

ONE

STRATEGY

Corporate Report 2018

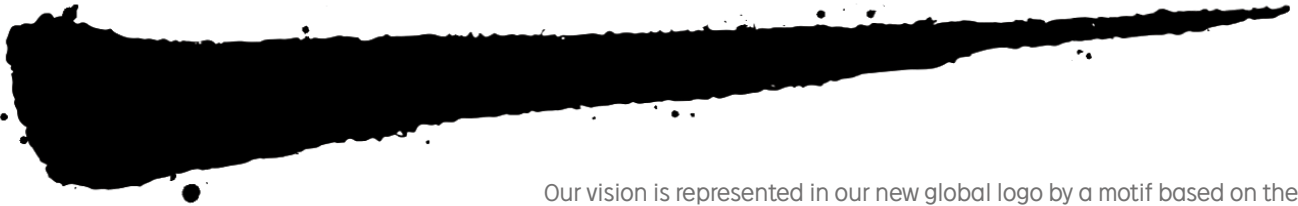
Rakuten

Our Brand

The Rakuten brand represents optimism and the promise of warm, fun services that bring joy to our customers.

Growing together with our communities, we want to support our partners in making their dreams a reality.

This idea is at the heart of each and every one of Rakuten's services.



Our vision is represented in our new global logo by a motif based on the Japanese character for "one", or "ichi," representing both a new beginning and our ambition to lead in our chosen fields.

A new start

We are at the start line of a new stage, a new challenge.

Unity

Group companies and partners big and small will be unified as one team to tackle the tasks.

Be the best

Among corporate organizations, Rakuten will be the best at contributing to the happiness of our users, partners, communities and people all over the world.

Only one

The only company that will enhance the unique characteristics of our partners as we empower them, extend the spirit of Omotenashi (Japanese hospitality) to users by providing happiness in diverse aspects of life, and build an ecosystem that will make all this possible.



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EDITORIAL POLICY

The Rakuten Corporate Report 2018 contains both financial data and information about environmental, social and governance (ESG) initiatives. Non-financial information includes the history of our growth, our value creation processes, and initiatives in various business areas.

This report was created with the aim of providing stakeholders with a fuller understanding of our business activities and the value provided by Rakuten, Inc.

<Target audience>

Stakeholders, including shareholders and investors
<Period covered by the report>

This report covers fiscal 2018 (January 1, 2018–December 31, 2018), but it also includes references to activities in fiscal 2019.

Our Philosophy

Rakuten Group's mission is to contribute to society by creating value through innovation and entrepreneurship.

By providing high-quality services that help our users and partners grow, we aim to advance and enrich society.

To fulfil our role as a Global Innovation Company, we are committed to maximizing both corporate and shareholder value.

MISSION

Contribute to society by creating value through innovation and entrepreneurship

Empowering people to realize their hopes and dreams,
embracing new thinking, Rakuten changes the world through innovation.

VISION

Global Innovation Company

At Rakuten, we drive disruptive innovation, engaging knowledge, creativity and passion from around the world to achieve ambitious goals, and help build communities in which people can pursue their dreams and live in happiness.

VALUES AND PRINCIPLES

Rakuten Shugi (Rakuten Basic Principles)

As we work to realize the vision of the Rakuten Group, Rakuten employees are united by the common values and principles represented by Rakuten Shugi. Consisting of the Rakuten Group Code of Ethics, Eight Shared Worldwide Practices, Brand Concepts, Five Principles for Success and The Way to Work, Rakuten Shugi is the foundation of the Rakuten Group.

With Rakuten Shugi as a common foundation, we place high value on the entrepreneurial spirit that drives us to get things done. By working with local communities and nurturing a robust corporate culture enabling each member of our diverse team to perform at their best, the Rakuten Group is committed to boosting corporate value and contributing to progress in society.

Growth and Innovation

1997-2003 The birth and growth of Rakuten Ichiba

February 1997

- MDM, Inc. (currently Rakuten, Inc.) is founded.

May 1997

- Rakuten Ichiba, the internet shopping mall, begins service.



June 1999

- MDM, Inc. is renamed as Rakuten, Inc.

April 2000

- Rakuten goes public through an IPO on the OTC market (currently TSE JASDAQ market).



March 2001

- Rakuten Travel, an online hotel reservation service, is launched.

November 2002

- Rakuten Super Point Program is introduced as a new membership loyalty program.

November 2003

- Rakuten acquires DLJ direct SFG Securities (currently Rakuten Securities, Inc.).

2004-2009 Expansion of Rakuten Ecosystem

September 2004

- Rakuten fully acquires Aozora Card Co., Ltd. (currently known as Rakuten Card Co., Ltd.).

November 2004

- Nippon Professional Baseball (NPB) approves the entry of "Tohoku Rakuten Golden Eagles" into the league.

June 2005

- Rakuten commences credit card payment service with Rakuten Card by acquiring Kokunai Shinpan Co., Ltd. (former Rakuten KC Co., Ltd.).
- Launch of Rakuten Card service.



September 2005

- Rakuten enters the U.S. affiliate marketing business by fully acquiring LinkShare Corporation (currently Rakuten Marketing LLC).

August 2007

- Rakuten acquires Fusion Communications Corp. to commence IP telephony business.

February 2009

- Rakuten acquires eBank Corporation (currently Rakuten Bank, Ltd.).

March 2009

- Rakuten fully acquires pay-per-view video service provider SHOWTIME, Inc.

2010-2014 Transformation into a true global company

January 2010

- Rakuten acquires bitWallet, Inc. (currently Rakuten Edy, Inc.).



July 2010

- Rakuten fully acquires Buy.com, Inc. (currently Rakuten Commerce LLC), which operates Buy.com (currently Rakuten.com), an e-commerce site in the U.S.
- Rakuten fully acquires PriceMinister S.A. (currently Rakuten France S.A.S.), which operates Rakuten France, an e-commerce site in France.

December 2011

- Rakuten Ichiba achieves 1 trillion yen in gross transaction value.

January 2012

- Rakuten fully acquires Canadian eBook Company Kobo, Inc. (currently Rakuten Kobo Inc.), a world leader in eReading.

Rakuten kobo

June 2012

- Rakuten fully acquires Wuaki.TV, S.L. (currently Wuaki.TV, S.L.U.), a video streaming service based in Spain.

July 2012

- Rakuten designates English as its official corporate language.

April 2013

- Rakuten Group rebrands AIRIO Life Insurance as Rakuten Life Insurance Co., Ltd.

September 2013

- Rakuten fully acquires Viki, Inc., an emerging global provider of video streaming service based in the U.S.

Global Gross Transaction Value

- *1. Global Gross Transaction Value=Domestic E-Commerce GMS+Credit Card GTV+ Rakuten Edy GTV+Rakuten Point Card GTV+Overseas E-Commerce GMS+Ebates GMS+ Digital Contents GTV+Rakuten Marketing GTV
- *2. Includes intercompany transactions for settlement and affiliate services

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Since its founding in 1997, the Rakuten Group has been based on the idea of "Empower people and society through innovation." We have developed various businesses with the aim of being a "Global Innovation Company." And we will work on further improvement of corporate value and sustainable growth.

2015–2018 Establishment of a global brand

November 2013

- Tohoku Rakuten Golden Eagles win the Japan Series Championship for the first time in their history.



December 2013

- Rakuten changes the listing of its shares from the JASDAQ (Standard) market to the First Section of the Tokyo Stock Exchange.



March 2014

- Rakuten fully acquires Viber Media Ltd., which operates mobile messaging and VoIP service "Viber" worldwide.

Rakuten Viber

October 2014

- Rakuten launches the Rakuten Point Card service, allowing members to use their Rakuten Super Points in actual stores throughout Japan.
- Rakuten fully acquires Ebates Inc., provider of leading membership-based online cash-back site Ebates in the U.S.



- Rakuten Group fully enters the mobile phone industry with the launch of the MVNO service "Rakuten Mobile."

Rakuten Mobile

January 2015

- Rakuten fully acquires Vissel Kobe, entering into Japan Professional Football League (J-League).
- Rakuten Card Co., Ltd. issues its own credit card, Taiwan Rakuten Card.



April 2015

- Rakuten fully acquires OverDrive Holdings, Inc., a leading eBook content provider primarily for libraries.

June 2015

- Rakuten begins relocation to new global headquarters Rakuten Crimson House in Futako Tamagawa, Tokyo.

July 2016

- Rakuten introduces a company-system organization.

November 2016

- Rakuten announces that it will become football team FC Barcelona's Main Global Partner.

Rakuten



GLOBAL INNOVATION & ENTERTAINMENT
PARTNER OF FC BARCELONA

September 2017

- Announcement of partnership with NBA team Golden State Warriors.



Rakuten

OFFICIAL PARTNER
OF THE GOLDEN STATE WARRIORS

February 2018

- Consumer-to-consumer marketplace apps Rakuma and FRIL merge under new Rakuma brand.

Rakuten ラクマ

March 2018

- Rakuten fully acquires the Asahi Fire & Marine Insurance Co., Ltd. (currently Rakuten Non-life Insurance Co., Ltd.).

April 2018

- Rakuten Mobile Network, Inc. (currently Rakuten Mobile, Inc.) receive approval from the Minister of Internal Affairs and Communications for its 4th generation mobile communications system special base station deployment plan.

June 2018

- Rakuten Global Brand Logo Renewal.

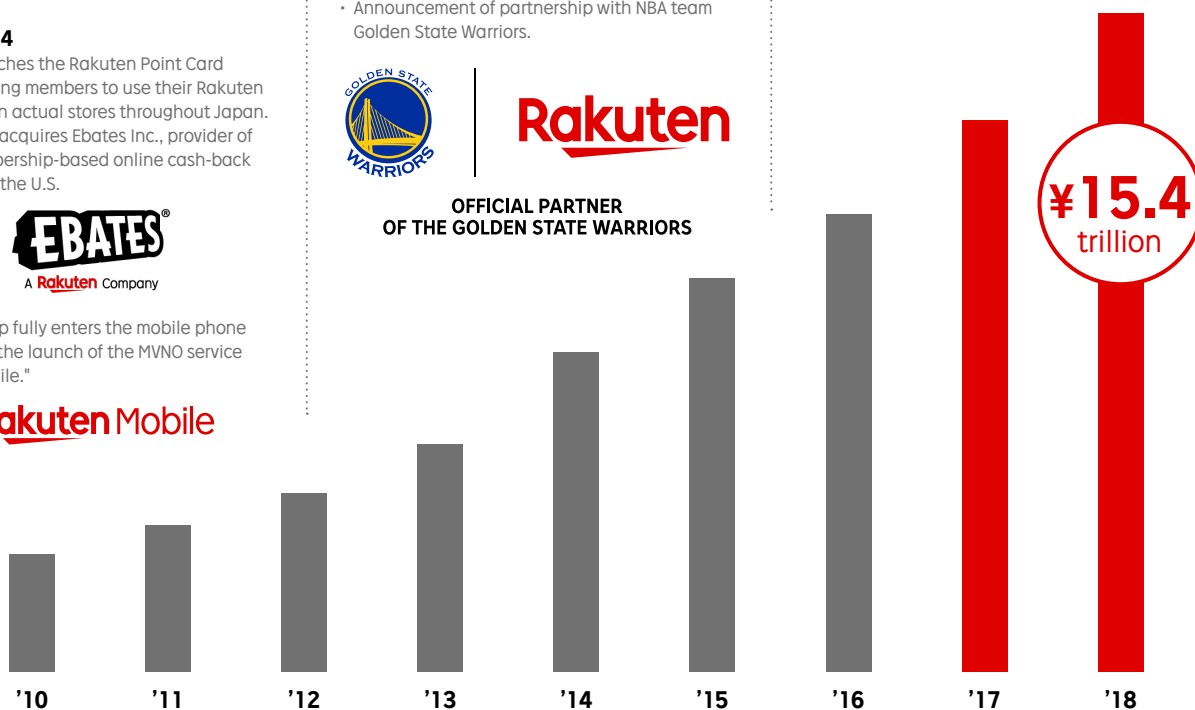
Rakuten

July 2018

- An immediate stock holding company Rakuten Insurance Holdings Co., Ltd. is established.

April 2019

- Rakuten Payment, Inc. is established.
- Rakuten Mobile, Inc. receives approval from the Minister of Internal Affairs and Communications for its 5th generation mobile communications system special radio station deployment plan.



Rakuten's mission is to empower individuals and society through innovation. We transform and enrich society by providing services that bring a high level of satisfaction to both users and merchants, and by helping countless people to achieve growth. The keys to our ability to offer a wide range of services, including internet and fintech services, in Japan and overseas are our membership base, our brand, and our data, all of which are important non-financial assets for Rakuten. By organically linking



■ Mission

Contribute to society by creating value through innovation and entrepreneurship

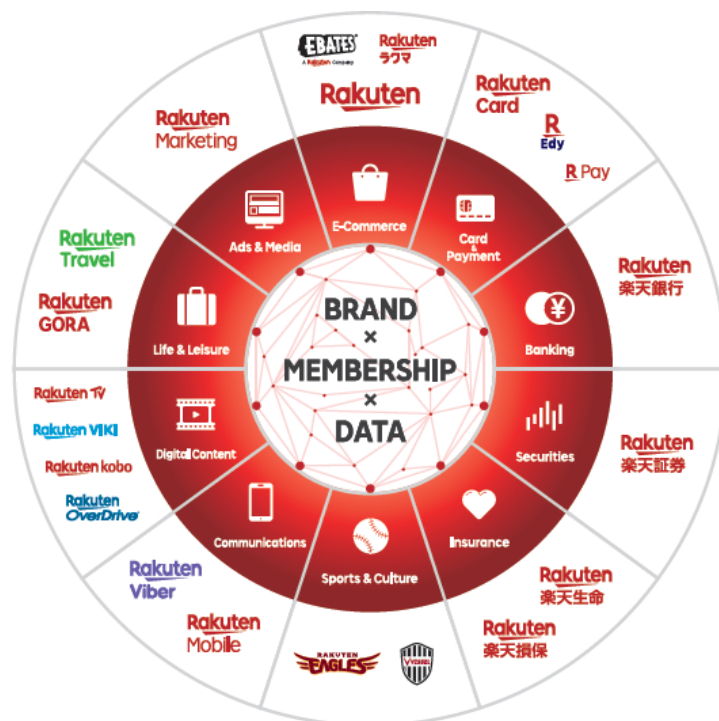
■ Vision

Global Innovation Company

Intellectual Capital

■ Number of employees **17,214**

■ Number of nationalities represented over 70



Social Related Capital

■ Business line-Up over **70**

■ Geographical presence over **30** countries and areas

■ Smartphone payment touchpoints approx. **3 million***1

■ Merchants attend Rakuten Ichiba approx. **47** thousand

Financial Capital

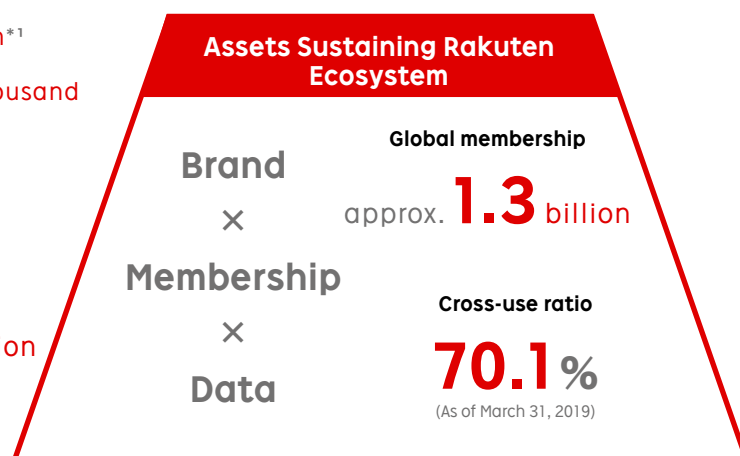
■ Rating **A** (JCR) / **A-** (R&I)

■ Interest-bearing debt
(excludes financial businesses) **¥703.8 billion**

■ Equity ratio **10.5%**

Manufacturing Capital

■ Annual capital investment **¥100.2 billion**



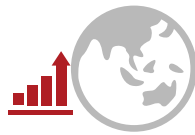
services around our membership base, especially Rakuten members, we have created the Rakuten Ecosystem, an economic environment in which consumers are encouraged to use multiple services repeatedly and continuously. We will continue to work toward our mission of empowering individuals and society, while also achieving continual growth in our corporate value by maximizing the lifetime value of each member, minimizing the cost of attracting customers, and expanding gross transaction value.

Output

Social Value Provided

Membership Value*2

¥4.6 trillion



Contribute to society by creating value through innovation

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



We accelerate industry creation and innovation leading to infrastructure development and creation of the sustainable society, by providing safe, secure, and highly convenient e-commerce services, and various payment services to meet the needs of the cashless society.

Global Annual GTV

¥15.4 trillion



11 SUSTAINABLE CITIES AND COMMUNITIES



We contribute to sustainable economic growth and the development of productive jobs and cities by empowering regional businesses and expanding their trading areas.

Consolidated Revenues

¥1.1 trillion



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



By supplying sustainable products to consumers, we prevent environmental harm, while ensuring respect for human rights and contributing to economic prosperity for all stakeholders throughout our value chains.

Consolidated Operating Income (IFRS)

¥170.4 billion



10 REDUCED INEQUALITIES



We create innovations to change the world by bringing together individuals with diverse qualities, values, and talents, and by continuously creating innovative services.

5 GENDER EQUALITY



*1 The number of touchpoint that can use either "Rakuten pay app," "Rakuten Edy" "Rakuten point card" (as of December 31, 2018).

*2 Calculated based on Total Rakuten Service Usage (unique users x cross use) and Lifetime value.

*3 The stated figures are as of end of December 2018.



Hiroshi Mikitani
Chairman and CEO

BELIEVE IN THE FUTURE

Innovation drives the world and gives people better lives. We believe in the future.
We will continue to take up the challenge of creating a better tomorrow.

Rakuten's Goals

When Rakuten was founded in 1997, the information revolution was just beginning to expand into a global phenomenon. We had no guarantee of success, and all our hopes depended on our shared belief that the internet would change the world. Internet shopping was limited to expensive and cumbersome systems provided by major corporations. Rakuten provided low-cost systems that allowed people with limited computer experience, such as sole proprietors and small companies to create unique websites. At the same time, we provided various forms of support for the expansion of internet-based sales channels. As a result, retailers without direct access to major metropolitan markets who were facing closure were able to leverage Rakutan Ichiba, our internet marketplace to expand their business to national markets. In some cases, these businesses become key drivers in local economies. Rakuten measures its success by the success and happiness of these merchants, and by the resulting improvements in society. This is what we mean by “empowerment,” a principle that Rakuten has consistently advocated since its founding. Our mission is the continual empowerment of society through innovation.

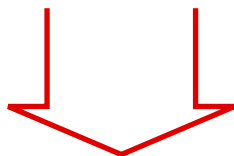
We created the Rakuten Ecosystem by combining the internet, finance, and the membership business. One example of our commitment to innovation is the fact that that we are one of the few Japanese companies to adopt English as our official corporate language.

Our vision for Rakuten is as a global company with Japanese roots. To realize that vision, we aim to become a company that can help people everywhere to achieve happiness by turning their personal dreams into reality. We believe that Rakuten will be unable to survive as a global-scale enterprise unless we can contribute to the well-being of all mankind in the not-too-distant future. Globalization and the improvement of social efficiency are likely to accelerate even further. However, our business aspirations are not defined solely in terms of efficiency. Despite the challenges, we will remain committed to our founding vision of growth in partnership with communities as a company that values relationships with people. Instead of leaving some people behind due to their lack of access to information, advances in technology should make the internet and the information it contains more accessible to all. As history unfolds, I believe that society will be seeking not only greater convenience, but also services that are fun to use and have regional and human characteristics. Innovation will move the world forward and enhance human well-being. Many people who share this vision have come together to work with Rakuten.

