

Please note that the following is an English translation of the Japanese version (as of December 25, 2023), prepared for your reference and convenience only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy, the Japanese original shall prevail.

KDDI's corporate governance status is described below.

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

### **1. Basic Views**

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

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

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

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

By proactively adhering to Japan's Corporate Governance Code and practicing the "KDDI Group Philosophy," which we consider inseparable from the standpoint of corporate management, we will endeavor to enhance corporate governance throughout the KDDI Group, including its subsidiaries, to achieve sustainable growth and increased corporate value over the medium to long term.

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

To achieve sustainable growth and increase corporate value over the medium to long term, we are continuously working to strengthen our corporate governance, and we comply with all corporate governance codes.

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

### [Principle 1.4]

#### ■ Policy on Strategic Shareholdings

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

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

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

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

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

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

To guard against decisions skewed toward short-term business interests, we have created a process for exercising voting rights that involves checks by the management team, thereby ensuring that management decisions are made from a companywide perspective.

### [Principle 1.7]

In accordance with the Companies Act, KDDI requires competitive or conflict-of-interest transactions by directors to be approved by and reported to the Board of Directors.

Individual transactions with major shareholders are conducted in accordance with "IX. Appropriate Accounting and Adherence to Agreements," one of the basic principles of the "KDDI Code of Business Conduct."

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

### (Supplement)

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

### [Supplementary Principle 2.4.1]

We aim to achieve “the Sustainable Growth of Society” and the enhancement of corporate value together with our partners, through the Satellite Growth Strategy as our business strategy, and Strengthening of Management which supports the strategy. As one of Strengthening of Management, we are promoting a transformation to a "Human Resources First Company."

1. Policy on Securing Diversity; Autonomous, Measurable Goals, and Status of Implementation  
“Embracing diversity” is advocated in Chapter 1, “Our Vision,” of the “KDDI Group Philosophy.” This chapter states clearly that the mutual respect and understanding of diverse personalities and values, including gender, age, nationality, level of physical and mental ability, and religious beliefs, is essential for the company's sustainable growth. As such, we promote “Diversity, Equity & Inclusion” companywide.

#### (1) Women

Based on the understanding that the participation of women in the decision-making process at the Company will help boost corporate strength and achieve sustainable growth in the Company, we focus on the development and promotion of women in managerial positions (organizational leaders and high-level professional positions).

[Ratio of women (targets)]

- Managerial positions (on a non-consolidated basis) ⇒ 15% or more by FY2024 (10.6% as of April 1, 2023)
- People eligible for the executive candidate training program ⇒ 20% or more (already achieved)
- Hiring new graduates ⇒ 30% or more (28.4% as of April 1, 2023)

#### (2) Mid-career employees

By securing diverse human resources, we will accelerate the diversification of our business with telecommunications at its core, including creating new businesses using au 5G, bolstering our focus areas such as finance, and digital transformation (“DX”) inside and outside the company.

- Plan for FY2023: 400 employees (340 in FY2022)

#### (3) Foreign nationals

No quantitative targets have been set at this time.

Regardless of nationality or language, we evaluate and praise achievements, challenges, and abilities, rather than the number of hours worked, and we reflect these elements in compensation and promotions.

2. Human Resources Development Policy and Internal Environmental Improvement Policy for Ensuring Diversity, and Status of Implementation

#### (1) Human Resources Development Policy (Attaining organizations and professional human resources who support business)

In pursuing our business strategy to achieve sustainable growth across the entire Group, we will continue to monitor and supplement the professional human resources needed in terms of both quality and quantity through management that incorporates a dynamic human resources portfolio.

For the recruitment of human resources, we will increase the ratio of professional human resources by pushing forward mid-career recruitment and expanding career paths for new graduates to deepen their expertise. We create and foster professional human resources after they join the Company by clarifying their duties and skills and evaluating achievements,

challenges, and abilities through the KDDI Version Job Style Personnel System. Particularly in the DX area, all employees will acquire basic skills, and we will gradually expand this area within the Group. In addition, we will position the right person for the right job by transferring employees through open recruitment and other means in line with the Group's overall business strategy, as well as by implementing the offering of sideline jobs within the Group.

(2) Internal Environmental Improvement Policy (Creating an environment in which diverse human resources can work with enthusiasm)

We believe that a vibrant, highly engaging and healthy work environment for each of our employees will lead to the sustainable growth for our Group, and we will implement various data-driven measures to improve the environment across the Group.

Company-wide engagement surveys are conducted on a quarterly basis, and based on each organization's results, we have an ongoing dialogue about workplace issues and solutions. Similar employee satisfaction surveys are also conducted at each of our Group companies.

Utilizing DE&I in our business strategies, we will continue to create an environment and foster a culture in which diverse human resources can demonstrate their individuality and capabilities.

We also provide follow-up on the physical and mental health of all employees by conducting counselor interviews and implementing data-backed health measures.

\*For details on efforts regarding our Human Resources Development Policy and the Internal Environmental Improvement Policy, please refer to the "Annual Securities Report."

<https://www.kddi.com/corporate/ir/ir-library/security/> (Japanese only)

**[Principle 2.6]**

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

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

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

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

**[Principle 3.1]**

**1. The KDDI Group Mission Statement, Management Strategies and Management Plans**

**(1) The KDDI Group Mission Statement**

The Group's mission statement is: "The KDDI Group values and cares about the material and emotional well-being of all its employees, and delivers a thrilling customer experience by always going further than expected with the ultimate goal of achieving a truly connected society." The corporate philosophy expresses the perspectives, values, and code of conduct to be upheld in achieving the KDDI Group's mission. These are defined in the five chapters of the "The KDDI Group Philosophy," which are "Vision," "Management Principles," "Professional Mindset," "Way Forward," and "Formula for Success."

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

Please see the KDDI website for an overview of “The KDDI Group Philosophy.”

<http://www.kddi.com/english/corporate/kddi/philosophy/>

## **(2) Management Strategies and Management Plans**

We work to solve social issues as an infrastructure company that underpins the information that serves as the basis of society. Telecommunications is now integral to various parts of society and is indispensable to people's daily lives. Moreover, the Japanese government has launched the Vision for a Digital Garden City Nation to advance digital implementation, particularly in regional communities. Thus, promotion of digital transformation (DX) to solve social issues and to revitalize local communities has become increasingly important. KDDI is promoting measures to establish new lifestyles for its customers and to build a resilient future society that supports economic development and provides solutions to social issues.

Amid such changes in the business environment, in May 2022 we formulated KDDI VISION 2030 to achieve the future society we want to be. By further refining our core telecommunications business and enhancing the power to connect, we will strive to achieve KDDI VISION 2030. Furthermore, we will create new added value through the fusion of the physical and cyber space under the concept of KDDI Digital Twin for All and contribute to society's sustainable growth through our business.

### **■ Brand message**

Tomorrow, Together KDDI/Explore the extraordinary. au

### **■ Our vision**

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

### **■ KDDI VISION 2030**

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

### **■ Financial targets**

We will continue to enhance growth investment and shareholder returns for sustainable growth, while aiming to achieve a 1.5x increase in EPS\* (vs. FY2018). Regarding shareholder returns, we will continue to pay stable dividends with a dividend payout ratio over 40%. We will also maintain a flexible position with regard to repurchase of our treasury stock, keeping in mind the status of growth investments, etc.

\* Earnings Per Share

### **■ Medium-Term Management Strategy —Sustainability Management—**

The medium-term management strategy (FY2022-24) focuses on sustainability management, which aims for sustainable growth of society and increased corporate value in conjunction with our partners. We aim to realize an age in which new value is created by evolving the “power to connect” by leveraging the features of 5G and seamlessly integrating telecommunications into all aspects of life. We will evolve the telecommunications business through 5G, expand focus areas with telecommunications at their core, and reinforce the management foundation to support these efforts.

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

## **2. Basic Views and Guidelines on Corporate Governance**

Please see the section of this report entitled “ I .1. Basic Views.”

## **3. Policies and Procedures for Determining Executive Remuneration**

Please see the section of this report entitled “ II .1. Items Related to Organizational Structure and Operation [Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods].”

## **4. Policies and Procedures for Nominating Executives**

### **(1) Policy for the nomination and the election of Director and Audit & Supervisory Board Member candidates**

In order to ensure the Board of Directors as a whole has a high degree of expertise and diverse perspectives in making decisions that include important management matters and in providing oversight as required by law, the Company selects individuals who meet the following standards without distinction as to gender, age, nationality, race or ethnicity. (Standards of Nomination and Election)

#### **(2) Nomination/Appointment Criteria**

- All Candidates : People who have no selfish and high ethical view and personality appropriate to an executive member
- Director Candidates : Meeting one or more of the following standards
  - People with specialized knowledge and experience in various fields of business
  - People who have management knowledge appropriate to a supervisor or possess specialized knowledge
  - People who are highly independent
- Audit & Supervisory Candidates : People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

#### **(3) Nomination Advisory Committee composition**

To ensure transparency and fairness in the nomination of director and Audit & Supervisory Board Member candidates, the Company has established the “Nomination Advisory Committee” as advisory bodies to perform deliberations in consultation with the Board of Directors. The chairs, vice-chairs and half or more of the members of the committee are independent outside directors.

Chairman: Tsutomu Tannowa (Independent Outside Director)

Vice Chairman: Shigeki Goto (Independent Outside Director)

Members of the Committee: Junko Okawa (Independent Outside Director), Kyoko Okumiya (Independent Outside Director), Takashi Tanaka, Makoto Takahashi

#### **(4) Procedure for the nomination and the election of Director and Audit & Supervisory Board Member candidates**

(Procedure for the nomination and the election of Director)

1. Selection of candidates based on the above standards
2. Deliberation by the Nomination Advisory Committee
3. Approval by the Board of Directors
4. Election by the General Shareholders Meeting

(Procedure for the nomination and the election of Audit & Supervisory)

1. Selection of candidates based on the above standards

2. Deliberation by the Nomination Advisory Committee
3. Agreement by the Audit & Supervisory Board
4. Approval by the Board of Directors
5. Election by the General Shareholders Meeting

#### **(5) Policies and Procedures for the Dismissal of Directors**

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

(Criteria for dismissal, etc.)

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

(Procedures for the dismissal, etc. of Directors)

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

(Executive compensation)

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

#### **5. Explanations of Individual Appointments and Nominations**

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

Please also see the section of this report entitled "II.1. Items Related to Organizational Structure and Operation [Directors] and [Audit & Supervisory Board Members]."

#### **[Supplementary Principle 3.1.3]**

##### **1. Sustainability Initiatives**

We aim to achieve "the Sustainable Growth of Society" and the enhancement of corporate value together with our partners, through the Satellite Growth Strategy as our business strategy, and Strengthening of Management which supports the strategy.

To strengthen our management foundation, we will push forward our initiatives toward achieving carbon neutrality, which is an important social issue, our transformation toward becoming a Human Resources-First Company, respect for human rights, Group governance, as well as other efforts.

First, we will proactively work on attaining carbon neutrality, which is a major issue on a global scale. Aiming to achieve virtually zero CO2 emissions in FY2030 for KDDI by itself and in FY2050 for the Group as a whole, we will aggressively promote power savings at cell phone base stations and communication facilities, as well as a shift to renewable energy.

In addition, in order to continue to grow sustainably in the rapidly changing business environment,

it is essential to transform into a “Human Resources-First Company” that promotes innovation and a high degree of autonomy and growth for employees and the organization. In promoting innovation, we will strengthen R&D and capital investment in 5G and Beyond 5G. Furthermore, we will accelerate our efforts in business creation, R&D, AI and advanced security technologies based on our satellite growth strategy, and deepen our partnerships, including collaboration with startups.

\*For details on our approaches and initiatives on sustainability, please refer to the “Annual Securities Report.”

<https://www.kddi.com/corporate/ir/ir-library/security/> (Japanese only)

## 2. Investment in Human Capital and Intellectual Property

For more information on human capital, please refer to “[Supplementary Principle 2.4.1]” in this report.

With regard to intellectual property, we respect the intellectual property of others and endeavor not to infringe upon it, while at the same time creating, protecting, and utilizing our own intellectual property, which is an important management resource of our Group.

As themes of focus, we have pushed forward innovations to gain competitive advantage and strategically acquired intellectual property in our existing business of telecommunication services and the satellite growth strategy areas of DX, finance, energy, LX (life transformation) and community co-creation (CATV, etc.), which are growth areas. We have also actively promoted the enhancement of brand value and customer engagement, the promotion of data utilization, and the strengthening of partnerships with suppliers, startups, and other partners.

To realize our medium-term management strategy, we will continue to promote the acquisition and utilization of intellectual property in each area of the satellite growth strategy.

Recently, non-financial information disclosure has been attracting a great deal of attention. We will closely monitor these developments and, while engaging in dialogue with our stakeholders, enhance our disclosure on the number of R&D initiatives as well as disclosure of information about intellectual property so that our medium-term management strategy and its implementation status can be properly understood.

\*For details on our approaches and initiatives on intellectual property, please refer to the “Integrated Sustainability and Financial Report.”

[https://www.kddi.com/extlib/files/english/corporate/ir/ir-library/sustainability-integrated-report/pdf/kddi\\_sir2023\\_e.pdf](https://www.kddi.com/extlib/files/english/corporate/ir/ir-library/sustainability-integrated-report/pdf/kddi_sir2023_e.pdf) (The relevant section: From Page 139 onwards)

### [Supplementary Principle 4.1.1]

At KDDI, Board of Directors resolutions determine:

- Matters prescribed by the Companies Act or other laws and regulations,
- Matters prescribed by the Articles of Incorporation,
- Matters delegated for resolution at the general shareholder meeting, and
- Other important management-related matters.

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

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



### **[Supplementary Principle 4.1.3]**

With regard to candidates for the successors to the President and other top executives, in order to continue the sustainable growth of our corporate value, we seek to secure successor candidates who can respond to changes in the business environment and accelerating shifts in the social environment due to global conditions, and who can take responsibility for realizing KDDI Mid-Term Management Strategy and KDDI VISION 2030 for the Company. To achieve this, we ensure the diversity of our candidates by giving them a wide range of work experience and placing them in key positions to promote the development of human resources that will enable the appointment of personnel with personality and managerial or professional knowledge and experience. The Board of Directors decides on the appointment of candidates after reviewing them during the Board of Directors meetings and through deliberations by a Nomination Advisory Committee. The composition of the committee includes the Chairman, Vice Chairman, and majority of the members being Independent Directors.

Future candidates for management executive positions are selected regardless of age, gender, expertise or field of experience and are systematically trained through programs such as the “KDDI Business Cram School,” a management training program for executive candidates, and the “Executive Assistant System,” among other programs.

### **[Principle 4.9]**

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

### **[Supplementary Principle 4.10.1]**

Please see the section of this report entitled “II.1. Items Related to Organizational Structure and Operation [Directors].

### **[Supplementary Principle 4.11.1]**

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

### **[Supplementary Principle 4.11.2]**

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

[https://www.kddi.com/extlib/files/english/corporate/ir/shareholder/meeting/20230621/pdf/annual\\_meeting39.pdf](https://www.kddi.com/extlib/files/english/corporate/ir/shareholder/meeting/20230621/pdf/annual_meeting39.pdf) (The relevant section: Page 36)

### **[Supplementary Principle 4.11.3]**

#### **1. Board of Directors**

##### **■ Purpose of conducting evaluation**

The Company conducts a self-evaluation of the Board of Directors regularly every year in order to correctly understand the situation of the Board of Directors and promote its consecutive improvement.

## ■ Outline of evaluation process

The Company confirms the effectiveness of the Board of Directors based on evaluation by the directors and Audit & Supervisory Board Members. The evaluation takes the form of a questionnaire and aims to verify the effectiveness of the board's initiatives and discover where improvements can be made from two perspectives, quantitative evaluation and qualitative evaluation, through a combination of four-grade evaluation and free writing.

The evaluation covers the most recent one-year period and is conducted regularly every year. The results of the evaluation are reported to the Board of Directors and future measures are considered.

The main evaluation items are as follows.

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

## ■ Evaluation results

[Summary]

The evaluation confirmed that the Company's Board is operating appropriately and functioning effectively. The following matters were rated highly in particular.

- The Board of Directors is managed by leveraging the knowledge of outside directors/Audit & Supervisory Board Members with various backgrounds  
Board of Directors' meetings have been operated in an open atmosphere with lively discussions among members, where outside directors/Audit & Supervisory Board Members are willing to express their opinions.  
In addition, executive officers provide appropriate explanations and responses to comments and suggestions that outside directors/Audit & Supervisory Board Members make based on their respective expertise.
- Efforts to enhance discussions at Board of Directors' meetings  
Information necessary for a discussion is properly summarized and presented so that discussion points are made clear.  
In addition, for important issues such as mergers and acquisitions, information is provided to directors so that they exchange opinions in advance through off-site meetings, etc., which helps improve the Board of Directors' supervision function.

[Future issues]

- Further enhancing group governance  
Based on the lessons learned from the previous event, the Company has been engaging in efforts, including creating a support division as well as establishing a monitoring system. The Company will further strengthen the group governance by regularly reporting, sharing, and supervising the progress and challenges of these projects.
- Enhancing discussions on key topics from a perspective of improving corporate value over the medium to long term  
Each director and Audit & Supervisory Board Member has suggested various topics to be discussed, including medium- to long-term growth strategies and key non-financial topics. Board of Directors will pick up those topics regularly at Board of Directors' meetings and off-site meetings and discuss them broadly with outside directors/Audit & Supervisory Board Members

to try to make the Board of Directors' functions more effective.

## **2. Audit & Supervisory Board**

### **■ Effectiveness evaluation of Audit & Supervisory Board Member activities**

In order to accurately understand the operational status and recent activities of the Audit & Supervisory Board and its members, respectively, and to make continued improvements considering newly recognized issues, Audit & Supervisory Board requires periodic self-evaluations of the effectiveness of the auditing activities from its Audit & Supervisory Board Members. The evaluation results are reported to the Audit & Supervisory Board for deliberation and consensus-building on future measures.

### **■ Outline of evaluation process**

We confirm the effectiveness of Audit & Supervisory Board Member activities based on self-evaluation conducted by all Audit & Supervisory Board Members. The evaluation is in the form of a questionnaire, which combines a choice-type evaluation and open-ended comments to verify the effectiveness of Audit & Supervisory Board Member activities and identify issues from the two aspects of quantitative and qualitative evaluation.

The main evaluation items are as follows:

- Exchange of opinions with the Representative Director (themes and frequency)
- Status of cooperation with Accounting Auditors and Internal Auditors
- Operation of the Audit & Supervisory Board (frequency of meetings, duration of meetings, and degree of preparation in advance)

### **■ Evaluation results**

[Summary]

The audit by the Audit & Supervisory Board Members and the operation of the Audit & Supervisory Board were evaluated as generally being conducted effectively. The following items were particularly positively evaluated:

• Operation of the Audit & Supervisory Board that utilizes the knowledge of outside officers with diverse backgrounds

The Audit & Supervisory Board has an open atmosphere in which outside officers can actively voice their opinions and lively discussions take place.

• Cooperation with Accounting Auditors

Forward-looking discussions are now held after the system for timely sharing of information on issues recognized by the Accounting Auditors during the period has been strengthened.

• Cooperation with Internal Auditors

A detailed understanding of control-related issues in the audited divisions is achieved through explanations of internal audit results provided.

The opportunity to receive a direct briefing from the staff member in charge of internal audits has been perceived as meaningful.

[Future issues]

Although not requiring immediate improvement, we will further consider the effective operation of the Audit & Supervisory Board to enable adequate discussion of important matters that are increasing in number.

### **[Supplementary Principle 4.14.2]**

Upon appointment, newly appointed directors and Audit & Supervisory Board Members undergo the following types of training to acquire knowledge considered necessary to fulfilling their various responsibilities.

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

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

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

### **[Principle 5.1]**

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

The Company's Board of Directors resolves its "IR Basic Policy," which outlines its basic views on IR activities and describes activity policies. This policy is available on the KDDI website.

<http://www.kddi.com/english/corporate/ir/policy/>

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

For details, please see the section of this report entitled "Ⅲ.2. IR Activities."

### **[Action to Implement Management That is Conscious of Cost of Capital and Stock Price]**

The KDDI Group aims to maximize corporate value through attaining sustainable growth over the medium to long term. Therefore, the Group's basic policy for capital management is to maintain its current funding capacity and financial soundness, and to maintain an appropriate capital structure while being aware of the cost of capital.

In our medium-term management strategy (FY2022-2024), we aim to achieve both sustainable profit growth and enhanced shareholder returns by pushing forward with "business transformation with 5G at the core" and eyeing 2030.

Under these circumstances, we have been striving to our enhance corporate value while being aware of the cost of capital and stock price, and in addition to the reversal of telecommunications ARPU income and profit growth centered on focused areas, we are making capital investments in 5G and focused areas and strategic business investments while maintaining stable dividends based on our financial policy of a payout ratio of over 40% as shareholder returns, and plan to implement flexible stock buybacks while also considering the status of growth investments and other factors.

In addition, the Board of Directors has started evaluating the past four years' worth of investments as a process to determine the sale or withdrawal of businesses that fall below the Company's established cost-of-capital criteria, and the cost of capital is also being used as a criterion for examining the significance of holding cross-shareholdings. Our management maintains an awareness of profitability relative to invested capital while working towards optimizing our business portfolio.

While we believe that these efforts have been well received, for example, our selection as one of

the constituents of the JPX Prime 150 Index, we will continue to actively advance our initiatives, including by engaging in dialogue with our stakeholders, working towards securing equity spread by improving ROE, and aiming to maximize corporate value.

\*For specific details on our medium-term management strategy, please refer to [Principle 3-1] of this report as well as our website.

<https://www.kddi.com/english/corporate/ir/management/target/2023-2025/>

\*The JPX Prime 150 Index is based on the top-ranked stocks listed on TSE Prime Market by market capitalization based on two measures of value creation: “return on capital,” which is based on financial results, and “market valuation,” which is based on future information and non-financial information.

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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### [Major Shareholders] [Updated]

Name of Corporate Entity	Number of Shares Held	Shareholding ratio
The Master Trust Bank of Japan, Ltd. (Trust Account)	342,866,800	16.37
KYOCERA CORPORATION	335,096,000	16.00
TOYOTA MOTOR CORPORATION	253,094,600	12.08
Custody Bank of Japan, Ltd. (Trust Account)	145,769,400	6.96
STATE STREET BANK WEST CLIENT - TREATY 505234	32,653,275	1.55
JPMorgan Securities Japan Co., Ltd.	25,097,071	1.19
SSBTC CLIENT OMNIBUS ACCOUNT	22,172,909	1.05
JP MORGAN CHASE BANK 385781	22,090,633	1.05
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	19,647,001	0.93
STATE STREET BANK AND TRUST COMPANY 505103	18,533,969	0.88

Controlling Shareholder (Except for Parent Company)	None
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Parent Company	None
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### Supplementary Explanation [Updated]

\*The status of major shareholders as of the end of September 2023 is shown.

\*The Company held 208,402,549 shares of treasury stock as of September 30, 2023.

The Company resolved to repurchase its own shares with a repurchase period from June 1, 2023, to May 31, 2024.

\*The report of large shareholders made available for public inspection as of October 21, 2021 states that Sumitomo Mitsui Trust Bank, Limited and its joint holders hold the following shares as of October 15, 2021. However, the Company is unable to confirm the number of shares held by them as of March 31, 2022. As such, they are not included in the above list of major shareholders. The contents of the report of large shareholders are as follows:

- (1) Name of Corporate Entity: Sumitomo Mitsui Trust Asset Management Inc  
Address: 1-1-1 Shiba-Koen, Minato-ku, Tokyo, Japan  
Number of shares, etc. held: 61,291,500 shares  
Holding ratio of share certificates, etc.: 2.66%
- (2) Name of Corporate Entity: Nikko Asset Management Co., Ltd.  
Address: 9-7-1, Akasaka, Minato-ku, Tokyo, Japan  
Number of shares, etc. held: 59,679,400 shares  
Holding ratio of share certificates, etc.: 2.59%

Total of (1) through (2)

Number of shares, etc. held: 120,970,900 shares

Holding ratio of share certificates, etc.: 5.25%

\*The report of large shareholders made available for public inspection as of December 20, 2021 states that Mitsubishi UFJ Financial Group, Inc., and its joint holders hold the following shares as of December 13, 2021. However, the Company is unable to confirm the number of shares held by them as of March 31, 2022. As such, they are not included in the above list of major shareholders. The contents of the

report of large shareholders are as follows:

- (1) Name of Corporate Entity: MUFG Bank, Ltd.  
Address: 2-7-1 Marunouchi, Chiyoda-ku, Tokyo, Japan  
Number of shares, etc. held: 4,252,800 shares  
Holding ratio of share certificates, etc.: 0.18%
  - (2) Name of Corporate Entity: Mitsubishi UFJ Trust and Banking Corporation  
Address: 1-4-5, Marunouchi, Chiyoda-ku, Tokyo, Japan  
Number of shares, etc. held: 58,610,200 shares  
Holding ratio of share certificates, etc.: 2.54%
  - (3) Name of Corporate Entity: Mitsubishi UFJ Kokusai Asset Management Co., Ltd.  
Address: 1-12-1 Yurakucho, Chiyoda-ku, Tokyo, Japan  
Number of shares held: 27,901,200 shares  
Holding ratio of share certificates, etc.: 1.21%
  - (4) Name of Corporate Entity: Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.  
Address: 1-9-2, Otemachi, Chiyoda-ku, Tokyo, Japan  
Number of shares, etc. held: 4,568,393 shares  
Holding ratio of share certificates, etc.: 0.20%
  - (5) Name of Corporate Entity: MUFG Securities (Canada), Ltd.  
Address: Royal Bank Plaza, South Tower, Suite 2940, 200 Bay Street, Toronto, Ontario M5J 2J1, CANADA  
Number of shares, etc. held: 2,600,000 shares  
Holding ratio of share certificates, etc.: 0.11%
- Total of (1) through (5):  
Number of shares, etc. held: 97,932,593 shares  
Holding ratio of share certificates, etc.: 4.25%

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Category	Telecommunications
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Operating Revenue (Consolidated) for the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to fewer than 300

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

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

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

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

#### (1) Group management concept and policy

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

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

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

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

##### i. Return to contributors

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

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

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

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

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

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

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



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

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

- As a basic principle, Okinawa Cellular shall contribute to the realization of an affluent life for local people and to the promotion of the local economy by providing mobile phone services which are a very convenient, high-quality, and inexpensive means of information communication to a wider group of customers as a community-based business.
- We shall consider and implement various necessary measures in cooperation with Okinawa Cellular from the viewpoint of the development of the mobile phone business.
- Okinawa Cellular shall voluntarily manage the business in light of the actual situation of the local community.

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

In order to appropriately control conflicts of interest, directors who concurrently serve as directors of both the Company and Okinawa Cellular do not participate in any resolutions or deliberations on matters related to both parties, thereby ensuring independence.

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

Going forward, we will continue to strive to develop as a group by managing business in cooperation with Okinawa Cellular while mutually respecting the independence and autonomy with it.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management

### 1. Items Related to Organizational Structure and Operation

Organizational form	Company with Audit & Supervisory Board Members
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#### [Directors]

Number of directors in Articles of Incorporation	20
Tenure period of directors in Articles of Incorporation	1 year
Presiding officer of Board of Directors	Chairman (unless concurrently serving as president)
Number of directors	12
Selection process for outside directors	Appointed
Number of outside directors	6
Number of outside directors designated as independent directors	4

#### Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Goro Yamaguchi	From another company							○	○	△		
Keiji Yamamoto	From another company							○	○			
Shigeki Goto	Academic											
Tsutomu Tannowa	From another company											
Junko Okawa	From another company											
Kyoko Okumiya	Attorney at law											

\* Selection criteria regarding the relationship with the Company

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a Executive of the Company or its subsidiaries

b Executive or non-executive director of a parent company of the Company

c Executive of a fellow subsidiary company of the Company

d A party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the Company or an executive thereof

f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/Audit & Supervisory Board Member

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f.) (the director himself/herself only)

i Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Member are mutually appointed (the director himself/herself only)

j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k Others

## Relationship with the Company (2)

Name	Reason for selection
Goro Yamaguchi	<p>Goro Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and Representative Director of a major electronic components and equipment manufacturer. On the Board of Directors, the Company has received his broad opinions related to business administration and operations from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective based on his management experience at other companies. Therefore, he has again been selected as a candidate for Outside Director.</p>
Keiji Yamamoto	<p>Keiji Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant corporate management experience as a corporate manager at a major automobile manufacturer. On the Board of Directors, the Company has received his broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a technical perspective in the field of information and communications, etc. Therefore, he has again been selected as a candidate for Outside Director.</p>
Shigeki Goto (Independent Director)	<p>Shigeki Goto has superior knowledge in telecommunications and network engineering, and information processing, which are directly relevant to the business of the Company, as well as in the field of cybersecurity that is crucial for its business operation. Although he has no direct experience in corporate management, on the Board of Directors, the Company has received his expert opinions related to the management policy as a telecommunications operator that provides social infrastructure, from a medium- to long-term perspective independent of the management team, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from his expert perspective in the information and communications field, etc. Therefore, he has again been selected as a candidate for Outside Director.</p> <p>Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.</p>
Tsutomu Tannowa (Independent Director)	<p>Tsutomu Tannowa has a wealth of corporate management experience cultivated as President &amp; CEO of a major chemical manufacturer, as well as excellent knowledge from a global perspective. On the Board of Directors, the Company has received his contributions to strengthen the supervisory function for the execution of business based on his management experience at other companies and his broad opinions from a medium- to long-term perspective independent of the management team, and he has contributed to improving the corporate value of the Company. Going forward, the Company expects that he will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective. Therefore, he has again been selected as a candidate for Outside Director.</p> <p>Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Director.</p>

Junko Okawa (Independent Director)	Junko Okawa has a wealth of corporate management experience as a manager of a major airline company, in addition to excellent knowledge cultivated from her work experience at that airline company, especially in practical aspects such as customer service, corporate rehabilitation, and diversity promotion. On the Board of Directors, the Company has received her contributions to strengthen the supervisory function for the execution of business based on her management experience at other companies and her broad opinions from a medium- to long-term perspective independent of the management team, and she has contributed to improving the corporate value of the Company. Going forward, the Company expects that she will contribute to the strengthening of the supervisory function for the execution of business and provide advice from a wide-ranging managerial perspective. Therefore, she has again been selected as a candidate for Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has again been nominated as Independent Director.
Kyoko Okumiya (Independent Director)	Kyoko Okumiya has abundant experience and superior knowledge, cultivated as the partner at a law firm and a committee member of government committees. Although she has no direct experience in corporate management, she has been selected as a candidate for Outside Director because we judge that she will contribute to improving the Company's corporate value by providing expert opinions on legal risk management from a medium- to long-term perspective independent of the management team. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been nominated as Independent Director.

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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**Status of Establishment of Voluntary Committees, Composition of Members, Affiliation of Committee Chairperson**

(Members)		
	Committee Equivalent to Nominating Committee	Committee Equivalent to Compensation Committee
Committee Name	Nomination Advisory Committee	Remuneration Advisory Committee
Committee Members	6	6
Full-Time Members	0	0
Internal directors	2	2
Outside directors	4	4
Outside Experts	0	0
Others	0	0
Committee Chairperson	Outside director	Outside director

**Supplementary Explanation**

To ensure transparency and fairness in the nomination of director and Audit & Supervisory Board Member candidates, as well as in executive compensation systems and levels, the Company has established the "Nomination Advisory Committee" and the "Remuneration Advisory Committee" as advisory bodies to perform deliberations in consultation with the Board of Directors.

The chairs, vice-chairs and half or more of the members of these two committees are independent outside directors.

### **Nomination Advisory Committee composition**

Chairman: Tsutomu Tannowa (Independent Outside Director)

Vice Chairman: Shigeki Goto (Independent Outside Director)

Members of the Committee: Junko Okawa (Independent Outside Director), Kyoko Okumiya (Independent Outside Director), Takashi Tanaka, Makoto Takahashi

The Committee met four times in FY2022 with all members in attendance, and provided advice on proposals submitted to the Board of Directors regarding the appointment of directors and Audit & Supervisory Board Members.

### **Remuneration Advisory Committee composition**

Chairman: Shigeki Goto (Independent Outside Director)

Vice Chairman: Tsutomu Tannowa (Independent Outside Director)

Members of the Committee: Junko Okawa (Independent Outside Director), Kyoko Okumiya (Independent Outside Director), Takashi Tanaka, Makoto Takahashi

The Committee met once in FY2022 with all members in attendance, and provided advice on proposals submitted to the Board of Directors for determining performance-linked and stock price-linked remuneration amounts.

### **[Audit & Supervisory Board Members]**

Existence of Audit & Supervisory Board	Exists
Number of auditors in Articles of Incorporation	5
Number of auditors	5

### **Cooperation among Audit & Supervisory Board Members, Accounting Auditor, and Internal Auditors**

#### **< Status of Cooperation between Audit & Supervisory Board Members and Accounting Auditors >**

Audit & Supervisory Board Members obtain written documentation of the audit plan that includes the audit policy, audit plan, and audit structure of the accounting auditors, and they will receive explanation and exchange opinions regarding the details of the content. In addition, the members receive quarterly reports from the accounting auditors on audit methods and results (including quarterly reviews) and hold discussions. Furthermore, the members communicate with the accounting auditors as necessary to exchange opinions that contribute to the formation of mutual audit opinions.

#### **< Status of Cooperation between Audit & Supervisory Board Members and Internal Auditors >**

Audit & Supervisory Board Members and Internal Auditors share with each other audit plans and audit results, and they exchange opinions to ensure highly efficient and effective audits.

Appointment of outside Audit & Supervisory Board Members	Appointed
Number of outside Audit & Supervisory Board Members	3
Of Outside Audit & Supervisory Board Members, Number Designated as Independent Directors	3

## Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	J	k	l	m
Yukihiro Asahina	Others													
Toshihiko Matsumiya	Certified public accountant													
Jun Karube	From another company													

\* Selection criteria regarding the relationship with the Company

\* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"△" when the Audit & Supervisory Board Member fell under the category in the past

\* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a Executive of the Company or its subsidiaries

b Non-executive director or accounting advisor of the Company or its subsidiaries

c Executive or non-executive director of a parent company of the Company

d Audit & Supervisory Board Member of a parent company of the Company

e Executive of a fellow subsidiary company of the Company

f A party whose major client or supplier is the Company or an executive thereof

g Major client or supplier of the Company or an executive thereof

h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h.) (the Audit & Supervisory Board Member himself/herself only)

k Executive of a company, between which and the Company outside directors/Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m Others

## Relationship with the Company (2)

Name	Reason for selection
Yukihiro Asahina (Independent Auditor)	Yukihiro Asahina has abundant experience and knowledge cultivated through many years of administrative experience and business execution of various organizations. From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as an Audit & Supervisory Board Member. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Auditor.
Toshihiko Matsumiya (Independent Auditor)	Toshihiko Matsumiya has abundant experience and knowledge as a Certified Public Accountant, as the representative of an accountancy firm and as an Audit & Supervisory Board Member for other companies. In addition, he has the experience and knowledge cultivated through the business execution of various organizations.

Auditor)	From the perspective of leveraging this primarily accounting-related experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as an Audit & Supervisory Board Member. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Auditor.
Jun Karube (Independent Auditor)	Jun Karube has abundant experience and knowledge cultivated as a representative director of a listed company. From the perspective of leveraging this experience and knowledge to monitor general management and to engage in appropriate audit activities, he has been selected as an Audit & Supervisory Board Member. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has again been nominated as Independent Auditor.

### [Independent Directors/Auditors]

Number of independent directors/auditors	7
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#### Other Matters Relating to Independent Directors/Auditors

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

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

### [Incentives]

Implementation of Measures to Provide Incentives to Members of the Managing Board	Introduction of a remuneration plan linked with consolidated operating performance, introduction of a system of stock acquisition rights
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#### Supplementary Explanation on This Matter

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

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

Recipients of Stock Options	Internal directors, employees, directors of subsidiaries
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#### Supplementary Explanation on This Matter

For employees, this system is limited to those in management positions. The system is also limited to the directors of only certain subsidiaries.

### [Remuneration of Directors]

Disclosure of Remuneration (for Individual Directors)	Partial individual disclosure
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## Supplementary Explanation on This Matter

The following Directors' remuneration for Fiscal year ended March 31, 2021 is individually disclosed on the securities report (Japanese only).

Takashi Tanaka Total compensation 164 million yen (basic compensation: 64 million yen, bonuses: 64 million yen, stock-based compensation: 36 million yen)

Makoto Takahashi Total compensation 223 million yen (basic compensation: 76 million yen, bonuses: 93 million yen, stock-based compensation: 54 million yen)

Shinichi Muramoto Total compensation 116 million yen (basic compensation: 48 million yen, bonuses: 43 million yen, stock-based compensation: 25 million yen)

Keiichi Mori Total compensation 105 million yen (basic compensation: 44 million yen, bonuses: 38 million yen, stock-based compensation: 23 million yen)

Toshitake Amamiya Total compensation 103 million yen (basic compensation: 42 million yen, bonuses: 38 million yen, stock-based compensation: 23 million yen)

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

### 1. Basic policy on director remunerations

#### (1) Policy on composition of director remunerations

The compensation of directors engaged in business execution is based on the group's business performance for each fiscal year, progress toward the goals of the medium-term management plan, and a compensation system linked to shareholder value in order to increase the willingness to contribute to the improvement of corporate value over the medium to long term. Specifically, it consists of four types: (i) basic remuneration, (ii) performance-linked bonus, (iii) performance-linked stock compensation, and (iv) stock price-linked bonus.

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

#### (2) Policy on individual compensation structure

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

#### (3) Policy on ensuring transparency and objectivity of director compensation

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

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

The company's executive remuneration levels are decided through comparison with sector peer companies, or with other companies of the same scale, in Japan, and take into account factors that include the business environment of the company.

The appropriateness of the remuneration levels is also validated by the Remuneration Advisory Committee every year, with reference to objective survey data from an external specialized organization



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

### (1) Basic remuneration

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

### (2) Performance-linked compensation (bonuses and stock compensation)

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

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

For performance-linked bonus, the amount of compensation for each individual is calculated by following formula. It is paid in the first June after the end of each fiscal year.

For performance-linked stock compensation, points for each individual are calculated by following formula. Points will be awarded in the first June after the end of each fiscal year, and when the director retires, the company's shares will be delivered according to the cumulative number of points.

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

Although the specific details of KPIs, one of the indicators used for performance-linked remuneration, are not disclosed for business reasons, ESG-related items are used as indicators in addition to the indicators within each business strategy. And from FY2022, the percentage of ESG-related items in KPIs has been increased to approximately 30% of the total.

### (3) Stock price linked compensation

Stock price-linked bonuses use "EPS growth rate" and "stock price fluctuation rate" as evaluation metrics. Calculate the amount of payment for each individual by following formula, and pay money in the first June after the end of each business year.

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

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

Board of Directors meeting dates and agenda items are provided in advance to Outside Directors and Part-time Outside Audit & Supervisory Board Members. In addition, agenda materials are distributed at least three business days prior to the meeting to foster understanding of the items in question and invigorate deliberations at Board of Directors meetings. Additionally, we accept questions in advance, and based on the content of these questions, we strive to enhance the content of explanations on the day of the Board of Directors meeting, thereby deepening substantive deliberations.

Information on business strategies, business conditions, R&D, and technology is also provided at places other than the Board of Directors meeting. Specifically, general managers and managers of each business division explain in detail the overall image and issues, and also regularly report on the business situation of the subsidiaries. In addition, the Company provides the opportunity to attend the social exhibition of the R&D results and to inspect the monitoring and maintenance center, the telecommunication facilities, etc. The Company also reports on business ethics and risk management activities twice a year.

Furthermore, in order to strengthen the ability of Outside Directors to gather information, they are invited to attend the Audit & Supervisory Board when the Audit Firm reports the results of the second quarterly review and the year-end audit, and liaison meetings with Audit & Supervisory Board Members are held twice a year.

Furthermore, liaison meetings only for Outside Directors are held to promote cooperation among Outside Directors; and liaison meetings between Outside Directors and Part-time Outside Audit & Supervisory Board Members are also held.

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

The Audit & Supervisory Board Members' Office has been established to assist all Audit & Supervisory Board Members, including Part-time Outside Audit & Supervisory Board Members, in their duties.

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

### **[Business Execution and Its Supervision]**

KDDI has introduced an executive officer system to assign authority, clarify responsibilities, and ensure that operations are conducted effectively and efficiently.

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

### **[The Board of Directors and Directors]**

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

The board comprises 12 members (10 men and 2 women), of whom six are outside directors and

four are independent outside directors.

In principle, the Board of Directors' meetings are scheduled so that an attendance rate of at least 75% will be achieved. In FY2022, the attendance rate for all dates was 100%.

### **[Audit & Supervisory Board and Audit & Supervisory Board Members]**

The Audit & Supervisory Board meets to receive reports on, hold discussions on, and deliberate on important audit-related matters. Three of the five Audit & Supervisory Board Members (five men) are outside Audit & Supervisory Board Members. All three of these members are independent outside Audit & Supervisory Board members.

Audit & Supervisory Board Members conduct audit activities based on the audit policy, plans, methods, and work assignments determined by the Audit & Supervisory Board.

To perform audit activities, Full-time Audit & Supervisory Board Members attend meetings and express their opinions as necessary among the Board of Directors and Corporate Management Committee, as well as other important internal meetings (Corporate Management Strategy Meeting, Monthly Profitability Review Meeting, KDDI Group Business Ethics Committee, etc.).

### **[Advisory Committees]**

To ensure transparency and fairness in the nomination of director and Audit & Supervisory Board Member candidates, as well as in executive compensation systems and levels, the Company has established the "Nomination Advisory Committee" and the "Remuneration Advisory Committee" as advisory bodies to perform deliberations in consultation with the Board of Directors.

The chairs, vice-chairs and half or more of the members of these two committees are independent outside directors.

### **[Remuneration of Directors and Audit & Supervisory Board Members]**

For the Company's policy on the remuneration of directors, please see the section of this report entitled "II.1. Items Related to Organizational Structure and Operation [Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods]."

Remuneration of Audit & Supervisory Board Members is determined in consultation with Audit & Supervisory Board Members. These members receive fixed compensation that is not affected by fluctuations in the Company's operating performance.

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

For the Company's policy on the nomination of director and Audit & Supervisory Board Member please see the section of this report entitled "I.1. [Disclosure Based on the Principles of Japan's Corporate Governance Code], [Principle 3.1], 4. Policies and Procedures for Nominating Executives."

### **[Liability Limitation Agreements]**

The Company concludes agreements with directors (excluding executive directors) and Audit & Supervisory Board Members limiting their liability for damages in accordance with Article 427-1 and Article 423-1 of the Companies Act. The limits on damage liability amounts based on these agreements are set in accordance with Article 425-1 of the Companies Act.

These limitations of liability are limited to acts by directors and Audit & Supervisory Board Members who are without knowledge and are not grossly negligent in performing duties that are the source of such responsibility.

## **[Accounting Audits]** **[Updated]**

The Company employed PricewaterhouseCoopers Japan LLC (formerly PricewaterhouseCoopers Kyoto) to conduct its accounting audit for the fiscal year ended March 31, 2022. The certified public accountants who conducted the audit, their consecutive number of years in conducting accounting audits, and the status of assistants are as follows.

Engagement partner Toru Tamura (two years)  
Engagement partner Ryouichi Iwasaki (five years)  
Engagement partner Takahiro Nomura (two years)  
Assistants: 11 certified public accountants, 27 others (total of 38)

## **[Internal Audits]**

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

The results of internal audits are reported to the Board of Directors as part of the quarterly business execution report, and the Board of Directors utilizes Internal Auditors to oversee the operation of the risk management system. The Board of Directors also reports the results of internal audits to Audit & Supervisory Board Members on a regular basis.

Furthermore, the Company reports directly to Outside Directors and Outside Audit & Supervisory Board Members on risk management activities, including internal audit activities, twice a year, and exchanges opinions with them.

## **[Business Ethics]**

The KDDI Group has established the "KDDI Group Business Ethics Committee," which makes decisions on compliance-related issues. This committee meets twice a year to determine the status of Group companies and support the construction and enhancement of compliance systems.

Companywide study sessions are held to promote awareness of the "KDDI Group Philosophy." Seminars are held to promote early response to and prevention of compliance violations, and training is conducted on an ongoing basis to raise awareness.

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

## **[Internal Committees]**

In addition to the "Nomination Advisory Committee," "Remuneration Advisory Committee," and "KDDI Group Business Ethics Committee," the Company has established the following committees in the interest of reinforcing governance.

- Disclosure Committee: Please see the section of this report entitled "V.2. Other Matters Concerning the Corporate Governance System."
- Sustainability Committee: This committee deliberates on sustainability-related matters such as solving social issues (SDGs), social contribution, and the environment through business.

- Information Security Committee: This committee aims to ensure consistent information security with relation to information assets.

### **[External Cooperation Related to Auditing and Supervision]**

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

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

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

### **3. Reasons for Adoption of Current Corporate Governance System**

From the perspective of the “proper and efficient business execution” and “appropriate auditing and supervision functions” expected of corporate governance, the Board of Directors is composed of half internal directors and half outside directors and adopts a system of cooperation with the Audit & Supervisory Board, which is made of a majority of outside auditors.

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

### III. Implementation of Measures for Shareholders and Other Stakeholders(Updated)

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

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	For both digital provision (posting on the Company website) and mailing, the information is posted and the Company sends out its notifications around one week earlier than statutorily required, respectively.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The Company endeavors to arrange its meeting to avoid the peak day.
Exercise of Voting Rights via the Internet	The Company makes use of a site that enables the exercise of voting rights over the Internet. The Company have also introduced a system that allows users to log into the voting website by reading the QR code, in order to improve the convenience of our shareholders.
Participation in Electronic Voting Platform and Other Measures for Enhancing the Environment for the Exercise of Voting Rights by Institutional Investors	The Company participates in an “exercise of voting rights platform.”
Providing Notice of Annual Shareholders Meeting (Summary) in English	The Company provides an English version of its Notice of Annual Shareholders Meeting on its website, site for the Internet-based exercise of voting rights and “exercise of voting rights platform.”
Other	To encourage diverse shareholders to attend the General Meeting of Shareholders, the Company provides hearing loop and wheelchair space. We have been broadcasting “live broadcast” so that shareholders can watch the proceedings and questions and answers on the day from remote location, and also receive “advance questions” on the Internet. By using these methods, we are striving to revitalize communication with our shareholders. Streaming service is carried out to inform shareholders who are difficult to attend the General Meeting of Shareholders. In addition, subtitles and images are displayed during streaming services, which anyone can view without limitation.

#### 2. IR Activities(Updated)

	Supplementary Explanation	Explanations by the Representative Himself/Herself
Preparation and Publication of Disclosure Policy	The “IR Basic Policy,” formulated by the Board of Directors, guides the Company’s IR activities. The Company posts this policy on its website.	
Regular Investor Briefings for Individual	The Company discloses timely information on its website for individual investors and perceives the	Yes

Investors	General Meeting of Shareholders as an opportunity for investor relations to deepen understanding of the Company.	
Regular Investor Briefings for Analysts and Institutional Investors	Four times each year, the company convenes earnings presentation meetings for analysts and institutional investors, coinciding with its disclosure of quarterly earnings. These meetings can be observed via live and on-demand video distribution.	Yes
Regular Investor meetings for Domestic and Overseas Investors	Although each quarter, the Company's directors and other personnel visit institutional investors in regions including Europe, the United States, and Asia to provide explanations of the Company's financial condition and future strategies. In the fiscal year ended March 31, 2023, the Company held approximately 650 interviews by conference calls and video conferences including 13 times participation in conferences sponsored by securities companies in Japan and overseas.	Yes
Posting of IR Materials on Website	The Company posts various IR materials on its website. <a href="https://www.kddi.com/english/corporate/ir/">https://www.kddi.com/english/corporate/ir/</a> (Materials posted) - Financial Statements - Data Book - Important news releases, including timely disclosure information - Reports related to corporate governance - Integrated Sustainability and Financial Report - Notice of the General Shareholders Meeting - Annual Securities Report (Japanese only) - Shareholder newsletter (Japanese only) - Presentations - Q&A of the financial results	
Establishment of Department and/or Manager in Charge of IR	The Company has set up an Investor Relations Department within the Sustainability Management Division.	
Other	The Company regularly holds various seminars on specific themes for analysts and institutional investors.	

### 3. Measures to Ensure Due Respect for the Position of Stakeholders [Updated]

	Supplementary Explanation
Internal Rules Stipulated for Respecting the Position of Stakeholders	We strive to respect the position of all our stakeholders, including customers, shareholders, business partners, employees and local communities, and solve societal issues through dialogue and collaboration. In this manner, we define our basic views on contributing to the development of a rich and truly connected society.
Implementation of Environmental Activities, CSR Activities, etc.	Since its establishment, KDDI has made realizing a truly connected society part of the KDDI Group Mission Statement and has been promoting sustainability activities at the company. In the Medium-Term Management Strategy (FY2022-2024) announced in May 2022, we have set our sights on achieving carbon neutrality in FY2030 on a non-consolidated basis and in FY2050 for the entire group, based on our "Sustainability Management," which aims for the sustainable growth of society and the

	enhancement of corporate value together with our partners, and we aim to achieve net zero CO2 emissions by combining energy conservation efforts and switching to renewable energy.
Formulation of Policies on Information Provision to Stakeholders	Positioning the building of trust-based relationships with shareholders and investors as an important management matter, the Company's "IR Basic Policy" established three IR activity guidelines: "open IR activities," "proactive IR activities," and "organized IR activities." We publicize these activities both internally and externally and strive toward value-oriented corporate management, active information disclosure, and enhanced communication.



## IV. Matters Related to the Internal Control System

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

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

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

#### **1 Corporate Governance**

##### **(1) The Board of Directors**

The Board of Directors is composed of both internal and external Directors, who make decisions on matters such as management plans and important legal matters as stipulated by laws and ordinances based on the Board's regulations and Agenda standards. In addition, the Board oversees the competent execution of business duties by the Directors themselves.

Information pertaining to the execution of business duties by the Directors must be stored and managed appropriately in accordance with internal regulations.

##### **(2) System for executing business duties**

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

[2] The Corporate Management Committee, which is composed of Directors and Executive Officers', shall discuss and determine important matters pertaining to the execution of tasks, as well as discussing and determining the Board's Agenda items, based on the Corporate Management Committee regulations.

##### **(3) System for ensuring the effective execution of business duties by Audit & Supervisory Board Members**

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

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

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

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

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

## **2 Compliance**

- (1) All Directors and employees should continuously maintain high ethical standards in accordance with the basic principles set forth in the 'KDDI Action Guideline,' which should be complied with, and aim to execute their business duties properly.
- (2) Firm measures should be taken against antisocial forces, and efforts should be made to sever all such relationships.
- (3) Each KDDI Group company shall make efforts to promptly identify and resolve any serious violation of laws and ordinances or other compliance-related matters or incidents, at KDDI Group company meetings pertaining to business ethics.
- (4) KDDI shall aim to appropriately operate a whistle-blowing system internal reporting contact established both internally and externally to the company.
- (5) KDDI shall strive to improve understanding and awareness of compliance through in-house training and education as well as outside training lectures.

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

- (1) KDDI shall conduct business risk analyses, stringently prioritize business activities and formulate appropriate business strategies and business plans at meetings participated in by Directors concerning business strategy, with the objective of continuous growth for the KDDI Group. To achieve this, business risk should be monitored monthly at meetings pertaining to performance management, and this performance should be managed thoroughly.
- (2) KDDI shall appoint an Internal Control Officer in each division, and the Internal Control Officer shall autonomously promote the following initiatives so that business objectives may be achieved fairly and efficiently.
  - [1] All Divisions and their Directors shall work in cooperation with the Risk Management Division, which regularly identifies and uniformly manages risk information. The KDDI Group's risks shall be managed appropriately and in accordance with internal regulations, and efforts shall be made to achieve business objectives fairly and efficiently.
  - [2] KDDI shall examine measures for minimizing the risk of business interruptions as much as possible in order to respond to events which could have serious and long-term effects on corporate business.
  - [3] In accordance with the internal control reporting system based on the Financial Instruments and Exchange Act, KDDI shall implement documentation, assessment and improvement of the state of company-wide internal control and of important business processes on a consolidated basis, with the aim of further improving the reliability of financial reporting.
  - [4] KDDI shall aim to maintain and enhance the systems necessary to improve the quality of business duties of the KDDI Group, including enhancement of the effectiveness and efficiency of business duties and appropriate acquisition, safekeeping and disposal of assets.
- (3) In its role as a telecommunications carrier, KDDI shall pursue the following initiatives.
  - [1] Protecting the privacy of communications  
Protecting the privacy of communications is at the very root of the KDDI Group's corporate management, and the Group will abide by this.

