The KDDI Group Philosophy

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

Chapter 1
Vision

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

Chapter 2
Management Principles

- Fulfilling our corporate and social responsibilities
- Clearly state the purpose and mission of our business
- Pursue profit fairly
- Transparent management
- Maximizing revenues, restraining 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 ambitious
- Be grateful to others
- Have an open mind and a humble attitude
- Be positive

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.
Tomorrow, Together
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 realizing a truly connected society part of the KDDI Group Mission Statement. As a communications carrier responsible for essential lifeline 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 for SDGs”, the use of cutting-edge technology to solve social issues is being advocated, and the era when previously unattainable new values are brought to industries and society is about to arrive.

Under these conditions, in March 2020, we began offering our unique strengths of KDDI. We strive to solve diverse social issues in addition to our own expansion and strive to evolve along with society through initiatives for achieving the SDGs.

To this end, we strive to achieve growth on axes of sustainable growth of existing businesses and challenge to new innovation based on our management policy.

In order to contribute to the sustainable growth of society, KDDI is advancing sustainability activities centered on six material sustainability issues on a group-wide basis. Furthermore, in 2020, KDDI formulated “KDDI Sustainable Action” - KDDI’s initiatives for the SDGs aimed at 2030 with a determination to continue working to solve various social issues through business going forward. In consideration of the social issues and the business sectors KDDI can contribute to as a telecommunications operator, we revised KDDI’s Target SDGs, which were 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 the unique strengths of KDDI. We strive to solve diverse social issues while raising profit as a business, such as by providing inexpensive, high-quality telecommunications services in developing countries and spurring regional revitalization using 5G, IoT, and other technologies.

Recently, due to the increasing number of large-scale natural disasters and communication failures as a risk that has a great impact on corporate value.

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 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 a resilient communications infrastructure and facilitating disaster recovery
- Ensuring the safety and security of people

Connecting day-to-day lives

- Sustainable development for cities and communities
- Resolving global issues and creating people-friendly cities
- Enabling a safe and secure society in terms of security and privacy

Connecting hearts and minds

- Creating a digital society for affluence and peace of mind
- Supporting healthy, fulfilling lives with ICTs

Conserving the environment

- Becoming energy-efficient and achieving zero emissions
- Helping reduce the likelihood of people in developing countries through economic and industrial development
- Improving the educational environment with ICTs and developing human resources for the next generation

Building the infrastructure for developing countries

- Helping people in developing countries through economic and industrial development
- Improving the educational environment with ICTs and developing human resources for the next generation
- Respecting human rights, promoting diversity and inclusion in society

Developing human resources for the next generation

- Supporting healthy, fulfilling lives with ICTs
- Respecting human rights, promoting diversity and inclusion in society
- Fostering health and a purpose in life

Promotion of diversity and inclusion

- Supporting healthy, fulfilling lives with ICTs
- Respecting human rights, promoting diversity and inclusion in society
- Fostering health and a purpose in life

Fostering health and a purpose in life

- Supporting healthy, fulfilling lives with ICTs
- Respecting human rights, promoting diversity and inclusion in society
- Fostering health and a purpose in life

Partnership

- Resolving social issues through partnerships

Material Sustainability Issues

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

Top Message | KDDI’s Commitment to Sustainability | Feature Article: KDDI Sustainable Action | Materiality | Management Framework | Stakeholder Engagement
Sustainability Promotion Framework

The KDDI Group Philosophy

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

KDDI Code of Business Conduct

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 Rejection Statement and the Group Philosophy. All of our executives and employees should understand and practice the KDDI Group Mission Statement and the Group Philosophy.

We establish 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 will continue to promote the KDDI Code of Business Conduct as standards in the group while considering the characteristics of the business.
KDDI's Commitment to Sustainability
Connecting hearts and minds

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

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

KDDI will make further progress in the integration of telecommunications and life design with the aim of expanding the peripheral businesses around telecommunications, as well as achieve new value creation in the 5G/IoT era both in Japan and around the globe, and pursue efforts to provide new 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 experiential 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 applying smartphones as a starting point and actively utilize 5G services for regional revitalization businesses.

3. Utilizing Big Data
   We are working to thoroughly understand customers by utilizing data and to maximize experiential 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 all our businesses.

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 ARPA) and breaking new ground in life design fields, especially in the area that is our business foundation, telecommunications. We aim to achieve sustainable growth with customers in the corporate business by supporting their digital transformation (DX) and realizing the integration of telecommunications and life design for corporate clients in Japan and overseas.

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 experience services, 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. We will continue to promote and share our sustainability initiatives, such as KDDI Sustainable Action, in the future.

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

Brand Message

Tomorrow, Together KDDI
Explore the extraordinary au

Company Vision

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

Financial Target

FY2024 Target

FY2019–FY2021 Initiatives

- Operative revenue growth
- Operating revenue of life design domain
- Operating revenue of new Business Services segment

- Cost reduction, etc.
   • Over 40% payout ratio
   • Flexible share buybacks
   • Cancel all treasury shares

KDDI Sustainable Action

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

Connecting and protecting lives

Connecting day-to-day lives

Connecting hearts and minds

KDDI Sustainable Action

Policy

Philosophy

Brand Message

Policy

Philosophy

Company Vision

Policy

Philosophy

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KDDI Sustainable Action

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

Connecting and protecting lives

Connecting day-to-day lives

Connecting hearts and minds
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 disinfectant and face masks. Moreover, at our customer centers and various support centers, fewer staff members are 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 sites while other employees basically work from home. We thus continue fulfilling our responsibility of providing important telecommunication 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 out 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. Partially due to the increase of 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 decreased significantly.

3. We actively collaborate with governments, municipalities, and public organizations, etc.
   (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 such telework, online education, and remote medical care.

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) The increase of use of fixed line telecommunication services has been especially apparent for online education and remote medical care. The 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.

5. We offer customer experiences that can alleviate worries and difficulties in life and fill the heart
   (1) In the context 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 our commitment to continue 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.

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**IP transceiver**

*IP500H*
Feature Article: KDDI Sustainable Action

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 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.

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.
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 lifetime.

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 stations
Those battery-equipped base stations ensure battery-only operation for 24 hours or longer for continual service even during blackouts.

**4G LTE population coverage**
99.9 %
KDDI provides a 4G LTE network that realizes smooth connections even in mountainous areas.

**Batteries with which au Shops and KDDI offices nationwide are equipped**
Approx. 3,400 units
au Shops and KDDI offices are equipped with batteries that can charge up to 200 smartphones and compact batteries that can provide flexible support.

**KDDI Satellite Rangers That Restore Communication by Using Satellite Communication**

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

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 Typhoon 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 telecommunication 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.
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.

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.

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.

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 phones and services in areas where securing a power supply is difficult.

Hisayasu Muraguchi
General Manager, Mobile Base Site Facilities Design Department, Engineering Division, Technology Sector

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

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

KDDI promotes material recycling that turns unneeded equipment and structural materials into resources.

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.

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.

Examples of Regional Revitalization Initiatives Using ICTs

See page 49 for details.

Kobukicho
- Smart agriculture/Drip-spraying drone

Kimotsuki-cho
- Smart agriculture

Shiobara City
- Smart agriculture

Minamisanriku-cho
- AI 360-degree remote shopping experience

Hakuba-mura
- Regional tourism/Shuttle bus operation app

Toyota City
- IoT child monitoring

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. 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 promoting local human resources. The partners co-created regional revitalization programs with local governments, companies, and NPOs.

Regional tourism/Hakuba-mura

Shigeki Matsuno
Administrative Officer, Corporate Strategy Planning Division

KDDI confirmed the usability of ICTs through demonstration tests we conducted for solving regional issues with ICTs across Japan. Currently, we have a shortage of local companies and venture companies that play a key role in solving regional issues and local human resources who support such companies. Therefore, in addition to ICT demonstration tests, supporting and developing local venture companies and human resources is important. KDDI will strive to realize truly sustainable regional revitalization by carrying out human resource development in regions with our know-how of open innovation and co-creation with venture companies.

Promotion of Solving Regional Issues by Building the Largest Number of 5G Base Stations in Japan

We are promoting ICT implementation in regions through regional revitalization activities with ICTs such as the co-creation of businesses in cooperation with municipalities and local enterprises.

Activity for ICT implementation in regions

60 projects

Evolva Nobiru (Higashi-Matsushima City, Miyagi Prefecture).

Since opening the base station in 2019, we have launched several projects. In the opening year of the base station, we realized the solution for the rice fields in six weeks. The solution separated work between IT and farmers and improved work efficiency while maintaining the same level of quality as previous years.

We are promoting the introduction of an AI irrigation and fertilizing system called ZeRo.agri at Sachi Mitsurusato KDDI Evolva Nobiru (Higashi-Matsushima City, Miyagi Prefecture). Based on information acquired from solar sensors and soil sensors, AI calculates the necessary amount of water according to the growth of crops and automatically waters at the appropriate timing. This solution separates work between IT and farmers and improves yields and crop quality. This system, shipped with cherry tomatoes, is 1.6 times larger, (2.4 times larger per month at the most) than the previous year, and the period of harvesting was cut down by one week. Backed by such great results, Sachi Mitsurusato KDDI Evolva Nobiru was awarded the Mobile Business Award in the MCPC Award 2019.

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

Division of Work and Improvement of Yields and Quality of Agricultural Products with the Introduction of Agriculture IoT That Automatically Supplies Water and Fertilizer

We have been promoting the introduction of an AI irrigation and fertilizing system called ZeRo.agri at Sachi Mitsurusato KDDI Evolva Nobiru (Higashi-Matsushima City, Miyagi Prefecture). Based on information acquired from solar sensors and soil sensors, AI calculates the necessary amount of water according to the growth of crops and automatically waters at the appropriate timing. This solution separates work between IT and farmers and improves yields and crop quality. This system, shipped with cherry tomatoes, is 1.6 times larger, (2.4 times larger per month at the most) than the previous year, and the period of harvesting was cut down by one week. Backed by such great results, Sachi Mitsurusato KDDI Evolva Nobiru was awarded the Mobile Business Award in the MCPC Award 2019.

* MCPC Award: For the purpose of encouraging the further use of mobile solutions and IoT/5G systems, the MCPC Award recognizes outstanding achievements in the introduction of mobile systems such as improvements in work efficiency, business performance, or customer satisfaction as well as the promotion of social contributions and advanced mobile use.

KDDI's Commitment to Sustainability

Feature Article: KDDI Sustainable Action

Materiality

Management Framework

Stakeholder Engagement

Top Message
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.

**Corresponding SDGs**
- **[Bhutan]**
  - Operating MobiCom general telecommunication business operator
  - MobiCom has been operating a telecommunication business since 1995. Local user share is number one.

- **[Mongolia]**
  - Access network building
  - We built an access network using optical fiber/WiMAX/Wi-Fi in three mountainous villages located over 3,000 m above sea level. *2012 to 2015*

- **[Cambodia]**
  - Donation of 12 KDDI schools
  - We build and donate elementary and middle schools across the country in cooperation with NGO based on profits and donations from charity concerts.

- **[Nauru]**
  - High-speed network construction
  - KDDI laid optical fiber cables and built a regional network in Diliu Municipal, which is the western mountainous region approximately 650 km from the Nepal capital of Kathmandu. We also developed an environment that enables remote medical checkpoints between a central hospital in the region and health clinics under a medical university.

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.

** 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.

**Target number of mobile connections in developing countries where KDDI has a telecommunications business presence**

<table>
<thead>
<tr>
<th>Year</th>
<th>(No. of cards)</th>
<th>Number of activated SIM cards</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>73 million</td>
<td>73 million</td>
</tr>
<tr>
<td>2020</td>
<td>76 million</td>
<td>76 million</td>
</tr>
<tr>
<td>2021</td>
<td>78 million</td>
<td>78 million</td>
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</tbody>
</table>

*Number of mobile connections: Number of activated SIM cards

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 a telecommunications business 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.

Laying Optical Fiber in a Mountainous Region in Nepal

KDDI laid optical fiber cables and built a regional network in Duliu Municipality, which is the western mountainous region approximately 650 km from the Nepal capital of Kathmandu. We also developed an environment that enables remote medical checkpoints between a central hospital in the region and health clinics under a medical university.

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.
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**

**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.

**Virtual reality experience of the Japanese Antarctic Research Expedition**

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.

**Education Technology ×**

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.

**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.

**Number of students enrolled in foreign language education**

Approx. 90,000

*FY2019 Results

We promote EdTech where education and ICT are combined and support high quality foreign language education in global society.

**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 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.

**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  
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 as to provide 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.

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.

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 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 mainly 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

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.
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 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 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.

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 in offices 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.

“Smaho de Dock” Self Health Examination Service

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 ensuring those who have not had a health examination and early discovery of disease.

KDDI will continue to support the health of individual employees as well as healthy lives of all people of any age with the aim of reform into more innovative work styles.
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 Plan 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.

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 Group companies in this regard. KDDI meets with institutional investors face to face to talk about 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 zero CO₂ emissions, renewable energy has not adequately spread throughout Japan, which urgently needs a concrete 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 of CO₂ emissions other than 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 Resources

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 actions for further improvement.

KDDI carries out various sustainability activities centered on six material sustainability issues, and is accelerating efforts to advance sustainability and SDGs by linking them to business strategies in its Medium-Term Management Plan. We will contribute to the sustainable growth of society through our activities 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 FY2013 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.

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 employment 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

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

6 An energy-efficient, circular economy

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

KDDI’s Material Sustainability Issues

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

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

Message from Executive Officer of Sustainability

Executive Officer of Sustainability
General Administration Division

Minoru Tanaka

KDDI’s Material Sustainability Issues

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KDDI’s Material Sustainability Issues
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KDDI engages in various business activities and initiatives that help contribute to the attainment of SDGs. KDDI’s Medium-Term Management Plan for fiscal 2019-2021 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.

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.

Social issue categories

KDDI Sustainable Action

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 the 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 Ms. Ayako Sonoda, President of Cre-en Inc., to our headquarters and held a stakeholder dialogue session for the President and executive officers from the Delegated 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 dialogue 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. Niro Masuda, senior manager, Sustainability Promotion Division, Hitachi, Ltd. was invited to make a speech on the theme “Introduction 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 sustainability and the SDGs and also held SDGs workshops and seminars, which around 120 applicants from among KDDI Group employees attended to discuss ways to achieve the SDGs through everyday activities at home and in the workplace.
## FY2019 Material KPI Results

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Issues</th>
<th>FY2019 Material KPIs</th>
<th>Boundary Scope of Aggregation</th>
<th>FY2019 Results</th>
<th>Message from Executive Officer of Sustainability</th>
</tr>
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<tbody>
<tr>
<td>1. Safety and Resiliently connected world</td>
<td>Resilience to extreme weather events</td>
<td>KDDI company</td>
<td>98.9%</td>
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### FY2020 Material KPIs

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Safer and More Resilient Connected World

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.

Management Framework

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 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.

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

KDDI maintains and operates many telecommunications facilities, including optical cables and mobile phone base stations, via 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 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.

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.

Frequency and Duration of 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 smartphones 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’ safe 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

Plan (or Standard)

Establish and update product quality and quality standards (Quality of planning, design, compliance, and operation)

Do

Build facilities based on product quality (Network building, monitoring equipment, operation system, etc.)

Check

Analyze customer satisfaction with quality standards (Availibility rate, failure rate, customer satisfaction, etc.)

