



Empowering All Stakeholders

CORPORATE REPORT 2022

Rakuten Group celebrated its 25th year anniversary in 2022. This annual report uses the special 25th anniversary logo used in brand promotion activities.



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EDITORIAL POLICY

Rakuten Group celebrated its 25th year anniversary in 2022.

The Rakuten Corporate Report 2022 contains both financial data and information about environmental, social and governance (ESG) initiatives. Nonfinancial 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 the Rakuten Group.

<Target audience> Stakeholders, including shareholders and investors.

<Period covered by the report> This report covers the 2022 fiscal year (January 1, 2022–December 31, 2022), but it also includes references to activities in FY2023.



Mission, Vision, Values and Principles

Our Philosophy

The 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.

Rakuten's Value Creation Process

We measure the Rakuten Group's corporate value through our own uniquely defined KPI called *Membership Value*. In the fourth quarter of 2022, membership value reached ¥8.3 trillion, an increase of 28.6% YoY. This growth was the product of the continued expansion of our e-commerce business and a rapid recovery in demand for travel which led to an increase in

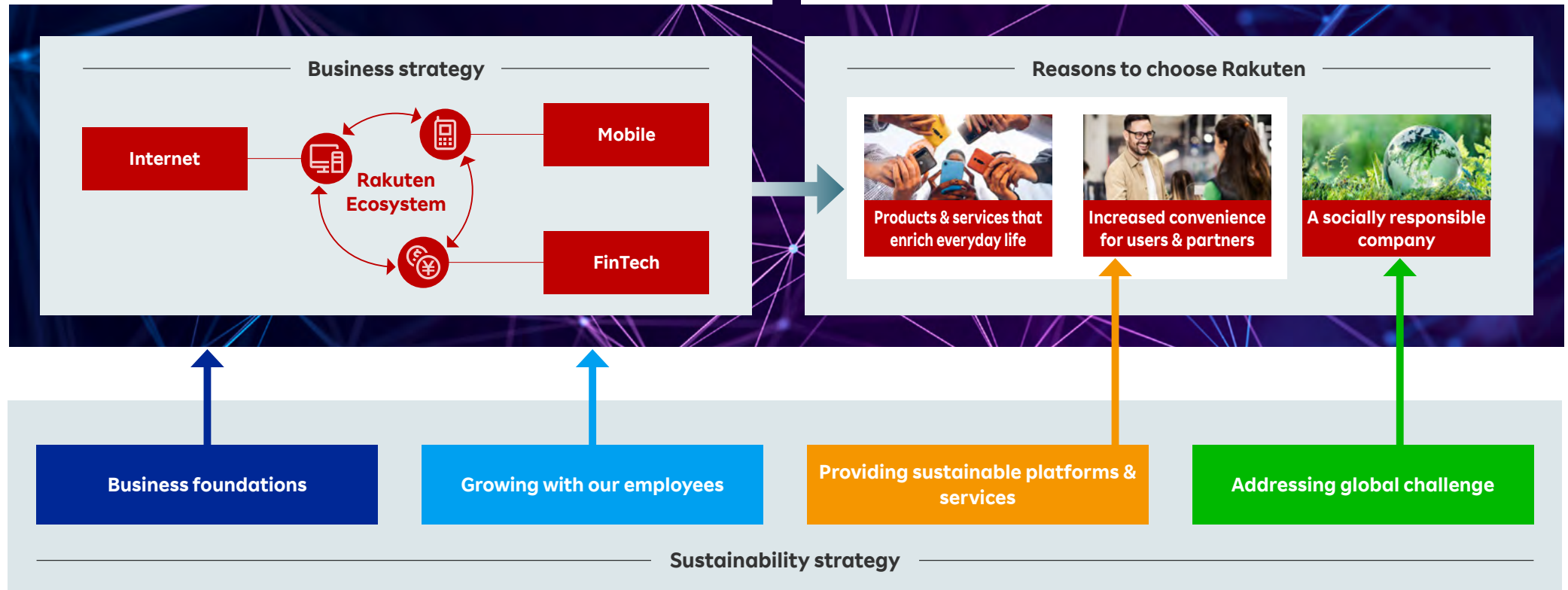
active users and retention in services such as Rakuten Ichiba and Rakuten Travel.

We will continue to maximize the lifetime value of our customers while expanding our active user base and promoting cross-use of services in pursuit of our goal of ¥10 trillion in membership value.

Components of Membership Value



*Please refer to p.6 "Rakuten's Membership Value" for more information about LTV



Rakuten's Capital

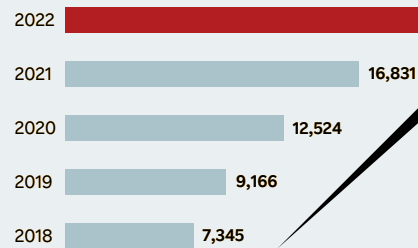


Financial Capital

Rakuten Group's basic policy on financial management is to ensure stable and diverse means of procuring funds to meet our financing needs with the goal of realizing sustainable growth for all group companies, and to ensure sufficient liquidity to maintain the financial soundness of subsidiaries engaged in financial services.

Total Assets

(billions of yen)



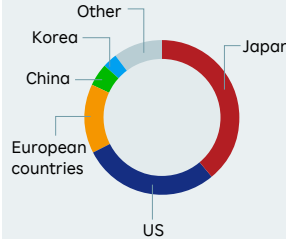
Total Assets
¥20,437 billion



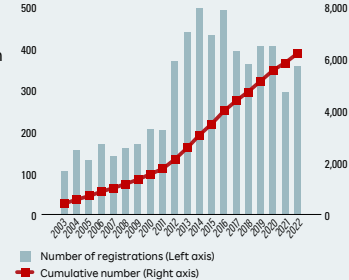
Intellectual Capital

We are continuously working to ensure business continuity by securing rights to Rakuten's intellectual property and implementing countermeasures pertaining to other companies' IP. We strive to strengthen and secure our competitive advantage not just for each individual business, but for the Rakuten Ecosystem as a whole.

Breakdown of patent portfolio by country

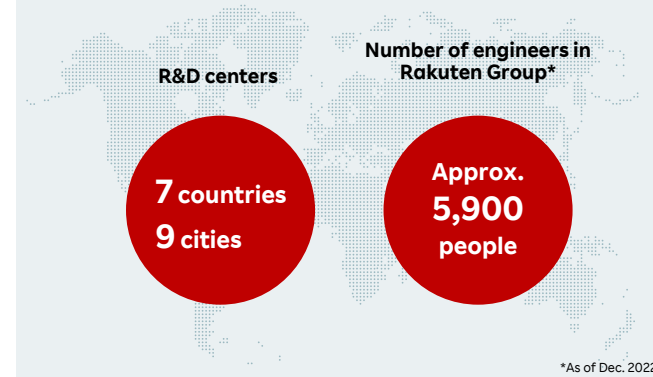


Number of patent registrations in the last 20 years



Technological Capital

Since our founding, Rakuten has believed in the power of innovation, offering a vast array of services that leverage technology, both in Japan and around the globe. We have our diverse employee base located all over the world.

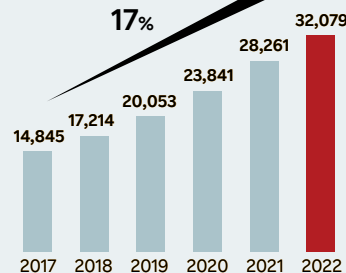


Human Capital

Our talented and diverse employees come together to work in a global environment that uses English as its official language, allowing Rakuten to provide innovative services that enrich our customers' lives.

Number of Rakuten Group employees

Average annual growth rate between 2017 and 2022

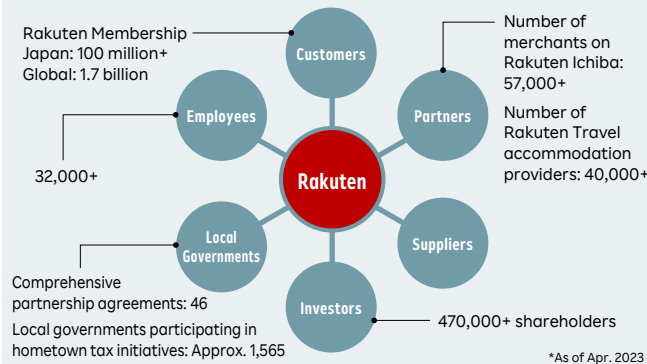


Employees from over 100 countries and regions



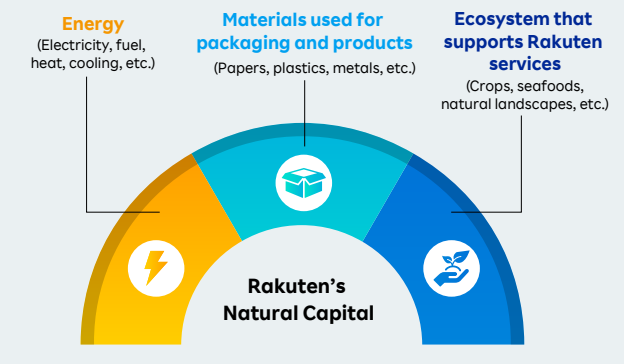
Social Capital

Empowerment has been Rakuten's corporate mission since founding. We aim to forge a sustainable future by building win-win relationships that promote mutual growth among all of our valued stakeholders.



Natural Capital

Rakuten's businesses rely on richness of our natural environment. Alongside all of our stakeholders, we are working to effect positive change in society through the improvement and optimization of our resource usage.



Rakuten Ecosystem

1 Using Multiple Ecosystem Services Through a Unified Rakuten ID

The Rakuten Group operates over 70 different services in a wide range of areas, including online services such as e-commerce, travel reservations and digital content; fintech services such as credit card, banking, securities, mobile payments and insurance; as well as mobile services such as our mobile phone carrier business. In addition to using the same ID for multiple services within the Ecosystem, Rakuten members can earn and use Rakuten Points when shopping or enjoying these services. We have improved brand recognition and reputation by unifying all our services in Japan and abroad under the Rakuten brand. Another of Rakuten's strengths is our ability to leverage data from online and offline realms, such as high precision consumption and payment data, allowing us to carry out effective customer acquisition and marketing strategies.

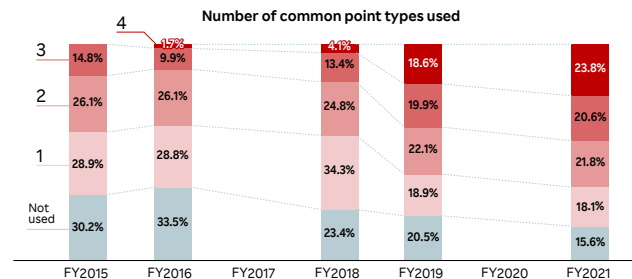


2 Rakuten Points: Japan's Highest Satisfaction Rating*1

In Japan, loyalty point programs are more popular than cash-back schemes. The Rakuten Group offers a range of point incentives to encourage users to engage in more services, such as the SPU (*Super Point Up*) program, which awards more points for shopping on Rakuten Ichiba depending on which other Rakuten services the shopper uses. In the offline realm, members can also earn and spend Rakuten Points at approximately five million supermarkets, convenience stores and other participating locations across Japan – a significant benefit that few other point programs can offer. Over 3.3 trillion Rakuten Points have been issued so far (as of December 2022), with an expiration rate*2 of just 2%. The program enjoys the highest overall satisfaction rating*1 among all point programs in Japan.

*1 My voice com, Survey on points, November 2022
 *2 Total number of expired Rakuten Point in 2022 / Total number of Rakuten Point issued in 2022

More than 60% of people use two or more types of common points after 2019



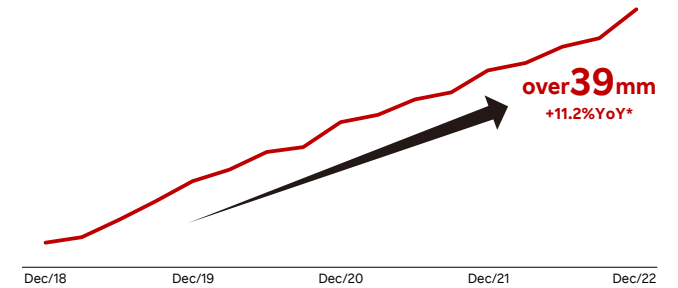
[Source] NRI "Survey of 10,000 Consumers (Home Visit and Survey Collection Method)" in 2015 (n=10,050), 2018 (n=10,065), and 2021 (n=10,164).
 "Survey of 10,000 Consumers: Financial Edition (Home Visit and Survey Collection Method)" in 2016 (n=10,070) and 2019 (n=10,604).
 Note: Non-responses were excluded from the analysis. The target respondent attributes, survey regions, sampling methods, and questionnaire content were generally the same across all surveys.

<p>Number of Rakuten Points Issued</p> <p>Approx. 620bn</p>	<p>Cumulative total of Rakuten Points issued</p> <p>Over 3.3tn</p>	<p>Rakuten Points Lapse Rate</p> <p>Approx. 2%</p>
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3 Growing Our Active User Base and Cross-Use Rate

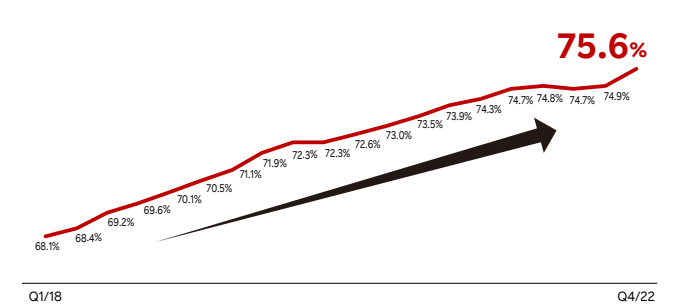
2022 was another year of steady growth for our active user base, something we achieved through continual improvements to user convenience. We also succeeded in growing cross-use within the Ecosystem by introducing new Rakuten Mobile subscribers to other services.

Monthly active user growth in Japan



*Comparison of average monthly active users as of the end of the October-December 2022 quarter versus end of October-December 2021 quarter.

Ratio of users of two or more services*



*Percentage calculated by dividing the number of users of two or more services in the past 12 months by the number of users of all services in the past 12 months (as of the end of December 2022). (Limited to the use of services that can earn Rakuten Points.)

Rakuten's Membership Value

Rakuten Group employs a special index called *membership value* to measure our corporate value. The Rakuten Ecosystem unites our diverse portfolio of businesses and with some 1.7 billion members worldwide and over 100 million in Japan – our membership is our biggest strength. The foundation of our profit model lies in leveraging our loyalty point program that incentivizes the use of multiple Ecosystem services to maximize lifetime value (LTV) per user and minimize customer acquisition cost (CAC). The Rakuten Ecosystem enjoys overwhelming support among our users because we can keep CAC costs low and direct these savings to provide generous point incentives.

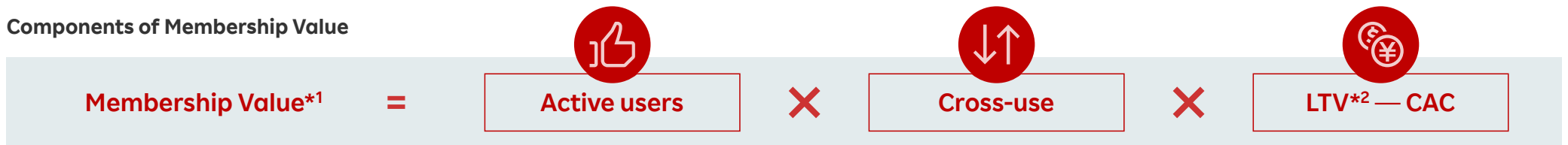
Membership value allows us to calculate the corporate value this unique model produces based on our users. It is a product of active users multiplied by cross-use LTV – CAC, where

ARPU and retention rate are included in LTV.

We grow membership value by maximizing the LTV of each user across each of our businesses, ensuring maximum profitability through low CAC and encouraging cross-use of multiple services.

Membership value in Q4 2022 reached ¥8.3 trillion, an increase of 28.6% year-on-year. We maintained this strong trajectory thanks to the continued growth of our e-commerce businesses and a rapid recovery in demand for travel. This led to a jump in active users and overall retention on Rakuten Ichiba and Rakuten Travel, as well as a steady shift in cross-use within the Rakuten Ecosystem. We will continue working towards our target of ¥10 trillion in membership value by maximizing LTV, growing active user numbers and promoting cross-use.

Components of Membership Value



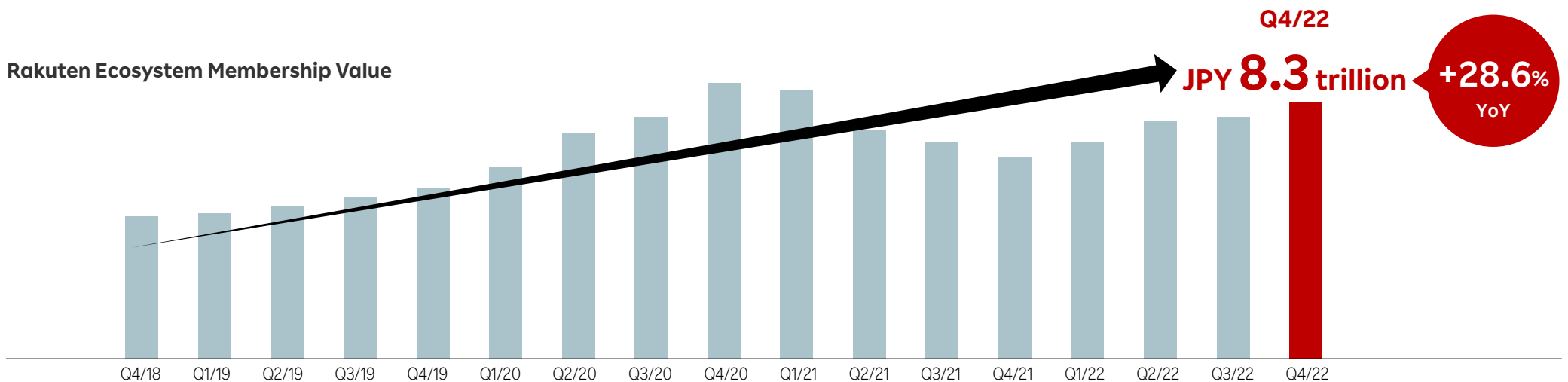
*1 Calculated by Rakuten Group

*2 LTV=Abbreviation for Lifetime Value. $LTV = \sum (ARPU \times Profit\ Rate^{*3} \times Retention) \div (1 + Discount)^{K-1}$ ① K is Projection Years ② ARPU=Revenue/YAU

*3 Profit Rate = $\{(Revenue \times Marginal\ profit\ ratio) - Retention\ cost^{*4}\} \div Revenue$ ① Marginal profit cost = Revenue(cost of revenue, commissions, etc.)

*4 Retention cost = Marketing costs - Customer acquisition cost ① Marketing cost = Advertising cost + Promotion cost + Point cost ② Customer acquisition cost = Marketing cost prorated to new users

Rakuten Ecosystem Membership Value



An accelerated growth and following decline over the period of Q1/20 to Q4/21 was a temporary effect of Pandemic.

Economic Value Created by Rakuten

Membership value*
¥8.3 trillion
 +28.6% YoY

We calculate *membership value* based on no. of unique users, cross-use rate, and lifetime value (LTV). Towards our target of ¥10 trillion, this figure grew 28.6% to ¥8.3 trillion in Q4 2022.

*As of Q4/Dec 2022. Based on total users and LTV.

Consolidated revenue
¥1,927.9 billion
 +14.6% YoY

Revenue increased across all Internet Services, FinTech, and Mobile segments. Consolidated revenues for the full year underwent double-digit growth to reach our highest figure yet and realize Rakuten's 26th financial year of consecutive growth since founding.

Non-GAAP operating income
 (excl. Mobile segment and investment business)
¥177.4 billion
 +9.6% YoY

Non-GAAP operating income is IFRS operating income with irregular and balancing items excluded. It provides a useful data point for understanding the Rakuten Group's ongoing business performance.

Domestic EC GMS*
¥5.6 trillion
 +12.3% YoY

Even as Japan's economy returns to normal and offline consumption recovers, we maintained high growth in domestic EC GMS.

*Domestic E-Commerce GMS (excludes some non-taxable businesses; includes consumption tax) is total revenue from Ichiba, Travel (accommodation), Books, Golf, Fashion, Dream business, Beauty, Rakuten24 (direct sales), Auto business, Rakuma, Rebates, Rakuten Seiyu Netsuper, cross-border trading etc.

Global GTV*1*2
¥33.8 trillion
 +23.0% YoY

Global gross transaction value is growing steadily thanks to the strong foundation provided by our online services, our FinTech services, and our open commerce activities on the global stage.

*1 Global Gross Transaction Value = Domestic E-Commerce GMS + Credit Card GTV + Rakuten Edy GTV + Rakuten Pay GTV + Rakuten Point Card GTV + Overseas E-Commerce GMS + Rakuten Rewards (Ebates) GMS + Digital Contents GTV + Rakuten Advertising (Rakuten Marketing) GTV

*2 Includes intercompany transactions for settlement and affiliate services.

Cumulative points issued
Over 3 trillion
 As of July 15, 2022; since point program launched on November 1, 2002.

By building an ecosystem with Rakuten Points at its core, we have boosted cross-use of multiple Rakuten Group services, growing the user base of each individual service.

Cross-use rate*
75.6%

The ongoing growth of our EC business and a recovery in demand for travel have led to an increase in active users and improved retention on Rakuten Ichiba and Rakuten Travel. This has contributed to overall growth and a steady rise in cross-use within the Rakuten Ecosystem.

*No. of members using two or more services in the last 12 months / all users of all services over same period (as of end Dec 2022) (only includes services that issue Rakuten Points)

Rakuten Card Shopping GTV*1
¥18.2 trillion
 +25.8% YoY

As of December 2022, we have issued over 28 million Rakuten Card credit cards. Our shopping GTV market share in Japan reached 23.4%*2, and we are maintaining strong growth.

*1 Management accounting basis

*2 Calculated from the METI Current Survey of Selected Service Industries, Credit Card Service Industry

Ad revenue*
¥183 billion
 +15.9% YoY

Despite the poor performance of Japan's domestic online advertising industry, Rakuten's advertising businesses showed comparatively overwhelming growth in 2022, thanks to the growth of Rakuten Ichiba and Rakuten Travel.

*Total domestic ad revenue from each segment (Internet Services/FinTech/Mobile) (includes internal transactions)

Social Value Created by Rakuten

Building a Sustainable Future

In 1997, Rakuten Ichiba was launched to leverage the power of the internet to solve social and economic challenges faced by rural Japan. A society where everyone can realize their hopes and dreams is one that will prosper for generations to come. To make this sustainable future a reality, we have worked to empower stakeholders and take on social challenges through our services since our founding days.

2022 marked 25 years since Rakuten's founding. Today, Rakuten Ichiba has around 57,000 merchants, Rakuten Travel has over 40,000 accommodation providers, and Rakuten has become a collection of many businesses working hard to grow together. But we are looking to do more than support the growth of our partners: we are also collaborating with various local governments to solve their challenges. As of April 2023, we have cooperation agreements with 46 local governments, through which we are supporting efforts to revitalize rural economies, leveraging Rakuten's assets in many different areas, including DX, tourism and cashless payments.

