

Please note that the following is an English translation of the Japanese version (as of March 16, 2020), 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 realize sustainable growth and increase corporate value over the medium to long term, KDDI engages in continuous efforts to improve corporate governance and is in compliance with all codes as of today.

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

[Principle 1.4]

■ Policy on Strategic Shareholdings

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

KDDI possesses strategic shareholdings if such possession will contribute to the sustainable

growth of KDDI's business and mid/long-term increase of corporate value.

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

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

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

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

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

[Principle 1.7]

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

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

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

(Supplement)

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

[Principle 2.6]

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

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

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

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

[Principle 3.1]

(1) The KDDI Group Mission Statement, Management Strategies and Management Plans

■ 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/>

■ Management Strategies and Management Plans

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

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

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

<The Medium-Term Management Plan (FY2019 - FY2021)>

Brand message

Tomorrow, Together KDDI/Explore the extraordinary. au

Our vision

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

Business strategy

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

Financial targets

We will aim for sustainable growth in operating income while aiming to achieve a 1.5x increase in EPS*2 (vs. FY2018) in FY2024.

Regarding shareholder returns, we will continue to pay stable dividends, boosting our consolidated dividend payout ratio from the previous over 35% to over 40%. We will also maintain a flexible position with regard to repurchase of shares, keeping in mind the balance with growth investments, and cancel all of our treasury stock*3.

*2 Earnings Per Share

*3 Excluding Company shares held in the executive compensation BIP (Board Incentive Plan) trust account and the stock-granting ESOP (Employee Stock Ownership Plan) trust account.

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

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

(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

Remuneration for directors consists of fixed-amount salaries and performance-linked executive bonuses and stock compensation provided that they are responsible for improving business results every fiscal year, as well as medium- to long-term corporate value.

In addition, in terms of determining executive remuneration, a basic amount by position has been established for all basic compensation, bonus, and stock compensation.

Furthermore, the basic amount is calculated according to the weight of responsibility and the public level commensurate with the size of the Company, and is verified by the data from the external research institute.

To ensure the transparency and fairness in executive compensation systems and levels, the Company has established a Remuneration Advisory Committee to conduct deliberations and provide advice to the Board of Directors in accordance with the request thereof. Chairman, Vice Chairman and more than half of the members of this committee are outside directors.

Remuneration Advisory Committee composition

Chairman: Goro Yamaguchi (Outside Director)

Vice Chairman: Keiji Yamamoto(Outside Director)

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

KDDI has introduced the performance-linked stock compensation plan from 2015 in order to clarify the link between compensation for Directors and Other Executives with shareholder value performance and to increase their awareness of contributing to increases in operating performance and corporate value over the medium to long term.

KDDI partially revised the plan at the 34th General Meeting of Shareholders held in June 2018 and the ratio of performance-linked stock compensation as a percentage of overall remuneration increased 45%. *

* The ratio of the basic compensation, and the bonus and stock compensation, which fluctuate according to performance, is calculated based on the case where the performance achievement is 100%.

Note: Formula for calculating bonus and stock compensation is as follows.

◆ Bonus: Basic amount by position multiplied by the Company operating performance and KPI evaluation

◆ Stock compensation: Basic points by position multiplied by the Company operating performance and KPI evaluation

The amount paid based on the business results of each business year has been deliberated by the Remuneration Advisory Committee.

Aligning stock compensation with the period of the following year's medium-term management plan is intended as one effort toward achieving the medium-term targets.

The following matters have been decided by the Board of Directors with the advice of the Remuneration Advisory Committee.

<Policy>

- Basic policy of executive remuneration

<Individual remuneration, etc.>

- Remuneration of each director (basic compensation, bonus, stock compensation)
- Payment time
- Payment Method

<Results of Remuneration Advisory Committee Meeting>

The Remuneration Advisory Committee was held twice in fiscal 2018, and all members attended, and discussed the level of performance-linked compensation and the revision of the executive remuneration system (partial revision and continuance of the stock compensation system).

