

Rakuten Group, Inc.

Sustainability Finance Framework

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1. Introduction

Rakuten Group, Inc. (Rakuten) has formulated the Sustainability Finance Framework (the Framework) as follows. The Framework obtained the external review from Rating and Investment Information, Inc. (R&I) on the alignment with the “Green Bond Principles 2021”, the “Social Bond Principles 2023” and the “Sustainability Bond Guidelines 2021” of the International Capital Markets Association (ICMA), the “Green Loan Principles 2023” and the “Social Loan Principles 2023” of the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA) and the Loan Syndications and Trading Association (LSTA), the “Green Bond Guidelines 2022” and the “Green Loan Guidelines 2022” of the Ministry of Environment and the “Social Bond Guidelines 2021” of the Financial Services Agency. Based on the Framework, Rakuten will implement Sustainability Finance.*1

*1 The definition of Sustainability Finance is described in section 2. Sustainability Finance Framework.

1.1 Overview of the Issuer

Rakuten Group has always valued its mission to “contribute to society by creating value through innovation and entrepreneurship”, guiding its journey thus far. Addressing sustainability challenges not only supports the sustained development of our businesses, but also embodies the mission of our group.

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 fulfill 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)**

The core values of the Rakuten Group, along with the values and principles understood and practiced by Rakuten employees, embody Rakuten Shugi. The two components it consists of are the Brand Concepts and Five Principles for Success.

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.

1.2 Sustainability Strategy (Focus Areas + Business Foundations)

Sustainability is one of the pillars supporting the future development of our group. Through engagement with stakeholders, we revised our group’s sustainability strategy (ESG issues to prioritize) in 2021 and identified four areas: “Business foundations”, “Growing with our employees”, “Providing sustainable platforms and services” and “Addressing global challenges”.



Going forward, we will set long-term goals for each issue and regularly report the progress to stakeholders both internally and externally.

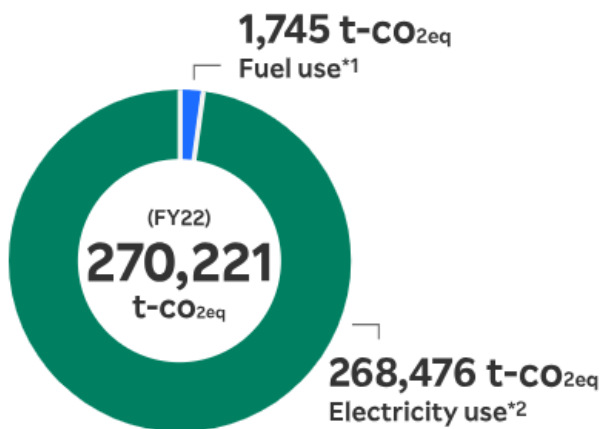
1.3 Initiatives towards Climate Change

Our group aims to achieve carbon neutrality for CO₂ emissions generated from business activities (Scope 1 and 2) to fulfil our responsibility as a global company and realize our corporate philosophy. Our group’s carbon neutrality strategy is comprised of three initiatives: 1) improving energy efficiency (reduction of GHG emission activities), 2) switching to 100% renewable energy (building a portfolio of 100% renewable energy) and 3) procuring carbon credits (offsetting GHG emissions).

In December 2019, we joined the international initiative “RE100” and in 2021, we achieved a 100% renewable energy adoption rate for the electricity used in our business activities. Furthermore, in 2022, the renewable energy adoption rate for our entire group, including consolidated subsidiaries, reached 11.6%. The performance of each indicator is scheduled to be updated annually around June in the ESG Data Book published on our website.

