁶ were 11,987, 41,131 and 274,060 metric tons of CO₂e respectively, as detailed below. The GHG emissions per unit of net revenue has **decreased by 5%** compared to 2021. For other key environmental performance metrics, please refer to the Appendix 5 - NetEase's Environmental Performance in 2022.

Direct emissions (Scope 1) , mainly include emissions from stationary sources, emissions from animal confinement and manure management in the *NetEase Weiyang* pig farms, emissions from mobile sources and others (processing and fugitive emissions). Indirect emissions (Scope 2) came from purchased electricity.

Scope 3 shows carbon emissions from the value chain, which mainly includes emissions from purchased electricity for data centers, upstream leased assets, packaging materials for *Yanxuan* and others (emissions from cloud services, business travel, employee commuting, upstream transportation and distribution).



⁶ Scope of greenhouse gas emission statistics: Hangzhou, Beijing and Guangzhou campuses; *NetEase Weiyang* farms; leased data centers and cloud services; leased offices, warehouses, classrooms, stores and venues; *Yanxuan* outsourced packages and goods transportation; employee commuting and travel.

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

At NetEase, we embed emission reduction actions into our own operations and our value chain. These actions are even extended above and beyond the value chain through our own platforms and products and services, shaping a green ecosystem to the widest possible coverage.

Sustainable Operations

With cutting-edge technologies and management, NetEase continues to advance energy saving and emission reduction initiatives in our own operations.

Exploring Low Carbon Energy

Since the adoption of photovoltaic systems in our Hangzhou campus in 2020, NetEase has gradually increased the proportion and scope of renewable energy it uses, replacing traditional fossil fuels with photovoltaic and biomass energy to reduce greenhouse gas emissions.

Photovoltaic Project on Campuses

NetEase is expanding its use of distributed renewable energy. Building on its experiences from the installation and operation of photovoltaic roofs in its Hangzhou Campus II, NetEase has initiated the overall planning of rooftop PV for all of our office campuses. Moreover, NetEase's Hangzhou campus added an **additional 1.8 MW of rooftop PV panels in 2022**.

In NetEase's Guangzhou campus, we have applied solar lighting, saving about 55,000 kWh of electricity per year.

NetEase Weiyang Pig Farm Biogas Power Generation Project

NetEase Weiyang pig farm highly values biogas utilization in its operations. The farm uses biogas generated by anaerobic fermentation of livestock and poultry manure for power generation and comprehensive use, during which process we pay close attention to increasing fermentation efficiency, improving the conversion rate and reducing carbon emissions.

At NetEase, we are making green buildings with energy-saving designs for our office facilities.

Green Office Buildings

We follow sustainable principles in the design, materials, construction and daily maintenance of our office campuses to keep them green. By renovating garage and workstation lighting with intelligent systems, and adding energy management gateways in the campuses, we made our offices greener.

In 2022, NetEase adopted a variety of green design concepts in the construction of its Shanghai campus, which will be built in line with the 2-star green building requirements. We have set up a green construction leader team, developed a green construction management system and implementation plan, and established an assessment system throughout the whole process of construction.

Envelope optimization

Avoid energy loss in buildings to reduce the need for HVAC; adopted self-insulating wall materials to improve thermal insulation of the building

Use non-conventional sources such as solar water heaters and heat pump units

Supply hot water to kitchens to reduce the consumption of boilers and water heaters

Use low-carbon materials and construction techniques

For example, lightweight partition panels, precast concrete/steel components, auxiliary heating system using air source heat pump, LED lighting and solar lighting

Design sites according to Sponge City requirements

Control rainwater runoff through recessed green areas and rainwater ponds, and reuse rainwater for landscape irrigation and road/garage washing for water conservation

Green Designs in Shanghai Campus

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

At NetEase, we have adopted and are regularly optimizing a smart carbon management system in our campuses to diagnose and manage their energy efficiency and tap into further energy-saving potential.

Smart Energy Management

NetEase has built an IoT-powered smart carbon management system using SpaceEase™, the virtual brain of our campuses, empowering an intelligent and efficient low-carbon operation across our campuses.

NetEase Smart Carbon Management System: Empowering Low-carbon with Technological Innovation

With online environmental monitoring, the smart carbon management system connects various systems including illumination, air conditioning, ventilation, exhaust, power distribution, PV, elevator network and control and sensors with the IoT platform, delivering the interconnection capacity of devices and data. The system not only saves the labor cost of floor inspection and floor energy consumption monitoring, but also provides data support and guides adjustments for internal power distribution, elevator control, intelligent lighting, water temperature control of air conditioning, floor ventilation and real-time observation of terminals, reducing energy consumption and carbon emission through intelligent technology.



SpaceEase™ Hardware Matrix



SpaceEase™ Real-Time Photovoltaic Monitoring

For example, NetEase installed a centralized remote-control system for air conditioners in 2022. It allows remote on/off control, sets the temperature, sends feedback data from the floor thermohygrometer, adjusts the temperature setting in real time and turns off the AC panel in unoccupied areas to further reduce energy consumption. Now, all air conditioners in our Hangzhou and Guangzhou campuses have been integrated into the centralized control, and we plan to adopt the system in our other campuses as well.



360 Panoramic Display and Control of Office Area HVAC

Power Grid Emergency Amid Continuous Heat Waves: NetEase Smart Carbon Management System Helps Reduce Energy Consumption



In 2022, many places in China were hit by record-breaking heatwaves. NetEase responded to the extreme weather by creating an energy-saving control solution for air conditioners to reduce non-essential electricity consumption.

In the NetEase smart carbon management system, the line control of each air conditioner serves as an IoT terminal, which enables many control functions based on human sensing data, such as remote control, self-control and intelligent control, creating a comfortable office environment while reducing energy consumption and carbon emissions.

- The controls of air conditioners and lighting in the campuses are interconnected, delivering different lighting solutions and air conditioning operation strategies according to the natural light conditions and indoor environment.
- The lights and air conditioners in conference rooms are activated on demand. Meanwhile, the smart ventilation system makes dynamic adjustments of the motor frequency based on real-time data to reduce energy consumption while providing fresh air circulation.



Illustration of SpaceEase™ Environmental Awareness and Energy Consumption Monitoring Panel

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

NetEase Tiangong Community: empowering an open-source low-carbon management system

Since the launch of NetEase's open-source smart carbon management system and Tiangong Carbon Neutrality Open Source Community, which is dedicated to open source cooperation among organizations and individuals in energy-saving and carbon reduction, we have continued to leverage our technology and experience to explore IoT innovation and application. In addition to delivering the direct value of energy savings and efficiency enhancement with smart systems, we have taken the initiative to take on social responsibilities and invite partners in the ecosystem to co-build an innovative low carbon ecosystem that fosters exchange and win-win cooperation.

Sharing Cross-over Development Experience

- We have participated in the preparation of national standards in China such as the General Technical Conditions for Indoor Temperature Controllers and the Evaluation Standards for Intelligent HVAC Systems. With the unique technical advantages of internet and IoT, and the practical experience accumulated during the independent R&D of our smart carbon management system, *NetEase Tiangong* helped the preparation of national standards to jointly promote the industry intelligentization.
- We have showcased ourselves in industry conferences such as the 2022 Zhejiang Exhibition on New Energy-Saving Technologies, Products and Equipment. *NetEase Tiangong* advocates breaking the traditional technical barriers, giving full play to the advantages of IoT energy-saving technology, reshaping the production and development of various scenarios in different industries, so that energy saving and carbon reduction can be reflected in the global picture.

Co-Building an Innovation Ecosystem

- From September to December 2022, *NetEase Tiangong* held the 1st Energy Saving and Carbon Reduction Developer Innovation Application Competition. With the theme of "Gather the Power of Dual Carbon, Unite the Ecosystem of IoT Innovation", the competition attracted large- and medium-sized enterprises and institutions, startups, universities and research institutes, as well as developers and creators from home and abroad to participate, empowering them to develop innovative technologies, showcase innovative solutions and promote low-carbon applications.



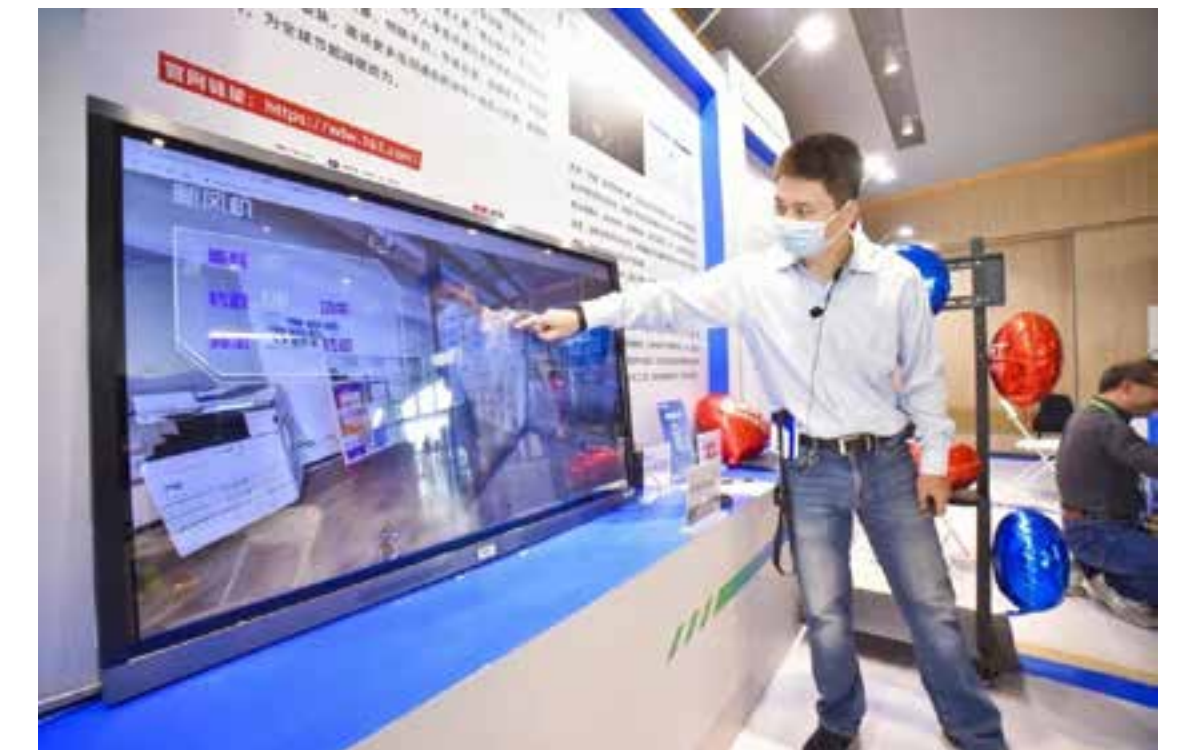
Fostering Community Ecosystem

- Created low-carbon property solutions that empower sustainability development for property management organizations.
- Expanded the ecosystem of *NetEase Tiangong* to work closely with industry partners, match customer needs, improve technical infrastructure, and gradually form an industry ecosystem covering research and design institutions, software and hardware suppliers and integrators, construction companies and end-users.