[2] Information Security

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

[3] Recovering networks and services in times of disaster

In order to minimize as much as possible the risk of a termination or interruption to telecommunications services in the event that a major accident, obstruction or large-scale disaster occurs, a Business Continuity Plan (BCP) shall be formulated and measures shall be implemented to improve network reliability and prevent the halting of services.

In order to facilitate a prompt recovery in times of emergency or disaster, a Disaster Response Headquarters shall be established as expeditiously as possible.

#### **4 Initiatives relating to working together with stakeholders**

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

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

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

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

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

#### **5 Systems for ensuring business suitability of corporate groups**

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

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

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

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

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

- (2) KDDI shall appoint an Internal Control Officer in each subsidiary to ensure appropriate business operations in each subsidiary, as well as to promote proper risk management and reduction measures, so as to achieve business goals fairly and efficiently.
- (3) In addition to working, through meetings in each subsidiary pertaining to the business ethics, to promptly identify and resolve any serious violation of laws and ordinances by a subsidiary or any other compliance-related matter or incident, a whistle-blowing system shall at all times maintain high ethical standards in accordance with the KDDI Action Guideline, and promotion shall be implemented to ensure a system is in place whereby business duties are carried out appropriately.

## **6 Internal Audits**

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

### **2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts**

The Company's "Basic Policy for Constructing an Internal Control System" states that firm measures should be taken against anti-social forces, and efforts should be made to sever all such relationships.

In addition, the "KDDI Action Guideline," which sets forth the basic principles that all officers and employees should maintain when performing their duties, takes a firm stand against anti-social forces, rejecting any requests for illicit funds and refusing to comply with their demands.

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## V. Other

### 1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	Not adopted
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### Supplementary Explanation on This Matter

## 2. Other Matters Concerning the Corporate Governance System

### 1. Basic Policy on the Timely Disclosure of Corporate Information

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

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

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

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

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

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

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

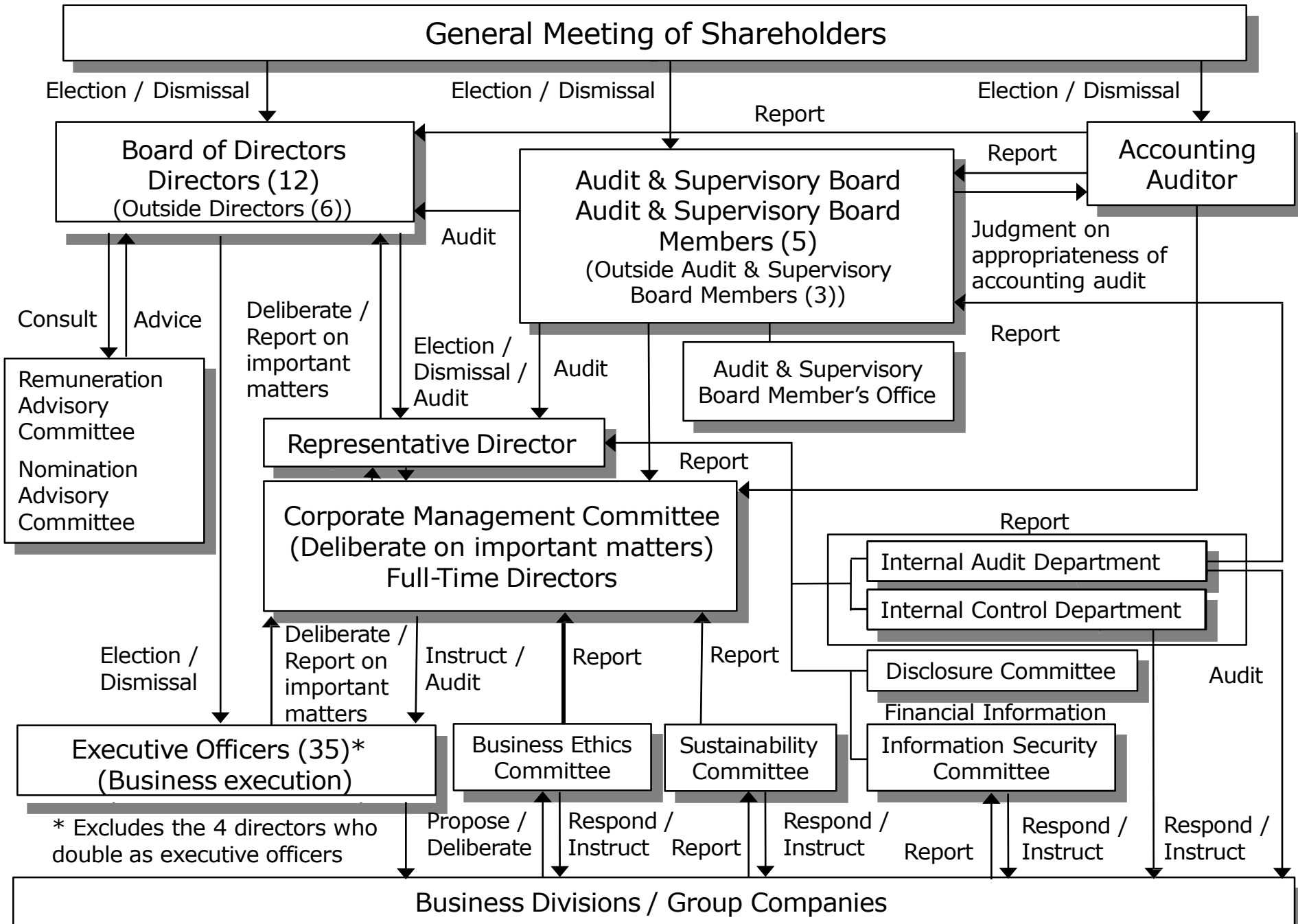
When disclosing corporate information, the General Administration Department first gathers such information from the Company’s departments. In principle, items to be disclosed are approved by the Board of Directors or the Corporate Management Committee before being disclosed to the Tokyo Stock Exchange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

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

#### (3) Checking Function Related to Timely Disclosure

In line with the General Administration Department’s designation of the person responsible for handling information, in accordance with timely disclosure regulations the decision on whether to disclose information is made after confirming with the internal department associated with the disclosure content or, if necessary, the accounting auditor or an attorney at law.

**[Corporate Governance Framework]**



## (Appendix 1) Skill Matrix Of Directors and Audit & Supervisory Board Members (Supplementary Principle 4.11.1)

From the perspective of achieving sustainable growth for the KDDI Group, we have defined six skills in the expertise and experience areas which are considered important with regard to the Board of Directors of the Company.

Name		Corporate Management	Sales/ Marketing	Global	Digital/ Technology	Finance/ Accounting	Legal/Risk Management
Internal directors	Takashi Tanaka	●	●	●	●	●	●
	Makoto Takahashi	●	●	●	●	●	●
	Toshitake Amamiya	●	●	●			
	Kazuyuki Yoshimura				●		
	Yasuaki Kuwahara	●	●		●		
	Hiromichi Matsuda		●	●	●		
Outside directors	Goro Yamaguchi	●	●	●			●
	Keiji Yamamoto	●		●	●		
	Shigeki Goto			●	●		
	Tsutomu Tannowa	●	●	●			●
	Junko Okawa	●	●				
	Kyoko Okumiya						●
Audit & Supervisory Board Members	Kenichiro Takagi	●				●	
	Noboru Edagawa	●		●	●		
	Yukihiro Asahina						●
	Toshihiko Matsumiya					●	●
	Jun Karube	●	●	●			●

## (Appendix 2) [Timely Disclosure Organization Chart]

