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 360 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
- Transparency 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

Top Message
- Creating a Digital Society for Affluence and Peace of Mind
- Sustainable Development for Cities and Communities
- Conserving the Environment
- Fostering Health and a Purpose in Life

KDDI’s Material Sustainability Issues
- Network Quality Management and Improvement
- Disaster Preparedness
- Initiatives Outside Japan
- Cyber Security and Privacy Protection
- Regional Localization Initiatives
- Responsibility for Products and Services
- Initiatives Outside Japan
- Rewarding Workplaces for Diverse Talents
- Recruiting and Developing Human Resources
- Labor Practices
- Respect for Human Rights and Fairness in Business
- Human Rights
- Youth Education Activities
- Compliance
- Supply Chain Management
- An Energy-Efficient, Circular Economy
- Environmental Management
- Environmental Performance

Corporate Governance/Risk Management/
Customer Relationship Management/Brand Management

Stakeholder Engagement/Community Involvement and Development/
External Recognition/External Assurance

Corporate Profile
- FY2019 Material KPI Results
- FY2020 Material KPIs
- A Safer and More Resilient Connected World
- Creating a Digital Society for Affluence and Peace of Mind
- Fostering Health and a Purpose in Life
- Pursuit of Profit fairly
- Clearly state the purpose and mission of our business
- Responsibility extending 24/7 and 360 days a year
- Delivering a thrilling customer experience by always going further than expected
- Embracing diversity
- Satisfying customers
- Growing diversity
- Real-time business management
Working with all our partners, we will create new value in the 5G era, aiming to grow sustainably with society.

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

Since establishment, KDDI has made realising a truly connected society part of the KDDI Group Mission Statement. As a communications carrier responsible for essential infrastructure, we strive to fulfill our mission of maintaining resilient, high-quality telecommunications, and 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.

Furthermore, in recent years, movements to address social issues have gained momentum with the Paris Agreement adopted by COP21 which is a global framework for climate change, a proposal from the Task Force on Climate-related Financial Disclosures (TCFD), and Sustainable Development Goals (SDGs) for solving global issues. In Japan as well, in promotion of “Society 5.0 : Co-creating the future with societal values are brought to industries and society is about to arrive.

Under these conditions, in March 2020, we began offering our much-anticipated au 5G service in Japan.

The era of 5G will be a time when telecommunications become seamlessly integrated with all kinds of physical things. 5G has the potential to greatly change society, transforming individual lifestyles, values, and ways of doing business. We are thus on the verge of an exciting new era. Moreover, the use of 5G/IoT, AI, and big data is expected to solve a wide variety of social issues.

In our medium-term management plan (April 2019-March 2022) released last year, we set contributing to the sustainable growth of society as our corporate vision. We at KDDI rigorously take on social issues and the business sectors KDDI can contribute to as a telecommunications operator, we revised KDDI’s Target SDGs, which was linked with the medium-term management plan (April 2019-March 2022), into eight social fields. We do not view social issues merely as risks; we also consider them opportunities to leverage connecting communication as a lifeline is becoming more and more important. We, as a telecommunications company, have a mission to protect human life by building a reliable communication infrastructure that ensures communication service at all times under any circumstances and establishing an early recovery support system. In addition, we regard not only natural disasters but also large-scale communication failures as a risk that has a great impact on corporate value.

With the belief that providing a stable service 24 hours a day, 365 days a year under any circumstances leads to maintaining and increasing our corporate value, KDDI is united in providing our utmost effort to offer resilient and high-quality telecommunications services under the slogan of “Zutto, Motto, Tsunagu Zo, au” (Connecting more and always with au).”

The spread of COVID-19 has had an immense impact on the activities of industry and society at large around the world. In line with the policies of KDDI Sustainable Action, we announced KDDI’s Basic Policy toward COVID-19, which is based on five central pillars aimed at, among other things, contributing 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. Going forward, KDDI will rally our group-wide strength as a lifeline service provider to “connect and protect lives,” “connect day-to-day lives,” and “connect hearts and minds” so we may continue fulfilling our corporate mission of supporting the daily lives of our customers and industry.

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.

The KDDI Group works to connect and protect lives, connect day-to-day lives, and connect hearts and minds. Through KDDI Sustainable Action, KDDI will work on solving social issues and aim for sustainable growth with society.

October 1, 2020 will mark the 20th anniversary of KDDI’s establishment. Tomorrow, Together We will continue to move forward, together with customers, partners, and society at large, sharing a faith in the future as we aim to sustainably grow profit and reinforce shareholder returns from a long-term perspective.

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

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.

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

Connecting day-to-day lives

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

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

Conserving the environment

- Becoming energy-efficient and achieving zero-ordinary

Building the infrastructure for developing countries

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

Developing human resources for the next generation

- Improving the educational environment with ICTs and developing human resources for the next generation
- Respecting human rights, promoting diversity and inclusion in society
- Supporting healthy, fulfilling lives with ICTs

Promotion of diversity and inclusion

- Resolving social issues through partnerships

Fostering health and a purpose in life

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
Safety risks when Strengthening of partnerships and System the KDDI Code of Business Conduct to emphasize the seriousness of employees maintain a high sense of ethics and execute their duties in compliance with specific guidelines for understanding and practicing the KDDI Group Misconduct. By putting the KDDI Group Philosophy into practice, we aim to be a company admired and trusted by all stakeholders. The KDDI Group Philosophy is the foundation of our sustainability initiatives and is the basic stance KDDI officers 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

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. Conscious 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.
Overview of the Medium-Term Management Plan (FY2019–FY2021)

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 corporate clients, as well as achieving new value creation in the 5G/IoT era both in Japan and around the globe, and pursue efforts to provide new experience value that exceeds the expectations of customers.

Under the new KDDI brand slogan of "Tomorrow, Together" and the new au brand slogan of "Explore the extraordinary," KDDI will contribute to the development of an affluent communications-oriented society by promoting seven business strategies aimed at achieving the three components of the company vision.

Seven Business Strategies

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 exponential value and actively utilize 5G services for regional revitalization businesses.

2. Further Expansion of Global Business
   For the consumer business, we aim to expand our market in Asia by 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.

3. Utilizing Big Data
   We are working to thoroughly understand customers by utilizing data and to maximize exponential 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.

4. The 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 x (group ID) x engagement x total ARPU) 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.

5. Expanding the Finance 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. 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 businesses going forward. We aim to further enhance corporate value and achieve sustainable growth with society by helping to solve social issues through businesses 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 formulated KDDI’s Basic Policy toward COVID-19 to respond to increasing impact of COVID-19. (Refer to the following page.)
KDDI’s Commitment to Sustainability

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.

1. We ensure the safety of our customers and employees of the Company and affiliated companies above all else.
   (1) In au Shops, in addition to shortened operating hours, 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 sanitizing 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) In KDDI, only the employees involved in critical mission come to work while other employees basically work from home. We thus continue fulfilling our responsibility of providing important telecommunications services as a telecommunications business operator that is a designated public corporation. Approximately 90% of our employees work from home, and we are also implementing measures to prevent the spread of COVID-19 by reducing operations and securing social distancing by spreading our office spaces and break rooms.

2. We continue to respond to the rise in telecommunications traffic and maintain telecommunications services, which are the foundation and lifeline of society.
   (1) As of May 2020, traffic on KDDI’s communication network at peak times only grew by 10% compared to before the spread of COVID-19, and the capacity of our entire network is more than adequate at this point. 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) Partly due to the increase in use for telework, traffic increased mainly for landline communications by approximately 60% from 9 am to 6 pm on weekdays. On the other hand, mobile communication traffic changed significantly.
   Mobile calls (VoLTE traffic intensity) grew by slightly less than 20% at the most compared to regular time, which reveals high customer needs for calling.

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

Responses including extension of payment due date
   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)

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 for Customers Affected by the Spread of COVID-19…Free au Data Charge for Student (25-Years-Old or Younger) Customers… (Japanese only)
   Limiting the Price of Unlimited Data Plans for Students (25-Years-Old or Younger) in Response to the Increasing Impact from the Spread of COVID-19 (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.
KDDI Sustainable Action

KDDI's Three Types of “Connecting”
KDDI’s work of connecting is more than just connecting distant locations with communication lines. We connect much larger things — people’s lives, day-to-day lives, and hearts and minds.

Connecting Day-to-day Lives
KDDI has solved not only issues in cities and communities but also issues in developing countries by using new technologies and connecting partners. Furthermore, we are able to contribute to future generations by developing human resources.

Connecting Hearts and Minds
KDDI has solved not only issues in cities and communities but also issues in developing countries by using new technologies and connecting partners. Furthermore, we are able to contribute to future generations by developing human resources.

Connecting and Protecting Lives
Our resilient infrastructure for communication has supported communication that has served as a lifeline during disasters. It means implementing ICT technology to reduce environmental impact, helping our precious planet.

Conserving the Environment
Initiatives for creating a digital society for affluence and peace of mind are necessary so people don’t feel lonely and have healthy and fulfilling lives in the era of diversity.

Creating a Digital Society for Affluence and Peace of Mind
Our role of connecting hearts and minds will be more important in the age of longevity.

Building a Resilient Infrastructure for Communication and Disaster Response
KDDI’s work of connecting is more than just connecting distant locations with communication lines. We connect much larger things — people’s lives, day-to-day lives, and hearts and minds.

Building the Infrastructure for Developing Countries
KDDI has solved not only issues in cities and communities but also issues in developing countries by using new technologies and connecting partners. Furthermore, we are able to contribute to future generations by developing human resources.

Promotion of Diversity and Inclusion
Our role of connecting hearts and minds will be more important in the age of longevity.

Fostering Health and a Purpose in Life
KDDI’s work of connecting is more than just connecting distant locations with communication lines. We connect much larger things — people’s lives, day-to-day lives, and hearts and minds.

Developing Human Resources for the Next Generation
KDDI has solved not only issues in cities and communities but also issues in developing countries by using new technologies and connecting partners. Furthermore, we are able to contribute to future generations by developing human resources.
Feature Article: KDDI Sustainable Action

Connecting and Protecting Lives

Our resilient infrastructure for communication has supported communication that has served as a lifeline during disasters. It means implementing ICT technology to reduce environmental impact, helping our precious planet.

KDDI Sustainable Action

Building a Resilient Infrastructure for Communication and Disaster Response

Our reliable communication infrastructure that ensures communication service at all times under any circumstances and our well-prepared land-sea-air recovery support system during severe large-scale disasters protect people’s lives as a lifeline.

We are working to build a resilient network to secure telecommunications services during disasters while designing disaster-proof telecommunications facilities and securing measures to rapidly restore service.

Base stations equipped with batteries for 24-hour operation

Approx. 2,200 units

4G LTE population coverage

99.9%

Batteries with which au Shops and KDDI offices nationwide are equipped

Approx. 3,400 units

KDDI Satellite Rangers That Restore Communication by Using Satellite Communication

When communication cables are severed in an earthquake, telecommunications recovery specialists known as KDDI Satellite Rangers are called upon to switch optical networks to satellite lines to restore service in affected areas.

New Installation of Submarine Cables to Multiply Communication Routes

We have built a resilient network with multiple communication routes. Even if a communication route becomes unavailable due to a disaster or other reasons, our high-quality service will continue to be provided by our system of automatically switching to other available routes.

As the Mission of a Telecommunications Business Operator,
KDDI Will Work to Maintain Resilient and High-Quality Communication

In 2019, the Japanese archipelago suffered from many disasters. In particular, when Japan was seriously damaged by Typhoons No.15 (Faxai) and No.19 (Hagibis), KDDI mobilized all available resources to achieve early recovery for affected customers.

KDDI, a designated public corporation, shoulders the important responsibility of providing telecommunications which is a lifeline of society. To provide the highest quality service and telecommunications network, KDDI makes improvements seamlessly, promotes measures for large scale disasters, and fulfills its social responsibility.

Yukiko Habu
Deputy General Manager, Operations Management Department, Operations Division, Technology Sector

In addition, KDDI works on various measures in preparation for disasters such as the development of base stations using drones (demonstration tests ongoing as of June 2020) and remote operation of construction equipment in disaster-stricken sites using 5G.

KDDI will continue to contribute to building disaster-resilient and sustainable communities by fulfilling our mission of connecting.

Possible coverage

Approx. 2.0 km

KDDI Sustainability Report 2020
Connecting and Protecting Lives

Our resilient infrastructure for communication has supported communication that has served as a lifeline during disasters. It means implementing ICT technology to reduce environmental impact, helping our precious planet.

KDDI Sustainable Action

Conserving the Environment

We will proactively drive a shift to renewable energy to achieve net-zero CO2 emissions by 2050 and reduce the environmental impact on society through the use of ICTs.

Toward Achievement of the Environmental Conservation Plan: KDDI GREEN PLAN 2017-2030

KDDI promotes the following three focus topics, namely, (1) Climate Action, (2) Creating a Recycling-Oriented Society, and (3) Conservation of Biodiversity. In particular, KDDI has been promoting initiatives in Climate Action with a target of reducing our CO2 emissions by 7% in the fiscal year ending March 31, 2030 compared to the fiscal year ended March 31, 2013 based on the long-term goals of the Paris Agreement adopted by COP21 and the Plan for Global Warming Countermeasures by the Japanese government.

Promoting Technological Development to Deliver Safety and Security as Well as Consideration for the Environment

Currently, KDDI is verifying the commercial introduction of fuel cells that are predicted to be a clean power supply. The use of clean energy including fuel cells not only leads to a reduction of CO2 emissions but also the extended provision of mobile phone services during disasters and provision of mobile phone services to areas where securing a power supply is difficult.

CO2 zero emission target

We recognize the importance of fulfilling our 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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Net CO2 emissions (t-CO2) (2013-2030)</th>
<th>Target reduction (7%)</th>
<th>Final disposal rate of retired telecommunication facilities (2019/2022)</th>
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</thead>
<tbody>
<tr>
<td>2013</td>
<td>1,046,820</td>
<td>0%</td>
<td>0.04 %</td>
</tr>
<tr>
<td>2030</td>
<td>0</td>
<td>7%</td>
<td></td>
</tr>
</tbody>
</table>

*CO2 emissions are calculated using the emission factors furnished by electric utility operators.

To curb rapid temperature increases, KDDI addresses the reduction of CO2 emissions.

KDDI reuses waste effectively as resources.

We efficiently use three types of power, namely, commercial power, power generated by solar panels, and storage batteries.

As of the end of March 2020

Recycling of Mobile Phones: Manual Disassembly of Every Single Part

KDDI manually disassembles used mobile phones collected from customers into circuit boards and plastics. We collect gold, silver, and copper from circuit boards while recycling as much plastics as possible. When a machine is used to disassemble mobile phones, plastics end up being burned in the incineration process and cannot be recycled. Therefore, we at KDDI perform all disassembly manually to prevent recyclable resources from being wasted.

In order to protect the global environment, which is the basis of our activities, we, as a member of society, will tackle the issue of global climate change beyond national borders and realize both business growth and conservation of the global environment.
KDDI Sustainable Action

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.

Corresponding SDGs

Connecting Day-to-day Lives

KDDI has solved not only issues in cities and communities but also issues in developing countries by using new technologies and connecting partners. Furthermore, we are able to contribute to future generations by developing human resources.

We aim to solve diverse regional issues by utilizing our various advanced technologies and partners’ know-how together with local governments, companies, and NPOs.

Reducing Working Hours for Water Control by 71% with Rice Field Sensors and an Automatic Irrigation System

KDDI launched smart agriculture project in 2019 in Hida City, Gifu Prefecture to solve issues in agriculture such as aging farmers and the lack of successors in farming. In the project, we installed sensors in rice fields that automatically measure water levels in addition to water and soil temperatures to enable the checking of consolidated data on the cloud with tablets. We also set up automatic irrigation systems that automatically control the supply of water according to the water level in the rice fields so farmers can check on the rice fields with tablets from home. These solutions help decrease the frequency of visits to fields and shorten work time, thereby saving labor and reducing cost.

Agricultural Products with the Introduction of Agriculture IoT

KDDI launched smart agriculture project in 2019 in Hida City, Gifu Prefecture to solve issues in agriculture such as aging farmers and the lack of successors in farming. In the project, we installed sensors in rice fields that automatically measure water levels in addition to water and soil temperatures to enable the checking of consolidated data on the cloud with tablets. We also set up automatic irrigation systems that automatically control the supply of water according to the water level in the rice fields so farmers can check on the rice fields with tablets from home. These solutions help decrease the frequency of visits to fields and shorten work time, thereby saving labor and reducing cost.

Regional Revitalization with the Discovery and Fostering of Start-Ups

KDDI and Makoto, Inc. (head office: Sendai City, Miyagi Prefecture) built a comprehensive partnership for the purpose of discovering and fostering local start-ups with the aim of solving regional issues and sustainable growth. In addition to developing an education program that contributes to fostering entrepreneurs by leveraging knowledge obtained through our respective experience of co-creation with start-ups over the years, we will discover local start-ups and develop entrepreneurs that will lead the future of the region in coordination with local education organizations.

KDDI will continuously commit ourselves to tackle diverse social issues through our business to contribute to the realization of Society 5.0 for SDGs that achieves both economic growth and the solution of social issues.
KDDI Sustainable Action

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.

Connecting Day-to-day Lives

KDDI has solved not only issues in cities and communities but also issues in developing countries by using new technologies and connecting partners. Furthermore, we are able to contribute to future generations by developing human resources.

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.

To Allow the Integration of Telecommunications and Life Design to Be Enjoyed by Many More Customers with Mobile Services

In Myanmar, we have been running a telecommunications business jointly with Myanmar Posts and Telecommunications (MPT) and Sumitomo Corporation since 2014. Mobile phone penetration in Myanmar was around 10% in 2013, but a nationwide expansion of service coverage enabled people in the country to enjoy high-quality and convenient network service including internet access and watching videos on a smartphone. In 2018, the MPT Club point program kicked off, and the MPT Money mobile money service was launched in 2020.

In Mongolia, general telecommunications business operator MobiCom Corporation LLC has been operating MobiCom since 1995, and in 2017, the company started to offer the first LTE high-speed data communication in the country by carrier aggregation. In 2014, a Candy point program was kicked off, and the MPT Money mobile money service was launched in 2020.

By providing our experience, know-how, and technological capabilities that we have cultivated both inside and outside of Japan, we will continue to help improve quality of people’s lives and economic growth including increases in productivity and income.
Corresponding SDGs

KDDI Sustainable Action

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.

Our Mission Is to Develop Human Resources That Can Flourish Globally

Due to impact from the spread of COVID-19, it has become difficult to continue with conventional education, and we think the reformulation of how education is provided with ICTs will accelerate at a faster pace than ever before. We believe our mission is to continue developing human resources which can flourish globally without being affected by the environment. For this purpose, we will focus on offering a hybrid education environment at AEON English conversation schools where the advantages of online and offline lessons are integrated. We will also make a strong effort to provide efficient lessons where students see improvements from using ICTs.

Ken Kumagaya
General Manager,
Business Development Department,
Corporate Strategy Planning Division

KDDI has been working on the development of human resources that play a key role in the next generation through the promotion of EdTech where education and ICT are combined and provision of work experience opportunities where students can learn while enjoying their studies.

