

Compliance



We recognize that in order to fulfill our social responsibilities through our business activities, raising compliance awareness throughout the Group is a fundamental issue of corporate management. As a global corporate group, we continue to further enforce our group-wide compliance framework.

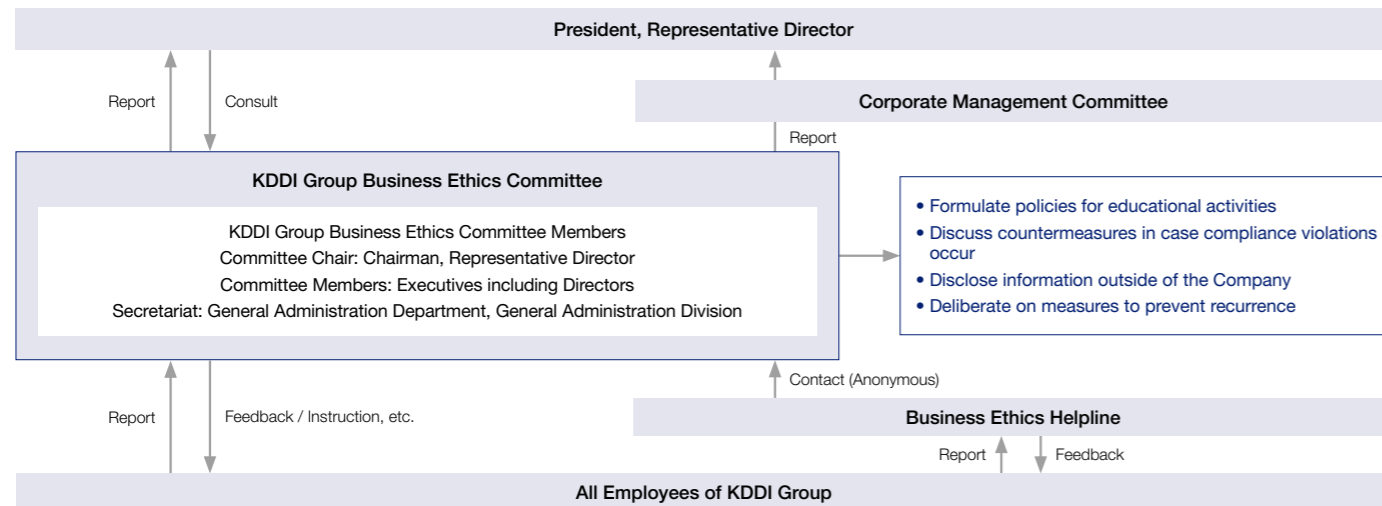
KDDI Group Compliance and Enforcement Framework

We created the KDDI Code of Business Conduct to support ethical behavior and ensure that every employee cultivates a compliance mindset. To ensure that the Code is shared and practiced, it is published on the intranet and a web link to the Code is put in business mobile devices lent to employees, enabling employees to check it whenever they are unsure what action to take. Also, we established the KDDI Group Business Ethics Committee as a decision-making body for KDDI Group's compliance related matters. The committee is chaired by the committee chair as Chairman, Representative Director, and members include directors and additional nominees appointed by the chair as required. The committee holds a meeting once

every half-year, and in addition to assessing the conditions of Group companies, it builds and supports enhancement of compliance frameworks. The committee is also responsible for helpline issues, corruption prevention and compliance issues such as breaches of competition laws.

Under the KDDI Group Business Ethics Committee, the committee formulates policies on raising awareness, discusses countermeasures in case compliance violations occur and is responsible for disclosure of such information as well as the prevention of recurrence. In addition, the reports on their activities are made available to all employees via the intranet.

