

Last Update: December 15, 2021

**Rakuten Group, Inc.**

Representative: Hiroshi Mikitani,  
Chairman, CEO, and Representative Director

Contact: +81-50-5581-6910

Securities Code: 4755

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

The corporate governance of Rakuten Group, Inc. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

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

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

This report is written based on the revised Corporate Governance Code from June 2021.

#### <2.4.1 Ensuring Diversity, Including Active Participation of Women>

As a global corporation where employees with different personalities, values, and talents come together and continue to create innovative services, the Group places diversity initiatives at the core of its corporate strategies and strives to recruit, nurture, and retain outstanding, diverse personnel.

The Group bases the promotion of its personnel on the abilities of each employee in their work and has a policy of non-discrimination in all forms. While it has not set targets from perspectives such as nationality or gender, it discloses the percentages of employees’ nationalities, employee gender ratios, and gender ratios in management positions on the Company website.

We are also actively engaging in various measures for human resources development and the development of the environment within the Company aimed at ensuring diversity. These measures, which include the adoption of English as the company’s official working language, cross-cultural training, and support for LGBT employees, are designed to ensure that every individual, regardless of nationality, gender, disability, religion, age, or other attributes, is able to develop their own career and participate actively in ways that are true to themselves.

#### <Principle 2.6 Roles of Corporate Pension Funds as Asset Owners>

The Company does not have a corporate pension fund.

#### <4.8.3 Effective Use of Independent Directors>

The Company does not have a controlling shareholder.

<4.11.1 Preconditions for Board and Audit & Supervisory Board Effectiveness>

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

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

The Board of Directors consists of nine Directors, which the Company believes to be an appropriate size in order to conduct management decision-making and supervision. Additionally, the Company places emphasis on the diversity of its Directors. This is reflected by the appointment of one woman and three foreign nationals as Directors among its nine Directors, and one woman and two foreign national among its five Outside Directors.

The Company describes the positions, career summaries, and reasons for selection of each Director and indicates the Board of Directors' expectations of them, including their roles, expert knowledge, and experience, in the Notices of Shareholders' Meetings and other materials. In selecting Directors, the Board of Directors, of which the majority are Independent Outside Directors, considers the skills possessed by each Director and obtains advice from Independent Outside Directors as necessary to decide on the candidates.

The Company plans to disclose the combination of skills and other attributes of the Directors after the election of Directors in fiscal 2022.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

<Principle 1.4 Cross-Shareholdings>

Regarding the classification of investment shares, if the purpose is to profit from changes in the value of shares or dividends on shares, the Company will classify them as "investment shares for pure investment purposes", and for any other purpose will be classified as "investment shares for purposes other than pure investment". Also, within "investment shares for purposes other than pure investment", for strategically held shares for the long-term based on trade practices without rational reasons, or if we regard the shares as hindering the improvement of capital efficiency, in principle we do not hold such shares.

Regarding "investment shares for purposes other than pure investment", the Company verifies the benefit, capital cost, risk, and other factors comprehensively from medium- and long-term perspectives, and we will hold such shares if we judge that they will contribute to the increase in shareholder value. In accordance with this policy, members, including Outside Directors, of the Investment Committee preliminarily deliberate on whether the holding should proceed or not. The result of such deliberation shall be reported to the Board of Directors. In cases where it is judged that ROI would be maximized by their sale, etc., or for share issues for which it is judged that there is insufficient significance in holding them, the portfolio will be reviewed and reshuffled by the sale, etc. of the shares as appropriate.

For each of our diverse investments, in addition to verifying the hurdle rate determined within the Company, its contribution to the Ecosystem, and the business plans and corporate value of the investee and deliberating on whether the investment should proceed or not, we also conduct regular verification of the investment after acquisition of the shares and report on its progress and outcomes to the Investment Committee.

When exercising voting rights on shares held by the Company, the relevant departments periodically verifies the achievement status of the initial investment purposes, and the Company exercises its voting rights upon comprehensive consideration of each investment, including whether it would be of benefit to the efficient and sound management of the issuing company and whether the enhancement of corporate value could be expected.

<Principle 1.7 Related Party Transactions>

The Company requires resolution by the Board of Directors for conducting conflict-of-interest transactions and competitive transactions with Directors or corporations where Directors serve as representatives. Directors who have special conflict of interest on such matters are not entitled to vote on such matters. In addition, the results of such transactions shall be reported to the Board of Directors. Further, the Company discloses terms and conditions as well as the policy for determining terms and conditions for related party transactions in the securities report and other documents.

<Principle 3.1 Full Disclosure>

(i) The Company's corporate philosophy, basic management policy, the Rakuten Shugi (Rakuten principles) and management strategy are disclosed in the financial reports and the website of the Company.

(ii) The basic policy of corporate governance is available for reference on the Company's website, and in this corporate governance report and securities report of the Company.

(iii) Compensation of directors of the company are based on the following policy

For Executive Directors, to secure and maintain excellent human resources, we set a level of compensation that is globally competitive. To promote sustainable growth by improving medium- to long-term corporate value and achieving management goals, the portion of share options is designed to be high.

For Non-executive Directors, to secure and maintain excellent human resources who will support management with global expertise, we set a level of compensation that is globally competitive.

The Company's Board of Directors resolves the compensation policy for Directors after providing explanations to Independent Outside Directors and

obtaining their appropriate advice. Other decision-making processes are also explained to the Independent Outside Directors at the Board of Directors as necessary, and appropriate advice is obtained.

The amount of individual remuneration is determined by Hiroshi Mikitani, the Representative Director, Chairman, President and CEO, who is delegated this authority by the Board of Directors within the compensation limit determined at the General Shareholders' Meeting and in accordance with the compensation policies.

Executive Officers, who are executives of the management team, are evaluated by senior management based on the same criteria as Executive Directors, then evaluated by the Vice Chairman and Vice President, and approved by the President.

(iv) With regard to the policy and procedures for nominating candidates for Directors, the Company, based on its corporate philosophy, selects candidates for Directors who embody such corporate philosophy at a high level and who have high potential to contribute to further development of the Group. By making each Director's term of office one year, the Company upholds the principle of reflecting the will of its shareholders.

In particular, the Board of Directors of the Company selects persons who have extensive experience, professional knowledge, and are able to play a leading role in areas such as IT, corporate management, legal, public administration, and consulting, and who are capable of appropriately guiding and supervising the execution of business at Rakuten Group. With regard to the policy and procedures for nominating candidates for Audit & Supervisory Board Members, the Company, based on its corporate philosophy, shall select persons from among those who are able to conduct supervision and audit to ensure that the duties of Directors and Executive Officers are appropriately executed in accordance with laws and regulations as well as social norms, at the same time capable of increasing the corporate value of the Group. In addition, the Company obtains advice from Independent Outside Directors, when appropriate, in selecting candidates for Directors and Audit & Supervisory Board Members.

The appointment of Executive Officers who are senior management executives are based on recommendations by the Vice Chairman and the Group Executive Vice Presidents, and after careful examination at a Board of Directors meeting. Such persons are expected to contribute to the development of our business and have specialized knowledge. In addition, when the execution of duties of Executive Officers who are senior management executives falls under the dismissal reasons stipulated in the Company regulations, the Board of Directors will deliberate fully and make necessary resolutions.

(v) The Company discloses the reasons for selecting each of the candidates for Directors and Audit & Supervisory Board Members in the Notice of Annual General Shareholders' Meeting. The reasons for appointment or dismissal of management executives will be notified on the corporate website etc., as necessary.

