

Welcome to your CDP Climate Change Questionnaire 2023

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

Since the foundation of Rakuten in 1997, innovation has been at the core of who we are. With the mission of "empowering people and society through innovation and entrepreneurship," and in line with our vision as a Global Innovation Company, Rakuten Group is engaged in a broad range of businesses that provide online and off-line services, including e-commerce, travel, fintech, digital contents and communications, as well as credit cards, banking, securities, insurance, electronic money and even professional sports.

By using these services – whether shopping, streaming content, banking, or others– members can earn our loyalty points called Rakuten Points which can be used for payment to enjoy our services. This way, Rakuten is linking its diverse services through a common membership and loyalty program, and has created a unique Rakuten ecosystem. The ecosystem maximizes the lifetime value of each Rakuten member and drives growth of gross transaction value (GTV), which reached JPY33.8 trillion in 2022. About 1.7 billion members are registered across the globe, including over 100 million members based in Japan.

As most of our services are provided over the internet, the scope 2 emissions of the Rakuten Group are predominantly due to our consumption of electricity (mobile network, data center, etc.) and our scope 1 emissions are in comparison small.

As part of our measures against climate change, Rakuten Group, Inc. joined the international RE100 initiative in 2019 with the goal of transitioning to 100% renewable electricity used for all business operations by 2025. Since FY2021, Rakuten Group, Inc. has successfully run its operations on 100% renewable electricity. In FY2022, Rakuten Group has continued promoting activities related to improving energy efficiency and introducing renewable energies to ultimately achieve the transition in all Group company operations to run on renewable electricity by FY2023 as per our ambitious RE100 commitment.

C0.2

(C0.2) State the start and end date of the year for which you are reporting data and indicate whether you will be providing emissions data for past reporting years.

Reporting year

Start date

January 1, 2022

End date

December 31, 2022

Indicate if you are providing emissions data for past reporting years

No

C0.3

(C0.3) Select the countries/areas in which you operate.

Canada
France
Germany
Israel
Japan
Luxembourg
Singapore
Taiwan, China
United States of America

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

JPY

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Operational control

C0.8

(C0.8) Does your organization have an ISIN code or another unique identifier (e.g., Ticker, CUSIP, etc.)?

Indicate whether you are able to provide a unique identifier for your organization	Provide your unique identifier
Yes, an ISIN code	JP3967200001

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual or committee	Responsibilities for climate-related issues
Chief Executive Officer (CEO)	<p>Rakuten’s business activities and infrastructures rely heavily on electricity; therefore, we recognize our impact on climate change and our responsibility to contribute to the realization of a low-carbon society. Since climate-related issues have become a necessary factor to be taken into consideration when making business decisions inside Rakuten Group, the CEO of Rakuten has the final responsibility towards climate-related issues decided in BoD (Board of Directors) Meetings.</p> <p>During the keynote speech at Rakuten Optimism 2022, the largest annual business conference hosted by Rakuten Group, the CEO pledged to achieve carbon neutrality by 2023, an ambitious commitment which was decided in a 2022 BoD Meeting.</p>

C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain
Scheduled – some meetings	<p>Reviewing and guiding annual budgets</p> <p>Overseeing and guiding employee incentives</p> <p>Reviewing and guiding strategy</p>	<p>Board of Directors (BoD) Meetings are held regularly throughout the year to discuss organizational strategies, financial plans, and corporate targets at the board level. In 2022, the BoD Meetings were held 13 times in total. The Chief Operating Officer, who promotes various activities Group-wide for addressing climate-related issues and fostering cross-organizational collaboration, quarterly reports the direction, initiatives, and progress of sustainability</p>

	<p>Monitoring the implementation of a transition plan</p> <p>Overseeing the setting of corporate targets</p>	<p>efforts including climate-related issues to the Corporate Management and the Board of Directors (BoD). Some important climate-related agenda items briefed by the COO at the BoD Meetings in 2022 are such as strategies for improving ESG ratings and announcement of climate commitments at Optimism, Rakuten's largest annual business conference.</p>
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C1.1d

(C1.1d) Does your organization have at least one board member with competence on climate-related issues?

	Board member(s) have competence on climate-related issues	Criteria used to assess competence of board member(s) on climate-related issues
Row 1	Yes	<p>The criteria used for assessing the competence of board member(s) on climate-related skills, experiences, or expertise is direct supervision of the division(s)/department(s) in charge of climate-related issues. In January 2022, the Environmental Department (EVD) was established inside the Operation Division under the Chief Operating Officer (COO). EVD reports directly to the COO on a monthly basis about updates on key climate-related issues. With frequent direct updates from EVD, the COO is a representative board member with competence on climate-related issues.</p>

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Position or committee

Chief Operating Officer (COO)

Climate-related responsibilities of this position

- Managing annual budgets for climate mitigation activities
- Providing climate-related employee incentives
- Implementing a climate transition plan
- Integrating climate-related issues into the strategy
- Setting climate-related corporate targets

Coverage of responsibilities

Reporting line

Reports to the board directly

Frequency of reporting to the board on climate-related issues via this reporting line

Quarterly

Please explain

The Chief Operating Officer (COO) is the highest management-level position with responsibility for climate-related issues. The COO, also in the position of Representative Director and Group Executive Vice President of Rakuten Group, is a member of the Board of Directors. The COO quarterly reports directly to the board regarding the direction, initiatives, and progress of sustainability efforts including climate-related issues. The COO receives monthly updates from the Environmental Department (EVD) regarding the climate-related issues. EVD was established in January 2022 under the COO to promote operational transformation across the entire Group, particularly regarding climate-related issues. Key issues are also shared with key organizations within the Group monthly at the Environmental Subcommittee under the Sustainability Committee, chaired by Chief Well-being Officer (CWO). In 2022, Environmental Subcommittee was held 10 times. If any significant climate-related issues are found, the CWO, as the chairman of the Sustainability Committee, will first report the issue and propose countermeasures to Corporate Management Meeting, which serves as the CEO’s advisory body, and then to the board at the BoD Meetings for further discussions and a final decision. Through the above two routes, namely the COO and Sustainability Committee, it is ensured that the significant climate-related issues are certainly addressed and shared among all stakeholders, including the BoD and each business inside our Group.

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	Yes	Rakuten’s Chief Operating Officer (COO) is in charge of improving the company's climate-related performances, and monetary incentives are granted to the COO according to KPIs relating to emissions reduction from improving energy efficiency.

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Entitled to incentive

Chief Operating Officer (COO)

Type of incentive

Monetary reward

Incentive(s)

Bonus – set figure
Salary increase
Shares

Performance indicator(s)

Achievement of climate transition plan KPI
Progress towards a climate-related target
Achievement of a climate-related target
Implementation of an emissions reduction initiative
Reduction in absolute emissions
Energy efficiency improvement

Incentive plan(s) this incentive is linked to

Both Short-Term and Long-Term Incentive Plan

Further details of incentive(s)

Rakuten's Chief Operating Officer (COO) is in charge of improving the company's climate-related performances across all regions, sectors, and operations within the entire Group. Target setting and performance review for Executive Officers, including the COO, are conducted once a year. The performance evaluation determines the short-term variable compensation such as performance-linked bonuses as short-term incentive compensation and stock option grant as medium- to long-term incentive compensation.

Since the value of the Share Options is linked with the Company's stock price, delivering the Share Options as part of a performance-linked compensation package to the executives and employees of the Group will allow them to share the gains of shareholders when stock prices rise and feel shareholders' losses when stock prices fall, thus enhancing their motivation. The exercise period of a portion of the Share Options will commence on the date on which one year has passed from the issuance, while the proportion of the Share Options, which may be exercised, will increase gradually in stages until the date prior to the date on which four years have passed from the issuance. By making a portion of the Share Options exercisable gradually in stages, it will be possible to further raise the incentive of the Group towards higher performance and higher stock prices in the long term, and retain existing talented staff.

Explain how this incentive contributes to the implementation of your organization's climate commitments and/or climate transition plan

This incentive is linked to our commitment to carbon neutrality (for Scopes 1 and 2) by 2023. Our internal key performance indicators (KPIs) are set to facilitate the achievement of this target. Our internal KPI relating to emissions reduction from improving energy efficiency is linked to the performance indicators selected, namely

achievement of climate transition plan KPI, progress towards a climate-related target, achievement of a climate-related target, implementation of an emissions reduction initiative, reduction in absolute emissions, and energy efficiency improvement.

C2. Risks and opportunities

C2.1

(C2.1) Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a

(C2.1a) How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	Development of new businesses with significant environmental impacts (ex: mobile network construction). Improvement of environmental impact understanding, reduction target setting. Launch of first impact mitigation programs in line with reduction plan.
Medium-term	3	7	New businesses fully implemented. Long-term environmental impact reduction plan established in detail. Impact mitigation programs launched group-wide.
Long-term	7		Mature climate change management. Environmental impacts minimized.

C2.1b

(C2.1b) How does your organization define substantive financial or strategic impact on your business?

In Rakuten Group, definition of substantive financial or strategic impact when identifying and assessing climate-related risks in TCFD implementation is aligned with “high” level in Rakuten’s **Enterprise Risk Management (ERM)**, which includes:

- Discussions in committees
- 3% or greater of sales
- Mainstream media coverage
- Deaths or serious injuries
- Temporary suspension of services and operations

- Business improvement/suspension orders; Violation of law by management

C2.2

(C2.2) Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations
Upstream
Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term
Medium-term
Long-term

Description of process

[Process used to determine which risks and opportunities could have a substantive financial or strategic impact]

We manage risks and opportunities associated with our diverse business operations in Japan and overseas in an integrated manner through the Enterprise Risk Management (ERM) cycle; we identify risks, determine, and carry out appropriate countermeasures and monitor their results. Risks are defined as "any uncertain factor[s] which may influence the achievement of corporate objectives," which must be managed across the Group to increase the certainty of achieving these goals. Opportunities are managed under the ERM as well, in the context of risks pertaining to the failure or limitation to realizing opportunities. Risks facing each business are aggregated and reported to the Group Risk and Compliance Committee, which meets four times a year to discuss Group-wide risks. The most serious risks are reported and discussed at the Board of Directors' meetings. Our framework thus combines bottom-up risk responses by front-line staff and Group-wide risk monitoring by senior executive management. Risks related to "Climate Change and Energy" are also managed under Rakuten's ERM, as one of the external environmental risks.

1. identification

The Environmental Department (EVD) is currently functioning as both the risk owner and execution team of climate-related risks inside Rakuten's ERM. Receiving direction from the Risk Management Department (RMD) that serves as the execution office of Rakuten's ERM, EVD initiates the climate-related risk identification process by collecting

information from the environment persons in charge (Environmental PICs) inside each organization, who are responsible for coordinating with EVD in taking on a wide range of climate change-related measures, including strategy formulation, implementation, and risk management.

2. assessment

EVD assesses the potential financial impact of climate-related risks and opportunities quantitatively by collecting information and data from internal sources, namely Environmental PICs from each organization, as well as external sources such as academic research and databases. Based on the degree of the financial impact, as well as the frequency of occurrence, EVD integrates climate-related issues with substantive financial or strategic impact (top risks for Rakuten Group) into scenario analysis. For scenario analysis, we consider climate-related issues at three different time-horizons, which are namely short- (0-3 years), medium- (3-7 years), and long- (7 years and more) terms. We handle risks and opportunities arising from current laws and regulations and consumers trends in short-term, those from new laws and regulations in medium-term, and those from the uncertainties of climate change in long-term. The value chain stages covered are not only direct operations such as carbon taxes but also upstream operations such as purchased goods and their transportation processes and downstream operations such as consumer' needs.