We are also supporting the sustainable living practices of our customers through a range of services that allow them to enjoy sustainable consumption in a more familiar way. Examples include promoting sustainable shopping on EARTH MALL with Rakuten, a service that curates sustainable products from Rakuten Ichiba; supporting circular economies through the flea market app Rakuten Rakuma; growing and selling organic vegetables through Rakuten Farm; and promoting sustainable travel on Rakuten Travel.



Making Financial Services More Convenient and Accessible

Rakuten offers a wide range of financial products and services, such as credit cards, payments, banking, securities and insurance. We are working hard to ensure the security and convenience of these services. As we support our customers' financial transactions, asset management and wealth building, we also leverage finance to solve social challenges, improve financial literacy and access to financial services and promote cashless payments.

Rakuten Securities has been empowering beginner investors to launch their portfolios through initiatives such as an industry-first investing service that allows the use of credit cards and e-money, and an investing experience that utilizes users' Rakuten Points.

Working towards a society in which no one is left without access to financial services, Rakuten also offers loans and family credit cards to LGBTQ+ couples and a family registration system for insurance products, as well as support for customers with hearing or speaking impairments.

Internet and Mobile Services for Everyone

The Rakuten Group is driven by a mission to leverage the power of the internet to provide opportunities to all and help build a fair society. We believe that the fundamental value of the internet lies in its fairness. Through the services and products we provide, we want everyone to have easier and more convenient access to the opportunities available.

Towards this goal, Rakuten Mobile offers a single mobile plan that is optimal for all users, allowing them to use as much data as they require at a highly affordable rate. We have simplified the complicated and convoluted mobile plans previously standard in the industry. Rakuten aims to revolutionize telecommunications by "democratizing the mobile industry" and offering even more flexible services.

We are also working to bridge the digital divide and help build a rural society where anyone can take advantage of the benefits of digital technology, regardless of their age. To this end, we offer a service that supports prolonging users' healthy life called *Rakuten Senior*.



Management Message

Section 2

Since we founded Rakuten in 1997, we have been guided by the power of innovation. We believe that we can make the future better by what we do today with the right mindset.



CEO Message

A company that empowers both people and society

At Rakuten, we have dedicated ourselves to realizing our core value of “empowerment,” of people and society, since founding in 1997. We believe passionately in the potential of the internet, and we have challenged ourselves to pursue innovations that tackle a wide range of social issues. We will continue to work to contribute to the realization of a sustainable society by empowering people and society through innovation.



Hiroshi Mikitani
Chairman and CEO

CEO Message

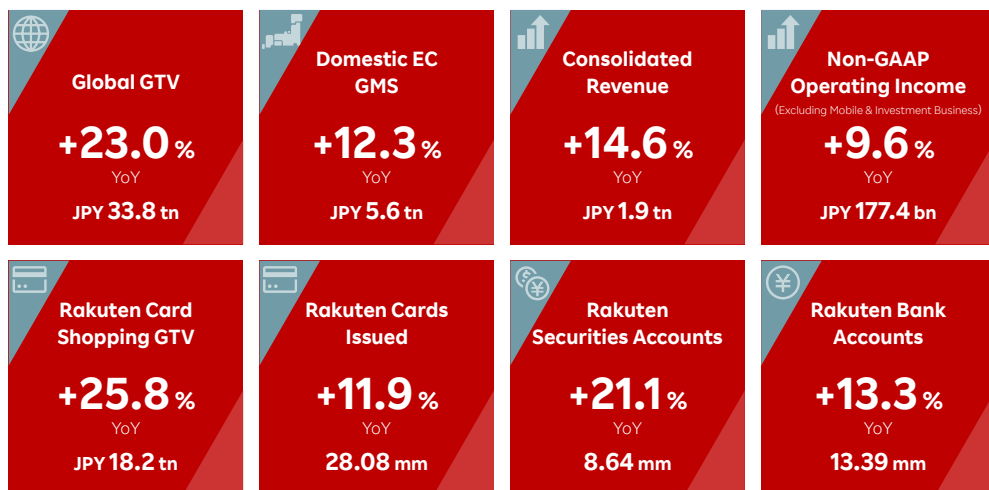
2022: Rakuten Group's 25th Anniversary

Twenty-five years ago, Rakuten Ichiba launched with just 13 merchants. Today, that number tops more than 57,000. Ichiba has grown to become one of Japan's largest marketplaces – a part of the social infrastructure of our customers' lives. As society and lifestyles have evolved, the Rakuten Group has successfully maintained continuous growth thanks to the unparalleled Rakuten Ecosystem.

Looking back at 2022, we launched a new pricing plan for our mobile business called Rakuten UN-LIMIT VII. At the same time, the population coverage ratio for Rakuten's network area reached 98%. In our Internet Services businesses, domestic e-commerce achieved double-digit growth in both revenue and operating profit, thanks to strong growth among our e-commerce businesses, centered on Rakuten Ichiba, and the recovery of Rakuten Travel in the wake of relaxed travel restrictions. Among our fintech businesses, we realized significant growth in Rakuten Card's shopping gross transaction volume (GTV) and total cards issued, as well as in account numbers for Rakuten Bank and Rakuten Securities.

Thanks to this, our Global GTV in 2022 reached ¥33.8 trillion and consolidated revenue reached ¥1.9 trillion. Due to ongoing strategic investment in future growth for our Mobile business, including the installation of mobile base stations well ahead of schedule, consolidated Non-GAAP operating loss came out at ¥325.6 billion. At the same time, performance is steadily improving, as indicated by signs such as Q4 Non-GAAP consolidated EBITDA turning positive for the first time in seven quarters.

FY2022 Highlights

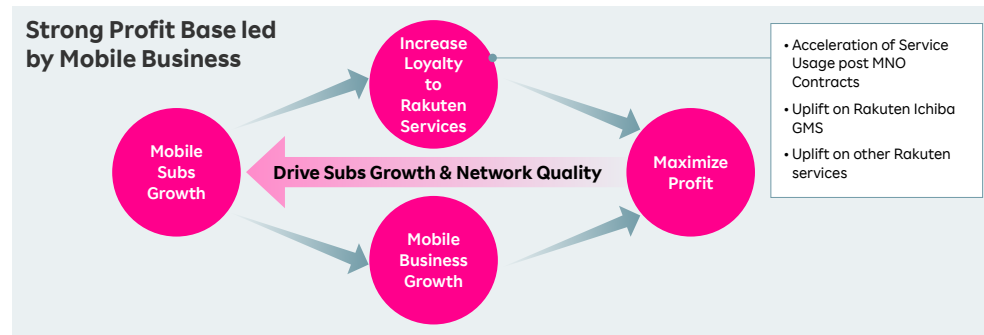


Rakuten Mobile Growth Drives a Stronger Rakuten Ecosystem

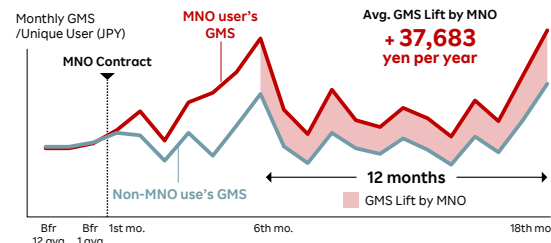
Rakuten Mobile entered the mobile carrier business with a mission to democratize the mobile market. Today, a range of strategies have been launched to help us achieve our goal of becoming Japan's no. 1 carrier.

When we first received spectrum for 4G services from Japan's Ministry of Internal Affairs and Communications in April 2018, we had neither a network nor base stations. We began building and operating the world's first* fully virtualized cloud-native mobile network, coming together as a company to construct base stations across Japan, free of the restrictions of long-standing industry practices. In 2022, we completed the phase that represented launch of the business. Having secured a subscriber base and a foundation for future growth, we began transitioning to a period of stable growth. We are confident in our efforts to welcome new subscribers and grow future revenue sources by improving service through further expansion of Rakuten Mobile's network coverage and greater synergy with the Rakuten Ecosystem.

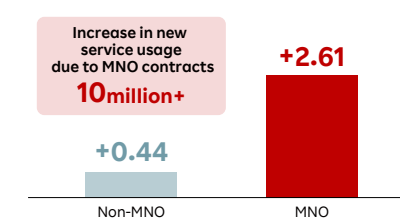
*For a large-scale commercial mobile network (as of October 1, 2019). Research: Stella Associa.



Ichiba GMS Lift by MNO Contract



Average increase in Rakuten service usage in one year



*1 MNO users: Users who made an MNO contract in the relevant month, users who have purchase trends for the past year from the relevant month in line with non-MNO users
 *2 Non-MNO users who have been active with Rakuten in the past year from the month and have not signed up for an MNO contract, and whose purchase trends for the past year from the month in question are the same as those of MNO users. In addition, August and September are preliminary figures
 *3 Difference in average purchase amount per person between MNO users and non-MNO users over the past year
 *4 Average of mobile users more than 1 year old from the month in question

*MNO users: Users who have applied and are eligible for billing by January 2022; Non-MNO users: Active Rakuten member users with no MNO contract history
 *Service usage is determined based on points during the target period (number of service usage including mobile)

CEO Message

We are already seeing how the growth of Rakuten Mobile is strengthening the Rakuten Ecosystem. For example, compared to non-subscribers, mobile subscribers use an average of 2.61 more new Rakuten Group services, indicating that Rakuten Mobile is fueling cross-use. There is also a notable upwards trend in the amount that subscribers spend on Rakuten Ichiba each year. Going forward, reaching our goal of becoming Japan's no. 1 mobile carrier will have an enormous impact and most likely become instrumental to further growth of the Rakuten Ecosystem.

The success of Rakuten Mobile also goes beyond Japan – it is intertwined with the global launch of Rakuten Symphony, a telecommunications platform business built around our fully-virtualized technology. Although we are still in the investment phase of this business, we believe it will realize a significant return and continue to grow as a driver of Rakuten innovation.

Vision 2030: A 25-year Journey of New Challenges, and What Lies Ahead

The Rakuten Group employs over 30,000 people, but I still think of us as a startup undergoing continuous transformation. In 10 or 20 years, the world will likely be a completely different place, toward which we must continue to evolve and drive innovation.

Rakuten turned 25 in 2022. To continue growing into the future, we formulated a mid- to long-term business plan called *Vision 2030*. Our plan aims to maintain revenue growth and realize a consolidated operating profit margin of over 20% by fortifying our three pillars of

Vision 2030 vs 2021

	2021	Vision 2030
Revenue	JPY 1.7tn	Maintain growth momentum
OI Margin	13.5%*1	Over 20.0%*2
Domestic EC GMS	JPY 5tn	Over JPY 10tn
FinTech	Card: Market Share 20% Bank: Preparation for listing	Card: Mid-term Triple 3 goals Bank: Mid-to-Long term vision
Mobile/Symphony	Investment Stage	Mobile: New Pillar of profit & No.1 subscriber base Symphony: Leader in virtualized network industry

*1 Excluding mobile

*2 All businesses

Technology, Talent and Sustainability and implementing growth strategies for each of our businesses. Of course, the success of our mobile business is a crucial part of this plan.

Our competitive advantage is fueled by the corporate principles embraced by our employees, our diversity-focused corporate culture and the talented individuals who drive it. One critical turning point came in 2010 when we changed our official corporate language to English. Today, the driving force of our innovation is our unique and talented global workforce made up of employees from over 100 countries and regions. Every employee embraces an entrepreneurial spirit and enjoys Rakuten's exciting work environment, allowing both the company and the scope of their activities to grow. I hope Rakuten can become a role model and an industry leader in Japan in this field.

Our Theme for 2022: Tech & Green

The Rakuten Group decided on *Tech & Green* as the theme for our 25th anniversary year and created a special time-limited logo for brand promotion purposes. We renewed our commitment to being a leading company that embraces diverse social challenges through technology and works towards building a sustainable future that preserves our limited resources.

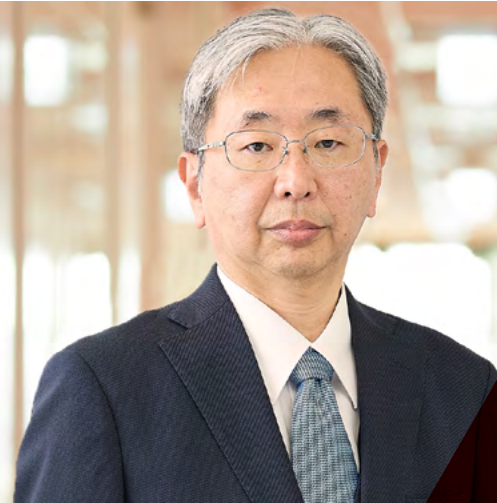
In addition to a range of efforts to support a greener society through Rakuten's offices and data centers, Rakuten Ichiba products and Rakuten Travel accommodation providers, we also set goals towards realizing carbon neutrality. We aim to achieve 100% renewable electricity for all our business operations as part of our RE100 commitment. In FY2021, 100%* of the electricity used by Rakuten Group, Inc. came from renewable sources, and we seek to achieve this for all Group businesses, including consolidated subsidiaries, by the end of 2023. We have strengthened internal frameworks by establishing a specialized department and a cross-organizational committee dedicated to these goals, and addressing the topic at regular all-hands meetings. We will continue to set goals based on solid scientific evidence in pursuit of a high degree of transparency.

Rakuten values a mindset that seeks a profitable outcome for all of our stakeholders. This philosophy is consistent with what we have pursued since our founding in 1997: a win-win-win relationship between Rakuten, our merchants and our customers. I remain firmly committed to working with our partners, customers and all of our stakeholders to continue to achieve sustainable growth, as well as generate positive environmental impact through the Rakuten Ecosystem.

*100% renewable electricity in real terms through the use of FIT Non-Fossil Certificates, a certification of renewable electricity designation.

CFO Interview

Focusing on Accelerating Growth of Mobile Business with Due Consideration to Financial Soundness


Kenji Hirose

Director and Group Executive
Vice President
CFO (Chief Financial Officer)

Q Please share an overview of Rakuten's performance and financial strategy in FY2022 and your outlook for FY2023.

A In 2022, we increased revenue across all segments, and the Rakuten Group's total revenue achieved double-digit growth of 14.6%+ year-on-year (YoY) to reach JPY 1.928 trillion. In our Internet Services segment, domestic E-commerce services such as Rakuten Ichiba

and Rakuten Travel continued to display strong momentum. Rakuten Travel, in particular, is enjoying a strong recovery in travel demand and recording significant GMS and revenue growth compared to pre-pandemic 2019. As a result of increased E-commerce demand, our domestic advertising business also maintained double-digit growth thanks to our media assets, significantly outperforming the industry average. Among our global businesses, Viber was impacted by Russian invasion of Ukraine, and economic factors impacted our global advertising businesses. Overall, however, the online shift brought about by the pandemic appears to have staying power, and I believe that we have successfully ridden the recovery of the offline shopping demand as well.

Among our FinTech businesses, Rakuten Card's shopping GTV is maintaining a high online and offline growth rate, thanks to a continual rise in new cards issued and effective marketing strategies. Installment payments are also undergoing significant growth, and we expect profitability to continue contributing as we expand our lineup of products and services to meet customers' needs. The customer base of our banking and securities businesses is maintaining strong growth, while our insurance businesses are enjoying a robust expansion in online contracts and a recovery in contracts through face-to-face channels. For our Rakuten Payment businesses, Rakuten Point Card and Edy continue their strong growth trajectories while consistent investment towards growing our Rakuten Pay (in-app payment) merchant base in 2022 has allowed us to sign new merchants at a rate beyond initial forecasts. This year, we will continue pursuing strategies to grow our active user base.

Profitability in our mobile segment began improving in Q2 2022, thanks to a rise in ARPU after migration to our new pricing plans* and a fall in roaming costs. Until 2022, we were focused on the rapid construction of the foundations for our Mobile business. From this year, we will focus on strengthening our profit framework by improving network quality and further optimizing costs.

FY2022 Revenue and Operating Income*1*2

(JPY bn)

		FY2021	FY2022	YoY
Domestic E-Commerce	Revenue	707.7	797.0	+12.6%
	Operating Income	70.0	95.6	+36.6%
Others	Revenue	291.5	288.9	-0.9%
	Operating Income	33.3	-17.4	-50.7
Internet Services Segment	Revenue	999.2	1,085.9	+8.7%
	Operating Income	103.4	78.2	-24.3%
FinTech Segment	Revenue	619.0	663.4	+7.2%
	Operating Income	89.1	98.7	+10.8%
Mobile Segment	Revenue	227.5	368.7	+62.0%
	Operating Income	-421.2	-492.8	-71.7
Adjustments	Revenue	-164.0	-190.1	-26.1
	Operating Income	3.7	-9.7	-13.4
Consolidated	Revenue	1,681.8	1,927.9	+14.6%
	Non-GAAP Operating Income	-225.0	-325.6	-100.6
	IFRS Operating Income	-194.7	-363.9	-169.2

*1 From Q4/20, Contents related businesses were transferred from the Internet Services segment to the Mobile segment. In addition to this, from Q2/21, some businesses providing digital content sites in North America and Viber were transferred from the Mobile segment to the Internet Services segment. From Q4/21, Rakuten Books network, cross border trading, Rakuten Kobo (domestic) and Rakuten Magazine were transferred from the Others segment to the Domestic EC segment. Past figures have also been retroactively adjusted.

*2 Regarding the processing method of cardholder acquisition points recorded in Rakuten Ichiba on Q2/22, the one recorded in Rakuten Ichiba has been transferred to consolidated adjustment recording, and the past amount has also been retroactively revised.

* "Rakuten UN-LIMIT VII" launched in July 1, 2022.

CFO Interview

Rakuten Symphony has passed USD 500 million in total revenue since its foundation, with some USD 4 billion in our sales pipeline, and we will continue working to convert this into revenue.

Due to upfront investments, the company recorded a net loss over the past four years, but since bottoming out in Q1 2022, the situation is improving, and we reached profitability on a consolidated EBITDA base in Q4. We aim to achieve positive EBITDA through all four quarters of this period.

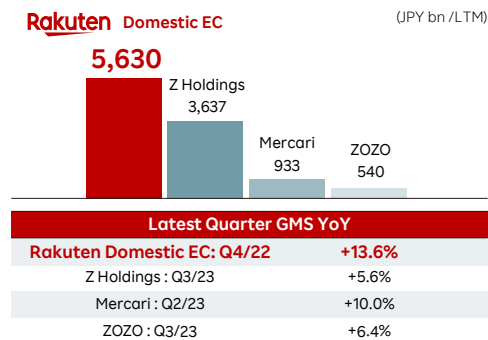
On the financial front, based on an overarching calculation of our financing requirements, current market conditions and investor demand, we took on retail bonds of JPY 150 billion in June 2022 and JPY 250 billion in February 2023, and foreign bonds of USD 500 million and USD 450 million in November 2022 and January 2023, respectively. Going forward, we will conduct disciplined management with due consideration to the balance between growth investment and mid to long-term financial soundness and without excessive dependence on interest-bearing debt.

In 2023, we aim to maintain double-digit growth in consolidated revenue, excluding investment services that are influenced by fluctuations in the stock market.

Q Where do you see Rakuten's domestic E-commerce strength?

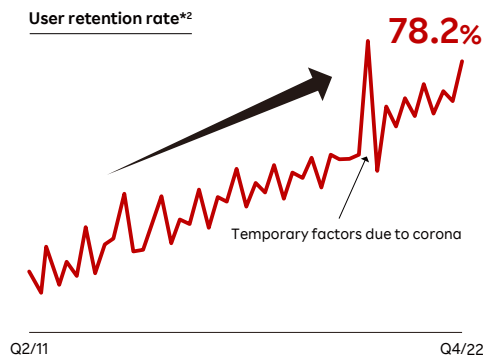
A Operating income for domestic E-commerce in FY2022 grew 36.6% YoY to JPY 95.6 billion. Our E-commerce businesses, such as Rakuten Ichiba, saw a retention of users acquired during the pandemic stay-at-home period. Analysis indicates that this, together with our actions to improve user convenience further, has driven user growth, transaction frequency and average spending, even after pandemic restrictions were relaxed.

LTM GMS*1 Comparison with Major Domestic EC Competitors



*1 GMS for Last Twelve Months from the most recently disclosed period.
 Z Holdings: GMS in Domestic Merchandise Transaction Value and Domestic Services Transaction Value. Mercari: GMV in Japan. ZOZO: Gross Merchandise Value
 *2 Percentage of users who purchased in each quarter in the following quarter

Rakuten Ichiba Growth Results



Rakuten Travel improved operating income thanks to growth in accommodation revenue and appropriate cost control measures. Last year, relaxed restrictions and travel incentives helped our total domestic accommodation revenue for 2022 reach 12.9% higher than in pre-pandemic 2019. We expect even more growth as travel demand expands and inbound tourism recovers. Our other open commerce businesses, such as Rakuten Rebates, have also recorded significant growth and operating income is experiencing a strong upwards trend.

The pandemic sparked an accelerated shift to online shopping and cashless payments, prompting more users to try our domestic E-commerce services such as Rakuten Ichiba. Our analysis indicates that these new users are here to stay – a promising pillar of growth going forward.

This year, we merged our Commerce Company and Advertising & Marketing Company into one new organization, and we will continue optimizing business operations. To enhance disclosure, we separated results from our domestic E-commerce businesses into two categories: *Core Businesses* and *Growth-Stage Businesses*. *Core Businesses* include Rakuten Ichiba and other businesses undergoing growth in revenue and operating income. *Growth-Stage Businesses*, such as our online grocery delivery service businesses, primarily include those in the investment phase. We are conducting cost optimizations for each of these businesses based on a comprehensive management framework and will continue to monitor the situation as we pursue steady improvements to profitability.

We will continue striving to expand profits beyond revenue through the so-called *Golden Formula*.

Q Why is Rakuten's ad business outperforming the industry average?

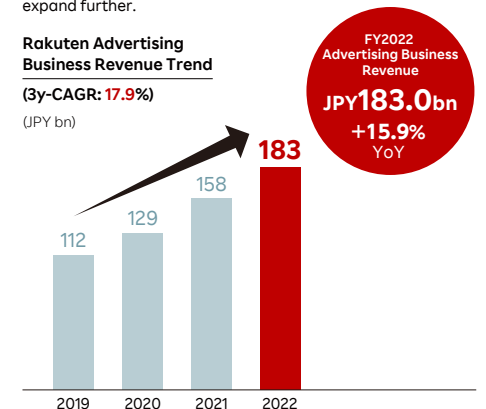
A Sales revenue from our advertising businesses is growing thanks to a rise in placements from our clients leveraging the Rakuten Group's inventory. Supported by our growing domestic EC GMS, ad revenue maintained a double-digit growth rate, growing 15.9% YoY in FY2022 to JPY 183 billion. A jump in placements for high-margin internal inventory has contributed to a revenue and profit margin rise. The strength of Rakuten's advertising businesses lies in our platform, which provides the best possible communication for our users, advertisers and media outlets. We believe that the growth of the advertising business will contribute to further improvements in profitability for our domestic services including Internet Services segment.

Strong Growth of Rakuten Advertising Business

Rakuten advertising business revenue*1 continues to experience significant growth and will continue to expand further.

Rakuten Advertising Business Revenue Trend

(3y-CAGR: 17.9%)
(JPY bn)



*1 Total domestic advertising revenue recorded in each segment (Internet Services, FinTech, Mobile) (including internal transactions)

CFO Interview

Q Please tell us your perspective on the Rakuten Bank and Rakuten Securities IPOs.

