

# CFO Message



Through KDDI Sustainable Action, we aim to contribute to the sustainable growth of society and maximize corporate value.

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## Corporate “Sustainable Growth” and Solutions for Social Issues

The COVID-19 pandemic completely upturned the day-to-day lives we had taken as a given and, due to this, many social issues were brought to the fore, including Japan’s lagging digitalization.

The key to resolving these issues is enhancing telecommunications and technologies. To realize Society 5.0, KDDI is implementing various initiatives with its partners. Everything will be connected through 5G and IoT in this more resilient society, which will utilize big data and AI extensively. In collaboration with many regional municipalities, we are working on solutions, for example, to such issues as smart agriculture

and smart fishing utilizing IoT, to achieve the sustainable development of regions and cities. We will contribute to building a sustainable society by continuing to provide new added value to customers and society based on big data collected by IoT.

Under the medium-term management plan (April 2019 –March 2022), KDDI clarified the relationship between the business plans of each department and the SDGs. Going forward, we aim to maximize corporate value by working hard to solve social issues through business.

## KDDI Sustainable Action for 2030

### KDDI’s Three Types of “Connecting”

For KDDI’s target SDGs, we clarified that we are connecting three ways: Connecting and protecting lives, Connecting Day-to-day Lives, and Connecting hearts and minds.

Under “Connecting and protecting lives,” we will build safe and reliable telecommunications infrastructure in preparation for intensifying large-scale natural disasters. Under “Connecting Day-to-day Lives,” we provide affordable, high-quality telecommunications services that serve

as the foundation of economies in developing Asian countries, thereby supporting people’s lives. Under “Connecting hearts and minds,” we promote initiatives related to supporting women and LGBTQ as a way to respect diversity as well as education to increase children’s IT literacy and enable them to properly and safely use smartphones.

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### ▼ KDDI’s Three Types of “Connecting”

#### 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 Minds

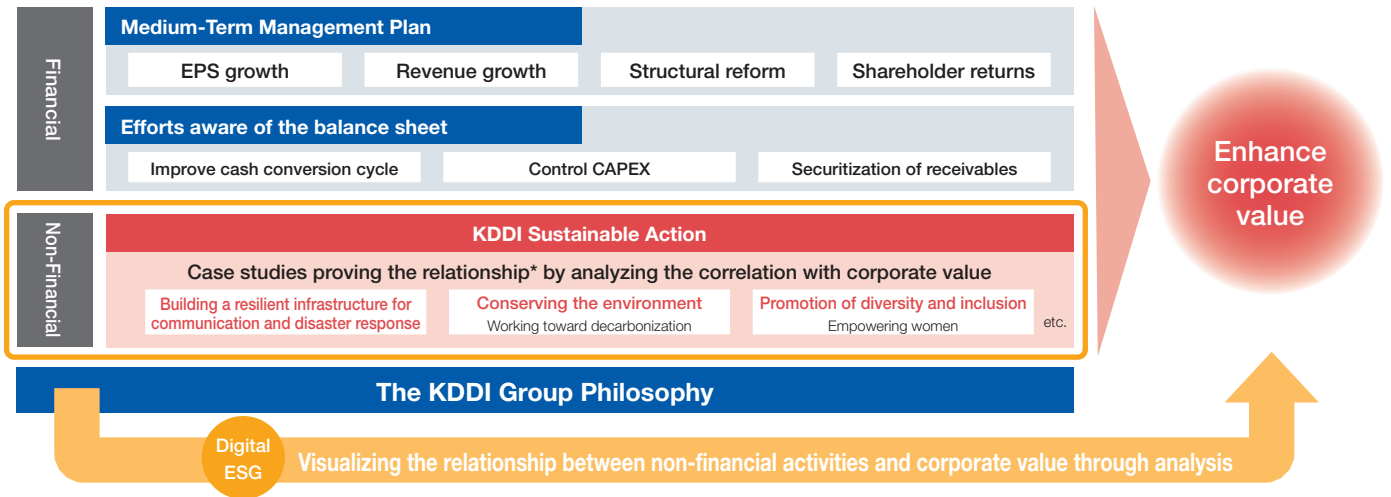


This means implementing initiatives aimed at creating a digital society characterized by affluence and peace of mind.

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.

▼ Striving to Maximize Corporate Value



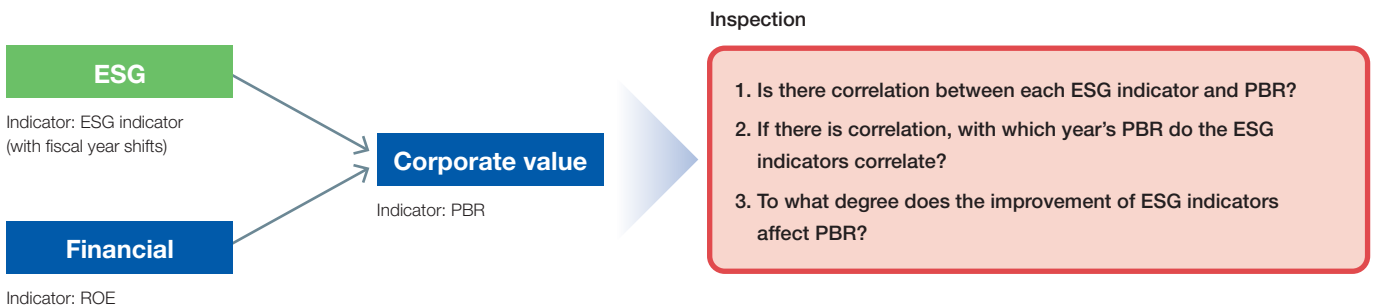
\*Analyzed by ABeam Consulting ESG Platform based on the model developed by Mr. Ryohei Yanagi under the "CFO Policy" (Chuokeizai-sha Holdings, Inc. 2020) (January 2021)

Visualizing Non-Financials

We will promote KDDI Sustainable Action and undertake Digital ESG, for which we conduct practical data analysis of the relationship between non-financial activities and corporate value.

[Page Link](#) P. 30 Studying the Correlation between Non-financial Information and Corporate Value

▼ Analysis Method for Digital ESG Using Yanagi Model



Enhancing Cost Efficiency Accompanying Structural Reform

Under the current medium-term management plan, we aim to enhance cost efficiency by ¥100.0 billion over three years. The pillars of this effort are enhancing the efficiency of marketing as well as optimizing and enhancing the efficiency of network operations. We will give our best to undertake structural reform.

Cash Allocation and Shareholder Returns

Underpinned by the strong financial base and high cash flow generation ability, we prioritize growth investments for sustainable growth, conduct M&A centered around strengthening service capabilities in growth fields, and carry out capital investment centered around 5G. In addition, as for shareholder returns, we set a target of a dividend payout ratio of over 40% and dynamic share buybacks.

In Conclusion

We aim to achieve sustainable growth and enhance shareholder returns by informing management with the valued opinions gleaned from dialogue with shareholders and investors as well as the changes in behaviors of consumers who choose products and services from a perspective not limited to economic rationality or convenience.