NetEase Tiangong participated in the 2022 Zhejiang Exhibition on New Energy-Saving Technologies, Products and Equipment



In November 2022, at the 2022 Zhejiang Exhibition on New Energy-Saving Technologies, Products and Equipment, sponsored by the Zhejiang Provincial Development and Reform Commission, Zhejiang Provincial Energy Bureau and State Grid Zhejiang Electric Power Co., *NetEase Tiangong* presented a number of IoT energy-saving application products, vividly demonstrating the integration and practice of technology in the field of energy saving, which attracted many exhibitors to stop by for consultations and visits.



NetEase continues to unlock green office solutions and practice green work culture together with its employees.

Green Work Culture

NetEase has developed various green office initiatives to engage our employees in emissions reduction.

Low-Carbon Office

- Introduced a proprietary OA (office administration) system to help the Group go paperless
- Established energy goals and implementation plans; developed detailed indoor temperature standards, inspection systems for energy use, indoor illumination standards and switching requirements; reduced standby time of office equipment; improved the daily habit of energy use
- Property maintenance staff patrol office areas every day to check energy-saving behaviors

Low-Carbon Commute

- Built more charging facilities for electric vehicles in office areas (a total of 82 charging stations were added in 2022)
- Initiated a 10,000 Steps Challenge to promote walking to work, reducing carbon emissions by about 356.7 kg in total

Training and Awareness-Raising

- Produced a short film titled *Do Small Things in a Great Way* to drive green office practices and good behaviors such as water and electricity saving and food saving
- Organized NetEase Farm activities with employees planting on campus
- Organized a flea market to encourage employees to trade second-hand items and increase their utilization rate
- Provided carbon lectures to improve employees' knowledge and environmental awareness
- Participated in presentations and training sessions to expand net zero carbon practices and innovative initiatives for executive roles

At NetEase, we catalyze innovation to enable low carbon construction and operation of our data centers.

Green Data Center

NetEase commenced designing its own data center in 2022 and started its construction in February 2023. As its first self-built large-scale data center, the NetEase Gui'an Data Center was conceived with green designs in mind. The new data center will implement a life-cycle low-carbon strategy. We give weight to the use of natural cooling sources and will adopt multiple energy-saving technologies to realize a synergistic reduction of energy consumption across the entire system. Currently, the PUE of our self-built data center is designed to be lower than 1.2 with a peak value of 1.15.

Site Selection

- We especially considered local climate and renewable energy availability during site selection. We chose a location with a stable climate, easier access to natural cooling sources, and an abundance of renewable energy, while avoiding hot spots exposed to natural disasters such as earthquakes and typhoons.

Energy-Saving Technology

- In addition to our selection of direct ventilation AHU (air handling unit), we will also fully utilize natural cooling and expect to use natural coolness over 90% of the time throughout the year.
- We will apply advanced direct evaporative cooling (DEC) technology to improve the energy efficiency of the data center cooling system.
- We selected a DC uninterruptible power supply system with a power conversion efficiency of **up to 98%** to reduce the loss of the power supply system.
- The entire data center is designed with intelligent lighting, saving more than 20% of electricity compared to traditional solutions.



Rendering of NetEase Guian data center

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

At NetEase, we place great importance on resource management in our operations for a strict control of resource consumption.

Resource Efficiency

To improve our overall resource management, we enforce strict control of water and food resources in our operations.

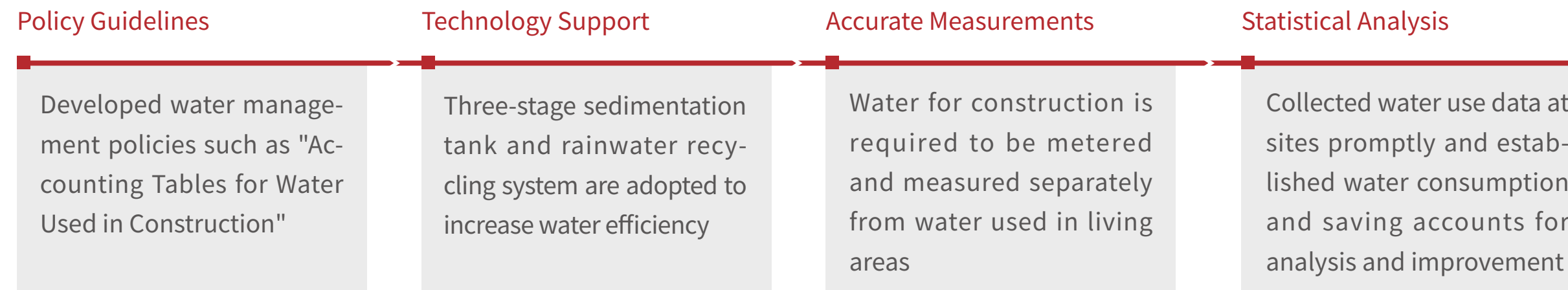


Water

Effective use of water resources is highly valued in our daily operations. In NetEase campuses, we reduce our water footprint through water meter classification and renovation, rainwater and condensate collection and recycling, among other activities. During the reporting period, NetEase's Beijing campus was again awarded with the "Beijing Water Conservation Unit" by the Beijing Water Authority.

Water Savings in Shanghai Campus Construction

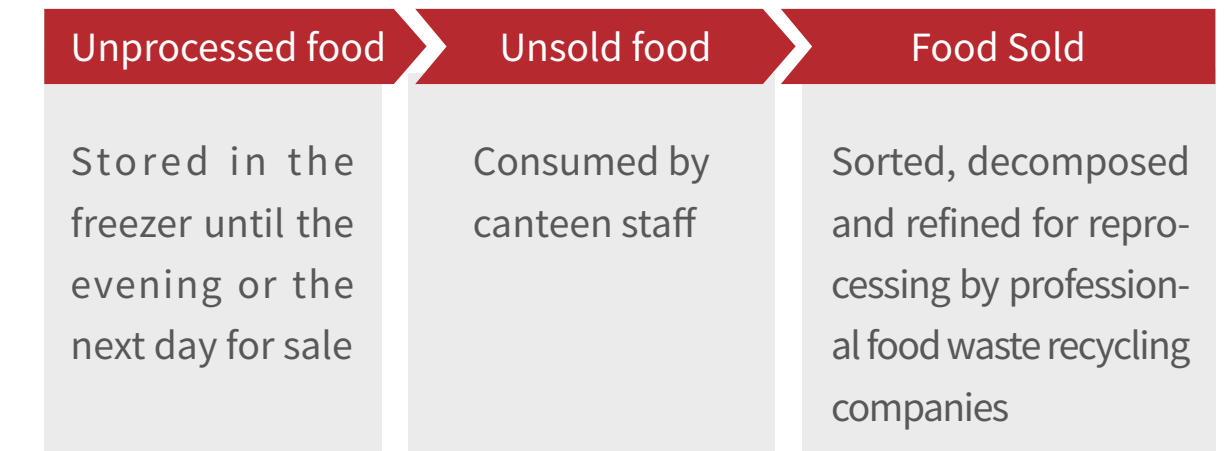
In 2022, we set water targets for the construction of our Shanghai campus. We have been working to improve water utilization by developing policies, adopting water conservation technologies, using accurate measurements and analyzing water use data. The current reuse rate of non-conventional water sources and recycled water is **greater than 30%**.



In 2022, the total water consumption of NetEase was 607,871 tons, averaging 19.5 tons per person.

Food

Reducing food waste will go a long way in alleviating global food shortages. NetEase takes various measures to reduce food waste at the source and dispose of waste appropriately. In addition, we keep raising awareness of food waste with a "Clean Plate Campaign" on our campuses.



Poster for the Clean Plate Campaign

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

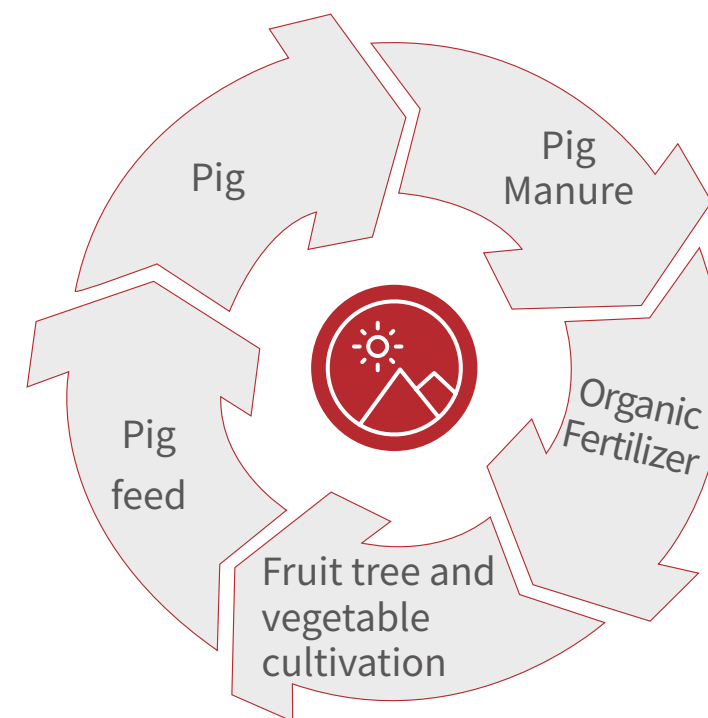
At NetEase, we remain focused on reducing waste, reusing and recycling.

Proper Waste Disposal

For hazardous and recyclable waste generated by our businesses, we have established management processes for proper handling and disposal.

Construction waste	Hazardous waste	Animal manure generated from NetEase Weiyang's farms
Developed a list of recyclable materials, implemented recycling rules for recyclable waste and set up waste recycling chutes on site	Usable old IT equipments are first given to employees in need for home use, and the rest are handed over to qualified suppliers for recycling and disposal	After solid and liquid separation, the solid is used as raw material for organic fertilizer. The liquid is used for field planting, reforestation and woodland irrigation after biochemical, physico-chemical and advanced treatment

From Waste to Resource: Green Farming at NetEase Weiyang



Resourceful utilization helps *NetEase Weiyang* turn animal waste into treasure. In terms of pollutant management, the farm uses separated solid pig manure to produce organic manure by self-fermentation/outsourced fermentation, which is used for agricultural cultivation and serves surrounding villages and towns.

In terms of management, *NetEase Weiyang* has developed a series of environmental management policies and monitors the internal and external environmental quality regularly. We pay visits to local communities to understand the social and environmental impact of farm production so as to eliminate potential environmental hazards.



- Climate-Related Risk Identification
- Sustainable Operations
- **Sustainable Supply Chain**
- Sustainable Ecosystem

At NetEase, we pursue opportunities to reduce energy consumption and carbon emissions across our value chain.

Sustainable Supply Chain

In collaboration with upstream and downstream suppliers, NetEase is shaping a green supply chain starting from our leased data centers, logistics and transportation and packaging services.

Low-Carbon Data Centers

Data centers make up a considerable proportion of NetEase's energy consumption. Therefore, we are working with internet data center service providers to improve operational energy efficiency. In 2022, the minimum PUE for existing leased data centers was 1.29.

