

Corporate Governance

KDDI's Approach and Guidelines on Corporate Governance

As a telecommunications operator that provides social infrastructure, 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, our telecommunications 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 truly connected society. We recognize reinforcing corporate governance as important to achieving sustainable growth and increasing corporate value over the medium to long term. Ac-

cordingly, we are in accordance with the tenets of the “Corporate Governance Code” defined by the financial instruments exchanges. 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 a code of conduct that executives 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, 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 increase corporate value over the medium to long term.

Corporate Governance Report

Changes in the Corporate Governance Framework

		2000 —		2005 —		2010 —		2015 —		2020 —		
President		Yuusai Okuyama		From June 2001 Tadashi Onodera		From December 2010 Takashi Tanaka		From April 2018 Makoto Takahashi				
Directors*1	Number of directors	53*2	13	12	11	10	13	12	13	14	12	
	Outside directors			2	3	4	3	2	3	4	5	6
Assurance of diversity*1	Number of female directors								1		2	
Audit & Supervisory Board members*1	Number of Audit & Supervisory Board members	5	4	5						4*4	5	
Ensure independence	Number of independent directors*3					2	1	3	4	5	6	7
	Advisory Committee								Nomination Advisory Committee established in 2015			
Transparency in executive remuneration	Introduction of a stock option system in 2002											
	Remuneration Advisory Committee established in 2011											
	Introduction of a performance-based bonus system for executives in 2011											
	Introduction of stock compensation plan for directors in 2015											
Introduction of stock price-linked bonuses in 2019												
The KDDI Group Philosophy	Enactment in October 2000		Revised, continued promotion activities from 2013									

*1 Number of people at the conclusion of each Annual General Meeting of Shareholders

*2 Number of people at the launch of KDDI in October 2000

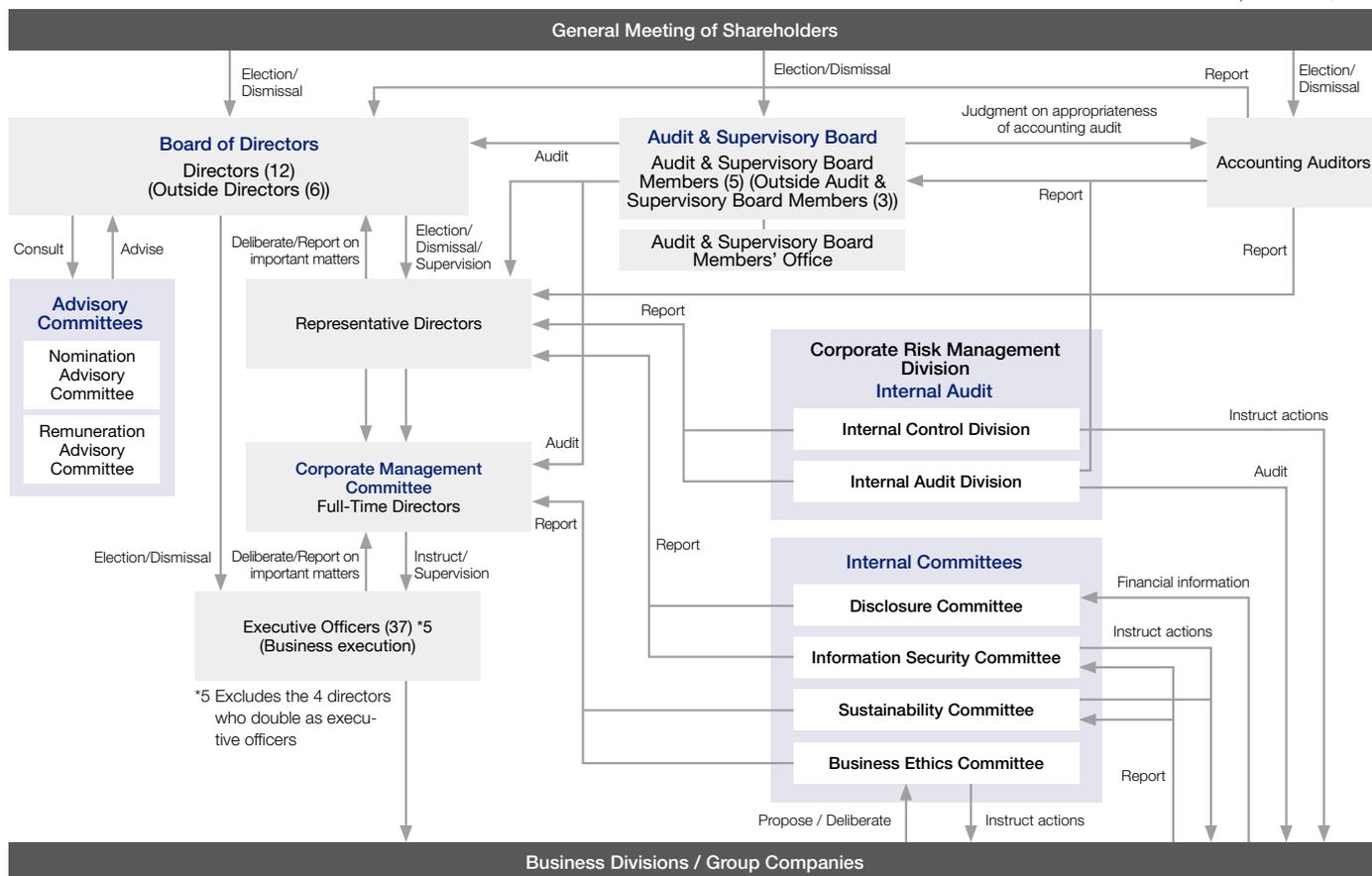
*3 Independent directors pursuant to Rule 436-2 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc.

