# SUSTAINABILITY REPORT
# 2021

Tomorrow, Together

**KDDI**

### Our Credo is

## "Elevate Our Minds"

"Asking ourselves if our motives are righteous or selfish".

### The KDDI Group Mission Statement

The KDDI Group values and cares about the material
and emotional well-being of all its employees,
and delivers a thrilling customer experience
by always going further than expected with the ultimate goal
of achieving a truly connected society.

### The KDDI Group Philosophy

#### Chapter 1
#### Vision

○ Connecting people "heart to heart", bringing smiles from "face to face"
○ Being global
○ Responsibility extending 24/7 and 365 days a year
○ Satisfying customers
○ Delivering a thrilling customer experience by always going further than expected
○ Keeping aspirations alive
○ Each one of us makes the KDDI Group what it is
○ Embracing diversity

#### Chapter 2
#### Management Principles

○ Fulfilling our corporate and social responsibilities
○ Clearly state the purpose and mission of our business
○ Pursue profit fairly
○ Transparent management
○ Maximizing revenues, minimizing expenses
○ Lean and mean management
○ Real-time business management

#### Chapter 3
#### Professional Mindset

We set specific goals with a pure and aspirational mind.

Once our targets are set, we will drive ourselves to keep going with a strong commitment until we achieve success.

Then we will share the fruits of our accomplishments.

#### Chapter 4
#### Way Forward

○ Be self-motivated
○ Keep your fighting spirit alive
○ Taking ownership
○ Open and direct communication
○ Be agile; think and act with a sense of urgency
○ Let's unite as a team to achieve our goals
○ Put yourself in the perspective of your boss
○ Look at what you do, from the outside in
○ Tackle a challenge head-on
○ Always be creative in your work
○ Every small effort counts
○ Believe in our potential
○ Go back to the basic principles
○ To know the problem, go, see and touch
○ Playing by the rules
○ Tough love at work

#### Chapter 5
#### Formula for Success

○ Achievement = Attitude x Effort x Ability
○ Do the right thing as a human being
○ Be altruistic
○ Be grateful to others
○ Have an open mind and a humble attitude
○ Be positive

## Contents

# Top Message

## Tomorrow, Together
## Offering new lifestyles centered on 5G technologies,
## we are striving toward the realization of a resilient future society
## through co-creation

*m. Takahashi*

President, KDDI CORPORATION

First of all, I would like to express my sincere appreciation to all our stakeholders for your continuous support.

Since its establishment, KDDI has made realizing a truly connected society part of the KDDI Group Mission Statement. Our business is strongly intertwined with society and directly connected to customers' lives. Under the slogan "Zutto, Motto, Tsunagu Zo, au" (Connecting more and always with au), we aim to provide telecommunications services that are always reliable, no matter what with the intention of delivering a thrilling customer experience by always going further than expected.

Every year, the effects of global warming grow more severe, and the resulting climate-driven disasters are increasing in Japan and around the world. Discussions on climate change will take place in a series of events this year, including the Climate Change Summit, G7 Summit, and COP26 to further promote global initiatives. As the effects of the COVID-19 pandemic drag on, it has become a global issue to construct resilient social infrastructure that is resistant to environmental changes.

KDDI sets the company vision of "contributing to the sustainable growth of society" in the Medium-Term management plan spanning the period of April 1, 2019 to March 31, 2022 (fiscal 2020.3-fiscal 2022.3).

In April 2021, KDDI announced our support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and in July, we raised our $CO_2$ emissions reduction target for fiscal year 2030, set out in the "KDDI GREEN PLAN 2017-2030," to "a 50% reduction compared to fiscal year 2019." Going forward,

we will continue promoting initiatives aimed at achieving net-zero $CO_2$ emissions by 2050, such as forcefully promoting the shift toward renewable energy and making disclosures and announcement in line with the TCFD.

In 2020, KDDI and KDDI Research, Inc. announced "KDDI Accelerate 5.0", which aims to build a society for the next generation by 2030 and accelerate the realization of Society 5.0 with 5G as promoted by the government. We are launching measures to establish new lifestyles for consumers and build a resilient future society that supports Japan's economic development and provides solutions to social issues. To this end, we will utilize orchestration and other technologies in seven fields that support the evolution of the network layer, platform layer, and business layer, including 5G networks.

### Toward Sustainable Growth

To ensure its ability to promptly adapt to the changes of this era and promote its medium-to long-term vision, KDDI aims to achieve growth on axes of sustainable growth of existing businesses as well as challenge to new innovation under its Medium-Term management plan spanning the period of April 1, 2019 to March 31, 2022 (fiscal 2020.3-fiscal 2022.3) and now in its final fiscal year.

In order to contribute to the sustainable growth of society and businesses, KDDI is advancing sustainability activities centered on six material sustainability issues linked with the medium-term management plan, across all of its business segments. Furthermore, in the "KDDI Sustainable Action"—KDDI's initiatives for the SDGs aimed at 2030—we identified eight fields of social issues for KDDI to focus on in consideration of the magnitude of social issues and the business sectors KDDI can contribute to as a telecommunications

operator and set specific targets that will contribute not only to economic values but also to social and environmental values. We do not view social issues merely as risks; we also consider them opportunities to leverage the unique strengths of KDDI. We strive to solve diverse social issues while raising profit as a business, such as by providing inexpensive, high-quality telecommunications services in developing countries and spurring regional revitalization using 5G, IoT, and other technologies.

Due to the COVID-19 pandemic, the structure of day-to-day life as we know it has been completely upended and, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. We, as a telecommunications company, are determined to fulfill the mission of connecting communication by building a reliable communication infrastructure that ensures communication service at all times and under any circumstances and establishing an early recovery support system. KDDI is united in providing our utmost effort to offer resilient and high-quality telecommunications services around the clock, 365 days a year.

In addition, to ensure ongoing sustainable growth amid a business environment undergoing constant and profound change, employees and organizations will require a high degree of autonomy and growth.

KDDI considers human resources its most important resource. With the aim of transforming into a company that puts human resources first and has made their development and enhancement the foundation of management, we are working on this across three pillars: introducing KDDI Version Job Style Personnel System, realizing Declaration of KDDI New Work Styles, and promoting Internal DX (Digital Transformation).

This corporate attitude has penetrated into the group as the KDDI Group Philosophy which defines perspectives and code of conduct that top management and employees should share. Due to the synergy effect with our corporate governance system that secures transparency and fairness, a more solid management system has been established.

When our business growth and contribution to society are integrated to create a virtuous cycle, KDDI's growth will be a strength to help society grow.

Through the KDDI Sustainable Action that connects and protects lives, connects day-to-day lives, and connects hearts and minds, KDDI will aim for the sustainable growth of society and the further enhancement of our corporate value.

As we move forward together, I would like to express my sincere appreciation for your continued support and guidance for the KDDI Group.

🔗 **Medium-Term Management Plan (FY2019–FY2021)**
🔗 **KDDI Sustainable Action**
🔗 **KDDI's Basic Policy toward COVID-19**

Top Message | **KDDI's Commitment to Sustainability** | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

**KDDI's Commitment to Sustainability**    Sustainability Promotion Framework    Our Business and Strategies    KDDI's DNA

# KDDI's Commitment to Sustainability

Sustainability is indispensable to the realization of the KDDI Group Mission Statement of achieving a truly connected society. To date, we have promoted sustainability by raising awareness of the KDDI Group Philosophy and the KDDI Code of Business Conduct, strengthening corporate governance, and taking measures to address material sustainability issues. However, under the medium-term management plan (FY2019–FY2021), we reiterate our commitment to contributing to the sustainable growth of society as part of our overall vision and clarify the SDGs KDDI is focused on. Through these measures we will contribute to society's sustainable growth.

## Medium-Term Management Plan (FY2019–FY2021)

The KDDI Group Mission Statement

**Brand Message**
Company Vision
Business Strategy · Financial Objectives
Strengthen Management Infrastructure
The KDDI Group Philosophy

## The KDDI Group Mission Statement

The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society.

### Brand Message

Tomorrow, Together  **KDDI**

おもしろいほうの未来へ。 **au**
Explore the extraordinary

### Company Vision

| The company the customer can feel closest to | A company that continues to produce excitement | Contributing to the sustainable growth of society |

### KDDI Sustainable Action

## KDDI Sustainable Action

**Our power to make connections will help create a brighter future for all.**

**Connecting and protecting lives** | **Connecting day-to-day lives** | **Connecting hearts and minds**

**Building a resilient infrastructure for communication and disaster response**
Building resilient communications infrastructure and speedily initiating disaster recovery

**Sustainable development for cities and communities**
Resolving global issues and creating people-friendly cities

**Creating a digital society for affluence and peace of mind**
Envisioning a safe and secure society in terms of security and privacy

**Conserving the environment**
Becoming energy-efficient and achieving zero emissions

**Building the infrastructure for developing countries**
Helping improve the livelihoods of people in developing countries through economic and industrial development upgrading

**Developing human resources for the next generation**
Improving the educational environment with ICTs and developing human resources for the next generation

**Promotion of diversity and inclusion**
Respecting human rights, promoting diversity and inclusion in society

**Fostering health and a purpose in life**
Supporting healthy, fulfilling lives with ICTs

**Partnership**
Resolving social issues through partnerships

### Material Sustainability Issues

1 Safer and more resilient connected world
2 Cyber security and privacy protection
3 Fulfilled life brought through ICTs
4 Rewarding workplaces for diverse talents
5 Respect for human rights and fairness in business
6 An energy-efficient, circular economy

Value Creation

The sustainable development of society

Service Users
Shareholders and Investors
Local Communities
Stakeholders    NPO/NGO
Administrative Organizations/ Industry Groups
Employees and Their Families
Business Partners (Suppliers)

Top Message | **KDDI's Commitment to Sustainability** | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

KDDI's Commitment to Sustainability    **Sustainability Promotion Framework**    Our Business and Strategies    KDDI's DNA

# Sustainability Promotion Framework

## The KDDI Group Philosophy

**KDDI Group** | Philosophy

The KDDI Group Philosophy expresses the attitudes, values, and behavior that all of us—executives and employees—need to exhibit in order to achieve our corporate philosophy. The KDDI identity and KDDI vision that we must embrace as a telecommunications operator are incorporated throughout. The KDDI Group Philosophy is the foundation of our sustainability initiatives and is the basic stance KDDI executives and employees must adopt. By putting the KDDI Group Philosophy into practice, we aim to be a company admired and trusted by all stakeholders.

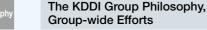⧉ The KDDI Group Philosophy

## KDDI Code of Business Conduct

**KDDI Group** | Policy

We established the KDDI Code of Business Conduct in 2003 as a set of specific guidelines for understanding and practicing the KDDI Group Mission Statement and the Group Philosophy. All of our executives and employees maintain a high sense of ethics and execute their duties in compliance with the KDDI Code of Business Conduct.

We review it according to revisions in laws and regulations and changes in the social landscape. In July 2020, we revised the contents of Respect for Human Rights and Individuality which is the first basic principle in the KDDI Code of Business Conduct to emphasize the seriousness of harassment and the importance of diversity.

We will continue to promote the KDDI Code of Business Conduct as standards in the group while considering the characteristics of the business.

**Happiness of Our Employees and Vibrancy in the Company**
I.    Respect for Human Rights and Individuality
II.   Conscientious Performance of Duties
III.  Respect for Intellectual Properties

**Earning Our Customers' Satisfaction and Trust**
IV.   Provision of Services That Respond to the Trust and Confidence of Our Customers
V.    Promotion of Fair Business Activities
VI.   Management of Information to Protect the Confidentiality of Communications and Customers' Information

**Confidence of Our Shareholders and Business Partners**
VII.  Practice of Open and In-depth Communication
VIII. Prevention of Insider Trading
IX.   Appropriate Accounting and Adherence to Agreements

**Development of the Society**
X.    Environmental Conservation
XI.   Rejection of Organized Crime Groups
XII.  Contribution to the Development of the International Community

## The KDDI Group Philosophy, Group-wide Efforts

**KDDI Group** | Activity & Results

**FY2020 Results of Our Actions**
• KDDI Group Philosophy study sessions

| For divisions' general managers | Total number of sessions: 4 |
|---|---|
| Leader training (for departments' general managers/ group leaders) | Total number of sessions: 22<br>Total number of participants: 2,092 |
| Stratified training | Total number of sessions: 116<br>Total number of participants: 11,166 |
| For new employees | Total number of sessions: 4 |

• Training for new recruits (for regular employees)
"Compliance: basic practices" (100% participation rate)
• E-learning (for regular employees)
"Insider Trading Regulations"
"Preventing Misrepresentation"
"Unconscious Bias"
"Power Harassment"
• Distribution of web shortcuts related to the KDDI Code of Business Conduct to business mobile devices
For executives, regular and contract employees, temporary staff, and subcontracted employees who have been given business mobile devices
Period: September 2020
• Survey about the Business Ethics Helpline
For regular and contract employees, temporary staff, and subcontracted employees
Period: December 7, 2020-December 25, 2020
Results: 86% awareness of the Business Ethics Helpline
• Group companies' training on governance
For executives of group companies, etc.
Number of participants: 177
Evaluation: Satisfied 100%, Beneficial 100%

⧉ KDDI Code of Business Conduct (Basic Principles)

## Sustainability Promotion Framework

**KDDI** | System

We revised the position of the Sustainability Committee in February 2019. Under the reorganization, the chair is the company President, and the committee members are the executive directors, the general managers of all the businesses and corporate sectors, the President of the KDDI Foundation, and the Audit & Supervisory Board members. The committee is promoting the SDGs and considers sustainability to be a pillar of company-wide business strategies. The degree of achievement of sustainability promotion is incorporated into company-wide key KPIs and is linked to executive remuneration and bonuses for all employees.

### Board of Directors
Approval ← Report

### Sustainability Committee (convenes twice a year)

**Chair**
Company President

**Permanent Members**
Executive Directors and General Managers of All Businesses and Corporate Sectors
Executive Director, Corporate Sector
Executive Director, Technology Sector
Executive Director, Global Consumer Business Sector
Executive Director, Personal Business Sector
Executive Director, Solution Business Sector
General Manager, Consumer Sales Division
General Manager, Services Development Division
General Manager, Personal Business Planning Division

President, KDDI Foundation, Audit & Supervisory Board members

**Details of Sustainability Committee activities**
• Formulation of sustainability action policies
• Sustainability promotion framework maintenance
• Confirmation of progress on KPIs

**Secretariat**
Executive Officer of Sustainability Sustainability Department

**Human Rights Subcommittee**
Discussions related to promoting human rights based on the KDDI Group Human Rights Policy (convened as needed)
Example topics:
• Prohibition of child labor or forced labor
• Prohibition of discrimination in business activities (based on race, sex, faith, nationality, age, sexual orientation, gender identity, etc.)
• (Relating to telecommunications business) Protection of confidentiality of communications, protection of freedom of expression, and land purchases related to the construction of base stations, etc.

**Environmental Subcommittee**
Discussions of matters related to policy and plans for sustainability initiatives and environmental conservation activities (convened twice a year)

**Green Plan Subcommittee**
Monitoring of progress on the KDDI GREEN PLAN 2030, analysis of the gaps between targets and results, and discussions of countermeasures (convened twice a year)

**Business Sector Corporate Sector**

**Regional Offices in Japan**
Control the sustainable initiatives, general administration and human resources respectively in the 10 divided regions of Japan KDDI Executive officers, etc., are appointed as the Senior General Managers of each regional office.

**Group Companies**

**Stakeholders**
Service Users
Shareholders and Investors
Local Communities
NPO/NGO
Administrative Organizations/ Industry Groups
Employees and Their Families
Business Partners (Suppliers)

As of September 1, 2021

**Major Issues Addressed by the Sustainability Committee in FY2020 (Convened in September and February)**

• Setting goals and reporting results for material KPIs
• Examining and approving initiatives for SDGs promotion
• Reporting progress on SDGs by all businesses and corporate sectors as well as the KDDI Foundation
• Reporting progress on initiatives for achieving net-zero $CO_2$ emissions by 2050
• Formulating and approving a draft of FY2021 sustainability promotion plan

### ■ Example of Sustainability Activities in the Value Chain

| Simple, compact product packing boxes | Efficient distribution | Construction of tribrid base stations | Provision of support service to customers' energy-saving efforts | Communication support in developing countries | Education for children and older people | Recycling of mobile phones |
|---|---|---|---|---|---|---|

| Impact of business activities on society | Use of resources | $CO_2$ emissions from deliveries | $CO_2$ emissions from base station operation | $CO_2$ emissions from use of mobile phones | Digital divide | Safety risks when using mobile phones | Discarding of scarce resources, such as rare metals |
|---|---|---|---|---|---|---|---|

| Purchasing ▶ | Distribution ▶ | Sales, Construction ▶ | Use, Operations, Maintenance ▶ | Recycling |
|---|---|---|---|---|

Infrastructure, human resources, technological development, product development, supply chain management

| Installation of energy-saving equipment, disaster prevention measures | Promotion of women's advancement, diversity and inclusion, health-focused management, human resources training | Construction of a high-quality and stable information and telecommunications foundation | Adoption of universal design | Strengthening of partnerships and responsible procurement surveys |
|---|---|---|---|---|

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

KDDI's Commitment to Sustainability    Sustainability Promotion Framework    Our Business and Strategies    KDDI's DNA

# Our Business and Strategies

## Overview of the Medium-Term Management Plan (FY2019–FY2021) — KDDI Group | Policy

**Tomorrow, Together**
In addition to realizing the "integration of telecommunications and life design," we endeavor to provide solutions to social issues and help achieve a truly connected society.

KDDI will make further progress in the integration of telecommunications and life design with the aim of expanding the peripheral businesses around telecommunications, as well as achieve new value creation in the 5G/IoT era both in Japan and around the globe, and pursue efforts to provide new customer experience that exceeds the expectations of customers.

Under the KDDI brand slogan of "Tomorrow, Together" and the au brand slogan of "Explore the extraordinary," KDDI will contribute to the development of a truly connected society by promoting seven business strategies aimed at achieving the three components of the company vision.

- The KDDI Group Mission Statement
- Brand Message
- Company Vision
- Business Strategy · Financial Objectives
- Strengthen Management Infrastructure

## The KDDI Group Mission Statement — Philosophy

The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society.

### Brand Message — Philosophy

**Tomorrow, Together  KDDI**
**Explore the extraordinary  au**

### Company Vision — Philosophy

- The company the customer can feel closest to
- A company that continues to produce excitement
- Contributing to the sustainable growth of society

## Financial Target — Policy

### FY2024 Target

| EPS growth | FY2018 → FY2024 | 1.5 times |
|---|---|---|

### FY2019–FY2021 Initiatives

| | | | |
|---|---|---|---|
| Operating revenue growth | Operating revenue of life design domain | FY2021 target | ¥1.5 trillion |
| | Operating revenue of business services segment | FY2021 target | ¥1 trillion |
| Cost reduction, etc. | | 3 years total | ¥100 billion (approx.) |
| Shareholder returns | | | • Over 40% payout ratio<br>• Flexible acquisition, utilization and cancellation of treasury shares in balance with growth investment |

## Seven Business Strategies — KDDI Group | Policy

### 1. Creating Innovation toward the 5G Era
We will actively roll out 5G services as basic next-generation infrastructure, develop businesses through co-creation with various partners, and promote open innovation that incorporates the innovative ideas and advanced technologies of start-ups. In this way, we will create new experience value and actively utilize 5G services for regional revitalization businesses.

**■ Creating Innovation by 5G**

Smart factories | Autonomous driving | Remote operations | Remote medical care | Free view point image stadium views

**Partner companies**

| Telecommunications | Open innovation | Platform |
|---|---|---|
| 5G | × KDDI DIGITAL GATE × | 5G/IoT platform |

Creating new experience value through collaboration with partner companies

### 3. Further Expansion of Global Business
For the consumer business, we aim to expand our market in Asia applying insights and know-how cultivated in our consumer business in Japan to the consumer business overseas. For the corporate business, we are striving to further expand our global ICT business by integrating our domestic and overseas operations, centering on KDDI IoT World Architecture and our data center business.
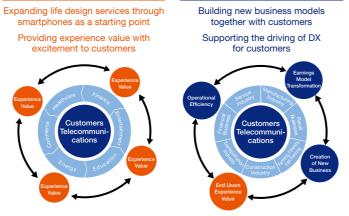
### 4. Utilizing Big Data
We are working to thoroughly understand customers by utilizing data and to maximize experience value through proposals that customers find comfortable. In addition, with the rapid spread of networks and digitization in advance of upcoming 5G/IoT technologies, we are promoting DX of client companies by using big data in various industries.

### 2. Integration of Telecommunications and Life Design
We aim to achieve sustainable growth in the consumer business by enhancing engagement with customers across the group, maximizing lifetime value (number of customers in the group (group ID) × engagement × total ARPA) and breaking new ground in life design fields, especially in the area that is our business foundation, telecommunications. We aim to achieve sustainable growth with customers in the corporate business by supporting their digital transformation (DX) and realizing the integration of telecommunications and life design for corporate clients in Japan and overseas.

**■ The Integration of Telecommunications and Life Design**

| For individual customers | For corporate customers |
|---|---|
| Expanding life design services through smartphones as a starting point | Building new business models together with customers |
| Providing experience value with excitement to customers | Supporting the driving of DX for customers |

Expanding growth businesses centering on telecommunications as a base

### 5. Expanding the Financial Business
Electronic settlement and financial services are becoming increasingly familiar parts of customers' daily lives due to the central position of smartphones in people's lives. By offering smartphone-centric financial experiences, we aim to strengthen that engagement and achieve profit growth.
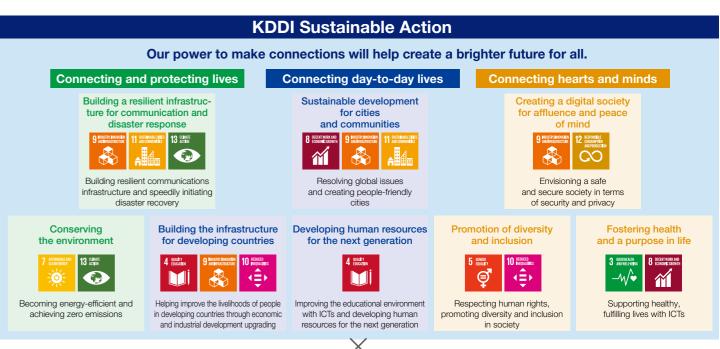
### 6. Achieving Growth as the Group
By maximizing the company's assets and supporting the growth of group companies, we aim to expand and strengthen the group-wide foundation for new growth and maximize synergies.

### 7. Sustainability
KDDI formulated KDDI Sustainable Action—KDDI's initiatives for the SDGs aimed at 2030 with a determination to continue working to solve various social issues through business going forward. We aim to further enhance corporate value and achieve sustainable growth with society by helping to solve social issues through business with partners by connecting and protecting lives, connecting day-to-day lives, and connecting hearts and minds while using 5G, IoT, and other technologies.

In addition, according to the approach of KDDI Sustainable Action, we established the KDDI's Basic Policy toward COVID-19 and have been dealing with the growing impact of COVID-19 (see next page).

## KDDI Sustainable Action

**Our power to make connections will help create a brighter future for all.**

### Connecting and protecting lives

**Building a resilient infrastructure for communication and disaster response**

Building resilient communications infrastructure and speedily initiating disaster recovery

**Conserving the environment**

Becoming energy-efficient and achieving zero emissions

**Building the infrastructure for developing countries**

Helping improve the livelihoods of people in developing countries through economic and industrial development upgrading

### Connecting day-to-day lives

**Sustainable development for cities and communities**

Resolving global issues and creating people-friendly cities

**Developing human resources for the next generation**

Improving the educational environment with ICTs and developing human resources for the next generation

### Connecting hearts and minds

**Creating a digital society for affluence and peace of mind**

Envisioning a safe and secure society in terms of security and privacy

**Promotion of diversity and inclusion**

Respecting human rights, promoting diversity and inclusion in society

**Fostering health and a purpose in life**

Supporting healthy, fulfilling lives with ICTs

**Partnership**

Resolving social issues through partnerships

Top Message | **KDDI's Commitment to Sustainability** | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

KDDI's Commitment to Sustainability    Sustainability Promotion Framework    **Our Business and Strategies**    KDDI's DNA

# Our Business and Strategies

## KDDI's Basic Policy toward COVID-19
<span style="float:right">**KDDI Group** Policy</span>

The impact of the COVID-19 pandemic on society is expected to linger for a long time. Based on the approach of the KDDI Sustainable Action that was formulated to lay out our commitment to continuing to work toward the solution of diverse social issues through our businesses, we will rally our group-wide strength as a company providing a lifeline which connects and protects lives, connects day-to-day lives, and connects hearts and minds, thereby satisfying our social mission by examining and implementing initiatives according to the following five policies.

> **KDDI's Basic Policy toward COVID-19**
> 1. We ensure the safety of our customers and employees of the Company and affiliated companies above all else.
> 2. We continue to respond to the rise in telecommunications traffic and maintain telecommunications services, which are the foundation and lifeline of society.
> 3. We actively collaborate with governments, municipalities, and public organizations, etc.
> 4. We contribute to the construction of a resilient social infrastructure that is resistant to environmental changes by promoting digital transformation (DX) for individual and corporate customers such as telework, online education, and remote medical care.
> 5. We offer customer experiences that can alleviate worries and difficulties in life and fill the heart.

☑ KDDI's Basic Policy toward COVID-19 (Japanese only)

Reception counter partition (image)

IP transceiver IP500H

### 3. We actively collaborate with governments, municipalities, and public organizations, etc.
Starting with the provision of location information analysis data to governments and municipalities, KDDI will proactively collaborate with initiatives of governments, municipalities, and other public organizations according to changes in society.

Provision of location information analysis data

☑ Provision of the "KDDI Location Analyzer" Location Information Big Data Analysis Tool to 1,788 Municipalities across Japan Free of Charge for Measures against the Spread of COVID-19 (Japanese only)

☑ Detailed People Flow Analysis Report with KDDI Location Analyzer during the Golden Week Holidays (April 29, 2020 to May 6, 2020) in Major Tourist Destinations across Japan (Japanese only)

☑ Started Providing "Virtual Guide" with Which You Can Enjoy Sightseeing in Mt. Fuji with Peace of Mind and "Virtual Mt. Fuji Climbing" Which Enables You to Experience the Spectacular View from the Top Remotely (Japanese only)

☑ Chosen as One of Tokyo Prefecture's COVID-19 Tech Partner Companies (Japanese only)

Responses including extension of payment due date

☑ (Extension of the Due Date till November 30 ) Handling of Billing in Consideration of the Growing Impact of COVID-19 (Japanese only)

Donations

☑ Donation to the Central Community Chest of Japan to Support COVID-19 Measures (Japanese only)

☑ Additional Donations to the Central Community Chest of Japan to Support the COVID-19 Measures (Japanese only)

☑ Donation of Supplies to Medical Institutions in Support of COVID-19 Measures (Japanese only)

"KDDI Location Analyzer" Location Information Big Data Analysis Tool

### 1. We ensure the safety of our customers and employees of the Company and affiliated companies above all else.
(1) In au Shops, thorough measures to prevent the spread of COVID-19 are being taken. For example, partitions have been installed on store reception counters and shops have been equipped with disinfectant and face masks. Moreover, at our customer centers and various support centers, fewer staff members coming to work in our offices enables safe physical distancing for continued customer support by phone or online.
(2) KDDI continues fulfilling our responsibility of providing important telecommunications services as a telecommunications business operator that is a designated public corporation. Employees have been engaging in the prevention of further spread of infection through active adoption of telework and social distancing by means of dispersion of offices and break rooms.

☑ Reduced Operating Hours and Measures to Prevent the Spread of COVID-19 in au Shops in Japan (Japanese only)

☑ Icom and KDDI Launched an IP Transceiver Rental Service Free of Charge (Japanese only)

### 2. We continue to respond to the rise in telecommunications traffic and maintain telecommunications services, which are the foundation and lifeline of society.
(1) Compared to before the spread of COVID-19, both data and voice traffic were on the rise. However, our network is designed to handle peak traffic even during disasters.
(2) If telework and online schooling are provided more often in the future, a further growth in traffic from 9 am to 6 pm on weekdays is expected. In preparation for further traffic increases, we will work together to maintain a stable telecommunications environment while continuously securing the safety of our employees and staff members of affiliated companies.

☑ "Zutto, Motto, Tsunagu Zo, au (Connecting more and always with au)" Highlights (Japanese only)

### 4. We contribute to the construction of a resilient social infrastructure that is resistant to environmental changes by promoting digital transformation (DX) for individual and corporate customers such as telework, online education, and remote medical care.
(1) In the background of increasing needs for online use triggered by the spread of COVID-19, we, as a company that supports telecommunications infrastructure, will proceed with building an online environment that allows the continuation of social activity under any circumstances and promoting DX for individual and corporate customers.
(2) We will examine various initiatives for building an environment that allows timely and proper provision of online education and remote medical care.
(3) We will build a multi-purpose event space on the internet to support diverse economic and cultural activities.

Support for online education, etc.

☑ Support of 10,000 High School Students in English Learning Who Had Difficulty Learning Due to School Closures Because of COVID-19 (Japanese only)

☑ Provision of Financial Support of up to 500 Million Yen through Crowdfunding and Other Means to Businesses in All Industries Affected by COVID-19 (Japanese only)

☑ Provision of "curon for KDDI," an Online Medical Service Registered by Approximately 5,000 Medical Institutions, by KDDI and MICIN from Late May (Japanese only)

☑ Provision of Online Medication Guidance Service via "au Wellness" from September (Japanese only)

☑ Expansion of "Virtual Shibuya," a Virtual Space Officially Recognized by Shibuya Ward and Provision of a New Area of "Harajuku" from May 25 (Japanese only)

### 5. We offer customer experiences that can alleviate worries and difficulties in life and fill the heart.
While people are spending more time at home, we have implemented various measures to assist with providing a more comfortable and fulfilling time for our customers including live streaming of entertainment contents and campaign promotions offering better deals with cashless payment.
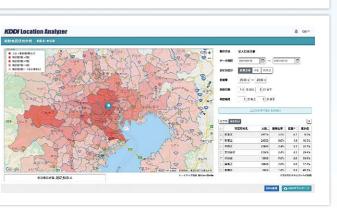
Offering contents and entertainment service free of charge

☑ Limited-Time Offer of Book Pass Unlimited Reading Plan Free of Charge (Japanese only)

KDDI Group promotes the integration of telecommunications and life design, and as a company contributing to the sustainable growth of society, we will connect people, companies, and society and provide experience value with excitement to customers together with our diverse partners into the future.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

KDDI's Commitment to Sustainability    Sustainability Promotion Framework    Our Business and Strategies    **KDDI's DNA**

# KDDI's DNA

DDI Corporation (DDI), the predecessor of KDDI, was established in June 1984 as Daini-Denden Planning Company. With the deregulation of communication via the enforcement of the Telecommunications Business Law in April 1985, DDI, with the slogan "Make Japanese Telephones Cheaper," brought the concept of price competition into the telecommunications market which had previously been monopolized by Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation).

In the company credo "Elevate Our Minds –Asking ourselves if our motives are righteous or selfish–," which has remained the same since the establishment of DDI, there is a phrase "We aim to create a better life together with customers" and its idea has been passed on as KDDI's DNA till today.

Through business activities based on the KDDI Group Philosophy and the KDDI Code of Business Conduct, the promotion target of which are all employees ranging from new employees to executives, KDDI has been working on solving social issues aiming to achieve a truly connected society outlined in the KDDI Group Mission Statement.

**Achieving a Truly Connected Society**

**Expansion of Life Design Areas**

au じぶん銀行
au Jibun Bank

au スマートパス
au Smart Pass

au PAY

au でんき
au Electricity

au 損保
au Property Insurance

au 住宅ローン
au Housing Loan

au の生命ほけん
au Life Insurance

au の損害ほけん
au Property Insurance

Healthcare · Finance · Entertainment · Education · Energy · Commerce

The integration of telecommunications and life design

*KDDI Accelerate 5.0*

Click here for more
KDDI Accelerate 5.0 (Japanese only)

**Accelerate Society 5.0 with 5G**

**Toward a Global Comprehensive Carrier**

Fixed-line phones + Mobile phones

Slogan
**"Make Japanese Telephones Cheaper"**

Fixed-line phones

Business areas

| 1984 | 1987 | 1998 | 2000 | 2001 | 2006 | 2016 | 2020 |
|------|------|------|------|------|------|------|------|
| Launch of Daini-Denden Planning Company | Establishment of Nippon Idou Tsushin Corporation (IDO) | Merger of Kokusai Denshin Denwa Co., Ltd. (KDD) and Teleway Japan Corporation (TWJ) | Launch of KDDI | Merger of au CORPORATION | Merger of POWEREDCOM, Inc. | Capital and business alliance with ENERES Co., Ltd. | KDDI 20th Anniversary |

KDDI
DDI · KDD · IDO

| | |
|---|---|
| **The KDDI Group Mission Statement** | The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society. |
| **Values** | The KDDI Group Philosophy / KDDI Code of Business Conduct |
| **Company Vision** | The company the customer can feel closest to / A company that continues to produce excitement / Contributing to the sustainable growth of society |

**Feature Article 1**

# KDDI's Response to Climate Change

# Net-Zero CO₂ Emissions by 2050

KDDI considers it an important responsibility as a global company to promote the conservation of the earth's environment so that the irreplaceable earth can be passed on to the next generation. Responding to climate change is one of the most important themes the world is facing.
In April 2021, KDDI announced its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
We will further strengthen our response to climate change aiming to achieve net-zero CO₂ emissions by 2050.

## KDDI's Determination  Facing the Borderless Challenge of Climate Change

Since the adoption of the Paris Agreement in 2015, countries around the world have been moving toward the realization of a carbon-free society.

In the KDDI Sustainable Action, KDDI declared that it would proactively shift to renewable energy to achieve net-zero CO₂ emissions by 2050 and reduce the environmental impact on society through the use of ICTs. We will continue to resolve issues not only by regarding social issues such as climate change as risks, but also by exerting KDDI's unique strengths through 5G and IoT.

▯ KDDI Sustainable Action

■ CO₂ Emission Reduction Targets

Scope1+2 **50**% reduction    2019  2030

Scope 3 **14**% reduction    2019  2030

2050  Net-zero CO₂ emissions

---

## Information Disclosure in Accordance with the TCFD Framework

Following the TCFD recommendations, we will proactively disclose information related to governance, strategy, risk management and metrics and targets in accordance with the information disclosure framework.

▯ Responses to the TCFD Recommendations

**TCFD** TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

The task force was established in December 2015 by the Financial Stability Board (FSB), which includes central banks, financial supervisors, and finance ministries of major countries. Its purpose is to examine climate-related disclosure and responses by financial institutions.

### Governance

The Sustainability Committee, chaired by the President and consisting of key members of the Board of Directors, deliberates on sustainability issues twice a year.

In addition, the Board of Directors receives quarterly reports from the Sustainability Committee on climate change, and supervises and directs the implementation of measures for important issues and initiatives.

Board of Directors

Sustainability Committee
(Chair : Company President)

### Strategy

KDDI conducted two analyses: a "less than 2°C scenario," in which a carbon-free society is rapidly realized (i.e., the global average temperature increase from pre-industrial times is less than 2°C), and a "4°C scenario," in which no climate change measures are taken and physical impacts become apparent (i.e., the global average temperature increase from pre-industrial times is 4°C).

|  |  | KDDI's Risks | KDDI's Responses |
|---|---|---|---|
| Transition Risks | Policy and Legal — Carbon Tax | Carbon taxation risk | — |
| | Policy and Legal — Tokyo Metropolitan Ordinance/ Emission Regulations | Risk of increased costs of buying credits (allowances) for unachieved CO₂ emission reductions | Purchase of emission credits for the second plan period to compensate for the expected unachieved emission reduction in the third plan period (approx. 50,000 t-CO₂) |
| | Technology | Risk of increased costs for AI technology at base stations, development of new energy-saving technologies for various facilities, CCUS development, etc. | Investment in the development of various technologies |
| | Market and Reputation | Risk of losing corporate reputation and subscribers due to unmet targets and delays in renewable energy initiatives | Planning to switch from fossil fuel power to renewable energy power |
| Physical Risks | Acute Risk | Risk of increased costs such as personnel expenses for emergency recovery in order to respond quickly to the restoration of the communication network | Preparation for efficient recovery operations by reviewing the BCP and conducting disaster recovery drills |
| | Chronic Risk | Risk of increased air-conditioning power usage in data centers | Installation of high-efficiency air conditioning systems and replacement with renewable energy power |

### Risk Management

The Corporate Risk Management Division, which is in charge of risk management for the KDDI Group, identifies all risks that could have a significant impact on the company's financial and business strategies twice a year. Risks related to climate change are managed using the Environmental Management System (EMS) approach, utilizing the ISO framework. For the risks to be managed, each relevant department establishes quantitative annual targets for risk reduction and evaluates the progress on a quarterly basis. Points to be improved are reported to the Environment Subcommittee under the Sustainability Committee. Risks and opportunities related to the entire company and all divisions are discussed and approved by the Sustainability Committee.

Board of Directors
Corporate Management Committee
Sustainability Committee
Green Plan Subcommittee / Environmental Subcommittee / Human Rights Subcommittee
Internal Auditors
Division Directors / Within Divisions, Regional Offices and Group Companies
Division Environmental Managers / Division Environmental Management Committees
Environmental Managers
Employees

### Metrics and Targets

With the aim of achieving net-zero CO₂ emissions by 2050, we have revised our non-consolidated CO₂ emission reduction target for the fiscal year 2030, and raised it to a 50% reduction from the fiscal year 2019 for Scope 1 and 2, and to a 14% reduction from the fiscal year 2019 for Scope 3.

**CO₂ Emission Reduction Targets for the Fiscal Year 2030**

Scope 1+2 ▶ Compared to FY2019 **50**% reduction

Scope 3 ▶ Compared to FY2019 **14**% reduction

Reference [Announced in 2017] Reduction target for FY2030: Compared to FY2013 **7**% reduction

Feature Article **2**

# KDDI Sustainable Action

In May 2020, KDDI formulated "KDDI Sustainable Action: Our power to make connections will help create a brighter future for all," KDDI's SDGs looking ahead to 2030, to express our determination to continue working to solve various social issues through our businesses, and has developed a number of initiatives. Some of these initiatives are described below.

Click here for interviews with employees
Stories Gallery (Japanese only)

Special Movie
Watch "KDDI Sustainable Action" in video

| KDDI Sustainable Action | | Materiality |
|---|---|---|
| Connecting and Protecting Lives | Building a resilient infrastructure for communication and disaster response | KDDI reliable communication infrastructure that ensures communication service at all times under any circumstances and KDDI well-prepared land-sea-air recovery support system during severe large-scale disasters protect people's lives as a lifeline. | **Materiality 1** Safer and more resilient connected world |
| | Conserving the environment | KDDI will proactively drive a shift to renewable energy to achieve net-zero $CO_2$ emissions by 2050 and reduce the environmental impact on society through the use of ICTs. | **Materiality 6** An energy-efficient, circular economy |
| Connecting Day-to-Day Lives | Sustainable development for cities and communities | KDDI will realize the sustainable growth of communities by utilizing cutting-edge technologies such as 5G and IoT together with various partners through the establishment of next-generation smart cities. | **Materiality 1** Safer and more resilient connected world |
| | Building the infrastructure for developing countries | mainly in developing countries in Asia, KDDI will build communication infrastructures so all local residents will be included in the communication area. We will also provide high quality communication services at low prices to realize industrial growth. | |
| | Developing human resources for the next generation | kDDI will disseminate an easy-access education environment for everyone by integrating education and technology to raise the ICT education of Japan to the top of the world and build a solid foundation for sustainable growth. | **Materiality 3** Fulfilled life brought through ICTs |
| Connecting Hearts and Minds | Creating a digital society for affluence and peace of mind | kDDI will realize a digital society for affluence and peace of mind by protecting personal information with security measures which keep pace with rapid digitalization and providing services including payment and financial services which are easily usable by anyone. | **Materiality 2** Cyber security and privacy protection |
| | Promotion of diversity and inclusion | kDDI will be a role model as a business operator with a social mission by providing services and workplaces that respect diversity and realize an inclusive society that respects diversity. | **Materiality 4** Rewarding workplaces for diverse talents <br> **Materiality 5** Respect for human rights and fairness in business |
| | Fostering health and a purpose in life | in an era where people live longer, KDDI will realize a society where anyone can feel healthy and satisfied in their job by taking leadership in the execution of work style reform and utilizing cutting-edge ICTs. | **Materiality 4** Rewarding workplaces for diverse talents |

**Connecting and Protecting Lives** — Building a resilient infrastructure for communication and disaster response

## Prepare for Disasters through Various Means to Restore Communications as Quickly as Possible

To date, KDDI has introduced and studied a variety of disaster countermeasure equipment, including ship-based base stations that transmit radio waves from the sea in the event that land routes are cut off, and demonstration tests of helicopter base stations that enable communications in isolated areas in the mountains. In 2021, we became the first Japanese telecommunications carrier to introduce amphibious vehicles and all-terrain vehicles. As natural disasters tend to become more severe, this equipment will be used to transport recovery personnel and equipment to areas that have suffered widespread flooding damage, with the aim of restoring communications as quickly as possible.

### Connecting People's Minds, of Which Importance I Felt during Disaster Recovery

In disaster-stricken areas, what customers desperately need is to confirm the safety of their loved ones who have been separated from them. That is why we need to restore communications as soon as possible even by the difference of one minute or one second and work promptly. When we were moving around a disaster area with a vehicle-mounted base station (a vehicle equipped with the necessary communication equipment) to perform restoration work for typhoon damage in Chiba Prefecture, there was a customer telling us, "Thanks to au's connection, I was finally able to contact my family. Thank you." I will never forget what they said to me. The smile of relief on their face gave me great strength and made me realize that our work connects people's minds.

**Keishiro Fukushima**
Eastern Japan Operations Center
Operations Division
Technology Sector

**Connecting and Protecting Lives** — Conserving the environment
**Connecting Hearts and Minds** — Promotion of diversity and inclusion

## Mobile Phone Material Recycling with KDDI Challenged

We manually disassemble used mobile phones and smartphones that are no longer needed by our customers, achieving a recycling rate of 99.8% (industry average 72.6%). In addition, KDDI Challenged, a special-purpose subsidiary, is partially responsible for a part of manual disassembly work, creating new employment opportunities for people with disabilities. In recognition of these efforts, KDDI received the "Corporate Philanthropy Award for Resource Recycling" at the 18th Corporate Philanthropy Awards (sponsored by the Japan Philanthropic Association) in February 2021.

Recycling Rate
**99.8**%

## Resolution of Regional Issues Led by Smart Drones

Together with the city of Ina in Nagano Prefecture, we have established a system in which daily commodities such as groceries can be ordered via a cable TV screen and delivered by drone to the nearest public facility. We are also working with the Tokyo Metropolitan Government on a demonstration experiment to transport emergency supplies by drone to isolated areas in the event of a disaster, and we are working with local governments to solve regional issues using drones.

## Enriching People's Lives through Development of Mongolia's Telecommunications Infrastructure

As the largest telecommunications carrier in Mongolia, MobiCom, a consolidated subsidiary of KDDI, has been contributing to the development of the country's telecommunications infrastructure for 25 years, while at the same time contributing to the development and improvement of the living foundations of the Mongolian people. In addition, the company has been actively engaged in social contribution activities such as installation of sanitary flush toilets and water purifiers at schools in areas without water and sewage infrastructure, donations of SIM cards and other items to medical personnel and police officers responding to COVID-19 infection, and support for students who need to take online classes due to school closures. In 2020, MobiCom was awarded the "Golden Rose 2020" for its contributions in the areas of education and environment, and the "Best Tax Payer 2020" for maintaining employment and tax payments during the COVID-19 pandemic.

## A Place to Nurture Children's Life Skills

In the KidZania, a facility for children to experience jobs and society, we opened the "communications company" Pavilion, offering experiences that combine the latest technologies such as 5G. In addition, to support educational opportunities for children whose extracurricular activities have decreased due to the impact of COVID-19 infection, a total of 40,000 groups of 160,000 customers were invited to KidZania free of charge.

**Reiko Kanzaki**
KidZania Tokyo
KidZania Operation Division
KCJ GROUP INC. (second)

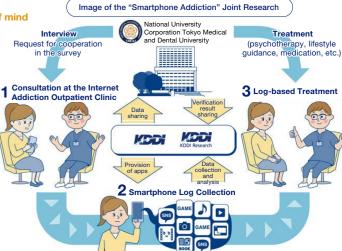### I Want to Let the Next Generation Know What Is Wonderful about Work

At KidZania, children can experience about 100 different jobs and services in a town designed for children. The environment is a "microcosm of society," with real brands and products provided by real companies, providing a realistic experience. Working contributes to society and enriches one's life through learning, encounters, and the joy of being of service to others. I would like to continue to let the next generation of children know what is wonderful about work.

Free KidZania Invitations
# 160,000 people

---

Image of the "Smartphone Addiction" Joint Research

## Eliminate "Smartphone Addiction" and Ensure Safe and Appropriate Use

In order to provide a safer and more secure environment for smartphone use, we have started joint research with medical institutions, as well as promoting research and clarification of the actual situation of "smartphone addiction" using neuroscience and AI. Based on these findings, we aim to commercialize a smartphone application that detects, improves, and prevents smartphone addiction in 2024.

## Creating a Work Environment Where LGBTQ+ People Can Thrive

In recognition of our efforts to create an environment where LGBTQ+ people can work with vitality, we received the highest PRIDE Index Gold Award for the fifth consecutive year. In addition, the company received the Best Practice Award for its "Family Partnership Application," in which a child born to a same-sex partner is treated as a family member under the company's system.

work with Pride
**Gold 2020**
Received the highest rating of "Gold" in the PRIDE Index for five consecutive years

work with Pride
**Best Practice 2020**
Received the Best Practice Award

### Let Workability Be Driving Force for Society

**Yukiko Yamada**
Human Resources Planning Department Corporate Sector

In Japan today, since same-sex marriage is not legally recognized, both parents cannot have parental rights in the case of a same-sex couple. We wanted to provide as much support as possible for this social issue, so we asked employees with same-sex partners and NPOs about the actual situation, problems, and what kind of support was needed, and we examined the operational flow and system. We believe that KDDI's creation of this system not only provides peace of mind to employees, but also sends a message to the other employees and society.

## DX for Health Promotion That Is Close to Each Individual's Life

In addition to the development of "Pocket Healthcare," a health management application that proposes health management and appropriate medical consultations, we are promoting DX in the health and medical fields and individualized health support by providing "au Wellness," an exercise support service, and "curon for KDDI," an online medical service that can be used seamlessly.

Number of Medical Institutions Registered with "curon for KDDI"
# Approx. 5,000

KDDI will continue to act to fulfill its social responsibilities by connecting and protecting lives, connecting day-to-day lives, and connecting hearts and minds.

＊ The affiliation and contents are as of the time of the interviews.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability    KDDI's Material Sustainability Issues    FY2020 Material KPI Results    FY2021 Material KPIs    Materiality 1    Materiality 2    Materiality 3    Materiality 4    Materiality 5    Materiality 6

# Message from Executive Officer of Sustainability

Based on the KDDI Group Mission Statement of contributing to the development of a truly connected society, KDDI has made concerted efforts to solve social issues as an infrastructure company that supports the information foundations of society.

In addition, as our company credo states, "Asking ourselves if our motives are righteous or selfish," we believe that the raison d'etre of a company is not only to pursue profits but also to be useful to the world and to contribute to the development of society. In May 2019, KDDI announced KDDI's target SDGs together with the Medium-Term Management Plan for fiscal 2019-2021. In the process of promoting our initiatives for the SDGs, we revisited the scope of the initiatives based on social issues to designate eight social issue categories based on the scale of related social issues and the business areas in which KDDI can contribute as a communications carrier, and in May 2020, we formulated the new KDDI Sustainable Action in line with the KDDI SDGs for 2030.

As I serve as Executive Officer of both sustainability and finance, I will work to strengthen sustainability management from both financial and non-financial perspectives more than ever before. By doing so, we aim to increase KDDI's corporate value and return social, environmental, and financial value to all of our stakeholders. In this report, we delve into this subject in detail, but here the context of our discussion focuses on corporate governance, environmental measures, human resources and human rights policies.

Executive Officer of Sustainability
Executive Vice President,
Representative Director / Executive
Director, Corporate Sector

**Shinichi Muramoto**

### Reinforcement of Governance System

Even with our business areas diversifying along with proactive initiatives in non-communication fields, KDDI strictly adheres to the Corporate Governance Code and puts the KDDI Group Philosophy into practice in its corporate activities. Particularly today we believe in the importance of strengthening corporate governance across the entire Group, including subsidiaries, and we are building a structure for sharing know-how and proactively supporting Group companies in this regard. In addition, the revised Corporate Governance Code, which came into effect in June 2021, has further increased the importance of addressing issues surrounding sustainability. KDDI meets with institutional investors face to face on the topics of governance and sustainability as part of its proactive efforts to promote dialogue with stakeholders and reflect their voices in management decisions.

### Environmental Measures with a Focus on Responses to Climate Change

Movements to address environmental problems have gained momentum and expanded with the Paris Agreement, Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), the EU Taxonomy and the Taskforce on Nature-related Financial Disclosures (TNFD) that was officially launched this June. While the world has begun to move toward carbon neutrality (realization of a carbon-free society), renewable energy has not adequately spread throughout Japan, which urgently needs a concrete action plan in this regard. While we can contribute to the reduction of $CO_2$ emissions in society as a whole by improving business efficiency and reducing human movement through our core business of ICT and other information communications, we also face the conflict that the environmental burden caused by the electricity consumed by communication facilities increases in proportion with the amount of communication. Even under these circumstances, we also declared in KDDI Sustainable Action that we will reduce the environmental impact on society through the use of ICT, aiming to achieve net-zero $CO_2$ emissions by 2050. In April 2021, we announced our support for the recommendations of the TCFD, and in July, we raised the $CO_2$ emission reduction target for the fiscal year 2030 set in the "KDDI GREEN PLAN 2017-2030" to "a 50% reduction compared to the fiscal year 2019." Going forward, we will further promote initiatives to address climate change involving our supply chain.

### Transformation into a "Human Resources First Company"

As the productive population declines in Japan, it is imperative that companies provide attractive work environments that enable diverse work styles (time, location, type of employment, etc.) so that employees can use their various skills to the fullest, with the ultimate aim of sustaining growth as a company and contributing to society. KDDI will continue to promote respect for diversity—in the context of women, nationality, religions, LGBTQ+* orientation, disability, and age / generation—and work to create an organization that makes the most of a variety of personalities and abilities. The "LINK FOREST" training complex, which opened in April 2020, provides a place for learning both inside and outside the company, as well as a hall that can hold events for up to 1,500 people, accommodation facilities, and a reference library. By providing the human resources development services based on KDDI's experience and know-how, we support the growth of people and companies and contribute to the sustainable growth of society. In collaboration with the local community, the complex also serves as a vaccination site for COVID-19. KDDI aims to transform into a "human resources first company" that places the development and enhancement of human resources at the core of our management. In April 2018, the Company announced the KDDI Group Declaration of Health-Focused Management, and then created the Work Style Reform & Health Management Department in January 2019 as an organization focusing on health management. From 2020, we are pushing forward with the following three transformations to achieve greater employee vitality and productivity: Introduction of the KDDI Version Job Style Personnel System, Realization of the Declaration of KDDI New Work Styles and Promotion of Internal DX.

### Initiatives to Address Human Rights-Related Issues

As part of the ICT industry, we face many potential human rights issues, including rights to privacy and freedom of expression as well as requests from government authorities to disclose customer data for legitimate purposes. We will continue our efforts to identify and address human rights issues in our business activities through ongoing dialogue with our stakeholders, while furthering understanding among employees of the KDDI Code of Business Conduct and the KDDI Group Human Rights Policy. In March 2020, we conducted human rights impact assessment of all our business activities to identify risks and opportunities across our business activities and take appropriate actions based on them. We will continue monitoring the effectiveness of these activities for further improvement.

