

UPDATE JAPAN: Our CSR Activities

For more detailed information, please see our CSR website.
<https://about.yahoo.co.jp/csr/en/>



UPDATE JAPAN

UPDATE JAPAN MESSAGE

Our new vision for the next 20 years

As a problem-solving engine, Yahoo Japan Corporation ("Yahoo! JAPAN") is dedicated to the mission of solving the problems of the people and society by leveraging the power of information technologies. UPDATE JAPAN, our guiding vision, expresses our intention to UPDATE Japanese society. We will UPDATE JAPAN by using information technology to resolve the issues facing people and society as a whole. We will continue to UPDATE JAPAN as we work to provide solutions to individual and social problems to strengthen our position as a company that is truly indispensable to Japanese society, not only for the next 20 years, but also for the next 100.



Basic Approach to Sustainability

While continuing to engage in dialogue with its various stakeholders, Yahoo! JAPAN aims to fulfill its social responsibilities, contribute to the sustainable development of the environment and society, and enhance its corporate value.

At Yahoo! JAPAN, we view social responsibility as our responsibility to users (user first) and our responsibility to society (social contribution). By leveraging cutting-edge

information technologies to solve the various issues facing our users, we will UPDATE people's lifestyles and society as a whole.

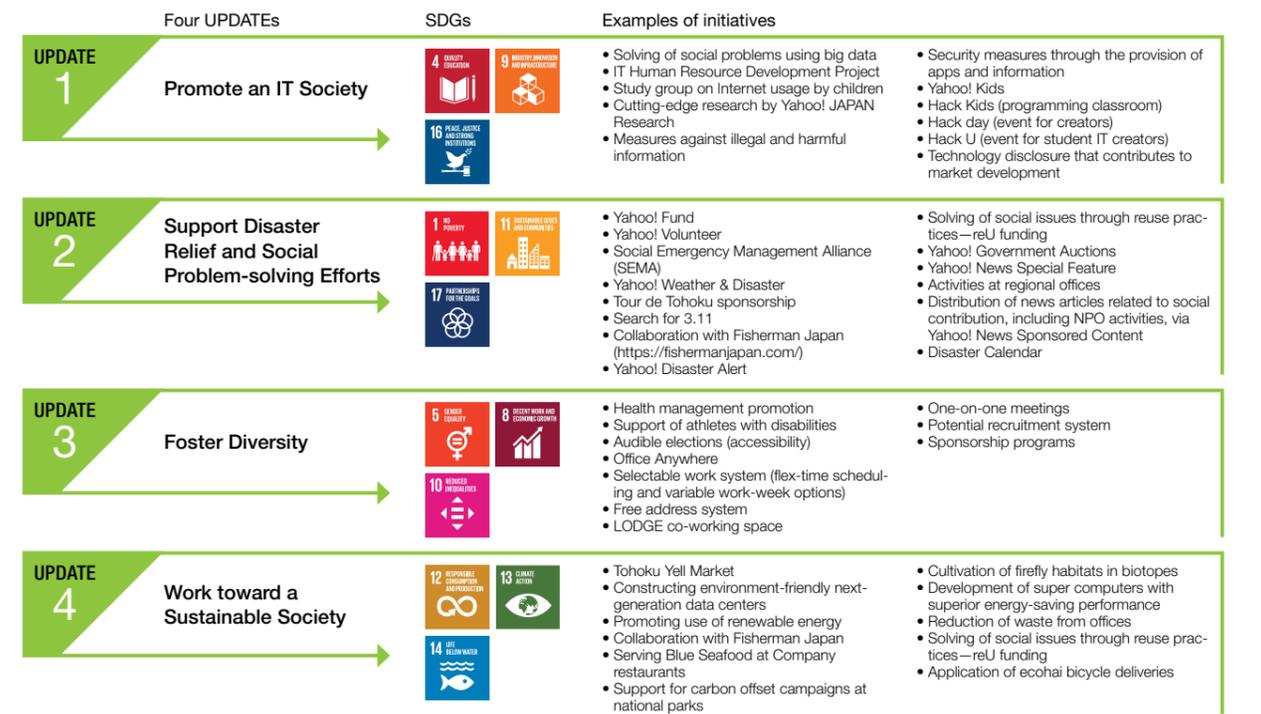
Rather than being a company that simply pursues economic expansion, we aim to be a company that can continue to exist for 100 years or more into the future by bringing maximum levels of happiness to society.

