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Z Holdings Corporation

## ZHD Holds Second Special Advisory Committee on Global Data Governance

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On April 13, 2021, Z Holdings Corporation (hereinafter referred to as "ZHD") held the second Special Advisory Committee on Global Data Governance, a committee consisting of external experts to verify and evaluate the handling of data from security and governance perspectives.

\*Please click [here](#) for details on the Special Advisory Committee.

\*Please click [here](#) for details on the 1st Special Advisory Committee.

In this second meeting, Mr. Hiroshi Kawaguchi, Chairperson of the Technology Verification Subcommittee, explained the status of the studies made in the Subcommittee meeting held on April 5 and 7, and the future review policy.

Based on the questions raised in the previous Special Advisory Committee, Takeshi Idezawa, President and Representative Director, CEO of LINE Corporation (hereinafter referred to as "LINE"), explained the current state of global data governance, including matters identified through internal investigation, and future measures.

In addition, Noboru Nakatani, Managing Corporate Officer, GCTSO of ZHD, explained the approach to the consideration of initiatives to improve the ZHD Group's data governance.

Based on the above, the committee members presented their opinions on the following points.

### <Investigation>

- Development structure for the entire LINE, operations in China, and contract management and governance of contractors
- Actual state of access to data (including management system)
- Governance structure for personal information and security, etc.

### <Future measures>

- Establishment of a centralized supervision system by ZHD over its subsidiaries and sub-subsidiaries
- Appointment of responsible persons in key Group companies for each of the following: external affairs, security, and economic security; and mutual cooperation among them
- Establishment of specific numerical targets as a guideline to comply with international standards such as NIST\*1, CBPR\*2, etc.
- Reassuring explanations and communication from the users' perspective

\*1 U.S. National Institute of Standards and Technology (NIST); establishes international security standards

\*2 APEC Cross Border Privacy Rules (CBPR) System; a system that certifies whether the cross-border transfer of data taken by enterprises or other entities complies with the APEC Information Privacy Principles. The framework is also developed to build consumer, business and regulator trust in cross-border flows of personal information within the APEC regions. Established in 2011 in the APEC Electronic Commerce Steering Group (ECSG).

<Comment from Professor George Shishido, Chairperson of the Special Advisory Committee>

"As a chairperson I said in the first meeting, that we would like to make a thorough and comprehensive investigation on this matter. Since then, the Technology Verification Subcommittee has begun to make careful investigations. In today's meeting, in addition to the reports from the Subcommittee, LINE has made detailed explanations to answer the questions raised by the committee members in the first meeting. As a result, we were able to make progress in clarifying the actual situation and the reasons behind the access to user data. Of course, there are many more matters that must be clarified in this case. In order to fulfill its obligation, the Special Advisory Committee intends to continue the investigations and to make a report to the users at an appropriate stage. Furthermore, in regards to ZHD Group's global data governance, we have reached a common understanding in this second meeting that a centralized supervision by ZHD is necessary based on an economic security standpoint. It was also pointed out that both LIINE and ZHD need to provide easy-to-understand explanations of the investigation results and the state of governance from the perspective of ordinary users, so that they can live up to the trust of the users. The Special Advisory Committee will also continue to work toward this."

As the holding company that has newly integrated with LINE, ZHD will continue to manage and supervise LINE's initiatives to strengthen data security and governance in a responsible manner. At the same time, based on the proposals received from the Special Advisory Committee, ZHD aims to establish a data governance structure suitable for one of the largest Internet service corporate groups in Japan. ZHD will continue to sincerely consider the opinions and suggestions of users and experts, and make continuous improvements to enhance transparency and create an environment where users can use our services with peace of mind.

\*Please click [here](#) for the schedule of the Special Advisory Committee and Technology Verification Subcommittee.

\*Please click [here](#) for the major schedule and initiatives related to LINE's handling of personal information.

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