Rakuten International's Task Force on Climate-Related Financial Disclosures (TCFD) Report

2025

Rakuten

Rakuten International is dedicated to managing its climate impact responsibly.

The Task Force on Climate-Related Financial Disclosures

This report is prepared by and for Rakuten USA, Inc., dba Rakuten International (hereinafter referred to as “Rakuten International,” “we,” or “our”), in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and in compliance with California Senate Bill 261 (SB 261) requirements. It includes disclosures across all four TCFD pillars: Governance, Strategy, Risk Management, and Metrics and Targets.

As a subsidiary of Rakuten Group, Inc., Rakuten International recognizes climate change as one of the most pressing challenges facing society today. The increasing frequency of extreme weather events and shifting climate patterns pose risks not only to global communities but also to our business operations and the customers we serve. These realities underscore the importance of taking decisive action to address climate-related risks and opportunities.

Aligned with Rakuten Group’s commitment to realizing a decarbonized society and our corporate mission of empowerment and innovation, Rakuten International is dedicated to managing its climate

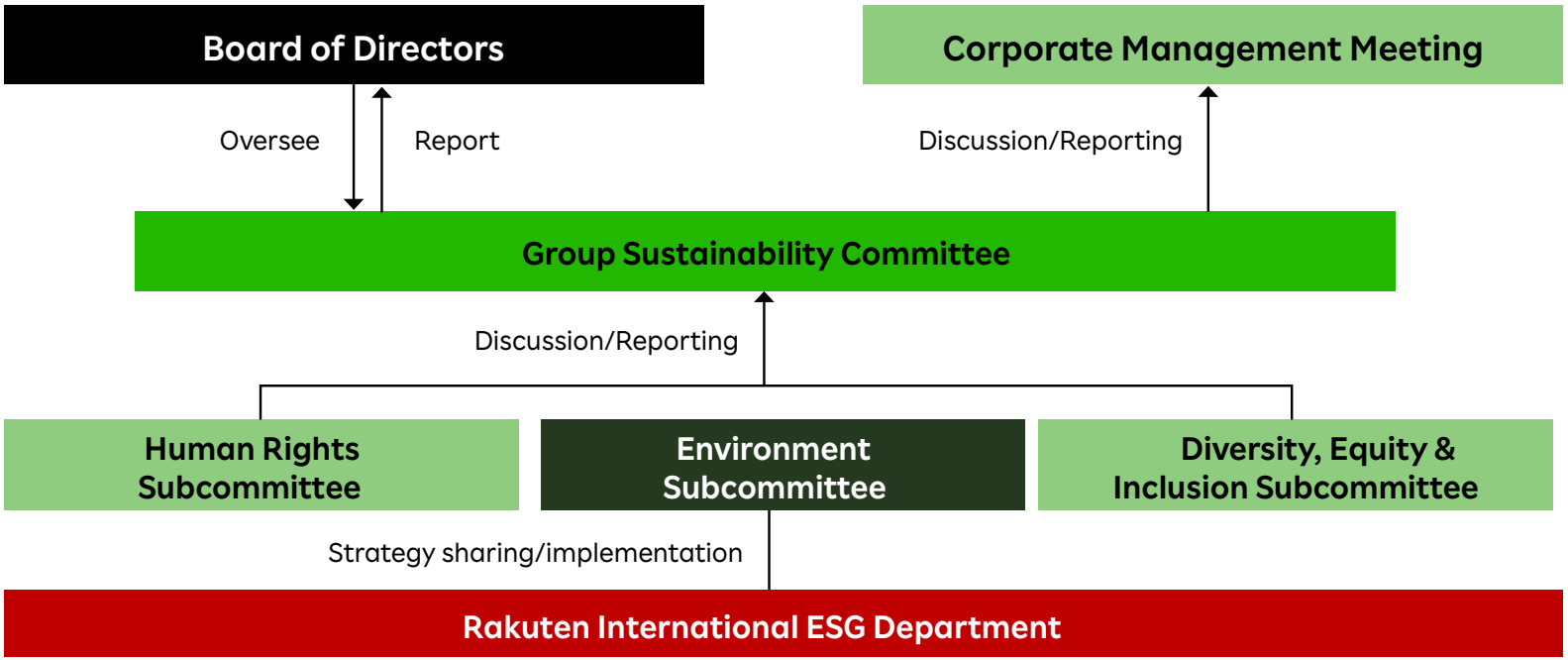
Our approach encompasses:

- Assessing and managing climate-related risks and opportunities across our operations.
- Improving energy efficiency and transitioning to clean energy solutions where feasible.
- Maintaining transparency through comprehensive climate-related financial disclosures.

