

As one of the main engines of growth in the Japanese Internet market, Yahoo Japan Corporation (the Company) is dedicated to the development of a sound, secure Internet environment in harmony with the expectations and needs of society. By fulfilling our corporate social responsibility (CSR), we aim to earn society's trust as we work to achieve sustained corporate growth and increased corporate value.

Corporate Social Responsibility

Promoting sound Internet market development and enhancing user security

- To further promote the sound, robust development of the Japanese Internet market, we established Yahoo! JAPAN Research in April 2007. This new research institution will work in collaboration with divisions of the Company and the research institute of Yahoo! Inc., as well as with various academic, Internet industry, and public-sector institutions both in Japan and overseas.
- We participated in a committee to formulate guidelines for the Internet Hotline Center, a public-service facility managed by the Internet Association Japan on behalf of government agencies and Internet industry groups.
- We continually implement various measures to strengthen user security and to improve our customer support. During the year, we added a new function and toolbar to combat phishing fraud and implemented various information security measures, in addition to carrying out 24-hour patrols of such sites as Yahoo! Auctions and Yahoo! Message Boards and providing user support through help pages and e-mail services.
- Our Yahoo! Kids site provides a safe Internet environment for children. We also offer Yahoo! Safety Net, a filtering service that prevents children from viewing Web sites targeting mature users.
- The Yahoo! Security Center provides users with effective methods of protection against various online threats, including computer viruses, Internet stalkers, and the leakage or abuse of personal information.

Reinforcing security on Yahoo! Auctions

- In November 2006, we introduced stricter identification procedures for persons listing items on our auction site for the first time. Such users are now required to provide a driver's license or similar official identification prior to listing items, in addition to the existing postal address verification procedure.
- We provide auction users with helpful information on avoiding fraud victimization and related abuses, including pegging accounts with problematic histories. We also maintain a compensation system for victims of fraud.
- Our auction system incorporates a fraud-detection model based on the behavioral patterns of known abusers of online auction services.

- Through joint efforts with the Business Software Alliance (BSA) to delete illegal listings of copied or pirated business software, we achieved a 96% decrease in the number of such listings in the second half of fiscal 2006 compared with the first half.

Protecting privacy

- The Information Security Office works with the relevant sections of each business division to implement measures designed to boost information security over the medium and long term.
- Strong measures are in place to protect privacy. We request of users only the minimum amount of personal information necessary to provide them with services. Users' personal information is separated physically from other data and constantly monitored, with only the required minimum number of persons authorized to access the personal information database.
- Group companies are focused on acquiring Information Security Management System (ISMS) certification. As of March 31, 2007, Yahoo Japan Corporation and nine subsidiaries were ISMS-certified. Certification is to ISO/IEC 27001:2005, the international standard, and to JIS Q27001:2006, the Japanese standard.

Fulfilling our mission as an information lifeline

- To ensure the fulfillment of our mission to be a lifeline that people can rely on in times of emergency, we maintain independently operating data centers in disparate locations, each designed to withstand disasters and blackouts.
- We provide a news flash service that prominently displays disaster-related information in the spaces normally used for advertising banners on the pages of all of our services, including the mobile version of Yahoo! JAPAN. We also maintain the Yahoo! Disaster Information site as a regular service.

Leveraging our media influence to the betterment of society

- We established the Yahoo! Charity Fund with the dual goal of promoting the sound development of Internet society and providing aid to victims of natural disasters. The Fund donated ¥1 million in aid for victims of the 2006 Noto Peninsula earthquake in Japan.
- Through Internet charity contributions, we provided aid to the victims of the 2004 Niigata Chuetsu earthquake in Japan, the 2005 earthquake in Pakistan, the 2006 central Java earthquake in Indonesia, and the 2006 Noto Peninsula earthquake.

- Our charity auctions on the Yahoo! Auctions site raised a total of ¥128.12 million for various charities during fiscal 2006.
- Our Yahoo! Politics service is dedicated to enhancing public awareness and understanding of policy issues as well as to encouraging greater voter participation in Japanese elections.
- We support the Pink Ribbon campaign, which promotes the early detection and treatment of breast cancer.
- We also support the Red Ribbon campaign, which disseminates accurate information about HIV transmission and AIDS, in addition to activities to prevent the spread of other infectious diseases.
- We continued to participate in the Japanese government's Global Warming Prevention Headquarters' national project, Team Minus 6%. In addition to setting air-conditioning thermostats in our offices a little higher during the summer months, we maintain a Team Minus 6% site providing information about the global warming prevention drive.
- As an official partner of the Japanese Olympic Committee and the Japan Paralympic Committee, we support various efforts to promote sports in Japan.

Improving customer support and incorporating user feedback

- We remain focused on expanding and improving the quality of our customer support services offered via the Yahoo! JAPAN Help Center and help pages.
- We continually upgrade our overall services by incorporating user feedback garnered via our customer support services and regular user surveys.

Corporate Governance

Yahoo Japan Corporation considers good corporate governance to be essential to achieving higher corporate value over the medium to long term. By clarifying the roles and responsibilities of directors, corporate auditors, and employees within the corporate governance system and by raising awareness of laws and regulations as well as of social and ethical norms, the Company aims to conduct appropriate and effective business operations.

In January 2002, the Company introduced a business division system designed to promote swift, strategic business management with the goal of improving competitiveness. This system clearly separates the

business execution responsibilities of divisional managers from the decision-making role and executive oversight function of the Board of Directors. Currently, the Board of Directors comprises five members, including one outside director.

Based on an audit plan formulated by the Board of Auditors, the corporate auditors conduct audits of the Company's entire business operations, including assessments of the appropriateness of policy, planning, and procedures, the effectiveness of business activities, and the status of legal and regulatory compliance. In addition, the corporate auditors attend meetings of the Board of Directors and of the Management Committee, review important documentation, and conduct surveys of subsidiaries, reporting their findings to the Board of Auditors. Furthermore, the Board of Auditors receives reports from the independent auditors on the methodology and results of the financial accounting audit and from the Business Audit Office on the methodology and results of internal audits. Based on this information, the Board of Auditors regularly submits reports of audit results to the Board of Directors.

Since April 2002, the Business Audit Office, which is under the direct supervision of the President, has faithfully carried out internal inspections of all business operations, with particular responsibility for internal audits of the risk-prevention system. Based on these inspections, the Business Audit Office makes specific recommendations for improving business operations.

In the event that serious issues necessitating broad-based deliberation arise relating to the start of a new service or other aspect of business management, when deemed necessary the Company convenes an Advisory Board composed of lawyers, university professors, and other outside experts from the legal, academic, and financial communities. In this way, we incorporate a wide range of external views and opinions into important management decisions.

In May 2006, the Company clearly defined its code of conduct in a publicly released Business Practices Charter. To implement the Charter, it is essential that the Company have in place systems for maintaining appropriate corporate governance and for ensuring effective and efficient business activities, accurate financial

reporting, and full legal compliance. To this end, the Internal Control Office was established in April 2006 to spearhead the development of and to oversee internal control systems throughout the operations of the Company and its subsidiaries. In addition to assessing the appropriateness and effectiveness of business execution companywide, the Internal Control Office is charged with evaluating, documenting, and continuously improving all newly introduced internal controls.

In line with this role, the Internal Control Office in December 2006 formulated a basic plan for the creation of internal controls relating to financial reporting. With regard to information systems, this plan identifies the critical elements for ensuring appropriate financial reporting and sets out various related measures for systems development, operation, and management.

Firmly dedicated to fulfilling our corporate social responsibility through good corporate governance, the Company intends to further reinforce internal control systems looking forward.