(4) Policies and Procedures for Nominating Executives

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

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

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

(Standards of Nomination and Election)

- Director Candidates : Meeting one or more of the following standards
 - People with specialized knowledge and experience in various fields of business
 - People who have management knowledge appropriate to a supervisor or possess specialized knowledge
 - People who are highly independent
- Audit & Supervisory Candidates : People who are able to supervise overall management from a perspective independent from directors and who have the extensive experience and broad-ranging insight to enhance audit appropriateness.

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

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

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

Nomination Advisory Committee composition

Chairman: Keiji Yamamoto(Outside Director)

Vice Chairman: Goro Yamaguchi (Outside Director)

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

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

(Procedure for the nomination and the election of Director)

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

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

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

■ Policies and Procedures for the Dismissal of Directors

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

(Criteria for dismissal, etc.)

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

(Procedures for the dismissal, etc. of Directors)

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

(Results of Nomination Advisory Committee Meeting)

•The Nomination Advisory Committee was held three times in fiscal 2018, and all members attended, and discussed the selection of executive candidates at the ordinary general meeting of shareholders and the approval of the Senior Corporate Advisor of the advisory board members.

(5) Explanations of Individual Appointments and Nominations

The reasons for individual appointments of outside executives are contained in the “Notice of the General Shareholders’ Meeting” and the “Annual Securities Report (Japanese only).”

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

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

[Supplementary Principle 4.1.1]

At KDDI, Board of Directors resolutions determine:

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

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

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

[Principle 4.8]

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

[Principle 4.9]

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

[Supplementary Principle 4.11.1]

KDDI believes that an important driver for the Company’s growth, aiming for “Integration of Telecommunications and Life Design,” is accepting the diversity of human resources and utilizing the various knowledge, experience, and skill of each individual members. We believe that ensuring diversity in the Board of Directors as well will lead to better managerial decisions.

KDDI believes that the overall Board of Directors should include members with advanced specialized knowledge and diverse perspectives when making decisions including matters that are important from a management perspective and matters that legally require supervision.

Accordingly, in principle the board includes the following members.

- People with specialized knowledge and experience in various fields of business
 - People who have a shareholder perspective and possess management knowledge
 - People who are highly independent and have specialized knowledge appropriate to a supervisor
- Currently, the Company has appointed one woman as an independent outside director.

KDDI recognizes the need to appropriately limit the size of the Board of Directors in order to achieve both management effectiveness and speed. Accordingly, the Articles of Incorporation limit the number of members to 20.

[Supplementary Principle 4.11.2]

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

[Supplementary Principle 4.11.3]

■ Purpose of conducting evaluation of Board of Directors

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

■ Outline of evaluation process

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

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

The main evaluation items are as follows.

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

■ Evaluation results

[Summary]

The evaluation confirmed that the Company's Board is operating effectively, especially good at the following two matters:

- After narrowing down agenda items, outside directors are actively asking questions and are deliberating the agenda items with a focus on sustainable growth and mid- to long-term corporate value enhancement.
- The achievement status of the medium-term plan and the annual plan are reported regularly, and meaningful discussions are constantly being made on methods to be implemented to achieve the targets.

[Improvements since previous evaluation]

In the previous evaluation, the priority issue was "Discussing our company's social mission and

management strategy from various perspectives, such as what kind of company we aim to achieve in the future." In response to this, in 2019 we discussed medium- to long-term management strategies and corporate culture, and we announced that we will work on social issues throughout business and corporate activities in the new medium-term management plan, aiming to be a company that contributes to the sustainable growth of society.

[Future issues]

While business scale expanding through diversified development in different industries and fields centered on the telecommunications business, we will continue to consider timely and appropriate monitoring and better supervision as a group, taking into account the importance of monitoring subsidiaries, etc., in particular, in order to increase the corporate value of the entire KDDI Group.