KDDI carries out various sustainability activities centered on six material sustainability issues, and is accelerating efforts to advance sustainability and SDGs by linking them to business strategies in its Medium-Term Management Plan. We will contribute to the sustainable growth of society through efforts to solve social issues unique to Japan and issues related to the SDGs, while valuing the communications we have with all stakeholders.

*LGBTQ+ stands for lesbian, gay, bisexual, transgender, questioning (people who are unsure of their own sexuality and don't want to decide), and plus (indicating that there are many other sexualities). Gender minorities include other people, but for the sake of convenience in this report, LGBTQ+ refers to all gender minorities, including LGBTQ.

# KDDI's Material Sustainability Issues

We at KDDI have identified six material sustainability issues among the numerous issues we face in relation to our business activities, based on the effect they have on stakeholder reputation and decision-making and the company's impact on the environment, society and economy.

The Sustainability Committee periodically checks up on progress being made toward KPIs set for each material issue.

## S  Society

**1  Safer and more resilient connected world**

- Resilience to extreme weather events
- Risk management

By continuing to provide secure, resilient and high-quality communications services for a highly connected society, KDDI maintains lifelines for people and helps create the foundation for a safe and secure information-based society. The Company is building systems hardened against disasters, while aiming to collaborate with related institutions to provide reliable information communications services even during unforeseen incidents like natural disasters.

**2  Cyber security and privacy protection**

- Utilization of information assets and tightening of security
- Data privacy

We have put into place a complete system for protecting the confidentiality of communications and customer information so that customers can utilize our services without worry. We have a special organization dedicated to thwarting external cyberattacks, monitoring our networks for suspicious activity 24 hours a day, 365 days a year. While strengthening governance, the KDDI Group has put in place an information security framework to prevent internal leaks of information.

**3  Fulfilled life brought through ICTs**

- Contribution to economic growth through robust information communications infrastructure
- Improvement of access to education, medicine and other public services through ICTs
- Promotion of employment creation and capacity building
- Innovation management

For the coming era of 5G and IoT, KDDI is accelerating initiatives to realize "the integration of telecommunications and life design." With communications as its core business, KDDI intends to expand services that are essential in its customers' lifestyles, such as content, commerce, energy, financial services and education, in a bid to solve social issues and bring more abundance to everyone's lives.

**4  Rewarding workplaces for diverse talents**

- Promotion of diversity and inclusion
- Human resource development and career development
- Pursuit of employee satisfaction
- Promotion of health-focused management

KDDI aims to motivate its employees and improve its competitiveness as a company by optimally assigning personnel and maximizing the value of human resources by applying the diversity and multifaceted capabilities of its employees as organizational strengths.

Furthermore, the Company is promoting health management and work style reforms with the objective of helping employees maintain and improve their physical and mental well-being, while ensuring their safety. By instilling in our corporate culture a reverence for health, we strive to enhance the vitality and productivity of our employees.

## G  Governance

**5  Respect for human rights and fairness in business**

- Pursuit of sustainable procurement
- Respect for workers' rights
- Prevention of corruption and bribery
- Promotion of fair and proactive communication

KDDI strives to eliminate or minimize any negative impact on human rights, while taking action to raise human rights awareness, based on the KDDI Code of Business Conduct (a basic set of principles for respecting human rights and individuality) and the KDDI Group Human Rights Policy, which covers all Group companies, based on international standards including the Universal Declaration of Human Rights.

The KDDI Sustainable and Responsible Procurement Guidelines, which is directed at our business partners, explicitly forbid forced labor, inhumane treatment, child labor, and discrimination. KDDI takes steps to ensure these initiatives are well understood.

## E  Environment

**6  An energy-efficient, circular economy**

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs
- Reduction of society's impact on environment through ICTs

KDDI has raised its non-consolidated (domestic) $CO_2$ emissions reduction target for fiscal year 2030, set out in the "KDDI GREEN PLAN 2017-2030," to "a 50% reduction compared to the fiscal year 2019," and has set various other targets. We will proactively drive a shift to renewable energy to achieve net-zero $CO_2$ emissions by 2050 and reduce the environmental burden on society through use of ICT. Although power consumption is expected to increase due to the increase in traffic (communication volume) in the future, we will continue to address this challenge through innovations such as the development of technologies that reduce power consumption.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | **KDDI's Material Sustainability Issues** | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

# KDDI's Material Sustainability Issues

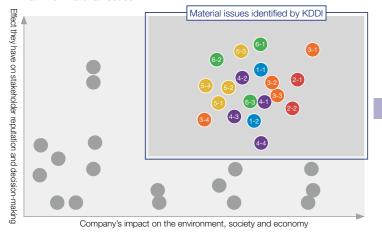## Process for Re-identifying Material Issues (FY2016-FY2017)

KDDI Group | Policy

1. Screen for issues from the two perspectives of effect they have on stakeholder reputation and decision-making, as well as the company's impact on the environment, society and economy
2. Assign priorities for each issue based on comparative evaluations
3. Identify six material sustainability issues that reflect the opinions of external experts gained through dialogue
4. The Sustainability Committee confirms the suitability of the material issues, which are then approved by the Corporate Management Committee and reported to the Board of Directors.

For details of the re-identifying process, please refer to our Sustainability Report 2018. In addition, we are currently reviewing our materialities for the next mid-term management plan (FY2022-FY2024).

Sustainability Report 2018

**■ Matrix of Material Issues**

Material issues identified by KDDI

Effect they have on stakeholder reputation and decision-making

Company's impact on the environment, society and economy

**1 Safer and more resilient connected world**
1-1 Resilience to extreme weather events
1-2 Risk management

**2 Cyber security and privacy protection**
2-1 Utilization of information assets and tightening of security
2-2 Data privacy

**3 Fulfilled life brought through ICTs**
3-1 Contribution to economic growth through robust information communications infrastructure
3-2 Improvement of access to education, medicine and other public services through ICTs
3-3 Promotion of employment creation and capacity building
3-4 Innovation management

**4 Rewarding workplaces for diverse talents**
4-1 Promotion of diversity and inclusion
4-2 Human resource development and career development
4-3 Pursuit of employee satisfaction
4-4 Promotion of health-focused management

**5 Respect for human rights and fairness in business**
5-1 Pursuit of sustainable procurement
5-2 Respect for workers' rights
5-3 Prevention of corruption and bribery
5-4 Promotion of fair and proactive communication

**6 An energy-efficient, circular economy**
6-1 Energy efficiency improvement and utilization of clean energy
6-2 Zero emissions and 3Rs
6-3 Reduction of society's impact on environment through ICTs

## Relationship between Material Issues and KDDI Sustainable Action

KDDI Group | Policy & System

KDDI engages in various business activities and initiatives that help contribute to the attainment of SDGs. KDDI's Medium-Term Management Plan for fiscal 2019-2021 sets out the company's vision, to which a new target of "contributing to the sustainable growth of society" has been added. The company also presented an overview of KDDI's target SDGs together with quantifiable performance indicators consistent with the Management Plan. In May 2020, we revised KDDI's Target SDGs from the perspective of "magnitude of social issues" and "business areas where we can contribute more as a telecommunications carrier," and established target "KDDI Sustainable Action" for 2030 in eight categories of social issues.

The foundation for these activities is the sustainability activities centered on the six materialities that we have been working on. Our material issues relate to the social issue categories as shown in the table below. By addressing the issues, we believe that we can contribute to the achievement of the SDGs.

KDDI Sustainable Action

**■ Relationship between KDDI's Material Issues and Eight Social Issue Categories (KDDI Sustainable Action)**

| | | Social issue categories | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Building a resilient infrastructure for communication and disaster response | Conserving the environment | Sustainable development for cities and communities | Building the infrastructure for developing countries | Developing human resources for the next generation | Creating a digital society for affluence and peace of mind | Promotion of diversity and inclusion | Fostering health and a purpose in life |
| Materiality | 1. Safer and more resilient connected world | ● | | ● | | | | | |
| | 2. Cyber security and privacy protection | | | | | | ● | | |
| | 3. Fulfilled life brought through ICTs | | | ● | ● | | | | |
| | 4. Rewarding workplaces for diverse talents | | | | | | | ● | ● |
| | 5. Respect for human rights and fairness in business | | | | | | | ● | |
| | 6. An energy-efficient, circular economy | | ● | | | | | | |
| | Corresponding SDGs | 9, 11, 13 | 7, 13 | 9, 8, 11 | 4, 9, 10 | 4 | 9, 12 | 5, 10 | 3, 8 |

## Enhancing Internal Understanding of Sustainability and SDGs

KDDI Group | Awareness Raisin & Activity

In February 2019, the President was appointed as chair of the Sustainability Committee, and the other members of this committee were shuffled to include all executive directors, general managers of all business and corporate sectors of the headquarters, the head of the KDDI Foundation, and auditors. In addition, in July 2021, Executive Officer of Finance (Executive Vice President, Representative Director / Executive Director, Corporate Sector) was appointed as Executive Officer of Sustainability. We are working to maximize corporate value from both financial and non-financial perspectives, and are promoting the SDGs with sustainability as a pillar of our corporate management strategy.

In his New Year's address and announcements of management policies for the next fiscal year, the President conveys to all employees the importance of advancing sustainability initiatives in business strategies to solve social issues from business activities in a bid to realize a sustainable society. Moreover, we are utilizing the online system during the pandemic, thus enabling us to promote initiatives through which executive officers can directly convey corporate policies to employees across Japan and exchange opinions with them.

As a measure starting in the fiscal year 2020, each and every employee, including management and executives, carries a "My SDGs Declaration" card with them at all times to express their intention to work on SDGs that they can contribute to through their work and makes the content of their declaration visible in the background of online meetings, leading to enhanced daily visibility.

In addition, we held study sessions for our bases nationwide to concretely explain the relationship between our business operations and the "eight social issue categories" that we aim to solve with the KDDI Sustainable Action, in order to connect them to employee behavior. They were also implemented online due to the spread of the COVID-19 infection, and a total of more than 9,000 employees from 26 headquarters and 10 branch offices participated. In December 2020, we held an internal SDGs seminar by open call for participants, and enjoyed discussing SDGs that we can contribute to through daily operations using card games*.

*Created a card game specialized for KDDI business operations based on the SDGs card game "THE SDGs Action Card Game X (Cross)" planned and developed by the Kanazawa Institute of Technology as an industry-university joint project.

In February 2021, we launched the "KDDI Sustainable Action Stories Gallery" on our website to introduce employees engaged in the KDDI Sustainable Action. As an initiative focused on outside the company, we are working to enhance the brand image appealing to potential human resources and raise employee awareness through the shower effect.

Stories Gallery (Japanese only)


Display of the KDDI Sustainable Action Stories Gallery at the KDDI's head office reception

Furthermore, as a bottom-up measure, we implemented e-learning to deepen understanding of the KDDI Sustainable Action, established the SDGs communication portal site "Everyone's SDGs" on the company intranet, and launched a new SDGs section in the web-based company newsletter. In addition to the staff of the Sustainability Department, "My SDGs" blogs are updated daily by internal side-job members who were publicly recruited and ambassadors, contributing to the promotion of employees' daily involvement in the SDGs and enhanced understanding of them.

In February 2021, in order to deliver content such as introduction and quizzes of practical examples of the SDGs within the company, we held a nine-day project "SDG Weeks," nine themes of which were eight social issue categories set out in the KDDI Sustainable Action and the SDGs' goal 17 "Resolving social issues through partnerships."


A panel discussion at a study session by divisions


An internal SDGs seminar

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | **FY2020 Material KPI Results** | **FY2021 Material KPIs** | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

# FY2020 Material KPI Results

| ESG | Materiality | Issues | FY2020 Material KPIs | Boundary — KDDI Unconsolidated | Boundary — KDDI Group | FY2020 Results | Evaluation*1 |
|---|---|---|---|---|---|---|---|
| S • Society | 1 Safer and more resilient connected world | • Resilience to extreme weather events • Risk management | 4G LTE population coverage rate over 99.9% (FY2021) | ● | | 99.9% | Still under way |
| | | | Implement measure to enhance the resilience of telecommunication routes | ● | | The Shikoku Route was made more resilient (February 2021) | Achieved |
| | | | Number of serious accidents: 0 *Following the guidelines of the accident reporting criteria of Japan's Ministry of Internal Affairs and Communications | ● | | 0 (no accidents) | Achieved |
| | | | Implement measures to prevent leaks and enhance earthquake protections at communication stations (FY2021) | ● | | Measures to prevent leaks were taken at 11 additional communication stations (March 2021) | Still under way |
| | 2 Cyber security and privacy protection | • Utilization of information assets and tightening of security • Data privacy | Data security incidents: 0 *Data breaches, complaints, etc., that are illegal or subject to regulatory guidance | ● | ● | 0 | Achieved |
| | | | Data security training for all employees: held at least once a year | ● | | 3 times (Implemented an e-learning program for all employees) | Achieved |
| | 3 Fulfilled life brought through ICTs | • Contribution to economic growth through robust information communications infrastructure • Improvement of access to education, medicine and other public services through ICTs • Promotion of employment creation and capacity building • Innovation management | Provide 5G services in all prefectures of Japan (FY2021) | ● | | All Prefectures | Achieved |
| | | | 60 regional revitalization projects (initiatives to co-create solutions for issues with regions using IoT and ICT) (cumulative total FY2019-FY2021) | ● | | 20 (FY2020) | Still under way |
| | | | Reach 78 million mobile connections*2 in developing countries where KDDI has a communications business presence (FY2021) | ● | ● | 73,990,000 | Still under way |
| | | | Realize highly effective learning environments using adaptive learning*3 and other advanced techniques (FY2021) | ● | ● | Started provision of "English Time," which enables interactive English vocabulary training by talking to an Amazon Alexa-powered device (February 2021) | Still under way |
| | | | Settlement and financial transactions: 6.0 trillion yen (FY2021) | ● | ● | 9.0 trillion yen (FY2020) | Still under way |
| | 4 Rewarding workplaces for diverse talents | • Promotion of diversity and inclusion • Human resource development and career development • Pursuit of employee satisfaction • Promotion of health-focused management | • Promoting measures to hire 200 female line managers (by the end of FY2020) • Building a system to promote women's active performance throughout the KDDI Group | ● | | Number of females in managerial positions: 175 (as of April 1, 2021) | Not achieved |
| | | | Percentage of newly hired female graduates: 30% (by the end of FY2020) | ● | | 32.4% (FY2020) | Achieved |
| | | | Disability employment rate: statutory rate achieved | ●*4 | | 2.50% (as of June 2021) | Achieved |
| | | | As a leading company in promoting the professional advancement of elderly employees, establish a foundation for promoting such advancement (FY2021 target) | ● | | • A scheme for recruiting elder human resources has been established. • Career seminars for elders have been held as planned, and the foundation for promoting their active performance has been established. | Still under way |
| | | | Healthcare management initiatives • Illness detection rate (legally mandated): 55% or less (target figure for FY2020 end) • Rate of smokers: 18% or less (target figure for FY2020 end) | ● | | • Illness detection rate: 63.7% (FY2020) • Rate of smokers: 24.3% (FY2020) | Not achieved |
| G • Governance | 5 Respect for human rights and fairness in business | • Pursuit of sustainable procurement • Respect for workers' rights • Prevention of corruption and bribery • Promotion of fair and proactive communication | Number of cases of human rights violation: 0 *Human rights violation refers to abuse of human rights, such as power harassment, subject to disciplinary action | ● | | 2 | Not achieved |
| | | | KDDI Group Philosophy Study Session attendance: 100% | ● | | 93.8% | Not achieved |
| | | | Measures for instilling the KDDI Code of Business Conduct company-wide: 12 or more per year | ● | | Distribution of web shortcuts related to the KDDI Code of Business Conduct to business mobile devices of all employees, making it viewable anytime (changes in measures) | Achieved |
| | | | Collection rate of responsible procurement surveys: 90% | ● | | 96% | Achieved |
| | | | KDDI Smartphone & Mobile Phone Safety Classes, Comprehension Rate, Satisfaction Rate • For youths: satisfaction with lecturers: 99%; desire to reapply: 85%; Start of a new style of courses • For older people: comprehension rate: 86%; usage rate: 92% | ● | | • For youths: satisfaction with lecturers: 98.9%; desire to reapply: 86.9%, Start of online courses • For older people: comprehension rate: 86.7%; usage rate: 94.1% | Partially achieved |
| E • Environment | 6 An energy-efficient, circular economy | • Energy efficiency improvement and utilization of clean energy • Zero emissions and 3Rs • Reduction of society's impact on environment through ICTs | 7% reduction in CO2 emissions in FY2030, compared to FY2013 for KDDI (in Japan, non-consolidated) | ● | | FY2020 target: 1,002,522t-CO2 FY2020 results: 1,056,125t-CO2*5 | Still under way |
| | | | Maintain zero emissions from retired telecommunication facilities (FY2030) Final disposal rate: 1% or less (Zero emissions is defined as having a final disposal rate of 1% or less) | ● | | Final disposal rate: 0.02% (FY2020) | Still under way |
| | | | Upgrading to highly energy-efficient data centers in Japan and abroad (FY2030) | ● | ● | Started provision of a domestic data center "TELEHOUSE TOKYO Tama5" (July 2020) | Still under way |
| | | | Maintain material recycling rate of 99.8% for post-consumer mobile phones (FY2030) | ● | | 99.8% (FY2020) | Still under way |
| | | | Post-consumer mobile phones collected over 5 years (aggregated): 6 million (Target for FY2018-FY2022) | ● | | FY2020 target: 3,600,000 (cumulative) FY2020 results: 3,546,860 (cumulative) | Still under way |

*1 The status of KPIs with a target set to achieve by FY2021 and beyond are indicated as "Still under way" across the board, including those progressing according to the FY2020 plan.
*2 Number of mobile connections: Number of activated SIM cards (GSMA's "Mobile connections, including licensed cellular IoT") .
*3 Adaptive learning: The provision of study materials and learning methods optimized for each individual, based on each student's level of understanding and progress.
*4 Includes KDDI Challenged (special subsidiary) and KDDI Engineering
*5 The CO2 emissions are calculated using the emission factors furnished by electric utility operators. (Emissions from heat, steam and hot and chilled water consumption are included.)

# FY2021 Material KPIs

| ESG | Materiality | Issues | FY2021 Material KPIs | Boundary — KDDI Unconsolidated | Boundary — KDDI Group |
|---|---|---|---|---|---|
| S • Society | 1 Safer and more resilient connected world | • Resilience to extreme weather events • Risk management | 4G LTE population coverage rate over 99.9% (FY2021) | ● | |
| | | | 5G coverage on platforms, in stations, and on trains running between stations in major sections of 21 lines in the Kanto region and 5 lines in the Kansai region, including JR and private railways (FY2021) | ● | |
| | | | Number of serious accidents: 0 *Based on the guidelines of the accident reporting criteria of Japan's Ministry of Internal Affairs and Communications | ● | |
| | | | Implement measures to prevent leaks and enhance earthquake protections at communication stations (FY2021) | ● | |
| | 2 Cyber security and privacy protection | • Utilization of information assets and tightening of security • Data privacy | Data security incidents: 0 *Data breaches, complaints, etc., that are illegal or subject to regulatory guidance | ● | ● |
| | | | Data security training for all employees: held at least once a year | ● | |
| | 3 Fulfilled life brought through ICTs | • Contribution to economic growth through robust information communications infrastructure • Improvement of access to education, medicine and other public services through ICTs • Promotion of employment creation and capacity building • Innovation management | 60 regional revitalization projects (initiatives to co-create solutions for issues with regions using IoT and ICT) (cumulative total FY2019-FY2021) | ● | |
| | | | Reach 78 million mobile connections*1 in developing countries where KDDI has a communications business presence (FY2021) | ● | ● |
| | | | Realize highly effective learning environments using adaptive learning*2 and other advanced techniques (FY2021) | ● | ● |
| | | | Settlement and financial transactions: 9.3 trillion yen (FY2021) | ● | ● |
| | 4 Rewarding workplaces for diverse talents | • Promotion of diversity and inclusion • Human resource development and career development • Pursuit of employee satisfaction • Promotion of health-focused management | Promoting measures to hire 200 females in managerial positions (by the end of FY2022) | ● | |
| | | | Percentage of newly hired female graduates: 30% (by the end of FY2021) | ● | |
| | | | Disability employment rate: statutory rate achieved | ●*3 | |
| | | | As a leading company in promoting the professional advancement of elderly employees, establish a foundation for promoting such advancement (FY2021 target) | ● | |
| | | | Development of security field human resources: maintain 200 employees | ● | |
| | | | Recognition rate of LGBTQ+ Ally: 70% (by the end of FY2021) | ● | |
| | | | Usage rate of annual paid leaves: 80% (by the end of FY2021) | ● | |
| | | | Reinstatement after parental leave of absence: 100% for both males and females (by the end of FY2021) | ● | |
| | | | Healthcare management initiatives • Illness detection rate (legally mandated): 62.4% or less (by the end of FY2021) • Rate of smokers: 20.3% or less (by the end of FY2021) | ● | |
| G • Governance | 5 Respect for human rights and fairness in business | • Pursuit of sustainable procurement • Respect for workers' rights • Prevention of corruption and bribery • Promotion of fair and proactive communication | Number of cases of human rights violation: 0 *Human rights violation refers to abuse of human rights, such as power harassment, subject to disciplinary action | ● | |
| | | | KDDI Group Philosophy Study Session attendance: 100% | ● | |
| | | | Implementation of executive officers trainings for the group companies Post-training survey satisfaction rate: 95% | ● | ● |
| | | | Collection rate of responsible procurement surveys: 90% | ● | |
| | | | KDDI Smartphone & Mobile Phone Safety Classes, Comprehension Rate, Satisfaction Rate • For youths: satisfaction with lecturers: 99%; desire to reapply: 85%; Establishment of online courses • For older people: comprehension rate: 86%; usage rate: 92% | ● | |
| E • Environment | 6 An energy-efficient, circular economy | • Energy efficiency improvement and utilization of clean energy • Zero emissions and 3Rs • Reduction of society's impact on environment through ICTs | 50% reduction in CO2 emissions in FY2030, compared to FY2019 for KDDI (in Japan, non-consolidated) | ● | |
| | | | Achieve net-zero CO2 emissions by 2050 | ● | |
| | | | Maintain zero emissions from retired telecommunication facilities (FY2030) Final disposal rate: 1% or less (Zero emissions is defined as having a final disposal rate of 1% or less) | ● | |
| | | | Utilization of renewable energy and construction of energy-efficient data centers, mobile phone base stations, etc. (FY2030) | ● | ● |
| | | | Maintain material recycling rate of 99.8% for post-consumer mobile phones (FY2030) | ● | |
| | | | Post-consumer mobile phones collected over 5 years (aggregated): 6 million (Target for FY2018-FY2022) | ● | |

*1 Number of mobile connections: Number of activated SIM cards (GSMA's "Mobile connections, including licensed cellular IoT")
*2 Adaptive learning: The provision of study materials and learning methods optimized for each individual, based on each student's level of understanding and progress.
*3 Includes KDDI Challenged (special subsidiary) and KDDI Engineering

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability    KDDI's Material Sustainability Issues    FY2020 Material KPI Results    FY2021 Material KPIs    **Materiality 1**    Materiality 2    Materiality 3    Materiality 4    Materiality 5    Materiality 6

## Materiality 1

# Safer and More Resilient Connected World

● Resilience to extreme weather events    ● Risk management

---

### KDDI's Approach [KDDI Group] [Policy]

#### Social Issue

In an advanced information society, communications services are the most essential lifeline. The disruption of this lifeline due to a natural disaster can be a major factor behind a downturn in society and the economy itself. We at KDDI believe we are responsible for supporting local communities where people can live with peace of mind by continuing to offering reliable communications services 24 hours a day, 365 days a year.

#### Our Risks and Opportunities

● Our corporate value could drop if we fail to provide our communications services for any reasons, even because of natural disasters.

● We believe that providing communications services continuously in the midst of unforeseen events to support society and the economy is our responsibility and will result in the rise of our company value.

#### Management Framework

● The ongoing provision of a stable, resilient, high-quality telecommunications environment helps maintain lifelines and creates a foundation for a safe and secure information-based society. KDDI has been defined as a designated public institution under the Disaster Countermeasures Basic Act. To ensure our ability to provide stable information and telecommunications services under any circumstances, we formulated a disaster policy in the form of a Business Continuity Plan (BCP) for Large-Scale Disasters, established a system for dealing with various disaster scenarios, and launched initiatives to, for example, ensure rapid relief for areas affected by disasters, in cooperation with relevant organizations.

● KDDI maintains and operates many telecommunications facilities, including optical cables and mobile phone base stations, via operation departments such as technical centers located throughout Japan.

● The operations centers conduct centralized monitoring of network conditions nationwide 24 hours a day, 365 days a year. In the event of an outage and other failures, these centers appropriately control communications and restore them in collaboration with maintenance departments throughout Japan.

● To ensure high-quality and reliable network service, we build, analyze and improve our facility operating system in line with our stringent standards under the management framework.

● Like elsewhere, the global consumer business faces the same demand for reliability in telecommunications. Even in regions where the social infrastructure is not as well established as that of Japan, we are rolling out operational know-how and management methods developed in Japan with considerations to individual nation's needs to ensure that customers can expect reliable, uninterrupted service 24 hours a day, 365 days a year. Moreover, to improve the reliability of our systems and networks, we have established design standards that include redundancies. We are actively working to enhance our technological capabilities related to maintenance and operations. In addition, we have measures in place to protect systems and customers from various security threats and apply KDDI standards to environmental upgrades to counter external and internal security threats.

---

### FY2021 Material KPIs [KDDI Group] [Policy]

FY2021 Material KPIs

---

### Moving Forward [KDDI Group] [Policy]

● Strengthen our responses in disaster-stricken areas and business continuity measures in the event of an earthquake directly beneath Tokyo Metropolitan Area or the eruption of Mt. Fuji
● Strengthen collaboration with Group companies
● Improve each disaster response staff's skills

---

### Initiatives [KDDI Group] [Policy]

● KDDI Sustainable Action ➡ P.16-19
● Network Quality Management and Improvement ➡ P.27-29
● Disaster Preparedness ➡ P.30-31
● Initiatives outside Japan ➡ P.32-33

---

## Network Quality Management and Improvement

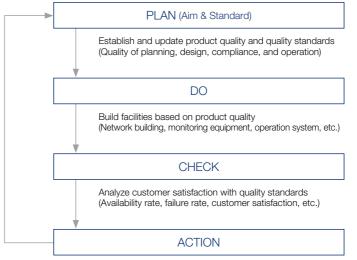### KDDI's Approach (Management and Improvement of Network Quality) [KDDI Group] [Policy]

Our mission as a telecommunications operator is to ensure a communications environment where customers can use mobile phones and smartphones easily anytime anywhere. KDDI will offer safe and secure communications services by engaging sincerely in every operation from quality management and improvement of communications infrastructure, such as mobile phone base stations and switching equipment for fixed-line phones, to building next-generation networks.

### Network Service Quality Management System [KDDI] [System]

KDDI owns a number of telecommunications facilities, including optical cables and mobile phone base stations, which it maintains and operates via technical centers located throughout Japan.

The operations centers conduct centralized monitoring of network conditions nationwide 24 hours a day, 365 days a year. In the event of an outage and other failures, these centers appropriately control communications, working with maintenance departments throughout Japan. To ensure high-quality and reliable network service, we build, analyze and improve our facility operating system in line with our stringent standards.

Aiming for zero serious accidents, we at KDDI hold 20,000 training sessions each year. Our work procedures are based on the ideas of capacity design of telecommunications equipment, functional redundancy, distributed arrangement of facilities and functional safety.

```
PLAN (Aim & Standard)
     Establish and update product quality and quality standards
     (Quality of planning, design, compliance, and operation)
DO
     Build facilities based on product quality
     (Network building, monitoring equipment, operation system, etc.)
CHECK
     Analyze customer satisfaction with quality standards
     (Availability rate, failure rate, customer satisfaction, etc.)
ACTION
```
Improve items that fail to meet quality standards

### Frequency and Duration of Network Interruption [KDDI] [System]

In the event that network failure or maintenance causes any inconveniences to our customers' communications, we will make notice about it on the failure and maintenance information page at our website.

Failure and Maintenance Information (for corporate customers) (Japanese only)
Failure and Maintenance Information (for personal customers) (Japanese only)

### Expansion of Service Areas (Base Station Facilities) [KDDI] [Policy]

Our mission is to offer a stable call and data transmission environment around the clock with a motto of "connecting and protecting lives, connecting day-to-day lives, and connecting hearts and minds." We will aim to build a 5G telecommunications network together with au 4G LTE communications network (800 MHz platinum band, etc.) across Japan to provide a more comfortable telecommunications environment. The 5G service, which provides an advanced telecommunications environment of low latency and high capacity, is much anticipated by many of our customers. We plan to roll it out in regions as well as major cities. We will strive to offer au mobile phone and smartphone users a reliable communications environment in crowded areas as well as airports, commercial facilities, event halls, and other in-house spaces.

### Building Mobile Phone Base Stations and Care for Neighbors [KDDI] [System]

To offer a reliable communications environment to au mobile phone and smartphone users, KDDI sets up mobile phone base stations in all parts of Japan to support new services and improve service area quality for our customers' safe and comfortable life. When designing and building a new, safe and reliable base station, we observe the Radio Law, Building Standards Act and other relevant laws and regulations as well as municipal ordinances and guidelines. The installation work is carried out by an experienced, designated construction company under a thorough safety management scheme. In cases where the construction is expected to cause a nuisance or inconvenience to the residents in the neighborhood due to an increase in construction vehicle traffic and noise, or if we receive inquiries about the base station, we share general information about the base station and explain about the construction work to ensure their understanding and cooperation.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | **Materiality 1** | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 1

# Safer and More Resilient Connected World

● Resilience to extreme weather events   ● Risk management

## Network Quality Management and Improvement

### Safety of Radio Waves
**KDDI Group** | Policy & System

**KDDI's Approach (policy)**

In compliance with the laws and regulations related to radio waves, we at KDDI offer our mobile phones and operate our mobile phone base stations in Japan at an electromagnetic wave level below the limits set at the Radio Radiation Protection Guidelines (RRPGs).

**System**

Japan's Ministry of Internal Affairs and Communications established the Radio Radiation Protection Guidelines (RRPGs), which serves as a standard in the use of radio and TV waves, and introduced regulations based on these guidelines. The RRPGs, equivalent to the international guidelines advocated by the World Health Organization (WHO), set the limits based on the results of studies conducted across nations with safety factors fully taken into account. It is commonly acknowledged among experts from WHO and other international institutions that electromagnetic wave exposures below the limits will not have any known consequence on health.

We at KDDI take great care to ensure that the radio waves from our mobile phone base stations poses no threat to safety. We design, build, maintain and periodically inspect our base stations in strict compliance with the relevant laws and regulations, including the RRPGs, stipulated in the Radio Law and the Building Standards Act, as well as local government ordinances. We also explain to residents in local communities that the radio waves transmitted from our base stations comply with RRPGs standards.

In addition, we offer mobile phones that comply with the permissible values for radiation strength and absorption by the human body stipulated in radio-wave-related laws and regulations while disclosing that information on our website.

[↗] Absorption Rates of au Phones (SAR) (Japanese only)

**Research That Ensures the Safety of Radio Waves**

In November 2002, KDDI began conducting joint experiments with NTT DOCOMO Inc. and Soft Bank Corp., using human cells to evaluate the impact of radio waves for mobile phones on living organisms. Some results of the experiments were published in an interim report in 2005, and the final report issued in 2007 concluded that radio waves for mobile phones have no confirmed effect on living organisms at the cellular level or genetic level. This research serves as an example of scientific evidence that refutes claims that radio waves may cause cancer affecting cell structure and function. It also reaffirms the safety of radio waves emitted from mobile phone base stations.

KDDI also participates in and actively contributes to the research conducted by the Electromagnetic Environment Committee of the Association of Radio Industries and Businesses (ARIB) to study the safety of radio waves transmitted by mobile phones.

We will continue to actively collaborate with relevant organizations on research and testing on impacts of the radio wave frequencies used for mobile phones on the human body and on medical equipment. We also strive to stay updated about trends in research on safety of radio waves for mobile phones in Japan and abroad.

In addition, we will continue providing information about the safety of radio wave frequencies used for mobile phones on our website and other sources. When constructing mobile phone base stations, we make sure to provide adequate explanations in response to inquiries from local residents about radio waves safety to ensure their understanding and cooperation.

**Organizations to Which KDDI Belongs or Is Giving Its Cooperation**

| Affiliation | Electromagnetic environment committee of Association of Radio Industries and Businesses (ARIB), Electromagnetic Compatibility Conference Japan |
|---|---|
| Affiliation | The National Institute of Information and Communications Technology (NICT) / EMC-net Study Group on the Evaluation of Human Exposure to Electromagnetic Fields |
| Affiliation | Japan national committee of the IEC / TC106 (Methods for the assessment of electric, magnetic and electromagnetic fields associated with human exposure) Working Group on the Evaluation of Electromagnetic Fields around Base Stations |
| Research cooperation | Mobi-Kids Japan (study investigating the effects of mobile phones on health) |

### Providing a Convenient Usage Environment: Signal Support 24
**KDDI** | Activity

As part of detailed quality improvement efforts for each customer, we offer Signal Support 24, an after-sales support service concerning signal-related problems, for all customers using au mobile phones.

In this service, KDDI staff visit the homes of customers who have inquired about signal quality and examine the reception conditions for au mobile phones. We contact the customers to set up an appointment within 24 hours of their inquiry, and then visit to check the signal and improve the signal quality using au Femtocells or au repeaters. We accept inquiries about signal quality not only in homes but also outdoors and in offices and restaurants. In fiscal 2020, we conducted approximately 21,000 site surveys and proposed measures to improve signal qualities based on them.

Going forward, we will strive to further improve customer satisfaction with our services so that customers think "I'm glad that I chose au," and expand our service coverage.

Signal Support 24 is available also to customers using UQ mobile and povo.

[↗] Signal Support 24 (Japanese only)

### Approach to Next-Generation High-Speed Communication
**KDDI Group** | Policy

The mobile network that supports communication on smartphones and mobile phones has evolved from the first generation (1G) to the fourth generation (4G) together with changes in the times and lifestyle. We conducted research and development of the next-generation mobile communication system "5G" with an aim to provide communications services with greater stability and higher speed to customers and promote dramatic development of ICT network infrastructure, and on March 26, 2020, we launched the "au 5G" service. 5G networks are capable of higher speed and capacity, low latency and many simultaneous connections. By connecting everything via networks, beginning with smartphones and mobile phones, we will continue helping to build Society 5.0 (a creation-based society) as we create new services and solve social problems.

The COVID-19 pandemic has created the need for the "new normal" in every aspect of industry and people's everyday life. To create resilient social infrastructure designed to help prevent any further spread of infections while supporting economic growth, digital transformation (DX) should be accelerated. With the concept "5G for everyone," we will be working with our partners in various industries to offer individual customers new ways of enjoying entertainment, sports, and art, among others, that suit the new normal, thereby making 5G available to as many people as possible. With regard to corporate customers, companies in various industries have increasingly adopted DX for different purposes of use, dramatically transforming their business models. We have the KDDI Digital Gate, which serves as a business development center in the age of 5G and IoT designed to assist customers with DX, along with the KDDI research atelier, which serves as a survey and applied research center that proposes a new lifestyle toward 2030. At these centers, we plan to work with our various partners to create business as well as the new customer experience unique to the age of 5G, and to help build robust and resilient infrastructure that is highly adaptable to change of environment.

### Advancing Research on 5G
**KDDI Group** | Activity & Results

With the evolution of devices and the proliferation of IoTs, mobile networks are required to perform at much higher levels than expected before. KDDI will work on demonstration experiments with its partner companies to pursue business opportunities beyond industrial borders and fields of business through the fifth-generation mobile communications system "5G" with high speed, high capacity, low latency, and massive device connectivity.

We will actively roll out 5G services as basic next-generation infrastructure, develop businesses through co-creation with various partner companies, and promote open innovation that incorporates the innovative ideas and advanced technologies of start-ups. In this way, we will create new customer experience and actively utilize 5G services for regional revitalization businesses.

In September 2020, with help from Samsung Electronics, we virtually divided a 5G network in the 5G standalone architecture, and succeeded in the demonstration experiment of network slicing, which enables multiple end-to-end communications tailored to each customer's use and needs (e.g., quality assurance; low-latency) at the same time. In the future, we hope to offer communication features tailored to varying use and needs, including factory automation to collect sensor information and remote operations in the manufacturing industry, and autonomous driving and driving control in the traffic field.

**5G Testing Initiatives**

[↗] 5G Co-Creation and Transformation —5G Research with Partners Creating Businesses of the Future— (Japanese only)

### Providing Service Environment outside Japan
**KDDI** | Activity

The users of au smartphones and mobile phones can enjoy our voice and data communications services in 150 or more countries and regions around the world, including the World Data Flat service, which provides a data service at a flat rate. This is realized based on the partnerships with overseas telecommunications operators that we have cultivated in the course of providing international telephone services for more than 65 years.

Starting from February 2020, an early booking discount is applicable to the World Data Flat service when the service is booked in Japan before departure. No prior settings are required when using the service overseas.

KDDI will strive to continue to provide an environment where users can use our communications services securely and comfortably outside Japan.

[↗] The World Data Flat service

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | **Materiality 1** | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 1

# Safer and More Resilient Connected World

● Resilience to extreme weather events   ● Risk management

## Disaster Preparedness

### KDDI's Approach (disaster preparedness) `KDDI` `Policy`

As a designated public institution under the Disaster Countermeasures Basic Act, we have formulated a business continuity plan (BCP) for large-scale natural disasters as an emergency response policy to ensure the stable provision of telecommunications services at all times under any circumstance. We are working to build an organizational structure capable of responding to different types of disasters and implementing a suite of measures in partnership with various relevant organizations.
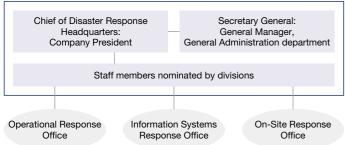
### Business Continuity Planning `KDDI` `Policy & System`

Our BCP for large-scale natural disasters is based on the principles of ensuring the safety of our employees and their families, performing our responsibility as a designated public institution to ensure the continuity of telecommunications services and supporting our stakeholders. It stipulates a range of measures that cover different stages, from the initial response at the occurrence of a disaster through full-scale restoration to relief activities in the affected areas.

The effectiveness of the BCP is assessed during the twice-yearly disaster preparedness drills, and any issues identified in the exercise are addressed. An annual PDCA cycle is applied in the ongoing effort to strengthen the foundation of our emergency response structure further.

■ Disaster Response Framework

Disaster Response Headquarters

- Chief of Disaster Response Headquarters: Company President
- Secretary General: General Manager, General Administration department
- Staff members nominated by divisions
- Operational Response Office
- Information Systems Response Office
- On-Site Response Office

**Establishing a Disaster Response Headquarters in Times of Disaster**
Natural disasters are unpredictable and can strike any time. We have defined the criteria for establishing a Disaster Response Headquarters in advance to act proactively in the event of a natural disaster that meets these criteria.

In the event of the Disaster Response Headquarters being established, it will be headed by the President. The headquarters will maintain close communication and work in cooperation with local response offices to lead our efforts to restore damaged networks and facilities as quickly as possible, support the customers in affected areas and offer aid to emergency shelters.

### Action against Pandemic Influenza and Other Epidemics `KDDI` `System`

Based on the Guidelines for the Prevention and Control of Pandemic Influenza approved in February 2009 at the council on countermeasures related to pandemic / avian influenza and other epidemics, we formulated the Plan for Maintaining Company-wide Operations in the Event of an Outbreak of a New Strain of Influenza to ensure employees' health as well as appropriate responses so that we can maintain the telecommunications services for our customers in the event of an outbreak of a pandemic influenza.

### au Disaster Recovery Support System `KDDI` `System`

To get a quick understanding of the situation during a disaster and formulate an appropriate recovery plan, we have deployed the au Disaster Recovery Support System at 10 technical centers in Japan. The system provides centralized management of information about regional damage, conditions at key sites and emergency shelters and evacuation routes. This information is reflected on maps in real time to identify high-priority areas, enabling us to provide effective recovery response even when the damage is widespread.

### Facility Systems to Maintain Communications during a Disaster `KDDI` `System`

**Multi-Route Core Transmission Lines and Route Distribution**
To ensure stable communications, we distribute telecommunications equipment capacity and establish dual communication lines (terrestrial optical fiber) as well as the system that uses automated switching to secure communications network when there is a failure. Submarine cables are also used to provide multiple communication lines, ensuring a highly reliable network. In the event of trouble, bypass measures are implemented to secure communications.

**Enhancing Disaster Resilience in Communication Stations and Telecommunications Facilities**
We have augmented the deployment of power supply vehicles and emergency power generators to make possible the immediate supply of power to telecommunications facilities in disaster areas. Furthermore, to ensure communications services in disaster-hit areas, we reinforced the wireless entrance network as well as vehicle-mounted and portable base stations and equipped around 2,200 mobile phone base stations with batteries capable of operation for 24 hours or longer.

**Temporary Base Stations**
The KDDI group owns a cable laying ship equipped with a base station that provides mobile phone services during disaster situations when there is no land-based base station that can provide coverage. Going forward, we will conduct repeated demonstration tests on drone base stations with the aim of providing mobile phone services from the sky during disaster situations.

### Mutual Cooperation in the Transportation of Supplies during a Disaster `KDDI` `Activity`

On September 11, 2020, KDDI and Nippon Telegraph and Telephone Corporation (NTT) entered into a social contribution coordination agreement in order to work toward the resolution of societal issues. This agreement enables the two companies to use the other's ships to transport supplies during a large-scale disaster and to mutually cooperate in drills and educational activities to prepare for a disaster. We will also be working together to explore the areas where we could leverage the companies' assets to tackle various societal issues.

☑ NTT and KDDI Agrees to Mutually Cooperate in the Transportation of Supplies during a Disaster (Japanese only)

### Providing Disaster Response Services `KDDI` `Activity`

| Service name | Content |
|---|---|
| au Disaster Response App | Disaster Message Board Service, Emergency Email Service, Disaster Voice Message Service, Disaster Information <br> ☑ au Disaster Response App (Japanese only) |
| Disaster Message Board Service | A service that enables safety confirmation at times of large-scale disaster <br> ☑ Disaster Message Board Service |
| Emergency Email Service | A service that sends disaster and evacuation information provided by national and local governments, special weather- and eruption-related warnings, tsunami warnings and earthquake early warnings to all au mobile phones in the affected area <br> ☑ Emergency Email Service (Japanese only) |
| Disaster Voice Messaging Service | A service that delivers voice messages for safety confirmation using the packet communication network in times of disaster <br> ☑ Disaster Voice Messaging Service |
| Service Trial | Customers can try using the disaster message board service and the disaster voice messaging service <br> Trial Period: <br> • 1st day and 15th day of the month (0:00-24:00) <br> • 1st to 3rd day of January (January 1 at 12:00-January 3 at 24:00) <br> • Disaster Preparedness Week (August 30-September 5) <br> • Disaster Preparedness and Volunteer Week (January 15-21) |

### Collaboration with Disaster-Related Organizations during Normal Times `KDDI` `Activity`

We at KDDI are actively involved in emergency preparedness events organized by national and regional governments and emergency drills held in partnership with various coordinating organizations.

At emergency preparedness events, we focus mainly on informing the residents about the emergency services we offer at times of disaster, such as the disaster message board service, and on disseminating emergency preparedness information. We also work with the Japan Self-Defense Forces, local authorities and other relevant organizations to organize emergency drills, where we make the most of participating organizations' strengths to recreate highly realistic disaster situations. These internal and external drills test the effectiveness of our disaster response so that we can review and improve our preparedness.

☑ KDDI Initiatives (Disaster Relief & Support)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | **Materiality 1** | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

# Materiality 1

# Safer and More Resilient Connected World

● Resilience to extreme weather events  ● Risk management

## Initiatives outside Japan

### KDDI's Approach (Initiatives in Growth Markets outside Japan) `KDDI Group` `Policy`

We believe expanding information and communications services in emerging countries is key to solving various social issues. Further expansion of global business is one of our business strategies. We strive to offer emerging countries with stable communication quality, utilizing our experience, expertise, and technology of telecommunications services that we have cultivated in and outside Japan, aiming to achieve higher quality of life and economic growth in those countries. In addition, the KDDI Foundation also supports the building of communication infrastructure in developing countries where we don't operate our business.

[↗] KDDI Sustainable Action

[↗] Material Issue 3: Fulfilled Life Brought through ICTs

### ICT Solutions outside Japan `KDDI Group` `Policy & System`

KDDI provides a variety of one-stop solutions for customers' operations, including data centers, cloud computing, networks, and IoT services. We have established more than 40 TELEHOUSE data centers in 10 or more countries. The data centers have garnered acclaim for their service quality and reliability in around 30 years of operational experience as well as their high connectivity, which brings together world-class internet exchange (IX) providers, telecommunications operators, and cloud-computing operators, and more. In addition, TELEHOUSE data centers are equipped with high-capacity electric power and incorporate the latest energy-saving facilities, such as highly efficient and reliable power supply equipment, energy-efficient air conditioning, LED lighting and outdoor lighting that uses wind and solar power. The data centers are used by many customers as a platform for global business.

### Maintenance and Operation of Global Network `KDDI Group` `Policy & System`

We connect networks with communications providers around the world, and, in cooperation with these companies, we maintain and operate a global network linking different parts of the world. We not only provide high quality international communications services using highly reliable optical fiber submarine cables but also new platforms such as Connected Cars.

Submarine cables provide 99%* of Japan's international traffic, being an important component of the social infrastructure. Moving forward, we will offer even more reliable communications services for the Asia and Pacific regions, where demand is expected grow.

Moreover, KDDI Cable Infinity, a submarine cable-laying vessel that started operation in fall 2019, promoted IT innovation for marine vessels and offshore construction, while engaging in the SJC2 and other projects, laying cables underwater and connecting them to land lines. The vessel, coupled with the KDDI Ocean Link that is also a cable layer owned by the KDDI Group, works to build and maintain a highly reliable global infrastructure using the high-performance undersea cable technology. New international communications services are developing on trunk networks connecting Japan and the world, and IoT is one of the major global technologies supporting them. KDDI and Toyota Motors Corporation collaborated to build a platform for connected cars, and the Global Network Operation Center ("GNOC") has been operating the platform since 2019.

In addition, through partnerships with companies such as Inmarsat and Intelsat, the GNOC offers services using satellite communications, enabling call and data transmission to anywhere in the world, such as ships at sea, airplanes, the South Pole and other remote areas and islands where cables do not reach, thereby insuring secured international communications services around the clock.

*According to research by KDDI

[↗] Inmarsat Service (Japanese only)

### Business Expansion in Myanmar `KDDI Group` `Activity`

In Myanmar, KDDI and Sumitomo Corporation formed joint venture KDDI Summit Global Myanmar ("KSGM"). In 2014, KSGM signed a joint operation agreement with Myanmar Posts & Telecommunications ("MPT"), which is a licensed telecommunications business. Under this agreement, KSGM is involved in telecommunications projects in Myanmar. Although mobile phone penetration in Myanmar was around 10% before the launch of the joint venture, a nationwide expansion of service coverage enabled people in the country to have access to the high quality and convenient communication services such as using the Internet and watching videos on smartphones.

Since July 2017, we have been running a long-term training program for the MPT workers who will one day be leaders to improve customer satisfaction and the quality of communications services in Myanmar. As part of the program, KDDI staff working on the business frontlines in Japan help Myanmar trainees gain technical knowledge and know-how that KDDI has developed over many years of experience in the telecommunications business in Japan, where its high-quality network offers 24 hours a day, 365 days a year. The training covers a wide range of subjects; everything from the design and construction of transmission systems and optical networks to their operation, initiatives aimed at enhancing reliability, disaster response measures, and even the development of advanced information systems.

Sales-and business-related trainees study sales, marketing strategies, customer experience (CX), the basics of life design services, financial accounting, management accounting, and more. After returning to Myanmar, the trainees will continue to use the skills they have gained in Japan to contribute to Myanmar's growth.

We have accepted a total of 12 trainees from the country since 2017. We will continue running this program going forward.

In April 2021, when the situation in Myanmar grew tense, KDDI published a statement. With the safety of all stakeholders being our priority, we continue working to maintain the country's social infrastructure that is essential to the life of the people in Myanmar.

[↗] About the Situation in Myanmar

### Initiatives of the KDDI Foundation `KDDI Group` `Activity`

**Building an Optical Fiber Network with a Simplified Construction in Mongolia, a Land of Extreme Cold**
In the project launched by the Asia-Pacific Telecommunity (APT) in Mongolia in 2018, we worked in the following regions where no broadband access network is in place: (1) An area for nomadic settlement promotion (2) A place of extreme cold where temperatures go as low as negative 40 to 50 degrees Celsius, and a desert region that experiences drastic changes in temperature (3) Terelj, Arkhangai, and Bayankhongor that focus on tourism. In these places, we built fiber optic networks using a simple method, and, in the place of extreme cold, we conducted cold tolerance tests on exposed optical fibers.

Furthermore, at the request of Mongolia's supervisory authorities, we donated new optical fibers to help build a broadband network across the expansive park in Terelj that the APT project had not covered. We are committed to working toward the SDGs by helping close the digital divide in rural areas and develop rural tourism.

**Improvements to Disaster Control in Vietnam**
Vietnam's climate is hot and humid. Deforestation and extreme weather increased the country's rainfall, especially in the mountainous region across central Vietnam, making flood disasters along rivers more frequent and more damaging. The mountainous region has only a limited number of meteorological instruments installed. Hence, in the project adopted by the APT in 2015, we worked with Vietnam's Ministry of Information and Communications, Posts and Telecommunications Institute of Technology within this Ministry, and the government of Quang Nam Province to conduct a demonstration experiment and research on a low-cost early warning system for flash flood alerts that combined sensors and the M2M technology*.

Since fiscal 2020, as a new APT project, we have been working on research and study to make improvements to disaster control. To promptly collect and analyze information about damage during and after a disaster that hits the region so that it helps plan disaster control, we use an unmanned aerial vehicle (UAV) to quickly capture images of damage done to the area, compare the images with those before the disaster, and swiftly identify and analyze the post-disaster state. Once the COVID-19 pandemic began, we turned to online meetings in order to move ahead with the development of the system and with field testing on the ground, using locally available pieces of equipment wherever possible.

*M2M (machine-to-machine) technology: Machines exchange information with each other via a telecommunications network, thereby autonomously providing advanced control and operation.

[↗] KDDI Foundation (Japanese only)

### Business Expansion in Mongolia `KDDI Group` `Activity`

MobiCom Corporation LLC ("MobiCom"), KDDI's consolidated subsidiary, plans to adopt leading-edge technologies, including Massive MIMO*, in 2021. The company is endeavoring to provide an optimal data communication environment to its customers in Mongolia by improving service quality and introducing new technologies in an effort to improve customer satisfaction and to grow its business.

KDDI has accepted a total of eight trainees from MobiCom since 2018 as part of its resource exchange program to provide them with training on corporate sales and marketing as well as security systems. Through the exchange of personnel, we contribute to enhancing telecommunications business in Mongolia.

Furthermore, we rolled out "monpay," Mongolia's first electronic money. This business has helped evolve the country's financial services that use mobile phones (e.g., automatic payment for toll roads). We also offer this technology and know-how for countries other than Mongolia.

*A technology to provide high-speed communications using more antenna elements than ever before.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | **Materiality 2** | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 2

# Cyber Security and Privacy Protection

● Utilization of information assets and tightening of security  ● Data privacy

---

### KDDI's Approach                                    KDDI Group | Policy

**Social Issue**

Recent years have seen leaks of important confidential information worldwide due to cyberattacks employing software viruses, a situation that has become a major social issue. We consider the personal and business information that the KDDI Group retains for its customers and business partners to be extremely important assets that need to be managed with strict confidentiality.

