Sustainability Initiatives and Management Structure

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Basic Policy on Sustainability

As its mission, the LY Corporation Group (the “Group”) upholds "Create an amazing life platform that brings WOW! to our users." We will bring positive impact to society through our 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, we have established the following Basic Policy on Sustainability and have identified six materiality issues.

Basic Policy on Sustainability

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

Materiality Issues

Category	Identified materiality	Description	Relation to evaluation map
Business foundation	**Providing new (WOW!) experiences using data/AI**	The LY Corporation Group's mission is to solve problems of people and the society using information technology, under its principle of "users first." The LY Corporation Group aspires to grow as an AI tech company leading the world from Japan and Asia, and to continue providing convenient and inspiring user experiences through the use of data/AI.	• Promote correct use of AI • Promote and diffuse digital financial services/fintech • Improve services through the use of data
	Operating safe & secure digital platforms	Ensuring safety and security in the use of information is the first and foremost responsibility that must be fulfilled by platform operators. Based on this understanding, the LY Corporation Group provides safe and secure IT services from a medium to long term perspective, by ensuring convenient services that anyone can access any time, while providing and reinforcing confidentiality of communications and information security.	• Secure safe telecommunications and protect privacy • Contribute to the healthy and safe development of the Internet society • Measures against illegal and harmful information • Ensure security as a social infrastructure • Secure/improve accessibility • Fair competitive environment • Ensure freedom of expression
	Building a resilient social infrastructure	The LY Corporation Group strives to build a digitally driven and resilient social infrastructure by contributing to disaster prevention and mitigation, response to the pandemic, municipal DX, medical DX, online education and the realization of a resource-circulating society through reuse. The LY Corporation Group will continue businesses and support activities to ensure that the benefits of digital technology are available to all, with a determination of leaving no one behind.	• Support the promotion of disaster prevention, mitigation, and pandemic response • Support a digitally driven society, through municipal DX, medical DX, etc. • Contribute to community development • Support the development/improvement of the educational environment • Contribute to a recycling-oriented society through reuse business, etc.
	Reinforcing human capital	Developing and strengthening talent that drives product-driven innovation is the source of LY Corporation's competitiveness. Aiming to maximize the performance of human capital and organizations, the Company is committed to supporting employee growth, creating a conducive work environment, and fostering a culture through its values.	• Retain/reinforce human capital • Diversity and inclusion • Health and productivity management • Respect for human rights
	Fulfilling responsibilities for the global environment and future generations	Reducing environmental impact and considering the ecosystem are important responsibilities that the LY Corporation Group must fulfill for future generations. Together with its supply chain, the Group aims to realize a decarbonized society through initiatives such as promoting the use of renewable energy for electricity. Furthermore, as the Group views addressing climate change and natural capital as business opportunities to strengthen collaborations with a wide range of societal stakeholders, it will continue to take on these challenges by leveraging the power of IT.	• Mitigate and adapt to climate change • Promote supply chain management (Scope 3 management, etc.) • Conservation of water resources • Preserve biodiversity
Sustainability	**Reinforcing group governance**	Group governance is one of the most important management issues for LY Corporation Group, which has evolved into one of the largest IT service providers in Japan, offering services to the world. The LY Corporation Group will reinforce vertical governance providing optimal decision making for the Group, and horizontal governance promoting the generation of synergies between Group companies, to build and reinforce a governance structure that is among the highest standards in the world.	• Respect for human rights • Promote supply chain management • Rigorous risk management • Compliance and anti-corruption measures • Upgrade and ensure the effectiveness of corporate governance • Secure financial base