■ Evaluation of the effectiveness of the Audit & Supervisory Board Members' audit

With the aim of confirming the current state and issues of the Audit & Supervisory Board Members' audit and operation of the Audit & Supervisory Board and ensuring more effective auditing by the Audit & Supervisory Board Members, following on from the fiscal year ended March 31, 2018, the effectiveness of their audit was evaluated.

1. Evaluation results

Audit & Supervisory Board Members confirmed that their audit and the activities of the Audit & Supervisory Board are to a large extent performed effectively. However, in light of the current increase of subsidiaries including different business categories other than telecommunications, Audit & Supervisory Board Members recognized the importance of further enhancing monitoring with regard to the supervision status of subsidiaries by directors.

2. Future activities

In light of the aforementioned, Audit & Supervisory Board Members will continue their efforts for the sound management and improvement of social trust of the entire KDDI Group through further cooperation with the auditors of subsidiaries and effective auditing by the Audit & Supervisory Board Members corresponding to business category and business conditions.

[Principle 4.11] [Principle 4.12] [Principle 4.13] [Principle 4.14]

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

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

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

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

In addition, in order to strengthen information exchange and information sharing among outside directors, we have held each liaison meeting for only outside directors and a liaison meeting for

outside directors and outside Audit & Supervisory Board Members.

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

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

[Supplementary Principle 4.14.2]

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

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

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

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

[Principle 5.1]

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

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

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

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

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

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Major Shareholders]

Name of Corporate Entity	Number of Shares Held	Ratio of controlling share
KYOCERA Corporation	335,096,000	13.23
Toyota Motor Corporation	298,492,800	11.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	217,873,800	8.60
Japan Trustee Services Bank, Ltd. (Trust Account)	128,821,400	5.08
JP MORGAN CHASE BANK 380055	40,664,620	1.60
JPMorgan Securities Japan Co., Ltd.	37,066,776	1.46

Japan Trustee Services Bank, Ltd. (Trust Account 7)	34,294,300	1.35
Japan Trustee Services Bank, Ltd. (Trust Account 5)	33,936,100	1.34
State Street Bank West Client-Treaty 505234	29,209,675	1.15
JP MORGAN CHASE BANK 385151	27,073,419	1.06

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

As of March 31, 2019, the Company possessed 176,630,845 shares of treasury stock and the Company canceled the whole shares effective on May 23, 2019.

The total number of issued shares after the cancellation is 2,355,373,600.

In addition, the Company repurchased treasury stock from May 16 to December 23, 2019, for a total of 51,194,000 shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Business Category	Telecommunications
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (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

KDDI holds 51.5% of the shares issued by Okinawa Cellular Telephone Company. However, as a number of prominent local companies also hold shares in Okinawa Cellular, we consider the company to be independent to a certain extent. Four of Okinawa Cellular's eight directors and three out of its four Audit & Supervisory Board members hail from Okinawa Prefecture.