Action

Improve items that fail to meet quality standards

FY2020 Material KPIs

KDDI policies for KDDI Group

KDDI Group

KDDI’s Approach

KDDI Sustainability Report 2020

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

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Initiatives Outside Japan = P.42 - 43

KDDI’s Commitment to Sustainability

Feature Article: KDDI Sustainable Action

Materiality

Management Framework

Stakeholder Engagement

KDDI Sustainability Report 2020
KDDI's Approach (policy)

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

System

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

At KDDI, we 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 RRPG standards.

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

Safety of Radio Waves

KDDI Group Policy & System

Research That Ensures the Safety of Radio Waves

In November 2002, KDDI began conducting joint experiments with NTT DOCOMO Inc. and Soft Bank Corp., using human cells to evaluate the impact of radio waves for mobile phones on living organisms. Some results of the experiments were published in an interim report in 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 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.

Network Quality Management and Improvement

KDDI Group Policy & System

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-calls 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 qualities based on them.

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

Approach to Next-Generation High-Speed Communication

The mobile network that supports communication on smartphones and mobile phones has evolved from the first generation (1G) to the fourth generation (4G) together with changes in the times and lifestyle. We conducted research and development of the next-generation mobile communication system “5G” with an aim to provide communications services with greater stability and higher speed to customers and promote dramatic development of ICT network infrastructure, and on March 26, 2020, we launched the “au 5G” service.

5G networks are capable of higher speed and capacity, low latency and many simultaneous connections. By connecting everything via networks, beginning with smartphones and mobile phones, we will continue helping to build Society 5.0 (a creation-based society) as we create new services and solve social problems.

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 “KILoMETERS 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 (DT) 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.

5G Testing Initiatives

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

Providing Service Environment outside Japan

KDDI Group Policy & System

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

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

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

Advancing Research on 5G

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

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

In February 2020, we conducted a 5G experiment jointly with Osaka City Corp., and NEC Corp. as part of the 5G Comprehensive Demonstration Test led by the Ministry of Internal Affairs and Communications at a construction site of the Kawakami Dam in Iga City of Mie Prefecture, which successfully demonstrated the 5G’s ability in road construction. The technology enabled remote operation of three construction machines, simulating a large construction job, and real-time acquisition of construction, proving that it is applicable to the construction of general roads. Going forward, it is expected to help reduce time to site and man-hour.

KDDI Sustainable Action

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

Message from Executive Officer of Sustainability FY2019 Material KPI Results FY2020 Material KPIs KDDI Sustainability Report 2020 Material 1 Material 2 Material 3 Material 4 Material 5 Material 6 Management Framework Stakeholder Engagement
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

Information Systems Response Office

On-site Response Office

Establishing a Disaster Response Headquarters in Times of Disaster

Natural disasters are unpredictable and can strike anytime. 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 influenza, 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.

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 2,300 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 Email Service, Disaster Voice Message Service, Disaster Information Service

Disaster Board Service
A service that enables safety confirmation at times of large-scale disaster

Emergency Email Service
A service that sends disaster and evacuation information provided by national and local governments, special weather and eruption-related warnings, tsunami warnings and earthquake early warnings to all au mobile phones in the affected area

Disaster Voice Messaging Service
A service that delivers voice messages for safety confirmation using the packet communication network in times of disaster

Disaster Voice Messaging Service

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 of January (0-00-24:00)

Disaster Preparedness Week
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.
Initiatives Outside Japan

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 those 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 (SEJU2), 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 SEJU2 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 most 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 Intelsat, the GNOC offers services using satellite communications, enabling call and data transmission to anywhere in the world, such as ships at sea, airplanes, the South Pole and other remote areas and islands where cables do not reach, thereby ensuring secured global communication around the clock.

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 the telecommunications business in Japan, where its high-quality network offers 24 hours a day, 365 days a year. The training covers a wide range of subjects; everything from the design and construction of transmission systems and optical networks to their operation, initiatives aimed at enhancing reliability, disaster response measures, and even the development of advanced information systems.

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

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

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.
Materiality 2

**Cyber Security and Data Privacy Protection**

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

**KDDI’s Approach**

**Social Issue**

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

**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 (JSSAC), KDDI is taking part in data security initiatives.

**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.

**FY2020 Material KPIs**

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<th>KDDI Group</th>
<th>Policy</th>
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<td>FY2020 Material KPIs</td>
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**Moving Forward**

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

**Initiatives**

- Cyber Security and Data Privacy Protection

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**Information Security Management Framework**

- 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 Yoshihara, 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**

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

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

Other operators

KDDI Group

Policy & Materiality

Activity

KDDI Sustainability Report 2020

* Protection Regulation (GDPR), which came into effect in May 2018.

• All KDDI Group companies have been ISMS 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 apply to all group companies. Augmenting the improvement in the security level of KDDI Group companies resulting from this change, we regularly audit the security level of group companies in an ongoing effort to strengthen the information security governance of the KDDI Group as a whole. Also, KDDI Digital Security Inc. was founded in February 2018, and the company’s specially trained security engineers now respond to cyberattacks.

> ISMS certification (ISO/IEC 27001: 2013) A third-party conformity assessment scheme for in-house management and use of security systems. In fiscal 2017, we revised the ISMS Certification KDDI Acquired from this change, we regularly audit the security level of group companies to manage and use such data in accordance with our privacy policy.

<table>
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<tr>
<th>Registration number</th>
<th>Organization</th>
<th>Initial registration</th>
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<tbody>
<tr>
<td>6 72034</td>
<td>KDDI Corporation</td>
<td>July 4, 2003</td>
</tr>
<tr>
<td>8 16046</td>
<td>KDDI Corporation (Operations Division)</td>
<td>September 28, 2004</td>
</tr>
<tr>
<td>6 85339</td>
<td>KDDI Corporation (Information Systems Division)</td>
<td>September 28, 2004</td>
</tr>
</tbody>
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• 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.

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

• EC-ISAAC Japan
• Forum of Incident Response and Security Teams (FIRST)
• Nippon CSIRT Association (Nippon Computer Security Incident Response Team Association)

Efforts to Reduce Information Security Risks

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Cyber Security and Data Privacy Protection

Stronge...
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

KDDI's Approach

Social Issue
In recent years, Japanese society is facing the decline in productivity and shrinking regional economies due to the shrinking working-age population because of the aging population with fewer children and the accelerating rural depopulation because of the concentration of population in large cities. Under such circumstances, ICTs are expected to be an effective tool to revitalize regional economies by alleviating labor shortage and increasing high quality employment in regional areas. While the wider use of ICTs improves convenience, there are concerns associated with it, such as the prevalence of mobile and smartphone use among children and the widening digital divide affecting older people.

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

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

Product and services
We promote to apply universal design in developing our product and services to ensure comfortable and enjoyable use for all regardless of age, nationality and (dis)ability.

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

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.

Regional Revitalization Initiatives

Approach to Regional Revitalization

Regional Human Resources Development

Using 5G
KDDI utilizes various advanced technologies and network with our partner companies to support unique initiatives with our many stakeholders, including local governments, companies, NPOs and residents.

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

KDDI’s Regional Revitalization Project “Te to Te”

In 2019, KDDI launched its regional revitalization project “Te to Te.” By helping realize a community’s passion, hope, and business idea to drive regional revitalization, KDDI will endeavor to work together to create “Community’s Future.”

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

KDDI’s Material Sustainability Issues

Fulfilled Life Brought through ICTs

Materiality 3
- 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

KDDI Regional Initiatives Fund and Regional Revitalization

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

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

KDDI’s Material Sustainability Issues

Materiality 3

• 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

Approach to Innovation

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

Promotion for R&D and Technological Development

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

Our technology divisions at KDDI Head Office lead our technological 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. KDDI Research, Inc. is engaged in research and development in a wide range of fields, such as network, IoT, AI x big data, security and service applications, and 5G researchers are engaged in R&D (as of April 1, 2020).

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 built 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 telecommunications technology, including 5G and IoT, are conducted. KDDI will work with a professional group made up of highly specialized partners, aiming to speed up the process of identifying needs, creating, learning and improving, helping customers to provide services with high market value to society as quickly as possible.

KDDI Regional Initiatives Fund and Regional Revitalization

KDDI Regional Initiatives Fund and Regional Revitalization

KDDI Digital Gate (Japanese only)

KDDI Open Innovation Fund

KDDI Open Innovation Fund

KDDI Open Innovation Fund is a corporate venture fund operated by KDDI and Global Brain Corporation. We are investing 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.

We are investing in businesses in the 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 personnel 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, 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 pitch events, 5G testing environments, and the provision of KDDI Digital Gate assets.

KDDI = Labo

In June and July 2019, we participated in the experiment of a fully autonomous driving system that resolves real facilities in a mountainous rural area in Hitachi City, Ibaraki Prefecture. This test aims to verify autonomous technologies and safety measures to introduce self-driving service on first- and last-mile services in mountainous areas. KDDI established a remote monitoring system for vehicle operation required for the Level 4 driverless self-driving. Through these initiatives, we will contribute to revitalization of regional industries and prosperous society with convenient transportation.

In October 2019, we developed an athlete-supporting system helping to improve athletes’ techniques. This system uses augmented reality recognition AI to extract 3D skeletal points from photos of an athlete’s head taken by smartphones, and recognizes and analyses the athlete’s form and how each body part is used. In addition, by using a ball with a built-in sensor and combining the speed, rotation rate, and axis of the ball with the athlete’s movements, the effect of movements on the ball can be analyzed to find areas of advice such as posture, motion, etc.

KDDI∞Labo

In August 2019, we announced KDDI∞Labo, the joint venture established with major companies that support the mission of KDDI∞Labo. The platform also offers a variety of other support, including business matching opportunities through pitch events, 5G testing environments, and the provision of KDDI Digital Gate assets.

KDDI∞Labo

In September 2019, we started an experiment of a self-driving capturing system using 5G to reduce serious damage on crops by wild boars. This experiment introduced IoT-equipped capturing system with a function to remotely monitor and operate large-size traps field from mobile devices such as smartphones and tablets, and a ball that uses a build-in sensor and an autonomous driving system 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 animals’ movement through a trap.

KDDI∞Labo

Planning and development of smartglasses using XR technology

In May 2017, KDDI signed a strategic 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 smartglasses using XR technology and its marketing in Japan. The “real XR” smartglasses to be used in verification tests are not used alone but connected via USB-Type C cables to either smartphones or nreal Computing Unit, a chip from Qualcomm in U.S. These light smartglasses ensure safety, extend operating time, and are compatible with an AR / VR app that enables position tracking. They have a wide 40° viewing angle which weight only 48 grams, for both right and left smartglasses.

Development of athletes support system using artificial intelligence recognition AI

In October 2018, KDDI established an education program to support athletes in various 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.

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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

Innovation Management

Protecting Intellectual Property

One of our basic principles specified in the KDDI Code of Business Conduct defines our commitment to creating, protecting and using intellectual property, which is an important management resource for the company’s business expansion, as well as respecting the intellectual property rights of others and avoiding infringement.

The Intellectual Property Office promotes internal IP activities related to putting these basic principles into practice. For example, the office collaborates with IP managers assigned to each department to investigate the IP of other parties related to new services and to acquire IP rights in Japan and overseas. In addition, we conduct educational activities every year through group training and e-learning classes to encourage employees to further understand the importance of intellectual property, as well as the risks of infringement and its prevention. As a result of these efforts, we hold approximately 4,000 patents in Japan and approximately 660 outside Japan as of March 31, 2020, including pending patents.

Moreover, the office actively supports the KDDI group’s IP activities, including those of its subsidiaries and the venture companies it has invested in from the perspective of promoting co-creation. In recognition of this support, we have received the Economy, Trade and Industry Minister’s Prize as an IP usage company (open innovation promotion company) at the 2018 Intellectual Property Achievement Awards held by the Ministry of Economy, Trade and Industry and Japan Patent Office.

Since May 2020, KDDI has joined the IP Open Access Declaration Against COVID-19 and pledged not to exercise any intellectual property rights owned by it with regard to activities intended to stop the spread of COVID-19 (https://www.gyoko.com/covid19). Through this, we will contribute to stopping the spread of COVID-19 early.

Main Innovation Awards Received

<table>
<thead>
<tr>
<th>Award giving organization</th>
<th>Award name</th>
<th>Award recipient (belonging organization at the time of receiving the award)</th>
<th>Date received</th>
</tr>
</thead>
<tbody>
<tr>
<td>Techohiribunka Association</td>
<td>SCAT president award</td>
<td>Koichi Sakurai (Kyushu University)</td>
<td>June 18, 2019</td>
</tr>
<tr>
<td>SCAT</td>
<td>SCAT president award</td>
<td>Toshiaki Tanaka (KDDI Research Inc.)</td>
<td>June 18, 2018</td>
</tr>
<tr>
<td>Telecommunication Technology Committee</td>
<td>ITU-AI Accomplishment Awards</td>
<td>Toshiki Tanaka (KDDI Research Inc.)</td>
<td>May 19, 2019</td>
</tr>
<tr>
<td>Information and Communication Technology Award, Minister of General Affairs Awards (FY2010)</td>
<td>Contribution to research, development, standardization, and application related to encryption and identification technologies</td>
<td>Takahiro Horiguchi, Yukio Okumura (KDDI Research Inc.), Koichi Sakurai (Kyushu University)</td>
<td>April 3, 2019</td>
</tr>
<tr>
<td>KDDI Sustainability Report 2020</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Breakdown of our patents (As of the end of March 2020)

- Telecommunications: 46%
- Business model and application: 33%
- Speech recognition, image and audio processing: 10%
- Others: 11%

The following websites list awards other than those mentioned above.

- Information Relating to Awards KDDI Research, Inc. Received (2019)
- Information Relating to Awards KDDI Research, Inc. Received (2020)

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 around the world can enjoy the benefits of a variety of products and services.

As a result of these efforts, 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, we receive inquiries via our website, phone and au retailers including au Shops to immediately identify the causes and improve both hardware and software.

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

Product Quality Control Process

- Verification of design and specification
- Verification of the manufacturing process
- Verification of the components
- Verification of the control
- Verification of the advice and instruction system
- Quality management

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 this 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 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 realize a society where bicycles can be used safely.

**Initiatives to Promote Safe Use**

**Services**

- A smartphone filter service to protect young people from cyberbullying and online apps. Filter level can be set according to the child’s age and what they use ICTs for.
- Also provides time limits to prevent over-use, usage limits, area search, etc.
- A product for first-time smartphone users with a large screen that makes it easy to use with one hand.
- With the customer’s consent, we offer an Age Confirmation service that verifies the age information that allows sending content to determine whether the customer is over or under the age specified by the provider when the customer uses social media and other services.
- A feature-focused service to accommodate users with disabilities.
- A service that displays a warning when a device is detected to be readable on smartphone screens and calls, such as those for the deaf.
- A service for visually impaired users to use their smartphones.
- Provides a discount for customers who have bought a smartphone.
- A smartphone filter service to protect users with disabilities.
- An educational website where both parents and children can enjoy learning about important points and risks when using smartphones and mobile phones.

