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Message from the Corporate Officer in Charge of Sustainability

Shuichi Nishida
Corporate Officer,
Senior General Manager of
Sustainability Group

Profile

Joined Yahoo Japan Corporation (now LY Corporation) in 2004. Managed Yahoo! JAPAN Top Page and Yahoo! JAPAN Search. Appointed Corporate Officer for sustainability, CSR, etc. in 2017. Since October 2023, serves as Corporate Officer and Senior General Manager of Sustainability Group, LY Corporation.

We strive to be a trusted life platform, creating positive social impact.

Material topics revised to reflect the intra-Group reorganization and business changes

In September 2025, LY Corporation updated its material topics, reflecting the intra-Group reorganization of October 2023. As we foster a new corporate culture uniting the legacies of LINE Corporation and Yahoo Japan Corporation, we recognized the need to review our material topics as LY Corporation. Other drivers included rapid business changes such as the rise of AI and forthcoming compliance with new Sustainability Standards Board of Japan (SSBJ) disclosure standards.

In revising our material topics, we thoroughly discussed risks and opportunities, drawing on feedback from customers, partners, and Group employees. The new topics were finalized through collaboration among relevant departments, including Corporate Planning and Risk Management, and senior management.

Through this revision, we reaffirmed that our top priority is "reinforcement of security governance and privacy protection," positioning it as the most critical topic. In line with our mission to serve as a "life platform" providing the information infrastructure that supports daily life, we regard secure, reliable management of user data as essential. With copyright infringement and mis/disinformation from generative AI becoming major concerns, we must operate responsibly under an ethical framework that adapts to new technologies.

We also reviewed our approach to human resources. To create diverse services in the era of AI agents, we require expertise in data analytics, generative AI, and information security, as well as talent who can enhance organizational and business operations by applying varied specializations. Accordingly, we included "Maximizing human capital" as a material topic linking individual growth with organizational growth.

In this revision, we set indicators and targets for each topic and will monitor progress through the PDCA cycle to ensure continuous improvement.

Developing a diverse emissions reduction portfolio toward carbon neutrality

We have set short-, medium-, and long-term targets to guide our greenhouse gas reductions. In the short term, LY Corporation is on track to achieve net-zero Scope 1 and 2 emissions on a standalone basis by FY2025. In the medium term, we aim for net-zero Scope 1 and 2 emissions across the Group by 2030, with steady progress already underway. In the long term, we target net-zero Scope 1, 2, and 3 emissions across the Group by FY2050. As global Scope 3 methodology remains under development, we will begin with careful estimation.

To advance carbon neutrality in today's changing world, we are developing a multifaceted portfolio of emission reduction measures. Past energy crises driven by geopolitical risks, such as the wars in Ukraine and the Middle East, highlight uncertainties in energy conditions. Securing renewable energy and environmental certificates may not always be straightforward. By diversifying reduction measures,

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we aim to minimize external impacts and steadily progress toward carbon neutrality.

One approach is long-term renewable energy agreements known as power purchase agreements (PPAs). As onsite plants near our facilities are impractical, we plan to use offsite virtual PPAs. We have signed a 20-year agreement to annually purchase 85 GWh of renewable energy with additionality from the Maniwa Solar Project, Japan's largest single-unit solar project for VPPAs. Operations are scheduled to begin in August 2026, with an expected reduction of 740,000 tons of emissions over 20 years. We also purchase J-Credits from forests owned by forestry operators and local governments.

While credit purchases are important, it is vital that we pursue tangible activities ourselves. Our employees participate in tree planting to contribute to greenhouse gas reductions over the next 20–30 years. Because forest management also supports water replenishment and biodiversity, we will expand such efforts into broader environmental areas, building on our carbon neutrality efforts.

Quantifying our social impact to demonstrate the LY Corporation Group's new enterprise value

I believe that Creating Shared Value (CSV)—solving social issues through business while balancing social and economic value—is the cornerstone of our sustainability strategy. To advance this, we are quantifying our business's social impact. One example is the "Impact Assessment of Municipalities' Consultation Services Using LINE," conducted with the Public Management and Social Strategy Institute Inc. Covering 20 local government projects from FY2017 to FY2023, the study converted outcomes into monetary terms, estimating JPY 1.1 billion in value created and a Social Return on Investment of 1.89. Although still at a preliminary stage, we also assessed the social value generated by Yahoo! JAPAN Internet Fund Raising. We estimated donations that would not have occurred without this platform, averaging JPY 830 million per year. This reflects users' trust in the platform and the ease of donating during disasters—factors that encouraged donations. Quantifying and clearly presenting our social impact is vital, and if recognized by investors and reflected in higher market value, it will strongly motivate us to create even greater social value.

Visit our website for more details

Of course, it is also essential to reinforce our safeguards as a company, particularly respect for human rights across our operations and supply chain. To this end, we must follow global standards such as the International Bill of Human Rights, the ILO Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights. In 2024, we revised our Group Human Rights Policy and established a Human Rights Working Group under the Sustainability Committee, with representatives from across the Group, strengthening our unified approach to human rights.

We also emphasize ESG disclosure, enhancing transparency through responses to CDP on Climate Change and Water Security, and alignment with SSBJ standards. As a Prime Market-listed company, we seek to improve transparency and enterprise value, thereby fulfilling our responsibilities to society.

(Interview date: June 16, 2025)

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Sustainability Initiatives of the LY Corporation Group

Basic Policy on Sustainability

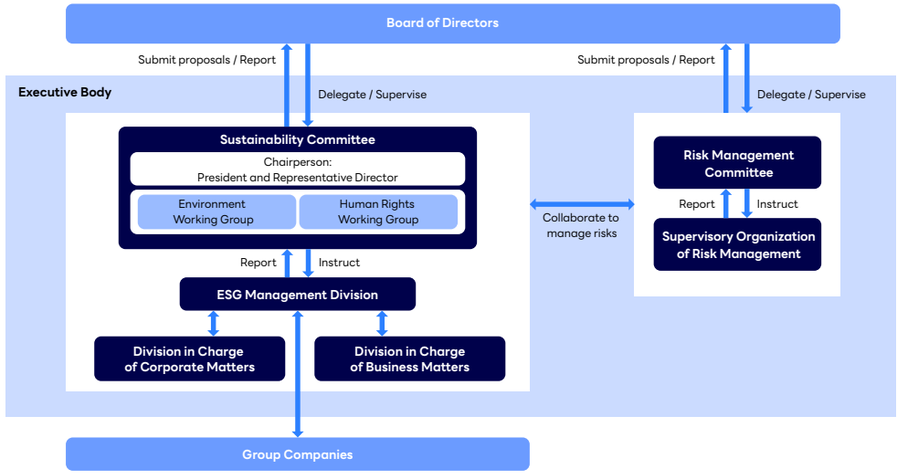
The LY Corporation Group upholds "Create an amazing life platform that brings WOW! to our users." as its mission. The Group will bring positive impact to society through its businesses and promote sustainability management that takes responsibility for future generations by addressing social issues, including the global environment and human rights.