A Rakuten Bank was listed on the TSE Prime Market on April 21, 2023. We are also continuing preparations for the IPO of Rakuten Securities Holdings. We intend to leverage this new capital with both companies to expand our business scope further. A higher corporate value of each company will contribute to the Rakuten Group's overall value and the entire Ecosystem's growth.

Q Please tell us about the road to profitability for the Mobile business and your outlook for 2023.

A We are still aiming for a swift transition to profitability by growing our subscriber base through improved network quality and pursuing cost adjustment measures.

Last financial year, after quietly advancing with the construction of our base stations, we reached 98% population coverage at the end of 2022. This year, we are moving onto phase two, during which we will work to rapidly enhance network quality to improve reception, which is an important challenge.

As for subscriber numbers, there were contract cancellations, primarily among 0 yen users, after transitioning to the new pricing plan in July 2022. However, since these campaigns wrapped up in November, subscriber numbers have grown steadily since last December. Data usage among existing users and new subscribers is rising, translating to a gradual improvement in data ARPU. As 5G becomes more widespread going forward, video streaming services will offer richer content. Data usage is predicted to grow significantly, indicating that there is still room for further ARPU growth. We also launched enterprise services in January this year, for which we are

aiming to acquire one million subscriptions. This will contribute to the overall acquisition of new subscribers and help us diversify sales revenue.

Q Rakuten's interest-bearing liabilities are rising rapidly, and there is pressure to cut Rakuten's rating. Please tell us your perspective on financial discipline and strategies to bolster financial soundness going forward.

A Our rating is an important element of our finance strategy, and we will continue pursuing a policy of maintaining a healthy financial balance while closely observing financial indexes. We do not intend to increase gross interest-bearing debt and we will steadily execute the already announced capital raising etc. To improve our financial soundness, we will consider a range of asset utilization and monetization strategies along with business and capital alliances, and will not rule out any financing solutions.

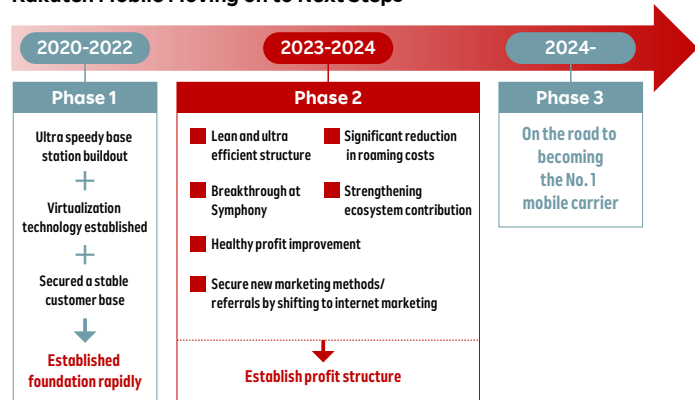
Q Please tell us about Rakuten's recent initiatives on Economic Capital Management.

A We took measures to visualize better the projected debt and capital requirements for each of Rakuten's 70+ businesses and shared these perspectives and policies with Rakuten Group management. We are also considering concrete strategies for maintaining financial soundness by comparing the Group's overall capital requirements with its actual capital. From this financial year, we have been engaging in frequent discussions on business portfolio management, such as contributing to corporate value and the Ecosystem while considering capital costs. As we formulate our budget for the coming financial year, we will consider how best to distribute capital to maximize the overall corporate value of the Rakuten Group, taking into account the valuable contributions from each company.

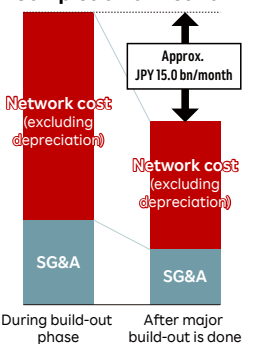
Q Please tell us about Rakuten's dividend policy going forward.

A Under our policy of *Stable and continual dividends*, we will continue working to provide steady dividends into the future. Our fundamental policy is to maintain financial soundness with maximal corporate value in mind, while making calculated reserves for proactive business expansion and passing on the profits. In the immediate future, we will conduct financial operations while monitoring financial soundness to avoid an overreliance on interest-bearing debt. We will continue conducting comprehensive disclosure and holding constructive dialogue with all our stakeholders to maintain sustainable growth and enhance corporate value.

Rakuten Mobile Moving on to Next Steps



Cost Normalization after Completion of Network*



*Targeting to reduce JPY 15 billion per month by December 2023 when comparing against the highest levels in 2022.

Interview with Outside Director

Debating long timeframes at the Board Camp

Takashi Mitachi
Outside Director



Q Please tell us about the Rakuten Group's Board of Directors.

I think what makes the Rakuten Group's Board of Directors unique is how easy it is to make harsh comments. Another way to frame this might be that not every agenda item from the executive side is simply waved on through. Of course, it is the board's job to debate every item vigorously, but I think this is even more the case at Rakuten than at many other companies. Any resolution that doesn't have everyone on board is remanded without mercy.

Another unique aspect is our Board (BOD) Camp, an unofficial gathering held in addition to board meetings. At least four times a year, we spend a half day debating important topics that need to be examined over a long time frame. All of the Outside Directors participate, and it serves as an invaluable opportunity to exchange opinions with Hiroshi Mikitani and other internal directors, executive officers, and executive leadership. For example, we held much confidential debate at the Camp before Rakuten committed to entering and

investing into the mobile industry.

Additionally, as a company that has proactively taken on M&As, Outside Directors also take part in the Investment Committee. When we have more to debate than the monthly board meetings and even the Board Camps allow, we hold extraordinary meetings to continue the discussion. When somebody wants additional information such as if an agenda item is being followed up on, sometimes two extra meetings are held for additional discussion during the interval until the next board meeting. I value the extreme flexibility of our board members, and the meaningful discussion we engage in.

Q Do you think the Board of Directors maintains a high level of efficacy?

Yes, I think it does. However, a board should be ever-evolving, and it will lose its efficacy and governance risks will arise if it simply carries out predetermined operations. To be frank, I would never have taken this position if we were a board that

simply agrees with everything that comes our way. It just wouldn't be worth it for me. But I feel that Rakuten is a company of people who have unwavering core convictions, who cannot stay quiet if something doesn't sit right. It's a company where such people come together and engage in a lively exchange of opinion.

Q Do you feel that Rakuten faces any governance challenges?

Being an organization that has long been led by a single founder and visionary – Hiroshi Mikitani – I would argue that succession is one of the most important topics. The board is well aware of this challenge, and in the unthinkable case that something might happen, preparations are in place for business operations to continue.

In recent years, with environmental issues; the pandemic; the war in Ukraine; rising costs of living, interest rates, and other financial anxiety; and particularly with regards to Rakuten's mobile business which has necessitated a long period and large amount of investment; I believe thorough discussion on contingency preparations to be crucial. In fact, we have regular discussions regarding situations that no-one had previously believed realistic, confirming that our backup plans are in place. As uncertainty in our society reaches unprecedented levels, an innovative approach to risk management may well be a governance challenge for the future.

There is also room for consideration of how the Board of Directors will cooperate with the Audit & Supervisory Board going forward. I don't believe there is a need for sweeping changes to our governance frameworks, but it might be worthwhile, for instance, to give the Outside Directors an opportunity to exchange external perspectives with members of the Audit & Supervisory Board.

Interview with Outside Director

Q Rakuten is continuing its strategic investments in Rakuten Mobile, and recorded a significant loss for FY2022. What is your perspective on this?

We receive continuous reports from Rakuten Mobile on topics like the status of user acquisition and profits. Monitoring these reports, I see a high probability that the Rakuten Group will enjoy a stable return once the bulk of the investment is completed, taking a medium-term view of four to five years. However, the best decisions and strategies can change depending on the business landscape and evolving technology, which could necessitate changes in costs. On the other hand, the road to profitability could well turn out shorter than predicted. So it is important for us to continually pursue proper preparations to deal with any eventuality, and to continually reexamine scenarios to ensure we are making the best decisions. I consider this an important role of ours as Outside Directors.

Q How do you view your role as Outside Director today?

Rakuten is a company with an Audit & Supervisory Board, and this board is primarily made up of external members. These members have a high degree of independence, and act as a check on the actions of the board members. Therefore, I believe that the purpose of Outside Directors is to improve the quality of the board's decision making and provide a level of supervision to the executive branch. The Rakuten Group's Board of Directors comprises members of many diverse backgrounds, who can provide opinions from a multitude of angles, including investing, advances in technology, geo- and global politics, and global business management. Because the internal members are often focused on discussions of a

highly detailed nature, I believe that the ultimate role of the Outside Directors is to step back and question whether those discussions are truly relevant; to raise the quality of the final decision-making by including diverse, external perspectives in the debate; and to monitor that decisions made are acted upon swiftly.

Q Rakuten has not established a designated compensation committee. How is debate on director compensation conducted?

We have not established a designated compensation committee, but we undertake equivalent processes; namely, we conduct debate at board meetings based on objective materials, on topics including appropriate compensation compared to external benchmarks, and the expectations of different roles. Other topics of debate include performance-linked compensation, and – while we do not disclose this – guarantees for non-financial initiatives such as reducing Rakuten's environmental impact.

Q Did the Outside Directors also participate in debate on *Vision 2030*?

We have engaged in extensive debate at the Board Camp from the very early stages of this project, back when we were still brainstorming what to include in this new vision for 2030. Having a vision is certainly important, but by trying to define this vision with hard numerical targets, you run the risk of reducing it to a simple essay. I regularly voice my opinion that doing such a thing has little meaning. *Strategy* is the measures you take towards achieving a vision. I touched on this earlier, but there is no single path – you must make the best



decisions based on the circumstances at hand. Any action that places pointless boundaries on yourself must be avoided. In Japan, it is easy to feel stuck chasing whatever long-term vision and medium-term strategy you might have announced. If you're in an industry with few competitors and stable externalities, perhaps it is wise to draw up a precise plan and monitor progress to ensure that you never step off the path. But if you are a company like Rakuten, pursuing high growth by combining diverse businesses that are strongly influenced by evolving technology and economic factors, you're probably in more trouble if your medium-term strategy doesn't change. Our *Vision 2030* plan aims to realize dramatic business growth by strengthening *Technology, Talent, and Sustainability*, and serves as the backbone of Rakuten's medium-term strategy while also hinting towards our longer-term vision.

Interview with Outside Director

Q What is your perspective on sustainability?

The Rakuten Group's mobile network, its E-commerce platforms and its other diverse services are almost all offered online, and rely on electricity to operate. Rakuten's logistics services also have an impact on climate change. Rakuten has a diverse range of clients and merchants, and must reduce its environmental impact across this entire supply chain. First and foremost, we believe that Rakuten must be an environmentally conscious platform. We have declared that business activities at Rakuten's HQ offices, data centers, logistics centers and all other facilities will transition to run on 100% renewable energy. Rakuten has undertaken praiseworthy actions in anticipation of this future, such as operating its own data centers and controlling its environmental impact. I think that one challenge going forward will be how Rakuten can collaborate with its merchants to reduce CO₂ emissions from deliveries.

**Q Talent is a keyword in your long-term vision. Where will this talent be required?**

Our biggest topic for debate in the realm of human capital is how Rakuten can secure employees who are technologically talented. Rakuten's initiative to make English its official language has had a significant impact here. Imagine if Rakuten welcomed some highly talented employees from India or the United States, and practically all of the company conferences and documents were in Japanese – we would find ourselves in a situation where we wouldn't even know what these employees do and don't know. This would be a source of significant stress. Without this environment in which employees can ask without anxiety when they don't understand something in English, and engage in debate with people of diverse nationalities, I don't believe that Rakuten would ever have achieved the technical superiority it wields today. The technology at play with Rakuten Symphony is a clear example of this.

I think that this environment in which global, top-notch talent can gather is an underappreciated strength of the Rakuten Group. Naturally, Rakuten has a distinctive corporate culture that permeates all of its global offices, and this culture doesn't fit everyone. But this also means that we retain the people who do fit, and that's not a bad deal.

Q Please comment on the Rakuten Group's Diversity & Inclusion efforts.

As a Global Innovation Company, driving innovation on a global scale is an extremely important part of Rakuten's business strategy. Rakuten has offices across the globe, and maintains a working environment in which communication

takes place in English, allowing for access to a level of global talent not often seen in Japanese companies. The world of innovation is one in which we must continually think in ways we haven't before. This cannot happen in a homogeneous organization where everyone holds the same opinions. I think that Rakuten's diversity, the way in which all kinds of ideas come together from a multitude of angles, is one of its major strengths.

The importance of Diversity & Inclusion is often highlighted from a range of perspectives such as nationality, age, and gender. I believe that we must have a thorough understanding of how diversity contributes to Rakuten's value as a company, and engage in it with sincerity. Additionally, Rakuten has a culture of thoroughly applying the PDCA cycle to everything, and it is crucial that we balance diversity with this culture.

Empowerment by Rakuten

Section 3

Rakuten was established with the mission of empowering society by creating value through innovation and entrepreneurship. Since our founding, we have been committed to transforming society by encouraging our stakeholders to grow and realize their dreams.



Empowerment by Rakuten ▶

Users

Life is simply more convenient with Rakuten services – and this is exactly how we want our users to feel. We will continue driving innovation to this end, supporting our customers in multiple aspects of daily life.

Fun and Convenient E-commerce Experience

Since launching in 1997, we have worked hard to make Rakuten Ichiba a fun place to shop under the concept of *Shopping is Entertainment*. We have made online shopping more familiar and convenient by building on the essential things that make up fun and convenience, with simple, user-friendly shopping platforms, optimized logistics systems, and a wide selection of products offered by our growing community of merchants. We also pursue a variety of initiatives to support the sustainable lives of our customers, including promoting sustainable products through our online curation platform Earth Mall with Rakuten, building circular societies through our flea market app Rakuten Rakuma, and growing and selling organic vegetables via Rakuten Farm.

Since it first began operations in 2001, our online travel reservation service Rakuten Travel has grown to become one of Japan's largest reservation platforms. By giving travelers more choices, the platform drives new discoveries of appealing travel destinations in Japan and around the world. Rakuten Travel is also working to promote sustainable tourism, creating custom

Products on
Rakuten Ichiba

Approx.
390 million
(as of Feb 2023)

Sustainable products on
Earth Mall with Rakuten

Approx.
141,000
(as of Apr 2023)

Accommodation
facilities displaying
sustainability icons

Over
4,300
(as of Mar 2023)

Sustainability Icons and Sustainable Travel Badges that allow users to identify hotels' sustainability initiatives at a glance, teaching travelers about each accommodation's efforts and allowing them to make choices based on their own preferences.

Affordable, High Quality Mobile Connectivity

Rakuten Mobile offers a single, unified plan that allows subscribers to use unlimited data at an affordable price. As well as enabling customers to enjoy online services and content, Rakuten Mobile aims to revolutionize the telecommunications industry by democratizing the mobile market and offering more flexible services. Instead of the complicated, convoluted plans and signup procedures typical of the industry, we offer a single, simple plan and intuitive services. To deliver mobile service to the people and regions who need it, we are continually building out mobile base stations. As of April 2023, nationwide population coverage for 4G services has reached 98.4%. We are also pursuing a Space Mobile project that utilizes low Earth orbit satellites to provide network services on the ground. Through this, Rakuten Mobile aims to connect remote areas such as mountains and islands, and allow for uninterrupted connectivity even in the event of a natural disaster and damage to local base stations.

Subscriber perspective



Mr. Nishina
(pseudonym)

I'm currently in university, but as a student entrepreneur, I use a lot of data each month. When choosing a mobile phone company, my requirements are stability and a high data allowance. Having decided to pay for my own mobile phone instead of my parents after changing carriers, I also needed to carefully consider cost. After comparing pricing plans from a range of different companies, Rakuten Mobile proved to be the one that satisfied all of my requirements, with stable data connectivity and a maximum monthly fee of 2,980 yen (3,278 yen inc. tax) regardless of how much I use*.

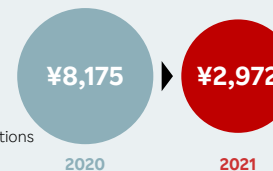
*Unlimited data usage is available when connected to Rakuten base stations. Speed caps may apply to ensure fair service to all users.

*Information as of May 2022

Empowerment by Rakuten

Mobile phone fees in Tokyo*

(with 20GB monthly data usage,
2020→2021)



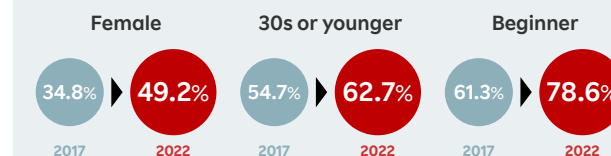
*Ministry of Internal Affairs and Communications
(June 2020, June 2021) Comparison of each
country's market leader (20GB plan)

More Familiar Financial Services

Rakuten supports the lifestyle stability of our users through services that allow everyone to engage in financial activities with peace of mind. We offer a wide range of financial services, including payment services such as credit card, banking, securities and insurance, and are committed to providing security and convenience while supporting the trade, management, and building of our customers' assets. At the same time, we are also working to improve financial literacy and access to financial services, and to leverage finance to solve social challenges.

Rakuten Securities has empowered a new demographic of people who had previously shied away from finance through initiatives such as industry-first investing services that allow transactions via credit card and e-money, and a program that allows users to invest the Rakuten Points they have saved. Rakuten also offers services such as loans and family credit cards for LGBTQ+ couples, a family registration system for insurance, and support for customers with hearing and speaking needs, with the goal of realizing a society in which nobody is left without access to financial services.

The changing demographics of new Rakuten Securities accounts (2017→2022)



Empowerment by Rakuten

Partners

Rakuten's history began in 1997, born of the passion of its founding members to leverage the internet to empower regional businesses and enable them to grow alongside large corporations operating nationwide. Since the beginning, we have poured everything into empowering our partners and businesses through Rakuten's platforms.



Platforms to Help Realize Dreams

To build relationships of trust and promote mutual growth, we value opportunities for reciprocal communication, through which our partners can forge deeper connections, learn from and encounter each other in a continuous exchange.

At Rakuten Ichiba, in addition to our EC consultants who support merchant operations, we also share EC expertise through initiatives like the Rakuten University, as well as at large-scale events such as the *Rakuten New Year Conference* and the *Rakuten EXPO*, where we explain our vision and

strategy with our Rakuten Ichiba partners. Events such as the *Rakuten Shop of the Year* awards, which are granted based on a range of criteria, including user voting, sales, growth rate and total orders, celebrate merchants' achievements and boost motivation to grow their stores.

Meanwhile, Rakuten Travel's internet travel consultants, work with accommodation providers to help them achieve their goals by building attractive accommodation plans and using the Rakuten Travel platform effectively to attract new guests. At the annual *Rakuten Travel Conference*, we communicate our vision and strategy with our registered accommodation providers. We also grant the *Rakuten Travel Awards* to providers who have recorded outstanding results over the

preceding year.

Rakuten Kobo empowers writers worldwide through its independent publishing platform *Kobo Writing Life*. The service has supported the publication of thousands of authors' eBooks in pursuit of a mission to allow anyone to easily deliver their work to readers regardless of their writing experience or previous achievements. The platform provides a simple process for online publishing, allows publication in multiple languages, and features a dashboard through which authors can monitor sales and apply for promotional opportunities. It also supports authors with a range of other tools, including newsletters, blogging, social media and the Kobo Writing Life podcast.



**Rakuten Ichiba
merchants**

Approx. 57,000
(as of Dec 2022)



**Rakuten Travel domestic
accommodation providers**

Over 40,000
(as of Mar 2023)



**Share of Rakuten Kobo English
language eBook sales published
through Kobo Writing Life**

25%

A Rakuten Ichiba Merchant's Story

I am the CEO of DAITO Co., Ltd., the company behind the Rakuten Ichiba tool specialty store *DIY FACTORY ONLINE SHOP*. I joined DAITO in 1997, when it was an old tool wholesale business. The wholesale model was already facing dark days, and we were considering a shift to retail. A friend told me that "the age of online shopping is approaching," so I went out and bought myself a PC. But I didn't know the first thing about online shopping and had no idea where to begin. In my research, I came across Rakuten Ichiba and took part in a seminar where I learned that you didn't need technical expertise to launch a store. I started studying at Rakuten University, and we launched our store in July 2002.

Our first customer was from Fukushima Prefecture. I remember being genuinely shocked and excited that a merchant in Osaka could sell something to someone in faraway Fukushima. One thing that makes online shopping so interesting is that you can shop anywhere worldwide without visiting the store in person. Following our launch, we gradually received more and more orders until we had a sudden jump in sales in 2010. We weren't prepared and needed to work many long days to keep up. As we worked late into the night packing products, we found ourselves pondering, "What is the point of our hard work?" But it was thanks to this experience that we could reexamine our company's fundamental purpose. This process guided us to our current mission of achieving a *Happy Triangle*. Some people make products using incredible technology and passion, while others deliver those products to those who need them. And then some use those products to make something else, to support their unique lifestyles. We want to make all three of these people happy. Once we defined that vision, everything became clear. First, we'll become Japan's best DIY company. Then, we will further spread Japan's DIY culture to empower more people to build unique lifestyles and a world brimming with originality. That is my current dream and goal.



Mr. Jack Yamada
DIY FACTORY ONLINE SHOP CEO

Empowerment by Rakuten ▶

Employees

Rakuten's employees have diverse personalities, values, and talents. Through various internal systems and a supportive workplace environment, we empower them to work in their own way.



CASE 1

Rakuten Shugi and a Spirit of Teamwork: Building the Best Quality Online Services

I had previously left Rakuten for another company. This experience allowed me to look back at Rakuten from the outside, giving me a new appreciation for Rakuten's spirit of teamwork and its corporate culture of encouraging employees to challenge themselves. I felt that other companies didn't offer this, and I returned to Rakuten. One of the Rakuten Shugi principles reads *Solidarity: Succeed as a Team*. Everyone here approaches their work with a common mindset, together as *One Team*. I am very fortunate to work in such a dependable environment.

I am currently in the Group Quality Department, working to raise the quality of our services. I plan to continue improving my skills through experience and learning while working to win the support of our customers through top-quality online services. There are still many challenges I'd like to take on at Rakuten, so I'm excited for the future.

Sachiko Kikuchi
General Manager,
Group Quality Department



CASE 2

Career Success in Japan Through 1-On-1 Meetings

I came to Japan from Malaysia after getting married and began working at Rakuten. It was my first time working in Japan, and I was very anxious. After joining the company, I discussed my worries directly with my manager during a 1-on-1 meeting. They told me all about the characteristics of Japanese companies and Rakuten's own culture, and I was soon ready for action.

Because I was joining a team that had only recently been established, there were many things we needed to build from scratch. But as I led my team through these diverse tasks, my regular 1-on-1 meetings with my manager proved extremely useful. We were able to review my performance and the competencies I was pursuing objectively, and it was always clear which areas of my work needed improvement. These meetings helped me finish our project ahead of schedule, and my team's operational improvements were recognized, landing me a Rakuten Award in the New Employee section.