**Age Confirmation Services**

- A product for first-time smartphone users with a large screen that makes it easy to use with one hand.
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**Target**

- Young people
- mamorino
- Older people
- Simple Phone KYT36-KYT38
- Users with disabilities
- Simple Phone KYT36-KYT38
- LGBT

**Responsibility for Products and Services**

- A touch-screen mobile phone for kids, with security alarm, location confirmation feature, etc.
- A smartphone filter service to protect young people from cyberbullying and online apps. Filter level can be set according to the child’s age and what they use ICTs for.
- Also provides time limits to prevent over-use, usage limits, area search, etc.
- A product for first-time smartphone users with a large screen that makes it easy to use with one hand.
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**Rebate**

- A special price plan for the “mamorino” and “mamorino2” for children of elementary school age and under. The plan can be used for a basic fee of 500 yen when subscribing to a 3-year contract (everybody or Junior KiiTel Plan N).
- Exit from a 2-year contract or cancellation fee will not incur a contract cancellation fee, etc.
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**Promote the use of filtering services**

- Based on the Act on Development of an Environment That Provides Safe and Secure Internet Use for Young People, as well as implementing filtering for all contracts for minors, we are actively striving to improve awareness and raise awareness of our filtering services.
- We give classes at schools all over Japan, allowing children to learn the risks of safety and properly use smartphones and mobile phones using their own judgment.

**Measures against money transfer frauds**

- For Individual subscriptions: Enhancing identity confirmation by matching the customer name and cardholder name on the card, enhancing fraud prevention for fraudulent subscriptions by checking if the customer name and cardholder name on the card are the same, and enabling authentication when sending SMS messages (to domestic SMS messaging or international) by 3GPP standards.
- Also provides time limits to prevent over-use, usage limits, area search, etc.
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KDDI’s Material Sustainability Issues

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

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.

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 toward 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 each organization started working on SDGs as part of its organizational goals to encourage its members to understand SDGs and take actions for them.

- In April 2018, we announced the KDDI Group Declaration of Health-Focused Management and began promoting health-focused management that supports each employee’s health. We also established the Work Style Reform 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.

- 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.

Our Risks and Opportunities
The decline in the productive population due to low birth rate and aging society 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.

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

We also have a variety of training and qualification schemes that give contract employees, such as mass-retail sales advisors, talent development opportunities. Those who wish can apply for a permanent contract, and 27 contract employees became regular employees through this scheme in fiscal 2019.

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

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

- FY2019 number of newly hired graduates of nationality other than Japanese: 4
- FY2019 Percentage of newly hired female graduates: 32.3 %

Retention of Newly Hired Graduates (KDDI)

Unit: person

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<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
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<tr>
<td>Graduates hired in April 2017</td>
<td>211</td>
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</tr>
<tr>
<td>Currently employed in April 2020</td>
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FY2019 Employee Training Results (KDDI)

<table>
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<tr>
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<th>Training expenses per employee</th>
<th>Training time per employee</th>
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<tr>
<td>Total training time</td>
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Recruiting and Developing Human Resources

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

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

Human Resource Cultivation Management

In the recruitment stage, we have removed the gender query from the application sheet to ensure we hire diverse talents. We also have a variety of training and qualification schemes that give contract employees, such as mass-retail sales advisors, talent development opportunities. Those who wish can apply for a permanent contract, and 27 contract employees became regular employees through this scheme in fiscal 2019.

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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

<table>
<thead>
<tr>
<th>Program</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive director</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 promotion system (SCAP)</td>
<td>Employees who are enthusiastic about starting up new business or expanding growing departments can apply under the SCAP system to be transferred (includes promoting involvement among elder staff).</td>
</tr>
<tr>
<td>Open recruitment system</td>
<td>Employees who consult with their respective department’s general manager on their future career plans based on the reports about their career history and current situation.</td>
</tr>
<tr>
<td>Stratified training</td>
<td>Employees acquire the knowledge and skills needed for carrying out their work depending on the position or qualifications they have.</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>LOQI (Learning and Knowledge Integration Program)</td>
<td>We consult with relevant persons.</td>
</tr>
<tr>
<td>Business study abroad</td>
<td>Participants learn global standards for business at an overseas university or through communication with business persons at NPOs or internship.</td>
</tr>
<tr>
<td>Specialized study abroad</td>
<td>Participants study at an overseas university or specialized institution to acquire advanced specialized knowledge and build human networks with relevant persons.</td>
</tr>
<tr>
<td>Overseas trainee system</td>
<td>Employees wishing to join the program are sent to an overseas base for a certain period of time and, by conducting business, they learn to work together and improve the working environment, so that women can become ambitious to build their own career and continue to work even when going through major life events, like giving birth and raising children.</td>
</tr>
<tr>
<td>English circle support program</td>
<td>We support English self-study circles in each workplace by providing instructors and contributing funds.</td>
</tr>
</tbody>
</table>

Training System by Position

<table>
<thead>
<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>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Departmental General Manager</td>
<td>Departmental general manager training</td>
<td>Newly-appointed departmental general manager training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GL (Group leader)</td>
<td>GL Study Session</td>
<td>Newly Appointed GL Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Manager (Non-line)</td>
<td>Newly Appointed Manager Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Assistant Manager</td>
<td>Training 3 years after employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief</td>
<td>Training 2 years after employment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee</td>
<td>New Employee Training</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 when 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.

**Targets**
- Number of female line managers: 200
- Usage rate of annual paid leave: 70%
- 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 them 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 internally training personnel, KDDI has proactively participated in cross-industry forums, with a focus on initiatives to raise female employees’ viewpoints. Through participation in various opportunities for personal exchange, including the Eijo College that aims to create a management model for female sales representatives, J-Win for development of female leaders, the International Conference for Women in Business where approximately 800 women gather from Japan and abroad to achieve self-growth, and the Lead the Jibun Camp designed for a person to lay the foundation as an innovative leader, we encourage female employees to get motivated and raise their self-awareness and viewpoints as a leader.

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 personnel 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.

<table>
<thead>
<tr>
<th>Position</th>
<th>Executive Officers</th>
<th>Line Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive / Director</td>
<td>2</td>
<td>347</td>
</tr>
<tr>
<td>Outside directors</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Line managers</td>
<td>106</td>
<td></td>
</tr>
</tbody>
</table>

(as of April 1, 2020)
Materiality 4

Rewarding Workplaces for Diverse Talents

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

Recruiting and Developing Human Resources

Evaluation and Remuneration Systems

KDDI

Policy

To 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 and individual performance bonuses that reflect the company’s performance and individual performance. Both types are designed to recognize the performance of each employee.

Employee Engagement Survey

KDDI

Activity & Results

Since fiscal 2019, KDDI has conducted the Employee Engagement Survey, because we consider that each and every employee can work feeling motivated and fulfilled, it will contribute to sustainable growth of the company.

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.

Providing Long-Term Incentives for (Managerial) Employees

KDDI

System

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

Award Program for Employees

KDDI

Activity & Results

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

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

(Updated period: April 1, 2019-March 31, 2020)


Results

Employment Status

<table>
<thead>
<tr>
<th>Unit: Person</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Male</td>
<td>8,649</td>
<td>8,718</td>
<td>8,723</td>
<td>8,574</td>
<td>8,465</td>
</tr>
<tr>
<td>Total Female</td>
<td>10,775</td>
<td>10,916</td>
<td>11,037</td>
<td>10,968</td>
<td>10,892</td>
</tr>
<tr>
<td>Total</td>
<td>19,424</td>
<td>19,634</td>
<td>19,760</td>
<td>19,542</td>
<td>19,357</td>
</tr>
</tbody>
</table>

Notes:
1. The numbers of non-regular employees for FY2017 and FY2018 are the same as those on Securities Report.
2. The numbers of non-regular employees for FY2019 and FY2020 are the same as those on Consolidated Report.

Employees by Age (KDDI)

| Under 30 | 39 | 40 | 64 | 40 | 40 |
| 30–39 | 22 | 23 | 25 | 23 | 23 |
| 40–49 | 15 | 15 | 17 | 15 | 15 |
| 50–60 | 10 | 10 | 11 | 10 | 10 |
| 61 or over | 6 | 6 | 6 | 6 | 6 |
| Total | 108 | 108 | 108 | 108 | 108 |

Note: “Employment turnover” is the calculated percentage of resignations during the relevant term (employees after retirement or discharge on account of resignation).

Employees by Department (KDDI)

<table>
<thead>
<tr>
<th>Department</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Male</td>
<td>8,649</td>
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<td>19,357</td>
</tr>
</tbody>
</table>

Note: The number of non-regular employees for FY2017 and FY2018 are the same as those on Consolidated Report.

Managers (KDDI)

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>4,155</td>
</tr>
<tr>
<td>FY2016</td>
<td>4,195</td>
</tr>
<tr>
<td>FY2017</td>
<td>4,202</td>
</tr>
<tr>
<td>FY2018</td>
<td>4,204</td>
</tr>
</tbody>
</table>

Note 1: The number includes personal sales of technology and sales of technology.
Note 2: The number is calculated by counting persons with severe disabilities as two people.

Status of Hiring (KDDI)

<table>
<thead>
<tr>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recent graduates</td>
<td>309</td>
</tr>
<tr>
<td>Mid-career hires</td>
<td>330</td>
</tr>
<tr>
<td>Reemployed after retirement</td>
<td>308</td>
</tr>
</tbody>
</table>

Note: The number of retired employees is the same as those on Consolidated Report.
Rewarding Workplaces for Diverse Talents

Labor Practices

KDDI’s Approach (Labor Practices)

In January 2017, we launched full-scale initiatives for work style reform to promote fundamental changes in perspectives and behaviors toward a work style that is more productive. We also established the Work Style Reform Promotion Committee as part of the initiatives. The committee members consist of General Managers representing Divisions and the General Manager, Human Resources Division is the chair. Since April 2018, the heads of strategic subsidiaries have also been participants. From fiscal 2019, we launched a work style reform project team with a primary mission of accelerating the adoption of diverse work styles and implemented work style reforms, such as developing a better work environment and the vision of new work style.

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 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.

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 health and safety drive to secure the safety and health of workers in workplaces and facilitate the establishment of a comfortable working environment. We have established a safety and health management system, which includes general safety and health managers, safety officers, health officers, safety and health promoters, health promoters, industrial physicians, and employees in charge of mental health promotion in each workplace. We have also established Safety and Health 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 constriction as a contractor provide internal chief engineers and managing engineers with regular safety trainings to prevent accidents such as electric shock. These trainings include Safety Training for Dangerous Operations, Tool Training, Health and Safety Education for Foremen, Chief Engineer Training, and thus strive to ensure thorough safety control.

In a twice-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 trainings from MIT, a telecommunication company in Myanmar, with safety training using a KDDI-produced safety awareness raising comic titled “Prongnorba (workers of professionals).”
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.

**Labor Practices**

**Priority Measures Relating to Occupational Health and Safety**

- 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

KDDI formulated the Mental Health Promotion Plan and is carrying it out while implementing PDCA cycles for mental health initiatives. In addition, from fiscal 2019, we stationed 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 counselling 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.

**Labor Practices**

**Promotion of Mental Healthcare**

**Labor Practices**

**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 those exams, we inform all those diagnosed with observation by email. As for those who are diagnosed with severe health problems, we urge them to have an emergent consultation at a medical institution as soon as possible, and in fiscal 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 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 27.5% 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 2016, 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>Refresh room</td>
<td>Regular and contract employees, temporary staff</td>
<td>Services such as massage and acupuncture and modification are offered by nationally qualified practitioners</td>
</tr>
</tbody>
</table>

**Labour Practices**

**Materiality 4**

- Promotion of diversity and inclusion
- Human resource development and career development
- Pursuit of employee satisfaction
- Promotion of health-focused management
Materiality 4

Rewarding Workplaces for Diverse Talents

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

Labor Practices

Diverse Work Styles

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 child-rearing 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 volume. This system is also available on a monthly basis to employees requiring shortened working hours due to child-rearing and / or family care responsibilities.</td>
</tr>
<tr>
<td>Discretionary work time 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 program</td>
<td>Introduced to raise awareness of a more health-focused work style. The rule stipulates that employees should rest for at least a minimum of nine hours between the end of a shift and the start of the next day’s shift with overtime work in consideration. Additionally, health management is conducted in case they exceed a certain number of days when they cannot take 11 hours of rest.</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 specific 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 are pregnant or have been diagnosed with a disability, so that they may live together. The program also applies to employees whose spouses are not KDDI employees.</td>
</tr>
<tr>
<td>Career-track employment with restricted work area (L course)</td>
<td>Established in 2016. L-course employees are not transferred outside the specified work area without their consent. The system enables the company to retain career-track workers who have difficulty relocating due to such factors as a changing home environment.</td>
</tr>
</tbody>
</table>

Support System for Balancing Work and Family Life

Program for Work-Childcare Balance

To help employees balance work with other responsibilities, such as child-birth, 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 138 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 telework. While making use of shortened working hours for childcare or while overtime work is exempted or limited, employees will not be subject to a job transfer that requires moving residence. Under these programs, 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.

Program for Work-Childcare Balance

Support during pregnancy

Employees who want to take a certain period of time off work for family care

Support before and after birth

Support during leave of absence

Support for work-childcare balance

Program for Work-Childcare Balance

Employee who wants to provide family care while continuing to work

Employee who wants to reduce working hours

Employee who wants to be exempted from overtime work

Employee who wants to be exempted from late-night work

Support during pregnancy

Leaves continuing to work

Pregnancy

Pregnancy leave

Pregnancy leave (time for antenatal hospital checkups)

Exemption from late-night work

Support before and after birth

Support during leave of absence

Support for work-childcare balance

Support System for Balancing Work and Family Life

For women only

For men only

For men and women

Accumulated annual holidays

(5.25 days)

Family care leave (five days per eligible family member, or 10 days / year if more than one family member is eligible)

Home care absence (5 days per family member)

Shortened working hours for childcare

Exemption from overtime work

Exemption from restriction on overtime work

Exemption from late-night work

* Can be applied together

Employee who wants to take a certain period of time off work for family care

Wants to reduce working hours

Wants to restrict or be exempted from overtime work

Wants to be exempted from late-night work

Employee who wants to provide family care while continuing to work

Wants to be exempted from overtime work

Exemption from restriction on overtime work

Exemption from late-night work

Support for work-childcare balance

Childcare time

Support during leave of absence

“wiwiw” support services for return to work after parental leave of absence

Support System for Balancing Work and Family Life

Employees who want to take a certain period of time off work for family care

Wants to reduce working hours

Wants to restrict or be exempted from overtime work

Wants to be exempted from late-night work

Accumulated annual holidays

(5.25 days)

Family care leave (five days per eligible family member, or 10 days / year if more than one family member is eligible)

Home care absence (5 days per family member)

Shortened working hours for childcare

Exemption from overtime work

Exemption from restriction on overtime work

Exemption from late-night work

* Can be applied together
Rewarding Workplaces for Diverse Talents

Labor Practices

Efforts to Support Childcare and Family Care

<table>
<thead>
<tr>
<th>Measures</th>
<th>Target</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Support for male employees with spouse expecting to give birth</td>
<td>KDDI Group</td>
<td>Grant paid paternity leave on the expected delivery date or one month following the birth (for up to three days, on a day-by-day basis)</td>
</tr>
<tr>
<td>Supporting a balance between work and childcare</td>
<td>For all employees</td>
<td>Hold seminars by outside experts on searching for nursery schools, which provides recent trend and know-how</td>
</tr>
<tr>
<td>Supporting a balance between work and family care</td>
<td>For all employees</td>
<td>Provide seminars on a good balance between work and nursing care and post a handbook describing internal support programs on the internet</td>
</tr>
</tbody>
</table>

Usage of Childcare and Family Care Support System

<table>
<thead>
<tr>
<th>Program</th>
<th>Male / Female</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity leave</td>
<td>Female</td>
<td>155</td>
<td>181</td>
<td>164</td>
<td>135</td>
<td>136</td>
</tr>
<tr>
<td>Maternity leave (for man only)</td>
<td>Male</td>
<td>259</td>
<td>279</td>
<td>252</td>
<td>255</td>
<td>252</td>
</tr>
<tr>
<td>Parental leave of absence</td>
<td>Male</td>
<td>14</td>
<td>16</td>
<td>25</td>
<td>27</td>
<td>29</td>
</tr>
<tr>
<td>Parental leave of absence</td>
<td>Female</td>
<td>281</td>
<td>278</td>
<td>270</td>
<td>247</td>
<td>239</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Male</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Female</td>
<td>96.5%</td>
<td>92.0%</td>
<td>94.4%</td>
<td>98.9%</td>
<td>98.8%</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Male</td>
<td>100%</td>
<td>85.3%</td>
<td>92.3%</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Female</td>
<td>96.5%</td>
<td>92.0%</td>
<td>96.0%</td>
<td>97.7%</td>
<td>–</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Male</td>
<td>2</td>
<td>1</td>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Female</td>
<td>417</td>
<td>440</td>
<td>458</td>
<td>469</td>
<td>497</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Male</td>
<td>290</td>
<td>344</td>
<td>429</td>
<td>471</td>
<td>439</td>
</tr>
<tr>
<td>Maternity leave after parental leave of absence</td>
<td>Female</td>
<td>344</td>
<td>446</td>
<td>496</td>
<td>522</td>
<td>494</td>
</tr>
</tbody>
</table>

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 Challenge is promoting the independence and success of work of employees with disabilities, aiming to expand and create the types and scopes of duties, including the operations of the three cafes. With the aim of increasing the employment of persons with intellectual disabilities as required under the law in fiscal 2018, we have been continuing to expand job areas with a focus on developing diverse occupations, by understanding their characteristics mainly through pre-employment training; so that each can fully 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%).