Creating the Future with Four UPDATES

With the aim of realizing a sustainable society, we have determined Four UPDATES, which lay out areas in which we will focus our efforts. In addition, the efforts we are pursuing to achieve the sustainable development goals (SDGs) are categorized in these Four UPDATES. For example, we are providing support for recovery in disaster-stricken areas to achieve Goal 1: No Poverty. We are also promoting work

style reforms to achieve Goal 8: Decent Work and Economic Growth. In these ways, we promote a broad range of initiatives through the Four UPDATES to realize the SDGs.

With the Four UPDATES acting as our core, we will work to fulfill our social responsibilities through our business.



SDGs
 In September 2015, all 193 member-states of the United Nations unanimously adopted the Sustainable Development Goals (SDGs), comprising 17 goals with 169 targets. The year 2030 is the target date for achieving the SDG action plan, specific goals of which include eliminating poverty and hunger, reducing energy consumption, combating climate change, and promoting peaceful and inclusive societies.
 Companies are now expected to actively contribute to the SDGs and work to realize a sustainable society while at the same time enhancing their corporate value.



UPDATE

1

Promote an IT Society



Importance to the Company

- Promotion of innovation
- Development of IT industry
- Solving of social issues through high-quality services

Expectations from Society

- Safe and secure development of an information-based society
- Safe and secure use of IT by children and improvement in IT literacy
- Cultivation of IT human resources
- Correction of information gap

Yahoo! JAPAN's Vision for UPDATE 1

To realize a safe and secure IT society, we will pursue such endeavors as providing high-quality education through the Internet and building a foundation for industrial and technological innovation.

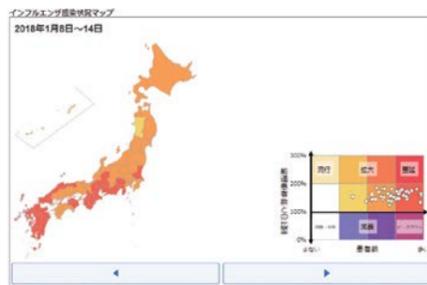
FOCUS ON

Solving Social Issues Using Big Data

The Company has published the Yahoo! JAPAN Big Data Report. In this report, we demonstrate the power and wonder of big data utilization by carrying out trend-based analyses of the abundant anonymous user data accumulated over the course of providing Yahoo! JAPAN services in various categories, particularly Yahoo! Search, as well as advertising and social media services.

The Yahoo! JAPAN Big Data Report also introduces the initiatives being undertaken by Yahoo! JAPAN Research. For example, in the event of a major disaster, it is necessary to quickly identify ad hoc emergency evacuation areas and provide necessary assistance and support to these areas in order to supplement designated evacuation areas. Addressing this potential scenario, Yahoo! JAPAN Research is utilizing big data to analyze traffic congestion patterns throughout the day with the goal of identifying probable ad hoc emergency evacuation areas in the event of a large-scale disaster.

Additionally, the report provides an easy-to-understand explanation regarding the mechanisms of Yahoo! Transit Information, a service that offers guidance for rail and bus transfers and boasts nearly 40 million users a month. This service compiles a massive amount of data, including not only data for searches using current train/bus times but also data for searches using future train/bus times. By combining big data on transportation routes and times, Yahoo! Transit Information uses AI to estimate which lines will be abnormally crowded and at what time. Utilizing these estimations, the service provides users with a forecast feature for abnormally crowded train times.



Providing Internet Education to Children across Japan

Children are the future, and we are pursuing a variety of initiatives to provide children with education in consideration of the Internet society for the next generation.

Amid expectations that programming education will become mandatory at elementary schools nationwide by fiscal 2020, there has been a rapid opening of programming classrooms at various locations. However, these classrooms are primarily being opened in the Tokyo metropolitan area and other urban locations.

Our Hack Kids program works to address the regional disparities in programming education by providing opportunities for children across Japan to experience the excitement of programming and expand their options for the future.

The exciting nature of this program provides the motivation for children to become immersed in learning about programming. To ensure that children participating in Hack Kids view programming as something fun, we use unique teaching materials that incorporate active learning techniques, giving them chances to find ways of enjoying programming on their own.