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 an Audit & Supervisory Board
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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	14
Selection process for outside directors	Appointed
Number of outside directors	5
Number of outside directors 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
Goro Yamaguchi	From another company							○	○	○		
Keiji Yamamoto	From another company							○	○			
Yoshiaki Nemoto	Academic											
Shigeo Ohyagi	From another company											
Riyo Kano	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	Goro Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as the President and Representative Director of one of the world's leading electronic components and equipment manufacturers. On the Board of Directors, the Company has received a large number of broad opinions related to business administration and operations from a medium- to long-term perspective, and has determined that he can contribute to improving the corporate value of the Company. Therefore, he has again been selected as an Outside Director.
Keiji Yamamoto	Keiji Yamamoto has excellent knowledge cultivated in IT development and electronics engineering divisions and abundant management experience as a management at the one of the world's leading automobile manufacturers. The Company has determined that he can contribute to improving the corporate value of the Company by giving broad opinions on promoting 5G/IoT strategy, etc. from a medium- to long-term perspective, and for these reasons he has been selected as an Outside Director.
Yoshiaki Nemoto (Independent director)	Yoshiaki Nemoto has a superior knowledge in information processing, telecommunications and network engineering, which is directly relevant to the business of the Company, as well as disaster prevention that is valuable for the operation of our business. On the Board of Directors, the Company has received a large number of technical opinions from him related to management policy as a telecommunications operator that provides social infrastructure, based on a medium- to long-term perspective independent of the management team, and has determined that he can contribute to improving the corporate value of the Company. Therefore, he has again been selected as an Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.
Shigeo Ohyagi (Independent director)	Shigeo Ohyagi has a wealth of corporate management experience and excellent knowledge cultivated as the President and CEO of one of the world's leading companies in the fields of synthetic fibers, chemical products, medicines and medical treatment, and distribution and retail. The Company has received a large number of opinions from a medium- to long-term perspective especially focusing on the field of life design business that the Company will promote in the future, global strategy and M&A, and has determined that he can continue to contribute to improving the corporate value of the Company, and for these reasons he has again been selected as an Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been nominated as Independent Director.
Riyo Kano (Independent director)	Riyo Kano has abundant experience and superior knowledge, cultivated as the partner at a law firm and a committee member of government committees. The Company has determined that she can contribute to improving the corporate value of the Company by giving technical opinions related to legal risk management from her based on a medium- to long-term perspective independent of the management team, and for these reasons she has been selected as an Outside Director. Moreover, with this background we judge there to be no risk of a conflict of interest with general shareholders and accordingly she has been nominated as Independent Director.

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

Established

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

(Members)

	Committee Equivalent to Nominating Committee	Committee Equivalent to Compensation Committee
Committee Name	Nomination Advisory Committee	Remuneration Advisory Committee
Committee Members	7	7
Full-Time Members	0	0
Internal directors	2	2
Outside directors	5	5
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 outside directors.

Nomination Advisory Committee composition

Chairman: Keiji Yamamoto(Outside Director)

Vice Chairman: Goro Yamaguchi (Outside Director)

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

Remuneration Advisory Committee composition

Chairman: Goro Yamaguchi (Outside Director)

Vice Chairman: Keiji Yamamoto(Outside Director)

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

Results of Meeting (2018)

The Nomination Advisory Committee was held three times, and all members attended, and discussed the selection of executive candidates at the ordinary general meeting of shareholders and the approval of the commission of the advisory board members.

The Remuneration Advisory Committee was held twice, and all members attended, and discussed the level of performance-linked compensation and the revision of the executive remuneration system (partial revision and continuance of the stock compensation system).

[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 Audit Division

Audit & Supervisory Board members confirm the Accounting auditor's audit policy and plans, as well as

the quality control and audit structures. They receive reports from the Accounting auditor on the status and results of quarterly audits and conduct exchanges of opinion, as necessary.

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

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 Auditors	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
Akira Yamashita	Other													
Kakuji Takano	Certified public accountant													
Nobuaki Katoh	From another company													

* Selection criteria regarding the relationship with the Company

* "○" when the corporate auditor presently falls or has recently fallen under the category;

"△" when the corporate auditor fell under the category in the past

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

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

a Executive of the Company or its subsidiaries

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

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

d Corporate auditor of a parent company of the Company

e Executive of a fellow subsidiary company of the Company

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

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

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

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

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

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

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

m Others

Relationship with the Company (2)