Promotion of EdTech, Combination of Education and ICT

English conversation school operator AEON, KDDI, and KDDI Digital Design Inc. are promoting a joint project called AEON DX to pursue EdTech where education and ICT are combined. We aim to further maximize learning efficiency to increase student proficiency and provide opportunities to study English comfortably by using big data and analytics technology.

Providing Occupational Experience through KidZania

We offer occupational experience under the concept of edutainment (learning while having fun) at KidZania where children can learn how society works while enjoying activities.

LINK FOREST Training/Accommodation Facility That Support Companies in Human Resource Development

The LINK FOREST training/accommodation facility offers human resource development services including education programs and an education management system created based on the experience and know-how of the human resource development that KDDI has cultivated. We support the growth of individuals and companies and contribute to the sustainable growth of society with rich contents and the most suitable learning environments.

As a responsibility for future generations, we will support the development of human resources that can take action to solve issues faced by society, form a sustainable society, and build the foundations of economic growth.
Connecting Hearts and Minds

Initiatives for creating a digital society for affluence and peace of mind are necessary so people don’t feel lonely and have healthy and fulfilling lives in the era of diversity. Our role of connecting hearts and minds will be more important in the age of longevity.

KDDI Sustainable Action

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.

Acceleration of New Smartphone-Centric Financial Strategy “Smart Money Concept”

While people’s lifestyles have become diversified, financial systems have become more complex and diversified as well. KDDI will accelerate our Smart Money Concept that provides a safe and convenient payment and financial experience by using smartphones as a gateway so that provides a safe and convenient payment and financial services which are easily usable by anyone.

We Will Accelerate Realization of the Smart Money Concept by Expanding the au PAY Smartphone Payment Service

We are focusing on expansion of the au PAY smartphone payment service. The popularization of cashless payments is not only essential for the realization a digital society for affluence and peace of mind but it is also extremely important for offering services tailored to the daily shopping behavior of customers.

We build points of contact with customers through au PAY and Ponta as well as offer new value to customers by coordinating a wide variety of financial services such as deposit, credit, asset management, loans, and insurance. Through these measures, we will accelerate realization of the Smart Money Concept.

Atsushi Nagano
General Manager, Financial and Payment Business Department, Business & Services Development Division, Personal Business Sector

Pursuit of Smart Life through the Provision of Home IoT Services

“au HOME” and “with HOME” are home IoT services that allow users to remotely check whether the doors and windows at home are closed and how family members and pets are doing. These services are equipped with a voice control function for home appliances and a message function to realize a convenient smart life that provides a sense of security.

KDDI Smartphone and Mobile Phone Safety Classes

In the youth-oriented classes, the lecturers teach children rules and manners for 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 the senior-oriented classes which target seniors aged 70 or younger, the lecturers explain basic smartphone or tablet operation and how to safely use these devices without worry.

Co-Creation with Start-Ups and Business Corporations through KDDI Open Innovation Fund 3

KDDI established fund programs that reinforce our efforts in fields of increasing importance in the 5G era such as AI, IoT, and FinTech, and we are aiming for new business creation through support for prospective start-ups.

We will continue to work on creating new value and minimizing risk in the digital society to contribute to the realization of a secure Society 5.0 for SDGs where everyone can enjoy worry-free convenience.
KDDI Sustainable Action

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.

KDDI thinks that mutual respect for and understanding of diversified personalities and sense of values are essential for a company’s sustainable growth. Therefore, KDDI promotes diversity and inclusion on a company-wide basis.

Advancement of Female Employees

KDDI considers the support for women’s advancement as a management issue and focuses on developing female leaders and promoting female employees to leadership positions. Our various human resource development measures include the Female Line Manager Program. In addition, by establishing a system to support the work-life balance of employees and promoting work style reform, KDDI has been working on the establishment of an environment and fostering a climate where female employees can make use of their diverse abilities and perform to the best of their abilities even while experiencing life events.

Expanding Employment Opportunities and Advance-ment of Persons with Disabilities

KDDI has been working on creating a supportive environment that enables employees with disabilities to flourish by providing a translation app and summary writing. As role models for those with disabilities who play active roles in a company, three KDDI employees, the most among the participating companies in the ACE Award, received its grand prix prize.

KDDI Challenged Corporation, a special KDDI subsidiary, manages main cafes in offices and promotes self-sufficiency and the flourishing of employees with disabilities by targeting the expansion and creation of work and occupational fields.

Increasing the Understanding of LGBT and Creation of Workplaces Respecting Individuals

We at KDDI strive to improve the understanding of LGBT (sexual minority) in the company with seminars and other activities so LGBT employees can work comfortably and energetically. In addition, we revised internal regulations so same-gender partners are included as spouses in all internal systems. Moreover, we also revised entry sheets for recruiting applications so applicants do not have to enter a gender.

KDDI mobilizes a wide range of diverse abilities which become a source of innovation leading to the sustainable growth of individuals and the organization and aims for the realization of a society where no one is left behind.
Connecting Hearts and Minds  
Initiatives for creating a digital society for affluence and peace of mind are necessary so people don’t feel lonely and have healthy and fulfilling lives in the era of diversity. Our role of connecting hearts and minds will be more important in the age of longevity.

Corresponding SDGs

KDDI Sustainable Action
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.

KDDI works to enhance support for employees with the belief that the health of employees and a healthy workplace environment are important for employees to work autonomously and with high productivity. In fiscal 2019, we appointed approximately 40 experienced managers as internal counselors and began interviewing all employees twice a year. The interviews enable us to assess working conditions from perspectives that differ from those of their superiors and to identify employees who are showing signs of difficulty even in the absence of reports from said employees.

Formulation of the Mental Health Promotion Plan to Enhance Our Initiatives to Support Employee Mental Health

KDDI offers Smaho de Dock self health examination service that enables the online management of physical health. The service makes health examinations easy and quick for busy individuals who find it difficult to receive health checkups such as parents busy with child-rearing and self-employed individuals and contributes to unearthing those who have not had a health examination and early discovery of disease.

Creating a Workplace Environment Where Employees Can Remain Healthy and Work Energetically and Perform to Their Utmost

KDDI established a new dedicated organization known as the Work Style Reform & Health Management Department to encourage drastic awareness and behavior change from conventional work styles to realize a workplace environment where all employees can remain healthy and work energetically and perform to their utmost.

In addition, we formulated the Declaration of New Work Styles centering on the realization of work styles that allow individual employees to achieve results without being limited by hours or locations in this new normal era triggered by the spread of COVID-19. By building an environment where employees can select their own working hours and locations with advanced technologies and by supporting new work styles as well as introducing a system to evaluate employee accomplishment and endeavors, we will increase employee engagement and corporate competitiveness.

Prohibition of Smoking at All KDDI Offices and Discontinuation of Company-Wide Dress Code

As part of health-focused management and work style reform, smoking rooms and locations were removed. Smoking in offices is now prohibited in KDDI. In addition, we discontinued our dress code which was uniformly applied to the entire company and established guidelines tailored to each sector according to characteristics of the work.

KDDI will continue to seek the realization of sustainable growth by promoting new ideas, sense of values, and work styles and increasing the independence and productivity of individual employees under our human resource strategy of autonomy and responsibility.

Promoting the Active Role of Elderly Employees

KDDI has been working on various environment creation measures to further broaden the work fields of elderly employees. In addition to reemployment after retirement up to 65 years of age, KDDI has various systems that enable elderly employees to work energetically such as career development training and an open recruitment system for elderly employees in preparation for the era when people live longer.

KDDI works to design work in line with employee life stages and values, connect their endeavors to personal growth, self-actualization, and the growth of the organization, and aim to become an attractive KDDI where employees are proud to work.

Declaration of New Work Styles
Let’s Design Each Person’s Work

KDDI established a new dedicated organization known as the Work Style Reform & Health Management Department to encourage drastic awareness and behavior change from conventional work styles to realize a workplace environment where all employees can remain healthy and work energetically and perform to their utmost.

In addition, we formulated the Declaration of New Work Styles centering on the realization of work styles that allow individual employees to achieve results without being limited by hours or location in this new normal era triggered by the spread of COVID-19. By building an environment where employees can select their own working hours and locations with advanced technologies and by supporting new work styles as well as introducing a system to evaluate employee accomplishment and endeavors, we will increase employee engagement and corporate competitiveness.

KDDI is working on building a workplace where employees can work happily and energetically by promoting health-focused management and work style reform in addition to working on disease prevention and health support of all society with cutting-edge ICTs.

Number of organizations using Smaho de Dock

139 organizations

* As of April 2020
Materiality

KDDI Sustainability Report 2020

KDDI’s Material Sustainability Issues

We at KDDI have identified six material sustainability issues among the numerous issues we face in addition 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.

Message from Executive Officer of Sustainability

Executive Officer of Sustainability
General Administration Division
Minoru Tanaka

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 May 2019, we 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 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.

The basis for these endeavors is our sustainability activities that have centered on six material sustainability issues. 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.

Government

KDDI also actively engages in diverse businesses in non-communication fields while strictly adhering to the Corporate Governance Code and putting 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 companies in this regard. KDDI meets with individual investors face to face to discuss the topics of governance and sustainability and holds events directed at individual investors as part of its proactive efforts to promote dialogue with stakeholders and reflect their voices in management decisions.

Environmental Measures

Movements to address environmental problems have gained momentum with the Paris Agreement, Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD), and the EU Taxonomy. While the world has begun to move towards carbon-free emissions, renewable energy has not adequately spread throughout Japan, which urgently needs a carbon-free action plan in this regard. Through our core ICT business and other information communications operations, we contribute to improvements in work efficiency and reductions in the movement of people, helping to reduce CO2 in society and rain in climate change. As these benefits are countered by a growing impact caused by the installation of telecommunications equipment, in 2017 KDDI formulated the KDDI GREEN PLAN 2017-2030 to reduce CO2 emissions through the use of energy-saving telecommunications equipment and renewable energy, setting a goal for reducing its total volume*1 of CO2 emissions before other telecommunications carriers in Japan. We also declared in KDDI Sustainable Action that we will reduce the environmental impact on society through the use of ICT, aiming to substantially achieve zero CO2 emissions by 2050.

Human Rights

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 address and human rights issues in our business activities through ongoing dialogue with our stakeholders, while furthering understanding among employees of the KDDI Action Guidelines and the KDDI Group Human Rights Policy. In March 2020 we conducted human rights due diligence 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 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.

*1 7% reduction in CO2 in FY2030 compared to FY2019 for KDDI (in Japan, non-consolidated)

*2 LGBT stands for lesbian, gay, bisexual, and transgender. Gender minorities include other people with identities other than LGBT, but for the sake of convenience in this report, LGBT refers to all gender minorities, including LGBT.

S Society

1 Safer and more resilient connected world

- Resilience to extreme weather events
- Risk management

2 Cyber security and privacy protection

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

3 Fullfilled 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 employee creation and capacity building
- Innovation management

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

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

E Environment

6 An energy-efficient, circular economy

- Energy efficiency improvement and utilization of clean energy
- Zero emissions and 3Rs (Reduce, Reuse, and Recycle)
- Reduction of society’s impact on environment through ICTs

KDDI GREEN PLAN 2017-2030 is a set of long-term goals for fiscal 2030, such as reducing KDDI's CO2 emissions by 7% from the fiscal 2013 level (in Japan, non-consolidated). We will proactively drive steps to reduce CO2 emissions by a further 7% by fiscal 2030 non-consolidated, while reducing the environmental burden on society through use of ICT. As data traffic increases, power consumption is expected to grow. KDDI is committed to reducing CO2 emissions. Technological innovation to reduce power consumption is one way to achieve this.

We have put in 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, KDDI Group has put in place an information security framework to prevent internal leaks of information.

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.

KDDI aims to motivate its employees and improve its competitiveness as a company by optimizing 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.

KDDI’s Commitment to Sustainability

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

Materiality

Materiality 1

Materiality 2

Materiality 3

Materiality 4

Materiality 5

Materiality 6

Feature Article: KDDI Sustainable Action

Top Message

Management Framework

Stakeholder Engagement

KDDI Sustainability Report 2020
KDDI’s Material Sustainability Issues

Process for Re-identifying Material Issues (FY2016-FY2017)
1. Screen for issues from the two perspectives of impact on stakeholder assessments and decision-making, as well as the impact KDDI has on society, the environment, and the economy. We reviewed the scope of our initiatives based on social issues.
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 with the Sustainability Committee.

Enhancing Internal Understanding of Sustainability and SDGs
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 sectors of the headquarters, the head of the KDDI Foundation, and auditors. The committee is promoting the SDGs and considers sustainability to be a pillar of company-wide business strategies.

For management
Dialogue with Stakeholders about SDGs (July 2019)
KDDI held an SDGs workshop for President and other management members including assistant general managers.
We invited Mr. Ayako Sonoda, President of Cre-en Inc., to our headquarters and held a stakeholder dialogue session for the President and executive officers from the Deputy General Manager level up on the theme of “what role KDDI is expected to play in the drive towards a sustainable society,” which was attended by 113 participants. KDDI’s new Medium-Term Management Plan for fiscal 2019-2021 released in May 2019 sets out the company’s vision, to which a new third point—“contributing to the sustainable growth of society”—has been added. The company also presented an overview of KDDI’s target SDGs alongside the Management Plan. This dialog session was held with the aim of exploring how KDDI can achieve its target SDGs.

For SDGs promotion leaders
SDGs Promoter Workshop (August 2019)
KDDI held an SDGs promoters workshop for the General Manager of Planning and Directors of Planning in the sectors of the headquarters, who are responsible for promoting the SDGs. The workshop was implemented as part of efforts to promote measures toward the achievement of KDDI’s Target SDGs formulated along with the Medium-Term Management Plan and was attended by 23 participants. Mr. Nonomasa, senior manager, Sustainability Promotion Division, Hitachi Ltd, was invited to make a speech on the theme “Introductions of Hitachi’s Initiatives for the SDGs.”

For general employees
Representatives of the Sustainability Department visited offices across Japan, including business and supervisory divisions in the Tokyo area, to hold workshops for over 440 employees in total to help them deepen understanding of the SDGs.
As a bottom-up measure, we implemented two e-learning training sessions to deepen understanding of materiality and the SDGs and also held SDGs study sessions and seminars, which around 120 applicants from both KDDI employees attended to discuss ways to achieve the SDGs through everyday activities at home and in the workplace.

KDDI’s Material Sustainability Issues

Relationship between Material Issues and KDDI Sustainable Action

And 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.

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.

Relation between KDDI’s material issues and eight social issue categories (KDDI Sustainable Action)

KDDI engages in various business activities and initiatives that help contribute to the abatement of SDGs. KDDI’s Medium-Term Management Plan for fiscal 2019-2021 released in May 2019 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 alongside the Management Plan. As part of our efforts to promote the SDGs, we reviewed the scope of our initiatives based on social issues.
FY2019 Material KPI Results

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Issues</th>
<th>FY2019 Material KPIs</th>
<th>FY2019 Results</th>
<th>Boundary (scope of aggregation) KDDI KDDI Group Results</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Safety and resilience connected world</td>
<td>Reliability of telecommunication networks</td>
<td>K-LTE population coverage rate over 99.9% (FY2021)</td>
<td>99.8%</td>
<td>Yes</td>
<td>Partially achieved</td>
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<tr>
<td>Risk management</td>
<td>Implement measures to enhance the resilience of telecommunication networks</td>
<td></td>
<td></td>
<td>Achieved</td>
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<tr>
<td></td>
<td>Number of various accidents</td>
<td>0</td>
<td>0</td>
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<tr>
<td></td>
<td>Number of network failure accidents requiring offline of KDDI's local area networks</td>
<td>0</td>
<td>0</td>
<td></td>
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<tr>
<td>Cyber security and privacy protection</td>
<td>Utilization of information assets and tightening of security</td>
<td>Data security incidents 0</td>
<td>0</td>
<td>Yes</td>
<td></td>
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<td></td>
<td>Data security training for all employees, held at least once a year</td>
<td></td>
<td></td>
<td>Yes</td>
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<td></td>
<td>IT security infrastructure</td>
<td></td>
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<td></td>
<td>5G service is available in all prefectures of Japan (FY2021)</td>
<td>5 prefectures</td>
<td>Yes</td>
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<tr>
<td></td>
<td>Contribution to economic growth through robust communication infrastructure</td>
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<td></td>
<td>Improvement of access to secure medicine and other public services through ICTs</td>
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<td></td>
<td>Promotion of employment creation and capacity-building innovation management</td>
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<td></td>
<td>3Rs utilization of clean energy and reduction of CO2 emissions</td>
<td>76,410,000</td>
<td>Yes</td>
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<td></td>
<td>Provide 5G services in all prefectures of Japan (FY2021)</td>
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<td></td>
<td>Contributions to achieving the SDGs</td>
<td>1 Safer and more resilient ICTs</td>
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<td></td>
<td>Financial improvement for new business and the Group’s core businesses through ICTs</td>
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<td></td>
<td>Achievement of contributions to the SDGs</td>
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<td></td>
<td>Realize highly effective learning environments using adaptive learning and other advanced techniques</td>
<td></td>
<td></td>
<td>Yes</td>
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<td></td>
<td>Sustainability awareness promoting measures to hire 200 female line managers (by the end of FY2020)</td>
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<td></td>
<td>Disability employment rate: statutory rate achieved</td>
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<td></td>
<td>Building a framework for supporting women’s advancement across the KDDI Group</td>
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<td></td>
<td>Measuring measures for the 200 female line managers by the end of FY2020</td>
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<td></td>
<td>Percentage of newly hired female graduates: 30% (by the end of FY2020)</td>
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<td></td>
<td>Disability employment rate: statutory rate achieved</td>
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<td>As a leading company in promoting the professional advancement of women employees: established a foundation promoting such advancement (FY2021)</td>
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<td></td>
<td>Relate highly effective learning environments using adaptive learning and other advanced techniques (FY2020)</td>
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<td></td>
<td>Settlement and financial transactions: 6.0 billion yen (FY2019)</td>
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<td>Safeguarding workplaces for diverse talents</td>
<td>Promotion of diversity and inclusion</td>
<td>Promotion of diversity and inclusion</td>
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<td></td>
<td>Promotion of human resource development and career development</td>
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<td>Promotion of employee satisfaction</td>
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<td>Promotion of health-focused management</td>
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<td>Measures for in-house education, training, and prevention of accidents</td>
<td></td>
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<td>Yes</td>
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<td>Collection rate of sustainable procurement surveys: 90%</td>
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<td>Yes</td>
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<td>Health and safety management initiatives</td>
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<td></td>
<td>Healthcare management initiatives</td>
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KDDI's Material Sustainability Issues

KDDI Group

KDDI Group

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KDDI Policy

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KDDI Policy

Message from Executive Officer of Sustainability KDDI's Material Sustainability Issues FY2019 Material KPI Results FY2020 Material KPI Results Materiality 1 Materiality 2 Materiality 3 Materiality 4 Materiality 5 Materiality 6 Management Framework Stakeholder Engagement KDDI's Commitment to Sustainability Feature Article: KDDI Sustainable Action

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 offer reliable communications services 24 hours a day, 365 days a year.

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 designated 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 technical centers located throughout Japan.
• The operations centers in KDDI Building at Shinjuku (Shinjuku-ku, Tokyo) 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.

