KDDI’s corporate governance status is described below.

**I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

1. Basic Views

As a telecommunications operator that provides social infrastructure, KDDI (the “Company”) has the important social mission of providing stable communications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, as a telecommunications operator our business derives from utilizing radio waves—an important asset shared by all citizens. Accordingly, we recognize that we have the social responsibility to address the issues society faces and seek to resolve them through telecommunications.

Attaining sustainable growth and increased corporate value over the medium to long term is essential to achieving this social mission and social responsibility. Furthermore, we strive to engage in dialogue with all our stakeholders, including customers, shareholders, business partners, employees, and local communities and work in cooperation to proactively address societal issues. In this manner, we aim to contribute to the development of a safe, secure, and bountiful communications-oriented society.

We recognize reinforcing corporate governance as important to achieving sustainable growth and increased corporate value over the medium to long term. Accordingly, we are in accordance with the tenets of the “Corporate Governance Code” defined by the financial instruments exchange. While maintaining transparency and fairness, we endeavor to enhance our structures for ensuring timely and decisive decision-making.

In addition to our corporate credo and mission statement, we have formulated the “KDDI Group Philosophy,” which defines perspectives, values, and code of conduct that officers and employees should share. We conduct activities to promote 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.

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[Reasons for Non-Compliance with the Principles of Japan’s Corporate Governance Code]

[Updated]

[Supplementary Principle 2.4.1]

For information on our efforts to promote the advancement of female employees, please see the section of this report entitled “III. 3. Measures to Ensure Due Respect for the Position of Stakeholders (Other).” Note that KDDI is currently formulating a new medium-term management plan for three years from April 1, 2022 to March 31, 2025 and will disclose information regarding the ensuring of the diversity of non-female employees, and so on along with the plan in May 2022.
[Supplementary Principle 3.1.3]
KDDI is currently formulating a new medium-term management plan for three years from April 1, 2022 to March 31, 2025 and will disclose information regarding investment in human capital and intellectual properties based on our management strategies and management issues, and so on along with the plan in May 2022.

We also endorsed the recommendations of the “Task Force on Climate-related Financial Disclosures (TCFD)” in April 2021, and disclosed information in line with the TCFD recommendations in our “Sustainability Report 2021,” which we published in September 2021, for the first time.

[Supplementary Principle 4.2.2]
KDDI is currently formulating a new medium-term management plan for three years from April 1, 2022 to March 31, 2025 and will disclose information regarding this item along with the plan in May 2022.

[Principle 5.2] [Supplementary Principle 5.2.1]
KDDI is currently formulating a new medium-term management plan for three years from April 1, 2022 to March 31, 2025 and will disclose information regarding this item along with the plan in May 2022.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code][Updated]

[Principle 1.4]

■ Policy on Strategic Shareholdings

KDDI believes that participating in tie-ups with a variety of companies is essential to providing our customers with increasingly diverse and advanced services.

KDDI possesses strategic shareholdings if such possession will contribute to the sustainable growth of KDDI’s business and mid/long-term increase of corporate value.

Every year, Board of Directors reviews all the pros and cons of continuing the possession of each individual strategic holdings by judging the significance and economic rationale. We will sell a strategic shareholding which have tenuous significance, as promptly as possible.

The Company calculates the ratio of the contribution by the issuing company to the Company’s profits within the most recent fiscal year. The economic rationale is verified by comparing the ratio with valuation of each strategic shareholding at the end of the most recent fiscal year, whether the ratio satisfies the capital cost standard established by the Company.

■ Standards for Ensuring Appropriate Exercise of Voting Rights on Strategic Shareholdings

Given the extensiveness and diversity of the KDDI Group’s businesses, while respecting the intentions of share-issuing companies we set as our standard for exercising voting rights the sustainable growth and increased corporate value of the entire KDDI Group over the medium to long term, taking into overall consideration such factors as periodic business results and the results of dialogue with issuing companies.

To guard against decisions skewed toward short-term business interests, we have created a process for exercising voting rights that involves checks by the management team, thereby ensuring that management decisions are made from a companywide perspective.
[Principle 1.7]
In accordance with the Companies Act, KDDI requires 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 “IX. Appropriate Accounting and Adherence to Agreements,” one of the basic principles of the “KDDI Code of Business Conduct.”

In line with this principle, such transactions are decided upon in the same manner as other transactions, through internal requests for decision, rather than by setting special standards. In addition, internal requests for decision are checked by Audit & Supervisory Board members.

(Supplement)
The representative director of Kyocera Corporation and a director of Toyota Motor Corporation, which is a major shareholder of KDDI, serve as an outside director of the Company. Accordingly, we strike a balance between comprehensive approval by the Board of Directors and internal requests for decisions on individual transactions.

[Principle 2.6]
Operation of the Company’s pension fund is managed by the KDDI Pension Fund (the “Fund”). The Company sends company executives and staffs with expertise in finance and human resources to the Fund, so as to increase the Fund’s expertise in investing, and to be able to demonstrate the monitoring and other functions expected of an investment institution.

In addition, the Company confirms the soundness of overall fund operation through reviews during the quarterly fund investment committee meetings.

By rules of the Fund, The officer and the employee of the Fund are prohibited activities prejudicial to the proper management and investment of the contribution for the purpose of obtaining a profit for himself/herself or any other third parties except the Funds.

In addition to establishing such requirements in the rules, the fund ensures that no conflict of interest occurs between the Company and the beneficiaries, by entrusting the contribution investment to multiple foreign and domestic investment institutions, and leaving the selection of individual investments and voting up to each investment institution.

[Principle 3.1]
1. The KDDI Group Mission Statement, Management Strategies and Management Plans

   (1) The KDDI Group Mission Statement

The Group’s mission statement is: “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.” The corporate philosophy expresses the perspectives, values, and code of conduct to be upheld in achieving the KDDI Group’s mission. These are defined in the five chapters of the “The KDDI Group Philosophy,” which are “Vision,” “Management Principles,” “Professional Mindset,” “Way Forward,” and “Formula for Success.

By fulfilling the “The KDDI Group Philosophy,” KDDI aims to be a company that is appreciated and trusted by all its stakeholders.

   Please see the KDDI website for an overview of “The KDDI Group Philosophy.”
(2) Management Strategies and Management Plans

We are in a period of momentous transformation for the environment surrounding society. As the full-fledged digital evolution progresses with technologies such as the 5G next-generation mobile communications system, the IoT, AI, and big data, we are shifting to a data-driven society where new value is being discovered in data. Furthermore, the Japanese government is aiming to realize a new society, called “Society 5.0,”*1 in which the dual challenges of economic growth and social problems are solved as these cutting-edge technologies are introduced into every industry and social life. Also, in the telecommunications industry, the entry of new companies and other factors are intensifying competition. Combined with the progress of new technologies, this is bringing us to an age of digital transformation (DX) in which the use of telecommunications and the internet will change every industry and greatly affect the business environment.

In order to sustainably grow while swiftly responding to these environmental changes, and also to contribute to the development of a bountiful communications-oriented society as expressed in the KDDI Group Mission Statement, we formulated the medium-term management plan (FY2019 - FY2021) as follows.

*1 One of Japan’s medium- to long-term growth strategies in which a human-centric society is achieved through systems that intricately fuse cyber space (virtual space) and physical space (real space).

- **Brand message**
  Tomorrow, Together KDDI/Explore the extraordinary. au

- **Our vision**
  (1) Be a company that customers can feel closest to
  (2) Be a company that continues to produce excitement
  (3) Be a company that contributes to the sustainable growth of society

- **Business strategy**
  We will realize sustainable growth through seven business strategies (see below), expanding our peripheral businesses centered on telecommunications under the key theme of “Integration of Telecommunications and Life Design.”

- **Financial targets**
  We will aim for sustainable growth in operating income while aiming to achieve a 1.5x increase in EPS* (vs. FY2018) in FY2024.

  Regarding shareholder returns, we will continue to pay stable dividends, boosting our consolidated dividend payout ratio from the previous over 35% to over 40%. We will also maintain a flexible position with regard to repurchase of shares, keeping in mind the balance with growth investments, and dynamically utilize and eliminate treasury stock.

  * Earnings Per Share

  Please refer to KDDI website for more details on the Company’s business management policies, business strategies and medium-term management plans.


2. Basic Views and Guidelines on Corporate Governance

Please see the section of this report entitled “1.1. Basic Views.”
3. Policies and Procedures for Determining Executive Remuneration

(i) Basic policy on director remunerations

The compensation of directors engaged in business execution is based on the group’s business performance for each fiscal year, 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.

Specifically, it consists of four types: (1) basic remuneration, (2) performance-linked bonus, (3) performance-linked stock compensation, and (4) stock price-linked bonus.

- Outside directors who perform management supervising functions receive only fixed-amount remuneration that does not vary with the Company’s business performance.

(ii) Policy on individual compensation structure

- According to the responsibilities expected of each position, the compensation composition of directors engaged in business execution has been set the remuneration portion linked to business performance (above (2) to (4)) in the range of 45% to 65%. For the president, the same portion will be 60% or more based on the standard amount.

(iii) Policy on ensuring transparency and objectivity of director compensation

- The company has established a Remuneration Advisory Committee to ensure transparency and objectivity in the process of determining system and levels for executive remuneration, along with the remuneration amounts based on these. The chairman, Vice-chairman and a majority of the members of this committee are outside directors.

- The amount of basic remuneration, performance-linked bonus, performance-linked stock compensation, and stock price-linked bonus are not entrusted to the representative director, but rather are decided by resolution of the Board of Directors based on the advice of this committee.

- The company’s executive remuneration levels are decided through comparison with sector peer companies, or with other companies of the same scale, in Japan, and take into account factors that include the business environment of the company. The appropriateness of the remuneration levels is also validated by the Remuneration Advisory Committee every year, with reference to objective survey data from an external specialized organization.