Innovation drives the world and gives people better lives. We believe in the future, and we will continue to take up the challenge of creating a better tomorrow.

Rakuten's Keywords

Empowerment × Innovation × Entrepreneurship



Global Innovation Company

Review of 2018

A key event in 2018 was the update of Rakuten's integrated global logo. We also laid the foundations for further enhancement of our brand value in Japan and overseas through our partnerships with FC Barcelona and the NBA team Golden State Warriors. Our brand, IDs, and data are core components of the Rakuten Ecosystem. The Japanese word "Rakuten" means "optimism," the quality of believing in a brighter future. It expresses our philosophy of creating a brighter, happier future for people through the global provision of innovative services. In addition to the integration of our brand, we have also launched a project to build a global ID platform as the basis for a global ID system and loyalty program. We aim to raise consumer awareness of the Rakuten brand and expand the Rakuten Ecosystem globally through every Rakuten service and initiative.

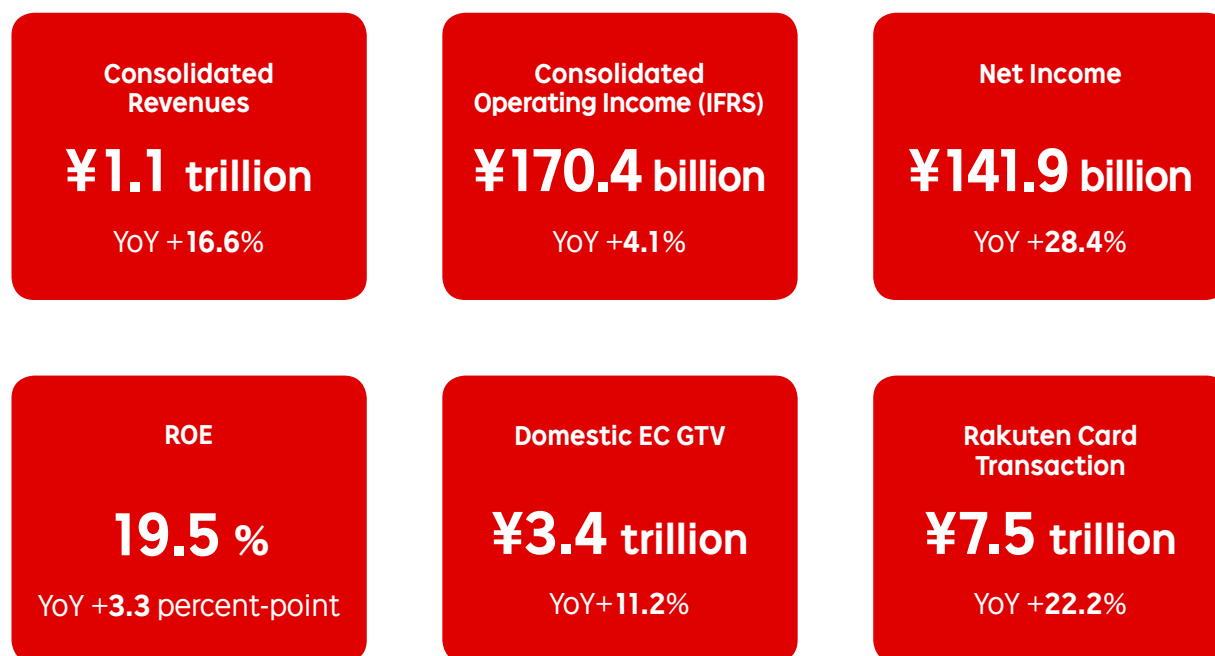
From a business perspective, enhancements to our points policy and domestic internet businesses resulted in another year of double-digit growth in our domestic e-commerce GMS. That trend accelerated in the second half of the year. Expansion of new areas, such as the C2C business, also

contributed. In the FinTech area, we further strengthened the position of the Rakuten Card as Japan's number one credit card. In addition, measures to allow points to be used in our banking and securities businesses generated benefits in the Rakuten Ecosystem, resulting in sustained growth. The Rakuten Pay cashless payment system continued to gain market share, with the result that Rakuten now leads the trend toward cashless payment in Japan. The investment business was a major contributor to earnings, with returns from our investments in Japanese and overseas companies resulting in an IRR of 24% and an ROI of 74%. Our overseas businesses, such as Rakuten Viber and Ebates, are also achieving healthy growth.

Our global user base reached approximately 1.3 billion, and global gross transaction volume grew to ¥15 trillion. Global revenues increased by 16.6% year on year and exceeded ¥1 trillion for the first time at ¥1.1 trillion. Operating income was 14.1% higher at ¥170.4 billion. Net income set a new record with 28.4% growth to ¥141.9 billion, while ROE improved by 3.3 points year on year to 19.5%.

FY2018 Highlights

In fiscal 2018, consolidated revenue exceeded the ¥ 1 trillion mark for the first time, and the business results of Group companies expanded steadily.



Future Growth Strategies

In the fall of 2019, we plan to launch services as a mobile network carrier. When we first announced our plan to move into this sector, many people told us it was impossible. However, we have used the full potential of advanced technology to create the world's first virtualized cloud-based telecommunications network. In addition to our advantages as a latecomer to the market, we will also use our track record and know-how as an internet business operator to introduce innovations that will far surpass industry norms. As we roll out these services, we will maximize synergies with the Rakuten Ecosystem and its core element, the membership base, to provide users with unprecedented value.

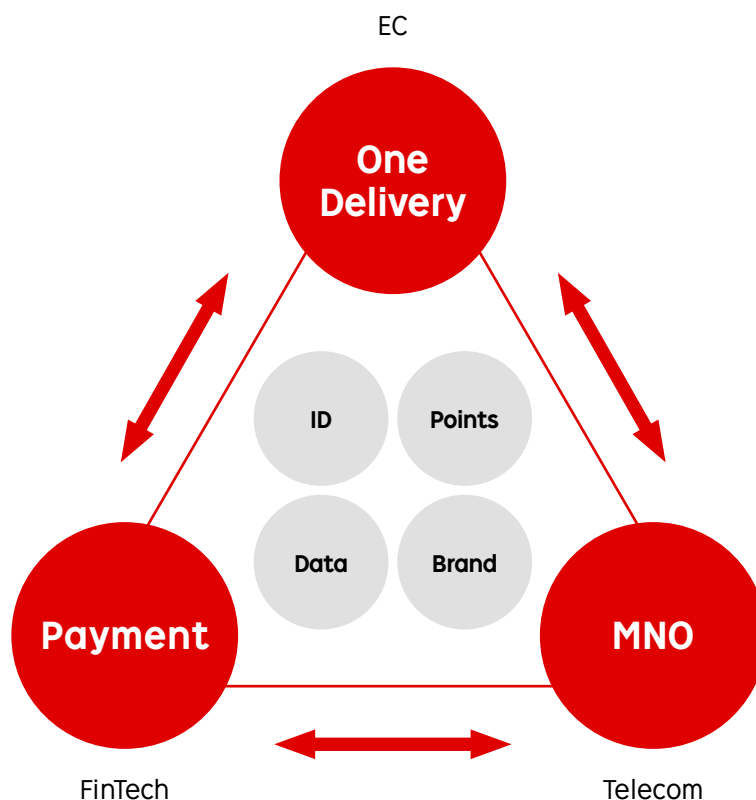
In our e-commerce business in Japan, we worked under the slogan of “One Delivery, One Payment” to standardize, integrate and improve delivery services and payment methods used by different stores. Priorities for our logistics operations include introducing solutions to challenges facing society such as driver overwork, providing services to meet changing user needs, and developing our own logistics network. Our goal is to achieve growth in partnership with

our merchants, by making improvements in these areas while maintaining the features that have made Rakuten strong, including the concept of shopping as entertainment, and the uniqueness of our product range.

The release of a new app bundling Rakuten's payment services in March 2019 was an important milestone for our FinTech business. The app supports online payment between individuals with Rakuten Cash electronic money, main-menu access and use of to the Rakuten Point Card for payments and other functions, as well as Rakuten Group's electronic money Rakuten Edy. Around three million establishments now accept smartphone payments. We will continue to seek solutions to the social issues caused by the inefficiency of cash payments by further enhancing the usability of this app, so that we can increase the added value provided to consumers by using our points system to offer enjoyable services at affordable prices.

The Rakuten Ecosystem supports a wide variety of consumer activities, both online and in the real world. We will create even greater added value through the addition of

Current Focus Areas

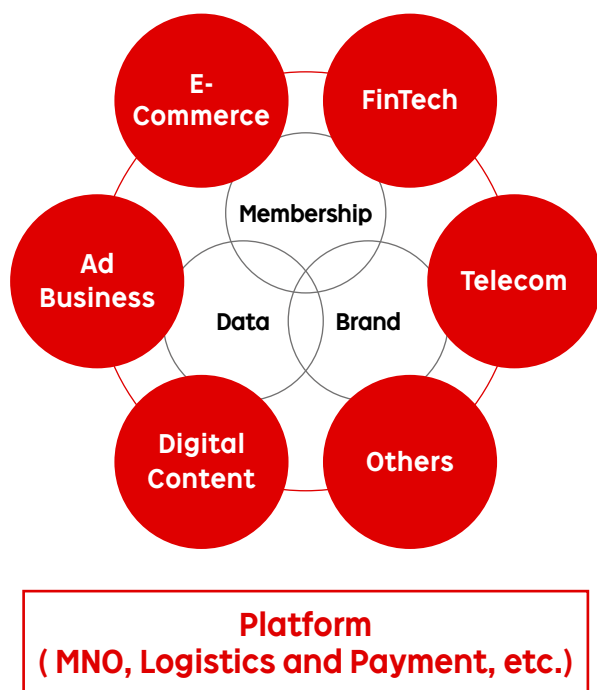


our mobile network carrier business and advertising business. Thanks to the reinforcement of our brand and the development of telecommunications services, such as Rakuten Viber, we are now within reach of a new growth phase in our overseas business operations.

One indicator of the value of the Rakuten Ecosystem is membership value, which we define as the sum of the

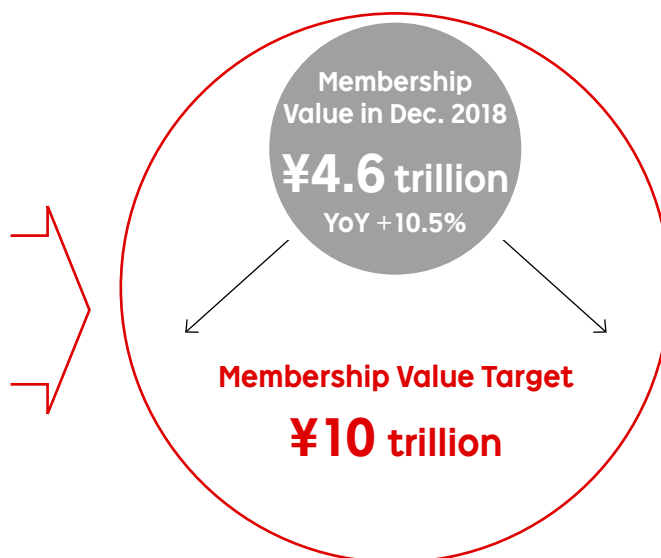
lifetime value of users. In 2018, membership value increased by 10.5% year on year to ¥4.6 trillion. Our medium- to long-term goal is to increase this ¥10 trillion. We will work to achieve continuous growth toward this goal by bringing greater prosperity and enjoyment to users, business partners, and communities.

Enhancement of Rakuten Ecosystem



Massive Expansion of Rakuten Ecosystem

By strengthening MNO, logistic functions and payment business, membership value further expands.



Corporate Governance

In April 2019, we launched a new Group structure designed to allocate management resources, including capital and human resources, to various businesses, with the aim of creating governance systems that will help to enhance shareholder value. Our goals under this new structure are to improve capital efficiency and achieve sustainable income growth by ensuring that top management in each business area is clearly accountable. Over the past few years, we have also reviewed the matters discussed by the Board of Directors and the frequency of those discussions. This has

raised the level of debate, which now centers on medium- to long-term strategies. The key qualities that we seek in directors include management and business experience, and knowledge of the internet and media technologies. We also aim to achieve ethnic and gender diversity. In March 2019, we welcomed Sarah J. M. Whitley as a new outside director. MS. Whitley has many years of experiences as a leading investor in Japanese shares and will help to strengthen corporate governance from a shareholder's perspective.

Innovating to Bring Happiness to the World

How far will AI technology advance in years ahead? My view is that in the world of the future, AI will help people rather than replace them. I believe that technology will empower local communities and business partners, leading to the creation of a sustainable consumer society. To achieve this, we must maintain the agility to adapt to change, while ensuring that Rakuten remains a company that can absorb ideas from a wide variety of people, and move forward with innovation.

The information revolution has expanded from a trickle of innovation into a major river of change flowing through the heart of the global community. That river will eventually flow into the sea and become a huge wave of change. Rakuten is determined to apply innovation to stay on the crest of this wave, and to deliberately position ourselves to be able to create a brighter future.



Hiroshi Mikitani
Chairman and CEO

**Under the global uniform brand,
Rakuten is continuing to
challenge to new innovations,
and empower people and society.**





MOBILE STRATEGY

Rakuten is building the world's first end-to-end cloud-native 5G-ready mobile network to transform the Japanese telecom industry.

October 2019 Entry into the MNO Business

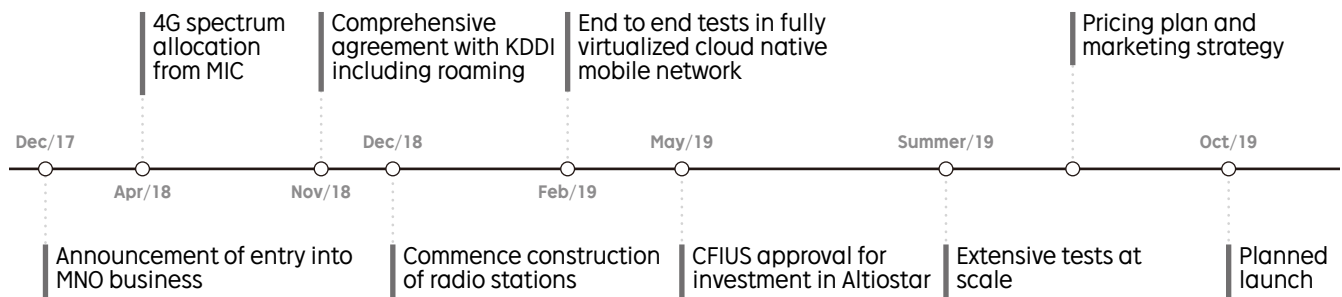
Rakuten will launch a mobile network carrier service in October 2019. As the first new player to enter Japan's mobile network carrier market in 13 years, we will progressively build our own nationwide 4G network, starting in the Tokyo-Nagoya-Osaka area. We began to develop the network in late 2018, and in February 2019 we successfully completed user trials of the world's first end-to-end fully virtualized cloud-native mobile network. In June 2020, we plan to introduce 5G services using bandwidth allocated to Rakuten by the Minister of Internal Affairs in April 2019.

Rakuten has adopted revolutionary architecture for its network, which will be fully virtualized from the radio access network to the core network. Both network and service operations will be automated from end to end. The result will be the world's first cloud-native network. With the cooperation of our global partners, we will create a fully

virtualized open telecommunications network with 5G-ready virtual system architecture. Rakuten's system will be 5G-ready as soon as the service is launched, allowing us to enter the 5G market simply by upgrading the software.

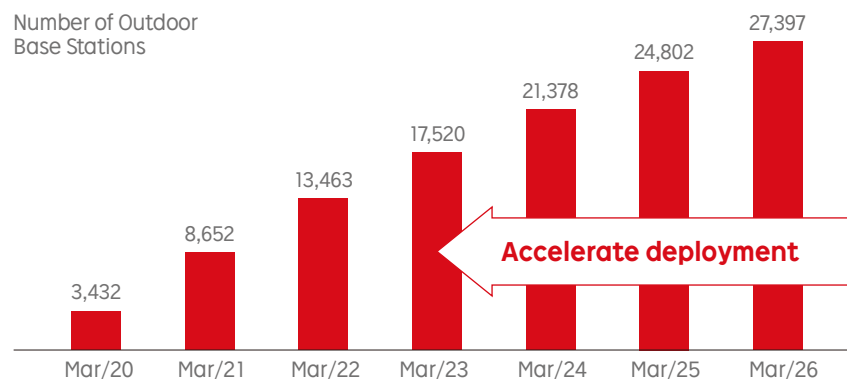
In addition, the simple and compact design of our wireless equipment will not only result in extremely low network latency (the time required for data to travel round-trip between two points), but will also allow us to keep equipment and maintenance costs low. As of March 2019, around 100 employees were involved in development and maintenance. This is an extremely low number compared with other carriers. Traditional mobile operators employ as many as 600 different types of hardware in their networks, but Rakuten will use no more than ten. We expect that initial capital expenditure on our 4G network will be less than ¥600 billion, and that expenditure for the 5G network upgrade will be a maximum of ¥200 billion.

Roadmap for 4G MNO Service Launch



Outdoor Base Station Development Roadmap

- Accelerating base station deployment (Commitment to MIC: 27,397 sites by March 2026)



Fusion of the Internet and Mobile

Several factors have enabled Rakuten to develop this innovative network in just eight months from the start of preparations for market entry. The first is our corporate culture. According to Rakuten Mobile Network CTO Tareq Amin, Rakuten's greatest strengths are its corporate culture and human resources. Mr. Amin believes that the decisive factor differentiating Rakuten from its competitors is the fact that it is not a telecommunications company, but rather an IT company that employs highly skilled professional engineers.

Rakuten Revolutionizes the Telecommunications Business

In the 22 years since its founding, Rakuten has introduced over 70 internet-based services, so the development of a cloud-based telecommunications service was a natural

approach for us. We have been able to build a telecommunications network by thinking outside of the box. While other companies have also started to develop virtualized network technologies, Rakuten can use its advantages as a latecomer to make optimal use of cutting-edge technology in building a fully virtualized network. Another vital factor is our collaboration with AltioStar, which has its own proprietary virtualization technologies, and with leading companies in the mobile network industry, such as Tech Mahindra, Nokia and Cisco.

Rakuten was able to undertake this initiative, which will revolutionize the telecommunications industry, because it is an IT company accustomed to moving with speed and agility. We will take up the challenge of providing business operators, including our existing business partners, with a new communication platform suited to the 5G era. By offering totally new value to users, we will trigger massive evolution in the Rakuten Ecosystem and provide access to the cloud services of the future.

ONE DELIVERY

**Building our own logistics network
for customer-oriented delivery services
integrated with branch stores,
we will work to further improve the value of EC.**

Logistics System Supporting "Domestic EC"

Our logistics strategy is one of the keys for the medium- to long-term growth of our e-commerce business in Japan, which centers on the Rakuten Ichiba system. With the expansion of e-commerce in recent years, increasing parcel traffic has created a number of problems for the Japanese logistics industry, including labor shortages and a rise in the number of repeat deliveries due to absent recipients. In addition, logistics companies are raising their charges and putting limits on total traffic, making it more difficult for e-commerce operators to achieve steady financial performance while also providing high-quality services.