**Our Risks and Opportunities**

● Customer data leaks from inside the company or unauthorized access from outside could seriously damage the brand image of the KDDI Group. In addition to a possible loss of customer trust, we could also be forced to pay substantial compensation, which could have a negative impact on our financial position and business performance.

● We may face higher costs to enhance the confidentiality of communications and privacy protection systems in the future.

● There are new market opportunities where demand is growing, such as safe apps and global cyber security services.

**Management Framework**

● As a telecommunications operator, we are committed to protecting the confidentiality of communications. In order to protect customer data, we have set up the Information Security Committee and are working on the development and implementation of company-wide measures to prevent data leaks from within the company as well as unauthorized access from outside.

● Also, with the implementation of the KDDI Code of Business Conduct, KDDI Security Policy, and KDDI Privacy Policy, and the establishment of the KDDI Group Business Ethics Committee, the KDDI Group is working to further strengthen its information security governance.

● We also have strengthened the technical, organizational and human aspects of our suite of security management measures. These include tighter control and monitoring of access authorization for our customer data systems, safekeeping of access logs and a ban on taking company data outside company premises or saving it to external memory. In order to promote awareness, we provide ongoing training on the confidentiality of communications and protection of customer data for all our employees. We are also working with our external partners, particularly with our retail network of au Shops, to strengthen our value chain management through the improvement of shop operations, monitoring and training.

● In order to ensure the security of customer data, au Smart Pass apps and all other customer apps provided by KDDI are examined to verify that their behaviors are in line with KDDI Group Smartphone Apps & Privacy Policy Management Guidelines established in April 2019. As a member of the industry body the Japan Smartphone Security Association (JSSEC), KDDI is taking part in data security initiatives.

### FY2021 Material KPIs                              KDDI Group | Policy

FY2021 Material KPIs

### Moving Forward                                    KDDI Group | Policy

● Make the best use of data assets
● Further improve security
● Protect data privacy

### Initiatives                                       KDDI Group | Policy

● KDDI Sustainable Action ➡ P.16-19
● Cyber Security and Data Privacy Protection ➡ P.35-39

---

# Cyber Security and Data Privacy Protection

### KDDI's Approach (Cyber Security and Data Privacy Protection)      KDDI Group | Policy

With the increasing prevalence of smartphones and the rapid progress of technologies such as big data and AI in recent years, new services that make use of various kinds of personal information are being considered. At the same time, however, these changes have also highlighted many issues surrounding privacy, and governments are reviewing their laws and regulations.

To ensure that it uses personal data while protecting privacy, KDDI has published its privacy policy and its handling of personal information, including types of information to collect, purpose of use and the requirement of a customer's consent, and thus completely protects such personal information. In addition, in January 2020 we set up "Privacy Portal" to provide clear explanation about KDDI's use of customers' information, ensuring the transparency while deepening customers' understanding.

We also need to protect our communication infrastructure from what is called cyberterrorism that causes a failure in the system through unauthorized use of communication infrastructure. KDDI has proper defenses in place against such external attack, including 24/7 monitoring by specialists to detect any external attacks, as part of our efforts to earn trust from customers and stakeholders as a telecommunications business that provides an essential utility.

Moreover, we have established an internal body dedicated to this purpose, have a third party assess our handling of the information, have adopted a privacy impact assessment (PIA) conducted before a service is introduced, and take other actions in order to further ensure that we properly handle customer information.

↗ Privacy Policy
↗ Privacy Portal (Japanese only)

### Information Security Management Framework          KDDI Group | System

To ensure a unified approach to the security of information assets across the group as a whole, we have established the Information Security Committee chaired by the Managing Executive Officer, Director, Executive Director, Technology Sector. The committee comprises the management level, along with the general managers of sales, technology and corporate divisions.

Under this framework, we accurately grasp the status of information security management and promptly implement measures to enhance the information security throughout the group.

KDDI also acknowledges that proper information management is a key issue for our business. To ensure information security, we have established the Security Policy that specifies our basic policies on information security, covering information security management framework, the implementation of information security measures, and internal rules about information security, among others.
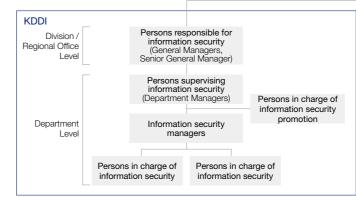
↗ Security Policy
↗ Security Portal (Japanese only)

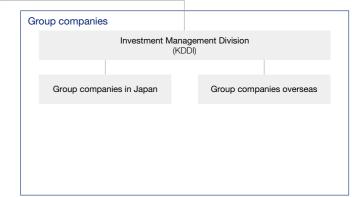■ Information Security Management Framework

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 2

# Cyber Security and Privacy Protection

● Utilization of information assets and tightening of security ● Data privacy

## Cyber Security and Data Privacy Protection

### Strengthening Information Security throughout the Company
**KDDI Group | Policy & System**

All KDDI Group companies have been ISMS 27001[*1] certified since 2009. For our group companies, the KDDI Group Information Security Standards were introduced in fiscal 2011. In fiscal 2017, we revised the standards and extended them to apply to all group companies. Augmenting the improvement in the security level of KDDI Group companies resulting from this change, we regularly audit the security level of group companies in an ongoing effort to strengthen the information security governance of the KDDI Group as a whole. Also, KDDI Digital Security Inc. was founded in February 2018, and the company's specially trained security engineers now respond to cyberattacks.

[*1] ISMS certification (ISO/IEC 27001: 2013) A third-party conformity assessment scheme for information security. It was established with the goal of contributing to widespread improvements in information security and encouraging companies to target levels of information security that can be trusted around the world.

■ ISMS Certification KDDI Acquired

| Registration number | Organization | Initial registration |
|---|---|---|
| IS 95253 | KDDI Corporation[*2] | June 7, 2005 |

[*2] Includes corporate, technology and sales and customer support divisions, as well as KDDI Kyosaikai (now KDDI Group Welfare Association), KDDI Health Insurance Union, KDDI Pension Fund, KDDI MATOMETE OFFICE CORPORATION, and Japan Telecommunication Engineering Service Co., Ltd.

### Basic Principles concerning the Handling and Use of Personal Data
**KDDI Group | Policy**

We have implemented internal rules for the handling of customers' personal data and use of big data in line with the Act on the Protection of Personal Information and other related laws and regulations. We obtain, manage and use such data in accordance with our terms of use for each service and privacy policy.

Data about our subscribers are vital for us. We use the data to help improve customer experience and achieve continuous development of society. We ensure responsible use of data through corporate actions in order to gain customers' understanding. These actions include providing a detailed explanation as to how the data will be used, and processing the data in such a way that the individual will not be identified.

To comply with the amended Act on the Protection of Personal Information that comes into effect in April 2022, we are taking inventory of personal data that have been internationally transferred, and taking actions to meet new regulations related to personal data.

We also work to ensure that we comply with international personal data protection laws, including the General Data Protection Regulation (GDPR).

### Efforts to Reduce Information Security Risks
**KDDI Group | System & Activity**

Our efforts to minimize information security risks include preventing customer information leaks and defending against cyberterrorism. The Information Security Committee leads the management of all company information assets and formulates measures that officers and employees can implement together. The committee is part of our corporate governance framework, which manages risks for the whole group.

In order to eradicate information security accidents, we took measures to strengthen information security in a way to encourage each department to autonomously raise the information security awareness, aiming to raise the awareness among directors, officers and employees.

Furthermore, we have implemented common security standards for the entire group and apply them to all group companies to manage all our information assets and strengthen the various measures that are in place to control specific information assets. To minimize security risks, persons in charge of information security promotion from KDDI and group companies hold regular meetings to share information and discuss security measures.

■ FY2020 List of Initiatives and Activities for Reducing Information Security Risks

| | |
|---|---|
| Total Information Security | • E-learning training<br>• Training for new department general managers<br>• Walk-around security check<br>• Enhancement of raising information security awareness<br>• Enhancement of checking authorization to access customer information<br>• Internal security audits<br>• Technical audits of subcontractors' OA environments and systems in addition to general audit items<br>• Confirmation of compliance with information security rules for the whole group<br>• Information Security Promotion Meetings for the whole group<br>• Continuing supervision of OA environment in the whole group |
| Prevention of information leakage through social media | • Complying with Social Media Policy<br>• Raising awareness among employees |
| Stronger control measure for using cloud computing | • Complying with the company regulations relating to the use of cloud computing for the whole group<br>• Maintaining and improving risk assessment framework relating to security and legislation systems |
| Response to laws and regulations | • Actions to ensure compliance with the current and amended Act on the Protection of Personal Information in Japan<br>• Actions to ensure compliance with international personal data protection laws, including the GDPR and the CCPA |
| Prevention of e-mail mistakes | • Prohibiting automatic forwarding<br>• Automatic encryption of attached files in external e-mails |
| Measures against targeted attacks | • Annual training against targeted e-mail attacks for employees<br>• E-learning training |

🔗 Social Media Policy (Japanese only)

### Information Security Management and Measures
**KDDI Group | Policy & System & Activity**

#### Security Review and Vulnerability Scanning
KDDI has a cyber security policy prescribing the standards for cyber security measures that our business information system should take, and conducts reviews to see if the policy is followed.

The security policy specifies the details and interpretations of security requirements for the information systems that the KDDI Group plans, develops, and operates. These requirements include locations of physical pieces of hardware, connection to external networks, software versions, methods of authentication and access control, and how to acquire and save logs. By rigorously conducting the security review of an information system in the phase of transition from planning to development, we accomplish "security by design" that considers cyber security from the planning and design phase.

In the phase of system operation, we conduct network vulnerability scanning to identify problems in the servers and networks.

Network vulnerability scanning uses a dedicated diagnostic device, in which data on vulnerabilities of various software are saved as a signature database, to identify security issues in the scanned servers and network devices.

The issues that have been found were classified into risk-based levels so that corrective actions are taken, such as applying patches and changing settings.

By taking these actions to ensure information system security in the stages of planning, development, and operation, we offer safe and secure services.
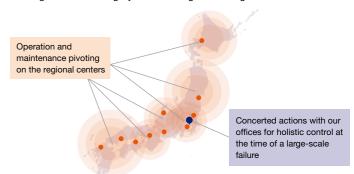
■ Process of the Security Review and Vulnerability Scanning



System development review | Network vulnerability scanning

Planning → Development → Operation ← Audit

Review and diagnosis based on the security policy

#### Security Monitoring
KDDI does integrated monitoring of its cyber security across Japan, based in the regional centers. If any large-scale failure occurs, the supervisory offices take holistic control to give directives to relevant internal and external entities for recovery and provide information. To protect our telecommunications facilities from the threat of cyber attacks such as intrusion, falsification, and distributed denial-of-service (DDoS) attacks, our specially-trained security engineers do monitoring 24/7. They monitor and analyze an enormous log from a security monitoring device for any signs of attacks. Moreover, they detect any perilous incident (e.g., unauthorized access; falsification) as soon as it occurs, and promptly inform the CSIRT and relevant internal departments about it as necessary to direct them to take action.

■ Integrated Monitoring System Pivoting on the Regional Centers



Operation and maintenance pivoting on the regional centers

Concerted actions with our offices for holistic control at the time of a large-scale failure
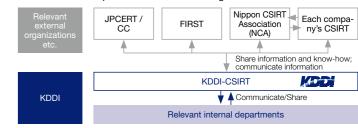
#### Initiatives by the CSIRT
KDDI has the KDDI Computer Security Incident Response Team (KDDI-CSIRT) as a body dedicated to handling cyber security incidents. The KDDI-CSIRT works with KDDI Digital Security Inc. and KDDI Digital Design Inc., which are KDDI's Group companies, to handle incidents, assist with the handling of incidents, receive information about security incidents, and explore recurrence prevention measures, among others. Being a member of the Forum of Incident Response and Security Teams (FIRST) and the Nippon CSIRT Association, the KDDI-CSIRT cooperates with CSIRTs in Japan and overseas to share information about trends and approaches.

Given that cyber attacks have become increasingly sophisticated, we continually take measures against new threats by collecting more information about vulnerabilities and attacks, analyzing information more thoroughly, and automating and advancing courses of action to handle cyber attacks.

■ Process of Cooperation with External Organizations



Relevant external organizations etc. | JPCERT / CC | FIRST | Nippon CSIRT Association (NCA) | Each company's CSIRT

Share information and know-how; communicate information

KDDI | KDDI-CSIRT | Communicate/Share

Relevant internal departments

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 2

# Cyber Security and Privacy Protection

● Utilization of information assets and tightening of security ● Data privacy

## Cyber Security and Data Privacy Protection

### AI R&D and Utilization Principles for KDDI Group **KDDI Group** | Policy

In order to further enhance the value of the customer experience and contribute to the sustainable development of society through the use of artificial intelligence (AI), KDDI, in cooperation with the KDDI Research, Inc., formulated the "AI R&D and Utilization Principles for KDDI Group" on August 30, 2021, as part of "KDDI Accelerate 5.0." Based on these principles, the KDDI Group will promote the research, development, and utilization of AI so that customers can use our services safely.

☑ Formulation of the "AI R&D and Utilization Principles for KDDI Group" (Japanese only)
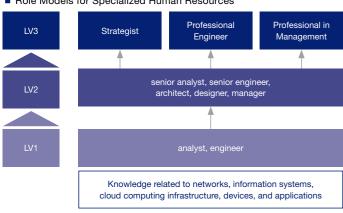
☑ AI R&D and Utilization Principles for KDDI Group

### Human Resource Development **KDDI Group** | System & Activity

KDDI defines role models for professional human resources to help shape clear career paths.

We encourage our employees to acquire a wide range of knowledge and plumb the depths of expertise by accepting assignment to an external organization or obtaining a technical certificate.

■ Role Models for Specialized Human Resources



### Promotion of R&D Related to Information Security **KDDI Group** | System & Activity
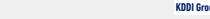
#### World Record in a Decoding Contest

KDDI promotes research and development to attain a faster decoding algorithm and create faster and safer next-generation public-key cryptography in order to help create a telecommunications system that is safe to use.

Public-key cryptography is a generic technology that supports safe and secure telecommunications systems including the internet. It is used for day-to-day technologies such as online shopping and IC cards. In recent years, however, the emergence of practical quantum computing has enabled fast decoding. This means that public-key cryptography immune from decoding by quantum computers will also be needed. When using symbols and codes as next-generation public-key cryptography, it is vital to identify the limit of a decodable dimension in order to determine the size of a safe dimension.

In January 2021, at a decoding contest called "Challenges for code-based Problems," KDDI became the first in the world to decode the problem of the 1161-dimension Syndrome Decoding in the Goppa-McEliece Setting.

We also improved the decoding algorithm and did optimization suitable for a parallel multithreaded environment, making a decoding process 250 times faster.

■ Overview of the Decoding Algorithm



### Number of Serious Information Security Incidents **KDDI Group** | Activity

KDDI works to strengthen its information security across the Group, making efforts to reduce information security risks. In fiscal 2020, we had zero serious information security incidents.

■ Number of Serious Information Security Incidents    Unit: case

| | FY2018 | FY2019 | FY2020 |
|---|---|---|---|
| Suspension of telecommunications services due to cyber attacks from outside | 0 | 0 | 0 |
| Leakage of personal data due to cyber attacks from outside | 0 | 0 | 0 |
| Divulgation of personal data | 0 | 0 | 0 |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | **Materiality 3** | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 3

# Fulfilled Life Brought through ICTs

● Contribution to economic growth through robust information communications infrastructure   ● Improvement of access to education, medicine and other public services through ICTs   ● Promotion of employment creation and capacity building   ● Innovation management

### KDDI's Approach   [KDDI Group] [Policy]

**Social Issue**

In recent years, Japanese society is facing the decline in productivity and shrinking regional economies due to the shrinking working-age population because of the aging population with fewer children and the accelerating rural depopulation because of the concentration of population in large cities. Under such circumstances, ICTs are expected to be an effective tool to revitalize regional economies by alleviating labor shortage and increasing high quality employment in regional areas.

While the wider use of ICTs improves convenience, there are concerns associated with it, such as the prevalence of mobile and smartphone use among children and the widening digital divide affecting older people.

**Our Risks and Opportunities**

● The decreasing working population and growing economic disparity between regions are risks that could lead to a decline in the number of users and a decrease in business income.

● ICT-based solutions are expected to help alleviate shortages in the labor pool and business successors through more efficient operations, automation, and remote operation. They are also expected to help rural areas take advantage of the opportunities to expand business activities that showcase local industries, cultural and natural heritage, and communities, and revitalize their economies.

● On the other hand, offering smartphone devices and services that help socially vulnerable people use the technology safely and easily, combined with awareness campaigns, can be beneficial to KDDI's business as it can generate new demand.

**Management Framework**

**Technology Demonstrations and R&D**

The technology and other divisions at KDDI Head Office lead our technology demonstrations, and we are working on innovative technologies that will support our business in the near future, such as next-generation networks, self-driving vehicles, and automated operation. On the other hand, in research and development, KDDI Research, Inc. is engaged in a wide range of fields, from research analysis for future prediction to advanced research and applied research.

**Regional Revitalization**

KDDI's initiatives to use 5G and ICTs to solve regional problems are mainly driven by its Business Strategy Division's Regional Revitalization Promotion Department, and Business IoT Promotion Division's Regional Revitalization and Support Office. We dispatched volunteers to municipalities affected by the Great East Japan Earthquake and are using the insight and know-how gained by members who supported the area's recovery.

**Life Design**

In our consumer business, we enhance life design services, including commerce, finance, energy, entertainment and education centered on telecommunications, and provide exciting experiential value to customers.

We aim to achieve sustainable growth with customers in the corporate business by supporting their digital transformation and realizing the integration of telecommunications and life design for corporate clients in Japan and overseas.

**Product and Services**

We promote the application of universal design to the products and services we develop in order to ensure that they can be used comfortably and enjoyably by anyone, regardless of age, nationality, and (dis)ability.

**Initiatives outside Japan**

In addition to the initiatives of KDDI's subsidiaries and affiliates, the KDDI Foundation conducts its own activities.

### FY2021 Material KPIs   [KDDI Group] [Policy]

⧉ FY2021 Material KPIs

### Moving Forward   [KDDI Group] [Policy]

● Contribute to economic development through ICTs
● Revitalize local economies
   (Create employment and enhance capacity building)
● Innovation management
● Promote information literacy education

### Initiatives   [KDDI Group] [Policy]

● KDDI Sustainable Action ➡ P.16-19
● Regional Revitalization Initiatives ➡ P.41
● Innovation Management ➡ P.42-44
● Responsibility for Products and Services ➡ P.45-47
● Initiatives outside Japan ➡ P.47

## Regional Revitalization Initiatives

### Approach to Regional Revitalization Using 5G / IoT   [KDDI Group] [Policy]

**Regional Human Resources Development Using 5G**

KDDI utilizes various advanced technologies and network with our partner companies to support unique initiatives with our many stakeholders, including local governments, companies, NPOs and residents.

To realize sustainable regional revitalization, it is important to develop businesses and human resources that locally support ICTs. We are working together with local educational organizations and other stakeholders to create an environment where people can learn know-how on the most advanced ICTs and corporate management by utilizing 5G network without leaving the area they live.

**KDDI's Regional Revitalization Project "Te to Te"**

In 2019, KDDI launched its regional revitalization project "Te to Te."

By helping realize a community's passion, hope, and business idea to drive regional revitalization, KDDI will endeavor to work together to create "Community's Future."

KDDI will support the community's challenges by moving forward hand-in-hand with the community. That is our will, that is "Te to Te."

⧉ Regional Revitalization "Te to Te" (Japanese only)

### KDDI Regional Initiatives Fund and Regional Revitalization   [KDDI Group] [Policy & Activity]

The KDDI Regional Initiatives Fund (KRIF) is corporate venture capital (CVC) established by KDDI and Global Brain Corporation (fund operator) for investing in venture companies and local business that promote regional revitalization.

Venture firms and local companies that are strongly motivated to solve regional issues will play key roles in finding solutions to the various problems faced by local communities. Through the provision of various resources, technologies and know-how and a first round of support for these companies from KRIF, KDDI will continue working to build a sustainable business model, both for the regions and for the companies.

⧉ KDDI Regional Initiatives Fund (Japanese only)



### Initiatives in Regions of Japan Using ICTs   [KDDI Group] [Policy & Activity]



**Okinawa Prefecture** — Multilingual translation taxi / IoT mango cultivation / 5G stadium testing / Drone logistics for remote islands / Bird and animal pest control / Tourism trends / Tourism VR

**Outlying islands** — Local goods sales channel expansion and marketing support

**Tottori City** — Multilingual translation taxi

**Fukuyama City** — 5G drones, VR experience

**Hirado City** — Job experience for kids

**Goto City** — Smart fishing

**Nagashima-cho** — Promotion of migration / high resolution VR

**Satsumasendai City** — Tourism trends and local goods sales channels expansion

**Miyazaki City** — Offshore currents detection

**Kimotsuki-cho** — Smart agriculture / crop-spraying drone

**Nanyo Region** (Southern part of Ehime Prefecture) — MaaS for tourism

**Hida City** — Smart agriculture

**Gero City** — Snowplow IoT / Regional development

**Hamamatsu City** — Smart abalone farming

**Toyota City** — IoT child monitoring

**Centrair Airport** — VR ninja experience for tourists

**Maizuru City** — Smart agriculture

**Kuwana City** — Smart scale

**Toyooka City** — Tourism trends, agriculture IoT and Using 5G

**Obama City** — Smart fishing

**Chizu-machi** — ICTs solution to problems unique to mountain village

**Setouchi Region** — Workation/Training local marketers

**Shimonoseki City** — Tourism trends

**Shimanami Kaido** — 5G Drone

**Kaiyo-cho** — Smart oyster farming

**Hidaka-mura** — Bridging the digital divide

**Ina City** — Drone logistics

**Iida City** — AI, XR, automated driving

**Ibaraki City** — Remote operations of construction equipment

**Gotemba City** — Visualization of climbers descending Mt. Fuji / VR / translation / drone

**Muroran City** — ICT tourism

**Yokote City** — Apple IoT

**Nagaoka City** — Smart drones

**Toyama Prefecture** — Manufacturing IoT

**Kamishihoro-cho** — Basic tourism planning

**Obihiro City** — Smart agriculture

**Takizawa City** — 5G remote learning

**Kamaishi City** — Information distribution platform

**Minamisanriku-cho** — 4K 360-degree remote shopping experience

**Higashi Matsushima City** — Smart fishing / smart agriculture

**Sendai City** — City-run Wi-Fi development

**Kunimi-machi** — Animal pest control

**Aizuwakamatsu City** — Sake brewing / Use of drones, 5G and 4K video

**Hinoemata-mura** — Animal pest control

**Nikko City** — Cashless translation

**Otari-mura** — IoT support for daily life / Tablet education

**Nagano City** — Animal pest control

**Hakuba-mura** — 5G snowplow / Bus operation app

**Koganei City** — 5G education

**Atsugi City** — Flood surveillance

(as of June 2021)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | **Materiality 3** | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 3

# Fulfilled Life Brought through ICTs

● Contribution to economic growth through robust information communications infrastructure　● Improvement of access to education, medicine and other public services through ICTs　● Promotion of employment creation and capacity building　● Innovation management

# Innovation Management

### Approach to Innovation　KDDI Group　Policy

We at KDDI aim to continue to provide new customer experience in all aspects of life, always focusing on our customers. As well as exploring the latest technologies through R&D and technology demonstrations, we proactively promote open innovation through collaboration with external partners and industry-academia-government collaboration, leading to the development of products and services beyond our customers' imagination.

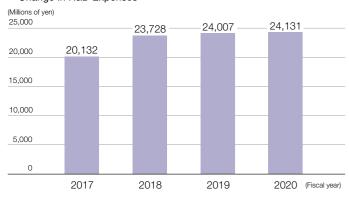### Promotion for R&D and Technology Demonstrations　KDDI Group　System

We have organized a framework to promote both technological demonstrations for grasping technology trends in a timely manner and utilizing the latest technologies for our business, and research and development aimed at creating state-of-the-art technologies over the long term.

Our technology divisions at KDDI Head Office lead our technological demonstrations, and we are working on technological demonstrations that will support our business in the near future, such as next-generation networks, self-driving vehicles and automatic operation.

On the other hand, in R&D, KDDI Research, Inc. is engaged in a wide range of fields, from research analysis for future prediction to advanced research and applied research. KDDI Research, Inc. is engaged in research and development in a wide range of fields, such as network, IoT, AI x big data, security and service applications, and 303 researchers are engaged in R&D (as of April 1, 2021).

**■ Change in R&D Expenses**
(Millions of yen)

| Fiscal year | Value |
|---|---|
| 2017 | 20,132 |
| 2018 | 23,728 |
| 2019 | 24,007 |
| 2020 | 24,131 |

### Promoting Open Innovation　KDDI Group　System

**KDDI Digital Gate**
In September 2018, we launched KDDI Digital Gate, our business development hub for the IoT and 5G era in Toranomon, Tokyo to create new business solutions with our corporate customers. In September 2019, we expanded KDDI Digital Gate to Osaka and Okinawa, which have already been used by over 450 companies in total.

KDDI Digital Gate provides a KDDI development team and a project room where prototypes can be developed rapidly with agile development methodology; co-creation workshops are held to identify potential issues and come up with innovative ideas through design-oriented thinking; and hands-on demonstrations and testing using various telecommunications technology, including 5G and IoT, are conducted. KDDI will work with a professional group made up of highly specialized partners, aiming to speed up the process of identifying needs, creating, learning and improving, helping customers to provide services with high market value to society as quickly as possible.

🔗 KDDI DIGITAL GATE (Japanese only)

**KDDI Regional Initiatives Fund and Regional Revitalization**

🔗 KDDI Regional Initiatives Fund and Regional Revitalization

**KDDI Open Innovation Fund**
KDDI Open Innovation Fund is a corporate venture capital operated by KDDI and Global Brain Corporation that invests in promising start-ups across the world. We strongly support the growth of our investee companies, using our broad networks with different companies and marketing skills, as well as linking with our services.

In April 2018, we launched KDDI Innovation Fund No. 3.

We established an investment program to strengthen initiatives in fields of increasing importance for the 5G era, including AI, IoT and big data. Drawing on KDDI's and KDDI Group companies' technological and business insights and networks of venture companies, we support promising new venture companies. KDDI Open Innovation Fund No.3, which is active as of May 2021, has invested approximately 20 billion yen in total. The fund program will also make it possible not just for KDDI but also for its group companies to proactively undertake joint development efforts with venture companies.

We have specialist personnel based in San Francisco, the United States, and Singapore, where we are looking to invest in start-ups with the latest technologies or innovative business models. We offer wide-ranging support for business development, marketing and localization for our investee companies when they plan to expand their business in Japan.

🔗 KDDI Open Innovation Fund

**KDDI ∞ Labo**
In 2011, we launched KDDI∞Labo, a platform that enables start-ups promoting new services to collaborate with partner alliance members that have a wealth of assets and know-how in various industries with the aim of co-creating new businesses that impact society in the era of 5G. This program offers total support to selected teams, including business cooperation, creation of testing opportunities, and discussions about business co-creation with the partner alliance, which comprises of 40 various major companies that support the mission of KDDI∞Labo. The platform also offers a variety of other support, including business matching opportunities through pitching events, 5G testing environments, and the provision of KDDI Digital Gate assets.

🔗 KDDI∞Labo

**KDDI research atelier: Research Center to Propose New Lifestyles**
In December 2020, KDDI and KDDI Research, inc. opened KDDI research atelier in Toranomon, Tokyo, as a survey and applied research center to propose new lifestyles toward 2030.

KDDI research atelier aims to solve medium- to long-term issues facing consumers and society and to enable lifestyles optimized for individual consumers. To achieve these goals, the atelier will partner with companies and research institutes in Japan and overseas, leveraging the KDDI Group's assets that include KDDI Digital Gate and KDDI ∞ Labo, based on the concept of next-generation society "KDDI Accelerate 5.0" toward 2030 that is designed to accelerate the creation of "Society 5.0" with 5G. We will also promote applied research on the seven technologies that KDDI Accelerate 5.0 demonstrates in order to accelerate our efforts to reach the goals.

🔗 KDDI research atelier (Japanese only)

🔗 KDDI Accelerate 5.0 (Japanese only)

### Activities for Innovation　KDDI Group　Activity

**Product Innovation**

| Initiative | Content |
|---|---|
| AI for facial expression recognition of a masked face | In February 2021, we successfully developed "AI for Facial Expression Recognition by Facial Area" designed to analyze an expression on a masked face to identify it as positive, neutral, or negative, with at least 90-percent accuracy. Even when 70 percent of a face is covered, the AI analyzes all elements of the exposed and covered areas of the face separately to objectively judge and recognize each facial expression. We hope to create a new service that accurately analyzes people's faces for expressions in such places as offices, educational institutions, public facilities, and event venues where people enter with a mask on. |
| Use of AR at assisted living facilities | In February 2021, we developed the Hands-free Nursing Care Support System to offer finely-tuned nursing care at assisted living facilities. It is designed to show each resident's nursing care-related data on a pair of AR glasses, and we conducted demonstration experiments. The Nursing Care Support System combines the facial recognition technology developed by KDDI Research, inc. with the smart nursing care platform developed by assisted living facilities. The demonstration experiments enabled employees of the facilities to take appropriate actions for new residents (e.g., talking to them) whose detailed information has not been fully known to them. |

**Process Innovation**

| Initiative | Content |
|---|---|
| Providing agile development education program | In addition to using agile development methods on our own, in cooperation with Scrum Inc. and Eiwa System Management, Inc., we established the joint venture Scrum Inc. Japan in March 2019 to bring about innovation. The company holds agile development seminars, and is providing wide-ranging support to Scrum teams from the launch of their agile development teams to the establishment of an agile organization management method. We will continue providing agile development know-hows to support transformation of businesses through digitalization. |

**Environment Innovation**

🔗 Environmental performance: carbon neutral

**Social Innovation**

| Initiative | Content |
|---|---|
| Participation in the demonstration of self-driving buses | In October 2020, KDDI participated in a demonstration experiment with a self-driving bus for Hitachi Bus Rapid Transit (BRT). The project was outsourced to the National Institute of Advanced Industrial Science and Technology by the Ministries of Economy, Trade and Industry and of Land, Infrastructure, Transport and Tourism. Our role in the experiment was to work with partner companies to test the roadside sensor and remote monitoring device that communicate with the self-driving vehicle. In this experiment, a self-driving bus schedule was added to the regular bus schedule so that the self-driving bus would be a regular means of transportation for as many passengers as possible. The test aimed to identify issues to address so that the automated vehicle would be in full operation in 2022 or thereafter. |
| Robotics technologies for efficient fishing | In November 2020, to enhance the efficiency of fishing by professional fishers with robotics technologies, KDDI and Osaka Prefecture University jointly developed Japan's first aquatic drone equipped with hydrogen fuel cells that can be remotely controlled by a smartphone connected to a mobile line and can be used for long hours, with help from Nippon Kaiko. We have also started demonstration experiments with these technologies at Nanao Bay in Ishikawa Prefecture in preparation to put them to practical use. We plan to keep improving the performance of the aquatic drone and continue offshore experiments across Japan to put the technologies to practical use, with a view to applying them to new purposes, such as transporting supplies to isolated islands in the drone and other anti-disaster measures. |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | **Materiality 3** | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 3

# Fulfilled Life Brought through ICTs

- Contribution to economic growth through robust information communications infrastructure   • Improvement of access to education, medicine and other public services through ICTs   • Promotion of employment creation and capacity building   • Innovation management

## Innovation Management

### Protecting Intellectual Property | KDDI | Activity & Results
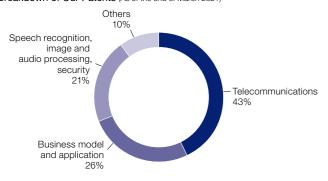
One of our basic principles specified in the KDDI Code of Business Conduct defines our commitment to creating, protecting and using intellectual property, which is an important management resource for the company's business expansion, as well as respecting the intellectual property rights of others and striving not to infringe them. The Intellectual Property Office promotes internal IP activities related to putting these basic principles into practice. For example, the office collaborates with IP managers assigned to each department to investigate the IP of other parties related to new services and to acquire IP rights in Japan and overseas. In addition, we conduct educational activities every year through group training and e-learning classes to encourage employees to further understand the importance of intellectual property, as well as the risks of infringement and its prevention. As a result of these efforts, we hold approx. 4,000 patents in Japan and approx. 600 outside Japan as of March 31, 2021, including pending patents.

Moreover, the office actively supports the KDDI Group's IP activities, including those of its subsidiaries and the startups it has invested in to achieve Group companies' sustained growth and promote co-creation. In recognition of this support, we received the Economy, Trade and Industry Minister's Prize as an IP usage company (open innovation promotion company) at the fiscal 2018 Intellectual Property Achievement Awards held by the Ministry of Economy, Trade and Industry and Japan Patent Office.

Beyond the conventional activities for intellectual property, we holistically analyze market and intellectual property information. We apply this analysis to IP landscaping for the KDDI Group and the startups we invest in. The IP landscaping is used to plan business strategies that include a search for new business model services and selection of potential partners or alliances. Furthermore, in December 2020, we established the IP Landscape Promotion Council as a representative of the founders as part of our efforts to make IP landscaping widely known. This action is to facilitate the sustained development of Japan's society by strengthening business competitiveness and promoting new value creation so that we will contribute widely to public interest.

■ Breakdown of Our Patents (As of the end of March 2021)



- Others 10%
- Speech recognition, image and audio processing, security 21%
- Telecommunications 43%
- Business model and application 26%

### Main Innovation Awards Received

**Award giving organization:** Tsushinbunka Association
**Award name:** 65th Maejima Hisoka Award in FY2019
**Awarded research:** Research, development and commercialization of techniques used in detailed analysis of demographics using location data from smartphones
**Award recipient (belonging organization at the time of receiving the award):** KDDI's Technology Strategy & Planning Department/Technical Development & Strategy Department/Data Management Department and KDDI Research, inc.
**Date received:** September 18, 2020

**Award giving organization:** The ITU Association of Japan
**Award name:** ITU-AJ Accomplishment Awards
**Awarded research:** Contribution to the development of 5G standard as a driver of 3GPP, oneM2M, and other activities
**Award recipient (belonging organization at the time of receiving the award):** Kazuo Nakamura (Radio Wave Department, Technology Strategy & Planning Division of KDDI; The Association of Radio Industries and Businesses)
**Date received:** September 4, 2020

**Award giving organization:** Telecommunication Technology Committee
**Award name:** FY2020 Information and Communication Technology Award, TTC Chairman's Prize
**Awarded research:** Achievement in the promotion of standardization related to IP interconnection
**Award recipient (belonging organization at the time of receiving the award):** Manabu Minoda (Core Network Department of KDDI)
**Date received:** May 28, 2020

The following websites list awards other than those mentioned above.

🔗 Information Relating to Awards KDDI Research, Inc. Received (2020)
🔗 Information Relating to Awards KDDI Research, Inc. Received (2021)

### Others
- Innovative Major Companies Ranking 2020 (sponsored by the Innovation Leaders Summit Action Committee and the Ministry of the Economy, Trade and Industry): No. 1 (three years running)

# Responsibility for Products and Services

### KDDI's Approach (Responsibility for Products and Services) | KDDI Group | Policy

In our efforts to "improve customer experience," we at KDDI believe it is important to offer products and services so that all customers can experience the joy of communication.

We offer products and services from a customer perspective, aiming to create a society in which ICTs is accessible to all, where even more people the world over — adults, children, older people and people with disabilities and low income earners —have equal access to the benefits of a variety of products and services.
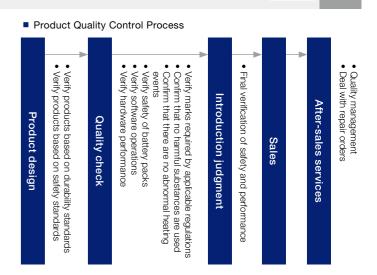
As well as increasing accessibility, we strive to offer services that anyone can use with peace of mind. We are committed to offering products and services based on the principle of universal design, so that they can be used with confidence by everyone.

### Product Quality Control | KDDI | Policy

We implement total quality control from product design to after-sales service to ensure that customers can use our products in a safe and secure manner. With the purpose of realizing the products with safe and secure quality, in cooperation with outsourcing manufacturers, we at KDDI carefully verify the safety, durability, and quality of our hardware and software products in each manufacturing process from design to market release based on strict standards.

In case any defects or quality issues arising after products are released, we receive inquiries via our website, phone and au retailers including au Shops to immediately identify the causes and improve both hardware and software.

If any especially serious defects are found, the market response screening committee chaired by the President is established to confirm the details and causes, decide countermeasures, and promptly respond to customers.

■ Product Quality Control Process



- **Product design**
  - Verify products based on durability standards
  - Verify products based on safety standards
- **Quality check**
  - Verify safety of battery packs
  - Verify software operations
  - Verify hardware performance
  - Confirm that there are no abnormal heating events
  - Verify marks required by applicable regulations
  - Confirm that no harmful substances are used
- **Introduction judgment**
  - Final verification of safety and performance
- **Sales**
- **After-sales services**
  - Quality management
  - Deal with repair orders

### Initiatives for Promoting the Safe Use of Products and Services | KDDI Group | Policy & Activity & Results

Smartphones, mobile phones and the Internet have become irreplaceable in our daily lives.

However, more people, particularly children and older people, get involved in crimes and other troubles.

We promote initiatives to ensure safe use regardless of the users' level of ICT literacy. Those include providing products and services that give advice and instruction on manners to keep in mind and other awareness campaigns for safe use.

**Cycle Safety Project to Prevent Use of Smartphones While Cycling**

In 2017, we launched the Cycle Safety Project. In March, 2019, KDDI and au Insurance Co., Ltd. launched the third edition of the project, focusing on high school students**\***, who are prone to get into a traffic accident while cycling. To offer an opportunity to simulate the danger from using smartphones while cycling, which is becoming a social problem, and find a solution to preventing it, we created the VR Class Kit to Prevent Smartphone Use While Cycling. The VR class kit comprises three parts totaling 50 minutes. They are a slideshow that conveys the danger of bicycle accidents and the need to be prepared for expensive compensation; the Stop Using Smartphones While Cycling VR Experience program, which allows users to simulate the field of vision and response time to brake when cycling with and without distraction from a smartphone; and a workshop for brainstorming ways of preventing the use of smartphones while cycling. Teachers can use this VR class kit as part of their normal lessons, helping students to think for themselves about the dangers of being distracted by smartphones through realistic experiences. The VR Class Kit was recognized as a set of educational materials that leverage the latest technologies to solve social issues, and received the Award of Excellence at the 2020 Excellent Material Awards concerning Consumer Education hosted by the National Institute on Consumer Education on June 30, 2020.

Going forward, we will expand the Cycle Safety Project, aiming to realize a society where bicycles can be used safely.

\* Reference: National Police Agency, Traffic Bureau, "Child and Student Traffic Accidents" (March 22, 2018)

🔗 The VR Class Kit to Prevent Smartphone Use While Cycling won the Award of Excellence at the 2020 Excellent Material Awards concerning Consumer Education (Japanese only)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | **Materiality 3** | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 3

# Fulfilled Life Brought through ICTs

● Contribution to economic growth through robust information communications infrastructure  ● Improvement of access to education, medicine and other public services through ICTs  ● Promotion of employment creation and capacity building  ● Innovation management

## Responsibility for Products and Services

### Initiatives to Promote Safe Use

| Targets | Products | | Services | | Rates | | Measures |
|---|---|---|---|---|---|---|---|
| Young people | mamorino5 | A touch-screen mobile phone for kids, with security alarm, location confirmation feature, etc. <br>* mamorino5 does not have a voice operation feature | Security Filter for au | A smartphone filtering service to protect young people from dangerous sites and apps. Filter level can be set according to the child's age and what they are using the smartphone for. <br>Also provides time limits to prevent overuse, usage inquiries, area search, etc. | Junior Keitai Plan N | A special price plan for the "mamorino4" and "mamorino5" for children of elementary school age and under. The plan can be used for a basic fee of 500 yen when subscribing to 2-year contract (Everybody Discount). <br><br>* Exit from a 2-year contract or cancellation mid-contract will incur a contract cancellation fee, etc. | Promote the use of filtering services | Based on the Act on Development of an Environment That Provides Safe and Secure Internet Use for Young People, as well as implementing filtering for all contracts for minors, we are actively striving to improve user-friendliness and increase awareness of our filtering services. |
| | | | | | | | KDDI Smartphone and Mobile Phone Safety Classes | We give in-person or online classes at schools across Japan, enabling children to learn the skills to safely and properly use smartphones and mobile phones using their own judgment. <br>⧉ Community Involvement & Development / Initiatives <br>⧉ Materiality 5: Respect for Human Rights and Fairness in Business <br>⧉ KDDI Awareness Raising and Education Initiatives |
| | | | Age confirmation Services | With the customer's consent, we offer an Age Confirmation Service that transmits age information (information that allows content providers to determine whether the customer is over or under the age specified by the providers) when the customer uses social media and other services. | Family Discount | Discount service with no fixed fee, for families using au smartphones or mobile phones. Domestic SMS messaging (C-mail) and domestic calls among family are free 24 hours a day, based on certain contract conditions. Families living separately can also apply. <br><br>* Can be combined with Smile-Heart Discount | Educational website: Family Guide to Smartphones and Mobile Phones on WEB | An educational website where both parents and children can enjoy learning about the important points and rules when using smartphones and mobile phones. <br>⧉ Family Guide to Smartphones and Mobile Phones (Japanese only) |
| Older People | BASIO4 | A product for first-time smartphone users with a large screen that makes it easy to read texts and see photos. It has a clear and easy-to-use home screen and buttons. In addition, just by pushing the dedicated button, it is easy to use auPAY, the smartphone payment service for shopping and payment just by reading a barcode or QR code. | au smart support | A membership-based service with a dedicated team of advisors offering tailored support for customers who have bought a mobile phone but are having difficulties using it or who want to buy one but feel anxious about using it, allowing customers to use their devices with confidence. | | | Measures against money transfer frauds | For Individual subscriptions: Enhancing identity confirmation by restricting the payment methods for usage fees; preventing mass fraudulent subscriptions by restricting the number of subscribable lines; enhancing screening via information sharing among mobile phone and PHS companies about subscribers of lines whose identities cannot be confirmed; and suspending the use of land-line telephone numbers that were used for money transfer frauds or other particular kind of frauds at the request of the National Police Agency. |
| | Simple Phone KYF38/KYF41 | A feature phone focused on ease of use, with a high-quality audio communication function, simple menu screens, big letters and larger keys | Blocking spam messages and calls (for smartphones) | A service that displays a warning when it detects probable spam text messages and phone calls, such as those for fraudulent bills. For incoming texts or calls from public utilities, companies, or other sources, the name of the sender or caller will automatically be displayed using the information from the yellow pages. | | | KDDI Smartphone and Mobile Phone Safety Classes | Supporting "consumer education" run by local authorities, we explain the basic operation of smartphones and tablets and how to use them safely, mainly for users aged 70 and under. <br>⧉ Community Involvement & Development / Initiatives <br>⧉ KDDI Awareness Raising and Education Initiatives |
| | | | Blocking spam calls (for landlines) | A service for au Hikari phone option that blocks incoming spam phone calls, such as those for scams or solicitations, to a landline phone. Spam calls from an unknown numbers are automatically blocked without the need for a special setting. | | | | |
| Users with disabilities | Simple Phone KYF38/KYF41 | Features a text-to-speech function that, once set up, will read aloud menu options, e-mails, and other text. This can be used as an aid not only by elderly people with diminished eyesight but by other visually impaired people. | Braille Request Service | Service for visually impaired users to receive monthly usage billing information in braille (including amount charged and breakdown). | Smile-Heart Discount | Provides discounted rates for persons with disabilities to make au mobile phones easier to use. As of March 2021, the discounts are available to holders of a physical disability certificate, rehabilitation certificate, certification of psychiatric disorder, medical care certificate for specified diseases, registration certificate for specified diseases or medical expenses certificate for specified intractable diseases. | Sign language support service | We offer support for contract procedures in sign language at a KDDI directly managed outlet (au Shinjuku). We also offer remote sign language support using tablet-based video conferencing functions at several KDDI directly managed outlets. |
| LGBTQ+ | — | — | — | — | Family Discount service available to same-sex partners | Eligibility for family-oriented services such as au Family Discount extends to formally certified same-sex partners. | — | — |

| Everyone | Initiatives through MVNO | KDDI Group companies: JCOM Co., Ltd. and BIGLOBE Inc. offer low-cost communication services to reduce the cost burden for customers. The KDDI Group offers a variety of services to suit its customers' needs. |
|---|---|---|
| | Initiatives to stop smartphone use while walking, cycling, and driving | Free app to prevent usage while walking: Provide a free app to stop smartphone use while walking and help prevent accidents and injuries and to improve manners. <br>(The app and support services are currently unavailable on the au Market) |
| | | Cycle Safety Project: A joint initiative by KDDI and au Insurance Co., Ltd. to create a society where bicycles can be used safely. We are raising awareness of bicycle safety via campaigns using apps and social media, as well as the Stop Using Smartphones While Cycling VR Experience. <br>⧉ Cycle Safety Project (Japanese only) |
| | Extensive variations of 5G mobile phones (Wide 5G variations and multiple brands ranging from high-end to low-cost models on offer) | • With the launch of "au 5G," the total of 26 types of 5G models have been on offer since the summer of 2020 (as of July 2021). Currently, all au smartphones in the new line are of 5G models. 5G mobile routers, along with a 5G router for home use that immediately connects to the internet without line installation, have been added, so that diversifying customer needs are met, promoting "5G for everyone." <br>• Starting from the summer of 2021, UQ mobile and povo are also 5G-compatible, providing a wide range of products and services to choose from that meet customers' needs. |

## Initiatives outside Japan

| Initiatives of the KDDI Foundation | **KDDI Group** | Policy & Activity |
|---|---|---|

Ever since the KDDI Foundation took over international cooperation projects from former KDD, it has contributed to the sustained growth of the international community, especially developing countries, for over 60 years, keeping track of local realities and what people faced. In 2020, although the COVID-19 pandemic significantly affected us, we moved further ahead with the use of the internet and the localization of our assistance.

### Building a Local Network to Assist with Telemedicine in Nepal

In 2019, the KDDI Foundation set up a project team led by members from Nepal's communications authorities and a local NGO. We proposed a project to "enhance regional administrative services using smart network technologies" to an international organization named the Asia Pacific Telecommunity (APT), and launched it in February 2020.

Our aim was to create better local administrative services, including telemedicine. The basis of the project work was to "lay robust and optical fibers that use the technology for a network of submarine fiber-optic cables at low cost in a do-it-yourself manner." We developed a local broadband network that combines DIY-styled optical fibers based on the ITU-T Recommendations and Wi-Fi devices. Going forward, we plan to add more optical fibers and install resilient wireless devices* to expand this local network and the use of it. We will also further increase the use of applications, with a particular focus on upgrading regional health checkups and healthcare.

During 2020, while international travel was restricted due to the COVID-19 pandemic, we proceeded with the project through online meetings. As for our efforts to upgrade local health checkups and healthcare, we donated a new X-ray machine, an ultrasound device, and three portable house call kits for checkups to Dullu Municipality, which were an addition to the three portable house call kits for checkups that healthcare facilities in Dullu and Kathmandu already had. These donations were to improve the healthcare and checkup settings across Dullu Municipality that suffered a surge of infections.

*A resilient wireless device provides a resilient and adaptable network during a disaster or in other crisis situations.

### Learning Support amid the COVID-19 Pandemic in Nepal

In Nepal, most public elementary and middle schools were closed in March 2020 due to the COVID-19 pandemic. During the 10-month closure, the "robot programming education for fun learning of robot programming to develop logical thinking," which had been provided by the KDDI Foundation since 2019, was put on hold.

To support continuous learning of children when many of them had no access to the internet at home, the KDDI Foundation set up a system in which children each took home a tablet that stores the contents of textbooks and other learning materials. Internet access was not needed to view the contents. In February 2021, six schools in Lalitpur started to use the system.

We also believe that creating and introducing e-learning materials for children with visual and hearing impairments is our priority. We have made a detailed plan for the action and submitted it to a relevant institution for approval. This initiative will be receiving financial support from the UNICEF.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | **Materiality 4** | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion   ● Human resource development and career development   ● Pursuit of employee satisfaction   ● Promotion of health-focused management

### KDDI's Approach
**KDDI Group** | Policy

#### Social Issue

With the working-age population declining due to the falling birthrate and aging population, and with working people's diversifying needs (i.e., the need to balance work with parenting or care assistance), Japan faces the major challenges of boosting productivity through innovation; increasing employment opportunities; and providing settings that motivate workers to achieve their full potential.

To meet these challenges, the government has been pressing ahead with "work style reforms" to make major changes in the people's working environments. Japan's labor productivity, however, remains in the lowest rank in the Group of Seven. Moreover, with the COVID-19 pandemic affecting the whole world since 2020, another urgent challenge is to establish the "new normal," which is meant to dramatically change the lifestyles and ways of working that people have maintained.

#### Our Risks and Opportunities

With the decline in the working-age population due to the falling birth rate and aging population, it has become increasingly difficult to hire talented human resources. We also need to realize an attractive work environment that offers diverse work styles to suit a diverse workforce.

In July 2020, KDDI established the Declaration of KDDI New Work Styles. This aims for a shift away from the conventional working arrangements based on working in the office to hybrid work styles, which combines in-person commuting and telecommuting for successful outcomes, regardless of when and where employees work. To achieve the shift, we are working to create suitable environments and change systems. In August of the same year, we introduced a new personnel system that values and recognizes employees' achievements, commitment, and skills, rather than the hours they have worked (KDDI Version Job Style Personnel System). This system is meant to help employees to achieve their personal growth and become who they hope to be through the challenges they are committed to meeting. It has also created opportunities for employees to further explore their expertise. We hope to retain diverse human resources by providing environments equipped fully with both hard and soft infrastructure.

#### Management Framework

- In the Medium-Term Management Plan (FY2019–FY2021) we established KDDI's Target SDGs and decided to focus on human resource development; support for women's advancement; and respect for human rights, diversity & inclusion as social issues to be solved through corporate activities. In addition, regarding support for women's advancement, we have been setting medium-term quantitative goals since fiscal 2016 and working toward their achievement.

- To maximize the value of human resources and ensure the appropriate placement of human resources, we built a system to standardize recruitment, development, utilization and career progression. In this way, we have maximized organizational performance and the growth of each employee. Furthermore, in fiscal 2020 each organization started working on SDGs as part of its organizational goals to encourage its members to understand SDGs and take actions for them.

- In April 2018, we announced the KDDI Group Declaration of Health-Focused Management and began promoting health-focused management that supports each employee's health. We also established the Work Style Reform & Health Management Department in January 2019, and are working to develop a sound work environment as a foundation for sustainable growth through the activities of the Work Style Reform Promotion Committee and all employees interview by internal counselors.

### FY2021 Material KPIs
**KDDI Group** | Policy

⧉ FY2021 Material KPIs

### Moving Forward
**KDDI Group** | Policy

- Promotion of diversity and inclusion
- Human resource development and career development
- Improve employees' health

### Initiatives
**KDDI Group** | Policy

- KDDI Sustainable Action ➡ P.16-19
- Recruiting and Developing Human Resources ➡ P.49-53
- Labor Practices ➡ P.54-63

# Recruiting and Developing Human Resources

### KDDI's Approach (Recruiting and Developing Human Resources)
**KDDI** | Policy

As the working-age population continues to decrease due to the declining birthrate and aging population in Japan, it is said that the country's economic growth will slow down. The market environment of the information communication sector has been changing rapidly and drastically in recent years as we have been experiencing technological innovation, intensified competition on a global scale and the participation of a variety of carriers. To respond to these changes and continue growing in a timely manner, we need to recruit diverse talents regardless of nationality, gender, age or (dis)ability and promote their advancement.