Name	Reason for selection
Akira Yamashita (Independent auditor)	Mr. Yamashita has cultivated, abundant experience and knowledge gained from many years of practical experience in the public sphere and involvement in the execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly has been appointed as an independent auditor.
Kakuji Takano (Independent auditor)	Mr. Takano has abundant experience as a Certified Public Accountant, as the representative of an accountancy firm and as an auditor for other companies, in addition to which he has cultivated extensive experience and knowledge in the execution of business at various organizations. From the perspective of leveraging this primarily accounting-related knowledge and experience to monitor general management and to engage in appropriate audit activities, he has been appointed as an Audit & Supervisory Board member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly he has been appointed as an independent auditor.
Nobuaki Katoh (Independent auditor)	Mr. Katoh has abundant experience as a director of listed companies, and has cultivated extensive experience and knowledge as an auditor and through execution of business at various organizations. From the perspective of leveraging this knowledge and experience to monitor general management and to engage in appropriate audit activities, has been appointed as an Audit & Supervisory Board member. Furthermore, with his background we judge there to be no risk of a conflict of interest with general shareholders and accordingly has been appointed as an independent auditor.

[Independent Directors/Auditors]

Number of independent directors	6
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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

■ Views on the ratio of performance-linked in management's remuneration

KDDI has introduced the performance-linked stock compensation plan from 2015 in order to clarify the link between compensation for Directors and Other Executives with shareholder value

performance and to increase their awareness of contributing to increases in operating performance and corporate value over the medium to long term.

KDDI partially revised the plan at the 34th General Meeting of Shareholders held in June 2018 and this revision is expected to result in an increase in the ratio of performance-linked stock compensation as a percentage of overall remuneration to 45%. *

* The ratio of the basic compensation, a fixed compensation, and the bonus and stock compensation, which fluctuate according to performance, is calculated based on the case where the performance achievement is 100%.

Note: Formula for calculating bonus and stock compensation is as follows.

◆ Bonus: Basic amount by position multiplied by the Company operating performance and KPI evaluation

◆ Stock compensation: Basic points by position multiplied by the Company operating performance and KPI evaluation

Aligning stock compensation with the period of the following year's medium-term management plan is intended as one effort toward achieving the medium-term targets.

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

President Makoto Takahashi's compensation for the fiscal year ended March 31, 2019 totaled 148 million yen (basic compensation: 78 million yen, bonuses: 25 million yen, stock-based compensation: 45 million yen), and is individually disclosed on the securities report (Japanese only).

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

Remuneration for directors consists of fixed-amount salaries and performance-linked executive bonuses and stock remuneration provided that they are responsible for improving business results every fiscal year, as well as medium- to long-term corporate value. Fixed-amount salaries are based on such factors as directors' professional ranking and the management environment.

Executive bonuses and stock remuneration are based on the KDDI Group's level of achievement of its performance targets for each fiscal year, as well as on individual directors' roles.

To ensure the transparency and fairness of executive remuneration systems and levels, KDDI has established a Remuneration Advisory Committee to conduct deliberations and provide advice to the Board of Directors. The chair, vice-chair and half or more of the members of this committee are outside directors.

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

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

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

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

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

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

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

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

[Status of Persons Who Have Retired from the President]

Name and Other Information of Councils, Advisers or Others Who Have Formerly Served as the President of the Company

Name	Kazuo Inamori
Title / Position	Honorary adviser
Duties	Giving advice on the KDDI Group Philosophy and others
Work Form / Conditions (Full-time or Part-time, Remuneration)	Part-time / Paid
Date of Retirement from the President	June 27, 1989
Term	1 year (renewed every year)

Name	Tadashi Onodera
Title / Position	Senior Corporate Advisor
Duties	Economic organization activity and social contribution activities, etc
Work Form / Conditions (Full-time or Part-time, Remuneration)	Part-time / Paid
Date of Retirement from the President	December 1, 2010
Term	1 year (renewed every year)

Total number of Councils, Advisers or others who have formerly served as the President of the Company	2
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Other Matters

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

[Business Execution and Its Supervision]

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

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

[Directors and the Board of Directors]

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

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

directors and three are independent outside directors.