<3.1.3 Full Disclosure>

For the realization of a sustainable society and long-term growth of our business, the Group identifies its key issues, also called "materiality", and is pursuing initiatives in specified priority areas. We strive to disclose information about policies, measures, results, etc. for these initiatives on our website and in our Corporate Reports in a specific and transparent manner.

In addition, we aim to achieve sustainable business growth through the injection of unique and competitive capital that will lead to the strengthening of the "Rakuten Ecosystem". Our initiatives for the advancement of human and intellectual capital are disclosed in our Corporate Reports.

Further, to continue to improve our information disclosures regarding climate change, we formally announced our endorsement of the TCFD in December 2019. Our disclosures on our website are made in line with the TCFD framework. We also respond every year to the evaluation survey of companies conducted by the global environmental non-profit organization CDP on climate change, and we disclose information about climate change-related risks and opportunities in our securities report.

Detailed information about the Group's sustainability initiatives and its human and intellectual capital can be found on our corporate website, Corporate Reports, and other links shown below.

(Corporate website)

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

(Environment)

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

(TCFD index)

[https://global.rakuten.com/corp/sustainability/assets/doc/environment/TCFDindex\\_2021.pdf](https://global.rakuten.com/corp/sustainability/assets/doc/environment/TCFDindex_2021.pdf)

(Corporate report)

<https://global.rakuten.com/corp/investors/documents/annual.html>

(Securities Report)

[https://global.rakuten.com/corp/investors/documents/securities\\_report.html](https://global.rakuten.com/corp/investors/documents/securities_report.html)

#### <4.1.1 Roles and Responsibilities of the Board (1)>

The Company makes determinations and decisions via board resolution about matters that are legally required to be resolved at the Board of Directors, as well as about strategically important matters that the Company has deemed should be resolved by the Board. These items are stipulated in the Rakuten Group Authority Table, which includes matters related to Finance, M&A, Assets, Accounting, Annual Budget and Business Plan, Cost Expenditure, Human Resources, Intellectual Property, Organizations and Information security. Similarly, approving authority is entrusted to the CEO and the executive officers responsible for Company, and stipulated in the Rakuten Group Authority Table,

In addition to regular meetings, the Board of Directors holds extraordinary meetings as required. At these meetings, Directors make decisions on important management matters and supervise Executive Officers' activities. Executive Officers, upon receiving business execution orders from the CEO, carry out business execution within the administrative authority set forth by the Company. To enhance the corporate value, for any case that requires new capital expenditure including any investment, members of the Investment Committee, including External Directors, preliminarily deliberate on whether the case should proceed or not. The result of such deliberation shall be reported to the Board of Directors.

#### <Principle 4.8 Effective Use of Independent Directors>

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

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

The Board of Directors consists of nine Directors, which the Company believes to be an appropriate size in order to conduct management decision-making and supervision. Additionally, the Company places emphasis on the diversity of its Directors. This is reflected by the appointment of one woman and three foreign nationals as Directors among its nine Directors, and one woman and two foreign national among its five Outside Directors.

With the aim of ensuring high transparency and strong management supervision, while selecting Independent Directors and Independent Audit & Supervisory Board Members, the Company appoints persons who, in principle, do not fall under any of the following criteria.

- a. Executive of the parent company or a fellow subsidiary of the Company (\*1)

- b. A person or entity whose major client is the Company or an executive thereof or a major client (\*2) of the Company or an executive thereof
- c. Consultant, accountant or legal professional (or an affiliated person of the said party if it is a legal entity, cooperative, or other organization) who receives a large amount of monetary consideration or other property from the Company besides compensation as Directors or Audit & Supervisory Board Members
- d. A party who effectively holds 10% or more of the Company's entire voting rights or an executive thereof
- e. A person or party who has recently fallen under any of a) through d) above (\*3)
- f. A close relative of a person who falls under any of a) through e) above, or a close relative of an executive of the Company or its subsidiary (including those who were executives until recently) (including a close relative of non-executive Director or accounting advisor of the Company or its subsidiary, in the case where Outside Audit & Supervisory Board Member is appointed as an Independent Audit & Supervisory Board Member)

\*1: An executive as stipulated in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act, which includes employees in addition to executive Directors. Auditors are not included.

\*2: Refers to cases in which, their transactions with the Company exceed 1% of the combined total of the cost of goods sold and selling, general, and administrative expenses.

\*3: Cases which are considered effectively equivalent to the present condition, such as when a party or person falls under any of a) through c) at the time the contents of the proposal of the General Shareholders' Meeting are determined for the election of such Independent Directors or Independent Audit & Supervisory Board Members as Outside Directors or Outside Audit & Supervisory Board Members.

<Principle 4.9 Independence Standards and Qualification for Independent Directors>

With the aim of ensuring high transparency and strong management supervision, while selecting Independent Directors and Independent Audit & Supervisory Board Members, the Company appoints persons who, in principle, do not fall under any of the following criteria, and on that basis, five (5) Independent Outside Directors are selected.

- a. Executive of the parent company or a fellow subsidiary of the Company (\*1)
- b. A person or entity whose major client is the Company or an executive thereof or a major client (\*2) of the Company or an executive thereof
- c. Consultant, accountant or legal professional (or an affiliated person of the said party if it is a legal entity, cooperative, or other organization) who receives a large amount of monetary consideration or other property from the Company besides compensation as Directors or Audit & Supervisory Board Members
- d. A party who effectively holds 10% or more of the Company's entire voting rights or an executive thereof
- e. A person or party who has recently fallen under any of a) through d) above (\*3)
- f. A close relative of a person who falls under any of a) through e) above, or a close relative of an executive of the Company or its subsidiary (including those who were executives until recently) (including a close relative of non-executive Director or accounting advisor of the Company or its subsidiary, in the case where Outside Audit & Supervisory Board Member is appointed as an Independent Audit & Supervisory Board Member)

\*1: An executive as stipulated in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act, which includes employees in addition to executive Directors.

\*2: Refers to cases in which, their transactions with the Company exceed 1% of the combined total of the cost of goods sold and selling, general, and administrative expenses.

\*3: Cases which are considered effectively equivalent to the present condition, such as when a party or person falls under any of a) through d) at the time the contents of the proposal of the General Shareholders' Meeting are determined for the election of such Independent Directors or Independent Audit & Supervisory Board Members as Outside Directors or Outside Audit & Supervisory Board Members.

In addition, the Company, based on its corporate philosophy, selects candidates for Directors who embody such corporate philosophy at a high level and who have high potential to contribute to further development of the Group. By making each Director's term of office one year, the Company upholds the principle of reflecting the will of its shareholders. In particular, the Board of Directors of the Company selects persons who have extensive experience, professional knowledge, and are able to play a leading role in areas such as IT, finance, corporate management, legal, public administration, and consulting, and who are capable of appropriately guiding and supervising the execution of business at Rakuten Group.

#### <4.10.1 Use of Optional Approach>

The Company has selected five Independent Outside Directors out of the nine Directors. The Independent Outside Directors constitute the majority of the Board of Directors, and the Company receives appropriate involvement and advice from them in the deliberation of important matters such as nominations and remuneration.

#### <4.11.2 Preconditions for Board and Audit & Supervisory Board Effectiveness>

The Company discloses the status of significant concurrent positions of Directors and Audit & Supervisory Board Members each year in its disclosure materials, such as reference documents for Notice of Annual General Shareholders' meeting and securities report.

#### <4.11.3 Preconditions for Board and Audit & Supervisory Board Effectiveness>

To enhance effectiveness of the Board of Directors, the Company carried out a survey among all of the Directors and the Audit & Supervisory Board Members from December 2020 to January 2021 about the operation of the Board meetings and the composition of the Board of Directors, and the results were reported to the Board of Directors in February 2021.