To further ensure safe Internet use, we have established the Laboratory on Children's Internet Use (Children's Internet Laboratory). While seeking the cooperation of educational institutions, researchers, and parents and guardians, the Children's Internet Laboratory provides educational materials and develops regional personnel who can promote Internet safety. Through such efforts, the Children's Internet Laboratory is working to improve Internet literacy.



UPDATE

2

Support Disaster Relief and Social Problem-solving Efforts



Importance to the Company

- Strengthening of relationships with stakeholders such as local governments, public offices, and NPOs
- Improvement of service reliability as a social infrastructure company
- Enhancement of brand value and expansion of user base

Expectations from Society

- Reinforcement of disaster prevention and mitigation, strengthening of IT infrastructure
- Revitalization of local communities
- Solving of social issues through NPO support

Yahoo! JAPAN's Vision for UPDATE 2

We are working to solve social issues through collaboration with various sectors, including government agencies, corporations, NPOs/NGOs, and academic research institutions. In addition to independently carrying out disaster relief initiatives, we support the activities of organizations working to address social issues.

FOCUS ON

Collaborating with Private Enterprises and NPOs in SEMA Activities

Japan is a country where major natural disasters frequently occur. Accordingly, when such disasters occur, a prompt and integrated response that incorporates the strengths of various parties is essential.

Through collaboration among 20 private enterprises that engage in disaster relief activities, including Yahoo! JAPAN, and six NPOs, the Social Emergency Management Alliance (SEMA) was established to serve as an organization that transcends the boundaries between corporations and NPOs. SEMA aims to curtail the impact that natural disasters have on victims and on Japanese society as a whole to the greatest extent possible and support prompt recovery efforts.

SEMA compiles lists of the goods and services that participating companies and organizations have under normal conditions. In the event of a large-scale natural disaster, SEMA uses these lists to swiftly deliver disaster relief packages prepared by each company to disaster-stricken areas. NPOs oversee the smooth collection of information in disaster-stricken areas and provide support for a prompt recovery. Furthermore, the participating companies and NPOs cooperate under the aim of ensuring that disaster relief reaches its destination, eliminating waste, and easing the burden of recovery efforts on local governments in the affected areas.



Concluding Agreements with Local Governments to Steadily Deliver Emergency Information to Local Community Members

We have concluded cooperative agreements with the aim of promptly communicating emergency information to local community members in the event of a disaster. Under these agreements, we will compile, manage, and provide various kinds of information, including evacuation advisories and orders issued by local governments as well as designated evacuation areas, and ensure that local communities have easy access to such information. Additionally, to prevent difficulties in browsing the websites of local governments, which see a sharp increase in access during times of emergency, we will open a cache website to help reduce burden. Currently, we have concluded such agreements with 450 local government bodies (as of February 2, 2018).

Furthermore, we offer tools to help transmit emergency information provided by local governments. These tools are being used in disaster drills as they can transmit information to not only local community members but also to anyone in nearby areas who has turned on location notification settings on their smartphone. These tools were used as a communication method to warn people of danger when the main streets of Naha City, Okinawa Prefecture were shut down to dispose of an unexploded bomb. Going forward, we will continue to conclude agreements with local governments to provide information to local community members in a timely fashion.



UPDATE 3 Foster Diversity



Importance to the Company

- Securing of diverse human resources that understand various social needs
- Cultivation of human resources that can accurately ascertain social issues
- Acquisition and retention of outstanding talent
- Realization of a company where a diverse pool of people play active roles, harmoniously coexist, and embrace each other's individuality
- Securing of accessibility

Expectations from Society

- Realization of a society where a diverse pool of people play active roles, harmoniously coexist, and embrace each other's individuality
- Fulfillment of work-life balance
- Development of working skills, expansion of employment opportunities, and enhancement of productivity
- Achievement of a society where everyone can play an active role, including women and people with disabilities

Yahoo! JAPAN's Vision for UPDATE 3

We aim to have our employees fully exercise their strengths, regardless of experience, beliefs, life stages, or attributes, as they work to spur innovation in our broad range of services and businesses.