Rakuten has responded to this situation by adopting the "One Delivery" concept, under which we aim to provide integrated delivery services based on continual management of the entire process from the ordering of products to final delivery. We are working to enhance our own logistics

capabilities, including integrated logistics services provided to e-commerce merchants by Rakuten Super Logistics, and delivery services provided by Rakuten EXPRESS.

Rakuten Super Logistics is increasing its capacity by expanding its network of large-scale distribution centers. In addition to its existing facilities in Ichikawa City, Chiba Prefecture and Kawanishi City, Hyogo Prefecture, it opened new logistics centers in Nagareyama City, Chiba Prefecture and Hirakata City, Osaka Prefecture in January 2019. Rakuten Super Logistics also aims to develop efficient nationwide services by operating the facilities of partner companies as its own distribution centers. As the first step in this process, it has formed a capital and business alliance with Kantsu Co., Ltd., allowing it to use that company's distribution center in Amagasaki City, Hyogo Prefecture. In the future, it aims to reduce delivery times by providing collection services for shippers, and developing a network of logistics arteries. These initiatives will contribute to the stable operation of

e-commerce outlets by providing highly efficient integrated logistics services.

Delivery Method Tailored to Customer Needs

Rakuten EXPRESS provides delivery services for consumer goods and household consumables sold through e-commerce services provided by Rakuten Direct, as well as products sold by Rakuten Books and Rakuten BRAND AVENUE. It also handles logistics in Tokyo and some areas of the Kansai region for certain types of goods entrusted to Rakuten Super Logistics, which provides logistics services to Rakuten Ichiba merchants. Its population coverage ratio in its target areas has risen from 2% in November 2017 to 21% as of March 2019 and is expected to reach 40–50% by the end of the current year.

Rakuten also plans further enhancements to last-one-mile services. These will include designated-time redelivery up to midnight, as well as same-day delivery services, which will be introduced later this year, and delivery to specified storage locations at residential sites. Other service enhancements will include a flexible system that will allow customers to select a delivery method or time to suit their lifestyles. To ensure efficient delivery services, a simple on-line system will allow customers to change the delivery method or request redelivery after they have stipulated the delivery time, address, payment method, and other

information at the time of purchase. The system will also provide automatic updates about the status of deliveries.

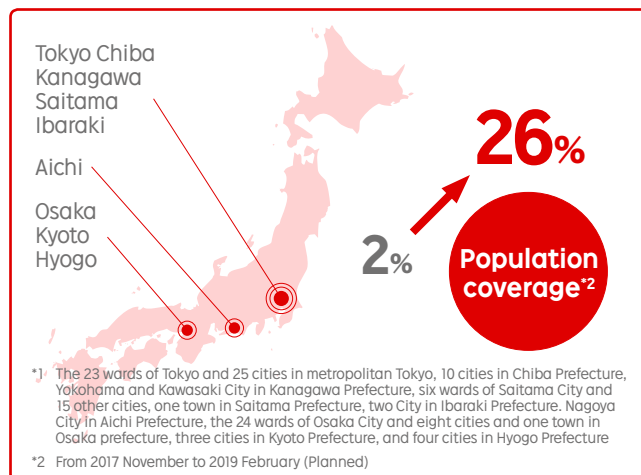
New Approach to Logistics

In addition, Rakuten plans to introduce uniform shipping charges for all Rakuten Ichiba merchants. While the B2B2C model gives merchants a certain amount of discretion and offers advantages, such as more enjoyable shopping experiences, it reduces user-friendliness because of variations in shipping charges from store to store. By introducing uniform shipping, we aim to encourage more users to choose our e-commerce services.

Future-oriented initiatives currently in progress include trials of delivery systems using drones and autonomous robots. In February 2019, we entered into an agreement with the Jingdong Group, which operates JD.com, China's leading e-commerce site. Under this agreement, when unmanned delivery systems are introduced in Japan, Rakuten will use drones and ground-based delivery robots developed by the Jingdong Group.

Rakuten will continue to empower e-commerce merchants as its business partners, while also working to improve consumers' e-commerce experience, provide attractive services, and maximize lifetime value.

Rakuten EXPRESS: Area/Coverage Expansion^{*1}



Shipping Expansion

Rakuten Direct
Rakuten SUPER LOGISTICS
Rakuten BRAND AVENUE
Rakuten ブックス

Other Services

- “Oki-hai”^{*} for reducing redeliveries
- Specified delivery time until 24:00

^{*} “Oki-hai” is a service for leaving packages in designated locations.

Capacity Expansion of Rakuten Super Logistics



Rakuten Fulfillment Center HIRAKATA

- Operation launch: January 21, 2019
- Leased area: approx. 75,000 square meters
- Location: Hirakata, Osaka

Capital and strategic alliance with Kantsu Co., Ltd.

- Operation launch: March 2019
- Operate Kantsu's DC as RSL satellite
- Location: Amagasaki, Hyogo



Rakuten Fulfillment Center Nagareyama

- Operation launch: January 18, 2019
- Leased area: approx. 80,000 square meters
- Location: Nagareyama, Chiba



Payment STRATEGY

Responding to the demands of the times, Rakuten's approach to cashless payment increases the value of its services for consumers, merchants and society.

Approaches to Cashless Payments

Rakuten's cashless payment services are enhancing the value of its services for consumers, merchants, and society.

In April 2019, we established a new subsidiary, Rakuten Payment, Inc., to create an integrated organizational structure to advance our business. That was preceded in March 2019 by a major update to the Rakuten Pay app. With this app has been installed on their smartphones, customers can easily find various functions in the main menu, including payments using QR codes or barcodes, Rakuten Cash^{*1} on-line money, which can also be used to transfer money between individuals, and Rakuten Point Card functions. Now they can also access Rakuten Edy e-money^{*2}.

A key feature of Rakuten's settlement business is its line-up of various services, which users may choose according to

the situations in which they need to make payments. For example, a person might use Rakuten Edy to purchase lunch at a convenience store, but use a Rakuten Card to pay for dinner in restaurant. People visiting Japan from overseas will naturally choose settlement methods that are familiar in their home countries, such as payment via QR codes or debit cards. Rakuten offers a wide range of settlement solutions that allow the consumer to choose the method that is convenient for them and matches their habits.

At the start of the 2019 season, we launched a trial of fully cashless sales of tickets, refreshments, goods, and other items under our "smart stadium" concept at both Rakuten Seimei Park Miyagi, home of Rakuten's professional baseball team, the Tohoku Rakuten Golden Eagles, and Noevir Stadium Kobe, which the home ground for the Vissel Kobe J1 professional soccer team. This change has caused only minimal confusion

*1: Rakuten Cash is online e-money that can be used to pay for Rakuten group services provided to Rakuten members, or to shop in affiliated real-world stores using the Rakuten Pay app.

*2: Rakuten Edy is only available via Android™ devices with O-Saifu Keitai® (mobile wallet) functions.

*O-Saifu Keitai® is a registered trademark of NTT Docomo. *Android™ is a trademark of Google LLC.

among fans, while the benefits include shorter waits in line.

Strengths of Rakuten's Settlement Business

A growing number of companies in Japan are offering smartphone-based settlement services, in part because of support provided by the government with the aim of improving the efficiency of Japan's cash-oriented society. The Rakuten Group has three key advantages over its competitors in this area: IDs, our points system, and our network of affiliated merchants. We already have over 100 million registered member IDs in Japan, with payment data recorded for the majority of those people. Those memberships are linked to Rakuten Super Points, of which we have issued a cumulative total of 1.2 trillion, and which are easy to accumulate and use. Our payment services are accepted by a nationwide network of around three million affiliated retailers (as of March 2019). Rakuten offers consumers not only a wide range of settlement methods, but also additional benefits, including opportunities to earn points that can be used anywhere.

Rakuten will continue to lead the industry by using these advantages to enhance the convenience of its services and attract more users.

Cashless Payment Empowers Society

Rakuten is promoting cashless settlements for reasons that are closely linked to its corporate mission to empower people and society through innovation. In the past, small- and medium-sized enterprises have been discouraged from adopting credit card settlements because of opaque fee structures, expensive terminals, long settlement cycles, and other issues. That is one reason why the percentage of cashless settlements in Japan has remained low compared with other countries. Rakuten has responded to this environment by playing a pioneering role in promoting the shift to a cashless society through the introduction of Rakuten Pay for small and medium enterprises and real-world retail outlets. Benefits include the lowest commissions in the industry, and next-day automatic crediting.

Smartphone settlements will eliminate structural issues in the settlement industry. Furthermore, because Rakuten points are linked to IDs, it is possible to extract data showing which types of people are buying which types of goods. By offering marketing services based on this information, we are helping affiliated merchants to achieve business growth.

Through our FinTech business, we will continue to develop the Rakuten Ecosystem and create membership value* in line with our empowerment philosophy.

*Calculated based on Total Rakuten Service Usage (unique users x cross use) and Lifetime value.

New Rakuten Pay App

- Update of current Rakuten Pay App with various payment solutions embedded into one platform
- Released on March 18, 2019

Rakuten Points and Rakuten Cash can be used for payment



Credit card (Rakuten Card / Visa / Master) is linked background



Rakuten Edy (FeliCa-based e-money)



Rakuten Point Card barcode



Barcode & QR code payment



Fully Cashless Smart Stadium Concept

- Under the "smart stadium concept", Rakuten's professional baseball and football club will roll out fully cashless payment systems within their home stadiums

Rakuten Seimei Park Miyagi



Noevir Stadium Kobe



Payment Services by Rakuten

Rakuten Card

R Pay

R
Edy

R
POINT

Rakuten
楽天銀行

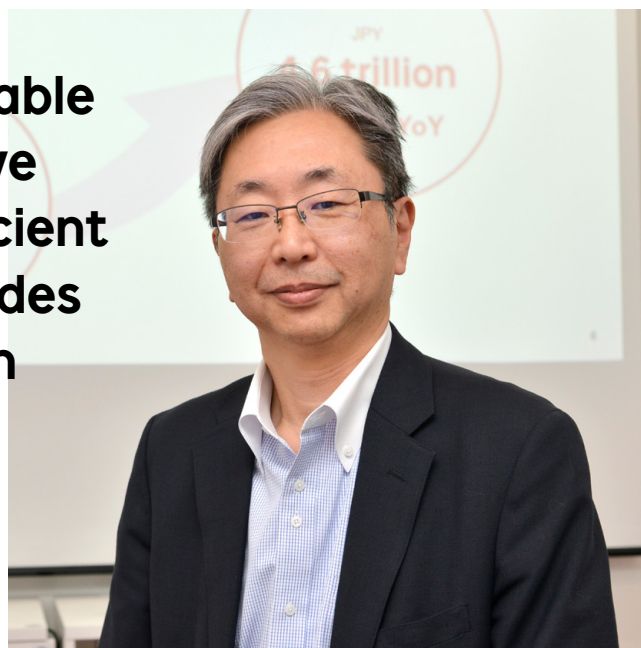


Payment by Rakuten Pay

Along with establishing a stable financial foundation, we have developed a flexible and efficient financial strategy that includes procurement of funds and an investment business.

Kenji Hirose

Group Executive Vice President
CFO (Chief Financial Officer)



Review of 2018

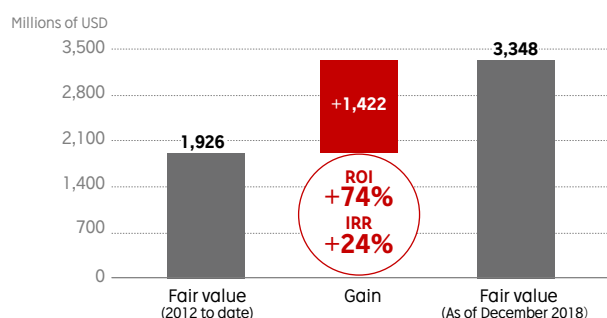
The Rakuten Group has continued to invest in strategic business initiatives, including the launch of the mobile communications business, the expansion of the C2C business, and development of logistics networks. My task as CFO is to achieve a balance between investment and our financial position. One major event in 2018 was the procurement of funds for capital expenditure on the mobile communications business through the issuance of hybrid bonds. Hybrid bonds are treated as debt from an accounting perspective, but subject to certain conditions, 50% of the bonds are deemed to be capital from a credit rating

perspective. Because the Rakuten Group includes financial businesses, one of our strategic priorities is the maintenance of a high credit rating in order to reduce financing costs. We were able to raise the funds needed for business growth without eroding our financial structure.

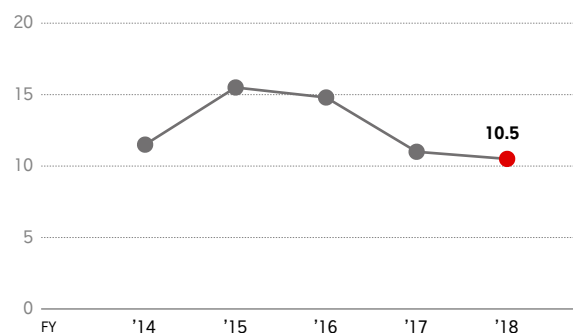
We also made changes to our capital allocations. As part of those changes, we restructured our business portfolio by selling some consolidated subsidiaries in fiscal 2018. There is no change in our policy to pursue the optimal business portfolio.

We also began to realize returns from our investment business, which has been a major focus of activity since 2012. Performance indicators for fiscal 2018 include ROI of

Performance of Investment Business



Equity Ratio (%)



74% and IRR of 24%. We also made steady progress on the sale of shares from our portfolio, resulting in proceeds of ¥15.5 billion in fiscal 2018.

To summarize our results for 2018, judicious use of leveraging allowed us to set a new profit record and raise our ROE to 19.5%, an improvement of 3.3 points from the previous year's level. Our shareholders equity ratio was above the 10% benchmark for financial stability, and we also maintained our ROA ratio at approximately the same level as in the previous year. As stated in last year's corporate report, our financial policy calls for the flexible provision of funds for growth, while maintaining a good balance among ROE, ROA, and the equity ratio, and improving capital efficiency. I believe that we made significant progress toward the achievement of these goals.

Investment Plans for 2019

In 2019, we will reach an important turning point with the launch of our mobile network carrier services, starting with the introduction of 4G services in October. There will be depreciation expenses, as well as marketing-related investment before launch. Our goal is to achieve income in excess of expenditure, including 5G investment, by 2023. However, this timeline is based on the assumption that we will rely on roaming for early stage augmentation of our network, and we hope to reach our goal earlier by expanding our own facilities.

As a first step toward the development of a logistics network in collaboration with other companies, we formed a capital and business alliance with Kantsu Co., Ltd. in March 2019. Kantsu has a track record as a provider of freight handling services for Rakuten Ichiba merchants. We will use Kantsu's surplus space and introduce a joint warehouse management system (WMS), allowing us to provide services on the same basis as at Rakuten warehouses. Going forward,

we will undertake capital expenditure in stages, taking operating rates at existing facilities into account.

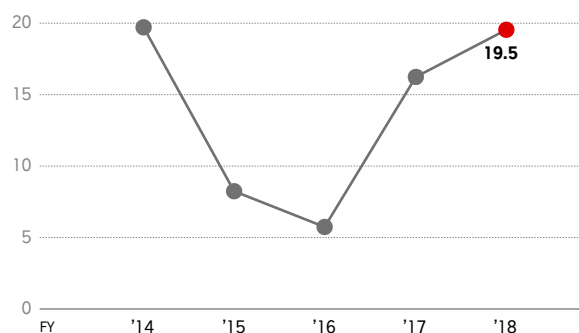
Organizational Changes Targeted toward Capital and Asset Management

In April 2019, we restructured our organization to clarify responsibilities and authority and speed up management processes. Because the Internet business, the telecommunications business, and financial business have different business structures and use assets differently, we divided up their balance sheets along company lines to provide greater visibility. This is the first step toward the introduction of economic capital management, and I believe that it has resulted in a structure that will be more readily understandable in capital markets. The restructuring will be reflected in a change in our reporting segments from 2019 onwards. The number of segments will increase from two—"Internet Services" and "FinTech"—to three, with the addition of the "Mobile" segment (includes MNO, MVNO, Viber, etc.). We will continue to work toward optimal allocations of assets and capital with the aim of achieving sustained growth in cash flows and returns.

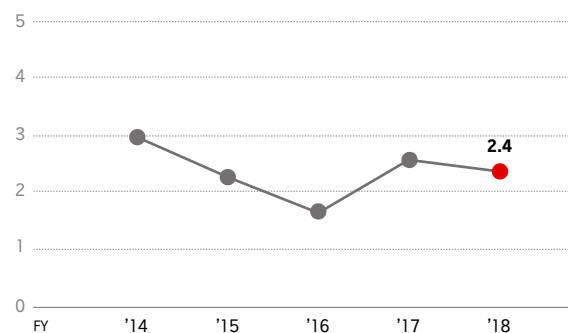
Strengthened Dialogue with Capital Markets

My impression is that we are now able to communicate with capital markets more smoothly than was the case a year ago, thanks to the reduction of uncertainty concerning the mobile communications business. At the Mobile World Congress (MWC), a major event in the telecommunications sector, we were able to demonstrate that Rakuten's technology plans are not some fanciful idea, and there is now recognition that if our approach is successful, it will result in dramatic reductions in operating costs. We also continued to build our track record in the investment

Return on Equity (%)



Return on Assets (%)



business, enhancing the credibility of the fair values stated in our accounts. As a result, capital markets have begun to acknowledge our success in selecting unlisted stocks for investment. In 2019 and beyond, we expect to start realizing returns on a number of investments, including the ridesharing businesses Lyft and Careem, and the photo-sharing business Pinterest.

As part our communications with markets, we began to disclose membership value as an indicator of Rakuten's value creation capacity. Membership value is the sum of the life-time value (LTV) per user. I see its disclosure as a response to strong expectations from investors. We are trialing methods for the calculation of LTV, but we will continue to improve accuracy and enhance our explanations by applying discount ratios for each business area. The

continuing improvement of investor relations will remain a priority in terms of improving corporate value.

Policy on Shareholder Returns

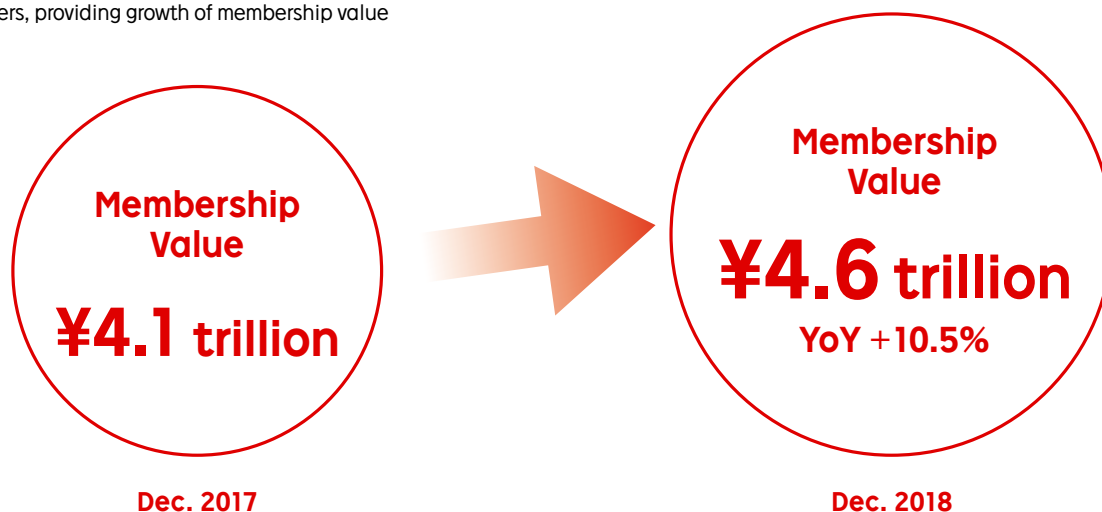
The strategic investment targeted toward future improvements in corporate value will continue for the time being. While priority will be given to internal reserves during this phase, we also intend to provide reliable returns to shareholders, while maintaining financial discipline. We will continue to focus our management strategies toward the sustainable creation of corporate value over the medium- to long-term future, and to support this approach through our financial strategies.