Adlizan Ibrahim
Vice Manager,
Cyber Security Consulting Group,
Cyber Security Defense Department



CASE 4

Seizing Opportunities: My Career Journey at Rakuten

I joined Rakuten as a new graduate and started my career as a backend application engineer for Rakuten Travel. As I immersed myself in my daily work, I developed a passion for designing better customer experiences, which led me to switch to a front-end UI/UX engineer role. Regular communication with my managers through 1-on-1 meetings allowed me to discuss my intention of changing my career path with ease, and they supported my pursuit of new challenges. I was given opportunities to work on front-end development projects while still a back-end application engineer. The diverse array of services offered by Rakuten allowed me to switch my career within the company horizontally. Additionally, the free learning tools provided by Rakuten helped me acquire the necessary skills as a front-end engineer.

Empowerment by Rakuten

CASE 3

Taking On a New Challenge of Empowerment, Using Rakuten's Internal Open Position System

I joined Rakuten straight out of university, drawn by Rakuten's mission of *contributing to society by creating value through innovation and entrepreneurship*. I initially worked to empower Japan's regional economies by supporting the sales growth of rural merchants on Rakuten Ichiba. I later participated in a social contribution program, which sparked my interest in sustainability. I then decided I wanted to leverage Rakuten's diverse assets and collaborate with stakeholders to create social impact, so I used the internal open position system to join Rakuten's Sustainability Department.

Today, I leverage Rakuten's many assets to drive social initiatives, primarily in employee social contribution activities. I am encouraged to see employees take ownership of social challenges and take action both as a business and individually through seminars, social contribution programs, and volunteering.

Kyoko Hanada
Manager,
Social Empowerment Group,
Sustainability Department



I also appreciate that Rakuten recognizes employees' efforts through the Rakuten Award. I was once awarded the *Grand Prize*, and it was a thrilling experience to have my efforts recognized. The exchange among the award winners was a great experience to meet and learn from outstanding colleagues. I feel a strong sense of motivation and purpose in making Rakuten Travel an essential part of our users' daily lives and providing them with unforgettable travel experiences.

Jeff Grosso
UI/UX Engineer,
Rakuten Travel



Empowerment by Rakuten ▶

Local Communities

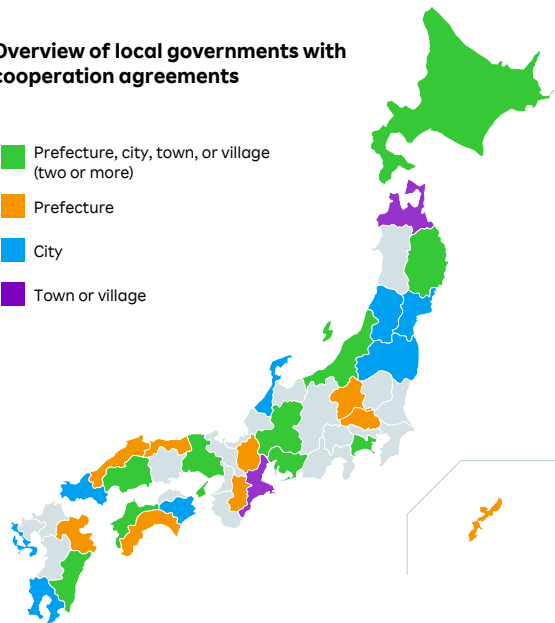
Our mission has always been to contribute to society by creating value through innovation and entrepreneurship. Under this philosophy, we leverage our assets and data expertise to help revitalize regional communities with local governments and businesses.

Solving Local Challenges through Collaboration

We are engaging in increasing community development initiatives with local governments every year. As of April 2023, Rakuten has signed cooperation agreements with 46 local governments across Japan, through which we are making proposals tailored to reach region's unique challenges. Together

Overview of local governments with cooperation agreements

- Prefecture, city, town, or village (two or more)
- Prefecture
- City
- Town or village



with these governments, we are taking on initiatives to expand sales channels of local products, revitalize local industries, and boost non-resident populations.

Since 2015, we have operated the *Rakuten Hometown Tax* platform to promote an understanding of the hometown tax initiative and connect donors with regional governments to help revitalize local economies. The initiative aims to foster a culture of donation, a goal our platform aids by

Hometown tax registered governments

1,565

(as of March 2023)



Case study



Fukushima City, Fukushima Prefecture: Hometown Tax Sparks New Hope

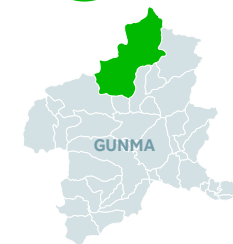
Over a decade has passed since the Great East Japan Earthquake and Tsunami, yet the city of Fukushima still suffers from reputation damage and a drop in tourist numbers. Recent years have brought continued hardship in the form of catastrophic typhoons resulting from climate change, crop disease and frost damage. In April 2022, to support Fukushima's tenacious farmers, we leveraged the Rakuten Hometown Tax Crowdfunding platform to build a new local promotion hub in the form of the Fukushima Rest Area. This roadside station allows visitors to experience Fukushima's positive changes and charms, creating new sales channels for agricultural products and bringing hope to the many people involved in the project.

enabling donors to choose where to donate based on how their donation will be used through projects like the *Rakuten Hometown Tax Crowdfunding* platform and our *Hometown Tax Documentary* series.

Leveraging Our Data Expertise

With the Rakuten membership at its core, the Rakuten Ecosystem organically connects the Rakuten Group's diverse services. Today, Rakuten has over 100 million registered members in Japan, and their use of Rakuten's services produces vast amounts of data, which we have much expertise utilizing. We support local community efforts in a range of fields, from proposing research and marketing based on these data and expertise to developing digital talent for local government work.

Case study



Minakami, Gunma Prefecture: Driving donations through Hometown Tax and Tourism Data

After analyzing the consolidated data and finding common traits between donors to the town of Minakami, Gunma Prefecture, and Rakuten Travel users, we hypothesized that a strategic approach to travelers could boost donations. The data revealed that among travelers to Minakami who were visiting the town using Rakuten Travel coupons received as "thank you" gifts from their donations, many were from high-earning households and choosing high-end accommodation facilities. We launched a promotion to offer accommodation plans based on different donation amounts, which produced nearly four times better results than regular advertising.

Growth Strategy

Section 4

We aim for sustainable growth by combining a business strategy centered on the Rakuten Ecosystem with a sustainability strategy.



Internet Services

Main Businesses

- Domestic E-commerce (Rakuten Ichiba, Rakuten Travel, etc.)
- Overseas E-commerce (Rakuten Rewards (former Ebates), Rakuten France, etc.)
- Investments (Rakuten Capital)
- Advertising (Rakuten Advertising, etc.)
- Professional sports (Rakuten Eagles, Vissel Kobe, etc.)



FY2022 Key Highlights

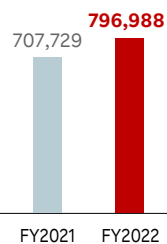
The Rakuten Group's E-commerce businesses continued to grow in FY2022, reaching ¥5.6 trillion in annual domestic EC gross merchandise sales (GMS)*1 and realizing a growth rate of 12.3% YoY, higher than the industry average.

Rakuten Ichiba, the central business in our domestic EC portfolio, achieved double-digit GMS growth in 2022. This growth is the product of rising user loyalty, as the platform's retention rate*2 reached 78.2% in Q4. Both purchase frequency and average spend per user also continue to grow. Our online travel reservation service Rakuten Travel boasts top-level market share in Japan. Accommodation revenue (excluding business travel) was 12.9% higher in FY2022 than pre-pandemic FY2019 and the platform is enjoying a robust recovery and growth.

Our other Internet Services segment, which includes our sports and global businesses, saw an improvement of ¥4.5 billion in non-GAAP operating income over the previous year, excluding our corporate venture capital business Rakuten Capital, which is influenced by fluctuations in the stock market; Rakuten Viber, through which we have offered free calling and paused advertising in the region in response to the Russia's war in Ukraine; our global advertising businesses, which are incurring costs in the wake of organizational and budget restructuring; and nonrecurring

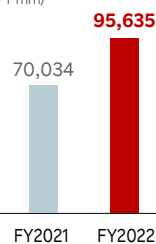
Domestic EC Revenue

(Unit: JPY mm)



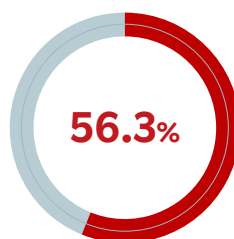
Domestic EC Non-GAAP Operating Income

(Unit: JPY mm)



Sales composition ratio

(excluding adjustments)



sponsorship fees for the Golden State Warriors. This improvement can be largely attributed to the improved performance of our cashback site Rakuten Rewards (formerly Ebates) and our professional sports teams the Tohoku Rakuten Golden Eagles and Vissel Kobe.

*1 Domestic e-commerce GMS (Excludes some tax-exempt businesses, includes consumption tax.) is the combined transaction amount for Rakuten Ichiba, Rakuten Travel (GTV on checkout basis), Rakuten Books, Books Network, Kobo (domestic), golf business, Rakuten Fashion, Rakuten Dream businesses, Rakuten Beauty, Rakuten 24, Car, Rakuma, Rakuten Rebates, Rakuten Seiyu Netsuper, and cross boarder trading, etc.

*2 Percentage of users who purchased in each quarter in the following quarter

Growth Strategy ▶ Strategies to Grow Revenue and Further Improve Profitability

Japan still has a low rate of EC adoption relative to the global average and there remains significant potential for growth. Rakuten is improving UI/UX and strengthening strategies for each product category to boost convenience for users and swiftly reach our next goal of ¥10 trillion in domestic EC GMS.

Each of Rakuten's domestic EC businesses is taking accountability to improve overall profitability as a team. From Q4 2022, we split these businesses into two categories: *Core Businesses**1 and *Growth-Stage Businesses**2. Both categories' average growth rate for revenue and non-GAAP operating income are improving and we are working towards improving profitability even further. One business making a significant contribution to profitability is our domestic advertising business, which is effectively leveraging purchase data to serve advertisements tailored to each individual user. This has allowed the business to outperform the industry average and we expect it to contribute to improving profitability even further going forward.

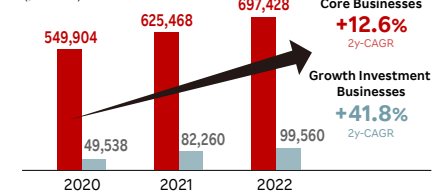
For our other Internet Services segment, we will continue to hold our Business Portfolio Committee, which is tasked with guiding these businesses to profitability by monitoring areas such as Group synergies and the economic performance of investments.

*1 Rakuten Ichiba, Rakuten Travel, Books Network, golf business, Rakuten Dream businesses, Open Commerce, Hunglead, BIC, Home life Direct, and Car etc.

*2 Fashion 1st Party, C2C, Rakuten Seiyu Netsuper, Logistics business, Rakuten Beauty, Dining, and cross boarder trading etc.

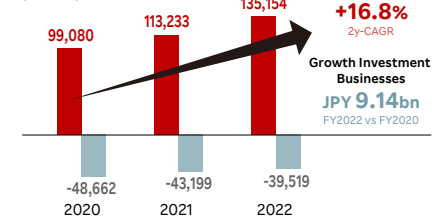
Revenue

(JPY mm)

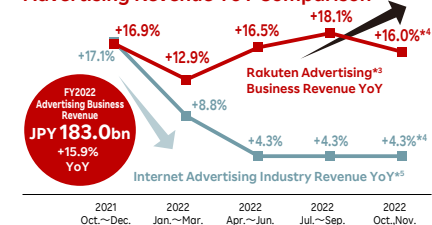


Non-GAAP Operating Income

(JPY mm)



Advertising Revenue YoY Comparison



*3 Total domestic advertising revenue recorded in each segment (Internet Services, FinTech, Mobile) (including internal transactions)

*4 YoY comparison based on total sales in October and November.

*5 Ministry of Economy, Trade and Industry of Japan "Survey of Selected Service Industries." Growth rate for Oct-Nov 2022 only since result for December 2022 is yet to be announced.

FinTech

Main Businesses

- Rakuten Card
- Rakuten Bank
- Rakuten Securities
- Rakuten Life Insurance
- Rakuten General Insurance
- Rakuten Payment

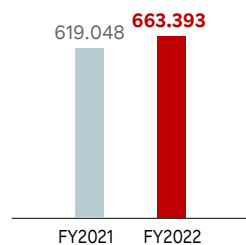
FY2022 Key Highlights

In FY2022, our FinTech segment achieved growth in both revenue and profit, recording ¥663.4 billion in revenue and ¥98.7 billion in non-GAAP operating income. Rakuten Card realized strong year-on-year shopping GTV growth of 25.8% to reach ¥18.2 trillion. As of November 2022, Rakuten Card wields a domestic GTV market share of 23.4%. Rakuten Bank continues to gain new accounts as more customers choose it for their everyday banking needs. Rakuten Securities is seeing significant success with traditionally difficult demographics consisting of individuals 30-and-under, who made up 62.7% of new accounts. Beginner investors made up 78.6%, and female users 49.2%. Meanwhile, Rakuten Life Insurance and Rakuten General Insurance are taking full advantage of Group synergies to expand their business scope.

*Calculated in-house from the METI Current Survey of Selected Service Industries, Credit Card Service Industry.

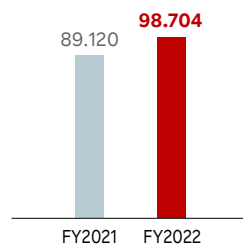
Segment revenue

(Unit: JPY mm)



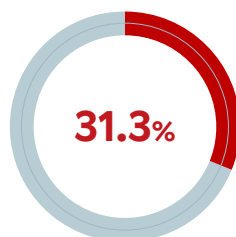
Segment profit

(Unit: JPY mm)



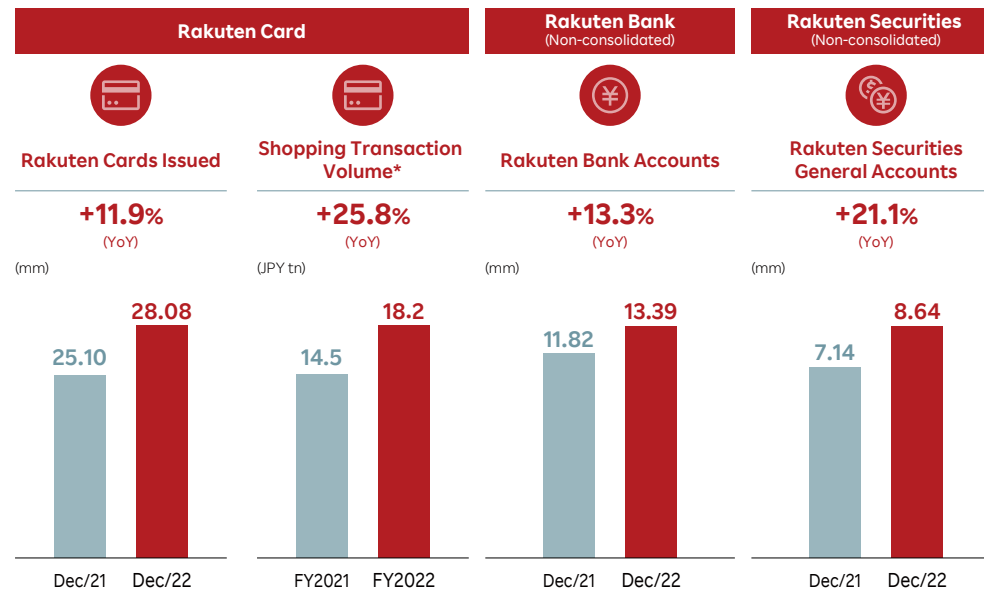
Sales composition ratio

(excluding adjustments)



Growth Strategy ▶ Maintaining Growth of Our Customer Base

Each of our FinTech services – Rakuten Card in particular – continues to grow their membership base as more customers choose them to meet their everyday needs. By the end of 2022, Rakuten Card had issued 28.08 million cards, an increase of 11.9% year-over-year. We are steadily growing towards our medium-term goal of 30 million cards issued. Rakuten Bank surpassed 13 million savings accounts and ¥8 trillion in deposits. After reaching 7 million accounts in December 2021, Rakuten Securities surpassed 8 million accounts six months later. One of the Rakuten Group's strengths is its synergy between services, which has become even stronger as more customers use our Money Bridge service, which connects customers' Rakuten Bank and Rakuten Securities accounts. At the same time, Rakuten Securities investment products can now be purchased with Rakuten Cash. We will continue supporting our customers' lifestyles through innovative products and services that further enhance customer satisfaction.



*Calculated on a managerial accounting basis, using different definitions from the data in Financial Data Sheet.

Mobile

Main Businesses

- Communication services (Rakuten Mobile, etc.)
- Power supply services (Rakuten Energy)
- Telephone services (Rakuten Communications)

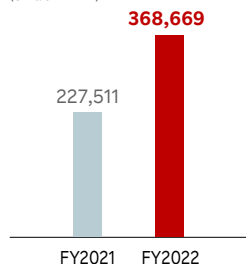


FY2022 Key Highlights

Rakuten Mobile has been working ahead of schedule to build base stations and further improve network quality. In October 2022, the network achieved a 4G population coverage rate of 98%. In July 2022, we began offering our new pricing plan *Rakuten UN-LIMIT VII*, and as of September 2022, 100% of subscribers were paying customers. This has boosted ARPU and enhanced revenue from subscription fees. At the same time, as the Rakuten Mobile network expands to cover areas previously served by our partner network, roaming costs are coming down, contributing to a continual improvement in profitability. Notably, data usage per user grows strongly after switching to the new plan. Data from December 2022 indicated that Rakuten Mobile subscribers were using an average of approximately two times more data than our competitors each month, something we expect will drive ARPU into the future.

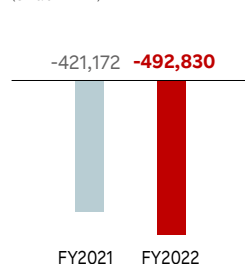
Segment revenue

(Unit: JPY mm)



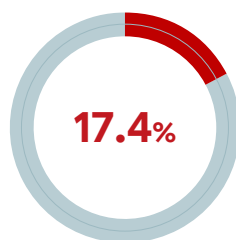
Segment loss

(Unit: JPY mm)



Sales composition ratio

(excluding adjustments)



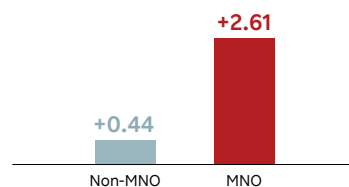
Growth Strategy ▶ Increase in loyal customers

We see our mobile business as a crucial strategic driver of the Rakuten Ecosystem's continued growth. Our data shows that Rakuten Mobile is making a clear contribution to the Rakuten Ecosystem: After a user subscribes to Rakuten Mobile, they spend an average of ¥37,683 more per year on Rakuten Ichiba and start using an average of 2.61 new Rakuten services in the year after joining. However, Rakuten Mobile subscribers comprise just 11% of the Rakuten Ecosystem's 39 million monthly active users. There remains room for growth as new subscriptions maintain a strong growth trajectory, particularly among loyal users such as our Diamond Members. As we continue to improve the quality of the network, we will take on new measures to accelerate user acquisition from the Ecosystem and grow our subscriber base even further.

Our telecommunications platform business Rakuten Symphony provides highly cost-effective cloud platform technologies to telecom operators, businesses and government agencies worldwide. We are gradually building a reputation and have already signed contracts with 14 companies. We have a healthy sales pipeline of over \$4 billion, which we will continue to convert into revenue and secure our position as a global leader in cloud-centric, virtualized, Open RAN-based mobile networks.

Acceleration of Service Usage post MNO Contracts

Average increase in service usage in one year



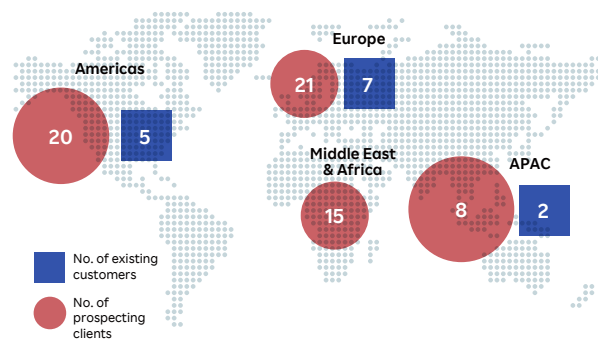
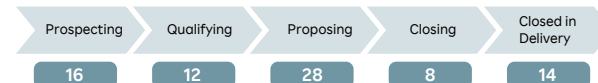
Increase in Rakuten Group's new service usage due to MNO contracts

10 million+

*MNO users: Users who have applied and are eligible for billing by January 2022; Non-MNO users: Active Rakuten member users with no MNO contract history

*Service usage is determined based on points during the target period (number of service usage including mobile)

Healthy \$4B+ Pipeline Converting into Revenue



(as of December 2022)

Sustainability Strategy

Sustainability

Building a sustainable future

There exist myriad challenges that must be solved to realize a sustainable society. To further boost the efficacy of the sustainability initiatives pursued by the Rakuten Group and its 70+ businesses, we must first identify our most important challenges - our materiality. At Rakuten, we regularly revise our material topics to respond to factors such as recent business developments, changes in the macroeconomic environment and the expectations of stakeholders. The latest version was revised in 2021 under the supervision of an external organization called BSR, a consultancy in sustainable business at a global scale. Through the process of defining our materiality, several risks and opportunities have been raised. These were woven into the long-term vision and goals defined by our Sustainability Committee and formed a pillar of the Rakuten Group's sustainability strategy.



Please visit our website for more details ▶ <https://global.rakuten.com/corp/sustainability/strategy/>



The Rakuten Group's Sustainability Strategy

Business Foundations

As a company that provides online services, these topics are of fundamental concern for all our activities and their continuity. These topics have always been important to us, and we will continue to address them appropriately based on our established management frameworks.

Information security & privacy

Ethical business practices

Product & service quality

Focus Areas

These are challenges towards which we must focus our efforts in the long term. They further define the Rakuten Group's vision and role in driving social change while serving as a focal point for cross-organizational discussion and deliberation on initiatives to implement.

Growing with our employees

To fulfill our mission, Rakuten must build a working environment that attracts talented employees and brings out their potential. It is also crucial that we ensure employees' safety, diversity and equality. We strive to improve inclusion, foster a sense of belonging and realize well-being in the workplace.

- Diversity, equality and inclusion
- Talent attraction, development and retention
- Responsible labor practices
- Workplace safety and employee wellness

Providing sustainable platforms & services

Globally, Rakuten's value chain touches some 1.7 billion users and many partners, and they hold the potential to change society for good. For Rakuten's platforms and services to continue empowering people and society, it is crucial that our businesses are sustainable and ethical.

- Responsible advertising, marketing and labeling
- Internet governance and freedom of speech
- Sustainable production and consumption

Addressing global challenges

Innovation and entrepreneurship form the core of Rakuten's corporate philosophy. Through the synergy between growing businesses and our different assets, we are working to develop solutions to pressing global issues.

- Climate change and energy
- Risk and crisis management
- Innovation and entrepreneurship

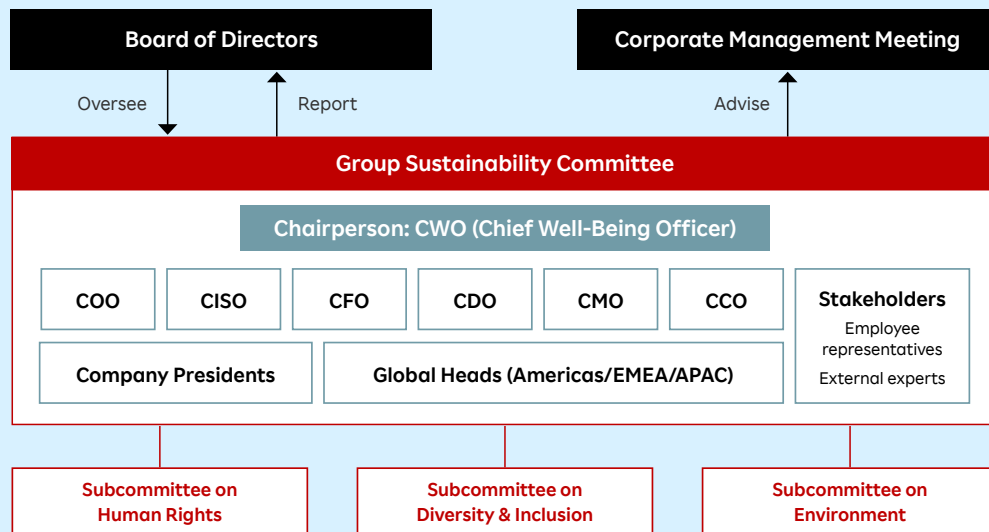
Sustainability Strategy

Sustainability

Framework for Driving Sustainability

In November 2021, we formed the Rakuten Group Sustainability Committee, comprised of company leaders in Japan and abroad, to execute the Group’s sustainability strategy. We have also established subcommittees for challenges that require long-term, cross-organizational discussion in the fields of the environment, human rights and diversity and inclusion. Each of these subcommittees holds regular discussions to better understand the situation on the ground to conceive, propose and implement action plans. The Sustainability Committee also deliberates and makes regular reports to the Board of Directors on items such as proposals and decisions made by each subcommittee, updates on progress toward targets, implementation into business strategy and compliance with international guidelines, laws and regulations.

In 2022, the Sustainability Committee saw company leadership debate and make decisions on a range of topics, including Group goals, the status of Rakuten’s carbon neutrality pledge, the expansion of businesses subject to sustainable procurement initiatives, the provision of inclusive services and joining the United Nations Global Compact initiative.



CISO = Chief Information Security Officer
 CFO = Chief Financial Officer
 CDO = Chief Data Officer
 CMO = Chief Marketing Officer
 CCO = Chief Compliance Officer

Moving Forward Together with Employees

Every Rakuten employee plays an important role in conducting sustainable business. To raise awareness of related challenges, we make regular status updates on the progress of our sustainability initiatives to all employees at Asakai, the Rakuten Group’s weekly all-hands meeting. All Group employees are also required to receive annual training to improve their understanding of sustainability challenges, policies, goals and initiatives. In 2022, a total of 2,049 employees took part in regular seminars, covering a wide range of topics such as *The Basics of SDGs* and *Challenges of Ocean Plastic*. We also offered opportunities for employees passionate about sustainability to connect through an internal community called the *Social Empowerment Community*, in which members contemplate and discuss sustainability topics through regular newsletters and other communication tools.

TOPIC

Sustainability Action Award

To mark 25 years since Rakuten’s founding, we launched the Sustainability Action Award, which celebrates employees-led sustainability initiatives. The inaugural event attracted 60 submissions from Japan and abroad, and the grand prize was awarded to a project that sought to optimize logistics routes for carbon neutrality. This project saw logistics-related departments work together to develop a system that leverages AI technology developed by the Rakuten Institute of Technology. Their system has since been implemented in businesses such as Rakuten Seiyu Netsuper, shortening the total distance traveled by delivery vehicles by 15% and reducing annual CO₂ emissions by 170 metric tons. The project was the result of interdepartmental collaboration across many different teams, combining AI, system development and business.



Sustainability Strategy

CWO Message

Working Towards a Sustainable Future as Rakuten Turns 25

— Our Tech & Green Challenge

Looking Back on 2022

For many people, 2022 was a difficult year of political and military tensions on a global scale and frequent natural disasters caused by extreme weather. As a company with businesses around the world, this instability also impacted Rakuten, prompting us to reaffirm the importance of flexibility and risk management in ensuring business continuity and sustainable growth.

Last year was also the 25th anniversary of the Rakuten Group. We were founded during a time when people insisted that “no one would shop on the internet,” and I take pride in the fact that we never gave up, achieving what we have envisioned, thanks to the understanding of all our customers, partners, employees and other stakeholders who joined our mission to invigorate society. 2022 was a year of milestones filled with hope for the future, for which we expressed our continuing gratitude and enduring fighting spirit.

Tech & Green – Taking on a Sustainable Future

The theme of Rakuten’s 25th anniversary year was *Tech & Green*. We believe that being green symbolizes peace and sustainability. It embodies our strong desire to leverage technology toward building a totally sustainable society, not only in the realm of environmental issues, but also in sustainable

procurement, human rights, diversity and employee well-being.

As a company that connects consumers and businesses in Japan and abroad through our over 70 services across a range of different fields, we are making the most of our *diversity* and *scale* to promote sustainability initiatives. These allow us to take on a broad range of challenges and maximize the impact of our efforts. In 2021, we brought together management-level leaders and established a *Sustainability Committee* and we will continue leveraging our strengths to promote *Tech & Green* while realizing a sustainable future.

Sustainability is a Crucial Part of Rakuten’s Growth

There are clear cost advantages to taking on sustainability efforts. A company can reduce its energy bills by optimizing electricity use, boost employee productivity through wellness initiatives and avoid legal costs and fines by ensuring compliance. However, we believe sustainability is something more. We consider it a valuable business opportunity with the potential to drive social change.

One area that showcases this philosophy is our Go Green Together campaign, an initiative to promote sustainable living by giving consumers opportunities to shop in environmentally friendly ways and embrace green lifestyles through Rakuten’s services. The project not only addresses the needs of sustainability-oriented customers, but also drives demand for green products and services while creating new business opportunities and expanding market potential. The campaign has gathered a lot of attention from consumers, with nearly 870,000 people having participated as of June 2023.

Rakuten Travel, meanwhile, has introduced *Sustainability Icons* and *Sustainable Travel Badges*, developed in cooperation with the Japan Alliance of Responsible Travel Agencies. The initiative promotes sustainable tourism by enabling travelers to understand the sustainability measures taken by accommodation providers at a glance – helping them to make their travel choices accordingly.

We are also providing financial services to LGBTQ+ couples, seniors and customers with disabilities. Through initiatives like these, we are fulfilling our social responsibility and growing the market as a whole by meeting the diverse needs of our customers.

The Future We Want to Build

I believe that the key to well-being is to find meaning in all facets of life, whether it’s today’s work or the human connections you make. The level of fulfillment one can attain from life depends entirely on whether you are simply chasing a numerical target such as sales or profit, or whether you understand why you are chasing this target, and what awaits when you get there. My mission as Chief Well-Being Officer is to realize a society in which everyone in the world can appreciate the value in everything, as we live our one chance at life in a thoughtful, fruitful way. I will continue taking on social challenges together with our stakeholders, working towards a sustainable future through individual, organizational and societal well-being.



Masatada Kobayashi

Group Managing
Executive Officer
CWO (Chief Well-Being Officer)

Sustainability Strategy

Together with
Our Employees

For more information ▶ <https://global.rakuten.com/corp/sustainability/employees/>

Talent Management

Rakuten is a collection of enthusiastic, talented employees from around the world, who are always stepping up to the next challenge. We strive to build a workforce in which all employees can thrive by recruiting skilled talent, supporting their career growth, and maintaining a working environment that is welcoming to employees from all walks of life. In 2017, we launched our *Back to Basics* project focusing on three pillars: *Recruiting*, *Development*, and *Retention*. We want to build a solid organizational foundation by returning to our core goal of *building winning talent and winning teams*.

Hiring	Development	Retention
Recruiting optimal talent who will support Rakuten's business strategy implementation and sustainable growth	Promoting continual growth of employees and creating a <i>learning organization</i> in which each and every employee can realize their full potential	Maintaining employee engagement and motivation by providing a work environment that encourages employees to stay

Hiring

We believe that the key to recruiting talented employees lies in reaching a mutual understanding with applicants, and we value creating opportunities for both online and offline communication. We make efforts to communicate what everyday life at Rakuten is like through our *Recruiting Information Page*, which features explainers on Rakuten's businesses, offices, and career development opportunities, as well as interviews with a diverse selection of employees. Our internship program allows participants to experience Rakuten culture and the diverse roles available at our many different services, while our *Employee Introduction Program* allows Rakuten employees to introduce and recommend friends and acquaintances that they believe will match open positions. In 2022, some 2,800 people participated in our annual *Rakuten Career Conference*, an event that allows job-seeking students to gain a better understanding of Rakuten's vision and businesses, our culture and unique customs, and exciting career building opportunities. Rakuten is receiving more and more attention each year as a candidate for post-education employment, and was awarded the no. 1 spot on LinkedIn's *Top Companies Japan 2022* list, receiving high praise in the categories of *ability to advance*; *skills growth*; *company stability*; *external opportunity*; *company affinity*; and *gender diversity*.

Development

Rakuten's goal is to become a *Learning Organization* that can bring out the potential of each and every employee. We support our employees' career development, not only by giving them the technical skills to thrive on the global stage, but by supporting their self-improvement efforts and teaching them comprehensive business skills. To boost workplace communication and maximize results as an organization, managers hold regular 1-on-1 meetings with each team member. This not only strengthens the relationship of trust between members and managers, but also allows for mutual learning through reciprocal feedback. The initiative holds an average satisfaction rating of over 90% on annual surveys.

Examples of Training Framework

Onboarding	Providing the necessary information and knowledge for new employees and managers to swiftly adapt to their new organizations and teams
Business Basics	Teaching the skills necessary for businesspeople such as critical thinking, leadership, and problem-solving methods
Rank-Based	Teaching skills that allow employees to take on a larger role in their organization, such as how to implement plans based on Rakuten Shugi and conduct effective 1-on-1 meetings
Data & AI	Teaching how to identify problems, set KPIs, build and test hypotheses, and analyze the results to take action
Diversity & Inclusion	Demonstrating the attitudes necessary to work alongside employees with different backgrounds through training on topics such as <i>Unconscious Biases</i>
Culture & Language	Teaching the skills necessary for effective communication through TOEIC support programs and business English courses
Self-Improvement	Providing opportunities for independent learning through online courses and Rakuten's digital library

Retention

As more diverse career options become available and social movements such as labor reform gain momentum, individual attitudes toward working continue to evolve. There are many factors that influence whether an employee wants a long career at a single company. In order to raise employee satisfaction and encourage a positive attitude toward furthering their career, Rakuten provides fair and appropriate compensation and benefits; a flexible workstyle; and a welcoming, appealing, and healthy workplace. Rakuten Group, Inc.'s employee turnover rate in 2022 showed a 1.3% decrease compared to 2017.



Sustainability Strategy

Together with Our Employees

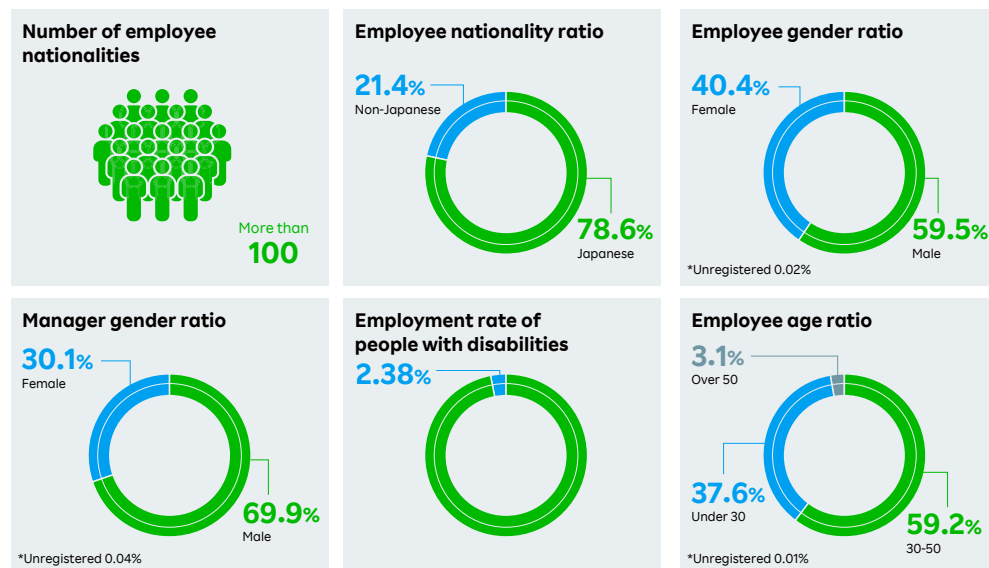
Diversity & Inclusion

We foster a culture that provides opportunities to everyone regardless of their ethnicity, nationality, gender, marital history, parenthood, religious or political beliefs, age, disability, sexual orientation, or gender identity. We are working hard to build an environment that respects each and every one of our employees around the world and their diverse personalities and values, and that allows them to realize their full potential.

Promoting a Diverse Workplace	Fostering a Sense of Belonging	Establishing an Inclusive Brand	Empowering Communities
We offer all of our employees opportunities to grow by developing their abilities, fair compensation, and equal opportunity for career development.	We foster a corporate culture in which all voices in the company are heard, and employees can take pride in being a member of the Rakuten team.	We strive to express Rakuten's values of inclusiveness by reflecting diverse voices in our decision-making processes.	We empower communities by promoting initiatives for innovation, sustainability, and the protection of human rights.

As we have expanded globally, changing Rakuten's official language to English has allowed us to recruit and appoint talented employees from around the world, becoming a driver of business on the global stage.

Diversity at Rakuten by the Numbers



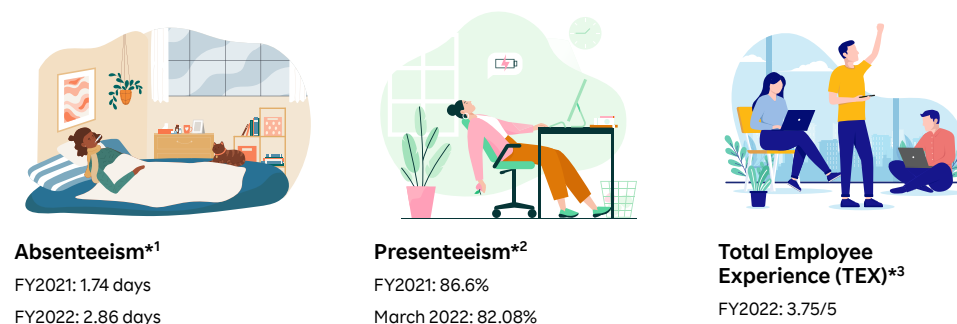
To make the most of our employees' diversity, everyone must not only speak a common language, but also understand and share the core values that underpin our corporate culture. At our weekly all-hands meeting *Asakai*, Rakuten CEO Hiroshi Mikitani shares his perspectives on Rakuten's business philosophy and corporate culture directly with employees. We also hold *Rakuten Shugi Workshops* for all employees, with the goal of promoting understanding of the important values and principles that guide us. So far, over 14,000 employees have participated, and Rakuten's corporate philosophy, mission, and values are proactively embraced in our every-day work as we consider how they apply to individual dreams and aspirations.

Health & Wellness

Maintaining a safe and healthy work environment is not only important for protecting employees, but also helps boost job satisfaction and attract and retain talented employees. Through a range of measures towards promoting *Body, Mind, Social, and Financial* health, we aim to build an organizational climate that promotes employees' mental and physical well-being and allows them to continue working in good health.

We gauge the effectiveness of our wellness promotion efforts through regular *Well-being Surveys* that allow us to gain an understanding of potential issues in our employees' mental and physical state. Surveys so far have revealed three major issues facing Rakuten employees: a lack of exercise, sleep quality, and weight management. We are aiming to reduce the share of employees facing these issues by 30% each year.

Results of Well-being Survey



*1 Absenteeism: Late arrival or early departure due to health issues; being unable to complete work due to absence/time off

*2 Presenteeism: A lack of performance despite being at work due to health issues

*3 Total Employee Experience (TEX): Level of employees' vitality/enthusiasm/immersion

Sustainability Strategy

Interview with HR Leaders



Englishnization Drives Diversity and Diversity Drives Success



—Valuing Both Diversity and Unity

Kuroda As a Japanese company headquartered in Japan, using English as our official corporate language is crucial in Rakuten's human capital strategy. This common language has opened doors to recruiting more global talent and accelerated Rakuten's diversity. Being able to accept applicants regardless of their location or nationality has enabled us to assemble a truly diverse team.

Shimizu As our employees become more diverse, there are concerns that our organization could become fractured. However, Rakuten is connected not only by English as our common language but by a collective embrace of our *Rakuten Shugi* principles, which provide a strong foundation for communication and mutual understanding between our diverse

members. Rakuten is unique in how we balance diversity with a sense of unity by respecting our differences while speaking a common language and embracing common values. Naturally, switching to English presented many new challenges, and hiring became more difficult as it requires candidates to have English proficiency in addition to their skill sets. But the benefits of this move far outweigh these difficulties.

—Leading a Highly Diverse Company to Success

Shimizu The key to Rakuten's success lies in whether we can make the most of our diverse team. I believe in the importance of maintaining a working environment where all our employees can fully leverage their abilities, knowledge and talent. It is for this reason that we work hard to foster an inclusive culture.

Omae Currently, more than 20% of our employees are from outside of Japan. I don't think many other Japanese companies can boast a workforce as diverse as Rakuten's. We hold training to empower employees with the knowledge and skills to build an inclusive work environment, covering topics such as unconscious bias. For us at Rakuten, this isn't just information to be learned and stored away. It has real-world applications for objectively understanding issues faced by our employees as they carry out their day-to-day work alongside diverse colleagues to find and implement solutions. I believe that this is an important and advantageous tool for making the most of Rakuten's diverse team.

Gilbert Some of our non-Japanese employees have little experience with Japanese culture before joining Rakuten. We carry out a range of initiatives to help these talented

Sustainability Strategy

Interview with HR Leaders

individuals swiftly adjust to life in Japan and allow them to thrive at Rakuten for as long as possible. As our retention rate for non-Japanese employees continues to improve, it's clear that our efforts to provide an inclusive workplace are slowly starting to bear fruit.

Omae One program we run for non-Japanese employees is called the *Japan Center*. This initiative offers not only support for studying Japanese but also opportunities to learn about Japanese business etiquette and culture. Participation is not mandatory, but we encourage this as a valuable tool to help our employees better understand Japanese culture and leverage this knowledge in their everyday work, helping them thrive over the medium to long term.

Kuroda At Rakuten, we hold regular 1-on-1 meetings between managers and team members, which I believe to be very impactful. These meetings have an average completion rate of over 95% and drive a culture of communication about employees' thoughts on their work, careers and other day-to-day

issues and questions. This initiative is a crucial tool in building relationships of trust and fostering a culture of inclusion.

—What Our Employees Love about Rakuten

Shimizu Two things that make working at Rakuten so appealing are its sense of speed and the wealth of opportunities to take on new challenges. Not many employers can offer the opportunity to work at a large company and simultaneously experience nimble, dynamic changes, such as our recent entry into the mobile business. I feel a sense of pride and purpose in being part of a company that is driving large-scale social change, and supporting this change on the frontlines from an HR perspective.

Kuroda Rakuten is also a place of many learnings for me, as I use English for my day-to-day work and manage a team brimming with diversity. Adapting to rapid change can be a challenge, but it is also an opportunity for growth.

Omae Rakuten is continually posing questions to society and taking the lead in finding solutions through business. I expect that many Rakuten employees find joy in working with their diverse colleagues in this environment of constant challenges.

Gilbert All employees, regardless of nationality, age, gender or anything else, embrace Rakuten's mission to *contribute to society by creating value through innovation and entrepreneurship*. Many of us feel pride in our work's positive impact on society. As a recruitment manager for tech talent, I want to support this mission and make my contribution to society by recruiting talented employees to lead Rakuten's innovation while supporting their career development and growth to enable them to thrive long into the future.

—Turning Diversity into a Driver for Innovation

Kuroda We are working to create revolutionary services by further accelerating Rakuten's diversity and maintaining an environment where new perspectives and ideas can flow freely. To achieve this, I hope to attract talent locally and globally by boosting awareness of Rakuten and communicating to the world that while we are in Japan, we are a diverse company.

Shimizu Every team has a different level of diversity, and we still have plenty of room to promote proper understanding among all employees of the importance of respecting diversity and maintaining an inclusive workplace. We will strive to continue providing an environment where all of Rakuten's diverse employees can shine even further and deliver revolutionary innovations to society.



Sustainability Strategy

Human Rights

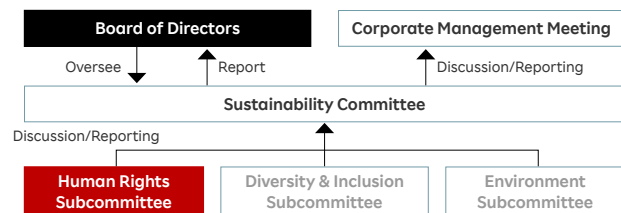


For more information ▶ <https://global.rakuten.com/corp/sustainability/human-rights/>

Rakuten’s businesses are made possible by a great number of people. They include our partners and employees involved in developing, supplying, and administrating products and services and our customers and local communities. To realize sustainable mutual growth and achieve our mission, we are committed to respecting the human rights of all stakeholders.

Management System

Rakuten’s Sustainability Department cooperates with various departments to strategize, share information, carry out plans, align with stakeholders and monitor progress on human rights issues. Convening quarterly, the Human Rights Subcommittee is charged with implementing and promoting Group-wide strategy, understanding human rights challenges within Rakuten and sharing trends surrounding international human rights issues. The Subcommittee’s activities are reported regularly to the Board of Directors through the Sustainability Committee.



Human Rights Due Diligence

To put our commitment to protecting human rights into practice, Rakuten conducts due diligence in line with the UN’s *Guiding Principles on Business and Human Rights*. Human rights due diligence is an ongoing risk management process for identifying, preventing and mitigating adverse impacts on human rights. It comprises the following four steps:

Human Rights Due Diligence Process

Identifying and assessing adverse impacts

In this step, we identify and assess the potential adverse impacts on human rights that our business activities could bring. We worked with external experts to conduct a human rights impact evaluation to understand the most salient risks for Rakuten – including those that are not yet visible – and our current status in handling them. This evaluation identified several clear human rights issues for Rakuten and helped us define priority areas where actions are required in the short term through measures such as further investigation, employee education and improved governance frameworks.

Salient human rights issues for Rakuten

- Labor practices within our business activities
- Labor practices of suppliers
- Forced/bonded/child labor
- Responsible use and development of technology
- Product related harm
- Privacy
- Access to remedy



In 2022, based on the results of this human rights impact evaluation, we conducted an assessment focusing on technology (big data, AI/machine learning and data science/analysis) to formulate an action plan. With support from outside experts, we investigated the risks present in our technology-driven services, revised our existing internal rules, listed potential risk scenarios and incorporated the following scenarios that could impact the entire Group into Rakuten’s enterprise risk management (ERM) framework:

- Targeted ads could lead to discrimination
- Discriminatory algorithms built into products and services could fuel discrimination
- Content that includes harmful racial or gender stereotypes could beget discrimination
- Usage data shared with third-party organizations such as subscriptions or communication data could impact users’ freedom of speech and/or right to life and security

Preventing and mitigating adverse impacts

Results of the assessment from the previous step are incorporated into all Group companies, latent adverse impacts are prevented or mitigated and remedial actions are taken for newly visible challenges.