This report represents our commitment to transparency and accountability in addressing climate change, providing our stakeholders with clear insights into how we identify, assess, and manage climate-related risks and opportunities. Through this disclosure, we aim to demonstrate our progress toward building long-term resilience while contributing to the broader transition to a sustainable, low-carbon economy.

GOVERNANCE

Rakuten International's Governance Structure



Rakuten Group Inc.'s governance framework provides the foundation for Rakuten International's approach to climate-related financial risks. Important matters related to climate change are overseen at the Group executive level by the Group Chief Operating Officer (COO), who also serves as a Board Member and Head of the Operations Division.

Under this leadership, the Group's Sustainability Promotion Department collaborates with international initiatives and key internal and external stakeholders to clarify environmental responsibilities across business units and subsidiary companies. It also conducts internal audits covering the completeness and accuracy of environmental data, progress toward goals, regulatory compliance, and the identification of risks and opportunities to improve environmental performance, such as energy efficiency.

As a subsidiary of Rakuten Group, Inc., Rakuten International operates within this governance framework while maintaining subsidiary-level oversight suited to our operations and regional differences in climate-related risks and opportunities.

Within Rakuten International, the Environmental, Social, and Governance (ESG) and Finance Departments jointly identify and assess climate-related financial risks (outlined in the Strategy section) and coordinate their management across relevant business areas (as described in the Risk Management section).

Rakuten International's ESG department serves as the primary environmental point of contact and works closely with the Group Sustainability Promotion Department to ensure alignment on standards and reporting expectations. It reports to Rakuten International's Chief Operating Officer, who oversees regional climate-related risks and opportunities and escalates material matters to the Group Sustainability Committee when appropriate.

This integrated governance structure ensures effective climate-related oversight across our operating regions.

Key updates and progress are reported quarterly to the Group Sustainability Committee and the Group's Board of Directors via the Environmental Subcommittee, which may recommend further analysis or decision-making as needed.

STRATEGY

Identified Climate-Related Financial Risks & Opportunities

Rakuten International's climate strategy is informed by comprehensive identification and assessment of climate-related risks and opportunities across short-term (0-3 years), medium-term (3-10 years), and long-term (beyond 10 years) horizons. Through this assessment process, we have identified both transition and physical climate risks that could impact our operations, including acute physical risks in the short term from extreme weather events, as well as evolving regulatory requirements and market shifts.

We also recognize significant opportunities in the growing demand for sustainable digital services, operational efficiencies through renewable energy adoption, and strengthening our market position through ESG departmental leadership.
Given the systemic and evolving nature of climate change, we continue to monitor and actively manage these risks and opportunities as integral components of our business strategy.

Our digital business model, geographic diversification, and proactive sustainability initiatives provide inherent resilience against many climate-related impacts. Climate considerations are increasingly integrated into our strategic and financial planning processes, influencing investment priorities, vendor selection criteria emphasizing sustainability, and product development focusing on energy efficiency.

To assess the resilience of our strategy under different climate futures, we have conducted a scenario analysis. This analysis utilizes the Intergovernmental Panel on Climate Change's (IPCC) Representative Concentration Pathway (RCP) framework, examining the 1.5°C (RCP 2.6) and 4°C (RCP 8.5) pathways. These pathways represent aggressive global climate action and limited climate action, respectively, and we have analyzed their potential impact on our business.

The following sections detail our identified risks and opportunities, their potential impacts on our business, and our management responses to ensure long-term resilience and value creation. We will continue to refine our climate scenario analysis in future reporting periods as methodologies evolve and data availability improves.