We will continue to strengthen our dialogue with the market in order to promote understanding of the Rakuten Group's corporate value, such as membership value.

Rakuten Ecosystem Membership Value

- Successful Super Points promotional program enhanced cross-use resulting in increase of active users, providing growth of membership value



Management Team

Board of Directors, Executive Vice Presidents, Managing Executive Officers and Company Auditors

(As of June 19, 2019)



Hiroshi Mikitani

Representative Director,
Chairman, President and CEO



Masayuki Hosaka

Representative Director and
Vice Chairman



Yoshihisa Yamada

Group Executive Vice President



Yasufumi Hirai

Group Executive Vice President



Kentaro Hyakuno

Group Executive Vice President



Makoto Arima

Group Executive Vice President



Kazunori Takeda

Group Executive Vice President



Kenji Hirose

Group Executive Vice President



Tareq Amin

Group Executive Vice President



Masatada Kobayashi

Group Managing Executive
Officer



Koji Ando

Group Managing Executive
Officer



Yuji Kusunoki

Group Managing Executive
Officer



Terje Marthinussen

Group Managing Executive
Officer



Hiroyuki Nagai

Group Managing Executive
Officer



Hiroshi Takasawa

Group Managing Executive
Officer



Naho Kono

Group Managing Executive
Officer



Takuya Kitagawa

Group Managing Executive
Officer



Koichi Nakamura

Group Managing Executive
Officer



Kazuhiko Kasahara

Group Managing Executive
Officer



Charles B. Baxter

Director



Takahide Uchida

Company Auditor
(Full-time)²



Takeo Hirata

Company Auditor^{1,2}



Masahide Hiramoto

Company Auditor
(Full-time)^{1,2}



Katsuyuki Yamaguchi

Company Auditor²

^{*1}: Independent Director specified by the regulations of Tokyo Stock Exchange, Inc.

^{*2}: Outside auditor stipulated under the Companies Act of Japan.

Management Team

Outside Directors

(As of March 28, 2019)

| | Year Appointed/Positions Held or Career Summary | Reasons for Nominating the candidate |
|--|--|--|
|  <p>Ken Kutaragi Director ^{*1,2}</p> | <p>2010</p> <p>President, Representative Director & CEO of Cyber AI Entertainment Inc. (current position)</p> <p>Outside Director of Nojima Corporation (current position)</p> <p>Outside Director of GA technologies Co., Ltd (current position)</p> | <p>His continued appointment is requested in anticipation of his advice to the management of the Company based on his expertise in the entertainment business and technologies along with his extensive experience in corporate management. He is an incumbent Outside Director of the Company and will have served for that position for nine years at the conclusion of the meeting.</p> |
|  <p>Takashi Mitachi Director ^{*1,2}</p> | <p>2016</p> <p>Adjunct Professor of Graduate School of Management of Kyoto University</p> <p>Senior Advisor of The Boston Consulting Group</p> <p>Outside Director of DMG MORI CO., LTD.</p> <p>Outside Director of Unicharm Corporation</p> <p>Outside Director of Tokio Marine Holdings, Inc.</p> | <p>His continued appointment is requested in anticipation of his advice to the management of the Company based on his expertise as a management consultant along with his extensive experience in corporate management. He is an incumbent Outside Director of the Company and will have served for that position for three years at the conclusion of the meeting.</p> |
|  <p>Takashi Mitachi Director ^{*1,2}</p> | <p>2012</p> <p>Professor of Faculty of Environment and Information Studies of Keio University</p> <p>Dean of the Graduate School of Media and Governance of Keio University</p> <p>Outside Director of BroadBand Tower, Inc.</p> <p>Outside Director of LAC Co., Ltd.</p> | <p>His continued appointment is requested in anticipation of his advice on the management of the Company based on his academic expertise in the internet technology along with his extensive experience. He is an incumbent Outside Director of the Company and will have served for that position for seven years at the conclusion of the meeting.</p> |
|  <p>Sarah J. M. Whitley Director ^{*1,2}</p> | <p>2019</p> <p>Sep. 1980 Joined Baillie Gifford & Co.</p> <p>May 1986 Partner of Baillie Gifford & Co.</p> <p>Apr. 2018 Retired from Baillie Gifford & Co.</p> | <p>Appointment is requested in anticipation of her advice to the management of the Company to enhance its corporate value based on her many years of experience in observing the Company and other Japanese companies as an investor. Although she has not directly participated in company management, the Company believes that she will be able to perform Outside Director's responsibilities for the above reasons.</p> |

*1: Outside director stipulated under the Companies Act of Japan

*2: Independent director specified by the regulations of Tokyo Stock Exchange, Inc.

Interview with an Outside Director



Board meetings are a forum for free and open discussion focusing on the creation of an exciting future.

Ken Kutaragi
Outside Director
Rakuten, Inc.

Q: How would you assess Rakuten's corporate governance structure and its Board of Directors?

Rakuten's governance structure has evolved dramatically in the 10 years since I became an outside director. When I first joined the board, inside directors held the majority of seats, but now outside directors are in the majority, with four out of a total of seven board seats. Discussions at Board meetings have been further energized since we began to hold quarterly "BOD Camp" days. We spend the morning talking about Board decisions and related matters, while the afternoon is reserved for discussions on selected themes. I believe Rakuten has an extremely effective Board of Directors that has made considerable progress toward the separation of governance and executive roles under Rakuten's structure as a company with a board of corporate auditors. Based on my experience as an officer of companies alternatively structured with a nominating committee and other committees, I believe that the key question is not the form of an organization but the way in which that form is put into effect.

Rakuten's Board of Directors has a good balance of nationalities, genders, and backgrounds. The Company's executive officers are all first-rate people. They are smart, logical, and highly energetic, and many with skills and knowledge based on frontline experience. I think that Rakuten has built a truly diverse management team with a rare mix of talents. They take the responsibilities and authority delegated to them very seriously, and my impression is that this team could accomplish anything.

At Board meetings, these people offer lively input beyond their own areas of responsibility, and we take the time to discuss individual projects. There are times when Mikitani raises concerns, and there are times when we freely exchange views. I serve as a director with several companies, but unlike some other companies, Rakuten is not an organization in which all decisions are made by the CEO. The Board of Directors is not simply a mechanism for obtaining approval from the President. Senior managers from each business area actively participate, and I sense that they have a strong awareness of their roles.

Information distributed before meetings is compiled in English using KPIs and diagrams for added clarity. The use of English in these materials and in our discussions not only facilitates communication with people from other countries, but also encourages us to think logically.

Q: How would you define your role as an outside director?

I provide advice based on my knowledge of technology, especially AI, and my experience as an entrepreneur who started up Sony Computer Entertainment from scratch. When executive officers are planning to take up new challenges in various business areas, I carefully assess the risks and opportunities, and if I decide that the risks are within acceptable limits, I provide support.

In addition, I attend monthly meetings of the Investment Committee on behalf of the outside directors and engage in discussions about multiple projects. The Committee not only assesses returns purely on an investment basis, but also gives us an opportunity to consider how new technologies and businesses will affect Rakuten's future strategies. I personally look forward to Committee meetings, because I find it intellectually stimulating to talk about the future implications of trailblazing technologies.

Q: What are your frank views on what Rakuten needs to do to achieve continuing growth going forward?

One of Rakuten's strengths is the speed and determination of its efforts to learn from failures. I think that Rakuten also needs to increase its sensitivity to technology trends at the global level. Japan has been lapped in the global technology race. I hope that Rakuten will further enhance its organizational capacity and its ability to create new ideas and breakthroughs on a global basis in business areas with the potential to become new growth drivers.

This is an era of rapid change. I hope that Rakuten will help to build a richer and more exciting future, especially through the provision of support, including technology and investment, in business areas with the potential to contribute to a more sustainable society,

The latest move is a new step up in sustainable activities, following on from the embrace of sustainable corporate culture at our founding.

Masatada Kobayashi
Group Managing Executive Officer
CPO (Chief People Officer)



Rakuten—A Company Founded on Sustainability

Since my appointment as CPO a year-and-a-half ago, I have come to realize how Rakuten's founding philosophy is fundamentally a commitment to sustainability.

I was a founding member of the Company when it was established in 1997. We created Rakuten Ichiba with the aim of solving the social problems caused by the decline of Japan's regional economies. At a time when the prevailing view was that people would not buy things over the internet, we created Rakuten Ichiba for anyone, including small local retailers and people with little knowledge of computers, to be able to easily open an internet-based store. Since then, our Group has grown with our business partners, including Rakuten Ichiba merchants. Sustainability has become a mainstream concept, but in retrospect, I believe that we were already engaging in sustainability even before being aware of the word.

Now in its 23rd year, Rakuten has remained true to its mission of empowerment by providing services that support and enrich people's lives and results in the sustainable growth of our businesses and of our stakeholders. Our commitment to bring value to society is a long-term one.

Sustainability as a Global Innovation Company

In 2018, we established the Sustainability Department within our Corporate Culture Division to accelerate Rakuten's sustainability initiatives. By making the sustainability concept an integral part of our corporate culture, we aim to encourage each and every employee to get involved in finding solutions to social issues through their day-to-day work activities.

Fernando Paulo (General Manager, Ecosystems Services Department), was appointed as a general manager to lead this unit. We thought choosing someone with a comprehensive perspective that encompasses all of our business areas would help engage with the various challenges that we need to address, and would help design sustainability initiatives unique to Rakuten as a tech company. Led by Fernando, the Sustainability Department is made up of people with diverse backgrounds and has evolved into a team that is well suited for a global innovation company. Going forward, it will work with overseas branches and offices to accelerate the development and global expansion of our sustainability activities and ESG (environmental, social, and governance) reporting.

Our Materiality—Identifying Rakuten's Priorities

In 2017, we conducted a survey to define Rakuten's materiality, which pinpoints our responsibilities in terms of key issues that we need to address in order to achieve long-term business growth while contributing to the creation of a sustainable society.

The most important issue identified was data security. The Rakuten Group collects personal information from customers and uses it to provide a wide range of services, primarily via the internet. For this reason, data security is our most important management priority. For example, the Rakuten Group promptly took actions and started to prepare for being compliant with the GDPR (General Data Protection Regulation), which protects personal information in Europe, even before it came into effect in May 2018. To ensure that personal data could be transferred out of Europe under the GDPR, the Rakuten Group formulated Binding Corporate Rules (BCR). In 2016, Rakuten became the first Japanese company to be certified by the European Union data protection authorities, which recognized our BCR as meeting international standards. Today, Rakuten provides over 70 services including e-commerce, fintech, digital content, and communications, in 30 countries and regions and has a global user base of around 1.3 billion members. As our businesses grow, security is becoming increasingly important for our operations and for our stakeholders.

Having defined priority areas for our sustainability activities, our responsibilities and topics to address have become clearer. Besides data security, the promotion of sustainable consumption is another defined priority area. As the operator of one of Japan's largest internet shopping malls, we see this is an important mission. We are encouraging more sustainable lifestyles, through initiatives such as the promotion of products with environmental and ethical certifications, on the "EARTH MALL with Rakuten," which was established within Rakuten Ichiba in 2018. Rakuten Ichiba began with 13 stores in 1997. The Rakuten of today exists because those merchants believed in our vision. In the same way, together with merchants on the "EARTH MALL with Rakuten," we will lead society through the belief in a future world in which sustainable shopping will be the norm.

Rakuten Social Accelerator and Rakuten IT School NEXT are two programs that were initiated as part of our priority areas, Social Innovation and Local Communities. We launched these programs in 2018 with the aim of bringing

together Rakuten's services, technologies and talent to address issues faced by regional local communities and to have a positive impact on society through collaboration with participating high school students, social entrepreneurs, and volunteers. The programs have helped to further raise the engagement and morale of participating employees, and had a positive impact on all stakeholders.

Taking Rakuten's Sustainability to the Next Stage

In 2018, Rakuten laid the foundations for its sustainability initiatives as a global innovation company, but there is still much to do. During the past year, we have become aware that we can help and engage with more people and drive social change by actively sharing our message of sustainability through our activities. We first need to ensure that a mindset of sustainability is fully adopted by our management and different divisions, and for that reason, we have appointed Company People Officers and Division People Officers. One of their missions is to strengthen cross-organizational collaboration on sustainability activities, and to embed the sustainability concept more deeply into our corporate culture.

Our priority going forward will be to adapt our activities in order to reflect the fast changes in the Rakuten Group's businesses and their rapid expansion globally. We are aware that the expectations of society toward Rakuten are rising and that our responsibilities are growing as the scope of our business activities becomes broader. We will continue to think about the role that Rakuten needs to play as we strive to contribute to social innovation and to achieve sustainable growth.

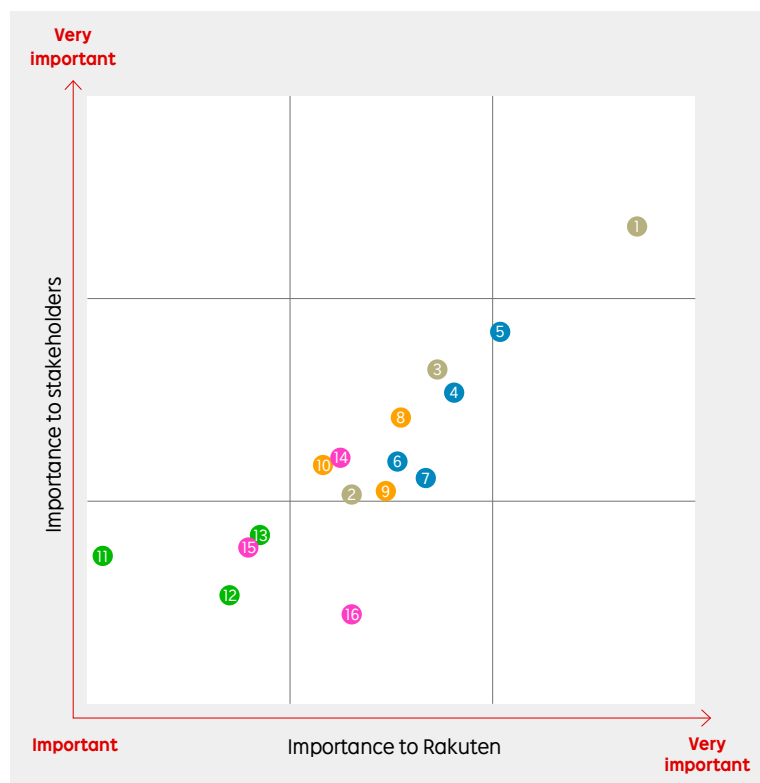


CPO with the students from Shizuoka Prefectural Fugakukan High School who won the Rakuten IT School NEXT Prize at the final presentation

Rakuten's Materiality

To meet the expectations of our stakeholders and society and maximize our corporate value, we revised our sustainability action plan in 2017. Our business partners, service users and employees were surveyed to identify the key issues that Rakuten has the responsibility to address in order to realize long-term business growth while contributing to the realization of a sustainable society. We call these identified issues “materiality.”

In 2018, new projects were launched based on the revised action plan. In addition, our ESG (environmental, social, and governance) reporting has been, and will continue to be, improved. We strive to implement and promote sustainability-related activities based on our materiality, and further improve transparency.



▼ Mapping of Material Issues and the Major Processes in Rakuten's Business Activities

| Material Issues | | Major business processes in Rakuten's business activities | | | | Relevant pages |
|-----------------|---|---|-------------------|-------------------|-------------|----------------|
| | | Service & Product Development | Business Partners | Marketing & Sales | Service Use | |
| 1 | Data security and customer services | ● | ● | ● | ● | Pg. 36, 37 |
| 2 | Service accessibility and affordability | ● | | ● | ● | |
| 3 | Service safety and quality | ● | ● | ● | ● | Pg. 36, 37 |
| 4 | Anti-competitive practice prevention | ● | ● | ● | | |
| 5 | Responsible information usage (labeling, marketing) | | ● | ● | | |
| 6 | Sustainable consumption behaviors | ● | ● | ● | ● | Pg. 42 |
| 7 | Responsible supply chain | ● | ● | ● | | |
| 8 | Diversity and equality | ● | ● | ● | ● | Pg. 38, 39 |
| 9 | Skill development and benefits | ● | | | | Pg. 40, 41 |
| 10 | Workplace safety | ● | ● | | | |
| 11 | Packaging | ● | | ● | | |
| 12 | Climate change | ● | ● | | ● | Pg. 43 |
| 13 | Biological diversity | ● | ● | | ● | |
| 14 | Entrepreneurship and innovation | ● | ● | ● | ● | Pg. 44, 45 |
| 15 | Disaster relief | | ● | | ● | |
| 16 | Future generations | | | | ● | Pg. 45 |

Rakuten's Support for International Initiatives



"Goals Beyond the Game" contributed to increasing awareness of the SDGs together with FC Barcelona in 2018.

The 17 Sustainable Development Goals (SDGs) were adopted by the world leaders at the United Nations General Assembly in 2015 with the aim of ending poverty, ensuring the sustainability of environment and achieving peace and prosperity for all by 2030.

As a Global Innovation Company, Rakuten believes that the achievement of the SDGs and the realization of a sustainable society are best addressed collectively on a multilateral basis and has thus integrated the UN agenda into our sustainability action plan to tackle global challenges.

In 2018, to reaffirm our commitment to working towards the achievement of the SDGs together with our stakeholders, we conducted the program "Goals Beyond the Game" in collaboration with FC Barcelona. The program contributed to increased awareness of the SDGs by displaying the pledges to contribute to the SDGs, which were collected from people around the world during the FC Barcelona final game of the season.

Rakuten and the SDGs

With over 70 services, operations in 30 countries and regions and a wide variety of partnerships, Rakuten empowers individuals and businesses worldwide, and addresses the Sustainable Development Goals agenda in various ways.

Promoting Diversity

Diversity drives innovation and is Rakuten's core strategy. We provide equal opportunities for all regardless of gender, nationality, ethnicity, religious beliefs, or economic status.

Partnerships for the Goals

Since its foundation in 1997, Rakuten has been a partnership-oriented company and we believe that global challenges are best addressed through partnerships with various stakeholders.

Promoting Sustainable Consumption

Operating one of the largest e-commerce sites in Japan, Rakuten strives to take the leadership in promoting more sustainable options for consumers, sellers, and producers.



Reducing Our Environmental Footprint in Logistics & Energy Supply

We are committed to reducing our negative impact on the environment and contributing to the realization of a low-carbon society through our businesses and services.

Revitalizing Local Communities

Our business is deeply connected to local communities, and their challenges are our own. We aim to create a win-win relationship with our partners by leveraging our services and technologies to build sustainable communities.

Corporate Governance

The Group, aiming to maximize corporate value, has been implementing various measures by making rigorous corporate governance its highest priority.

