

Please note that the following is an English translation of the original Japanese version, prepared only for the convenience of shareholders residing outside Japan. In case of any discrepancy between the translation and the Japanese original, the latter shall prevail.

To our Shareholders and Investors:

May 24, 2024

KDDI Corporation

Makoto Takahashi

President, Representative Director, CEO

Supplementary Explanation Concerning Proposal 2 of the 40th Annual Shareholders Meeting

Firstly, we would like to thank our shareholders and investors for the continued interest and support of our company.

With respect to Proposal 2: Election of Twelve (12) Directors contained in the “Notice of the 40th Annual Shareholders Meeting” which has been released through the Investor Communications Japan (ICJ) platform, also posted to the website of KDDI Corporation (“the Company”), reappointed candidate for Director, Goro Yamaguchi, belong to KYOCERA Corporation, and Keiji Yamamoto, belong to Toyota Motor Corporation, respectively. Both entities are major shareholders of the Company each holding not less than 10% of the Company’s shares.

In the past, the Company has formed a united front with both entities to create a force to go up against NTT. Moreover, as stated in section 2 (1), not only has the Company emulated aspects of the business philosophies and business operations of both entities, but also both entities are major partners of the Company in the Internet of Things(IoT) business, which is a major growth field.

In this way, both companies have a strategic partnership relationship with the Company. Therefore, the Company proposes Mr. Yamaguchi and Mr. Yamamoto, who have abundant and diverse experience as corporate managers as candidates for Director, based on the belief that they are important personnel for promoting the Company’s sustainable growth.

In addition, when if Proposal 2 in the 40th Annual Shareholders Meeting is approved, The Board of Directors comprises Twelve (12) Directors, and of these, six (6) are inside Directors and six (6) are Outside Directors. Among the Outside Directors, four (4) are Independent Outside Directors (the candidates nominated to assume these four positions are Mr. Tsutomu Tannowa, Ms. Junko Okawa, Ms. Kyoko Okumiya, and Mr. Makoto Ando) to secure independence as the Board of Directors. Therefore, we comply the guideline "the ratio of the independent outside directors on the board of directors be at least one-third" that is demanded to the listed companies of the Tokyo Stock Exchange prime market

by the corporate governance cord.

Furthermore, the Company has selected to be a company with an Audit & Supervisory Board to make the Company's audit and supervising function separate and independent from the execution of business and thereby provide external checking of the Board of Directors. Eleven (11) members in total, five (5) Audit & Supervisory Board Members and six (6) outside directors, are attending and supervising Board of Directors.

In the meetings of the Board of Directors, the level of diversity and fairness in discussions is sufficiently secured because the five (5) Audit & Supervisory Board Members (of which three are Independent Audit & Supervisory Board Members) participate in the meetings of the Board of Directors, and because of Seventeen (17) Directors and Audit & Supervisory Members in all, nine (9) individuals are either Outside Directors or Outside Audit & Supervisory Board Members, and of these, seven (7) individuals are Independent Directors or Independent Audit & Supervisory Board Members.

Moreover, about our nomination advisory committee and reward advisory committee, an independent outside director becomes four (4) people among six (6) constitution committees and will occupy the majority. In addition, an independent outside director becomes the chairperson of each committee.

In summary, the Company will continue to ensure promotion of growth strategies while maintaining fairness of management decisions by utilizing a valuable Director from a major shareholder who can promote the Company's management strategies, while at the same time further assuring independence of the Board of Directors by having Audit & Supervisory Board Members, whose majority members are independent, separated from the Board of Directors, perform external checking of business execution.

Having taken the aforementioned into consideration, the supplementary explanation below details rationale for electing Mr. Yamaguchi and Mr. Yamamoto as candidates for Director. As such, we ask that our shareholders and other investors decide how they will vote on the proposal upon having read this supplementary explanation.

Thanks / Best Regards,

1. **Ensuring fairness with respect to deliberations and decisions by the Board of Directors**

(1) **Proper controls with respect to conflicts of interest with major shareholders**

When dealing with an agenda item in which a conflict of interest potentially exists with the respective company that both of the Directors belong to, each applicable Director will be considered to be a person with conflict of interest and excluded from participation in that item, and the Company will take a comprehensive course of action to maintain fairness of the resolution by the Board of Directors.

We will verify business transactions as detailed in sub-section 3 (2).

(2) **Making it possible to candidly convey opinions to management of the Company**

Both candidates for Director have neither relatives or other such persons hold influential positions at companies of the Company or its subsidiaries, nor any special interests with the Company on an individual basis. Accordingly, we deem that both individuals will be able to take part in discussions and convey their opinions candidly in an unfettered manner, given their standpoints of fairness and independence with respect to their involvement with the Company's President and Representative Director and other executives.

2. **Contributions to management of the Company by both candidates for Director**

We deem that the career backgrounds and knowledge of both candidates for Director will enable them to contribute to the Company's sustainable growth, for the following reasons.