(2) Policy on the content of remuneration (evaluation index, calculation method, payment timing)

(i) Basic remuneration

- Basic remuneration is monetary remuneration that pays a fixed amount for each position on a monthly basis.

(ii) Performance-linked compensation (bonuses and stock compensation)

- Performance-linked bonuses and the performance-linked stock-type incentive program use operating revenue, operating income, profit, and other measures of “company performance” for the Group during each fiscal year, along with the “KPI achievement rate” of individual businesses, which is linked to medium-term management plan targets as evaluation metrics.
For performance-linked bonus, the amount of 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 bonus: Basic amount by position multiplied by the company operating performance and KPI achievement ratio.

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 retires, the company’s shares will be delivered according to the cumulative number of points.

Performance-linked stock compensation: Basic points by position multiplied by the company operating performance and KPI achievement ratio.

For those who have serious violations of the duties of directors, contrary to the delegation contract between the company and the directors, the payment of performance-linked remuneration will be suspended or a request for refund will be made.

(iii) 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 business year.

Stock price-linked bonus: Basic amount by position multiplied by coefficient ((i) x 50%) + ((ii) x 50%)
(i) EPS growth rate: EPS as of the end of the current fiscal year divided by EPS as of the end of the previous fiscal year.
(ii) Stock price fluctuation rate: (fiscal year-end stock price of the company/previous fiscal year-end stock price of the company)/(fiscal year-end TOPIX/previous fiscal year-end TOPIX)

<Remuneration Advisory Committee>
Chairman: Goro Yamaguchi (Outside Director)
Vice Chairman: Keiji Yamamoto (Outside Director)
Members of the Committee: Shigeo Ohyagi (Outside Director), Riyo Kano (Outside Director), Shigeki Goto (Outside Director), Takashi Tanaka, Makoto Takahashi

4. Policies and Procedures for Nominating Executives

Policy for the nomination and the election of Director and Audit & Supervisory Board member candidates

Accepting the diversity of human resources and utilizing the diverse knowledge, experiences, and skills of each employee are important drivers of growth for the Company that aims for the "Integration of Telecommunications and Life Design," and we believe that ensuring diversity in the Board of Directors will also lead to good management decisions.

The Company believes that the overall Board of Directors should include members with advanced specialized knowledge and diverse perspectives when making decisions including matters that are important from a management perspective and matters that legally require
supervision. Accordingly, in principle the board includes the following members.

(Standards of Nomination and Election)

**Director Candidates** : Meeting one or more of the following standards

- People with specialized knowledge and experience in various fields of business
- People who have management knowledge appropriate to a supervisor or possess specialized knowledge
- People who are highly independent

**Audit & Supervisory Candidates** : People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

**All Candidates** : People who have no selfish and high ethical view and personality appropriate to an executive member

To ensure transparency and fairness in the nomination of director and Audit & Supervisory Board member candidates, the Company has established the “Nomination Advisory Committee” as advisory bodies to perform deliberations in consultation with the Board of Directors.

The chairs, vice-chairs and half or more of the members of the committee are outside directors.

**Nomination Advisory Committee composition**

Chairman: Keiji Yamamoto (Outside Director)  
Vice Chairman: Goro Yamaguchi (Outside Director)

Members of the Committee: Shigeo Ohyagi (Outside Director), Riyo Kano (Outside Director), Shigeki Goto (Outside Director), Takashi Tanaka, Makoto Takahashi

**Procedure for the nomination and the election of Director and Audit & Supervisory Board member candidates**

- Procedure for the nomination and the election of Director)
  1. Selection of candidates based on the above standards
  2. Deliberation by the Nomination Advisory Committee
  3. Approval by the Board of Directors
  4. Election by the General Shareholders Meeting

- Procedure for the nomination and the election of Audit & Supervisory)
  1. Selection of candidates based on the above standards
  2. Deliberation by the Nomination Advisory Committee
  3. Deliberation and Approval by the Audit & Supervisory Board
  4. Approval by the Board of Directors
  5. Election by the General Shareholders Meeting

**Policies and Procedures for the Dismissal of Directors**

Company Directors shall be considered for dismissal, etc. in the event that any of the following conditions apply.

(Criteria for dismissal, etc.)

- The performance of the business for which they are responsible or the result of activities for
the division for which they are responsible is significantly unsatisfactory
・In the course of executing their duties, the Director inflicted damage upon the Company by violating legal statutes and the articles of association through other deliberate or seriously negligent means
・The Director significantly harmed the Company’s standing and reputation by using their position and authority to wrongfully receive personal gains
・Any other aspects which the Company deems to be unsuitable for a Director

(Procedures for the dismissal, etc. of Directors)
・After a review by the designated advisory committee, the required measures for dismissal are reviewed in a Board of Directors meeting and carried out at the appropriate time.

5. Explanations of Individual Appointments and Nominations
The reasons for individual appointments of outside executives are contained in the “Notice of the General Shareholders’ Meeting” and the “Annual Securities Report (Japanese only).”
Please also see the section of this report entitled “Ⅱ.1. Items Related to Organizational Structure and Operation [Directors] and [Audit & Supervisory Board Members].”

The reasons for the appointment and nomination of directors and Audit & Supervisory Board members, as well as their career histories, are contained in the “Notice of the General Shareholders’ Meeting” and the “Annual Securities Report (Japanese only).”

[Supplementary Principle 4.1.1]
At KDDI, Board of Directors resolutions determine:
・Matters prescribed by the Companies Act or other laws and regulations,
・Matters prescribed by the Articles of Incorporation,
・Matters delegated for resolution at the general shareholder meeting, and
・Other important management-related matters.

For other important management-related matters, their importance is determined according to such factors as the scale of money, business, assets, and investment involved.

These decision standards for importance are not permanent. Rather, they are reviewed appropriately in accordance with changes in the legal system and the environment in which the Company operates, with the aim of ensuring management speed and effectiveness.

[Principle 4.8]
In addition to the outside director requirements in the Companies Act and the independence standards provided by the financial instruments exchange, the Company meets its own independent standards ([Principle 4.9]) by appointing three independent outside directors.

[Principle 4.9]
In addition to the standards provided by the financial instruments exchange, the Company has formulated its own standards. Specifically, these standards state that people hailing from business partners making up 1% or more of the Company’s consolidated net sales or orders placed are not independent. The standards also take other individual considerations into account.

[Supplementary Principle 4.11.1]
From the perspective of achieving sustainable growth for the KDDI Group, we have defined six skills in the expertise and experience areas which are considered important with regard to the
Board of Directors of the Company. Please see Appendix 1 at the end of this report for skills held by each director and auditors.

[Supplementary Principle 4.11.2]
The status of directors’ and Audit & Supervisory Board members’ concurrent executive appointments at other listed companies is described in the “Notice of the General Shareholders’ Meeting” and the “Annual Securities Report (Japanese only).”

[Supplementary Principle 4.11.3]
■ Purpose of conducting evaluation of Board of Directors
The Company conducts a self-evaluation of the Board of Directors regularly every year in order to correctly understand the situation of the Board of Directors and promote its consecutive improvement.

■ Outline of evaluation process
The Company confirms the effectiveness of the Board of Directors based on evaluation by the directors and Audit & Supervisory Board members. The evaluation takes the form of a questionnaire and aims to verify the effectiveness of the board’s initiatives and discover where improvements can be made from two perspectives, quantitative evaluation and qualitative evaluation, through a combination of four-grade evaluation and free writing. The evaluation covers the most recent one-year period and is conducted regularly every year. The results of the evaluation are reported to the Board of Directors and future measures are considered.

The main evaluation items are as follows.
- Operation of the Board of Directors
  (configuration of members, documents and explanations, provision of information, etc.)
- Supervision of Executives
  (conflict of interest, risk management, management of subsidiaries, etc.)
- Medium- and long-term discussions
  (participation in medium-term business planning, monitoring of plan enforcement, etc.)

■ Evaluation results
[Summary]
The evaluation confirmed that the Company’s Board is operating properly. Even under the influence of COVID-19, it was evaluated that the decision-making and supervision worked sufficiently by holding online meetings as scheduled.

- Ensuring decision-making transparency
  Human resources with different specialties have been appointed as outside officers, and various statements have been made at the board of directors. Executives are responding positively, and open discussions ensure transparency in decision-making.

- Enhancing information provision to outside officers
  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 since previous evaluation]
In 2020, based on the recognition that monitoring of subsidiaries, etc. is particularly important, we decided to discuss toward more better business management of each companies with reorganize the management supervision process of the investee companies and evaluate 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.

[Future issues]
In this time’s evaluation, each director and corporate auditor 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 Board of Directors will be further improved by having discussions among directors and corporate auditors utilizing their diverse experiences and knowledge.

■ Evaluation of the effectiveness of the Audit & Supervisory Board Members’ audit
With the aim of confirming the current state and issues of the Audit & Supervisory Board Members’ audit and operation of the Audit & Supervisory Board and ensuring more effective auditing by the Audit & Supervisory Board Members, the effectiveness of their audit was evaluated in the fiscal year ended March 31, 2021.

1. Evaluation results
Audit & Supervisory Board Members confirmed that their audit and the activities of the Audit & Supervisory Board were performed effectively. However, under the situation of COVID-19, Audit & Supervisory Board Members recognized the importance of further enhancing monitoring with regard to the supervision status of subsidiaries by directors.

2. Future activities
Based on above, we will work closely with the internal audit department and the accounting auditor in order to further enhance audits under the situation of COVID-19. Also by further coordinating with the Audit & Supervisory Board Members of the Company’s subsidiaries, we will enhance the effectiveness of audits for the entire Group and improve the sound management and social trust of the entire Group.


Board of Directors meeting dates and agenda items are provided in advance to outside directors and outside Audit & Supervisory Board members. In addition, agenda materials are distributed ahead of time to foster understanding of the items in question and invigorate deliberations at Board of Directors meetings.