[Audit & Supervisory Board System]

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

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

[Advisory Committees]

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

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

[Remuneration of Directors and Audit & Supervisory Board Members]

For the Company's policy on the remuneration of directors, please see the section of this report entitled "II.1. [Incentives] [Remuneration of Directors]."

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

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

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

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

[Liability Limitation Agreements]

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

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

[Accounting Audits]

The Company employed PricewaterhouseCoopers Kyoto to conduct its accounting audit for the fiscal year ended March 31, 2019. The certified public accountants who conducted the audit, their consecutive number of years in conducting accounting audits, and the status of assistants are as follows.

Engagement partner Toshimitsu Wakayama (five years)

Engagement partner Ryouichi Iwasaki (one year)

Engagement partner Tetsuro Iwase (three years)

Assistants: 8 certified public accountants, 28 others (total of 36)

[Internal Audits]

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

[Business Ethics]

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

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

With regard to whistle-blowing, the Company has established a "Business Ethics Helpline" as a helpdesk for compliance with business ethics and laws and regulations. By establishing a contact point in collaboration with 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 matters relating to the sustainability of CSR, the environment, and more.
- Information Security Committee: This committee aims to ensure consistent information security

with relation to information assets.

[External Cooperation Related to Auditing and Supervision]

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

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

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

3. Reasons for Adoption of Current Corporate Governance System

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

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

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company sends out its notifications around one week earlier than statutorily required. In addition, this information is posted on the Company's website before it is sent out.
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 from the 2019 General Meeting, 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." The Company also provides its disclosures and major news in English.
Other	<p>In response to requests by institutional investors, the Company provides its business report and Notice of Annual Shareholders Meeting in a combined report. In addition, to promote the exercise of voting rights by individual investors, the Company provides illustrations depicting how to exercise voting rights in an easy-to-understand manner.</p> <p>The Company also prepares a shareholder newsletter (Japanese only) that provides easy-to-understand explanations of business conditions and Company-related topics. The Company regularly posts this newsletter to shareholders and distributes it at seminars for individual investors.</p> <p>In addition, to encourage more shareholders to attend the General Meeting of Shareholders, the Company provides sign language interpreting of the proceedings, explanations and questions at the meeting venue, and also provides hearing loop and wheelchair space.</p> <p>Furthermore, streaming service is carried out to inform shareholders who are difficult to attend the General Meeting of Shareholders. In addition, subtitles and images</p>

	of sign language interpreting are displayed during streaming services, which anyone can view without limitation.
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2. IR Activities

	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 Investors	The Company proactively holds and participates in briefings for individual investors and strives to increase opportunities to make contact. In the fiscal year ended March 31, 2019, the Company held such briefings from management and internet broadcasting briefings and a total of over 1200 investors participated and viewed.	Yes
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. In addition, each quarter the Company's directors and other personnel visit its institutional investors in Japan to provide explanations of the Company's financial condition and future strategies.	Yes
Regular Investor Briefings for Overseas Investors	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, 2019, the Company held approximately 800 interviews with institutional investors in Japan and overseas, including twelve overseas road shows, in which five conferences overseas participation hosted by securities companies.	Yes
Posting of IR Materials on Website	The Company posts various IR materials on its website. http://www.kddi.com/english/corporate/ir/ (Materials posted) - Financial Statements - Data Book - Important news releases, including timely disclosure information - Reports related to corporate governance - Notice of the General Shareholders Meeting - Annual Securities Report (Japanese only) - Shareholder newsletter (Japanese only) - Presentations - Q&A of the financial results - Integrated Report	

Establishment of Department and/or Manager in Charge of IR	The Company has set up an Investor Relations Department within the Corporate Management Division. This department comprises nine employees, including the department manager.
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