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.

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

Like elsewhere, the global consumer business in Myanmar and Mongolia 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 knowledge 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.

Network Quality Management and Improvement

KDDI's Approach

KDDI Group Policy

Management System

Network Service Quality

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

The operations centers in KDDI Building at Shinjuku (Shinjuku-ku, Tokyo) 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.

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.

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.

Moving Forward

• Enhance response to areas affected by an earthquake occurring directly beneath the Tokyo Metropolitan Area and measures for business continuity
• Strengthen collaboration with Group companies
• Improve each disaster response staff’s skills

Initiatives

• KDDI Sustainable Action = P.12 - 20
• Network Quality Management and Improvement = P.37 - 39
• Disaster Preparedness = P.40 - 41
• Initiatives Outside Japan = P.42 - 43

Materiality 2

Network Service Quality Management System

KDDI System

Network Interruption

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.

Expansion of Service Areas (Base Station Facilities)

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 (600MHz platinum band) 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 phones 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

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’ safety and comfortable life. When designing and building a new, safe and reliable base station, we observe the Radio Act, 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.
Network Quality Management and Improvement

Safety of Radio Waves

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), which serve 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 pose 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 websites.

Research That Ensures the Safety of Radio Waves

In November 2002, KDDI began conducting joint experiments with NTT DOCOMO Inc. and SoftBank 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 2003, 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 cooperates with electromagnetic environment committees of the Association of Radio Industries and Businesses (ARIB) in their research and study on safety of radio waves for 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 to Giving Its Cooperation

Affiliation

Electromagnetic environment committees of Association of Radio Industries and Businesses (ARIB), Electromagnetic Compatibility Conference (EMC Conference)

The National Institute of Information and Communications Technology (NICT) / EMC-net

Study Group on the Evaluation of Human Exposure to Electromagnetic Fields

Japan national committees of the IEC / TC100 (Methods for the assessment of electric, magnetic and electromagnetic fields associated with human exposure)

Research cooperation

Mobi-Kids Japan (study investigating the effects of mobile phones on health)

Policy & System

KDDI Group

High-Speed Communication

Approach to Next-Generation

The mobile network that supports communication on smartphones and mobile phones has evolved from the first generation (1G) to the fourth generation (4G) to the fifth generation (5G) to the future 6G, each with changes in the times and lifestyle. The conducted research and development of the next-generation mobile communication system “5G” and the fifth-generation mobile communications system “6G” 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 “5G” service.

5G networks are capable of higher speed and capacity, lower 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.

Based on its advanced 5G and robust 4G hybrid network and in collaboration with its partners in various industries, KDDI delivers to customers a new and unprecedented expanded experience, called “ Augmented Experience,” in an array of everyday situations such as entertainment, sports, and art. We contribute to developing and expanding our corporate customers’ business by supporting their digital transformation (DX) through leveraging our IoT / ICT related technologies and expertise, as well as deploying a business model that helps create new business opportunities through open innovation with our partner companies so that we can grow together.

Focusing on KDDI DIGITAL GATE, which is a business development base for the 5G / IoT era that supports customers’ DX, we will work with diverse partners as a digital integrator for this era, in which telecommunications are becoming seamlessly integrated with all kinds of physical things, to advance the creation of new experience value and businesses only possible in the 5G era.

Providing a Convenient Usage Environment: Signal Support 24

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 2019, we conducted approximately 26,000 site surveys and proposed measures to improve signal quality 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 (Japanese only)

5G Testing Initiatives

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

KDDI Sustainable Action

Providing Service Environment outside Japan

The users of au smartphones and mobile phones can enjoy our voice and 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.

KDDI’s Commitment to Sustainability

Safer and More Resilient Connected World

Message from Executive Officer of Sustainability

KDDI’s Material Sustainability Issues

FY2019 Material KPI Results

FY2020 Material KPIs

Materiality 1

Research That Ensures the Safety of Radio Waves

Materiality 2

Providing a Convenient Usage Environment: Signal Support 24

Materiality 3

Approach to Next-Generation

High-Speed Communication

Materiality 4

Advancing Research on 5G

Materiality 5

5G Testing Initiatives

Materiality 6

Providing Service Environment outside Japan
Disaster Preparedness

KDDI’s Approach (disaster preparedness)

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

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

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

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 flu, 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 communications services for our customers in the event of an outbreak of a pandemic influenza.

Disaster Recovery Support 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 ten technical centers in Japan. The system provides centralised 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 for Securing Communications Services in Times of a Disaster

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 2,000 mobile phone base stations with batteries capable of operation for 24 hours or dual power.

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.

Providing Disaster Response Services

Service name | Content
--- | ---
au Disaster Message Board Service | Emergency Message Service (Japanese only)
Emergency Email Service | 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

Service Trial

Customers can try using the disaster message board service and the disaster voice messaging service:

**Trial Period:**
- 1st and 15th day of the month (0:00-24:00)
- 1st to 3rd day of January 1st through 1st (0:00-24:00)

**Disaster Preparedness Week (August 30-September 5)***

**Disaster Preparedness Volunteer Week (January 15-27)***

Collaboration with Disaster-related Organizations during Normal Times

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)

Feature Article: KDDI Sustainable Action
Materiality 1
Safer and More Resilient Connected World

KDDI's Approach
(initiatives in growth markets outside Japan)

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.

ICT Solutions outside Japan

KDDI provides a variety of one-stop solutions for customers’ operations, including data centers, cloud computing, networks, and ICT 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

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 99.9% 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 to grow further.

One of the newest international submarine cables that KDDI is laying is the Southeast Asia-Japan 2 Cable System (SEAC9), an optical fiber trunk connecting Japan and Singapore. We signed a construction and maintenance agreement for the cable network with Facebook (U.S.), China Mobile International (China), SingTel (Singapore), and other telecommunications operators in Asia, and the construction is now under way.

In September 2019, KDDI Cable Infinity, a new submarine cable-laying vessel, started operation for the SEAC9 and other projects, laying cables underwater and connecting them to land lines. As well as promoting IT innovation in marine vessel and offshore construction operations, we endeavor to build and maintain a highly reliable global infrastructure using the high-performance undersea cable technology owned by the KDDI Group. New services are developing at a global scale on trunk networks connecting Japan and the world, and IoT is one of the major global technologies supporting them. KDDI and Toyota Motors collaborated to build a global communications platform for connected cars, and the Global Network Operation Center (“GNOC”) started operating the platform in 2019.

In addition, through partnerships with companies such as Inmarsat and Intaktai, 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 ensuring secured global communication around the clock.

* According to research by KDDI

Initiatives of the KDDI Foundation

Building an optical fiber network with a simplified construction in Mongolia, a land of extreme cold

Local networks were established in Mongolia using optical fiber cables that are easy to install and operate. The networks built with a simple structure and at low cost were set up at three locations: Terelj, a tourist spot in the suburbs of Ulaanbaatar, the capital of Mongolia; Arkhangai and Bayankhongor some 600 km away from the capital. A test was implemented to ensure the durability of the optical fiber cables in extreme weather conditions where the external temperature goes down to minus 40 to 50 degrees Celsius. Going forward, the networks will be used for medicine, administration, and education as well as enhancement of tourism focused on sightseeing resources nearby, thereby contributing to regional revitalization.

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Business Expansion in Myanmar

We are working together with Myanmar Posts & Telecommunications (MPT) and Sumitomo Corporation on a joint venture aimed at establishing an optimal communications environment in Myanmar, where there is an urgent need to improve the communications infrastructure. 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 enjoy internet access and watching videos on a smartphone.

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 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.

Business Expansion in Mongolia

KDDI's consolidated subsidiary Mobicom Corporation LLC started a high-speed data communication service by carrier aggregation in November 2017—the first of its kind in Mongolia. 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.

Since 2017, KDDI PRECEDE (the company in charge of operating KDDI's directly managed stores) has provided MobiCom shop staff with training on customer interaction and also offered on-the-job training at their shops to improve their customer service and hospitality skills, striving to support for the improvement of customer satisfaction beyond national boundaries.
Cyber Security and Data Privacy Protection

KDDI’s Approach

Cyber Security and Data Privacy Protection

Materiality 2

KDDI’s Approach

KDDI’s Material Sustainability Issues

Cyber Security and Privacy Protection

Policy

Materiality 2

Utilization of information assets and tightening of security

Data privacy

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 Committees 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 Committees, 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, safeguarding 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.

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 requirements of a customer’s consent, and has completely protected 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.

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 Executive Director, Technology Sector. The committee comprises the management level, along with the general managers of sales, technology and corporate divisions.

Currently, the committee is chaired by Kazuyuki Yoshimura, Executive Director, Technology Sector. Under this framework, we accurately grasp the status of information security management and promptly implement measures to enhance the information security throughout the group.

Message from Executive Officer of Sustainability

Investment Management Division

Group companies

KDDI Sustainability Report 2020
Cyber Security and Data Privacy Protection

Strengthening Information Security throughout the Company

All KDDI Group companies have been ISO 27001** 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 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.

** ISO certification (ISMS 27001) 2018: A third-party, conformance 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.

<table>
<thead>
<tr>
<th>Registration number</th>
<th>Organization</th>
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</tr>
</thead>
<tbody>
<tr>
<td>B 20039</td>
<td>KDDI Corporation**</td>
<td>June 7, 2000</td>
</tr>
<tr>
<td>B 16494</td>
<td>KDDI Corporation (Operations Division)</td>
<td>July 4, 2000</td>
</tr>
<tr>
<td>B 85339</td>
<td>KDDI Corporation (Information Systems Division)</td>
<td>September 28, 2004</td>
</tr>
</tbody>
</table>

* Includes corporate, technology and sales and customer support divisions, as well as KDDI Kansai (now KDDI Group Welfare Association), KDDI Health Insurance Union, KDDI Pension Fund, and KDDI MATOMETE OFFICE CORPORATION.

Basic Principles Concerning the Handling and Use of Personal Data

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 privacy policy.

We also stay informed of and comply with security related laws and regulations of foreign countries. Our subsidiaries located in the EU as well as the KDDI head office already comply fully with the EU General Data Protection Regulation (GDPR), which came into effect in May 2018.

Efforts to Reduce Information Security Risks

Our efforts to minimize information security risks include preventing customer information leaks and deterring 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 FY2019, 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.

To tackle increasingly sophisticated, complex information security threats, we also need to collaborate with external parties. We are actively involved in cross-industry initiatives related to information security.

Organizations We Join

- ICT ISAC Japan
- Forum of Incident Response and Security Teams (FIRST)
- Nippon CIRT Association (Nippon Computer Security Incident Response Team Association)

Next Generation Service Development

Research and Development of Security Measures for 5G Network Era

The 5G network comes with more additional functions to realize a scenario of high speed, large capacity, high reliability, low latency, and massive devices being simultaneously connected. New solutions that have not been seen before are also introduced, such as virtualized network infrastructure, sharing of telecommunications functions with other operators, and greater flexibility in configuration according to how a network is used. A multi-vendor alliance building wireless access network, Open Radio Access Network (O-RAN), is a typical example of such trend. Security of 5G core functions has been tightening through solutions to problems with 4G, though there are still concerns about potential security problems attributable to newly introduced functions, different network configuration from current networks, open specifications, more complexity and so on.

KDDI, in cooperation with KDDI Research Inc., has been engaged in research and development, and application method of strengthening the security of the 5G network as a whole. We will build a network platform in line with 5G Network Era and expand facilities to provide services based on new functions. In doing so, we will study and offer security measures and functions as required.
KDDI’s Approach

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**Feature Article: KDDI Sustainable Action**

**Top Message**

**Materiality 3**

Fulfilled Life Brought through ICTs

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

Our Risks and Opportunities

- The decreasing working population and growing economic disparity between regions is a risk 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

**Technological Development and R&D**

The technology and other divisions at KDDI Head Office lead our technological development, and we are working on innovative technologies that will support our business in the near future, such as 5G, self-driving vehicles, and automatic 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 basic 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 ICT 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.

Regional Revitalization Initiatives

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

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- 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.

**Policy**

**KDDI Group**

**KDDI’s Approach**

**KDDI’s Commitment to Sustainability**

**Message from Executive Officer of Sustainability**

**Feature Article: KDDI Sustainable Action**

**Top Message”

**Materiality 3**

Fulfilled Life Brought through ICTs

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

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Innovation Management

Approach to Innovation

KDDI Group
Policy

Promoting Open Innovation

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 Gates to Osaka and Okinawa, which have already been used by over 100 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 tasting using various telecommunication technologies, 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 Regional Initiatives Fund and Regional Revitalization

KDDI Open Innovation Fund
KDDI Open Innovation Fund is a corporate venture fund 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 the technological and business insights and networks of KDDI’s and KDDI group companies’ venture companies, we support promising new venture companies. KDDI Open Innovation Fund No.3, which is active as of May 2020, 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 personal based in San Francisco, the United States, Seoul, South Korea, 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 – 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 over 40 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.

Activities for Innovation

Product Innovation

Initiative
Planning and development of smart technologies using XR technology

Content
In May 2019, KDDI signed a partnership with nreal Ltd. to create new forms of communication and to work on Spatial Computing in 5G-era, including joint planning and development of smart glasses using XR technology and its marketing in Japan. The “real AR” smartglasses to be used in verification tests are not used alone but connected via USB Type-C cable to other smartphone or real Computing Unit, a chipset from Qualcomm in U.S. These smartglasses ensure safety, extend operating time, and are compatible with an AR / VR app that enables position tracking. They have a wide 52° viewing angle but weigh only 48 grams, far lighter than other smartglasses.

Development of athletes support system using athletic behavior recognition AI

In October 2019, we developed an athletes-supporting system helping to improve athletes’ performance. This system, based on Inertial Measurement Unit (IMU) technology, including 5G, and IoT, automatically catch them. It is expected to capture athletes more efficiently by saving a regular look-around, increasing the number of boars captured in a single trap, and reducing the animal that circumvent a trap.

Process Innovation

Providing agile development education program

In addition to using agile development methods on our own, in cooperation with Scrum Inc. and Easem 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 provides 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-how to support transformation of businesses through digitization.

Environment Innovation

Environmental performance: a low-carbon society

Social Innovation

Initiative
Remotely monitoring system in demonstration test of self-driving service

Content
In June and July 2019, we participated in the experiment of a self-driving service on the islands and rural areas in Hachijojima, Izu Islands, Tokyo. The test area is a very suitable area to test autonomous driving, as it allows us to verify self-driving technologies and observe reactions to unexpected phenomena. The self-driving service allows us to achieve higher safety and comfort for the drivers in the urban areas.

Started experiment of automated capturing using bi

In September 2019, we started an experiment of a self-driven capturing system using bi to reduce serious damage on crops by wild boar. This experiment introduced bi automated capturing system with a function to remotely monitor and operate large-sized traps in mountainous areas, to avoid direct contact with wild boar. 5G and AI can be used to automatically catch them. It is expected to capture wild animals more efficiently by saving a regular look-around, increasing the number of boars captured in a single trap, and reducing the animal that circumvent a trap.
Fulfilled Life Brought through ICTs

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Responsibility for Products and Services

KDDI’s Approach (Responsibility for Products and Services)

In our efforts to “add value to the 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 in the world over — adults, children, older people, 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

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 confirm 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 are received, 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.

Initiatives for Promoting the Safe Use of Products and Services

Smartphones, mobile phones and the Internet have become indispensable 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.

Going forward, we will expand the Cycle Safety Project, aiming to re-establish a society where bicycles can be used safely.
**Materiality 3**

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**Responsibility for Products and Services**

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<th>Initiatives to Promote Safe Use</th>
<th>Benefits</th>
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<td><strong>Targets</strong></td>
<td></td>
</tr>
<tr>
<td>Young people</td>
<td>A touch-screen mobile phone for kids, with security alarm, location confirmation feature, etc.</td>
</tr>
<tr>
<td>Senior citizens</td>
<td>A product for first-time smartphone users with a large screen that makes it easy to use, so that they can enjoy using smartphones with confidence.</td>
</tr>
<tr>
<td>Older people</td>
<td>A feature phone focused on ease of use, with a high-quality audio communication function, simple menu screens, big letters and larger keys</td>
</tr>
<tr>
<td>Users with disabilities</td>
<td>Features a text-to-speech function that, once set up, will read aloud menu options, e-mail, and other text. Can be used as an aid not only for elderly people with diminished eyesight, but also for visually impaired people.</td>
</tr>
<tr>
<td>LGBT</td>
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</tbody>
</table>

**KDDI Group**

**Policy & Materiality**

**KDDI Group’s Commitment to Sustainability**

**Feature Article: KDDI Sustainable Action**

**Message from Executive Officer of Sustainability**

**Materiality 3**

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<th>Management Framework</th>
<th>Stakeholder Engagement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improvement of Emergency Medical Care in Thailand</td>
<td>In order to cut the death-in-transit rate of Thailand’s ambulance service, we made research on ICTs emergency medical care and relevant medical care in Japan, set up a demonstration system to standardize data format and operational process used in emergency medical care in Thailand, and conducted a demonstration test in Utan Pidathaini Province in the east part of Thailand. The results will be shared across the country.</td>
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<tr>
<td>E-Learning &amp; Programming Education in Nepal</td>
<td>We have developed e-learning environment at elementary and junior high schools in Lalitpur, a city adjacent to the country’s capital, Kathmandu, so that students can study subjects, such as arithmetic and science, using e-learning materials. Robot-programming education was also introduced in order to develop logical thinking. The number of schools subject to this program has gradually increased to ten at present. Each of the schools undertakes their own initiatives, such as open school days attracting local communities.</td>
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Recruiting and Developing Human Resources

KDDI's Approach (Recruiting and Developing Human Resources)

As the working-age population continues to decrease due to the declining birthrate and aging society, it is causing difficulties in recruiting high quality human resources. In addition, we need to provide an attractive work environment that offers diverse work styles to suit a diverse workforce. In June 2020, we introduced a new personal development program showing an example of new work style in light of the "new normal" to help each and every employee to design their work style according to their current life stage and their values, so that they can achieve personal and organizational goals while pursuing their career. Through improvement in both tangible and intangible elements of work environment, we expect to recruit more diverse workforce in the future.

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; respect for human rights, diversity & inclusion; and environmental conservation 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 2016 and working towards their achievement.

- To maximize the value of human resources and ensure the appropriate placement of human resources, we built a system to standardize hiring, placement, education, and training. In this way, we have maximized organizational performance and the growth of each employee. Furthermore, in fiscal 2020 our 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 and Health-Focused Management Promotion Office 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.

Our Goals and Activities

- 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.

- 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 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.

- FY2019 number of newly hired graduates of nationality other than Japanese: 4
- FY2019 Percentage of newly hired female graduates: 33.3 %

Management Framework Stakeholder Engagement

- KDDI’s Commitment to Sustainability
- Feature Article: KDDI Sustainable Action
- Materiality
- Management Framework
- Stakeholder Engagement

Materiality 4

Rewarding Workplaces for Diverse Talents

KDDI’s Approach

Social Issue

Improving productivity is an urgent issue to Japan suffering the shrinking population. The Japanese government has launched a plan to “realize the dynamic engagement of all citizens” and embarked on a Work Style Reform, which seeks to allow more diverse working styles, increase middle earners, counter the entrenchment of inequality and create a virtuous circle of growth and distribution. However, Japan has the worst labor productivity in the G7 countries, which needs to improve. Furthermore, in the fight against the global outbreak of COVID-19, we face a challenge to adopt the “new normal” that would significantly change our ways of living and working.