(1) **Synergies of background factors and business collaboration, etc. regarding the Company with respect to KYOCERA Corporation and Toyota Motor Corporation**

As described previously, the Company formed a united front with KYOCERA Corporation and Toyota Motor Corporation in order to create a force to go up against NTT. In addition, the KDDI Group's mission statement draws on sentiment of KYOCERA Corporation's business philosophy, and the Company's business management practices encompass the Toyota Motor Corporation principles of showing "respect for people" and "going to the source (*genchi genbutsu*)."

Furthermore, both entities are important partners for our sustainable growth. The Company and KYOCERA Corporation are cooperating in developing smartphones, cell phone handsets, and communication modules and Renewable energy power generation business, and the Company and Toyota Motor Corporation are accelerating new initiatives, such as promoting the joint establishment of a global communications platform, that go beyond the borders of their core business of mobility and telecommunications in anticipation of the coming future society in which towns, homes, people and cars are all connected.

Having amassed experience of business management and execution at the respective companies, Mr. Yamaguchi and Mr. Yamamoto have sufficiently gained understanding

regarding background factors, collaboration in business, and so forth, and accordingly we deem that they will be able to appropriately furnish advice in discussions and otherwise of the Company's Board of Directors, even at the level of management philosophy and business management policy, beyond the level of managerial oversight.

(2) Candidate for Director Goro Yamaguchi

Mr. Yamaguchi has a wealth of corporate management experience and excellent knowledge cultivated as President of KYOCERA Corporation, major electronic components and equipment manufacturers. He also takes a multifaceted approach to analyzing issues and exhibits sound judgment drawing on wealth of managerial experience, in addition to his background involving technical knowledge.

We received his valuable opinions in meetings of the Company's Board of Directors aiming at active development of "Satellite Growth Strategy centered on 5G telecommunication business" and global business, particularly given that KYOCERA Corporation has been working to become more global, in addition to its operations that involve handling not only the Company's smartphones and mobile handsets but also various other devices profoundly related to lifestyles. In addition, he has also provided us with suggestions with respect to opportunities such as those in the IoT field, which is a growth business area.

He attended all meetings of the Company's Board of Directors held last fiscal year.

(3) Candidate for Director Keiji Yamamoto

Mr. Yamamoto has a wealth of corporate experience cultivated as Officer of Toyota Motor Corporation, major automotive manufacturers. We received his valuable opinions in meetings of the Company's Board of Directors aiming at active development of "Satellite Growth Strategy centered on 5G telecommunication business" and global business, particularly given that Mr. Yamamoto belongs to Toyota Motor Corporation which is a global corporation that typifies Japan and handles automobiles which are integral to lifestyles.

Furthermore, Mr. Yamamoto has experience and excellent knowledge as an executive in charge of the Electronics Engineering and Info Technology Division at Toyota Motor Corporation. The Company has determined that he can contribute to improving the corporate value of the Company as a Director by giving appropriate opinions on improving productivity and technology strategy with a particular focus on the future competitive environment, and in many other ways.

He attended all meetings of the Company's Board of Directors held last fiscal year.

3. Developing procedures geared to achieving sustainable growth

As stated in section 1, above, neither candidate for Director will take part in resolutions of the Board of Directors in cases where there is conflict of interest with major shareholders. Also, both candidates will take a fair and independent approach in dealing with the Company's management. The Company will ensure that discussions of the Board of Directors are handled in a fair and appropriate manner, according to the section "Information on the Guiding Principles of the Corporate Governance Code" which is contained in the "Notice of the 39th Annual Shareholders Meeting".

Key points for reference in that regard include the following.

- (1) Board of Directors structured in a manner ensuring that it is fair and well-balanced, with its members appointed subsequent to deliberations by the Nomination Advisory Committee (membership includes four (4) Independent Outside Directors)**
- (2) System to ensure fairness and impartiality, in part involving the Remuneration Advisory Committee and verification of business transactions between related parties**
- (3) Bringing about more extensive and active discussions geared to achieving sustainable growth Including the use of third-party organisations, and by implementing plan-do-check-act (PDCA) practices through evaluations into the effectiveness of the Board of Directors**

4. Conclusions

Striving to enhance its corporate value, the Company's Board of Directors will include Outside Directors with diverse and excellent knowledge and experience who belong respectively to KYOCERA Corporation and Toyota Motor Corporation, with whom the Company has strategic partnership relationships, while, at the same time, ensuring the independence of the Board of Directors, and having Audit & Supervisory Board members, separated from the Board of Directors, perform external checking of business execution, and furthermore, provide fair and balanced discussion by ensuring procedures, etc. are put in place. Moreover, we will aim to achieve sustainable growth over the medium and long term, while also awarding our shareholders in part by maintaining and increasing dividends.

The Company asks that shareholders exercise their voting rights with an understanding of the purport and aims of this proposal and candidates nominated.

Contact Us

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