Corporate Governance Report

<https://global.rakuten.com/corp/sustainability/governance/>

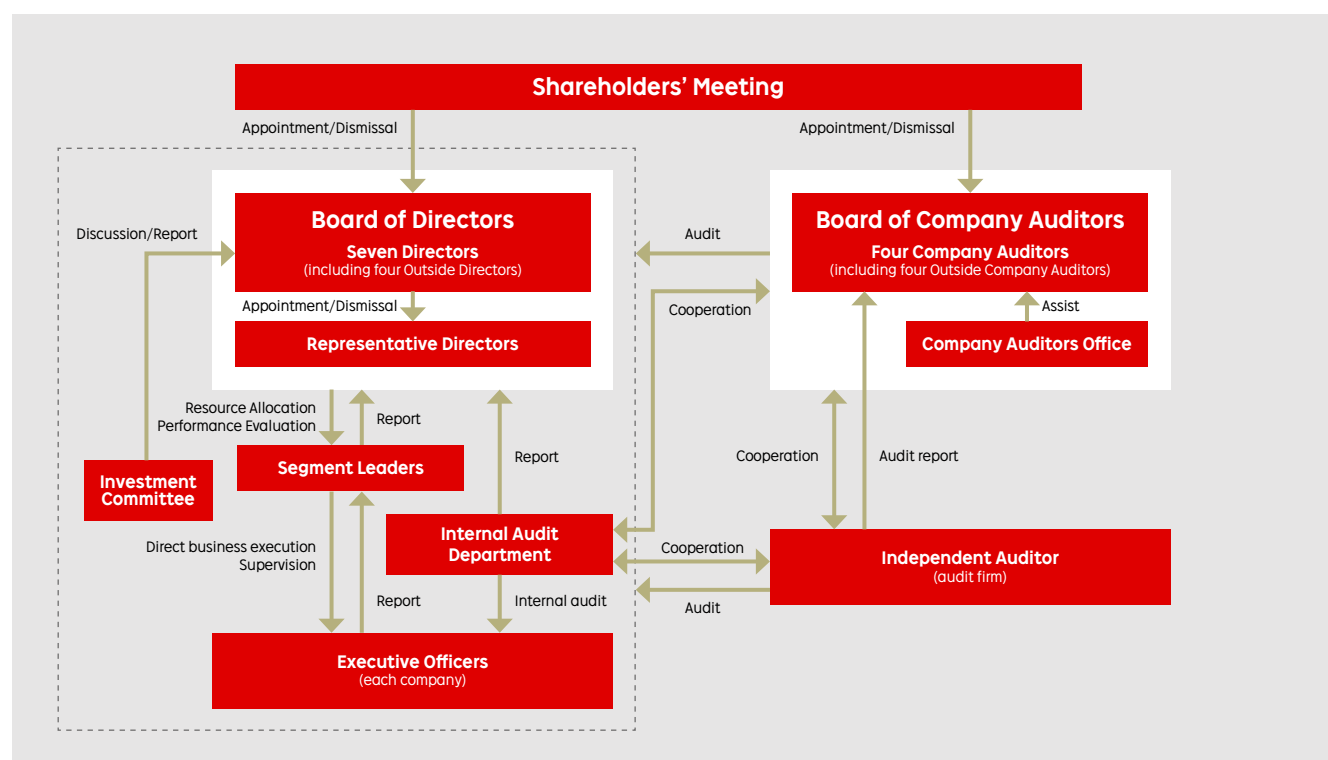
Basic Structure of Corporate Governance and Reasons for Adoption

The Company has supervised management through a Board of Company Auditors comprised exclusively of Outside Company Auditors. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System by which the Board has retained the responsibility for management decision-making and supervision, while Executive Officers have been made responsible for the executive functions.

The Company's Board of Directors, led by the Outside Directors and Outside Company Auditors who are highly independent experts of a variety of fields, supervises the execution of duties from an objective perspective and enhances the effectiveness of corporate governance by engaging in frank and multilateral discussions on management.

The Company introduced an internal Company System in July 2016, in an effort to clarify accountability in business execution by the Group companies, and ensuring agile and flexible decision-making. At the same time, following the changes to the internal reporting control framework, the Company has transitioned to a structure in which Executive Officers, under the supervision of Segment Leaders, have assumed the function of business execution of the respective companies for which they are responsible, and Board of Directors and Representative Directors supervise the status of business execution.

Corporate Governance Structure



Corporate Organization

(Directors, Board of Directors, Executive Officers, etc.)

While it is stipulated in the Articles of Incorporation that the number of Directors shall be not more than 16, the Board of Directors consists of seven Directors, including four Outside Directors. Resolutions to appoint Directors must be approved by a majority of voting rights at an Annual General Shareholders' Meeting attended by shareholders holding at least one-third of voting rights.

In addition to regular meetings, the Board of Directors holds special meetings as required. At these meetings, Directors make decisions on important management matters and supervise Executive Officers' activities. Executive Officers, upon receiving business execution orders from the CEO, carry out business execution within the administrative authority set forth by the Company. To enhance the corporate value, as to a case that requires new capital expenditure including any investment, members, including Outside Directors and external experts, of the Investment Committee preliminarily deliberate on whether the case should be proceeded or not. The result of such deliberation shall be reported to the Board of Directors. The Company has been holding long meetings held separately from the meetings of the Board of Directors, where Directors and Company Auditors mainly engage in debate about Group management strategy, etc., separately from the meetings of the Board of Directors. Participants discuss matters from a medium- to long-term perspective, rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors.

Status of business for major segments is shared on a monthly basis at the Budget Meeting, which Executive Officers attend. We ensure appropriate and efficient conduct of business operations and management across the Group companies.

(Company Auditors and the Board of Company Auditors)

The Company has four Company Auditors, including two Full-time Auditors. All four are Outside Company Auditors.

A two-member Company Auditors' Office assists the Company Auditors in the performance of their duties. In addition to its regular meetings, the Board of Company Auditors holds special meetings as required.

In accordance with audit policies and plans established by the Board of Company Auditors, the Company Auditors attend meetings of the Board of Directors and other important management meetings, and receive reports about the state of the Company's operations from Directors, the Internal Audit Department and other sources. In addition, they check the operations of the Company and its subsidiaries.

In addition, the Company Auditors receive audit reports from the independent auditors and audit financial statements and business reports. They also discuss various matters with the CEO.

Internal Control Systems and System to Ensure the Appropriateness of Operations of Subsidiaries of the Company Submitting Financial Reports (Including Risk Management Systems)

The Board of Directors of the Company has made the following resolutions concerning systems to ensure that the performance of business operations by Directors complies with laws, regulations and the Articles of Incorporation, and that business operations of the Rakuten Group are conducted in an appropriate manner. The Company has created such systems in accordance with this resolution.

(1) System for Ensuring Directors and Employees Comply with Laws, Regulations and the "Articles of Incorporation"

Rakuten, Inc. has stipulated the "Rakuten Group Code of Ethics" and Rakuten, Inc. as well as its subsidiaries ("Rakuten Group"), shall accordingly comply with all laws and regulations and undertake business actions with a high commitment to ethics. The proper execution of duties by Directors and employees of Rakuten Group shall be absolutely ensured through: operational audits carried out by the Internal Audit Department (an independent organizational unit under the direct control of the Representative Director and President); initiatives promoting groupwide compliance under the leadership of the Chief Operating Officer (COO), a dedicated full-time Function Chief Compliance Officer ("Function CCO") who, under the leadership of the COO, oversees the integration of groupwide compliance management, and Company CCOs appointed according to Rakuten, Inc.'s internal Company System structure; and by reporting the status of compliance initiatives to the Group Risk and Compliance Committee and the Board of Directors.

Moreover, Outside Directors and Outside Company Auditors shall also thoroughly supervise and audit the execution of duties by Directors and employees. To technically and objectively verify compliance with laws, regulations and the “Articles of Incorporation”, lawyers shall be appointed for those positions.

Additionally, compliance education about the knowledge and sense of ethics needed as a member of Rakuten Group is carried out for all executives and employees of Rakuten Group. Rakuten Group shall appropriately administer a system for internal reporting that prevents retribution against those who report and consult through establishing a point of contact for executives, current and former employees of Rakuten Group to consult and report about legal violations and other compliance issues. Rakuten Group will also collect information widely from outside the Company.

(2) System for Managing and Protecting Information Related to the Execution of Duties by Directors

Any information, including written documents and digital records, regarding the execution of duties by Directors of Rakuten, Inc. shall be legally and properly preserved and managed in accordance with the Rakuten Group Regulations and other internal regulations. Additionally, Directors and Company Auditors shall have full-time access to all information relevant to this matter.

(3) System for Risk Management

Under Rakuten, Inc.'s internal Company System structure, company Presidents will be responsible for appropriately dealing with risks that arise in the course of performing individual companies' business operations, in accordance with Rakuten Group Regulations and other internal regulations. The CFO, CISO, COO and Function CCO will liaise with each company President to manage company-specific risks in relation to their respective fields of finance, information security, and compliance, etc., as well as important groupwide risks relating to their respective fields.

For risks relating to information security, including Information Security Management System (ISMS) certification for major businesses in Rakuten Group, the CISO conducts thorough risk management at a groupwide level.

In order to appropriately manage risks arising from business investments or related activities, all investment proposals are required to be discussed at the Rakuten, Inc. Investment Committee, and further approved by the Rakuten, Inc. Board of Directors for proposals exceeding a certain amount.

The Internal Audit Department of Rakuten, Inc. will, from an independent standpoint, carry out audits of Rakuten, Inc. and the Group companies' status of compliance with laws and related Rakuten Group Regulations, and regularly report to the Rakuten, Inc. Board of Directors.

(4) System Allowing Directors to Efficiently Carry Out their Duties

An appropriate and efficient decision making system to allow Directors of Rakuten Group to execute their duties shall be formulated based on the Rakuten Group Regulations, and other internal regulations. Moreover, transparency and speed in decision making shall be sought by promoting online internal procedures.

Prompt and flexible decision-making and execution of duties shall be promoted by having Executive Officers, who were appointed by Board of Directors, perform duties under the control of Directors.

(5) System to Report Financial Information Appropriately

A system shall be developed to ensure appropriate operations for financial reporting related to the disclosure of management information, financial information, etc. In addition, generally accepted accounting practices, and timely disclosure based on “Financial Instruments and Exchange Act” and other applicable domestic and foreign laws and regulations shall be conducted and effectiveness of these shall be evaluated accordingly.

(6) System for Rakuten Group to Only Engage in Appropriate Business Practices

In order to realize unified Group management, Rakuten, Inc. will stipulate Rakuten Group Regulations and other internal regulations dealing with company ideals, Group governance, company management, risk management, compliance, etc. Regarding the execution of the subsidiary's significant duty, Rakuten Group shall create a system for approval and reporting to Rakuten, Inc. based on the Rakuten Group Authority Table and Rakuten Group Guidelines.

The RGR will protect the independence of the subsidiaries while also creating the needed framework for business

operations, which will be followed by the entire Rakuten Group.

In addition, the Internal Audit Department, which is an independent organization under the Representative Director and President, shall ensure the appropriateness of operations by having a strong relationship with the organizational unit-in-charge of internal audit of each subsidiary and by conducting internal audits on Rakuten Group as a whole.

(7) Requests from Auditors for Employees' Assistance and Employees' Independence from Directors

To assist the duties of Company Auditors, the Company Auditors Office shall be established under the Board of Company Auditors, and the Company Auditors may give orders to the employees belonging to the Company Auditors Office as the need arises. Additionally, when the employees assist Company Auditors, the effectiveness of the orders from Company Auditors shall be ensured by not receiving orders from Directors and the approval from the Company Auditors for transfer and assessment of the employee's performance shall be obtained.

(8) System for Directors and Employees to Report to Company Auditors and for Company Auditors to Carry Out Effective Audits

Directors and employees of Rakuten Group shall give all legally required reports to Company Auditors and provide additional necessary reports and information if the Company Auditor requests it. Rakuten, Inc. will ensure the effectiveness of audits through prohibiting the retribution for reporting against those who report to the Company Auditors.

Additionally, if Rakuten, Inc. receives a request for prepayment of expenses or repayment from Company Auditors, it shall pay the expense or debt promptly unless the expenses are proved not to be necessary for the execution of the Company Auditor's duty.

Deliberations by the Board of Directors

The main matters discussed at meetings of the Board of Directors in FY 2018 were as follows.

| Main Resolutions and Reports | | |
|------------------------------|---|---|
| 1st Quarter | <ul style="list-style-type: none"> Acquisition of Asahi Fire & Marine Insurance Co., Ltd. (now Rakuten General Insurance Co., Ltd.) as a wholly owned subsidiary Establishment of a joint venture with Seiyu GK | <ul style="list-style-type: none"> Results of effectiveness assessment of directors Introduction of a retirement bonus system |
| 2nd Quarter | <ul style="list-style-type: none"> Audit plan of the Board of Company Auditors Financing policy Investment in the one-delivery strategy | <ul style="list-style-type: none"> Review of the General Meeting of Shareholders Report on CSR/Sustainability Activities |
| 3rd Quarter | <ul style="list-style-type: none"> Investment in the MNO business Decision on organizational restructuring Capital alliance with Gurunavi, Inc. | <ul style="list-style-type: none"> Acquisition of everybody's bitcoin Inc. (now Rakuten Wallet, Inc.) as a sub-subsidiary Establishment of joint venture to launch banking operations in Taiwan |
| 4th Quarter | <ul style="list-style-type: none"> Granting of stock options to directors, executive officers, and employees of subsidiaries Financing policy | <ul style="list-style-type: none"> Alliance and collaboration with KDDI Co., Ltd. Sale of shares in Ornet Inc. Capital and business partnership with Altistar |

Progress reports on businesses

COMPLIANCE AND TAX STRATEGY

Guided by Rakuten Shugi, Rakuten Group is committed to conducting business with honesty, sincerity and dignity. We also work to comply with all relevant laws and regulations in order to achieve our mission to empower society through innovation and to continue to be recognized as a responsible corporate citizen.

And guided by The Rakuten Group Code of Ethics, the Group has created systems to ensure that companies affiliated with the Rakuten Group comply with regulatory requirements. Related training is also conducted.

The Rakuten Group Code of Ethics

<https://corp.rakuten.co.jp/about/philosophy/principle/#ethic>

Compliance Management

Rakuten Group has stipulated the "Rakuten Group Code of Ethics" and shall accordingly comply with all laws and regulations and undertake business actions with a high commitment to ethics. Rakuten Group resolutely upholds initiatives promoting groupwide compliance under the leadership of the Chief Operating Officer (COO), a Function Chief Compliance Officer ("Function CCO") who under the leadership of the COO, and Company CCOs appointed according to the internal company system structure;

In addition, we maintain and improve compliance throughout the Group by reporting the status of efforts to the Group Risk and Compliance Committee and the Board of Directors.

Compliance Training

The Rakuten Group conducts compliance training for executives and employees in order to raise awareness of legal compliance.

Harassment Training

The Rakuten Group understands the importance of creating and maintaining an environment where the human rights of all employees are respected and job responsibilities can be carried out on the basis of mutual trust. Training is held for executives and employees to raise awareness of harassment and other issues, and realize this vision.

The Rakuten Group has also established a harassment consultation desk to respond to reports of harassment and related complaints, and ensure that behavior constituting harassment is dealt with appropriately.

Rakuten Hotline

The Rakuten Group has set up internal and external confidential hotlines for Group employees to report violations or suspected violations of laws, regulations and internal rules such as the Rakuten Group Regulations including the Rakuten Group Code of Ethics.

Measures Related to Illegal and Restricted Trade in Wildlife

Since its founding, Rakuten's core mission has been to empower people and society through the internet. In accordance with the Rakuten Group Code of Ethics, we are committed to contributing to society as we build the corporate value of the Group. As part of our commitment to this mission and our cultural and ethical values, Rakuten is committed to working with our merchant partners to ensure their businesses are conducted in accordance with all applicable local and international laws and that products available on our e-commerce marketplaces are sourced in an appropriate and legal manner.

Rakuten Group follows all local and relevant international laws on animals and wildlife, including international conventions such as the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) and comprehensive regulations such as Japan's Act for the Conservation of Endangered Species of Wild Fauna and Flora.

We will continue to evaluate and improve our policies and compliance measures, taking into account the perspectives of relevant stakeholders.

Measures to Enhance the Integrity of Transactions on the Ichiba Marketplace

As part of Rakuten's ongoing efforts to strengthen compliance measures and in order to maintain the integrity of transactions on the Ichiba marketplace and the trust of our stakeholders, Rakuten Group announced improved and detailed guidelines, known as the Penalty Points System, to take effect on September 1, 2016. According to the Penalty Points System, if a merchant is found to be selling products that do not adhere to these guidelines, they may be subject to clearly stated financial and other penalties. The Penalty Points System is applicable to the infringement of rules and guidelines including those related to illegal and restricted wildlife products.

Measures Related to Goods and Actions Prohibited on Ichiba Marketplace Platform in Japan, Including Wildlife Products

Rakuten's specific measures related to goods and actions prohibited on the Ichiba marketplace platform in Japan, including wildlife products, include the following.

Trade in and promotion of wildlife and wildlife products from endangered species is restricted subject to Japan's commitment as a signatory to the Convention on International Trade in Endangered Species, as well as national and local laws on commercial trade such as the Act for the Conservation of Endangered Species of Wild Fauna and Flora.

In addition to relevant laws, Rakuten's Ichiba marketplace policy also prohibits the sale of wildlife products including those which make use of whale, dolphin, ivory or sea turtle.

Rakuten has strict compliance measures in place to ensure merchants adhere to legal requirements that are intended to restrict the sale of wildlife products to those that are sourced in an appropriate and legal manner.

If a merchant is found to be selling products that do not adhere to the guidelines, the merchant will be liable for financial and other penalties in accordance with the Penalty Points System and, if they do not remove the product from the site within a specified deadline, operations of the store's site may be suspended.

In order to maintain the integrity of transactions on the Ichiba marketplace and the trust of our stakeholders, Rakuten will continue to monitor the effectiveness and compliance of its monitoring programs, and make improvements as needed.

Rakuten is committed to active consultation with relevant stakeholders to enhance and improve its compliance programs.

Basic Approach of Tax Strategy

Rakuten Group's mission is empowerment. By paying our fair share of taxes, we contribute to society and empower local communities and central governments to fund social, educational and cultural programs.

- We adhere to the requirements of the local tax legislation in all countries and regions we operate, as well as to international tax rules and policies.
- We file our tax returns and make tax payments on time.
- We apply the "arm's length" principle in our transfer pricing policies across the Group, taking into account the latest guidelines from the OECD and the local authorities.
- We believe in legitimate tax planning that is based on the spirit of the law and that reflects economic reality.
- We pledge to respond to any tax violations by our employees or business partners of which we become aware in a serious and responsible manner.
- We maintain an open and honest dialogue with the tax authorities.
- We follow and comply with both the letter and the spirit of the tax legislation in all countries and regions we operate

RISK MANAGEMENT

In Rakuten Group, the rules related to Risk Management is stipulated in RGR (Rakuten Group Regulation) in order to respond to the risks, which would have a negative impact on the achievement of the business goals. We implement risk management based on this regulation.

Group Risk Compliance Management

In Rakuten Group, Group Risk Compliance Management Committee is set up as an organization of examining the policy to respond to risks which have the possibility of giving serious impact on the Group as a whole.

Risk Management System

In Rakuten Group, we define risk categories and set a principal organizational unit in charge of each risk. The Risk Management System responding to the characteristics of each risk is established and is continuously revised.