Through the survey the effectiveness of the Board of Directors was generally confirmed. The Company will continue to work to improve the Board to enhance its effectiveness.

#### <4.14.2 Directors and Audit & Supervisory Board Members Training>

The Company provides explanation to Outside Directors and Outside Audit & Supervisory Board Members upon their appointment concerning the roles and responsibilities they are required to fulfill in accordance with the Companies Act.

Starting from April 2016, the Company has been holding meetings consisting primarily of Directors and Audit & Supervisory Board Members, where we discuss Rakuten Group management strategy and other matters, separately from the Board of Directors. These meetings allow for discussions with a medium to long-term perspective that is not dominated by near-term challenges or the Board of Directors agenda items. Through these sessions, the Company provide opportunities for Outside Directors and Audit & Supervisory Board Members to deepen their understanding about the businesses and issues of the Company.

#### <Principle 5.1 Dialogue with Shareholders>

Rakuten Group, Inc., as a listed company, discloses timely and appropriate information to shareholders and investors in accordance with related laws and regulations as well as rules, such as the Financial Instruments and Exchange Act and timely disclosure rules set forth by the financial instruments exchanges. In addition, the Group, as a social entity, aims to contribute to increased shareholder value by disclosing information fairly to stakeholders, such as business partners, customers, users and employees, and developing a transparent and highly reliable information disclosure system. In order to carry out the above, the Company implements the following measures.

##### (1) System

The Rakuten Group Regulations and other internal regulations stipulate that the Group's Chief Financial Officer (CFO) is responsible for implementing timely and appropriate disclosure of information for the Company and its Group Companies. The Company has notified the Tokyo Stock Exchange, Inc. of the designation of CFO as Executive Officer of Information Disclosure. When holding dialogue with shareholders and investors, the Company appoints dedicated IR staff in the IR Department and regularly communicates with the stock market. In addition, we offer an opportunity to interview the Representative Director, CFO and other Directors, or Executive Officers in charge of principal businesses, etc., as necessary.

## (2) Measures to enhance IR activities

The Company explains to shareholders about the medium-term business strategy in addition to the business performance for the quarterly period at the quarterly financial results conferences which Representative Directors, Executive Officers, and others responsible for principal businesses attend. It also strives to provide information fairly and promptly through live streaming and on-demand videos of the quarterly financial results conferences on the website.

The Company also holds the “Strategy Session” and small meetings for domestic and international institutional investors and analysts as well as individual investors, in which Representative Directors, Executive Officers and others responsible for principal businesses explain about the business strategy in Japanese (with English simultaneous interpretation) to create an opportunity to deepen the understanding of said investors and analysts about the Group’s measures for enhancement of shareholder value over the medium- to long-term.

In addition, we actively disclose information utilizing our website to provide information fairly and promptly to a wide range of shareholders and investors. We release the following information on our website: IR information, such as the details of financial results announcements, timely disclosure information, English annual reports, and corporate governance information, etc. In addition to the video streaming of quarterly financial results conferences, the latest company information, etc. is made available on the website in video and other formats.

## (3) Internal information gathering

The Group sets up opportunities for group-wide information sharing, such as “Asakai” (morning meetings), which is a weekly information sharing meeting that all employees participate in, and regular meetings in which information on business performance, the status of budget and results concerning KPI indicators, etc. for each business are reported to and shared with Executive Officers, etc.

These opportunities enable the CFO, dedicated IR staff and other persons involved to grasp the status of business appropriately and in a timely manner. In addition, when making decisions on disclosure concerning quarterly financial results or material facts of determined and/or occurred matters, they coordinate with each department responsible for corporate functions and officers in charge of principal businesses, etc., such as the IR Department, Finance Department, Accounting Department, CFO Office, Governance, Risk and Compliance Department and Corporate Communication Department.

## (4) Provision of internal feedback

The CFO reports on IR activities, trends of shareholders and investors, and opinions, etc., along with the movement of the Company’s share price, at a regular meeting of the Board of Directors. At the “Asakai” (morning meeting) held immediately following the announcement of quarterly financial results, the CFO shares with all employees the details of the financial results announcement and opinions of shareholders and investors, etc. In addition, dedicated IR staff report weekly on IR activities, the details of questions and opinions from shareholders and investors, analyst reports, market trends and movement of share prices of the Company and its competitors, etc. to Directors, Audit & Supervisory Board Members (full-time), Executive Officers and senior staff, etc. The Company is stepping up activities to share the opinions of the stock market to the Company through holding IR sharing meetings, etc. for on-site employees.

## (5) Stock options

The Group grants stock options to a wide range of executives and employees, including comparatively junior first-year employees, in addition to the management. The Group believes that this can improve the motivation of its executives and employees to contribute to the enhancement of the Group’s business performance and increase its share price by having them share with shareholders the benefits from an increase in price and loss from a decrease in price.

## (6) Management of insider information etc.

The Group deeply acknowledges that information on the Group, including the Company, and its customers, etc. is an extremely important property of the Group. Based on this recognition, the Rakuten Group Code of Ethics stipulates the proper use and management of such information. The Group has formulated the Rakuten Group Regulations and other internal regulations for internal information management and the prevention of insider trading, and strictly manages material facts and related parties and carries out awareness building activities for employees. When a material fact occurs, the date on which related parties and information recipients became aware of the material fact and the method of acquisition of the information thereof is strictly

managed. In addition, related parties must submit a written pledge to comply with related laws and regulations, as well as regulations.

The Company sets a “quiet period” ahead of the date of financial results announcements in order to ensure fairness and prevent the leakage of financial results information. The Rakuten Group Regulations stipulate that external comments shall not be made and inquiries about information related to financial results shall not be answered during this period; provided, however, that this shall not apply to inquiries about facts that have already been announced, or occurrence of a material fact that requires timely disclosure or statutory disclosure during this period.

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Crimson Group, LLC.	226,419,000	14.35
Hiroshi Mikitani	176,346,300	11.17
Haruko Mikitani	132,625,000	8.40
JAPAN POST HOLDINGS Co., Ltd.	131,004,000	8.30
The Master Trust Bank of Japan, Ltd. (Trust account)	80,286,300	5.09
MSIP CLIENT SECURITIES	57,679,800	3.65
Custody Bank of Japan, Ltd. (Trust account)	35,468,467	2.25
NORTHERN TRUST CO.(AVFC) SUB A/C NON TREATY	25,980,366	1.65
GOLDMAN SACHS INTERNATIONAL	23,306,725	1.48
THE BANK OF NEW YORK MELLON 140051	20,917,600	1.33

Controlling Shareholder (except for Parent Company)	-
Parent Company	None
Listed Stock Exchange of Parent Company	-

### Supplementary Explanation

- The above Foreign Shareholding Ratio and Status of Major Shareholders section are all information as of June 30, 2021.
- On March 29, 2021, the Company allotted 131,004,000 shares to Japan Post Holdings Co., Ltd., 14,536,000 shares to Walmart Inc., 4,366,800 shares to Mikitani Kosan, Inc. and 4,366,800 shares to Spirit Inc. by the Third-Party Allotment, issuing new shares and disposing of treasury stock and on March 31, 2021, the Company allotted 57,382,900 shares to Image Frame Investment (HK) Limited by disposing of treasury stock.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	December
Type of Business	Services



Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

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**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

None

**II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management**

**1. Organizational Composition and Operation**

Organization Form	Company with Audit & Supervisory Board
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**[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	CEO
Number of Directors	9
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*
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		a	b	c	d	e	f	g	h	i	j	k
Ken Kutaragi	From another company											
Sarah J. M. Whitley	From another company							△				
Takashi Mitachi	From another company											
Jun Murai	Academic								○			
John V. Roos	From another company								○			

\*1 Categories for "Relationship with the Company"

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the listed company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Ken Kutaragi	○	—	Appointment is requested in anticipation of his advice to the management of the Company based on his expertise in the entertainment business and technologies along with his extensive experience in corporate management. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Director.
Sarah J. M. Whitley	○	Worked as an executive (employee) of an institutional investor who holds shares of the Company until April 2018.	Appointment is requested in anticipation of her advice to the management of the Company to enhance its corporate value based on her many years of experience in observing the Company and other Japanese companies as an investor.