● Improved the procurement process of servers and accessories

Recycling evaluation is added; 5,330 servers and disks were recycled in 2022

● Improving infrastructure energy efficiency

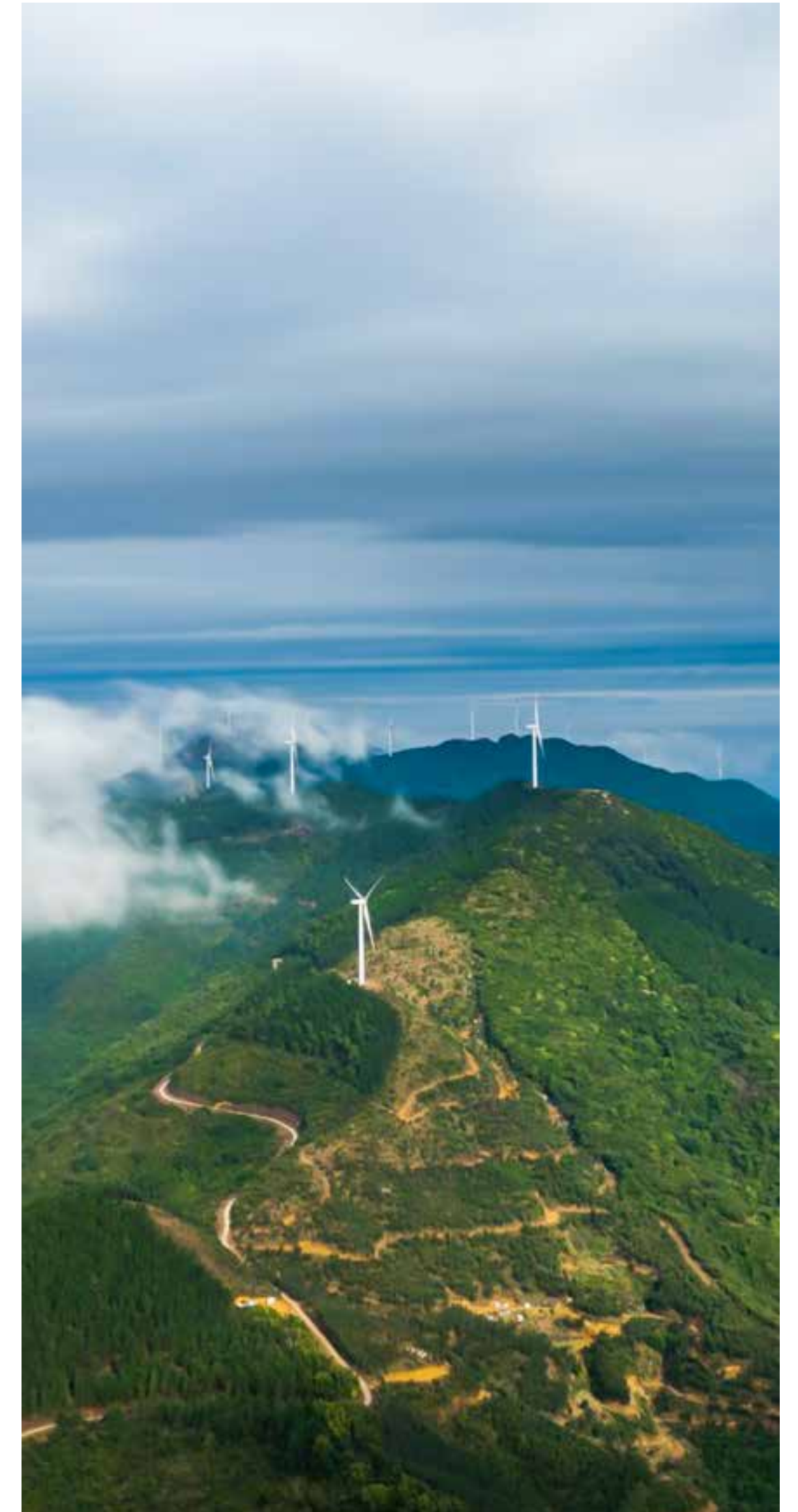
Reduced the server room power consumption by replacing air conditioners, sealing cabinet blinds and floor holes, cleaning the external units of air conditioners, and improving the server room airflow

● Established an apportioning policy for the hosting fee of data centers

Cost is shared according to the proportion of active servers to improve server utilization and reduce energy consumption

● Phased out old, high energy-consuming equipment

In 2022, 3,258 servers were phased out which improved server energy efficiency



Yanxuan actualized a GHG emission reduction roadmap to green logistics through green transport, green transfer and green packaging.

Green Logistics

Green Transport

Yanxuan has optimized our logistics fleet by replacing certain vehicles using fossil fuels with clean energy vehicles. We also sought various means to optimize transportation routes and management to maximize energy savings and emission reductions in transportation.

Reasonable Load Sharing and Carpooling on Trunk Lines

- Vehicle scheduling: Our TMS (Transport Management System) allows visualization and analysis of various logistics demands to make efficient matching of vehicles in the resource pool. Based on the big data simulation of historical orders, the relative optimal routes under every regular logistics scenario are planned in advance. During the reporting period, the **carpooling rate of trunk routes reached over 50%**, saving about 1,000 trips throughout the year.

Logistics Transfer

- Logistics transfer: For high-volume SKUs (Stock Keeping Units), we support product suppliers to reduce the printing and use of box stickers, saving a large amount of paper while ensuring effective daily operations.
- We reuse outer boxes to construct temporary storage areas to fully save resources.

New Energy Vehicle

- Since 2017, **more than 12,000** lithium powered electric vehicles have been put into use across 50+ cities in China by the major logistics providers of Yanxuan. In addition, our own fleet in Beijing is fully electrified. Furthermore, powered by big data, the vehicle scheduling by Yanxuan's main principal courier companies has been **reduced by 30%**.

Green Packaging

In 2022, Yanxuan continued to expand and improve its Yanxuan Sustainability Plan. Our packaging material consumption and carbon emissions have been further decreased through an upgraded smart system using a propriety algorithm, direct shipping with no extra packaging and deploying reusable boxes.

Upgraded the smart system for packaging solutions: the volume utilization rate of packing boxes was **further increased by 3.5%** in 2022 compared to 2021

Original packaging: around 845,000 more orders used the original packages in 2022

Reusable boxes: at the end of 2022, a total of around **193,000 boxes** were reused

Recognition and Awards

- The Yanxuan Sustainability Plan has been selected for the 2022 Business Climate Action Cases, which was collected by C Team (China Champions for Climate Action) and the Publicity and Education Center of the Ministry of Ecology and Environment as co-sponsors and was released at the 27th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP 27).
- Yanxuan Sustainability Plan won the 2022 Bloomberg Green ESG Pioneers-Projects
- Yanxuan Reusable Boxes won a Bronze Award for Creative Packaging Concept for its excellent cost reduction from recycling in the 2022 Packcon Star Awards organized by Reed Exhibitions.

- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

At NetEase, we incorporate sustainability into a portfolio of green products and services powered by our technologies and platforms.

Sustainable Ecosystem

We embed green concepts into our product and service designs based on the features of our businesses and platforms.

Shifting to Green Lifestyles

NetEase Yaotai is a proprietary virtual event platform developed by *Fuxi* using cloud computing, 3D game engine and other advanced technologies, enabling participants to complete large events online with functions like industry knowledge sharing, exhibiting, technology exchange and theatrical performances. *NetEase Yaotai's* immersive activities help cut carbon emissions from travel, commuting and conference venue operations associated with offline large-scale events while boosting the digital economy.



NetEase Yaotai Helps the Opening Ceremony of the 2022 Zhejiang University Sustainable Development Global Summer School

Promoting Green Consumption

In 2022, *Yanxuan* launched eco-friendly products to meet consumers' demand for green consumption.

IDEALAND cleanser bottle: multi-use cleaning and disinfecting capsules

Embodying the design principles of branding and sustainability, *Yanxuan* developed IDEALAND cleaning products, which not only guaranty product functionality and a quality experience, but also advocate the concept of environmental protection.

IDEALAND's products include replaceable concentrated cleaning capsules compatible with reusable cleaning bottles. This reduces excessive carbon emissions and unnecessary resource consumption resulting from water transportation, while, at the same time, consumers only need to buy replaceable beads and mix with water after the first use, which greatly reduces the pollution from disposable plastic bottles. In addition, we also encourage consumers to reuse the bottle as a vase, decorating their daily lives with innovative ideas. Different from the traditional plastic packaging, the outer box is made of 100% biodegradable kraft paper, a green design that helps reduce plastic pollution.



- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

Green Awareness Delivery

NetEase Games: As a provider of diversified cultural content, NetEase has embedded environmental-related content in several of its games.

- Our game *New Ghost* has added a garbage sorting task in its "The Returning the Pearl Casket" scene where players need to pick up garbage and put 15 items into the correct trash can to complete the task.
- Our game *Justice* restored the Yading Nature Reserve through metaverse technology, and players can join the environmental protection activities to help guard "the last piece of clean land on the blue planet".

Cloud Music: In 2022, *Cloud Music* launched a number of original works with environmental themes.

- In the 4th season of the Stone Project compilation released on August 23rd, the album *Undefined Boundaries* included an environmental song "Walking in the Sky", which encourages people to embrace beauty in nature.



- Climate-Related Risk Identification
- Sustainable Operations
- Sustainable Supply Chain
- Sustainable Ecosystem

Carrying out Green Public Welfare Activities

We joined hands with environmental protection organizations to encourage users to participate in various public welfare activities on environmental protection.

Onmyoji X China Conservation and Research Center for Giant Pandas: The Giant Panda Guardian Program

Through our game *Onmyoji*, we joined hands with the China Conservation and Research Center for Giant Pandas to invite players to initiate the Giant Panda Guardian Program together. Protection activities are embedded into the game, and we donate the proceeds from players' purchases of special in-game items and digital cards in full to the Giant Panda Guardian Program, a public welfare program that assists with giant panda breeding, scientific research and habitat protection. At the same time, as an effort to protect animals as well as their habitat, players can also adopt a giant panda for life in this public welfare program to safeguard the healthy growth of giant pandas.



Protecting Sea Turtles with Sky

Our "*Sky 2022 Ocean Festival*", together with the China Wildlife Protection Association and Beijing Folk Art Institute of Intangible Cultural Heritage, cooperated with representative inheritors of national intangible cultural heritage projects to customize sea turtle protection themed projects, expressing the green advocacy of ecological protection. Our game *Sky* also joined hands with the China Environmental Protection Foundation to visit the Guangdong Huidong Sea Turtle National Nature Reserve, inviting its players to conduct field visits to learn about sea turtle conservation. At the same time, a series of lectures on sea turtle conservation was held in major universities.



Infinite Lagrange: Earth Day Event

To celebrate Earth Day in 2022, *Infinite Lagrange* embedded a special Earth Day festival and series of events in the game to spread the concept of "Harmony with Nature" to all players, inspiring them to rethink the human-Earth relationship and make everyday efforts to protect our planet. Concurrently, we worked with the China Green Foundation's Million Forest Project to encourage players to practice and share environmental protection actions in their daily lives and donated 10,000 saplings for reforestation in Alashan.



In the future, we will continue to innovate in green products and services to further leverage our influence and reach more users and partners.



03

Empowering Society

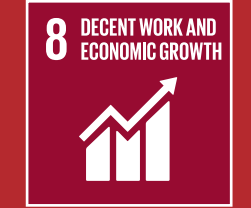
- > Talent Attraction 50
- > Talent Development 55
- > Employee Welfare 58
- > Creating Social Value 62

- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

Talent Attraction

Our Commitment: NetEase attracts talent through various channels to create a diversified workforce. We place a high value on protecting employee rights for workplace equality and respect. We believe that the hard work of every employee deserves to be appreciated and continue to consolidate our attractiveness and competitiveness in terms of salaries and benefits.

