

March 27, 2020 Rakuten Crimson House 1 Chome-14-1 Tamagawa Setagaya-ku, Tokyo 158-0094, Japan

Mr. Didier Reynders
European Commissioner for Justice and Consumers
Rue de la Loi, 200
1049 Brussels
Belgium

Dear Commissioner Reynders,

We acknowledge receipt of your important letter of March 23 concerning deceptive marketing techniques designed to take advantage of consumer fears stemming from the Covid-19 crisis.

At Rakuten, we share your concerns. Unfair marketing practices are unacceptable. We have no tolerance for merchants who sell fake cures or attempt to gouge consumers with high prices for essential safety kits.

The Rakuten Group offers a wide variety of more than 70 services for consumers and businesses with a focus on e-commerce, fintech and digital content. Our marketplaces in Europe are located in France and Germany.

Ever since we entered Europe, we have worked with the European Commission to fight counterfeits and keep products sold on our platform safe. We have signed the <u>Memorandum of Understanding on the sale of counterfeit goods via the internet</u> and were one of the four initial participants in your predecessor's ambitious <u>Product Safety Pledge</u>.

We aim to detect illegal content before it is listed on our platform. We deploy sophisticated software to detect the possible presence of counterfeits by tracking sellers who propose a high volume of well-known trademark items. We provide an easy one-click process for rights holders to report potential problems. We apply a notice and stay down principle, instead of just a mere notice and take down, making sure that violators do not reappear on our site. We have signed an agreement with French customs to exchange information.



Special measures are being implemented to cope with the COVID-19 crisis

In France, we have been in contact with the French Government. On March 11, we met with the Secretary of State for Digital Affairs and the General Directorate for Competition Policy, Consumer Affairs and Fraud Control. Through technical and human intervention, we are making sure that only professional sellers offer hyrdro-alcoholic cleaning gels and that these sellers respect government-mandated prices. We are monitoring the sale of protective masks. For a while, we suspended the sale of masks to avoid price gouging and insure quality. Masks are now available, but only from few trusted professional sellers who are able to provide us with the appropriate documents. We have blocked any products that promise fake cures for COVID-19. Although some listings may still get through our net, we are adapting and improving our filtering tools on a daily basis and worked closely with the French authorities.

In Germany, we are taking similar proactive measures. We conduct regular checks through our Merchant Quality team. We carry out daily keyword checks to ensure compliance with our forbidden items list and forbid almost all health advertisements for food supplements. We are doing special checks for "corona" and "Covid-19" items, checking and taking down misleading claims. If customers or other sellers notice any illegal behavior, they are encouraged to click on a "Melden" link and report issues. Regular checks on prices are made and our monitoring helps indicate massively overpriced products. If we detect this type of misuse of our marketplace, we delete these items and if the merchant is not cooperative we cancel contracts and block these merchants.

Please be assured that we intent to redouble our efforts to make sure that our marketplaces help consumers in Europe receive critical products and supplies during this crisis – while not being scammed or put in danger. Thank you in advance for your consideration.

Yours sincerely,

Hiroshi Mikitani

Chairman, President and CEO

Rakuten, Inc.