3. response

EVD drafts Group-level action plans for the top climate-related risks, set key risk indicators (KPIs) and monitors the status of the top risks/action plans. This information is shared with RMD, which integrates all the top risks from the Group and reports to the Group Risk and Compliance Committee, which meets four times a year to discuss Group-wide risks. The most serious risks are reported and discussed at the Board of Directors' meetings.

C2.2a

(C2.2a) Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Japan's FIT (Feed-In Tariff) policy for renewable energy was enacted at the beginning of July 2012 to accelerate the adoption of electricity from renewable sources. Under Japan's FIT system, electric utilities and merchants purchase renewable-generated electricity at prices and contract durations set by the Ministry of Economy, Trade and Industry (METI). End-users then pay a surcharge to help cover the renewable portion of the total power supply. In terms of energy consumption, more than 90% of our CO2 emissions comes from electricity consumption. We assess the risk related to FIT charge by quantifying the associated cost burden on the company's total operating expenses.

Emerging regulation	Relevant, always included	<p>There is a possibility that various laws and regulations such as carbon taxes will be imposed without a grace period by the governments of countries where the Group Companies operate, including Japan. To comply with such laws and regulations, the business activities, financial performance, and financial position of the Group Companies may be affected by temporary increases in costs. The Group's business activities and infrastructure consume a large amount of electricity, and more than 90% of the CO2 emitted through business activities comes from electricity consumption. To reduce CO2 emissions, especially Scope 2, Rakuten has joined the RE100 (Renewable Electricity 100%) international initiative and has committed to utilize 100% renewable energy for the electricity used in our operation. In FY2022, we proceeded to improve the energy efficiency and build further resilient energy portfolio to materialize our ambition in achieving RE100 for the entire Rakuten Group by FY2023.</p>
Technology	Relevant, always included	<p>Electricity used at the networks of Rakuten Mobile accounts for about 85% of Rakuten Group's total electricity consumption in FY2022. Considering the risk of Rakuten Mobile's growing impact on climate change, we have been assessing risks relevant to mobile communication technology by investing in base station infrastructure in a more efficient way. For example, we proceeded with concrete projects to improve the energy efficiency of telecom-facilities and offices in FY2022.</p>
Legal	Relevant, always included	<p>The "Act on the Rational Use of Energy" (hereinafter "the Act") is the foundation of Japan's energy efficiency and conservation policy. The Act requires specified business operators in Japan whose energy consumption is 1,500 kL-COE/y or more, to appoint qualified energy management people, and to submit annual reports on their energy consumption as well as the mid- to long-term plans to the government. Since we have been witnessing a significant rise of electricity consumption since FY2019 due to the service launch for Rakuten Mobile's network, including increasing construction of base stations and usage of data center. To make sure all business units inside Rakuten Group, including Rakuten Mobile, comply with the Act, we have been monitoring the energy consumption of each business unit on an annual base with 3rd party assurance to guarantee data accuracy. As a result of the latest monitoring in FY2022, the energy consumption of Rakuten Mobile Inc. and Rakuten Group, Inc. exceeded the threshold of 1,500 kL-COE/y and is obliged to notify the Ministry of Economy, Trade and Industry (METI) of its energy consumption status voluntarily and received official designation. If we fail to fulfil the requirements or report any false data, we can be fined up to 1,000,000 JPY.</p>

Market	Relevant, always included	Rakuten is making necessary changes in our services to better prepare for an increased market demand for environmentally conscious services and to embrace the transition to a lower-carbon economy. Through the “Go Green Together” campaign launched in 2022, we introduce various environmentally conscious services and encourage our customers to utilize them. For instance, in a collaborative program with Japan’s Ministry of the Environment, Green Life Points with 1 Japanese Yen value per Point were awarded for purchases of energy-saving appliances, label-free beverages, and second-hand bags at six different Rakuten services (Rakuten Ichiba, Rakuma, Rakuten Fashion, Rakuten 24 Drink-Kan, Rakuten Bic, and Rakuten Travel).
Reputation	Relevant, always included	Rakuten Group provides over 70 services to almost 1.5 billion members around the world, which means that Rakuten’s stance in combating climate change has a wide audience, including our customers, shareholders and investors. Failure to adapt to the transition to a lower-carbon economy, such as dependence on non-renewable power supply for our operations, can impact the brand image of the entire Rakuten Group. The estimated value of Rakuten brand in FY2022 was reported to be 3,358 million USD by Interbrand Japan. Using Interbrand’s estimated brand value, a hypothetical reputational risk resulting in 1% decrease in brand value could result in a loss of future brand value of approximately 33 million USD. Assuming 1 USD is 130 JPY, potential impact could be 42.9 billion JPY.
Acute physical	Relevant, always included	About ongoing and critical physical risks, we consider the impact of extraordinary events — including natural disasters — on our business to be of particular importance. Specifically, Rakuten General Insurance Co., Ltd. has paid out a significant amount in insurance claims relating to large-scale natural disasters that are closely connected to global warming. To minimize such risks, Rakuten General Insurance comprehensively evaluates risks including natural disasters which relate to its product portfolio and makes decisions such as whether to hold or transfer those risks. For risks associated with major natural disasters, we are accumulating extraordinary risk reserves to the extent that our capacity allows and formulating and updating reinsurance schemes annually to transfer risks.
Chronic physical	Relevant, always included	From the variety of products sold on Rakuten Ichiba to the travel destinations promoted on Rakuten Travel, the continuity and quality of Rakuten’s services depend largely on the biodiversity and natural environment maintained under stable climate conditions. Long-term shifts in climate patterns, such as sustained higher temperatures, may cause sea level rise or chronic heat waves, which has an overall negative influence on the variety of products and services that Rakuten can provide for its customers. Rakuten assesses and manages the risks related to chronic physical causes by analyzing the impact those risks have on our business sensitive to climate change. For example,

		<p>Rakuten Farm, a Rakuten Group agricultural service that provides delivery subscription service of organic produce and operates an online organic produce store, can be negatively affected in its production and produce quality because of sustained heat. Also, countermeasures such as shading and in-house cultivation may incur additional operating costs.</p>
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C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Current regulation

Enhanced emissions-reporting obligations

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The "Act on the Rational Use of Energy" (hereinafter "the Act") is the foundation of Japan's energy efficiency and conservation policy. The Act requires specified business operators in Japan whose energy consumption is 1,500 kL-COE/y or more, to appoint qualified personnel for energy management and to submit annual reports on their energy consumption as well as the mid- to long-term plans to the government. We have been witnessing a significant rise in electricity consumption since FY2019 due to the service launch of Rakuten Mobile's network, entailing the increase in the construction of base stations and usage of data centers.

90% of Rakuten's total electricity consumption derives from the mobile network and data centers. Base stations consume the most amount of electricity out of all facility types, and as of December 2022, 52,003 base stations have been erected. Kanto area with a particularly high number of base stations have seen high electricity consumptions. To make sure all business units inside Rakuten Group, including Rakuten Mobile, comply with the Act, we have been monitoring the energy consumption of each business

unit on a yearly basis with third-party assurance to guarantee data accuracy. As a result of the latest monitoring in FY2022, the energy consumption of Rakuten Mobile Inc. and Rakuten Group, Inc. exceeded the threshold of 1,500 kL-COE/y and is obliged to notify the Ministry of Economy, Trade and Industry (METI) of its energy consumption status voluntarily and received official designation.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

1,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

In case of non-compliance or violation of the Act, it can lead to a fine of up to 1 million JPY (defined in Article 94, Chapter VIII Penal Provisions of the Act).

Cost of response to risk

30,000,000

Description of response and explanation of cost calculation

To reduce operational risks due to non-compliance of laws and regulations, Rakuten Group reports accurate environmental data that have received third-party verification. The external verification fee for the entire Rakuten Group in FY2022 was 30 million JPY .

Comment

Identifier

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Acute physical
Cyclone, hurricane, typhoon

Primary potential financial impact

Decreased revenues due to reduced production capacity

Company-specific description

We recognize the impact of extreme weather including the specific extraordinary disasters that have occurred in Japan for three consecutive years as one of the acute physical risks. Specifically, the risk of delays in dispatch and delivery of products purchased on Rakuten Ichiba has become increasingly prominent. At Rakuten Ichiba, a notice of delay in delivery arising from extreme weather is announced to users on merchandise purchase screens. In addition, we research water risks (including risks of wastewater overflow, landslide, river flood, and high tide) at self-operating logistics centers mainly based on hazard maps. Moreover, we thoroughly publicize evacuation bases to be used at the time of disasters, and thereby seek to reduce risks of merchandise being damaged at logistics centers, so that dispatch and delivery will not be hindered.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

840,854,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Investigation of the water risks (including risks of wastewater overflow, landslide, river flood, and high tide) at all self-operating Rakuten Fulfilment Centers (RFC) based on hazard maps reveals that RFC Nagareyama has the possibility to be inundated up to 2m when extreme weather events happen. If RFC Nagareyama were flooded on the 1st floor and operations were suspended for one day, its financial impact can be simulated as below:

- 1) Damage to non-lease assets on the 1st floor of RFC Nagareyama 152,534,000 JPY
- 2) Damage to leased assets on the 1st floor of RFC Nagareyama 685,800,000 JPY
- 3) Profit loss due to one-day suspension of shipment at the entire RFC Nagareyama 2,520,000 JPY

1)+2)+3) : 840,854,000 JPY

Cost of response to risk

12,000,000

Description of response and explanation of cost calculation

We are conducting mainly 3 actions in response to the acute physical risks at self-operating logistic centers, including:

- 1) Continuous investigation of water risks at all existing and newly established self-operating logistic centers 0 JPY

The investigation of water risks is based on information such as publicly available hazard maps, so there is no extra cost.

- 2) Annual premium for fire insurance with flood compensation 4,000,000 JPY
About 70% of the leased assets on the 1st floor of RFC Nagareyama are covered by fire insurance with flood compensation.

- 3) Consultation fee for Business Continuity Plan (BCP) development 8,000,000 JPY
Rakuten's BCP aims to minimize the damage to our business assets in the event of an emergency including extreme weather events while ensuring the continuity and early recovery of our core activities. We are currently receiving consulting support for the formulation of our BCP policy.