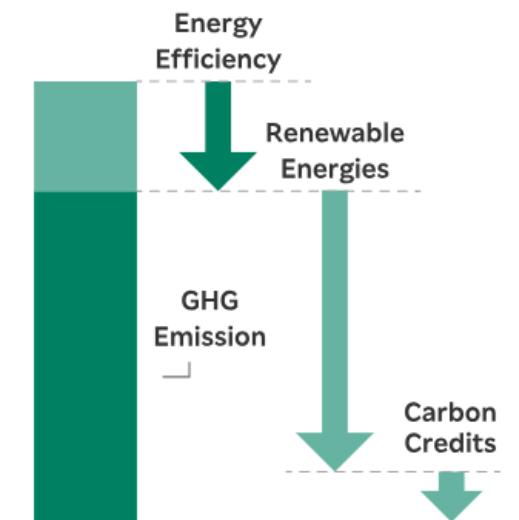
Our Business Operation (Scope 1 & Scope 2)

GHG emissions (Scope 1+2)



*1: Scope 1 emissions *2: Scope 2 (market-based) emissions

Reduction Levers and Priority



Specific examples of initiatives are as follows.

Data Centers

At our domestic data centers, we cool down our servers efficiently and reduce energy consumption by filling in the gap between the server racks with blanking panels and separating the hot air zones from the cold air zones.

Offices

Some Rakuten offices are housed in green buildings. Our Japan headquarters, Rakuten Crimson House, is situated in the Futakotamagawa Rise complex, one of Japan's few LEED-Gold-certified*2 commercial facilities. We turn off monitors, lights and electronic in-office appliances during non-working hours to conserve energy and avoid standby power. One of Rakuten Card's offices in Fukuoka prefecture introduced a rule for in-office temperature settings. This measure contributed to 20% less annual electricity consumption. We believe that even small steps are essential for progress toward a brighter future.

*2 An environmental performance evaluation system for buildings and urban environments, developed and operated by the non-profit organization, the U.S. Green Building Council. The system evaluates based on a rank (Certified, Silver, Gold, Platinum) that corresponds to the total points acquired across various categories.

Sports Facilities

To increase the energy consumption efficiency of lighting used in the stadium, we are promoting LEDs. Approximately 5,800 lights used for home games, events and daily operations at Noevir Stadium, including the pitch lighting, various rooms, corridors, and concourses, have been converted to LEDs. It is estimated that this will reduce electricity consumption by around 67% compared to conventional lighting.

1.4 Management System

Implementing climate change measures across Rakuten’s ecosystem requires a strong, centralized management structure. This is why in January 2022, we established the Environmental Department for developing and implementing strategies to address environmental issues. Moreover, implementation systems and reporting lines have been organized across the Group. Under the Sustainability Committee, the Environmental Subcommittee holds monthly meetings.

Climate change-related issues are managed by the COO. The Environmental Department and the Environment Subcommittee work closely with relevant teams, organizations and international initiatives while holding every business unit and department accountable for their environmental impacts. In each business department, we appointed a person in charge of environmental issues to coordinate with the Environmental Department on a wide range of environment-related activities, including strategy formulation, implementation and risk management. Group-wide implementation systems and reporting lines are structured so as to escalate to the Sustainability Committee, which further analyses any crucial decisions and reports directly to the Board of Directors.



1.5 Significance of Sustainability Finance Framework Formulation

Based on our mission “contribute to society by creating value through innovation and entrepreneurship”, we have formulated the Framework to further advance initiatives aimed at solving social issues as well as initiatives towards the realization of a decarbonized society. Additionally, we believe the Framework will serve as an opportunity to actively communicate efforts related to sustainability to a broader range of stakeholders.

2. Sustainability Finance Framework

The Framework has been formulated based on the “Green Bond Principles 2021”, the “Social Bond Principles 2023” and the “Sustainability Bond Guidelines 2021” of the ICMA, the “Green Loan Principles 2023” and the “Social Loan Principles 2023” of the LMA, the APLMA and the LSTA, the “Green Bond Guidelines 2022” and the “Green Loan Guidelines 2022” of the Ministry of Environment and the “Social Bond Guidelines 2021” of the Financial Services Agency. The Framework specifies the following four elements.

- (1) Use of Proceeds
- (2) Process for Project Evaluation and Selection
- (3) Management of Proceeds
- (4) Reporting

The Framework applies to the following three types of finance (referred to individually or collectively as “Sustainability Finance”).