Risk Assessment

In Rakuten Group, in order to understand the situation of the risk management of each organization, we identify risks regularly. Amongst the identified risks, regarding those which have the possibility of giving serious impact on the Rakuten Group, concrete countermeasures are examined and determined by the principal organizational units and organizational unit in charge of risk management. Based on the results of risk assessment, the risk management method is revised regularly.

Incident Response

Rakuten Group manages information on various incidents occurring within the Group in an integrated manner. The group deals with individual cases appropriately, and implements effective measures to prevent a recurrence.

Offering Safe and Secure Services & Products

To achieve sustained growth amidst rapidly changing operating conditions, continuously offering services and products that earn the trust of our stakeholders is indispensable. We strive to stay innovative while making endless efforts to offer safe and secure services and products of a high quality, so that our customers and business partners can continue to experience happiness and joy through Rakuten.

Maximizing Customer Satisfaction

Initiatives for the improvement of our service and product quality, safety, reliability, legality, usefulness, and convenience

Protection of customer privacy

High ethical standards

Responsible information delivery

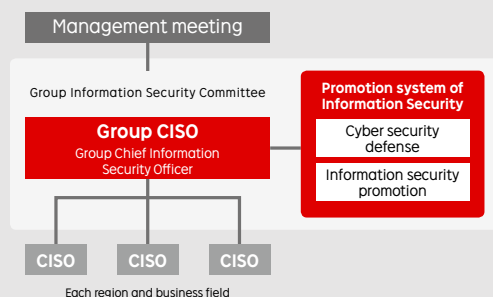
Two pillars that support provision of safe and secure services and products

Information Security

We provide a wide range of services over the internet. Therefore, information assets, including personal information and the hardware and software that make up the information systems, are indispensable for implementing our business activities.

Ensuring the security of these assets through appropriate protection and management is one of the Rakuten's highest management priorities.

Information Management system of Rakuten Group

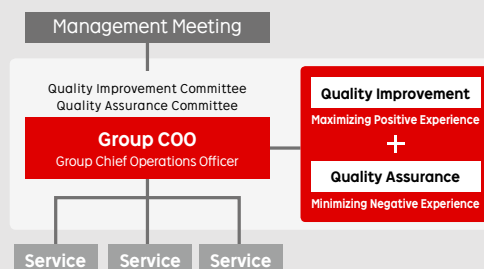


Quality Activities

We operate all of our businesses with close attention to the voices of our customers in order to ensure trust and continue to offer high-quality services.

To put this concept into practice, Rakuten Group uses NPS®* as a benchmark while reviewing valuable opinions from customers, and is constantly working to improve quality, including safety, reliability, legality, usefulness and convenience.

Quality Management System of Rakuten Group



* NPS® (Net Promoter Score): Measurement of customers' loyalty to a brand, and their intention to use services and products

| Information Security

Maintaining information security management system

Rakuten Group sets norms and regulations based on the international information security management standard ISO/IEC 27001. Currently, 15 Rakuten Group companies have been certified with ISO/IEC 27001. We aim to maintain the confidentiality, integrity and availability of information assets by constructing, operating, and continuously improving our Information Security Management System (ISMS) to address various risks, such as the loss or falsification of information assets and service outages.

In order to maintain proper security governance, The Rakuten Group Information Security & Privacy committee chaired by Group CISO (Chief Information Security Officer) is held every month and meetings for security representatives of group companies take place every quarter.

In order to raise awareness of information security and privacy among our group employees, we highlight the importance of information security at “Asakai,” weekly morning meetings attended by all group employees globally. We also conduct awareness training to group employees periodically. In addition, we explain security and privacy topics on board meeting every month.

Strengthening cyber security, protecting customers’ personal information

Rakuten has established a specialized organization dedicated to cyber security, and a system to develop safe services while eliminating vulnerabilities (information security flaws) by ensuring thorough security education of developers, implementing security reviews during the software development process, and conducting inspections for vulnerabilities.

To comply with Europe’s General Data Protection Regulation (GDPR), we introduced a set of global privacy protection standards, referred to as Binding Corporate Rules, which have been approved by the European Union data protection authorities. For business activities in Japan, we regularly check and monitor compliance with the Personal Information Protection Law and other laws and guidelines established by

Coverage of ISO27001 Certification

15 companies **400 departments**
approx. 12,000 employees

relevant authorities.

To prevent users from opening phishing emails, we implemented functions based on industrial standard technologies (DKIM/DMARC) which enable users to clearly identify the sender of the emails. For example, Rakuten’s brand logo is shown on Yahoo! Email when emails are properly identified as coming from Rakuten Group.

| Quality Management

Group-wide quality management system

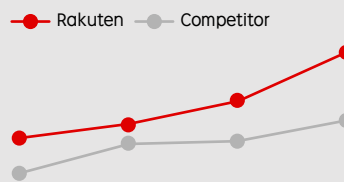
Rakuten is strongly committed to offering quality services to our customers since its establishment. To fulfill this commitment, we are approaching service quality from two major activities under the Group COO, “Quality Improvement Activity” and “Quality Assurance Activity.”

Quality improvement activities

Major services assign managers in charge of service quality to regularly analyze, monitor and improve the Net Promoter Score (NPS®), which has been introduced as a critical KPI (Key Performance Indicator) at Rakuten, and Voice of Customer (VoC) from various customer touchpoints.

The Quality Improvement Committee is held bi-monthly where all major services gather to discuss the group-wide quality initiatives as well as to share best practices.

Rakuten Group NPS® Growth vs. Competitor

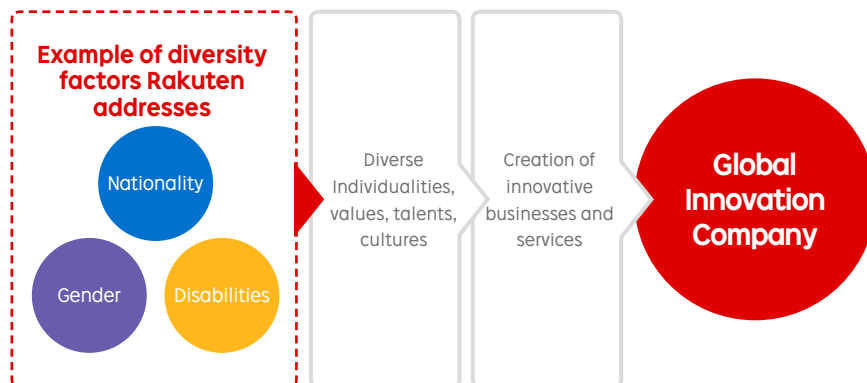


Quality assurance activities

To assure that all Rakuten services are offering the required quality levels, we are also working on Quality Assurance effort based on international quality standards such as ISO9001. A set of Rakuten Quality Assurance Standards was introduced, and our incident and recurrence prevention measures were strengthened, to minimize the risk of customers having a negative experience while using our services. The Quality Assurance Committee is held on a monthly basis to report and repeatedly discuss improvement of standards and measures.

Diversity: A Driving Force to Accelerate Innovation at Rakuten

Rakuten respects and values the unique qualities of its customers and employees worldwide. Diversity is one of our key corporate strategies and it has been our driving force to be a global innovation company. Together with diverse talented employees who have unique backgrounds, we strive to continue offering innovative services that enrich people's life.



Englishnization to Acquire Global Talent

With the commencement of “Englishnization” project in 2010—Rakuten’s initiative to make English the official company language—communication between employees regardless of nationality or place of birth has become much smoother and easier. It has also exponentially expanded our pool of potential hires from the relatively small number of people who speak Japanese to English speakers worldwide. Since the launch of the project, proportion of non-Japanese employees has grown significantly; we now have over 70 nationalities represented, making up more than 20% of our total head count at Rakuten, Inc.

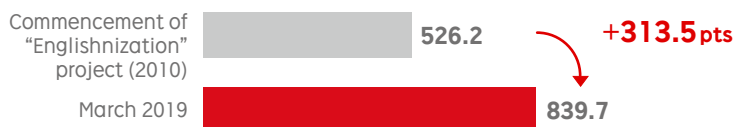
To further support diversity at Rakuten, cross-cultural training is also conducted in order to ensure the constructive understanding of cultural differences and facilitate communication among employees.

Employees' Nationalities



Data Coverage: Rakuten, Inc.

Employees' Average TOEIC Score



Data Coverage: Rakuten, Inc.

Englishnization paved our way to be a truly global company



Kyle Yee, Global HR & Administration Supervisory Department

The Englishnization Project was initiated to help Rakuten to become a global company. As Rakuten acquired companies overseas, it became more apparent that having a common language was extremely important to foster global collaboration. With English as our official language, we have been able to support our global strategy by increasing the interconnectivity of our different services across the Group.

The project encouraged Japanese employees to read about the latest trends in business and developments in technology. Englishnization also helped engineers to become more confident in their communicative skills so they could join international tech conferences. All of this is in keeping with our self-learning culture.

Making English the official company language was a major change to Rakuten. I led the Englishnization Project and faced many challenges. However, with a mindset of “Get Things Done,” one of the Rakuten Basic Principles, we were able to accomplish our ambitious goal quickly. Mickey made the announcement in early 2010. About a year later, new employees were able to reach their English proficiency target, proving that it was possible. And by autumn 2011, we were confident enough to recruit international employees from overseas universities, which led to the acceleration of employee diversity.

Promoting Gender Diversity

Rakuten aims to create an environment where employees of all genders can reach their full potential and further develop their careers in ways that suit them best.

To support female employees, who are more likely to have their career paths affected by life-stage changes, we offer career sessions, provide a parent network, distribute regular email updates within the company, hold a range of seminars (e.g. before taking maternity leave and before returning to work), and provide mother's room for employees who have newborn babies.

We also have an in-house childcare center "Rakuten Golden Kids" to support the work-life balance of working parents.

Employee Gender Ratio



Data Coverage: Rakuten, Inc.

Various opportunities to balance career and parenting



Taiki Nagamatsu, Travel Business, Rakuten, Inc.

I believe diversity is to know, understand, and respect minorities. Since I wanted to spend more time with my son and support my wife's career, I decided to take parental leave. Taking parental leave surely contributed to my career development as I needed more severe time management skills and higher productivity to reduce negative impact on projects I was involved in during my absence while on leave. Since Rakuten values diversity and since this is rooted deeply inside our corporate culture, even though it is not so common for men to take parental leave in Japan, my manager and the team were very supportive.

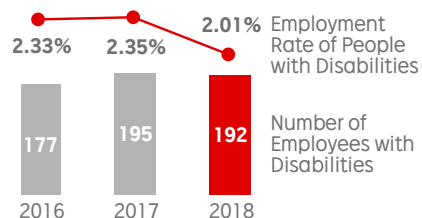
Naomi Kimura, Corporate Supervisory Department, Rakuten, Inc.

I chose the in-house childcare center "Rakuten Golden Kids" because I was looking forward to returning to work after maternity leave. Rakuten Golden Kids has been very helpful for me to balance my career and childcare as it is located within the office. Joining the Family Empowerment Network was another great way for me to stay connected with Rakuten while being away during my maternity leave and get useful information as a parent.

Infinite Possibilities for Employees with Disabilities

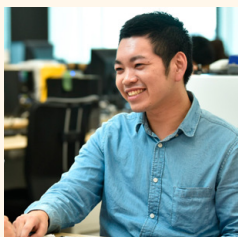
Rakuten is providing a productive and welcoming work environment for people with disabilities. They conduct a variety of critical tasks for Rakuten Group as an internet company, including data maintenance, business improvement, and website maintenance. They also contribute to many other aspects of Rakuten, including cultivating vegetables at an indoor farm that supplies our employee cafeteria.

Ratio of Employees with Disabilities



Data Coverage: Rakuten Group

Taking on new challenges in a positive office environment



Taihei Ono, Rakuten Socio Business, Inc.

Besides the well-equipped office environment for employees with disabilities, the fact that Socio did not limit my potential and encouraged me to take on new challenges was another reason why I joined Socio. In addition, seeing Socio being located within its parent company's headquarters without any barriers, while other companies often separate their headquarters from offices for employees with disabilities, was very exciting. Rakuten and Socio have no physical and mental separation.

Socio is unique because it values employees' proactive attitude to take on new challenges. The more I challenge myself, the more opportunities come, and this positive cycle gives me motivation.

I'm now interested in talent recruitment, as I'd love to share the positive experience and infinite possibilities I feel at Socio to encourage students with disabilities. I hope to contribute to the realization of a society where all people, with or without disabilities, can fully enjoy taking on new challenges.

Aligning Talent Development Strategy with Business Strategy

Rakuten is a company that keeps on challenging itself in new areas, and employees are encouraged to do the same for their personal development. We offer all employees various career opportunities, and are committed to supporting them, not only in developing technical skills required for daily operations and new service creation, but also in developing business skills and personal ambitions to maximize each individual's abilities throughout their career.

We believe that adopting a talent development strategy that aligns with our business strategy can lead us to successful achievement of Rakuten's operational goals and objectives in a sustainable way.

2018 was a year of various improvements for talent development, with a focus on competency developments, through a combination of in-class and on-the-job training programs, as well as one-on-one meetings to insure the continuous support of managers.

The teaching of coding skills to new graduates was also introduced to help smooth communication between tech and non-tech teams.

"Englishnization" project started

"Englishnization" Project initiated, adopting English as the official company language to accelerate the globalization of Rakuten's businesses

2010

Further Investment in human resources

Commitment to investing in human resources over following 10 years

2007

Manager training started

Training for managers started to improve organizational management skills

2008

E-commerce expansion overseas

2008

First training system established

Dedicated department for employee education established, training for new graduates started

2003

Announcement of vision of Rakuten Ecosystem

2006

Accelerating globalization of business

2010

Establishment of Rakuten Institute of Technology in New York

2010

Founding of Rakuten

1997

IPO

2000

Launch of Rakuten Super Points

2002

Establishment of first Rakuten Institute of Technology in Tokyo

2005

1997

2000

2003

2006

2009

Creating a feedback culture

One-on-one meetings represent a dedicated time for team members to have conversations with their managers about their concerns professionally and personally. They help build mutual trust.

One-on-one meetings also are an invaluable tool to develop competencies. They empower employees by giving them the opportunity to identify what new actions to take in order to grow by receiving timely and regular feedback from their managers.

% of staff holding one-on-one in 2018

81.1%

Satisfaction rate in 2018

80.4%

Data Coverage: Rakuten, Inc.

Quality training program

To maximize the abilities of all employees and to support their overall career growth, we provide various training courses, categorized into three topics: Level-Based, Business Skills, and "Englishnization."

In 2018, 36 programs have been provided to all Rakuten, Inc. employees. Over 80% of participants gave positive feedbacks on the training programs, in terms of satisfaction, understanding, and practicality.

Average classroom training hours per employee in 2018

10+ hours

Data Coverage: Rakuten, Inc.

Major talent development initiatives

Major business related events

Official shift of corporate language to English

Making English the official language enabled Rakuten to develop management systems with a sense of unity globally

2012

Evaluator training introduced for all managers

To ensure a fair evaluation system, evaluator training was provided to all managers

2012

Sales training conducted at overseas branches for new graduates

Accelerated global talent development

2014

List on First section of Tokyo Stock Exchange

2013

Strengthening of sports and culture businesses, expansion of overseas financial services

2015

Strengthening of telecommunications and O2O services

2014

Development of new businesses, expansion of systems to respond to diverse talent

2016

Building of Rakuten brand overseas through global partnerships

2017

One-on-one meeting introduction

Regular discussion time between managers and team members to develop mutual trust and competencies

2017

In-class training programs

Shift from e-learning training to classroom programs split in 3 categories: Level-Based, Business Skills, and "Englishnization"

2017

From Englishnization to Englishnization Next

Focus on English speaking skills and cross-cultural management with the aim to develop global leaders

2017

Coding skill training for all new graduates

Training programs include introductory level of programming language Java and basic skills for network architecture construction for new non-tech graduates

2018

Plan to enter mobile carrier business

2019

Announcement of "One Delivery" vision

2018

Global brand logo renewal

2018

2012

2015

2018

2019

Level Based Program

We provide programs which aim to develop the necessary skills and knowledge for assuming greater responsibilities in the organization.

Training for New Graduates and Mid-Career Hires

Mentor Training Supporting Juniors

Competency Development for Better Performance

Management Training for Fostering Individuals and the Organization

Business Skill

We emphasize not only knowledge input, but also group training and hands-on training. Through learning with peers, employees can share their experiences, creating an environment where they encourage each other and work collaboratively.

Logical Thinking Training

Business Skill Training

Leadership Training

Englishnization Next

Besides training that enhances reading and writing skills, we now provide English education focusing on speaking and cross-cultural management.

English Skill (Online Interactive Program)

Cross-cultural Management

Fostering Global Leaders

Promoting and Ensuring Sustainability through Rakuten's Businesses

Rakuten's internet businesses and environmental and social issues are inextricably connected. From the variety of products sold on Rakuten Ichiba to the delivery of the products to our customers, Rakuten strives to take actions that contribute to our environment and society. We continue to address various environmental and social challenges to achieve the realization and advancement of a sustainable society hand in hand with our group companies, business partners, and customers who all share the same values.

| EARTH MALL with Rakuten

Shopping that changes the future

Transforming business practices and consumers' habits to consider environmental and social issues while ensuring the economic growth across value chains is one of society's most critical challenges today, as stated in the Goal 12 of the Sustainable Development Goals (SDGs).

Launched inside Rakuten Ichiba with the slogan of "shopping that changes the future," the "EARTH MALL with Rakuten" (EARTH MALL) addresses this challenge by introducing a selection of sustainable products that customers can purchase at Rakuten Ichiba. The mall also features in-depth articles that share the stories behind the products on offer: goods with international certifications such as MSC (responsible fishery), FSC (responsible forestry management) or Fairtrade, as well as products designed by merchants with sustainable practices.



No. of products*
on EARTH MALL

11,746

No. of merchants*
on EARTH MALL

1,127

*Data as of end of March 2019

Promoting sustainable production and consumption

Rakuten Ichiba is one of the Japan's leading B2B2C* e-commerce platforms that connects over 46,000 merchants with over 100 million members in Japan. Promoting the EARTH MALL can thus potentially have a positive impact towards the realization of sustainable society, not only on the demand side, but also on the supply side through our merchants and their supply chains.

Continuously engaging with both merchants and consumers on what choices to make for more sustainable production and consumption practices will result in an increasing number of sustainable products and their consumers, until the day where sustainable shopping becomes the norm.

List of International Certifications introduced at EARTH MALL



*FSC License Number: N002902

*A business model where a company sells products or services to another company and those buyers sell purchased products and services to general consumers

"EARTH MALL with Rakuten" – a driving force for consumers to take actions

Dr. Norichika Kanie
EARTH MALL Advisor

Professor at Graduate School of Media and Governance at Keio Univ.
Representative at Keio Univ. SFC Research Institute xSDG · Lab

For many people, the SDGs can be overwhelming, but in reality, it all starts from individual acts of consumption. I think that the "EARTH MALL with Rakuten" can be a driving force for consumers to take actions towards the achievement of the SDGs. Because Rakuten has extremely close ties with consumers, it can help raise awareness in all kinds of ways, and I sincerely hope that it can make use of this influence to realize this great business opportunity and advance towards a sustainable society.



Reducing Environmental Burden through Product Delivery

Re-deliveries: environmental and social loss

As e-commerce has become a primary means of consumption in our daily life, serious environmental and social issues have emerged from the increase of product re-deliveries.

Re-deliveries are estimated to account for 20% of all home deliveries in Japan. They translate in additional CO₂ emissions estimated at approximately 420,000 tons, and represent about 180 million hours of work per annum, equivalent to 90,000 employees.