Besides business strategies and business conditions, information on R&D and technology are provided at places other than the board of directors meeting.

With regard to the business outline, general managers of each business division explain in detail the overall image and issues, and also regularly report on the business situation of the subsidiaries. In addition, the Company provide the opportunity to attend the exhibition of the R&D results and to inspect monitoring and maintenance center, the telecommunications equipment, etc. The Company also report on business ethics and risk management activities twice a year.

Furthermore, in order to strengthen the ability to gather information while maintaining the
independence of outside directors, the Company have strengthened collaboration with auditors and hold regular liaison meetings between outside directors and auditors. The accounting auditor also explains the results of the audit to outside directors directly.

In addition, in order to strengthen information exchange and information sharing among outside directors, we have held each liaison meeting for only outside directors and a liaison meeting for outside directors and outside Audit & Supervisory Board Members.

Through these activities, by deepening the understanding of KDDI's business, discussions on management strategies at the board of directors are accelerated and the effectiveness of management supervision are improved.

On April 1, 2006, KDDI established the Audit & Supervisory Board Members' Office to support Audit & Supervisory Board members, including outside members.

[Supplementary Principle 4.14.2]
Upon appointment, newly appointed directors and Audit & Supervisory Board members undergo the following types of training to acquire knowledge considered necessary to fulfilling their various responsibilities.

- Lectures by legal advisors concerning directors’ legal responsibilities
- Certified public accountant lecture on accounting knowledge

In addition, the Company is working to invigorate deliberations in Board of Directors meetings by providing opportunities for outside directors and outside Audit & Supervisory Board members to undergo training by responsible persons in field concerning industry trends, an overview of the Company’s organization and its various businesses and technologies and future strategies, and improve their understanding of the Company.

Besides, individual training may be arranged if executives so request, and other opportunities for training and to augment knowledge are provided as necessary.

[Principle 5.1]
The Company considers its shareholders and investors to be important stakeholders. Accordingly, we make the building of trust-based relationships with shareholders and investors a management priority and strive for value-oriented corporate management, active information disclosure, and enhanced communication.

The Company’s Board of Directors resolves its “IR Basic Policy,” which outlines its basic views on IR activities and describes activity policies. This policy is available on the KDDI website. http://www.kddi.com/english/corporate/ir/policy/

The officer responsible for the Corporate Sector takes charge of primary IR activities in accordance with this policy.

For details, please see the section of this report entitled “Ⅲ.2. IR Activities.”
## 2. Capital Structure

| Foreign Shareholding Ratio | 20% or more and less than 30% |

### [Major Shareholders] [Updated]

<table>
<thead>
<tr>
<th>Name of Corporate Entity</th>
<th>Number of Shares Held</th>
<th>Shareholding ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>KYOCERA CORPORATION</td>
<td>335,096,000</td>
<td>14.54</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd. (Trust Account)</td>
<td>326,686,900</td>
<td>14.17</td>
</tr>
<tr>
<td>Toyota Motor Corporation</td>
<td>316,794,400</td>
<td>13.74</td>
</tr>
<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account)</td>
<td>134,863,000</td>
<td>5.85</td>
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<tr>
<td>Custody Bank of Japan, Ltd. (Trust Account 7)</td>
<td>37,656,300</td>
<td>1.63</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT - TREATY 505234</td>
<td>29,888,975</td>
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</tr>
<tr>
<td>Barclays Securities Japan, Ltd.</td>
<td>28,775,700</td>
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<td>JP Morgan Securities Japan, Ltd.</td>
<td>25,487,270</td>
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<tr>
<td>Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.</td>
<td>25,119,425</td>
<td>1.09</td>
</tr>
<tr>
<td>STATE STREET BANK AND TRUST COMPANY 505103</td>
<td>22,537,423</td>
<td>0.97</td>
</tr>
</tbody>
</table>

### Controlling Shareholder (Except for Parent Company)

| Parent Company | None |

### Supplementary Explanation [Updated]

- The status of major shareholders as of the end of September 2021 is shown.

- As of the end of September 2021, the Company possessed 53,201,098 shares of treasury stock. The Company has acquired treasury stock from June 1, 2021 to March 24, 2022. The amount acquired by September 30, 2021 is included in the above number of shares of treasury stock. The acquisition amount from October 1st to November 30th, 2021 is 13,208,200 shares.

- The report on large shareholders made available for public inspection as of October 4th, 2021 states that each of Mitsubishi UFJ Financial Group, Inc. and its joint holders holds the following shares of stock as of September 27th, 2021. However, KDDI is unable to confirm the number of shares actually owned by the Company as of the end of second quarter financial period, and thus does not include them in the major shareholders as above.

Note, however, that the content of the report on large shareholders is as follows:

1. **Name of Corporate Entity:** MUFG Bank, Ltd.  
   - Address: 2-7-1, Marunouchi, Chiyoda-ku, Tokyo, Japan  
   - Number of shares, etc. held: 4,252,800 shares  
   - Holding ratio of share certificates, etc.: 0.18%

2. **Name of Corporate Entity:** Mitsubishi UFJ Trust and Banking Corporation  
   - Address: 1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan  
   - Number of shares, etc. held: 63,762,100 shares  
   - Holding ratio of share certificates, etc.: 2.77%

3. **Name of Corporate Entity:** Mitsubishi UFJ Kokusai Asset Management Co., Ltd.  
   - Address: 1-12-1, Yurakucho, Chiyoda-ku, Tokyo, Japan  
   - Number of shares, etc. held: 28,773,300 shares
Holding ratio of share certificates, etc.: 1.25%

(4) Name of Corporate Entity: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.
Address: 1-9-2, Otemachi, Chiyoda-ku, Tokyo, Japan
Number of shares, etc. held: 25,021,454 shares
Holding ratio of share certificates, etc.: 1.09%

Total of (1) to (4):
Number of shares, etc. held: 121,809,654 shares
Holding ratio of share certificates, etc.: 5.29%

3. Corporate Attributes

<table>
<thead>
<tr>
<th>Listed Stock Market and Market Section</th>
<th>Tokyo Stock Exchange, First Section</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year-End</td>
<td>March</td>
</tr>
<tr>
<td>Business Category</td>
<td>Telecommunications</td>
</tr>
<tr>
<td>Number of Employees (Consolidated) as of the End of the Previous Fiscal Year</td>
<td>1,000 or more</td>
</tr>
<tr>
<td>Operating Revenue (Consolidated) for the Previous Fiscal Year</td>
<td>¥1 trillion or more</td>
</tr>
<tr>
<td>Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year</td>
<td>From 100 to fewer than 300</td>
</tr>
</tbody>
</table>

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with

5. Other Special Circumstances That May Have Material Impact on Corporate Governance

Okinawa Cellular Telephone Company (hereafter, “Okinawa Cellular”), one of our subsidiaries, is listed on the Tokyo Stock Exchange (TSE) JASDAQ Market.

1. Significance of having a publicly listed subsidiary in light of group management concept and policy

(1) Group management concept and policy

One of our business strategies under our medium-term management plan is “growth as a group.” We are aiming to mutually maximize synergy as well as to expand and strengthen a new growth foundation for the entire group by making the best use of our assets to support the growth of group companies.

(2) Significance of having a publicly listed subsidiary in light of (1)

Okinawa Cellular was established thanks to the tremendous cooperation of a number of local leading companies, including Ryukyu Oil Corporation (currently Ryuseki Corporation), Bank of The Ryukyus, Limited, The Bank of Okinawa, Ltd., The Okinawa Electric Power Company, Incorporated., Ryukyu Broadcasting Corp., and Orion Breweries, Ltd. Due to this background, Okinawa Cellular is a community-based company that contributes to the local community in nature.

In light of this background, we consider there are the following benefits of Okinawa Cellular being a publicly listed company.

i. Return to contributors

By implementing a capitalization policy and shareholder return measures as a publicly listed
company, Okinawa Cellular is able to return profits to contributors such as local companies who contributed to it at the time of establishment and to investors who have been supporting it since its public listing.

We consider that Okinawa Cellular’s capitalization policy as well as its shareholder return policy should be determined by taking into account the balance between medium- to long-term business growth and shareholder return and in consideration of the profits of all shareholders. With respect to the implementation of these policies, Okinawa Cellular has made a decision based on its judgment made as an independent publicly listed company.

ii. Contribution to employment in Okinawa Prefecture and securing superior personnel

As of today, many people from Okinawa Prefecture who have joined Okinawa Cellular are actively involved in its business. In the light of its geographic characteristics, we believe that Okinawa Cellular has been able to hire superior personnel for the following reasons: the fact that the service area of Okinawa Cellular being limited to Okinawa Prefecture matches the needs of people from Okinawa Prefecture who desire employment in local companies, and because Okinawa Cellular is a publicly listed company.

iii. Promoting the use of and increasing subscriptions to Okinawa Cellular’s services by gaining the trust of people in Okinawa Prefecture

In addition to services similar to ones we provide, Okinawa Cellular also provides its unique services based on the actual situation of the local community. We believe that Okinawa Cellular has been able to gain the trust of people in Okinawa Prefecture as a result of engaging in the management of business with the expectations of local people of it as a locally-based listed company, and that this has resulted in the promotion of the use of its services and increased subscriptions to its services.

Consequently, we consider there is significance in continuing to have Okinawa Cellular as a publicly listed subsidiary.

2. Measures to ensure effectiveness of the governance system of a publicly listed subsidiary

With regard to the operation of Okinawa Cellular’s business, an agreement on the following was concluded at the time of its establishment and since then it has been managed in compliance with the agreement.

- As a basic principle, Okinawa Cellular shall contribute to the realization of an affluent life for local people and to the promotion of the local economy by providing mobile phone services which are a very convenient, high-quality, and inexpensive means of information communication to a wider group of customers as a community-based business.

