

## NEXON Corporate Governance Basic Policy

NEXON Co., Ltd. (“Nexon”) hereby formulates its basic policy regarding corporate governance as below in order to contribute to the sustainable growth and mid- to long-term enhancement of corporate value of Nexon and its subsidiaries (collectively, “Nexon Group”). This Basic Policy stipulates basic concept, framework and operating policy and procedures regarding corporate governance at Nexon.

### 1. Basic Concept regarding Corporate Governance

Nexon Group has, recognizing that its most important management issue is to balance the maximization of its corporate value and securing of the soundness in business operations through efficient and highly transparent management, stipulated (1) the maximization of shareholder value, (2) building of a good relationship of trust with stakeholders such as users, business partners, local communities and employees, and (3) sustainable and stable growth, as its basic policy of corporate governance.

To that end, we have been striving so that we will realize strict and proper supervisory function over the execution of operations, and will focus on effective design and operation of internal control systems, management always mindful of compliance, and organization management through group governance, which is mindful of appropriate cooperation with subsidiaries.

Specifically, the organization is arranged so that directors receive timely reports regarding any important matters that would have an impact on management and performances.

At Nexon, we are trying to strengthen internal controls, with Internal Audit Section as an internal independent monitoring body and Legal Department as a division in control of compliance matters.

### 2. Corporate Philosophy/Mission, Vision

Connecting the world with creative entertainment

Nexon provides people around the world with supremely entertaining, special experiences and leads the culture of play through its various entertainment businesses based on its games represented by Virtual Worlds. Nexon consistently aims to become a leader in the industry as a creative and innovative game creator, a service leader with top priority on customers, a business partner that promises success, and a general entertainment company that draws the attention of the world.

### 3. Corporate Strategy, Plan and Policy, and Business Portfolio

We will reinvest stable cash flows generated from our major titles to grow our Group’s global online game business.

#### (1) Focus on Virtual Worlds

We will create and operate large-scale Virtual Worlds offering deeply immersive game experiences.

#### (2) Offer services on multiple platforms including PC, console and mobile devices

We will provide our Virtual Worlds to multiple platforms, including mobile devices which have now the same level of capacities as PC and make it possible for us to access to 10x of market scale compared with PC.

(3) Leverage our own IPs

We will create Virtual Worlds that will generate stable revenues over a long period of time, leveraging out strong game IPs with hundreds of millions of fans around the world.

(4) Invest in especially valuable new IPs and technologies

In order to accelerate the growth of our global business, we will proactively invest in especially valuable new IPs and technologies

#### **4. NEXON Group Code of Conduct and Business Ethics (Code of Conduct)**

Nexon has formulated and will from time to time update “NEXON Group Code of Conduct and Business Ethics (Code of Conduct)” at its Board of Directors, endeavor to widely communicate this to, and have it complied with by, the officers and employees of Nexon Group, and regularly check the status of its compliance.

Please refer to the following URL for the current “NEXON Group Code of Conduct and Business Ethics.”

[http://ir.nexon.co.jp/en/stock/governance/conduct\\_ethics.pdf](http://ir.nexon.co.jp/en/stock/governance/conduct_ethics.pdf)

#### **5. Securing Shareholder Rights/Equality; General Meetings of Shareholders**

(1) General way of thinking

Nexon will take appropriate measures so that shareholder rights are substantially secured and maintain an environment conducive to appropriate exercise of shareholder rights. Nexon also ensures equality of shareholders in a substantial manner.

(2) General meeting of shareholders

Nexon, recognizing that general meetings of shareholders are a venue for constructive dialogue with our shareholders, will release convocation notices, described in an easily comprehensible manner from the perspective of shareholders, along with its English translation, on Nexon’s website. The schedule for general meetings of shareholders will be set appropriately overall, and to secure a sufficient period for shareholders to review the agenda items at shareholders meetings, the notice of convocation of general meeting of shareholders will be sent out earlier and we will endeavor to release the notice of convocation of general meeting of shareholders on TDnet and Nexon’s website before the convocation notices are sent out, and enable the exercise of voting rights in an electronic manner.