KDDI Group Compliance and Enforcement Framework



Compliance Education, Training and Awareness Raising

Examples of Initiatives in FY22.3

Target	Examples of Initiatives
All KDDI employees	Promotion of the KDDI Group Philosophy
All KDDI employees	Distribution of web shortcuts related to the KDDI Code of Business Conduct to business mobile devices lent to employees
KDDI Group Business Ethics staff, etc.	Explanatory Seminar on the Revised Whistleblower Protection Act
New line managers	e-learning contents on compliance
Group company executives	Training for learning risk management in corporate operations, legal and accounting knowledge, and labor management

Compliance

Initiatives to Prevent Harassment

Examples of Initiatives in FY22.3

Examples of Initiatives
Dissemination of the KDDI Code of Business Conduct and thorough implementation of actions
Training on harassment for department heads, group leaders, and line managers
Harassment reporting questionnaire for employees
Dissemination of report counters such as the Sexual Harassment and Human Relations Hotline and the Business Ethics Helpline by distributing whistleblowing cards to employees
Responses to take when reported harassment cases have been substantiated

Business Ethics Helpline (Fraud Detection Mechanism)

We established the Business Ethics Helpline in 2006 to serve as a contact point for all employees of KDDI, KDDI Group companies and business partners who have questions or concerns about business ethics and legal compliance, including human rights issues. The helpline is available anytime and can receive reports through an internal or external contact point established in collaboration with external experts (Reports can be received by e-mail, phone call or letter, in multiple languages). We also accept anonymous consultations and declarations.

Furthermore, we accept consultations and reports in accordance with the Whistleblower Protection Act, which went into effect in April 2006 and was revised in June 2022.

We are actively promoting the use of the Business Ethics Helpline and the Sexual Harassment and Human Relationships Hotline by distributing whistleblowing cards.

In FY22.3, there were 502 consultations and reports in all KDDI Group (as of January 2022), but there was no consultation or reporting of serious issues that require external announcement.

The KDDI Group Business Ethics Committee investigates the issues consulted on and reported as required while protecting privacy, and when the problems are detected, the committee members as well as the management team and the Audit & Supervisory Board members review the report and take corrective actions along with measures to prevent recurrence.

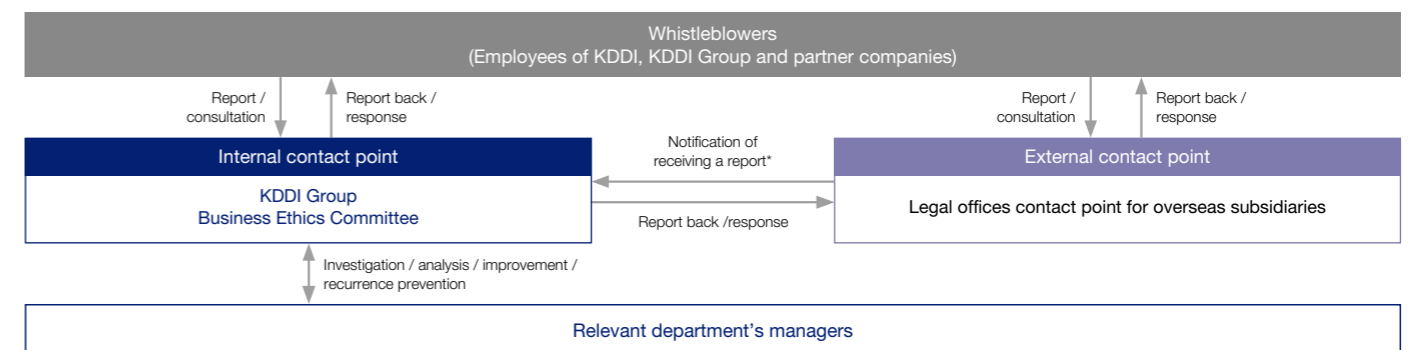
In the event that KDDI or KDDI Group company employees or others are found to have been affected by a violation of corporate ethics or legal compliance including human rights issues, KDDI is committed to redress the affected parties.

