

# KDDI Integrated Sustainability and Financial Report 2024



## Our Corporate Credo

Our Credo is

**“Elevate Our Minds”**

and is supported by

**“Asking ourselves if our motives are righteous or selfish.”**

## The KDDI Group Mission Statement

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.



**Peoples' values vary.  
Society offers more choices.**

**Beyond these huge changes,  
we want to create a new world,  
where people accept one another,  
and where each of us can make our dreams a reality.**

**For that to happen, we must overcome some hurdles such as:**

- Outdated conventional thinking.
- Preconceptions.

**If there are boundaries that keep us apart,  
let us eliminate them and connect.**

**With communication increasingly integrated into our lives,  
our capabilities should dramatically increase.**

**We have the technology.  
We have the mindset.  
We have the partners.**

**Together, we can surely make it happen,  
while enhancing the power to connect in line with the times.**

**Let's enjoy the thrill of creating things.**

**Let's go forward together,  
towards a more interesting future.**

**The creation of a society in which  
anyone can make their dreams a reality,  
by enhancing the power to connect.**

**KDDI VISION 2030**





# At KDDI, our mission is to connect.

KDDI's work of connecting is more than just connecting distant locations with communication lines.

We connect much larger things—people's lives, day-to-day lives, and hearts and minds.

## Connecting and Protecting Lives

This means ensuring communications during disasters with our resilient infrastructure. It means implementing ICT technology to reduce environmental impact, helping our precious planet.



## Connecting Day-to-Day Lives

This means helping resolve issues in communities, cities, and developing nations by bringing together new technologies and partners. It involves developing human resources today, so that we can help create better lives tomorrow.



## Connecting Hearts and Minds

This means implementing initiatives aimed at creating a digital society characterized by affluence and peace of mind. A society where diversity displaces isolation and all can enjoy healthy, fulfilling lives. In this age of living beyond 100, this is more important than ever.



Thus, KDDI will evolve our "Power to Connect" into an era in which new values will be generated as a result of the "blending" of telecommunications into all kinds of scenes.

**Our power to make connections will help create a brighter future for all.**



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# Editorial Policy

## Disclosure of Financial and Non-Financial Information

This report is published as the "Integrated Sustainability and Financial Report," integrating the "Integrated Report" and the "Sustainability Report" from FY23.3 to offer investors and other stakeholders a better understanding of the sustainability management that KDDI engages in. We have created this report with an emphasis on communicating KDDI's "desire" to achieve sustainable growth in society and corporate value improvement with our partners. Additional sustainability and research & development (R&D) information that is not contained in this report can be found on KDDI's website.

KDDI has applied International Financial Reporting Standards (IFRS) since FY16.3. This report has also been edited with reference to multiple guidelines and frameworks, including the Integrated Reporting Framework recommended by the IFRS Foundation and the Guidance for Collaborative Value Creation by the Ministry of Economy, Trade and Industry.

## Disclaimer Regarding Forward-Looking Statements

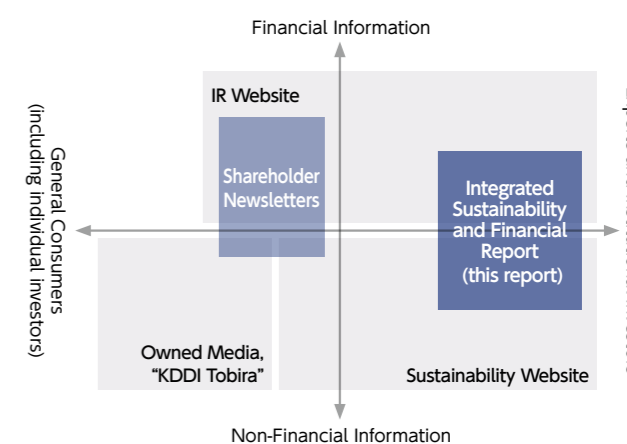
Statements contained in this report concerning KDDI's plans, strategies, beliefs, expectations, or projections about the future, and other statements other than those of historical fact, are forward-looking statements based on management's assumptions in light of information currently available and involve risks and uncertainties. Actual results may differ materially from these statements. Potential risks and uncertainties include, but are not limited to overseas economic conditions; fluctuations in currency exchange rates, particularly those affecting the U.S. dollar, euro, and other overseas currencies in which KDDI or KDDI Group companies do business; and the ability of KDDI and KDDI Group companies to continue developing and marketing services that enable them to secure new customers in the telecommunications market—a market characterized by rapid technological advances, the steady introduction of new services, intense price competition, and others.

## About the Cover Design

The cover design features people of diverse ages and genders extending their hands toward the light. This design follows the cover design for 2022, which expresses diversity in addition to KDDI's "power to connect," and that for 2023, which expresses partnering. The cover design for 2024 strongly conveys our commitment to realizing a "bright future" through the promotion of sustainability management and our New Satellite Growth Strategy.



## Positioning of This Report



## Website Information

### KDDI

▶ <https://www.kddi.com/english/>

### KDDI Brand Book

▶ <https://brand.kddi.com/en/>

### KDDI Tobira (Japanese only)

▶ <https://tobira.kddi.com/>



### Financial Information

### Investor Relations

<https://www.kddi.com/english/corporate/ir/>

### Non-Financial Information

### Sustainability

<https://www.kddi.com/english/corporate/sustainability/>

### Technology (Japanese only)

<https://www.kddi.com/technology/>

# CEO Message

## CEO Message



KDDI CORPORATION  
President,  
Representative Director,  
CEO

*M. Takahashi*

## The KDDI Group Mission Statement and Company Vision



**K**DDI's Mid-Term Management Strategy framework is represented by a triangular diagram, with the foundation being the KDDI Group Philosophy. As one of the elements that constitute this Philosophy, we uphold the corporate credo, "Elevate our minds" by "asking ourselves if our motives are righteous or selfish." This corporate credo challenges us to consider what is right, not just as business professionals but as human beings first. It emphasizes the importance of considering whether the motive is universally good, or inherently right, as our constant standard of judgment, rather than being guided by personal interests or convenience.

Building on this foundation, our Group Mission Statement states: "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 most important aspect of this Mission Statement is "to value and care about the material and emotional well-being of all its employees." That's what we prioritize most, and it defines our company. This reflects our belief that the growth of our company hinges on the well-being of our employees. It is essential that they are happy first, as this forms the foundation for our mission to deliver enriched lives to our customers through inspiring experiences and communication that exceed their expectations.

After joining Kyocera Corporation in 1984, I was seconded to Daini Denden (DDI), which was established in June of the same year. In 2000, DDI merged with KDD and IDO to form KDDI, and I have been with the company ever since. Over the years, I have seen it grow into a very large company. Even as a large corporation, the foundation of KDDI remains rooted in a venture spirit. Throughout our history, KDDI has merged with various companies, each bringing a strong sense of challenge. The foundation that unites these diverse companies after merging is our Group Mission Statement. We place great importance on the idea of moving forward in unity of mind based on the Mission Statement.

When I became president in 2018, I reflected on what kind of company I wanted KDDI to be and outlined three goals: to be "the company the customer can feel closest to," "a company that continues to produce excitement," and "a company contributing to the sustainable growth of society."

The first goal, "the company the customer can feel closest to," reflects our commitment to supporting our customers' daily lives and becoming a familiar presence that they can continuously rely on. To achieve this, we constantly strive to find ways to ensure that customers perceive us as a company that is close to them.



# CEO Message

The second goal, “a company that continues to produce excitement,” embodies our desire to provide customers with thrilling experiences by offering services that leverage evolving technologies such as 5G communications and AI. To achieve this, it’s essential for our employees to feel excited and inspired as well. We aim to transform customer experiences by tailoring our offerings to individual needs not just through products, but across all aspects of daily life, including entertainment, healthcare, and mobility. Through these efforts, we strive to deliver a thrilling customer experience and excitement to our customers.

The third goal, “a company contributing to the sustainable growth of society,” reflects our aspiration to create a positive cycle where our various business activities, undertaken together with our partners, enhance corporate value and, in turn, contribute to the sustainable growth of society. Since I became president in 2018, our company has placed a strong emphasis on sustainability management. This focus is deeply rooted in our aspiration reflected in this goal.

I believe that both “excitement” and “being close to our customers” are extremely important. I believe that customers love companies they find exciting. It’s a company that always offers something new, leading the way into the future, yet delivers a warm human touch. I am deeply committed to making KDDI a company that evokes this sense of excitement and warmth in our customers. Our decision to invest in Lawson this year was also part of our efforts to become a company that is close to our customers. It would be wonderful if our services make customers think, “KDDI is a company being close to me.”

## Aspirations Embodied in KDDI VISION 2030

The KDDI VISION 2030 is our vision for the year 2030, into which the KDDI Group Mission Statement and our Company Vision have been crystallized. In formulating this vision, employees formed several working groups to deeply engage with and personally understand the Group Mission Statement and Company Vision. Through this bottom-up approach, we developed a truly remarkable vision.

*The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.*



The part of our vision, “enhancing the power to connect,” is a crucial theme for our company. By taking on the role of social infrastructure, namely telecommunications, we see it as our mission to connect and protect lives, connect day-to-day lives, and connect hearts and minds. In our discussions with employees about what kind of company we should be, some of our younger employees expressed the view that connecting and protecting lives is incredibly important. Without telecommunications, we wouldn’t be able to relay emergency communications to medical institutions or transmit evacuation information during disasters, leading to life-threatening situations. Beyond just voice calls, we aim to connect people’s lives in a deeper sense through our various services. Additionally, we aspire to use telecommunications to connect people’s hearts and minds, fostering stronger human connections. Enhancing this power to connect is a mission we are committed to pursuing.

The part of our vision, “the creation of a society in which anyone can make their dreams a reality,” reflects the changes of our times. Although Japan’s population is declining, the presence of telecommunications in people’s lives is increasing. As telecommunications have become integrated into everything from cars to cities, new services can now be offered by various companies, enabling people to realize diverse lifestyles beyond the existing smartphone-centric world. At the heart of this is the individual aspirations of each person. Our role in such a society is to help create a society in which anyone can realize their dreams. This belief forms the core of the KDDI VISION 2030.

The KDDI VISION 2030 message is always included at the end of our presentation materials, and I believe it has been steadily gaining recognition both within and outside the company.



There was a moment when I deeply realized that enhancing the power to connect is indeed our mission. This was the large-scale communication failure that occurred in July 2022, two months after the announcement of the KDDI VISION 2030. Through our reflections on the incident, we realized the imperative need to enhance the power to connect, and this experience instilled in all employees a strong determination to never let such a failure happen again. This was a significant experience that reinforced our belief that enhancing the power to connect will lead to contributions to the future of society.

## Toward the Power to Connect × AI Era The KDDI Group’s Social Significance

We are committed to “advancing digital twin technology together with our partners to create new value.” The phrase “together with our partners” is especially significant. At the core of the KDDI Group Philosophy is the concept of “altruism,” or the mindset of benefiting others. Without a commitment to prioritizing our partners, we would not be chosen as a partner by others. We will continue to value partnering in the future.

The digital twin technology we aim to advance through the partnerships involves replicating the real world in a digital space, where data visualization enables simulations. For example, by visualizing the flow of people in a city through data and incorporating it into a digital space to simulate people’s movements, we can predict issues that were previously undetectable in advance. Specifically, by predicting people’s behaviors during a disaster, we can identify the optimal evacuation routes and understand the structural bottlenecks that may arise in such special situations. This is the essence of digital twin technology.

After experiencing the COVID-19 pandemic, it became clear that everything can not move entirely online, and the real world remains important. Digital twin technology creates a positive cycle, in which visualizing the real world through data and simulating future scenarios will allow us to predict the real world, making it better as a result. As a telecommunications company, KDDI is well positioned to make this realize, and we are committed to achieving it in collaboration with various partners.



# CEO Message

## New Satellite Growth Strategy, a Business Strategy that Continues to Change with the Times and Creates the Future

I have always enjoyed creating new businesses, and a major theme in starting new ventures has been the integration of existing and new businesses. While I introduced the “ambidextrous management” approach, which emphasizes both existing and new businesses, some feedback suggested that these two aspects appeared to be separated. In response, I developed the New Satellite Growth Strategy, which defines new businesses around existing ones, with the goal of fostering greater integration and collaboration between them.

In the New Satellite Growth Strategy, we have made 5G communications the base of our business, supplemented by generative AI and data-driven approaches as key foundations for the future. This combination forms the core of our business strategy. Surrounding this core, we have defined two orbits: Orbit1 and Orbit2. In Orbit1, we have positioned areas with assured growth, such as digital transformation (DX), finance, and energy. In Orbit2, we have identified mobility and healthcare etc. as the next growth areas. The areas in Orbit2 will be integrated into Orbit1 as they mature, and we will also flexibly adjust and replace them based on emerging business opportunities.

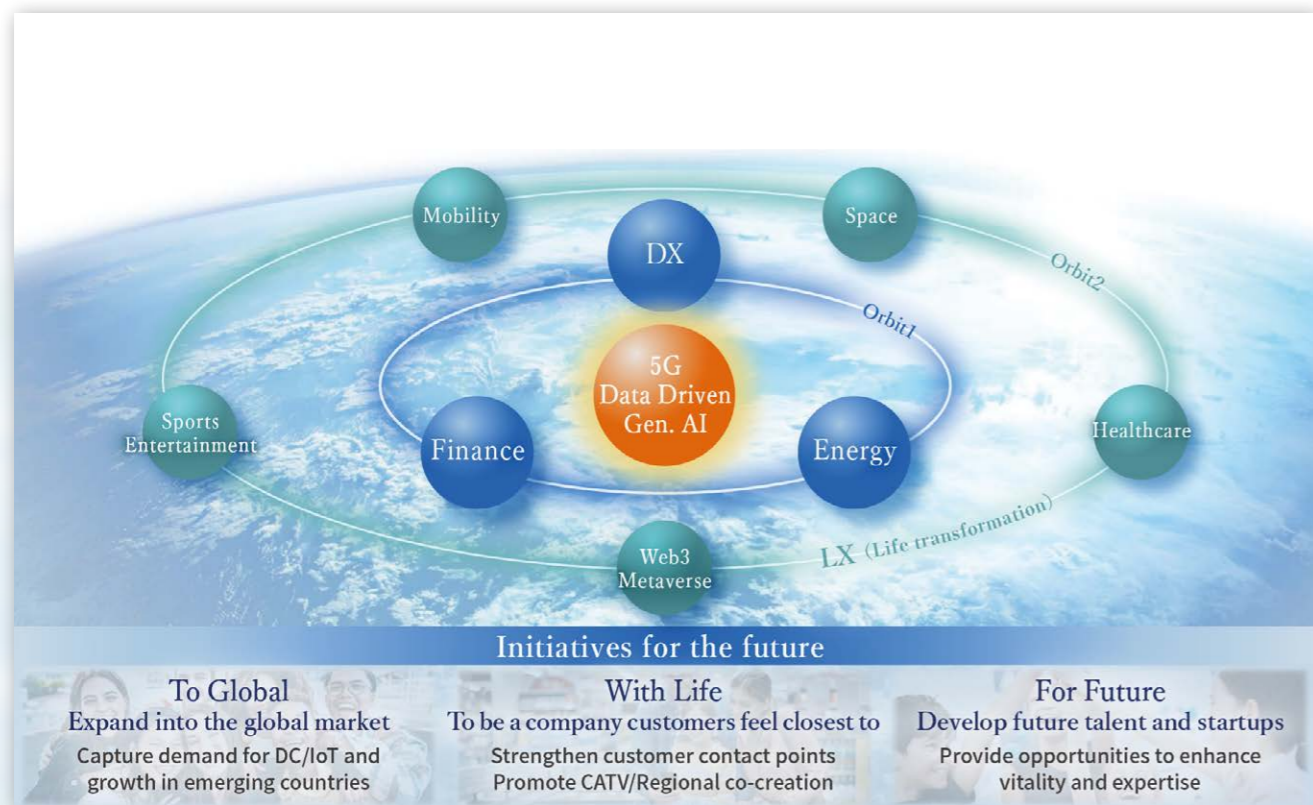
This New Satellite Growth Strategy is built on three pillars of initiatives focused on the future.

The first pillar is “To Global.” As Japan’s population declines, expanding our reach globally is essential.

The second pillar is “With Life.” To realize our vision of becoming “closer to our customers,” we will strengthen customer touchpoints by promoting initiatives such as regional co-creation projects.

The third pillar is “For Future.” This involves not only supporting startup companies but also nurturing and empowering young people who will shape the future.

This is the overall picture of our New Satellite Growth Strategy.



## Creating New Added Value through Collaboration with LAWSON

In February 2024, we announced a capital and business alliance with Mitsubishi Corporation and Lawson. We are confident that the power to connect by telecommunications can contribute to further growth in the retail industry. For example, by leveraging our telecommunications technology in retail tech, we can introduce robots for shelf stocking in convenience stores and enable seamless payment processes. Additionally, innovations such as quick commerce could allow for delivery of products in as little as 15 minutes, making it possible to continuously realize new advancements. By harnessing digital technology, we aim to create an exciting, Real × Tech convenience store experience that encourages customers who visit today to return tomorrow and the day after. Through this collaboration, we are committed to contributing to Lawson’s continued growth.

Additionally, our collaboration with Lawson presents an opportunity to deliver new experiences to customers using our “au,” “UQ mobile,” and “povo” telecommunication services. To date, we have combined our communication services with video and other content services, financial services, and energy services to provide a range of convenient services for our customers. Moving forward, we aim to introduce initiatives that allow au users to enjoy special experiences when visiting Lawson, further increasing the excitement for our customers.

Within our company, numerous working groups have been established to explore new businesses with Lawson. Our employees are driven by a passion not just for selling smartphones but for continuously creating new services for our customers. We are confident that our collaboration with Lawson represents an investment that will open up new possibilities, bringing our customers closer to us and delivering an exciting experience to them. Our entire team will do our utmost to ensure that this initiative is recognized and appreciated by everyone.

## Strengthening the Chief Officer System to Control Corporate Management from a Cross-functional Perspective

In April 2024, we strengthened our Chief Officer system by adding new roles of Chief Digital Officer (CDO) and Chief Strategy Officer (CSO). As a company grows, operations tend to be divided vertically, but I see the roles of Chief Officers as crucial for breaking down such sectionalism and ensuring cross-functional collaboration.

For example, as CEO, I am in a position to review the various proposals submitted daily and suggest that if they are promoted in alignment with other initiatives, they would achieve even greater results. The CDO plays a crucial role in exploring initiatives to maximize the company’s outcomes in the coming era of further leveraging generative AI. Similarly, I expect the CSO to act as cross-functional leader in terms of strategy, the CTO in terms of technology, and the CFO in terms of profitability.

Together with each Chief Officer, I will address social challenges and adapt to changes in the competitive landscape as we work towards realizing the KDDI VISION 2030.

Video of CEO message is available





# Value Creation Story

## The KDDI Group Mission Statement

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.

## Company Vision

1. The company the customer can feel closest to
2. A company that continues to produce excitement
3. Contributing to the sustainable growth of society

## KDDI VISION 2030

The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.

OUTCOME

**Connecting and Protecting Lives**

- Building a resilient infrastructure for communication and disaster response
- Conserving the environment

**Connecting Day-to-Day Lives**

- Sustainable development for cities and communities
- Building the infrastructure for developing countries
- Developing human resources for the next generation

**Connecting Hearts and Minds**

- Creating a digital society for affluence and peace of mind
- Promotion of diversity and inclusion
- Fostering health and a purpose in life

Enhancing the power to connect through AI

## Sustainability Management

Working with partners to achieve sustainable growth in society and corporate value improvement.

BUSINESS/ OUTPUT

**Satellite Growth Strategy P.24**

**Initiatives for the future**

- To Global:** Expand into the global market. Capture demand for DC/IoT and growth in emerging countries.
- With Life:** To be a company customers feel closest to. Strengthen customer contact points. Promote CATV/Regional co-creation.
- For Future:** Develop future talent and startups. Provide opportunities to enhance vitality and expertise.

**Strengthening of Management Base P.48**

Carbon neutral

Human resources first

Strengthening the group management base through progressing governance

INPUT

**Human resources who possess both expertise and well-rounded character**

P.54, 88

**5G communication infrastructure and innovative technology, intellectual property**

P.52

**Stable financial base**

P.110

**Rich customer contacts and partnerships**

P.22

## Six Material Issues and Mid-Term Sustainability Targets FY26.3 targets

### 1. Promotion of Innovation Centered on Telecommunications

Number of business creations and R&D projects based on the New Satellite Growth Strategy (cumulative total): **80** cases

IoT connections (cumulative total): **54** million connections  
\* Number since the start of the service.

### 2. Realization of Safe, Secure, and Prosperous Society

Transaction volume of settlement/loan:

**22.1** trillion yen

\* Settlement amounts of au PAY, au PAY Card, au Carrier billing, and au Jibun Bank in addition to, the loan disbursement amount.

### 3. Carbon Neutral

KDDI Group's carbon neutrality (Scope1 + Scope2):

**fiscal 2030**

\* KDDI consolidated aims to achieve carbon neutrality.

### 4. Strengthening the Group Management Base Through Progressing Governance

Number of initiatives of advanced security technology (cumulative total): **23** cases

\* Number of news releases and topics by KDDI (non-consolidated) and KDDI Research, Inc.

### 5. Human Resources First

Maintain and improve employee engagement score (KDDI non-consolidated): maintain **72** or over

Ratio of female directors (KDDI non-consolidated):

**25%** or over

### 6. Advancing Stakeholder Engagement

## Financial Objectives FY23.3-FY26.3

Business growth	Sustained ARPU revenue growth and double-digit operating income growth in focused areas
Financial policy	<ul style="list-style-type: none"> <li>• Promote optimization of the balance between investment and cost levels through technological restructuring</li> <li>• Dividend payout ratio over 40% / Aiming for sustainable dividend increase</li> <li>• Conduct flexible share repurchases</li> </ul>
EPS growth	Continue to aim for 1.5x growth versus FY19.3

# The KDDI Group Philosophy

The KDDI Group Philosophy consists of the corporate credo, the KDDI Group Mission Statement, and five chapters with 38 items, which express the attitudes, values, and behavior that all employees need to exhibit in order to achieve sustainable growth for the Company and society. The KDDI identity and KDDI vision that we must embrace as a telecommunications operator are incorporated throughout.

The Philosophy is the foundation of our Sustainability Management and is the basic stance KDDI employees must adopt. By putting the KDDI Group Philosophy into practice, we aim to be a company admired and trusted by all stakeholders.



KDDI Group Philosophy Pocketbook

## History of the KDDI Group Philosophy

DDI, KDD, and IDO merged aiming to become a comprehensive telecommunications carrier that could compete with the giant NTT. They needed to align the awareness and action vectors of all employees in the new company KDDI in order to maximize the synergy of the three companies' merger.

Therefore, in 2000, when KDDI was launched, the KDDI Group Philosophy was established with the aim of fostering a corporate culture in which all employees from various backgrounds share common values. After being revised in 2013, it evolved into the current KDDI Group Philosophy.

### Background of Revision

On March 11, 2011, the Great East Japan Earthquake struck, and KDDI's communications network suffered tremendous damage. The earthquake made KDDI strongly reaffirm its significance of existence and mission as a telecommunications company that plays a key role in social infrastructure. To fulfill the mission, it is necessary to unite the hearts and minds of all KDDI Group employees. To this end, we felt it necessary to revise the KDDI Group Philosophy into a new set of guiding principles. In revising the Philosophy, we have indicated what kind of company KDDI aims to be and what kind of attitudes and values we should act with, and have reflected the lessons learned from the Great East Japan Earthquake as well as content that can be applied to our own operations in all divisions. The KDDI Group Philosophy is filled with our aspirations for what we want to be as employees of KDDI.

### In the Publication of the Revised KDDI Group Philosophy

KDDI has indicated that it will thoroughly pursue the following two objectives as part of its management based on the KDDI Group Philosophy.

- We will achieve the sustainable growth of the Group by ensuring all employees share and practice the Group's vision and management guidelines, and improving employee and organizational capabilities.
- Each employee learns the correct code of conduct and standards of judgment as a good person and earnestly engages in their work, thereby improving their personality and leading a meaningful life.

KDDI Group Philosophy and KDDI Code of Business Conduct

## KDDI Group Philosophy Initiatives

KDDI believes that it is important for every employee to practice the KDDI Group Philosophy in order to permeate the KDDI Group Mission Statement, the KDDI VISION 2030, and KDDI's Sustainability Management. Accordingly, KDDI organizes study sessions for all employees to learn about the Philosophy from the very foundation, and is promoting initiatives to make employees in each organization aware of the connection between their activities and the Philosophy.

The theme of the study session held for all employees in FY24.3 was "providing value to society by considering sustainability management and the roles of our own organization and ourselves through the Philosophy." Participants considered the materiality related to the role of their organizations and their own work based on the Integrated Sustainability and Financial Report. They engaged in a lively discussion about the Philosophy that they should be aware of and practice every day in providing value to society through their businesses.

By bringing all employees together under a common set of values, we aim to build on the strengths of KDDI's sustainable growth in the future.

Putting the KDDI Group Philosophy into practice on a daily basis, steadily promoting the Mid-Term Management Strategy, leading to the realization of KDDI VISION 2030



## KDDI Group Philosophy as the Foundation of Sustainability Management





# The Path of Value Creation

## Widespread use of mobile phones

**2002**  
3G mobile phone service begins

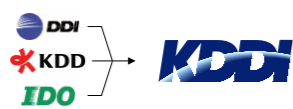
**2003**  
Launch of "KDDI Hikari Plus" optical fiber service (FTTH)

**FY04.3-FY08.3**  
No.1 net increase in market share for 5 consecutive terms from FY04.3 to FY08.3



**2000** KDDI established

Oct. 2000  
DDI CORPORATION (now KDDI) established  
Yuusai Okuyama appointed President



■ Operating income\*1 — Market capitalization\*2

Tadashi Onodera appointed President (Jun. 2001)

Takashi Tanaka appointed President (Dec. 2010)

Makoto Takahashi appointed President (Apr. 2018)

FY01.3 FY05.3 FY10.3 FY15.3 FY20.3 FY24.3 FY25.3

\*1 Figures up to FY14.3 are based on Japanese GAAP and figures for FY15.3 onward are based on IFRS.  
\*2 On a closing price basis for the end of October 2000 to the end of March 2024 (monthly)

\*3 CAGR: Compound Average Growth Rate

\*4 Temporary impacts of provision for lease receivables for the Myanmar telecom business and impairment and provision for removal of low-utilized telecom equipment

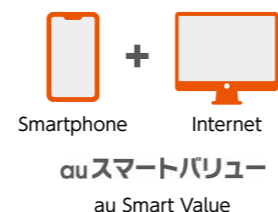
3G

The rising popularity of smartphones

**2011**  
KDDI launches its first sales of iPhone



**2012**  
"au Smart Value" is launched



**2013**  
JCOM Co., Ltd. is consolidated

**2014**  
Achieved an actual population coverage ratio of 99% for 800MHz "4G LTE"

"au Pay Card" is launched



**2015**  
UQ Communications Inc. starts "UQ mobile" service

Japanese GAAP

IFRS

Three-Year Medium-Term Targets (FY14.3-FY16.3)  
• Double-digit growth in operating income each fiscal year  
• Dividend payout ratio: over 30%

Three-Year Medium-Term Targets (FY17.3-FY19.3)  
• Operating income: CAGR\*3 7%  
• Dividend payout ratio: over 35%

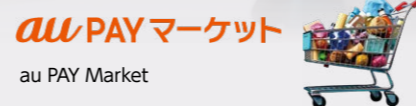
Three-Year Medium-Term Targets (FY20.3-FY22.3)  
• EPS: FY19.3 → FY25.3 1.5 times  
• Dividend payout ratio: over 40%

May 2022 Mid-Term Management Strategy is announced  
May 2024 Mid-Term Management Strategy is extended by one year (FY23.3-FY26.3)  
• EPS: FY19.3 → FY26.3 1.5 times  
• Dividend payout ratio: over 40%

The integration of telecommunications and life design

**2016**  
"au Denki" (electricity service) is launched  
"au Insurance & Loans" is launched

**2017**  
"au PAY Market" is launched



**2018**  
AEON Holdings Corporation becomes a consolidated subsidiary

**2019**  
KDDI "IoT World Architecture" applications open  
"au PAY (QR code payment)" is launched  
au Financial Holdings Corporation is established

5G

**2020**  
5G launch  
UQ mobile is integrated

au 5G



**2021**  
A new brand "povo" is launched



A business alliance with SpaceX's satellite broadband "Starlink"



Creating new value by integrating telecommunications into every domain

**2022**  
KDDI SmartDrone Inc. is established



Service for 3G mobile phones is terminated  
au Energy Holdings Corporation is established as an energy holding company

**2023**  
"au Money Activity Plan" is launched  
Altius Link, Inc. is established

**2024**  
Mitsubishi Corporation, KDDI CORPORATION, and Lawson, Inc. sign capital and business alliance agreement

FY24.3 Operating income  
¥1,080.6 billion  
\* Excluding temporary effects\*4

FY25.3 Operating income target  
¥1,110.0 billion

¥961.6 billion

Temporary effects\*4



# Management Strategy

## Towards KDDI VISION 2030

In May 2022, we formulated the KDDI VISION 2030 with the goal of realizing our envisioned future society, and have continued to refine our core business of telecommunications and advance the power to connect. Today, telecommunications have become an integral part of every aspect of society and indispensable for our lives. Moving forward, AI will increasingly integrate into our lives, ushering in a new era where unprecedented value will be created. By evolving the power to connect through AI, we aim to create new value and address societal issues and continue to drive efforts toward realizing the KDDI VISION 2030.

**KDDI VISION 2030** The creation of a society in which anyone can make their dreams a reality, by enhancing the power to connect.

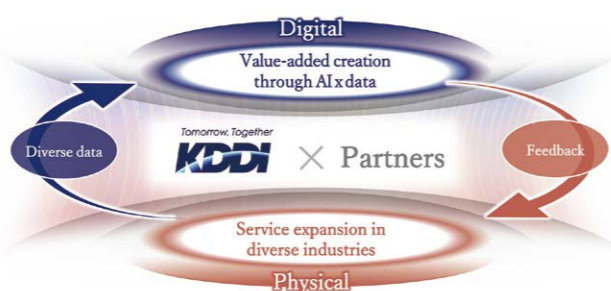


## Digital Twin

As we move towards an era where AI becomes deeply integrated into our lives, we are working with our partners to promote digital twin technology and create new value in the process. We believe that by digitizing our customers' real-world activities, simulating them with digital and AI tools, and providing feedbacks, we will be able to improve real-world society.

We are committed to strengthening our efforts in both the digital and real-world realms to build this digital twin infrastructure.

## Evolution of Power to Connect through AI Creating value by driving digital twin with partners



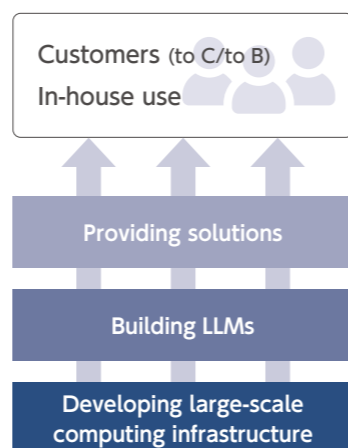
## Digital Initiatives (Development of Generative AI Infrastructure)

On the digital front, we are developing the AI application infrastructure necessary for the social implementation of generative AI. This includes developing large-scale computing platforms, building large language models (LLMs), and providing value through AI. Focusing on these three areas, we will build the necessary foundation for the effective utilization of generative AI by leveraging strong partnerships.

First, regarding the development of the foundational computing infrastructure, we are considering approximately 100 billion yen CAPEX over the medium to long term to build AI data centers equipped with GPUs and other computational resources. For the development of LLMs, we are collaborating with ELYZA, a startup within the KDDI Group. We focus on creating a Japanese LLM using open models and aim to provide value at a faster pace by efficiently developing high-quality LLMs.

In terms of value provision through AI, we will make full use of the computing infrastructure we have built internally to advance network sophistication, enhance customer support, and improve operational efficiency. For external customers, we will contribute to their business growth by offering AI solutions tailored to the needs of each industry.

## Business Structure of Generative AI



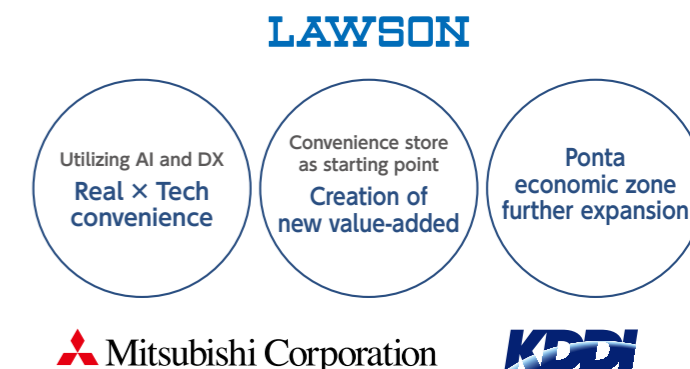
## Real-world Initiatives (Synergy with Lawson)

As part of our real-world initiatives, we announced a business and capital alliance with Mitsubishi Corporation and Lawson in February 2024.

By leveraging the strengths of each partner, we will create new added value in the digital, real-world, and green areas, and strengthen our collaboration to build a sustainable society, starting with Real x Tech convenience stores.

Specifically, by utilizing DX technology to realize Real x Tech convenience stores, we aim to drive Lawson's sales and profit growth while improving operational efficiency. Additionally, by creating new services that leverage store locations and expanding the Ponta economic zone, we will work to maximize synergies across the partnership.

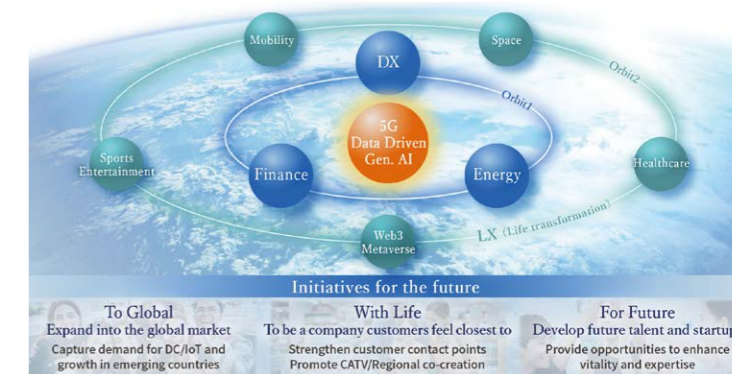
## New Value Co-Creation



## New Satellite Growth Strategy for the AI Era

In response to the rapid environmental changes surrounding society, such as the advancement of digital social infrastructure driven by data and generative AI, we have formulated a new business strategy called the New Satellite Growth Strategy.

We have extended the period of the Mid-Term Management Strategy (FY23.3-FY25.3), which was announced in May 2022, by one year (to FY26.3), and updated our business strategy to further advance towards realizing the KDDI VISION 2030.



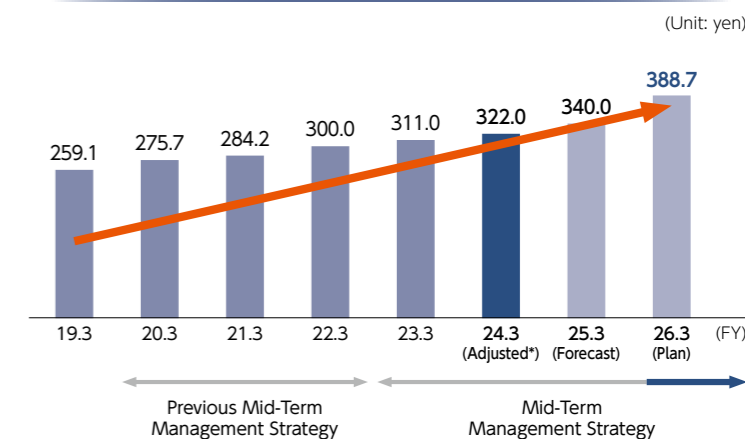
## Financial Growth

Regarding earnings per share (EPS) growth, in the Mid-Term Management Strategy announced in May 2022, we set a target of achieving 1.5 times EPS compared to FY19.3 by FY25.3, and have been driving our business to reach this target.

In the two years leading up to FY24.3, we have made steady progress, focusing on balancing sustainable growth with shareholder returns. However, due to unforeseen factors such as reductions in telecommunications fees, soaring fuel prices, and the political turmoil in Myanmar, our progress has fallen behind the original target.

We have extended the period of the Mid-Term Management Strategy by one year and, along with advancing the New Satellite Growth Strategy, we remain committed to achieving 1.5 times EPS by FY26.3.

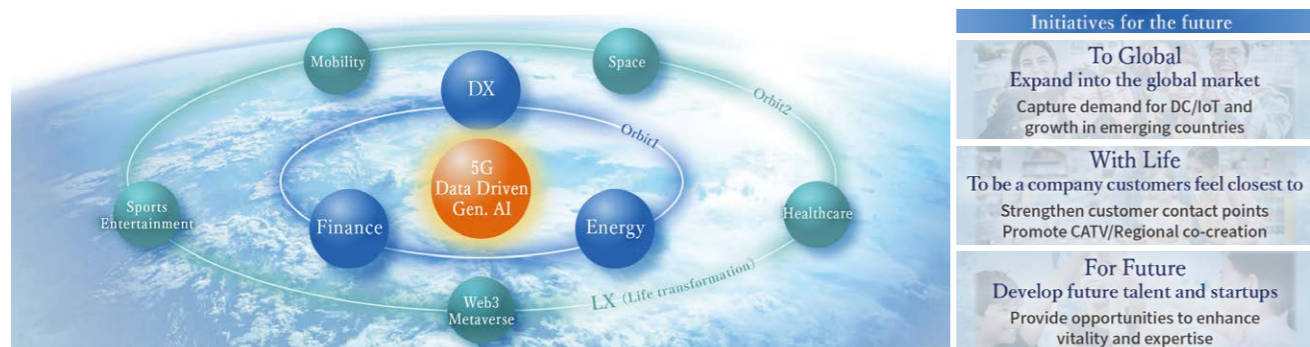
## EPS target: Achieving 1.5 times EPS compared to FY19.3



\* Excluding temporary impacts such as provision for lease receivables in Myanmar telecom business and impairment and provision for removal of low-utilized telecom equipment and temporary effect of reorganization for subsidiaries/related companies.



# New Satellite Growth Strategy



Initiatives for the future	
<b>To Global</b> Expand into the global market Capture demand for DC/IoT and growth in emerging countries	
<b>With Life</b> To be a company customers feel closest to Strengthen customer contact points Promote CATV/Regional co-creation	
<b>For Future</b> Develop future talent and startups Provide opportunities to enhance vitality and expertise	

## Business Growth through the New Satellite Growth Strategy

In the New Satellite Growth Strategy, we will focus on our core business based on 5G communications, implementing data-driven approaches and the social implementation of generative AI. Alongside this, we will target business areas that will lead KDDI's growth, Orbit 1 (digital transformation (DX), finance, energy), and pursue future growth areas under Orbit 2 (mobility, space, healthcare, Web3 & metaverse, sports & entertainment), to accelerate further business expansion.

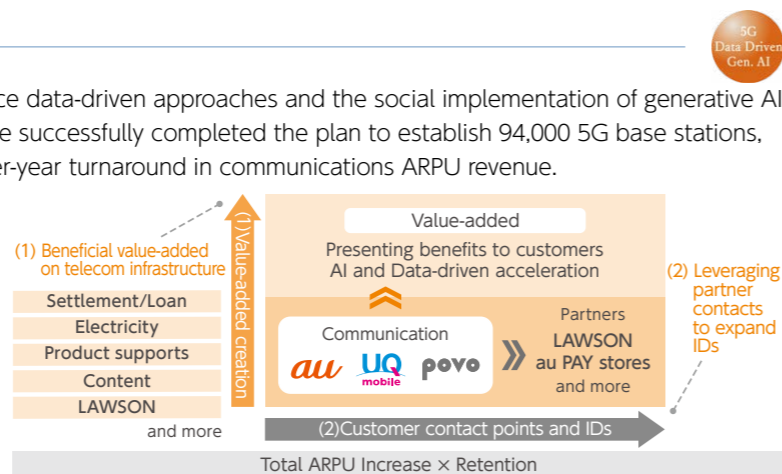
In addition, alongside the New Satellite Growth Strategy, we will advance our efforts toward the future, aiming to realize the KDDI VISION 2030. In this section, we will outline the initiatives undertaken up to FY24.3 and the path forward for future growth.

### Core

Based on 5G communications, we aim to advance data-driven approaches and the social implementation of generative AI to drive further business expansion. In FY24.3, we successfully completed the plan to establish 94,000 5G base stations, the top in the industry\*, and achieved a year-over-year turnaround in communications ARPU revenue.

Going forward, we will promote a strategy that combines telecommunications with further-added services, aiming for further expansion of ARPU revenue. This includes creating more added value through our collaboration with Lawson, and focusing on building a network that enables the full-scale 5G utilization. **P.116**

\* Based on the comparison of 4 domestic MNO carriers



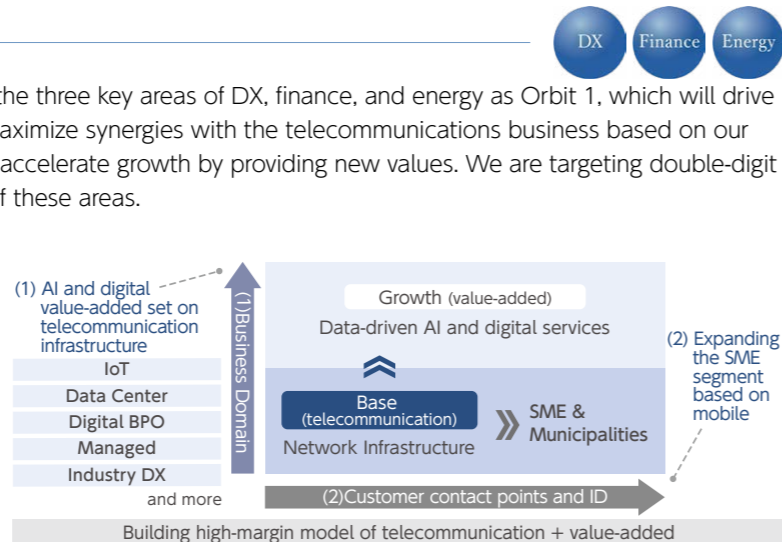
### Orbit 1

In the New Satellite Growth Strategy, we define the three key areas of DX, finance, and energy as Orbit 1, which will drive growth. We will collaborate with partners and maximize synergies with the telecommunications business based on our telecommunications customer touchpoints, and accelerate growth by providing new values. We are targeting double-digit CAGR growth in operating income across each of these areas.

#### (1) Digital Transformation (DX)

In FY24.3, our strengths in IoT and data center businesses performed strongly, achieving double-digit growth in operating income.

From FY25.3 onwards, we will focus on increasing revenue and profitability by providing digital value-added services on top of our core telecommunications services. In addition, we are expanding our business domains and customer touchpoints by



launching the AI-era business platform "WAKONX." This platform provides AI and data infrastructure, and network operation and maintenance services in a one-stop solution, which is essential for accelerating DX in society. By doing so, we aim to help solve social and industry challenges while driving business growth for our corporate customers. **P.118**

#### (2) Finance

In FY24.3, we saw the expansion in our financial business base of banks and credit cards, driven mainly by strengths in mortgage loans and the au Money Activity Plan, which combines telecommunications and financial services. Moving forward, we will continue to expand our financial services and maximize synergies with our telecommunications services, aiming to further expand customer touchpoints and drive business growth. **P.116**

#### (3) Energy

We will accelerate business growth by maximizing synergies between telecommunications services and "au Denki" (au Electricity) services. Additionally, we will expand our decarbonization-related businesses, striving to contribute to carbon neutrality while simultaneously driving business growth. **P.116**

### Orbit 2



We have redefined our traditional Life Transformation (LX) domain into five key areas, focusing on "responding to the IoT society centered on mobility," "adapting to new technologies," and "addressing diversified consumer needs." By leveraging our strengths in telecommunications and new technologies, as well as by attempting to transform our customers' lifestyles through partnering, we aim to drive further business expansion.

#### (1) Mobility

Through connected cars, drones, and robots, we aim to solve societal issues and create new experiences by implementing future mobility control infrastructure in society.

#### (2) Space

By deepening our partnership with SpaceX, we aim to expand our satellite communication capabilities, and strive to provide an experience where "Connecting Wherever You See the Sky."

#### (3) Healthcare

We will enhance services that improve individual health and medical experiences, while supporting the efficiency of hospital operations through medical DX.

#### (4) Web3 & Metaverse

We will work to expand our business to meet the needs of corporate customers, while also focusing on creating new experience value for individual customers through support for creators, particularly in the metaverse domain.

#### (5) Sports & Entertainment

In response to the widespread use of smartphones for video viewing, we will promote content viewing through collaboration with partners and make contents more attractive by using new technologies.

## Initiatives for the Future

Through the promotion of the New Satellite Growth Strategy, we will provide more accessible and diverse services both domestically and globally for the future, contributing to the sustainable growth of society. By doing so, we aim to realize the vision set forth in the KDDI VISION 2030: creating a society in which anyone can make their dreams a reality.

#### (1) To Global (Expand into the global market)

We aim to expand the consumer business in our existing markets such as Mongolia and Myanmar, while also driving the global growth of KDDI BUSINESS, with a focus on data centers and connected solutions. Under the TELEHOUSE brand, we are expanding our connectivity-focused data centers mainly in North America, Europe, and Asia. With an eye on the growing traffic demand in the future, we will actively scale up our operations. In addition, as for IoT solutions for connected cars, we will not only strengthen our stable operational infrastructure but also enhance our sales capabilities to expand the scope of this business domain.

#### (2) With Life (To be company customers feel closest to)

By expanding customer touchpoints through collaboration with Lawson and working together with regional Group companies such as JCOM, etc., and Okinawa Cellular, we aim to drive regional DX and contribute to the digitalization of local communities.

#### (3) For Future (Develop future talent and startups)

We are contributing to the development of future talent that will support society's sustainable growth by expanding education for children and fostering the next generation of human resources. Additionally, we will co-create businesses with startups and promote "Swing-by IPO\*" initiative, in which startups are nurtured by utilizing KDDI's assets and aim for IPO success, thereby achieving mutual growth.

\* A term used in space terminology to describe the acceleration of a space probe using the gravity of a planet. KDDI and SORACOM, INC. call it "Swing-by IPO" when a startup grows and aims to go public with the support of a large company.

# Policy and Examples of AI Utilization

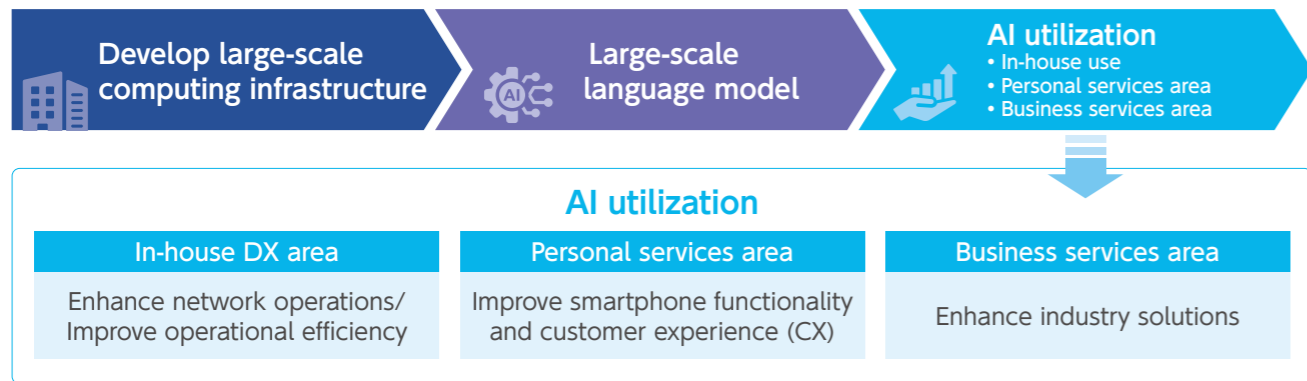


## Overview of KDDI's AI Utilization

By building large-scale computing infrastructures, large language models (LLMs), and low-latency distributed computing environments, we will actively leverage AI technology to accelerate digital transformation (DX).

KDDI also conducts AI literacy training within the company to promote the utilization of AI and its advancement for enhancing network operations and improving operational efficiency.

We are also promoting initiatives for AI utilization in both the personal services area and the business services area.