			Additionally, she is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Director.
Takashi Mitachi	○	—	Appointment is requested in anticipation of his advice to the management of the Company based on his expertise as a management consultant along with his extensive experience in corporate management. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Director.
Jun Murai	○	Professor of Keio University; the university shares a role in operating an international standardization body to which the Company pays membership fees. The ratio of fees in fiscal 2020 was less than 1% of the combined total amount of the cost of sales and the selling, general, and administrative expenses of the Company for the year. He is also Outside Director of BroadBand Tower, Inc. and Outside Director of LAC Co., Ltd., each of which has a business relationship with the Company. The ratio of transactions between BroadBand Tower, Inc. and LAC Co., Ltd. and the Company in fiscal 2020 was both less than 1% of the combined total amount of the cost of sales and the selling, general, and administrative expenses of the Company for the year. In addition, he is Dean of the API Institute of Geoeconomic Studies and API Senior Fellow of Asia Pacific Initiative, and the Company pays membership	Appointment is requested in anticipation of his advice to the management of the Company based on his academic expertise in the Internet technology along with his extensive experience. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Director.

		fees to the organization. The ratio of fees in fiscal 2020 was less than 1% of the combined total amount of the cost of sales and the selling, general, and administrative expenses of the Company for the year.	
John V. Roos	○	Outside Director of Salesforce.com, Inc., which has a business relationship including provision of services with the Company. The ratio of transactions between Salesforce.com, Inc. and the Company in fiscal 2020 was less than 1% of the combined total amount of the cost of sales and the selling, general, and administrative expenses of the Company for the year.	Appointment is requested in anticipation of his advice to the management of the Company based on his extensive knowledge and experience including as CEO of a leading law firm that has strengths in the area of technology and U.S. Ambassador to Japan. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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Status of Establishment, Membership, and Attributes of Chairs of Voluntary Committees

Voluntary Committee Corresponding to Nomination Committee

Committee Name						
All members (persons)	Standing members (persons)	Internal Directors (persons)	Outside Directors (persons)	Internal experts (persons)	Other (persons)	Chair

Voluntary Committee Corresponding to Remuneration Committee

Committee Name						
All members (persons)	Standing members (persons)	Internal Directors (persons)	Outside Directors (persons)	Internal experts (persons)	Other (persons)	Chair

Supplementary Explanation

[Audit & Supervisory Board]

Establishment of Audit & Supervisory Board	Established
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Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Company has four Audit & Supervisory Board Members, and a majority of the four are Outside Audit & Supervisory Board Members. And then, Outside Members includes one Full-time officer.

A two-member Audit & Supervisory Board Members' Office assists the Audit & Supervisory Board Members in the performance of their duties. In addition to its regular meetings, the Audit & Supervisory Board holds special meetings as required.

The purpose of the Audit & Supervisory Board is to receive reports, hold discussions, and make decisions regarding important audit-related matters. However, it does not prevent each Audit & Supervisory Board Member from exercising their individual authority.

In accordance with audit policies and plans established by the Audit & Supervisory Board, the Audit & Supervisory Board Members attend meetings of the Board of Directors and other important management meetings to receive reports about the state of the Company's operations from Directors and employees, and they also check the operations of the Company and its subsidiaries. In addition, the Audit & Supervisory Board Members receive audit reports from the independent auditors, audit financial statements and business reports, and discuss various matters with the CEO. The current members of the Audit & Supervisory Board are Yoshiaki Nishikawa (Audit & Supervisory Board Member, Full-time), Masahide Hiramoto (Outside Audit & Supervisory Board Member, Full-time), Takeo Hirata (Outside Audit & Supervisory Board Member), and Katsuyuki Yamaguchi (Outside Audit & Supervisory Board Member), with Yoshiaki Nishikawa (Audit & Supervisory Board Member, Full-time) serving as the Chairman of the Board.

Financial audits of the Company and its principal subsidiaries are conducted by Ernst & Young ShinNihon LLC based on the Japanese Companies Act and the Financial Instruments and Exchange Act. The Internal Audit Department conducts information sharing with independent auditors including regular exchange of opinions and the results of the internal audits.

Internal audits are conducted by the Internal Audit Department, which is an independent unit reporting directly to the CEO. Head office divisions, business units and the Group Companies are all subject to internal auditing. Audits are implemented under plans approved by the Board of Directors with the aim of verifying the legality, appropriateness and efficiency of operations. The purpose of the internal audit process is to ensure that business operations are conducted in an appropriate manner by identifying any improvements that may be required, and by monitoring the implementation of those improvements. Audit results are reported to the CEO and the Audit & Supervisory Board Members, and particularly important audit results are reported to the Board of Directors. The Internal Audit Department shares the results, etc. of the internal audits at regular meetings with Audit & Supervisory Board Members, and conducts information sharing with independent auditors including regular exchange of opinions and the results of the internal audits. A Three-Party Audit Meeting is held as needed, and exchange of opinions among the three parties are conducted. In addition, the Internal Audit Department is also working to enhance the effectiveness of internal audits throughout the group by working closely with the other auditors of the Group Companies. Furthermore, the Internal Audit Department evaluates the design and operating status of internal controls over financial reporting based on guidelines by the Financial Services Agency and internal regulations, and shares such information with internal control divisions, as appropriate. Internal control divisions make efforts to improve the internal control system based on such information, as necessary.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3

Number of Independent Audit & Supervisory Board Members	3
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Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takeo Hirata	Academic										○			
Masahide Hiramoto	From another company													
Katsuyuki Yamaguchi	Lawyer										○			

\*1 Categories for "Relationship with the Company"

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & Supervisory Board Members of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any off, g, or h) (the Audit & Supervisory Board Member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)
- m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Takeo Hirata	○	Chairman of Japan Society of Sports Industry, to which the Company pays membership fees. The ratio of the amount of fees in fiscal 2020 was less than 1% of the combined total amount of cost of sales and the selling, general, and administrative expenses at the Company for the year.	Appointment is requested in anticipation of his contribution to the Company's audit system based on his extensive knowledge and experience related primarily to sports and education. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Auditor.

Masahide Hiramoto	○	—	Appointment is requested in anticipation of his contribution to the Company's audit system based on his extensive knowledge and experience related primarily to finance and business management. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Auditor.
Katsuyuki Yamaguchi	○	Managing Partner of Nishimura & Asahi NY LLP and Outside Audit & Supervisory Board Member of BrainPad Inc., each of which has a business relationship including provision of services with the Company. The ratio of the amount of transactions between Nishimura & Asahi NY LLP and BrainPad Inc. and the Company in fiscal 2020 was both less than 1% of the combined total amount of cost of sales and the selling, general, and administrative expenses of the Company for the year.	Appointment is requested in anticipation of his contribution to the Company's audit system based on his extensive as a legal attorney on corporate legal affairs and his extensive knowledge and experience to the Company's audit system. Additionally, he is considered sufficiently independent in accordance with the criteria established by the Company based on the standards for independence stipulated by the Tokyo Stock Exchange, and is designated as an Independent Auditor.

