

Materiality
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Human Resources First

Values we embrace (8) **Advancement of Professional Human Resources and Engagement Improvement**



Our sophisticated professionals will use their talents to the fullest, taking pride and satisfaction in their work. Enhancement of employee engagement will contribute to the sustainable growth of society.

Executive Officer
Corporate Sector
General Manager, Human Resources Division
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Changes in Society Are Transforming the Work Environment

Today, the labor market environment is undergoing a sea change. For example, the coronavirus pandemic has driven a greater shift to work styles unrestricted by time and location. Diversity and inclusion are being advanced. Reskilling is being utilized as a human resources strategy. The competition for talent is becoming fiercer. And, labor mobility is increasing. Meanwhile, the Japanese government is calling for profound strengthening of investment in people under its vision for bringing forth a “new capitalism.” Going forward, KDDI must align with these and other rapid changes in society, boost productivity while implementing hybrid work styles, and create new value. To do this, we need to maintain a work environment that cultivates expert professionals, harnesses their talents to the fullest, and enhances employee engagement.

People Solve Challenges for Industry and Society, and Are the Source of Value-Creating Innovation

KDDI has produced many innovations over the years by collaborating with various partners and leveraging the knowledge and expertise it has amassed in diverse businesses—particularly telecommunications, but also DX, finance, energy, and more. The source of these innovations is our people. The sustainability goals that we are striving to achieve by FY25.3 include nurturing professionals and improving the DX skills of our entire workforce, including executives. The focus on building DX skills across our whole organization, rather than just the directly relevant teams, will be a strength for us ahead. Furthermore, our cultivation of professionals in all sorts of fields will enable us to achieve innovation in many different industries through collaboration among our employees, and thus will help us to continue providing value to society.

We firmly believe that investment in people is indispensable to our creation of innovation, and accordingly we are looking to raise our human resource investment in FY23.3 to double that for FY22.3.

KDDI Version Job Style Personnel System: A Career Development Driver for Diverse Talent

The KDDI Version Job Style Personnel System, launched in August 2020, has shaken up the established concept of managerial positions by creating a new type, “core management positions.” This makes managerial positions open not only to people who can fulfill the roles traditionally expected of managers, but also to expert talent who can lead projects by utilizing their strong expertise in specialized fields. Another feature of the KDDI Version Job Style Personnel System is that it does not focus on simply building high-level expertise; it also emphasizes nurturing well-rounded character and competencies. Since its introduction, this system has not only supported younger personnel, but has also encouraged experienced generalists in their 40s or 50s to start rethinking their career path.

At the same time, we are continuing to promote regular one-on-one meetings between employees and their supervisors in order to ensure the psychological safety necessary for a welcoming and rewarding workplace, and to improve employee engagement. Better engagement enhances the performance of not only individual employees, but also teams and the company as a whole, and thus also helps to provide value to society. We are counting on our personnel system to create an environment that enables diverse talent to shine by making the most of their expertise, regardless of age or gender—and in doing so increases our enterprise value and contributes to the sustainable growth of society.



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Advancement of Professional Human Resources and Engagement Improvement

[Mid-Term Sustainability Targets (FY23.3-FY25.3)]

| | | | | |
|--|--|--|---------------------------|---|
| Percentage of professional human resources on all specialized fields | Basic DX skills training completion* (Mid-Term cumulative total) | Improve/maintain employee engagement score | Ratio of female directors | Percentage of females in managerial positions |
| 30% | All employees | 72 or over | 20% or over | 15% or over |

(all targets are non-consolidated)
*Learning opportunities to be expanded to Group

[Concrete Actions]

- ▶ Create innovation by cultivating professionals in many different business fields, and by improving the DX skills of all employees, including executives
- ▶ Use the KDDI Version Job Style Personnel System to drive forward employee career development, and create an environment that enables diverse talent to shine

[Strengths]

- Cultivation of DX-focused talent who can collaborate with all sorts of industries
- KDDI Version Job Style Personnel System: Shakes up the established concept of managerial positions, nurtures professionals with well-rounded character and competencies

[Risks]

- Difficulty of securing outstanding human resources as the working age population shrinks from low birthrate and population aging
- Increased cost of providing attractive work environment that offers various work styles accommodating diverse talent

[Opportunities]

Securing of diverse talent by developing tangible and intangible aspects of the work environment under KDDI Version Job Style Personnel System, Promotion of internal DX and the Declaration of KDDI New Work Styles.

[Social Issue]

Businesses need to create new value as they align themselves with changes in society—such as adapting to the coronavirus pandemic’s transformation of the labor market environment, and profoundly strengthening investment in people as called for by the vision for “new capitalism” announced by the Japanese government in June 2022

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KDDI Version Job Style Personnel System

