

CFO Message



We will aim to achieve the sustainable growth of society and the enhancement of corporate value together with our partners by promoting our Satellite Growth Strategy and strengthening the underlying management base

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Creating a Virtuous Cycle Underpinned by Sustainability Management

With Sustainability Management at the core, we will work with our partners to create a virtuous cycle for the sustainable growth of society and the enhancement of corporate value.

There is a growing interest in ESG initiatives in the stock market. Over the years, we have honed our non-financial strengths, including our disaster countermeasures and the KDDI Group Philosophy. We formulated our new material issues by mapping the issues raised in our new Mid-Term Management Strategy according to two axes: topics of interest to long-term investors and various other stakeholders, and our vision. As a result, the issues have been consolidated into six material issues. The major changes are: pursuit of innovation needed to transform our businesses, enhancement of human resources and governance in step with the diversification of our business-

es, and response to the international society's growing concerns about climate change and other issues.

At the same time, we have defined for each materiality the "Values we embrace," the different types of values we need to provide to society. We have also set 25 sustainability targets (KPIs) to work toward for each value to be provided. [-P47](#)

As interest in ESG rises, so do expectations for the visualization of capital expenditures and non-financial capital. We will step up our efforts to disclose information closely related to our long-term strategy. Please also keep an eye on the innovation needed to implement the Satellite Growth Strategy, the enhancement of management foundation that involves initiatives to transform us into a company that puts human resources first, and our progress toward the new sustainability targets.

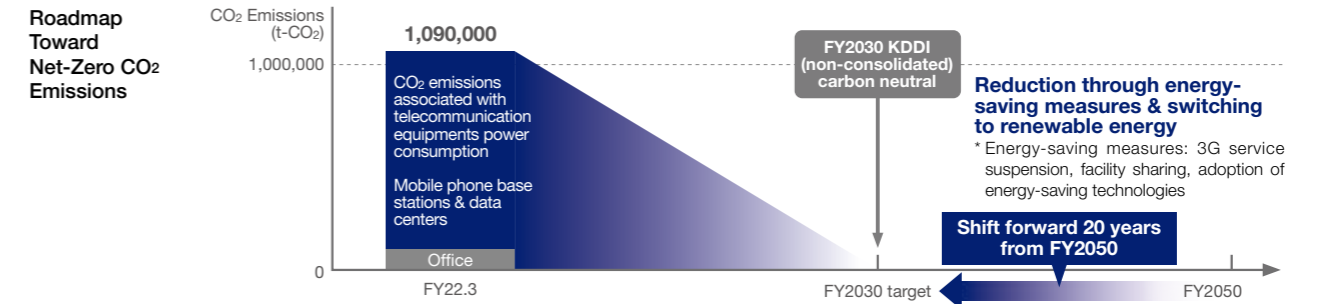
Accelerating Our Initiatives toward Carbon Neutrality

In February 2022, we received certification of our CO₂ reductions targets from the "Science Based Targets initiative (SBTi)." In April 2021, we declared our support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

"KDDI Sustainable Action," our action plan for contributing to the SDGs, originally announced that it would aim to achieve net-zero CO₂ emissions, but we have decided to move up this goal by 20 years and make our business operations carbon neutral by FY2030. In addition, we will endeavor to achieve net-zero CO₂ emissions for all TELEHOUSE brand data centers

around the world by FY2026, and for the entire KDDI Group by FY2050.

We will also respond to the growth of 5G traffic by developing technologies for conserving energy, such as demonstration testing of commercial fuel cells, and for balancing base station output through the use of AI-driven usage monitoring. In addition to our suspension of 3G services at the end of March 2022, we will seek to achieve further reductions of power consumption sharing infrastructure, adopting various energy-saving technologies, and switching to renewable energy.



Transforming into a Company That Puts Human Resources First, and Promoting DX

We consider human resources to be our greatest resource. With the aim of transforming KDDI into a "Human Resources First Company" that places the development and enhancement of human resources at the core of its management, KDDI is promoting the three pillars of "introduction of KDDI Version Job Style Personnel System," "realization of the KDDI New Working Style Declaration," and "promotion of internal DX," and will evolve our unified three-part reform initiatives into Phase 2.