We regard the recruitment and development of human resources that can lead the new business area of integrating telecommunications and life design and the raising of the potential of the company's workforce as the highest priority.

### Human Resources System
**KDDI** | System

To maximize the value created by human resources and ensure that the right people are placed in the right roles, we have established an organizational structure that manages the recruitment, development, utilization and career progression of human resources as a vertically integrated process, effective from fiscal 2017. In this way, we have maximized organizational performance and the growth of each employee.



Employee growth and optimization of organizational performance

### Human Resource Cultivation Management
**KDDI** | Activity & Results

In the recruitment stage, we have removed the gender query from the application sheet to ensure we hire diverse talents.

We also have a variety of training and qualification schemes that give contract employees, such as mass-retail sales advisors, talent development opportunities. Those who wish can apply for a permanent contract, and 32 contract employees became regular employees through this scheme in fiscal 2020.

We execute various measures for effective employee growth, including on-the job training (OJT) and off-the-job training (OFF-JT). Additionally, we create a drive to grow in employees by providing each with proper evaluations and feedback. We have also prepared various programs for those employees passionate about growing themselves and leading changes that encourage them to work on actively cultivating their potential instead of staying passive.

Also, we support the acquisition of company-designated qualifications by paying examination fees and other related expenses.

- FY2020 number of newly hired graduates of nationality other than Japanese: 4
- FY2020 percentage of newly hired female graduates: 32.4 %
- Number of interns we had in FY2020: 763

■ Retention of Newly Hired Graduates (KDDI)   Unit: person

| | Male | Female |
|---|---|---|
| Graduates hired in April 2018 | 181 | 106 |
| Currently employed in April 2021 | 177 | 98 |

■ FY2020 Employee Training Results (KDDI)

| | | Results |
|---|---|---|
| Training expenses per employee | Unit: yen / person | 95,000 |
| Training time per employee | Unit: hour / person | 7.5 |
| Total training time | Unit: hour | 122,150 |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | **Materiality 4** | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion ● Human resource development and career development ● Pursuit of employee satisfaction ● Promotion of health-focused management

## Recruiting and Developing Human Resources

### KDDI Human Resource Cultivation Measures  `KDDI`  `System`

**KDDI Human Resource Cultivation Measures**

| Program | Content |
|---|---|
| Executive assistant | Employees work as directors' assistants, learning directly the management mindset. (Every year, one man and one woman are assigned.) |
| Job rotation system | The program is designed to help younger employees think deeply about their career plans for the future they want, and expand the range of experience and take other actions to achieve their personal growth (career development and transfer). |
| Open recruitment system | The program is designed to support employees in their autonomous career development by creating opportunities for motivated employees to take up the challenge of working in a business area that needs a boost or in a position of a Line Manager (the program also covers the promotion of work to be undertaken by elders). |
| Career plan reporting system | Employees can consult with their respective department's general manager on their future career plans based on the reports about their career history and current situation. |
| Stratified training | Employees acquire the knowledge and skills needed for carrying out their work depending on the position or qualifications they have. |
| Common skills training | Employees acquire the various business skills commonly needed by everyone in the company. |
| Support for acquisition of qualifications | We pay examination fees and other related expenses for employees who are acquiring company-designated qualifications. |
| Lifelong learning sabbatical program | Employees wishing to study toward a qualification or acquire new skills on a voluntary basis can take a career break of up to three years. |
| Business study abroad | Participants learn global standards for business at an overseas university or through communication with business persons at NPOs or internship. |
| Specialized study abroad | Participants study at an overseas university or specialized institution to acquire advanced specialized knowledge and build human networks with relevant persons. |
| Overseas trainee system | Employees wishing to join the program are sent to an overseas base for a certain period of time and, by conducting business, they learn how to carry out their work in a professional manner no matter the values and business customs of those who surround them. |
| Global employee exchange program | In this program, employees hired overseas are invited to our headquarters in Japan to learn about the business customs, operations and philosophy of the KDDI Group and strengthen their partnerships with foreign customers who have offices in Japan. |
| KDDI DX University | This is a learning platform designed to train and expand internal human resources in order to move ahead with the DX business as KDDI's core business as well as in-house DX. |

**Training System by Position**



### KDDI's Approach (Professional Advancement of Women)  `KDDI`  `Policy`

Promoting gender equality and female empowerment not only deepens our understanding of their human rights but leads to solutions to issues in international society and corporate sustainable development.

This is reflected in the medium-term management plan, and we are promoting the advancement of women as a business strategy.

We at KDDI strive to establish an environment and create a climate where diverse human resources can use their individual strengths to perform to the best of their abilities. We are focusing on cultivating female leaders, raising awareness while changing the behavior of management and improving the working environment, so that women can become ambitious to build their own career and continue to work even while going through major life events, like giving birth and raising children.

Furthermore, we have set the following targets to achieve by FY2022 in relation to women's empowerment in the workplace, which has been in operation since the start of the new personnel system toward full establishment.

**Targets**

1　Percentage of women in high-level personnel training: 20% or higher
2　Number of women in managerial positions: 200 or more
3　Percentage of newly hired female graduates: 30% or higher

**Actions**
● Prospective high-level personnel training
  Of actions to support women's career development, promoting the appointment of women for senior positions faces difficulties due to various factors. KDDI has set the target of raising the percentage of women participating in its senior management training program to 20 percent or higher, expanding training opportunities that will lead to the appointment of more women for senior positions.
● Consistent leadership training in the Female Line Manager Program (JLP)
● Seminars for female students

By meeting the targets related to senior positions, managerial positions, and hiring, we will help bring women's advancement in the pipeline.

### Cultivating Women (outside the Company): Cross-Industry Forums  `KDDI`  `Activity & Results`

In addition to internally training personnel, KDDI has proactively participated in cross-industry forums, with a focus on initiatives to raise female employees' viewpoints. Through participation in various opportunities for personal exchange, including the Eijo College that aims to create a management model for female sales representatives, J-Win for development of female leaders, the International Conference for Women in Business where approximately 800 women gather from Japan and abroad to achieve self-growth, and the Lead the Jibun Camp designed for a person to lay the foundation as an innovative leader, we encourage female employees to get motivated and raise their self-awareness and viewpoints as a leader. These events serve as opportunities to further enhance the female employees' qualities as leaders.

### Cultivating Women (inside the Company): Promoting Female Line Manager Program  `KDDI`  `System & Activity`

From fiscal 2016 to fiscal 2020, we conducted the Female Line Manager Program (JLP), which aims to establish a career path leading to officers and line managers, targeting female employees from an assistant section manager position to candidates for a departmental general manager position. Selected managerial candidates had opportunity to participate in Mind Up Seminars, where they can learn the skills necessary for leadership and adjust their mindsets. In addition, we helped them develop leadership and further grow as a leader by promoting dialogues with female executive role models within the company. We are continuously providing e-learning to promote understanding of the necessity and method for cultivating female managers for all line managers, including male managers, as we provide e-learning focusing on "unconscious bias" and work to reform mindsets within the company for all employees.

From fiscal 2021 onward, the program will be centered on the KDDI Version Job Style Personnel System that has come into full operation.

With the three pillars that consist of the KDDI Version Job Style Personnel System, the Declaration of New Work Styles, and in-house DX, we will be carrying out measures that give priority to each employee's intention and individuality, so that their life events will not interrupt their careers. These measures include support for career development using HR Tech (X-Career), well thought-out support from a supervisor through regular one-on-one meetings, loaning of a secure laptop to each employee, options for work styles that suit employees' needs without constraints on the hours and places according to the Declaration of New Work Styles, and the KDDI Version Job Style Personnel System that evaluates employees' performance based on their skills and achievements in their work.

### Cultivating and Promoting Female Leaders  `KDDI`  `Activity & Results`

We believe that the participation of women in company decision-making will contribute to enhancing our corporate strength and are focusing on a female leaders training program. The new personnel system that was introduced in FY2020 defines leaders of the bodies authorized to conduct personnel evaluation, along with experts in technical fields, as "personnel in managerial positions." Under this system, we have set the numerical target of 200 women in managerial positions by the end of FY2022. We report our progress toward the goal every six months at a meeting attended by management. We are also striving to expand our female managers training program, which will lead to more female leaders.

KDDI also works with its Group companies in activities to promote women's empowerment in accordance with the Act on the Promotion of Female Participation and Career Advancement in the Workplace, so that the whole Group works further on the promotion.

Unit: person

| | | |
|---|---|---|
| Executive / Director | Executive officers | 2 |
| | Outside directors | 1 |
| Managerial/ Supervisory positions | | 370 |
| | Managerial positions | 175 |
| Line managers at 19 major subsidiaries in Japan | | 281 |

(as of April 1, 2021)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion ● Human resource development and career development ● Pursuit of employee satisfaction ● Promotion of health-focused management

## Recruiting and Developing Human Resources

### Evaluation and Remuneration Systems — KDDI Policy

To ensure the fairness and transparency of personnel evaluation and compensation, KDDI shifted the focus of its evaluation away from job functions and years of service to each employee's commitment to meeting a challenge, problem-solving skills, communication skills, and professionalism. Each employee also has one-on-one meetings on various subjects with their supervisors in order to maximize the results they have achieved and develop their individual skills.

Through an interview, their supervisor rates these achieved results and the level of their commitment to meeting a challenge before ratings are given by more than one evaluator for the final decision. These evaluations are conducted twice a year for all employees. The ratings of problem-solving skills, communication skills, and professionalism are finalized based on 360-degree feedback and their supervisor's evaluation. All employees are evaluated this way once a year.

As for bonuses, there are two types: corporate performance bonuses that reflect the company's performance and individual performance bonuses that reflect the personal business performance of each employee.

### Employee Engagement Survey — KDDI Activity & Results

KDDI conducts the quarterly Employee Engagement Survey because we believe that if each employee feels motivated and enjoys working, we will continue to grow.

This survey measures employee engagement as KDDI defines, namely each employee's level of "voluntary contribution and motivation toward the company and their work," to make the results into indicators.

The results of the survey are shared real-time with leaders of each organization.

Human Resources Department does not analyze the results of the Employee Engagement Survey or formulate measures using the results. The leader of each organization will share the results with their respective members and discuss what actions to take for them to work feeling motivated and fulfilled. We believe that this process itself will improve the level of the employee engagement.

We are committed to improving the employee engagement by working on this activity company-wide.

### Providing Long-Term Incentives for Managers — KDDI System

We have introduced a performance-linked stock compensation system as an incentive plan for managerial employees. This system is designed to provide the company's share to KDDI managers when specific requirements are met in accordance with stock grant regulations set by the company in advance. By providing incentives, the system aims to improve the awareness of managers regarding the company's performance and stock price, as well as to further encourage the execution of operations aimed at improving performance while contributing to corporate value over the medium-to-long term.

### Special Award from President — KDDI Activity & Results

We have implemented award programs for employees to increase motivation and a sense of solidarity.

#### ■ President's Award Results
Unit: case

| Award name | Number of awarded cases |
|---|---|
| President's Award | 3 |
| Special Award from President | 1 |
| Contribution Award | 1 |
| Best Sales Award | 3 |
| Individual MVP Award | 2 |

(Evaluation period: April 1, 2020-March 31, 2021)

## Results

### ■ Employment Status

| | | Male / Female | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|---|
| Number of employees*1 | Unit: person | Male (KDDI) | 8,718 | 8,723 | 8,574 | 8,465 | 8,746 |
| | | Female (KDDI) | 2,198 | 2,314 | 2,394 | 2,427 | 2,607 |
| | | Total (Male and Female) | 10,916 | 11,037 | 10,968 | 10,892 | 11,353 |
| | | Consolidated number of employees | 35,032 | 38,826 | 41,996 | 44,952 | 47,320 |
| Average age (KDDI) | Unit: age | Male | 42.9 | 43.2 | 43.4 | 43.6 | 43.7 |
| | | Female | 39.3 | 39.4 | 39.4 | 39.7 | 39.8 |
| | | Total (Male and Female) | 42.2 | 42.4 | 42.5 | 42.8 | 42.8 |
| Average working years (KDDI) | Unit: year | Male | 17.7 | 18.1 | 18.2 | 18.4 | 18.3 |
| | | Female | 16.0 | 15.9 | 15.7 | 15.9 | 15.5 |
| | | Total (Male and Female) | 17.4 | 17.6 | 17.7 | 17.8 | 17.6 |
| Employment turnover (KDDI)*2 | Unit: % | | (Total)1.11 (Male)0.95 (Female)1.79 | (Total)1.08 (Male)1.01 (Female)1.39 | (Total)1.43 (Male)1.30 (Female)1.96 | (Total)1.45 (Male)1.30 (Female)2.03 | (Total)1.16 (Male)1.09 (Female)1.47 |

*1 "Number of employees" is the number of regular KDDI employees, including employees temporarily transferred to KDDI. The number does not include employees who are transferred to other companies
*2 "Employment turnover" is the calculated percentage of resignations during the relevant term (employees who resigned at their request, excluding employees who retired at retirement age) in the total number of regular employees in the first month of the relevant term

Unit: person

| | | | Early | Personal reasons | Company's convenience | Transfer | Other | Retirement age | Total * Excludes employees who retired at retirement age |
|---|---|---|---|---|---|---|---|---|---|
| FY2020 departing employees | Male | Under 30 | 0 | 14 | 0 | 0 | 1 | 0 | 15 |
| | | 30–39 | 0 | 50 | 3 | 0 | 0 | 0 | 53 |
| | | 40–49 | 0 | 21 | 4 | 0 | 4 | 0 | 29 |
| | | 50–60 | 0 | 30 | 4 | 2 | 6 | 0 | 42 |
| | | 61 or over | 0 | 2 | 0 | 0 | 0 | 46 | 2 |
| | | Total | 0 | 117 | 11 | 2 | 11 | 46 | 141 |
| | Female | Under 30 | 0 | 16 | 0 | 0 | 0 | 0 | 16 |
| | | 30–39 | 0 | 16 | 0 | 0 | 0 | 0 | 16 |
| | | 40–49 | 0 | 5 | 1 | 0 | 0 | 0 | 6 |
| | | 50–60 | 0 | 4 | 2 | 0 | 0 | 0 | 6 |
| | | 61 or over | 0 | 0 | 0 | 0 | 0 | 3 | 0 |
| | | Total | 0 | 41 | 3 | 0 | 0 | 3 | 44 |
| | Total | Under 30 | 0 | 30 | 0 | 0 | 1 | 0 | 31 |
| | | 30–39 | 0 | 66 | 3 | 0 | 0 | 0 | 69 |
| | | 40–49 | 0 | 26 | 5 | 0 | 4 | 0 | 35 |
| | | 50–60 | 0 | 34 | 6 | 2 | 6 | 0 | 48 |
| | | 61 or over | 0 | 2 | 0 | 0 | 0 | 49 | 2 |
| | | Grand total | 0 | 158 | 14 | 2 | 11 | 49 | 185 |

| | | June 2017 | June 2018 | June 2019 | June 2020 | June 2021 |
|---|---|---|---|---|---|---|
| Number of employees with disabilities | Unit: person | 403 | 417 | 417 | 410 | 413 |
| Employment rate of persons with disabilities | Unit: % | 2.38 | 2.53 | 2.54 | 2.53 | 2.50 |

Notes 1: The number includes persons with disabilities who are employed at KDDI, as well as at KDDI Challenged and KDDI Engineering
Notes 2: The number is calculated by counting persons with severe disabilities as two people

### ■ Status of Hiring (KDDI)
Unit: person

| | Male / Female | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|
| Recent graduates | Male | 217 | 211 | 181 | 202 | 188 |
| | University graduate | 217 | 211 | 181 | 202 | 188 |
| | Female | 85 | 96 | 106 | 91 | 90 |
| | University graduate | 85 | 96 | 106 | 91 | 90 |
| | Junior / technical college graduate | 0 | 0 | 0 | 0 | 0 |
| | High school graduate, etc. | 0 | 0 | 0 | 0 | 0 |
| | Total | 302 | 307 | 287 | 293 | 278 |
| Mid-career hires | Male | 46 | 76 | 102 | 120 | 144 |
| | University graduate | 45 | 74 | 95 | 76 | 140 |
| | Other | 1 | 2 | 7 | 44 | 4 |
| | Female | 9 | 7 | 9 | 15 | 21 |
| | University graduate | 9 | 7 | 9 | 12 | 19 |
| | Other | 0 | 0 | 0 | 3 | 2 |
| | Total | 55 | 83 | 111 | 135 | 165 |
| Reemployment after retirement | Male | 143 | 112 | 121 | 130 | 153 |
| | Female | 17 | 13 | 19 | 10 | 16 |
| | Total | 160 | 125 | 140 | 140 | 169 |
| Non-regular employees who became regular employees | | 122 | 118 | 66 | 27 | 32 |

### ■ Foreign Employee
Unit: person

| | FY2016 | FY2017 | FY2018 | FY2019 | | FY2020 | |
|---|---|---|---|---|---|---|---|
| Number of foreign employees (KDDI) | 101 | 114 | 114 | Male | 56 | Male | 59 |
| | | | | Female | 53 | Female | 50 |
| | | | | Total (Male + Female) | 109 | Total (Male + Female) | 109 |
| Proportion of foreigners in new employees (KDDI) | 2.0% | 3.6% | 2.1% | 2.05% | | 1.44% | |
| Number of foreigners at the management level (KDDI) | 10 | 11 | 10 | Male | 8 | Male | 14 |
| | | | | Female | 1 | Female | 0 |
| | | | | Total (Male + Female) | 9 | Total (Male + Female) | 14 |
| Consolidated number of foreign employees | 4,423 | 4,308 | 4,208 | 4,393 | | 4,581 | |

### ■ Non-regular Employees (KDDI) (Number of workers temporarily employed)
Unit: person

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|
| Temporary staff (KDDI) | 3,940 | 4,531 | 4,196 | 4,604 | 4,534 |
| Contract employees (KDDI) | 3,101 | 2,637 | 2,216 | 1,964 | 1,877 |
| Total | 7,041 | 7,168 | 6,412 | 6,568 | 6,411 |

### ■ Employees by Age (KDDI)
Unit: person

| | Total | Male | Female |
|---|---|---|---|
| Under 30 | 1,556 | 1,015 | 541 |
| 30–39 | 2,494 | 1,877 | 617 |
| 40–49 | 3,897 | 2,901 | 996 |
| 50–60 | 3,405 | 2,952 | 453 |
| 61 or over | 1 | 1 | 0 |
| Total | 11,353 | 8,746 | 2,607 |

(As of March 31, 2021)

### ■ Managers (KDDI)
Unit: person

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|
| Male Managers | 4,155 | 4,195 | 4,184 | 4,202 | 4,226 |
| Department Managers or higher | 465 | 481 | 472 | 513 | 558 |
| Section Managers | 3,690 | 3,714 | 3,712 | 3,689 | 3,668 |
| Female Managers | 270 | 302 | 321 | 342 | 370 |
| Department Managers or higher | 12 | 17 | 23 | 23 | 24 |
| Section Managers | 258 | 285 | 298 | 319 | 346 |
| Proportion of Female Department Managers or higher | 2.5% | 3.4% | 4.6% | 4.3% | 4.1% |
| Proportion of Female Section Managers | 6.5% | 7.1% | 7.4% | 8.0% | 8.6% |
| Newly Appointed Managers | 195 | 209 | 192 | 191 | 190 |
| Male | 169 | 173 | 163 | 165 | 157 |
| Female | 26 | 36 | 29 | 26 | 33 |

Note: The number of managerial personnel includes KDDI managerial personnel as well as those temporarily transferred to other companies
Reference: Number of assistant section managers (female) 1,294, (male + female) 5,596

### ■ Retention of Newly Hired Graduates (KDDI)
Unit: person

| | Male | Female |
|---|---|---|
| Graduates hired in April 2018 | 181 | 106 |
| Currently employed in April 2021 | 177 | 98 |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion ● Human resource development and career development ● Pursuit of employee satisfaction ● Promotion of health-focused management

# Labor Practices

## KDDI's Approach (Labor Practices) — KDDI Group | Policy

We at KDDI regard the health of our employees as a key management issue as stated in the KDDI Group Declaration of Health-Focused Management. We support their health at the organizational level to foster an environment and culture where everyone can work healthfully and earnestly, maximize individual and organizational performance and ensure sustainable growth as a company. We also comply with laws relating to the prohibition of child labor and forced labor, the payment of minimum wage and reducing long working hours.

**Starting Salary for University Graduates Compared to Minimum Wage: 169%***

*Calculated based on the minimum wage in Tokyo (1,013 yen / hour). Specifically, the formula is 21 days × 1,013 yen × 7.5 hours (as of April 2021)

## KDDI Group Declaration of Health-Focused Management — KDDI Group | Policy

The KDDI Group has released the KDDI Group Declaration of Health-Focused Management as part of its commitment to support every employee's health at the organizational level and bring about a prosperous future. Building on this declaration, we are working on a range of initiatives to drive work style reform, promote mental health care, improve employee health management and look after the health and safety of employees and their families posted abroad, aiming for embedding a "health first" culture.

**KDDI Group Declaration of Health-Focused Management (April 2018)**

In our mission statement we declare: "The KDDI Group values and cares about the material and emotional well-being of all its employees and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society." As the success of the company depends on a happy and energized workforce, we see the health of our employees as a key agenda for the management of the KDDI Group. We hereby declare our commitment to health-focused management, through which we will support the health of our employees at the organizational level as we strive for a prosperous future.
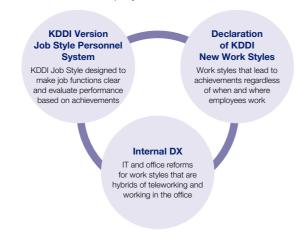
The KDDI Group will:

1. Encourage and help our employees to take proactive steps to improve and maintain their health.
2. Work closely with the KDDI Health Insurance Union and the KDDI Workers Union to improve the physical and mental health of our employees and their families.
3. Embed a "health first" culture within the group, where the pursuit of physical and mental health creates an energized and productive workforce.

 Declaration of Health-Focused Management

## Work Style Reform — KDDI Group | System & Activity & Results

In January 2017, we launched full-scale initiatives for work style reform to promote fundamental changes in perspectives and behaviors toward a work style that is more productive. We also established the Work Style Reform Promotion Committee as part of the initiatives. The committee members consist of General Managers representing Divisions and the General Manager, Human Resources Division is the chair. Since April 2018, the heads of strategic subsidiaries have also been participants. In FY2019, we set up a project team to facilitate employees' diverse work styles. Since FY2020, in accordance with the KDDI Declaration of New Work Styles, the team has been working to establish an environment (e.g., the promotion of DX) that enables diverse work styles, and working on the vision of new work styles under the KDDI Version Job Style Personnel System, thereby further driving work style reforms to transform KDDI into a human resource-first company.



**KDDI Version Job Style Personnel System**
KDDI Job Style designed to make job functions clear and evaluate performance based on achievements

**Declaration of KDDI New Work Styles**
Work styles that lead to achievements regardless of when and where employees work

**Internal DX**
IT and office reforms for work styles that are hybrids of teleworking and working in the office

■ Operational Framework of the Work Style Reform Promotion Committee
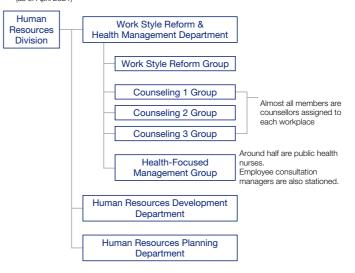


KDDI Evolva, Inc., KDDI Engineering Corporation, KDDI MATOMETE OFFICE CORPORATION, Chubu Telecommunications Co., Inc., BIGLOBE Inc., UQ Communications Inc., OKINAWA CELLULAR TELEPHONE COMPANY, au Financial Holdings Corporation, AEON Holdings Corporation of Japan, ENERES Co., Ltd.

### Initiatives and Results of Work Style Reform in Fiscal 2020

- Held monthly Work Style Reform Promotion Committee meetings (topics: eliminating long working hours, increasing productivity, etc.)
- For the purposes of appropriate work schedule management and of early support for employees who show signs of mental instability, we interviewed all 13,000 employees working in our offices in Japan, including loaned employees, twice a year.
- We mandated all employees to log off their computers and leave the office within half an hour after they complete their work for the day.
- We mandated all employees to have a nine-hour interval between the end of working hours and the start of working hours the following day.
- We created a system to record and manage the hours each employee enters and exits the building as well as the hours they log off their office computers, and looked into all discrepancies between the system log and the hours reported by employees.
- As a result of our efforts to encourage planned use of annual paid leave, the leave taken increased seven percent points from the last year. 66.9% in FY2019 to 73.9% in FY2020
- Introduced robotic process automation (RPA)
- Made internal systems accessible to mobile devices
- Began allowing tethering for work smartphones
- To have quality meetings, each division promoted action plans for meeting reform.
- The office was refurbished to encourage new work styles. (e.g., free-address office system introduced throughout the company; enhanced online meeting facilities; a new online delivery studio; an enhanced satellite office)
- Promoted use of shared offices
- Revised the Teleworking Work Rule in order to expand opportunities for teleworking and ensure appropriate application. (more employees eligible for teleworking; the maximum number of days of teleworking increased)

■ Organization of the Work Style Reform & Health Management Department
(as of April 2021)



Almost all members are counsellors assigned to each workplace

Around half are public health nurses. Employee consultation managers are also stationed.

## KDDI Version Job Style Personnel System — KDDI | System

In August 2020, we introduced the KDDI Version Job Style Personnel System that aims to achieve sustained growth of KDDI through each employee's professionalism. In this system, "Job Style" is used to define the areas of job functions. Employees' achievements, commitment to meeting challenges, and skills are directly rewarded, thereby "creating and nurturing professionals."

To achieve sustained growth, KDDI is working to expand new business areas while its business continues to revolve around telecommunications. This means that there will be more fields where our employees can pursue successful careers.

To expand our business areas, we need talented human resources with more specialized skills and knowledge. KDDI hopes that all employees actively acquire skills they can apply in new business areas while they leverage their years of experience in the telecommunications business, so that they will become professionals capable of working successfully outside the company.

Through these actions, we will achieve transformation to a "human resource-first company," that is, a company that values employees as the most valuable resources fundamental to management.

 KDDI Version Job Style Personnel System Introduced to Enable Work Styles That Lead to Achievements Regardless of When and Where Employees Work (Japanese only)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | **Materiality 4** | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion  ● Human resource development and career development  ● Pursuit of employee satisfaction  ● Promotion of health-focused management

## Labor Practices

### Safety and Health Management System                    KDDI  System

In accordance with the Labor Standards Law and the Industrial Safety and Health Act, we are engaged in a group-wide health and safety drive to secure the safety and health of workers in workplaces and facilitate the establishment of a comfortable working environment. We have established a safety and health management system, which includes general safety and health managers, safety officers, health officers, safety and health promoters, health promoters, industrial physicians, and employees in charge of mental health promotion in each workplace. We have also established Health and Safety Committees that plan and conduct activities as joint labor-management efforts.

#### Health and Safety Committees
- Established at workplaces with 50 or more workers
- Held once a month
- Topics: COVID-19, health-focused management, health management, mental health, work style reform, overtime work and long working hours, fire prevention and disaster preparedness, traffic safety, etc.
- Important matters on safety and health are reported to the Executive Director of the Corporate Sector

To create a comfortable working environment, we conduct the statutory atmospheric environment measurement every two months for temperature, humidity, air current, carbon dioxide, carbon monoxide, and floating dust, and if any deviation is detected, work with a respective facility management company to take appropriate countermeasures, such as ventilation and cleaning.

Furthermore, when industrial doctors travel around our offices once a month, they check not only sanitary conditions, but working environments that include lighting and noises, so that we make improvements as necessary. In addition, in fiscal 2020, we removed all smoking rooms from offices to reduce the health risks of passive smoking.

During the annual National Occupational Safety Week, the Health and Safety Committee members at each office visit workplaces to check for any hazardous areas to rectify, and share example incidents at the Health and Safety Committee meeting as part of their efforts to prevent accidents.

To prevent long working hours and comply with the Article 36 Agreement, the personnel departments send email alerts to individuals, and share information about the employees who have been alerted with the heads of divisions and human resource staff. We also hold regular seminars on work schedule management and harassment to manage legal risks.

We have the Guidelines on the Establishment of a Safety and Health Management System in order to ensure legal compliance and protect the safety and health of our employees. We also make sure that the safety and health management systems at our offices are continually improved, and that a proper safety and health management system is established when a new office is set up.

KDDI Engineering Corporation, which does or manages construction by contract and operates and maintains facilities, provides regular training to ensure complete safety management. The on-the-job training for employees engaging in these operations in order to prevent accidental falls from heights and electric shocks, among others, includes Safety Training for Dangerous Operations and Tool Training. Regular legal training such as Health and Safety Education for Foremen is also provided.

In FY2020, KDDI and KDDI Engineering jointly held the safety convention, which KDDI hosts once a year. The convention is for subcontractors who work on the construction of our base stations and network facilities that involves hazardous tasks such as work in high places. At this year's convention, we shared examples of safety-related cases and provided information that should be helpful in improving safety skills.

### Priority Measures Relating to Occupational Health and Safety          KDDI  Activity

KDDI is running a number of initiatives to drive health-focused management based on the basic principles of respect for human life, ensuring the safety and mental and physical health of employees in workplaces at all times, and maintaining a comfortable working environment.

#### Health-Focused Management Actions
As part of the drive to promote health-focused management in fiscal 2020, we conducted a health awareness survey of all employees and implemented measures based on the survey results. As part of the measures, in fiscal 2019 we introduced KDDI Wakuwaku Points, which is a health point program that provides employees with a mobile app with functions designed to improve health literacy, such as access to health-related information focusing on diet, exercise, sleep and smoking, a challenge program to change lifestyle habits, and a walking event.

A set of health KPIs have been defined as targets to be achieved by fiscal 2021 to improve the health of employees.

#### Initiative
- Encouraged walking
- Holding health seminars: "Health Enhancement Seminar"; "Cancer Seminar"; "Seminar on Walking";
  "Boost Your Immune System to Protect Yourself from the Coronavirus";
  "Health Literacy Enhancement Seminar: An Introduction to Female Hormones";
  "Seminar on How to Prevent and Treat Heatstroke";
  "Women's Life Stages and Health";
  "Seminar on Smart Drinks";
  "Seminar on Eating Wisely in Your Prime"
- Support for smokers in smoking cessation
  - Support from public health nurses in smoking cessation
  - Assistance with an online smoking cessation program (in collaboration with the health insurance society)
  - Providing incentives for employees who have successfully quit smoking
- Initiatives to improve employees' sleep
  - Lending sleep sensors: A sleep sensor visualizes how the user sleeps so that an expert offers advice based on the data.
  - E-learning about sleep

### Promotion of Mental Healthcare                    KDDI  Activity & Results

KDDI formulated the Mental Health Promotion Plan and is carrying it out while implementing PDCA cycles for mental health initiatives. In addition, from fiscal 2019, we stationed 40 new internal counselors across the company and began interviewing all employees. The interviews enable us to hear directly from employees and assess working conditions from perspectives that differ from those of their superiors. They also help us quickly identify employees who are showing signs of mental health issues even in the absence of reports from the said person themselves, enabling us to act promptly in cooperation with medical professionals and managers as necessary. In this way, we are creating a healthful work environment.

#### Initiative
- Semiannual interviews with all employees conducted by in-house counselors
- Offering level-specific e-learning courses related to mental health
- Offering harassment prevention seminars for managers
- All regular and contract employees complete a stress check once a year (Employees surveyed in FY2020: 87.0%)
- Based on the results, employees can consult with an industrial doctor if they request.
- The overall results are analyzed and sent to each work place to share the issues revealed, and workplaces with high stress levels are instructed to devise measures for improvement.
- Obligatory submission of medical history forms, interviews with industrial doctors and individual follow-ups by industrial health staff for employees who worked more than the prescribed number of hours of overtime
- Established the Employee Counseling Center and an external counseling office, which are staffed by industrial counselors
- We offer total support for employees when they return to work after absence due to mental health issues
  - Industrial doctors interview returnees as well as the returnee's supervisors
  - Training before returning (return-to-work program, etc.)
  - Shorter working hours after returning to work
  - Colleagues, industrial doctors and health staff collaborate to facilitate the returnee's smooth return to work in addition to the support provided by their supervisors
  - Use of AI to identify employees who show early signs of mental instability

■ Changes in the Number of Employees Absent from Work Due to Mental Instability (KDDI) (at the fiscal year end)                      Unit: person

| FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|--------|--------|--------|--------|--------|
| 100 | 99 | 112 | 101 | 87 |

### Safety and Health Management for Employees and Their Families Transferring Overseas          KDDI  System

We conduct various activities aimed at ensuring the health and safety of employees working outside Japan. We provide consultations with industrial doctors to employees before they transfer overseas, interviews with medical staff to all employees returning to Japan and follow-up care after the regular health exams to employees working overseas. We also began conducting stress check for employees working overseas and providing follow-ups, including health checks as required. Furthermore, we have established and implemented the Vaccination and Health Report Guidelines

### Enhancing Employees Health                    KDDI  Activity

#### Providing Health Exams That Exceed Legal Requirements
We conduct regular health exams that are more detailed than required by law, with an examination rate of 98.3% in fiscal 2020. Following those exams, we inform all those diagnosed with observation by email. As for those who are diagnosed with severe health problems, we urge them to have an emergent consultation at a medical institution as soon as possible, and in fiscal 2020, 87.3% of employees followed the advice. (The percentage was somewhat lower than usual because of the coronavirus pandemic.) Starting from Fiscal 2020, when severe cases are identified among the employees who have been advised to receive "emergent consultation," we advise them to work on "improvement" so that they consult with an industrial doctor, with their supervisor present at the meeting, and receive our health guidance. If no improvement is shown, we consider limiting the range of their work.

In addition to the company program to assist with complete medical check-ups, since fiscal 2018, we have had a program in place to provide full reimbursement for breast cancer screening for female employees 35 years old or more.

Furthermore, in partnership with the KDDI Health Insurance Union, we actively promote measures to prevent diseases from becoming severe (data health planning). The health guidance given by the union to prevent lifestyle-related diseases achieved a complete rate of 20% for active support and 28% for motivation support, and we continue our initiatives to increase these rates, including continuous support on an e-mail basis. To promote better health, the union also dispatches lecturers to provide health seminars at workplaces. In Fiscal 2018, we introduced health programs that provide free dental checkups and assistance with smoking cessation, among others.

In Fiscal 2019, in addition to the measures taken to date, we introduced KDDI Wakuwaku Points, which is a health point program for all employees with the goal of helping them improve their behavior so that they start exercising (walking) and change their lifestyle habits.

■ Other Health Management Measures

| Measures | Target | Content |
|----------|--------|---------|
| Healthcare room | Regular and contract employees, temporary staff | When they feel sick, they can take a short rest in this room and receive first-aid care and health counseling |
| Refresh room | Regular and contract employees, temporary staff | Services such as massage and acupuncture and moxibustion are offered by nationally qualified practitioners |
| Wellness benefits | Regular and contract employees | • KDDI Group Welfare Association provides subsidies related to such issues as childbirth / childcare, family care, health maintenance, personal development and employing a housework helper (Employees are free to choose the services they need)<br>• KDDI Health Insurance Union provides special benefits in the form of sports club access |

for International Transferees and Business Travelers from the perspective of health management and employee safety for those transferring or traveling outside Japan.

We introduced a medical return program that covers the expenses of employees or accompanying family members returning sick or injured to Japan, if an industrial doctor judges that they should receive treatment in Japan. In preparation for emergent situations, we have set up emergency evacuation services for all employees stationed or on a business trip overseas for evacuating in the event of terrorism or political instability. We also offer emergency medical transport services for the transport of severely ill or injured persons to a different country for medical treatment if necessary.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | **Materiality 4** | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion   ● Human resource development and career development   ● Pursuit of employee satisfaction   ● Promotion of health-focused management

## Labor Practices

### Diverse Work Styles   KDDI | System

#### ■ Programs That Support Diverse Work Styles

| Program | Content |
|---|---|
| Telework program (Working at home) | The telework program has been expanded to include all employees so that they can work flexible hours and boost their work efficiency, in addition to scheduling their work around parenting and family care. We also encourage working at a satellite office and mobile working if adequate settings for the work styles are in place.<br>*We were selected as a Telework Pioneer 100 certified by Japan's Ministry of Internal Affairs and Communications in April 2016 |
| Variable working hours system | Introduced so that employees can change their prescribed working hours every month or every three months according to their volume of work. This system is also available on a monthly basis to employees requiring shortened working hours due to childcare and / or family care responsibilities. |
| Discretionary work system | Introduced to encourage a work style where the emphasis is placed on high performance achieved in a shorter time. At the end of March 2021, 17% of the eligible employees use this system. |
| Work shift interval rule program | Introduced to raise awareness of a more health-focused work style. The rule stipulates that employees should rest for a minimum of nine hours between the end of a shift and the start of the next day's shift with overtime work in consideration. Additionally, health management is conducted in case they exceed a certain number of days when they cannot take 11 hours of rest. |
| Flexible working hours system | Introduced to encourage employees to work flexibly and autonomously. In April 2020, this rule was expanded and has been applied across the board. |
| Shorter working hours system for parents | Introduced to support a good work and childcare balance. Employees can decide their working hours per day between 5 to 7 hours according to their family care responsibilities. This system is also available on a monthly basis to employees using the variable working hours system. |
| Shorter working hours system for caregivers | Introduced to support a good work and family care balance. Employees can decide their working hours per day between 5 to 7 hours according to their family care responsibilities. This system is also available on a monthly basis to employees using the variable working hours system. They can use this system as long as care is necessary. |
| Spouse accompaniment leave program | Established in April 2017 to support the work-life balance with a long-term perspective. The system allows a maximum three-year leave of absence to employees who accompany a spouse who has been assigned overseas so that they may live together. The program also applies to employees whose spouses are not KDDI employees. |
| Career-track employment with restricted work area (L course) | Established in 2016. L-course employees are not transferred outside the specified work area without their consent. The system enables the company to retain career-track workers who have difficulty relocating due to such factors as a changing home environment. |

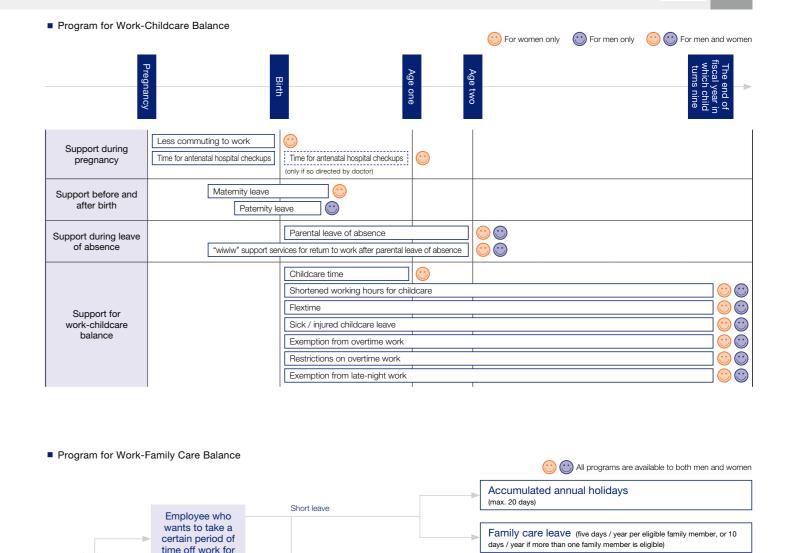### Support System for Balancing Work and Family Life   KDDI | System

To help employees balance work with other responsibilities, such as childbirth, parenting, and family care, we have established a support system that surpasses legal standards so that 100 percent of the employees who have taken childcare or family care leave will return to work. In fiscal 2019, we held a seminar on searching for nursery schools by outside experts to provide recent trend and know-how. The seminar was attended by many employees: not only employees taking or planning to take parental leave of absence, but also those with no immediate plan but with interest or for the purpose of sharing the information with their subordinates or colleagues. (Approximately 40% of 108 participants were male employees.) After returning to work, the flexible working environment allows the returnees to choose from different work style options to suit their preference and their particular work situation, including shortened regular working hours (5-7 hours / day), variable working hours, and telework. While making use of shortened working hours for childcare or while overtime work is exempted or limited, employees will not be subject to a job transfer that requires moving residence. Under these programs, employees who take parental leave return to work (100% for males, 100% for females) (fiscal 2020 results).

**Initiative**
Improve employment environment to support the work-life balance of employees who are engaged in childcare and / or family care
● Flexible working with options to suit home and work circumstances
● Seminar on support for teamwork in childcare, seminars for employees on searching for nursery schools and for employees caring for a family member while working

Our work regulations prohibit harassment, and we have set up a counseling office and provide training to spread such awareness in the company. From fiscal 2016, the scope has been expanded to include pregnancy harassment, and more robust action is taken.

#### ■ Program for Work-Childcare Balance



#### ■ Program for Work-Family Care Balance



\* Can be applied together

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion   ● Human resource development and career development   ● Pursuit of employee satisfaction   ● Promotion of health-focused management

## Labor Practices

### Efforts to Support Childcare and Family Care — KDDI | Activity & Results

■ Efforts to Support Childcare and Family Care (Excerpt)

| Measures | Target | Content |
|---|---|---|
| Support for male employees' participation in childcare | Male employees with spouse expecting to give birth | Grant paid paternity leave on the expected delivery date or one month following the birth (up to three days, on a day-by-day basis)<br>• FY2020 result: 194 persons (acquisition rate: 60.6%) |
| | | Parental leave of absence (excluding paternity leave)<br>• FY2020 average days of acquisition: 54.5 days (acquisition rate: 18.6%) |
| Supporting a balance between work and childcare | For all employees | Hold seminars by outside experts on searching for nursery schools, which provides recent trend and know-how |
| | Employees with childcare responsibility | Subsidies for babysitting fees |
| Supporting a balance between work and family care | For all employees | Provide seminars on a good balance between work and nursing care and post a handbook describing internal support programs on the intranet |

Note: Only measures that exceed the legal standards are described here as examples.

### Usage of Childcare and Family Care Support System — KDDI | Results

■ Usage of Childcare and Family Care Support System (KDDI)

Unit: person

| Program | | Male / Female | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|---|
| Childcare | Maternity leave | Female | 181 | 164 | 135 | 136 | 140 |
| | Paternity leave | Male | 279 | 282 | 255 | 202 | 194 |
| | Parental leave of absence | Male | 16 | 25 | 27 | 29 | 60 |
| | | Female | 276 | 270 | 247 | 239 | 248 |
| | Reinstatement after parental leave of absence*1 | Male | 100% | 100% | 100% | 100% | 100% |
| | | Female | 99.0% | 94.4% | 98.9% | 98.8% | 100% |
| | Retention after parental leave of absence*2 | Male | 88.9% | 93.3% | 92.9% | 97.9% | – |
| | | Female | 99.0% | 98.0% | 97.7% | 100% | – |
| | Shortened working hours for childcare | Male | 1 | 3 | 6 | 3 | 3 |
| | | Female | 440 | 458 | 469 | 497 | 450 |
| | Sick / injured childcare leave | Male | 344 | 429 | 471 | 439 | 275 |
| | | Female | 445 | 496 | 522 | 484 | 358 |
| Family care | Home care absence | Male | 8 | 8 | 12 | 7 | 5 |
| | | Female | 5 | 4 | 6 | 6 | 3 |
| | Family care leave | Male | 107 | 133 | 180 | 175 | 134 |
| | | Female | 87 | 117 | 113 | 118 | 84 |
| | Shortened working hours for family care | Male | 1 | 1 | 3 | 3 | 4 |
| | | Female | 2 | 2 | 6 | 11 | 7 |

*1 (Total number of regular employees who returned to work after parental leave of absence) ÷ (Total number of regular employees who planned to return to work after parental leave of absence) × 100
*2 (Total number of regular employees who remain at KDDI 12 months after returning to work after parental leave of absence) ÷ (Total number of regular employees who returned to work after parental leave of absence) × 100

### Expanding Employment Opportunities and Advancement of Persons with Disabilities — KDDI | Policy & System

At KDDI, many employees with disabilities are each playing an important role in their respective workplace. As a role model of a person with disabilities who plays an active role in a company, three KDDI employees, the most among the participating companies in ACE Award, received its grand prix prize.

Established in 2008 as a special subsidiary to provide opportunities for many people, KDDI Challenged Corporation is promoting the independence and success of work of employees with disabilities, aiming to expand and create the types and scope of duties, including the operations of the three cafes. With the aim of increasing the employment of persons with intellectual disabilities as required under the law in fiscal 2018, we have been continuing to expand job areas with a focus on developing diverse occupations, by understanding their characteristics mainly through pre-employment training; so that each can fully excise their ability in a work area in which they excel. At KDDI, the rate of employment for persons with disabilities is 2.50%*1 (as of June 2021), which exceeds the legal requirement (2.30%).

*1 Includes KDDI Challenged (special subsidiary) and KDDI Engineering

■ Work Status of Employees with Disabilities

| Work location | Work roles |
|---|---|
| KDDI Challenged | Work handled under contract from the KDDI Group, including manually disassembling mobile phones, performing maintenance on business mobile phones, handling accounting procedures, PC kitting*2, facility maintenance and operating Refresh Room and Café Challenged |
| KDDI Challenged Osaka Office | Cleaning (morning), manually disassembling mobile phones (afternoon), and operations of Refresh Room and Café Challenged |

*2 Refers to the process such as setting up a PC operating system and installing applications

### Support System for Employees with Disabilities — KDDI | System

The Act on the Elimination of Discrimination against Persons with Disabilities, enacted in Japan in 2016, stipulates the need of rational consideration to be taken to eliminate barriers in the life of people with disabilities as much as possible.

To ensure that employees with disabilities can lead stable professional life that matches their abilities and disabilities, we strive to create supportive work environment for them by providing support to them based on a questionnaire survey, while preparing a guidebook for their supervisors.

■ Examples of Support for Employees with Disabilities

| Measures | Content |
|---|---|
| Questionnaire surveys | We conduct questionnaires for all employees with disabilities to assess factors such as the inconveniences they face in the company and changes in their conditions, and based on these opinions changes are incorporated into their work environments. |
| Guidebook for supervisors | To understand, accept and treat employees with disabilities according to the need of each of the employees, we provide a guidebook for their supervisors. |
| Guidebook for communication with employees with hearing difficulties | This guidebook, which was created with the participation of employees with hearing difficulties, is posted on the intranet to provide easy-to-understand explanations on the rules of sign language interpretation and how to support summary writing in the workplace. |
| Support in creating network | Help employees with disabilities build a network with people with disabilities who work for other companies and have opportunities to grow themselves through participation in external seminars targeting them. |
| Introduction of an app for persons with hearing difficulties | We introduced the UDTalk speech translation app to further ensure the access to information by employees with hearing difficulties. |

### Employment Promotion for People with Difficulty in Securing Employment — KDDI | Policy & System & Activity

KDDI and Nippon Telegraph and Telephone (NTT) entered into a social contribution coordination agreement on September 11, 2020. In accordance with this agreement, KDDI and NTT launched initiatives to provide support for skill training in remote work and ICT as well as employment support (the "Initiatives") in March 2021 as a second "Tsunagu × Kaeru (Link and Transform)" project the two companies jointly promote. We also aim to create jobs for more than 300 trainees who have completed all programs the Initiatives offer, namely remote work skills training, ICT skills training, and career counseling. These jobs will be in the KDDI Group, the NTT Group, and other companies suited for the trainees.

Drastic changes in the societal environment, such as the Employment Ice Age and the collapse of Lehman Brothers, have made a massive impact on the development of occupational skills as well as on employment to date. Today, the COVID-19 pandemic has forced an increasing number of people, mainly those of the generation that underwent Employment Ice Age, to lose jobs or switch careers. On the other hand, as remote work has rapidly become common, human resources adept at using ICT are in demand. KDDI and NTT work together to offer programs designed to support capacity building, thereby helping solve issues facing people with difficulty securing employment.

⬈ Launch of Initiatives to Support People of the Employment Ice Age Generation etc. in Securing and Maintaining Employment (Japanese only)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 4

# Rewarding Workplaces for Diverse Talents

● Promotion of diversity and inclusion  ● Human resource development and career development  ● Pursuit of employee satisfaction  ● Promotion of health-focused management

## Labor Practices

### Promoting Active Role of Elderly Workers  **KDDI** | Policy & System & Activity

As we enter the era of 100-year lifespans, KDDI has adopted systems that help its employees aged 50 years or older can play an active role in a workplace. We have established a post-retirement re-employment program for employees who have reached the age of 60 and satisfy certain requirements, encouraging them to work as non-regular employees until age 65 at the latest. This system employs open recruiting, allowing the employees to select their desired job type and activity while creating a mechanism for former full-time employees to make full use of their skills and experience in various workplaces.

For employees nearing the retirement age, we also hold seminars that inspire them to think about their life and work styles after 60. Furthermore, to create an environment to help senior employees further broaden their field of activities, since fiscal 2019 we have offered internal open recruiting opportunities and supported career development for employees aged 50 years or older.

### Advancement of Foreign Employees (Prevention of Discrimination)  **KDDI** | Policy & System

To ensure that employees from countries other than Japan can work comfortably in Japan and make full use of their abilities, we provide a variety of information about obtaining permanent resident status and programs relating to dependents and employee pension. In light of religious diversity, a space for worship is prepared in a workplace. In fiscal 2016, we held discussions with them to improve the working environment as the company expands globally. We provide employees with a guidebook explaining multi-culture in an easy-to-understand manner to ensure that non-Japanese employees are not discriminated for race and religion.

### KDDI's Approach —Sound Labor-Management Relations  **KDDI** | Policy

We aim to further promote decent work for all employees by working toward improving labor-management relations through honest discussions and negotiations with representatives of all employees.

### Status of Union Membership (KDDI)  **KDDI** | Results

|  | FY2020 |
|---|---|
| Total number of union members* | 10,400 |
| Union participation rate (Percentage of employees covered by labor agreements) | 99.0% |

*Includes KDDI's currently serving regular and contract employees, as well as employees on loan from the company

### Creating Sound Labor-Management Relations  **KDDI** | Policy

#### Signing of Union Shop Agreement and Cooperation between Labor and Management

We guarantee the right to freedom of association and collective bargaining. We adopted a Union Shop Agreement that requires all employees in Japan, except for managers and non-regular employees, to join the KDDI Workers Union starting in January 2012, and we signed the Labor-Management Relations Agreement, Union Activities Agreement and Collective Bargaining Agreement with the KDDI Workers Union. Regarding items with a significant influence on the treatment of employees, such as changes in the organizational structure and systems relating to human resources, we hold discussions with the union, and their consent is obtained before implementing any changes. Various issues relating to the improvement of working environment are also discussed between labor and management through collective bargaining, working-level negotiations, labor-management committee and the like as required, and in fiscal 2020 we had 96 meetings in total. Such discussions will be held as frequently as possible in fiscal 2021 as well. The KDDI Workers Union provides union members with information about the content of negotiations between labor and management. Agreements reached in previous sessions (benefit to both sides) include: increase in fixed monthly pay, bonus payment based on company performance, enhancement of the work shift interval rule, making shortened working hours for parents more flexible, eliminating the time limit on shortened working hours for caregivers, enhancement of the system for accumulating annual paid leave, promotion of health-focused management, fertility treatment leave, promotion of harassment preventive measures, and conclusion of an internal minimum wage agreement. In addition, through the Agreement on Handling of Personnel Transfers, we have stipulated in the Labor Agreement that an employee shall be notified at least five days before a personnel transfer is officially announced, and we have established a system for receiving complaints from the person concerned.

### Pension System  **KDDI Group** | System

We have introduced our own retirement benefit and pension system for all career-track employees, which is managed by the KDDI Pension Fund (a separate corporation). The KDDI pension plan offered to employees is structured as a defined-benefit pension plan, and the entire amount is borne by the company (435,132 million yen* as of the end of March 2021). KDDI Pension Fund manages the assets to be granted appropriately in the future.