→ Materiality for the LY Corporation Group

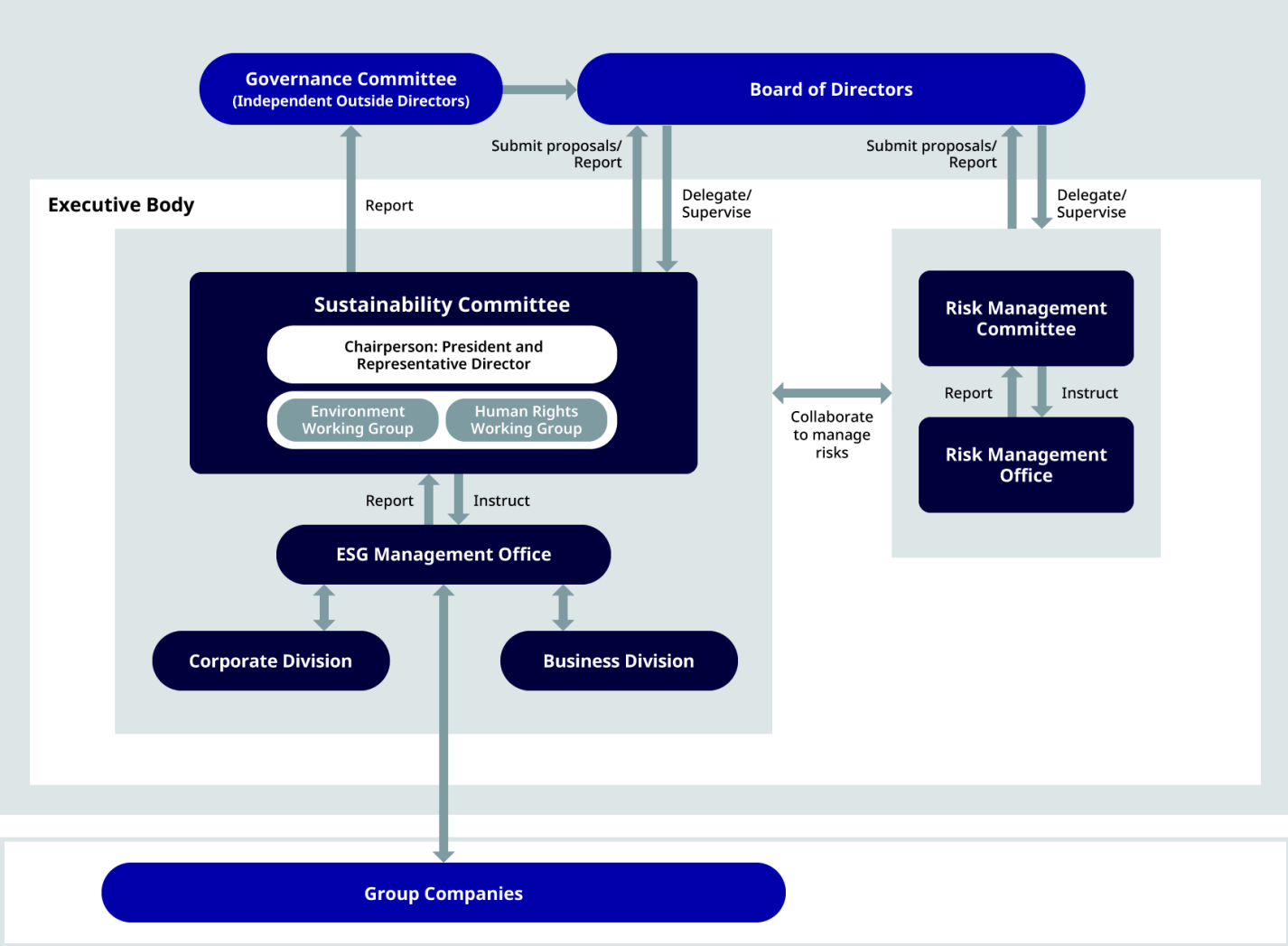
→ Message from the Corporate Officer in Charge of Sustainability

Management Structure for Promoting Sustainability Initiatives

LY Corporation has established the Sustainability Committee under the supervision of the Board of Directors, to promote initiatives to address various sustainability issues across the Group companies.

The Sustainability Committee, chaired by the President and Representative Director, CEO (Chief Executive Officer), deliberates and makes decisions on the Group's materiality issues, as well as policies and various measures in the area of sustainability, monitors the status of their progress, and submits proposals and reports to the Board of Directors. The Committee also reports regularly to the Governance Committee composed of independent outside directors.

The Environment Working Group and the Human Rights Working Group are established under the Sustainability Committee. The persons responsible for the environment and human rights issues in the Group companies serve as the members of these Working Groups. They review policies and measures of the Group and promote these measures at each Group company.



More details

Environment

To realize a sustainable society, we will make efforts to address climate change as well as strive to reduce the environmental impact derived from business activities, protection of water resources, and biodiversity.