1)+2)+3) : 12,000,000 JPY

Comment

C2.4

(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a

(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Primary potential financial impact

Reduced indirect (operating) costs

Company-specific description

With the emergence of various laws and regulations that could be imposed without a grace period by the governments of countries where the Group Companies operate, including Japan, there is a possibility for carbon taxes to be part of regular operating costs. To not only comply with such laws and regulations, but also to realize the opportunity of cutting future operating costs. The Group's business activities and infrastructure consume a large amount of electricity, and more than 90% of the CO2 emitted through business activities comes from electricity consumption. To reduce CO2 emissions, especially Scope 2, Rakuten has joined the RE100 (Renewable Electricity 100%) international initiative and has committed to utilize 100% renewable energy for the electricity used in our operations. In FY2021, to speed up our adaptation in the rapidly changing global environment, we raised our ambition to achieving RE100 among the whole Rakuten Group by FY2023, two years earlier than 2025, our original target year.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

10,366,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Simulation in 2030 (long-term):

- Carbon tax is predicted to be 130 USD (about 16,900 JPY) /t-CO₂ in IEA NZE 2050 scenario
- Electricity consumption of Rakuten Group is predicted to be 1,657,771 MWh based on the growth of our business activities
- Emission factor of the national grid is predicted to be 0.37 kg-CO₂/MWh as committed by the Japanese government
- Scope 2 of Rakuten Group if no RE100 countermeasures are taken: 613,375 t-CO₂
- Scope 2 of Rakuten Group if RE100 is realized (=operations under 100% renewable electricity): 0 t-CO₂
- Carbon taxes Rakuten Group has to pay if no RE100 countermeasures are taken: 10,366 million JPY

Calculation: 1,657,771 MWh x 0.37 kg-CO₂/MWh x 16,900 JPY/t-CO₂ = 10,366 million JPY

Cost to realize opportunity

663,108,400

Strategy to realize opportunity and explanation of cost calculation

As Rakuten Group, Inc. has joined the RE100 (Renewable Electricity 100%) international initiative and has committed to utilizing 100% renewable energy for the electricity used in all Group operations by FY2023, we are now procuring renewable electricity actively. For facilities and operations where we do not have control over electricity contracts—such as leased properties—we use renewable energy certificates with tracking information, which provides the renewable attributes of the electricity consumed by Rakuten. Since October 2021, electricity buyers in Japan can directly procure environmental value (non-fossil certificates) separately from electricity through an auction from the newly established "Renewable Energy Value Trading Market" launched by Japan Electric Power Exchange (JEPX). Rakuten Group, through the intermediary of "Rakuten Energy," has procured RE100-compliant tracking FIT non-fossil certificates since November 2021, effectively making a portion of the electricity consumed in its business carbon-free. The price of FIT non-fossil certificates in 2022 is 0.4JPY/kWh. If Rakuten claims all its renewable electricity usage in 2030 (1,657,771 MWh) by FIT non-fossil certificates, the cost will be 497 million JPY.

Calculation: 1,657,771MWh x 1,000 kWh/MWh x 0.4 JPY/kWh = 663.1 million JPY

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

With the Japanese government's pledge of reaching carbon neutrality by 2050 and a new GHG emission reduction target for 2030 of a 46% decline from 2013 levels, the interest for renewable energy, especially from corporate users committed to more ambitious initiatives such as "RE100" and "RE Action", is growing rapidly inside Japan's electricity market. As of July 2023, 66 Japanese companies have committed to "RE100", with an aggregated electricity demand of around 28 TWh/yr. On the other hand, a total of 286 Japanese local governments, educational and medical institutions, and SMEs have declared a conversion to 100% renewable electricity under "RE Action", with an aggregated electricity demand of over 1.6 TWh/yr. To provide reasonable and optimized renewable electricity solutions for customers under the current situation, Rakuten Energy (electricity retail business within Rakuten Ecosystem) announced the launch of "REco", a range of power supply options derived from virtually renewable energy for corporate users. By adding environmental values such as non-fossil certificates to the electricity provided, "REco" ensures that the electricity supplied to the facilities of users is essentially renewable so that the GHG emission originated from electricity consumption can be controlled. Meanwhile, in 2021, Rakuten Energy is expected to be subject to the Act on Sophisticated Methods of Energy Supply Structures, which requires electricity retailers with over 500 GWh in annual sales to offset a certain proportion (up to 44%) of their electricity from non-fossil fuel sources in 2030.

Time horizon

Short-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

4,224,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Simulation of potential annual sales of virtually renewable electricity “REco” in case of supplying non-fossil electricity required under the Act on Sophisticated Methods of Energy Supply Structures to corporate users with renewable energy needs:

Rakuten Energy’s annual power supply (Jan. 2022 ~ Dec. 2022) = 2.4 TWh
Average intermediate non-fossil fuel source target for electricity retailers under the Act on Sophisticated Methods of Energy Supply Structures in FY2022 = 11%
Average market sales price of essentially renewable electricity (the combination of electricity originated from fossil fuels and renewable energy values) in Japan = 16 JPY/kWh

Calculation: $2.4 \text{ TWh} \times 11\% \times 1,000,000,000 \text{ kWh/TWh} \times 16 \text{ JPY/kWh} = 4,224 \text{ million JPY}$

Cost to realize opportunity

105,600,000

Strategy to realize opportunity and explanation of cost calculation

To supply virtually renewable electricity “REco” to corporate users with renewable energy needs, Rakuten Energy needs to procure renewable energy value.

Simulation of annual procurement cost of renewable energy value (FIT non-fossil certificates):

Rakuten Energy’s annual power supply (Jan. 2022 ~ Dec. 2022) = 2.4 TWh
Average intermediate non-fossil fuel source target for electricity retailers under the Act on Sophisticated Methods of Energy Supply Structures in FY2022 = 11%
Typical market price for FIT non-fossil certificates = 0.4 JPY/kWh

Calculation: $2.4 \text{ TWh} \times 11\% \times 1,000,000,000 \text{ kWh/TWh} \times 0.4 \text{ JPY/kWh} = 105.6 \text{ million JPY}$

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Products and services

Primary climate-related opportunity driver

Shift in consumer preferences

Primary potential financial impact

Increased revenues resulting from increased demand for products and services

Company-specific description

One of Rakuten's services, Rakuten Farm, provides certified organic products such as vegetables and fruits. Some research state that organic farming is superior to general farming practices in terms of water conservation, soil fertility and biodiversity protection for the absence of pesticides or chemical fertilizers. It is gaining attention as a sustainable agriculture.

On the other hand, the area of organic farms in Japan that have obtained Organic-JAS certification is only 0.2% of the total arable land, and the ratio of Organic-JAS certified vegetables to the total vegetable production in Japan is 0.35%. In response to this situation, Rakuten Farm is promoting the spread of organic vegetables by expanding its JAS-certified organic farms and establishing an integrated system from production to sales of organic vegetables.

With the growing public attention on climate change, consumers are becoming more motivated and sympathetic to environmental protection. More and more people are concerned about sustainable consumption and buying certified products. Rakuten Farm's regular deliveries of organic products make it easy for consumers to take actions by purchasing responsibly produced products certified by the Japanese Agricultural Standards (JAS) or GAP and getting to know the farmers online.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

12,800,000,000

Potential financial impact figure – minimum (currency)

Potential financial impact figure – maximum (currency)

Explanation of financial impact figure

Rakuten Farm expects to generate approximately 1.1 billion JPY in sales in 2022. Research by Nielsen Product Insider estimates that global sales of certified sustainable products will grow from the current 125.4 billion USD to 198.1 billion USD in 2030 (158%).

$(1.1 \text{ billion JPY} + 1.1 \text{ billion JPY} * 1.58) / 2 * 9 = 12.8 \text{ billion JPY}$

Based on this calculation, the total accumulated sales for 2022-2030 is expected to be 12.8 billion JPY.

Cost to realize opportunity

4,600,000

Strategy to realize opportunity and explanation of cost calculation

To maintain the momentum of sales of certified sustainable products, Rakuten Farm will acquire certification for all new products and renew the label annually. In 2022, Rakuten Farm paid about 0.4 million JPY for certifications .

$(0.4 \text{ million JPY} + 0.4 \text{ million JPY} * 1.58) / 2 * 9 = 4.6 \text{ million JPY}$

Based on this calculation, the cumulative cost of certification acquisition/renewal for 2022-2030 is expected to be 4.6 million JPY.

Comment

C3. Business Strategy

C3.1

(C3.1) Does your organization's strategy include a climate transition plan that aligns with a 1.5°C world?

Row 1

Climate transition plan

Yes, we have a climate transition plan which aligns with a 1.5°C world

Publicly available climate transition plan

Yes

Mechanism by which feedback is collected from shareholders on your climate transition plan

We have a different feedback mechanism in place

Description of feedback mechanism

The transition plan which aligns with a 1.5°C world is updated and shared at Rakuten's quarterly BoD (Board of Directors) Camp, attended by Board of Directors, Audit & Supervisory Board Members and other Management Team.

Frequency of feedback collection

More frequently than annually

Attach any relevant documents which detail your climate transition plan (optional)

C3.2

(C3.2) Does your organization use climate-related scenario analysis to inform its strategy?

	Use of climate-related scenario analysis to inform strategy
Row 1	Yes, qualitative and quantitative

C3.2a

(C3.2a) Provide details of your organization’s use of climate-related scenario analysis.

Climate-related scenario	Scenario analysis coverage	Temperature alignment of scenario	Parameters, assumptions, analytical choices
Physical climate scenarios RCP 8.5	Company-wide		With the RCP 8.5 scenario, representing the IPCC’s high-end pathway in which radiative forcing reaches greater than 8.5 W/m2 by 2100, and continues to rise for some time afterward, we consider significant damage from both acute and chronic physical risks on our business. Acute physical risk includes natural disasters affecting the amount of claim payments in general insurance business increasing from frequent large-scale natural disasters. The acute physical risk is evaluated and thought to be held or transferred to reinsurance companies. Chronic physical risk includes the decrease in revenue in travel and golf business, as well as the agriculture business that will be affected by the raise in temperature and shift precipitation patterns.
Transition scenarios IEA NZE 2050	Company-wide		With the IEA NZE 2050 scenario, a roadmap for realizing a 50% chance of limiting warming to a 1.5°C rise, it is expected that there will be a stronger deployment of technologies that are familiar and available at a commercial scale today and increased investment towards technologies that introduce additional nuclear capacity and rapid CCS expansion.

			In this scenario, Rakuten will have to change its energy portfolio to renewables that will be graded higher, including generating electricity onsite or offsite with high additionality, as well as utilizing innovative technology to empower our customers to have access to cheaper and high-quality renewables.

C3.2b

(C3.2b) Provide details of the focal questions your organization seeks to address by using climate-related scenario analysis, and summarize the results with respect to these questions.

Row 1

Focal questions

- 1) Impact of physical risks on our business: What are the physical risks and how could they possibly affect our business across time horizons and across our Group operations?
- 2) Impact of transition risks on our business: What are the transition risks and how could they possibly affect our business across time horizons and across our Group operations?

Results of the climate-related scenario analysis with respect to the focal questions

- 1) Impact of physical risks on our business

A key result of our scenario analysis was that acute physical risks due to emergency disasters, large-scale typhoons, and torrential rains are expected to impact our business in short-, medium-, and long-terms. Since these are likely to have a significant impact on our business, we are taking necessary countermeasures across our various services as below:

In our Logistics business, we are taking preventative measures against system failures, developing and implementing permanent measures against the root causes of system failures, and constructing a risk management system around possible natural disasters. In our Insurance business, we are utilizing reinsurance and building up a catastrophe reserve in preparation for the likely occurrence of large-scale natural disasters and pandemics.

Across the entire Group, we are actively taking various efforts to minimize the impact of acute physical risks in case our major facilities are affected. Possible impacts include information system disruptions at data centers and lower productivity due to restrictions in staff commuting, against which we are formulating our Business Continuity Plan (BCP), training to ensure employee safety with emergency drills, and anticipating launch of backup information systems.

- 2) Impact of transition risks on our business

A key result of our scenario analysis was that it will cost more than 10 billion JPY to respond to the long-term policy risk of carbon taxes. From this finding, we have started our transition towards utilizing renewable energy, setting our goal as using 100% renewable energy by 2023. In short- and medium- terms, there is a reputation risk of losing the Rakuten Group brand image due to the failure to transition to a decarbonized society, and therefore our climate-related engagement activity “Go Green Together” was launched on Earth Day (April 22) 2022 for advocating for an environmentally conscious future.