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Human Resources System

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Retaining Newly Hired Graduates (KDDI)

- Graduates hired in April 2017: 211
- Graduates employed in April 2020: 204
- Male: 106
- Female: 99

FY2019 Employee Training Results (KDDI)

- Training expenses per employee (unit: yen): 83,126
- Training hours per employee (unit: hour): 5.2
- Total training time (unit: hour): 95,125

Employee growth and optimization of organizational performance
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

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<thead>
<tr>
<th>Program</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive assistant</td>
<td>Employees work as directors' assistants, learning directly the management mindset. (Every year, one man and one woman are assigned.)</td>
</tr>
<tr>
<td>Job rotation system</td>
<td>Eligible employees during a career selection period work out their own career plan and make a choice for their career in the future, with autonomy and responsibility, to grow themselves.</td>
</tr>
<tr>
<td>Self-care produce system (SCAP)</td>
<td>Employees who are enthusiastic about starting up new business or expanding growing departments can apply under the open recruitment system to be transferred (includes promoting involvement amongChief older staff).</td>
</tr>
<tr>
<td>Open recruitment system</td>
<td>Employees can transfer to the departments of their choice after accumulating a certain amount of experience in their current positions and earning positive evaluations.</td>
</tr>
<tr>
<td>Career plan-reporting system</td>
<td>Employees who are enthusiastic about starting up new business or expanding growing departments can apply under the open recruitment system to be transferred (includes promoting involvement amongChief older staff).</td>
</tr>
<tr>
<td>Stratified training</td>
<td>Employees acquire the various business skills commonly needed by everyone in the company.</td>
</tr>
<tr>
<td>Support for acquisition of qualifications</td>
<td>We pay examination fees and other related expenses for employees who are acquiring company-designated qualifications.</td>
</tr>
<tr>
<td>Lifelong learning program</td>
<td>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.</td>
</tr>
<tr>
<td>Business strategy</td>
<td>Employees wishing to acquire the knowledge and skills needed for carrying out their work depending on the position or qualifications they have.</td>
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Training System by Position

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<tr>
<th>Position</th>
<th>The KDDI Group Philosophy</th>
<th>Stratified training</th>
<th>Common skills training</th>
<th>Global human resources</th>
<th>Division-specific training</th>
<th>Operation-specific skills</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive / Director</td>
<td>Divisional general manager study session</td>
<td></td>
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<tr>
<td>Departmental General Manager</td>
<td>Departmental general manager training</td>
<td>Newly-appointed departmental general manager training</td>
<td></td>
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<tr>
<td>GL (Group leader)</td>
<td>GL Study Session</td>
<td>Newly Appointed GL Training</td>
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<tr>
<td>Manager (non-line)</td>
<td></td>
<td>Newly Appointed Manager Training</td>
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<tr>
<td>Assistant Manager</td>
<td></td>
<td>Training 3 years after employment</td>
<td></td>
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<td></td>
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<tr>
<td>Chief</td>
<td></td>
<td>Training 2 years after employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Employee</td>
<td></td>
<td>New Employee Training</td>
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KDDI’s Approach

(Professional Advancement of Women)

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.

Action Plan Based on Japan’s Women’s Advancement Act

With the enactment of the Act to Advance Women’s Success in Their Working Life on April 1, 2016, we at KDDI have set the following targets in relation to actions to be implemented over a five-year period from April 1, 2016 to March 31, 2021.

- Number of female line managers: 200
- Percentage of newly hired female graduates: 30%

Actions

- Cultivate leaders consistently through the Female Line Manager Program
- Promote measures to encourage employees to take paid annual leave by creating plans for taking leave and setting recommended dates for taking leave in each department

Cultivating Women (inside the company):

Female Line Manager Program

In fiscal 2016, we started the Female Line Manager Program (FLP), which aims to establish a career path leading to officers and line managers, targeting female employees from those just below a section manager position to candidates for a general manager position. Selected managerial candidates have opportunity to participate in Mind Up Seminars, where they can learn the skills necessary for leadership and adjust their mindsets.

In addition, we help from develop leadership and further grow as a leader by promoting dialogues with female executive role models within the company. We are continuously providing a learning to promote understanding of the necessity and method for cultivating female managers for all line managers, including male managers, as we work to reform mindsets within the company.

Cultivating Women (outside the company):

Cross-Industry Forums

In addition to internal 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 Eigo College that aims to create a management model for female sales representatives, we strive to develop 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 Jiben Camp designed for a person aiming 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.

Cultivating Promoting Female Leader

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. Our specific goal is to appoint 200 female line managers, who are authorized to conduct personal evaluations by fiscal 2020. Progress on this front is reported every six months to a meeting attended by managers. We are also striving to expand our female managers training program, which will lead to more female leaders.

KDDI’s Commitment to Sustainability Feature Article: KDDI Sustainable Action
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

To achieve fair and transparent personnel evaluation and remuneration, we have established common standards and grades for the performance and requirements demanded by the company.

For managers, we adopted a mission grade system that categorizes the grade of a manager by the size of their role, including the scope of their current work responsibilities, authority and achievements. For non-managers, we adopted an aptitude grade system based on their ability to execute their duties.

In addition, based on discussions with their supervisors, employees set individual goals that take into account personal growth and the achievement of corporate and organizational goals. Personal evaluations are conducted through face-to-face interviews with supervisors regarding the level of achievement of these individual goals. A final determination is made based on evaluations by multiple people. These evaluations are conducted twice a year for all employees. Any employee who is not satisfied with their evaluation can file a complaint with the Human Resources Department, submitting an application sheet.

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

Since fiscal 2019, KDDI has conducted the Employee Engagement Survey, because we consider that if each and every employee can work feeling motivated and fulfilled, it will contribute to sustainable growth of the company. This survey measures, based on indicators, the level of “voluntary contribution and motivation toward the company and their work,” the employee engagement defined by KDDI.

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 will improve the level of the employee engagement.

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

Award Program for Employees

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

- President’s Award
- Contribution Award
- Best Sales Award
- Individual MVP Award

Activity & Results

(As of March 31, 2020)

Foreign Employees

- Number of foreign employees (KDDI)
- Number of foreign employees at KDDI

Non-Regular Employees (KDDI)

- Total
- Contact employees (KDDI)
- Contract employees (KDDI)

Managers (KDDI)

- Total
- Corporate Officers or higher
- Sector Managers
- Team Managers
- Supervisors

Status of Hiring (KDDI)

- Recent college graduates
- Mid-career hires

Retention of Newly Hired Graduates (KDDI)

- Graduates hired in April 2017
- Currently employed as of April 2020

Materiality 5

Management Framework

Stakeholder Engagement

Message from Executive Officer of Sustainability

KDDI’s Commitment to Sustainability

Feature Article: KDDI Sustainable Action

Materiality

FY2019 Material KPI Results

FY2020 Material KPI Results

KDDI Sustainability Report 2020
Labor Practices

KDDI’s Approach (Labor Practices)

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 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 and the payment of minimum wage.

Starting Salary for University Graduates Compared to Minimum Wage 139%*  
* Calculated based on the minimum wage in Tokyo (1,015 yen / hour). Specifically, the formula is 21 days x 1,015 yen x 7.5 hours (as of April 2020)

Declaration of Health-Focused Management

The KDDI Group has released the 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 an "health first" culture.

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.

Initiatives and Results of Work Style Reform in Fiscal 2019

- Held monthly Work Style Reform Promotion Committee meetings (topics: eliminating long working hours, increasing productivity, etc.)
- For purposes of appropriate work schedule management and early support for an employee likely to feel mentally sick, conducted an interview to all 12,000 employees working at workplaces in Japan twice a year
- As part of promoting “Autonomous Work Style,” abolished the company-wide standard on work clothes and made each division set its own standard
- Ensured all employees leave work within 30 minutes after the end of business
- Promoting the rule about leaving work by 20:00
- Enforcing No Overtime Days and ensuring permission is granted in advance to work overtime
- Extended the interval between shifts from 8 to 9 hours
- Created a system to record and manage employees’ building entry and exit times as well as work computer log off times; Discrepancies between system logs and applications trigger alerts
- Promoted planned usage of annual paid leave
- Introduced robotic process automation (RPA)
- Made internal systems accessible to mobile devices
- Began allowing teleworking for work smartphones
- To operate good quality meetings, made each division develop its action plans for meeting reform
- Promoted use of shared offices
- Participated in Telework Days as a special sponsor
- Held rehearsals in anticipation of the period of the Olympic Paralympic Games
- Revised the Teleworking Work Rule in order to expand opportunities for teleworking and ensure appropriate application.

Organizations of Work Style Reform & Health Management Department

As of April 2020

<table>
<thead>
<tr>
<th>Department Name</th>
<th>Director</th>
<th>Executive Administrator</th>
<th>Health-Promotion Division Administrator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Resource Development Division</td>
<td>Human Resources Development Department</td>
<td>Counseling 1 Group</td>
<td>Ring-around all members are counselors assigned to each workplace</td>
</tr>
<tr>
<td>Counseling 2 Group</td>
<td>Human Resources Development Department</td>
<td>Counseling 3 Group</td>
<td></td>
</tr>
<tr>
<td>Health-Focused Management Group</td>
<td>Health-Focused Management Group</td>
<td>Human Resources Development Department</td>
<td></td>
</tr>
<tr>
<td>Work Style Reform Department</td>
<td>Work Style Reform Department</td>
<td>Human Resources Development Department</td>
<td></td>
</tr>
<tr>
<td>Work Style Reform Group</td>
<td>Work Style Reform Group</td>
<td>Human Resources Development Department</td>
<td></td>
</tr>
</tbody>
</table>

Safety and Health Management System

In accordance with the Labor Standards Law and the Industrial Safety and Health Act, we are engaged in a group-wide safety and health 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: health-focused management, health management, mental health, work style reform, overtime work and long working hours, fire prevention and disaster preparedness, traffic safety
- 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. In addition, in FY2020, we removed all smoking rooms from offices to reduce passive smoking risk.

Departments handling construction as a contractor provide internal chief engineers and managing engineers with regular safety trainings to prevent accidents such as electric shock. Those trainings include Safety Training for Dangerous Operations, Tool Training, Health and Safety Education for Foremen, Chief Engineer Training, and strive to ensure thorough safety control.

In a two-yearly safety convention for contractors in charge of base station and network facility construction projects involving dangerous operations, such as working in high places, as well as a Group Safety Convention for group companies, we have shared safety-related examples and provided information on how to improve safety-related skills. In addition, in 2019 we provided trainees from MPT, a telecommunication company in Myanmar, with safety training using a KDDI-produced safety awareness raising comic titled "Monogenba (worksites of professionals)."
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

Priority Measures Relating to Occupational Health and Safety

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 2019, 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 accessing 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 2020 to improve the health of employees.

Initiative

- Encouraged walking
- Held seminars on sleep: “Seminar on sleep”
  - “Secrets behind hormone a working woman needs to know to stay attractive”
  - “Seminar on good physical balance”
  - “Seminar on preventative measures against a heat stroke”
- Seminar on countermeasures for lifestyle-related diseases
- Held hearings for smokers regarding bans on smoking

Promotion of Mental Healthcare

KDDI formulated the Mental Health Promotion Plan and is carrying it out while implementing FODA cycles for mental health initiatives. In addition, from fiscal 2019, we stationed 36 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 difficulty even in the absence of reports from said employees, 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

- 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 FY2019: 88.9%)
- Based on the results, employees can consult with an industrial doctor if they request.
- The overall results are analyzed and sent to each workplace 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.)
  - Reduced work hours after returning
  - 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

Changes in Number of Employees Absent Due to Mental Health Problems (KDDI at the fiscal year end)

<table>
<thead>
<tr>
<th>KDDI (at the fiscal year end)</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>87</td>
<td>100</td>
<td>99</td>
<td>112</td>
<td>101</td>
<td></td>
</tr>
</tbody>
</table>

Enhancing Employees Health

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%. Following these 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 2019, 98.3% of employees followed the advice. For employees with conditions that do not appear to improve over time, we provide counseling with their supervisors and industrial doctors as well as health guidance until their conditions improve. In addition to the company program to assist with complete medical checkups, in 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 23.4% for active support and 37.5% for motivation support, and we continue our efforts 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 and, in fiscal 2018, introduced a health business that provides free dental checkups.

In addition to measures taken to date, in fiscal 2019, we introduced KDDI Wakuwaku Points, which is a health point program for all employees with the goal of encouraging improvements in behavior by, for example, promoting fun exercise (walking) and changes in lifestyle habits.

Other Health Management Measures

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

Safety and Health Management for Employees and Their Families Transferring Overseas

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 for International Transfers 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.
Labor Practices

Diverse Work Styles

- Programs That Support Diverse Work Styles

<table>
<thead>
<tr>
<th>Program</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telework program (Working at home)</td>
<td>Introduced for all employees to enable flexible work hours and to boost work efficiency. A support program was also established for employees who need to do constant childcare and/or family care, which only requires them to come into the office as little as once a month. We also recommend working at a satellite office and mobile working.</td>
</tr>
<tr>
<td>Variable working hours system</td>
<td>Introduced so that employees can change their prescribed working hours every month or every three months according to their work schedule. This system is also available on a monthly basis to employees requiring shortened working hours due to childcare and/or family care responsibilities.</td>
</tr>
<tr>
<td>Discretionary work system</td>
<td>Introduced to encourage a work style where the emphasis is placed on high performance achieved in a shorter time. At the end of March 2020, 17% of the eligible employees use this system.</td>
</tr>
<tr>
<td>Work shift interval Rule Program</td>
<td>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 cases where employees exceed a certain number of days when they cannot take 11 hours of rest.</td>
</tr>
<tr>
<td>Flexible working hours system</td>
<td>Introduced to encourage employees to work flexibly and autonomously. In April 2020, this rule was expanded and has been applied across the board.</td>
</tr>
<tr>
<td>Shorter working hours system for parents</td>
<td>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.</td>
</tr>
<tr>
<td>Shorter working hours system for caregivers</td>
<td>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.</td>
</tr>
<tr>
<td>Spouse accommodation leave program</td>
<td>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.</td>
</tr>
</tbody>
</table>

Support System for Balancing Work and Family Life

To help employees balance work with other responsibilities, such as childbirth, childcare, and family care, we have established a support system that exceeds legal standards.

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 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 teleworking. 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, more than 98% of employees who take parental leave return to work (100% for males, 98.8% for females) (fiscal 2019 results). Furthermore, we have established programs for rehiring employees who previously left the company for reasons of childbirth or family care.

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
- Seminars for employees on maternity or parental leave 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.

Programs for Work-Childcare Balance

1. Support during pregnancy
2. Support after childbirth
3. Support during the leave of absence
4. Support for work-childcare balance

Program for Work-Childcare Balance

- Family member in need of care
- Employee who wants to take a certain period of time off work for family care
- Employee who wants to provide family care while continuing to work

<table>
<thead>
<tr>
<th>Family member in need of care</th>
<th>Employee who wants to take a certain period of time off work for family care</th>
<th>Employee who wants to provide family care while continuing to work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family care leave (for eligible family members, or 10 days/year if more than one eligible family member is eligible)</td>
<td>Exemption from or restriction on overtime work*</td>
<td>Exemption from late-night work*</td>
</tr>
<tr>
<td>Shortened working hours for family care* (until care is no longer required)</td>
<td>Exemption from or restriction on overtime work*</td>
<td>Exemption from late-night work*</td>
</tr>
<tr>
<td>Home care absence (365 days per family member)</td>
<td>Exemption from or restriction on overtime work*</td>
<td>Exemption from late-night work*</td>
</tr>
<tr>
<td>Accumulated annual holidays (max. 25 days)</td>
<td>Exemption from or restriction on overtime work*</td>
<td>Exemption from late-night work*</td>
</tr>
</tbody>
</table>

* Can be applied together
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

- 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)
  - FY2019 result: 202 persons (acquisition rate: 69.4%)

- Supporting a balance between work and childcare
  - Employees with childcare responsibility
  - Subsidies for babysitting fees

- Supporting a balance between work and family care
  - For all employees
  - Provide seminars on good balance between work and nursing care and post a handbook describing internal support programs on the intranet

Usage of Childcare and Family Care Support System

- Program
  - Male / Female

- Male
  - FY2015
  - FY2016
  - FY2017
  - FY2018
  - FY2019

- Female
  - FY2015
  - FY2016
  - FY2017
  - FY2018
  - FY2019

- Maternity leave
  - Male
  - 185
  - 207
  - 202
  - 195
  - 202

- Paternity leave for man only
  - Male
  - 209
  - 270
  - 252
  - 255
  - 253

- Parental leave of absence
  - Male
  - 14
  - 16
  - 25
  - 27
  - 29

  - Female
  - 281
  - 278
  - 270
  - 247
  - 239

- Redetermination after parental leave of absence
  - Male
  - 100%
  - 100%
  - 100%
  - 100%
  - 100%

  - Female
  - 96.4%
  - 92.0%
  - 94.4%
  - 98.9%
  - 96.8%

- Redetermination after parental leave of absence
  - Male
  - 100%
  - 85.3%
  - 92.3%
  - 92.3%
  - 92.3%

  - Female
  - 96.5%
  - 92.0%
  - 96.0%
  - 97.7%
  - 97.7%

- Shortened working hours for childcare
  - Male
  - 2
  - 1
  - 3
  - 6
  - 3

  - Female
  - 417
  - 440
  - 418
  - 469
  - 497

- Sick / Injured childcare leave
  - Male
  - 200
  - 344
  - 429
  - 471
  - 439

  - Female
  - 344
  - 445
  - 496
  - 522
  - 494

- Nursery care absence
  - Male
  - 7
  - 8
  - 8
  - 12
  - 7

  - Female
  - 6
  - 5
  - 4
  - 6
  - 6

- Family care leave
  - Male
  - 10
  - 107
  - 133
  - 180
  - 175

  - Female
  - 63
  - 87
  - 117
  - 113
  - 118

- Shortened working hours for family care
  - Male
  - 4
  - 1
  - 1
  - 3
  - 3

  - Female
  - 2
  - 2
  - 2
  - 6
  - 11

Examples of Support for Employees with Disabilities

- 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.

- This guidebook, which was created with the participation of employees with hearing difficulties, is posted on the intranet to provide easy-to-understand explanations of the rules of sign language interpretation and how to support summary writing in the workplace.

Support for Creating Networks

- We introduced the GUGI speech translation app to further ensure the access to information by employees with hearing difficulties.

Expanding Employment Opportunities and Advancement of Persons with Disabilities

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 is promoting the independence and success of work of employees with disabilities, aiming to expand and create the types and scopes of jobs, 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 2019, 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 exercise their ability in a work area in which they excel. At KDDI, the rate of employment for persons with disabilities is 2.53% (as of June 2020), which exceeds the legal requirement (2.20%).

**Note:** Only measures that exceed the legal standards are described here as examples.
KDDI’s Material Sustainability Issues

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

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 enables open recruitment, 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

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 dependants 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 to Sound Labor-Management Relations

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)

We have introduced our own retirement benefit and pension system, 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.