Tracking and verifying effectiveness

We check that adverse impacts on human rights have been addressed with swift and effective solutions, track and verify that the selected remedial actions have been effective and decide whether the *Rakuten Group Human Rights Policy* has been held up in the most appropriate way.

Disclosure and communication

We demonstrate Rakuten’s commitment to human rights by creating opportunities for communication with stakeholders and conducting transparent disclosure on our handling of human rights issues.

Raising Awareness Among Employees

In respecting the human rights of our stakeholders, all employees must have a profound understanding and awareness of fundamental human rights. We conduct regular e-learning and seminars on human rights, using concrete case studies to teach employees about respecting the human rights of others when conducting business and in the workplace. These learning sessions also cover subjects such as Rakuten Group’s relevant policies, harassment, privacy and human rights issues in the supply chain.

Sustainability Strategy

CDO Message

Building a Future-proof Ecosystem with AI and Data Innovation

As Rakuten's Chief Data Officer, I oversee the company's Data & AI services and explore possibilities to capitalize on the momentum of Artificial Intelligence (AI) by turning data and AI into strategic assets for Rakuten. That means building a connected AI system that works across Rakuten's portfolio, to improve the lives of our users.

Rakuten's Approach to Building Useful AI

As AI continues to permeate more and more facets of everyday life, our approach to building useful AI for our customers is grounded in three core strategies. First, we strive to understand our customers so we can proactively solve their unique problems. Every AI interaction should be personal, accurate, and easy to understand. The second core strategy lies in building a powerful flywheel between human intelligence and artificial intelligence. By combining the massive computational power of AI with the deep domain expertise of Rakuten's global team, we can build better, more useful models faster. The final principle is safety and trustworthiness. Applying strict safeguards to our AI is crucial so that personal information stays secure. AI should be a strong force for good, empowering equal access and equitable results. That is why Rakuten's AI development is built on the core belief that we must be bold without ever compromising safety.

Ensuring Safety and Speed through Human + AI Partnership

Regarding the safety of AI technology on a technical level, our team puts rigorous security measures in place, such as AI firewalls, to detect data drift*¹. More importantly, every step of our development, testing and deployment process is overseen by skilled humans. This human + AI partnership is critical, especially when assessing system abnormalities. Our teams will proactively test against different demographics and user types to get in front of potential problems like algorithmic bias*². By taking a deeper look at data accuracy, discrepancy origins, discrepancy solutions and results justification, the team can make adjustments, use automation to scale and test, and rapidly deploy a fix. This level of speed and commitment to equality is only possible when humans and AI work together, and it is fundamentally important to our dream of using AI to make all of Rakuten's products and services more useful to our customers.

*¹ unexpected and undocumented changes to data structure, semantics, and infrastructure.

*² systematic and repeatable errors that create unfair outcomes.

Innovations from RIT

The Rakuten Institute of Technology, our world-class research institute, is our center of collaboration. RIT has offices and Ph.D.-level research teams in Tokyo, Singapore, Boston, San Mateo, Bengaluru, and Paris. We conduct AI research across machine learning, deep learning, natural language processing, computer vision, knowledge discovery, quantum computing, medical research and data mining. Many strong partnership examples exist, but one of my favorites is how RIT's Vision Program is collaborating with Chubu University to improve the understanding of action in videos. Action spotting enables sports enthusiasts and content creators to easily select the best scenes for bite-sized summaries of the most noteworthy video moments. Anomaly detection in surveillance

footage, on the other hand, allows for accurate identification and flagging of abnormal activities. Through advanced algorithms and deep learning techniques, the collaboration delivers tools for entertainment, creative expression, safety and security. RIT is also working with medical research teams worldwide to build computer vision models that help predict if a patient is likely to respond to a particular cancer therapy so that doctors can recommend the most effective treatment. Like a drone, AI can read a scan and identify distributions of cancerous and immune cells, and pass the results to a doctor for human verification. This is another example of Human + AI collaboration that has the potential to save many lives.

I am a firm believer that AI has the potential to change the world for the better by radically augmenting creativity and productivity. While Rakuten will continue to move fast and try new things, we will always uphold our core commitment to empowering society through technology that is useful, safe, and trusted.



Ting Cai

Group Senior Managing Executive Officer
CDO (Chief Data Officer)
Group Senior Managing Executive Officer of Technology Services Division

Sustainability Strategy

Sustainable Platforms
& Services

For more information ▶ <https://global.rakuten.com/corp/sustainability/supplychain/>

Rakuten offers a diverse range of over 70 services, serving the role of a platformer that connects consumers both in Japan and abroad with businesses covering many different industries. By leveraging the scale and diversity of our business portfolio, we are looking to advance solutions towards environmental and social challenges in collaboration with our suppliers and partners.

Building a Sustainable Supply Chain

At Rakuten, we procure materials such as parts and equipment, and services such as human resources and consulting. To ensure that our supply chain is sustainable, we have defined policies that we expect our suppliers to follow.

To put these policies into practice, we are selecting important suppliers to approach based on the type, industry, amount and strategic significance of the goods and services they provide. We hold online seminars to boost awareness and understanding of our policies, after which we ask suppliers to sign written pledges stating that they will follow them. We also conduct monitoring through regular questionnaires and audits, where necessary, to prevent supply chain problems, and understand and find solutions to challenges faced by suppliers. We then offer feedback that includes actions for improvement.

Organizations surveyed in 2022

- The Tohoku Rakuten Golden Eagles
- Rakuten Vissel Kobe
- Rakuten Mobile
- Rakuten Kobo
- Rakuten Pay
- Rakuten Edy
- Rakuten Card
- Rakuten Point partners
- Rakuten HQ



Building Sustainable Platforms and Services

To promote sustainability across Rakuten's entire value chain, we are working to create opportunities for our stakeholders to live sustainable lifestyles. Together with our partners, we hope to guide our industry through even more ambitious sustainability efforts.

TOPICS

Sustainability Promotion at Rakuten Travel

With over 40,000 registered accommodation providers in the country (as of March 2023), Rakuten Travel is one of Japan's biggest travel reservation services. In an opinion poll conducted among travelers in December 2022, around 70% of participants responded that they felt there was a sustainability issue with the unnecessary and inappropriate waste at their destination or accommodation. About 80% expressed a desire to see the situation improve. At the same time, around 70% answered that they did not have access to enough information about the sustainability initiatives undertaken by tourist and accommodation facilities. In November 2022, Rakuten Travel began cooperating with accommodation providers to address this situation by displaying 'Sustainability Icons' covering categories including waste; water resources; local tradition and history; and diversity. Providers that meet certain sustainability criteria now display a 'Sustainable Travel' badge, which users can select to refine their search parameters. Rakuten Travel also produced a handbook promoting sustainable accommodation initiatives and made it available for registered providers. Users can now check sustainability information as they reserve their trip, understand the initiatives undertaken by each provider and choose a destination that fits their travel preferences.

Sustainability Icons
environmental protection

Joining the GSTC

In December 2022, Rakuten joined the Global Sustainable Tourism Council (GSTC), an NPO that formulates and manages international standards on sustainable travel and tourism.

Expanding EV Charging Infrastructure at Registered Accommodation Providers

Through a partnership with ENECHANGE, Ltd., we are working on expanding electric vehicle (EV) charging facilities at participating Rakuten Travel providers. By supporting the EV shift and reducing CO₂ emissions, we strive to make sustainable travel a reality.

Sustainability Strategy

Climate Change



For more information ▶ <https://global.rakuten.com/corp/sustainability/climate/>

By helping to build a carbon-neutral society, the Rakuten Group aspires to become a leading environmental company. We have set a goal of reaching carbon neutrality* by the end of 2023, achieving a target of net zero emissions of greenhouse gases from Rakuten Group operations, including all consolidated subsidiaries.

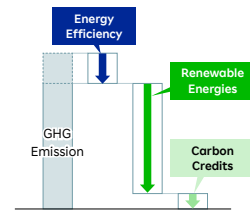
*Total Scope 1 and Scope 2 emissions as calculated by GHG Protocol standards and guaranteed by a third party.

Strategies for Achieving Carbon Neutrality

We are working towards achieving carbon neutrality through the following three methods:

- 1. Improving energy efficiency:** Driving a reduction of greenhouse gases
- 2. Switching to 100% renewable energy:** Building a portfolio of 100% renewable energy
- 3. Procuring carbon credits:** Offsetting greenhouse gas emissions

Reduction Levers and Priority



Improving Energy Efficiency

We are reducing the use of fossil fuels and improving the efficiency of our electricity usage at our business locations. In 2022, we set energy efficiency KPIs for the entire Group, switched to LEDs in 14 facilities resulting in a total CO₂ reduction of 39,482 metric tons and improved our operational rules. We also installed 1,144 power meters at Rakuten Mobile base stations to accurately measure electricity consumption – an essential step in optimizing energy usage. This allows us to measure precise power consumption at each facility – something that wasn't previously possible. We will continue leveraging technology to provide connectivity services that use less electricity and produce fewer CO₂ emissions.

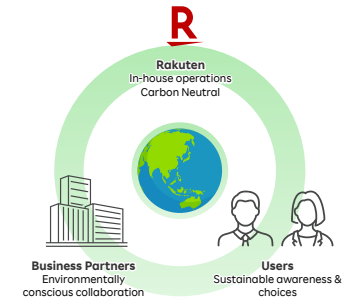
Switching to 100% Renewable Electricity

As a company that primarily provides online services, Rakuten's most significant environmental impact comes from electricity consumption. To achieve carbon neutrality, it is essential that we control where this energy comes from.

100% of the electricity used for Rakuten Group, Inc. operations already comes from renewable sources. The share of renewables used over the entire Rakuten Group, including consolidated subsidiaries, was 11.6% in FY2022. Besides Rakuten Group, Inc., other companies, like Rakuten Baseball, Inc. and Rakuten Vissel Kobe, Inc. have demonstrated substantial progress. For FY2022, their share of renewables reached 75.5% and 59.4%, respectively, as they continue offering sustainable sports games.

Reducing our Environmental Impact Up and Down the Supply Chain

In FY2023, in addition to our carbon neutrality targets for our operations, we are also looking to set medium to long-term targets to reduce greenhouse gas emissions up and down our supply chain (known as Scope 3 emissions). We want to work together with our customers and business partners to realize a decarbonized society that spans our entire value chain.



Go Green Together Project

In April 2022, we launched the *Go Green Together* project, through which we advocate for an environmentally friendly future and support *green-friendly* choices. We launched a website that provides suggestions for greener lifestyles, tips on green shopping, and campaign content, such as an environment-focused quiz that awards Rakuten Points.

<p>No. of participants in the Go Green Together project</p> <p>868,604</p>	<p>Amount raised by the Environmental Conservation Support Fund</p> <p>¥2,644,805</p>	<p>Supporting your Green Life with Points!</p> <p>Rakuten Points awarded</p> <p>5,017,930</p>
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As of June 4, 2023

VOICE

A word from the Brand Strategy Department members leading the project's promotion

Celebrating 25 years in business, Rakuten declared *Tech & Green* to be the theme of 2022, recognizing the crucial role that technology must play in building a sustainable society. This project was launched under that theme, introducing customers to various green Rakuten services and encouraging consumers to take concrete actions, such as improving their understanding of sustainability through quizzes and point campaigns. *Our Go Green Together* page received more than 2.9 million views, and nearly 870,000 people participated in campaigns as of June 4th, 2023. We are confident that the project was not only a success but also served to strengthen the Rakuten brand. Going forward, we will continue making a positive impact to the society not only by further promoting Rakuten's green initiatives, but also by broadening perspectives and prompting behavioral changes among the 100 million+ members of the Rakuten Ecosystem in Japan.



Johanna Nousiainen Risa Taaka Michelle Nishiwaki

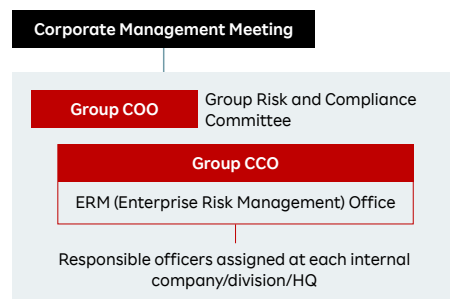
Risk Management



For more information ▶ <https://global.rakuten.com/corp/sustainability/risk/>

Rakuten's Risk Management Frameworks

At Rakuten, we define risk as uncertainties with the potential to impact our ability to achieve our business goals. We evaluate risks and mitigation strategies for each organization, report them to our management team and conduct risk management at a Group-wide level. Risks that affect the entire Group are discussed at the Group Risk and Compliance Committee, which meets four times a year. The risks of particular concern are reported to and deliberated on at the Board of Directors' meetings. To continually adapt to rapid changes in the environment, we take a three-pronged approach: Enterprise Risk Management (ERM); Incident Management; and Business Continuity Management (BCM).



Enterprise Risk Management (ERM)	Incident Management	Business Continuity Management (BCM)
A method of company-wide risk management in which we identify and address risks that have the potential to impact the entire organization's ability to achieve its business goals.	A management framework to minimize the potential impact on various stakeholders from incidents that could lead to business interruptions and disruptions, losses, emergencies or potential crises	A management framework for minimizing damage to our business assets in the event of an emergency while ensuring the continuity and swift recovery of our core activities.

Enterprise Risk Management (ERM)

Rakuten operates a diverse range of businesses around the world, and these businesses carry a variety of risks. The company implements a holistic risk management cycle across the Group in order to reach our business goals – which involves identifying and evaluating risks, formulating and implementing countermeasures and monitoring progress. External factors surrounding world affairs and the economy, such as geopolitical crises or climate change, are constantly unwinding. We must continuously monitor, recognize and deliberate countermeasures against those risks. In 2022, we updated the list of top risks of particular relevance for business

operations across the Group and formulated action plans covering areas such as compliance, natural disasters, pandemics and information security.

Incident Management

We have systems and reporting procedures in place at the Group level to promptly identify, assess and respond to the incident. Practically, this means evaluating the type of incident and the potential damage it could cause; evaluating how it will affect business continuity; analyzing the level of impact it could have on areas such as reputation; and clearly defining reporting procedures and areas that must be addressed. In 2022, we strengthened the Group's incident management capabilities by formulating instructions and clarifying incident management policies. As part of our efforts to further bolster our capabilities, we are working with relevant departments in Japan and abroad to prevent the occurrence and recurrence of incidents.

Business Continuity Management (BCM)

To minimize damage to Rakuten's business assets in the event of an emergency, while ensuring the continuity and swift recovery of our core activities, we implement advanced strategies through Business Continuity Management (BCM). In 2022, in addition to initial response drills and improvements to our BCM framework, we further strengthened global collaborative systems in response to rising social tensions stemming from geopolitical risks. Anticipating specific, individual emergency situations, we are preparing for unexpected events as a Group by clearly defining local roles and procedures to ensure a swift response across Group organizations.

Examples of Major Risks and Corresponding Responses

Below are examples of top risks and their corresponding responses. For more details, please refer to the Business Risk section of the FY2022 Annual Securities Report.

Risk	Overview	Response
Risks related to laws and regulations	Our businesses are subject to a wide range of laws and regulations in Japan and abroad, which may impact the Group's businesses, operating results and financial status.	Our Chief Compliance Officer (CCO), Chief Operating Officer (COO), and the Company Compliance Officers appointed to each internal company drive Group-wide compliance initiatives. ▶ For details, see p.47.
Risks related to natural disasters and pandemics	Natural disasters such as earthquakes, typhoons, and tsunamis, along with pandemics could significantly impact the Group's businesses, operating results and financial status.	We are working to minimize risks by formulating a Business Continuity Plan (BCP), ensuring the safety of employees through drills and implementing backups for our information systems. To combat infectious disease, we carry out a range of prevention measures in the workplace and implement other initiatives such as recommending employees work from home depending on the severity of the situation.
Risks related to information security	Our businesses carry the risk of not being able to ensure system availability or information integrity due to factors such as laws and regulations regarding personal information, privacy, or information security; and criminal activity.	We carry out several measures, such as implementing an Information Security Management System (ISMS) and acquiring ISO/IEC27001 certification. ▶ For details, see p.48.

Sustainability Strategy

Community Engagement



For more information ▶ <https://global.rakuten.com/corp/sustainability/communities/>

Rakuten's Community Engagement

To empower positive social impact across the globe, Rakuten is uniting Group assets and forging deeper connections with communities. The following are our focus areas.

Co-creation through partnerships	Leveraging the Rakuten Ecosystem to solve challenges	Driving impact through employee engagement	Education & talent development
<p>We aim to drive innovation through partnerships with diverse stakeholders, contribute to achieving the Sustainable Development Goals, and generate social impact.</p> <p>Case study</p> <ul style="list-style-type: none"> Comprehensive cooperation agreement with Japan International Cooperation Agency (JICA) 	<p>By leveraging our ecosystem of 70+ services and our cutting-edge technology, we are working to create a society where anyone can take on important sustainability initiatives.</p> <p>Case studies</p> <ul style="list-style-type: none"> Rakuten Clutch Special Charity Fund Taking on social challenges through Rakuten Viber 	<p>We empower our employees to take on a range of social challenges, making use of not only the knowledge and skills garnered from their day-to-day work but also our corporate culture embodied in <i>Rakuten Shugi</i>.</p> <p>Case studies</p> <ul style="list-style-type: none"> Rakuten Social Accelerator Dialogue for Change 	<p>We want to leverage Rakuten's strengths to create new opportunities for learning together with the next generation as they take charge of the future.</p> <p>Case studies</p> <ul style="list-style-type: none"> Developing next-gen talent in rural Japan Rakuten IT School NEXT

Taking in JICA Interns

In February 2021, Rakuten signed a comprehensive cooperation agreement with the Japan International Cooperation Agency (JICA). As of the end of 2022, we have 11 projects underway in 10 countries, and over 1,000 JICA staff and Rakuten employees have participated in seminars, study groups and other events. In April 2022, Rakuten hosted four interns from JICA's African Business Education (ABE) Initiative for Youth, who took the opportunity to learn about telecommunications, e-commerce and Rakuten's sustainability initiatives.

Participant's perspective



I had an incredible, life-changing experience. The two days were filled with learning, and I felt great admiration for Rakuten's culture of social contribution through innovation and growth.

Kalipa, from the Republic of South Africa

Participant's perspective



I learned all about Rakuten's culture of diversity. I found everything wonderfully stimulating, particularly Rakuten's culture of innovation, its vision, Open RAN and my mentors. I'm happy I was able to participate in this internship.

Lamin, from the Republic of The Gambia

Dialogue for Change with Rakuten

This program seeks to promote new values and a new vision for solving challenges faced by society through a variety of actions based on dialogue between program participants. It comprises three main stages:

- 1 Dialogue between diverse stakeholders
- 2 Actions based on dialogue outcomes
- 3 Sharing new visions and messages gleaned through actions



TOPIC

2022 Dialogue Topic: Women's Leadership and Empowerment

To truly promote women's empowerment in society, it is essential to have more opportunities outside the company to think about societal issues and seek potential solutions. The program produced the following outcomes:

- Fostering a culture of dialogue
- Creation of guidebook *A Guide to Dialogue* to promote systemic understanding of dialogue methods
- Improved awareness of the importance of dialogue

The dialogue partners made of students, employees, NPO members, and other participants rated the importance of dialogue for building a better future, with an average of 9.56 out of 10 following the program.



Participant's perspective



Being engaged in community development in Kesennuma, this initiative gave me a great feeling of hope. I have greater awareness for how we take our ability to engage in dialogue for granted. Participating in this program inspired us to embrace new approaches to our activities going forward. I can't wait to see how this dialogue movement spreads across the country as we take concrete action.

Takuma Kato (Representative Director, Maru Office General Incorporated Association)

Support for Ukraine

Rakuten put out a call for donations for the *Ukraine Humanitarian Crisis Emergency Relief Fund* to support the people of Ukraine facing severe humanitarian crises. This was done through our online donation platform, the *Rakuten Clutch Special Charity Fund*, where we also launched a charity T-shirt drive. Donations went toward providing material support to people in Ukraine, such as drinking water, and humanitarian aid for health services and child welfare.



Recipients: Embassy of Ukraine, Japan Committee for UNICEF, Japan for UNHCR

(as of Dec 2022)

Corporate Governance

Section 5

Our corporate mission since founding is based on the empowerment of individuals and society through innovation and entrepreneurship. We contribute to social innovation and enrichment by boosting the growth of as many people as possible, while providing services that ensure a high standard of satisfaction for both users and partner enterprises. We aim to maximize the corporate value and shareholder value of the Group with the vision of continuing to be a Global Innovation Company.



Corporate Governance

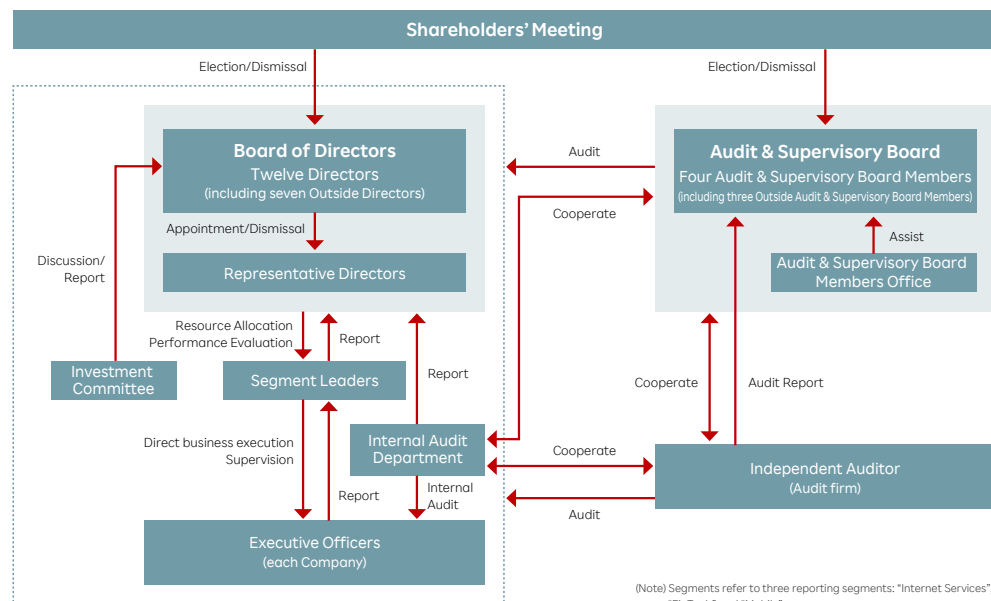
Basic Structure of Corporate Governance and Reasons for Adoption

The Company has adopted a company with an Audit & Supervisory Board structure, in which highly independent Audit & Supervisory Board Members provide auditing functions in order to improve the transparency of the Company's management and ensure its appropriateness, efficiency, fairness, and soundness. The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System in which the Board retains responsibility for management decision-making and supervision, while Executive Officers are responsible for executive functions.