	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 and publish our basic views on contributing to the development of a rich and truly connected society in the Integrated Report and Integrated Report Detailed ESG Version (SUSTAINABILITY REPORT).
Implementation of Environmental Activities, CSR Activities, etc.	<p>The foundation of our sustainability activities comprises the KDDI Philosophy, which has been instilled in top management and employees as a common set of policies and code of conduct since our founding, and our consistent activities to enhance corporate governance, which ensures transparency and fairness. Moreover, we value all our stakeholders, their voices and working together. Our stakeholders include customers, partner companies, shareholders, local communities, governments and other people who support us. Our dialogues and co-creation efforts guide us as we tackle the six Material Sustainability Issues Company-wide.</p> <p><KDDI's Material Sustainability Issues></p> <ol style="list-style-type: none"> ① Safer and more resilient connected world ② Cyber security and privacy protection ③ Fulfilled life brought through ICTs ④ Rewarding workplaces for diverse talents ⑤ Respect for human rights and fairness in business ⑥ An energy-efficient, circular economy <p>The international community's drive to tackle global social issues has been gaining momentum, as evidenced by the UN Sustainable Development Goals (SDGs), the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and the Paris Agreement signed at the 21st session of the Conference of the Parties (COP21) to the UN Framework Convention on Climate Change. To more thoroughly promote sustainability, we outlined the SDGs we will focus on in the next three-year medium-term management plan (April 2019 - March 2021). We set targets that are tied to business strategies, encompassing telecommunications, global business, regional revitalization, education,</p>

	<p>and finance, as well as to corporate activities, including developing human resources, supporting women's advancement in the workplace, respecting human rights, promoting diversity and inclusion, and conserving the environment. As we strive to reach these targets, the entire company will continue working together over the medium to long term to provide solutions to social issues.</p> <p><Social Issues to Be Solved through Business></p> <ul style="list-style-type: none"> •Telecommunications <p>Building a safe and resilient information- and telecommunications- based society</p> <ul style="list-style-type: none"> •Global Business <p>Promoting economic development in countries with inadequate infrastructure</p> <ul style="list-style-type: none"> •Regional Revitalization <p>Building communities where everyone can prosper</p> <ul style="list-style-type: none"> •Education <p>Training the next-generation of human resources</p> <ul style="list-style-type: none"> •Finance <p>Providing financial services anyone can easily use</p> <p><Social Issues to Be Solved through Corporate Activities></p> <ul style="list-style-type: none"> •Human Resource development <p>Enhancing expertise and providing autonomous career development</p> <ul style="list-style-type: none"> •Support for Women's Advancement <p>Realizing workplaces where diversity is respected</p> <ul style="list-style-type: none"> •Respect for Human Rights, Diversity & Inclusion <p>Realizing diverse work styles</p> <ul style="list-style-type: none"> •Environmental Conservation <p>Contributing to a sustainable global environment</p> <p>KDDI will continue to expand its businesses in growth fields, focusing on conventional telecommunications—the foundation of our business—at the core. Through these efforts, we aim to further promote the "integration of telecommunications and life design"—the core of our business strategy—while connecting people and companies and society. We are creating new value to build an exciting future and will enhance our corporate value and help communities prosper through sustainable growth.</p>
<p>Formulation of Policies on Information Provision to Stakeholders</p>	<p>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</p>

