

Message from Executive Officer of Sustainability

As the officer in charge of KDDI's sustainability actions, I am delighted to present this report.

This report provides details of our sustainability initiatives that center around our new six material sustainability issues. They are divided into two core themes: initiatives that support our business and initiatives we are engaged in through our business.

You can find details in the relevant sections, but here I would like to explain our approach to human rights, productivity, the environment and governance that informs these initiatives.

Human rights are the foundation of all business activities

The UN Guiding Principles on Business and Human Rights highlight the corporate responsibility to respect human rights, while the 17 Sustainable Development Goals (SDGs) to transform our world aim to reduce inequalities and protect human rights. A wide spectrum of stakeholders demand businesses to address human rights issues.

We at the KDDI Group acknowledge this social trend and are working to promote respect for human rights across the group and our partners through the KDDI Group Human Rights Policy, the KDDI Sustainable Procurement Policy and the KDDI Guidelines for Responsible Supply Chain.

As part of the ICT industry, we face many potential human rights issues, including rights to privacy and freedom of expression as well as requests from government authorities to disclose customer data for legitimate purposes. We at KDDI will, guided by these policies and dialogues with our stakeholders, continue our efforts to identify and address human rights issues in our business activities.

Productivity improvement is essential for the sustainable growth of the company — work style reform and health-focused management

As a business operating in Japan, where we face issues that are affecting our country such as low birth rate, aging and decline in productive population, we need to improve productivity to make our operations resilient enough against these issues and continue maintaining and raising our corporate value. For achieving sustainable growth in the dramatically changing business environment, it is also essential that we transform traditional homogeneous organizations into

organizations that benefit from diverse values.

We list building a stronger workforce and utilization of diverse human resources as one of the key policies in the medium-term management plan, under which various measures to expand diversity are being pursued. These include: nurturing and appointing female leaders, expanding disability employment, raising the awareness of LGBT¹ equality and adapting the workplace to facilitate it. Since the fourth quarter of 2016, we have introduced Work Style Reform across the company to realize both a robust and productive organization and an inclusive working environment. In fiscal 2018, the KDDI Group Declaration of Health-Focused Management was published to show our commitment to embedding a "health first" culture in the group, and we strive to energize the workforce and improve productivity.

Through these initiatives, we seek to transform the group and turn the vision of the KDDI Group Philosophy to make diversity our bedrock into a reality. We will create a working environment where every employee can work in a sustainable way and perform to their full potential.

[1] LGBT: Collective term for lesbian (L), gay (G), bisexual (B) and transgender (T) people. While there are various sexual and gender identifications other than LGBT, the term is used in this report to refer to all sexual minorities.

Actions for the environment

In recent years, we have experienced frequent occurrences of natural disasters caused by climate change and the huge damage resulting from them. The Paris Agreement and the SDGs were adopted against this backdrop, and both of them set common long-term environmental goals for the whole world. The world has set its course firmly towards a zero-emissions society. This shift is evident from the increasing number of investors divesting from companies that are not environmentally responsible. This means that KDDI must also consider the environmental impact of its capital investments and service offerings.

With this in mind, we developed our 14-year long-term plan, Green Plan 2017-2030, in 2017. The increase in the use of ICTs can cut CO₂ emissions and mitigate climate change, but it can also increase the environmental impact of ICTs itself at the same time. The Green Plan sets out KDDI's vision of how this problem can be resolved through energy efficiency improvement of telecommunications systems and equipment and the use of renewable energy.

It also defines the company's CO₂ reduction targets. As the number of devices each person uses increases along with data usage volume, we consider it significant that we indicate our CO₂ reduction targets in terms of total volumes.²

We are determined to step up our environmental actions through our 2030 plan.

[2] KDDI non-consolidated (Japan): 7% reduction from fiscal 2013 level by fiscal 2030

Enhanced governance

Governance is the foundation of corporate activities, and solid governance and management system are essential for any plans and actions to be implemented. 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.

Through these sustainability initiatives and dialogues with our stakeholders, we will continue our efforts to achieve the SDGs and address Japan's social issues. We are determined to play our part to support to build a sustainable society and achieve sustainable growth of KDDI's business at the same time.



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Executive Officer of Sustainability