

Compensation Policy

1. LINE's Mission

The mission of LINE is “CLOSING THE DISTANCE.” By bringing people, information and services closer together, we strive to realize a world in which LINE acts as a gateway to enable users to complete everything in their lives.

The standard for our value to achieve this mission is described in the word “WOW.” WOW means an unprecedented sensation and an experience that is so amazing that you just have to share it with friends. WOW exists in every top service that leads the market and breaks the global paradigm. The meaning of our existence is to pursue WOWs at all times, to keep taking on challenges to become No. 1 through which we enrich the world, and to continue providing values widely to stakeholders, including users, clients, suppliers, employees and shareholders through the creation of such social values.

2. LINE's Strategy

Conceived in June 2011, the communication application LINE is an embodiment of WOW and a service that changes the paradigm of communication and achieves CLOSING THE DISTANCE. Since launching LINE, we have continued to introduce various services through perpetual pursuit of WOWs and taking on challenges to become No. 1 as we build upon the development of LINE as a platform. Without stopping its pace, LINE will push to further pursue WOWs and to achieve CLOSING THE DISTANCE.

As technological innovation continues to accelerate unprecedentedly, the needs and values of users are becoming diversified. We consider these changes in the world as a chance to create new values and a great opportunity for LINE as we keep taking on challenges. Amid intense competition against global internet entities possessing high reputations, capital and technological capabilities (Facebook, Amazon, Netflix, Google and Apple to name a few) and with startups aggressively venturing to create new values, LINE focuses its efforts on futuristic areas such as Fintech, AI and Blockchain.

The most important element in pursuing WOWs at all times and achieving and continuously CLOSING THE DISTANCE is the “LINER”, the people working at LINE. Rather than being an incoherent group of people, we, a group of top-class talents who meet global standards, are to share the same vision, hold powerful motivation and determination, and continue taking on challenges without fear of failure. This is, has always been, and will continue to be the source of LINE's competitive edge.

For LINE to maintain and further enhance our competitiveness and continuously, on a mid to long-term basis, maximize our corporate and shareholders' value, we must maximize the value of our

employees. In an environment where global talent acquisition is becoming more intense, we cannot achieve this with the traditional Japanese corporate compensation standards.

The compensation must be sufficiently attractive for top-class talents meeting global standards. It must serve as a powerful incentive for those talents to continue pursuing WOWs and taking on challenges to become No. 1 at all times. The opportunity must not be provided to a selected few, but should be offered equally to all LINERs and distributed clearly based on performance. Moreover, the compensation scheme must be designed to align with the interests of all stakeholders with a strong link to the continuous maximization of corporate and shareholders' value over the mid to long-term.

Based on such understanding, the Company has introduced a new share-based compensation plan ("SBC Plan"). This SBC Plan will form the basis for LINE to continue creating social values over the mid to long-term and provide values widely to all stakeholders.

3. Compensation Guidelines

The three fiscal years starting from the fiscal year ending December 2019 have been marked as LINE's "Second Founding Period" during which we aim to make the next leap, leveraging the steady growth of LINE amidst technological innovations such as Fintech, AI and Blockchain. In such a critically important period, we developed the following guidelines for compensation that will enable us to recruit top-class talents meeting global standards and to drive LINE in its pursuit of WOWs, challenges to become No. 1 and efforts to achieve CLOSING THE DISTANCE.

(1) Incentives that contribute to increasing corporate and shareholders' value continuously over the mid to long-term

- such incentives must serve as a motivator to achieve the KGIs we have set: rather than merely pursuing short-term earnings, our KGIs focus on challenging ourselves to pursue our essential value (WOW), and continuously maximizing both corporate and shareholder's value over the mid to long-term; and
- rather than a select few, all officers and employees should have an equal opportunity to receive such incentives, which will clearly be given out based on performance.

(2) Sharing common interest with shareholders

- the compensation scheme should be designed to align with the interests of shareholders and the interests of officers and employees, with an aim to increase shareholders' value continuously over the mid to long-term;
- the compensation scheme should contribute to providing values widely to stakeholders, including the users, clients, business partners, employees and shareholders, through the creation of social values in pursuit of WOWs, challenges to become No. 1 and efforts to

achieve CLOSING THE DISTANCE, while sharing common interest with shareholders;
and

- the compensation should reflect multilateral evaluations from non-financial perspectives, such as compliance and information security, in addition to financial indices to deter extreme risk-taking behavior that pursues a mere short-term rise in share prices.