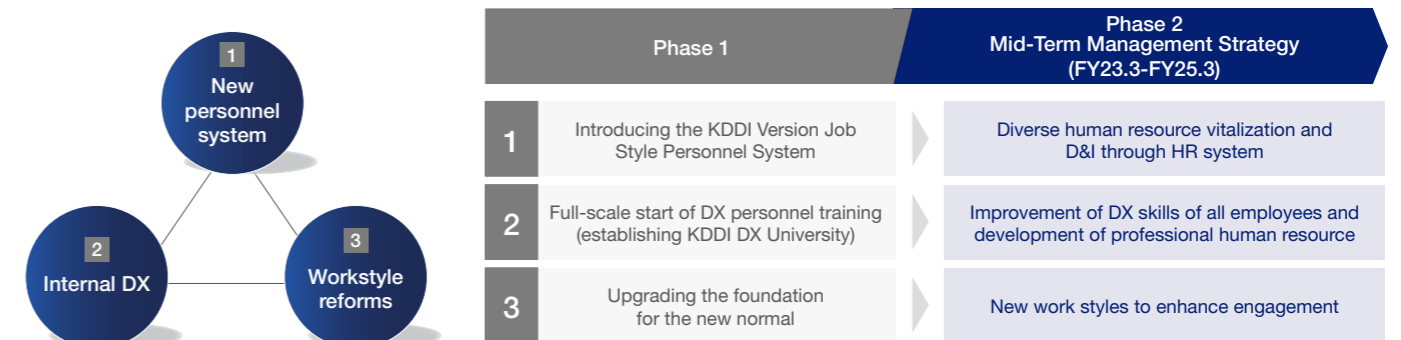
Moreover, we have defined our transformation into a company that puts human resources first as a new materiality. We will leverage a diverse pool of sophisticated professionals and

cultivate a culture that embraces challenges so that we can further produce innovation and contribute to the sustainable growth of society.

As a specific target, we will work to raise the professional human resources ratio in both established business domains and new ones (non-telecommunication businesses, etc.) to at least 30% by FY25.3. Also, we will use KDDI DX University to enhance the DX skills of all KDDI employees and to train DX professionals. We will then shift DX talent to focus areas, and expand basic DX skills training across the KDDI Group.

Transforming into a Company that Puts Human Resources First

Evolving our unified three-part reform initiatives into Phase2



Human Resource Development

Maximizing organizational strengths to drive business strategy centered on DX

KDDI DX University*



Shifting essential personnel into focus areas

* In-house human resources development organization launched in 2020

CFO Message

Thoroughly Engraining Respect for Human Rights in KDDI Group Business Activities

The KDDI Group has established the “KDDI Group Human Rights Policy,” recognizing that all business activities are based on respect for human rights. In order to further accelerate our efforts to fulfill our responsibility to respect human rights, we revised the KDDI Group Human Rights Policy in October 2022. In our new materiality,

we have positioned “respect for human rights” as one of the values to be provided. Going forward, we will continue adhering to the KDDI Group Human Rights Policy to ensure respect for human rights in all business activities and the performance of human rights due diligence across our global operations.

Respect for Human Rights

Thoroughly engraining respect for human rights in KDDI Group business activities

Observing the KDDI Group Human Rights Policy

- Respect for human rights in all business activities
- Avoid or reduce any negative impacts on human rights
- Avoid involvement in infringement of human rights
- Promote human rights enlightenment activities for all KDDI Group executives and employees, etc.



Global Human Rights Due Diligence



Cost Efficiency and Cash Allocation

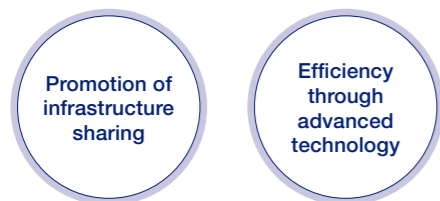
We are striving for greater cost efficiency. On the technical side, where 3G service has been suspended and expansion of 5G service areas is being accelerated, we are practicing appropriate control of our investments, including by promoting infrastructure sharing and adopting advanced technologies. In commercial operations, we will seek mid-term cost efficiencies on the scale of 100 billion yen through actions such as transforming our sales system and streamlining sales channels.

