

## Our Future 4: The Sustainability Expected of a Telecommunications Company

### KDDI's Sustainability

Under the KDDI Group Mission Statement of “achieving a truly connected society,” KDDI works to solve social issues as an infrastructure company that underpins the information that serves as the basis for society.

Minoru Tanaka

Executive Officer of Sustainability



In May 2020, KDDI formulated “KDDI Sustainable Action” — KDDI’s initiatives for the SDGs aimed at 2030. In consideration of the social issues and the business sectors KDDI can contribute to as a telecommunications operator, we revised KDDI’s target SDGs, which were linked with the medium-term management plan, into eight social fields.

Of the sustainability activities that form the foundation of these initiatives, I will go over our policies on governance, environmental measures, human resources, and human rights in this section.

#### Governance

By proactively adhering to the Corporate Governance Code and practicing the KDDI Group Philosophy, the foundation of its corporate activities, KDDI endeavors to strengthen corporate governance of all Group companies. In addition, KDDI directly holds meetings with investors on the topics of governance and sustainability as a part of its proactive approach to reflect the voices of our stakeholders in management.

#### Environmental Measures

With movements to address environmental issues accelerating, as demonstrated by the Paris Agreement and the TCFD, specific action plans are urgently needed in Japan to realize a society with zero CO<sub>2</sub> emissions. Through our core information communications operations, we contribute to improvements in work efficiency and reductions in the movement of people, helping to reduce CO<sub>2</sub> in society and reign in climate change. However, these benefits are countered by the rather large environmental impact caused by telecommunications equipment. Even considering that situation, KDDI formulated the KDDI GREEN PLAN 2017-2030 (in 2017) as well as KDDI Sustainable Action, declaring it will lower the environmental burden of society using ICT with the aim of achieving zero CO<sub>2</sub> emissions by 2050.

#### Human Resources

As the productive population declines in Japan, it is imperative that companies provide attractive work environments that enable diverse work styles (times, places, employment types, etc.) so that employees can use their various skills to the fullest, with the ultimate aim of sustaining their growth as businesses and contributing to society. KDDI will continue to promote respect for diversity and work to accommodate various personalities and abilities in its organization. We launched KDDI LEARNING CORPORATION in April 2019 and the learning facility LINK FOREST complex in April 2020. In addition, in April 2018, KDDI announced the KDDI Group Declaration of Health-Focused Management in a message from the President, and then created the Work Style Reform & Health Management Department in January 2019 as an organization focusing on health management. By promoting health management, we aim to establish a “health first” culture that fosters improvements in employee vitality and productivity.

#### Human Rights

As part of the ICT industry, we face many potential human rights issues, including rights to privacy and freedom of expression, as well as requests from government authorities to disclose customer data for legitimate purposes. We will continue our efforts to identify and address human rights issues in our business activities 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 due diligence, and we will continue to highlight risks and opportunities in all of KDDI’s businesses, take appropriate action, and continually monitor the effectiveness of those actions to improve even more.

Going forward, we will continue contributing to the sustainable growth of society and working to solve social issues unique to Japan and the SDGs while highly valuing communication with our stakeholders.

[Web Link](#) The unabridged version of this message is available on page 30 of the Sustainability Report.