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

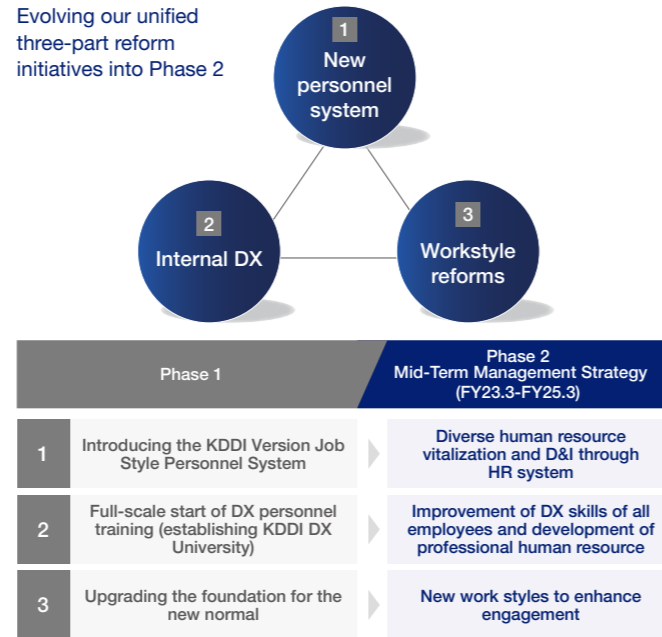
To achieve sustained growth, KDDI is working to expand new business areas while its business continues to revolve around telecommunications. This means that there will be more fields where our employees can pursue successful careers.

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

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

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

Evolving our unified three-part reform initiatives into Phase 2



Workstyle Reforms

In January 2017, we launched full-scale initiatives for workstyle, including setting indicators related to working hours, reforms to promote fundamental changes in awareness and behavior toward a work style that is more productive. We also established the Work Style Reform Promotion Committee as part of the initiatives. The committee members consist of General Managers representing Divisions and the General Manager of Human Resources Division is the chair. Since April 2018, the heads of strategic subsidiaries have also been participants. In FY20.3, we set up a project team to facilitate employees' diverse work styles. Since FY21.3, in accordance with the KDDI Declaration of New Work Styles, the team has been working to establish an environment (e.g., the promotion of DX) that enables diverse work styles, and working on the vision of new work styles under the introduction of the KDDI Version Job Style Personnel System, thereby further driving work style reforms to transform KDDI into a company that puts human resources first.

Operational Framework of the Work Style Reform Promotion Committee



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

Professional Advancement of Women

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

Our commitment to gender equality is reflected in the Mid-Term Management Strategy, and we are promoting the advancement of women as a business strategy. We at KDDI strive to create an environment and climate where diverse human resources can make the most of their strengths and achieve high performance. We are focusing on cultivating female leaders and; raising awareness of gender issues while changing the behavior of management and improving the work-

ing environment, to support women's ambitions and career growth even after life events such as childbirth and during child-rearing.

We believe that the participation of women in the company's decision-making will enhance our corporate strengths and are focusing on developing female leaders. Under the new personnel system introduced in FY21.3, we define "personnel in managerial positions" as organizational leaders with the authority to evaluate personnel and experts in specialized fields. We have set a numerical target to increase the percentage of females in managerial positions to 15% or over by the end of FY25.3.

KDDI DX University (In-house human resources development organization)

To promote DX, we established KDDI DX University in FY21.3 as an internal human resources development organization. We are developing DX human resources by defining five specialized fields: Business Development, Consultant & Product Manager, Technologist, Data Scientist, and Experience Architect. The unique feature of this program is that it is incorporated into the personnel system as a way to promote job specialization, and

we will increase the number of DX human resources in the entire group to approximately 4,000 by FY24.3. Additionally, all employees will acquire basic DX skills by FY25.3, and the ratio of professional human resources in all specialized fields will be raised to 30%. These initiatives will promote the shift of personnel to focus areas and maximize the organizational strengths to promote business strategies centered on DX.

KDDI DX University

Maximizing organizational strengths to drive business strategy centered on DX



Productivity Improvements through Data-Driven Human Resources Practices

A dedicated People Analytics unit will be established to implement data-driven human resources practices.

They will contribute to the company, management, and employee engagement by providing information for decision-making and problem-solving through the expansion of

human resources data analysis methods, the expansion of analytical data, and the advancement of visualization to improve employee engagement and productivity, including rapid PDCA cycles for human resources processes and the visualization of human capital management information.

Talent Management

KDDI has introduced X-Career, a talent management system that proactively supports diverse growth and challenge opportunities for employees utilizing a wide range of business domains. The system is designed to enable each employee to expand and deepen their careers, and to create innovation through the integration of each career. Employees express their professional skills, areas of interest, and career aspirations on the system, and develop their careers autonomously through one-on-one

career planning with their supervisors, searching for role models and career maps that match their own interests, gap analysis through evaluations and human resource reviews, and reassignment, positional change, and matching cycle through open recruitment and internal side jobs.

By utilizing this system in line with the objectives and policies of the new personnel system, we aim to realize employee growth as well as sustainable growth of the company.

Improving Employee Engagement

KDDI conducts a quarterly Employee Engagement Survey because we believe that if our employees feel motivated and enjoy working, the company will continue to grow.

This survey measures employee engagement as defined by KDDI, namely each employee's level of "voluntary contribution and motivation toward the company and their work," to generate key indicators. The results of the survey are shared in real time with the leaders of each organization. Instead of the Human Resources Department analyzing the results of employee en-

agement and formulating the measures, the leader of each organization shares the results with their members and discusses what issues their organization faces and what actions to take to increase employee motivation and satisfaction. We believe that this process will, in itself, improve the level of employee engagement.

We are committed to improving employee engagement by rolling out this activity company-wide.