Identified Climate-Related Risks

Category	Type	Climate Scenario	Main Risk	Time Horizon	Impact	Management's Response
Transitional	**Policy & Legal**	1.5°C	Evolving global environmental regulations and reporting requirements across jurisdictions may necessitate operational adjustments and enhanced compliance systems, resulting in increased compliance and operating costs as well as capital expenditures. Non-compliance could result in financial penalties, fines, litigation costs, reputational impacts, and market access restrictions.	**Short-Long term**	**Small**	Training cross-departmental teams in environmental reporting. · Developing robust data collection and reporting structures to ensure disclosure accuracy. · Monitor evolving regulations across jurisdictions.
			Introduction of mandatory carbon pricing mechanisms could increase operating costs through direct carbon pricing expenses and may require capital expenditures to reduce emissions exposure.	**Mid-Long term**	**Small**	Record Greenhouse Gas (GHG) emissions and track against relevant carbon pricing thresholds to project potential costs. · Invest in energy efficient measures and re newable energy procurement to reduce emissions exposure and mitigate long-term carbon pricing impacts.

Category	Type	Climate Scenario	Main Risk	Time Horizon	Impact	Management's Response
Transitional	**Market/ Reputation**	1.5°C	Delayed development of decarbonized products/ services and insufficient climate countermeasures may result in decreased revenue and market share loss due to degraded reputation and diminished consumer trust in non-adaptive platforms.	**Mid- Long term**	**Small**	·Identify and build a list of low-carbon suppliers of market relevant products and services, establishing means to pivot to such suppliers in order to diversify revenue opportunities in the event of changing market dynamics. · Maintain active ESG-related information disclosure to strengthen brand reputation.
Physical	**Acute**	1.5°C	Extreme weather events, such as fires and floods, and resulting power disruptions could impact our online-based services, causing business interruptions, supply chain disruptions, and decreased revenue. These events may also increase operating costs and insurance premiums due to heightened risk exposure, affecting employees, vendors, and both consumer and business operations.	**Short- Long term**	**Medium**	· Enhance our business continuity and resilience planning by strengthening infrastructure, diversifying energy sources, and partnering with key vendors to minimize service disruptions from extreme weather events.

Category	Type	Climate Scenario	Main Risk	Time Horizon	Impact	Management's Response
Physical	**Chronic**	**4°C**	Rising temperatures increase cooling requirements for data centers and offices, driving higher energy costs and operating expenses. Extreme heat in office environments may also affect employee well-being and productivity. Additionally, water shortages from prolonged heat could impact data center cooling systems, potentially leading to service disruptions and increased operational costs.	**Mid-Long term**	**Small**	· Developing a data center and facility migration plan to prioritize locations with optimal energy-efficient cooling systems, and heat-resilient facility design to reduce electricity demand, protect equipment performance, and maintain safe working conditions for employees. · Engage with data center operators to ensure power purchase agreements and renewable energy procurement strategies are in place.

Identified Climate-Related Opportunities

Type	Climate Scenario	Main Opportunity	Time Horizon	Impact	Management's Response
Re-source Effi-ciency	1.5°C	Emerging climate technologies enable intelligent resource management and operational efficiency improvements across operations, reducing energy and operational costs. These technologies also support predictive maintenance and optimized resource use, lowering capital expenditure needs and improving profit margins through more efficient operations.	**Short-Long term**	**Large**	· Implementing AI-driven resource optimization to reduce energy consumption, water usage, and waste generation. · Utilizing AI to optimize resource distribution and improve operational performance across platform operations.
Energy Source	1.5°C	Increase use of renewable energy in response to rising carbon prices and carbon transitioning economy, lowering operating costs by reducing exposure to fossil fuel pricing volatility and avoiding future carbon tax liabilities.	**Mid-Long term**	**Medium**	· Promoting renewable energy sourcing across facilities and data centers. · Transitioning data centers and facilities toward renewable electricity through Renewable Energy Certifications (REC)s. · Evaluating opportunities to migrate to energy-efficient buildings with renewable energy infrastructure.