FOCUS ON

Promoting Health Management and Maximizing Employee Performance

We believe that being in good physical and mental health is directly linked to optimal work performance. We also believe that it leads to the happiness of our employees and their families. Guided by these beliefs, the president and representative director took on the role of Chief Conditioning Officer (CCO) on his own initiative in 2016, and subsequently announced the "Good Condition Declaration." Today, the current president, representative director, and CEO Kentaro Kawabe continues to fulfill this role, making diligent efforts to promote employee health.

We have established the Good Condition Promotion Office, which serves as a promotion structure for enhancing health management and assists employees to work personally toward better health. We are also promoting employee health in collaboration with the YG Health Insurance Society, which was launched in April 2018. Furthermore, for the second year in a row, we have been acknowledged in the large enterprise category (White 500) of the Certified Health and Productivity Management Organization Recognition Program by Nippon Kenko Kaigi.

Going forward, we aim to continue to be a company where employees can approach their work both physically and mentally in optimal condition.



Creating Services with an Awareness of Web Accessibility

We work to secure Internet accessibility to ensure that an even greater number of users are able to use the online content we provide in various settings.

In the design and development of the online content of our services, which we pursue with a vision for the near future, we will actively adopt new technical specifications for web accessibility. By doing so, our browsers and support technologies (hardware and software that assist users with disabilities) will become compatible with new technologies at an even faster pace. When this is accomplished, we believe we will be able to contribute to the improvement and promotion of technologies related to web accessibility in Japan.

On June 20, 2013, we released our Web Accessibility Policy. On August 1, 2016, we updated this policy so that it conforms to the Japanese Industrial Standards (Guidelines for Older Persons and Persons with Disabilities – Information and Communications Equipment, Software, and Services-Part 3: Web Content).



UPDATE 4 Work toward a Sustainable Society



Importance to the Company

- Reduction of risks related to energy and other environmental regulations
- Decrease in energy costs through energy and resource conservation
- Differentiation of our services
- Stabilization of business environment

Expectations from Society

- Response to climate change and global warming
- Securing of sustainable energy
- Maintenance of social environment

Yahoo! JAPAN's Vision for UPDATE 4

It is absolutely essential that we consider the environment in our business development. Accordingly, we will work to pass on nature and the social environment to the next generation in a sustainable manner.

FOCUS ON

Developing the "kukai" Energy-efficient Supercomputer

We have developed kukai,* a highly energy-efficient supercomputer that specializes in the utilization of deep learning and enables large-scale deep learning processing in shorter times and at lower costs. Compared with the previous in-house processing environment which used graphic processing units (GPU), kukai is theoretically able to process calculations at nearly 225 times the speed. Additionally, kukai has recorded world-leading values in terms of processing performance per power consumption, and is expected to decrease energy costs by nearly 15% compared with the latest GPU servers of similar size.

Calculation processing equipment such as central processing units (CPU) and GPU generate heat when in operation and therefore need to be cooled by a fan or other form of air conditioning to maintain their processing capabilities. Instead of air cooling, kukai uses liquid immersion cooling whereby the hardware is immersed directly in a special liquid that does not conduct electricity. This method enhances both cooling and energy efficiencies.

As a result of these features, kukai earned second place in the global energy-efficiency ranking GREEN500.

* "kukai" has been developed through collaboration with ExaScaler Inc. and HPC SYSTEMS Inc.



Reducing Environmental Burden at Our Data Centers through Use of Latest Technologies

We independently manage the servers needed to operate our Internet business. At the same time, we engage in a data center business that involves the operation, management, and maintenance of servers that we handle on behalf of our client companies.

We have upgraded existing facilities and invested in new equipment in the eight data centers we possess across Japan, thereby working to improve the efficiency of energy use.

In particular, at Asian Frontier, our data center in Kitakyushu City, Fukuoka Prefecture, as well as at our Shirakawa Data Center in Shirakawa City, Fukushima Prefecture, we implement measures to combat global warming using the latest technologies, including the installation of air conditioning systems that use outside air.

Additionally, our data center in the United States operates using 100% renewable energy (hydroelectricity).



UPDATE JAPAN: Our CSR Activities

Stakeholder Engagement

By working to earn the deep-rooted trust of our various stakeholders, including our users, shareholders, investors, business partners, and employees, as well as members of local communities, we aim to achieve a harmonious existence with society as a whole. To contribute to a secure and sustainable Internet society that can be passed on to the next generation, we will fulfill our social responsibilities as a corporation. Heeding the voices of our valued stakeholders, we will promote the Four UPDATEs as we work to realize a sustainable society and enhance corporate value.