Compliance Consultations Received in the Last Two Years (KDDI Group)

Consultations	FY21.3	FY22.3
Compliance consultations	671	502
Breakdown: harassments	220	207
Breakdown: other compliance violations	451	295

* As of January 2022 for FY22.3

Business Ethics Helpline



* Consultations that the external contact point received are relayed to the internal contact point, keeping anonymity for the whistleblowers

Compliance

Elimination of Organized Crime Groups (Basic Approach and Implementation Status)

Our Basic Policy for the Creation of Internal Systems takes a firm stand on countering organized crime groups.

In addition to rules defining initiatives for blocking off any relations with such groups, the KDDI Code of Business Conduct,

which defines basic principles to be followed and enforced by all executives and employees, takes a firm stance against organized crime groups, rejecting any requests for illicit funds and refusing to comply with any demands.

Anti-Corruption Measures

Basic Approach to Anti-corruption

To prevent corrupt practices, the KDDI Code of Business Conduct defines the principles of promoting fair business activities and the conscientious performance of duties and prohibits activities such as bribing politicians and public officials, along with other similar types of corruption.

Specifically, this includes any business entertainment, gift and invitation given to a public official in the course of business with governmental agencies that is prohibited under the National Public Service Act and other applicable laws and regulations. KDDI has established that, when dealing with overseas governments and companies, employees will not provide any business entertainment, gift or invitation as stipulated in the UN Convention against Corruption as well as the laws and regulations of the relevant countries against foreign corrupt practices and unfair competition.

In addition to the above, we also stipulate the elimination of organized crime groups and prohibition of insider trading and anti-competitive behavior, and any violations will be punished in accordance with internal regulations. In order to prevent these

violations, we use e-learning courses and e-mails to inform all employees and raise their awareness. In FY22.3, there were no employees subject to disciplinary dismissal for violating the anti-corruption provisions of the KDDI Code of Business Conduct.

Sustainable Procurement

We also urge business partners to comply with the KDDI Sustainable and Responsible Procurement Guidelines, which defines the rules for prohibition of corruption, bribery, abuse of power and giving or receiving illicit funds.

Political Contributions

For any political donations we make, we observe the Political Funds Control Act and follow the KDDI Code of Business Conduct and the KDDI Sustainable and Responsible Procurement Guidelines.

In FY22.3, we made political donations totaling 6 million yen in Japan, and there were no cases of legal action against us concerning corruption or bribery.

Preventing Anti-competitive Behaviors

The KDDI Code of Business Conduct defines rules that prohibit anticompetitive behaviors, and we make efforts to ensure that all employees comply with competition laws.

In addition to competition laws, we stipulate that local laws and regulations in each country and region on labor, tax, the environment, consumer protection and data protection must be examined thoroughly to ensure full compliance.

Furthermore, under the KDDI Sustainable and Responsible Procurement Guidelines, we demand our business partners to not engage in any activities that inhibit fairness, transparency or freedom of competition.

However, in an undercover survey conducted by the Ministry of Internal Affairs and Communications (hereafter MIC), a certain number of cases were found in which distributors violated the spirit of Article 27-3 of the Telecommunications Business Law by refusing to sell mobile devices to non-wireline subscribers.

Therefore, in May 2021 and June 2022, KDDI received requests from MIC to take thorough measures to ensure that no inappropriate actions are taken. KDDI is in the process of reviewing its supervision system for distributors to ensure thorough compliance with the discipline.

In September 2021, following the compilation of the “2021 Report on Verification of Competition Rules” by MIC, KDDI received a request from MIC in the same month to quickly terminate existing contracts and to make it known that the handset purchase program is available without a wireline subscription. KDDI is striving to take appropriate measures, such as eliminating contract cancellation fees at the end of March 2022 to eliminate existing contracts and displaying easy-to-understand advertisements for handset purchase programs.

In June 2021, the Japan Fair Trade Commission (hereafter JFTC) released a follow-up study report titled “Competition Policy Issues in the Mobile Phone Market (FY2021 Study).” Based on the antimonopoly law and competition policy approach identified in the report, KDDI reported to the JFTC in October 2021 on changes to the handset purchase program offering method, the evaluation system for distributors, and the handling of proprietary merchandise, as well as other improvements, and also announced the improvements publicly.