Type	Climate Scenario	Main Opportunity	Time Horizon	Impact	Management's Response
Product/ Services	1.5°C	Rising environmental consciousness within customer behavior drives demand for services that support sustainable decisions and responsible vendor practices. This presents opportunities for revenue growth through eco-conscious customer segments, while strengthening market differentiation and improving customer retention.	**Short-Long term**	**Medium**	· Expanding portfolio of sustainability-focused products and services to capture growing demand for environmentally responsible solutions. · Positioning as a value-driven platform that enables customers to make sustainable purchasing decisions. · Enhancing brand differentiation through transparent ESG disclosures and promotion of GHG reduction initiatives.
Market	4°C	Climate-related disruptions to physical retail locations and changing consumer preferences accelerate the shift to digital commerce, necessitating consumers and businesses to meet needs through online resources. This transition creates revenue growth opportunities across business units and enables market expansion into new customer segments and geographies.	**Long term**	**Medium**	· Scale platform infrastructure to accommodate increased user traffic. · Strengthening merchant services and partnerships to adapt to the pivoting market.

Definition of Time Horizon & Impacts

Time Horizon		Risk		Opportunity	
Short-term	Next 3 years	Small	Little impact	Small	Little impact
Mid-term	Until 2030	Medium	Services and/or operations are delayed	Medium	Some services and/or operations are impacted
Long-term	2030 onward	Large	Services and/ or operations are temporarily suspended	Large	Entire company is impacted

Strategy Resilience Assessment

To evaluate the resilience of our business strategy under different climate futures, we conducted a qualitative scenario analysis.

This analysis examined two distinct pathways:

- **RCP2.6 (1.5°C):** Representing a future with aggressive global climate action, aligning with the Paris Agreement's most ambitious goals.
- **RCP8.5 (4°C):** Reflecting a future with limited climate action, leading to significant global warming.

Our assessment, informed by IPCC climate scenarios and internal stakeholder workshops, systematically examined how both physical and transition risks could impact our operations, supply chains, and markets across short (0-3 years), medium (3-10 years), and longterm (10+ years) horizons.

Under the 1.5°C Scenario (RCP2.6):
We anticipate heightened transition risks from carbon pricing, regulatory requirements, and shifting

customer expectations. However, our investments in AI to improve operational efficiencies and our increasing renewable energy procurement efforts position us to adapt to these changes while simultaneously capturing emerging market opportunities.

Under the 4°C Scenario (RCP8.5):
Physical risks become significantly more pronounced, characterized by increased frequency and severity of extreme weather events. These events could potentially disrupt our facilities, supply chains, third-party vendors, and impact employee well-being.

Nevertheless, our geographic diversification and adaptive operating model within an internet services industry provide buffers against localized physical impacts and enhance our overall resilience.

Across both scenarios, our analysis indicates that while specific tactical adjustments will be necessary, such as enhancing supply chain flexibility, accelerating low-carbon initiatives, or strengthening physical resilience measures, our core business model and strategic direction remain fundamentally viable.

This assessment demonstrates that our diversified approach to operations and ability to adapt operational practices provide sufficient flexibility to navigate various climate futures. We will continue to monitor climate indicators and update our strategic response as conditions evolve.

This qualitative analysis will be refined biennially as required under SB 261, incorporating evolving climate science and lessons learned from our ongoing adaptation efforts.

Risk Management

Processes for Identifying & Assessing Climate-Related Risks

Our organization employs a proactive approach to identifying climate-related risks, led by Subject Matter Experts (SMEs). As part of the Enterprise Risk Management (ERM) cycle, SMEs, including the ESG Team, convene to identify potential risks.

These sessions consider a broad spectrum of climate-related factors, such as:

Evolving regulatory landscapes: New policies, carbon pricing, disclosure requirements.
Technological advancements: Disruptive innovations, shifts in energy production.
Market shifts: Changes in consumer preferences, supply chain vulnerabilities.
Physical impacts: Extreme weather events, longterm resource scarcity, biodiversity loss.

Identified risks will then be assessed for their likelihood and severity of potential impact on our business strategy, operations, and financial performance. This assessment considers both qualitative factors and, where feasible, quantitative metrics to prioritize risks requiring immediate attention and strategic planning.