The Company's Board of Directors, which includes Outside Directors who are highly independent experts from a variety of fields, supervises the execution of business from an objective perspective and engages in casual and multilateral discussions on management. Furthermore, the Company holds meetings, where debates are held 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, thereby enhancing the effectiveness of corporate governance.

In addition, we have introduced an internal Company System to ensure agile business execution and clear accountability.

Corporate Governance Structure



(Note) Segments refer to three reporting segments: "Internet Services", "FinTech" and "Mobile".

Board of Directors	The Board of Directors holds regular meetings, as well as special meetings as required, for the purpose of enhancing medium- to long-term corporate value and shareholder value. Within these meetings, Directors make decisions on important management matters, which are under the authority of the Board of Directors, and supervise the business execution of each Executive Officer.	13 times held in FY2022
Audit & Supervisory Board	The purpose of the Audit & Supervisory Board is to receive reports, hold discussions, and make decisions regarding important audit-related matters. The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members.	7 times held in FY2022
Investment Committee	As to a case that requires new capital expenditure including any investment, members, including 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. For each of our diverse investments, in addition to verifying the hurdle rate determined within the Company, its contribution to the Ecosystem, and the business plans and corporate value of the investee and deliberating on whether the investment should proceed or not, we also conduct regular verification of the investment after acquisition of the shares and report on its progress and outcomes to the Investment Committee.	12 times held in FY2022
Sustainability Committee	In November 2021, we established a group-wide Sustainability Committee consisting of domestic and overseas management to accelerate efforts to address materiality. Furthermore, in order to address issues that require long-term discussion across the organization, we have also established the Environment Subcommittee, Human Rights Subcommittee, and Diversity and Inclusion Subcommittee. Each subcommittee conducts more specific deliberations, such as grasping the current situation and formulating, proposing, and implementing measures to address issues. At the Sustainability Committee, resolutions are made on proposals from each subcommittee, confirmation of the status and progress of initiatives toward goals, incorporation into business strategies, and discussion of compliance with international guidelines and laws and regulations are reported to the directors on a regular basis.	2 times held in FY2022

Number of subcommittee meetings

Sustainability Committee		
2		
Environment Subcommittee	Human Rights Subcommittee	Diversity and Inclusion Subcommittee
10	4	2

Corporate Governance

Selection Policy for Director Candidates

The Company selects candidates for Directors who embody the Company's corporate philosophy at a high level and who have high potential to contribute to further development of the Group. By making each Director's term of office one year, the Company upholds the principle of reflecting the will of its shareholders.

In particular, the Board of Directors of the Company selects persons who have extensive experience from a global perspective, professional knowledge, and are able to play a leading role in areas such as IT, finance, corporate management, legal and risk management, financial accounting, public administration, and consulting, and who are capable of appropriately guiding and supervising the execution of business at Rakuten Group.

Expertise and experience of Directors and Audit & Supervisory Board Members (Skills Matrix)

Job title	Name	IT	Finance	Corporate Management	Legal & Risk Management	Finance & Accounting	Global Experience
Director	Hiroshi Mikitani	●	●	●			●
Director	Masayuki Hosaka	●	●	●			●
Director	Kentaro Hyakuno	●		●	●		●
Director	Kazunori Takeda	●		●			●
Director	Kenji Hirose	●	●	●		●	●
Outside Director	Sarah J. M. Whitley		●				●
Outside Director	Charles B. Baxter	●		●			●
Outside Director	Takashi Mitachi			●			●
Outside Director	Jun Murai	●					●
Outside Director	Takaharu Ando				●		●
Outside Director	Tsedal Neeley	●					●
Outside Director	Shigeki Habuka		●			●	
Audit & Supervisory Board Member	Yoshito Naganuma		●			●	
Outside Audit & Supervisory Board Member	Satoshi Fujita		●	●		●	
Outside Audit & Supervisory Board Member	Katsuyuki Yamaguchi				●		●
Outside Audit & Supervisory Board Member	Maki Kataoka				●	●	●

(As of April 1, 2023)

Evaluation about Effectiveness of the Board of Directors

The Company analyzes and evaluates the effectiveness of the Board of Directors overall, with the aim of ensuring its continued effectiveness and improvement of its functions.

1. Content of implementation

- Evaluation period: December 8, 2022 to January 4, 2023
- Evaluators: Directors and auditors (12 people in total)
- Method: Questionnaires. After answering questions and the free-form questionnaires, measures to improve effectiveness are reported to the Board of Directors.
- Overview: Matters related to decisions on management strategy, decisions on important business execution, and deliberations by the Board of Directors, etc.

2. Analysis and results of evaluation

The Company's Board of Directors has confirmed that its effectiveness has been ensured. On the other hand, the intention to further improve effectiveness was also confirmed.

- (1) It was confirmed that the content and number of items to be submitted and reported to the Board of Directors are appropriate.
- (2) It was confirmed that the diversity of the composition of the Board of Directors has increased the number of active statements by outside directors, and that the Board of Directors has become more active than before.
- (3) It was confirmed that the Board of Directors would like to deepen discussions on the action plans that are currently being implemented, to realize the medium- and long-term management plans.
- (4) Regarding discussions on financial strategies, it was confirmed that the Board of Directors would like to continue efforts to improve the quality of discussions, such as thorough information sharing and securing sufficient time for discussions.
- (5) Regarding company-wide risks and compliance, it was confirmed that the Board of Directors would like to continue information sharing and reporting, and to further strengthen the construction of a system for improvement.

3. Measures to improve effectiveness

Based on the results of the evaluation about the effectiveness of the Board of Directors, the Company will strive to further enhance deliberations and improve effectiveness by taking the following measures.

- (1) Regarding important themes such as medium- and long-term management plans and financial strategies, the Company has been selecting appropriate meeting bodies from among the most important ones, including the Board of Directors, to continuously improve the quality of reporting formats and the composition of agendas. The Company will continue to improve the accuracy of provision of information and secure sufficient time for discussions, to further revitalize such discussions.

Corporate Governance

(2) Regarding company-wide risks and compliance, appropriate reporting has been conducted at the Board of Directors and other important meeting bodies on the situation including the response after the occurrence of an incident. Going forward, the Company will continue to ensure prompt information sharing and thorough reporting, and will strive to further strengthen the governance of the entire Rakuten Group.

Policies on Determining the Amount of Directors' Compensation and the Calculation Method (Compensation Policy) (As of March 30, 2023)

1) Basic Policies

The compensation for the Company's Directors is determined based on the following basic policies.

For executive Directors, a level of compensation that is globally competitive is set to secure and maintain excellent human resources. The portion of share options is designed to be high to promote sustainable growth of the Company by improving medium- to long-term corporate value and achieving management goals. For non-executive Directors, a level of compensation that is globally competitive is set to secure and maintain excellent human resources who will support management with global expertise.

2) Compensation Structure

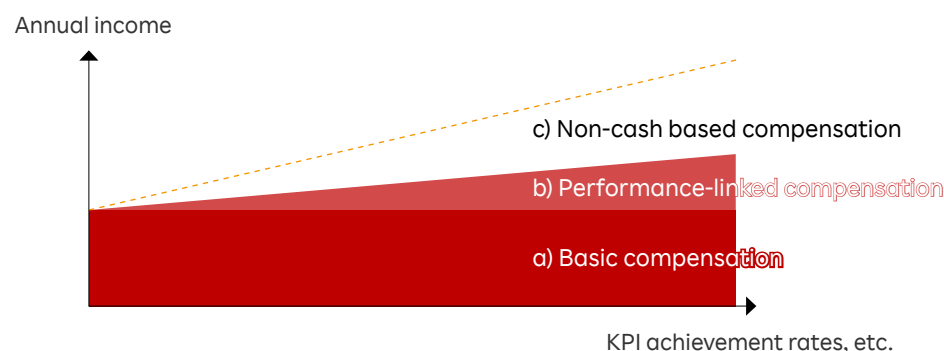
	Type of Compensation	Method of Determination	Maximum Amount of Compensation per year
Executive Directors	a) Basic compensation (fixed, monthly payment)	The ratio of basic compensation, performance-linked compensation and non-cash based compensation is set based on position and role of each executive Director.	1.7 billion yen
	b) Performance-linked compensation (performance-linked bonuses as short-term incentive compensation, annual payment)		
	c) Non-cash based compensation (stock-based compensation stock option as medium- to long-term incentive compensation, annual payment)		
Outside Directors	a) Basic compensation (fixed, monthly payment)	The ratio of basic compensation and non-cash based compensation is set based on position and role of each Outside Director.	0.2 billion yen
	b) Non-cash based compensation (stock-based compensation stock option as medium- to long-term incentive compensation, annual payment)		Share options 1,000

3) Indicators and Method of Calculation of Performance-linked Compensation and Non-cash Based Compensation

(For Executive Directors)

To increase awareness of the development and expansion of the Rakuten Ecosystem, multiple

Breakdown of Compensation for Executive Directors



KPIs such as consolidated operating income (loss) of each fiscal year (note) have been selected for performance-linked compensation and non-cash based compensation. They are linked to growth and profitability. Individual evaluations are determined based on the achievement of targets for the indicator set by the managing organization of each Director. The amount paid is determined based on individual evaluations and overall company performance.

(For Non-executive Directors and Outside Directors)

Performance-linked compensation is not applicable. There are no indicators for non-cash based compensation. The Company has decided that a percentage of the total amount of compensation for each Non-executive Director and Outside Director shall be non-cash compensation determined based on the role of each non-executive director and outside director.

4) Compensation Determination Process

The Company's Board of Directors resolves the compensation policy for Directors after providing explanations to Independent Outside Directors and obtaining their appropriate advice. Other decision-making processes are also explained to the Independent Outside Directors at the Board of Directors as necessary, and appropriate advice is obtained.

The amount of individual compensation for Directors is determined by Hiroshi Mikitani, the Representative Director, Chairman, President & CEO, who is delegated this authority by the Board of Directors within the compensation limit determined at the general shareholders' meeting and in accordance with the compensation policy. He evaluates the business each Director is in charge of while considering the Company's overall performance and obtaining advice from Outside Directors as necessary to determine the amount of individual compensation. Thus, the Board of Directors believes that the content of individual compensation, etc. is in line with the compensation policy.

Management Team (As of June 1, 2023)

Director



Hiroshi Mikitani
Representative Director,
Chairman, President & CEO



Masayuki Hosaka
Representative
Director
and Vice Chairman



Kentaro Hyakuno
Representative
Director and Group
Executive Vice
President




Kazunori Takeda
Director and Group
Executive Vice
President



Kenji Hirose
Director and
Group Executive
Vice President



Takaharu Ando *1*2
Director
**Year Appointed/Positions Held or Career Summary
2022**
Outside Director of AMUSE INC.
Outside Director of Zensho Holdings Co., Ltd.
Outside Director of TOBU RAILWAY CO., LTD.
Outside Director (Audit & Supervisory Committee Member) of
Nisshin Seifun Group Inc.



Tsedal Neeley *1*2
Director
**Year Appointed/Positions Held or Career Summary
2022**
Outside Director of The Partnership, Inc.
Naylor Fitzhugh Professor of Business Administration of Harvard
Business School
Director of Harvard Business Publishing
Outside Director of Brown Capital Management, LLC
Outside Director of Brightcove, Inc.
Senior Associate Dean for Faculty Development and Research of
Harvard Business School
Faculty Chair of the Christensen for Teaching and Learning of
Harvard Business School



Shigeki Habuka *1*2
Director
**Year Appointed/Positions Held or Career Summary
2022**
Corporate Executive Officer and Senior Vice President
(responsible for Public Relation) of Mitsubishi Chemical Group
Corporation



Jun Murai *1*2
Director
**Year Appointed/Positions Held or Career Summary
2012**
Outside Director of BroadBand Tower, Inc.
Outside Director of LAC Co., Ltd.
Professor of Keio University
Special Advisor to the Cabinet
Advisor to the Digital Agency
Advisor and Senior Fellow of The International House of
Japan, Inc.
Director of World Wide Web Consortium, Inc.



Sarah J. M. Whitley *1*2
Director
**Year Appointed/Positions Held or Career Summary
2019**
Trustee of Foundation Scotland
Chair of Edinburgh International Festival Endowment Fund
Trustee of The Royal Scottish Academy Foundation
Trustee of The Abbotsford Trust
Chair of Scottish Episcopal Church Pension Fund



Charles B. Baxter *1*2
Director
**Year Appointed/Positions Held or Career Summary
2011**
Rakuten Marketing LLC Manager
Rakuten USA, Inc. Chairman and Director
Reyns Holdco, Inc. Chairman
Wineshipping.com LLC Director



Takashi Mitachi *1*2
Director
**Year Appointed/Positions Held or Career Summary
2016**
Outside Director of Lotte Holdings Co., Ltd.
Outside Director of DMG MORI CO., LTD.
Board Member of Ohara Museum of Art
Outside Director of Tokio Marine Holdings, Inc.
Chief Executive Director of Ronald McDonald House Charities
Japan
Distinguished Professor of Graduate School of Management of
Kyoto University
Outside Director of SUMITOMO CORPORATION
Representative Director and Chairman of K.K. Juku to Kan

*1 Outside Directors stipulated under the Companies Act of Japan

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

Management Team (As of June 1, 2023)

Audit & Supervisory Board Members



Yoshito Naganuma
Audit & Supervisory Board Member (Full-time)



Maki Kataoka *2*3
Audit & Supervisory Board Member



Satoshi Fujita *2*3
Audit & Supervisory Board Member (Full-time)



Katsuyuki Yamaguchi *2*3
Audit & Supervisory Board Member

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

*3 Outside Audit & Supervisory Board Members stipulated under the Companies Act of Japan

Executive Officers



Yasufumi Hirai
Group Executive Vice President
CISO & Technology
Community, Chief of Staff



Tareq Amin
Group Executive Vice President
Representative Director and
Co-CEO of Rakuten Mobile, Inc.
Representative Director and
CEO of Rakuten Symphony,
Inc.



Naho Kono
Group Executive Vice President
CMO
CMO and Managing Executive
Officer of Rakuten Mobile, Inc.



Hiroshi Takasawa
Group Executive Vice President
FinTech Segment Vice
Segment Leader
Senior Vice President of
FinTech Group Company
President of Investment &
Incubation Company



Akihito Kurozumi
Group Senior Managing
Executive Officer
CIO



Amit Patel
Group Senior Managing
Executive Officer
Rakuten International
Business CEO



Kazuhiro Suzuki
Group Senior Managing
Executive Officer
Representative Director and
Co-CEO of Rakuten Mobile, Inc.
Representative Director,
Chairman and CEO of Rakuten
Communications Corp.
Representative Director and
President of Rakuten Energy, Inc.



Shunsuke Yazawa
Group Senior Managing
Executive Officer
Representative Director
and President of Rakuten
Mobile, Inc.



Ting Cai
Group Senior Managing
Executive Officer
CDO
Group Senior Managing
Executive Officer of
Technology Services Division



Masatada Kobayashi
Group Managing Executive Officer
CWO



Koichi Nakamura
Group Managing Executive
Officer
Head of Asia RHQ



Kazuhiko Kasahara
Group Managing Executive
Officer
Director and Executive Vice
President of Rakuten Payment,
Inc.



Sharad Sriwastawa
Group Managing Executive
Officer
CTO of Rakuten Mobile, Inc.



Tomotaka Torin
Group Managing Executive
Officer
CCO



Yuzo Hashiya
Group Managing Executive Officer
Vice Chairman of Rakuten
Insurance Holdings Co., Ltd.
Chairman of Rakuten Life
Insurance Co., Ltd.
President of Rakuten General
Insurance Co., Ltd.
Chairman of Rakuten Insurance
Planning Co., Ltd.



Ryo Matsumura
Group Managing Executive
Officer
Commerce & Marketing
Company Senior Vice
President

CEO = Chief Executive Officer
CIO = Chief Information Officer
CISO = Chief Information Security Officer
CTO = Chief Technology Officer
CSO = Chief Strategy Officer

CMO = Chief Marketing Officer
CDO = Chief Data Officer
CWO = Chief Well-Being Officer
COO = Chief Operating Officer
CCO = Chief Compliance Officer

*Only Primary job titles are listed

Compliance

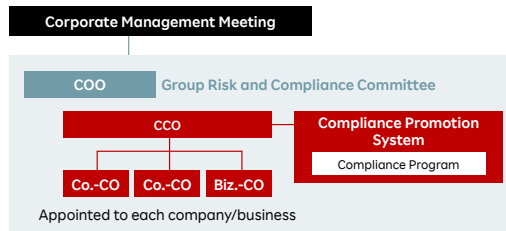


For more information ▶ <https://global.rakuten.com/corp/sustainability/compliance/>

Compliance Frameworks

The Rakuten Group has appointed a CCO (Chief Compliance Officer) to oversee Group-wide compliance under the leadership of the COO (Chief Operating Officer). To implement strong compliance frameworks, the CCO is supported by a Co.-CO (Company Compliance Officer) at each Group company and a Biz.-CO (Business Compliance Officer) at each business. The Board of Directors receives regular reports from the CCO on the progress and results of compliance measures. The role of the Co.-COs and Biz.-COs is to work with the CCO to conduct effective monitoring and strengthen Group-wide compliance frameworks.

The Group Risk and Compliance Committee also meets quarterly to identify risks surrounding subjects such as laws and regulations that may hinder the implementation of Rakuten’s business strategies from promoting effective compliance throughout the Group and to report on and discuss the Group Compliance Program.



Fostering Awareness

To ensure thorough compliance, every employee must have a sound understanding of laws and regulations and internal rules. We promote awareness of business ethics and the Rakuten Group Regulations (RGR) at Asakai, our weekly all-hands meeting, and through compulsory e-learning for all employees. Employees also sign a regular pledge stating they will work with integrity and adhere to social standards, laws and regulations, and internal rules. An annual compliance pledge is also collected from the upper management level employees in charge of Rakuten Group operations, including top management from Japan and worldwide, for which we have a 100% completion rate.

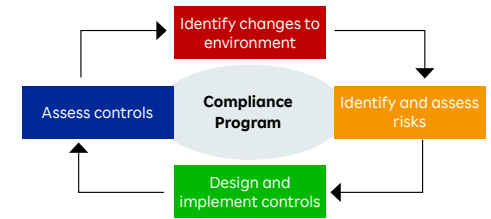
Examples of training topics in 2022:

- Preventing bribery and corruption
- Preventing harassment
- Compliance with the *Act against Unjustifiable Premiums and Misleading Representations*
- Sustainability
- Compliance with the *Act Against Delay in 'Payment, etc.' to Subcontractors*
- Information security
- Compliance with the *Unfair Competition Prevention Act*
- Protecting privacy
- Preventing infringements on intellectual property
- Whistleblowing channel

Group Compliance Program

We have implemented a four-step PDCA (plan-do-check-adjust) cycle called the Rakuten Group Compliance Program to mitigate compliance risks.

Through this program, we are taking on various measures in areas such as the prohibition of bribery and corruption; prevention of money laundering/terrorism financing; compliance with laws and regulations; and the elimination of antisocial forces.



Prohibition of Bribery and Corruption

The Rakuten Group prohibits bribery per the *Rakuten Group Code of Ethics* and has established the *Rakuten Group Anti-Corruption Instruction* under the RGR. To mitigate corruption risks, we have also formulated the *Rakuten Group Anti-Corruption Program*, which consists of the following steps:

[Risk evaluation]

We conduct risk assessments to identify corruption risks in each Rakuten Group company.

[Education]

We conduct regular e-learning training for all Rakuten Group employees and executives.

[Monitoring]

We regularly monitor the program’s operation and make revisions where appropriate.

[Reporting]

We require Rakuten Group employees to report to the appropriate internal whistleblowing channel when there has been a violation or suspected violation of relevant regulations. If a violation is uncovered, we conduct a thorough internal investigation and cooperate with the investigations of relevant authorities.

Measures against money laundering, terrorist financing, and economic sanctions

The Rakuten Group operates an *Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)* program to strengthen measures against international financial crime. We have also defined a set of *AML/CFT/Proliferation Financing/Economic Sanctions Instructions* under the RGR. They provide a management framework for handling such issues and defining the necessary steps for conducting proper business. With regards to Japan’s *Act on Prevention of Transfer of Criminal Proceeds*, Rakuten Group companies and businesses are working to prevent the abuse of financial services by organized crime through adherence to relevant laws and regulations, authentication at the point of transaction and management frameworks for the recording and reporting of suspicious transactions. Regular e-learning training is also conducted for all Rakuten Group employees.

Information Security & Privacy



[Information Security] For more information ▶ <https://global.rakuten.com/corp/sustainability/security/>

[Privacy] <https://global.rakuten.com/corp/sustainability/privacy/>

Information Security

Information security is one of the Rakuten Group's highest management priorities. We continually work to maintain and improve information security by adequately protecting and managing information. This includes the personal data of our valued customers and informational assets from our software and other information systems.

The CISO Community Supporting Rakuten's Information Security

The Rakuten Group Information Security & Privacy Committee is chaired by the Group CISO and convenes monthly to discuss major policies, report and make decisions on recent incidents. The major votes and reports made by the committee are reported at the Corporate Management Meetings and later shared at board meetings.

The regional CISOs, company CISOs and organizational CISOs that form the Rakuten Group's CISO community hold an annual Global CISO Summit, where they share knowledge and information about information security. The goal of the annual summit is to improve Group-wide information security literacy, explain policies from headquarters, share the best practices and technical expertise of each Group company and hold lectures by external experts. We are also working to offer secure services across the entire Group by assigning Security Champions to our global businesses through our framework for overseeing the development of secure services in each department and through thorough security reviews and sharing knowledge and expertise.

Aligning with Global Standards

We set Information Security Management standards and regulations based on ISO/IEC 27001 and are working to apply and maintain these standards for Group companies. To date, 27 Group companies have received this certification, covering some 32,000 employees and giving us top-class status among Japanese companies. We aim to continue growing this number. Our Group companies in India were certified in 2021, as were Group companies in Asia and Europe in 2022 and we are continuing efforts to have our remaining global companies certified by 2024.

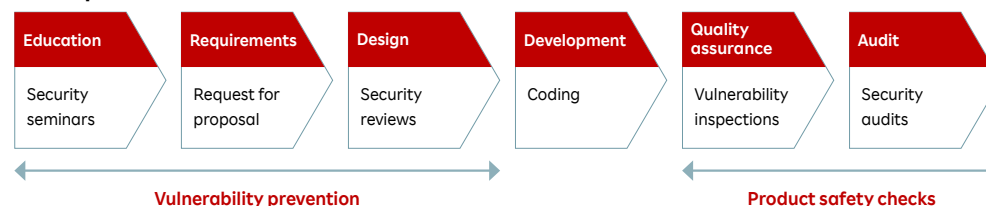
Regarding the security standards of the payment card industry, we are also moving forward with preparations to switch to Version 4.0 of PCI DSS*.

* PCI DSS (Payment Card Industry Data Security Standard)

Strengthening Cybersecurity

Cybersecurity is a crucial undertaking for Rakuten's businesses. We are taking measures against potential incidents through organizational frameworks such as our Security Operations Center and security measures specialist team (Rakuten-CERT). We are dedicated to strengthening our frameworks to eliminate vulnerabilities and develop resilient services. We do this by educating our engineers on security, conducting security reviews and vulnerability tests for our software development processes and incorporating security checks at every level of the development process.