C3.3

(C3.3) Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Yes	<p>With the Japanese government's pledge of reaching carbon neutrality by 2050 and a new GHG emission reduction target for 2030 of a 46% decline from 2013 levels, the interest for renewable energy, especially from corporate users committed to more ambitious initiatives such as "RE100" and "RE Action", is growing rapidly inside Japan's electricity market. As Rakuten is also a member of RE100, we understand the demand for renewable electricity and barriers faced inside Japan's market. Besides limited availability of renewables, regulatory limitation such as lack of electricity market structure allowing direct trade between corporate buyers of all sizes and renewable electricity suppliers is also one of the main barriers of sourcing renewable electricity in Japan. Although the government is accelerating several new policies to free the market, the unbalanced status between supply and demand of renewable electricity in Japan will possibly continue for at least 1~2 years. The opportunity of increased demand for low-emission services including renewable electricity has influenced Rakuten's strategy in developing new services. To provide reasonable and optimized renewable electricity solutions for customers under current situation, in May 2020, Rakuten Energy (electricity retail business within Rakuten Ecosystem) announced the launch of "REco", a range of power supply options derived from virtually renewable energy for corporate users. By adding environmental values such as non-fossil certificates to the</p>

		electricity provided, "REco" ensures that the electricity supplied to the facilities of users is essentially renewable.
Supply chain and/or value chain	Yes	In addition to the achievement of carbon neutrality by FY2023, Rakuten Group aims to accelerate decarbonization of entire society, together with the partners, through several services that enable environmentally conscious shopping or life styles. Rakuten Group will set a target for the reduction of GHG emissions including Scope 3 and supply chain in future. In FY2022, Rakuten group started to provide Rakuten points and coupons for environmentally friendly actions, as a selected business operator of the "Green Life Point" promotion project by the Ministry of the Environment. This service was applicable to the 6 services Rakuten group provided, such as Rakuten Ichiba, Rakuten Rakuma, Rakuten Fashion, Rakuten 24 Drink-Kan, Rakuten Bic for purchasing environmentally conscious products, and Rakuten travel for booking the environmentally conscious hotels.
Investment in R&D	Yes	Climate change can shift precipitation patterns, increasing severity of extreme weather. Due to the frequent occurrence of large-scale typhoons and torrential rains that have hit Japan in recent years, substantial operating loss has been recorded in Rakuten General Insurance and the ratio of insurance compensation paid to wind and flood damage is increasing. Based on scientific studies, acute physical risks (increased severity and frequency of extreme weather events such as cyclones and floods) will aggravate in mid-long term in both 2°C and 4°C scenarios. Our scenario analysis reveals that business units vulnerable to such risks should take practical actions including investment in R&D utilizing IT technology to mitigate the risk and improve our service quality as soon as possible. To mitigate the risk, we are developing technologies which contribute to improving energy efficiency. Through technological investment, the number of equipment such as base station in Mobile business to be newly installed can be decreased.
Operations	Yes	With the transition to a low-carbon society by reducing CO2 emissions, there is a possibility that various laws and regulations such as carbon taxes will be imposed without prior notice by the governments of countries where our companies operate, including Japan. According to IEA WEO 2021, the carbon tax in 2030 is predicted to be 130 USD/t-CO2 in NZE scenario. To mitigate the impact of sudden increases in such indirect costs on our business activities

		<p>and financial performance, we started monitoring our CO2 emissions and managing the sources of electricity, since more than 90% of the CO2 emitted by Rakuten comes from electricity consumption.</p> <p>To reduce our CO2 emissions, Rakuten Group, Inc. has joined the RE100 (Renewable Electricity 100%) international initiative and has committed to utilizing 100% renewable energy for the electricity used in all our operation by 2023. This way, we are preparing ourselves for the transition to a low-carbon society in advance to possible future external regulations such as carbon taxes.</p>
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C3.4

(C3.4) Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Revenues Indirect costs	<p>[Revenues]</p> <p>With the Japanese government's pledge of reaching carbon neutrality by 2050 and a new GHG emission reduction target for 2030 of a 46% decline from 2013 levels, the interest for renewable energy, especially from corporate users committed to more ambitious initiatives such as "RE100" and "RE Action", is growing rapidly inside Japan's electricity market. As of July 2023, 66 Japanese companies have committed to "RE100", with an aggregated electricity demand of around 28 TWh/yr. On the other hand, a total of 286 Japanese local governments, educational and medical institutions, and SMEs have declared a conversion to 100% renewable electricity under "RE Action", with an aggregated electricity demand of over 1.6 TWh/yr. To provide reasonable and optimized renewable electricity solutions for customers under the current situation, Rakuten Energy (electricity retail business within Rakuten Ecosystem) announced the launch of "REco", a range of power supply options derived from virtually renewable energy for corporate users. By adding environmental values such as non-fossil certificates to the electricity provided, "REco" ensures that the electricity supplied to the facilities of users is essentially renewable so that the GHG emission originated from electricity consumption can be controlled. Simulation of potential annual revenue of virtually renewable electricity "REco" in case of supplying non-fossil-fuel electricity required under the Act on Sophisticated Methods of Energy Supply Structures to corporate users with renewable energy needs is 4,224 million JPY.</p>

		<p>[Indirect costs]</p> <p>There is a possibility that various laws and regulations such as carbon taxes will be imposed without a grace period by the governments of countries where the Group Companies operate, including Japan. To comply with such laws and regulations, the business activities, financial performance, and financial position of the Group Companies may be affected by temporary increases in costs. The Group's business activities and infrastructure consume a large amount of electricity, and more than 90% of the CO2 emitted through business activities comes from electricity consumption. In order to reduce CO2 emissions, especially Scope 2, Rakuten has joined the RE100 (Renewable Electricity 100%) international initiative and has committed to utilize 100% renewable energy for the electricity used in our operation. In FY2021, to speed up our adaptation in the rapidly changing global environment, we raised our ambition to achieving RE100 among the whole Rakuten Group by FY2023, two years earlier than 2025, our original target year. Simulation of paid carbon tax by Rakuten as indirect cost in 2030 if no RE100 actions were taken is 6,134 million JPY.</p>
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C3.5

(C3.5) In your organization's financial accounting, do you identify spending/revenue that is aligned with your organization's climate transition?

	Identification of spending/revenue that is aligned with your organization's climate transition
Row 1	No, but we plan to in the next two years

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Is this a science-based target?

Yes, we consider this a science-based target, and we have committed to seek validation of this target by the Science Based Targets initiative in the next two years

Target ambition

1.5°C aligned

Year target was set

2019

Target coverage

Company-wide

Scope(s)

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Base year

2019

Base year Scope 1 emissions covered by target (metric tons CO2e)

Base year Scope 2 emissions covered by target (metric tons CO2e)

50,564

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 2: Capital goods emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 4: Upstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 6: Business travel emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 7: Employee commuting emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 14: Franchises emissions covered by target (metric tons CO2e)

Base year Scope 3, Category 15: Investments emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (upstream) emissions covered by target (metric tons CO2e)

Base year Scope 3, Other (downstream) emissions covered by target (metric tons CO2e)

Base year total Scope 3 emissions covered by target (metric tons CO2e)

Total base year emissions covered by target in all selected Scopes (metric tons CO₂e)

50,564

Base year Scope 1 emissions covered by target as % of total base year emissions in Scope 1

Base year Scope 2 emissions covered by target as % of total base year emissions in Scope 2

100

Base year Scope 3, Category 1: Purchased goods and services emissions covered by target as % of total base year emissions in Scope 3, Category 1: Purchased goods and services (metric tons CO₂e)

Base year Scope 3, Category 2: Capital goods emissions covered by target as % of total base year emissions in Scope 3, Category 2: Capital goods (metric tons CO₂e)

Base year Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions covered by target as % of total base year emissions in Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) (metric tons CO₂e)

Base year Scope 3, Category 4: Upstream transportation and distribution covered by target as % of total base year emissions in Scope 3, Category 4: Upstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 5: Waste generated in operations emissions covered by target as % of total base year emissions in Scope 3, Category 5: Waste generated in operations (metric tons CO₂e)

Base year Scope 3, Category 6: Business travel emissions covered by target as % of total base year emissions in Scope 3, Category 6: Business travel (metric tons CO₂e)

Base year Scope 3, Category 7: Employee commuting covered by target as % of total base year emissions in Scope 3, Category 7: Employee commuting (metric tons CO₂e)

Base year Scope 3, Category 8: Upstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 8: Upstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 9: Downstream transportation and distribution emissions covered by target as % of total base year emissions in Scope 3, Category 9: Downstream transportation and distribution (metric tons CO₂e)

Base year Scope 3, Category 10: Processing of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 10: Processing of sold products (metric tons CO₂e)

Base year Scope 3, Category 11: Use of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 11: Use of sold products (metric tons CO₂e)

Base year Scope 3, Category 12: End-of-life treatment of sold products emissions covered by target as % of total base year emissions in Scope 3, Category 12: End-of-life treatment of sold products (metric tons CO₂e)

Base year Scope 3, Category 13: Downstream leased assets emissions covered by target as % of total base year emissions in Scope 3, Category 13: Downstream leased assets (metric tons CO₂e)

Base year Scope 3, Category 14: Franchises emissions covered by target as % of total base year emissions in Scope 3, Category 14: Franchises (metric tons CO₂e)

Base year Scope 3, Category 15: Investments emissions covered by target as % of total base year emissions in Scope 3, Category 15: Investments (metric tons CO₂e)

Base year Scope 3, Other (upstream) emissions covered by target as % of total base year emissions in Scope 3, Other (upstream) (metric tons CO₂e)

Base year Scope 3, Other (downstream) emissions covered by target as % of total base year emissions in Scope 3, Other (downstream) (metric tons CO₂e)

Base year total Scope 3 emissions covered by target as % of total base year emissions in Scope 3 (in all Scope 3 categories)

Base year emissions covered by target in all selected Scopes as % of total base year emissions in all selected Scopes

100

Target year

2023

Targeted reduction from base year (%)

100

Total emissions in target year covered by target in all selected Scopes (metric tons CO2e) [auto-calculated]

0

Scope 1 emissions in reporting year covered by target (metric tons CO2e)

Scope 2 emissions in reporting year covered by target (metric tons CO2e)

268,476

Scope 3, Category 1: Purchased goods and services emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 2: Capital goods emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 3: Fuel-and-energy-related activities (not included in Scopes 1 or 2) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 4: Upstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 5: Waste generated in operations emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 6: Business travel emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 7: Employee commuting emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 8: Upstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 9: Downstream transportation and distribution emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 10: Processing of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 11: Use of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 12: End-of-life treatment of sold products emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 13: Downstream leased assets emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 14: Franchises emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Category 15: Investments emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (upstream) emissions in reporting year covered by target (metric tons CO2e)

Scope 3, Other (downstream) emissions in reporting year covered by target (metric tons CO2e)

Total Scope 3 emissions in reporting year covered by target (metric tons CO2e)

Total emissions in reporting year covered by target in all selected scopes (metric tons CO2e)

268,476

Does this target cover any land-related emissions?

No, it does not cover any land-related emissions (e.g. non-FLAG SBT)

% of target achieved relative to base year [auto-calculated]

-430.9627402895

Target status in reporting year

Underway

Please explain target coverage and identify any exclusions

The target covers 100% of Rakuten's Scope 2 as 100% of our Scope 2 is from purchased electricity.

Plan for achieving target, and progress made to the end of the reporting year

Rakuten is aiming to switch to 100% renewable electricity by 2023. This target is a part of our multi-year target of achieving carbon neutrality for Scopes 1 and 2 by 2023. There are mainly three measures in place: improving energy efficiency, switching to 100% renewable energy, and procuring carbon credits. In FY 2022, the total effect of our reduction measures was 2,408 t-CO₂; this achievement of our internal reduction target speaks to our steady progress towards our overarching carbon neutrality target by 2023. We will continue to improve energy efficiency and utilize renewable procurement and carbon credits as necessary.

List the emissions reduction initiatives which contributed most to achieving this target

C4.2

(C4.2) Did you have any other climate-related targets that were active in the reporting year?

Target(s) to increase low-carbon energy consumption or production

C4.2a

(C4.2a) Provide details of your target(s) to increase low-carbon energy consumption or production.

Target reference number

Low 1

Year target was set

2019

Target coverage

Company-wide

Target type: energy carrier

Electricity

Target type: activity

Consumption

Target type: energy source

Renewable energy source(s) only

Base year

2019

Consumption or production of selected energy carrier in base year (MWh)

126,979

% share of low-carbon or renewable energy in base year

15.1

Target year

2023

% share of low-carbon or renewable energy in target year

100

% share of low-carbon or renewable energy in reporting year

11.6

% of target achieved relative to base year [auto-calculated]

-4.1224970554

Target status in reporting year

Underway

Is this target part of an emissions target?

Yes, this target is related to "Abs 1" reported in C4.1a.

Is this target part of an overarching initiative?

RE100

Please explain target coverage and identify any exclusions

We reported against the same target last year, and this target is part of a wider carbon neutrality goal.

The target covers all low-carbon or renewable energy consumption, including the consumption of both self-generated and purchased energy.

Plan for achieving target, and progress made to the end of the reporting year

Rakuten is aiming to switch to 100% renewable electricity by 2023. This target is a part of our multi-year target of achieving carbon neutrality for Scopes 1 and 2 by 2023.

There are mainly three measures in place: improving energy efficiency, switching to 100% renewable energy, and procuring carbon credits. In FY 2022, the total effect of our reduction measures was 2,408 t-CO₂; this achievement of our internal reduction target speaks to our steady progress towards our overarching carbon neutrality target by 2023. We will continue to improve energy efficiency and utilize renewable procurement and carbon credits as necessary.

List the actions which contributed most to achieving this target

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO₂e savings.

	Number of initiatives	Total estimated annual CO ₂ e savings in metric tonnes CO ₂ e (only for rows marked *)
Under investigation	0	0
To be implemented*	0	0
Implementation commenced*	6	1,952
Implemented*	2	456
Not to be implemented	0	0

C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in buildings
Lighting

Estimated annual CO₂e savings (metric tonnes CO₂e)

267

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Mandatory

Annual monetary savings (unit currency – as specified in C0.4)

633,208

Investment required (unit currency – as specified in C0.4)

4,500,000

Payback period

4-10 years

Estimated lifetime of the initiative

3-5 years

Comment

5,711 LED lightings in total were installed at Noevir Stadium Kobe, the official stadium of Rakuten's football club Vissel Kobe.

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

189

Scope(s) or Scope 3 category(ies) where emissions savings occur

Scope 2 (market-based)

Voluntary/Mandatory

Mandatory

Annual monetary savings (unit currency – as specified in C0.4)

8,780,650

Investment required (unit currency – as specified in C0.4)

0

Payback period

<1 year

Estimated lifetime of the initiative

1-2 years

Comment

1819 LED lightings in total were installed at the Futakotamagawa Rise Office on 6, 10, 11, 13, and 14th floors with the initial investment covered by the building management.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Financial optimization calculations	Payback period is calculated for environment-related capital investment such as installation of new equipment and solar panels. In most cases, large upfront investment is needed, but if payback period is reasonable, budget can be approved, taking the achievement of environmental KPIs and long-term cost reduction into account.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products.

Level of aggregation

Product or service

Taxonomy used to classify product(s) or service(s) as low-carbon

Other, please specify

The avoided emissions by using "REco" are calculated based on the renewable ratio of the customer sets, as well as the emission factor of the electricity supplied to the customer.

Type of product(s) or service(s)

Power

Other, please specify

Renewable power supply

Description of product(s) or service(s)

In May 2020, Rakuten Energy (electricity retail business within the Rakuten Ecosystem) announced the launch of "REco", a range of power supply options derived from virtually renewable energy for corporate users. By adding environmental values such as Non-Fossil Fuel Energy Certificates to the electricity provided, "REco" ensures that the electricity supplied to users is essentially renewable so that the GHG emission from electricity consumption can be avoided.

Have you estimated the avoided emissions of this low-carbon product(s) or service(s)

No

Methodology used to calculate avoided emissions

Life cycle stage(s) covered for the low-carbon product(s) or services(s)

Functional unit used

Reference product/service or baseline scenario used

Life cycle stage(s) covered for the reference product/service or baseline scenario

Estimated avoided emissions (metric tons CO₂e per functional unit) compared to reference product/service or baseline scenario

Explain your calculation of avoided emissions, including any assumptions

Revenue generated from low-carbon product(s) or service(s) as % of total revenue in the reporting year

1

C5. Emissions methodology

C5.1

(C5.1) Is this your first year of reporting emissions data to CDP?

No

C5.1a

(C5.1a) Has your organization undergone any structural changes in the reporting year, or are any previous structural changes being accounted for in this disclosure of emissions data?

Row 1

Has there been a structural change?

No

C5.1b

(C5.1b) Has your emissions accounting methodology, boundary, and/or reporting year definition changed in the reporting year?

	Change(s) in methodology, boundary, and/or reporting year definition?	Details of methodology, boundary, and/or reporting year definition change(s)
Row 1	Yes, a change in boundary	We review our organizational boundary on a yearly basis. The collection scope for FY2022 was Rakuten Group, with a total of 55 domestic subsidiaries and 92 overseas subsidiaries. From FY2022, the calculation targets and methods have been changed to improve the accuracy of CO2 emissions and energy consumption. Scope 3 categories 2 and 4 from FY2021 were combined into category 1 as part of procurement. The scope of data collection for Scope 3 categories 1, 5, and 6 have been expanded from 17 subsidiaries, 4 sites, and 15 subsidiaries respectively to Rakuten Group. Starting in FY2022, the calculation of emissions for Scope 3 category 8 includes emissions from the operation of event venues and some of the data centers that the Company rents. For Scope 3 category 12, the scope of calculation relating to Rakuten-branded products was expanded from disposal of packaging materials only to the disposal of packaging and products themselves. For Scope 3 category 15, the scope of calculation was expanded from investments in and loans to listed companies and project finance for businesses with investments of 1billion yen or more in FY2021 to investment in listed equity, bonds, business loans, project finance, etc. in FY2022, both excluding consumer mortgages and motor vehicle loans. In FY2022, Rakuten General Insurance and Rakuten Life Insurance were also included in the scope of data collection, in addition to Rakuten Bank and Rakuten Card included in the scope from FY2021.

C5.1c

(C5.1c) Have your organization’s base year emissions and past years’ emissions been recalculated as a result of any changes or errors reported in C5.1a and/or C5.1b?

	Base year recalculation	Base year emissions recalculation policy, including significance threshold	Past years’ recalculation
Row 1	No, because the operations acquired or divested did not exist in the base year	While conducting external assurance by a third-party auditor of our environmental data, we investigate and analyze reasons behind significant changes over 20% from the annual average or from the same month of	No

		<p>the previous year for each facility within our scope of data collection. Our current base year for Scopes 1 and 2 is FY2021, and the 20% increase in the Scopes 1 and 2 emissions in FY2022 was mostly due to an increase in the number of base stations as part of our Mobile business expansion. Since these new base stations did not exist in the base year, we did not recalculate our base year emissions.</p> <p>For Scope 3, there was a drastic expansion in the calculation scope and improvement in the calculation method in FY2022. Given that recalculation of our previous base year for Scope 3, 2019, is not viable since the Environmental Department, the team in charge of GHG accounting, was only officially established in 2022, we have re-set our base year for Scope 3 as FY2022.</p>	
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C5.2

(C5.2) Provide your base year and base year emissions.

Scope 1

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

2,591

Comment

Scope 2 (location-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO2e)

65,235

Comment

Scope 2 (market-based)

Base year start

January 1, 2019

Base year end

December 31, 2019

Base year emissions (metric tons CO₂e)

50,564

Comment

Scope 3 category 1: Purchased goods and services

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

1,606,349

Comment

Scope 3 category 2: Capital goods

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

967,391

Comment

Scope 3 category 3: Fuel-and-energy-related activities (not included in Scope 1 or 2)

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

1,218,355

Comment

Scope 3 category 4: Upstream transportation and distribution

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

478,254

Comment

Scope 3 category 5: Waste generated in operations

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

11,585

Comment

Scope 3 category 6: Business travel

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

3,982

Comment

Scope 3 category 7: Employee commuting

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

7,581

Comment

Scope 3 category 8: Upstream leased assets

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

1,457

Comment

Scope 3 category 9: Downstream transportation and distribution

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

0

Comment

Scope 3 category 10: Processing of sold products

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO₂e)

0

Comment

Scope 3 category 11: Use of sold products

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO2e)

5,198

Comment

Scope 3 category 12: End of life treatment of sold products

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO2e)

2,477

Comment

Scope 3 category 13: Downstream leased assets

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 14: Franchises

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO2e)

0

Comment

Scope 3 category 15: Investments

Base year start

January 1, 2022

Base year end

December 31, 2022

Base year emissions (metric tons CO2e)

4,899,145

Comment

Scope 3: Other (upstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

Scope 3: Other (downstream)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.3

(C5.3) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

Act on the Rational Use of Energy

Japan Ministry of the Environment, Law Concerning the Promotion of the Measures to Cope with Global Warming, Superseded by Revision of the Act on Promotion of Global Warming Countermeasures (2005 Amendment)

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

The Greenhouse Gas Protocol: Scope 2 Guidance

The Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Standard

Other, please specify

PCAF (Partnership for Carbon Accounting Financials)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO₂e?

Reporting year

Gross global Scope 1 emissions (metric tons CO₂e)

1,745

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

307,140

Scope 2, market-based (if applicable)

268,476

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1, Scope 2 or Scope 3 emissions that are within your selected reporting boundary which are not included in your disclosure?

No

C6.5

(C6.5) Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

1,606,349

Emissions calculation methodology

Hybrid method

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: Manufacture of purchased products and services (collected for the businesses accounting for 70% of consolidated cost of sales with the remainder as estimates)

Calculation Method: Calculated by multiplying the GHG emissions of major suppliers' own company and supply chain by the ratio of our purchase amount. If the supplier's GHG emissions are unavailable, the amount paid is multiplied by the emissions intensity based on the input-output table. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains.

Capital goods

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

967,391

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: Construction or manufacture of capital goods purchased or acquired

Calculation Method: Calculated by multiplying total capital investment by industry-based emission intensity. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,218,355

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

83

Please explain

Calculation Scope: Extraction, production and transportation of purchased fuel and electricity not included in Scope 1 and 2, as well as procurement and sales in the electricity retail business (Rakuten Energy)

Calculation Method: Calculated by multiplying fuel and electricity consumption and Rakuten Energy's electricity procurement and sales by emission intensity by energy type. We use the Ministry of the Environment's emissions intensity DB and IDEA (Inventory Database for Environmental Analysis) of the National Institute of Advanced Industrial Science and Technology (AIST) to calculate the GHG emissions of organizations through their supply chains.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

478,254

Emissions calculation methodology

Spend-based method

Distance-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: Procurement logistics and shipping logistics for which we are the shipper (collected for the businesses accounting for 70% of consolidated cost of sales with the remainder as estimates)

Calculation Method: Calculated by multiplying transported weight and distance by emission intensity of each means of transportation and vehicle type. If transportation weight is unavailable, emission intensity is calculated by multiplying the amount paid by the emission intensity based on the input-output table. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains.

Waste generated in operations

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

11,585

Emissions calculation methodology

Hybrid method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: Disposal and processing of industrial and general waste generated in factories, warehouses, sports stadiums, and offices

Calculation Method: Calculated by multiplying waste emissions by type-based and treatment method-based emissions intensities. We use the Ministry of the Environment's emissions intensity DB and IDEA (Inventory Database for Environmental Analysis) of the National Institute of Advanced Industrial Science and Technology (AIST) to calculate the GHG emissions of organizations through their supply chains.

Business travel

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

3,982

Emissions calculation methodology

Spend-based method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

24

Please explain

Calculation Scope: Business travel

Calculation Method: Calculated by multiplying the amount of business travel expenses by the emissions intensity of each means of transportation. If the amount of business travel expenses is unavailable, the value is calculated by multiplying the number of employees by the emission intensity per employee. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains.

Employee commuting

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

7,581

Emissions calculation methodology

Average data method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: Employee commuting

Calculation Method: Calculated by multiplying the number of employees by the number of operating days per year, and then by the emission intensity for each city category. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains.

Upstream leased assets

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

1,457

Emissions calculation methodology

Average data method
Asset-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

98

Please explain

Calculation Scope: Operation of event venues and data centers the Company rents
Calculation Method: Calculated by multiplying the proprietary size of the venue by the emission intensity for each building usage purpose. Some data center's electricity consumption was multiplied by the CO2 emission factors for each electric power provider. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains, as well as adjusted emission factors for each electric power provider based on the Act on Promotion of Global Warming Countermeasures.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Please explain

We set the calculation scope to only domestic facilities from which we can gather reliable information, but the emissions from downstream transportation and distribution was below 0.1% of the Scope 3 total emissions, so we excluded this category from our Scope 3 calculation.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Please explain

Rakuten does not process its sold products, and therefore there are no Rakuten products that fall under this category.

Use of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

5,198

Emissions calculation methodology

Average product method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: Use of sold products

Calculation Method: Calculated by multiplying the electricity consumption per unit quantity over the useful life of the product by the CO₂ emission factor and then multiplying by the annual sales quantity of the product in question. We use alternative emission factor for each electric provider based on the Act on Promotion of Global Warming Countermeasures.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO₂e)

2,477

Emissions calculation methodology

Waste-type-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Calculation Scope: End-of-life treatment of sold products

Calculation Method: Calculated by multiplying the amount of emissions from products and packaging materials by the emissions intensity for each waste type and disposal method. We use the Ministry of the Environment's emissions intensity DB to calculate the GHG emissions of organizations through their supply chains.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

There is no service provided by Rakuten that falls under this category.

Franchises

Evaluation status

Not relevant, explanation provided

Please explain

Calculation Scope: Scope 1 and 2 of major mobile store franchises (for stores with electricity usage of 131,400 kWh and over). No mobile store franchise exceeded the threshold for FY2022.

Investments

Evaluation status

Relevant, calculated

Emissions in reporting year (metric tons CO2e)

4,899,145

Emissions calculation methodology

Investment-specific method

Percentage of emissions calculated using data obtained from suppliers or value chain partners

84

Please explain

Calculation Scope: Investment in listed equity and corporate bonds, business loans, project finance, etc. of Rakuten Bank, Rakuten Card, Rakuten General Insurance, and Rakuten Life Insurance, which provide investment and financial services (excluding consumer mortgages and motor vehicle loans)

Calculation Method: In accordance with PCAF standards, we use the following formula for each asset class.

Financed emissions = Σ (GHG emissions of the investee x Attribution Factor)

The response for each asset class is as follows.

<Investments and loans to non-sovereign bonds>

GHG emissions of the borrower: Calculated by multiplying the GHG emissions of the borrower by the company's published GHG emissions or by the GHG emission factor per net sales.

Attribution Factor: Calculated by dividing the balance of investments and loans by the total amount of funding (EVIC or Total company equity+debt) of the investee.

<Sovereign Debt>

GHG emissions of the investee: We use country-based GHG emissions. Attribution Factor: calculated by dividing outstanding investments by purchase power parity-adjusted GDP.

Other (upstream)

Evaluation status

Not evaluated

Please explain

Other (downstream)

Evaluation status

Not evaluated

Please explain

C6.7

(C6.7) Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO₂e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.00000014

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO₂e)

270,222

Metric denominator

unit total revenue

Metric denominator: Unit total

1,927,878,000,000

Scope 2 figure used

Market-based

% change from previous year

37.38

Direction of change

Increased

Reason(s) for change

Please explain

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

No

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/area/region.

Country/area/region	Scope 1 emissions (metric tons CO2e)
Japan	1,083
United States of America	515
Singapore	0
Taiwan, China	46
Israel	0
Germany	0
Luxembourg	0
France	0
Canada	101

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Office	880
Data center	6
Sports facility	771
Mobile Network	0
Others	88

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/area/region.

Country/area/region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Japan	301,879	263,940
United States of America	3,216	2,490
Singapore	119	119
Taiwan, China	1,472	1,472
Israel	105	105
Germany	211	211
Luxembourg	17	17
France	35	35
Canada	88	88

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
Office	19,537	4,567
Data center	54,007	36,917
Sport facility	6,260	2,596
Mobile Network	222,492	219,592
Others	4,844	4,804

C7.7

(C7.7) Is your organization able to break down your emissions data for any of the subsidiaries included in your CDP response?

No

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change in emissions	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities				
Divestment				
Acquisitions				
Mergers				
Change in output	98,639	Increased		<p>270,221 t-CO2(FY22) - 171,582 t-CO2(FY21) = 98,639 t-CO2</p> <p>We have been witnessing a significant rise of electricity consumption since FY2019 due to the service launch for Rakuten Mobile's network, including increasing construction of base stations and usage of data centers.</p>
Change in methodology				
Change in boundary				

Change in physical operating conditions				
Unidentified				
Other				

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy?

More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	No
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	No

C8.2a

(C8.2a) Report your organization’s energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	HHV (higher heating value)	0	9,309	9,309
Consumption of purchased or acquired electricity		81,103	615,919	697,022
Total energy consumption		81,103	9,309	9,309

C8.2b

(C8.2b) Select the applications of your organization’s consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	No
Consumption of fuel for the generation of heat	No
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Sustainable biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

No consumption of sustainable biomass

Other biomass

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

No consumption of other biomass

Other renewable fuels (e.g. renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

No consumption of other renewable fuels

Coal

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

No consumption of coal

Oil

Heating value

HHV

Total fuel MWh consumed by the organization

874

Comment

Gas

Heating value

HHV

Total fuel MWh consumed by the organization

8,436

Comment

Other non-renewable fuels (e.g. non-renewable hydrogen)

Heating value

Unable to confirm heating value

Total fuel MWh consumed by the organization

0

Comment

No consumption of other non-renewable fuels

Total fuel

Heating value

HHV

Total fuel MWh consumed by the organization

9,309

Comment

C8.2g

(C8.2g) Provide a breakdown by country/area of your non-fuel energy consumption in the reporting year.

Country/area

Canada

Consumption of purchased electricity (MWh)

596

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

596

Country/area

France

Consumption of purchased electricity (MWh)

541

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

541

Country/area

Germany

Consumption of purchased electricity (MWh)

502

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

502

Country/area

Israel

Consumption of purchased electricity (MWh)

190

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

190

Country/area

Japan

Consumption of purchased electricity (MWh)

684,532

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

684,532

Country/area

Luxembourg

Consumption of purchased electricity (MWh)

97

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

97

Country/area

Singapore

Consumption of purchased electricity (MWh)

301

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

301

Country/area

Taiwan, China

Consumption of purchased electricity (MWh)

2,508

Consumption of self-generated electricity (MWh)

0

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

2,508

Country/area

United States of America

Consumption of purchased electricity (MWh)

7,638

Consumption of self-generated electricity (MWh)

118

Is this electricity consumption excluded from your RE100 commitment?

No

Consumption of purchased heat, steam, and cooling (MWh)

0

Consumption of self-generated heat, steam, and cooling (MWh)

0

Total non-fuel energy consumption (MWh) [Auto-calculated]

7,756

C8.2h

(C8.2h) Provide details of your organization's renewable electricity purchases in the reporting year by country/area.

Country/area of consumption of purchased renewable electricity

Japan

Sourcing method

Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type

Solar

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

53,021

Tracking instrument used

NFC - Renewable

Country/area of origin (generation) of purchased renewable electricity

Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Vintage of the renewable energy/attribute (i.e. year of generation)

2022

Supply arrangement start year

2022

Additional, voluntary label associated with purchased renewable electricity

No additional, voluntary label

Comment

Country/area of consumption of purchased renewable electricity

Japan

Sourcing method

Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type

Solar

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

1,697

Tracking instrument used

J-Credit (Renewable)

Country/area of origin (generation) of purchased renewable electricity

Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Vintage of the renewable energy/attribute (i.e. year of generation)

2022

Supply arrangement start year

2022

Additional, voluntary label associated with purchased renewable electricity

No additional, voluntary label

Comment

Country/area of consumption of purchased renewable electricity

Japan

Sourcing method

Unbundled procurement of Energy Attribute Certificates (EACs)

Renewable electricity technology type

Renewable electricity mix, please specify

Biomass

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

2,258

Tracking instrument used

J-Credit (Renewable)

Country/area of origin (generation) of purchased renewable electricity

Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Vintage of the renewable energy/attribute (i.e. year of generation)

2022

Supply arrangement start year

2022

Additional, voluntary label associated with purchased renewable electricity

No additional, voluntary label

Comment

Country/area of consumption of purchased renewable electricity

Japan

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Renewable electricity technology type

Hydropower (capacity unknown)

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

3,708

Tracking instrument used

No instrument used

Country/area of origin (generation) of purchased renewable electricity

Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Vintage of the renewable energy/attribute (i.e. year of generation)

2022

Supply arrangement start year

2022

Additional, voluntary label associated with purchased renewable electricity

No additional, voluntary label

Comment

Country/area of consumption of purchased renewable electricity

Japan

Sourcing method

Retail supply contract with an electricity supplier (retail green electricity)

Renewable electricity technology type

Renewable electricity mix, please specify
Not Specified

Renewable electricity consumed via selected sourcing method in the reporting year (MWh)

18,581

Tracking instrument used

No instrument used

Country/area of origin (generation) of purchased renewable electricity

Japan

Are you able to report the commissioning or re-powering year of the energy generation facility?

No

Commissioning year of the energy generation facility (e.g. date of first commercial operation or repowering)

Vintage of the renewable energy/attribute (i.e. year of generation)

2022

Supply arrangement start year

2022

Additional, voluntary label associated with purchased renewable electricity

No additional, voluntary label

Comment

Since multiple contracts are included, the supply arrangement start year of the contract for the highest amount of electricity is listed.

C8.2j

(C8.2j) Provide details of your organization's renewable electricity generation by country/area in the reporting year.

Country/area of generation

United States of America

Renewable electricity technology type

Solar

Facility capacity (MW)

0.09

Total renewable electricity generated by this facility in the reporting year (MWh)

118

Renewable electricity consumed by your organization from this facility in the reporting year (MWh)

118

Energy attribute certificates issued for this generation

No

Type of energy attribute certificate

Comment

C8.2k

(C8.2k) Describe how your organization's renewable electricity sourcing strategy directly or indirectly contributes to bringing new capacity into the grid in the countries/areas in which you operate.