Focus Areas: By creating a diverse equitable and inclusive workplace, as well as a compensation program that balances internal equity and external competitiveness, we can attract, motivate and retain an outstanding workforce to help achieve the long-term, healthy development of our business. NetEase believes that respecting rights at work is not only a requirement of international laws and conventions such as the Universal Declaration of Human Rights and the International Labor Convention, but is also key to enhancing a sense of belonging in the workplace.



At NetEase, we attract talent through multiple channels to build a diverse workforce for the long-term health of our businesses.

Talent Recruitment

Employees are considered invaluable assets at NetEase as they drive the innovation and sustainable development of our Company. We keep improving our recruitment system and increasing our investment in talent attraction. We expand our talent pipeline extensively from campus recruitment and experienced hire, internal job transfers and intern to full-time recruitment.

Campus Recruitment

NetEase provides employment opportunities for fresh graduates with different professional backgrounds worldwide through campus recruitment

Experienced Hire

NetEase attracted talents in China, Japan, North America, Europe, and Southeast Asia by multiple channels, it has attracted diverse talents from different regions of the world and built a diverse and inclusive talent team

Internal Transfer

NetEase has developed its "Y Program," an internal transfer program which helps employees find development opportunities within our Group to broaden their growth path

Intern to Full-time

NetEase Games recruits summer interns every year, providing them with a comprehensive talent development and training plan, including mentorship, training, and events, to assist in their career development. Interns with good performance are joined *NetEase Game* as full-time employees by this program



- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

Overseas Recruitment

In 2022, NetEase worked with a global talent acquisition software provider to build NetEase's overseas recruitment and talent management system, which included improving rules and processes for background checks and adopting recruitment guidelines that reflect local cultures, to enhance our attractiveness and brand image as a global employer.

Incorporating Talent View and NetEase Leadership Model in Recruitment

In 2022, NetEase upgraded its Talent View 3.0, which encourages our employees to be innovative and passionate. We also released a new "NetEase Leadership Model," which helps us to find and attract quality talents that are in line with Talent View 3.0.

Project Phecda: Overseas Recruitment Project of *NetEase Games*



Project Phecda is open to students from overseas institutions who are passionate about console games and have unique insights into the needs of overseas gamers. The project provides a globalized workplace and career path to develop core talents that bridge our game development studios in China and Canada.



Metaverse Recruitment Talk by *NetEase Games*



With the support of *NetEase Yaotai*, *NetEase Games* launched the first metaverse campus recruitment initiative in China. The metaverse platform allows participants to experience gamified activities to enhance their knowledge of games. Our campus recruitment team also talked to students face-to-face in the metaverse to share our passion for games as an employer.



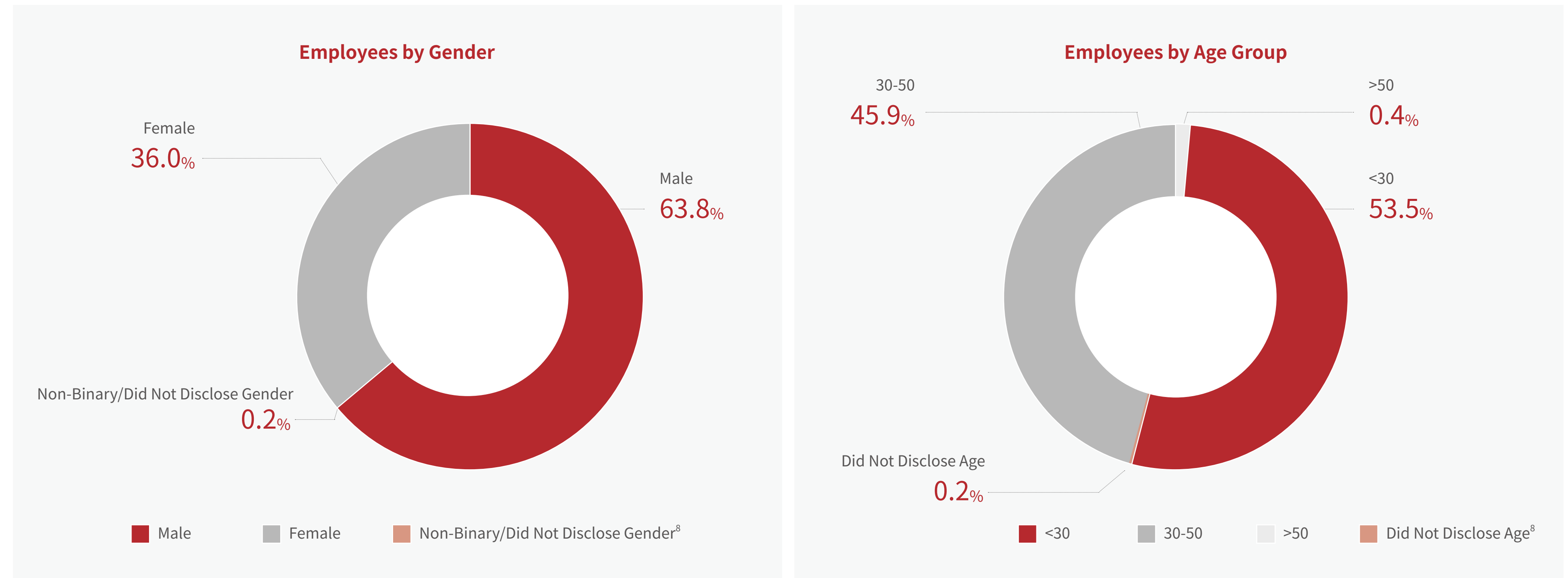
- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

At NetEase, we believe that a diverse and inclusive workplace can inspire innovative ideas that drive business growth.

Talent Diversity

We continuously focus on employee diversity as we believe that a diverse and inclusive workplace fuels employee innovation. As of the end of the reporting period, NetEase had a total of 31,119⁷ full-time employees in more than 40 countries and regions, including 259 employees with disabilities.

The following shows the composition of our employees as of December 31, 2022:



⁷ The number of employees are calculated based on the Group full-time employees' data as of December 31, 2022.

⁸ Did not disclose Gender/Age refers to employees who chose not to provide such information.

At NetEase, with our emphasis on the protection of employee rights, we uphold the employment principle of legal compliance and equal respect.

Protecting Employee Rights

We take compliance with all applicable labor laws as a fundamental principle at NetEase. We have developed a set of recruitment and employment policies, such as the NetEase Employee Handbook. We strive to guarantee equality in employment opportunities and contribution-based benefits.

Eradication of Unlawful Employment

- NetEase abides by the labor laws in China, such as the Labor Contract Law of the People's Republic of China, the Labor Law of the People's Republic of China and the Special Rules on Labor Protection of Female Employees. We expressly prohibit the use of child labor and forced labor. Employees are encouraged to complete their tasks within standard hours of work.

Anti-Discrimination and Anti-Harassment

- We take a zero-tolerance policy against any kind of discrimination and bias, regardless of race, nationality, religion, gender, age, color, disability, marital status or any other legally protected distinguishing characteristics. We prohibit any form of sexual harassment in the workplace or situations related to work, including actions, language, writing, images and electronic information, which are sexually related and unwelcomed. An all-hands training on these topic is organized by our Ethics Committee every year.

Anti-Unfair Competition

- We oppose any form of unequal competition. Our recruitment, hiring, training, promotion and salary policies are designed to be objective and liberal, following the principles of fairness, equity and openness.

During the reporting period, as an improvement of our overseas employment system, we updated our NetEase Employee Handbook in the UK and Canada, employee privacy policy and authorization letter for the cross-border disclosure of personal information.



At NetEase, we continue to improve our compensation and benefits system to create a workplace where every employee can enjoy a sense of fulfilment and belonging.

Improving Compensation and Benefits System

NetEase appreciates the hard work of every employee. With a pay-for-performance model based on the respective value of various roles within our company, we offer a pay program balancing internal equity and external competitiveness. In addition to salary, our employees also have access to non-wage compensation benefits, including campus services, healthcare, wellbeing benefits, learning platforms and other work-related benefits.

Competitive Compensation

Comprehensive Compensation Package at NetEase

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



Benefits

In 2022, we introduced expanded employee benefits to demonstrate our appreciation of their contributions.

• NetEase-Exclusive Family Doctor

Optimized the consultation pathway and added commercial insurance payment for online refills

• Wider Scope of Caregiver Leave

Optimized the application for caregiver leave; 82% of employees applied for caregiver leave in 2022

• Wider Overseas Healthcare Coverage

Provided overseas healthcare and security coverage, psychological consultation and medical insurance for overseas employees

• NetEase Super Work Badge

More value-added benefits for NetEase work badge holders, covering discounts and access for entertainment and travel

During the reporting period, we also launched our iCare mini program to integrate commercial insurance claims, online medical consultations, medical checkup appointments, EAP appointments and benefits searches, making it a NetEase-exclusive mobile "benefits pocket".



Recognizing our efforts in promoting employee diversity and talent management practices, NetEase has won honors and recognitions from many organizations. For example:

- NetEase was listed in the **2023 Bloomberg Gender Equality Index**
- NetEase was named to the **Forbes World's Best Employers for 2022**
- **NetEase won the SHL China Talent Management Practice Award for Best Recruitment Practices**

Going forward, we will continue to safeguard the rights of every employee under the employment principles of equality, fairness and openness. At the same time, we will keep providing strong and comprehensive benefits and competitive compensation to show respect for the efforts of our employees and enhance their sense of belonging.

Talent Development

Our Commitment: NetEase is committed to building a sustainable talent development system and cultivating quality talent.

Focus Areas: A clear career path, sound nurturing system and fair and transparent performance evaluation methodology are crucial for people development.



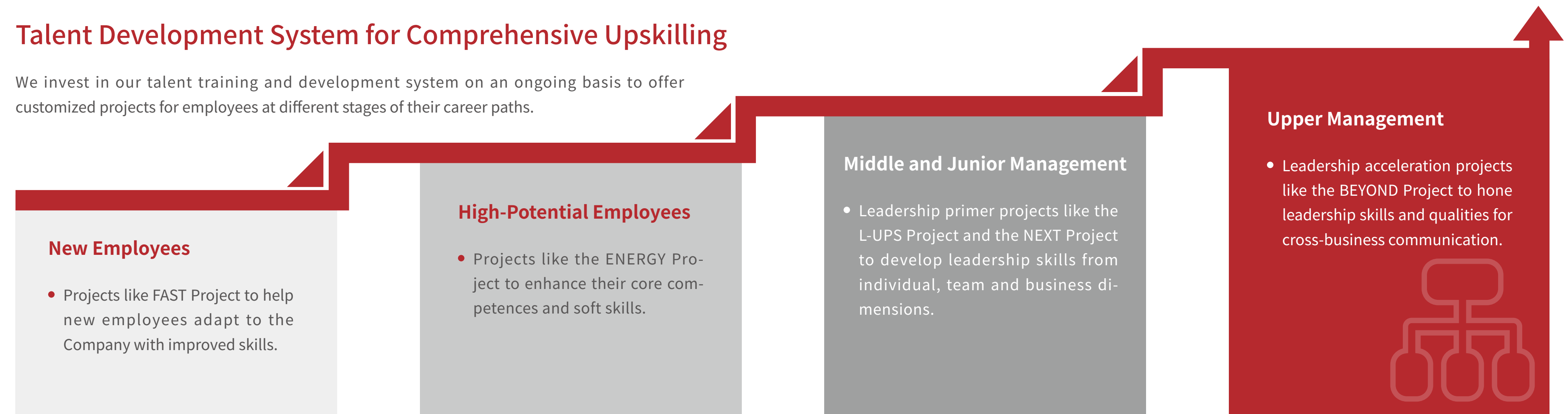
At NetEase, we remain focused on building a comprehensive and multi-dimensional training system to meet employees' upskilling needs in all stages of career development.