To promote sustainability management, the LY Corporation Group establishes the following Basic Policy on Sustainability and identifies six material topics.

1. Promote sustainability from the standpoints of both society and business
2. Work collectively to address sustainability while taking advantage of the unique characteristics of each Group company
3. Take on challenges without being bound by precedents, and strive to continuously generate innovation

Sustainability management structure

We have established the Sustainability Committee as the executive body under the supervision of the Board of Directors to promote initiatives to address various sustainability issues across our Group companies. The Sustainability Committee includes two groups: the Environment Working Group and the Human Rights Working Group, each responsible for examining and promoting measures to address specific issues. In addition, the organization related to risk management and responsible for overseeing ERM*1 collaborates with sustainability-related organization to identify, assess, and mitigate sustainability-related risks.



Regarding the supervisory structure, the Board of Directors receives proposals and reports on important matters from the Sustainability Committee as needed, and it also receives reports on company-wide risks, including sustainability-related risks, from the Risk Management Committee once every six months in principle. The Board of Directors oversees sustainability-related risks and their management through deliberation and resolution of the important matters brought up for discussion. In addition, in order to ensure that the directors*2 are committed to promoting sustainability, we have incorporated sustainability evaluation as an indicator for determining cash bonuses for their executive remuneration within the range of ±5%. The sustainability evaluation indicator (±5%) is resolved by the Nominating and Remuneration Committee, the majority of whose members are independent outside directors. Visit our website for more details

Organization	Roles	Composition	Frequency of meetings
Sustainability Committee	The executive body promoting the sustainability initiatives of our Group	[Chair] President and Representative Director [Members] Executive Corporate Officer (CFO and Governance) , Corporate Officer (Sustainability), Senior General Manager (Human Capital & General Affairs) , Independent Outside Director	Four times a year in principle
Environment Working Group	Discussion and promotion of our Group's environmental policies and initiatives	[Chair] Corporate Officer (Sustainability) [Members] Environmental officers from each Group company	Three times a year in principle
Human Rights Working Group	Discussion and promotion of our Group's human rights policies and initiatives	[Chair] Senior General Manager (Human Capital & General Affairs) [Members] Human rights officers from each Group company	Twice a year in principle
Risk Management Committee	Policy decisions related to identifying and managing significant risks of our Group	[Chair] President and Representative Director [Members] Directors (excluding Outside Directors), Person designated by the Chief Executive of Risk Management, Corporate Officer (Risk Management)	Twice a year in principle

Risk management related to sustainability

We identify risks that could affect the achievement of our Group's mission and business goals through risk assessments conducted under our ERM framework. These risks are then analyzed from two angles: (i) how severe the impact would be if the risk materializes (i.e., how much it would affect our ability to achieve goals), and (ii) the likelihood of the risk materializing (i.e., how likely and frequently it would occur). From this, the Company assesses the risk level based on impact × likelihood and prepares measures accordingly.

*1 Enterprise Risk Management
*2 Excluding directors who serve on the Audit and Supervisory Committee

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Identifying key risks related to climate change and natural capital

We consider risks related to climate change and natural capital as critical factors in ensuring business continuity and competitiveness. To identify these risks, we collect the results of risk assessments conducted by business units and Group companies and use them to identify, prioritize, and monitor risks, after which we hold discussions and take actions accordingly.

Visit our website for more details

Identification process	Anticipated scenarios and key risks
• Scenario analysis based on IEA/IPCC frameworks • Risk analysis using the LEAP approach	• Cost increase stemming from the introduction of carbon taxes and emissions trading • Cost increase due to increased power and energy consumption • Data center performance degradation or data loss caused by intensifying extreme weather • Reputational impact due to growing demands for monitoring and disclosure of water usage and waste management, etc.

Key indicators and progress

Recognizing our reliance on energy and water resources, as well as the environmental impact of our entire supply chain, the LY Corporation Group has identified greenhouse gas reduction and sustainable use of water resources as key issues and has established corresponding targets and indicators.

Visit our website for more details

		FY2022 (Base year)	FY2023	FY2024
Amount of GHG emissions	**Short-term target** By FY2025, reduce LY Corporation's GHG emissions subject to Scopes 1 and 2 to net-zero ($mtCO_2e$)	99,433	79,698	8,400
	Medium-term target By FY2030, reduce the LY Corporation Group's GHG emissions subject to Scopes 1 and 2 to net-zero ($mtCO_2e$)	117,759	92,567	19,689
	Long-term target By FY2050, reduce the LY Corporation Group's GHG emissions subject to Scopes 1, 2 and 3 to net-zero ($mtCO_2e$)	3,396,196	3,382,376	4,004,124
Water consumption	By FY2030, reduce the LY Corporation Group's water consumption by 10% from FY2022 levels (m^3 per JPY 1 million in revenue)	0.285	0.289	0.312

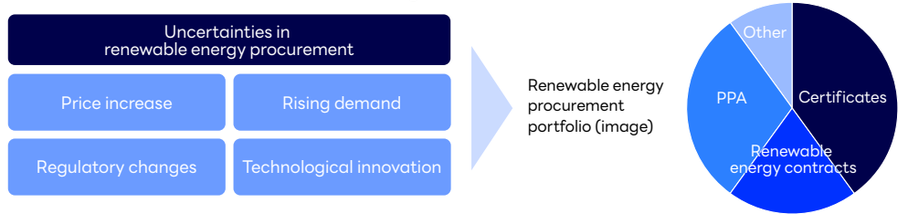
Strategies for risk mitigation

As the Group offers a wide range of internet services, a significant portion of our total energy consumption is attributed to our data centers. We therefore view improving data center efficiency and transitioning to renewable energy as key to risk mitigation.