(3) Opposing votes at general meeting of shareholders

With regards to agenda items that are passed at the general meeting of shareholders, but for which there were opposing votes of 30% or more out of the number of voting rights exercised, the Board of Directors of Nexon will analyze the reason for it and appropriately reflect that fact in its future management and company proposals.

(4) Equity in the name of a trust bank

When an institutional investor owning our stock in the name of a trust bank, etc. desires to attend a general meeting of shareholders, we will allow the investor to attend the general meeting of shareholders, on the condition that we receive a certification from the trust bank who is the nominee that the institutional investor is actually a shareholder.

(5) Transactions with related parties

When Nexon Group conducts a transaction with its director or a major shareholder, etc., the

transaction shall be put forth to the Board of Directors in advance and its approval shall be obtained, so that such transaction would not harm the common interest of Nexon Group and its shareholders, except in the case where it is apparent that the conditions of the transaction are the same as general transactions.

## 6. Corporate Governance Scheme

Nexon Group, lead by NEXON Co., Ltd., whose stock is listed on the Tokyo Stock Exchange, is a game company with strengths in its highly-specialized knowledge, experience, technical abilities and degree of practical mastery with regards to development, servicing and operation of diverse, high-quality PC online games and mobile games, and we will develop and operate the scheme necessary for strengthening the corporate governance of Nexon Group by further securing the transparency of management to realize effective and efficient management that utilize those characteristics and to catch up to stakeholders' expectations.

At the general meeting of shareholders held on March 27, 2018, Nexon transferred to a company with Audit and Supervisory Committee to strengthen the supervisory functions of the Board of Directors and further enhance our corporate governance scheme.

## 7. Board of Directors

### (1) Roles and responsibilities of the Board of Directors

The Board of Directors takes on a supervisory function over the overall management, including execution of operations by the executive members, and secures fairness and transparency of management. Furthermore, the Board of Directors conducts decision-making for Nexon Group through decisions and approvals of execution of important operations, which are matters that should be decided by the Board of Directors under laws and regulations.

### (2) Delegation of authority

Along with the transfer to Audit and Supervisory Committee at the general meeting of shareholders held on March 27, 2018, the Board of Directors will improve its mobility in the execution of operations through speedier management decision-making by significantly delegating its decision-making authority regarding the execution of operations to executive directors.

### (3) Roles and responsibilities of external directors

To seek sustainable growth of Nexon Group and enhancement of corporate value on the mid- to long-term, external directors supervise the execution of operations by the Board of Directors and the management team, as well as any conflict of interest between Nexon Group and the management team, etc., from the stakeholders' perspective.

### (4) Composition of the Board of Directors

Nexon's Board of Directors has up to 10 members of directors who are not members of Audit and Supervisory Committee, and up to 5 members of directors who are members of Audit and Supervisory Committee, as stipulated in the Articles of Incorporation. While it basically will be composed of a number of members necessary and appropriate to ensure an effective management system required of a parent company taking on the function of managing the execution of operations at Nexon Group, as well as to ensure practical discussions in the Board of Directors' meetings, the composition of members will also be decided with full consideration towards the perspective of diversity in the Board of Directors and securing expertise, utilizing a so-called skill-matrix which categorizes knowledge, experience, capability, etc. of each member of the Board.

### (5) Number of external directors

Given the importance of the function of external directors in corporate governance, Nexon will appoint one-third or more members of the Board of Directors as independent external directors.

(6) Criteria for a director candidate

When deciding on a director candidate, Nexon will take into consideration the balance of personnel who can show his/her strengths in the management of each business area in a broad domain of operations, as well as personnel well-suited to executive management, and will choose as a director candidate a person befitting Nexon's broad domain of operations as an online game company and who is appropriate for securing the diversity and balance of knowledge, experience and abilities as the Board of Directors.

(7) Compensation Committee

To further enhance corporate governance, Nexon will establish a Compensation Committee with participation of external directors, as an advisory body of the Board of Directors. The Compensation Committee will review the compensation system and details of compensation, etc. of directors (excluding the Audit and Supervisory Committee members) and report the findings to the Board of Directors.

The majority of the committee members of the Compensation Committee shall be external directors. The Board of Directors will obtain the report of the Compensation Committee and make decisions regarding the compensation system, etc. of executive directors.