Employee Training

NetEase has established a sophisticated training and development system with a series of special programs leveraging its platform advantages and business characteristics. Over 335,000 hours of employee training were recorded in 2022. We also encourage employees to obtain external qualifications by funding candidates who are seeking to receive relevant certifications to help with their self-development. For example, in collaboration with external institutions, NetEase carried out PMP (project management professional) certification for project managers in 2022. In addition, NetEase offers a diversified mix of professional courses for colleagues involved in business operations outside of China.

Talent Development System for Comprehensive Upskilling

We invest in our talent training and development system on an ongoing basis to offer customized projects for employees at different stages of their career paths.



- Talent Attraction
- **Talent Development**
- Employee Welfare
- Creating Social Value

At NetEase, we offer a series of special training programs which are integrated with our talent development strategy to fuel our globalization with robust human resources.

Highlighted Training Programs

We provide a range of special training programs based on our business development needs, for example:

GUGU's World



GUGU's World is a global program we introduced in 2022 which aims to help expatriate employees coming from China to adapt to an overseas workplace with better teamwork efficiency. The program includes online Corporate English Courses in our knowledge management system and learning topics, as well as a series of offline cultural events.



Ten Doors



Ten Doors is an employee capability development program that was officially launched on NetEase's internal learning platform in 2021. In 2022, we revised the design of the learning page of Ten Doors to a 2.0 version, which improved the interactive learning experience. With new activities such as "Test to the Next Door", "Learning Together" and "Live Quiz", we recorded higher attendance with the total session page views **exceeding 92,000** in 2022.



Newcomer Off-the-Job Training at NetEase Games



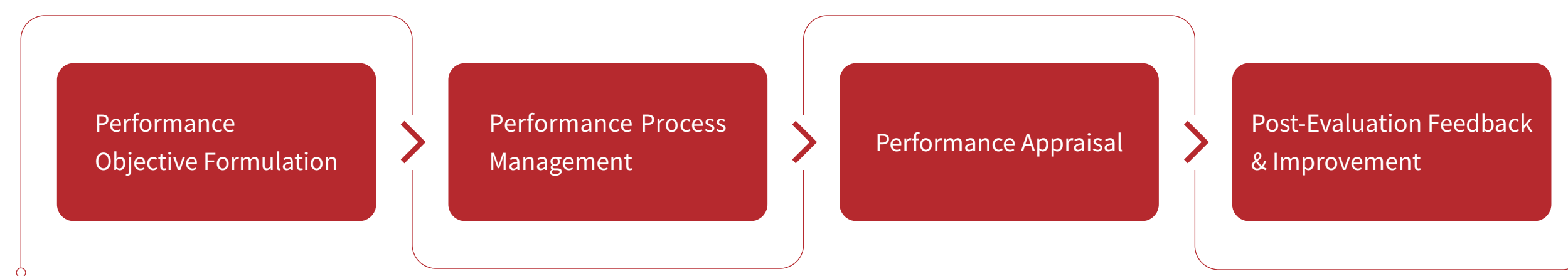
NetEase Games organized an off-the-job training for new employees. Through innovative offline activities, diversified professional training, international courses and mini campus recruitment, we helped every new employee to integrate and understand the work process, improve professional skills and accelerate their professional growth to meet the needs of their positions.



At NetEase, we offer differentiated incentives based on scientific performance evaluations, measuring and affirming each employee's hard work and value creation in a fair, just and open manner. We have also established transparent career paths with fair promotion opportunities for employees.

Performance Management

NetEase encourages value creation with performance-based incentives and channels more resources to high-performers. Challenges and consistency are valued in our goal-setting. In evaluating our employees, we also pay attention to in-process communications and coaching to balance results delivery and employee development.



NetEase Performance Empowerment System

In 2022, we refined our performance empowerment system to enhance employee development through special projects, courses, tool guides, social media and data quality control. To help employees understand the system and best practices in performance management, we post articles and tool guides on multiple platforms to inspire self-improvement in the long term.

To further foster the growth and development of our employees, we offer them clear career paths, including a professional pathway for staff who are excelling in their particular fields of work and a managerial pathway for staff who have the potential to become leaders of

teams or business units within our Company. As part of this effort, we have established competency standards for employees with different roles and levels, aiming to help them with their career planning, upskilling and long-term performance. These standards also provide an effective way to manage corporate human resources and improve organizational capability, delivering a win-win development for employees and the employer. In addition to regular promotions, we have also set up a fast track to promote outstanding talents who have made significant contributions.

In the future, we will look to further improve career path opportunities for a more focused and clearer development of every employee. We will also upgrade our incentive policies as needed and reward outstanding employees to drive the achievement of our organizational goals, while improving the overall performance of employees.

Some of the performance empowerment articles



Employee Welfare

Our Commitment: Promoting employee wellbeing and safety has always been our commitment, and we endeavor to create channels to empower employee voices. We are committed to building a healthy and pleasant workplace where our employees feel NetEase's devotion to them.

Focus Areas: We focus on preventing accidents and reducing occupational hazards in the workplace to maintain a safe and comfortable working environment.



At NetEase, we listen to the views of our employees through multiple channels to advance our Group through interactions built on mutual trust.

Two-Way Communication

NetEase respects the opinions and suggestions of employees. We are committed to fostering equal, open and transparent communication. With constant improvement in our communication channels, we seek to hear the most genuine voices of employees and give them feedback, in an effort to show our respect and commitment to every employee.

Intranet Portal

In 2022, our Intranet Portal continued to serve as an internal communication platform for timely and accurate two-way communication. New programs like *Corp Mondays*, *Business Helpers* and *Roast* were launched, which share news within our company, communicate daily work questions among our business units and discuss topics that employees care about. Throughout the year, employees in all of our business units were able to voice their opinions, and employees were also engaged in numerous organizational and performance improvement activities.



Suggestion Section

The Suggestion Section of our intranet portal remains an important way to promote corporate improvement. In 2022, nearly 1,000 suggestions from employees were posted. Each suggestion was followed up by a dedicated person with an average handling time of 4 working days. During the reporting period, these suggestions resulted in many improvements in our canteens, campus construction, office environment and information systems.

Nearly

1,000

suggestions from employees

Average handling time

4 working days

Employee Complaints

We support our employees to report or file complaints on disagreements or grievances related to their jobs through specified channels or methods.

Employee Satisfaction & Engagement Surveys

The 2022 NetEase Satisfaction Survey remained focused on the three dimensions of employee interest: good business, good teams and good rewards, while adding more questions on teamwork to understand their experiences and efficiency in cross-team collaboration.

The 2022 NetEase Employee Engagement Survey covered more than 25,000 employees, with a **10-points increase** in engagement compared with 2021.

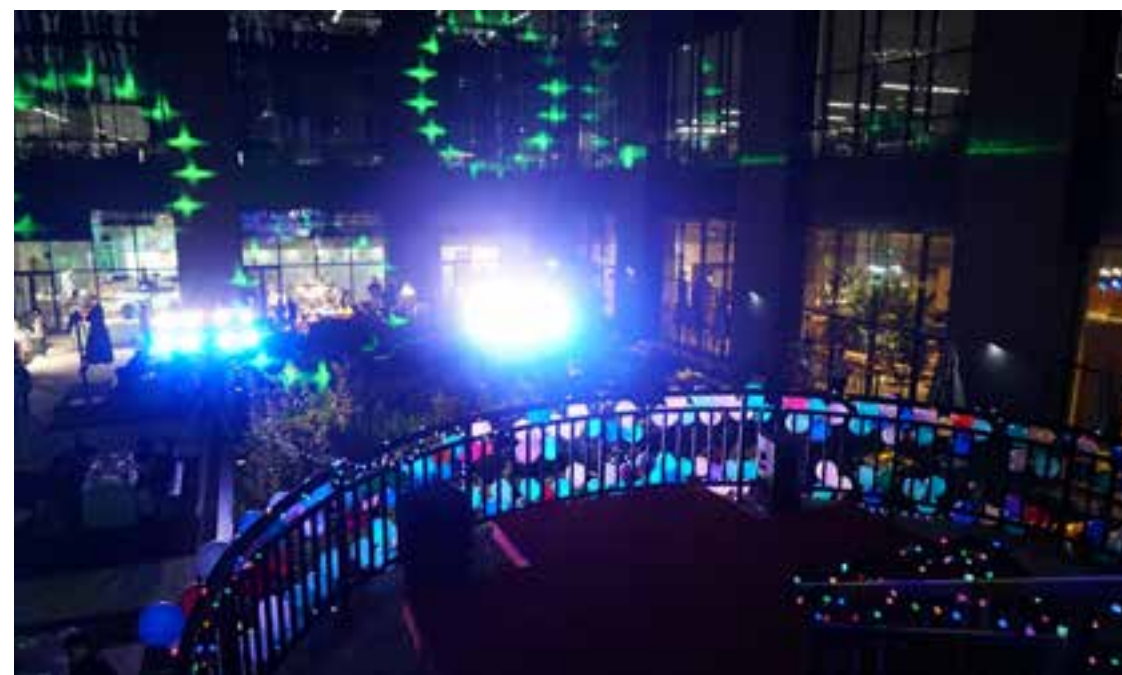
At NetEase, we organize various employee care activities to create a positive work environment.

Employee Care Activities

We appreciate the efforts made by every employee and advocate work-life balance through various activities.

NetEase Music Festival

With stage performances, live interactions and gifts, the NetEase "Hi" Music Festival allowed employees to enjoy music after work, bringing more positive energy into the NetEase life.



NetEase Clubs

Our employees participate in numerous clubs across our campuses. For example, at the end of 2022, we had **28 clubs** at our Hangzhou campus, including clubs focused on sports, music and culture. In 2022, the club member recruitment moved from online to offline, with more than 20 clubs participating and a total of **3,876 members recruited**.



NetEase Mid-Autumn Festival Activities

Our Guangzhou campus organized a large celebration for the Mid-Autumn Festival, with engaging activities such as music interaction, lantern riddles and mooncake gifting, as a token of gratitude for our employees.



At NetEase, we attend to the wellbeing of each employee with a variety of activities designed to encourage the creation of a pleasant and safe workplace and empower employees to maintain an active and healthy lifestyle.

Employee Wellbeing

Employee health and safety is a top priority in NetEase. We abide by all laws and regulations on workplace safety, such as the Law of the People's Republic of China on Production Safety and the Fire Control Law of the People's Republic of China. For better health and safety, we organize awareness-raising seminars, improve our infrastructure and provide mental support to employees through our EAP (Employee Assistance Program). In addition, NetEase has developed and implemented an Injury and Illness Prevention Program (IIPP) in the U.S. to protect the health and safety of our employees.

Protecting Employee Wellbeing

Caring for Female Employees

Each NetEase campus has a dedicated room for all mothers-to-be, with priority seats reserved for pregnant women and dedicated personnel to care for the needs of mothers-to-be, giving them access to a variety of conveniences.