In particular, maintaining a stable shift to renewable energy over the medium to long term is essential. To achieve this, it is necessary to build a diverse procurement portfolio to mitigate risks such as rising renewable energy prices and procurement shortfalls over the medium to long term. In addition to our existing procurement methods, we have introduced renewable energy with additionality through a PPA, creating a genuine and stable procurement portfolio. With this, we aim to achieve carbon neutrality, while also contributing to the widespread adoption of renewable energy and the realization of a decarbonized society.

Visit our website for more details

To address uncertainties, we aim to build a renewable energy procurement portfolio that diversifies sourcing methods and reduces risks.



We also address issues related to natural capital by considering both risks and opportunities from multiple perspectives, implementing appropriate measures, and promoting dialogue and collaboration with stakeholders to help build a sustainable society.

Visit our website for more details

Major recognitions from external evaluators

LY Corporation has been included for the first time in the Climate Change A List, a top rating, in the FY2024 survey by CDP, a global non-profit organization for environmental information disclosure.

Visit our website for more details

Climate CDP A List 2024

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Supply Chain Management and Respect for Human Rights

Strengthening supply chain management

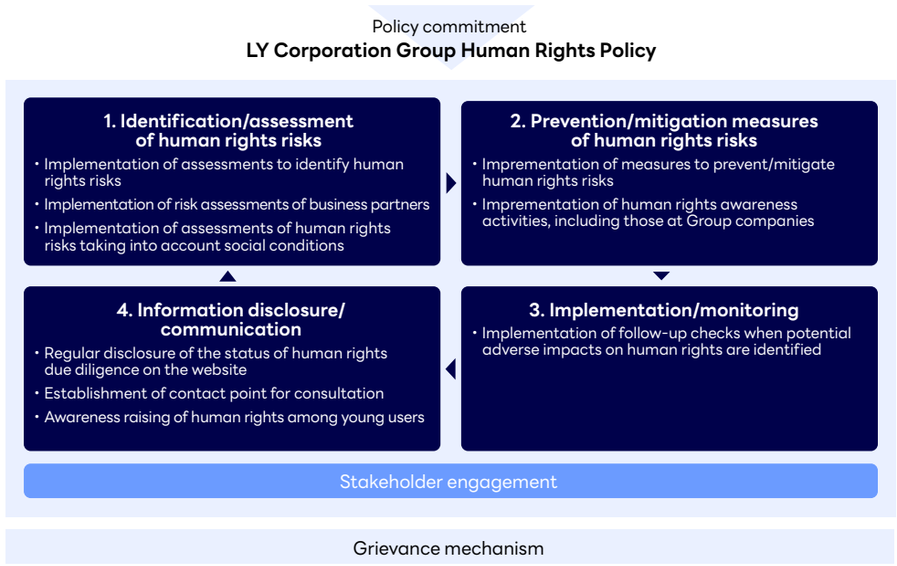
Our Group has established a Basic Policy on Procurement to promote sustainable and fair trading with suppliers, covering legal compliance, fair partner selection, environmental conservation, respect for human rights, and other matters. In July 2024, we formed an organization to strengthen supplier management and launched a new risk assessment process for procurement. This includes pre-transaction investigations into anti-corruption, economic security, information security, and compliance to ensure safe business dealings. In principle, we also include ESG-related terms such as human rights and environmental responsibilities in contracts with suppliers to which work is outsourced to ensure shared values and responsible trading across the supply chain. ▸Visit our website for more details

Human rights initiatives

Our Group conducts business in line with international human rights standards, including the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work.

We advance human rights due diligence through our enterprise risk management framework to respect the rights of all individuals involved and sustainably enhance corporate value.

Human rights due diligence process



Risk identification and mitigation

Since FY2021, we surveyed Group companies to assess the status of their business and human rights initiatives and human rights risks in detail. From FY2024, we introduced scores for the survey results and followed up with companies that fell below the standard in the previous fiscal year. As a result, all evaluated companies exceeded the standard, with no apparent human rights impacts. For ongoing concerns, we collaborate with each company to identify and mitigate risks, thereby enhancing the Group's business and human rights initiatives.

Results of human rights assessments

Fiscal year	No. of target companies (Japan, overseas)	No. of companies surveyed (Japan, overseas)	Survey coverage	Companies requiring risk mitigation	Ratio	Companies that implemented mitigation plans	Implementation ratio
FY2024*1	5 (4, 1)	5 (4, 1)	100%	0	0%	–	–
FY2023*2	53 (33, 20)	53 (33, 20)	100%	6	11%	6	100%
FY2022	77 (48, 29)	77 (48, 29)	100%	0	0%	–	–

*1 In FY2024, among the six companies that were subject to risk mitigation in FY2023, two were excluded due to business reorganizations, etc., leaving four. Adding one new company to that group, a total of five companies (four in Japan, one overseas) were assessed.
*2 In FY2022–FY2023, the number of assessed companies fluctuated due to the merger.

Measures taken in FY2024

Outline of potential risks	Mitigation and corrective measures
• Fundamental approach to human rights (awareness of human rights-related laws)	Conducted hearings on the status of measures and implemented the following actions, alongside continuous monitoring: • Sharing of educational and awareness-raising content • Provision of response procedures and know-how at LY Corporation • Consideration of specific countermeasures
• Measures towards business partners, including the supply chain (efforts to respect human rights, compliance with prohibitions on forced labor, human trafficking, and child labor)	

Grievance mechanism

We established a consultation desk for all stakeholders (customers, suppliers, supply chain workers, employees, etc.) to ensure that human rights issues related to our business activities are known and addressed. A whistleblowing system is also in place to report compliance violations, including human rights issues like discrimination and harassment.