(8) Analysis of effectiveness of the Board of Directors

At least once every year, directors will conduct an assessment and discussion regarding the effectiveness of the Board of Directors, which leads to ongoing improvement initiatives to heighten the effectiveness of the Board of Directors. An overview of such assessment and discussion will be disclosed in the "Corporate Governance Report."

(9) Supervision of succession plan for Chief Executive Officer, etc.

With regards to a succession plan for the Chief Executive Officer and other important executive directors, the Board of Directors will supervise it. As a policy of successor selection, the successor shall be selected from among those recognized as being appropriate upon taking into consideration his/her personality, views, knowledge, experience and track record.

## **8. Audit and Supervisory Committee**

(1) Roles and responsibilities of Audit and Supervisory Committee

Audit and Supervisory Committee takes on a supervisory function of the overall management, including the execution of operations by executive directors. It secures fairness and transparency of management, and conducts supervision to ensure the appropriateness of audits and outside accounting auditor's work, which are matters that should be conducted by Audit and Supervisory Committee under laws and regulations.

Audit and Supervisory Committee formulates the standards necessary for the selection and assessment of an accounting auditor, and it checks the status of execution of operations of the accounting auditor according to such standards and confirms whether or not the outside accounting auditor has the required independence and expertise.

(2) Composition of Audit and Supervisory Committee

Nexon's Audit and Supervisory Committee has up to 5 members as stipulated in the Articles of Incorporation. While it basically will be composed of a number of members necessary and appropriate to ensure an effective audit, supervisory system and supervisory functions over the overall management, including executive directors, which is required of a parent company taking on the function of managing the execution of operations at Nexon Group, as well as to ensure practical

discussions in Audit and Supervisory Committee' meetings, the number of members will also be decided with full consideration towards the perspective of diversity in Audit and Supervisory Committee and securing expertise.

- (3) Number of Audit and Supervisory Committee members who are external directors  
Nexon will appoint the majority of the members of Audit and Supervisory Committee from independent external directors in accordance with the Companies Act.
- (4) Criteria for a candidate for a director who is to be a member of Audit and Supervisory Committee  
When deciding on a candidate for a director who is to be a member of Audit and Supervisory Committee, Nexon will take into consideration the balance of personnel who can show his/her strengths in the management of each business area in a broad domain of operations, as well as personnel well-suited to executive management, and will choose, as a candidate for a director who is to be a member of Audit and Supervisory Committee, a person befitting Nexon's broad domain of operations as an online game company and who is appropriate for securing the diversity and balance of knowledge, experience and abilities as Audit and Supervisory Committee.

## 9. Directors and the Management Team

- (1) Independence criteria of board members  
Independence criteria regarding Nexon's independent external board members shall, in principle, be in accordance with the standards stipulated in the Companies Act and by the Tokyo Stock Exchange, while, in addition to this, the Board of Directors may designate its own independence criteria.
- (2) Policy and procedures for director candidate designation  
Nexon's director candidate shall be decided by the Board of Directors from among a wide variety of personnel, in accordance with the following designation policy:
  - (i) A person who has rich knowledge and experiences regarding business management and business operations of an online game company
  - (ii) A person who fully understands the social responsibilities and roles as a global service provider and who can fairly and accurately execute business management and business operations based on high self-discipline
- (3) Policy and procedures for external director candidate designation  
Regardless of the foregoing paragraph, an external director candidate shall be decided by the Board of Directors from among a wide variety of personnel, in accordance with the following designation policy:
  - (i) A person who satisfies criteria for an external director under the Companies Act
  - (ii) A person who understands Nexon's corporate philosophy and who has full understanding of social responsibilities and roles as a global service provider
  - (iii) A person who fully recognizes his/her role as an external director and who can utilize his/her knowledge and experiences in corporate management, finance, legal affairs, corporate financing, accounting, tax affairs, audit or another area to supervise Nexon's directors and management team, as well as provide them with sound and appropriate opinions and advice.
- (4) Policy and procedures for the designation of a candidate for a director who is to be a member of Audit and Supervisory Committee  
Nexon's candidate for a director who is to be a member of Audit and Supervisory Committee shall be decided by the Board of Directors, upon obtaining the consent of Audit and Supervisory Committee, from among a wide variety of personnel, in accordance with the following designation policy:

- (i) A person who has rich knowledge and experiences regarding business management and business operations of an online game company
  - (ii) A person who fully recognizes his/her role as a director who is a member of Audit and Supervisory Committee and who can utilize his/her knowledge and experiences in corporate management, finance, legal affairs, corporate financing, accounting, tax affairs, audit or another area to audit and supervise executive directors' execution of operations from a fair, neutral and objective perspective and who can contribute to the improvement of soundness and transparency of management
- (5) Policy and procedures for the appointment of the CEO or a management executive  
Nexon's Chief Executive Officer shall be appointed and decided by the Board of Directors from among those who are deemed appropriate upon consideration of their personality, insights, knowledge, experiences and track record, and who also have the aptitudes provided below:
- (i) A person who has rich knowledge and experiences regarding business management and business operations of an online game company
  - (ii) A person who fully understands the social responsibilities and roles as a global service provider and who can fairly and accurately execute business management and business operations based on high self-discipline
  - (iii) A person who understands Nexon Group's management strategy, management plan, business situations of its various businesses, business environment and management issues and who can contribute to the sustainable growth and mid- to long-term improvement of the corporate value of Nexon Group through his/her excellent leadership.
- (6) Policy and procedures for deciding board members' compensation  
In order to ensure that board members' compensation is appropriate as an incentive, etc. for achieving the corporate strategy, etc., the basic policy for such compensation shall be that it: (a) contributes to the sustainable growth of Nexon Group and mid- to long-term improvement of corporate value; (b) is reasonably competitive on the global HR market to acquire truly talented personnel for the management team from a global perspective and to maintain such a relationship; (c) links directors' compensation with the company's business performance and corporate value to align their interests with those of shareholders and raise the management mindset's focus on shareholders; and (d) has highly transparent and objective process for determining compensation. Nexon has established "NEXON Directors' Compensation Policy" based on this basic policy. (Last amended: February 21, 2024)
- See the URL below for the current "NEXON Directors' Compensation Policy."  
[http://ir.nexon.co.jp/stock/governance/executive\\_compensation.pdf](http://ir.nexon.co.jp/stock/governance/executive_compensation.pdf)
- (7) Securing of board members' time; concurrent service  
Because directors are required to secure time necessary to understand Nexon's business, etc. and attend the Board of Directors' and/or Audit and Supervisory Committee's meetings, as well as prepare for them, it is deemed desirable for them not to hold concurrent positions as board members (director, statutory auditor or executive officer/board member) at more than 4 listed companies besides Nexon.  
The status of any concurrent service of directors will be disclosed under "Status of Directors" in business reports and the agenda for the election of directors in the reference documents for the general meeting of shareholders.
- (8) Policy for board members' training seminars, etc.  
Nexon will collect and provide information regarding economic conditions, industry trends, compliance with laws and regulations, etc., corporate governance and financial accounting, and any other matters necessary for directors to fulfill their roles and functions. Nexon will also provide them with opportunities to attend outside seminars and support the execution of duties by directors.



(9) Support system for external directors and directors who are members of Audit and Supervisory Committee

There will be explanations from respective departments or the Board of Directors' office to Nexon's external directors and directors who are members of Audit and Supervisory Committee regarding Nexon Group's corporate strategy, management plan, statuses of various businesses, management environment, management issues and jargon, etc., in a timely manner after their appointment, in order to support the formation of full understanding in them.

(10) Policy and procedures for the removal of the CEO or a management executive

The removal of the CEO or a management executive from his/her office shall be decided by the Board of Directors based on the provisions of the Companies Act, upon comprehensive consideration of the details as follows:

- (i) In the event of a material misconduct, such as violation of any provision under laws and regulations or the Articles of Incorporation, has occurred
- (ii) In the event that the execution of duties is significantly disrupted
- (iii) In the event that he/she is found to be significantly lacking in the qualities stipulated under the appointment policy, including the management ability
- (iv) In the event that he/she is deemed to have caused significant damage to the company's business performance
- (v) In the event that he/she is deemed to have caused significant disruption to the execution of business