- We shall consider and implement various necessary measures in cooperation with Okinawa Cellular from the viewpoint of the development of the mobile phone business.

- Okinawa Cellular shall voluntarily manage the business in light of the actual situation of the local community.

For transactions that may cause a conflict of interest, Okinawa Cellular determines whether or not to conduct such transactions through a multifaceted discussion among independent outside directors and independent outside auditors. In addition, Okinawa Cellular has established a voluntary committee consisting mainly of outside directors which deliberates appointment and
remuneration of directors as an advisory body of the Board of Directors. By determining the appointment and remuneration of the management through a discussion among Okinawa Cellular’s independent directors as such, transparency is ensured.

While ensuring transparency in management from a viewpoint of protecting the benefits of minority shareholders through these efforts, we will respond to the expectations of our shareholders by improving our corporate value and shareholder return.

Going forward, we will continue to strive to develop as a group by managing business in cooperation with Okinawa Cellular while mutually respecting the independence and autonomy with it.
II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management

1. Items Related to Organizational Structure and Operation

<table>
<thead>
<tr>
<th>Organizational form</th>
<th>Company with an Audit &amp; Supervisory Board</th>
</tr>
</thead>
</table>

**[Directors]**

<table>
<thead>
<tr>
<th>Number of directors in Articles of Incorporation</th>
<th>20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tenure period of directors in Articles of Incorporation</td>
<td>1 year</td>
</tr>
<tr>
<td>Presiding officer of Board of Directors</td>
<td>Chairman (unless concurrently serving as president)</td>
</tr>
<tr>
<td>Number of directors</td>
<td>14</td>
</tr>
<tr>
<td>Selection process for outside directors</td>
<td>Appointed</td>
</tr>
<tr>
<td>Number of outside directors</td>
<td>5</td>
</tr>
<tr>
<td>Number of outside directors designated as independent directors</td>
<td>3</td>
</tr>
</tbody>
</table>

### Relationship with the Company (1)

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
<th>Relationship with the Company*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goro Yamaguchi</td>
<td>From another company</td>
<td>○ ○ △</td>
</tr>
<tr>
<td>Keiji Yamamoto</td>
<td>From another company</td>
<td>○ ○</td>
</tr>
<tr>
<td>Shigeo Ohyagi</td>
<td>From another company</td>
<td></td>
</tr>
<tr>
<td>Riyo Kano</td>
<td>Attorney at law</td>
<td></td>
</tr>
<tr>
<td>Shigeki Goto</td>
<td>Academic</td>
<td></td>
</tr>
</tbody>
</table>

* Selection criteria regarding the relationship with the Company
* “○” when the director presently falls or has recently fallen under the category;
  “△” when the director fell under the category in the past
* “●” when a close relative of the director presently falls or has recently fallen under the category;
  “▲” when a close relative of the director fell under the category in the past

<table>
<thead>
<tr>
<th></th>
<th>a</th>
<th>b</th>
<th>c</th>
<th>d</th>
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<th>f</th>
<th>g</th>
<th>h</th>
<th>i</th>
<th>j</th>
<th>k</th>
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<tbody>
<tr>
<td>a</td>
<td>Executive of the Company or its subsidiaries</td>
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<td>b</td>
<td>Executive or non-executive director of a parent company of the Company</td>
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<td>c</td>
<td>Executive of a fellow subsidiary company of the Company</td>
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<td>d</td>
<td>A party whose major client or supplier is the Company or an executive thereof</td>
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<td>e</td>
<td>Major client or supplier of the Company or an executive thereof</td>
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<td>f</td>
<td>Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit &amp; Supervisory Board member</td>
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<td>g</td>
<td>Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)</td>
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<td>h</td>
<td>Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f.) (the director himself/herself only)</td>
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<td>i</td>
<td>Executive of a company, between which and the Company outside directors/Audit &amp; Supervisory Board member are mutually appointed (the director himself/herself only)</td>
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<td>j</td>
<td>Executive of a company or organization that receives a donation from the Company (the director himself/herself only)</td>
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<td>k</td>
<td>Others</td>
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<td>Name</td>
<td>Reason for selection</td>
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</tr>
<tr>
<td>Goro Yamaguchi</td>
<td>Goro Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and Representative Director of one of the world’s leading electronic components and equipment manufacturers. On the Board of Directors, the Company has received a large number of broad opinions related to business administration and operations from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective based on his management experience at other companies. Therefore, he has again been selected as an Outside Director.</td>
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<tr>
<td>Keiji Yamamoto</td>
<td>Keiji Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant corporate management experience as a corporate manager at the one of the world’s leading automobile manufacturers. On the Board of Directors, the Company has received a large number of broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a technical perspective in the field of information and communications, etc. Therefore, he has again been selected as an Outside Director.</td>
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</tr>
<tr>
<td>Shigeo Ohyagi (Independent Director)</td>
<td>Shigeo Ohyagi has a wealth of corporate management experience and excellent knowledge cultivated as the President and CEO of one of the world’s leading companies in the fields of synthetic fibers, chemical products, medicines and medical treatment, and distribution and retail. On the Board of Directors, the Company has received a large number of broad opinions from a medium- to long-term perspective especially focusing on the life design domain that the Company is promoting, global strategy and M&amp;A from a perspective independent of the management team, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective based on his management experience at other companies. Therefore, he has again been selected as an Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.</td>
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</tr>
<tr>
<td>Riyo Kano (Independent Director)</td>
<td>Riyo Kano has abundant experience and superior knowledge, cultivated as the partner at a law firm and a committee member of government committees. On the Board of Directors, the Company has received a large number of expert opinions regarding legal risk management based on a medium- to long-term perspective and from a perspective independent of the management team, and she has contributed to improving the corporate value of the Company. Going forward, the Company expects that she will contribute to the strengthening of the supervisory function for the execution of business and provide advice from her expert perspective as an attorney at law. Therefore, she has again been selected as an Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has again been nominated as Independent Director.</td>
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</tr>
<tr>
<td>Shigeki Goto (Independent Director)</td>
<td>Shigeki Goto has superior knowledge in telecommunications and network engineering, and information processing, which are directly relevant to the business of the Company, as well as in the field of cybersecurity that is crucial for its business operation. On the Board of</td>
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</tbody>
</table>
Directors, by providing his expert opinions related to the management policy as a telecommunications operator that provides social infrastructure, from a medium- to long-term perspective independent of the management team, he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from his expert perspective in the information and communications field, etc. Therefore, he has again been selected as an Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee

Established

### Status of Establishment of Voluntary Committees, Composition of Members, Affiliation of Committee Chairperson

<table>
<thead>
<tr>
<th>Committee Name</th>
<th>Committee Equivalent to Nominating Committee</th>
<th>Committee Equivalent to Compensation Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nomination Advisory Committee</td>
<td>Remuneration Advisory Committee</td>
</tr>
<tr>
<td>Committee Members</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Full-Time Members</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Internal directors</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Outside directors</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Outside Experts</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Others</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Committee Chairperson</td>
<td>Outside director</td>
<td>Outside director</td>
</tr>
</tbody>
</table>

### Supplementary Explanation

To ensure transparency and fairness in the nomination of director and Audit & Supervisory Board member candidates, as well as in executive compensation systems and levels, the Company has established the “Nomination Advisory Committee” and the “Remuneration Advisory Committee” as advisory bodies to perform deliberations in consultation with the Board of Directors. The chairs, vice-chairs and half or more of the members of these two committees are outside directors.

**Nomination Advisory Committee composition**

Chairman: Keiji Yamamoto (Outside Director)
Vice Chairman: Goro Yamaguchi (Outside Director)
Members of the Committee: Shigeo Ohyagi (Outside Director), Riyo Kano (Outside Director), Shigeki Goto (Outside Director), Takashi Tanaka, Makoto Takahashi

**Remuneration Advisory Committee composition**

Chairman: Goro Yamaguchi (Outside Director)
Vice Chairman: Keiji Yamamoto (Outside Director)
Members of the Committee: Shigeo Ohyagi (Outside Director), Riyo Kano (Outside Director), Shigeki Goto (Outside Director), Takashi Tanaka, Makoto Takahashi

### [Audit & Supervisory Board Members]

<table>
<thead>
<tr>
<th>Existence of Audit &amp; Supervisory Board</th>
<th>Exists</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of auditors in Articles of Incorporation</td>
<td>5</td>
</tr>
<tr>
<td>Number of auditors</td>
<td>5</td>
</tr>
</tbody>
</table>
Cooperation among Audit & Supervisory Board Members, Accounting Auditor, and Internal Audit Division[Updated]

Audit & Supervisory Board members confirm the Accounting auditor’s audit policy and plans, as well as the quality control and audit structures. They receive reports from the Accounting auditor on the status and results of quarterly audits and conduct exchanges of opinion, as necessary.

Audit & Supervisory Board members and the Internal Audit Division share with each other audit plans and audit results. By exchanging opinions, they endeavor to ensure highly efficient and effective audits.