*4 Outside director Shin Honto passed away on April 28, 2021 and his position as an Audit & Supervisory Board member concluded that day.

Corporate Governance

Corporate Governance Framework

(As of Oct. 1, 2022)



Corporate Governance Promotion Framework

We believe strengthening corporate governance to be one of the most vital issues in enhancing corporate value, and we are working to improve management efficiency and transparency.

KDDI is currently a company with board of company auditors, and in order to properly manage business execution, we have introduced an executive officer system to assign authority, clarify responsibilities and ensure effective and efficient business operations. We are also working to establish a framework for internal decision making to ensure timely management decisions. The number of directors is 12 (10 male and 2 female), including 6 outside directors, 4 of whom are independent directors, meeting the criteria for the ratio of independent outside directors (1/3 or more) required of companies listed on the Tokyo Stock Exchange Prime Market under the Corporate Governance Code. The Audit & Supervisory Board members consist of 5 members (all male), including 3 Outside Audit & Supervisory Board members, who are designated as independent directors. Regarding independent directors, the Company has a total of 7 independent directors and Audit & Supervisory Board members, ensuring a high degree of independence.

For the outside directors/auditors, we also provide a wide range of information outside the board meetings, including on business strategies, management status, R&D, and technology. Specifically, the heads and general managers of each business headquarters explain overall picture of business and issues, and regularly report on the management status of subsidiaries. In addition, we provide

opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunication facilities and network monitoring center and other workplaces.

We report twice a year on corporate ethics and risk management activities. Moreover, in order for outside directors to strengthen their ability to gather information, they are invited to attend meetings of the Audit & Supervisory Board members when the auditing firm reports the results of the second-quarter review and the year-end audit, and liaison meetings with Audit & Supervisory Board members are held twice a year. In addition to the above, to strengthen information exchange and sharing between outside directors, we hold liaison meetings exclusively for outside directors and liaison meetings for outside directors and part-time outside Audit & Supervisory Board members.

We aim to raise the effectiveness of the Board of Directors' supervision of management and invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives.

Criteria for Independence of Outside Directors/Auditors

In addition to the requirements in the Companies Act and the standards provided financial instruments exchanges we have formulated our own standards for judging the independence of outside directors/auditors. Specifically, we consider those belonging to business partners that account for 1% or more of the company's consolidated operating revenue or orders placed not independent.

Directors and Board of Directors

The Board of Directors is composed of directors, including independent outside directors. They determine important legal matters and supervise the business execution of directors, etc., to ensure the appropriateness.

Board of Directors FY22.3 Meetings

Number of meetings held	Internal directors' attendance rate	Outside directors' attendance rate	Outside auditors' attendance rate
12	100%	100%	100%

Evaluation of the Board of Directors' Effectiveness

Purpose of Conducting

We conduct a self-evaluation of the Board of Directors regularly every year in order to correctly understand its situation and continuously improve its operation.

Evaluation Process

We assess the effectiveness of the Board of Directors based on an evaluation by all the directors and Audit & Supervisory Board members themselves. The evaluation questionnaire combines a four-grade rating scale and free writing so that the effectiveness of the board's initiatives are assessed and matters to be improved are identified from two perspectives: quantitative and qualitative.

The evaluation covers the most recent one year and is conducted annually. The results of the evaluation are reported back to the Board of Directors to discuss future measures.

The main evaluation items are as follows:

- Operation of the Board of Directors (composition of members, documents and explanations, provision of information, etc.)
- Supervision of Executives (conflict of interest, risk management, management of subsidiaries, etc.)
- Medium- to long-term discussions (participation in mid-term management strategies, monitoring plan execution, etc.)

Evaluation Results

Summary

The evaluation confirmed that KDDI's Board of Directors is operating properly and functioning effectively. The following two points received particular praise:

- Management of the Board of Directors meetings utilizing the knowledge of outside directors

The Company has fostered a culture in which outside directors can actively speak up at Board of Directors meetings.

In addition, executives are responding sincerely to the opinions and questions of outside directors, and the Board of Directors is managed in a manner that takes advantage of the knowledge of outside directors from various backgrounds.

- Discussions focused on sustainable growth and the medium- to long-term enhancement of corporate value

Discussions are being held from a medium- to long-term perspective on themes such as the sustainable growth of the mainstay domestic telecommunications business, full-scale rollout of 5G, and value creation through the integration of telecommunications and life design, the previous mid-term management strategy.

Improvements from Previous Evaluation

In the previous meetings, each director and Audit & Supervisory Board member proposed various themes to be discussed in the process of formulating new Mid-term Management Strategy to ensure KDDI's sustainable growth in a rapidly changing business environment, by holding discussions among directors and Audit & Supervisory Board members utilizing their diverse experiences and knowledge.

Based on this challenge, in 2021, we ensured time for the active and constructive exchange of opinions among executives and sufficient time for deliberations, and discussed various issues, including the proposed themes, for the formulation of the new Mid-Term Management Strategy.

Moving Forward

Through proactive initiatives based on the "Satellite Growth Strategy" with telecommunications at its core, KDDI continues to diversify its business domains and expand its business scale through an increase in the number of group companies.

In this environment, we believe that in order for the KDDI Group to fulfill its social responsibilities and achieve sustainable growth while appropriately responding to various risks, it is important to further strengthen corporate governance, which serves as the foundation for such efforts.

The Group as a whole will strive to further disseminate the "KDDI Group Philosophy," which serves as the foundation of its corporate activities, as well as strengthen its governance system, including risk management, while enhancing the effectiveness of risk management through timely and appropriate supervision by the Board of Directors.

[🔗 NOTICE OF THE 38TH ANNUAL SHAREHOLDERS MEETING](#)

[🔗 Business Report Video \(Initiatives of the 38th Year\) \(Japanese only\)](#)

Corporate Governance

Audit & Supervisory Board and Auditors

The KDDI Audit & Supervisory Board is composed of 5 members, including 3 outside members. Audit & Supervisory Board members conduct audits in accordance with the audit policy, execution plans for auditing, audit methods and work assignments determined by the Audit & Supervisory Board. All 3 outside Audit & Supervisory Board members are independent directors.

Full-Time Audit & Supervisory Board members attend meetings of the Board of Directors, as well as the Corporate Management Committee and other major meetings (Management Strategy Meeting, Monthly Profitability Review Meeting, KDDI Group Business Ethics Committee, etc.) to perform their audit duties, and express their opinions, as necessary.

In addition, in order to ensure sufficient communication with Representative Directors and to deepen mutual recognition and trust, they exchange opinions with Representative Directors twice a year on important audit issues, improvement of the auditing environment for Audit & Supervisory Board members, audit results, and requests related to audits.

Part-time outside Audit & Supervisory Board members receive reports on and discuss the auditing methods and results of the full-time Audit & Supervisory Board members at the Board of Auditors meetings, receive explanations of management policies and growth strategies at Board of Directors meetings, and express their opinions as appropriate from their standpoint as independent auditors. In addition, to promote communication with Representative Directors, roundtable meetings are held twice a year to exchange opinions.

In addition, Audit & Supervisory Board members obtain a written explanation of the audit plan, which includes the audit policy, audit plan, and audit system of the accounting auditors, and they also receive explanations and exchange opinions on the content of the explanation. Furthermore, the Company receives quarterly reports from the accounting auditors on the methods and results of audits (including quarterly reviews) and holds

discussions with them. In addition, the Company communicates with the accounting auditors as necessary and exchanges opinions to contribute to the formation of mutual audit opinions.

The Audit & Supervisory Board Member's Office has been established as a department to assist the Audit & Supervisory Board members in their duties. The Audit & Supervisory Board Member's Office has dedicated employees, and each Audit & Supervisory Board member has the right to direct and order these employees, with the prior consent of the Audit & Supervisory Board or a full-time Audit & Supervisory Board member as determined by the Audit & Supervisory Board.

Audit & Supervisory Board FY22.3 Meetings

Number of meetings held	Full-time Audit & Supervisory Board members' attendance rate	Part-time Outside Audit & Supervisory Board members' attendance rate
12	100%	100%

Internal Audits

We established the Audit Department in the Corporate Risk Management Division, which is in charge of risk management of the KDDI Group. It conducts internal audits of overall KDDI Group operations on the important risks identified through risk management activities. The results of internal audits are reported to the Company President and Audit & Supervisory Board members together with requests and recommendations concerning improvements and corrective measures to address highlighted issues, and the status and results of internal audits are also reported to the Board of Directors every quarter. In FY22.3, a total of 34 audits were carried out to monitor the progress of corrective / improvement measures and to prevent risks from materializing.

Nomination Advisory Committee and Remuneration Advisory Committee

To ensure the transparency and fairness of systems and standards for nomination of directors and Audit & Supervisory Board members and their executive remuneration, we have established the Nomination Advisory Committee and the Remuneration Advisory Committee, which deliberates and provides advice to the Board of Directors based on discussions thereof. The chair, vice-chair and more than half of the members of these committees are independent outside directors.

Nomination Advisory Committee Composition

Chair: Riyo Kano (Independent Outside Director)
Vice Chair: Shigeki Goto (Independent Outside Director)
Members of Committee:
Tsutomu Tannowa (Independent Outside Director)
Junko Okawa (Independent Outside Director)
Takashi Tanaka
Makoto Takahashi

Remuneration Advisory Committee Composition

Chair: Shigeki Goto (Independent Outside Director)
Vice Chair: Riyo Kano (Independent Outside Director)
Members of Committee:
Tsutomu Tannowa (Independent Outside Director)
Junko Okawa (Independent Outside Director)
Takashi Tanaka
Makoto Takahashi

Meetings Held FY22.3

The Nomination Advisory Committee met three times, and all members attended each time. The committee discussed the nomination of executives candidates at Annual Shareholders Meeting and other matters. The Remuneration Advisory Committee met twice, and all members attended each time. The committee discussed the payment of performance-linked remunerations and stock price-linked remunerations and executive remuneration levels and other matters.

Other Committees

We have established the Business Ethics Committee, a deliberative and decision-making body for compliance-related items, and the Disclosure Committee, a deliberative body for releasing information. We also have established the Sustainability Com-

mittee, which deliberates the promotion of sustainability. We collaborate with our group companies to manage their governance through various systems and frameworks in order to enforce the governance of the whole KDDI Group.

Items Related to Organizational Structure and Operations

Organizational form	Company with board of company auditors
Number of independent directors/auditors	7 (including 2 female)

Items Related to Directors

Number of directors prescribed in the articles of incorporation	20
Tenure period of directors prescribed in the articles of incorporation	1 year
Presiding Chair of Board of Directors	Chairman (President and Chairman are separate posts)
Number of directors	12 (including 2 female)
Outside directors	Appointed
Number of outside directors	6 (including 2 female)
Number of outside directors designated as independent directors	4 (including 2 female)

Items Related to Audit & Supervisory Board Members

Number of members prescribed in the articles of incorporation	5
Number of members	5 (all male)
Outside members	Appointed
Number of outside members	3 (all male)
Number of outside members designated as independent members	3 (all male)

Others

Number of executive officers	36 (34 male, 2 female) * Excludes the 4 directors who double as executive officers
Implementation of anti-takeover measure	Not implemented
President and Representative Director remuneration/average KDDI employee annual salary	23 times

[Changes in the Corporate Governance Framework](#)

[Corporate Governance Framework](#)

Approach to Composition of Board of Directors

KDDI aims to transform ourselves into a “human resources first company” that regards human resources as its most significant resource and places their development and enhancement at the core of its management, and we consider including diverse human resources and utilizing their various knowledge, experiences, and skills to be an important growth driver. We believe that also ensuring diversity in the Board of Directors can lead to

better management decision making.

KDDI appoints people who meet the following criteria regardless of gender, age, nationality, race or ethnicity to ensure a diversity of opinions and highly specialized knowledge within the Board of Directors as a whole when making decisions including important management matters and implementing oversight as required by law.

Corporate Governance

Policies and Procedure for Nomination of Director and Audit & Supervisory Board Member Candidates

Appointment and Selection Standards

For both types of candidates: Have the character suitable for being a Board member, have high ethical standards and not be self-serving

Director candidates: Meet one or more of the following criteria:

- Have specialized knowledge and experience in each business field
- Have specialized knowledge or management knowledge suitable for a supervisor
- Have a high degree of independence

Audit & Supervisory Board member candidates: Have a wealth of experience and broad knowledge that will enable more appropriate audits and oversight of overall management from a position that is independent from directors

Nomination and Election Procedures for Directors

- (1) Select candidates based on the above criteria
- (2) Deliberate them at a Nomination Advisory Committee
- (3) Approve them at a Board of Directors
- (4) Elect them at the Annual Shareholders Meeting

Nomination and Election Procedures for Audit & Supervisory Board Members

- (1) Select candidates based on the left criteria
- (2) Deliberate them at a Nomination Advisory Committee meeting
- (3) Gain approval from the Audit & Supervisory Board
- (4) Approve them at a Board of Directors meeting
- (5) Elect them at the Annual Shareholders Meeting

Consideration Criteria for Termination

- When the performance of a business that a director is responsible for or the achievements of a department a director is responsible for are exceptionally poor
- When the company is harmed by a major misstep or intentional violation of a law, regulation or the Articles of Incorporation in their execution of duties
- When the company's credibility and reputation are significantly damaged by the inappropriate seeking of personal gain through the abuse of position or authority
- When the company determines that keeping a director is not appropriate

Termination Procedures for Directors

- After deliberations at the Nomination Advisory Committee meeting, the Board of Directors deliberates the matter as needed and implements necessary measures for termination

Diversity and Expertise of the Directors and Audit & Supervisory Board Members

From the perspective of achieving sustainable growth for the KDDI Group, KDDI has defined six skills in areas of expertise and experience that we believe are important for our directors and Audit & Supervisory Board members. The skills possessed by each director and Audit & Supervisory Board member are as follows.

	Name of director	Corporate management	Sales and marketing	Global	Digital technology	Finance and accounting	Legal affairs and risk management
Internal Directors	Takashi Tanaka	●	●	●	●		●
	Makoto Takahashi	●	●	●	●		●
	Shinichi Muramoto	●				●	●
	Keiichi Mori		●	●	●		
	Toshitake Amamiya	●	●	●			
	Kazuyuki Yoshimura				●		
Outside Directors	Goro Yamaguchi	●	●	●			●
	Keiji Yamamoto	●		●	●		
	Riyo Kano						●
	Shigeki Goto			●	●		
	Tsutomu Tannowa	●	●	●			●
	Junko Okawa	●	●				
Audit & Supervisory Board Member	Kenichiro Takagi	●				●	
	Noboru Edagawa	●		●	●		
	Yukihiro Asahina						●
	Toshihiko Matsumiya					●	●
	Jun Karube	●	●	●			●

Remuneration for Directors and Audit & Supervisory Board Members

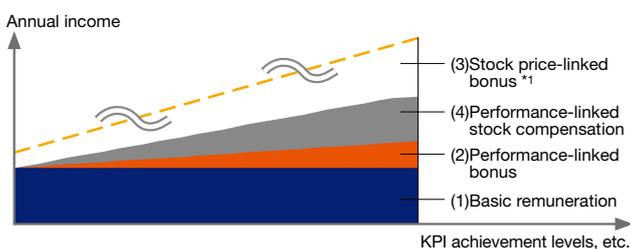
1. Remunerations for Directors

- The compensation of directors engaged in business execution is based on the KDDI Group's business performance for each fiscal year, progress toward the goals of the mid-term management strategy, and a compensation system linked to shareholder value in order to increase the willingness to contribute to the improvement of corporate value over the medium to long term.
- Outside directors who perform management supervising functions without involvement in the execution of businesses receive only fixed amount remuneration that does not vary with the Company's business performance.
- The Company has established the Remuneration Advisory Committee to ensure transparency and objectivity in the process of determining the system and levels of executive remuneration, along with the remuneration amounts based on these. This committee has a chair, and vice-chair, and at least half of the committee members are independent outside directors.

- The decision of the amounts of basic remuneration, performance-linked bonus, performance-linked stock compensation, and stock price-linked bonus are not delegated to the representative director, but the amounts are decided by resolution of the Board of Directors based on the advice of this committee.
- KDDI's executive remuneration levels are decided through comparison with sector peer companies, or with other companies of the same scale, in Japan, and take into account factors that include KDDI's management status. The appropriateness of the remuneration levels is also validated by the Remuneration Advisory Committee every year, with reference to objective survey data from an external specialized organization.
- For those who have made serious violations of the duties of directors, contrary to the delegation contract between KDDI and the directors, we may suspend the payment of performance-linked remuneration or demand the return of such remuneration.

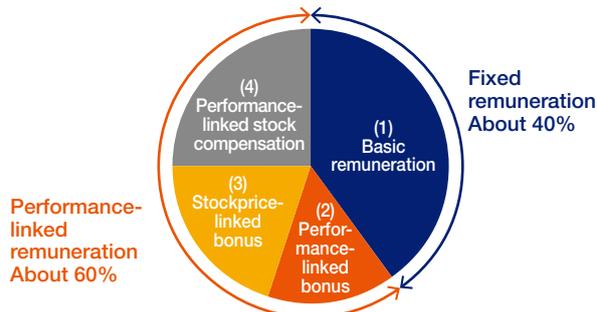
2. Policy on the Content of Director Remuneration

Example of Compensation for Directors



Note: The graph was created based on the remuneration model for the President.
*1 Because stock price-linked bonuses change in line with EPS growth rate and stock price changes, the graph is only an example.

Breakdown of Executive Remuneration



Note: The graph was created based on the actual remuneration of the President in FY22.3.

(1) Basic remuneration

It's monetary remuneration for which a fixed amount for each position is paid on a monthly basis.

(2) Performance-linked bonus

Calculate the amount of payment for each individual by following formula, and pay money in the first June after the end of each business year.

Performance-linked bonus: Basic amount by position multiplied by the Company's operating performance and KPI achievement rate

(3) Stock price-linked bonus

Calculate the amount of payment for each individual by following formula, and pay money in the first June after the end of each business year.

Stock price-linked bonus : Basic amount by position multiplied by coefficient*

* Coefficient: (EPS growth rate x 50%) + (stock price fluctuation rate x 50%)

A) EPS growth rate : EPS at the end of current fiscal year divided by EPS at the end of previous fiscal year

B) Stock price fluctuation rate (TOPIX growth rate): (KDDI's stock price at the end of current fiscal year / KDDI's stock price at the end of previous fiscal year) divided by (TOPIX at the end of current fiscal year / TOPIX at the end of previous fiscal year)

(4) Performance-linked stock compensation

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

Performance-linked stock compensation: Basic points by position multiplied by the Company's operating performance and KPI achievement rate

Corporate Governance

Reasons for selecting each evaluation metric and results are as follows:

The Company's operating performance

Reasons for selection

A basic numerical value clearly showing a company's business performance.

Result

As stated on page 184. [- P184](#)

KPI achievement rate

Reasons for selection

KPI achievement rate is to measure the achievement rate of each business strategy under the mid-term management strategy, and therefore linked to the business growth and performance improvement.

Result

ESG-related items are also set as indicators along with indicators in each business strategy. In consideration of the importance of ESG, in FY23.3, one of the calculation criteria for (2) performance-linked bonus and (4) performance-linked stock remuneration in variable remuneration has been increased to approximately 30% of the total KPI.

EPS growth rate

Reasons for selection

To provide a strong incentive to achieve the target of the mid-term management strategy by using an indicator set as a target under the plan.

Result

1.06

Stock price fluctuation rate

Reasons for selection

To enhance a correlation between remunerations for directors and the shareholders value by using an indicator that is directly linked with an increase/decrease in shareholders value.

Result

1.18

3. Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members is decided by the consensus of the members of Audit & Supervisory Board. These members receive flat-rate remuneration that is not affected by fluctuations in the company's operating performance.

4. Remuneration for Directors and Audit & Supervisory Board Members (FY22.3)

Unit: million yen

Executive classification	Total remuneration	Total remuneration by type			Number of eligible members
		Basic remuneration	Bonus	Stock compensation	
Directors (excluding outside directors)	939	378	375	186	9
Outside directors	84	84	—	—	5
Audit & Supervisory Board members (excluding outside members)	63	63	—	—	2
Outside Audit & Supervisory Board members	53	53	—	—	4

1. The number and amount of auditors paid above include 1 outside Audit & Supervisory Board member who passed away on April 28, 2021.

2. In addition to the above, adjustment payments to directors in lieu of retirement allowance were resolved at the 20th Annual Shareholders Meeting held on June 24, 2004 in connection with the cancellation of the executive retirement bonus system.

5. Total Remunerations and Bonuses of Board Members Who Receive Over 100 Million Yen (4 people)

Unit: million yen

Name	Executive classification	Total remuneration	Total remuneration by type		
			Basic remuneration	Bonus	Stock compensation
Takashi Tanaka	Director	162	52	85	25
Makoto Takahashi	Director	219	78	94	47
Takashi Shoji	Director	110	45	45	21
Shinichi Muramoto	Director	110	45	45	21

Outside Director/Auditor Support System

To ensure active discussions in the Board of Directors meetings, we inform outside directors and Audit & Supervisory Board members at least 3 days in advance of the dates and agenda items and provide agenda materials for upcoming meetings to help them gain a deeper understanding of the agenda in advance. In addition, we make the deliberations more substantial by accepting questions beforehand and preparing more extensive explanations for the meetings based on the questions.

We also provide a wide range of information outside the board meetings, including on business strategies, management status, R&D and technology. Specifically, each division's general manager and Director provide detailed explanations of the general overview of the business and issues and regularly report on the management status of subsidiaries, we provide opportunities to visit in-house exhibitions of R&D achievements as well as the telecommunications equipment and network monitoring center and other workplaces. We also provide two reports every year on corporate ethics and risk management activities.

Policies on Parent and Subsidiary Listings

One of KDDI's subsidiaries, Okinawa Cellular Telephone Company (hereafter "Okinawa Cellular"), is listed on the Tokyo Stock Exchange Standard Market.

Being committed to "growth as a group," KDDI aims to maximize mutual synergies and expand and strengthen new growth foundations for the entire group by maximizing the use of our assets and supporting the growth of group companies.

Okinawa Cellular was established with the cooperation of several prominent local companies, making it a community-based company that contributes strongly to the local community.

Based on this background, we believe that there are the following advantages to having Okinawa Cellular as a publicly traded company, and we believe that it continues to be significant to have Okinawa Cellular as a listed subsidiary.

1. Returns to investors

By implementing shareholder return measures as a listed company, Okinawa Cellular will be able to return profits to its investors, including local companies that cooperated in the company's establishment and investors who have supported the company since its listing.

Okinawa Cellular's shareholder return policy should be determined in consideration of the interests of all shareholders, taking into account the balance between medium- and long-term business growth and shareholder returns, and its implementation will be determined at the company's discretion as an independent listed company.

2. Contributing to employment in Okinawa prefecture and securing talented human resources

Currently, many people from Okinawa prefecture have joined Okinawa Cellular and are playing an active role in the company. Given the geographical characteristics of Okinawa Cellular, we

In addition, to enable outside directors to strengthen their ability to gather information, they are invited to attend meetings of the Audit & Supervisory Board when the auditing firm reports the results of the second quarter review and the year-end audit, and liaison meetings with Audit & Supervisory Board members are held twice a year.

To promote cooperation among outside directors, we hold liaison meetings exclusively for outside directors and liaison meetings for outside directors and part-time Audit & Supervisory Board members.

We aim to raise the effectiveness of the Board of Directors supervision of management and to invigorate discussions of management strategies at board meetings by providing a deeper understanding of our business through these initiatives.

We established the Audit & Supervisory Board Member's Office, which supports Audit & Supervisory Board members, including part-time outside members.

believe that the fact that its business area is limited to Okinawa prefecture meets the needs of people from Okinawa who wish to work locally, and the fact that Okinawa Cellular is a publicly listed company also helps us recruit talented personnel.

3. Promote the use of Okinawa Cellular's services and increase subscriptions by earning the trust of Okinawa residents

In addition to KDDI's similar services, Okinawa Cellular also offers unique services based on local conditions. As a community-based listed company, we believe that we have earned the trust of people in Okinawa by operating our business in line with the expectations of the local community, and this has led to the promotion of Okinawa Cellular's service use and increased subscriptions.

For transactions that may cause conflicts of interest, Okinawa Cellular determines whether to implement the transaction after multifaceted discussions by independent outside directors and independent outside auditors. Okinawa Cellular has also established a voluntary committee led by an independent outside director as an Advisory Committee to the Board of Directors to discuss director nominations and compensation, and decisions regarding management nominations and compensation are made after discussions by Okinawa Cellular's independent directors/auditors to ensure transparency.

Through these efforts, we will ensure management transparency from the perspective of protecting minority shareholders, and at the same time meet the expectations of our shareholders by increasing corporate value and returning profits to shareholders.

KDDI will continue to respect independence and autonomy while mutually cooperating with Okinawa Cellular in business operations and development as a group.

Corporate Governance

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 the medium- to long-term increase of corporate value.

Every year, the Board of Directors reviews all the pros and cons of continuing the possession of each individual strategic holding by judging its significance and economic rationale. When

a strategic shareholding is found to have only tenuous significance, KDDI will sell as promptly as possible.

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

Communication with Shareholders

We consider our shareholders and investors to be especially important stakeholders who fully understand and strongly support our business sustainability. Accordingly, we put the highest emphasis on building trust-based relationships with them in our management and strive to practice value-oriented corporate management, active information disclosure and enhanced communication. As part of our ongoing effort to improve communication, we hold quarterly presentation ses-

sions, where the management team presents KDDI's financial results directly. In addition, we organize private meetings and small-scale meetings with investors from both Japan and abroad and attend various conferences hosted by securities firms.

[Disclosure and IR](#)

Vitalizing the General Meeting of Shareholders and Facilitating the Exercise of Voting Rights

Measures	Content
Early disclosure of General Meeting of Shareholders Notice	We send a notice around one week before the stipulated day by mail. Prior to that, the whole notice is disclosed on our website.
Scheduling to avoid days when many other companies hold their shareholders' meetings	We schedule the shareholders' meetings to avoid days when many other companies hold their shareholders' meetings.
Electronic voting system	Shareholders can exercise their voting rights via an online voting site. From the 2019 General Meeting of Shareholders, we introduced a system where shareholders can log in to the online voting site using a QR code in an effort to make things more convenient.
Participating in an electronic voting platform	We have joined the electronic voting platform.
English version of convocation notice	We publish a full English translation of the convocation notice on our website, online electronic voting site and voting platform.
Others * Extracted from the Corporate Governance Report	Shareholders can see the notice with their smartphone. In addition, to encourage the participation of more diverse shareholders in the General Meeting of Shareholders, we offer sign language interpretation as well as a hearing loop. The video of the meeting is available to anyone on demand on our website. We also are livestreaming so that shareholders can watch the proceedings and questions and answers on the day from a remote location. We also received "advance questions" on the Internet. By using this, we are striving to revitalize communication with our shareholders even under the situation of COVID-19.