Support System for Employees with Disabilities

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

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

Examples of Support for Employees with Disabilities

<table>
<thead>
<tr>
<th>Measures</th>
<th>Content</th>
</tr>
</thead>
<tbody>
<tr>
<td>Questionnaires surveys</td>
<td>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.</td>
</tr>
<tr>
<td>Guidebook for supervisors</td>
<td>To understand, accept and treat employees with disabilities according to the need of each of the employees, we provide a guidebook for their supervisors.</td>
</tr>
</tbody>
</table>

Examples of Support for Employees with Disabilities

<table>
<thead>
<tr>
<th>Work location</th>
<th>Work roles</th>
</tr>
</thead>
<tbody>
<tr>
<td>KDDI Challenge Osaka Office</td>
<td>Cleaning (morning), manually disassembling mobile phones (afternoon), and operations of refresh rooms and Cafè (evening)</td>
</tr>
<tr>
<td>KDDI Challenge Osaka Office</td>
<td>Cleaning (morning), manually disassembling mobile phones (afternoon), and operations of refresh rooms and Cafè (evening)</td>
</tr>
</tbody>
</table>

Examples of Support for Employees with Disabilities

<table>
<thead>
<tr>
<th>Program</th>
<th>Male / Female</th>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity leave</td>
<td>Female</td>
<td>7</td>
<td>8</td>
<td>8</td>
<td>12</td>
<td>7</td>
</tr>
<tr>
<td>Maternity leave</td>
<td>Male</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Family care leave</td>
<td>Female</td>
<td>90</td>
<td>107</td>
<td>133</td>
<td>180</td>
<td>175</td>
</tr>
<tr>
<td>Family care leave</td>
<td>Male</td>
<td>63</td>
<td>87</td>
<td>117</td>
<td>113</td>
<td>118</td>
</tr>
<tr>
<td>Shortened working hours for family care</td>
<td>Female</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>6</td>
<td>11</td>
</tr>
<tr>
<td>Shortened working hours for family care</td>
<td>Male</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

*1 (Total number of regular employees who returned to work after parental leave of absence) / (Total number of regular employees who planned to return to work after parental leave of absence) × 100

*2 (Total number of regular employees who returned to work after childcare absence) / (Total number of regular employees who returned to work after childcare absence) × 100

Note: Only measures that exceed the legal standards are described here as examples.
Rewarding Workplaces for Diverse Talents

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 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 empowers 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 related 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 against in race and religion.

KDDI’s Approach —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 (392,379 billion 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.

Pension System

<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of workplace accidents</td>
<td>Unit case</td>
<td>20</td>
<td>21</td>
<td>23</td>
</tr>
<tr>
<td>Number of serious workplace accidents during construction</td>
<td>Unit case</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Frequency rate*</td>
<td>0.62</td>
<td>0.76</td>
<td>0.82</td>
<td>0.77</td>
</tr>
<tr>
<td>Severity rate*</td>
<td>0.0024</td>
<td>0.0024</td>
<td>0.0058</td>
<td>0.0002</td>
</tr>
<tr>
<td>Lost-time injury frequency rate*</td>
<td>0.20</td>
<td>0.19</td>
<td>0.28</td>
<td>0.15</td>
</tr>
</tbody>
</table>

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

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

Average overtime hours per month*:
<table>
<thead>
<tr>
<th>FY2015</th>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unit hours / month</td>
<td>29.9</td>
<td>27.5</td>
<td>19.6</td>
<td>19.0</td>
</tr>
<tr>
<td>Average overtime allowance per month*</td>
<td>Unit yen / month</td>
<td>100,197</td>
<td>96,355</td>
<td>85,879</td>
</tr>
<tr>
<td>Total annual actual hours worked (average)*</td>
<td>Unit: hour</td>
<td>1,941.6</td>
<td>1,919.2</td>
<td>1,892.7</td>
</tr>
<tr>
<td>Average rate of paid holiday taken</td>
<td>Unit: %</td>
<td>96.3</td>
<td>95.1</td>
<td>98.5</td>
</tr>
</tbody>
</table>

* Applicable to KDDI employees in non-managerial positions.

Wellness Benefits for employees

Various systems

- Two-day weekends (Saturday, Sunday, holidays)
- 50% days (off per year (weekends, holidays, end and start of year: FY2019 results)
- Annual paid leave (30 days) *4 Various according to work attendance rate, and, for the first year of employment, to the month an employee joins the company.
- Free vacation system (promoting taking five consecutive paid workdays at any vacation dates)
- Special leave (for funeral, marriage, birth, child care, etc.)
- Refresh vacation
- Maternity leave
- Childcare and caregiving leave, etc.

Insurance

- Health insurance, pension insurance, employment insurance, labor accidents insurance, etc.

Asset creation

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

Wellness 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, coupon for theme parks and resorts, etc.

Pension System

- KDDI Group Systems

<table>
<thead>
<tr>
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<th>FY2018</th>
<th>FY2019</th>
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<td>95.1</td>
<td>98.5</td>
</tr>
</tbody>
</table>

* Applicable to KDDI employees in non-managerial positions.

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

KDDI’s Approach

Social Issue

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

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

Management Framework

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

Initiatives

- KDDI Sustainable Action
- Human Rights Policy
- Child Education Activities
- Compliance
- Supply Chain Management

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, mental or physical disabilities, pregnancy, child birth as well as tackling and eliminating labor practices that violate human rights, such as forced labor and child labor.

The KDDI Group considers the International Bill of Human Rights and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work to be the most fundamental policies for human rights, and set the policies and take initiatives in reference to the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. The KDDI Code of Business Conduct, which serves as a guideline for behavior of officers and employees, defines our basic principles on respecting human rights and individual characteristics throughout all our business activities.

Message from Executive Officer of Sustainability

Pursuit of sustainable procurement, prevention of corruption and bribery.
- Respect for workers’ rights
- Promotion of fair and proactive communication

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 promotion of respect for human rights in accordance with the KDDI Group Human Rights Policy.

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. We have also established a Sexual Harassment and Human Relations Hotline staffed by external specialists and the KDDI Group Human Rights Policy.

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.

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 Conduct, we have clearly positioned diversity promotion as a management issue.

### Materiality 5

**Respect for Human Rights and Fairness in Business**

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

#### Human Rights Impact Assessment

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

In fiscal 2019, we worked together with the nonprofit organization BSR® to exercise human rights due diligence. We identified 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 help them raise awareness and consider future measures.

#### 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 their views about specific initiatives and concluded the assessment.

#### Major Risks Identified

Main potential impacts on human rights identified are as follows:

- Consideration of human rights in supply chains, such as forced, slave, restrained or child labor
- Privacy and data protection, children’s cyber safety
- Freedom of expression in conflict-affected countries and high-risk countries

#### Future Initiatives

Prioritize identified impacts, develop action plans by department, and implement initiatives to reduce risks in cooperation with stakeholders to continue to monitor the effectiveness of the action plans, and exercise PDCA cycle of human rights due diligence.

### Employee Awareness Raising

KDDI and our group companies in Japan strive to further raise awareness of employees of human rights based on the KDDI Code of Business Conduct. Our awareness-raising initiatives include providing of harassment prevention seminars (compulsory to all managers), regular e-mail newsletters about the Code of Business Conduct and the Harassment Prevention Guidebook posted on the intranet.

#### Initiatives to Promote LGBT Equality

As shown in the enactment of a law permitting persons with gender identity disorder to change their gender status in Japan, and the legalization of same-sex marriage in increasing number of countries and regions, attitudes toward LGBT equality are changing. However, businesses still lag behind in the understanding of and support for LGBT rights.

In light of this, we at KDDI have been engaging in activities to promote LGBT awareness within the company since fiscal 2013 in the effort to advance understanding and spread awareness among employees.

- LGBT: Collective term for lesbian (L), gay (G), bisexual (B), and transgender (T) people. 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.

#### Increase Alliances

We at KDDI are engaged in an initiative to increase allies — supporters of LGBT people. To LGBT people, the presence of allies around them boosts confidence. Allies can also promote dialogue about the issue in the workplace.

We give employees who have declared to be allies KDDI ALLY stickers that they can display prominently to show their commitment to the cause. As of June 2020, around 2,900 employees have declared themselves allies and are working on making our workplace a safe, happy place for LGBT people to work in. We also offer networking opportunities to LGBT people.

#### Other Initiatives

- Inclusion of KDDI’s Code of Business Conduct (basic principle)
- Awareness-raising activities for facilitating understanding
- Change of definition of spouse and children, and application of internal regulations
- Considerations in work environment
- Promoting the understanding of LGBT issues in society
- Application of KDDI Family Discount scheme

#### External Recognition

- Participation in forums and other events related to LGBT issues and showcasing KDDI’s initiatives
- Donations to LGBT support groups
- The eligibility of family-oriented services such as the Family Discount has been expanded to include same-sex partners when formal certification of same-sex partnership is provided.
Respect for Human Rights and Fairness in Business

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

Compliance

KDDI’s Approach (Compliance)

KDDI Group Policy

We recognize that in order to fulfill our social responsibilities through our business activities, raising compliance awareness throughout the group is a fundamental corporate management issue.

As a global corporate group, we continue to further enforce our group-wide compliance framework.

KDDI Group Compliance and Enforcement Framework

KDDI Group System

We created the KDDI Code of Business Conduct to encourage the ethical behavior of employees along with a compliance mindset. It is published on the intranet to ensure that it is shared and practiced, enabling employees to check it whenever they are unsure what action to take. Also, we established the KDDI Group Business Ethics Committee as a decision-making body for KDDI Group’s compliance-related matters. The KDDI Group Business Ethics Committee is chaired by the Chairperson who is a Representative Director, and members include directors and additional nominees appointed by the chair as required. They hold a meeting once every half-year, and, in addition to assessing the conditions of each group company, the committee builds and supports the enhancement of compliance frameworks. The committee is also responsible for helping to resolve compliance issues, rectifying events of compliance violations, and supervising compliance issues such as breaches of competition laws.

In addition, the committee formulates policies on raising awareness, discusses countermeasures in case a compliance violation occurs, and is responsible for the disclosure of such information as well as the prevention of recurrence. Reports on their activities are made available to all employees via the intranet.

KDDI Group Compliance and Enforcement Framework

Examples of Initiatives in FY2019

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

Business Ethics Helpline (Grievance Mechanism)

KDDI Group Policy

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 accept 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. 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.

KDDI’s Commitment to Sustainability

Feature Article: KDDI Sustainable Action

Top Message

Materiality

Management Framework

Stakeholder Engagement

Basic Policy for Eliminating Organized Crime Groups and Status of Implementation

KDDI Group Policy

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering organized crime groups. In addition to rules defining initiatives for blocking off any relations with such groups, the KDDI Code of Business Conduct, which defines basic principles to be followed and enforced by all officers and employees, takes a firm stance against organized crime groups, rejecting any requests for illicit funds and refusing to comply with any demands.

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 granting 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.
The KDDI Code of Business Conduct defines rules that prohibit anti-com- petitive 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 to not engage in any activities that inhibit fairness, transparency or freedom of competition.

However, in March 2020, the Ministry of Internal Affairs and Communica-
tions gave KDDI and UQ 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 dis-
counted prices below the limit under the revised Telecommunications Business Act, effective in October 2019.

We have been taking measures to prevent similar practices from oc-
curring again, including further explanation of the revised Telecommunica-
tions Business Act to all distributors, online trainings for agencies’ staff, having persons in charge of the guidelines in place at distributors.

In fiscal 2019, there were no other legal actions against us concerning anti-competitive or monopolistic conduct.

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

Responsible Tax Practice

Basic Approach to Tax Practice

We at KDDI Group pursue the satisfaction and benefits of our customers while fulfilling our social responsibilities not only by complying with interna-
tional rules and applicable tax laws and regulations in all operating coun-
tries and regions, but also by complying with and following the spirit of the law and paying tax appropriately to engage in “tax fairness, and thereby strive to maximize shareholders’ value.”

In fiscal 2019, we paid 325,298 million yen of corporate income tax, which accounts for 3.1% of gross income.

KDDI Group submits the Securities Report after undergoing account-
ning audits by external accounting auditors and obtaining approval of the CFO (Executive Vice President, Representative Director / Executive Direc-
tor, Corporate Sector) and the President.

As KDDI Group businesses become increasingly multinational and have more international transactions, our top management, including the President, is working to develop and promote a tax strategy that properly recognizes international tax risks and regards such risk as an important is-
to our business partners to not engage in any activities that inhibit fairness, transparency or freedom of competition.

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 infrastruc-
ture, we have implemented supply chain risk management with all busi-
ness 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-exis-

To offer satisfactory services to our customers and achieve the sus-
tainable development of the company and society together with our busi-

ness 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, busi-

ness conditions, financial conditions, etc., of potential business partners using external investigative organizations, and if they meet a predeter-
minded standard, we open business with them. In case of a serious viola-
tion of compliance, such as those related to human rights, we deal with is-

sues, including conducting reviews of transactions, until corrective actions are completed.

Since fiscal 2018, we have conducted Responsible Procurement Sur-
veys targeting our tier-1 suppliers, through which we have surveyed on problems regarding responsible procurement, including human rights vi-
tions 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 sur-
veys 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.
Supply Chain Management

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). 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 96% of them.

To gradually improve our responsible procurement standards while maintaining stable procurement as a general telecommunications operator, we will further drive initiatives that are determined and redefined in the four newly set categories, namely “Maintain and improve communication with suppliers,” “Survey actual status of suppliers,” “Establish supply chain management (SCM) based on responsible procurement” and “Update rules and procedures.” Specifically, we will check the status of each supplier’s responsible procurement initiatives through a questionnaire, and take necessary measures to reduce risks, for example by conducting additional on-site research for suppliers with any risk from perspectives, such as human rights and labor, quality and safety, and environment.

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 use 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 au 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 data security audits at au Shops and provide feedback based on the audit results. In this way, we are working to raise security awareness among staff handling personal information and to improve the accuracy of operations.

Support for Distributors
We at KDDI support our main distributors in their various business activities. This includes our support when they open au Shops or move to new locations, in organizing staff, and in staff capacity building through various in-store staff training and qualification exams.

In agreement with distributors, KDDI requires them to have no involvement in anti-social forces, engage in fair trade practices and conduct proper business activities.

Major Education and Training Activities

<table>
<thead>
<tr>
<th>Target</th>
<th>Initiative details</th>
<th>Frequency</th>
</tr>
</thead>
<tbody>
<tr>
<td>For distributors’ management</td>
<td>Sales role-playing training sessions using examples of inappropriate conducts (expected good practices to be cascaded by distributors’ management to their staff)</td>
<td>Once a year</td>
</tr>
<tr>
<td>For in-store staff</td>
<td>E-learning “Compliance General Course” (Distribution of various training materials, examples of misconducts, etc.)</td>
<td>Once a year</td>
</tr>
<tr>
<td>For in-store staff</td>
<td>Awareness raising through Compliance Video</td>
<td>Once a year</td>
</tr>
</tbody>
</table>

Visit, exchange views with, and conduct inspection of tier-1 suppliers
We make sure that we visit a supplier’s worksite, exchange view and share information about responsible procurement initiatives in a bid to build a better partnership with the supplier. In fiscal 2019, we conducted inspections of a total of two companies. Using the KDDI Industrial Waste Management Guidelines, we hold regular inspections each year of the industrial waste management companies that we have consigned to dispose of our industrial waste. Additionally, once a year, we hold onsite checks of industrial waste companies that perform mobile phone disassembly. In fiscal 2019, we conducted inspections of a total of five companies. We inform each company of the results as feedback. If correction is necessary, we create an action plan and work on the improvement jointly with the company.
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

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

- Markets
  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.

- Action Guidelines
  1. We will strive to evaluate the quantitative impact of our activities as a company on the global environment, implement effective environmental protection programs and continuously improve these programs.
  2. We will strive to develop and offer services that reduce the environmental impact through the use of ICTs, creating an opportunity for our business growth.
  3. We will comply with environmental laws, ordinances and other regulations and requirements. In particular, we will promote measures to reduce our electricity consumption from the perspective of preventing global warming.
  4. We will strive to develop and offer services that reduce the environmental impact through the use of next-generation information technologies.
  5. We will contribute to the development of a recycling-oriented society by promoting measures to mitigate and reduce the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
  6. We will promote corporate purchasing policies that favor eco-friendly products and equipment.
  7. As a responsible corporate citizen, we will contribute to societal and local communities through activities that promote an affluent society that is in harmony with the environment.

Environmental Management

KDDI’s Approach (Environment)

Our attitude toward environmental conservation is defined in the KDDI Environmental Charter, which regulates the Manifesto (Approach to Global Environmental Problems), which is its highest concept, and the Action Guidelines for setting the direction of its concrete initiatives.

Climate 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.

- Our Risks and Opportunities from Regulations
  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.

- Our 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.

- Our Other Risks and Opportunities
  A lack of action against climate change can in itself be a business continuity risk of, for example, a decline in market competitiveness and in stakeholder trust. We have set long-term objectives to mitigate climate change, and believe that providing environmentally conscious services leads to business expansion and can also help achieve SDG 7: Affordable and clean energy and SDG 13: Take urgent action to combat climate change and its impacts.

Scope of Reporting on Environment-Related Information

- Message from Executive Officer of Sustainability
- Range of Environmental ISO Certification
- Environmental Accounting Scope of Calculation (Scope of Environmental Accounting)
- Environmental Impact Scope of Calculation (Environmental Impact of FY2019 Business Activities)

Message from Executive Officer of Sustainability

KDDI’s Commitment to Sustainability

Feature Article: KDDI Sustainable Action

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Environmental Management

Environmental Accounting Scope of Calculation (Environmental Impact of FY2019 Business Activities)

FY2020 Material KPIs

Moving Forward

Initiatives

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

KDDI’s Approach

- Zero emissions and 3Rs
- Reducing the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
- Developing and operating environmental management systems necessary to make continuous improvements in such environmental fields as energy conservation, resource conservation and waste reduction.
- Promoting communication through the appropriate disclosure of information.
- Promoting measures to mitigate and reduce the environmental impact of activities that necessarily entail mass consumption, such as the supply of mobile handsets.
- Promoting corporate purchasing policies that favor eco-friendly products and equipment.
Materiality 6

An Energy-Efficient, Circular Economy

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

Environmental Management

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

Management Structure

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.

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 were audited.

KDDI Group ISO 14001 Certification Acquisition

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 NISHINHOKKAI CORPORATION, Kokusai Cable Service Co., Ltd.
- 15 companies/organizations in total are certified

Net-zero CO2 Emissions by 2050

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.
Environmental Management

Compliance with Environmental Laws and Regulations

KDDI has met all the laws and regulations, with no violations reported in fiscal 2019. The rules and regulations include hazardous substance management, environmental impact assessments, and waste management laws.

Response to Law on Promoting Green Purchasing

KDDI has a management system to promote green purchasing and reduce environmental impact. The system targets products that meet the requirements of the Japanese government’s Law on Promoting Green Purchasing.

Appropriate Processing of PCB-containing Equipment

KDDI is responsible for the appropriate disposal of equipment containing PCBs, ensuring compliance with environmental laws and regulations.

Acquiring the Eco ICT Mark

KDDI has acquired the Eco ICT Mark to demonstrate its commitment to environmental protection.

Education and Awareness Raising for Employees

KDDI promotes awareness and training sessions for employees to understand and contribute to environmental conservation efforts.

Promoting Green Procurement

KDDI implement a procurement system that promotes the use of environmentally friendly products and services.

Cooperation with Business Partners

KDDI collaborates with business partners to reduce environmental impact through joint efforts.

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

<table>
<thead>
<tr>
<th>Assessment Items</th>
<th>Implementation, measures taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Has there been a voluntary ecological action plan stipulating various efforts directed at reducing CO2 emissions?</td>
<td>We have formulated and are implementing medium-term environmental conservation plans based on the KDDI Environmental Charter</td>
</tr>
<tr>
<td>2. Does the ecological policy include specific efforts stipulating numerical targets for the reduction of CO2 emissions?</td>
<td>The fourth environmental conservation plan (KDDI GREEN PLAN 2017-2020) included the following targets: 7% reduction in CO2 in FY2020 compared to FY2013, and a 50% reduction in CO2 in Japan, excluding the network</td>
</tr>
<tr>
<td>3. Are the company’s ecological policy and Eco ICT Guideline consistent?</td>
<td>We also provide e-learning programs and internal seminars for employees to understand the company’s policies</td>
</tr>
<tr>
<td>4. Has the company disclosed its general public activities and data such as CO2 emission reduction?</td>
<td>The progress toward the achievement of the trend targets for the medium-term environmental conservation plan is disclosed on the Sustainability Report and on the corporate website</td>
</tr>
<tr>
<td>5. In regard to ICT equipment and data center services, has the company prepared a procurement standard based on the KDDI Green Procurement Guidelines?</td>
<td>KDDI promotes green purchasing under the KDDI Sustainable Procurement Policy (KDDI Green Procurement Guidelines)</td>
</tr>
<tr>
<td>6. Are the company’s procurement standards consistent with the KDDI Green Procurement Guidelines?</td>
<td>The Sustainability Department was established</td>
</tr>
<tr>
<td>7. In relation to efforts to reduce CO2 emissions through energy conservation, has the company assigned a person or department to be responsible for such matters?</td>
<td>We monitor the implementation and the achievement level, conduct inspections and improve through internal audits under the Environmental ISO Management System</td>
</tr>
<tr>
<td>8. Is there a regime in place using internal audits or other means to keep appropriate track of the implementation of measures and achievement of targets set forth in the voluntary ecological action plan?</td>
<td>We are also engaged in improving the supply chain by dealing with Scope 3 and promoting LCA and in converting biodiversity</td>
</tr>
<tr>
<td>9. Are ecologically friendly efforts being made other than activities to save energy?</td>
<td>We consider the promotion of 3R (Reduce, Reuse, Recycle) to be also a significant issue and are committed to the following initiatives:</td>
</tr>
<tr>
<td>10. Is the company involved in ecological preservation activities in collaboration with local communities?</td>
<td>We implement environmental conservation activities across Japan, together with our employees and local stakeholders such as local authorities and NPOs</td>
</tr>
</tbody>
</table>

Environmental Conservation Activities by Employees

KDDI commits to sustainability, including environmental protection initiatives and training sessions for employees. The Sustainability Department was established to coordinate and manage these activities.

Environmental Performance (Recycling-Oriented Society)

KDDI is working on environmental conservation and promoting green purchasing to reduce CO2 emissions.

Promotion of the Act on Rational Use and Proper Management of Fluorocarbons

KDDI complies with the Act on Rational Use and Proper Management of Fluorocarbons to ensure proper management and disposal of fluorocarbon substances.

Promotion of the Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging

KDDI participates in activities to promote the promotion of sorted collection and recycling of containers and packaging.

Environmental Conservation Activities by Employees

KDDI employs measures to protect the environment, including energy conservation strategies and environmental audits.

KDDI’s Commitment to Sustainability

KDDI is dedicated to sustainability, with a focus on environmental conservation and promoting green purchasing.
Environmental Accounting

We have implemented environmental accounting since 2010 as an effective measure to quantitatively evaluate the costs and results of our environmental activities. We analyzed calculated costs and results to conduct more efficient environmental management.

KDDI's Material Sustainability Issues

Materiality

Environmental Performance

Most of our input energy is electric power for telecommunications facilities. Heavy (oil crude oil, light oil, diesel oil) and kerosene are input when testing emergency power generation facilities. Most water usage occurs in everyday business activities in the offices. We calculated greenhouse gas emissions in three areas, Scopes 1, 2 and 3 (all categories), and received third-party verification.

KDDI's Commitment to Sustainability

KDDI's Sustainable Action

Feature Article: KDDI Sustainable Action

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KDDI Sustainability Report 2020
KDDI’s Material Sustainability Issues

Environmental Performance

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></td>
<td>CO₂ emissions</td>
<td>CO₂ emissions</td>
<td>CO₂ emissions</td>
<td>CO₂ emissions</td>
<td>CO₂ emissions</td>
</tr>
<tr>
<td></td>
<td>t</td>
<td>%</td>
<td>t</td>
<td>%</td>
<td>t</td>
</tr>
<tr>
<td>Scope 1* All direct GHG emissions</td>
<td>5,344</td>
<td>0.10</td>
<td>5,365</td>
<td>0.09</td>
<td>5,834</td>
</tr>
<tr>
<td>Scope 2** 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>
<td>1,158,078</td>
</tr>
<tr>
<td>Category 1 Purchased goods and services</td>
<td>3,326,999</td>
<td>58.78</td>
<td>3,507,745</td>
<td>60.85</td>
<td>3,818,806</td>
</tr>
<tr>
<td>Category 2 Capital goods</td>
<td>776,711</td>
<td>14.10</td>
<td>815,899</td>
<td>14.15</td>
<td>828,675</td>
</tr>
<tr>
<td>Category 3 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>
<td>35,280</td>
</tr>
<tr>
<td>Category 4 Upstream transportation and distribution</td>
<td>7,370</td>
<td>0.13</td>
<td>8,706</td>
<td>0.15</td>
<td>12,101</td>
</tr>
<tr>
<td>Category 5 Waste generated in operations</td>
<td>681</td>
<td>0.01</td>
<td>583</td>
<td>0.01</td>
<td>1,043</td>
</tr>
<tr>
<td>Category 6 Business travel</td>
<td>4,837</td>
<td>0.09</td>
<td>5,314</td>
<td>0.09</td>
<td>6,327</td>
</tr>
<tr>
<td>Category 7 Employee commuting</td>
<td>4,574</td>
<td>0.08</td>
<td>4,642</td>
<td>0.08</td>
<td>4,332</td>
</tr>
<tr>
<td>Category 8 Upstream leased assets</td>
<td>1,350</td>
<td>0.03</td>
<td>1,259</td>
<td>0.02</td>
<td>1,092</td>
</tr>
<tr>
<td>Category 9 Downstream transportation and distribution</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Category 10 Processing of sold products</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Category 12 End-of-life treatment of sold products</td>
<td>886</td>
<td>0.02</td>
<td>363</td>
<td>0.01</td>
<td>426</td>
</tr>
<tr>
<td>Category 13 Downstream leased assets</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Category 14 Franchises</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Category 15 Investment</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4,425,088</td>
<td>80.36</td>
<td>4,697,389</td>
<td>81.48</td>
<td>4,903,377</td>
</tr>
</tbody>
</table>

* heavy oil (crude oil, diesel, kerosene, etc.)
** Emissions from power consumption: conversion coefficient of 0.555kg-CO₂/KWh (Emissions from heat, steam and hot and chilled water consumption are excluded.)
*** Uses emission coefficients indicated in Japan’s Ministry of the Environment’s Overview of Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.
Material Sustainability Issues

KDDI Activity & Materiality

Environmental Performance

Environmental Impact Data

<table>
<thead>
<tr>
<th>KDDI</th>
<th>Activity &amp; Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>FY2016</td>
</tr>
<tr>
<td>Greenhouse gas emissions*</td>
<td>1,923,115</td>
</tr>
<tr>
<td>CO2 emissions per user</td>
<td>5.711,644</td>
</tr>
<tr>
<td>CO2 emissions per unit of electricity</td>
<td>0.555kg-CO2/kWh</td>
</tr>
<tr>
<td>Power consumption</td>
<td>Unit: MWh</td>
</tr>
<tr>
<td>Electric power consumption per subscriber</td>
<td>Unit: MWh</td>
</tr>
<tr>
<td>Fuel consumption</td>
<td>Unit: kiloliter</td>
</tr>
<tr>
<td>Paper usage</td>
<td>Unit: ton</td>
</tr>
<tr>
<td>Water usage</td>
<td>Unit: 1,000 m³</td>
</tr>
<tr>
<td>Industrial waste</td>
<td>Unit: ton</td>
</tr>
<tr>
<td>Number of mobile phones and other devices collected by KDDI</td>
<td></td>
</tr>
<tr>
<td>Mobile phones</td>
<td>Unit: 10,000 devices</td>
</tr>
<tr>
<td>Batters</td>
<td>Unit: 1,000 devices</td>
</tr>
<tr>
<td>Chargers</td>
<td>Unit: 10,000 devices</td>
</tr>
<tr>
<td>Energy usage at equipment-related facilities</td>
<td>Unit: MWh</td>
</tr>
<tr>
<td>Paper usage</td>
<td>Unit: kiloliter</td>
</tr>
<tr>
<td>Water usage</td>
<td>Unit: 1,000 m³</td>
</tr>
<tr>
<td>Industrial waste</td>
<td>Unit: ton</td>
</tr>
</tbody>
</table>

Implementation of Life Cycle Assessments (LCA)

We are working on LCAs that assess environmental impact by calculating CO2 emissions throughout 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. The environmental impact from disposal and recycling are included in environmental impact from manufacture.

Environmental Impact of “au”

Annual CO2 emissions per year (kg)

<table>
<thead>
<tr>
<th>KDDI</th>
<th>Activity &amp; Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>FY2016</td>
</tr>
<tr>
<td>CO2 emissions per “au”</td>
<td>62.8</td>
</tr>
</tbody>
</table>

Environmental Impact of “au Hikari”

Annual CO2 emissions per year (kg)

<table>
<thead>
<tr>
<th>KDDI</th>
<th>Activity &amp; Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2015</td>
<td>FY2018</td>
</tr>
<tr>
<td>CO2 emissions per “au Hikari” user</td>
<td>140</td>
</tr>
</tbody>
</table>

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.

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.
An Energy-Efficient, Circular Economy

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 power, and power generated by natural energy sources such as wind.

Tribrid base stations 100 stations in Japan

Implementation of 24-hour-life batteries 22,000 stations in Japan

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 environment impact at 12 maintenance bases throughout Japan as a substitute for the power supply vehicles used in the past to power mobile

Power supply vehicles 6.3 t of fuel consumed per time CO2 emissions: 27.5 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 kWh wireless device power consumption.

External Recognition

Promotion of Mobile Phone Recycling

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 unused equipment and structural materials into resources. In fiscal 2019, we recycled deteriorated storage batteries installed 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>KDDI Activity &amp; Results</th>
<th>KDDI Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing paper by putting bills on the Web</td>
<td>FY2019 Results</td>
<td>4,207t</td>
</tr>
</tbody>
</table>

KDDI's Material Sustainability Issues

Materiality

Results

KDDI

FY2019 Material KPI Results

FY2020 Material KPIs

Materiality 1

Materiality 2

Materiality 3

Materiality 4

Materiality 5

Message from Executive Officer of Sustainability

KDDI's Material Sustainability Issues

FY2019 Material KPI Results

FY2020 Material KPIs

Materiality 1

Materiality 2

Materiality 3

Materiality 4

Materiality 5

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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.

Performance in FY2019

Collection performance* 2,790,000 units

Recycling rate (mobile phones) 99.8%

* Includes main bodies, batteries and chargers

Collection of used mobile phones

Dismantling new products supplied to customers

Display recycling plant

Recycling plants (KDDI Challenge, etc.)

Dismantling conducted in respective plants

Recycling plant

Expanding Employment Opportunities and Advancement of Persons with Disabilities

KDDI Sustainability Report 2020
Materiality 6

An Energy-Efficient, Circular Economy

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

Environmental Performance

Approach to Water Use

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 Conservation Divination, Protecting Resources Recycling, and Promoting Recycling of Resources. Based on this, we continue our activities on various opportunities.

KDDI Action Guidelines on Biodiversity Conservation
- Environment protection in Business Activities
- Collaboration and Cooperation with Related Organizations
- Promoting 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 monitor and protect submarine cables, which connect continents, to conduct biological observations of endangered Ganges River dolphins, collaborating with the University of Tokyo Institute of Industrial Science, the Kyoto Institute of Technology, the Indian Institute of Technology Delhi and WWF-India. The research aims to catch the ultrasound waves the dolphins emit to determine their surrounding environment in murky waters with underwater microphones 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 NGOs, the regional offices are actively engaged in local environmental conservation.

Hokkaido Branch
- Hokkaido Coastal forest restoration to prevent damage to beaches from tsunamis
- Hokkaido: Participation in forest conservation activities at the foot of Mt. Tarumae

Hokkaido
- Toyo Prefecture: Participation in forest conservation activities at Mt. Takao
- Yamanashi Prefecture: Participation in Mt. Fuji Reforestation Project led by OSICA

Hokuriku Branch
- Toyama Prefecture: Participation in the Greenway and Satoyama Forest Tree Reforestation Activities in Tanba-yachi-cho, Tateyama-machi
- Ishikawa Prefecture: Promotion of afforestation activities on the site of the former Ooike Beach Park

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

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

Shikoku Branch
- Kagawa Prefecture: Participation in Onoseyama afforestation activities held by OSICA

Kansai Branch
- Kyoto Prefecture: Promotion of forest conservation activities in Mt. Tatsuno
- Wakayama Prefecture: Promotion of road repair activities for the world heritage site Kumano Kodo pilgrimage routes
- Hyogo Prefecture: Promotion of environmental conservation activities for stork habitat in Toyooka City

Performance in FY2019

<table>
<thead>
<tr>
<th>Environmental conservation activity</th>
<th>Total participants</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>4,582</td>
</tr>
</tbody>
</table>

Message from Executive Officer of Sustainability

KDDI’s Commitment to Sustainability

Feature Article: KDDI Sustainable Action

Top Message

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FY2019 Material KPI Results

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Corporate Governance

KDDI’s Approach and Guidelines on Corporate Governance

As a telecommunications company that offers social infrastructure, we have an important social mission of seamlessly offering stable communication services at all times under any circumstance. We also recognize our social responsibility to resolve various social issues through our telecommunications business, which relies on precious assets shared by all citizens, including mobile phone signals and radio waves. In order to fulfill this social mission and honor this responsibility, it is essential for us to achieve sustainable growth and enhance our corporate value over the medium to long term. We aim to contribute to developing a safe and truly connected society by tackling social issues through dialogues and co-creation with all our stakeholders, including customers, shareholders, business partners, employees and local communities. We believe reinforcing corporate governance is key to our sustainable growth and increased corporate value over the medium to long term. We adhere to Japan’s Corporate Governance Code and strive to enhance a framework that 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 continue to raise awareness of this philosophy throughout the group.

By proactively adhering to Japan’s Corporate Governance Code and practicing the KDDI Group Philosophy, which we consider inseparable from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

Corporate Governance Report

Corporate Governance 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 effective and efficient business operations. We are also working to establish a framework for internal decision making to ensure timely management decisions. We have 14 directors (13 male, one female), including five outside directors, three of whom are independent directors. There are five Audit & Supervisory Board members (all male), including three outside members, and all outside members are appointed as independent 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 in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and other workplaces. We also provide two reports every year on corporate ethics and risk management activities. To enable more thorough information gathering capabilities while maintaining the independence of Outside Directors, we hold regular liaison meetings between Outside Directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to Outside Directors. To bolster information exchanges and sharing between Outside Directors, we hold liaison meetings with outside directors on business strategies with Outside Directors and part-time Audit & Supervisory Board members. We aim to raise the effectiveness of the Board of Directors supervision of management and to investigate and implement strategies at board meetings by providing a deeper understanding of our business through these initiatives.

Criteria for Independence of Outside Directors / Auditors

In addition to the requirements in the Companies Act and the standards provided by the Tokyo Stock Exchange, Inc., we have formulated our own standards for judging the independence of outside directors / auditors. Specifically, we consider those belonging to business partners that account for 1% or more of the company’s consolidated net sales or orders placed not independent.

Directors and Board of Directors

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.

Board of Directors FY2019 Meetings

<table>
<thead>
<tr>
<th>Evaluation of the Board of Directors’ Effectiveness</th>
<th>Purpose of Conducting</th>
<th>Evaluation Process</th>
<th>Moving Forward</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluation Process</td>
<td>We assess the effectiveness of the Board of Directors based on an evaluation by the directors and Audit &amp; Supervisory Board members themselves. The evaluation questionnaire combines a four-grade rating scale and free writing so that the effectiveness of the board’s initiatives are assessed and matters to be improved are identified from two perspectives: quantitative and qualitative. The evaluation covers the most recent one year and is conducted annually. The results of the evaluation are reported back to the Board of Directors to discuss future measures. The main evaluation items are as follows: Operation of the Board of Directors (composition of members, documents and explanations, provision of information, etc.) Supervision of Executives (conflict of interest, risk management, management of subsidiaries, etc.) Medium- to long-term discussions (review of medium-term business planning, monitoring of plan enforcement, etc.)</td>
<td>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.</td>
<td>While telecommunications remains our core business, the scale of our company continues to grow in multiple directions as we expand into other industries and fields. We determined that in doing so, it is particularly important to monitor our subsidiaries to raise the overall corporate value of KDDI Group. We will continue to discuss how to monitor subsidiaries as necessary and in an appropriate manner to further enhance supervision as a group.</td>
</tr>
</tbody>
</table>
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 on important items concerning auditing operations. In selecting outside auditors, we ensure their ability to perform audits by following a wide range of measures that ensure the independence 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, members of the Audit and Supervisory Division, and the Internal Audit Division provide the auditors with the information and materials that they require to perform their duties as prescribed in the Internal Audit Act and if there is any matter that particularly requires their attention.

In addition, immediately after the end of each annual accounting period, auditors are required to report the audit plan as well as the progress and results of the auditing and evaluation opinions of each other as necessary. The Audit & Supervisory Board also supervises the duties of the 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.

Nomination Advisory Committee composition

Chair: Keiji 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: Keiji 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 meeting. The committee discussed the nomination of candidates at the Annual 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.

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 sustainability. We collaborate with our group companies to maintain their governance through various systems and frameworks in order to enforce the governance of the whole KDDI Group.

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.

Nomination and Election Procedures for Directors

(1) Select candidates based on the above criteria
(2) Deliberate their nomination at a Nomination Advisory Committee meeting
(3) Approve them at a Board of Directors meeting
(4) Elect them at the General Meeting of Shareholders

Nomination and Election Procedures for Audit & Supervisory Board Members

(1) Select candidates based on the above criteria
(2) Deliberate them at an Audit & Supervisory meeting and gain approval
(3) Deliberate them at a Nomination Advisory Committee meeting
(4) Approve them at a Board of Directors meeting
(5) Elect them at the General Meeting of Shareholders

Consideration Criteria for Termination

(1) When the performance of a business that a director is responsible for the achievements of a department or a position is significantly impaired.
(2) When the company is determined by a major dispute or intentional violation of a law, regulation or the Articles of Incorporation in their execution of duties
(3) When the company’s credit and reputation are significantly damaged by the inappropriate seeking of personal gain through the abuse of position or authority
(4) When the company’s determination to keep a director is not appropriate

Termination Procedures for Directors

(1) After deliberations at the Nomination Advisory Committee meeting, the Board of Directors deliberates the matter as needed and implements necessary measures for termination.

Corporate Governance

Policy & System

Appointment and Selection Standards

Director candidates: Meet one or more of the following criteria
- Have specialized knowledge and experience in each business field
- Have specialized knowledge or management knowledge suitable for a supervisor
- Have a high degree of independence

Audit & Supervisory Board member candidates:
- Have a wealth of experience and broad knowledge that will enable more appropriate audits and oversight of overall management from a position that is independent from directors

For both types of candidates:
- Have the character suitable for being a Board member, have high ethical standards and not be self-serving

KDDI’s Sustainability Committee

Policies and Procedures when the Board of Directors Appoints Candidates for Director or Audit & Supervisory Board Member Positions

Feature Article: KDDI Sustainable Action

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### Corporate Governance

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

#### Determination of Board Member Remunerations

A remuneration standard for directors and supervisory board members is determined by the Board of Directors after considering remuneration structure and objective related to the role and responsibility given to each executive. Performance-linked stock compensation was introduced in fiscal 2015 for directors involved in conducting business to raise their motivation for improving medium- to long-term business 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 are 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 shareholder value.

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

- **Basic remuneration**
- **Stock price-linked bonus**
- **Performance-linked stock compensation**
- **Performance-linked stock compensation**

Furthermore, the link between board member remunerations and performance stock price are defined by each executive’s position, role, and responsibilities and are directly linked to increases in shareholder value. The following are the four types of remunerations for directors involved in conducting business.

- **Basic remuneration**
- **Stock price-linked bonus**
- **Performance-linked stock compensation**

**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 stock price at end of current fiscal year / TOPIX stock price at end of previous fiscal year) and rate of stock price change.

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

- **Basic remuneration**
- **Stock price-linked bonus**
- **Performance-linked stock compensation**

**Policies for Determining Remuneration for Audit & Supervisory Board Members**

Remuneration for Audit & Supervisory Board members is determined by the constitution of the Audit & Supervisory Board. These members receive flat-rate remuneration that is not affected by fluctuations in the company’s operating performance.

**Remuneration for Directors and Audit & Supervisory Board Members (FY2019)**

<table>
<thead>
<tr>
<th>Executive classification</th>
<th>Total remuneration (Unit: million yen)</th>
<th>Basic remuneration</th>
<th>Bonus</th>
<th>Stock compensation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors (13) including 3 Outside Directors</td>
<td>2,004.3</td>
<td>1,044.8</td>
<td>759.5</td>
<td>199.0</td>
</tr>
<tr>
<td>Executive Officers, 50 officers and administrative officers</td>
<td>1,282.7</td>
<td>352.9</td>
<td>860.7</td>
<td>-</td>
</tr>
</tbody>
</table>

- **Basic remuneration**
  - 860.7 million yen (including 3 Outside Directors and 10 Executive Officers)
- **Stock compensation**
  - 199.0 million yen (including 3 Outside Directors and 10 Executive Officers)

**Outside Director Support System**

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

**Corporate Governance**

We consider our shareholders and investors to be especially important stakeholders who fully understand and strongly support our business sustainability. Accordingly, we put the most emphasis on building trust-based relations with them in our management and strive for value-oriented corporate management, active information disclosure, and maintaining the independence of Outside Directors. As part of our ongoing effort to improve communication, we hold quarterly presentation sessions, where the management team presents the company’s financial results directly. In addition, we organize private meetings and small-scale meetings with investors both from Japan and abroad, attend various conferences hosted by securities firms and hold seminars for private investors.

**FY2019 Results**

- Financial Results Briefing for Analysts and Institutional Investors: 4 times (held with the quarterly financial disclosure)
- International roadshows: 10 times (including participation in 3 conferences sponsored by securities firms)
- Session with institutional investors in Japan and abroad: Approximately 750 times
- Seminar for private investors: Management conducted both online and in-person seminars. Around 1,000 investors participated (listened).