<table>
<thead>
<tr>
<th>Appointment of outside Audit &amp; Supervisory Board Members</th>
<th>Appointed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of outside Audit &amp; Supervisory Board members</td>
<td>3</td>
</tr>
<tr>
<td>Of Outside Audit &amp; Supervisory Board Members, Number Designated as Independent Directors</td>
<td>3</td>
</tr>
</tbody>
</table>

Relationship with the Company (1)

<table>
<thead>
<tr>
<th>Name</th>
<th>Affiliation</th>
<th>Relationship with the Company*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yukihiko Asahina</td>
<td>Others</td>
<td>a b c d e f g h i j k l m</td>
</tr>
<tr>
<td>Toshihiko Matsumiya</td>
<td>Certified public accountant</td>
<td></td>
</tr>
<tr>
<td>Jun Karube</td>
<td>From another company</td>
<td></td>
</tr>
</tbody>
</table>

* Selection criteria regarding the relationship with the Company
  * “○” when the corporate auditor presently falls or has recently fallen under the category;
  * “△” when the corporate auditor fell under the category in the past
  * “●” when a close relative of the corporate auditor presently falls or has recently fallen under the category;
  * “▲” when a close relative of the corporate auditor fell under the category in the past

a Executive of the Company or its subsidiaries
b Non-executive director or accounting advisor of the Company or its subsidiaries
c Executive or non-executive director of a parent company of the Company
d Corporate auditor of a parent company of the Company
e Executive of a fellow subsidiary company of the Company
f A party whose major client or supplier is the Company or an executive thereof
g Major client or supplier of the Company or an executive thereof
h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board member
i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h.) (the Audit & Supervisory Board member himself/herself only)
k Executive of a company, between which and the Company outside directors/Audit & Supervisory Board members are mutually appointed (the Audit & Supervisory Board member himself/herself only)
l Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board member himself/herself only)
Relationship with the Company (2)

<table>
<thead>
<tr>
<th>Name</th>
<th>Reason for selection</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yukihiro Asahina (Independent Director)</td>
<td>Yukihiro Asahina has abundant experience and knowledge cultivated through many years of administrative experience and business execution of various organizations. From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as an Audit &amp; Supervisory Board Member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.</td>
</tr>
<tr>
<td>Toshihiko Matsumiya (Independent Director)</td>
<td>Toshihiko Matsumiya has abundant experience and knowledge as a Certified Public Accountant, as the representative of an accountancy firm and as an Audit &amp; Supervisory Board Member for other companies. In addition, he has the experience and knowledge cultivated through the business execution of various organizations. From the perspective of leveraging this primarily accounting-related experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as an Audit &amp; Supervisory Board Member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.</td>
</tr>
<tr>
<td>Jun Karube (Independent Director)</td>
<td>Jun Karube has abundant experience and knowledge cultivated as a representative director of a listed company. From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as an Audit &amp; Supervisory Board Member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.</td>
</tr>
</tbody>
</table>

[Independent Directors/Auditors]

| Number of independent directors | 6 |

Other Matters Relating to Independent Directors/Auditors

All the Company’s outside directors/auditors qualify as independent directors/auditors and are designated as independent directors/auditors.

As stipulated in Principle 4-9 of [Disclosure Based on the Principles of Japan’s Corporate Governance Code,] trading partners that make up 1% or more of consolidated sales or orders placed are uniformly not treated as independent, and independent directors that do not apply to this rule are not checked as business partners in a relationship with the Company.

Incentives

| Implementation of Measures to Provide Incentives to Members of the Managing Board | Introduction of a remuneration plan linked with consolidated operating performance, introduction of a system of stock acquisition rights |

Supplementary Explanation on This Matter

For details of the remuneration plan linked with consolidated operating performance, please see “Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” below.

A decision was reached at the 22nd Annual Shareholders Meeting, held on June 15, 2006, to introduce a plan for issuing stock acquisition rights to serve as an incentive for executing operations and
Increasing operating performance, with an upper limit of ¥40 million per year. However, no stock acquisition rights have been allocated based on this plan since the fiscal year ended March 31, 2011.

| Recipients of Stock Options | Internal directors, employees, directors of subsidiaries |

### Supplementary Explanation on This Matter
For employees, this system is limited to those in management positions. The system is also limited to the directors of only certain subsidiaries.

### [Remuneration of Directors]

| Disclosure of Remuneration (for Individual Directors) | Partial individual disclosure |

### Supplementary Explanation on This Matter
The following Directors’ remuneration for Fiscal year ended March 31, 2021 is individually disclosed on the securities report (Japanese only).

- **Takashi Tanaka** Total compensation 149 million yen (basic compensation: 52 million yen, bonuses: 72 million yen, stock-based compensation: 25 million yen)
- **Makoto Takahashi** Total compensation 205 million yen (basic compensation: 78 million yen, bonuses: 80 million yen, stock-based compensation: 47 million yen)
- **Takashi Shoji** Total compensation 103 million yen (basic compensation: 43 million yen, bonuses: 39 million yen, stock-based compensation: 20 million yen)
- **Shinichi Muramoto** Total compensation 103 million yen (basic compensation: 43 million yen, bonuses: 39 million yen, stock-based compensation: 20 million yen)

### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. **Basic policy on director remunerations**
   (i) **Policy on composition of director remunerations**
   The compensation of directors engaged in business execution is based on the group’s business performance for each fiscal year, 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.
   Specifically, it consists of four types: (1) basic remuneration, (2) performance-linked bonus, (3) performance-linked stock compensation, and (4) stock price-linked bonus.

   - Outside directors who perform management supervising functions receive only fixed-amount remuneration that does not vary with the Company’s business performance.

   (ii) **Policy on individual compensation structure**

   - According to the responsibilities expected of each position, the compensation composition of directors engaged in business execution has been set the remuneration portion linked to business performance (above (2) to (4)) in the range of 45% to 65%. For the president, the same portion will be 60% or more based on the standard amount.
(iii) Policy on ensuring transparency and objectivity of director compensation

- The company has established a Remuneration Advisory Committee to ensure transparency and objectivity in the process of determining system and levels for executive remuneration, along with the remuneration amounts based on these. The chairman, Vice-chairman and a majority of the members of this committee are outside directors.

- The amount of basic remuneration, performance-linked bonus, performance-linked stock compensation, and stock price-linked bonus are not entrusted to the representative director, but rather are decided by resolution of the Board of Directors based on the advice of this committee.

- The company’s executive remuneration levels are decided through comparison with sector peer companies, or with other companies of the same scale, in Japan, and take into account factors that include the business environment of the company. The appropriateness of the remuneration levels is also validated by the Remuneration Advisory Committee every year, with reference to objective survey data from an external specialized organization.

2. Policy on the content of remuneration (evaluation index, calculation method, payment timing)
   (i) Basic remuneration

- Basic remuneration is monetary remuneration that pays a fixed amount for each position on a monthly basis.

(ii) Performance-linked compensation (bonuses and stock compensation)

- Performance-linked bonuses and the performance-linked stock-type incentive program use operating revenue, operating income, profit, and other measures of “company performance” for the Group during each fiscal year, along with the “KPI achievement rate” of individual businesses, which is linked to medium-term management plan targets as evaluation metrics.

  - For performance-linked bonus, the amount of 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 bonus: Basic amount by position multiplied by the company operating performance and KPI achievement ratio.

  - 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 retires, the company’s shares will be delivered according to the cumulative number of points.

    Performance-linked stock compensation: Basic points by position multiplied by the company operating performance and KPI achievement ratio.

  - For those who have serious violations of the duties of directors, contrary to the delegation contract between the company and the directors, the payment of performance-linked remuneration will be suspended or a request for refund will be made.
(iii) 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 business year.

  Stock price-linked bonus: Basic amount by position multiplied by coefficient ((i) x 50%) + ((ii) x 50%)
  
  (i) EPS growth rate: EPS as of the end of the current fiscal year divided by EPS as of the end of the previous fiscal year.
  
  (ii) Stock price fluctuation rate: (fiscal year-end stock price of the company/previous fiscal year-end stock price of the company)/(fiscal year-end TOPIX/previous fiscal year-end TOPIX)

[System for Supporting Outside Directors (Outside Audit & Supervisory Board Members)]

Board of Directors meeting dates and agenda items are provided in advance to outside directors and outside Audit & Supervisory Board members. In addition, agenda materials are distributed ahead of time to foster understanding of the items in question and invigorate deliberations at Board of Directors meetings.

In addition to business strategies and business conditions, information on R&D and technology are provided at places other than the board of directors meeting.

With regard to the business outline, general managers and managers of each business division explain in detail the overall image and issues, and also regularly report on the business situation of the subsidiaries. In addition, the Company provide the opportunity to attend the social exhibition of the R&D results and to inspect monitoring and maintenance center, the telecommunications equipment, etc. The Company also report on business ethics and risk management activities twice a year.

Furthermore, in order to strengthen the ability to gather information while maintaining the independence of outside directors, the Company have strengthened collaboration with auditors and hold regular liaison meetings between outside directors and auditors. The accounting auditor also explains the results of the audit to outside directors.

In addition, in order to strengthen information exchange and information sharing among outside directors, we have held each liaison meeting for only outside directors and a liaison meeting for outside directors and outside Audit & Supervisory Board Members (Independent Director).

Through these activities, by deepening the understanding of KDDI's business, discussions on management strategies at the board of directors are accelerated and the effectiveness of management supervision are improved.

On April 1, 2006, KDDI established the Audit & Supervisory Board Members' Office to support Audit & Supervisory Board members, including outside members.
[Status of Persons Who Have Retired from the President]

<table>
<thead>
<tr>
<th>Name and Other Information of Councils, Advisers or Others Who Have Formerly Served as the President of the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td><strong>Title / Position</strong></td>
</tr>
<tr>
<td><strong>Duties</strong></td>
</tr>
<tr>
<td><strong>Work Form / Conditions</strong></td>
</tr>
<tr>
<td><strong>Date of Retirement from the President</strong></td>
</tr>
<tr>
<td><strong>Term</strong></td>
</tr>
</tbody>
</table>

| Total number of Councils, Advisers or others who have formerly served as the President of the Company | 1 |

**Other Matters**

2. Matters concerning Business Execution, Auditing and Supervision, Nomination, Determination of Remuneration and Other Functions (Overview of Current Corporate Governance System)

**[Business Execution and Its Supervision]**
KDDI has introduced an executive officer system to assign authority, clarify responsibilities, and ensure that operations are conducted effectively and efficiently.