→ More details

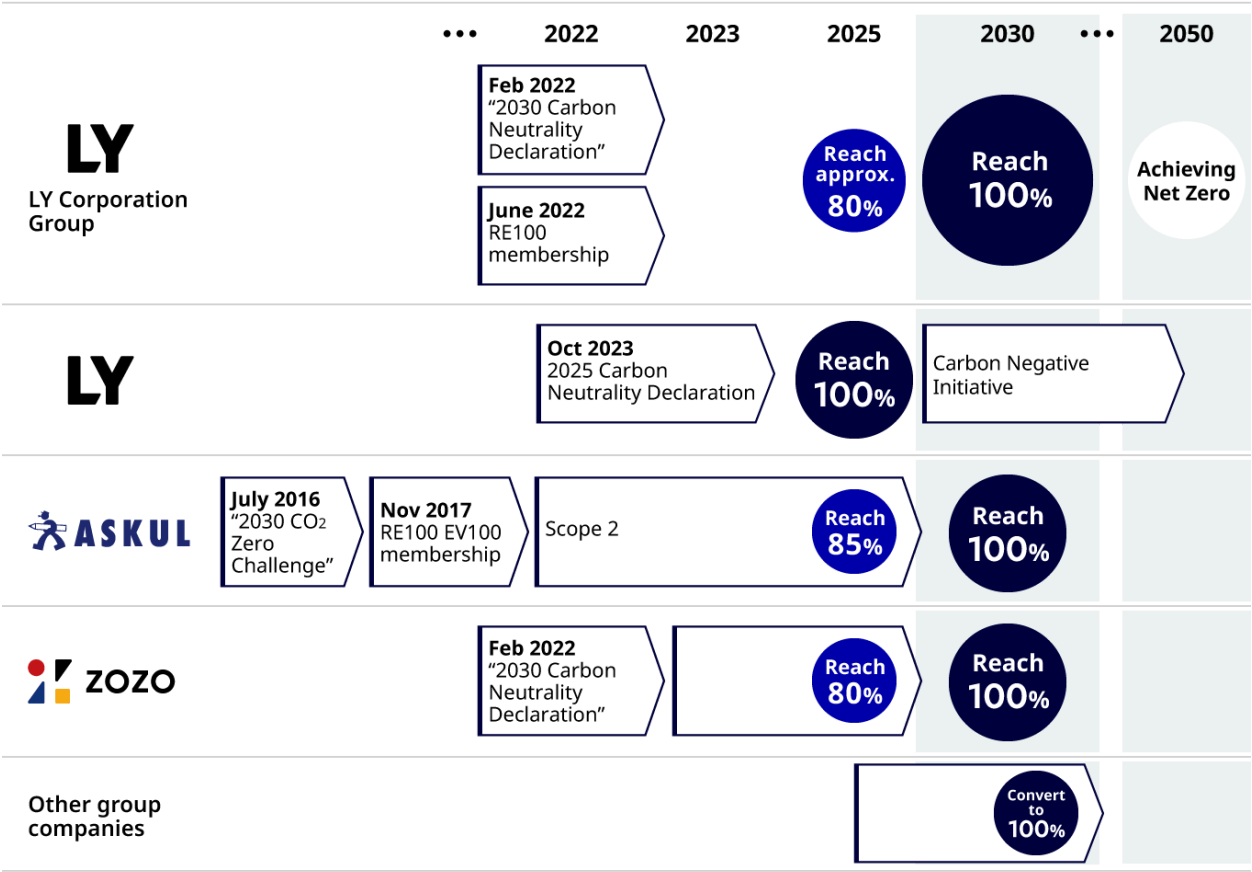
[Special Feature] Efforts Toward Climate Change and Protection of Water Resources

In February 2022, LY Corporation (then Z Holdings Corporation) announced its "2030 Carbon Neutrality Declaration," a commitment to reduce greenhouse gas emissions (GHG emissions) from the business activities of the entire Group to net-zero by FY2030.

To achieve the goal by FY2030, first, more than 80% of the electricity used by major Group companies will be generated from renewable energy sources by around FY2025, and then the remaining electricity will be converted to 100% renewable energy sources over the following five years.

→ Efforts Toward Carbon Neutrality

Roadmap to Carbon Neutrality



Social impact

Purchase environment value (e.g., renewable energy certificates/ non-fossil fuel certificates with tracking) **Promote investment in renewable energy throughout Japan**	**More direct renewable energy procurement/power supply investment, including corporate PPA**
Promote local carbon neutrality through corporate version of "hometown tax" **Support efforts made by local municipalities**	**Strengthen collaborations with promising projects and promote carbon neutrality at LY Corporation Group and across Japan**

Furthermore, we also aim to achieve net-zero in GHG emissions including those generated by its supply chain (Scope 3) by 2050.

→ Initiatives to Achieve Net-Zero

We are also committed to recharging water resources with the goal of achieving a 10% reduction of water consumption associated with business expansion from FY2022 levels by 2030.

→ Water Consumption Reduction Target

[Special Feature] Information Disclosure Based on TCFD/TNFD Frameworks

In June 2020, the Group (former Z Holdings Group) declared that it supports the recommendations of The Task Force on Climate-related Financial Disclosures (TCFD), and officially joined the supporters.
Referring to these recommendations, we also undertook the analysis of possible scenarios and summarized the risks and opportunities identified.

→ Task Force on Climate-related Financial Disclosures (TCFD) Correspondence Table

In addition, agreeing to the philosophy of The Task Force on Nature-related Financial Disclosures (TNFD), we joined the TNFD Forum in February 2023 and registered as a TNFD Early Adopter in November 2023.
Moving forward, we will continue to actively disclose information based on the TNFD disclosure framework.