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	8
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Matters relating to Independent Directors/Audit & Supervisory Board Members

With the aim of ensuring a high level of transparency and strong management supervision, while selecting Independent Directors and Independent Audit & Supervisory Board Members, the Company appoints persons who, in principle, do not fall under any of the following criteria.

- a. Executive of the parent company or a fellow subsidiary of the Company (\*1)
- b. A person or entity whose major client is the Company or an executive thereof or a major client (\*2) of the Company or an executive thereof
- c. Consultant, accountant or legal professional (or an affiliated person of the said party if it is a legal entity, cooperative, or other organization) who receives a large amount of monetary consideration or other property from the Company besides compensation as Directors or Audit & Supervisory Board Members
- d. A party who effectively holds 10% or more of the Company's entire voting rights or an executive thereof
- e. A person or party who has recently fallen under any of a) through d) above (\*3)
- f. A close relative of a person who falls under any of a) through e) above, or a close relative of an executive of the Company or its subsidiary (including those who were executives until recently) (including a close relative of non-executive Director or accounting advisor of the Company or its subsidiary, in the case where Outside Audit & Supervisory Board Member is appointed as an Independent Audit & Supervisory Board Member)

- \*1: An executive as stipulated in Article 2, Paragraph 3, Item 6 of the Ordinance for Enforcement of the Companies Act, which includes employees and executive directors.
- \*2: Refers to cases in which, their transactions with the Company exceed 1% of the combined total of the cost of goods sold and selling, general, and administrative expenses.
- \*3: Cases which are considered effectively equivalent to the present condition, such as when a party or person fell under any of a) through d) at the time the contents of the proposal of the General Shareholders' Meeting are determined for the election of such Independent Directors or Independent Audit & Supervisory Board Members as Outside Directors or Outside Audit & Supervisory Board Members.

**[Incentives]**

Incentive Policies for Directors	Stock Options
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Supplementary Explanation

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 executives and employees of the Group to share the gains of shareholders when stock prices rise and feel shareholders' losses when stock prices fall, thus enhancing their motivation to achieve higher performance and higher stock prices.

In addition, the exercise period of a portion of the Share Options will commence on the date on which one year has passed from the issuance of the Share Options, 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, with the rest of the Share Options becoming exercisable thereafter. By making the stock options exercisable in stages in this way, it will be possible to exercise the Share Options on the date on which one year has passed from the issuance of the Share Options. This will offer an attractive compensation package to prospective recruits to the Group, especially in countries and regions where the competition for talented human resources is intense. On the other hand, by making a portion of the Share Options exercisable gradually in stages until the date prior to the date on which four years have passed from the issuance, 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.

Accordingly, the Share Options may only be exercised by the Officers of the Company within ten days from the date following the date on which they retire from the Company, its subsidiaries, and its affiliates. As a result of these Share Options, 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, unlike those that were previously granted. The Company intends to implement retirement compensation stock option plans for the Officers of the Company in order to continuously enhance the Group's corporate and shareholder value by recruiting and retaining talented staff and by raising the motivation of the Officers of the Company towards higher performance.

Recipients of Stock Options	Internal directors, employees of the Company, directors of subsidiaries, employees of subsidiaries, and others.
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Supplementary Explanation

**[Determination Methods and Main Features of the Group's Compensation System]**

In determination of the total amount of compensation, including the granting of Share Options, several factors are taken into account, such as the degree to which the Group's operating profit targets were achieved; the business performance of each Group company, business segment or division; and the personnel evaluation of each individual.

As a general rule, the Group has designed its compensation system so that as an individual's rank and their role played increases, the portion of their total compensation comprised of performance-based bonuses (based on individual, Group Company, business unit or department performance) and stock options (that are linked



to stock prices) also increases. Nevertheless, a major feature of the Group's compensation system is that it delivers Stock Options to a wide range of personnel from comparatively junior first-year employees up to Directors. This reflects the Group's belief that making the majority of its executives and employees potential shareholders will further raise the awareness of each executive and employee towards enhancing corporate and shareholder values. Additionally, this is expected to reinforce the sense of unity among Group members, which is thought to be an indispensable element in expanding and fostering the "Rakuten Ecosystem" both in Japan and abroad.

In addition, it is the Group's belief that the Officers of the Company, in particular, compared to the other executives and employees of the Company, its subsidiaries or affiliates, are responsible for and should contribute to the further enhancement of performance and share holder value of the entire Group in the long-term. Accordingly, in order to raise the motivation of the Officers of Company to contribute to the enhancement of performance and stock prices in the long-term more than ever, the Company shall issue Share Options separate from The Company intends mentioned above.

### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	Partial Disclosure
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#### Supplementary Explanation

Director compensation in FY2020  
To 7 Directors: 210 million yen

To 5 Audit & Supervisory Board Members: 68 million yen

(Notes)

1. The amounts in the above includes one Director who retired at the conclusion of the 23<sup>rd</sup> Annual General Shareholders' Meeting held on March 27, 2020.
2. The amounts in the above do not include amounts related to employees' salaries and bonuses to Directors serving concurrently as employees.
3. The amounts in the above include compensation of total ¥123 million in total for Outside Officers (four Directors and four Audit & Supervisory Board Members).
4. In addition to the amounts shown above, the amount recorded as expenses during the fiscal year for Share Options granted as stock options is ¥118 million paid to six Directors and ¥3 million paid to four Audit & Supervisory Board Members. Of these, the amount recorded as expenses for Outside Officers (three Directors and three Audit & Supervisory Board Members) accounts for ¥5 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Compensation of directors of the company are based on the following policy.

For Executive Directors, we have a compensation system with a high weighting of stock options which are linked to company performance, aiming to secure and retain excellent globally competitive human resources, in order to promote sustainable growth by increasing medium to long term corporate value and achieving management goals.

For Non-executive Directors, the compensation level shall reflect their global knowledge and to secure and maintain excellent human resources who support management.

### [Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

The Company provides Board of Directors materials to the Outside Directors in order for them to fully demonstrate and exercise their experience in and knowledge about business management supervision and audits. The Company intends to create opportunities on an ongoing basis to provide explanation to Outside Directors and Outside Audit & Supervisory Board Members upon their appointment concerning the roles and responsibilities they are required to fulfill in accordance with the Companies Act.

Since April 2016, the Company has been holding intensive meetings, held separately from the meetings of the Board of Directors, where Directors and Audit & Supervisory Board Members mainly engage in debate about Group management strategy, etc., separately from the meetings of the Board of Directors. Participants discuss matters from a medium- to long-term perspective, rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors.

In addition, the Company established the Audit & Supervisory Board Members Office, which has full-time staff for assisting the Audit & Supervisory Board Members-- (including Outside Audit & Supervisory Board Members) --in the performance of their duties.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

The Company has supervised management through an Audit & Supervisory Board, where a majority of the members are Outside Audit & Supervisory Board Members. Additionally, in order to separate the supervisory and executive roles of management, the Company has adopted an Executive Officer System in which the Board retains responsibility for management decision-making and supervision, while Executive Officers are responsible for executive functions.