One principle Rakuten follows when considering renewable electricity sourcing is "additionality," which means contributing to the increase of renewable generation capacity in the locations where we operate. The installation of on-site renewable power generation with no grid transfer and local consumption is the most efficient way to source renewable electricity. On-site generation is preferred, but not all our sites have enough space or authorization for the installation of renewable electricity generation to cover 100% of our demand.

In such cases, we make every effort to switch to RE100-compliant renewable electricity, utilizing electricity contracts bundled with environmental values or carbon-free electricity contracts.

For facilities and operations where we do not have control over electricity contracts — leased properties, for example — we use renewable energy certificates with tracking information, which provides the renewable attributes of the electricity consumed by Rakuten.

C8.2I

(C8.2I) In the reporting year, has your organization faced any challenges to sourcing renewable electricity?

	Challenges to sourcing renewable electricity
Row 1	No

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 ESG Databook FY2022.pdf

 IndependentAssuranceStatement_2022.pdf

Page/ section reference

2

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.1b

(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 ESG Databook FY2022.pdf

 IndependentAssuranceStatement_2022.pdf

Page/ section reference

2

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.1c

(C10.1c) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.

Scope 3 category

Scope 3: Purchased goods and services
Scope 3: Capital goods
Scope 3: Fuel and energy-related activities (not included in Scopes 1 or 2)
Scope 3: Upstream transportation and distribution
Scope 3: Waste generated in operations
Scope 3: Business travel
Scope 3: Employee commuting
Scope 3: Upstream leased assets
Scope 3: Investments
Scope 3: Use of sold products
Scope 3: End-of-life treatment of sold products
Scope 3: Franchises

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 ESG Databook FY2022.pdf

 IndependentAssuranceStatement_2022.pdf

Page/section reference

2

Relevant standard

ISAE 3410

Proportion of reported emissions verified (%)

100

C10.2

(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a

(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C8. Energy	Energy consumption	ISAE 3000 ISAE 3410	The same verification standard was used for Energy Consumption as the emissions data.

C11. Carbon pricing

C11.1

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations.

Japan carbon tax

C11.1c

(C11.1c) Complete the following table for each of the tax systems you are regulated by.

Japan carbon tax

Period start date

January 1, 2022

Period end date

December 31, 2022

% of total Scope 1 emissions covered by tax

100

Total cost of tax paid

504,305

Comment

Fuels consumed by the Rakuten group in FY2022 include city gas, gasoline, diesel, LPG, and kerosene, all covered under Japan's carbon tax. Japan's carbon tax is 289JPY/t-CO₂. Rakuten's Scope1 in FY2022 is 1,745 t-CO₂, so total carbon tax paid is estimated to be 1,745*289=504,305JPY.

C11.1d

(C11.1d) What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

As an Internet and telecom company, more than 90% of the CO₂ emitted by Rakuten in the course of our business activities comes from electricity consumption. The remaining comes from fuel consumption including city gas and gasoline, etc. Currently in Japan, CO₂ originated from fuel consumption is subject to carbon tax, which costs 289 JPY/t-CO₂. The direct financial impact of carbon tax on Rakuten is still small, but with the accelerating transition to a low-carbon society by reducing CO₂ emissions, there is a possibility that more carbon taxes will be imposed by the governments of countries where our companies operate, including Japan. Carbon tax is predicted to be 130 USD (about 18,000 JPY) / t-CO₂ in 2050 according to IEA NZE scenario.

To mitigate the impact of sudden increases in costs to comply with such taxes on our business activities and financial performance, we started monitoring our CO₂ emissions and managing the sources of electricity. To reduce our CO₂ emissions, Rakuten Group, Inc. has joined the RE100 (Renewable Electricity 100%) international initiative and has committed to utilize 100% renewable energy for the electricity used in all our operation by 2023. In this way, we are preparing ourselves for transition to a low-carbon society in advance to possible future carbon taxes.

C11.2

(C11.2) Has your organization canceled any project-based carbon credits within the reporting year?

No

C11.3

(C11.3) Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, our customers/clients

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change

☞ Held briefing sessions, deliver SAQ and Written Pledge and audits, etc. so that suppliers can not only understand what the sustainable procurement represents, but also have opportunities to change their sustainability behaviors such as the improvement of working hours, the establishment of hotline, etc.

% of suppliers by number

100

% total procurement spend (direct and indirect)

100

% of supplier-related Scope 3 emissions as reported in C6.5

Rationale for the coverage of your engagement

The Rakuten Group aims to realize a sustainable society through its entire supply chain. Our suppliers play an important role in the Group's efforts to achieve a sustainable society, and it is essential that we work together with a common understanding of what sustainability represents. For this reason, we have developed the "Rakuten Group Sustainable Procurement Code of Conduct for Suppliers" that outlines the actions that we expect all suppliers to take.

As a first step, we identify target suppliers for assessment, from the priority businesses based on the definition of critical suppliers. This is the step where our supplier screening takes place.

In 2022, we engaged with target suppliers for key products, including electronic devices, sports teams and official character merchandise (Rakuten mobile, Rakuten Golden Eagles, Rakuten Vissel Kobe, Headquarters, Rakuten Pay, Rakuten Edy, Rakuten Card, Rakuten Point Card).

The target suppliers amount to 165.

In 2022, we invited all the target suppliers to our briefing sessions and requested to submit the Written Pledge which is to confirm their commitment for the Code content, and to fill in a SAQ (Self-Answered Questionnaire) which is composed of 9 main sections reflecting the Code content, including an "environment" section, with questions about chemical substance management, effective use of resources and energy,

reduction of greenhouse gas emissions, etc. As all the target suppliers are engaged, "% of suppliers by number" and "% total procurement spent" are both 100%.

Impact of engagement, including measures of success

Considering how recent our supplier engagement activities are, a strong focus in terms of measures of success is placed on supplier participation (briefing sessions where Rakuten's policy is explained, pledge collection, SAQ collection, etc.) and on satisfaction / understanding of the engagement content (Code of Conduct). Our policy is explained to all the targeted suppliers(100%).

Levels of satisfaction / understanding are measured by a survey, and reached over 98% for the briefing sessions.

As for the impact of the engagement, we calculate supplier scores based on the 9 main sections of the SAQ and compare them with average levels. The results are shared with the suppliers and follow-up audits are conducted as needed, both online and on site.

For now, the SAQ have not highlighted critical environmental challenges, and the audits and resulting mitigation plans have not concerned environmental issues.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement & Details of engagement

Education/information sharing

Run an engagement campaign to educate customers about the climate change impacts of (using) your products, goods, and/or services

% of customers by number

84

% of customer - related Scope 3 emissions as reported in C6.5

Please explain the rationale for selecting this group of customers and scope of engagement

The group of customers we selected for our climate-related engagement activity is our customers in Japan. Our rationale for selecting our customers in Japan for engagement is that they generate the largest proportion of revenue and thus hold the largest impact on our business; the revenue from external customers in Japan accounted for 84% of our overall revenue from external customers in 2022.

Our climate-related engagement activity, "Go Green Together", was launched on Earth Day (April 22) 2022 for advocating for an environmentally conscious future.

<https://global.rakuten.com/corp/event/gogreen/>

With over 70 diverse businesses in our entire Rakuten ecosystem, we are equipped to inspire our users to incorporate actions with less climate change impacts in their various day-to-day activities. The dedicated website for “Go Green Together” offers tips for green living and shopping options, as well as a variety of campaigns and contents, such as interactive quizzes that test users’ environmental knowledge.

Specific examples of campaigns under “Go Green Together” are such as the package drop campaign at Rakuma and Green Life Points campaign as part of the Green Life Points promotion program led by Japan’s Ministry of the Environment . Rakuma is an online second-hand flea market, and encouraging package drops instead of re-deliveries can reduce emissions from multiple delivery attempts. There were 37,203 entries to the campaign, and 2,434 participated in the initiative. Green Life Points were awarded for environmentally conscious purchases such as energy-saving appliances, label-free beverages, and second-hand bags at six different Rakuten services (Rakuten Ichiba, Rakuma, Rakuten Fashion, Rakuten 24 Drink-Kan, Rakuten Bic, and Rakuten Travel). Green Life Points could be used as regular Rakuten Points which can then be used across the Rakuten ecosystem (1 Japanese Yen value for 1 Rakuten Point), thus financially incentivized the customers to make eco-conscious choices.

Impact of engagement, including measures of success

The campaigns under “Go Green Together”, such as the package drop campaign at Rakuma and Green Life Points campaign across six different Rakuten services, not only educated our customers in Japan on the climate change impacts of using our services but also encouraged them to take tangible actions that could contribute to the reduction of GHG emissions.

The dedicated website for “Go Green Together” asks its website visitors for their honest opinions and feedback in a popup survey format, to which 19,173 people have responded in 2022 since the campaign launch. On the popup survey, website visitors were first asked if they felt more motivated to try green—defined as “actions that take into consideration the environment and climate change-related issues”—things in their lives, to which 71.4% have responded positively. 84.7% of the respondents also indicated that after learning about the Go Green Together initiatives, they have a “green” impression towards Rakuten. The threshold at which we consider this “Go Green Together” campaign and its impact to be successful is having more than 70% respond positively for these two questions. Since the percentage of the respondents who responded positively exceed 70% for both questions, we consider this engagement to be successful.

C12.2

(C12.2) Do your suppliers have to meet climate-related requirements as part of your organization’s purchasing process?

Yes, suppliers have to meet climate-related requirements, but they are not included in our supplier contracts

C12.2a

(C12.2a) Provide details of the climate-related requirements that suppliers have to meet as part of your organization's purchasing process and the compliance mechanisms in place.

Climate-related requirement

Complying with regulatory requirements

Description of this climate related requirement

Suppliers need to set, plan and implement voluntary reduction targets for energy use and greenhouse gas emissions on a company-wide basis as part of their efforts to combat climate change.

% suppliers by procurement spend that have to comply with this climate-related requirement

100

% suppliers by procurement spend in compliance with this climate-related requirement

100

Mechanisms for monitoring compliance with this climate-related requirement

Supplier self-assessment

Grievance mechanism/Whistleblowing hotline

Response to supplier non-compliance with this climate-related requirement

Retain and engage

C12.3

(C12.3) Does your organization engage in activities that could either directly or indirectly influence policy, law, or regulation that may impact the climate?

Row 1

External engagement activities that could directly or indirectly influence policy, law, or regulation that may impact the climate

Yes, our membership of/engagement with trade associations could influence policy, law, or regulation that may impact the climate

Does your organization have a public commitment or position statement to conduct your engagement activities in line with the goals of the Paris Agreement?

Yes

Attach commitment or position statement(s)

 Japan Climate Initiative – JCI.pdf

 Climate Change _ Rakuten Group, Inc_.pdf

Describe the process(es) your organization has in place to ensure that your external engagement activities are consistent with your climate commitments and/or climate transition plan

Rakuten engages directly with policy makers through the work of the Public Policy Office (PPO), which supervises all activities related to policy influence, including those related to climate change, to ensure that the Group strategy goes in line with the policy influence activities.

Rakuten also engages indirectly with policy makers through domestic and global partnerships and initiatives, including the Japan Climate Initiative (JCI), a network of Japanese private organizations actively engaged in climate action for delivering on the goals of the Paris Agreement, and the Japan Association of New Economy (JANE), a trade association of which the Representative Director is Rakuten's CEO. Rakuten has joined the Carbon Neutral Working Group held by JANE to hold regular study sessions and make policy proposals that incorporate the voices of member companies. The manager of Environmental Department's Climate Change Solution Office is an active member of JANE's Carbon Neutral Working Group, ensuring that the Group's external engagement activities are consistent with our climate commitments.