Type	Contents
Green finance	Finance solely used for funding green eligible projects
Social finance	Finance solely used for funding social eligible projects
Sustainability finance	Finance used for funding both green eligible projects and social eligible projects

2.1 Use of Proceeds

The funds procured through Sustainability Finance are intended to be allocated to new investments or refinance and are planned to be applied to eligible projects as defined below.

【Eligible projects】

Eligible Projects

Investments related to 5G (Capital investment and research and development in relation to 5G)

The Ministry of Internal Affairs and Communications in Japan has set a development goal in its Infrastructure Development Plan for a Digital Garden City Nation (formulated in March 2022 and revised in April 2023) to achieve a nationwide 5G population coverage rate of 97% by the end of fiscal year 2025. Our group will contribute to the resolution of social issues through the construction of 5G areas.

Furthermore, with the advancement of 5G and post-5G society, an increase in demand for services utilizing 5G features such as ultra-high speed, ultra-low latency and massive simultaneous connectivity is anticipated. Our group is promoting research and development that contributes to the resolution of social issues, including the development of communication equipment with high reliability and cost-effectiveness to meet the advanced network quality requirements of various services.

One of the characteristics of 5G, its high speed and large capacity, is expected to improve energy efficiency during data transmission, but it is also expected to lead to an increase in energy consumption. In response, Rakuten Mobile, Inc. is working to reduce energy consumption through flexible virtualization system construction in anticipation of next-generation advanced technologies such as RIC^{*3}, which significantly improves energy efficiency compared to conventional communication technologies, and optimal network control technology using AI. Additionally, our group is promoting the adoption of renewable energy.

ICMA Project Categories (Targeted Population)

Social

- **Affordable basic infrastructure**
(People all over Japan)
- **Access to essential services**
(Children and students in areas with limited access to educational services)
(Elderly and patients in areas with limited access to medical services)
- **Socioeconomic advancement and empowerment**
(Individuals who require a way of working that is not limited by geographical location)
(Individuals working in industries with labor shortages)

Green

- **Renewable energy**
- **Energy efficiency**

*3 RIC (RAN Intelligent Controller)

2.2 Process for Project Evaluation and Selection

Projects allocated with funds procured through Sustainability Finance are identified by the Finance Department, with support from relevant internal departments, based on compliance with the requirements of the eligible projects set forth above. The final decision is made after comprehensive analysis and consideration by the executive officer in charge of finance.

In selecting projects, we ensure that the following items are addressed to reduce environmental and social risks.

- Compliance with environmental laws and regulations required by the country or local governments of the project's location and conducting environmental impact assessments as necessary
- Providing information to local residents and seeking the opinions of residents and related local governments as necessary for the implementation of the project

2.3 Management of Proceeds

The funds procured through Sustainability Finance are allocated and managed by the finance department of the group company where the eligible projects are executed. The allocation status of the implemented eligible projects is tracked and managed annually using internal management documents, in coordination with the Finance Department.

The procured funds are expected to be allocated to eligible projects shortly after the execution of Sustainability Finance. Any unallocated funds will be managed as cash or cash equivalents and will be allocated to eligible projects as soon as possible.

2.4 Reporting

The status of the allocation of the procured funds, the environmental improvement effects and the social benefits as we defined will be disclosed on our website to the extent reasonably practicable.

Additionally, should there be any significant changes to the allocation plan of the procured funds or other important events, we will disclose this information in a timely manner.

(1) Allocation Reporting

Until the procured funds are fully allocated to eligible projects, we plan to disclose the following information annually.

1. The allocated and unallocated amounts for each category of eligible projects, and if there is an unallocated amount, the expected timing of allocation
2. The ratio of new finance to refinance

(2) Impact Reporting

Until the procured funds are fully allocated to eligible projects, we plan to disclose the following information annually.

Eligible Projects	Reporting Items
Investments related to 5G	<ul style="list-style-type: none"> ● 5G construction area ● Number of 5G outdoor base stations ● Status of initiatives aimed at solving social issues in Japan using our 5G network^{*4} ● Greenhouse gas emissions

^{*4} We will disclose at least once before the redemption or full repayment of Sustainability Finance.