With regard to cash allocation, we will continue strengthening our investment in growth and shareholder returns to support

our sustainable growth. We will also work to attain operating CF (excluding financial business) flow on the level of 5 trillion yen over the mid-term. The operating CF produced will be preferentially allocated to capital expenditures in 5G and focus areas, as well as strategic business investments, for a total investment of around 2 trillion yen. We will aim for shareholder returns of around 1.5 trillion yen in the mid-term by raising the dividend payout ratio over 40% and flexibly repurchasing shares in consideration of factors such as growth investment performance.

Cost Efficiency

Technology



Appropriate control of investment

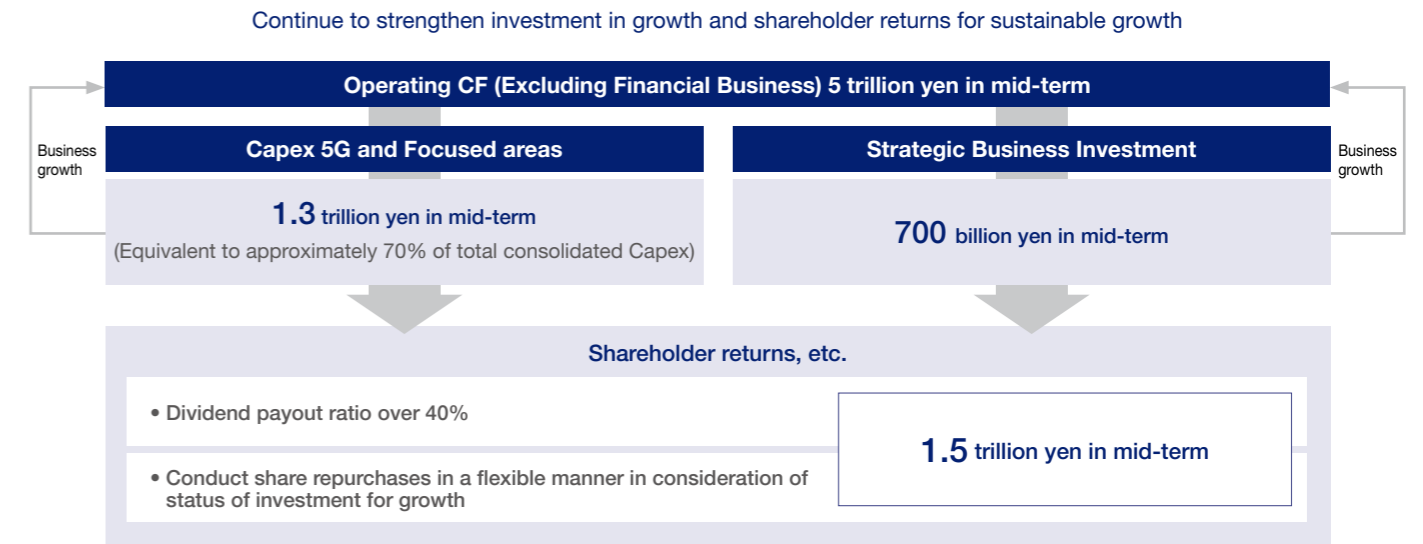
Sales



Marketing efficiency

Goal: achieve cost efficiencies of 100 billion yen in mid-term

Cash Allocation Policy



In Conclusion

Looking ahead, the world will likely continue to change with each passing moment, and with it the business environment will undergo tremendous changes as well. In order to successfully adapt to this fluid environment and realize the vision for our future, we will firmly engrain the KDDI Group Philosophy—our unshakable cornerstone—as a mindset and code of conduct shared by management and employees alike. We will endeavor to strengthen our management base through integrated management of our Group and efforts to reinforce our systems of risk management and information security through synergy with a system of corporate governance that respects human rights and ensures transparency and fairness.

As we carry out the new three-year plan for transforming our business, we will guide our decisions and actions with the valuable insights we gain from dialogue with our shareholders and investors.