Major Stakeholders



Users

We adopt a user-first approach in all our services and strive to provide high-quality, valuable services as a problem-solving engine for the various issues facing our users.

Communication methods and content

- Establish a mechanism for receiving feedback from users through feedback forms for each service and other means
- Conduct user surveys and hold events for fans of our services in order to directly receive feedback and service-related requests
- Collect user opinions about our services through various websites and social networking service pages
- Post corporate information and details regarding our businesses on our official websites and social networking service pages

Goals/corporate activities

- Enhance customer service
- Continually improve Yahoo! JAPAN services



Employees

We aim to be a company where all employees can utilize their abilities to the greatest extent possible and work in a lively manner regardless of which life stage there are in.

Communication methods and content

- Employee satisfaction surveys
- Compliance Hotline (internal reporting system)
- Harassment Hotline
- Intranet-based information dissemination
- Active implementation of internal projects
- Informal gatherings of alumni

Goals/corporate activities

- Establish an employee-friendly workspace and work culture
- Plan and evaluate labor and human resources policies
- Respect the human rights and diversity of employees



Shareholders and other investors

To achieve sustainable improvements to our corporate value, it is essential that we carry out upfront investments in our services and capital investments based on the understanding of our shareholders and other investors. By providing shareholders and other investors with prompt and appropriate feedback on their opinions and by working to return profits, we will endeavor to enhance our shareholder value.

Communication methods and content

- Annual general meetings of shareholders
- Quarterly results briefings
- Dialogues with Japanese and overseas institutional investors

Goals/corporate activities

- Provide timely, accurate information on such topics as business operating conditions
- Enhance quality of corporate management through constructive dialogues



Regions and society

We place emphasis on invigorating each area where our offices are located and contributing to the local communities in those areas.

Communication methods and content

- Participate in joint public-private sector projects
- Participate in economic and Internet industry organizations
- Collaborate with law enforcement and investigative bodies
- Cooperate in regional contribution activities and events at each business location
- Outsource company personnel via corporate fellowships to governmental agencies and ministries as well as to local municipal offices

Goals/corporate activities

- Participate actively in regional communities
- Propose measures to invigorate the entire Japanese economy and Internet industry
- Leverage state-of-the-art information technologies to identify and solve social problems



Business partners

We believe that working together with our business partners with the aim of realizing a secure and sustainable Internet society is an extremely important task. Accordingly, we ask that our business partners make active efforts under our Basic Purchasing Policy, which stipulates such matters as ensuring opportunities for fair competition and logical selection of suppliers.

Communication methods and content

- Maintain daily communication through transactions
- Hold conferences, training sessions, and other events with advertisers, content providers, e-commerce store operators, and other partners

Goals/corporate activities

- Strengthen relationships based on mutual trust



The next generation

For the children who represent the next generation, we will provide safe and secure services and contribute to the cultivation of IT personnel.

Communication methods and content

- Provide Yahoo! Kids service
- Collaborate with educational organizations in formulating policy proposals for children's education
- Promote Hack Kids, Yahoo! JAPAN MeetUP, and other services

Goals/corporate activities

- Provide appropriate Internet access to children and disseminate information both inside and outside the Company on children's appropriate Internet usage
- Implement efforts focused on the Internet society of the next generation

ESG Data

Environmental

Data item	Fiscal 2015	Fiscal 2016	Fiscal 2017
Gross CO ₂ emissions (t-CO ₂)*1	121,987	86,551	83,865
Scope 1	—	27	2
Scope 2	—	86,524	83,863
Total energy consumption (GJ)	2,164,526	1,607,567	1,718,057
Water consumption (m ³)	—	—	245,546
Waste (t)	—	—	89.2
Recycling rate of waste	—	—	77.3%
Total paper used (t)	—	—	27.5
Carbon offset	—	CO ₂ reduction of approx. 93.42 t	CO ₂ reduction of approx. 47.18 t
Paper recycling	—	Deforestation reduction equivalent to 967 trees	Deforestation reduction equivalent to 429 trees

