

Materiality **2** **Realization of Safe, Secure, and Prosperous Society**
 Values we embrace (3) **Regional Co-Creation**



Digital Power is Expected to Mitigate Inequality Between Urban and Rural Areas

Various challenges surrounding the rural areas are becoming severe, such as shrinking population, insufficient working population due to falling birthrate and aging population, declining quality of local services and community functions supporting everyday life, and expanding informational and economic divides. To solve such challenges, mitigation of divides through digital technology is gaining expectations. For example, the Japanese government has set forth the "Vision for a Digital Garden City Nation" to aim for the revitalization of rural areas through digital technologies.

Regional Co-Creation that Values Residents' Voices is Important

We at KDDI are committed to supporting regional co-creation using the power of communication and technology. To realize optimum contribution, we think it is essential to value the thoughts of local residents and understand their unique challenges to work "together" toward solving them. We have a role in supporting the residents' goals in ways unique to each community using digital technologies centered on smartphones. In addition to helping residents with smartphone classes and other programs, we are also committed to activating communication between people to people and community to community through helping digital usage of companies and municipalities, or advertising attractiveness and creating experiences unique to the community.

Aim for Sustainable Regional Co-Creation by Utilizing KDDI's Strengths of Owning a Nationwide Network

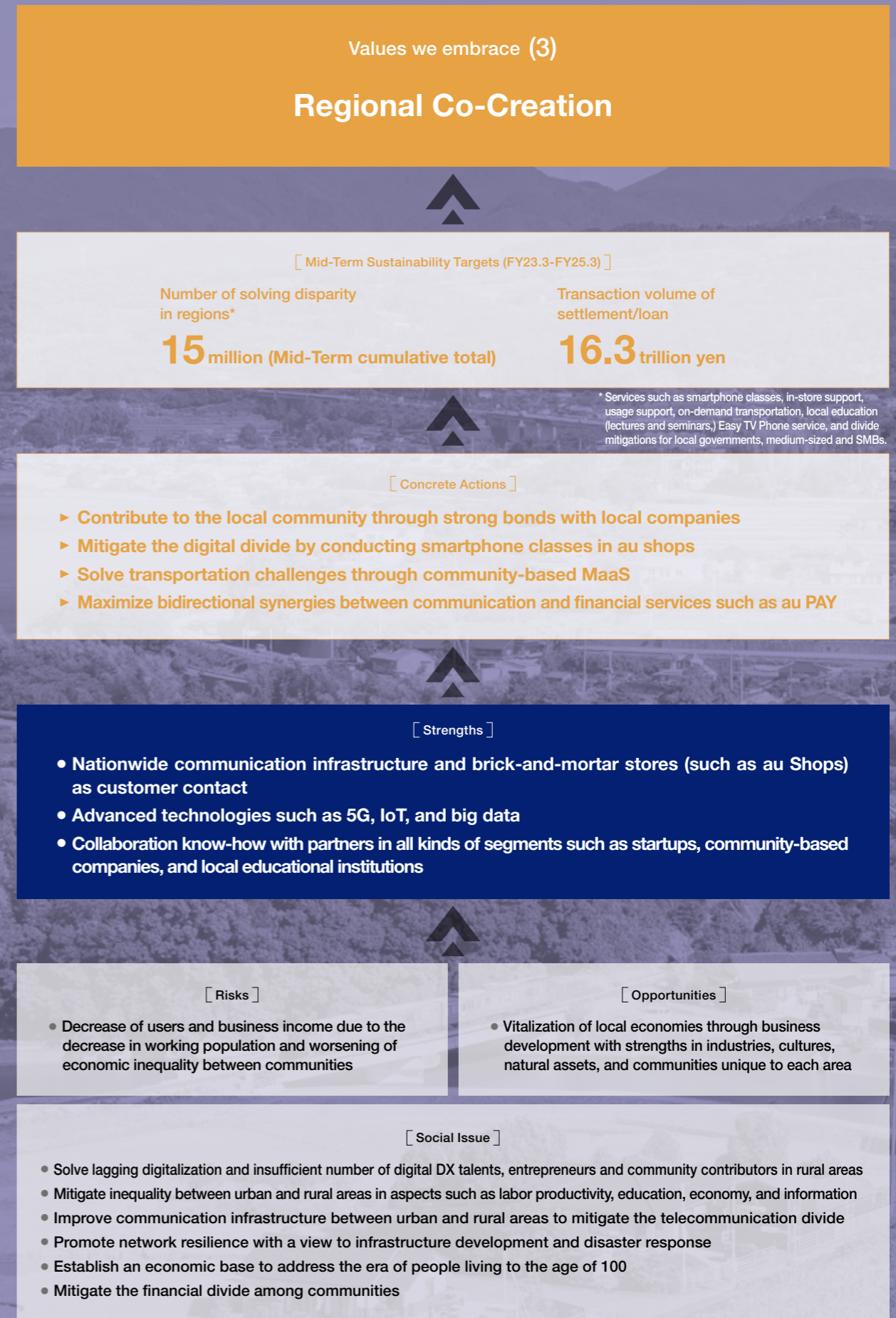
KDDI has strengths in the nationwide communication infrastructure and brick-and-mortar stores (such as "au Shops") as contact with our customers. We create new businesses to solve local challenges and co-create social values by combining this strength with various assets gained from partnerships and alliances with external entities.

For example, in Hidaka Village, Kochi Prefecture, we are promoting a "Digitizing the Entire Village" to achieve a 100% ownership rate of smartphones among residents. Together with the local government and partnered companies, we are working toward improving the quality of public services and facilitating local communication based on smartphones.

Furthermore, we are using various financial services such as the smartphone payment service "au PAY" to vitalize the local economy and contribute to mitigating inequality between rural and urban areas.

The unlimited in-area ride service "mobi" starting from April 2022 supports elderly citizens uncomfortable with mobility and families having difficulty picking up and dropping off their children. The service combines mobility services and communication to provide novel transportation experiences and solve social issues in rural and urban areas.

One important aspect is to drive such regional co-creation efforts sustainably so they will not end as one-off experiences. KDDI is committed to achieving sustainable regional co-creation by reflecting solutions for local challenges like digital divides in its next business plan and creating a virtuous cycle of passing back the profit to society.



2 Realization of Safe, Secure, and Prosperous Society
 ▶ Values we embrace (3) **Regional Co-Creation**

Solving Mobility Issues with mobi, a “Short Ride” Service

“mobi,” provided by the Community Mobility Inc., a joint venture between KDDI and WILLER Inc., is a “short ride within a certain area” service that combines mobility services and telecommunications to replace walking and bicycling with flat-rate transport within a radius of approximately 2 km.

With the recent increase in the number of elderly people voluntarily returning their driver’s licenses, this project supports those elderly people who are anxious about their mobility due to the shrinking public transportation system caused by the shortage of drivers in rural areas. It also supports greater mobility for households with small children who may struggle to pick up and drop off their children at various locations.

Solving transportation issues is becoming increasingly important as the rise in the time spent around the home (caused by the spread of COVID-19) continues to drive up demand for short-distance travel. KDDI will contribute to the creation of communities and sustainable urban development by combining mobility services and telecommunications to solve social and transport issues in rural and urban areas and support digital transformation in the transportation industry.

- Supporting Free, One-Mile Mobility Services and Telecommunications
- Launched the joint venture mobi, a “short ride within a certain area” service (Japanese only)

- Carpooling is an efficient way to get around
- Cars are dispatched via an app or phone call
- AI optimizes routes



Hidaka-mura in Kochi Prefecture, Regional Revitalization Through the “Digitizing the Entire Village”

KDDI is working with Hidaka-mura in Kochi Prefecture to promote the “Digitizing the Entire Village” to improve the quality of public services and revitalize local communication using smartphones. As part of this project, KDDI aims to achieve 100%



smartphone penetration among residents. By promoting the use of smartphones, we will support the safety and health of residents and the revitalization of local communities. Additionally, we will work to

realize a society in which everyone can enjoy the benefits of digital technology by providing on-site sales of smartphones and help with their use, and by helping all generations, including seniors, to enjoy an easier life by using smartphones effectively.

- Aim to Increase the Rate of Smartphone Penetration to 100% in a Village with a Population of 5,000 of Which 43% Are Elderly People
- Hidaka-mura in Kochi Prefecture, CHANGE, and KDDI conclude a collaboration agreement to jointly promote the “Digitizing the Entire Village” (Japanese only)

Eliminate Financial Disparities Through the Provision of Financial Services that are Easily Accessible to All

au Financial Holdings Corporation, KDDI’s financial holding company, fulfils various functions including in the areas of banking, securities, credit cards, life insurance, and non-life insurance. As a familiar presence for customers in an increasingly complex and diverse financial system, au Financial Holdings provides convenient financial services that are easily accessible to all, anytime, anywhere via smartphone, and that meet a variety of needs.

In addition to daily online and offline financial activities, we are working to build strong engagement by providing efficient

asset management functions through family budget and life plan diagnostic services to nurture long-term relationships with customers across various life stages where they may need investments, loans, or savings. Additionally, to prevent disparities in access due to IT literacy, we implement easy-to-understand services that can be completed via smartphone, while also contributing to the improvement of financial literacy.

- au Financial Holdings Corporation (Japanese only)

Eliminating the Digital Divide for the Elderly and Other Residents Through Smartphone Classes in Collaboration with a Ministry of Internal Affairs and Communications Project

On May 20, 2022, KDDI was selected by the Ministry of Internal Affairs and Communications (MIC) as a project implementing organization for the “FY2022 Digital Utilization Support Promotion Project for Users,” as it had been in FY22.3. By providing lectures (smartphone classes) on administrative tasks that can be performed using smartphones, such as how to apply for and use My Number Cards and how to issue COVID-19 vaccine passports, we are working to eliminate the digital divide and alleviate the concerns of the elderly and others regarding the use of digital technology, with the ultimate aim of realizing a society in which everyone can enjoy the benefits of digitalization.



- au Smartphone Classes (Japanese only)

Community Activities to “Connect” Local Communities and Employees

As the shortage of local development leaders due to the ageing and declining population emerges as a major social issue, significant attention is being paid to human resources from outside the community, called the “related population,” who can create novel changes through their diverse involvement with the local community. KDDI is promoting activities to encourage employees to connect with and contribute to the local community.

In July 2020, we launched the Regional Supporter system, a community of voluntary employees who want to “energize the region.” Initially, employees used their time outside of work to participate in these activities, but from FY23.3, the company has begun including these activities as part of its business operations to realize KDDI’s goal of becoming “the company that customers can feel closest to.”



Harvesting apples in Izuna town, Nagano Prefecture, at a farm co-owned by the company.

Some of our activities have included holding study sessions for employees on regional co-creation and exchange meetings among regional supporters, visiting local communities to experience the harvesting of crops, holding markets in company spaces to sell local products, and a variety of other projects to connect with and contribute to local communities.

Markets selling local products are a good opportunity for employees who do not participate in regional supporter activities to learn about this initiative, and support for the activities of regional supporters is steadily expanding.

These activities began in Hyogo, Hiroshima, and Nagano prefectures and will be expanded to Fukuoka prefecture and Hokkaido in 2022 in response to employee requests. Currently, over 100 employees are registered as supporters in each of the five regions, with a total of 640 employees registered.



Regional supporters learn about the company’s community development activities in Izuna Town, Nagano Prefecture.

Materiality **2** **Realization of Safe, Secure, and Prosperous Society**
 Values we embrace (4) **Eliminating Regional and Economic Disparities Globally**

We will help emerging countries solve social issues and develop economically through the telecommunication business.



Managing Executive Officer
 Executive Director, Global Consumer Business Sector
Hiroyuki Soshi

Working to Eliminate Regional and Economic Disparities to Realize a Safe, Secure, and Prosperous Society in Emerging Countries

There are disparities between developed countries and emerging countries and also within emerging countries. I believe that KDDI will be able to help eliminate regional and economic disparities in emerging countries by developing and expanding telecommunication services as a social infrastructure and services related to communication. We have been engaged in long-term efforts in Mongolia and Myanmar. As a result, 4G services in urban areas such as Ulaanbaatar and Yangon provide top-class quality communication environments in Asia, comparable to the environment in Tokyo. Our Mongolian business began in 1996. At that time, merely 0.4% of the population held mobile phones. Today, the penetration rate has reached 138%. In Myanmar in 2014, we started supporting Myanma Posts and Telecommunications, a state-run operator with a communication license, through KDDI Summit Global Myanmar Co. Ltd., a joint venture with Sumitomo Corporation. Mobile phone penetration rose from 13% in 2013 to 126% in 2021. Today, mobile phone services are available to all citizens of Myanmar.