We strive to provide fair and strict management of the fund to ensure a stable life for fund subscribers and recipients in the future. We have also introduced a defined-contribution corporate pension plan for employees to whom the KDDI Version Job Style Personnel System is applied starting from August 2020, thereby supporting each employee's life plan and autonomous asset building.

*Fund assets for the entire KDDI Group (including the companies affiliated with the fund)

### Wellness Benefits (for Employees)  **KDDI** | System

| Various systems | • Two-day weekends (Saturday, Sunday, holidays)<br>• 122 days off per year (weekends, holidays, end and start of year: FY2020 results)<br>• Annual paid leave (20 days. *Varies according to work attendance rate, and, for the first year of employment, to the month an employee joins the company.)<br>• Free vacation system (promoting taking five consecutive paid vacation days)<br>• Special leave (for funeral, marriage, birth, childcare, etc.)<br>• Refresh vacation<br>• Maternity leave<br>• Childcare and caregiving leave, etc. |
|---|---|
| Insurance | Health insurance, pension insurance, employment insurance, labor accident insurance, etc. |
| Asset creation | Various asset creation and accumulation systems, employee stock-holding association |
| Welfare association | KDDI Group Welfare Association (mutual aid benefits, support systems for daily life, group insurance, group life insurance, sports clubs, golf courses, department store perks, coupons for theme parks and resorts, etc.) |
| Residential investments | Affiliated home loans |
| Resorts | Around 75 contracted resorts nationwide |

### Status of Workplace Injuries (KDDI)  **KDDI** | Results

|  |  | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|
| Number of workplace accidents | Unit: case | 21 | 23 | 20 | 19 | 9 |
| Number of serious workplace accidents during construction | Unit: case | 0 | 0 | 0 | 0 | 0 |
| Frequency rate[1] | | 0.78 | 0.82 | 0.77 | 0.77 | 0.04 |
| Severity rate[1] | | 0.0102 | 0.0038 | 0.0052 | 0.0065 | 0.00004 |
| Lost time injury frequency rates[2] | | 0.19 | 0.28 | 0.15 | 0.16 | 0.04 |

[1] Calculated based on the formula specified in the Survey on Industrial Accidents of Japan's Ministry of Health, Labour and Welfare
[2] LTIFR: Lost time injuries frequency rate is (the number of workplace accidents with lost time) ÷ (the cumulative hours worked) × one million (lost time is defined as any period of one day or more)

### Overtime Hours, Paid Holiday, Average Annual Salary, etc. (KDDI)  **KDDI** | Results

|  |  | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|
| Average overtime hours per month[1] | Unit: hours / month | 27.5 | 19.6 | 19.0 | 19.0 | 19.5 |
| Average overtime allowance per month[1] | Unit: yen / month | 96,395 | 65,879 | 63,542 | 64,943 | 64,242 |
| Total annual actual hours worked[1] | Unit: hour | 1,919.2 | 1,892.7 | 1,871.4 | 1,861.2 | 1,911.7 |
| Rate of annual paid holidays taken | Unit: Number of days granted | 19.7 | 19.7 | 19.7 | 19.7 | 19.7 |
| | Unit: Number of days taken | 12.8 | 13.5 | 14.2 | 13.2 | 14.5 |
| | Unit: % | 65.1 | 68.5 | 71.9 | 66.9 | 73.9 |
| Average annual salary[2] | Unit: yen | 9,532,136 | 9,363,399 | 9,528,103 | 9,300,662 | 9,484,602 |

[1] Applicable to KDDI employees in non-managerial positions
[2] Average annual salary includes bonuses and extra wages. There is no difference in total compensation (average annual salary) between male and female employees in the same grade and with the same seniority.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability    KDDI's Material Sustainability Issues    FY2020 Material KPI Results    FY2021 Material KPIs    Materiality 1    Materiality 2    Materiality 3    Materiality 4    Materiality 5    Materiality 6

## Materiality 5

# Respect for Human Rights and Fairness in Business

● Pursuit of sustainable procurement  ● Prevention of corruption and bribery  ● Respect for workers' rights  ● Promotion of fair and proactive communication

### KDDI's Approach                                                              KDDI Group | Policy

**Social Issue**

As economic activities of companies around the world expand globally, there is growing scrutiny in global society, concerning corporate attitudes toward human rights and the impact of business activities on human rights, including the establishment of the UN Guiding Principles on Business and Human Rights. Not only companies and their group companies but also their entire value chain are required to take measures to respect for human rights.

In terms of fair business practices, issues that need to be addressed include anti-bribery and anti-corruption measures, and countermeasures for organized crime groups.

**Our Risks and Opportunities**

● We assume there are social and economic risks where, through the products and services provided by KDDI, customers become involved in mischief or crime committed through the internet, mobile phones, or smartphones. In particular, we are concerned that the rights of the socially weak (children, the elderly, the disabled, etc.) may be infringed. In educational environments, there is a growing need for data literacy education to enable children to properly use ICT equipment without getting caught up in mischief or crime.

● We are aware that turning a blind eye to human rights violations can damage the value of corporate brand and hamper the development of a sustainable society. We believe that efforts to eradicate human rights violations from business activities and from the wider society can contribute to KDDI's business growth.

● In terms of privacy and data protection, there are risks that KDDI and its business partners may retain, process and access personal information beyond specified purpose. These risks may increase especially in countries and regions with weak rule of law or lacking strict laws protecting data.

**Management Framework**

● We at KDDI respect the KDDI Code of Business Conduct and the KDDI Group Human Rights Policy. We will eliminate discrimination based on race, faith, gender, social status, religion, nationality, age, sexual orientation, gender identity, family responsibilities (including pregnancy) or (dis)abilities as well as correcting and eliminating labor practices that violate human rights, such as forced labor, child labor and various types of harassment.

● We have set up a governance framework consisting of a range of committees, including the Business Ethics Committee and Sustainability Committee, to drive our efforts. We also run initiatives to enhance our employees' understanding and practice of the KDDI Group Philosophy and the Code of Business Conduct throughout the year.

● We established the Business Ethics Helpline, which is available anytime, to receive reports or provide consultation regarding violations

of business ethics, laws, or regulations through an internal or external contact point established in collaboration with external experts. Contact points can be reached by e-mail, phone call or letter, in multiple languages. To protect whistleblowers, reports can be made anonymously, and we work to protect privacy in surveys.

● With our suppliers and all other stakeholders, we build partnerships on mutual trust and conduct business in a fair and equitable manner. We also use tools such as Responsible Procurement Surveys to ensure suppliers' compliance regarding matters such as human rights and conflict minerals.

● KDDI Smartphone and Mobile Phone Safety Classes are held by certified lecturers at schools all over Japan. Through these classes, we teach children how to safely communicate through smartphones and mobile phones. We also raise awareness and foster greater understanding of human rights on the internet.

### FY2021 Material KPIs                                                         KDDI Group | Policy

↗ **FY2021 Material KPIs**

### Moving Forward                    KDDI Group | Policy

● Pursuit of sustainable procurement
● Respect for workers' rights
● Prevention of corruption and bribery
● Promotion of fair and proactive communication

### Initiatives                       KDDI Group | Policy

● KDDI Sustainable Action ➡ P.16-19
● Human Rights ➡ P.65-67
● Youth Education Activities ➡ P.67
● Compliance ➡ P.68-70
● Supply Chain Management ➡ P.71-73

---

# Human Rights

### KDDI's Approach (Human Rights)                                              KDDI Group | Policy

We at KDDI are striving to avoid discrimination based on race, faith, gender, social status, religion, nationality, age, sexual orientation, gender identity, mental / physical disabilities, pregnancy, child birth as well as tackling and eliminating labor practices that violate human rights, such as forced labor and child labor. The KDDI Group considers the International Bill of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work to be the most fundamental policies for human rights, and set the policies and take initiatives in reference to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The KDDI Code of Business Conduct, which serves as a guideline for behavior of officers and employees, defines our basic principles on respecting human rights and individual characteristics throughout all our business activities.

The KDDI Group Human Rights Policy, established in 2016, also de-

clares our efforts in all group companies to respect international standards such as the Universal Declaration of Human Rights, as well as to prevent and reduce negative influences on human rights and to promote education on the issue. We believe that diversity and inclusion is important for a company to achieve sustainable growth, especially in driving innovation. The KDDI Group Philosophy includes a vision of embracing diversity to facilitate the understanding. We are also aware that issues surrounding the protection of personal information and the invasion of privacy by a government uniquely expose the ICT industry to human rights risks. We are determined to fulfill our social responsibility to address these issues by leading an industry-wide drive by means of continuous stakeholder engagement for risk identification.

↗ **KDDI Code of Business Conduct (Basic Principles)**

### Management Framework                                                        KDDI | System

At the Sustainability Committee (convenes twice a year) chaired by the President, KDDI determines the policy on activities related to human rights, develops and reviews the structure for their promotion and checks their progress against targets. We have also set up a Human Rights Subcommittee under the Sustainability Committee to have discussions on promotion of respect for human rights in accordance with the KDDI Group Human Rights Policy and to prevent human rights violation in daily operations. We established the Business Ethics Helpline, which is available anytime, to receive reports or provide consultation regarding violations of business ethics, laws, or regulations including employees' human rights issues. Through an internal or external contact point established in collaboration with external experts, employees can report by e-mail, phone call or letter, in multiple languages.
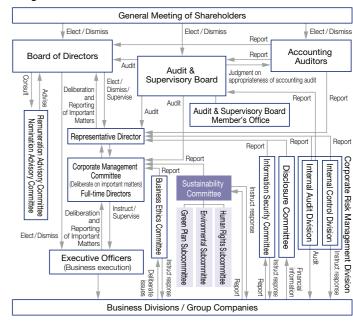
We have also established a Sexual Harassment and Human Relationships Hotline staffed by external specialist counselors, an Employee Counseling Center staffed by internal employee consultants and a Harassment Hotline staffed by employees at the Human Resources Division. In addition, in the KDDI Sustainable and Responsible Procurement Guidelines, we prohibit forced labor, inhumane treatment, child labor and discrimination, and our business partners are requested to understand and follow the guidelines. Any stakeholder can discuss or report their concerns. Privacy of those reporting concerns is protected at any contact point. Reports can be made anonymously. Strict confidentiality is observed to protect those seeking help by ensuring that they will not suffer any detrimental treatment as a result of raising a concern.

↗ **Human Rights Subcommittee**

↗ **KDDI Group Human Rights Policy**

↗ **KDDI Sustainable and Responsible Procurement Guidelines**

■ **Organizational Structure**

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability     KDDI's Material Sustainability Issues     FY2020 Material KPI Results     FY2021 Material KPIs     Materiality 1     Materiality 2     Materiality 3     Materiality 4     **Materiality 5**     Materiality 6

## Materiality 5

# Respect for Human Rights and Fairness in Business

● Pursuit of sustainable procurement   ● Prevention of corruption and bribery   ● Respect for workers' rights   ● Promotion of fair and proactive communication
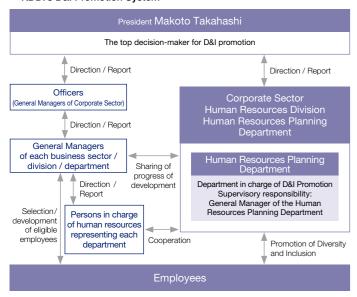
## Human Rights

### KDDI's D&I Promotion System  `KDDI` `System`

With the President as the top decision-making authority, KDDI is engaged in company-wide efforts to promote diverse work styles and the professional advancement of women, employees with disabilities and LGBTQ+ people.

By specifying promotion of diversity and respect for human rights in the KDDI Group Philosophy and the KDDI Code of Business Conduct, we have clearly positioned diversity promotion as a management issue.

■ KDDI's D&I Promotion System



### Initiatives Related to Business and Human Rights  `KDDI` `Activity`

KDDI participates in various initiatives to clearly identify the human rights issues that global companies are expected to address and to reflect them in the reviewing process of initiatives and in the consideration phase of measures.

#### Major Initiatives for FY2020
• Participation in "the Business and Human Rights Seminar" organized by Crean Corporation (October 2020)
• Participation in "the International Conference on Business and Human Rights" organized by the Japan Committee of the Caux Round Table (October 2020)
• Participation in the seminar "Practice of Business and Human Rights in Asia in the With Corona Era" co-sponsored by the Keidanren and the UNDP (November 2020)
• Participation in BSR (Business for Social Responsibility) Human Rights Working Group as an observer (December 2020)

### Human Rights Impact Assessment  `KDDI Group` `Activity`

KDDI has identified human rights issues that it needs to address in accordance with the UN Guiding Principles on Business and Human Rights, and reflected them in reviewing initiatives of human rights due diligence and considering relevant measures.

In March 2020, we worked together with the nonprofit organization BSR**\*** to exercise human rights due diligence. We identified and assessed actual or potential adverse human rights impacts that we may have on our stakeholders through our own business activities and in our value chains.

As part of human rights due diligence, we are continuing initiatives to mitigate risks through provision of lectures, subsequent awareness-raising, consideration of future measures and formulation of action plans. In doing so, we held lectures on Social Trend Surrounding Business and Human Rights for managers of the five relevant departments in cooperation with BSR, enabling them to learn the background of the association between business and human rights, human rights risks that companies are facing today and what actions they need to take.

\*BSR (Business for Social Responsibility)
As a BSR member company since 2014, KDDI has participated in conferences organized by BSR on sustainability agenda including human rights, exchanged views with a variety of companies and organizations, and reflected this experience in promoting its own initiatives.

#### Assessment Process
BSR human rights impact assessment covers all business activities by KDDI. First, we conducted desktop research on human rights risks facing KDDI based on its Sustainability Report, website and other available publications, media reports and NGO research data about human rights issues facing telecommunications business, and conducted analysis and made a list of internal control processes for each of the human rights risks identified. Then we interviewed the five relevant departments, asked their views about specific initiatives and concluded the assessment.

#### Major Risks Identified
Main potential impacts on human rights identified are as follows:
• Consideration of human rights in supply chains, such as forced, slave, restrained or child labor
• Privacy and data protection, children's cyber safety
• Freedom of expression in conflict-affected countries and high-risk countries, etc.

#### Future Initiatives
KDDI will prioritize identified impacts, develop action plans by department, and implement initiatives to reduce risks in cooperation with stakeholders. We will continue to monitor the effectiveness of the action plans, and exercise PDCA cycle of human rights due diligence.

### Employee Awareness Raising  `KDDI Group` `Activity`

KDDI and our group companies in Japan strive to further raise awareness of human rights based on the KDDI Code of Business Conduct in director trainings, new employee trainings and position-based compliance trainings. Our awareness-raising initiatives include the provision of harassment prevention seminars (compulsory to all line managers), regular e-mail newsletters about the Code of Business Conduct and the Harassment Prevention Guidebook posted on the intranet.

### Initiatives to Promote LGBTQ+ Equality  `KDDI` `Activity`

As shown in the enactment of a law permitting persons with gender identity disorder to change their gender status in Japan and the legalization of same-sex marriage in increasing number of countries and regions, attitudes toward LGBTQ+**\*** equality are changing. However, businesses still lag behind in the understanding of and support for LGBTQ+ rights.

In light of this, we at KDDI have been engaging in activities to promote LGBTQ+ awareness within the company since fiscal 2013 in the effort to advance understanding and spread awareness among employees.

\*LGBTQ+ stands for lesbian, gay, bisexual, transgender, questioning (people who are unsure of their own sexuality and don't want to decide), and plus (indicating that there are many other sexualities).

#### Increase Allies
We at KDDI are engaged in an initiative to increase allies —supporters of LGBTQ+ people. To LGBTQ+ people, the presence of allies around them boosts confidence. Allies can also promote dialogue about the issue in the workplace. We give employees who have declared to be allies KDDI ALLY stickers that they can display prominently to show their commitment to the cause. As of July 2021, around 3,000 employees have declared themselves allies and are working on making our workplace a safe, happy place for LGBTQ+ people to work in. In October 2020, we also launched the Ally Community as a place to learn about the feelings of the parties concerned and deepen our understanding about them, and we are working with approximately 40 volunteers.

#### Other Initiatives

| Initiatives | Content |
|---|---|
| Inclusion of KDDI Code of Business Conduct (basic principle) | The code enshrines the principle of no discrimination or violation of dignity on the basis of sexual orientation and gender identity, in addition to gender, age or nationality, etc., which is widely communicated within and outside the company. |
| Awareness-raising activities for facilitating understanding | Seminars and e-learning courses to improve the understanding of LGBTQ+ issues have been conducted on an ongoing basis since fiscal 2013. |
| Change of definition of spouse and children, and application of internal regulations | If the company regards an employee as having his / her same-sex partner:<br>• The employee is regarded as having his / her spouse in all internal programs (since April 2017).<br>• Any child between the employee and his / her same-sex partner is regarded as his / her child under all internal regulations (since June 2020). |
| Considerations in work environment | Transgender employees are encouraged to use their chosen working names, receive tailored health checks and use universal toilets. |
| Promoting the understanding of LGBTQ+ issues in society | • Participation in forums and other events related to LGBTQ+ issues and showcasing KDDI's initiatives<br>• Donations to LGBTQ+ support groups |
| Application of au Family Discount scheme | The eligibility of family-oriented services such as au Family Discount has been expanded to include same-sex partners when formal certification of same-sex partnership is provided. |

### External Recognition  `KDDI` `Activity & Results`

 External Recognition

## Youth Education Activities

### KDDI Basic Guidelines concerning Safe and Secure Communication for Young People  `KDDI` `Policy`

We take UNICEF's Convention on the Rights of the Child (CRC) and Children's Rights and Business Principles seriously. With regard to the CRC in particular, which codifies children's right to survival and development, we ensure that children have access to education and do not face a digital divide. Regarding Children's Rights and Business Principles, we are committed to ensuring that KDDI's services come with safety measures that respect and promote children's rights.

We offer safe and affordable services to young people and run awareness campaigns. We are committed to protecting children's rights as we endeavor to create a society where children can enjoy mobile and internet connectivity.

### Initiatives through KDDI Smartphone and Mobile Phone Safety Classes  `KDDI` `Activity`

At elementary schools, junior high schools and high schools across Japan, KDDI's certified lecturers teach children rules and manners to abide by when using a smartphone or mobile phone and go over teachable examples of trouble and incidents related to smartphones, mobile phones, and the internet. The classes are designed to enable children to use their own judgment and thereby avoid risks. In addition to visiting schools to give lectures, we also offer online lectures in response to the spread of COVID-19. Since its launch in fiscal 2005, a total of 36,000 classes have been held with over 6,440,000 attendees. There is a wide variety of human rights-related risks posed by the internet, and people need to be careful not to spread misinformation or write hurtful comments on social media, post identifying information, or too easily trust people met online. These topics are covered by the lectures, and we are working to enable children to safely use information technology while protecting their human rights.

 Community Participants: List of Initiatives

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | **Materiality 5** | Materiality 6

## Materiality 5

# Respect for Human Rights and Fairness in Business

● Pursuit of sustainable procurement  ● Prevention of corruption and bribery  ● Respect for workers' rights  ● Promotion of fair and proactive communication

# Compliance

### KDDI's Approach (Compliance)  `KDDI Group` `Policy`

We recognize that in order to fulfill our social responsibilities through our business activities, raising compliance awareness throughout the group is a fundamental corporate management issue.

As a global corporate group, we continue to further enforce our group-wide compliance framework.

### KDDI Group Compliance and Enforcement Framework  `KDDI Group` `System`

We created the KDDI Code of Business Conduct to encourage the ethical behavior of employees along with a compliance mindset. In addition to publication on the intranet, we distribute web shortcuts related to the KDDI Code of Business Conduct to business mobile devices lent to employees, enabling employees to check it whenever they are unsure what action to take. Also, we established the KDDI Group Business Ethics Committee as a decision making body for KDDI Group's compliance related matters. The KDDI Group Business Ethics Committee is chaired by the Chairperson who is a Representative Director, and members include directors and additional nominees appointed by the chair as required. They hold a meeting once every half-year, and, in addition to assessing the conditions of each group company, the committee builds and supports the enhancement of compliance frameworks. The committee is also responsible for helpline issues, corruption prevention and compliance issues, such as breaches of competition laws.

In addition, the committee formulates policies on raising awareness, discusses countermeasures in case compliance violations occur and is responsible for the disclosure of such information as well as the prevention of recurrence. Reports on their activities are made available to all employees via the intranet.

■ KDDI Group Compliance and Enforcement Framework



### Compliance Education, Training and Awareness Raising  `KDDI Group` `Activity & Results`

Examples of Initiatives in FY2020
- Target: All KDDI employees
  Promotion of the KDDI Group Philosophy
- Target: All KDDI employees
  Distribution of web shortcuts related to the KDDI Code of Business Conduct to business mobile devices lent to employees
- Target: Managers, Group leaders
  Harassment-prevention seminars
- Target: New line managers
  Training related to bullying and harassment
- Target: Group company executives
  Training for learning risk management in corporate operations, legal and accounting knowledge, and labor management

↗ Sustainability Promotion Framework
(KDDI Group Philosophy, KDDI Code of Business Conduct)

### Initiatives to Prevent Harassment  `KDDI Group` `Activity & Results`

Examples of Initiatives in FY2020
- Dissemination of the KDDI Code of Business Conduct and thorough implementation of actions
- Training on harassment for department heads, group leaders, and line managers
- Harassment reporting questionnaire for employees
- Dissemination of report counters such as the Sexual Harassment Hotline and the Business Ethics Helpline by distributing whistleblowing cards to employees
- Responses to take when reported harassment cases have been substantiated

### Business Ethics Helpline (Grievance Mechanism)  `KDDI Group` `System`

We established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI, KDDI Group companies and business partners who have questions or concerns about business ethics and legal compliance, including human rights issues. The helpline is available anytime and can receive reports through an internal or external contact point established in collaboration with external experts (Reports can be received by e-mail, phone call or letter, in multiple languages).

Furthermore, we have enabled anonymous consultation and reporting based on the Whistleblower Protection Act enacted in Japan in April 2006.

We are actively promoting the use of the Business Ethics Helpline and the Sexual Harassment and Human Relationships Hotline by distributing whistleblowing cards.

In 2020, there were 671 consultations and reports, but there was no consultation or reporting of serious issues that require external announcement.

The KDDI Group Business Ethics Committee investigates the issues consulted on and reported as required while protecting privacy, and when the problems are detected, the committee members as well as the management team and the Audit & Supervisory Board members review the report and take corrective actions along with measures to prevent recurrence.

If it is identified that its business activities has caused, or had any adverse impact on human rights, KDDI ensures that it will provide relief for those affected.

■ Business Ethics Helpline



*Consultations that the external contact point received are relayed to the internal contact point, keeping anonymity for the whistleblowers

■ Compliance Consultations Received in the Last Two Years (KDDI Group)
Unit: case

| Consultations | FY2019 | FY2020 |
|---|---|---|
| Compliance consultations | 469 | 671 |
| Breakdown: harassments | 173 | 220 |
| Breakdown: other compliance violations | 296 | 451 |

### Elimination of Organized Crime Groups (Basic Approach and Implementation Status)  `KDDI Group` `Policy`

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering organized crime groups.

In addition to rules defining initiatives for blocking off any relations with such groups, the KDDI Code of Business Conduct, which defines basic principles to be followed and enforced by all officers and employees, takes a firm stance against organized crime groups, rejecting any requests for illicit funds and refusing to comply with any demands.

↗ Basic Policy for Constructing an Internal Control System

### Anti-Corruption Measures  `KDDI Group` `System`

**Basic Approach to Anti-corruption**
To prevent corrupt practices, the KDDI Code of Business Conduct defines the principles of promoting fair business activities and the conscientious performance of duties and prohibits activities such as bribing politicians and public officials, along with other similar types of corruption.

Specifically, this includes any business entertainment, gift and invitation given to a public official in the course of business with governmental agencies that is prohibited under the National Public Service Act and other applicable laws and regulations.

KDDI has established that, when dealing with overseas governments and companies, employees will not provide any business entertainment, gift or invitation as stipulated in the UN Convention against Corruption as well as the laws and regulations of the relevant countries against foreign corrupt practices and unfair competition.

In addition to the above, we also stipulate the elimination of organized crime groups and prohibition of insider trading and anti-competitive behavior, and any violations will be punished in accordance with internal regulations. In order to prevent these violations, we use e-learning courses and e-mails to inform all employees and raise their awareness. In FY2020, there were no employees subject to disciplinary dismissal for violating the anti-corruption provisions of the KDDI Code of Business Conduct.

**Sustainable Procurement**
We also urge business partners to comply with the KDDI Sustainable and Responsible Procurement Guidelines, which defines rules for prohibition of corruption, bribery, abuse of power and giving or receiving illicit funds.

**Political Contributions**
For any political donations we make, we observe the Political Funds Control Act and follow the KDDI Code of Business Conduct and the KDDI Sustainable and Responsible Procurement Guidelines.

In fiscal 2020, we made political donations totaling 6 million yen in Japan, and there were no cases of legal action against us concerning corruption or bribery.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability    KDDI's Material Sustainability Issues    FY2020 Material KPI Results    FY2021 Material KPIs    Materiality 1    Materiality 2    Materiality 3    Materiality 4    Materiality 5    Materiality 6

## Materiality 5

# Respect for Human Rights and Fairness in Business

● Pursuit of sustainable procurement    ● Prevention of corruption and bribery    ● Respect for workers' rights    ● Promotion of fair and proactive communication

## Compliance

### Preventing Anti-competitive Behaviors — KDDI Group | Policy

The KDDI Code of Business Conduct defines rules that prohibit anti-competitive behaviors, and we make efforts to ensure that all employees comply with competition laws.

In addition to competition laws, we stipulate that local laws and regulations in each country and region on labor, tax, the environment, monopolies and consumer protection must be examined thoroughly to ensure full compliance. Under the KDDI Sustainable and Responsible Procurement Guidelines, we demand our business partners to not engage in any activities that inhibit fairness, transparency or freedom of competition. However, in January 2021, KDDI received administrative guidance from the Ministry of Internal Affairs and Communications to thoroughly implement measures to prevent a recurrence due to the omission of reporting by 12 affiliates that should have been designated as telecommunications carriers subject to the provisions of Article 27-3, Paragraph 2 of the Telecommunications Business Law. KDDI is working to prevent a recurrence by reviewing our internal checking system.

In fiscal 2020, there were no other legal actions against us concerning anticompetitive or monopolistic conduct.

We fully adhere to these related regulations and continue the appropriate business operations.

### Responsible Tax Practice — KDDI Group | Policy & System

#### Basic Approach to Tax Practice

We at KDDI Group pursue the satisfaction and benefits of our customers while fulfilling our social responsibilities not only by complying with international rules and applicable tax laws and regulations in all operating countries and regions, but also by complying with and following the spirit of the law and paying tax appropriately to engage in tax fairness, and thereby strive to maximize shareholders' value.

In fiscal 2020, we paid 331,451 million yen of corporate income tax, which accounts for 31.9% of gross income. KDDI Group submits the Securities Report after undergoing accounting audits by external accounting auditors and obtaining approval of the CFO (Executive Vice President, Representative Director / Executive Director, Corporate Sector) and the President.

As KDDI Group businesses become increasingly multinational and have more international transactions, our top management, including the President, is working to develop and promote a tax strategy that properly recognizes international tax risks and regards such risk as an important issue that is directly linked to management, while utilizing external specialists to have a deeper understanding of the latest tax updates. In addition, the head office is engaged in education for employees across the world and receives tax practice support from external specialists. With these initiatives, we strive to maintain and improve tax governance.

Also, with regard to the tax returns it prepares, KDDI has them reviewed by an external tax accountant corporation and obtains approval of the CFO before submitting them to the tax authorities.

#### Tax Transparency and Relations with Tax Authorities

To maintain the transparency of tax affairs, we prepare and submit an annual report on our activities by country in accordance with tax laws in Japan. We also work to build trust relationship with tax authorities in each country by conducting timely and appropriate disclosure of tax-related information, such as a business summary report on the overall status of the Group's activities in line with the relevant laws, regulations and disclosure standards of each country and region in which we operate. With these initiatives and prior inquiries as required, we strive to reduce tax risks.

#### Efforts to Prevent Tax Avoidance

In accordance with OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), we are committed to ensuring proper tax payment in all operating countries including Japan, by aligning tax payments with the location of our economic activity and value creation, in line with the revision of tax regulations to tackle BEPS.

In particular, we handle transfer pricing taxation and anti-tax haven taxation, which are critical international taxation issues.

#### Transfer Pricing Tax Compliance

The KDDI Group's business is primarily in telecommunications and ancillary businesses in Japan, and its foreign-related transactions are few compared with those of other multinationals of similar size.

Where foreign-related transactions are conducted, the prudence of the foreign-related transaction is confirmed in compliance with the laws and regulations of the relevant countries, and transfer pricing documentation is prepared. Additionally, depending on the size of the foreign-related transaction, we pay the appropriate taxes by utilizing various systems in consultation with the tax authorities.

#### Tax Haven Tax Compliance

We do not use tax-free or low-tax jurisdictions (so-called "tax haven jurisdictions") for tax avoidance. When an investment is made in a tax haven area for business reasons, the anti-tax haven taxation system is applied following the laws and regulations of the relevant countries. If the company is subject to anti-tax haven taxation, it will file the appropriate tax return and pay the tax due.

#### Amount of Tax Paid

Unit: 100 million yen

|  | FY2020 |  |
| --- | --- | --- |
| Japan | 2,937 | 97.7% |
| UK | 24 | 0.8% |
| France | 13 | 0.4% |
| Mongolia | 10 | 0.3% |
| Germany | 4 | 0.1% |
| Others | 19 | 0.7% |
| Total | 3,007 | 100.0% |

## Supply Chain Management

### KDDI's Approach (Supply Chain Management) — KDDI | Policy

In today's world where globalization has progressed, corporate procurement activities are influenced by social issues around the world.

We believe that driving sustainability initiatives not only within the company but throughout our supply chain will make our business more sustainable. KDDI will further improve our responsible procurement standards to strengthen partnerships with our business partners while collaborating with them to prevent labor issues related to human rights and safety and health from occurring.

In addition, we are enhancing the various forms of support we provide to distributors, who are important partners.

### KDDI Sustainable and Responsible Procurement Policy — KDDI | Policy

As a general telecommunications operator that supports social infrastructure, we are working on risk awareness and enhancement of supply chain risk management with all business partners inside and outside Japan in line with the KDDI Sustainable and Responsible Procurement Policy to fulfill our social responsibility at a higher level and avoid procurement risks as far as possible. The policy defines eight applicable themes for appropriate supply chain management: Co-existence and Co-prosperity with Business Partners, Consideration of Global Environment, Fair and Equitable Trade, Considerations for Human Rights and Labor Environment, Fair Management of Information, Ensuring Quality and Safety, Co-existence with Society and Applicable Scope.

To offer satisfactory services to our customers and achieve the sustainable development of the company and society together with our business partners, we are extending our demands and support based on this policy to all business partners inside and outside Japan. This policy is available in four languages: Japanese, English, Chinese, and Korean.

In addition, KDDI conducts risk assessments of new business partners from environmental and social aspects, utilizing external research organizations. KDDI investigates the scale, background, credibility, business conditions, financial conditions, etc., and if they meet a predetermined standard, we open business with them. In case of a serious violation of compliance, such as those related to human lives, we deal with issues, including conducting reviews of transactions, until corrective actions are completed.

Through Responsible Procurement Surveys targeting our tier-1 suppliers, we have also conducted surveys of tier-2 and tier-3 suppliers on issues such as human rights and conflict minerals since the fiscal year 2018. In this way, we confirm each supplier's compliance with the KDDI Sustainable and Responsible Procurement Policy.

☑ KDDI Sustainable and Responsible Procurement Policy

### Procurement Guidelines and Responsible Procurement Promotion System — KDDI | System

We established the KDDI Sustainable and Responsible Procurement Guidelines for implementing its procurement policy and published them on our website (in Japanese and English). The guidelines were formulated based on the Responsible Business Alliance (RBA; formerly called the Electronic Industry Citizenship Coalition (EICC)) code of conduct and Responsible Business Conduct Guidelines published by the Japan Electronics and Information Technology Industries Association (JEITA). The guidelines provide criteria to consider in selecting business partners and procurement items, not only for quality, price, delivery and stability of supply but also for environmental and social impacts. In response to the results of the human rights impact assessment conducted in March 2020, we revised the content of the guidelines in March 2021 to further include consideration for human rights.

We also conduct surveys targeting our leading business partners to support their understanding of our responsible procurement initiatives and to communicate the situation and progress. In case of compliance violations committed by business partners, KDDI requests them to identify the causes and requests improvement. We offer guidance and support action if necessary.

In the fiscal year 2021, we joined RBA Online and are conducting risk assessments by utilizing it for self-diagnosis (first-party audits) and integration into Responsible Procurement Surveys questions and a visit-audit checklist for customers.

Based on our Code of Business Conduct, we do not perform any transactions with organized crime groups.

☑ KDDI Sustainable and Responsible Procurement Guidelines
☑ Promoting Green Procurement

### Conflict Minerals — KDDI | Activity

The U.S. government requires companies listed in the United States to disclose the use in their products of conflict minerals* or minerals produced in the Democratic Republic of the Congo and other disputed regions.

Although KDDI is not listed in the United States, we are promoting initiatives to eliminate the use of conflict minerals through Responsible Procurement Surveys in collaboration with our customers to fulfill our social responsibilities in our procurement activities.

*Tantalum, tin, gold, tungsten, cobalt and other minerals designated as such by the U.S. Secretary of State are applicable

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | **Materiality 5** | Materiality 6

## Materiality 5

# Respect for Human Rights and Fairness in Business

● Pursuit of sustainable procurement ● Prevention of corruption and bribery ● Respect for workers' rights ● Promotion of fair and proactive communication

## Supply Chain Management

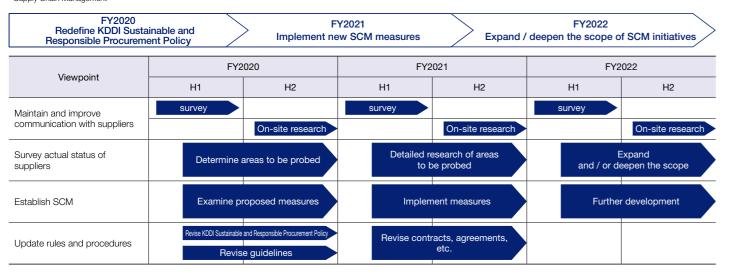### Promoting Responsible Procurement  [KDDI] [Activity]

#### Responsible Procurement Surveys

We have conducted a survey targeting our leading business partners using a Responsible Procurement Check Sheet since fiscal 2014.

The survey covers 42 items related to the seven themes, namely human rights and labor, safety and health, environment, fair and ethical trade, quality and safety, information security and contribution to society, as defined in the KDDI Sustainable and Responsible Procurement Guidelines based on the Responsible Business Alliance (RBA; formerly called the Electronic Industry Citizenship Coalition (EICC)) code of conduct and Responsible Business Conduct Guidelines published by the Japan Electronics and Information Technology Industries Association (JEITA). In addition to them, it also covers other items that KDDI deems pertinent to the company. Through this survey, we make sure of sharing the KDDI Sustainable and Responsible Procurement Policy and other necessary information with suppliers. In fiscal 2020, we asked our key suppliers representing approximately the top 90% of the total value of orders to answer the survey and received responses from over 96% of them. To gradually improve our responsible procurement standards while maintaining stable procurement as a general telecommunications operator, we will further drive initiatives that are determined and redefined in the four newly set categories, namely "Maintain and improve communication with suppliers," "Survey actual status of suppliers," "Establish supply chain management (SCM) based on responsible procurement" and "Update rules and procedures." Specifically, we will check the status of each supplier's responsible procurement initiatives through a questionnaire in line with the guidelines, and take necessary measures to reduce risks, for example by conducting additional on-site research for suppliers with any risk from perspectives, such as human rights and labor, quality and safety, and environment. To manage high risk suppliers, we added a new set of questions to the Responsible Procurement Surveys from the fiscal year 2021, leading to strengthened risk assessment in the supply chain. The questions are divided into two parts: one on human rights including conflict minerals, and the other on the environment including $CO_2$ emissions for scopes 1, 2, and 3. If a supplier is deemed to be at high risk, we will conduct additional surveys and corrective measures through on-site audits. As a result of the survey in the fiscal year 2020, there were no suppliers that required additional investigations or corrective actions.

#### ■ Establishment of KDDI Sustainable and Responsible Procurement Policy and Improvement of SCM

We aim to achieve both gradual improvement of our responsible procurement standards and stable procurement as a general telecommunications operator through establishing KDDI Sustainable and Responsible Procurement Policy Policy and improving SCM* in cooperation with suppliers.

*Supply Chain Management

| FY2020 Redefine KDDI Sustainable and Responsible Procurement Policy | FY2021 Implement new SCM measures | FY2022 Expand / deepen the scope of SCM initiatives |
|---|---|---|

| Viewpoint | FY2020 H1 | FY2020 H2 | FY2021 H1 | FY2021 H2 | FY2022 H1 | FY2022 H2 |
|---|---|---|---|---|---|---|
| Maintain and improve communication with suppliers | survey | On-site research | survey | On-site research | survey | On-site research |
| Survey actual status of suppliers | Determine areas to be probed | | Detailed research of areas to be probed | | Expand and / or deepen the scope | |
| Establish SCM | Examine proposed measures | | Implement measures | | Further development | |
| Update rules and procedures | Revise KDDI Sustainable and Responsible Procurement Policy / Revise guidelines | | Revise contracts, agreements, etc. | | | |

#### Visit, Exchange Views with, and Conduct Inspection of Suppliers

We make sure that we visit a supplier's worksite, exchange view and share information about responsible procurement initiatives in a bid to build a better partnership with the supplier. We visited seven suppliers including tier-2 suppliers in fiscal year 2020.

Using the KDDI Industrial Waste Management Guidelines, we hold regular inspections each year of the industrial waste management companies that we have consigned to dispose of our industrial waste. Additionally, once a year, we hold onsite checks of recycling companies that perform mobile phone disassembly.

We inform each company of the results as feedback. If correction is necessary, we create an action plan and work on the improvement jointly with the company.

### Initiatives to Improve Employees' Procurement Skills  [KDDI] [Activity]

| Target | Initiative details |
|---|---|
| Employees responsible for procurement | • Training program for newly appointed personnel<br>• Compliance training<br>• Recommendation to pass the grade B exam for Certified Procurement Professionals |

### Initiatives for au Shops  [KDDI] [Activity]

As of the end of March 2021, there are 186 au Style stores (including directly managed stores) nationwide, 1,917 au Shops nationwide, and 231 UQ Spot stores nationwide, all of which specialize in KDDI products and services. These shops including au Style and au/UQ mobile Shops are the place where customers actually see and experience au/UQ mobile products and services. KDDI products and services are also widely available at Toyota car dealers and electronics retail stores in addition to au Style and au Shops.

We at KDDI consider that improving the service quality of au Style, au Shops and UQ Spot—as specialty stores for a telecommunications operator—and other au distributors to be particularly important to maximizing positive customer experiences. We continue to support them in various ways to further improve skills of the staff.

Since training staff is essential to improving the service quality of all distributors, we help the staff learn effectively through e-learning in which they can gain basic operational knowledge and new product information and online sales training. We also implement a qualification system to evaluate staff skills and store management capabilities and encourage their sales efforts to achieve high customer satisfaction by awarding the titles "Advisor," "Master," and "Expert." Additionally, we will introduce a certification system for "education managers" to support the development of human resources at sales agents. Moreover, we hold the "CX AWARD," an annual contest to present various initiatives at au Style and au Shops, and share praise and good practices.

Moreover, KDDI employees periodically conduct data security audits at au Shops and provide feedback based on the audit results. In this way, we are working to raise security awareness among staff handling personal information and to improve the accuracy of operations.

### Support for Distributors  [KDDI] [System]

We at KDDI support our distributors in their various business activities. This includes our support when they open or move to new locations, in organizing staff, and in staff capacity building through various in-store staff training and qualification exams.

In its agreement with distributors, KDDI requires them to have no involvement in anti-social forces, engage in fair trade practices and conduct proper business activities.

#### ■ Major Education and Training Activities

| Target | Initiative details | Frequency |
|---|---|---|
| For distributors' management | Sales role-playing training session using examples of inappropriate conducts (Expected good practices to be cascaded by distributors' management to their staff) | Once a year |
| For in-store staff | E-learning "Compliance General Course" Distribution of various training materials (examples of misconducts, etc.) | Once a year |
| For in-store staff | Awareness raising through Compliance Video | Once a year |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | **Materiality 6**

## Materiality 6

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy  ● Zero emissions and 3Rs  ● Reduction of society's impact on environment through ICTs

### KDDI's Approach
**KDDI Group** | Policy

#### Social Issue

In 2015, the world adopted the Paris Agreement, which calls for a global effort to hold the increase in global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C. Many countries around the world have set targets related to climate change and are working to address it. In addition, the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) were released in 2017, and the Corporate Governance Code, which was revised in 2021, calls for sustainability initiatives and disclosure. As part of responses to climate change, companies around the world are required to set GHG emission reduction targets and to take and disclose measures against global warming.

#### Our Risks and Opportunities

With responses to intensifying disasters caused by the impact of global warming becoming a social issue, KDDI, and the wider telecom carriers, must also consider its impact on the environment when making capital investments and developing services.

Each country and region has regulations and measures that influence corporate business activities, such as energy-saving standards, carbon taxes, and emissions trading. We consider such regulations and measures as potential risks to business continuity and growth.

In order to comply with these regulations, we are building environmentally responsible bases, as well as providing services that save energy and reduce society's environmental impact through the use of ICTs, creating an opportunity for our business growth.

#### Management Framework
**KDDI Environmental Charter**
● Manifesto

KDDI Group recognizes the importance of fulfilling its duty as a responsible global corporate citizen to conserve and protect the Earth's irreplaceable environment so that it can be inherited by future generations. We are committed to pursuing our business in eco-conscious ways, through programs of activities that span the entire group companies.

● Action Guidelines
1. We will strive to evaluate the quantitative impact of our activities as a company on the global environment, implement effective environmental protection programs and continuously improve these programs. Specifically, we will:
   (1) Develop and operate environmental management systems necessary to make continuous improvements in such environmental fields as energy conservation, resource conservation and waste reduction.

(2) Comply with environmental laws, ordinances and other regulations and requirements.

In particular, we will promote measures to reduce our electricity consumption from the perspective of preventing global warming.
(3) Promote communication through the appropriate disclosure of information.
2. We will strive to develop and offer services that reduce the environmental impact through the use of next-generation information technologies.
3. We will contribute to the development of a recycling-oriented society by promoting measures to mitigate and reduce the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
4. We will promote corporate purchasing policies that favor eco friendly products and equipment.
5. As a responsible corporate citizen, we will contribute to society and local communities through activities that promote an affluent society that is in harmony with the environment.

### FY2021 Material KPIs
**KDDI Group** | Policy

☑ FY2021 Material KPIs

### Moving Forward
**KDDI Group** | Policy

● Energy efficiency improvement and utilization of clean energy
● Zero emissions and 3Rs
● Reduction of society's impact on environment through ICTs

### Initiatives
**KDDI Group** | Policy

● KDDI Sustainable Action ➡ P.16-19
● Environmental Management ➡ P.75-81
● Environmental Performance ➡ P.82-89

---

# Environmental Management

### KDDI's Approach (Environment)
**KDDI Group** | Policy

Our attitude toward environmental conservation is defined in the KDDI Environmental Charter, which regulates the Manifesto (Approach to Global Environmental Problems), which is its highest concept, and the Action Guidelines for setting the direction of its concrete initiatives.

☑ KDDI Environmental Charter

### Net-Zero CO₂ Emissions by 2050
**KDDI** | Policy

KDDI declared in the KDDI Sustainable Action, KDDI's SDGs formulated in May 2020 with an eye to the year 2030, that we would proactively drive a shift to renewable energy to substantially achieve net-zero $CO_2$ emissions by 2050 and reduce the environmental burden on society through the use of ICT.

### The Fourth Environmental Conservation Plan: KDDI GREEN PLAN 2030
**KDDI** | Policy

We are promoting a new Environmental Conservation Plan: KDDI GREEN PLAN 2030. This long-term plan is based on the objectives of the Paris Agreement adopted at COP21 in 2015 and Japan's Plan for Global Warming Countermeasures. In July 2021, we raised our target for our own $CO_2$ emissions (7% reduction from fiscal year 2013) to 50% reduction from fiscal year 2019. In order to achieve carbon neutrality, we continue our efforts to reduce $CO_2$ emissions by utilizing renewable energy and implementing other measures. We will disclose our progress each year as well as improve and revise the plan when we need to.

☑ 50% Reduction of Our Own CO₂ Emissions by FY2030 toward Realization of Carbon Neutrality (Japanese only)
☑ KDDI GREEN PLAN 2017-2030 FY2020 Results

**KDDI GREEN PLAN 2030**

**Climate Action**
- Reduce KDDI's (Japan, non-consolidated) $CO_2$ emissions by 50% in FY2030 compared to FY2019[*1]
- Use renewable energy, and upgrade to highly energy-efficient data centers and mobile phone base stations, etc.
- Contribute to reductions in society's $CO_2$ emissions by providing KDDI's information and communication technology (ICT) services

[*1] This FY2030 target for $CO_2$ emission reductions is on the path for KDDI to achieve net-zero $CO_2$ emissions by 2050. In order to achieve this target, KDDI will make use of various approaches to reduce $CO_2$ emissions, including the use of renewable energy.

**Creating a Society with Material Circularity**
- Maintain zero emissions from retired telecommunication facilities[*2]
- Maintain material recycling rate of 99.8% for used mobile phones

[*2] Zero emissions are defined as a final disposal rate of 1% or less.

**Conservation of Biodiversity**
- Active promotion of initiatives using ICTs to conserve ecosystems

#### KDDI's Initiatives toward Carbon Neutrality

☑ KDDI and Nokia Agreed on the First Demonstration Test in Japan to Reduce Base Station Power Consumption by up to 50% with AI Control (Japanese only)
☑ KDDI, Mitsubishi Heavy Industries, NEC Networks & System Integration Corp. Started Demonstration Tests for Utilization of Immersion Cooling Equipment and Realization of Small Data Centers (Japanese only)
☑ au Denki Started Offering an "Eco Plan" with a Real 100% Renewable Energy Ratio from 1 September, Which Allows Customers to Donate 2% of Their Electricity Bill to Environmental Conservation Activities (Japanese only)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | **Materiality 6**

## Materiality 6

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy ● Zero emissions and 3Rs ● Reduction of society's impact on environment through ICTs

## Environmental Management

### Responses to the TCFD Recommendations

KDDI | Policy & System

KDDI announced our support for the Task Force on Climate-related Financial Disclosure (TCFD) in April 2021. We will strive to proactively disclose information based on the disclosure framework of governance, strategy, risk management and metrics and targets in accordance with the TCFD recommendations. We will also take concrete measures to address climate change and put them into actions.

#### Governance

KDDI has the Sustainability Committee, chaired by the President and consisting of key members of the Board of Directors etc., to deliberate on issues related to sustainability such as the resolution of social issues through businesses (SDGs), social contributions, and measures against climate change. The Committee is responsible for following up on and discussing important issues and initiatives related to climate change at KDDI, monitoring risks and opportunities, and approving reports and other matters. In the first half of the fiscal year, the Committee confirms the previous fiscal year's performance against targets, analyzes the causes and confirms countermeasures in the event that targets have not been achieved. In the second half of the fiscal year, it confirms the progress of the current fiscal year's targets and sets targets for the next fiscal year.

In addition, the Board of Directors receives reports from the Sustainability Committee on climate change every quarter, and supervises and directs the implementation of measures for important issues and initiatives.

#### Strategy

In May 2020, KDDI announced the KDDI Sustainable Action, KDDI's SDGs with an eye on 2030, and declared that we would aim to improve energy efficiency and achieve net-zero $CO_2$ emissions by 2050, regarding conservation of the environment as one of the social issues. Specifically, we carried out two types of analyses: the 2°C scenario in which a carbon-free society will be rapidly realized (the increase in the global average temperature is held at 2°C above pre-industrial levels) in response to the Paris Agreement adopted at COP21, and the 4°C scenario in which physical impact will become apparent due to lack of measures against climate change (the increase in the global average temperature is held at 4°C above pre-industrial levels). As a result, we announced the upward revision of our $CO_2$ emissions reduction target in July 2021 and raised it to "50% reduction in $CO_2$ emissions by FY2030 compared to FY2019," believing that it was necessary to implement activities based on a target of higher standards than "7% reduction in $CO_2$ emissions by FY2030 compared to FY2013" announced in March 2017. At the same time, we renamed the KDDI Environmental Conservation Plan "KDDI GREEN PLAN 2017-2030" set out in March 2017 into "KDDI GREEN PLAN 2030" and announced that we would further contribute to environmental conservation by promoting climate action, creation of a recycling-oriented society and conservation of biodiversity under the KDDI Environmental Charter.

#### ■ Scenario Analysis Results

The 2°C scenario in which a carbon-free society will be rapidly realized (a future in which the goal to hold the increase in the global average temperature below 2°C (including 1.5°C scenario) above pre-industrial levels is achieved)

Reference: IEA (International Energy Agency) World Energy Outlook 2018 Sustainable Development Scenario (SDS), IEA Energy Technology Perspectives 2017 Beyond 2°C Scenario (B2DS), ETP (Energy Technology Perspectives) 2017, 2020

| Analysis of Transition Risks | | KDDI's Risks | KDDI's Responses |
|---|---|---|---|
| Policy and Legal | Carbon Tax | Carbon taxation risk *1 | Planning to switch from fossil fuel power to renewable energy power |
| | Tokyo Metropolitan Ordinance/ Emission Regulations | Risk of increased costs of buying credits (allowances) for unachieved $CO_2$ emission reductions | Purchase of emission credits for the second plan period to compensate for the expected unachieved emission reduction in the third plan period (approx. 50,000 t-$CO_2$) |
| | Introduction of New Technologies to Reduce Power Consumption and $CO_2$ Emissions | Risk of increased costs for AI technology at base stations, development of new energy-saving technologies for various facilities, CCUS*2 development, etc. | Investment in the development of various technologies |
| | Market and Reputation | Risk of losing corporate reputation and subscribers due to unmet targets and delays in renewable energy initiatives | Planning to switch from fossil fuel power to renewable energy power |

*1: Since the estimated $CO_2$ emissions in FY2030 are approximately 500,000 tons-$CO_2$, in the case of carbon tax of 7,700 yen/t-$CO_2$, it is assumed that an annual tax of about 3.85 billion Yen will be levied.
*2: Carbon dioxide Capture, Utilization and Storage

The 4°C scenario in which physical impact will become apparent due to lack of measures against climate change (the increase in the global average temperature is held at 4°C above pre-industrial levels)

Reference: IPCC (Intergovernmental Panel on Climate Change) Fifth Assessment Report

| Analysis of Physical Risks | | KDDI's Risks | KDDI's Responses |
|---|---|---|---|
| Acute Risk | Increase in severity and frequency of disasters caused by extreme weather (typhoons, floods, etc.) | Risk of increased costs such as personnel expenses for emergency recovery in order to respond quickly to the restoration of the communication network | Preparation for efficient recovery operations by reviewing the BCP*3 and conducting disaster recovery drills |
| Chronic Risk | Increase in average temperature | Risk of increased air-conditioning power usage in data centers to cool servers entrusted to us by our customers | Installation of high-efficiency air conditioning systems and replacement with renewable energy power |

*3: Business Continuity Plan

#### Risk Management
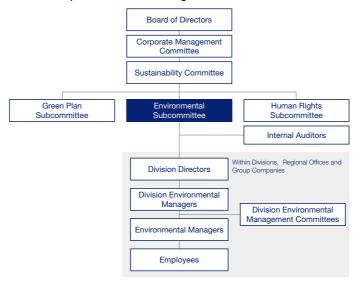
The Corporate Risk Management Division, which is in charge of risk management for the KDDI Group, identifies risks twice a year including those related to climate change and all operational risks that could have a significant impact on our financial and management strategies. Of the risks identified, those related to climate change are managed using an environmental management system (EMS) approach, utilizing the ISO environmental management system. With regard to the risks to be managed, each relevant department sets quantitative annual targets for risk reduction and evaluates the progress on a quarterly basis. Issues pointed out in the progress evaluation are reported to the Environment Subcommittee, a subcommittee of the Sustainability Committee, and risks and opportunities related to the entire company and all divisions are discussed and approved by the Sustainability Committee.