Rakuten is working on measures to improve the efficiency of parcel deliveries and to thus reduce the greenhouse gas emissions related to transportation.

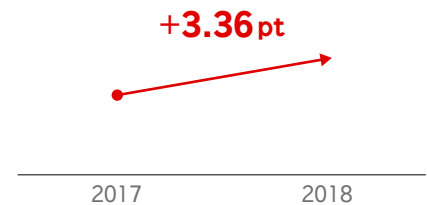
Working with the Japanese Government

Rakuten is supporting the national movement that promotes avoidance of re-deliveries as part of the “COOL CHOICE” campaign promoted by the Ministry of Environment in collaboration with the Ministry of Economy, Trade and Industry, and the Ministry of Land, Infrastructure, Transport and Tourism.

In addition, we have been working on another verification project with the Ministry of the Environment that utilizes the method of behavioral economics called “nudge.” The “nudge” idea is about making small suggestions to influence people to voluntarily take desired actions. This project aims to disseminate information on low-carbon lifestyles with the purpose of reducing CO₂ emissions from the household, business and transportation sectors.

In 2018, Rakuten launched a dedicated website for the reduction of re-delivery, which successfully resulted in the improvement of one-time deliveries

Average One-time Delivery Date



Our efforts towards the reduction of re-deliveries

Rakuten Ichiba offers several alternative delivery options to customers. For instance, they can choose to pick up their orders at the closest Rakuten Box, convenience store, postal office, or “HAKO POST” locker installed in post offices and other places. Customers can also select their preferred date and time to pick up their orders. In addition, a delivery service where package is left in front of door or in designated area called “Okihai” has been launched.



Environmental consideration in packaging

Packaging, such as cardboard boxes and envelopes, is available in 65 sizes at Rakuten Super Logistics, which offers fulfilment services to e-commerce merchants. In order to minimize the use of materials, we aim to use the most appropriate package size according to product dimensions.

For some shipping boxes, we procure and use cardboard boxes made from 90 to 95% recycled paper as specified by Japanese standards. In addition, inflatable packing materials (air pillows) are used as cushioning solutions to protect products for some deliveries, an environmentally-friendly alternative to other materials.



Contributing to Society

Based on our corporate mission of contributing to society by creating value through innovation and entrepreneurship, our social contribution activities focus on the following areas: social innovation, sustainable consumption, local communities, and humanitarian aid.

Rakuten Social Accelerator

Social entrepreneurs × Rakuten

The Rakuten Social Accelerator is a 6-month collaborative program that brings together Rakuten employees and entrepreneurs who tackle critical issues facing society today.

Leveraging Rakuten's technologies and services, the program aims at taking the social entrepreneurs' business to the next level, by bringing them concrete support including customer market research, product development, online marketing, and KPI management.



Output-oriented program

For the inaugural edition of Rakuten Social Accelerator in 2018, six social entrepreneurs were selected from among nearly 100 applications. Themes addressed by participants ranged from a STEAM (Science, Technology, Engineering, Art, and Mathematics) program to energy solutions for rural area in Africa. The collaborations led to various output, such as market analysis, website creation or video and e-magazine production.



Highlight of Rakuten Social Accelerator 2018

Total no. of participating social entrepreneurs (organizations)

6



Total no. of participating employees

80



Total hours of volunteer work

5,390



Strengthening our business model with Rakuten employees

Through Taberu Tsushin, a monthly service that combines a magazine on the stories of food producers and the delivery of local ingredients, we have been tackling the issues faced by primary industries and mass consumption, and building a community connected both to the city (consumption area) and the countryside (production area).

During the course of the 6-month program, over 20 Rakuten employees were involved with our team, with over 650 hours of collaboration and 60 meetings. By improving our online services and platforms, together we have improved our business model, and accelerated the progress of our activities to connect food producers and consumers. Our website has also been revamped, which resulted in an increase of traffic, from the top page to product pages, by 265%. With Taberu Tsushin introduced on TV and the website redesign, we successfully gained 1,500 additional subscribers.

The Rakuten Social Accelerator is a half-year collaboration program, but we hope to continue collaborating with Rakuten in various ways, and to further bridge the gap between food producers and consumers.



Mr. Atsuhisa Emori
Nippon Taberu Journal League

Rakuten IT School NEXT

From hands-on e-commerce experience to solving local issues

Since 2008, Rakuten IT School had provided a hands-on opportunity to experience e-commerce to nearly 7,000 high school students for 10 years.

In 2018, the program underwent a pivotal transformation and became the Rakuten IT School NEXT, through which high school students aim to tackle issues faced by their local communities, utilizing Rakuten's services and technologies.

While involving their local communities, students from 10 schools across Japan worked on developing solutions to problems such as aging populations, natural disaster recovery, or abandoned farmland.



Empowering the future local community leaders

Rakuten IT School NEXT supports high school students who represent the future of their communities and fosters their sense of ownership as they address local issues. By going through the program, where they learn how to be creative and think outside the box, advance on a trial-and-error approach and not to be afraid to fail, their confidence and leadership grow.

Students gather information to identify issues faced by their communities and develop ideas for concrete solutions during an intensive summer workshop. They then brush-up their proposals by engaging with local residents and workers and prepare for the final presentation in 4 months. Throughout the process, Rakuten employees play the role of facilitators. With their diversity of backgrounds, they push the students' creativity and make suggestions on how Rakuten's assets can be used to solve the issues encountered.

Highlight of Rakuten IT School NEXT 2018

Total no. of participating students



Total no. of participating employees



Total hours of volunteer work



Bringing positive change to all stakeholders involved

Rakuten has been solving nation-wide issues through its businesses. I believe that addressing issues unique to each community and supporting local residents in finding solutions on their own are also part of Rakuten's missions. In that sense, I think Rakuten IT School NEXT plays an important role.

I joined the program last year and worked with students in Iwate. I witnessed positive changes in the students throughout the program. With their theme of "parenting environment in Iwate," their ownership was initially low, and discussions were often led by Rakuten employees. But as they interviewed parents and local government members, and exchanged ideas in teams, they became eager to find solutions to the challenges and became more confident that they could be the ones who transform their community.

The program helped not only the students but also helped me grow. It was not easy to lead the program to the goal while respecting the points of view of both students and adults. However, I've learned a lot of things useful for my career. Rakuten IT School NEXT embodies Rakuten's mission of "empowerment" and I wish to participate again.



Ai Yamamoto
Travel Business, Rakuten, Inc.

ESG (Environmental, Social, Governance) Data

| Items | | Coverage | Unit | FY2016 | FY2017 | FY2018 |
|-------|--|----------|------|--------|--------|--------|
|-------|--|----------|------|--------|--------|--------|

Environmental Data

| | | | | | | |
|---------------------------|----------|---------------|-------------------|-------|-------|---------|
| CO ₂ emissions | Scope 1* | Rakuten Group | t-CO ₂ | 300 | 304 | 939 |
| | Scope 2* | Rakuten Group | t-CO ₂ | 7,266 | 8,285 | 21,680 |
| | Scope 3 | Rakuten, Inc. | t-CO ₂ | — | — | 379,516 |

*Data for FY2016 and FY2017 cover Rakuten, Inc. Coverage of the data for FY2018 expanded to Rakuten Group.

Social Data

| | | | | | | | | |
|---|------------------------|------------------------|---------------|------------------|--------|--------|--------|--------|
| Total no. of employees | | | | Rakuten Group | People | 14,134 | 14,845 | 17,214 |
| Region | Japan | Total | Rakuten Group | People | 9,908 | 10,279 | 12,053 | |
| | APAC (Excluding Japan) | Total | Rakuten Group | People | 973 | 1,040 | 1,264 | |
| | Americas | Total | Rakuten Group | People | 2,194 | 2,430 | 2,749 | |
| | EMEA | Total | Rakuten Group | People | 1,059 | 1,096 | 1,148 | |
| | Contract | Permanent | Total | Rakuten Group | People | 12,885 | 13,753 | 15,966 |
| Temporary | | Total | People | | 1,249 | 1,092 | 1,248 | |
| Total no. of employees that were entitled to parental leave | | | | Rakuten, Inc. | People | 399 | 310 | 297 |
| Gender | Female | Total | Rakuten, Inc. | People | 101 | 72 | 55 | |
| | Male | Total | Rakuten, Inc. | People | 298 | 238 | 242 | |
| Total no. and percentage of employees that took parental leave | | | | Rakuten, Inc. | People | 104 | 96 | 77 |
| Gender | Female | Total | Rakuten, Inc. | People | 87 | 70 | 51 | |
| | | Rate | | % | 86 | 97 | 92.7 | |
| | Male | Total | Rakuten, Inc. | People | 27 | 26 | 26 | |
| | | Rate | | % | 9 | 11 | 10.7 | |
| Return to work rates of employees that took parental leave | | | | | | | | |
| Gender | Female | Rate | Rakuten, Inc. | % | 96 | 92 | 90 | |
| | Male | Rate | Rakuten, Inc. | % | 81 | 96 | 100 | |
| Paid vacation | | Days granted | Rakuten, Inc. | Days (Average) | 14.2 | 15.8 | 13.9 | |
| | | Days taken | Rakuten, Inc. | Days (Average) | 10 | 11 | 11 | |
| | | Rate | Rakuten, Inc. | % | 70.4 | 69.6 | 79.1 | |
| Average hours of training per employee | | Average | Rakuten, Inc. | Hours / Employee | — | — | 63.4 | |
| % of employees who received a regular performance and career development review | | Rate | Rakuten, Inc. | % | 100 | 100 | 100 | |
| Total no. of employees in each of the following diversity categories | | Total no. of employees | Rakuten, Inc. | People | 5,741 | 6,030 | 6,888 | |
| Age | Under 30 years old | Total | Rakuten, Inc. | People | 2,033 | 2,077 | 2,135 | |
| | 30–50 years old | Total | Rakuten, Inc. | People | 3,606 | 3,806 | 4,556 | |
| | Over 50 years old | Total | Rakuten, Inc. | People | 102 | 147 | 197 | |
| | Gender | Female | Total | Rakuten, Inc. | People | 2,156 | 2,273 | 2,591 |
| Male | | Total | Rakuten, Inc. | People | 3,585 | 3,757 | 4,297 | |
| Nationality | Japanese | Total | Rakuten, Inc. | People | 4,462 | 4,617 | 5,305 | |
| | Non-Japanese | Total | Rakuten, Inc. | People | 1,279 | 1,413 | 1,583 | |
| Average age of employees | | Average | Rakuten, Inc. | Age | 33.7 | 34 | 34.4 | |
| Average length of service | | Average | Rakuten, Inc. | Years | 4.6 | 4.9 | 4.7 | |
| Employment rate of people with disabilities | | Rate | Rakuten Group | % | 2.33 | 2.35 | 2.01 | |
| Total no. of managers in each of the following diversity categories | | Total no. of managers | Rakuten, Inc. | People | 1,657 | 1,889 | 2,639 | |
| Gender | Female | Total | Rakuten, Inc. | People | 355 | 405 | 553 | |
| | Male | Total | Rakuten, Inc. | People | 1,302 | 1,484 | 2,086 | |
| Nationality | Japanese | Total | Rakuten, Inc. | People | 1,487 | 1,673 | 2,076 | |
| | Non-Japanese | Total | Rakuten, Inc. | People | 170 | 216 | 563 | |
| Total no. of employee fatalities | | Total | Rakuten, Inc. | People | 0 | 0 | 0 | |
| Occupational injury rate | | Rate | Rakuten, Inc. | % | 0.3 | 0.3 | 0.2 | |
| Occupational disease rate | | Rate | Rakuten, Inc. | % | 0 | 0 | 0 | |

Governance Data

| | | | | | | | |
|---------------------------|------------------------------|-------|---------------|--------|---|---|---|
| Board of Directors | No. of directors | Total | Rakuten, Inc. | People | 8 | 7 | 7 |
| | No. of female directors | Total | Rakuten, Inc. | People | 1 | 1 | 1 |
| | No. of external directors | Total | Rakuten, Inc. | People | 5 | 4 | 4 |
| | No. of independent directors | Total | Rakuten, Inc. | People | 4 | 4 | 3 |
| Board of Company Auditors | No. of directors | Total | Rakuten, Inc. | People | 4 | 4 | 4 |
| | No. of external directors | Total | Rakuten, Inc. | People | 4 | 4 | 4 |
| | No. of independent directors | Total | Rakuten, Inc. | People | 1 | 2 | 2 |

* Above data are provided on a "as is" basis and might be subject to corrections. For the latest data, please visit the Sustainability page on our Corporate website.
(<https://global.rakuten.com/corp/sustainability/>)

Awards & Recognition

Our award-winning efforts to realize a sustainable society are recognized worldwide.

MSCI Indexes

In 2019, Rakuten was again selected as an index component for the MSCI ESG Leaders Index and Japan ESG Select Leaders Index for its high Environmental, Social and Governance performances. Rakuten was also selected for the MSCI Japan Empowering Women Index, which lists Japanese companies that exhibit a commitment towards promoting and maintaining high level of gender diversity among their workforce, while maintaining superior financial quality.

The inclusion of Rakuten, Inc. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of Rakuten, Inc. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademark or service marks of MSCI or its affiliates.



FTSE4Good Index Series

In 2019, Rakuten has been selected as a constituent of the FTSE4Good Index Series published by FTSE Russell, an investment index calculator wholly owned by the London Stock Exchange. The index consists of companies that demonstrate strong ESG practices. We were also selected for the FTSE Blossom Japan Index which consists of Japanese companies that demonstrate strong ESG practices.



S&P/JPX Carbon Efficient Index

Rakuten was selected as an index constituent for S&P/JPX Carbon Efficient Index which was designed to measure the performance of companies in the Tokyo Stock Price Index (TOPIX) published by Tokyo Stock Exchange, while overweighting or underweighting those companies that have lower or higher levels of carbon emissions per unit of revenue.



Work with PRIDE Index

In 2018, Rakuten achieved Gold Level in the PRIDE Index of "Work with Pride," an organization that promotes LGBT diversity-management initiatives in Japan. We were also selected as company with "Best Practice" in 2018.



Annual Randstad Awards 2018

Rakuten's appeal as a great place to work was highlighted as the Japan edition of the annual Randstad Awards for employer branding were announced in Tokyo 2018. From a pool of 180 Japanese corporations, Rakuten placed 10th overall in the general ranking, and took the top spot in its category of "Information and Communications/Services" companies.

Certified B Corporations—Overdrive

Rakuten Overdrive, Rakuten's digital library service, was awarded the B Corporation Certification, which recognizes for-profit companies meeting rigorous social and environmental performance, public transparency, and legal accountability.



Financial Section

10-year Key Financial Data

| | | JGAAP | | |
|--|-------------------|-----------|-----------|-----------|
| | | 2009 | 2010 | 2011 |
| Revenue | (Millions of Yen) | ¥ 298,252 | ¥ 346,144 | ¥ 379,900 |
| Non-GAAP Operating Income | (Millions of Yen) | — | — | — |
| Operating Income | (Millions of Yen) | 56,649 | 63,766 | 70,789 |
| Income before income tax | (Millions of Yen) | — | — | — |
| Net income | (Millions of Yen) | 53,564 | 34,956 | (2,287) |
| Comprehensive income | (Millions of Yen) | — | — | (7,706) |
| Equity attributable to owners of the Company | (Millions of Yen) | 218,619 | 249,233 | 231,025 |
| Total assets | (Millions of Yen) | 1,759,236 | 1,949,516 | 1,915,892 |
| Equity attributable to owners of the Company per share | (Yen) | 15,527.21 | 18,160.62 | 170.89 |
| Basic net income / earnings per share | (Yen) | 4,092.17 | 2,666.28 | (1.74) |
| Diluted net income/earnings per share | (Yen) | 4,077.62 | 2,657.43 | — |
| Equity attributable to owners of the Company ratio | (%) | 11.6 | 12.2 | 11.7 |
| Net income to equity attributable to owners of the Company ratio | (%) | 30.3 | 15.8 | (1.0) |
| Price earnings ratio | (Times) | 17.3 | 25.5 | — |
| Cash flows from operating activities | (Millions of Yen) | (55,218) | 30,304 | 27,585 |
| Cash flows from investing activities | (Millions of Yen) | 217,160 | (60,538) | 56,351 |
| Cash flows from financing activities | (Millions of Yen) | (174,157) | 27,609 | (34,648) |
| Cash and cash equivalents at end of the year | (Millions of Yen) | 103,618 | 100,736 | 149,752 |
| Employees | (Persons) | 5,810 | 7,119 | 7,615 |

(Notes)

- 1 Consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as the "IFRS").
- 2 Consumption tax is not included in Revenue.
- 3 Average number of shares during the fiscal year is calculated on a daily basis.
- 4 Number of Employees does not include those serving concurrently as employees and Directors, temporary staff and part-time employees.
- 5 With regard to policy reserves and others for insurance business, the Rakuten Group has previously applied the method of measuring insurance liabilities prescribed by laws and regulations that apply to insurance contracts in Japan. However, from the fiscal year ended December 31, 2017, in order to measure insurance liabilities according to discount rates based on current market interest and reflect the time value of money, the Rakuten Group has changed to a method that recognizes interest arising from the book value of insurance liabilities in profit or loss, and the amount of fluctuation in insurance liabilities associated with other fluctuations in the discount rate in other comprehensive income. Accordingly, major management indicators, etc. for the fiscal year ended December 31, 2014 to the fiscal year ended December 31, 2016 have been retrospectively restated to reflect the change in accounting policy.

| 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------|-----------|-----------|-----------|-----------|-----------|-------------|
| ¥ 400,444 | ¥ 518,568 | ¥ 598,565 | ¥ 713,555 | ¥ 781,916 | ¥ 944,474 | ¥ 1,101,480 |
| — | 103,344 | 118,092 | 152,153 | 119,615 | 167,010 | 161,130 |
| 50,055 | 90,244 | 106,397 | 94,689 | 78,512 | 149,344 | 170,425 |
| 49,106 | 88,610 | 104,691 | 94,076 | 74,458 | 138,082 | 165,423 |
| 21,136 | 43,481 | 71,412 | 45,885 | 38,435 | 110,488 | 141,889 |
| 31,574 | 67,881 | 122,847 | 52,725 | 20,106 | 100,981 | 124,452 |
| 235,942 | 300,063 | 424,020 | 666,111 | 682,391 | 683,181 | 774,473 |
| 2,287,634 | 3,209,808 | 3,680,695 | 4,269,953 | 4,604,672 | 6,184,299 | 7,345,002 |
| 179.48 | 227.70 | 320.60 | 467.65 | 478.40 | 507.32 | 572.83 |
| 15.59 | 32.60 | 53.70 | 33.50 | 26.96 | 80.03 | 105.43 |
| 15.56 | 32.41 | 53.38 | 33.25 | 26.74 | 79.28 | 104.38 |
| 10.3 | 9.3 | 11.5 | 15.6 | 14.8 | 11.0 | 10.5 |
| 9.2 | 16.0 | 19.5 | 8.4 | 5.7 | 16.2 | 19.5 |
| 43.2 | 48.0 | 31.3 | 41.9 | 42.5 | 12.9 | 7.0 |
| 104,687 | 1,485 | 111,860 | 78,245 | 30,700 | 162,056 | 145,615 |
| 67,440 | 30,584 | (261,085) | (224,078) | (26,841) | (203,718) | (67,569) |
| (56,820) | 75,252 | 189,512 | 221,831 | 45,200 | 194,458 | 208,418 |
| 270,114 | 384,008 | 428,635 | 501,029 | 548,269 | 700,881 | 990,242 |
| 9,311 | 10,867 | 11,723 | 12,981 | 14,134 | 14,845 | 17,214 |