[Corporate Governance Report](#)

[NOTICE OF THE 38TH ANNUAL SHAREHOLDERS MEETING](#)

Principal Activities of Outside Directors and Outside Audit & Supervisory Board Members

* For independent members, we reappointed them as independent directors or auditors, judging from their background that there is no risk of a conflict of interest with general shareholders.

Outside Directors

Name	Reason for selection as an outside director of the Company (if designated as an independent director includes reason for this designation)	Principal activities in FY22.3
Goro Yamaguchi Male	Mr. 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 component and equipment manufacturers. On the Board of Directors, he expressed broad opinions related to business administration and operations from a medium- to long-term perspective, and has thus contributed to improving the corporate value of the Company. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution based on his management experience of the other company and provide advice from a wide range of management perspectives.	Board of Directors (Attended 12 of 12 meetings)
Keiji Yamamoto Male	Mr. 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. On the Board of Directors, he expressed broad opinions on promoting KDDI's 5G/loT strategy, etc., from a medium- to long-term perspective, and has thus contributed to improving KDDI's corporate value. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution and provide advice in the telecommunications field from technical perspectives.	Board of Directors (Attended 12 of 12 meetings)
Riyo Kano (Independent director) Female	Ms. Kano has abundant experience and superior knowledge, cultivated as a partner at a law firm and a committee member of government committees. On the Board of Directors, she expressed technical opinions related to legal risk management from a medium- to long-term perspective independent of the management team, and has thus contributed to improving KDDI's corporate value. She has again been appointed as an outside director because the Company expects her to contribute to enhancing the supervising function of business execution and provide advice from technical perspectives as a lawyer.	Board of Directors (Attended 12 of 12 meetings)
Shigeki Goto (Independent director) Male	Mr. Goto has a superior knowledge in information processing, telecommunications and network engineering, which is directly relevant to KDDI's business, as well as a deep understanding of cyber security that is valuable for the operation of our business. On the Board of Directors, he expressed technical opinions related to operational policy as an information communications operator providing social infrastructure, from a medium- to long-term perspective independent of the management team, and has thus contributed to improving KDDI's corporate value. He has again been appointed as an outside director because the Company expects him to contribute to enhancing the supervising function of business execution and provide advice in the telecommunications field from technical perspectives.	Board of Directors (Attended 12 of 12 meetings)
Tsutomu Tannowa (Independent director) Male	Mr. Tannowa has a wealth of corporate management experience cultivated as the Chairman of the Board and Representative Director of a major chemical manufacturer, while also offering excellent insight from a global perspective. He has been appointed as an outside director with the expectation that he will contribute to enhancing KDDI's corporate value by providing advice from a medium- to long-term perspective based on his management experience at the other company and by helping to strengthen the supervisory function of business execution.	—
Junko Okawa (Independent director) Female	Ms. Okawa has a wealth of corporate management experience, in addition to excellent insight cultivated from her work experience at a major airline company, especially in practical aspects such as customer service, corporate revitalization, and diversity promotion. She has been appointed as an outside director with the expectation that she will contribute to enhancing KDDI's corporate value by providing advice from a medium- to long-term perspective based on her management experience at other companies and by helping to strengthen the supervisory function of business execution.	—

* Mr. Tsutomu Tannowa and Ms. Junko Okawa are new directors who were appointed at the 38th Annual Shareholders Meeting.

Outside Audit & Supervisory Board Members

Name	Reason for selection as an outside Audit & Supervisory Board member of the company (if designated as an independent member includes reason for this designation)	Principal activities in FY22.3
Yukihiro Asahina (Independent auditor) Male	Mr. Asahina 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.	Board of Directors (Attended 10 of 10 meetings) Audit & Supervisory Board (Attended 10 of 10 meetings)
Toshihiko Matsumiya (Independent auditor) Male	Mr. Matsumiya has abundant experience and knowledge as a Certified Public Accountant, as an employee of an auditing company, as the representative of an accountancy firm and as an auditor for other companies. 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.	Board of Directors (Attended 12 of 12 meetings) Audit & Supervisory Board (Attended 12 of 12 meetings)
Jun Karube (Independent auditor) Male	Mr. Karube has cultivated abundant experience and knowledge as a representative director of a listed company. 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.	Board of Directors (Attended 12 of 12 meetings) Audit & Supervisory Board (Attended 12 of 12 meetings)

* Mr. Yukihiro Asahina was appointed as an Audit & Supervisory Board member at the 37th Annual Shareholders Meeting held on June 23, 2021. The attendance was counted after the appointment.