#### Metrics and Targets

Since the fiscal year 2012, KDDI has been calculating the greenhouse gas emissions of our supply chain (Scopes 1, 2, and 3 for KDDI alone) to quantitatively understand its environmental impact and manage the risks and opportunities that climate change poses to the company. The following metrics and targets were announced in July 2021, and we will continue to promote activities to reduce greenhouse gas emissions.

| | Categories | Emissions in FY2019 (t-$CO_2$) | Targets |
|---|---|---|---|
| Scope 1 | Direct GHG emissions that occur from sources that are controlled or owned by the organization | 6,581 | by FY2030 50% reduction compared to FY2019 |
| Scope 2 | Indirect GHG emissions associated with the usage of electricity, heat and steam provided by external actors | 1,041,559 | by FY2030 50% reduction compared to FY2019 |
| Scope 3 | Indirect GHG emissions other than Scope 2 (emissions by external actors related to the organization's activities) | 5,410,384 | by FY2030 14% reduction compared to FY2019 |

#### ■ KDDI Group's Environmental Management Structure



### Internal Environmental Audits

KDDI Group | System

We at KDDI Group conduct internal environmental audits as required by ISO 14001. Auditors are selected from each regional office by the Sustainability Department to ensure objectivity and independence.

In fiscal 2020, 16 divisions and 35 offices in KDDI and group companies were audited. Referring to the internal environmental audit results of fiscal 2019, emphasis was placed on (1) reflecting each corporate issue to its environmental targets, (2) compliance with environmental laws and regulations, and (3) EMS operation. Self-checks using a check sheet were conducted along with audit interviews by auditors. There were no non-conformances, and eight items requiring improvement or receiving proposals.

**KDDI Group ISO 14001 Certification Acquisition (certified by Japan Quality Assurance Organization, JQA)**
As of the end of March 2021:

KDDI Corporation, OKINAWA CELLULAR TELEPHONE COMPANY, KDDI Research, Inc., KDDI Technology Corporation, KDDI Engineering Corporation, Japan Telecommunication Engineering Service Co., Ltd., KDDI Foundation, Telehouse International Corporation of Europe Ltd. (U.K.), Chubu Telecommunications Co., Inc., KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, Kokusai Cable Ship Co., Ltd., 15 companies/organizations in total are certified

🔗 ISO 14001 Certification

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | **Materiality 6**

## Materiality 6

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy  ● Zero emissions and 3Rs  ● Reduction of society's impact on environment through ICTs
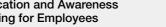
## Environmental Management

### Compliance with Environmental Laws and Regulations
**KDDI Group** | System & Results

**Compliance with Various Environmental Management Laws and Regulations**

In order to prevent or reduce environmental impacts by our business activities, we strictly comply with national environmental laws and regulations, as well as with local ordinances and agreements. In KDDI, there were no violations of environmental laws and regulations in fiscal 2020. There were no environmental contaminations, such as leakage or outflow of hazardous substances either.

<Related Laws and Regulations>
- Act on the Rational Use of Energy
- Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
- Waste Management and Public Cleansing Act
- Act on Rational Use and Proper Management of Fluorocarbons
- Law Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes

**Appropriate Processing of PCB-Containing Equipment**

In accordance with the PCB Management Rules set out for the purpose of proper management of PCBs and prevention of accidents, KDDI is promoting the disposal of retired equipment that contains PCBs. We are continuing to dispose of remaining equipment containing high-concentration PCBs and low-concentration PCBs.

■ Status and Future Plans for Disposal of Equipment Containing PCBs
(as of July 2021)                                                                Unit: t

|  | Disposal amount in FY2020 | Remaining amount yet to be disposed | Planned disposal time |
|---|---|---|---|
| Equipment containing high-concentration PCBs | 0 | 0.253 | Disposed by the end of December 2021 |
| Equipment containing low-concentration PCBs | 2.243 | 11.0 | Disposed by the end of September 2022 |

### Cooperation with Business Partners
**KDDI** | System

We continuously make our base stations lighter in weight and more energy efficient. As 5G networks process larger volume of data (traffic) than 4G networks, electricity consumption would significantly increase with the existing system. Therefore, we work with the suppliers of equipment for base stations to develop equipment lighter in weight and more energy efficient. We are introducing the most advanced 4G and 5G base stations, reducing weight by approximately 40% and electricity consumption by approximately 19%, compared to conventional 3G and 4G base stations. We will continue to work with business partners to reduce our environmental impacts.

### Education and Awareness Raising for Employees
**KDDI Group** | Activity & Results

We believe that enhancing the environmental awareness of all employees and encouraging them to better understand environmental issues are essential to promote our environmental activities.

| Initiatives | Target | Details / Results |
|---|---|---|
| Briefing session at the beginning of the term | Persons responsible for environmental ISO of KDDI Group | Themes: KDDI's environmental management system (EMS), environmental laws and regulations, details of new regulation revisions. Participants: Attended by 16 representatives from 9 out of 10 departments (90% of target departments) and 19 representatives from 8 out of 11 group companies (73% of target companies) |
| Training of internal Environmental auditors | | Held study sessions to train 2 auditors |
| e-learning | All employees of KDDI Group | Themes: "Let's understand the KDDI Sustainable Action and put it into actions!" Trainees: 11,801 (98.0% of the targets) |

### Acquiring the Eco ICT Mark
**KDDI** | Activity

KDDI has acquired the Eco ICT Mark established by the ICT Ecology Guideline Council* to work toward improving environmental consciousness and reducing environmental impacts.

*A council aiming for establishing energy conservation indices and other standards to be referenced when procuring ICT devices and data centers

### Promoting Green Procurement
**KDDI** | Policy

We formulated the KDDI Green Procurement Guidelines to promote purchasing of more environmentally conscious products and business equipment (communication devices, air conditioning systems and power supply facilities) with high energy-saving performance. The Guidelines target the devices defined in the latest Ecology Guideline for the ICT Industry specified by the ICT Ecology Guideline Council.

We also apply the KDDI Sustainable and Responsible Procurement Guidelines to our business partners and follow up on their response toward environmental management, using the Responsible Procurement Surveys.

↗ KDDI Green Procurement Guidelines (Japanese only)
↗ KDDI Sustainable and Responsible Procurement Guidelines
↗ Supply Chain Management

**Response to Act on Promoting Green Procurement**
KDDI has a lineup of products that meet the requirements of the Japanese government's Law on Promoting Green Purchasing.

↗ State of Compliance with Act on Promoting Green Procurement (Japanese only)
↗ List of Compatible Models with Act on Promoting Green Procurement (Japanese only)
↗ Product Line-Up

### Self-Assessment Checklist for $CO_2$ Emission Reduction from Energy Conservation Efforts by Telecommunications Services Provider
**KDDI** | Results

| | | Assessment items | Implementation, measures taken |
|---|---|---|---|
| Preparation of a voluntary ecological action plan | 1 | Has a voluntary ecological action plan stipulating various efforts directed at reducing $CO_2$ emissions through energy conservation been created and is it being executed? | We have formulated and are implementing medium-term environmental conservation plans based on the KDDI Environmental Charter ↗ KDDI Environmental Charter |
| | 2 | Does the ecological policy include specific efforts stipulating numerical targets for the reduction of $CO_2$ emissions through energy conservation? | The fourth environmental conservation plan (KDDI GREEN PLAN 2030) included the following targets: • 50% reduction in $CO_2$ in FY2030 compared to FY2019 for KDDI (in Japan, non-consolidated) • Utilize renewable energy and construct highly energy-efficient data centers, mobile phone base stations, etc. • Contribute to reductions in society's $CO_2$ emissions by providing KDDI's ICT services • Maintain zero emissions from retired telecommunication facilities Achieve final disposal rate of 1% or less (Zero emissions is defined as having a final disposal rate of 1% or less) • Maintain material recycling rate of 99.8% for post-consumer mobile phones • Actively promote initiatives that use ICTs to conserve ecosystems ↗ The Fourth Environmental Conservation Plan: KDDI GREEN PLAN 2030 |
| | 3 | Is the ecological policy documented and disseminated inside and out-side of the company? Does the company carry out activities to inform and enlighten its employees? Is the company working to raise ecological awareness? | • The environmental conservation plan is disclosed within and outside the company in the Sustainability Report and on the corporate website • We also provide e-learning program and internal seminars for employees as needed **Education and Awareness Raising for Employees ➡ P.78** |
| | 4 | Does the company disclose to the general public its activities and data such as $CO_2$ emission reduction? | The progress toward the achievement of the trend targets for the medium-term environmental conservation plan is disclosed in the Sustainability Report and on the corporate website |
| Efforts relating to procurement | 5 | In regard to ICT equipment and data center services, has the company prepared a procurement standard based on assessment standards specified in this Guideline? Is procurement carried out in accordance with the standard? | We conduct procurement activities in accordance with the KDDI Green Procurement Guidelines **Promoting Green Procurement ➡ P.78** |
| | 6 | Is the company cognizant of energy conservation in procuring office equipment, supplies and logistics (e.g., green purchasing)? | KDDI promotes green purchasing under the ↗ Supply Chain Management |
| Promotion regime | 7 | In relation to efforts to reduce $CO_2$ emissions through energy conservation, has the company assigned a person or department to be responsible for such matters? | The Sustainability Department was established |
| | 8 | Is there a regime in place using internal audits or other means to keep appropriate track of the implementation of measures and achievement of targets set forth in the voluntary ecological action plan? | We monitor the implementation and the achievement level, conduct inspections and improve through internal audits under the Environmental ISO Management System |
| Other ecological activities | 9 | Are ecologically friendly efforts being made other than activities to save energy? | We consider the promotion of 3Rs (Reduce, Reuse, Recycle) to also be a significant issue and are committed to the following initiatives: • Promotion of recycling communication facilities and achieving higher recycling rate • Promotion of recycling post-consumer mobile phones and achieving higher recycling rate • Reduction in paper resource use via Green by ICTs (Bill on Web, KDDI paperless fax service, slimmed down au mobile phone manual, compact individual packaging, etc.) • Reduction in office waste and achieving higher recycling rate We are also engaged in improving the supply chain by dealing with Scope 3 and promoting LCA and in conserving biodiversity. ↗ Environmental Performance (Carbon Neutrality) ↗ Environmental Performance (Recycling-Oriented Society) ↗ Environmental Performance (Biodiversity) |
| | 10 | Is the company involved in ecological preservation activities in collaboration with local communities? | We implement environmental conservation activities across Japan, together with our employees and local stakeholders such as local authorities and NPOs ↗ Environmental Conservation Activities by Employees |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

## Materiality 6

# An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs
- Reduction of society's impact on environment through ICTs

## Environmental Management

### Environmental Accounting    KDDI Group | Policy

We have implemented environmental accounting since 2010 as an effective measure to quantitatively evaluate the costs and results of our environmental activities.

We analyze calculated costs and results to conduct more efficient environmental management.

<FY2020 Scope of Environmental Accounting>
Period: April 1, 2020 to March 31, 2021
Scope of calculation: KDDI and 28 major group companies*
Calculation standard: Environmental Accounting Guidelines 2005 formulated by the Japan's Ministry of the Environment, KDDI Environmental Accounting Guidelines

Unit: million yen

| Environmental protection costs | | Transaction examples | FY2018 | | FY2019 | | FY2020 | | Change from previous year | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | Investment | Cost | Investment | Cost | Investment | Cost | Investment | Cost |
| Business operation area costs | Pollution prevention costs | Pollution prevention costs stipulated by laws, costs for proper disposal of PCB, etc. | 0 | 27 | 0 | 1 | 0 | 0 | 0 | (1) |
| | Global environmental protection costs | Power-saving wireless equipment for mobile base stations (Investment amount is calculated proportionally based on the power-saving effect) | 220 | 18,878 | 98 | 10,034 | 19 | 2,027 | (79) | (8,007) |
| | Resource recycling costs | Reduction of paper consumption, processing and disposal of waste products | 0 | 711 | 0 | 121 | 0 | 183 | 0 | 62 |
| Upstream/downstream costs | | Collection, recycling and reuse of merchandise and products | 0 | 991 | 0 | 1,277 | 0 | 1,231 | 0 | (46) |
| Management costs | | Operation and updating of environmental ISO standards, disclosure of environmental information | 0 | 137 | 0 | 114 | 0 | 98 | 0 | (16) |
| R&D costs | | R&D of technology, equipment, handsets, products and services conducive to reducing the environmental impacts | 0 | 47 | 0 | 0 | 0 | 85 | 0 | 85 |
| Social activity costs | | Donations and support for forest conservation activities and to environmental conservation groups | 0 | 50 | 0 | 37 | 0 | 15 | 0 | (22) |
| Environmental damage restoration costs | | Asbestos survey | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | | | 220 | 20,841 | 98 | 11,584 | 19 | 3,639 | (79) | (7,945) |

*mediba Inc., KDDI Research, Inc., KDDI Technology Corporation, KDDI Engineering Corporation, KDDI Evolva Okinawa Inc., KDDI Challenged Corporation, KDDI MATOMETE OFFICE CORPORATION, KDDI MATOMETE OFFICE HIGASHINIHON CORPORATION, KDDI MATOMETE OFFICE CHUBU CORPORATION, KDDI MATOMETE OFFICE KANSAI CORPORATION, KDDI MATOMETE OFFICE NISHINIHON CORPORATION, OKINAWA CELLULAR TELEPHONE COMPANY, Okinawa Telecommunication Network Co.,Inc., Japan Telecommunication Engineering Service Co., Ltd., Chubu Telecommunications Co., Inc., Kokusai Cable Ship Co., Ltd., UQ Communications Inc., BIGLOBE Inc., TELEHOUSE International Corp. of Europe Ltd. (UK), TELEHOUSE International Corp. of Europe Ltd. (France), TELEHOUSE International Corp. of America (US), TELEHOUSE Deutschland GmbH (Frankfurt), HKCOLO. NET Ltd. (Hong Kong), TELEHOUSE Beijing BEZ Co., Ltd. (Beijing), TELEHOUSE Beijing BDA Co., Ltd. (Beijing), TELEHOUSE Shanghai Co., Ltd. (Shanghai), KDDI Singapore Pte Ltd. (Singapore), TELEHOUSE International Corp. of Vietnam (Hanoi)

| 1. Environmental conservation benefits (physical) | | | Indicator category | | FY2018 | FY2019 | FY2020 | Change from previous year |
|---|---|---|---|---|---|---|---|---|
| (1) Benefits for business operation area | 1) Benefits related to resources input in business activities | | Electricity usage | Unit: MWh | 2,930,568 | 3,079,800 | 3,201,028 | 121,228 |
| | | | Paper usage | Unit: ton | 11,012 | 9,602 | 8,854 | (748) |
| | | | Paper reduced by Bill on Web | Unit: ton | 4,040.6 | 4,207.3 | 4,962.0 | 754.7 |
| | 2) Benefits related to waste or environmental impact originating from business activities | | Greenhouse gas emissions* | Unit: t-CO2 | 1,395,453.2 | 1,377,299.9 | 1,322,857.5 | (54,442.4) |
| | | | Industrial waste emissions related to telecommunications facilities and buildings | Unit: ton | 3,303 | 3,753 | 3,349 | (404) |
| (2) Benefits for upstream/ downstream costs | Benefits related to goods and services produced from business activities | | Number of post-consumer mobile phones and other devices collected | Unit: 10,000 units | 288 | 279 | 258 | (21) |

*The CO2 emissions are calculated using the emission factors furnished by electric utility operators. (Emissions from heat, steam and hot and chilled water consumption are included.)

Unit: million yen

| 2. Economic benefits of environmental conservation measures (yen) | Substantial benefits (Major effects) | FY2018 | FY2019 | FY2020 | Change from previous year |
|---|---|---|---|---|---|
| Revenues | Revenues gained by disposal of telecommunications facilities and buildings | 134.6 | 140.3 | 4,665.4 | 4,525.1 |
| Cost reductions | Reduction in energy costs by introducing low-pollution vehicles | 36.6 | 35.5 | 32.7 | (2.8) |
| | Reduction in costs of new purchases by reusing old telecommunications facilities | 2,929.5 | 4,850.6 | 2,650.2 | (2,200.4) |
| Total | | 3,100.6 | 5,026.4 | 7,348.2 | 2,321.8 |

### KDDI Targets for FY2030: Consolidated data

| Consolidated electricity consumption | Unit: MWh | 3,513,024 |
|---|---|---|
| Consolidated water resource input (basic unit) | Unit: 1,000 m³ / person | 0.012 |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | **Materiality 6**

**Materiality 6**

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy　● Zero emissions and 3Rs　● Reduction of society's impact on environment through ICTs
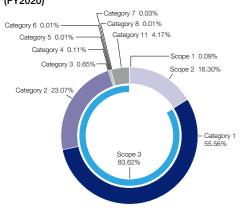
## Environmental Performance

### Understanding Environmental Impact (Non-consolidated)

KDDI | Activity & Results

In order to quantitatively understand and share information about our environmental impact, we have calculated our supply chain greenhouse gas emissions (Scopes 1, 2 and 3) in adherence with various guidelines* since fiscal 2012.

In our fiscal 2020 business activities, Scope 3 accounted for 83.62% of total greenhouse gas emissions (Scopes 1, 2, and 3). When viewed by category, Categories 1 and 2 have continued to make up large portions as in the previous fiscal year. Additionally, in order to ensure the reliability of calculations, the results of Scopes 1 and 2 were subjected to independent third party guarantee by Lloyd's Register Quality Assurance Limited, while the results of Scope 3 received third party verification from Waseda University.

*Green Value Chain Platform

■ Comparison of $CO_2$ Emissions Ratio of Each Category (FY2020)



- Category 7 0.03%
- Category 8 0.01%
- Category 6 0.01%
- Category 5 0.01%
- Category 11 4.17%
- Category 4 0.11%
- Category 3 0.65%
- Scope 1 0.09%
- Scope 2 16.30%
- Category 2 23.07%
- Category 1 55.56%
- Scope 3 83.62%

■ $CO_2$ Emissions and the Proportion of Each Category (Coverage: KDDI, non-consolidated basis)

| | | | FY2012 | | FY2013 | | FY2014 | | FY2015 | | FY2016 | | FY2017 | | FY2018 | | FY2019 | | FY2020 | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Third-party guarantee for Scope 1 emissions and Scope 2 emissions | | | × | | × | | × | | ○ | | ○ | | ○ | | ○ | | ○ | | Planning to obtain in March 2022 | |
| Third-party verification of Scope 3 emissions | | | ○ | | ○ | | ○ | | ○ | | ○ | | ○ | | ○ | | ○ | | ○ | |
| Category | | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | | $CO_2$ emissions | |
| | | | t | % | t | % | t | % | t | % | t | % | t | % | t | % | t | % | t | % |
| Scope 1[1] | | All direct GHG emissions | 2,846 | 0.06 | 3,472 | 0.06 | 4,610 | 0.08 | 5,225 | 0.10 | 5,288 | 0.09 | 5,700 | 0.09 | 6,539 | 0.12 | 6,581 | 0.10 | 5,709 | 0.09 |
| Scope 2[2] | | Indirect GHG emissions from consumption of purchased electricity, heat or steam | 948,612 | 18.55 | 954,260 | 16.34 | 1,060,466 | 18.27 | 1,064,033 | 19.37 | 1,020,257 | 17.83 | 1,073,088 | 17.67 | 1,058,143 | 18.98 | 1,041,559 | 16.13 | 1,050,417 | 16.30 |
| Scope 3[3] | Category 1 | Purchased goods and services | 2,733,364 | 53.46 | 3,343,506 | 57.26 | 3,306,863 | 56.96 | 3,236,999 | 58.91 | 3,507,745 | 61.29 | 3,818,806 | 62.89 | 3,347,946 | 60.05 | 3,529,472 | 54.65 | 3,581,713 | 55.56 |
| | Category 2 | Capital goods | 952,799 | 18.63 | 1,093,184 | 18.72 | 1,053,203 | 18.14 | 776,711 | 14.14 | 815,893 | 14.26 | 828,675 | 13.65 | 875,318 | 15.70 | 1,584,908 | 24.54 | 1,486,988 | 23.07 |
| | Category 3 | Fuel- and energy-related activities not included in Scopes 1 and 2 | 34,439 | 0.67 | 31,480 | 0.54 | 34,967 | 0.60 | 35,379 | 0.64 | 34,913 | 0.61 | 35,280 | 0.58 | 37,104 | 0.67 | 40,188 | 0.62 | 41,729 | 0.65 |
| | Category 4 | Upstream transportation and distribution | 8,261 | 0.16 | 4,994 | 0.09 | 7,003 | 0.12 | 7,370 | 0.13 | 8,706 | 0.15 | 12,101 | 0.20 | 8,777 | 0.16 | 7,408 | 0.11 | 7,183 | 0.11 |
| | Category 5 | Waste generated in operations | 921 | 0.02 | 588 | 0.01 | 500 | 0.01 | 681 | 0.01 | 583 | 0.01 | 1,043 | 0.02 | 710 | 0.01 | 413 | 0.01 | 464 | 0.01 |
| | Category 6 | Business travel | 5,154 | 0.10 | 5,080 | 0.09 | 4,590 | 0.08 | 4,831 | 0.09 | 5,314 | 0.09 | 6,327 | 0.10 | 5,012 | 0.09 | 4,955 | 0.08 | 662 | 0.01 |
| | Category 7 | Employee commuting | 3,497 | 0.07 | 2,671 | 0.05 | 5,031 | 0.09 | 4,574 | 0.08 | 4,642 | 0.08 | 4,332 | 0.07 | 4,034 | 0.07 | 5,043 | 0.08 | 1,897 | 0.03 |
| | Category 8 | Upstream leased assets | 1,751 | 0.03 | 1,519 | 0.03 | 1,367 | 0.02 | 1,309 | 0.02 | 1,209 | 0.02 | 1,092 | 0.02 | 1,133 | 0.02 | 784 | 0.01 | 514 | 0.01 |
| | Category 9 | Downstream transportation and distribution | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Category 10 | Processing of sold products | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Category 11 | Use of sold products | 419,922 | 8.21 | 397,324 | 6.80 | 325,364 | 5.60 | 356,359 | 6.49 | 318,023 | 5.56 | 285,294 | 4.70 | 229,913 | 4.12 | 237,008 | 3.67 | 268,754 | 4.17 |
| | Category 12 | End-of-life treatment of sold products | 1,451 | 0.03 | 819 | 0.01 | 1,606 | 0.03 | 886 | 0.02 | 363 | 0.01 | 426 | 0.01 | 344 | 0.01 | 205 | 0.00 | 150 | 0.00 |
| | Category 13 | Downstream leased assets | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Category 14 | Franchises | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | Category 15 | Investment | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 | 0 | 0.00 |
| | | | 4,161,559 | 81.39 | 4,881,165 | 83.60 | 4,740,494 | 81.65 | 4,425,099 | 80.54 | 4,697,391 | 82.08 | 4,993,376 | 82.23 | 4,510,291 | 80.90 | 5,410,384 | 83.77 | 5,390,054 | 83.62 |
| Total | | | 5,113,017 | 100 | 5,838,897 | 100 | 5,805,569 | 100 | 5,494,357 | 100 | 5,722,936 | 100.00 | 6,072,164 | 100.00 | 5,574,974 | 100.00 | 6,458,524 | 100.00 | 6,446,179 | 100.00 |

[1] Heavy oil (crude oil), diesel, kerosene, town gas
[2] The $CO_2$ emissions for power consumption are calculated using the emission factors furnished by electric utility operators. (Emissions from heat, steam, and hot and chilled water consumption are included.)
[3] Uses emission coefficients indicated in Japan's Ministry of the Environment's Overview of Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | **Materiality 6**

## Materiality 6

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy　● Zero emissions and 3Rs　● Reduction of society's impact on environment through ICTs

## Environmental Performance

### Environmental Impact Data (Non-consolidated, Consolidated)

KDDI Group / Activity & Results

| | | | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Third-party guarantee for Scope 1 emissions and Scope 2 emissions | | × | × | × | × | ○ | ○ | ○ | ○ | ○ | ○ | × |
| | Third-party verification of Scope 3 emissions | | — | — | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ | ○ |
| non-consolidated | Power consumption | Unit: MWh | 1,995,042 | 2,190,787 | 1,885,703 | 1,686,480 | 1,873,293 | 1,939,115 | 1,913,747 | 2,086,626 | 2,151,456 | 2,262,524 | 2,360,349 |
| | Scope 1 emissions | Fuel | Unit: t-$CO_2$ | — | — | 2,846 | 3,472 | 4,610 | 5,225 | 5,288 | 5,700 | 6,539 | 6,581 | 5,709 |
| | Scope 2 emissions[1] | Electricity, steam and hot and cold water | Unit: t-$CO_2$ | — | — | 948,612 | 954,260 | 1,060,466 | 1,064,033 | 1,020,257 | 1,073,088 | 1,058,143 | 1,041,559 | 1,050,417 |
| | Total of Scope 1 + 2 emissions | Unit: t-$CO_2$ | — | — | 951,458 | 957,732 | 1,065,075 | 1,069,258 | 1,025,545 | 1,078,788 | 1,064,683 | 1,048,140 | 1,056,125 |
| | Scope 3 emissions | Total of categories 1-15 | Unit: t-$CO_2$ | — | — | 4,161,559 | 4,881,165 | 4,740,494 | 4,425,099 | 4,697,391 | 4,993,376 | 4,510,291 | 5,410,384 | 5,390,054 |
| | Total of Scope 1 + 2 + 3 emissions | Unit: t-$CO_2$ | — | — | 5,113,017 | 5,838,897 | 5,805,569 | 5,494,357 | 5,722,936 | 6,072,164 | 5,574,974 | 6,548,524 | 6,446,179 |
| consolidated | Electric power consumption[2] | Unit: MWh | 2,110,104 | 2,315,672 | 2,038,462 | 1,889,604 | 2,296,470 | 2,438,952 | 2,438,945 | 2,992,240 | 2,930,568 | 3,079,800 | 3,201,028 |
| | Electricity consumption derived from renewable energy sources | Unit: MWh | — | — | — | — | — | — | 134,320 | 143,311 | 158,338 | 169,349 | 338,319 |
| | Scope 1 emissions | Fuel | Unit: t-$CO_2$ | — | — | 2,947 | 4,028 | 4,785 | 97,784 | 26,913 | 22,594 | 25,511 | 25,169 | 25,338 |
| | Scope 2 emissions[1] | Electricity, steam and hot and cold water | Unit: t-$CO_2$ | — | — | 1,032,629 | 1,065,979 | 1,293,637 | 1,294,969 | 1,264,479 | 1,504,142 | 1,369,942 | 1,352,131 | 1,297,520 |
| | Total of Scope 1 + 2 emissions (market-based) | Unit: t-$CO_2$ | — | — | 1,035,576 | 1,070,006 | 1,298,422 | 1,392,753 | 1,291,392 | 1,526,737 | 1,395,453 | 1,377,300 | 1,322,857 |
| | Scope 2 (location-based) | Electricity, steam and hot and cold water | Unit: t-$CO_2$ | — | — | — | — | — | — | — | — | 1,486,429 | 1,486,924 | 1,476,961 |

[1] The $CO_2$ emissions for power consumption are calculated using the emission factors furnished by electric utility operators. (Emissions from heat, steam, and hot and chilled water consumption are included.)
[2] The FY2020 data includes renewable energy sources.

| | | | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Third-party verification of water usage (non-consolidated/consolidated basis) | | × | × | × | × | × | × | ○ | ○ | ○ | ○ | × |
| | Third-party verification of industrial waste (non-consolidated/consolidated basis) | | × | × | × | × | × | × | ○ | ○ | ○ | ○ | × |
| non-consolidated | Electric power consumption per subscriber[3] | Unit: MWh | 572 | 586 | 465 | 386 | 399 | 391 | 363 | 368 | 360 | 358 | 362 |
| | Fuel consumption[4] | Unit: kiloliter | 405 | 317 | 308 | 260 | 254 | 258 | 341 | 319 | 330 | 544 | 330 |
| | Paper usage | Unit: ton | 26,287 | 19,835 | 17,924 | 43,429 | 13,303 | 11,853 | 9,691 | 7,462 | 10,853 | 9,512 | 8,798 |
| | Water usage[5] | Unit: 1,000 m³ | 1,504 | 1,649 | 1,638 | 1,864 | 2,206 | 2,159 | 1,500 | 746 | 400 | 395 | 361 |
| | Industrial waste[6] | Unit: ton | 7,833 | 2,724 | 1,401 | 1,961 | 1,813 | 1,885 | 2,464 | 2,467 | 1,927 | 1,941 | 2,403 |
| | Number of mobile phones and other devices collected by KDDI | Mobile phone main body | Unit: 10,000 devices | 235 | 229 | 181 | 154 | 163 | 141 | 148 | 134 | 125 | 118 | 112 |
| | | Batteries | | 204 | 205 | 182 | 161 | 182 | 143 | 146 | 123 | 108 | 98 | 91 |
| | | Chargers | | 109 | 99 | 83 | 72 | 79 | 65 | 66 | 57 | 54 | 63 | 54 |
| | Energy usage at equipment-related facilities | Unit: MWh | 770,058 | 760,794 | 685,885 | 664,798 | 747,016 | 779,504 | 777,273 | 816,904 | 863,416 | 903,111 | 947,611 |
| consolidated | Water usage (Water supply, recycled water, well water, excluding waste water) | Unit: 1,000 m³ | — | — | — | — | — | — | 1,740 | 1,002 | 730 | 675 | 667 |
| | Water resource usage (basic unit): Consolidated water usage/Consolidated number of employees | Unit: 1,000 m³/ person | — | — | — | — | — | — | — | — | — | 0.015 | 0.014 |
| | Industrial waste (Nonhazardous industrial waste (telecommunications equipment, normal daily waste from KDDI buildings)) | Unit: ton | 11,629 | 4,209 | 2,041 | 3,388 | 7,556 | 5,298 | 7,154 | 4,937 | 3,303 | 3,753 | 3,349 |
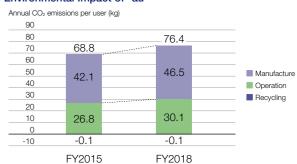
[3] The number of subscribers combines subscriptions for au and FTTH (unit: 10,000 contracts).
[4] Fuel consumption includes heavy oil, diesel and kerosene (but excludes city gas). The emission coefficient applied to GHG emissions calculation and reporting and disclosure system specified in the Act on Promotion of Global Warming Countermeasures is used.
[5] Water supply, recycled water, well water, excluding waste water
[6] Nonhazardous industrial waste (telecommunications equipment, normal daily waste from KDDI buildings)

### Implementation of Life Cycle Assessments (LCA)

KDDI / Activity & Results

We are working on LCAs that assess environmental impact by calculating $CO_2$ emitted through all processes related to products and services, including manufacture, use, disposal and recycling.* Since fiscal 2008, we have regularly conducted LCAs for the "au" and "au Hikari" brands every three years. We conducted LCAs in fiscal 2018.
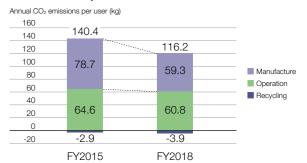
*The environmental impact from disposal and recycling are included in environmental impact from manufacture.

#### Environmental Impact of "au"

Annual $CO_2$ emissions per user (kg)



■ Manufacture
■ Operation
■ Recycling

$CO_2$ emissions per "au" user increased 11.1% from the previous assessment. $CO_2$ emissions for handsets have risen as smartphones become more ubiquitous, risen in price and gained battery capacity. Another contributing factor is the increase in wireless base stations to handle the expansion in communications traffic and greater number of frequencies used. On the other hand, energy conservation is making progress as individual wireless base stations' annual power consumption has fallen 24.5%.

#### Environmental Impact of "au Hikari"

Annual $CO_2$ emissions per user (kg)



■ Manufacture
■ Operation
■ Recycling

$CO_2$ emissions per "au Hikari" user decreased 17.3% from the previous assessment. $CO_2$ emissions have declined as computers and other devices connected to the internet have come down in price, become more energy efficient and last longer before needing to be replaced. Another factor behind the decline is that since 2016 network equipment has been getting upgraded and stations have been consolidated.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | **Materiality** | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | **Materiality 6**

## Materiality 6

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy ● Zero emissions and 3Rs ● Reduction of society's impact on environment through ICTs

## Environmental Performance

### KDDI's Approach (Carbon Neutral)　[KDDI Group] [Policy]

Greenhouse gas emissions, which are considered a cause of global warming, are increasing year by year, and reducing them is now a social issue shared by all humankind.

The utilization of ICTs enhances the efficiency of business activities, including production and consumption, and is expected to contribute to the reduction of customers' $CO_2$ emissions. As ICTs expand, however, we may face a greater environmental impact from data centers and base stations, which in turn will generate demand for the development and implementation of energy-saving facilities and equipment.

We at KDDI offer new ICT services to contribute to the reduction of $CO_2$ emissions to realize carbon neutral.

### Green Supported by ICTs　[KDDI] [Activity]

The Environmental Eco Label is granted to KDDI ICT services that contribute to reducing the environmental impact of customers and society (reducing $CO_2$ emissions).

| Environmental Eco Label services | Content |
|---|---|
| KDDI Cloud Platform Service | KDDI operates and maintains this platform, enabling customers to increase or decrease their server capacity remotely from their own offices, without having to travel to the data center where the servers are located. Furthermore, customers can reduce the amount of $CO_2$ emissions they are responsible for by transferring the servers that they install, operate and maintain themselves (on-premises environment) to the KDDI Cloud Platform Service. With this service, server operations are performed with an economy of scale unique to a telecommunications operator, enabling an approximately 38% reduction in $CO_2$ emissions per server per year in comparison to when customers operate their servers themselves. |
| TELEHOUSE Data Center Services | These data centers have high power supply capacity, highly efficient and reliable power generation equipment, energy-efficient air conditioning equipment, LED lighting, outdoor lights that use wind and solar power and other advanced, energy-efficient equipment. |
| MATOMETE KURUMATICS | A next-generation vehicle operation management service that combines telecommunications with cloud technologies, enabling the real-time checking of driving conditions. (The service ended as of March 31, 2021.) |
| KDDI IoT Cloud —Toilet Water-Saving Management | Monitors water level in each restroom utilizing IoTs to reduce water use by 40 to 50%*. * Expected values based on the actual values measured by the bulb manufacturer |
| KDDI IoT Communication Service LPWA | This telecommunications service uses LPWA technology, which utilizes KDDI's 4G LTE network. This technology reduces the power consumed by telecommunication devices and provides telecommunications coverage over a wider area. |
| au Denki RE100 Menu and Non-Carbon Menu | Under the RE100 Menu, we supply electricity that meets RE100 criteria by supplying electricity derived from renewable energy sources (including electricity under Feed-in Tariff scheme) and offsetting carbon through the purchase of J-Credit (derived from renewable energy). Under the Non-Carbon Menu, we supply electricity with zero $CO_2$ emissions derived from the electricity purchase by utilizing J-credit scheme. |

### Green of ICTs　[KDDI] [Activity]

#### Reducing Power Consumption and Undertaking Disaster Measure Initiatives at Base Stations

Electricity consumed at the au mobile phone base stations accounts for 60% of the total volume consumed by KDDI, so reducing electricity consumption at base stations is one of our topmost priorities to tackle. Also, 77% of the base stations that ceased to operate in the aftermath of 2011 Tohoku earthquake and tsunami did so because of power outages, which turned out to be a pressing issue to be addressed in disaster preparedness measures.

In regard to these issues, we promote implementing tribrid base stations* and extending the life of base station batteries to 24 hours.

*Base stations that utilize tribrid electric power control technology to efficiently supply three kinds of electric power depending on time and weather: ordinary commercial power, power generated by solar panels and "midnight" (off-peak) power saved in storage batteries.

| | Numbers as of the end of March 2021 |
|---|---|
| Tribrid base stations | 100 stations in Japan |
| Implementation of 24 hour-life base station batteries | Around 2,200 stations in Japan |

#### Demonstration Experiment to Reduce Power Consumption at Base Stations

The au mobile phone base stations have reduced power consumption by up to 50% by utilizing the AI technology capable of stopping and starting the transmitting of radio waves according to the usage status (AI-based control technology for base stations). In addition, we have started a proof of concept (PoC) in order to reduce power consumption by at least 70% by using the liquid cooling base station solution with liquid refrigerant that has improved cooling efficiency compared to conventional air cooling methods.

#### Portable Batteries

Since fiscal 2013, we have implemented portable batteries with reduced environmental impact at 12 maintenance bases throughout Japan as a substitute for the power supply vehicles used in the past to power mobile phone base stations during electricity outages.

■ Portable Battery Trial Test Results*

| Power supply vehicles | 8.2 ℓ of fuel consumed per time | $CO_2$ emissions: 21.5 kg |
|---|---|---|
| Portable Batteries | 10 kWh of power consumed per time | $CO_2$ emissions: 4.1 kg |

FY2012 Results

A reduction of 17.4 kg of $CO_2$ emissions each time
*With an approximately 10-hour base station power outage and 1 kW wireless device power consumption.

#### Renewable Energy (Internal use)

In order to promote energy conservation and $CO_2$ emissions reduction, we use natural energy sources, including solar power, at several large scale communication stations and tribrid base stations. At nine of our mobile phone base stations in Japan, almost all electric power comes from natural energy sources. The amount of natural energy produced by each tribrid base station is approximately 4.2 kWh per day*, accounting for about 18% of the power consumed at each base. We expect further reduction* of $CO_2$ emissions by 20 to 30% with the use of midnight power.

* Estimated average energy production value by six solar batteries installed in test stations during clear skies. Includes actual values measured by KDDI.

#### Renewable Energy Business

We launched solar power generation business in November 2013 with the aim of contributing to reduction of $CO_2$ emissions. We constructed solar power generation facilities on part of company-owned land in seven facilities of four locations around Japan and sell the power to electric power companies based on the Feed-in Tariff Scheme for Renewable Energy.

Unit: MWh

| | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|
| Total generated energy (sold) | 14,288 | 18,137 | 17,998 | 17,406 | 17,566 |

Since September 1, 2021, in "au Denki" electricity supply service, KDDI has offered the "eco Plan." The practical renewable energy rate of this electricity supply plan is 100%, achieving net-zero $CO_2$ emissions. The rate of renewable energy of our procured electricity has achieved 100% by supplying electricity together with non-fossil fuel energy certificates that have environmental value of not emitting $CO_2$, such as solar and wind power. The plan has introduced a system that 2% of electricity charges will be donated to conservation efforts for the global environment, which allows KDDI to work together with customers to contribute to achieving a carbon-neutral society. The subsidiary, ENERES Co., Ltd. offers eco-friendly services, such as "RE100 Menu" that supplies electricity generated only from renewable energy sources that meets the RE100 criteria and "Non-Carbon Menu" that supplies electricity without any adjusted emission coefficients, and thus has contributed to customers' initiatives to mitigate global warming through its business.

### External Recognition　[KDDI] [Results]

[External Recognition](link)

### KDDI's Approach (Recycling-Oriented Society)　[KDDI] [Policy]

In order to reduce our environmental impact from waste produced through business activities, we effectively utilize our resources to contribute to the formation of a recycling-oriented society.

### Promoting Waste Reduction　[KDDI] [Activity & Results]

We promote reuse activities that regenerate and effectively use retired telecommunications facilities. We also conduct material recycling that turns unneeded equipment and structural materials into resources. In fiscal 2020, we recycled deteriorated storage batteries installed in telephone exchange stations in test environments to utilize the materials and achieved a total recycling volume of 1,073.2 tons within KDDI. We will continue our commitment to reuse and recycle communication equipment, including base stations, retired due to regular upgrades.

| Initiatives | FY2019 Results | FY2020 Results |
|---|---|---|
| Total material recycling volume | 791.8 t | 1,073.2 t |

### Reducing Waste and Promoting Recycling　[KDDI] [Activity & Results]

| Initiatives | FY2019 Results | FY2020 Results |
|---|---|---|
| Reduction of paper by putting bills on the Web | 4,207 t | 4,962 t |

### Promotion of Plastic Reduction　[KDDI] [Activity]

Starting from late May 2021, KDDI and OKINAWA CELLULAR TELEPHONE COMPANY, have gradually switched plastic shopping bags used at au Shops, au Style shops and UQ Spot shops to paper shopping bags containing no plastic materials as part of our global environment protection initiatives. By replacing about 5,700,000 shopping bags distributed at the shops per year with those made of FSC-certified paper*, we will contribute to deforestation control and environmental conservation through the use of highly recyclable FSC-certified paper made from wood harvested from properly managed certified forests. In addition, both plastic covers for protecting shopping bags from rain and plastic bags for carrying catalogs and leaflets are also replaced with ones made of the material containing 25% biomass.

*The type of paper made from wood certified under the international initiative to deliver wood harvested from properly managed forests to consumers and return profits to producers.

[Contributing to Global Environment Conservation by Stopping the Use of Plastic Shopping Bags at au Shops and Other Shops (Japanese only)](link)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Message from Executive Officer of Sustainability | KDDI's Material Sustainability Issues | FY2020 Material KPI Results | FY2021 Material KPIs | Materiality 1 | Materiality 2 | Materiality 3 | Materiality 4 | Materiality 5 | Materiality 6

**Materiality 6**

# An Energy-Efficient, Circular Economy

● Energy efficiency improvement and utilization of clean energy   ● Zero emissions and 3Rs   ● Reduction of society's impact on environment through ICTs

## Environmental Performance

### Promotion of Mobile Phone Recycling  `KDDI Group` `Activity & Results`

Used (post-consumer) mobile phones collected from customers at au Shops are manually disassembled in secured rooms, with circuit boards, displays, cameras, plastics, screws, antennas, motors, speakers and other parts being separated. Gold, silver, copper and palladium are extracted from the circuit boards, while screws and antennas are recycled into steel products, and plastics are recycled, to the extent possible, into plastic products. When a machine is used to disassemble a mobile phone, plastics are burned up in the incineration process and so cannot be recycled.

Recycling eliminates any need for new mining and refining of mineral resources such as oil, iron, gold, silver and copper, while also reducing the amount of carbon dioxide that is generated by materials processing. Therefore, we at KDDI perform all disassembly manually to prevent recyclable resources from being wasted. On February 19, 2021, KDDI received the Resource Recycling Award of the 18th Corporate Philanthropy Award organized by the Japan Philanthropic Association for its initiatives for such material recycling and the creation of employment opportunities for people with disabilities in manual disassembly of mobile phones.
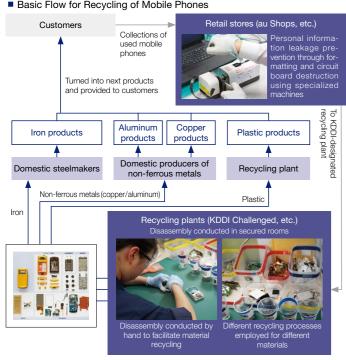
■ Performance in FY2020

| Collection performance* | Recycling rate (mobile phones) |
| --- | --- |
| 1,120,000 units | 99.8% |

*Includes main body, batteries and chargers

☑ au Shop Locator

■ Basic Flow for Recycling of Mobile Phones



☑ KDDI's Material Recycling of Mobile Phones Received the Resource Recycling Award of the 18th Corporate Philanthropy Award (Japanese only)

☑ Expanding Employment Opportunities and Advancement of Persons with Disabilities

### Approach to Water Use  `KDDI` `Policy`

There are fears of losing water resources because of increasing global population and decreasing water availability due to climate change. As disputes concerning water distribution and pollution have broken out in various locations around the world, it is significant to make efficient use of water. We are making efforts to reduce water use in our business activities as well as to offer products and services that contribute to efficient water use.

**Providing KDDI IoT Cloud—Toilet Water-Saving Management**

☑ Providing KDDI IoT Cloud—Toilet Vacancy Management and KDDI IoT Cloud—Toilet Water-Saving Management (Japanese only)

### KDDI's Approach (Biodiversity)  `KDDI` `Policy`

We have established the KDDI Action Guidelines on Biodiversity Conservation to multilaterally assess our contributions to the conservation of biodiversity. In the guidelines, we define the three principles of Preserving Diversity in Business Activities, Collaboration and Cooperation with Related Organizations and Promoting Recycling of Resources. Based on this, we continue our activities on various opportunities.

> **KDDI Action Guidelines on Biodiversity Conservation**
> - Preserving Diversity in Business Activities
>   When formulating business plans, we take into consideration the impact on the related ecosystems and local community.
> - Collaboration and Cooperation with Related Organizations
>   We strengthen collaboration and cooperation with administrative authorities, NPOs and other organizations, and undertake CSR activities using ICT.
> - Promoting Recycling of Resources
>   To prevent the depletion of bioresources and minimize degradation of the natural environment, we continuously and proactively engage in recycling of resources.

☑ KDDI Action Guidelines on Biodiversity Conservation

### "Cohabiting with Storks" Smart Agriculture Project  `KDDI` `Activity`

KDDI has teamed up Toyooka City, Hyogo Prefecture to proceed with the Smart Agriculture Project in Toyooka City since 2018. Toyooka City has worked on biodiversity-friendly rice production, the Stork-friendly Farming since 2005. The Smart Agriculture Project in Toyooka City managed to reduce manpower for water 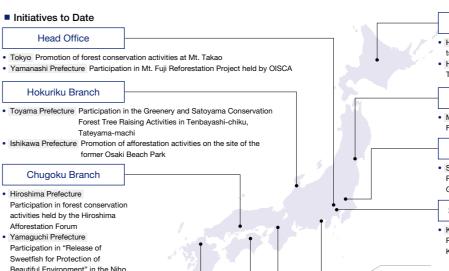management by 65% by taking advantage of KDDI's IoT technology, and is working to solve other problems. Not just to increase harvest, but also to achieve the common goal of cohabiting with storks, the local government, producers, and the company are collaborating with each other from different standpoints.

### Environmental Education for Children, "KDDI Field Guide on Plants and Forest Wildlife"  `KDDI` `Activity`

KDDI has held a class on creating a field guide on plants and forest wildlife at elementary schools since April 2018. This class is free environmental education utilizing IoT with the aim of promoting the understanding of environment protection and biodiversity. Children are encouraged to use a tablet to take pictures of plants and insects that they can find in a school yard and create an original field guide based on the pictures they took. Attended by approximately 450 children of eight elementary schools in total, this initiative was recognized as an excellent practice of experimental activities for youths, and received the judging panel award of excellence of the Awards for Companies Promoting Experience-based Learning Activities for Youth in FY2020 organized by the Ministry of Education, Culture, Sports, Science and Technology on March 12, 2021.

☑ Environmental Education for Children "KDDI Field Guide on Plants and Forest Wildlife" Received the Judging Panel Award of Excellence of the Awards for Companies Promoting Experience-based Learning Activities for Youth in FY2020 (Japanese only)

### Green Initiatives with Customers and Employees  `KDDI` `Activity & Results`

**Environmental Conservation Activities by Employees**

To promote the conservation of biodiversity in each region, we hold conservation activities that employees and their families participate in as volunteers. Working with stakeholders, including local authorities and NPOs, the regional offices are actively engaged in local environmental conservation.

■ Performance in FY2020

| Environmental conservation activity execution | Total participants |
| --- | --- |
| 117 | 1,553 |

■ Initiatives to Date



**Head Office**
- Tokyo  Promotion of forest conservation activities at Mt. Takao
- Yamanashi Prefecture  Participation in Mt. Fuji Reforestation Project held by OISCA

**Hokuriku Branch**
- Toyama Prefecture  Participation in the Greenery and Satoyama Conservation Forest Tree Raising Activities in Tenbayashi-chiku, Tateyama-machi
- Ishikawa Prefecture  Promotion of afforestation activities on the site of the former Osaki Beach Park

**Chugoku Branch**
- Hiroshima Prefecture Participation in forest conservation activities held by the Hiroshima Afforestation Forum
- Yamaguchi Prefecture Participation in "Release of Sweetfish for Protection of Beautiful Environment" in the Niho River in Yamaguchi City

**Kyusyu Branch**
- Fukuoka Prefecture Promotion of forest conservation activities to support the Patchwork Reforestation, a project undertaken in collaboration with Sansonjuku

**Shikoku Branch**
- Kagawa Prefecture Participation in Onoseyama afforestation activities held by OISCA

**Hokkaido Branch**
- Hokkaido  Coastal plant restoration to prevent damage to beaches from tsunamis
- Hokkaido  Participation in forest conservation activities at the foot of Mt. Tarumae

**Tohoku Branch**
- Miyagi Prefecture Forest improvement activities at KDDI's Forest of Hope

**Northern Kanto Branch**
- Saitama Prefecture Participation in Conservation activities in Musenyama KDDI's Forest, a Green Trust conservation location

**Southern Kanto Branch**
- Kanagawa Prefecture Participation in conservation and mountain reforestation activities in the Kamakura Hiromachi urban forest

**Chubu Branch**
- Shizuoka Prefecture Participation in cultivation and conservation activities of pine trees in Miho no Matsubara

**Kansai Branch**
- Kyoto Prefecture  Promotion of forest conservation activities in Mt. Tennozan
- Wakayama Prefecture  Promotion of road repair activities for the world heritage site Kumano Kodo pilgrimage routes
- Hyogo Prefecture  Promotion of environmental conservation activities for stork habitat in Toyooka City

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance    Risk Management    Customer Relationship Management    Brand Management

# Corporate Governance

## KDDI's Approach and Guidelines on Corporate Governance
**KDDI Group** · Policy

As a telecommunications company that offers social infrastructure, we have an important social mission of seamlessly offering stable communication services at all times under any circumstance. We also recognize our social responsibility to resolve various social issues through our telecommunications business, which relies on precious assets shared by all citizens, including mobile phone signals and radio waves. In order to fulfill this social mission and honor this responsibility, it is essential for us to achieve sustainable growth and improve our corporate value over the medium to long term. We aim to contribute to developing a safe and truly connected society by tackling social issues through dialogues and co-creation with all our stakeholders, including customers, shareholders, business partners, employees and local communities. We believe reinforcing corporate governance is key to our sustainable growth and increased corporate value over the medium to long term. We adhere to Japan's Corporate Governance Code and strive to enhance a framework that en-

ables transparent, fair, timely and decisive decision making. Also, in addition to our Mission Statement, we have formulated the KDDI Group Philosophy, which defines the mindset, value and principles to be shared by officers and employees and continue to raise awareness of this philosophy throughout the group.

By proactively adhering to Japan's Corporate Governance Code and practicing the KDDI Group Philosophy, which we consider inseparable from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

🔗 Corporate Governance Report

■ Corporate Governance Framework



## Corporate Governance Promotion Framework
**KDDI** · System

We believe strengthening corporate governance to be one of the most vital issues in enhancing corporate value, and we are working to improve management efficiency and transparency.

KDDI is currently a company with board of company auditors, and in order to properly manage business execution, we have introduced an executive officer system to assign authority, clarify responsibilities and ensure effective and efficient business operations. We are also working to establish a framework for internal decision making to ensure timely management decisions. We have 14 directors (13 male, one female), including five outside directors, three of whom are independent directors. There are five Audit & Supervisory Board members (all male), including three outside members, and all outside members are appointed as independent auditors.

We also provide outside directors / auditors with a wide range of information outside the board meetings, including on business strategies, management status, R&D and technology. Each division's general manager and manager provide detailed explanations of the general overview of business and issues and regularly report on the management status of subsidiaries. In addition, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and workplaces. We also provide two

reports every year on corporate ethics and risk management activities. To enable more thorough information gathering capabilities while maintaining the independence of outside directors, we hold regular liaison meetings between outside directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to outside directors. To bolster information exchanges and sharing between outside directors, we hold liaison meetings with only outside directors and liaison meetings with outside directors and part-time Audit & Supervisory Board members. We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives.

