

In order to situate our sustainability action plan in line with the expectations of our stakeholders and of society as a whole, in 2017 we identified our materiality. That is, the key issues that Rakuten has a responsibility to address in order to realize long-term business growth that contributes to the realization of a sustainable society.

## Identification Process

### Step 1

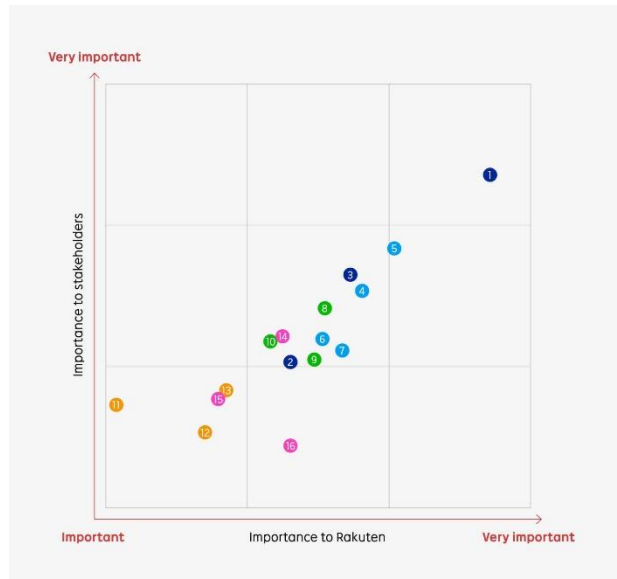
Using international benchmarks, such as the Sustainability Accounting Standards Board (SASB) and the UN Sustainable Development Goals (SDGs), we established a list of 33 potential Environmental, Social, and Governance (ESG) concerns related to the business activities and culture of the Rakuten Group.

### Step 2

For each concern, employees, business partners, such as Rakuten merchants, and users of our services evaluated Rakuten's degree of responsibility for addressing each concern (i.e., the importance to stakeholders). At the same time, our upper management evaluated the relevance and importance of these concerns to Rakuten.

## Results

The survey results identified 16 issues of high priority to both our stakeholders and upper management.



#### ● Safety and quality

1. Data security and customer privacy
2. Service accessibility and affordability
3. Service safety and quality

#### ● Responsible practices

4. Anti-competitive practice prevention
5. Responsible information usage (labeling, marketing)
6. Sustainable consumption behaviors
7. Responsible supply chain

#### ● Talent attraction and development

8. Diversity and equality
9. Skill development and benefits
10. Workplace safety

#### ● Environment protection

11. Packaging
12. Climate change
13. Biological diversity

#### ● Local communities

14. Entrepreneurship and innovation
15. Disaster relief
16. Future generations

## Four most important concerns



### **Data security and customer privacy**

The Rakuten Group collects and uses customers' personal data in its various services, and protecting our data and customers' privacy is of utmost importance to us.



### **Responsible marketing and information usage**

As the Rakuten Group is providing a wide range of services from EC to financial services over the Internet, providing information responsibly is essential.



### **Anti-competitive practice prevention**

The Rakuten Group is committed to fair and ethical business practices. We strive at all times to establish and maintain high ethical standards together with our business partners.



### **Service Safety and Quality**

At the Rakuten Group we strive to improve the quality, safety, reliability, legality, usefulness and convenience of our products and services in order to maximize customer satisfaction.

## 2020 progress

Material Issues	Objectives	Progress as of end 2020
<b>Data security and customer privacy</b>	<ul style="list-style-type: none"> <li>Maintain high ethical standards and ensure thorough compliance with all applicable laws and regulations all time.</li> <li>Maintain appropriate information security management system.</li> <li>Raise awareness of information security and privacy among group employees.</li> </ul>	<ul style="list-style-type: none"> <li>19 Group Companies covering 20,000 employees globally certified with ISO/IEC 27001.</li> <li>Thorough compliance with PCI DSS (Payment Card Industry Data Security Standard), a security standard for the credit card industry ensured. Rakuten only company in Asia to be elected as member of PCI SSC (Payment Card Industry Security Standards Council) Board of Advisors in early 2021.</li> <li>Establishment of team dedicated to privacy training and awareness, organizing variety of programs for employees: Rakuten Privacy Awareness Week, monthly educational content...</li> </ul>
<b>Service safety and quality</b>	<ul style="list-style-type: none"> <li>Monitor customers' satisfaction.</li> <li>Address causes of dissatisfaction.</li> </ul>	<ul style="list-style-type: none"> <li>NPS and VoC regularly analyzed and monitored from various customer touchpoints. Group NPS superior to competitors'.</li> <li>No. of quality improvement activities conducted in 2020: 600</li> <li>Ratio of customers not satisfied with Rakuten services decreased by 5% from 2020 1Q to 2020 4Q</li> </ul>
<b>Anti-competitive practice prevention</b>	<ul style="list-style-type: none"> <li>Maintain high ethical standards and ensure thorough compliance with all applicable laws and regulations all time, including Competition Act.</li> </ul>	<ul style="list-style-type: none"> <li>Compliance trainings conducted to ensure businesses' compliance with laws and regulations.</li> <li>Percentage of employees in Japan who took the compliance pledge: 100%</li> </ul>