Important matters related to business execution are deliberated and decided by the Corporate Management Committee, composed of internal directors and executive officers. Final decisions on other matters are made through internal requests for decision. In addition to mutual supervision of directors and executive officers through Corporate Management Committee and other important internal meetings, organizational checks are conducted through internal requests for decision.

**[Directors and the Board of Directors]**
The Board of Directors, which includes outside directors, makes decisions regarding important matters as prescribed by relevant statutes, and oversees the execution of business by directors and other managers to ensure proper conduct. The board is currently headed by the chairman, who is a non-executive director.

The board comprises 14 members (13 men and one woman), of whom five are outside directors and three are independent outside directors.

**[Audit & Supervisory Board System]**
Audit & Supervisory Board members conduct audit activities based on the audit policy and plans determined by the Audit & Supervisory Board. To perform audit activities, these members attend meetings of the Board of Directors and Corporate Management Committee, as well as other important internal meetings. In addition, the Audit & Supervisory Board receives reports on and deliberates Audit & Supervisory Board members’ audit methods and results. Furthermore, the Audit & Supervisory Board expresses opinions, as appropriate, to the Board of Directors.

Three of the five Audit & Supervisory Board members (five men) are outside Audit & Supervisory
Board members. All three of these members are independent outside Audit & Supervisory Board members.

[Advisory Committees]

To ensure transparency and fairness in the nomination of director and Audit & Supervisory Board member candidates, as well as in executive compensation systems and levels, the Company has established the “Nomination Advisory Committee” and the “Remuneration Advisory Committee” as advisory bodies to perform deliberations in consultation with the Board of Directors. The chairs, vice-chairs and half or more of the members of these two committees are outside directors.

[Remuneration of Directors and Audit & Supervisory Board Members]

For the Company’s policy on the remuneration of directors, please see the section of this report entitled “[Principle 3.1] (3) Policies and Procedures for Determining Executive Remuneration.” Remuneration of Audit & Supervisory Board members is determined in consultation with Audit & Supervisory Board members. These members receive fixed compensation that is not affected by fluctuations in the Company’s operating performance.

[Nomination of Director and Audit & Supervisory Board Member Candidates]

The nomination of director and Audit & Supervisory Board member candidates involves deliberation by the Nomination Advisory Committee following a selection of candidates based on the below-stated policy. In addition, Audit & Supervisory Board member candidates are approved by the Board of Directors following approval by the Audit & Supervisory Board.

- Director candidates: People who satisfy the criteria in Supplementary Principle 4.11.1
- Audit & Supervisory Board member candidates: People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

[Liability Limitation Agreements]

The Company concludes agreements with directors (excluding executive directors) and Audit & Supervisory Board members limiting their liability for damages in accordance with Article 427-1 and Article 423-1 of the Companies Act. The limits on damage liability amounts based on these agreements are set in accordance with Article 425-1 of the Companies Act. These limitations of liability are limited to acts by directors and Audit & Supervisory Board members who are without knowledge and are not grossly negligent in performing duties that are the source of such responsibility.

[Accounting Audits]

The Company employed PricewaterhouseCoopers Kyoto to conduct its accounting audit for the fiscal year ended March 31, 2021. The certified public accountants who conducted the audit, their consecutive number of years in conducting accounting audits, and the status of assistants are as follows.

- Engagement partner: Toshimitsu Wakayama (seven years)
- Engagement partner: Ryouichi Iwasaki (three years)
- Engagement partner: Tetsuro Iwase (five years)
- Assistants: 12 certified public accountants, 26 others (total of 38)

[Internal Audits]

All KDDI Group operations are subject to internal audits to regularly assess the appropriateness
and effectiveness of internal controls. The results of internal audits are reported to the president and to Audit & Supervisory Board members, along with recommendations for improvement and correction of problem areas.

[Business Ethics]
The KDDI Group has established the “KDDI Group Business Ethics Committee,” which makes decisions on compliance-related issues. This committee meets twice a year to determine the status of Group companies and support the construction and enhancement of compliance systems. Companywide study sessions are held to promote awareness of the “KDDI Group Philosophy.” Seminars are held to promote early response to and prevention of compliance violations, and training is conducted on an ongoing basis to raise awareness.

With regard to whistle-blowing, the Company has established a “Business Ethics Helpline” as a helpdesk for compliance with business ethics and laws and regulations. By establishing a contact point in collaboration with eternal experts, the Company is creating an environment in which it is easy for employees to report concerns. Furthermore, we have established internal regulations to protect whistle-blowers in accordance with the Companies Act and the Whistle-Blower Protection Act, and actively conduct educational activities on this topic. This scope of use of the Business Ethics Helpline has been extended to include business partners in an effort to also enhance our relationships with these partners in the area of business ethics and compliance with laws and regulations.

[Internal Committees]
In addition to the “Nomination Advisory Committee,” “Remuneration Advisory Committee,” and “KDDI Group Business Ethics Committee,” the Company has established the following committees in the interest of reinforcing governance.

- Disclosure Committee: Please see the section of this report entitled “V.2. Other Matters Concerning the Corporate Governance System.”
- Sustainability Committee: This committee deliberates on sustainability-related matters such as solving social issues (SDGs), social contribution, and the environment through business.
- Information Security Committee: This committee aims to ensure consistent information security with relation to information assets.
[External Cooperation Related to Auditing and Supervision]

Necessary information is collected and opinions are stated by outside directors via the Board of Directors, and by outside Audit & Supervisory Board members via the Board of Directors, Audit & Supervisory Board, and audit activities. The receipt of appropriate feedback ensures mutual cooperation between internal audits and accounting audits. Within the scope of this framework, the Corporate Risk Management Division strives to create cooperative relationships in the interest of reinforcing corporate governance and achieving sustainable growth and increased corporate value over the medium to long term.

Furthermore, the “Director and Audit & Supervisory Board Member Liaison Meeting,” the “Outside Directors and Audit & Supervisory Board Member Liaison Meeting,” the Outside Directors and part-time Audit & Supervisory Members Liaison Meeting,” and the “Outside Directors Liaison Meeting,” meet regularly to ensure smooth relations.

In addition, informal meetings are held twice each year to encourage free exchanges of opinion between part-time Audit & Supervisory Board members and representative directors.

3. Reasons for Adoption of Current Corporate Governance System

From the perspective of the “proper and efficient business execution” and “appropriate auditing and supervision functions” expected of corporate governance, the Company has appointed multiple outside directors has adopted Audit & Supervisory Board and other systems that include half of outside Audit & Supervisory Board members.

Regarding “proper and efficient business execution,” the Company believes swift decision-making by the Board of Directors, centered on internal directors, points to a high level of efficiency. With respect to “appropriate auditing and supervision functions,” the Company believes that its auditing and supervision functions are functioning appropriately, as outside executives—including independent executives—perform checks of the bodies performing business execution from diverse perspectives. In particular, Audit & Supervisory Board members have no Board of Directors voting rights, enabling them to audit the execution of duties by directors objectively. Furthermore, we believe independent outside Audit & Supervisory Board members are able to conduct audits from a perspective independent from other members of the management team.
### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

<table>
<thead>
<tr>
<th>Supplementary Explanation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Early Notification of General Meeting of Shareholders</td>
</tr>
<tr>
<td>The Company sends out its notifications around one week earlier than statutorily required. In addition, this information is posted on the Company’s website before it is sent out.</td>
</tr>
<tr>
<td>Scheduling General Meeting of Shareholders Avoiding the Peak Day</td>
</tr>
<tr>
<td>The Company endeavors to arrange its meeting to avoid the peak day.</td>
</tr>
<tr>
<td>Exercise of Voting Rights via the Internet</td>
</tr>
<tr>
<td>The Company makes use of a site that enables the exercise of voting rights over the Internet. The Company have also introduced a system that allows users to log into the voting website by reading the QR code, in order to improve the convenience of our shareholders.</td>
</tr>
<tr>
<td>Participation in Electronic Voting Platform and Other Measures for Enhancing the Environment for the Exercise of Voting Rights by Institutional Investors</td>
</tr>
<tr>
<td>The Company participates in an “exercise of voting rights platform.”</td>
</tr>
<tr>
<td>Providing Notice of Annual Shareholders Meeting (Summary) in English</td>
</tr>
<tr>
<td>The Company provides an English version of its Notice of Annual Shareholders Meeting on its website, site for the Internet-based exercise of voting rights and “exercise of voting rights platform.” The Company also provides its disclosures and major news in English.</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td>In response to requests by institutional investors, the Company provides its business report and Notice of Annual Shareholders Meeting in a combined report. In addition, to promote the exercise of voting rights by individual investors, the Company explains by providing illustrations depicting how to exercise voting rights in an easy-to-understand manner. The Company prepares a shareholder newsletter (Japanese only) that provides easy-to-understand explanations of business conditions and Company-related topics. The Company regularly posts this newsletter to shareholders and distributes it at seminars for individual investors. To encourage more shareholders to attend the General Meeting of Shareholders, the Company provides sign language interpreting of the proceedings, explanations and questions at the meeting venue, and also provides hearing loop and wheelchair space. Since 2021 General Shareholders Meeting, we have been broadcasting “live broadcast” so that shareholders can watch the proceedings and questions and answers on the day from remote location, and also receive “advance questions” on the Internet. By using these methods, we</td>
</tr>
</tbody>
</table>
are striving to revitalize communication with our shareholders even under the situation of COVID-19. Streaming service is carried out to inform shareholders who are difficult to attend the General Meeting of Shareholders. In addition, subtitles and images of sign language interpreting are displayed during streaming services, which anyone can view without limitation. In the General Shareholders Meeting held in 2021, as a measure to promote the exercising of your voting rights, when you used “Exercise of voting rights via the Internet,” a part of the reduced mailing cost was donated to medical support for COVID-19 countermeasures by a specified non-profit organization.