(3) Compensation governance

- the Company will establish a Compensation Committee that possesses a similar level of independence equivalent to those of European and U.S. companies, to introduce a bold share-based compensation plan beyond the traditional standards adopted by Japanese corporations. The Compensation Committee shall be comprised of a majority of outside Directors and chaired by an outside Director to ensure the adequacy of the SBC Plan and compensation standards for the Company Directors, as well as the independence, objectivity and transparency of its decision process.
- the Compensation Committee shall deliberate on matters such as compensation guidelines, total compensation amount, compensation composition, evaluation standards and evaluations conducted in accordance with such standards, individual compensation amount for the Company Directors, and provide advice and recommendations to the Board of Directors;
- the Compensation Committee shall be scheduled to meet at least four times a year to conduct multiple discussions, from a composite perspective, on compensation rationality to ensure accountability to shareholders, investors and other stakeholders, such as the effectiveness of the compensation in relation to objectives such as LINE's strategies, acquisition of talents and boosting of motivation, and comparison with benchmark corporations in determining the total amount of compensation of the Company Directors, taking into consideration the advice from compensation consultants and other specialists in various fields, who will be independently appointed by the Compensation Committee ;
- the Company will proactively disclose information and engage with stakeholders, including shareholders and investors. During deliberations, the Compensation Committee shall reflect stakeholders feedback that contributes to increasing corporate and shareholders' value continuously over the mid to long-term; and
- the Compensation Committee shall have the authority to provide advice and recommendations to the Board of Directors for evaluating the compensation of the Company Directors. To do so, the Compensation Committee shall evaluate qualitative factors such as ESGs (including support for natural disaster recovery and programming education,) in addition to the improvement of corporate and shareholder's value, and also review and discuss the individual compensation of the Company Directors. Furthermore,

the Board of Directors shall, to the maximum extent possible, respect such advice and recommendations from the Compensation Committee.

4. Overview of Compensation Scheme

The compensation of the inside Directors shall be comprised of the following three components: basic compensation, bonus and share-based compensation, whereas the outside Directors' compensation shall consist of basic and share-based compensations.

Basic compensation

A certain portion of monetary compensation shall be paid as basic compensation on a monthly basis. The total amount of monetary compensation for each Director shall be determined depending on their role and responsibility, as well as based on a concept that values team cohesion among a management team led by the CEO.

Bonus

The remainder of the monetary compensation shall be paid at a later date as a non-performance-based bonus. The objective of this deferred compensation is to enable the Company to cease payment of monetary compensation to any inside Director who engages in material misconduct that causes damage to LINE during their term. However, the Company may only make such a decision based on deliberations conducted at the Compensation Committee and subject to the resolution of the Board of Directors.

Share-based compensation

The Company has introduced a SBC Plan that will form the basis for LINE to continue creating social values over the mid to long-term and providing values widely to all stakeholders. The overview is explained below. The SBC Plan has been approved by the Board of Directors, after consultation with the Compensation Committee and receiving their advice and recommendations. Through the introduction of the SBC Plan, we anticipate that the Company Directors' compensation will see a major increase in the proportion of share-based compensation as opposed to monetary compensation.

- 1) For the three fiscal years starting from the fiscal year ending December 2019, according to the contribution from officers and employees of LINE, the Company will issue and grant to its officers and employees, each fiscal year, stock options or other share-based compensation equivalent to approximately 3.6% of the total number of shares issued by the Company. Such compensation may be exercised after three years from the date of the General Meeting of Shareholders or Board of Directors resolution for the issuance of shares required for stock

options or other stock compensations; provided, however, that the beneficiaries maintain their status as an officer or employee of LINE.

- 2) The exercise price of stock options shall be the Company's share price at the time of issuance, plus a premium of approximately 5%.
 - 3) For the three fiscal years starting from the fiscal year ending December 2019, the Company will issue and grant to the inside Directors, each fiscal year, a stock option of approximately 1.26% of the approximately 3.6% of the total number of shares issued by the Company as set forth above in item 1). The stock options to be granted to the inside Directors shall have a share price condition as a condition to exercise such options, which shall be designed to minimize the loss to shareholders value due to dilution of equity value unless shareholders values are increased.
 - 4) In consideration of the Company Director Jungho Shin's achievements in the conception and growth of the communication application LINE, and of the crucially important role he plays as Chief WOW Officer (CWO) to provide innovative services and promote innovation at LINE, the Company will issue and grant to the Company Director Jungho Shin for the three fiscal years starting from the fiscal year ending December 2019, each fiscal year, a stock option of approximately 0.9% of the approximately 3.6% of the total number of shares issued by the Company as set forth above in item 1).
 - 5) This SBC Plan shall be designed so that if any Company Director engages in material misconduct that causes damage to LINE during their term, the Company may, based on deliberations conducted at the Compensation Committee and subject to resolution by the Board of Directors, limit the exercise of stock options or request the relevant Company Director to return the compensation obtained as a result of exercising such an option.
 - 6) Outside Directors are expected to contribute to the continuous improvement of shareholders' value over the mid to long-term by supporting the promotion of shared interests with shareholders and supporting speedy and decisive decision-making on matters of business execution, as well as to deter extreme risk-taking in business execution from a completely independent standpoint. On such a basis, the Company will issue and grant to its outside Directors a non-performance-based stock option or other share-based compensation without a share price condition as an exercise condition within an appropriate scope.
- * The execution of the SBC Plan is subject to approval at a General Meeting of Shareholders of the Company on necessary matters.

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This is an English translation of the original Japanese-language document. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.