▸Visit our website for more details

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Evolution of Governance

Our corporate governance continues to evolve against the backdrop of changes in the market for digital platform operators and the expansion of our Group's business. Following the 2021 business integration of Z Holdings Corporation and LINE Corporation, we revised our institutional design. In addition to the existing voluntary Nominating and Remuneration Committee, we established the Governance Committee, a voluntary committee composed entirely of independent outside directors. In June 2024, the Board of Directors was restructured so that independent outside directors form the majority. We will continue to strengthen the Board's supervisory function and further improve corporate governance.

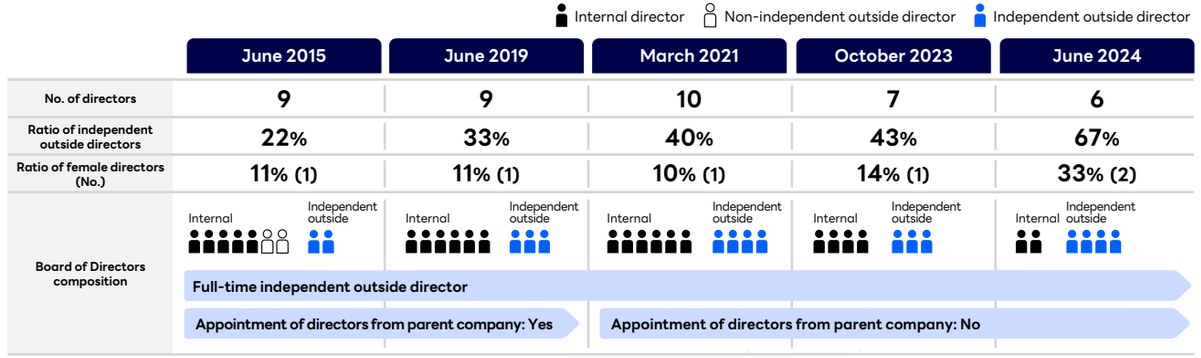
	1990–1999	2000–2009	2010–2019	2020–
Managerial changes	1996 Foundation of Yahoo Japan Corporation 1997 OTC registration in JASDAQ	2003 Listed in First Section of the Tokyo Stock Exchange	2019 Adopted a holding company structure and trade name changed to Z Holdings Corporation	2021 Business integration with LINE Corporation Appointed Co-CEOs April 2023 Transitioned to a single-CEO structure October 2023 Conducted intra-Group reorganization*2 and changed trade name to LY Corporation 2022 Listed in Prime Market
Organizational structure/ Board of Directors/ Committee	Foreign directors appointed since inception	2005 First female director	2010 Adopted one-year term of office for directors 2015 Converted to a company with an Audit and Supervisory Committee Established Remuneration Committee*1 2019 Established Nomination Committee*1 chaired by an independent outside director	2021 Established Governance Committee 2024 Changed the composition of the Board of Directors so that independent outside directors constitute the majority
Executive remuneration	1997–2011 Adopted stock option program	2002 Abolished retirement benefit program	2017– Adopted restricted stock (RS) compensation plan	2022– Renewed executive remuneration plan

*1 Reorganized to Nominating and Remuneration Committee in 2020, chaired by an independent outside director.
*2 As of October 1, 2023, Z Holdings Corporation conducted an intra-Group reorganization mainly around the core wholly owned subsidiaries, LINE Corporation and Yahoo Japan Corporation, integrating the companies to one company with Z Holdings Corporation as the surviving company.

Changes in Board of Directors*

We have strengthened the Board's supervisory function by appointing a full-time independent outside director, and since June 2024, we changed its composition so that independent outside directors form the majority. Following the March 2021 business integration between Z Holdings Corporation and LINE Corporation, directors invited from the parent company have retired, and since June 2023, no director has concurrently served as a director of the parent company.

*Status after transition to a company with an Audit and Supervisory Committee



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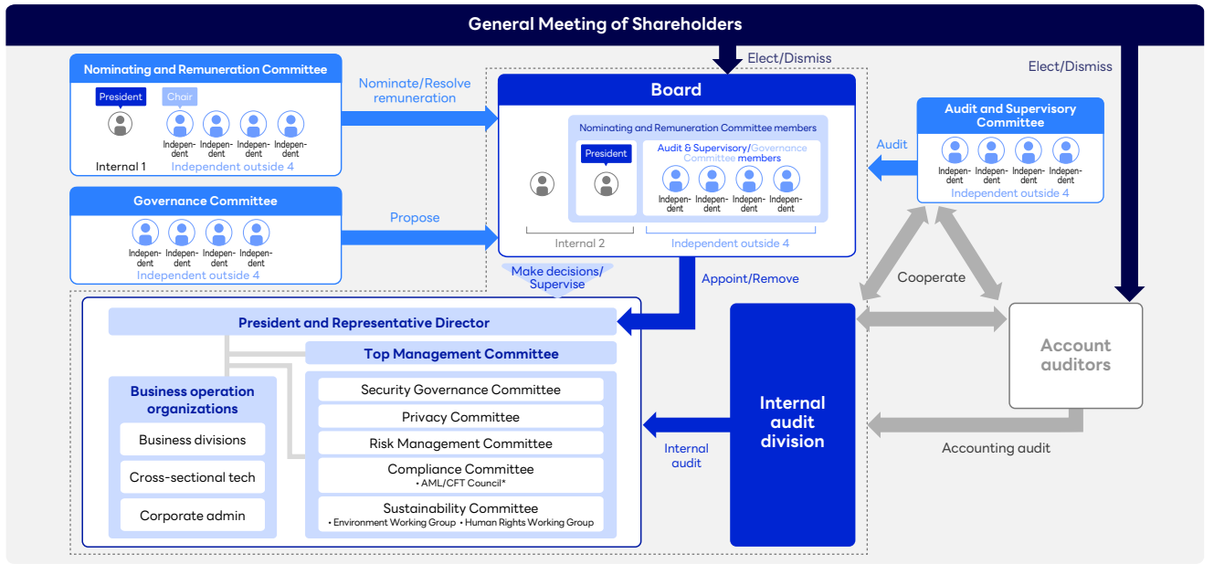
Corporate Governance System

We regard corporate governance as a vital function to enhance medium- to long-term enterprise value and conduct appropriate, effective management. To ensure swift, transparent, and fair decision-making that reflects the nature of the internet industry, we have adopted a system with an Audit and Supervisory Committee and established the Nominating and Remuneration Committee and Governance Committee as voluntary committees.
As of June 18, 2024, we have changed the composition of our Board to six directors (of which four are independent outside directors, accounting for the majority) to separate management from business operations and reinforce corporate governance.