**Utilizing the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights**

- Early disclosure of General Meeting of Shareholders notice and minutes: We send a notice around one week before the date on which the notice is disclosed on our website.
- Scheduling to avoid days when executives are unavailable: To facilitate shareholders holding their shareholders’ meetings.
- Electronic voting system: Shareholders can exercise their voting rights via an online voting system. From the 2019 General Meeting of Shareholders, we introduced a system where shareholders can log in to the online voting site using a QR code that is sent to the shareholders in advance of the meeting.
- Participating in an electronic voting platform provided by private investment banks: We have joined the electronic voting platform provided by Nomura Securities.
- English version of conviction notice: We publish a full English translation of the conviction notice on our website.
- Corporate Governance Report: The 36th Annual General Meeting of Shareholders Notice
**Corporate Governance**

### Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members

#### Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for selection as an outside director of the company (if designated as an independent director includes reason for this designation)</th>
<th>Principal activities in FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goro Yamaguchi</td>
<td>Mr. Yamaguchi has an abundant wealth of corporate management experience and excellent knowledge cultivated as the president and CEO of the one of the world’s leading electronic component and equipment manufacturers. In the Board of Directors meetings, the company has received a large number of broad opinions related to business administration and operations from him on a medium- to long-term perspective and has determined that he can contribute to improving the corporate value of the company. Accordingly, he has been appointed as an outside director.</td>
<td>Board of Directors 100% (Attended 12 of 12 meetings)</td>
</tr>
<tr>
<td>Koji Yamamoto</td>
<td>Mr. Yamamoto has abundant knowledge cultivated in IT and development and electronics engineering divisions and abundant corporate management experience as a manager at one of the world’s leading automobile manufacturers. The company has determined that he can contribute to improving the corporate value of the company by giving broad opinions on promoting SG and IT strategy, etc. from a medium- to long-term perspective, and for these reasons he has been reappointed as an independent director.</td>
<td>Board of Directors 100% (Attended 10 of 10 meetings)</td>
</tr>
<tr>
<td>Shigeki Ohya (Independent director)</td>
<td>Mr. Ohya has a wealth of financial management experience and excellent knowledge cultivated as the president of one of the world’s leading companies in the fields of synthetic fibers, chemical products, medicines and medical treatment, and distribution and retail. The Company determined that he can contribute to improving the corporate value of the Company by giving broad opinions from a medium- to long-term perspective, especially focusing on the Field of Life Design business that the Company will promote in the future, global strategy, and M&amp;A. Accordingly, he 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.</td>
<td>Board of Directors 100% (Attended 12 of 12 meetings)</td>
</tr>
<tr>
<td>Ryos Kano (Independent director)</td>
<td>Ms. Kano has abundant experience and superior knowledge, cultivated as a partner at a law firm and a committee member of government committees. The Company has determined that she can contribute to improving the corporate value of the Company by giving technical opinions related to legal risk management from her experience based on a medium- to long-term perspective independent of the management team, and for these reasons she has been selected as an outside director. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been reappointed as an independent director.</td>
<td>Board of Directors 100% (Attended 10 of 10 meetings)</td>
</tr>
<tr>
<td>Shigeki Goto (Independent auditor)</td>
<td>Mr. Goto has abundant superior knowledge in information processing, telecommunications and networks environment, which is directly relevant to the business of the Company, as well as a deep understanding of cyber security that is valuable for the operation of our business. In the Board of Directors meetings, he has offered expert opinions from an independent position from the management team regarding operational policy as an information communications operator providing social infrastructure, taking a medium- to long-term perspective. We wish to benefit from his contributions to the enhancement of the Company’s corporate value. Accordingly, he 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.</td>
<td>Newly Appointed (June 17, 2020)</td>
</tr>
</tbody>
</table>

The activities of Outside Directors who left at the end of the 36th Annual Shareholders Meeting are as follows.

#### Outside Audit & Supervisory Board members

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for selection as an outside Audit &amp; Supervisory Board member of the company (if designated as an independent member includes reason for this designation)</th>
<th>Principal activities in FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toshik Lee Matsumiya</td>
<td>Mr. Matsumiya has abundant experience as a Certified Public Accountant, as an auditor of an auditing company, as the representative of an accounting firm and as an auditor for other companies. From the perspective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit &amp; Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general share-holders and accordingly he has been appointed as an independent director.</td>
<td>Newly Appointed (June 17, 2020)</td>
</tr>
<tr>
<td>Jun-Karube</td>
<td>Mr. Karube has cultivated abundant experience as a representative director of a listed company. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit &amp; Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general share-holders and accordingly he has been appointed as an independent director.</td>
<td>Newly Appointed (June 17, 2020)</td>
</tr>
<tr>
<td>Shin Hondo</td>
<td>Mr. Hondo has cultivated abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit &amp; Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general share-holders and accordingly he has been appointed as an independent director.</td>
<td>Newly Appointed (June 17, 2020)</td>
</tr>
</tbody>
</table>

### Composition of Board of Directors

#### Executive of Business: 9 persons

- Chair
- Internal Directors
- Outside Directors
- Audit & Supervisory Board Members

#### Non-execution of Business: 10 persons

- Executive of Business
- Audit & Supervisory Board Members

### Diversity and Expertise of the Outside Directors

<table>
<thead>
<tr>
<th>Name</th>
<th>Position in the Company</th>
<th>Experience as president of a listed company</th>
<th>Expertise in the telecommunications field</th>
<th>Expertise in tax, accounting or government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goro Yamaguchi (Kyocera Corporation)</td>
<td>Outside directors</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Koji Yamamoto (Toyota Motor Corporation)</td>
<td>Outside directors</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Shigeki Ohya (Tokin Limited)</td>
<td>Outside directors</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Ryos Kano (Sanyo)</td>
<td>Outside directors</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Shigeki Goto (Sanyo Electric)</td>
<td>Outside directors</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Toshik Lee Matsumiya (Certified Public Accountant)</td>
<td>Outside Audit &amp; Supervisory Board members</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Jun-Karube (Toyota Tsusho Corporation)</td>
<td>Outside Audit &amp; Supervisory Board members</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
<tr>
<td>Shin Hondo (Ministry of Land, Infrastructure, Transport and Tourism)</td>
<td>Outside Audit &amp; Supervisory Board members</td>
<td>★</td>
<td>★</td>
<td>★</td>
</tr>
</tbody>
</table>

**Total:**
- Outside Director
- Outside Audit & Supervisory Board Member
Risk Management

In the ever-changing business environment, the risks that companies face are increasingly diverse and complicated. We define factors and events that negatively influence the achievement of our business goals as risks, and consider enforcing risk management initiatives throughout the KDDI Group.

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.

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.

In order to prevent critical events for the company, we at KDDI consider it 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.

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.

Corporate Governance | Risk Management | Customer Relationship Management | Brand Management
---|---|---|---
KDDI Group 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 Law, we have established an Internal Control System at a meeting of the Board of Directors. In addition to that, 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>System failures due to natural disasters and other unforeseen events</td>
<td>Natural disasters, such as earthquakes, typhoons, or floods, as well as secondary damage (pandemics) from the spread of toxic substances caused by natural disasters</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>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 refund</td>
</tr>
<tr>
<td>Protection of confidentiality of communications and customer privacy</td>
<td>Internal privacy breaches</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Service outages or interruptions as a result of large-scale natural disasters or accidents caused by climate change, etc.</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
</tr>
<tr>
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<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Worldwide spread of an infectious disease (pandemic)</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
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</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>War, terrorism, accidents, or other unforeseen events</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Power brownouts or blackouts</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
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</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Computer viruses or other forms of cyber-attack and hacking</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
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</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Operation system hardwares or software failures</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
</tr>
<tr>
<td>System failures due to natural disasters and other unforeseen events</td>
<td>Flaws in communication equipment and services</td>
<td>Could have a negative impact on the financial position and / or earnings performance of the KDDI Group</td>
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</tr>
</tbody>
</table>

Initiatives in Response to the Internal Control Reporting System (J-SOX)

In response to the internal control reporting system based on the Financial Instruments and Exchange Law implemented in fiscal 2009, we conducted evaluations of the internal controls at KDDI and 10 major group subsidiaries (totally 11 companies) in and outside Japan to ensure reliability of our financial reporting. The results of these evaluations were compiled in an internal control report, which was submitted to Japan’s Prime Minister in June 2020, as well as disclosed to investors.

Activities to Enhance Operational Quality

In conjunction with the internal control reporting system, we established an Internal Control Department that promotes initiatives for improving the overall operational quality of the whole company, and Internal Control System Managers in each department facilitate initiatives that enhance the efficiency and standardization of operations to do so.

Initiatives that are successful at improving business operations are added to a database, enabling all employees to put them into practice in their own departments. Furthermore, to further raise each employee’s awareness and motivation regarding the improvement of operations, we have introduced the Operational Quality Improvement Prize to recognize excellent and ambitious initiatives. In addition, we have started working on the introduction of robotic process automation (RPA) across the company as a way of improving operational quality, productivity, and efficiency at the same time, starting with the preparation of the RPA system environment and education programs.

Activities to Enhance Operational Quality
- e-learning training
- Sharing messages from executive officers and good examples of initiatives in e-mail newsletters and internal magazines
- Implementation of Operational Quality Improvement Prize (Once a year)
Customer Relationship Management

We will continue aiming to achieve sustainable business growth by enhancing customer engagement and actively breaking ground in new life design fields, especially those related to telecommunications. To better understand the needs of our customers and provide more fulfilling and convenient lifestyles, we aim to further improve customer experience (CX) and provide customers with exciting experiences by expanding our life design services into areas like commerce, energy, finance and entertainment, focusing on our existing communication services.

To that end, we aim 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.

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Customer Satisfaction Improvement System

KDDI Policy & System

KDDI

• Organized seminars to share the latest trends in ICT solutions
• Offered opportunities for people to experience “design thinking,” a problem solving method, at KDDI DIGITAL GATE
• Convened meetings for our dedicated customer care team members to discuss how to solve problems throughout the company
• Formed a cross-departmental team to improve the satisfaction of all customers

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KDDI

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• Formed a cross-departmental team to improve the satisfaction of all customers

Collecting Customer Feedback

KDDI

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).

Other Initiatives

KDDI

• KDDI Enterprise Users’ Group
• KDDI Enterprise Users’ Group (KUG) is an organization operated by our corporate customers. In KUG, which KDDI supports as the organizer, members from various industries gather and hold seminars, observation tours and workshops in order to interact, study and cultivate friendships. These activities also provide opportunities for KDDI to collect opinions and feedback from members to improve services and develop new products.

KDDI Enterprise Users’ Group (KUG) is an organization operated by our corporate customers. In KUG, which KDDI supports as the organizer, members from various industries gather and hold seminars, observation tours and workshops in order to interact, study and cultivate friendships. These activities also provide opportunities for KDDI to collect opinions and feedback from members to improve services and develop new products.

Ensuring Multilingual Support at au Shops

KDDI

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

KDDI

Improvement Initiatives (Japanese only)

• Promoting introduction of video interpretation service in 13 languages English, Chinese, Portuguese, Korean, Vietnamese, Tagalog, Spanish, French, Thai, Nepalese, Hindi, Russian and Indonesian

Services That Have Come From Customer Feedback (Japanese only)

• Translating various sales tools
• Making au Support Movies

Making au Support Movies

Made videos in English to provide information on au services and answer frequently asked questions.

Initiatives for Corporate Customer Satisfaction

KDDI

Right now, KDDI’s many corporate customers are promoting digital transformation (DX) to grow their businesses. To respond to the diversified and sophisticated needs of such customers, KDDI is committed to its policy of “creating new value through DX together with our customers.” To this end, we strive to communicate closely with our customers and look at matters from their perspectives in an effort to help turn their DX visions into reality.

KUG: KDDI Enterprise Users’ Group

KDDI Enterprise Users’ Group (KUG) is an organization operated by our corporate customers. In KUG, which KDDI supports as the organizer, members from various industries gather and hold seminars, observation tours and workshops in order to interact, study and cultivate friendships. These activities also provide opportunities for KDDI to collect opinions and feedback from members to improve services and develop new products.

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 at au Shops

KDDI

Our multilingual support services offer interpretation and information in seven languages: English, Chinese, Portuguese, Korean, Vietnamese, Tagalog and Spanish. We offer a membership-based support service offering tailored support for customers using smartphones at au Shops and holds the Customer Service Contest in local areas (DX) to grow their businesses.

KDDI Enterprise Users’ Group (Japanese only)

• Multilingual Support Initiatives at au Shops

Multilingual Support Initiatives at au Shops

KDDI

au Support Movies

Movies explaining how to use smartphones and popular apps in video form

au Smart Support

We offer a membership-based support service offering tailored support for customers using smartphones

au Shop inquiries

Improving customer experience

Improvement of service quality, response time, etc.

au Shop services

We provide a variety of services at au Shops, including new device sales, connections, and advice on new services.

au Shop

We provide a variety of services at au Shops, including new device sales, connections, and advice on new services.

au Smart Support

We offer a membership-based support service offering tailored support for customers using smartphones

au Smart Support

We offer a membership-based support service offering tailored support for customers using smartphones

au Support Mobile

au Support Mobile

We offer a membership-based support service offering tailored support for customers using smartphones

KDDI Enterprise Users’ Group (Japanese only)

• Multilingual Support Initiatives at au Shops

Customer Satisfaction Survey

KDDI

Assessments of au Services in the Consumer Market

KDDI

Consultations

Evaluation

J. D. Power: 2019 Business Mobile Phone Service Satisfaction Study

Ranked highest in overall satisfaction (four consecutive years)

J. D. Power: 2019 Business Network Service Satisfaction Study

Ranked highest in overall satisfaction (four consecutive years)

J. D. Power: 2019 Business Mobile Phone Service Satisfaction Study (Large Enterprise / Midsize Business Segments)

Ranked highest in overall satisfaction (four consecutive years)

J. D. Power: 2019 Business Network Service Satisfaction Study (Large Enterprise Business Segments)

Ranked highest in overall satisfaction (seven consecutive years)

Assessments of KDDI Services in the Corporate Market

KDDI

Consultations

Evaluation

J. D. Power: 2019 Business Mobile Phone Service Satisfaction Study

Ranked highest in overall satisfaction (four consecutive years)

J. D. Power: 2019 Business Network Service Satisfaction Study (Large Enterprise Business Segments)

Ranked highest in overall satisfaction (seven consecutive years)
**Brand Management**

**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 Misleading Representations as well as voluntary standards and guidelines on placement of telecommunications services advertisements, to avoid interfering in the autonomous and rational choice of customers by unfair enticement.

When creating an advertisement, each department shares detailed information about the purpose of the advertisement and the details of the product or service. The created advertisement is inspected at each department before it is submitted to the review department for final approval. As a rule implemented since 2013, advertisements cannot be used without passing the final review. We select media that can be effective points of contact for communication with customers, as well as being cost effective.

**FY2019 Violation of Regulations**

There were no violations of any regulations related to marketing or communication (the Act against Unjustifiable Premiums and Misleading 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**

- Formulates communication plans
- Promotes communication activities
- Develops brands/ manages trademarks
- Increases engagement with My au
- Manages owned advertising websites

**Starting and Brand Building Efforts**

**Starting in January 2016, we rolled out the Santaro TV commercial series, and from January 2016, we rolled out “too sophisticated Takasugi-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 Sophis ticated Takasugi-kun” Series)

- OM 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>Sponsorship Details</th>
<th>KDDI Action &amp; Results</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Soccer</strong></td>
<td>As a supporting company of Japan’s national soccer teams, we support all the soccer teams representing the country, including the Samurai Blue (men’s team) and Nadeshiko Japan (women’s team). We also sponsor the J.League teams Kiyosu Sanga F.C. and Nagoya Grampus.</td>
</tr>
<tr>
<td><strong>Baseball</strong></td>
<td>We support baseball as a sponsor of the Yokohama DeNA BayStars.</td>
</tr>
<tr>
<td><strong>Sport climbing</strong></td>
<td>As the official sponsor of the sport climbing category of the Japan Mountaintreering and Sport Climbing Association, we support sport climbing and sponsor “Team au,” made up of five climbers.</td>
</tr>
<tr>
<td><strong>Motor sports</strong></td>
<td>We sponsor the TGR Team au Tom’s in Japan’s biggest GT race, the Super GT.</td>
</tr>
<tr>
<td><strong>E-Sports</strong></td>
<td>E-sports are growing in popularity around the world, and we support the spread of e-sports in Japan as the official sponsor of the Japan eSports Union, and as a sponsor of the pro team DetonatioN Gaming as well as various e-sports competitions and events.</td>
</tr>
<tr>
<td><strong>UNIVAS</strong></td>
<td>We support the promotion and development of university esports as a sponsor of the University Association for University Athletics and Sport (UNIVAS).</td>
</tr>
<tr>
<td><strong>Sports of Heart</strong></td>
<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>
<tr>
<td><strong>Tokyo Jazz Festival</strong></td>
<td>We sponsored Japan’s biggest jazz festival, the 18th Tokyo Jazz Festival 2019.</td>
</tr>
<tr>
<td><strong>Kirishima International Music Festival</strong></td>
<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>
Stakeholder Engagement

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>
</tbody>
</table>
| 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, IIRC, ISO 26000 and other global sustainability standards, JIS Z 26000, Environmental Reporting Guidelines, Guidance for Collaborative Value Creation and other domestic standards; and checklists that consist of questions we receive from investors. With these, we create and implement policies for assessing our current conditions and addressing management issues.