Consolidated Financial Statements

Consolidated Statements of Financial Position

(Millions of Yen)

| | December 31, 2017 | December 31, 2018 |
|--|----------------------|----------------------|
| Assets | | |
| Cash and cash equivalents | ¥ 700,881 | ¥ 990,242 |
| Accounts receivable — trade | 128,057 | 181,026 |
| Financial assets for securities business | 1,889,157 | 1,789,832 |
| Loans for credit card business | 1,223,195 | 1,464,030 |
| Investment securities for banking business | 203,161 | 205,641 |
| Loans for banking business | 753,419 | 891,925 |
| Investment securities for insurance business | 21,803 | 277,057 |
| Derivative assets | 19,978 | 27,388 |
| Investment securities | 261,588 | 384,788 |
| Other financial assets | 176,427 | 275,800 |
| Investments in associates and joint ventures | 54,481 | 12,788 |
| Property, plant and equipment | 73,171 | 91,335 |
| Intangible assets | 526,862 | 553,815 |
| Deferred tax assets | 36,472 | 50,049 |
| Other assets | 115,647 | 149,286 |
| Total assets | 6,184,299 | 7,345,002 |
| Liabilities | | |
| Accounts payable — trade | 202,874 | 255,353 |
| Deposits for banking business | 1,946,142 | 2,355,114 |
| Financial liabilities for securities business | 1,790,388 | 1,753,216 |
| Derivative liabilities | 6,918 | 9,213 |
| Bonds and borrowings | 1,015,781 | 1,234,143 |
| Other financial liabilities | 351,779 | 444,531 |
| Income taxes payable | 13,264 | 13,243 |
| Provisions | 76,104 | 90,516 |
| Policy reserves and others for insurance business | 22,050 | 334,536 |
| Employee retirement benefit liability | 389 | 5,164 |
| Deferred tax liabilities | 30,541 | 13,059 |
| Other liabilities | 44,661 | 60,707 |
| Total liabilities | 5,500,891 | 6,568,795 |
| Equity | | |
| Equity attributable to owners of the Company | | |
| Common stock | 205,924 | 205,924 |
| Capital surplus | 217,185 | 218,856 |
| Retained earnings | 320,397 | 424,568 |
| Treasury stock | (103,616) | (97,300) |
| Other components of equity | 43,291 | 22,425 |
| Total equity attributable to owners of the Company | 683,181 | 774,473 |
| Non-controlling interests | 227 | 1,734 |
| Total equity | 683,408 | 776,207 |
| Total liabilities and equity | 6,184,299 | 7,345,002 |

Consolidated Statements of Income

(Millions of Yen)

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Continuing operations | | |
| Revenue | ¥944,474 | ¥1,101,480 |
| Operating expenses | 837,550 | 1,027,753 |
| Other income | 51,096 | 120,634 |
| Other expenses | 8,676 | 23,936 |
| Operating income | 149,344 | 170,425 |
| Financial income | 410 | 954 |
| Financial expenses | 3,323 | 4,132 |
| Share of loss of associates and joint ventures | 8,349 | 1,824 |
| Income before income tax | 138,082 | 165,423 |
| Income tax expense | 27,594 | 23,534 |
| Net income | 110,488 | 141,889 |
| Net income attributable to: | | |
| Owners of the Company | 110,585 | 142,282 |
| Non-controlling interests | (97) | (393) |
| Net income | 110,488 | 141,889 |
| (Yen) | | |
| Earnings per share attributable to owners of the Company: | | |
| Basic | ¥80.03 | ¥105.43 |
| Diluted | 79.28 | 104.38 |

Consolidated Statements of Comprehensive Income

(Millions of Yen)

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Net income | ¥110,488 | ¥141,889 |
| Other comprehensive income | | |
| Items that will not be reclassified to net income: | | |
| Gains (losses) on equity instruments measured at fair value through other comprehensive income | (1,849) | (4,347) |
| Income tax effect of gains (losses) on equity instruments measured at fair value through other comprehensive income | 14 | 1,156 |
| Remeasurement of policy reserves and others for insurance business based on current market interest rates | 936 | (1,059) |
| Income tax effect of remeasurement of policy reserves and others for insurance business based on current market interest rates | (265) | 296 |
| Remeasurement of defined benefit plans | — | (65) |
| Income tax effect of remeasurement of defined benefit plans | — | 18 |
| Share of other comprehensive income of associates and joint ventures | 5 | (4) |
| Total items that will not be reclassified to net income | (1,159) | (4,005) |
| Items that will be reclassified to net income: | | |
| Foreign currency translation adjustments | (8,053) | (21,553) |
| Foreign currency translation adjustments reclassified from other comprehensive income to profit or loss | — | 7,476 |
| Gains (losses) on debt instruments measured at fair value through other comprehensive income | — | 1,459 |
| Allowances for doubtful debts on debt instruments measured at fair value through other comprehensive income | — | 87 |
| Gains (losses) on debt instruments measured at fair value through other comprehensive income reclassified from other comprehensive income to profit or loss | — | (789) |
| Income tax effect of gains (losses) on debt instruments measured at fair value through other comprehensive income | — | (229) |
| Gains (losses) on cash flow hedges recognized in other comprehensive income | (890) | (425) |
| Income tax effect of gains (losses) on cash flow hedges recognized in other comprehensive income | 143 | 10 |
| Gains (losses) on cash flow hedges reclassified from other comprehensive income to net income | 612 | 550 |
| Income tax effect of gains (losses) on cash flow hedges reclassified from other comprehensive income to net income | (141) | 19 |
| Share of other comprehensive income of associates and joint ventures | (19) | 43 |
| Share of other comprehensive income of associates and joint ventures reclassified from other comprehensive income to net income | — | (80) |
| Total items that will be reclassified to net income | (8,348) | (13,432) |
| Other comprehensive income, net of tax | (9,507) | (17,437) |
| Comprehensive income | 100,981 | 124,452 |
| Comprehensive income attributable to: | | |
| Owners of the Company | 101,078 | 124,838 |
| Non-controlling interests | (97) | (386) |
| Comprehensive income | 100,981 | 124,452 |

Consolidated Statements of Changes in Equity

(Millions of Yen)

| | Other components of equity | | | | | | | | | | | | Total equity |
|---|----------------------------|-----------------|-------------------|----------------|--|---|------------------|---|---|----------------------------------|--|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Foreign currency translation adjustments | Financial instruments measured at fair value through other comprehensive income | Cash flow hedges | Remeasurement of policy reserves and others for insurance business based on current market interest rates | Remeasurement of retirement benefit plans | Total other components of equity | Total equity attributable to owners of the Company | Non-controlling interests | |
| As of January 1, 2017 | ¥204,562 | ¥211,785 | ¥216,866 | ¥ (3,627) | ¥23,658 | ¥33,703 | ¥(388) | ¥(4,168) | ¥— | ¥52,805 | ¥ 682,391 | ¥ 99 | ¥ 682,490 |
| Comprehensive income | | | | | | | | | | | | | |
| Net income | — | — | 110,585 | — | — | — | — | — | — | — | 110,585 | (97) | 110,488 |
| Other comprehensive income, net of tax | — | — | — | — | (8,072) | (1,830) | (276) | 671 | — | (9,507) | (9,507) | 0 | (9,507) |
| Total comprehensive income | — | — | 110,585 | — | (8,072) | (1,830) | (276) | 671 | — | (9,507) | 101,078 | (97) | 100,981 |
| Transactions with owners | | | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | | | |
| Issuance of common stock | 1,362 | 1,362 | — | — | — | — | — | — | — | — | 2,724 | — | 2,724 |
| Cash dividends paid | — | — | (6,419) | — | — | — | — | — | — | — | (6,419) | — | (6,419) |
| Reclassification from other components of equity to retained earnings | — | — | 7 | — | — | (7) | — | — | — | (7) | — | — | — |
| Purchase of treasury stock | — | — | — | (100,000) | — | — | — | — | — | — | (100,000) | — | (100,000) |
| Others | — | 4,064 | (642) | 11 | — | — | — | — | — | — | 3,433 | — | 3,433 |
| Total contributions by and distributions to owners | 1,362 | 5,426 | (7,054) | (99,989) | — | (7) | — | — | — | (7) | (100,262) | — | (100,262) |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | | | |
| Issuance of common stock | — | — | — | — | — | — | — | — | — | — | — | 98 | 98 |
| Acquisitions and disposals of non-controlling interests | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Others | — | (26) | — | — | — | — | — | — | — | — | (26) | 127 | 101 |
| Total changes in ownership interests in subsidiaries | — | (26) | — | — | — | — | — | — | — | — | (26) | 225 | 199 |
| Total transactions with owners | 1,362 | 5,400 | (7,054) | (99,989) | — | (7) | — | — | — | (7) | (100,288) | 225 | (100,063) |
| As of December 31, 2017 | ¥205,924 | ¥217,185 | ¥320,397 | ¥(103,616) | ¥15,586 | ¥31,866 | ¥(664) | ¥(3,497) | — | ¥43,291 | ¥ 683,181 | ¥227 | ¥ 683,408 |

(Millions of Yen)

| | Other components of equity | | | | | | | | | | | | Total equity |
|--|----------------------------|-----------------|-------------------|----------------|--|---|------------------|---|--|----------------------------------|--|---------------------------|--------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock | Foreign currency translation adjustments | Financial instruments measured at fair value through other comprehensive income | Cash flow hedges | Remeasurement of policy reserves and others for insurance business based on current market interest rates | Remeasure-ment of retirement benefit plans | Total other components of equity | Total equity attributable to owners of the Company | Non-controlling interests | |
| As of January 1, 2018 | ¥205,924 | ¥217,185 | ¥320,397 | ¥(103,616) | ¥ 15,586 | ¥31,866 | ¥(664) | ¥(3,497) | ¥ — | ¥ 43,291 | ¥683,181 | ¥227 | ¥683,408 |
| Cumulative effects of changes in accounting policies | — | — | (35,421) | — | — | 315 | — | — | — | 315 | (35,106) | — | (35,106) |
| Adjusted balance change in accounting policy | 205,924 | 217,185 | 284,976 | (103,616) | 15,586 | 32,181 | (664) | (3,497) | — | 43,606 | 648,075 | 227 | 648,302 |
| Comprehensive income | | | | | | | | | | | | | |
| Net income | — | — | 142,282 | — | — | — | — | — | — | — | 142,282 | (393) | 141,889 |
| Other comprehensive income, net of tax | — | — | — | — | (14,124) | (2,663) | 153 | (763) | (47) | (17,444) | (17,444) | 7 | (17,437) |
| Total comprehensive income | — | — | 142,282 | — | (14,124) | (2,663) | 153 | (763) | (47) | (17,444) | 124,838 | (386) | 124,452 |
| Transactions with owners | | | | | | | | | | | | | |
| Contributions by and distributions to owners | | | | | | | | | | | | | |
| Issuance of common stock | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Cash dividends paid | — | — | (6,060) | — | — | — | — | — | — | — | (6,060) | — | (6,060) |
| Reclassified from other components of equity to retained earnings | — | — | 3,737 | — | — | (3,737) | — | — | — | (3,737) | — | — | — |
| Purchase of treasury stock | — | — | — | — | — | — | — | — | — | — | — | — | — |
| Disposal of treasury stock, associated with execution of stock options | — | (6,103) | — | 6,316 | — | — | — | — | — | — | 213 | — | 213 |
| Others | — | 7,704 | (367) | — | — | — | — | — | — | — | 7,337 | — | 7,337 |
| Total contributions by and distributions to owners | — | 1,601 | (2,690) | 6,316 | — | (3,737) | — | — | — | (3,737) | 1,490 | — | 1,490 |
| Changes in ownership interests in subsidiaries | | | | | | | | | | | | | |
| Issuance of common stock | — | — | — | — | — | — | — | — | — | — | — | 319 | 319 |
| Acquisitions and disposals of non-controlling interests | — | 70 | — | — | — | — | — | — | — | — | 70 | — | 70 |
| Others | — | — | — | — | — | — | — | — | — | — | — | 1,574 | 1,574 |
| Total changes in ownership interests in subsidiaries | — | 70 | — | — | — | — | — | — | — | — | 70 | 1,893 | 1,963 |
| Total transactions with owners | — | 1,671 | (2,690) | 6,316 | — | (3,737) | — | — | — | (3,737) | 1,560 | 1,893 | 3,453 |
| As of December 31, 2018 | ¥205,924 | ¥218,856 | ¥424,568 | ¥ (97,300) | ¥ 1,462 | ¥25,781 | ¥(511) | ¥(4,260) | ¥(47) | ¥ 22,425 | ¥774,473 | ¥1,734 | ¥776,207 |

Consolidated Statements of Cash Flows

(Millions of Yen)

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|--|---------------------------------|---------------------------------|
| Cash flows from operating activities | | |
| Income before income tax | ¥ 138,082 | ¥165,423 |
| Depreciation and amortization | 54,376 | 72,429 |
| Impairment loss | 2,667 | 4,168 |
| Other income | (25,076) | (101,050) |
| Increase in operating receivables | (9,242) | (36,059) |
| Increase in loans for credit card business | (208,144) | (281,335) |
| Increase in deposits for banking business | 439,818 | 409,403 |
| Decrease (increase) in call loans for banking business | (25,000) | 25,000 |
| Increase in loans for banking business | (167,619) | (149,964) |
| Increase in operating payables | 21,427 | 22,988 |
| Decrease (increase) in financial assets for securities business | (768,747) | 99,080 |
| Increase (decrease) in financial liabilities for securities business | 730,993 | (36,938) |
| Others | 4,855 | (7,323) |
| Income tax paid | (26,334) | (40,207) |
| Net cash flows from operating activities | 162,056 | 145,615 |
| Cash flows from investing activities | | |
| Increase in restricted deposits | (12,597) | (7) |
| Decrease in restricted deposits | 12,036 | 8 |
| Increase in time deposits | (8,903) | (9,943) |
| Decrease in time deposits | 17,082 | 8,863 |
| Purchase of property, plant and equipment | (31,874) | (23,442) |
| Acquisition of intangible assets | (46,624) | (64,140) |
| Payments for acquisition of subsidiaries | (5,776) | (11,944) |
| Proceeds from acquisition of subsidiaries | — | 10,826 |
| Proceeds from sale of subsidiaries stock with change in scope of consolidation | 3,730 | 26,234 |
| Acquisition of investments in associates and joint ventures | (20,576) | (1,159) |
| Purchase of investment securities for banking business | (312,593) | (270,099) |
| Proceeds from sales and redemption of investment securities for banking business | 266,445 | 267,557 |
| Purchase of investment securities for insurance business | (12,437) | (111,154) |
| Proceeds from sales and redemption of investment securities for insurance business | 9,091 | 121,901 |
| Purchase of investment securities | (61,937) | (30,432) |
| Proceeds from sales and redemption of investment securities | 11,896 | 18,547 |
| Other payments | (15,035) | (9,215) |
| Other proceeds | 4,354 | 10,030 |
| Net cash flows used in investing activities | (203,718) | (67,569) |

Consolidated Statements of Cash Flows

(Millions of Yen)

| | Year ended December 31, 2017 | Year ended December 31, 2018 |
|---|---------------------------------|---------------------------------|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term borrowings | ¥ 66,039 | ¥ (51,297) |
| Net increase in commercial papers | 44,000 | 80,000 |
| Proceeds from long-term debt | 364,573 | 290,976 |
| Repayment of long-term debt | (240,473) | (271,356) |
| Proceeds from issuance of bonds | 99,541 | 169,394 |
| Redemption of bonds | (30,300) | (150) |
| Cash dividends paid | (6,420) | (6,056) |
| Purchase of treasury stock | (100,133) | — |
| Others | (2,369) | (3,093) |
| Net cash flows from financing activities | 194,458 | 208,418 |
| Effect of change in exchange rates on cash and cash equivalents | (184) | 2,897 |
| Net increase in cash and cash equivalents | 152,612 | 289,361 |
| Cash and cash equivalents at the beginning of the year | 548,269 | 700,881 |
| Cash and cash equivalents at the end of the year | 700,881 | 990,242 |

Corporate Information

(As of December 31, 2018)

Corporate Overview

| | |
|--|---|
| Name | Rakuten, Inc. |
| Head Office Location | Rakuten Crimson House, 1-14-1 Tamagawa, Setagaya-ku, Tokyo, 158-0094, Japan TEL. +81-50-5581-6910 |
| Representative | Chairman, President and CEO Hiroshi Mikitani |
| Founded | Feb. 7, 1997 |
| Rakuten Ichiba Service Launched | May 1, 1997 |
| IPO | Apr. 19, 2000 |
| Capital | 205,924 million yen |
| Employees | Non-consolidated: 6,528 Consolidated: 17,214 |

Stock Information

| | |
|---|---|
| Company Name | Rakuten, Inc. |
| Stock Code | 4755 (Tokyo Stock Exchange 1st Section) |
| Fiscal Year | January 1 to December 31 |
| Annual General Shareholders' Meeting | March |
| Shareholder Record Date | December 31 |
| Number of Shares Constituting One Trading Unit | 100 Shares |
| Administrator of Shareholder Registry | Sumitomo Mitsui Trust Bank, Limited |

Cautionary Statement

In this report, unless indicated otherwise, references to "Rakuten," "Rakuten Group," "we," "our," and "us" are to Rakuten, Inc. and its consolidated subsidiaries and consolidated affiliates. Statements regarding current plans, strategies, beliefs and other statements that are not historical facts of the Rakuten Group are forward-looking statements.

Such forward-looking statements are based on management's assumptions and beliefs in light of information currently available, and it should be noted that risks and unforeseen factors could cause actual results to differ significantly from those discussed in the report. We do not intend to update these forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable laws.

"Rakuten," and **Rakuten** are registered trademarks of Rakuten, Inc. in Japan.

Origins of the Name Rakuten

Rakuten Ichiba is named after Rakuichi-Rakuza, the first free and open marketplace in Japan, opened in the 16th century.

When used as a verb, raku is written with a Chinese character meaning to enjoy oneself (楽). The same character is used in the word "Rakuten," which means "optimism" or "positive spirit." The name Rakuten Ichiba literally means a "market of positive spirit," where shopping is entertainment. These words symbolize the driven, forward-looking nature of our business. That is why we named our company Rakuten, Inc.

Financial and CSR Information

More detailed information is disclosed at the following URL.

Annual Securities Report

https://global.rakuten.com/corp/investors/documents/securities_report.html

Earning Releases, Presentation Materials, On-demand Streaming

<https://global.rakuten.com/corp/investors/documents/results/>

Stocks and Bonds

<https://global.rakuten.com/corp/investors/stock/>

Editorial Postscript

Thank you for reading our 2018 Corporate Report. We would like to use the publication of the report as an opportunity to express our appreciation to you for ongoing support of Rakuten.

This year's report has the title "One Strategy." This title expresses our determination to take up new challenges and is based on concept of the number one, or "一", in Japanese, which is both an important value for Rakuten and also the concept of our new logo. The content of this report is the result of continuous discussion within the company concerning the best way to convey our unwavering commitment to benefit society, and build a more prosperous world through wide-ranging services and sustainability initiatives in the environment of the Rakuten Ecosystem.

Innovation and empowerment are both important values for Rakuten. We hope that this report will help stakeholders to understand how these values are expressed through all of Rakuten's business activities.

We look forward to your continuing support.



IR Department & Sustainability Department

Sustainability

<https://global.rakuten.com/corp/sustainability/>



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