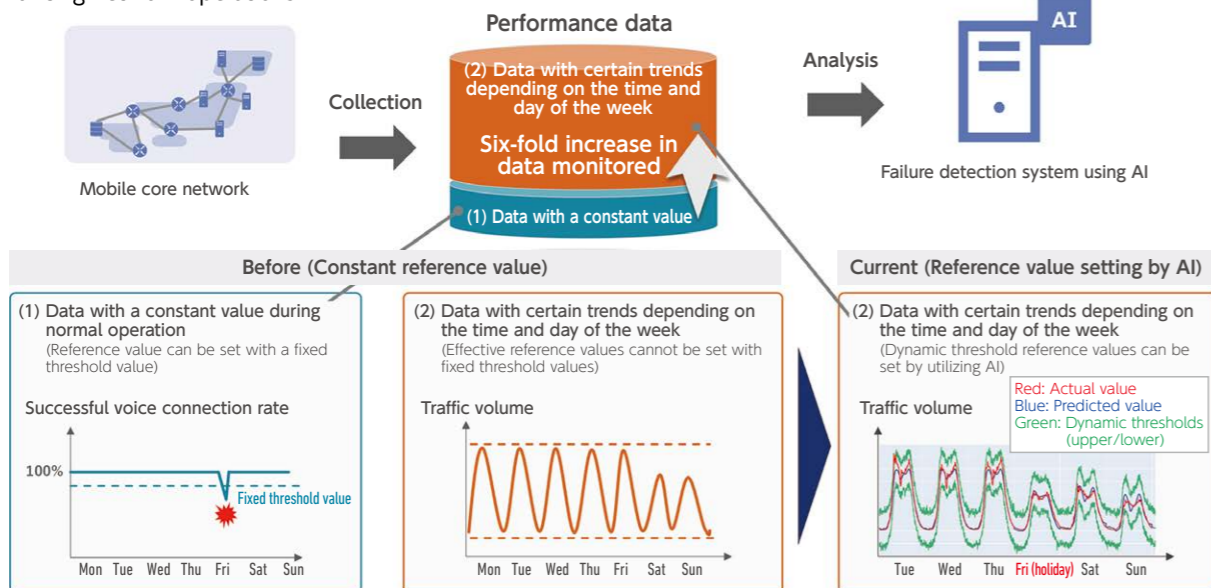
## In-house DX Area

In May 2023, we launched KDDI AI-Chat, accessible to 10,000 employees, to enhance their AI skills and improve operational efficiency. Additionally, we are providing educational programs on generative AI within the company. As a result of these initiatives, a survey conducted at the end of last year revealed that over 70% of employees are now utilizing generative AI in their work.

In January 2024, we also launched a commercial system that uses AI to analyze vast amounts of data and automatically detect communication failures through a new mechanism.

Moving forward, we will continue to leverage AI to further improve operational efficiency and enhance network operations.

### Enhancing network operations



### Improving operational efficiency

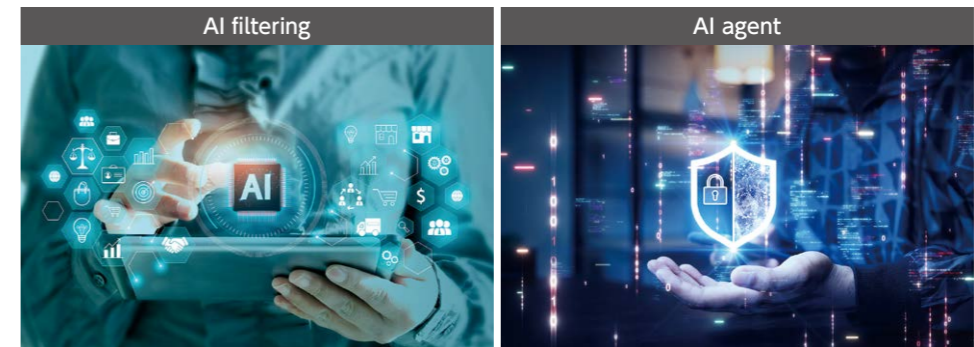


## Personal Services Area

Our au services began utilizing generative AI for chatbot inquiries in March 2024 to enhance customer convenience. This initiative aims to reduce the time required to resolve inquiries, enabling customers to resolve their issues quickly and smoothly without stress.

We are also exploring the use of generative AI for services like AI filtering and AI agents, ensuring that customers can use their smartphones comfortably and with peace of mind.

Going forward, we will continue to advance AI utilization, focusing on enhancing customer interactions.



## Business Services Area

KDDI Voice Viewer, a service for corporate customers, has started offering a function that converts voice data from phone calls into text and summarizes the textualized content by using generative AI.

Additionally, by leveraging ELYZA's high-quality Japanese LLM and call center know-how cultivated at au, we are accelerating collaboration with Altius Link within the KDDI Group to enhance contact center operations in the AI era.

Furthermore, in collaboration with Nomura Research Institute, Ltd. (NRI) and ELYZA, we will gradually begin developing and offering high-security generative AI solutions. Moving forward, we will focus on creating added value in the AI era to support the growth and problem-solving of our customers across various industries.

KDDI Voice Viewer (Japanese only)

### Enhancing contact center operations



### Generative AI solutions





# CSO Message

## KDDI Group's Mid-Term Management Strategy

Managing Executive Officer, CSO  
 General Manager, Corporate Strategy Division  
**Tomohiko Katsuki**

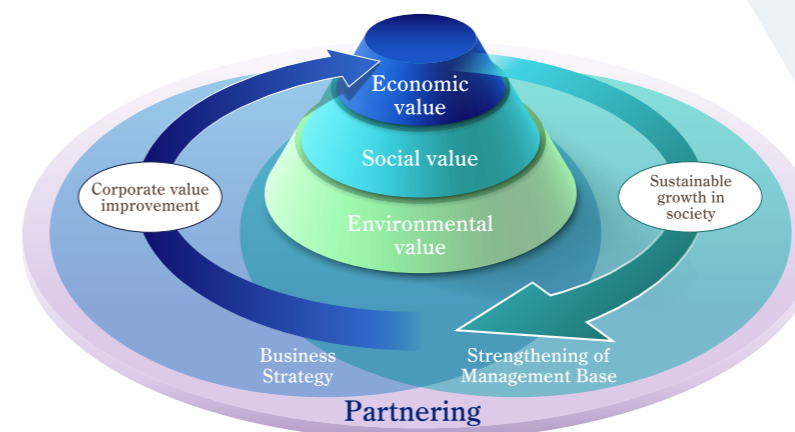


### Key Elements of the Mid-Term Management Strategy

#### Sustainability Management Deeply Rooted in KDDI

In the Mid-Term Management Strategy, we are driving sustainability management to create corporate value, social value, and environmental value by focusing on both the "New Satellite Growth Strategy" and "Strengthening of Management Base." Together with our partners, we aim to address social challenges for a brighter future, enhance corporate value, and create a virtuous cycle where the results of our efforts are reinvested back into society.

#### KDDI's Sustainability Management



The foundation of our commitment to sustainability management is rooted in our founding spirit. Going back to the 1980s, the founder of our predecessor, Daini Denden (DDI), foresaw the emergence of a society where everyday life and business activities would heavily depend on telecommunications—what was then called the “advanced information society.” He believed that it was essential to expand the reach of telecommunications infrastructure through market competition, and thus entered the telecommunications industry. In other words, from the very beginning, our company has embraced the perspective of contributing to the sustainable development of society through our business activities. This commitment to sustainability has been passed down and embedded at the core of our management. As a provider of critical infrastructure that supports society, the KDDI Group Mission Statement is centered on “achieving a truly connected society.” Our purpose and core values are embodied in the KDDI Group Philosophy, which continues to be a vital part of our company’s identity. I also host KDDI Group Philosophy study sessions within my division, where I engage with employees in discussions about sustainability management.

Throughout our history of challenges, the role of telecommunications has significantly evolved. From the era of voice communication to the current era of 5G, telecommunications have become deeply integrated into every aspect of society. It may sound self-admiration, but I believe it is no exaggeration to say that telecommunications are becoming the most important infrastructure of this century. With the rapid advancement of technology and the progression of the digital society, it is essential to continuously update our strategies. We have formulated the New Satellite Growth Strategy as our new business strategy to harness the potential of data and AI.

### Overall Picture of the New Satellite Growth Strategy and Direction of Initiatives

#### Evolving Infrastructure for Future Society

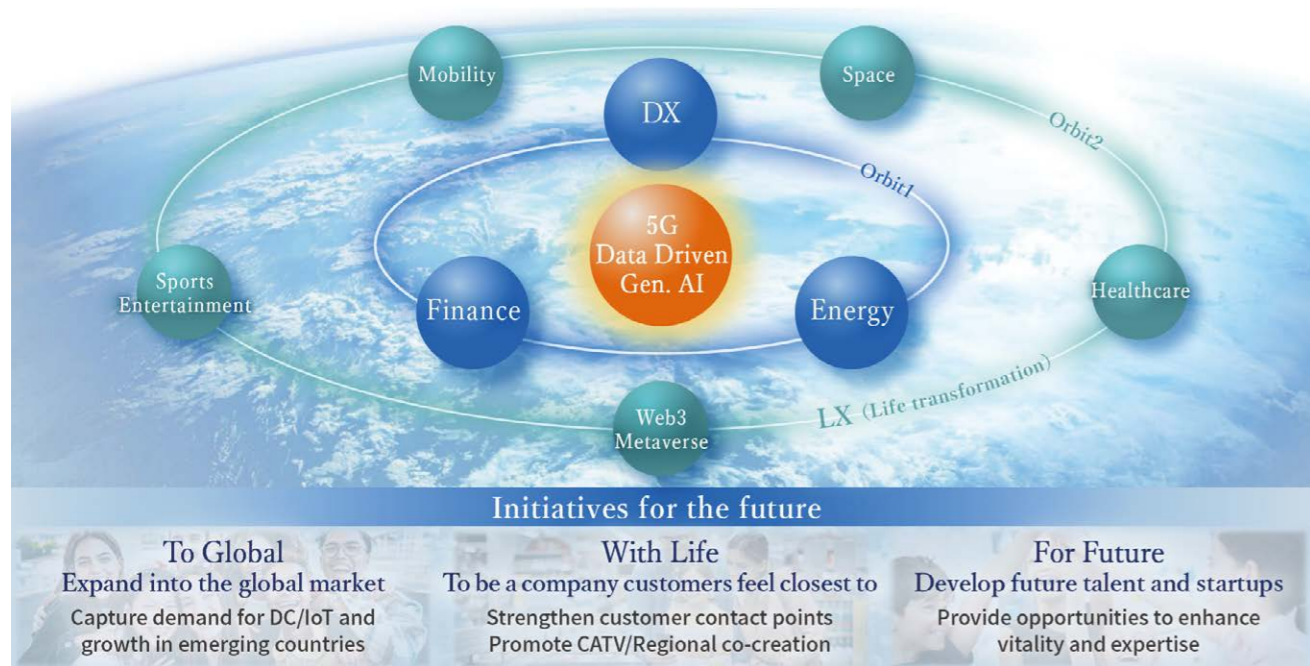
Simply put, telecommunications itself has been a crucial infrastructure supporting daily lives and industrial development. However, moving forward, vast amounts of data connected by telecommunications and AI will integrate with telecommunications. This integration will elevate their significance as the future social infrastructure. With this in mind, our New Satellite Growth Strategy redefines our previous core business of “5G communications” by adding “data-driven” and “generative AI” as new core business areas.

As the integration of telecommunications, data, and AI develops into a unified social infrastructure, I believe our lives will undergo dramatic changes. With the convergence of mobile communications and the Internet in the late 1990s, we now use social networking services anytime, anywhere, with anyone, to search vast amounts of information from around the world, and to conduct everyday activities like shopping, financial transactions, and entertainment via telecommunications. In the century of data and AI, these societal changes are expected to accelerate even further. Data, when processed through AI learning, will lead to innovations that are increasingly beneficial to society. This will likely have a profound impact not only in virtual spaces but also in the real world, driving significant changes such as increased



efficiency and labor replacement in production, logistics, and retail; innovations in biotechnology and medical field; and advancements in smart city initiative and mobility. Some temporary or localized issues may arise, but as history has proven, the world is more likely to get better as a megatrend. In this way, the integration of telecommunications and AI is likely to serve as the foundation for improving our lives and creating a richer, more convenient society. This is the vision of the future that we are striving toward.

Overview of the New Satellite Growth Strategy



Risks and Opportunities for Society

Our company has established six material issues as guidelines for our sustainability management. Among these, the most critical theme is carbon neutral. By placing telecommunications, generative AI, and data-driven approaches at the core of our business strategy, we not only gain tremendous business opportunities but also take on increased responsibility for the global environment. We are committed to directly addressing the significant energy consumption associated with the development and expansion of telecommunications and AI infrastructure, such as base stations and data centers, by focusing on energy conservation and transitioning to renewable energy sources. As a company responsible for the permanent and large-scale operation of future societal infrastructure, our commitment to achieving Net Zero CO<sub>2</sub> Emissions holds significant importance for the overall sustainability of society. This is an immensely rewarding work.

We also consider "promotion of innovation centered on telecommunications" as a material issue. By implementing the computing capacity and low latency of infrastructure that telecommunications and AI are integrated, we can deliver more reliable and high-quality information and services to every aspect of people's lives. In this business environment, our New Satellite Growth Strategy defines the business areas to be strengthened within our portfolio as Orbit1 (DX, finance, energy) and Orbit2 (mobility, space, healthcare, Web3 & metaverse, sports & entertainment). We aim to enhance "the power to connect" at the core of our business and, through co-creation with various partner companies across different business domains, take on the challenge of driving innovation and creating new business opportunities.

KDDI's Approach (Decarbonized society, Carbon neutral, Net zero)

Challenges toward High-Profit Model and Creation of a Future Society

For more information on each of the business areas defined in Orbit1 and Orbit2, please see the parts for each business division. Here, I would like to emphasize that the New Satellite Growth Strategy aims for a relationship where the core business and each satellite business generate mutual synergies, much like the gravitational pull between them. By combining our core business with value-added areas, we aim not only to build a high-profit model but also to create a virtuous cycle that strengthens the engagement and competitiveness of our core business. A typical example of this is providing corporate customers using our communication services with DX solutions that contribute to their core business, such as IoT, data centers, and digital business process outsourcing (BPO). This approach maximizes the life time value (LTV) of our services, including telecommunications. In the financial business for consumers, we have introduced the au Money Activity Plan into our mobile price plans. This not only drives growth in our financial services through smartphones but also enhances the LTV with au customers. In addition, we aim to develop capabilities in industries beyond telecommunications, such as energy and mobility, contributing to the creation of a future society.

In this regard, the convenience store business with Lawson has also become one of our focus areas. Convenience stores are the retail outlets with the highest frequency of customer interaction in Japan's current consumer lifestyle. These stores serve as frequent and just-in-time consumption touchpoints, where customers might buy a drink in the morning before going to work, a quick meal at lunch, and a cold beer near their home before returning in the evening. Furthermore, one of our material issues is "realization of safe, secure, and prosperous society." With nationwide network of 14,600 stores, operating 24 hours a day and closely supporting daily life, Lawson has the potential to contribute to solving social challenges such as assisting weak shoppers, bridging the urban-rural divide, and serving as a relief hub during disasters. We are leveraging the power of digital technology and telecommunications to explore retail tech and quick commerce initiatives, aiming to realize next-generation convenience stores and future consumer experiences.

The New Satellite Growth Strategy is more than just a business plan; it is a crucial strategy designed to realize sustainability management directly tied to the core of our existence. I am committed to doing my part as a driving force behind the New Satellite Growth Strategy, striving to achieve the dual goals of social progress and corporate growth that our company has pursued since its founding.



**Evolving into the Most Important Infrastructure of This Century, with Integration of Telecommunications, Data, and AI**

*CSO Message*



## CDO Message

# Business Growth and Co-creation of Social Value with Advanced Technology

Managing Executive Officer, Director, CDO,  
 Executive Director, Advancing Business Technology Sector,  
 and General Manager, Advancing Business Tech-Strategy Division  
**Hiomichi Matsuda**



### Predicting the Future and Delivering Surprises and Inspiration to Customers

Our company aims to harness the “power to connect” to drive innovations that our customers can experience in their daily lives, while striving to create an exciting and vibrant future society. To strengthen this power to connect, we have established a new organization dedicated to advanced technologies. In addition to being part of the advanced technology organization, I oversee the Business Exploration & Development Division and the Open Innovation Division, which generate new ventures. I also serve as the Chief Digital Officer (CDO), driving digital transformation across the entire company. By continually exploring both technology and business, I am committed to the ongoing challenge of developing and implementing new business models.

To achieve this, I believe it is crucial for each member of the organization to always engage in creative work. This principle is also part of the KDDI Group Philosophy, which I interpret as meaning “maintaining the status quo is equivalent to regression.” In a rapidly changing world, if we ourselves or our organization do not evolve, it is synonymous with regression.

This belief stems from my own experiences, such as the changes I underwent when I moved from my rural hometown to a major city as a student, and the various experiences I have gained by working in different environments throughout my career. I have come to realize that encountering new environments and unfamiliar worlds is key to personal growth.

The desire to continuously evolve and explore new futures, along with my curiosity for advanced technologies, drives me forward and deepens my commitment to delivering surprise and inspiration to our customers. I believe that together with partner companies, both large corporations and startups, as well as with members of our organization, we can leverage technology to transform customer experiences and create an exciting future filled with inspiration and wonder.

### Leading the Way to New Businesses through Advanced Technology

The foundation of our sustainability management lies in creating social value by circulating business growth and social contribution, thereby achieving sustainable growth. To accomplish this, it is crucial to anticipate the future and take proactive steps. This requires the ability to discern both the certain and uncertain aspects of the future. For many, the future is often perceived as uncertain, but technology emerges from consistent and diligent efforts, and its progress is predictable to a certain degree. In Japan, the progression of a super-aging society with an extremely low birthrate is inevitable. Utilization of AI, digital technology, and robotics is essential to address this social issue.

We will proactively address this challenge now, and strive to create use cases and value unique to Japan by leveraging cutting-edge, world-class technologies. We envision that the insights and outcomes gained from these efforts will eventually be shared and implemented in other countries facing similar societal issues in the future.

### AI Utilization Strategy at KDDI

At the heart of our business strategy, the New Satellite Growth Strategy, we have not only 5G communication but also newly integrated Generative AI and Data-Driven approaches.

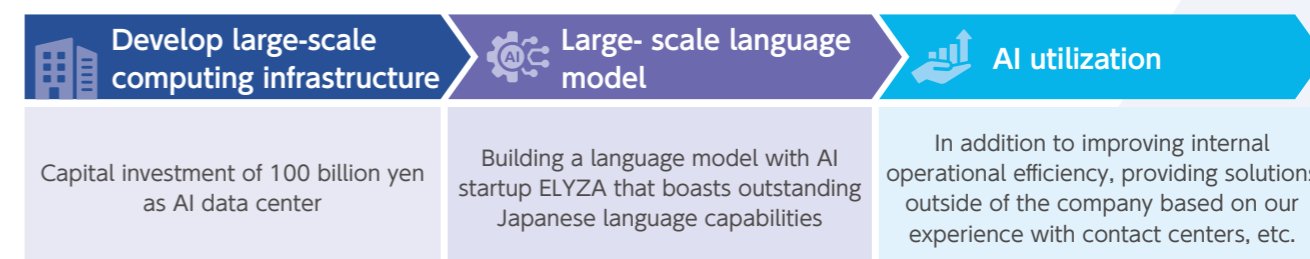
I believe it is essential to make everything, including our telecommunications infrastructure, “AI Ready.” As AI becomes increasingly integrated into industries, the need for extremely large computing infrastructure will grow. In response to the Ministry of Economy, Trade and Industry’s request, we plan to invest approximately 100 billion yen in AI infrastructure development by FY28.3. In constructing data centers with large-scale AI computing infrastructure, we face challenges such as procuring high-performance GPUs, implementing efficient cooling systems, and securing locations with sufficient power supply. We are addressing these challenges in collaboration with our partner companies. Additionally, to reduce the environmental impact of our data centers, we are committed to testing and implementing servers with superior energy efficiency and advanced cooling technologies, thereby contributing to the realization of a decarbonized society.

There are two key directions for AI utilization.

The first direction is utilization within the Group. This includes not only improving operational efficiency within the company but also leveraging AI for customer support at our call centers, as well as for the design and automation of network operations in the telecommunications sector. The second direction is providing AI solutions, including computing infrastructure, to external customers. We aim to address specific challenges and requests by offering AI models tailored to each customer’s needs through a “fine tuning” process for ensuring customized optimization. In this regard, we acquired ELYZA, an AI startup originating from the University of Tokyo, as a subsidiary in March 2024, enabling us to provide specialized AI solutions. To meet the computational and AI utilization needs of our corporate customers, we are now working on concretizing the business model for AI data centers.

Furthermore, anticipating the arrival of an AI-native society, we have been building a generative AI environment accessible to all employees since May 2023. In addition, we are focusing on talent development and risk management to support this initiative.

#### Developing an All-in-One AI Business Model



For example, there is an ethical concern that the data used to train AI may contain biases, leading to a lack of neutrality. Therefore, I believe it is essential to implement “steering” mechanisms for AI. This means not slowing down AI’s evolution, but rather guiding it safely and correctly so it can advance with momentum. We aim to recognize both the opportunities and risks presented by AI, suppress incorrect outputs, and promote the creation of a secure environment where confidential information is protected.

## LX Area that Transforms Customers’ Daily Lives and Experiences

Life Transformation (LX) aims to bring about innovation in our customers’ experiences and behaviors. With the core principle of “transforming what customers couldn’t do before through the power of technology to bring them joy,” we aim to expand our business in the mobility, space, healthcare, and entertainment sectors, establishing them as the next pillars of growth.

### Mobility (Drone)

In Japan’s super-aging society with a declining birthrate, drones are expected as a key solution to the workforce shortage. Supported by regulatory reforms, the demand for drones in areas such as inspection and surveillance is growing rapidly, and business growth is remarkable in this sector.

We entered the drone business in 2016, established a wholly owned subsidiary in January 2022, and succeeded KDDI’s drone business in April 2022. Regulatory reforms have enabled the use of smartphone signals to operate drones remotely beyond visual line of sight, providing a favorable boost to our business. In terms of safety and security, we have partnered with Japan Airlines Co., Ltd. to leverage their expertise in aviation safety and established a robust operational management system for our drone operations. Furthermore, we have strengthened our business foundation by forming a capital and business alliance with Skydio, Inc., the largest AI drone company in the United States. Additionally, we have envisioned a plan to utilize Lawson’s convenience store network as disaster response hubs, equipping 1,000 locations nationwide with drones to ensure rapid response in emergencies.

### Space (Starlink)

In response to the earthquake that struck the Noto Peninsula in January 2024, we swiftly deployed a total of 750 Starlink units, providing free telecommunication services. This ensured reliable communication in evacuation centers and supported the Self-Defense Forces and the Disaster Medical Assistance Team (DMAT) operating on the ground.

Our 60 years of experience and proven track record in satellite communications were highly regarded, leading to the start of full-scale discussions with SpaceX in 2019. In 2021, we reached an agreement to be the first in Japan to adopt Starlink. We have since gradually introduced Starlink to 1,200 locations across the country, including mountainous areas and remote islands where fiber-optic networks are not yet established, and extended au’s coverage to these regions. During the climbing season, we



Mountain Hut Wi-Fi

deployed “Mountain Hut Wi-Fi” using Starlink at 100 mountain huts, including those in Japan’s 100 Famous Mountains. This initiative has enabled reliable communication in mountain huts where signals are typically weak, allowing for the collection of disaster and weather information, as well as keeping in touch with family and friends. The service has been well-received by both users and hut owners. We have also contributed to smooth communication and cashless payments at large music festivals.

These diverse use cases have been warmly welcomed by SpaceX. By incorporating outstanding international products and developing uniquely Japanese business models, we aim to expand these innovations back into global markets. Additionally, we are exploring both regulatory and technical aspects to enable direct communication between smartphones and Starlink satellites.

### Entertainment

In the entertainment sector, we are committed to supporting artists in their activities. For example, we have launched new ventures such as assisting with the digital distribution of music and establishing an electronic ticketing platform. With more and more people coming into contact with entertainment using their smartphones as a starting point, we hope to offer new entertainment experiences to a broader audience by digitizing what was once an analog experience. Moving forward, we plan to expand and promote the use of electronic tickets, including through collaboration with Lawson Entertainment. Please look forward to these developments.

## For Future: Development of Future Human Resources

In the New Satellite Growth Strategy, one of the key pillars is “For Future,” which emphasizes the importance of developing human resources who will support the future. I myself was deeply inspired by the exhibits from Japanese companies at the 1985 Tsukuba Science Expo, which I visited as a middle school student. That experience sparked my interest in pursuing a career in engineering. I strongly wish to bring similar moments of inspiration that can profoundly impact the lives of the next generation.

As part of our efforts to provide new experiences to the younger generation and children, we will be participating in the Osaka Expo.

We aim to offer opportunities that inspire excitement about the future of society, while continuing our commitment to development of future human resources.

## Making Co-Creation with Startups the Engine of KDDI’s Business Growth

Startups play a crucial role in solving societal challenges and driving innovation. They are also considered a key to restoring the competitiveness of the Japanese economy in the future.

For over 10 years, we have been actively engaging with startups, and we now have one of the largest networks for startup collaboration in Japan. Specifically, we promote business co-creation between startups and large corporations through initiatives like KDDI ∞ Labo, and we invest in startups via corporate venture capital through the KDDI Open Innovation Fund. By partnering startups with large corporations in this way, we have successfully developed new business models.

These initiatives have received high praise from various organizations, including the Ministry of Economy, Trade and Industry and the Japan Business Federation (Keidanren).

Our open innovation efforts are also closely aligned with the development of future human resources. Moving forward, we plan to continue expanding our business by creating collaboration models with large corporations, and ultimately contribute to the development of a vibrant Japanese society.

## Future Aspirations as CDO

As I take on the new role of Chief Digital Officer (CDO) starting in April, I feel a deep sense of responsibility and determination.

I view “digital” as both an old and new concept. It evolves with the times, and our understanding and definition of “digital” continue to advance alongside these changes. I see the CDO role as staying ahead of the latest digital trends, connecting these innovations across the company, and integrating them into a powerful engine for the organization. We are committed to leveraging the technologies of our time—AI being the most relevant today—across all our businesses, and continuously take on the challenge to deliver surprise and delight to our customers and partners.



**Striving to Deliver to Our Customers  
 a World They Have Not Yet Seen  
 and Surprising Experiences by  
 Anticipating the Digital Needs of  
 the Times**

*CDO Message*



# CTO Message



## Social Responsibility as a Telecommunications Carrier and the Challenge for Next-Generation Infrastructure

Senior Managing Executive Officer, CTO  
 Executive Director, Core Technology Sector  
**Kazuyuki Yoshimura**

### Technology Lies in People: To Fulfill Our Social Responsibility as a Telecommunications Carrier

The Core Technology Sector plays a central role in everything from planning to operating our telecommunications infrastructure that is at the heart of the New Satellite Growth Strategy. Our mission is to continuously safeguard the telecommunications infrastructure, which is essential for the company's sustainable growth. With the renaming of the organization to the Core Technology Sector this fiscal year, this mission has been further reinforced.

### Technological Advancements Driven by People's Aspirations

Throughout my career, I have primarily been involved in development and operations. What I have come to realize is that "technology lies in people." Each individual on the ground is the driving force behind the advancement of technology, and I firmly believe that the connections between people are what truly foster the development of both technology and the organization. Technology is inherently about people, and it is the passion and dedication of individuals that drive technological advancements. By supporting each team member in realizing their aspirations, we aim to deepen our technological expertise and continue to uphold the social infrastructure.

### Aspirations Embodied in the Slogan "Connecting More and Always with au"

For our company to achieve sustained growth, it is essential to continuously deliver excitement to our customers. Reliable and secure communication is the foundation that allows us to bring this excitement to our customers. That's why our mission as a telecommunications carrier is to ensure uninterrupted service 24 hours a day, 365 days a year. This commitment is embodied in our slogan.

In times of disaster, the role of telecommunications as a lifeline becomes even more critical. Drawing from our experience with the Great East Japan Earthquake, we have intensified our focus on disaster preparedness. We have established a dedicated unit, ensuring that necessary equipment is always ready, and we conduct regular training at the local level to stay prepared every day.

### Roles and Responsibilities of Telecommunications Carriers in Light of the Noto Peninsula Earthquake

In the Noto Peninsula earthquake that occurred in January 2024, we were able to restore communication services for our customers by utilizing Starlink. Our regular training and preparedness efforts undertaken in peacetime proved invaluable, enabling us to respond quickly and effectively to the situation. Building on the lessons learned from past disaster responses, we have strengthened our disaster preparedness measures, improved our organizational framework, and prepared for early recovery efforts and support activities in disaster-affected areas, in collaboration with relevant agencies. Since last year, our regional teams have been exploring the use of Starlink in emergencies, conducting training to ensure readiness in case of a disaster. Regular training is critically important in disaster and incident response, and it is essential to maintain this practice consistently. Without ongoing training, we would struggle to respond even to anticipated situations, let alone unexpected ones.

The importance of preparation during peacetime was particularly evident in our collaborative effort with NTT DOCOMO, INC. (NTT DOCOMO) to restore telecommunications services using shipboard base stations. Since signing an agreement in September 2020, we have conducted joint training by placing our employees on each other's ships. This preparedness allowed us to respond swiftly when the Noto Peninsula earthquake occurred; upon receiving communication from NTT DOCOMO, we were able to seamlessly initiate the operation of the shipboard base station. In addition to our collaboration with NTT DOCOMO, we have also established a cooperative framework with SoftBank Corporation for the mutual use of refueling stations. These emergency initiatives are pursued within the Cooperative Domain, not the Competitive Domain, and disaster response teams from each company regularly exchange information with our members. We will continue to foster cooperative relationships and advance our efforts to support the social infrastructure, with the goal of protecting people's lives and safety.



On the ship with NTT DOCOMO members



Fixing the Starlink antenna on the ship



## Toward the Realization of a Sustainable Telecommunications Infrastructure

### Connecting Everyday Life / Efforts to Improve Telecommunications Quality

Since the initial introduction of 5G network in 2020, we have repurposed existing 4G frequencies to expedite the deployment of 5G coverage. By prioritizing key areas such as railways and commercial districts along essential daily routes, we have steadily expanded the 5G network across a wide range of locations. This fiscal year, following the relaxation of satellite interference conditions, we lifted the output restrictions on the high-capacity, high-quality 5G (Sub6) network that had previously been operating at reduced power. As a result, the network performance has significantly improved, enabling more 5G-specific applications such as cross reality (XR), video streaming, and gaming.

As part of our efforts to further enhance network quality, we are leveraging the tuning technologies and expertise developed during the 3G and 4G eras. We have established quality standards to ensure customer satisfaction and utilized data-driven approaches to automate the detection and analysis of network degradation. Through data utilization and automation to improve efficiency and reduce costs, we aim to achieve both high quality and cost-effectiveness. With the largest number of 5G base stations in the industry, our mission is to offer services unique to 5G communications through the highest-quality network, striving to also make our network quality the best in the industry.

### Creating a Virtuous Circle to Generate Investments for the Future

Aiming to build a digital infrastructure for the AI era, our company plans to make a capital investment of 100 billion yen over the medium to long term to establish a large-scale computing infrastructure. To make these proactive investments in cutting-edge technologies, it is essential to maintain and improve the quality of our existing network while exercising strict cost control. Specifically, we aim to maintain appropriately set levels of CAPEX and OPEX by leveraging AI-driven automation and operational efficiency improvements, promoting infrastructure sharing, and reassessing underutilized equipment. By efficiently managing the costs of our existing network and creating a virtuous cycle that promotes investment in new technologies, we will continue to invest for the future and ensure sustainable growth and development.

## Building Next-Generation Telecommunications Infrastructure for Keeping on Connecting

### Initiatives to Achieve Carbon Neutrality

As telecommunication infrastructure consumes significant amounts of electricity, making efforts toward carbon neutrality is essential. Our company emits approximately 940,000 tons of CO<sub>2</sub> annually, which is equivalent to the emissions of about 400,000 households. Power consumption related to base stations accounts for about 50% of KDDI's total energy use, and power saving at base stations is an important issue. Specifically, we are utilizing AI to partially put base stations into sleep mode during low-traffic periods, such as late at night, which reduces power consumption by up to 30%. In addition, since 2023, we have begun operating "sustainable base stations" that achieve virtually zero CO<sub>2</sub> emissions 24 hours a day, 365 days a year. We are also switching the power used in our telecommunications facilities to carbon-free plans, further advancing our efforts toward carbon neutrality in telecommunications infrastructure.

In addition to improving the energy efficiency of our base stations, we are also focused on reducing power consumption in our data centers. Enhancing the energy efficiency of data centers is a key challenge for achieving carbon neutrality. We are implementing AI-based air conditioning control systems to optimize power usage, and plan to introduce liquid cooling and immersion cooling technologies to further reduce energy consumption in the future. In particular, reducing power consumption of AI infrastructure is essential, and we are actively pursuing initiatives to achieve this.

### Social Impact of Perovskite Solar Cells on Carbon Neutrality

In parallel with efforts to reduce CO<sub>2</sub> emissions from base stations and data centers, we are also focusing on the deployment and social implementation of perovskite solar cells, which are characterized by being thin, lightweight, and flexible. By leveraging these features of perovskite solar cells, we can wrap them around poles installed on pole-type base stations, allowing for space-efficient and effective power generation compared to traditional solar panels.

In 2024, we launched Japan's first trial operation of perovskite solar cells at a base station in Gunma Prefecture. This unprecedented initiative, ahead of other companies, has the potential to significantly contribute to achieving carbon neutrality across the entire industry if the operation proves successful. Our full-fledged commitment to pursuing carbon

neutrality holds significant importance, as it enables us to create new value for the industry and society while contributing to the preservation of the global environment.

## Expectations for the Next-Generation Telecommunications Infrastructure

Telecommunications have already become deeply integrated into every industry and aspect of people's lives. As AI technologies have merged with this foundation, its importance is only growing as a core element of social infrastructure. Telecommunications are evolving into something so fundamental that people will no longer consciously think about being connected by them, much like air or water. This signifies that without reliable telecommunications, businesses and daily life would become unsustainable.

As everything becomes interconnected and the complexity of telecommunications increases, enhancing the reliability of telecommunications as a social infrastructure is a more critical responsibility than ever. In recent years, even a few minutes of downtime is unacceptable, and in the coming decade, any disruption to telecommunications will likely be intolerable. In addition, as connecting to all kinds of things means handling a diverse range of data, a higher level of security measures is also required. We need to focus on three key areas: disaster preparedness, system reliability, and security, and plan response measures, preparing for contingencies in the event of communication outages.

To achieve this, it's essential not only to enhance current operations but also to fundamentally transform the network itself. The digital twin technology for networks, enabled by the integration of AI, will be essential for advancing the power to connect.

Telecommunications technology is constantly evolving, and to keep up with the changes, we need to transform our business processes. In future operations, it will be necessary to anticipate what may happen and take preemptive action, rather than spending time on operations. The ultimate goal may indeed be fully autonomous operations. We are working to build a system that not only reacts to issues after they arise but also anticipates and addresses potential challenges before they occur.

When introducing new technologies or methods in operations, there is often a hesitation to change the status quo to avoid potential issues. However, merely adhering to established rules will lead to stagnation. To maintain our strength and competitiveness, we must embrace continuous changes. This is a key lesson we learned from the network outage two years ago, and it represents both a challenge and a significant evolution for our company. By ensuring that all engineers understand this, we will enhance their technical skills so they can confidently provide our customers with a safe and reliable network.

The mission of the Core Technology Sector is to safeguard the critical social infrastructure centered around 5G communications, AI, and data-driven technologies, which are at the heart of the New Satellite Growth Strategy, and "keep on connecting" people's everyday life. To achieve this, it is essential that we ourselves are sustainable. This means ensuring the continuous and sustainable development of the Core Technology Sector. As part of KDDI, to advance our power to connect and provide the highest quality communication services, we will elevate the overall quality of our organization, deepen our technical expertise, and embrace further challenges for change.

## Technology Lies in People Themselves; Continuously Deepening Technical Expertise and Embracing Challenges for Change



*CTO Message*



# Message from the Executive Director of the Personal Business Sector



## New Challenges and Growth Strategies for Personal Business

—Creating with Our Partners to Enhance the Customer Experience—

Managing Executive Officer, Director  
 Executive Director, Personal Business Sector  
**Hiroshi Takezawa**

### Thorough “Understanding of Customers” and “Challenge for Change”

In the Personal Business, we provide communication services to individual customers through our multi-brand offerings: “au,” “UQ mobile,” and “povo.” Additionally, we combine these with services such as finance and energy to create new added value and customer experiences. The mission of this business sector is to “being closest and offering exciting experiences to our customers.”

To realize this mission, I believe the most important factors are thorough “understanding of our customers” and “challenge for change”. Through my own experiences, such as changing jobs and being seconded to subsidiaries, I have become acutely aware of the importance of understanding stakeholders and the ability to adapt to change.

In a rapidly changing market environment and economic situation, gaining a deep understanding of our customers

requires an approach that integrates both “on-site” and “data” perspectives. In the past, data management at the sales front was insufficient, making it difficult to grasp customer needs before meetings. Therefore, we had to visit the field to gather information and develop sales strategies based on that information. However, the information obtained on-site has its limitations, and if it becomes too individualized, it cannot be effectively translated into a successful sales strategy. Therefore, I have strongly felt the importance of data and the necessity of a well-organized database.

In response, we introduced the customer service support tool “au Note” for store staff in 2015. This initiative aimed to enhance customer understanding and engagement based on data. It displays appropriate recommendation information based on accumulated customer data, which can be utilized for communication during customer service. Rather than viewing a decrease in frequency of store visits or a decline in willingness to visit as simply a decrease in sales opportunities, we view it as a change in our relationship with our customers. By utilizing accumulated customer data, it is possible to strengthen communication prior to store visits and provide more attentive customer service at stores.

It is crucial to convert the tacit knowledge accumulated on-site into explicit knowledge. This recognition is the starting point for our data-driven approach. Moving forward, we expect that actively utilizing AI will lead to improved business efficiency, minimized customer burden, and further enhancement of customer satisfaction.

### Expansion of Customer Touchpoints and Value-Added Creation through AI and Data Driven Approach

To understand our customers, it is essential to have touchpoints with them to gather customer data. Currently, we handle about 6 million transactions per month through physical touchpoints such as stores and call centers, and approximately 60 million transactions per month through digital touchpoints like apps and websites. Furthermore, with the addition of our new partner Lawson, which has 10 million real touchpoints per day, the expansion of customer interactions will serve as the foundation for our AI and data-driven strategy.

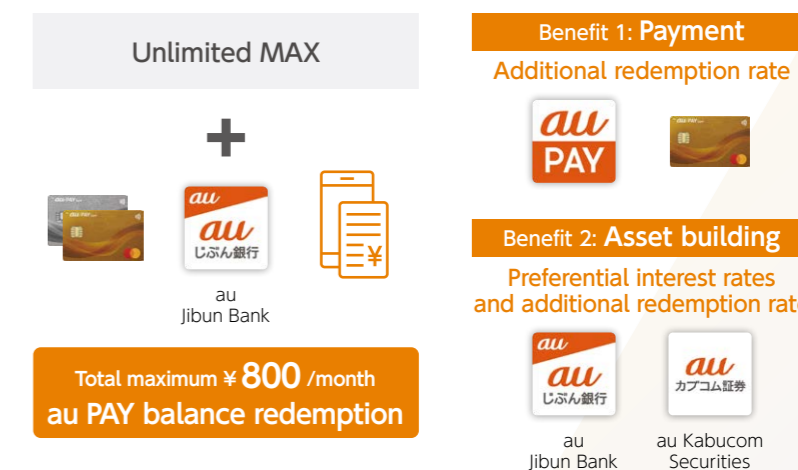
### Promoting Cross-industry Data Collaboration with Partners

Efforts to expand customer touchpoints hold significant potential for strengthening collaboration within KDDI itself but also among its subsidiaries and affiliates. By sharing and utilizing customer data across the entire group, we can provide optimal solutions. For example, it becomes possible to address issues faced by customers of our subsidiaries by leveraging KDDI’s technologies and services. I believe that data integration can create new added value, particularly in our focus areas such as finance and energy.

One example of this is the “au Money Activity Plan” launched in 2023. This service combines the KDDI Group’s telecommunication services with financial services to support customers’ asset building through the payment of telecommunication fee. This initiative is based on data integration across the entire KDDI Group, and we see it as one achievement that will lead to improved customer engagement as a transformation of the customer experience. Both telecommunication data and financial data are sensitive information, and data sharing must be promoted while considering various regulations. We have achieved this by building a secure and flexible data handling infrastructure. This is a good example of data collaboration made possible by seamless linkage among Group companies.

Moving forward, we will continue to strengthen partnerships not only in financial services but also across various domains such as energy and education. By promoting data-driven marketing, we aim to enhance the appeal of customer experience and further improve customer engagement.

### Combination of telecommunication services and financial services, “au Money Activity Plan”



(as of September 2024)

## Providing a Frictionless Customer Experience by Responding to Hybrid Consumption of Physical and Digital Elements

In today's world, where customer values are increasingly diverse, it is essential to provide services that leverage both physical and digital touchpoints. For example, with the advancement of AI-powered recommendation features, consumer behavior is shifting from an active consumption style, where customers choose products themselves in stores, to a more passive approach, where they select from AI-generated "recommendations." However, relying entirely on AI does not necessarily lead to the best understanding of our customers. We believe that the services and experiences customers seek can be truly understood through direct communication in the field. To deepen our understanding of customers, it is important to develop both digital and real-world data. We believe that customer touchpoints will increasingly evolve into a hybrid model that integrates digital and real-world interactions.

We aim to provide a comfortable, "frictionless" customer experience that aligns with the evolving consumption behaviors of our customers, minimizing any stress or friction they might encounter. To achieve this, it is essential to engage in comfortable communication with customers as they seek services and "products that meet their desires." With Lawson as a new partner, we will leverage this business opportunity to deliver the best possible experience and value to our customers.

## Convenience Stores Become Multifunctional Infrastructure that Supports People's Lives and Solves Social Issues

We believe that the inclusion of Lawson as a new partner will bring significant changes, especially in terms of addressing social issues. Convenience stores have become a crucial part of Japan's social infrastructure, playing an especially vital role in regional areas. After the Noto Peninsula earthquake, Lawson quickly resumed store operations in areas deemed safe, providing shopping environments for affected individuals. Additionally, as a designated public institution, they sent relief supplies to disaster areas, highlighting how convenience stores have evolved beyond their traditional roles to meet social expectations.

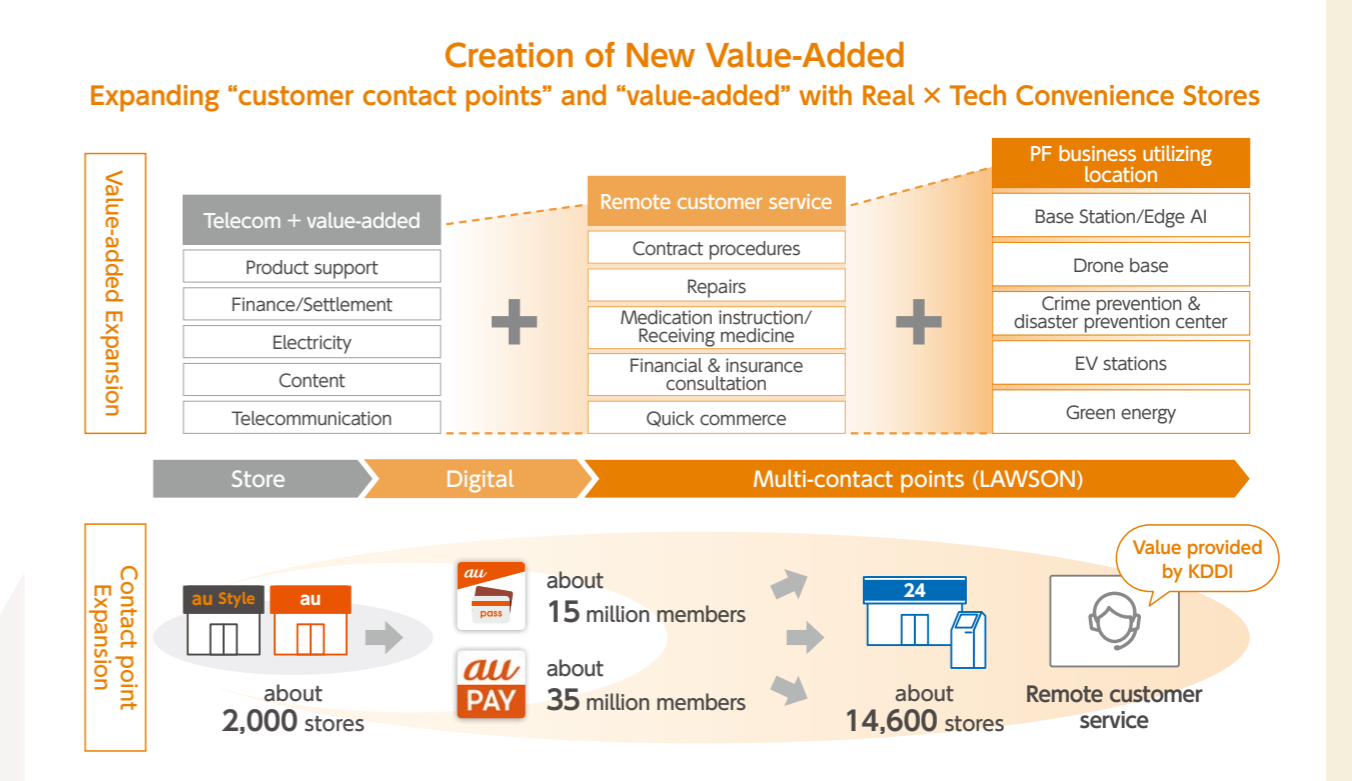
As population decline and the aging society progress, the issues faced by our customers are becoming the same issues that society as a whole grapples with. We need to view our customers' needs as the demands and expectations of society and provide various services to meet those needs. For example, through quick commerce, which allows

customers to receive desired products at their preferred location promptly, we aim to offer a highly time-efficient and convenient shopping experience. Additionally, by establishing multi consultation counters within Lawson stores, where AI or human concierges provide remote customer assistance, we will strive to solve various issues faced by local customers in areas such as telecommunications, finance, insurance, and healthcare. Furthermore, as disaster and crime prevention hubs, Lawson stores will be equipped to play a crucial role in ensuring community safety and security in both everyday and emergency situations. This includes serving as launch and landing sites for monitoring drones, as well as being equipped with Starlink connections, emergency power supplies, and food reserves. In this way, using Real × Tech convenience stores as a foundation, we aim to collaboratively realize Lawson's vision of the "Lawson Town Concept," where stores and communities come together to co-create a sustainable and prosperous regional society.

Our new partnership with Lawson increases the number of social issues we must address, but it also expands our opportunities for business growth. By embracing these new challenges, we aim to achieve both the resolution of social issues and the growth of our business.

Currently, Lawson has approximately 14,600 stores nationwide, while KDDI operates around 2,000 stores. By complementing each other's locations, we anticipate a positive cycle where customers visiting KDDI stores also utilize Lawson, and Lawson customers use our telecommunications services.

By combining these real customer touchpoints with the data we have accumulated, we can create added value across various fields and expand the potential for new business opportunities. For example, by integrating Lawson's trade area data with our location and customer preference data, we can provide a frictionless customer experience and reduce the workload of store staff, ultimately enhancing the profitability of each store. We are particularly optimistic about creating added value in a wide range of areas, including the potential of Real × Tech convenience stores and the re-expansion of the economic sphere based on Ponta Points.



(as of September 2024)



**Aiming to Achieve Both Solutions to Social Issues and Business Growth While Taking on the Challenge of New Changes**

*Message from the Executive Director of the Personal Business Sector*

## To Achieve Personal Business Growth and Contribution to Society

The business areas targeted for transformation under our New Satellite Growth Strategy include not only currently thriving sectors like "finance", "energy", and "DX", but also those with promising future growth, such as "entertainment", "healthcare", and "mobility". We are confident that these areas have a high affinity with the Lawson Group and are likely to generate synergies with our company.

We recognize that the essence of sustainable management lies in achieving business growth while simultaneously contributing to society and enhancing social value. In our Personal Business Sector, we aim to provide lasting value by closely aligning with the evolving behaviors and values of our customers.



## Message from the Executive Director of the Business Solution Sector

# Supporting Companies to Speed Up Digitization and Revitalizing Japan

Executive Vice President,  
Representative Director  
Executive Director,  
Business Solution Sector  
**Yasuaki Kuwahara**



### Purpose of the New Business Solution Sector

In the Business Solution Sector, we promote business for corporations.

My background is primarily in corporate business, with extensive experience in sales planning and business planning. I have also worked in personal services (au). Most recently, I served for four years as the President of KDDI Digital Design (engaged in consulting and system integration), a joint venture with Nomura Research Institute, Ltd. (NRI).

In fact, my first job after graduating from university was at a real estate venture company, and my second position was also with a construction-related venture company. Joining DDI Corporation (now KDDI) before it went public was my third job. Even though KDDI is now considered a large corporation, the entrepreneurial spirit and drive to take on challenges are still deeply ingrained in me and remain unchanged. Rather than viewing existing practices and regulations as absolute, I have always challenged myself to expand our business areas by adapting to environmental shifts without being bound by precedents.

Japan once achieved remarkable economic growth and dominated various industries globally. However, the 30 years following the burst of the economic bubble have been marked by stagnation, and it seems that Japan's technological prowess and strength in the field have not been used to their full potential. One of the reasons for this is said to be the delay in digitization. I feel that this has only been recognized in the last two years or so. In various sectors, labor shortages have become increasingly apparent, leading to a growing recognition of the importance of digitalization and digital transformation (DX) as a way to compensate for this situation. It seems that companies have begun to take this situation seriously in Japan recently. To enhance the value of real-world experiences, we must leverage digital technologies and build systems that can function effectively with a smaller workforce. This is why I am deeply committed to accelerating digitalization and revitalizing Japan.

In an era where addressing social issues and environmental considerations are more crucial than ever, there is a growing need for partners who can draw up a consistent "business design" for customers that covers from business strategy to verification, monetization, and resolution of social issues, and work together to achieve business growth and resolve social issues. To deliver the value to our corporate customers and the people their businesses serve, we are committed to supporting our customers' business growth by addressing industry-specific and social issues.