### Criteria for Independence of Outside Directors / Auditors
In addition to the requirements in the Companies Act and the standards provided by the Tokyo Stock Exchange, Inc., we have formulated our own standards for judging the independence of outside directors / auditors. Specifically, we consider those belonging to business partners that account for 1% or more of the company's consolidated net sales or orders placed not independent.

## Directors and Board of Directors
**KDDI** · System

The Board of Directors is composed of directors, including independent outside directors. They determine important legal matters and supervise the business execution of directors, etc., to ensure the appropriateness.

■ Board of Directors FY2020 Meetings

| Number of meetings held | Internal directors' attendance rate | Outside directors' attendance rate | Outside auditors' attendance rate |
|---|---|---|---|
| 11 | 100% | 100% | 90.9% |

### Evaluation of the Board of Directors' Effectiveness
**Purpose of Conducting**
We conduct a self-evaluation of the Board of Directors regularly every year in order to correctly understand its situation and continuously improve its operation.

**Evaluation Process**
We assess the effectiveness of the Board of Directors based on an evaluation by all the directors and Audit & Supervisory Board members themselves. The evaluation questionnaire combines a four-grade rating scale and free writing so that the effectiveness of the board's initiatives are assessed and matters to be improved are identified from two perspectives: quantitative and qualitative.

The evaluation covers the most recent one year and is conducted annually. The results of the evaluation are reported back to the Board of Directors to discuss future measures.

The main evaluation items are as follows:
• Operation of the Board of Directors (composition of members, documents and explanations, provision of information, etc.)
• Supervision of Executives (conflict of interest, risk management, management of subsidiaries, etc.)
• Medium- to long-term discussions (review of medium-term business planning, monitoring of plan enforcement, etc.)

**Evaluation Results**
Summary
The evaluation confirmed that the Company's Board is operating properly. Even under the influence of COVID-19, it was evaluated that the decision-making and supervision worked sufficiently by holding online meetings as scheduled.

The following two points have received particular praise:
• Ensuring decision-making transparency
Human resources with different specialties have been appointed as outside officers, and various statements have been made at the Board of Directors. Executives are responding positively, and open discussions ensure transparency in decision-making.
• Enhancing information provision to outside officers
Many opportunities are offered for outside officers to deepen their understanding of our business by providing a chance to discuss with the person in charge of each business, conducting facility tours and site visits, etc.

Improvements from Previous Evaluation
In 2020, based on the recognition that monitoring of subsidiaries, etc., is particularly important, we decided to discuss toward more better business management of each company after reorganizing the management supervision process of the investee companies and evaluating not only the financial situation but also the realization of synergies and the degree of business contribution. In addition, we have clarified reporting standards so that risk information for the entire group can be grasped more quickly and reliably. As a result, we confirmed that improvements were made toward "timely and appropriate monitoring as a group and better supervision," which was pointed out as an issue in the previous evaluation.

Moving Forward
In this time's evaluation, each director and Audit & Supervisory Board member made proposals from a broad perspective on various themes that should be discussed for the sustainable growth of the Company in a rapidly changing business environment. These themes would be taken up in the process of formulating the next medium-term management plan, and the effectiveness of the Board of Directors will be further improved by having discussions among directors and corporate auditors utilizing their diverse experiences and knowledge.

🔗 The 37th Annual General Meeting of Shareholders Notice

🔗 Business Report Video (Initiatives of the 37th Year) (Japanese only)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance   Risk Management   Customer Relationship Management   Brand Management

# Corporate Governance

## Auditors and the Audit & Supervisory Board   KDDI System

The KDDI Audit & Supervisory Board is composed of five members, including three independent outside members. It designs policies and execution plans for auditing as well as making decisions about important items concerning auditing operations. In selecting outside auditors, we see their abundance of experience along with a wide range of insight that together enable total management supervision and accurate auditing from a position independent of the directors.

Auditors attend meetings of the Board of Directors as well as other important internal meetings, including meetings of the Corporate Management Committee. Directors, employees, directors of subsidiaries and the Internal Audit Division provide the auditors with the information they need to perform their duty as required in a timely manner and, if any matter potentially highly damaging to the company and / or its subsidiary is discovered, immediately notify the auditors. Furthermore, directors, employees, directors of subsidiaries and the Internal Audit Division exchange their views with the auditors to facilitate coordination. The auditors also periodically receive reports from the accounting auditor on the annual accounting audit plan, as well as on the progress and the results of the auditing and exchange opinions with each other as necessary. The Audit & Supervisory Board Member's Office has been established to assist the duties of Audit & Supervisory Board members, and dedicated staff appointed with the prior approval of the Audit & Supervisory Board or a full-time Audit & Supervisory Board member designated thereby receive instructions from each Audit & Supervisory Board member.

| Audit & Supervisory Board FY2020 Meetings | Audit & Supervisory Board FY2021 Meetings (planned) |
|---|---|
| 11 | 12 |

### Internal Audits

We established the Audit Department in the Corporate Risk Management Division, which is in charge of risk management of the KDDI Group. It conducts internal audits of overall KDDI Group operations on the important risks identified through risk management activities. Specifically, the Audit Department verifies the appropriateness and effectiveness of internal control of KDDI and its subsidiaries from perspectives, such as governance, legal compliance, information security and fraud prevention, based on the annual audit plan developed with risk-based approach. The results of internal audits are reported to the Company President and Audit & Supervisory Board members together with requests and recommendations concerning improvements and corrective measures to address highlighted issues, and the status and results of internal audits are also reported to the Board of Directors every quarter. In fiscal 2020, a total of 19 audits were carried out to monitor the progress of corrective / improvement measures and to prevent risks from materializing.

## Nomination Advisory Committee and Remuneration Advisory Committee   KDDI System

To ensure the transparency and fairness of systems and standards for nomination of directors and Audit & Supervisory Board members and their executive remuneration, we have established the Nomination Advisory Committee and the Remuneration Advisory Committee, which deliberates and provides advice to the Board of Directors based on discussions thereof. The chair, vice-chair and more than half of the members of these committees are outside directors.

Nomination Advisory Committee Composition
Chair: Keiji Yamamoto (Outside Director)
Vice Chair: Goro Yamaguchi (Outside Director)
Members of Committee: Shigeo Ohyagi (Outside Director)
Riyo Kano (Outside Director)
Shigeki Goto (Outside Director)
Takashi Tanaka
Makoto Takahashi

Remuneration Advisory Committee Composition
Chair: Goro Yamaguchi (Outside Director)
Vice Chair: Keiji Yamamoto (Outside Director)
Members of Committee: Shigeo Ohyagi (Outside Director)
Riyo Kano (Outside Director)
Shigeki Goto (Outside Director)
Takashi Tanaka
Makoto Takahashi

Meetings Held (FY2020)
The Nomination Advisory Committee met twice, and all members attended each time. The committee discussed the nomination of officer candidates at the General Meeting of Shareholders and other matters. The Remuneration Advisory Committee met once, and all members attended. The committee discussed the payment of performance-linked remunerations and stock price-linked remunerations and other matters.

## Other Committees   KDDI Group System

We have established the Business Ethics Committee, a deliberative and decision-making body for compliance-related items, and the Disclosure Committee, a deliberative body for releasing information. We also have established the Sustainability Committee, which deliberates the promotion of sustainability. We collaborate with our group companies to manage their governance through various systems and frameworks in order to enforce the governance of the whole KDDI Group.

🔗 Sustainability Promotion Framework

## Items Related to Organizational Structure and Operations   KDDI System

| Organizational form | Company with board of company auditors |
|---|---|
| Number of independent directors/auditors | 6 (including 1 female) |
| **Items Related to Directors** | |
| Number of directors prescribed in the articles of incorporation | 20 |
| Tenure period of directors prescribed in the articles of incorporation | 1 year |
| Presiding officer of Board of Directors | Chair (President and Chairperson are separate posts) |
| Number of directors | 14 (including 1 female) |
| Outside directors | Appointed |
| Number of outside directors | 5 (including 1 female) |
| Number of outside directors designated as independent directors | 3 (including 1 female) |
| **Items Related to Audit & Supervisory Board Members** | |
| Number of members prescribed in the articles of incorporation | 5 |
| Number of members | 5 (all male) |
| Outside members | Appointed |
| Number of outside members | 3 (all male) |
| Number of outside members designated as independent members | 3 (all male) |
| **Others** | |
| Number of executives | 34 (32 male, 2 female) |
| Implementation of anti-takeover measure | Not implemented |

## Approach to Composition of Board of Directors   KDDI Policy & System

We consider including diverse human resources and utilizing their various knowledge, experiences and skills to be an important growth driver toward the Integration of Telecommunications and Life Design. We believe that ensuring diversity also in the Board of Directors can lead to better management decision making.

To ensure a diversity of opinions and highly specialized knowledge within the Board of Directors as a whole when it makes decisions, including on important management matters, and when its oversight is requested by law, the people selected for the Board of Directors meet the criteria regardless of sex, age, or nationality.

Through discussions held by the Nomination Advisory Committee, we determined that, from the viewpoint of achieving sustainable growth at KDDI Group, the following expertise and background were crucial elements to look for in outside directors / auditors for KDDI's Board of Directors: experience as a President of a listed company (management know-how), specialized knowledge in the telecommunications field (ability to support our main line of business) and specialized knowledge in law, accounting or government (for compliance purposes). By nominating directors and auditors with such qualities, we provide well-balanced supervision and advice to management. The expertise of KDDI's outside directors / auditors can be found on page 98.

## Policies and Procedure for Nomination of Director and Audit & Supervisory Board Member Candidates   KDDI Policy & System

Appointment and Selection Standards
Director candidates: Meet one or more of the following criteria:
- Have specialized knowledge and experience in each business field
- Have specialized knowledge or management knowledge suitable for a supervisor
- Have a high degree of independence

Audit & Supervisory Board member candidates:
Have a wealth of experience and broad knowledge that will enable more appropriate audits and oversight of overall management from a position that is independent from directors

For both types of candidates:
Have the character suitable for being a Board member, have high ethical standards and not be self-serving

Nomination and Election Procedures for Directors
(1) Select candidates based on the above criteria
(2) Deliberate them at a Nomination Advisory Committee meeting
(3) Approve them at a Board of Directors meeting
(4) Elect them at the General Meeting of Shareholders

Nomination and Election Procedures for Audit & Supervisory Board Members
(1) Select candidates based on the above criteria
(2) Deliberate them at a Nomination Advisory Committee meeting
(3) Discuss them at an Audit & Supervisory Board meeting and gain approval
(4) Approve them at a Board of Directors meeting
(5) Elect them at the General Meeting of Shareholders

Consideration Criteria for Termination
- When the performance of a business that a director is responsible for or the achievements of a department a director is responsible for are exceptionally poor
- When the company is harmed by a major misstep or intentional violation of a law, regulation or the Articles of Incorporation in their execution of duties
- When the company's credibility and reputation are significantly damaged by the inappropriate seeking of personal gain through the abuse of position or authority
- When the company determines that keeping a director is not appropriate

Termination Procedures for Directors
- After deliberations at the Nomination Advisory Committee meeting, the Board of Directors deliberates the matter as needed and implements necessary measures for termination

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance　　Risk Management　　Customer Relationship Management　　Brand Management

# Corporate Governance

## Policies and Decision Process for Determining Remuneration for Directors and Audit & Supervisory Board Members

### Policy on Determining Remunerations for Directors

Through discussion on how remunerations conducive to sustainable improvement of corporate value should be, the Board of Directors approved the policy on determination of the content of individual remunerations, etc., for directors (hereinafter the "Determination Policy") at the meeting held on January 14, 2021.

**1.** Basic policy on director remunerations
(i) Policy on composition of director remunerations
- The compensation of directors engaged in business execution is based on the group's business performance for each fiscal year, progress toward the goals of the medium-term management plan, and a compensation system linked to shareholder value in order to increase the willingness to contribute to the improvement of corporate value over the medium to long term.
  Specifically, it consists of four types: (1) basic remuneration, (2) performance-linked bonus, (3) performance-linked stock compensation, and (4) stock price-linked bonus.
- Outside directors who perform management supervising functions without involvement in the execution of businesses receive only fixed amount remuneration that does not vary with the Company's business performance.

(ii) Policy on individual compensation structure
As for the compensation composition of directors engaged in business execution, the remuneration portion linked to business performance (above (2) to (4)) is set in the range of 45% to 65%, according to the responsibilities expected of each position. For the President, the same portion will be 60% or more based on the standard amount.

(iii) Policy on ensuring transparency and objectivity of director compensation
- The Company has established the Remuneration Advisory Committee to ensure transparency and objectivity in the process of determining system and levels for executive remuneration, along with the remuneration amounts based on these. The chair, vice-chair and half or more of the members of the committee are outside directors.
- The decision of the amounts of basic remuneration, performance-linked bonus, performance-linked stock compensation, and stock price-linked bonus are not delegated to the representative director, but the amounts are decided by resolution of the Board of Directors based on the advice of this committee.
- The Company's executive remuneration levels are decided through comparison with sector peer companies, or with other companies of the same scale, in Japan, and take into account factors that include the business environment of the Company.
  The appropriateness of the remuneration levels is also validated by the Remuneration Advisory Committee every year, with reference to objective survey data from an external specialized organization.

**2.** Policy on the content of remuneration
(evaluation index, calculation method, payment timing)
(i) Basic remuneration
Basic remuneration is monetary remuneration for which a fixed amount for each position is paid on a monthly basis.

(ii) Performance-linked compensation (bonuses and stock compensation)
- Performance-linked bonuses and the performance-linked stock-type incentive program use operating revenue, operating income, profit, and other measures of "company performance" for the Group during each fiscal year, along with the "KPI achievement rate" of individual businesses, which is linked to medium-term management plan targets as evaluation metrics.
- For performance-linked bonus, the amount of compensation for each

individual is calculated by following formula. It is paid in the first June after the end of each fiscal year.
Performance-linked bonus:
　Basic amount by position multiplied by the Company's operating performance and KPI achievement rate.
- For performance-linked stock compensation, points for each individual are calculated by following formula. Points will be awarded in the first June after the end of each fiscal year, and when the director retires, the Company's shares will be delivered according to the cumulative number of points.
Performance-linked stock compensation:
　Basic points by position multiplied by the Company's operating performance and KPI achievement rate.
- Clawback Provision:
For those who have serious violations of the duties of directors, contrary to the delegation contract between the company and the directors, the payment of performance-linked remuneration will be suspended or a request for refund will be made.
Reasons for selecting each evaluation metric and results are as follows:
(1) The Company's operating performance:
　Reasons for selection
　A basic numerical value clearly showing a company's business performance.
　Result
　As stated in page 118.
(2) KPI achievement rate:
　Reasons for selection
　KPI achievement rate is to measure the achievement rate of each business strategy under the medium-term management plan, and therefore linked to the Company's business growth and performance improvement.
　Result
　Disclosure is not available for business-related reasons.

(iii) Stock price-linked compensation
Stock price-linked bonuses use "EPS growth rate" and "stock price fluctuation rate" as evaluation metrics. Calculate the amount of payment for each individual by following formula, and pay money in the first June after the end of each business year.
Stock price-linked bonus:
　Basic amount by position multiplied by coefficient
Coefficient:
　(EPS growth rate x 50%) + (stock price fluctuation rate x 50%)
A) EPS growth rate:
EPS at end of current fiscal year divided by EPS at end of previous fiscal year
B) Stock price fluctuation rate (TOPIX growth rate):
(Company's stock price at end of current fiscal year / Company's stock price at end of previous fiscal year) divided by (TOPIX at end of current fiscal year / TOPIX at end of previous fiscal year)
Reasons for selecting each evaluation metric and results are as follows:
(1) EPS growth rate:
　Reasons for selection
　To provide a strong incentive to achieve the target of the medium-term management plan by using an indicator set as a target under the plan.
　Result
　1.03
(2) Stock price fluctuation rate:
　Reasons for selection
　To enhance a correlation between remunerations for directors and the shareholders value by using an indicator that is directly linked with an increase/decrease in shareholders value.
　Result
　0.76

### Policies for Determining Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members is decided by the consensus of the members of Audit & Supervisory Board. These members receive flat-rate remuneration that is not affected by fluctuations in company's operating performance.

### Remuneration for Directors and Audit & Supervisory Board Members (FY2020)

Unit: million yen

| Executive classification | Total remunera-tion | Total remuneration by type | | | Number of eligible members |
| --- | --- | --- | --- | --- | --- |
| | | Basic remuneration | Bonus | Stock compensation | |
| Directors (excluding outside directors) | 883 | 379 | 322 | 182 | 11 |
| Outside directors | 79 | 79 | — | — | 6 |
| Audit & Supervisory Board members (excluding outside members) | 57 | 57 | — | — | 3 |
| Outside Audit & Supervisory Board members | 42 | 42 | — | — | 6 |

*The number of remunerated directors and the amount paid as shown above include two directors and one outside director who retired at the conclusion of the 36th Annual Shareholders Meeting held on June 17, 2020. The number of directors who received bonuses was nine, excluding said retired directors.
*The number of remunerated Audit & Supervisory Board members and the amount paid as shown above include one Audit & Supervisory Board member and three outside Audit & Supervisory Board members who retired at the conclusion of the 36th Annual Shareholders Meeting held on June 17, 2020.
*In addition to the above, adjustment payments to directors in lieu of retirement allowance were resolved at the 20th Annual Shareholders Meeting held on June 24, 2004 in connection with the cancellation of the executive retirement bonus system. Based on this, Hirofumi Morozumi, who left at the end of the 36th Annual Shareholders Meeting held on June 17, 2020, was paid 10 million yen in retirement allowance.

### Total Remunerations and Bonuses of Board Members Who Receive Over 100 Million Yen (4 people)

Unit: million yen

| Name | Executive classification | Total remuneration | Total remuneration by type | | |
| --- | --- | --- | --- | --- | --- |
| | | | Basic remuneration | Bonus | Stock compensation |
| Takashi Tanaka | Director | 149 | 52 | 72 | 25 |
| Makoto Takahashi | Director | 205 | 78 | 80 | 47 |
| Takashi Shoji | Director | 103 | 43 | 39 | 20 |
| Shinichi Muramoto | Director | 103 | 43 | 39 | 20 |

*President and Representative Director remuneration / average KDDI employee annual salary: 22 times

### Types of Remuneration and Methods of Determination
■ Remuneration Structure for Directors and Audit & Supervisory Board Members

| | Types of remuneration | Method of determination | Maximum amount of remuneration | Resolution of shareholders meetings | Number of board members at time of resolution |
| --- | --- | --- | --- | --- | --- |
| Director | Basic remuneration | • Amounts determined by each director's professional ranking and in consideration of the management environment and other factors.<br>• Base amount is set by using information from outside experts to verify appropriate levels. | Maximum monthly remuneration of 50 million yen | June 18, 2014 30th General Meeting of Shareholders | Directors (13) (including 3 outside directors) |
| | Stock price-linked bonus | Bonuses are linked to and determined by the EPS growth rate and rate of stock price fluctuation. | Consolidated net income (profit for the period attributable to owners of the parent under IFRS) for each fiscal year Within 0.1% | June 16, 2011 27th General Meeting of Shareholders | Directors (10) (excluding outside directors) |
| | Performance-linked bonus | Bonuses are linked to and determined by the rate of achievement of the group's consolidated revenue, operating income and profit for each fiscal year, as well as the achievement rate of KPIs linked to performance goals for each fiscal year. | (Applies to directors, executive officers and administrative officers) | Introduced: June 17, 2015 31st General Meeting of Shareholders Revised: June 20, 2018 34th General Meeting of Shareholders | 9 Directors, 21 Executive Officers, 50 administrative officers (excluding overseas residents, outside directors and part-time directors) |
| | Performance-linked stock compensation | | Total number of points (maximum) granted per fiscal year to those eligible: 357,000 points (Converted at a rate of 1 point = 1 share) | | |
| Audit & Supervisory Board Member | Only flat-rate remuneration | Only fixed remunerations that will not fluctuate depending on the Company's performance are paid. | Up to 130 million yen per year (per fiscal year) | June 22, 2016 32nd General Meeting of Shareholders | Audit & Supervisory Board Member (5) |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance    Risk Management    Customer Relationship Management    Brand Management

# Corporate Governance

## Policies on Transactions between Related Parties
**KDDI** **Policy**

In accordance with the Companies Act, we require competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with one of the basic principles of the KDDI Code of Business Conduct, specifically, IX. Appropriate Accounting and Adherence to Agreements. In line with this principle, such transactions are decided upon in the same manner as other general transactions, through internal requests for decision, rather than by setting special standards. The internal requests for decision are checked by auditors as well.

With regard to transactions with companies in which directors including outside directors concurrently serve as representative directors, we strike a balance between comprehensive approval by and reporting to the Board of Directors and internal requests for decisions on individual transactions to ensure the governance.

## Outside Director Support System
**KDDI** **System**

In order to ensure active discussions in the Board of Directors meetings, we inform outside directors and Audit & Supervisory Board members in advance of the dates and agenda items and provide agenda materials for upcoming meetings to help them gain a deeper understanding of the items on the agenda. In addition, we make deliberations more substantial by accepting questions beforehand and preparing more extensive explanations for the meetings based on the questions.

We also provide a wide range of information outside the board meetings, including on business strategies, management status, R&D and technology.

Each division's general manager and manager provide detailed explanations of the general overview of business and issues and regularly report on the management status of subsidiaries. In addition, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and other workplaces. We also provide two reports every year on corporate ethics and risk management activities.

To enable more thorough information gathering capabilities while maintaining the independence of Outside Directors, we hold regular liaison meetings between Outside Directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to Outside Directors.

To bolster information exchanges and sharing between Outside Directors, we hold liaison meetings with only Outside Directors and liaison meetings with Outside Directors and part-time Audit & Supervisory Board members. We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives. On April 1, 2006, we established the Audit & Supervisory Board Member's Office, which supports Audit & Supervisory Board members, including outside members.

## Communication with Shareholders
**KDDI** **Policy**

We consider our shareholders and investors to be especially important stakeholders who fully understand and strongly support our business sustainability. Accordingly, we put the most emphasis on building trust-based relationships with them in our management and strive for value-oriented corporate management, active information disclosure and enhanced communication. As part of our ongoing effort to improve communication, we hold quarterly presentation sessions, where the management team presents the company's financial results directly. In addition, we organize private meetings and small-scale meetings with investors both from Japan and abroad, attend various conferences hosted by securities firms and hold seminars for private investors.

**FY2020 Results**
- Financial Results Briefing for Analysts and Institutional Investors: 4 times (held along with the quarterly financial disclosure)
- Session with institutional investors in Japan and abroad: Approximately 660 times (including participation in 14 conferences sponsored by securities firms)

## Vitalizing the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights
**KDDI** **System**

| Measures | Content |
|---|---|
| Early disclosure of General Meeting of Shareholders notice | We send a notice around one week before the stipulated day by mail. Prior to that, the whole notice is disclosed on our website. |
| Scheduling to avoid days when many other companies hold their shareholders' meetings | We schedule the shareholders' meetings to avoid days when many other companies hold their shareholders' meetings. |
| Electronic voting system | Shareholders can exercise their voting rights via an online voting site. From the 2019 General Meeting of Shareholders, we introduced a system where shareholders can log in to the online voting site using a QR code in an effort to make things more convenient. |
| Participating in an electronic voting platform | We have joined the electronic voting platform provided by Investor Communications Japan (ICJ). |
| English version of convocation notice | We publish a full English translation of the convocation notice on our website, online electronic voting site and voting platform. |
| Others *Extracted from the Corporate Governance Report for details, see the website below | Shareholders can see the notice with their smartphone. In addition, to encourage the participation of more shareholders in the General Meeting of Shareholders, we offer sign language interpretation as well as a hearing loop. The video of the meeting is available to anyone on demand on our website with sign language interpretation. We livestreamed the General Shareholders Meeting in 2021, so that shareholders can watch the proceedings and questions and answers on the day from a remote location. We also received "advance questions" on the Internet. By using this, we are striving to revitalize communication with our shareholders even under the situation of COVID-19. In addition, if a shareholder uses "Exercise of voting rights via the Internet," a part of the reduced mailing cost will be donated to medical support for COVID-19 countermeasures by a specified non-profit organization. |

[↗] Corporate Governance Report
[↗] The 37th Annual General Meeting of Shareholders Notice

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance    Risk Management    Customer Relationship Management    Brand Management

# Corporate Governance
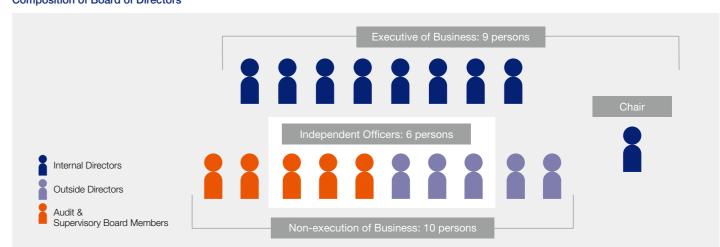
## Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members

KDDI   Activity & Results

### Outside Directors

| Name | Reason for selection as an outside director of the company (if designated as an independent director includes reason for this designation) | Principal activities in FY2020 |
|---|---|---|
| Goro Yamaguchi Male | Mr. Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and representative director of one of the world's leading electronic component and equipment manufacturers. On the Board of Directors, he expressed a large number of broad opinions related to business administration and operations from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution based on his management experience of the other company and provide advice from a wide range of management perspectives. | Board of Directors 100% (Attended 11 of 11 meetings) |
| Keiji Yamamoto Male | Mr. Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant management experience as a management at the one of the world's leading auto-mobile manufacturers. On the Board of Directors, he expressed a large number of broad opinions on promoting our 5G/IoT strategy, etc., from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution and provide advice in the telecommunications field from technical perspectives. | Board of Directors 100% (Attended 11 of 11 meetings) |
| Shigeo Ohyagi (Independent director) Male | Mr. Ohyagi has a wealth of corporate management experience and excellent knowledge cultivated as the President and CEO of one of the world's leading companies in the fields of synthetic fibers, chemical products, medicines and medical treatment, and distribution and retail. On the Board of Directors, he expressed a large number of opinions from a medium- to long-term perspective independent of the management team, especially focusing on the life design domain that the Company is promoting, global strategy and M&A, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution based on his management experience of the other company and provide advice from a wide range of management perspectives. Moreover, based on his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been reappointed as an independent director. | Board of Directors 100% (Attended 11 of 11 meetings) |
| Riyo Kano (Independent director) Female | Ms. Kano has abundant experience and superior knowledge, cultivated as a partner at a law firm and a committee member of government committees. On the Board of Directors, she expressed a large number of technical opinions related to legal risk management from a medium- to long-term perspective independent of the management team, and has thus contributed to improving the corporate value of the Company. She has again been appointed as an outside director because the Company expects her to contribute to enhancing the supervising function of business execution and provide advice from technical perspectives as a lawyer. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been reappointed as an independent director. | Board of Directors 100% (Attended 11 of 11 meetings) |
| Shigeki Goto (Independent director) Male | Mr. Goto has a superior knowledge in information processing, telecommunications and network engineering, which is directly relevant to the business of the Company, as well as a deep understanding of cyber security that is valuable for the operation of our business. On the Board of Directors meetings, he has offered technical opinions independent of the management team regarding operational policy as an information communications operator providing social infrastructure, from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution and provide advice in the telecommunications field from technical perspectives. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been reappointed as an independent director. | Board of Directors 100% (Attended 10 of 10 meetings)* |

*Mr. Shigeki Goto was appointed as a new director at the 36th Annual General Meeting of Shareholders. The attendance was counted after the appointment.

### Diversity and Expertise of the Outside Directors and the Outside Audit & Supervisory Board Members

| Name (Major background) | Position in the Company | Experience as President of a listed company | Expertise in the telecommunications field | Expertise in law, accounting or government |
|---|---|---|---|---|
| Goro Yamaguchi (Kyocera Corporation) | Outside directors | ● | | |
| Keiji Yamamoto (Toyota Motor Corporation) | Outside directors | | ● | |
| Shigeo Ohyagi (Teijin Limited) | Outside directors | ● | | |
| Riyo Kano (Lawyer) | Outside directors | | | ● |
| Shigeki Goto (Waseda University) | Outside directors | | ● | |
| Yukihiro Asahina (The Ministry of Land, Infrastructure, Transport and Tourism) | Outside Audit & Supervisory Board members | | | ● |
| Toshihiko Matsumiya (Certified Public Accountant) | Outside Audit & Supervisory Board members | | | ● |
| Jun Karube (Toyota Tsusho Corporation) | Outside Audit & Supervisory Board members | ● | | |
| Total | | ●●● | ●● | ●●● |

● Outside Director   ● Outside Audit & Supervisory Board Member

### Outside Audit & Supervisory Board Members

| Name | Reason for selection as an outside Audit & Supervisory Board member of the company (if designated as an independent member includes reason for this designation) | Principal activities in FY2020 |
|---|---|---|
| Yukihiro Asahina (Independent auditor) Male | Mr. Asahina has cultivated abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent member. | Newly Appointed (June 23, 2021) |
| Toshihiko Matsumiya (Independent auditor) Male | Mr. Matsumiya has abundant experience and knowledge as a Certified Public Accountant, as an employee of an auditing company, as the representative of an accountancy firm and as an auditor for other companies. From the perspective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been reappointed as an independent member. | Board of Directors 100% (Attended 10 of 10 meetings)* Audit & Supervisory Board 100% (Attended 10 of 10 meetings)* |
| Jun Karube (Independent auditor) Male | Mr. Karube has cultivated abundant experience and knowledge as a representative director of a listed company. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been reappointed as an independent member. | Board of Directors 100% (Attended 10 of 10 meetings)* Audit & Supervisory Board 100% (Attended 10 of 10 meetings)* |

*Mr. Toshihiko Matsumiya and Mr. Jun Karube were appointed as Audit & Supervisory Board members at the 36th Annual General Meeting of Shareholders. The attendance was counted after the appointment.

### Composition of Board of Directors



Executive of Business: 9 persons
Chair
Independent Officers: 6 persons
Non-execution of Business: 10 persons

● Internal Directors
● Outside Directors
● Audit & Supervisory Board Members

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance    **Risk Management**    Customer Relationship Management    Brand Management

# Risk Management

## KDDI's Approach (Risk Management and Internal Control)    KDDI Group | Policy

In the ever-changing business environment, the risks that companies face are increasingly diverse and complicated.

We define factors and events that negatively influence the achievement of our business goals as risks and consider enforcing risk manage-ment a material business challenge. In order to be sustainable and re-sponsible to society, we promote risk management initiatives throughout the KDDI Group.

## Our Risk Management and Internal Control    KDDI Group | System

We have established a system to centralize the management of risks with the Corporate Risk Management Division at the core.

Furthermore, we are promoting risk management throughout the KDDI Group, including subsidiaries, in order to realize the continuous growth of the entire group. We have appointed 28 Internal Control System Managers within KDDI and 45 at group companies, as well as five Internal Control System Directors to oversee their activities. Under their leadership, we introduce and run internal control systems, carrying out risk manage-ment activities and run operational quality improvement activities to foster a company culture in which risks are less likely to arise.

■ KDDI Group Internal Control Framework



## Risk Management Activity Cycle    KDDI | System

In order to prevent critical events for the company, we at KDDI consider that it is important to recognize signs of danger and implement preventive measures before the situation worsens. Based on this idea, we follow the PDCA cycle for risk management. We also have an organizational frame-work for risk management in place to ensure any risks we find will be ad-dressed promptly and appropriately.



## Risk Identifying Process    KDDI Group | Activity

We regularly examine information about risks to identify significant risks that seriously influence corporations, and discuss measures to reduce such risks and their impacts as much as possible in case we face them.

In order to ensure the achievement of our business goals, in fiscal 2020, we selected 29 significant risks based on issues that manifested in the past and changes in the business environment, and held internal au-dits centered on risk prediction, the reduction of significant risks and risk approach. The selected significant risks include cyber-attacks, an area that is becoming increasingly complex, global businesses, and issues re-lating to new business fields we are entering, such as e-commerce, fi-nance and accounting, and energy, which aim to make the Integration of Telecommunications and Life Design a reality. We have also identified risks arising from the expansion of the group through M&A as significant risks and have implemented more robust measures against them.

In order to minimize information security risks, we have also estab-lished a common standard applicable group-wide to improve the level of information security across the group, including newly joined group com-panies.

The status of these significant risks is also reflected on business risks that are revealed in the Securities Report since it relates to the finance as well.

🔗 Securities Report / Business Risks (Japanese only)
🔗 Basic Policy for Constructing an Internal Control System

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance | Risk Management | Customer Relationship Management | Brand Management

# Risk Management

## Basic Policy for Constructing an Internal Control System
<span style="float:right">KDDI Group | Policy</span>

Based on the provision of Article 362, Paragraph 5 of the Companies Act, we passed the Basic Policy for Constructing an Internal Control System at a meeting of the Board of Directors. In addition, we publicly announce resolutions and our operational status to ensure the fair,

transparent and efficient execution of our corporate duties and maintain an effective system for internal controls to raise the company's quality level.

🔗 **Basic Policy for Constructing an Internal Control System**

### ■ Main Operational Risks

| Risk | Risk background | Potential impact on KDDI | KDDI's response |
|---|---|---|---|
| Competitors, rival technologies and rapid market shifts | • The need to provide user support for product defects problems attributable to the rapid expansion of the commerce business<br>• Inability to acquire needed bandwidth we need<br>• Increase in competition due to new high-speed wireless data technology<br>• Possible rise in connection fees with other telecommunications operators<br>• Intensifying competition as a result of changes in the business landscape due to partnerships with other industries, sales packages that include other products (such as telecommunications + power), the emergence of MNOs and MVNOs in the market and other companies expanding their business fields | • Negative impacts on the financial position and operations of the KDDI Group | • The creation of new value and the achievement of sustainable growth in the 5G / IoT era domestically and globally with a business strategy that focuses on the "integration of telecommunications and life design," which centers on telecommunications and expands peripheral businesses |
| Protection of confidentiality of communications and customer privacy | • Internal privacy breaches<br>• Unauthorized access from external networks | • Could seriously damage the brand image of the KDDI Group. In addition to a possible loss of customer trust, we could also be forced to pay substantial compensation or surcharge<br>• In the future, we may face higher costs to develop the framework necessary to protect the confidentiality of communications and customer privacy<br>• Could have a negative impact on the financial position and / or earnings performance of the KDDI Group | • Establishment of the KDDI Code of Business Conduct, KDDI Security Policy, and KDDI Privacy Policy<br>• Establishment of the Business Ethics Committee<br>• Reinforcement of various technical, organizational and human safety management measures<br>• Educating all employees on the protection of confidentiality of communications and customer privacy<br>• Working with our external partners, particularly with our retail network of au Shops, to strengthen management through the improvement of shop operations, monitoring and training<br>• Establishing Information Security Committee<br>• Acquiring external authentication (ISMS) in the whole company<br>• 24 / 7 monitoring of external attacks by specialists |
| System failures due to natural disasters and other unforeseen events | • Natural disasters, such as earthquakes, tsunamis, typhoons, or floods, as well as secondary damage from the spread of toxic substances caused by natural disasters<br>• Worldwide spread of an infectious disease (pandemic)<br>• War, terrorism, accidents, or other unforeseen events<br>• Power brownouts or blackouts<br>• Computer viruses or other forms of cyber-attack and hacking<br>• Operation system hardware or software failures<br>• Flaws in communication equipment and services | • Service outages or interruptions as a result of large-scale natural disasters or accidents caused by climate change, etc.<br>• Loss of opportunities to offer products and services due to service outages as a result of failures in network systems or communication equipment, substantial billing errors, closing of distributors, or suspension of distribution could damage the brand image of the KDDI Group and lead to loss of customer trust and decreased customer satisfaction, which could have a negative impact on the earnings performance<br>• The Company's future business activities and earnings performance could be affected by customers' lost opportunities to use au Shops due to shortened store operating hours, reduced mobile data usage due to increased WiFi usage for remote work, and the various influences on our life design business and solution services for corporate customers | • Initiatives to improve reliability of our network and prevent service outages by implementing Business Continuity Planning<br>• Establishing a disaster response headquarters as early as possible in the event of an emergency or disaster<br>• Contract procedures available online 24 hours a day<br>• Initiatives to ensure the safety of customers and employees |
| Laws, regulations, and government policies relating to the telecommunications sector | • Revisions to the calculation formula for inter-operator connection fees and / or accounting methods<br>• Revisions to designated telecommunications facilities system and / or the regulations on prohibited activities<br>• Revisions to the universal service systems<br>• The emergence of MNOs and MVNOs in the mobile communication market<br>• Revisions to the frequency allocation system and / or spectrum user fee system<br>• Rules regarding electricity retail and financial business<br>• Rules regarding the usage of personal data | • The KDDI Group's earnings performance could be negatively impacted by the revision or abolishment of laws and regulations or formulation of government policies relating to telecommunications and finance business<br>• The KDDI Group's earnings performance could be negatively impacted if the company's competitive advantage is relatively diminished as a result of competition policies | • Taking appropriate actions based on laws, regulations and government policies<br>• Advocating measures for fair competition with other telecommunications operators through various deliberation councils and study sessions as well as the public comment system of the Japan's Ministry of Internal Affairs and Communications |
| Acquisition of human resources, training and personnel management | • Rise in human resources investment costs in the future | • If we are unable to handle matters appropriately in the future, the KDDI Group's brand image could be damaged, leading to loss of customer trust and a negative impact on our earnings performance | • Working together across the entire company to support personnel training and career development to keep up with technological innovations<br>• Appropriate personnel management and the promotion of work style reforms based on the law |

*For details, please see the Business Risks section of the Securities Report for the year ended March 31, 2021.

🔗 **Securities Report for the year ended March 31, 2021 (Japanese only)**

## Initiatives in Response to the Internal Control Reporting System (J-SOX)
<span style="float:right">KDDI Group | Activity & Results</span>

In response to the internal control reporting system based on the Financial Instruments and Exchange Law implemented in fiscal 2008, we conducted evaluations of the internal controls at KDDI and 11 major group subsidiaries (totaling 12 companies) in and outside Japan to ensure reliability of our financial reporting. The results of these evaluations were compiled in an internal control report, which was submitted to Japan's Prime Minister in June 2021, as well as disclosed to investors.

🔗 **Securities Report / Internal Control Report (Japanese only)**

## Activities to Enhance Operational Quality
<span style="float:right">KDDI | System & Awareness Raising</span>

In conjunction with the response to the internal control reporting system, we established an Internal Control Department that promotes initiatives for improving the overall operational quality of the whole company, and Internal Control System Managers in each department facilitate initiatives that enhance the efficiency and standardization of operations to do so.

Initiatives that are successful at improving business operations are added to a database, enabling all employees to put them into practice in their own departments.

Furthermore, to further raise each employee's awareness and motivation regarding the improvement of operations, we have introduced the Operational Quality Improvement Prize to recognize excellent and ambitious initiatives. In addition, we have started working on the introduction of robotic process automation (RPA) across the company as a way of improving operational quality, productivity, and efficiency at the same time, starting with the preparation of the RPA system environment and education programs.

### Activities to Enhance Operational Quality
• e-learning training
• Sharing messages from executive officers and good examples of initiatives in e-mail newsletters and internal magazines
• Implementation of Operational Quality Improvement Prize (Once a year)

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance    Risk Management    Customer Relationship Management    Brand Management

# Customer Relationship Management

## Customer Satisfaction Improvement System
**KDDI** | Policy & System

We will continue aiming to achieve sustainable business growth by enhancing customer engagement and actively breaking ground in new life design fields, especially those related to telecommunications. To better understand the needs of our customers and provide more fulfilling and convenient lifestyles, we aim to further improve customer experience (CX) and provide customers with exciting experiences by expanding our life design services into areas like commerce, energy, finance and entertainment, focusing on our existing communication services.

Toward that aim, we at all departments strive to refine and connect all points of contact with the customers, working on cross-departmental improvements across au Shops, CS, My au app, communication and sound quality, products, website, rates and services. We share the progress at the CX Promotion Meeting that is held once a month, attended by top executives, to speed up the process.

Many evaluations, criticisms and comments we receive from customer questionnaires form the guidelines for our behavior. Reflecting these opinions sincerely in our business completes the cycle of offering further value to our customers.

■ Framework for Collection of Customer Feedback



## Collecting Customer Feedback
**KDDI** | System

We sincerely listen to valuable customer feedback and immediately translate it into action to continuously refine our services and quality. Based on their opinions and demands, we analyze and identify problems using the internal system that is updated daily. When prompt decision making is required, management executives and representatives of related divisions meet and discuss how to solve problems throughout the company. In order to share customer feedback with the whole company, we also have an intranet all employees can access and see their comments (excluding their personal information).

☑ Improvement Initiatives (Japanese only)

☑ Services that Have Come from Customer Feedback (Japanese only)

## Initiatives for Customer Satisfaction
**KDDI** | System & Activity

### Visualization and Improvement of Customer Satisfaction in au Sales Channels
In response to diversified customer needs, in June 2021, KDDI revised the content of the questionnaire survey to customers visiting its shop so that we can confirm if they are satisfied with the service at the shop. We developed a system that enables us to confirm the survey results on the following day of the survey at the earliest.

We will work hard to improve store-front customer satisfaction and customer experience in the au sales channels throughout Japan based on survey results.

This initiative is inviting more people to choose au.

### Multilingual Support Initiatives
Services are available in multiple languages at au Style shops and au Shops.
Available languages: 13 in total
(English, Chinese, Portuguese, Korean, Vietnamese, Tagalog, Spanish, French, Thai, Nepalese, Hindi, Russian and Indonesian)

☑ Multilingual Support Initiatives at au Shops

### Other Initiatives

| Initiative | Details |
|---|---|
| CX AWARD | KDDI holds the annual contest to praise day-to-day initiatives at au Style shops and au Shops and share good practices across all the stores |
| au Support Movies | Movies explaining how to use smartphones and popular apps in video form<br>☑ au Support Movies |
| au Smart Support | We offer a membership-based support service offering tailored support for customers using smartphones<br>☑ au Smart Support (Japanese only) |

## Initiatives for Corporate Customer Satisfaction
**KDDI** | Activity

Right now, KDDI's many corporate customers are promoting digital transformation (DX) to grow their businesses.

To respond to the diversified and sophisticated needs of such customers, KDDI is committed to its policy of "creating new value through DX together with our customers." To this end, we strive to communicate closely with our customers and look at matters from their perspectives in an effort to help turn their DX visions into reality.

### KUG: KDDI Enterprise Users' Group
KDDI Enterprise Users' Group (KUG) is an organization operated by our corporate customers. In KUG, which KDDI supports as the organizer, members from various industries gather and hold seminars, observation tours and workshops in order to interact, study and cultivate friendships. These activities also provide opportunities for KDDI to collect opinions and feedback from members to improve services and develop new products.

Through exclusive observation tours and seminars, KUG aims to accelerate the communication between its members and KDDI.

FY2020 Activity Results
• Online seminar
"Key to successful zero-trust network supporting remote working"
• Online seminar
"Security measures learning from examples and demonstrations"
• Virtual tour of KDDI research atelier

☑ KDDI Enterprise Users' Group (Japanese only)

## Customer Satisfaction Survey
**KDDI** | Results & Analysis

### Assessments of au Services in the Consumer Market

| Consultations | Evaluation |
|---|---|
| J.D. Power: 2021 QR Code and Bar Code Payment Service Satisfaction Survey | Ranked highest in overall satisfaction |

### Assessments of KDDI Services in the Corporate Market

| Consultations | Evaluation |
|---|---|
| J. D. Power: 2020 Business Mobile Phone Service Satisfaction Study <Large Enterprise / Midsize Business Segment Divisions> | Ranked highest in overall satisfaction (five consecutive years) |
| J.D. Power: 2020 Business Mobile Phone Service Satisfaction Study <Small and Medium Business Segment Divisions> | Ranked highest in overall satisfaction |
| J. D. Power: 2020 Business IP Phone & Direct Line Phone Service Satisfaction Study | Ranked highest in overall satisfaction (eight consecutive years) |
| J. D. Power: 2020 Business Network Service Satisfaction Study <Large Enterprise Business Segment Divisions> | Ranked highest in overall satisfaction (two consecutive years) |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Governance    Risk Management    Customer Relationship Management    **Brand Management**

# Brand Management

## KDDI's Approach (Brand Management)   KDDI   Policy

KDDI, au, UQ mobile, and povo each have brand slogans.

The slogan for the KDDI brand, "Tomorrow, Together," is the common message for corporate businesses, expressing the brand value effectively.

KDDI has developed the multi brand strategy for the consumer market, taking full advantage of the features of each brand, under the slogans: "Explore the extraordinary" for the au brand, "Simple-wo-minnani" (Simple for all) for the UQ mobile brand, and "Kimini-pittarino-jiyuue, isshoni" (Together to the freedom that is right for you ) for the povo brand.

The slogans are a reflection of our commitment to better understand our customers and continue being the company that people choose. They also express our endeavors to increase the trust we have earned from many companies and to work together as partners. We are making company-wide efforts to promote the improvement of customer experience, which leads to customer satisfaction. Establishing a strong brand and managing it properly is one of our key issues. For the proper management of our brands, we are striving to raise employees' awareness of issues like unauthorized use of trademarks and inappropriate use of logos by third parties, so as not to affect customer satisfaction or bring any disadvantage to society.

## Advertising Policy to Establish Our Brands   KDDI   Policy

True to our Company Vision "The company the customer can feel closest to," "A company that continues to produce excitement" and a company "Contributing to the sustainable growth of society," we aim to promote the improvement of customer experience. We aim to understand our customers through all points of contact and provide the best services at the right time.

Our advertising and publicity are strongly promoted as one way to realize this policy.

## Our Approach to Advertisement Production   KDDI   Policy

KDDI advertisements are created with the idea of contributing to improved customer satisfaction, based on the rules of the Act against Unjustifiable Premiums and Misleading Representations as well as voluntary standards and guidelines on placement of telecommunications services advertisements, to avoid interfering in the autonomous and rational choice of customers by unfair enticement.

When creating an advertisement, each department shares detailed information about the purpose of the advertisement and the details of the product or service. The created advertisement is inspected at each department before it is submitted to the review department for final approval. As a rule implemented since 2013, advertisements cannot be used without passing the final review. We select media that can be effective points of contact for communication with customers, as well as being cost effective.

### FY2020 Violation of Regulations

There were no violations of any regulations related to marketing or communication (the Act against Unjustifiable Premiums and Misleading Representations).

### FY2020 Review Results

• Number of advertisements inspected by the review department: 5,210
• Results of review: Advertisements that might violate laws and regulations were all rectified

### Promotion Regime

```
                Brand Communications Division
                           |
          ┌────────────────┴────────────────┐
  Advertisement Department         Brand Management Department
```

• Formulates communication plans
• Promotes communication activities
• Manages owned advertising websites

• Develops and promotes brand strategies
• Develops and manages trademarks

## Advertisement and Brand Building Efforts   KDDI   Activity & Results

For the initiatives of au, we rolled out the Santaro TV commercial series from January 2015 and "too sophisticated Takasugi-kun" series from January 2018. In an effort to spread the brand image of au under the brand slogan "Explore the extraordinary," we will continue to run both series with the aim of further increasing our popularity.

For UQ mobile as well, we are striving to get the brand slogan, "Simple-wo-minnani" (Simple for all) widely recognized among consumers and improve the brand's favorability.

### External Recognition
### au (Subject: The Santaro TV Commercial Series and the "Too Sophisticated Takasugi-kun" Series)
CM Soken Consulting
FY2020 Commercial Popularity Ranking by Brand:
First Place (November 2019 to October 2020)
*Listed as Brand of the Year for six consecutive years

### UQ mobile (Subject: The Three Sisters TV Commercial Series)
FY2020 Commercial Popularity Ranking by Brand:
Seventh Place (November 2019 to October 2020)

### KDDI
FY2020 Commercial Popularity Ranking by Company:
Third Place (April 2020 to March 2021)

### Sponsorship
As one of our initiatives to improve our brand value, we sponsor sports contests, sports organizations and social and cultural projects. By offering new ways of watching sports in the upcoming age of 5G popularity and through other forms of support, we aim to create new value and provide excitement for customers.

| | |
|---|---|
| Soccer | As a supporting company of Japan's national soccer teams, we support all the soccer teams representing the country, including the Samurai Blues (men's team) and Nadeshiko Japan (women's team). We also sponsor the J.League teams Kyoto Sanga F.C. and Nagoya Grampus. |
| Baseball | We support baseball as a sponsor of the Yokohama DeNA BayStars. |
| Sport climbing | As the official sponsor of the sport climbing category of the Japan Mountaineering and Sport Climbing Association, we support sport climbing and sponsor "Team au," made up of five climbers. |
| Motor sports | We sponsor the TGR Team au Tom's in Japan's biggest GT race, the Super GT. |
| E-Sports | E-sports are growing in popularity around the world, and we support the spread of e-sports in Japan as the official sponsor of the Japan eSports Union (JeSU) and as a sponsor of the pro team DetonatioN Gaming as well as various e-sports competitions and events. |
| UNIVAS | We support the promotion and development of university sports as a partner of the Japan Association for University Athletics and Sport (UNIVAS). |

### GINZA 456 Created by KDDI
Since September 2020, we have run a concept shop where customers can turn their imagination into reality and enjoy experiencing "Explore the extraordinary" by utilizing au 5G and other cutting-edge technologies. On the first floor, you can see the latest 5G smartphone models, au official accessories and 5G-related items offered by KDDI. On the first basement level, you can enjoy experience-based contents utilizing au 5G and other cutting-edge technologies in a space with a sense of immersion. On the second floor, the latest products of au/UQ mobile are displayed and visitors have access to advice on product purchasing, subscription, and after-sales service.

We hope that customers can feel "Tomorrow, Together" and "Explore the extraordinary" through the brand experience at GINZA 456 Created by KDDI.

### Starting Up Old Phones: A Trip Down Memory Lane
Starting Up Old Phones: A Trip Down Memory Lane is an event held by KDDI to recharge and start up old phones that people used to use to print out nostalgic photos stored in the device. The service is free of charge and also accepts phones that are not au. So far, it has been held 229 times at KDDI directly managed outlets across Japan and at various events. Over 8,150 people have participated (as of June 2021).

We had suspended events since March 2020 due to the spread of COVID-19, but in September 2020 resumed holding some of the events in accordance with the COVID-19 guidelines outside the areas subject to the state of emergency and the priority preventative measures.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | **Engagement**

**Stakeholder Engagement**    Community Involvement and Development    External Recognition    External Assurance
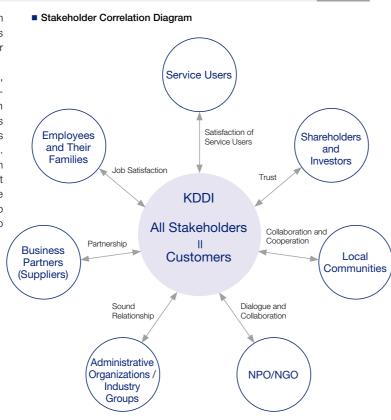
# Stakeholder Engagement

## Stakeholder Engagement : Our Approach and System
KDDI | Policy & System

Stakeholders that influence our businesses are diverse, ranging from customers, shareholders, business partners, employees and their families to local communities, etc. We at KDDI implement various activities to offer new, satisfying experiences to all stakeholders in our business operations.

We also use the GRI Sustainability Reporting Standards, SASB, IIRC, ISO 26000 and other global sustainability standards; JIS Z 26000, Environmental Reporting Guidelines, Guidance for Collaborative Value Creation and other domestic standards; and checklists that consist of questions we receive from investors. With these, we create and implement policies for assessing our current conditions and addressing management issues. The results of engagement efforts are not only reported and shared within the company but also reported at relevant committees and management meetings and reflected in the decision-making process. KDDI values the dialogue with all our stakeholders who support us. We will continue to build up collaboration with our stakeholders and tackle societal issues to contribute to the development of a truly connected society.