Creating Sound Labor - Management Relations

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-Manangement Relations Agreement, Union Activities Agreement and Collective Bargaining Agreement with the KDDI Workers Union.

Regarding terms with a significant influence on the treatment of employees, such as changes in the organizational structure and systems related 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 committees and the like as required, and in fiscal 2019 we had 77 meetings in total. Such discussions will be held as frequently as possible in fiscal 2020 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 and promotion of harassment preventive measures.

In addition, through the Agreement on Handling of Personal 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

We have introduced a own retirement benefit and pension system, 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 (392.379 trillion yen as of the end of March 2020). 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.

Status of Workplace Injuries (KDDI)

Wellness Benefits for employees

KDDI

System

- Two-day weekends (Saturday, Sunday, holidays)
- 120 days off per year (weekends, holidays, end and start of year: FY2019 results)
- Annual paid leave (30 days, if annual vacation work is calculated by working range, increase for every 10 years or more of employment, up to a maximum of 30 days)
- Leave according to workplace, duty, marriage, birth, childcare, etc.
- Full vacation (promoting taking five consecutive paid days off)
- Special leave (for funeral, marriage, birth, childcare, etc.)
- Annual paid leave
- Maternity leave
- Childcare and caregiving leave, etc.

Insurance

- Health insurance, pension insurance, employment insurance, accident insurance, etc.

Asset Creation

Various asset creation and accumulation systems, employee stock-holding association, etc.

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.)

Pension Plans

- Retirement benefit and pension system

KDDI Group System

- Retirement investment

- Retirement

KDDI Group System

- Retirement

Status of Workplace Injuries (KDDI)

FY2015 FY2016 FY2017 FY2018 FY2019

Number of workplace accidents

Unit: case

20 21 23 20 19

Frequency rate (1)

0.0024 0.0102 0.0038 0.0052 0.0065

Severity rate (2)

0.20 0.19 0.28 0.15 0.16

Lost-time injury frequency rate (3)

0.0024 0.0102 0.0038 0.0052 0.0065

Overtime Hours, Paid Holiday, Average Annual Salary, etc. (KDDI)

FY2015 FY2016 FY2017 FY2018 FY2019

Average overtime hours per month (1)

Unit: hours / month

29.9 27.5 19.6 19.0 19.0

Average overtime allowance per month (1)

Unit: yen / month

200,397 260,315 265,870 63,642 64,343

Total annual actual hours worked (average) (4)

Unit: hour

1,941.6 1,899.2 1,862.7 1,871.4 1,893.2

Average rate of paid holiday taken

Unit: %

96.3 95.1 96.5 71.9 96.9

Average annual salary (5)

Unit: yen

2,570,096 2,573,196 2,635,309 2,528,103 2,600,652

(1) Calculated based on the formula specified in the Survey on Industrial Accidents of Japan’s Ministry of Health, Labour and Welfare

(2) LTI (lost-time injury frequency rate is the number of workplace accidents) / (the cumulative hours worked) × one million (lost time is defined as any period of one day or more)

(3) Calculated based on the formula specified in the Survey on Industrial Accidents of Japan’s Ministry of Health, Labour and Welfare

(4) LTI (lost-time injury frequency rate is the number of workplace accidents) / (the cumulative hours worked) × one million (lost time is defined as any period of one day or more)

(5) Applicable to KDDI employees in non-manual positions

(6) Average annual salary includes bonuses and extra wages. There is no difference in total compensation (average annual salary) between female and male employees.
Respect for Human Rights and Fairness in Business

Our Risks and Opportunities
- They assume that there are social and economic concerns that arise, through the products and services provided to KDDI customers. The focus of the KDDI Business Management Framework is to ensure that these concerns are taken into account.

Social Issues
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. We believe that efforts to eradicate human rights violations should be addressed and taken on from the perspective of the broader society.

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

Management Framework
- 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 Human Rights Policy and the Code of Business Conduct throughout the year.

- We established the Business Ethics Helpline, which is available any time, 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 with the policies regarding human rights and conflict minerals.

- KDDI Smartphone and Mobile Phone Safety Classes are held by certified lecturers who go around to 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.

FY2020 Material KPIs
- Respect for workers’ rights
- Prevention of corruption and bribery
- Pursuit of sustainable procurement
- Promotion of fair and proactive communication

Human Rights

KDDI’s Approach (Human Rights)
We at KDDI are striving to avoid discrimination based on race, faith, gender, social status, religion, nationality, age, sexual orientation, gender identity, marital / 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 the policy is subject to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Management Framework
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 promoting respect for human rights in accordance with the KDDI Group Human Rights Policy.

We established the Business Ethics Helpline, which is available anytime, to receive reports of 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.

We have also established a Sexual Harassment and Human Relationships Hotline staffed by special counselors, an Employee Counseling Center staffed by internal counselors, and a Harassment Hotline staffed by employees at the Human Resources Department. In addition, in the KDDI Guidelines for Responsible Supply Chain, 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.
In 2008, we established the Diversity & Inclusion Department in the Human Resources Department. With the president as the top decision-making authority, we are engaged in company-wide efforts to promote diverse work styles and the professional advancement of women, employees with disabilities and LGBT people.

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

In fiscal 2019, 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, in cooperation with BSR, held lectures on Social Trend Surrounding Business and Human Rights for managers of the five relevant departments 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, and thus helped them raise awareness and consider future measures.

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.

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### Human Rights Impact Assessment

KDDI 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.

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### 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 businesses, 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 about initiatives, identified specific initiatives and conducted 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

### Other Initiatives

To promote diversity and respect for human rights, KDDI is engaged in initiatives that align with the UN Guiding Principles on Business and Human Rights. These initiatives include:

- Promoting the understanding of LGBT issues in society
- Promoting other initiatives related to LGBT and discrimination
- Donating to LGBT support groups
- Launching initiatives that promote gender equality
- Promoting LGBT awareness and other initiatives in the KDDI Group

### Key Action Items

- Engage in activities to promote LGBT awareness
- Implement initiatives to reduce risks in cooperation with stakeholders
- Prioritize identified impacts, develop action plans by department, and conduct analysis and make a list of internal control processes for each of the human risks identified.

KDDI has established a D&I Promotion System in 2008, to ensure that all employees, including people with disabilities and LGBT, can work in an inclusive and welcoming environment. The system includes:

- Promoting diversity and respect for human rights
- Implementing initiatives to reduce risks in cooperation with stakeholders
- Prioritize identified impacts, develop action plans by department, and conduct analysis and make a list of internal control processes for each of the human risks identified.

KDDI is committed to ensuring that all employees, including people with disabilities and LGBT, can work in an inclusive and welcoming environment. The company provides support and resources to help employees thrive in their roles, fostering a culture of respect and equality.

### Other Initiatives

To promote LGBT equality, KDDI has implemented initiatives including:

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- Promoting other initiatives related to LGBT and discrimination
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### Human Rights Impact Assessment

KDDI's D&I Promotion System

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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)

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 Awareness Raising

- Examples of Initiatives in FY2019
  - Target: All KDDI employees
  - Promotion of the KDDI Group Philosophy
  - Monthly email newsletter related to promoting the KDDI Code of Business Conduct
  - Target: Managers, Group leaders
  - Seminars and training for violation case studies
  - Harassment-prevention seminars
  - Target: New line managers
  - Training related to bullying and harassment
  - Target: Group company executives
  - Training for learning management as a leader, risk management in corporate operations, and legal and accounting knowledge

KDDI Group Business Ethics Committee

In 2019, there were 469 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

Grievance Mechanism

- Consultations FY2018 FY2019
  - Compliance consultations 330 469
  - Internal contact point 151 173
  - External contact point for overseas subsidiaries 179 290

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 any time and can provide 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.

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Business Ethics Helpline (Grievance Mechanism)

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Basic Policy for Eliminating Organized Crime Groups and Status of Implementation

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.

Anti-Corruption Measures

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 and regions against foreign corrupt practices and unfair competition. Any breach will result in disciplinary action according to the company regulations.

In order to prevent these violations, we use e-learning courses and e-mails to inform all employees and raise their awareness.

Procurement Department

We also urge business partners to comply with the KDDI Guidelines for Responsible Supply Chain, which defines rules for prohibition of corruption, bribery, abuse of power and giving or receiving illicit funds.

Secretarial Department

For any political donations we make, we observe the Political Funds Control Act and follow the KDDI Code of Business Conduct and the KDDI Guidelines for Responsible Supply Chain.

In fiscal 2019, we made political donations totaling 6 million yen in Japan, and there were no cases of legal action against us concerning corruption or bribery.
Respect for Human Rights and Fairness in Business

Compliance

Preventing Anti-Competitive Behaviors

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 Guidelines for Responsible Supply Chain, we demand our business partners not to engage in any activities that inhibit fairness, transparency, or freedom of competition. However, in March 2020, the Ministry of Internal Affairs and Communications gave KDDI and UO Communications an administrative guidance, requesting for instructions to be given to distributors and other necessary measures for correction of an excessive customer retention practice, on the basis that the distributors sold mobile phones to customers at discounted prices below the limit under the revised Telecommunications Business Act, effective in October 2019.

We have been taking measures to prevent similar practices from occurring again, including further explanation of the revised Telecommunications Business Act, effective in October 2019.

We fully adhere to these related regulations and continue the appropriate business operations.

We at KDDI Group pursue the satisfaction and benefits of our customers while fulfilling our social responsibilities by urging group companies to conduct business activities in accordance with international rules and applicable tax laws and regulations in each country and region, and maintaining international tax compliance and paying tax appropriately to minimize tax-related risks for the entire group, and thereby strive to maximize shareholders’ value.

In fiscal 2019, we paid 325,298 million yen of corporate income tax, which accounts for 31.9% of gross income.

As KDDI Group businesses become increasingly multinational and have more international transactions, our top management is working to promote a tax strategy that properly recognizes international tax risks and regards such risk as an important issue that is directly linked to management.

In addition, the head office is engaged in education for employees across the world and receives technical tax practice support from external specialists. With these initiatives, we strive to maintain and improve tax governance.

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, while building 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, and by making prior inquiries as required. With these initiatives, we strive to reduce taxation risks.

Efforts to Prevent Tax Avoidance

In accordance with OECD’s Base Erosion and Profit Shifting (BEPS) action plans, we conduct responsible tax by ensuring that our economic activities and value creation occur in the right tax payment place in line with the revision of tax regulations stipulated in BEPS. We also prohibit the transfer of sources of tax revenue to tax free or low tax rate countries and regions (so called “tax havens”) with the purpose of excessive tax avoidance and work to make proper tax payments in accordance with each country’s tax system.

Amount of tax paid

<table>
<thead>
<tr>
<th>Country</th>
<th>Amount of tax paid (Unit: 100 million yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan (incl. Overseas Case)</td>
<td>2,700 (99%)</td>
</tr>
<tr>
<td>Overseas Case</td>
<td>51 (3%)</td>
</tr>
<tr>
<td>Total</td>
<td>2,751 (100%)</td>
</tr>
</tbody>
</table>

Supply Chain Management

KDDI’s Approach (Supply Chain Management)

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 human rights and safety and health labor issues from occurring.

In addition, we are enhancing the various forms of support we provide to distributors, who are important partners.

KDDI Sustainable Procurement Policy

As a general telecommunications operator that supports social infrastructures, we have implemented supply chain risk management with all business partners inside and outside Japan in line with the KDDI Sustainable Procurement Policy since February 2014 to fulfill our social responsibility at a higher level and avoid procurement risks as far as possible. The policy defines seven 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, and Co-existence with Society.

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.

Additionally, KDDI investigates the scale, background, credibility, business conditions, financial conditions, etc., of potential business partners using external investigative organizations, 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.

Since fiscal 2011, we have conducted Responsible Procurement Surveys targeting our tier-1 suppliers, through which we have surveyed on problems regarding responsible procurement, including human rights violations and use of conflict minerals, of tier-2 and tier-3 suppliers as well. In the survey, we confirm each supplier’s compliance with the KDDI Sustainable Procurement Policy.

KDDI Guidelines for Responsible Supply Chain and Responsible Procurement Promotion System

We established the KDDI Guidelines for Responsible Supply Chain as 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 (FBA) formerly called the Electronic Industry Citizenship Coalition (EICC) code of conduct and the Supply-Chain CSR Directory Guidebook 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.

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.

Based on our Code of Business Conduct, we do not perform any transactions with organized crime groups.

Conflict Minerals

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.

KDDI is not listed in the United States, but we at KDDI conduct surveys on problems to our responsible procurement to ensure that conflict minerals are not used.

Conflict minerals are tantalum, tin, gold, tungsten and other minerals designated as such by the U.S. Secretary of State.

FY2019 Material KPI Results FY2020 Material KPIs Materiality 1 Materiality 2 Materiality 3 Materiality 4 Materiality 5 Materiality 6 Message from Executive Officer of Sustainability KDDI’s Material Sustainability Issues KDDI’s Commitment to Sustainability Feature Article: KDDI Sustainable Action Materiality Management Framework Stakeholder Engagement KDDI Sustainability Report 2020 78
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

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 Supply Chain Responsible Procurement based on the Responsible Business Alliance (RBA), formerly called the Electronic Industry Citizenship Coalition (EICC) code of conduct and the Supply-Chain CSR Deployment Guideline (Check Sheet) 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 Procurement Policy and other necessary information with suppliers. In fiscal 2019, 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 90% 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, and take necessary measures to reduce risks, for example by conducting additional on-site interviews for suppliers with any risk from perspectives, such as human rights and labor, quality and safety, and environment.

Initiatives for au Shops

At the end of March 2020, there are 18 KDDI directly managed outlets dedicated to KDDI products and services and 2,174 au Shops throughout Japan. These shops including au Shops are the place where customers actually see and experience au products and services. KDDI products and services are also widely available at Toyota car dealers and electronics retail stores in addition to au Shops.

We at KDDI consider that improving the service quality of au Shops—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 at Shop staff is essential to improving the service quality of all distributors, we encourage the staff to learn effectively through group sales training and e-learning for basic operational knowledge and new product information. We also implement a qualification system to evaluate staff skills and store management capabilities and encourage their sales efforts to achieve higher customer satisfaction by awarding the titles “au Advisor,” “au Master,” and “au Expert.” Additionally, each year in various locations in Japan, KDDI holds the “au CX AWARDS,” a customer service competition that recognizes excellent customer service and shares good practices of customer service.

Moreover, KDDI employees periodically conduct 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.
### 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**

#### 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. As Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) was published in 2017, companies, too, are required to be part of this effort by setting emissions targets and tackling climate change through their businesses activities.

#### Management Framework

**KDDI Environmental Charter**

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 company.

#### Our Risks and Opportunities

There is an increasing trend in the ESG investment community, especially in the United States and Europe, to divest from companies that are not environmentally responsible. KDDI, and the wider telecom industry, 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.

#### Our Other Risks and Opportunities

- According to the Intergovernmental Panel on Climate Change (IPCC), global warming is undoubtedly real. They consider that this to be most likely caused by human activities such as economic growth and an increasing population. We see the climate risks as significant business challenges, while we believe our opportunities lie in cutting greenhouse gas emissions to mitigate climate change and in reducing the adverse impacts of doing so.
- Some national and regional regulations and policies 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.

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- Our Other Risks from Natural Disasters and Opportunities in Building Resilience

Global warming has caused extreme weather events such as larger typhoons and heavy rain, bringing damage worldwide. Natural disasters also damage our telecommunications facilities, which would pose risks to our business continuity. On the other hand, there is a growing demand globally for disaster risk reduction measures. We are working to expand our business by offering anti-disaster measures that use ICTs such as monitoring systems and disaster risk reduction (DRR) systems.
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

The Fourth Environmental Conservation Plan: KDDI GREEN PLAN 2017-2030

We are promoting a new Environmental Conservation Plan: KDDI GREEN PLAN 2017-2030. 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. Our plan targets a 7% reduction in CO2 emissions from the fiscal 2013 level by fiscal 2030. In order to achieve this, we continue our efforts to reduce CO2 emissions by implementing renewable energy and other measures. We will disclose our progress each year as well as improve and revise the plan when we need to.

Climate Action
- 7% reduction in CO2 in FY2030 compared to FY2013 for KDDI (in Japan, non-consolidated) (*)
- Upgrading to highly energy-efficient data centers in Japan and abroad
- Contributions to reductions in society’s CO2 emissions by providing KDDI’s information and communication technology (ICT) services

(*) KDDI’s target reduction of 7% compared to FY2013 matches the 7% industry target in Japan’s national Climate Action Plan.

Creating a Recycling-Oriented Society
- Maintain zero emissions from retired telecommunication facilities (*)
- Maintain material recycling rate of 99.8% for used mobile phones

(*) Zero emissions are defined as a final disposal rate of 1% or less.

Conservation of Biodiversity
- Actively promote initiatives using ICTs to conserve ecosystems

Environmental Management

In order to clearly state our approach to integrating the sustainability of the environment into our business operation, KDDI Group conducts the Sustainability Committee for discussing material environmental issues. The results of such discussion are shared at the Environmental Subcommittee, which is headed by the President as the Chairperson and organized by the Sustainability Department as the secretariat. With the managers of each division and Group company that has acquired ISO 14001 certification to be reflected in their objectives. The Green Plan Subcommittee, which was established in fiscal 2017, monitors and drives progress on the targets in the KDDI GREEN PLAN 2017-2030.

Environmental Management System

KDDI Group has formed the Environmental Management System (EMS) with the Environmental Subcommittee at the center. This subcommittee manages the status of EMS operations carried out by each division, regional office, Group company, and related organization and leads cooperation at each Group company to promote efficient environmental conservation activities.

KDDI Group’s Environmental Management Structure

Internal Environmental Audits

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 2019, 15 divisions and 28 offices in KDDI and group companies were audited. Referring to the internal environmental audit results of fiscal 2018, 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 104 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 2020:
- 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 NIHONHIN CORPORATION, Kokusai Cable Ship Co., Ltd.,
- 15 companies/organizations in total are certified

KDDI ISO 14001 Certification

KDDI will proactively drive a shift to renewable energy to substantially achieve net-zero CO2 emissions by 2050 and reduce the environmental burden on society through the use of ICT.

KDDI Sustainable Action
An Energy-Efficient, Circular Economy

- Energy efficiency improvement and utilization of clean energy
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- Reduction of society’s impact on environment through ICTs

Environmental Management

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 confirm our business partners’ responses toward environmental management, using the Responsible Procurement Surveys.

Law Concerning Special Measures for Promotion of Proper Treatment of PCB Wastes (PCB Special Measures Law)

We are promoting the disposal of retired equipment that contains PCBs.

Supply Chain Management

KDDI Group

Maintenance and Public Cleansing Act

We are continuing to dispose of remaining equipment containing high-concentration PCBs and low-concentration PCBs.

Response to Law on Promoting Green Purchasing

KDDI has a lineup of products that meet the requirements of the Japanese government’s Law on Promoting Green Purchasing.

KDDI Environmental Charter

KDDI’s Green Procurement Guidelines (Japanese only)

State of Compliance with Green Purchasing Law (Japanese only)

List of Compatible Models with Green Purchasing Law (Japanese only)

Product Line-Up

KDDI Group

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 promote approaches to business partners and work with suppliers to reduce our environmental impacts.