Our process involves two key stages:

1. **Risk Identification:** Cross-functional SMEs identify potential risk scenarios by analyzing anticipated changes within our internal (organization strategies, business procedures, etc.) and external (regulatory, economic, social, legal, etc.) environments.
2. **Risk Assessment:** Based on the identified risks and risk scenarios, SME and department stakeholders assess the inherent impact and likelihood of each risk.

Processes for Managing Climate-Related Risks

Once identified and assessed, climate-related risks are managed through a structured approach, aligned with our ERM methodology.

For each prioritized climate-related risk, specific adaptation strategies are developed through the following risk responses: avoid, mitigate, transfer, andretain. Risk owners are assigned accountability for

implementing and monitoring these strategies, with regular reporting on progress and effectiveness.

Our management approach aims not only to minimize negative impacts but also to identify and capitalize on opportunities arising from the transition to a low-carbon economy.

Our risk management process includes:

1. **Action Planning:** After identifying and evaluating risks, comprehensive response strategies are developed to effectively manage risks.
   - Avoiding the risk: By stopping, postponing, canceling, or significantly altering specific actions or processes.
   - Mitigating the risk: By reducing its likelihood or controlling its potential consequences.
   - Transferring or sharing the risk: To reduce its likelihood or impact, often through insurance or partnerships.
   - Accepting the risk: If analysis concludes that the consequences are at a reasonably acceptable level, often after all other options have been considered.
2. **Implementing and Monitoring of Risk Response Plans:** Proactively manage risks by continuously reviewing and tracking the implementation of risk response plans to ensure they are effective and that risks are being managed appropriately. The monitoring of these action plans is an ongoing process embedded within our overarching ERM Framework.

Processes for Integrating Climate-Related Risks into Overall Risk Management

The processes for identifying, assessing, and managing climate-related risks are seamlessly integrated within our organization's overarching ERM framework.

This integration ensures that climate risks are not treated in isolation but are considered alongside all other material business risks, benefiting from the same governance, oversight, and reporting mechanisms.

Our Compliance Team, in collaboration with our ESG Team's leadership, provides strategic oversight. This ensures that climate-related risks are regularly reviewed, discussed, and factored into strategic planning, capital allocation, and business decision-making processes.

This holistic approach ensures that climate-related risk is a core component of our organizational strategy and operational planning, reinforcing our commitment to long-term sustainability and value protection.

Metrics & Targets

Metrics and Targets Used to Assess and Manage Relevant Climate-Related Risks and Opportunities

To manage risks effectively and capitalize on opportunities presented by climate change, our company proactively manages environmental impact data. This includes actively tracking greenhouse gas (GHG) Scope 1 and Scope 2 emissions. We are initiating efforts to collect Scope 3 emissions data.

Starting in 2024, our parent company, Rakuten Group Inc. established greenhouse gas emission reduction targets. These targets have been independently certified as Science Based Targets by the Science Based Targets initiative (SBT), underscoring our commitment to a low-carbon future.

Rakuten International will be responsible for achieving an assigned proportion of the Group's reduction targets – although this exact proportion has not yet been clarified.

We anticipate providing updated information on Rakuten International contributions to these emission reductions in future communications.

As a subsidiary of Rakuten Group Inc., Rakuten International's Scope 1 and Scope 2 emissions data is currently consolidated into Group Inc.'s Integrated Report (page 68). Beginning in 2026 for FY2025 data, Rakuten International's emissions data will be separated out for reporting purposes and will undergo third-party assurance to ensure compliance with California's Climate Corporate Data Accountability Act (SB 253). The results will be included in subsequent reports.

Science Based Targets for Rakuten Group, Inc. Operations

Scope	Emissions	Targets
Scope 1	Direct greenhouse gas (GHG) emissions from the company itself.	Reduce absolute scope 1 and 2 emissions 99.7% by 2032 from a 2022 base year.
Scope 2	Indirect emissions accompanying the use of heat, steam, and electricity supplied by other companies.	
Scope 3	Indirect emissions other than Scope 1 and Scope 2.	Reduce absolute scope 3 emissions 30.0% by 2032 from the 2022 base year. Reduce scope 3 emissions from all sold electricity 76.8% per MWh by 2032 from a 2022 base year.

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