Social

Data item	Fiscal 2015	Fiscal 2016	Fiscal 2017	
Employees in managerial positions	Overall	1,229	1,305	1,226
	Male	1,052	1,116	1,049
	Female	177	189	177
Percentage of female employees in managerial positions out of all employees in managerial positions	14.4%	14.5%	14.4%	
New appointments of female employees to managerial positions	42 (16.2%)	64 (18.4%)	57 (18.2%)	
Average length of service (years)	Overall	6.6	6.9	6.6
	Male	6.5	6.8	6.7
	Female	6.9	7.1	6.4
Average age	Overall	35.5	35.8	35.9
Number of employees using childcare systems	Male	46	52	57
	Female	338	495	484
Utilization of childcare leave	Male	12.1%	14.6%	17.8%
	Female	97.8%	98.5%	99.0%
Utilization of paid leave	Overall	81.7%	80.6%	81.9%
Annual total working hours (average per employee)	Overall	2,081	2,001	1,926
Annual hours of overtime worked (average per employee)	Overall	309	289	228
Percentage of employees using the Office Anywhere System*2	Overall	74.1%	81.4%	87.0%
Number of employees who took the problem-solving leave*3	Overall	267	300	480
Number of employees on sabbatical*4	Overall	16	33	42

Governance

Data item	Fiscal 2017	
Number of directors (As of July 11, 2018)	Directors (including Audit and Supervisory Committee members)	Overall 7
		Male 5
		Female 2
	incl. outside directors	Overall 2
		Male 1
	Female 1	
Director remuneration	Directors not serving on the Audit and Supervisory Committee (outside directors)	Number of directors (—)
		Total amount of remuneration, etc. 116 million yen (—)
	Directors serving on the Audit and Supervisory Committee (outside directors)	Number of directors 2 (2)
		Total amount of remuneration, etc. 57 million yen (57 million yen)
	Total (outside directors)	Number of directors 3 (2)
	Total amount of remuneration, etc. 173 million yen (57 million yen)	
Number of reported cases of whistleblowing	29	

*1 CO₂ emissions until fiscal 2015 are calculated including those for leased assets (data center of IDC Frontier Inc.) and excluding borrowed rental assets (data center of BroadBand Tower, Inc.). From fiscal 2016, figures for leased assets are excluded, but those for borrowed rental assets are included. When Scope 3 will be calculated in the future, the figures for leased assets are scheduled to be included and restated.

*2 A system where employees can work in a location of their choosing. Can be used up to five times per month.

*3 A system where employees can take holidays in order to solve issues through volunteer activities, thus contributing to society. A maximum of three days per fiscal year allowed.

*4 A system where permanent employees who have worked 10 consecutive years or more can take a holiday lasting two to three months.

Acknowledgment as a Sustainable Company

In order for the Yahoo! Japan Group to achieve continuous growth over the long term and to enhance shareholder value, it is important that we contribute to the realization of a sustainable society through our business. At the same time, we understand our responsibility as a listed company to reward shareholders through the return of profits.



FTSE4Good

FTSE4GOOD Index Series

Yahoo! JAPAN has been continuously selected for inclusion in the FTSE4Good Index Series since 2007.



FTSE Blossom Japan

FTSE Blossom Japan Index

Yahoo! JAPAN became a constituent of the FTSE Blossom Japan Index, which is designed to measure the performance of Japanese companies that excel in addressing ESG-related issues.



2018 Constituent MSCI Japan Empowering Women Index (WIN)

MSCI Japan Empowering Women Index

Yahoo! JAPAN was included in the MSCI Japan Empowering Women Index (WIN), which recognizes companies with exceptional gender diversity.

A disclaimer statement is posted on the following website. <https://about.yahoo.co.jp/csr/en/stakeholder/08.html>



2018 Certified Health and Productivity Management Organization Recognition Program, Large Enterprise Category (White 500)

For the second year in a row, Yahoo! JAPAN was recognized by Nippon Kenko Kaigi for the Certified Health and Productivity Management Organization Recognition Program, Large Enterprise Category (White 500).



2018 Competitive IT Strategy Company

For the third consecutive year, as a result of the high evaluations it received for its proactive and multifaceted use of IT, Yahoo! JAPAN was selected as a Competitive IT Strategy Company by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange.