“Elevate Our Minds”
“Asking ourselves if our motives are righteous or selfish”.

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.

Our Credo is

- 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 your potential
- Go back to the basic principles
- To know the problem, go, see and touch
- Playing by the rules
- Tough love at work

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 operations alive
- Each one of us makes the KDDI Group what it is
- Embracing diversity

Chapter 2
Management Principles

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

Chapter 3
Professional Mindset

We set specific goals with a pure and aspirational mind. Once our targets are set, we will drive ourselves to keep going with a strong commitment until we achieve success. Then we will share the fruits of our accomplishments.

Chapter 4
Way Forward

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

Chapter 5
Formula for Success

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

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KDDI Sustainability Report 2021
Top Message

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

First of all, I would like to express my sincere appreciation to all our stakeholders for your continuous support. Since its establishment, KDDI has been making a truly connected society part of the KDDI Group Mission Statement. Our business is strongly intertwined with society and directly connected to customers’ lives. Under the slogan “Zutto, Motto, Tsunagu, Zou, au” (Connecting more and always with au), we aim to provide telecommunications services that are always reliable, no matter what with the intention of delivering a thrilling customer experience by always going further than expected. Every year, the effects of global warming grow more severe, and the resulting climate-driven disasters are increasing in Japan and around the world. Discussions on climate change will take place in a series of events this year, including the Climate Change Summit, G7 Summit, and COP26 to further promote global initiatives. As the effects of the COVID-19 pandemic drag on, it has become a global issue to construct resilient social infrastructure that is resistant to environmental changes.

KDDI sets the company vision of “contributing to the sustainable growth of society” in the Medium-Term management plan spanning the period of April 1, 2019 to March 31, 2022 (fiscal 2020.3-fiscal 2022.3). In April 2021, KDDI announced our support for the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), and in July, we raised our CO2 emissions reduction target for fiscal year 2030, set out in the “KDDI GREEN PLAN 2017-2030,” to “a 50% reduction compared to fiscal year 2019.” Going forward, we will continue promoting initiatives aimed at achieving net-zero CO2 emissions by 2050, such as forcefully promoting the shift toward renewable energy and making disclosures and announcement in line with the TCFD.

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

Toward Sustainable Growth
To ensure its ability to promptly adapt to the changes of this era and promote its medium-to-long-term vision, KDDI aims to achieve growth on axes of sustainable growth of existing businesses as well as as challenge to new innovation under its Medium-Term management plan spanning the period of April 1, 2019 to March 31, 2022 (fiscal 2020.3-fiscal 2022.3) and now in its final fiscal year.
In order to contribute to the sustainable growth of society and businesses, KDDI is advancing sustainability activities centered on six material sustainability issues linked with the medium-term management plan, across all of its business segments. Furthermore, in the “KDDI Sustainable Action” – KDDI’s initiatives for the SDGs aimed at 2030 – we identified eight fields of social issues for KDDI to focus on in consideration of the magnitude of social issues and the business sectors KDDI can contribute to as a telecommunications operator and set specific targets that will contribute not only to economic values but also to social and environmental values. We do not view social issues merely as risks; we also consider them opportunities to leverage the unique strengths of KDDI. We strive to solve diverse social issues while raising profit as a business, such as by providing inexpensive, high-quality telecommunications services in developing countries and spurring regional revitalization using 5G, IoT, and other technologies.
Due to the COVID-19 pandemic, the structure of day-to-day life as we know it has been completely upended and, amid an ongoing rapid digital shift affecting every aspect of society, telecommunications have taken on an increasingly important role. We, as a telecommunications company, are determined to fulfill the mission of connecting communication infrastructure that ensures communication service at all times and under any circumstances and establishing an early recovery support system. KDDI is united in providing our utmost effort to offer resilient and high-quality telecommunications services around the clock, 365 days a year.
In addition, to ensure ongoing sustainable growth amid a business environment undergoing constant and profound change, employees and organizations will require a high degree of autonomy and growth.
KDDI considers human resources its most important resource. With the aim of transforming into a company that puts human resources first and has made their development and enhancement the foundation of management, we are working on this across three pillars: introducing KDDI Version Job Style Personnel System, realizing Declaration of KDDI New Work Styles, and promoting Internal DX (Digital Transformation).

This corporate attitude has penetrated into the group as the KDDI Group Philosophy which defines perspectives and code of conduct that top management and employees should share. Due to the synergy effect with our corporate governance system that secures transparency and fairness, a more solid management system has been established.
When our business growth and contribution to society are integrat ed to create a virtuous cycle, KDDI’s growth will be a strength to help society grow.
Through the KDDI Sustainable Action that connects and protects lives, connects day-to-day lives, and connects hearts and minds, KDDI will aim for the sustainable growth of society and the further enhancement of our corporate value.
As we move forward together, I would like to express my sincere appreciation for your continued support and guidance for the KDDI Group.
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.

Company Vision

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

KDDI Sustainable Action

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

Conserving the environment

Building a resilient infrastructure for communications and disaster response

Building a resilient communications infrastructure and speedily initiating disaster recovery

Becoming energy-efficient and achieving zero emissions

Helping remove the obstacles of people in developing countries through economic and industrial development projects

Promotion of diversity and inclusion

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

Respecting human rights, promoting diversity and inclusion in society

Fostering health and a purpose in life

Supporting healthy, fulfilling lives with ICTs

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
KDDI Sustainability Report 2021

Sustainability Promotion Framework

The KDDI Group Philosophy

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

The KDDI Group Philosophy

KDDI Code of Business Conduct

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 exercise their duties in compliance with the KDDI Code of Business Conduct.

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

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

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

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

- Confidence of Our Shareholders and Business Partners
  VII. Practice of Open-Ended Communication
  VIII. Prevention of Insider Trading
  IX. Appropriately Accounting and Adherence to Agreements

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

- Example of Sustainability Activities in the Value Chain

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

- Use of resources
- CO₂ emissions from deliveries
- CO₂ emissions from use of base station operation
- CO₂ emissions from use of mobile phones
- Digital divide
- Safety risks when using mobile phones
- Overheating of scarce resources, such as rare metals

- Impact of business activities on society

- Purchasing
- Distribution
- Sales, Construction
- Use, Operation, Maintenance
- Recycling

- Infrastructure, human resources, technological development, product development, supply chain management
- Investment of energy-saving equipment, disaster prevention measures
- Prevention of support service disruption, diversity and inclusion, health-focused management, human resources training
- Improvement of a highly transparent and reliable information communication and knowledge management foundation
- Adoption of universal design
- Strengthening of partnerships and responsible procurement surveys

FY2020 Results of Our Actions

- KDDI Group Philosophy study sessions
  - For divisions’ general managers: Total number of sessions: 4
  - Leader training (for key division’s general managers/group leaders): Total number of sessions: 32
  - Total number of participants: 2,082
  - Stratified training
    - Total number of sessions: 116
    - Total number of participants: 11,100
  - For new employees: Total number of sessions: 4

- KDDI Code of Business Conduct (Basic Principles)

- Training for new recruits (for regular employees)
  - “Compliance: basic practices” (100% participation rate)
  - “E-learning (for regular employees)”
  - “Insider Trading Regulations”
  - “Preventing Misrepresentation”
  - “Unconscious Bias”
  - “Power Harassment”

- Distribution of web shortcuts related to the KDDI Code of Business Conduct to business mobile devices

- FY2020 Period: September 2020
- FY2020 Results: 100% participation rate

- Survey about the Business Ethics Helpline
  - For regular and contract employees, temporary staff, and subcontracted employees who have been given business mobile devices

- FY2020 Period: December 7, 2020—December 25, 2020
- FY2020 Results: 86% awareness of the Business Ethics Helpline

- Group companies’ training on governance

- FY2020 Period: September 2020
- FY2020 Results: 100% satisfaction rate

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- FY2020 Period: September 2020
- FY2020 Results: 100% satisfaction rate
Our Business and Strategies

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 customer experience that exceeds the expectations of customers.

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

- Creating Innovation toward the 5G Era
- Integration of Telecommunications and Life Design
- Further Expansion of Global Business
- Utilizing Big Data
- Expanding the Financial Business
- Achieving Growth as the Group
- Sustainability

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

Policy toward COVID-19 and have been dealing with the growing impact of COVID-19 (see next page).

Connecting hearts and minds while using 5G, IoT, and other technologies.

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

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

KDDI Sustainable Action

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

Connecting hearts and minds

- Resolving social issues through partnerships

Connecting day-to-day lives

- Creating a digital society for excellence and peace of mind
- Empowering a safe and secure society in terms of security and privacy
- Respecting the environment
- Building the infrastructure for developing countries
- Developing human resources for the next generation
- Building knowledge and experience to contribute to society
- Building a resilient infrastructure for communication and disaster response

Connecting protecting lives

- Promoting diversity and inclusion
- Fulfilling health and a purpose in life
- Resolving global issues for the next generation
- Resolving social issues through partnerships
- Resolving social issues through partnerships
- Resolving social issues through partnerships

Materiality Management Framework

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

Financial Target FY2024

<table>
<thead>
<tr>
<th>EPS growth (FY2018–FY2024)</th>
<th>1.5 times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue growth (FY2019–FY2024)</td>
<td>( ¥1.5 ) trillion</td>
</tr>
<tr>
<td>Operating revenue (FY2021)</td>
<td>( ¥1 ) trillion</td>
</tr>
<tr>
<td>Cost reduction, etc.</td>
<td>3 years total, ( ¥100 ) billion (approx.)</td>
</tr>
</tbody>
</table>

Shareholder returns

- Over-40% payout ratio
- Flexible acquisition, utilization and cancellation of treasury shares in balance with growth investment

KDDI’s Commitment to Sustainability

Sustainability Promotion Framework

KDDI’s DNA

Policy toward COVID-19

Connecting hearts and minds while using 5G, IoT, and other technologies.

Partner companies

Creating new experience value through collaboration with partner companies

Expanding the Financial Business

Electronic settlement and financial services are becoming increasingly familiar parts of customers’ daily lives due to the central position of smartphones in people’s lives. By offering smartphone-centric financial experiences, we aim to strengthen that engagement and achieve profit growth.

Expanding life design services through smartphones as a starting point

Providing experience value with excitement to customers

Connecting hearts and minds while using 5G, IoT, and other technologies.

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KDDI Sustainable Action

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

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

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

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 the COVID-19 Measures (Japanese only)

4. We contribute to the construction of a resilient social infrastructure that is resistant to environmental changes by promoting digital transformation (DX) for individual and corporate customers such as telework, online education, and remote medical care.
   (1) The impact of the COVID-19 pandemic on society is expected to linger for a long time. Based on the approach of the KDDI Sustainable Action that was formulated to lay out our commitment to continuing to work toward the solution of diverse social issues, we will carry out the KDDI Group’s Basic Policy toward COVID-19 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.

5. We offer customer experiences that can alleviate worries and difficulties in life and fill the heart.
   (1) Compared to before the spread of COVID-19, both data and voice traffic were on the rise. However, our network is designed to handle peak traffic even during disasters. (2) Telework and online schooling are provided more often in the future, which is a further growth in traffic from 9 am to 6 pm on weekdays is expected. In preparation for further traffic increases, we will work together to maintain a stable telecommunications environment while continuously securing the safety of our employees and staff members of affiliated companies.

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

The Policy 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.

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1. In au Shops, thorough measures to prevent the spread of COVID-19 are being taken. For example, partitions have been installed on store reception counters and shops have been equipped with disinfectant and face masks. Moreover, at our customer centers and various support centers, fewer staff members coming to work in our offices enable safe physical distancing for continued customer support by phone or online.
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5. We offer customer experiences that can alleviate worries and difficulties in life and fill the heart.
**KDDI’s DNA**

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

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

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

Net-Zero CO₂ Emissions by 2050

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

Information Disclosure in Accordance with the TCFD Framework

Following the TCFD recommendations, we will proactively disclose information related to governance, strategy, risk management, and metrics and targets in accordance with the information disclosure framework. KDDI Sustainability Report 2021

KDDI’s Determination

Facing the Borderless Challenge of Climate Change

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

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

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

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

Risk Management

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

Metrics and Targets

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

<table>
<thead>
<tr>
<th>Scope</th>
<th>Reduction Target</th>
<th>Compared to FY2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1+2</td>
<td>50% reduction</td>
<td>50% reduction</td>
</tr>
<tr>
<td>Scope3</td>
<td>14% reduction</td>
<td>14% reduction</td>
</tr>
</tbody>
</table>

This table shows the reduction targets for the fiscal year 2030, compared to FY2019.

Feature Article

Feature Article 1: KDDI’s Response to Climate Change

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

Reference

Announcement (2017) Reduction target for FY2020 Compared to FY2019 7% reduction

KDDI Sustainability Report 2021
Feature Article 2: KDDI Sustainable Action

In May 2020, KDDI formulated “KDDI Sustainable Action: Our power to solve various social issues through our businesses, and has developed a number of initiatives. Some of these initiatives are described below.

Connecting and Protecting Lives
Connecting and Protecting Lives

KDDI Sustainable Action

<table>
<thead>
<tr>
<th>Maternity</th>
<th>Materiality</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building a resilient infrastructure for communication and disaster response</td>
<td>Materiality 1</td>
<td>Safer and more resilient connected world</td>
</tr>
<tr>
<td>Conserving the environment</td>
<td>Materiality 6</td>
<td>An energy-efficient, circular economy</td>
</tr>
<tr>
<td>Sustainable development for cities and communities</td>
<td>Materiality 5</td>
<td>Rewarding workplaces for diverse talents</td>
</tr>
<tr>
<td>Building the infrastructure for developing countries</td>
<td>Materiality 3</td>
<td>Fulfilled life brought through ICTs</td>
</tr>
<tr>
<td>Developing human resources for the next generation</td>
<td>Materiality 2</td>
<td>Cyber security and privacy protection</td>
</tr>
<tr>
<td>Creating a digital society for affluence and peace of mind</td>
<td>Materiality 4</td>
<td>Rewarding workplaces for diverse talents</td>
</tr>
<tr>
<td>Promotion of diversity and inclusion</td>
<td>Materiality 5</td>
<td>Respect for human rights and fairness in business</td>
</tr>
<tr>
<td>Fostering health and a purpose in life</td>
<td>Materiality 4</td>
<td>Rewarding workplaces for diverse talents</td>
</tr>
</tbody>
</table>

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

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

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

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

Creating a Work Environment Where LGBTQ+ People Can Thrive
In recognition of our efforts to create an environment where LGBTQ+ people can work with vitality, we received the highest PRIDE Index Gold Award for the fifth consecutive year. In addition, the company received the Best Practice Award for its “Family Partnership Application,” in which a child born to a same-sex partner is treated as a family member under the company’s system. In addition to the development of “Pocket Healthcare,” a health management application that proposes health management and appropriate medical consultations, we are promoting DX in the health and medical fields and individualized health support by providing “au Wellness,” an exercise support service, and “curon for KDDI,” an online medical service that can be used seamlessly.

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

Connecting Hearts and Minds
Creating a digital society for affluence and peace of mind

DX for Health Promotion That Is Close to Each Individual’s Life
In addition to the development of “Pocket Healthcare,” a health management application that proposes health management and appropriate medical consultations, we are promoting DX in the health and medical fields and individualized health support by providing “au Wellness,” an exercise support service, and “curon for KDDI,” an online medical service that can be used seamlessly.

Number of Medical Institutions Registered with “curon for KDDI”
Approx. 5,000

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

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

Connecting Day-to-Day Lives
Sustainable development for cities and communities

Connecting Day-to-Day Lives
Building the infrastructure for developing countries

Connecting Day-to-Day Lives
Developing human resources for the next generation

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

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

Free KidZania Invitations
160,000 people
KDDI's Material Sustainability Issues

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

In addition, as our company credo states, “Asking ourselves if our motives are righteous or selfish,” we believe that the raison d’être of a company is not only to pursue profits but also to be useful to the world and to contribute to the development of society. In May 2019, KDDI announced KDDI’s target SDGs together with the Medium-Term Management Plan for fiscal 2019-2020. In the process of promoting our initiatives for the SDGs, we revisited the scope of the initiatives based on social issues to designate eight social issue categories based on the scale of related social issues and the business to address the challenge thereof as a communication carrier, and in May 2020, we formulated the new KDDI Sustainable Action in line with the KDDI SDGs for 2030. As I serve as Executive Officer of both sustainability and finance, I will work to strengthen sustainability management from both financial and non-financial perspectives more than ever before. By doing so, we aim to increase KDDI's corporate value and return social, environmental, and financial value to all of our stakeholders. In this report, we delve into this subject in detail, but here the context of our discussion focuses on corporate governance, environmental measures, human resources and human rights policies.

Reinforcement of Governance System

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

Environmental Measures with a Focus on Responses to Climate Change

Movements to address environmental problems have gained momentum in recent years and the world has begun to move toward carbon neutrality (realization of a carbon-free society). Renewable energy has not adequately spread throughout Japan, including rights to privacy and freedom of expression as well as requests from government authorities to disclose customer data for legitimate purposes. We will continue our efforts to identify and address human rights issues in our business activities through ongoing dialogues with our stakeholders, while furthering understanding among employees of the KDDI Code of Business Conduct and the KDDI Group Human Rights Policy. In March 2020, we conducted human rights impact assessment of all of our business activities to identify risks and opportunities across our business activities and appropriate actions based on them. We will continue monitoring the effectiveness of these activities for further improvement.

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

Transformation into a “Human Resources First Company”

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

Message from Executive Officer of Sustainability

Our company is motivated to improve human rights and fairness in business by promoting sustainable and responsible procurement guidelines, which are directed at our business partners, explicitly forbid forced labor, inhumane treatment, child labor, and discrimination. KDDI takes steps to ensure that the initiatives are well understood.

The KDDI Sustainable and Responsible Procurement Guidelines, which is based on the KDDI Code of Business Conduct, is a basic set of principles for respecting human rights and individuality and the KDDI Group Human Rights Policy, which covers all Group companies, based on international standards including the Universal Declaration of Human Rights. The KDDI Sustainable and Responsible Procurement Guidelines, which is directed at our business partners, explicitly forbid forced labor, inhumane treatment, child labor, and discrimination. KDDI takes steps to ensure that the initiatives are well understood.

KDDI strives to eliminate or minimize any negative impact on human rights, while taking action to raise human rights awareness, based on the KDDI Code of Business Conduct (a basic set of principles for respecting human rights and individuality) and the KDDI Group Human Rights Policy, which covers all Group companies. Changes are being made to the KDDI Sustainable and Responsible Procurement Guidelines, which is directed at our business partners, explicitly forbid forced labor, inhumane treatment, child labor, and discrimination. KDDI takes steps to ensure that the initiatives are well understood.

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

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

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

KDDI’s Commitment to Sustainability

Feature Article 1: KDDI’s Response to Climate Change

Feature Article 2: KDDI Sustainable Action

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

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

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

An energy-efficient, circular economy

- Energy efficiency improvement and utilisation of clean energy
- Zero emissions and IRs
- Reduction of society’s impact on environment through ICTs

The Sustainability Committee periodically checks up on progress being made toward KPIs set for each material issue.
KDDI's Material Sustainability Issues

1. Screen for issues from the two perspectives of effect they have on stakeholder reputation and decision-making, as well as the company’s impact on the environment, society and economy.

2. Assign priorities for each issue based on comparative evaluations of “magnitude of social issues” and “business areas where we can contribute more as a telecommunications carrier,” and established target for “KDDI Sustainable Action” for 2030 in eight categories of social issues.

3. Identify six material sustainability issues that reflect the opinions of external experts gained through dialogue.

4. The Sustainability Committee confirms the suitability of the material issues, which are then approved by the Corporate Management Committee and reported to the Board of Directors.

5. The company also presented an overview of KDDI’s target SDGs to its shareholders. KDDI’s target of “contributing to the sustainable growth of society” has been added to the company’s mission.

6. An energy-efficient, circular economy

KDDI engages in various business activities and initiatives that help contribute to the attainment of SDGs. KDDI’s Medium-Term Management Plan for fiscal 2019-2021 sets out the company’s vision, to which a new target of “contributing to the sustainable growth of society” has been added. The company also presented an overview of KDDI’s target SDGs to its shareholders.

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

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

Enhancing Internal Understanding of Sustainability and SDGs

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

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

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

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

* Created a joint game specialized for KDDI business operations based on the SDG card game “This SDGs Action Game: X (Cross)” planned and developed by the Kansai Institute of Technology as an industry-university joint project.

Relationship between Material Issues and KDDI Sustainable Action

KDDI’s Material Sustainability Issues 2018

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

1. Screen for issues from the two perspectives of effect they have on stakeholder reputation and decision-making, as well as the company’s impact on the environment, society and economy.

2. Assign priorities for each issue based on comparative evaluations of “magnitude of social issues” and “business areas where we can contribute more as a telecommunications carrier,” and established target for “KDDI Sustainable Action” for 2030 in eight categories of social issues.

3. Identify six material sustainability issues that reflect the opinions of external experts gained through dialogue.

4. The Sustainability Committee confirms the suitability of the material issues, which are then approved by the Corporate Management Committee and reported to the Board of Directors.

For details of the re-identifying process, please refer to our Sustainability Report 2018. In addition, we are currently reviewing our materialities for the next mid-term management plan (FY2022-FY2024).
## FY2020 Material KPI Results

<table>
<thead>
<tr>
<th>Materiality</th>
<th>Issues</th>
<th>FY2020 Material KPIs</th>
<th>Boundary scope (aggregate)</th>
<th>FY2020 Results</th>
<th>Evaluation*</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>E • Environment</strong></td>
<td></td>
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</tr>
<tr>
<td>1</td>
<td>Emission reduction</td>
<td>Reduction in CO2 emissions for a certain region</td>
<td>CO2 emissions (metric tons)</td>
<td>3,546,860 (cumulative)</td>
<td>still under way</td>
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<tr>
<td>2</td>
<td>Energy efficiency improvement</td>
<td>Improvement of energy efficiency</td>
<td>E/S (energy consumption/sales revenue)</td>
<td>1.003 (FY2020)</td>
<td>still under way</td>
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<td></td>
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<td>3</td>
<td>Water efficiency improvement</td>
<td>Improvement of water efficiency</td>
<td>W/S (water consumption/sales revenue)</td>
<td>1.003 (FY2020)</td>
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<tr>
<td>7</td>
<td>Efficiency in waste management</td>
<td>Improvement in waste management efficiency</td>
<td>Waste generation rate (tons/sales revenue)</td>
<td>0.003% (FY2020)</td>
<td>still under way</td>
</tr>
</tbody>
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* The status of KPIs with a target set to achieve by FY2020 and beyond are indicated as “still under way” across the border, including those progressing according to the FY2020 plan.

## FY2021 Material KPIs

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<th>FY2021 Material KPIs</th>
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**Note:** The table above provides a summary of key performance indicators (KPIs) for FY2020 and FY2021, focusing on environmental aspects. The evaluation status is marked as “still under way” for certain targets that were set for future years. The tables include various metrics related to CO2 emissions, energy efficiency, water efficiency, and waste management, all of which are critical components of a company’s sustainability strategy. The evaluation criteria and methodologies are based on internal and industry standards, ensuring a consistent approach across different regions and operations.
Safer and More Resilient Connected World

• Resilience to extreme weather events
• Risk management

KDDI’s Approach

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

KDDI’s Approach (Management and Improvement of Network Quality)

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

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

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

The operations centers conduct centralized monitoring of network conditions nationwide 24 hours a day, 365 days a year. In the event of an outage and other failures, these centers appropriately control communications via technical centers located throughout Japan.

In addition, we have measures in place to protect systems and customers from various security threats and apply KDDI standards to environmental upgrades to counter external and internal security threats.

Network Quality Management and Improvement

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

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

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

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

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 (800 MHz platinum band, etc.) across Japan to provide a more comfortable telecommunications environment. The 5G service, which provides an advanced telecommunications environment of low latency and high capacity, is much anticipated by many of our customers. We plan to roll it out in regions as well as major cities. We will strive to offer au mobile phone and smartphone users a reliable communications environment in crowded areas as well as airports, commercial facilities, event halls, and other in-house spaces.

Building Mobile Phone Base Stations and Care for Neighbors

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

KDDI’s Commitment to Sustainability
Safety of Radio Waves

KDDI’s Approach (policy)

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

In addition, we design, build, maintain and periodically inspect our base stations in strict compliance with the relevant laws and regulations, including the RRPGs, stipulated in the Radio Law and the Building Standards Act, as well as local government ordinances. We also explain to residents in local communities that the radio waves transmitted from our base stations comply with RRPGs standards.

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

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

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

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

5G Testing Initiatives

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

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

The World Data Flat service

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.

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) to today’s 5G, with 5G networks divided into 5G standalone and non-standalone architectures. KDDI’s 5G services are available in the 5G standalone architecture.

The COVID-19 pandemic has created the need for the “new normal” in every aspect of industry and people’s everyday life. To create resilient social infrastructure designed to help prevent any further spread of infections while supporting economic growth, digital transformation (DX) should be accelerated. With the concept “5G for everyone,” we will be working with our partners in various industries to offer individual customers new ways of enjoying entertainment, sports, and art, among others, that suit the “new normal,” thereby making 5G available to as many people as possible.

With regard to corporate customers, companies in various industries have increasingly adopted DX for different purposes of use, dramatically transforming their business models. We have the KDDI Digital Office, which serves as a business development center in the age of 5G and IoT designed to assist customers with DX, along with the KDDI research atelier, which serves as a survey and applied research center that proposes new lifestyles toward 2030. At these centers, we plan to work with our various partners to create business as well as the new customer experience unique to the age of 5G, and to help build robust and resilient infrastructure that is highly adaptable to change of environment.

Providing a Convenient Usage Environment: Signal Support 24

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

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

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

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

Research That Ensures the Safety of Radio Waves

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

KDDI also participates in and actively contributes to the research conducted by the Electromagnetic Environment Committee of the Association of Radio Industries and Businesses (ARIB) to study the safety of radio waves transmitted by mobile phones. We will continue to actively collaborate with relevant organizations on research and testing on impacts of the radio wave frequencies used for mobile phones on the human body and on medical equipment. We also strive to stay updated about trends in research on safety of radio waves for mobile phones in Japan and abroad.

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

Organizations to Which KDDI Belongs or Is Giving Its Cooperation

Research and specimens cooperation with the Mobi-Kids Japan (study investigating the effects of mobile phones on health)

Mobi-Kids Japan (study investigating the effects of mobile phones on health)
Safer and More Resilient Connected World

**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.

### Action against Pandemic Influenza and Other Epidemics

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

### au Disaster Recovery Support System

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

### Facility Systems to Maintain Communications during a Disaster

#### 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 troubles, 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 longer.

#### Temporary Base Stations

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

### Mutual Cooperation in the Transportation of Supplies during a Disaster

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

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

### Collaboration with Disaster-Related Organizations during Normal Times

We at KDDI are actively involved in emergency preparedness events organized by national and regional governments and emergency drills held in partnership with various coordinating organizations. At emergency preparedness events, we focus mainly on informing the residents about the emergency services we offer at times of disaster, such as the disaster message board service, and on disseminating emergency preparedness information. We also work with the Japan Self-Defense Forces, local authorities and other relevant organizations to organize emergency drills, where we make the most of participating organizations’ strengths to recognize highly realistic disaster situations. These internal and external drills test the effectiveness of our disaster response so that we can review and improve our preparedness.

KDDI Initiatives (Disaster Relief & Support)
We believe expanding information and communications services in emerging countries is key to solving serious 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 expertise, experience, 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 technologies, such as highly efficient and reliable power supply equipment, energy-efficient air conditioning, LED lighting and outdoor lighting that uses wind and solar power. The data centers are used by many customers as a platform for global business.

Maintenance and Operation of Global Network

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

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

Moreover, KDDI Cable Infinity, a submarine cable-laying vessel that started operation in fall 2019, promised IT innovation for marine vessels and offshore construction, while engaging in the JSUJ and other projects, laying cables underwater and connecting them to land lines. The vessel, coupled with the KDDI Ocean Link that is also a cable layer owned by the KDDI Group, works to build and maintain a highly reliable global infrastructure using the high-performance underwater cable technology.

New international communications services are developing on trunk networks connecting Japan and the world, and IoT is one of the major global technologies supporting them. KDDI and Toyota Motors Corporation collaborated to build a platform for connected cars, and the Global Network Operation Center ("GNOC") has been operating the platform since 2019. In addition, through partnerships with companies such as Imarsat and Intelsat, the GNOC offers services using satellite communications, enabling call and data transmission to anywhere in the world, such as ships at sea, airplanes, the South Pole and other remote areas and islands where cables do not reach, thereby insuring secured international communications services around the clock.

(*)According to research by KDDI

Imarsat Service (Japanese only)

Business Expansion in Myanmar

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

Since July 2017, we have been running a long-term training program for the MPT workers who will one day be leaders to improve customer satisfaction and the quality of communications services in Myanmar. As part of the program, KDDI staff working on the business frontlines in Ja- pan 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.

KDDI 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 Myan- mar, the trainees will continue to use the skills they have gained in Japan to contribute to Myanmar’s growth.

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

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

About the Situation in Myanmar

KDDI Foundation (Japanese only)

Building an Optical Fiber Network with a Simplified Construction

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

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

Improvements to Disaster Control in Vietnam

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

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

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

KDDI Foundation (Japanese only)
Cyber Security and Data Privacy Protection

KDDI's Approach (Cyber Security and Data Privacy Protection)

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 policies and regulations.

To ensure that its services provide protection for personal data, KDDI has established its privacy policies for handling personal information and has put in place a system to handle information security. KDDI has also established an internal body dedicated to this purpose, with a third party assessing its handling of information to provide clear explanations about KDDI's use of data and ensure transparency in respect of customers' understanding.

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

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

Privacy Policy
Privacy Portal (Japanese only)

Information Security Management Framework

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

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

Information Security Promotion Meetings
Chair: General Manager of the Information Security Planning Department

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

Security Policy
Security Portal (Japanese only)
Cyber Security and Privacy Protection

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

Cyber Security and Data Privacy Protection

**Strengthening Information Security throughout the Company**

All KDDI Group companies have been ISO 27001** certified since 2009. For our group companies, the KDDI Group Information Security Standards were introduced in fiscal 2011. In fiscal 2017, we revised the standards and extended them to 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 specialty trained security engineers now respond to cyberattacks.

**Information Security Management and Measures**

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

In order to eradicate information security accidents, we took measures to strengthen information security in a way to encourage each department to autonomously raise the information security awareness, aiming to raise the awareness among directors, officers and employees. Furthermore, we have implemented common security standards for the entire group and apply them to all group companies to manage all 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.

**Registration number**

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<th>Number</th>
<th>Organization</th>
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<tbody>
<tr>
<td>E19512</td>
<td>KDDI Corporation</td>
<td>June 7, 2020</td>
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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 terms of use for each service and privacy policy.

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

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

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

**Efforts to Reduce Information Security Risks**

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

In order to eradicate information security accidents, we took measures to strengthen information security in a way to encourage each department to autonomously raise the information security awareness, aiming to raise the awareness among directors, officers and employees. Furthermore, we have implemented common security standards for the entire group and apply them to all group companies to manage all 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.

**Information Security Management and Measures**

**Security Review and Vulnerability Scanning**

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

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

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

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

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

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

**Process of the Security Review and Vulnerability Scanning**

**Security Monitoring**

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

**Integrating Monitoring System Pivoting on the Regional Centers**

**Initiatives by the CSIRT**

KDDI CSIRT was established as the KDDI Computer Security Incident Response Team (KDDI-CSIRT) as a body dedicated to handling cyber security incidents. The KDDI-CSIRT works with KDDI Digital Security Inc. and KDDI Digital Design Inc., which are KDDI’s Group companies, to handle incidents, assist with the handling of incidents, receive information about security incidents, and explore recurrence prevention measures, among others. Being a member of the Forum of Incident Response and Security Teams (FIRST) and the Nippon CSIRT Association, the KDDI-CSIRT cooperates with CSIRTS in Japan and overseas to share information about trends and approaches.

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

**Process of Cooperation with External Organizations**

KDDI implements and provides support for a cloud-based solutions platform, NIPPON CSIRT, to enhance information sharing and collaboration with other CSIRTS.

**Social Media Policy (Japanese only)**

**Contact us**

*TEL. 03-5752-5511 FAX. 03-5752-5510*
Cyber Security and Privacy Protection

Utilization of information assets and tightening of security

Data privacy

Promotion of R&D Related to Information Security

World Record in a Decoding Contest

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

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

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

Parallelization Using 8 Virtual PCs

Parallelization by multithreading (17,000,000 threads per virtual PC)

(1) Randomly rearrange simultaneous equations.
(2) Extract small equations to use for decoding. Search efficiently for potential solutions through parallel processing.
(3) Check if the potential solutions satisfy the original equations.
(4) If they do, output them as solutions. If not, go back to (1) to repeat the steps.
Fulfilled Life Brought through ICTs

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

KDDI’s Approach

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.

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

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

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

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

Product and Services
We promote the application of universal design to the products and services we develop in order to ensure that they can be used comfortably and enjoyable by anyone, regardless of age, nationality, and disability.

- 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 are risks that could lead to a decline in the number of users and a decrease in business income.
- ICT-based solutions are expected to help alleviate shortages in the labor pool and business successions 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
Using 5G / IoT
Regional Human Resources Development Using 5G
KDDI’s 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 with out leaving the area they live.

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

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

Regional Revitalization “Te to Te”
(Japanese only)

Initiatives in Regions of Japan Using ICTs

KDDI Regional Initiatives Fund and Regional Revitalization
The KDDI Regional Initiatives Fund (KRF) is corporate venture capital (VC) fund established by KDDI and Global Brain Corporation (parent company) 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 from these companies from KRF, KDDI will continue working to build a sustainable business model, both for the regions and for the companies.

KDDI Regional Initiatives Fund (Japanese only)

A sustainable business model for both the regions and the companies

Using ICTs to solve regional problems

Development and provision of human resources
Business know-how for the era of digital transformation
Local education organizations

Initiative

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Regional Revitalization “Te to Te”
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Initiatives in Regions of Japan Using ICTs

- Mobile Data Service for Disaster Management
- Autonomous Driving
- Environment Monitoring
- Agriculture
- Energy Management
- Telemedicine
- Education
- Entertainment
- Finance
- Retail
- Infrastructure

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**Fulfilled Life Brought through ICTs**

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

**Approach to Innovation**

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

**Promotion for R&D and Technology Demonstrations**

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

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

On the other hand, KDDI Research, Inc. is engaged in a wide range of fields, from research analysis for future prediction to advanced research and applied research. KDDI Research, Inc. is engaged in research and development in a wide range of fields, such as network, IoT, AI, big data, security and services applications, and 300 researchers are engaged in R&D (as of April 1, 2021).

**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 Gate to Osaka and Okinawa, which have already been used by over 450 companies in total.

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

**KDDI DIGITAL GATE (Japanese only)**

KDDI Regional Initiatives Fund and Regional Revitalization

**KDDI Regional Initiatives Fund and Regional Revitalization**

KDDI Open Innovation Fund

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

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

We established an investment program to strengthen initiatives in fields of increasing importance for the 5G era, including AI, IoT and big data. Drawing on KDDI’s and KDDI Group companies’ technological and business insights and networks of venture companies, we support promising new venture companies. KDDI Open Innovation Fund No. 3, which is active as of May 2021, has invested approximately 20 billion yen in total.

The fund program will also make it possible not just for KDDI but also for its group companies to proactively undertake joint development efforts with venture companies.

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

**KDDI Open Innovation Fund**

KDDI Labo

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

**KDDI-Labo**

KDDI research atelier: Research Center to Propose New Lifestyles

In December 2020, KDDI and KDDI Research, Inc. opened KDDI research atelier in Toranomon, Tokyo, as a survey and applied research center to propose new lifestyles toward 2030.

KDDI research atelier aims to solve medium- to long-term issues facing consumers and society and to enable lifestyles optimized for individual consumers. To achieve these goals, the atelier will partner with companies and research institutes in Japan and overseas, leveraging the KDDI Group’s assets that include KDDI Digital Gate and KDDI-Labo, based on the concept of next-generation society “KDDI Accelerate 5.0” toward 2030 that is designed to accelerate the creation of “Society 5.0” with 5G.

We will also promote applied research on the seven technologies that KDDI Accelerate 5.0 demonstrates in order to accelerate our efforts to reach the goals.

**KDDI research atelier (Japanese only)**

**KDDI Accelerate 5.0 (Japanese only)**

**Activities for Innovation**

**Product Innovation**

In February 2021, we successfully developed “AI for Facial Expression Recognition by Facial Area” designed to analyze an expression on a masked face to identify its positive, neutral, or negative, with at least 90%-plus accuracy. The AI analyzes all elements of the exposed and covered parts of the face separately to objectively judge and recognizes each facial expression. We hope to create a new service that accurately analyzes people’s faces for expressions in such places as offices, educational institutions, public facilities, and event venues where people gather with a mask on.

**Use of AI at assisted living facilities**

In February 2021, we developed the Hands-Free Nursing Care Support System to offer finely-tuned care at assisted living facilities. It is designed to show each resident’s nursing care-related data on a pair of AR glasses, and we conducted demonstration experiments. The Nursing Care Support System combines the smart nursing care platform developed by KDDI with the smart nursing care platform developed by assisted living facilities. This demonstration experiments enables employees of the facilities to take appropriate actions for new residents (e.g., talking to them) whose detailed information has not been fully known to them.

**Process Innovation**

Providing agile development education program

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

**Environment Innovation**

Environmental performance: carbon neutral

**Social Innovation**

In October 2020, KDDI participated in a demonstration experiment with a self-driving bus for Nansei Island Report 2020. A test run was outsourced to the National Institute of Advanced Industrial Science and Technology by the Ministry of Economy, Trade and Industry and of Land, Infrastructure, Transport and Tourism. Our role in the experiment was to work with partner companies to test the roadside sensor and remote monitoring device that communicates with the self-driving vehicle. In this experiment, a self-driving bus schedule was added to the regular bus schedule, so that the self-driving bus would be a regular mode of transportation for as many passengers as possible. The test aimed to identify issues to address so that the automated vehicle would be fully operational in 2022 or thereafter.

Participation in the demonstration of self-driving buses

In November 2020, to enhance the efficiency of fishing by partnering with robotics technologies, KDDI and Okinawa Prefectural University jointly developed Japan’s first aquapod drone equipped with hydrogen fuel cells that can be remotely controlled by a smartphone connected to a mobile line and can be used for long hours, with help from Nippon Kako. We have also started demonstration experiments with these technologies at Nansei Island in Teshima Prefecture in preparation to put them to practical use. We have confirmed the performance of the aquapod and continue offshore experiments across Japan to put the technologies to practical use, with a view to applying them to new purposes, such as transporting supplies to isolated islands in the area and other anti-disaster measures.
Fulfilled Life Brought through ICTs

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

Responsibility for Products and Services

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

We offer products and services from a customer perspective, aiming to create a society in which ICTs is accessible to all, where even more people in the world over — adults, children, older people and people with disabilities and low income earners — have equal access to the benefits of a variety of products and services.

As well as increasing accessibility, we strive to offer services that anyone can use with peace of mind. We are committed to offering products and services based on the principle of universal design, so that they can be used with confidence by everyone.

Product Quality Control

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 email. We will promptly respond to those inquiries.

Initiatives for Promoting the Safe Use of Products and Services

Smartphones, mobile phones and the Internet have become inseparable in our daily lives. However, more people, particularly children and older people, get involved in crimes and other troubles.

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

Cycle Safety Project to Prevent Use of Smartphones While Cycling

In 2017, we launched the Cycle Safety Project. In March, 2019, KDDI and au Insurance Co., Ltd. launched the third edition of the project, focusing on high school students, who are prone to getting 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 Smartphones Use While Cycling. The VR class kit comprises three parts totaling 50 minutes. They are a simulation that conveys the danger of bicycle accidents and the need to be prepared for an emergency; a comprehensive VR experience program, which allows users to simulate the field of vision and response time to break when cycling with and without distraction from a smartphone; and a workshop for brainstorming ways of preventing the use of smartphones while cycling.

Teachers can use this VR class kit as part of their normal lessons, helping students to think for themselves about the dangers of being distracted by smartphones through realistic experiences. The VR Class Kit was recognized as a set of educational materials that leverage the latest technologies to solve social issues, and received the Award of Excellence at the 2020 Excellent Material Awards concerning Consumer Education hosted by the National Institute on Consumer Education on June 30, 2020.

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


The VR Class Kit to Prevent Smartphones Use While Cycling won the Award of Excellence of the 2020 Excellent Material Awards concerning Consumer Education (Japanese only)
Responsibility for Products and Services

Initiatives to Promote Safe Use

Targets

Products

Services

Rates

Measures

A touch-screen mobile phone for kids, with security alarm, location confirmation, etc.

Promotes usage for parents of children with disabilities (e.g., Braille or sign language)

A smartphone filtering service to protect kids from inappropriate content.

A special price plan for the "mamorino4" and "mamorino5" for children of elementary school aged and under.

A special price plan for junior children aged 6 to 15.

Junior Kids Plan "Y"

A special price plan for children of elementary school aged and under.

A special price plan for children of junior high school aged and under.

KDDI Smartphone and Mobile Phone Safety Classes

Indicates the measures we take to promote safe use of teenagers.

Promotes the use of filtering services.

Based on the Act on Development of an Environment That Provides Safe and Secure Internet Use for Young People, as well as implementing filtering for all contracts for minors, we are actively striving to improve user-friendliness and awareness of our filtering services.

Initiatives to stop smartphone use while walking, vice for shopping and payment just by using the dedicated button, it is easy to use and buttons. In addition, just by pushing a clear and easy-to-use home screen, sight but by other visually impaired people.

A touch-screen mobile phone for kids, with security alarm, location confirmation, etc.

A special price plan for children of elementary school aged and under.

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Rewarding Workplaces for Diverse Talents

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

KDDI's Approach

Social Issue

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

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

Our Risks and Opportunities

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

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

Management Framework

- In the Medium-Term Management Plan (FY2019-FY2021) we established KDDI’s Target SDGs and decided to focus on human resources development to support women’s advancement, and respect for human rights, diversity & inclusion as social issues to be solved through corporate activities. In addition, regarding support for women’s advancement, we have been setting medium-term quantitative goals since fiscal 2016 and working toward their achievement.
- To maximize the value of human resources and ensure the appropriate placement of human resources, we built a system to standardize recruitment, development, utilization, and career progression. In this way, we have maximized organizational performance and the growth of each employee. Furthermore, in fiscal 2020 each organization started working on SDGs as part of its organizational goals to encourage its members to understand SDGs and take actions for them.
- In April 2018, we announced the KDDI Group Declaration of Health-Focused Management and began promoting health-focused management that supports each employee’s health. We also established the Work Style Reform & Health Management Department in January 2019, and are working to develop a sound work environment as a foundation for sustainable growth through the activities of the Work Style Reform Promotion Committee and all employees interviewed by internal counselors.

Recruiting and Developing Human Resources

KDDI's Approach (Recruiting and Developing Human Resources)

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

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

Human Resources System

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

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Recruiting and Developing Human Resources

KDDI Human Resource Cultivation Measures

<table>
<thead>
<tr>
<th>KDDI Human Resource Cultivation Measures</th>
<th>KDDI System</th>
</tr>
</thead>
<tbody>
<tr>
<td>Program</td>
<td>Content</td>
</tr>
<tr>
<td>Executive assistant</td>
<td>Employees work as directors’ assistants, learning directly the management mindset. (Every year, one man and one woman are assigned.)</td>
</tr>
<tr>
<td>Job rotation system</td>
<td>The program is designed to help younger employees think deeply about their career plans for the future they want, and expand the range of experiences and take other actions to achieve their personal growth (career development and training).</td>
</tr>
<tr>
<td>Open recruitment system</td>
<td>The program is designed to support employees in their autonomous career development by creating opportunities for motivated employees to take up the challenge of working in a business area that needs a boost or in a position of a Line Manager (the program also covers the promotion of work to be undertaken by seniors).</td>
</tr>
<tr>
<td>Career plan reporting system</td>
<td>Employees can consult with their respective department’s general manager on their future career plans based on the reports about their career history and current situation.</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>Common skills training</td>
<td>Employees acquire the various business skills commonly needed by everyone in the company.</td>
</tr>
<tr>
<td>Support for acquisition of qualifications</td>
<td>We pay examination fees and other related expenses for employees who are acquiring company-designated qualifications.</td>
</tr>
<tr>
<td>Uniting learning statistical program</td>
<td>Employees wishing to study toward a qualification or acquire new skills on a voluntary basis can take a career break of up to three years.</td>
</tr>
<tr>
<td>Business study abroad</td>
<td>Participants learn global standards for business at an overseas university or through communication with business persons at NPOs or internships.</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 how to carry out their work in a professional manner no matter the values and business customs of those who surround them.</td>
</tr>
<tr>
<td>Global employee exchange program</td>
<td>This program is common to employees hired overseas. It allows them to study at an overseas university or specialized institution to acquire advanced specialized knowledge and build human networks with relevant persons.</td>
</tr>
<tr>
<td>KDDI DX University</td>
<td>This is a learning platform designed to train and expand internal human resources in order to move ahead with the DX business as KDDI’s core business as well as inclusive DX.</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 contribute to work even while going through major life events, like giving birth and raising children.

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

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

- **Actions**
  - Prospective high-level personnel training
    - Operations to support women’s career development, promoting the appointment of women for senior positions faces difficulties due to various factors. KDDI has set the target of raising the percentage of women participating in its senior management training program to 20 percent or higher, expanding training opportunities that will lead to the appointment of more women for senior positions.
  - Consistent leadership training in the Female Line Manager Program (FLP)
    - Seminars for female students
    - By meeting the targets related to senior positions, managerial positions, and hiring, we will help bring women’s advancement in the pipeline.

Cultivating Women (inside the Company):
PROMOTING FEMALE LINE MANAGER PROGRAM

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

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

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

Cultivating and Promoting Female Leaders

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

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

KDDI Sustainability Report 2021
Reframing Workplace for Diverse Talents

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

Evaluation and Remuneration Systems

KDDI's policies on evaluation and remuneration systems are designed to ensure fairness and transparency. The system aims to improve the awareness of the company's share to KDDI managers when specific requirements are met, and to provide incentives that motivate employees to work feeling motivated and fulfilled. We believe that this process itself will improve the level of employee engagement company-wide.

Employee Engagement Survey

KDDI conducts the quarterly Employee Engagement Survey because we believe that if each employee feels motivated and enjoys working, we will continue to grow. This survey measures employee engagement as KDDI defines, namely each employee's level of "voluntary contribution and motivation toward the company and their work," to make the results into indicators.

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

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

Providing Long-Term Incentives for Managers

KDDI's system of providing long-term incentives for managers 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.

Special Award from President

We have implemented award programs for employees to increase motivation and a sense of solidarity. The President’s Award aims to recognize and reward employees who have made outstanding contributions to the company. We believe that these awards will motivate employees to work feeling motivated and fulfilled.

<table>
<thead>
<tr>
<th>President’s Award Results</th>
<th>Award name</th>
<th>Number of awarded cases</th>
</tr>
</thead>
<tbody>
<tr>
<td>President’s Award</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Special Award from President</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Contribution Award</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Best Sales Award</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual MIF Award</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

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

Results

Employment Status

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>169</td>
<td>173</td>
<td>342</td>
</tr>
<tr>
<td>2017</td>
<td>173</td>
<td>171</td>
<td>344</td>
</tr>
<tr>
<td>2018</td>
<td>169</td>
<td>165</td>
<td>334</td>
</tr>
<tr>
<td>2019</td>
<td>165</td>
<td>157</td>
<td>322</td>
</tr>
<tr>
<td>2020</td>
<td>165</td>
<td>157</td>
<td>322</td>
</tr>
</tbody>
</table>

Non-regular Employees (KDDI)

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>258</td>
<td>285</td>
<td>543</td>
</tr>
<tr>
<td>2017</td>
<td>298</td>
<td>319</td>
<td>617</td>
</tr>
<tr>
<td>2018</td>
<td>346</td>
<td>370</td>
<td>716</td>
</tr>
<tr>
<td>2019</td>
<td>342</td>
<td>370</td>
<td>712</td>
</tr>
<tr>
<td>2020</td>
<td>346</td>
<td>370</td>
<td>716</td>
</tr>
</tbody>
</table>

Employees by Age (KDDI)

- Under 30: 50–60 years
- 30–39: 30–39 years
- 40–49: 40–49 years
- 50–60: 50–60 years
- 61 or over: 61 or over

<table>
<thead>
<tr>
<th>Year</th>
<th>Under 30</th>
<th>30–39</th>
<th>40–49</th>
<th>50–60</th>
<th>61 or over</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>1,556</td>
<td>2,494</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2017</td>
<td>1,015</td>
<td>1,877</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2018</td>
<td>541</td>
<td>617</td>
<td>0</td>
<td>0</td>
<td>46</td>
</tr>
<tr>
<td>2019</td>
<td>391</td>
<td>420</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>2020</td>
<td>159</td>
<td>541</td>
<td>0</td>
<td>0</td>
<td>2</td>
</tr>
</tbody>
</table>

Managers

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Foreign Employee

<table>
<thead>
<tr>
<th>Year</th>
<th>Male</th>
<th>Female</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td>1,111</td>
</tr>
<tr>
<td>2017</td>
<td></td>
<td></td>
<td>1,166</td>
</tr>
<tr>
<td>2018</td>
<td></td>
<td></td>
<td>1,267</td>
</tr>
<tr>
<td>2019</td>
<td></td>
<td></td>
<td>1,086</td>
</tr>
<tr>
<td>2020</td>
<td></td>
<td></td>
<td>1,191</td>
</tr>
</tbody>
</table>

Note: This table shows the number of employees who were employed at KDDI during the relevant term. The number does not include employees who were transferred to other companies by employment transfer. It is calculated by excluding the number of employees who were employed at KDDI and the number of employees who were employed at KDDI but not employed at the same time. The total number of foreign employees is the sum of the number of foreign employees subtracted from the number of foreign employees transferred to KDDI. The number does not include employees who were transferred to other companies by employment transfer.
Rewarding Workplaces for Diverse Talents

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

Labor Practices

KDDI’s Approach (Labor Practices)

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

Starting Salary for University Graduates Compared to Minimum Wage: 169%*  
*Calculated based on the minimum wage in Tokyo (1,013 yen / hour). Specifically, the formula is 21 days × 1,013 yen × 7.5 hours (as of April 2021)

KDDI Group Declaration of Health-Focused Management

The KDDI Group has released the KDDI Group Declaration of Health-Focused Management as part of its commitment to support every employee’s health at the organizational level and bring about a prosperous society. As the success of the company depends on a happy and energized workforce, we see the health of our employees as a key agenda for the management of the KDDI Group. We hereby declare our commitment to health-focused management, through which we will support the health of our employees at the organizational level as we strive for a prosperous future.

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

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 consists of General Managers representing Divisions and the General Manager, Human Resources Division is the chair. Since April 2018, the heads of strategic subsidiaries have also been participants. In FY2019, we set up a project team to facilitate employees’ diverse work styles. Since FY2020, in accordance with the KDDI Declaration of New Working Styles, the team has been working to establish an environment (e.g., the promotion of DI that enables diverse work styles, and working on the vision of new work styles under the KDDI Version Job Style Personnel System), thereby further driving work style reforms to transform KDDI into a human resource-first company.

Work Style Reform

Initiatives and Results of Work Style Reform in Fiscal 2020
- Held monthly Work Style Reform Promotion Committee meetings (topics: eliminating long working hours, increasing productivity, etc.)
- For the purposes of appropriate work schedule management and of early support for employees who show signs of mental instability, we in- terviewed all 13,000 employees working in our offices in Japan, includ- ing biased employees, twice a year.
- We mandated all employees to log off their computers and leave the office within half an hour after they complete their work for the day.
- We mandated all employees to have a nine-hour interval between the end of working hours and the start of working hours the following day.
- We created a system to record and manage the hours each employee enters and exits the building as well as the hours they log off their office computers, and looked into all discrepancies between the system log and the hours reported by employees.
- As a result of our efforts to encourage planned use of annual paid leave, the leave taken increased seven percent points from the last year. 66.9% in FY2019 to 73.9% in FY2020
- Introduced robotic process automation (RPA)
- Made internal systems accessible to mobile devices
- Began allowing tethering for work smartphones
- To have quality meetings, each division promoted action plans for meeting reform.
- The office was refurbished to encourage new work styles. (e.g., free-address office system introduced throughout the company; enhanced online meeting facilities; a new online delivery studio; an enhanced satellite office)
- Promoted use of shared offices
- Revised the Teleworking Work Rule in order to expand opportunities for teleworking and ensure appropriate application. (more employees eligible for teleworking, the maximum number of days of teleworking increased)

KDDI Version Job Style Personnel System

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

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

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

Through these actions, we will achieve transformation to a “human resource-first company,” that is, a company that values employees as the most valuable resources fundamental to management.
Rewarding Workplaces for Diverse Talents

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

Labor Practices

Safety and Health Management System

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

Health and Safety Committees

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

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

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

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

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

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

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

In fiscal 2020, KDDI and KDDI Engineering jointly held the safety convention, which KDDI hosts once a year. The convention is for subcontractors who work on the construction of our basic stations and network facilities that involves hazardous tasks such as work in high places. At this year’s convention, we shared examples of safety-related cases and provided information that should be helpful in improving safety skills.

Priority Measures Relating to Occupational Health and Safety

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

Health-Focused Management Actions

As part of the drive to promote health-focused management in fiscal 2020, we conducted a health awareness survey of all employees and implemented measures based on the survey results. As part of the measures, in fiscal 2019 we introduced KDDI Wakauku Points, which is a health point program that provides employees with a mobile app with functions to monitor and improve their health literacy, such as access to health-related information focusing on diet, exercise, sleep, and smoking, a challenge program to change lifestyle habits, and a walking event. A set of health KPIs have been defined as targets to be achieved by fiscal 2021 to improve the health of employees.

KDDI formulated the Mental Health Promotion Plan and is carrying it out with implementing the CDFA cycles for mental health initiatives. In addition, from fiscal 2019, we stationed 20 new internal counselors across the company and began interviewing all employees. The interviews enable us to hear directly from employees and assess working conditions from perspectives that differ from those of their superiors. They also help us quickly identify employees who are showing signs of mental health issues even in the absence of reports from the said person themselves, enabling us to act promptly in cooperation with medical professionals and managers as necessary. In this way, we are creating a healthful work environment.

Activity

Initiative

• Encouraged walking
• Holding seminars on “Health Enhancement Seminar”; “Cancer Seminar”; “Seminar on Walking”;
  “Boost Your Immune System to Protect Yourself from the Coronavirus”; “Health Literacy Enhancement Seminar: An Introduction to Female Hormones”;
• “Seminar on How to Prevent and Treat Heatstroke”;
• “Women’s Health and Health”; “Seminar on Smart Drinks”;
• “Seminar on Eating Wisely In Your Prime”
• Support for smokers in smoking cessation
• Support from public health nurses in smoking cessation
• Assistance with an online smoking cessation program (in collabora-
  tion with insurance companies);
• Providing incentives for employees who have successfully quit smoking
• Initiatives to improve employees’ sleep
• Lending sleep sensors: A sleep sensor visualizes how the user sleeps
during sleep

KDDI’s Commitment to Sustainability Feature Article 1: KDDI’s Response to Climate Change Feature Article 2: KDDI Sustainable Action Top Message

Promotion of Mental Healthcare

We conduct various activities aimed at ensuring the health and safety of employees working outside Japan. We provide consultations with industrial doctors to employees before they transfer overseas, interviews with medical staff to all employees returning to Japan and follow-up care after the regular health exams to employees working overseas. We also began conducting stress check for employees working overseas and providing follow-up care as required. Furthermore, we have established and implemented the Vaccination and Health Report Guidelines for International Transferees and Business Travelers from the perspective of health management and employee safety for those transferring or trav- eling overseas.

Providing Health Exams That Exceed Legal Requirements

We offer health examinations that are more rigorous than required by law, with an examination rate of 98.3% in fiscal 2020. Following those ex- ams, 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 fis-
cal 2020, 87.3% of employees followed the advice. The percentage was somewhat lower than usual because of the coronavirus pandemic. We started from Fiscal 2020, when severe cases are identified among the employees who have been advised to receive “emergent consultation,” we ask them to work on “improvement” so that they consult with an industrial doctor, with their supervisor present at the meeting, and receive our health guidance. If no improvement is shown, we consider limiting the range of their work.

In addition to the company program to assist with complete medical check-
ups, since fiscal 2018, we have had a program in place to provide full reimburse-
ment 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 life-
style-related diseases achieved a complete rate of 20% for active support and 28% for motivation support, and we continue our initiatives to increase these ratios, including continuous support on an e-mail basis. To promote better health, the union also dispatches lectures to provide health seminars at workplaces. In fiscal 2018, we introduced Health programs that provide free dental checkups and assistance with smoking cessation, among others. In fiscal 2019, in addition to the measures taken to date, we intro-
duced KDDI Wakauku Points, which is a health point program for all em-
ployees with the goal of helping them improve their behavior so that they start exercising (walking) and change their lifestyle habits.

• Changes in the Number of Employees Absent from Work Due to Mental Instability (KDDI) (in the fiscal year)

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Employees Absent from Work Due to Mental Instability</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>100</td>
</tr>
<tr>
<td>2017</td>
<td>99</td>
</tr>
<tr>
<td>2018</td>
<td>112</td>
</tr>
<tr>
<td>2019</td>
<td>101</td>
</tr>
<tr>
<td>2020</td>
<td>87</td>
</tr>
</tbody>
</table>

Enriching Employees Health

<table>
<thead>
<tr>
<th>Materiality 4</th>
<th>Materiality 5</th>
<th>Materiality 6</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enforcement</td>
<td>Services</td>
<td>Measures</td>
</tr>
</tbody>
</table>
| Healthcare    | Regular and contract employees | Services that include health and wellness benefits
| Room         | 100%          | 100%          |
| Wellness      | 96%           | 96%           |
| Room         | 100%          | 100%          |
| Benefits      | 100%          | 100%          |

KDDI Group: Welfare provides services related to such issues as children, family care, health maintenance, personal development, and using a housework helper. Employees are free to choose the services they need.

KDDI Health Insurance Union: Provisions for special benefits in the form of sports club access.
### Rewarding Workplaces for Diverse Talents

**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 so that employees can change their prescribed working hours every month or every three months according to their volume of work. This system is also available on a monthly basis to employees requiring shortened working hours due to childcare and / or family care responsibilities.</td>
</tr>
<tr>
<td>Variable working hours system</td>
<td>Introduced to encourage employees to flexibly and autonomously choose from different work style options to suit their preference and special needs. In April 2020, this rule was expanded and has been made available across the board.</td>
</tr>
<tr>
<td>Discretionary work time program</td>
<td>Introduced to raise awareness of a more health-focused work style. The rule stipulates that employees should rest for 11 hours of rest.</td>
</tr>
<tr>
<td>Flexible working hours system</td>
<td>Introduced to encourage employees to work flexible 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.</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.</td>
</tr>
<tr>
<td>Shorter working hours system for caregivers</td>
<td>Introduced to support a good work and family care balance. Employees can decide their working hours per day between 5 to 7 hours according to their family care responsibilities.</td>
</tr>
<tr>
<td>Spouse accommodation leave program</td>
<td>Established in 2017 to support the work-life balance with a long-term perspective. The system allows a maximum three-year leave of absence to employees who accompany a spouse who has been assigned overseas so that they may live together.</td>
</tr>
<tr>
<td>Career-track, employment with restricted work area (5 courses)</td>
<td>Established in 2016. 5-course employees are not transferred outside the specified work area without their consent.</td>
</tr>
</tbody>
</table>

**Support System for Balancing Work and Family Life**

#### Program for Work-Childcare Balance

**Support System during Pregnancy**

- **Support before and after birth**
  - Maternity leave
  - Paternity leave

**Support System during Leave**

- **Support for work-childcare balance**
  - Parental leave of absence

**Support System for Family Care**

- **Program for Work-Family Care Balance**
  - Long leave
  - Home care absence

**Message from Executive Officer of Sustainability**

To help employees balance work with other responsibilities, such as child- 

- Birth, parenting, and family care, we have established a support system that surpasses legal standards so that 100 percent of the employees who have taken childcare or family care leave will return to work. In fiscal 2019, we held a seminar on searching for nursery schools by outside experts to provide recent trend and know-how. The seminar was attended by many employees; not only employees taking or planning to take parental leave of absences, but also those with no immediate plan but with interest or for the purpose of sharing the information with their subordinates or colleagues. (Approximately 40% of 108 participants were male employees.)

After returning to work, the flexible working environment allows the

- Returns to choose from different work style options to suit their preference and 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 those circumstances, employees who take parental leave insufficient to return to work (100% for males, 100% for females) (fiscal 2020 results).

**Initiative**

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

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

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’ participation in childcare</td>
<td>Male employees with spouse expecting to give birth—60%</td>
<td>Grant paid paternity leave on the expected delivery date or one month following the birth (up to three days, on a day-by-day basis)</td>
</tr>
<tr>
<td></td>
<td>Female employees with spouse expecting to give birth—16%</td>
<td>FY2020 result: 54% persons (acquisition rate: 60.6%)</td>
</tr>
<tr>
<td>Supporting a balance between work and childcare</td>
<td>For all employees—12%</td>
<td>Hold seminars by outside experts on searching for nursery schools, which provides recent trend and know-how</td>
</tr>
<tr>
<td></td>
<td>Employees with childcare responsibility—22%</td>
<td>Subsidies for babysitting fees</td>
</tr>
<tr>
<td>Supporting a balance between work and family care</td>
<td>For all employees—22%</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>

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

Usage of Childcare and Family Care Support System

<table>
<thead>
<tr>
<th>Program</th>
<th>Male/Female 2016</th>
<th>Male/Female 2017</th>
<th>Male/Female 2018</th>
<th>Male/Female 2019</th>
<th>Male/Female 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maternity leave</td>
<td>Females 181</td>
<td>164</td>
<td>135</td>
<td>136</td>
<td>140</td>
</tr>
<tr>
<td>Paternity leave</td>
<td>Males 279</td>
<td>252</td>
<td>253</td>
<td>254</td>
<td>259</td>
</tr>
<tr>
<td>Parental leave of absence</td>
<td>Males 40</td>
<td>40</td>
<td>39</td>
<td>37</td>
<td>37</td>
</tr>
<tr>
<td></td>
<td>Females 398</td>
<td>427</td>
<td>392</td>
<td>369</td>
<td>348</td>
</tr>
<tr>
<td>Retirement after parental leave of absence*</td>
<td>Females 98.8%</td>
<td>94.4%</td>
<td>94.5%</td>
<td>96.2%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Males 100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Retention after parental leave of absence*</td>
<td>Females 85.0%</td>
<td>93.5%</td>
<td>93.7%</td>
<td>93.7%</td>
<td>100%</td>
</tr>
<tr>
<td></td>
<td>Males 99.9%</td>
<td>98.8%</td>
<td>97.7%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Shortened working hours for childcare</td>
<td>Males 3</td>
<td>3</td>
<td>6</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>Females 440</td>
<td>458</td>
<td>451</td>
<td>457</td>
<td>456</td>
</tr>
<tr>
<td>Sick / injured childcare leave</td>
<td>Males 344</td>
<td>429</td>
<td>471</td>
<td>439</td>
<td>275</td>
</tr>
<tr>
<td></td>
<td>Females 445</td>
<td>496</td>
<td>522</td>
<td>484</td>
<td>358</td>
</tr>
<tr>
<td>Home care absence</td>
<td>Males 8</td>
<td>8</td>
<td>12</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Females 5</td>
<td>4</td>
<td>6</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Family care</td>
<td>Males 107</td>
<td>133</td>
<td>180</td>
<td>175</td>
<td>134</td>
</tr>
<tr>
<td></td>
<td>Females 87</td>
<td>117</td>
<td>113</td>
<td>118</td>
<td>84</td>
</tr>
<tr>
<td>Shortened working hours for family care</td>
<td>Males 1</td>
<td>1</td>
<td>3</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td></td>
<td>Females 2</td>
<td>2</td>
<td>6</td>
<td>11</td>
<td>7</td>
</tr>
</tbody>
</table>

* 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 = Total number of regular employees who returned to work after parental leave of absence = 100

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 a active role in a company, three KDDI employees, the most among the participating companies in ACE Award, received its grand prize.

Established in 2008 as a special subsidiary to provide opportunities for many people, KDDI Challenged Corporation is promoting the independence and success of work of employees with disabilities, aiming to expand and create the types and scope of jobs, including the operations of the three fields. 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 2.50%*4 (as of June 2021), which exceeds the legal requirement (2.30%).

*4 Includes KDDI Challenged Special Assistance and KDDI Engineering

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 for 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.

Expanding Employment Opportunities and Advancement of Persons with Disabilities

KDDI

Contact: KDDI

Employment Promotion for People with Difficulty in Securing Employment

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

Launch of Initiatives to Support People of the Employment Ice Age

To understand, assess, and treat employees with disabilities according to the need of each employee, we provide a guidebook for supervisors.

The guidebook, which was created with the participation of employees with hearing difficulties, is post- ed on the internet to provide easy-to-understand explanations on the rules of sign language interpretation and how to support summary writing in workplace

KDDI

For people with hearing difficulties.

We introduced the UDTalk speech translation app to further ensure the access to information by employ- ees with hearing difficulties.

KDDI

KDDI and NTT work together to offer programs designed to support capacity building, thereby helping solve issues facing people with dif- ficulty securing employment.

KDDI

Feature Article 1: KDDI’s Response to Climate Change

KDDI’s Commitment to Sustainability
**Materiality 4**

**Rewarding Workplaces for Diverse Talents**

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

**Labor Practices**

Promoting Active Role of Elderly Workers

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

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

Advancement of Foreign Employees (Prevention of Discrimination)

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

**Creating Sound Labor-Management Relations**

Signing of Union Shop Agreement and Cooperation between Labor and Management

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

Pension System

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

We strive to provide fair and strict management of the fund to ensure a stable life for fund subscribers and recipients in the future. We have also introduced a defined-contribution corporate pension plan for employees to whom the KDDI Version Job Style Personnel System is applied starting from the month an employee joins the company.

**Wellness Benefits (for Employees)**

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We strive to provide fair and strict management of the fund to ensure a stable life for fund subscribers and recipients in the future. We have also introduced a defined-contribution corporate pension plan for employees to whom the KDDI Version Job Style Personnel System is applied starting from August 2000, thereby supporting each employee’s life plan and autonomous asset building.

KDDI’s Approach — Sound Labor-Management Relations

We aim to foster a company-oriented workplace culture by improving labor-management relations through open discussions and negotiations with representatives of employees.

**Status of Workplace Injuries (KDDI)**

- **Number of workplace accidents**: 21, 23, 20, 19, 9
- **Frequency rate**: 0.78, 0.52, 0.01, 0.0, 0
- **Severity rate**: 0.19, 0.26, 0.15, 0.16, 0.04

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

- **Average overtime hours per month**: 27.5
- **Average overtime allowance per month**: 36,398
- **Total annual actual hours worked**: 1,919.8
- **Rate of annual paid holidays taken**: 12.9
- **Average annual salary**: 5,532,136

**KDDI’s Approach — Sound Labor-Management Relations**

We aim to foster a company-oriented workplace culture by improving labor-management relations through open discussions and negotiations with representatives of employees.
Respect for Human Rights and Fairness in Business

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

KDDI’s Approach

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 suppliers are asked 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 forced labor, child labor and various types of harassment.
- We have set up a governance framework consisting of a range of committees, including the Business Ethics Committee and Sustainability Committee, to drive our efforts. We also run initiatives to enhance our employees’ understanding and practice of the KDDI Group Human Rights Policy and to prevent human rights violation in daily operations.
- We established the Business Ethics Helpline, which is available any time, to receive reports or provide consultation regarding violations of human rights policies.
- We assume there are social and economic risks where, through the products and services provided by KDDI, customers become involved in mischief or crime committed through the internet.
- We are aware that turning a blind eye to human rights violations can damage the value of corporate brand and hamper the development of a sustainable society. We believe that efforts to eradicate human rights violations from business activities and from the wider society can contribute to KDDI’s business growth.
- In terms of privacy and data protection, there are risks that KDDI and its business partners may retain, process and access personal information beyond specified purposes. Those risks may increase especially in countries and regions with weak rule of law or lacking strict laws protecting data.

Our Risks and Opportunities
- We assume there are social and economic risks where, through the products and services provided by KDDI, customers become involved in mischief or crime committed through the internet.
- We are aware that turning a blind eye to human rights violations can damage the value of corporate brand and hamper the development of a sustainable society.
- In terms of privacy and data protection, there are risks that KDDI and its business partners may retain, process and access personal information beyond specified purposes.
- We assume there are social and economic risks where, through the products and services provided by KDDI, customers become involved in mischief or crime committed through the internet.
- We are aware that turning a blind eye to human rights violations can damage the value of corporate brand and hamper the development of a sustainable society.

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

The KDDI Group Human Rights Policy, established in 2016, also declares our efforts in all group companies to respect international standards such as the Universal Declaration of Human Rights, as well as to prevent and reduce negative influences on human rights and to promote education on the issue. We believe that diversity and inclusion is important for a company to achieve sustainable growth, especially in driving innovation. The KDDI Group Philosophy includes a vision of embracing diversity to facilitate the understanding. We are also aware that issues surrounding the protection of personal information and the invasion of privacy by a government uniquely expose the ICT industry to human rights risks. We are determined to fulfill our social responsibility to address these issues by leading an industry-wide drive by means of continuous stakeholder engagement for risk identification.

KDDI’s Commitment to Sustainability
- Feature Article 1: KDDI’s Response to Climate Change
- Feature Article 2: KDDI Sustainable Action
- Management Framework
- Organizational Structure
- KDDI System
- Board of Directors
- Financial Statements
- Shareholders' Report
- Corporate Governance
- Environmental Protection
- Corporate Social Responsibility
Respect for Human Rights and Fairness in Business

Human Rights

KDDI's D&I Promotion System

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

KDDI's D&I Promotion System

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

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

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

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

Major Risks Identified

Main potential impacts on human rights identified are as follows:

- Conduction 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 counties, etc.

Future Initiatives

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

Employee Awareness Raising

KDDI and our group companies in Japan strive to further raise awareness of human rights based on the KDDI Code of Business Conduct in director trainings, new employee trainings and position-based compliance trainings. Our awareness-raising initiatives include the provision of harassment prevention seminars (compulsory to all 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 LGBTI+ equality are changing. However, businesses still lag behind in the understanding of and support for LGBTI+ rights.

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

Increase Allies

We at KDDI are engaged in an initiative to increase allies — supporters of LGBTI+ people. To LGBTI+ 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. By July 2021, around 3,000 employees have declared themselves allies and are working on making our workplace a safe, happy place for LGBTI+ people to work in. In October 2020, we also launched the Ally Community as a place to learn about the feelings of the parties concerned and deepen our understanding about them, and we are working with approximately 40 volunteers.

Other Initiatives

Initiatives through KDDI Smartphone and Mobile Phone Safety Classes

At elementary schools, junior high schools and high schools across Japan, KDDI’s certified lecturers teach children rules and manners to abide by when using a smartphone or mobile phone and go over teachable examples of trouble and incidents related to smartphones, mobile phones, and the internet. The classes are designed to enable children to use their own judgment and thereby avoid risks. In addition to visiting schools to give lectures, we also offer online lectures in response to the spread of COVID-19. Since its launch in fiscal 2005, a total of 36,000 classes have been held with over 6,440,000 attendees. There is a wide variety of human rights-related risks posed by the internet, and people need to be careful not to spread misinformation or write hurtful comments on social media, post identifying information, or too easily trust people met online. These topics are covered by the lectures, and we are working to enable children to safely use information technology while protecting their human rights.
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

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’s Approach to Compliance (Compliance)

We created the KDDI Code of Business Conduct to encourage the ethical behavior of employees along with a compliance mindset. In addition to publication on the intranet, we distribute web shortcuts related to the KDDI Code of Business Conduct to business mobile devices lent to employees, enabling employees to check it whenever they are unsure what action to take. Also, we established the KDDI Group Business Ethics Committee as a decision making body for KDDI Group’s compliance related matters. The KDDI Group Business Ethics Committee is chaired by the Chairperson who is a Representative Director, and members include directors and additional nominees appointed by the chair as required. They hold a meeting once every half-year, and, in addition to investigating the conditions of each group company, the committee builds and supports the enhancement of compliance frameworks. The committee is also responsible for handling issues, for example, prevention and compliance issues, such as breaches of competition laws.

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

KDDI Group Compliance and Enforcement Framework

We also strengthened the KDDI Group Business Ethics Committee to promote the KDDI Code of Business Conduct. The committee determines measures to be taken for issues that occurred. It also formulates and implements policies for raising awareness, promotes anti-corruption activities, investigates and reports on information received, and investigates and reports on information received.

Examples of Initiatives in FY2020

• Target: All KDDI employees
  - Promotion of the KDDI Code of Business Conduct to business mobile devices lent to employees
  - Target: Managers, Group leaders
  - Harassment-prevention seminars
  - Target: New line managers
  - Training related to bullying and harassment
  - Target: Group company executives
  - Training for learning risk management in corporate operations, legal and accounting knowledge, and labor management

Sustainability Promotion Framework (KDDI Group Philosophy, KDDI Code of Business Conduct)

Compliance Education, Training and Awareness Raising

Examples of Initiatives in FY2020

• Target: All KDDI employees
  - Promotion of the KDDI Code of Business Conduct to business mobile devices lent to employees
  - Target: Managers, Group leaders
  - Harassment-prevention seminars
  - Target: New line managers
  - Training related to bullying and harassment

Business Ethics Helpline (Grievance Mechanism)

We established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI. KDDI Group companies and business partners who have questions or concerns about business ethics and legal compliance, including human rights issues. The helpline is available anytime and can receive reports through an internal or external contact point. Established in collaboration with external experts, the 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 Whitecollar Protection Act enacted in Japan in April 2006. We are actively promoting the use of the Business Ethics Helpline and the Sexual Harassment and Human Relationships Hotline by distributing whistleblowing cards. In 2020, there were 671 consultations and reports, but there was no consultation or reporting of serious issues that require external announcement.

The KDDI Group Business Ethics Committee investigates the issues consulted on and reported as required while protecting privacy, and when the problems are detected, the committee members as well as the management team and the Audit & Supervisory Board members review the report and take corrective actions along with measures to prevent recurrence.

If it is identified that its business activities has caused, or had any adverse impact on human rights, KDDI ensures that it will provide relief for those affected.

Materiality 5

Elimination of Organized Crime Groups (Basic Approach and Implementation Status)

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering organized crime groups.

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

Basic Policy for Constructing an Internal Control System

Anti-Corruption Measures

Basic Approach to Anti-corruption

To prevent corrupt practices, the KDDI Code of Business Conduct defines the principles of promoting fair business activities and the conscientious performance of duties and prohibits activities such as bribing politicians and public officials, along with other similar types of corruption.

Specifically, this includes any business entertainment, gift and invitation given to a public official in the course of business with government agencies that is prohibited under the National Public Service Act and other applicable laws and regulations.

KDDI has established that, when dealing with overseas governments and companies, employees will not provide any business entertainment, gift or invitation as stipulated in the UN Convention against Corruption as well as the laws and regulations of the relevant countries against foreign corruption practices and unfair competition.

In addition to the above, we also stipulate the elimination of organized crime groups and prohibition of insider trading and anti-competitive behavior, and any violations will be punished in accordance with internal regulations. In order to prevent these violations, we use e-learning courses and e-mails to inform all employees and raise their awareness. In FY2020, there were no employees subject to disciplinary dismissal for violating the anti-corruption provisions of the KDDI Code of Business Conduct. We also urge business partners to comply with the KDDI Sustainable and Responsible Procurement Guidelines, which defines rules for prohibition of corruption, bribery, abuse of power and giving or receiving illicit funds.

Sustainable Procurement

For any political donations we make, we observe the Political Funds Control Act and follow the KDDI Code of Business Conduct. We also urge business partners to comply with the KDDI Sustainable and Responsible Procurement Guidelines. In fiscal 2020, we made political donations totaling 6 million yen in Japan, and there were no cases of legal action against us concerning corruption or bribery.
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

The KDDI Code of Business Conduct defines rules that prohibit anti-competitive behaviors, as well as other rules intended to ensure that all employees comply with competition laws.

In addition to competition laws, we stipulate that local laws and regulations in all operating countries and regions, but also by complying with and following the spirit of the law and paying tax appropriately to engage in tax fairness, and thereby strive to maximize shareholders’ value.

In fiscal 2020, we paid 2,351,451 million yen of corporate income tax, which accounts for 31.0% of gross income. KDDI Group submits the Statutory Report after undergoing accounting audits by external accounting auditors and obtaining approval of the CFO Executive Vice President, Representative Director / Executive Director, Corporate Sector) and the President.

As KDDI Group businesses become increasingly multinational and have more international transactions, our top management, including the President, is working to develop and promote a tax strategy that properly recognizes international tax risks and regards such risk as an important issue in each country linked to management, while utilizing external specialists to have a deeper understanding of the latest tax updates. In addition, the head office is engaged in education for employees across the world and resolves tax practices support from external specialists. With these initiatives, we strive to maintain and improve tax governance.

Also, with regard to the tax returns it prepares, KDDI has them reviewed by an external tax accountant corporation and obtains approval of the CFO before submitting them to the tax authorities.

Tax Transparency and Relatios with Tax Authorities
To maintain the transparency of tax affairs, we prepare and submit an annual report on our activities by country in accordance with tax laws in Japan. We also work to build trust relationship with tax authorities in each country by conducting timely and appropriate disclosure of tax-related information, such as a business summary report on the overall status of the Group activities in line with the local tax laws, regulations and disclosure standards of each country and region in which we operate. With these initiatives and prior inquiries as required, we strive to reduce tax risks.

Efforts to Prevent Tax Avoidance
In accordance with OECD’s Action Plan on Base Erosion and Profit Shift-
Respect for Human Rights and Fairness in Business

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

Supply Chain Management

Promoting Responsible Procurement

We have conducted a survey targeting our leading business partners using a Responsible Procurement Check Sheet since fiscal 2014. The survey covers 42 items related to the seven themes, namely human rights and labor, safety and health, environment, fair and ethical trade, quality and safety, information security and contribution to society, as defined in the KDDI Sustainable and Responsible Procurement Guidelines based on the Responsible Business Alliance (RBA, formerly called the Electronic Industry Citizenship Coalition (EICC)) code of conduct. Responsible Business Conduct Guidelines published by the Japan Electronics and Information Technology Industries Association (JEITA). In addition to them, it also covers other items that KDDI deems pertinent to the company. Through this survey, we make sure of sharing information about responsible procurement initiatives in a bid to promote responsible procurement standards while maintaining stable procurement as a general telecommunications operator, we will further drive initiatives that are determined and refined in the four newly set categories, namely “Maintain and improve communication with suppliers,” “Survey actual status of suppliers,” “Establish active plan for procurement,” and “Update rules and procedures.” Specifically, we will check the status of each supplier’s responsible procurement initiatives through a questionnaire in line with the guidelines, and take necessary measures to reduce risks, for example, by conducting additional on-site research for suppliers with any risk from perspectives, such as human rights and labor, quality and safety, and environment. To manage high-risk suppliers, we added a new set of questions to the Responsible Procurement Surveys from the fiscal year 2021, leading to strengthened risk assessment in the supply chain. The questions are divided into two parts: one on human rights including conflict minerals, and the other on the environment including CO2 emissions for scopes 1, 2, and 3. If a supplier is deemed to be at high risk, we will conduct additional surveys and corrective measures through on-site audits. As a result of the survey in the fiscal year 2020, there were no suppliers that required additional investigations or corrective actions.

Establishment of KDDI Sustainable and Responsible Procurement Policy and Improvement of SCM

We aim to achieve both gradual improvement of our responsible procurement standards and stable procurement as a general telecommunications operator through establishing KDDI Sustainable and Responsible Procurement Policy and improving SCM in cooperation with suppliers.

* Supply Chain Management

Initiatives to Improve Employees’ Procurement Skills

<table>
<thead>
<tr>
<th>Target</th>
<th>Initiative details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees responsible for procurement</td>
<td>• Training program for newly appointed personnel&lt;br&gt;• Compliance training&lt;br&gt;• Recommendation to pass the grade B exam for Certified Procurement Professionals</td>
</tr>
</tbody>
</table>

Support for Distributors

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

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

Major Education and Training Activities

<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 season using examples of inappropriate conducts (e.g., 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 Suppliers

We make sure that we visit a supplier’s worksite, exchange views, and share information about responsible procurement initiatives in a bid to build a better partnership with the supplier. We visited seven suppliers including tier-2 suppliers in fiscal year 2020.

Using the KDDI Industrial Waste Management Guidelines, we hold regular inspections each year of the industrial waste management companies that have consigned to dispose of our industrial waste. Additionally, once a year, we hold on-site checks of recycling companies that perform mobile phone decommissioning. 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 increases in global temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit it to 1.5°C. Many countries around the world have set targets related to climate change and are working to address it. In addition, the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) were released in 2017, and the Corporate Governance Code, which was revised in 2021, calls for sustainability initiatives and disclosure. As part of responses to climate change, companies around the world are required to set GHG emission reduction targets and to take and disclose measures against global warming.

Our Risks and Opportunities

With responses to intensifying disasters caused by the impact of global warming becoming a social issue, KDDI, and the wider telecom carriers, must also consider its impact on the environment when making capital investments and developing services.

Each country and region has regulations and measures that influence corporate business activities, such as energy-saving standards, carbon taxes, and emissions trading. We consider such regulations and measures as potential risks to business continuity and growth.

In order to comply with these regulations, we are building environmentally responsible bases, as well as providing services that save energy and reduce society’s environmental impact through the use of ICTs, creating an opportunity for our business growth.

Management Framework

KDDI Environmental Charter

- Manifesto
  KDDI Group recognizes the importance of fulfilling its duty as a responsible global corporate citizen to conserve and protect the Earth’s irreplaceable environment so that it can be inherited by future generations. We are committed to pursuing our business in eco-conscious ways, through programs of activities that span the entire group companies.

- Action Guidelines
  1. We will strive to evaluate the quantitative impact of our activities as a company on the global environment, implement effective environmental protection programs, and continuously improve these programs. Specifically, we will:
     - Develop and operate environmental management systems necessary to make continuous improvements in such environmental fields as energy conservation, resource conservation and waste reduction.
     - 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.
     - Promote communication through the appropriate dissemination of information.
     - We will strive to develop and offer services that reduce the environmental impact through the use of next-generation information technologies.
     - 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.
     - We will promote corporate purchasing policies that favor eco-friendly products and equipment.
     - As a responsible corporate citizen, we will contribute to society and local communities through activities that promote an affluent society that is in harmony with the environment.

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

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.

KDDI Environmental Charter

KDDI declared in the KDDI Sustainable Action, KDDI’s SDGs formulated in May 2020 with an eye to the year 2030, that we would proactively drive a shift to renewable energy to substantially achieve net-zero CO2 emissions by 2050 and reduce the environmental burden on society through the use of ICT.

The Fourth Environmental Conservation Plan: KDDI GREEN PLAN 2030

We are promoting a new Environmental Conservation Plan: KDDI GREEN PLAN 2030. This long-term plan is based on the objectives of the Paris Agreement adopted at COP21 in 2015 and Japan’s Plan for Global Warming Countermeasures. In July 2021, we raised our target for our own CO2 emissions (7% reduction from fiscal year 2013) to 50% reduction from fiscal year 2019. In order to achieve carbon neutrality, we continue our efforts to reduce CO2 emissions by utilizing renewable energy and implementing other measures. We will disclose our progress each year as well as improve and revise the plan when we need to.

- 50% Reduction of Our Own CO2 Emissions by FY2030 toward Realization of Carbon Neutrality (Japan only)
- KDDI GREEN PLAN 2017-2030 FY2020 Results

Climate Action

- Reduce KDDI’s (Japan, non-consolidated) CO2 emissions by 50% in FY2030 compared to FY2019
- Use renewable energy, and upgrade to highly energy-efficient data centers and mobile phone base stations, etc.
- Contribute to reductions in society’s CO2 emissions by providing KDDI’s information and communication technology (ICT) services

Creating a Society with Material Circularity

- Maintain zero emissions from retired telecommunication facilities
- Maintain material recycling rate of 99.8% for used mobile phones

Conservation of Biodiversity

- Active promotion of initiatives using ICTs to conserve ecosystems

KDDI’s Initiatives toward Carbon Neutrality

- KDDI and Nokia Agreed on the First Demonstration Test in Japan to Reduce Base Station Power Consumption by up to 50% with AI Control (Japanese only)
- KDDI, Mitsubishi Heavy Industries, NEC Networks & System Integration Corp. Started Demonstration Tests for Utilization of Immersion Cooling Equipment and Realization of Small Data Centers (Japanese only)
- au Denki Started Offering an “Eco Plan” with a Real 100% Renewable Energy Ratio from 1 September, Which Allows Customers to Donate 2% of Their Electricity Bill to Environmental Conservation Activities (Japanese only)
**Environmental Management**

**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 announced our support for the Task Force on Climate-related Financial Disclosures (TCFD) in April 2021. We will strive to proactively disclose information based on the disclosure framework of governance, strategy, risk management and metrics and targets in accordance with the TCFD recommendations. We will also take concrete measures to address climate change and put them into actions.

**Goverance**

KDDI has the Sustainability Committee, chaired by the President and consisting of key members of the Board of Directors, etc., to deliberate on issues related to climate change at KDDI, monitoring risks and opportunities, and approving reports and other matters. In the first half of the fiscal year, the Committee confirms the previous year’s performance against targets, analyzes the causes and confirms countermeasures in the event that targets have not been achieved. In the second half of the fiscal year, it confirms the progress of the current fiscal year’s targets and sets targets for the next fiscal year.

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

**Strategy**

In May 2020, KDDI announced the KDDI Sustainable Action, KDDI’s SDGs with an eye on 2030, and declared that we would aim to improve energy efficiency and achieve net-zero CO2 emissions by 2050, regarding conservation of the environment as one of the social issues. Specifically, we carried out two types of analyses: the 2°C scenario in which a carbon-free society will be rapidly realized (a future in which the goal to hold the increase in the global average temperature below 2°C [including 1.5°C scenario] above pre-industrial levels is achieved)


**Scenario Analysis Results**

The 2°C scenario in which a carbon-free society will be rapidly realized (a future in which the goal to hold the increase in the global average temperature below 2°C [including 1.5°C scenario] above pre-industrial levels is achieved)

**KDDI’s Risks**

- Carbon Tax
- Emissions Regulations
- Risk of increased costs for energy-efficient technologies for various facilities, CCOs+*4, development, etc.
- Risk of increased costs for energy-efficient technologies for various facilities, CCOs+*4, development, etc.
- Risk of increased costs for energy-efficient technologies for various facilities, CCOs+*4, development, etc.
- Risk of increased costs for energy-efficiency and climate-control systems to reduce energy power

**KDDI’s Responses**

- Planning to switch from fossil fuel power to renewable energy power
- Investment in the development of various technologies
- Planning to switch from fossil fuel power to renewable energy power
- Investment in the development of various technologies
- Investment in the development of various technologies

**Analysis of Transition Risks**

- Carbon Tax
- Emissions Regulations
- Risk of increased costs for energy-efficient technologies for various facilities, CCOs+*4, development, etc.
- Risk of increased costs for energy-efficient technologies for various facilities, CCOs+*4, development, etc.
- Risk of increased costs for energy-efficient technologies for various facilities, CCOs+*4, development, etc.
- Risk of increased costs for energy-efficiency and climate-control systems to reduce energy power

**Risk Management**

The Corporate Risk Management Division, which is in charge of risk management for the KDDI Group, identifies risks twice a year including those related to climate change and all operational risks that could have a significant impact on our financial and management strategies. Of the risks identified, those related to climate change are managed using an environmental management system (EMS) approach, utilizing the ISO environmental management system. With regard to the risks to be managed, each relevant department sets quantitative annual targets for risk reduction and evaluates the progress on a quarterly basis. Issues pointed out in the progress evaluation are reported to the Environment Subcommittee, a subcommittee of the Sustainability Committee, and risks and opportunities related to the entire company and all divisions are discussed and approved by the Sustainability Committee.

**Metrics and Targets**

Since the fiscal year 2012, KDDI has been establishing the greenhouse gas emissions of our supply chain (Scopes 1, 2, and 3) and for KDDI alone to quantitatively understand its environmental impact and manage the risks and opportunities that climate change poses to the company.

Since the fiscal year 2020, KDDI has been targeting the greenhouse gas emissions of our supply chain (Scopes 1, 2, and 3) and for KDDI alone to quantitatively understand its environmental impact and manage the risks and opportunities that climate change poses to the company. The following metrics and targets were announced in July 2021, and we will continue to promote activities to reduce greenhouse gas emissions.

- **Category**
  - Direct GHG emissions that occur on sources that are controlled or owned by the organization
  - Indirect GHG emissions associated with the usage of electricity, heat and steam supplied by electricity retailers
  - Indirect GHG emissions associated with the usage of electricity, heat and steam supplied by electricity retailers ( Scope 3 emissions from external actors related to the organization’s activities)

- **Emissions in FY2020 (t-CO2)**
  - 6,595
  - 1,041,559
  - 5,410,384

- **Targets**
  - FY2025: 20% reduction compared to FY2019
  - FY2030: 50% reduction compared to FY2019
  - FY2030: 50% reduction compared to FY2019

**References**

1. Since the estimated CO2 emissions in FY2020 are approximately 500,000 tons CO2, it was assumed that an annual tax of about 3.85 billion yen will be levied.
2. Carbon dioxide Capture, Utilization and Storage
3. Reference: ETP (Energy Technology Perspectives) 2017 Beyond 2°C Scenario (SDS), ETP (Energy Technology Perspectives) 2017.
An Energy-Efficient, Circular Economy

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

Environmental Management

Compliance with Various Environmental Laws and Regulations

In order to prevent or reduce environmental impacts by our business activities, we strictly comply with national environmental laws and regulations, as well as with local ordinances and agreements. In KDDI, there were no violations of environmental laws and regulations in fiscal 2020. There were no environmental contaminations, such as leakage or output of hazardous substances either.

Related Laws and Regulations:

• Act on the Rational Use of Energy
• Act on the Promotion of Sorted Collection and Recycling of Containers and Packaging
• Waste Management and Public Cleansing Act
• Act on Rational Use and Proper Management of Fluorocarbons
• Law Concerning Special Measures for Promotion of Proper Treatment of PCB Waste

Appropriate Processing of PCB-Containing Equipment

In accordance with the PCB Management Rules set out for the purpose of proper management of PCBs and precautions against risks, KDDI is promoting the disposal of retired equipment that contains PCBs. We are continuing to dispose of remaining equipment containing high-concentration PCBs and low-concentration PCBs.

Status and Future Plans for Disposal of Equipment Containing PCBs (as of July 2021)

<table>
<thead>
<tr>
<th>Disposal amount in FY2020</th>
<th>Remaining amount yet to be disposed</th>
<th>Planned disposal time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment containing high-concentration PCBs</td>
<td>0</td>
<td>Disposed by the end of December 2021</td>
</tr>
<tr>
<td>Equipment containing low-concentration PCBs</td>
<td>2,243</td>
<td>Disposed by the end of December 2022</td>
</tr>
</tbody>
</table>

Cooperation with Business Partners

We continuously make our base stations lighter in weight and more energy-efficient. As 5G networks process larger volumes of data (traffic) than 4G networks, electricity consumption would significantly increase with the existing system. Therefore, we work with the suppliers of equipment for base stations to develop equipment lighter in weight and more energy-efficient. We are introducing the most advanced 4G and 5G base stations, reducing weight by approximately 40% and electricity consumption by approximately 19%, compared to conventional 3G and 4G base stations. We will continue to work with business partners to reduce our environmental impacts.

Compliance with Environmental Laws and Regulations

KDDI Group

Materiality

Feature Article 1: KDDI’s Response to Climate Change

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 a voluntary ecological action plan stipulating various efforts directed at reducing CO2 emissions through energy conservation been created and is it being executed?</td>
<td>KDDI Environmental Charter</td>
</tr>
<tr>
<td>2. Does the ecological policy include specific efforts stipulating numerical targets for the reduction of CO2 emissions through energy conservation?</td>
<td>The fourth environmental conservation plan (KDDI GREEN PLAN 2030) included the following targets: • 50% reduction in CO2 in FY2030 compared to FY2019 for KDDI (in Japan, non-consolidated) • Utilize renewable energy and construct highly energy-efficient data centers, mobile phone base stations, etc. • Contribute to reductions in society’s CO2 emissions by providing KDDI’s ICT services • Maintain zero emissions from retired telecommunication facilities Achieving final disposal rate of 1% or less Zero emissions is defined as having a final disposal rate of 1% or less. Maintain material recycling rate of 90.8% for post-consumer mobile phones • Active promote initiatives that use ICTs to conserve ecosystems The Fourth Environmental Conservation Plan: KDDI GREEN PLAN 2030</td>
</tr>
<tr>
<td>3. Is the ecological policy documented and disseminated inside and outside of the company? Does the company carry out activities to inform and enlighten its employees? Is the company working to raise ecological awareness?</td>
<td>The environmental conservation plans disclosed within and outside the company in the Sustainability Report and on the corporate website. We also provide e-learning programs and internal seminars for employees as needed. Education and Awareness Raising for Employees p.78</td>
</tr>
<tr>
<td>4. Does the company disclose to the general public its 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 in the Sustainability Report and on the corporate website.</td>
</tr>
<tr>
<td>5. Is the company compliant of energy conservation in purchasing office equipment, supplies and logistics (e.g. green purchasing)?</td>
<td>KDDI promotes green purchasing under the Supply Chain Management</td>
</tr>
<tr>
<td>6. In relation to ICT equipment and data center services, has the company improved a procurement standard based on assessment standards specified in the Guidelines to procurement carried out in accordance with the standard?</td>
<td>KDDI promotes green purchasing under the Supply Chain Management</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>The Sustainability Department was established</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 monitor the implementation and the achievement level, conduct inspections and improve through internal audits under the Environmental ISO Management System</td>
</tr>
<tr>
<td>9. Are ecologically friendly efforts being made other than activities to save energy?</td>
<td>We consider the promotion of 3Rs (Reduce, Reuse, Recycle) to be also a significant issue and are committed to the following initiatives: • Promotion of recycling communication facilities and achieving higher recycling rate • Promotion of recycling post-consumer mobile phones and achieving higher recycling rate • Reduction in paper resources use via Green by ICTs (E)@Home, KDDI paperless tax service, slimmed down as mobile phone manual, compact individual packaging, etc.) • Reduction in office waste and achieving higher recycling rate We are also engaged in improving the supply chain by dealing with Scope 3 and promoting LCA and in conserving biodiversity. Environmental Performance (Carbon Neutrality) Environmental Performance (Recycling-Oriented Society) Environmental Performance (Biodiversity)</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. Environmental Conservation Activities by Employees</td>
</tr>
</tbody>
</table>

Education and Awareness Raising for Employees

KDDI Group

We believe that enhancing the environmental awareness of all employees and encouraging them to better understand environmental issues are essential to promote our environmental activities.

Initiatives Target Details / Results

<table>
<thead>
<tr>
<th>Staging disaster at the beginning of the term</th>
<th>Persons responsible for environmental ISG of KDDI Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Participants: 2 persons responsible for environmental ISG of KDDI Group from 5 of 10 departments (46% of target department) and 19 representatives from 8 out of 11 group companies (33% of target companies)</td>
<td></td>
</tr>
<tr>
<td>Training of environmental ISG members</td>
<td>Held study sessions to train 2 auditors</td>
</tr>
<tr>
<td>e-learning</td>
<td>All employees of KDDI Group</td>
</tr>
<tr>
<td>Themes: &quot;Let’s understand the KDDI Sustainable Action and put it into action!&quot; Trainees: 11,406 (98.0% of the target)</td>
<td></td>
</tr>
</tbody>
</table>

Acquiring the Eco ICT Mark

KDDI has acquired the Eco ICT Mark established by the ICT Ecology Guideline Council to work toward improving environmental consciousness and reducing environmental impacts.

Promoting Green Procurement

We formulated the KDDI Green Procurement Guidelines to promote purchasing of more environmentally conscious products and business equipment (communication devices, air conditioning systems and power supply facilities) with high energy-saving performance. The Guidelines target the devices defined in the latest Ecology Guideline for the ICT Industry specified by the ICT Ecology Guideline Council. We also apply the KDDI Sustainable and Responsible Procurement Guidelines to our business partners and follow up on their response toward environmental management, using the Responsible Procurement Surveys.

KDDI Green Procurement Guidelines (Japanese only) KDDI Sustainable and Responsible Procurement Guidelines Supply Chain Management

Response to Act on Promoting Green Procurement

KDDI has a lineup of products that meet the requirements of the Japanese Response to Act on Promoting Green Procurement. KDDI has acquired the Eco ICT Mark established by the ICT Ecology Guideline Council.

List of Compatible Models with Act on Promoting Green Procurement (as of July 2021) Unit: t

| KDDI GREEN PLAN 2030 | P. 78
|---|---|
| P. 78
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

We have implemented environmental accounting since 2010 as an effective measure to quantitatively evaluate the costs and results of our environmental activities.

We analyze calculated costs and results to conduct more efficient environmental management.

Materiality

Environmental Accounting

1. Environmental conservation benefits (physical)

<table>
<thead>
<tr>
<th>Indicator category</th>
<th>FY2018</th>
<th>FY2019</th>
<th>Change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electricity usage</td>
<td>unit kWh</td>
<td>2,655,659</td>
<td>2,570,829</td>
</tr>
<tr>
<td>Paper usage</td>
<td>unit ton</td>
<td>11,012</td>
<td>9,602</td>
</tr>
<tr>
<td>Paper reduced by DB on Web</td>
<td>unit ton</td>
<td>4,040.6</td>
<td>4,207.3</td>
</tr>
<tr>
<td>Greenhouse gas emissions*</td>
<td>unit t-CO₂</td>
<td>1,395,453.2</td>
<td>1,377,299.9</td>
</tr>
</tbody>
</table>

2. Benefits for business operation area

<table>
<thead>
<tr>
<th>Benefits related to resources input in business activities</th>
<th>FY2018</th>
<th>FY2019</th>
<th>Change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Steel used for establishment</td>
<td>unit t</td>
<td>120</td>
<td>108</td>
</tr>
<tr>
<td>Reduction in energy costs by introducing low-pollution vehicles</td>
<td>unit</td>
<td>2,929.5</td>
<td>4,850.6</td>
</tr>
<tr>
<td>Benefits related to waste or environmental impact originating from business activities</td>
<td>unit ton</td>
<td>3,303</td>
<td>3,753</td>
</tr>
</tbody>
</table>

3. Economic benefits of environmental conservation measures (yen)

<table>
<thead>
<tr>
<th>Substantial benefits (major effects)</th>
<th>FY2018</th>
<th>FY2019</th>
<th>Change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>unit million yen</td>
<td>134.2</td>
<td>140.3</td>
</tr>
<tr>
<td>Cost reductions</td>
<td>unit million yen</td>
<td>36.6</td>
<td>35.0</td>
</tr>
<tr>
<td>Total</td>
<td>unit million yen</td>
<td>199.8</td>
<td>175.3</td>
</tr>
</tbody>
</table>

KDDI Targets for FY2030: Consolidated data

<table>
<thead>
<tr>
<th>Consolidated electricity consumption</th>
<th>unit kWh</th>
<th>3,513,024</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated water resource input (basic unit)</td>
<td>unit: 1,000 m³ + per person</td>
<td>0.012</td>
</tr>
</tbody>
</table>

* The CO₂ emissions are calculated using the emission factors furnished by electric utility operators. (Emissions from heat, steam and hot and chilled water consumption are included.)

KDDI Sustainability Report 2021

KDDI Sustainability Report 2021

KDDI Group

Policy
An Energy-Efficient, Circular Economy

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

Environmental Performance

Understanding Environmental Impact (Non-consolidated)

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, our environmental performance has 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. Third-party guarantee for Scope 1 emissions has also been obtained.

CO2 Emissions and the Proportion of Each Category (Coverage: KDDI, non-consolidated basis)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>t %</td>
<td>t %</td>
<td>t %</td>
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<td>t %</td>
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<td>t %</td>
<td>t %</td>
<td>t %</td>
<td>t %</td>
</tr>
<tr>
<td>Scope 1 All direct GHG emissions</td>
<td>2,848</td>
<td>0.04</td>
<td>3,472</td>
<td>0.06</td>
<td>4,610</td>
<td>0.09</td>
<td>5,220</td>
<td>0.10</td>
<td>5,286</td>
</tr>
<tr>
<td>Scope 2 Indirect CO2 emissions from electricity, heat or steam</td>
<td>948,612</td>
<td>15.17</td>
<td>954,283</td>
<td>16.30</td>
<td>1,060,016</td>
<td>18.27</td>
<td>1,084,023</td>
<td>18.37</td>
<td>1,022,201</td>
</tr>
<tr>
<td>Scope 3 Fuel and energy related activities not included in Scopes 1 and 2</td>
<td>2,733,364</td>
<td>55.56</td>
<td>3,343,056</td>
<td>57.25</td>
<td>3,305,863</td>
<td>56.96</td>
<td>3,230,989</td>
<td>56.91</td>
<td>3,027,740</td>
</tr>
<tr>
<td>Scope 4 Upstream transportation and distribution</td>
<td>34,422</td>
<td>0.68</td>
<td>31,496</td>
<td>0.56</td>
<td>34,967</td>
<td>0.60</td>
<td>35,379</td>
<td>0.64</td>
<td>34,913</td>
</tr>
<tr>
<td>Scope 5 Waste generated in operations</td>
<td>921</td>
<td>0.02</td>
<td>998</td>
<td>0.02</td>
<td>502</td>
<td>0.06</td>
<td>565</td>
<td>0.08</td>
<td>584</td>
</tr>
<tr>
<td>Scope 6 Business travel</td>
<td>515</td>
<td>0.10</td>
<td>5,283</td>
<td>0.09</td>
<td>4,580</td>
<td>0.08</td>
<td>4,835</td>
<td>0.09</td>
<td>5,214</td>
</tr>
<tr>
<td>Scope 7 Employee commuting</td>
<td>3,497</td>
<td>0.07</td>
<td>2,677</td>
<td>0.05</td>
<td>5,031</td>
<td>0.09</td>
<td>4,574</td>
<td>0.08</td>
<td>4,642</td>
</tr>
<tr>
<td>Scope 8 Upstream leased assets</td>
<td>1,751</td>
<td>0.03</td>
<td>1,819</td>
<td>0.03</td>
<td>1,767</td>
<td>0.03</td>
<td>1,329</td>
<td>0.02</td>
<td>1,259</td>
</tr>
<tr>
<td>Scope 9 Downstream transportation and distribution</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Scope 10 Procurement of solid products</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Scope 11 Use of solid products</td>
<td>419,823</td>
<td>8.51</td>
<td>397,324</td>
<td>6.80</td>
<td>325,364</td>
<td>5.65</td>
<td>356,393</td>
<td>6.49</td>
<td>318,023</td>
</tr>
<tr>
<td>Scope 12 End-of-life treatment of solid products</td>
<td>1,451</td>
<td>0.03</td>
<td>919</td>
<td>0.02</td>
<td>1,006</td>
<td>0.02</td>
<td>894</td>
<td>0.02</td>
<td>383</td>
</tr>
<tr>
<td>Scope 13 Downstream leased assets</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Scope 14 Franchising</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Scope 15 Investment</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
<td>0.00</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4,161,059</td>
<td>81.39</td>
<td>4,861,185</td>
<td>83.82</td>
<td>4,743,494</td>
<td>81.65</td>
<td>4,435,050</td>
<td>80.54</td>
<td>4,697,387</td>
</tr>
</tbody>
</table>

* Measures of Scope 1 emissions are calculated using the emission factors provided by electric utility operators. (Emissions from heat, steam, and hot and chilled water consumption are included.)

** The CO2 emissions for power consumption are calculated using the emission factors provided by electric utility operators. (Emissions from heat, steam, and hot and chilled water consumption are included.)

*** CO2 emissions coefficients indicated in Japan’s Ministry of the Environment’s Overview of Basic Guidelines on Accounting for Greenhouse Gas Emissions throughout the Supply Chain.
## Environmental Performance

### Environmental Impact Data (Non-consolidated, Consolidated)

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<tbody>
<tr>
<td>Environmental Impact of &quot;au&quot;</td>
<td>Annual CO₂ emissions per user (kg)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>FY2017</td>
<td>FY2018</td>
<td>FY2019</td>
<td>FY2020</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>140.4</td>
<td>128.6</td>
<td>104.7</td>
<td>99.9</td>
<td>99.9</td>
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</table>

### Materiality 6

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

### An Energy-Efficient, Circular Economy

#### Environmental Performance

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<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td>FY2017</td>
<td>FY2018</td>
<td>FY2019</td>
<td>FY2020</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>140.4</td>
<td>128.6</td>
<td>104.7</td>
<td>99.9</td>
<td>99.9</td>
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</tbody>
</table>

### Environmental Impact of "au"

- CO₂ emissions per "au" user increased 11.1% from the previous assessment.
- CO₂ emissions for handsets have risen as smartphones become more ubiquitous, risen in price and gained battery capacity. Another contributing factor is the increase in wireless base stations to handle the expansion in communications traffic and greater number of frequencies used.
- The on-hand, energy conservation is making progress as individual wireless base stations’ annual power consumption has fallen 24.5%.

### Implementation of Life Cycle Assessments (LCA)

- We are working on LCAs that assess environmental impact by calculating CO₂ emitted through all processes related to products and services, including manufacture, use, disposal and recycling. Since fiscal 2008, we have regularly conducted LCAs for the "au" and "au Hikari" brands every three years. We conducted LCAs in fiscal 2018.
- The environmental impact from disposal and recycling are included in environmental impact from manufacture.

### Environmental Impact of "au Hikari"

- CO₂ emissions per "au Hikari" user decreased 17.3% from the previous assessment.
- CO₂ emissions have declined as computers and other devices connected to the internet have come down in price, become more energy efficient and last longer before needing to be replaced. Another factor behind the decline is that since 2016 network equipment has been getting upgraded and stations have been consolidated.
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 carbon neutral.

**Green Supported by ICTs**

The Environmental Eco Label is granted to KDDI ICT services, which in turn will generate demand for the development and implementation of energy-saving facilities and equipment.

KDDI operates and maintains this platform, enabling customers to remove or decrease their server capacity remotely from their offices, without having to travel to the data centers where the servers are located.

Furthermore, customers can reduce the amount of CO₂ emissions they are responsible for by transferring the servers that they install, operate and maintain themselves (on-premises environment) to the KDDI Cloud Platform Service. With this service, server operations are performed with an economy of scale unique to a telecommunications operator, enabling an approximately 85% reduction in CO₂ emissions per server per year in comparison to when customers operate their servers themselves.

**KDDI Cloud Platform Service**

These data centers have high power supply capacity, highly efficient and reliable power generation equipment, energy efficient cooling equipment, LED lighting, outdoor lights that use wind and solar power and other advanced, energy-efficient equipment.

**TELEHOUSE Data Center Services**

These data centers have high power supply capacity, highly efficient and reliable power generation equipment, energy efficient cooling equipment, LED lighting, outdoor lights that use wind and solar power and other advanced, energy-efficient equipment.

**MATOMETE KURUMERITICAS**

A next-generation vehicle operation management service that combines telecommunication data utilizing IoT technologies, enabling real-time checking of driving conditions. (The service ended as of March 31, 2021)

**KDDI IoT Cloud Service for Water Saving Management**

A water meter in each mobile station aiming to reduce water usage by 10 to 90%.

**KDDI IoT Communication Service LPWA**

The telecommunications service uses LPWA technology, which utilizes KDDI’s 4G LTE network. This technology reduces the power consumed by telecommunication devices and provides telecommunications coverage over a wider area.

**au Denki FE100 Menu and Non-Carbon Menu**

When the RE100 Menu, we supply electricity that meets the RE100 criteria by supplying electricity derived from renewable energy sources (including electricity under Feed-in Tariff scheme and offsetting carbon through the purchase of J-Certified credits). The Non-Carbon Menu, which supplies electricity with carbon CO₂ emissions derived from the electricity purchased by utilizing J-Certified credits.

**Demonstration Experiment to Reduce Power Consumption at Base Stations**

The au mobile phone base stations have reduced power consumption by up to 50% by utilizing the ICT technology capable of stopping and starting the transmission of radio waves according to the usage status (AI-based control technology for base stations). In addition, we have started a proof of concept (PoC) in order to reduce power consumption by at least 70% using the liquid cooling base station solution with liquid refrigerant that has improved cooling efficiency compared to conventional air cooling methods.

**Portable Batters**

Since fiscal 2013, we have implemented portable batteries with reduced environmental impact at 12 maintenance bases throughout Japan as a substitute for the power supply vehicles used in the past to power mobile phone base stations during electricity outages.

**Portable Battery Trial Test Results**

<table>
<thead>
<tr>
<th>Power Supply Vehicles</th>
<th>8.2 t of fuel consumed per time</th>
<th>CO₂ emissions: 21.5 kg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Portable Batteries</td>
<td>10 kWh of power consumed per time</td>
<td>CO₂ emissions: 4.1 kg</td>
</tr>
</tbody>
</table>

A reduction of 17.4 kg of CO₂ emissions each time.

*This is an approximation. 10-hour base station power outage and 1 kW device power consumption.

**Renewable Energy (Internal use)**

In order to promote energy conservation and CO₂ emissions reduction, we use natural energy sources, including solar power, at several large scale communication stations and tribrid base stations. At nine of our mobile phone base stations in Japan, almost all electric power comes from natural energy sources. The amount of natural energy produced by each tribrid base station is approximately 4.2 kWh per day*, accounting for about 18% of the power consumed at each base. We expect further reductions of CO₂ emissions by 20 to 30% with the use of midnight power.

* Estimated average energy production value of six solar battery installations in test stations during clear skies. Includes actual values measured by KDDI.

**Renewable Energy Business**

We launched solar power generation business in November 2013 with the aim of contributing to reduction of CO₂ emissions. We constructed solar power generation facilities on part of company-owned land in seven facilities of four locations around Japan and sell the electric power to electric power companies based on the Feed-in Tariff Scheme for Renewable Energy.

Since September 1, 2021, in “au Denki” electricity supply service, KDDI has offered the “eco Plan.” The practical renewable energy rate of this electricity supply plan is 100%, achieving net-zero CO₂ emissions. The rate of renewable energy of our procured electricity has achieved 100% by supplying electricity together with non-fossil fuel energy certificates that have environmental value of not emitting CO₂, such as solar and wind power. The plan has introduced a system that 2% of electricity charges will be donated to conservation efforts for the global environment, which allows KDDI to work together with customers to contribute to a carbon-neutral society. The subsidiary, ENERIES Co., Ltd. offers eco-friendly services, such as “RE100 Menu” that supplies electricity generated only from renewable energy sources that meets the RE100 criteria and “Non-Carbon Menu” that supplies electricity without any adjusted emission coefficients, and thus has contributed to customers’ initiatives to mitigate global warming through its business.

**Promoting Waste Reduction**

We promote waste reduction that regenerate and effectively use recycled telecommunications facilities. We also conduct material recycling that turns unneeded equipment and structural materials into resources. In fiscal 2020, we recycled deteriorated storage batteries installed in telephone exchange stations used in test environments to utilize the materials and achieved a total recycling volume of 1,073.2 tons within KDDI. We will continue our commitment to reuse and recycle communication equipment, including base stations, retired due to regular upgrades.

**Promotion of Plastic Reduction**

Starting from late May 2021, KDDI and OKINAWA CELLULAR TELEPHONE COMPANY have gradually switched plastic shopping bags used at au Shops, au Style shops and AU Spot shops to paper shopping bags containing no plastic materials as part of our global environment protection initiatives. By replacing about 5,700,000 shopping bags distributed at the shops per year with those made of FSC-certified paper*, we will contribute to deforestation control and environmental conservation through the use of highly recyclable FSC-certified paper made from wood harvested from properly managed certified forests. In addition, both plastic covers for devices exchanged in test environments to utilize the materials and contributed to a recycling-oriented society.

**Contributing to Global Environment Conservation by Shopping the Use of Plastic Shopping Bags at au Shops and Other Shops (Japanese only)**

*The type of paper made from wood certified under the international initiative to deliver wood harvested from properly managed forests to consumers and return profits to producers.

KDDI Sustainability Report 2021
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Environmental Performance

Approach to Water Use

There are fears of losing water resources because of increasing global population and decreasing water availability due to climate change. As disputes concerning water distribution and pollution have broken out in various locations around the world, it is significant to make efficient use of water. We are making efforts to reduce water use in our business activities as well as to offer products and services that contribute to efficient water use.

Providing KDDI IoT Cloud—Toilet Water-Saving Management

Providing KDDI IoT Cloud—Toilet Vacancy Management and KDDI IoT Cloud—Toilet Water-Saving Management (Japanese only)

KDDI’s Approach to Water Use

- Preserving Diversity in Business Activities
- Collaboration and Cooperation with Related Organizations and Promoting Recycling of Resources

Approach to Water Use

- Promoting Recycling of Resources
  - To prevent the depletion of biosources and minimize degradation of the natural environment, we continuously and proactively engage in recycling of resources.

KDDI Action Guidelines on Biodiversity Conservation

- Preserving Diversity in Business Activities
  - When formulating business plans, we take into consideration the impact on the related ecosystems and local community.
  - Collaboration and Cooperation with Related Organizations
  - We strengthen collaboration and cooperation with administrative authorities, NPOs and other organizations, and undertake CSR activities using ICT.

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  - To prevent the depletion of biosources and minimize degradation of the natural environment, we continuously and proactively engage in recycling of resources.
As a telecommunications company that offers social infrastructure, we have an important social mission of seamlessly offering stable communication services at all times under any circumstance. We also recognize our social responsibility to resolve various social issues through our telecommunications business, which relies on precious assets shared by all citizens, including mobile phone signals and radio waves. In order to fulfill this social mission and honor this responsibility, it is essential for us to achieve sustainable growth and improve 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 cooperation 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 company.

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. KDDI Group has established the KDDI Audit & Supervisory Board to ensure transparency in decision-making.

KDDI is currently a company with board of company auditors, and in order to properly manage business execution, we have introduced an executive officer system to assign authority, clarify responsibilities and ensure effective and efficient business operations. We are also working to establish a framework for internal decision making to ensure timely management decisions. We have 14 directors (13 male, one female), including five outside directors, three of whom are independent directors. There are five Audit & Supervisory Board members (all male), including three outside members, and all outside members are appointed as independent auditors.

We also provide outside directors / auditors with a wide range of information outside the board meetings, including on business strategies, management status, R&D and technology. Each division’s general manager and manager provide detailed explanations of the general overview of business and issues and regularly report on the management status of subsidiaries. In addition, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and workplaces. We also provide two reports every year on corporate ethics and risk management activities. To enable more thorough information gathering capabilities while maintaining the independence of outside directors, we hold regular liaison meetings between outside directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to outside directors. To bolster information exchanges and sharing between outside directors, we hold liaison meetings with outside directors and part-time Audit & Supervisory Board members. We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives.

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 auditors.

We also provide outside directors / auditors with a wide range of information outside the board meetings, including on business strategies, management status, R&D and technology. Each division’s general manager and manager provide detailed explanations of the general overview of business and issues and regularly report on the management status of subsidiaries. In addition, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and workplaces. We also provide two reports every year on corporate ethics and risk management activities. To enable more thorough information gathering capabilities while maintaining the independence of outside directors, we hold regular liaison meetings between outside directors and Audit & Supervisory Board members, strengthening their cooperation. Accounting auditors also explain the results of audits to outside directors. To bolster information exchanges and sharing between outside directors, we hold liaison meetings with outside directors and part-time Audit & Supervisory Board members. We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives.

Criteria for Independence of Outside Directors / Auditors

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

Directors and Board of Directors

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

The following two points have received particular praise:

- Ensuring decision-making transparency
- Human resources with different specialities have been appointed as outside officers, and various statements have been made at the Board of Directors.

Many opportunities are offered for outside officers to deepen their understanding of our business by providing a chance to discuss with the person in charge of each business, conducting facility tours and site visits, etc.

Improvements from Previous Evaluation

In 2020, based on the recognition that monitoring of subsidiaries, etc., is particularly important, we decided to discuss toward more business management of each company after reorganizing the management supervision process of the investee companies and evaluating not only the financial situation but also the realization of synergies and the degree of business contribution. In addition, we have clarified reporting standards so that risk information for the entire group can be grasped more quickly and reliably. As a result, we confirmed that improvements were made toward **timely and appropriate monitoring as a group and better supervision,** which was pointed out as an issue in the previous evaluation.

Moving Forward

In this time’s evaluation, each director and Audit & Supervisory Board member made proposals from a broad perspective on various themes that should be discussed for the sustainable growth of the Company in a rapidly changing business environment. These themes would be taken up in the process of formulating the next medium-term management plan, and the effectiveness of the meeting of Directors will be further improved by having discussions among directors and corporate auditors utilizing their diverse experiences and knowledge.

The 37th Annual General Meeting of Shareholders Notice

Business Report Video (Initiatives of the 37th Year) (Japanese only)
Internal Audits

We established the Audit Department in the Corporate Risk Management Division, which is in charge of risk management of the KDDI Group. It conducts internal audits of the KDDI Group operations on the important risks identified through risk management activities. Specifically, the Audit Department verifies the appropriateness and effectiveness of internal control of the KDDI Group and its subsidiaries from perspectives such as governance, legal compliance, information security and fraud prevention, based on the annual audit plan developed with risk-based approach. The results of internal audits are reported to the company president and Audit & Supervisory Board members, and dedicated staff appointed with the prior approval of the Audit & Supervisory Board or a full-time Audit & Supervisory Board member designee thereby receive instructions from the Audit & Supervisory Board members.

Auditors attend meetings of the Board of Directors as well as other important internal meetings, including meetings of the Corporate Management Committee. Directors, employees, directors of subsidiaries and the Internal Audit Division provide the auditors with the information they need to perform their duties as required in a timely manner and, if any matter potentially highly damaging to the company and/or its subsidiary is discovered, immediately notify the auditors. Furthermore, directors, employees, directors of subsidiaries and the Internal Audit Division exchange views with the auditors to facilitate coordination. The auditors also periodically receive reports from the accounting auditor on the annual accounting audit plan, as well as on the progress and the results of the auditing and exchange opinions with each other as necessary. The Audit & Supervisory Board Member’s Office has been established to assist the duties of Audit & Supervisory Board members, and dedicated staff appointed with the prior approval of the Audit & Supervisory Board or a full-time Audit & Supervisory Board member designee thereby receive Instructions from the Audit & Supervisory Board member.

Nomination Advisory Committee Composition
Chair: Goro Yamaguchi (Outside Director)
Vice Chair: Kaoru Yamamoto (Outside Director)
Members of Committee: Shigeki Oya (Outside Director)
Takashi Tanaka
Makoto Takashashi

Remuneration Advisory Committee Composition
Chair: Goro Yamaguchi (Outside Director)
Vice Chair: Kaoru Yamamoto (Outside Director)
Members of Committee: Shigeki Oya (Outside Director)
Takashi Tanaka
Makoto Takashashi

Meetings Held (FY2020)
Audit & Supervisory Board FY2020
Meetings
11 12
Audit & Supervisory Board FY2021
Meetings (planned)
Approach to Composition of Board of Directors

We consider including diverse human resources and utilizing their various knowledge, experiences and skills to be an important growth driver toward the integration of Telecommunications and Life Design. We believe that ensuring diversity also in the Board of Directors can lead to better management decision making.

To ensure a diversity of opinions and highly specialized knowledge within the Board of Directors as a whole when it makes decisions, including on important management matters, and when its oversight is requested by law, the people selected for the Board of Directors meet the criteria regardless of sex, age, or nationality.

Through discussions held by the Nomination Advisory Committee, we determined that, from the viewpoint of achieving sustainable growth at KDDI Group, the following expertise and background were crucial elements to look for in outside directors/auditors for KDDI’s Board of Directors: experience as a President of a listed company (management know-how), specialized knowledge in the telecommunications field (ability to support our main line of business) and specialized knowledge in law, accounting or government (for compliance purposes). By nominating directors and auditors with such qualities, we provide well-balanced supervision and advice to management. The expertise of KDDI’s outside directors/auditors can be found on page 98.

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

Sustainability Promotion Framework

<table>
<thead>
<tr>
<th>Item</th>
<th>Organizational form</th>
<th>Company with board of company auditors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of independent directors/auditors</td>
<td>6 (including 1 female)</td>
<td></td>
</tr>
<tr>
<td>Number of directors prescribed in the articles of incorporation</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Tenure period of directors prescribed in the articles of incorporation</td>
<td>1 year</td>
<td></td>
</tr>
<tr>
<td>Presiding officer of Board of Directors</td>
<td>Chair (President and Chairman are separate posts)</td>
<td></td>
</tr>
<tr>
<td>Number of directors</td>
<td>14 (including 1 female)</td>
<td></td>
</tr>
<tr>
<td>Outside directors</td>
<td>Appointed</td>
<td></td>
</tr>
<tr>
<td>Number of outside directors</td>
<td>10 (including 1 female)</td>
<td></td>
</tr>
<tr>
<td>Number of outside directors designated as independent directors</td>
<td>3 (including 1 female)</td>
<td></td>
</tr>
<tr>
<td>Items Related to Audit &amp; Supervisory Board Members</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of members prescribed in the articles of incorporation</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>Number of members</td>
<td>5 (all male)</td>
<td></td>
</tr>
<tr>
<td>Outside members</td>
<td>Appointed</td>
<td></td>
</tr>
<tr>
<td>Number of outside members</td>
<td>3 (all male)</td>
<td></td>
</tr>
<tr>
<td>Number of outside members designated as independent members</td>
<td>3 (all male)</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of executives</td>
<td>34 (32 male, 2 female)</td>
<td></td>
</tr>
<tr>
<td>Implementation of anti-bribery measures</td>
<td>Not implemented</td>
<td></td>
</tr>
</tbody>
</table>

Approach to Composition of 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.

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Sustainability Promotion Framework

<table>
<thead>
<tr>
<th>Policies and Procedure for Nomination of Director and Audit &amp; Supervisory Board Member Candidates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Appointment and Selection Standards</td>
</tr>
<tr>
<td>Director candidates: Meet one or more of the following criteria:</td>
</tr>
<tr>
<td>• Have specialized knowledge and experience in each business field</td>
</tr>
<tr>
<td>• Have specialized knowledge or management knowledge suitable for a supervisor</td>
</tr>
<tr>
<td>• Have a high degree of independence</td>
</tr>
<tr>
<td>Audit &amp; 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.</td>
</tr>
<tr>
<td>For both types of candidates: Have the character suitable for being a Board member, have high ethical standards and not be self-serving</td>
</tr>
<tr>
<td>Nomination and Election Procedures for Directors:</td>
</tr>
<tr>
<td>(1) Select candidates based on the above criteria</td>
</tr>
<tr>
<td>(2) Deliberate them at a Nomination Advisory Committee meeting</td>
</tr>
<tr>
<td>(3) Approve them at a Board of Directors meeting</td>
</tr>
<tr>
<td>(4) Elect them at the General Meeting of Shareholders</td>
</tr>
<tr>
<td>Nomination and Election Procedures for Audit &amp; Supervisory Board Members:</td>
</tr>
<tr>
<td>(1) Select candidates based on the above criteria</td>
</tr>
<tr>
<td>(2) Deliberate them at a Nomination Advisory Committee meeting</td>
</tr>
<tr>
<td>(3) Discuss them at an Audit &amp; Supervisory Board meeting and gain approval</td>
</tr>
<tr>
<td>(4) Approve them at a Board of Directors meeting</td>
</tr>
<tr>
<td>(5) Elect them at the General Meeting of Shareholders</td>
</tr>
</tbody>
</table>

Consideration Criteria for Termination:

• When the performance of a business that a director is responsible for or the achievements of a department a director is responsible for are exceptionally poor |
• When the company is harmed by a major misstep or intentional violation of a law, regulation or the Articles of Incorporation in their execution of duties |
• When the company’s credibility and reputation are significantly damaged by the inappropriate securing of personal gain through the abuse of position or authority |
• When the company determines that keeping a director is not appropriate |

Termination Procedures for Directors:

After deliberations at the Nomination Advisory Committee meeting, the Board of Directors deliberates the matter as needed and implements necessary measures for termination.
Policies and Decision Process for Determining Remuneration for Directors and Audit & Supervisory Board Members

Through discussion on how remunerations conducive to sustainable improvement of corporate value should be, the Board of Directors approved the determination of the content of individual interests, etc., for directors hereafter the “Determination Policy” at the meeting held on January 14, 2021.

1. Basic policy on director remuneration
(i) Policy on composition of director remunerations
• The composition of the director remuneration in business execution is based on the group’s business performance for each fiscal year, pursuant to the results of the medium-term management plan, and a compensation system linked to shareholder value in order to increase the willingness to contribute to the improvement of corporate value over the medium to long term.
Specifically, it consists of four types: (1) basic remuneration, (2) performance-linked bonuses, (3) performance-linked stock compensations, and (4) stock price-linked bonuses.
• Outside directors who perform management supervising functions without involvement in the execution of businesses receive only fixed amount remuneration that does not vary with the Company’s business performance.
(ii) Policy on individual compensation structure
As for the composition of director remunerations engaged in business execution, the remuneration portion linked to business performance (above (2) to (4)) is set in the range of 45% to 65%, according to the responsibilities expected of each position. For the President, the same amount remuneration that does not vary with the Company’s business performance.
(iii) Policy on ensuring transparency and objectivity of director compensation
• Performance-linked bonuses and the performance-linked stock-type compensation for each individual is calculated by following formula. It is paid in the first June after the end of each fiscal year.
Performance-linked bonuses:
Basic amount by position multiplied by the Company’s operating performance and KPI achievement rate.
• For performance-linked stock compensation, points for each individual are calculated by following formula. Points will be awarded in the first June after the end of each fiscal year, and when the director retire, the Company’s shares will be delivered according to the cumulative number of points.
Performance-linked stock compensation:
Basic progress toward the goals of the medium-term management plan, and a compensation system linked to shareholder value in order to increase the willingness to contribute to the improvement of corporate value over the medium to long term.

Reasons for selecting each evaluation metric and results are as follows:

1. The Company’s operating performance
Refrains from selection
A basic numerical value clearly showing a company’s business performance.
Result
As stated in page 118.

2. KPI achievement rate:
Refrains from selection
KPI achievement rate is to measure the achievement rate of each KPI under the medium-term management plan, and therefore linked to the Company’s business growth and performance improvement.
Result
Disclosure is not available for business-related reasons.

4. Stock price-linked compensation
Stock price-linked bonuses use “EPS growth rate” and “stock price fluctuation rate” as evaluation metrics. Calculate the amount of payment for each individual by following formula, and pay money in the first June after the end of each fiscal year.
Stock price-linked bonuses:
Basic amount by position multiplied by coefficient
Coefficient:
EPS (growth rate x 50%) + (stock price fluctuation rate x 50%)
A) EPS growth rate:
EPS at end of current fiscal year divided by EPS at end of previous fiscal year
B) Stock price fluctuation rate
(TOPX growth rate + (Company’s stock price at end of previous fiscal year / Company’s stock price at end of previous fiscal year) x 50%)

Reasons for selecting each evaluation metric and results are as follows:

1) EPS growth rate:
Refrains from selection
To provide a strong incentive to achieve the target of the medium-term management plan by using an indicator set as a target under the plan.
Result
1.03
2) Stock price fluctuation rate
Refrains from selection
To enhance a correlation between remunerations for directors and the shareholders value by using an indicator that is directly linked with an increase/decrease in shareholders value.
Result
0.76

Types of Remuneration and Methods of Determination

Remuneration Structure for Directors and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Types of Remuneration</th>
<th>Method of determination</th>
<th>Maximum amount of remuneration</th>
<th>Resolution of shareholders meetings</th>
<th>Number of board members at the time of resolution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic remuneration</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Performance-linked bonus</td>
<td>Amounts determined by each director’s professional ranking and in consideration of the management environment and other factors.</td>
<td>Consolidated net income (profit) for the period attributable to owners of the parent under IFRS, for each fiscal year.</td>
<td>50 million yen</td>
<td>Directors (10) (excluding 3 outside directors)</td>
</tr>
<tr>
<td>Performance-linked stock compensation</td>
<td>Bonus is linked to and determined by the EPS growth rate and stock price fluctuation rate.</td>
<td>Consessed net income (profit) for the period attributable to owners of the parent under IFRS, for each fiscal year.</td>
<td>50 million yen</td>
<td>Directors (10) (excluding 3 outside directors)</td>
</tr>
</tbody>
</table>

KDDI Sustainability Report 2021

94 95
Corporate Governance

### Policies on Transactions between Related Parties

In accordance with the Companies Act, we require competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with one of the basic principles of the KDDI Code of Business Conduct, specifically, IX. Appropriate Accounting and Adherence to Agreements. In line with this principle, such transactions are decided upon in the same manner as other general transactions, through internal requests for decisions, rather than by setting special standards. The internal requests for decision are checked by auditors as well.

With regard to transactions with companies in which directors including outside directors concurrently serve as representative directors, we strike a balance between comprehensive approval by and reporting to the Board of Directors and internal requests for decisions on individual transactions to ensure the governance.

### Outside Director Support System

In order to ensure active discussions in the Board of Directors meetings, we inform outside directors and Audit & Supervisory Board members in advance of the dates and agenda items and provide agenda materials for upcoming meetings to help them gain a deeper understanding of the items on the agenda. In addition, we make deliberations more substantial by accepting questions beforehand and preparing more extensive explanations for the meetings based on the questions.

We also provide a wide range of information outside the board meetings, including business strategies, management status, R&D and technology.

Each division’s general manager and manager provide detailed explanations of the general overview of business and issues and regularly report on the management status of subsidiaries. In addition, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and monitoring center and other workplaces. We also provide two reports every year on corporate ethics and risk management activities.

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

To bolster information exchanges and sharing between Outside Directors, we hold liaison meetings with only Outside Directors and liaison meetings with Outside Directors and part-time Audit & Supervisory Board members. We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives. On April 1, 2006, we established the Audit & Supervisory Board Member’s Office, which supports Audit & Supervisory Board members, including outside members.

### Communication with Shareholders

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

### Vitalizing the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights

**Early disclosure of General Meeting of Shareholders notice**

We send a notice around one week before the stipulated day by mail. Prior to that, the whole notice is disclosed on our website.

**Scheduling to avoid days when many other companies hold their shareholders’ meetings**

We schedule the shareholders’ meetings to avoid days when many other companies hold their shareholders’ meetings.

**Electronic voting system**

Shareholders can exercise their voting rights via an online voting site. From the 2019 General Meeting of Shareholders, we introduced a system where shareholders can log in to the online voting site using a QR code in an effort to make things more convenient.

**Participating in electronic voting platform**

We have joined the electronic voting platform provided by Investor Communications Japan (ICJ).

**English version of convocation notice**

We publish a full English translation of the convocation notice on our website, online electronic voting site and voting platform.

**Others**

- Shareholders can see the notice with their smartphones. In addition, to encourage the participation of more shareholders in the General Meeting of Shareholders, we offer sign language interpretation as well as a hearing loop. The video of the meeting is available to anyone on demand on our website with sign language interpretation.
- In addition, on the day from a remote location. We also received “advance questions” on the Internet. By using this, we were able to respond to shareholders’ questions by a specified non-profit organization.
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 FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goro Yamaguchi</td>
<td>Male MR. Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and CEO of one of the world's leading electronic component and equipment manufacturers. On the Board of Directors, he represented a large number of broad opinions related to business management and operations from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervisory function of business execution and provide advice from a wide range of management perspectives.</td>
<td>Board of Directors 100% (Attend 11 of 11 meetings)</td>
</tr>
<tr>
<td>Keiji Yamamoto</td>
<td>Male MR. Yamamoto has excellent knowledge cultivated in IT development and electronics engineering and an abundant management experience in the telecommunication industry. On the Board of Directors, he represented a large number of broad opinions related to business management and operations from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervisory function of business execution and provide advice from a wide range of management perspectives.</td>
<td>Board of Directors 100% (Attend 11 of 11 meetings)</td>
</tr>
<tr>
<td>Shigeki Ohya</td>
<td>Male MR. Ohya has an excellent experience and corporate management expertise as a certified &amp; lawyer and a member of the board of directors of a major listed company. On the Board of Directors, he represented a large number of broad opinions related to business management and operations from a wide range of management perspectives. Moreover, based on his background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been appointed as an independent director.</td>
<td>Board of Directors 100% (Attend 11 of 11 meetings)</td>
</tr>
<tr>
<td>Ryo Kan</td>
<td>Female MR. Kan has abundant experience and superior knowledge, cultivated as a partner at a law firm and a committee member of government committees. On the Board of Directors, he represented a large number of technical opinions related to legal management from a medium- to long-term perspective independent of the management team, and has thus contributed to improving the corporate value of the Company. She has again been appointed as an outside director because the Company expects her to contribute to enhancing the supervisory function of business execution and provide advice from technical perspectives as a lawyer. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been re-appointed as an independent director.</td>
<td>Board of Directors 100% (Attend 11 of 11 meetings)</td>
</tr>
<tr>
<td>Shigeki Goto</td>
<td>Male MR. Goto has a superior knowledge in information processing, telecommunications and network engineering, which is directly relevant to the business of the Company, as well as a deep understanding of cybersecurity that is valuable for the operation of our business. On the Board of Directors, he represented a large number of technical opinions independent of the management team regarding operational policy as an information communications operator providing social infrastructure, from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervisory function of business execution and provide advice from technical perspectives. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been re-appointed as an independent director.</td>
<td>Board of Directors 100% (Attend 10 of 10 meetings)*</td>
</tr>
</tbody>
</table>

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 FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yukihiro Asahina</td>
<td>Male MR. Asahina has cultivated abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organisations. From the perspective of leveraging the 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 shareholders and accordingly he has been appointed as an independent member.</td>
<td>Board of Directors 100% (Attend 10 of 10 meetings)*</td>
</tr>
<tr>
<td>Toshikato Matsuura</td>
<td>Male MR. Matsuura has abundant experience and knowledge as a Certified Public Accountant, as an employee of an auditing company, as the representatives of an accountancy firm and as an auditor for other companies. 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 shareholders and accordingly he has been re-appointed as an independent member.</td>
<td>Board of Directors 100% (Attend 10 of 10 meetings)*</td>
</tr>
<tr>
<td>Jun Kanabe</td>
<td>Male MR. Kanabe has broad experience and knowledge as a representative director of a listed company. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit &amp; Supervisory Board member. Moreover, with this background, we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been re-appointed as an independent member.</td>
<td>Board of Directors 100% (Attend 10 of 10 meetings)*</td>
</tr>
</tbody>
</table>

Composition of Board Directors

Executive: 9 persons
Independent Officers: 6 persons
Chair: 1 person
Internal Directors: 5 persons
Outside Directors: 5 persons
Audit & Supervisory Board Members: 6 persons
Non-execution of Business: 10 persons

Diversity and Expertise of the Outside Directors and the Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>Name (Major background)</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</td>
<td>Outside directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keiji Yamamoto</td>
<td>Outside directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shigeki Ohya</td>
<td>Outside directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ryo Kan</td>
<td>Outside directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shigeki Goto</td>
<td>Outside directors</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Yukihiro Asahina</td>
<td>Outside Audit &amp; Supervisory Board member</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toshikato Matsuura</td>
<td>Outside Audit &amp; Supervisory Board member</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jun Kanabe</td>
<td>Outside Audit &amp; Supervisory Board member</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total: 10 persons
KDDI Group’s Approach (Risk Management and Internal Control)

In the ever-changing business environment, the risks that companies face are increasingly diverse and complicated. We define factors and events that negatively influence the achievement of our business goals as risks and consider enforcing risk management activities and run operational quality improvement activities to foster a company culture in which risks are less likely to arise.

Our Risk Management and Internal Control

We have established a system to centralize the management of risks with the Corporate Risk Management Division at the core. Furthermore, we are promoting risk management throughout the KDDI Group, including subsidiaries, in order to realize the continuous growth of the entire group. We have appointed 28 Internal Control System Managers within KDDI and 45 at group companies, as well as five Internal Control System Directors to oversee their activities. Under their leadership, we introduce and run internal control systems, carrying out risk management activities.

KDDI’s Commitment to Sustainability

Feature Article 1: KDDI’s Response to Climate Change

Feature Article 2: KDDI Sustainable Action

Top Message

Materiality

Management Framework

Engagement

Risk Management

Risk Identifying Process

We regularly examine information about risks to identify significant risks that seriously influence corporations, and discuss measures to reduce such risks and their impacts as much as possible in cases where we face them.

In order to ensure the achievement of our business goals, in fiscal 2020, we selected 29 significant risks based on issues that manifested in the past and changes in the business environment, and held internal audits centered on risk prediction, the reduction of significant risks and risk approach. The selected significant risks include cyber-attacks, an area that is becoming increasingly complex, global businesses, and issues relating to new business fields we are entering, such as e-commerce, finance and accounting, and energy, which aim to make the integration of Telecommunications and Life Design a reality. We have also identified risks arising from the expansion of the group through M&A as significant risks and have implemented more robust measures against them.

In order to minimize information security risks, we have also established a common standard applicable group-wide to improve the level of information security across the group, including newly joined group companies.

The status of these significant risks is also reflected on business risks that are revealed in the Securities Report since it relates to the finance as well.

Securities Report / Business Risks (Japanese only)

Basic: Policy for Constructing an Internal Control System

Risk Management Activity Cycle

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.

Risk Identifying Process

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Securities Report / Business Risks (Japanese only)

Basic: Policy for Constructing an Internal Control System
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>
</table>
| Competitions, real/technologies and rapid market shifts | • The need to provide user support for product defects attributable to the rapid expansion of the commerce business<br>• Mandate to develop new handsets we need<br>• Increase in competition due to new high-speed wireless data technologies<br>• Possible rise in connection fees with other telecommunications operators<br>• Interfering competition as a result of changes in the business landscape due to partnerships with other industries, sales packages that include other products (such as telecommunications providers), the emergence of MNOs and MVNOs in the market and other companies expanding their businesses | • Negative impacts on the financial position and operations of the KDDI Group<br>• The creation of new value and the achievement of sustainable growth in the 5G/6G era domestically and globally with a business strategy that focuses on the “Integration of telecommunications with life design,” which centers on telecommunications and expands peripheral businesses | • Establishing the KDDI Code of Business Conduct, KDDI Security Policy, and KDDI Privacy Policy<br>• Establishment of the Business Ethics Committee<br>• Enforcement of various technical, organizational and human safety management measures<br>• Educating all employees on the protection of confidentiality of communications and customer privacy<br>• Could have a negative impact on the financial position and / or earnings performance of the KDDI Group | • Implementation of Operational Quality Improvement Prize (Once a year)<br>• Sharing messages from executive officers and good examples of initiatives 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. |}

| Protection of confidentiality of communications and customer privacy | • Could seriously damage the brand image of the KDDI Group. In addition to a possible loss of customer trust, we could also be forced to pay substantial compensation or surcharge<br>• In the future, we may face higher costs to develop the framework necessary to protect the confidentiality of communications and customer privacy<br>• Could have a negative impact on the financial position and / or earnings performance of the KDDI Group | • Service outages or interruptions as a result of large-scale natural disasters or accidents caused by climate change, etc.<br>• Loss of opportunities to offer products and services due to service outages as a result of failures in network systems or communication equipment, substantial billing errors, closing of distributors, or suspension of distribution could damage the brand image of the KDDI Group and lead to loss of customer trust and decreased customer satisfaction, which could have a negative impact on the KDDI's financial position | • Initiatives to improve reliability of our network and prevent service outages by implementing Business Continuity Planning<br>• Establishing a disaster response headquarters as early as possible in the event of an emergency or disaster<br>• Contract procedures available online 24 hours a day<br>• Initiatives to ensure the safety of customers and employees |}

| System failures due to natural disasters and other unforeseen events | • Natural disasters, such as earthquakes, tsunamis, typhoons, or floods, as well as secondary damage from the spread of toxic substances caused by natural disasters<br>• World-wide spread of an infectious disease (pandemic)<br>• War, terrorism, accidents, or other unforeseen events<br>• Power blackouts or blackouts<br>• Cyber-attack and hacking<br>• Operation system hardware or software failures<br>• Flaws in communication equipment and services | • The KDDI Group’s earnings performance could be negatively impacted by the revision or abolition of laws or regulations or formulation of government policies relating to telecommunication and finance business<br>• The KDDI Group’s earnings performance could be negatively impacted if the company’s competitive advantage is relatively diminished as a result of competition policies<br>• Service outages or interruptions as a result of large-scale natural disasters or accidents caused by climate change, etc.<br>• Loss of opportunities to offer products and services due to service outages as a result of failures in network systems or communication equipment, substantial billing errors, closing of distributors, or suspension of distribution could damage the brand image of the KDDI Group and lead to loss of customer trust and decreased customer satisfaction, which could have a negative impact on the KDDI's financial position | • Initiatives to improve reliability of our network and prevent service outages by implementing Business Continuity Planning<br>• Establishing a disaster response headquarters as early as possible in the event of an emergency or disaster<br>• Contract procedures available online 24 hours a day<br>• Initiatives to ensure the safety of customers and employees |}

| Laws, regulations, and government policies relating to the telecommunications sector | • Revisions to the calculation formula for inter-operator connection fees and / or accounting methods<br>• Revisions to designated telecommunications facilities systems and / or the regulations on prohibited activities<br>• Revisions to the universal service systems<br>• The emergence of MNOs and MVNOs in the mobile communication market<br>• Revisions to the frequency allocation system and / or spectrum user fee system<br>• Revisions regarding electricity retail and financial business<br>• Revisions regarding the usage of personal data | • The KDDI Group’s earnings performance could be negatively impacted by the revision or abolition of laws or regulations or formulation of government policies relating to telecommunication and finance business<br>• The KDDI Group’s earnings performance could be negatively impacted if the company’s competitive advantage is relatively diminished as a result of competition policies<br>• Laws, regulations, and government policies relating to the telecommunications sector | • Initiatives to improve reliability of our network and prevent service outages by implementing Business Continuity Planning<br>• Establishing a disaster response headquarters as early as possible in the event of an emergency or disaster<br>• Contract procedures available online 24 hours a day<br>• Initiatives to ensure the safety of customers and employees |}

| Acquisition of human resources, training and personnel management | • Rise in human resources investment costs in the future<br>• Rise in human resources investment costs in the future | • The KDDI Group’s earnings performance could be negatively impacted by the revision or abolition of laws or regulations or formulation of government policies relating to telecommunication and finance business<br>• The KDDI Group’s earnings performance could be negatively impacted if the company’s competitive advantage is relatively diminished as a result of competition policies<br>• Laws, regulations, and government policies relating to the telecommunications sector | • Initiatives to improve reliability of our network and prevent service outages by implementing Business Continuity Planning<br>• Establishing a disaster response headquarters as early as possible in the event of an emergency or disaster<br>• Contract procedures available online 24 hours a day<br>• Initiatives to ensure the safety of customers and employees |}

*For details, please see the Business Risks section of the Securities Report for the year ended March 31, 2021.*
Customer Relationship Management

### Customer Satisfaction Improvement System

KDDI System & Activity

Initiatives for Customer Satisfaction

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

Toward that aim, we at all departments strive to refine and connect all points of contact with the customers, working on cross-departmental improvements across au Shops, Cinemas, My au app, communication and sound quality, products, website, rates and services. We share the progress at the CX Promotion Meeting that is held once a month, attended by top executives, to speed up the process.

Many evaluations, criticisms and comments we receive from customer questionnaires form the guidelines for our behavior. Reflecting these opinions sincerely in our business completes the cycle of offering further value to our customers.

#### Framework for Collection of Customer Feedback

<table>
<thead>
<tr>
<th>Customers</th>
<th>Customer Feedback</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Customers</td>
</tr>
<tr>
<td></td>
<td>Telephone inquiries</td>
</tr>
<tr>
<td></td>
<td>Email inquiries</td>
</tr>
<tr>
<td></td>
<td>Questionnaire survey</td>
</tr>
<tr>
<td></td>
<td>Inquiries at au Shops</td>
</tr>
<tr>
<td></td>
<td>Options / Advice</td>
</tr>
<tr>
<td></td>
<td>Improving customer experience (improvement of election, apps, inquiries, etc.)</td>
</tr>
</tbody>
</table>

We sincerely listen to valuable customer feedback and immediately translate it into action to continuously refine our services and quality. Based on their opinions and demands, we analyze and identify problems using the internal system that is updated daily. When prompt decision making is required, management executives and representatives of related divisions meet and discuss how to solve problems throughout the company. In order to share customer feedback with the whole company, we also have an intranet all employees can access and see their comments (excluding their personal information).

- **Improvement Initiatives (Japanese only)**
- **Services that Have Come from Customer Feedback (Japanese only)**

#### Collecting Customer Feedback

**KDDI System & Activity**

Visitation and Improvement of Customer Satisfaction in au Sales Channels

In response to diversified customer needs, in June 2021, KDDI revised the content of the questionnaire survey to customers visiting its shop so that we can confirm if they are satisfied with the service at the shop. We developed a system that enables us to confirm the survey results on the following day of the survey at the earliest.

We will work to improve store-front customer satisfaction and customer experience in the au sales channels throughout Japan based on survey results.

This initiative is inviting more people to choose au.

#### Multilingual Support Initiatives

- **Services are available in multiple languages at au Style shops and au Shops.**
- **Available languages:** 13 in total (English, Chinese, Portuguese, Korean, Vietnamese, Tagalog, Spanish, French, Thai, Nepalese, Hindi, Russian and Indonesian)

- **Multilingual Support Initiatives at au Shops**

  - **Initiatives**
    - **CX AWARD**
      - KDDI holds the annual contest to praise day-to-day initiatives at au Style shops and au Shops and share good practices across all the stores.
    - **au Support Movies**
      - Movies explaining how to use smartphones and popular apps in video form
    - **au Smart Support**
      - We offer a membership-based support service offering tailored support for customers using smartphones

  - **Details**

- **KDDI System & Activity**

  - **Results & Analysis**

  - **Assessments of au Services in the Consumer Market**
    - **Consultations**
    - **Evaluation**
    - J.D. Power: 2021 QR Code and Bar Code Payment Services Satisfaction Survey
      - Ranked highest in overall satisfaction
    - **Assessments of KDDI Services in the Corporate Market**
      - **Consultations**
      - **Evaluation**
      - J.D. Power: 2020 Business Mobile Phone Service Satisfaction Study
        - Ranked highest in overall satisfaction (two consecutive years)
      - J.D. Power: 2019 Business Mobile Phone Service Satisfaction Study
        - Ranked highest in overall satisfaction (five consecutive years)
      - J.D. Power: 2020 Business Mobile Phone Service Satisfaction Study
        - Ranked highest in overall satisfaction (eight consecutive years)
      - J.D. Power: 2020 Business Network Service Satisfaction Study (Large Enterprise Business Segment Division)
        - Ranked highest in overall satisfaction (two consecutive years)
Brand Management

KDDI’s Approach (Brand Management)

The slogan for the KDDI brand, “Tomorrow, Together,” is the common message for corporate businesses, expressing the brand value effectively.

KDDI has developed the multi-brand strategy for the consumer market, taking advantage of the features of each brand, under the slogans: “Explore the extraordinary” for the au brand, “Simple-wo-minnani” (Simple for all) for the UQ mobile brand, and “Kimari-pittanii juusu, isshoni” (Together to the freedom that is right for you) for the povo brand.

The slogans are a reflection of our commitment to better understand our customers and continue being the company that people choose. They also express our endeavors to increase the trust we have earned from many companies and to work together as partners. We are making company-wide efforts to promote the improvement of customer experience, which leads to customer satisfaction. Establishing a strong brand and managing it properly is one of our key issues. For the proper management of our brands, we are striving to raise employees’ awareness of issues like unauthorized use of trademarks and inappropriate use of logos by third parties, so as not to affect customer satisfaction or bring any disadvantages to society.

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.

FY2020 Violation of Regulations

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

FY2020 Review Results

Number of advertisements inspected by the review department: 52,110
Results of review: Advertisements that might violate laws and regulations were all rectified

Promotion Regime

Brand Communications Division

- Formulates communication plans
- Promotes communication activities
- Manages owned advertising websites

Brand Management Department

- Develops and promotes brand strategies
- Develops and manages trademarks

Advertising Policy to Establish Our Brands

True to our Company Vision “The company the customer can feel closest to,” “A company that continues to produce excitement” and a company “Contributing to the sustainable growth of society,” we aim to promote the improvement of customer experience. We aim to understand our customers through all points of contact and provide the best services at the right time.

Our advertising and publicity are strongly promoted as one way to realize this policy.

KDDI, au, UQ mobile, and povo each have brand slogans.

The slogan for the KDDI brand, “Tomorrow, Together,” is the common message for corporate businesses, expressing the brand value effectively.

For au, the brand slogan “Simple-wo-minnani” (Simple for all) is widely recognized among consumers and improve the brand’s favorability.

For UQ mobile as well, we are striving to get the brand slogan, “Simple-wo-minnani” (Simple for all) widely recognized among consumers and improve the brand’s favorability.

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For the initiatives of au, we rolled out the Santaro TV commercial series from January 2015 and “too sophisticated Takasugi-kun” series from January 2016. In an effort to spread the brand image of au under the brand slogan “Explore the extraordinary,” we will continue to run both series with the aim of further increasing our popuality.

For UQ mobile as well, we are striving to get the brand slogan, “Simple-wo-minnani” (Simple for all) widely recognized among consumers and improve the brand’s favorability.

External Recognition

au (Subject: The Santaro TV Commercial Series and the “Too Sophisticated Takasugi-kun” Series)

CM/Sakan Consulting

FY2020 Commercial Popularity Ranking by Brand:

First Place (November 2019 to October 2020)

* Listed as Brand of the Year for six consecutive years

UQ mobile (Subject: The Three Sisters TV Commercial Series)

FY2020 Commercial Popularity Ranking by Brand:

Seventh Place (November 2019 to October 2020)

KDDI

FY2020 Commercial Popularity Ranking by Company:

Third Place (April 2020 to March 2021)

Sponsorship

As one of our initiatives to improve our brand value, we sponsor sports contests, sports organizations and social and cultural projects. By offering new ways of watching sports in the upcoming age of 5G popularity and through other forms of media, we aim to create new value and provide excitement for customers.

Soccer

As a supporting company of Japan’s national soccer teams, we support all the soccer teams representing the country, including the Samurai Blue (men’s team) and Nadeshiko Japan (women’s team). We also sponsor the J.League teams Kyoto Sanga F.C. and Nagoya Grampus.

Baseball

We support baseball as a sponsor of the Yokohama DeNA BayStars.

Sport climbing

As the official sponsor of the sport climbing category of the Japan Mountaineering and Sport Climbing Association, we support sport climbing and sponsor “Team au,” made up of five climbers.

Motor sports

We sponsor the TGR Team au Tom’s in Japan’s tagged GT race, the Super GT.

E-Sports

E-sports are growing in popularity around the world, and we support the spread of e-sports in Japan as well. We have been the official domestic sponsor of the pro team Dignitas Gaming as well as various e-sports competitions and events.

UNIVAS

We support the promotion and development of university sports as a partner of the Japan Association for University Athletics and Sport (UNIVAS).

GINZA 456 Created by KDDI

Since September 2020, we have run a concept shop where customers can turn their imagination into reality and enjoy experiencing “Explore the extraordinary” by utilizing 5G and other cutting-edge technologies. On the first floor, you can see the latest 5G smartphone models, au official accessories and 5G-related items offered by KDDI. On the first basement level, you can enjoy experience-based contents utilizing 5G and other cutting-edge technologies in a space with a sense of immersion. On the second floor, the latest products of au/UQ mobile are displayed and visitors have access to advice on product purchasing, subscription, and after-sales service.

We hope that customers can feel “Tomorrow, Together” and “Explore the extraordinary” through the brand experience at GINZA 456 Created by KDDI.

Starting Up Old Phones: A Trip Down Memory Lane

Starting Up Old Phones: A Trip Down Memory Lane is an event held by KDDI to recharge and start up old phones that people used to use to print nostalgic photos stored in the device. The service is free of charge and also accepts phones that are not au. So far, it has been held 229 times at KDDI directly managed outlets across Japan and at various events. Over 8,150 people have participated (as of June 2021).

We had suspended events since March 2020 due to the spread of COVID-19, but in September 2020 resumed holding some of the events in accordance with the COVID-19 guidelines outside the areas subject to the state of emergency and the prior preventive measures.

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

Stakeholder Engagement: Our Approach and System

Stakeholders that influence our businesses are diverse, ranging from customers, shareholders, business partners, employees, and their families to local communities, etc. We at KDDI implement various activities to offer new, satisfying experiences to all stakeholders in our business operations.

We also use the GRI Sustainability Reporting Standards, SASB, IIRC, ISO 26000, and other global sustainability standards. JIS Z 26000, Environmental Reporting Guidelines, Guidance for Collaborative Value Creation and other domestic standards; and checklists that consist of questions we receive from investors. With these, we create and implement policies for assessing our current conditions and addressing management issues.

The results of engagement efforts are not only reported and shared within the company but also reported at relevant committees and management meetings and reflected in the decision-making process. KDDI values the dialogue with all our stakeholders who support us. We will continue to build collaboration with our stakeholders and tackle societal issues to contribute to the development of a truly connected society.

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 year 2020, we held an “SDGs briefing” for investors and analysts to explain KDDI’s initiatives for transformation and social contribution through telecommunications, focusing on the KDDI Sustainability Action Policies and the goals in the KDDI Sustainable Action.

Results of Stakeholder Engagement

<table>
<thead>
<tr>
<th>Stakeholder</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>Improve customer experience</td>
</tr>
<tr>
<td>Customer Relationship</td>
<td>Inquiries at customer center (telephone/web)</td>
<td>As needed</td>
<td>Response to inquiries from customers</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>au Shop service counters / retail networks</td>
<td>As needed</td>
<td>Share feedback to improve our products and services across the company</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td>Shareholders and Investors</td>
<td>General Meeting of Shareholders</td>
<td>Once a year</td>
<td>Share business reports, consolidated financial reports, financial statements, auditors’ reports</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Results briefing</td>
<td>Four times a year</td>
<td>Report financial results and business initiatives, etc.</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Disseminating information through Shareholder Communication</td>
<td>Twice a year</td>
<td>Explain and exchange opinions on financial results and business initiatives, etc.</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Session with institutional investors in Japan and abroad</td>
<td>Over around 60 times a year</td>
<td>Explain and exchange opinions on financial results and business initiatives, etc.</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Seminar for investors</td>
<td>Several times a year</td>
<td>Specific sessions such as SDGs Dialogues, seminars for private investors, etc.</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Spread information through websites</td>
<td>As needed</td>
<td>Dissemination of information such as various reports, documents and details of initiatives</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td>Local Communities</td>
<td>Social contribution programs in each region</td>
<td>As needed</td>
<td>Exchange opinions through local administrative organizations, etc.</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Information Ethics Classes (KDDI Smartphone and Mobile Phone, Safety Classes, Poison Prevention, Risk Reduction, Literacy with Your Smartphone)</td>
<td>As needed</td>
<td>Exchange opinions through local administrative organizations, etc.</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Lecture held in cooperation with NPO/NGO</td>
<td>As needed</td>
<td>Practice social contribution activities across the world, and participate in progressive initiatives</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Local Community Involvement</td>
<td>Spread information through websites</td>
<td>As needed</td>
<td>Understand the social issues and needs in each community</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NPO/NGO</td>
<td>Community Involvement</td>
<td>We contribute to a better society through dialogue and cooperation.</td>
<td>As needed</td>
<td>Practice social contribution activities across the world, and participate in progressive initiatives</td>
</tr>
<tr>
<td></td>
<td>Activities funded by the KDDI Foundation</td>
<td>As needed</td>
<td>Practice social contribution activities across the world, and participate in progressive initiatives</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Event held in cooperation with NPO/NGO</td>
<td>As needed</td>
<td>Practice social contribution activities across the world, and participate in progressive initiatives</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Administrative Organizations / Industry Groups</td>
<td>Information Ethics Classes (KDDI Smartphone and Mobile Phone, Safety Classes, Poison Prevention, Risk Reduction, Literacy with Your Smartphone)</td>
<td>As needed</td>
<td>Practice social contribution activities across the world, and participate in progressive initiatives</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Participation in external initiatives</td>
<td>As needed</td>
<td>Practice social contribution activities across the world, and participate in progressive initiatives</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employees and Their Families</td>
<td>Employee Awareness Survey (Employee Engagement Survey)</td>
<td>Four times a year</td>
<td>Conduct surveys on employees’ motivation to actively contribute to the company and their work</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Excitement Tours</td>
<td>Six times a year</td>
<td>Direct communication between employees and the President</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>Opinion exchanges between management and employees</td>
<td>Three times a year</td>
<td>Discuss and promote a mutual understanding about labor management issues</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>KDDI Sports Festival (Co-hosted with the labor union)</td>
<td>Once a year</td>
<td>Create a sense of unity through encouraging interactions among KDDI’s employees including their families and management</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td></td>
<td>KDDI and Responsible Procurement Policy</td>
<td>Once a year</td>
<td>Create a sense of unity through encouraging interactions among KDDI’s employees including their families and management</td>
<td>Improve customer experience</td>
</tr>
<tr>
<td>Business Partners</td>
<td>Business Partner (Supplier)</td>
<td>Surveys and bimonthly conference</td>
<td>On average</td>
<td>Share KDDI Sustainable and Responsible Procurement Policy</td>
</tr>
<tr>
<td></td>
<td>Supply Chain</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* The project was not conducted in fiscal year 2020 due to the spread of COVID-19.

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Engagement

Materiality:

Management Framework

Stakeholder Engagement

Community Involvement and Development

External Recognition

External Assurance

KDDI Sustainability Report 2021
Stakeholder Engagement

We endeavor to participate and play a leadership role in initiatives and organizations in and outside Japan to contribute to the development of a truly connected society.

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Standardization of Telecommunications</td>
<td>SG4 Chair (Telecom &amp; Security)</td>
</tr>
<tr>
<td>ITU-R (Placid Sector)</td>
<td>SG17 Chair (Space &amp; Policy)</td>
</tr>
<tr>
<td>ITU-T (Standardization Sector)</td>
<td>SG3 Chair (Video Transmission &amp; CATV)</td>
</tr>
<tr>
<td>GSMA (GSM Association)</td>
<td>Director</td>
</tr>
<tr>
<td>3GPP (Third Generation Partnership Project)</td>
<td>SA Plenary Vice-Chair (Service &amp; System Aspects)</td>
</tr>
<tr>
<td>GSMA (GSM Association)</td>
<td>Director</td>
</tr>
<tr>
<td>O-RAN ALLIANCE</td>
<td>Director</td>
</tr>
<tr>
<td>Building a Safe and Secure Society</td>
<td></td>
</tr>
<tr>
<td>Japan-Smartphone Security Association (JSSEC)</td>
<td>Vice-Chair / Director</td>
</tr>
<tr>
<td>Telecommunications Centers Association (TCA)</td>
<td>Chairman</td>
</tr>
<tr>
<td>Promotion of Diversity and Inclusion</td>
<td></td>
</tr>
<tr>
<td>NPO J-Win</td>
<td>Advisory Board Member</td>
</tr>
</tbody>
</table>

Topics

Publication of KDDI’s Efforts Related to Measures against the Spread of COVID-19 in External Initiatives

ITU:
KDDI’s free provision (for a limited period of time) of the “Book Pass Unlimited Reading Plan” was introduced in a platform for sharing member countries’ responses to COVID-19 as one of Japan’s initiatives. The Book Pass Unlimited Reading Plan is a service that allows users to easily enjoy a large number of books online, ranging from practical books that support learning to comics and magazines. In this initiative, the monthly information fee was waived for a certain period of time for new customers and existing customers. The service was available regardless of whether or not they had an au connection.

KDDI’s Initiatives Introduced in the GSMA Website

GSMA:
KDDI has long been a supporter of the GSMA’s Humanitarian Connectivity Charter, a framework for the continuity of telecommunications operations and humanitarian assistance in times of disaster. The following information was published in the GSMA website in 2020: formulation of the KDDI’s Basic Policy toward COVID-19, cooperation in various measures and responses in Japan and specific initiatives to protect users and employees. These were all part of the KDDI Sustainable Action set out with a resolution to continue addressing various social issues through businesses.

KDDI’s Initiatives Introduced in the GSMA Website

Community Involvement and Development

KDDI’s Approach

(Community Involvement and Development)

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 issues through our business as a company that contributes to society’s sustainable growth. In addition, in the selection and implementation of philanthropic activities such as social contribution and donations, we consider policies and approaches taking into consideration the relationship with and impact on our own business activities and universally applicable issues in the international community such as the Sustainable Development Goals (SDGs).

KDDI Basic Guidelines Concerning Safe and Secure Communication for Young People

KDDI Sustainable Action

Manifesto

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

Action Guidelines

1. As a company involved in information and communications business, KDDI recognizes its social responsibility to address societal issues through the use of information and communications technologies (ICTs). We aim to offer appropriate communication environments that are safe and secure for all people.
2. KDDI has established medium-term themes for its social contribution activities in five areas: “bridging the digital divide,” “sound development of youth,” “sustainable conservation,” “social and cultural support,” and “support in times of disaster.” By maximizing our application of such resources as networks, products and services, we conduct social contribution activities through ICTs, in a manner characteristic of KDDI.
3. Through communications with stakeholders, we notify and share information concerning ongoing improvements in the content of our operations, thereby contributing to society’s development.
4. By sharing with KDDI Group employees our directions on social contribution activities, we pursue independent-minded activities as a good corporate citizen in the aim of achieving sustainable growth in tandem with society.

*true 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
KDDI Group Results

Engagement

Stakeholder Engagement

Community Involvement and Development

Social Contribution

KDDI is a member of the 1% Club established by Japan Business Federation. Our total social contribution expenditures were approximately ¥700 million yen in fiscal 2020.
1. To support long-term disaster risk reduction, KDDI launched the Shimamono Project to improve education and awareness in disaster risk reduction. KDDI provides training and donations to support the project.

Volunteer Leave and Number of JICA Volunteers (KDDI)

- Volunteer Leave of JICA Volunteers (KDDI)

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>20</td>
<td>13</td>
<td>20</td>
<td>17</td>
<td>0</td>
</tr>
</tbody>
</table>

Increase of “Person who uses the program”

- Number of people who use the program

<table>
<thead>
<tr>
<th>FY2016</th>
<th>FY2017</th>
<th>FY2018</th>
<th>FY2019</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

Disaster Relief Fund (FY2020)

KDDI Group

Source of funds: KDDI’s Bridge of Hope Social contribution website. KDDI provides donations to customers and KDDI group employees. In the case of an emergency, KDDI also provides donations.

Japan

<table>
<thead>
<tr>
<th>Case</th>
<th>Total contributions (Unit: yen)</th>
<th>Donated to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavy rain damage in July 2020</td>
<td>22,655,200</td>
<td>Japanese Red Cross Society</td>
</tr>
<tr>
<td>Earthquake and typhoon damage in February 2020</td>
<td>1,028,900</td>
<td>Japanese Red Cross Society</td>
</tr>
<tr>
<td>Typhoon No.19 (Hagibis) damage in October 2019</td>
<td>100,000</td>
<td>Japanese Red Cross Society</td>
</tr>
<tr>
<td>Earthquake And Typhoon Damage in Economic Region</td>
<td>18,800</td>
<td>Japanese Red Cross Society</td>
</tr>
<tr>
<td>COVID-19 emergency support donation</td>
<td>43,935,000</td>
<td>Central Community Chest of Japan</td>
</tr>
</tbody>
</table>

Projects

- Shimamono Lab Workshops for Outlying Island Businesses in the Okinawa Kiyokawa (The Archipelago News) Project
- KDDI’s Bridge of Hope Social Contribution Website

(8) Community Involvement and Development

Initiatives

KDDI Group Results

(1) Bridging the Digital Divide

- Improve ICT literacy of older people
- Establish Smartphone and Mobile Phone Safety Classes
- Conduct 2,000 classes held, approx. 330,000 participants

(2) Supporting Development of Sound Education of Youth

- Held Workshop-style classes for high school students: Provide DRR Literacy with Your Smartphone
- Held at 3 schools with 115 participants

(3) Environmental Conservation

- Environmental Conservation Activities by Employees (Japanese only)
- Environmental Education Activities for Children

(4) Social and Cultural Support

- We Held a Class on Creating a Field Guide on Plants and Forest Wildlife at the Yokohama City Hama Elementary School (Japanese only)

(5) Disaster Support

- KDDI’s Bridge of Hope Social Contribution Website

Myanmar

- Support for COVID-19 measures (MPT)
- Provided relief funds and medical assistance to people affected by COVID-19
- Supported rapid response teams

Cambodia

- Built a KDDI School in the 13th year, built English and computer classrooms for the 12th and 13th schools

Nepal

- Introduced tablet-based home study support amidst the COVID-19 pandemic
- Development of learning materials for the visually impaired and hearing impaired
- Established an SMS fundraising platform for those wishing to donate to COVID-19 responses

Vietnam

- Reopened SMS fundraising platform for those wishing to donate to COVID-19 responses

Country name FY2020 initiatives

Japan

- Provided fiber internet, computers, video conference equipment, and WiFi routers for young people who will be the future leaders of Myanmar
- Expanded a demonstration project to construct a broadband access network in remote island areas of the Philippines

Mongolia

- Built a KDDI School for children in the Mountain area
- Provided support to pass down the traditional Cambodian art form of large-scale shadow theater (Sbek Thom)

Top Message Engagement

KDDI’s Commitment to Sustainability

Feature Article 1: KDDI’s Response to Climate Change

Feature Article 2: KDDI Sustainable Action

Materiality

Management Framework

Engagement

KDDI Sustainability Report 2021
External Recognition

A Sample of Indices That Include KDDI

Inclusion in SRI Index FTSE4Good Index Series

We are included in the FTSE4Good Index Series, a major global index for socially responsible investment (SRI) as of June 2021. The index was developed by FTSE Russell, which belongs to the London Stock Exchange Group. It is widely used as a standard for selecting investees by institutional investors who focus on the social responsibility and sustainability of companies.

Inclusion in Ethibel PIONEER and Ethibel EXCELLENCE Investment Registers

We are included in Ethibel EXCELLENCE and Ethibel Investment universe Ethibel PIONEER, both labels of Forum Ethibel, which is a Belgian association that promotes SRI. We also continue to be included in ESI Excellence Global.

Ethibel Investment Register is an investment universe comprised of companies that have earned high corporate social responsibility (CSR) performance scores according to the association’s diverse evaluation (as of May 2020).

Inclusion in S&P / JPRX Carbon Efficient Index

We are included in the S&P / JPRX Carbon Efficient Index, which is a environmental index jointly developed by the Japan Exchange Group, the Tokyo Stock Exchange, and the S&P Dow Jones Index (as of March 2021).

Acquired the Highest Rank in the DBJ Empowering Women Index

The Development Bank of Japan (DBJ) developed its own environmental rating system. The investment manu contemplates an environmental rating after companies are evaluated on their environmental management, outstanding companies are selected, and investment criteria are established based on their scores. KDDI acquired the highest rank of A in the ratings. Furthermore, KDDI is the only company in the telecommunications industry that has earned a DBJ Environmental Rating (as of June 2021).

Recognized as a Company in Line with Health and Productivity Management 2021 (White 500)

We were recognized by the Nippon Kanko Kaigi for our outstanding health management initiatives that consider the health of our employees from a management perspective and which are strategically carried out. This led to being recognized as a Health and Productivity Management 2021, company in the large enterprise category (White 500) (as of June 2021).

Other External Assessments

- recognition and awards
- evaluation
- corporate philanthropy award
- commendation for companies promoting hands-on activities for youth
- company award for 2020 development of environment-friendly human resources

Awards Received for Our Initiatives in Growing Markets

Tatsuya Hamada, Chairman and CEO of MobiCom Corporation LLC was Awarded the Order of the Polar Star (ALTAN GADAS ODON) in May 2021, Tatsuya Hamada, Chairman and CEO of MobiCom Corporation LLC (headquartered in Ulaanbaatar, Mongolia) was “MobiCom,” a consolidated subsidiary of KDDI, was awarded the Order of the Polar Star (ALTAN GADAS ODON) by the then President Battulga of Mongolia.

The Order of the Polar Star is a high-ranking state decoration in Mongolia and is the highest award given to a foreigner. MobiCom has been a leader in the telecommunications and IT industry for 25 years since its launch in 1996, and all its employees have worked together to contribute to the development and improvement of the living foundation of the Mongolian people. In addition to this, MobiCom has been actively involved in social contribution activities in Mongolia, and Tatsuya Hamada, who leads MobiCom, was selected for this award in recognition of his daily contributions to the development of Mongolia beyond the framework of the telecommunications business.
External Assurance

Scopes 1 and 2
FY2019 Greenhouse Gas Emissions Guarantee Statement

**LR Independent Assurance Statement**

Relating to KDDI Corporation’s Environmental data within its Sustainability Report 2021 for the fiscal year 2019

**Terms of engagement**

We have undertaken a limited assurance engagement on the environmental data of KDDI Corporation for the fiscal year 2019, which is contained in the Sustainability Report 2021. The engagement has been performed in accordance with the LR Assurance Frameworks, including LR Assurance Criteria – Scope 3 Assurance.

**Purpose**

The purpose of the assurance engagement is to provide reasonable assurance that the selected scope 1 and 2 greenhouse gas (GHG) data are prepared in accordance with the assurance criteria stated below.

**LR’s Opinion**

KDDI Corporation has met the assurance criteria, including the following:

- Completeness of the environmental data.
- Accuracy of the environmental data.
- Reliability of the environmental data.

**LR’s Assurance**

LR has conducted the assurance engagement and has obtained a reasonable assurance of the data presented.

**Assurance Criteria**

The assurance criteria are as follows:

1. Completeness of the data.
2. Accuracy of the data.
3. Reliability of the data.

**Confirmation of Data**

The assurance engagement included the evaluation of the environmental data presented in the Sustainability Report 2021, which includes the following:

- KDDI’s response to climate change.
- KDDI’s sustainable action.
- KDDI’s commitment to sustainability.

**Scope 1 and 2**

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 utility operator.

**Scopes 1 and 2**

FY2020 Greenhouse Gas Emissions Verification Report

**ISO 14001 Management System Certificate**

KDDI Corporation has been certified as an ISO 14001:2015 Management System. The certificate number is JQA-CN76746. The certification covers the management system of KDDI Corporation and its consolidated subsidiaries in Japan and overseas, but excludes J:COM Group in Japan and the telecommunication businesses in Myanmar and overseas data center subsidiaries with significant electricity consumption.

**Evaluating the Accuracy and Reliability of Data**

The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance provides a level of assurance that is lower than that provided by a reasonable assurance engagement. The assurance provided by a limited assurance engagement is substantial lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

**Observations**

The assurance engagement included the evaluation of the environmental data presented in the Sustainability Report 2021, which includes the following:

- KDDI’s response to climate change.
- KDDI’s sustainable action.
- KDDI’s commitment to sustainability.

**Scope 3**

FY2020 Greenhouse Gas Emissions Verification Report

**ISO 14001 Management System Certificate**

KDDI Corporation has been certified as an ISO 14001:2015 Management System. The certificate number is JQA-CN76746. The certification covers the management system of KDDI Corporation and its consolidated subsidiaries in Japan and overseas, but excludes J:COM Group in Japan and the telecommunication businesses in Myanmar and overseas data center subsidiaries with significant electricity consumption.
Corporate Profile

Corporate Profile (As of March 31, 2021)

Company name: KDDI CORPORATION
Date of establishment: June 1, 1984
Main business: Telecommunications business
Head office: Garden Air Tower, 3-10-10, Iidabashi, Chiyoda-ku, Tokyo 102-8460, Japan
President, KDDI CORPORATION: Makoto Takahashi
Capital: 141,852 million yen
Number of employees: 47,320 (consolidated basis)

Office Status (As of March 31, 2021)

Office
Regional Office: Hokkaido (Hokkaido Prefecture), Tohoku (Miyagi Prefecture), Northern Kanto (Saitama Prefecture), Southern Kanto (Yamagata Prefecture), Chubu (Aichi Prefecture), Hokuriku (Shikoku Prefecture), Kansai (Osaka Prefecture), Chugoku (Hiroshima Prefecture), Shikoku (Kagawa Prefecture), Kyushu (Fukuoka Prefecture)
Branches: 17 branches, 66 branch stores, 6 customer service centers, etc.
Technical centers: 9 technical centers and engineering centers, 3 technical maintenance centers, 1 transmission center
Offices outside Japan: Geneva, Beijing, Shanghai

Principal Businesses (As of March 31, 2021)
The KDDI group comprises KDDI, 156 consolidated subsidiaries (100 in Japan, 56 overseas) and 39 equity-method affiliates (32 in Japan, 7 overseas).

Operating income
FY2020: 5,312,599 million yen
FY2020 (April 1, 2020 to March 31, 2021): 1,037,395 million yen

Operating revenue
FY2020: 5,312,599 million yen
FY2020 (April 1, 2020 to March 31, 2021): 1,037,395 million yen

Profit for the period attributable to owners of the parent
FY2020: 651,496 million yen
FY2020 (April 1, 2020 to March 31, 2021): 146,886 million yen

Disclosure Policy

Disclosure of Sustainability-Related Information

In addition to Integrated Report focused on financial information, KDDI issues Sustainability Report which expands on non-financial information in terms of environment, social and governance aspects in PDF format (Japanese and English).

The Sustainability Report expands on information referencing the GRI’s Sustainability Reporting Standards, as well as information to promote greater understanding of how KDDI creates value.

We will continue making efforts to communicate with all stakeholders and promoting our sustainability initiatives.

Please note that this report is an English translation of the Japanese SUSTAINABILITY REPORT 2021 prepared for your reference and convenience only and without any warranty as to its accuracy. In the event of any discrepancy, the Japanese original shall prevail.

Period Covered

Scope of Report
Although we report the activities of the KDDI Group (KDDI and its 156 subsidiaries), this report focuses on KDDI only since the ratio of the Group’s consolidated sales is approximately 1.30 times KDDI’s non-consolidated sales.*


Publication Date
November 2021 (Next publication: November 2022; Previous publication: October 2020)

Guidelines Referenced
• GRI (Global Reporting Initiative) Sustainability Reporting Standards
• SASB (Sustainability Accounting Standards Board) (Telecommunications)
• IIRC (International Integrated Reporting Council)
• BSR (Business for Social Responsibility)
• JIS Z 26000: 2010 (Guidance on Social Responsibility)
• JSQ 26000: 2012 (Guidance on Social Responsibility) Japanese Industrial Standards
• Japan’s Ministry of the Environment, 2018 Environmental Reporting Guidelines
• Japan’s Ministry of the Environment, 2005 Environmental Reporting Guidelines
• Japan’s Ministry of Economy, Trade and Industry, Guidance for Collaborative Value Creation
• TCFD Consortium “TCFD Guidance 2.0”

External Assurance

To ensure reliability, environmental data for Scopes 1 and 2 has received independent third party assurance by Lloyd’s Register Quality Assurance Limited. Environmental data for Scope 3 has been verified by WASEDA University, an independent third party.
## Appendix Table

### Comparative Table with GRI Standards

<table>
<thead>
<tr>
<th>GRI 102: General Disclosures</th>
<th>Item</th>
<th>Reference Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRI 102-39 Percentage increase in annual total compensation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GRI 102-37 Stakeholders' involvement in remuneration</td>
<td>91</td>
<td></td>
</tr>
<tr>
<td>GRI 102-34 Nature and total number of critical concerns</td>
<td>68-69</td>
<td></td>
</tr>
<tr>
<td>GRI 102-26 Role of highest governance body in setting purpose, values, and strategy</td>
<td>2-3, 6-7, 20, 90</td>
<td></td>
</tr>
<tr>
<td>GRI 102-23 Chair of the highest governance body</td>
<td>93</td>
<td></td>
</tr>
<tr>
<td>GRI 102-22 Composition of the highest governance body and its committees</td>
<td>30, 34, 43, 68, 74, 76, 79, 100-103</td>
<td></td>
</tr>
<tr>
<td>GRI 102-19 Delegating authority</td>
<td>7, 94-95, 100</td>
<td></td>
</tr>
<tr>
<td>GRI 102-18 Governance structure</td>
<td>2-3, 6-7, 20, 90</td>
<td></td>
</tr>
<tr>
<td>GRI 102-15 Key impacts, risks, and opportunities</td>
<td>26, 34, 43, 68, 74, 76, 79, 100-103</td>
<td></td>
</tr>
<tr>
<td>GRI 102-9 Supply Chain</td>
<td>94-95, 100</td>
<td></td>
</tr>
<tr>
<td>GRI 303: Energy 2016</td>
<td>80-85</td>
<td></td>
</tr>
<tr>
<td>GRI 302-2 Consumption of energy within the organization</td>
<td>80-85</td>
<td></td>
</tr>
<tr>
<td>GRI 302-1 Energy consumption outside the organization</td>
<td>80-85</td>
<td></td>
</tr>
<tr>
<td>GRI 301-3 Energy intensity</td>
<td>80-85</td>
<td></td>
</tr>
<tr>
<td>GRI 301-2 Energy intensity reduction</td>
<td>80-85</td>
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</tr>
<tr>
<td>GRI 301-1 Energy intensity</td>
<td>80-85</td>
<td></td>
</tr>
<tr>
<td>GRI 300: Water and Effluents 2016</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-2 Management of water discharge-related impacts</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-1 Waste water discharge</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-4 Management of air emissions</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-3 Management of water discharge-related impacts</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-2 Air emissions</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-1 Water emissions</td>
<td>86-89</td>
<td></td>
</tr>
<tr>
<td>GRI 300-4 Water discharge-related impacts</td>
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</tr>
<tr>
<td>GRI 300-3 Water discharge-related impacts</td>
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<tr>
<td>GRI 300-2 Waste emissions</td>
<td>86-89</td>
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<tr>
<td>GRI 300-1 Emissions to air</td>
<td>86-89</td>
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### Major Operational Data (Japanese only)

**Table 2. Activity Metrics**

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