We fully adhere to the related regulations and continue the appropriate business operations.

Responsible Tax Practice

Basic Tax Policy

We at KDDI Group pursue the satisfaction of our customers and benefits customers while fulfilling our social responsibilities not only by complying with international rules and applicable tax laws and regulations in all operating countries and regions, but also by complying with and following the spirit of the law and paying tax appropriately to engage in tax fairness, and thereby strive to maximize corporate value.

In FY22.3, we paid 331,957 million yen of corporate income tax, which accounts for 31.2% of gross income. KDDI Group submits the Securities Report after undergoing accounting audits by external independent accounting auditors and obtaining approval of the CFO (Executive Vice President, Representative Director / Executive Director, Corporate Sector) and the President.

Tax Governance Structure

The KDDI Group Tax Management Regulations have been established to ensure that the KDDI Group steadily implements the Basic Tax Policy in its actual business activities. KDDI Group companies are required to comply with the regulations. The regulations were established by KDDI and are overseen by the Chief Financial Officer.

Practical operations are transferred to KDDI's tax division, which reports to the CFO and the necessary meetings bodies when it becomes aware of significant events or risks related to the KDDI Group's tax affairs.

Initiatives to Maintain and Improve Tax Governance

As KDDI Group businesses become increasingly multinational and have more international transactions, our top management, including the President, is working to develop and promote a tax strategy that properly recognizes international tax risks and regards such risk as an important issue that is directly linked to management, while utilizing external specialists to have a deeper understanding of the latest tax updates. In addition, the head office is engaged in education for employees across the world and receives tax practice support from external specialists. With these initiatives, we strive to maintain and improve tax governance.

Also, with regard to the tax returns it prepares, KDDI has them reviewed by an external tax accountant corporation and obtains approval of the CFO before submitting them to the tax authorities.

Tax Transparency and Relations with Tax Authorities

To maintain the transparency of tax affairs, we prepare and submit an annual report on our activities by country in accordance with tax laws in Japan. We also work to build trust relationship with tax authorities in each country by conducting timely and appropriate disclosure of tax-related information, such as a business summary report on the overall status of the Group's activities in line with the relevant laws, regulations and disclosure standards of each country and region in which we operate. With these initiatives and prior inquiries as required, we strive to reduce tax risks.

Efforts to Prevent Tax Avoidance

In accordance with OECD's Action Plan on Base Erosion and Profit Shifting (BEPS), we are committed to ensuring proper tax payment in all operating countries including Japan, by aligning tax payments with the location of our economic activity and value creation, in line with the revision of tax regulations to tackle BEPS.

In particular, we handle transfer pricing taxation and anti-tax haven taxation, which are critical international taxation issues.

Transfer Pricing Tax Compliance

The KDDI Group's business is primarily in telecommunications and ancillary businesses in Japan, and its foreign-related transactions are few compared with those of other multinationals of similar size.

Where foreign-related transactions are conducted, the prudence of the foreign-related transaction is confirmed in compliance with the laws and regulations of the relevant countries, and transfer pricing documentation is prepared. Additionally, depending on the size of the foreign-related transaction, we pay the appropriate taxes by utilizing various systems in consultation with the tax authorities.

Tax Haven Tax Compliance

We do not use tax-free or low-tax jurisdictions (so-called “tax haven jurisdictions”) for tax avoidance. When an investment is made in a tax haven area for business reasons, the anti-tax haven taxation system is applied following the laws and regulations of the relevant countries. If the company is subject to anti-tax haven taxation, it will file the appropriate tax return and pay the tax due.

■ Amount of Tax Paid Unit: 100 million yen

	FY21.3	
Japan	3,224	98.0%
UK	24	0.7%
France	9	0.3%
Mongolia	7	0.2%
China	6	0.2%
Others	19	0.6%
Total	3,289	100.0%