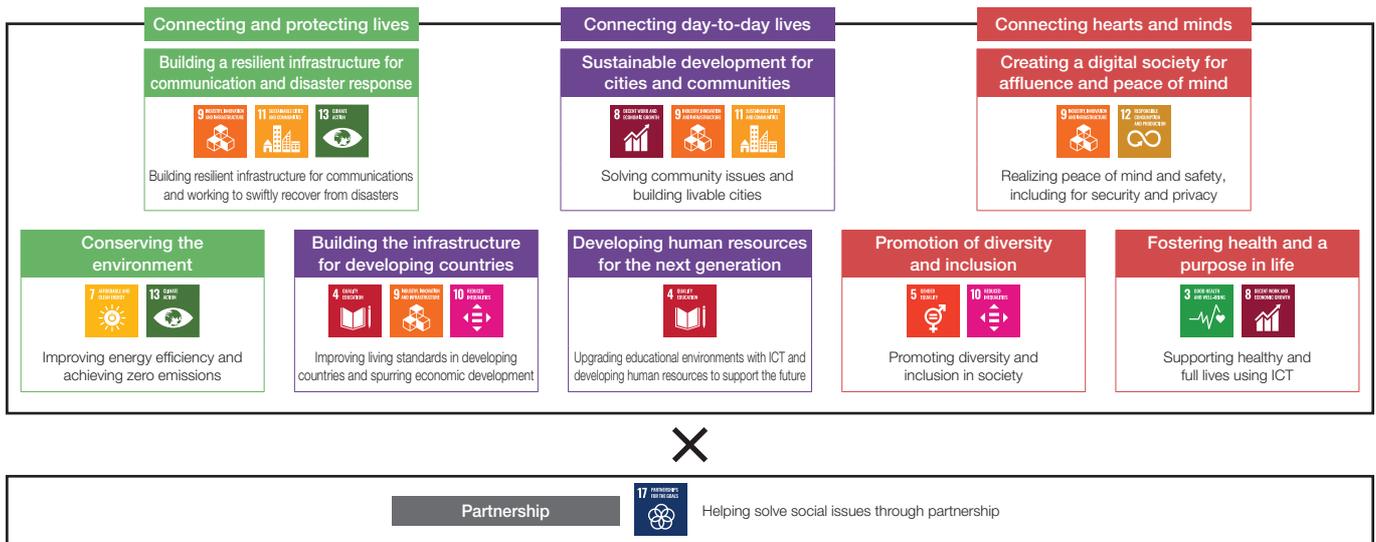
## KDDI Sustainable Action

KDDI aims to grow with society through SDG initiatives while targeting not only the growth of the Company but social issues as well. 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.

## KDDI Sustainable Action

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



## KDDI is “Connecting” Three Ways

At KDDI, our mission is to connect.

Not just faraway places using phone and internet lines, but something much more important.

### Connecting and protecting lives



This means ensuring communications during disasters with our resilient infrastructure.

It means implementing ICT technology to reduce environmental impact, helping our precious planet.

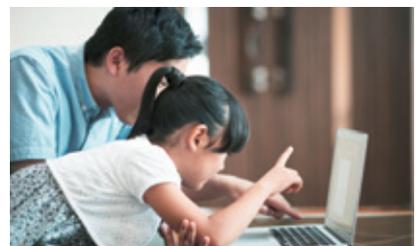
### Connecting day-to-day lives



This means helping resolve issues in communities, cities, and developing nations by bringing together new technologies and partners.

It involves developing human resources today, so that we can help create better lives tomorrow.

### Connecting hearts and mind



This means implementing initiatives aimed at creating a digital society characterized by affluence and peace of mind.

A society where diversity displaces isolation and all can enjoy healthy, fulfilling lives.

In this age of living beyond 100, this is more important than ever.

## KDDI Sustainable Action Initiatives

In May 2020, KDDI formulated "KDDI Sustainable Action: Our power to make connections will help create a brighter future for all" – 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 analyzed the social issues for 2030 and the sectors where KDDI should focus given its business environment. In consideration of the social issues and the business sectors KDDI can contribute to as a telecommunications operator, we selected eight social issue fields and set targets for 2030.

Below, we describe our initiatives for eight issues.

### Connecting and protecting lives

#### 1. Building a resilient infrastructure for communication and disaster response

##### Building resilient infrastructure for communications and working to swiftly recover from disasters



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

KDDI is aiming to enhance mobile telecommunications quality and realize a society that can fully utilize high-quality telecommunications by providing reliable fixed-line and internet services. In the Operations Division, we will continue working together to monitor network operations to enable the provision of telecommunications as a lifeline during natural disasters.

Effects from COVID-19 have driven an increase in teleworking and other data use, along with rapid changes in telecommunications use in Japan. Although overall telecommunications traffic volume has not been affected, daytime fixed-line telecommunications traffic has increased by up to 63%. KDDI has therefore swiftly taken measures to maintain the telecommunications environment. In addition, we fulfilled our social responsibility as a telecommunications operator by working to safely provide a telecommunications environment to the many passengers, crew members, and health care providers on the large cruise ship that arrived in the Port of Yokohama in February 2020.

Going forward, we will continue helping every day to build safe and secure social foundations through telecommunications.

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#### 2. Conserving the environment

##### Improving energy efficiency and achieving zero emissions



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

As a KDDI Sustainable Action initiative, KDDI proclaimed its aim of zero CO<sub>2</sub> emissions by 2050. Because our businesses possess large-scale infrastructure, we need to ensure both environmental protection and sustainable business operations.

To achieve these dual goals, we must conduct a full-scale review of our energy consumption and take measures to deploy new technologies. We have been working to reduce electric power use by installing an efficient air-conditioning control system and a more efficient interflow and direct flow transformer in 2019. Furthermore, we have begun to consider using fuel cell batteries and installing new energy-efficient air-conditioning technology. In addition, as a medium- to long-term initiative, we review power distribution technology and develop power storage technology. Going forward, we will continue these unceasing efforts to help reduce CO<sub>2</sub> emissions for society as a whole.