Creating Local Employment in Emerging Countries and Continuing Locally Based Activities That Start with the Launch of a Business

KDDI's experience and track record of operating and developing locally based businesses over the long term are advantages for KDDI. These businesses require a massive capital investment and huge running costs. In Mongolia and Myanmar, we have established a cycle of providing services to local customers at affordable prices, financing capital investment using the operating revenue and then developing higher-quality services. We work with local people on site to ensure

the autonomous operation of businesses from a local perspective. We have more than 1,700 employees in Mongolia and more than 1,300 in Myanmar. Most of them are locally employed. We are working to maintain the telecommunication infrastructure that is an indispensable part of people's lives together with highly-skilled local staff.

Continuing to Work to Support Economic Development and the Improvement of People's Quality of Life

Seeing that mobile phones are now widely used, I feel that we succeeded in supporting the economic development and the qualitative improvement of people's lives in Mongolia and Myanmar. However, there are still lots of problems unique to emerging countries, including inequalities in education and water issues. In Mongolia, we provide affordable communication services to children 13 years of age and younger under the "Stars" brand. We are also involved in the "Smart Education" project, which supports learning during the pandemic in collaboration with World Vision Mongolia, an international non-governmental organization, Mongolia's Ministry of Education and Science and the United Nations Children's Fund (UNICEF). It provides equal educational opportunities to children who may lag behind in learning without access to education services because they lack an Internet connection or smartphone. In the Mongolian government's promotion of industry in the IT and digital domains, we continue our activities of donating computers recycled by KDDI to public-owned schools and administrative facilities in different regions in the country with a view toward supporting the development of younger generations.

In Myanmar, we carried out the "Clean and Sustainable Water Program." With the goal of solving water problems, it constructed wells in villages with poor access to water for everyday living. We will continue many different locally-led initiatives in emerging countries to create a virtuous cycle of social and environmental contribution and business growth.



Values we embrace (4)
Eliminating Regional and Economic Disparities Globally

[Mid-Term Sustainability Targets (FY23.3-FY25.3)]

Expansion of global business in Myanmar
Striving to maintain social infrastructure that is essential in people's lives while ensuring employee safety and respecting the human rights of people in emerging countries

Education and the development of the next generation with telecommunications in Mongolia
Stars: a communication service for children 13 years of age and younger who will be the next generation
 Number of subscribers (cumulative total) **180,000**

[Concrete Actions]

- ▶ **Providing a high quality telecommunication environment that is accessible to anyone**
- ▶ **Developing next-generation digital professionals who will support the economic development of emerging countries**
- ▶ **Resolving inequalities in education and other social issues in collaboration with outside partners**

[Strengths]

- **Experience and track record in the operation and development of locally based telecommunication businesses**
- **Locally employed staff who are highly skilled**
- **Expertise in problem solving through the expansion of telecommunication and peripheral services**

[Risks]

- **Destabilization of social circumstances in emerging countries**
- **Achievement of autonomous and continuous economic development**

[Opportunities]

- **Continued ubiquitization of digital services**
- **Advancement of telecommunication and IT technologies (such as 5G, IoT, xR and AI)**

[Social Issue]

Regional and economic disparities between developed countries and emerging countries or within emerging countries

2 Promotion of innovation centered on telecommunications
 ▶ Values we embrace (4) **Eliminating Regional and Economic Disparities Globally**

Business Expansion in Mongolia

Mongolia has a population of approximately 3 million and a land area approximately four times the size of Japan. To provide telecommunication services to this vast country, we launched our telecommunication business in 1996 by establishing MobiCom Corporation LLC (hereafter referred to as “MobiCom”), a local subsidiary in the country. In the 26 years since, MobiCom has led the telecommunications and IT industries in Mongolia as the country’s largest integrated telecommunications operator.

Since the launch of the first mobile telecommunications service in Mongolia, MobiCom introduced 3G service in 2009 and 4G LTE service in 2016, expanding the number of 4G wireless base stations from 60 as of 2016 to 1,000 by 2020, and has maintained the No. 1 market share in the country. In 2018, MobiCom also obtained the country’s first E-money license and offers payment and loan services etc. through its mobile e-money “monpay app.”

In KDDI’s human resources exchange program, MobiCom

employees are engaged in tasks related to wireless communication technology and IT security, enabling them to apply the skills they acquired in Japan to provide higher quality communications services in Mongolia after their return.

We will continue to contribute to the development of telecommunications infrastructures in Mongolia and support the development and improvement of infrastructures of everyday life of Mongolian citizens.



Experience booth at MobiCom shop

“Smart Education” Project to Support Learning Against the Backdrop of COVID-19 in Mongolia

MobiCom, a consolidated subsidiary of KDDI, is implementing the “Smart Education” project nationwide in Mongolia as part of its Corporate Social Responsibility (CRS) activities in cooperation with World Vision Mongolia (an international NGO that supports children), the Ministry of Education and Science, and UNICEF. In Mongolia, over 60% of teaching moved online due to the spread of COVID-19, but 180,000 children could not have access to online classes because they did not own smartphones or other devices. This could delay the learning of these children. To address this, we launched the “Smart Education” project to provide equal educational opportunities for all Mongolian children. In 2021, as part of the project, we gave 1,320 students aged 8-13 years old from all over Mongolia a smartphone and a communication package with 3GB of data usage. In 2022, an additional 2,000 children participated in this project.



Children who participated in the project

Stars: Telecommunications Service for Children Aged 13 and Under

Stars is MobiCom’s telecommunication service for children aged 13 and under. The service is safe and easy to use for both parents and children, allowing parents to put money on smartphones of their children, for example.

By leveraging synergies with the “Smart Education” project, we aim to reach 180,000 subscribers by the end of FY25.3 to help eliminate inequalities in educational opportunities due to regional and economic disparities.

Training Programs for MPT Workers Who Will Be the Next Generation

To further improve customer satisfaction and telecommunication quality in Myanmar, KDDI has been running long-term training programs for MPT workers.

In these programs, KDDI employees instruct trainees on advanced network technology and pass on the knowledge and

expertise in sales and business operations that they have cultivated over many years.

After returning to Myanmar, the trainees use the skills they acquired in Japan to contribute to the country’s development.

Initiatives for Water-Related Issues in Emerging Countries

W.A.S.H. Project (MobiCom)

In cooperation with the international NGO World Vision Mongolia, we have installed flush toilets and washbasins in schools with no water or sewage infrastructure to improve sanitation.

Clean and Sustainable Water Program (Myanmar)

By implementing well maintenance, the program helps to improve public health in villages in water-stressed areas where it is difficult to access clean water.



KDDI Foundation International Cooperation Projects

The KDDI Foundation conducts overseas human resources development, projects to eliminate the digital divide, and educational and cultural support activities to contribute to the sustainable development of developing countries through the use of ICT, responding flexibly to the social issues that are emerging due to the COVID-19 pandemic.

Overseas human resources development

Since 1957, we have planned and conducted technical training in information and telecommunications for trainees from developing countries. To date, over 6,000 trainees from 144 countries have attended our courses.

Project to eliminate the digital divide

We are working with local government agencies on Asia-Pacific Telecommunity (APT) projects to contribute to eliminating the digital divide.

Educational and cultural support for developing countries

We provide a variety of support to help children realize their potential and develop the human resources that will lead the future. In Cambodia, we build schools, provide educational support such as English and computer classes, and support the dissemination of traditional performing arts. In Myanmar, we support art and music classes in private schools. In Nepal, we provide educational support using ICT, such as classes in robot programming. In other countries, we are promoting the use of online and localized support.

KDDI Foundation International Cooperation Projects (Japanese only)



Field testing of drone for disaster use in Vietnam



Robot programming education in Nepal