■ Stakeholder Correlation Diagram



## Stakeholder Dialogue
KDDI | Activity

We conduct stakeholder dialogue led by the Executive Officer of Sustainability. Through the dialogue, we incorporate the opinions and requests of stakeholders in our corporate management to build schemes for making further improvements.

In fiscal year 2020, we held an "SDGs briefing" for investors and analysts to explain KDDI's initiatives for transformation and social contribution through telecommunications, focusing on the KDDI Sustainability Action Policies and the goals in the KDDI Sustainable Action.

Stakeholder Dialogue

Enhancing Internal Understanding of Sustainability and SDGs

## Results of Stakeholder Engagement
KDDI | Activity & Results

| Stakeholders | | Communication methods | Frequency | Content | Influence on the management and business activities |
|---|---|---|---|---|---|
| Service Users<br>Customer Relationship | We strive for the satisfaction of our service users (customer experience) by living up to their trust and offering safe and valuable products and services. | Releases on media, websites and social media | As needed | • Spread information about the company and business activities | • Spread information appropriately |
| | | Inquiries at customer center (telephone / web) | As needed | • Response to inquiries from customers<br>• Share feedback to improve our products and services across the company | • Improve customer experience<br>• The departments in charge improve convenience of products and services and guarantee safety |
| | | au Shop service counters / retail networks | As needed | | |
| Shareholders and Investors<br>Corporate Governance | We work to build a relationship of trust through honest and fair disclosure of information and active communications. | General Meeting of Shareholders | Once a year | • Share business reports, consolidated financial reports, financial statements, auditors' reports | • Strengthen governance<br>• Deliver information using websites and other information tools with a sincere attitude<br>• Promote efforts to achieve SDGs |
| | | Results briefing | Four times a year | • Report financial results and business initiatives, etc. | |
| | | Disseminating information through Shareholder Communication | Twice a year | | |
| | | Session with institutional investors in Japan and abroad | Over around 660 times a year | • Explain and exchange opinions on financial results and business initiatives, etc. | |
| | | Seminar for investors | Several times a year | • Specific sessions such as SDGs briefings, seminars for private investors, etc. | |
| | | Spread information through website | As needed | • Dissemination of information such as various reports, documents and details of initiatives | |
| Local Communities<br>Community Involvement | We collaborate and work in partnership with local communities and fulfill our duties as a corporate citizen. | Social contribution programs in each region | As needed | • Exchange opinions through local administrative organizations, etc.<br>• Interact with local residents and contribute to local safety and development | • Reflect opinions on the environment conservation activities<br>• Solve social issues in partnership with administrative organizations and local communities |
| | | Information Ethics Classes (KDDI Smartphone and Mobile Phone Safety Classes, Raise Disaster Risk Reduction Literacy with Your Smartphone) and environmental education held at schools and community facilities<br>Community Involvement | As needed | | |
| NPO/NGO<br>Community Involvement | We contribute to a better society through dialogue and cooperation. | Activities funded by the KDDI Foundation | As needed | • Practice social contribution activities across the world<br>• Participate in progressive initiatives | • Understand the social issues and needs in each community |
| | | Events hosted in cooperation with NPO/NGO | As needed | | |
| Administrative Organizations / Industry Groups<br>Participation in External Initiatives | We comply with the law and maintain sound relations. | Participation in conferences / councils | As needed | • Collect information and exchange opinions | • Make proposals on various guidelines and deregulation |
| | | Participation in Initiatives | As needed | | |
| Employees and Their Families<br>Labor Practices | We continue to be a dynamic company that provides job satisfaction to all employees. | Employee Awareness Survey (Employee Engagement Survey) | Four times a year | • Conduct surveys on employees' motivation to actively contribute to the company and their work | • Analyze the state of companywide organizational culture and identify issues to be tackled in each department<br>• Respect human rights |
| | | Excitement Tours | Four times a year | • Direct communication between employees and the President | |
| | | | Eight times a year | • Direct communication between employees and board members | |
| | | Opinion exchanges between management and employees | A dozen times a year | • Discuss and promote mutual understanding about labor management issues | |
| | | KDDI Sports Festival (Co-hosted with the labor union) | Once a year* | • Create a sense of unity through encouraging interactions among KDDI Group employees including their families and management | • Create a sense of unity throughout the company |
| Business Partners (Suppliers)<br>Supply Chain | We build partnerships based on mutual trust and carry out appropriate business activities with fair and open transactions. | Surveys and liaison conference | Once a year | • Share KDDI Sustainable and Responsible Procurement Policy | • Promotion of responsible procurement through supply chain |

*The project was not conducted in fiscal year 2020 due to the spread of COVID-19.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | **Engagement**

Stakeholder Engagement    Community Involvement and Development    External Recognition    External Assurance

# Stakeholder Engagement

## Participation in External Initiatives    `KDDI`   `Activity & Results`

We endeavor to participate and play a leadership role in initiatives and organizations in and outside Japan to contribute to the development of a truly connected society.

| Initiative | Position |
|---|---|
| International Standardization of Telecommunications | |
| ITU-R (Radio Sector) | • SG4-related Meeting WP4C Chair (Satellite Communications) |
| ITU-T (Standardization Sector) | • SG3 Chair (Rates & Policy) • SG9 Chair (Video Transmission & CATV) • SG17 Vice-Chair (Security) |
| 3GPP (Third Generation Partnership Project) | • SA Plenary Vice-chair (Service & System Aspects) |
| GSMA (GSM Association) | • Director |
| O-RAN ALLIANCE | • Director |
| Building a Safe and Secure Society | |
| Japan Smartphone Security Association (JSSEC) | Vice Chair / Director |
| Telecommunications Carriers Association (TCA) | Chairman |
| Promotion of Diversity and Inclusion | |
| NPO J-Win | Advisory Board Member |

## Topics

**Publication of KDDI's Efforts Related to Measures against the Spread of COVID-19 in External Initiatives**

ITU:

KDDI's free provision (for a limited period of time) of the "Book Pass Unlimited Reading Plan" was introduced in a platform for sharing member countries' responses to COVID-19 as one of Japan's initiatives. The Book Pass Unlimited Reading Plan is a service that allows users to easily enjoy a large number of books online, ranging from practical books that support learning to comics and magazines. In this initiative, the monthly information fee was waived for a certain period of time for new customers and existing customers. The service was available regardless of whether or not they had an au connection.

↪ Platform for Sharing COVID-19 Responses Run by ITU

↪ Website Where KDDI's Above Initiative is Published

GSMA:

KDDI has long been a supporter of the GSMA's Humanitarian Connectivity Charter, a framework for the continuity of telecommunications operations and humanitarian assistance in times of disaster. The following information was published in the GSMA website in 2020: formulation of the KDDI's Basic Policy toward COVID-19, cooperation in various measures and responses in Japan and specific initiatives to protect users and employees. These were all part of the KDDI Sustainable Action set out with a resolution to continue addressing various social issues through businesses.

↪ KDDI's Initiatives Introduced in the GSMA Website

# Community Involvement and Development

## KDDI's Approach (Community Involvement and Development)   `KDDI Group`   `Policy`

We at KDDI Group are driving various initiatives to solve societal and environmental issues of the countries and regions where we operate to contribute to the development of a truly connected society. Each regional office leads community development activities, placing importance on dialogue and cooperation with a variety of stakeholders, including local communities, administrations, universities and NPO/NGO.

## Policy on Corporate Citizenship   `KDDI Group`   `Policy`

We established the Social Contribution Policy in 2012. As a conscientious corporate citizen, we respond to the society's needs and trust and contribute to society across the world utilizing our technologies and human resources. To carry out sustainable business in and outside Japan, it is essential to have dialogue with local communities and grow with them. We see social contribution activities as valuable opportunities to interact with local communities and will continue to capitalize on such activities in terms of business opportunities and risk avoidance.

We established KDDI Sustainable Action in line with the KDDI SDGs for 2030 and are committed to resolving various social issues through our business as a company that contributes to society's sustainable growth. In addition, in the selection and implementation of philanthropic activities such as social contribution and donations, we consider policies and approaches taking into consideration the relationship with and impact on our own business activities and universally applicable issues in the international communities such as the Sustainable Development Goals (SDGs).

↪ KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People

↪ KDDI Sustainable Action

### Manifesto
Operating in accordance with the KDDI Group Philosophy, by satisfying all its stakeholders, the KDDI Group seeks to contribute to society's happiness by encouraging fulfilling lives for people around the world in a sustainable manner.

#### Action Guidelines
1. As a company involved in information and communications business, KDDI recognizes its social responsibility to address societal issues through the use of information and communications technologies (ICTs). We aim to offer appropriate communication environments that are safe and secure for all people.
2. KDDI has established medium-term themes for its social contribution activities in five areas: "bridging the digital divide,"* "sound development of youth," "environmental conservation," "social and cultural support," and "support in times of disaster." By maximizing our application of such resources as networks, products and services, we conduct social contribution activities through ICTs, in a manner characteristic of KDDI.
3. Through communications with stakeholders, we notify and share information concerning ongoing improvements in the content of our operations, thereby contributing to society's development.
4. By sharing with KDDI Group employees our directions on social contribution activities, we pursue independent-minded activities as a good corporate citizen in the aim of achieving sustainable growth in tandem with society.

*Issue where an information disparity occurs between people who have access to information and communication technology such as the computers and the internet and those who do not

## Management Framework   `KDDI Group`   `System`

As a corporate citizen, we at the KDDI Group strive to contribute to community development, matching the needs specific to a region where we operate.

Based on the basic policy and direction indicated by KDDI's head office, the regional offices around Japan are committed to implementing sustainability activities, acting as communicators with local communities. These activities are handled cross-departmentally by each regional office and senior general managers such as the executive officers etc., in charge of each region have overall responsibility for the activities.

Regional offices discuss the opinions they receive from local communities with the related department in KDDI head office and take action. We have an information sharing framework within the group, including an intranet, to share activities in each region.

## The Plus Alpha Project Program   `KDDI Group`   `Activity`

From fiscal 2008, we started the Plus Alpha Project program that encourages our employees to actively participate in voluntary activities. In this program, employees earn points for social contribution activities within or outside the company, and the company donates an amount corresponding to these points to charity organizations on behalf of the employees.

All employees (approx. 17,000) are eligible, and a total of 10,000,000 yen was donated to 58 organizations in fiscal 2020. The total amount of donations made since the beginning of this program is 92,481,520 yen.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | **Engagement**

Stakeholder Engagement     **Community Involvement and Development**     External Recognition     External Assurance

# Community Involvement and Development

## Workshop-Style Classes: Raise DRR Literacy with Your Smartphone `KDDI` `Activity`

Japan is struck by major natural disasters almost every year, and education for disaster risk reduction (DRR) is becoming increasingly important in schools. We have been holding workshop-style classes named Raise DRR Literacy with Your Smartphone for high school students since fiscal 2017 to teach them how to effectively use ICTs as a lifeline in the event of a disaster. A social media network was specially created for learning how to share information during the classes. In total, these workshops have been held at 43 schools with over 2,100 participants to date.

### ■ Comprehension Questionnaire

| | |
|---|---|
| Questionnaire content | (1) Importance of receiving and sending appropriate information in the event of a disaster<br>(2) Importance of helping oneself and others in a disaster<br>(3) Need to pay attention to information communication in everyday life too |

### ■ Results (FY2020)

| Understood very well | Understood well | Did not understand very well | Did not understand |
|---|---|---|---|
| 82.4% | 17.2% | 0.4% | 0.0% |

### ■ Percentage of Positive Responses

| Understood very well, well |
|---|
| 99.6% |

☑ KDDI's IT Literacy Training: Reducing Disaster Risk with Smartphones

## The Shimamono Project, Which Aims to Invigorate the Communities in Outlying Islands `KDDI` `Activity`

Japan has around 420 populated outlying islands. These communities are facing various challenges, such as young people moving away from the islands, population decline, how to create value and convey the allure of the islands as well as a lack of know-how regarding logistics and sales activities.

To aid remote island areas, KDDI has implemented the Shimamono Project through which we support the dissemination of information on the remote island areas and the sales of businesses in cooperation with the NPO Rito Keizai Shimbun (The Archipelago News) by utilizing the resources of KDDI since the fiscal year 2015. In addition, KDDI hosts Shimamono Marche on its own shopping site au WALLET Market to sell goods produced in outlying islands. We also hold the Shimamono Lab, which is a course for outlying island businesses on branding and promoting products. The Shimamono Lab is now offered in a total of nine areas. In addition, sales from Shimamono Marche reached a cumulative total of around 59 million yen (23 islands, 54 products).

☑ KDDI's Shimamono Project Supports Remote Islands

## Social Contribution `KDDI` `Results`

KDDI is a member of the 1% Club established by Japan Business Federation. Our total social contribution expenditures were approximately 970 million yen in fiscal year 2020.

1. Advertising expenses and membership fees are excluded even if they have the goal of social contribution. Political contributions are not included in total social contribution expenditures.
2. In-store fundraising and employee donations are not included in total social contribution expenditures.

## Volunteer Leave and Number of JICA Volunteers (KDDI) `KDDI` `Results`

### ■ Volunteer Leave and Number of JICA Volunteers (KDDI)

| | | FY2016 | FY2017 | FY2018 | FY2019 | FY2020 |
|---|---|---|---|---|---|---|
| Volunteer leave | Unit: Person who uses the program | 20 | 13 | 29 | 17 | 0 |
| JICA Volunteers* | Unit: Person dispatched | 1 | 0 | 0 | 0 | 0 |

*The number of JICA volunteers (Youth Overseas Cooperation Volunteers participation system) is the number of people KDDI employees are dispatched to JICA in each fiscal year.

## Disaster Relief Fund (FY2020) `KDDI Group` `Results`

Source of funds: KDDI's Bridge of Hope social contribution website
KDDI matches the donations of customers and KDDI group employees. In the case of an emergency, KDDI also makes donations.

### ■ Japan

| Case | Total contributions (Unit: yen) | Donated to |
|---|---|---|
| Heavy rain damages in July 2020 | 22,655,200 | Japanese Red Cross Society |
| Disaster relief fund for the Kumamoto earthquake | 1,030,900 | Japanese Red Cross Society |
| Disaster relief fund for Typhoon No.19 (Hagibis) damages | 100 | Japanese Red Cross Society |
| Disaster relief fund for the Taiwan earthquake | 18,800 | Japanese Red Cross Society |
| Disaster relief fund for the Ecuador earthquake | 42,200 | Japanese Red Cross Society |
| COVID-19 emergency support donation | 4,395,000 | Central Community Chest of Japan |

## Initiatives `KDDI Group` `Results`

### ■ KDDI Group Results

#### (1) Bridging the Digital Divide

| Targets | FY2020 initiatives |
|---|---|
| Improve ICT literacy of older people | • Held KDDI Smartphone and Mobile Phone Safety Classes for elder people<br>• Comprehension rate 86.7%, Usage rate 94.1%<br>• 93 classes held, 1,282 participants (cumulative 1,632 classes, 28,750 participants) |

#### (2) Supporting Sound Development of Youth

| Targets | FY2020 initiatives |
|---|---|
| Improve ICT literacy of youth | • Held KDDI Smartphone and Mobile Phone Safety Classes for youth<br>• Satisfied with teaching materials: 99.6%<br>Satisfied with lecturers: 98.9%<br>Will reapply: 86.9%<br>• 2,608 classes held, approx. 330,000 participants (cumulative total: approx. 36,000 classes, approx. 6.44 million participants) |
| | • Held Workshop-style classes for high school students: Raise DRR Literacy with Your Smartphone<br>• Held at 3 schools with 115 participants (cumulative 43 schools with over 2,100 participants) |

#### (3) Environmental Conservation

| Targets | FY2020 initiatives |
|---|---|
| Biodiversity conservation in collaboration with stakeholders | ☑ Environmental Conservation Activities by Employees (Japanese only)<br>☑ Environmental Education Activities for Children |
| Environmental education for children | ☑ We Held a Class on Creating a Field Guide on Plants and Forest Wildlife at the Yokohama City Hama Elementary School (Japanese only) |

#### (4) Social and Cultural Support

| Targets | FY2020 initiatives |
|---|---|
| Contribute to local community development and regional revitalization | ☑ Shimamono Lab Workshops for Outlying Island Businesses in the Osaki Kamijima Town, Hiroshima Prefecture (Japanese only) |
| Raise awareness of manners for mobile phone use and prevent cycling accidents | ☑ Awareness-raising Utilizing VR Contents in the Hirama SDGs Festival at the Kawasaki City Hirama Elementary School About Prevention of Smartphone Use While Riding Bicycles (Japanese only) |
| We support NPOs and other organizations working to support the environment and society | ☑ KDDI's Bridge of Hope Social Contribution Website (Japanese only) |

#### (5) Disaster Support

| Targets | FY2020 initiatives |
|---|---|
| Support for victims affected by disasters | ☑ Donation of Relief Funds for Victims of the Heavy Rains in July 2020 (Japanese only)<br>☑ Donations to Support COVID-19 Measures (Japanese only) |
| Related to the Great East Japan Earthquake | ☑ 10 Years After the Great East Japan Earthquake: Launch of a Special Website to Look Back on the Disaster and Prepare for Disasters (Japanese only) |

#### (6) Contribution Activities in Growth Regions outside Japan

| Country name | FY2020 initiatives |
|---|---|
| Myanmar | • Held art, music, English, computer and dance classes at the Village School (Art and PC classes were held in small groups only during the summer due to the COVID-19 pandemic) (KDDI Foundation)<br>• Medical and educational support (MPT)<br>  1. Conducted educational programs on digital skills, internships in the technology field, and sports promotion events for young people who will be the future leaders of Myanmar<br>  2. Implemented programs to support Myanmar's medical system. Provided fiber internet, computers, video conference equipment, and Wi-Fi routers<br>• "Clean and Sustainable Water Program" (MPT)<br>Prepared wells in villages that have difficulty accessing clean domestic water to improve public hygiene<br>• Support for COVID-19 measures (MPT)<br>  1. A portion of our sales was donated to support COVID-19 relief measures. We also gave out Topup cards to medical workers and volunteers for free and eliminated fees for sending MPT Money to the government and NGOs.<br>  2. Donated food items at orphanages throughout Myanmar<br>  3. Provided high-speed fiber Internet at COVID-19 response facilities in Mandalay and Yangon<br>  4. Reopened SMS fundraising platform for those wishing to donate to COVID-19 responses, prevention measures and treatment activities |
| Mongolia | • Support for people with disabilities (MobiCom)<br>Actively employed people with disabilities (14 people), sold goods made by people with disabilities, deployed tablets for written communications, and supported the construction of toilets<br>• Startup support program "Monja" (MobiCom)<br>MobiCom, in collaboration with JICA and the Mongolia-Japan Human Resources Development Center, supported start-up companies working on innovative business models and technologies that can manage the socio-economic transformation amid the COVID-19 pandemic<br>• Used computer donations (MobiCom)<br>As part of KDDI's used computer donation project, MobiCom makes donations to public schools across Mongolia and to government facilities<br>• Child Helpline 108 (MobiCom)<br>This service can be accessed for free 24 / 7 by children, parents, teachers, social workers, and others. We hope to help resolve issues such as child abuse with this service.<br>• W.A.S.H. Project (MobiCom)<br>In collaboration with local governments and the NGO World Vision Mongolia, MobiCom builds clean water facilities and toilet facilities for elementary schools.<br>• Support for COVID-19 measures (MobiCom)<br>MobiCom provided free pre-paid SIM cards to police, medical workers and COVID-19 countermeasure experts. A part of online sales and sales from our distributors were donated to medical facilities. |
| Cambodia | • Expanded a demonstration project to construct a broadband access network at low cost in three APT* regions (KDDI Foundation)<br>*Asia-Pacific Telecommunity<br>• Built a KDDI School (the 13th one), built English and computer classrooms (for the 12th and 13th schools), maintained water environment, and distributed masks, disinfectant, and thermometers to all schools as additional emergency support measures against the COVID-19 pandemic (KDDI Foundation)<br>• Provided support to pass down the traditional Cambodian art form of large-scale shadow theater (Sbek Thom) (KDDI Foundation) |
| Nepal | • Introduction of tablet-based home study support amid the COVID-19 pandemic, and development of e-learning materials for the visually and hearing impaired (UNICEF also participated) (KDDI Foundation)<br>• (APT) Project to expand regional network and telemedicine in the western mountainous region (KDDI Foundation) |
| Vietnam | • (APT) Research project to accurately and promptly assess road conditions after floods using drones (KDDI Foundation) |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | **Engagement**

Stakeholder Engagement　　Community Involvement and Development　　**External Recognition**　　External Assurance

# External Recognition

## A Sample of Indices That Include KDDI　　`KDDI` `Results`

### Inclusion in SRI Index FTSE4Good Index Series
We are included in the FTSE4Good Index Series, a major global index for socially responsible investment (SRI) (as of June 2021). The index was developed by FTSE Russell, which belongs to the London Stock Exchange Group. It is widely used as a standard for selecting investees by institutional investors who focus on the social responsibility and sustainability of companies.


FTSE4Good　　FTSE Blossom Japan

### Inclusion in SRI Index MSCI ESG Leaders Indexes
Among global SRI indices, we are included in the MSCI ESG Leaders Indexes (as of June 2021).

This index suite was developed by a US-based company, MSCI Inc., and selects companies with excellent environmental, social and governance (ESG) performance.


2021 MSCI ESG Leaders Indexes Constituent
2021 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX
2021 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF KDDI IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS,TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP,ENDORSEMENT OR PROMOTION OF KDDI BY MSCI OR ANY OF ITS AFFILIATES.
THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

### Inclusion in Euronext Vigeo Eiris Indices World 120
We are included in the Euronext Vigeo Eiris Indices World 120, a representative SRI index (as of June 2021).

This index distinguishes 120 companies achieving the most advanced environmental, social and governance performance.


EURONEXT vigeo eiris INDICES WORLD 120

### Inclusion in Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers
We are included in Ethibel EXCELLENCE and investment universe Ethibel PIONEER, both labels of Forum Ethibel, which is a Belgian association that promotes SRI. We also continue to be included in ESI Excellence Global.

Ethibel Investment Register is an investment universe comprised of companies that have earned high corporate social responsibility (CSR) performance scores according to the association's diverse evaluation (as of May 2020).


member of the INVESTMENT REGISTER ETHIBEL PIONEER & EXCELLENCE
included in ETHIBEL SUSTAINABILITY INDEX EXCELLENCE Global

### Inclusion in S&P / JPX Carbon Efficient Index
We are included in the S&P / JPX Carbon Efficient Index, which is a environmental index jointly developed by the Japan Exchange Group, the Tokyo Stock Exchange, and the S&P Dow Jones Index (as of March 2021).


S&P/JPX Carbon Efficient Index

### Acquired the Highest Rank in the DBJ Environmental Ratings
The Development Bank of Japan (DBJ) developed its own environmental rating system. The investment menu confers an environmental rating after companies are evaluated on their environmental management, outstanding companies are selected, and investment criteria are established based on their score. KDDI acquired the highest rank of A in the ratings. Furthermore, KDDI is the only company in the telecommunications industry that has earned a DBJ Environmental Rating (as of June 2021).


DBJ 環境格付 2018

### Recognized as a Company in Line with Health and Productivity Management 2021 (White 500)
We were recognized by the Nippon Kenko Kaigi for our outstanding health management initiatives that consider the health of our employees from a management perspective and which are strategically carried out. This led to being recognized as a Health and Productivity Management 2021 company in the large enterprise category (White 500) (as of March 2021). Our group companies, OKINAWA CELLULAR TELEPHONE COMPANY and KDDI Engineering, were also recognized as a Health and Productivity Management 2021 company in the large enterprise category (White 500) in 2021.


2021 健康経営優良法人 Health and productivity ホワイト500

### Awarded Gold Rating in the PRIDE Index for Five Consecutive Years and Received the Best Practice Award
We received the top gold rating on the PRIDE Index, which evaluates corporate efforts related to LGBTQ+ and other sexual minorities, for five consecutive years (as of November 2020). The PRIDE Index was established by a private organization, work with Pride, with the aim of promoting the creation of inclusive workplaces for LGBTQ+ in companies. At the same time, the "Family Partnership Application," newly introduced in June 2020, which treats the children of same-sex partners as family members under the company's system, was recognized for its contribution to fostering a sense of security among LGBTQ+ employees and demonstrating the company's commitment to social issues. In recognition of this, we received the Best Practice Award.


work with Pride Gold 2020
work with Pride Best Practice 2020

### Rated Five Stars in the 4th Nikkei Smart Work Management Survey
KDDI was recognized as a 5-star company in the 4th Nikkei Smart Work Management Survey (November 2020), which selects leading companies taking on the challenge of productivity revolution through work style reforms. The survey, which has been conducted by Nikkei Inc. since 2017, targets listed companies and leading non-listed companies nationwide, and defines "smart work management" as efforts to maximize organizational performance through three elements: the realization of diverse and flexible work styles, a system for creating new businesses, and the ability to develop markets. In addition to the three elements, corporate governance and other management foundations are also included in the evaluation, which is based on a five-star scale. Of the 710 companies that responded to the 4th survey, KDDI received high ratings in market development capabilities.


NIKKEI Smart Work ★★★★★ 2021 Best 22

### Ranked First for Overall Performance in the CSR Company Ranking for Two Consecutive Years
We placed first for overall performance in the 15th CSR Company Ranking announced by Toyo Keizai Inc. In this ranking, around 1,614 Japanese companies are evaluated based on the survey conducted for the utilization of human resources, environmental responsibility, corporate governance and social responsibility and finance. The top companies are recognized as trustworthy by a wide range of stakeholders (March 2021).

### Other External Assessments

| Recognition and Awards | Evaluation |
| --- | --- |
| Corporate Philanthropy Award | Resource Recycling Award |
| Commendation for Companies Promoting Hands-on Activities for Youth | Excellent Company Award |
| Company Award 2020 for Development of Environment-friendly Human Resources | Excellence Award |

## Awards Received for Our Initiatives in Growing Markets　　`KDDI Group` `Results`

### Tatsuya Hamada, Chairman and CEO of MobiCom Corporation LLC Was Awarded the Order of the Polar Star (ALTAN GADAS ODON)
In May 2021, Tatsuya Hamada, Chairman and CEO of MobiCom Corporation LLC (headquartered in Ulaanbaatar, Mongolia; hereinafter "MobiCom"), a consolidated subsidiary of KDDI, was awarded the Order of the Polar Star (ALTAN GADAS ODON) by the then President Battulga of Mongolia.

The Order of the Polar Star is a high-ranking state decoration in Mongolia and is the highest award given to a foreigner. MobiCom has been a leader in the telecommunications and IT industry for 25 years since its launch in 1996, and all its employees have worked together to contribute to the development and improvement of the living foundation of the Mongolian people. In addition to this, MobiCom has been actively involved in social contribution activities in Mongolia, and Tatsuya Hamada, who leads MobiCom, was selected for this award in recognition of his daily contributions to the development of Mongolia beyond the framework of the telecommunications business.

| Award | Evaluation |
| --- | --- |
| MobiCom: Honored as one of the Top 100 Companies of 2020 | Received in recognition of comprehensively contributing to Mongolia's economy with sales, tax payment and capital investment |
| MobiCom: Received the Best Tax Payer 2020 Award | Received in recognition of the company's ability to maintain employment even under the difficult conditions caused by COVID-19 |
| MobiCom: Received the Golden Rose 2020 Award by the Mongolian Youth Association | Among the projects related to education, health, environment, social innovation, and technological innovation, influential social contribution activities are recognized |
| MobiCom: Moffice (an office provided to start-up companies) received the Forbes Property Awards 2020 | From various new real estate and properties, properties that have realized innovative architecture and design are selected |
| MobiCom: Top 10 Entrepreneur Award 2019 | Received in recognition of the company's business accomplishments, profit, social responsibility, employment, exports, and other factors |
| MobiCom: Received the best player of ICT EXPO 2019 award | Recognized for the company's comprehensive activities in the ICT field |
| MobiCom: Received the award for Corporate Social Responsibility at the Forbes Mongolia Awards 2019 | Received in recognition of being the best Mongolian company in the field of social responsibility and eco-friendliness |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | **Engagement**

Stakeholder Engagement | Community Involvement and Development | External Recognition | **External Assurance**

# External Assurance

**Scopes 1 and 2**
**FY2019 Greenhouse Gas Emissions Guarantee Statement**
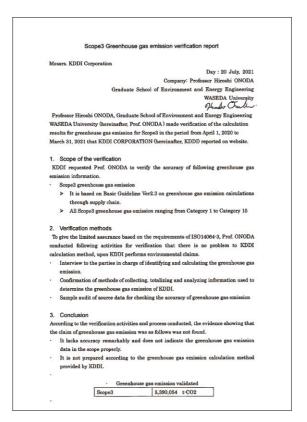


**Scope 3**
**FY2020 Greenhouse Gas Emissions Verification Report**



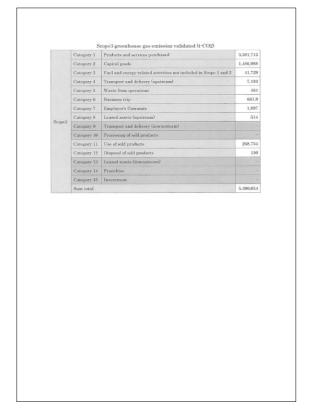**ISO 14001 Management System Certificate**



*Direct GHG emissions include those of an overseas subsidiary. Indirect GHG emissions from consumption of purchased electricity, heat or steam are calculated using the emission factor of each electric utility operator.

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Corporate Profile    Disclosure Policy

# Corporate Profile

### Corporate Profile (As of March 31, 2021)

| | |
|---|---|
| Company name | : KDDI CORPORATION |
| Date of establishment | : June 1, 1984 |
| Main business | : Telecommunications business |
| Head office | : Garden Air Tower, 3-10-10, Iidabashi, Chiyoda-ku, Tokyo 102-8460, Japan |
| President, KDDI CORPORATION | : Makoto Takahashi |
| Capital | : 141,852 million yen |
| Number of employees | : 47,320 (consolidated basis) |

### Office Status (As of March 31, 2021)

| | |
|---|---|
| Office | : Head Office (Tokyo Prefecture) |
| Regional Office | : Hokkaido (Hokkaido Prefecture), Tohoku (Miyagi Prefecture), Northern Kanto (Saitama Prefecture), Southern Kanto (Kanagawa Prefecture), Chubu (Aichi Prefecture), Hokuriku (Ishikawa Prefecture), Kansai (Osaka Prefecture), Chugoku (Hiroshima Prefecture), Shikoku (Kagawa Prefecture), Kyushu (Fukuoka Prefecture) |
| Branches | : 17 branches, 66 branch stores, 6 customer services centers, etc. |
| Technical centers | : 9 technical centers and engineering centers, 3 technical maintenance centers, 1 transmission center |
| Offices outside Japan | : Geneva, Beijing, Shanghai |

🔗 Major KDDI group companies

### Principal Businesses (As of March 31, 2021)

The KDDI group comprises KDDI, 156 consolidated subsidiaries (100 in Japan, 56 overseas) and 39 equity-method affiliates (32 in Japan, 7 overseas).
The businesses of the group are classified into segments in accordance with the types of services and customer attributes. The principal businesses of each segment are presented below.

| | |
|---|---|
| Personal Services | : Communication services in Japan and overseas (mobile and fixed telecommunications) and life design services (commerce, finance, energy, entertainment, education etc.) for individuals |
| Business Services | : Communication services in Japan and overseas (mobile and fixed telecommunications) and ICT solutions and data center services for companies |

### KDDI Consolidated Performance*

**FY2020**
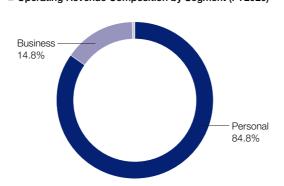
| | |
|---|---|
| Operating revenue | : 5,312,599 million yen |
| Operating income | : 1,037,395 million yen |
| Profit for the period attributable to owners of the parent | : 651,496 million yen |

* See the financial highlights in investor relations for details.

🔗 Financial Highlights

■ Operating Revenue Composition by Segment (FY2020)

Business 14.8%
Personal 84.8%

# Disclosure Policy

### Disclosure of Sustainability-Related Information

In addition to Integrated Report focused on financial information, KDDI issues Sustainability Report which expands on non-financial information in terms of environment, social and governance aspects in PDF format (Japanese and English).

The Sustainability Report expands on information referencing the GRI's Sustainability Reporting Standards, as well as information to promote greater understanding of how KDDI creates value.

We will continue making efforts to communicate with all stakeholders and promoting our sustainability initiatives.

Please note that this report is an English translation of the Japanese SUSTAINABILITY REPORT 2021 prepared for your reference and convenience only and without any warranty as to its accuracy. In the event of any discrepancy, the Japanese original shall prevail.

**Period Covered**
FY2020 (April 1, 2020 to March 31, 2021). Some of the included information pertains to activities prior to March 2020 and after April 2021.

**Scope of Report**
Although we report the activities of the KDDI Group (KDDI and its 156 subsidiaries), this report focuses on KDDI only since the ratio of the Group's consolidated sales is approximately 1.30 times KDDI's non-consolidated sales.*
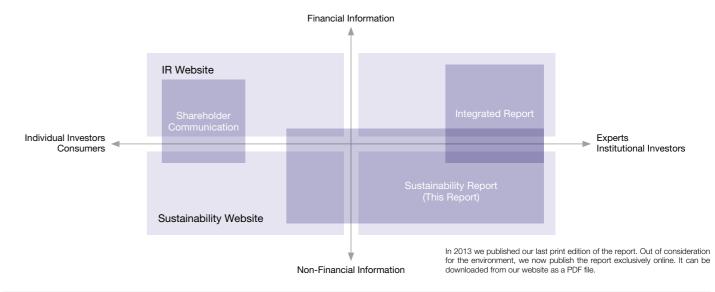
* Consolidated: based on International Financial Reporting Standards (IFRS). Non-consolidated: based on Japanese GAAP.

**Publication Date**
November 2021 (Next publication: November 2022; Previous publication: October 2020)

**Guidelines Referenced**
- GRI (Global Reporting Initiative) Sustainability Reporting Standards
- SASB (Sustainability Accounting Standards Board) (Telecommunications)
- IIRC (International Integrated Reporting Council)
- ISO 26000: 2010 (Guidance on Social Responsibility)
- JISZ 26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards
- Japan's Ministry of the Environment, 2018 Environmental Reporting Guidelines
- Japan's Ministry of the Environment, 2005 Environmental Reporting Guidelines
- Japan's Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
- TCFD Consortium "TCFD Guidance 2.0"

Financial Information

IR Website
Shareholder Communication
Individual Investors Consumers ← → Experts Institutional Investors
Integrated Report
Sustainability Report (This Report)
Sustainability Website
Non-Financial Information

In 2013 we published our last print edition of the report. Out of consideration for the environment, we now publish the report exclusively online. It can be downloaded from our website as a PDF file.

### External Assurance

To ensure reliability, environmental data for Scopes 1 and 2 has received independent third party assurance by Lloyd's Register Quality Assurance Limited. Environmental data for Scope 3 has been verified by WASEDA University, an independent third-party.

**Inquiries**
KDDI Corporation
Sustainability Department, General Administration Division
E-mail: csr@kddi.com
GARDEN AIR TOWER, 3-10-10, Iidabashi, Chiyoda-ku, Tokyo 102-8460, Japan

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Appendix Table

# Appendix Table:
# Comparative Table with GRI Standards

KDDI prepared this report by referencing the GRI Sustainability Reporting Standards.

## GRI 102: General Disclosures

| Item | Reference Page |
|---|---|
| **1. Organizational profile** | |
| 102-1 Name of the organization | 118 |
| 102-2 Activities, brands, products, and services | 118 |
| 102-3 Location of headquarters | 118 |
| 102-4 Location of operations | 118 |
| 102-5 Ownership and legal form | 118 |
| 102-6 Markets served | 118 |
| 102-7 Scale of the organization | 53, 118 |
| 102-8 Information on employees and other workers | 53, 118 |
| 102-9 Supply Chain | 6, 71-73 |
| 102-10 Significant changes to the organization and its supply chain | N/A |
| 102-11 Precautionary principle or approach | 100-103 |
| 102-12 External initiatives | 110 |
| 102-13 Membership of associations | 28, 37, 66, 71, 110,112 |
| **2. Strategy** | |
| 102-14 Statement from senior decision-maker | 2-3, 20 |
| 102-15 Key impacts, risks, and opportunities | 26, 34, 40, 48, 64, 74, 76-77, 100-103 |
| **3. Ethics and Integrity** | |
| 102-16 Values, principles, standards, and norms of behavior | 0, 4-6, 9 |
| 102-17 Mechanisms for advice and concerns about ethics | 68-69 |
| **4. Governance** | |
| 102-18 Governance structure | 7, 14-15, 30, 35, 54, 65-66, 68-69, 77, 90-99, 100 |
| 102-19 Delegating authority | 7,94-95, 100 |
| 102-20 Executive-level responsibility for economic, environmental, and social topics | 7, 14-15, 30, 35, 54, 65-66, 68, 77, 90-91,100 |
| 102-21 Consulting stakeholders on economic, environmental, and social topics | 7, 108-110 |
| 102-22 Composition of the highest governance body and its committees | 90-92, 98-99 |
| 102-23 Chair of the highest governance body | 93 |
| 102-24 Nominating and selecting the highest governance body | 91-93, 98-99 |
| 102-25 Conflicts of interest | 91-93, 96 |
| 102-26 Role of highest governance body in setting purpose, values, and strategy | 2-3, 6-7, 20, 90 |
| 102-27 Collective knowledge of highest governance body | 2-3, 20 |
| 102-28 Evaluating the highest governance body's performance | 7, 24-25, 91 |
| 102-29 Identifying and managing economic, environmental, and social impacts | 7, 22, 108-110 |
| 102-30 Effectiveness of risk management processes | 100-101 |
| 102-31 Review of economic, environmental, and social topics | 7, 14, 90-91 |
| 102-32 Highest governance body's role in sustainability reporting | 7, 90 |
| 102-33 Communicating critical concerns | 90-91 |
| 102-34 Nature and total number of critical concerns | 68-69 |
| 102-35 Remuneration policies | 94-95 |
| 102-36 Process for determining remuneration | 94-95 |
| 102-37 Stakeholders' involvement in remuneration | 91 |
| 102-38 Annual total compensation ratio | 63, 95 |
| 102-39 Percentage increase in annual total compensation ratio | – |

| Item | Reference Page |
|---|---|
| **5. Stakeholder Engagement** | |
| 102-40 List of stakeholder groups | 108-109 |
| 102-41 Collective bargaining agreements | 62 |
| 102-42 Identifying and selecting stakeholders | 108-109 |
| 102-43 Approach to stakeholder engagement | 108-113 |
| 102-44 Key topics and concerns raised | 22, 24-25, 108-109 |
| **6. Reporting Practice** | |
| 102-45 Entities included in the consolidated financial statements | 119 |
| 102-46 Defining report content and topic boundaries | 119 |
| 102-47 List of material topics | 21, 24-25 |
| 102-48 Restatements of information | N/A |
| 102-49 Changes in reporting | N/A |
| 102-50 Reporting period | 119 |
| 102-51 Date of most recent report | 119 |
| 102-52 Reporting cycle | 119 |
| 102-53 Contact point for questions regarding the report | 119 |
| 102-54 Claims of reporting in accordance with the GRI Standards | 119 |
| 102-55 GRI content index | 120-121 |
| 102-56 External Assurance | 116-117 |

## GRI 103: Management Approach

| Item | Reference Page |
|---|---|
| **GRI 103: Management Approach** | |
| 103-1 Explanation of the material topic and its boundary | 21-22 |
| 103-2 The management approach and its components | 26, 34, 40, 48, 64, 74, 100-103 |
| 103-3 Evaluation of the management approach | 24-25 |

## 200 Series (Economic)

| Item | Reference Page |
|---|---|
| **GRI 201: Economic Performance** | |
| 201-1 Direct economic value generated and distributed | 53, 63, 80, 111-113,118 |
| 201-2 Financial implications and other risks and opportunities due to climate change | 14, 74, 76-77 |
| 201-3 Defined benefit plan obligations and other retirement plans | 62 |
| 201-4 Financial assistance received from government | N/A |
| **GRI 202: Market Presence** | |
| 202-1 Ratios of standard entry level wage by gender compared to local minimum wage | 54 |
| 202-2 Proportion of senior management hired from the local community | 53 |
| **GRI 203: Indirect Economic Impacts** | |
| 203-1 Infrastructure investments and services supported | 24-25, 30-33, 111-113 |
| 203-2 Significant indirect economic impacts | N/A |
| **GRI 204: Procurement Practices** | |
| 204-1 Proportion of spending on local suppliers | – |
| **GRI 205: Anti-corruption** | |
| 205-1 Operations assessed for risks related to corruption | 68-70 |
| 205-2 Communication and training about anti-corruption policies and procedures | 68-70 |
| 205-3 Confirmed incidents of corruption and actions taken | 68-70 |
| **GRI 206: Anti-competitive Behavior** | |
| 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 70 |
| **GRI 207: Tax** | |
| 207-1 Approach to tax | 70 |
| 207-2 Tax governance, control, and risk management | 70 |
| 207-3 Stakeholder engagement and management of concerns related to tax | 70 |
| 207-4 Country-by-country reporting | N/A |

## 300 Series (Environmental)

| Item | Reference Page |
|---|---|
| **GRI 301: Materials 2016** | |
| 301-1 Materials used by weight or volume | – |
| 301-2 Recycled input materials used | 80, 87 |
| 301-3 Reclaimed products and their packaging materials | 80, 87 |

| Item | Reference Page |
|---|---|
| **GRI 302: Energy 2016** | |
| 302-1 Energy consumption within the organization | 80-85 |
| 302-2 Energy consumption outside of the organization | 82-83 |
| 302-3 Energy intensity | 84-85 |
| 302-4 Reduction of energy consumption | 80, 84-85 |
| 302-5 Reductions in energy requirements of products and services | 85 |
| **GRI 303: Water and Effluents 2018** | |
| 303-1 Interactions with water as a shared resource | – |
| 303-2 Management of water discharge-related impacts | – |
| 303-3 Water withdrawal | 84-85 |
| 303-4 Water discharge | 84-85 |
| 303-5 Water consumption | 84-85 |
| **GRI 304: Biodiversity 2016** | |
| 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | N/A |
| 304-2 Significant impacts of activities, products, and services on biodiversity | N/A |
| 304-3 Habitats protected or restored | 88-89 |
| 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | N/A |
| **GRI 305: Emissions 2016** | |
| 305-1 Direct (Scope 1) GHG emissions | 82-85 |
| 305-2 Energy indirect (Scope 2) GHG emissions | 82-85 |
| 305-3 Other indirect (Scope 3) GHG emissions (Scope 3) | 82-83 |
| 305-4 GHG emissions intensity | – |
| 305-5 Reduction of GHG emissions | 24-25, 82-85 |
| 305-6 Emissions of ozone-depleting substances (ODS) | – |
| 305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions | – |
| **GRI 306: Effluents and Waste 2016** | |
| 306-1 Water discharge by quality and destination | – |
| 306-2 Waste by type and disposal method | 78, 81, 84-85 |
| 306-3 Significant spills | 78 (N/A) |
| 306-4 Transport of hazardous waste | 78 |
| 306-5 Water bodies affected by water discharges and / or runoff | – |
| **GRI 307: Environmental Compliance 2016** | |
| 307-1 Non-compliance with environmental laws and regulations | 78 (N/A) |
| **GRI 308: Supplier Environmental Assessment 2016** | |
| 308-1 New suppliers that were screened using environmental criteria | – |
| 308-2 Negative environmental impacts in the supply chain and actions taken | 71-72 |

## 400 Series (Social)

| Item | Reference Page |
|---|---|
| **GRI 401: Employment 2016** | |
| 401-1 New employee hires and employee turnover | 49, 53 |
| 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 57-58, 62-63 |
| 401-3 Parental leave | 60 |
| **GRI 402: Labor / Management Relations 2016** | |
| 402-1 Minimum notice periods regarding operational changes | 62 |
| **GRI 403: Occupational Health and Safety 2018** | |
| 403-1 Occupational health and safety management system | 54, 56 |
| 403-2 Hazard identification, risk assessment, and incident investigation | 56, 63 |
| 403-3 Occupational health services | 54-57 |
| 403-4 Worker participation, consultation, and communication on occupational health and safety | 56-57 |
| 403-5 Worker training on occupational health and safety | 56 |
| 403-6 Promotion of worker health | 56-57 |
| 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | 56-57 |
| 403-8 Workers covered by an occupational health and safety management system | 56-57 |
| 403-9 Work-related injuries | 63 |
| 403-10 Work-related ill health | 56-57 |

| Item | Reference Page |
|---|---|
| **GRI 404: Training and Education 2016** | |
| 404-1 Average hours of training per year per employee | 49 |
| 404-2 Programs for upgrading employee skills and transition assistance programs | 48-51, 62 |
| 404-3 Percentage of employees receiving regular performance and career development reviews | 52 |
| **GRI 405: Diversity and Equal Opportunity 2016** | |
| 405-1 Diversity of governance bodies and employees | 51, 61-62, 64-67, 93 |
| 405-2 Ratio of basic salary and remuneration of women to men | – |
| **GRI 406: Non-discrimination 2016** | |
| 406-1 Incidents of discrimination and corrective actions taken | 65-69 |
| **GRI 407: Freedom of Association and Collective Bargaining 2016** | |
| 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk | 62, 71-73 |
| **GRI 408: Child Labor 2016** | |
| 408-1 Operations and suppliers at significant risk for incidents of child labor | 72 (N/A) |
| **GRI 409: Forced or Compulsory Labor 2016** | |
| 409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor | 72 (N/A) |
| **GRI 410: Security Practices 2016** | |
| 410-1 Security personnel trained in human rights policies or procedures | – |
| **GRI 411: Rights of Indigenous Peoples 2016** | |
| 411-1 Incidents of violations involving rights of indigenous peoples | N/A |
| **GRI 412: Human Rights Assessment 2016** | |
| 412-1 Operations that have been subject to human rights reviews or impact assessments | 66 |
| 412-2 Employee training on human rights policies or procedures | 6, 65-69 |
| 412-3 Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening | N/A |
| **GRI 413: Local Communities 2016** | |
| 413-1 Operations with local community engagement, impact assessments, and development programs | 89, 111-113 |
| 413-2 Operations with significant actual and potential negative impacts on local communities | N/A |
| **GRI 414: Supplier Social Assessment 2016** | |
| 414-1 New suppliers that were screened using social criteria | 71-73 |
| 414-2 Negative social impacts in the supply chain and actions taken | 71-73 |
| **GRI 415: Public Policy 2016** | |
| 415-1 Political contributions | 69 |
| **GRI 416: Customer Health and Safety 2016** | |
| 416-1 Assessment of the health and safety impacts of product and service categories | 45-47 |
| 416-2 Incidents of non-compliance concerning the health and safety impacts of products and services | N/A |
| **GRI 417: Marketing and Labeling 2016** | |
| 417-1 Requirements for product and service information and labeling | 45, 86 |
| 417-2 Incidents of non-compliance concerning product and service information and labeling | N/A |
| 417-3 Incidents of non-compliance concerning marketing communications | 106 (N/A) |
| **GRI 418: Customer Privacy 2016** | |
| 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 24 (N/A) |
| **GRI 419: Socioeconomic Compliance 2016** | |
| 419-1 Non-compliance with laws and regulations in the social and economic area | N/A |

Top Message | KDDI's Commitment to Sustainability | Feature Article 1: KDDI's Response to Climate Change | Feature Article 2: KDDI Sustainable Action | Materiality | Management Framework | Engagement

Appendix Table

**Appendix Table:**

# Sustainability Accounting Standards Board (SASB) Comparative Table

KDDI references the sustainability account standards for telecommunication services industry designated by Sustainability Accounting Standards Board (SASB).

### Table 1. Sustainability Disclosure Topics & Accounting Metrics

| Topic | SASB Code | Accounting Metric | Destination of Disclosure |
|---|---|---|---|
| Environmental Footprint of Operations | TC-TL-130a.1 | (1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable | Environmental Performance ➡ P.81-89 |
| Data Privacy | TC-TL-220a.1 | Description of policies and practices relating to behavioral advertising and customer privacy | Cyber Security and Privacy Protection ➡ P.34-39 ☑ Privacy Policy |
| | TC-TL-220a.2 | Number of customers whose information is used for secondary purposes | Not disclosed |
| | TC-TL-220a.3 | Total amount of monetary losses as a result of legal proceedings associated with customer privacy | Not disclosed |
| | TC-TL-220a.4 | (1) Number of law enforcement requests for customer information (2) Number of customers whose information was requested (3) Percentage resulting in disclosure | Not disclosed |
| Data Security | TC-TL-230a.1 | (1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected | (1) FY2020 Material KPI Results ➡ P.24 (2) and (3) are not disclosed |
| | TC-TL-230a.2 | Description of approach to identifying and addressing data security risks, including use of third-party cybersecurity standards | Cyber Security and Privacy Protection ➡ P.34-39 Innovation Management ➡ P.42, 44 Risk Management ➡ P.100-103 Participation in External Initiatives ➡ P.110 |
| Product End-of-life Management | TC-TL-440a.1 | (1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled | (1) Promotion of Mobile Phone Recycling ➡ P.88 (2) through (4) are not disclosed |
| Competitive Behavior & Open Internet | TC-TL-520a.1 | Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations | Not disclosed |
| | TC-TL-520a.2 | Average actual sustained download speed of (1) owned and commercially-associated content and (2) non-associated content | ☑ Definition of measured value of actual operating speed (Japanese only) |
| | TC-TL-520a.3 | Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices | Cyber Security and Privacy Protection ➡ P.34 Fulfilled Life Brought through ICTs ➡ P.40 Respect for Human Rights and Fairness in Business ➡ P.64 Risk Management ➡ P.102 |
| Managing Systemic Risks | TC-TL-550a.1 | (1) System average interruption frequency and (2) customer average interruption duration | Frequency and Duration of Network Interruption ➡ P.27 |
| Technology Disruptions | TC-TL-550a.2 | Discussion of systems to provide unimpeded service during service interruptions | Network Quality Management and Improvement ➡ P.27 Disaster Preparedness ➡ P.30-31 |

### Table 2. Activity Metrics

| SASB Code | Accounting Metric | Destination of Disclosure |
|---|---|---|
| TC-TL-000.A | Number of wireless subscribers | ☑ Major Operational Data (Japanese only) |
| TC-TL-000.B | Number of wireline subscribers | Not disclosed |
| TC-TL-000.C | Number of broadband subscribers | ☑ Major Operational Data (Japanese only) |
| TC-TL-000.D | Network traffic | Not disclosed |

**Appendix Table:**

# Task Force on Climate-related Financial Disclosures (TCFD) Comparative Table

KDDI references the disclosure items recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

### Governance

| Recommended Disclosures | Reference Page |
|---|---|
| a. Describe the board's oversight of climate-related risks and opportunities. | 14, 76 |
| b. Describe management's role in assessing and managing climate-related risks and opportunities. | 14, 76 |

### Strategy

| Recommended Disclosures | Reference Page |
|---|---|
| a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term. | 14, 74, 76 |
| b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | 14, 76 |
| c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | 14, 76 |

### Risk Management

| Recommended Disclosures | Reference Page |
|---|---|
| a. Describe the organization's processes for identifying and assessing climate-related risks. | 15, 77 |
| b. Describe the organization's processes for managing climate-related risks. | 15, 77 |
| c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | 15, 77 |

### Metrics & Targets

| Recommended Disclosures | Reference Page |
|---|---|
| a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | 15, 24-25, 77 |
| b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks. | 15, 76-77, 82-85 |
| c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | 15, 24-25, 77 |