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## Connecting day-to-day lives

### 3. Sustainable development for cities and communities

#### Solving community issues and building livable cities



**Takayuki Noguchi**  
General Manager,  
5G Deployment and  
Planning Office  
Technology Planning  
Division

In Japan, due to the declining population and urban centralization, the issue of regional depopulation will continue to get worse going forward. To address this issue, we at KDDI will continue to help create a society where everyone can live a full life, free of inequality, and regardless of place of residence, through telecommunications.

From March 2020, we began fully offering 5G commercial services. I think we can leverage the characteristics of 5G, namely high speed, low latency, and multiple connections, in various fields including remote healthcare and education, agriculture, industry, and smart cities. To build the foundation for this, we began providing 5G commercial services in major cities across Japan from summer 2020, and we aim to offer 5G commercial services in every prefecture by March 2021.

Through the adoption of 5G, we will continue helping to realize a new society that solves the issues confronting rural areas.

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### 4. Building the infrastructure for developing countries

#### Improving living standards in developing countries and spurring economic development



**Noboru Edagawa**  
CEO,  
KDDI SUMMIT  
GLOBAL MYANMAR., LTD.



**Tatsuya Hamada**  
Chairman and CEO,  
MobiCom Corporation LLC

Mainly in developing countries in Asia, KDDI is working to help develop industry by providing inexpensive high-quality telecommunications services and upgrading telecommunications infrastructure with the aim of ensuring there are no residents living outside of our telecommunications area. In Myanmar, from 2014, we have worked to upgrade the telecommunications service environment through a joint business with Myanmar Posts & Telecommunications (MPT) and Sumitomo Corporation, thereby contributing to the development of the country. As of March 31, 2020, MPT was No. 1 in market share.

In Mongolia, we have been operating the comprehensive communications carrier MobiCom Corporation LLC since its founding in 1995. Every year, the company is selected for the Top 100 Mongolian Companies, which are chosen by the Mongolian government and Mongolian National Chamber of Commerce and Industry. In 2019, the company was awarded 17th place, the highest placement among telecommunications providers, signaling a high evaluation.

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### 5. Developing human resources for the next generation

#### Upgrading educational environments with ICT and developing human resources to support the future



**Shigeki Matsuno**  
Administrative Officer,  
Corporate Strategy  
Planning Division

Rural Japan is facing various social issues, such as a declining birthrate, aging population, declining population, aging infrastructure, and increasing number of natural disasters. Attempts are being made to realize Society 5.0, which would help solve these issues through ICT. KDDI believes that to make these initiatives sustainable, we need to train the personnel, venture companies, and local companies that will take up the responsibility of solving these issues at the local level. To date, KDDI has worked with over 60 municipalities to solve problems, and the Company is collaborating with regional universities and technical colleges to promote corporate and human resources training for innovation, starting businesses, and DX, by leveraging its track record to date.

In addition, we established the KDDI Regional Initiatives Fund in April 2019 for regional revitalization by providing funding to training companies. Going forward, KDDI will continue to contribute to the sustainable development of society by working to train human resources that will develop regional areas and shape the future.

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## Connecting hearts and minds

### 6. Creating a digital society for affluence and peace of mind

#### Realizing peace of mind and safety, including for security and privacy



**Yuuko Hino**  
Assistant Manager,  
Sustainability Department  
General Administration  
Division

In a society undergoing rapid digitization, a huge responsibility for telecommunications providers is to build a safer society where privacy and security are protected. With adoption of smartphones and cellphones widespread and increasingly younger people using them, KDDI respects UNICEF's Convention on the Rights of the Child and has been offering the KDDI Smartphone and Mobile Phone Safety Classes at elementary, middle, and high schools across Japan since the fiscal year ended March 31, 2006. These classes provide children with the means to use their own judgment to avoid risks, enabling them to safely and securely use smartphones and mobile phones.

The cumulative number of classes held is around 33,000, with attendees exceeding 6,110,000. In addition, we hold courses for seniors to learn basic phone functions and ways to use phones safely and securely. These classes have reached a cumulative total of around 1,500, with approximately 27,000 attendees. Going forward, we will continue to carry out these initiatives aimed at building a safe, rich, digital society.

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### 7. Promotion of diversity and inclusion

#### Promoting diversity and inclusion in society



**Kaname Utsumi**  
Head of Diversity &  
Inclusion Department,  
Human Resources  
Planning Department  
Human Resources Division

KDDI declared "embracing diversity" as part of the KDDI Group Philosophy and is working to continue building an organization that leverages diversity.

To promote the advancement of women, we set a target of hiring 200 female line managers as of March 31, 2021, and are conducting various training, mentoring, and career design programs.