## 10. Basic Policy on the System of Internal Controls

Nexon, through its Board of Directors, has stipulated the "Basic Policy on the System of Internal Controls" as follows, in order to implement its business effectively and efficiently and duly comply with laws and regulations, etc. (Last amended: March 27, 2018)

Please refer to the following URL for the current "Basic Policy on the System of Internal Controls."  
[http://ir.nexon.co.jp/en/stock/governance/internal\\_control\\_systems.pdf](http://ir.nexon.co.jp/en/stock/governance/internal_control_systems.pdf)

## 11. Appropriate Information Disclosure

Nexon discloses information accurately, fairly and in a timely manner to all of its stakeholders, such as shareholders and investors. Nexon also complies with the Companies Act, Financial Instruments and Exchange Act and other laws and regulations, as well as the rules stipulated by the Stock Exchange, and duly discloses not only its financial information but also its non-financial information. In addition, it not only discloses information for which disclosure is mandatory in a timely manner, but also proactively discloses socially useful information that contributes to the understanding about Nexon Group.

## 12. Policy regarding Dialogue with Shareholders

(1) Basic way of thinking

Nexon recognizes that the understanding and support by shareholders and investors is essential in order to realize sustainable growth and enhancement of corporate value on the mid- to long-term. Therefore, we would like to conduct constructive dialogues and build a relationship of trust while providing accurate information regarding Nexon Group to shareholders and investors in a timely and fair manner. When providing information, we will also endeavor to disclose and provide the

information in English as much as possible.

(2) IR structure

With regards to dialogues with shareholders and investors, President and Representative Director, as well as Chief Financial Officer and Representative Director will have overall control, and the IR Team, Corporate PR Team, Accounting & Finance Department, Legal Department, etc. will handle the matter in cooperation.

(3) Dialogue method

Accounting details, progress status of the management policy, etc. will be promptly disclosed on Nexon's website after the resolution at the Board of Directors' meeting. In addition, we will hold earnings presentations (Japanese) or earnings conference calls (Japanese and English) on a quarterly basis for institutional investors and analysts, and also arrange a venue (in Japan and overseas) for explanation and meeting by executives or board members (including independent external directors, if necessary), based on individual requests. For individual shareholders, we accept questions, opinions, etc. by phone.

(4) Internal feedback

We will give feedback, as necessary, to the Board of Directors and the management team regarding the content of dialogues with shareholders and investors.

(5) Insider information and quiet period

We will not communicate any unreleased material fact in the dialogues with shareholders and investors. Also, the period from the day 6 business days after the closing date to the day before the earnings release date every quarter shall be a "quiet period," during which we refrain from any dialogue regarding earnings information.

### 13. Capital Policy

Our basic way of thinking is to aim to maximize shareholder value by securing shareholders' equity that is rich in both quality and quantity to strengthen our sound financial base, as well as pursue improvement in capital efficiency. When judging capital efficiency, we will not particularly depend on any specific index, but will use as reference operating income margin and other indexes that are generally referenced in the capital market, such as Return on Equity (ROE) and Earnings Per Share (EPS).

We recognize that the return of profits to shareholders is an important management issue, but even more than that, we would like to review and execute effective investments for proactive business development for future growth, such as the expansion of our existing business and development of new businesses, M&As or acquisition of game publishing rights, for the purpose of strengthening our management base and enhancing our business going forward.

### 14. Dividend Policy

We recognize that the return of profits to shareholders is an important management issue, and it is our policy to return our profits to shareholders through such means as profit sharing and share buybacks depending on how our business performance is developing and upon careful review of the status of shareholders' equity, management actuals, revenue outlook and other factors. As for the use of retained earnings, we would like to do so with a consideration towards the balance between shareholder returns and effective investments for proactive business development for future growth, such as the expansion of our existing business and development of new businesses, M&As or



acquisition of game publishing rights, for the purpose of strengthening our management base and enhancing our business domain going forward.

Our basic policy is to pay out dividends of surplus twice yearly as interim dividends and year-end dividends.

## 15. Cross-Shareholdings

### (1) Basic policy regarding cross-shareholdings

At times, Nexon Group will acquire and hold shares, etc. of a business partner from the perspective of building a stable, long-term business relationship, or facilitating and strengthening business partnership or cooperative business expansion, with such business partner, in the case where it has been determined to contribute to the enhancement of Nexon Group's corporate value on the mid- to long-term. With regards to listed shares that do not align with the shareholding purpose from the perspective above, we will endeavor to dispose of them through sale or other means.