→ Task Force on Nature-related Financial Disclosures (TNFD) Correspondence Table

Social Initiatives

Aiming to realize a sustainable society, we will operate safe & secure digital platforms, develop and reinforce human resources that create diverse values, and contribute to building a flexible and resilient social infrastructure.

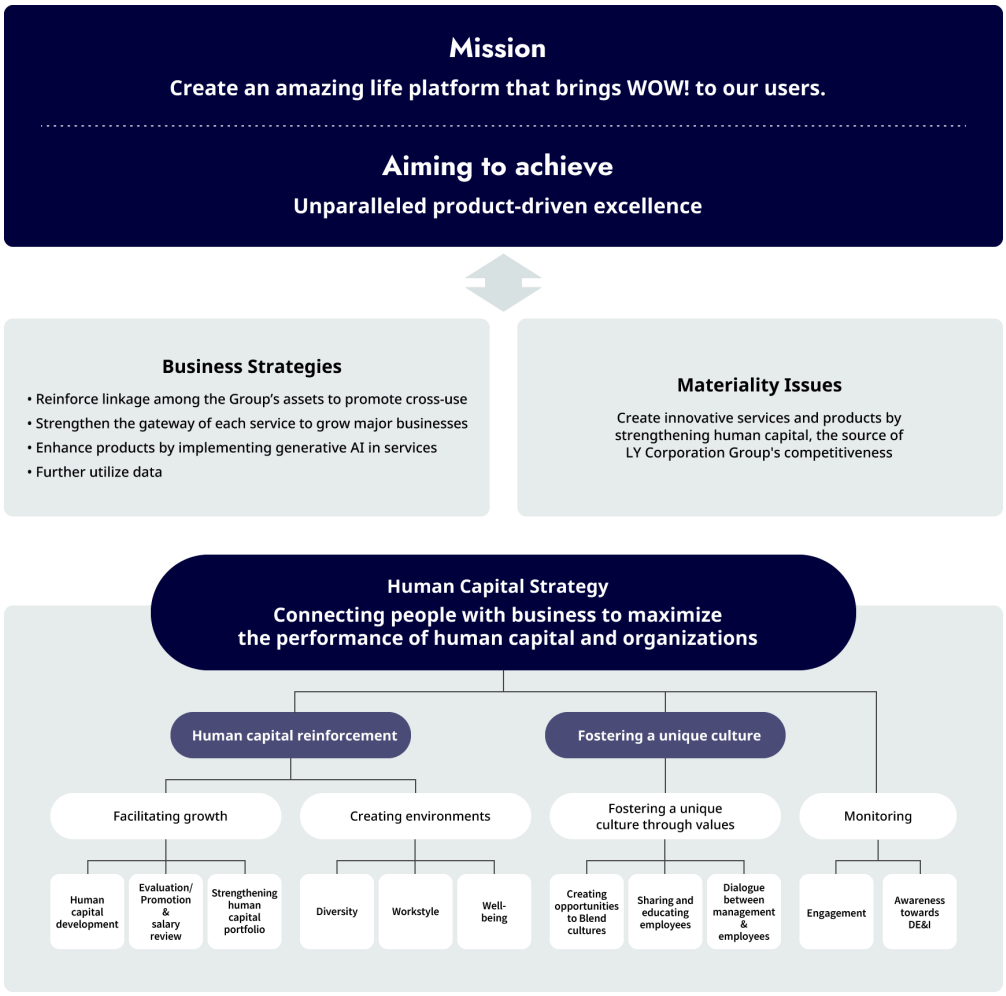
→ More details

[Special Feature] Reinforcing Human Capital

We took the merger as an opportunity to create a new mission: "Create an amazing life platform that brings WOW! to our users." To this end, we will promote a product-driven growth strategy, aiming to achieve unparalleled product-driven excellence.
Having a competitive advantage in the internet business is essentially derived from the ability to create innovative services and products, which is underpinned by our employees. Therefore, establishing a cycle in which employees can work energetically and create outstanding products and services is one of our top priorities.

→ 【Special Feature】Reinforcing Human Capital

Human Capital Strategy Overview



→ More details

Governance

Corporate governance is essential to preserving the trust the public has placed in us as a company. To that end, we are actively working to strengthen corporate governance by such means as establishing internal control systems, enhancing audit functions, and improving business processes.

→ More details

[Special Feature] Independent Outside Director Interview

→ More details

[Special Feature] Creating a Robust and Flexible Governance Unique to LY Corporation: Yuko Takahashi, Outside Director

More details

Latest Information on Governance

Corporate Governance

Evolution of Governance

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