Cooperation with Business Partners

KDDI System

We will continue to promote approaches to business partners and work with suppliers to reduce our environmental impacts.

Self-Assessment Checklist for CO2 Emission Reduction from Energy Conservation Efforts by Telecommunications Services Provider

KDDI Results

1. Has a voluntary ecological action plan stipulating vari-

ous efforts directed at reducing CO2 emissions through

energy conservation been created and is it being exe-

cuted?

We have formulated and are implementing medium-term environmental conservation plans based on the KDDI Environmental Charter.

2. Does the ecological policy include specific efforts stipu-

ating numerical targets for the reduction of CO2 emis-

sions through energy conservation?

The fourth environmental conservation plan (KDDI GREEN PLAN 2017-2030) included the following targets:

- Reduction of CO2 in FY2020 compared to FY2013 (KDDI [Japan], non-consolidated)
- Upgrading to highly energy-efficient data centers in Japan and abroad
- Contribution to reductions in society’s CO2 emissions by providing KDDI ICT services
- Maintenance of 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 90.8% for post-consumer mobile phones
- Activity promote initiatives that use ICTs to conserve ecosystems

3. Is the ecological policy documented and disseminated

in the media and on the company’s website?

The environmental conservation plan is disclosed within and outside the company in the Sustainability Report and on the corporate website.

4. Does the company disclose to the general public its

activities and data such as CO2 emission reduction?

The progress toward the achievement of the trend targets for the medium-term environmental conserva-

tion plan is disclosed in the Sustainability Report and on the corporate website.

5. In regard to ICT equipment and data center services,

has the company prepared a procurement standard based on the KDDI Green Procurement Guidelines? Is procurement carried out in accordance with the standard?

KDDI promotes green purchasing under the KDDI Sustainable Procurement Policy.

6. Is the company upgrading energy conservation efforts in

procuring office equipment, supplies and logistics (e.g.,

green purchasing)?

The Sustainability Department was established.

7. In relation to efforts to reduce CO2 emissions through

energy conservation, has the company assigned a per-

son or department to be responsible for such matters?

We monitor the implementation and the achievement level, conduct inspections and improve through internal audits under the Environmental ISO Management System.

8. Are there any 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 evaluate the implementation of policies through internal audits and improve the implementation.

9. Are ecologically friendly efforts being made other than

activities to save energy?

We conduct procurement activities in accordance with the KDDI Green Procurement Guidelines.

10. Is the company involved in ecological preservation

activities in collaboration with local communities?

KDDI Sustainability Report 2020
Environmental Management

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.

Environmental Accounting

KDDI Group Policy

Materiality

Materiality 6

An Energy-Efficient, Circular Economy

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Environmental Performance

Environmental Impact of Business Activities

Most of our input energy is electric power for telecommunications facilities. Heavy oil (crude oil), light oil (diesel) and kerosene are input when testing emergency power generation facilities. Most water usage occurs in everyday business activities in the offices.

KDDI's Environmental Accounting Guidelines

Calculation standard: Environmental Accounting Guidelines 2005 formulated by the Japan’s Ministry of Environment, KDDI Environmental Accounting Guidelines

Materiality 5

Message from Executive Officer of Sustainability

KDDI’s Commitment to Sustainability

Feature Article: KDDI Sustainable Action

Materiality 3

Materiality 4

Materiality 2

Materiality 1

Management Framework

Stakeholder Engagement
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 2019 business activities, Scope 3 accounted for 81% 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 verification by Lloyd’s Register Quality Assurance Limited, while the results of Scope 3 received third party verification from Waseda University.

**Comparison of GHG Emissions Ratio of Each Category (FY2019)**

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO2 emissions</td>
<td>CO2 emissions</td>
<td>CO2 emissions</td>
<td>CO2 emissions</td>
<td>CO2 emissions</td>
<td>CO2 emissions</td>
</tr>
<tr>
<td>t</td>
<td>%</td>
<td>t</td>
<td>%</td>
<td>t</td>
<td>%</td>
</tr>
<tr>
<td>Scope 1**</td>
<td>All direct GHG emissions</td>
<td>5,344</td>
<td>0.10</td>
<td>5,365</td>
<td>0.09</td>
</tr>
<tr>
<td>Scope 2**</td>
<td>Indirect GHG emissions from consumption of purchased electricity, heat or steam</td>
<td>1,076,209</td>
<td>19.54</td>
<td>1,062,130</td>
<td>18.42</td>
</tr>
<tr>
<td>Category 1</td>
<td>Purchased goods and services</td>
<td>3,236,999</td>
<td>58.78</td>
<td>3,507,745</td>
<td>60.85</td>
</tr>
<tr>
<td>Category 2</td>
<td>Capital goods</td>
<td>776,711</td>
<td>14.10</td>
<td>815,895</td>
<td>14.15</td>
</tr>
<tr>
<td>Category 3</td>
<td>Fuel- and energy-related activities not included in Scope 1 and 2</td>
<td>35,378</td>
<td>0.64</td>
<td>34,913</td>
<td>0.61</td>
</tr>
<tr>
<td>Category 4</td>
<td>Upstream transportation and distribution</td>
<td>7,370</td>
<td>0.13</td>
<td>8,706</td>
<td>0.15</td>
</tr>
<tr>
<td>Category 5</td>
<td>Waste generated in operations</td>
<td>681</td>
<td>0.01</td>
<td>583</td>
<td>0.01</td>
</tr>
<tr>
<td>Category 6</td>
<td>Business travel</td>
<td>4,837</td>
<td>0.09</td>
<td>5,314</td>
<td>0.09</td>
</tr>
<tr>
<td>Category 7</td>
<td>Employee commuting</td>
<td>4,574</td>
<td>0.08</td>
<td>4,642</td>
<td>0.08</td>
</tr>
<tr>
<td>Category 8</td>
<td>Upstream leased assets</td>
<td>1,350</td>
<td>0.03</td>
<td>1,209</td>
<td>0.02</td>
</tr>
<tr>
<td>Category 9</td>
<td>Downstream transportation and distribution</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Category 10</td>
<td>Processing of sold products</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Category 11</td>
<td>Use of sold products</td>
<td>358,352</td>
<td>6.47</td>
<td>318,023</td>
<td>5.52</td>
</tr>
<tr>
<td>Category 12</td>
<td>End-of-life treatment of sold products</td>
<td>886</td>
<td>0.02</td>
<td>363</td>
<td>0.01</td>
</tr>
<tr>
<td>Category 13</td>
<td>Downstream leased assets</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Category 14</td>
<td>Franchises</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Category 15</td>
<td>Investment</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
</tr>
<tr>
<td>Total</td>
<td>4,425,066</td>
<td>80.36</td>
<td>4,697,389</td>
<td>81.48</td>
<td>4,983,377</td>
</tr>
</tbody>
</table>
Environmental Performance

KDDI’s Approach (Low-Carbon Society)

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’ CO2 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 CO2 emissions to realize a low-carbon society.

Environmental Impact of “au”

KDDI FY2015 FY2016 FY2017 FY2018 FY2019
Greenhouse gas emissions* 5,206,651 5,764,484 6,157,039 6,711,644 6,675,547
Power consumption
Unit: MWh 1,932,115 1,913,747 2,086,256 2,151,456 2,258,518
Electric power consumption per subscriber* 2 350.4 363.5 356.3 360.6 357.3
Fuel consumption* 2 258 341 379 332 351
Paper usage
Unit: lon 11,853.0 11,981.1 7,461.6 10,852.9 9,511.8
Water usage* 2 2,159 1,580 746 400 356
Industrial waste* 2 1,339.0 1,283.0 2,466.2 1,437.3 1,307.1

Implementation of Life Cycle Assessments (LCA)

We are working on LCAs that assess environmental impact by calculating CO2 emissions 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 few years. We conducted LCAs in fiscal 2018.

Environmental Impact of “au Hikari”

KDDI FY2015 FY2016 FY2017 FY2018 FY2019
CO2 emissions per unit kg 68.8 67.4 62.8 64.2 46.5

Green Supported by ICTs

The Environmental Eco Label is granted to services that contribute to reducing the environmental impact of customers and society (reducing CO2 emissions) through the use of ICT services offered by KDDI.

Materiality 6

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**Materiality 6**

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**Environmental Performance**

### Green of ICTs

**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 the 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 expanding 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” (5 pm–4 am) power saved in storage batteries.

#### Tribride Base Station

- **Tribine base stations**: 100 stations in Japan
- **Implementation of 24-hour-life base station batteries**: Around 2,200 stations in Japan

### Renewable Energy (Internal use)

In order to promote energy conservation and CO2 emissions reduction, we use natural energy sources, including solar power, at several large scale communication stations and tribrid base stations. At 11 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 19% of the power consumed at each base. We expect further reduction of CO2 emissions by 20 to 30% with the use of midnight power.

* Estimated average energy production value by use solar batteries installed at test stations during clear skies. Includes actual values measured by KDDI.

#### Renewable Energy (Solar power generation business)

We launched solar power generation business in November 2013 with the aim of contributing to reduction of CO2 emissions. We constructed solar power generation facilities on part of company-owned land in seven communication stations and tribrid base stations. At 11 of our mobile phone base stations in Japan, almost all electric power comes from natural energy sources, including solar power, at several large scale communication stations and tribrid base stations. At 11 of our mobile phone base stations in Japan, almost all electric power comes from natural energy sources.

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 2019, we recycled deteriorated storage batteries installed in telephone exchange stations used in test environments to utilize the materials and achieved a total recycling volume of 791.8 tons within KDDI. We will continue our commitment to reuse and recycle communication equipment, including base stations, retired due to regular upgrades.

### Promoting Waste Reduction

#### 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**: 0.3 t of fuel consumed per time
- **CO2 emissions**: 21.5 kg
- **Portable Batteries**: 10 kWh of power consumed per time
- **CO2 emissions**: 4.1 kg

A reduction of 17.4 kg of CO2 emissions each time.

* With an approximately 10-hour base station power outage and 1 kW wireless device power consumption.

#### External Recognition

- **KDDI**, Activity & Policy

### KDDI’s Approach (Recycling-Oriented Society)

**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

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 2019, we recycled deteriorated storage batteries installed in telephone exchange stations used in test environments to utilize the materials and achieved a total recycling volume of 791.8 tons within KDDI. We will continue our commitment to reuse and recycle communication equipment, including base stations, retired due to regular upgrades.

#### Reducing Waste and Promoting Recycling

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>FY2019 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduction of paper by putting bills on the Web</td>
<td>4,207t</td>
</tr>
</tbody>
</table>

**Performance in FY2019**

- **Collection performance**: 2,790,000 units 99.8%

**Basic Flow for Recycling of Mobile Phones**

- **Customers**
  - Collectors of used mobile phones
  - Domestic producers of new products and provided to customers

- **Retail stores (au Shops, etc.)**
  - Financial information management and collecting and social implementation supporting specialized recyclers

- **Iron products**
  - Domestic metal producers
  - Recycling plants (KDDI Challenged, etc.)

- **Copper products**
  - Domestic producers of non-ferrous metals
  - Recycling plants (KDDI Challenged, etc.)

- **Plastic products**
  - Domestic producers of non-ferrous metals

**Expanding Employment Opportunities and Advancement of Persons with Disabilities**

- **Domestic steelmakers**
  - Environmental, health and safety management

**Promotion of Mobile Phone Recycling**

Used (post-consumer) mobile phones collected from customers at au Shops are manually disassembled in secured rooms, with circuit boards, displays, cameras, plastics, screws, iron, 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, 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.
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**Environmental Performance**

**Approach to Water Use**

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**

We engaged in creating solutions that promote the rational use of water. We are making efforts to reduce water use in our business activities using ICTs.

**KDDI’s Approach (Biodiversity)**

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 Conserve Biodiversity to multilaterally assess our contributions to the conservation of biodiversity. We engage in recycling of resources. We strengthen collaboration and cooperation with administrative authorities, NPOs and other organizations, and undertake CSR activities using ICTs.

**KDDI Action Guidelines on Biodiversity Conservation**

- Environment protection in Business Activities
- Collaboration and Cooperation with Related Organizations
- Promotion of Resources Recycling
- To prevent the depletion of bio-resources and minimize the degradation of the natural environment, we continuously and proactively engage in recycling of resources.

**Biological Research on Endangered Ganges River Dolphins**

KDDI Research, Inc. utilizes the acoustic technology gained through the development of underwater robots used to maintain and inspect submarine cables, which connect continents, to conduct biological observations of endangered Ganges River dolphins, collaborating in this effort with the University of Tokyo Institute of Industrial Science, the Kyushu Institute of Technology, the Indian Institute of Technology Delhi, and WWF-India. The research aims to catch the ultrasonic waves the dolphins emit to determine their surrounding environment in murky waters with underwater micro-phones to study the dolphins’ behavior underwater. An advantage of this method is that it enables the observations of large numbers of dolphins without having any impact on their behavior because it does not physically touch the dolphins.

**Green Activities with Customers and Employees**

**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.

**KDDI’s Material Sustainability Issues**

**KDDI’s Material Sustainability Issues Policy**

Activity

KDDI

Biological Research on Endangered Ganges River Dolphins

KDDI Group

Activity

KDDI

Environmental Performance

Approach to Water Use

KDDI

Policy

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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

Hokkaido Branch

Head Office

- Tokyo: Promotion of forest conservation activities at Mt. Takao
- Yamanashi Prefecture: Participation in Mt. Fuji Reforestation Project held by OISCA

Hokkaido Branch

Hokkaido Branch

- Toyama Prefecture: Participation in the Greenway and Satoyama Conservation Forest Tree Reforestation Activities in Tenbaya-cho, Tateyama-machi
- Ishikawa Prefecture: Promotion of afforestation activities on the site of the former Osaki Beach Park

Chugoku Branch

Chugoku Branch

- Hiroshima Prefecture: Participation in forest conservation activities held by the Hiroshima Afforestation Forum
- Yamaguchi Prefecture: Participation in “Preservation of Sweetfish for Protection of Beautiful Environment” in the Niho River in Yamaguchi City

Kyusyu Branch

Kyusyu Branch

- Fukuoka Prefecture: Promotion of forest conservation activities to support the Patchwork Reforestation, a project undertaken in collaboration with Sansonjuku

Shikoku Branch

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

Northern Kanto Branch

Northern Kanto Branch

- Miyagi Prefecture: Forest improvement activities at KDDI’s Forest of Hope
- Sehikawa Prefecture: Participation in Conservation activities in Musaiyama KDDI’s Forest, a Glen Tresc conservation location

Southern Kanto Branch

Southern Kanto Branch

- Kanagawa Prefecture: Participation in conservation and mountain reforestation activities in the Kamakura Hirmachi urban forest

Chubu Branch

Chubu Branch

- Shizuoka Prefecture: Participation in cultivation and conservation activities of pine trees in Fuhno no Matsubara

Kansai Branch

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 habitats in Toyozuka City

KDDI Sustainability Report 2020
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 telecommunication 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 dialogue 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 enables 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 continues 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 Framework

Corporate Governance Promotion Framework

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 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 directors.

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 exhibition houses of R&D achievements as well as the telecommunications equipment and monitoring center and other workplaces. We also provide supervision of Executives (conflict of interest, risk management, management efficiency and transparency).

Directors and Board of Directors

The Board of Directors is composed of directors, including independent outside directors. They determine important legal matters and supervise the business execution of directors to ensure the appropriateness.

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 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 is 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.)
Nomination Advisory Committee and Remuneration Advisory Committee

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: Koji Yamamoto (Outside Director)
Vice Chair: Goro Yamaguchi (Outside Director)
Members of Committee: Shigeo Ohyagi (Outside Director), Takashi Tanaka, Makoto Takahashi

Remuneration Advisory Committee composition
Chair: Goro Yamaguchi (Outside Director)
Vice Chair: Koji Yamamoto (Outside Director)
Members of Committee: Shigeo Ohyagi (Outside Director), Takashi Tanaka, Makoto Takahashi

Meetings held (FY2019)
The Nomination Advisory Committee met twice, and all members attended each time. The committee discussed the nomination of candidates at the General Meeting of Shareholders and the pros and cons of hiring a Senior Corporate Advisor. The Remuneration Advisory Committee met three times, and all members attended each meeting. The committee discussed the following topics:
- FY2018 payment of performance-linked remunerations
- Appropriateness of the Company’s payment standard for board members
- Overview of a stock price-linked bonus system

Other Committees
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 KDDI Group's sustainability through various systems and frameworks in order to enforce the governance of the whole KDDI Group.

Corporate Governance
Auditors and the Audit & Supervisory Board
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 to receive instructions from each Audit & Supervisory Board member.

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. The results of internal audits are reported to the Company President and Audit & Supervisory Board member 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 2019, a total of 16 audits were carried out to monitor the progress of corrective/improvement measures and to prevent risks from materializing.

KDDI System
Audit & Supervisory Board
Meetings
President's letter (Y2019) 12 11
Meetings (planned) 12 11

Audit & Supervisory Board FY2019

KDDI System
Policies Related to the Scale, Diversity, Balance of Knowledge, Experience and Abilities of the Board of Directors
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, we provide well-balanced supervision and advice to management. The expertise of KDDI's outside directors/auditors can be found on page 104.
Corporate Governance

Policies and Decision Process for Determining Remuneration for Directors and Audit & Supervisory Board Members

Policy on Determining Remunerations

KDDI’s standard for board member remunerations are determined by comparison with other companies in the same industry and of similar scale in Japan while also taking into consideration the company’s state of management. Furthermore, the Remuneration Advisory Committee and/or consults objective research data from outside specialized agencies to verify the appropriateness of the payment standard. The remunerations are determined based on the company’s financial performance and corporate value. Furthermore, in fiscal 2019, we introduced the stock price-linked bonus to further motivate executives to achieve the goals of the Medium-Term Management Plan and to increase the link between board member remunerations and shareholder value. The performance indicators for this system is the EPS growth rate identified as one of the goals in the Medium-Term Management Plan, and the stock price change rate, which is directly linked to increases in shareholders value.

The following are the four types of remunerations for directors involved in conducting business:

1. Basic remuneration
2. Stock price-linked bonus
3. Performance-linked bonus
4. Performance-linked stock compensation

Furthermore, the link between board member remunerations and performance and stock prices are determined for each executive position and the roles and responsibilities that are required in order to place responsibility on the stakeholders, the aforementioned link will most closely reflect in the president’s remuneration, as the person who steers the company’s management. Of the president’s total remuneration, approximately 40% is comprised of basic remuneration and the remaining approximately 60% is linked to performance and stock prices.

Method of Calculating Bonuses and Stock Compensation

The performance-linked bonus and stock compensation (trust type) are evaluated based on the following criteria: company operating performance (the group’s operating income and profit for each fiscal year) and the achievement of KPIs in each business, which are linked to the goals in the Medium-Term Management Plan. They are calculated in the following ways.

Basic remuneration

Bonus: Basic amount by position multiplied by the company operating performance and KPI achievement

Stock compensation: Basic amount by position multiplied by the company operating performance and KPI achievement

The stock price-linked bonus is evaluated based on the EPS growth rate and rate of stock price change and calculated in the following way.