One-touch Emergency Assistance

To ensure that medical emergencies at the workplace are handled promptly, we have introduced an SOS function which employees can use to call for help. One example of the usefulness of this function arose in September 2022, when an employee on one of our campuses had a seizure in the canteen and a nearby colleague used SOS right away. The campus doctor arrived at the scene within 3 minutes and rebalanced a potassium deficiency he was experiencing with electrolytes.

First Aid Training

NetEase holds regular first aid training for employees, covering skills such as CPR, AED and trauma dressing in both theory and hands-on practice.



- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

Fitness Activities

Healthy Canteen

During the reporting period, NetEase's Beijing campus joined hands with the local government to create a healthy menu for its canteen. In addition, our Shanghai campus upgraded its meal standards and conducted meal trials and unannounced inspections to promote food safety.

NetEase Hangzhou Sports Season – The Identity V Cup

NetEase organized a Sports Season that included eight sports such as basketball, football and badminton to encourage employees to get fit and embrace fitness as a lifestyle choice. The total number of participants in the most recent Sports Season reached 822.



The 25th Anniversary - West Lake Relay

We organized a 25km West Lake Relay Race to celebrate our corporate birthday together, expressing our best wishes through fitness activities.



The health and safety of our employees will remain our focus. We strive to provide them with meticulous care, medical emergency facilities and reassurance in security and food safety. In addition, we will keep motivating employees to join various group activities for better wellbeing.

- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

Creating Social Value

Our Commitment: NetEase is committed to creating greater value for society through various philanthropic activities to fulfill its social responsibility. We also seek out partnerships and collaborations with all sectors of society to elevate together the industries in which we operate.

Focus Areas: Promoting community welfare by devoting resources to philanthropy is a top priority for sustainable development. We are committed to multiple programs, such as education empowerment, caring for the vulnerable and rural revitalization.



At NetEase, we leverage our continuous innovation and practical experience to fulfill our corporate social responsibility and share our resources and expertise with the industries in which we are engaged so we can grow together. In 2022, NetEase won the CSR CHINA TOP100 Rank.

Advancing Industry

We share our experiences with industry to facilitate collaboration and drive innovation and development in the ecosystem.

Enhancing the Industry with Best Practices

NetEase Games

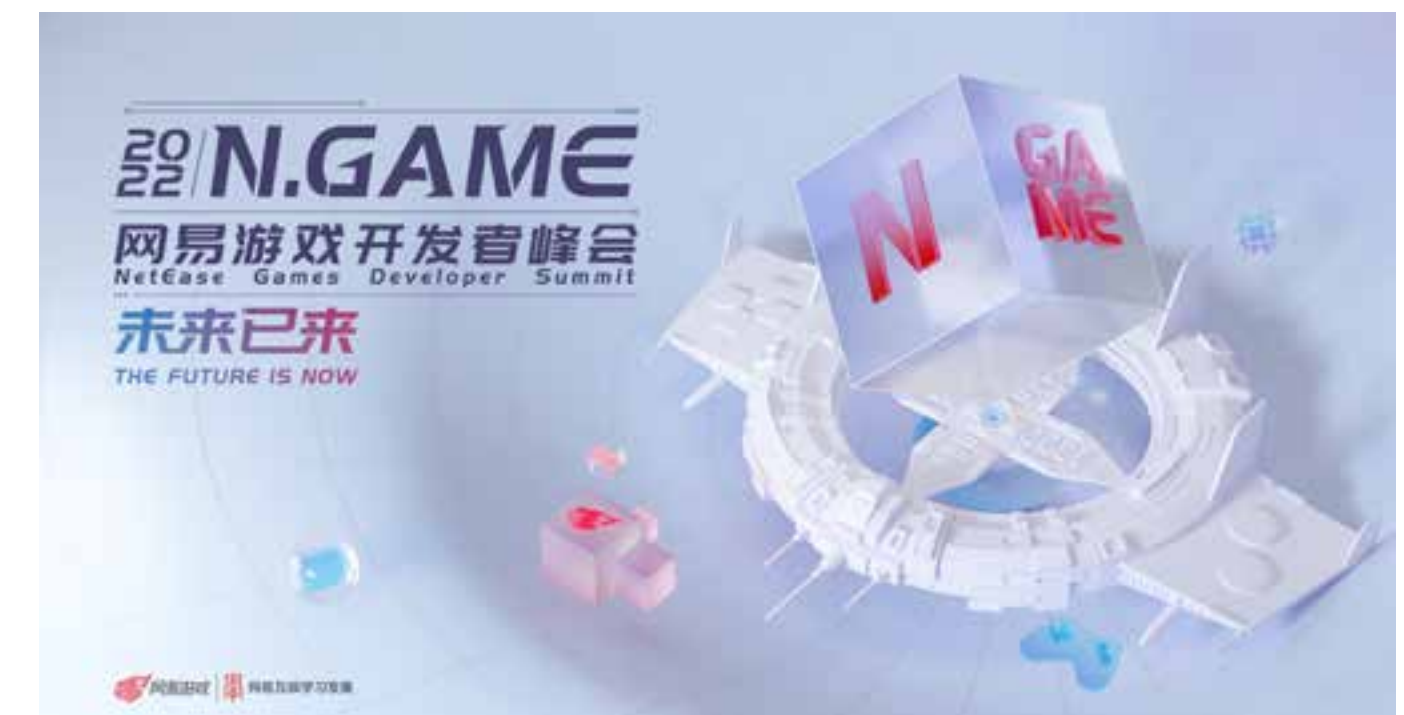
In April 2022, the *NetEase Games Learning & Development Institute* held the 2022N.GAME NetEase Games Developer Summit for fans around the world. Marking the 8th anniversary of the summit, this 4-day online event brought together 20 industry veterans and academic speakers from home and abroad to share their expertise on "The Future is Now", featuring topics such as game development, game export, metaverse and value capture. The Summit was covered by **380+ media outlets** around the world and accumulated nearly **800,000 views** across major platforms.

There are accumulated nearly

800,000 views across major platforms.

The Summit was covered by more than

380 media outlets around the world



- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

At NetEase, we strive to build a healthy industry ecosystem by initiating talent programs conducted through industry-university cooperation and participating in the drafting of multiple industry standards.

NetEase Games: Talent Programs Conducted Through Industry-University Cooperation

Based on over 20 years of experience in R&D and talent training, the NetEase Games Learning & Development Institute has built a 4-in-1 system covering research, teaching, practice and employment in partnership with multiple universities. In our talent programs, we explore a variety of learning styles, such as elective courses, lectures, job placements, internships, laboratory cooperations and university competitions.

In 2022, the NetEase Games Learning & Development Institute carried out **16 talent programs** using the industry-university cooperation model for targeted training. We are now working with **30+** universities around the world with the aim of channeling a large number of high-quality talents to the industry to empower technological development.

NetEase Games Learning & Development carried out

16

talent programs using the industry-university cooperation model

Working with more than

30

universities around the world



Visual Arts and Computational Aesthetics Course by NetEase Games and Peking University

In 2022, *NetEase Games* and the School of Intelligence Science and Technology at Peking University, one of China's top universities, started their first collaboration to train game developers. Combining theoretical teaching and hands-on sessions using our self-developed CLICLI editor, the course enrolled 40+ students and aimed to discover and cultivate students with excellent talent in TD (Technical Designer) / TA (Technical Artist) / Machine learning.



Youdao: Leading the Standardized Development of Dictionary Pens

In November 2022, the China Academy of Information and Communications Technology and *Youdao* initiated a project to establish standards for the development of future dictionary pens, which are smart pens that can be used for translation and language learning. With additional assistance from a group of companies, the "Functional Requirements and Testing Methods of Dictionary Pens" was developed. As the first industry standards in the area of smart educational hardware released by the Internet Society of China, it represented a successful step toward the standardization of the dictionary pen industry, which we believe will push forward the development of this product category and the overall market for smart educational hardware.



- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

At NetEase, we integrate our own resources and explore diversified paths to promote social welfare.

Contributing to Social Welfare

NetEase selects areas of focus in social welfare that are compatible with deeper societal needs and our advantages to live up to our commitment to society and public welfare.

For example, *NetEase Games* established the NetEase Games Corporate Social Responsibility Promotion Center in 2022, and sets up the official website (<https://csr.163.com/>), official WeChat account, WeChat Channel and other platforms to spread the vision of practicing social responsibility. The NetEase Games Corporate Social Responsibility Promotion Center is committed to exploring the positive social value of games through the promotion of diversified cultures, learning through fun, youth education and the development of interdisciplinary exchanges and cooperation between games and academia, science and technology, education, charity, and other fields.

Promoting Cultural Diversity through Social Responsibility Practices

In practicing corporate social responsibility, NetEase believes that games can be effective carriers of culture, education and social values.

When Cultural Elements Meet Modern Games

NetEase Games blends marvelous cultural elements in our worldview designs, sparking a unique fusion between modern games and culture. For example, we digitalized landmarks like the ancient city of Jinling, Juyong Pass and Dunhuang Crescent Spring in our game *All About Jianghu* for young people to learn about history.



Digital Heritage: Discovering Cultural Treasures

NetEase Games has completed over 100 innovative cultural heritage projects, covering more than 40 State-level cultural heritage protection institutions and intangible cultural heritage successors across 80 items on China's intangible cultural heritage list. For example, *Fantasy Westward Journey Online* has launched 20+ projects incorporating intangible cultural heritage such as Tang tri-color glazed pottery and Huizhou ink sticks. In addition, *Fantasy Westward Journey Mobile* collaborated with current practitioners of Guangdong paper cutting to create a family portrait of game characters. *Westward Journey Online II* also joined hands with experts to create a limited edition of Huan Fang's exquisite oil-paper umbrellas.



Digitalizing Cultural Tourism

NetEase Yaotai and the Culture and Tourism Department of Henan Province have collaborated to launch a metaverse. In this digital space using the *NetEase Yaotai* platform, tens of thousands of people can be online simultaneously to view and learn about famous historical sites in the province.



Revitalizing Artifacts with Digital Technology

Revitalizing artifacts is a priority in many countries including China. In conjunction with the Longmen Grottoes Research Institute, our game *New Ghost* recreated the colorful splendor of the Lushena Buddha as it is believed to have appeared 1,300 years ago with digital technology and shared the data with the digital restoration project. The game also launched innovative gameplay to enable players to experience metaverse travel in China.



- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

At NetEase, we fuel rural talent development with education philanthropy to improve access to digital learning resources.

Empowering Inclusive Education with Technology

NetEase is committed to contributing to inclusion and equality in education. Making use of our platform advantages, we empower education with technology to provide rural students with equal access to educational opportunities.

One Screen Program

One Screen is a non-profit education program initiated by William Lei Ding, the founder and CEO of NetEase. This program is dedicated to promoting educational equality by providing resources such as smart devices, high-quality courses and online learning platforms to students in impoverished areas of China.

By the end of 2022, the donation and teaching resources of One Screen had covered

over

300

schools in 11 counties and cities in six provinces, including Sichuan, Gansu, Yunnan and Guizhou

benefiting nearly

200,000

teachers and students

In 2022, the first group of sponsored students achieved positive results in the National College Entrance Examination (NCEE), and many of them were admitted to top universities in China, such as Peking University, Harbin Institute of Technology and Wuhan University.