Development Process



Implementing Technologies to Ensure User Safety

To protect our customers from fraudulent email attacks known as phishing, we are accelerating the implementation of sender domain authentication technologies (DMARC) for our marketing emails, which certify that Rakuten is the sender of the emails. This makes it possible to identify malicious emails falsely associated with Rakuten and discard them on the recipient's email server before they are delivered. As of the end of 2022, this has been implemented for over 99% of Rakuten's service domains and we are working toward applying it to all emails we send going forward. As a further measure against emails posing as Rakuten services, we worked with various email service providers to display the Rakuten logo on 97% of all emails sent from Rakuten, allowing users to confirm that our emails are authentic.



Rakuten logo display in Yahoo! Japan Mail application

Information Security & Privacy

Privacy

Valuing our customers' privacy is an important foundation for achieving our stated mission. We are working to provide services that our customers can use with confidence by tightening the governance of personal information and providing straightforward explanations of our policies.

Primary Frameworks and Operational Processes for Protecting Privacy

At Rakuten, we have established our operational standards for privacy measures that go beyond what is required by local and global privacy laws. We work with a focus on *education*, *transparency* and *trust* to provide services that our customers can use with confidence.

Privacy Education	Monitoring Privacy Regulations	Privacy by Design
<ul style="list-style-type: none"> We launched new training programs tailored to employees' different duties and responsibilities. We ensure all employees are educated on privacy protection by carrying out biannual training for new-grad recruits, monthly training for employees joining from other companies and annual training for all employees. This practical training has earned a high level of satisfaction for its use of applicable case studies. 	<ul style="list-style-type: none"> The Global Privacy Office (GPO) supervises compliance across the Rakuten Group. It monitors laws and regulations that could impact the Group and confirms that we adhere to the most current statutory requirements. The GPO also monitors decisions and guidelines from data protection authorities in all countries we do business. This is an essential process for correctly understanding and adhering to laws that are not yet defined in detail. 	<p>We conduct privacy by design to ensure that privacy is considered from the very beginning of the development process. This process involves engaging in discussions of new product development, data sharing, and new technologies in a timely manner, reviewing the situation and responding with appropriate measures. By monitoring the effectiveness of these measures, we are able to establish whether our privacy by design measures are functioning effectively.</p>

The Rakuten Group's Response to Recent Legal Reforms

Privacy laws around the world are constantly changing. The GPO monitors these trends and guides impacted Group organizations on the changes and updates to internal processes they must make to adapt to these changes.

In 2022, we completed our measures to adhere to Japan's reformed *Act on the Protection of Personal Information*. The GPO considered the new statutory requirements and guided impacted businesses and companies on the actions required of them. Rakuten Group, Inc. also updated its policy on the protection of personal data, adding more precise explanations



on several items including, the international transfer of data. In the United States, privacy laws in several states face amendments over the 2022-2023 period and we are currently conducting investigations toward adhering to the new requirements of each state and implementing the necessary processes. Following the establishment in 2021 of China's Personal Information Protection Law (PIPL), an additional index was stipulated regarding secure data transfers and contractual terms in 2022. We are continuing our efforts to adhere to these changes.

In May 2022, we received a UK BCR (Binding Corporate Rules) certification from the UK's Information Commissioner's Office. UK data protection laws require appropriate security safeguards and, in principle, prohibit the transfer of personal data out of the country, except for countries recognized as having an adequate level of personal data security. This certification recognizes Rakuten's sufficient protection of personal data and allows the transfer of data to other parts of the Group outside of the UK.

Improving Transparency for Users

Rakuten's [Privacy Center page](#) outlines our company's privacy measures and related information, along with the personal data protection policies of each Group company and other helpful information for understanding privacy protection and technology. In 2022, we launched the *Understand Privacy* section with the goal of making privacy more familiar. It includes a range of content regarding basic privacy knowledge to help customers think about privacy issues for themselves, including *Rakuten ID*, the membership authentication system used across Rakuten services, and cookies.

CISO Message

Offering Secure, Private Services



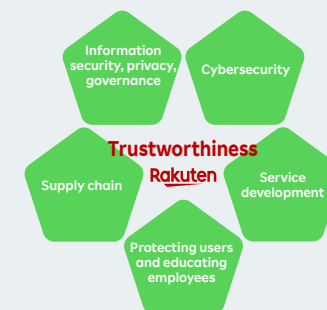
Yasufumi Hirai

Group Executive Vice President
CISO (Chief Information Security Officer) & Technology Community,
Chief of Staff

Earning Trustworthiness through Information Security and Privacy

The Rakuten Group provides over 70 services in fields such as online business, financial services and mobile services, all in pursuit of our mission to contribute to society by creating value through innovation and entrepreneurship. I consider the Rakuten Ecosystem, which comprises these services, an essential piece of social infrastructure.

We at the Rakuten Group employ a theme of *Trustworthiness* in all measures regarding our services' information security and privacy. We believe that even a single mistake could undo all the trust we have earned to date. To avoid this situation, we make great efforts in five key *Trustworthiness* areas.



Quality Initiatives



For more information ▶ <https://global.rakuten.com/corp/sustainability/quality/>

To provide safe and secure products and services for our customers, we are working to maintain and improve quality at a Group-wide level through Quality Assurance, Quality Improvement and Quality Control Circle (QCC) initiatives.

Quality Assurance

Rakuten engages in quality assurance for our 70+ services at a Group-wide level to ensure that we provide services and products of a consistent quality that our customers can use with confidence.

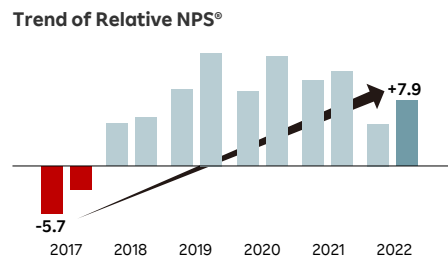
We assign Quality Assurance Officers to take charge of measures in each individual company, while our cross-group Quality Assurance Committee sets targets, establishes quality standards, carries out training and promotes the sharing of best practices to prevent the occurrence or reoccurrence of quality issues. The Rakuten Group, Inc. vice chairs and executive vice presidents also participate in quarterly meetings, bringing together management and frontline employees to take on holistic quality management measures.

In 2022, we formulated the *Service Release Checklist Instructions*, which specify the checklist items required before launching a new service. Previously, each individual business was responsible for its own pre-launch checklists. The new instructions serve as a framework to manage and operate the pre-launch checklist process with regard to overall information security, privacy, compliance, quality and design, with the goal of minimizing potential legal risks and user dissatisfaction.

To evaluate and improve the user experience, we conduct regular surveys measuring the share of dissatisfied users. In Q4 2022, this share was 2.5 points lower than in Q1 of the same year.

Quality Improvement

To evaluate and improve the customer experience, Rakuten utilizes NPS® (Net Promoter Score) surveys, an index that measures a customer's affinity for a company or service. Since 2018, our Group NPS® has continually exceeded that of our competitors, achieving an advantage of 7.9 points in Q4 2022.



*Relative NPS refers to the difference in NPS compared to competitors.

TOPIC

Journey and Outcome of NPS Activities to Maximize Customer Satisfaction on Rakuten Ichiba:

After the company's founding in 1997, new users on Rakuten Ichiba continued to grow steadily until 2014 when growth slowed. Analysis revealed issues with customer satisfaction, caused by our lack of a clear index for measuring customer satisfaction. We took this opportunity to adopt NPS® as a new, important KPI for Rakuten Ichiba, and began working towards long-term growth guided by this goal.

We quickly established a committee to discuss quality improvement measures, and gradually raised employee awareness of NPS® through training and weekly KPI reports. This enabled us to focus not only on service improvements and development for maximizing profit in the short-term, but also on new improvements driven by user perspectives. Since then, our NPS® efforts have driven many new projects, including improvements to our email marketing strategies and search functionality, and the implementation of a free shipping line.

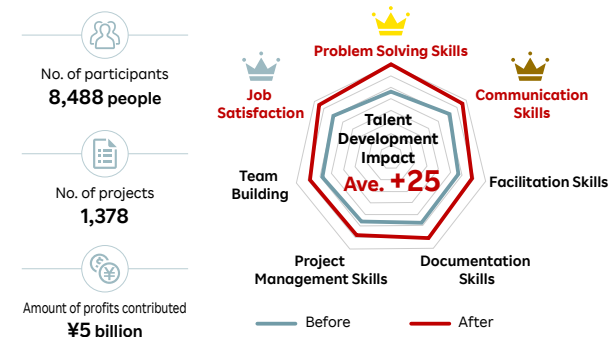
Even through the diverse challenges these new efforts presented, we have continued to pay close attention to our customers' feedback. As Rakuten turned 25 in 2022, these efforts resulted in Rakuten Ichiba recording the highest* NPS® score among the major platforms in Japan's competitive e-commerce landscape.

*According to in-house research

QCC Activities

The Quality Control Circle fosters talent and empowers employees by giving them the lead in solving workplace problems, aiming to boost productivity and improve quality. As of the end of 2022, 81.8% of Rakuten Group, Inc. employees have taken part in QCC activities.

Result of QCC Activities in 2022



TOPIC

Increasing Divisional Applications to Expand our Patent Portfolio

Managing and protecting our intellectual property allows us to solidify, improve and preserve the Rakuten Group's brand and technological assets as we pursue creative and innovative business activities. *Divisional applications* allow for new patent applications from parts of other applications that contain multiple inventions. They are an effective tool for expanding our patent portfolio (of both applied and acquired patents), and we have been carrying out QCC measures to leverage this tool further. We are working to improve our process for pursuing divisional applications based on analyses of our current patent application and acquisition processes, and have created manuals to organize and clarify the concrete timing and standards for successful applications. These measures have allowed us to increase the share of divisional applications by a factor of three, contributing greatly to the expansion of our patent portfolio. Another continual improvement from this QCC initiative leverages AI to optimize how divisional applications are assessed.

Data

Section 6



SUMMARY BY REGION		
Region	Actual	Difference
AMERICA	\$6.00	110.20
EUROPE	\$3.30	\$16.8X
ASIA	\$23.75	\$144.25
AFRICA	\$3.00	\$3.00
AUSTRALIA	\$4.00	\$4.00
OTHER	\$8.00	\$20.00
TOTAL	\$10.00	\$10.00

10-year Key Financial Data (IFRS)

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	(Millions of Yen)	¥ 518,568	¥ 598,565	¥ 713,555	¥ 781,916	¥ 944,474	¥ 1,101,480	¥ 1,263,932	¥ 1,455,538	¥ 1,681,757	1,927,878
Non-GAAP operating income or loss	(Millions of Yen)	103,344	118,092	152,153	119,615	167,010	161,130	95,129	(102,667)	(224,999)	(325,645)
Operating profit or loss	(Millions of Yen)	90,244	106,397	94,689	78,512	149,344	170,425	72,745	(93,849)	(194,726)	(363,892)
Income (loss) before income tax	(Millions of Yen)	89,424	104,691	94,076	74,458	138,082	165,423	(44,558)	(151,016)	(212,630)	(407,894)
Net income (loss)	(Millions of Yen)	44,170	71,412	45,885	38,435	110,488	141,889	(33,068)	(115,838)	(135,826)	(375,911)
Comprehensive income (loss)	(Millions of Yen)	67,866	122,847	52,725	20,106	100,981	124,452	(42,818)	(132,401)	(73,041)	(305,976)
Equity attributable to owners of the Company	(Millions of Yen)	303,497	424,020	666,111	682,391	683,181	774,473	735,672	608,738	1,093,719	813,730
Total assets	(Millions of Yen)	3,209,808	3,680,695	4,269,953	4,604,672	6,184,299	7,345,002	9,165,697	12,524,438	16,831,221	20,437,298
"Equity attributable to owners of the Company per share"	(Yen)	230.30	320.60	467.65	478.40	507.32	572.83	542.43	446.78	691.47	511.63
Basic earnings (losses) per share	(Yen)	33.12	53.70	33.50	26.96	80.03	105.43	(23.55)	(84.00)	(87.62)	(235.00)
Diluted earnings (losses) per share	(Yen)	32.93	53.38	33.25	26.74	79.28	104.38	(23.55)	(84.00)	(87.62)	(235.16)
Equity attributable to owners of the Company ratio	(%)	9.5	11.5	15.6	14.8	11.0	10.5	8.0	4.9	6.5	4.0
"Net income to equity attributable to owners of the Company ratio"	(%)	16.2	19.5	8.4	5.7	16.2	19.5	(4.2)	(17.0)	(15.7)	(39.1)
Price earnings ratio	(Times)	47.2	31.3	41.9	42.5	12.9	7.0	—	—	—	—
Cash flows from operating activities	(Millions of Yen)	1,485	111,860	78,245	30,700	162,056	145,615	318,320	1,041,391	582,707	(257,947)
Cash flows from investing activities	(Millions of Yen)	30,584	(261,085)	(224,078)	(26,841)	(203,718)	(67,569)	(286,290)	(303,347)	(611,830)	(952,408)
Cash flows from financing activities	(Millions of Yen)	75,252	189,512	221,831	45,200	194,458	208,418	458,340	808,108	1,402,265	1,486,684
Cash and cash equivalents at end of the year	(Millions of Yen)	384,008	428,635	501,029	548,269	700,881	990,242	1,478,557	3,021,306	4,410,301	4,694,360
Employees	(Persons)	10,867	11,723	12,981	14,134	14,845	17,214	20,053	23,841	28,261	32,079

1. Consumption tax is not included in Revenue.

2. Average number of shares during the fiscal year is calculated on a daily basis.

3. Number of Employees does not include those serving concurrently as employees and Directors, temporary staff and part-time employees.

4. With regard to insurance business policy reserves, 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, Rakuten Group has changed to a method that recognizes interest arising from the book value of insurance liabilities in net income, 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, 2016 have been retrospectively restated to reflect the change in accounting policy.

ESG (Environmental, Social, Governance) Data

The following is a summary of the information provided in our ESG Data Book.

For more details, including calculation methods, third-party assurance, data coverage, please refer to the [ESG Data Book](#).

Item	Coverage	Unit	FY2020	FY2021	FY2022	
Environmental Data						
CO ₂ emissions	Scope 1	Rakuten Group	t-CO ₂	2,705	1,647	1,745
	Scope 2 (location-based)	Rakuten Group	t-CO ₂	93,192	241,308	307,140
	Scope 2 (market-based)	Rakuten Group	t-CO ₂	66,494	169,935	268,476
	Scope 3	Rakuten Group	t-CO ₂	1,045,127	1,903,043	9,201,773
Energy consumption	Rakuten Group	MWh	192,777	466,683	706,332	
Water withdrawals	Rakuten Group	1,000m ³	215	142	193	
Waste generation	Rakuten Group	t	5,231	1,288	3,370	

Social Data

Total no. of employees		People	23,841	28,261	32,079	
Region	Japan	People	18,128	20,433	25,931	
	APAC (excluding Japan)	People	1,893	4,231	2,598	
	Americas	Rakuten Group	People	2,939	3,072	2,994
	EMEA	People	881	525	556	
Contract	Permanent	People	22,078	26,606	30,666	
	Temporary	People	1,763	1,655	1,413	
Employment rate of people with disabilities	Rakuten Group	%	2.32	2.42	2.38	
Average age	Rakuten Group, Inc.	Years	33.8	34.3	33.7	
Gender pay gap	All types of employees	%	—	—	75.6	
	Regular employees	Rakuten Group, Inc.	%	—	82.0	
	Non-regular employees	%	—	—	71.1	
Total no. of employees in each of the following diversity categories		People	9,090	10,067	10,931	
Age	Under 30 years old	People	3,178	3,606	4,113	
	30 - 50 years old	People	5,677	6,179	6,473	
	Over 50 years old	People	234	282	344	
	Unregistered	People	—	—	1	
Gender	Female	Rakuten Group, Inc.	People	3,598	4,052	4,420
	Male	People	5,492	6,015	6,509	
	Unregistered	People	—	—	2	
Nationality	Japanese	People	7,116	8,012	8,595	
	Non-Japanese	People	1,974	2,055	2,336	

Item	Coverage	Unit	FY2020	FY2021	FY2022	
Total no. of managers in each of the following diversity categories		People	2,165	2,356	2,493	
Gender	Female	People	611	678	750	
	Male	Rakuten Group, Inc.	People	1,554	1,678	1,742
	Unregistered	—	—	—	1	
	Nationality	Japanese	People	1,789	1,949	2,049
	Non-Japanese	People	385	407	444	
Total no. of employees that were entitled to parental leave		People	350	503	477	
Gender	Female	Rakuten Group, Inc.	People	83	174	192
	Male	People	267	329	285	
Total no. and percentage of employees that took parental leave		People	128	300	320	
Gender	Total	People	79	186	200	
	Female	Percentage	%	95.2	106.9	104.2
	Male	Total	People	49	114	120
	Percentage	%	18.4	34.7	42.1	
Return to work rate after parental leave		%	98	95	97	
Gender	Female	Rakuten Group, Inc.	%	100	98	98
	Male	Days granted	Days	13.1	15.9	16.1
	Days taken	Rakuten Group, Inc.	Days	8	11	13
Average annual paid vacation per employee	Rate	%	61.2	71.3	78.7	
Average hours of training per employee	Rakuten Group, Inc.	Hours	54.9	70.3	65.0	
% of employees who received a regular performance and career development review	Rakuten Group, Inc.	%	100	100	100	
Average length of service	Rakuten Group, Inc.	Years	4.5	4.7	4.7	
Total no. of employee fatalities	Rakuten Group, Inc.	People	0	0	0	
Last-time occupational injury frequency rate	Rakuten Group, Inc.	n/million hours worked	0	0	0.06	
Last-time occupational disease frequency rate	Rakuten Group, Inc.	hours worked	0	0.06	0.06	

Governance Data

Board of Directors	No. of directors	People	7	9	9
	No. of female directors	People	1	1	1
	No. of external directors	People	4	5	5
	No. of independent directors	People	4	5	5
Board of Company Auditors	No. of directors	People	4	4	4
	No. of external directors	People	3	3	3
	No. of independent directors	People	3	3	3

Awards and Recognition

Rakuten's sustainability initiatives and transparency have been recognized both in Japan and abroad.

ESG Investment Indexes

MSCI Indexes

Rakuten received an upgraded rating from MSCI, from "A" to "AA," placing the company among "Leaders" – organizations with strong ESG performance. Rakuten is included in the MSCI Japan Empowering Women Index and the MSCI ESG Leaders Index. These indexes list companies that exhibit a commitment towards promoting and maintaining a high level of gender diversity and ESG performance, while maintaining superior financial quality.



*The inclusion of Rakuten Group, 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 Group, 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

Rakuten is continuously selected for inclusion in the FTSE4Good Index Series, the FTSE Blossom Japan Index and the FTSE Blossom Japan Sector Relative Index, all of which consist of global companies that demonstrate strong ESG and sustainability practices.



Dow Jones Sustainability Indices

Rakuten is continuously included in the Dow Jones Sustainability World Index and the Dow Jones Sustainability Asia Pacific Index. These indices comprise globally listed companies that excel in long-term sustainability strategies and practices.



S&P/JPX Carbon Efficient Index

Rakuten was again selected as a constituent of the S&P/JPX Carbon Efficient Index in the first decile of retail constituents, with the highest carbon-efficiency. The index is designed to measure the performance of companies in the Tokyo Stock Price Index, weighting them based on their disclosure status of environmental data and carbon emissions per unit of revenue.



Recognition and Awards from External Organizations

Eco-First Certification (Ministry of the Environment)

Rakuten is certified as an Eco-First company by Japan's Ministry of the Environment through the Eco-First Program, which recognizes companies that are engaged in "advanced and independent industry-leading business activities" with regard to the environment.



Certified Health & Productivity Management Outstanding Organizations (Ministry of Economy, Trade and Industry)

Rakuten is recognized as a White 500 company under the Certified Health & Productivity Management Outstanding Organizations Recognition Program, which recognizes outstanding companies for their efforts to enhance employee wellness.



PRIDE Index (work with Pride)

Since 2015, Rakuten has received Gold Level in the PRIDE Index developed by work with Pride, an organization that promotes LGBTQ+ initiatives in Japan.



D&I AWARD

Rakuten has continuously received the best-possible rating of "Best Workplace" in Japan's largest Diversity and Inclusion award programs "D&I AWARD" since 2021. This recognition acknowledges Rakuten as a pioneering company that excels in promoting diversity and inclusion, not only within Japan but also on a global scale, setting high standards for D&I initiatives.



Monisu Certification System

Rakuten Socio Business Co., Ltd., a subsidiary of Rakuten Group, Inc. is a certified company under the "Monisu Certification System," an initiative by the Minister of Health, Labour and Welfare to recognize small and medium-sized enterprises excelling in the promotion and provision of stable employment of persons with disabilities.



Corporate Information

(As of December 31, 2022)

Corporate Overview

Name	Rakuten Group, 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	¥294,061 million
Employees	Non-consolidated: 8,409 Consolidated: 32,079

Stock Information

Company Name	Rakuten Group, Inc.
Stock Code	4755 (Tokyo Stock Exchange Prime Market)
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
Place of Share Handling Business	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Department 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan

Financial and Sustainability Information

More detailed information is disclosed at the following URL.



Investors

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



Sustainability

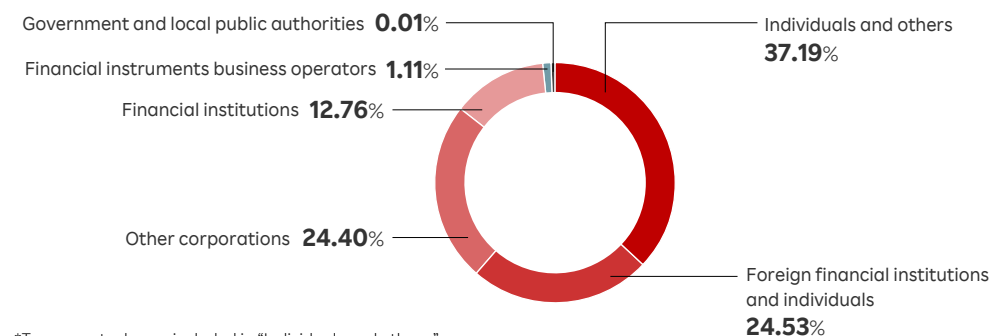
<https://global.rakuten.com/corp/sustainability/>

Major Shareholders

Name	Number of shares held (shares)	Percentage of shares held (%)
Crimson Group, LLC.	226,419,000	14.24
Hiroshi Mikitani	176,346,300	11.09
The Master Trust Bank of Japan, Ltd. (Trust account)	143,529,500	9.02
Haruko Mikitani	132,625,000	8.34
JAPAN POST HOLDINGS Co., Ltd.	131,004,000	8.24
MSIP CLIENT SECURITIES	58,490,941	3.68
Custody Bank of Japan, Ltd. (Trust account)	40,950,857	2.57
GOLDMAN SACHS INTERNATIONAL	28,198,800	1.77
THE BANK OF NEW YORK MELLON 140051	22,158,300	1.39
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	14,844,973	0.93

(Note) Percentage of shares held is calculated excluding treasury stocks (244 shares).

Distribution of ownership among shareholders



Cautionary Statement

In this report, unless indicated otherwise, references to "Rakuten," "Rakuten Group," "we," "our," and "us" are to Rakuten Group, 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 logo" are registered trademarks of Rakuten Group, Inc. in Japan.