*The AML/CFT Council reports and discusses initiatives to combat money laundering and financing of terrorism. (AML stands for Anti-Money Laundering, while CFT stands for Combating the Financing of Terrorism.)

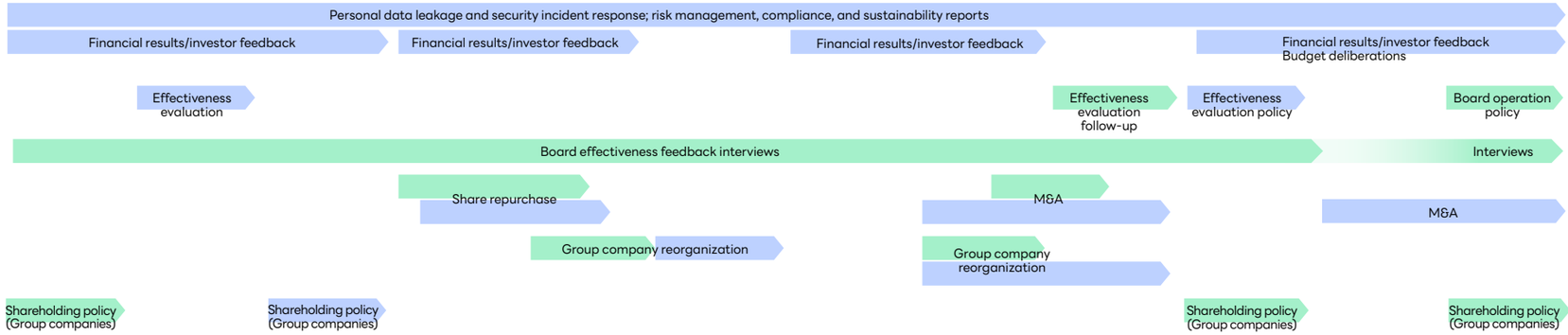


FY2024 meetings overview

(No. of sessions)

	Apr.	May	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.
Board of Directors	1	1	2	1	2	1	1	1	4	1	1	2
Governance Committee	1	1	2	4	2	1	—	1	3	2	1	3
Audit and Supervisory Committee	1	2	2	1	1	1	1	1	1	1	1	1
Nominating and Remuneration Committee	1	2	1	1	—	—	—	1	—	1	1	—

Key Board and Governance Committee topics



Key Board agenda Key Governance Committee agenda. Other key governance matters, including transactions with related parties and their subsidiaries, were discussed throughout the year.

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Corporate Governance System

Board of Directors

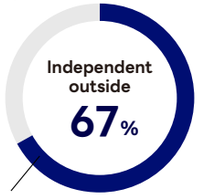
Chair Takeshi Idezawa **FY2024 meeting** 18

The Board decides on management policies/strategies, business plans, key asset transactions, and organizational and HR matters, and it oversees directors' performance.

FY2024 agenda

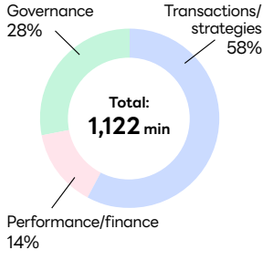
- Transactions/strategies
  - PMI of intra-Group reorganization (updates per in-house company)
  - Group company reorganization
  - Large-scale transactions by the company and subsidiaries (e.g. M&A, share buyback under capital allocation policy)
- Performance/Finance
  - Quarterly earnings, disclosure policy, investor feedback
  - Budget deliberations
- Governance
  - Responses to personal data leakage, security incidents
  - Risk management, compliance, sustainability reports
  - FY2024 board effectiveness evaluation

Composition



Independent outside directors: 4
Internal directors: 2

Deliberation time by agenda (FY2024)



Audit and Supervisory Committee

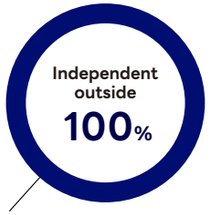
Chair Yoshio Usumi **FY2024 meeting** 14

The committee audits and oversees the validity of all business policies, plans, and procedures as well as operational effectiveness and legal compliance. Based on audit plans and results from accounting auditors and the internal audit division, it also shares opinions with non-Committee directors.

FY2024 agenda

- Progress on enhancing competitiveness
- Review of response status to personal data leakage due to unauthorized access
- Management and internal control validity/effectiveness, etc.

Composition



Independent outside directors: 4

Nominating and Remuneration Committee (voluntary)

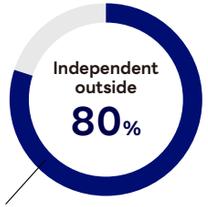
Chair Yoshio Usumi **FY2024 meeting** 8

The committee makes proposals to the Board on matters such as director nominations and sets/provides recommendations on directors' pay (excluding Audit and Supervisory Committee members). To ensure independence, most members are independent outside directors, and resolutions require approval by a majority of attendees, with over half eligible present.

FY2024 agenda

- Directors' pay levels/composition
- Performance metrics and calculation for cash bonus/stock grants
- Future representative director structure and director appointments

Composition



Independent outside directors: 4
Yoshio Usumi (Chair)
Maiko Hasumi
Tadashi Kunihiro
Yuko Takahashi

Internal director: 1
Takeshi Idezawa

Governance Committee (voluntary)

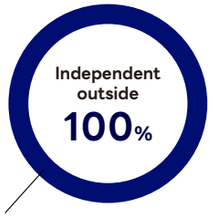
Chair Tadashi Kunihiro **FY2024 meeting** 21

The committee reviews related-party (e.g. parent company) transactions requiring Board discussion, assessing fairness, economic rationale, and legality before submission to the Board. It also checks related-party transactions above a set threshold not submitted to the Board, using the same criteria. Furthermore, by addressing key corporate governance issues, it strengthens Board oversight, improves governance, and protects minority shareholders.