<table>
<thead>
<tr>
<th>2. IR Activities</th>
<th>Supplementary Explanation</th>
<th>Explanations by the Representative Himself/Herself</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation and Publication of Disclosure Policy</td>
<td>The “IR Basic Policy,” formulated by the Board of Directors, guides the Company’s IR activities. The Company posts this policy on its website.</td>
<td></td>
</tr>
<tr>
<td>Regular Investor Briefings for Individual Investors</td>
<td>In addition to participating in IR events for individual investors, we also hold online briefings. (In the fiscal year ended March 31, 2021, it was not held due to the influence of COVID-19)</td>
<td>Yes</td>
</tr>
<tr>
<td>Regular Investor Briefings for Analysts and Institutional Investors</td>
<td>Four times each year, the company convenes earnings presentation meetings for analysts and institutional investors, coinciding with its disclosure of quarterly earnings. These meetings can be observed via live and on-demand video distribution.</td>
<td>Yes</td>
</tr>
<tr>
<td>Regular Investor meetings for Domestic and Overseas Investors</td>
<td>Although each quarter, the Company’s directors and other personnel visit institutional investors in regions including Europe, the United States, and Asia to provide explanations of the Company’s financial condition and future strategies, due to the influence of COVID-19, in the fiscal year ended March 31, 2021, we held individual meetings by conference calls and video conferences. In the fiscal year ended March 31, 2021, the Company held approximately 660 interviews by conference calls and video conferences including 14 times participation in conferences sponsored by securities companies in Japan and overseas.</td>
<td>Yes</td>
</tr>
<tr>
<td>Posting of IR Materials on Website</td>
<td>The Company posts various IR materials on its website. <a href="https://www.kddi.com/english/corporate/ir/">https://www.kddi.com/english/corporate/ir/</a> (Materials posted) - Financial Statements - Presentations - Data Book - Q&amp;A of the financial results - Important news releases, including timely disclosure information</td>
<td></td>
</tr>
<tr>
<td>Establishment of Department and/or Manager in Charge of IR</td>
<td>The Company has set up an Investor Relations Department within the Corporate Management Division. This department comprises ten employees, including the department manager.</td>
<td></td>
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<tr>
<td>----------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>The Company regularly holds various seminars on specific themes for analysts and institutional investors.</td>
<td></td>
</tr>
</tbody>
</table>
3. Measures to Ensure Due Respect for the Position of Stakeholders

| Internal Rules Stipulated for Respecting the Position of Stakeholders | We strive to respect the position of all our stakeholders, including customers, shareholders, business partners, employees and local communities, and solve societal issues through dialogue and collaboration. In this manner, we define and publish our basic views on contributing to the development of a rich and truly connected society in the Integrated Report and Integrated Report Detailed ESG Version (SUSTAINABILITY REPORT). |
|---|
| Implementatio of Environmenta l Activities, CSR Activities, etc. | Since its establishment, KDDI has made realizing a truly connected society part of the KDDI Group Mission Statement and has been promoting sustainability activities at the company. In the May 2019 the medium-term management plan (FY2019-21), the company set the Company Vision as "a company contributing to the sustainable growth of society" and announced "KDDI's target SDGs" linked to the medium-term management plan. Since FY2019, by reviewing the categories to deal with social issues in the process of promoting SDGs, the company revisited KDDI's SDGs to clearly designate eight social issue categories in May 2020 based on the scale of related social issues and the business areas in which KDDI can contribute as a communications carrier. In addition, the company have formulated the new KDDI Sustainable Action, in line with the KDDI SDGs for 2030. For details of "KDDI Sustainable Action", please refer to our website [https://www.kddi.com/english/corporate/csr/sdgs/] |
| Formulation of Policies on Information Provision to Stakeholders | Positioning the building of trust-based relationships with shareholders and investors as an important management matter, the Company’s “IR Basic Policy” established three IR activity guidelines: “open IR activities,” “proactive IR activities,” and “organized IR activities.” We publicize these activities both internally and externally and strive toward value-oriented corporate management, active information disclosure, and enhanced communication. We also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB) on April 26, 2021. From now on, based on the recommendations of TCFD, we will consider the “risks” and “opportunities” that climate change poses to our business from the four perspectives of “governance”, “strategy”, “risk management” and “indicators and goals” recommended by TCFD. We will actively disclose information through sustainability reports. In the "Sustainability Report", GRI "GRI Standard" and SASB (Telecommunications) are used as a reference for reporting, and information that is judged to contribute to promoting understanding of our value creation is expanded. In addition, to ensure reliability, environmental data for Scope 1 and 2 has received independent third party assurance, and environmental data for Scope 3 has been verified by an independent third-party. We will continue making efforts to communicate with all stakeholders and promoting our sustainability initiatives. |
| Others | [Status on promoting the advancement of female employees] |
“Embracing diversity” is the first item in the “KDDI Group Philosophy,” and we conduct diversity-oriented activities throughout the Company. From the fiscal year ended March 31, 2013, we began focusing on the cultivation and promotion of female line managers (organizational leaders with the authority to conduct personnel evaluations) in the belief that including more women in corporate decision-making would enhance corporate capabilities.

Also we set new goal as
① The ratio of women in hiring new graduates to "30% or more"
② Increase the number of female managers to "200 or more"
③ The ratio of women in the executive candidate training program to "20% or more". With setting above three targets, we will strive to further promote the active participation of women.

Regarding②, in the transition to the new personnel system, we will increase the options for being able to play an active role as a professional, and will appoint "individuals" regardless of the number of years of enrollment or gender.

Regarding③, we will strengthen the training of senior managers and support the formation of a female pipeline.

<Performance>
・ Executive promotions of women (As of April 2021)
  One director
  Two administrative officer
・ Promotion of female line managers (As of April 2021)
  175 female executive position

Please check our website for changes in the number of women employed, the number of women hired, and the results of using the childcare/nursing care system.


<Specific measures to cultivate female leaders>

In the fiscal year ended March 31, 2017, KDDI introduced its female line manager program to build a career pipeline for women from junior employees to candidates for promotion to manager positions. This program is designed to produce female leaders with a view to cultivating and promoting female executives and line managers.

In 2020, we will take an individual-oriented approach centered on coaching rather than giving uniform skills and knowledge, and as a result of focusing not only on the person but also on the involvement of the boss, their mindset has improved significantly that they would like to become a leader of program participants. In addition, we are supporting the improvement of perspectives and networking of women inside and outside the company by dispatching them to external cross-industry exchange training.

In 2020, we introduced a new personnel system, the KDDI Version Job Style Personnel System.
In this "KDDI Version Job Style Personnel System," we evaluate and praise achievements, challenges, and abilities rather than working hours, and reflect them in their treatment. By introducing "Job Style" human resources management that clarifies the job area, it is possible to deepen treatment and expertise based on market value, and support that emphasizes career development that respects the will and efforts of each employee. By "KDDI Version Job Style Personnel System," which realizes such flexible work styles and job-based human resources management, the Company will support women's diverse work styles and career development, and continue to promote women's advancement even more essential in the future.

- Supporting a balance between work and childcare and nursing care

In addition to establishing various systems such as childcare and long-term care leave, we recommend "team childcare" that realizes childcare by utilizing partners, surrounding cooperators, and various services, rather than one woman hold childcare itself. We distribute childcare leave handbooks to male employees and hold seminars with partners to think about team childcare. We believe that increasing male participation in childcare will help support the active participation of women.

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and Progress of System Development

   Based on the provisions of Article 362, Paragraph 5 of the Companies Act, KDDI passed the Basic Policy for Constructing an Internal Control System at a meeting of the Board of Directors and issued a public announcement. KDDI aims to ensure fair, transparent and efficient execution of its corporate duties and to maintain an effective system for internal controls.

   The Basic Policy for Constructing an Internal Control System is described below.

1 Corporate Governance

   (1) The Board of Directors

   The Board of Directors is composed of both internal and external Directors, who make decisions on matters such as management plans and important legal matters as stipulated by laws and ordinances based on the Board's regulations and Agenda standards. In addition, the Board oversees the competent execution of business duties by the Directors themselves. Information pertaining to the execution of business duties by the Directors must be stored and managed appropriately in accordance with internal regulations.

   (2) System for executing business duties

   [1] The Executive Officers' System aims to clarify both the delegation of authority and responsibility system, as well as ensure that tasks are executed effectively and efficiently.

   [2] The Corporate Management Committee, which is composed of Directors and Executive Officers’, shall discuss and determine important matters pertaining to the execution of tasks, as well as discussing and determining the Board's Agenda items, based on the Corporate Management Committee regulations.
(3) **System for ensuring the effective execution of business duties by Audit & Supervisory Board Members**

[1] Audit & Supervisory Board Members shall attend the Meetings of the Board of Directors and, additionally, steps shall be taken to allow them to attend the principle internal meetings of the company.

[2] The Board of Directors, and staff, the Directors, etc. of subsidiaries, and the Internal Auditing Division shall provide the Audit & Supervisory Board Members with timely, appropriate reporting of information necessary for executing the business duties of the Audit & Supervisory Board Members, and if matters are discovered that pose a risk of significant damage to our company and the subsidiaries, they shall be reported immediately to the Audit & Supervisory Board Members. In addition, the Board of Directors and staff, the Directors, etc. of subsidiaries, and the Internal Auditing Division shall aim to collaborate with the Audit & Supervisory Board Members by exchanging opinions and ideas.

[3] The Audit & Supervisory Board Members' Office is established to support the business duties of the Audit & Supervisory Board Members, and it deploys full-time staff. Each Audit & Supervisory Board Member has the right to provide instructions to such staff members, and consent must be obtained in advance from the Audit & Supervisory Board or the Audit & Supervisory Board Member specified by the Audit & Supervisory Board, prior to making staffing decisions related to the Audit & Supervisory Board Members' Office.

[4] Steps shall be taken to ensure that a person who has reported to the Audit & Supervisory Board Members shall not suffer any consequences on account of having made such report.