Stock price-linked bonus:

Basic amount by position multiplied by coefficients ((A × 50%) + (B × 50%))

Stock price change:

A: EPS at end of current fiscal year divided by EPS at end of previous fiscal year
B: Price at end of current fiscal year / TOPIX stock price at end of previous fiscal year

The remuneration committee of the Audit & Supervisory Board Members are determined by the Board of Directors after being advised by the Remuneration Advisory Committee without first going to the representative director.

Types of Remuneration and Methods of Determination

Composition of Director Remuneration (excluding Outside Directors)

<table>
<thead>
<tr>
<th>Type of Remuneration</th>
<th>Maximum amount of remuneration</th>
<th>Reimbursement of amounts exceeding the maximum amount of remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked stock compensation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Performance-linked stock compensation is not linked to the company operating performance or KPI achievement.

We publish a full English translation of the convocation notice in an effort to make things more convenient. Shareholders can see the notice with their smartphone.

Policies on Transactions between Related Parties

In order to ensure active discussions in the Board of Directors meetings, we in-form 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.

Outside Director Support System

Directors must fulfill management and supervisory duties, 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 telecommunica-tions equipment and monitoring center and other workplaces. We also provide reports every year on corporate ethics and risk management activities.

To enable more thorough information gathering capabilities while main-taining the independence of Outside Directors, we hold regular liaison meet-ings between Outside Directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to Outside Directors.

Electronic voting system

We publish a full English translation of the convocation notice on our website and enable shareholders to vote using a QR code or by phone to make things more convenient.

Communicating with Shareholders

We publish a full English translation of the convocation notice on our website and enable shareholders to vote using a QR code or by phone to make things more convenient.
The activities of Outside Directors who left at the end of the 36th Annual Shareholders Meeting are as follows.

outside Directors

Mr. Keiji Yamamoto and Ms. Riyo Kano attended the 35th Annual General Meeting of Shareholders when they were appointed as new directors. The attendance was counted after the appointment.

The Principal activities for FY2019 include:

- Board of Directors meetings
- 100% Attendance (12 of 12 meetings)

Outside Audit & Supervisory Board members

The Principal activities for FY2019 include:

- Board of Directors meetings
- 100% Attendance (10 of 10 meetings)

Composition of Board of Directors

The composition includes:

- Executive of Business: 9 persons
- Executive of Non-execution of Business: 10 persons
- Internal Directors: 6 persons
- Outside Directors: 4 persons
- Audit & Supervisory Board Members: 6 persons

Diversity and Expertise of the Outside Directors

The diversity and expertise include:

- IT development and electronics engineering divisions and abundant management experience as a manager at the one of the world’s leading auto-mobile manufacturers.
- Lead the Board of Directors meetings, the company received a large number of broad opinions related to business administration and operations from a medium- to long-term perspective. He has determined that he can contribute to improving the corporate value of the company. Accordingly, he has been appointed an outside director.
- Hongo has been appointed an outside director. 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 director.

Non-executive of Business: 10 persons

KDDI's Commitment to Sustainability Feature Article: KDDI Sustainable Action Top Message
Risk Management

KDDI's Approach
(Risk Management and Internal Control)
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, which we define as factors that have the potential to block the achievement of our business goals, 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 44 at group companies, as well as six Internal Control System Directors to oversee their activities. Under their leadership, we introduce and run internal control systems, carrying out risk management activities and running operational quality improvement activities to foster a company culture in which risks are less likely to arise.

KDDI's Approach
(Risk Management and Internal Control)

We have established a system to centralize the management of risks, which we define as factors that have the potential to block the achievement of our business goals, with the Corporate Risk Management Division at the core.

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 framework for risk management in place to ensure any risks we find will be addressed promptly and appropriately.

Our Risk Management and Internal Control
KDDI Group 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 framework for risk management in place to ensure any risks we find will be addressed promptly and appropriately.

Risk Management Activity Cycle
KDDI Group 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 framework for risk management in place to ensure any risks we find will be addressed 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 2019, we selected 25 significant risks based on issues that manifested in the past and changes in the business environment, and held internal audits 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 relating to new business fields we are entering, such as e-commerce, finance 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 established a common standard applicable group-wide to improve the level of information security across the group, including newly joined group companies.

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.

Materiality
Stakeholder Engagement
Top Message
KDDI's Commitment to Sustainability
Feature Article: KDDI Sustainable Action
Management Framework
Brand Management
Customer Relationship Management
Risk Management
Corporate Governance

KDDI Sustainability Report 2020
**Risk Management**

### Basic Policy for Constructing an Internal Control System

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.

### Main Operational Risks

<table>
<thead>
<tr>
<th>Risk</th>
<th>Risk background</th>
<th>Potential impact on KDDI</th>
<th>KDDI’s response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Competitions, real technologies and rapid market shifts</td>
<td>The need to provide user support for product defect problems attributable to the rapid expansion of the commerce business; inability to acquire needed bandwidth we need; increase in competition due to new high-speed wire-less data technology; possible rise in connection fees with other telecommunications operators; internalizing 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</td>
<td>Negative impacts on the financial position and operations of the KDDI Group</td>
<td>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</td>
</tr>
<tr>
<td>Protection of confidentiality of communications and customer privacy</td>
<td>Internal privacy breaches; unauthorized access from external networks</td>
<td>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 suffer damage</td>
<td>Establishment of the KDDI Code of Business Conduct, KDDI Security Policy, and KDDI Privacy Policy</td>
</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Natural disasters, such as earthquakes, tsunamis, typhoons, or floods, as well as secondary damage (tornadoes) from the impacts or destruction caused by natural disasters; worldwide spread of an infectious disease (pandemic); war, terrorism, accidents, or other unforeseen events; power brownouts or blackouts; computer viruses or other forms of cyber-attack and hacking; operation system hardware or software failures; flaws in communication equipment and services</td>
<td>Service outages or interruptions as a result of large-scale natural disasters or accidents caused by climate change, etc.; 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</td>
<td>Establishment of the Business Ethics Committee; implementation of a continuous technical, organizational, and human safety management system; establishment of the KDDI Code of Business Conduct, KDDI Security Policy, and KDDI Privacy Policy; 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; establishment of Information Security Committee; acquiring external certification (ISO27001) in the whole company; 24/7 monitoring of external attacks by specialists</td>
</tr>
<tr>
<td>Laws, regulations, and government policies relating to the telecommunications sector</td>
<td>Revisions to the calculation formula for inter-operator connection fees and / or accounting methods; revisions to designated telecommunications facilities system and / or the regulations on prohibited activities; revisions to the universal service systems; the emergence of MNOs and MVNOs in the mobile communication market; revisions to the frequency allocation system and / or spectrum use fee system; rules regarding electricity retail and financial business; rules regarding the usage of personal data</td>
<td>The KDDI Group’s earnings performance could be negatively impacted by the revision or abolishment of laws and regulations or amended Business Continuity Planning</td>
<td>Establishment of the Business Ethics Committee; implementation of a continuous technical, organizational, and human safety management system; establishment of the KDDI Code of Business Conduct, KDDI Security Policy, and KDDI Privacy Policy; taking appropriate actions based on laws, regulations and government policies; establishing appropriate risk management and mitigating 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</td>
</tr>
<tr>
<td>Acquisition of human resources, training and personal management</td>
<td>Flaws in communication equipment and services</td>
<td>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</td>
<td>Initiatives to improve reliability of our network and prevent service outages by implementing Business Continuity Planning; establishment of disaster response headquarters as early as possible in the event of an emergency or disaster</td>
</tr>
</tbody>
</table>

*For details, please see the Business Risks section of the Securities Report for the year ended March 31, 2020.*
Customer Relationship Management

**Initiatives for Customer Satisfaction**

KDDI will continue aiming to achieve sustainable business growth by enhancing customer engagement and activity 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, 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.

### Collecting Customer Feedback

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).

**Ensuring Multilingual Support at au Shops**

Following the rise in the number of non-Japanese customers, we have prepared survey forms in multiple languages for visitors to our shops. Based on the results of the survey, we further enhance multilingual support at each shop for customers from countries other than Japan so that they, too, have a better experience.

These initiatives invite more people to choose au.

**Multilingual Support Initiatives**

<table>
<thead>
<tr>
<th>Initiatives</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services for people who have hearing problems</td>
<td>Making au Support Movies in English to provide information on au services and answer frequently asked questions.</td>
</tr>
<tr>
<td>Services of the multilingual support initiative</td>
<td>We offer a membership-based support service offering tailored support for customers using smartphones.</td>
</tr>
</tbody>
</table>

**KDDI’s Commitment to Sustainability**

Customer Satisfaction Survey

<table>
<thead>
<tr>
<th>Assessments of au Services in the Consumer Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consultations</td>
</tr>
<tr>
<td>J. D. Power: 2019 Mobile Phone Service Satisfaction Study</td>
</tr>
<tr>
<td>J. D. Power: 2019 Business Mobile Phone Service Satisfaction Study – Large Enterprise Segment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assessments of KDDI Services in the Corporate Market</th>
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<tbody>
<tr>
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<tr>
<td>J. D. Power: 2019 Business Mobile Phone Service Satisfaction Study</td>
</tr>
<tr>
<td>J. D. Power: 2019 B2B Mobile Phone Service Satisfaction Study – Midsize Business Segment</td>
</tr>
<tr>
<td>J. D. Power: 2019 Business Network Service Satisfaction Study – Large Enterprise Segment</td>
</tr>
</tbody>
</table>
KDDI and au each have brand slogans. The slogan for the KDDI brand, which is for the corporate and business market, is “Tomorrow, Together.” The slogan for the au brand, which is for the consumer market, is “Explore the extraordinary.” Each of these slogans represents how each brand wants to exist for customers and society. Our strategy is to use the KDDI brand for the business market and the au brand for the consumer market, but both brands share the underlying concept of moving in the direction of a more exciting and fulfilling future (tomorrow) together. 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 value, 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 slogan “The company the customer can feel closest to,” “A company that continues to produce excitement” and “A company that contributes to the sustainable growth of society,” we aim to promote the improvement of customer experience value, which leads to customer satisfaction. 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.

#### Brand Management

**KDDI’s Approach (Brand Management)**

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#### Our Approach to Advertisement Production

KDDI advertisements are created with the idea of contributing to improved customer satisfaction, based on the rules of the Act against Unjustifiable Premiums and Mislleading 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.

#### FY2019 Violation of Regulations

There were no violations of any regulations related to marketing or communication (the Act against Unjustifiable Premiums and Mislleading Representations).

#### FY2019 Review Results

- **Number of advertisements inspected by the review department:** 4,756
- **Results of review:** Advertisements that might violate laws and regulations were all rectified

#### Promotion regime

<table>
<thead>
<tr>
<th><strong>Marketing Communications Division</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Formulates communication plans</td>
</tr>
<tr>
<td>- Promotes communication activities</td>
</tr>
<tr>
<td>- Develops brands / manages trademarks</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Digital Marketing Department</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- Increases engagement with au</td>
</tr>
<tr>
<td>- Manages owned advertising websites</td>
</tr>
</tbody>
</table>

### Advertisement and Brand Building Efforts

**KDDI Policy**

Starting in January 2016, we rolled out the Santaro TV commercial series, and from January 2018, we rolled out “too sophisticated Takasuiki-kun” series. In an effort to spread the brand image of au under the new brand slogan “Explore the extraordinary,” we will continue to run both series with the aim of further increasing our popularity.

#### External Recognition

(Subject: The Santaro TV Commercial Series and the “Too Sophisti-
cated Takasuiki-kun” Series)

- **CM Soken Consulting**

  **FY2019 Commercial Popularity Ranking by Company:**

  **First Place (April 2019–March 2020)**

  *Listed as Best Advertiser for six consecutive years *

- **FY2019 Commercial Popularity Ranking by Brand:**

  **First Place (November 2018–October 2019)**

  *Listed as Brand of the Year for five consecutive years*

#### Sponsorship

As one of our initiatives to improve our brand value, we sponsor sports contests, cultural 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.

<table>
<thead>
<tr>
<th><strong>Sponsorship</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sport climbing</strong></td>
</tr>
<tr>
<td>- 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</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Motor sports</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- We support the TGR Team au Tom’s in Japan’s biggest GT race, the Super GT</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>E-Sports</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- E-sports are growing in popularity around the world, and we support the spread of e-sports in Japan by sponsoring the Japan e-Sports Union (JaESU) and as a sponsor of the pro team DetonatioN Gaming as well as various e-sports competitions and events</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>UNIVAS</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- We support the promotion and development of university sports as a member of the Japan Association for University Athletics and Sport (UNIVAS)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Sports of Heart</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- We sponsored Sports of Heart 2019, a sports and culture festival organized so that disabled and non-disabled people can have fun together</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Tokyo Jazz Festival</strong></th>
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<tbody>
<tr>
<td>- We sponsored Japan's biggest jazz festival, the 18th Tokyo Jazz Festival (2019)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Kirishima International Music Festival</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>- We sponsored the Kirishima International Music Festival 2019, which was held with the purpose of creating opportunities to listen to concerts and learn from expert musicians</td>
</tr>
</tbody>
</table>

### Starting Up Old Phones: A Trip Down Memory Lane

**KDDI Policy**

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 devices. The service is free of charge and also accepts phones that are not au. So far, it has been held 215 times at KDDI directly managed outlets across Japan and at various events. Over 7,900 people have participated.
Stakeholder Engagement

Stakeholder Engagement: Our Approach and System

Stakeholders that influence our businesses are diverse, ranging from customers, shareholders, business partners, employees and their families to local communities. 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, IPCC, 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 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

Stakeholder Dialogue

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 2019, we had dialogue on the theme of SDGs.

Results of Stakeholder Engagement

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Communication methods</th>
<th>Frequency</th>
<th>Content</th>
<th>Influence on the management and business activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Users</td>
<td>Releases on media, websites and social media</td>
<td>As needed</td>
<td>Spread information about the company and business activities</td>
<td>Spread information appropriately</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>General Meeting of Shareholders</td>
<td>Once a year</td>
<td>Share business reports, consolidated financial reports, financial statements, auditors’ reports</td>
<td></td>
</tr>
<tr>
<td>Corporate Governance</td>
<td>Disseminating information through Shareholder Communication</td>
<td>Twice a year</td>
<td>Report financial results and business initiatives</td>
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</tr>
<tr>
<td>Social contribution programs in each region</td>
<td>Information Ethics Classes (KDDI Smartphone and Mobile Phone Safety Classes, Rare Disease Promoting Reducing Literacy with Your Smartphone) and environmental education held at schools and community facilities</td>
<td>As needed</td>
<td>Exchange opinions through local administrative organizations</td>
<td></td>
</tr>
<tr>
<td>Local Communities</td>
<td>Activities funded by the KDDI Foundation</td>
<td>As needed</td>
<td>Practice social contribution activities (initiatives)</td>
<td></td>
</tr>
<tr>
<td>NPO/NGO</td>
<td>Events hosted in cooperation with NPO/NGO</td>
<td>As needed</td>
<td>Understand the social issues and needs in each community</td>
<td></td>
</tr>
<tr>
<td>Administrative Organizations / Industry Groups</td>
<td>Participation in conferences / councils</td>
<td>As needed</td>
<td>Make proposals on various guidelines and derogations</td>
<td></td>
</tr>
<tr>
<td>Administration</td>
<td>Participation in initiatives</td>
<td>As needed</td>
<td>Analyze the state of companies and organizations and identify issues to be tackled in each department</td>
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Our Approach and System

Stakeholder Dialogue

Enhancing Internal Understanding of Sustainability and SDGs

In fiscal 2019, we had dialogue on the theme of SDGs.

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### Stakeholder Engagement

**SDG-focused Initiatives through the GSMA**

KDDI is actively helping achieve the 17 SDGs with the GSMA, which represents mobile telecommunications operations around the world. In fiscal 2019, a guidebook published for the industry on natural disaster management features many of KDDI’s initiatives as best practices. These include our ability to restore services from the sea with KDDI Ocean Link, a cable laying vessel equipped with a base station; public disaster management trainings held jointly with local municipalities; and cooperative efforts with other businesses during disasters. The initiatives underscore the importance of being connected, which we learned from past disasters. They also aim to convey the weight of our responsibility as an industry that provides essential services, and to serve as examples for businesses in other countries on how to build systems that ensure telecommunications services and swift service restorations during disasters.

#### KDDI’s Approach (Community Involvement and Development)

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

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 solving various social issues through our business as a company that contributes to society’s sustainable growth. In addition, when deciding on and implementing philanthropic endeavors, including social contributions and donations, we consider the relation to and impact of our own business activities as well as issues common to the international communities, such as the SDGs. We are currently considering policies, methods, and other measures.

#### 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," "sounds of 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.

---

### Community Involvement and Development

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<tr>
<th>Stakeholder Engagement</th>
<th>KDDI Activity &amp; Results</th>
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</thead>
<tbody>
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<td>KDDI Activity &amp; Results</td>
</tr>
<tr>
<td>Initiative</td>
<td>Position</td>
</tr>
<tr>
<td>International Standardization of Telecommunications (ITU-R) (Radio Sector)</td>
<td>WRC-19 CDMB Chair (World Radiocommunication Conferences)</td>
</tr>
<tr>
<td>(Standardization Sector)</td>
<td>ITU-T SG17 (Telecommunications)</td>
</tr>
<tr>
<td>KDDI (Third Generation Partnership Project)</td>
<td>SA2 Working Group Chair (Security)</td>
</tr>
</tbody>
</table>

Building a Safe and Secure Society
- Japan/Smartphone Security Association (JSSEC) | Chair / Director |
- SDB Chair (Rates & Policy) |
- SG3 Chair (Video Transmission & CATV) |
- ITU-T SG3 Vice-Chair (Security) |

Promotion of Diversity and Inclusion
- OECD | Director/Member |
- NPO J-Win | Director/Member |

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---

### The Plus Alpha Project Program

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 8,879,000 yen was donated to 49 organizations in fiscal 2019. The total amount of donations made since the beginning of this program is 82,549,748 yen.

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### KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People

**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.

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### Management Framework

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.

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---

* 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 have access to them.
KDDI Sustainability Report 2020

Community Involvement and Development

Workshop-Style Classes: Raise DRR Literacy with Your Smartphone

KDDI

KDDI is a member of the 1% Club established by Japan Business Federation. Our total social contribution expenditures were 1.01 billion yen in fiscal 2019.

1. Advertising expenses and membership fees are excluded even if they have the goal of social contribution.
2. In-store fundraising and employee donations are not included in total social contribution expenditures.

Volunteer Leave and Number of JICA Volunteers (KDDI)

KDDI

The Shimamon Project, which aims to invigorate the communities in outlying islands

KDDI

Japan has around 420 populated outlying islands. Those 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 outlying islands, population decline, how to create value and convey the allure of outlying islands. We also hold the Shimamon Lab, which is a course for outlying island businesses on branding and promoting products.

In addition, sales from Shimamon Maru reached a cumulative total of around 58 million yen (22 islands, 36 products, as of March 31, 2020).

KDDI's Shimamon Project Supports Remote Islands

Social Contribution

KDDI

KDDI matches the donations of customers and KDDI group employees. In the case of an emergency, KDDI also makes donations.