FY2024 agenda

- Transactions with related parties (e.g. SoftBank Group Corp., SoftBank Corp., A Holdings Corp., NAVER Corporation) and their subsidiaries
- Group restructuring
- Major deals (e.g. M&A)
- Dialogue with outside directors of related parties and listed subsidiaries, proposals on Board effectiveness evaluation

Composition



Independent outside directors: 4
Tadashi Kunihiro (Chair)
Yoshio Usumi
Maiko Hasumi
Yuko Takahashi

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Directors' Skills Matrix

		Kentaro Kawabe (Age: 51)	Takeshi Idezawa (Age: 52)	Yoshio Usumi (Age: 67)	Maiko Hasumi (Age: 51)	Tadashi Kunihiro (Age: 69)	Yuko Takahashi (Age: 59)
Position	Gender	Male	Male	Male	Female	Male	Female
	Positions, etc.	Chairperson and Representative Director	President and Representative Director, CEO (Chief Executive Officer)	Outside Director (Independent Director) Full-time Audit and Supervisory Committee Member Experienced corporate executive	Outside Director (Independent Director) Audit and Supervisory Committee Member Financial analyst (MBA)	Outside Director (Independent Director) Audit and Supervisory Committee Member Attorney at law	Outside Director (Independent Director) Audit and Supervisory Committee Member Certified Public Accountant
	Years in office	7 year	4 year	6 year	4 year	4 year	1 year
Expertise, etc.	Corporate management	●	●	●			●
	Industry experience	●	●		●		
	Global management / Internationality		●				
	Investment / Market				●		
	Management / Corporate planning / Finance / Accounting			●			●
	Risk Management / Law					●	
	ESG	●		●		●	

Notes: *This skills matrix does not represent the entirety of each director's knowledge or experience, but highlights their primary areas of expertise and specialization.
*Age and years in office are as of October 31, 2025.

Details of expertise/experience

Corporate management	Experience in corporate management
Industry experience	Expertise in IT industry and digital transformation (e.g. advertising, media, e-commerce, fintech)
Global management/ Internationality	Experience in overseas business development, etc.
Investment/Market	Expertise such as knowledge of financial markets as an analyst

Management/Corporate planning/Finance/Accounting	Expertise in corporate operations (e.g. management accounting, corporate planning, financial accounting, human resources)
Risk management/Law	Expertise in risk management and legal matters
ESG	Expertise in ESG areas represented by environment, social (human resource development, social contribution), and governance (corporate governance, security, privacy)

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Board Effectiveness Evaluation

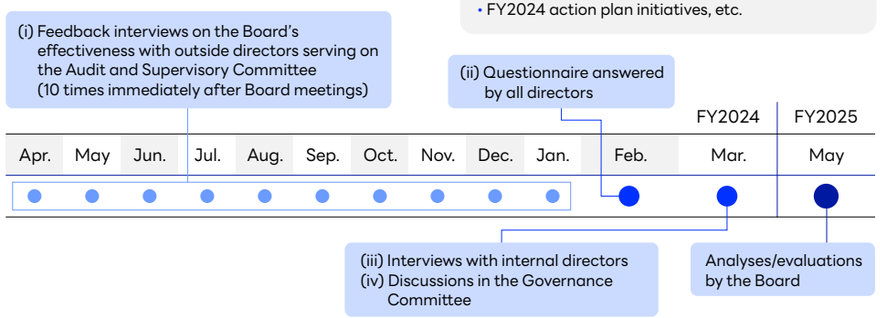
We conduct an annual evaluation of the effectiveness of our Board of Directors to further enhance the governance of our Company and the Group. To strengthen governance through the PDCA cycle, we review the progress made on issues identified in the previous year and establish new priorities and action plans based on the findings. In addition, interviews are conducted with outside directors to gather feedback on the Board's effectiveness after its meetings to enable prompt and detailed improvements throughout the year. The summary for FY2024 is as follows.

Method of evaluation

The Board's effectiveness was analyzed and evaluated mainly by implementing measures (i) to (iv) below.

Key questionnaire items

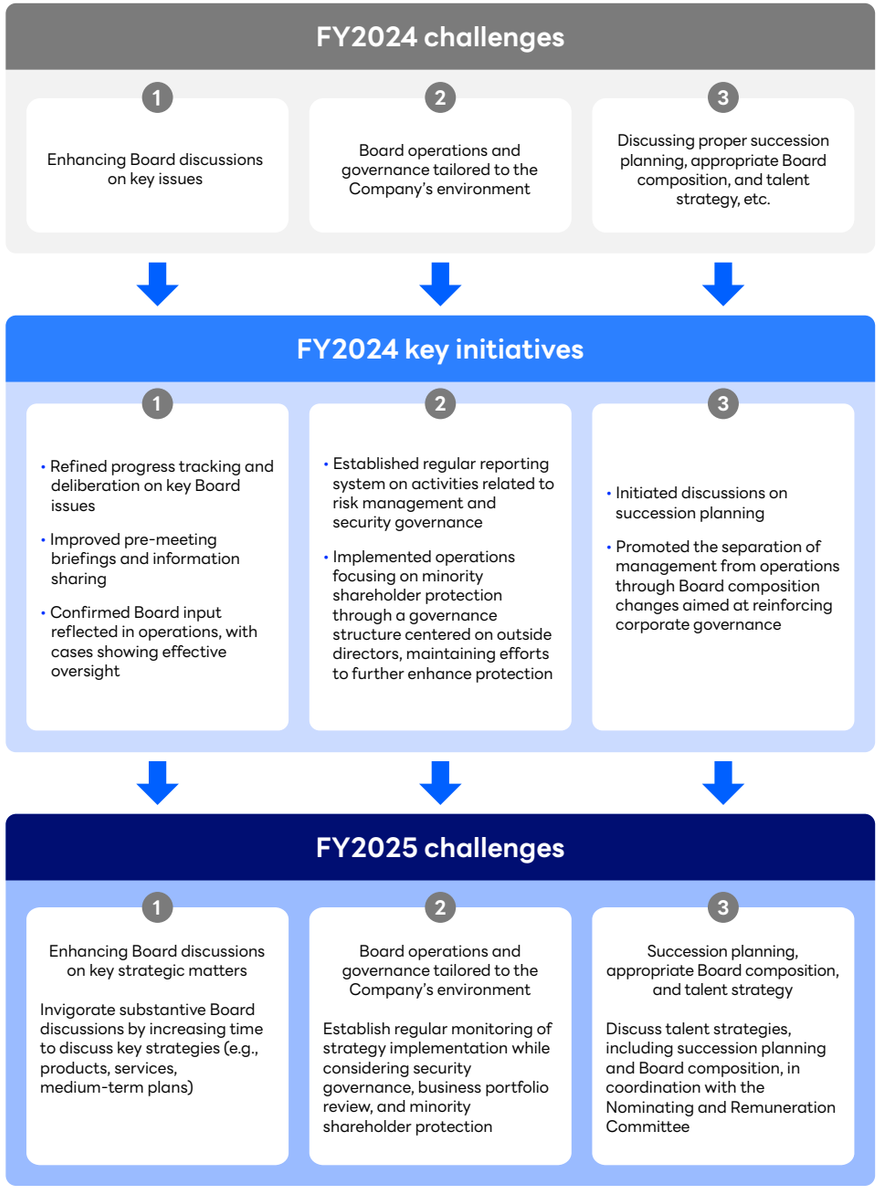
- Board composition and operation
- Management and business strategies
- Corporate ethics and risk management
- Performance monitoring
- Evaluation and remuneration of top management
- Dialogue with shareholders
- FY2024 action plan initiatives, etc.