The Little Snail Library Program



Through the Little Snail Library Program which commenced in 2021, NetEase has made numerous donations to rural schools to build smart reading libraries that are filled with high-quality books and digital materials and backed by a smart management app. In 2022, the Little Snail Library Program published the *Reading List for Rural Children* and *Reading List for Little Snail Children* to provide suggested book selections for donations.

By the end of 2022, 67 rural elementary schools in Zhejiang, Chongqing and Sichuan were equipped with a Little Snail Library, benefiting over 22,000 students with more than 130,000 donated books, with each student reading an average of 9.4 books during the year. In 2022, the Little Snail Library also launched public activities in response to the United Nations Development Programme.

In 2022, NetEase Public Welfare and the Little Snail Library won the **CSR CHINA SDG Special Award**.

67

Little Snail Libraries

130,000+

donated books

22,000+ students

Each student reading an average of

9.4 books

- Talent Attraction
- Talent Development
- Employee Welfare
- **Creating Social Value**

One Classroom Program

Our One Classroom Program aims to create a systematic and modular model in education philanthropy, providing teachers and students in rural schools with quality education in an immersive environment. In 2022, supported by scientists from the Tsinghua Laboratory of Brain and Intelligence and the Architectural Design team of Xi'an Jiaotong University, the first NetEase One Classroom was established in Shuangshanzi Primary School in Qinglong to offer students a range of high quality courses.



One Yuan for One Dream Program by the Mobile Version of *New Ghost*



Through the mobile version of *New Ghost*, *NetEase Games* joined hands with the Yangfan Project of China Siyuan Project Poverty Alleviation Foundation to launch a public welfare activity named "One Yuan for One Dream", aiming to help a kindergarten in the village of Mimalong, which is the only school for children of ethnic minorities in the area. All funds raised from game players will be donated to build a road -- known as the "Dream Road" -- for children in Miao Township.



At NetEase, not only do we contribute resources to help education, but we also continuously explore new methods of leveraging our technologies to improve education in versatile ways.

NetEase Games, together with multiple academic institutions, jointly released the 2022 *Game Enabled Education Research Report*



The Game Philosophy Research Center of Xiamen University, together with academic institutions such as the Center for Positive Psychology Research of the Academy of Social Sciences of Tsinghua University, and with the help of industry institutions such as *NetEase Games Learning & Development*, jointly released the 2022 *Game Enabled Education Research Report*. The report recognizes that games have played an important educational role since ancient times and are an important means of gaining experience and learning about culture. In recent years, *NetEase Games* has been exploring the boundaries of educational games by integrating with different fields to realize extensive and in-depth development of the educational functions of games.

- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

At NetEase, we aspire to be a role model by caring for the needs of different groups in society.

Creating Social Welfare

NetEase understands the needs of the vulnerable and provides targeted assistance to them. We also call on every employee to join us in practicing public welfare. For example, in 2022 *Youdao* held 6 events with 300 staff volunteers and more than 1,000 hours of volunteer service through our charity platform, providing assistance to the mentally challenged, rural students and hearing-impaired children. Other projects included:

Twilight Program

In 2022, *Youdao* and *NetEase Cloud Classroom*, together with Microsoft, launched the Twilight Program, a large-scale non-profit education initiative for people with disabilities, providing them with a one-stop solution to access training and employment. In the six months since its launch, more than 7,400 trainees have taken vocational courses in this program.



Accessibility Enhancement for the Elderly and the Disabled

Wangyi Xinwen gives full play to new technologies to improve product accessibility for the elderly and the disabled to enhance digital inclusion. *Wangyi Xinwen* also launched a voice-over feature for the visually impaired, as well as customized gestures for the physically challenged, to provide them with more user-friendly products and services.

MINI-GAME Bridges Games with Charity

In collaboration with the Beijing New Sunshine Charity Foundation, the 2022 NetEase Games College MINI-GAME Challenge made games a vehicle for philanthropic education, covering topics such as medical science and hospice care in the games. These included, for example, *The Last Gift* and *The Envelope* for leukemia patients, *Vanishing Grandma* for Alzheimer's patients and *Hyacinth* for cancer patients.

These charity works have come to the public's attention in China, and we call on all sectors of society to take notice of the mental needs of the vulnerable and focus on the positive impact and philanthropic value of games.



- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

Caring for Left-behind Children

On June 1, 2022, the Public Welfare Channel of *Wangyi Xinwen* and the Beijing Western Sunshine Rural Development Foundation jointly held a charity concert, *Sound for Love*, allowing left-behind children to have more fun and get a sense of accomplishment on Children's Day.

Tianxia: World for the Common Good public welfare program

Through our game *Tianxia*, *NetEase Games* teamed up with the charity Wardrobe of the China Social Assistance Foundation to send warm winter clothes to rural primary school children in remote areas of Henan Province.

During the Spring Festival in 2022, *Tianxia* cooperated with the public welfare organization Baby Come Home to continuously display information on lost children in the game during the peak hours of 10 p.m. to 12 p.m. every night.



All About Jianghu: In The Name of Chivalry public welfare program

Through our game *All About Jianghu*, *NetEase Games* cooperated with the Blue Sky Rescue Team to carry out public welfare cooperation and donated solar street lamps for Shuitang Village, Gaopo Miao Township, Guizhou, bringing convenience to the villagers' lives.



Agricultural Assistance

In 2022, we continued our agricultural assistance program to procure slow-selling agricultural-products from rural areas. In March 2022, we procured over 3,000 catties (1.5 tons) of slow-selling spring bamboo shoots from farmers in Fuyang. Later in May, we helped farmers in Qiandao Lake by procuring several thousand acres of cabbage via our internal canteens. Moreover, after learning about the difficulty faced by loquat farmers in Yuhang, Hangzhou, we reached out to them and sold 700 packages of loquats on their behalf.

Earthquake Relief

In September 2022, a magnitude 6.8 earthquake jolted Luding County, Ganzi, Sichuan Province, affecting millions of people in the region. The Zhejiang NetEase Charity Foundation donated RMB1 million in cash and RMB500,000 in supplies for earthquake relief and post-disaster reconstruction.

Cash donation

RMB 1,000,000

Supplies for earthquake relief

RMB 500,000

- Talent Attraction
- Talent Development
- Employee Welfare
- Creating Social Value

At NetEase, we aim to drive a digital society with the power of technology, accelerating the development of public welfare with digitalization.

Technology for Good: Digitalization in Public Welfare

Digitized public welfare has become the new paradigm brought on by rapid technological development. We leverage our own technology and advantages to effectively promote public welfare projects and share the stories of people in need.

Wangyi Xinwen: Updating the Public Welfare Channel

The new version of the Public Welfare Channel in the *Wangyi Xinwen* has refined the mechanism for content classification and added areas to showcase public welfare projects.



NetEase Releases Public Welfare Digital Collection

As the first public welfare digital collection released by NetEase, this limited edition collection of illustrations and stories titled Plant Sun Project was inspired by the refugee stories from the United Nations High Commissioner for Refugees (UNHCR), attracting attention and participation through free digital collection raffles. In this project, we also procured refugees' handi-crafts from the UNHCR to help them rebuild their lives.


















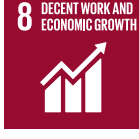



In the future, we will remain committed to creating greater value for society and fulfilling our corporate responsibilities. With our technologies developed for sustainable innovation, we aspire to advance the industry while creating novel paradigms for public welfare.

Appendix

Appendix 1: United Nations Sustainable Development Goals (UNSDGs)

The United Nations Sustainable Development Goals (SDGs) are the 17 global development goals set by the United Nations. These Goals are a call for action by all countries – poor, rich and middle-income – to promote prosperity while protecting the planet. The Member States of the United Nations adopted the Sustainable Development Goals (SDGs) in 2015. The agenda provides direction for the countries to achieve 17 goals in 15 years (2015-2030).

Chapter	UNSDGs
Corporate Governance	 Goal 5 Gender Equality: Achieve gender equality and empower all women and girls.  Goal 8 Decent Work and Economic Growth: Promote inclusive and sustainable economic growth, employment and decent work for all.  Goal 16 Peace, Justice and Strong Institutions: Promote just, peaceful and inclusive societies.  Goal 17 Partnerships For The Goals: Revitalize the global partnership for sustainable development.
ESG Strategy	 Goal 16 Peace, Justice and Strong Institutions: Promote just, peaceful and inclusive societies.
Product Responsibility	 Goal 9 Industry, Innovation and Infrastructure: Build resilient infrastructure, promote sustainable industrialization and foster innovation.  Goal 12 Responsible Consumption and Production: Ensure sustainable consumption and production patterns.  Goal 17 Partnerships For The Goals: Revitalize the global partnership for sustainable development.

Chapter	UNSDGs
Environment	<div data-bbox="912 273 1002 363">  </div> <p data-bbox="1019 302 2212 333">Goal 7 Affordable and Clean Energy: Ensure access to affordable, reliable, sustainable and modern energy.</p> <div data-bbox="912 377 1002 467">  </div> <p data-bbox="1019 405 1979 437">Goal 13 Climate Action: Take urgent action to combat climate change and its impacts.</p>
Empowering Society	<div data-bbox="912 508 1002 598">  </div> <p data-bbox="1019 536 1679 568">Goal 1 No Poverty: End poverty in all its forms everywhere.</p> <div data-bbox="912 611 1002 701">  </div> <p data-bbox="1019 639 2325 671">Goal 2 Zero Hunger: End hunger, achieve food security and improved nutrition and promote sustainable agriculture.</p> <div data-bbox="912 714 1002 804">  </div> <p data-bbox="1019 742 2125 774">Goal 3 Good Health and Well-being: Ensure healthy lives and promote well-being for all at all ages.</p> <div data-bbox="912 829 1002 919">  </div> <p data-bbox="1019 857 2439 889">Goal 4 Quality Education: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.</p> <div data-bbox="912 924 1002 1014">  </div> <p data-bbox="1019 953 1959 984">Goal 5 Gender Equality: Achieve gender equality and empower all women and girls.</p> <div data-bbox="912 1039 1002 1129">  </div> <p data-bbox="1019 1067 2528 1099">Goal 8 Decent Work and Economic Growth: Promote inclusive and sustainable economic growth, employment and decent work for all.</p> <div data-bbox="912 1153 1002 1243">  </div> <p data-bbox="1019 1181 1892 1213">Goal 10 Reduced Inequalities: Reduce inequality within and among countries.</p> <div data-bbox="912 1249 1002 1339">  </div> <p data-bbox="1019 1277 2069 1309">Goal 16 Peace, Justice and Strong Institutions: Promote just, peaceful and inclusive societies.</p> <div data-bbox="912 1363 1002 1453">  </div> <p data-bbox="1019 1391 2135 1423">Goal 17 Partnerships For The Goals: Revitalize the global partnership for sustainable development.</p>

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 in 2022
	(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	Sustainable Operations
	Discussion of the integration of environmental considerations into strategic planning for data center needs	TC-IM-130a.3	Sustainable Operations
Data Privacy & Freedom of Expression	Description of policies and practices relating to behavioral advertising and user privacy	TC-IM-220a.1	Cyber and Data Security and Privacy Protection
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 Data Security and Privacy Protection
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 Development