	<p>activities both internally and externally and strive toward value-oriented corporate management, active information disclosure, and enhanced communication.</p> <p>KDDI issues its Sustainability Report as a means for disclosing financial and nonfinancial information. This report is a focused summary of environmental, social, governance, and other non-financial information in PDF format (Japanese and English). For information on our business strategies and opportunities, please refer to the Integrated Report.</p> <p>The Sustainability Report expands on information referencing to the GRI's Sustainability Reporting Standards, as well as information determined to contribute to promoting the understanding of the creating of KDDI's value.</p> <p>We will continue making efforts to communicate with all stakeholders and promoting our sustainability initiatives.</p> <p>To ensure reliability, environmental data for Scope 1 and 2 has received independent third party assurance, and environmental data for Scope 3 has been verified by an independent third-party.</p>
Other	<p>[Status on promoting the advancement of female employees]</p> <p><Policies and systems ></p> <p>"Embracing diversity" is the first item in the "KDDI Group Philosophy," and we conduct diversity-oriented activities throughout the Company.</p> <p>In the fiscal year ended March 31, 2009, we established the Diversity & Inclusion Department to take charge of these activities. From the fiscal year ended March 31, 2013, we began focusing on the cultivation and promotion of female line managers (organizational leaders with the authority to conduct personnel evaluations) in the belief that including more women in corporate decision-making would enhance corporate capabilities.</p> <p>At the end of the fiscal year ended March 31, 2016, we achieved the target of promoting 90 female line managers (with female line managers then accounting for 7% of the total).</p> <p>A new goal is to actively promote more women by aiming to appoint 200 female line managers by the end of the fiscal year ended March 31, 2021.</p> <p><Performance></p> <ul style="list-style-type: none"> • Executive promotions of women (As of June 2019) <ul style="list-style-type: none"> One director One administrative officer • Promotion of female line managers (As of April 2019) <ul style="list-style-type: none"> 143 female line managers <p><Specific measures to cultivate female leaders></p> <ul style="list-style-type: none"> • Training program <p>In the fiscal year ended March 31, 2017, KDDI introduced its female line manager program to build a career pipeline for women from junior employees to candidates for promotion to manager positions. This program is designed to produce female leaders with a view to cultivating and promoting female executives and line managers. To do this systematically by managing the individual candidates selected in</p>

	<p>cooperation with each division, in the fiscal year ended March 31, 2017, the Diversity & Inclusion Department conducted interviews with each of approximately 200 candidates for female line manager positions.</p> <p>During the fiscal year ended March 31, 2018, we held a seminar targeting young female employees to raise their motivation to advance their careers after certain life events, and a workshop seminar where female employees planned to be appointed to line managers can learn about concepts of leadership and managing an organization. We also organized various initiatives at different levels, which include an exchange event for many female leadership candidates to widen their view through messages from top management and contact with internal and external female role models, as well as lectures for managerial role candidates to expand their perspectives under the tutelage of external executives.</p> <ul style="list-style-type: none"> • Supporting a balance between work and childcare and nursing care The Company has in place various systems, such as childcare and nursing care leave. We hold seminars for people taking advantage of these systems, as well as their superiors to foster awareness and develop an environment that eases a return to the workplace. The percentage of people returning to work after taking childcare leave is high, at more than 95%.
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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 Auditing 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 Auditing 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.

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

(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]

General Meeting of Shareholders

Election / Dismissal

Election / Dismissal

Report

Election / Dismissal

Board of Directors
Directors (14)
(Outside Directors (5))

Audit & Supervisory Board
Audit & Supervisory Board
Members (5)
(Outside Audit & Supervisory
Board Members (3))

Accounting Auditor

Remuneration
Advisory
Committee
Nomination
Advisory
Committee

Deliberate /
Report on
important
matters

Election /
Dismissal /
Audit

Judgment on
appropriateness of
accounting audit

**Audit & Supervisory
Board Member's Office**

Representative Director

Corporate Management Committee
(Deliberate on important matters)
Full-Time Directors

Corporate Risk Management Division

Internal Audit Department

Internal Control Department

Election /
Dismissal

Deliberate /
Report on
important
matters

Instruct /
Audit

Report

Report

Disclosure Committee

Financial Information

Information Security
Committee

Audit

Executive Officers (21)*
(Business execution)

**Business Ethics
Committee**

**Sustainability
Committee**

* Excludes the 6 directors who
double as executive officers

Propose /
Deliberate

Respond /
Instruct

Report

Respond /
Instruct

Report

Respond /
Instruct

Respond /
Instruct

Business Divisions / Group Companies

[Timely Disclosure Organization Chart]