Evaluation results

The Board analyzed and discussed the results of (i) to (iv) and other factors, concluding that it is effective as a whole. Key points are as follows:

- Since June 2024, the Board comprises six directors with a majority of four outside directors. This has facilitated separation of management from operations and diversified directors' expertise, which has enhanced discussions.
- Outside directors have influenced and provided proposals on specific negotiation policies of business operations, effectively demonstrating the Board's supervisory function.
- Progress on key issues is regularly reported and examined at the Board. Furthermore, information on key strategic matters is discussed from early stages, not just when decisions are made, which has deepened deliberations. Meeting materials, including preliminary explanations and background, are being refined to facilitate more thorough discussions.



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Remuneration Policy

Policies and procedures for deciding directors' remuneration

LY Corporation has positioned executive remuneration as one of the key management strategies to encourage the top management team to exercise their leadership. The "Policy for Determining the New Remuneration, Etc., for Individual Directors" (the "Remuneration Policy") has been established to encourage bold risk-taking by the top management team through executive remuneration and to enable us to achieve sustainable growth.

Director remuneration for fiscal 2024

Directors/Audit and Supervisory Committee members	Total remuneration (millions of yen)	Breakdown of total remuneration (millions of yen)					Number of persons
		Monetary		Non-Monetary			
		Base remuneration	Bonus (Performance-based)	Restricted stocks (Performance-based)	RSU plan (Board Incentive Plan Trust) (Non-performance-based)	Stock option (Non-performance-based)	
Directors (excl. Audit and Supervisory Committee members)	1,536	187	212	52	31	1,051	4
(Of which for outside directors)	(–)	(–)	(–)	(–)	(–)	(–)	(–)
Directors (Audit and Supervisory Committee members)	80	78	–	–	2	–	4
(Of which for outside directors)	(80)	(78)	(–)	(–)	(2)	(–)	(4)
Total	1,617	266	212	52	34	1,051	8
(Of which for outside directors)	(80)	(78)	(–)	(–)	(2)	(–)	(4)

Outline of the remuneration plan for directors (excluding those serving on the Audit and Supervisory Committee)

60–80%	Stock-based remuneration		Stock option (80–90%) Incentives to contribute to the enhancement of shareholder value and corporate value over the medium- to long term RSU plan (10–20%) Alignment with shareholders and retention of talented management personnel
10–20%	Cash bonuses	Monetary remuneration	Incentives to contribute to short-term performance and to enhancement of corporate value
10–20%	Base remuneration		Monetary remuneration based on roles and responsibilities

*When each indicator's target achievement is 100%

Upper limit of remunerations, etc.

■ **Directors (excluding those serving on the Audit and Supervisory Committee)**

Type of remuneration		Maximum amount	Maximum no. of shares
Monetary	Base remuneration and cash bonuses	JPY 2.5 billion/year (includes outside directors JPY 300 million)	–
Stock-based	Stock option	JPY 2.4 billion/year	130,000 units/year (equivalent to 13 million shares)
	RSU plan (Board Incentive Plan Trust)	Contribute up to JPY 500 million in trust funds in the first fiscal year of each of the three fiscal years covered	1.1 million shares per eligible period

■ **Directors serving on the Audit and Supervisory Committee**

Type of remuneration		Maximum amount	Maximum no. of shares
Monetary	Base remuneration	JPY 200 million/year	–
Stock-based	RSU plan (Board Incentive Plan Trust)	Contribute up to JPY 50 million in trust funds in the first fiscal year of each of the three fiscal years covered	120,000 shares per eligible period

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Security Governance Framework

LY Corporation has established a security supervisory organization under the Board of Directors, headed by the CISO appointed and delegated authority by the President and Representative Director (CEO). This body sets rules and provides guidance and support to Group companies. To ensure security governance, we have also established a Security Governance Committee that reports directly to the CEO. In addition, the Group CISO Board, comprising our CISO and CISOs from key Group companies relevant to our business, strengthens governance across the Group.

