



Revision of Material Sustainability Issues

KDDI Listens to and Creates with all of its Stakeholders

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In recent years, there has been an acceleration in the pace of international movements in response to social problems, such as the COP21 Paris Agreement and the United Nations Sustainable Development Goals (SDGs) aimed at solving international issues, and companies are increasingly expected to take the initiative in contributing to society's sustainable growth through their businesses.

In addition, KDDI is accelerating its efforts to embody the integration of telecommunications and life design, centered on our core business of telecommunications. As we do so, we believe that ensuring the security of information we retain for our customers, and protecting their privacy, will become increasingly important.

For KDDI to contribute to society's development in the midst of these enormous changes in internal and external conditions, we came to the conclusion that it is essential

that we select a new set of material sustainability issues (materialities) that are more aligned with the times.

Working primarily through our Sustainability Department, KDDI spent two years in discussions with outside experts and relevant departments within the Company to select six new materialities for sustainability.

We see the re-selection process not as a goal but as a starting point, and our executives and employees intend to work together to resolve these material issues. We also hope to continue to be a company responsive to the needs of its stakeholders by paying constant attention to their feedback, while remaining sensitive to ongoing changes in society.

Through its efforts around these new materialities, KDDI aims to balance the enhancement of its corporate value with its contributions to a sustainable society.



The Process for Identifying and Revising Materialities

STEP 1

Understanding and clarifying their impact on stakeholder opinion and decision-making

- ▶ Based on the 17 goals and 169 targets of the SDGs, and the Sustainability Accounting Standards Board (SASB) standards for the Technology & Communications sector, we identified a number of issues, which were then reviewed using publications such as ICT & SDGs from the Earth Institute at Columbia University and considering trends among companies in the technology and communications sector.

STEP 2

Understanding and clarifying KDDI's impact on society, the environment, and the economy

- ▶ The issues identified in Step 1 were verified along two axes: (1) Activities planned for implementation, including existing activities and R&D; and (2), corporate activities, including business strategy and sustainability activities.

STEP 3

Prioritization, validation, and identification of material issues

- ▶ Issues verified in Step 1 and Step 2 were prioritized based on a relative evaluation, and the material issues identified.
- ▶ The final six materialities were drawn up to reflect the opinions of two outside experts regarding this list of material issues, gained through dialogues held with Ms. Kaori Kuroda, executive director of CSO Network Japan who also serves as president of SDGs Japan, and Mr. Hitoshi Mitomo, professor at the Waseda University Graduate School of Asia-Pacific Studies, who conducts research into social innovation through ICT.

Key opinions gained through dialogues with experts

Working Together with Stakeholders

- To contribute to society through the platform business requires collaboration with other players in the industry, including competitors.
- While ICTs play a major role in protecting communities and other functions, it is also important to consider the perspective of the more analog participation of members of the community.

Employee Satisfaction

- As a company that supports social infrastructure, it is important to consider whether employee goals are aligned with those of the Company, and whether they find their work rewarding.

Environment

- Expectations for contributions to improved energy efficiency, the use of ICTs in solving environmental problems, and the formation of a recycling society.

Data Utilization and Privacy

- Efforts are needed in making the use of data more visible, as well as in human rights and from a supply chain perspective.



Participants in the Expert Dialogues
Ms. Kaori Kuroda is in the front row, second from the left, and Mr. Hitoshi Mitomo is next to her, third from the left

- ▶ **FY2016 Stakeholder Dialogue: Dialogue on Re-identifying Material Issues**
<http://www.kddi.com/english/corporate/csr/dialog/2016-01/>

STEP 4

Approval by the Corporate Management Committee

- ▶ After reviewing validity of the issues at the Sustainability Committee, newly identified material sustainability issues were approved by the Corporate Management Committee. KDDI then reported them to the Board of Directors.