Furthermore, in the event that a company cross-holding Nexon shares (i.e. cross-shareholder) expresses its wish to sell or otherwise dispose of such Nexon shares, we will fully respect such wish upon confirmation of its intent and purpose. Nexon Group will constantly examine and verify the economic rationality of transactions with cross-shareholders to ensure that the common interests of shareholders are not harmed.

### (2) Explanation of purpose/rationality of cross-shareholdings

Nexon will endeavor to conduct constructive dialogues with its business partners, as necessary, in order to share management issues and lead to improvement of problems. Also, out of the shares we hold, individual cross-held shares will be examined in detail, including whether the purpose of shareholding is appropriate and whether the benefits and risks of shareholding are worth the capital cost, and the appropriateness of the shareholding will be verified by the Board of Directors and the details of such verification will be disclosed.

### (3) Basic policy regarding exercise of voting rights

With regards to the exercise of voting rights of so-called cross-shareholdings, we will closely examine the content of such agenda and conduct it appropriately upon making a comprehensive judgment of whether or not it would contribute to the increasing of shareholder value, the impact it would have on Nexon Group, etc. Affirmative judgment will not be made for any agenda that is damaging to shareholder value, regardless of whether it is company proposal or shareholder proposal.

## 16. Anti-Takeover Measures

Nexon has not adopted any so-called anti-takeover measures.

## 17. Appropriate Cooperation with Stakeholders and Respecting the Rights/Positions of Stakeholders

Nexon Group will, as a "good corporate citizen," endeavor to conduct responsible dialogues, build a strong relationship of trust, and cooperate appropriately, with all of its stakeholders.

The Board of Directors and the management team will endeavor to cultivate a corporate culture and climate necessary for Nexon Group to practice activities as a "good corporate citizen."

Also, we may have an Advisory Board as a consultative body, which will, based on assessment in view of global industry standards, provide appropriate advice to NEXON Group in connection with our businesses, operations and other activities. The Advisory Board will, in response to requests

from CEO, evaluate, analyze, scrutinize, as well as advise about organization, strategies, policies, plans, performances, industry trends and other aspects relating to NEXON Group's businesses, operations and other activities.

## **18. Initiatives for Sustainability**

Nexon's Board of Directors will aim for sustainable development of society and mid- and long-term enhancement of Nexon Group's corporate value by establishing a basic policy regarding social responsibility that each Nexon Group entity should fulfill, upon consideration of the importance of issues over sustainability (including ESG elements), thereby raising awareness of board members and employees, and also by promoting aggressive and proactive initiatives to solve the issues while giving consideration to stakeholders.

In addition, we will disclose information on our sustainability initiatives as well as our investments in human resources and IP (intellectual property) that form the basis of our businesses.

## **19. Promotion of Diversity**

Nexon Group will strive to build and maintain an environment where diverse personnel with various values and ways of thinking and professional knowledge and experiences can fully utilize their individuality and abilities, regardless of race, nationality, sex, religion, LGBT (i.e. sexual orientation, gender identity), disability, etc.

## **20. Whistle-Blowing System**

Nexon Group will build an appropriate whistle-blowing system based on "NEXON Group Code of Conduct and Business Ethics (Code of Conduct)" and "Basic Policy on the System of Internal Controls," for early ascertainment, investigation and correction of any case of violation of laws and regulations or company rules, etc.

### **Supplementary Provisions:**

#### **1. Revision or abolition**

Any revision or abolition of this Basic Policy shall be made by resolution of the Board of Directors.

#### **2. History**

Adopted on January 22, 2016

Also, with the adoption of this Basic Policy, "Corporate Governance Operation Guidelines," which was formulated on July 22, 2010 (last amended on September 15, 2011) shall be abolished.

Amended on May 12, 2017

Amended on March 27, 2018

Amended on October 24, 2018

Amended on February 22, 2019

Amended on February 13, 2020

Amended on March 25, 2021

Amended on September 22, 2021

Amended on February 21, 2024