KDDI promotes the employment and advancement of people with disabilities. We maintained an employment rate of 2.53% for people with disabilities, which is above the legally mandated level, as of June 1, 2020, by establishing a special subsidiary to contract KDDI's operations and expanding the range of activities, such as operating cafés at offices. We are also proactively working to quickly address LGBT issues. For example, the "au" Family Discount can also be applied to same-sex partners, and internal systems treat same-sex partners and their children as family members.

As an operator who has a public mission, we will continue helping realize a diverse and inclusive society by providing a work environment and services that respect diversity.

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### 8. Fostering health and a purpose in life

#### Supporting healthy and full lives using ICT



**Yumiko Katori**  
Manager,  
Work Style Reform &  
Health Management  
Department  
Human Resources Division

KDDI has undertaken work style reforms and health management as an important management issue for a long time. To further promote these initiatives, we established the Management Department as an organization dedicated to these causes in January 2019.

We are creating a company where all employees can stay healthy while achieving high performance by having a framework of around 40 internal counselors to conduct two annual interviews with every employee and assess their mental and physical health. With the spread of COVID-19, we formulated a basic policy based on the policies of KDDI Sustainable Action. The first of five items in the policy is "ensuring the safety of customers and employees of KDDI and its affiliates above all else." To prevent the spread of infections, around 90% of KDDI employees are working from home.

Going forward, we will continue striving to be a company that contributes to the sustainable development of society and where employees thrive.

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## Climate Change Initiatives

### KDDI's Approach (Low-Carbon Society)

Greenhouse gas emissions, which are the cause of global warming, are steadily increasing every year, and reducing emissions is an issue for the entire human race.

The use of ICT is expected to lead to more efficient operations, including production and expenses, and help reduce the CO<sub>2</sub> emissions of customers. On the other hand, due to concerns about a larger environmental burden from data centers and bases in line with the expanded use of ICT, the development and introduction of energy-efficient equipment and machines has become an issue.

KDDI will continue to help reduce CO<sub>2</sub> emissions by providing new ICT services with the aim of realizing a low-carbon society.

### Climate Change Risks and Opportunities

#### (1) Risks and Opportunities from Regulations

Among regulations and government policies in each country and region, there are some that impact the business activities of companies, such as energy efficiency standards, carbon taxes, and emission trading. KDDI believes that these regulations and policies could become a risk for business continuity and growth. We consider the response to these regulations to be an opportunity for business growth by building environmentally friendly bases and providing countries and regions with services connected to reducing society's environmental burden and energy efficiency using ICT.

#### (2) Risks and Opportunities from Physical Impact

Larger typhoons and increased precipitation due to global warming have resulted in damage to various regions. Due to their impact on the Company's telecommunications equipment, we recognize these natural disasters as risks to business continuity. On the other hand, demand has been increasing globally for measures to respond to these natural disasters. KDDI is working to expand business by promoting disaster countermeasures using ICT services, such as emergency response systems and disaster prevention systems.

#### (3) Other Risks and Opportunities

Insufficient response to climate change is a risk to business continuity and invites a deterioration in stakeholder trust and competitiveness in markets. KDDI has announced a long-term goal to mitigate climate change. Providing services that help lower environmental burden leads to an expansion of business and can contribute to Goal 7 (ensure access to sustainable energy for all) and Goal 13 (take specific action to combat climate change) of the SDGs.

### Environmental Management

KDDI is currently carrying out its environmental conservation plan KDDI GREEN PLAN 2017-2030. This long-term plan runs until the fiscal year ended March 31, 2031 with the goal of achieving a 7% reduction in the Company's CO<sub>2</sub> emissions in comparison with the fiscal year ended March 31, 2014. To achieve this goal, we are working to reduce CO<sub>2</sub> emissions by using various reduction methods like renewable energy.

We discuss material issues related to the environment at the Sustainability Committee to demonstrate our position of promoting sustainability overall, including management and the environment. The President is the chair, and the Sustainability Department is the secretariat. The results of the discussions have been reflected in each organization's goals and rolled out to each division and Group company through the Environmental Subcommittee, which is attended by managers from each sector and Group company that have acquired ISO 14001. The Green Plan Subcommittee, which was established in the fiscal year ended March 31, 2018, assesses the progress towards the goals of KDDI GREEN PLAN 2017-2030 and promotes various activities.

### Aiming for Zero CO<sub>2</sub> Emissions by 2050

We strongly promote the shift to renewable energy, aim to achieve zero CO<sub>2</sub> emissions by 2050, and reduce society's environmental burden using ICT.

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## Sustainability Report 2020



An overview of all KDDI's sustainability activities is provided in the Sustainability Report 2020.

The Sustainability Report contains detailed information on the future KDDI aims to achieve through KDDI Sustainable Action 2030; KPI results related to material issues and the SDGs; environmental performance and other figures; and initiatives in each business. We therefore recommend reading it along with the Integrated Report.