The Company's Board of Directors, which includes Outside Directors who are highly independent experts from a variety of fields, supervises the execution of business from an objective perspective and engages in casual and multilateral discussions on management. Furthermore, the Company holds meetings, where debates are held about Group management strategy, etc., separately from the meetings of the Board of Directors. Participants discuss matters from a medium- to long-term perspective rather than confining themselves to short-term issues or items discussed at the meetings of the Board of Directors, thereby enhancing the effectiveness of corporate governance. In addition, we have introduced an internal Company System to ensure agile business execution and clear accountability.

Through such efforts, Rakuten Group will continue to build a management structure with more highly effective governance functions that enables swift management decisions.

(Directors, Board of Directors, Executive Officers, etc.)

While it is stipulated in the Articles of Incorporation that the number of Directors shall be not more than 16, the Board of Directors consists of nine Directors, including five Outside Directors. Resolutions to appoint Directors must be approved by a majority of voting rights at an Annual General Shareholders' Meeting attended by shareholders holding at least one-third of voting rights.

The Board of Directors holds regular meetings, as well as special meetings as required, for the purpose of enhancing medium- to long-term corporate value and shareholder value. Within these meetings, Directors make decisions on important management matters, which are under the authority of the Board of Directors, and supervise the business execution of each Executive Officer. Executive Officers, upon receiving business execution orders from the CEO, carry out business execution within the administrative authority set forth by the Company. The current members of the Board of Directors are nine Directors, namely Hiroshi Mikitani (Representative Director, Chairman, President & CEO), Masayuki Hosaka (Representative Director & Vice Chairman), Charles B. Baxter (Director), Kentaro Hyakuno (Director), Ken Kutaragi (Outside Director), Sarah J.M. Whitley (Outside Director), Takashi Mitachi (Outside Director), Jun Murai (Outside Director), and John V. Roos (Outside Director), with Hiroshi Mikitani (Representative Director, Chairman, President & CEO) serving as the Chairman of the Board. As to a case that requires new capital expenditure including any investment, members, including Outside Directors and external experts, of the Investment Committee preliminarily deliberate on whether the case should be proceeded or not. The result of such deliberation shall be reported to the Board of Directors.

(Audit & Supervisory Board Members and the Audit & Supervisory Board)

The Company has four Audit & Supervisory Board Members, and a majority of the four are Outside Audit & Supervisory Board Members. And then, Outside Members includes one Full-time officer.

A two-member Audit & Supervisory Board Members' Office assists the Audit & Supervisory Board Members in the performance of their duties. In addition to its regular meetings, the Audit & Supervisory Board holds special meetings as required.

The purpose of the Audit & Supervisory Board is to receive reports, hold discussions, and make decisions regarding important audit-related matters. However, it does not prevent each Audit & Supervisory Board Member from exercising their individual authority.

In accordance with audit policies and plans established by the Audit & Supervisory Board, the Audit & Supervisory Board Members attend meetings of the Board of Directors and other important management meetings to receive reports about the state of the Company's operations from Directors and employees, and they also check the operations of the Company and its subsidiaries. In addition, the Audit & Supervisory Board Members receive audit reports from the independent auditors, audit financial statements and business reports, and discuss various matters with the CEO. The current members of the Audit & Supervisory Board are Yoshiaki Nishikawa (Audit & Supervisory Board Member, Full-time), Masahide Hiramoto (Outside Audit & Supervisory Board Member, Full-time), Takeo Hirata (Outside Audit & Supervisory Board Member), and Katsuyuki Yamaguchi (Outside Audit & Supervisory Board Member), with Yoshiaki Nishikawa (Audit & Supervisory Board Member, Full-time) serving as the Chairman of the Board.

(Independent Auditors)

Financial audits of the Company and its principal subsidiaries are conducted by ERNST & YOUNG SHINNIHON LLC based on the Companies Act and the Financial Instruments and Exchange Act.

In December 2020, audits were conducted by the following certified public accountants and assistants.

[Certified public accountants]

Designated and Engagement Partner	Takeshi Saida
Designated and Engagement Partner	Isamu Ando
Designated and Engagement Partner	Kenji Kuroki

[Names of Assistants]

30 certified public accountants and 52 others

(Internal Audit)

Internal audits are conducted by the Internal Audit Department, which is an independent unit reporting directly to the CEO. Head office divisions, business units and the Group Companies are all subject to internal auditing. Audits are implemented under plans approved by the Board of Directors with the aim of verifying the legality, appropriateness and efficiency of operations. The purpose of the internal audit process is to ensure that business operations are conducted in an appropriate manner by identifying any improvements that may be required, and by monitoring the implementation of those improvements. Audit results are reported to the CEO and the Audit & Supervisory Board Members, and particularly important audit results are reported to the Board of Directors. The Internal Audit Department shares the results, etc. of the internal audits at regular meetings with Audit & Supervisory Board Members, and conducts information sharing with independent auditors including regular exchange of opinions and the results of the internal audits. A Three-Party Audit Meeting is held as needed, and exchange of opinions among the three parties are conducted. In addition, the Internal Audit Department is also working to enhance the effectiveness of internal audits throughout the group by working closely with the other auditors of the Group Companies. Furthermore, the Internal Audit Department evaluates the design and operating status of internal controls over financial reporting based on guidelines by the Financial Services Agency and internal regulations, and shares such information with internal control divisions, as appropriate. Internal control divisions make efforts to improve the internal control system based on such information, as necessary.

In order for all Directors (excluding executive Directors, etc.) and Audit & Supervisory Board Members to fulfill their expected roles, the Company stipulates under its current Articles of Incorporation that it can conclude limited liability agreements with each of them. These restrict their liability for damages under Article 423, Paragraph 1 of the Companies Act to the statutory limit required under the provisions of Article 427,

Paragraph 1 of the Act. Accordingly, the Company has entered into such liability limitation agreements with the Directors (excluding executive Directors, etc.) and Audit & Supervisory Board Members of the Company.

### 3. Reasons for Adoption of Current Corporate Governance System

As explained in the “2” above, the Company enhances the effectiveness of its corporate governance through supervision by Outside Directors who are independent from the Company and have expertise in various fields.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company strives to send the Convocation Notice 3 days earlier than the legal term. In addition, the Convocation Notice is being posted on the Company website and is being submitted to the Tokyo Stock Exchange 10 days earlier than the legal term for the Annual General Shareholders’ Meeting held in March 2021.
Scheduling AGMs Avoiding the Peak Day	The Company holds Annual General Shareholders’ Meeting in March
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights is available.
Participation in Electronic Voting Platform	The Company participates in the “electronic exercise of voting rights platform” operated by ICJ, Inc.
Providing Convocation Notice in English	The Company discloses the Convocation Notice in English on the Company website and “electronic exercise of voting rights platform”. For the Annual General Shareholders’ Meeting held in March 2021, the Convocation Notice in English was posted on the website of the Company and submitted to the Tokyo Stock Exchange 7 days earlier than the legal term.
Other	In an effort to promote understanding of business performance and business conditions, the Company uses a video with narration for the business report in the Annual Shareholders’ Meeting, which is also posted on the Company website. Continuing from last year, for the Annual Shareholders’ Meeting this year, from the perspective of preventing the spread of the Coronavirus, business reports that utilize video and narration have been omitted and will be posted on the Company website at a later date. The Company also introduced live distribution via the Internet of the meeting (so-called participatory virtual Shareholders’ Meeting) To facilitate the smooth exercise of voting rights, the Company has introduced a system for exercising voting rights using smartphones in addition to the Internet.