[5] The Audit & Supervisory Board Members shall receive payment, including advance payment, for costs required by them to carry out their duties.

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2 **Compliance**

(1) All Directors and employees should continuously maintain high ethical standards in accordance with the basic principles set forth in the 'KDDI Action Guideline,' which should be complied with, and aim to execute their business duties properly.

(2) Firm measures should be taken against antisocial forces, and efforts should be made to sever all such relationships.

(3) Each KDDI Group company shall make efforts to promptly identify and resolve any serious violation of laws and ordinances or other compliance-related matters or incidents, at KDDI Group company meetings pertaining to business ethics.

(4) KDDI shall aim to appropriately operate a whistle-blowing system internal reporting contact established both internally and externally to the company.

(5) KDDI shall strive to improve understanding and awareness of compliance through in-house training and education as well as outside training lectures.

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3 **Risk management for achieving business goals fairly and efficiently**

(1) KDDI shall conduct business risk analyses, stringently prioritize business activities and formulate appropriate business strategies and business plans at meetings participated in by Directors concerning business strategy, with the objective of continuous growth for the KDDI Group. To achieve this, business risk should be monitored monthly at meetings pertaining to performance management, and this performance should be managed thoroughly.

(2) KDDI shall appoint an Internal Control Officer in each division, and the Internal Control Officer shall autonomously promote the following initiatives so that business objectives may be achieved fairly
and efficiently.

[1] All Divisions and their Directors shall work in cooperation with the Risk Management Division, which regularly identifies and uniformly manages risk information. The KDDI Group's risks shall be managed appropriately and in accordance with internal regulations, and efforts shall be made to achieve business objectives fairly and efficiently.

[2] KDDI shall examine measures for minimizing the risk of business interruptions as much as possible in order to respond to events which could have serious and long-term effects on corporate business.

[3] In accordance with the internal control reporting system based on the Financial Instruments and Exchange Act, KDDI shall implement documentation, assessment and improvement of the state of company-wide internal control and of important business processes on a consolidated basis, with the aim of further improving the reliability of financial reporting.

[4] KDDI shall aim to maintain and enhance the systems necessary to improve the quality of business duties of the KDDI Group, including enhancement of the effectiveness and efficiency of business duties and appropriate acquisition, safekeeping and disposal of assets.

(3) In its role as a telecommunications carrier, KDDI shall pursue the following initiatives.

[1] Protecting the privacy of communications
   Protecting the privacy of communications is at the very root of the KDDI Group's corporate management, and the Group will abide by this.

[2] Information Security
   KDDI aims to manage the company's total information assets, including preventing leaks of customer information and cyber-terrorism of networks for telecommunications services, by formulating measures at meetings pertaining to information security to ensure this security in cooperation with the Directors and employees.

[3] Recovering networks and services in times of disaster
   In order to minimize as much as possible the risk of a termination or interruption to telecommunications services in the event that a major accident, obstruction or large-scale disaster occurs, a Business Continuity Plan (BCP) shall be formulated and measures shall be implemented to improve network reliability and prevent the halting of services. In order to facilitate a prompt recovery in times of emergency or disaster, a Disaster Response Headquarters shall be established as expeditiously as possible.

4 Initiatives relating to working together with stakeholders

(1) The whole company shall make efforts to gain support and trust for all KDDI Group activities, improve customer satisfaction, and strengthen and expand the company's customer base.

[1] By regarding all stakeholders as customers, and through the prompt and appropriate response to customer needs and complaints, all Directors shall engage in TCS (Total Customer Satisfaction) activities that aim to improve the level of customer satisfaction. To promote these activities, efforts shall also be made at meetings pertaining to TCS to evaluate and improve TCS activities.

[2] In addition to providing customers with safe, secure, high-quality products and services in compliance with the pertinent laws and regulations, information about products and services should be provided in an easy-to-understand format and indicated appropriately, so that customers can select and use the most appropriate product and/or service.

(2) In order to gain the understanding and trust of all stakeholders, transparency of KDDI Group management shall be ensured, and efforts shall be made to further enhance the PR and IR activities of the KDDI Group.

(3) The KDDI Group's business risk shall be fairly identified and disclosed in a timely and appropriate
manner at meetings pertaining to information disclosure. In addition, our Sustainability reports “Integrated Report (Detailed ESG Version)” shall be created and disclosed, centering on those departments promoting sustainability, for matters pertaining to the KDDI Group’s social responsibilities, including its environmental efforts and contributions to society.

5 Systems for ensuring business suitability of corporate groups
(1) To ensure business suitability in subsidiaries, regulations pertaining to the management of subsidiaries shall be defined, and the systems described below shall be established.

[1] The investment management division in charge of the management of each subsidiary, as well as the general management division that extends across the subsidiaries, shall be defined in order to establish a system of management and support for subsidiaries.

[2] Subsidiary management roles pertaining to the Directors, the Audit & Supervisory Board Members, and other staff dispatched to each subsidiary shall be defined in order to ensure the effectiveness of subsidiary governance.

[3] For decision-making on important matters at subsidiaries, the matters to be approved and approval procedures by the Board of Directors, the Corporate Management Committee, etc. shall be defined in order to establish the subsidiary management system.

[4] The matters covered in reports, as well as the procedures, shall be defined for subsidiaries in order to establish a system of collaboration with subsidiaries.

(2) KDDI shall appoint an Internal Control Officer in each subsidiary to ensure appropriate business operations in each subsidiary, as well as to promote proper risk management and reduction measures, so as to achieve business goals fairly and efficiently.

(3) In addition to working, through meetings in each subsidiary pertaining to the business ethics, to promptly identify and resolve any serious violation of laws and ordinances by a subsidiary or any other compliance-related matter or incident, a whistle-blowing system shall at all times maintain high ethical standards in accordance with the KDDI Action Guideline, and promotion shall be implemented to ensure a system is in place whereby business duties are carried out appropriately.

6 Internal Audits
Internal audits are conducted for all aspects of business of the KDDI Group, and the suitability and effectiveness of the Internal Control system is verified regularly. The results of internal audits are reported to the President with added suggestions for points that can be improved or revised, and a report is also made to the Audit & Supervisory Board Members.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts
The Company’s “Basic Policy for Constructing an Internal Control System” states that firm measures should be taken against anti-social forces, and efforts should be made to sever all such relationships.
In addition, the “KDDI Action Guideline,” which sets forth the basic principles that all officers and employees should maintain when performing their duties, takes a firm stand against anti-social forces, rejecting any requests for illicit funds and refusing to comply with their demands.
V. Other

1. Adoption of Takeover Defense Measures

| Adoption of Takeover Defense Measures | Not adopted |

Supplementary Explanation on This Matter

2. Other Matters Concerning the Corporate Governance System

1. Basic Policy on the Timely Disclosure of Corporate Information

KDDI considers building trust-based relationships with shareholders and investors a management priority. We endeavor to disclose corporate information that may affect investment decisions in a timely and appropriate manner, in accordance with the timely disclosure regulations stipulated by the Financial Instruments and Exchange Law and the Tokyo Stock Exchange.

2. Internal Systems for the Timely Disclosure of Corporate Information (Please see Appendix 2 at the end of this report)

(1) Designation of Person Responsible for Handling Information and Establishment of Secretariat

As defined in the timely disclosure regulations, KDDI has designated the general manager of the General Administration & Human Resources Division as the person responsible for managing corporate information and handling timely disclosure, and has established the General Administration Department of the General Administration & Human Resources Division as the secretariat.

We have established the “Disclosure Committee” to gather earnings information to be disclosed for fiscal periods and designated the Accounting and Finance Department of the Corporate Management Division as the secretariat.

(2) Internal Decision-Making and Disclosure of Corporate Information

The management of important internal corporate information is handled in accordance with the Company’s internal regulations.

When disclosing corporate information, the General Administration Department first gathers such information from the Company’s departments. In principle, items to be disclosed are approved by the Board of Directors or the Corporate Management Committee before being disclosed to the Tokyo Stock Exchange by the person responsible for handling information. In the event of a matter requiring urgent disclosure, corporate information is disclosed promptly, based on the judgment of the president or the person responsible for handling information.

To ensure the more accurate disclosure of corporate information, financial information to be disclosed for fiscal periods is centrally deliberated on by the “Disclosure Committee.”

(3) Checking Function Related to Timely Disclosure

In line with the General Administration Department’s designation of the person responsible for handling information, in accordance with timely disclosure regulations the decision on whether to disclose information is made after confirming with the internal department associated with the disclosure content or, if necessary, the accounting auditor or an attorney at law.
From the perspective of achieving sustainable growth for the KDDI Group, we have defined six skills in the expertise and experience areas which are considered important with regard to the Board of Directors of the Company.

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<th>Corporate Management</th>
<th>Sales/Marketing</th>
<th>Global</th>
<th>Digital/Technology</th>
<th>Finance/Accounting</th>
<th>Legal/Risk Management</th>
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(Appendix 2) [Timely Disclosure Organization Chart]

Shareholders / Investors

Tokyo Stock Exchange

Information disclosure

General Manager of the General Administration Division
(Person in charge of handling information)
(Secretariat: General Administration Department, General Administration Division)

Decision-Making
Board of Directors, Corporate Management Committee, and President, etc.

Audit & Supervisory Board

Disclosure Committee
Deliberates on financial and other information for fiscal period disclosure

Accounting Auditor, Attorney at Law
Related Department, etc.

General Manager of the General Administration Division
(Person in charge of handling information)
(Secretariat: General Administration Department, General Administration Division)

Coordination

General Manager, Corporate Management Division
(Secretariat of Disclosure Committee: Accounting Department, Corporate Management Division)

Report

Financial Information

Department where information originates

KDDI Group company information (important facts related to investment decisions, financial information, etc.)