C12.3b

(C12.3b) Provide details of the trade associations your organization is a member of, or engages with, which are likely to take a position on any policy, law or regulation that may impact the climate.

Trade association

Other, please specify

Japan Climate Initiative

Is your organization's position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization's position is consistent with or differs from the trade association's position, and any actions taken to influence their position

Since 2019, Rakuten Group, Inc is a member of the Japan Climate Initiative (JCI), a network of Japanese private organizations actively engaged in climate action for

delivering on the goals of the Paris Agreement. In June 2022, JCI released a statement titled “Now is the time to accelerate renewable energy deployment: calling for stronger climate change action in the midst of the fossil energy crisis”. The statement was addressed towards the Government of Japan from 300 signatories, and it specifically called for the Clean Energy Strategy, developed by the Government of Japan, to focus on promoting the development of renewable energies such as wind and solar power to provide 40-50% of Japan’s power needs by 2030.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

0

Describe the aim of your organization’s funding

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

Trade association

Other, please specify

Japan Association of New Economy (JANE)

Is your organization’s position on climate change policy consistent with theirs?

Consistent

Has your organization attempted to influence their position in the reporting year?

No, we did not attempt to influence their position

Describe how your organization’s position is consistent with or differs from the trade association’s position, and any actions taken to influence their position

Since its founding, Rakuten Group, Inc is a member of the Japan Association of New Economy (JANE), a trade association of companies in the field of Internet, e-business, and the new industrial development field. In 2022, JANE put forward its “Carbon Neutral Vision”, which presented basic principles for realizing Japan’s national commitment of carbon neutrality by 2050.

Funding figure your organization provided to this trade association in the reporting year (currency as selected in C0.4)

0

Describe the aim of your organization’s funding

Have you evaluated whether your organization’s engagement with this trade association is aligned with the goals of the Paris Agreement?

Yes, we have evaluated, and it is aligned

C12.4

(C12.4) Have you published information about your organization’s response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, incorporating the TCFD recommendations

Status

Complete

Attach the document

 Climate Change _ Rakuten Group, Inc_.pdf

Page/Section reference

14,15

Content elements

- Governance
- Strategy
- Risks & opportunities
- Emissions figures
- Emission targets

Comment

C12.5

(C12.5) Indicate the collaborative frameworks, initiatives and/or commitments related to environmental issues for which you are a signatory/member.

	Environmental collaborative framework, initiative and/or commitment	Describe your organization’s role within each framework, initiative and/or commitment
Row 1	RE100 Task Force on Climate-related Financial Disclosures (TCFD)	We officially supported the Task Force on Climate-related Financial Disclosures (TCFD) in December 2019 and adopted TCFD's recommendations in our risk mitigation strategies. We consider a range of scenarios and map out the risks across our businesses.

	UN Global Compact	<p>Rakuten Group, Inc. joined the international initiative RE100 in December 2019. We committed to switching to 100% renewably sourced electricity through the initiative for all Rakuten Group, Inc. business operations. In FY2021, this commitment was achieved, and we aim to adopt 100% renewable electricity by 2023 for all Group operations.</p> <p>Rakuten Group, Inc. also joined The United Nations Global Compact (UNGC) in 2022. As a UNGC participant, Rakuten upholds its Ten Principles and reports yearly on the progress of related initiatives.</p>
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C15. Biodiversity

C15.1

(C15.1) Is there board-level oversight and/or executive management-level responsibility for biodiversity-related issues within your organization?

	Board-level oversight and/or executive management-level responsibility for biodiversity-related issues	Description of oversight and objectives relating to biodiversity
Row 1	Yes, both board-level oversight and executive management-level responsibility	<p>In 2021, we established the Rakuten Group Sustainability Committee, made up of a cross-border management team and chaired by our CWO (Chief Well-being Officer), with the goal of strengthening the Group's framework for implementing sustainability measures. The Committee makes senior management-level decisions regarding challenges associated with our materiality focus areas. We have also established Subcommittees for challenges that require long-term, cross-organizational discussion, namely the environment, human rights and diversity and inclusion. Discussions on biodiversity are held by the Environment Subcommittee, as part of the materiality focus topic "Sustainable Production and Consumption".</p> <p>The activities of the Committee and Subcommittees are reported to the Board of Directors and Corporate Management.</p>

C15.2

(C15.2) Has your organization made a public commitment and/or endorsed any initiatives related to biodiversity?

Indicate whether your organization made a public	Biodiversity-related public commitments	Initiatives endorsed
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	commitment or endorsed any initiatives related to biodiversity		
Row 1	Yes, we have made public commitments and publicly endorsed initiatives related to biodiversity	Commitment to no trade of CITES listed species Other, please specify General commitment on complying with laws related to conservation of biodiversity, to conduct business activities with due consideration to biodiversity, and to mitigate any harmful impacts of services and products (Group-level regulation)	SDG CITES

C15.3

(C15.3) Does your organization assess the impacts and dependencies of its value chain on biodiversity?

Impacts on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

Dependencies on biodiversity

Indicate whether your organization undertakes this type of assessment

No, but we plan to within the next two years

C15.4

(C15.4) Does your organization have activities located in or near to biodiversity-sensitive areas in the reporting year?

Not assessed

C15.5

(C15.5) What actions has your organization taken in the reporting year to progress your biodiversity-related commitments?

	Have you taken any actions in the reporting period to progress your biodiversity-related commitments?
Row 1	No, we are not taking any actions to progress our biodiversity-related commitments, but we plan to within the next two years

C15.6

(C15.6) Does your organization use biodiversity indicators to monitor performance across its activities?

	Does your organization use indicators to monitor biodiversity performance?	Indicators used to monitor biodiversity performance
Row 1	No, we do not use indicators, but plan to within the next two years	

C15.7

(C15.7) Have you published information about your organization’s response to biodiversity-related issues for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Report type	Content elements	Attach the document and indicate where in the document the relevant biodiversity information is located
No publications		

C16. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C16.1

(C16.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Representative Director and Group Executive Vice President	Chief Operating Officer (COO)

SC. Supply chain module

SC0.0

(SC0.0) If you would like to do so, please provide a separate introduction to this module.

SC0.1

(SC0.1) What is your company’s annual revenue for the stated reporting period?

	Annual Revenue
Row 1	1,927,878,000,000

SC1.1

(SC1.1) Allocate your emissions to your customers listed below according to the goods or services you have sold them in this reporting period.

Requesting member

American Express

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0.0129

Uncertainty (±%)

0

Major sources of emissions

Fuel consumption

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

14,346,501

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 14,346,501 JPY in FY2022.
Scope1 of Rakuten Group in FY2022=1,745 t-CO2
 $1,745 \text{ t-CO}_2 * (14,346,501 \text{ JPY} / 1,927,878,000,000 \text{ JPY}) = 0.0129 \text{ t-CO}_2$

Requesting member

American Express

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

1.9978

Uncertainty (±%)

0

Major sources of emissions

Purchased electricity

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

14,346,501

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 14,346,501 JPY in FY2022.
Market-based Scope2 of Rakuten Group in FY2022=268,476 t-CO2
 $268,476 \text{ t-CO}_2 \times (14,346,501 \text{ JPY} / 1,927,878,000,000 \text{ JPY}) = 1.9978 \text{ t-CO}_2$

Requesting member

Dell Technologies

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO2e

0.0042

Uncertainty ($\pm\%$)

0

Major sources of emissions

Fuel consumption

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

4,700,000

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 4,700,000 JPY in FY2022.

Scope1 of Rakuten Group in FY2022=1,745 t-CO₂

1,745 t-CO₂ *(4,700,000 JPY/ 1,927,878,000,000 JPY)=0.0042 t-CO₂

Requesting member

Dell Technologies

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0.6545

Uncertainty (±%)

0

Major sources of emissions

Purchased electricity

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

4,700,000

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 4,700,000 JPY in FY2022.

Market-based Scope2 of Rakuten Group in FY2022=268,476 t-CO₂

268,476 t-CO₂ *(4,700,000 JPY/ 1,927,878,000,000 JPY)=0.6545 t-CO₂

Requesting member

L'Oréal

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0.0023

Uncertainty (±%)

0

Major sources of emissions

Fuel consumption

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

2,582,409

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 2,582,409 JPY in FY2022.

Scope1 of Rakuten Group in FY2022=1,745 t-CO₂

1,745 t-CO₂ *(2,582,409 JPY/ 1,927,878,000,000 JPY)=0.0023 t-CO₂

Requesting member

L'Oréal

Scope of emissions

Scope 2

Scope 2 accounting method

Market-based

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0.3596

Uncertainty (±%)

0

Major sources of emissions

Purchased electricity

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

2,582,409

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 2,582,409 JPY in FY2022.
Market-based Scope2 of Rakuten Group in FY2022=268,476 t-CO2
 $268,476 \text{ t-CO}_2 \times (2,582,409 \text{ JPY} / 1,927,878,000,000 \text{ JPY}) = 0.3596 \text{ t-CO}_2$

Requesting member

Estee Lauder Companies Inc.

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO2e

0

Uncertainty ($\pm\%$)

0

Major sources of emissions

None

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

0

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 0 in FY2022.

Requesting member

GSMA

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0

Uncertainty (±%)

0

Major sources of emissions

None

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

0

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 0 in FY2022.

Requesting member

Nordstrom, Inc.

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0

Uncertainty (±%)

0

Major sources of emissions

None

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

0

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 0 in FY2022.

Requesting member

Wells Fargo & Company

Scope of emissions

Scope 1

Scope 2 accounting method

Scope 3 category(ies)

Allocation level

Company wide

Allocation level detail

Emissions in metric tonnes of CO₂e

0

Uncertainty (±%)

0

Major sources of emissions

None

Verified

No

Allocation method

Allocation based on the market value of products purchased

Market value or quantity of goods/services supplied to the requesting member

0

Unit for market value or quantity of goods/services supplied

Currency

Please explain how you have identified the GHG source, including major limitations to this process and assumptions made

Revenue represented by the company is confirmed to be 0 in FY2022.

SC1.2

(SC1.2) Where published information has been used in completing SC1.1, please provide a reference(s).

Please refer to the ESG Data Book.

https://global.rakuten.com/corp/sustainability/docs/library/ESG_Databook_EN.pdf

SC1.3

(SC1.3) What are the challenges in allocating emissions to different customers, and what would help you to overcome these challenges?

Allocation challenges	Please explain what would help you overcome these challenges
Customer base is too large and diverse to accurately track emissions to the customer level	Collecting detailed data on each customer

SC1.4

(SC1.4) Do you plan to develop your capabilities to allocate emissions to your customers in the future?

No

SC1.4b

(SC1.4b) Explain why you do not plan to develop capabilities to allocate emissions to your customers.

The allocation can be done based on spending of our customer on Rakuten Group and our published group-level Scope 1/2/3

SC2.1

(SC2.1) Please propose any mutually beneficial climate-related projects you could collaborate on with specific CDP Supply Chain members.

SC2.2

(SC2.2) Have requests or initiatives by CDP Supply Chain members prompted your organization to take organizational-level emissions reduction initiatives?

No

SC4.1

(SC4.1) Are you providing product level data for your organization's goods or services?

No, I am not providing data

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I understand that my response will be shared with all requesting stakeholders	Response permission
Please select your submission options	Yes	Public

Please confirm below

I have read and accept the applicable Terms