Appendix 3: HKEX ESG Reporting Guide Content Index

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
A. Environmental		
Aspect A1	Emissions	
General Disclosure	Relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer	Climate-Related Risk Identification, Sustainable Operations
KPI A1.1	The types of emissions and respective emissions data.	Appendix 5: NetEase's Environmental Performance in 2022
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 in 2022
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 in 2022
Aspect A2	Use of Resources	
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Sustainable 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 in 2022
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Sustainable Operations
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-Related Risk Identification
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-Related Risk Identification

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
B. Society		
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 Welfare
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Talent Welfare
Aspect B3	Development and Training	
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities. Note: Training refers to vocational training. It may include internal and external courses paid by the employer.	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

Subject Areas, Aspects, General Disclosures, and KPIs		Chapter/Section
Aspect B5	Supply Chain Management	
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Healthy and Safe Products
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.	Healthy and Safe Products
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Healthy and Safe Products
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Healthy and Safe Products
Aspect B6	Responsible Product	
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.	Healthy and Safe Products Cyber and Data Security and Privacy Protection
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	User Service
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Innovation Development
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Cyber and Data Security and Privacy Protection
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.	Corporate Governance
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Corporate Governance
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.	Creating Social Value
KPI B8.1	Focus areas of contribution (e.g., education, environmental concerns, labour needs, health, culture, sport).	Creating Social Value
KPI B8.2	Resources contributed (e.g., money or time) to the focus area.	Creating Social Value

Appendix 4: Climate Change Risk List

Transition Risks		
Category of Climate Change Risks		Response Measures
Policy and Legal	Enhanced emission reporting obligations	Continuously promoting refined management of energy consumption, forming regular statistics on energy consumption from operations, and precisely calculating carbon emissions.
Technology	Failed investment in new 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.
	Front-end cost of low-emission technology	Examining the feasibility of new technologies and equipment and arranging replacement by batches within a proper range.
Market	Changes in customers' behavior	Ensuring the share of green products by tracking market environment in real time.
	Rising procurement cost	Making energy efficiency a supplier access criterion of the Data Center, and encouraging existing suppliers to use cleaner energy.
Reputation	Changes in customers' preference	Exploring green products of existing suppliers; encouraging suppliers to provide green products; increasing the proportion of green products by years.
	Stakeholders are increasingly concerned about the impacts related to their reputations	Disclosing efforts made and results as well as pathway and plans for the future, so as to build confidence for stakeholders.

Physical Risks		
Category of Climate Change Risks		Potential Impacts on NetEase
Acute Risks	Typhoon	Typhoon has potential negative impacts on internet infrastructure, and may affect the supply of products in our platform.
	Floods	Floods have potential negative impacts on internet infrastructure, and may affect NetEase's operational stability.
	Droughts	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, which may result in a shortage of water resources, but the impact on our business will be minor.
Chronic Risks	Extreme rainfall	Extreme rainfall may have potential negative impact on internet infrastructure, thus affecting NetEase's operational stability.
	Rising average temperature	Rising average temperature may increase the demand for cooling during summer, thereby intensifying energy consumption.
	Rising sea level	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 in 2022

Greenhouse Gas Emission ⁹	Unit	Emissions in 2022 ¹⁰
Scope 1	Metric tons of CO ₂ e	11,987
Scope 2	Metric tons of CO ₂ e	41,131
Scope 3	Metric tons of CO ₂ e	274,060
Total	Metric tons of CO ₂ e	327,178
Per Capita Carbon Emissions from Operations (Scope 1 + 2)	Metric tons of CO ₂ e/Person	1.7
Energy Consumption ¹¹	Unit	Consumption in 2022
Diesel	kg	41,750
Gasoline	kg	26,763
Liquefied Petroleum Gas	kg	13,709
Natural Gas	10,000 m ³	163
Purchased electricity	MWh	66,504
Renewable energy consumption	MWh	432
Direct Energy Consumption	MWh	19,051
Indirect Energy Consumption	MWh	66,504
Comprehensive Energy Consumption	MWh	85,555
Per Capita Energy Consumption	MWh/Person	2.7
Waste	Unit	Amount of Waste Generated in 2022
Kitchen Garbage	Metric tons	2,872
Other Waste	Metric tons	16,641
Total	Metric tons	19,513
Per Capita Waste Discharge	Metric tons/Person	0.6
Water Consumption	Unit	Consumption in 2022
Total Water Consumption	Metric tons	607,871
Per Capita Water Consumption	Metric tons/Person	19.5

⁹ Scope of greenhouse gas emission statistics: Hangzhou, Beijing and Guangzhou campuses; *NetEase Weiyang* farms; leased data centers and cloud services; leased offices, warehouses, classrooms, stores and venues; *Yanxuan* outsourced packages and goods transportation; employee commuting and travel.

¹⁰ Emission factors are taken from common 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 2011 and 2012 China Regional Grid Average CO₂ Emission Factors published by the National Development and Reform Commission of China (the latest regional grid emission factors as of the publication date).

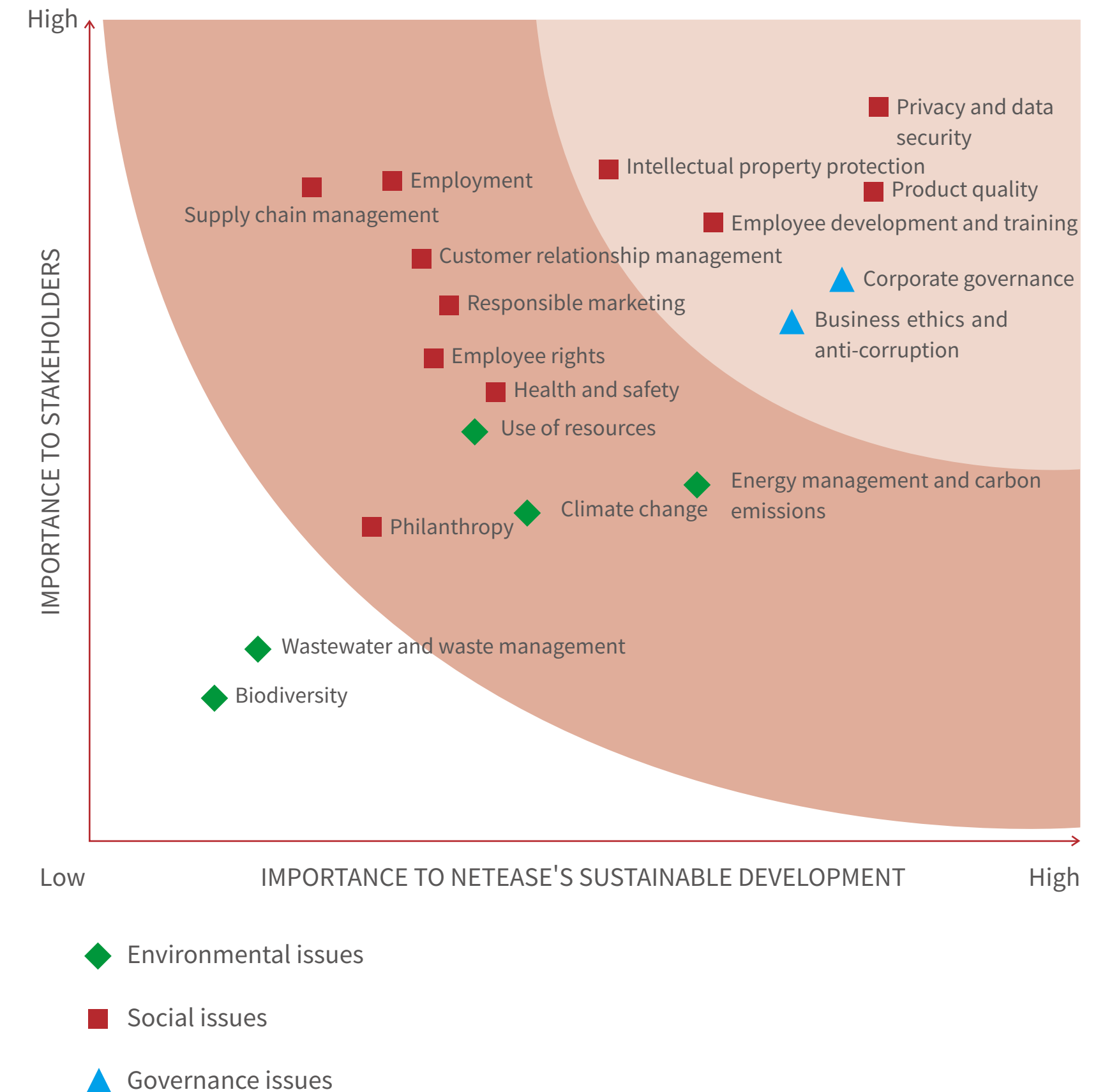
¹¹ In 2022, NetEase energy consumption data covers the Group's own offices and *NetEase Weiyang* farms within its operational control. Renewable energy mainly comes from solar power system in our campuses.

Appendix 6: ESG Material Issues

To inform our ESG strategy, we conduct an annual materiality assessment in accordance with best practice ESG reporting guidelines. Our latest assessment, completed in 2022, incorporates and reflects recent business developments, ESG trends, global regulatory changes and internal and external stakeholder expectations that have emerged since the previous formal assessment in 2021. Our process includes benchmarking, identification and prioritization of ESG issues. We review direct feedback from users, employees, suppliers, NGOs, the public and investors surveys on ESG issues.

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 data security protection
	7	Product quality	Product quality management and audits as well as incentives for product quality improvement
	8	Intellectual property protection	Policies and measures for the protection of intellectual property rights
	9	Employment	Policies and measures regarding diversity in the workplace
	10	Employee rights	Employee labor rights
	11	Employee development and training	Employee training and promotion management
	12	Health and safety	Policies and occupational health and safety measures to minimize the risk
	13	Customer relationship management	Customer satisfaction improvement initiatives
	14	Supply chain management	Supply chain management systems, regulations and related initiatives
	15	Responsible marketing	Marketing methods meet social responsibility requirements and comply with advertising ethics
	16	Philanthropy	Measures contributing to local development
Governance Issues	17	Corporate governance	Corporate governance structure and risk management
	18	Business ethics and anti-corruption	Compliance with and implementation of company policies regarding business ethics

NetEase 2022 ESG Material Issues Matrix



In this report, our use of the terms "material" and other similar terms refers to materiality within the context of our ESG programs and priorities. We are not using these terms as they are used under the securities or other laws of the United States, the Hong Kong Special Administrative Region or any other jurisdiction or as these terms are used in the context of financial statements and financial reporting.

Appendix 7: Disclaimers

Forward-Looking Statements

This report contains statements of a forward-looking nature. These statements are made under the "safe harbor" provisions of the U.S. Private Securities Litigation Reform Act of 1995. You can identify these forward-looking statements by terminology such as "will", "expects", "anticipates", "future", "intends", "plans", "believes", "estimates" and similar statements. All statements other than statements of historical fact could be forward-looking statements. Forward-looking statements speak only as of the date they are made, 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. NetEase does 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.

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 2022 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.

1. Which one of the following stakeholders of NetEase are you?

Shareholder Employee Supplier User

Government Community Academic Institution

Other (Please specify) _____

2. How would you rate this report overall?

Excellent Good Neutral Poor

3. How would you rate the information disclosed in this report?

Very informative Informative Fair Little Very little

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

Excellent Good Neutral Poor

5. In which of the following categories do you think the content of this report could be improved:

Governance Environment Society

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

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

8. How do you rate the presentation of this report?

Excellent Good Neutral Poor

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

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