

# 2020 Modern Slavery Statement

This statement has been published by the Rakuten Group in accordance with Clause 1, Article 54 of the UK Modern Slavery Act of 2015.

## Structure, business and supply chain

Founded in 1997, the Rakuten Group (“Rakuten”) consists of Rakuten, Inc., 160 consolidated subsidiaries, and 43 associates accounted for using the equity method as of December 2019. The number of Group employees is 23,841 worldwide as of December 2020. With the mission of empowering people and society through innovation and entrepreneurship, and in line with our vision as a Global Innovation Company, Rakuten is engaged in a broad range of businesses that provide online and offline services, including e-commerce, digital content, fintech such as credit cards, banking, securities, insurance, e-money and smartphone app payments, communications, including a mobile carrier service, and professional sports. Linking these diverse services through a common membership and loyalty program, Rakuten has created one of the world’s most unique and robust ecosystems.

By using these services – whether shopping, streaming content, banking, or through other forms of engagement – members can earn Rakuten Points, which can then be used to enjoy other services. Currently, over 100 million members are registered in Japan, and more than 1.4 billion globally.

In providing its services and products to end users, Rakuten purchases goods and services from suppliers globally, including the purchasing or commission of tangible assets (raw materials, components, devices and printouts), intangible assets (digital content, software and systems), and services related to human resources (including temporary staff, consulting, and development). Our procurement activities are especially vigorous with regard to the provision of physical products such as e-readers, mobile phones, cashless payment terminals and sports team merchandising, as well as in the development of social infrastructure such as mobile networks and logistics. In line with our mission of empowerment, Rakuten strives to work in partnership with all of our suppliers, encouraging them to establish policies and

practices that mitigate the risk of human rights violations, including modern slavery, occurring in their supply chains.

## **Policies**

### **Rakuten Group Code of Ethics**

The Rakuten Group Code of Ethics (the “Code”) defines the ethical standards to be adopted by all employees while maximizing Rakuten Group's value to shareholders and making positive contributions to society. The second section of the Code, “We respect all people,” addresses human rights as follows:

*“We respect the human rights of all and uphold individual dignity. We are committed to advancing the rights of all stakeholders, including the right to privacy, freedom of expression, and a fair and safe working environment. We strive for the promotion of a society free from discrimination, harassment, child labor, and forced labor.”*

The full description of the Code is available [here](#).

### **Rakuten Group Sustainability Policy**

The Rakuten Group Regulations (“RGR”) are the set of governing rules shared by the Group. They consist of policies and instructions that detail the company’s commitments and related rules to be followed by all employees, including high-level principles such as the ones expressed in the Code.

In 2019, Rakuten adopted the Rakuten Group Sustainability Policy as part of the RGR, which is notably a chapter covering human rights. The Policy states that Rakuten will respect the human rights of all stakeholders throughout its operations, including Group employees, customers and business partners: Joint-ventures, contractors, suppliers of goods and services, investees and any third party that engages in a business relationship with Rakuten. The following topics are covered by the Policy: (1) respect for internationally recognized human rights standards; (2) privacy, access to information and freedom of expression; (3) ethical use of technology; (4) non-discrimination and equal opportunities; (5) zero tolerance for inhumane treatment; (6) fair wages; (7) working hours; (8) safety and health; (9) prohibition of child labor; (10) prohibition of forced labor; (11) human rights due diligence; (12) stakeholder

engagement; and (13) grievance mechanisms. The full description of the Policy chapter on human rights is available [here](#).

### **Rakuten Group Sustainable Procurement Instruction**

In advancing sustainability across the supply chains that support the provision of our products and services, as well as goods, systems and services used in our daily operations, our suppliers play an important role. Having a shared understanding of what sustainability represents is essential in order to work with our suppliers, and we therefore formulated the Rakuten Group Sustainable Procurement Instruction in 2020, as part of the RGR.

The Instruction sets expectations for suppliers and is designed to ensure that suppliers conduct business ethically in compliance with laws and regulations, while conserving the environment and protecting the health, safety and fair treatment of workers, notably by prohibiting any form of forced labor, including, but not limited to, confinement, restraint, slave labor, coerced overtime work, or human trafficking. The full description of the Instruction is available [here](#).

### **Human Rights Risk Assessment**

Rakuten conducted a human rights impact assessment in 2020 to identify risks across operations, including supply chains, at a Group level. The assessment consisted of research analyzing external reports and standards to map risks potentially associated with Rakuten's service offerings, followed by a series of interviews with the top management of each business unit to review initial findings. Internal documents such as policies were also analyzed to evaluate management processes and governance structures. The project was led by external human rights experts, with cross-industry experience, to ensure reasonable objectivity.

As a result of the assessment, labor standards, forced labor and child labor in the supply chain were identified as Tier 1 risks for Rakuten that must be addressed as high-priority issues. Human trafficking and modern slavery were identified as Tier 2 risks that, while needing to be addressed, are comparatively low-priority due to Rakuten's low risk of exposure to these particular issues. The risk list and priority level may change in alignment with future findings based on stakeholder surveys.

Based on these first risk identification and prioritization initiatives, we will continue to work to improve the Group's governance and risk management practices related to human rights, with a particular focus on supply chains. More information on ongoing activities is available [here](#).

## **Training on Modern Slavery and Trafficking**

Rakuten is raising the awareness of its employees regarding human rights through training. Our current training programs have mainly focused on the human rights of employees (prevention of harassment) and privacy protection of all stakeholders. From 2021, they will cover a broader range of human rights issues, including modern slavery and trafficking. We are also committed to supporting our suppliers to implement the Rakuten Group Sustainable Procurement Instruction, through training and capacity building.

As our businesses continue to expand globally, we are aware that our responsibility to address both the positive and adverse impacts of our activities on society, the environment and the economy is also growing. Building on the foundations established in 2019 and 2020, we will continue to mitigate any negative impact related to human rights and seize opportunities for the promotion of these rights in 2021.

This statement was approved by the Board of Directors of Rakuten, Inc.