<b>Responsible information usage</b>	<ul style="list-style-type: none"> <li>• Ensure thorough compliance with all applicable laws and regulations all time, including Act against Unjustifiable Premiums and Misleading Representations.</li> <li>• Introduce programs to prevent false advertising and misleading product / service labels.</li> </ul>	<ul style="list-style-type: none"> <li>• Introduction of system imposing penalty for inappropriate labelling and marketing (Ichiba).</li> <li>• Periodical investigations ensuring that shops on Rakuten Ichiba are complying with rules related to labelling and marketing.</li> <li>• Reporting channel to notify inappropriate labelling and pricing publicly available.</li> </ul>
<b>Sustainable consumption behaviors</b>	<ul style="list-style-type: none"> <li>• Promote sustainable consumption at scale leveraging Rakuten’s platforms.</li> <li>• Increase awareness of sustainable consumption among consumers.</li> </ul>	<ul style="list-style-type: none"> <li>• No. of products on Earth mall with Rakuten, an online shopping platform and media service within Rakuten Ichiba: 76,830 as of March 31, 2021</li> <li>• In 2020, seminars and workshops about SDGs attended by many merchants online, which helped deepen practical understanding of sustainability and related practices.</li> </ul>
<b>Responsible supply chain</b>	<ul style="list-style-type: none"> <li>• Conduct risk assessment for suppliers, develop capacity building program for those suppliers identified as not meeting expectations.</li> </ul>	<ul style="list-style-type: none"> <li>• Modern Slavery Statement published</li> <li>• Rakuten Group Sustainable Procurement Policy formulated and disclosed</li> </ul>
<b>Diversity and equality</b>	<ul style="list-style-type: none"> <li>• Increase % of female managers.</li> <li>• Maintain employment rate for people with disabilities higher than the legal requirement.</li> </ul>	<ul style="list-style-type: none"> <li>• Manager gender ratio: Male 71.8% Female 28.2%.</li> <li>• Ratio of employees with disabilities: 2.32%.</li> <li>• Selected as constituent of MSCI Japan Empowering Women Index (WIN) and MSCI Japan Empowering Women (WIN) Select Index.</li> <li>• Recognized as Gold Level in PRIDE Index of “Work with Pride”, organization promoting LGBT diversity-management initiatives in Japan</li> </ul>

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**Skill development and benefits**

- Create learning organization.
- Foster mutual trust between managers and members through 1-on-1 meeting.
- Delivered skill development programs and 1on1 meeting online due to the transition to a digital workplace.
- Average hours of training provided per employee: 54.9h
- Total no. of training courses available: 43
- Total no. of training participants: 27, 832
- Training satisfaction rate: 96%
- % of staff holding 1-on-1s in 2020: 88%, with 91% satisfaction rate
- Rakuten Group, Inc.'s turnover rate in 2020: 5.7 point decrease compared to 2017

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**Workplace safety**

- Maintain work environment safety.
  - Improve employees' well-being.
  - Total no. of employee fatalities, lost-time injury frequency rate, occupational disease frequency rate: 0
  - Wellness improvement initiatives such as online health seminars and physical stretching programs conducted
  - External recognitions:
    - ◇ 2021 Certified Health & Productivity Management Organization Recognition Program by Japan's Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi
    - ◇ Sports Yell Company 2021 by the Japan Sports Agency
    - ◇ HR Awards 2020 organized by the Nihon no Jinji-bu and supported by the Ministry of
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Health, Labor and Welfare of Japan		
<b>Climate change</b>	<ul style="list-style-type: none"> <li>Adopt 100% renewable electricity for all its business operations by 2025 (RE100 initiative).</li> </ul>	<ul style="list-style-type: none"> <li>Rakuten Group, Inc.'s renewable electricity ratio: 64.8% in 2020 (use of renewable energy certificates derived from solar power generation by households across Japan)</li> </ul>
<b>Biological diversity</b>	<ul style="list-style-type: none"> <li>Conserve biological diversity leveraging Rakuten's platforms.</li> </ul>	<ul style="list-style-type: none"> <li>Promoted sustainable products with international certifications protecting biodiversity inside Earth mall with Rakuten. Number of sustainable products offered: 76,830 as of March 31, 2021.</li> </ul>
<b>Entrepreneurship and innovation</b>	<ul style="list-style-type: none"> <li>Support entrepreneurship and innovation leveraging Rakuten's assets.</li> </ul>	<ul style="list-style-type: none"> <li>Acceleration of installation of Rakuten Mobile's base stations, supporting innovative 5G network.</li> <li>3 organizations supported by Rakuten Social Accelerator in 2020, an innovation program to address social issues through collaboration between various stakeholders including social entrepreneurs and Rakuten employees.</li> </ul>
<b>Disaster relief</b>	<ul style="list-style-type: none"> <li>Respond to disaster incidents quickly.</li> </ul>	<ul style="list-style-type: none"> <li>2 Rakuten Clutch Special Charity Fund campaigns: COVID-19 Countermeasures and Heavy Rains in Kyushu in July 2020, totaling JPY138,510,852.</li> </ul>
<b>Future generations</b>	<ul style="list-style-type: none"> <li>Empower future generation leveraging Rakuten's assets.</li> </ul>	<ul style="list-style-type: none"> <li>Rakuten ABCmouse (English education service) provided free of charge to educational customers such as schools and learning centers during pandemic</li> <li>Rakuten Social Accelerator supported children and families in Okayama Prefecture facing difficulties as result of COVID-19 pandemic.</li> </ul>