### 2. IR Activities

	Supplementary Explanations	Explanations by the Representative

		Himself/Herself
Preparation and Publication of Disclosure Policy	The Company discloses its Disclosure Policy on the Company website. Disclosure Policy: <a href="https://global.rakuten.com/corp/investors/policy/ir_policy.html">https://global.rakuten.com/corp/investors/policy/ir_policy.html</a>	-
Regular Investor Briefings for Individual Investors	The Company uses a video with narration for the business report in the Annual Shareholders' Meeting, which is also posted on the Company website to promote understanding of business performance and business conditions. Continuing from last year, for the Annual Shareholders' Meeting this year, from the perspective of preventing the spread of the Coronavirus, business reports that utilize video and narration have been omitted and will be posted on the Company website at a later date. The Company also conducts quarterly financial results briefing sessions in which the Representative Directors, Executive Officers and others responsible for principal businesses explain about the business strategy. It can be viewed with live streaming and the materials are posted on the Company website a few days after the briefings.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company conducts quarterly financial results briefing sessions in which Representative Directors, Executive Officers, and others responsible for principal businesses explain about business strategy. It can be viewed with live streaming and the materials are posted on the Company website a few days after the briefings. The Company also holds small meetings for domestic and international institutional investors and analysts, and participate the conference held by securities company, in which Representative Directors, Executive Officers and others responsible for principal businesses explain about the business strategy.	Yes
Regular Investor Briefings for Overseas Investors	The sessions explained above are held in Japanese and English. The Company regularly holds conference call and online conferences with overseas investors. Also, the Company participates the conferences held by securities company in which Executive Officers and others responsible for principal businesses explain about the business strategy.	Yes
Posting of IR Materials on Website	Materials, Corporate Reports and the video streaming of quarterly financial results briefing sessions are posted on the Company website together with the disclosure quarterly financial results. Also, these materials in English are also posted on the Company website for overseas investors at the same quality and at the same time as Japanese.	-
Establishment of Department and/or Manager in Charge of IR	The Company appoints dedicated IR staff in the Investor Relations Department and sets IR inquiry form on the Company website.	-
Other		

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company stipulates internal rules for respecting the Position of Stakeholders in "Rakuten Group Code of Ethics".
Implementation of Environmental Activities, CSR Activities etc.	The Rakuten Group strives to tackle issues facing society through its core businesses while achieving a sustainable society for all.  To align our sustainability action plan with the expectations of our stakeholders and of society as a whole, we identified our "materiality," the key issues that the Group has the responsibility to address in order to realize

long-term business growth while contributing to the realization of a sustainable society.

For more details, please visit the following page:

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

For each material issue, we regularly communicate our management approach, related initiatives, and progress (ESG data) to our stakeholders through our annual Corporate Report and the Sustainability pages of our corporate website. Below are some examples.

Sustainability pages:

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

Corporate Report:

<https://global.rakuten.com/corp/investors/documents/annual.html>

### **Growing with our employees**

Employees are our most valuable asset. We attract and develop the brightest talent from around the world, respect their unique values, and provide an environment where diverse individuals can reach their full potential.

- Diversity is one of our key corporate strategies. Since the adoption of English as our official language, we have been able to hire talent from around the world. We conduct training that helps employees work in and manage cross-cultural teams toward a shared goal. In addition, we have put in place such systems as flextime to encourage diverse work styles, and our offices strive to accommodate the various needs of employees through the establishment of daycare centers, the offering of vegetarian and halal meals in our cafeterias, and the provision of prayer rooms.
- In 2020, we offered 43 training courses, from basic business skills to 1-on-1 training. In spite of the COVID-19 pandemic, employees were able to take part in training online from their homes, which resulted in a growing number of participants and a high satisfaction rate.
- In addition to our talent development initiatives, we offer long-term employee benefits and enhanced our compensation system. Our overall efforts contributed to a 5.7-point decline in the turnover rate compared with 2017.
- We have established mechanisms that facilitate employees' participation in social initiatives, notably a volunteer leave system of up to five days per year. Additionally, employees are provided the opportunity to give back to society by leveraging their skills and experience through such philanthropic programs as the Rakuten Social Accelerator.

For more details, please visit the following pages:

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

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

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

### **Providing sustainable platforms & services**

The Rakuten Group strives to engage with stakeholders across its entire value chain to drive social change at large, promoting more responsible business practices and sustainable lifestyles.

- The “Rakuten Group Sustainable Procurement Instruction” sets expectations for suppliers, ensuring high ethical business standards and aiming to reduce any adverse impact on the environment and society.
- Launched under the banner of “shopping that changes the future, Earth Mall with Rakuten promotes responsible consumption and production

	<p>by introducing a selection of sustainable products that customers can purchase on Rakuten Ichiba.</p> <p>For more details, please visit the following pages:  <a href="https://event.rakuten.co.jp/earthmall/">https://event.rakuten.co.jp/earthmall/</a> (in Japanese)  <a href="https://global.rakuten.com/corp/sustainability/human-rights/">https://global.rakuten.com/corp/sustainability/human-rights/</a></p> <p><b>Addressing global challenges</b></p> <p>The Rakuten Group aims to leverage its business assets to solve some of the most pressing issues facing society, including climate change.</p> <ul style="list-style-type: none"> <li>● Rakuten Group, Inc. joined the international RE100 initiative in 2019 and set the target of adopting 100% renewable electricity for its offices, data centers, and fulfillment centers by 2025.</li> <li>● By utilizing renewable energy certificates, notably J-Credits, the Rakuten Group achieved a renewable electricity ratio of 64.8% in 2020. To achieve our 100% target as planned, we intend to maintain annual progress of +10 percentage points and consider different sourcing approaches.</li> <li>● In 2020, the Rakuten Group was selected for inclusion on the CDP Climate Change A List, the highest rating in the climate-related evaluation conducted by the global environmental not-for-profit charity CDP.</li> </ul> <p>For more details, please visit the following page:  <a href="https://global.rakuten.com/corp/sustainability/environment/">https://global.rakuten.com/corp/sustainability/environment/</a></p>
Development of Policies on Information Provision to Stakeholders	The Company discloses Disclosure Policy on the Company website. Disclosure Policy: <a href="https://global.rakuten.com/corp/investors/policy/ir_policy.html">https://global.rakuten.com/corp/investors/policy/ir_policy.html</a>
Other	

#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control System and the Progress of System Development

The Board of Directors of the Company has made the following resolutions concerning systems to ensure the performance of business operations of Directors comply with laws, regulations and the “Articles of Incorporation,” and that business operations are conducted in an appropriate manner.

(1) System for Ensuring Directors and Employees Comply with Laws, Regulations and the Articles of Incorporation

Rakuten Group, Inc. has stipulated the "Rakuten Group Code of Ethics" and Rakuten Group, Inc. as well as its subsidiaries (“Rakuten Group”), shall accordingly comply with all laws and regulations and undertake business actions with a high commitment to ethics. The proper execution of duties by Directors and employees of Rakuten Group shall be absolutely ensured through: operational audits carried out by the Internal Audit Department (an independent organizational unit under the direct control of the Representative Director and President); initiatives promoting Group-wide compliance under the leadership of the Chief Operating Officer (COO), a Function Chief Compliance Officer (“Function CCO”) who, under the leadership of the COO, oversees the integration of Group-wide compliance management, and Company Compliance Officer appointed according to Rakuten Group, Inc.’s internal Company System structure; and by reporting the status of compliance initiatives to the Group Risk Compliance Committee and the Board of Directors.

Moreover, Outside Directors and Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members shall also thoroughly supervise and audit the execution of duties by Directors and employees. To technically and objectively verify compliance with laws, regulations and the “Articles of Incorporation”, lawyers shall also be appointed for those positions.