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

Participation in External Initiatives

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Standardization of Telecommunications (ITU-R) (Radio Sector)</td>
<td>• WRC-19 COM1 Chair (World Radiocommunication Conference: satellite matters, etc.)</td>
</tr>
<tr>
<td></td>
<td>• SDOA Vice-Chair (Satellite-Communications)</td>
</tr>
<tr>
<td>ITU-T (Standardization Sector)</td>
<td>• SG20 Chair (Rates &amp; Policy)</td>
</tr>
<tr>
<td></td>
<td>• SG3 Chair (Service &amp; System Aspects)</td>
</tr>
<tr>
<td></td>
<td>• ITU-T COM6 Chair (Video Transmission &amp; CATV)</td>
</tr>
<tr>
<td></td>
<td>• ITU-T COM7 Chair (Security)</td>
</tr>
<tr>
<td></td>
<td>• ITU-R Radio Regulations 5 Chair (Third Generation Partnership Project)</td>
</tr>
<tr>
<td></td>
<td>• SA (Policy &amp; System Aspects)</td>
</tr>
<tr>
<td>Building a Safe and Secure Society</td>
<td>jpa Chair / Director</td>
</tr>
<tr>
<td>Japan/Smartphone Security Association (JSSD)</td>
<td>jpa Chair / Director</td>
</tr>
<tr>
<td>Conservation of the Global Environment</td>
<td>Head of Council</td>
</tr>
<tr>
<td>ICT Ecology Guideline Council</td>
<td>Head of Council</td>
</tr>
<tr>
<td>Promotion of Diversity and Inclusion</td>
<td>Head of Council</td>
</tr>
<tr>
<td>NPO J-Win</td>
<td>Advisory Board Member</td>
</tr>
</tbody>
</table>

Stakeholder Engagement Topics

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 restores 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 resolving 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 the 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.

Management System

As a corporate citizen, we at the KDDI Group strive to contribute to community development, matching the needs specific to a region where we operate.

Based on the basic policy and direction indicated by KDDI’s head office, the regional offices around Japan are committed to implementing sustainability activities, acting as communicators with local communities. These activities are handled cross-departmentally by each regional office and the executive officers in charge of each region (senior general managers) have overall responsibility for the activities.

Regional offices discuss the opinions they receive from local communities with the related department in KDDI head office and take action. We have an information sharing framework within the group, including an intranet, to share activities in each region.

The Plus Alpha Project Program

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 8,679,000 yen was donated to 49 organizations in fiscal 2019. The total amount of donations made since the beginning of this program is 82,561,748 yen.

Manifesto

Operating in accordance with the KDDI Group Philosophy, by satisfying all its stakeholders the KDDI Group seeks to contribute to society’s happiness by encouraging fulfilling lives for people around the world in a sustainable manner.

Action Guidelines

1. As a company involved in information and communications business, KDDI recognizes its social responsibility to address societal issues through the use of information and communications technologies (ICTs). We aim to offer appropriate communication environments that are safe and secure for all people.

2. KDDI has established medium-term themes for its social contribution activities in five areas: “bridging the digital divide,” “sound development of youth,” “environmental conservation,” “social and cultural support,” and “support in times of disaster.” By maximizing our application of such resources as networks, products and services, we conduct social contribution activities through ICTs, in a manner characteristic of KDDI.

3. Through communications with stakeholders, we notify and share information concerning ongoing improvements in the context 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.

GSM A website: Mobile for Development

* 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
Community Involvement and Development

Workshop-Style Classes: Raise DRR Literacy with Your Smartphone

KDDI is Japan’s largest mobile phone carrier and is working to improve disaster risk reduction and preparedness in schools and communities. The company has launched the Shimamono Project, which aims to teach young people about disaster preparedness and the importance of using ICTs as a lifeline in the event of a disaster.

KDDI’s IT Literacy Training: Reducing Disaster Risk with Smartphones

The Shimamono Project, which aims to improve the communities in outsourcing islands

KDDI Activity

Japan has around 420 populated outlying islands. These communities are facing various challenges, such as young people moving away from the islands, population decline, and the need to create value and convey the allure of the islands as well as a lack of know-how regarding logistics and sales activities.

To aid outlying island communities, KDDI has teamed up with the NPO Jitsugyo Shinbun (The Archipelago News) on the Shimamono Project since fiscal 2015. In addition, KDDI hosts Shimamono Marcho on its own shopping site at WALLET Market to sell goods produced in outlying islands. We also hold the Shimamono Lab, which is a course for outlying island businesses on branding and promoting products. The Shimamono Lab is now offered in a total of seven areas.

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

KDDI’s Shimamono Project Supports Remote Islands

Social Contribution

KDDI is a member of the 1% Club established by Japan Business Federation, the only national business federation in Japan. 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-strain fundraising and employer donations are not included in total social contribution expenditures.

Volunteer Leave and Number of JICA Volunteers (KDDI)

KDDI Activity

KDDI matches the donations of customers and KDDI group employees. As part of KDDI’s used computer donation project, MobiCom donates to local governments and NGOs.

Donations to support COVID-19 measures (Japanese only)

As supporters of project-based learning classes at Kunimi-machi, we helped local junior high school students to create a promotional VR video for Kunimi Junior High School.

Support for COVID-19 measures (Japanese only)

As supporters of project-based learning classes at Kunimi-machi, we helped local junior high school students to create a promotional VR video for Kunimi Junior High School.

(6) Contribution Activities in Growth Regions outside Japan

Country name

KDDI Group Results

Japan

Case

Total contributions (unit: yen)

Donated to

Heavy rain damages in August 2017

3,085,000

Japanese Red Cross Society

Tsunamis No.1 (tsunami) damages in Chiba Prefecture in 2019

6,137,000

Japanese Red Cross Society

Tsunamis No.1 (tsunami) damages in Tokyo in 2019

1,638,000

Japanese Red Cross Society

Tsunamis No. 19 (Hurricane) damages in 2019

14,233,300

Japanese Red Cross Society

COVID-19 emergency support donation

100,000,000

Central Community Chest of Japan

Environmental Conservation Activities by Employees

- Held a class on creating a field guide on plants and forest wildlife at the Unyusai City Awata Elementary School (KDDI only)
- Held a class on creating a field guide on plants and forest wildlife at the Yokohama City Mutsukawanishi Elementary School (Japanese only)

Social and Cultural Support

- KDDI Lab workshops for outlying island businesses in the Kasai Islands, Okinawa Prefecture (Japanese only)
- KDDI Lab workshops for outlying island businesses in the Islands of Okinawa Prefecture (Japanese only)

- Classes held using a VR kit to prevent smartphone use while cycling at Sendai Shirayuri Gakuen High School (Japanese only)
- Classes held on preventing bicycle accidents using VR that reminds smartphone use while cycling at Kasai City Yama Elementary School (Japanese only)

- We support NPOs and other organizations working to support the environment and society.
- KDDI’s Bridge of Hope social contribution website (Japanese only)

Disaster Relief Fund (FY2019)

KDDI Group Results

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

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

Japan

Comprehension Questionnaire

Questionnaire content

1) Importance of receiving and sending appropriate information in the event of a disaster
2) Importance of helping oneself and others in a disaster
3) Need to pay attention to information communication in everyday life

Results (FY2019)

Understood very well

77.0%

Understood well

21.2%

Did not understand very well

1.1%

Did not understand

5.6%

Percentage of positive responses

98.2%
External Recognition

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.

FTSE4Good

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.

2020 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Inclusion in 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 ESIi 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).

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).

Acquired the Highest Rank in the DBJ Environmental Ratings
The Development Bank of Japan (DBJ) developed its own environmental rating system. The investment menu consists of an environmental rating after companies are evaluated on their environmental management, outstanding companies are selected, and investment criteria are established based on their score. KDDI acquired the highest rank of A in this ratings. Furthermore, KDDI is the only company in the telecommunication industry that has earned a DBJ Environmental Ratings of 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.

International Organizations

KDDI was recognized as a company in line with Health and Productivity Management 2020 (White 500)
We were recognized by the Nippon Konko 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).

Won the Award of Excellence in 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).

Ranked First for Overall Performance in CSR Company Ranking
We placed first for overall performance in the 14th CSR Company Ranking announced by Toyo Keizai Inc. in this ranking, around 1,050 Japanese companies are evaluated based on the survey conducted in 2020 for the utilization of human resources, environmental responsibility, corporate governance and social responsibility and finance. The top companies are recognized as trustworthy by a wide range of stakeholders (February 2020).

Executive Programs

Awarded the Top Prize in the Energy Management Award
KDDI Group earned the top prize in the Energy Management Award 2020 at the 9th Asian Energy Management Conference, which was co-hosted by the Asian Energy Management Association and the Japan Energy Association (October 2019).

Other External Assessments

Recognition and awards

<table>
<thead>
<tr>
<th>Recognition and awards</th>
<th>Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association for Residence</td>
<td>Award of Excellence in the Business and Industry category</td>
</tr>
<tr>
<td>Japan's 8th Residential Award</td>
<td></td>
</tr>
<tr>
<td>Japan Committee for United Nations Decade on Biodiversity (UNDB):</td>
<td>Received award</td>
</tr>
<tr>
<td>Biodiversity Action Award</td>
<td></td>
</tr>
<tr>
<td>National Institute for Consumer Education</td>
<td>Award of Excellence</td>
</tr>
<tr>
<td>Consumer Education Resources Award 2020</td>
<td>(February 2020)</td>
</tr>
</tbody>
</table>

Awards

KDDI’s Chairperson Takashi Tanaka received the highest honor of Outstanding Contribution to the Asia Mobile Industry Award 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.

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Recognized as one of the Top 100 Companies of 2019
KDDI has been recognized as one of the Top 100 Companies of 2019 by the Financial Times. This recognition is based on the company’s business accomplishments, profit, social responsibility, employment, exports, and other factors.

Other External Assessments

Recognition and awards

<table>
<thead>
<tr>
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<tr>
<td>Consumer Education Resources Award 2020</td>
<td>(February 2020)</td>
</tr>
</tbody>
</table>
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**: Gardian Air Tower, 3-10-10, Itabashi-ku, Chiyoda-ku, Tokyo 102-8460, Japan
- **President, KDDI CORPORATION**: Makoto Takahashi
- **Capital**: $141,852 million yen
- **Number of employees**: 44,952 (consolidated basis)

**Office Status (As of March 31, 2020)**

- **Office**: Head Office (Tokyo Prefecture)
- **Branches**: Hokkaido (Hokkaido Prefecture), Tohoku (Miyagi Prefecture), Northern Kanto (Saitama Prefecture), Southern Kanto (Yokohama Prefecture), Chubu (Aichi Prefecture), Hokuriku (Ishikawa Prefecture), Kansai (Osaka Prefecture), Chugoku (Hiroshima Prefecture), Shikoku (Kagawa Prefecture), Kyushu (Fukuoka Prefecture), Southern Kanto (Kanagawa Prefecture), Chubu (Aichi Prefecture), Hokuriku (Ishikawa Prefecture), Kantoki (Kagawa Prefecture), Kyoto (Kagawa Prefecture), Fukuoka (Fukuoka Prefecture)
- **Technical centers**: 17 branches, 65 branch stores, 6 customer service centers, etc.
- **Offices outside Japan**: Geneva, Beijing, Shanghai

**Principal Businesses (As of March 31, 2020)**

The KDDI group comprises KDDI, 164 consolidated subsidiaries (105 in Japan, 59 overseas) and 40 equity-method affiliates (33 in Japan, 7 overseas).

**Principal businesses of each segment** are presented below.

- **Personal Services**: Communication services in Japan and overseas (mobile and fixed telecommunications) and ICT solutions and data center services for companies.
- **Business Services**: ICT services and solutions for companies (commerce, finance, energy, entertainment, education, etc.) for individuals.
- **Design Services**: Business services for individual consumers and Business Services for corporate clients.

**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

*See the financial summary data in investor relations for details.

**Operating Revenue Composition by Segment (FY2019)**

- **Business**: 16.8%
- **Personal**: 85.2%

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 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**

- **Guidance**: September 2019 (Next publication: September 2021; Previous publication: September 2019)
- **GRI (Global Reporting Initiative) Sustainability Reporting Standards**
- **SASB (Sustainability Accounting Standards Board) Telecommunications**
- **ISO 26000: 2010 (Guidance on Social Responsibility)**
- **JIS Z 26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards**
- **Japan’s Ministry of the Environment, 2018 Environmental Reporting Guidelines**
- **Japan’s Ministry of the Environment, 2005 Environmental Reporting Guidelines**
- **Japan’s Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation**

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- **SASB (Sustainability Accounting Standards Board) Telecommunications**
- **ISO 26000: 2010 (Guidance on Social Responsibility)**
- **JIS Z 26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards**
- **Japan’s Ministry of the Environment, 2018 Environmental Reporting Guidelines**
- **Japan’s Ministry of the Environment, 2005 Environmental Reporting Guidelines**
- **Japan’s Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation**

**Sustainability Report**

KDDI’s commitment to sustainability is an ongoing process of social responsibility. Through this report, we aim to promote greater understanding of how KDDI creates value.

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**

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Sustainability Department, General Administration Division
E-mail: csr@kddi.com
GARDEN AIR TOWER, 3-10-10, Itabashi-ku, Chiyoda-ku, Tokyo 102-8460, Japan
### Appendix Table: Sustainability Accounting Standards Board (SASB) Comparative Table

KDDI references the sustainability accounting 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.89 - 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>Data Security</td>
<td>TC-TL-230a.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 (2) and (3) are not disclosed</td>
</tr>
<tr>
<td></td>
<td>TC-TL-230a.2</td>
<td>Description of approach to identifying and addressing data security risks, 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 (2) through (4) are not disclosed</td>
</tr>
<tr>
<td>Competitive Behavior &amp; Open Internet</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>Managing Systemic Risks</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>Technology Disruptions</td>
<td>TC-TL-550a.2</td>
<td>Discussion of systems to provide uninterrupted service during service interruptions</td>
<td>Network Quality Management and Improvement ▶ P.37</td>
</tr>
</tbody>
</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-000a.1</td>
<td>Number of wireless subscribers</td>
<td>Major Operational Data</td>
</tr>
<tr>
<td>TC-TL-000b.1</td>
<td>Number of wireline subscribers</td>
<td>Not disclosed</td>
</tr>
<tr>
<td>TC-TL-000c.1</td>
<td>Number of broadband subscribers</td>
<td>Major Operational Data</td>
</tr>
<tr>
<td>TC-TL-000d.1</td>
<td>Network traffic</td>
<td>Not disclosed</td>
</tr>
</tbody>
</table>

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KDDI Sustainability Report 2020