Disaster Relief Fund (FY2019)

KDDI Group

Source of funds: KDDI’s Bridge of Hope social contribution website

KDDI

Initiatives

KDDI Group Results

(1) Bridging the Digital Divide

Target: FY2019 Initiatives

- Improving ICT literacy of older people
  - Host KDDI Smartphone and Mobile Phone Safety Classes for older people
  - Comprehension rate 91.5% (Usage rate 91.9%)
  - 153 classes held, 3,045 participants (cumulative 1,358 classes, 27,469 participants)

(2) Supporting Sound Development of Youth

Target: FY2019 Initiatives

- Improving ICT literacy of youth
  - Host KDDI Smartphone and Mobile Phone Safety Classes for youth
  - Satisfied with teaching materials: 99.3% (satisfied with lecture: 99.1%, hands-on: 98.2%)
  - 4,332 classes held, approx. 790,000 participants (cumulative total approx. 33,000 classes, approx. 611,145 participants)

(3) Environmental Conservation

Target: FY2019 Initiatives

- Biodiversity conservation in collaboration with stakeholders
  - We held a class on creating a field guide on plants and forest birds at the University City
  - Alwars Elementary School (School only)

- Environmental education for children
  - We held a class on creating a field guide on plants and forest birds at the Yokohama City
  - Mutabasakashi Elementary School (School only)

(4) Social and Cultural Support

Target: FY2019 Initiatives

- Contributing to local community development and regional revitalization
  - We held an art, music, English, computer and dance classes at the Village School (KDDI Foundation)

- Support for COVID-19 measures
  - We gave out Topup cards to medical workers and volunteers for free (MobiCom)

- Support for COVID-19 measures
  - We gave out Topup cards to medical workers and volunteers for free (MPT)

- Support for COVID-19 measures
  - We donated relief funds for victims of the heavy rains in August 2019 (Japanese only)

- Support for COVID-19 measures
  - We donated relief funds for victims of Typhoon No.15 (Faxai) in Tokyo in 2019 (Japanese only)

- Support for COVID-19 measures
  - We donated relief funds for victims of Typhoon No.19 (Hagibis) in 2019 (Japanese only)

- Support for COVID-19 measures
  - We supported of project-based learning classes at Kuitama-machi, we helped local junior high school students to create a promotional VR video for Kunita (Japanese only)

- Support for COVID-19 measures
  - We supported of project-based learning classes at Kunita, we helped comprehensive learning classes at Kunita Junior High School (Japanese only)

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  - We supported the traditional Cambodian art form of large-scale shadow theater (Steak Thorn) (KDDI Foundation)

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(5) Disaster Support

KDDI Group

(6) Contribution Activities in Growth Regions outside Japan

Country name

KDDI Sustainability Report 2020
A Sample of Indices That Include KDDI

Inclusion in SRI Index FTSE4Good Global Index Series
We are included in the FTSE4Good Index Series, a major global index for socially responsible investment (SRI) (as of June 2020). 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.

Inclusion in SRI Index MSCI ESG Leaders Indexes
Among global SRI indices, we are included in the MSCI ESG Leaders Indexes (as of June 2020). This index suite was developed by a US-based company, MSCI Inc., and selects companies with excellent environmental, social and governance (ESG) performance.

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 June 2020).

Inclusion in S&P / JPY Environment Ratings
The Development Bank of Japan (DBJ) developed its own environmental rating system. The investment menu contains an environmental rating after companies are evaluated on their environmental management, outstanding companies are selected, and investment criteria are established based on their scores. KDDI acquired the highest rank of A in this rating. Furthermore, KDDI is the only company in the telecommunications industry that has earned a DBJ Environmental Rating of A (March 2020).

Awarded Gold Rating in the PRIDE Index for Four Consecutive Years
We received the top gold rating on the PRIDE Index, which evaluates corporate efforts related to LGBT and other sexual minorities, for four consecutive years (as of October 2019). The PRIDE Index was established by a private organization, work with Pride, with the aim of promoting the creation of inclusive workplaces in companies.

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 ESG 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).

Recognized as a company in line with Health and Productivity Management 2020 (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 2020 company in the large enterprise category (White 500) (as of July 2020).

Other External Assessments

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<tr>
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<tr>
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Recognition of Our Initiatives in Growing Markets

KDDI Results

KDDI Group Results

Recieved the Outstanding Contribution to the Asia Mobile Industry Award at the 2019 Asia Mobile Awards
At the Asia Mobile Awards 2019, which were held in June 2019 at Asia’s largest annual mobile industry event Mobile World Congress Shanghai, KDDI’s Chairperson Takashi Tanaka received the highest honor of Outstanding Contribution to the Asia Mobile Industry Award. This award is given by the GSMA to honor an individual who has made an outstanding contribution to the development of Asia’s mobile industry. This marks the first time a Japanese person has won the award.

Award | Evaluation
--- | ---
MobileCom: Honored as one of the Top 10 Companies of 2019 | Received in recognition of comprehensively contributing to Mongolia’s economy with sales, tax payment and capital investment
MobileCom: Top 10 Entrepreneur Award 2019 | Recognized for comprehensive activities in the ICT field
MobileCom: Received the Honorary Tax Payer award and Best Tax Payer award | Received in recognition of regularly reporting to the local tax offices and for the amount of tax paid
MobileCom: Received the award for Corporate Social Responsibility at the Forbes Mongolia Awards 2019 | Recognized in recognition of being the best Mongolian company in the field of social responsibility and eco-friendliness

Win the Award of Excellence in the HR Management category at the HR Technology Awards
We won the Award of Excellence in the HR Management category at the 5th HR Technology Awards. Our initiative of using AI to identify and support employees who show signs of mental instability was praised as being innovative. The AI uses deep learning to create a list of employees showing signs of mental instability, and counseling sessions are set up for those individuals with the company’s mental health counselors. This initiative enables us to have a clear understanding of the workplace environment and to implement improvements at an early stage. It also greatly contributes to providing early support for mental instability, being aware of the mental and physical states of our employees and resolving workplace issues (February 2020).

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Inclusion in SRI Index MSCI ESG Leaders Indexes

Inclusion in S&P / JPX Carbon Efficient Index

Acquired the Highest Rank in the DBJ Environmental Ratings

Inclusion in Euronext Vigeo Eiris Indices World 120

Inclusion in Euromoney Vigeo Eiris Indices World 120

Inclusion in the S&P / JPY Environment Ratings

Recognized as a company in line with Health and Productivity Management 2020 (White 500)

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External Assurance

Scopes 1 and 2
FY2018 Greenhouse Gas Emissions Verification Statement

External Assurance

Scopes 1 and 2
FY2018 Greenhouse Gas Emissions Verification Statement

Scope 3
FY2019 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.
Corporate Profile

Corporate Profile (As of March 31, 2020)

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
Number of employees: 44,952 (consolidated basis)
Capital: 141,852 million yen

Principal Businesses (As of March 31, 2020)
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 center services for companies
Business Services: Communication services in Japan and overseas (mobile and fixed telecommunications) and ICT solutions and data center services for companies

KDDI Consoled Performance*

FY2019
Operating revenue: 5,237,221 million yen
Operating income: 1,025,237 million yen
Profit for the period attributable to owners of the parent: 639,767 million yen

Note: From fiscal 2019, we have changed the four original segments of Personal Services, Life Design Services, Business Services and Global Services into the two new segments of Personal Services for individual consumers and Business Services for corporate clients.

Disclosure Policy

Disclosure of Sustainability-related Information

KDDI issues its Sustainability Report as a means of disclosing financial and nonfinancial information. This report is a focused summary of environmental, social, governance, and other non-financial information in PDF format (Japanese and English).

The Sustainability Report expands on information reiterating 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 2020 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

Scope of Report
Although we report the activities of the KDDI Group (KDDI and its 164 subsidiaries), this report focuses on KDDI only since the ratio of the Group’s consolidated sales is approximately 1.29 times KDDI’s non-consolidated sales.*

* Consolidated based on International Financial Reporting Standards (IFRS). Non-consolidated based on Japanese GAAP.

Publication Date
September 2020 (Next publication: September 2021; Previous publication: September 2019)

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)
- JS2 6000: 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

External Assurance

To ensure reliability, environmental data for Scope 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

Note: From fiscal 2019, we have changed the four original segments of Personal Services, Life Design Services, Business Services and Global Services into the two new segments of Personal Services for individual consumers and Business Services for corporate clients.
Appendix Table: Comparative Table with GRI Standards

KDDI prepared this report by referencing the GRI Sustainability Reporting Standards.

**GRI 102: General Disclosures**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-1</td>
<td>Name of the organization</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products, and services</td>
</tr>
<tr>
<td>102-3</td>
<td>Key topics and concerns raised</td>
</tr>
<tr>
<td>102-4</td>
<td>Percentage increase in annual total compensation ratio -</td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
</tr>
<tr>
<td>102-7</td>
<td>List of material topics</td>
</tr>
<tr>
<td>102-8</td>
<td>Nature and total number of critical concerns</td>
</tr>
</tbody>
</table>

**GRI 103: Management Approach**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>103-1</td>
<td>Identification and selection of stakeholders</td>
</tr>
<tr>
<td>103-2</td>
<td>Chair of the highest governance body</td>
</tr>
<tr>
<td>103-3</td>
<td>Composition of the highest governance body and its consulting stakeholders</td>
</tr>
<tr>
<td>103-4</td>
<td>Executive-level responsibility for economic, environmental, and strategy</td>
</tr>
<tr>
<td>103-5</td>
<td>Process for determining remuneration</td>
</tr>
<tr>
<td>103-6</td>
<td>Consultants and services used in annual total compensation ratio -</td>
</tr>
</tbody>
</table>

**GRI 201: Economic Performance**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>201-1</td>
<td>Direct economic value generated and distributed</td>
</tr>
<tr>
<td>201-2</td>
<td>Financial implications and other risks and opportunities due to climate change</td>
</tr>
<tr>
<td>201-3</td>
<td>Financial assistance received from government</td>
</tr>
<tr>
<td>201-4</td>
<td>Ratios of standard entry level wages by gender comparably</td>
</tr>
<tr>
<td>201-5</td>
<td>Proportion of senior management hired from the local community</td>
</tr>
</tbody>
</table>

**GRI 205: Indirect Economic Impacts**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>205-1</td>
<td>Infrastructure investments and services supported</td>
</tr>
<tr>
<td>205-2</td>
<td>Significant indirect economic impacts</td>
</tr>
</tbody>
</table>

**GRI 206: Procurement Practices**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>206-1</td>
<td>Proportion of spending on local suppliers</td>
</tr>
</tbody>
</table>

**GRI 207: Economic Risk**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>207-1</td>
<td>Internal controls and risk management systems</td>
</tr>
</tbody>
</table>

**GRI 208: Anti-corruption**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>208-1</td>
<td>Controls assessed for risks related to corruption</td>
</tr>
<tr>
<td>208-2</td>
<td>Communication and training about anti-corruption policies</td>
</tr>
<tr>
<td>208-3</td>
<td>Confirmed incidents of corruption and actions taken</td>
</tr>
</tbody>
</table>

**GRI 209: Anti-competitive Behavior**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>209-1</td>
<td>Legal actions for anti-competitive behavior, anti-trust, and monopolistic practices</td>
</tr>
</tbody>
</table>

**GRI 300: Environmental Performance**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>300-1</td>
<td>Material resource use and production</td>
</tr>
<tr>
<td>300-2</td>
<td>Energy consumption and emissions within the organization</td>
</tr>
</tbody>
</table>

**GRI 301: Water and Effluents**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>301-1</td>
<td>Water withdrawn and its disposal</td>
</tr>
<tr>
<td>301-2</td>
<td>Water consumption and quality of water discharged</td>
</tr>
</tbody>
</table>

**GRI 401: Employment**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>401-1</td>
<td>New suppliers that were screened using environmental procedures –</td>
</tr>
<tr>
<td>401-2</td>
<td>Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk</td>
</tr>
</tbody>
</table>

**GRI 402: Child Labor**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>402-1</td>
<td>Incidents of discrimination and sexually active labor</td>
</tr>
<tr>
<td>402-2</td>
<td>Incidents of discrimination and sexually active labor</td>
</tr>
</tbody>
</table>

**GRI 403: Occupational Health and Safety**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>403-1</td>
<td>Operations with significant actual and potential negative impacts on occupational health and safety</td>
</tr>
<tr>
<td>403-2</td>
<td>Employee training on human rights policies or procedures –</td>
</tr>
</tbody>
</table>

**GRI 404: Training and Education**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>404-1</td>
<td>Average hours of training per employee</td>
</tr>
</tbody>
</table>

**GRI 405: Diversity and Equal Opportunity**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>405-1</td>
<td>Percentage of employees covered by occupational health and safety policies or procedures</td>
</tr>
</tbody>
</table>

**GRI 406: Dilution of Disclosure**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>406-1</td>
<td>Incidents of identification and concern actions taken</td>
</tr>
</tbody>
</table>

**GRI 407: Freedom of Association and Collective Bargaining**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>407-1</td>
<td>Percentage of employees covered by occupational health and safety policies or procedures</td>
</tr>
</tbody>
</table>

**GRI 408: Child Labor**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>408-1</td>
<td>Operations and suppliers at risk for incidents of child labor</td>
</tr>
</tbody>
</table>

**GRI 409: Forced or Compulsory Labor**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>409-1</td>
<td>Operations and suppliers at risk for incidents of forced or compulsory labor</td>
</tr>
</tbody>
</table>

**GRI 410: Security Practices**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>410-1</td>
<td>Security personnel trained in high risk policies or procedures</td>
</tr>
</tbody>
</table>

**GRI 411: Rights of Indigenous Peoples**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>411-1</td>
<td>Incidents of violations involving rights of indigenous peoples</td>
</tr>
</tbody>
</table>

**GRI 412: Human Rights Assessment**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>412-1</td>
<td>Operations that have been subject to human rights impacts or impact assessments</td>
</tr>
</tbody>
</table>

**GRI 413: Local Communities**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>413-1</td>
<td>Operations with local community, impact assessments, and development programs</td>
</tr>
<tr>
<td>413-2</td>
<td>Operations with local community and environmental policies</td>
</tr>
</tbody>
</table>

**GRI 414: Supplier Social Assessment**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>414-1</td>
<td>Incidents of suppliers with human rights clauses or that underwent human rights investigations</td>
</tr>
</tbody>
</table>

**GRI 415: Supplier Social Assessment**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>415-1</td>
<td>Incidents of suppliers with human rights clauses or that underwent human rights investigations</td>
</tr>
</tbody>
</table>

**GRI 416: Customer Health and Safety**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>416-1</td>
<td>Requirements for product and service labeling</td>
</tr>
</tbody>
</table>

**GRI 417: Marketing and Labeling**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>417-1</td>
<td>Requirements for product and service information and labeling</td>
</tr>
</tbody>
</table>

**GRI 418: Customer Privacy**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>418-1</td>
<td>Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
</tr>
</tbody>
</table>

**GRI 419: Social Responsibility**

<table>
<thead>
<tr>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>419-1</td>
<td>Compliance with laws and regulations in the social and economic area</td>
</tr>
</tbody>
</table>

KDDI Sustainability Report 2020
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

<table>
<thead>
<tr>
<th>Topic</th>
<th>SASB Code</th>
<th>Accounting Metric</th>
<th>Destination of Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Footprint of Operations</td>
<td>TC-TL-130a.1</td>
<td>(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable</td>
<td>Environmental Performance P.88 - 92</td>
</tr>
<tr>
<td>Data Privacy</td>
<td>TC-TL-220a.1</td>
<td>Description of policies and practices relating to behavioral advertising and customer privacy</td>
<td>Cyber security and privacy protection P.44 - 47</td>
</tr>
<tr>
<td></td>
<td>TC-TL-220a.2</td>
<td>Number of customers whose information is used for secondary purposes</td>
<td>Not disclosed</td>
</tr>
<tr>
<td></td>
<td>TC-TL-220a.3</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with customer privacy</td>
<td>Not disclosed</td>
</tr>
<tr>
<td></td>
<td>TC-TL-220a.4</td>
<td>(1) Number of law enforcement requests for customer information (2) Number of customers whose information was requested (3) Percentage resulting in disclosure</td>
<td>Not disclosed</td>
</tr>
<tr>
<td></td>
<td>TC-TL-330a.1</td>
<td>(1) Number of data breaches (2) Percentage involving personally identifiable information (PII) (3) Number of customers affected</td>
<td>(1) FY2019 Material KPI Results P.34</td>
</tr>
<tr>
<td></td>
<td>TC-TL-330a.2</td>
<td>Description of approach to identifying and addressing data security risk, including use of third-party cybersecurity standards</td>
<td>Cyber security and privacy protection P.44 - 47</td>
</tr>
<tr>
<td>Product End-of-life Management</td>
<td>TC-TL-440a.1</td>
<td>(1) Materials recovered through take back programs, percentage of recovered materials that were (2) reused, (3) recycled, and (4) landfilled</td>
<td>(1) Promotion of mobile phone recycling P.95</td>
</tr>
<tr>
<td></td>
<td>TC-TL-520a.1</td>
<td>Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations</td>
<td>Not disclosed</td>
</tr>
<tr>
<td></td>
<td>TC-TL-520a.2</td>
<td>Averages actual sustained download speed of (1) owned and commercially-associated content and (2) non-associated content</td>
<td>Definition of measured value of operating speed (Japanese only)</td>
</tr>
<tr>
<td></td>
<td>TC-TL-520a.3</td>
<td>Description of risks and opportunities associated with net neutrality, paid peering, zero rating, and related practices</td>
<td>Cyber security and privacy protection P.44</td>
</tr>
<tr>
<td></td>
<td>TC-TL-550a.1</td>
<td>(1) System average interruption frequency and (2) customer average interruption duration</td>
<td>Frequency and Duration of Network Interruption P.37</td>
</tr>
<tr>
<td></td>
<td>TC-TL-550a.2</td>
<td>Discussion of systems to provide unimpeded service during service interruptions</td>
<td>Network Quality Management and Improvement P.37</td>
</tr>
<tr>
<td></td>
<td>TC-TL-000.A</td>
<td>Number of wireless subscribers</td>
<td>Major Operational Data</td>
</tr>
<tr>
<td></td>
<td>TC-TL-000.B</td>
<td>Number of wireline subscribers</td>
<td>Not disclosed</td>
</tr>
<tr>
<td></td>
<td>TC-TL-000.C</td>
<td>Number of broadband subscribers</td>
<td>Major Operational Data</td>
</tr>
<tr>
<td></td>
<td>TC-TL-000.D</td>
<td>Network traffic</td>
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</table>

### Table 2. Activity Metrics

<table>
<thead>
<tr>
<th>SASB Code</th>
<th>Accounting Metric</th>
<th>Destination of Disclosure</th>
</tr>
</thead>
<tbody>
<tr>
<td>TC-TL-000.A</td>
<td>Number of wireless subscribers</td>
<td>Major Operational Data</td>
</tr>
<tr>
<td>TC-TL-000.B</td>
<td>Number of wireline subscribers</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>TC-TL-000.C</td>
<td>Number of broadband subscribers</td>
<td>Major Operational Data</td>
</tr>
<tr>
<td>TC-TL-000.D</td>
<td>Network traffic</td>
<td>Not disclosed</td>
</tr>
</tbody>
</table>