### KDDI BUSINESS to Comprehensively Support Customers' Business Growth and Solutions to Social Issues

We have reorganized our Solution Engineering Division into the Business Solution Sector and launched the corporate brand "KDDI BUSINESS." The rationale behind this reorganization is our commitment (purpose of the Business Solution Sector) to go beyond our existing provision of individual services and solutions, aiming to contribute to our customers' business by supporting their business growth and addressing social issues.

We support the accumulation and analysis of data, as well as efficiency and productivity improvements through digital

twin technology, by leveraging our smartphone and IoT data. Additionally, we assist in streamlining indirect functions through business process outsourcing (BPO) and other services, enabling our customers to focus on their core business operations.

### Business Strategies for Business Services Segment & Business Solution Sector

In the Business Solution Sector, our strategy focuses on expanding both the Base Area, which involves growing the number of customer contracts centered around telecommunications services, and the Growth Area, where we generate added value through digitalization.

In the Base Area, we aim to increase the number of corporate customers utilizing our services, as well as the employees within these companies who use smartphones and tablets. In the Growth Area, we are driving growth through three key categories: IoT-related services, Connectivity Data Centers, and Digital BPO, with AI serving as a primary driver. Furthermore, with our new business platform "WAKONX (WAKON-CROSS)," we aim to achieve double-digit growth in both revenue and operating income by accumulating and utilizing data from these three key categories. We envision WAKONX evolving into both a "brand" and a "platform" that plays a crucial role as social infrastructure, enhancing the value of our corporate business.

### Building "WAKONX," Business Platform for the AI Era

The name "WAKONX" is derived from the concept of "Wakon Yōsai," a philosophy that has guided Japan since the Meiji Restoration. It involves embracing Western technology while adapting and evolving it to suit Japan's unique characteristics. This spirit continued into Japan's period of rapid economic growth, manifesting in various industries such as automotive, consumer electronics, semiconductors, and notebook PCs. Japan's strength lies in its ability to take foreign technologies and products, adapt them in a uniquely Japanese way, add value, and then successfully introduce them to the global market. Indeed, the concept of convenience stores was originally imported from the United States, but Japan has adapted and evolved it into a uniquely Japanese model. As a result, there is likely to be an increase in cases where these evolved convenience stores are exported to other countries.

We named the platform WAKONX with the goal of fully leveraging Japan's strengths in this way. WAKONX will serve as a platform to support the acceleration of digitalization in Japan, drive value creation and foster innovation.

One example of WAKONX's initiatives is the expansion of platform usage in the Cooperative Domain.

To accelerate Japan's digitalization, we are exploring ways to deliver both speed and added value. To achieve this, it is crucial to distinguish between the Cooperative Domain and the Competitive Domain. One example of our efforts in the Cooperative Domain is the Global Communication Platform (GCP) for the automotive industry, a communications platform with IoT for connected cars. We are deploying this platform worldwide with the collaboration of Toyota Motor

Corporation (Toyota). This communication platform is not only used by Toyota but also by other automakers, including Subaru Corporation. As a result, automakers can avoid the hassle of negotiating with various telecom carriers and network management vendors when expanding overseas, enabling them to connect vehicles worldwide seamlessly. This is an example of the Cooperative Domain, where a shared industry platform is offered as a service for mutual benefit.

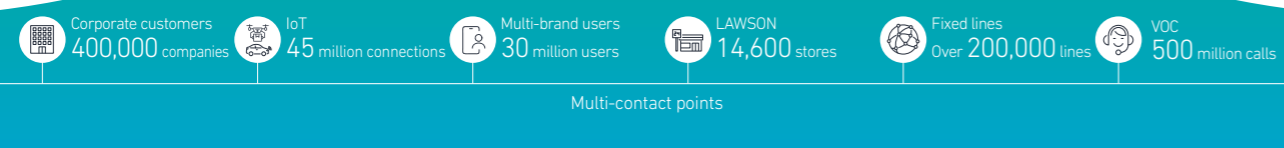
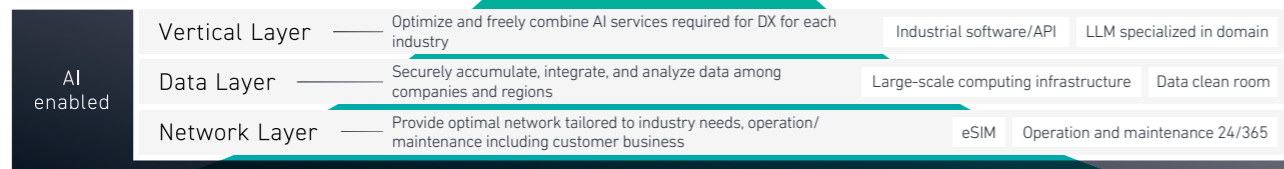
On the other hand, the Competitive Domain includes the application services provided by automakers. Traditionally, automakers sold cars through dealerships, but with the advent of connected cars, they can now connect directly with

vehicle users through apps. As a result, users can now check the status of their vehicles, control the air conditioning, lock or unlock doors, and more via their smartphones. These application services have become a key factor for users when choosing a vehicle. We support this Competitive Domain by assisting in app development and enhancing the convenience of in-car entertainment services.

Utilizing our platform in the Cooperative Domain enables our corporate customers to focus their efforts on the Competitive Domain. Through this approach, we aim to deliver speed and added value, thereby accelerating digitalization in Japan.

## WAKONX

Themes to be addressed for industry and social issues



\* Each figure is as of August 2024.

## Growth Areas Expanding with Digitization

One of our key strengths is the extensive customer touchpoints we possess. In the IoT business, we have been providing IoT services for over 20 years across various sectors, including automobiles, smart meters, and home security systems. As of the end of June 2024, KDDI provides approximately 44 million IoT connections globally. When including SORACOM, this number exceeds 50 million connections, giving us the leading market share for IoT connections in Japan.

By leveraging this vast number of IDs and digitized customer touchpoints, and combining our communication data with the data our customers possess through WAKONX, we can offer new added value to our customers.

In the mobility sector, our Global Communication Platform (GCP) has been highly regarded, leading to the expansion of our business not only with Japanese companies but also with automakers in Europe and the United States. In 2024, our new company, KDDI Spherience, began operations in the United States, expanding our customer touchpoints across various mobility products, not limited to automobiles.

The data center business is also a critical growth area. With the increasing demand for AI, the need for data centers is steadily expanding. Our strength lies in having extensive connectivity with hyperscalers, as well as with telecommunications providers and ISPs. This strength is being leveraged to meet the growing demand for data centers. Under the TELEHOUSE brand with over 30 years of experience, KDDI operates more than 45 data centers across Europe, North America, and Asia. We are not only supporting Japanese companies but also actively expanding our business in the global market.

## Sustainability Initiatives

As part of our corporate business initiatives, we have begun actively working towards the creation of a sustainable society.

Since April 2023, we have been offering services that contribute to reducing Scope 3 CO<sub>2</sub> emissions for our customers with corporate mobile subscriptions. In addition, we provide consulting services to support our customers in achieving carbon neutrality, along with dedicated applications and services that allow them to visualize their progress toward carbon neutrality. In our data center business, we have set a goal of achieving 100% effective use of renewable energy by 2025. This initiative is part of our efforts to contribute to our customers' carbon neutrality goals.

Additionally, we have implemented impact-weighted accounting (IWA) to measure the social value of the services we provide. For example, when we calculated the social impact of IoT-based services like accident reporting and theft prevention for vehicles, as well as fire prevention through home security systems, we found that these services generate a social impact valued at approximately 500 billion yen. We believe that such value calculation has quantitatively substantiated our contributions to solving social issues through our business activities. [▶P.92](#)

## Beliefs and Goals for Business Growth

As AI and IoT become increasingly integrated into the social infrastructure, the role of telecommunications companies will become even more critical. By combining the data of individual customers held by au with the data held by our corporate customers, and leveraging data obtained from IoT devices and smartphones, we can offer a variety of value. By doing so, we aim to enhance the competitiveness of Japanese companies while addressing social issues, ultimately leading to the growth of our business operations.

We will do our utmost to create value with a spirit of challenge across a broad range of business areas, extending beyond telecommunications.



## Continuously Taking on Challenges with All Members of the Business Solution Sector as One Team

*Message from the Executive Director of the Business Solution Sector*



# CFO Message

## Aiming for Corporate Value Improvement and Sustainable Growth in Society through Strengthening the Management Base to Support the New Satellite Growth Strategy

Managing Executive Officer,  
 Director  
 CFO, Executive Director,  
 Corporate Sector  
**Nanae Saishoji**



### Achieving True Corporate Value Improvement

I resonate deeply with our corporate credo of “Elevate Our Minds,” and within the KDDI Group Philosophy, I particularly value the two guiding tenets of “go back to the basic principles” and “do the right thing as a human being.” Adhering to basic principles and making the right decisions requires an elevated mind. Without a strong, elevated mindset, our judgment can waver. I believe elevating our minds means to approach situations from a higher perspective and maintain self-discipline for making more accurate and appropriate decisions.

I am the CFO and the Executive Director of the Corporate Sector. Traditionally, the role of the CFO has been seen as enhancing business performance and increasing stock prices to raise corporate value, as the head of the accounting department. However, stock prices are affected by the external environment and geopolitical risks, which cannot be controlled solely by corporate efforts.

Having served as the General Manager of the Corporate Management Division and the General Manager of the Sustainability Management Division, and now being in charge of the entire Corporate Sector, I have come to realize that a company’s strength lies not only in its business performance. While business performance is a significant outcome of corporate activities, non-financial value has become an indispensable factor in representing a company’s true value. I believe that being a company with dignity requires businesses to prioritize their social impact and environmental responsibilities. In this regard, the Corporate Sector plays a role in contributing to enhancement of not only financial value but also non-financial value, and improving the true corporate value by balancing these two aspects.

### Financial Management to Support Business Growth

KDDI has formulated KDDI VISION 2030 and focused on refining its power to connect through the core telecommunications business. With the New Satellite Growth Strategy, we aim to further evolve this power to connect by incorporating generative AI and data-driven technologies as key components alongside our existing telecommunications business. To achieve this vision, it is essential to optimize the balance between medium- to long-term investments and costs. Specifically, to actively invest in advanced technologies for building digital infrastructure, we will focus on enhancing efficiency through measures such as infrastructure sharing and reassessing underutilized facilities. By doing so, we will ensure that our CAPEX and OPEX levels are appropriately controlled.

### Balancing Sustainable Growth with Shareholder Returns and Improving Capital Efficiency

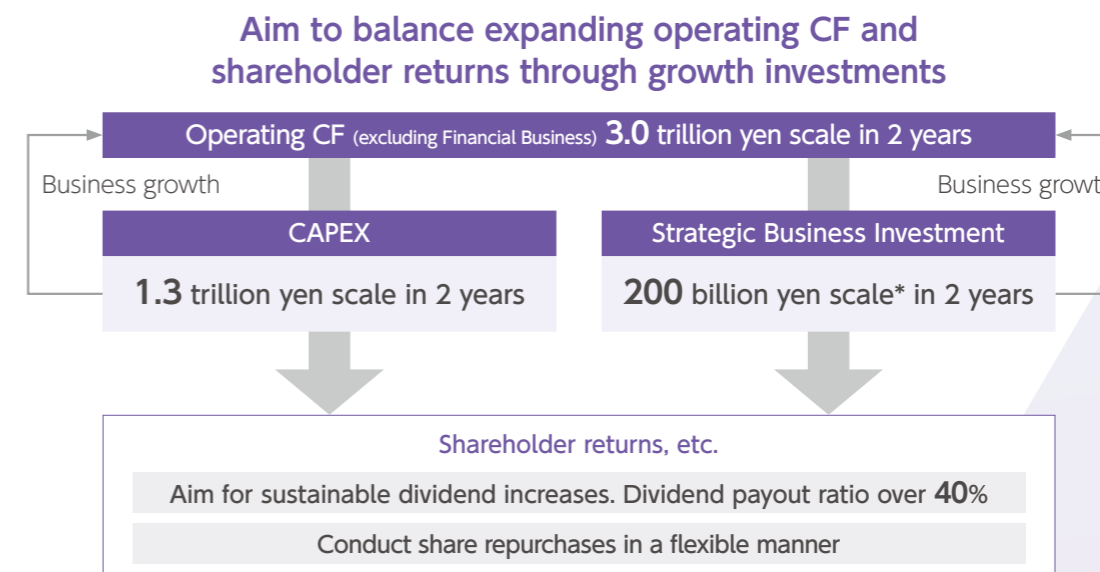
In the Mid-Term Management Strategy, we have extended the target for achieving 1.5x EPS growth compared to FY19.3 by one year, setting the new goal for FY26.3. Additionally, recent environmental changes have made balance sheet management and capital efficiency increasingly important, not just focusing on the profit/loss statement. We have

traditionally focused on improving operating income, but to promote a management approach that places greater emphasis on capital efficiency, the Corporate Management Division will lead the entire company. While there are various indicators for capital efficiency, given that we manage a diverse range of businesses under the Group consolidation, we focus on the return on equity (ROE) as a key indicator for our group-wide management. Currently, the increasing share of our financial business on the balance sheet is contributing to a decline in ROE. To address this, we are managing the financial business separately from the core business, aiming to improve ROE in each area and maintain a consolidated ROE level of around 13% or higher.

Our cash allocation policy prioritizes growth investment. While telecommunications remain our critical backbone, and we cannot afford to scale back on infrastructure investments, we are also focusing on improving the efficiency of these investments. In addition, we will invest in advanced technologies such as generative AI and pursue M&A opportunities to drive growth. At the same time, we will carefully manage the total investment amount not to become excessively large.

In addition to these growth investments, we place strong emphasis on shareholder returns. Our fundamental policy for shareholder returns is to maintain sustainable dividend increases, targeting a dividend payout ratio of over 40%. Furthermore, we will conduct flexible share buybacks as needed, and systematically implement cash allocation over the next two years.

#### ■ Cash Allocation Policy (FY25.3-FY26.3)



\* Exclude the tender offer and squeeze-out transactions of Lawson, Inc.

## Strengthening the Management Base

Based on the New Satellite Growth Strategy, strengthening our management base is essential to offer services of telecommunication as well as various business areas throughout the Group.

To address this challenge on a group-wide basis, we are implementing the three pillars of strengthening our management base: carbon neutral, strengthening the Group management base through progressing governance, and human resources first.

### Carbon Neutral

KDDI had been focusing on setting targets for carbon neutrality on a non-consolidated basis so far. However, to accelerate the realization of a decarbonized society, we have established four environmental targets to achieve net zero CO<sub>2</sub> emissions by the end of FY2040, and the entire group is working for the targets. To achieve these targets, we are advancing reductions in Scope 1 and Scope 2 emissions by utilizing solar power provided by au Renewable Energy. Additionally, we are working on reducing Scope 3 emissions through dialogue with our business partners. Furthermore, we are actively pursuing initiatives in collaboration with startups funded by the KDDI Green Partners Fund. [▶P.60, 82](#)

In addition to carbon neutrality, we have recently been focusing on biodiversity conservation efforts. We aim to leverage our assets, such as IoT, to promote initiatives in collaboration with various companies and local governments. We are also assessing the relationship between KDDI's business and natural capital, as well as the associated risks and opportunities, and are disclosing information in accordance with the TNFD framework. [▶P.64](#)

### Strengthening the Group Management Base through Progressing Governance

With the promotion of the New Satellite Growth Strategy, the number of Group companies has increased, and business has diversified. KDDI dispatches the CFO to Group companies to strengthen risk management and information security systems across the entire Group. Additionally, interviews with the CFO are conducted by a specialized organization that supports Group companies to enhance the support framework.

Through the expansion of common infrastructure through shared services and the establishment of a CFO human resource development and support system, we are enhancing our risk management system. We are also strengthening group governance through the development for inter-group data integration and by enhancing information security.

Respect for human rights forms the foundation of all our business activities. We continue to establish our policies, inform our efforts externally, and ensure that the commitment to human rights is thoroughly embedded across the entire Group to address increasingly complex human rights issues.

**Elevating Our Minds Means to Approach Situations from a Higher Perspective and Maintain Self-Discipline for Making More Accurate and Appropriate Decisions**

*CFO Message*



With the recent advancements in technology, including AI, human rights risks such as data privacy have also increased. As a telecommunications carrier, we recognize the importance of appropriately considering human rights, and the KDDI Group has identified the ethical use of technology and data that supports innovation as one of our key human rights issues. While promoting the use of AI, we are working to strengthen AI governance.

### Human Resources First

#### The KDDI Group Mission Statement and Focus on Human Resources

The KDDI Group upholds the KDDI Group Mission Statement that it "values and cares about the material and emotional well-being of all its employees," and regards human resources as its most valuable asset. There have been challenges in ensuring that employees truly feel this commitment, and we have reformed our personnel system in a manner that addresses these issues one by one.

In the coming era, when expertise will be in high demand, KDDI aims to foster professional human resources who will well perform both inside and outside the company, while enhancing job satisfaction and driving results of our employees. We are working to create an environment where employees develop a strong affinity for KDDI, increase their engagement, and feel a sense of growth together with the company.

Simply increasing workloads as business areas expand does not create a favorable working environment. One of the missions of the Corporate Sector is to manage the outcomes of various initiatives through data, reduce employee burden, and ensure that they find their work fulfilling.

#### DX and AI Human Resources Development

Developing professional human resources is a key initiative for our company. For entire company to advance, digital transformation (DX) skills are essential, and all employees are expected to deepen their understanding of DX and utilize it effectively as a tool. Furthermore, as the use of AI becomes increasingly crucial, we are strengthening education on both DX and AI. As the skills required evolve with the times, we believe it is essential to stay attuned to these changes and focus on developing our employees accordingly. In addition to technical skills, it is also important to foster human resources capable of making sound decisions with a long-term perspective. We provide opportunities for employees to deepen their understanding of our corporate philosophy, refine their character through interactions both inside and outside the company, and grow by gaining diverse experiences.

#### Promotion of Women's Participation in the Workplace

Promoting women's participation in the workplace is something that can be achieved through the accumulation of initiatives from the past. Goals such as increasing the percentage of females in key managerial positions cannot be achieved immediately by just setting targets. It is essential to continue to implement measures that are grounded in the past. Ultimately, we aim to create an environment where women who truly deserve promotion are appointed to leadership roles. In addition to developing guidelines for the promotion of women, it is important to foster female employees through cross-divisional human resource rotation, taking into consideration the characteristics of each division, such as the lower number of female employees in the engineering divisions. [▶P.57](#)

### Workstyle Reforms and Initiatives for New Office

To enhance both individual and organizational capabilities, we have been implementing the Workstyle Update initiative since June 2024, focusing on creating a more employee-friendly work environment.

In the spring of 2025, we will relocate our headquarters to TAKANAWA GATEWAY CITY. With this relocation, we believe we will be able to pursue a more comfortable work environment. Our goals are to connect across various boundaries to generate and share new ideas, and to experiment with flexible and highly productive workstyles, keeping ourselves up to date. We are establishing a variety of initiatives to create a work environment where KDDI Group employees can collaborate with each other and with external partners, while also promoting flexible workstyles that are not bound by time or location. These efforts aim to enhance both employee productivity and engagement.

The mission of the Corporate Sector and as CFO is as I mentioned at the beginning. I feel an increased awareness among employees and improved cross-divisional collaboration towards the mission. Under the concept of "One Corporate", our goal is to work together to achieve the mission by pioneering new initiatives that stay ahead of the times.

To create an environment where the entire company feels excited and motivated to work, I believe it is essential that employees in the Corporate Sector first experience this sense of excitement and work with vitality. By working with purpose and enthusiasm ourselves, we aim to build a company where all employees can find fulfillment in their work.



# Intellectual Property Strategy



KDDI regards our intellectual property (IP) as an important management resource for sustainable business growth, and promotes IP activities that are integrated into our business strategies.

## Promotion of Innovation Centered on Telecommunications

The KDDI Group creates and leverages intellectual property and intangible assets—including technology, inventions, know-how, brands, designs, data, software, partnerships, and supply chains—across various stages of research and development, service planning, and operations. These assets form a crucial foundation that supports the company's management.

To advance the New Satellite Growth Strategy, which aims to expand focus areas centered on 5G communications, we have been working to enhance our patent portfolio and acquire know-how to improve our business competitiveness in the above domains.

We will further promote innovation in our focused areas and expand our patent portfolio and know-how with competitive advantages to expand our business.

### Shaping the Future Society

The KDDI Group utilizes AI (Artificial Intelligence) across a wide range of areas, including fault detection in communication networks, inspection of infrastructure such as tower-type base stations, and customer support at call centers.

We are actively acquiring intellectual property and intangible assets generated through the utilization of AI. For example, the number of patent applications related to AI, as well as the number of inventors, has been increasing.

Through AI-driven innovation, we are advancing efforts to create new value, with the aim of shaping the future society.

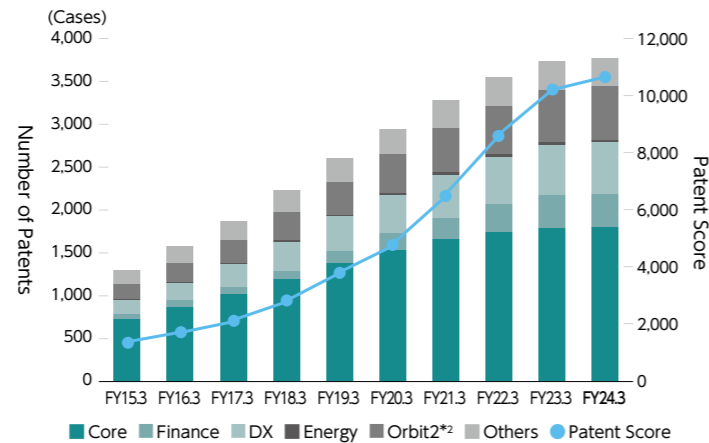
### Realization of Sustainable Industrial and Infrastructure Environment

The KDDI Group is committed to addressing social challenges through the use of drones, with the aim of realizing a sustainable industrial and infrastructure environment. In doing so, we are also actively acquiring intellectual property and intangible assets generated from these initiatives.

In May 2024, KDDI formed a capital and business alliance with Skydio, Inc., a company with strengths in autonomous flight technology.

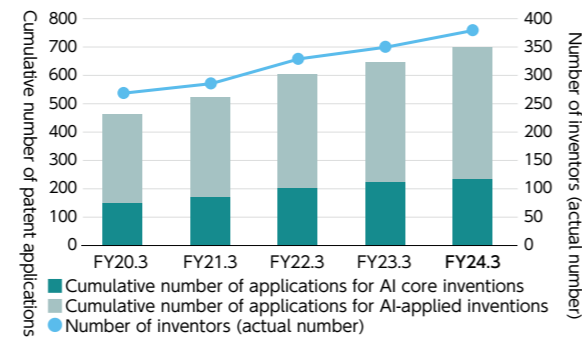
By combining Skydio's technology with KDDI Group's expertise in flight operation management, we can realize advanced drones capable of supporting a wide range of use cases.

Number of KDDI's Patents and the Patent Score Trend\*1



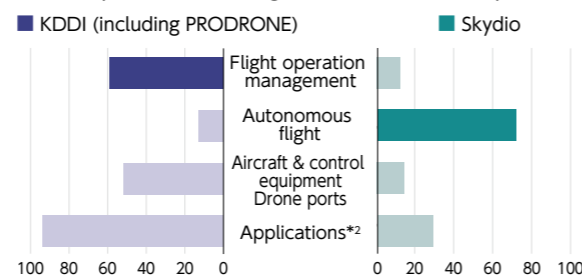
\*1 The patent score is calculated by KDDI using Patent Result Co., Ltd.'s Biz Cruncher.  
 \*2 Web3, Metaverse, Healthcare, Space, Mobility, Sports and Entertainment domains

KDDI's Cumulative Number of Patent Applications and Inventors for AI-related Inventions\*



\* Extracted with reference to the search formula for AI-related inventions in the Japan Patent Office's "Survey Report on the Status of Applications for AI-related Inventions" (October 2023) (KDDI research)

Technical Complementarity Based on Patents\*1 Held by KDDI (including PRODRONE) and Skydio



\*1 Skydio's patents are classified based on U.S. patents and KDDI's patents (including PRODRONE) are classified based on Japanese patents (KDDI research)  
 \*2 Related to applications in service fields such as logistics, inspection, monitoring, and underwater exploration

## Enhancing Brand Value

As part of our corporate brand activities aimed at promoting Company Vision, KDDI engages in efforts to foster empathy and expectations towards its brand through various customer contacts. These include our owned media platform "KDDI Tobira," which communicates efforts toward realizing "KDDI VISION 2030," as well as television commercials, the brand experience facility "GINZA 456," and participation in international exhibitions like MWC (GSMA). In addition, we have strengthened brand communication targeted at job-seeking students. As a result, KDDI was highly ranked in the "Mynavi-Nikkei 2025 Graduate Job Popularity Rankings," placing 3rd among science students and 15th among liberal arts students.



KDDI television commercial



au television commercial

In our business branding efforts, we established the "KDDI Business" brand, aimed at further strengthening our corporate business both domestically and internationally. The au brand achieved the unprecedented milestone of winning the award as the No. 1 brand in the "2023 Brand-Specific CM Favorability Rankings" (CM Soken Consulting) for the ninth consecutive year. Additionally, to ensure that employees have a correct understanding of the brand and can deliver a consistent brand image to customers, we revised the au Visual Identity (V.I.) and strengthened brand management at customer contacts.

## Deepening the Partnership to Support Business Co-Creation

In our "New Satellite Growth Strategy," expanding services that synergize with our strengths in 5G communications requires collaboration with a diverse range of partners. Therefore, we are actively deepening our partnerships.

For instance, we have platforms such as "KDDI DIGITAL GATE," which collaborates with corporate customers to create new businesses, "KDDI ∞ Labo," a business co-creation platform that collaborates with large corporate alliances to support startup growth, the "KDDI Open Innovation Fund," a corporate venture capital initiative aimed at supporting startup growth within the KDDI Group, and "KDDI research atelier," which aims to realize Life Transformation (LX) through co-creation by identifying emerging lifestyle changes from the perspective of consumers. All these platforms are also considered important intangible assets for generating new businesses.



**100 DX projects** including collaborative initiatives with major corporations (From establishment in 2018 to FY24.3)



Investment in **145 startups** (As of June 2024)



Business matching between **403 startups and 94 major corporations** (Partner alliances) (FY24.3 results)



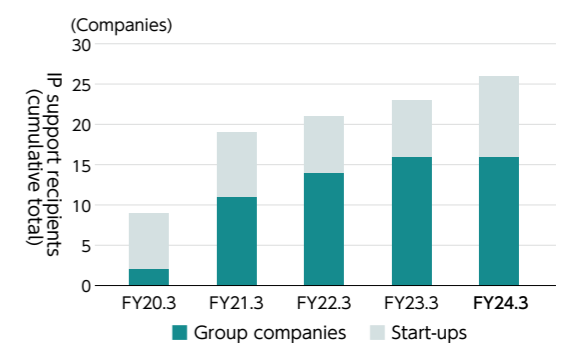
**19 co-creation projects** with forward-thinking consumers (from 2021 to FY24.3)

## Promoting Intellectual Property Initiatives that Contribute to the KDDI Group's Business Growth

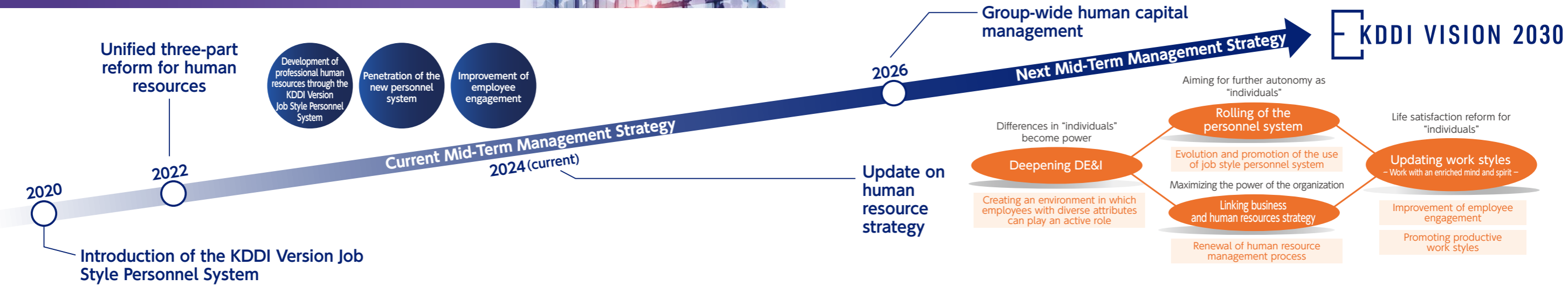
KDDI recognizes that the success of co-creation projects with group companies and startups requires proper execution of intellectual property initiatives by the co-creation partners, such as avoiding infringement risks and obtaining patents. Therefore, we support group companies and investee start-ups that face challenges in their intellectual property management systems to ensure that their intellectual property initiatives are optimally implemented according to their needs.

In recognition of these efforts, KDDI received the Intellectual Property Merit Award (Ministry of Economy, Trade and Industry and Japan Patent Office) in 2018, the 20th Industrial Merit Award (Intellectual Property Association of Japan) in 2023, and the Grand Prix in Startup Supporter Category of 5th IP BASE AWARD (Japan Patent Office) in 2024.

Change in the Number of Intellectual Property Support Recipient Companies (Group companies and investee start-ups)

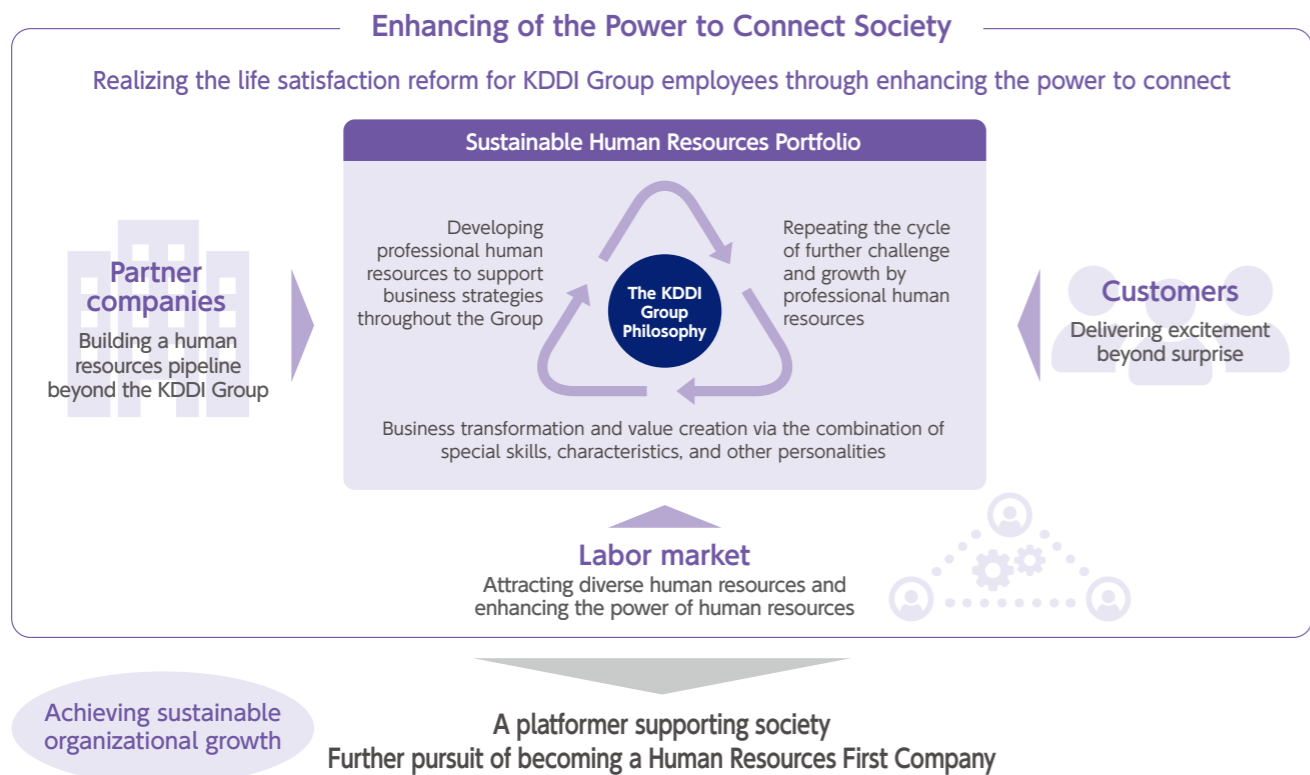


# Human Resources Strategy



## Further Pursuit of Becoming a Human Resources First Company for Realizing the KDDI VISION 2030

The KDDI Group aims to transform into a platformer that supports society under its KDDI VISION 2030. Additionally, we are focusing on driving innovation through diverse professional human resources with high levels of expertise. To achieve this vision, it is essential to create value through “co-creation” with not only group companies but also invested and partner companies, with a focus on a partnering strategy that includes open innovation. We aspire to be a company that consistently provides experiences that “elevate our minds,” as stated in our corporate credo, where everyone can continue to grow and take on challenges through their involvement with KDDI, regardless of their affiliation, whether they are a partner company or a group company. As a result, we can strengthen our connections not only with KDDI Group employees but also with the labor market and partner companies, transforming into an inclusive organization where diverse human resources can thrive.

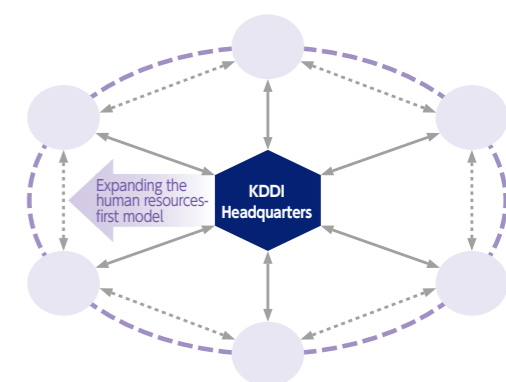


## Current Issues and Response Policy

The New Satellite Growth Strategy aims to not only address capability gaps through M&A and mid-career recruitment but also realize its goals by combining internal assets with external expertise to generate new ideas. To achieve this, we will flexibly assign the right person to the right position in accordance with the abilities and career aspirations of all KDDI Group employees, and integrate our business strategy and human resources strategy across the entire Group. We will promote this as a “Group-wide transformation to a human resources-first approach.”

As a result, the entire Group can foster a culture in which professional human resources in various business areas mutually recognize and enhance each other, thereby fulfilling a sustainable human resources portfolio.

### Ensuring the right person is in the right place throughout the Group



The KDDI Group has continued to expand its business domain through M&A growth and has grown into a group corporation with 185 domestic and overseas consolidated subsidiaries (as of the end of FY24.3). M&A started with telecommunications-related companies, and since the 2010s, acquisitions of start-ups have increased. In such a situation, we have aligned the Group companies with KDDI's standards with respect to legal compliance, achievement of business goals, and business management methods.

On the other hand, while we have allowed each Group company to have discretion in personnel matters to avoid hindering autonomous corporate management, challenges remain in promoting talent mobility across the Group and standardizing human resources policies. We must create an environment where employees working at Group companies can discover opportunities for their personal career growth and places where they can demonstrate their skills in a broader field of the KDDI Group, and where they can grow through a variety of experiences. Creating an environment, in which all group employees can gain experiences that build their careers and enhance their skills, and have their enhanced skills contribute back to the business, will lead to the fulfillment of a sustainable human resources portfolio.

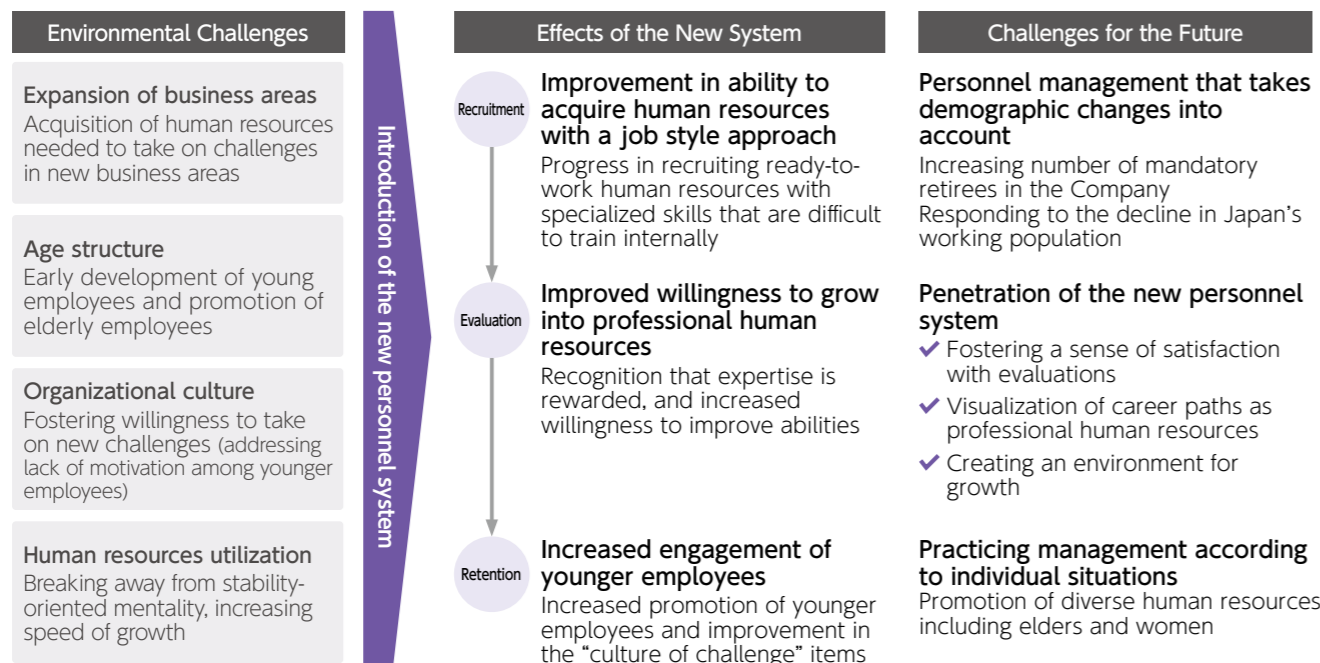
Also, as the KDDI Version Job Style Personnel System takes hold and the New Satellite Growth Strategy progresses, the demand for highly specialized, immediately effective human resources is increasing, leading to a higher proportion of career hires than ever before.

As a result, the diversification of skills and experiences—regardless of attributes such as gender, age, or disability status—is expected to accelerate further. Therefore, effective management that leverages these differences among diverse human resources will become increasingly important, and leaders are required to possess both well-rounded character and high expertise in leading the organization. We will strategically develop and recruit such leaders (executive candidates) and build an organization that can quickly adapt to rapidly changing business environments under their leadership. We will also incorporate DE&I into our organizational management to foster a culture of flexibility and respect for diversity.



### Update on Human Resources Strategy in the Current Mid-Term Business Strategy (FY23.3 - FY26.3)

In 2020, we introduced the KDDI Version Job Style Personnel System to address four key challenges: "expansion of business areas," "age structure," "organizational culture," and "human resources utilization." In the three years after the introduction of the system, we have begun to see certain positive effects, including "improvement in human resource acquisition" in recruitment, "increased employees' motivation to grow into professional human resources" in evaluation, and "enhanced engagement among younger employees" in retention.

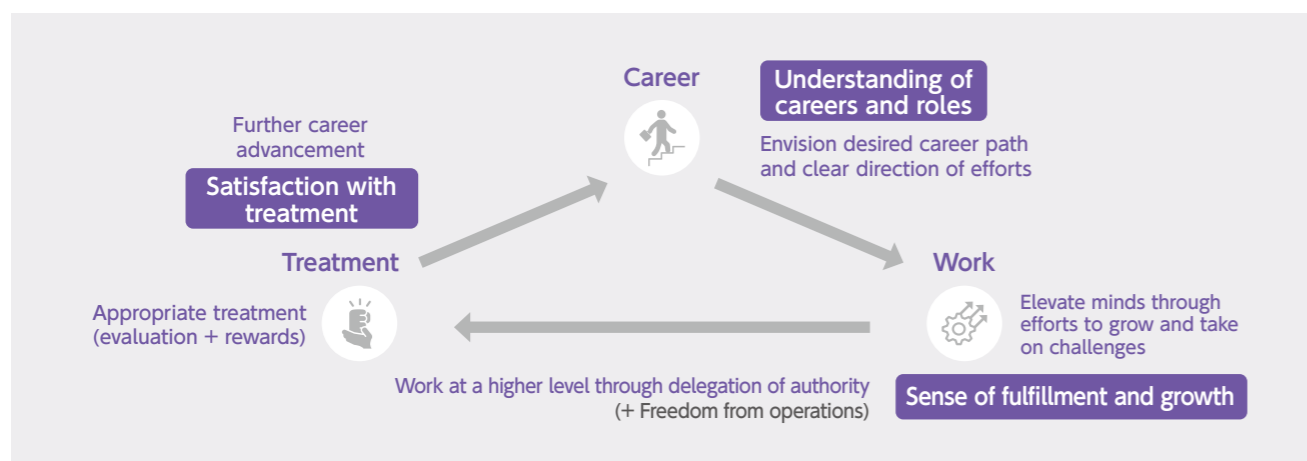


Although certain results have been achieved, it is necessary for all employees to continue to explore their own careers and expertise, to create opportunities for "individuals" to play an active role in accordance with their life stages, and to manage personnel with precision in view of the declining labor population. To address these short-term challenges and establish a foundation for a group-wide transformation to a human resources-first approach, we have updated our human resources strategy.

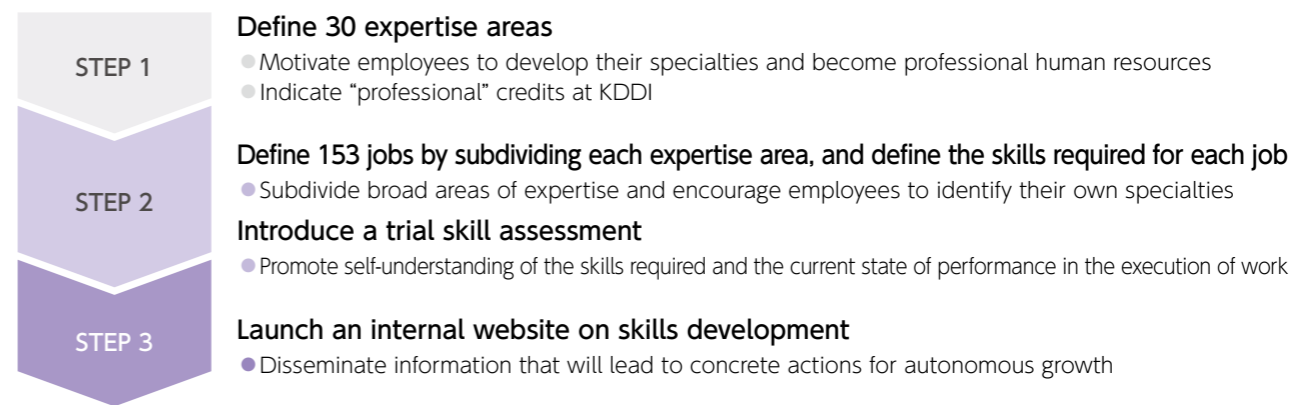
#### 1. Rolling of the Personnel System by Promoting the Evolution and Utilization of the Job Style System

We are committed to advancing and promoting the job style system with the goal of creating an environment where all employees can envision their desired career path, continuously take on higher-level challenges, and be fairly rewarded for their efforts.

The KDDI Version Job Style Personnel System encourages employees not to focus solely on mastering a single job in a limited scope, but rather to gain experience across multiple jobs, cultivating a diverse set of skills and experiences. The aim is to develop professional human resources capable of thriving in the broader market.



To clarify for employees how they should strive to become more professional human resources, we have defined the skills required for 30 expertise areas and 153 jobs, and introduced a tool to measure their skill levels (skills assessment) on a trial basis in FY24.3. Going forward, we will add and update the content of the required skills as needed, while encouraging employees to implement the program together with respective human resource development measures. In addition, we have established an internal website that systematically compiles information on required skills and their skill development, and are strengthening support for skill and career development.



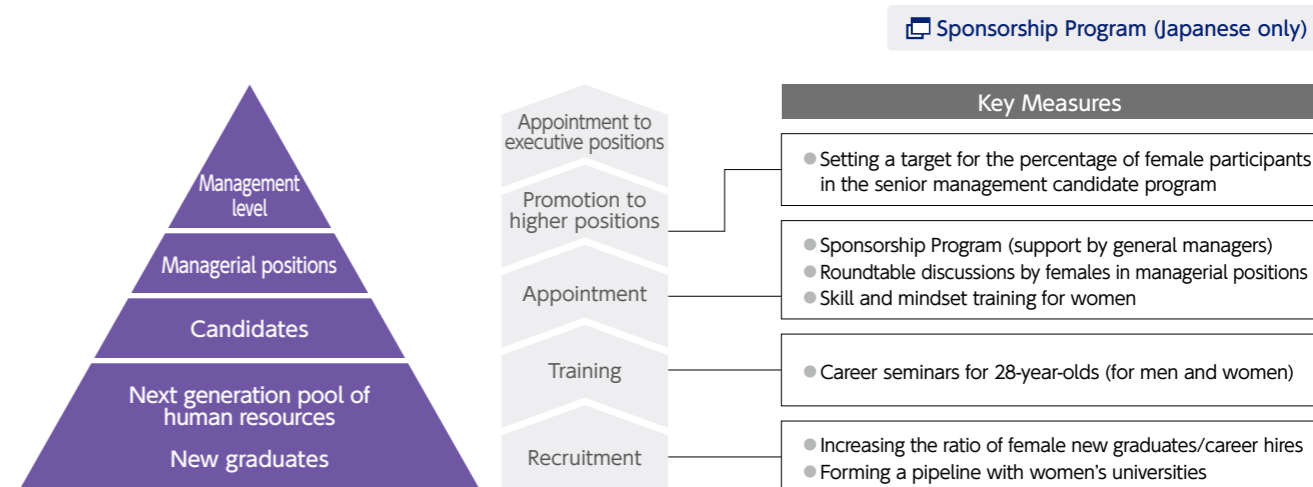
#### 2. Deepening DE&I (Diversity, Equity, and Inclusion)

In 2023, KDDI has phased up to DE&I, adding "Equity" to D&I, with the goal of "providing support tailored to individual employees to create an equitable foundation and build an environment and culture in which everyone can realize their aspirations." Aiming to become a company where differences in "individuals" become power, we are committed to creating an environment where employees of diverse backgrounds can thrive. As a first step, we are working on the promotion of women in the workplace with the aim of realizing "DE&I of attributes."

First, we have set a numerical target\* for the representation of females in managerial positions, aiming to eliminate the gender gap in the workplace, in other words, to create an environment where women can freely and autonomously develop their careers regardless of gender. In FY25.3, we launched the "Sponsorship Program," in which general managers accompany and support female employees in improving their skills, with the aim of providing female candidates for managerial positions with opportunities to gain growth, experience, and an enhanced presence within the company in a short period of time, and ensuring their promotion. It is also important to increase the percentage of women in the entire pipeline from new graduates to management level, not only in terms of the timing of promotions, but also to encourage the continued success of women in the workplace. To this end, we have established key measures for each section of the pipeline and will focus on further enhancing them.

Furthermore, we believe that changing the mindset of those around female employees will contribute to increasing the willingness of women to advance their careers. Accordingly, we promote the use of childcare leave by male employees, aiming to increase the rate of male employees taking childcare leave.

\* Target for FY25.3: 15% or more (KDDI non-consolidated, excluding divisions with more than 80% of employees selecting jobs in STEM fields.)



In addition, we believe that promoting the employment of persons with disabilities will lead to the review, optimization, and increased efficiency of our operations, ultimately contributing to the creation of new value. To support this, we launched an internship program for persons with disabilities in April 2024. In the mid-term, we plan to establish a scheme for secondment and transfer opportunities for employees with disabilities within the Group.

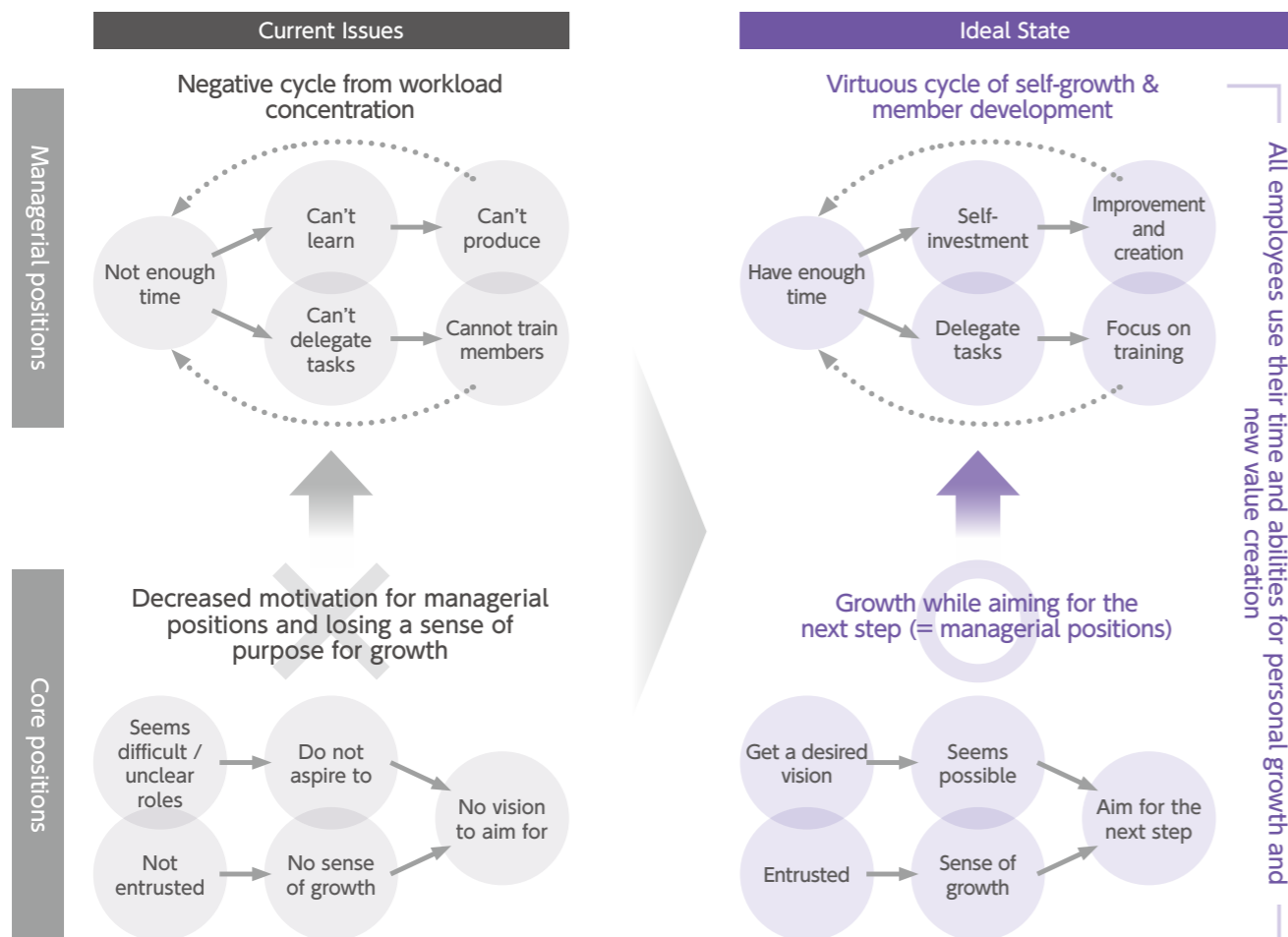
[Started Long-term Internships for Persons with Disabilities \(Japanese only\)](#)

### 3. Updating Work Styles – Work with An Enriched Mind and Spirit –

Although the work style reforms have reduced overtime hours for core positions (members), this has led to an increased workload on managerial positions (leaders), and long working hours tend to become a regular issue. Additionally, the employee engagement survey has revealed that personnel in core positions (members) are experiencing a decline in “sense of accomplishment” and “feeling of growth” compared to before, as they have fewer opportunities to be entrusted with tasks. They feel a lack of growth, do not gain confidence in taking on the leaders’ roles, and also, upon seeing how hard their leaders work, become less inclined to aspire to the leader positions. Such a negative cycle, resulting from the workload concentration on managerial positions, has become an issue.

To address this issue, we aim to create an environment where all employees proactively manage their time, engage meaningfully in personal growth, and contribute to new value creation. This involves reviewing the structure of meetings, addressing excessive document preparation and reporting, and improving communications, including limiting contact on holidays and after-hours. Through these efforts, we will promote higher productivity per hour.

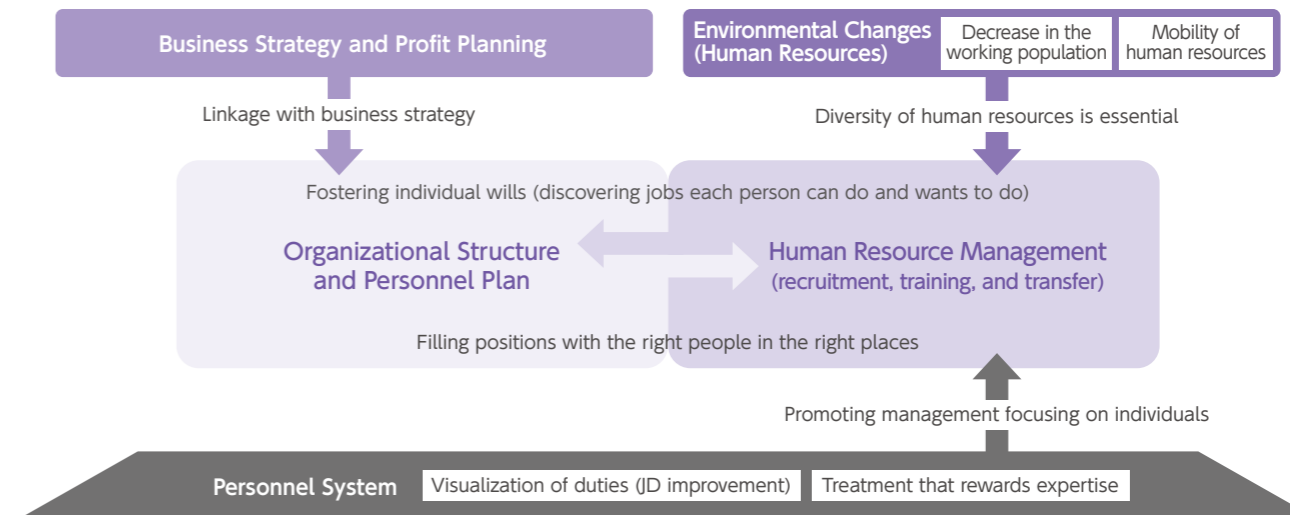
We also believe that one factor contributing to the situation where “members are not entrusted with responsibilities” is the lingering influence of a top-down approach that prioritizes stable business operations as an infrastructure company, as well as a culture that values uniform growth across all employees. While we are currently expanding our business areas to include DX, finance, and energy, it is essential for business growth to transform our culture to empower individuals with greater autonomy and encourage them to take on new challenges. Therefore, we will accelerate the updating of work styles by introducing a system to share the work of group leaders (section managers), who are overloaded with tasks, and simultaneously implementing a reform in work delegation.



### 4. Linking Business and Human Resources Strategy

We enhance the linkage between business and human resources strategies by formulating an organizational structure and a personnel plan based on the business strategy, and by developing human resource management policies for recruitment, assignment, and training to execute the personnel plan.

After visualizing the expertise areas and skill levels of human resources, and forecasting the future number of personnel, we will establish a system for planning recruitment, training, and assignment to fill the personnel gap. By doing so, we are working on upgrading a series of processes to ensure that the quality and quantity of human resources needed to execute the business strategy can be continually satisfied.

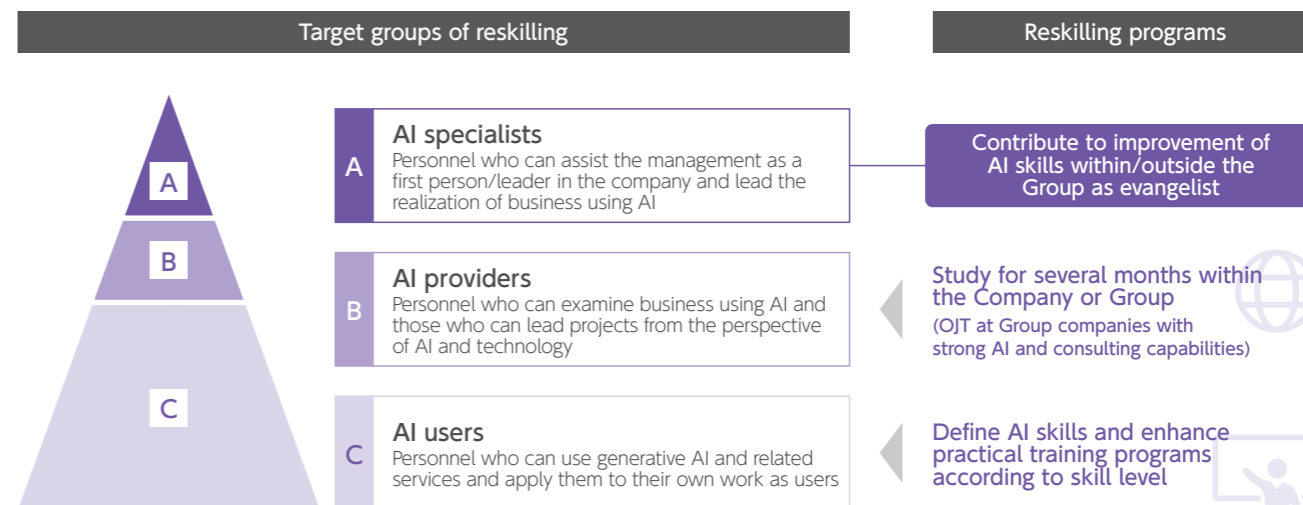


We place great importance on ensuring that our human resources strategy adapts flexibly to rapidly changing business strategies. Therefore, we are focusing on reskilling employees to become AI personnel for securing advanced AI personnel to support the currently deployed New Satellite Growth Strategy, which focuses on generative AI.

For reskilling employees, we have divided them into three target groups and have developed programs tailored to each group. First, AI specialists act as evangelists, promoting knowledge-sharing activities both within and outside the Company. By leading internal study sessions where the latest knowledge and experiences are shared, they contribute to the overall improvement of the organization's technical capabilities.

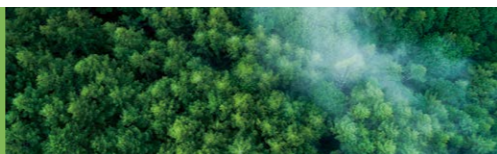
Next, AI providers are personnel who can lead the application of AI in business operations. In the competition for AI personnel, we believe that increasing the number of staff in this group is of utmost importance. We are considering a program where even those with no prior experience can learn AI technologies from the basics to advanced applications while also being assigned to work in Group companies that specialize in AI technologies and consulting for a specified period.

Finally, for the AI user group, we plan to develop new workshops based on skill levels to help them reach “a level of understanding of the characteristics of generative AI and applying it to improve the efficiency of their own work.” The workshops are categorized into planning, sales, and technology-related internal operations, and are prepared by them.

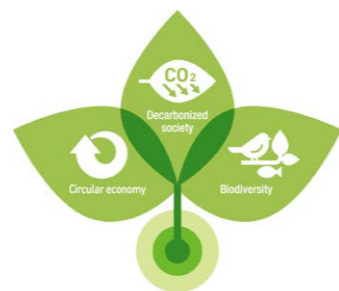




# Environmental Strategy



KDDI is currently promoting its environmental conservation plan, the KDDI GREEN PLAN. Positioning harmony with the environment as one of our management philosophies, we have been working on key issues, namely to bring about a decarbonized society, to form a circular economy, and to conserve biodiversity. Furthermore, to raise our corporate value in the medium and long term, we are setting new targets to mitigate and reduce risks and to create business opportunities, aiming to further improve environmental value and invigorate our activities.



**KDDI GREEN PLAN**

Environment

	Reducing risks	Creating business opportunities
<b>Decarbonized society</b>	<p><b>End of fiscal 2025</b> Making the electricity used at KDDI datacenters around the world net-100% renewable energy*1</p> <p><b>End of fiscal 2030</b> Achieving carbon neutrality at KDDI Group Scopes 1+2</p> <p><b>End of fiscal 2030</b> Achieving 50% renewable energy with additionality (KDDI non-consolidated)</p> <p><b>End of fiscal 2040</b> Achieving net zero at KDDI Group Scopes 1+2+3</p>	<p>Helping customers achieve carbon neutrality through DX, LX, etc.</p> <p>Producing renewable energy</p>
<b>Circular Economy</b>	<p>Pursuing material recycling in business activities</p> <ul style="list-style-type: none"> <li>Maintaining material recycling ratio of 99.8% for used mobile phones*2</li> <li>Maintaining zero emissions of withdrawn communication facilities*3</li> </ul>	<p>Contributing to the formation of a circular economy in society and communities by using our communication network and renewable energy</p>
<b>Biodiversity</b>	<p>Achieving Net Positive Impact*4</p> <p><b>End of fiscal 2030</b> Commit to no net deforestation*5</p>	<p>Supporting the visualization and recovery of biodiversity, using ICT, data, etc.</p>

\*1 Excluding the type where the KDDI Group borrows part of other companies' data centers and facilities to provide services, and data centers that are scheduled for closure  
 \*2 Reusing waste as raw materials by melting them, etc.  
 \*3 Zero emissions are defined as the final wasted ratio of 1% or less.  
 \*4 Conserve and restore ecosystems to outweigh the loss of biodiversity due to business activities  
 \*5 Non-deforestation due to large-scale land development or restoration of areas where deforestation has been caused or other areas of high biodiversity value

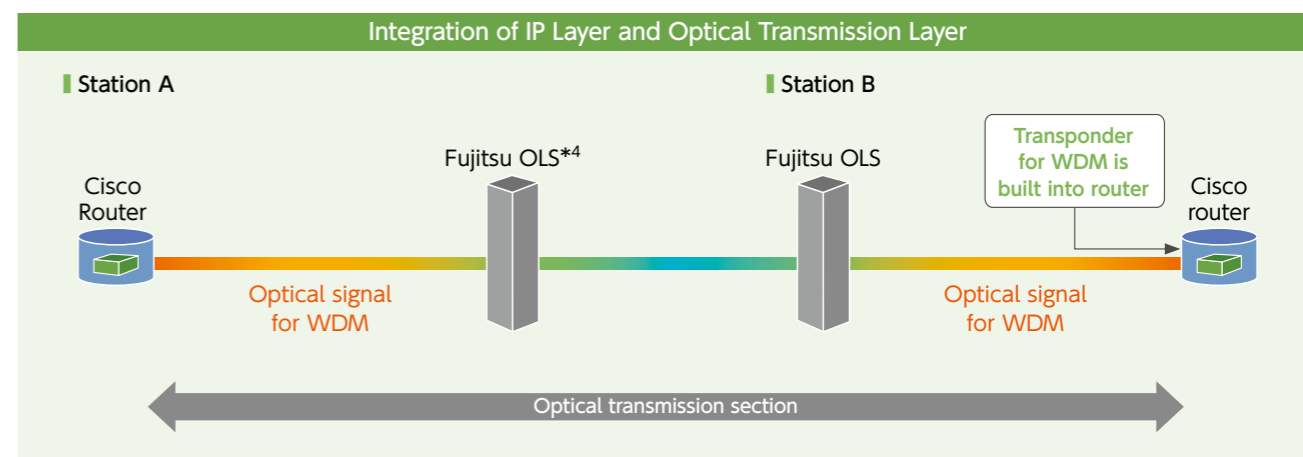
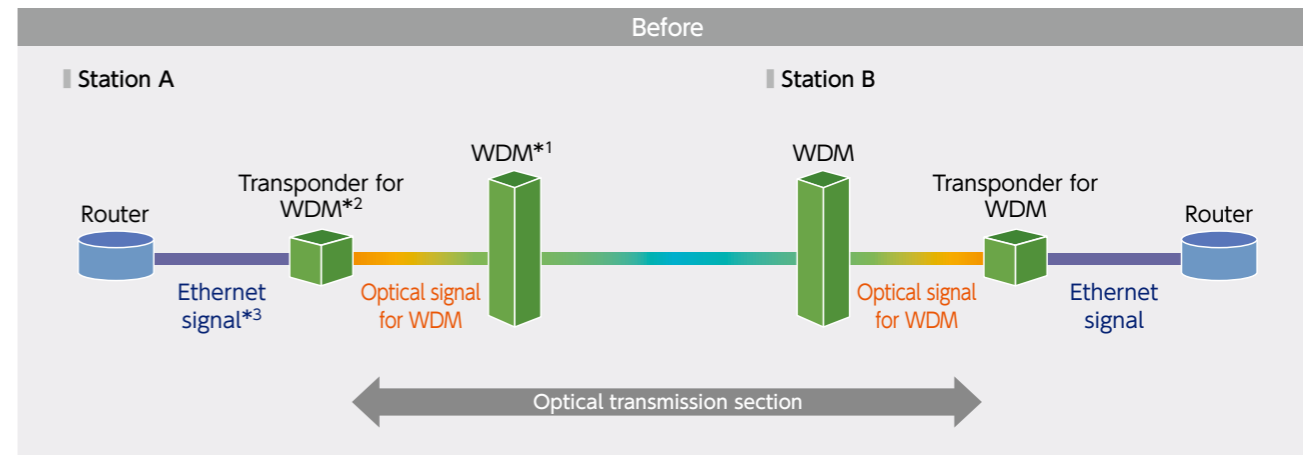
## Decarbonized Society Initiatives (1)

### Start Full Operations of Telecommunication Network with Approximately 40% Reduction in Electricity Consumption

As 5G communications services continue to expand nationwide, the number of users accessing data-intensive services such as video has increased, leading to a rapid rise in data traffic. Further increases in electricity consumption are expected due to the spread of 5G communications and the consequent surge in data usage, making efforts to reduce CO2 emissions even more important. Furthermore, to accommodate the growing data traffic, rapidly expanding our infrastructure has become an urgent priority. In response, in October 2023, KDDI, Cisco Systems G.K., and Fujitsu Limited launched full-scale operations of the metro network, a regional network that integrates the IP layer with the optical transmission layer.

KDDI is promoting the development of an All-Photonic Network (APN)\*, which enables high-capacity data transmission with low power consumption. The integration of the IP layer and optical transmission layer represents the first step towards achieving an All-Photonic Network. Moving forward, we will continue to work on reducing power consumption even further and contribute to the reduction of CO2 emissions.

\* All-Photonic Network: Network that achieves ultra-high speed, low cost, and low power consumption by transmitting optical signals without optical-electrical conversion of signals.



\*1 WDM: Technology that combines multiple optical signals of different wavelengths into a single optical fiber for transmission  
 \*2 Transponder for WDM: A compound word of transmitter and responder, which performs mutual conversion between Ethernet signals and optical signals for WDM  
 \*3 Ethernet signal: Electrical or optical signals for short distances used to connect electronic devices such as PCs  
 \*4 OLS (Open Line System) : Optical transmission equipment that can be connected to various vendors' (or manufacturers') equipment

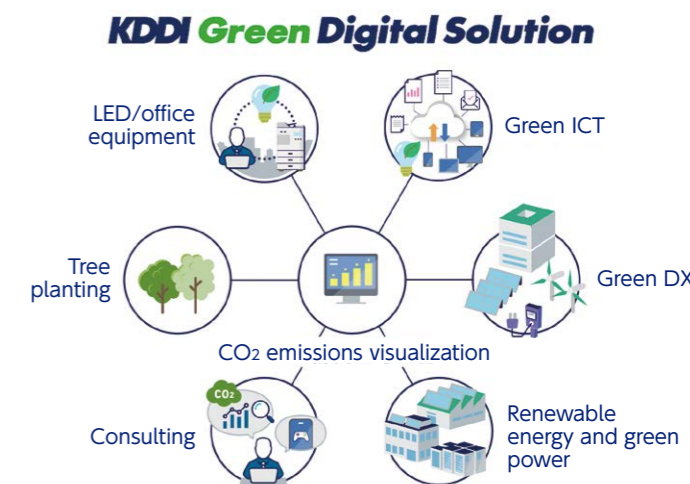
## Decarbonized Society Initiatives (2)

### KDDI Launches KDDI Green Digital Solution

In October 2023, KDDI began offering the KDDI Green Digital Solution to corporate customers, providing one-stop support for achieving carbon neutrality. Through this Solution, corporate customers can visualize their CO2 emissions, generate reports for information disclosure, and reduce their CO2 emissions.

Additionally, KDDI entered into a business partnership with Asuene Inc., a company that provides the cloud service "ASUENE," which enables the visualization, reduction, and reporting of CO2 emissions. By visualizing CO2 emissions and combining KDDI's ICT/electricity solutions and DX solutions through WAKONX, a business platform for the AI age, KDDI will support the processes necessary for corporate customers to achieve carbon neutrality in accordance with their issues and circumstances. We will support the processes necessary for corporate customers to achieve carbon neutrality in accordance with their issues and circumstances.

**KDDI Launches the KDDI Green Digital Solution to Help Companies Achieve Carbon Neutrality (Japanese only)**



## Circular Economy Initiatives (1)

### Mobile Phone Recycling

Used mobile phones collected from customers at au Style / au Shops and UQ Spots are manually disassembled into components such as circuit boards, LCD screens, cameras, plastics, screws, antennas, motors, and speakers. Gold, silver, copper, and palladium are extracted from the circuit boards, while screws and antennas are recycled into iron products, and plastics are recycled into new plastic products whenever possible. When mobile phones are disassembled by machines, plastics are typically incinerated during the process. However, through manual disassembly, materials can be recovered and reused, allowing for the sustainable repurposing of these resources. Additionally, by recycling and reusing these materials, we can reduce the need to extract and refine new mineral resources, such as oil and iron, thereby helping to further reduce CO<sub>2</sub> emissions. We are committed to performing all disassembly processes manually, contributing to resource circulation and the realization of a decarbonized society.



Disassembled mobile phones

## Circular Economy Initiatives (2)

### Reduce SIM Card Size by Half

In June 2024, KDDI introduced a new SIM card (hereafter referred to as "this SIM card") with a half-size fixing mount to reduce CO<sub>2</sub> emissions. This SIM card features a plastic mount that has been reduced to half its original size, cutting plastic usage by 55% and reducing CO<sub>2</sub> emissions during the manufacturing process by approximately 30% compared to traditional SIM cards. Additionally, the compact design allows for an increased number of SIM cards to be transported at once, further reducing CO<sub>2</sub> emissions during transportation. Amid a global rise in environmental awareness, similar initiatives have already been adopted in Europe. In Japan, this SIM card has the lowest plastic usage\* in the mobile phone industry.

In the production of this SIM card, our suppliers have also supported and collaborated with us in our environmental initiatives. Moving forward, we will continue to work together across the entire supply chain to achieve our Scope 3 reduction targets.



Conventional SIM card



SIM card with a half-size fixing mount

\* In terms of plastic usage per SIM card for consumer smartphones, based on KDDI research as of the end of May 2024

## Biodiversity Initiatives

### Invasive Alien Species Survey Using the Biological Information Visualization App "Biome" and Starlink

Iriomote Island, a World Natural Heritage site, is home to many endangered endemic species such as the Iriomote cat. On the other hand, there are concerns about the impact of invasive alien species on the unique ecosystem of Iriomote Island, and it is important to survey for alien species. In September 2023, KDDI and Okinawa Cellular Telephone Company, conducted an invasive species survey using Biome's smartphone application Biome and the satellite communication Starlink Business. In this survey, in areas where mobile communication is unstable, the Internet access line was set up using "Starlink Business" and data on the distribution of invasive alien species was collected by "Biome". Biome's state-of-the-art AI can determine the species of plants and animals by simply photographing them, even if you are not an expert on plants and animals.



Installation of Starlink



Survey

## Investment in Environmental Startups by KDDI Green Partners Fund

KDDI will contribute to enhancing the sustainability of society to protect the global environment by pursuing three key goals: achieving carbon neutrality across society, conserving biodiversity, and realizing a circular economy.



One of the key drivers toward achieving these goals is innovation through co-creation that transcends the boundaries of companies and organizations. By actively collaborating with startups that are dedicated to addressing environmental issues, KDDI aims to combine its technology with that of these startups to create synergies that generate a positive impact on society and the environment.

KDDI, in collaboration with SBI Investment Co., Ltd., established the KDDI Green Partners Fund in 2021 to invest in startups that are addressing environmental issues. As of June 2024, we have provided funding to nine companies and have supported them through business assistance and joint demonstrations using KDDI's various assets. To further accelerate our contribution to solving environmental issues, we will continue to invest in and support startups with outstanding technologies and services.

### Cooperative initiatives with investee companies (partial)

Name of investee company	Business outline	Cooperative initiatives
<p><b>Asuene Inc.</b></p>	<p>Providing cloud services for CO<sub>2</sub> emissions visualization, reduction, and reporting</p>	<p>Jointly implement one-stop decarbonization support for corporate customers in Japan and Asia, through ASUENE, a SaaS for CO<sub>2</sub> emissions visualization, and KDDI's KDDI Green Digital Solution</p>
<p><b>Clean Energy Connect, Inc.</b></p>	<p>Providing green power solution services, including off-site corporate PPA service</p>	<p>Together with Eneris, a corporate decarbonization solution provider, provide joint off-site corporate PPA services to customers working on decarbonization, and co-create services to expand the adoption of renewable energy by leveraging VPP and blockchain technologies based on Eneris' energy platform and CEC's green power solutions</p>
<p><b>Nature Inc.</b></p>	<p>Development, manufacturing and sales of Nature Remo series and energy management business using them</p>	<p>Together with au Energy &amp; Life, which operates the "au Denki" service, utilize Nature's smart remote control and demand response technologies to co-create energy services that are economical and have a low environmental impact</p>
<p><b>Emulsion Flow Technologies Ltd.</b></p>	<p>Recycling of rare metals and recovery of PFAS (organic fluorine compounds) in wastewater using the solvent extraction technology, "Emulsion Flow"</p>	<p>In collaboration with Emulsion Flow Technologies and partner companies, plan to demonstrate the feasibility of horizontal recycling of rare metals contained in lithium-ion batteries for mobile phones and other devices to be recycled as battery materials</p>



# TCFD/TNFD

KDDI announced our support for the Task Force on Climate-related Financial Disclosure (TCFD) in April 2021. We will strive to proactively disclose information based on the disclosure framework of governance, strategy, risk management, and metrics and targets in accordance with the TCFD recommendations. We will also take concrete measures to address climate change and put them into actions. Furthermore, KDDI endorses the principles of the Taskforce on Nature-related Financial Disclosure (TNFD) and joined the TNFD Forum in April 2023. We have also registered as an adopter of TNFD recommendations (TNFD Adopter). KDDI will strive to proactively disclose information based on the TNFD's disclosure framework. We will analyze our dependency and impact on natural capital, including biodiversity, as well as business risks and opportunities, and take specific measures and actions to address them.

[Responses to the TCFD Recommendations](#) Neutral

[KDDI TNFD Report based on the TNFD](#)

[KDDI's Definition of Carbon Neutral](#)

## Governance

We have the Sustainability Committee, chaired by the President, Representative Director, and consisting of key members of the Board of Directors etc., to deliberate on issues related to sustainability such as the resolution of social issues through businesses (SDGs), social contributions, and measures against climate change. The Sustainability Committee is responsible for checking and discussing our key issues and initiatives related to climate change and natural capital, monitoring and overseeing the risks and opportunities, as well as approving reporting and other matters. In the first half of the fiscal year, the Committee checks the progress of the year's targets, and if the targets are not being met, analyzes the causes and checks countermeasures. In the second half of the fiscal year, the Committee checks the year's progress and sets targets for the following fiscal year. The Board of Directors also receives reports from the Sustainability Committee every quarter on climate change and natural capital, monitoring and giving instructions on how measures are taken for key issues and initiatives.

Furthermore, as engagement with stakeholders impacted by evaluations of and response to nature-related risks, etc., we have set forth the KDDI Group Human Rights Policy, taking into consideration the impact on local communities, residents, and others. It is positioned to clarify our efforts toward respecting human rights to fulfill our responsibility to all stakeholders based on our corporate credo. We have established the KDDI Group Key Human Rights Issues based on this policy. One main issue is ensuring "harmony with local communities and eliminating human rights violations in the supply chain" to achieve our goal of "providing services and products that consider human rights." In addition to considering the human rights of local residents when constructing facilities, we have pledged to closely monitor our supply chain to ensure that human rights violations do not occur through the use of conflict minerals. We also strive to improve our efforts to respect human rights. To achieve this, we engage in dialogue and discussions with relevant stakeholders, such as local governments, local communities, suppliers, and experts, regarding our response to actual and potential negative human rights impacts.

## Strategy

(1) We carried out two types of analyses: the 1.5°C scenario in which a carbon free society will be rapidly realized (the increase in the global average temperature is held below 1.5°C above preindustrial levels) in response to the Paris Agreement adopted at COP21, and the 4°C scenario in which physical impact will become apparent due to lack of measures against climate change (the increase in the global average temperature is 4°C above pre-industrial levels). (2) We identified and assessed nature-related risks, etc., in our value chain.

On May 9, 2024, KDDI formulated the "KDDI GREEN PLAN," a medium- to long-term environmental conservation plan to contribute to the preservation of natural capital. Positioning harmony with the global environment as an important management theme, KDDI has been working on key issues, namely to bring about a decarbonized society, to form a circular economy, and to conserve biodiversity to enhance its environmental value under the KDDI GREEN PLAN 2030. This time, to raise our corporate value in the medium and long term, we have set new targets to mitigate and reduce risks and to create business opportunities and renamed the plan as "KDDI GREEN PLAN". Under this plan, we aim to further improve environmental value and invigorate our activities.

## a. Climate Change

### Scenario Analysis Results

#### The 1.5°C scenario in which a carbon-free society will be rapidly realized

(a future in which the goal to hold the increase in the global average temperature to 1.5°C above pre-industrial levels is achieved)

Reference: IEA (International Energy Agency) "World Energy Outlook 2021" Net Zero Emissions by 2050 Scenario (NZE Scenario)

Analysis of Transition Risks		KDDI's Risks	KDDI's Responses
Policy and Legal (short- and mid-term strategies)	Carbon Tax	Carbon taxation risk*1	Promoting activities with the aim of achieving virtually zero Scope 1+2 CO <sub>2</sub> emissions for the entire KDDI Group by the end of fiscal 2030.
	Tokyo Metropolitan Ordinance/Emission Regulations	Risk of increased costs of buying credits (allowances) for unachieved CO <sub>2</sub> emission reduction	Purchase of emission credits equivalent to 190,000 t-CO <sub>2</sub> of unachieved CO <sub>2</sub> emissions expected to occur during the Third Plan period from FY21.3 to FY25.3 (CO <sub>2</sub> emission credits generated during the Second Plan period), 40,000 t-CO <sub>2</sub> in FY21.3 period and 150,000 t-CO <sub>2</sub> in January 2023. These emission credits are scheduled to be allocated in the period from FY26.3 to FY27.3, depending on the results of the Third Plan period from FY21.3 to FY25.3.
Introduction of New Technologies to Reduce Power Consumption and CO <sub>2</sub> Emissions (mid-term strategy)		Risk of increased power consumption of telecommunications equipment due to increased communications volume	Aiming for a sustainable data center that contributes to decarbonization, a 94% reduction in power consumption for server cooling is being researched and developed with Mitsubishi Heavy Industries, Ltd. and NEC Networks & System Integration Corporation using immersion cooling, which uses liquid to cool IT equipment. In addition, a base station sleep function (sleeping during the night when traffic is low) has been introduced to promote the reduction of power consumption. We have developed a function for a millimeter-wave radio model in-house and are accumulating know-how and identifying problems. It is expected to reduce power consumption by approximately 100 kWh per year per radio.
Market and Reputation (long-term strategy)		Risk of declining of business reputation and consumers decrease due to failure to meet carbon neutral goal and delays in renewable energy initiatives	Promoting the switch from fossil fuel power to renewable energy power. Plans to switch 2.7 billion kWh of electricity consumed in our business operations to a renewable energy-derived menu. In addition, we established au Renewable Energy as a group company and launched a renewable energy generation business with additional potential, such as solar power generation.

\*1 Since the estimated CO<sub>2</sub> emissions in fiscal 2030 are approximately 675,000 t-CO<sub>2</sub>, an annual tax of approximately 12.38 billion yen is assumed in the case of a carbon tax of 18,340 yen/t-CO<sub>2</sub> based on IEA NZE 2050. The cost of switching to renewable energy to reduce taxable CO<sub>2</sub> emissions is estimated to be approximately 5.4 billion yen.

#### The 4°C scenario in which physical impact will become apparent due to lack of measures against climate change (the increase in the global average temperature is 4°C above pre-industrial levels)

Reference: IPCC (Intergovernmental Panel on Climate Change) Fifth Assessment Report

Analysis of Physical Risks (Analyzed using the physical scenario "RCP8.5")		KDDI's Risks	KDDI's Responses
Acute Risk	Increase in severity and frequency of disasters caused by extreme weather (typhoons, floods, etc.)	Risk of increased costs*2 such as personnel expenses for emergency recovery in order to respond quickly to the restoration of the communication network	Preparation for efficient recovery operations by reviewing the BCP*3 and conducting disaster recovery drills
Chronic Risk	Increase in average temperature	Risk of increased air-conditioning power usage in data centers to cool servers entrusted to us by our customers	Installation of high efficiency air conditioning systems and replacement with renewable energy

\*2 Of the 3,000 operation and maintenance personnel, 1,000 will be dedicated to emergency recovery, and the remaining 2,000 will need to cover normal operations. Based on past examples of disaster recovery at various sites, and assuming 4 hours of overtime work per day for 10 days, the cost increase is estimated to be approximately 4.8 million yen. Approximately 96 million yen is estimated as the cost of reviewing the BCP from a medium-term perspective (until 2030) and training based on the BCP.

\*3 Business Continuity Plan

### Water Risk Assessment and Countermeasures

There is growing concern that climate change events such as flooding may cause business risks. As a proactive response to efficiently restore business activities in the event of a disaster, we use the World Resources Institute's (WRI) water risk map "Aqueduct" to assess water risk in water-stressed areas and implement countermeasures.

We are also systematically implementing countermeasure construction work at sites with a high degree of exposure among all of our business sites, based on the expected height of the inundation in the high-risk areas (the assumed frequency of flooding is once in 1,000 years) as identified by the Ministry of Land, Infrastructure, Transport and Tourism and/or prefectural governments.

## b. Natural Capital

We identify and assess nature-related risks etc., in our value chains. From the relationships between business scales and natural capital, we qualitatively assess and determine risk priorities, analyze nature-related risks etc., and evaluate and promote measures.

### (1-1) Understanding dependency and the impact on natural capital

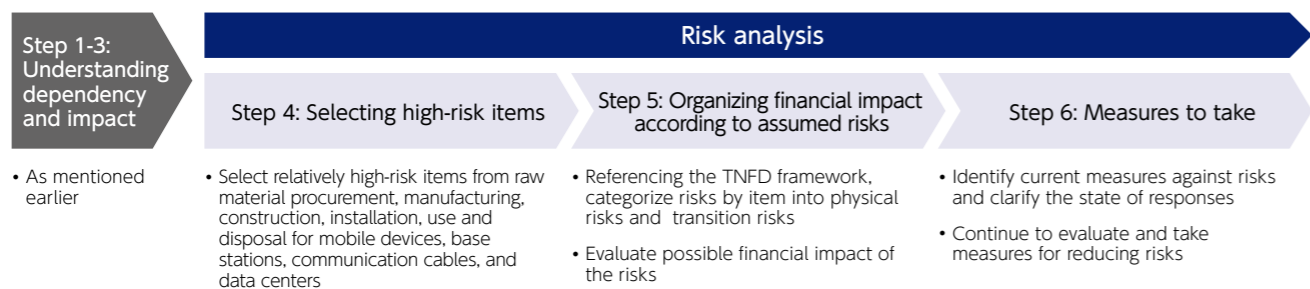
#### How to understand the level of dependency and impact



We have identified key dependency and impact items from our own business perspectives as follows.

- Mining for raw materials (metals) for mobile devices, especially the impact on terrestrial land use change and water resources.
- Soil pollutants from the use of toxic substances arising from mobile device production
- Impact on terrestrial ecosystem especially on land from building base stations and installing communication cables
- Dependency on stabilizing features of water resources, climate and land to procure raw materials for base stations and communication cables

#### Approach for the risk analysis



#### Risk analysis results

Target domains	Key items of dependency and impact	Category	Risk factors	Impact to finance	Risk-reducing measures	
Mobile devices	<ul style="list-style-type: none"> <li>Impact of terrestrial ecosystem use and to water resources from mining to obtain raw materials (especially metals) for mobile devices</li> <li>Soil pollutants from the use of toxic substances arising from mobile device production</li> </ul>	Physical risks	Acute	<ul style="list-style-type: none"> <li>Decline in disaster-prevention function due to deforestation from mining</li> <li>Increased risks of floods and landslides</li> </ul>	<ul style="list-style-type: none"> <li>Cost increase: Raw material supply instability due to disaster damage at suppliers and accompanying price hikes</li> </ul>	<ul style="list-style-type: none"> <li>Procurement of products according to the Act on Promoting Green Procurement</li> <li>Establishment and application of sustainable and responsible procurement guidelines</li> <li>Engagement with key suppliers, including surveys on their initiatives to reduce environmental impact and conserve biodiversity</li> <li>Promoting recycling of used mobile devices</li> </ul>
			Chronic	<ul style="list-style-type: none"> <li>Decline of water resources from excessive use of water</li> </ul>	<ul style="list-style-type: none"> <li>Cost increase: Raw material supply instability and accompanying price hikes</li> </ul>	
		Transition risks	Laws and regulations	<ul style="list-style-type: none"> <li>Tighter laws and regulations concerning mining and land pollution</li> </ul>	<ul style="list-style-type: none"> <li>Cost increase: Decrease in supply and price hikes due to tighter laws and regulations</li> </ul>	
			Reputation	<ul style="list-style-type: none"> <li>Criticism and reputation deterioration for deforestation, water use, pollution, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Sales decline: Sales decline due to loss of reputation among stakeholders including customers</li> </ul>	
Stations, Communication cables	<ul style="list-style-type: none"> <li>Impact on terrestrial ecosystem especially on land from building stations and installing communication cables</li> <li>Dependency on water resources, climate/land stabilization functions in the procurement of raw materials that constitute base stations and communication cables</li> </ul>	Physical risks	Acute	<ul style="list-style-type: none"> <li>Deforestation and encroachment on biological habitats for installation, decline of disaster prevention functions due to land alteration</li> <li>Increase of flood and landslide risks</li> </ul>	<ul style="list-style-type: none"> <li>Cost increase: Additional costs incurred to maintain ecosystems, and fees arising to recover damaged base stations and communication cables</li> </ul>	<ul style="list-style-type: none"> <li>Designing communication cable routes that are suitable for environment-conservation areas</li> <li>Collaborating with related organizations for various initiatives such as implementation of disaster prevention systems and quick support activities for disaster-stricken areas</li> <li>Building base stations in a landscape-friendly manner</li> <li>Promotion of reuse and recycling at disposal of equipment</li> </ul>
			Transition risks	Reputation	<ul style="list-style-type: none"> <li>Criticism and reputation deterioration for loss of landscape, etc.</li> </ul>	

## Risk Management

The Corporate Sector, which is in charge of the Group's risk management, conducts identification of risks for all business divisions that may have a significant financial and strategic impact on the company, including those related to climate change and natural capital, on a semi-annual basis. Of the risks identified, those related to climate change and natural capital are managed with an environmental management system (EMS) approach, utilizing the ISO environmental management system. With regard to the risks to be managed, each relevant division sets quantitative annual targets for risk reduction and evaluates the progress on a quarterly basis. Issues pointed out in the progress evaluation are reported to the Carbon Neutral Subcommittee, a subcommittee of the Sustainability Committee, and risks and opportunities related to the entire company and all divisions are discussed and approved by the Sustainability Committee.

#### Environmental Activity Promotion Framework



## Metrics and Targets

To accelerate the realization of a decarbonized society, KDDI has established four environmental targets, including a goal for the KDDI Group\*1 to achieve net zero emissions by the end of fiscal 2040.

	Environmental target*2	Target year	Details
1	Achievement of net zero emissions in the KDDI Group	Fiscal 2040	In addition to emissions related to the KDDI Group's business activities (Scope 1*3 and Scope 2*4), achieve net zero CO <sub>2</sub> emissions from the entire supply chain, including Scope 3*5.
2	Achievement of carbon neutrality in the KDDI Group	Fiscal 2030	Emissions related to the KDDI Group's business activities (Scope 1 and Scope 2)
3	Additional*6 renewable energy ratio of 50% or more in KDDI	Fiscal 2030	Achieve a ratio of at least 50% of additional renewable energy to the electricity consumed by KDDI
4	Switching 100% of power usage by TELEHOUSE data centers to electricity derived from renewable energy sources	Fiscal 2025	Redefine the target for the KDDI Group's global data centers under the TELEHOUSE brand as "switching 100% of power usage to electricity derived from renewable energy sources," and achieve the target one year ahead of schedule

\*1 Covering KDDI itself and its consolidated subsidiaries.  
 \*2 For definitions of each target, please refer to the website.  
 \*3 Direct greenhouse gas emissions by the business operator itself.  
 \*4 Indirect emissions from the use of electricity, heat, and steam supplied by others.  
 \*5 Indirect emissions other than Scope 2 (emissions by others related to the business's activities).  
 \*6 Effects that lead to an increased introduction of renewable energy into society as a whole through the company's introduction of new solar power generation equipment, etc.

We are also working to reduce our environmental impact by quantitatively monitoring our greenhouse gas emissions (Scope 1, 2, and 3), water consumption, and industrial waste emissions as nature-related indicators, as well as the number of used mobile phones and other items collected as a measure of our waste reduction efforts. **P.120**

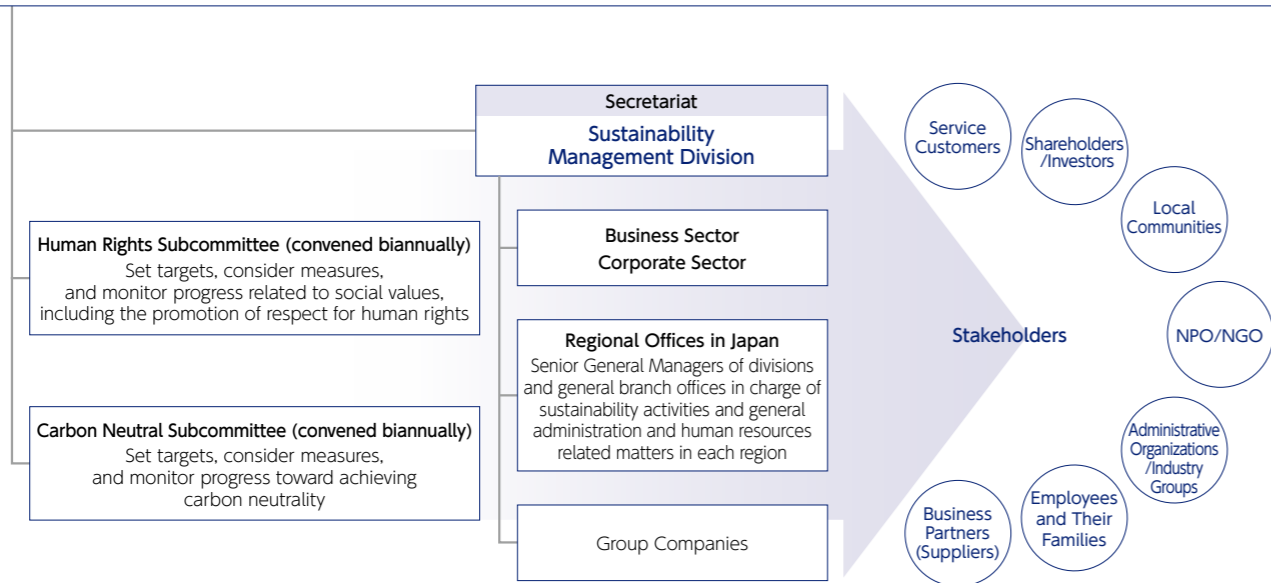
[ESG Data \(Environment\)](#)

Furthermore, to better understand the overall situation of the KDDI Group's supply chain, we conduct surveys with our key suppliers. We aim to raise awareness and provide support regarding the importance of environmental initiatives in sustainable procurement, while also requesting them to share their challenges and progress in these efforts. Matters related to the promotion of sustainable procurement, including the results of these surveys, are regularly reported to and overseen by the executive officer in charge of sustainability (Executive Director, Corporate Sector). Starting in fiscal 2023, we have introduced a common self-assessment questionnaire (SAQ) for the three companies (Nippon Telegraph and Telephone Corporation, KDDI, and SoftBank Corp.) to further strengthen engagement with suppliers.



# Sustainability Promotion Framework

The President, Representative Director of KDDI serves as the chair, with the permanent committee members being directors, and observers including the Executive Directors and General Managers of All Businesses and Corporate Sectors (non directors), the Audit & Supervisory Board members of KDDI, and President of the KDDI Foundation. The committee considers sustainability to be a pillar of company-wide business strategies. Improvements in sustainability are incorporated into company-wide KPIs and are linked to executive remuneration and bonuses for all employees.



As of August 31, 2024

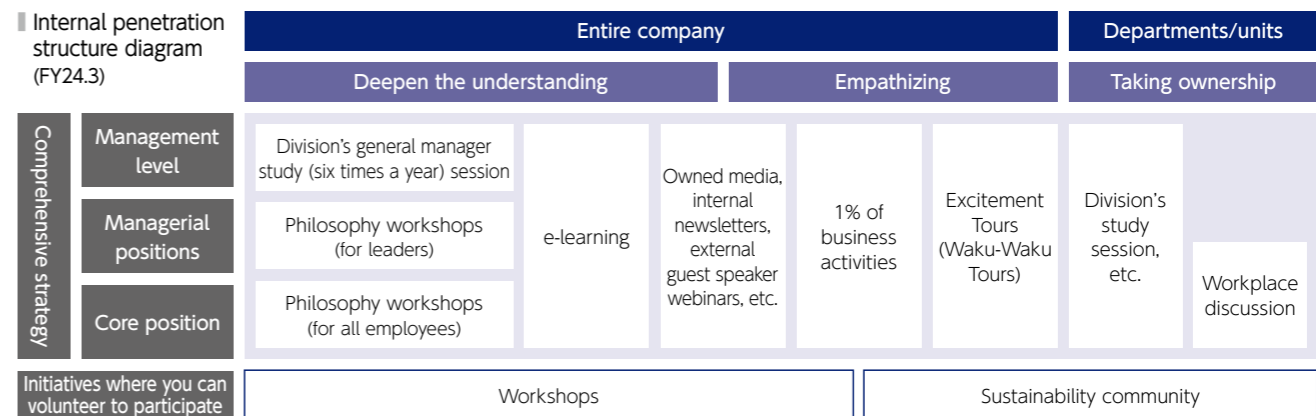
## ESG initiatives reflected in bonuses for executives and employees

In order to raise the awareness of all employees and encourage them to take action, we have included sustainability (ESG) evaluation indicators in the calculation of executive compensation and employee bonuses since FY21.3.

Starting from FY23.3, in order to promote and evaluate a wider range of non-financial initiatives as part of our Mid-Term Management Strategy and commitment to sustainability management, we have revised the evaluation items and allocation of points. We believe it is important to give a certain weight to sustainability items so that our employees and general public can understand the importance we place on ESG initiatives, and we have increased the weight of points allocated to these items. [P.106](#)

# Internal Penetration Activities for Sustainability Management Practices

We have formulated a series of internal penetration steps, outlined in the diagram, to align the awareness, understanding, and action of sustainability management. From the management team to all employees, we continuously promote understanding, aiming to foster new learning and awareness.



## Avenue for dialogue between the management team and employees, Excitement Tours (Waku-Waku Tours)

Every year since FY19.3 when the current President assumed office, we have established opportunities for interactive communication between the management team and employees, with the aim of encouraging all employees to understand the Company policy and take actions towards achieving the Company Vision.

In FY24.3, under the themes of "sustainability management" and "practice of KDDI VISION 2030," our President directly addressed employees as follows.

"By visualizing the linkages among the operations of various divisions and discussing in each division how they relate to materiality and the values we embrace, we can better understand how our work is connected to sustainability management. The desire to have such thorough discussions is at the root of this year's themes."

"When we understand that our work contributes to the environment and society, each of us feels a greater sense of purpose, which promotes proactive behavior and the generation of new ideas, ultimately leading to increased productivity. Let's strive, as ALL KDDI, to create a positive cycle of sustainable social growth and enhanced value for the KDDI Group."

We will continue to maintain communication between the management team and employees to encourage each individual employee to take proactive actions toward practicing sustainability management.



## Engaging in "1% of business activities" to experience customer feedback and social issues

Starting from FY23.3, as part of our Company Vision, "the company the customers can feel closest to," we encourage all employees to allocate about 1% of their working time (approximately 2 days per year) to activities that involve supporting and engaging with our customers. Various activities have been carried out nationwide, with widespread participation from employees, including the President and directors.

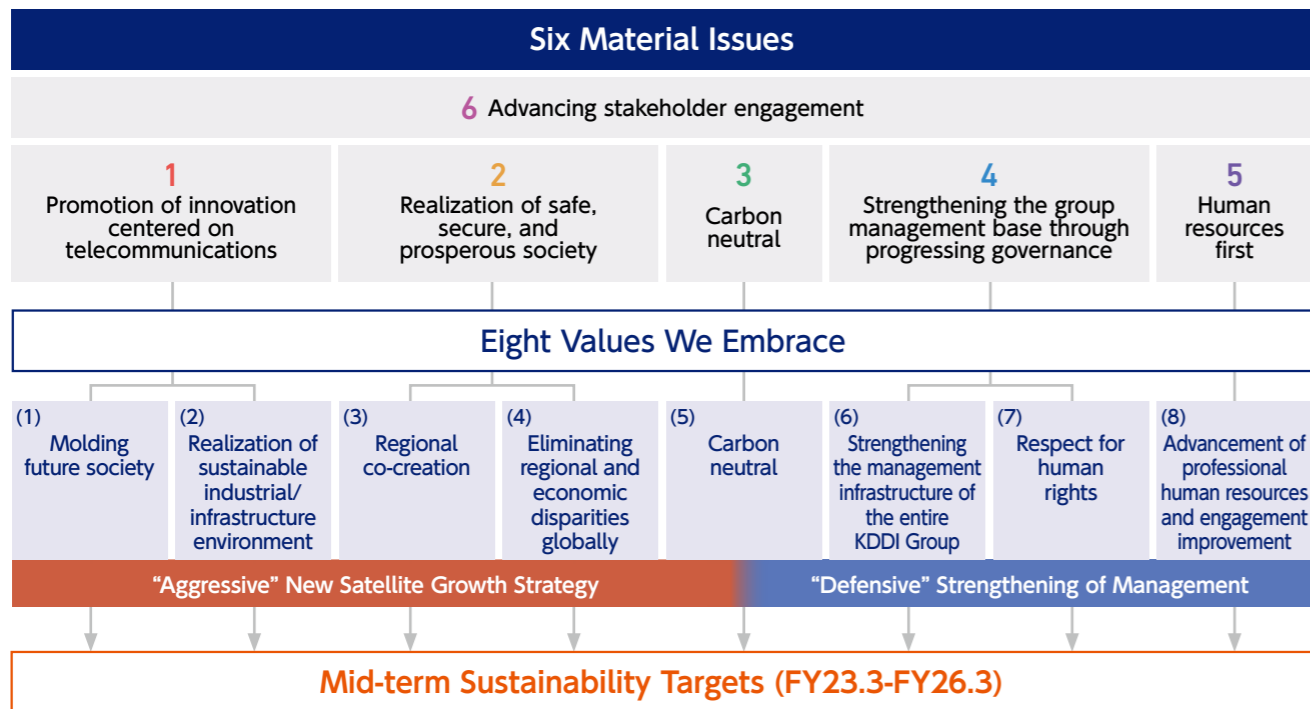
Feedbacks from participating employees have been positive, such as "I felt greatly that my work is connected to customers and the realization of a more convenient society, which boosted my motivation," and "Experiencing customer needs firsthand inspired me to come up with technical solutions." Additionally, some employees commented that "engaging directly with customers has led to actions in work that are more focused on the end-user." Each employee continues to sincerely engage with customers and society, incorporates insights into their own tasks, and delivers high-value services to customers.



Example of an activity: smartphone disassembly class for elementary school students

# Six Material Issues

We have mapped and summarized the issues to be addressed in the Mid-Term Management Strategy based on the concerns of long-term investors and other multi-stakeholder groups and their impact on our business. We are promoting innovation necessary for our business transformation, strengthening human resources and governance in line with the diversification of our business, and responding to the growing awareness of issues in the international community, such as climate change.



**Materiality 1 Promotion of Innovation Centered on Telecommunications**  
 Values We Embrace (1) Through New Satellite Growth Strategy centered on communications, promote innovation that customers can experience in their daily lives and create a future society.  
 (2) Realize a sustainable industrial/infrastructure environment by providing innovative solutions for communications and other social infrastructure/connected vehicles.

**Materiality 2 Realization of Safe, Secure, and Prosperous Society**  
 Values We Embrace (3) Realize regional co-creation by connecting people and regions together with DX centered on communication and solving information gaps and regional issues.  
 (4) Eliminate regional and economic disparities by contributing to local economic development through the maintaining and expanding of communications and peripheral services in emerging overseas countries.

**Materiality 3 Carbon Neutral**  
 Values We Embrace (5) In addition to the KDDI Group's efforts to achieve carbon neutrality in fiscal 2030\*, provide customers with renewable energy and contribute to solving the global challenges as climate change.  
 \* Scope1 + Scope2

**Materiality 4 Strengthening the Group Management Base Through Progressing Governance**  
 Values We Embrace (6) Create social and environmental value by establishing a strong management infrastructure through the strengthening of governance in the entire KDDI Group.  
 (7) Respect human rights in all business activities, eradicate human rights violations in the supply chain, and contribute to the sustainable growth in society.

**Materiality 5 Human Resources First**  
 Values We Embrace (8) Create innovation and contribute to the sustainable growth of society by fostering a corporate culture that encourages the active participation of diverse and professional talent while also providing a challenge.

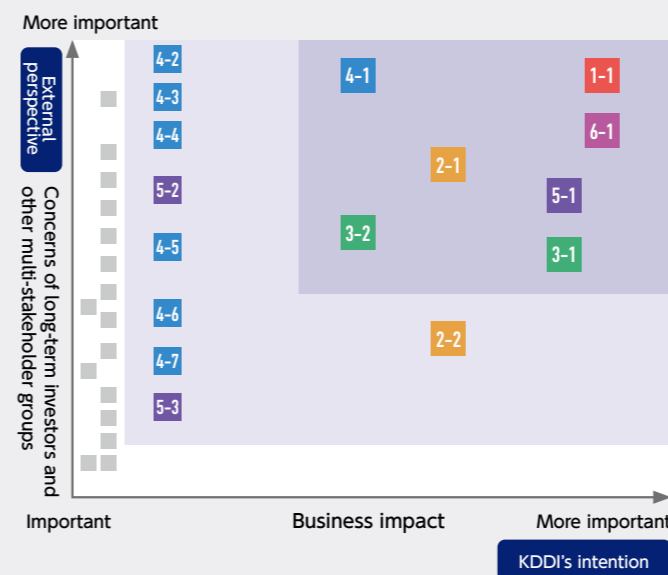
**Materiality 6 Advancing Stakeholder Engagement**

# Process for Identifying Material Issues

KDDI has revised the Material Issues related to sustainability in conjunction with the establishment of its Mid-Term Management Strategy (FY23.3-FY26.3) in the following process.

1. Identify key issues based on the GRI requirements, international guidelines for sustainability information disclosure, and the requirements of ESG assessment for the information technology and telecommunications industry.
2. Set priorities for the key issues by scoring them according to the "concerns of long-term investors and other multi-stakeholder groups (vertical axis)" and the "business impact (horizontal axis)."
3. Identify six Material Issues that reflect the opinions of external experts collected through interviews.
4. Deliberate on the appropriateness of the Material Issues and finalize them at the Sustainability Committee and the Board of Directors.

Matrix of Material Issues



- Materiality 1 Promotion of Innovation Centered on Telecommunications**
  - 1-1 Through New Satellite Growth Strategy centered on communications, promote innovation that customers can experience in their daily lives and create a future society.
- Materiality 2 Realization of Safe, Secure, and Prosperous Society**
  - 2-1 Leverage technological innovation to provide resilient infrastructure, realize economic development, and a safe and secure society.
  - 2-2 Eliminate the digital divide by creating new value through DX.
- Materiality 3 Carbon Neutral**
  - 3-1 Achieve the sustainable growth in society by promoting decarbonization and leaving a prosperous planet for the future.
  - 3-2 Achieve carbon neutrality in the KDDI Group by fiscal 2050.
- Materiality 4 Strengthening the Group Management Base Through Progressing Governance**
  - 4-1 Ensuring customer privacy by building up strong data security.
  - 4-2 Engage in thorough risk management.
  - 4-3 Develop an effective and transparent governance structure.
  - 4-4 Engage in thorough compliance.
  - 4-5 Respect for human rights.
  - 4-6 Engage in fair and proactive information disclosure.
  - 4-7 Promotion of sustainable procurement
- Materiality 5 Human Resources First**
  - 5-1 Pursue the well-being of our employees and promotion of diversity and inclusion.
  - 5-2 Promote human resource development and career development.
  - 5-3 Initiatives for health and productivity management.
- Materiality 6 Advancing Stakeholder Engagement**
  - 6-1 Build strong relationships with all stakeholders, including employees, customers, distributors, suppliers, and shareholders.

\* Content of the selected material issues as of FY22.3.



# Mid-Term Sustainability Targets (FY23.3-FY26.3)

With the one-year extension of the Mid-Term Management Strategy, we have also extended by one year and partially revised the Mid-Term Sustainability Targets. ("Details of implementation" and "Index")

\*1 Reference data for outside the Mid-Term Sustainability Targets period.  
 \*2 Revised in line with changes in the business environment, social trends, business expansion, etc.  
 \*3 Number since the start of the service.  
 Stated figures for FY22.3 results and FY23.3 results are retroactively corrected due to some errors.  
 \*4 The results for the FY23.3 and FY24.3 are based on the indicators before the change.  
 \*5 Settlement amounts of au PAY, au PAY Card, au Carrier billing, and au Jibun Bank in addition to, the loan disbursement amount.  
 \*6 For details on our efforts to achieve carbon neutrality can be found on KDDI's website.  
 \*7 KDDI consolidated aims to achieve carbon neutrality.  
 \*8 Cases that require reporting or notification to the competent authorities and cause severe reputational damage.

\*9 Number of news releases and topics by KDDI (non-consolidated) and KDDI Research, Inc.  
 \*10 Top 90% of KDDI Group procurement businesses and suppliers with known human rights risks are covered.  
 \*11 FY25.3 target: "All employees"  
 \*12 Number of managerial positions: exclude employees who have temporarily transferred to KDDI and other companies. Excluding divisions where the selection ratio of employees in STEM fields with low female proportion exceeds 80%. Personnel in managerial positions: The actual percentage of leaders who have personnel evaluation authority and experts in specialized area as of April 1 of the following fiscal year.  
 \*13 FY25.3 Target: "15% or over"

Materiality	Values We Embrace	Mid-Term Sustainability Targets (FY23.3-FY26.3)					
		Details of implementation	Index	FY22.3 results* <sup>1</sup>	FY23.3 results	FY24.3 results	FY26.3 targets
Materiality 1 Promotion of Innovation Centered on Telecommunications	(1) Molding future society P.74	Promoting business creations and R&D projects based on the New Satellite Growth Strategy* <sup>2</sup>	Number of projects (cumulative total)	21	20	44	80
		Providing LX Services in collaboration with local governments	Expansion of LX Service provision areas and number of facilities				
	(2) Realization of sustainable industrial/infrastructure environment P.76	Promoting innovation to strengthen intellectual capital	Number of patents held in 5G / Beyond 5G + the New Satellite Growth-related areas* <sup>2</sup>	—	Year on year grew 24%	Year on year grew 23%	Year on year grew 15%
		Contribution to industry/infrastructure DX	IoT connections (cumulative total)* <sup>3</sup>	24.97 million connections	32.45 million connections	41.97 million connections	54.00 million connections
		Promoting customer work style reform	Adoption rate of solutions supporting workstyle reform for KDDI business customers* <sup>2</sup>	—	7%	31%	37%
		Expand 5G coverage	5G population coverage governmental target 97% by FY26.3* <sup>2</sup>				
Materiality 2 Realization of Safe, Secure, and Prosperous Society	(3) Regional co-creation P.78	Solving disparity in regions	Number of serious incidents (equipment failures) * Based on the Ministry of Internal Affairs and Communications' incident reporting guidelines etc.	0	2	0	0
		Eliminating financial divides	Number of people supported (cumulative total) * Smartphone classes, in-store support, usage support, smartphone and mobile phone safety classes, and regional experience support services* <sup>2</sup> * <sup>4</sup>	5.70 million	5.67 million	11.80 million	20.00 million
	(4) Eliminating regional and economic disparities globally P.80	Expand global business in emerging countries	Transaction volume of settlement/loan* <sup>5</sup>	11.7 trillion yen	14.3 trillion yen	18.0 trillion yen	22.1 trillion yen
		Education and training of the next generation in Mongolia using telecommunications	Respect the human rights of the people in emerging countries, and strive to maintain the social infrastructure that is essential to people's daily lives.				
Materiality 3 Carbon Neutral	(5) Carbon neutral P.82	KDDI's carbon neutrality including telecommunication facilities* <sup>6</sup>	KDDI Group's carbon neutrality (Scope 1 + Scope 2)* <sup>2</sup> * <sup>7</sup>	CO <sub>2</sub> emissions: 1.5 million t	CO <sub>2</sub> emissions: 1.4 million t	CO <sub>2</sub> emissions: 1.0 million t	(Achievement by FY2030)
			Achieving 100% of renewable electricity (including energy attribute certificates) used in data centers * Excluding data center facilities and equipment provided by other companies on a partial lease basis and data centers to be closed* <sup>2</sup>	—	71%	74%	100%
			Achievement of Net Zero (Scope 1 + Scope 2 + Scope 3)* <sup>2</sup>	—	—	—	(Achievement by FY2040)
			Achieving 50% renewable electricity procurement with additionality* <sup>2</sup> (KDDI non-consolidated)	—	—	Usage amount of renewable electricity with additionality: 42 million kWh	(Achievement by FY2030)
		Providing next-generation renewable energy solutions	Expand provision of carbon neutral support solutions to corporate customers * Green ICT/telecommunications, power SL, DX-SL, consulting, etc.				
Materiality 4 Strengthening the Group Management Base Through Progressing Governance	(6) Strengthening the management infrastructure of the entire KDDI Group P.84	Strengthen the governance and information security of the Group as a whole	Number of serious incidents* <sup>8</sup> • Cybersecurity-induced divulgence of personal data and significant service outages • Inappropriate use of personal data • Serious incidents other than the above	0	0	0	0
			Number of initiatives of advanced security technology* <sup>9</sup> (cumulative total)	4	7	12	23
	(7) Respect for human rights P.86	Human rights due diligence* <sup>10</sup>	Improvement response rate in the activities of high-risk suppliers that may be violating human rights* <sup>2</sup>	Check the status of respect for human rights with approximately 90% of top suppliers in terms of the purchase value (response rate: 98%)	Select potential risk suppliers and initiate individual dialogues and improvement proposals	Improvement response rate: 75%	Continuation of the 100% improvement response rate
Materiality 5 Human Resources First	(8) Advancement of professional human resources and engagement improvement P.88	Career development for professional human resources	Percentage of professional human resources on all specialized fields (KDDI non-consolidated)	—	35% * Strategic areas	40% * Strategic areas	45% * All areas
			All employees who have completed DX basic skills training (KDDI non-consolidated: cumulative total) * Learning opportunities to be expanded to the Group	—	6,222 employees	10,721 employees	* <sup>11</sup>
		Conduct the Employee Engagement Survey	Maintain and improve employee engagement score (KDDI non-consolidated)	72	73	74	Maintain 72 or over
		Promotion of diversity-oriented human resources (DE&I)	Ratio of female directors (KDDI non-consolidated)	7.1%	16.6%	16.6%	25% or over
		Percentage of females in managerial positions (KDDI non-consolidated, excluding STEM)* <sup>12</sup>	11.7%	14.0%	14.9%	* <sup>13</sup>	

## Promotion of Innovation Centered on Telecommunications

Materiality

Values We Embrace (1)

1

# Molding Future Society

Through New Satellite Growth Strategy centered on communications, promote innovation that customers can experience in their daily lives and create a future society.

### Strengths

- Support for startups with advanced technologies and collaboration with various companies
- More than 50 years of history, experience, and technical know-how in satellite communications
- Utilization of mobile radio waves in the sky by utilizing our know-how and expertise in the telecommunications business

### Major Results in FY24.3

- KDDI signs agreement with SpaceX to bring Satellite-to-Cellular service to Japan
- Successful demonstration of the world's first optical communication system between low earth orbit and geostationary orbit satellites using a photonic crystal laser
- "αU place" virtual store space launched, reproducing physical stores in virtual space
- Demonstration test to manage the transfer of medical supplies using a drone port
- Launch of the Open Metaverse Network to provide optimal metaverse services to meet the needs of companies and municipalities
- Permanent installation of a Digital Twin at TOKYO NODE HALL in Toranomon Hills, and launch of "TOKYO NODE DIGITAL TWIN HALL-RESPECT YOU, au"

### Progress of Mid-Term Sustainability Targets P.72

Details of implementation		
<b>Promoting business creations and R&amp;D projects based on the New Satellite Growth Strategy</b>	<b>Providing LX Services in collaboration with local governments</b>	<b>Promoting innovation to strengthen intellectual capital</b>
Index		
■ Number of projects (cumulative total)	■ Expansion of LX Service provision areas and number of facilities	■ Number of patents held in 5G/Beyond 5G + New Satellite Growth-related areas
	<p>Steadily expanding the number of regions and facilities offered</p>	

### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

## "αU place" virtual store space launched, reproducing physical stores in virtual space

For more information (Japanese only)

KDDI has launched "αU place," a virtual store where customers can explore the latest displays and shop in a digitally recreated space. αU place faithfully reproduces the product displays, layouts, and interiors of physical stores in a virtual environment, allowing customers to experience the full "atmosphere" and "ambiance" of the store.

The tool "αU place for BIZ," provided for retail stores, allows store staff to easily create a virtual store by simply scanning the physical store with a smartphone. This tool also enables the provision of information on ever-changing product popularity and product details in multiple languages, which is difficult to do in a physical store.

Additionally, utilizing the technology of αU place, we demonstrated a new platform for selling used train parts to railroad enthusiasts. Using the tools of αU place, we created a virtual recreation of an actual train car where railway enthusiasts could freely walk around, explore, and select parts of interest. They were also able to add comments on specific parts, enhancing their interactive experience.

Through αU place, we will provide customers with innovative experiences they can truly feel in their everyday lives. These include shopping experience that blend the charm of physical stores with the convenience of online sites, and fan experience through the archiving of people's favorite spaces that are disappearing.



Image of recreated space and application screen

There are many "nice" stores that are exciting and cozy in cities. Through our αU place service, we aim to contribute by bringing the unique charm of physical stores—such as their carefully curated displays and personalized customer service—to customers across Japan and around the world, without the limitations of physical boundaries. Additionally, by digitally archiving real-world spaces, we aim to contribute to sustaining the value of these spaces and conserving resources.

Web3 Development Department, Business Exploration & Development Division Hiroki Fujishiro



## Demonstration test to manage the transfer of medical supplies using a drone port

For more information (Japanese only)

In February 2024, KDDI, in collaboration with KDDI Smart Drone, Japan Airlines Co., Ltd., East Japan Railway Company, Weathernews Inc, and MEDICEO CORPORATION, conducted a demonstration test to manage the transfer of medical supplies using a drone port.

For drone-based logistics services to be widely adopted in society, it is essential to ensure not only the safe operation of drones but also the secure and reliable transfer of goods, along with improved convenience through the automation of receipt and management processes. In this demonstration test, a drone port capable of storing cargo was established near medical facilities as a takeoff and landing site. The test focused on verifying the safety required during takeoff and landing for drone-based medical supply transportation services, as well as the convenience of managing the receipt and transfer of delivered goods. Participants expressed their growing expectations for advancements in medical supply logistics, noting that "if the drone port allows for the delivery of medical supplies at night, it could lead to workforce reduction for both hospitals and pharmaceutical wholesalers."

Going forward, we aim to establish a safe operational system and business model necessary for drone-based medical supply logistics services, and we will conduct demonstrations to promote community development utilizing drones.

While there are challenges to the societal implementation of drone-based logistics services, including regulatory issues, they are anticipated to be a valuable solution for addressing social issues such as the declining labor population. As infrastructure such as drone ports is developed, we are exploring various use cases, including disaster response in collaboration with local governments. We will continue to conduct further testing and verification to expand these applications.

DX & IoT Services Planning Department, Product Division Shinji Hozawa



Demonstration test for the transfer of medical supplies using a drone port



## Promotion of Innovation Centered on Telecommunications

Materiality

Values We Embrace (2)

# 1 Realization of Sustainable Industrial/Infrastructure Environment

Realize a sustainable industrial/infrastructure environment by providing innovative solutions for communications and other social infrastructure/connected vehicles.

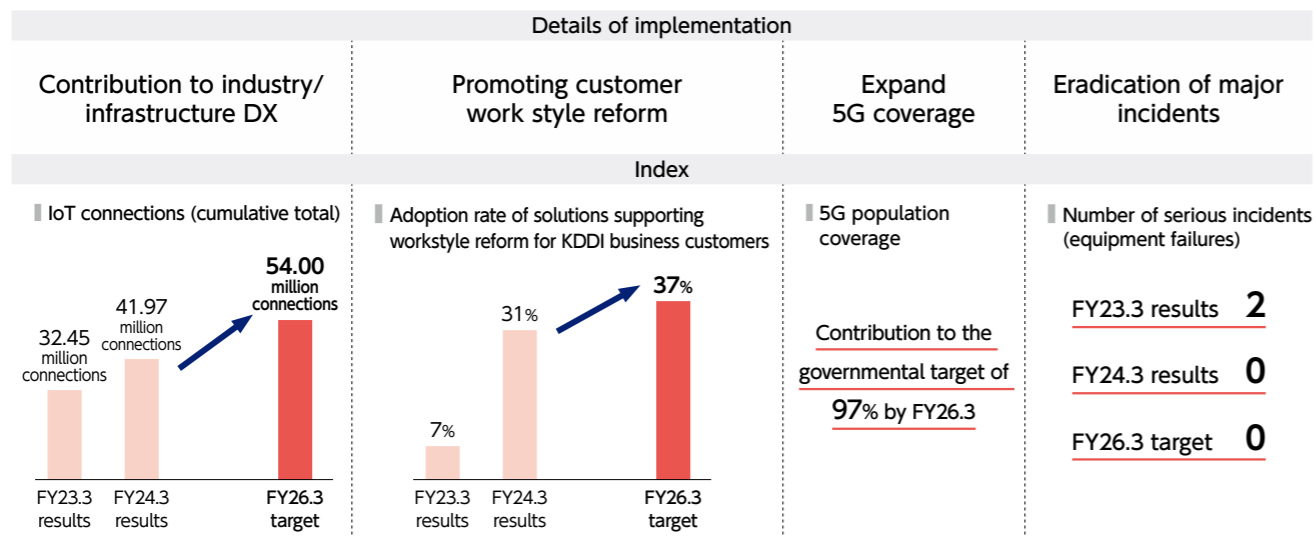
### Strengths

- Diverse capabilities such as telecommunication infrastructure, DX knowledge, know-how, human resources, etc.
- Experience and achievements accumulated as a top runner in the IoT field
- Co-creation of business with partner companies with diverse areas of expertise

### Major Results in FY24.3

- Deployment of approx. 200 vehicle-mounted, portable, and shipboard base stations utilizing Starlink in FY24.3
- IoT visualization and demonstration for stable supply of "Tango Torigai" in Maizuru City
- World's first successful experiment of ultra-broadband optical fiber transmission at 115.2 THz, 24 times faster than conventional optical fibers
- Launch of operation of AI-powered fault detection system
- Japan's first introduction of base station antenna support pillars made of GFRP, with 40% weight reduction
- Safer and more comfortable car society in the near future with connected cars pioneered by KDDI's global communication platform

### Progress of Mid-Term Sustainability Targets P.72



### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

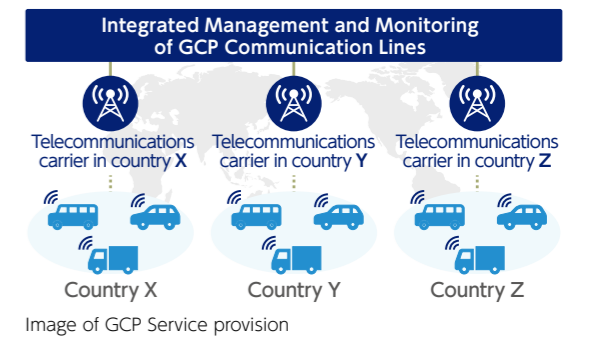
## Safer and more comfortable car society in the near future with connected cars pioneered by KDDI's GCP

For more information (Japanese only)

KDDI provides the global communication platform (GCP) to domestic automakers that are deploying connected services\*1 on a global scale. We are focusing our efforts on expanding our connected business with GCP at its core.

KDDI's GCP serves as a foundation for providing high-quality and stable communication between in-vehicle communication devices and the cloud on a global scale. It also offers features such as the ability to control the communication status of each vehicle through an integrated management interface. KDDI supports the global expansion of connected services by automakers through its GCP. Going forward, we plan to offer GCP services to international automakers as well, with the aim of expanding the countries and regions covered by GCP. As 5G communication becomes more widespread, there is an increasing demand for infotainment\*2 services that offer rich entertainment experiences as part of connected services. In response, we plan to provide high-quality communication services that support the development and proliferation of the infotainment services.

\*1 Services for connected cars, in which automobiles are equipped with communication functions and connected to a variety of external services  
 \*2 A coined word combining the words "information" and "entertainment"



Connected services are a key step toward the future of autonomous driving. The realization of autonomous vehicles is expected to fundamentally address issues such as the aging driver population and labor shortages. KDDI's 5G technology is expected to play a significant role in enabling autonomous driving. Additionally, it has the potential to optimize and streamline vehicle operations, thereby reducing CO2 emissions.

CEO, KDDI Spherience AB (Swedish Office of KDDI Spherience) **Bo Ribbing**



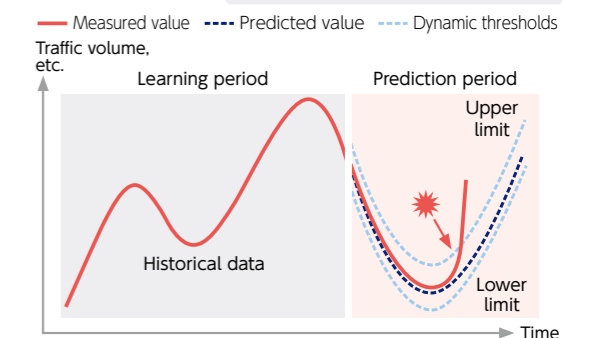
## Launch of operation of AI-powered fault detection system

For more information (Japanese only)

In January 2024, KDDI launched the operation of an AI-powered fault detection system within its LTE core network. In response to the communication outage that occurred in July 2022, KDDI has reaffirmed the significant impact such disruptions can have on society. As part of our efforts to prevent future incidents and achieve higher network quality, we have implemented this AI-powered system.

With the introduction of this system, it has become possible to dynamically set complex reference values (dynamic thresholds), allowing for the detection of faults in data such as traffic volumes that fluctuate depending on time of day, weekdays, holidays, etc. This enhancement has increased the number of data points that can be monitored by approximately six times, and significantly improved the likelihood of detecting potential faults.

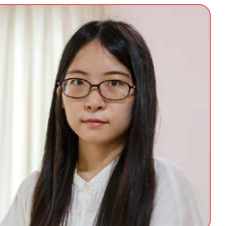
Moving forward, we will continue to enhance our fault detection system to prevent large-scale communication outages and further improve the network quality that supports our customers' daily lives.



By dynamically creating complex reference values with AI (dynamic thresholds), failure detection is achieved for patterns where values vary greatly depending on time of day, weekdays, holidays, etc.

When it comes to the use of AI, we had an expectation that if AI could predict and manage the situation, human intervention would be no longer necessary. However, in this project, a key challenge was finding the appropriate way to leverage AI for network monitoring. We recognized that having such a powerful and versatile tool like AI brought its own set of difficulties. We realized that further development of AI applications lies beyond exploring what is required for AI utilization and how it should be utilized.

Operations Technology Development Department, Advanced Operations Development Division **Nanami Ogata**



## Realization of Safe, Secure, and Prosperous Society

Materiality

2

Values We Embrace (3)

# Regional Co-Creation

Realize regional co-creation by connecting people and regions together with DX centered on communication and solving information gaps and regional issues.

### Strengths

- Nationwide telecommunications infrastructure and customer touchpoints through au Shops, Lawson stores, and other outlets nationwide
- Advanced technologies such as 5G, IoT, Big Data, and drones
- Know-how gained through collaboration with partners in all fields, including venture companies, local companies, and educational institutions

### Major Results in FY24.3

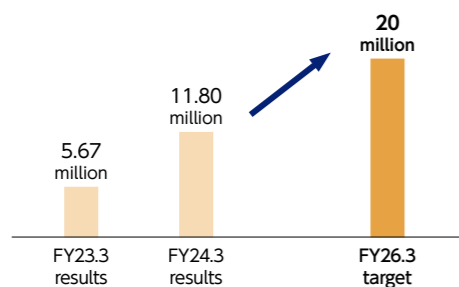
- Establishment of a general incorporated association, “Digitizing the Entire Village” for bridging the digital divide
- Holding “au Money Activity Seminars” at au Style locations nationwide for learning asset management
- Promoting the use of digital services in the community through hands-on smartphone classes held by Iwakuni City, Waki Town, KDDI, and ANA Akindo
- Starting a demonstration experiment of unmanned au Shop at Lawson for local digitalization
- Demonstration of mock voting at on-demand mobile early voting stations in Tsukuba City
- Starting a demonstration project for creating a related population with NFT for medium- to long-term reconstruction from the Great East Japan Earthquake

### Progress of Mid-Term Sustainability Targets P.72

#### Details of implementation

#### Solving disparity in regions

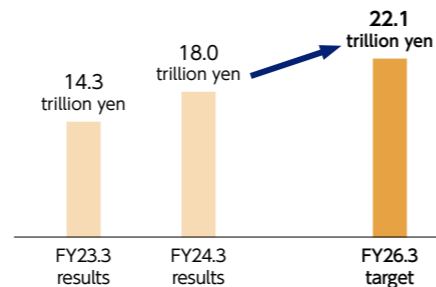
Number of people supported (cumulative total)



#### Eliminating financial divides

Index

Transaction volume of settlement/loan



### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

#### Starting a demonstration experiment of unmanned au Shop at Lawson for local digitalization

For more information (Japanese only)

Starting on November 22, 2023, KDDI has been conducting a demonstration experiment of the unmanned “au Remote Service Booth” at the Lawson Higashiura-cho Ura store in Awaji City, Hyogo Prefecture. This booth allows customers to receive remote assistance for smartphone consultations and procedures. (As of September 2024)

Awaji City, located in the northern part of Awaji Island, does not have an au Shop, and residents previously had to travel to neighboring cities or towns for in-person smartphone consultations. At the au Remote Service Booth, customers can use video calls to connect with au staff, allowing those who find it difficult to visit an au Shop due to inconvenience of travel to access au Shop services such as new subscriptions and device upgrades. By offering au Shop services at a convenient and familiar setting like a convenience store, elderly and other residents who have returned their driver’s licenses can easily seek advice on smartphones, thereby helping to bridge the digital divide.

Moving forward, KDDI will use the results of this demonstration experiment to explore further initiatives that enable local residents and the elderly to conveniently use smartphones. Through these efforts, we aim to continue contributing to the elimination of the digital divide.

In this initiative, although the service is provided remotely, we focused on enhancing the quality of customer interaction and improving the booth environment to provide an experience comparable to in-person service. As a result, we received numerous positive responses from customers who appreciated the service. Additionally, to minimize the burden on Lawson, we maintained close communication with the local Lawson staff and collaboratively developed the operational processes of the service. Going forward, we will continue to collaborate with our partners to establish new customer touchpoints and strive to make even greater contributions to the local community.

Growth Strategy Department, Partner Growth Division Hiroki Sakatsume



#### Holding “au Money Activity Seminars” at au Style locations nationwide for learning the basics of asset management

For more information (Japanese only)

In September 2023, KDDI launched the “au Money Activity Plan” for smartphones. This plan integrates communication and financial services, aiming to encourage customers to take an interest in saving and investing through their use of au communication services, thereby taking their first steps into asset management, “Money Activity.”

In conjunction with the launch of the new pricing plan, KDDI also introduced financial support seminars called “au Money Activity Seminars” at au Style\* locations nationwide. These seminars provide customers with the opportunity to learn about investing and asset management.

The seminars are designed for customers who are new to investing, such as those who are thinking about starting asset management or are interested in investing but feel uncertain. The seminars are free for anyone to attend and offer a 60-minute session where participants can easily learn about different types of investment products and how they work.

In response to the growing customer interest in investing, driven by the introduction of the new NISA system and other factors, these seminars aim to alleviate concerns by deepening participants’ understanding of investment mechanisms and benefits. By doing so, we will support each customer in their “Money Activity” in a way tailored to their individual needs.

\* Excluding “au Style NAHA” directly operated by Okinawa Cellular and au Style locations in Okinawa area. There are 322 locations nationwide as of May 28, 2024.

I feel it is a very meaningful initiative to offer much-needed financial seminars at au Style locations rooted in local communities. We have received positive feedback from participants, who have expressed that they were able to “easily learn the basics of investing.” Moving forward, we will continue to enhance our seminars to meet customer needs and actively encourage more customers to attend. Through these efforts, we aim to assist even more people in their “Money Activity.”

Store Promotion Department 2, Sales Promotion Management Department 2, Personal Sales Division 1 Yuuko Suga





## Realization of Safe, Secure, and Prosperous Society

Materiality

Values We Embrace (4)

# 2 Eliminating Regional and Economic Disparities Globally

Eliminate regional and economic disparities by contributing to local economic development through the maintaining and expanding of communications and peripheral services in emerging overseas countries.

### Strengths

- Experience and track record of developing and expanding communications business rooted in the local community
- Highly qualified local staff
- Expertise in problem-solving through expansion of communications and peripheral services
- Comprehensive ICT solution services from global and local perspectives

### Major Results in FY24.3

- “Smart Usage” smartphone classes to help young Mongolians use the Internet safely and securely
- Participation in the development of the Philippines’ first subway
- Starting a demonstration of Mongolia’s first human flow simulation and analysis service in collaboration with Mobicom and GEOTRA
- Support for victims of the massive flooding in the Bago region of the central part of Myanmar (jointly with MPT)
- Developing telecommunications infrastructure in emerging countries, fostering overseas human resources related to information and communications, and implementing projects to eliminate the digital divide, etc. (KDDI Foundation)

### Progress of Mid-Term Sustainability Targets P.72

Details of implementation	
Expand global business in emerging countries	Education and training of the next generation in Mongolia using communications
Index	
Respect the human rights of the people in emerging countries, and strive to maintain the social infrastructure that is essential to people’s daily lives	Number of people supported for educational activities to promote safe mobile and internet use, etc. (cumulative total)
<p><b>Current initiatives</b></p> <p>In Mongolia and Myanmar, contribute to people’s daily lives and economic development through maintaining and expanding communications infrastructure</p>	<p><b>FY26.3 target 8,000</b></p> <p>* New target from FY25.3.</p> <p><b>Initiatives for FY25.3 and beyond</b></p> <p>Promote educational activities to achieve the target</p>

### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

#### Educational support for young people in Mongolia

[For more information \(Mongolian website\)](#)

In Mongolia, a country with vast expanses of land, digital divide and educational disparities have long been recognized as significant issues. Mobicom Corporation LLC (Mobicom), a KDDI consolidated subsidiary, is actively engaged in supporting the education of young people.

The “Smart Education” project, which began in 2021 during the COVID-19 pandemic to support online learning, initially focused on individual students. Starting in 2023, the project expanded its scope to provide school-wide support to offer high-quality educational opportunities to a larger number of students. In addition to internet access, we now provide digital educational tools such as smart boards (electronic blackboards) and VR devices through the project. To date, a total of 12,500 children across six schools in both the capital Ulaanbaatar and rural areas have benefited from this project.

Additionally, the “Smart Usage (Smartphone Classes)” initiative, which teaches the proper use of smartphones, has been expanded its contents such as online bullying prevention, which has become a social issue with the spread of internet access. The initiative has deepened and expanded further through collaboration with partners who support these efforts, like UNICEF and the international NGO World Vision Mongolia.

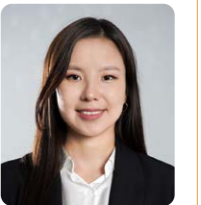
Mobicom will continue to make an effort supporting the education of young people in Mongolia.



Smart Usage (Smartphone Classroom)

We are proud that the digital classrooms established through the “Smart Education” project have become a favorite learning space for children, contributing to the enhancement of their knowledge, learning motivation, and self-confidence. Currently, around 100 employees are actively participating as instructors in the “Smart Usage” initiative, contributing to our educational support efforts. Moving forward, we will continue to embody the belief that each individual’s actions contribute to creating a better world. We are committed to improving educational environments, reducing disparities, and promoting digitalization in Mongolia.

Marketing Communication Division, Mobicom Tuvshinzaya Byambasuren



#### Participation in the Philippines’ first subway development project

[For more information](#)

In December 2023, KDDI Philippines announced its participation in a subway development project funded by Japanese government’s Official Development Assistance (ODA) to build the Philippines’ first subway in Metro Manila, Republic of the Philippines. KDDI Philippines has contracted with Hitachi Rail Limited (formerly the railway division of Thales S.A.) to develop the communication systems for the subway, as well as the fare collection systems, including ticket gates and vending machines, in collaboration with partner companies.

Metro Manila’s population continues to grow each year, and the worsening traffic congestion has become a significant bottleneck for smooth logistics and transportation. This congestion is a contributing factor to the decline in the Philippines’ international competitiveness.

By developing the subway system in Metro Manila, the KDDI Group aims to address the growing transportation demand, help alleviate traffic congestion, and contribute to reducing air pollution and mitigating climate change.



The area around the subway construction site (photo courtesy of JICA)

The national staff at KDDI Philippines is highly motivated to work on the project. An ICT engineer has volunteered to run for the project as the person in charge. All of us are proud and motivated by the fact that this project directly affects the betterment of the lives of everyone in the Philippines.

KDDI Philippines Koichi Morita



We have been expanding our network by engaging with partner companies that have a proven track record in transportation systems in Manila, as well as local companies that have shown interest and visited us. While we anticipate that unexpected challenges may arise in a large-scale project, we are committed to building a strong framework to ensure the success of this project.

KDDI Philippines Yuta Nishimura



## Carbon Neutral

Materiality

3

Values We Embrace (5)

# Carbon Neutral

In addition to achieving carbon neutrality of the KDDI Group\* in fiscal 2030, provide customers with renewable energy/electricity and contribute to solving the global challenges as climate change. \* Scope 1 + 2

### Strengths

- Collaboration with partner companies in technology and business
- Technology cultivated in the telecommunications business and expertise in the introduction of renewable energy in the energy business
- Extensive customer base and customer touchpoints through au stores, etc.

### Major Results in FY24.3

- Japan's first demonstration of a base station using perovskite-type flexible solar cells
- Start of solar power plant operation by au Renewable Energy Inc.
- Launch of offering "KDDI Green Digital Solution" to help companies achieve carbon neutrality
- Start Full Operations of Telecommunication Network with Approximately 40% Reduction in Electricity Consumption

### Progress of Mid-Term Sustainability Targets P.72

#### Details of implementation

#### KDDI's carbon neutrality including telecommunication facilities

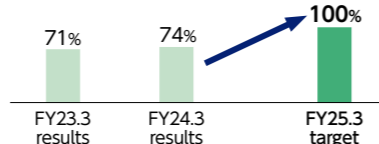
#### Index

■ Achieving carbon neutrality of the KDDI Group by fiscal 2030 (Scope 1+2)

FY23.3 results CO<sub>2</sub> emissions: **1.4** million t-CO<sub>2</sub>

■ Achieving net zero emissions of the KDDI Group by fiscal 2040 (Scope 1+2+3)

■ Achieving 100% of effective renewable energy ratio for electricity used in KDDI data centers around the world by fiscal 2025



#### Details of implementation

#### Renewable electricity with additionality

#### Providing next-generation renewable energy solutions

#### Index

■ Achieving 50% ratio of renewable electricity procurement with additionality by fiscal 2030 (KDDI non-consolidated)

FY24.3 results Usage amount of renewable electricity with additionality: **42** million kWh

Expanding provision of carbon neutral support solutions to corporate customers

### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

### Japan's first demonstration of a base station using "perovskite-type" flexible solar cells

For more information (Japanese only)

Since May, 2023, KDDI has been operating "sustainable base stations\*1" utilizing solar panels. Meanwhile, the majority of base stations are pole-type and building-mounted type base stations. Our challenge was to deploy this sustainable initiative to such base stations with limited space, where installing solar panels is difficult. To address this, KDDI, KDDI Research, Inc., and EneCoat Technologies Co., Ltd. launched a demonstration of a new sustainable base station in Gunma Prefecture in February 2024. They utilized flexible solar cells of "perovskite," "CIS," and "CIGS" types, aiming to achieve carbon neutrality. This is the first demonstration in Japan\*2 to operate a commercial base station using electricity generated by perovskite solar cells. In this demonstration, perovskite solar cells, which are thin, lightweight, and flexible, and are anticipated to be next-generation solar cells, are wrapped around the poles installed on pole-type base stations. This enables solar power generation even at pole-type base stations with limited space, allowing us to expand the number of sustainable base stations.



Perovskite solar cell wrapped around a pole

\*1 Base stations built after fiscal 2023, which incorporate elements contributing to addressing climate change issues, such as carbon neutrality, regardless of the installation of solar panels  
 \*2 Based on KDDI research as of November 30, 2023

The challenge for sustainable base stations was to deploy them on a small site area of pole-type stations, etc. By leveraging the thin, lightweight, and flexible characteristics of next-generation perovskite solar cells, we are promoting the installation of these cells on the poles installed on pole-type base stations. This will contribute to the expansion of solar power generation and continue our progress towards achieving carbon neutrality.

General Manager, Carbon-Neutral Achievement Office, Technology Strategy & Planning Division **Go Ichimura**



### Start of solar power plant operation by au Renewable Energy Inc.

For more information (Japanese only)

au Renewable Energy Inc., which promotes renewable energy generation, began commercial operation of a solar power plant in Kumagaya City, Saitama Prefecture, in December 2023. The electricity generated at this plant are supplied to au base stations in the Kanto area. In addition to this plant, au Renewable Energy has also begun operating new solar power plants in Hokkaido, Tohoku, Kanto, Chubu, Kansai, and Chugoku regions (approximately 38 MW generated at 135 sites as of July 2024).



Exterior view of the power plant in Kumagaya City, Saitama Prefecture

In its mid-term environmental conservation plan, KDDI GREEN PLAN announced in May 2024, KDDI has set a target to introduce at least 50% of renewable energy with additionality in its electricity usage by fiscal 2030. Going forward, we will continue to promote the construction of renewable energy generation facilities, such as solar power plants, and expand the adoption of renewable energy to accelerate our efforts toward achieving carbon neutrality.

au Renewable Energy, which launched its operations last fiscal year, began operating its first solar power plant and is now running over 100 sites across Japan. In developing power plants, we not only comply with laws and regulations but also follow the KDDI Group's environmental policy. To help realize a decarbonized society, we will contribute to the sustainable development of the global environment and local communities for future generations by providing renewable energy with additionality.

President, Representative Director, au Renewable Energy Inc. **Goro Suzuki**





## Strengthening the Group Management Base Through Progressing Governance

Materiality

Values We Embrace (6)

# 4 Strengthening the Management Infrastructure of the Entire KDDI Group

Create social and environmental value by establishing a strong management infrastructure through the strengthening of governance in the entire KDDI Group.

### Strengths

- Maintaining high ethical standards by instilling an understanding of the KDDI Group Mission Statement and the KDDI Group Philosophy and adhering to the KDDI Code of Business Conduct
- Ensuring customer privacy protection with advanced security technology

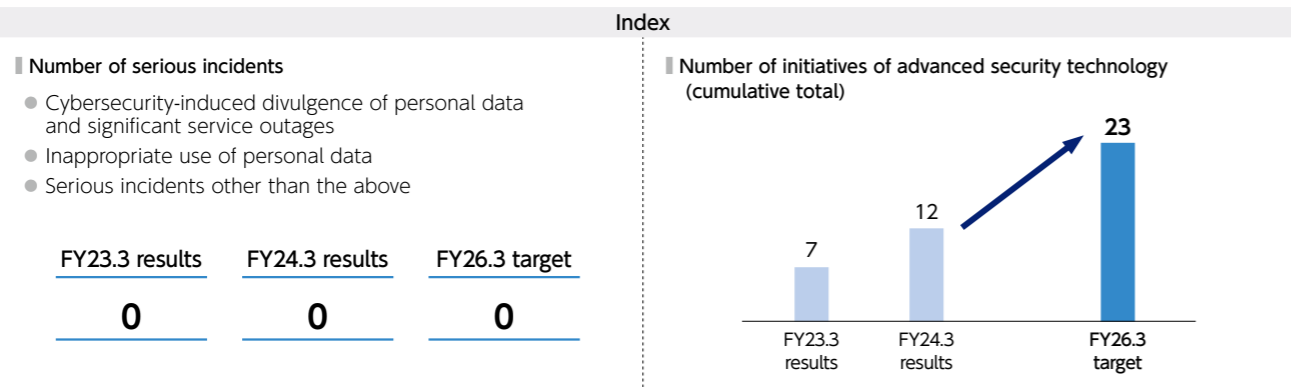
### Major Results in FY24.3

- Launch of global security services for corporate customers
- Starting a demonstration project to introduce SBOM into the telecommunications sector to enhance cybersecurity
- Achieving the world's fastest processing performance of 2 Tbps with the ultra-fast symmetric-key cryptographic algorithm "Rocca-S"
- Development of technology to analyze encrypted data at high speed without decryption
- World's first cracking of 1409-dimensional next-generation encryption, progressing toward practical application of quantum-resistant encryption
- Release of Cybersecurity Annual Report 2023

### Progress of Mid-Term Sustainability Targets

#### Details of implementation

Strengthen the governance and information security of the Group as a whole



### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

## Supporting a safe and comfortable digital society — KDDI's privacy governance

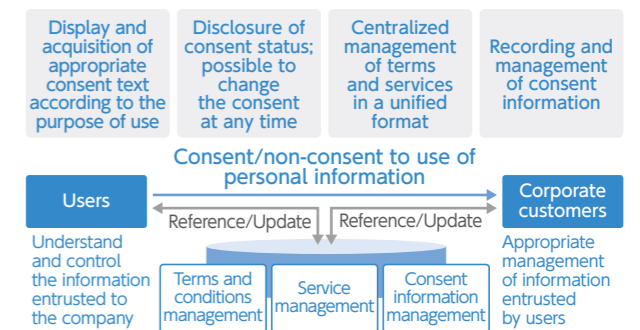
For more information (Japanese only)

In 2020, KDDI established a specialized organization dedicated to overseeing the protection of customer privacy. Beyond implementing information security measures to mitigate risks such as data leaks and theft, this initiative to strengthen privacy governance was driven by the goal of maintaining a high level of trust and confidence in KDDI's services among our customers.

The technology playing a central role in appropriately acquiring, managing, and effectively utilizing customers' personal data is the Privacy Policy Manager (PPM) system. This system is offered as a cloud-based service called KDDI PPM.

PPM allows users to confidently start using services, and enables service providers to promote the utilization of personal data safely and securely based on user consent.

Furthermore, KDDI PPM can be easily integrated with data analysis and utilization platforms, streamlining the process of extracting and analyzing data according to the consents given by users.



Alongside the implementation of Privacy Impact Assessments (PIA), KDDI has established a process for new services where customer consent is reflected in real-time on our data analysis and utilization platforms, and only data for which the consent has been obtained is subject to analysis and utilization. This process helps prevent the mistake of analyzing or utilizing data without customer consent, thereby enhancing customer confidence and trust in how their personal data is managed and used.

Data & AI Center, Corporate Strategy Division **Yuki Higuchi**

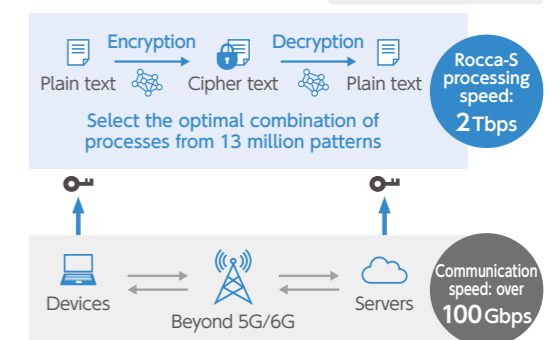


## Research and development of encryption technology for high-speed communications in the beyond 5G/6G era

For more information

When we use the Internet on a daily basis, most of its content is encrypted to protect our privacy.

Currently, we use standard technologies like Advanced Encryption Standard (AES)\*, which can perform encryption processing at speeds of up to approximately 30 Gbps. In contrast, the current 5G communication speed of mobile communications and IoT devices is around 10 Gbps. However, with beyond 5G/6G devices, communication speeds are expected to reach up to 100 Gbps. To ensure that the full potential of beyond 5G/6G communication performance can be realized, it is crucial to enhance encryption processing speeds. To address this challenge, KDDI Research has developed a new encryption method called "Rocca-S."



As of July 2024, Rocca-S has achieved a world-record speed of 2 Tbps. In the field of encryption, changing the structure can significantly impact performance, making it crucial to identify the optimal encryption structure for achieving such high speeds. Rocca-S achieves its high speed by selecting the optimal combination of encryption processes from 13 million possible patterns. This enables Rocca-S to effectively protect privacy between devices and servers in the beyond 5G/6G era.

\* Advanced Encryption Standard (AES): Standard encryption method used to protect communication data over Wi-Fi, the Internet, etc.

In encryption design, security is of the utmost importance, and balancing performance with security is an extremely challenging task. During the research and development of Rocca-S, the process of identifying the optimal encryption structure from a vast array of possible structures was extremely difficult. Moving forward, we aim to work toward the international standardization of Rocca-S, positioning KDDI's encryption technology as the standard for the 6G era, and enabling its widespread use globally. We will continue to promote research and development that contributes to the further evolution of communication technology and the enhancement of its reliability.

Information Security Division, KDDI Research **Yuto Nakano** (left) **Kazuhide Fukushima** (right)



## Strengthening the Group Management Base Through Progressing Governance

Materiality

4

Values We Embrace (7)

# Respect for Human Rights

Respect human rights in all business activities, eradicate human rights violations in the supply chain, and contribute to the sustainable growth in society.

Strengths

- A corporate culture that respects human rights through management based on the KDDI Group Philosophy
- Establishing a sustainable supply chain through responsible procurement practices

### Major Results in FY24.3

- Implementing activities to disseminate the KDDI Group Human Rights Policy to domestic Group companies
- Monitoring human rights impacts by incorporating human rights risks into risk management activities
- Formulation of the KDDI Group Web Accessibility Policy
- Standardization of the Sustainable Procurement Survey in cooperation with Nippon Telegraph and Telephone Corporation (NTT) and Softbank Corp.
- On-site verification and exchange of opinions with 63 suppliers regarding sustainable procurement, and implementation of improvement proposals
- Penetration of a contact point for handling complaints from suppliers to the KDDI Group

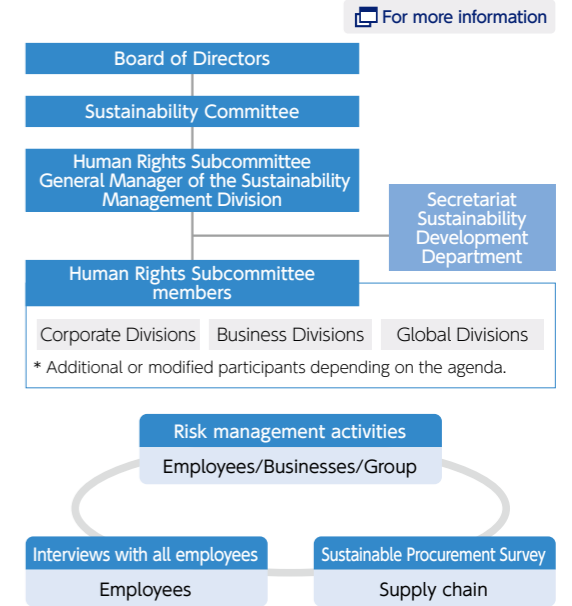
### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

## Monitoring human rights impacts by incorporating human rights risks into risk management activities

Starting from FY24.3, the KDDI Group has integrated human rights risks into its risk management activities to monitor human rights impacts. Specifically, this involves monitoring the existence of human rights risks and the status of improvement in our business activities concerning each of the key human rights issues listed in the KDDI Group Human Rights Policy. This monitoring is based on self-assessments conducted at each of our locations.

Additionally, we are promoting activities to respect human rights throughout the Company and the entire supply chain by conducting Company-wide employee interviews aimed at the early detection of potential mental and physical health issues, ensuring proper work management, and creating a healthy and safe workplace environment. This initiative also includes Sustainable Procurement Surveys to our suppliers. These human rights activities are evaluated for effectiveness by the Human Rights Subcommittee, which meets biannually. In FY25.3, we aim to enhance the monitoring process by implementing operations that allow for more accurate assessment of each organization's efforts.



I believe that monitoring human rights impacts through risk management activities is a crucial initiative, as it not only involves human rights officers but also serves as an important opportunity for each organization to become aware of and recognize human rights risks. As KDDI advances the use of AI and data, we are committed to addressing new human rights risks that may arise from technological developments and maintaining a stable environment for our business activities.

Sustainability Development Department, Sustainability Management Division **Shiho Mimuro**



## Identification of human rights risks and improvement of the situation through promoting sustainable procurement activities

For more information (Japanese only)

To identify human rights and other risks and improve the situation within our supply chain, we conduct a Sustainable Procurement Survey for our suppliers. Starting from FY24.3, we have standardized this survey in collaboration with Nippon Telegraph and Telephone Corporation (NTT) and SoftBank Corp., and incorporated it as a common self-assessment questionnaire (SAQ) for the three companies into each company's supplier engagement activities.

In FY24.3, the KDDI Group conducted the survey with key first-tier suppliers and achieved a high response rate of 95%, surpassing the target collection rate of 90%.

To assess human rights risks, we use the survey to check the status of our suppliers' human rights-related regulations and the establishment of grievance mechanisms as a form of remedy. For suppliers identified as high-risk, we take corrective actions such as conducting individual interviews for detailed confirmation and providing support through improvement proposals. We support our suppliers in independently driving the PDCA (Plan-Do-Check-Act) cycle of human rights due diligence by emphasizing the importance of information disclosure and providing continuous follow-up to help improve their initiatives.

From FY25.3, we will further strengthen collaboration among telecommunications carriers. This includes providing a sustainability handbook for suppliers common to the three companies and a handbook for in-house greenhouse gas emissions visualization, as well as planning joint supplier audits.

We will continue to fulfill our social responsibilities across the supply chain and promote sustainable procurement activities.

For suppliers that do not have human rights policies and regulations in place, we work to raise human rights awareness through dialogue and support, and to eliminate human rights risks across the entire supply chain. Depending on the status of our suppliers' human rights due diligence, we guide them toward improvement by sharing our expertise and offering assistance. We will continue to improve the sustainability of the entire supply chain through two-way communication with our suppliers.

Procurement Management Department, Corporate Procurement Division  
**Atsuko Yamanaka (left) Shoichi Shizuta (middle) Yoichiro Shinya (right)**



### Progress of Mid-Term Sustainability Targets P.72

#### Details of implementation

Conduct business activities with respect for human rights

Human rights due diligence

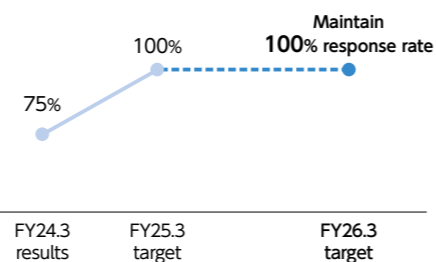
#### Index

Conduct human rights risk assessments in business activities, including those of Group companies, and make improvements based on the results

Improvement response rate in the activities of high-risk suppliers that may be violating human rights

#### Initiatives for FY25.3 and beyond

In addition to ongoing efforts in human rights due diligence and addressing human rights issues within Group companies, further promote responses to key human rights issues and actively disclose related information





## Human Resources First

Materiality

5

Values We Embrace (8)

# Advancement of Professional Human Resources and Engagement Improvement

Create innovation and contribute to the sustainable growth of society by fostering a corporate culture that encourages the active participation of diverse and professional talent while also providing a challenge.

Strengths

- Development of DX-centered human resources capable of collaborating with various industries
- KDDI Version Job Style Personnel System that overturns the conventional concept of management positions and fosters professional human resources with high human skills

### Major Results in FY24.3

- Starting the use of “KDDI AI-Chat” by 10,000 employees
- Adding equity to D&I to be revised to DE&I, and conducting Unconscious Bias Training to raise awareness among leaders
- Human resource development to improve DX skills of all employees and make them professional human resources
- Implementation of employee engagement improvement measures

### Examples of Initiatives in FY24.3

\* Belongings of each person and details of initiatives are as of the time of the interview.

#### Aiming to improve DX skills of all employees and make them professional human resources

For more information (Japanese only)

Mamoru Ohashi, who serves as a core human resource for digital transformation (DX) at KDDI, has led the promotion of DX within the company and the establishment of internal and external communities among engineers. Ohashi says that what engineers need to improve their skills, which is indispensable for advancing DX, is communities of engineers.

“KDDI has many talented engineers across various fields. I thought that if we could connect them beyond their own divisions, they would not only acquire new knowledge, but also generate great ideas by combining their specialized skills,” he says.

Communities created from such idea has taken root among the company’s engineers, and now, countless communities not only for engineers but also for business personnel are actively operating.

Ohashi, who is the head of Mishima Office, KDDI Agile Development Center, which supports DX development at customer companies using agile development and other methodologies, has a significant goal: enhancing the value of Japanese engineers. To achieve this goal, he says it is important to connect engineers with each other through communities, and to communicate their expertise to external audiences.

“KDDI believes it is important to work with engineers in the local communities to solve regional issues on a broader scope.”

“By acting as a hub that connects engineers within communities, and further linking them with business owners across various fields, we aim to elevate the value of engineers and accelerate the progress of DX,” he says.



DX Promotion Division, KDDI Agile Development Center **Mamoru Ohashi**

#### KDDI’s goal of increasing employee engagement for every employee to work with vitality

For more information (Japanese only)

We interviewed employees leading company-wide employee engagement initiatives, as well as those working on improving employee engagement in the field and maintaining high engagement scores, to gather insights from their respective perspectives.

**Megumi Kikawada** (Human Resources Development Department, Human Resources Division): The employee engagement survey helps to visualize the underlying thoughts and feelings of employees, but it is merely the tip of the iceberg. It is essential to delve deeper into the unseen aspects through dialogue in each workplace and work towards improvement. To support action planning and execution, we implement initiatives that clearly communicate the survey insights to organizational leaders.

**Ryo Inoue** (Core System Department 2, Information Systems Division): Rather than getting caught up in the highs and lows of the survey results, I believe that identifying the correlation between various elements of the results and the factual data from the Management Insights, which consolidates data on work styles and talent development, is highly valuable. This serves as a key indicator for understanding the effectiveness and challenges of day-to-day activities in the workplace.

**Akihiro Monde** (Core System Department 2, Information Systems Division): A key aspect of the survey is that it highlights changes since the last survey. By using the survey results for self-reflection—such as understanding, “This is when my engagement increases”—employees can analyze their own responses and find motivation to take a more proactive approach to their work.

**Megumi Kikawada:** Moving forward, we aim to create an environment where more action is derived from the survey results. Specifically, in addition to sharing trial-and-error examples from each organization, we plan to strengthen data-driven systems. With the rise of generative AI and the advancement of DX, the environment for utilizing data has significantly improved. The Human Resources Division has data scientists specializing in HR, and we aim to provide faster and more effective feedback by leveraging their expertise.



(From left to right) Monde, Inoue, Kikawada

### Progress of Mid-Term Sustainability Targets P.72

#### Details of implementation

##### Career development for professional human resources

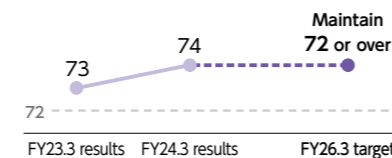
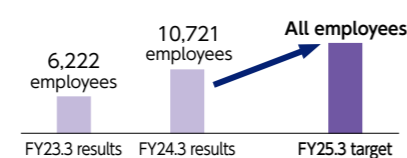
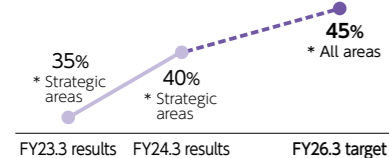
##### Conduct the Employee Engagement Survey

#### Index

Percentage of professional human resources on all specialized fields (KDDI non-consolidated)

All employees who have completed DX basic skills training (KDDI non-consolidated: cumulative total)

Maintain and improve employee engagement score (KDDI non-consolidated)



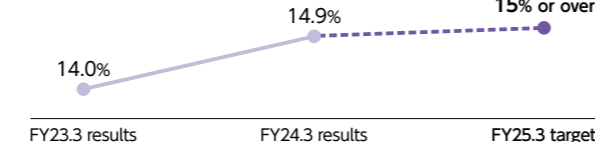
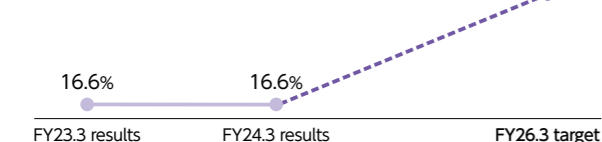
#### Details of implementation

##### Promotion of diversity-oriented human resources (DE&I)

#### Index

Ratio of female directors (KDDI non-consolidated)

Percentage of females in managerial positions (KDDI non-consolidated, excluding STEM areas)



Materiality

# 6

## Advancing Stakeholder Engagement

**Building strong relationships with all stakeholders, including employees, customers, distributors, suppliers, and shareholders**

### Approach to Stakeholder Engagement

Our approach to stakeholder engagement is applied to the Company's business activities.

KDDI's business is related to our stakeholders, including customers, shareholders, business partners, employees and their families, and local communities, etc.

KDDI engages in various activities to provide "new experience" to all stakeholders involved in our business activities, ensuring their satisfaction.

In our activities, we use checklists based on international sustainability standards such as GRI Standards, SASB, IIRC, and ISO 26000, as well as domestic standards like JIS Z 26000, the Environmental Reporting Guidelines, and the Value Creation Guidance. These checklists also cover the items of feedback from investors. They are used for current situation analysis and to formulate and implement policies to address identified issues. KDDI values the dialogue with all our stakeholders who support us. We will continue to build up collaboration with our stakeholders and tackle societal issues to contribute to the development of a truly connected society.

#### Stakeholder Correlation Diagram



### Stakeholder Identification and Prioritization Procedures

From the perspective of achieving sustainable growth for both the company and society by enhancing social and environmental value in addition to economic value through our diverse business centered on telecommunications, we have identified seven main stakeholders: service customers, shareholders/investors, local communities, NPO/NGO, administrative organizations/industry groups, business partners (suppliers), and employees and their families. In conducting stakeholder engagement, we check the degree of influence of stakeholders on our business activities and prioritize them accordingly.

### Stakeholder Engagement Feedback and Risk Handling

To mitigate potential risks in stakeholder engagement, such as differences in objectives or unrealistic expectations of our Company, we employ a variety of methods, including dialogues with stakeholders. Additionally, we conduct regular effectiveness assessments to ensure that our engagement efforts are effective. To prevent any impact on the engagement due to language differences with stakeholders in various countries, we strive to ensure effective stakeholder engagement by providing English language support and enhancing information disclosure on our website. The results of each engagement are not only reported and shared internally but are also presented to the Corporate Management Committee and other various committees, depending on their significance, to be reflected in decision-making processes. Furthermore, when necessary, relevant stakeholders are informed through information disclosure on our website or via reports.

[Stakeholder Engagement](#)

### Stakeholder Dialogue

We actively conduct activities to incorporate the opinions and requests of stakeholders in our corporate management for further improvements. In FY24.3, we held stakeholder dialogues focused on the environment and human rights, inviting stakeholders to assess KDDI's initiatives and share their expectations for the future.

[Dialogue Archive](#)

#### Dialogue on the environment

Experts	Feedback received
Counsellor on Global Strategy to President and the Board of Directors, The Norinchukin Bank (TNFD Taskforce member) <b>Hiroataka Hideshima</b>	<ul style="list-style-type: none"> <li>I feel that KDDI's efforts to lead Japan and various sectors, such as the issuance of the TNFD report and registration as the TNFD Early Adopter, are superb.</li> <li>From the viewpoint of further improvements in KDDI's efforts, I hope that KDDI lists nature as one of the items of the company's materiality (which is a key issue) and that it will take a broad view in its considerations and efforts. As you understand through this report and various disclosures, many people may ask why KDDI bends its efforts at nature. I think that clarifying and communicating such story explaining why would lead to a broad range of stakeholders to understand KDDI.</li> <li>Discussions about agendas combining the climate, nature, and food systems continue throughout the world. I hope that KDDI exercises its capabilities in issues concerning food and the agriculture, forestry, and fishing industries, which are closely relevant to nature.</li> </ul>

#### Dialogue on human rights

Experts	Feedback received
UNDP (United Nations Development Programme) <b>Alice Cope</b> (International Specialist/Pillar Two) <b>Hideaki Umetsu, Esq.</b> (Domestic Specialist/Mori Hamada & Matsumoto Law Office) <b>Akiko Sato, Esq.</b> (Facilitator/UNDP Business and Human Rights Liaison Officer)	<ul style="list-style-type: none"> <li>It is important to identify risks along the whole value chain, including in deeper tiers of the supply chain below Tier 1.</li> <li>When identifying and assessing the human rights risks of group companies, it is important to take into account the context of, and the companies' activities in, each country.</li> <li>To ensure internal training on business and human rights is effective, it should be tailored to business operations, context and human rights risk profile.</li> <li>It is important to prioritize addressing companies with high human rights risks, irrespective of the size or ownership ratio of group companies.</li> <li>Disclosing more specific cases related to improving human rights risks not only makes the outcomes clearer but also conveys KDDI's seriousness to stakeholders.</li> </ul>



# Visualization of Non-Financial Activities

## Visualizations of KDDI's Non-financial Activities So Far

We have conducted activities to analyze and visualize the relationship between non-financial activities and corporate value, as an initiative to promote sustainability management.

In FY22.3, we conducted a correlation analysis of non-financial activities and PBR (Price to Book Ratio), mainly for enhancing ESG information disclosure, by utilizing Digital ESG Data Analytics, which utilizes The Yanagi Model, provided by ABeam Consulting Ltd. (headquartered in Chuo-ku, Tokyo; Takahiro Yamada serving as President). We have successfully visualized the correlation between various non-financial initiatives—such as the number of the KDDI Group Philosophy study sessions, the percentage of female employees, and research and development expenses—and the enhancement of corporate value.

[INTEGRATED REPORT 2021](#)

In FY23.3, we conducted a more in-depth quantitative analysis, including cause-and-effect relationships, by utilizing a model of "AI Powered Enterprise Value Cockpit" by Accenture Japan Ltd. (headquartered in Minato-ku, Tokyo; Atsushi Egawa serving as President). The analysis was conducted jointly with ARISE analytics Inc., which is a joint venture between KDDI and Accenture Japan. Indicators with a high impact on corporate value were identified as follows: greenhouse gas emissions based on Scope 1 and 2 as an environmental indicator, efforts to increase the ratio of male employees taking paternity leave and the ratio of mid-career hires as social indicators, and the ratio of female managers and executives as a governance indicator.

[KDDI Integrated Sustainability and Financial Report 2023](#)

## Impact-Weighted Accounting

In FY24.3, KDDI introduced the impact-weighted accounting framework to enhance awareness of its corporate value by evaluating the social and environmental impact of its corporate activities, thereby applying the weighted accounting to the IoT business that KDDI provides. This initiative, supervised by Visiting Professor Ryohei Yanagi of Waseda University, is being conducted in collaboration with ABeam Consulting based on the framework of impact-weighted accounting proposed by the International Foundation for Valuing Impacts (IFVI)\*.

\* An international impact evaluation foundation developed in 2022 by Harvard Business School's Impact-Weighted Accounts Initiative (IWAI).  
 • Impact-Weighted Accounts Initiative (IWAI). 2019. "Impact-Weighted Financial Accounts: The Missing Piece for an Impact Economy."  
 • International Foundation for Valuing Impacts (IFVI). 2024. "GENERAL METHODOLOGY 1 Conceptual Framework for Impact Accounting."

### Positioning of this initiative

Classification	Drivers to improve corporate activities	Analysis details	Purpose
Strengthen management base	Improve indicators and KPIs that contribute to corporate value enhancement	<ul style="list-style-type: none"> <li>Fiscal 2021: Correlation analysis of non-financial activities and PBR (The Yanagi Model)</li> <li>Fiscal 2022: Causal analysis of non-financial activities and market capitalization</li> </ul>	Enhancement of corporate value
Business Strategy	Social impact calculation	<ul style="list-style-type: none"> <li>Fiscal 2023: Calculation of social impact by IoT business (impact-weighted accounting)</li> </ul>	Calculation of corporate value that has not yet been manifested

As a result of this initiative, the social impact created through the provision of IoT business, including reduction in damage caused by sending out emergency alerts during traffic accidents, was estimated to be worth 502.3 billion yen (for FY24.3), equivalent to approximately 1.6 times that of EBITDA.

### Impact-weighted accounting for IoT business (FY24.3)\*

Item	FY24.3
[A] Sales	1,264,739
[B] EBITDA	309,368
[C] Social impact of IoT lines	502,266
Total profit by impact-weighted accounting (= [B] + [C])	811,634
Ratio of impact against sales (= [C] / [A])	39.7%
Ratio of impact against EBITDA (= [C] / [B])	162.4%

\* Financial figures are taken from the business segment figures from the time.

### Background

While companies worldwide are being encouraged to pursue environmental and social issues, these initiatives were often viewed as separate from economic activities, making it difficult for them to contribute to corporate value. This has ignited and accelerated the move by companies to appraise their social contributions and present them to various stakeholders.

Impact-Weighted Accounting is a new accounting method proposed by various parties, including Professor George Serafeim of Harvard Business School in the United States. It measures and evaluates both the positive and negative impacts of corporate activities on the environment and society, as generated by corporate programs, including sustainability.

KDDI also considered it important to understand and analyze the impact of its business activities on society as a whole and introduced impact-weighted accounting at this opportunity.

### Breakdown of the social impact of KDDI's IoT business

KDDI has been operating its IoT business for over 20 years. The total number of KDDI's IoT lines reached 41.97 million (as of the end of March 2024), and they are being provided to industries including automotive, security, and utilities such as electricity and gas. KDDI used impact-weighted accounting to quantitatively visualize how the provision of such IoT business is impacting society.

For instance, KDDI provides the automotive industry with a global communication platform for high-quality and stable communication to store data on clouds and servers sent through automotive communication devices. This platform and the provision of the IoT lines have created various societal values, such as enabling emergency alerts during traffic accidents.

### Breakdown of social impact of IoT lines (FY24.3)

Provided to:	Social impact	Value we embrace used for estimation*
Automotive	417,337	Reducing damages during traffic accidents through emergency alerts
		Reducing CO <sub>2</sub> emissions from vehicles by proposing the best route
Security	56,591	Avoiding deaths by fire through the use of home security devices
		Avoiding break-ins through the use of home security devices
		Freeing up work hours through the use of GPS location information devices
Electricity and gas	20,969	Improving productivity by automating metering
		Reducing CO <sub>2</sub> emissions from traveling vehicles by automating metering
		Reducing CO <sub>2</sub> emissions by visualizing electricity and gas consumption
Other	7,369	Improving productivity by other means than above through the stable provision of IoT lines
Total	502,266	—

\* The approach to the reduction of damage in cars during accidents through the use of emergency alerts is used as an example. The targets are connected cars that can be constantly connected to the Internet, and this description includes systems such as those that can send out emergency alerts in accidents. The effects of avoiding traffic accident deaths are estimated by the rate of traffic accident deaths estimated from the macro data of the United States Department of Transportation, Japan's Cabinet Office, etc., multiplied by the survival rate of cases when emergency alerts accelerated life-saving responses and by the victim's business net worth, further multiplied by the number of IoT lines provided by KDDI.

# Third-Party Evaluation

## Global

**FTSE4Good Index Series**

**MSCI ESG Leaders Indexes\*1**

**MSCI ESG Rating\*2**  
Highest rating of AAA

Selected as a "Sustainability Yearbook Member" and an "Industry Mover" in S&P Global Corporate Sustainability Assessment (CSA) Score 2023

Selected for the CDP's A List in the area of climate change and as a "Supplier Engagement Leader"

SBT Certification for KDDI's Target (to limit the temperature increase to 1.5°C)

## Japan

**SX (Sustainability Transformation) Brands 2024**

**4.5 Stars in the 5th Nikkei SDGs Management Survey**

**5 Stars in the 7th Nikkei Smart Work Management Survey**

**NIKKEI Smart Work Awards 2024: Innovation Prize**

**Health and Productivity Management 2024 (White 500)**

**DBJ Environmental Ratings**

KDDI has been selected as a constituent of all six ESG indexes for domestic equities used by the Government Pension Investment Fund (GPIF).

<p><b>FTSE Blossom Japan Index</b></p>	<p><b>FTSE Blossom Japan Sector Relative Index</b></p>
<p><b>CONSTITUENT MSCI*1 Nihonkabu ESG Select Leaders Index</b></p> <p>2024 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX</p>	<p><b>CONSTITUENT MSCI*1 JAPAN Empowering Women Index (WIN)</b></p> <p>2024 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)</p>
<p><b>S&amp;P/JPX Carbon Efficient Index</b></p>	<p><b>Morningstar Japan ex-REIT Gender Diversity Tilt Index</b></p>

**Eruboshi designation (class 2) from the Minister for Health, Labor and Welfare**

**Kurumin certification from the Minister of Health, Labour and Welfare**

**Gold Rating in the PRIDE Index**

**Human Capital Leaders 2023**

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# Board Members (As of June 30, 2024) \* Number of the Company's shares held as of March 31, 2024

## Directors



**Takashi Tanaka**  
Chairman, Director

Feb. 26, 1957 Born  
Apr. 2003 Executive Officer  
Jun. 2007 Managing Executive Officer, Director  
Jun. 2010 Senior Managing Executive Officer, Representative Director  
Dec. 2010 President, Representative Director  
Apr. 2018 Chairman, Representative Director  
Jun. 2021 Outside Director of Astellas Pharma Inc. (Current position)  
Jun. 2024 Chairman, Director (Current position)

Number of the Company's shares held: 62,500



**Makoto Takahashi**  
President, Representative Director  
CEO

Oct. 24, 1961 Born  
Apr. 2003 Executive Officer  
Jun. 2007 Managing Executive Officer, Director  
Jun. 2010 Senior Managing Executive Officer, Representative Director  
Jun. 2016 Executive Vice President, Representative Director  
Apr. 2018 President, Representative Director (Current position)  
Apr. 2023 CEO (Chief Executive Officer) (Current position)  
Apr. 2024 Executive Director, Corporate & Marketing Communications Sector, and Global Consumer Business Sector (Current position)


Number of the Company's shares held: 40,000



**Kyoko Okumiya**  
Outside Director,  
Independent Director

Jun. 2, 1956 Born  
Apr. 1984 Registered as attorney at law  
Sep. 2000 Partner, Tanabe & Partners (Current position)  
Aug. 2003 Member of Audit Committee of Kawasaki City  
Jun. 2014 Outside Audit & Supervisory Board Member of NEC Corporation  
Outside Director of MORINAGA MILK INDUSTRY CO., LTD.  
Jul. 2017 Chairperson of the Labour Policy Council Equal Employment Opportunity Subcommittee (Current position)  
Apr. 2018 Member of Administrative Advisory Council, School of Legal and Political Studies of The University of Tokyo (Current position)  
Jun. 2018 Outside Director of The Bank of Yokohama, Ltd.  
Jun. 2023 Outside Director of KDDI (Current position)  
Outside Director of ASAHI KOGYOSHA CO., LTD. (Current position)

Number of the Company's shares held: 100



**Makoto Ando**  
Outside Director,  
Independent Director

Feb. 16, 1952 Born  
Apr. 1995 Professor, Department of Electrical and Electronic Engineering, School of Engineering of Tokyo Institute of Technology  
Apr. 2015 Director, Executive Vice President for Research, Tokyo Institute of Technology  
Apr. 2017 Emeritus Professor of Tokyo Institute of Technology (Current position)  
Apr. 2018 Director (research, information) of Independent Administrative Agency National College of Technology  
Jun. 2020 Programme Director, Strategic Information and Communications R&D Promotion Programme of Ministry of Internal Affairs and Communications (Current position)  
Jan. 2022 Chairperson of Japan Coordinating Council for Wireless Power Transfer (Current position)  
Apr. 2024 Programme Director, Fundamental Technologies for Sustainable Efficient Radio Wave Use R&D Project of Ministry of Internal Affairs and Communications (Current position)  
Jun. 2024 Outside Director of KDDI (Current position)

Number of the Company's shares held: 0



**Yasuaki Kuwahara**  
Executive Vice President,  
Representative Director

Oct. 25, 1962 Born  
Apr. 2018 Executive Officer  
Apr. 2022 Managing Executive Officer  
Jun. 2023 Senior Managing Executive Officer, Director  
Apr. 2024 Executive Director, Business Solution Sector (Current position)  
Jun. 2024 Executive Vice President, Representative Director (Current position)

Number of the Company's shares held: 9,200



**Hiromichi Matsuda**  
Director,  
Managing Executive Officer,  
CDO

Nov. 30, 1971 Born  
Apr. 2020 Executive Officer  
Jun. 2023 Executive Officer, Director  
Apr. 2024 Managing Executive Officer, Director (Current position)  
CDO (Chief Digital Officer)(Current position), Executive Director, Advancing Business Technology Sector, and General Manager, Advancing Business Tech-Strategy Division (Current position)

Number of the Company's shares held: 9,000

## Audit & Supervisory Board Members



**Nanae Saishoji**  
Director,  
Managing Executive Officer,  
CFO

May 12, 1964 Born  
Apr. 2020 Executive Officer, Executive Manager, Corporate Management Division, Corporate Sector  
Apr. 2022 Deputy Executive Director, Corporate Sector, and General Manager, Sustainability Management Division  
Apr. 2023 Managing Executive Officer, CFO (Chief Financial Officer) (Current position)  
Executive Director, Corporate Sector (Current position)  
Jun. 2024 Managing Executive Officer, Director (Current position)

Number of the Company's shares held: 10,900



**Hiroshi Takezawa**  
Director,  
Managing Executive Officer

Dec. 18, 1964 Born  
Apr. 2018 Executive Officer, Deputy General Manager, Consumer Sales Division, Consumer Business Sector  
Apr. 2020 President, UQ Communications Inc.  
Apr. 2021 Executive Manager, Marketing Division, Personal Business Sector  
Apr. 2022 Managing Executive Officer  
Apr. 2023 Executive Manager, Business & Services Development Division, Personal Business Sector  
Apr. 2024 Executive Director, Personal Business Sector (Current position)  
Jun. 2024 Managing Executive Officer, Director (Current position)

Number of the Company's shares held: 7,700



**Noboru Edagawa**  
Full-time Audit &  
Supervisory  
Board Member

Number of the Company's shares held: 9,200




**Kazuyasu Yamashita**  
Full-time Audit &  
Supervisory  
Board Member

Number of the Company's shares held: 4,000



**Naoki Fukushima**  
Full-time Outside Audit &  
Supervisory Board Member,  
Independent Director/  
Auditor

Number of the Company's shares held: 0



**Goro Yamaguchi**  
Outside Director

Jan. 21, 1956 Born  
Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation  
Apr. 2013 President and Representative Director, President and Executive Officer of Kyocera Corporation  
Apr. 2017 Chairman of the Board and Representative Director of Kyocera Corporation (Current position)  
Jun. 2017 Outside Director of KDDI (Current position)  
Jun. 2024 Outside Director of Toyota Tsusho Corporation (Current position)

Number of the Company's shares held: 15,500



**Keiji Yamamoto**  
Outside Director

Mar. 28, 1961 Born  
Apr. 2016 Executive General Manager of TOYOTA MOTOR CORPORATION  
Apr. 2017 Managing Officer of TOYOTA MOTOR CORPORATION  
Jun. 2019 Outside Director of KDDI (Current position)  
Jul. 2019 President, Connected Company of TOYOTA MOTOR CORPORATION Operating Officer of TOYOTA MOTOR CORPORATION Operating Officer and Chief Information & Security Officer of TOYOTA MOTOR CORPORATION (Current position)  
Apr. 2023 Senior Fellow of TOYOTA MOTOR CORPORATION (Current position)

Number of the Company's shares held: 1,500



**Kazutoshi Kogure**  
Outside Audit &  
Supervisory Board Member,  
Independent Director/  
Auditor

Number of the Company's shares held: 0



**Koji Arima**  
Outside Audit &  
Supervisory Board Member,  
Independent Director/  
Auditor

Number of the Company's shares held: 0



**Tsutomu Tannowa**  
Outside Director, Independent Director

Oct. 26, 1951 Born  
Apr. 2007 Executive Officer of Mitsui Chemicals, Inc.  
Apr. 2010 Managing Executive Officer of Mitsui Chemicals, Inc.  
Jun. 2012 Member of the Board, Managing Executive Officer of Mitsui Chemicals, Inc.  
Apr. 2013 Member of the Board, Senior Managing Executive Officer of Mitsui Chemicals, Inc.  
Apr. 2014 Representative Director, Member of the Board, President & CEO of Mitsui Chemicals, Inc.  
Apr. 2020 Representative Director, Chairperson of the Board of Mitsui Chemicals, Inc.  
Jun. 2022 Outside Director of KDDI (Current position)  
Apr. 2023 Director, Chairperson of the Board of Mitsui Chemicals, Inc. (Current position)  
Jun. 2023 Outside Director of TOKYO GAS CO., LTD. (Current position)

Number of the Company's shares held: 2,000



**Junko Okawa**  
Outside Director, Independent Director

Aug. 31, 1954 Born  
Feb. 2010 Executive Officer of Japan Airlines Co., Ltd.  
Feb. 2012 Managing Executive Officer of Japan Airlines Co., Ltd.  
Apr. 2013 Senior Managing Executive Officer of Japan Airlines Co., Ltd.  
Jun. 2013 Director, Senior Managing Executive Officer of Japan Airlines Co., Ltd.  
Apr. 2016 Representative Director, Senior Managing Executive Officer of Japan Airlines Co., Ltd.  
Jun. 2018 Vice Chairperson of Japan Airlines Co., Ltd.  
Apr. 2019 External Affairs Representative of Japan Airlines Co., Ltd.  
Jun. 2020 Outside Director of The Shoko Chukin Bank, Ltd.  
Jun. 2022 Outside Director of KDDI (Current position)  
Outside Director of Asahi Group Holdings, Ltd. (Current position)  
Jun. 2023 Outside Director of Tokyo Electric Power Company Holdings, Inc. (Current position)

Number of the Company's shares held: 700

### Composition of the Board of Directors and Advisory Committees

Name	Representative rights	Outside	Independent	Execution of Business	Nomination Advisory Committee	Remuneration Advisory Committee	Other
Takashi Tanaka					●	●	Chairman of Board of Directors
Makoto Takahashi	●			●	●	●	President, Representative Director
Yasuaki Kuwahara	●			●			Executive Director, Business Solution Sector
Hiromichi Matsuda				●			CDO, Executive Director, Advancing Business Technology Sector
Nanae Saishoji				●			CFO, Executive Director, Corporate Sector
Hiroshi Takezawa				●			Executive Director, Personal Business Sector
Goro Yamaguchi		●					
Keiji Yamamoto		●					
Tsutomu Tannowa		●	●		●	●	Chairman of Board of Remuneration Advisory Committee
Junko Okawa		●	●		●	●	Chairman of Board of Nomination Advisory Committee
Kyoko Okumiya		●	●		●	●	
Makoto Ando		●	●		●	●	

\* During FY24.3, the Nomination Advisory Committee met on five occasions and the Remuneration Advisory Committee met on two occasions.



# Messages from Outside Directors



Outside Director,  
Independent Director  
**Makoto Ando**

Outside Director,  
Independent Director  
**Kyoko Okumiya**

Outside Director,  
Independent Director  
**Tsutomu Tannowa**

Outside Director,  
Independent Director  
**Junko Okawa**

KDDI is striving to strengthen corporate governance to achieve sustainable growth and corporate value improvement over the medium to long term. In this interview, we asked independent outside directors about the atmosphere of the Board of Directors meetings and the content of their discussions.

— Please share your thoughts on the atmosphere of our Board of Directors meetings and the role of outside directors.



**Tannowa:** At the Board of Directors meetings, I believe the chairman (Takashi Tanaka, Chairman and Director) leads the discussions well and creates an atmosphere in which outside directors feel comfortable in expressing their opinions.

**Okawa:** We have lively discussions with active question and answer sessions. I feel that information is shared effectively since sufficient time is taken for explanations to outside directors in advance for certain agenda items.

**Okumiya:** The atmosphere is very comfortable and outside directors engage in lively discussions by asking questions and offering opinions from a variety of perspectives. Depending on agenda items,

free discussions are held separately from the Board of Directors meetings to confirm consistency with the corporate philosophy and management strategy. In my case, I am sometimes given separate lectures to deepen my understanding of technical matters, etc. I felt the enthusiasm for sharing information with outside directors.

**Tannowa:** As an outside director of a company with an Audit & Supervisory Board, I believe that the role of outside directors is to strike a balance between decision-making on important matters and monitoring the execution side.



**Okawa:** There is an atmosphere of mutual trust and respect, even in the appropriate tension between supervision and execution, and we can work together as a team to grow the company. I would like to further enhance the Board of Directors so that the perspectives and diverse values of each of the outside directors, who have a wealth of experience and insight, can be effectively reflected in the management of the company.

**Okumiya:** Outside directors are required to strike a balance between being an integral part of the Board of Directors and monitoring the company from a broader perspective. I would like to bring awareness to the management team through diverse opinions, and to have thorough discussions

between inside and outside about the current state of management and the future of the company.

— Please tell us about your aspirations and enthusiasm for your new appointment as a director, Mr. Ando.

**Ando:** My name is Ando, and I was appointed as an outside director at the 40th Annual Shareholders Meeting held on June 19, 2024. I have been engaged in education and research related to radio waves for 40 years. During the period, while experiencing firsthand the permeation of sustainability in society, I have been involved in the formulation of technical standards for radio wave administration, and in the evaluation and policy development of publicly solicited projects for advanced communication technologies such as Beyond 5G from the standpoint of academia. Both of these projects, like KDDI VISION 2030, are aimed at improving technology and restoring international competitiveness around 2030, and expect the companies that play a leading role in social implementation to actively commercialize these technologies.

In assuming the position of outside director of KDDI, a leader in wireless communications, I admire the KDDI Group Mission Statement and the KDDI Group Philosophy that extend the company's aspirations to employees, customers, shareholders, and the global environment. Along with that, I learned about the background of the company's establishment and was reminded of the deep relevance of my own career to KDDI's business. Being a member of KDDI has given me the opportunity to oversee the history and initiatives of the technologies from a corporate standpoint as my first experience. I intend to make every effort to contribute to the enhancement of KDDI's corporate value.



— How does the Board of Directors discuss the company's investment projects?

**Okawa:** The starting point for consideration of investment projects is whether they contribute to sustainability management. Once the significance of the investment is shared, specific discussions will then proceed. The executive side conveys specific social and economic factors, while the outside directors offer diverse perspectives, thereby deepening the overall discussions of the Board of Directors.

**Okumiya:** Last fiscal year, we had several major investment projects, one of which was a takeover bid (TOB) for Lawson. Of course, we discussed the details of the contract and the post-investment management structure, and confirmed measures to minimize risk. Beyond that, in light of the potential for convenience stores to play a variety of roles as social infrastructure in the future, we engaged in extensive discussions about the strategy on how KDDI will be involved in management and business operations.



**Tannowa:** During the discussions about investing in Lawson and taking the company private, a variety of issues were discussed, including how much synergy can be expected between Lawson's network of retail stores and KDDI's digital technology. Also, there were extensive discussions on how the three companies, Mitsubishi Corporation, Lawson, Inc., and KDDI, would control the business management, which I believe leads to risk control in the investment.

**Okawa:** I believe that the discussions were conducted with objectivity, in terms of both acceleration and braking functions. In addition, post-investment verifications of the projects are conducted on a regular basis and feedback is provided as appropriate. So, I believe that these processes are working effectively.

— Please tell us about the challenges in strengthening the company's management base and your expectations for the future.

**Okawa:** The KDDI Group Philosophy, a pillar of the company, is one of our great strengths. The ethical sense of "what is right as a human being" and the spirit of altruism are the foundation of all management, including the strengthening of governance, transformation into a Human Resources First Company, and stakeholder engagement. On the other hand, the possibility of the management foundation to become superficial is a concern that must always be kept in mind. As time progresses, our understanding and approach to the management foundation are also changing. I expect KDDI to continue to apply the principles of the KDDI Philosophy in its advanced management.

**Okumiya:** One of the pillars of strengthening the management foundation is human resources. In order to respond quickly to changes in society and take on the challenges of new fields, I believe that securing and training human resources, including mid-career hires, is an issue. The investment in an AI startup, ELYZA, Inc. in the last fiscal year was meaningful in terms of complementing and refining each other's technology and know-how with people outside the company. Additionally, for employees to grow their abilities and work with enthusiasm, it is essential not only to build effective performance evaluation and training systems but also to create a workplace where both men and women can work comfortably. I expect that the company will implement measures that leverage technology and bring together its collective wisdom.

**Tannowa:** As our business domains expand and international operations grow, establishing a robust group governance system becomes a critical challenge. I expect the company to strengthen the governance system across the entire KDDI Group by steadily implementing measures such as deploying CFOs to each location, developing human resources, and leveraging external organizations.

**Ando:** Along with diverse business development and changes in the international situation, analyzing profitability and stability has become more difficult. To sustainably advance the "power to connect," it is essential to further enhance the visibility of core telecommunications business and establish clear evaluation metrics that align with our aspirational goals. Telecommunications business already plays an important role in the development of all industries as an infrastructure. I expect KDDI to take a long-term perspective and provide leadership in improving the international competitiveness of Team Japan.





# Corporate Governance

Corporate Governance

## KDDI's Approach and Guidelines on Corporate Governance

As a telecommunications operator that provides social infrastructure, the Company has the important social mission of providing stable telecommunications services on an ongoing basis, 24 hours a day and 365 days a year, regardless of conditions. Furthermore, our telecommunications 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 business. 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 truly connected society. We recognize reinforcing corporate governance as important to achieving sustainable growth and increasing 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 exchanges. 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 the KDDI Group Mission Statement, we have formulated the “KDDI Group Philosophy,” which defines perspectives, values, and a code of conduct that executives and employees should share. We conduct activities to promote awareness of this philosophy throughout the Group.

By proactively adhering to Japan's Corporate Governance Code and practicing the KDDI Group Philosophy as two basic pillars of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increase corporate value over the medium to long term.

Corporate Governance Report

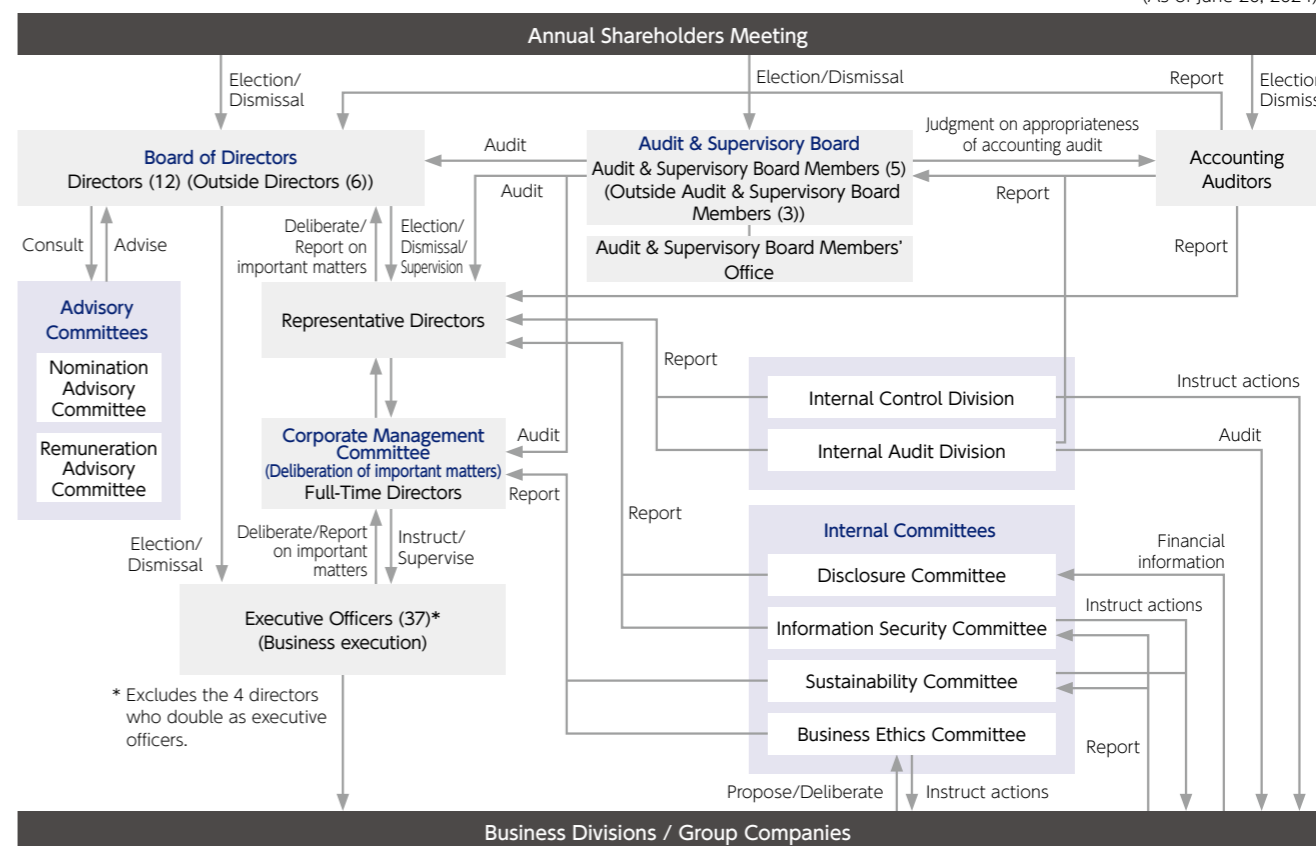
### Changes in the Corporate Governance Framework\*1

		2000-		2005-		2010-		2015-		2020-			
President		Yuusai Okuyama	From June 2001 Tadashi Onodera			From December 2010 Takashi Tanaka				From April 2018 Makoto Takahashi			
Directors	Number of directors	53*2	13	12	11	10	13	12	13	14	12		
	Outside directors			2		4	3	2	3	4	5	6	
Assurance of diversity	Number of female directors									1	2	3	
Audit & Supervisory Board members	Number of Audit & Supervisory Board members	5	4			5							
Ensure independence	Number of independent directors/auditors*3						2	1	3	4	5	6	7
	Advisory Committee										Nomination Advisory Committee established in 2015		
Transparency in executive remuneration		Introduction of a stock option system in 2002											
		Remuneration Advisory Committee established in 2011											
		Introduction of a performance-linked bonus system for executives in 2011											
		Introduction of performance-linked stock compensation plan for directors in 2015											
		Introduction of stock price-linked bonuses in 2019											
The KDDI Group Philosophy		Enactment in October 2000		Revised, continued promotion activities from 2013									

\*1 Number of people listed is as of the conclusion of each Annual General Meeting of Shareholders.  
 \*2 Number of people at the launch of KDDI in October 2000.  
 \*3 Independent directors/auditors pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

### Corporate Governance Framework

(As of June 20, 2024)



## Board of Directors and Audit & Supervisory Board

In FY24.3, the Board of Directors convened 12 times, achieving an overall attendance rate of 99.2%. Similarly, the Audit & Supervisory Board convened 12 times, with an overall attendance rate of 98.3%.

The specific matters discussed at the Board of Directors meetings are as follows:

1	Medium- to long- term strategy	The Mid-Term Management Strategy, the business environment analysis, etc.
2	Company-wide plan and progress report	Various company-wide plans for each fiscal year, quarterly financial results, business execution reports, etc.
3	Individual business division cases	Investments, asset acquisitions, alliances with other companies, etc.
4	Requests by laws, regulations, and Articles of Incorporation	Capital policy (dividends, treasury stock-related matters), executive appointments and remuneration, convocation of General Meeting of Shareholders, etc.

## Nomination Advisory Committee and Remuneration Advisory Committee

Both Committees are composed of a chairperson, a vice chairperson, and a majority of independent outside directors.

In FY24.3, the Nominating Advisory Committee met five times, with all members in attendance at each meeting. They provided advice on proposals to be submitted to the Board of Directors concerning the appointment of directors and executive officers, etc. and discussed the CEO succession plan, among other topics. The Remuneration Advisory Committee met twice, with full attendance at each meeting. They provided advice on proposals to be submitted to the Board of Directors concerning the determination of performance-linked and stock price-linked remunerations, as well as the revision to executive remuneration.

## Evaluation of the Board of Directors' Effectiveness

### Purpose of Conducting

We conduct a self-evaluation of the Board of Directors regularly every year in order to correctly understand its situation and continuously improve its operation.

### Evaluation Process

- We assess the effectiveness of the Board of Directors based on an evaluation by all the directors and Audit & Supervisory Board members themselves.
- The evaluation questionnaire combines a five-grade rating scale and free writing so that the effectiveness of the board's initiatives are assessed and matters to be improved are identified from two perspectives of quantitative and qualitative evaluations.
- Starting this year, we have engaged a third-party organization to design survey questions, compile responses, and identify and organize areas for improvement and remedial measures, thereby ensuring objectivity and further enhancing the effectiveness.
- The evaluation is conducted annually and covers the most recent one-year period.
- The results of the evaluation are reported back to the Board of Directors and future measures are discussed.
- The main evaluation items are as follows.

1	Operation of the Board of Directors	Frequency of meetings, number of agenda items, composition of members, clarity of materials and explanations, appropriate provision of information, etc.
2	Strengthening governance	Initiatives to strengthen the Group's management base, instillation of corporate philosophy, etc.
3	Medium- to long-term discussions	Initiatives for sustainable enhancement of corporate value, review of business portfolio, etc.

### Evaluation Results

The evaluation confirmed that KDDI's Board of Directors is operating properly and functioning effectively. The following items received particular praise.

#### • Composition and operation of the Board of Directors

The Board of Directors shares a common understanding of the roles and functions it must fulfill, and is composed of members who possess the necessary knowledge, skills, experience, and diversity to perform these roles and functions.

Additionally, the Board ensures that all necessary topics, including routine agenda items, are fully and adequately deliberated. Timely and appropriate reporting is also made on the sharing of situations and responses to natural disasters and other unexpected events.

#### • Initiatives for sustainable enhancement of corporate value

At the Board of Directors meetings, there has been active exchange of opinions and questions, particularly regarding Mid-Term Management Strategies and business investments. These initiatives contribute to achieving sustainable enhancement of corporate value.

#### Moving Forward

#### • Further strengthening of the management base through the establishment of a strong group governance structure

As the business domain expands with the promotion of the New Satellite Growth Strategy, we aim to instill corporate missions, including the KDDI Group Philosophy, across the entire group. Additionally, we will strengthen collaboration between outside directors and auditors and further enhance the monitoring system by the Board of Directors to reinforce group governance.

#### • Further enhancement of discussions on sustainability

KDDI places "Sustainability Management" at its core and actively addresses ESG-related issues. Through more thorough discussions on specific measures linked to business strategies, we aim to further enhance corporate value and improve the effectiveness of the Board of Directors.

NOTICE OF THE 40TH ANNUAL SHAREHOLDERS MEETING

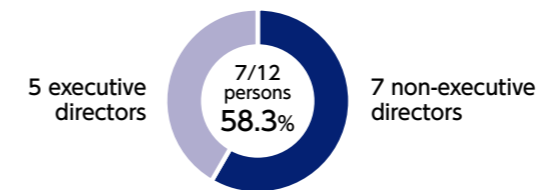
## Composition of the Board of Directors

KDDI appoints directors and auditors in consideration of gender, age, nationality, race and ethnicity to ensure a diversity of opinions and highly specialized knowledge within the Board of Directors as a whole when making decisions including important management matters and implementing oversight as required by law.

To ensure independence, we have set the minimum target of having the ratio of independent outside directors on the Board of Directors to be at least one-third, which is the standard required for companies listed on the Tokyo Stock Exchange Prime Market.

### Composition of the Board of Directors

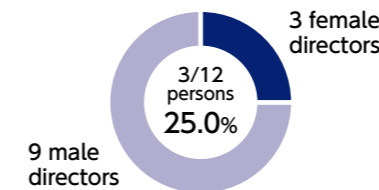
#### Ratio of non-executive directors



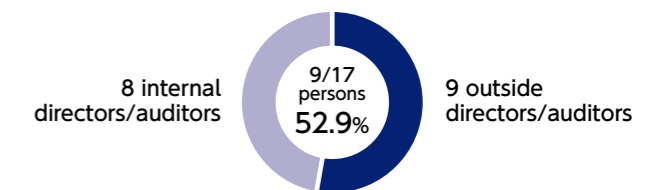
#### Ratio of outside directors



#### Ratio of female directors



#### Ratio of outside directors/auditors



## Diversity and Expertise of the Directors and Audit & Supervisory Board Members

From the perspective of achieving sustainable growth for the KDDI Group, KDDI defines six skills in areas of expertise and experience that we believe are important for our directors and Audit & Supervisory Board members. The skills possessed by each director and Audit & Supervisory Board member are as follows.

The "Sustainability and ESG" skills are embedded within each of the six skills listed below. As we promote sustainability management, it is essential for all our executive members to possess and demonstrate these skills.

	Name of director/auditor	Corporate management	Sales and marketing	Global	Digital technology	Finance and accounting	Legal affairs and risk management
Internal Directors	Takashi Tanaka	●	●	●	●	●	●
	Makoto Takahashi	●	●	●	●	●	●
	Yasuaki Kuwahara	●	●		●		
	Hiromichi Matsuda		●	●	●		
	Nanae Saishoji					●	●
	Hiroshi Takezawa	●	●				
Outside Directors	Goro Yamaguchi	●	●	●			●
	Keiji Yamamoto	●		●	●		
	Tsutomu Tannowa	●	●	●			●
	Junko Okawa	●	●				
	Kyoko Okumiya						●
Audit & Supervisory Board Members	Makoto Ando			●	●		
	Noboru Edagawa	●		●	●		
	Kazuyasu Yamashita			●		●	●
	Naoki Fukushima						●
	Kazutoshi Kogure					●	●
	Koji Arima	●	●	●	●		●



## Reasons for Selection and Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members

\* For independent directors/auditors, we appointed them based on the judgment from their background that there is no risk of a conflict of interest with general shareholders.

### Outside Directors

Name	Reason for selection as an outside auditor of the Company	Principal activities in FY24.3
<b>Goro Yamaguchi</b> Male	Mr. 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 component and equipment manufacturers.	Board of Directors (Attended 12 of 12 meetings)
<b>Keiji Yamamoto</b> Male	Mr. Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and a wealth of corporate management experience as a management at one of the world's leading automobile manufacturers.	Board of Directors (Attended 12 of 12 meetings)
<b>Tsutomu Tannowa</b> Independent director Male	Mr. Tannowa has a wealth of corporate management experience cultivated as the President and Representative Director of a major chemical manufacturer, while also offering excellent insight from a global perspective.	Board of Directors (Attended 12 of 12 meetings)
<b>Junko Okawa</b> Independent director Female	Ms. Okawa has a wealth of corporate management experience, in addition to excellent insight cultivated from her work experience at a major airline company, especially in practical aspects such as customer service, corporate revitalization, and diversity promotion.	Board of Directors (Attended 12 of 12 meetings)
<b>Kyoko Okumiya</b> Independent director Female	Ms. Okumiya has a wealth of experience and excellent expertise developed as a partner of a law firm and a member of various committees.	Board of Directors (Attended 10 of 10 meetings)
<b>Makoto Ando</b> Independent director Male	Mr. Ando has superior knowledge in the field of telecommunications and information technology, which is directly relevant to the business of the Company.	—

\* Attendance of Ms. Kyoko Okumiya is after her appointment as director at the 39th Annual Shareholders Meeting held on June 21, 2023.

\* Mr. Makoto Ando is a new director who was appointed at the 40th Annual Shareholders Meeting held on June 19, 2024.

### Outside Audit & Supervisory Board Members

Name	Reason for selection as an outside auditor of the Company	Principal activities in FY24.3
<b>Naoki Fukushima</b> Independent auditor Male	Mr. Fukushima has abundant experience and superior knowledge cultivated from many years of practical experience in the public sphere and involvement in the execution of business at various organizations.	—
<b>Kazutoshi Kogure</b> Independent auditor Male	Mr. Kogure has abundant experience and superior knowledge cultivated as a Certified Public Accountant, as a partner of an audit corporation, and as the representative of an accountancy firm, etc.	—
<b>Koji Arima</b> Independent auditor Male	Mr. Arima has abundant experience and excellent knowledge cultivated as the president and CEO of a major automotive parts manufacturer.	—

\* Mr. Naoki Fukushima, Mr. Kazutoshi Kogure, and Mr. Koji Arima are new auditors who was appointed at the 40th Annual Shareholders Meeting held on June 19, 2024.

## Succession Plan

- Regarding potential successors for the President and other key positions, we aim to secure candidates capable of responding to the accelerating changes in the business environment and global socio-economic conditions, and realizing our Mid-Term Management Strategy and KDDI VISION 2030, with the aim of continuously enhancing our corporate value. To this end, we ensure diversity among candidates through a broad range of work experiences and placements in key positions. We are committed to developing individuals with the right character, managerial or specialized knowledge, and experience to be appointed to these crucial roles. When making appointments, candidates are reviewed through the Board of Directors and other relevant forums. Final decisions are made by the Board of

Directors following deliberations by the Nomination Advisory Committee, which is composed of a chairperson, a vice chairperson, and a majority of independent outside directors.

- Future executive candidates are selected regardless of age, gender, specialization, or field of experience. They are systematically developed through executive candidate development programs such as the KDDI Management School and the Executive Assistant System.

## Policies on Parent and Subsidiary Listings

One of KDDI's subsidiaries, Okinawa Cellular Telephone Company (hereafter "Okinawa Cellular"), is listed on the Tokyo Stock Exchange Standard Market.

Being committed to "growth as a group," KDDI aims to maximize mutual synergies and expand and strengthen new growth foundations for the entire group by maximizing the use of our assets and supporting the growth of Group companies.

Okinawa Cellular was established with the cooperation of several prominent local companies, making it a community-based company that contributes strongly to the local community.

Based on this background, we believe that there are the following advantages to having Okinawa Cellular as a publicly traded company, and we believe that it continues to be significant to have Okinawa Cellular as a listed subsidiary.

### 1. Returns to investors

By implementing shareholder returns measures as a listed company, Okinawa Cellular will be able to return profits to its investors, including local companies that cooperated in the company's establishment and investors who have supported the company since its listing.

Okinawa Cellular's shareholder returns policy should be determined in consideration of the interests of all shareholders, taking into account the balance between medium- and long-term business growth and shareholder returns, and its implementation will be determined at the company's discretion as an independent listed company.

### 2. Contributing to employment in Okinawa prefecture and securing talented human resources

Currently, many people from Okinawa prefecture have joined Okinawa Cellular and are playing an active role in the company. Given the geographical characteristics of Okinawa Cellular, we believe that the fact that its business area is limited to Okinawa prefecture meets the needs of people from Okinawa who wish to work locally, and the fact that Okinawa Cellular is a publicly listed company also helps us recruit talented personnel.

### 3. Promote the use of Okinawa Cellular's services and increase subscriptions by earning the trust of Okinawa residents

In addition to KDDI's similar services, Okinawa Cellular also offers unique services based on local conditions. As a community-based listed company, we believe that we have earned the trust of people in Okinawa by operating our business in line with the expectations of the local community, and this has led to the promotion of Okinawa Cellular's service use and increased subscriptions.

For transactions that may cause conflicts of interest, Okinawa Cellular determines whether to implement the transaction after multifaceted discussions by independent outside directors and independent outside auditors. Okinawa Cellular has also established a voluntary committee led by an independent outside director as an Advisory Committee to the Board of Directors to discuss director nominations and compensation, and decisions regarding management nominations and compensation are made after discussions by Okinawa Cellular's independent directors/auditors to ensure transparency. To appropriately control conflicts of interest, directors who concurrently serve on the Boards of KDDI and Okinawa Cellular do not participate in any resolutions or deliberations on matters related to either company, thereby ensuring their independence.

Through these efforts, we will ensure management transparency from the perspective of protecting minority shareholders, and at the same time meet the expectations of our shareholders by increasing corporate value and shareholder returns.

KDDI will continue to respect independence and autonomy while mutually cooperating with Okinawa Cellular in business operations and development as a group.

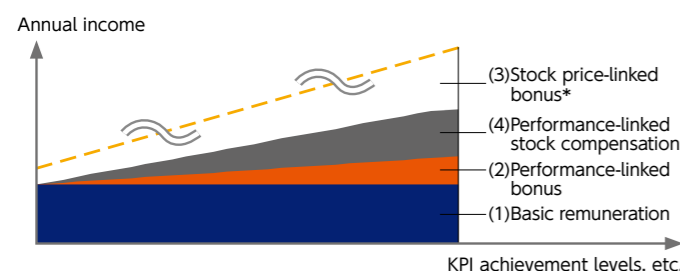
## Remuneration for Directors and Audit & Supervisory Board Members

### 1. Remunerations for Directors

- The compensation of directors engaged in business execution is based on the KDDI Group's business performance for each fiscal year, progress toward the goals of the Mid-Term Management Strategy, 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.
- Outside directors who perform management supervising functions without involvement in the execution of businesses receive only fixed amount remuneration that does not vary with the Company's business performance.
- The Company has established the Remuneration Advisory Committee to ensure transparency and objectivity in the process of determining the system and levels of executive remuneration, along with the remuneration amounts based on these. This committee's chair, vice-chair, and more than half of the committee members are independent outside directors.
- The decision of the amounts of basic remuneration, performance-linked bonus, performance-linked stock compensation, and stock price-linked bonus are not delegated to the representative directors, but the amounts are decided by resolution of the Board of Directors based on the advice of this committee.
- KDDI'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 KDDI's management status. 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.
- For those who have made serious violations of the duties of directors, contrary to the delegation contract between KDDI and the directors, we may suspend the payment of performance-linked remuneration or demand the return of such remuneration.

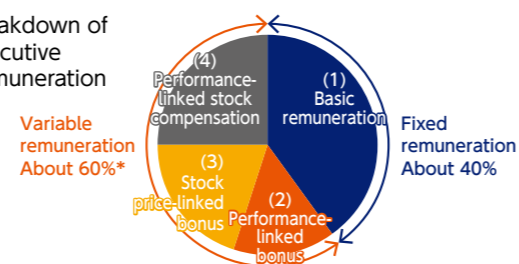
### 2. Policy on the Content of Director Remuneration

#### Example of Compensation for Directors



Note: The graph was created based on the remuneration model for the President, Representative Director.  
 \* Because stock price-linked bonuses change in line with EPS growth rate and stock price fluctuation rate, the graph is only an example.

#### Breakdown of Executive Remuneration



Note: The graph was created based on the actual remuneration of the President, Representative Director in FY24.3.  
 \* The variable compensation components for the President, Representative Director, Performance-linked stock compensation ratio is approximately 40% and the cash compensation ratio is approximately 60%.

#### (1) Basic remuneration

This is monetary remuneration for which a fixed amount for each position is paid on a monthly basis.

#### (2) Performance-linked bonus

The amount of payment for each individual is calculated by the following formula, and money is paid in the first June after the end of each fiscal year.

**Performance-linked bonus: Basic amount by position multiplied by the Company's operating performance and KPI achievement rate**

#### (3) Stock price-linked bonus

The amount of payment for each individual is calculated by the following formula, and money is paid in the first June after the end of each fiscal year.

**Stock price-linked bonus : Basic amount by position multiplied by coefficient\***

\* Coefficient: (EPS growth rate x 50%) + (stock price fluctuation rate x 50%).

A) EPS growth rate : EPS at the end of current fiscal year divided by EPS at the end of previous fiscal year.

B) Stock price fluctuation rate (TOPIX growth rate): (KDDI's stock price at the end of current fiscal year / KDDI's stock price at the end of previous fiscal year) divided by (TOPIX at the end of current fiscal year / TOPIX at the end of previous fiscal year).

#### (4) Performance-linked stock compensation

For performance-linked stock compensation, points for each individual are calculated by the following formula. Points will be awarded in the first June after the end of each fiscal year, and when the director retires, KDDI's shares will be delivered according to the cumulative number of points.

**Performance-linked stock compensation: Basic points by position multiplied by the Company's operating performance and KPI achievement rate**

Reasons for selecting each evaluation metric and results are as follows:

#### The Company's operating performance

##### Reasons for selection

It is a basic numerical value clearly showing a company's business performance.

##### Result

As stated on pages 110-111. [P.110](#)

#### KPI achievement rate

##### Reasons for selection

KPI achievement rate is to measure the achievement rate of each business strategy under the Mid-Term Management Strategy, and therefore linked to the KDDI business growth and performance improvement.

##### Result

ESG-related items are also set as indicators along with indicators in each business strategy. Since FY23.3, in consideration of the importance of ESG, we have increased the percentage of ESG-related KPIs\* to approximately 30% of the total KPIs used as calculation criteria for (2) performance-linked bonus and (4) performance-linked stock compensation in variable remunerations.

\* ESG-related KPIs include indicators for carbon neutrality, employee engagement, and enhancement of our group governance.

#### EPS growth rate

##### Reasons for selection

To provide a strong incentive to achieve the target of the Mid-Term Management Strategy by using an indicator set as a target under the plan.

##### Result

0.97

#### Stock price fluctuation rate

##### Reasons for selection

To enhance a correlation between remunerations for executives and the shareholders value by using an indicator that is directly linked with an increase/decrease in shareholders value.

##### Result

0.79

### 3. Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members is decided by the consensus of the members of Audit & Supervisory Board. These members receive flat-rate remuneration that is not affected by fluctuations in the Company's operating performance.

Please refer to the disclosure in the Annual Securities Report for "Total amount of compensation in each officer category and number of officers eligible to receive compensation," and "Total compensation of those receiving ¥100 million or more in compensation."

[Annual Securities Report](#)

## 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 the medium- to long-term increase of corporate value.

Every year, the Board of Directors reviews all the pros and cons of the possession and the number of shares to be held of each individual strategic holding by judging its significance and economic rationale. When a strategic shareholding is found to have only tenuous significance, KDDI will sell or reduce as promptly as possible.

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



# Risk Management and Internal Controls

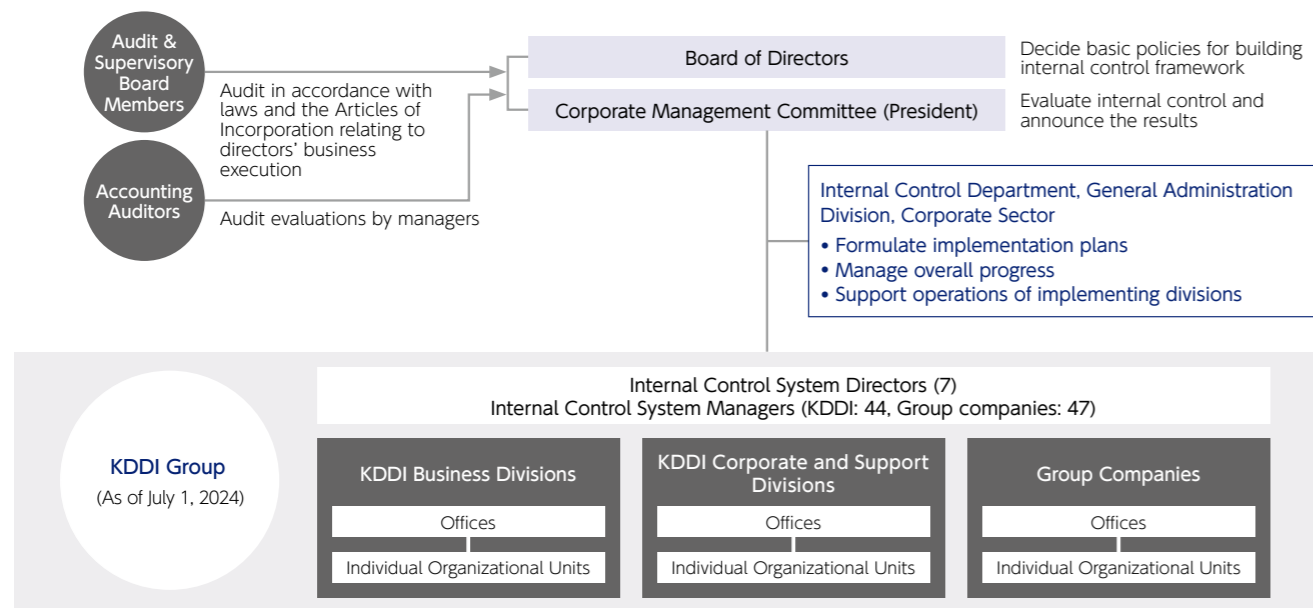
[Risk Management and Internal Controls](#)

## KDDI's Risk Management and Internal Control

We have established a system to centralize the management of risks with the Corporate Sector at the core.

Furthermore, we are promoting risk management throughout KDDI and its Group companies, in order to achieve sustainable growth of the entire Group. We have appointed 44 Internal Control System Managers within KDDI and 47 at Group companies, as well as 7 Internal Control System Directors to oversee their activities. Under their leadership, we introduce and run internal control systems, carrying out risk management activities and run operational quality improvement activities to foster a company culture in which risks are less likely to arise.

### Personnel in Charge of Internal Control



## Risk Identifying Process

We review information about risks at least twice a year to identify significant risks that seriously influence corporations, and discuss measures to reduce such risks and their impacts as much as possible in case we face them.

In order to ensure the achievement of our business goals, in FY24.3, we selected 23 significant risks based on issues that manifested in the past and changes in the business environment, and held internal audits centered on risk prediction, the reduction of significant risks and risk approach. The status of these significant risks is also reflected on business risks that are revealed in the Securities Report since it relates to the finance as well.

[Business Risk and Other Risk Factors \(Annual Securities Report\)](#)

# Compliance

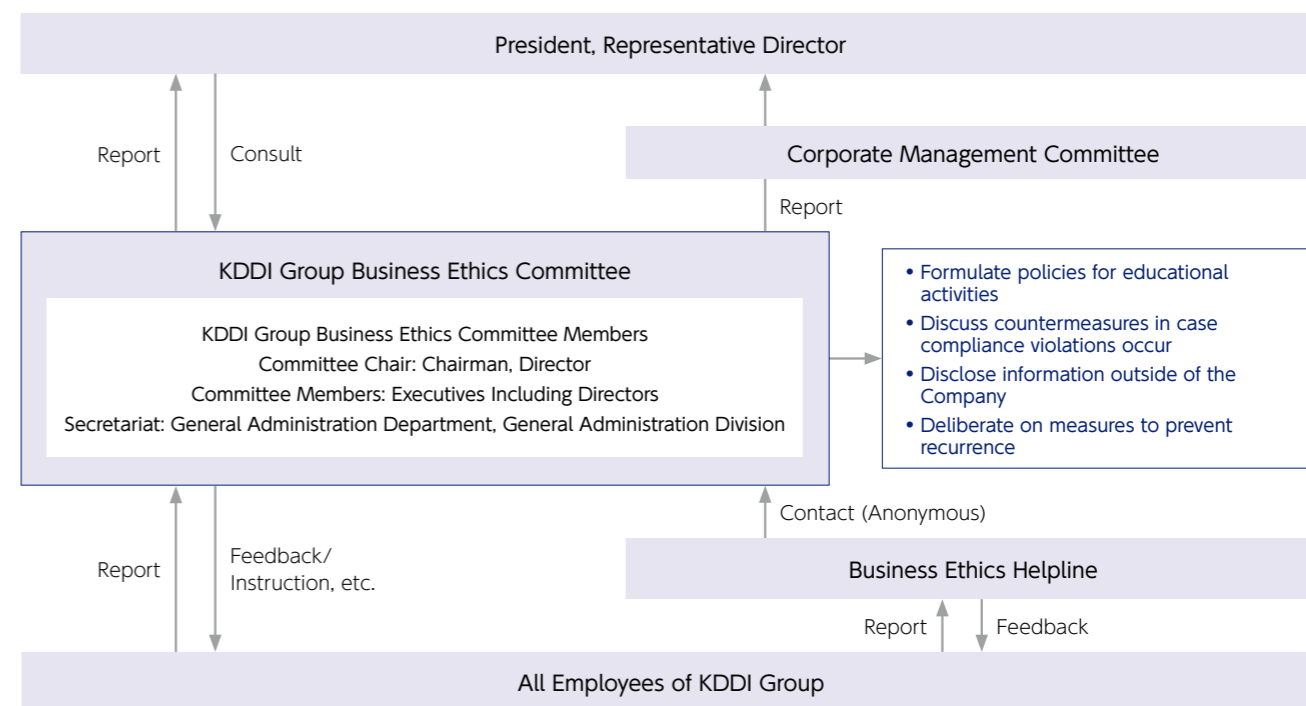
[Compliance](#)

## KDDI Group Compliance and Enforcement Framework

We created the KDDI Code of Business Conduct to support ethical behavior and ensure that every employee cultivates a compliance mindset. To ensure that the Code is shared and practiced, it is published on the intranet and a web link to the Code is put in business mobile devices lent to employees, enabling employees to check it whenever they are unsure what action to take. Also, we established the KDDI Group Business Ethics Committee as a decision making body for KDDI Group's compliance related matters.

The reports on the Committee's activities are made available to all employees via e-mail newsletters and other means.

### KDDI Group Compliance and Enforcement Framework



## Business Ethics Helpline

We have established the Business Ethics Helpline to serve as a contact point for all employees of KDDI and KDDI Group companies who have questions or concerns about business ethics including violations of regulations or laws. In-house investigations, etc., are conducted on issues consulted on and reported while taking privacy protection into consideration. When a problem is detected as a result, corrective actions and measures to prevent recurrence are promptly taken.

In FY24.3, none of the consultations or reports received from entire KDDI Group companies concerned serious issues that required external disclosure.

### Compliance Consultations Received in the Last Two Years (KDDI Group)

Consultations	Unit: case	
	FY23.3	FY24.3
Compliance consultations	661	672
Breakdown: Harassment consultations	259	170
Breakdown: Other compliance violations*	402	502

\* Number of consultations from KDDI Group companies counted as of the end of February 2024.

# Financial and Non-Financial Data

## Consolidated Financial Highlights (Years ended March 31)

	IFRS									
	Millions of yen									
Consolidated	FY15.3	FY16.3	FY17.3	FY18.3	FY19.3	FY20.3	FY21.3	FY22.3	FY23.3*1	FY24.3*1
Operating Revenue <b>OP.112</b>	4,270,094	4,466,135	4,748,259	5,041,978	5,080,353	5,237,221	5,312,599	5,446,708	5,671,762	<b>5,754,047</b>
Operating Income <b>OP.112</b>	665,719	832,583	912,976	962,793	1,013,729	1,025,237	1,037,395	1,060,592	1,077,393	<b>961,584</b>
Operating Margin	15.6%	18.6%	19.2%	19.1%	20.0%	19.6%	19.5%	19.5%	19.0%	<b>16.7%</b>
EBITDA*2	1,284,553	1,410,971	1,524,207	1,560,061	1,598,670	1,750,861	1,786,170	1,813,436	1,791,707	<b>1,674,917</b>
EBITDA Margin	30.1%	31.6%	32.1%	30.9%	31.5%	33.4%	33.6%	33.3%	31.6%	<b>29.1%</b>
Profit for the Year Attributable to Owners of the Parent <b>OP.112</b>	395,805	494,878	546,658	572,528	617,669	639,767	651,496	672,486	679,113	<b>637,874</b>
Capital Expenditures <b>OP.115</b>	667,714	531,434	519,365	560,831	601,757	615,054	627,907	676,461	627,544	<b>749,297</b>
Depreciation and Amortization	518,708	532,442	545,177	546,609	562,282	689,473	727,438	727,779	696,591	<b>685,852</b>
Interest-Bearing Debt <b>OP.113</b>	1,154,116	1,235,287	1,151,650	1,118,616	1,275,711	1,680,367	1,645,481	1,600,104	1,651,437	<b>2,394,403</b>
Ratio of Equity Attributable to Owners of the Parent	54.5%	56.3%	56.7%	57.4%	57.1%	45.8%	45.2%	45.0%	43.0%	<b>37.1%</b>
Ratio of Return on Equity Attributable to Owners of the Parent (ROE)	13.5%	15.5%	15.9%	15.6%	15.5%	14.9%	14.2%	13.8%	13.4%	<b>12.3%</b>
Ratio of Return on Total Assets (ROA)	12.1%	14.2%	14.8%	14.9%	14.5%	12.1%	10.3%	9.8%	9.4%	<b>7.6%</b>
Basic Earnings per Share (EPS)*3 (yen)	158.01	197.73	221.65	235.54	259.10	275.69	284.16	300.03	311.01	<b>301.26</b>
DPS*3 (yen) <b>OP.113</b>	56.67	70.00	85.00	90.00	105.00	115.00	120.00	125.00	135.00	<b>140.00</b>
Dividend Payout Ratio	35.9%	35.4%	38.3%	38.2%	40.5%	41.7%	42.2%	41.7%	43.4%	<b>46.5%</b>
Total Dividend Amount	141,946	174,843	208,917	217,339	248,932	265,727	274,528	278,811	293,495	<b>292,284</b>
Treasury Stock Purchase Amount	—	50,000	100,000	149,999	150,000	150,000	200,000	200,000	200,000	<b>300,000</b>
Total Return Amount	141,946	224,843	308,917	367,338	398,932	415,727	474,528	478,811	493,495	<b>592,284</b>
Total Return Rate	35.9%	45.4%	56.5%	64.2%	64.6%	65.0%	72.8%	71.2%	72.7%	<b>92.9%</b>
Net Cash Provided by (Used in) Operating Activities	968,752	884,538	1,161,074	1,061,405	1,029,607	1,323,356	1,682,166	1,468,648	1,078,869	<b>1,706,498</b>
Net Cash Provided by (Used in) Investing Activities*4	(635,745)	(667,917)	(637,225)	(633,847)	(714,578)	(610,950)	(658,925)	(761,593)	(732,480)	<b>(832,433)</b>
Free Cash Flows*5 <b>OP.115</b>	333,006	216,621	523,849	427,558	315,028	712,406	1,023,241	707,056	346,389	<b>874,065</b>
Net Cash Provided by (Used in) Financing Activities*4	(310,528)	(299,003)	(485,784)	(453,168)	(310,951)	(546,381)	(585,571)	(727,257)	(669,837)	<b>(476,477)</b>

\*1 Effective from FY24.3, IFRS 17 "Insurance Contracts" is adopted. Accordingly, figures for FY23.3 are disclosed after retroactive application of the relevant accounting standards.

\*2 EBITDA = Operating income + depreciation and amortization + noncurrent assets retirement cost + impairment loss

\*3 Values are adjusted following stock splits conducted with effective date of April 1, 2015.

\*4 Parentheses ( ) in numbers indicate negative values.

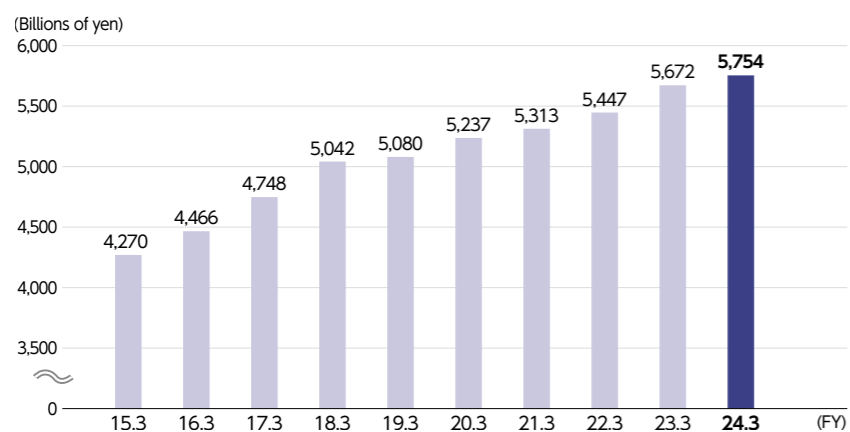
\*5 Free cash flows = Net cash provided by (used in) operating activities + net cash provided by (used in) investing activities



## Financial and Non-Financial Highlights (Years ended March 31)

### Financial

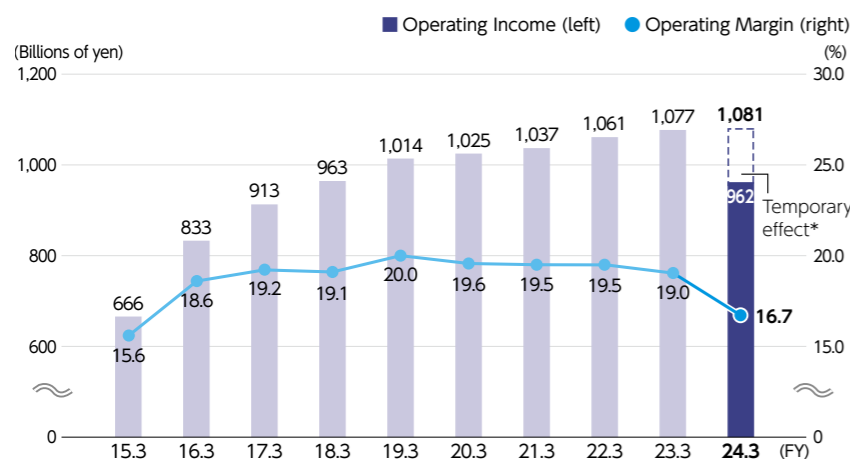
#### Operating Revenue



**YOY +1.5%**  
**¥5,754.0 billion**

Although energy business revenue and mobile communications revenue (including roaming revenue, etc.) declined, operating revenue increased by 1.5% year-on-year to ¥5,754.0 billion due to increase in revenues from growth in the NEXT Core business, which consists of Corporate DX, business DX, and Business Infrastructure services.

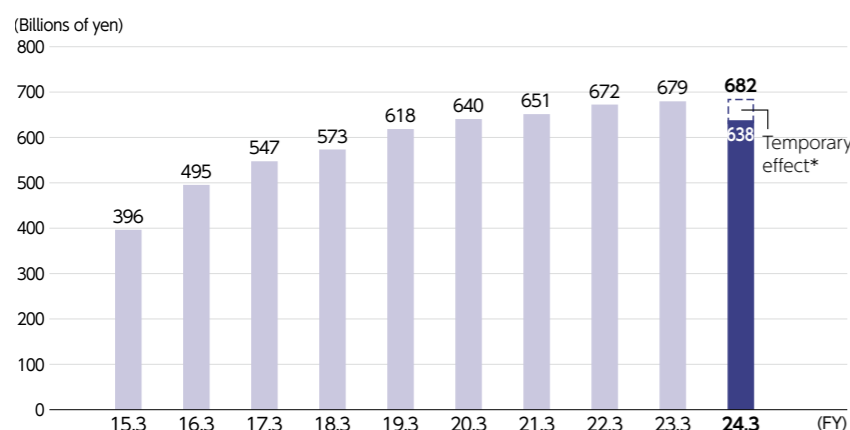
#### Operating Income



**YOY -10.7%**  
**¥961.6 billion**

Despite an increase in revenues from growth in the NEXT Core business, operating income decreased by 10.7% year-on-year to ¥961.6 billion due to the provision for lease receivables for the Myanmar telecom business and impairment and provision for removal of low-utilized telecom equipment, and a decrease in mobile communications revenue (including roaming revenues, etc.).

#### Profit for the Year Attributable to Owners of the Parent

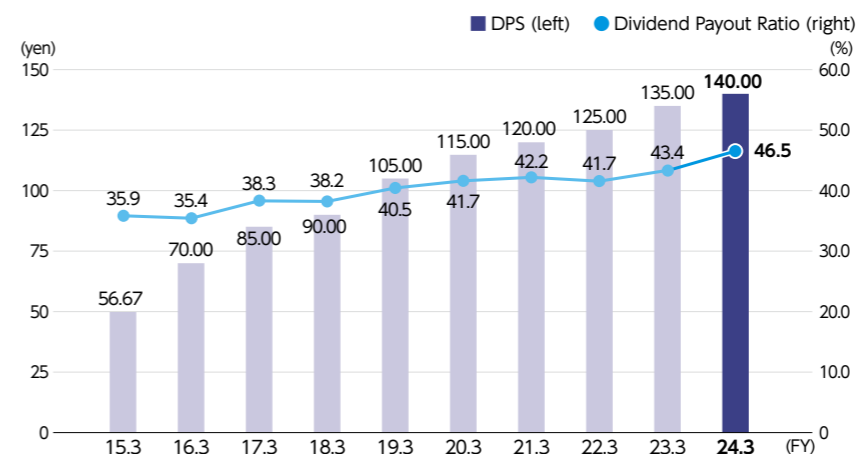


**YOY -6.1%**  
**¥637.9 billion**

Due to the decrease in operating income, profit for the year attributable to owners of the parent decreased by 6.1% year-on-year to ¥637.9 billion.

\* Temporary impacts of provision for lease receivables for the Myanmar telecom business and impairment and provision for removal of low-utilized telecom equipment

#### DPS



**YOY +¥5.00**  
**¥140.00**

The annual dividend was ¥140, an increase of ¥5 year-on-year, and the consolidated dividend payout ratio was 46.5%. For FY25.3 we plan to increase the dividend per share (DPS) by ¥5 to ¥145 and aim for 23 consecutive periods of DPS growth.

#### Interest-Bearing Debt (figures in parentheses exclude the financial business)

**YOY +¥743.0 billion** (YOY +¥333.0 billion)  
**¥2,394.4 billion** (¥1,873.3 billion)

Due to an increase in borrowings, etc., interest-bearing debt increased by ¥743.0 billion compared to the end of the previous fiscal year (an increase of ¥333.0 billion excluding the financial business), reaching ¥2,394.4 billion (¥1,873.3 billion).

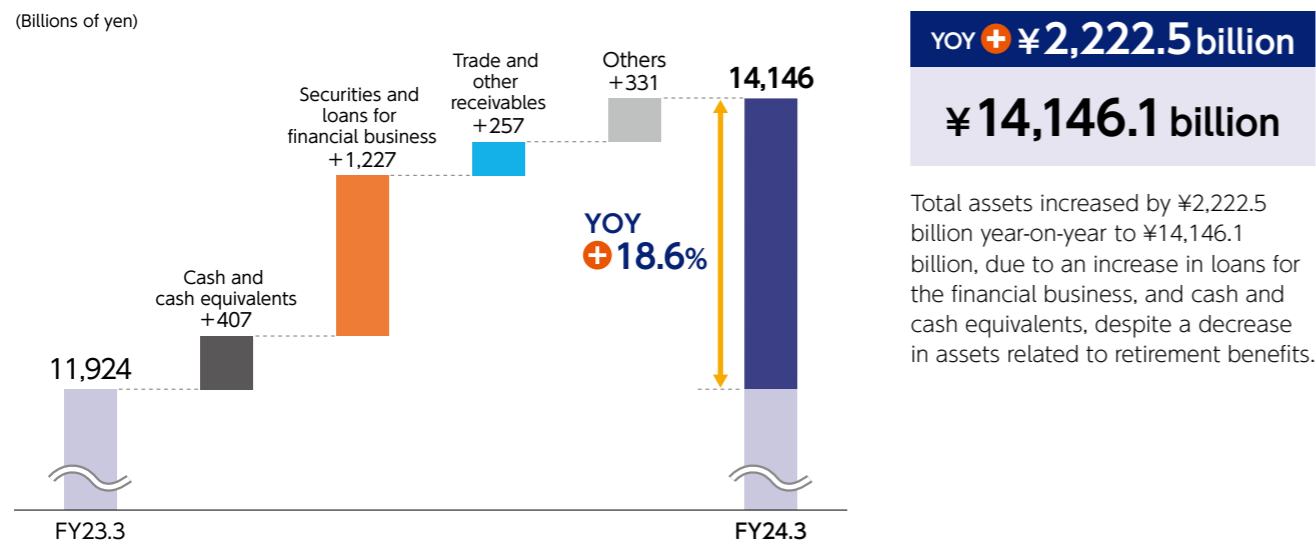
#### D/E Ratio

**YOY +0.13**  
**0.46 times**

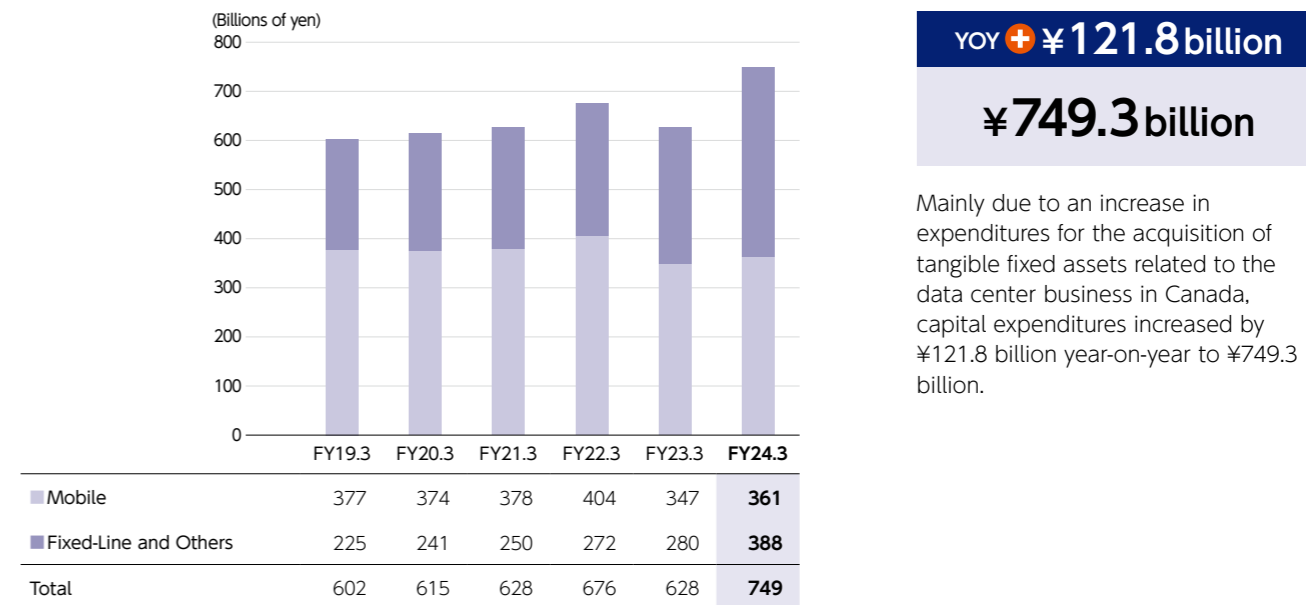
Due to the increase in interest-bearing debt, the D/E ratio increased by 0.13 year-on-year to 0.46 times.

**Financial**

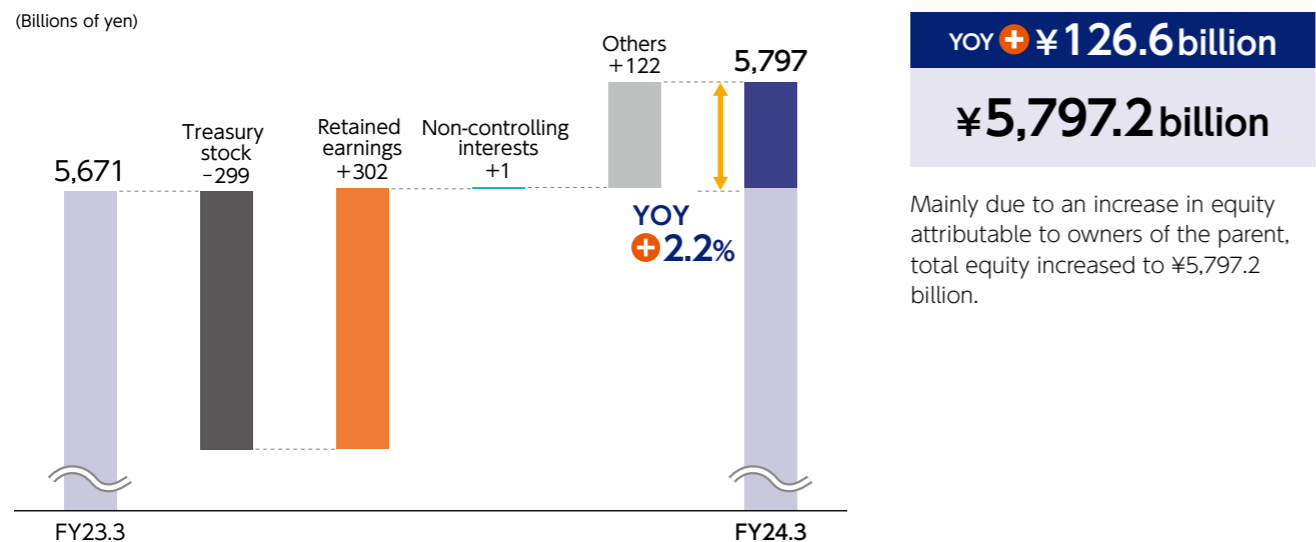
**Total Assets**



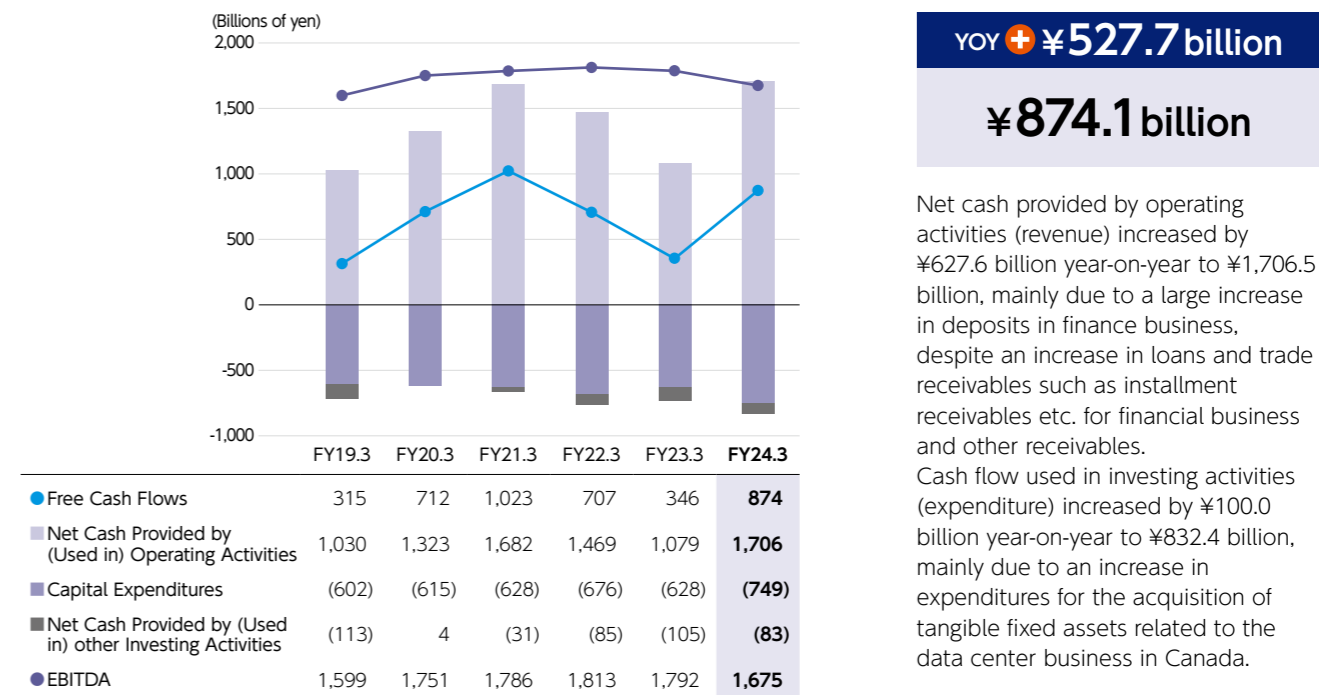
**Capital Expenditures (Payment Basis)**



**Total Equity**



**Free Cash Flows**



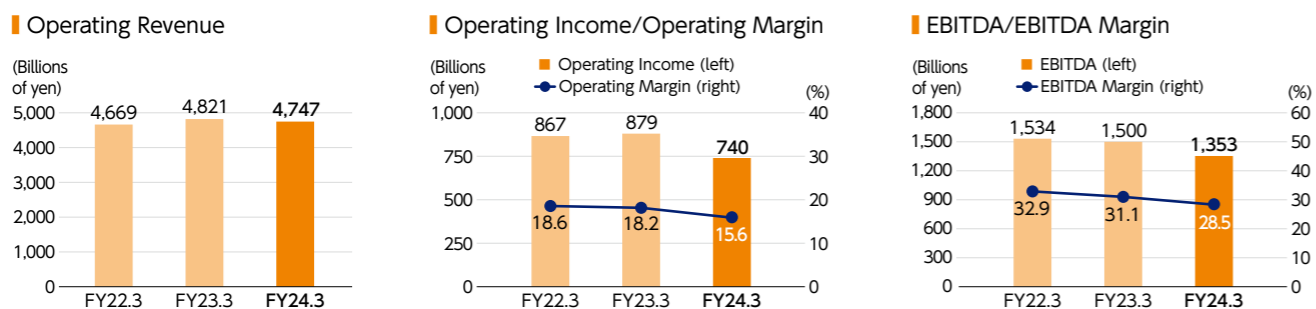


Financial

Performance Highlights by Segments

Personal Services Segment

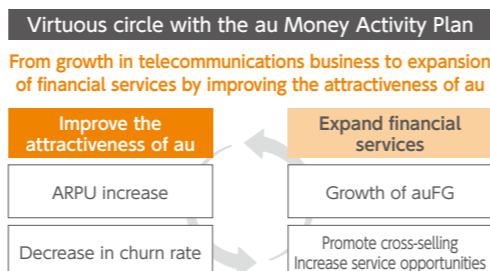
The Personal Services segment provides services to individual customers. In Japan, our primary focus is on offering 5G communication services through multi-brands such as "au," "UQ mobile," and "povo." By integrating and expanding various services including finance, energy, and LX, we aim to provide new added value and customer experience, and to achieve bridging digital divide and sustainable regional co-creation with our local partners. Internationally, we leverage the business know-how cultivated domestically to actively provide communication services, financial services, and entertainment services like video content to individual customers in Myanmar and Mongolia. For FY24.3, operating revenue was ¥4,747.2 billion (down 1.5% from the previous year), mainly due to decreases in our energy business revenue and mobile communications revenue (including roaming revenue, etc.). Operating income was ¥740.4 billion (down 15.8% from the previous year) due to the provision for lease receivables in Myanmar telecom and impairment and provision for removal for low-utilized telecommunications equipments, and a decrease in mobile communications revenue (including roaming revenue, etc.).



From FY24.3, the KDDI Group adopts IFRS 17. In addition, some business segments have been changed from "Personal Services Segment" to "Business Services Segment" and "Others". As a result, the stated figures for FY23.3 retroactively reflect reclassification of segment.

Growth Areas

In September 2023, au became the first in the mobile industry\*1 to launch "au Money Activity Plan," a smartphone rate plan that offers additional rewards when using financial services. The plan has been well-received by many customers, surpassing 700,000 contracts within just seven months of its launch. Customers who subscribe to this plan have shown about 25% improvement in churn rate and around 10% increase in communications ARPU. These results demonstrate the plan's contribution to enhancing customer engagement and increasing ARPU.



**Proposal of set plan**

Contribute to higher engagement and ARPU

**auマネ活プラン**  
au Money Activity Plan

Unlimited MAX + Financial benefits

over **700,000** contracts signed\*2 within 7 months of launch

Churn rate*3	Communications ARPU*4
au Money Activity Plan vs. other unlimited data plan	after joining au Money Activity Plan
About <b>25%</b> improvement	About <b>10%</b> increase

**Partner collaboration**

Strengthen value-added services with LAWSON

Content: au PAY, Settlement/Finance, Entertainment: LAWSON

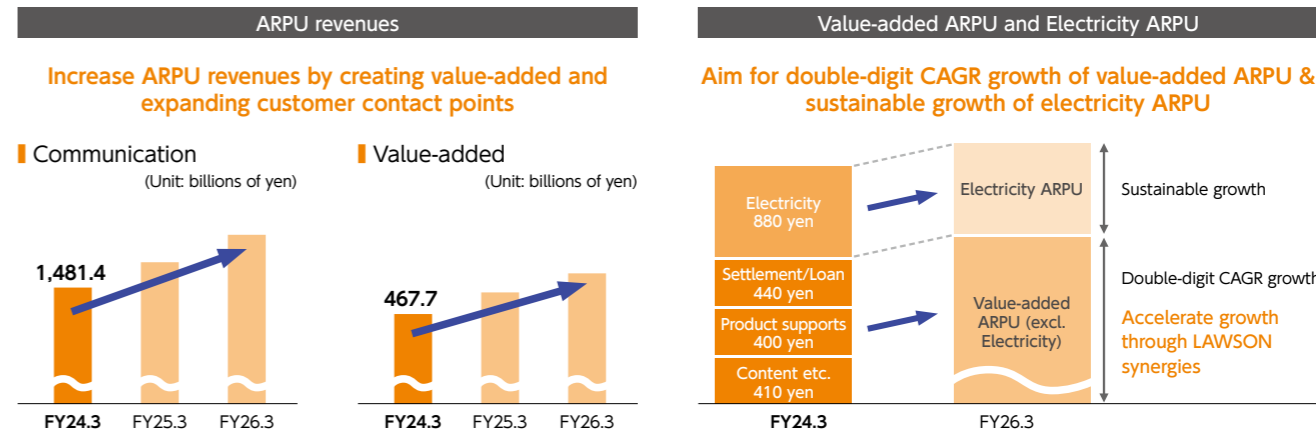
au UQ mobile povo

Something "good" with LAWSON

\*1 Based on research by MMD Labo as of August 2023; comparison among 4 carriers and 20 major MVNO brands (over the past 10 years), in the service feature that the interest rate on bank deposits and the return of mutual fund points of securities are increased by subscribing to rate plans  
 \*2 At the end of March 2024  
 \*3 Comparison of churn rates between au Money Activity Plan subscribers in Sept. 2023 and other MAX plan subscribers through February 2024  
 \*4 Analysis of ARPU before and after subscription based on the track record of au Money Activity Plan subscribers as of Jan. 2024

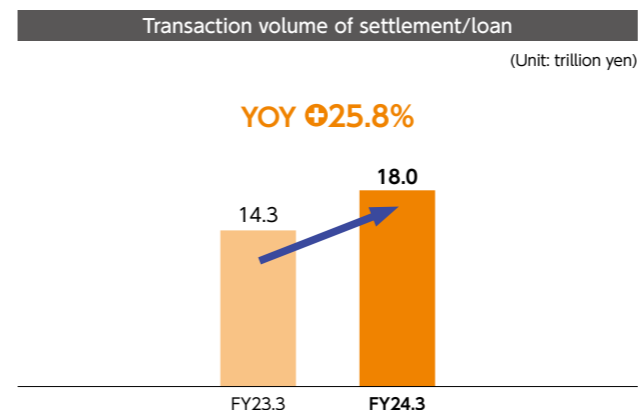
Growth Area 1 Multi-Brand ARPU Revenues

By advancing our growth strategy, we focus on the value-added creation while leveraging synergies with Lawson in addition to settlement/loan, product supports, content, and electricity, etc. We aim to increase ARPU revenues from both communication services and value-added services.



Growth Area 2 Finance

The financial business performed well with an increase in settlement/loan transaction volume, mainly from its strong bank and credit card business membership base. Operating income increased by ¥14.2 billion year-on-year to ¥33.7 billion, excluding the temporary effects of the previous fiscal year.

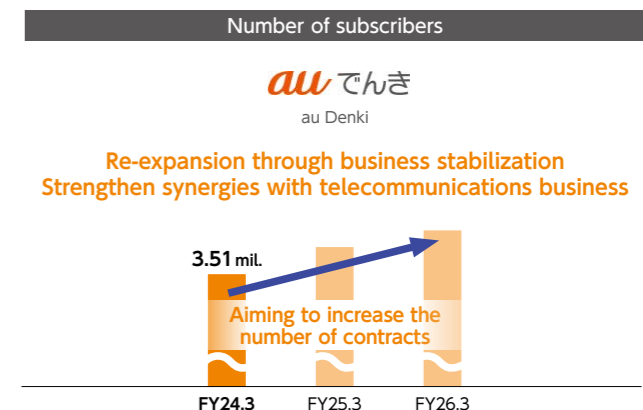


**Key KPIs** (As of March 31, 2024)

- au Jibun Bank accounts: 6.0 mil. accounts exceeded in April 2024
- au PAY card members: 9.44 mil. (YOY  $\uparrow$ 890 k) of which Gold card members: 1.15 mil. (YOY  $\uparrow$ 330 k)
- au Kabucom securities accounts: 1.7 mil. (YOY  $\uparrow$ 160 k)

Growth Area 3 Energy

In the energy business, efforts aimed at stabilizing operations have resulted in an operating income of ¥11.7 billion, a ¥16.0 billion increase year-on-year. We aim for sustainable growth by increasing the number of contracts and advancing initiatives toward achieving carbon neutrality.



**Decarbonization-related business**

Carbon neutral contribution with growth

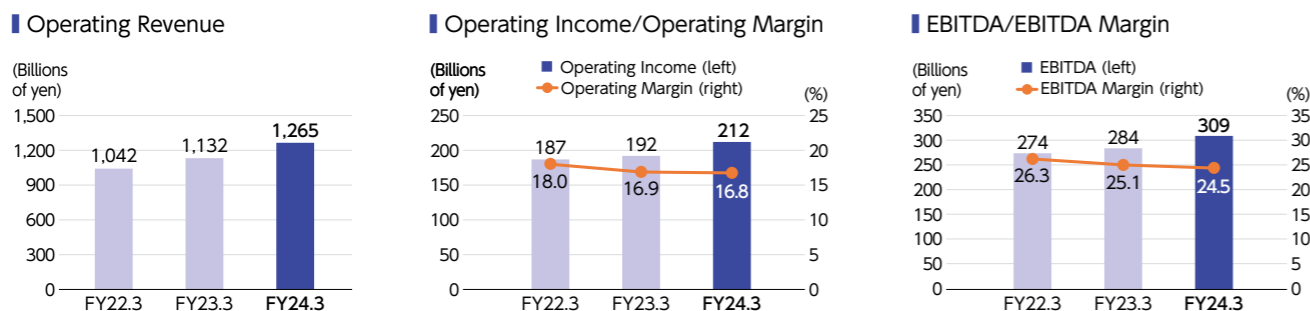
- au リニューアブルエナジー au Renewable Energy: Focus on solar power accelerating development of renewable energy
- ENERES: Growth through decarbonization support projects

Financial

Performance Highlights by Segments

Business Services Segment

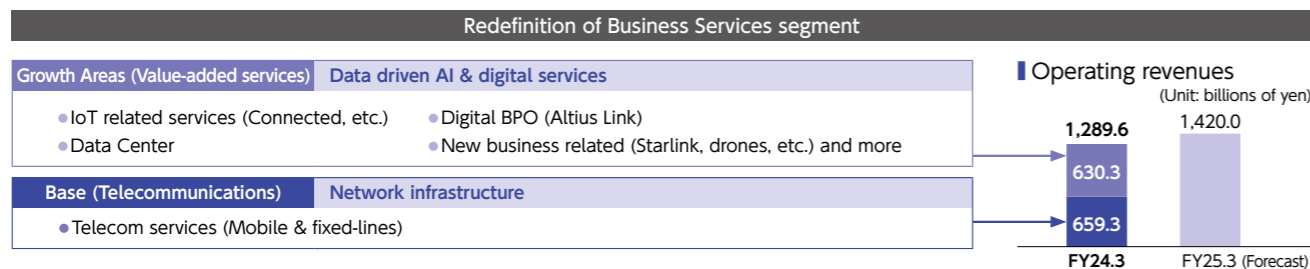
In the Business Services segment, both in Japan and overseas, we provide a wide range of corporate customers with various solutions, including devices such as smartphones, networks, cloud services, and data center services under the "TELEHOUSE" brand. Focusing on 5G communications, we will continue to offer global one-stop solutions leveraging IoT and DX in collaboration with partner companies. These solutions are designed to support the growth and expansion of our customers' businesses. Additionally, for our small and medium-sized enterprise (SME) customers in Japan, we have established a nationwide support system through the KDDI MATOMETE OFFICE group, a consolidated subsidiary, to provide localized support. For FY24.3, operating revenue amounted to ¥1,264.7 billion (up 11.7% from the previous year). Operating income was ¥211.9 billion (up 10.7% from the previous year), due to increased revenue etc.



Effective from FY24.3, some business segments have been changed from "Personal Services Segment" to "Business Services Segment" and "Others". As a result, the results for FY23.3 have been restated to reflect the reclassification.

Growth Areas

Based on the network infrastructure, we will build up AI and digital value-added services such as IoT and data centers as growth areas.



- ✓ Redefinition to enhance Telecom + Value-added business model by utilizing AI and data
- ✓ Regarding the definition of NEXT Core business consisting of Corporate DX, Business DX and Business Infrastructure services, considering the environment where the boundary between Corporate DX and Business DX is fading away

\* From FY25.3, we have changed some business division segments. Accordingly, stated figures for FY24.3 retroactively reflect reclassification of segment.

Growth Area 1 IoT-related Services

As of March 2024, our cumulative IoT connections surpassed 41.97 million, securing the top market share in Japan. Leveraging our extensive operational experience and robust maintenance management system developed over nearly 20 years, we have seen significant growth in social infrastructure areas, such as connected cars and smart meters for electricity and gas, as well as in global markets. In the medium term, we aim to reach 54 million connections in fiscal 2025, contributing to the realization of a sustainable industrial and infrastructure environment. In particular, with regard to connected cars, which is driving the expansion of our connected business, we provide communication services for connected cars to overseas automakers and offer platforms for various products other than cars and for a wide range of industries. Additionally, in April 2024, with an eye on further expanding our connected business, we established KDDI Spherience, LLC in the United States as a dedicated

company for promoting connected business, and launched its operational subsidiary in Sweden. Going forward, we will continue to provide connected services across various industries to create new value and support our corporate customers in accelerating their digital transformation (DX).

**IoT Connections (incl. SORACOM)**

Aim for 100+ million connections with partners

Established a new specialized company for connected business in North America

**Initiatives with TOYOTA**

**TOYOTA KDDI**

- 2002 Launching car telematics service collaboration
- 2016 Toyota Motor Corporation's announcement on the establishment of a global communications platform for "connected cars" in collaboration with KDDI
- 2020 Starting collaboration aiming to solve future issues through communications and mobility

Both companies work together to build next-generation global communications platform

Growth Area 2 Data Center

To meet the growing global demand for connectivity data centers, we opened TELEHOUSE Bangkok in May 2023. In October, we also opened the fourth expansion building at the TELEHOUSE Paris Magny campus in France, and the fifth building at the TELEHOUSE Frankfurt campus in Germany. Additionally, in June 2023, we signed an agreement with Allied Properties REIT in Canada for the transfer of data center business, and commenced operations as TELEHOUSE Canada in April 2024. Furthermore, our data centers in Europe and Thailand are operated using 100% renewable energy. For more than 30 years, we have been operating our data center business under the TELEHOUSE brand in more than 10 countries around the world. Going forward, we will continue to promote and expand our business globally while being mindful of the environmental conditions in each region. We aim to become the "most easily interconnected, high-quality connectivity data center," supporting our corporate customers' global business operations.

**Strategic Direction**

Steady market growth and high profitability aiming for further business growth

	Market Growth (2023-2028)	Business Scale	Margins
Connectivity DC	CAGR* 11%	Medium	High
Hyper Scale DC	CAGR* 24%	Large	Lower

\* Source: Structure Research 2023

**Enhancing Connectivity in Canada**

Canada's No. 1 Connectivity DC  
Business transfer agreement signed in June 2023

Enhanced connectivity  
Expansion of space for service offering

Three good locations in the heart of Toronto

Further value enhancement

Growth Area 3 Digital BPO

In September 2023, our consolidated subsidiary, KDDI Evolva Inc., and Relia, Inc., an equity-method affiliate of MITSUI & CO., LTD., underwent a management integration, resulting in the establishment of Altius Link, Inc. We are advancing the sophistication of services in the contact center industry by utilizing generative AI to digitalize consumer touchpoints and so on. Through our digital BPO\*1 services, which we are deploying both domestically and internationally, we will contribute to the growth of our corporate customers.

**Formed new company via management integration**

**Altius Link**

Strengths of New Company

- CX improvement proposal capability by digital contact center
- Global expansion including North America and Asia

Contact Center / BPO Industry  
2nd largest in industry

Revenue\*2  
¥240+ billion

Economies of scale and synergies for further growth

\*1 Business process outsourcing (BPO) approach that undertakes a series of outsourced operations using AI and other digital technologies to improve efficiency, rather than undertaking only with human resources  
\*2 Aggregate of both companies' full-year results for FY23.3; KDDI Evolva's revenue includes inter-group transactions.



**Non-Financial**

☑ Indicates the latest data with third-party guarantees

		Boundary	Unit	FY20.3		FY21.3		FY22.3		FY23.3		FY24.3		Notes					
				t	%	t	%	t	%	t	%	t	%						
CO <sub>2</sub> emissions	Scope 1*1	Direct GHG emissions	Non-consolidated	t, %	6,581	0.10	5,746	0.09	7,976	0.13	5,747	☑	0.09	5,451	0.10	*1 Heavy oil (crude oil), diesel oil, kerosene, and city gas			
	Scope 2*2	Indirect GHG emissions from consumption of purchased electricity, heat or steam	Non-consolidated	t, %	1,041,559	16.13	1,049,105	16.28	1,090,954	17.71	944,876	☑	15.23	641,922	11.42	*2 Using the emission coefficients by electric utility companies for the calculation of CO <sub>2</sub> emissions from electricity consumption.			
	Scope 3*3	Purchased goods and services	Non-consolidated	t, %	3,529,472	54.65	3,581,713	55.57	3,373,587	54.77	3,388,959	54.64	3,251,795	☑	57.84	3,251,795	57.84	*3 Using the emission coefficients indicated in Japan's Ministry of the Environment's "Overview of Basic Guidelines on Accounting for Greenhouse Gas Emissions Throughout the Supply Chain."	
		Capital goods	Non-consolidated	t, %	1,584,908	24.54	1,486,988	23.07	1,367,518	22.20	1,464,526	23.61	1,477,618	☑	26.28	1,477,618	26.28	*4 Heavy oil, diesel oil, and kerosene (excluding city gas and LP gas); Using the emission coefficients which are applied to the GHG emissions calculation and the reporting and disclosure system specified in the Act on Promotion of Global Warming Countermeasures.	
		Fuel- and energy-related activities not included in Scopes 1 and 2	Non-consolidated	t, %	40,188	0.62	41,729	0.65	43,950	0.71	153,839	2.48	117,113	☑	2.08	117,113	2.08	*5 Calculated for employees with disabilities of KDDI (non-consolidated), and those employed by KDDI Challenged and KDDI Engineering who have been certified; Presenting actual results as of June of the following fiscal year.	
		Upstream transportation and distribution	Non-consolidated	t, %	7,408	0.11	7,183	0.11	12,035	0.20	6,292	0.10	5,072	☑	0.09	5,072	0.09	*6 Calculated for females in managerial positions from FY22.3 as per the revised personnel system; Presenting actual ratios as of April 1 of the following fiscal year; Excluding secondees from the outside and including secondees to other companies; Calculated in accordance with the provisions of the Act on Promotion of Women's Participation and Advancement in the Workplace (Act No. 64 of 2015).	
		Waste generated in operations	Non-consolidated	t, %	413	0.01	464	0.01	485	0.01	160	*10	0.01	141	☑	0.00	141	0.00	*7 Calculated in accordance with the provisions of Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Act No. 76 of 1991); For FY20.3 to FY22.3, calculated the percentage of childcare leave, etc. taken based on Article 71-4, Item 1 of the Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members (Ordinance of the Ministry of Labor No. 25 of 1991); For FY23.3, calculated the percentage of childcare leave, etc. and leave for childcare purposes taken based on Article 71-4, Item 2 of the Ordinance to further promote the use of childcare leave by male employees; For FY24.3, in light of the mandatory disclosure of the ratio of childcare leave, etc. taken and social demand for longer periods of childcare leave, etc., changed the method of calculating the percentage of childcare leave, etc. taken based on Article 71-4, Item 1 of the Ordinance, not including leave for childcare purposes; The ratio for FY23.3 is 39.9% when calculated without including the percentage of leave for childcare purposes taken in accordance with Article 71-4, Item 1 of the Ordinance; Calculated for each fiscal year, excluding secondees from the outside and including secondees to other companies.
		Business travel	Non-consolidated	t, %	4,955	0.08	662	0.01	908	0.01	6,114	0.10	6,271	☑	0.11	6,271	0.11		
		Employee commuting	Non-consolidated	t, %	5,043	0.08	1,897	0.03	2,430	0.04	2,088	0.03	1,777	☑	0.03	1,777	0.03		
		Upstream leased assets	Non-consolidated	t, %	784	0.01	514	0.01	527	0.01	527	0.01	487	☑	0.01	487	0.01		
		Downstream transportation and distribution	Non-consolidated	t, %	0	0.00	0	0.00	0	0.00	0	0.00	0	☑	0.00	0	0.00		
		Processing of sold products	Non-consolidated	t, %	0	0.00	0	0.00	0	0.00	0	0.00	0	☑	0.00	0	0.00		
	Use of sold products	Non-consolidated	t, %	237,008	3.67	268,754	4.17	259,227	4.21	228,485	3.68	113,206	☑	2.01	113,206	2.01			
	End-of-life treatment of sold products	Non-consolidated	t, %	205	0.00	150	0.00	127	0.00	979	0.02	918	☑	0.02	918	0.02			
	Downstream leased assets	Non-consolidated	t, %	0	0.00	0	0.00	0	0.00	0	0.00	0	☑	0.00	0	0.00			
Franchises	Non-consolidated	t, %	0	0.00	0	0.00	0	0.00	0	0.00	0	☑	0.00	0	0.00				
Investment	Non-consolidated	t, %	0	0.00	0	0.00	0	0.00	0	0.00	0	☑	0.00	0	0.00				
Scope 3 Total		Non-consolidated	t, %	5,410,384	83.77	5,390,054	83.63	5,060,794	82.16	5,251,969	*11	84.67	4,974,398	☑	88.48	4,974,398	88.48		
Total of Scope 1 + 2 emissions		Non-consolidated	t	1,048,140		1,054,850		1,098,929		950,622	☑		641,922		641,922				
Total of Scope 1 + 2 + 3 emissions		Non-consolidated	t	6,458,524		6,444,904		6,159,723		6,202,591	*12	☑	5,621,771		5,621,771				
Consolidated	Scope 1 emissions	Fuel	Consolidated	t	25,169		25,420		27,687		88,383	☑	28,432		28,432				
	Scope 2 emissions*2 (market-based)	Electricity, steam and hot and cold water	Consolidated	t	1,352,131		1,296,381		1,492,048		1,318,013	☑	975,173		975,173				
	Total of Scope 1 + 2 emissions (market-based)		Consolidated	t	1,377,300		1,321,801		1,519,735		1,406,396	☑	1,003,605		1,003,605				
	Scope 2 emissions (location-based)	Electricity, steam and hot and cold water	Consolidated	t	1,486,924		1,475,724		1,614,118		1,475,170	☑	1,411,040		1,411,040				
Power consumption	Power consumption	Non-consolidated	1000 kWh	2,262,524		2,357,458		2,468,974		2,216,734	☑	2,162,465		2,162,465					
	Power consumption	Consolidated	1000 kWh	3,079,800		3,198,506		3,634,732		3,387,049	☑	3,328,127		3,328,127					
	Electricity consumption derived from renewable energy sources	Consolidated	1000 kWh	169,349		338,319		379,173		488,544	☑	967,131		967,131					
Fuel consumption	Fuel consumption*4	Non-consolidated	kL	544		345		364		546	☑	393		393					
Energy usage	Energy usage at equipment-related facilities	Non-consolidated	1000 kWh	903,111		947,613		1,009,802		1,039,214	☑	1,043,504		1,043,504					
Renewable energy (business)	Renewable energy generation volume	Non-consolidated	1000 kWh	17,406		17,566		17,664		16,649		16,240		16,240					
Water usage	Water usage (Water supply, recycled water, well water, excluding waste water)	Consolidated	m <sup>3</sup>	674,869		1,156,206		1,630,890		2,050,273	☑	1,803,453		1,803,453					
Waste products	Industrial waste (Nonhazardous industrial waste [telecommunications equipment, normal daily waste from KDDI buildings])	Consolidated	t	3,753		3,319		4,822		4,216	☑	8,069		8,069					
	Material recycling volume	Consolidated*9	t	—		—		—		1,571		285		285					
Paper resources	Paper usage	Non-consolidated	t	9,512		8,798		5,313		6,809		6,370		6,370					
	Reduction of paper by putting bills on the web	Non-consolidated	t	4,207		4,962		5,180		5,358		5,548		5,548					
Promotion of mobile phone recycling	Number of mobile phones and other devices collected (mobile phone main body, batteries, chargers)	Non-consolidated	10,000 devices	279		258		260		217		192		192					
	Material recycling rate	Non-consolidated	%	99.8		99.8		99.8		99.8		99.8		99.8					
Number of employees	Number of consolidated employees	Consolidated	people	44,952		47,320		48,829		49,659		61,288		61,288					
	Number of consolidated foreign employees	Consolidated	people	4,393		4,581		5,111		5,833		15,367		15,367					
Working years	Average working years (Male)	Non-consolidated	year	18.4		18.3		17.7		18.0		17.2		17.2					
	Average working years (Female)	Non-consolidated	year	15.9		15.5		15.6		15.6		15.3		15.3					
Turnover rate	Turnover rate (Male)	Non-consolidated	%	1.30		1.09		2.13		2.45		1.72		1.72					
	Turnover rate (Female)	Non-consolidated	%	2.03		1.47		2.44		2.97		1.53		1.53					
Hiring	Percentage of newly hired female graduates	Non-consolidated	%	31.1		32.4		33.6		33.9		28.4		28.4					
	Ratio of mid-career hires	Non-consolidated	%	32.7		38.1		39.7		45.0		56.3		56.3					
Promoting employment of persons with disabilities	Employment rate of persons with disabilities*5	Non-consolidated	%	2.53		2.50		2.58		2.54		2.62		2.62					
Promotion of women's participation in the workplace	The percentage of female employees in managerial positions*6	Non-consolidated	%	—		—		—		8.6		8.9	☑	8.9					
	Percentage of male employees taking childcare leave*7	Non-consolidated	%	9.8		18.6		30.9		71.8		58.1	☑	58.1					
	Gender pay gap*8	Non-consolidated	%	—		—		—		77.0		78.7	☑	78.7					

## Consolidated Financial Statements

\* Please refer to the Securities Report for the Fiscal Year Ended March 31, 2024 available on the KDDI website for notes and other detailed information. [📄](#)

### Consolidated Statement of Financial Position

KDDI CORPORATION and its subsidiaries  
FY23.3 and FY24.3

Millions of yen

	FY23.3	FY24.3
<b>Assets</b>		
<b>Non-current assets:</b>		
Property, plant and equipment	2,595,721	2,786,933
Right-of-use assets	393,935	425,173
Goodwill	541,058	568,134
Intangible assets	1,048,396	1,062,683
Investments accounted for using the equity method	261,169	301,037
Long-term loans for financial business	2,038,403	3,200,059
Securities for financial business	411,063	413,767
Other long-term financial assets	304,106	391,453
Retirement benefit assets	62,911	5,096
Deferred tax assets	12,203	17,948
Contract costs	637,534	685,310
Other non-current assets	29,924	36,678
<b>Total non-current assets</b>	<b>8,336,424</b>	<b>9,894,271</b>
<b>Current assets:</b>		
Inventories	99,038	91,290
Trade and other receivables	2,445,250	2,702,152
Short-term loans for financial business	304,557	367,593
Call loans	53,944	28,237
Other short-term financial assets	60,158	30,662
Income tax receivables	2,663	2,384
Other current assets	141,236	142,263
Cash and cash equivalents	480,252	887,207
<b>Total current assets</b>	<b>3,587,098</b>	<b>4,251,789</b>
<b>Total assets</b>	<b>11,923,522</b>	<b>14,146,060</b>

Millions of yen

	FY23.3	FY24.3
<b>Liabilities and Equity</b>		
<b>Liabilities</b>		
<b>Non-current liabilities:</b>		
Borrowings and bonds payable	914,233	1,577,370
Long-term deposits for financial business	64,829	112,730
Lease liabilities	286,437	292,003
Other long-term financial liabilities	10,309	10,166
Retirement benefit liabilities	11,739	11,801
Deferred tax liabilities	188,101	235,723
Provisions	52,414	47,800
Contract liabilities	76,258	81,674
Other non-current liabilities	12,366	11,804
<b>Total non-current liabilities</b>	<b>1,616,687</b>	<b>2,381,071</b>
<b>Current liabilities:</b>		
Borrowings and bonds payable	337,961	407,013
Trade and other payables	801,927	899,125
Short-term deposits for financial business	2,652,723	3,713,407
Call money	—	37,972
Cash collateral received for securities lent	244,111	263,157
Lease liabilities	112,805	118,016
Other short-term financial liabilities	6,894	7,762
Income taxes payables	129,404	161,152
Provisions	25,398	21,953
Contract liabilities	82,242	84,947
Other current liabilities	242,712	253,257
<b>Total current liabilities</b>	<b>4,636,176</b>	<b>5,967,762</b>
<b>Total liabilities</b>	<b>6,252,863</b>	<b>8,348,833</b>
<b>Equity</b>		
<b>Equity attributable to owners of the parent</b>		
Common stock	141,852	141,852
Capital surplus	279,371	310,587
Treasury stock	(545,833)	(845,093)
Retained earnings	5,220,504	5,522,578
Accumulated other comprehensive income	32,394	123,438
<b>Total equity attributable to owners of the parent</b>	<b>5,128,288</b>	<b>5,253,362</b>
<b>Non-controlling interests</b>	<b>542,370</b>	<b>543,864</b>
<b>Total equity</b>	<b>5,670,659</b>	<b>5,797,226</b>
<b>Total liabilities and equity</b>	<b>11,923,522</b>	<b>14,146,060</b>



## Consolidated Statement of Income

KDDI CORPORATION and its subsidiaries  
FY23.3 and FY24.3

	Millions of yen	
	FY23.3	FY24.3
<b>Operating revenue</b>	5,671,762	<b>5,754,047</b>
Cost of sales	3,260,030	<b>3,323,514</b>
<b>Gross profit</b>	2,411,731	<b>2,430,533</b>
Selling, general and administrative expenses	1,408,391	<b>1,503,680</b>
Other income	71,629	<b>32,951</b>
Other expense	3,790	<b>8,165</b>
Share of profit of investments accounted for using the equity method	6,213	<b>9,945</b>
<b>Operating income</b>	1,077,393	<b>961,584</b>
Finance income	10,175	<b>21,866</b>
Finance cost	8,658	<b>10,215</b>
Other non-operating profit and loss	612	<b>19,490</b>
<b>Profit for the year before income tax</b>	1,079,523	<b>992,725</b>
Income tax	339,484	<b>336,621</b>
<b>Profit for the year</b>	740,039	<b>656,104</b>
<b>Profit for the year attributable to:</b>		
Owners of the parent	679,113	<b>637,874</b>
Non-controlling interests	60,926	<b>18,230</b>
<b>Profit for the year</b>	740,039	<b>656,104</b>
	Yen	
	FY23.3	FY24.3
<b>Earnings per share attributable to owners of the parent</b>		
Basic earnings per share	311.01	<b>301.26</b>
Diluted earnings per share	310.88	<b>301.18</b>

## Consolidated Statement of Comprehensive Income

KDDI CORPORATION and its subsidiaries  
FY23.3 and FY24.3

	Millions of yen	
	FY23.3	FY24.3
<b>Profit for the year</b>	740,039	<b>656,104</b>
<b>Other comprehensive income</b>		
Items that will not be transferred subsequently to profit or loss		
Remeasurements of defined benefit pension plans	12,526	<b>(40,934)</b>
Changes measured in fair value of financial assets through other comprehensive income	(24,837)	<b>60,123</b>
Share of other comprehensive income of investments accounted for using the equity method	(555)	<b>(406)</b>
Total	(12,865)	<b>18,783</b>
Items that may be subsequently reclassified to profit or loss		
Changes in fair value of cash flow hedge	(1,042)	<b>2,266</b>
Translation differences on foreign operations	19,935	<b>42,036</b>
Share of other comprehensive income of investments accounted for using the equity method	1,672	<b>(17)</b>
Total	20,565	<b>44,284</b>
Total other comprehensive income	7,700	<b>63,068</b>
<b>Total comprehensive income for the year</b>	747,738	<b>719,172</b>
<b>Total comprehensive income for the year attributable to:</b>		
Owners of the parent	680,084	<b>690,726</b>
Non-controlling interests	67,655	<b>28,446</b>
Total	747,738	<b>719,172</b>

Note: Items in the statement above are presented after income tax.

## Consolidated Statement of Changes in Equity

KDDI CORPORATION and its subsidiaries  
FY23.3 and FY24.3

For the year ended March 31, 2023

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
<b>As of April 1, 2022</b>	141,852	279,371	(299,827)	4,818,117	43,074	4,982,586	528,077	5,510,663
<b>Cumulative effect of a change in accounting policy</b>	—	—	—	3,682	348	4,030	—	4,030
Balance after restatement	141,852	279,371	(299,827)	4,821,799	43,422	4,986,617	528,077	5,514,694
<b>Comprehensive income</b>								
Profit for the year	—	—	—	679,113	—	679,113	60,926	740,039
Other comprehensive income	—	—	—	—	971	971	6,729	7,700
Total comprehensive income	—	—	—	679,113	971	680,084	67,655	747,738
<b>Transactions with owners and other transactions</b>								
Cash dividends	—	—	—	(288,394)	—	(288,394)	(46,225)	(334,618)
Transfer of accumulated other comprehensive income to retained earnings	—	—	—	11,999	(11,999)	—	—	—
Purchase and disposal of treasury stock	—	(41)	(250,152)	—	—	(250,192)	—	(250,192)
Retirement of treasury stock	—	(5,313)	5,313	—	—	—	—	—
Transfer from retained earnings to capital surplus	—	4,014	—	(4,014)	—	—	—	—
Changes in interests in subsidiaries	—	(445)	—	—	—	(445)	(7,137)	(7,582)
Other	—	1,786	(1,167)	—	—	619	—	619
Total transactions with owners and other transactions	—	1	(246,005)	(280,408)	(11,999)	(538,412)	(53,361)	(591,773)
<b>As of March 31, 2023</b>	141,852	279,371	(545,833)	5,220,504	32,394	5,128,288	542,370	5,670,659

For the year ended March 31, 2024

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common stock	Capital surplus	Treasury stock	Retained earnings	Accumulated other comprehensive income	Total		
<b>As of April 1, 2023</b>	141,852	279,371	(545,833)	5,220,504	32,394	5,128,288	542,370	5,670,659
<b>Comprehensive income</b>								
Profit for the year	—	—	—	637,874	—	637,874	18,230	656,104
Other comprehensive income	—	—	—	—	52,852	52,852	10,216	63,068
Total comprehensive income	—	—	—	637,874	52,852	690,726	28,446	719,172
<b>Transactions with owners and other transactions</b>								
Cash dividends	—	—	—	(297,607)	—	(297,607)	(71,450)	(369,057)
Transfer of accumulated other comprehensive income to retained earnings	—	—	—	(38,192)	38,192	—	—	—
Purchase and disposal of treasury stock	—	(66)	(300,000)	—	—	(300,066)	—	(300,066)
Changes due to business combination	—	46,544	—	—	—	46,544	30,333	76,877
Changes in interests in subsidiaries	—	(15,098)	—	—	—	(15,098)	14,055	(1,043)
Other	—	(164)	739	—	—	575	110	685
Total transactions with owners and other transactions	—	31,216	(299,261)	(335,799)	38,192	(565,652)	(26,953)	(592,605)
<b>As of March 31, 2024</b>	141,852	310,587	(845,093)	5,522,578	123,438	5,253,362	543,864	5,797,226

## Consolidated Statement of Cash Flows

KDDI CORPORATION and its subsidiaries  
FY23.3 and FY24.3

Millions of yen

	FY23.3	FY24.3
<b>Cash flows from operating activities</b>		
Profit for the year before income tax	1,079,523	992,725
Depreciation and amortization	697,152	687,349
Impairment loss	2,354	9,607
Loss allowance	3,772	100,067
Share of (profit) loss of investments accounted for using the equity method	(6,213)	(9,945)
Loss (gain) on sales of non-current assets	(1,581)	(579)
Interest and dividends income	(9,914)	(8,075)
Interest expenses	7,142	8,813
(Increase) decrease in trade and other receivables	(108,567)	(243,859)
Increase (decrease) in trade and other payables	5,396	78,290
(Increase) decrease in loans for financial business	(752,583)	(1,223,112)
Increase (decrease) in deposits for financial business	500,047	1,108,586
Increase (decrease) in borrowings for financial business	(5,400)	410,000
(Increase) decrease in call loans	(8,881)	25,707
Increase (decrease) in call money	(141,348)	37,972
Increase (decrease) in cash collateral received for securities lent	244,111	19,046
(Increase) decrease in inventories	(24,421)	7,635
(Increase) decrease in retirement benefit assets	(18,190)	57,815
Increase (decrease) in retirement benefit liabilities	(757)	(733)
Other	(99,947)	(81,572)
<b>Cash generated from operations</b>	<b>1,361,693</b>	<b>1,975,739</b>
Interest and dividends received	13,468	11,903
Interest paid	(6,768)	(8,526)
Income tax paid	(292,659)	(274,993)
Income tax refund	3,134	2,376
<b>Net cash provided by (used in) operating activities</b>	<b>1,078,869</b>	<b>1,706,498</b>
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(394,652)	(523,940)
Proceeds from sales of property, plant and equipment	3,754	413
Purchases of intangible assets	(239,473)	(225,590)
Purchases of securities for financial business	(385,468)	(368,055)
Proceeds from sales and redemption of securities for financial business	311,511	324,702
Purchases of other financial assets	(8,900)	(60,854)
Proceeds from sales and redemption of other financial assets	1,892	8,317
Payments for acquisition of subsidiaries	—	(6,659)
Proceeds from acquisition of subsidiaries	—	27,450
Purchases of stocks of associates	(9,847)	(1,848)
Proceeds from sales of stocks of subsidiaries and associates	—	3,481
Other	(11,297)	(9,849)
<b>Net cash provided by (used in) investing activities</b>	<b>(732,480)</b>	<b>(832,433)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) of short-term borrowings	49,983	123,626
Proceeds from issuance of bonds and long-term borrowings	200,000	416,000
Payments from redemption of bonds and repayments of long-term borrowings	(200,500)	(219,020)
Repayments of lease liabilities	(128,288)	(128,974)
Payments from purchase of subsidiaries' equity from non-controlling interests	(7,002)	(4,741)
Proceeds from stock issuance to non-controlling interests	49	16,938
Repayments to non-controlling interests	—	(11,434)
Payments from purchase of treasury stock	(250,152)	(300,000)
Proceeds from sale of treasury stock	—	0
Cash dividends paid	(287,117)	(297,575)
Cash dividends paid to non-controlling interests	(46,810)	(71,297)
Other	(0)	(1)
<b>Net cash provided by (used in) financing activities</b>	<b>(669,837)</b>	<b>(476,477)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>7,087</b>	<b>9,367</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(316,361)</b>	<b>406,955</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>796,613</b>	<b>480,252</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>480,252</b>	<b>887,207</b>

## External Assurance

### Environmental Data Guarantee Statement

#### Third-party Assurance by LRQA (Limited Assurance)

**LRQA Independent Assurance Statement**  
Relating to KDDI Corporation's Environmental Data within its Sustainability Report 2024 for the fiscal year 2023

This Assurance Statement has been prepared by LRQA Corporation in accordance with our contract.

**Terms of Engagement**  
LRQA was commissioned by KDDI Corporation ("the Company") to provide independent assurance of its environmental data ("the data") as disclosed in its Sustainability Report 2024 for the fiscal year 2023. The data is presented in the Sustainability Report 2024 for the fiscal year 2023. The data is presented in the Sustainability Report 2024 for the fiscal year 2023.

**Scope of Assurance**  
The assurance engagement covered the Company's operations and activities in Japan and outside Japan.

**Assurance Methods**  
The assurance was conducted in accordance with the assurance methods for the limited assurance data.

**Assurance Objectives**  
The assurance was conducted to provide assurance on the accuracy and reliability of the data.

**Assurance Results**  
The assurance was conducted in accordance with the assurance methods for the limited assurance data.

**LRQA's Assurance, Competence and Independence**

LRQA is an independent assurance provider with a track record of providing assurance services to a wide range of clients across various industries and geographies.

LRQA is a member of the International Federation of Accountants (IFAC) and is a signatory to the IFAC Code of Ethics for Assurance Providers.

LRQA is a member of the International Federation of Environmental Engineers (IFEE) and is a signatory to the IFEE Code of Ethics for Environmental Engineers.

LRQA is a member of the International Federation of Environmental Engineers (IFEE) and is a signatory to the IFEE Code of Ethics for Environmental Engineers.

- Data subject**
- Scope 1 GHG emissions
  - Scope 2 GHG emissions (market-based and location-based)
  - Energy usage
  - Water usage
  - Industrial waste

#### Third-party Verification by Waseda University (Limited Assurance)

**Scope 1 Greenhouse gas emission verification report**

Waseda University Graduate School of Environment and Energy Engineering

Professor Shinya Otsuka, Graduate School of Environment and Energy Engineering, Waseda University

The verification was conducted in accordance with the assurance methods for the limited assurance data.

**Scope of the verification**  
The verification was conducted to provide assurance on the accuracy and reliability of the data.

**Assurance Methods**  
The verification was conducted in accordance with the assurance methods for the limited assurance data.

**Assurance Objectives**  
The verification was conducted to provide assurance on the accuracy and reliability of the data.

Item	Year-end total	Year-end total
Scope 1	1,971,388 t-CO2e	1,930,819 t-CO2e

Category	Year-end total	Year-end total
Category 1: Fuel and natural gas combustion	1,816,199	1,816,199
Category 2: Fuel and energy-related activities	1,471,018	1,471,018
Category 3: Business travel	112,113	112,113
Category 4: Transport and delivery equipment	6,672	6,672
Category 5: Business flights	1,111	1,111
Category 6: Business trips	4,373.4	4,373.4
Category 7: Employee's Commute	1,171	1,171
Category 8: Local Council Operations	481	481
Category 9: Transport and delivery equipment (continued)	—	—
Category 10: Corporate air and vehicles	103,901	103,901
Category 11: The total products	103,901	103,901
Category 12: Disposal of solid products	919	1,087
Category 13: The total products	—	—
Category 14: Disposal of solid products (continued)	—	—
Category 15: The total products	—	—
Category 16: Disposal of solid products	—	—
Category 17: Disposal of solid products	—	—
Category 18: Disposal of solid products	—	—
Category 19: Disposal of solid products	—	—
Category 20: Disposal of solid products	—	—
Category 21: Disposal of solid products	—	—
Category 22: Disposal of solid products	—	—
Category 23: Disposal of solid products	—	—
Category 24: Disposal of solid products	—	—
Category 25: Disposal of solid products	—	—
Category 26: Disposal of solid products	—	—
Category 27: Disposal of solid products	—	—
Category 28: Disposal of solid products	—	—
Category 29: Disposal of solid products	—	—
Category 30: Disposal of solid products	—	—
Category 31: Disposal of solid products	—	—
Category 32: Disposal of solid products	—	—
Category 33: Disposal of solid products	—	—
Category 34: Disposal of solid products	—	—
Category 35: Disposal of solid products	—	—
Category 36: Disposal of solid products	—	—
Category 37: Disposal of solid products	—	—
Category 38: Disposal of solid products	—	—
Category 39: Disposal of solid products	—	—
Category 40: Disposal of solid products	—	—
Category 41: Disposal of solid products	—	—
Category 42: Disposal of solid products	—	—
Category 43: Disposal of solid products	—	—
Category 44: Disposal of solid products	—	—
Category 45: Disposal of solid products	—	—
Category 46: Disposal of solid products	—	—
Category 47: Disposal of solid products	—	—
Category 48: Disposal of solid products	—	—
Category 49: Disposal of solid products	—	—
Category 50: Disposal of solid products	—	—
Category 51: Disposal of solid products	—	—
Category 52: Disposal of solid products	—	—
Category 53: Disposal of solid products	—	—
Category 54: Disposal of solid products	—	—
Category 55: Disposal of solid products	—	—
Category 56: Disposal of solid products	—	—
Category 57: Disposal of solid products	—	—
Category 58: Disposal of solid products	—	—
Category 59: Disposal of solid products	—	—
Category 60: Disposal of solid products	—	—
Category 61: Disposal of solid products	—	—
Category 62: Disposal of solid products	—	—
Category 63: Disposal of solid products	—	—
Category 64: Disposal of solid products	—	—
Category 65: Disposal of solid products	—	—
Category 66: Disposal of solid products	—	—
Category 67: Disposal of solid products	—	—
Category 68: Disposal of solid products	—	—
Category 69: Disposal of solid products	—	—
Category 70: Disposal of solid products	—	—
Category 71: Disposal of solid products	—	—
Category 72: Disposal of solid products	—	—
Category 73: Disposal of solid products	—	—
Category 74: Disposal of solid products	—	—
Category 75: Disposal of solid products	—	—
Category 76: Disposal of solid products	—	—
Category 77: Disposal of solid products	—	—
Category 78: Disposal of solid products	—	—
Category 79: Disposal of solid products	—	—
Category 80: Disposal of solid products	—	—
Category 81: Disposal of solid products	—	—
Category 82: Disposal of solid products	—	—
Category 83: Disposal of solid products	—	—
Category 84: Disposal of solid products	—	—
Category 85: Disposal of solid products	—	—
Category 86: Disposal of solid products	—	—
Category 87: Disposal of solid products	—	—
Category 88: Disposal of solid products	—	—
Category 89: Disposal of solid products	—	—
Category 90: Disposal of solid products	—	—
Category 91: Disposal of solid products	—	—
Category 92: Disposal of solid products	—	—
Category 93: Disposal of solid products	—	—
Category 94: Disposal of solid products	—	—
Category 95: Disposal of solid products	—	—
Category 96: Disposal of solid products	—	—
Category 97: Disposal of solid products	—	—
Category 98: Disposal of solid products	—	—
Category 99: Disposal of solid products	—	—
Category 100: Disposal of solid products	—	—

- Data subject**
- Scope 3 GHG emissions

## Social Data

#### Third-party Assurance by PricewaterhouseCoopers Sustainability LLC (Limited Assurance)

**Report on the assurance of the proportion of female managers and the rate of paternity leave taken by males**

The assurance was conducted in accordance with the assurance methods for the limited assurance data.

**Scope of the assurance**  
The assurance was conducted to provide assurance on the accuracy and reliability of the data.

**Assurance Methods**  
The assurance was conducted in accordance with the assurance methods for the limited assurance data.

**Assurance Objectives**  
The assurance was conducted to provide assurance on the accuracy and reliability of the data.

**Report on the assurance of the proportion of female managers and the rate of paternity leave taken by males**

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**Assurance Methods**  
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**Assurance Objectives**  
The assurance was conducted to provide assurance on the accuracy and reliability of the data.

- Data subject**
- Proportion of female managers
  - Rate of paternity leave taken by males
  - Gender pay gap

Third-party Assurance



# Disclosure and IR

## KDDI's Approach

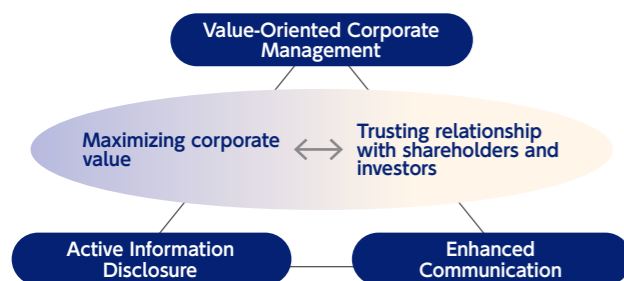
KDDI is continuously committed to disclosing corporate information that may affect investment decisions of investors, in a timely and fair manner and in a form easily understandable for shareholders and investors, in accordance with the Financial Instruments and Exchange Act and the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

KDDI discloses its IR Basic Policy\* on its website, explaining such matters as its fundamental approach to IR activities and the system for disclosing pertinent information. In particular, KDDI set up a Disclosure Committee which deliberates intensively the financial information to be disclosed in every fiscal period, with the goal of improving management transparency and providing appropriate information to the public.

\* A matter to be resolved by the Board of Directors

## IR Basic Policy

KDDI places top management priority on building a trusting relationship with its shareholders and investors, ensuring value-oriented corporate management, active information disclosure, and enhanced communication.



## Three IR Activity Guidelines

Through IR based on the activity guidelines outlined below, KDDI strives to build long-term, trusting relationship with shareholders and investors, as well as maximize its corporate value.



## IR Activities in FY24.3

### Enhancing Communication

Financial results briefings are held quarterly to explain the company's business performances directly from our management. In addition, KDDI is continuously working to enhance communication with investors in and outside Japan by holding individual meetings and small meetings, and participating in various conferences sponsored by securities firms.

Along with quarterly financial results disclosures, financial results briefings for analysts and institutional investors are held four times a year.

Our directors and the IR department hold individual meetings with analysts and institutional investors in Europe, North America, Asia and other regions on each quarterly financial results to explain KDDI's financial status and future strategies. In FY24.3, a total of 659 meetings were held face-to-face, visiting and online as appropriate (including participation in 10 conferences hosted by securities firms in and outside Japan). We will continue to work hard to improve communication with investors.

KDDI takes the opinions expressed by shareholders and investors seriously, communicating them not only to our management but also to our employees in general, as valuable reference information for business strategies and management strategies.

### Active Information Disclosure

KDDI provides webcasts of its financial results briefings on its website, and also posts an English-language version.

We are working to enrich the information by posting such information as various financial documents including, financial statements, financial/performance data and information related to corporate governance, etc. The data can also be viewed on our IR app and website, which are compatible with multiple devices.

Regarding our small meetings, we provide on-demand streaming of certain briefings on our website.

As a result of our IR activities, in FY24.3, KDDI won "Internet IR 2023 Excellence Award" by Daiwa Investor Relations Co., Ltd., and was selected as an "IR Improvement Premium Company" by the Japan Investor Relations Association. Additionally, "KDDI Integrated Sustainability and Financial Report 2023" published last year was selected among the 70 outstanding integrated reports by domestic equity managers of the GPIF.

# Corporate Overview (As of March 31, 2024)

## Company Name

KDDI CORPORATION

## Date of Establishment

June 1, 1984

(The KDDI CORPORATION was established in October 2000 through the merger of DDI CORPORATION, KDD Corporation, and IDO CORPORATION.)

## Business Objective

Telecommunications business

## Head Office

10-10, Iidabashi 3-chome, Chiyoda-ku, Tokyo 102-8460, Japan

## Registered Place of Business

3-2, Nishi-Shinjuku 2-chome, Shinjuku-ku, Tokyo 163-8003, Japan

## President, Representative Director CEO

Makoto Takahashi

## Capital

¥141,852 million

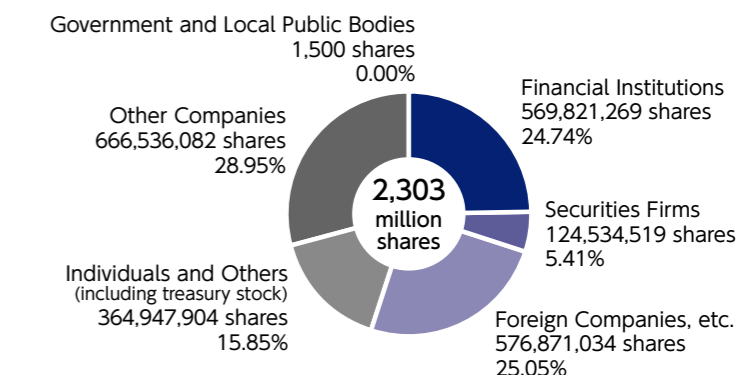
## Number of Employees

61,288 (consolidated)

# Stock Information (As of March 31, 2024)

SE Code	9433
Number of Shares Authorized	4,200,000,000 shares
Number of Shares Issued and Outstanding	2,302,712,308 shares
Number of Shareholders	553,939 shareholders

## Breakdown of Shareholding by Investor Type



## Major Shareholders

Name of Corporate Entity	Number of Shares Held	Shareholding Ratio (%)
KYOCERA Corporation	335,096,000	16.08
The Master Trust Bank of Japan, Ltd. (Trust Account)	334,088,600	16.03
Toyota Motor Corporation	253,094,600	12.14
Custody Bank of Japan, Ltd. (Trust Account)	144,545,100	6.93
STATE STREET BANK WEST CLIENT - TREATY 505234	33,822,275	1.62
JPMorgan Securities Japan Co., Ltd.	28,969,873	1.39
SSBTC CLIENT OMNIBUS ACCOUNT	22,193,078	1.06
JP MORGAN CHASE BANK 385781	21,562,519	1.03
SMBC Nikko Securities Inc.	20,148,850	0.96
STATE STREET BANK AND TRUST COMPANY 505103	18,439,375	0.88

\* The Company holds 219,384,141 shares of treasury stock but are excluded from the above list of major shareholders. The shareholding ratio is calculated excluding treasury stock. Treasury stock does not include the Company's shares (1,074,019 shares) held by the BIP trust for directors' remuneration. The shareholding ratio (the ratio of voting) is calculated by rounding off to the second decimal place.