Additionally, compliance education about the knowledge and sense of ethics needed as a member of Rakuten Group is carried out for all executives and employees of Rakuten Group. Rakuten Group shall appropriately administer a system for internal reporting that prevents retribution against those who report and

consult through establishing a point of contact for executives, current and former employees of Rakuten Group to consult and report about legal violations and other compliance issues. Rakuten Group will also collect information widely from outside the company.

(2) System for Managing and Protecting Information Related to the Execution of Duties by Directors

Any information, including written documents and digital records, regarding the execution of duties by Directors of Rakuten Group, Inc. shall be legally and properly preserved and managed in accordance with the Rakuten Group Regulations and other internal regulations. Additionally, Directors and Audit & Supervisory Board Members shall have full-time access to all information relevant to this matter.

(3) System for Risk Management

Under Rakuten Group, Inc.'s internal Company System structure, Company Presidents will be responsible for appropriately dealing with, in accordance with Rakuten Group Regulations, risks that arise during the course of individual Companies' business operations. The CFO, CISO, COO and Function CCO will liaise with each Company President to manage Company-specific risks in relation to their respective fields of finance, information security, and compliance, etc., as well as deal with important Group-wide risks relating to their respective fields.

For risks relating to information security, including Information Security Management System (ISMS) certification for major businesses in Rakuten Group, the CISO conducts risk management at a Group-wide level.

In order to appropriately manage risks arising from business investments or related activities, all investment proposals are required to be discussed in the Rakuten Group, Inc. Investment Committee and approved by the Rakuten Group, Inc. Board of Directors if exceeding a certain amount.

The Internal Audit Department of Rakuten Group, Inc. will, from an independent standpoint, carry out audits of Rakuten Group, Inc. and Group Companies' status of compliance with laws and related Rakuten Group Regulations, and regularly report to the Rakuten Group, Inc. Board of Directors.

(4) System Allowing Directors to Efficiently Carry Out their Duties

An appropriate and efficient decision-making system to allow Directors of Rakuten Group to execute their duties shall be formulated based on the Rakuten Group Regulations, and other internal regulations. Moreover, transparency and speed in decision making shall be sought by promoting online internal procedures.

Prompt and flexible decision-making and execution of duties shall be promoted by having Executive Officers, who were appointed by the Board of Directors, perform duties under the control of Directors.

(5) System to Report Financial Information Appropriately

A system shall be developed to ensure appropriate operations for financial reporting related to the disclosure of management information, financial information, etc. In addition, generally accepted accounting practices, and timely disclosure based on "the Financial Instruments and Exchange Act" and other applicable domestic and foreign laws and regulations shall be conducted and effectiveness of these shall be evaluated accordingly.

(6) System for Rakuten Group to Only Engage in Appropriate Business Practices

In order to realize unified Group management, Rakuten Group, Inc. stipulates Rakuten Group Regulations and other internal regulations dealing with company ideals, group governance, company management, risk management, compliance, etc. Regarding the execution of subsidiaries' significant duties, Rakuten Group shall administer a system for approval and reporting to Rakuten Group, Inc. based on the Rakuten Group Authority Table and Rakuten Group Guidelines. The Rakuten Group Regulations protect the independence of the subsidiaries while also creating the needed framework for business operations which is followed by the entire Rakuten Group.

In addition, the Internal Audit Department, which is an independent organization under the Representative Director and President ensures the appropriateness of operations by having a strong relationship with the organizational unit-in-charge of internal audit of each subsidiary and by conducting internal audits on Rakuten Group as a whole.

(7) Requests from Audit & Supervisory Board Member for Employees' Assistance and Employees' Independence from Directors

To assist the duties of Audit & Supervisory Board Members, the Audit & Supervisory Board Members Office is established under the Audit & Supervisory Board, and the Audit & Supervisory Board Members may



give orders to employees belonging to the Audit & Supervisory Board Members Office as the need arises. Additionally, when employees assist Audit & Supervisory Board Members, the effectiveness of the orders from Audit & Supervisory Board Members shall be ensured by employees of the Audit & Supervisory Board Members Office not receiving orders from Directors and by requiring approval from the Audit & Supervisory Board Members for such employees' transfer and performance assessments.

(8) System for Directors and Employees to Report to Audit & Supervisory Board Members and for Audit & Supervisory Board Members to Carry Out Effective Audits

Directors and employees of Rakuten Group shall give all legally required reports to Audit & Supervisory Board Members and provide additional necessary reports and information if the Audit & Supervisory Board Member requests it. Rakuten Group, Inc. will ensure the effectiveness of audits through prohibiting retribution for reporting against those who report to the Audit & Supervisory Board Members. Additionally, if Rakuten Group, Inc. receives a request for prepayment of expenses or repayment from Audit & Supervisory Board Members, it shall pay the expense or debt promptly unless the expenses are proved not to be necessary for the execution of the Audit & Supervisory Board Member's duty.

## 2. Basic Views on Eliminating Anti-Social Forces

< Basic Policy on Eliminating Antisocial Forces >

The "Rakuten Group Code of Ethics" calls for confronting antisocial forces with a resolute attitude and for standing staunchly on the side of social justice for the greater good. In addition, the Rakuten Group Regulations and other internal regulations establish detailed methods for handling antisocial forces. We have fully communicated these methods and established related systems internally and coordinate closely with Group companies.

< Systems for Eliminating Antisocial Forces >

(1) Establishment of a Response Department and Appointment of Managers Responsible for Preventing Inappropriate Demands.

The General Affairs and Facilities Management Department has been determined as the department in charge of responding to antisocial forces, and its General Manager has been given responsibility for coordinating response. In addition, person in charge of responding to antisocial forces have been assigned at each business and branch offices appropriately.

(2) Coordination with Outside Specialists

We keep in regular contact with the police, attorneys, the National Center for the Elimination of Boryokudan ("violent elements") and other outside specialists, and closely coordinate with them. We are also members of the Special Violence Prevention Council and receive guidance on handling antisocial forces.

(3) Collection and Management of Information on Antisocial Forces

The response department regularly collects and manages information to help in handling antisocial forces. The information is shared with the person in charge of responding to antisocial forces.

(4) Establishment of a Response Manual

The Rakuten Group Regulations and other internal regulations have been established. General principles and specific methods for handling antisocial forces are broadly communicated internally coordinate closely to Group companies.

(5) Training Activities

Along with sharing information on antisocial forces internally, managers and staff in charge of dealing with antisocial forces undergo regular training on response guidelines in order to improve their response capabilities.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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## 2. Other Matters Concerning to Corporate Governance System

### 1. Basic Policy for Timely Disclosure

The Group, as a listed company, discloses timely and appropriate information to shareholders and investors in accordance with related laws and regulations as well as rules, such as the Financial Instruments and Exchange Act and timely disclosure rules set forth by the financial instruments exchanges. In addition, the Group, as a social entity, aims to contribute to increased shareholder value by disclosing information fairly to stakeholders, such as business partners, customers, users and employees, and developing a transparent and highly reliable information disclosure system.

### 2. System for Timely Disclosure

With respect to timely disclosure of corporate information, the Company ensures prompt and adequate disclosure based on the timely disclosure guidelines specified by the Tokyo Stock Exchange, Inc. and the Rakuten Group Regulations as well as other internal regulations.

Specifically, when there is a possibility of a matter becoming necessary for timely disclosure, or organizational decision-making is necessary, the IR Department plays a key role under the conduct of the Executive Director of Information Disclosure, and undertakes the collection and sorting of the information with each division, and discloses it in a timely manner.

[Overview of Corporate Governance System]

