

Rakuten Group – TCFD Index

Recommended Disclosure	Contents	Location of Disclosure
<p>Governance</p>	<p>We established the Rakuten Group Sustainability Committee in 2021 to strengthen the Group's framework for incorporating social and environmental perspectives into our businesses and supervise the implementation of related initiatives. Chaired by the CWO (Chief Well-being Officer), the Committee is a place for sharing information, including stakeholder expectations and industry best practices regarding ESG (Environmental, Social, and Governance) matters, and for decision-making on Rakuten's sustainability strategy and target-setting. Its decision-making process is supported by Subcommittees created to handle challenges that require long-term, cross-organizational discussions, notably the environment.</p> <p>Established in January 2022, the Environmental Department is a dedicated team of professionals who develop and implement strategies to address changes related to environmental issues. The Environmental Department and the Environment Subcommittee work closely with relevant teams, organizations and international initiatives while holding every business unit and department accountable for their environmental impacts. Climate change-related issues are managed by the COO (Chief Operating Officer).</p>	<p>Rakuten and Sustainability webpage "Management System"</p> <p>Climate Change webpage "Management System"</p>
<p>Strategy</p>	<p>Transition Risks Regarding risks associated with transitioning to a low-carbon society, we must address factors including laws and regulations, technology, market and reputation risks. Currently, we consider market risks to be of particular importance, as our business activities and infrastructure consume a large amount of electricity, and more than 90% of the CO₂ emitted through business activities comes from electricity consumption. There is a possibility that escalating resource prices in Japan and other countries where we do business could increase our power procurement costs and affect our financial position. We will increase our resilience to market risks by carrying out energy-saving activities across the company and building an energy portfolio that can withstand fluctuations in market prices. Net Zero Emissions by 2050 Scenario (NZE) released by International Energy Agency (IEA) was used for the scenario analysis of transition risks.</p> <hr/> <p>Physical Risks With regard to ongoing and critical physical risks, we consider the impact of extraordinary events — including natural disasters — on our business to be of particular importance. Specifically, Rakuten General Insurance Co., Ltd. has paid out a significant amount in insurance claims relating to large-scale natural disasters that are considered to be closely connected to global warming. In order to minimize such risks, Rakuten General Insurance comprehensively evaluates risks including natural disasters, which relate to its product portfolio, and makes decisions such as whether to hold or transfer those risks. For risks associated with major natural disasters, we are accumulating extraordinary risk reserves to the extent that our capacity allows, and formulating and updating reinsurance schemes annually in order to transfer risks. Representative Concentration Pathway 8.5 (RCP8.5) in the 5th Assessment Report released by the Intergovernmental Panel on Climate Change (IPCC) was used for the scenario analysis of physical risks.</p>	<p>Climate Change webpage "Climate Risks and Opportunities"</p> <p>Annual Securities Report (Fiscal 2022) p. 40 "Risks Pertaining to Climate Change"</p>
<p>Risk Management</p>	<p>We manage risks associated with our diverse business operations in Japan and overseas in an integrated manner through the ERM (Enterprise Risk Management) cycle: we identify risks, determine and carry out appropriate countermeasures and monitor their results. Risks are defined as "uncertainties that could affect our ability to achieve our business goals," which must be managed across the Group to increase the certainty of achieving these goals. Risks facing each business are aggregated and reported to the Group Risk and Compliance Committee, which meets four times a year to discuss Group-wide risks. The most serious risks are reported and discussed at the Board of Directors' meetings. Our framework thus combines bottom-up risk responses by front-line staff and Group-wide risk monitoring by senior executive management. Risks related to Climate Change and Energy are also managed under Rakuten's ERM, as one of the external environmental risks.</p>	<p>Risk Management webpage "Enterprise Risk Management"</p>
<p>Metrics and Targets</p>	<p>As part of our commitment to combating climate change, Rakuten aims to achieve carbon neutrality, or net-zero greenhouse gas emissions for scopes 1 and 2, from all Group business operations, including consolidated subsidiaries, as soon as 2023. Our strategy encompasses three measures: improving energy efficiency, switching to 100% renewable energy with notably our participation to the global initiative RE100, and procuring carbon credits. Our progress regarding those different metrics is reported yearly.</p>	<p>Climate Change webpage "Target" & "Strategy"</p> <p>ESG Data Book</p>