Security Governance Committee

Chair LY Corporation CISO

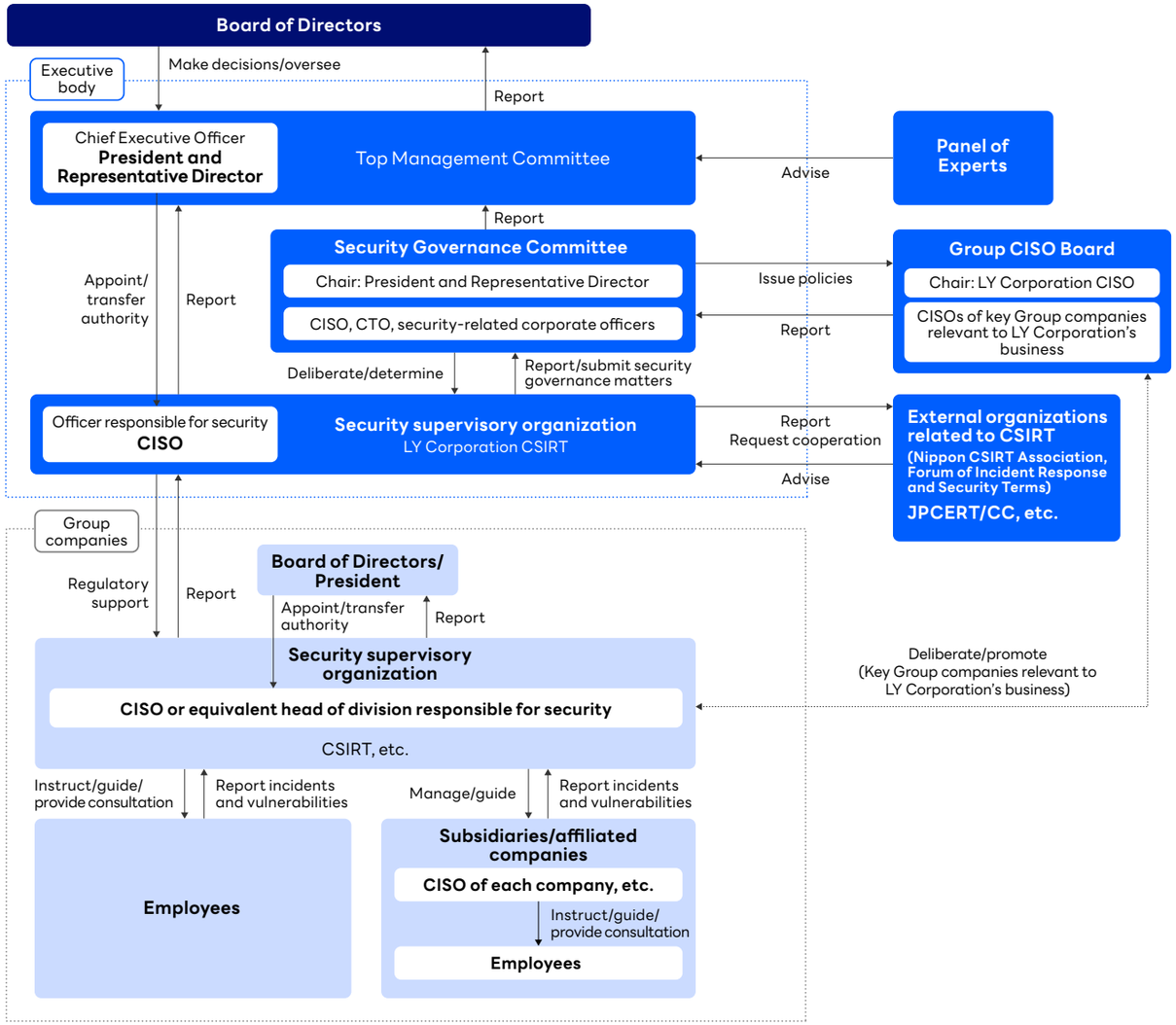
This committee, composed of our CISO, CTO, and others, leads the implementation of measures to prevent the recurrence of the unauthorized access incident and to review outsourcing to NAVER Corporation. It also serves as a forum for discussing robust security governance in our global development structure.

Group CISO Board

Chair LY Corporation CISO

Based on Security Governance Committee policies, the Group CISO Board, which comprises CISOs from key Group companies relevant to our business, discusses and promotes various initiatives, such as developing and operating unified security rules, to strengthen security governance across the Group.

Security governance structure



Note: CSIRT (Computer Security Incident Response Team)

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Message from the CISO

Hideyuki Nakahara

Executive Corporate Officer, CISO

Profile

After starting his career in microcomputer development at a semiconductor firm, joined NIFTY Corporation to work closer to users and saw Japan's shift to the internet. Joined Yahoo Japan in 2003 and served as Vice President of Front-end Development Division, R&D and System Management. As CISO, strengthens security to protect users, leveraging his experience.

We drive "security transformation" across the LY Corporation Group.

Overhauling our security framework to restore trust

The 2023 security incident stemmed from the direct connectivity between NAVER and former LINE systems. It resulted from malware infecting a shared contractor's PC and drew serious criticism both internally and externally.

In response, we decided to shift to a more robust and independent system architecture. With a company-wide commitment to identifying and correcting shortcomings, we have set a clear course of action to strengthen security, while carefully considering the impact on global operations and development.

We also established a Security Governance Committee chaired by CEO Takeshi Idezawa to drive strategic decision-making and raise company-wide security awareness. Leveraging expert input, we analyzed issues and developed recurrence-prevention measures, and we built a framework for clearly communicating technical issues to external authorities. We are also enhancing AI-driven log analysis, pairing it with human expertise to deliver more efficient and effective security defenses. In parallel, we conduct regular company-wide cyberattack simulation drills and continually strengthen our security framework to ensure all relevant departments can respond swiftly.

Fostering a security-first culture through dialogue

To raise employee security awareness, we held four sessions of LY Security Dialogue in FY2024. These sessions were not only to share updates—including reports submitted to the Ministry of Internal Affairs and Communications and the Personal Information Protection Commission, along with progress and decisions on security measures—but also to provide a forum for direct dialogue between management and employees. Through active questions and constructive proposals from employees, management earnestly acknowledged frontline challenges, and some ideas were incorporated into our services. We believe this initiative has demonstrated the value of dialogue, by fostering two-way communication, and helped build trust between management and frontline teams.

In addition, nearly all employees have completed our regular security training, a level rarely seen at a company of this scale. This demonstrates that employees have internalized the importance of security, with awareness now guiding daily behavior. As a result, employees are more proactive in ensuring compliance with security rules.

Our goal is to foster a culture in which employees actively raise security questions and concerns and management responds swiftly and appropriately. In addition, as CISO, I am committed not only to strengthening our company's security, but also to safeguarding our users. To that end, our division is instilling a security-by-design mindset so that we deliver services users can trust. Going forward, by working closely with employees to raise awareness, we will continue to build a truly effective security framework.

(Interview date: June 2, 2025)